

Nordic Morning Plc

Financial Statements Jan. 1 – Dec. 31,
2014

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Board of Directors' report for the financial year January 1–December 31, 2014

Market Review

The demand for communication services remained at the previous year's level in both of Nordic Morning's home markets, Finland and Sweden. Sweden's faster recovery from the general economic slowdown is also reflected in the growth of media investments. Media advertising grew in Sweden by approximately two percent*, while in Finland, media advertising declined by 2.6 percent from the previous year**. In both countries, growth was fastest in online advertising, particularly in mobile channels.

The Nordic Morning Group and Changes in Group Structure

The Nordic Morning Group was divided into four business areas in 2014: Marketing Services, Editorial Communication, Publishing, and Print & Distribution.

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

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

In July, the Group sold its subsidiary Sandviken Tryckeri och Bokbinderi AB. The company was reported in the Print & Distribution business area.

Nordic Morning revised its service strategy in 2014 and reorganized its operations accordingly into three business areas: Visibility & Service Design, Content, and Campaigns & Dialogue. The new Group structure took effect on January 1, 2015.

Consolidated Net Revenue

In 2014, consolidated net revenue was EUR 106.6 million (EUR 121.3 million). Net revenue in Finland was EUR 43.6 million (EUR 51.5 million). Net revenue in other EU countries was EUR 61.6 million (EUR 66.9 million) and exports outside the EU totaled EUR 1.5 million (EUR 2.8 million). Of the Group's net revenue, 42 percent (44) came from Finland and 58 percent (56) from Sweden and other Nordic countries. The decrease in net revenue was mainly due to the reduction of third-party invoicing in the Klikki Group and the depreciation of the Swedish krona.

Revenue (EUR 1,000)	2014	2013	Change 2014-2013
Marketing Services	37 062	44 737	-17,2 %
Editorial Communication	11 439	10 931	4,6 %
Print & Distribution	46 536	52 993	-12,2 %
Publishing	13 200	14 432	-8,5 %
Group-internal revenue and other operations	-1 652	-1 801	8,3 %
Group	106 584	121 292	-12,1 %

The **Marketing Services** business area's net revenue was EUR 37.1 million (EUR 44.7 million). The decrease in net revenue was due to the reduction of third-party invoicing, mainly in the Klikki Group, and the depreciation of the Swedish krona. Citat AB's net revenue remained nearly at the previous year's level, but Citat Oy's net revenue decreased due to cost reduction measures taken by customers.

* IRM (Institutet för Reklam- och Mediestatistik, Institute for Advertising and Media Statistics), Reviderad reklam- och medieprognos 2014-2015 ("Revised Advertising and Media Forecast"), November 20, 2014.

**TNS Gallup Oy, Ad Intelligence, Mainosvuosi 2014 ("Year in Advertising 2014"), January 29, 2015.

The **Editorial Communication** business area's net revenue was EUR 11.4 million (EUR 10.9 million). Factors increasing net revenue included the successful acquisition of new customers and focusing on services that support the customers' business strategy.

The **Print & Distribution** business area's net revenue was EUR 46.5 million (EUR 53.0 million). Net revenue in Finland decreased by 16 percent from the previous year, mainly due to a decline in the demand for general printed products. The production of addressed direct marketing remained at the previous year's level, while the production of marketing communications based on changing data increased. Net revenue from Swedish operations declined by approximately five percent, particularly due to the depreciation of the Swedish krona. The acquisition of Edita Bobergs AB, completed in 2013, increased net revenue in Sweden. In Finland, the acquisition of Seed Digital Media Ltd improved net revenue from targeted direct marketing and the Group's services in the area of multichannel loyalty marketing.

The **Publishing** business area's net revenue was EUR 13.2 million (EUR 14.4 million). Net revenue declined the most in the National Centre for Professional Development in Education Educode Oy which, in line with strategy, discontinued allowance projects and was not able to grow new business operations to replace them as planned. Edita Publishing Ltd's new learning materials were successful, but the net revenue of subscription services and communication services declined.

Consolidated Operating Profit

The Group's operating profit was EUR 3.4 million (EUR 4.0 million), which is EUR 0.6 million lower than in the previous year. The operating profit included significantly more non-recurring items than in the previous year at EUR 2.4 million (EUR 0.0 million). The costs of one-time measures totaled EUR 5.5 million (EUR 1.8 million), of which salaries paid for the period of notice account for EUR 1.4 million (EUR 1.7 million), impairment for EUR 3.3 million (EUR 0 million) and losses on the disposal of fixed assets for EUR 0.8 million (EUR 0.1 million). Non-recurring income totaled EUR 7.9 million (EUR 1.8 million), of which value added tax refunds in Sweden accounted for EUR 1.9 million (EUR 1.5 million) and gains on the disposal of properties accounted for EUR 5.2 million (EUR 0.1 million).

Operating profit/loss (EUR 1,000)	2014	2013
Marketing Services	-2 646	1 086
Editorial Communication	666	701
Print & Distribution	2 501	2 317
Publishing	2 490	2 611
Other operations	359	-2 690
Group	3 370	4 025
Operating Profit %	3,2 %	3,3 %

The Group's operating profit excluding non-recurring items was EUR 1.0 million (EUR 4.0 million). The operating profit was weighed down primarily by the costs of the consolidation of the Group's Swedish printing companies, Edita Västra Aros AB and Edita Bobergs AB, which were higher than expected. The focus of the new company's operations is on direct marketing, and it achieved the intended level of operational readiness in the fourth quarter instead of the second quarter as planned. The Group's operating profit was also weakened by Citat AB's profitability problems.

The **Marketing Services** business area's operating loss was EUR -2.6 million (profit: EUR 1.1 million). The operating result was weakened by depreciation of goodwill amounting to EUR 3.3 million (EUR 0.0 million). Klikki Group improved its result significantly in both Finland and Sweden. Citat companies recorded a loss in both countries. Citat AB's result was affected by costs arising from the rationalization of business operations. Citat Oy's weak result was due to lower net revenue.

The **Editorial Communication** business area's operating profit was EUR 0.7 million (EUR 0.7 million). The operating profit included non-recurring items amounting to EUR -0.1 million (EUR 0.0 million). Although relative profitability decreased slightly, profit remained at a good level thanks to higher net revenue and cost savings achieved by the business area.

The **Print & Distribution** business area's operating profit was EUR 2.5 million (EUR 2.3 million). The operating profit includes EUR 3.9 million (EUR 0.2 million) in non-recurring items related to value-added tax refunds and property sales. The operating profit excluding non-recurring items showed a loss. The Finnish operations recorded an operating profit, but the result was substantially weaker than in the previous year. In Sweden, the operating result showed a heavy loss due to rationalization costs arising from to the combination of two production plants and the reduction of sheet-fed offset printing capacity, as well as difficulties related to starting up the new production plant.

The **Publishing** business area's operating profit was EUR 2.5 million (EUR 2.6 million). The operating profit included non-recurring items amounting to EUR -0.2 million (EUR -0.1 million). Edita Publishing Ltd's result was better than in the previous year due to growth in learning materials as well as cost savings. The result of the National Centre for Professional Development in Education Educode Oy showed a loss due to the rationalization of operations and difficulties in new customer acquisition.

Other Operations include group administration, the operating profit of which was EUR 0.4 million (EUR -2.7 million). The result largely consists of group administration costs. It includes EUR 2.4 million (EUR 0.0 million) in non-recurring items, the most significant of which was a net gain of EUR 2.4 million on the disposal of land owned by the parent company.

The Group's Parent Company

In 2014, the net revenue of the Group's parent company, Nordic Morning Plc, was EUR 3.5 million (EUR 3.7 million), and profit for the financial year was EUR 6.6 million (EUR 6.6 million). The parent company's balance sheet totaled EUR 92.5 million (EUR 95.5 million) at the end of the period.

Financial Position

The net cash flow from the Group's operating activities was EUR 7.3 million (EUR 7.6 million). Investments totaled EUR 3.7 million (EUR 1.0 million). Loan installments and repayments of leasing liabilities amounted to EUR 8.6 million (EUR 4.3 million). The Group's cash and cash equivalents at the end of the year totaled EUR 9.3 million (EUR 10.1 million).

The Group's equity ratio was 51.4 percent (42.7 percent). Equity ratio improved significantly due to the Group's good result, the streamlining of the balance sheet and the repayment of loans.

	2014	2013
Return on equity (ROE), %	9,6 %	11,5 %
Equity-to-assets ratio, %	51,4 %	42,2 %

Capital Expenditure

The Group's gross capital expenditure, as per international financial statements standards, was EUR 4.0 million (EUR 3.6 million). The largest investment was a parking area related to the parent company's land transactions. The most strategically significant investment was the acquisition of Seed Digital Media Ltd in October. The parent company's gross capital expenditure, as per Finnish accounting legislation, was EUR 2.3 million (EUR 0.2 million).

Personnel

During the financial year, the Group employed an average of 660 (668) persons (full-time equivalents). The parent company employed an average of 30 (31) persons.

The average number of employees fell by 11 persons in the Publishing business area and by two persons in the Editorial Communication business area. In the Marketing Services business area, the number of employees grew by seven persons. The average number of employees in the Print & Distribution business area was unchanged from the previous year.

Of the Group's employees, 43 percent (48%) work in Finland and 57 percent (52%) in other countries, mainly in Sweden.

Average number of employees in full-time equivalents	2014	2013	Change 2014-2013
Marketing Services	221	214	3,2 %
Editorial Communication	73	75	-2,7 %
Print & Distribution	253	253	-0,1 %
Publishing	76	87	-12,8 %
Other operations	38	39	-3,1 %
Group	660	668	-1,1 %
Per country			
Finland	286	319	
Sweden	354	332	
Other countries	21	17	
Group	660	668	
Employee benefits expense (EUR 1,000)	45 671	48 393	

In 2014, there was a strong focus on leadership development, which is a key priority of the Group's HR strategy. A development program based on the Group's leadership model was launched in the subsidiaries' management teams in the spring and expanded to cover all managers.

Nordic Bond 001, the eighteen-month training program for young talents with managerial potential, was concluded in the spring. Nordic Bond 002, the second iteration of the eighteen-month program, began in November. The focus of the program is on improving the skills needed at the customer interface.

The definition of roles and competencies was completed. In the spring, the strategic skills and roles in Group companies were identified as part of the development of strategy. The implementation of consistent Key Behaviors began late in the year. The Key Behaviors encourage employees to work in a way that promotes a good working community as well as the success of the individual and the company.

Risks and Risk Management

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

The economic development and cost-saving pressures in the public sector have an impact on the demand for communication services and investments in marketing communications. At the same time, technical development and changes in media consumption influence the communication needs of companies and organizations. The Group strives to predict its operational development needs ahead of time by cooperating closely with its customers.

The Group's balance sheet includes EUR 18.1 million in goodwill, which has been allocated to the Marketing Services and Editorial Communication business areas. If the structural change of the communication market is faster and larger than expected, the Group might have to consider write-downs of goodwill.

The Group's 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 year.

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.

Corporate Responsibility

Nordic Morning releases annual Corporate Responsibility Reports as part of its Annual Reports available at <http://reporting.nordicmorning.com>.

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

Social responsibility means acting in accordance with the Group's values and ethical guidelines in work and in relation to all stakeholders. Service providers are also required to act according to the Group's values and ethical principles. Key aspects of corporate responsibility from the social responsibility perspective include good leadership, being a good employer, and attracting and securing the commitment of the best employees. We support the operations of Nuorten Akatemia (Finnish Youth Academy), which works to prevent social exclusion among young people. In 2014, we supported six communication related projects carried out by young people. We also supported the John Nurminen Foundation's Clean Baltic Sea initiative.

The Group's environmental strategy is based on environmental awareness, environmentally responsible operations, services and products. In 2014, WWF awarded Green Office certificates to Klikkicom Oy and Klikki AB. Edita Prima Oy and Edita Bobergs AB updated their right to use the Swan ecolabel, pursuant to the new criteria.

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 (ekojuлкaisu.fi and miljoanpassdtrycksak.se). They provide guidance on how environmental considerations can be made at various planning and production stages of a printed publication. The Group's latest Corporate Responsibility Report discusses the possibilities of defining and measuring the digital footprint, as it is becoming increasingly significant in terms of environmental impact.

Board of Directors, CEO and Auditors

Nordic Morning Plc's Annual General Meeting on April 4, 2014, decided that Kaj Friman (Chairman), Jussi Lystimäki (Vice Chairman), Carina Brorman, Maritta Iso-Aho, Eva Björklund 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 2015

In Sweden, media advertising is estimated to grow by approximately two percent*, which predicts positive development in the demand for communication services. In Finland, the rate of decline in media advertising slowed down in 2014, but the decline** is likely to continue. Growth in advertising is increasingly focused on digital media and mobile advertising*. In addition to digital marketing, companies and organizations are expected to invest in strategic communication services and social media services. To better respond to the communication needs of customers, Nordic Morning revised its service strategy in 2014 and reorganized its operations accordingly into three business areas: Visibility & Service Design, Content, and Campaigns & Dialogue. In line with its strategy, Nordic Morning will continue to reinforce its position as a provider of diverse communication services in the Nordic countries and focus on the development of digital communication services in all Group companies.

Board's Proposal on the Disposal of Distributable Funds

Nordic Morning Plc's equity was EUR 57,545,672.92 at the end of the financial year. The company's distributable funds are EUR 25,676,062.58, of which the financial year's profit is EUR 6,642,567.74.

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

- distribute a dividend of EUR 0.33/share, totaling	EUR 2,000,000.00
- transfer to the profit and loss account of previous financial periods	<u>EUR 23,676,062.58</u>
	EUR 25,676,062.58

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.

* IRM (Institutet för Reklam- och Mediestatistik, Institute for Advertising and Media Statistics), Reviderad reklam- och medieprognos 2014-2015 ("Revised Advertising and Media Forecast"), November 20, 2014.

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

	Note	1.1. -31.12.2014	1.1. -31.12.2013
Net revenue	2,3	106 584	121 292
Other operating income	5	7 997	2 251
Change in inventories of finished and unfinished goods		-549	-571
Work performed for company use		116	158
Materials and services	6	-36 611	-44 761
Employee benefits expense	7	-45 671	-48 393
Depreciation	8	-4 718	-4 618
Impairment	8	-3 293	0
Other operating expenses	9	-20 532	-21 366
Share of profit in associates	18	47	33
Operating profit		3 370	4 025
Financial income	11	239	394
Financial expenses	12	-190	-375
Profit before taxes		3 419	4 045
Income taxes	14	102	-123
Profit for the financial year		3 520	3 922
Distribution			
Parent company's shareholders		4 093	3 948
Non-controlling interest		-573	-26
Earnings per share calculated on the profit attributable to shareholders of the parent company:			
earnings per share, EUR		0,68	0,66

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

	Note	1.1. -31.12.2014	1.1. -31.12.2013
Profit for the financial year		3 520	3 922
Other comprehensive income			
Items that may be recognized through profit and loss later			
Available-for-sale financial assets	13	16	12
Translation differences	13	-834	-428
Taxes relating to OCI items	14	-3	0
Post-tax OCI items for the financial year		-822	-416
Accumulated comprehensive income for the financial year		2 699	3 506
Distribution of comprehensive income			
Parent company's shareholders		3 339	3 535
Non-controlling interest		-640	-29

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

ASSETS	Note	31.12.2014	31.12.2013
NON-CURRENT ASSETS			
Tangible fixed assets	15	20 320	23 134
Goodwill	16	18 051	21 427
Other intangible assets	16	1 772	1 632
Interests in associated companies	18	1 862	2 513
Other financial assets	19	413	413
Deferred tax assets	20	132	142
		42 550	49 263
CURRENT ASSETS			
Inventories	21	2 741	3 764
Sales receivables and other receivables	22, 23	20 337	26 050
Tax receivables based on taxable income for the financial year		98	29
Other current financial assets	19	107	91
Cash and cash equivalents	24	9 277	10 134
		32 560	40 069
Total assets		75 110	89 331
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital		6 000	6 000
Share premium fund		25 870	25 870
Translation differences		-679	88
Fair value fund		70	58
Retained earnings		5 476	2 883
Shareholders' equity attributable to parent company shareh	25	36 737	34 899
Non-controlling interest		356	1 489
Total shareholders' equity		37 093	36 387
LIABILITIES			
Non-current liabilities			
Financial liabilities	29	3 530	10 334
Non-current provisions	28	328	309
Deferred tax liabilities	20	695	788
		4 553	11 432
Current liabilities			
Current financial liabilities	29	6 680	5 988
Accounts payable and other current liabilities	22, 30	26 499	35 152
Tax liabilities based on taxable income for the financial year		286	372
		33 464	41 512
Total liabilities		38 017	52 944
Total shareholders' equity and liabilities		75 110	89 331

Consolidated statement of cash flows (EUR 1,000)

	Note	1.1. - 31.12.2014	1.1. - 31.12.2013
Cash flow from operating activities			
Profit for the financial year		3 520	3 922
Adjustments		3 426	4 970
Non-cash transactions	33	3 583	4 874
Interest expenses and other financial expenses		190	375
Interest income		-239	-394
Dividend income		-7	-7
Taxes		-102	123
Changes in working capital		609	-1 164
Change in sales receivables and other receivables		5 846	311
Change in inventories		1 022	449
Change in accounts payable and other liabilities		-6 278	-1 585
Change in provisions		19	-339
Interest paid		-370	-396
Interest received		240	395
Taxes paid (-) received (+)		-172	-105
Net cash flow from operating activities (A)		7 253	7 622
Cash flow from investing activities			
Sale of business operations (net of cash)		77	0
Sale of tangible fixed assets		5 679	875
Acquisition of subsidiaries and businesses (net of cash and equivalents acquired)	4	-989	-2
Investments in tangible fixed assets		-2 299	-878
Investments in intangible assets		-402	-99
Dividends received		256	277
Net cash flow from investing activities (B)		2 321	172
Cash flow from financing activities			
Borrowing		0	20
Repayment of loans		-7 749	-2 861
Finance lease liabilities		-899	-1 427
Dividends paid		-1 500	0
Net cash flow from financing activities (C)		-10 148	-4 268
Change in cash and cash equivalents (A+ B + C)			
Cash and cash equivalents at start of the period		10 134	6 686
Effect of changes in exchange rates		-283	-79
Cash and cash equivalents at end of the period	24	9 277	10 134

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

	Shareholders' equity attributable to parent company shareholder:					Non-controlling interest	Total shareholders' equity	
	Share capital	Share premium fund	Translation differences	Fair value fund	Retained earnings	Total		
Shareholders' equity, January 1, 2013	6 000	25 870	514	45	-935	31 494	116	31 610
Comprehensive income								
Tilikauden tulos					3 948	3 948	-26	3 922
Other comprehensive income (adjusted with tax effect)								
Available-for-sale financial assets				12		12		12
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	89	58	2 883	34 899	1 489	36 387
Shareholders' equity, January 1, 2014	6 000	25 870	89	58	2 883	34 899	1 489	36 387
Comprehensive income								
Tilikauden tulos					4 093	4 093	-573	3 520
Other comprehensive income (adjusted with tax effect)								
Available-for-sale financial assets				13		13		13
Translation differences			-767			-767	-67	-834
Accumulated comprehensive income for the financial year			-767	13	4 093	3 339	-640	2 699
Transaction with owners								
Dividend distribution					-1 500	-1 500		-1 500
Changes in subsidiary holdings								
Changes in non-controlling interests that resulted in changes in control							-493	-493
Shareholders' equity, December 31, 2014	6 000	25 870	-679	70	5 476	36 737	356	37 093

Notes to the Consolidated Financial Statements

1. Accounting Policies Applied to the Consolidated Financial Statements

Basic Information

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

These financial statements were approved for publication by the Board of Directors of Nordic Morning Plc at its meeting held on February 11, 2015. 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, 2014, were applied. The IFRS refer to the standards and associated interpretations given in the Finnish Accounting Act and in regulations issued under it that are approved by the EU for application in accordance with the procedure laid down in Regulation (EC) No 1606/2002. The Notes to the Consolidated Financial Statements also meet the provisions of Finnish accounting and company law that supplement the IFRS.

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

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

New and Revised Standards and Interpretations Applied

The Group has applied the following new and revised standards and interpretations as of January 1, 2014:

- 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 has not had a significant effect on the consolidated financial statements.
- 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 has not had a significant effect on the consolidated financial statements.

- 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 expanded the notes that the Group presents about its shareholdings in other entities.
- 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 to the standards have not had an effect on the consolidated financial statements.
- 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.
- 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 has not had a significant effect on the consolidated financial statements.
- IAS 36 *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 had no significant effect on the consolidated financial statements.
- 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. The amendment to the standard has had no significant effect on the consolidated financial statements.
- IFRIC 21 *Levies* (effective in the EU for financial periods beginning on or after June 17, 2014). The interpretation covers the accounting for outflows imposed on entities by governments. The interpretation has had no effect on the consolidated financial statements.

Subsidiaries

Subsidiaries are companies in which the Group exercises control. The criteria for control are fulfilled when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

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

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

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

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

Associates

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

Associates are consolidated by using the equity method.

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

An investment in an associate includes the goodwill resulting from the acquisition. A share of associates' profits for the financial year that corresponds with the Group's holding is presented as a separate item under operating profit. The Group's share in associates' changes recognized in other items of comprehensive income are recognized accordingly in the Group's other items of comprehensive income. The Group's associates have not had any such items during the 2013–2014 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. In practice, the applicable exchange rate is often a near estimate of the rate valid 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. The exchange differences arising from these loans are recognized in other comprehensive income and the accumulated translation differences are presented as a separate item in equity until the foreign unit is relinquished completely or partially.

Translation of Foreign Group Companies' Financial Statements

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

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

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

Tangible Fixed Assets

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

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

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

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

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

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

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

Intangible Assets

Goodwill

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

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

Research and Development Expenditure

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

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

Other Intangible Assets

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

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

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

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

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

Inventories

Materials, accessories and unfinished and finished goods are recognized under inventories. Inventories are measured at the lower of cost or net realizable value. Acquisition cost is calculated using the first in, first out (FIFO) method. All purchasing costs, including direct transportation, handling and other costs, are included in the acquisition cost of products that have been purchased as finished products. The acquisition cost of finished and unfinished products manufactured by the company is made up of raw materials, direct costs resulting from work carried out, other direct costs and a systematically applied share of the variable and fixed general costs of manufacturing at a normal level of activity.

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

Leases

Group as the tenant

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

The assets acquired through finance leases are depreciated during the useful life of the assets or during the lease term, whichever is shorter. 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 tenant

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

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

Arrangements that may contain a lease

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

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

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

Impairment of Tangible and Intangible Assets

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

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

In addition to annual testing, goodwill is tested for impairment whenever there is any indication of potential impairment. The requirement to recognize impairment is considered at the cash-generating unit (CGU) level, i.e. at the lowest unit level which is mainly independent of other units and whose cash flows can be extracted from and are mainly independent of cash flows of other equivalent units. A cash-generating unit (CGU) is the lowest level in the Group where goodwill is monitored for internal management. 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 Group has no defined benefit pension plans in effect.

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. The Group deducts deferred tax assets and liabilities from each other only in the case that the Group has a legally enforceable right to set off the recorded items and the Group intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Deferred taxes are calculated from temporary differences between the carrying amount and the taxable amount. 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, fair value assessments made in conjunction with acquisitions, and the measurement of derivative contracts at fair value.

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

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

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

Recognition Policies

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

Sale of Goods

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

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

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

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

License and Royalty Receivables

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

Income from Rent

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

Interest and Dividends

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

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

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

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

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

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

In the financial years 2014 and 2013, the Group had no business operations to be treated as a non-current asset classified as held for sale or discontinued operation.

Financial Assets and Liabilities

Financial assets

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

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

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

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

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

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

Cash and Cash Equivalents

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

Impairment of Financial Assets

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

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

Financial Liabilities and Borrowing Costs

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

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

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

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

Derivative Contracts and Hedge Accounting

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

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

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

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

In spite of the fact that certain hedging relationships fulfill the requirements for effective hedging set by the Group's risk management, hedge accounting is not applied to them. Changes in their fair value are recognized in financial income or expenses in accordance with the method of recognition followed in the Group. Fair values of hedging instruments are presented in Note 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 on the basis of estimates of the cash flows associated with the assets, because no market information from transactions involving corresponding assets was available. More information about the measurement of intangible assets acquired in conjunction with business mergers is provided in Note 4 "Acquired business operations".

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

New and Revised Standards and Interpretations to be Applied Later

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

- IAS 19 *Employee Benefits* amendment *Defined Benefit Plans: Employee Contributions* (effective for financial periods beginning on or after July 1, 2014). The amendments clarify the accounting treatment under IAS 19 in respect of defined benefit plans that involve contributions from employees or third parties towards the cost of benefits. The amendment to the standard has had no effect on the consolidated financial statements.
- *Annual Improvements to IFRSs 2010-2012 and 2011-2013* (mainly effective for financial periods beginning on or after July 1, 2014) and 2012-2014 (effective for financial periods beginning on or after January 1, 2016). Through the Annual Improvements procedure, small and less urgent amendments to the standards are collected and implemented together once a year. Their impacts vary standard by standard but are not significant.
- IAS 27 *Separate Financial Statements* amendment *Equity Method in Separate Financial Statements* (effective for financial periods beginning on or after January 1, 2016). The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements, which has been a local requirement in certain countries. This allows more entities than before to prepare their separate financial statements under IFRS. The amendment to the standard has no effect on the consolidated financial statements.
- IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture* amendment *Bearer Plants* (effective for financial periods beginning on or after January 1, 2016). These amendments allow biological assets that meet the definition of a bearer plant to be alternatively recognized at acquisition cost, when previously the standard required that they be recognized at fair value. However, the products obtained from bearer plants must still be recognized at fair value less the costs arising from their sale, pursuant to IAS 41. The amendment to the standard has had no effect on the consolidated financial statements.
- IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* amendment, *Clarification of Acceptable Methods of Depreciation and Amortisation* (effective for financial periods beginning on or after January 1, 2016). The amendment specifies that the revenue-based method cannot be used to amortize intangible assets. As an exception, amortization of intangible assets can only be based on revenue if there is a very high degree of correlation between the revenue and the decrease in the economic value of the intangible asset. Nor can the revenue-based method be used to amortize property, plant and equipment. The amendment to the standard has had no effect on the consolidated financial statements.

- IFRS 11 *Joint Arrangements* amendment *Accounting for Acquisitions of Interests in Joint Operations* (effective for financial periods beginning on or after January 1, 2016). The amendment requires the use of business combination accounting for the acquisition of an interest in a joint operation that constitutes a business. The amendment to the standard has no effect on the consolidated financial statements.
- IFRS 14 *Regulatory Deferral Accounts* (effective for financial periods beginning on or after January 1, 2016). The new standard contains specific guidance on accounting for the effects of rate regulation for first-time adopters of IFRS.
- IFRS 10 *Consolidated financial statements* and IAS 28 *Investments in Associates and Joint Ventures* amendment *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*. The amendments provide more specific guidance for dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments will not have an effect on the consolidated financial statements.
- IFRS 15 *Revenue from Contracts with Customers* (effective for financial periods beginning on or after January 1, 2017). The new standard establishes a five-stage framework for recognizing revenue from contracts with customers and replaces existing revenue guidance, including IAS 18, IAS 11 and the related interpretations. Revenue can be recognized over time or at a specific time, with the central criterion being the transfer of control. The standard will also increase the notes presented with financial statements. The Group will assess the impact of the standard.
- IFRS 9 *Financial Instruments* and amendments thereto (effective for financial periods beginning on or after January 1, 2018). The new standard replaces the existing IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 will change the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets. The classification and measurement of financial liabilities largely correspond to the current guidance in IAS 39. With regard to hedging, three hedging calculation types will remain in effect. More risk positions than before can be included in hedge accounting, and the principles regarding hedge accounting have been made more consistent with risk management. The Group will assess the impact of the standard.

Notes on consolidated financial statements (IFRS)

2. Operating Segments

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

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, Seed Digital Media Oy and real estate company Vantaan Hakamäenkuja. In Sweden, the business area comprises the operations of Edita Bobergs AB, Edita Västra Aros AB and Arkpressen i Västerås 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. In Sweden, the business area comprises Citat AB, Klikki AB and Mods Graphic Studio AB and Citat Ukraine LLC, which operates in Ukraine, and the associate company Brandsystems International AB with a holding of 40%.

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

Publishing: the business area responsible for training services, publishing books and subscriber publications and the production of online, up-to-date information services for companies and other entities. The business area comprises the Finnish subsidiaries Edita Publishing Oy and the National Centre of Professional Development in Education Educode Ltd.

Other Operations includes the administrative operations of 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. Investments, depreciation and impairment have been allocated to the reporting segments. The main items in the monitoring and reporting of segments are net revenue and operating profit/loss (described in Note 1).

2014 financial year, EUR 1,000	Print & Distrib.	Marketing Services	Editorial Comm.	Publishing	Other operations	Elim.	Total
Operating Segments							
External net revenue	45 641	36 415	11 348	13 155	25		106 584
Inter-segment net revenue	894	647	91	44	3 544	-5 221	0
Net revenue, total	46 536	37 062	11 439	13 200	3 569	-5 221	106 584
Depreciation	-3 049	-594	-184	-19	-872		-4 718
Impairment	0	-3 293	0	0	0		-3 293
Investments in associates	106	-59	0	0	0		47
Operating profit/loss	2 501	-2 646	666	2 490	359		3 370
Assets and liabilities							
Goodwill	0	10 261	7 790	0	0		18 051
Associates	1 120	743	0	0	0		1 862
Segment assets	15 014	7 776	4 326	2 195	12 346	-619	41 038
Segment assets, total	16 134	18 780	12 115	2 195	12 346	-619	60 951
Segment liabilities	2 912	3 285	2 170	632	739	-619	9 118
Investments	1 922	302	58	0	1698		3 980

Notes on consolidated financial statements (IFRS)

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		0
Investments in associates	7	25	0	0	0		33
Operating profit/loss	2 317	1 086	701	2 611	-2 690		4 025
Assets and liabilities							
Goodwill	0	13 394	8 033	0	0		21 427
Associates	1 341	1 172	0	0	0		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	1965	430	-583	10 807
Investments	3 110	228	53	0	189		3 579

Reconciliations between the consolidated data and the reported segment data

EUR 1,000	2014	2013
Net revenue		
Reported segment net revenue	106 584	121 292
Consolidated Net Revenue	106 584	121 292
Profit/loss before taxes		
Reported segment operating profit/loss	3 370	4 025
Consolidated net financial income (+) / expenses (-)	48	20
Consolidated profit/loss before taxes	3 419	4 045
Assets		
Reported segment assets	60 951	72 728
Assets not allocated to a segment	14 159	16 603
Consolidated assets	75 110	89 331
Equity and liabilities		
Reported segment liabilities	9 118	10 807
Liabilities not allocated to a segment	28 899	42 137
Group equity	37 093	36 387
Group equity and liabilities	75 110	89 331

Notes on consolidated financial statements (IFRS)

Information concerning geographical areas

During the financial year, the Group's segments operated in Finland and Sweden. The companies that operated in Denmark and Norway were liquidated during the 2014 financial year. 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

2014 financial year	Net revenue	Assets	Liabilities
Finland	44 910	45 974	17 914
Sweden	61 674	29 013	20 068
Ukraine	0	124	35
Group, total	106 584	75 110	38 017

2013 financial year	Net revenue	Assets	Liabilities
Finland	53 568	49 176	24 230
Sweden	67 105	39 827	28 650
Denmark	242	110	12
Norway	377	144	41
Ukraine	0	74	11
Group, total	121 292	89 331	52 944

3. Net revenue

EUR 1,000	2014	2013
Sale of services	53 842	61 569
Sale of goods	51 473	58 449
Other revenue	1 269	1 275
Group, total	106 584	121 292

Digital services accounted for EUR 40.9 million (46.0) of service revenue. The item Other revenue primarily consists of advertising sales revenue.

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

Notes on consolidated financial statements (IFRS)

4. Acquired business operations

Acquisitions in the 2014 financial year

Subsidiary acquisitions – Print & Distribution business area

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

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

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

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

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

	<u>Notes</u>	<u>Entered values</u>
Tangible fixed assets	15	1
Customer agreements and customer relationships (incl. in other intangible assets)	16	462
Sales receivables and other receivables	23	271
Cash and cash equivalents		1
Total assets		735
Deferred tax liabilities	20	-92
Financial liabilities	29	-6
Other current liabilities	30	-237
Total liabilities		-335
Net assets		400
Goodwill resulting from acquisition		
Acquisition value		400
Identifiable net capital of acquired item		-400
Goodwill		0

No goodwill arose from this acquisition

Notes on consolidated financial statements (IFRS)

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 33%-owned associate company Edita Bobergs Förvaltnings AB (formerly Edita Bobergs AB) 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 is 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.

5. Other operating income

EUR 1,000	2014	2013
Income from divestment of business operations	250	150
Sales profit from tangible fixed assets	5 169	112
Income from rent	479	408
VAT returns	1 915	1 514
Other income items	184	67
Total	7 997	2 251

6. Materials and services

EUR 1,000	2014	2013
Purchases made during the financial year	-9 139	-10 766
Change in stocks	-179	-206
	-9 318	-10 972
Outsourced services	-27 294	-33 789
Total	-36 611	-44 761

Notes on consolidated financial statements (IFRS)

7. Employee benefits expense

EUR 1,000	2014	2013
Salaries	-33 903	-36 155
Pension costs – defined contribution plans	-6 801	-7 109
Other related expenses	-4 968	-5 129
Total	-45 671	-48 393

Average number of employees during the financial year by business area	2014	2013
Print & Distribution	253	253
Marketing Services	220	214
Editorial Communication	73	75
Publishing	76	87
Other operations	38	39
Group, total	660	668

In Finland	286	319
In Sweden	354	332
Ukraine	21	16
Other countries	0	1
Group, total	660	668

The employee benefits of management are presented under Note 36 “Related party transactions”. Stock options granted are described in Note 26 “Share-based compensation”.

8. Depreciation and impairment

EUR 1,000	2014	2013
Depreciation by asset group		
Intangible assets		
Trademarks	-89	-89
Capitalized development costs	-36	-104
Other intangible assets	-645	-410
Total	-770	-602
Tangible fixed assets		
Buildings	-688	-661
Machinery and equipment	-3 260	-3 355
Total	-3 948	-4 016
Total depreciation	-4 718	-4 618
Impairment by asset group		
Shares in associates	Notes 16	-316
Goodwill	16	-2 977
Total		-3 293

Notes on consolidated financial statements (IFRS)

9. Other operating expenses

EUR 1,000	2014	2013
Royalties and order commissions	-1 375	-1 532
Rents	-3 347	-4 008
Other business premises expenses	-2 427	-2 544
Logistics and transport costs	-2 068	-2 793
IT and data communications	-3 414	-3 255
Marketing and representation costs	-714	-963
Consulting and specialist fees	-718	-1 075
Losses on sales of tangible fixed assets	-808	-63
Other operating expenses	-5 661	-5 133
Total	-20 532	-21 366

Auditor's fees

Authorized Public Accountants KPMG	2014	2013
Audit	-83	-131
Activities referred to in the Finnish Auditing Act, Section 1.1,2.	0	-7
Tax consultation	-25	-25
Other services	-34	-49
Total	-142	-211

Authorized Public Accountants PWC	2014	2013
Audit	-19	-16
Other services	-9	-6
Total	-28	-22

10. Research and Development Expenditure

Direct development expenses of ERP systems have been capitalized as development expenses. No capitalizations took place in the financial year 2014 (2013: EUR 0.0 million). The unamortized acquisition cost is EUR 0.1 million (EUR 0.1 million) (Note 16).

11. Financial income

EUR 1,000	2014	2013
Dividend income from available-for-sale financial assets	7	7
Interest income on bank balances (loans and other receivables)	231	387
Total	239	394

Notes on consolidated financial statements (IFRS)

12. Financial expenses

Items recognized through profit and loss

EUR 1,000	2014	2013
Interest expenses on financial liabilities measured at amortized cost	-231	-419
Changes in value of financial assets recognized at fair value through profit or loss		
- Interest rate derivatives, hedge accounting not applied	130	151
Interest expenses on finance leases	-98	-101
Other financial items	9	-6
Total	-190	-375

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 27 thousand in 2014 (14 thousand in 2013).

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

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

EUR 1,000	2014			2013		
	Recognized	Change in in classification	Total	Recognized	Change in in classification	Total
	OCI			OCI		
Available-for-sale financial assets	16	0	16	12	0	12
Translation differences	-834	0	-834	-428	0	-428
Total	-818	0	-818	-416	0	-416

Taxes relating to OCI items are presented in Note 14 "Income taxes". The re-classified item is related to liquidated foreign business units (subsidiaries), the accumulated translation difference for which has been transferred from equity to be recognized through profit or loss in conjunction with the liquidation.

Notes on consolidated financial statements (IFRS)

14. Income taxes

EUR 1,000	2014	2013
Income tax paid for the financial year	-59	-206
Taxes relating to previous financial years	-7	58
Deferred taxes:		
Temporary differences that have been generated and that do not exist any more	168	-62
Effect of the tax rate change	0	87
Taxes in the income statement	102	-123

Reconciliation between tax liability and the Group's taxes according to the Finnish tax rate, 20.0% (in 2013: 24.5%):

EUR 1,000	2014	2013
Profit before taxes	3 419	4 045
Taxes at the parent company's tax rates	-684	-991
Tax-free income	355	347
Non-deductible expenses	-140	-871
Goodwill impairment	-659	0
Unrecognized referred tax assets on losses subject to tax	-395	-189
Use of losses subject to tax	1 621	1 412
Taxes relating to previous financial years	-7	58
Effect of the tax rate change on deferred taxes	0	87
Other items and different tax rates of foreign subsidiaries	10	23
Taxes in the income statement	102	-123

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%.

Taxes relating to OCI items

EUR 1,000	2014			2013		
	Before taxes	Tax effect	After taxes	Before taxes	Tax effect	After taxes
Available-for-sale financial assets	16	-3	13	12	0	12
Translation differences	-834	0	-834	-428	0	-428
Total	-818	-3	-821	-416	0	-416

Notes on consolidated financial statements (IFRS)

15. Tangible Fixed Assets

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

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

Finance leases

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

EUR 1,000	2014 Machinery and equipment	2013 Machinery and equipment
Acquisition cost	4 889	5 376
Accumulated depreciation	-2 901	-3 056
Carrying amount, December 31	1 987	2 320

In 2014, the acquisition cost increases of tangible fixed assets included assets leased under finance leases worth EUR 0.2 million (2013: EUR 0.5 million).

Notes on consolidated financial statements (IFRS)

16. Intangible Assets

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

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

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

Notes on consolidated financial statements (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

EUR 1,000	Marketing Services	Klikkicom Group	Editorial Comm.	Total
2014				
Goodwill	6 397	3 864	7 790	18 051
Carrying amount	10 566	5 104	9 289	
2013				
Goodwill	9 530	3 864	8 033	21 427
Carrying amount	14 154	5 329	9 268	

Allocation and recording of impairment losses

During the financial year, impairment losses amounting to EUR 3.0 million were recorded for the Marketing Services business area. After these impairment losses, goodwill of EUR 6.4 million is allocated to the Marketing Services business area.

The shares of the associated company BrandSystems International AB included goodwill of EUR 0.8 million, for which impairment losses amounting to EUR 0.3 million were recorded for the financial year. Following the recognition of this impairment loss, goodwill included in shares in associated companies amounts to EUR 0.5 million.

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

Impairment testing, December 31, 2014

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

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

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

Discount rate before taxes	Marketing Services	Klikkicom Group	Editorial Comm.
2014	11,4 %	11,3 %	7,3 %
2013	10,2 %	10,2 %	7,6 %

Notes on consolidated financial statements (IFRS)

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 (EBITDA).

Due to impairment losses recognized during the reporting period in the Marketing Services business area and on shares in the associated company BrandSystems, the units' recoverable amounts correspond to their carrying amounts. As such, an unfavorable change in any variable would generate more impairment losses.

In the Editorial Communication business area, the recoverable amount exceeds the carrying amount of the unit by EUR 5.3 million. Each of the following changes, with all other factors remaining the same, would result in the carrying amount of the unit being equal to the recoverable amount: the increase of the discount rate from 7.3% to 11.4% or the decrease of the average EBITDA used in the calculation of the value in use from 9.3% to 6.2%.

In the Klikkicom Group business area, the recoverable amount exceeds the carrying amount of the unit by EUR 0.2 million. Each of the following changes, with all other factors remaining the same, would result in the carrying amount of the unit being equal to the recoverable amount: the increase of the discount rate from 11.3% to 11.7% or the decrease of the average EBITDA used in the calculation of the value in use from 4.3% to 3.9%.

17. Subsidiaries and material non-controlling interests

Group structure

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

Operating segment	Country	Number of wholly-owned subsidiaries	
		2014	2013
Print & Distribution	Finland / Sweden	5	4
Marketing Services	Finland, Sweden and Ukraine	6	8
Editorial Communication	Sweden	2	2
Publishing	Finland	2	2
Other operations	Sweden / United Kingdom	3	3

Operating segment	Country	Number of partly-owned subsidiaries	
		2014	2013
Print & Distribution	Sweden	1	2

A full list of the Group's subsidiaries is presented in Note 36 "Related party transactions".

Itemized list of non-controlling interests

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

Subsidiary	Country	Share of votes held by non-controlling interests		Share of profit or loss allocated to non-controlling interests		Share of equity allocated to non-controlling interests	
		%		EUR 1,000		EUR 1,000	
		2014	2013	2014	2013	2014	2013
Edita Bobergs AB	Sweden	32,8 %	32,8 %	-573	18	356	966
Sandvikens Tryckeri och Bokbinderi AB	Sweden	-	53,1 %	-	-44	-	523
Total				-573	-26	0	1 489

Notes on consolidated financial statements (IFRS)

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

EUR 1,000	Edita Bobergs AB		Sandviken Tryckeri och Bokbinderi AB	
	2014	2013*	2014	2013
Current assets	3 842	5 483	-	1 302
Non-current assets	3 740	5 118	-	0
Current liabilities	5 773	6 602	-	491
Non-current liabilities	1 093	1 653	-	54
Net revenue	20 321	8 090	-	2 989
Expenses and other items	21 866	8 050	-	2 068
Profit (loss)	-1 545	40	-	920
Share of profit/(loss) allocated to parent company shareholders	-1 038	27	-	-39
Share of profit/(loss) allocated to non-controlling interests	-507	13	-	959
Comprehensive income for the financial year	-1 545	40	-	920
Share of comprehensive income allocated to parent company shareholders	-1 038	27	-	39
Share of comprehensive income allocated to non-controlling interests	-507	13	-	959
Cash flow from operating activities	512	-478	-	-297
Cash flow from investing activities	-134	-121	-	518
Cash flow from financing activities	-510	-395	-	-295

*Business operations began on October 1, 2013

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

Changes in holdings in subsidiaries

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

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

In July, the Group sold its subsidiary Sandviken Tryckeri och Bokbinderi AB. The company was reported in the Print & Distribution business area.

Notes on consolidated financial statements (IFRS)

18. Interests in associated companies

EUR 1,000	2014	2013
Acquisition cost, January 1	2 513	2 840
Share in result	47	33
Dividend distribution from associates	-248	-269
Depreciation of goodwill included in shares	-306	0
Translation differences	-144	-90
Total investments in associated companies, December 31	1 862	2 513

Information on the Group's material associated companies

Name	Operating segment	Domicile	Holding
Edita Bobergs Förvaltnings AB	Print & Distribution	Falun	33,33 %
BrandSystems International AB	Marketing Services	Stockholm	40,00 %

Summary of financial information concerning associated companies

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

EUR 1,000	Edita Bobergs Förvaltnings AB		BrandSystems International AB	
	2014	2013	2014	2013
Current assets	2 161	3 061	1 578	1 717
Non-current assets	573	362	37	42
Current liabilities	111	70	1 052	654
Non-current liabilities	0	0	39	52
Net revenue	443	5 349	1 341	1 604
Profit for financial year	519	141	-148	63
Dividends received from the associated company during the period	248	188	0	81

Reconciliation of the associated company's financial information with the balance sheet value recognized by the Group:

Associated company's net assets	2 622	2 056	525	1 001
Group's holding, %	33,33 %	33,33 %	40,00 %	40,00 %
Group's share of net assets	874	685	210	400
Goodwill	0	0	532	889
Other adjustments	246	656	0	-117
Associated company's balance sheet value in the consolidated balance sheet	1 120	1 341	743	1 172

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 statements (IFRS)

19. Other financial assets

The "Other financial assets" balance sheet item includes the following EUR 1,000	2014	2013
Available-for-sale financial assets		
Unlisted share investments	413	413
Publicly listed share investments	107	91
Total	520	504

In the financial years 2013 and 2014, 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 32.

Available-for-sale financial assets EUR 1,000	2014	2013
At the beginning of the financial year	504	492
Other increases	16	12
At the end of the financial year	520	504
in which non-current	413	413
Current available-for-sale financial assets	107	91

No capitalized sales profit or loss was recognized for available-for-sale financial assets for the financial years 2014 or 2013. Changes in the fair value fund are presented in Note 25 "Equity management".

Notes on consolidated financial statements (IFRS)

20. Deferred tax assets and liabilities

Change in deferred taxes during 2014 EUR 1,000	1.1.2014	Recognized in the income statement	Recog- nized in OCI	Exchange rate differences	Acquired subsidiaries	31.12.2014
Deferred tax assets						
Internal margin in inventories	5	-3				2
Provisions	51	15				65
Financial instruments	47	-26				21
Finance leases	39	6		-2		43
Total	142	-8	0	-2		132
Deferred tax liabilities						
Measurement of intangible and tangible assets at fair value in merging businesses	321	-107		-8	92	298
Accumulated depreciation differences	453	-69		-5		379
Financial instruments	14	0	3			17
Total	788	-176	3	-13	92	695
Change in deferred taxes during 2013						
EUR 1,000	1.1.2013	Recognized in the income statement	Recog- nized 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

The Group had EUR 17.8 million in losses confirmed on December 31, 2014, for which deferred tax assets were not recognized due to the uncertainty of their use.

Notes on consolidated financial statements (IFRS)

21. Inventories

EUR 1,000	2014	2013
Materials and supplies	634	782
Unfinished products	561	1 244
Finished products/goods	1 547	1 737
Total	2 741	3 764

EUR 172,000 were recognized as expenses for the financial year, the carrying amount of inventories was reduced to correspond to their net realizable value (EUR 154,000 in 2013).

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

Where realized expenses and recognized gains exceed the amount billed from the customer, the gross receivables are included in Note 23 under "Accrued income on percentage-of-completion projects". Advances received for work that has not yet been started or the share already billed for percentage-of-completion projects which exceeds the amount of expenses and profit are included in Note 30 under "Percentage-of-completion projects".

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

Accrued income on percentage-of-completion projects	<u>Note 23</u>	2014	2013
EUR 1,000			
Income / assignment expense		2 781	1 023
Amount invoiced from customers		-332	-136
Total		2 449	887
Advances received from customers for percentage-of-com	<u>Note 30</u>	2014	2013
EUR 1,000			
Income / assignment expense		-338	-605
Amount invoiced from customers		2 812	3 394
Total		2 474	2 789

Notes on consolidated financial statements (IFRS)

23. Sales receivables and other receivables

EUR 1,000	2014	2013
Loans and other receivables		
Sales receivables	15 522	20 587
Receivables from associates	4	6
Accrued income on percentage-of-completion projects	2 449	887
Prepaid expenses and accrued income		
Rents	134	505
Royalty receivables	69	85
Social security expense accruals	108	166
Sales accruals	131	1 552
IT service accruals	179	286
Annual credits	0	8
Other prepaid expenses and accrued income	571	605
Other receivables	1 171	1 363
Total of sales receivables and other receivables	20 337	26 050

The Group recognized EUR 117 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	2014	Impair- ment loss	Net 2014	2013	Impair- ment loss	Net 2013
Not due	14 153		14 153	18 405		18 405
Less than 30 days overdue	1 262		1 262	1 965		1 965
31–60 days overdue	92		92	162		162
Over 60 days overdue	133	117	16	118	62	56
Total	15 639	117	15 522	20 649	62	20 587

Sales receivables by currency

EUR 1,000	2014	2013
EUR	4 620	6 093
SEK	10 767	14 362
NOK	118	45
DKK	17	87
Total	15 522	20 587

Notes on consolidated financial statements (IFRS)

24. Cash and Cash Equivalents

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

EUR 1,000	2014	2013
Cash in hand and at the bank	9 278	10 134
Total	9 278	10 134

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 32 "Fair value of financial assets and liabilities".

25. Equity and capital management

EUR 1,000	Number of shares (1,000)	Share- holders' equity	Share premium fund
31.12.2012	6 000	6 000	25 870
31.12.2013	6 000	6 000	25 870
31.12.2014	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 2014 and 2013 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	2014	2013
Fair value fund	70	58

Distributable assets

The profit for the year is recognized in retained earnings. The distributable assets of the Group's parent company were EUR 25,676,062.58 in the financial statements dated December 31, 2014.

Notes on consolidated financial statements (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 0.33 per share be distributed, totaling EUR 2.0 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 2014 and 2013 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 2014, the Group's interest-bearing net liabilities stood at EUR 0.9 million (2013: EUR 6.2 million) and the net gearing ratio was 2.5% (2013: 17.0%). 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	31.12.2014	31.12.2013
Interest-bearing liabilities	10 210	16 322
Cash and cash equivalents	9 277	10 134
Net indebtedness	932	6 188
Total shareholders' equity	37 093	36 387
Equity-to-assets ratio, %	51,4 %	42,2 %
Gearing ratio %	2,5 %	17,0 %

26. 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 1,286. 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 time of granting and are recognized as expenses evenly throughout the period during which 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 statements (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.

In 2014, the company repurchased 35 options at EUR 34.41.

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

27. 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) was repaid in full in January 2014, and in the 2013 financial statements it was presented in the balance sheet item "Accounts payable and other liabilities", Note 30. The following tables show the previous financial periods' reconciliation of the net value of pension obligations and the composition of the income statement expenses.

EUR 1,000

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

	2014	2013
Interest cost	0	42
Changes in present value of the obligation are as follows	2014	2013
Obligation at January 1	0	2 758
Interest cost	0	42
Benefits paid from fund	0	-45
Gains/losses (-) from restricting the scope of the plan	0	-7
Repayment of pension obligation	0	-2 662
Exchange rate differences	0	-86
Actuarial gains (+) and losses (-)	0	0
Present value of funded obligations	0	0

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

	2014	2013	2012
Present value of obligation	0	0	2 758
Surplus (+) / Deficit (-)	0	0	-2 758

The arrangement was discontinued in 2013.

Notes on consolidated financial statements (IFRS)

28. Provisions

EUR 1,000	Rearrange- ments	Other provisions	Total
Provisions on December 31, 2013	309	0	309
Increases	42	100	142
Amounts used	-123		-123
Reversal of unused amounts	0	0	0
Provisions on December 31, 2014	228	100	328

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.

29. Interest-bearing liabilities

EUR 1,000

Non-current financial liabilities amortized at cost	2014	2013
Bank loans and other financial loans	2 554	8 665
Finance lease liabilities	976	1 669
Total	3 530	10 334
Current financial liabilities amortized at cost	2014	2013
Loan repayments due in the following year and other current interest-bearing liabilities	5 988	5 225
Finance lease payments due in the following year	691	763
Total	6 680	5 988

Maturing of contract-based financial liabilities by maturity class	Interest-bearing liabilities		Interest	
	2014	2013	2014	2013
2014		5 988		193
2015	6 680	6 754	112	122
2016	2 031	1 299	48	66
2017	1 050	1 232	16	38
2018	205	805	5	13
2019	154	154	2	2
2020	90	90	0	0
Later	0	0	0	0
Total	10 210	16 322	182	434

Weighted averages of effective interest rates of non-current interest-bearing liabilities	2014	2013
	1,4 %	1,8 %

Notes on consolidated financial statements (IFRS)

Non-current interest-bearing liabilities are divided by currency as follows	2014	2013
EUR	929	6 931
SEK	2 601	3 403
Total	3 530	10 334

Current interest-bearing liabilities are divided by currency as follows	2014	2013
EUR	5 988	5 225
SEK	691	763
Total	6 680	5 988

Maturity periods of finance lease liabilities

EUR 1,000	2014	2013
Gross finance lease liabilities – minimum leases by maturity period		
Within one year	733	837
Between one and five years	998	1 775
Total	1 731	2 611
Financial expenses accrued in the future	-64	-179
Finance lease liabilities, current value	1 667	2 432

Maturity of finance lease liabilities' current value

Within one year	691	763
Between one and five years	976	1 669
Total	1 667	2 432

30. Accounts payable and other liabilities

EUR 1,000	Notes	2014	2013
Current financial liabilities amortized at cost			
Accounts payable	32	6 110	9 392
Liabilities to associates		173	14
Advances received		491	413
Advances received from customers for percentage-of-completion projects	22	2 474	2 789
Accrued liabilities and deferred income			
Wages and salaries with related expenses		5 536	6 448
Social insurance contribution expense provision from previous years		792	1 185
Sales accruals		1 247	1 110
Rents		0	472
Interests		59	131
IT Services		3	16
Long-term bonuses of management		94	221
Other accrued expenses		1 217	2 649
Other current liabilities	32	8 198	10 076

Notes on consolidated financial statements (IFRS)

Financial liabilities recognized at current fair value through profit or loss

Derivative contracts, hedge accounting not applied	107	237
Total accounts payable and other liabilities	26 499	35 152

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	2014	2013
EUR	10 088	11 148
SEK	16 214	23 682
NOK	129	99
DKK	27	214
UAH	35	9
Other currencies	6	0
Total	26 499	35 152

31. Financial risk management

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

Currency risk

A significant proportion of the cash flow from the Group's operations is denominated in euros. Business outside the euro zone accounts for approximately 60% of the net revenue and consists mainly of sales denominated in Swedish krona. No currency derivatives were open in the Group on the balance sheet date. The risk due to the translation of long-term foreign net investments was not hedged on the balance sheet date, December 31, 2014. 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 were liquidated during the financial year.

Nominal values

EUR 1,000	2014	2013
Non-current assets	12 870	18 707
Non-current liabilities	2 788	3 740
Exchange rate changes in non-current items	-1 701	-820
Current assets	16 143	21 120
Current liabilities	17 280	24 910
Exchange rate changes in current items	215	39

Notes on consolidated financial statements (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	2014	2013
Percentage of change	10 %	10 %
Effect on Group's profit after tax	-82	-96
Effect on the Group's shareholders' equity	-1 225	-1 214

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 10.2 million (EUR 16.3 million) in interest-bearing debt from financial institutions on December 31, 2014. 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, 2014, with all other factors remaining the same, is EUR -67 thousand (-131) on the Group's pre-tax profit.

Liquidity risk

The liquidity risk relates to the repayment of debts, the payment of investments and the adequacy of working capital. The Nordic Morning Group strives to minimize its liquidity risk and the repayment of its future financial liabilities by ensuring sufficient finance from income, by maintaining a sufficient investment reserve and sufficient credit limit reserves and by evening out loan repayment schedules between different calendar years. Despite the challenging market situation, the Group's liquidity remained good in 2014. At the end of the year, cash and cash equivalents totaled EUR 9.3 million (EUR 10.1 million on December 31, 2013), 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 2014 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 2014	Balance sheet value*	Cash flow**	12 months	1-2	2-5 more than 5	
			or less	years	years	years
Financial liabilities	8 543	8 661	6 059	1 367	1 145	90
Finance lease liabilities	1 667	1 731	733	711	287	0
Accounts payable and other liabilities	26 392	26 392	26 392			

Maturity breakdown of derivative liabilities

Interest rate derivatives, hedge accounting not applied	107	107	107			
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Breakdown of maturities of financial liabilities 2013	Balance sheet value*	Cash flow**	12 months	1-2	2-5 more than 5	
			or less	years	years	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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*Amount corresponds to the amount on the balance sheet

**Also includes interest

Notes on consolidated financial statements (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 23.

32. Fair value of financial assets and liabilities

EUR 1,000	Note	Carrying value 2014	Fair value 2014	Carrying value 2013	Fair value 2013
Financial assets					
Other financial assets	19	413	413	413	413
Sales receivables and other receivables	23	20 337	20 337	26 050	26 050
Other current financial assets	19	107	107	91	91
Cash and cash equivalents	24	9 278	9 278	10 134	10 134
Financial liabilities					
Financial loans	29	8 543	8 376	13 890	11 947
Finance lease liabilities	29	1 667	1 667	2 432	2 432
Accounts payable and other liabilities	30	26 392	26 392	34 915	34 915
Financial assets recognized at fair value through profit or loss:					
- Interest rate derivatives, hedge accounting not	30	107	107	237	237

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 statements (IFRS)

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

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

EUR 1,000	Fair values on balance sheet date		
	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 liabilities recognized at fair value through profit or loss:			
Interest rate derivatives, hedge accounting not applied	237		237

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 on balance sheet date		
	31.12.2014	Level 1	Level 2
Financial assets:			
Sales receivables and other receivables	20 337		20 337
Financial liabilities:			
Bank loans	8 376		8 376
Finance lease liabilities	1 667		1 667
Accounts payable and other liabilities	26 392		26 392
Total	36 436		36 436

Notes on consolidated financial statements (IFRS)

EUR 1,000	Fair values on balance sheet date		
	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

33. Adjustments to cash flow from operating activities

Non-cash transactions

EUR 1,000	2014	2013
Depreciation and impairment	8 011	4 618
Adjustments to sales gains	-4 611	-34
Change in non-controlling interest	0	325
Exchange rate differences	234	-2
Profit/loss at fair value through profit or loss from the measurement of recognizable assets and liabilities	-3	0
Share of profit in associates	-47	-33
Total	3 583	4 874

34. Other leases

Group as the tenant

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

EUR 1,000	2014	2013
Within one year	3 206	2 689
Between one and five years	6 140	3 994
Total	9 346	6 683

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 2014 income statement contains lease expenses for operating leases of EUR 3.3 million (EUR 4.0 million).

Notes on consolidated financial statements (IFRS)

35. Contingent liabilities

Collateral and other contingent liabilities

EUR 1,000	2014	2013
Liabilities to credit institutions, secured by mortgages and pledges		
Liabilities to credit institutions	2 104	2 718
Corporate mortgages	500	300
Property mortgages	2 018	2 018
Pledged machinery and equipment	1 093	1 653
Mortgages given as security, total	3 611	3 971
Other collateral given on behalf of shareholders		
Property mortgages	0	840

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 2008–2014, if the property's taxable use decreases during the review period. The last review year is 2023. The maximum amount of the liability is EUR 219,874.41.

Disputes and legal proceedings

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

Notes on consolidated financial statements (IFRS)

36. Related party transactions

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

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

The company	Parent company's holding %	Sub-Group's parent company's holding %	Group's holding and votes, %
Parent company Nordic Morning Plc, Helsinki, Finland			
Edita Prima Oy, Helsinki, Finland	100 %		100 %
Edita Publishing Oy, Helsinki, Finland	100 %		100 %
Citat Oy, Helsinki, Finland	100 %		100 %
Seed Digital Media Oy, Helsinki, Finland	100 %		100 %
National Centre of Professional Development in E Helsinki, Finland	100 %		100 %
Real estate company Vantaan Hakamäenkuja, Vantaa, Finland	100 %		100 %
Klikkicom Oy, Helsinki*	100 %		100 %
Klikki AB, Stockholm, Sweden		100 %	100 %
Edita Västra Aros AB*, Stockholm, Sweden	100 %		100 %
Edita Bobergs AB, Falun, Sweden		50,2 %	67,2 %
Nordic Morning Sweden AB*, Stockholm, Sweder	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 %

*Sub-Group's parent company

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

A list of associated companies is presented in Note 18.

Related party transactions with associated companies

EUR 1,000	2014	2013
Sales of goods and services	28	120
Purchases of goods and services	468	253
Sales receivables, loan receivables and other receivables	4	7
Accounts payable	1 799	1 749

Notes on consolidated financial statements (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

The presentation of management's salaries and fees corresponds to the cost item presented in accounting. Employee benefits of management include performance bonuses of EUR 0 thousand (99) for the Managing Director and performance bonuses of EUR 16 thousand (139) for other members of the Management Team. These bonuses were earned in 2014 and will be paid in 2015.

In addition, the Group has a long-term incentive program for management related to the financial years 2013–2015. The total provision at the end of the financial year 2014 amounted to EUR 73 thousand (162). The final amount of the long-term performance bonus will be determined after the result for the financial year 2015 is known.

EUR 1,000	2014	2013
Managing Director	260	358
Other members of the Group Management Team	828	1 039
Termination benefits	0	93
Group Management Team, total	1 088	1 490
Members of the Board		
Friman Kaj	Chairman of the Board	50
Lystimäki Jussi	Vice-Chairman of the Board	35
Björklund Persson Eva	Member of the Board	28
Broman Carina	Member of the Board	29
Iso-Aho Maritta	Member of the Board	32
Vihervuori Petri	Member of the Board	32
Ratia Lauri	former Member of the Board	0
Nordic Morning Plc's Board, total	206	214
Total	1 294	1 704

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 76,651 (EUR 63,594) in 2014. 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.

37. 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.

38. 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 2014	IFRS 2013	IFRS 2012
Net revenue	k€	106 584	121 292	113 192
Exports and foreign operations %		59,1 %	57,5 %	54,1 %
Operating profit/loss	k€	3 370	4 025	-4 115
% of net revenue		3,2 %	3,3 %	-3,6 %
Operating profit before non-recurring items	k€	993	3 978	2 075
% of net revenue		0,9 %	3,3 %	1,8 %
Profit before taxes	k€	3 419	4 045	-4 716
% of net revenue		3,2%	3,3 %	-4,2 %
Profit for financial year	k€	3 520	3 922	-4 461
Return on equity (ROE), %	%	9,6	11,5	-13,3
Return on capital employed, %	%	7,2	8,4	-6,9
Equity-to-assets ratio (%)	%	51,4	42,2	36,8
Gearing (%)	%	2,5	17,0	46,0
Gross capital expenditure	k€	3 980	3 579	7 368
% of net revenue		3,7	3,0	6,5
Average number of employees		660	668	705
Earnings per share (EPS)	€	0,68	0,66	-0,75
Dividends per share	€	0,33	0,25	0,00
Equity per share	€	6,12	5,82	5,25
No. of shares, adjusted for share issue		6 000 000	6 000 000	6 000 000

Formulae for calculating key indicators

Return on equity (ROE), %	$\frac{\text{Profit for financial year}}{\text{Shareholders' equity (average during the year)}}$
Return on capital employed, %	$\frac{\text{Profit before tax, interest, and other financial expenses}}{\text{Total assets — non-interest-bearing liabilities (average during the year)}}$
Equity-to-assets ratio, %	$\frac{\text{Shareholders' equity}}{\text{Total assets — advances received}}$
Operating profit	Profit before tax and financial items
Operating profit before non-recurring items	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.

Parent company income statement (FAS) (EUR)

	Note	1.1.–31.12.2014	1.1.–31.12.2013
Net revenue	2	3 544 309,20	3 692 383,30
Other operating income	3	4 543 145,50	1 457 592,36
Personnel expenses	4	-2 441 035,97	-3 115 279,28
Depreciation and impairment	5	-754 449,78	-746 548,54
Other operating expenses	6	-3 010 142,14	-2 413 636,17
Operating profit		1 881 826,81	-1 125 488,33
Financial income and expenses	7	4 714 764,51	6 716 972,31
Profit/loss (-) before extraordinary items		6 596 591,32	5 591 483,98
Extraordinary items +/-	8	0,00	750 000,00
Profit/loss (-) before appropriations and taxes		6 596 591,32	6 341 483,98
Appropriations	9	46 398,98	242 504,44
Income taxes	10	-422,56	-401,43
Profit/loss (-) for the financial year		6 642 567,74	6 583 586,99

Parent company balance sheet (FAS) (EUR)

ASSETS	Note	31.12.2014	31.12.2013
NON-CURRENT ASSETS			
Intangible assets	11	91 886,75	59 882,04
Tangible assets	12	11 711 745,83	11 941 719,00
Investments in Group companies	13	66 811 108,71	67 073 526,42
Other investments	13	882 892,14	582 892,14
Total non-current assets		79 497 633,43	79 658 019,60
CURRENT ASSETS			
Current receivables	14	5 046 025,82	7 119 443,74
Financial securities	15	15 152,33	15 152,33
Cash and bank balances		7 955 885,02	8 737 444,88
Total current assets		13 017 063,17	15 872 040,95
Total assets		92 514 696,60	95 530 060,55
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		19 033 494,84	13 949 907,85
Profit/loss (-) for the financial year		6 642 567,74	6 583 586,99
Shareholders' equity, total		57 545 672,92	52 403 105,18
ACCUMULATED APPROPRIATIONS	17	1 285 743,14	1 332 142,12
LIABILITIES			
Non-current liabilities	18	0,00	5 700 000,00
Current liabilities	19	33 683 280,54	36 094 813,25
Total liabilities		33 683 280,54	41 794 813,25
Liabilities total		92 514 696,60	95 530 060,55

Parent company cash flow statement (FAS) (EUR)

	1.1.–31.12.2014	1.1.–31.12.2013
Cash flow from operating activities		
Profit/loss (-) before extraordinary items	6 596 591,32	5 591 483,98
Adjustments:		
Planned depreciation and impairment	754 449,78	746 548,54
Unrealized exchange rate gains/losses	-2 481,46	11 839,14
Other adjustments	-1 358 915,13	-1 883 934,05
Gains on disposal of fixed assets and other investments	-2 377 374,00	-3 700,00
Financial income and expenses (+)	-4 714 764,51	-6 716 972,31
Change in working capital:		
Increase (+) decrease (-) in non-interest-bearing current trade rece	-46 712,20	543 325,39
Increase (+) decrease (-) in non-interest-bearing current liabilities	-404 697,18	429 995,50
Interest paid	-217 938,28	-329 511,25
Dividends received	5 802 817,10	6 002 817,10
Interest received	127 037,35	110 309,22
Taxes paid	-422,56	-1 035,28
Cash flow from operating activities	4 157 590,23	4 501 165,98
Investointien rahavirrat		
Investments in shares of subsidiaries	-460 042,77	-15 021,55
Investments in intangible and intangible assets	-1 377 107,32	-185 239,59
Income from investment transfers	3 198 000,00	3 700,00
Loans granted	0,00	1 165 229,56
Cash flow from investing activities	1 360 849,91	968 668,42
Cash flow from financing activities		
Change in current borrowings	0,00	-259 342,35
Repayments on non-current borrowings	-4 950 000,00	-2 300 000,00
Capital loans	-600 000,00	0,00
Dividends paid	-1 500 000,00	0,00
Contributions received from subsidiaries	750 000,00	0,00
Refunds of capital	0,00	3 097 746,81
Cash flow from financing activities	-6 300 000,00	538 404,46
Change in cash and cash equivalents, increase (+)/decrease (-)	-781 559,86	6 008 238,86
Cash and cash equivalents at January 1	8 737 444,89	2 729 206,03
Cash and cash equivalents at December 31	7 955 885,03	8 737 444,89

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)

	31.12.2014	31.12.2013
2. Net revenue		
<i>By market area</i>		
Finland	3 544 309,20	3 692 383,30
EU	0,00	1 439,89
Total	3 544 309,20	3 692 383,30
3. Other operating income		
Profit from sales of non-current assets	3 156 591,00	3 700,00
Income from rent	237 447,80	148 298,90
Group-internal administrative services	1 146 348,20	1 300 727,40
Other	2 758,50	4 866,06
	4 543 145,50	1 457 592,36
4. Personnel		
<i>Personnel expenses</i>		
Salaries and fees	-1 979 367,90	-2 557 623,22
Pension expenses and pension insurance contributions	-309 302,00	-311 851,90
Other personnel expenses	-152 366,07	-245 804,16
	-2 441 035,97	-3 115 279,28
<i>Employees in the company during the financial year</i>		
Employees on salary	30	31
<i>Management salaries and fees</i>		
Managing Directors	-260 175,89	-358 481,13
Members of the Board	-205 800,00	-213 900,00
	-465 975,89	-572 381,13
5. Depreciation and impairment		
Depreciation on tangible and intangible assets	-754 449,78	-746 548,54

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

	31.12.2014	31.12.2013
6. Other operating expenses		
Rents	-96 075,67	-95 005,55
Other business premises expenses	-378 812,72	-433 198,57
Logistics	-9 996,98	-9 866,15
IT and data communications	-584 715,77	-566 597,26
Marketing and representation expenses	-233 457,06	-309 343,63
Other operating expenses	-1 707 083,94	-999 625,01
Other operating expenses, total	-3 010 142,14	-2 413 636,17
<i>Auditor's fees</i>		
Audit fees	-30 000,00	-30 000,00
Tax consultation	-15 525,00	-3 468,00
Other fees	-5 000,00	-3 385,00
	-50 525,00	-36 853,00
7. Financial income and expenses		
<i>Dividend income</i>		
From Group companies	5 800 000,00	6 000 000,00
From others	2 817,10	2 817,10
	5 802 817,10	6 002 817,10
<i>Other interest income</i>		
From Group companies	50 670,14	44 961,32
From others	50 218,48	39 199,17
	100 888,62	84 160,49
<i>Other financial income</i>		
From Group companies	0,00	1 073 186,81
Recognized share in subsidiary's invested non-tied equity refund for financial year 2013.		
Interest income and other financial income, total	5 903 705,72	7 160 164,40
<i>Exchange rate gains and losses</i>	-2 481,46	11 839,14
<i>Impairment and impairment refunds from non-current asset investments</i>	-900 000,00	0,00
<i>Interest expenses</i>		
To Group companies	-79 020,51	-107 545,28
To others	-207 439,24	-347 485,95
	-286 459,75	-455 031,23
Interest expenses and other financial expenses, total	-286 459,75	-455 031,23
Total financial income and expenses	4 714 764,51	6 716 972,31

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

	31.12.2014	31.12.2013
8. Extraordinary Items		
<i>Extraordinary income</i>		
Contributions received from subsidiaries	0,00	750 000,00
<i>Extraordinary items, total</i>	0,00	750 000,00
9. Appropriations		
Difference between planned depreciation and depreciation made for taxation purposes	46 398,98	242 504,44
10. Notes on income taxes		
Income taxes on extraordinary items	0,00	-183 750,00
Income tax on normal operations	-422,56	183 232,36
Income tax on normal operations from previous year	0,00	116,21
	<u>-422,56</u>	<u>-401,43</u>

Non-current assets

11. Intangible Assets

<i>Intellectual property</i>		
Acquisition cost, January 1	914 923,69	881 367,72
+ Increases	62 876,80	33 555,97
Acquisition cost, December 31	<u>977 800,49</u>	<u>914 923,69</u>
Accumulated depreciation, January 1	855 041,65	801 363,20
+ Depreciation for the year	30 872,09	53 678,45
Accumulated depreciation, December 31	<u>885 913,74</u>	<u>855 041,65</u>
Carrying amount, December 31	91 886,75	59 882,04
<i>Intangible assets, total</i>		
Acquisition cost, January 1	914 923,69	881 367,72
+ Increases	62 876,80	33 555,97
Acquisition cost, December 31	<u>977 800,49</u>	<u>914 923,69</u>
Accumulated depreciation, January 1	855 041,65	801 363,20
+ Depreciation for the year	30 872,09	53 678,45
Accumulated depreciation, December 31	<u>885 913,74</u>	<u>855 041,65</u>
Carrying amount, December 31	91 886,75	59 882,04

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

	31.12.2014	31.12.2013
12. Tangible assets		
<i>Land areas</i>		
Acquisition cost, January 1	5 886 577,43	5 886 577,43
- Decreases	-820 626,00	0,00
Acquisition cost, December 31	5 065 951,43	5 886 577,43
Carrying amount, December 31	5 065 951,43	5 886 577,43
<i>Buildings and structures</i>		
Acquisition cost, January 1	15 151 683,79	14 923 564,47
+ Increases	1 311 700,52	228 119,32
Acquisition cost, December 31	16 463 384,31	15 151 683,79
Accumulated depreciation, January 1	9 775 284,32	9 231 223,94
+ Depreciation for the year	576 995,85	544 060,38
Accumulated depreciation, December 31	10 352 280,17	9 775 284,32
Carrying amount, December 31	6 111 104,14	5 376 399,47
<i>Machinery and equipment</i>		
Acquisition cost, January 1	2 608 503,57	2 502 619,18
+ Increases	2 530,00	105 884,39
Acquisition cost, December 31	2 611 033,57	2 608 503,57
Accumulated depreciation, January 1	1 929 761,47	1 780 951,76
+ Depreciation for the year	146 581,84	148 809,71
Accumulated depreciation, December 31	2 076 343,31	1 929 761,47
Carrying amount, December 31	534 690,26	678 742,10
<i>Tangible assets, total</i>		
Acquisition cost, January 1	23 646 764,79	23 312 761,08
+ Increases	1 314 230,52	334 003,71
Acquisition cost, December 31	24 140 369,31	23 646 764,79
Accumulated depreciation, January 1	11 705 045,79	11 012 175,70
+ Depreciation for the year	723 577,69	692 870,09
Accumulated depreciation, December 31	12 428 623,48	11 705 045,79
Carrying amount, December 31	11 711 745,83	11 941 719,00
Of the carrying amount, December 31		
Share of machinery and equipment in production	534 690,26	678 742,10

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

	31.12.2014	31.12.2013
13. Investments		
Share in Group companies, January 1	67 073 526,42	80 083 064,87
+ Increases	992 092,21	15 021,55
- Decreases	-654 509,92	0,00
- Impairment	-600 000,00	-13 024 560,00
Total, December 31	66 811 108,71	67 073 526,42
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	170 000,00	1 335 229,55
+ Increases	600 000,00	0,00
- Decreases	-300 000,00	-1 165 229,55
Total, December 31	470 000,00	170 000,00

Parent company's holdings in subsidiaries December 31, 2014

Company and domicile	Holding %	Votes %
Edita Prima Oy, Helsinki	100 %	100 %
Edita Publishing Oy, Helsinki	100 %	100 %
National Centre of Professional Development in Education Educodes Ltd, Helsinki	100 %	100 %
Citat Oy, Helsinki	100 %	100 %
Klikkicom Oy, Helsinki	100 %	100 %
Real estate company Vantaan Hakamäenkuja, Vantaa	100 %	100 %
Seed Digital Media Oy, Helsinki	100 %	100 %
Edita Västra Aros AB, Stockholm, Sweden	100 %	100 %
Nordic Morning AB, Stockholm, Sweden	100 %	100 %

14. Receivables

Receivables from Group companies

Sales receivables	47 967,62	19 890,67
Loan receivables	4 907 446,80	6 260 785,99
Contributions from subsidiaries	0,00	750 000,00
Prepaid expenses and accrued income	32 917,87	25 823,45
	4 988 332,29	7 056 500,11

Other receivables 0,00 7,38

Prepaid expenses and accrued income

Social security expense accruals	9 145,91	4 049,17
Rents	4 592,90	5 043,40
IT expenses accruals	19 351,83	39 947,49
Other	20 941,51	11 416,19
	54 032,15	60 456,25

Receivables, total 5 046 025,82 7 119 443,74

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

	31.12.2014	31.12.2013
15. Financial securities		
Replacement value	51 834,64	41 736,42
Carrying amount	15 152,33	15 152,33
Difference	36 682,31	26 584,09

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	20 533 494,84	13 949 907,85
Dividend distribution	-1 500 000,00	0,00
Profit/loss from previous years brought forward, December 31	19 033 494,84	13 949 907,85
Profit/loss (-) for the financial year	6 642 567,74	6 583 586,99
Total shareholders' equity	57 545 672,92	52 403 105,18
<i>Funds at the disposal of the Annual General Meeting, December 31</i>		
Profit/Loss from previous years brought forward	19 033 494,84	13 949 907,85
Profit/loss (-) for the financial year	6 642 567,74	6 583 586,99
	25 676 062,58	20 533 494,84

The parent company had distributable funds of EUR 25,676,062.58 on December 31, 2014.

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	1 285 743,14	1 332 142,12
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18. Non-current liabilities

Liabilities to credit institutions	0,00	5 700 000,00
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Notes to the Parent Company Financial Statements (FAS) (EUR)

	31.12.2014	31.12.2013
19. Current liabilities		
Liabilities to credit institutions	5 700 000,00	4 950 000,00
Accounts payable	214 170,83	146 764,41
	<u>5 914 170,83</u>	<u>5 096 764,41</u>
<i>Liabilities to Group companies</i>		
Loans	25 510 280,23	28 222 534,55
Accounts payable	85 292,68	63 939,35
	<u>25 595 572,91</u>	<u>28 286 473,90</u>
<i>Other current liabilities</i>	1 482 072,50	1 566 467,18
<i>Accrued liabilities and deferred income</i>		
Wages and salaries with related expenses	327 760,56	328 272,82
Social insurance contribution expense provision	851,80	1 604,57
Interests	57 663,30	126 184,77
Long-term bonuses of management	94 000,00	213 600,00
Other	210 513,48	475 445,60
	<u>691 464,30</u>	<u>1 145 107,76</u>
Current liabilities, total	33 683 280,54	36 094 813,25
<i>Interest-bearing liabilities</i>		
Non-current	0,00	5 700 000,00
Current	31 210 280,23	33 172 534,55
	<u>31 210 280,23</u>	<u>38 872 534,55</u>
<i>Non-interest-bearing liabilities</i>		
Current	2 473 000,31	2 922 278,70

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

	31.12.2014	31.12.2013
20. Contingent liabilities		
<i>Other collateral given on behalf of shareholders</i>		
Property mortgages	0,00	840 000,00
<i>Amounts payable under leasing agreements</i>		
Due for payment in the next financial year	47 283,60	60 877,44
Due for payment later	21 661,77	44 410,34
	68 945,37	105 287,78

Off-balance sheet financial liabilities

Real estate investments

The company is obligated to review the VAT reductions made on real estate investments completed in the years 2008-2014, if the property's taxable use decreases during the review period. The last review year is 2023. The maximum amount of liability is EUR 218,098.78

21. Derivative agreements

Interest rate derivatives

Fair value *)	-106 869,88	-236 594,35
Underlying security	-57 663,30	-78 829,94

*) 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, 2015

Kaj Friman
Chairman of the Board

Jussi Lystimäki
Vice Chairman of the Board

Maritta Iso-Aho

Petri Vihervuori

Carina Brorman

Eva Björklund Persson

Timo Lepistö
CEO

Auditor's statement

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

Helsinki, February 11, 2015

KPMG Oy
APA member

Minna Riihimäki
Authorized Public Accountant