Edita Plc

Financial Statements
January 1–December 31, 2012

Edita Plc
P.O. Box 110
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Business ID 0912752-6

Contents

Board of Directors' report for the financial year January 1–December 31, 2012

Market Review

In 2012, demand for communications services grew modestly. Most of this growth occurred in the demand for digital communications services. When compared to the previous year, advertising decreased in Finland (-3.8%, 11/2012)* and in Sweden (-1.6%, 9/2012)**. The decline in demand for traditional printed material diminished the market for the printing industry in Finland and Sweden.

The Edita Group and Changes in Group Structure

The Edita Group is comprised of four business areas: Marketing Services, Editorial Communication, Publishing and Print & Distribution.

In 2012, Edita Plc acquired Klikkicom Oy, a digital marketing company operating in the Nordic countries, as well as the National Centre for Professional Development in Education Educode Ltd, operating in Finland, and a 70 per cent share in the Swedish Sandvikens Tryckeri och Bokbinderi AB.

Net Revenue

In 2012, the consolidated net revenue was EUR 113.2 million (EUR 105.8 million). The net revenue in Finland was EUR 52.0 million (EUR 49.2 million). The net revenue in other EU countries was EUR 58.6 million (EUR 55.5 million) and exports outside the EU totaled EUR 2.6 million (EUR 1.1 million). The net revenue of Finnish companies was 48% (48%) of the Group net revenue and that of Swedish companies 52% (52%) of the Group net revenue.

Net revenue (EUR 1,000)	**2012**	**2011**	**Change 2012-2011**
Marketing Services	32 896	20 316	61.9%
Editorial Communication	14 832	15 474	-4.2%
Print & Distribution	52 798	59 314	-11.0%
Publishing	15 439	14 221	8.6%
Internal transactions and other operations	-2 773	-3 481	20.3%
Group	**113 192**	**105 844**	**6.9%**

The **Marketing Services** business area's net revenue was EUR 32.9 million (EUR 20.3 million). The acquisition of the Klikkicom Group increased the net revenue by EUR 13.1 million. The net revenues of Citat Oy and Mods AB grew, while Citat AB's net revenue decreased as the company reduced its subcontract invoicing.

The **Editorial Communication** business area's net revenue decreased slightly from the previous year and was EUR 14.8 million (EUR 15.5 million).

The **Publishing** business area's net revenue was EUR 15.4 million (EUR 14.2 million). The acquisition of the National Centre for Professional Development in Education Educode Ltd increased net revenue by EUR 1.5 million. Edita Publishing Oy's net revenue decreased slightly.

The **Print & Distribution** business area's net revenue was EUR 52.8 million (EUR 59.3 million). The net revenue decreased by EUR 6.5 million from the previous year due to the shrinking of the printing markets and the continuation of the fierce pricing competition. The acquisition of Sandvikens Tryckeri och Bokbinderi AB's shares increased net revenue by EUR 1.3 million.

* TNS Media Intelligence, Media advertising, November 2012.
** Institute for Advertising and Media Statistics (IRM), Sweden, Media market Q3 2012.

Consolidated Operating Profit

The Group’s operating profit for 2012 was EUR -4.1 million (EUR 2.2 million), which is EUR 6.3 million down from the previous year. In addition to the declining demand for printing services and the minor growth of the communications market, the operating profit was impaired by costs related to the adjustment measures carried out in the Print & Distribution and Editorial Communication business areas as well as by the depreciations of goodwill in the Print & Distribution and Marketing Services business areas.

Considerable structural changes were carried out in the Group, generating one-time expenses that impaired the Group’s result. Costs of one-time measures totaled EUR 7.9 million (EUR 2.5 million), of which salaries paid for the period of notice account for EUR 3.4 million (EUR 1.7 million), impairment for EUR 3.7 million (EUR 0 million) and other one-time expenses for EUR 0.8 million (EUR 0.8 million). Swedish VAT returns, sales of fixed assets and other one-time profits amounted to EUR 1.7 million (EUR 1.4 million). The Group’s operating profit without one-time items was EUR 2.1 million (EUR 3.3 million). The result is quite satisfactory, considering the market conditions. In strategic focus areas business grew and profitability developed as expected. The Group’s cash and cash equivalents as well as gross margin remained at a good level.

Operating profit/loss (EUR 1,000)	**2012**	**2011**
Marketing Services	-1 115	-368
Editorial Communication	-1 276	487
Print & Distribution	-1 385	1 523
Publishing	2 433	2 973
Other operations	-2 773	-2 429
Group	**-4 115**	**2 185**
Operating profit %	**-3.6%**	**2.1%**

The **Marketing Services** business area’s operating loss was EUR 1.1 million (EUR 0.4 million). The operating profit includes EUR 2.2 million (EUR -1.1 million) of one-time expenses, the majority of which (EUR 2.0 million) is impairment of intangible assets due to goodwill and business mergers. Without impairment, the operating profit was positive and higher than in the previous year both in Finland and Sweden.

The **Editorial Communication** business area’s operating loss was EUR 1.3 million (profit: EUR 0.5 million). This includes EUR 1.7 million (EUR 0.1 million) in costs related to the adjustment measures. Excluding these one-time expenses, the result decreased only a little from the previous year.

The **Publishing** business area’s operating profit was EUR 2.4 million (EUR 3.0 million). Depreciation of goodwill resulting from the acquisition of the National Centre for Professional Development in Education Educode Ltd and the company’s rationalization expenses impaired the operating profit by EUR 0.3 million.

The **Print & Distribution** business area’s operating profit was EUR -1.4 million (EUR 1.5 million), which is EUR 2.9 million down from the previous year. The operating profit was weakened by goodwill impairments (EUR 1.3 million) and the costs of the adjustment measures. On the other hand, it was improved by one-time profits yielded by Swedish VAT returns. In Finland, the operating profit without one-time items was positive and higher than in the previous year. In Swedish operations, the operating profit without one-time items was negative.

Other Operations include group administration, the costs of which were EUR 2.8 million (EUR 2.4 million).

Financial Position

The net cash flow from the Group’s operating activities was EUR 7.3 million (EUR 8.2 million). Investments totaled EUR 3.8 million (EUR 4.2 million). Loan installments and repayments of leasing liabilities accounted for EUR 4.5 million (EUR 4.9 million). The Group’s cash and cash equivalents at the end of the year totaled EUR 6.7 million (EUR 6.2 million).

The Group’s equity ratio was 36.8% (42.7%).

	2012	**2011**
Return on equity (ROE) %	-13.3%	4.3%
Equity-to-assets ratio %	36.8%	42.7%

Investments

The Group's gross capital expenditure, as per international financial statements standards, was EUR 7.4 million (EUR 5.0 million). The parent company's gross capital expenditure, as per the Finnish accounting legislation, was EUR 7.1 million (EUR 2.7 million). The most significant investments were the acquisition of Klikkicom Oy and digital production investments made by printing operations.

Personnel

During the financial year, the Group employed an average of 705 (747) persons (full-time equivalents). The parent company employed an average of 30 (30) persons (FTE).

The average number of employees fell in the Print & Distribution business area by 66 persons, in the Editorial Communication business area by 10 persons and in Other Operations by 3 persons. In the Marketing Services business area, the number of employees grew by 23 persons, and in the Publishing business area by 14 persons. Acquisitions increased the average number of employees by 59 persons.

Of the Group's employees, 49% worked in Finland and 51% in other countries, mainly in Sweden.

Average number of employees (FTE)	2012	2011	Change 2012-2011
Marketing Services	186	163	14.1%
Editorial Communication	107	117	-8.5%
Print & Distribution	283	349	-18.9%
Publishing	90	76	18.4%
Other operations	39	42	-7.1%
Group	**705**	**747**	**-5.6%**
By country			
Finland	344	371	
Sweden	345	360	
Other	16	16	
Group	**705**	**747**	
Employee benefits expense (EUR 1,000)	**51 273**	**48 798**	

Risk Management

The Edita Group's primary risks come from economic instability in the market, the significant decline and structural changes in the printing market and the weakening of the Swedish krona. Risks are assessed regularly.

Instability in the European economy influences the customers' investments in marketing communications – the largest projects are being postponed or cancelled or their scope is being curtailed. Edita works closely with its customers in order to be able to anticipate any development needs for its operations well in advance and to meet customer requirements.

The shift of focus in communications towards digital channels will continue. Even in the future, it will be challenging for the Group to develop its operations to reflect the change in demand. This change will be strongest in the Print & Distribution business area, where operations were adjusted in 2012, too. In the Editorial Communication business area, business operations were adjusted in the latter part of the year to respond to the anticipated decrease of net revenue in early 2013. Profitable management of the transformation taking place in communications will be a key challenge for the Group.

The consolidated statement of financial position includes consolidated goodwill amounting to EUR 21.7 million. The consolidated goodwill of the Print & Distribution business area was depreciated in full, and the consolidated goodwill of the Marketing Services business area was depreciated in part. If the general economic conditions continue to weaken and significantly slow down the development of the communications market, it may result in a need to consider new depreciations of goodwill in the Editorial Communication and Marketing Services business areas.

The expertise of the personnel plays a crucial role in strengthening the Group's competitiveness. The key factors which will contribute to Edita's success include developing intellectual capital and gaining commitment from and recruiting key personnel. In 2012, Edita invested in strategic HR, launched planning and training related to the long-term development of the Group's key personnel, developed commitment enhancement and incentive programs and expanded them to cover a larger proportion of the personnel, and initiated a survey on key roles.

The Group's foreign exchange risk depends on developments in the value of the Swedish krona. According to Edita's foreign exchange risk policy, the foreign exchange risk will be monitored regularly. If necessary, the foreign exchange risk will be hedged. No exchange contracts were hedged during this financial year.

Financial risks have been taken into account by hedging part of Edita's current interest-bearing liability. The hedges are valid until the end of the loan period.

Special attention was paid to the speed of invoicing and the efficient turnover of sales receivables and inventories.

Environment

The Nordic environment program set up in 2008, Green Edita, was developed in all of the program's key areas, which are: environmental awareness, environmentally responsible operations and sustainable products and services.

In 2012, Green Office certificates were granted to JG Communication AB, Citat AB and Citat Oy. Five of the Group's offices currently have a Green Office certificate. Edita's printing plants in Helsinki and Västerås are certified in accordance with the ISO 14001 standard for environmental management.

In 2012, the energy efficiency of Edita's printing plants improved by more than 10 per cent, thanks to the development of building automation at the printing plants in Helsinki and Västerås. The improvement of energy efficiency can be seen in the Group's carbon footprint, which was more than 30 per cent smaller at the end of 2012 than in 2008.

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

Board of Directors, CEO and Auditors

At Edita Plc's Annual General Meeting of April 3, 2012, Maritta Iso-Aho, Executive Vice President was elected as a new Board member. Lauri Ratia, MSc (Eng) continued as the Chairman, Kaj Friman, Senior Adviser as the Vice Chairman and Carina Brorman, Head of Group Communications, Jussi Lystimäki, CEO, Eva Persson, Managing Director and Petri Vihervuori, Financial Counselor as other Board members. Further information on the Board members can be found in the Business Review of the Annual Report.

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

Edita's Annual General Meeting of April 3, 2012 re-elected KPMG Oy, Authorized Public Accountants, as the Auditor for 2012, and Minna Riihimäki, APA, as the principal auditor.

Outlook for 2013

If economic growth continues to be slow, demand for communications services will grow very moderately. The growth in demand for digital communications is forecasted to continue growing.*

Edita is continuing to develop its operations and services in order to respond to customer needs and is investing in the reinforcement of its position as a Nordic communications group. Thanks to measures carried out in 2012, Edita will be able to develop its business operations efficiently and to offer its customers a more versatile selection of communications services and products. The Group's result is expected to improve clearly.

* The Finnish Association of Marketing Communication Agencies (MTL), MTL-Barometer (Q4/2012); Institute for Advertising and Media Statistics (IRM), Sweden, Revised advertising and media forecast, December 2012.

Board’s Proposal on the Disposal of Distributable Funds

Edita Plc’s equity was EUR 45,819,518.19 at the end of the financial year. The company’s distributable funds are EUR 13,949,907.85.

The Board proposes to the Annual General Meeting that the parent company’s profit for the year EUR 1,805,692.81 be transferred to the profit and loss account of previous financial periods and no dividends be distributed.

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

	Note	1.1. -31.12.2012	1.1. -31.12.2011
Net revenue	**2**	**113 192**	**105 844**
Other operating income	4	2 062	1 686
Change in inventories of finished and unfinished goods		-134	-137
Work performed for company use		146	195
Materials and services	5	-37 054	-29 560
Employee benefits expense	6	-51 273	-48 798
Depreciation	7	-5 886	-6 183
Impairment	7	-3 712	0
Other operating expenses	8	-21 693	-20 944
Share of profit in associates	15	237	81
Operating profit		**-4 115**	**2 185**
Financial income	10	267	184
Financial expenses	11	-867	-891
Profit before taxes		**-4 716**	**1 479**
Income taxes	12	255	40
Profit for the financial year		**-4 461**	**1 519**
Distribution			
Parent company's shareholders		-4 499	1 521
Non-controlling interest		39	-2
Earnings per share calculated on the profit attributable to shareholders of the parent company:			
earnings per share, EUR		-0.75	0.25

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

	Note	1.1. -31.12.2012	1.1. -31.12.2011
Profit for the financial year		**-4 461**	**1 519**
Other comprehensive income	**12**		
Available-for-sale financial assets		3	-1
Actuarial gains and losses		28	-268
Translation differences		480	117
Taxes relating to OCI items		-8	71
Post-tax OCI items for the financial year		503	-80
Accumulated comprehensive income for the financial year		**-3 958**	**1 438**
Distribution of comprehensive income			
Parent company's shareholders		-3 997	1 440
Non-controlling interest		38	-2

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

ASSETS	**Note**	**31.12.2012**	**31.12.2011**
NON-CURRENT ASSETS			
Tangible fixed assets	13	24 725	26 657
Goodwill	14	21 684	20 462
Other intangible assets	14	1 263	1 542
Interests in associated companies	15	2 840	2 651
Other financial assets	16	413	413
Deferred tax assets	17	463	487
		51 388	52 212
CURRENT ASSETS			
Inventories	18	4 213	4 276
Sales receivables and other receivables	19,20	26 362	22 554
Tax receivables based on taxable income for the financial year		72	38
Other current financial assets	16	79	76
Cash and cash equivalents	21	6 686	6 229
		37 412	33 173
Total assets		**88 800**	**85 385**

EQUITY AND LIABILITIES	**Note**	**31.12.2012**	**31.12.2011**
SHAREHOLDERS’ EQUITY			
Share capital		6 000	6 000
Share premium fund		25 870	25 870
Translation differences		514	34
Fair value fund		45	43
Retained earnings		-935	3 544
Shareholders’ equity attributable to parent company shareholders	22	31 494	35 491
Non-controlling interest		116	9
Total shareholders’ equity		31 610	35 500
LIABILITIES			
Non-current liabilities			
Pension obligations	24	2 758	2 668
Interest-bearing non-current liabilities	26	12 713	16 349
Non-current provisions	25	648	738
Deferred tax liabilities	17	944	1 184
		17 063	20 939
Current liabilities			
Interest-bearing liabilities	26	5 756	4 434
Accounts payable and other current liabilities	19,27	33 877	24 233
Tax liabilities based on taxable income for the financial year		494	280
		40 127	28 947
Total shareholders’ equity and liabilities		**88 800**	**85 385**

Consolidated statement of cash flows (IFRS) (EUR 1,000)

	Note	1.1. - 31.12.2012	1.1. - 31.12.2011
Operating activities			
Profit for the financial year		-4 461	1 519
Adjustments			
Non-cash transactions	30	9 250	5 048
Interest expenses and other financial expenses		867	891
Interest income		-267	-180
Dividend income		-6	-4
Taxes		-255	-40
Changes in working capital			
Change in sales receivables and other receivables		1 675	-621
Change in inventories		171	605
Change in accounts payable and other liabilities		1 162	2 318
Change in provisions		-341	-1 172
Interest paid		-730	-822
Interest received		276	132
Taxes paid		1	488
Cash flow from operating activities		**7 344**	**8 162**
Investing activities			
Sale of tangible fixed assets		243	951
Acquisition of subsidiaries and business operations			
(net of cash and cash equivalents acquired)	3	-1 643	-516
Investments in tangible fixed assets		-1 993	-3 469
Investments in intangible assets		-156	-249
Dividends received		159	173
Cash flow used from investing activities		**-3 389**	**-3 111**
Financing activities			
Withdrawal of loans		909	0
Repayment of loans		-3 520	-3 802
Payment of finance lease liabilities		-1 024	-1 070
Dividends paid		0	-990
Net cash flow from financing activities		**-3 634**	**-5 862**
Change in cash and cash equivalents		**320**	**-811**
Cash and cash equivalents at 1 Jan		6 229	7 038
Changes in exchange rates		138	1
Cash and cash equivalents at 31 Dec.	**21**	**6 686**	**6 229**

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

	Shareholders' equity attributable to parent company shareholders						Non-controlling interest	Total share-holders' equity
	Share capital	Share premium fund	Trans-lation differ-ences	Fair value fund	Retained earnings	Total		
Shareholders' equity, January 1, 2011	**6 000**	**25 870**	**-83**	**43**	**3 212**	**35 041**	**11**	**35 052**
Comprehensive income								
Profit for financial year					1 521	1 521	-2	1 519
Other comprehensive income (adjusted with tax effect)								
Available-for-sale financial assets				0		0		0
Actuarial losses					-199	-199		-199
Translation differences			117			117	0	117
Accumulated comprehensive income for the financial year			**117**	**0**	**1 322**	**1 440**	**-2**	**1 438**
Transaction with owners								
Dividend distribution					-990	-990		-990
Shareholders' equity, December 31, 2011	**6 000**	**25 870**	**34**	**43**	**3 544**	**35 491**	**9**	**35 500**
Shareholders' equity, January 1, 2012	**6 000**	**25 870**	**34**	**43**	**3 544**	**35 491**	**9**	**35 500**
Comprehensive income								
Profit for financial year					-4 499	-4 499	39	-4 461
Other comprehensive income (adjusted with tax effect)								
Available-for-sale financial assets				2		2		2
Actuarial losses					21	21		21
Translation differences			480			480	0	480
Accumulated comprehensive income for the financial year			**480**	**2**	**-4 479**	**-3 997**	**38**	**-3 958**
Changes in subsidiary holdings								
Acquired subsidiaries							68	68
Shareholders' equity, December 31, 2012	**6 000**	**25 870**	**514**	**45**	**-935**	**31 494**	**116**	**31 610**

Notes to the Consolidated Financial Statements

1. Accounting Policies Applied to the Consolidated Financial Statements

Basic Information

The Edita Group produces communications products and 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, Finland. The consolidated financial statements are available on the Group's website at the address www.edita.fi or 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 February 7, 2013. According to the Finnish Limited Liability Companies Act, shareholders have the opportunity to accept or reject the financial statements at the Annual General Meeting held after their publication. The Annual General Meeting may also decide to amend the financial statements.

Accounting Basis for the Financial Statements

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). In preparing them, the International Accounting Standards (IAS) and IFRS, together with their Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) interpretations, valid on December 31, 2012 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.

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".

New and Revised Standards and Interpretations

The Group has applied the following new and revised standards and interpretations as of January 1, 2012:

- Amendments to IFRS 7 *Financial Instruments: Disclosures* (effective for financial periods beginning on or after July 1, 2011): These amendments will promote transparency in the reporting of transfer transactions and improve the financial statements' readers' understanding of the risk exposures relating to transfers of financial assets and the effects of those risks on an entity's financial position, particularly those involving securitisation of financial assets. The amendment has had no significant effect on the consolidated financial statements.

- Amendments to IAS 12 *Income Taxes* (effective for financial periods beginning on or after January 1, 2012): These amendments apply to the underlying assumption related to the recognition of deferred taxes. According to the amendments, in the future, the carrying amount of investment properties that have been valued at fair value is assumed to be recovered from the sale of the asset instead of continuous use. The amendment has had no significant effect on the consolidated financial statements.

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 when assessing the conditions for control. Control refers to the right to determine a company's financial and business policies in order to derive benefit from its operations.

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

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

The allocation of profit or loss for the financial period to the parent company shareholders and non-controlling interests is presented in a separate income statement and the allocation of comprehensive income to the parent company shareholders and non-controlling interests is presented in connection with the comprehensive income statement.

Any shares held by non-controlling interests in the acquiree are measured either at fair value or at an amount which corresponds to the share of the share held by the non-controlling interests relative to the identifiable net assets of the acquiree. The basis of measurement is defined separately for each acquisition. Comprehensive income is allocated to the parent company shareholders and non-controlling interests, even if this should mean that the shares held by the latter become negative.

The share of shareholders' equity owing to non-controlling interests is presented as a separate item on the balance sheet under shareholders' equity. Changes in the parent company's shareholding in the subsidiary, which do not lead to loss of control, are treated as equity-related transactions.

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

Acquisitions made prior to January 1, 2010 have been treated according to the policies effective at the time.

Associates

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

Associates are consolidated by using the equity method.

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

An investment in an associate includes the goodwill resulting from the acquisition. A share of associates' profits for the financial year that corresponds with the Group's holding is presented as a separate item under operating profit. The Group's share in associates' changes recognized in other items of comprehensive income are recognized accordingly in the Group's other items of comprehensive income. The Group's associates have not had any such items during the 2011–2012 financial periods.

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, with the exception of exchange rate differences from those loans, the payment of which has not been planned and the payment of which is not likely and which are, on the basis of their actual content, part of net investments in foreign units and their exchange rate differences are treated in the same manner as translation differences in shareholders' equity.

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

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

According to the exemption permitted by IFRS 1, translation differences arising before January 1, 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 recognized at cost less accumulated depreciation and, when applicable, impairment.

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

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

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

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

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

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

Intangible Assets

Goodwill

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

Acquisitions that took place in the period January 1, 2007 – December 31, 2009 are recognized according to the previous IFRS 3 standard (2004). Goodwill arising from business mergers taking place before 2007 corresponds with the carrying amount in accordance with practices used in earlier financial statements, and this amount is used as the deemed cost under the IFRS.

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

Research and Development Expenditure

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

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

Other Intangible Assets

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

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

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

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

Inventories

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

Leases

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 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. Leasings due for payment are distributed to financial expenditure and liability reduction during the lease term, so that each liability remaining during the period receives the same percentage of interest at the end of each month. Contingent rents are recognized as expenses for those periods during which they are realized. Lease liabilities are recorded under financial liabilities.

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

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

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

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

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

Impairment of Tangible and Intangible Assets

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

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

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

1. Marketing Services
2. The Klikkicom Group
3. Editorial Communication
4. Print & Distribution
5. Publishing

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

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

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

However, an impairment loss can only be reversed up to the carrying value of the asset before recognition of the impairment loss. An impairment loss recorded for goodwill cannot be reversed under any circumstances.

Employee Benefits

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

Short-term employee benefits include salary and nonmonetary 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.

Pension obligations

Post-employment benefits comprise pensions and other benefits, such as life insurance, provided on the basis of employment. Benefits are classified into defined contribution plans and defined benefit plans. 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. Actuarial assumptions are used to calculate the defined benefit plan obligation. They are classified into demographic statistical assumptions and economic assumptions. Demographic statistical assumptions include mortality rates, the termination of employment relationships and the commencement of incapacity to work. Economic assumptions comprise the discount rate, future salary levels, expected return on plan assets and the inflation assumption.

For defined benefit plans, the Group immediately recognizes all actuarial gains and losses through profit or loss, presenting them in the items of the comprehensive income statement, and finance costs are calculated on a net funding basis.

Share-based compensation

One of the Group's subsidiaries has a valid option scheme that is targeted at the company's employees and certain persons selected by the Board of Directors of the company and that has come into effect before the Group acquired majority interest in the company. Benefits granted by the arrangement have been valued at fair value at the granting moment and are recognized as expenses evenly throughout the period when they arise. The profit impact of the arrangement is presented under expenses resulting from employee benefits in the Group's income statement. Determined expenses are based on the Group's estimate of economic development of the acquired company.

Provisions and Contingent Liabilities

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

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

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

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

Income Taxes for the Year and Deferred Taxes

The tax liability in the income statement is made up of income tax for the financial year and deferred tax. Taxes are recognized through profit or loss, except when they relate directly to shareholders' equity or to items recognized in the comprehensive income statement. Thus, tax is also recognized in the relevant items. Income tax for the financial year is calculated on the basis of the valid tax rate for the country in question. Tax is adjusted with any taxes related to earlier financial years.

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.

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

The largest temporary differences are caused by the depreciation of tangible fixed assets, 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, in the future, taxable profits against which the temporary difference can be utilized are likely to be available. Recognition of deferred tax assets is evaluated in this respect on the end date of each reporting period.

Recognition Policies

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

Sale of Goods

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

Revenue from Sale of Services and Long-Term Projects

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

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

License and Royalty Receivables

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

Rental Income

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

Interest and Dividends

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

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

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

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

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

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

In the financial years 2012 and 2011, the Group had no business operations to be treated as a non-current asset classified as held for sale or discontinued operation.

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 the Edita Group, this group includes sales receivables and other receivables. The amount of uncertain receivables is estimated on the basis of the risk of individual assets. Impairment losses are recognized as an expense in the income statement under other operating expenses.

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

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

Cash and cash equivalents 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 during the financial period during which they arose.

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

Derivative Contracts and Hedge Accounting

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

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

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

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

In spite of the fact that certain hedging relationships fulfill the requirements for effective hedging set by the Group’s risk management, hedge accounting is not applied to them. Changes in their fair value are recognized in financial income or expenses in accordance with the method of recognition followed in the Group. Fair values of hedging instruments are presented in Note 29 “Fair value of financial assets and liabilities”.

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, personnel expenses depreciation, impairment and other operating expenses, and taking account of the share of profit/loss from associates. All income statement items other than the above-mentioned are disclosed in the lines below operating profit. Exchange rate differences and changes in the fair values of derivatives are included in operating profit, provided that they arise from items related to business operations.

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, in fair value adjustments in connection with acquisitions, 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.

Application of New and Amended IFRS Standards and Interpretations

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

- Amendment to IAS 1 *Financial Statement Presentation* (effective for financial periods beginning on or after July 1, 2012). The main change is a requirement upon entities to group items presented in “other comprehensive income” (OCI) on the basis of whether they are potentially subsequently reclassifiable to profit or loss, provided that certain conditions are fulfilled. The amendment will affect the presentation of other items of the comprehensive income.

- Amendment to IAS 19 *Employee Benefits* (effective for financial periods beginning on or after January 1, 2013). The main change to the standard is that in the future, all actuarial gains and losses should be recognized immediately in the other items of the comprehensive income, in other words: the corridor approach will be eliminated and finance costs will be calculated on a net funding basis. The amendment has no effect on the consolidated financial statements as the Group has already abandoned the corridor approach.

- IFRS 9 *Financial Instruments* and amendments thereto (effective for financial periods beginning on or after January 1, 2015). Upon its completion, IASB’s project, originally consisting of three phases, will replace the current IAS 39 Financial instruments: Recognition and Measurement standard. The first part of IFRS 9, published in November 2009, provides guidance on the classification and measurement of financial assets. The classification and measurement of financial assets according to IFRS 9 depends on the characteristics of the agreed cash flows and on the company’s business model. The second part, published in October 2010, discusses the classification and measurement of financial liabilities and is based in part on the current IAS 39 requirements. However, IASB is still considering making limited changes to the published IFRS 9 guidance on the classification and measurement of financial assets. Other incomplete parts are related to impairment and general hedge accounting. IASB has separated the section related to macroeconomic hedge accounting into a project of its own. On account of these incomplete parts, no assessment can be made on the standard’s eventual effect on the consolidated financial statements. The standard has not yet been approved for application in the EU.

- IFRS 10 *Consolidated Financial Statements* (effective for financial periods beginning on or after January 1, 2013). Following the existing principles, the standard establishes control as the key factor when deciding whether an entity should be included in the consolidated financial statements. Furthermore, the standard provides additional guidance on defining control in cases in which it is difficult to assess. The standard is not estimated to have a substantial effect on the consolidated financial statements. The standard has not yet been approved for application in the EU.

- IFRS 11 *Joint Arrangements* (effective for financial periods beginning on or after January 1, 2013). The standard emphasizes the rights and obligations of joint arrangements rather than their legal form in the accounting procedures of joint arrangements. There are two types of joint arrangement: joint operations and joint ventures. In addition, the standard requires that a single method, i.e. the equity method, be applied to the reporting in relation to interests in joint ventures, and the previously used proportional consolidation is no longer allowed. The standard is not estimated to have a substantial effect on the consolidated financial statements. The standard has not yet been approved for application in the EU.

- IFRS 12 *Disclosures of Interests in Other Entities* (effective for financial periods beginning on or after January 1, 2013). The standard includes the disclosure requirements for various forms of interests in other entities, including associates, joint arrangements, special purpose vehicles and other off-balance sheet vehicles. The new standard will expand the notes that the Group presents about its shareholdings in other entities. The standard has not yet been approved for application in the EU.

- IFRS 13 *Fair Value Measurement* (effective for financial periods beginning on or after January 1, 2013). The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source for fair value measurement and disclosure requirements. The use of fair value is not extended but the standard provides guidance on how fair value should be applied where its use is already required or permitted by other standards. The new standard will expand the notes that the Group gives about non-financial assets that have been valued at fair value. The standard has not been approved for application in the EU.

- IAS 27 (revised 2011) *Separate Financial Statements* (effective for financial periods beginning on or after January 1, 2013). The revised standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. The revision of the standard will have no substantial effect on the consolidated financial statements. The revised standard has not yet been approved for application in the EU.

- IAS 28 (revised 2011) *Associates and Joint Ventures* (effective for financial periods beginning on or after January 1, 2013). The revised standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11. The revised standard has not yet been approved for application in the EU.

- Amendment to IAS 32 *Financial Instruments: Presentation* (effective for financial periods beginning on or after January 1, 2014). The amendment will specify the rules of the net presentation of financial assets and liabilities and add to the related application guidelines. The amendment to the standard will have no substantial effect on the consolidated financial statements. The amendment to the standard has not yet been approved for application in the EU.

- Amendment to IFRS 7 *Financial Instruments: Disclosures* (effective for financial periods beginning on or after January 1, 2013). The amendment will specify certain requirements for notes to financial statements that are related to financial instruments with net presentation in the balance sheet as well as to general netting arrangements or other similar agreements. The amendment to the standard will have no substantial effect on the consolidated financial statements. The amendment to the standard has not yet been approved for application in the EU.

- IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* (effective for financial periods beginning on or after January 1, 2013). The interpretation will have no effect on the consolidated financial statements. The interpretation has not yet been approved for application in the EU.

- Improvement to IFRSs (Annual Improvements to IFRSs 2009–2011, May 2012, effective for financial periods beginning on or after January 1, 2013). 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 five standards. Their impact varies from standard to standard, but they have no significant effect on the consolidated financial statements. The amendments have not yet been approved for application in the EU.

Notes on consolidated financial statement (IFRS)

2. Operating Segments

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

Print & Distribution: the business area 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 and real estate company Vantaan Hakamäenkuja. In Sweden, the business area comprises the operations of Edita Västra Aros AB, Arkpressen i Västerås AB and Sandvikens Tryckeri och Bokbinderi AB, and a 33.33% holding in associate company Edita Bobergs AB.

Marketing Services: the business area 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 subsidiary Citat Finland Oy and Klikkicom Oy. In Sweden, the business area comprises Citat AB, Klikki AB, Mods Graphic Studio AB and associate company Brandsystems International AB with 40% holding. In Ukraine, the business area comprises Citat Ukraine LLC, and in Denmark, it comprises Klikki ApS.

Editorial Communication: the business area responsible for editing and producing stakeholder publications, the design and implementation of web services and audiovisual production. The business area comprises the Swedish subsidiary JG Communication AB.

Publishing: the business area responsible for training services, publishing 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 subsidiaries Edita Publishing Oy and the National Centre of Professional Development in Education Educode Ltd.

Other Operations includes the administrative operations of Edita Sweden 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. Other operations also include smaller income from companies which have no actual operations.

The Group has not combined operating segments to form the reporting segments mentioned above. Segment-based data is consolidated according to the accounting principles (IFRS) applied on the Group level, and reporting to the Board (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 segment's assets and liabilities are operating items that the segments use in their operations. Business segment assets comprise fixed assets, sales receivables, receivables from long-term projects and inventories and liabilities comprise accounts payable as well as liabilities of long-term projects. 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).

2012 financial year

EUR 1,000	Print & Distrib.	Marketing Services	Editorial Comm.	Publishing	Other Operations	Elim.	Total
External net revenue	50 750	32 563	14 544	15 270	64		113 192
Inter-segment net revenue	2 048	332	287	169	3 737	-6 574	0
Net revenue, total	**52 799**	**32 895**	**14 832**	**15 439**	**3 801**	**-6 574**	**113 192**
Depreciation	-3 482	-959	-448	-86	-911		-5 886
Impairment	-1 273	-2 006	-232	-201			-3 712
Investments in associates	120	117					237
Operating profit/loss	**-1 385**	**-1 115**	**-1 276**	**2 433**	**-2 773**		**-4 115**
Assets and liabilities							
Goodwill		13 513	8 172				21 684
Associates	1 571	1 269					2 840
Segment assets	20 771	9 634	4 995	4 459	13 421	-1 015	52 265
Segment assets, total	**22 342**	**24 416**	**13 166**	**4 459**	**13 421**	**-1 015**	**76 789**
Segment liabilities	**4 070**	**3 555**	**2 223**	**2 896**	**588**	**-1015**	**12 316**
Investments	**1 683**	**5 360**	**82**	**0**	**243**		**7 368**

Notes on consolidated financial statement (IFRS)

2011 financial year

EUR 1,000	Print & Distrib.	Marketing Services	Editorial Comm.	Publishing	Other Operations	Elim.	Total
External net revenue	56 409	20 066	15 305	14 027	37		105 844
Inter-segment net revenue	2 904	250	170	194	4 046	-7 564	0
Net revenue, total	**59 314**	**20 316**	**15 474**	**14 221**	**4 083**	**-7 564**	**105 844**
Depreciation	-3 907	-850	-477	-82	-868		-6 184
Investments in associates	-8	90					81
Operating profit/loss	**1 523**	**-368**	**487**	**2 973**	**-2 429**		**2 185**
Assets and liabilities							
Goodwill	1 263	11 192	8 008				20 462
Associates	1 485	1 165					2 651
Segment assets	22 041	6 964	6 403	2 656	13 590	-485	51 169
Segment assets, total	**24 789**	**19 321**	**14 411**	**2 656**	**13 590**	**-485**	**74 282**
Segment liabilities	**4 049**	**1 327**	**2 350**	**729**	**300**	**-485**	**8 269**
Investments	**1 000**	**1 863**	**418**	**0**	**1736**		**5 017**

Reconciliations of the consolidated data and the reported segment data

EUR 1,000	2012	2011
Net revenue		
Reported segment net revenue	113 192	105 844
Consolidated net revenue	**113 192**	**105 844**
Profit/loss before taxes		
Reported segment operating profit/loss	-4 115	2 185
Consolidated net financial income (+) / expenses (-)	-601	-707
Consolidated profit/loss before taxes	**-4 716**	**1 479**
Assets		
Reported segment assets	76 789	74 282
Assets not allocated to a segment	12 011	11 103
Consolidated assets	**88 800**	**85 385**
Equity and liabilities		
Reported segment liabilities	12 316	8 269
Liabilities not allocated to a segment	44 874	41 616
Group equity	31 610	35 500
Group equity and liabilities	**88 800**	**85 385**

Notes on consolidated financial statement (IFRS)

Information concerning geographical areas

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

EUR 1,000

2012 financial year	Net revenue	Assets	Liabilities
Finland	54 093	47 333	28 314
Sweden	58 539	41 278	28 789
Denmark	559	116	74
Ukraine	0	74	13
Group, total	**113 192**	**88 800**	**57 190**

2011 financial year	Net revenue	Assets	Liabilities
Finland	50 869	43 061	28 001
Sweden	54 975	42 217	21 868
Ukraine	0	108	16
Group, total	**105 844**	**85 385**	**49 885**

Information concerning the most significant customers

In 2012, the Group's income from one of the customers of the Editorial Communication segment were approximately EUR 11.1 million (2011: EUR 11.4 million), which was 9.8% (10.8%) of the Group's net revenue.

3. Acquired business operations

Acquisitions in the 2012 financial year

Subsidiary acquisitions - Marketing Services business area

On May 31, 2012, the Group acquired 86% of Klikkicom Oy, a digital marketing company. On November 7, 2012, it acquired the remaining 14%. The acquisition strengthens Edita's comprehensive communications service expertise and expands the Group's communications offering in search engine marketing (SEM) and optimization (SEO) as well as display advertising, social media marketing and Web analytics services.

The purchase price was EUR 5.0 million. The estimated additional purchase price, EUR 1.8 million, will be recorded as expenses during three years under the "Payroll expenses and employee benefits" item in the Group's income statement. The final additional purchase price will be determined on the basis of the 2014 EBITDA of the acquired company. The final estimated non-discounted range is EUR 0.5-4.5 million.

The Group has recorded EUR 0.5 million of remunerations related to consulting, determination of value and other such services. These remunerations are included under the "Other operating expenses" item of the Group's income statement.

Consideration transferred	EUR 1,000
Cash in hand	5002
Total acquisition cost	**5002**

Notes on consolidated financial statement (IFRS)

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

	Notes	Entered values
Tangible fixed assets	13	97
Intangible fixed assets		357
Customer contracts and relationships (incl. in other intangible assets)	14	237
Trademarks (incl. in intangible assets)	14	443
Sales receivables and other receivables	20	2715
Cash and cash equivalents		2048
Total assets		**5897**
Deferred tax liabilities	17	-167
Financial liabilities	26	-555
Other current liabilities	27	-4 038
Total liabilities		**-4 760**
Net assets		**1 138**
Goodwill resulting from acquisition		
Acquisition value		5 002
Identifiable net capital of acquired item		-1 138
Goodwill		**3 864**

Goodwill of EUR 3.9 million arose from the acquisition. Goodwill is based on the expected synergy benefits generated by the acquisition of Klikkicom Oy, especially with the subsidiaries operating in the Group's Marketing Services and Editorial Communication business areas.

The 7-year net revenue of the acquired entity, EUR 13.1 million, and operating profit, EUR 0.2 million, are included in the Group's 2012 consolidated statement of comprehensive income. In 2012, the Group's net revenue would have been EUR 121.2 million and the operating loss for the financial year EUR 4.5 million, if the acquisition that took place during the financial year had been consolidated in the consolidated financial statements from the beginning of the financial year 2012.

Subsidiary acquisitions - Other business areas

On March 1, 2012, the Group acquired the entire share capital of the National Centre of Professional Development in Education Educode Ltd to be included in the Publishing business area. Goodwill of EUR 0.2 million arose from the acquisition. The Group recorded the goodwill as impairment during the financial year (Note 7 & 14).

In addition, on October 1, 2012, the Group acquired a 70% share in Sandvikens Tryckeri och Bokbinderi AB. The company's information will be reported under the Group's Print & Distribution business area. No goodwill arose from this acquisition.

Both companies have been consolidated in the consolidated financial statements as of their date of acquisition.

Acquisitions in the 2012 financial year

On March 1, 2011, the Marketing Services business area acquired Gospel Communications Oy which owned 100% of Paperjam Oy at the time of the acquisition. Goodwill of EUR 0.4 million arose from the acquisition.

Notes on consolidated financial statement (IFRS)

4. Other operating income

EUR 1,000	**2012**	**2011**
Income from divestment of business operations	12	160
Sales profit from tangible fixed assets	243	937
Income from rent	293	249
VAT returns	1 247	169
Other income items	267	171
Total	**2 062**	**1 686**

5. Materials and services

EUR 1,000	**2012**	**2011**
Purchases made during the financial year	-11 785	-13 857
Change in stocks	51	-261
	-11 734	-14 118
Outsourced services	-25 319	-15 442
Total	**-37 054**	**-29 560**

6. Payroll expenses and employee benefits

EUR 1,000	**2012**	**2011**
Salaries	-38 128	-35 926
Pension costs – defined contribution plans	-8 074	-7 946
Other related expenses	-5 071	-4 926
Total	**-51 273**	**-48 798**

Average number of employees during the financial year by business area	**2012**	**2011**
Print & Distribution	283	349
Marketing Services	186	163
Editorial Communication	107	117
Publishing	90	76
Other operations	39	42
Group, total	**705**	**747**
In Finland	344	371
In Sweden	345	360
In Ukraine	15	16
Other countries	1	0
Group, total	**705**	**747**

The employee benefits of management are presented under Note 33 Related party transactions.

Notes on consolidated financial statement (IFRS)

7. Depreciation and impairment

EUR 1,000	2012	2011
Depreciation by asset group		
Intangible assets		
Trademarks	-183	-138
Capitalized development costs	-11	0
Other intangible assets	-625	-710
Total	**-820**	**-849**
Tangible fixed assets		
Buildings	-679	-640
Machinery and equipment	-4 387	-4 695
Total	**-5 066**	**-5 335**
Impairment by asset group*		
Trademarks	-515	0
Goodwill	-3 197	0
Total	**-3 712**	**0**

*The bases for impairment have been presented in Note 14 under Allocation and recording of impairment losses.

8. Other operating expenses

EUR 1,000	2012	2011
Royalties and order commissions	-1 724	-1 822
Rents	-4 014	-3 821
Other business premises expenses	-2 080	-2 331
Logistics and transport costs	-2 701	-2 761
IT and data communications	-3 216	-2 516
Marketing and representation costs	-989	-1 132
Consulting and specialist fees	-1 711	-1 202
Other operating expenses	-5 259	-5 359
Total	**-21 693**	**-20 944**

Auditor's fees

EUR 1,000	2012	2011
Audit	-120	-151
Certificates and reports	0	-2
Tax consultation	-46	-28
Other services	-208	-60
Total auditor's fees	**-374**	**-241**

9. Research and development expenditure

Direct development expenses of ERP systems have been capitalized as development expenses. In 2012, the capitalized amount was EUR 116,000 (Note 14). The income statement includes EUR 201,000 (677,000) of research and development expenses that have been recorded as expenses .

Notes on consolidated financial statement (IFRS)

10. Financial income

EUR 1,000	2012	2011
Dividend income from available-for-sale financial assets	6	6
Changes in value of financial assets recognized at fair value through profit or loss		
- Interest rate derivatives, hedge accounting not applied	0	45
Interest income on bank balances (loans and other receivables)	261	133
Total	**267**	**184**

11. Financial expenses

EUR 1,000	2012	2011
Items recognized through profit and loss		
Interest expenses on financial liabilities measured at amortized cost	-593	-748
Impairment losses from loan receivables	-13	0
Exchange rate losses on financial liabilities measured at amortized cost	-25	-2
Changes in value of financial assets recognized at fair value through profit or loss		
- Interest rate derivatives, hedge accounting not applied	-146	-75
Interest expenses on finance leases	-52	-52
Other financial expenses	-39	-14
Total	**-867**	**-891**

12. Taxes

EUR 1,000	2012	2011
Income tax paid for the financial year	-203	-45
Taxes relating to previous financial years	14	-36
Deferred taxes:		
Temporary differences that have been generated and that do not exist any more	423	62
Effect of the tax rate change	22	59
Taxes in the income statement	**255**	**40**

Reconciliation of tax liability and the Group's taxes according to the Finnish tax rate (24.5%):

EUR 1,000	2012	2011
Profit before taxes	-4 716	1 479
Taxes at the parent company's tax rates	1 155	-384
Tax-free income	176	284
Non-deductible expenses	-274	-237
Goodwill impairment	-783	0
Unrecognized deferred tax assets on losses subject to tax	-718	-398
Use of losses subject to tax	662	740
Taxes relating to previous financial years	14	-36
Effect of the tax rate change on deferred taxes	22	59
Other items and different tax rates	3	12
Taxes in the income statement	**255**	**40**

Notes on consolidated financial statement (IFRS)

In the financial statements for the 2012 financial year, the Swedish tax rate used in the calculation of deferred taxes changed from the previous year's 26.3% to 22.0%.

In the financial statements for the 2011 financial year, the Finnish tax rate used in the calculation of deferred taxes changed from the previous year's 26.0% to 24.5%.

Taxes relating to OCI items

EUR 1,000	2012			2011		
	Before taxes	Tax effect	After taxes	Before taxes	Tax effect	After taxes
Available-for-sale financial assets	3	-1	2	-1	1	0
Actuarial losses	28	-7	21	-268	70	-198
Translation differences	480	0	480	117	0	117
Total	**511**	**-8**	**503**	**-152**	**71**	**-80**

13. Tangible fixed assets

2012 financial year

Tangible assets EUR 1,000	**Land and water areas**	**Buildings**	**Machinery and equipment**	**Advance payments**	**Total**
Acquisition cost January 1, 2012	6 160	18 726	43 006		67 891
Translation differences		13	179		192
Business mergers			3 117		3 117
Increases		22	2 106		2 128
Decreases			-3 699		-3 699
Acquisition cost, Dec. 31, 2012	**6 160**	**18 760**	**44 709**		**69 629**
Accumulated depreciation and impairment, January 1, 2012	0	10 340	30 944		41 284
Business mergers			2 383		2 383
Decreases			-3 662		-3 662
Depreciation for the financial year		679	4 387		5 066
Accumulated depreciation, Dec. 31, 2012	**0**	**11 019**	**34 052**		**45 071**
Carrying amount, December 31, 2012	**6 160**	**7 741**	**10 657**	**168**	**24 725**
Carrying amount, January 1, 2012	6 160	8 386	12 061	50	26 657

2011 financial year

Tangible assets EUR 1,000	**Land and water areas**	**Buildings**	**Machinery and equipment**	**Advance payments**	**Total**
Acquisition cost, January 1, 2011	6 160	17 757	50 691		74 608
Translation differences		2	358		359
Increases		967	3 109		4 077
Decreases			-11 151		-11 151
Acquisition cost, Dec. 31, 2011	**6 160**	**18 726**	**43 006**		**67 893**
Accumulated depreciation and impairment, January 1, 2011	0	9 699	37 007		46 706
Decreases			-10 757		-10 757
Depreciation for the financial year		640	4 694		5 335
Accumulated depreciation, Dec. 31, 2011	**0**	**10 340**	**30 944**		**41 284**
Carrying amount, December 31, 2011	**6 160**	**8 386**	**12 061**	**50**	**26 657**
Carrying amount, January 1, 2011	6 160	8 057	13 684	319	28 220

Notes on consolidated financial statement (IFRS)

Finance leases

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

EUR 1,000	2012 Machinery and equipment	2011 Machinery and equipment
Acquisition cost	7 401	7 083
Accumulated depreciation	-4 496	-3 519
Carrying amount, December 31	**2 906**	**3 565**

In 2012, the acquisition cost increases of tangible fixed assets included assets leased under finance leases worth EUR 0.4 million (2011: EUR 0.3 million).

14. Intangible assets

2012 financial year

Intangible assets EUR 1,000	Goodwill	Trade marks	Develop-ment expenses	Other intangible assets	Advance payments	Total
Acquisition cost January 1, 2012	20 547	1 157	0	5 985		27 689
Translation differences	355	15		-3		367
Increases			116	41		156
Increases due to acquired subsidiaries	4 065	443	455	329		5 293
Decreases			-191	-287		-477
Acquisition cost, Dec. 31, 2012	**24 966**	**1 615**	**380**	**6 066**		**33 028**
Accumulated depreciation and impairment, January 1, 2012	85	526	0	5 075		5 686
Business mergers			120	48		168
Accumulated depreciation on decreases and transfers			0	-287		-287
Depreciation for the financial year		183	11	625		820
Impairment	3 197	515				3 712
Accumulated depreciation, Dec. 31, 2012	**3 282**	**1 224**	**131**	**5 461**		**10 099**
Carrying amount, December 31, 2012	**21 684**	**391**	**249**	**605**	**18**	**22 947**
Carrying amount, January 1, 2012	20 462	631	0	911	0	21 913

Notes on consolidated financial statement (IFRS)

2011 financial year

Intangible assets EUR 1,000	Goodwill	Trade marks	Develop-ment expenses	Other intangible assets	Advance payments	Total
Acquisition cost, January 1, 2011	20 111	1 155	92	5 480		26 846
Translation differences	60	3		-1		61
Increases				248		248
Increases due to acquired subsidiaries	377			259		636
Decreases			**-92**			-92
Acquisition cost, Dec. 31, 2011	**20 547**	**1 157**	**0**	**5 985**		**27 689**
Accumulated depreciation and impairment, January 1, 2011	85	388	92	4 365		4 937
Accumulated depreciation on decreases and transfers			-92			
Depreciation for the financial year		138		710		849
Accumulated depreciation, Dec. 31, 2011	**85**	**526**	**0**	**5 075**		**5 686**
Carrying amount, December 31, 2011	**20 462**	**631**	**0**	**911**	**0**	**21 913**
Carrying amount, January 1, 2011	20 026	767	0	1 115	0	21 909

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 - Marketing Services, Print & Distribution, Editorial Communication and Publishing. The Marketing Services business area has been divided into two separate cash-generating units: the Klikkicom group and other Marketing Services business. Print & Distribution, Editorial Communication and Publishing are independent cash-generating units.

The following shows the carrying amounts of the tested units and the allocation of goodwill to them:

EUR 1,000	Marketing Services	Klikkicom Group	Editorial Comm.	Print & Distribution	Total
2012					
Goodwill	9 649	3 864	8 172	0	**21 684**
Carrying amount	15 170	5 291	11 301	17 179	
2011					
Goodwill	11 192	0	8 008	1 263	**20 462**
Carrying amount	16 778	0	11 046	20 139	

Notes on consolidated financial statement (IFRS)

Allocation and recording of impairment losses

During the financial year 2012, impairment losses amounting to EUR 2.0 million have been recorded for the Marketing Services business area. Of this, EUR 1.7 million was related to goodwill and EUR 0.3 million to trademarks. After these impairment losses, goodwill of EUR 9.6 million was allocated to the Marketing Services business area but there are no trademarks related to the business area.

During the financial year 2012, impairment losses amounting to EUR 0.2 million have been recorded for the Editorial Communication business area. All of these impairment losses were related to trademarks. After this impairment, there are no trademarks related to the Editorial Communication business area.

During the financial year 2012, impairment losses amounting to EUR 1.3 million have been recorded for the Print & Distribution business area. All of these impairment losses were related to goodwill. After this impairment, there is no goodwill related to the Print & Distribution business area.

During the financial year 2012, impairment losses amounting to EUR 0.2 million have been recorded for the Publishing business area. All of these impairment losses were related to goodwill that arose from a company acquired in the financial year 2012 (Note 3). After this impairment, there is no goodwill related to the Publishing business area.

A key factor leading to impairment was the shift of demand in the communications market to digital and multichannel communications services, resulting in a steep decline in demand for traditional printed material. Responding to this structural change in demand is one of the Group's key challenges.

Impairment testing, December 31, 2012

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

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

1. Net revenue – 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.

Discount rate	**Marketing Services**	**Klikkicom Group**	**Editorial Comm.**	**Print & Distribution**	**Publishing**
2012	11,3 %	11,3 %	8,4 %	7,7 %	9,0 %
2011	11,0 %		8,9 %	9,2 %	9,6 %

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 (gross margin). After impairments recorded, there is no goodwill allocated to the Publishing and Print & Distribution business areas.

After impairments made, the monetary amount of the Marketing Services business area is equal to the carrying amount of the unit. If the general economic conditions and the communications do not develop as expected, it may result in new depreciations of goodwill in the Marketing Services business area.

On the basis of sensitivity analyses, other business areas will also be exposed to an impairment risk if long-term profitability does not improve from the 2012 level.

In the Editorial Communication business area, the recoverable amount exceeds the carrying amount of the unit by EUR 1.5 million. Each of the following changes, with all other factors remaining the same, would result in the carrying amount of the unit being equal with the recoverable amount: the increase of the discount rate from 8.4% to 9.5% or the decrease of the gross margin used in the calculation of the value in use from 9.6% to 8.6%.

In the Klikkicom Group business area, the recoverable amount exceeds the carrying amount of the unit by EUR 0.7 million. Each of the following changes, with all other factors remaining the same, would result in the carrying amount of the unit being equal with the recoverable amount: the increase of the discount rate from 11.3% to 12.7% or the decrease of the gross margin used in the calculation of the value in use from1.6% to 1.1%.

Notes on consolidated financial statement (IFRS)

15. Interests in associates

EUR 1,000	2012	2011
Carrying amount, January 1	2 651	2 720
Share in result	237	81
Dividend distribution from associates	-153	-168
Translation differences	105	17
Total carrying amount, December 31	**2 840**	**2 651**

The carrying amount of associates on December 31, 2012 included goodwill of EUR 917,000.
(883,000 on Dec 31, 2011).

Information on the Group's associates and their consolidated assets, liabilities, net revenue and profit/loss (EUR 1,000)

2012	Domicile	Assets	Liabilities	Net revenue	Profit of the financial year	Holding
Edita Bobergs AB	Falun	5 177	1 096	8 321	620	33.33%
BrandSystems International AB	Tukholma	1 511	608	2 119	359	40.00%
		6 688	1 704	10 440	979	

2011	Domicile	Assets	Liabilities	Net revenue	Profit of the financial year	Holding
Edita Bobergs AB	Falun	4 806	1 204	7 913	162	33.33%
BrandSystems International AB	Stockholm	1 466	837	1 613	49	40.00%
		6 272	2 041	9 526	211	

The associate company Edita Bobergs AB provides printing services and is part of the Print & Distribution business area. BrandSystems International AB, associate company of Edita, produces marketing communications rationalization systems and is part of the Marketing Services business area.

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 by the company.

16. Other financial assets

Other financial assets — following financial assets in the balance sheet EUR 1,000	2012	2011
Available-for-sale financial assets		
Unlisted share investments	413	413
Publicly listed share investments	79	76
Total	**492**	**489**

In financial years 2011 and 2012, the Group has not re-classified financial assets recognized at fair value through profit and loss or financial assets recognized at cost. Unlisted equity investments measuring principles can be found in Note 29.

Notes on consolidated financial statement (IFRS)

17. Deferred tax assets and liabilities

Change in deferred taxes during 2012

EUR 1,000	1.1.2012	Recog-nized in the income statement	Recog-nized in OCI	Exchange rate differences	Acquired subsi-diaries	31.12.2012
Deferred tax asset						
Internal margin in inventories	14	-9				5
Provisions	176	-17				159
Financial instruments	61	34				95
Employee benefits	181	-24	-7	7		156
Finance leases	55	-10		2		47
Total	**487**	**-26**	**-7**	**9**		**463**
Deferred tax liabilities						
Measurement of intangible and tangible assets at fair value in merging businesses	384	-310		6	167	247
Accumulated depreciation differences and appropı	784	-158		4	53	683
Financial instruments	16	-2	1			15
Total	**1 184**	**-470**	**1**	**10**	**220**	**944**

Change in deferred taxes during 2011

EUR 1,000	1.1.2011	Recog-nized in the income statement	Recog-nized in OCI	Exchange rate differences	Acquired subsi-diaries	31.12.2011
Deferred tax assets						
Internal margin in inventories	18	-3				14
Provisions	346	-171				176
Financial instruments	72	-11				61
Employee benefits	136	-26	70	1		181
Finance leases	54	1		0		55
Tax losses	2	-2				0
Total	**628**	**-212**	**70**	**2**		**487**
Deferred tax liabilities						
Measurement of intangible and tangible assets at fair value in merging businesses	486	-193		0	91	384
Accumulated depreciation differences	859	-75		0		784
Financial instruments	31	-15	-1			16
Finance leases	50	-51				0
Total	**1 426**	**-333**	**-1**	**0**	**91**	**1 184**

The Group had EUR 19.5 million in losses confirmed on December 31, 2012, for which deferred tax assets were not recognized due to the uncertainty of their use.

Notes on consolidated financial statement (IFRS)

18. Inventories

EUR 1,000	2012	2011
Materials and supplies	745	790
Unfinished products	1 469	1 266
Finished products/goods	1 999	2 220
Total	**4 213**	**4 276**

As expenses of EUR 186,000 were recognized for the financial year, the carrying amount of inventories was reduced to correspond with their net realizable value (EUR 229,000 in 2011).

19. Non-current projects and recognizing income as profit, and expenses as expenditures based on degree of completion

When realized expenses and recognized gains exceed the amount billed from the customer, the gross receivables are included in Note 21 under "Accrued non-invoiced income". Advances received for work that has not yet been started or the share already billed for long-term projects which exceeds the amount of expenses and profit are included in Note 27 under "Non-accrued invoiced income".

For unfinished long-term projects, realized expenses and profit (excluding loss) and advances received for unfinished long-term project were recognized as follows:

Accrued non-invoiced income **EUR 1,000**	Note 20	2012	2011
Income / assignment expense		1 449	1 261
Partly invoiced amount		-294	-169
Total		**1 156**	**1 092**

Non-accrued invoiced income **EUR 1,000**	Note 27	2012	2011
Income / assignment expense		-440	-610
Partly invoiced amount		3 257	2 814
Total		**2 817**	**2 205**

20. Sales receivables and other receivables

EUR 1,000	2012	2011
Loans and other receivables		
Sales receivables	20 285	17 929
Receivables from associates	17	42
Accrued non-invoiced income	1 156	1 092

Notes on consolidated financial statement (IFRS)

Prepaid expenses and accrued income		
Rents	723	627
Royalty receivables	187	282
Social security expense accruals	440	245
Sales accruals	1 180	37
IT service accruals	338	369
Annual credits	12	17
Other prepaid expenses and accrued income	402	604
Other receivables	1 622	1 304
Financial assets recognized at fair value through profit or loss		
Derivative contracts, hedge accounting not applied	0	7
Total of sales receivables and other receivables	**26 362**	**22 554**

The Group recognized EUR 62,000 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 impairment losses

EUR 1,000	2012	Impair-ment losses	Net 2012	2011	Impair-ment losses	Net 2011
Not due	16 179		16 179	16 390		16 390
Less than 30 days overdue	3 949		3 949	1 364		1 364
31-60 days overdue	110		110	130		130
Over 60 days overdue	109	62	47	128	84	45
Total	**20 346**	**62**	**20 285**	**18 012**	**84**	**17 929**

Sales receivables by currency

EUR 1,000	2012	2011
EUR	6 785	5 395
SEK	13 299	12 533
NOK	153	0
DKK	49	0
Total	**20 285**	**17 929**

21. Cash and cash equivalents

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

EUR 1,000	2012	2011
Cash in hand and at the bank	6 385	6 229
Certificates of deposit (1-3 months)	302	0
Total	**6 686**	**6 229**

Statement of financial position values provide the best indication of the maximum amount subject to a credit risk in a situation in which the counterparts to a contract are unable to fultil the obligations associated with financial instruments. There are no major credit risk concentrations associated with cash and cash equivalents. In the statement of cash flows, items classified as cash and cash equivalents have a maximum maturity of three months from the date of acquisition.

Notes on consolidated financial statement (IFRS)

22. Equity and capital management

	Shares (number, total)	EUR 1,000 Share capital	EUR 1,000 Share premium fund
31.12.2010	6 000 000	6000	25 870
31.12.2011	6 000 000	6000	25 870
31.12.2012	6 000 000	6000	25 870

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

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

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

Treasury shares
In 2012 and 2011 the Group held no treasury shares.

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

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

Distributable assets
The profit for the year is recognized in retained earnings. The distributable assets of the Group's parent company were EUR

Dividends and capital management
The goal of the Group's capital management is to support business operations by means of an optimal capital structure that ensures normal operating conditions and by increasing value generated to owners in the long term. The company has no fixed dividend policy. The equity-to-assets ratio and the company's needs form the basis for dividend distribution, concerning which the Board of Directors makes a proposal to the Annual General Meeting. After the end date of the reporting period, the Board of Directors proposed to the Annual General Meeting that no dividends be distributed and that the parent company's profit for the year be transferred to retained earnings.

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 2012 and 2011 financial years.

The Group's capital structure is continually monitored by means of the equity-to-assets leverage ratio and the gearing ratio. At the end of 2012, the Group's interest-bearing net liabilities stood at EUR 14.5 million (2011: EUR 17.2 million) and net gearing ratio was 46.0% (2011: 48.5%). When calculating net indebtedness, interest-bearing net liabilities are divided by shareholder's equity. Net liabilities include interest-bearing financial liabilities less interest-bearing receivables and cash and cash equivalents.

EUR 1,000	**31.12.2012**	**31.12.2011**
Interest-bearing liabilities	21 227	23 451
Cash and cash equivalents	6 686	6 229
Net indebtedness	**14 541**	**17 222**
Total shareholders' equity	31 610	35 500
Equity-to-assets ratio, %	36,8 %	42,7 %
Gearing ratio %	46,0 %	48,5 %

Notes on consolidated financial statement (IFRS)

23. Share-based compensation

One of the Group's subsidiaries has a valid option scheme that is targeted at the company's employees and certain persons selected by the Board of Directors of the company. The maximum number of options granted on the basis of the scheme is 1,961. The scheme came into effect before the Group acquired majority interest in the company. Benefits granted by the arrangement have been valued at fair value at the granting moment and are recognized as expenses evenly throughout the period when they arise. The profit impact of the arrangement is presented under expenses resulting from employee benefits in the Group's income statement. Determined expenses are based on the Group's estimate of economic development of the acquired company. The key terms and conditions of the arrangement, such as conditions under which a right is created, are presented in the table below.

Arrangement	**1:**	**2:**	**3:**
Granting date	24.6.2009	21.5.2010	24.5.2012
Number of instruments granted	1080	515	1181
Subscription amount	13,45 / 26,90	13,45 / 26,90	15,85 / 31,70
Validity (in years)	6,5	5,6	3,6
Execution	As shares	As shares	As shares

The condition for acquiring the right and the requirement for subscription is that the holder of the option rights is connected to the company or Group via a working agreement until 2015.

The share subscription price for options granted in 2010 and 2009 is EUR 162.32 and for options granted in 2012 EUR 169.83. In Arrangements, the share subscription period begins begins on April 30, 2015 and ends on December, 31, 2015.

In 2009, altogether 175 options were subscribed at EUR 13.45 and 905 options at EUR 26.90.
In 2010, altogether 375 options were subscribed at EUR 13.45 and 140 options at EUR 26.90.
In 2011, the company repurchased 150 options at EUR 13.45.
In 2012, altogether 391 options were subscribed at EUR 15.85 and 790 options at EUR 31.70.
In 2012, the company repurchased 525 options at EUR 34.41.

Options issued	**2012**	**2011**	**2010**	**2009**
At the beginning of the financial year	1 305	1 595	1 080	0
Options granted	1 181	0	515	1 080
Options lost		-140		
Options exercised	-525	-150	0	0
At the end of the financial year	**1 961**	**1 305**	**1 595**	**1 080**

24. 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 TyEL (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.

Notes on consolidated financial statement (IFRS)

EUR 1,000

Defined benefit plan obligation in the statement of financial position is defined as follows	2012	2011
Present value of funded obligations	2 758	2 668
Fair value of plan assets	0	0
Deficit (+)/Surplus (-)	2 758	2 668
Unrecognized actuarial gains (+) and losses (-)	0	0
Net obligation	**2 758**	**2 668**

Defined benefit plan pension cost recognized in the income statement is defined as follows	2012	2011
Interest cost	103	91

Changes in present value of the obligation are as follows	2012	2011
Obligation at Jan. 1	2 668	2 364
Interest cost	103	94
Benefits paid from fund	-88	-68
Gains/losses from restricting the scope of the plan	0	-5
Exchange rate differences	103	14
Unrecognized actuarial gains (+) and losses (-)	-28	269
Present value of funded obligations	**2 758**	**2 668**

The amounts for the financial year and the previous two financial years are as follows	2012	2011	2010
Present value of obligation	2 758	2 668	2 364
Surplus (+) / Deficit (-)	-2 758	-2 668	-2 364

It is expected that approximately EUR 80,000 will be invested in the plan in 2013.

Key actuarial assumptions used	2012	2011
Discount rate	3,5 %	4,0 %
Inflation assumption	1,75 %	2,0 %

25. Provisions

EUR 1,000	Restructuring	Pension expense provisions	Other provisions	Total
Provisions at Dec. 31, 2011	**618**	**20**	**100**	**738**
Increases	207			207
Amounts used	-248			-248
Reversal of unused amounts	-28	-20		-49
Provisions at Dec. 31, 2012	**548**	**0**	**100**	**648**

Restructuring provision
Restructuring provisions are related to restructuring of the Print & Distribution and Publishing business areas, aiming to adjust business operations to the changing market situation.

Pension expense provisions
Pension expense provisions comprise unemployment pension provisions at AP-Paino Oy (its customer magazine business operations were sold in 2007).

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.

Notes on consolidated financial statement (IFRS)

26. Interest-bearing liabilities

EUR 1,000

Non-current financial liabilities amortized at cost	**2012**	**2011**
Bank loans	10 487	13 570
Finance lease liabilities	2 226	2 779
Total	**12 713**	**16 349**

Current financial liabilities amortized at cost	**2012**	**2011**
Repayments due in the following year and other current interest-bearing liabilities	4 509	3 483
Finance lease payments due in the following year	1 246	951
Total	**5 756**	**4 434**

Maturing of contract-based financial liabilities by maturity class	**Interest-bearing liabilities 2012**	**Interest-bearing liabilities 2011**	**Interest 2012**	**Interest 2011**
2012		4 434		521
2013	5 756	4 407	316	376
2014	4 371	4 209	222	270
2015	6 736	6 394	107	123
2016	488	356	42	38
2017	661	585	25	22
2018	213	154	11	10
Later	244	244	6	6
Total	**18 469**	**20 783**	**729**	**1 367**

Weighted averages of effective interest rates of non-current interest-bearing liabilities	**2012**	**2011**
	2,8 %	2,4 %

Non-current interest-bearing liabilities are divided by currency as follows	**2012**	**2011**
Euro	10 487	13 602
SEK	2 226	2 747
Yhteensä	**12 713**	**16 349**

Current interest-bearing liabilities are divided by currency as follows	**2012**	**2011**
Euro	4 509	3 607
SEK	1 246	827
Yhteensä	**5 756**	**4 434**

Maturity periods of finance lease liabilities

EUR 1,000	**2012**	**2011**
Finance lease liabilities — total amount of minimum leases		
Within one year	1 355	1 086
Between one and five years	2 359	2 525
Over five years later	0	439
Total	**3 713**	**4 050**
Finance lease liabilities - current value of minimum leases		
Within one year	1 246	951
Between one and five years	2 226	2 349
Over five years later	0	431
Total	**3 472**	**3 730**
Financial expenses accrued in the future	241	319

Notes on consolidated financial statement (IFRS)

27. Accounts payable and other liabilities

Non-interest-bearing EUR 1,000	2012	2011
Current financial liabilities amortized at cost		
Accounts payable	7 314	5 401
Liabilities to associates	93	14
Advances received	66	10
Non-accrued invoiced income	2 817	2 205
Accrued liabilities and deferred income		
Wages and salaries with related expenses	7 300	6 200
Social insurance contribution expense provision from previous years	1 805	1 322
Sales accruals	1 273	993
Rents	728	472
Interest	4	4
IT Services	7	17
Long-term bonuses of management	0	93
Other accrued expenses	3 273	1 094
Other current liabilities	8 809	6 161
Financial liabilities recognized at current fair value through profit or loss		
Derivative contracts, hedge accounting not applied	388	249
Total accounts payable and other liabilities	**33 877**	**24 233**

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	2012	2011
Euro	11 731	9 156
SEK	21 976	15 054
NOK	57	0
DKK	92	0
UAH	11	16
Other currencies	11	7
Total	**33 877**	**24 233**

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

Currency risk
A Significant part of the cash flow from the Group's operations is denominated in euros. Business outside the euro zone accounts for just under 50% of the net revenue and consists mainly of sales denominated in Swedish krona. No currency derivatives were open in the Group on the balance sheet date. The risk due to the translation of long-term foreign net investments was not hedged on the balance sheet date, December 31, 2012. According to the currency risk policy confirmed by Edita's Board of Directors, currency risks are monitored regularly and hedged when necessary.

The parent company's operating currency is the euro. The assets and liabilities of foreign subsidiaries, denominated in foreign currencies and translated into euros at the rate of the balance sheet date, are as follows. Exchange rate changes have been taken into account for the Swedish krona as the company operating in Ukraine is consolidated with the sub-group using SEK and the company operating in Denmark has not been consolidated from the begining of the financial year.

Nominal values

EUR 1,000	**2012**	**2011**
Non-current assets	18 804	21 519
Non-current liabilities	5 674	5 539
Exchange rate changes in non-current items	1 229	103
Current assets	22 663	20 806
Current liabilities	23 202	16 345
Exchange rate changes in current items	343	25

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

EUR 1,000	**2012**	**2011**
Percentage of change	10 %	10 %
Effect on Group's profit after tax	346	30
Effect on the Group's shareholders' equity	-1 516	-1 829

Notes on consolidated financial statement (IFRS)

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 18.4 million (EUR 20.8 million) in interest-bearing debt from financial institutions on December 31, 2012. All loans were tied to variable rate debt instruments. In analyzing the interest rate risk, a +1 percentage unit change in the interest rate is assumed. The effect of such a change over 12 months on the amount of debt prevailing on December 31, 2012, with all other factors remaining the same, is EUR -151,000 (-184,000) on the Group's pre-tax profit.

Liquidity risk

The liquidity risk relates to the repayment of debts, the payment of investments and the adequacy of working capital. The Edita Group strives to minimize its liquidity risk and the repayment of its future financial liabilities by ensuring sufficient finance from income, by maintaining a sufficient investment reserve and sufficient credit limit reserves and by evening out loan repayment schedules between different calendar years. Despite the challenging market situation, the Group's liquidity remained positive during 2012. At the end of the year, cash and cash equivalents totaled EUR 6.7 million (EUR 6.2 million on December 31, 2011), in addition to which the Group had confirmed credit limits of EUR 5.0 million available for withdrawal. In addition, there is a consolidated account credit limit of EUR 6.3 million available. In the financial statements of December 31, 2012, altogether EUR 0.9 million of this was used in Finland.

Loan covenants are reported to investors semi-annually. During the 2012 financial year, the Group was able to meet all of the covenant terms of its loans relating to operating cash flow targets and the equity-to-assets ratio. The management regularly monitors the fulfillment of loan covenant terms. The Group's management has not identified any material liquidity risk concentrations in its financial assets or sources of finance. The liquidity risk is monitored constantly and liquidity forecasts are made regularly. The following table shows a maturity analysis based on agreements made.

EUR 1,000

Breakdown of maturities of financial liabilities 2012 Statement of financial position value*		Cash flow**	12 months or less	1-2 years	2-5 years	over 5 years
Financial liabilities	14 997	15 485	4 718	3 693	6 600	474
Finance lease liabilities	3 472	3 713	1 355	901	1 458	0
Accounts payable and other liabilities	33 489	33 489	33 489			
Maturity breakdown of derivative liabilities						
Interest rate derivatives, hedge accounting not applied	388	388	96		292	

Breakdown of maturities of financial liabilities 2011 Statement of financial position value*		Cash flow**	12 months or less	1-2 years	2-5 years	over 5 years
Financial liabilities	17 053	18 099	3 869	4 007	9 641	583
Finance lease liabilities	3 730	4 050	1 086	776	1 749	439
Accounts payable and other liabilities	23 984	23 984	23 984			
Maturity breakdown of derivative liabilities						
Interest rate derivatives, hedge accounting not applied	249	249	12		237	

*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 the Group's customers. The Group has no significant credit risk concentrations because, with the current business areas, it has a wide range of customers, and these are mainly divided between the two domestic markets of Finland and Sweden. The Group has seen no need to use credit insurance policies, letters of credit or bank guarantees provided by customers. The operating units are responsible for the credit risks related to operating activities, and all decisions on provisions and impairment losses are made by the Group on the basis of their assessments. The balance sheet values of sales receivables and other receivables best describe the cash sum that the receivables are expected to generate. The Group's total amount of credit risk corresponds to the carrying amount of financial assets at the end of the financial year. A list of the age distribution of sales receivables is presented in Note 20.

Notes on consolidated financial statement (IFRS)

29. Fair value of financial assets and liabilities

EUR 1,000	Note	Book value 2012	Fair value 2012	Book value 2011	Fair value 2011
Financial assets					
Other financial assets	16	413	413	413	413
Financial assets recognized at fair value through profit or loss:					
- Interest rate derivatives, hedge accounting not	20	0	0	7	7
Sales receivables and other receivables	20	26 362	26 362	22 546	22 546
Other current financial assets	16	79	79	76	76
Cash and cash equivalents	21	6 686	6 686	6 229	6 229
Financial liabilities					
Bank loans	26	14 997	14 426	17 053	15 892
Finance lease liabilities	26	3 472	3 472	3 730	3 730
Accounts payable and other liabilities	27	33 489	33 489	23 984	23 984
Financial assets recognized at fair value through profit or loss:					
- Interest rate derivatives, hedge accounting not	27	388	388	249	249

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

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

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

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

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

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

Notes on consolidated financial statement (IFRS)

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

EUR 1,000	Fair values at balance-sheet day		
Assets measured at fair value	**31.12.2012**	**Level 1**	**Level 2**
Financial liabilities recognized at fair value through profit or loss			
Interest rate derivatives, hedge accounting not applied	0		0
Available-for-sale financial assets			
Share investments	492	79	413
Total	**492**	**79**	**413**
Liabilities measured at fair value			
Financial liabilities recognized at fair value			
Interest rate derivatives, hedge accounting not applied	388		388

EUR 1,000	Fair values at balance-sheet day		
Assets measured at fair value	**31.12.2011**	**Level 1**	**Level 2**
Financial liabilities recognized through profit or loss			
Interest rate derivatives, hedge accounting not applied	7		7
Available-for-sale financial assets			
Share investments	489	76	413
Total	**496**	**76**	**420**
Liabilities measured at fair value			
Financial liabilities recognized at fair value through profit or loss			
Interest rate derivatives, hedge accounting not applied	249		249

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

Fair values of the hierarchy level 1 are based on the listed (unadjusted) prices of identical assets or liabilities in a well-functioning market. Fair values of the level 2 instruments are based to a significant extent on other input information than listed prices included in the level 1; however, they are based on information that can be determined for the asset or liability in question, either directly (i.e. as a price) or indirectly (i.e. derived from prices). For determining the fair value of these instruments, the Group utilises generally accepted measurement models, input information of which are, nevertheless, based to a significant extent on verifiable market information.

30. Adjustments to cash flow from operating activities

EUR 1,000	2012	2011
Depreciation and impairment	9 598	6 183
Adjustments to sales gains	-243	-1 111
Specialist fees related to acquisitions	0	-89
Exchange rate differences	133	38
Profit/loss at fair value through profit or loss from the measurement of recognizable assets and liabilities	-1	108
Share of profit in associates	-237	-81
Total	**9 250**	**5 048**

Notes on consolidated financial statement (IFRS)

31. Operating leases

Group as the tenant

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

EUR 1,000	2012	2011
Within one year	2 788	1 998
Due for payment later	7 762	7 337
Total	**10 550**	**9 334**

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 2012 income statement contains lease expenses for operating leases of EUR 4.0 million (EUR 3.8 million).

32. Contingent liabilities

Collateral and other contingent liabilities

EUR 1,000	2012	2011
Liabilities to credit institutions, secured by mortgages and pledges		
Liabilities to credit institutions	3 668	4 229
Corporate mortgages	3 936	2 819
Property mortgages	2 018	2 018
Pledged machinery and equipment	3 256	3 470
Mortgages given as security, total	**9 210**	**8 308**
Other collateral given on behalf of shareholders		
Property mortgages given	41	40
Pledged deposits	2	0
Other collateral given, total	**43**	**40**

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 2008-2012, if the property’s taxable use decreases during the review period. The last review year is 2021. The maximum amount of the liability is EUR 245,277.21 .

Disputes and legal proceedings

A subsidiary of the Group has been accused of an occupational safety deviation, which the company has denied. The case is pending at a court, but according to the Group's view, the proceedings will likely have no significant effect on the Group's financial position.

Notes on consolidated financial statement (IFRS)

33. Related party transactions

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

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

Company	**Parent company's holding %**	**Sub-group's parent company's holding %**	**Group's holding and % of votes**
Parent company Edita Plc, Helsinki, Finland			
Edita Prima Oy, Helsinki, Finland	100 %		100 %
Edita Publishing Oy, Helsinki, Finland	100 %		100 %
Citat Oy, Helsinki, Finland	100 %		100 %
National Centre of Professional Development in Education Educode Ltd, Heinola, Finland	100 %		100 %
Real estate company Vantaan Hakamäenkuja, Vantaa, Finland	100 %		100 %
Edita Västra Aros AB*, Stockholm, Sweden	100 %		100 %
Sandvikens Tryckeri och Bokbinderi AB, Sandviken, Sweden		70 %	70 %
Edita Sweden AB*, Stockholm, Sweden	100 %		100 %
Citat AB, Stockholm, Sweden		100 %	100 %
Mods Graphic Studio AB, Stockholm, Sweden		100 %	100 %
Citat Communication Management Ltd., London, UK		100 %	100 %
Citat Robot AB, Stockholm, Sweden		100 %	100 %
JG Communication AB, Stockholm, Sweden		100 %	100 %
Journalistgruppen, JG AB, Stockholm, Sweden		100 %	100 %
Arkpressen i Västerås AB, Västerås, Sweden		100 %	100 %
Citat Ukraine LLC, Kharkov, Ukraine		90 %	90 %
Klikkicom Oy, Helsinki*	100 %		100 %
Klikki AB, Stockholm, Sweden		100 %	100 %
Klikki AS, Oslo, Norway		100 %	100 %
Klikki ApS, Copenhagen, Denmark		100 %	100 %

*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 15.

Related party transactions with associated companies

EUR 1,000	**2012**	**2011**
Sales of goods and services	120	128
Purchases of goods and services	291	239
Sales receivables, loan receivables and other receivables	17	42
Accounts payable	93	14

Notes on consolidated financial statement (IFRS)

Employee benefits of management

More information on members of the Group Management Team and members of the Board of Directors can be found in the Annual Report's business operations review.

Salaries and fees

EUR 1,000		2012	2011
Managing Director		325	327
Other members of the Group Management Team		941	910
Termination benefits		235	111
Post-employment benefits		11	0
Group Management Team, total		**1 512**	**1 348**
Members of the Board			
Ratia Lauri	Chairman of the Board	58	56
Friman Kaj	Vice-Chairman of the Board	42	27
Brorman Carina	Member of the Board	29	29
Iso-Aho Maritta	Member of the Board	24	0
Lystimäki Jussi	Member of the Board	32	22
Vihervuori Petri	Member of the Board	34	11
Persson Eva	Member of the Board	33	28
Laitasalo Riitta	former Member of the Board	8	33
Jauri Liisa	former Member of the Board	0	10
Löyttyniemi Timo	former Member of the Board	0	11
Väisänen Jarmo	former Member of the Board	0	30
Edita Plc’s Board, total		**260**	**257**
Total		**1772**	**1605**

The agreed retirement age of the Managing Director of the parent company is 62 years. The annual payment for the supplementary pension of the Managing Director was EUR 61,958 (EUR 54,409) in 2012. The Managing Director and the members of the Board of Directors do not own any Edita's shares, nor have they been granted any share options. The Managing Director and the members of the Board of Directors have not been granted any loans, and no collateral or contingent liabilities have been provided on their behalf.

34. Post-statement events

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

35. Breakdown of share ownership and information on 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.

Consolidated key indicators

		IFRS 2012	IFRS 2011	IFRS 2010
Net revenue	T€	113 192	105 844	110 349
Exports and foreign operations %		54.1%	53.5%	49.6%
Operating profit	T€	-4 115	2 185	2 727
% of net revenue		-3.6%	2.1%	2.5%
Operating profit without IFRS 3 depreciations	T€	219	2 850	3 341
% of net revenue		0.2%	2.7%	3,0 %
Profit before tax	T€	-4 716	1 479	1 804
% of net revenue		-4.2%	1.4%	1.6%
Profit for financial year	T€	-4 461	1 519	1 560
Return on equity (ROE)	%	-13.3	4.3	4.6
Return on capital employed	%	-6.9	3.9	4.5
Equity-to-assets ratio	%	36.8	42.7	40.2
Net indebtedness	%	46,0	48.5	58.5
Gross capital expenditure	T€	7 368	5 017	3 312
% of net revenue		6.5	4.7	3,0
Average number of employees		705	747	820
Earnings per share (EPS)	€	-0.75	0.25	0.26
Dividends per share	€	0,00	0,00	0.165
Equity per share	€	5.25	5.92	5.84
No. of shares, adjusted for share issue		6 000 000	6 000 000	6 000 000

Formulae for calculating key indicators

Return on equity (ROE), %

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

Return on capital employed, %

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

Equity-to-assets ratio, %

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

Operating profit

Profit before tax and financial items

Operating profit without IFRS 3 depreciations

Operating profit without IFRS 3 depreciations refers to operating profit that does not include depreciations or goodwill impairments resulting from allocation of acquisition costs related to business acquisitions.

Earnings per share, EUR

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

Net indebtedness, %

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

Equity per share, EUR

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

Dividends per share, EUR

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

Parent company income statement (FAS) (EUR)

	Note	1.1. -31.12.2012	1.1. -31.12.2011
Net revenue	**2**	**3 746 137,00**	**4 034 764,62**
Other operating income	3	1 206 580,91	1 138 299,71
Staff expenses	4	-2 542 521,91	-2 585 434,42
Depreciation and impairment	5	-832 865,59	-757 236,34
Other operating expenses	6	-2 530 280,88	-2 766 090,81
Operating profit		**-952 950,47**	**-935 697,24**
Financial income and expenses	7	2 485 220,79	2 723 219,43
Profit/loss (-) before extraordinary items		**1 532 270,32**	**1 787 522,19**
Extraordinary items +/-	8	0,00	76 307,32
Profit/loss (-) before taxes		**1 532 270,32**	**1 863 829,51**
Appropriations	9	274 480,44	140 538,96
Income tax	10	-1 057,95	-831,96
Profit/Loss (-) for the financial year		**1 805 692,81**	**2 003 536,51**

Parent company balance sheet (FAS) (EUR)

ASSETS	**Note**	**31.12.2012**	**31.12.2011**
NON-CURRENT ASSETS			
Intangible assets	11	98 310,19	156 119,46
Tangible assets	12	12 468 299,80	13 029 110,74
Investments in Group companies	13	80 083 064,87	73 393 693,02
Other investments	13	1 748 121,69	562 892,14
Total non-current assets		94 397 796,55	87 141 815,36
CURRENT ASSETS			
Current receivables	14	5 958 732,47	477 348,33
Financial securities	15	15 152,33	15 152,33
Cash and bank balances		2 729 206,03	2 526 645,33
Total current assets		8 703 090,83	3 019 145,99
Total assets		**103 100 887,38**	**90 160 961,35**

SHAREHOLDERS' EQUITY AND LIABILITIES	**Note**	**31.12.2012**	**31.12.2011**
SHAREHOLDERS' EQUITY	16		
Share capital		6 000 000,00	6 000 000,00
Legal reserve		25 869 610,34	25 869 610,34
Profit/Loss (-) from previous years brought forward		12 144 215,04	10 140 678,53
Profit/Loss (-) for the financial year		1 805 692,81	2 003 536,51
Shareholders' equity, total		45 819 518,19	44 013 825,38
ACCUMULATED APPROPRIATIONS	17	1 574 646,56	1 849 127,00
LIABILITIES			
Non-current liabilities	18	19 000 000,00	23 300 000,00
Current liabilities	19	36 706 722,63	20 998 008,97
Total liabilities		55 706 722,63	44 298 008,97
Total shareholders' equity and liabilities		**103 100 887,38**	**90 160 961,35**

Parent company cash flow statement (FAS) (EUR 1000)

	1.1. -31.12.2012	1.1. -31.12.2011
Cash flow from operating activities		
Profit/loss (-) before extraordinary items	1 532 270,32	1 787 522,19
Adjustments:		
Depreciation according to plan and impairment	832 865,59	757 236,34
Unrealized exchange rate gains/losses	25 246,64	1 761,78
Other adjustments	8 575 700,16	960 797,61
Financial income and expenses (+)	-2 485 220,79	-2 724 981,21
Change in working capital:		
Increase (-) decrease (+) in non-interest-bearing current trade rece	-459 288,73	32 666,56
Increase (+) decrease (-) in non-interest-bearing current liabilities	16 205,38	-238 163,47
Interest paid	-715 137,34	-897 785,75
Dividends received	3 881 707,07	3 552 817,10
Interest received	23 700,17	68 577,28
Taxes paid	-403,60	752 855,05
Cash flow from operating activities	**11 227 644,87**	**4 053 303,48**
Investing activities		
Investments in shares of subsidiaries	-5 534 951,59	-961 699,69
Investments in intangible and intangible assets	-214 245,38	-1 559 323,57
Loans granted	-1 165 229,55	0,00
Cash flow from investing activities	**-6 800 126,52**	**-2 521 023,26**
Financing activities		
Change in current borrowings	909 342,35	-396 634,86
Repayments on non-current borrowings	-4 300 000,00	-4 300 000,00
Capital loans	-720 000,00	-50 000,00
Dividends paid	0,00	-990 000,00
Cash flow from financing activities	**-4 110 657,65**	**-5 736 634,86**
Change in cash and cash equivalents, increase (+)/decrease (-)	**202 560,70**	**-4 204 354,64**
Cash and cash equivalents at January 1	2 526 645,33	6 730 999,97
Cash and cash equivalents at December 31	**2 729 206,03**	**2 526 645,33**

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

Financial Assets

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

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

Derivatives

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

Extraordinary Items

The parent company's extraordinary items include contributions received from subsidiaries as well as subsidiaries' dissolution profits.

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

	31.12.2012	31.12.2011

2. Net revenue

	31.12.2012	31.12.2011
By market area		
Finland	3 746 137,00	4 034 764,62

3. Other operating income

	31.12.2012	31.12.2011
Income from rent	42 230,18	0,00
Group-internal administrative services and Management Fee	1 163 825,35	1 137 261,61
Other	525,38	1 038,10
	1 206 580,91	1 138 299,71

4. Staff

	31.12.2012	31.12.2011
Staff expenses		
Salaries and fees	-2 081 687,25	-2 024 040,57
Pension expenses and pension insurance contributions	-318 317,71	-252 197,83
Other staff expenses	-142 516,95	-309 196,02
	-2 542 521,91	-2 585 434,42
Employees in the company during the financial year		
Employees on salary	30	30
Management salaries and fees		
Managing Directors	-325 354,00	-326 533,20
Board members	-260 400,00	-257 400,00
	-585 754,00	-583 933,20

5. Depreciation and impairment

	31.12.2012	31.12.2011
Depreciation on tangible and intangible assets	-832 865,59	-757 236,34

6. Other operating expenses

	31.12.2012	31.12.2011
Rents	-101 506,39	-92 794,45
Other business premises expenses	-328 939,09	-325 649,59
Logistics	-12 174,39	-11 637,28
IT and data communications	-532 456,92	-380 172,24
Marketing and representation expenses	-344 707,71	-308 552,07
Other operating expenses	-1 210 496,38	-1 647 285,18
Other operating expenses, total	-2 530 280,88	-2 766 090,81

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

	31.12.2012	31.12.2011
Auditor's fees		
Audit fees	-39 263,49	-33 003,86
Certificates and reports	0,00	-2 180,00
Tax consultation	-17 117,39	-12 025,00
Other fees	-176 665,60	-56 882,75
	-233 046,48	-104 091,61

7. Financial income and expenses

	31.12.2012	31.12.2011
Dividend income		
From Group companies	3 878 889,97	3 550 000,00
From others	2 817,10	2 817,10
	3 881 707,07	3 552 817,10
Other interest income		
From Group companies	32 018,16	16 333,43
From others	9 717,50	51 271,24
	41 735,66	67 604,67
Interest income and other financial income, total	3 923 442,73	3 620 421,77
Exchange rate gains and losses	-50 194,50	-1 761,78
Impairment and reversals concerning non-current investments	-806 399,42	0,00
Interest expenses		
for Group companies	-258 453,17	-412 583,58
for others	-323 174,85	-482 296,36
	-581 628,02	-894 879,94
Other financial expenses		
for others	0,00	-560,62
Interest expenses and other financial expenses, total	-581 628,02	-895 440,56
Total financial income and expenses	2 485 220,79	2 723 219,43

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

	31.12.2012	31.12.2011

8. Extraordinary items

Extraordinary income		
Subsidiary's dissolution profits	0,00	76 307,32
	0,00	76 307,32
Extraordinary items, total	0,00	76 307,32

9. Appropriations

Difference between planned depreciation and depreciation made for taxation purposes	274 480,44	140 538,96

10. Notes on income taxes

Income tax on normal operations	-633,85	-624,96
Income tax on normal operations from previous year	-424,10	-207,00
	-1 057,95	-831,96

Non-current assets

11. Intangible assets

Intellectual property		
Acquisition cost, January 1	875 867,72	824 963,72
+ Increases	5 500,00	50 904,00
Acquisition cost, December 31	881 367,72	875 867,72
Accumulated depreciation, January 1	719 748,26	641 602,90
+ Depreciation for the year	81 614,94	78 145,36
Accumulated depreciation, December 31	801 363,20	719 748,26
Carrying amount, December 31	80 004,52	156 119,46
Intangible assets, total		
Acquisition cost, January 1	875 867,72	824 963,72
+ Increases	5 500,00	50 904,00
Acquisition cost, December 31	881 367,72	875 867,72
Accumulated depreciation, January 1	719 748,26	641 602,90
+ Depreciation for the year	81 614,94	78 145,36
Accumulated depreciation, December 31	801 363,20	719 748,26
Carrying amount, December 31	80 004,52	156 119,46

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

12. Tangible assets

	31.12.2012	31.12.2011
Land areas		
Acquisition cost, January 1	5 886 577,43	5 886 577,43
Acquisition cost, December 31	5 886 577,43	5 886 577,43
Carrying amount, December 31	5 886 577,43	5 886 577,43
Buildings and structures		
Acquisition cost, January 1	14 902 067,47	13 934 674,57
+ Increases	21 497,00	967 392,90
Acquisition cost, December 31	14 923 564,47	14 902 067,47
Accumulated depreciation, January 1	8 668 389,61	8 144 243,42
+ Depreciation for the year	562 834,33	524 146,19
Accumulated depreciation, December 31	9 231 223,94	8 668 389,61
Carrying amount, December 31	5 692 340,53	6 233 677,86
Machinery and equipment		
Acquisition cost, January 1	2 451 420,92	1 972 944,72
+ Increases	51 198,26	491 056,74
- Decreases	0,00	-12 580,50
Acquisition cost, December 31	2 502 619,18	2 451 420,96
Accumulated depreciation, January 1	1 592 535,44	1 450 171,19
- Accumulated depreciation on decreases	0,00	-12 580,50
+ Depreciation for the year	188 416,32	154 944,79
Accumulated depreciation, December 31	1 780 951,76	1 592 535,48
Carrying amount, December 31	721 667,42	858 885,48
Tangible assets, total		
Acquisition cost, January 1	23 240 065,82	21 794 196,72
+ Increases	72 695,26	1 458 449,64
- Decreases	0,00	-12 580,50
Acquisition cost, December 31	23 312 761,08	23 240 065,86
Accumulated depreciation, January 1	10 260 925,05	9 594 414,61
- Accumulated depreciation on decreases	0,00	-12 580,50
+ Depreciation for the year	751 250,65	679 090,98
Accumulated depreciation, December 31	11 012 175,70	10 260 925,09
Carrying amount, December 31	12 300 585,38	12 979 140,77
Advance payments	167 714,42	49 969,97
	12 468 299,80	13 029 110,74
Of the carrying amount, December 31		
Machinery and equipment in production	721 667,42	858 885,48

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

	31.12.2012	31.12.2011

13. Investments

	31.12.2012	31.12.2011
Share in Group companies, January 1	73 393 693,02	72 206 993,33
+ Increases	6 910 071,27	1 186 699,69
- Decreases	-114 300,00	0,00
- Impairment	-106 399,42	0,00
Total, December 31	80 083 064,87	73 393 693,02
Other shares and holdings, January 1	412 892,14	407 092,14
Subsidiary merger	0,00	5 800,00
Total, December 31	412 892,14	412 892,14
Loan receivables from Group companies, January 1	150 000,00	100 000,00
+ Increases	1 185 229,55	50 000,00
Total, December 31	1 335 229,55	150 000,00

Parent company's holdings in subsidiaries December 31, 2012

Company and domicile	Holding %	% of votes
Edita Prima Oy, Helsinki	100 %	100 %
Edita Publishing Oy, Helsinki	100 %	100 %
National Centre of Professional Development in Education Educode Ltd, Heinola	100 %	100 %
Citat Oy, Helsinki	100 %	100 %
Klikkicom Oy, Helsinki	100 %	100 %
Real estate company Vantaan Hakamäenkuja, Vantaa	100 %	100 %
Edita Västra Aros AB, Stockholm, Sweden	100 %	100 %
Edita Sweden AB, Stockholm, Sweden	100 %	100 %

14. Receivables

	31.12.2012	31.12.2011
Receivables from Group companies		
Sales receivables	498 153,85	0,00
Loan receivables	5 280 600,60	276 520,18
Prepaid expenses and accrued income	26 148,73	8 113,24
	5 804 903,18	284 633,42
Other receivables	110 320,38	110 320,38
Prepaid expenses and accrued income		
Social security expense accruals	0,00	39 025,16
Tax receivables	0,00	20,50
IT expenses accruals	34 064,25	31 134,33
Other	9 444,66	12 214,54
	43 508,91	82 394,53
Receivables, total	5 958 732,47	477 348,33

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

	31.12.2012	31.12.2011

15. Financial securities

	31.12.2012	31.12.2011
Replacement value	36 355,91	37 222,71
Carrying amount	15 152,33	15 152,23
Difference	21 203,58	22 070,48

16. Shareholders’ equity

	31.12.2012	31.12.2011
Share capital, January 1	6 000 000,00	6 000 000,00
Share capital, December 31	6 000 000,00	6 000 000,00
Legal reserve, January 1	25 869 610,34	25 869 610,34
Legal reserve, December 31	25 869 610,34	25 869 610,34
Profit/Loss from previous years brought forward, January 1	12 144 215,04	11 130 678,53
Dividend distribution	0,00	-990 000,00
Profit/Loss from previous years brought forward, December 31	12 144 215,04	10 140 678,53
Profit/loss (-) for the financial year	1 805 692,81	2 003 536,51
Total shareholders’ equity	45 819 518,19	44 013 825,38
Funds at the disposal of the Annual General Meeting, December 31		
Profit/Loss from previous years brought forward	12 144 215,04	10 140 678,53
Profit/loss (-) for the financial year	1 805 692,81	2 003 536,51
	13 949 907,85	12 144 215,04

The parent company had distributable funds of EUR 13,949,907.85 on December 31, 2012.

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

17. Accumulated appropriations

	31.12.2012	31.12.2011
Accumulated excess depreciation	1 574 646,56	1 849 127,00

18. Non-current liabilities

	31.12.2012	31.12.2011
Liabilities to credit institutions	9 000 000,00	12 300 000,00
Liabilities to Group companies	10 000 000,00	11 000 000,00
	19 000 000,00	23 300 000,00

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

19. Current liabilities

	31.12.2012	31.12.2011
Liabilities to credit institutions	4 209 342,35	3 300 000,00
Accounts payable	232 434,47	137 316,25
	4 441 776,82	3 437 316,25
Liabilities to Group companies		
Loans	30 129 983,21	16 550 202,63
Accounts payable	63 042,20	8 978,53
Accrued liabilities and deferred income	25 626,68	57 745,97
	30 218 652,09	16 616 927,13
Other current liabilities	1 509 063,80	316 159,93
Accrued costs		
Wages, salaries and related expenses	311 944,57	364 460,87
Social expense payments	10 971,12	0,00
Taxes	633,85	0,00
Interest	284,75	987,00
Long-term bonuses of management	0,00	64 981,91
Other	213 395,63	197 175,88
	537 229,92	627 605,66
Current liabilities, total	36 706 722,63	20 998 008,97
Interest-bearing liabilities		
Non-current	19 000 000,00	23 300 000,00
Current	34 339 325,56	19 850 202,63
	53 339 325,56	43 150 202,63
Non-interest-bearing liabilities		
Current	2 367 397,07	1 147 806,34

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

	31.12.2012	31.12.2011

20. Contingent liabilities and other liabilities

	31.12.2012	31.12.2011
Amounts to be paid from leases		
Due for payment in the next financial year	76 554,22	50 733,49
Due for payment later	115 070,96	41 332,63
	191 625,18	92 066,12
Guarantees given on behalf of Group companies	2 757 776,51	2 667 713,75

<u>Off-balance sheet financial liabilities</u>
Real estate investments
The company is obliged to review the VAT reductions made on real estate investments completed in the years 2008-2012, if the property's taxable use decreases during the review period. The final review year is 2021. The maximum amount of liability is EUR 242,613.74.

21. Derivative agreements

	31.12.2012	31.12.2011
Interest rate derivatives		
Fair value *)	-387 652,57	-241 556,93
Underlying security	-63 925,94	-11 547,90

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

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

Document types consulted:

1 Sales receipts	Hard copy
2 Accounts receivable payments, paper copy	Hard copy
3 Accounts receivable payments, computerized	Hard copy
5 Purchase invoices	Hard copy
6 Other purchase invoices (Opus Capita)	Hard copy
7 Payslips	Hard copy
8 Memo vouchers	Hard copy
9 Invoices	Computerized record
15 Holiday pay reserve	Hard copy
17 Travel expenses	Hard copy
34 Sales invoices (within the Group)	Computerized record
39 Additional invoicing	Computerized record

Accounting books consulted:

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

Signing of financial statements and Board of Directors' report

Helsinki, February 7, 2013

Lauri Ratia
Chairman of the Board

Kaj Friman
Vice Chairman of the Board

Maritta Iso-Aho

Petri Vihervuori

Jussi Lystimäki

Carina Brorman

Eva Persson

Timo Lepistö
CEO

Auditor's statement

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

Helsinki, February 7, 2013

KPMG Oy
APA member

Minna Riihimäki
Authorized Public Accountant

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This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

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 31 December 2012. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, 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.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view 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 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 express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about 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 are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

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, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

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.

Other Opinions

We support the adoption of the financial statements. The proposal by the Board of Directors regarding the treatment of distributable funds is in compliance with the Limited Liability Companies Act. We support that the Board of Directors of the parent company and the Managing Director be discharged from liability for the financial period audited by us.

Helsinki, 7 February 2013

KPMG OY AB

(signed)
Minna Riihimäki
Authorized Public Accountant