Annual Report 2009

Financial Statements

EDITA

MISSION

Our creative solutions make our clients' communications more relevant, efficient and easier to manage.

VISION

Our aim is to hold an even stronger position and be known as the leading communications services provider in the Nordic countries, and enlarge our operations to new markets.

EDITA GROUP

Support functions

Marketing Services

- Production of advertising and marketing materials
- Image processing and production
- Catalogues
- Web design
- Interactive presentations
- Marketing Resource Management (MRM) solutions

Editorial Communication

- Strategic planning and consultation
- Stakeholder publications
- Audio visual production
- Web services
- Web 2.0

Publishing

- Non-fiction publishing
- Learning materials
- Web publication
- Comissioned books
- On-line information services
- Training

Print & Distribution

- High-quality printing
- Personalized direct marketing solutions
- IT support for graphic production
- Logistics services

EDITA is the leading Nordic communications services provider. Our creative solutions make our clients' communications more relevant, efficient and easier to manage. Edita employs about 1000 communications professionals in Finland, Sweden, Ukraine and India.

www.edita.fi

www.edita.se

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Ecological footprint of this publication is described on page 70.

EDITA

BOARD OF DIRECTORS' REPORT

MARKET REVIEW

The economic downturn has significantly reduced corporate and institutional investments in communications and has tightened competition. The challenging market conditions are shown by the 15% drop in media advertising volumes in Finland and the 16% drop in Sweden.

Graphic industry trends are closely related to paper sales trends. In 2009, the sales of paper fell by 20% in Finland and by 8% in Sweden.

THE EDITA GROUP AND CHANGES IN GROUP STRUCTURE

Since the beginning of 2009, the Edita Group has comprised four business areas: Marketing Services, Editorial Communication, Publishing, and Print & Distribution.

The group structure has been streamlined by merging and dissolving small companies. The most significant merger was that of Edita Kvarto with Edita Prima on August 31, 2009.

Since October 1, 2009, Citat Finland Oy (formerly AP Paino Oy) has been responsible for marketing communications production in Finland.

NET REVENUE

The net revenue of the Group's continuing operations was EUR 110.9 million in 2009 (EUR 111.1 million in 2008). The net revenue in Finland was EUR 61.9 million (EUR 68.2 million). The net revenue in other EU countries was EUR 47.7 million (EUR 41.6 million) and exports outside the EU totaled EUR 1.3 million (EUR 1.2 million).

The ***Marketing Services*** business area's net revenue was EUR 17.1 million (EUR 12.2 million), which is EUR 4.9 million up on the previous year. The figures are not comparable because Citat Group AB, acquired in the summer of 2008, is included in net revenue for only six months of 2008. Comparable net revenue fell in both Finland and Sweden, due mainly to the reduced marketing communications purchases of customers.

The ***Editorial Communication*** business area's net revenue was EUR 15.2 million (EUR 9.4 million), which is EUR 5.8 million up on the previous year. The figures are not comparable because Citat Group AB, acquired in the summer of 2008, is included in net revenue for only six months of 2008. Comparable net revenue fell in both Finland and Sweden, due to tighter price and market conditions.

The ***Publishing*** business area's net revenue was EUR 15.4 million (EUR 15.7 million), which is EUR 0.3 million down from the previous year. Due primarily to growth in the sales of legal and public administration publications and services, net revenue was almost on a par with the previous year.

The ***Print & Distribution*** business area's net revenue was EUR 68.4 million (EUR 79.2 million), which is EUR 10.8 million down from the previous year. Substantial contraction in the printing markets and tighter price competition in Finland and Sweden weakened net revenue.

RESULT

The operating profit of the Group's continuing operations was EUR 3.7 million in 2009 (EUR 3.6 million), up by EUR 0.1 million on the previous year. The numerous adjustment measures necessitated by the market situation lowered the Group result. Operating profit was nearly on a par with the previous year, however, due to correctly timed adjustment measures in the Print & Distribution business area and to positive profit performance in the Publishing business area.

There were no discontinued operations in 2009. The discontinued operations of the comparison year included AP Paino Oy, which recorded a loss of EUR 0.7 million.

The ***Marketing Services*** business area's operating loss was EUR -0.6 million (EUR -0.6 million). The Finnish operations were profitable. The Swedish operations were affected by the costs of adjustment measures and showed a loss.

The ***Editorial Communication*** business area's operating profit was EUR 1.0 million (EUR 0.8 million).

Net revenue by business area (EUR 1 000) – continuing operations

	2009	2008	Change 2009–2008
Marketing Services	17 129	12 221	40.2%
Editorial Communication	15 194	9 353	62.5%
Print & Distribution	68 413	79 223	-13.6%
Publishing	15 380	15 749	-2.3%
Internal transactions and other operations	-5 221	-5 468	4.5%
Group	**110 895**	**111 078**	**-0,2%**

Operating profit/loss by business area (EUR 1 000) – continuing operations

	2009	2008	Change 2009–2008
Marketing Services	-624	-583	-7.0%
Editorial Communication	1 038	765	35.7%
Print & Distribution	2 414	2 135	13.1%
Publishing	3 212	1 795	78.9%
Other operations	-2 322	-497	-367.2%
Group	**3 719**	**3 615**	**2.9%**
Operating profit %	**3.4%**	**3.3%**	

The Swedish operating result improved and was clearly profitable. The Finnish operating result was weakened by the costs of adjustment measures and was a loss.

The ***Publishing*** business area's operating profit was EUR 3.2 million (EUR 1.8 million). Efficiency improvement measures and the abandonment of unprofitable publishing programs enhanced the operating profit.

The ***Print & Distribution*** business area's operating profit was EUR 2.4 million (EUR 2.1 million). The Finnish operating result improved and was clearly profitable, due to correctly timed business adjustment measures. The Swedish operating result was weakened by adjustment costs, but remained profitable.

The operating loss of ***Other Operations*** was EUR -2.3 million (EUR -0.5 million). Other Operations included not only Group administration and discontinued operations, but also the Business Development unit that commenced on January 1, 2009 and increased the operating loss of Other Operations. The comparison year's result was improved by the cancellation of a EUR 1.1 million expense provision related to the termination of AP Paino Oy's Kivenlahti printing business.

FINANCIAL POSITION

The net cash flow from the Group's operating activities, including discontinued operations, was EUR 6.6 million (EUR 5.3 million). Cash assets totaling EUR 6.8 million (EUR 30.3 million) were used for investments. Loan installments and repayments of leasing liabilities accounted for EUR 6.8 million (EUR 9.6 million). The Group's cash and cash equivalents at the end of the year totaled EUR 10.4 million (EUR 11.5 million).

The Group's equity-to-assets ratio was 37.3% (31.1%). The reduction in total assets and positive profit performance improved the equity-to-assets ratio.

	2009	2008
Return on equity (ROE) %	10.6 %	10.9%
Equity-to-assets ratio %	37.3 %	31.1%

CAPITAL EXPENDITURE

The Group's gross capital expenditure was EUR 6.8 million (EUR 37.7 million). The parent company's capital expenditure was EUR 0.3 million (EUR 30.1 million).

The most significant investments were an offset printing press and two CTP printers acquired by Edita Prima Oy, and two printing presses acquired by Edita Västra Aros AB.

EMPLOYEES

During 2009, the Group employed an average of 890 persons (896) in its continuing operations. The parent company employed an average of 35 persons (32).

The average number of employees decreased by 93 in the Print & Distribution business area and by 9 in the Publishing business area. In the Marketing Services and Editorial Communication business areas, the employee numbers increased, due to Citat Group AB, acquired in summer 2008, being included in the figures for only six months of 2008.

Of the Group's employees, 58% work in Finland and 42% work in other countries, mainly in Sweden.

RISK MANAGEMENT

Edita has a risk management policy approved by the Board of Directors and an established model for monitoring risks. The Group's risks are monitored regularly. As soon as risks are identified, action plans are drawn up to minimize them.

The Group's most significant risks relate to the economic recession, foreign exchange rates and the accumulation of sales receivables. Therefore expanding the Marketing Services and Editorial Communication businesses poses challenges for the Group.

Transferring the focus of operations to consultation services and solutions increases the key employee risk.

As the recession and the slowdown in demand for communications services has led to net revenue declines in all business areas, it was decided to make major adjustments in both Finland and Sweden. The Group's profitability was not compromised, however, as the adjustments were made in good time. Edita is prepared to react just as rapidly in the future to changing market conditions.

A major part of Edita's business is in Sweden, which increases the Group's exchange rate risk. Currency hedges were used in preparation for weakening exchange rates. With respect to finance risks, Edita hedged some of its non-current interest-bearing debt.

Special attention was paid to the management of credit loss risks. Debt collection and measures to monitor customer liquidity and creditworthiness were increased.

In line with its strategy, Edita shifted focus to the new Marketing Services and Editorial Communication business areas. The profitable implementation of change is challenging at a time when recession is reducing corporate marketing communications. On the other hand, the recession can provide Edita with an opportunity to play a major role in the consolidation of the sector.

Employees, average – continuing operations

	2009	2008	Change 2009–2008
Marketing Services	154	119	29.4%
Editorial Communication	131	76	72.4%
Print & Distribution	481	574	-16.2%
Publishing	74	83	-10.8%
Other	50	44	13.6%
Group	**890**	**896**	**-0.7%**
By country			
Finland	514	611	-15.9%
Other countries	376	285	31.9%
Group	**890**	**896**	**-0.7%**
Employee benefits expense (EUR 1 000)	**50 140**	**48 703**	**3.0%**

Edita sought to commit key employees by developing Group incentive systems and expanding them to include more personnel. Particular attention was paid in recruitment to strengthening the competence areas that are essential to the Group's strategy.

ENVIRONMENT

Work continued in all the main subsectors (ecologically sustainable projects, waste minimization, carbon neutrality and energy efficiency) of the Green Edita Nordic environmental program initiated in 2008. The program also gained public recognition when Edita Västra Aros AB received Sweden's Graphic Award for the Best Environmental Deed of the Year. The award was granted by Grafiska Företagens Förbund and the Grafiskt Forum.

The comprehensive environmental training of employees was commenced at Edita in 2008. The intention is that as many Edita employees as possible will obtain an environmental 'driver's license' by the end of 2010. By the end of 2009, about 440 employees (49.5% of the personnel) had received their environmental license.

Since the beginning of 2009, 'green electricity' generated from renewable energy sources has been used in all of Edita's production plants.

In the fall of 2008 Edita commenced an investigation of carbon dioxide emissions due to the company's operations. Carbon neutrality has already been achieved by Edita Västra Aros AB and Edita Bobergs AB. A project with the same aim was started at Edita Prima Oy in fall, 2009. The company will gain carbon neutrality during spring, 2010.

BOARD OF DIRECTORS, CEO AND AUDITORS

Edita Plc's Annual General Meeting held on April 29, 2009 elected **Carina Brorman** and **Eva Persson** as new members of the Board of Directors. Re-elected to the Board were **Lauri Ratia** (Chairman), **Jarmo Väisänen** (Vice Chairman), **Liisa Jauri**, **Riitta Laitasalo** and **Timo Löyttyniemi**. Further information on the Board members can be found in the Annual Report.

Timo Lepistö is the company's CEO.

Edita's Annual General Meeting of April 29, 2009 re-elected KPMG Oy, Authorized Public Accountants, as the Auditor for 2009, and **Minna Riihimäki**, APA, as the principally responsible auditor.

OUTLOOK FOR 2010

Structural change is expected to continue in communications sector markets and the graphic industry in both Finland and Sweden. According to a survey commissioned by the Association of Finnish Advertisers in January 2010, advertising on the Internet will lead a resurgence of media advertising in Finland. The Swedish Institute for Advertising and Media Statistics (IRM) believes that Internet advertising will grow the most in Sweden, too, but forecasts zero growth for media advertising in 2010.

The business adjustment measures carried out in 2009 will continue to support profitability in the unstable market conditions of 2010. The measures will be continued if this is necessary to ensure business profitability. In line with its strategy, the goal of the Edita Group is to strengthen its market position as a provider of multi-channel communications services in the Nordic countries.

BOARD'S PROPOSAL ON THE DISPOSAL OF DISTRIBUTABLE FUNDS

Edita Plc's equity was EUR 36 343 034.46 at the end of the financial year. The company's distributable funds are EUR 4 473 424.12, of which profit for the year was EUR 412 788.12.

The Board proposes to the Annual General Meeting that the distributable funds be disposed of as follows:

– A dividend of EUR 0.29 per share to be paid, totaling:	EUR 1 740 000.00
– The remainder to be left in retained earnings:	EUR 2 733 424.12
	EUR 4 473 424.12

No material changes have occurred in the company's financial position since the end of the 2009 financial year. The company's liquidity is good, and, in the opinion of the Board, payment of the proposed dividend will not jeopardize the company's liquidity position.

CONSOLIDATED INCOME STATEMENT (IFRS) (EUR 1 000)

	Note	1.1.–31.12.2009	1.1.–31.12.2008
Continuing operations			
Net revenue	**2**	**110 895**	**111 078**
Other operating income	5	690	1 136
Change in inventories of finished and unfinished goods		-53	463
Work performed for company use		268	386
Materials and services	6	30 276	30 075
Employee benefits expense	7	50 140	48 703
Depreciation	8	6 388	6 397
Impairment	8	0	444
Other operating expenses	9	21 347	23 831
Share of profit in associated companies	16	70	2
Operating profit		**3 719**	**3 615**
Financial income	11	242	1 689
Financial expenses	12	-1 858	-1 185
Profit before taxes		**2 103**	**4 119**
Income taxes	13	1 164	-304
Profit on continuing operations for the financial year		**3 267**	**3 815**
Discontinued operations			
Profit/loss on discontinued operations for the financial year	3	0	-657
Profit for the financial year		**3 267**	**3 158**
Distribution			
Parent company's shareholders		3 252	3 160
Minority interest		15	-2
Earnings per share calculated on the profit attributable to shareholders of the parent company:			
Undiluted earnings per share, continuing operations		0.54	0.64
Undiluted earnings per share, discontinued operations		0.s00	-0.11

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS) (EUR 1 000)

	Note	1.1.–31.12.2009	1.1.–31.12.2008
Profit for the financial year		**3 267**	**3 158**
Other comprehensive income	**13**		
Net investment hedging		-164	0
Available-for-sale financial assets		27	-51
Translation differences		1 016	-3 285
Taxes relating to OCI items		-4	10
Post-tax OCI items for the financial year		876	-3 326
Accumulated comprehensive income for the financial year		**4 143**	**-169**
Distribution of comprehensive income			
Parent company's shareholders		4 128	-141
Minority interest		15	-27

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, IFRS (EUR 1 000)

ASSETS	**Note**	**12/31/2009**	**12/31/2008**
NON-CURRENT ASSETS			
Tangible fixed assets	14	30 613	32 125
Goodwill	15	18 777	18 343
Other intangible assets	15	2 052	2 274
Interests in associated companies	16	2 337	2 302
Other financial assets	17	432	432
Deferred tax assets	18	822	361
		55 032	55 836
CURRENT ASSETS			
Inventories	19	7 513	6 768
Sales receivables and other receivables	20	18 405	19 507
Tax receivables based on taxable income for the financial year		20	168
Other current financial assets	21	82	65
Cash and cash equivalents	21	10 361	11 403
		36 380	37 912
Total assets		**91 413**	**93 748**

SHAREHOLDERS' EQUITY AND LIABILITIES	**Note**	**12/31/2009**	**12/31/2008**
SHAREHOLDERS' EQUITY			
Share capital		6 000	6 000
Premium reserve		25 870	25 870
Translation differences		-2 613	-3 465
Fair value reserve		37	14
Retained profits		3 546	294
Equity attributable to shareholders of the parent company	22	32 841	28 712
Minority interests		18	0
Shareholders' equity, total		32 858	28 712
LIABILITIES			
Non-current liabilities			
Pension obligations	23	1 860	1 710
Interest-bearing non-current liabilities	26	24 604	28 617
Non-current provisions	25	1 777	2 804
Deferred tax liabilities	18	1 540	1 920
		29 780	35 051
Current liabilities			
Installments on interest-bearing non-current liabilities	26	5 346	5 216
Advances received	27	3 216	1 556
Accounts payable and other current liabilities	27	19 685	22 637
Tax liabilities based on taxable income for the financial year		528	575
		28 775	29 984
Total shareholders' equity and liabilities		**91 413**	**93 748**

CONSOLIDATED STATEMENT OF CASH FLOWS* (EUR 1 000)

	Note	1.1.–31.12.2009	1.1.–31.12.2008
Cash flow from operating activities			
Profit for the financial year		3 267	3 158
Adjustments:			
Non-cash transactions	30	5 891	6 551
Interest expenses and other financial expenses		1 858	1 456
Interest income		-242	-1 940
Dividend income		-3	-9
Taxes		-1 164	302
Changes in working capital:			
Change in sales receivables and other receivables		1 233	4 563
Change in inventories		-744	1 175
Change in accounts payable and other liabilities		-872	-5 657
Change in provisions		-1 027	-3 646
Interest paid		-1 726	-596
Interest received		238	1 287
Taxes paid		-123	-1 332
Net cash flow from operating activities		**6 586**	**5 312**
Cash flow from investing activities			
Sale of tangible fixed assets		2 727	1 082
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	4	0	-23 613
Investments in tangible fixed assets		-6 406	-6 690
Investments in intangible assets		-432	-85
Repayments of loan receivables		0	-2
Dividends received		101	52
Net cash flow from investing activities		**-4 010**	**-29 256**
Cash flow from financing activities			
Borrowing		2 500	23 104
Capital loans		0	-6 500
Repayment of loans		-5 341	-8 858
Payment of finance lease liabilities		-894	-776
Dividends paid		0	-50
Net cash flow from financing activities		**-3 735**	**6 920**
Change in cash and cash equivalents		**-1 159**	**-17 025**
Cash and cash equivalents at 1 Jan.		11 468	29 041
Effect of changes in exchange rates		110	-507
Effect of changes in fair value of investments		23	-41
Cash and cash equivalents at 31 Dec.		**10 443**	**11 468**

* Includes cash flow from discontinued operations

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (IFRS) (EUR 1 000)

	Shareholders' equity attributable to parent company shareholders						Minority interests	Shareholdres' equity total
	Share capital	Share premium fund	Translation differences	Fair value reserve	Retained earnings	Total		
Shareholders' equity 1.1.2008	**6 000**	**25 870**	**-228**	**55**	**-2 843**	**28 854**	**207**	**29 061**
Dividend distribution							-50	-50
Acquisition of minority holding							-130	-130
Accumulated comprehensive income for the financial year			-3 260	-41	3 160	-141	-27	-169
Shareholders' equity 31.12.2008	**6 000**	**25 870**	**-3 465**	**14**	**294**	**28 712**	**0**	**28 712**
Shareholders' equity 1.1.2009	**6 000**	**25 870**	**-3 465**	**14**	**294**	**28 712**	**0**	**28 712**
Increase of minority holding							3	3
Accumulated comprehensive income for the financial year			853	23	3 252	4 128	15	4 143
Shareholders' equity 31.12.2009	**6 000**	**25 870**	**-2 613**	**37**	**3 546**	**32 841**	**18**	**32 858**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

BASIC INFORMATION

The Edita Group produces printing and marketing communications production services, publishes books and maintains online services. The Group's parent company, Edita Plc, is a Finnish public limited company domiciled in Helsinki. The registered address of the parent company is Hakuninmaantie 2, FI-00430, Helsinki. Copies of the consolidated financial statements are available on the Group's website at the address www.edita.fi and at the parent company's head office.

These financial statements were approved for publication by the Board of Directors of Edita Plc at its meeting held on March 10, 2010. 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

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, 2009 have been 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.

The Group has applied the following new and revised standards and interpretations as of January 1, 2009:

- *Revised IAS 1 Presentation of Financial Statements.* The amendments mainly affect the presentation of the statement of comprehensive income and the statement of changes in shareholders' equity. In addition, the revised standard has extensively changed the terminology used in other standards, and has changed the names of some financial statements. The formula for calculating Earnings per Share (EPS) has remained the same.
- *Amendments to IFRS 7 Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments.* The amendments, which were issued in March 2009 in response to the global financial crisis, introduce a three-level hierarchy in the fair value disclosure of financial instruments. The amended standard also requires more information on the relative reliability of fair value measurements, and enhances disclosure requirements on the nature and extent of liquidity risk. The amendments have increased the amount of information to be disclosed in the consolidated financial statements with respect to the above-mentioned items.
- *Revised IAS 23 Borrowing Costs.* The revised standard requires that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, such as a production plant, must immediately be capitalized as part of the cost of the asset. The revision had no effect on Edita's consolidated financial statements.
- *Improvements to IFRSs – amendments, May 2008.* Through the Annual Improvements procedure, small and less urgent amendments to the standards are collected and implemented together once a year. The amendments in the project apply to 34 standards. Their impact varies from standard to standard, but they had no significance for the consolidated financial statements.
- *Amendments to IAS 1 Presentation of Financial Statements, and to IAS 32 Financial Instruments: Presentation – Puttable financial instruments and Obligations Arising on Liquidation.* The amendments to the standards require particular types of puttable financial instrument that have character-

istics similar to ordinary shares to be reclassified as equity, rather than as financial liabilities. Adoption of the revised standards had no effect on the consolidated financial statements.

- *IFRIC 16 Hedges of a Net Investment in a Foreign Operation.* The Interpretation provides guidance on the accounting, in the consolidated financial statements, of net investment hedging in a foreign operation. The Interpretation had no material effect on the consolidated financial statements.

The Group applied the following standard already in its financial statements for the financial year ended on December 31, 2008:

- *IFRS 8 Operating Segments (effective for annual periods on or after January 1, 2009).* Under IFRS 8, segment reporting is based on the management's internal reporting and on the accounting policies used therein.

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 judgments 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, is presented in the accounting policies section "Accounting policies requiring the management's judgment, and key uncertainties associated with estimates".

SUBSIDIARIES

The consolidated financial statements cover the parent company, Edita Plc, and all its subsidiaries. Subsidiaries are companies in which the Group exercises control. Control is constituted when the Group holds over half of the voting power or otherwise exercises control. The existence of potential voting power is also taken into account in assessing the conditions for control. Control refers to the right to determine a company's financial and business policies in order to gain benefit from its operations.

Mutual shareholdings within the Group are eliminated using the acquisition cost method. 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 for the year between parent company shareholders and minority interests is presented in connection with the income statement, and the share of equity attributable to minority interests is presented as a separate item on the balance sheet under shareholders' equity. The share of accumulated losses attributable to minority interests is recognized in the consolidated financial statements up to the value of their capital investment at the most.

ASSOCIATES

Associates are companies in which the Group has significant influence. Significant influence is constituted when the Group owns more than 20% 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.

TRANSLATION OF ITEMS DENOMINATED IN FOREIGN CURRENCIES

The figures related to the profit and financial position of the Group's units are measured 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.

Business transactions denominated in foreign currencies are recognized in the operating currency according to the exchange rate prevailing on the transaction date. Monetary items denominated in foreign currencies are translated into operating currency amounts using the exchange rates of the balance sheet date. Non-monetary items are measured at the exchange rates of the measurement date.

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.

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. 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 instruments hedging 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.

According to the exemption permitted by IFRS 1, translation differences arising before 1 January 2007, the date when the Group adopted the IFRS, are recognized under retained earnings in conjunction with the transfer to IFRS, and will not be recognized in the income statement at a later date in conjunction with the sale of a subsidiary. As of the transfer date, translation differences arising in drawing up the consolidated financial statements are recognized as a separate item under shareholders' equity.

As of January 1, 2007, 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 measured at cost less accumulated depreciation and impairment.

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 straight-line 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 values and useful lives of assets are checked for all financial statements and, if necessary, are adjusted to reflect changes occurring in expected financial benefits. Sales gains and losses resulting from the retiring and sale of tangible fixed assets are included in other operating income or expenses.

INTANGIBLE ASSETS

Goodwill

Goodwill is the share of acquisition cost that exceeds the Group's share of the net fair value, at the time of acquisition, of the identifiable assets, liabilities and conditional liabilities of a company acquired after 1 January 2007. Acquisition cost also includes other costs directly resulting from the acquisition, such as fees for experts.

Goodwill arising from businesses mergers taking place before 2007 corresponds with the carrying amount under earlier financial statements practice, and this amount is used as the deemed cost under the IFRS.

Goodwill (and other intangible assets with unlimited useful life) is not subject to depreciation, but is tested annually for any 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 income statement expenses for the period in which they arise. Development expenses from the planning of new or more highly developed products are capitalized as intangible assets in the balance sheet once the product can be implemented technically and used commercially and once it can be expected that the product will generate future financial benefit. 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. 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 four 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.

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

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

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. The acquisition cost of finished and unfinished products is made up of raw materials, direct costs resulting from work carried out, other direct costs and an appropriate share of the variable and fixed general costs of manufacturing at a normal level of activity. 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

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 in the balance sheet at the start of the lease term, at the fair value of the leased asset 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. Lease liabilities are recorded under financial liabilities.

The Group does not have any leases classifiable as finance leases where a Group company is the lessor, nor does it have any purchase contacts, according to the IFRIC 4 Determining Whether an Arrangement Contains a Lease interpretation, which, on the basis of their actual content, could be interpreted as a lease.

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.

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.

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 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.

The impairment requirement is considered at the cash generating unit (CGU) level, or the level formed by groups of cash generating units, which are mainly independent of other units and whose cash flows can be extracted from other cash flows. Seven cash generating units have been defined in the Group:

1. Marketing Services Finland
2. Marketing Services Sweden
3. Editorial Communication Finland
4. Editorial Communication Sweden
5. Print & Distribution Finland
6. Print & Distribution Sweden
7. Publishing

An impairment loss is recognized when the carrying amount of an asset is greater than its recoverable amount. An impairment loss is recognized immediately in the income statement. 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

Employee benefits include short-term employee benefits, other long-term benefits, termination benefits and post-employment benefits.

Short-term employee benefits include salary and non-monetary benefits, annual leave and bonuses. Other long-term benefits include, for example, a celebration, holiday or remuneration in return for many years of service. Benefits provided when employment is terminated are based on termination of employment, not the employee's performance.

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. The Group has both defined contribution plans and defined benefit plans.

Contributions to defined contribution plans are recognized in the income statement 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 company's obligation to defined benefit plans continues even after the contributions made during the financial year. Annual actuarial calculations are made for plans classified as defined benefit plans, and the expense, and the liability or asset, is recognized in the financial statements on the basis of these calculations. The liability recognized in the balance sheet is formed by the difference between the present value of the pension obligation, the fair value of the plan assets and unrecognized actuarial gains and losses.

Actuarial assumptions are used to calculate the defined benefit plan obligation. They are classified into demographic assumptions and economic assumptions. Demographic assumptions include mortality rates, the termination of employment relationships and the commencement of work incapacity. Economic assumptions comprise the discount rate, future salary levels, expected return on plan assets and the inflation assumption.

Edita applies the corridor method for accounting actuarial gains and losses which means that actuarial gains and losses are recognized in the balance sheet. Net accumulated actuarial gains and losses that are not recognized in the income statement are recognized if, at the end of the previous financial year, they exceed whichever is the greatest of the following: 10% of the current value of the defined benefit obligation on the day in question (before deducting the plan assets) and 10% of the fair value of the plan assets on the day in question. These limits are calculated and applied separately for each defined benefit plan.

Concerning defined benefit plans, the portion of actuarial gains and losses recognized in the income statement is the amount exceeding the gains and losses divided by the expected average remaining working lives of the participating employees.

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.

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 detailed 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. 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.

Deferred taxes are calculated from temporary differences between the carrying amount and the taxable amount. In taxation, deferred tax is not recognized for non-deductible goodwill, or for subsidiaries' undistributed profits if the temporary difference is expected to exist in the foreseeable future.

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

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 taxable profits are likely to be available in the future against which the temporary difference can 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 differences for foreign currency sales.

Sale of goods

Income from the sale of goods is recognized when the major risks and rewards 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.

Sale of services

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.

Otherwise, the income from the service is recognized once the service has been provided. When 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.

NON-CURRENT ASSETS CLASSIFIED AS HELD-FOR-SALE, AND DISCONTINUED OPERATIONS

Business operations are treated as discontinued or sold 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 sold operations and the sales profit or loss from their sale are recognized separately from continuing operations in the income statement.

The business operations of Citat Finland Oy (formerly AP-Paino Oy) were classified in the income statement for the comparison year under 'Non-current assets held-for-sale and discontinued operations'. In summer 2007, AP-Paino Oy agreed to divest its magazine publishing business and close its production plant in Kivenlahti. The operations of the Rahola unit were transferred to the buyer in the first phase of the divestment in October 2007, while the operations of the Kivenlahti unit were transferred to the buyer in the second phase in May 2008. The Kivenlahti production plant was closed in April 2008.

FINANCIAL ASSETS

The Group's financial assets have been classified into the following groups under IAS 39: financial assets 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.

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 Edita 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 non-current 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 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.

The transaction date is generally used when recognizing financial instruments. 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 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 in the financial period during which they arose.

DERIVATIVE CONTRACTS AND HEDGE ACCOUNTING

During the 2009 financial year the Group applied hedge accounting to a net investment in a foreign operation. The Group hedged against a weakening of the Swedish krona by using forward exchange agreements and currency options. The effective portion of the change in value of the hedging forward exchange agreements and options, i.e. the change in spot value, is recognized in other items of comprehensive income, and the interest rate difference and ineffective portion of the change in value is recognized in financial items in the income statement. On the balance sheet date, 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 documented 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 documented and assessed the effectiveness of the hedging relationships by examining the ability of the hedging instrument to nullify the fair value of the hedged item or changes in cash flows. The gains and losses recognized in the translation differences item of equity and accumulated from the hedging of the net investment in a foreign operation are transferred to the income statement when the net investment is relinquished completely or partially.

In spite of the fact that certain hedging relationships fulfil 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.

OPERATING PROFIT

IAS 1 Presentation of Financial Statements does not define the concept of operating profit. The Edita 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, 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. The estimates are based on the management's best assessments on the balance sheet date. 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.

Estimates have been used in drawing up the financial statements, for example in the calculations for impairment testing, allocation of acquisition costs and when defining the life of tangible and intangible assets. The management must also employ judgment in assessing receivables and product development capitalization, tax risks, the calculation of pension liabilities and utilization of deferred tax assets against future taxable income.

FUTURE IFRS AND INTERPRETATIONS

The International Accounting Standards Board (IASB) has announced the following new or amended standards and interpretations, which are not yet in force and 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 or interpretation from the beginning of the following financial year:

- *Revised IFRS 3 Business Combinations (issued in 2008) (effective for annual periods on or after July 1, 2009)***.** The revised standard has a wider scope of application than earlier. It includes many changes of significance to the Group. The amendments to the standard affect the amount of goodwill that can be recognized on acquisitions and the results of business disposals. The amendments also have an effect on gains or losses recognized both in the financial year of acquisition and in the financial periods in which extra consideration is paid or extra acquisitions are made. In accordance with the standard's transfer provisions, business combinations in which the acquisition date is prior to the standard's mandatory application will not be adjusted.
- *Amended IAS 27 Consolidated and Separate Financial Statements (issued in 2008) (effective for annual periods on or after July 1, 2009).* The amended standard requires the effects of changes in subsidiary ownership to be recognized directly in the Group's equity when the parent company retains control. If the parent loses control in a subsidiary, any remaining investment will be measured at fair value through profit or loss. A corresponding accounting treatment will also be applied in the future to investments in associates (IAS 28) and joint ventures (IAS 31). As a result of the amendments, a subsidiary's losses can be allocated to a minority interest, even when they exceed the amount of the minority interest's investment.
- *Amendment to IAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items (effective for annual periods on or after July 1, 2009).* The amendments concern hedge accounting. They provide further clarification to IAS 39's guidance on the hedging of a one-sided risk in a hedged item and the hedging of an inflationary risk, when it concerns financial assets or liabilities. The Group estimates that the amendment to the standard will have no material effect on the Group's future financial statements.
- *IFRIC 17 Distributions of Non-cash Assets to Owners (effective for annual periods on or after July 1, 2009).* The interpretation provides guidance on how an entity should account for a dividend payable to owners, which is distributed in the form of non-cash assets, or a dividend concerning which the owners can choose whether to accept it in the form of non-cash assets or cash assets. The Interpretation is not expected to have any effect on the Group's future financial statements.
- *IFRIC 18 Transfers of Assets from Customers (effective for annual periods on or after July 1, 2009)***.** The Interpretation clarifies the requirements of IFRSs for agreements in which an entity receives from a customer a tangible fixed asset or cash to be invested in such an asset, and the entity must then use the said asset to connect the customer to a network or to provide the customer with ongoing access to a supply of goods and services, or for both purposes. The Interpretation will have no effect on the Group's future financial statements.
- *Improvements to IFRSs – amendments, April 2009 (effective mainly for annual periods on or after January 1, 2010).* Through the Annual Improvements procedure, small and less urgent amendments to the standards are collected and implemented together once a year. The amendments in the project apply to 12 standards. Their impact varies from standard to standard, but they have no significance for the consolidated financial statements. The amendments to the standards have not yet been approved for application in the EU.
- *Amendment to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (effective for annual periods on or after February 1, 2010).* The amendment applies to the accounting treatment (classification) of rights issues (rights, options or warrants) denominated in currencies other than the functional currency of the issuer. The amendment has no significance for future consolidated financial statements, and the interpretation is not expected to have any impact on the Group's future financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 **Print & Distribution** business area is responsible for 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 Oy, Käpylä Print Oy and the real estate company Vantaan Hakamäenkuja. In Sweden, the business area comprises the operations of Edita Västra Aros AB, Arkpressen i Västerås AB and Edita DR-produktion AB, and a 33.33% holding in the associate Edita Bobergs AB.

The **Marketing Services** business area is responsible for customer marketing production processes which include digital marketing communications, manipulation and production of images and production of graphic outsourcing services. The business area comprises the Finnish subsidiaries Morning Digital Design Ltd and Citat Finland Oy. In Sweden the business area comprises the operations of Citat AB and Mods Graphic Studio AB, and in Ukraine the operations of Belinski LLC.

The **Editorial Communication** business area is responsible for editing and production of stakeholder publications, design and implementation of web services and audiovisual production. The business area comprises the Finnish subsidiary Edita Press Oy and in Sweden the company JG Communication AB.

The **Publishing** business area is responsible for the publishing of books and subscriber publications and the production of online, up-to-date information services for companies and other entities. The business area comprises the Finnish subsidiary Edita Publishing Oy.

Other operations includes the administrative operations of Citat Group AB and the operations of the parent company Edita Plc, which owns the Group's subsidiaries and steers the Group's operations and supports them with expert and administrative services. Additionally, the Business Development unit and the assets and debts remaining from the sale of AP-Paino Oy in the comparison year are also presented in other operations.

Discontinued operations: Under discontinued operations in the comparison year's income statement there is information on AP-Paino Oy's Kivenlahti printing 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 (the Chief Operating Decision Maker) 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 Group does not have any individual external customers who account for more than 10% of the Group's total income.

The segment's assets and liabilities are operating items that the segments use in their operations. Business segment assets comprise fixed assets, sales receivables and inventories and liabilities comprise accounts payable. All other assets and liabilities are presented in unallocated items in the reconciliation of segment information. The main items in the monitoring and reporting of segments are net revenue and operating profit/loss (described in Note 1).

The figures for the comparison period of 2008 have been reorganised to correspond to the organisation of the Group in the 2009 financial year. The most substantial reorganisation concerns the Marketing Services business area. In the comparison year, the information concerning JG Communication AB and Edita Press Oy were reported within the Marketing Services business area, whereas in the current reporting these companies are presented as part of the Editorial Communication business area. Moreover, the administrative operations of Citat Group AB are currently presented under other operations, while in the comparison year there were presented as part of the Marketing Services business area.

	Print & Distribution	Marketing Services	Editorial Comm.	Publishing	Other operations	Discontinued operations	Elimina-tions	Total
FINANCIAL YEAR 2009								
EUR 1 000								
External net revenue	64 396	16 438	14 513	15 345	203			110 895
Inter-segment net revenue	4 017	691	681	35	3 921		-9 345	0
Net revenue, total	**68 413**	**17 129**	**15 194**	**15 380**	**4 124**		**-9 345**	**110 895**
EBITDA	6 885	32	1 361	3 314	-1 485			10 107
Depreciation	4 471	656	323	102	837			6 388
Impairment	0	0	0	0	0			0
Investments in associates	121	0	0	0	-51			70
Operating profit/loss	**2 414**	**-624**	**1 038**	**3 212**	**-2 322**			**3 719**

	Print & Distribution	Marketing Services	Editorial Comm.	Publishing	Other operations	Segments total	Elimina-tions	Total
EUR 1 000								
Goodwill	1209	10 117	7 451	0	0	18 777		18 777
Associates	1390	0	0	0	946	2 337		2 337
Segment assets	26 594	9 689	3 939	2 760	13 878	56 860	-986	55 874
Segment assets, total	**29 193**	**19 806**	**11 390**	**2 760**	**14 824**	**77 973**	**-986**	**76 987**
Segment liabilities	**4 175**	**2 846**	**1912**	**825**	**696**	**10 454**	**-986**	**9 468**
Investments	**6 077**	**149**	**88**	**115**	**409**	**6 838**		**6 838**

	Print & Distribution	Marketing Services	Editorial Comm.	Publishing	Other operations	Discontinued operations	Elimina-tions	Total
FINANCIAL YEAR 2008								
EUR 1 000								
External net revenue	74 506	11 936	8 904	15 689	44	2 613		113 692
Inter-segment net revenue	4 717	285	449	60	3 764	0	-9 275	0
Net revenue, total	**79 223**	**12 221**	**9 353**	**15 749**	**3 808**	**2 613**	**-9 275**	**113 692**
EBITDA	7 048	377	952	1 853	226	-640		9 816
Depreciation	4 913	516	187	58	723	0		6 397
Impairment	0	444	0	0	0	0		444
Investments in associates	45	0	0	0	-43	0		2
Operating profit/loss	**2 135**	**-583**	**765**	**1 795**	**-497**	**-640**		**2 975**

	Print & Distribution	Marketing Services	Editorial Comm.	Publishing	Other operations	Segments total	Elimina-tions	Total
EUR 1 000								
Goodwill	1249	9 853	7241	0	0	18 343		18 343
Associates	1371	0	0	0	931	2 302		2 302
Segment assets	27 352	6 215	4 357	2 803	13 640	54 367	-856	53 511
Segment assets, total	**29 972**	**16 068**	**11 598**	**2 803**	**14 571**	**75 012**	**-856**	**74 156**
Segment liabilities	**6 244**	**2 534**	**1 315**	**1 155**	**322**	**11 570**	**-856**	**10 714**
Investments	**8 752**	**15 751**	**12 888**	**199**	**146**	**37 736**		**37 736**

Reconciliations of the consolidated data and the reported segment data

EUR 1 000

Net revenue	**2009**	**2008**
Reported segment net revenue	110 895	113 692
Net revenue of discontinued operations	0	-2 613
Consolidated net revenue	**110 895**	**111 078**

Profit/loss before taxes	**2009**	**2008**
Reported segment operating profit/loss	3 719	2 975
Operating loss of discontinued operations	0	640
Consolidated net financial income (+) / expenses (-)	-1616	504
Consolidated profit/loss before taxes	**2 103**	**4 119**

Assets	**2009**	**2008**
Reported segment assets	76 987	74 156
Assets not allocated to a segment	14 426	19 592
Consolidated assets	**91 413**	**93 748**

Equity and liabilities	**2009**	**2008**
Reported segment liabilities	9 468	10 714
Liabilities not allocated to a segment	49 087	54 322
Group equity	32 858	28 712
Group equity and liabilities	**91 413**	**93 748**

Information concerning geographical areas

The Group's segments operate in Finland and Sweden, and the Group also has a company in Ukraine. The sales of the Ukrainian operations are the internal sales within the Group's business area and are 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 the location of the asset. Sales income from external customers have been defined in accordance with the International Financial Reporting Standards (IFRS).

EUR 1 000

Financial year 2009	**Net revenue**	**Assets**	**Liabilities**
Finland	63 499	54 045	39 362
Sweden	47 396	37 306	19 188
Ukraine	0	62	4
Group, total	**110 895**	**91 413**	**58 554**

EUR 1 000

Financial year 2008	**Net revenue**	**Assets**	**Liabilities**
Finland	69 708	55 858	46 960
Sweden	41 370	37 877	18 071
Ukraine	0	13	5
Group, total	**111 078**	**93 748**	**65 036**

3. DISCONTINUED OPERATIONS

The Group's income statement for the comparison year include discontinue operations from the period January 1 – April 30, 2008. In summer 2007, the Group decided to discontinue the Kivenlahti rotogravure printing unit and to concentrate operations at Rahola in Tampere. On July 10, 2007, AP-Paino Oy agreed to divest the company's magazine business and the transaction was concluded on October 1, 2007 when the Rahola unit's business transferred to the buyer. Under this agreement, the magazine business at Kivenlahti, Espoo was also transferred to the buyer in May 2008.

The business area's result, the profits from its sale and its share of the cash flow are presented below:

Result	**1.1.–30.04.2008**
EUR 1 000	
Net revenue	2 613
Other income	68
Expenses	3 341
Profit before taxes	-660
Taxes	2
Loss for the financial year from discontinued operations	**-657**

Cash flow	**1.1.–30.04.2008**
EUR 1 000	
Cash flow from operating activities	904
Cash flow from investing activities	67
Cash flow from financing activities	0
Net cash flow	**971**

4. ACQUIRED BUSINESS OPERATIONS

Acquisitions in the 2009 financial year

The Group made no business acquisitions in the 2009 financial year.

Acquisitions in the 2008 financial year

In the 2008 financial year, the Group made four acquisitions in which it obtained control of the acquired entity. The most significant acquisitions by segment are presented below:

Marketing Services and Editorial Communication	**Business**	**Acquisition date**	**Holding, %**
Citat Group AB	Marketing communications production	7/1/2008	100%

Print & Distribution	**Business**	**Acquisition date**	**Holding, %**
Käpylä Print Oy	Direct marketing production	2/1/2008	100%
Arkpressen i Västerås AB	Offset and digital printing	1/2/2008	100%

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

Formation of cash consideration

Marketing Services and Editorial Communication: Citat Group AB Group

	Fair values recognised in merger	**Carrying amount before merger**
EUR 1 000		
Breakdown of acquired net assets		
Tangible fixed assets	1 166	1 166
Intangible assets		
Trademark	1 140	
Customer base	1 626	
Inventories	2 319	2 319
Sales receivables and other receivables	8 912	8 912
Cash and cash equivalents	7 399	7 399
Total assets:	22 562	19 795
Deferred tax liabilities	-1 450	-675
Interest-bearing liabilities	-1 373	-1 373
Accounts payable and other liabilities	-8 880	-8 880
Total liabilities:	-11 702	-10 928
Net assets	10 860	
Acquisition cost	28 109	
Goodwill	17 249	
Purchase price paid in cash	28 109	
Cash and cash equivalents of acquired subsidiary	-7 399	
Effect on cash flow	20 710	

The fair values of the intangible assets entered for mergers are associated with trademarks and customer contacts. The goodwill resulting from the acquisitions, EUR 17 249 000 in total, was affected by the anticipated synergy benefits, particularly in the Group's Print & Distribution business area and the opportunity to extend the services provided by the target company to the Finnish market. Citat Group AB has a strong market position in Sweden. Expert fees associated with the acquisition and capitalized on the acquisition cost of the shares came to a total of EUR 1 082 000. The operating profit of operations acquired for the segment from the acquisition date in 2008 was EUR -13 000 in total.

Print & Distribution Käpylä Print Oy and Arkpressen i Västerås

	Fair values recognised in merger	Carrying amount before merger
EUR 1 000		
Breakdown of acquired net assets		
Tangible fixed assets	5 538	4 619
Intangible assets		
Software	2	2
Order book		
Trademark		
Customer base		
Investments in associated companies	42	42
Inventories	493	493
Sales receivables and other receivables	1 842	2 330
Cash and cash equivalents	40	40
Total assets:	7 957	7 526
Deferred tax liabilities	-379	-267
Interest-bearing liabilities	-3 841	-3 841
Accounts payable and other liabilities	-2 335	-2 335
Total liabilities:	-6 554	-6 443
Net assets	1 403	1 083
Acquisition cost	2 703	
Goodwill	1 300	
Purchase price paid in cash	2 703	
Cash and cash equivalents of acquired subsidiary	-40	
Effect on cash flow	2 663	

The fair values of the tangible fixed assets entered for mergers are associated with the anticipated sales gains which were realized in the company acquired during 2008. The goodwill resulting from the acquisitions, EUR 1 300 000 in total, was affected by the anticipated synergy benefits, particularly in Edita Prima Oy which already belongs to the Group. The management estimate that 80% of the goodwill is associated with the strengthening of the acquisition and production cooperation, and the remainder with the utilization of the Group's sales and marketing network. Expert fees associated with the acquisition and capitalized on the acquisition cost of the shares came to a total of EUR 143 000. The operating profit of operations acquired for the segment from the acquisition date in 2008 was EUR -375 000 in total.

The tangible assets acquired through the business mergers described above 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.

The fair value of customer contracts is defined based on the estimated duration of customer relationships and the discounted net cash flow arising from existing customer relationships.

The fair value of acquired trademarks has been measured according to the estimated discounted royalties which are avoided when the trademarks in question are held. When measuring the fair value, a reasonable royalty percentage, which an external party would be prepared to pay for a license contract, is estimated on a market basis.

5. OTHER OPERATING INCOME

	2009	2008
EUR 1 000		
Income from divestment of business operations	0	177
Sales profit from tangible fixed assets	544	838
Other income items	146	121
Total	690	1 136

6. MATERIALS AND SERVICES

	2009	2008
EUR 1 000		
Purchases made during the financial year	20 572	18 618
Change in stocks	62	246
	20 634	18 864
Outsourced services	9 642	11 212
Total	30 276	30 075

7. COSTS ARISING FROM EMPLOYEE BENEFITS

	2009	2008
EUR 1 000		
Salaries	37 787	36 841
Pension costs – defined contribution plans	7 144	6 970
Pension costs – defined benefit plans	10	0
Social security expenses	5 198	4 892
Staff expenses, total	50 140	48 703

Average employees in the Group during the financial year

	2009	2008
By business area		
Print & Distribution	481	574
Marketing Services	154	119
Editorial Communication	131	76
Publishing	74	83
Other operations	50	44
Number of employees, total	890	896
In Finland	514	611
In Sweden and Ukraine	376	285
Employees, total	890	896

The employee benefits of management are presented under Note 35 Related party transactions.
Discontinued operations employed an average of 33 persons during the 2008 financial year.

8. DEPRECIATION AND IMPAIRMENT

	2009	2008
EUR 1 000		
Depreciation by asset group		
Intangible assets		
Trademarks	118	65
Capitalized development costs	32	32
Other intangible assets	501	459
Total	651	555
Tangible fixed assets		
Buildings	619	601
Machinery and equipment	5 118	5 241
Total	5 737	5 842
Impairment by asset group		
Trademarks and other intangible assets	0	444
Total	0	444

9. OTHER OPERATING EXPENSES

	2009	2008
EUR 1 000		
Royalties and order commissions	2 221	2 418
Rents	3 036	2 379
Other business premises expenses	2 663	2 380
Logistics and transport costs	3 633	6 728
IT and data communications	2 118	1 662
Marketing & representation	1 367	2 105
Other operating expenses	6 310	6 159
Total	21 347	23 831

Auditor's fees

	2009	2008
EUR 1 000		
Audit	154	158
Certificates and reports	0	2
Tax consultation	20	46
Other services	9	266
Total	183	472

10. RESEARCH AND DEVELOPMENT EXPENDITURE

EUR 124 000 of research and development expenditure was recognized as an expense in the income statement in 2009 (EUR 469 000 in 2008).

11. FINANCIAL INCOME

	2009	2008
EUR 1 000		
Dividend income from available-for-sale financial assets	3	9
Changes in value of financial assets recognized at fair value through profit or loss		
- Interest rate derivatives, hedge accounting not applied	64	-59
Exchange rate gains on financial loans measured at amortized cost	0	811
Interest income on bank balances (loans and other receivables)	175	929
Total	242	1 689

12. FINANCIAL EXPENSES

	2009	2008
EUR 1 000		
Items recognized through profit or loss		
Interest expenses on financial liabilities measured at amortized cost	-1 159	-696
Exchange rate losses on financial liabilities measured at amortized cost	-132	0
Changes in value of financial assets recognized at fair value through profit or loss		
- Interest rate derivatives, hedge accounting not applied	-262	0
Interest expenses on finance leases	-208	-322
Other financial expenses	-97	-167
Total	-1 858	-1 185

13. INCOME TAXES

EUR 1 000	2009	2008
Income tax paid for the financial year	237	1 156
Taxes from previous financial years	-522	-1
Change in deferred tax assets and liabilities	-878	-851
Taxes in the income statement	-1 164	304

Reconciliation of tax liability in the income statement and the Group's taxes according to the Finnish tax rate:

EUR 1 000		
Profit before taxes	2 103	4 119
Taxes at the parent company's tax rates	547	1 071
Change in foreign tax rate	0	-34
Tax-free income	-31	-107
Non-deductible expenses	54	143
Tax receivables recognized during the financial year	-520	0
Unrecognized deferred tax assets on losses subject to tax	117	295
Use of losses subject to tax	-710	-1 046
Taxes relating to previous financial years	-522	-1
Other	-98	-15
Taxes in the income statement	-1 164	304

	2009			2008		
Taxes relating to OCI items	**Before taxes**	**Tax effect**	**After taxes**	**Before taxes**	**Tax effect**	**After taxes**
Available-for-sale financial assets	27	-4	23	-51	10	-41
Net investment hedging	-164		-164	0		0
Translation differences	1016		1016	-3 285		-3 285
Total	880	-4	876	-3 336	10	-3 326

14. TANGIBLE ASSETS

	Land and water areas	Buildings	Machinery and equipment	Advance payments	Total
EUR 1 000					
Financial year 2009					
Acquisition cost 1.1.2009	6 160	17 400	60 923		84 482
Translation differences		10	333		344
Increase from acquisitions of subsidiaries					0
Increases		221	6 345		6 566
Decreases			-9 638		-9 638
Transfers between items					
Acquisition cost 31.12.2009	6 160	17 632	57 963		81 754
Accumulated depreciation and impairment 1.1.2009	0	8 451	44 014		52 465
Translation differences					
Acquisition of subsidiary					0
Accumulated depreciation on decreases and transfers			-6 687		-6 687
Depreciation for the financial year		619	5 118		5 737
Impairment					
Accumulated depreciation 31.12.2009	0	9 071	42 445		51 516
Carrying amount 31.12.2009	**6 160**	**8 561**	**15 518**	**375**	**30 613**
Carrying amount 1.1.2009	6 160	8 948	16 909	108	32 125
Financial year 2008					
Acquisition cost 1.1.2008	5 887	15 017	66 665		87 569
Translation differences		1	212		213
Increase from acquisitions of subsidiaries	273	2 435	8 822		11 530
Increases		62	4 971		5 034
Decreases		-116	-19 747		-19 863
Transfers between items					
Acquisition cost 31.12.2008	6 160	17 400	60 923		84 482
Accumulated depreciation and impairment 1.1.2008	0	7 722	54 811		62 533
Translation differences					
Acquisition of subsidiary		219	4 601		4 820
Accumulated depreciation on decreases and transfers		-90	-20 639		-20 729
Depreciation for the financial year		601	5 241		5 842
Impairment					
Accumulated depreciation 31.12.2008	0	8 451	44 014		52 465
Carrying amount 31.12.2008	**6 160**	**8 948**	**16 909**	**108**	**32 125**
Carrying amount 1.1.2008	5 887	7 295	11 854	196	25 232

Finance leases

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

	2009 Machinery and equipment	2008 Machinery and equipment
Acquisition cost	8 489	3 786
Accumulated depreciation	3 708	1 881
Carrying amount 31.12.	**4 780**	**1 905**

15. INTANGIBLE ASSETS

EUR 1 000	Goodwill	Trade-marks	Development costs	Other intangible assets	Advance payments	Total
Acquisition cost 1.1.2009	18 343	1 010	92	5 074		24 518
Translation differences	490	49		48		586
Increases				261		261
Acquisition of subsidiary						0
Decreases	-55			-40		-95
Transfers between items						0
Acquisition cost 31.12.2009	18 777	1 058	92	5 343		25 270
Accumulated depreciation and impairment 1.1.2009	0	147	55	3 699		3 902
Translation differences						0
Acquisition of subsidiary						0
Accumulated depreciation on decreases and transfers				-39		-39
Depreciation for the financial year		118	32	501		651
Impairment						0
Accumulated depreciation 31.12.2009	0	265	87	4 162		4 514
Carrying amount 31.12.2009	**18 777**	**793**	**5**	**1 181**	**73**	**20 829**
Carrying amount 1.1.2009	18 343	862	37	1 374	0	20 617

EUR 1 000	Goodwill	Trade-marks	Development costs	Other intangible assets	Advance payments	Total
Acquisition cost 1.1.2008	892		92	3 299		4 283
Translation differences	-1 226	16		64		-1 146
Increases	18 677	994		58		19 729
Acquisition of subsidiary				1 657		1 657
Decreases				-5		-5
Transfers between items						0
Acquisition cost 31.12.2008	18 343	1 010	92	5 074		24 518
Accumulated depreciation and impairment 1.1.2008	0	0	23	2 715		2 738
Translation differences						
Acquisition of subsidiary				169		169
Accumulated depreciation on decreases and transfers				-5		-5
Depreciation for the financial year		65	32	459		555
Impairment		83		361		444
Accumulated depreciation 31.12.2008	0	147	55	3 699		3 902
Carrying amount 31.12.2008	**18 343**	**862**	**37**	**1 374**	**0**	**20 617**
Carrying amount 1.1.2008	892	0	69	584	0	1 545

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

ALLOCATION OF GOODWILL

The Edita Group has four business segments: Print & Distribution, Marketing Services, Editorial Communication and Publishing. Of these, the first three have been divided into independent cash generating units on the basis of geographical distribution (Finland/ Sweden). As Publishing only operates in Finland, this segment is also a cash producing unit.

In order to carry out impairment testing, the goodwill of Marketing Services Sweden and Editorial Communication Sweden can only be artificially allocated to the level of the Group's cash generating units. This is why goodwill concerning the above-mentioned has been allocated to a group of cash generating units, i.e. to the segment level. All cash generating units have been tested for impairment. The following shows the carrying amounts of the tested units and the allocation of goodwill to them:

EUR 1 000	Marketing Services Finland	Marketing Services	Editorial Communication	Print & Distribution Finland	Print & Distribution Sweden	Total
2009						
Goodwill	892	9 225	7 451	850	359	18 777
Carrying amount	2 360	10 116	9 617	18 208	7 045	47 346
2008						
Goodwill	892	8 961	7 241	905	344	18 343

IMPAIRMENT TESTING OF GOODWILL 31.12.2009

Impairment losses have not been recognised for the 2009 and 2008 financial years. 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 forecast period has been extrapolated using the zero growth percentage.

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

1. Net revenue – Defined based on the budget for the following year and estimated forecasts for the coming years.
2. EBITDA – Defined based on the budget for the following year and on 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. Discounting rates are defined before taxes, and in 2009 they were between 10–12% depending on the cash generating unit.

SENSITIVITY ANALYSIS IN IMPAIRMENT TESTING

The assumptions used in sensitivity analyses are related to net revenue, profitability and the applied discount rate. In assessing the results of the sensitivity analyses, attention has been paid to the effect of changes in net revenue to profitability without consideration to any adjustment of fixed costs:

If the net revenue of the Marketing Services business area in Finland fall in the forecast period 5% below the estimates for the management reporting period's end date, the impairment loss of the cash generating unit would be the entirety of the allocated goodwill, EUR 892 000. If the discount rate before taxes determined for the Print & Distribution business area in Sweden had been 14% instead of the applied 10.6%, an impairment loss of EUR 0.3 million should be recognized.

When evaluating the recoverable amounts for the businesses of Marketing Services, Editorial Communication and Print & Distribution in Finland, no change that could be reasonably expected to occur in any of the key factors used would lead to a situation where the units' recoverable amounts fell below their respective carrying amounts.

16. INTERESTS IN ASSOCIATES

EUR 1 000	2009	2008
Acquisition cost 1.1.	2 302	2 657
Share in result	70	2
Increases	0	37
Decreases	-64	0
Dividend distribution from associates	-98	-43
Translation differences	127	-351
Total investments in associates 31.12.	**2 337**	**2 302**

The carrying amount of associates on 31.12.2009 included goodwill of EUR 768 000. (EUR 724 000 on 31.12.2008).

Information on the Group's associates and their consolidated assets, liabilities, net revenue and profit/loss.

	Domicile	Assets	Liabilities	Net revenue	Profit for financ.year	Holding
Associates 2009 EUR 1 000						
Edita Bobergs AB	Falun	4 517	1 539	7 170	253	33.33%
Kenosha Holding AB	Stockholm	1 089	970	1 516	9	40.00%
Associates 2008 EUR 1 000						
Edita Bobergs AB	Falun	4 169	1 693	7 770	319	33.33%
Kenosha Holding AB	Stockholm	1 012	669	1 398	43	40.00%

The associate, Edita Bobergs AB, provides printing services and is part of the Print & Distribution business area. Brandsystems AB, a subsidiary of Kenosha Holding AB, Edita's associated, produces marketing communications rationalization systems and is part of the Business Development unit and is reported within Other operations in segment reporting.

The carrying amount of Edita's associates includes not only goodwill, but also intangible assets and tangible fixed assets acquired and recognized in the merger of businesses. Customer agreements, technology and real estate assets were acquired through the business mergers.

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.

The fair value of customer agreements and the associated customer relations has been defined on the basis of the estimated duration of the customer relationships and the discounted net cash flow arising from these customer relationships. The fair value of technology is measured according to the estimated discounted royalties (normalized net cash flow), which are avoided when the technology in question is partly owned.

17. OTHER FINANCIAL ASSETS

Other financial items' in the statement of financial position comprise the following financial assets:

EUR 1 000	2009	2008
Available-for-sale financial assets		
Unlisted share investments	432	432

18. DEFERRED TAX ASSETS AND LIABILITIES

Change in deferred taxes during 2009

EUR 1 000	1.1.2009	Recognised in the income statement	Recognised in OCI	Exchange rate differences	Acquired subsidiaries	31.12.2009
Deferred tax assets						
Internal margin in inventories	43	-41				2
Provisions	184	-66				118
Financial instruments	0	66				66
Employee benefits	91	-21		5		75
Finance leases	40	-3		2		39
Tax losses	2	520				522
Total	**361**	**454**		**7**		**822**
Deferred tax liabilities						
Capitalisation of intangible assets	10	-8				1
Measurement of intangible and tangible assets at fair value in merging businesses	587	-110		25		502
Accumulated depreciation differences	1 238	-304		14		948
Financial instruments	20	17	4			41
Finance leases	40	-4				36
Provisions	25	-14				12
Total	**1 920**	**-424**	**4**	**40**	**0**	**1 540**

Change in deferred taxes during 2008

EUR 1 000	1.1.2009	Recognised in the income statement	Recognised in OCI	Exchange rate differences	Acquired subsidiaries	31.12.2009
Deferred tax assets						
Internal margin in inventories	41	2				43
Provisions	130	54				184
Employee benefits	74	30		-13		91
Finance leases	4	41		-5		40
Tax losses carried forward	12	-10				2
Total	**261**	**117**		**-18**		**361**
Deferred tax liabilities:						
Capitalisation of intangible assets	18	-8				10
Assets classified as held-for-sale	91	-91				0
Measurement of intangible and tangible assets at fair value in merging businesses		-225		-76	887	587
Accumulated depreciation differences	1 124	-330		-4	448	1 238
Financial instruments	46	-15	-10			20
Finance leases	32	-9		-2	19	40
Provisions	70	-45				25
Total	**1 382**	**-734**	**-10**	**-83**	**1 355**	**1 920**

The Group had EUR 23.3 million in losses confirmed on 31.12.2009, for which deferred tax assets of EUR 0.5 million have been recognized. The Group expects to receive taxable income against the recognized deferred tax asset.

19. INVENTORIES

	2009	2008
EUR 1 000		
Materials and supplies	1 174	1 547
Unfinished products	3 846	2 822
Finished products/goods	2 493	2 400
Total	7 513	6 768

As expenses of EUR 467 000 were recognized for the financial year, the carrying amount of inventories was reduced to correspond with their net realizable value (EUR 341 000 in2008).

20. SALES RECEIVABLES AND OTHER RECEIVABLES

	2009	2008
EUR 1 000		
Loans and other receivables		
Sales receivables	15 171	16 319
Receivables from associates	7	127
Prepaid expenses and accrued income		
Rents	523	507
Royalty receivables	260	247
Social security expense accruals	376	195
Sales accruals	61	76
IT service accruals	206	208
Annual credits	83	12
Other prepaid expenses and accrued income	466	837
Other receivables	1 145	936
	18 298	19 464
Financial assets recognized at fair value through profit or loss		
Derivative contracts, hedge accounting not applied	107	43
Total	**18 405**	**19 507**

The Group recognized EUR 179 000 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 credit losses

	2009	Credit losses	Net 2009	2008	Credit losses	Net 2008
EUR 1 000						
Not due	13 093		13 093	10 995		10 995
Less than 30 days overdue	1 944		1 944	5 095		5 095
31–60 days overdue	104		104	148		148
Over 60 days overdue	209	179	30	242	160	82
Total	15 350	179	15 171	16 479	160	16 319

Sales receivables by currency

	2009	2008
EUR 1 000		
EUR	5 181	5 827
SEK	9 978	10 468
Other currencies	12	24
Total	15 171	16 319

21. CASH AND CASH EQUIVALENTS

	2009	2008
EUR 1 000		
Cash in hand and at the bank	5 361	5 630
Certificates of deposit (1–3 months)	5 000	5 774
Total	10 361	11 403

There are no major credit risk concentrations associated with financial assets.

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

	2009	2008
Cash in hand and at the bank, and certificates of deposit	10 361	11 403
Available-for-sale financial assets	82	65
Total	10 443	11 468

22. NOTES ON EQUITY AND CAPITAL MANAGEMENT

	Number of shares, total	Share capital EUR 1 000	Share premium fund EUR 1 000
31.12.2007	6 000 000	6000	25 870
31.12.2008	6 000 000	6000	25 870
31.12.2009	6 000 000	6000	25 870

The company has one share class, and 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 is a non-distributable fund.

Treasury shares
In 2009 and 2008 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.

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

Distributable assets
The profit for the year is recognized in retained earnings. The distributable assets of the Group's parent company were EUR 4 473 424.12 in the financial statements dated 31.12.2009.

Capital management and dividends
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. 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.

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 2009 and 2008 financial years.

The Group's capital structure is continually monitored by means of the equity-to-assets ratio and the gearing ratio. The following table shows the values of these ratios in the years 2009 and 2008:

	31.12.2009	**31.12.2008**
EUR 1 000		
Interest-bearing liabilities	31 809	35 544
Cash and cash equivalents	10 443	11 468
Net liabilities	21 366	24 076
Total shareholders' equity	32 858	28 712
Equity-to-assets ratio, %	37.3%	31.1%
Leverage, %	65.0%	83.9%

The Group does not have any share-based incentive programmes.

Dividend from the Group's subsidiaries has been distributed to minority shareholders as follows:

	2009	**2008**
Dividend, EUR:	0.00	49 678.01

23. PENSION OBLIGATIONS

The Group uses several different plans to provide its staff with pension security. Pension plans are arranged in accordance with local requirements and legislation. In Finland basic pension security is provided through the TEL (Employees' Pension Act) system which is classified as a defined contribution plan. In addition, certain supplementary pensions are provided by insurance companies.

Defined benefit plans are used in Sweden. The actuarial assumptions for defined benefit plans have been calculated by external actuaries. The defined benefit plans used in Sweden do not involve work performance based costs, and no funds have been allocated for the arrangement. The Alecta pension insurance company's pension plan is a defined benefit plan according to the IFRS, but because Alecta is unable to provide further information, the plan is dealt with in the financial statements as a defined contribution plan. The Edita Group does not have any other post-employment benefits in addition to its pension plans.

The following tables show the reconciliation of the net value of pension obligations and the composition of the income statement expenses and the most important actuarial assumptions used in the calculations.

Defined benefit plan obligation in the statement of financial position is defined as follows

	2009	2008
EUR 1 000		
Present value of funded obligations	2 022	1 894
Fair value of plan assets	0	0
Deficit (+)/Surplus (-)	2 022	1 894
Unrecognized actuarial gains (+) and losses (-)	-162	-184
Net obligation	1 860	1 710

Defined benefit plan pension cost recognized in the income statement is defined as follows

	2009	2008
EUR 1 000		
Interest cost	81	74

Changes in present value of the obligation are as follows

	2009	2008
EUR 1 000		
Obligation at 1 Jan.	1 894	2 012
Interest cost	81	74
Benefits paid from fund	-34	-25
Exchange rate differences	115	-264
Unrecognized actuarial gains (+) and losses (-)	-33	97
Present value of funded obligations	2 022	1 894

The amounts for the financial year and the previous two financial years are as follows

	2009	2008	2007
EUR 1 000			
Present value of obligation	2 022	1 894	2 012
Surplus (+) / Deficit (-)	-2 022	-1 894	-2 012

It is expected that approximately EUR 50,000 will be invested in the plan in 2010.

	2009	2008
Actuarial assumptions used:		
Discount rate	4.1 %	4.1 %
Inflation assumption	2.0 %	2.0 %
Expected remaining working years of personnel, years	16.5	11.3

24. CAPITAL LOAN

	2008
Capital loan 1.1.	6 782
-Minority change/acquisition	-6 782
Capital loan 31.12.	0

During the comparison year's financial period, the Group had a capital loan consisting of a minority holding in a subsidiary.

1. The capital loan can be repaid only if the restricted shareholders' equity and other non-distributable items in the company's statement of financial position confirmed for the preceding financial year are fully covered and provided that the equity-to-assets ratio of AP-Paino Oy, including the company's capital loans, does not fall under 40% after the repayments have been made.

2. Interest or other compensation can be paid only if the amount to be paid can be included in the distributable funds in the company's statement of financial position confirmed for the preceding year. The accrued but yet unpaid interest shall be paid in its entirety before repayment of the capital.

3. If the company is dissolved or declared bankrupt, repayment of the capital, interest and other compensation is subordinated to all debts.

4. The loans are repaid on an annual basis, starting from 2004, provided that the conditions set out above under item 1 are fulfilled. For the first four years, the interest rate of the loans is the 12 mth Euribor +4% and for the fifth year and thereafter, the 12 mth Euribor + 4%, if the operating profit confirmed for the previous financial year is less than 10 % of revenue. If the operating profit is more than 10% of the revenue, the interest rate is the 12 mth Euribor + 6%.

On January 28, 2005, Edita Plc and the minority shareholders announced that they would relinquish the accumulated income for the capital loan for the years 2003, 2004 and 2005. Similarly, on January 9, 2007, both shareholders announced they would relinquish the interest from 2006 and on December 16, 2008, they announced they would relinquish the interest from 2007 and 2008.

On December 19, 2008, the Group acquired a minority share in AP-Paino Oy and the capital loans included in the arrangement, and now holds 100% of the company.

25. PROVISIONS

EUR 1 000	Restructuring	Pension expense provisions	Other provisions	Total provisions
Provisions at 31.12.2008	**2 298**	**506**	**0**	**2 804**
Increases	0	154	66	220
Amounts used	-1 247	0	0	-1 247
Reversal of unused amounts	0	0	0	0
Provisions at 31.12.2009	**1 051**	**660**	**66**	**1 777**

Restructuring provision

The Group decided in summer 2007 to close down the Kivenlahti rotogravure printing plant. The financial statements for 2009 includes a restructuring provision of EUR 0.9 million (EUR 1.8 million) connected with the restructuring.

Pension expense provisions

Pension expense provisions comprise unemployment pension provisions of EUR 0.3 million in the Print & Distribution business area and EUR 0.4 million in Citat Finland Oy.

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.

26. INTEREST-BEARING LIABILITIES

Non-current financial liabilities amortized at cost

EUR 1 000	**2009**	**2008**
Bank loans	21 090	27 131
Finance lease liabilities	3 514	1 486
Total	24 604	28 617

Current financial liabilities amortized at cost

	2009	**2008**
Loan repayments due in the following year	4 168	4 824
Finance lease payments due in the following year	1 178	393
Total	5 346	5 216

Maturing of contract-based financial liabilities by maturity class

	Interest-bearing liabilities		**Interest**	
	2009	**2008**	**2009**	**2008**
2009		5 216	1920	
2010	5 346	5 221	662	1584
2011	4 673	4 891	512	1272
2012	4 251	4 118	409	1053
2013	4 024	3 777	304	804
2014	3 897	3 744	213	578
2015	6 297	5 883	94	238
Later	1 462	983	53	110
Total	29 950	33 834	2 248	7 559

Weighted averages of effective interest rates of non-current interest-bearing liabilities

	2009	**2008**
	3.7%	6.2%

Non-current interest-bearing liabilities are divided by currency as follows

	2009	**2008**
EUR	20 582	23 750
SEK	4 022	4 867
Total	24 604	28 617

Current interest-bearing liabilities are divided by currency as follows

	2009	**2008**
EUR	3 663	3 414
SEK	1 685	1 802
Total	5 348	5 216

	2009	2008
Maturity periods of finance lease liabilities		
EUR 1 000		
Finance lease liabilities- total amount of minimum leases		
Within one year	1 348	580
Between one and five years	2 861	1 584
Over five years later	940	0
Total	5 149	2 164
Finance lease liabilities - total amount of minimum leases		
Within one year	1 178	393
Between one and five years	2 604	1 486
Over five years later	910	0
Total	4 692	1 879
Financial expenses accrued in the future	458	285

27. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Non-interest-bearing

EUR 1 000	2009	2008
Current financial liabilities amortized at cost		
Accounts payable	4 885	5 998
Liabilities to associates	39	0
Advances received	3 216	1 556
Accrued expenses		
Wages and salaries with related expenses	7 019	6 802
Social insurance contribution expense provision from previous years	1 350	1 133
Sales accruals	1 055	1 192
Interest	24	612
Rents	0	106
Long-term bonus of management	341	336
Other accrued expenses	390	1 065
Other current liabilities	4 331	5 393
	22 649	24 193
Current financial liabilities recognized at fair value through profit or loss		
Derivative contracts, hedge accounting not applied	252	0
Total	22 901	24 193

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

	2009	2008
EUR	10 472	11 877
SEK	12 425	12 310
Other currencies	4	6
Total	22 901	24 193

28. 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 and shareholders' equity. 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 majority of the cash flow from the Group's operations is denominated in euros. Business outside the euro zone accounts for about 40% 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, 31.12.2009. The risk due to the translation of long-term foreign net investments was not hedged on the balance sheet date, 31.12.2009. However, the risk due to the translation of foreign net investments was hedged during the financial year. The currency risk due to the translation of foreign investments was reduced by seeking finance in the same currency in which the investment was made. 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:

Nominal values

EUR 1 000	**2009**	**2008**
Non-current assets	20 395	20 880
Non-current liabilities	5 755	4 776
Change in exchange rates for non-current items	976	-1 756
Current assets	16 974	15 660
Current liabilities	13 438	13 309
Change in exchange rates for current items	224	-1 210

Currency risk sensitivity analysis in accordance with IFRS 7

The table below shows the strengthening of the euro against the Swedish krona. The change percentage represents the average volatility during the previous 12 months. The sensitivity analysis is based on the assets and liabilities denominated in foreign currencies on the balance sheet date.

EUR 1 000	**2009**	**2008**
Percentage of change	9%	9%
Effect on Group's profit after taxes	59	-54
Effect on the Group's shareholders' equity	-1 449	-2 033

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 30.0 million (33.8 million) in interest-bearing debt from financial institutions on 31.12.2009. All loans were tied to variable-rate debt instruments. In analysing 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 debt prevailing on 31.12.2009, with all other factors remaining the same, is EUR +/- 0.3 million (+/- 0.3 million) on the Group's pre-tax profit, taking interest rate derivatives into account.

Liquidity risk

The liquidity risk relates to the repayment of debts, the payment of investments and the adequacy of working capital. The Edita Group strives to minimise 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 economic recession, the Group's liquidity remained good during 2009. At the end of the year, cash and cash equivalents totalled EUR 10.4 million (EUR 11.4 million on 31.12.2008), in addition to which the Group had confirmed credit limits of EUR 11.2 million available for withdrawal. Loan covenants are reported to investors semi-annually. During the 2009 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 fulfilment 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 on a daily basis and liquidity forecasts are made weekly, monthly and annually. The following table shows a maturity analysis based on agreements made:

Breakdown of maturities of financial liabilities 2009

	Statement of fin. pos. value*	Cash flow**	12 months or under	1–2 years	2–5 years	Over 5 years
EUR 1 000						
Financial liabilities	25 258	27 049	4 660	4 199	11 223	6 967
Finance lease liabilities	4 692	5 149	1 348	986	1 875	940
Accounts payable and other liabilities	22 649	22 649	22 649			
Breakdown of maturities of derivative liabilities 2009						
Interest rate derivatives, hedge accounting not applied	252	252	49	0	0	209

Breakdown of maturities of financial liabilities 2008

	Statement of fin. pos. value*	Cash flow**	12 months or under	1–2 years	2–5 years	Over 5 years
EUR 1 000						
Financial liabilities	31 955	39 214	6 601	6 088	14 991	11 536
Finance lease liabilities	1 879	2 176	535	717	924	0
Accounts payable and other liabilities	24 193	24 193	24 193			

*Amount corresponds to the amount in the statement of financial position

**Also includes interest

Credit risk

The Edita Group's credit risks relate to operating activities. The Group's credit risk policy defines the creditworthiness requirements for customers and the investment policy. The Group has no significant credit risk concentrations because, with the current business areas, the extensive clientele is mainly divided between the two domestic markets of Finland and Sweden, and no need has been seen in the Group to use credit insurance policies, letters of credit or bank guarantees given by the buyer. The operating units are responsible for the credit risks related to operating activities, and all decisions on provisions and impairment losses are made on the basis of their assessments. The statement of financial position values of sales receivables and other receivables best describe the cash sum that is estimated to accumulate from receivables. The maximum amount of the Group's credit risk is equivalen

29. THE FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

	Note	Carrying amount 2009	Fair value 2009	Carrying amount 2008	Fair value 2008
Financial assets					
Other financial assets	17	432	432	432	432
Financial assets at fair value through profit or loss:					
-Interest rate derivatives, hedge accounting not applied	20	107	107	43	43
Sales receivables and other receivables	20	18 298	18 298	19 464	19 464
Other current financial assets	21	82	82	65	65
Cash and cash equivalents	21	10 361	10 361	11 403	11 403
Financial liabilities					
Bank loans	26	25 258	23 253	31 955	23 534
Finance lease liabilities	26	4 692	4 692	1 879	1 879
Accounts payable and other liabilities	27	22 649	22 649	24 193	24 193
Financial assets at fair value through profit or loss:					
-Interest rate derivatives, hedge accounting not applied	27	252	252	0	0

The 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 the for the time being 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 as per 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 and other receivables corresponds to their fair value because there is no material discounting effect when taking into account the maturity of the receivables.

Bank loans, capital loan and financial lease liabilities

Financial liabilities are initially recognized at fair value. Subsequently, all financial liabilities are measured at amortised 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 recognised 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

Assets measured at fair value	**Fair values at balance-sheet day**		
	31.12.2009	**Level 1**	**Level 2**
Financial assets recognized at fair value through profit or loss			
Interest rate derivatives, hedge accounting not applied	107		107
Available-for-sale financial assets			
Share investments	514	82	432
Total	621	82	539
Liabilities measured at fair value			
Financial liabilities recognised at fair value through profit or loss			
Interest rate derivatives, hedge accounting not applied	252		252

30. ADJUSTMENTS TO CASH FLOW FROM OPERATING ACTIVITIES

	2009	**2008**
EUR 1 000		
Depreciation	6 388	6 841
Adjustments to sales gains	-544	-1 082
Exchange rate differences	249	117
Profit/loss at fair value through profit or loss from the measurement of recognisable assets and liabilities	-132	677
Share of profit in associates	-70	-2
Total	5 891	6 551

31. OPERATING LEASES

Group as the tenant

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

	2009	**2008**
EUR 1 000		
Within one year	3 163	3 008
1–5 years	2 319	4 955
Total	5 482	7 963

The Group leases many of its office premises in Finland and Sweden. The Group owns most of its production plants. 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. The 2009 income statement contains lease expenses for operating leases of EUR 3.0 million (EUR 2.4 million).

32. CONTINGENT LIABILITIES

Collateral and other contingent liabilities

	2009	2008
EUR 1 000		
Loans from financial institutions secured by mortgages and pledges		
Loans from financial institutions	5 379	2 864
Corporate mortgages given	2 451	2 978
Property mortgages given	2 018	2 018
Pledged machinery and equipment	3 746	1 078
Mortgages given as security, total	8 215	6 074
Debts secured by shares		
Loans from financial institutions	0	736
Carrying amount of pledged shares	0	607
Other collateral given on behalf of shareholders		
Property mortgages given	33	88
Pledged deposits	20	21
Other collateral given on behalf of shareholders, total	53	109

Off-balance-sheet financial liabilities

Real estate investments

The Group is obliged to review the VAT reductions made on real estate investments completed in the years 2006–2009, if the property's taxable use decreases during the review period. The last review year is 2018. The maximum amount of the liability is EUR 66,627.58.

Disputes and court proceedings

Three former employees of the Group have presented a claim for compensation, which the Group has denied. The cases are pending at a court, but according to the Group's view, these court proceedings will probably not have a material effect on the Group's result and financial position.

33. RELATED PARTY TRANSACTIONS

The Group's related parties include the parent company, subsidiaries and associates. 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:

Company	Parent company's holding, %	Sub-Group's parent company's holding, %	Group's holding, %	% of votes
Parent company Edita Plc, Helsinki, Finland				
Edita Prima Oy, Helsinki	100%		100%	100%
Edita Publishing Oy, Helsinki	100%		100%	100%
Edita Press Oy, Helsinki	100%		100%	100%
Morning Digital Design Oy, Helsinki	100%		100%	100%
Citat Finland Oy, Helsinki	100%		100%	100%
Käpylä Print Oy, Vantaa	100%		100%	100%
Kiinteistö Oy Vantaan Hakamäenkuja, Vantaa		100%	100%	100%
Edita Holding AB, Stockholm, Sweden	100%		100%	100%
Edita Sverige AB, Stockholm, Sweden		100%	100%	100%
Edita Västra Aros AB, Västerås, Sweden		100%	100%	100%
Arkpressen i Västerås AB, Västerås, Sweden			100%	100%
Edita DR-Produktion AB, Stockholm, Sweden		100%	100%	100%
Citat Group AB, Stockholm, Sweden	100%		100%	100%
Citat AB, Göteborg, Sweden		100%	100%	100%
Mods Graphic Studio AB, Stockholm, Sweden		100%	100%	100%
Citat Communication Management Ltd., London, UK		100%	100%	100%
Citat Robot AB, Stockholm, Sweden		100%	100%	100%
JG Communication AB, Stockholm, Sweden		100%	100%	100%
Journalistgruppen, JG AB, Stockholm, Sweden		100%	100%	100%
Belinski LLC, Kharkov, Ukraine		70%	70%	70%

*Sub-Group's parent company

Sales of goods and services conducted with a related party are based on market prices.

A list of the associates is presented in Note 18.

Related party transactions with associates:

	2009	2008
EUR 1 000		
Sales of goods and services	59	9
Purchases of goods and services	303	105
Sales receivables, loan receivables and other receivables	7	127
Accounts payable	39	0

Employee benefits of management:

		2009	2008
EUR 1 000			
Salaries and fees paid to the Managing Director		235	295
Other members of the Group Management Team		1 123	1 168
Termination benefits		164	47
Group Management Team, total		**1 523**	**1 510**
Fees paid to the members of the Board			
Ratia Lauri	Chairman of the Board	55	62
Väisänen Jarmo	Vice-Chairman of the Board	40	42
Brorman Carina	Member of the Board	17	0
Jauri Liisa	Member of the Board	30	32
Laitasalo Riitta	Member of the Board	30	33
Löyttyniemi Timo	Member of the Board	32	33
Persson Eva	Member of the Board	17	0
Mäkelä Marianne	former Member of the Board	11	32
Verkola Kimmo	former Member of the Board	0	9
Edita Plc's Board, total		**231**	**242**
Management salaries and fees, total		**1754**	**1752**

The agreed retirement age of the Managing Director of the parent company is 62 years. The Managing Director and the members of the Board of Directors do not own any Edita 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 given on their behalf.

34. POST-STATEMENT EVENTS

The Group has no knowledge of any significant events that have taken place after the statement date that if left unreported would affect financial decisions made on the basis of the financial statements.

35. BREAKDOWN OF SHARE OWNERSHIP AND INFORMATION ON THE SHAREHOLDERS

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

KEY INDICATORS OF FINANCIAL PERFORMANCE

		IFRS **2009**	IFRS **2008**	IFRS **2007**
Net revenue	T€	110 895	113 692	147 597
Net revenue, continuing operations	T€	110 895	111 078	90 046
Exports and foreign operations, %		45.3%	38.0%	16.5%
Operating profit/loss	T€	3 719	2 975	5 130
Operating profit/loss, continuing operations	T€	3 719	3 615	5 243
% of net revenue		3.4%	3.3%	5.8%
Profit before taxes	T€	2 103	3 459	4 241
Profit before taxes, continuing operations	T€	2 103	4 119	5 063
% of net revenue		1.9%	3.7%	5.6%
Profit/loss for financial year	T€	3 267	3 158	3 015
Profit/loss for financial year, continuing operations	T€	3 267	3 815	3 840
Return on equity (ROE), %	%	10.6	10.9	10.6
Return on investment, (ROI) %	%	6.1	7.9	9.5
Equity-to-assets ratio, (%)	%	37.3	31.1	36.7
Leverage (%)	%	65.0	83.9	-18.0
Gross capital expenditure	T€	6 838	37 736	5 593
% of net revenue		6.2	33.2	3.8
Average number of employees		890	929	1 018
Average number of employees, continuing operations		890	896	705
Earnings per share (EPS)	€	0.54	0.53	0.62
Earnings per share (EPS), continuing operations	€	0.54	0.64	0.64
Cash flow from operations/share,	€	1.10	0.89	1.50
Equity per share,	€	5.47	4.79	4.81
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)

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

Return on investment, % (ROI)

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

Equity-to-assets ratio, %

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

Operating profit

Profit before taxes and financial items

Undiluted earnings per share, EUR

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

Leverage, %

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

Equity per share, EUR

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

PARENT COMPANY INCOME STATEMENT (FAS) (EUR 1 000)

	Note	1.1.–31.12.2009	1.1.–31.12.2008
Net revenue	**2**	**3 921**	**3 781**
Other operating income	3	805	839
Staff expenses	4	2 586	2 219
Depreciation and impairment	5	682	648
Other operating expenses	6	2 062	2 304
Operating profit		**-605**	**-552**
Financial income and expenses	7	-1 553	6 213
Profit/Loss (-) before extraordinary items		**-2 157**	**5 661**
Extraordinary items +/-	8	1 810	3 915
Profit / loss (-) before taxes		**-347**	**9 576**
Appropriations	9	238	190
Income taxes	10	522	-1 093
Profit/Loss (-) for the financial year		**413**	**8 673**

PARENT COMPANY STATEMENT OF FINANCIAL POSITION (FAS) (EUR 1 000)

	Note	31.12.2009	31.12.2008
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	11	215	29
Tangible assets	12	12 642	13 190
Investments in Group companies	13	65 985	52 960
Other investments	13	407	13 432
Total non-current assets		79 250	79 610
CURRENT ASSETS			
Current receivables	14	2 218	4 472
Financial securities	15	25	25
Cash and bank balances		8 672	8 409
Total current assets		10 915	12 906
Total assets		**90 165**	**92 516**

	Note	31.12.2009	31.12.2008
LIABILITIES			
SHAREHOLDERS' EQUITY	16		
Share capital		6 000	6 000
Legal reserve		25 870	25 870
Profit/Loss (-) from previous years brought forward		4 061	-4 612
Profit/Loss (-) for the financial year		413	8 673
Shareholders' equity, total		36 343	35 930
ACCUMULATED APPROPRIATIONS	17	2 260	2 498
LIABILITIES			
Non-current liabilities	18	32 209	23 009
Current liabilities	19	19 353	31 078
Total liabilities		51 562	54 088
Total liabilities		**90 165**	**92 516**

PARENT COMPANY'S CASH FLOW STATEMENT (FAS) (EUR 1 000)

	1.1.–31.12.2009	1.1.–31.12.2008
Cash flow from operating activities		
Profit/loss (-) before extraordinary items	-2 157	5 661
Adjustments		
Depreciation according to plan and impairment	682	648
Unrealized exchange rate gains/losses	132	-677
Other adjustments	0	216
Gains from sale of fixed assets and other investments	0	-36
Financial income and expenses (+)	1 422	-5 536
Change in working capital:		
Increase (-) decrease (+) in non-interest-bearing current trade receivables	16	-453
Increase (+) decrease (-) in non-interest-bearing current liabilities	144	61
Interest paid	-2 198	-1 572
Dividends received	62	5 567
Interest received	121	221
Taxes paid	658	-1 447
Net cash flow from operating activities	**-1 120**	**2 653**
Cash flow from investing activities		
Investments in shares of subsidiaries	0	-29 889
Investments in intangible and intangible assets	-322	-147
Gains on sale of investments	0	36
Net cash flow used in investing activities	**-322**	**-29 999**
Cash flow from financing activities		
Change in current borrowings	-870	14 663
Non-current borrowings	2 500	20 000
Repayments on non-current borrowings	-3 840	-6 514
Capital loans	0	-6 500
Contributions received	3 915	4 850
Net cash flow from financing activities	**1 705**	**26 500**
Change in cash and cash equivalents, increase (+)/decrease (-)	**263**	**-846**
Cash and cash equivalents at 1 Jan.	8 434	9 280
Cash and cash equivalents at 31 Dec.	**8 697**	**8 434**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES APPLIED TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (FAS)

BASIC INFORMATION

Edita Plc is a Finnish public limited company domiciled in Helsinki and established in accordance with Finnish law. Edita Plc's financial statements have been drawn up in accordance with the Finnish Accounting Standards (FAS). Edita Plc is the Edita Group's parent company. The consolidated financial statements have been drawn up in accordance with the latest IFRS. As the accounting policies of the FAS and the IFRS are in most respects convergent in Edita 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 of non-current assets is reviewed on the balance sheet date 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

Derivatives are measured at their nominal value, provided it is no more than the probable value.

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 voluntary pension security of parent company employees is arranged by external pension insurance companies.

EXTRAORDINARY ITEMS

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

EUR 1 000	**31.12.2009**	**31.12.2008**

2. NET REVENUE

By market area		
Finland	3 921	3 781
Total	3 921	3 781

3. OTHER OPERATING INCOME

Gains from sale of non-current assets	0	35
Income from rents	2	3
Group-internal administrative services	802	800
Other	2	1
	805	839

4. STAFF

Staff expenses		
Salaries and fees	2 121	1 814
Pension expenses and pension insurance contributions	288	286
Other staff expenses	178	119
	2 586	2 219
Employees in the company during the financial year		
Salaried employees	35	32
Management salaries and fees		
Managing Directors	235	295
Board members	231	242
	466	537

5. DEPRECIATION AND IMPAIRMENT

Depreciation on tangible and intangible assets	682	648

6. OTHER OPERATING EXPENSES

Rental expenses	82	92
Other premises expenses	262	258
Logistics	20	19
Information technology and telecommunications	341	374
Marketing and representation expenses	382	213
Other operating expenses	976	1 348
Other operating expenses, total	2 062	2 304
Auditor's fees		
Audit fees	47	41
Tax consultation	14	44
Other fees	7	259
	68	344

7. FINANCIAL INCOME AND EXPENSES

Dividend income		
From Group companies	60	5 562
From others	2	4
	62	5 567
Interest income on long-term investments		
From others	19	0
Other interest income		
From Group companies	10	15
From others	90	206
	100	221
Other financial income		
From others	188	0
Interest income and other financial income, total	368	5 787
Exchange rate gains and losses	-132	677
Impairment and reversals concerning non-current investments	0	2 000
Interest expenses		
To Group companies	-495	-1 062
To others	-827	-1 171
	-1 322	-2 232
Other financial expenses		
To others	-467	-18
Interest expenses and other financial expenses, total	-1 789	-2 251
Total financial income and expenses	-1 553	6 213

8. EXTRAORDINARY ITEMS

Extraordinary income		
Group contributions received	1 810	3 915

9. APPROPRIATIONS

Difference between planned depreciation and depreciation made for purposes of taxation	238	190

10. NOTES ON INCOME TAXES

Income tax on extraordinary items	-471	-1 018
Income tax on normal operations	471	-76
Income tax on normal operations from previous year	522	0
	522	-1 093

11. INTANGIBLE ASSETS

Intangible rights		
Acquisition cost 1.1.	557	536
+ Increases	224	21
Acquisition cost 31.12.	781	557
Accumulated depreciation 1.1.	528	513
+ Depreciation for the year	38	15
Accumulated depreciation 31.12.	566	528
Carrying amount 31.12.	215	29
Intangible assets, total		
Acquisition cost 1.1.	557	536
+ Increases	224	21
Acquisition cost 31.12.	781	557
Accumulated depreciation 1.1.	528	513
+ Depreciation for the year	38	15
Accumulated depreciation 31.12.	566	528
Carrying amount 31.12.	215	29
Prepayments	1	0
	215	29

12. TANGIBLE ASSETS

Land areas		
Acquisition cost 1.1.	5 887	5 887
Acquisition cost 31.12.	5 887	5 887
Carrying amount 31.12.	5 887	5 887
Buildings and structures		
Acquisition cost 1.1.	13 766	13 704
+ Increases	86	62
Acquisition cost 31.12.	13 852	13 766
Accumulated depreciation 1.1.	7 126	6 627
+ Depreciation for the year	505	498
Accumulated depreciation 31.12.	7 631	7 126
Carrying amount 31.12.	6 221	6 640

Machinery and equipment		
Acquisition cost 1.1.	2 136	2 073
+ Increases	11	63
Acquisition cost 31.12.	2 147	2 136
Accumulated depreciation 1.1.	1 473	1 338
+ Depreciation for the year	139	135
Accumulated depreciation 31.12.	1 613	1 473
Carrying amount 31.12.	535	663
Tangible assets, total		
Acquisition cost 1.1.	21 788	21 663
+ Increases	97	126
Acquisition cost 31.12.	21 886	21 788
Accumulated depreciation 1.1.	8 599	7 966
+ Depreciation for the year	644	633
Accumulated depreciation 31.12.	9 243	8 599
Carrying amount 31.12.	12 642	13 190
Of the carrying amount 31.12.		
Machinery and equipment in production	529	637

13. INVESTMENTS

Share in Group companies 1.1.	52 960	23 072
+ Increases	13 025	29 889
Statement of financial position value 31.12.	65 985	52 960
Other shares and holdings 1.1.	407	407
Statement of financial position 31.12.	407	407
Loan receivables from Group companies 1.1.	13 025	4 130
+ Increases	0	8 895
- Decreases	-13 025	0
Statement of financial position value 31.12.	0	13 025

Parent company's holdings in subsidiaries:

Company and domicile	Holding %	Votes %
Edita Prima Oy, Helsinki	100%	100%
Edita Publishing Oy, Helsinki	100%	100%
Edita Press Oy, Helsinki	100%	100%
Morning Digital Design Oy, Helsinki	100%	100%
Citat Finland Oy, Helsinki	100%	100%
Käpylä Print Oy, Vantaa	100%	100%
Edita Holding AB, Stockholm, Sweden	100%	100%
Citat Group AB, Stockholm, Sweden	100%	100%

14. RECEIVABLES

Receivables from Group companies		
Sales receivables	76	15
Loan receivables	189	384
Interest receivables	0	2
Other receivables	1 810	3 915
	2 075	4 316
Other receivables	110	0
Accrued liabilities and deferred income		
Social security expense accruals	23	19
Tax assets	1	132
Other	9	5
	33	156
Receivables, total	2 218	4 472

15. FINANCIAL SECURITIES

Repurchase price	43	35
Carrying amount	25	25
Difference	18	10

16. SHAREHOLDERS' EQUITY

Share capital 1.1.	6 000	6 000
Share capital 31.12.	6 000	6 000
Legal reserve 1.1.	25 870	25 870
Legal reserve 31.12.	25 870	25 870
Profit/Loss from previous years brought forward 1.1.	4 061	-4 829
Other change	0	216
Profit/Loss from previous years brought forward 31.12.	4 061	-4 612
Profit/loss (-) for the financial year	413	8 673
Shareholders' equity, total	**36 343**	**35 930**
Statement of distributable funds 31.12.		
Profit/Loss from previous years brought forward	4 061	-4 612
Profit/loss (-) for the financial year	413	8 673
	4 473	4 061

The parent company had distributable funds of EUR 4 473 424.12 on 31.12.2009.

17. ACCUMULATED APPROPRIATIONS

Accumulated depreciation difference	2 260	2 498

18. NON-CURRENT LIABILITIES

Loans from financial institutions	19 209	23 009
Loans from Group companies	13 000	0
	32 209	23 009
Liabilities that mature after more than five years		
Loans from financial institutions	5 700	9 000

19. CURRENT LIABILITIES

Loans from financial institutions	3 903	3 835
Accounts payable	127	232
	4 030	4 067
Receivables from Group companies		
Loans	13 894	25 240
Accounts payable	75	90
Interest liabilities	0	12
Accrued liabilities and deferred income	49	27
	14 019	25 369
Other current liabilities	614	505
Accrued liabilities and deferred income		
Wages and salaries with related expenses	453	302
Social insurance contribution expense provision from previous years	47	73
Interest	21	603
Long-term bonus of management	160	160
Other	9	0
	690	1 138
Current liabilities, total:	**19 353**	**31 078**
Interest-bearing liabilities		
Non-current	32 209	23 009
Current	17 798	29 075
	50 006	52 084
Non-interest-bearing liabilities		
Current	1 555	2 003

20. CONTINGENT LIABILITIES AND OTHER LIABILITIES

Amounts to be paid from leases		
Due for payment in the next financial year	66	38
Due for payment later	93	80
	159	118
Guarantees given on behalf of Group companies	1 462	1 486

Off-balance sheet financial liabilities

Real estate investments

The company is obliged to review the VAT reductions made on real estate investments completed in the years 2007-2009 , if the property's taxable use decreases during the review period. The last review year is 2018. The maximum amount of the liability is EUR 62 437.70.

21. DERIVATIVE AGREEMENTS

Interest rate derivatives		
Fair value *)	-145	43
Value of underlying asset	-49	43

*) Fair value represents income or expense that would have arisen had the derivatives positions been closed out at the balance sheet date.

SIGNING OF FINANCIAL STATEMENTS AND BOARD OF DIRECTORS' REPORT

Helsinki, 10 March, 2010

Lauri Ratia Chairman	**Jarmo Väisänen** Vice Chairman
Riitta Laitasalo	**Timo Löyttyniemi**
Liisa Jauri	**Carina Brorman**
Eva Persson	**Timo Lepistö** CEO

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

Helsinki, 10 March, 2010

KPMG Oy
Authorized Public Accountants

Minna Riihimäki
APA

AUDITOR'S REPORT

TO THE ANNUAL GENERAL MEETING OF EDITA PLC

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Edita Plc for the year ended on 31 December 2009. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

THE RESPONSIBILITY OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the parent company's financial statements and the report of the Board of Directors in accordance with laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

AUDITOR'S RESPONSIBILITY

Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the Board of Directors of the parent company and the Managing Director have complied with the Limited Liability Companies Act.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

The audit was performed in accordance with good auditing practice in Finland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

OPINION ON THE COMPANY'S FINANCIAL STATEMENTS AND THE REPORT OF THE BOARD OF DIRECTORS

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

OPINION ON THE DISCHARGE FROM LIABILITY AND DISPOSAL OF DISTRIBUTABLE FUNDS

The consolidated financial statements and the parent company's financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the disposal of distributable funds is in compliance with the Limited Liability Companies Act.

Helsinki 10 March 2010
KPMG OY AB

Minna Riihimäki
Authorized Public Accountant

CORPORATE GOVERNANCE PRINCIPLES

Edita Plc is a Finnish State-owned public limited company whose corporate governance system complies with the Finnish Limited Liability Companies' Act, Edita's Articles of Association, and, as applicable, the corporate governance recommendations concerning publicly listed companies followed in Finland.

The Edita Group comprises the parent company, Edita Plc, and its Finnish and Swedish subsidiaries.

GOVERNING BODIES

Responsibility for the Edita Group's governance and operations rests with Edita Plc's governing bodies, which consist of the General Meeting of Shareholders, the Board of Directors and the CEO.

GENERAL MEETING OF SHAREHOLDERS

Edita Plc's supreme decision-making body is the General Meeting of Shareholders, which convenes at least once a year. An Annual General Meeting is held by the end of May on a date set by the Board of Directors. The General Meeting makes decisions on the matters specified in the Limited Liability Companies' Act and the Articles of Association, such as the acceptance of the financial statements, the distribution of dividends, the election of the Board of Directors and the Auditor and the compensation payable to them.

BOARD OF DIRECTORS

The Annual General Meeting elects from four to eight directors to the Board of Directors for a term of one year. Their term expires at the end of the Annual General Meeting that first follows their election. The Chairman of the Board and the Vice Chairman are elected by the General Meeting of Shareholders.

The Board of Directors is responsible for the company's management and for the appropriate organization and supervision of the company's assets and business operations. The Board makes all major decisions on operating policies, strategies, capital expenditure, organization and funding, and decides on all major transactions concerning properties, operations and companies. The Board approves the company's values and policies and oversees their application in practice.

The Board approves its own working procedure and meeting schedule. The Board's key functions are:

- approving the annual operating plan and budget
- accepting the financial statements and annual report
- approving the organization and compensation system
- appointing and compensating the CEO and Group Management Team
- appointing Committee members and approving their working procedures
- approving long-term objectives and strategies
- approving the Group's values, and the principles and policies of its control and risk management system
- supervising the appropriate arrangement of accounting and financial management

The Board of Directors has approved the corporate manual to be applied throughout the Group, the purpose of which is to guarantee appropriate procedures in all Group operations. The Board annually evaluates its working practices.

In year 2009, the Board of Directors consisted of **Lauri Ratia** (Chairman), **Jarmo Väisänen** (Deputy Chairman) and the members **Carina Brorman**, **Liisa Jauri**, **Riitta Laitasalo**, **Timo Löyttyniemi** and **Eva Persson.** In 2009, the Board convened 10 times. The average attendance was 94%.

In the Board's assessment, all members are independent of the company, and all members except Jarmo Väisänen are independent of the company's owner, the State of Finland.

BOARD COMMITTEES

The Board Committees assist the Board by preparing the business to be handled by the Board. The Board has two permanent committees: the Audit Committee, and the Structure and Compensation Committee.

The Audit Committee

The Audit Committee assists the Board by monitoring the financial situation and performing supervisory tasks, directing the reporting and internal audit functions, supervising risk management and overseeing auditing.

In 2009, the Audit Committee consisted of three members, namely Riitta Laitasalo (Chairman), Timo Löyttyniemi and Liisa Jauri. The Committee convened five times, with an attendance rate of 100%.

The Structure and Compensation Committee

The Structure and Compensation Committee directs the development of the Group's structure and key business areas. The Committee also prepares matters relating to the salaries and other benefits of corporate executives, the compensation systems and executive appointments.

In 2009, the Structure and Compensation Committee consisted of three members, namely Lauri Ratia (Chairman), Timo Löyttyniemi and Jarmo Väisänen. The Committee convened six times, with an attendance rate of 100%.

CEO

The Board of Directors appoints the CEO, who is responsible for managing and developing the Group's operations in accordance with the provisions and guidelines laid down in the Limited Liability Companies' Act and the Articles of Association and as issued by the Board. The CEO is responsible for ensuring the legality of accounting and the trustworthy management of assets. The CEO is directly responsible for the following functions: implementation of Group strategy, financial administration, general administration, the direction and supervision of the business areas, public and stakeholder relations, and the preparation of Board meetings. The CEO regularly informs the Board about the Group's operational performance and financial position.

Since August 8, 2005, the CEO of Edita Plc has been **Timo Lepistö**, LL.M., born 1959.

GROUP MANAGEMENT TEAM

The Group Management Team comprises the CEO and, as appointed by the Board on the basis of the CEO's proposal, the Chief Financial Officer, the Human Resources Director, the Communications Director and the Managing Directors of the business areas.

The Management Team is responsible for making action plans to implement Group strategy in the business units, examining annual business plans and budgets, monitoring profit performance and taking any measures needed to rectify poor performance, coordinating and monitoring the implementation of investment plans, overseeing the implementation of business restructuring, supervising risk management, and monitoring major day-to-day operating actions and decisions.

None of the Group Management Team members nor those close to them has any significant business relationships with companies in the Edita Group.

THE BUSINESS AREAS AND THEIR MANAGEMENT

Edita's business is divided into four business areas: Marketing Services, Editorial Communication, Print & Distribution and Publishing.

The Managing Directors of the business areas have appointed management teams, including personnel representatives, to assist them in their respective areas of responsibility.

COMPENSATION

Compensation of board members

The Annual General Meeting annually decides on the compensation of Board members. As a matter of principle, no monthly compensation for Board work is paid to members of the Board who are employed by Edita Plc or one of its subsidiaries.

The CEO's compensation and employment terms

The Board of Edita Plc decides on the CEO's salary, bonuses and other terms of employment.

The CEO's retirement age is 62. The period of notice for terminating the CEO's employment is six months when notice is served by the employer and four months when notice is served by the CEO. Upon termination of employment by the employer, the CEO will be entitled to compensation equivalent to six months' salary in addition to the salary paid for the period of notice.

Compensation of executives

The CEO is entitled to a performance-based bonus, which is no more than 40% of his/her annual taxable earnings. The members of the Group Management Team are entitled to a performance-based bonus, which is no more than 30% of their annual taxable earnings. Every year the Board sets targets, based on the budget and operating plans that must be met for the bonus to be paid. The CEO and members of the Group Management Team are included in the long-term "bonus bank" incentive system established to increase long-term commitment during the period 2007–2011. According to a decision by the Board of Directors on 9 February 2010, the old incentive system was discontinued in 2009 and replaced with a similar new system for the years 2010–2012. The "bonus bank" system is used to reward the Group's key personnel for reaching the targets approved annually by the Board. Such targets may include the long-term profitable growth of the Group, the successful implementation of Group strategy, and personal targets. Under the system, the maximum annual bonus may not exceed 40% of the CEO's annual taxable earnings or 20–30% of the annual taxable earnings of other key personnel. The bonuses accumulated in the old system can be withdrawn in stages over a three-year period starting from 2010. The bonuses accumulated in the new system can be withdrawn in stages over a three-year period starting from 2013.

Furthermore, the business areas can apply bonus systems based on sales or production, or linked to the units' profit margins or earnings to facilitate business success.

The company does not use incentive systems based on shares or share derivatives.

FINANCIAL REPORTING

The achievement of financial targets and balance sheet management are monitored through monthly Group-wide reporting. Interim financial statements are drawn up quarterly. A semi-annual review is drawn up together with the interim financial statements for the first half-year.

RISK MANAGEMENT

The risk management policy approved by Edita's Board of Directors defines the risk management principles, objectives and divisions of responsibility in the Group. Risk management is based on an organization-wide approach for identifying, assessing, managing and monitoring material risks. The CEO and other executives ensure that risk management is a continuous, integral part of the Group's day-to-day operations. The management reports quarterly to the Board on risks by business area, unless there is a need for separate reporting. The CEO and other executives identify and monitor risks, develop and co-ordinate risk management activities, and update the Group's risk profile. The Board of Directors deals with the most significant risks and evaluates risk management functioning at least once a year. The effectiveness of Edita's risk management is monitored through internal and external audits as part of the regular auditing program.

AUDITING

The authorized public accountant firm elected by the Annual General Meeting to audit the parent company, Edita Plc, audits the entire Group including the Swedish subsidiaries, and is responsible for auditing the accounting, financial statements and administration for the financial year.

Edita's Auditor is KPMG Oy, the principally responsible auditor being **Minna Riihimäki**, APA.

INTERNAL AUDIT

The purpose of internal control and risk management is to ensure that the company's operations are efficient and profitable, that the supply of information is reliable and that regulations and policies are observed. The internal audit is responsible for helping the Board and the CEO to assess the appropriateness and effectiveness of the Group processes and systems, the efficiency and adequacy of internal control, and the validity and adequacy of accounting and reporting.

In the Edita Group, the internal auditing goals are decided upon annually by the Board by means of risk assessments, etc. and practical implementation is entrusted to an independent external firm of authorized public accountants.

The internal audit reports are distributed to Edita Plc's Board of Directors, Audit Committee, Auditor, CEO and Group Management Team. The CEO, together with other operating management, is responsible for ensuring that any actions required on account of observations made by the Internal Audit are duly initiated.

Edita's internal audit is performed by Tuokko Tilintarkastus Oy, Authorized Public Accountants.

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THE ECOLOGICAL FOOTPRINT OF FINANCIAL STATEMENTS

This publication was produced with great ecological consideration. The most environmentally friendly and yet suitable materials and methods were selected in every stage of its making. Nevertheless, the publication left its print on the environment: making it required energy and raw materials and produced waste and emissions.

PURPOSE: A publication that will be used for relatively long time.

PAGES: 72 pages and covers
DIMENSIONS: 210 x 275 mm
DISTRIBUTION: Finnish 900 pcs, Swedish 610 pcs and English 425 pcs

OPTIMALLY SIZED PRINTING SHEETS: Only 15% of the surface-area of the printing sheets was wasted as shearings.

PAPERS: The chosen paper material is a PEFC certified, Nordic Swan Ecolabelled Galerie Art Silk 130 g/m^2 that is produced in Finland. The timber used for the magazine was sourced from sustainable forests from an ecological, social and economic point of view. Chlorine gas was not used to bleach the paper. Paper Factory has ISO 14001, PEFC and FSC certifications. Environmental impact document Paper Profile and a Carbon Profile are available of the paper.

CHEMICALS: Only chemicals approved for the Nordic Swan ecolabel were used in producing the paper material, in prepress, in printing and in binding. Printed with vegetable oil based inks.

PRINTING HOUSE: Printed at Edita Prima Oy, Helsinki, Finland. The printing house uses green electricity, it is ISO 14001 certified and entitled to use the Nordic Swan ecolabel as well as the FSC and PEFC indications of origin.

USE: The publication is easy to use and has a small ecological footprint. No appliance or energy is needed to read it. The publication can be used innumerable times and it is very easy to carry around.

TO MAKE ONE PUBLICATION, THE FOLLOWING WAS USED:
WOOD: 1,2 dm^3
WATER: 2,3 liters
ENERGY: 1,5 kWh

TO MAKE ONE PUBLICATION PRODUCED:
WASTE 415 g of which recyclable waste 400 g (355 g paper, 40 g aluminium, 3 g cardboard and 1 g plastic), combustible waste 5 g, hazardous waste 7 g. No landfill waste was produced. COD emissions to water, 6 g (in paper manufacturing).

CARBON FOOTPRINT
CO_2 emissions to air 170 g, of which transporting the tree from forest to the mill 22 g, the paper manufacturing 96 g, transporting the paper to the press 4 g, printing 46 g. Emission quantities are estimates. Total amount equals to approximately 1,4 kilometers drive by car.

WE COMPENSATE 94 g of the emissions per publication. We used Map Finland's paper that promotes climate protection. We compensated the emissions caused by production of the paper and transportations by financing the Plan Vivo organisation's project Mosambic that concentrates on planting trees.

However, it is the content of a publication that may have the greatest environmental impact. If a publication inspires its readers to recycle more of their waste, drive less, lower the temperature in their homes, switch to green power or to design more ecological printed products, its environmental impact could then be considered positive.

Dear reader, when you no longer need this publication, please recycle it. Wood fibre can be reused roughly six times.

The research for the ecological footprint was made by Mika Ruuskanen who is in charge of the Nordic Green Edita program.

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