

Nordic Morning Plc

Financial Statements
Jan. 1 – Dec. 31, 2013

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Board of Directors' report for the financial year January 1–December 31, 2013

Market Review

The demand for communications services grew modestly in both of Nordic Morning's home markets, Finland and Sweden. The general economic instability was reflected in decreased media marketing. In total, media advertising decreased by approximately eight percent in Finland* and three percent in Sweden**. Advertising in online media increased, as was also the case in the previous years.

The Nordic Morning Group and Changes in Group Structure

The Edita Group changed its name to Nordic Morning Group in April 2013, and the parent company Edita Plc's name change to Nordic Morning Plc was registered on October 14, 2013.

The Nordic Morning Group is divided into four business areas: Marketing Services, Editorial Communication, Publishing, and Print & Distribution.

In the Print & Distribution business area, a new company, Edita Bobergs AB, was formed on October 1, 2013, as the result of the merger of the subsidiary Edita Västra Aros AB and associate company Edita Bobergs Förvaltnings AB. The Group's holding in the new Edita Bobergs AB is 67.2 percent.

In the Marketing Services business area, the Group increased its holding in the Ukrainian company Citat Ukraine LLC by 10 percent to a full 100-percent ownership.

Consolidated Net Revenue

In 2013, consolidated net revenue was EUR 121.3 million (EUR 113.2 million). Net revenue in Finland was EUR 51.5 million (EUR 52.0 million). Net revenue in other EU countries was EUR 66.9 million (EUR 58.6 million) and exports outside the EU totaled EUR 2.8 million (EUR 2.6 million). 44% (48%) of the Group's net revenue came from Finland and 56% (52%) from Sweden and other Nordic countries.

Revenue (EUR 1,000)	2013	2012	Change 2013-2012
Marketing Services	44 737	32 896	36,0 %
Editorial Communication	10 931	14 832	-26,3 %
Print & Distribution	52 993	52 798	0,4 %
Publishing	14 432	15 439	-6,5 %
Group-internal revenue and other operations	-1 801	-2 773	35,1 %
Group	121 292	113 192	7,2 %

The **Marketing Services** business area's net revenue was EUR 44.7 million (EUR 32.9 million). The consolidation of the Klikki Group, which was purchased in June 2012, throughout the financial year increased this business area's revenue significantly. In addition, the Citat companies and Mods AB reported increased revenue in comparison with the reference period, as their customers increased investments in digital marketing communications in particular.

* Research conducted by TNS Gallup Oy for the Finnish Advertising Council January 29, 2013.

** Institute for Advertising and Media Statistics (IRM), Sweden, Media market Q3 2013, Q Report November 14, 2013.

The **Editorial Communication** business area's net revenue was EUR 10.9 million (EUR 14.8 million). Net revenue declined from the previous financial year after a major customer of JG Communication AB reduced its purchasing of communications services in late 2012.

The **Print & Distribution** business area's net revenue was EUR 53.0 million (EUR 52.8 million). In Finland, revenue decreased 10 percent from the previous year due to the structural reform of the print markets and tightened pricing competition. In Sweden, revenue increased by 19 percent as the result of mergers and acquisitions.

The **Publishing** business area's net revenue was EUR 14.4 million (EUR 15.4 million). Both Edita Publishing Oy and the National Centre for Professional Development in Education Educode Oy reported decreased revenue in comparison with the previous year. Educational institutions cut back on book purchases due to problems in the municipal economy.

Consolidated Operating Profit

The Group's operating profit for 2013 was EUR 4.0 million (EUR -4.1 million), which is EUR 8.1 million up from the previous year. The significant growth of operating profit can be attributed to the Group's ability to respond to its customers' changing communication needs. The 2013 results included significantly fewer one-off items than in the previous year.

Operating profit/loss (EUR 1,000)	2013	2012
Marketing Services	1 086	-1 115
Editorial Communication	701	-1 276
Print & Distribution	2 317	-1 385
Publishing	2 611	2 433
Other operations	-2 690	-2 773
Group	4 025	-4 115
Operating Profit %	3,3 %	-3,6 %

Non-recurring items totaled EUR 0.0 (EUR -6.2 million). The Group's operating profit without non-recurring items was EUR 4.0 million (EUR 2.1 million). This is a good result, particularly in light of the digitalization trend currently prevailing in the communication market.

The **Marketing Services** business area's operating profit was EUR 1.1 million (EUR -1.1 million). Profit in Sweden improved significantly, because the previous year's profit was affected by the costs of adjustment measures. In Finland, business was also profitable and developed according to plans.

The **Editorial Communication** business area's operating profit was EUR 0.7 million (EUR -1.3 million). The result improved noticeably thanks to the streamlining measures implemented in December 2012. The previous year's results included non-recurring items related to these measures to a total of EUR 1.7 million.

The **Print & Distribution** business area's operating profit was EUR 2.3 million (EUR -1.4 million), which is EUR 3.7 million up from the previous year. The Finnish operations were profitable and demonstrated a significant improvement thanks to the timely implementation of adjustment measures. Profit also improved in Sweden, where it includes a significant amount of non-recurring items. In Sweden, EUR 1.5 million (EUR 1.2 million) of one-time profits were entered in the accounts for VAT returns from previous years.

The **Publishing** business area's operating profit was EUR 2.6 million (EUR 2.4 million). Edita Publishing Oy's profit declined from the previous year, whereas that of the National Centre for Professional Development in Education Educode Oy clearly improved thanks to the streamlining of its operations.

Other Operations include group administration, the costs of which were EUR -2.7 million (EUR -2.8 million).

Group's Parent Company

In 2013, the consolidated net revenue of the Group's parent company, Nordic Morning Plc, was EUR 3.7 million (EUR 3.7 million), and profit for the financial year was EUR 6.6 million (EUR 1.8 million). The Group's total assets at the end of December 2013 totaled EUR 95.5 million (EUR 103.1 million).

Financial Position

The net cash flow from the Group's operating activities was EUR 7.6 million (EUR 7.3 million). Investments totaled EUR 1.0 million (EUR 3.8 million). Loan installments and repayments of leasing liabilities accounted for EUR 4.3 million (EUR 4.5 million). The Group's cash and cash equivalents at the end of the year totaled EUR 10.1 million (EUR 6.7 million).

Thanks to the good profits, the Group's equity ratio improved significantly and stood at 42.2 percent (36.8%) at the end of the financial year.

	2013	2012
Return on equity (ROE), %	11,5 %	-13,3 %
Equity-to-assets ratio, %	42,2 %	36,8 %

Capital Expenditure

The Group's gross capital expenditure, as per international financial statements standards, was EUR 3.6 million (EUR 7.4 million). The biggest single investment was the establishment of Edita Bobergs AB. The parent company's gross capital expenditure, as per Finnish accounting legislation, was EUR 0.2 million (EUR 7.1 million).

Personnel

During the financial year, the Group employed an average of 668 (705) persons (full-time equivalents). The parent company employed an average of 31 (30) persons.

Average number of employees in full-time equivalents	2013	2012	Change 2013-2012
Marketing Services	214	186	15,1 %
Editorial Communication	75	107	-29,9 %
Print & Distribution	253	283	-10,6 %
Publishing	87	90	-3,3 %
Other operations	39	39	0,0 %
Group	668	705	-5,2 %
Per country			
Finland	319	344	
Sweden	332	345	
Other countries	17	16	
Group	668	705	
Employee benefits expense (EUR 1,000)	48 393	51 273	

The average number of employees fell by 30 persons in the Print & Distribution business area, by 32 persons in the Editorial Communication business area, and by 3 persons in the Publishing business area. In the Marketing Services business area, the number of employees grew by 28 persons.

Of the Group's employees, 48 percent work in Finland and 52 percent in other countries, mainly in Sweden.

Risks and Risk Management

The Nordic Morning Group's most significant risks are related to the development of the international economy, the development and substantial structural changes underway in the marketing communications industry, particularly the print business, as well as the value development of the Swedish krona. The Group's risks are assessed on a regular basis as part of its reporting and operational planning procedures.

Technical development and changes in media consumption influence the communication needs of companies and organizations. In addition, the general economic situation has an impact on communication and marketing investments. Nordic Morning operates in close co-operation with its customers, which makes it able to respond to any changes in customer needs in a timely manner and flexibly develop its service range and competencies. In all business areas, the key focus area in development is online services.

The economic development and cost-saving pressures in the public sector have an impact on the demand for communication services and customers' investments in marketing communications. The Group strives to predict its operational development needs by co-operating closely with its customers.

The Group's balance sheet includes EUR 21.4 million in goodwill. In 2012, the consolidated goodwill of the Print & Distribution business area was written down in full, and the consolidated goodwill of the Marketing Services business area was depreciated in part. If the recovery of demand in the communication market turns out to be slower than estimated, the Group may have to consider further goodwill depreciations in the Marketing Services and Editorial Communication business areas.

The competence of employees is of substantial importance for the Group's competitiveness. Developing intellectual capital and gaining commitment from and recruiting key personnel are key success factors for the Group. The strategic focus on HR that began in 2012 continued in the form of training for key personnel and by defining key roles for various business functions. In the spring, the Group started its first development program for young potential management employees, which focused on business skills, leadership, and innovation.

Currency risk is related to developments in the value of the Swedish krona. According to the Group's foreign exchange risk policy, currency risks are monitored regularly. The Group uses hedging to manage currency risk, where necessary. No hedging of the Group's transaction or translation positions took place during the period under review.

Financing risks are managed by hedging part of the interest rates on current loans. The hedging arrangements will remain in force until the loans mature.

Particular attention is paid continuously to invoicing speed and, consequently, the efficient turnover of working capital.

Corporate responsibility

Nordic Morning releases annual Corporate Responsibility Reports prepared according to GRI. The Corporate Responsibility program is based on the triple bottom line: financial, social and environmental responsibility. Paying attention to environmental impacts is a key element of Nordic Morning's corporate responsibility.

Key areas in Nordic Morning's environmental strategy are environmental awareness, environmentally responsible operations and sustainable products and services. The biggest achievements in 2013 include the addition of the new Group companies Educodes and Klikki to the Group's carbon footprint calculation, as well as Edita Prima Oy's measures to improve energy efficiency.

In 2013, the Green Office system covered the following Nordic Morning offices: the head office in Helsinki, Edita Publishing Oy's office in Helsinki, JG Communication AB's office in Stockholm, as well as Citat companies' offices in Helsinki and Stockholm. The production plants in Helsinki, Västerås, and Falun are certified in accordance with the ISO 14001 standard for environmental management.

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

Board of Directors, CEO and Auditors

Nordic Morning Plc's Annual General Meeting on April 3, 2013, decided that Kaj Friman (Chairman), Jussi Lystimäki (Vice Chairman), Carina Brorman, Maritta Iso-Aho, Eva Persson, and Petri Vihervuori will continue as members of Nordic Morning's Board of Directors.

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

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

Outlook for 2014

As a whole, the demand for communication services is expected to grow moderately. In Sweden, the market growth in the latter part of 2013 was higher than in Finland, which suggests that in 2014, the development of demand for communication services will be stronger in Sweden than in Finland. The biggest growth will most likely take place in companies' and organizations' investments in digital communication and purchases of strategic communication services and social media services. According to its strategy, Nordic Morning will continue to reinforce its position as a provider of diverse communication services in the Nordic countries.

Board's Proposal on the Disposal of Distributable Funds

Nordic Morning Plc's equity was EUR 52,403,105.18 at the end of the financial year. The company's distributable funds are EUR 20,533,494.84, of which the financial year's profit is EUR 6,583,586.99.

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

- distribute a dividend of EUR 0.25/share, totaling	EUR 1,500,000.00
- transfer to the profit and loss account of previous financial periods	<u>EUR 19,033,494.84</u>
	EUR 20,533,494.84

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

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

	Note	1.1. - 31.12.2013	1.1. - 31.12.2012
Net revenue	2	121 292	113 192
Other operating income	4	2 251	2 062
Change in inventories of finished and unfinished goods		-571	-134
Work performed for company use		158	146
Materials and services	5	-44 761	-37 054
Employee benefits expense	6	-48 393	-51 273
Depreciation	7	-4 618	-5 886
Impairment	7	0	-3 712
Other operating expenses	8	-21 366	-21 693
Share of profit in associates	15	33	237
Operating profit		4 025	-4 115
Financial income	10	394	267
Financial expenses	11	-375	-867
Profit before taxes		4 045	-4 716
Income taxes	12	-123	255
Profit for the financial year		3 922	-4 461
Distribution			
Parent company's shareholders		3 948	-4 499
Non-controlling interest		-26	39
Earnings per share calculated on the profit attributable to shareholders of the parent company:			
earnings per share, EUR		0,66	-0,75

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

	Note	1.1. - 31.12.2013	1.1. - 31.12.2012
Profit for the financial year		3 922	-4 461
Other comprehensive income			
Items not to be recognized through profit and loss later			
Actuarial gains and losses	24	0	28
Taxes for items not to be recognized through profit and loss	12	0	-7
Items that may be recognized through profit and loss later			
Available-for-sale financial assets	11	12	3
Translation differences	11	-428	480
Taxes relating to OCI items	12	0	-1
Post-tax OCI items for the financial year		-416	503
Accumulated comprehensive income for the financial year		3 506	-3 958
Distribution of comprehensive income			
Parent company's shareholders		3 535	-3 997
Non-controlling interest		-29	38

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

ASSETS	Note	31.12.2013	31.12.2012
NON-CURRENT ASSETS			
Tangible fixed assets	13	23 134	24 725
Goodwill	14	21 427	21 684
Other intangible assets	14	1 632	1 263
Interests in associated companies	15	2 513	2 840
Other financial assets	16	413	413
Deferred tax assets	17	142	463
		49 263	51 388
CURRENT ASSETS			
Inventories	18	3 764	4 213
Sales receivables and other receivables	19,20	26 050	26 362
Tax receivables based on taxable income for the financial year		29	72
Other current financial assets	16	91	79
Cash and cash equivalents	21	10 134	6 686
		40 069	37 412
Total assets		89 331	88 800
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital		6 000	6 000
Share premium fund		25 870	25 870
Translation differences		88	514
Fair value fund		58	45
Retained earnings		2 883	-935
Shareholders' equity attributable to parent company shareholders	22	34 899	31 494
Non-controlling interest		1 489	116
Total shareholders' equity		36 387	31 610
LIABILITIES			
Non-current liabilities			
Pension obligations	24	0	2 758
Financial liabilities	26	10 334	12 713
Non-current provisions	25	309	648
Deferred tax liabilities	17	788	944
		11 432	17 063
Current liabilities			
Current financial liabilities	26	5 988	5 756
Accounts payable and other current liabilities	19,27	35 152	33 877
Tax liabilities based on taxable income for the financial year		372	494
		41 512	40 127
Total liabilities		52 944	57 190
Total shareholders' equity and liabilities		89 331	88 800

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

	Note	1.1. - 31.12.2013	1.1. - 31.12.2012
Cash flow from operating activities			
Profit for the financial year		3 922	-4 461
Adjustments			
Non-cash transactions	30	4 874	9 250
Interest expenses and other financial expenses		375	867
Interest income		-394	-267
Dividend income		-7	-6
Taxes		123	-255
Changes in working capital			
Change in sales receivables and other receivables		311	1 675
Change in inventories		449	171
Change in accounts payable and other liabilities		-1 585	1 162
Change in provisions		-339	-341
Interest paid		-396	-730
Interest received		395	276
Taxes paid		-105	1
Cash flow from operating activities (A)		7 622	7 344
Investing activities			
Sale of tangible fixed assets		875	243
Acquisition of subsidiaries and business operations (net of cash and cash equivalents acquired)	3	-2	-1 643
Investments in tangible fixed assets		-878	-1 993
Investments in intangible assets		-99	-156
Dividends received		277	159
Cash flow from investing activities (B)		172	-3 389
Financing activities			
Withdrawal of loans		20	909
Repayment of loans		-2 861	-3 520
Payment of finance lease liabilities		-1 427	-1 024
Cash flow from financing activities (C)		-4 268	-3 634
Change in cash and cash equivalents (A + B + C)		3 527	320
Cash and cash equivalents at January 1		6 686	6 229
Changes in exchange rates		-79	138
Cash and cash equivalents at December 31	21	10 134	6 686

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	Translation differences	Fair value fund	Retained earnings	Total	
Shareholders' equity, January 1, 2012	6 000	25 870	34	43	3 544	35 491	9 35 500
Comprehensive income							
Profit for the 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							
Acquisitions of non-controlling interests that resulted in changes in control							68 68
Shareholders' equity, December 31, 2012	6 000	25 870	514	45	-935	31 494	116 31 610
Shareholders' equity, January 1, 2013	6 000	25 870	514	45	-935	31 494	116 31 610
Comprehensive income							
Profit for the financial year					3 948	3 948	-26 3 922
Other comprehensive income (adjusted with tax effect)							
Available-for-sale financial assets				12		12	12
Actuarial profits					0	0	0
Translation differences			-425			-425	-3 -428
Accumulated comprehensive income for the financial year			-425	12	3 948	3 535	-29 3 506
Changes in subsidiary holdings							
Acquisitions of non-controlling interests that did not result in changes in control					-131	-131	-6 -136
Acquisitions of non-controlling interests that resulted in changes in control							1 408 1 408
Shareholders' equity, December 31, 2013	6 000	25 870	88	58	2 883	34 899	1 489 36 387

Notes to the Consolidated Financial Statements

1. Accounting Policies Applied to the Consolidated Financial Statements

Basic Information

The Nordic Morning Group produces communication products and services. The Group's parent company, Nordic Morning Plc, is a Finnish public limited company domiciled in Helsinki. The registered address of the parent company is Hakuninmaantie 2, FI-00430 Helsinki, Finland. The consolidated financial statements are available on the Group's website at the address www.nordicmorning.com or at the parent company's head office.

These financial statements were approved for publication by the Board of Directors of Nordic Morning Plc at its meeting held on February 11, 2014. 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, 2013, 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 judgment-based decisions made by the management in applying the financial statements accounting policies of the Group, and which have the greatest impact on the figures presented in the financial statements, as well as information about presumptions about the future and key assumptions related to estimates is presented in the accounting policies section "Accounting Policies Requiring the Management's Judgment, and Key Uncertainties Associated with Estimates".

New and Revised Standards and Interpretations Applied

The Group has applied the following new and revised standards and interpretations as of January 1, 2013:

- IAS 1 *Presentation of financial statements* revised *Presentation of other comprehensive income* (effective for financial periods beginning on and 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 revision affected the presentation of other items of the comprehensive income.
- 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 expanded the notes to the financial statements concerning assets measured at fair value. The new requirements affect the notes to the consolidated financial statements concerning financial instruments.

- IFRS 7 *Financial Instruments: Disclosures* revised: *Offsetting financial assets and financial liabilities* (effective for financial periods beginning on or after January 1, 2013). The amendment specifies certain requirements for notes to financial statements that are related to financial instruments with net presentation on the balance sheet as well as to general netting arrangements or other similar agreements. The amendment has had no significant effect on the consolidated financial statements.
- IFRS 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 not had any effect on the consolidated financial statements as the Group has already abandoned the corridor approach.
- 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 has had no effect for consolidated financial statements.
- *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 not had a significant effect on the consolidated financial statements.

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.

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

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

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

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

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 percent of the company's voting power or when the Group otherwise has significant influence, but not control.

Associates are consolidated by using the equity method.

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

An investment in an associate includes the goodwill resulting from the acquisition. A share of associates' profits for the financial year that corresponds with the Group's holding is presented as a separate item under operating profit. The Group's share in associates' changes recognized in other items of comprehensive income are recognized accordingly in the Group's other items of comprehensive income. The Group's associates have not had any such items during the 2012–2013 financial periods.

Translation of Items Denominated in Foreign Currencies

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

Business Transactions Denominated in Foreign Currencies

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.

Translation of Foreign Group Companies' Financial Statements

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

Translating income and comprehensive income for the year at different exchange rates in the income statement and comprehensive income statement and in the balance sheet results in a translation difference, which is recognized under shareholders' equity, in the balance sheet. Changes in translation difference are recognized under other items of comprehensive income. Translation differences arising from the elimination

of the acquisition cost of foreign subsidiaries and from the translation of equity items accumulated after the acquisition, as well as the effect of hedging instruments on net investments are recognized under other items of comprehensive income. When subsidiaries are divested in whole or in part, the aggregated translation differences are recognized in the income statement under sales gains or losses.

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 (or is included in a group of assets held for sale) according to IFRS 5 *Non-current assets held for sale and discontinued operations*, depreciation is no longer recognized.

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

Intangible Assets

Goodwill

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

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.

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

Inventories

Materials, accessories and unfinished and finished goods are recognized under inventories. Inventories are measured at the lower of cost or net realizable value. Acquisition cost is calculated using the first in, first out (FIFO) method. All purchasing costs, including direct transportation, handling and other costs, are included in

the acquisition cost of products that have been purchased as finished products. The acquisition cost of finished and unfinished products manufactured by the company is made up of raw materials, direct costs resulting from work carried out, other direct costs and a systematically applied share of the variable and fixed general costs of manufacturing at a normal level of activity.

The acquisition cost of inventories does not include borrowing costs. The net realizable value is the estimated sales price obtainable through normal business, less the estimated expenses of completing the product and the estimated essential expenses of selling the product.

Leases

Group as the tenant

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

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

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

Group as the lessor

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

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

Arrangements that may contain a lease

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

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

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

Impairment of Tangible and Intangible Assets

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

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

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

Pension obligations

Post-employment benefits comprise pensions and other benefits, such as life insurance, provided on the basis of employment. Benefits are classified into defined contribution plans and defined benefit plans.

Under contribution plans, the Group makes fixed payments to a separate entity. The Group has no legal or de facto obligation to make any additional payments if the payment receiver is unable to pay out the pension benefits. Contributions to defined contribution plans are recognized through profit or loss for the period in which the contributions are payable. Those plans that do not fulfill the definition of defined contribution plans are classified as defined benefit plans.

The 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. The Group's pension benefit plan expired during the financial year.

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.

Income from Rent

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

Interest and Dividends

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

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

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

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

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

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

In the financial years 2013 and 2012, the Group had no business operations to be treated as a non-current asset classified as held for sale or discontinued operation.

Financial Assets and Liabilities

Financial assets

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

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

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

Loans and other receivables are assets to which no derivatives are applied, and which are specifically classified in this group or not classified in any other group.

They are valued at amortized cost and are recognized in the balance sheet, according to their nature, as current assets or non-current assets (those maturing in over 12 months). In the Nordic Morning Group, this group includes sales receivables and other receivables. The amount of uncertain receivables is estimated on the basis of the risk of individual assets. Impairment losses are recognized as an expense in the income statement under other operating expenses.

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

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

Cash and Cash Equivalents

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

Impairment of Financial Assets

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

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

Financial Liabilities

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 Nordic Morning Group defines operating profit as the net sum arrived at by adding other operating income to net revenue, deducting the costs of materials and services (adjusted for changes in inventories of finished and unfinished goods), employee benefit expenses, personnel expenses depreciation, impairment and other operating expenses, and taking account of the share of profit/loss from associates. All income statement items other than the above-mentioned are disclosed in the lines below operating profit. Exchange rate differences and changes in the fair values of derivatives are included in operating profit, provided that they arise from items related to business operations. Otherwise, they are recognized in financial items.

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

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

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

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

Uncertainties Associated with Estimates

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

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

The Group engaged an external consultant for the estimate of the fair values of tangible and intangible assets in conjunction with significant business mergers. With regard to tangible assets, comparisons were made with the market prices of corresponding goods, and value impairment due to the acquired goods' age, wear and other such factors was estimated. Intangible assets' value was defined based on estimates of the cash flows associated with the assets, because no market information from transactions involving corresponding assets was available. More information about the measurement of intangible assets acquired in conjunction with business mergers is provided in Note 3 "Acquired business operations".

The Group tests its goodwill and work-in-progress for impairment annually. In impairment testing, the recoverable amounts from the CGUs have been defined on the basis of value in use. These calculations require estimates. More information about the sensitivity of recoverable amounts to changes in the applied estimates is in the Notes, section 14 "Intangible Assets".

New and Revised Standards and Interpretations to be Applied Later

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

- IFRS 9 *Financial Instruments* and amendments thereto (binding effective date still open): 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 largely based 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 in the EU for financial periods beginning on or after January 1, 2014). 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 is approved for application in the EU, and the Group will introduce it into use in the financial year starting on January 1, 2014.
- IFRS 11 *Joint Arrangements* (effective in the EU for financial periods beginning on or after January 1, 2014). 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 is approved for application in the EU, and the Group will introduce it into use in the financial year starting on January 1, 2014.
- IFRS 12 *Disclosures of Interests in Other Entities* (effective in the EU for financial periods beginning on or after January 1, 2014). The standard includes the disclosure requirements for various forms of interests in other entities, including associates, joint arrangements, structured entities, 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 is approved for application in the EU, and the Group will introduce it into use in the financial year starting on January 1, 2014.

- IAS 27 (revised 2011) *Separate Financial Statements* (effective in the EU for financial periods beginning on or after January 1, 2014). 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 standard is approved for application in the EU, and the Group will introduce it into use in the financial year starting on January 1, 2014.
- IAS 28 (revised 2011) *Associates and Joint Ventures* (effective in the EU for financial periods beginning on or after January 1, 2014). The revised standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11. The standard is approved for application in the EU, and the Group will introduce it into use in the financial year starting on January 1, 2014.
- Investment entities – amendments of IFRS 10, IFRS 12 and IAS 28 (effective in the EU for financial periods beginning on or after January 1, 2014). If an entity is defined as an investment entity, according to the definition in the standard, and it values all its subsidiaries at fair value, it does not need to present a consolidated financial statement. The amendments will have no effect on the consolidated financial statements. The amendments have not yet been approved for application in the EU.
- IFRS 32 *Financial Instruments: Presentation* revised: *Offsetting financial assets and financial liabilities* (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.
- IAS 36:n *Impairment of assets* revision *Recoverable Amount Disclosures for Non-Financial Assets* (effective for financial periods beginning on or after January 1, 2014). The amendment clarifies note requirements relating to cash flow-generating units for which amortizations have been recognized. The amendment to the standard has not yet been approved for application in the EU.
- IAS 39 *Financial Instruments: Recognition and Measurement* revision: *Novation of Derivative and Continuation of Hedge Accounting* (effective for financial periods beginning on or after January 1, 2014). The amendment relates to the requirements for the application of hedge accounting in circumstances when a derivative agreement is novated to a so-called central counterparty. With the amendment to the standard, hedge accounting can be extended to the relevant novation circumstances if certain conditions are met.
- IFRIC 21 *Levies* (effective for financial periods beginning on or after January 1, 2014). The interpretation covers the accounting for outflows imposed on entities by governments. The interpretation will have no effect on the consolidated financial statements. The interpretation has 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 Bobergs AB, Edita Västra Aros AB, Arkpressen i Västerås AB and Sandvikens Tryckeri och Bokbinderi AB, and a 33.33% holding in associate company Edita Bobergs Förvaltnings 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. The business area comprises Citat AB, Klikki AB and Mods Graphic Studio AB in Sweden, Citat Ukraine LLC in Ukraine, Klikki ApS in Denmark, Klikki AS in Norway, and the associate company BrandSystems International AB with a 40% holding.

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 Oy.

Other Operations includes the administrative operations of Nordic Morning Sweden AB and the operations of the parent company Nordic Morning Plc, which owns the Group's subsidiaries and steers the Group's operations and supports them with expert and administrative services. Other operations also include 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).

2013 financial year, EUR 1,000	Print & Distrib.	Marketing Services	Editorial Comm.	Publishing	Other operations	Elim.	Total
Operating Segments							
External net revenue	51 849	44 478	10 581	14 327	58		121 292
Inter-segment net revenue	1 144	259	350	105	3 691	-5 549	0
Net revenue, total	52 993	44 737	10 931	14 432	3 749	-5 549	121 292
Depreciation	-2 652	-800	-273	-76	-817		-4 618
Impairment	0	0	0	0			0
Investments in associates	7	25					33
Operating profit/loss	2 317	1 086	701	2 611	-2 690		4 025
Assets and liabilities							
Goodwill		13 394	8 033				21 427
Associates	1 341	1 172					2 513
Segment assets	20 480	8 590	4 607	3 320	12 374	-583	48 788
Segment assets, total	21 821	23 156	12 640	3 320	12 374	-583	72 728
Segment liabilities	3 561	3 177	2 257	1 965	430	-583	10 807
Investments	3 110	228	53	0	189		3 579

Notes on consolidated financial statement (IFRS)

2012 financial year, EUR 1,000	Print & Distrib.	Marketing Services	Editorial Comm.	Publishing	Other operations	Elim.	Total
Operating Segments							
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	2896	588	-1015	12 316
Investments	1 683	5 360	82	0	243		7 368

Reconciliations of the consolidated data and the reported segment data

EUR 1,000	2013	2012
Net revenue		
Reported segment net revenue	121 292	113 192
Consolidated net revenue	121 292	113 192
Profit/loss before taxes		
Reported segment operating profit/loss	4 025	-4 115
Consolidated net financial income (+) / expenses (-)	20	-601
Consolidated profit/loss before taxes	4 045	-4 715
Assets		
Reported segment assets	72 728	76 789
Assets not allocated to a segment	16 603	12 011
Consolidated assets	89 331	88 800
Equity and liabilities		
Reported segment liabilities	10 807	12 316
Liabilities not allocated to a segment	42 137	44 874
Group equity	36 387	31 610
Group equity and liabilities	89 331	88 800

Notes on consolidated financial statement (IFRS)

Information concerning geographical areas

During the financial year, the Group's segments operated in Finland, Sweden, Norway 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 Standards (IFRS).

EUR 1,000

2013 financial year	Net revenue	Assets	Liabilities
Finland	53 568	49 320	24 271
Sweden	67 482	39 827	28 650
Denmark	242	110	12
Norway	377	144	41
Ukraine	0	74	11
Group, total	121 292	89 331	52 944

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

Information concerning the most significant customers

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

3. Acquired business operations

Acquisitions in the 2013 financial year

Subsidiary acquisitions – Print & Distribution business area

On June 25, 2013, the Group's wholly-owned subsidiary Edita Västra Aros AB and associate company Edita Bobergs Förvaltnings AB (formerly Edita Bobergs AB), in which the Group holds a 33% stake, agreed to merge their printing businesses into a new company named Edita Bobergs AB.

The company started operating on October 1, 2013, and it has been consolidated in the Group's financial statements as of that date. The company's information will be reported under the Group's Print & Distribution business area. The total purchase expense was EUR 1.9 million, which was paid fully as a capital contribution. EUR 0.9 million of the purchase expense was allocated to intangible assets. The arrangement did not generate any goodwill or have any significant cash flow effects.

Non-controlling interest acquisitions – Marketing Services business area

On August 1, 2013, the Group acquired an additional 10% of Citat Ukraine LLC's shares for EUR 2,000. After this acquisition, the Group owns the entire stock of the company. As the result of the acquisition, non-controlling interests decreased by EUR 6,000.

Notes on consolidated financial statement (IFRS)

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 the Group's comprehensive communications service expertise and expands its 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	5 002
Total acquisition cost	5 002

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

	<u>Notes</u>	<u>Entered values</u>
Tangible fixed assets	13	97
Intangible fixed assets		357
Customer agreements and customer relationship: (incl. in other intangible assets)	14	237
Trademarks (incl. in intangible assets)	14	443
Sales receivables and other receivables	20	2 715
Cash and cash equivalents		2 048
Total assets		5 897
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		
Consideration transferred		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.

Notes on consolidated financial statement (IFRS)

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 2012.

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.

4. Other operating income

EUR 1,000	2013	2012
Income from divestment of business operations	150	12
Sales profit from tangible fixed assets	112	243
Income from rent	408	293
VAT returns	1 514	1 247
Other income items	67	267
Total	2 251	2 062

5. Materials and services

EUR 1,000	2013	2012
Purchases made during the financial year	-10 766	-11 785
Change in stocks	-206	51
	-10 972	-11 734
Outsourced services	-33 789	-25 319
Total	-44 761	-37 054

6. Employee benefits expense

EUR 1,000	2013	2012
Salaries	-36 155	-38 128
Pension costs – defined contribution plans	-7 109	-8 074
Other related expenses	-5 129	-5 071
Total	-48 393	-51 273

Average number of employees during the financial year by business area	2013	2012
Print & Distribution	253	283
Marketing Services	214	186
Editorial Communication	75	107
Publishing	87	90
Other operations	39	39
Group, total	668	705
In Finland	319	344
In Sweden	332	345
Ukraine	16	15
Other countries	1	1
Group, total	668	705

The employee benefits of management are presented under Note 33 "Related party transactions". Stock options granted are described in Note 23 "Share-based compensation".

Notes on consolidated financial statement (IFRS)

7. Depreciation and impairment

EUR 1,000	2013	2012
Depreciation by asset group		
Intangible assets		
Trademarks	-89	-183
Capitalized development costs	-104	-11
Other intangible assets	-410	-625
Total	-602	-820
Tangible fixed assets		
Buildings	-661	-679
Machinery and equipment	-3 355	-4 387
Total	-4 016	-5 066
Impairment by asset group		
Trademarks	0	-515
Goodwill	0	-3 197
Total	0	-3 712

8. Other operating expenses

EUR 1,000	2013	2012
Royalties and order commissions	-1 532	-1 724
Rents	-4 008	-4 014
Other business premises expenses	-2 544	-2 080
Logistics and transport costs	-2 793	-2 701
IT and data communications	-3 255	-3 216
Marketing and representation costs	-963	-989
Consulting and specialist fees	-1 075	-1 711
Other operating expenses	-5 196	-5 259
Total	-21 366	-21 693
Auditor's fees		
EUR 1,000	2013	2012
Audit	-147	-120
Activities referred to in the Finnish Auditing Act, Section 1.1,2.	-7	0
Tax consultation	-25	-46
Other services	-55	-208
Total	-233	-374

9. Research and development expenditure

Direct development expenses of ERP systems have been capitalized as development expenses. No capitalizations took place in the financial year 2013 (2012: 116) (Note 14).

Notes on consolidated financial statement (IFRS)

10. Financial income

EUR 1,000	2013	2012
Dividend income from available-for-sale financial assets	7	6
Interest income on bank balances (loans and other receivables)	387	261
Total	394	267

11. Financial expenses

Items recognized through profit and loss

EUR 1,000	2013	2012
Interest expenses on financial liabilities measured at amortized cost	-419	-593
Impairment losses from loan receivables	0	-13
Exchange rate losses on financial liabilities measured at amortized cost	0	-25
Changes in value of financial assets recognized at fair value through profit or loss - Interest rate derivatives, hedge accounting not applied	151	-146
Interest expenses on finance leases	-101	-52
Other financial expenses	-6	-39
Total	-375	-867

In the income statement, currency rate differences are recognized in revenue, other operating expenses and other financing expenses. Currency rate differences recognized through profit and loss totaled EUR 14 thousand in 2013 (32 thousand in 2012).

Other comprehensive income

Financial instrument-related items recognized in OCI items and the related adjustments due to classification changes are as follows.

EUR 1,000	2013			2012		
	Recognized in OCI	Change in classification	Total	Recognized in OCI	Change in classification	Total
Available-for-sale financial assets	12	0	12	3	0	3
Translation differences	-428	0	-428	480	0	480
Total	-416	0	-416	483	0	483

Notes on consolidated financial statement (IFRS)

12. Income taxes

EUR 1,000	2013	2012
Income tax paid for the financial year	-206	-203
Taxes relating to previous financial years	58	14
Deferred taxes:		
Temporary differences that have been generated and that do not exist any more	-62	423
Effect of the tax rate change	87	22
Taxes in the income statement	-123	255

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

EUR 1,000	2013	2012
Profit before taxes	4 045	-4 716
Taxes at the parent company's tax rates	-991	1 155
Tax-free income	347	176
Non-deductible expenses	-871	-274
Goodwill impairment	0	-783
Unrecognized referred tax assets on losses subject to tax	-189	-718
Use of losses subject to tax	1 412	662
Taxes relating to previous financial years	58	14
Effect of the tax rate change on deferred taxes	87	22
Different tax rates of foreign subsidiaries	23	9
Other items and different tax rates	0	-6
Taxes in the income statement	-123	255

In the financial statements for the 2013 financial year, the Finnish tax rate used in the calculation of deferred taxes changed from the previous year's 24.5% to 20.0%.

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%.

Taxes relating to OCI items

EUR 1,000	2013			2012		
	Before taxes	Tax effect	After taxes	Before taxes	Tax effect	After taxes
Available-for-sale financial assets	12	0	12	3	-1	2
Actuarial losses	0	0	0	28	-7	21
Translation differences	-428	0	-428	480	0	480
Total	-416	0	-416	511	-8	503

Notes on consolidated financial statement (IFRS)

13. Tangible fixed assets

EUR 1,000	Land and water areas	Buildings	Machinery and equipment	Advance payments	Total
Acquisition cost January 1, 2013	6 160	18 760	44 709		69 629
Exchange rate differences		-10	-157		-167
Increases		228	3 388		3 616
Decreases			-6 627		-6 627
Acquisition cost, December 31, 2013	6 160	18 978	41 313		66 450
Accumulated depreciation and impairment on January 1, 2013	0	11 019	34 052		45 071
Decreases			-5 761		-5 761
Depreciation for the financial year		661	3 355		4 016
Accumulated depreciation, December 31, 2013	0	11 680	31 646		43 326
Carrying amount, December 31, 2013	6 160	7 298	9 667	10	23 134
Carrying amount, January 1, 2013	6 160	7 741	10 657	168	24 725

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
Exchange rate differences		13	179		192
Business mergers			3 117		3 117
Increases		22	2 106		2 128
Decreases			-3 699		-3 699
Acquisition cost, December 31, 2012	6 160	18 760	44 709		69 629
Accumulated depreciation and impairment on 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, December 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

Finance leases

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

EUR 1,000	2013 Machinery and equipment	2012 Machinery and equipment
Acquisition cost	5 376	7 401
Accumulated depreciation	-3 056	-4 496
Carrying amount, December 31	2 320	2 906

In 2013, the acquisition cost increases of tangible fixed assets included assets leased under finance leases worth EUR 0.5 million (2012: EUR 0.4 million).

Notes on consolidated financial statement (IFRS)

14. Intangible assets

EUR 1,000	Goodwill	Trade- marks	Develop. expenses	Other intangible assets	Advance payments	Total
Acquisition cost, January 1 2013	24 966	1 615	380	6 066		33 028
Exchange rate differences	-257			1		-256
Increases				940		940
Decreases		-1 219		-2 144		-3 363
Acquisition cost, December 31, 2013	24 709	396	380	4 863		30 348
Accumulated depreciation and impairment on January 1, 2013	3 282	1 224	131	5 461		10 099
Accumulated depreciation on decreases and transfers		-1 219	0	-2 134		-3 353
Depreciation for the financial year		89	104	410		602
Accumulated depreciation, December 31, 2013	3 282	94	235	3 738		7 348
Carrying amount, December 31, 2013	21 427	303	145	1 125	59	23 059
Carrying amount, January 1, 2013	21 684	391	249	605	18	22 947

EUR 1,000	Goodwill	Trade- marks	Develop. expenses	Other intangible assets	Advance payments	Total
Acquisition cost, January 1 2012	20 547	1 157	0	5 985		27 689
Exchange rate differences	355	15		-3		367
Increases			116	41		156
Business mergers	4 065	443	455	329		5 293
Decreases			-191	-287		-477
Acquisition cost, December 31, 2012	24 966	1 615	380	6 066		33 028
Accumulated depreciation and impairment on January 1, 2012	85	526	0	5 075		5 686
Business mergers			120	48		168
Accumulated depreciation on decreases and transfers				-287		-287
Depreciation for the financial year		183	11	625		820
Impairment	3 197	515				3 712
Accumulated depreciation, December 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

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

Notes on consolidated financial statement (IFRS)

Allocation of goodwill

The Nordic Morning 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.

There is no goodwill allocated to the Publishing and Print & Distribution business areas in the financial statements for the current financial year or the reference year. 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.	Total
2013				
Goodwill	9 530	3 864	8 033	21 427
Carrying amount	14 154	5 329	9 268	
2012				
Goodwill	9 649	3 864	8 172	21 684
Carrying amount	15 170	5 291	11 301	

Impairment testing, December 31, 2013

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

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

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

Discount rate	Marketing Services	Klikkicom Group	Editorial Comm.
2013	10,2 %	10,2 %	7,6 %
2012	11,3 %	11,3 %	8,4 %

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 Print & Distribution business area.

In the Marketing Services business area, the recoverable amount exceeds the carrying amount of the unit by EUR 4.6 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 10.2% to 13.5% or the decrease of the gross margin used in the calculation of the value in use from 10.2% to 8.1%.

In the Editorial Communication business area, the recoverable amount exceeds the carrying amount of the unit by EUR 5.0 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 7.6% to 11.7% or the decrease of the gross margin used in the calculation of the value in use from 9.7% to 6.2%.

In the Klikkicom Group business area, the recoverable amount exceeds the carrying amount of the unit by EUR 6.2 million. Each of the following changes, with all other factors remaining the same, would result in the carrying amount of the unit being equal with the recoverable amount: the increase of the discount rate from 10.2% to 20.5% or the decrease of the gross margin used in the calculation of the value in use from 4.7% to 3.0%.

Notes on consolidated financial statement (IFRS)

15. Interests in associated companies

EUR 1,000	2013	2012
Acquisition cost, January 1	2 840	2 651
Share in result	33	237
Dividend distribution from associates	-269	-153
Translation differences	-90	105
Total carrying amount, December 31	2 513	2 840

The carrying amount of associates on December 31, 2013, included goodwill of EUR 889,000. (917,000 on Dec 31, 2012)

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

EUR 1,000	Domicile	Assets	Liabilities	Profit/loss for financial		Holding
				Net	period	
2013						
Edita Bobergs Förvaltnings AB	Falun	3 423	70	5 349	141	33,33 %
BrandSystems International AB	Stockholm	1 760	706	1 604	63	40,00 %
		5 183	776	6 953	204	
2012						
Edita Bobergs Förvaltnings AB	Falun	5 177	1 096	8 321	620	33,33 %
BrandSystems International AB	Stockholm	1 511	608	2 119	359	40,00 %
		6 688	1 704	10 440	979	

The associate company BrandSystems International AB produces marketing communications rationalization systems and is part of the Marketing Services business area.

A new company, Edita Bobergs AB, was formed on October 1, 2013, as the result of the merger of the subsidiary Edita Västra Aros AB and associate company Edita Bobergs Förvaltnings AB. The associate company Edita Bobergs Förvaltnings AB still has real estate assets. The company's share in Edita Bobergs Förvaltnings AB's profits will be reported under the Group's Print & Distribution business area.

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

Notes on consolidated financial statement (IFRS)

16. Other financial assets

The "Other financial assets" balance sheet item includes the following financial assets. EUR 1,000	2013	2012
Available-for-sale financial assets		
Unlisted share investments	413	413
Publicly listed share investments	91	79
Total	504	492

In financial years 2012 and 2013, 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.

Available-for-sale financial assets EUR 1,000	2013	2012
At the beginning of the financial year	492	489
Other increases	12	3
At the end of the financial year	504	492
in which non-current	413	413
Current available-for-sale financial assets	91	79

No capitalized sales profit or loss was recognized for available-for-sale financial assets for the financial years 2013 or 2012. Changes in the fair value fund are presented in Note 22 "Equity management".

Notes on consolidated financial statement (IFRS)

17. Deferred tax assets and liabilities

Change in deferred taxes during 2013 EUR 1,000	1.1.2013	Recognized in the income statement	Recognized in OCI	Exchange rate differences	Acquired subsidiaries	31.12.2013
Deferred tax assets						
Internal margin in inventories	5	0				5
Provisions	159	-108				51
Financial instruments	95	-48				47
Employee benefits	156	-155	0	-1		0
Finance leases	47	-8		-1		39
Total	463	-318	0	-3		142
Deferred tax liabilities						
Measurement of intangible and tangible assets at fair value in merging businesses	247	-116		-4	195	321
Accumulated depreciation differences	683	-226		-4		453
Financial instruments	15	0	0			14
Total	944	-342	0	-8	195	788
Change in deferred taxes during 2012						
EUR 1,000	1.1.2012	Recognized in the income statement	Recognized in OCI	Exchange rate differences	Acquired subsidiaries	31.12.2012
Deferred tax assets						
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	784	-158		4	53	683
Financial instruments	16	-2	1			15
Total	1 185	-470	1	10	220	944

The Group had EUR 12.3 million in losses confirmed on December 31, 2013, 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	2013	2012
Materials and supplies	782	745
Unfinished products	1 244	1 469
Finished products/goods	1 737	1 999
Total	3 764	4 213

EUR 154,000 were recognized as expenses for the financial year, the carrying amount of inventories was reduced to correspond with their net realizable value (EUR 186,000 in 2012).

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 20 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	<u>Note 20</u>	2013	2012
EUR 1,000			
Income / assignment expense		1 023	1 449
Amount invoiced from customers		-136	-294
Total		887	1 156
Non-accrued invoiced income	<u>Note 27</u>	2013	2012
EUR 1,000			
Income / assignment expense		-605	-440
Amount invoiced from customers		3 394	3 257
Total		2 789	2 817

Notes on consolidated financial statement (IFRS)

20. Sales receivables and other receivables

EUR 1,000	2013	2012
Loans and other receivables		
Sales receivables	20 587	20 285
Receivables from associates	6	17
Accrued non-invoiced income	887	1 156
Prepaid expenses and accrued income		
Rents	505	723
Royalty receivables	85	187
Social security expense accruals	166	440
Sales accruals	1 552	1 180
IT service accruals	286	338
Annual credits	8	12
Other prepaid expenses and accrued income	605	402
Other receivables	1 363	1 622
Total of sales receivables and other receivables	26 050	26 362

The Group recognized EUR 62 thousand in impairment losses for sales receivables during the financial year. There are no major credit risk concentrations associated with receivables, as sales receivables are distributed across a broad group of customers in different businesses. Statement of financial position values provide the best indication of the maximum amount subject to a credit risk in a situation in which the counterparties to a contract are unable to fulfil the obligations associated with financial instruments.

Age distribution of sales receivables and items recognized as impairment losses

EUR 1,000	2013	Impair- ment loss	Net 2013	2012	Impair- ment loss	Net 2012
Not due	18 405		18 405	16 179		16 179
Less than 30 days overdue	1 965		1 965	3 949		3 949
31–60 days overdue	162		162	110		110
Over 60 days overdue	118	62	56	109	62	47
Total	20 649	62	20 587	20 346	62	20 285

Sales receivables by currency

EUR 1,000	2013	2012
EUR	6 093	6 785
SEK	14 362	13 299
NOK	45	153
DKK	87	49
Total	20 587	20 285

Notes on consolidated financial statement (IFRS)

21. Cash and cash equivalents

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

EUR 1,000	2013	2012
Cash in hand and at the bank	10 134	6 385
Certificates of deposit (1-3 months)	0	302
Total	10 134	6 686

Balance sheet values provide the best indication of the maximum amount subject to a credit risk in a situation in which the counterparts to a contract are unable to fulfil the obligations associated with financial instruments. There are no major credit risk concentrations associated with cash and cash equivalents. In the statement of cash flows, items classified as cash and cash equivalents have a maximum maturity of three months from the date of acquisition. Fair values of certificates of deposit included in cash and cash equivalents are presented in Note 29 "Fair value of financial assets and liabilities".

22. Equity and capital management

EUR 1,000	Number of shares (1,000)	Share- holders' equity	Share premium fund
31.12.2011	6 000	6 000	25 870
31.12.2012	6 000	6 000	25 870
31.12.2013	6 000	6 000	25 870

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

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

Share premium fund

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

Treasury shares

In 2013 and 2012 the Group held no treasury shares.

Translation differences

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

Fair value fund

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

EUR 1000	2013	2012
Fair value fund	58	45

Distributable assets

The profit for the year is recognized in retained earnings. The distributable assets of the Group's parent company were EUR 20,533,494.84 in the financial statements dated December 31, 2013.

Notes on consolidated financial statement (IFRS)

Dividends and capital management

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

The covenants relating to the Group's bank loans are normal terms that, for example, restrict the placement of collateral, large-scale mergers and acquisitions, essential changes in business and changes of qualified majority in ownership. The Group met the terms of the covenants in the 2013 and 2012 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 2013, the Group's interest-bearing net liabilities stood at EUR 6.2 million (2012: EUR 14.5 million) and net gearing ratio was 17.0% (2012: 46.0%). 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	31.12.2013	31.12.2012
Interest-bearing liabilities	16 322	21 227
Cash and cash equivalents	10 134	6 686
Net indebtedness	6 188	14 541
Total shareholders' equity	36 387	31 610
Equity-to-assets ratio, %	42,2 %	36,8 %
Gearing ratio %	17,0 %	46,0 %

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 1,321. The scheme came into effect before the Group acquired a 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 price	13.45 / 26.90	13.45 / 26.90	15.85 / 31.70
Validity (in years)	6,5	5,6	3,6
Execution	As shares	As shares	As shares

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

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

Notes on consolidated financial statement (IFRS)

In 2009, altogether 175 options were subscribed at EUR 13.45 and 905 options at EUR 26.90.

In 2010, altogether 375 options were subscribed at EUR 13.45 and 140 options at EUR 26.90.

In 2011, the company repurchased 150 options at EUR 13.45.

In 2012, altogether 391 options were subscribed at EUR 15.85 and 790 options at EUR 31.70.

In 2012, the company repurchased 525 options at EUR 34.41.

In 2013, the company repurchased 220 options at EUR 15.85 and 420 options at EUR 26.90.

Options issued	2013	2012	2011	2010	2009
At the beginning of the financial year	1 961	1 305	1 595	1 080	0
Options granted	0	1 181	0	515	1 080
Options lost		0	-140	0	0
Options exercised	-640	-525	-150	0	0
At the end of the financial year	1 321	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.

The Group has already discontinued the use of the so-called corridor method and, therefore, the amendment to IAS 19, which became effective as of January 1, 2013, did not influence the Group's financial statements. In addition, the Group discontinued the defined pension benefit plan (PRI) in Sweden in December 2013. The discontinuation of the pension plan did not have a significant impact on the 2013 financial statements. The pension obligation (PRI) will be repaid in full in January 2014, and in the 2013 financial statements it is presented on the balance sheet item "Accounts payable and other liabilities", Note 27. The following tables show the previous financial periods' 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.

EUR 1,000

Defined benefit plan obligation on the balance sheet	2013	2012
Present value of funded obligations	0	2 758
Fair value of plan assets	0	0
Deficit (+)/Surplus (-)	0	2 758
Unrecognized actuarial gains (+) and losses (-)	0	0
Net obligation	0	2 758

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

	2013	2012
Interest cost	42	103

Changes in present value of the obligation are as follows	2013	2012
Obligation at January 1	2 758	2 668
Interest cost	42	103
Benefits paid from fund	-45	-88
Gains/losses (-) from restricting the scope of the plan	-7	0
Repayment of pension obligation	-2 662	0
Exchange rate differences	-86	103
Actuarial gains (+) and losses (-)	0	-28
Present value of funded obligations	0	2 758

Notes on consolidated financial statement (IFRS)

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

	2013	2012	2011
Present value of obligation	0	2 758	2 668
Surplus (+) / Deficit (-)	0	-2 758	-2 668

The arrangement was discontinued in 2013.

Key actuarial assumptions used	2013	2012
Discount rate	-	3,5 %
Inflation assumption	-	1,8 %

25. Provisions

EUR 1,000	Rearrange- ments	Other provisions	Total
Provisions on December 31, 2012	548	100	648
Increases	99		99
Amounts used	-338		-338
Reversal of unused amounts	0	-100	-100
Provisions on December 31, 2013	309	0	309

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.

Other provisions

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

26. Interest-bearing liabilities

EUR 1,000

Non-current financial liabilities amortized at cost	2013	2012
Bank loans and other financial loans	8 665	10 487
Finance lease liabilities	1 669	2 226
Total	10 334	12 713

Current financial liabilities amortized at cost	2013	2012
Loan repayments due in the following year and other interest-bearing liabilities	5 225	4 509
Finance lease payments due in the following year	763	1 246
Total	5 988	5 756

Maturing of contract-based financial liabilities by maturity class	Interest-bearing liabilities		Interests	
	2013	2012	2013	2012
2013		5 756		316
2014	5 988	4 371	193	222
2015	6 754	6 736	122	107
2016	1 299	488	66	42
2017	1 232	661	38	25
2018	805	213	13	11
2019	154	154	2	5
Later	90	90	0	1
Total	16 322	18 469	434	729

Notes on consolidated financial statement (IFRS)

Weighted averages of effective interest rates of non-current interest-bearing liabilities	2013	2012
	1,8 %	2,8 %

Non-current interest-bearing liabilities are divided by currency as follows	2013	2012
EUR	6 931	10 487
SEK	3 403	2 226
Total	10 334	12 713

Current interest-bearing liabilities are divided by currency as follows	2013	2012
EUR	5 225	4 509
SEK	763	1 246
Total	5 988	5 756

Maturity periods of finance lease liabilities

EUR 1,000	2013	2012
Gross finance lease liabilities – minimum leases by maturity period		
Within one year	837	1 355
Between one and five years	1 775	2 359
Over five years	0	0
Total	2 611	3 713
Financial expenses accrued in the future	-179	-241
Finance lease liabilities, current value	2 432	3 472

Maturity of finance lease liabilities' current value

Within one year	763	1 246
Between one and five years	1 669	2 226
Over five years	0	0
Total	2 432	3 472

27. Accounts payable and other liabilities

EUR 1,000	Notes	2013	2012
Current financial liabilities amortized at cost			
Accounts payable	29	9 392	7 314
Liabilities to associates		14	93
Advances received		413	66
Non-accrued invoiced income	19	2 789	2 817
Accrued liabilities and deferred income			
Wages and salaries with related expenses		6 448	7 300
Social insurance contribution expense provision from previous years		1 185	1 805
Sales accruals		1 110	1 273
Rents		472	728
Interests		131	4
IT Services		16	7
Long-term bonuses of management		221	0
Other accrued expenses		2 649	3 273
Other current liabilities		10 076	8 809

Notes on consolidated financial statement (IFRS)

Financial liabilities recognized at current fair value through profit or loss

Derivative contracts, hedge accounting not applied	237	388
Total accounts payable and other liabilities	35 152	33 877

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	2013	2012
EUR	11 148	11 731
SEK	23 682	21 976
NOK	99	57
DKK	214	92
UAH	9	11
Other currencies	0	11
Total	35 152	33 877

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 majority of the cash flow from the Group's operations is denominated in euros. Business outside the euro zone accounts for just over 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, 2013. According to the currency risk policy confirmed by Nordic Morning's Board of Directors, currency risks are monitored regularly and hedged when necessary.

The parent company's operating currency is the euro. The assets and liabilities of foreign subsidiaries, denominated in foreign currencies and translated into euros at the rate of the balance sheet date, are as follows. Exchange rate changes have been taken into account for the Swedish krona as the company operating in Ukraine is consolidated with the sub-group using SEK and the business operations of the companies operating in Denmark and Norway have been minor during the financial year (Note 2).

Nominal values

EUR 1,000	2013	2012
Non-current assets	18 707	18 804
Non-current liabilities	3 740	5 674
Exchange rate changes in non-current items	-820	1 229
Current assets	21 120	22 663
Current liabilities	24 910	23 202
Exchange rate changes in current items	39	343

Notes on consolidated financial statement (IFRS)

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	2013	2012
Percentage of change	10 %	10 %
Effect on Group's profit after tax	-96	346
Effect on the Group's shareholders' equity	-1 214	-1 516

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 16.3 million (EUR 18.4 million) in interest-bearing debt from financial institutions on December 31, 2013. 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, 2013, with all other factors remaining the same, is EUR -131,000 (-151,000) 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 Nordic Morning Group strives to minimize its liquidity risk and the repayment of its future financial liabilities by ensuring sufficient finance from income, by maintaining a sufficient investment reserve and sufficient credit limit reserves and by evening out loan repayment schedules between different calendar years. Despite the challenging market situation, the Group's liquidity remained positive during 2013. At the end of the year, cash and cash equivalents totaled EUR 10.1 million (EUR 6.7 million on December 31, 2012), in addition to which the Group had confirmed credit limits of EUR 5.0 million and a consolidated account credit limit of EUR 6.3 million available for withdrawal.

Loan covenants are reported to investors semi-annually. During the 2013 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 2013

	Balance sheet value*	Cash flow**	12 months or less	1-2 years	2-5 years	more than 5 years
Financial liabilities	13 890	14 145	5 344	6 078	2 476	246
Finance lease liabilities	2 432	2 611	837	798	977	0
Accounts payable and other liabilities	34 915	34 915	34 915			

Maturity breakdown of derivative liabilities

Interest rate derivatives, hedge accounting not applied	237	237	25	212		
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Breakdown of maturities of financial liabilities 2012

	Balance sheet value*	Cash flow**	12 months or less	1-2 years	2-5 years	more than 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	
---------------------------------------------------------	-----	-----	----	--	-----	--

*Amount corresponds to the amount on the balance sheet

**Also includes interest

Notes on consolidated financial statement (IFRS)

Credit risk

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

29. Fair value of financial assets and liabilities

EUR 1,000	Note	Carrying value 2013	Fair value 2013	Carrying value 2012	Fair value 2012
Financial assets					
Other financial assets	16	413	413	413	413
Sales receivables and other receivables	20	26 050	26 050	26 362	26 362
Other current financial assets	16	91	91	79	79
Cash and cash equivalents	21	10 134	10 134	6 686	6 686
Financial liabilities					
Financial loans	26	13 890	11 947	14 997	14 426
Finance lease liabilities	26	2 432	2 432	3 472	3 472
Accounts payable and other liabilities	27	34 915	34 915	33 489	33 489
Financial assets recognized at fair value through profit or loss:					
- Interest rate derivatives, hedge accounting not	27	237	237	388	388

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		
	31.12.2013	Level 1	Level 2
Assets measured at fair value			
Available-for-sale financial assets			
Share investments	504	91	413
Liabilities measured at fair value			
Financial assets recognized at fair value through profit or loss:			
Interest rate derivatives, hedge accounting not applied	237		237

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

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

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

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

EUR 1,000	Fair values at balance-sheet day		
	31.12.2013	Level 1	Level 2
Financial assets:			
Sales receivables and other receivables	26 050		26 050
Financial liabilities:			
Bank loans	11 947		11 947
Finance lease liabilities	2 432		2 432
Accounts payable and other liabilities	34 915		34 915
Total	49 294		49 294

Notes on consolidated financial statement (IFRS)

EUR 1,000	Fair values at balance-sheet day		
	31.12.2012	Level 1	Level 2
Financial assets:			
Sales receivables and other receivables	26 362		26 362
Financial liabilities:			
Bank loans	14 426		14 426
Finance lease liabilities	3 472		3 472
Accounts payable and other liabilities	33 489		33 489
Total	51 387		51 387

30. Adjustments to cash flow from operating activities

Non-cash transactions

EUR 1,000	2013	2012
Depreciation and impairment	4 618	9 598
Adjustments to sales gains	-34	-243
Change in non-controlling interest	325	0
Exchange rate differences	-2	133
Profit/loss from the measurement of recognizable assets and liabilities at fair value through profit or loss	0	-1
Share of profit in associates	-33	-237
Total	4 874	9 250

31. Other leases

Group as the tenant

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

EUR 1,000	2013	2012
Within one year	2 689	2 788
Between one and five years	3 994	7 762
Total	6 683	10 550

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 2013 income statement contains lease expenses for operating leases of EUR 4.0 million (EUR 4.0 million).

Notes on consolidated financial statement (IFRS)

32. Contingent liabilities

Collateral and other contingent liabilities

EUR 1,000	2013	2012
Liabilities to credit institutions, secured by mortgages and pledges		
Liabilities to credit institutions	2 718	3 668
Corporate mortgages	300	3 936
Property mortgages	2 018	2 018
Pledged machinery and equipment	1 653	3 256
Mortgages given as security, total	3 971	9 210
Other collateral given on behalf of shareholders		
Property mortgages	840	41
Pledged deposits	0	2
Other collateral given, total	840	43

Off-balance sheet financial liabilities

Real estate investments

The Group is obligated to review the VAT reductions made on real estate investments completed in the years 2008-2013, if the property's taxable use decreases during the review period. The last review year is 2022. The maximum amount of the liability is EUR 250,758.33.

Disputes and legal proceedings

The Group does not have any unresolved disputes or legal processes that could impact its financial standing.

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 votes, %
Parent company Nordic Morning 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 Oy, Helsinki, Finland	100 %		100 %
Real estate company Vantaan Hakamäenkuja, Vantaa, Finland	100 %		100 %
Edita Västra Aros AB*, Stockholm, Sweden	100 %		100 %
Edita Bobergs AB*, Falun, Sweden		50,2 %	67,2 %
Sandvikens Tryckeri och Bokbinderi AB**, Sandviken, Sweden		70 %	46,9 %
Nordic Morning 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 %
Citat Ukraine LLC, Kharkov, Ukraine		100 %	100 %
Arkpressen i Västerås AB, Västerås, Sweden		100 %	100 %
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

**Sandvikens Tryckeri och Bokbinderi AB is reported as a subsidiary of the Group, because the Group has control in the company through Board positions.

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	2013	2012
Sales of goods and services	120	120
Purchases of goods and services	253	291
Sales receivables, loan receivables and other receivables	7	17
Accounts payable	1 749	93

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 Group's annual report available online.

Salaries and fees

Employee benefits of management include performance bonuses of EUR 99 thousand for the Managing Director and performance bonuses of EUR 139 thousand for other members of the Management Team. These bonuses were earned in 2013 and they will be paid in 2014. The presentation of management's salaries and fees has been adjusted to correspond to the cost item presented in accounting, and the reference year's figures have been changed correspondingly.

In addition, a provision of EUR 162 thousand has been made for the management's long-term incentive scheme for the financial years 2013–2015, and the final long-term performance bonuses will be known once the results for financial year 2015 are reported.

EUR 1,000	2013	2012
Managing Director	358 *	255
Other members of the Group Management Team	1 039 *	866
Termination benefits	93	235
Post-employment benefits	0	11
Group Management Team, total	1 490	1 366

*Includes earned profit bonuses in year 2013

Members of the Board

Friman Kaj	Chairman of the Board	49	42
Lystimäki Jussi	Vice-Chairman of the Board	34	32
Broman Carina	Member of the Board	28	29
Iso-Aho Maritta	Member of the Board	30	24
Persson Eva	Member of the Board	28	33
Vihervuori Petri	Member of the Board	31	34
Ratia Lauri	former Member of the Board	14	58
Laitasalo Riitta	former Member of the Board	0	8
Nordic Morning Plc's Board, total		214	260
Total		1 704	1 627

The agreed retirement age of the Managing Director of the parent company is 62 years. The annual payment for the defined contribution plan supplementary pension of the Managing Director was EUR 63,594 (EUR 61,958) in 2013. The Managing Director and the members of the Board of Directors do not own any company shares, nor have they been granted any share options. The Managing Director and the members of the Board of Directors have not been granted any loans, and no collateral or contingent liabilities have been provided on their behalf.

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 Nordic Morning Plc and the shares are administered by the ownership steering department of the Prime Minister's Office.

Consolidated key indicators

		IFRS 2013	IFRS 2012	IFRS 2011
Net revenue	k€	121 292	113 192	105 844
Exports and foreign operations %		57,5 %	54,1 %	53,5%
Operating profit/loss	k€	4 025	-4 115	2 185
% of net revenue		3,3%	-3,6 %	2,1%
Operating profit before non-recurring items	k€	3 978	2 075	3 253
% of net revenue		3,3 %	1,8 %	3,1 %
Profit before taxes	k€	4 045	-4 716	1 479
% of net revenue		3,3%	-4,2 %	1,4%
Profit for the financial year	k€	3 922	-4 461	1 519
Return on equity (ROE), %	%	11,5	-13,3	4,3
Return on capital employed, %	%	8,4	-6,9	3,9
Equity-to-assets ratio (%)	%	42,2	36,8	42,7
Gearing (%)	%	17,0	46,0	48,5
Gross capital expenditure	k€	3 579	7 368	5 017
% of net revenue		3,0	6,5	4,7
Average number of employees		668	705	747
Earnings per share (EPS)	€	0,66	-0,75	0,25
Dividends per share	€	0,25	0,00	0,00
Equity per share	€	5,82	5,25	5,92
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), %	$\frac{\text{Profit for the financial year}}{\text{Shareholders' equity (average during the year)}}$
Return on capital employed, %	$\frac{\text{Profit before tax, interest, and other financial expenses}}{\text{Total assets — non-interest-bearing liabilities (average)}}$
Equity-to-assets ratio, %	$\frac{\text{Shareholders' equity}}{\text{Total assets — advances received}}$
Operating profit	Profit before tax and financial items
Operating profit before non-recurring item	Exceptional transactions outside the ordinary course of business, such as gains and losses on disposal of business operations and assets, impairment, costs of discontinuing significant business operations and restructuring provisions have been eliminated from the presented operating profit.
Undiluted EPS, EUR	$\frac{\text{Profit for financial year attributable to parent company shareholder}}{\text{Average number of shares (adjusted for share issue)}}$
Net gearing ratio, %	$\frac{\text{Interest-bearing liabilities — cash and cash equivalents}}{\text{Shareholders' equity}}$
Equity per share, EUR	$\frac{\text{Shareholders' equity attributable to parent company shareholders}}{\text{Undiluted number of shares on closing date}}$
Dividends per share, EUR	Dividend per share approved by Annual General Meeting. For the previous year, the proposal of the Board of Directors to the Annual General Meeting regarding the amount of dividends.

Moderbolagets resultaträkning (FAS) (EUR)

	Not	1.1–31.12.2013	1.1–31.12.2012
Omsättning	2	3 692 383,30	3 746 137,00
Övriga rörelseintäkter	3	1 457 592,36	1 206 580,91
Personalkostnader	4	-3 115 279,28	-2 542 521,91
Avskrivningar och nedskrivningar	5	-746 548,54	-832 865,59
Övriga rörelsekostnader	6	-2 413 636,17	-2 530 280,88
Rörelseresultat		-1 125 488,33	-952 950,47
Finansiella intäkter och kostnader	7	6 716 972,31	2 485 220,79
Vinst/förlust (-) före extraordinära poster		5 591 483,98	1 532 270,32
Extraordinära poster +/-	8	750 000,00	0,00
Vinst/förlust (-) före bokslutsdispositioner och skatter		6 341 483,98	1 532 270,32
Bokslutsdispositioner	9	242 504,44	274 480,44
Skatt	10	-401,43	-1 057,95
Räkenskapsårets vinst/förlust (-)		6 583 586,99	1 805 692,81

Parent company balance sheet (FAS) (EUR)

ASSETS	Note	31.12.2013	31.12.2012
NON-CURRENT ASSETS			
Intangible assets	11	59 882,04	98 310,19
Tangible assets	12	11 941 719,00	12 468 299,80
Investments in Group companies	13	67 073 526,42	80 083 064,87
Other investments	13	582 892,14	1 748 121,69
Total non-current assets		79 658 019,60	94 397 796,55
CURRENT ASSETS			
Current receivables	14	7 119 443,74	5 958 732,47
Financial securities	15	15 152,33	15 152,33
Cash and bank balances		8 737 444,88	2 729 206,03
Total current assets		15 872 040,95	8 703 090,83
Total assets		95 530 060,55	103 100 887,38
SHAREHOLDERS' EQUITY AND LIABILITIES			
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		13 949 907,85	12 144 215,04
Profit/Loss (-) for the financial year		6 583 586,99	1 805 692,81
Shareholders' equity, total		52 403 105,18	45 819 518,19
ACCUMULATED APPROPRIATIONS	17	1 332 142,12	1 574 646,56
LIABILITIES			
Non-current liabilities	18	5 700 000,00	19 000 000,00
Current liabilities	19	36 094 813,25	36 706 722,63
Total liabilities		41 794 813,25	55 706 722,63
Liabilities total		95 530 060,55	103 100 887,38

Parent company cash flow statement (FAS) (EUR)

	1.1. - 31.12.2013	1.1. - 31.12.2012
Cash flow from operating activities		
Profit/loss (-) before extraordinary items	5 591 483,98	1 532 270,32
Adjustments:		
Planned depreciation and impairment	746 548,54	832 865,59
Unrealized exchange rate gains/losses	11 839,14	25 246,64
Other adjustments	-1 887 634,05	8 575 700,16
Financial income and expenses (+)	-6 716 972,31	-2 485 220,79
Change in working capital:		
Increase (+) decrease (-) in non-interest-bearing current trade rece	543 325,39	-459 288,73
Increase (+) decrease (-) in non-interest-bearing current liabilities	429 995,50	16 205,38
Interest paid	-329 511,25	-715 137,34
Dividends received	6 002 817,10	3 881 707,07
Interest received	110 309,22	23 700,17
Taxes paid	-1 035,28	-403,60
Cash flow from operating activities	4 501 165,98	11 227 644,87
Investing activities		
Investments in shares of subsidiaries	-15 021,55	-5 534 951,59
Investments in intangible and intangible assets	-185 239,59	-214 245,38
Income from investment transfers	3 700,00	0,00
Loans granted	1 165 229,56	-1 165 229,55
Cash flow from investing activities	968 668,42	-6 914 426,52
Financing activities		
Change in current borrowings	-259 342,35	909 342,35
Repayments on non-current borrowings	-2 300 000,00	-4 300 000,00
Capital loans	0,00	-720 000,00
Refunds of capital	3 097 746,81	0,00
Cash flow from financing activities	538 404,46	-4 110 657,65
Change in cash and cash equivalents, increase (+)/decrease (-)	6 008 238,86	202 560,70
Cash and cash equivalents at January 1	2 729 206,03	2 526 645,33
Cash and cash equivalents at December 31	8 737 444,89	2 729 206,03

Notes to the Parent Company Financial Statements

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

Basic Information

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

Non-current assets

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

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

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

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

Financial Assets

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

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

Derivatives

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.

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

	31.12.2013	31.12.2012
2. Net revenue		
<i>By market area</i>		
Finland	3 692 383,30	3 746 137,00
EU	1 439,89	8 769,99
Total	3 692 383,30	3 746 137,00
3. Other operating income		
Profit from sales of non-current assets	3 700,00	0,00
Income from rent	148 298,90	42 230,18
Group-internal administrative services and Management Fee	1 300 727,40	1 163 825,35
Other	4 866,06	525,38
	1 457 592,36	1 206 580,91
4. Personnel		
<i>Personnel expenses</i>		
Salaries and fees	-2 557 623,22	-2 081 687,25
Pension expenses and pension insurance contributions	-311 851,90	-318 317,71
Other personnel expenses	-245 804,16	-142 516,95
	-3 115 279,28	-2 542 521,91
<i>Employees in the company during the financial year</i>		
Employees on salary	31	30
<i>Management salaries and fees</i>		
Managing Directors	-358 481,13	-255 074,40
Members of the Board	-213 900,00	-260 400,00
	-473 266,13	-585 754,00
5. Depreciation and impairment		
Depreciation on tangible and intangible assets	-746 548,54	-832 865,59
6. Other operating expenses		
Rents	-95 005,55	-101 506,39
Other business premises expenses	-433 198,57	-328 939,09
Logistics	-9 866,15	-12 174,39
IT and data communications	-566 597,26	-532 456,92
Marketing and representation expenses	-309 343,63	-344 707,71
Other operating expenses	-999 625,01	-1 210 496,38
Other operating expenses, total	-2 413 636,17	-2 530 280,88

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

	31.12.2013	31.12.2012
<i>Auditor's fees</i>		
Audit fees	-39 044,25	-39 263,49
Tax consultation	-3 468,00	-17 117,39
Other fees	-3 385,00	-176 665,60
	<u>-45 897,25</u>	<u>-233 046,48</u>

7. Financial income and expenses

<i>Dividend income</i>		
From Group companies	6 000 000,00	3 878 889,97
From others	2 817,10	2 817,10
	<u>6 002 817,10</u>	<u>3 881 707,07</u>

<i>Other interest income</i>		
From Group companies	44 961,32	32 018,16
From others	39 199,17	9 717,50
	<u>84 160,49</u>	<u>41 735,66</u>

<i>Other financial income</i>		
From Group companies	1 073 186,81	0,00

Recognized share in subsidiary's invested non-tied equity refund for financial year 2013.

Interest income and other financial income, total	7 160 164,40	3 923 442,73
<i>Exchange rate gains and losses</i>	11 839,14	-50 194,50
<i>Impairment and impairment refunds from non-current asset investments</i>	0,00	-806 399,42
<i>Interest expenses</i>		
To Group companies	-107 545,28	-258 453,17
To others	-347 485,95	-323 174,85
	<u>-455 031,23</u>	<u>-581 628,02</u>
Interest expenses and other financial expenses, total	-455 031,23	-581 628,02
Total financial income and expenses	6 716 972,31	2 485 220,79

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

	31.12.2013	31.12.2012
8. Extraordinary items		
<i>Extraordinary income</i>		
Contributions received from subsidiaries	750 000,00	0,00
<i>Extraordinary items, total</i>	750 000,00	0,00
9. Appropriations		
Difference between planned depreciation and depreciation made for taxation purposes	242 504,44	274 480,44
10. Notes on income taxes		
Income taxes on extraordinary items	-183 750,00	0,00
Income tax on normal operations	183 232,36	-633,85
Income tax on normal operations from previous year	116,21	-424,10
	-401,43	-1 057,95

Non-current assets

11. Intangible assets

<i>Intellectual property</i>		
Acquisition cost, January 1	881 367,72	875 867,72
+ Increases	33 555,97	5 500,00
Acquisition cost, December 31	914 923,69	881 367,72
Accumulated depreciation, January 1	801 363,20	719 748,26
+ Depreciation for the year	53 678,45	81 614,94
Accumulated depreciation, December 31	855 041,65	801 363,20
Carrying amount, December 31	59 882,04	80 004,52
<i>Intangible assets, total</i>		
Acquisition cost, January 1	881 367,72	875 867,72
+ Increases	33 555,97	5 500,00
Acquisition cost, December 31	914 923,69	881 367,72
Accumulated depreciation, January 1	801 363,20	719 748,26
+ Depreciation for the year	53 678,45	81 614,94
Accumulated depreciation, December 31	855 041,65	801 363,20
Carrying amount, December 31	59 882,04	80 004,52

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

	31.12.2013	31.12.2012
12. Tangible assets		
<i>Land areas</i>		
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
<i>Buildings and structures</i>		
Acquisition cost, January 1	14 923 564,47	14 902 067,47
+ Increases	228 119,32	21 497,00
Acquisition cost, December 31	15 151 683,79	14 923 564,47
Accumulated depreciation, January 1	9 231 223,94	8 668 389,61
+ Depreciation for the year	544 060,38	562 834,33
Accumulated depreciation, December 31	9 775 284,32	9 231 223,94
Carrying amount, December 31	5 376 399,47	5 692 340,53
<i>Machinery and equipment</i>		
Acquisition cost, January 1	2 502 619,18	2 451 420,92
+ Increases	105 884,39	51 198,26
Acquisition cost, December 31	2 608 503,57	2 502 619,18
Accumulated depreciation, January 1	1 780 951,76	1 592 535,44
+ Depreciation for the year	148 809,71	188 416,32
Accumulated depreciation, December 31	1 929 761,47	1 780 951,76
Carrying amount, December 31	678 742,10	721 667,42
<i>Tangible assets, total</i>		
Acquisition cost, January 1	23 312 761,08	23 240 065,82
+ Increases	334 003,71	72 695,26
Acquisition cost, December 31	23 646 764,79	23 312 761,08
Accumulated depreciation, January 1	11 012 175,70	10 260 925,05
+ Depreciation for the year	692 870,09	751 250,65
Accumulated depreciation, December 31	11 705 045,79	11 012 175,70
Carrying amount, December 31	11 941 719,00	12 300 585,38
Advance payments	0,00	167 714,42
	11 941 719,00	12 468 299,80
Of the carrying amount, December 31		
Share of machinery and equipment in production	678 742,10	721 667,42

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

	31.12.2013	31.12.2012
13. Investments		
Share in Group companies, January 1	80 083 064,87	73 393 693,02
+ Increases	15 021,55	6 910 071,27
- Decreases	0,00	-114 300,00
- Impairment	-13 024 560,00	-106 399,42
Total, December 31	67 073 526,42	80 083 064,87
Other shares and holdings, January 1	412 892,14	412 892,14
Total, December 31	412 892,14	412 892,14
Loan receivables from Group companies, January 1	1 335 229,55	150 000,00
+ Increases	0,00	1 185 229,55
- Decreases	-1 165 229,55	0,00
Total, December 31	170 000,00	1 335 229,55

Parent company's holdings in subsidiaries December 31, 2013

Company and domicile	Holding %	Votes %
Edita Prima Oy, Helsinki	100 %	100 %
Edita Publishing Oy, Helsinki	100 %	100 %
National Centre of Professional Development in Education Educode Oy, Helsinki	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 %
Nordic Morning AB, Stockholm, Sweden	100 %	100 %

14. Receivables

Receivables from Group companies

Sales receivables	19 890,67	498 153,85
Loan receivables	6 260 785,99	5 280 600,60
Contributions from subsidiaries	750 000,00	0,00
Prepaid expenses and accrued income	25 823,45	26 148,73
	7 056 500,11	5 804 903,18
<i>Other receivables</i>	7,38	110 320,38
<i>Prepaid expenses and accrued income</i>		
Social security expense accruals	4 049,17	0,00
Rents	5 043,40	0,00
IT expenses accruals	39 947,49	34 064,25
Other	11 416,19	9 444,66
	60 456,25	43 508,91
Receivables, total	7 119 443,74	5 958 732,47

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

	31.12.2013	31.12.2012
15. Financial securities		
Replacement value	41 736,42	36 355,91
Carrying amount	15 152,33	15 152,33
Difference	26 584,09	21 203,58

16. Shareholders' equity

Share capital, January 1	6 000 000,00	6 000 000,00
Share capital, December 31	6 000 000,00	6 000 000,00
Legal reserve, January 1	25 869 610,34	25 869 610,34
Legal reserve, December 31	25 869 610,34	25 869 610,34
Profit/Loss from previous years brought forward, January 1	13 949 907,85	12 144 215,04
Profit/Loss from previous years brought forward, December 31	13 949 907,85	12 144 215,04
Profit/loss (-) for the financial year	6 583 586,99	1 805 692,81
Total shareholders' equity	52 403 105,18	45 819 518,19
<i>Funds at the disposal of the Annual General Meeting, December 31</i>		
Profit/Loss from previous years brought forward	13 949 907,85	12 144 215,04
Profit/loss (-) for the financial year	6 583 586,99	1 805 692,81
	20 533 494,84	13 949 907,85

The parent company had distributable funds of EUR 20,533,494,84 on December 31, 2013.

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

17. Accumulated appropriations

Accumulated excess depreciation	1 332 142,12	1 574 646,56
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18. Non-current liabilities

Liabilities to credit institutions	5 700 000,00	9 000 000,00
Liabilities to Group companies	0,00	10 000 000,00
	5 700 000,00	19 000 000,00

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

	31.12.2013	31.12.2012
19. Current liabilities		
Liabilities to credit institutions	4 950 000,00	4 209 342,35
Accounts payable	146 764,41	232 434,47
	<u>5 096 764,41</u>	<u>4 441 776,82</u>
<i>Liabilities to Group companies</i>		
Loans	28 222 534,55	30 129 983,21
Accounts payable	63 939,35	63 042,20
Accrued liabilities and deferred income	0,00	25 626,68
	<u>28 286 473,90</u>	<u>30 218 652,09</u>
<i>Other current liabilities</i>	1 566 467,18	1 509 063,80
<i>Accrued liabilities and deferred income</i>		
Wages and salaries with related expenses	328 272,82	311 944,57
Social insurance contribution expense provision	1 604,57	10 971,12
Taxes	0,00	633,85
Interests	126 184,77	284,75
Long-term bonuses of management	213 600,00	0,00
Other	475 445,60	213 395,63
	<u>1 145 107,76</u>	<u>537 229,92</u>
Current liabilities, total	36 094 813,25	36 706 722,63
<i>Interest-bearing liabilities</i>		
Non-current	5 700 000,00	19 000 000,00
Current	33 172 534,55	34 339 325,56
	<u>38 872 534,55</u>	<u>53 339 325,56</u>
<i>Non-interest-bearing liabilities</i>		
Current	2 922 278,70	2 367 397,07

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

	31.12.2013	31.12.2012
20. Contingent liabilities		
<i>Other collateral given on behalf of shareholders</i>		
Property mortgages	840 000,00	0,00
<i>Amounts payable under leasing agreements</i>		
Due for payment in the next financial year	60 877,44	76 554,22
Due for payment later	44 410,34	115 070,96
	105 287,78	191 625,18
<i>Guarantees given on behalf of</i>		
Group companies	0,00	2 757 776,51
<u>Off-balance sheet financial liabilities</u>		
Real estate investments		
<i>The company is obligated to review the VAT reductions made on real estate investments completed in the years 2008-2013, if the property's taxable use decreases during the review period. The last review year is 2022. The maximum amount of liability is EUR 248,538.78</i>		
21. Derivative agreements		
<i>Interest rate derivatives</i>		
Fair value *)	-236 594,35	-387 652,57
Underlying security	-78 829,94	-63 925,94

*) 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 11, 2014

Kaj Friman
Chairman of the Board

Jussi Lystimäki
Vice Chairman of the Board

Maritta Iso-Aho

Petri Vihervuori

Eva Persson

Carina Brorman

Timo Lepistö
CEO

Auditor's statement

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

Helsinki, February 11, 2014

KPMG Oy
APA member

Minna Riihimäki
Authorized Public Accountant

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AUDITOR'S REPORT

To the Annual General Meeting of Nordic Morning Plc (former Edita Plc)

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Nordic Morning Plc for the year ended 31 December 2013. 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, 11 February 2014

KPMG OY AB

Minna Riihimäki
Authorized Public Accountant