talentum

Annual Report 2011

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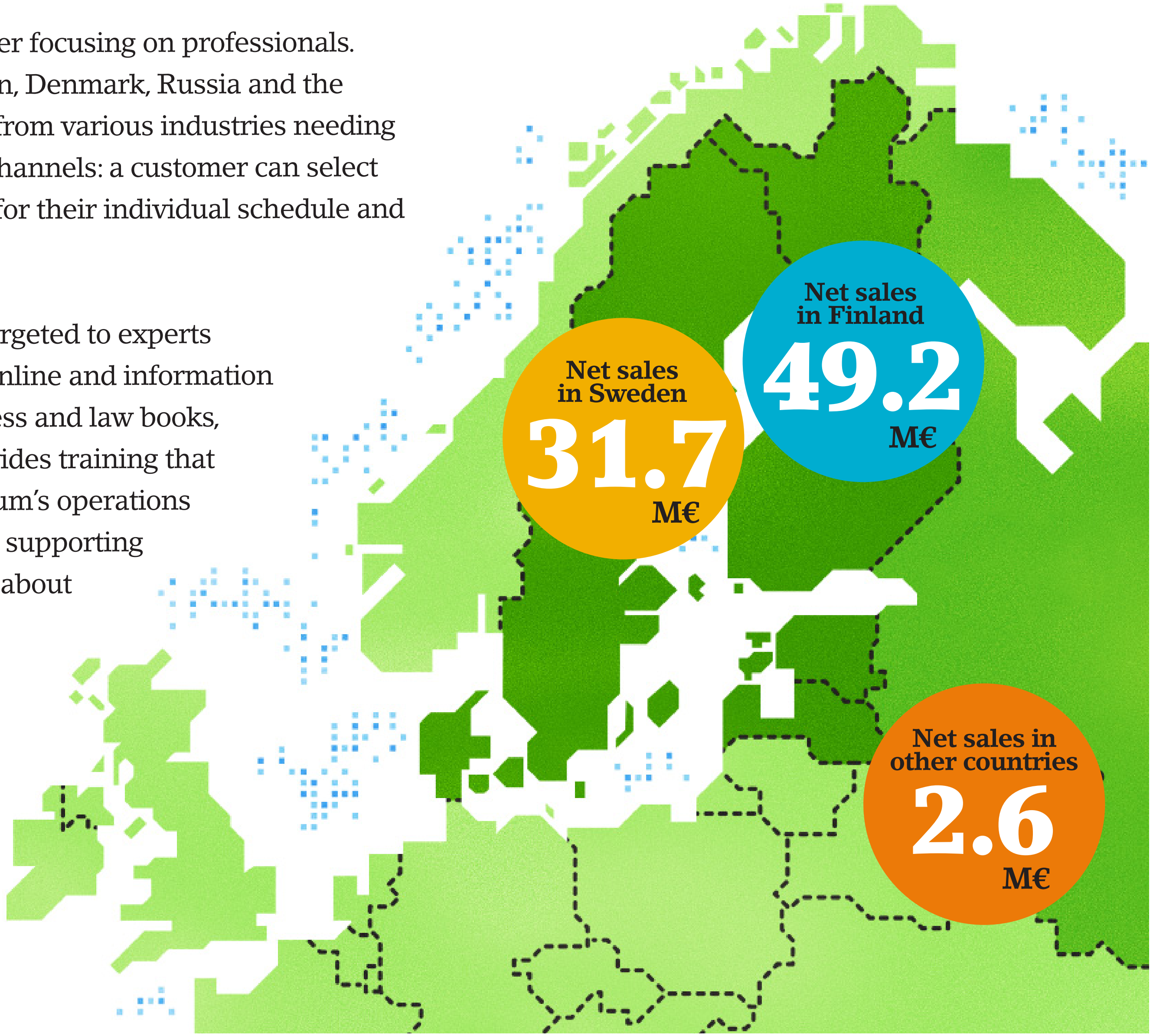
The first choice for professionals

Talentum is a publisher and information provider focusing on professionals. The company has operations in Finland, Sweden, Denmark, Russia and the Baltic countries. Talentum serves professionals from various industries needing information and insight through a selection of channels: a customer can select from Talentum's media the channel best suited for their individual schedule and information requirement.

As a publisher, Talentum specialises in media targeted to experts in technology, business, HR and law, as well as online and information services. In addition, Talentum publishes business and law books, organises topical seminars and events, and provides training that enhances individuals' professional skills. Talentum's operations also include direct marketing as a sales channel supporting the publishing business. The company employs about 750 people. Talentum Oyj's shares are listed on the NASDAQ OMX Helsinki stock exchange. For further information on Talentum's products and services, please visit **www.talentum.fi**.



Talentum's year 2011

Talentum's net sales grew, and its equity ratio increased as a consequence of, for example, acquisitions. Despite the unstable economic situation in Europe, the amount of media advertising increased in both Finland and Sweden.

Talentum Group's net sales increased by 12.6 per cent, totalling EUR 83.5 million. Consolidated operating income without non-recurring items was EUR 2.4 million. Net sales from publishing operations increased by 14.5 per cent, totalling EUR 77.7 million.

Advertising revenue in Talentum's media increased by 14.7 per cent. Recruitment advertising was a particularly strong growth area.

Talentum's CEO Juha Blomster resigned in the summer, and Aarne Aktan, a member of Talentum's Board of Directors, was appointed as the new CEO in the autumn. He assumed the role at the beginning of December upon leaving his position on the Board.

In August, Talentum sold Sverige Bygger and Norge Bygges, which produce business information for the construction industry. At the end of the year, Talentum sold a subsidiary, Talentum HR. The company's equity ratio increased thanks to divestments. Talentum will continue to develop its strong brands in order to improve its market position and profitability.

Talentum's best-known media brands include

- Affärsvärlden
- Arvopaperi
- Ny Teknik
- Talouselämä
- Tekniikka&Talous

Key figures

continuing operations	2011	2010
Net sales, M€	83.5	74.1
Operating income, M€	–0.7	0.1
Operating income without non-recurring items, M€	2.4	1.9
Return on capital invested, %	17.2	5.2
Investments, M€	1.4	3.9
Equity ratio, %	54.1	34.4
Earnings/share, €	–0.04	0.00
Dividend/share, €	0.06*	0.02**
Average number of employees	754	707
Net sales per person, 1,000 €	119	105

*) *board proposal, 0.06 €/share, distribution of assets from invested non-restricted equity reserve*
**) *funds distributed from the invested non-restricted equity reserve*

The circulations of Talentum's magazines increased

The circulations of Talentum's major magazines increased in 2011. The circulation of Ny Teknik, which is published in Sweden, is 156,300, and that of its Finnish counterpart, Tekniikka&Talous, is 96,911. With a circulation of 80,800, Talouselämä is the largest weekly financial magazine in the Nordic countries. The circulation of Arvopaperi has increased to 24,944, and that of MikroPC is 28,462. The circulation of Teknikhistoria, which was founded in Sweden in 2010, increased to 15,200 within a year.

eReading Services

Talentum is participating in the eReading Services project, run by a group of Finnish publishers of books, periodicals and newspapers. The aim is to create a content- and consumer-oriented way to distribute paid-for media content using electronic reading devices. The two-year project began at the end of 2010.

Professional books also in electronic form

In January 2011, Talentum was the first Finnish publisher of professional books to launch business e-books to be downloaded onto electronic reading devices. Today, the majority of Talentum's new business books are published electronically in addition to traditional printing.

Professional books are often read quickly. Therefore, they are highly suitable for reading with an electronic reading device. Talentum's e-books can be read with most of the electronic reading devices available on the market.

The 50-year-old Tekniikka&Talous magazine was revamped

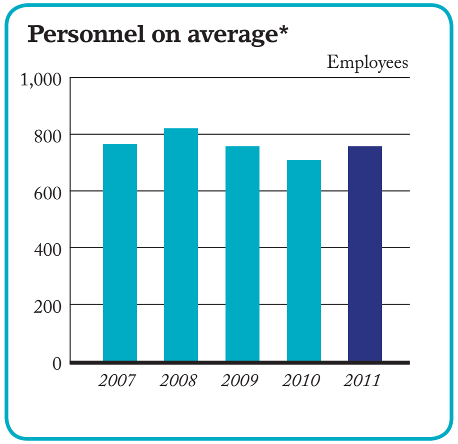
The Tekniikka&Talous magazine, which is the leading provider of news on technology and innovations, celebrated its 50th anniversary at the beginning of 2011. The magazine was fully revamped in terms of appearance, structure and content. The first new-look magazine was published in February.

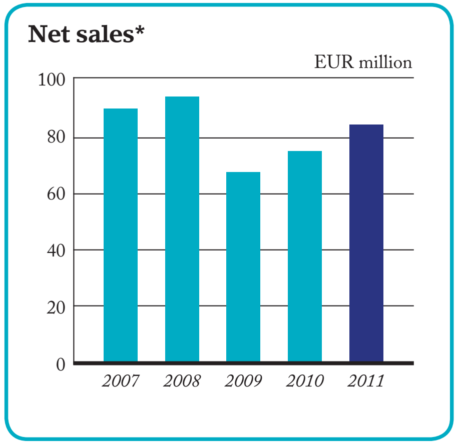
The aim is for each issue to offer news that is easier to read and content that better involves the reader. More technological content was added to make the magazine more appealing to engineers, who are the most important group of readers.

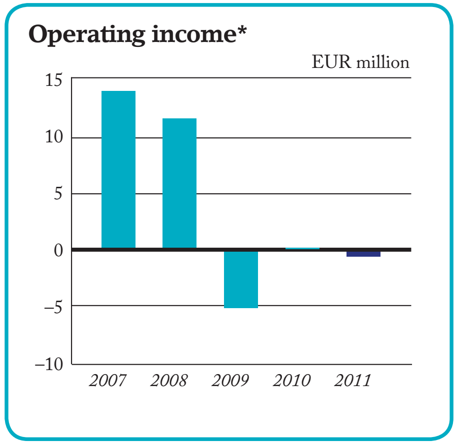
Talentum moves to new premises in Ruoholahti

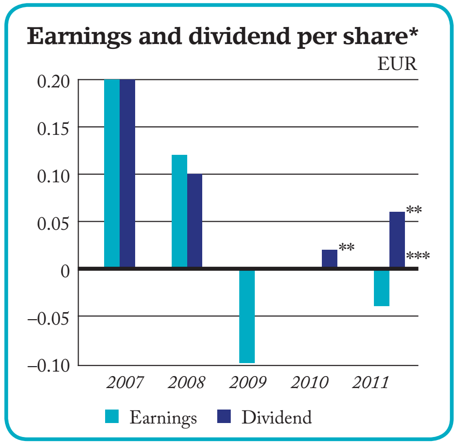
In Finland Talentum will move to Itämerenkatu in Ruoholahti, Helsinki from Kamppi in 2013. Talentum and Sponda signed an agreement on a new office building in spring 2011. The new development will comprise nearly 6,000 square metres of floor space, of which over 70 per cent will be leased to Talentum.

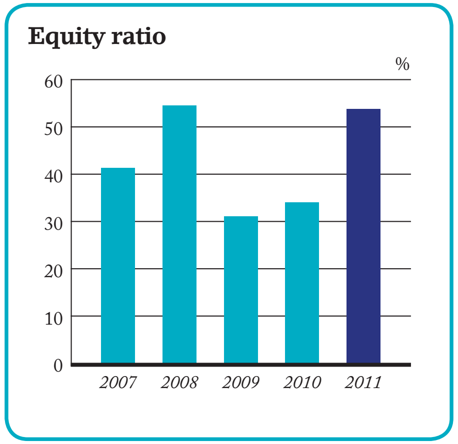
Energy efficiency and environmentally friendly solutions will be emphasised in the design and construction of the new four-storey building. Particular attention will be paid to optimising energy consumption during the use of the building.











*) continuing operations **) return of equity ***) board proposal

Strategy

Talentum specialises in publishing for professionals. Its key products are magazines, books, online services, training and events. The company aims to help professionals succeed.

Talentum's core business is publishing targeted at professionals in various sectors. The company's strengths are its multichannel approach and strong, well-known brands, as well as accurately defined expert target groups and good knowledge of them.

The most important short-term goal of Talentum's business operations is to improve profitability. In addition to other publishing operations, the main focus areas of growth are e-business and events.

Talentum is purposefully developing business operations which are less dependent on economic conditions than advertising. The aim is to diversify the company's income structure to boost the proportion of income derived from content, rather than circulation and advertising.

Strategy implementation in 2011

In 2011, Talentum focused on improving profitability according to the strategy.

In August, Talentum sold Sverige Bygger AB and Norge Bygges AS, which focus on business information for the construction industry. The companies fared well under Talentum's ownership. However, according to Talentum's estimate, their value creation potential as part of the Group was lower than that indicated in the purchase offer. Therefore, Talentum decided to sell the companies.

In December, Talentum sold its Swedish subsidiary, Talentum HR AB, which provides information services and consulting in the HR sector. Talentum HR was in a loss-making situation, and synergy and cooperation with Talentum's other business operations were not as expected.

The integration of Talentum Events, which was acquired in 2010, into the Talentum group has proceeded according to plans.

Profitability to be further improved in 2012

The corporate restructuring realized in August 2011 increased Talentum's equity ratio. In 2012, Talentum will focus more strongly on further developing its brands and making the most of them across various channels. The event business will become an ever more important part of Talentum.

Improving profitability is Talentum's key target in 2012.

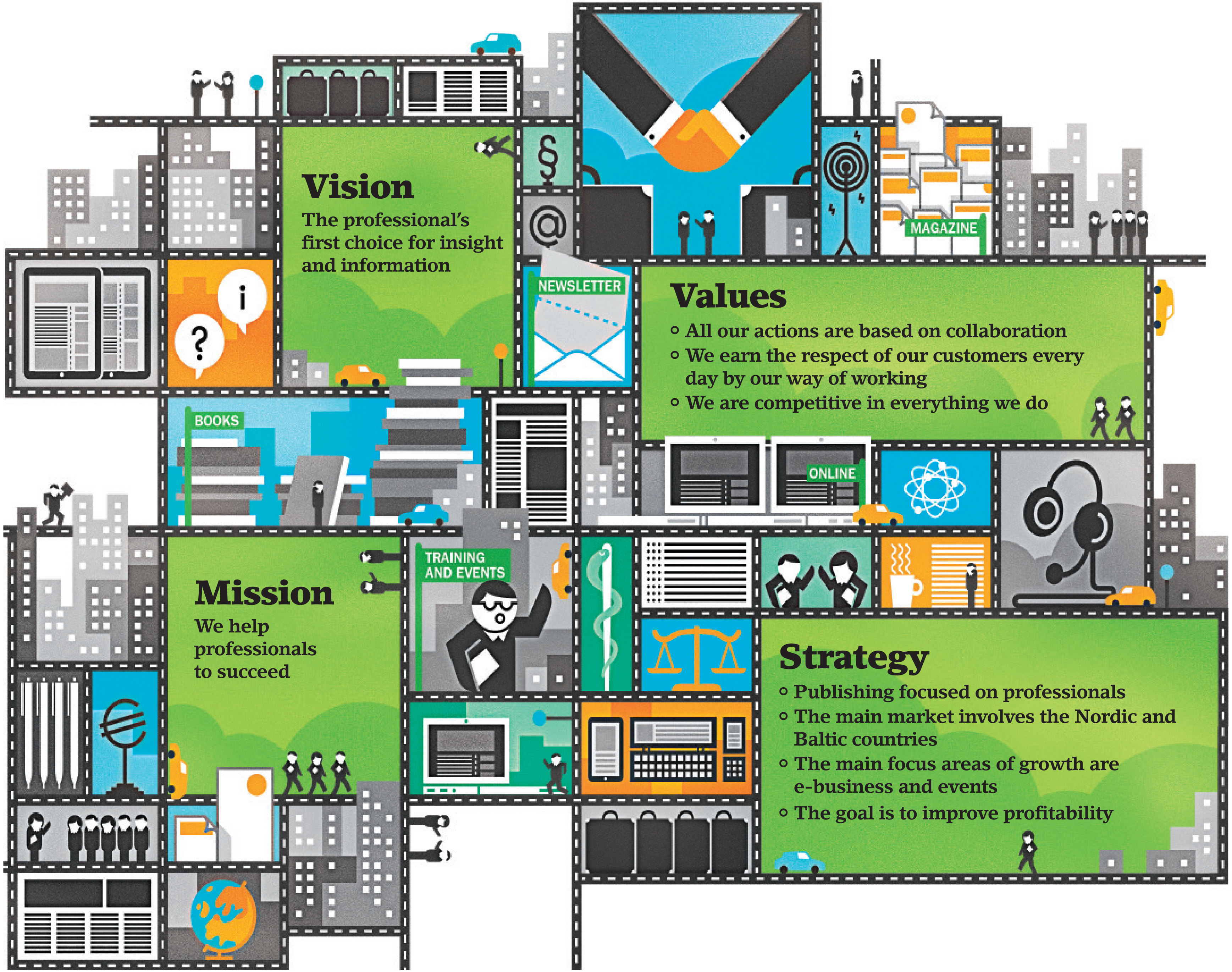
The corporate restructuring realized in

2011

increased Talentum's equity ratio.

Improving profitability is Talentum's key target in

2012.



Vision

The professional's first choice for insight and information

Values

- All our actions are based on collaboration
- We earn the respect of our customers every day by our way of working
- We are competitive in everything we do

Mission

We help professionals to succeed

Strategy

- Publishing focused on professionals
- The main market involves the Nordic and Baltic countries
- The main focus areas of growth are e-business and events
- The goal is to improve profitability

Review by the CEO

Aarne Aktan assumed the role of Talentum's CEO on 1 December 2011. Aktan, who had been a member of Talentum's Board of Directors since April 2011, left his position on the Board upon starting as CEO.

Has your experience on the Board of Directors been useful in the role of CEO?

My experience on the Board of Directors was extremely useful when I assumed the role of CEO. Thanks to that, I had a good understanding of the strengths of Talentum's business operations, which, in my opinion, are good brands in Finland and Sweden and professionally skilled, competent employees. In addition, Talentum is a solvent company practically without debts.

Were there significant changes in the operating environment during the year?

At the beginning of 2011, there were positive expectations in the sector. As the year progressed, the uncertainty surrounding the general economic situation in Europe also affected Finland and Sweden. The unrest in the Finnish media sector was further fuelled by the Finnish government's decision to charge VAT on magazine subscriptions. It is still too early to assess the impact of VAT on the whole sector. However, Talentum is likely to be affected less than, for example, companies that publish general-interest and regional magazines.

I personally think that the company's operations are way more important for its success in a small listed company than in companies with a larger market share, which are significantly more dependent on market development.

Did Talentum achieve its goals?

Talentum's products and services fared well in terms of circulation, readership numbers and customer satisfaction. The termination of a major group order agreement was a disappointment, but our advertising sales fared better than the market in general.

However, business profitability did not develop as hoped. The reasons for this may be based on a combination of the turbulence of the sector, the earnings logic and the company's cost structure.

In August, Talentum sold Sverige Bygger AB and Norge Bygges AS, which focus on business information for the construction industry. The companies fared even bet-

Talentum's products and services fared well in terms of circulation, readership numbers and customer satisfaction.

ter than expected under Talentum. However, according to Talentum's estimate, their value creation potential as part of the Group was lower than that indicated in the offer. Therefore, Talentum decided to sell the companies. The sale price was used to reduce Talentum's financing limits, and the equity ratio increased.

In 2012, Talentum's key goal is to improve its profitability.

In December, Talentum sold Talentum HR AB, which provides information services and consulting in the HR sector in Sweden. The company was making a loss and it had not been possible to integrate the company into Talentum's other operations to the extent expected.

Talentum Events, which was acquired in autumn 2010, is on a growth path and flourishing. A new kind of cooperation and synergy has been found in the organisation of events created by the magazine brands.

How do you see the future of the sector?

The media sector is highly turbulent. It is impossible to say what the situation will be like in, for example, five years. Digitalisation and new terminal devices are changing the media usage habits of consumers. Media audiences are becoming more fragmented, and the transmission of news is becoming increasingly faster. However, in spite of – or perhaps thanks to – new terminal devices, the need for essential, well-analysed and interestingly reported information will increase – not disappear.

What will Talentum's key focus areas be in 2012?

Although there was a lot of positive development in our business operations and solvency increased as a consequence of the divestments, we cannot be satisfied with the financial result.

Talentum's key goal is to improve its profitability. Unfortunately, at the beginning of 2012, we had to launch negotiations with personnel representatives in order to cut costs. I sincerely hope that we will succeed in making difficult decisions wisely and in a manner that respects the rights and dignity of each person.

By paying attention to sales efficiency and brand utilisation, Talentum will be able to boost its profitability. Better commercialisation of brands and a multichannel approach are possibilities in the development of business operations. We must strive to always be one step ahead of readers and other customers, and to anticipate future needs.

We are doing our best to serve readers, industry advertisers and our other stakeholder groups in the best possible way in order to maintain the trust they place in us. If we succeed in that, we will also create value for our shareholders. Talentum employees are committed and professionally skilled. I strongly believe that, together, we will succeed.

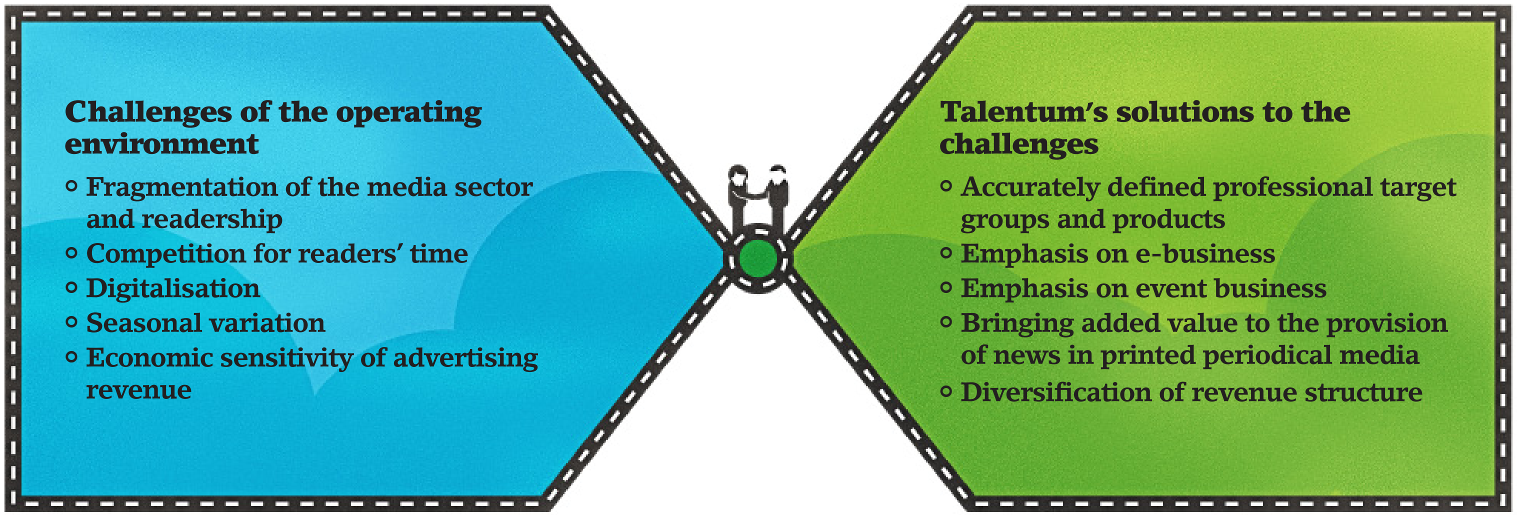
Operating environment

There is active debate in the media sector on new media channels and the opportunities they present. As the use of media changes, high-quality and interesting media content and good knowledge of target groups will become more and more important.

Media digitalisation is progressing quickly. The increase in the number of media channels used by consumers challenges media houses to produce even more versatile and interesting content. Given that readership has become more fragmented, efforts are made to target products and services more precisely at the selected target groups as large audiences can no longer be reached through just one distribution channel.

The e-business offers plenty of new opportunities, and new online and mobile services are being developed all the time. The emergence of tablet computers has added momentum to the development of mobile versions of magazines.

Social media and web communities have further increased competition for consumers' time. They also increase the level of interactivity, for example, between magazine editorial offices and readers. The importance of social media applications as a distribution channel is increasing, and they can be used to reach new target audiences. However, the earnings logic of social media, i.e., the earnings logic of internet-based content as a whole, continues to be a challenge for media companies.



Most popular seminars of Talentum Lakikoulutus (Legal Training)

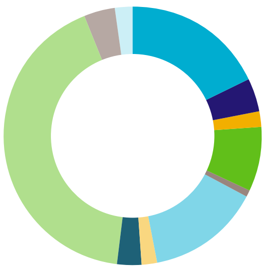
- Agile Supply Contracts
- Topical Matters in the Securities Market
- Companies Act and Incentive Schemes
- New IT Services – Cloud Computing and Offshoring
- Indoor Air Problems in Buildings – Employer, Owner, Lessor or Lessee as Responsible Body?

The media sector condemned taxation of magazine subscriptions

Despite digitalisation, traditional channels, such as magazines and books, have continued to hold their ground as sources of information. Readership numbers of printed magazines have remained rather stable over the last few years, and printed magazines continue to be read significantly more than their online equivalents.

The Finnish government's decision to raise VAT on magazine subscriptions from zero to nine per cent from the beginning of 2012 caused plenty of debate in the turbulent media sector. The tax reform was considered to have been poorly prepared, and it is believed that it will lead to an increase in prices and thus a decrease in circulations and a loss of jobs.

The split of media advertising in Sweden 2011



- Newspapers, 18%
- Magazines, 4%
- Professional magazines, 2%
- Outdoor, 8%
- Film, 1%
- Internet, 14%
- Search engine, 2%
- Radio, 3%
- Television, 42%
- Direct marketing, 4%
- Other, 2%

Source: Sveriges Mediebyråer

Media advertising increased in 2011

The development of the media market usually follows the general economic climate. The general economic instability that prevailed in Europe in 2011 was reflected in the media market in terms of less predictability and more uncertainty.

However, media advertising continued to grow moderately in 2011. The total value of media advertising grew by 6.3 per cent in Finland and 9.3 per cent in Sweden in 2011.* The overall media advertising market was worth approximately EUR 1,395 million in Finland and around SEK 32 billion (estimate) in Sweden.

*) Sources: TNS Gallup, Sveriges Mediebyråer

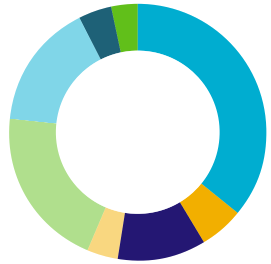
Meeting customers in many different areas

The importance of versatility increases as competition in the media sector gets fiercer. Talentum strives to meet customers in many different areas, and it must be able to listen to the needs of its customers carefully. In addition to printed and online media, Talentum offers professional literature, events, training and information services to professionals in various sectors.

The professional book market has remained stable over the last few years. Electronic books entered the Finnish market at the end of 2010. However, sales of e-books in Finland have been slower than expected. The relatively high price of reading devices continues to delay uptake.

In the training sector, the number of providers has increased over the last few years, resulting in tougher competition. Training related to working life is among the most popular types of training and events.

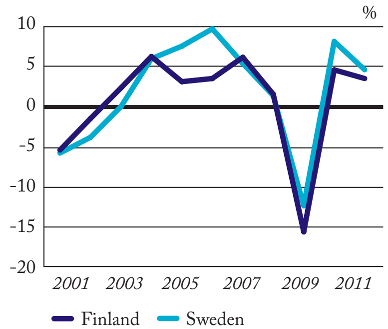
The split of media advertising in Finland 2011



- Newspapers, 36%
- Freesheets, 5.5%
- Magazines, 11.2%
- Directories, 3.7%
- Television, 20.3%
- On-line media, 15.8%
- Radio, 4.1%
- Film, 0.2%
- Outdoor, 3.1%

Source: TNS Gallup

Change of media advertising in Finland and Sweden



Sources: TNS Gallup, IRM institutet för Reklam- och Mediestatistik®

Business operations

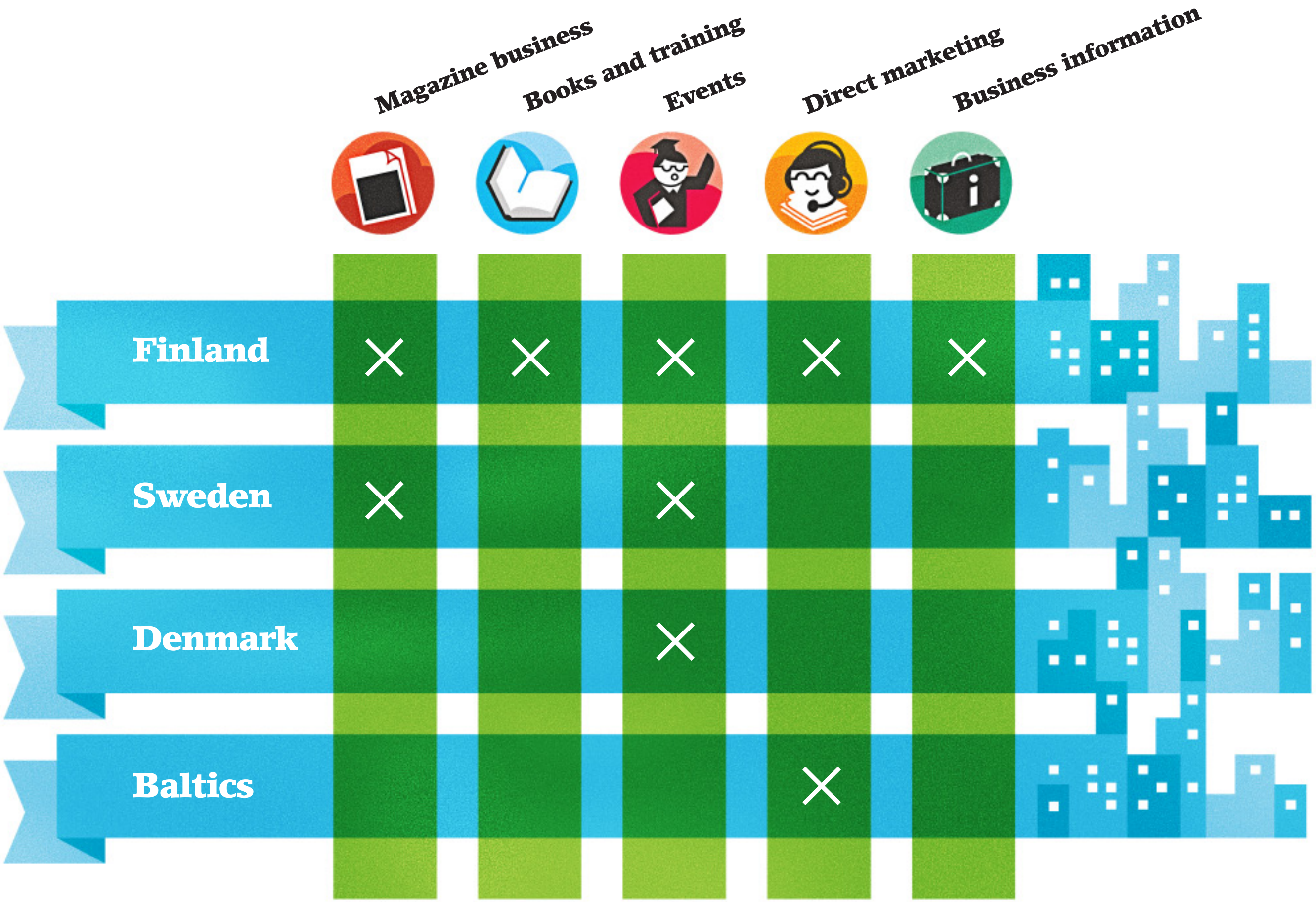
Talentum offers a unique range of products and services targeted at professionals, such as online and printed media, information services and professional literature, as well as events and training. Suoramarkkinointi Mega serves as the sales channel for products and services. Talentum's main market areas are the Nordic and Baltic countries.

The core of Talentum's business operations is publishing for professionals. Its publishing channels are magazines, books, online services, information services, events and training.

The most important target groups are professionals interested in economy, technology, law, advertising, marketing, health care, construction, industry and management. Talentum's strengths are its understanding of the needs of target groups, as well as its strong brands and multichannel approach. Readers and customers are served through channels that best suit their schedule and need for information.

As competition among news publishers becomes ever fiercer and publications move online, the importance of high-quality, well-analysed information increases. Talentum believes that its professional target groups will continue to need accurate, high-quality information.

Talentum's main market areas are Finland and Sweden. In addition, in 2011, there were also operations in Norway, Denmark, the Baltic countries and Russia.

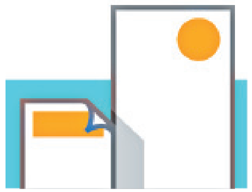


Talentum aims to diversify the revenue structure

In 2011, net sales from publishing operations amounted to EUR 77.7 million, and operating income was EUR 4.4 million. Net sales were up 14.5 per cent on 2010. Of net sales from publishing operations, 59 per cent originates in Finland and the remaining 41 per cent abroad, mainly in Sweden.

Talentum is striving to diversify its revenue structure in order for its business operations to be less dependent on economically sensitive advertising revenue. In 2011, other content revenue, such as books, events, training and information services, made up 29.9 per cent of net sales from publishing operations, and subscription fees accounted for 31.5 per cent. E-business accounted for 12 per cent of net sales from publishing operations in 2011.

In 2011, Talentum sold Sverige Bygger AB, a Swedish company that produces business information for the construction industry, and its Norwegian subsidiary Norge Bygges AS, which provides equivalent services. At the end of the year, Talentum sold a subsidiary, Talentum HR, which provides information services and consulting in the HR sector in Sweden.



2011

During 2011, Talentum's magazine business developed favourably in both Finland and Sweden.

Key figures – Publishing

EUR million	2011 Finland	2011 Other Nordic Countries	2010 Finland	2010 Other Nordic Countries
Net sales	45.8	31.9	39.2	28.7
Operating income (without non-recurring items)*	2.8	1.5*	1.4	1.7*
Average number of personnel	243	173	210	152

Magazine business

Talentum publishes nine magazines in Finland and five in Sweden, which all feature online services. In the Nordic countries, Talentum's magazines and online services reach a total of approximately 1.7 million magazine readers and approximately 1.4 million online users.

Talentum's strong, well-known brands are continuously being developed, and efforts are also made to build new business operations, such as events, around them. With a circulation of 80,800, Talouselämä is the largest weekly business magazine in the Nordic countries. In Sweden, Talentum's best-known media brands are Affärsvärlden and Ny Teknik, which, with a circulation of over 156,000, is the largest technology and IT magazine in Sweden.

Online Talentum media focused on building premium services that require registration. The aim of the new content areas is to strengthen relationships with readers. The online service offering will be expanded, and the number of visits has increased. The circulations and readership numbers of Talentum's printed magazines have also remained good.

During 2011, Talentum's magazine business developed favourably in both Finland and Sweden. Advertising revenue increased by 14.7 per cent compared to the previous year. Recruitment advertising was a particularly strong growth area. Circulation revenue increased by 3 per cent.

Talentum's most popular events in 2011

Treasury & Cash Management (Finland, Sweden, Denmark)

Nordic Back Office (Finland, Sweden, Denmark)

Tivi Tietoturva, Information security (Finland)

Talouselämä 500 (Finland)

Securities Trading Outlook (Sweden)

In 2011, Talentum launched business pocket books on the market, the best-selling of which were:

- **Sattuman kauppaa Wall Streetillä (A Random Walk Down Wall Street: The Time-Tested Strategy for Successful Investing) (Burton G. Malkiel)**
- **Äitijohtaja (Mother & Manager) (Kirsi Piha)**

Books and training

Talentum is the leading publisher of versatile legal and other professional literature in Finland. Talentum publishes professional literature in fields such as management, financial administration, business development, marketing and self-development. An average of 100 new titles are published every year. Many of Talentum's books are also available as downloadable e-books.

A key part of Talentum's book publishing operations is legal information, and the best-known products are the Suomen Laki (Finnish Law) books, legal commentaries, textbooks and practical business law manuals. In addition, Suomenlaki.com offers legal information as an online information service, subject to a charge. The service also includes topical editorial material.

Talentum Lakikoulutus (Legal Training) organises legal training mainly targeted at professionals in law. Seminars are organised in cooperation with the best experts in law and business. This guarantees that the seminars are of high quality.

Talentum's book business fared well in 2011 compared to the Finnish non-fiction book market as a whole.

Events

Talentum Events offers events and training targeted at business management, supervisors and experts. The aim is to provide customers with views, new information and a competitive advantage that will help them run their business better.

The company, which used to go by the name IIR Finland Oy, has been part of Talentum since 2010. After operating independently for over 20 years, the company has developed well under Talentum's ownership, and the event business is expected to continue to expand in the coming years. Talentum Events operates in Finland, Sweden and Denmark, and produces about 300 events per year. In 2011, it offered a total of 15 event concepts in all of its countries of operation, i.e., 45 events altogether. This internationalisation will continue in 2012.

Talentum Events produces about
300
events per year.

Key figures – Direct Marketing

EUR million	2011	2010
Net sales	9.1	8.8
Operating income without non-recurring items	1.2	0.9
Average number of personnel	314	327

Direct marketing

Talentum owns Suoramarkkinointi Mega Oy, which is the leading specialist telemarketing company in Finland and the Baltic countries for outbound services, i.e., services related to contacting current and potential customers. Suoramarkkinointi Mega is Talentum's sales channel for the products of its publishing operations. Mega has 16 offices in Finland and 13 in the Baltic countries. Mega's foreign subsidiaries are Müügimeistrite AS in Estonia and Telemarket SIA in Latvia.

Most of Suoramarkkinointi Mega's revenue comes from telephone sales of magazines and books published by Talentum as well as other companies. Over half of Mega's net sales come from outside the Group. Net sales from direct marketing increased slightly in 2011, totalling EUR 9.1 million. Operating income was EUR 1.2 million.

Talentum's popular books in 2011

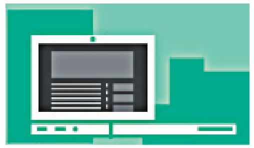
- **The Finnish Miracle (André Noël Chaker)**
- **Tuotteistaminen 2 – Gurumarkkinointi (Productisation 2 – Guru Marketing) (Jari Parantainen, Antti Apunen)**
- **Työpaikalla nähtävänä oltava lainsäädäntö (Workplace Legislation)**
- **Suomen Laki (Finnish Law)**
- **Asuntokauppalaki (Housing Transactions Act)**

Talentum´s brands

Affärsvärlden
Metallitekniikka
Arvopaperi
NyTeknik
Arbetarskydd
mPC
FYI
Tekniikka & Talous
Talentum Events
Mediuutiset
Dagens Media
Tivi
Talentum Lakikoulutus
M&M
Suomen Laki
Talouselämä
Fakta
Lag&Avtal

1.7 million

magazine readers in the Nordic countries



1.4 million

online users in the Nordic countries

Responsibility

Talentum's priorities are respecting its customers and employees, offering reliable information and enhancing professional skills. As a publisher for professionals, Talentum has a responsible role as a producer of reliable and impartial information.

For Talentum, responsibility means respecting customers, looking after its personnel, providing reliable information and enhancing professional skills. Talentum provides reliable and impartial information, describes economic phenomena and thereby promotes freedom of speech.

With the ever-advancing fragmentation of media and the increasing importance of social media, the role of a media company in providing reliable background information becomes increasingly important. Via its media, Talentum contributes to social debate and thus the advancement of society.

Financial responsibility

For Talentum, financial responsibility is led by business strategy. Improved profitability, profitable growth and diversification of the income structure have been specified as the aims of the company. An economically viable company brings added value to its owners and customers, and it also generates financial well-being for the society around it, for example, by paying taxes and creating jobs. A strong financial position is also a prerequisite for taking environmental and social responsibility.

Social responsibility

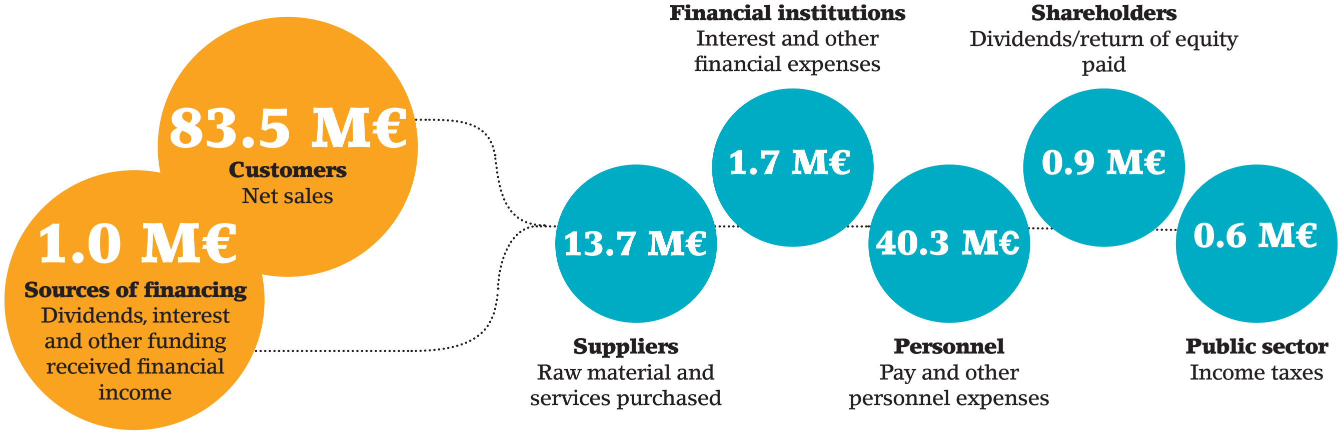
For Talentum, the cornerstones of social responsibility are personnel well-being and competence, and cooperation with companies and educational institutions, amongst others. The company follows good practices and actively interacts with all stakeholders. Talentum's high-quality products and services are created in accordance with the ethical principles of the sector.

Environmental responsibility

Talentum's main impact on the environment is due to paper consumption, distribution, recycling, energy consumption and waste management. Talentum's magazines and books are printed by subcontractors, who are required to operate responsibly, taking environmental and climate protection into account.

In spring 2011, Talentum signed an agreement to move to new business premises in Ruoholahti, Helsinki. Talentum will rent about 70 per cent of an office building to be constructed by Sponda. In the planning and construction of the new building, which will be completed in 2013, special attention will be paid to energy efficiency and environmentally friendly solutions.

Talentum's direct financial impacts in 2011



Personnel as Talentum's success factor

The aim of Talentum's personnel management is to support the company's business operations by investing in improving personnel competence, cooperation and the working atmosphere. The personnel strategy is in line with Talentum's other strategic targets.

A significant part of Talentum's success is its skilled and competent personnel who are committed to their work. This means creating the framework for a good working atmosphere, investing in good supervisory work and competence development, using schemes such as job rotation and training.

The changing sector poses challenges for personnel management. Supervisors are offered training and coaching to enable them to support change and handle challenging management situations.

In 2011, Talentum employed an average of

754

people.

Personnel in 2011

In 2011, Talentum employed an average of 754 people in Finland, Sweden, Denmark, the Baltic countries and Russia. Of the personnel, 55 per cent work in Finland and 21.5 per cent in Sweden. Publishing operations employed 416 people, while 24 people worked in the parent company's administration in Finland.

Mega, a direct marketing company, employed an average of 314 people in 2011. As is the case in the direct marketing sector in general, Mega faces the challenge of high staff turnover.

In 2011, the focus areas for personnel management were performance and competence management, as well as well-being at work and improving the working atmosphere.

Of the personnel,

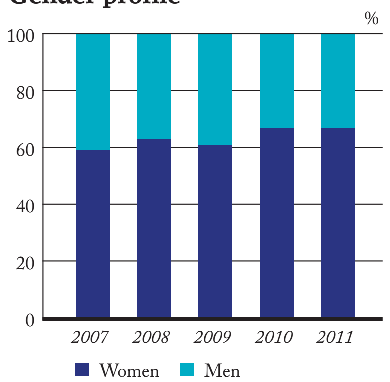
55%

work in Finland and

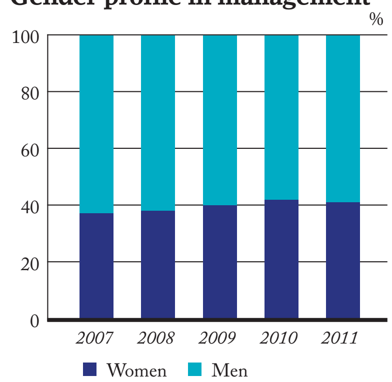
21.5%

in Sweden.

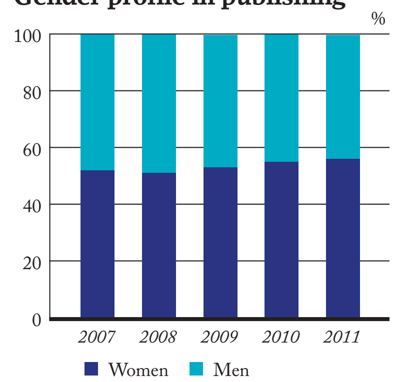
Gender profile



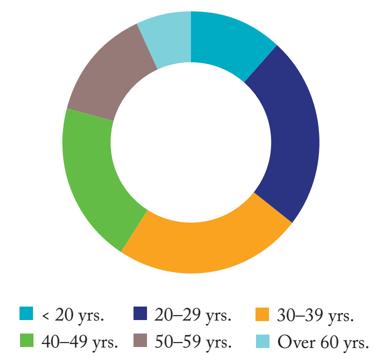
Gender profile in management



Gender profile in publishing



Age profile in 2011



Corporate Governance Statement

Talentum Oyj observes the Code of Governance of Finnish listed companies, which was issued by the Finnish Securities Market Association. Information concerning Talentum's Corporate Governance system is maintained on the company's website at www.talentum.fi under the Administration section. The Finnish Corporate Governance Code of listed companies is available at www.cgfinland.fi.

Administration

Talentum's administrative bodies are the General Meeting, the Board of Directors and the CEO.

General Meeting

The General Meeting, in which the shareholders take part in the steering and supervision of a company, is the highest administrative body of a limited liability company. It decides on matters that, under the company's Articles of Association and the Finnish Companies Act, fall within its competence, such as approval of financial statements, distribution of dividends, granting of exemption from liability to the CEO and members of the Board of Directors, election of the members of the Board and auditor, as well as their fees and remuneration.

The Board of Directors convenes the General Meeting by publishing a notice in at least two journals chosen by the General Meeting no more than three months and no less than three weeks before the date of the Meeting. At the latest, however, the notice is published nine days before the record date of the General Meeting.

The Annual General Meeting shall be held once a year by the end of June each year. An Extraordinary General Meeting can be held whenever the Board of Directors deems it necessary or when otherwise required by law.

Under the Articles of Association of Talentum Oyj, a shareholder may exercise a number of votes representing a maximum of 1/6 of the company's total shares at the General Meeting. If subsidiaries or companies in the same group and/or the pension foundation or pension fund of such companies jointly own shares representing more than 1/6 of the total votes, the number of votes that can be exercised at a General Meeting by virtue of these shares is limited to a maximum of 1/6 of the total votes.

Board of Directors

The members of the Board of Directors are elected at the Annual General Meeting for a term of one year. The General Meeting elects the Chairperson and Vice Chairperson of the Board.

Charter of the Board of Directors

The Board of Directors operates according to the Charter it has approved. The Charter guides the work of the Board of Directors and supplements the other laws and provisions that the Board must observe, especially the Finnish Companies Act, the Securities Markets Act and the Articles of Association. The company also observes the rules and regulations of the Helsinki Stock Exchange (NASDAQ OMX Helsinki Ltd) and the Finnish Corporate Governance Code of listed companies, which was approved by the Finnish Securities Market Association and came into effect on 1 October 2010.

Under the charter, the most important tasks of the Board of Directors are:

– The most important task of the Board of Directors is to steer the Group's operations in such a way that it generates maximum added value for the shareholders in terms of future cash flows. Also the interests of the other stakeholder groups of the company must be taken into consideration in the proper manner, and the operations must at least observe the generally acceptable principles of social responsibility.

The tasks of the Board of Directors also include:

– appointing and removing the CEO and deciding the service terms and conditions
– approving the central operating policies and values
– approving the strategy and the annual budget, and supervising their implementation
– approving all important acquisitions and investments and making other significant decisions
– drafting and approving the interim reports and financial statements
– approving the dividend policy and presenting dividend payment proposals to the General Meeting
– monitoring the implementation of internal audits, internal control and risk management
– handling the matters brought to the attention of the Board of Directors by the CEO and the Chairperson of the Board or those that, according to the Finnish Companies Act, other provisions or the Articles of Associations, belong to the area of responsibility of the Board

– monitoring the statutory audit of the financial statements and consolidated financial statements
– assessing the impartiality of the statutory auditor and especially the provision of ancillary services to the company
– proposing the name of an auditor.

Assessment of the independence and activities of the Board of Directors

The Board of Directors assesses its activities and those of the CEO once a year.

The Board of Directors assesses the independence of its members at least once a year or as necessary, and it ensures that legal competence is always assessed in the appropriate manner.

Committees of the Board of Directors

The Board of Directors has determined that, in view of the size of the Group and the extent of its operations, the Board shall have no separate committees. The Board, as a whole, is responsible for the tasks of the committees referred to in the Finnish Corporate Governance Code of listed companies.

Chief Executive Officer

The CEO is in charge of the company's day-to-day management in accordance with the instructions issued by the Board of Directors. The CEO is appointed and removed by the Board of Directors. The Board of Directors appoints a Deputy CEO as needed.

The Board of Directors approves the executive contract of the CEO at its meeting.

Other members of the Group Executive Management

The members of the Group Executive Management are appointed by the CEO.

Internal control

The general principles governing internal control in the Group have been approved by the Board of Directors. The aim of internal control is to ensure that the Group can operate efficiently and profitably and that the information supplied is reliable. The control system helps to ensure that the operating principles and guidelines are adhered to.

The Group's management and other supervisory staff must, through their actions, ensure that internal control functions well. The Group's financial organisation provides these functions with the necessary support by issuing guidelines and by ensuring that they are observed.

The financial development of the Group is monitored on a monthly basis using a steering system that covers the entire Group, listing the monthly figures, business reports and forecasts for the current year.

Organising internal audit function

The company does not have a separate organisation for internal audits, as it has not been considered necessary in view of the size of the Group and the extent of its business operations. Internal control and guidelines help to ensure that there is no need for a separate internal audit organisation.

The company's audit firm is involved in the review of the Group's control system as part of the audit plan drawn up each year.

Furthermore, the company's audit firm, assigned by the Board of Directors, will carry out a comprehensive audit of special items each year. In this respect the auditor reports directly to the Board of Directors.

When necessary, the Group also uses external experts for assessment tasks requiring special expertise.

Risk management principles

The aim of risk management is to identify, analyse and manage potential business-related risks so that the continuity of the Group's operations can be secured and the value of its shares maximised.

Risk management is carried out each year in connection with the Group's strategy process by determining the most serious risks to the Group.

Risk management assesses capital management as well as operating, legal, financial and accident risks.

The principles of risk management are presented in the annual report each year. The Group's financial risks are presented in the notes to the financial statements.

Main features of internal control and risk management relating to financial reporting

The aim of internal control in financial reporting is to ensure that the operations of the Group's finance functions are efficient and productive and that regulations are followed in every country the Group operates in. An additional aim is that financial reporting is high-quality, timely, accurate and intelligible. Internal control in financial reporting includes, amongst other things, operations consistent with the Group's values, as well as processes, operating policies, practices, schedules and organisational structures. Risks relating to financial reporting are continuously analysed, and the Group's financial management have principal responsibility for risk management.

The most important finance functions in the Group are based in Finland and Sweden. The Group's finance functions strive for centralised operations and consistent procedures. Financing of the Group and related risk management are undertaken centrally in Finland. The finance functions operate in close collaboration with the rest of the organisation.

The IFRS accounting principles are followed throughout the Group, and they are described in the Group's accounting handbook. The results of Group companies are monitored via monthly reporting. Monthly reporting is based on consistent reporting models and the use of common systems throughout the Group. Members of the companies' financial management verify the results reported and regularly comment on deviations of the results from budget and comparison figures. In addition, the Group's finance function, in collaboration with finance departments, determines other controls that ensure the accuracy and effectiveness of the financial reporting process. These include various approval rights, reports, analyses, records and usage rights of financial management systems.

Insider administration

Talentum Group applies the Guidelines for Insiders issued by the Helsinki Stock Exchange. In Talentum Group, the so-called "closed window", i.e., the period during which permanent insiders may not trade in company shares before the publication of financial disclosures, is 21 days, which differs from the 14 days laid down in the Helsinki Stock Exchange guidelines.

The company has given the following staff members the status of permanent company-specific insiders: public insiders (those covered by a disclosure obligation), the Group Executive Management, the Corporate Communications Manager and the people responsible for Group accounting and reporting.

In addition to regular restrictions, the company can, when necessary, also impose project-specific trading restrictions under which the people involved in the planning, preparation and implementation of important projects that may have an impact on the share value, such as corporate acquisitions, are given the status of project-specific insiders. Adherence to the insider guidelines is regularly monitored. The Group's General Counsel is responsible for insider affairs in the company.

Permanent insiders are regularly instructed and trained in insider matters.

The insider register of Talentum Oyj is held on the NetSire system of Euroclear Finland Oy.

Auditing

The General Meeting elects an auditor each year at the proposal of the Board of Directors. The name of the auditor proposed by the Board of Directors also appears on the invitation to the General Meeting. Under Talentum's Articles of Association, the auditing must be carried out by authorised public accountants.

The fees paid to the auditor for auditing and services not connected with auditing for each financial period are given in the annual reports.

Provision of information

The key information concerning the company's administration and investor relations appears on Talentum's website. The company's company disclosures and the main presentation material provided by the Executive Management are available on the company's website at www.talentum.fi after their publication.

Corporate Governance in 2011

General Meeting

The Annual General Meeting was held in Helsinki on 1 April 2011.

Board of Directors

The Annual General Meeting on 1 April 2011 elected 6 members to the Board of Directors, one of whom was elected Chairperson of the Board and one Vice Chairperson.

The Chairperson of the Board is Kai Telanne, the Vice Chairperson is Merja Strengell, and the other members of the Board are Aarne Aktan (until 30 November 2011), Joachim Berner, Atte Palomäki and Henri Österlund.

Meetings of the Board of Directors

In 2011, the Board of Directors convened 9 times with an average attendance rate of 94%.

Chief Executive Officer

Talentum Oyj's Chief Executive Officer was Juha Blomster until 28 October 2011. Executive Vice President Lasse Rosengren was Chief Executive Officer until 1 December 2011, at which point CEO Aarne Aktan assumed the role.

Terms and conditions of the CEO's employment relationship

The CEO has a written executive contract, the terms and conditions of which have been approved by the Board.

CEO Juha Blomster gave notice to terminate his employment on 16 June 2011 and retired from the company's service on 28 October 2011. Juha Blomster's period of notice to terminate his employment was six months, and he would have had the right to retire at the age of 60. His pension would then have been 60 per cent of his salary.

CEO Aarne Aktan assumed the role on 1 December 2011. Aarne Aktan's period of notice to terminate his employment is nine months on both parties. The CEO's pension is determined according to the Employee Pensions Act in force. There is no separate pension plan in place.

Group Executive Management

The Chairperson of the Group Executive Management is the CEO. In 2011, in addition to Juha Blomster (until 28 October 2011) and Aarne Aktan (from 1 December 2011), the Group Executive Management consisted of Hanna Kivelä, Mika Malin, Ulla Martola, Niclas Köhler and Lasse Rosengren.

The Group Executive Management meets under the leadership of the CEO approximately twice a month to discuss the Group's strategy, risk management, internal monitoring, annual planning, financial performance, corporate restructuring and other important operative matters.

Salary and bonuses paid to the CEO and other members of the Group Executive Management

The Board of Directors approves the salary of the CEO and those staff members who report directly to him, including annual bonuses and the management bonus scheme. The Group Executive Management decides the salary level and bonuses of line management.

The salary levels in the Group are monitored through a system in which each manager's own superior approves the principles related to the terms and conditions of the employment relationships of their own subordinates.

Auditing

The Annual General Meeting elects an APA (Authorised Public Accountant) as auditor annually.

The auditor is Authorised Public Accountants PricewaterhouseCoopers Oy, with APA Juha Wahlroos (born 1956) acting as the accountable auditor.

Auditor's fees

In 2011, the auditor was paid EUR 125 thousand for the audit plus the sum of EUR 65 thousand for additional services not relating to the audit.

Insiders

Details of the share ownership of those regarded as insiders at Talentum Oyj and obliged to give notification can be found on the company's website at www.talentum.fi, where the information is updated from the NetSire system maintained by Euroclear Finland Oy.

Details of the share ownership of those regarded as insiders at Talentum Oyj and obliged to give notification 1 Jan–31 Dec 2011

	Total number of shares on 31 Dec 2011	*Change 1 Jan–31 Dec 2011*
Blomster Juha, CEO (until Oct. 28, 2011)	17,850	–
Malin Mika, GEM	8,925	–
Rosengren Lasse, GEM	10,710	–

Others regarded as insiders and obliged to give notification held no Talentum shares on 31 December 2011.

Remuneration Statement

Talentum observes the Finnish Corporate Governance Code of listed companies, which was approved by the Finnish Securities Market Association on 15 June 2010 and came into effect on 1 October 2010. This remuneration statement has been drafted in compliance with recommendation 47 of section 7 of the Governance Code.

Fees of the members of the Board of Directors

The General Meeting decides the fees of the Board of Directors each year.

The Board's monthly fees decided at the Annual General Meeting on 1 April 2011 are as follows: EUR 4,000 for the Chairperson, EUR 2,500 for the Vice Chairperson and EUR 2,000 for members.

The Board of Directors has no other financial benefits or share-based rights.

Terms and conditions of the CEO's employment and bonuses paid to the CEO

The Board of Directors approves the terms and conditions of the executive contract and the bonus plan of the CEO.

The bonus plan of the CEO is made up of performance-based bonuses and share-based bonuses. The maximum performance-based bonus for the CEO is equivalent to five months' salary. The Board of Directors decides on the terms and conditions and the payment of the bonuses each year.

As a rule, performance-based bonuses are determined on the basis of the growth in consolidated net sales, consolidated operating income and the targets set for the individual areas of responsibility each year.

CEO Juha Blomster had a benefit-based group pension scheme. Under the terms and conditions of group pension insurance, the insured is entitled to a paid-up policy, i.e., premium-free insurance in an amount equivalent to the insurance savings accrued by the end of the employment relationship.

CEO Aarne Aktan's period of notice to terminate his contract is nine months on both parties. The CEO's pension is determined according to the Employee Pensions Act in force. There is no separate pension plan in place.

CEO Juha Blomster (1 Jan – 28 Oct 2011) received a total of EUR 339 thousand (EUR 348 thousand) in salary payments, bonuses and benefits.

CEO Aarne Aktan (1 Dec – 31 Dec 2011) received a total of EUR 20 thousand in salary payments, bonuses and benefits.

The following remuneration was paid to members of the Board:

1,000 EUR	**2011**	2010
Airaksinen Manne	–	7.5
Aktan Aarne	16	–
Berner Joachim	24	18
Kainulainen Harri	6	24
Lehti Eero	6	24
Palomäki Atte	24	24
Saarinen Tuomo	–	12
Strengell Merja	34.5	42
Telanne Kai	43.5	22.5
Österlund Henri	18	–
Total	172	174

In 2011, the following salaries and bonuses were paid to Talentum´s CEO and the other members of the Executive Management:

1,000 EUR	*Fixed salary*	*Bonus-based salary*	*Other financial benefit*	*Total remuneration in 2011*
CEOs	207	–	152	358
Executive Management	630	–	314	944
Total	836	–	466	1,302

Bonuses paid to the other members of the Group Executive Management

The Board of Directors approves the terms and conditions of the employment contracts and the bonus plan for the employees reporting directly to the CEO.

The bonus plan for the Group Executive Management is made up of performance-based bonuses and share-based bonuses.

The maximum performance-based bonus for the members of the Group Executive Management is equivalent to four months' salary. The Board of Directors decides on the terms and conditions and the payment of the bonuses each year.

As a rule, performance-based bonuses are determined on the basis of the growth in consolidated net sales, consolidated operating income and the targets set for the individual areas of responsibility each year.

A number of members of the Group Executive Management have a retirement age of 60.

Management's share-based incentive scheme

Talentum Oyj's Board of Directors decided on 18 March 2010 to establish a new share-based incentive scheme for corporate management. The scheme consists of three earnings periods, each comprising at least one and no more than three earnings periods, the first of which began on 1 January 2010 and ended on 31 December 2010. The second earnings period started on 1 January 2011 and ended on 31 December 2011. The bonuses will be paid partly in the company's shares and partly in cash after the end of each earnings period. The share paid in cash will cover any taxes and other such costs arising from the bonus. It is prohibited to transfer shares earned as a bonus within two years of the end of the earnings period. The total length of the scheme is five years. After this, the company's CEO must retain one half of the shares earned by him under the scheme for the entire duration of his employment relationship and for one year after its termination. The Board of Directors will decide at a later stage on the next earnings periods and the restrictions related to the disposal of the shares earned during these periods. The possible scheme revenue for the 2011 earnings period is based on Talentum Group's net sales and operating profit and Talentum's share revenue. Seven people were covered by the scheme for the 2011 earnings period. If the scheme targets are fully achieved in the 2011 earnings period, a maximum of 109,000 shares and the amount of cash required for taxes and similar charges arising from the distributed shares being issued will be given under the scheme. If the scheme targets are fully achieved, a maximum of 484,500 shares in Talentum Oyj and the amount of cash required for taxes and similar charges arising from the distributed shares at issue will be given within the scheme over a period of 3 years.

In 2010 and 2011, no shares were given on the basis of the result.

Board members

The members of the Board of Directors are elected at the Annual General Meeting for a term of one year, which ends at the following Annual General Meeting. The General Meeting elects the Chairperson and Vice Chairperson of the Board. The Annual General Meeting on 1 April 2011 elected six members to the Board of Directors, one of whom was elected Chairperson of the Board and one Vice Chairperson.

Joachim Berner

Board member since 2010
MBA, BBA, born 1962

Essential work experience

2002–2003 Lowe Brindfors, CEO; 2001 Expressen, Editor-in-Chief; 1996–2000 Dagens Nyheter, CEO and Editor-in-Chief; 1993–1996 Göteborgs-Posten, Managing Editor and Deputy CEO. In addition, Berner is an owner of Christian Berner Invest AB -family company in third generation.

Main simultaneous positions of trust

Board Chairman in Forma Publishing Group, Board Member in Done (publ), Family Business Network, NHST Mediagroup (publ), The Swedish State Pension Authority, Swereco, The Swedish National Theater and Christian Berner Invest
CapMan Buyout, Industrial Advisor

Independent

Atte Palomäki

Board member since 2007
Master's degree in Social Sciences, born 1965

As his main occupation, Palomäki works as a Group Vice President, Corporate Communications of Wärtsilä Corporation.

Essential work experience

2008– Wärtsilä (publ.), Group Vice President, Communications & Branding; 2007–2008 Nordea Bank AB (publ.), Group Chief Communication Officer; 2005–2006 Nordea Bank AB (publ.), Chief Communication Officer, Finland; 2002–2005 Kauppalehti, Journalist; 2000–2002 MTV3 Financial news, Editor; 1995–2000 MTV3 Huomenta Suomi, News Producer / Presenter; 1993–1995 MTV3 Huomenta Suomi, Reporter

Palomäki has no other major simultaneous positions of trust.

Independent

Merja Strengell

Vice Chairperson, Chairperson in 2010
Board member since 2009
Master of Science in Engineering, born 1959

Essential work experience

2007–2009 Pöyry Forest Industry Oy, Head of Department; 2005–2007 Jaakko Pöyry Oy, Leading Specialist; 2001–2005 Metso Paper Oy, Vice President, Quality and Environment, General Manager, Environmental Technology; 2000–2001 ABB Oy, Unit Leader; 1995–2000 Valmet Oy, Human Resources Development Manager, Head of Application team, Customer Training Manager

Main simultaneous positions of trust

2008– Technology Academy, Member of Executive Committee; 2008– Ilmarinen Mutual Pension Insurance Company, Deputy Chairperson of the Supervisory Board; 2006– VTT (Technical Research Centre of Finland), Board member

Independent

Kai Telanne

Chairperson, Vice Chairperson in 2010
Board member since 2010
M.Sc. (Econ.), born 1964

As his main occupation, Telanne is the CEO of Alma Media Corporation.

Essential work experience

2001–2005 Kustannus Oy Aamulehti, Managing Director; 2000–2005 Kustannus Oy Otsikko, Managing Director; 2000–2001 Kustannus Oy Aamulehti, Deputy Managing Director; 1999–2000 Kustannus Oy Aamulehti, Marketing Director; 1996–1999 Suomen Paikallissanomat Oy, Marketing Director

Main simultaneous positions of trust

Federation of the Finnish Media Industry, Chairman; Varma Mutual Pension Insurance Company, Board member; The Central Chamber of Commerce of Finland, Board member; Teleste Oyj, Board member; Tampereen Lääkärikeskus Oy (Tampere Private Clinic), Board member; Confederation of Finnish Industries EK, Board member

Non-independent of a major shareholder

Henri Österlund

Board member since 2011
M.Sc. (Econ.), born 1971

As his main occupation, Österlund is the CEO of Accendo Capital Partners Oy.

Essential work experience

2003–2004 Conventum Corporate Finance, Partner; 2002–2003 Conventum Corporate Finance, Director; 2000–2002 InterQuest, Chairman of the Board; 1999–2000 Triton, Partner; 1995–1999 Doughty Hanson & Co, Associate; 1993–1994 Landesbank Schleswig-Holstein, Trainee

Main simultaneous positions of trust

2009– Okmetic Oyj, Chairman of the Board; 2008– Okmetic Oyj, Board member; 2010– Comptel Oyj, Board member

Independent

Aarne Aktan

Board member since 2011, until appointed Group Chief Executive Officer December 1, 2011
Bachelor of Science (Econ.), born 1973

Essential work experience

1998–2011 Quartal Oy, CEO
1997–1998 Kauppamainos Bozell, Account Manager, Head of web design team

Main simultaneous positions of trust

2010– AtBusiness Group Oy, Board member; 2008– Investis Ltd, Board member; 2008– Aldata Solutions Plc, Board member; 2007– Trainers' House Plc, Board Chairman; 2007– Fondia Tools Oy, Chairman of the Board

Independent

Group Executive Management until 17 January 2012

The duties of the Group Executive Management include among others ensuring implementation of the strategy, risk management, monitoring financial performance, business plans, corporate restructuring and other significant operative matters.

Aarne Aktan

Group Chief Executive Officer since December 1, 2011
Bachelor of Science (Econ.), born 1973

Essential work experience

1998–2011 Quartal Oy, CEO; 1997–1998 Kauppamainos Bozell, Account Manager, Head of web design team

Main simultaneous positions of trust

2010– AtBusiness Group Oy, Board member; 2008– Investis Ltd, Board member; 2008– Aldata Solutions Plc, Board member; 2007– Trainers' House Plc, Board Chairman; 2007– Fondia Tools Oy, Chairman of the Board

Hanna Kivelä

Vice President, customer relations and R&D
Master of Science in Engineering, MBA, born 1974

Hanna Kivelä has worked with Talentum Oyj since 2007 as a director, first responsible for online business and IT, as of late 2010 customer relations and R&D.

Essential work experience

2005–2007 Plenware Oy, Sales Director; 2001–2005 Alma Media Oyj, Development Manager, Project Manager; 1998–2001 Sonera Oyj, Project Manager

Niclas Köhler

Chief Financial Officer
Master of Economic Sciences, born 1966

Niclas Köhler joined Talentum as a CFO in May 2011.

Essential work experience

2007–2011 OneMed Group Oy, Director Finance and HR; 2004–2007 Alma Media / Kauppalehti Group, Financial Director

Mika Malin

Vice President, business development
MSc. in Economics, MBA, born 1969

During his career in Talentum Media Oy, **Mika Malin** first worked as business unit director, then as director responsible for book publishing, training and online business as well as marketing. Joined Talentum in 2006.

Essential work experience

2003–2006 Boston Consulting Group, Consultant; 2000–2001 Stepstone Ltd, International Site Manager; 1996–2000 Fazer / United Biscuits Holdings Plc, International Brand Manager, UK; 1993–1996 Unilever, Brand Manager

Shareholding in Talentum

8,925 shares

Ulla Martola

Vice President, HR
Master's degree in Economic Sciences, born 1962

Ulla Martola joined Talentum as an HR Director in 2009.

Essential work experience

2003–2009 Basware Oyj, Senior Vice President, HR & Development; 2002–2003 Talent Partners, Senior Executive Consultant; 1999–2001 KPMG Oy Ab, Chief Knowledge Officer; 1988–1999 KPMG Consulting Oy Ab, several consulting positions, such as Senior Manager

Lasse Rosengren

General Counsel, Vice Executive President
Master of Laws, born 1963

Lasse Rosengren has been employed by Talentum as a General Counsel since 2000.

Essential work experience

1993–2000 Attorney at law; 1991–1993 OKO, Credit Manager; 1989–1991 SKOP, Lawyer

Shareholding in Talentum

10,710 shares

GEM as of January 18, 2012

The members of the GEM as of January 18, 2012 are Aarne Aktan, Johan Ehrström, Niklas Köhler, Lasse Rosengren, Roger Thorén and Elina Yrjölä.

Johan Ehrström

has worked for Talentum since autumn 2010, when Talentum acquired IIR Finland Oy (currently Talentum Events Oy). He is responsible for Talentum's event business in Finland, Sweden and Denmark.

Roger Thorén

has worked for Talentum since 1998, in several positions among others as the editor-in-chief of Miljörapporten and Byggvärlden. Thorén is currently the Managing Director of Talentum publishing in Sweden.

Elina Yrjölä

has worked for Talentum since 2002, among others as the editor-in-chief of Mediuutiset as well as Managing Director of the publishing company and as a journalist of Talouselämä. Yrjölä is currently Director of Talentum publishing in Finland.

Juha Blomster

Group Chief Executive Officer until October 28, 2011
Master of Economic Sciences, born 1957

Juha Blomster joined Talentum as a CEO in October 2006.

Essential work experience

2000–2006 Kauppalehti Oy, Managing Director; 1996–2000 Kustannus Oy Aamulehti, Managing Director, Marketing Manager; 1991–1995 Kustannus Oy Kauppalehti, Assistant Manager

Shareholding in Talentum

17,850 shares

Financial Statements 2011

The annual report is published in Finnish and English.
In case of doubt, the Finnish version is authoritative.

Annual report by the Board of Directors

Consolidated net sales and income for 2011

(continuing operations)

Consolidated net sales for January–December increased by 12.6%, totalling EUR 83.5 million (EUR 74.1 million). Without the event business acquired in 2010 and at comparable exchange rates, net sales increased by 0.7%. The strengthening of the Swedish krona against the euro improved net sales by EUR 1.6 million. Net sales from publishing operations increased by 14.5%, totalling EUR 77.7 million (EUR 67.9 million).

Consolidated operating income without non-recurring items was EUR 2.4 million (EUR 1.9 million). Operating income from publishing operations without non-recurring items was EUR 4.4 million (EUR 3.1 million). Non-recurring items include the loss of EUR 2.6 million resulting from the disposal of Talentum HR AB as well as costs from reorganisation due to the disposal and other personnel reduction costs of EUR 0.5 million (in the comparison period, of the non-recurring items EUR 1.5 million were caused by personnel reduction in Sweden and EUR 0.3 million from expenses related to the acquisition of the event business).

Consolidated operating income for January–December was EUR –0.7 million (EUR 0.1 million) and –0.8% of net sales (0.2%). Operating income from publishing operations was EUR 1.4 million (EUR 1.6 million). Operating income was weakened by personnel cost accrual related to IFRS reporting of about EUR 0.3 million (EUR 0.1 million) and the depreciation of intangible assets of EUR 0.2 million (EUR 0.1 million) both caused by the acquisition of the event business. The strengthening of the Swedish krona against the euro improved operating income by EUR 0.1 million.

Net financial expenses amounted to EUR 0.8 million (EUR 0.2 million). The Group's share of income of associated companies was EUR 0.2 million (EUR 0.0 million).

Income before taxes was EUR –1.2 million (EUR –0.0 million). The Group's taxes for the period under review were EUR 0.6 million (EUR –0.1 million). The Group's effective tax rate was increased by non-deductible expenses, such as the loss incurred in the sale of Talentum HR AB in Sweden. Consolidated income from continuing operations for the period under review was EUR –1.8 million (EUR 0.1 million).

Consolidated income for 2011

(continuing and discontinued operations)

The discontinued operation includes the income statement items, gain on sale and disposal related costs of the subsidiaries Sverige Bygger AB and Norge Bygges AS, sold in August.

Income from discontinued operation was EUR 7.3 million, including the gain on sale of EUR 7.3 million resulting from the divestments. Consolidated income for the period under review, including continuing and discontinued operations, was EUR 5.5 million.

The divestments of the subsidiaries and their impact on the consolidated financial statements are described in the section Changes in Group structure and in the Notes to the financial statements section 3 Disposals of subsidiaries and businesses.

Sector and Talentum prospects for 2012

Activity among Talentum's customers became weaker towards the end of 2011. The company estimates that economic growth in the main market areas, Finland and Sweden, will be modest in 2012, which will reflect relatively moderate or nonexistent growth in advertising.

Talentum's comparable net sales for 2011 excluding Talentum HR AB, sold at the end of 2011, were approximately EUR 79 million. Talentum estimates that in 2012 its comparable net sales will remain on the same level and its operating income without non-recurring items will increase, compared to 2011.

Operating environment and seasonal variation

During the second half of 2011, general economic uncertainty increased in both Finland and Sweden. Different sources estimate the national economy to have grown by 2.8% in Finland and 4.5% in Sweden.

In Finland, according to TNS Media Intelligence, media advertising increased by 6.3% in 2011. Advertising in periodicals rose by 1.7%, while in professional and business journals the increase was 3.5%. Online media advertising increased by 25%. In Sweden, total media advertising revenues rose by 9.3%, while in professional journals the increase was 7.7% (Sweden's Media Agencies – Sveriges Mediebyråer). In Sweden, too, advertising increased more in professional journals than in general-interest magazines.

The media and media service markets are subject to seasonal variations. Magazines and books do not generally come out during the summer holiday season, which is why the third quarter is the weakest in terms of sales. Operations are generally at their busiest in the final quarter.

Cash flow, financial position and balance sheet for the Group

The cash flow from operating activities in January–December was higher than in the previous year, following mainly the increase in operating income and a change in working capital. The cash flow from continuing operations operating activities was EUR 4.6 million (EUR 2.2 million). The change in continuing operations working capital was EUR 1.9 million (EUR 0.7 million). Working capital is negative, as is usual for the sector, because liabilities include subscription fee advances received from customers of EUR 16.8 million (31 Dec 2010: EUR 13.7 million in total). Advance payments at the end of December include group subscription fee advances of EUR 8.3 million for Talentum's magazines of which, correspondingly, EUR 4.8 million is included in long-term receivables and EUR 3.5 million in short-term receivables.

The consolidated balance sheet total decreased as a consequence of the divestments carried out in August and December, and at the end of the period under review, it stood at EUR 57.3 million (EUR 64.7 million). The amount of goodwill on the balance sheet decreased by EUR 12.0 million as a consequence of the divestments. In addition, consolidated net liabilities declined, and the equity ratio rose. At the end of December, the Group's interest-bearing loans and borrowing amounted to EUR 1.2 million (EUR 13.9 million). The Group's liquid assets were EUR 2.6 million (EUR 1.5 million). Interest-bearing net liabilities were EUR –1.5 million (EUR 12.4 million).

The available bank overdraft limit, which is valid until further notice, is EUR 12 million. The available financing credit limit is EUR 22 million, and the relevant arrangements are valid until 30 September 2013 and 30 September 2014. EUR 0.8 million of the limits was in use at the end of the period under review (EUR 13.4 million was in use on 31 December 2010).

The equity ratio at the end of the period under review was 54.1% (34.4%). The Group's equity per share was EUR 0.50 (EUR 0.40). The Group does not hedge against currency fluctuations with regard to the acquisition of subsidiaries. The weakening or strengthening of the Swedish krona against the euro affects the Group's equity through the translation difference arising from the acquisition of the Swedish subsidiaries. The translation difference in the equity on the consolidated balance sheet was EUR 0.3 million. The change for January–December without the effects of the divestments was positive, standing at EUR 0.2 million (EUR 2.7 million in 2010).

Investments

The gross investments of continuing operations in tangible and intangible assets for January–December totalled EUR 1.4 million (EUR 3.9 million), which is 1.7% (5.3%) of net sales. The tangible and intangible assets of the acquisition of the event business increased investments during the comparison period.

Survey of the scope of research and development activities

The Group constantly develops new products and operational models, especially in e-business. Development costs are mainly recognised as expenses over their useful life. EUR 0.1 million (EUR 0.3 million) of the investments was capitalised costs on developing e-business.

Changes in Group structure

On 9 August 2011, Talentum sold Sweden-based Sverige Bygger AB and Nordic Construction Media AB and Norway-based Norge Bygges AS. The seller was Talentum Oyj's Swedish subsidiary, Talentum Business Information Group AB (TBIG), and the buyer was DOCU Group Sweden AB.

The total purchase price of the companies' shares, EUR 15.2 million, was paid in cash. Talentum recorded a gain on sale of EUR 7.3 million. Talentum acquired Sverige Bygger AB and Norge Bygges AS in 2009. The companies produced and sold information and marketing services for the construction sector in Sweden and Norway. They employed 77 people in Sweden and 8 people in Norway. The companies are presented as discontinued operations in the financial statements.

On 28 December 2011, the Group sold its Swedish subsidiary, Talentum HR AB, which provides information services and consulting in the HR sector, to Wise Group AB. The purchase price was EUR 3.1 million, of which EUR 2.1 million was paid in cash. The rest has been recognised as a short-term receivable of EUR 0.9 million, which will fall due within 12 months of the date on which the transaction becomes effective. Talentum recorded a loss on sale of EUR 2.6 million. It employed approximately 30 people on the date of disposal. Talentum acquired the company in 2007.

The effects of the divestments on the consolidated financial statements are presented in the Notes section 3 Disposals of subsidiaries and businesses.

Personnel

In 2011, Talentum Group's continuing operations employed an average of 754 (707) people. Geographically, the personnel were divided as follows: Finland 415 (393) people, Sweden 162 (150), Denmark 11 (1), Latvia 72 (75), Estonia 86 (83) and Russia 8 (5).

The discontinued operation employed an average of 50 people in 2011 (80 people in 2010).

Business areas

Publishing (continuing operations)

Net sales from publishing operations for January–December amounted to EUR 77.7 million (EUR 67.9 million), a change of 14.5% from the previous year. Of net sales from publishing operations, 59% (58%) originated in Finland and the remaining 41% (42%) in the other Nordic countries.

In January–December, advertising revenue increased by 14.7% from the previous year. Advertising revenue accounted for 39% (39%) of net sales from publishing operations.

Net sales from e-business for January–December increased by 8.9%. Net sales from e-business were EUR 9.7 million (EUR 8.9 million), which corresponds to 12% (13%) of the total figure for publishing.

Net sales from publishing operations

EUR million	2011	2010	*Change %*
Net sales			
Advertisement revenue	30.0	26.2	14.7
Circulation revenue	24.5	23.8	2.9
Other content revenue*	23.2	17.9	29.6
Total	77.7	67.9	14.5

*) 'Other content revenue' includes books, events, training and information services.

Publishing Finland

In the Publishing Finland segment, financial development is reported for periodicals, book publishing, training and the event business. The best-known book in the book publishing business is the green Finnish Law book. The magazines with the highest circulation are Talouselämä and Tekniikka & Talous. The event business of IIR Finland Oy (now Talentum Events Oy) has belonged to this segment since Talentum acquired it on 15 September 2010.

Net sales from publishing operations in Finland for January–December amounted to EUR 45.8 million (EUR 39.2 million), a change of 16.7% from the previous year. Excluding the event business acquired in September 2010, net sales increased by 4.7%. Advertising revenue was up 14.2% on the previous year.

Talentum's operating income from publishing operations in Finland was EUR 2.8 million (EUR 1.4 million). Operating income from publishing operations in Finland was weakened by personnel cost accrual related to IFRS reporting of about EUR 0.3 million (EUR 0.1 million) and the depreciation of intangible assets of EUR 0.2 million (EUR 0.1 million) both caused by the acquisition of the event business.

The Union of Professional Engineers in Finland (UIL), a major long-term subscriber to Tekniikka & Talous, terminated its agreement and will no longer subscribe to the magazine on behalf of its members in 2012.

The circulations of Talentum's major magazines have increased, and, for example, the circulation of Talouselämä reached a new record of 80,800 copies.

The number of visits to Talentum's Finnish online media grew faster than the market. Taking 'unique browsers' as the indicator, the average readership numbers of the network increased by 32% from the previous year. The strongest growth was recorded by Talentum's major Finnish services, Talouselämä (113%), Tekniikka & Talous (46%) and Tivi (36%). In particular, Talouselämä has focused on its own online news production during the year. The proportion of users accessing Talentum's services using mobile devices increased markedly compared to the previous year.

Publishing Other Nordic Countries
(continuing operations)

In the Publishing Other Nordic Countries segment, financial development is reported for periodicals and the event business. The magazines with the highest circulation are Ny Teknik and Affärsvärlden. Talentum Events Oy's operations in Sweden and Denmark have been reported under the Other Nordic Countries segment since 15 September 2010.

From the Publishing Other Nordic Countries segment, the construction information business in Sweden and Norway, which is reported as discontinued operation, was sold in August 2011, and Talentum's Swedish subsidiary, Talentum HR, which provides information services and consulting in the HR sector, was sold at the end of December. Talentum HR is included in the segment's figures until the time of the sale. However, the loss and related personnel reduction costs in the other companies of the segment that were caused by the sale are reported as non-recurring items for the segment.

Net sales from publishing operations in the other Nordic countries for January–December amounted to EUR 31.9 million (EUR 28.7 million), an increase of 11.4% from the previous year. Without the event business acquired in September 2010 and at comparable exchange rates, net sales decreased by 2.7%. Changes in exchange rates increased net sales by EUR 1.6 million. Advertising revenue was up 15.1% on the previous year.

Operating income from publishing operations in the other Nordic countries without non-recurring items was EUR 1.5 million (EUR 1.7 million). Operating income from publishing operations in the other Nordic countries was EUR –1.4 million (EUR 0.3 million).

Operating income from publishing operations in the other Nordic countries during the reporting period was affected by the weak operating income of Talentum HR, which was sold at the end of December.

Direct Marketing

In the Direct Marketing segment, financial development is reported for the business of Talentum's subsidiary Suoramarkkinointi Mega Oy in Finland and the Baltic countries. The company operates in the telemarketing business.

Net sales from direct marketing for 2011 amounted to EUR 9.1 million (EUR 8.8 million), and operating income was EUR 1.2 million (EUR 0.9 million).

Risks and risk management

The aim of Talentum's risk management is to identify, analyse and manage potential business-related risks so that the continuity of the Group's operations can be secured and the value of its shares maximised.

Talentum's most significant strategic risks involve sudden drop in readership figures, decline in advertising sales as well as a substantial rise in printing and distribution costs.

Group subscriptions for major magazines are significant as far as coverage is concerned, and contracts have been in place for several decades. Changes in these contracts could have major impacts on magazine circulations and, indirectly, media sales.

The changes in general economic growth will affect Talentum's revenue and revenue structure. Traditionally, about 40% of consolidated net sales are dependent on advertising, particularly in the B2B sector, which is sensitive to economic conditions. In present economic conditions, advertising accounts for about 36% (33%) of net sales. The most economically sensitive component of advertising revenue is job advertising. The aim of the Group is to minimise the market risk relating to advertising by increasing revenue from circulation and content sales. The goal is for all Talentum products and services to be market leaders in their fields, so that success is possible even in times of recession.

The Finnish government's decision to raise VAT on subscription magazines to 9% will have a significant impact on Talentum. However, Talentum will be affected to a lesser extent than many other Finnish publishers. About 41% of Talentum's net sales from publishing operations originate in Sweden, and the proportion of total revenue from publishing operations attributable to magazine subscription revenue is about 32%.

The media industry is changing along with technological development and also the media usage habits are changing. This could change the earnings logic of magazines and books even in the long term. Talentum aims to respond to the change by developing the e-business in particular to meet the changing media usage habits.

With the growth of the Group's international operations, the consolidated profit and loss account and balance sheet are increasingly exposed to the effects of exchange rate fluctuations. Net sales from continuing publishing operations in the other Nordic countries for the period under review were 41% (42%) of the total net sales of publishing operations. The share of the balance sheet total attributable to publishing operations in the other Nordic countries was 36% (46%). The companies' operations are local and language-area-bound by nature, and there are very few currency-denominated transactions. The profit and loss account and balance sheet have not been hedged against exchange rate fluctuations.

Operational risks involve failures in information technology and telecommunications as well as interruptions in printing and distribution. Each business unit is responsible for the daily risk management and proactive measures.

Financial risks are described in the notes to the financial statement.

Environment

Talentum's main environmental effects are associated with paper consumption, transport, recycling and premises.

Talentum sorts and recycles waste in accordance with the law. Material that is taken out of use, such as machines, equipment and waste paper, is recycled to maximum possible extent.

Management

Talentum Oyj's Annual General Meeting on 1 April 2011 decided that the Board of Directors should consist of six members. Joachim Berner, MBA, BBA, Atte Palomäki, Group Vice President Corporate Communications, Kai Telanne, CEO and Merja Strengell, MSc (Eng.) were re-elected as members of the Board. Aarne Aktan, CEO, and Henri Österlund, CEO, were elected as new members of the Board. Kai Telanne was elected the Chairperson of the Board and Merja Strengell the Vice Chairperson.

The General Meeting re-elected Authorised Public Accountants PricewaterhouseCoopers Oy as auditors, with APA Juha Wahlroos as the auditor responsible.

Aarne Aktan, BSc (Econ.), was appointed Chief Executive Officer of Talentum Oyj as of 1

December 2011. On 30 November 2011, he resigned as a member of Talentum Oyj's Board of Directors after being nominated as the company's CEO. Talentum's previous Chief Executive Officer, Juha Blomster, left the company on 28 October 2011.

Corporate Governance

In its decision-making and corporate governance, Talentum Oyj observes its Articles of Association, the Finnish Companies' Act, provisions on publicly listed companies and NASDAQ OMX Helsinki's rules and regulations. Talentum observes the Corporate Governance Code of Finnish listed companies. The Corporate Governance Statement is presented in the Annual Report in a separate section.

Shares and share capital

On 31 December 2011, Talentum Oyj's share capital totalled EUR 18,593,518.79 and the company had 44,295,787 fully paid shares. The shares are listed on the NASDAQ OMX Helsinki stock exchange.

A total of 5,940,303 shares were traded in 2011, which corresponds to 13.4% of the total number of shares. The highest price paid for shares in 2011 was EUR 2.16, and the lowest was EUR 1.36. The closing price for the shares on 30 December 2011 was EUR 1.47.

On 31 December 2011, the company held 681,000 of its own shares, which is about 1.5% of Talentum's total shares and votes. Talentum did not buy any of its own shares in 2011.

Shareholdings of the Board of Directors and CEO

On 31 December 2011, the number of Talentum Oyj shares owned by members of the Board of Directors as well as by the Chief Executive Officer and Vice Executive Officer, personally or through companies in which they have a controlling interest, was 10,710, representing 0.02% of the company's total shares and votes.

Authorisations of the Board of Directors

Authorisation of the Board of Directors to decide on the acquisition of Talentum's own shares

The Annual General Meeting on 1 April 2011 authorised the Board of Directors to acquire a maximum of 3,500,000 of Talentum Oyj shares, which corresponds to approximately eight (8) per cent of all Talentum Oyj shares. The authorisation was unused as of 31 December 2011.

Authorisation of the Board of Directors to decide on a share issue including the conveyance of Talentum's own shares and the issue of special rights

The Annual General Meeting on 1 April 2011 authorised the Board of Directors to decide on a share issue including the conveyance of Talentum's own shares and the issue of special rights. Based on the authorisations, Talentum may issue new shares and/or dispose of shares it holds up to a maximum number of 3,500,000 shares, corresponding to approximately eight (8) per cent of the issued shares of the company. The authorisations were unused as of 31 December 2011.

Management's share-based incentive scheme

Talentum Oyj's Board of Directors decided on 18 March 2010 to establish a new share-based incentive scheme for corporate management. The scheme consists of three earnings periods, each comprising at least one and no more than three earnings periods, the first of which was 1 January–31 December 2010. The second earnings period began on 1 January 2011 and ended on 31 December 2011. The bonuses will be paid partly in the company's shares and partly in cash after the end of each earnings period. The proportion paid in cash will cover any taxes and other such costs arising from the bonus. Transferring shares earned within two years of the end of the earnings period is prohibited. The total length of the scheme is 5 years. After this, the company's CEO must retain one half of the shares earned by him under the scheme for the entire duration of his employment relationship and for one year after its termination. The Board of Directors will decide at a later stage on the next earnings periods and the restrictions related to the disposal of the shares earned during these periods. The possible scheme revenue for the 2011 earnings period is based on Talentum Group's net sales and operating profit and Talentum's share revenue. Seven people are covered by the scheme for the 2011 earnings period. If the scheme targets were fully achieved in the 2011 earnings period, a maximum of 109,000 shares and the amount of cash required for taxes and similar charges arising from the shares being issued would be given under the scheme. If the scheme targets were fully achieved, a maximum of 484,500 shares in Talentum Oyj and the amount of cash required for taxes and similar charges arising from the shares being issued would be given within the scheme over a period of 3 years.

In 2010 and 2011, no shares were given on the basis of the result.

Market guarantee

An agreement with Nordea Securities Oyj on a market guarantee for Talentum Oyj shares became effective on 21 June 2004. Under the agreement, Nordea Securities will submit a purchase and sale offer, such that the maximum permitted differential between them is 3% of the purchase offer. The offers will include a minimum of 2,500 shares.

Significant events after the end of the financial period

Appointment of Group Executive Management

A new Group Executive Management was created for Talentum. As of 18 January 2012, it consists of Aarne Aktan (Chairman), CEO; Johan Ehrström, Director, Nordic Events; Niclas Köhler, CFO; Lasse Rosengren, VEP, General Counsel; Roger Thorén, Managing Director, Publishing Operations in Sweden, and Elina Yrjölä, Director, Publishing Operations in Finland.

Negotiations on personnel reductions

On 30 January 2012, Talentum submitted a negotiation proposal to the personnel representatives for personnel reductions. The negotiations will pertain to personnel of Talentum Oyj and Talentum Media Oy in Finland and the personnel of the magazine business in Sweden (about 330 people in total). The negotiations will comply with local laws and regulations. Their aim is to achieve annual cost savings of approximately EUR 4.5 million. It is estimated that the savings will be implemented through both personnel reductions and other measures. The manner of implementation will become evident during the negotiations.

The Board of Directors' proposal concerning distribution of profits

The parent company's distributable assets as of 31 December 2011 comprise invested non-restricted equity of EUR 72,626,689.58, treasury shares of EUR –2,834,420.30 and EUR 1,110,977.07 of retained earnings, of which the profit for the financial period is EUR 188,437.84, totalling EUR 70,903,246.35.

The Board of Directors proposes that no dividend should be distributed for 2011, and that funds be distributed from the invested non-restricted equity reserve in the amount of EUR 0.06 per share (EUR 0.02 per share).

Annual General Meeting

Talentum Oyj's Annual General Meeting will be held on 30 March 2012 at 2pm in Helsinki.

General statement

The forecasts and estimates presented here are based on the management's current view of economic development, and the actual results may differ substantially from what is now expected of the company.

Helsinki, 14 February, 2012

Talentum Oyj
Board of Directors

Information required by the Companies Act and the Decree of the Ministry of Finance on the Regular Duty of Disclosure of an Issuer of a Security, such as classes of shares, shareholders, related parties, terms of stock options and financial key figures, have been presented in the notes of the financial statements.

Consolidated statement of comprehensive income

EUR million	*Note*	2011	2010
Continuing operations			
Net sales	2	**83.5**	74.1
Other operating income	5	**0.7**	0.7
Materials and services		**–13.7**	–13.1
Employee benefit expenses	6, 21	**–40.3**	–38.4
Depreciation, amortisation and impairment	7	**–1.7**	–1.9
Other operating expenses	8	**–29.3**	–21.3
Operating income	2	**–0.7**	0.1
Financial income	9	**1.0**	1.3
Financial expenses	9	**–1.7**	–1.5
Share of income of associated companies	14	**0.2**	0.0
Income before taxes		**–1.2**	–0.0
Taxes	10	**–0.6**	0.1
Income for the year from continuing operations		**–1.8**	0.1
Discontinued operation			
Income for the year from discontinued operation		**7.2**	0.1
Profit for the year		**5.5**	0.2
Other comprehensive income			
Translation differences		**0.2**	2.7
Translation differences transferred to profit and loss		**–0.3**	–
Available-for-sale investments		**–0.0**	–0.0
Income tax on available-for-sale investments		**0.0**	0.0
Other comprehensive income for the year, net of tax		**–0.2**	2.7
Total comprehensive income for the year		**5.3**	2.9
Profit attributable to:			
Owners of the parent company		**5.5**	0.2
Non-controlling interest		**–0.0**	–0.0
Total comprehensive income for the period attributable to:			
Owners of the parent company		**5.3**	2.9
Non-controlling interest		**–0.0**	–0.0
Basic and diluted earnings per share, EUR, calculated on the net income attributable to equity holders of the parent company:			
Continuing operations	11	**–0.04**	0.00
Discontinued operation	11	**0.17**	0.00

The notes are an integral part of these consolidated Financial Statements.

Consolidated statement of financial position

EUR million	*Note*	**2011**	2010
ASSETS			
Non-current assets			
Property, plant and equipment	12	**1.0**	1.2
Goodwill	12, 13	**19.7**	31.7
Other intangible assets	13	**12.4**	14.5
Investments in associates	14	**0.3**	0.1
Available-for-sale investments	15	**0.1**	0.1
Deferred tax assets	18	**1.0**	1.8
Other non-current assets	17, 21	**5.6**	1.8
Total non-current assets		**40.2**	51.2
Current assets			
Inventories	16	**0.7**	1.1
Trade and other receivables	17	**13.8**	10.9
Cash and cash equivalents	19	**2.6**	1.5
Total current assets		**17.2**	13.5
TOTAL ASSETS		**57.3**	64.7

EUR million	*Note*	**2011**	2010
EQUITY AND LIABILITIES			
Equity attributable to equity owners of the parent	20		
Share capital		**18.6**	18.6
Treasury shares		**–2.8**	–2.8
Other reserves		**0.4**	0.5
Invested non-restricted equity reserve		**2.4**	3.3
Retained earnings		**3.3**	–2.2
Total		**21.9**	17.4
Non-controlling interest		**0.1**	0.1
Total equity		**21.9**	17.5
Non-current liabilities			
Deferred tax liabilities	18	**3.3**	3.8
Interest-bearing liabilities	25	**0.1**	0.1
Pension obligation	21	**0.1**	0.1
Other non-current liabilities	25	**0.7**	1.7
Non-current provisions	23	**0.2**	0.3
Total non-current liabilities		**4.4**	6.0
Current liabilities			
Current financial liabilities	25	**1.1**	13.8
Advances received	24	**16.8**	13.7
Trade and other payables	24	**13.1**	13.6
Current provisions	23	**–**	0.1
Total current liabilities		**31.0**	41.1
TOTAL EQUITY AND LIABILITIES		**57.3**	64.7

Consolidated statement of cash flows

EUR million	*Note*	2011	2010
Cash flow from operating activities			
Operating income		7.0	0.3
Adjustments to operating income:			
Depreciation, amortisation and impairment		2.0	2.5
Other adjustments		–5.4*	–0.8
Total		–3.4	1.7
Change in working capital:			
Increase (–)/decrease (+) in trade and other receivables		–8.6	0.9
Increase (–)/decrease (+) in inventories		0.3	0.1
Increase (+)/decrease (–) in current liabilities		10.3	–0.6
Change in provisions		–0.1	0.0
Total		1.9	0.4
Interest paid		–0.5	–0.4
Interest received		0.1	0.1
Income taxes paid		–0.6	0.7
Net cash from operating activities		4.4	2.7
Cash flows from investing activities			
Acquisitions of subsidiaries, net of cash	4	–	–2.5
Disposal of subsidiaries, net of cash	3	12.4	–
Acquisition of property, plant and equipment and intangible assets		–1.4	–1.1
Disposal of associates		–	0.3
Other items		0.1	–
Net cash from investing activities		11.1	–3.3
Cash flow from financing activities			
Change in current loans		–13.4	–1.8
Repayment of non-current loans		–	–0.2
Return of equity		–0.9	–
Dividends paid to non-controlling interest		–0.0	–
Net cash used in financing activities		–14.3	–2.0
Change in cash and cash equivalents		1.2	–2.5
Cash and cash equivalents at 1 January		1.5	3.7
Foreign exchange adjustment		–0.1	0.3
Net change in cash and cash equivalents		1.2	–2.5
Cash and cash equivalents at 31 December	19	2.6	1.5

*) Other adjustments mainly result from gain and loss on subsidiary sales adjustments reported in the cash flow from investing activities.

Cash flows from discontinued operation included in the Consolidated statement of cash flows are specified in note 3.

Consolidated statement of changes in equity

Note 20 EUR million	Equity attributable to owners of the parent company Share capital	Invested non-restricted equity fund	Translation reserve	Fair value reserve	Treasury shares	Retained earnings	Total	Non-controlling interest	Total equity
Equity at 1 Jan 2011	**18.6**	**3.3**	**0.5**	**0.0**	**–2.8**	**–2.2**	**17.4**	**0.1**	**17.5**
Total comprehensive income for the year									
Profit						5.5	5.5	–0.0	5.5
Other comprehensive income, net of tax									
Translation differences			0.2				0.2		0.2
Translation differences transferred to profit and loss			–0.3				–0.3		–0.3
Available-for-sale investments				–0.0			–0.0		–0.0
Total comprehensive income for the year			–0.2	–0.0		5.5	5.3	–0.0	5.3
Transactions with owners of the company									
Other items						–0.0	–0.0	–0.0	–0.0
Return of equity		–0.9					–0.9		–0.9
Dividends								–0.0	–0.0
Equity at 31 Dec 2011	**18.6**	**2.4**	**0.3**	**0.0**	**–2.8**	**3.3**	**21.9**	**0.1**	**21.9**
Equity at 1 Jan 2010	18.6	3.3	–2.2	0.0	–2.8	–2.2	14.6	0.3	14.9
Business combinations								–0.2	–0.2
Other items						–0.1	–0.1		–0.1
Total comprehensive income for the year									
Profit						0.2	0.2	–0.0	0.2
Other comprehensive income, net of tax									
Translation differences			2.7				2.7		2.7
Available-for-sale investments				–0.0			–0.0		–0.0
Total comprehensive income for the year			2.7	–0.0		0.2	2.9	–0.0	2.9
Equity at 31 Dec 2010	18.6	3.3	0.5	0.0	–2.8	–2.2	17.4	0.1	17.5

Notes to the consolidated financial statements

1. Accounting principles

1. Basic information

Talentum Group companies mainly publish magazines for professionals as well as literature for the legal and other professions. They also provide online services, information services, events and seminars. Direct Marketing is focused on telemarketing of newspapers and books. The Group has operations in Finland, Sweden, Denmark, Russia, Estonia and Latvia.

Talentum Oyj is a Finnish public limited company, established in accordance with Finnish law, and its registered address is Annankatu 34–36 B, 00100 Helsinki, Finland. Copies of the consolidated financial statements are available on the Internet at the following address: www.talentum.fi or from the parent company headquarters.

The company's shares are quoted at the NASDAQ OMX Helsinki Stock Exchange classed under consumer goods and services.

At its meeting on 14 February 2012, the Board of Directors of Talentum Oyj approved these financial statements for publication. Under the Finnish Companies Act, the shareholders may approve or reject the financial statements at the General meeting held after publishing the financial statements. The General meeting also has a possibility to amend the financial statements.

2. Accounting principles for the consolidated financial statements

2.1 Basis for preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) complying with the IAS and IFRS standards as well as the SIC and IFRIC interpretations in force at 31 December 2011. In the Finnish Accounting Act and the ordinances based on the provisions of the Act, IFRSs refer to the standards and their interpretations adopted in accordance with the procedures laid down in the EU regulation (EC) No 1606/2002. The notes to the consolidated financial statements are also in accordance with the Finnish accounting and company legislation.

The consolidated financial statements have been prepared on the historical cost basis, except for the items mentioned below, which are measured at fair value as required by the standards.

The financial statements are presented in millions of euro. For the purposes of presentation, individual figures and totals are rounded off which causes rounding-off differences in the totals.

As from 1 January 2011, the Group has applied the following, new or revised standards and interpretations:

- Revised IAS 24 *Related Party Disclosures*: The revised standard clarifies the definition of a related party and certain disclosures in respect of government-related entities have changed. The standard had no impact on the consolidated financial statements.
- *Improvements to IFRSs* (May 2010): The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The amendments cover in total seven standards. Their impacts vary standard by standard but had no significant impact on the consolidated financial statements.

The other new or revised standards or interpretations were not relevant to the Group.

The preparation of financial statements in accordance with IFRS requires Group management to make certain estimates, and information on how management have exercised judgment in applying the accounting principles. Information about the judgment exercised by management in applying the accounting principles followed by the Group and which has the most significant impact on the figures presented in the financial statements is presented under the item "Accounting principles requiring management judgment and key sources of estimation uncertainty".

2.2 Principles of consolidation

Subsidiaries

Talentum's consolidated financial statements include the financial statements of the parent company Talentum Oyj and its subsidiaries. Companies in which Talentum Oyj has control are regarded as subsidiaries. Control exists when Talentum Oyj, either directly or indirectly, owns over 50% of the voting rights or has otherwise control.

Internal shareholdings are eliminated using the purchase method. The acquisition cost includes the fair value of the funds paid or the shares issued as well as the acquired company's identifiable assets and liabilities measured at fair value on the date of acquisition. Direct costs arisen from the acquisition are recognised as expenses. The consideration transferred does not include transactions accounted separately from the acquisition. They are recognised mainly in profit or loss at the date of transaction. Possible contingent consideration is measured at fair value at the date of acquisition and is classified as liability or equity. Contingent consideration classified as liability is measured at fair value at the end of each reporting period and gain or loss arisen from it is recognised in other operating income or other operating expenses. The unwinding of the contingent consideration discount is recognised as finance cost. Contingent consideration classified as equity is not re-measured. Subsidiaries acquired during the year are consolidated from the date when the Group's control commences and consolidation is terminated on the date on which the Group's control ceases. The accounting principles of the subsidiaries' financial statements are changed if necessary to correspond to the accounting principles of the consolidated financial statements.

All Group internal transactions are eliminated as part of the consolidation process. Unrealised losses are not eliminated if the loss results from impairment.

Associates

Associated companies are entities in which the Group has significant influence but not control. A significant influence is generally exerted through a 20–50% share of the votes.

Holdings in associated companies are consolidated using equity method. The Group's share of an associated company's net income for the period is shown in the statement of comprehensive income, and the share of equity movements that are not recognised through profit or loss in the investment are shown in equity. The Group's share of an associated company's net assets together with goodwill identified on acquisition (less any accumulated impairment losses) are shown on the balance sheet reduced by impairments recognised in individual investments. Unrealised gains and losses between the Group and associated company are eliminated in proportion to the Group's shareholding, except when a loss results from impairment. Applying the equity method is terminated when the book value of the investment in the associated company has fallen to zero, unless the Group has a duty to fulfil obligations of the associated company which it has guaranteed or to which it is committed in some other way. If necessary the accounting principles of the associated company's financial statements are changed to correspond to the accounting principles of the consolidated financial statements.

Joint ventures

Joint ventures are companies in which the Group exercises joint control on the basis of an agreement with another party. The Group's shares in joint ventures are combined on a pro-rata basis line by line. The consolidated financial statements include the Group's share in the joint venture's assets, liabilities, income and expenses.

Non-controlling interests

Distribution of the profit for the financial period to parent company owners and non-controlling interests is presented in the statement of comprehensive income, and the non-controlling interest's share of equity is presented as a separate item under equity in the balance sheet. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Total comprehensive income is allocated to the owners of the parent company and non-controlling interest even if this results in the non-controlling interest having a deficit balance. Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions if they do not result in change of control.

2.3 Items denominated in foreign currencies

Items included in the financial statements of the Group companies are measured in a currency of each operating financial environment in which the company in question mainly operates ("functional currency"). The consolidated financial statements are presented in euro, which is the Group parent company's functional and presentation currency.

Transactions denominated in foreign currencies are translated into functional currency at the exchange rate prevailing on the date of the transaction. Monetary items denominated in foreign currencies are translated into functional currency using the exchange rate prevailing on the end date of the reporting period.

Non-monetary items denominated in foreign currencies, which are measured at fair value, are translated into functional currency using the exchange rate on the day of the measurement. Non-monetary items are otherwise measured at the exchange rate on the transaction date. Exchange rate gains and losses related to business operations are included in corresponding items above operating income and exchange rate differences on loans denominated in foreign currencies in financial items.

Statements of comprehensive income of foreign subsidiaries are translated into euro at the average exchange rate for the period under review and balance sheets at the exchange rate applying on the end day of the reporting period. Exchange rate differences arising from the translation are recognised in the translation reserve in the Group's equity.

Exchange rate differences related to equity items arising from the elimination of the acquisition cost of foreign subsidiaries are recognised in equity. When a foreign subsidiary is disposed of, the exchange rate differences related to the entity are recycled into profit and loss, and recognised in the statement of comprehensive income as part of the gain or loss on sale.

Goodwill arising from the acquisition of foreign subsidiaries is treated as the foreign company's asset denominated in a foreign currency and is translated into euro at the exchange rate prevailing on the end date of the reporting period.

2.4 Property, plant and equipment

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and any impairment. They are depreciated on a straight line basis over their estimated useful lives as follows:

Machinery and equipment	3–7 years
Other tangible assets	3–10 years

Useful lives and residual values are reviewed at the end of each reporting period. Depreciation of tangible assets is terminated when an item of property, plant and equipment is classified as for sale in accordance with the IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations. Ordinary maintenance and repair costs are recognised as expenses as they are incurred. Such substantial costs that go within the capitalisation criteria and that improve the asset's profitability are capitalised and depreciated on a straight line basis over their expected useful life.

Gains on the sale and disposal of property, plant and equipment are included in other operating income, and losses in other operating expenses.

The Group as lessee

Leases of property, plant and equipment where substantially all the risks and rewards incidental to the ownership are transferred to the Group, are classified as finance leases. The Group had no leases classified as finance leases during the reporting periods.

Leases where the lessor retains the risks and rewards incidental to the ownership, are treated as operating leases. Where the Group is the lessee, lease payments under the operating leases are recognised in the statement of comprehensive income on a straight-line basis over the period of the lease. Benefits received under leases, such as reductions in rents and rent-free months, are deducted from the rents and allocated equally over the whole rental period.

2.5 Intangible assets

Goodwill

Goodwill arisen in business combinations after 1 January 2010 represents the excess of the sum of consideration transferred, non-controlling interest in the acquired company, and the acquisition date fair value of the acquirer's previously held equity interest in the acquiree, over the fair value of the Group's share of the net identifiable assets of the acquired company. Business combinations before 1 January 2010 are accounted in accordance with the former IFRSs (IFRS 3 (2004)). Goodwill is not amortised but it is tested annually for impairment.

Other intangible assets

Intangible assets comprise magazine publishing rights, trademarks, patents, software licences, and customer relationships. They are measured at the cost less accumulated amortisation and any impairment. Intangible assets with definite useful lives are amortised on a straight line basis over their estimated useful lives (2–5 years). Estimated useful lives are reviewed at the end date of the reporting period, and the amortisation period is adjusted if necessary. Intangible assets whose useful life cannot be determined are not amortised, but their value is tested annually. The magazine publishing rights are considered to have an indefinite useful life, since on the basis of analyses performed there is no foreseeable limit to the period over which the asset is expected to generate cash inflows for the Group.

Research and development costs

Research costs are expensed as incurred. Development costs are capitalised if plans for new or significantly improved products or processes can be produced on the basis of them, and if the products or processes are commercially and technically feasible, and the Group has sufficient funds to complete the development work and use and sell the asset. Capitalised development costs are shown as an item Development costs and depreciated over their useful lives, which is 2–3 years. The Group's capitalised development costs relate to the development of e-business business operations.

2.6 Impairment of property, plant and equipment and intangible assets

The carrying amounts of intangible assets with definite useful lives are reviewed when external events or changes in conditions indicate an impairment in the value of an asset.

The carrying amounts of goodwill and other assets with indefinite useful lives are reviewed annually or more often when there is a weakening of income, or if there are changes in external business conditions that may result in permanent impairment. The need for impairment is reviewed at the level of the cash generating unit, i.e. at the lowest level that is mainly independent of other units and whose cash flows are separately identifiable and largely independent of the cash flows of other similar units.

The recoverable amount is the higher of the asset's fair value less the cost to sell or its value in use. Value in use represents the discounted future net cash flows expected to be derived from the asset or from the cash generating unit. The discount rate used is the after-tax interest rate that reflects the market view of the time value of money and the particular risks associated with the asset. If the present value of expected future cash flows from a business activity is lower than the book value of the business including goodwill, the impairment loss is recognised as an expense in the statement of comprehensive income. Previously recognised impairment of goodwill is not reversed even if the conditions that led to the impairment have improved. However, impairment made previously to other assets with indefinite useful lives may be reversed if the cash flows generated are significantly improved compared to the forecasts that were the basis of the impairment. A reversal cannot however lead to a higher carrying amount than would have been recognised without the impairment.

2.7 Non-current assets held for sale

Non-current assets (or disposal group) and assets and liabilities that are part of a discontinued operation are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The criteria for classification as held for sale is considered to be met when the sale is highly probable and the asset (or disposal group) is immediately for sale in its present condition on usual or customary terms, when management is committed to the sale and the sale is expected to be completed within a year of the classification.

Up to the point of being classified as being held for sale, the assets, or the assets and liabilities of disposal groups, are measured in accordance with the relevant IFRS standards. From the point of classification, the assets (or disposal group) held for sale are measured at the lower of carrying amount or fair value less the costs of disposal. Depreciation on these assets is terminated at the date of classification.

Assets in disposal groups that are not in the scope of the measurement rules of the IFRS 5 as well as liabilities are measured after classification according to the each IFRS standards applicable to these items.

A discontinued operation is a part of the Group that either has been disposed of or is classified as held for sale and which meets the following criteria:

1. It represents a separate major business unit or a unit that covers a geographical area.
2. It is part of a single co-ordinated plan to dispose of a separate major line of business or a geographical area of operations, or
3. It is a subsidiary acquired exclusively with a view to resale.

The profit and loss of a discontinued operation is presented as a separate line item in the statement of comprehensive income and cash flows related to a discontinued operation are presented in the notes to the financial statements.

2.8 Financial assets and liabilities

Financial assets

The Group's financial assets have been classified in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* into the following categories: Loans and other receivables, and financial assets available for sale. Classification is made at the time of the acquisition of the assets on the basis of the purpose of the acquisition. Financial instruments and liabilities are entered into the bookkeeping initially at fair value on the basis of the consideration received or paid. All purchases and sales of financial assets are recognised on the transaction date. Transaction expenses have been included in the original book value of financial instruments. Financial assets and liabilities are included in current assets or liabilities on the balance sheet when they mature within 12 months of the end date of the financial period. In other cases they are included under non-current assets or liabilities on the balance sheet.

Loans and other receivables are financial assets whose related payments are fixed or quantifiable and that are not quoted on active market. Loans and other receivables are measured at the amortised cost. The cash balances held in escrow accounts are treated as receivables as they are available for the use by the Group after certain contractually-agreed dates.

Investments which have no maturity date and where the time of sale has not been decided are classified as financial assets available for sale. Financial assets available for sale are shown on the balance sheet as non-current financial assets. The fair values of quoted securities are based on public price quotations. Unquoted securities, whose fair value cannot be reliably measured, are entered on the balance sheet at cost. Unrealised changes in the fair value of investments available for sale are recognised as other comprehensive income items, and they are presented in the fair value reserve, taking into account the tax effect. The accumulated fair value changes are transferred from equity into profit or loss as a classification adjustment when an investment is sold or when the amount of the investment has fallen so that an impairment loss is recognised for it.

At the end date of the reporting period, the Group does not hold derivatives and does not apply hedge accounting.

Cash and cash equivalents
Cash and cash equivalents on the balance sheet include cash and bank balances as well as short-term liquid investments with a maturity of less than 30 days.

Impairment of financial assets
On the end date of each reporting period, the Group assesses whether there is objective evidence for impairment of individual financial assets or asset groups. Loans and other receivables group includes trade receivables which are impaired when there is objective evidence that the Group will not recover all its receivables in full on the original conditions. The amount of doubtful receivables is estimated by customer on the basis of individual receivables. Bad debts are recognised under other operating expenses.

If the fair value of the securities belonging to the available-for-sale investments group is significantly below their carrying amounts and over a period defined by the group, it is a sign of an impairment of an available-for-sale security and the retained loss in the fair value reserve is transferred into profit or loss.

Financial liabilities
Financial liabilities are initially measured at fair value on the basis of the original consideration received. Transaction costs are included in the original book value of the financial liabilities. Subsequently all financial liabilities are measured at amortised cost using the effective interest rate method. Financial liabilities are included in non-current and current liabilities, and they can be interest-bearing or non-interest-bearing.

Borrowing costs are recognised as an expense in the period incurred.

2.9 Inventories
Group inventories mainly comprise books. Inventories are measured at the lower of cost or net realisable value. The cost is determined on a FIFO (first-in, first-out) basis. The cost of inventories includes capitalised direct costs of acquisition and production and proportion of their indirect costs. The net realisable value is the expected sales price in normal business reduced by the estimated costs needed to prepare the product for sale and the sales costs.

2.10 Equity
Ordinary shares in issue are presented as share capital. Costs associated with issuing equity instruments or acquiring them are presented as reductions in equity.

When the company or its subsidiary acquires their own shares, the equity is decreased by the amount that consists of the compensation paid, reduced by transaction expenses after taxes, until the treasury shares are cancelled. No gain or loss is recognised into the statement of comprehensive income as the result of sale, issue or cancellation of the company's treasury shares, but any consideration is presented as a change in equity.

Dividend distribution and return of equity
Dividends and return of equity proposed by the Board of Directors for the Annual General Meeting are not deducted from distributable equity until approval at the Annual General Meeting.

Earnings per share
Earnings per share is calculated by dividing the income for the period attributable to the owners of the parent company by the weighted average of shares outstanding during the reporting period. Diluted earnings per share is calculated by dividing the diluted income for the period attributable to the owners of the parent company by the weighted average of the diluted number shares outstanding during the reporting period. The company does not have any instruments which would have a dilution effect on earnings per share.

2.11 Taxes
Tax on Group companies' income for the reporting period, as well as adjustments to taxes for previous periods and changes in deferred taxes are entered under taxes in the consolidated income statement. The tax effect relating to other comprehensive income items or items recognised directly in equity is recognised in the items in question accordingly.

Deferred tax asset or liability is calculated for all temporary differences between the carrying amount of an item and its tax base using tax rates prescribed at the closing date of the reporting period. However, a deferred tax liability is not recognised in the case of an asset or liability related to a business combination, and having no impact on the income in bookkeeping or on the taxable income at the time of the transaction. Non-deductible goodwill is not included in the deferred tax liability.

Deferred tax assets relating to tax losses carried forward are recognised to the extent that it is probable that a future taxable profit will be available against which the losses can be utilised. The most significant temporary differences arise from the depreciation of tangible assets and measurement to fair values from business combinations.

A deferred tax liability is recorded for undistributed earnings of subsidiaries only when a tax payment can be regarded as realisable in the foreseeable future. Depreciation differences and untaxed reserves are divided between equity and deferred tax liabilities in the consolidated balance sheet.

2.12 Pension obligations
Pension plans are classified as defined benefit and defined contribution plans. In a defined contribution plan, fixed payments are made to a separate unit. The Group does not have a legal or an effective obligation to make further payments if the party that has received the payments is not able to make the retirement pension payments.

All plans that do not fulfil these conditions are defined benefit pension plans. Group payments into defined contribution plans are recorded as expenses in the financial period when the obligation occurs.

In defined benefit pension plans the obligations are calculated using the Projected Unit Credit Method. Pension costs are recognised in the income statement over employees' periods of service in accordance with calculations made by authorised actuaries. The discount rate used for determining the present value of a retirement benefit obligation is based on the market yield of high quality corporate bonds issued or the interest on treasury bonds. The pension obligation recognised in the balance sheet is presented as the present value of future pension payments at the end date of the reporting period less the fair value of the plan-related assets at the end date of the reporting period and adjusted with the unrecorded actuarial profits or losses and retroactive labour costs. Actuarial gains and losses, in so far as they exceed the greater of 10% of the retirement benefit obligations or 10% of the fair value of plan assets, are recognised in the comprehensive income statement over the expected remaining working lives of the persons participating in the plan.

The Group's defined benefit pension plans include two additional pension plans classified at the year-end. Entries arising from the defined-benefit pension plans are based on actuarial calculations.

2.13 Share-based payments

The Group has a share-based management incentive plan in which part of the bonus is paid in shares and part in cash. The new incentive plan follows the terms of the old incentive plan. Additional information about share-based plans is presented in Note 22, Share-based payments.

Shares given are measured at their fair value at the time they are awarded and expensed in the statement of comprehensive income on a straight line basis over the time the rights to them accrued. The specific expense is based on the defined fair value of the shares and the management's evaluation of the number of shares to which rights will have accrued by the end of the period of the scheme. The fair value of the shares is defined by the market price of the company's shares.

The effects of non-market conditions (for example profitability and growth targets for certain results) are not included in the fair value, but are taken into account in the number of shares to which it is estimated rights will have accrued by the end of the period of the scheme. The Group reviews its assumptions about the final number of shares on the end date of each reporting period. Changes in estimations are recognised in the statement of comprehensive income.

2.14 Provisions and contingent liabilities

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, when realisation of the payment is probable and the amount of the obligation can be reliably estimated. The costs capitalised as a provision as well as the original cost of assets, are depreciated over the useful life of the asset. Provisions are measured at the present value of the expenses required to cover the obligations.

A restructuring provision is recognised when the Group has drawn up a detailed restructuring plan and has begun to implement the plan or announced it. Provisions are not recognised for expenses associated with the Group's ongoing operations. Provisions are recognised for onerous contracts if the direct expenses required to meet the obligations under the agreement exceed the benefits arising from it.

A contingent liability is a possible obligation arising out of an earlier event, and the existence of this obligation will only be confirmed through the realisation of an uncertain event outside the control of the Group. Obligations which will probably not require the fulfilment of a payment obligation or whose size cannot be reliably determined are also regarded as contingent liabilities. Contingent liabilities are presented in the notes to the financial statements.

2.15 Revenue recognition

The fair value of revenue from sales of products and services is presented as net sales. Revenues are adjusted by value added taxes, rebates and discounts.

Sales of goods and services

Revenues are recognised in the Group so that they match the number of magazine copies issued in the period. Revenue from sales of other goods is recognised at the point that the risks, benefits and control associated with ownership are transferred to the purchaser. This mainly happens at the transfer of the goods in accordance with the terms of the sales agreement. Revenue from the sale of services is recognised when the service is complete.

Licence and royalty income

For licence and royalty income, revenue recognition is in accordance with the actual contents of the agreement.

Interest income and dividends

Dividend income is recognised when the right to the dividend arises, and interest income is recognised using the effective interest method.

3. Accounting principles that require management judgment and key sources of estimation uncertainty

3.1 The key accounting estimates and assumptions

Preparing the consolidated financial statements in accordance with IFRS requires Group management to make estimates and assumptions about future scenarios, the outcome of which may differ from those estimates and assumptions. Furthermore, judgment must be exercised in the application of accounting principles. Estimates are based on management's best knowledge at the closing of the accounts. Any changes in these estimates and assumptions are stated in the accounts of the financial period in which the estimate or assumption is amended and in all financial periods thereafter.

Group management have considered the following sub-sections of the accounts to be the most important as the accounting principles applied are, from the Group's perspective, the most complicated and their application requires, more than for other areas, the use of significant estimates and assumptions for example in measurement of assets. Furthermore, the effects of changes in the assumptions and estimates used in these sub-sections are estimated to be the most significant.

Impairment tests

The Group tests goodwill and those intangible assets with indefinite useful lives for possible impairment annually and evaluates indications of impairment as previously indicated. The levels of recoverable amount from cash generating units have been determined in calculations based on value in use. These calculations require the use of estimates. The most significant assumptions and estimates in testing goodwill, and the sensitivity of these factors to changes in goodwill testing are described in more detail in Note 13 Impairment of tangible and intangible assets.

Taxes

The Group pays tax on its income in several different countries. Estimating the total tax payable at Group level requires judgments to be made.

For many operations and calculations, the final amount of tax is uncertain. If the estimates differ from the final tax, the differences affect both the tax receivables and liabilities based on the period's taxable income as well as the deferred tax assets and liabilities in the period when they are paid or received.

The Group has recognised a deferred tax asset for temporary differences between the recognised amounts and taxable amounts as well as tax losses carried forward. The assumptions of management about the taxable profits for future financial periods have been taken into account when recognising deferred tax assets. A deferred tax asset recorded in a previous financial period is recognised in profit or loss for the financial period, if the unit in question is not regarded as accumulating enough taxable income, so that the losses that are the basis of the deferred tax asset can be utilised.

4. Management of financial risks

4.1 Elements of financial risk

As a consequence of its operations, the Group is exposed to several financial risks: Market risk (which includes currency risk, fair value interest-rate risk, cash-flow interest-rate risk and price risk), credit risk and liquidity risk. The objective of the Group's risk management is to minimise the detrimental effects of changes in the financial markets on the Group's results. The main financial risks are currency and interest-rate risks. The Group's central financing operation is responsible for the practical implementation of financial risk management together with the business units. The Group's financial unit identifies and evaluates risks and acquires the necessary instruments to hedge risks in cooperation with the operating units.

Market risks

Currency risk

The Talentum Group operates internationally and is thus exposed to risks related to its foreign currency positions. The Swedish Krona (SEK) is the most important foreign currency for the Group. Exchange-rate risks arise from commercial transactions, conversion of the balance sheet into the Group's operating currency and from net investments made in foreign subsidiaries. The Group's foreign currency risk is hedged at the end of the financial year. During the reporting periods, however, a currency denominated loan was borrowed to hedge certain currency denominated receivables in the balance sheet.

The Group has net investments mainly in Swedish units, which are exposed to foreign-currency risks associated with translation differences. The exchange-rate changes resulting from translation differences are recorded in other comprehensive income in the Group's comprehensive income statement. The total net investment of these subsidiaries at the year-end was EUR 19.6 million. A 10% decrease in the Krona's exchange rate against euro would have a negative impact of EUR 1.9 million on the Group's other comprehensive income and shareholders' equity. This currency risk is not hedged.

Transaction risk arises when the company has receivables and liabilities in currencies other than the company's operating currency. Group companies mainly operate in their own markets and in their own operating currency, and therefore transaction risks are low. Individual significant and predictable receivables and liabilities in foreign currencies are hedged using forward contracts. There were no open forward contracts at the year end.

Interest-rate risk

The effects of interest-rate changes on the value of interest-bearing receivables and liabilities create an interest-rate risk. Interest-rate risk is part of market risk.

The cash flows linked to the Group's short-term money-market investments are exposed to interest-rate risk, but the effect is not material. The Group had no material interest-bearing receivables at year end. Operating cash flows are largely independent of fluctuations in market interest rates. The loans are mainly tied in floating rates. The Group's interest-bearing net liability in the financial statements is EUR –1.5 million.

Credit risk

Credit risk arises when a contractual party cannot fulfil its obligations. The creditworthiness of customers and counterparties in investment transactions and derivative contracts is constantly monitored. Credit monitoring of customers is performed on a country-specific basis in the finance departments, which work together with the business units. The Group's customer base is weighted towards large companies with a good financial standing, and for them credit risk is assessed as low. Advance payments typical to the industry reduce credit risk since a significant part of the products are paid in the beginning of the subscription period. Credit decisions regarding investment and derivative contracts are centralised in the Group's finance unit. The Group concludes derivative contracts and enters into investment transactions only with counterparties who have a credit rating of at least AA.

During the period under review, the amount of impairment losses recorded through the income statement and the aging of sales receivables is presented in Note 17, Receivables.

Liquidity risk

The Group continuously tries to evaluate and monitor the financing required for business operations, so that the Group will have sufficient liquid resources to finance operations and repay loans that are maturing. The Group's financing policy defines the size of the liquidity reserve as well as the maximum amount of annual repayments. The liquidity reserve is made up of cash reserves, realisable short-term investments and funding limits available for immediate drawdown. Adequate liquidity is maintained through efficient cash management and financing arrangements based on forecasts. The Group has EUR 12 million bank overdraft limit, which is valid until further notice, and financing credit limit of EUR 22 million, of which the relevant arrangement for EUR 11 million being valid until 30 September 2013 and for EUR 11 million until 30 September 2014.

The annual maturity split of current financing debt is presented in Note 26 Contractual maturities of financial liabilities.

4.2 Management of equity risk

One objective of equity management is to maintain a strong financial position and ensure that the financing needs of business operations can be resolved cost effectively when necessary. Another objective is to maintain the optimal capital structure to reduce the cost of equity.

To maintain or change the capital structure, the Group can alter the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell property to reduce debts.

Capital is monitored through the equity ratio and debt-equity ratio in the same manner as other companies operating in this sector. The debt-equity ratio is measured by dividing the net debts by the total capital. Net debts are calculated by subtracting cash assets from total debt (short- and long-term loans on the consolidated balance sheet). Total capital is calculated by adding net debts to the shareholders' equity shown on the consolidated balance sheet. The equity ratio is calculated by dividing shareholders' equity by the balance sheet total.

The Group's long-term objective for some years has been to have an equity ratio of 30%. The capital structure may be temporarily exceptional due to business acquisitions. The equity ratio and debt-equity ratio are presented in tabular form in note 27.

4.3 Estimating fair value

The fair value of financial instruments that are traded on the markets (such as securities which are held and available for sale) is based on the quoted market prices on the end date of the financial period. The quoted price of financial assets used is the buying price at that time.

The Group uses various methods and makes assumptions that are mainly based on the prevailing conditions on the markets at the end date of the reporting period. The book value of sales receivables reduced through impairment and the book value of accounts payable are assumed to be close to their fair values. The book values of sales receivables and accounts payable are presented in the notes 17 Receivables and 24 Accounts payable and other debts.

5. Adoption of new and amended standards and interpretations

The IASB has published the following new or revised standards and interpretations, which the Group has not yet applied. The Group will adopt them as follows:

In the financial year 2013

- *Amendments to IAS 1 Presentation of Financial Statements* (effective for financial years beginning on or after 1 July 2012): The major change is the requirement to group items of other comprehensive income as to whether or not they will be reclassified subsequently to profit or loss when specific conditions are met. The amendment is not yet endorsed by EU.
- *Amendment to IAS 19 Employee Benefits* (effective for financial years beginning on or after 1 January 2013): In future all actuarial gains and losses are immediately recognised in other comprehensive income, i.e. the corridor approach is eliminated, and interest income on plan assets is calculated using the discount rate. The amendment is not yet endorsed by EU.
- *IFRS 10 Consolidated Financial Statements* (effective for financial years beginning on or after 1 January 2013): IFRS 10 builds on existing principles by identifying the concept of control as the determining factor when deciding whether an entity should be incorporated within the consolidated financial statements. The standard also provides additional guidance to assist in the determination of control where this is difficult to assess. The standard is not yet endorsed by EU.
- *IFRS 11 Joint Arrangements* (effective for financial years beginning on or after 1 January 2013): In the accounting of joint arrangements IFRS 11 focuses on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. In future jointly controlled entities are to be accounted for using only one method, equity method, and the other alternative, proportional consolidation is no longer allowed. Following the issue of IFRS 11 also AS 28 *Investments in Associates and Joint Ventures* (effective for financial years beginning on or after 1 January 2013) was revised and includes the requirements for joint ventures to be equity accounted. The standard and revision are not yet endorsed by EU.
- *IFRS 12 Disclosures of Interests in Other Entities* (effective for financial years beginning on or after 1 January 2013): IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including associates, joint arrangements, structured entities and other off-balance sheet vehicles. The standard is not yet endorsed by EU.
- *IFRS 13 Fair Value Measurement* (effective for financial years beginning on or after 1 January 2013): IFRS 13 establishes a single source of for all fair value measurements and disclosure requirements for use across IFRSs. The new standard also provides a precise definition of fair value. IFRS 13 does not extend the use of fair value accounting, but it provides guidance on how to measure fair value under IFRSs when fair value is required or permitted. The standard is not yet endorsed by EU.
- *Amendments to IFRS 7 Financial Instruments: Disclosures* (effective for financial years beginning on or after 1 January 2013): The amended standard requires the presentation of information that will allow evaluation of the effects of netting arrangements on the entity's financial position. The disclosures required by those amendments are to be provided retrospectively.

In the financial year 2014 or later

- *Amendments to IAS 32 Financial Instruments: Presentation* (effective for financial years beginning on or after 1 January 2014): The amendments provide clarifications on the application of requirements for offsetting financial assets and financial liabilities on the balance sheet. The amended standard is to be applied retrospectively. The amendment is not yet endorsed by EU.
- *IFRS 9 Financial Instruments* and subsequent amendments (the effective date deferred by the IASB for financial years beginning on or after 1 January 2015 (previously 1 January 2013)): IFRS 9 is intended to replace the current IAS 39 *Financial Instruments: Recognition and Measurement.* Based on measurement, financial assets will be classified into two main groups: financial assets at amortised cost and financial assets at fair value. Classification depends on a company's business model and the characteristics of contractual cash flows. For financial liabilities, the standard retains most of the IAS 39 requirements. The standard is not yet endorsed by EU.

The other published new or revised standards or interpretations are not relevant to the Group.

2. Operating segments

Group's operating segments are Publishing Finland, Publishing Other Nordic Countries and Direct Marketing. Publishing Finland publishes magazines for professionals as well as literature for the legal and other professions. It also provides online services, information services and events. Publishing Sweden publishes magazines as well as provides online services, information services and seminars. Direct Marketing is focused on telemarketing of newspapers and books in Finland and the Baltic States. Included in "Other" are Conseco Press, Talentum Oyj – the parent company providing administrative services to the Group – and intra-Group eliminations. Publishing Other Nordic Countries segment sold Sverige Bygger AB, Norge Bygges AS and Nordic Construction Media AB providing construction business information services in August 2011. The companies are reported as discontinued operation. In addition Publishing Other Nordic Countries sold Talentum HR AB engaged in HR sector information services in December 2011.

Segment operating income is used to measure performance and to allocate resources to the segments. Measure of operating income is reviewed and decisions about resources allocated to the segments are made by the chief operating decision maker, which in Talentum constitutes the Group Executive Management.

Segment assets and liabilities are items that segments utilise in their business operations and which can reasonably be allocated to the each segment in question. Segment operating income is reported to the chief operating decision maker without non-recurring items, which arose in the reporting period from the loss on sale of Talentum HR AB and personnel reductions and for the comparative period from acquisition of Talentum Events (former IIR Finland Oy) and from personnel reductions. Other income and expenses not allocated to the segments include financial income and expenses, share of income of associated companies and income taxes. Inter-segment pricing is determined on an arm's length basis.

Operating segments are located in Finland, Sweden, Denmark and the Baltic countries. In presenting geographical information, net sales is based on the geographical location of customers and assets based on geographical location of the assets. Assets include property, plant and equipment, intangible assets and investments in associates.

Operating segments

2011

EUR million	*Publishing Finland*	*Publishing Other Nordic Countries*	*Direct Marketing*	*Other*	*Total*
External net sales	45.8	31.9	5.6	0.2	83.5
Inter-segment net sales	–	–	3.5	–3.5	–
Segment operating income	2.8	1.5	1.2	–3.2	2.4
Segment income before taxes	2.8	1.5	1.2	–3.2	2.4
Reconciliation:					
Segment income before taxes	–	–	–	–	2.4
Non-recurring items not allocated to segments	–	–	–	–	–3.1
Financial items, net	–	–	–	–	–0.8
Share of income of associated companies	–	–	–	–	0.2
Consolidated income before taxes					**–1.2**

2010*

EUR million	*Publishing Finland*	*Publishing Other Nordic Countries*	*Direct Marketing*	*Other*	*Total*
External net sales	39.2	28.7	6.0	0.2	74.1
Inter-segment net sales	–	–	2.8	–2.8	–
Segment operating income	1.4	1.7	0.9	–2.1	1.9
Segment income before taxes	1.4	1.7	0.9	–2.1	1.9
Reconciliation:					
Segment income before taxes	–	–	–	–	1.9
Non-recurring items not allocated to segments	–	–	–	–	–1.8
Financial items, net	–	–	–	–	–0.2
Share of income of associated companies	–	–	–	–	0.0
Consolidated income before taxes					–0.0

*) comparison year data has been adjusted to the current reporting structure in which the foreign subsidiaries of events business are reported under Publishing Other Nordic Countries.

Geographical information

EUR million	*Net sales*	*Assets*
2011		
Finland	49.2	8.8
Sweden	31.7	24.5
Other countries	2.6	0.1
Total	**83.5**	**33.4**
2010		
Finland	43.3	8.7
Sweden	28.6	38.7 *
Other countries	2.3	0.1
Total	74.1	47.5

*) Includes EUR 8.6 million assets of discontinued operation.

3. Disposals of subsidiaries and businesses

2011

In August 2011, the Group sold Sweden-based Sverige Bygger AB and Nordic Construction Media AB as well as Norway-based Norge Bygges AS to DOCU Group Sweden AB. The purchase price was EUR 15.2 million, and it was paid entirely in cash. It was decided to sell the companies because, according to the Group's estimate, the purchase price exceeded their value creation potential as part of the Group. Within the Group, the companies sold formed a business providing information and marketing services for the construction industry in Sweden and Norway, and they are reported as discontinued operation in the financial statements. The companies had 77 employees in Sweden and 8 in Norway.

Profit from discontinued operation:

EUR million	1 Jan–9 Aug 2011	1 Jan–31 Dec 2010
Revenue	12.3	6.9
Expenses	–4.7	–6.7
Profit before taxes	7.6	0.1
Tax	–0.4	–0.0
Profit from discontinued operation	7.2	0.1

Gain on sale of discontinued operation including the sales related expenses and translation differences from the subsidiaries sold, amounting to EUR 7.3 million, is reported in revenues.
Earnings per share for discontinued operation is presented in the statement of comprehensive income.

Cash flows from discontinued operation included in the consolidated statement of cash flows:

EUR million	1 Jan–9 Aug 2011	1 Jan–31 Dec 2010
Cash flows from operating activities*	–0.2	0.5
Cash flows from investing activities*	11.4	–0.0
Total cash flows for the year	**11.2**	0.5

*) Payment of disposal related expenses are presented in the cash flows from operating activities. Net of consideration received in cash, and cash and cash equivalents disposed of is presented in the cash flows from investing activities.

Effect of disposal on the financial position of the Group:

EUR million	9 Aug 2011
Property, plant and equipment	0.1
Goodwill	6.6
Other intangible assets	1.4
Trade and other receivables	1.7
Cash and cash equivalents	3.8
Total assets	13.6
Deferred tax liabilities	–0.4
Non-current liabilities	–5.2
Total liabilities	–5.6
Total assets and liabilities	**8.0**
Consideration received, satisfied in cash	15.2
Cash and cash equivalents disposed of	–3.8
Net cash inflow	**11.5**

In addition, on 28 December 2011, the Group sold its Swedish subsidiary, Talentum HR AB, which provides information services and consulting in the HR sector, to Wise Group AB. The purchase price was EUR 3.1 million, of which EUR 2.2 million was paid in cash. The rest has been recognised as a short-term receivable (EUR 0.5 million to fall due within six months and EUR 0.4 million within 12 months of the date on which the transaction becomes effective). The Group had acquired Talentum HR in 2007, and the company had about 30 employees at the time of the acquisition. In 2011, the company's net sales amounted to EUR 4.5 million (EUR 4.9 million in 2010), and operating income was EUR –0.9 million (EUR –0.9 million in 2010). Due to the company's relatively low income, its strategy and management were updated in 2011. However, the expected effects of the changes on performance were only partly realised before the company's sale. Loss on sale of EUR 2.6 million, including the costs incurred in the sale and the translation differences related to the unit sold, are reported under other operating expenses.

Effect of disposal of Talentum HR AB on the financial position of the Group:

EUR million	28 Dec 2011
Goodwill	5.4
Property, plant and equipment and other intangible assets	0.1
Deferred tax assets	0.1
Inventories	0.1
Trade and other receivables	1.2
Cash and cash equivalents	1.3
Total assets	8.1
Advance payments	–1.7
Other current liabilities	–0.9
Total liabilities	–2.6
Total assets and liabilities	**5.5**
Receivable recognised on consideration	0.9
Consideration, satisfied in cash	2.2
Cash and cash equivalents disposed of	–1.3
Net cash inflow*	**0.9**

*) Payment of disposal related expenses are presented in the cash flows from operating activities. Net of consideration received in cash, and cash and cash equivalents disposed of is presented in the cash flows from investing activities.

2010

There were no disposals of subsidiaries or businesses in 2010.

4. Acquisitions of subsidiaries and businesses

2011

There were no acquisitions of subsidiaries or businesses in 2011.

2010

On 15 September 2010, Talentum Oyj acquired the complete share capital of IIR Finland Oy (currently Talentum Events Oy). At the time of the acquisition, the acquired company had 46 employees. IIR Finland Oy provides events, training and seminars for business management and experts that focus on industry and technology, sales and marketing, business management and HR, as well as financial administration and financing. IIR Finland Oy has a 49.9% holding of Professio Oy, a healthcare training company.

The purchase consideration was EUR 3.4 million and it was paid in cash on the date of the transaction. On defining the acquisition price a contingent consideration estimated at EUR 0.9 million. The realisation of the additional purchase price depends on the company's profitability growth in 2011–2013. The price, which will be paid annually, last instalment in spring 2014, is included in consolidated non-current and current liabilities. The consultancy fees arising from the acquisition (EUR 0.3 million) were recognised as expenses at the time of the acquisition. A penalty clause of EUR 1.2 million stated in the terms of the contract, is treated as a separate transaction and included in non-current and current assets. It is recognised as personnel expense for its entire duration during 2010–2013.

In the purchase price allocation of the goodwill that arose from the acquisition, one intangible asset, customer relationships, was recognised as its own balance sheet item. The goodwill that arose from the acquisition is presented as a EUR 2.0 million item at the end of the reporting period. Goodwill is regarded as arising principally from event process expertise, specialist personnel and industry expertise.

The consolidated financial statements at the reporting date include the acquired company's net sales and income after the acquisition.

EUR million	Recognised values 15 September 2010
Assets and liabilities of acquired companies at the date of acquisition:	
Property, plant and equipment	0.0
Intangible assets	0.6
Shares of associates	0.1
Trade and other receivables	0.7
Cash and cash equivalents	0.9
Total assets	2.3
Deferred tax liabilities	0.2
Current liabilities	1.0
Total liabilities	1.2
Total assets and liabilities	1.1
Acquisition cost	3.1
Goodwill	2.0
Consideration paid in cash	3.4
Cash and cash equivalents in acquires companies	–0.9
Net cash outflow	2.5

Talentum's Swedish subsidiary, Talentum Business Information Group AB (TBIG AB), acquired the complete share capital of Sverige Bygger AB and Norge Bygges AS in an agreement made on 30 December 2009. A contingent consideration of EUR 0.4 million was included in the acquisition cost and recognised as a liability. Based on the measurement made on 31 Dec 2010 the contingent consideration liability and goodwill were decreased by EUR 0.2 million. The goodwill that arose from the acquisition was presented as a EUR 7.6 million item in the balance sheet of 31 December 2009, because the fair value of the net assets acquired was provisional and was dependent on the final determination. The amount of goodwill was reviewed during 2010, and two intangible assets, a database and its management system, as well as customer relationships, were recognised as their own balance sheet items. The reviewed figure for goodwill is regarded as arising principally from specialist personnel, market share and industry expertise. After the review, the amount of goodwill arising from the acquisition is EUR 6.8 million in the balance sheet of 31 December 2010. The fair value determinations of acquired net assets were final at 31 December 2010.

5. Other operating income

EUR million	2011	2010
Rental income	0.0	0.0
Service income	0.2	0.1
Gain on sale of associates	–	0.2
Other operating income	0.6	0.5
Total	**0.7**	0.7

6. Employee benefits

EUR million	2011	2010
Wages and salaries	31.4	29.6
Pension expenses		
Defined benefit plans	0.1	0.2
Defined contribution plans	4.6	4.3
Other social security expenses	4.2	4.3
Total	**40.3**	38.4

Wages and salaries include EUR 0.3 million (EUR 0.1 million in 2010) accrued expense resulting from the business combination in 2010.

Average number of personnel in the reporting period

	2011	2010
Publishing	416	362
Direct Marketing	314	327
Group Administration	24	18
Total	**754**	707

The management employee benefit expenses are presented in note 28, Related party transactions and information about share-based payments is presented in note 22, Share-based payments.

7. Depreciation, amortisation and impairment losses

Depreciation and amortisation by asset item

EUR million	2011	2010
Property, plant and equipment		
Machinery and equipment	0.5	0.5
Other tangible assets	0.1	0.1
Total	**0.6**	0.6
Intangible assets		
Development expenditure	0.7	0.9
Other intangible assets	0.3	0.4
Total	**1.1**	1.3
Total depreciation and amortisation	**1.7**	1.9

8. Other operating expenses

EUR million	2011	2010
Marketing expenses	5.5	4.8
IT expenses	3.1	2.8
Rental expenses	3.7	3.7
Office and premises expenses	2.5	2.1
Loss on sale of subsidiary	2.6	–
Other operating expenses	11.9	8.0
Total	**29.3**	21.3

Fees to the auditors

EUR million	2011	2010
Audit fees	0.1	0.1
Other service fees	0.1	0.1
Total	**0.1**	0.1

9. Financial income and expenses

EUR million	**2011**	2010
Financial income		
Dividend income from available-for-sale-investments	0.0	0.0
Interest income	0.0	0.2
Exchange rate gains	0.9	1.1
Other financial income	0.0	0.0
Total	**1.0**	1.3

EUR million	**2011**	2010
Financial expenses		
Interest expenses from financial liabilities measured at amortised cost	0.5	0.4
Exchange rate losses	1.2	0.9
Other financial expenses	0.0	0.1
Total	**1.7**	1.5

10. Income taxes

EUR million	**2011**	2010
Current tax on income for the year	0.1	–0.1
Adjustments in respect of prior years	–0.0	0.0
Deferred tax	0.6	0.0
Total	**0.6**	–0.1

Tax on available-for-sale investments recognised in other comprehensive income amounts to EUR 0.0 million (EUR 0.0 million in 2010).

Reconciliation between income statement tax item and taxes calculated at the tax rate of the Group country of domicile 26%:

EUR million	**2011**	2010
Profit before taxes	–1.2	–0.0
Tax using the parent company's domestic tax rate	–0.3	–0.0
Difference between the Finnish and foreign tax rates	–0.0	0.0
Tax exempt income	–0.0	–0.2
Non-deductible expenses	0.9	0.3
Share of income of associated companies	–0.1	–0.0
Gain on sale of associates	–	–0.0
Recognition of previously unrecognised deferred tax assets	0.1	–
Prior periods’ taxes	–0.0	0.0
Reduction in tax rate	–0.0	–
Other items	0.0	–0.1
Total	**0.6**	–0.1

11. Earnings per share

	2011	2010
Profit for the period attributable to equity owners of the parent, EUR million continuing operations	–1.8	0.1
Profit for the period attributable to equity owners of the parent, EUR million discontinued operation	7.2	0.1
Weighted average number of shares, 1,000 shares	43,615	43,615
Basic and diluted earnings per share, EUR continuing operations	**–0.04**	0.0
Basic and diluted earnings per share, EUR discontinued operation	**0.17**	0.0

12. Property, plant and equipment and intangible assets

2011

Property, plant and equipment

EUR million	*Machinery and equipment*	*Other tangible assets*	*Total*
Acquisition cost at 1 January 2011	7.7	1.4	9.0
Additions	0.5	–	0.5
Decreases	–0.0	–	–0.0
Disposals of subsidiaries	–0.6	–	–0.6
Foreign exchange differences	0.0	–	0.0
Acquisition cost at 31 December 2011	7.6	1.4	8.9
Accumulated depreciation at 1 January 2011	–6.8	–1.1	–7.9
Decreases	0.0	–	0.0
Disposals of subsidiaries	0.6	–	0.6
Depreciation for the period	–0.5	–0.1	–0.6
Foreign exchange differences	–0.0	–	–0.0
Accumulated depreciation at 31 December 2011	–6.7	–1.2	–7.9
Carrying amount at 1 January 2011	**0.9**	**0.3**	**1.2**
Carrying amount at 31 December 2011	**0.9**	**0.1**	**1.0**

2010

Property, plant and equipment

EUR million	*Machinery and equipment*	*Other tangible assets*	*Total*
Acquisition cost at 1 January 2010	7.3	1.4	8.6
Additions	0.4	0.0	0.4
Business combinations	0.0	–	0.0
Decreases	–0.3	–	–0.3
Foreign exchange differences	0.3	–	0.3
Acquisition cost at 31 December 2010	7.7	1.4	9.0
Accumulated depreciation at 1 January 2010	–6.3	–1.0	–7.3
Decreases	0.3	–	0.3
Depreciation for the period	–0.5	–0.1	–0.6
Foreign exchange differences	–0.3	–0.0	–0.3
Accumulated depreciation at 31 December 2010	–6.8	–1.1	–7.9
Carrying amount at 1 January 2010	1.0	0.4	1.3
Carrying amount at 31 December 2010	0.9	0.3	1.2

2011

Intangible assets

EUR million	*Goodwill*	*Publishing rights*	*Develop-ment expenditure*	*Other Intangible Assets*	*Assets not yet in use*	*Total*
Acquisition cost at 1 January 2011	36.4	12.5	2.4	11.2	0.5	63.1
Additions	–	–	0.1	0.3	0.5	0.9
Transfers between items	–	–	0.5	–	–0.5	0.0
Disposals of subsidiaries	–12.2	–	–1.2	–3.0	–	–16.3
Decreases	–	–	0.0	–0.3	–0.0	–0.4
Foreign exchange differences	0.2	0.1	0.0	0.0	0.0	0.2
Acquisition cost at 31 December 2011	24.4	12.6	1.8	8.3	0.5	47.5
Accumulated amortisation and impairment losses at 1 January 2011	–4.7	–1.4	–2.0	–8.8	–	–16.9
Decreases	–	–	–	0.3	–	0.3
Disposals of subsidiaries	–	–	1.1	1.5	–	2.6
Amortisation for the period	–	–	–0.7	–0.7	–	–1.4
Foreign exchange differences	–	–	–0.0	–0.0	–	–0.0
Accumulated amortisation and impairment losses at 31 December 2011	–4.7	–1.4	–1.7	–7.7	–	–15.4
Carrying amount at 1 January 2011	**31.7**	**11.2**	**0.4**	**2.4**	**0.5**	**46.2**
Carrying amount at 31 December 2011	**19.7**	**11.2**	**0.2**	**0.6**	**0.5**	**32.1**

2010

Intangible assets

EUR million	*Goodwill*	*Publishing rights*	*Develop-ment expenditure*	*Other Intangible Assets*	*Assets not yet in use*	*Total*
Acquisition cost at 1 January 2010	32.8	11.3	1.9	7.9	0.5	54.4
Additions	–	–	0.3	0.1	0.2	0.7
Business combinations	2.0	–	–	0.6	–	2.7
Transfers between items*	–1.7	–	–	2.4	–0.3	0.3
Decreases*	–0.2	–	–	–	–	–0.2
Foreign exchange differences	3.5	1.3	0.1	0.2	0.1	5.2
Acquisition cost at 31 December 2010	36.4	12.5	2.4	11.2	0.5	63.1
Accumulated amortisation and impairment losses at 1 January 2010	–4.7	–1.4	–1.0	–7.6	–	–14.7
Amortisation for the period	–	–	–0.9	–1.0	–	–1.9
Foreign exchange differences	–	–	–0.1	–0.2	–	–0.3
Accumulated amortisation and impairment losses at 31 December 2010	–4.7	–1.4	–2.0	–8.8	–	–16.9
Carrying amount at 1 January 2010	28.1	9.9	0.9	0.3	0.5	39.7
Carrying amount at 31 December 2010	31.7	11.2	0.4	2.4	0.5	46.2

*) The fair value of customer relationships as well as database and its management system has been transferred from goodwill into intangible assets due to purchase price allocation on the acquisition of Sverige Bygger AB and Norge Bygges AS. Goodwill has been adjusted as a result of contingent consideration liability remeasurement (see note 4).

Customer relationships (in 2010 also database and its management system) acquired in business combinations are included in other intangible assets. Development expenditure comprises of e-business development.

The consolidated intangible assets comprise magazine publishing rights that are considered to have an indefinite useful life, since on the basis of analyses performed there is no foreseeable limit to the period over which the asset is expected to generate cash inflows for the group.

13. Impairment of property, plant and equipment and intangible assets

Goodwill and magazine publishing rights with an indefinite useful life are allocated in the management reporting to the following units:

Goodwill

EUR million	**2011**	2010	
Publishing Finland without Talentum Events	3.4	3.4	
Talentum Events	2.0	2.0	
Publishing Other Nordic Countries	14.0	13.9	
Talentum Business Information Group	–	6.8	*
Talentum HR	–	5.4	*
Direct Marketing	0.3	0.3	
Total	**19.7**	31.7	

Publishing rights

EUR million	**2011**	2010
Publishing Finland without Talentum Events	1.2	1.2
Publishing Other Nordic Countries	10.1	10.0
Total	**11.2**	11.2

*) Derecognised due to disposal of subsidiaries, see note 3.

Impairment tests of goodwill are based on value in use. In the value-in-use calculations, five-year forecasts prepared by management have been taken into account. The net cash flows were based on the budget for the first year and the forecasts approved by management for the following four years. The most important parameters used in the calculations were as follows:

1. Net sales
In the forecast period, the growth rate varies between the units. For Publishing Finland without Talentum Events and Publishing Other Nordic Countries units the growth rate is determined based on management view on general economic outlook. The growth rate for Direct Marketing is based on unit's past development and management's view on the market development. The growth rate for Talentum Events is estimated to develop favourably particularly during the first years of the forecast period due to synergies and the development of recently established foreign subsidiaries, among other things. A long term growth into perpetuity was zero for all the units.

2. Operating profit
Operating profit estimates are based on actual development during previous years. The changes in the product portfolio for net sales are also reflected in profitability.

3. Discount rate
In the calculations, the weighted average cost of capital after tax (WACC) determined by external experts has been used as the discount rate. The use of the after-tax WACC in place of the pre-tax rate does not have a significant effect on the final value. The components of WACC are the risk-free rate of return, market risk premium, beta coefficient, cost of debt and the targeted capital structure. A debt-equity ratio of 30 / 70, as calculated according to market value, is used as the target capital structure. In 2011, the discount rate for Publishing Finland was 7.5% (8.3% in 2010), for Publishing Other Nordic Countries 6.9% (8.3%), and for Direct Marketing 7.5% (8.3%).

Sensitivity analyses of impairment testing

In impairment testing, sensitivity analysis was performed for the most important parameters. The analysis is based on a separate change of each parameter – percentage units:

Net sales	–15.0%
Operating profit	–5.0%
Discount rate	+5.0–+7.0%

It is not probable that the key parameters would differ from management's estimates more than described above.

The changes specified in the sensitivity analysis described above did not lead to a situation in impairment testing where the recoverable amounts by the units would fall below their book value.

14. Investments in associates

The Group owns 49.9% of a healthcare training company Professio Oy. In August 2010, the Group disposed of Swedish associated company Mentor Online AB.

EUR million	**2011**	2010
At the beginning of financial period	0.1	0.1
Acquisition of associates	–	0.1
Share of profit for the period	0.2	0.0
Disposal of associates	–	–0.1
Exchange differences	–	0.0
At the end of financial period	**0.3**	0.1

Information about associates and their assets, liabilities, net sales and income:

2011

EUR million	*Domicile*	*Assets*	*Liabilities*	*Income*	*Group-holding, %*
Professio Oy	Oulu	1.0	0.6	0.5	49.9

2010

EUR million	*Domicile*	*Assets*	*Liabilities*	*Income*	*Group-holding, %*
Professio Oy	Oulu	0.4	0.4	0.0	49.9

15. Available-for-sale investments

EUR million	**2011**	2010
Non-current		
Carrying amount at 1 January	0.1	0.1
Decrease	0.0	–
Fair value measurement	–0.0	–0.0
Carrying amount at 31 December	**0.1**	0.1

Available-for-sale investments include both listed and unlisted shares. Available-for-sale investments are all denominated in Euros. Listed shares are valued at quoted reporting date bid price. Their fair value hierarchy level is I. The fair value of available-for-sale investments belonging into hierarchy level I is EUR 0.1 million (EUR 0.1 million in 2010). Unlisted shares are shown at their acquisition cost which is considered to approximate the fair value. The maximum credit risk for available for sale investments corresponds to the book value at the end of the financial year.

16. Inventories

EUR million	**2011**	2010
Work in progress	–	0.0
Finished products and goods	0.7	1.1
Total	**0.7**	1.1

EUR 0.3 million was recognised as an expense in the reporting period to reduce the value of inventories to correspond to their net realisable value (EUR 0.3 million in 2010).

17. Receivables

EUR million	2011	2010
Non-current loan and other receivables		
Receivable from defined benefit pension plans	–	0.1
Receivable related to business combinations*	0.3	1.0
Other receivables**	5.2	0.7
Total	**5.6**	1.8

EUR million	2011	2010
Current loan and other receivables		
Trade receivables	5.8	8.7
Receivables from associates	0.2	0.1
Prepaid expenses and accrued income	1.8	1.1
Other receivables**	6.0	1.0
Total	**13.8**	10.9

*) EUR 0.3 million has been recognised in profit and loss as personnel expense and the corresponding amount to be recognised in profit and loss in 2012 has been transferred into non-current receivables.
**) Other non-current receivables includes EUR 4.8 million and current receivables 3.5 million of advance payments made by customers into escrow accounts.

Significant items included in prepaid expenses and accrued income:

EUR million	2011	2010
Income tax receivable	0.6	0.6
Personnel expenses	0.1	0.0
Other prepaid expenses and accrued income	1.1	0.4
Total	**1.8**	1.1

Aging of trade receivables:

EUR million	2011	2010
Not past due	4.5	7.0
Past due		
1–30 days	0.8	0.9
31–60 days	0.2	0.3
61–90 days	0.1	0.3
over 91 days	0.2	0.2
Total	**5.8**	8.7

The Group recognised an impairment loss of EUR 0.4 million (EUR 0.1 million in 2010) on trade receivables. EUR 0.3 million (EUR 0.0 million) resulted from continued operations impairment losses.

Group's current receivables are principally denominated in each Group company's functional currency, and thus there is no significant exposure to the transaction related currency risk.

There are no significant concentrations of credit risk associated with receivables. The balance sheet values best correspond to the amount of money which is the maximum amount of credit risk without taking into account the fair value of guarantees in the event that counter parties are unable to fulfil their obligations associated with the financial instruments. The Group's operating practice does not include taking insurance in respect of sales and other receivables.

18. Deferred taxes

Changes in deferred taxes during 2011:

EUR million	*31 Dec 2010*	*Change**	*Foreign exchange differences*	*Subsidiaries and businesses acquired/ disposed of*	*31 Dec 2011*
Deferred tax assets					
Provisions	0.0	–0.0	–	–	–
Tax losses carried forward	1.3	–0.6	0.0	–0.1	0.6
Employee benefits	0.4	–0.1	0.0	–	0.3
Other temporary items	0.2	–0.0	–	–	0.1
Total	**1.8**	**–0.7**	**0.0**	**–0.1**	**1.0**
Deferred tax liabilities					
Measurement of intangible and tangible assets at fair value in business combinations	3.3	–0.1	–	–0.4	2.8
Accumulated appropriations	0.3	–0.0	–	–	0.3
Other temporary items	0.2	0.0	–	–	0.2
Total	**3.8**	**–0.1**	**–**	**–0.4**	**3.3**

*) of which EUR 0.0 million is recognised in other comprehensive income and of which EUR 0.0 million included in taxes of discontinued operation taxes.

Changes in deferred taxes during 2010:

EUR million	*31 Dec 2009*	*Change**	*Foreign exchange differences*	*Subsidiaries and businesses acquired/ disposed of*	*31 Dec 2010*
Deferred tax assets					
Provisions	0.0	–0.0	–	–	0.0
Tax losses carried forward	1.2	–0.1	0.2	–	1.3
Employee benefits	0.4	–	–	–	0.4
Other temporary items	0.2	–0.1	–	–	0.2
Total	1.8	–0.2	0.2	–	1.8
Deferred tax liabilities					
Measurement of intangible and tangible assets at fair value in business combinations	2.4	–0.3	0.4	0.8	3.3
Accumulated appropriations	0.4	–0.0	–	–	0.3
Other temporary items	0.1	0.0	–	–	0.2
Total	2.9	–0.3	0.4	0.8	3.8

*) of which EUR 0.0 million is recognised in other comprehensive income and of which EUR –0.1 million included in taxes of discontinued operation taxes.

The Group has recognised EUR 0.2 million of deferred tax asset for subsidiaries suffering from a loss as the companies have been established recently and management's estimate is that their future taxable profits will exceed the losses in question.

19. Cash and cash equivalents

EUR million	**2011**	2010
Cash at hand and in bank accounts	2.6	1.5

The carrying amounts best correspond to the amount of money which is the maximum amount of credit risk without taking into account the fair value of guarantees in the event that counter parties are unable to fulfil their obligations associated with the financial instruments. There are no significant concentrations of credit risk associated with financial assets.

The fair value of financial assets does not differ significantly from the carrying amounts. The average maturity of short term investments is less than 30 days. The cash and cash equivalents corresponds with the cash and cash equivalents presented in the consolidated statement of cash flows.

20. Equity

Number of shares reconciliation:

EUR million	*Number of shares, 1,000*	*Share capital*	*Invested non-restricted equity reserve*	*Treasury shares*	*Total*
31 Dec 2009	43,615	18.6	3.3	–2.8	19.0
No changes in 2010	–	–	–	–	–
31 Dec 2010	43,615	18.6	3.3	–2.8	19.0
Return of equity	–	–	–0.9	–	–0.9
31 Dec 2011	**43,615**	**18.6**	**2.4**	**–2.8**	**18.2**

Talentum Oyj has one class of shares. In accordance with the articles of association the maximum number of shares permitted is 100 million shares (100 million in 2010). The par value of the shares is EUR 0.42 per share, and Talentum Oyj's maximum share capital is EUR 28 million (EUR 28 million in 2010). All shares issued are fully paid.

Equity reserves:

Treasury shares:
The treasury shares comprise the acquisition cost of the company's own shares controlled by the Group.

Other reserves includes the Translation reserve and the Fair value reserve:
The translation reserve contains the translation differences arising from translation of the financial statements of foreign subsidiaries. Fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

Invested non-restricted equity reserve:
Invested non-restricted equity reserve includes the other proportion of share subscription prices and other similar items of equity nature not recognised in share capital in accordance with share issue decisions. The reserve was established in 2008 when the share premium reserve was decreased according to the decision by the AGM and the corresponding amount was transferred into invested non-restricted equity reserve.

21. Employee benefit obligations

The defined benefit pension plans in the Group comprise of management's pension plan and employees' voluntary pension plan. The employees' voluntary pension plan was closed in 2000.

Talentum transferred its pension fund assets and liabilities based on statutory Finnish Employee's Pensions Act to an external insurance company on 1 January 2010. After the transfer Talentum has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay benefits relating to employee service. The pension plan in question has been treated as a defined contribution plan from 1 January 2010. The present value of pension obligations and the fair value of plan assets at 1 January 2010 amounted to the transfer, i.e. they were equal in size.

There is a collective pension plan in Sweden (Pressens Pensionskassa), in which several media company participate, and of which adequate information is not available. Therefore it has been accounted for as a defined contribution plan. The effect of this is not assumed to be significant.

Defined benefit plans

Liability for defined benefit obligations in the balance sheet

EUR million	**2011**	2010
Present value of funded obligations	0.4	1.0
Fair value of plan assets	–0.3	–0.7
Deficit / Surplus	**0.1**	0.3
Unrecognised actuarial gains (+) and losses (–)	–0.1	–0.2
Net liability	**0.1**	0.0
Amounts in the balance sheet		
Liabilities	0.1	0.1
Assets	–	0.1

Employee benefit expense recognised in the profit and loss

EUR million	**2011**	2010
Current service cost	0.1	0.1
Interest expense	0.0	0.0
Expected return on plan assets	–0.0	–0.0
Actuarial gains (+) and losses (–)	0.0	0.0
Settlement	–0.0	–
Total	**0.1**	0.2
Actual return on plan assets	0.0	0.0

Movements in the present value of the obligation

EUR million	**2011**	2010
Obligation at the beginning of financial period	1.0	19.3
Dissolvement of a pension fund	–	–18.6
Current service cost	0.1	0.1
Interest expense	0.0	0.0
Actuarial gains (+) and losses (–)	0.0	0.1
Settlement	–0.7	–
Obligation at the end of financial period	**0.4**	1.0

Movements in the fair value of plan assets

EUR million	**2011**	2010
Fair value of plan assets at the beginning of financial period	0.7	19.1
Dissolvement of a pension fund	0.0	–18.6
Expected return on plan assets	0.0	0.0
Actuarial gains (+) and losses (–)	0.0	0.0
Contributions into the plan paid by the employer	0.1	0.1
Settlement	–0.5	-
Fair value of plan assets at the end of financial period	**0.3**	0.7

The distribution of plan assets by assets is not possible to specify.

Principal actuarial assumptions at 31 December

%	2011	2010
Discount rate	4.5	4.5
Expected return on plan assets	4.5	4.5
Future salary increases	2.5–3.0	2.5

The expected rate of return on plan assets is based on market expectations for returns over the entire life of the related obligation. The rate is estimated to equal the discount rate applied by the insurance company plus the bonuses given.

The amounts for the current and the previous financial periods are the following

EUR million	2011	*2010*	*2009*	*2008*	*2007*
Present value of the obligation	0.4	1.0	19.3	19.9	19.2
Fair value of plan assets	–0.3	–0.7	–19.1	–16.8	–16.1
Deficit	0.1	0.3	0.2	3.0	3.1
Experience adjustments on plan liabilities	–0.0	–0.0	–0.5	–1.1	0.0
Experience adjustments on plan assets	0.0	0.0	0.8	–2.2	–0.1

22. Share-based payments

Terms of the share-based incentive plan

Talentum Oyj's Board of Directors decided on 18 March 2010 to establish a new share-based incentive scheme for corporate management. The scheme consists of three earnings periods, each comprising at least one and no more than three earnings periods, the first of which was 1 January–31 December 2010. The second earnings period began on 1 January 2011 and ended on 31 December 2011. The bonuses will be paid partly in the company's shares and partly in cash after the end of each earnings period. The proportion paid in cash will cover any taxes and other such costs arising from the bonus. Transferring shares earned within two years of the end of the earnings period is prohibited. The total length of the scheme is 5 years. After this, the company's CEO must retain one half of the shares earned by him under the scheme for the entire duration of his employment relationship and for one year after its termination. The Board of Directors will decide at a later stage on the next earnings periods and the restrictions related to the disposal of the shares earned during these periods. The possible scheme revenue for the 2011 earnings period is based on Talentum Group's net sales and operating profit and Talentum's share revenue. Seven people are covered by the scheme for the 2011 earnings period (eight people in 2010). If the scheme targets were fully achieved in the 2011 earnings period, a maximum of 109,000 shares and the amount of cash required for taxes and similar charges arising from the shares being issued would be given under the scheme. If the scheme targets were fully achieved, a maximum of 484,500 shares in Talentum Oyj and the amount of cash required for taxes and similar charges arising from the shares being issued will be given within the scheme over a period of 3 years.

Incentive plan	2011	2010
Nature of incentive plan	Shares	Shares
Vesting period	1 Jan–31 Dec 2011	1 Jan–31 Dec 2010
Grant date	For the year 2011	For the year 2010
Amount of maximum granted instruments	109,000	151,000
Share price at the grant date	–	1.96
Binding period	2 years after the end of vesting period	2 years after the end of vesting period
Vesting conditions	Three years employment Net sales, operating profit and share price development during 2011	Three years employment Net sales, operating profit and share price development during 2010
Settlement	No shares were granted for 2011 based on the result	In 2010, a total of 1,268 shares were given on the basis of the result, which corresponds to a cost of about six thousand euros for the company. Talentum Oyj's Board of Directors decided that the bonus will be paid in cash instead of in shares.

23. Provisions

EUR million	*Other provisions*
Carrying amount at 1 January 2011	0.3
Foreign exchange differences	0.0
Provisions used	–0.1
Carrying amount at 31 December 2011	**0.2**

Other provisions

Other provisions includes an employee benefit and a related tax. The provision is expected to be realised by year 2018.

24. Advances received, trade and other payables

EUR million	**2011**	2010
Current		
Advances received*	16.8	13.7
Trade payables	3.6	2.4
Accrued expenses and deferred income	7.1	9.1
Other payables	2.4	2.1
Total	**29.9**	27.3

Significant items included in accrued expenses and deferred income:

Personnel expenses	5.3	5.8
Income tax liability	0.0	0.4
Other	1.8	2.9
Total	**7.1**	9.1

*) Advances received include EUR 8.3 million magazine group subscription advances in 2011.

Group's current liabilities are principally denominated in each Group company's functional currency, and thus there is no significant exposure to the transaction related currency risk.

25. Financial liabilities

EUR million	**2011**	2010
Non-current financial liabilities measured at amortised cost		
Non-current interest bearing liabilities	0.1	0.1
Non-current non-interest bearing liabilities related to business combinations*	0.7	1.7
Total	**0.9**	1.8
Current financial liabilities measured at amortised cost		
Loans from financial institutions	0.8	13.3
Loans from joint ventures	0.3	0.5
Other current liabilities	0.0	0.0
Total	**1.1**	13.8
Current non-interest bearing liabilities related to business combinations	0.7	–
Total	**1.7**	13.8

*) EUR 0.7 million of non-current liabilities related to business combinations has been transferred into current liabilities. EUR 0.3 million has been derecognised as a result of the disposal of subsidiaries.

Interest-bearing liabilities are mainly tied to 3 month or shorter market interest rates and their carrying amounts are reasonably close to their fair values.

Interest-bearing non-current liabilities divided by currency:

EUR million	**2011**	2010
EUR	0.0	0.0
SEK	0.1	0.1

Current interest-bearing liabilities divided by currency:

EUR million	**2011**	2010
EUR	1.1	7.1
SEK	0.0	6.7

The covenant of the loans is the equity ratio specified by the financial institutions, which differs in its method of calculation from the equity ratio used generally in that the advances received are not deducted from the balance sheet total.

26. Contractual maturities of financial liabilities

2011

EUR million	**2012**	*2013*	*2014*	*2015*	*2016*	*Later*
Trade payables	3.6	–	–	–	–	–
Other non-current liabilities	0.7	–	–	–	–	–
Liabilities to joint ventures	0.3	–	–	–	–	–
Loans from financial institutions	0.8	–	–	–	–	–
Other non-current liabilities	–	0.4	0.4	0.0	0.0	0.1

2010

EUR million	**2011**	*2012*	*2013*	*2014*	*2015*	*Later*
Trade payables	2.4	–	–	–	–	–
Liabilities to joint ventures	0.5	–	–	–	–	–
Loans from financial institutions	13.3	–	–	–	–	–
Other current liabilities	0.0					
Other non-current liabilities	–	0.0	0.0	0.0	0.0	0.1

The Group has available bank overdraft limit, which is valid until further notice, of EUR 12 million. The available financing credit limit is EUR 22 million, the relevant arrangements of EUR 11 million is valid until 30 September 2013 and EUR 11 million until 30 September 2014. EUR 33.2 million of the limits was in unused at the end of the period under review.

27. Capital management

EUR million	**2011**	2010
Interest bearing liabilities	1.2	13.9
Cash and cash equivalents	2.6	1.5
Net liabilities	**–1.5**	12.4
Total capital	21.9	17.5
Gearing, %	–6.7	70.9
Equity ratio, %	54.1	34.4

28. Related party transactions

Related parties of the Group are the Board of Directors of the parent company and the Group's Executive Management Team as well as the associated company Professio Oy, joint venture Oy Mediuutiset Ab and Alma Media Group which owns 32.14% of Talentum Oyj. Transactions with Alma Media Group are not material and are determined on an arm's length basis.

The Group parent company and subsidiaries are as follows:

	Domicile	*Group holding, %*	*Parent company holding, %*
Parent company			
Talentum Oyj	Helsinki		
Subsidiaries			
Talentum Media Oy	Helsinki	100	100
Talentum Sweden AB	Stockholm	100	100
Suoramarkkinointi Mega Oy	Helsinki	100	100
Talentum Business Information Group AB	Stockholm	100	100
Talentum Events Oy	Helsinki	100	100
Subgroup companies			
Talentum Media Oy:			
Oy Mediuutiset Ab	Helsinki	50	
Conseco Press	Moscow	40	(51% of votes)
Talentum Sweden AB:			
Talentum Media AB	Stockholm	100	
Talentum Sales AB	Stockholm	100	
Dagens Media Sverige AB	Stockholm	100	
Dagens Teknik i Klara AB	Stockholm	100	
Suoramarkkinointi Mega Oy:			
Müügimeistrite AS	Tallinn	92	
Telemarket SIA	Riga	96	
Talentum Events Oy:			
FYI Business Events Oy	Helsinki	100	
Events Sweden AB	Stockholm	100	
FYI Events Denmark ApS	Copenhagen	100	

Related party transactions with the key management personnel

Total key management personnel employee benefits

EUR million	**2011**	2010
Salaries and other short-term employee benefits	1.1	1.1
Termination benefits	0.2	–
Post-employment benefits	0.2	0.1
Total	**1.5**	1.2

Executive remuneration

1,000 EUR	**2011**	2010
Aarne Aktan, CEO as of 1 December 2011	20	–
Juha Blomster,CEO until 28 October 2011	338	349
Members of the Board of Directors		
Telanne Kai, Chairperson (Board member since 31 March 2010)	44	23
Strengell Merja, Vice Chairperson	34	42
Berner Joachim (Board member since 31 March 2010)	24	18
Palomäki Atte	24	24
Österlund Henri (Board member since 1 April 2011)	18	–
Aktan Aarne (Board member between 1 April and 30 November 2011)	16	–
Kainulainen Harri (Board member until 1 April 2011)	6	24
Lehti Eero (Board member until 1 April 2011)	6	24
Saarinen Tuomo (Board member until 31 March 2010)	–	12
Airaksinen Manne (Board member until 31 March 2010)	–	8
	172	174

The amounts above include salaries and other remuneration recognised on accrual basis. A member of the Group Executive Management has the guaranteed right to retire at the age of 60. On 31 December, the number of Talentum Oyj shares owned by members of the Board of Directors, the CEO and Vice Executive President personally and through companies in which they have a controlling interest was 10,710 representing 0.02% of the company's total shares and votes. Other Group Executive management owned 8,925 shares.

Related party transactions with associates and joint ventures

EUR million	*Sales*	*Purchases*	*Receivables*	*Liabilities*
2011				
Associates	0.8	1.1	0.2	0.5
Joint ventures	0.3	–	–	0.3
Total	**1.1**	**1.1**	**0.2**	**0.8**

EUR million	*Sales*	*Purchases*	*Receivables*	*Liabilities*
2010				
Associates	0.3	0.3	–	0.1
Joint ventures	0.3	–	0.1	0.5
Total	0.6	0.3	0.1	0.5

29. Joint Ventures

Group owns 50% of Mediuutiset which provides a printed magazine, a website and online newsletter designed for professionals and people of influence in the health care industry. The assets liabilities, revenue and expenses of the joint venture are as follows:

EUR million	**2011**	2010
Assets	0.7	1.1
Liabilities	0.2	0.4
Revenue	1.5	1.8
Expenses	1.7	1.8

30. Operating leases and contingent liabilities

The Group as lessee

The Group has leased the production and office premises and the cars used by company personnel. The most significant leasing agreements of premises will expire in Sweden in 2012 and in Finland in 2013. The Group has entered a new five-year leasing agreement in Sweden and a 10-year leasing agreement in Finland, which however includes an option to terminate the agreement with penalty after five years. Non-cancellable leasing payments and estimated penalty fee are included in the amounts specified in the table below.

Non-cancellable minimum operating lease payments are payable as follows:

EUR million	**2011**	2010
Less than a year	3.6	4.6
Between one and five years	9.2	9.6
More than five years	2.7	0.8
Total	**15.6**	14.9

The Group has given a EUR 0.1 million guarantee on a loan in Sweden and EUR 0.0 guarantee on a payment in Denmark.

31. Events after the reporting period

On 30 January 2012, Talentum submitted a negotiation proposal to the personnel representatives for personnel reductions. The negotiations will pertain to personnel of Talentum Oyj and Talentum Media Oy in Finland and the personnel of the magazine business in Sweden (about 330 people in total).

Income statement of parent company (FAS)

1,000 EUR	*Note*	**2011**	2010
Net sales	2	**5,181**	5,341
Other operating income	3	**1**	0
Personnel expenses	4	**2,643**	2,438
Depreciation and amortisation	5	**321**	373
Other operating expenses		**5,436**	4,639
Operating loss		**–3,218**	–2,109
Financial income and expenses	6	**–266**	60
Loss before extraordinary items		**–3,485**	–2,049
Extraordinary items	7	**3,775**	2,589
Profit/loss before appropriations and taxes		**290**	540
Increase (-) / decrease (+) in depreciation difference	8	**–**	–
Direct taxes	9	**–101**	383
Profit/loss for the financial year		**188**	923

Balance sheet of parent company (FAS)

1,000 EUR	*Note*	**2011**	2010
ASSETS			
Non-current assets			
Intangible assets	10	**622**	387
Tangible assets	10	**132**	145
Investments	10	**109,178**	109,178
Total non-current assets		**109,933**	109,710
Current assets			
Non-current receivables	11	**660**	916
Current receivables	12	**5,649**	10,167
Cash at hand and in bank accounts		**1,985**	–
Total current assets		**8,294**	11,083
TOTAL ASSETS		**118,226**	120,793
LIABILITIES AND EQUITY			
Equity	13		
Share capital		**18,594**	18,594
Other reserves			
Treasury shares		**–2,834**	–2,834
Invested non-restricted equity reserve		**72,626**	86,977
Retained earnings		**923**	–13,478
Profit/loss for the year		**188**	923
Total equity		**89,497**	90,182
Accumulated appropriations	14	**0**	0
Liabilities			
Non-current liabilities	15	**727**	1,377
Current liabilities	16	**28,002**	29,234
Total liabilities		**28,729**	30,611
TOTAL LIABILITIES AND EQUITY		**118,226**	120,793

Cash flow statement of parent company (FAS)

1,000 EUR	**2011**	2010
Cash flows from operating activities		
Loss before extraordinary items	**–3,485**	–2,049
Adjustments:		
Depreciation and amortisation	**321**	373
Financial income and expenses	**266**	–60
Other adjustments	**–13**	–11
Cash flows before change in working capital	**–2,911**	–1,747
Change in net working capital	**3,651**	5,512
Cash flows before financing items and taxes	**740**	3,765
Interests paid and payments on other operating financing expenses	**–596**	–360
Interest received	**250**	257
Dividends received	**0**	0
Taxes paid	**–75**	21
Net cash from/in operating activities	**319**	3,683
Cash flows from investing activities		
Investments in to intangible and tangible assets	**–544**	–94
Acquisitions of subsidiaries	**–**	–3,699
Increase of outstanding loans	**5,962**	1,139
Disposal of intangible and tangible assets	**1**	–
Net cash from/in investing activities	**5,419**	–2,654
Cash flow from financing activities		
Change in short-term loans	**–5,469**	–1,379
Change in long-term loans	**–**	–174
Equity returned	**–872**	–
Group contributions	**2,620**	520
Net cash from/in financing activities	**–3,721**	–1,033
Change in cash	**2,017**	–4
Cash at hand and in bank, 1 January	**0**	5
Foreign exchange differences	**–32**	–
Cash at hand and in bank, 31 December	**1,985**	0

Notes to the parent company's financial statements

1. Accounting principles for the financial statements

Talentum Oyj's financial statements have been prepared in accordance with accounting principles based on Finnish accounting legislation.

Fixed assets

Tangible and intangible assets have been entered in the balance sheet at the original acquisition cost less depreciation according to plan. Depreciation according to plan has been calculated on a straight-line basis based on asset's useful life. The useful lives are:

Intangible rights	2–5 years
Other long-term expenditure	3–10 years
Machinery and equipment	3–7 years

The charges for assets rented through lease agreements are recognised as leasing expenses and the assets are not shown on the balance sheet.

Investments and receivables that have an estimated useful life of over a year are shown under investments.

Any impairment items in fixed assets are examined at the balance sheet date and an impairment is recognised as soon as there is indication for impairment.

Financial assets

Deposits held for more than three months and other securities with an estimated holding time of less than one year are presented under financial securities. Cash at bank and in hand includes cash, bank accounts, deposits with a maturity of less than three months and other items considered as cash equivalents.

Shares, holdings, and financial instruments included in financial securities are measured at the lower of acquisition cost or market price.

Items denominated in foreign currency

Items denominated in foreign currency are shown in euro at the rate quoted by the European Central Bank at the balance sheet date. Differences in exchange rates arising during the financial year have been included in financial income and expenses.

Pension arrangements

Statutory pension liabilities are covered by a pension insurance company.

Extraordinary items

Group contributions are treated as extraordinary items.

Taxes for the financial period

Taxes for the financial period and adjustments to taxes from earlier financial periods have been recognised as income taxes in the income statement.

The probable tax effects arising from periodisation differences in bookkeeping and taxation have been shown as deferred tax assets and liabilities.

2. Net sales

1,000 EUR	**2011**	2010
Internal invoicing	5,180	5,341
Total	**5,180**	5,341

3. Other operating income

1,000 EUR	**2011**	2010
Gain on sale of fixed assets	1	–
Total	**1**	–

4. Personnel expenses

1,000 EUR	**2011**	2010
Salaries and fees:		
CEO	358	348
Board of Directors	172	174
Other	1,575	1,417
Pension expenses	417	478
Other social security expenses	121	21
Total	**2,643**	2,438

Salaries, fees and fringe benefits of CEO and member of the Board of directors are presented in note 26 of the consolidated financial statements.

Average amount of personnel in the reporting period	24	24

5. Depreciation and amortisation

1,000 EUR	**2011**	2010
Intangible assets	219	253
Tangible assets	102	120
Total	**321**	373

6. Financial income and expenses

1,000 EUR	**2011**	2010
Financial income:		
Interest and financial income from Group companies	225	159
Exchange rate gains	835	1,083
Other interest and financial income	25	13
Total	1,085	1,255
Financial expenses:		
Interest and financial income to Group companies	145	26
Exchange rate losses	806	911
Other finance expenses	87	83
Other interest expenses	313	175
Total	1,351	1,195
Total financial income and expenses	**–266**	60

7. Extraordinary items

1,000 EUR	**2011**	2010
Group contributions received	3,775	2,620
Other	–	–31
Total	**3,775**	2,589

8. Appropriations

1,000 EUR	**2011**	2010
Change in depreciation difference:		
Intangible assets	0	–5
Tangible assets	0	5
Total	**0**	0

9. Income tax

1,000 EUR	**2011**	2010
From ordinary business activities	–15	–
Change in deferred tax	116	–383
Total	**101**	–383

10. Intangible and tangible assets and investments

Intangible assets

1,000 EUR	*Intangible rights*	*Improvements to leasehold premises*	*Total*
Acquisition cost 1 January	3,372	783	4,155
Increase	129	–	129
Acquisition cost 31 December	3,501	783	4,284
Accumulated amortisation 1 January	–3,239	–529	–3,768
Amortisation for the period	–113	–106	–219
Accumulated amortisation 31 December	–3,352	–635	–3,987
Carrying amount at 31 December 2011	**149**	**148**	**297**
Carrying amount at 31 December 2010	133	254	387

Tangible assets

1,000 EUR	*Machinery and equipment*	*Other*	*Total*
Acquisition cost 1 January	1,013	32	1,045
Increase	90	–	90
Decrease	–1	–	–1
Acquisition cost 31 December	1,102	32	1,134
Accumulated depreciation 1 January	–900	–	–900
Depreciation for the period	–102	–	–102
Accumulated depreciation 31 December	–1,002	–	–1,002
Carrying amount at 31 December 2011	**100**	**32**	**132**
Carrying amount at 31 December 2010	113	32	145

Investments

1,000 EUR	*Investments in subsidiaries*	*Other*	*Total*
Acquisition cost 1 January	130,055	28	130,083
Acquisition cost 31 December	130,055	28	130,083
Accumulated impairments 1 January	–20,905	–	–20,905
Accumulated impairments 31 December	–20,905	–	–20,905
Carrying amount at 31 December 2011	**109,150**	**28**	**109,178**
Carrying amount at 31 December 2010	109,150	28	109,178

Investments in subsidiaries are presented in Note 26, Related party transactions of the consolidated financial statements.

11. Non-current receivables

1,000 EUR	**2011**	2010
Other receivables	360	500
Deferred tax asset	300	416
Total	**660**	916

12. Current receivables

1,000 EUR	**2011**	2010
Trade receivables	–	89
Receivables from Group companies	4,645	9,810
Prepaid expenses and accrued income	283	132
Other receivables	721	136
Total	**5,649**	10,167
Receivables from Group companies:		
Trade receivables	1	41
Loan receivables	851	7,095
Prepaid expenses and accrued income	3,793	2,674
Total	**4,645**	9,810
Significant items included in prepaid expenses and accrued income:		
Group contribution receivables	3,775	2,620
Other receivables	301	186
Total	**4,076**	2,806

13. Equity

1,000 EUR	**2011**	2010
Share capital 1 January	18,594	18,594
Share capital 31 December	**18,594**	18,594
Other reserves		
Treasury shares 1 January	–2,834	–2,834
Treasury shares 31 December	**–2,834**	–2,834
Invested non-restricted equity reserve 1 January	86,977	86,977
Covering of the retained loss according to AGM decision	–13,478	–
Return of equity	–872	–
Invested non-restricted equity reserve 31 December	**72,626**	86,977
Other reserves 31 December	**69,792**	84,143
Retained earnings 1 January	–12,555	–13,478
Covering of the retained loss according to AGM decision	13,478	–
Profit for the period	188	923
Retained earnings 31 December	**1,111**	–12,555
Total Equity 31 December	**89,497**	90,182
Distributable earnings		
Treasury shares	–2,834	–2,834
Invested non-restricted equity fund	72,626	86,977
Retained earnings	1,111	–12,555
Total	**70,903**	71,588

Share capital by type of share at end of financial year:	**Number of shares**	Number of shares
Series: TTMV1	44,295,787	44,295,787
Treasury shares held by company	681,000	681,000

14. Appropriations

1,000 EUR	**2011**	2010
Accumulated depreciation difference by asset category		
Intangible assets	–	95
Tangible assets	–	–95
Total	–	0

15. Non-current liabilities

1,000 EUR	**2011**	2010
Other non-current liabilities	727	1,377

16. Current liabilities

1,000 EUR	**2011**	2010
Loans from financial institutions	770	13,339
Trade payables	447	83
Liabilities to group companies	25,693	15,200
Other current liabilities	763	124
Accrued expenses and deferred income	329	488
Total	**28,002**	29,234

Liabilities to group companies

Loan liabilities	25,661	15,065
Trade payables	8	8
Accrued expenses and deferred income	23	127
Total	**25,693**	15,200

Significant items included in accrued expenses and deferred income:

Holiday pay obligation liability	270	286
Tax liability	–	91
Pension and social security contribution debts	46	18
Interest debt	–	26
Other	13	194
Total	**329**	615

17. Future leasing payments

1,000 EUR	**2011**	2010
Leasing commitments		
To be paid within one year	2,229	2,251
To be paid after one year	8,715	2,929

Proposal of the Board of Directors for distribution of profits

The distributable earnings in the balance sheet amount to EUR 70,903,246.35 of which the income for financial period is EUR 188,437.84. No essential changes have taken place in the financial position of the company since the balance sheet date and, as required under the Finnish Companies Act (13/2) the proposed dividend to be distributed will not endanger the solvency of the company.

Invested non-restricted equity reserve (consists of capital investments only)	72,626,689.58
Treasury shares	–2,834,420.30
Retained earnings	922,539.23
Income for the period	188,437.84
Total distributable earnings	70,903,246.35

The Board of Directors proposes that no dividend should be distributed for 2011, and that funds be distributed from the invested non-restricted equity reserve in the amount of EUR 2,616,887.22.

Helsinki, 14 February 2012

Kai Telanne	**Joachim Berner**
Atte Palomäki	**Merja Strengell**
Henri Österlund	**Aarne Aktan** CEO

Auditor's report (Translation from the Finnish original)

To the Annual General Meeting of Talentum Oyj

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Talentum Oyj for the year ended 31 December, 2011. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

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

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company and the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or whether they have violated the Limited Liability Companies Act or the articles of association of the company.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Consolidated Financial Statements

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

Opinion on the company's Financial Statements and the report of the Board of Directors

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

Other opinions

We support that the financial statements and the consolidated financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit shown in the balance sheet is in compliance with the Limited Liability Companies Act. We support that the Members of the Board of Directors and the Managing Director of the parent company should be discharged from liability for the financial period audited by us.

Helsinki 27 February 2012

PricewaterhouseCoopers Oy
Authorised Public Accountants

Juha Wahlroos
Authorised Public Accountant

Shares and shareholders

Talentum shares

Talentum shares have been listed on the OTC stock market (hereinafter I-listing) since 1988, and they moved to the main listing on 1 December 1998 and the OMX Nordic Exchange Helsinki listing on 2 October 2006, when the Helsinki and Stockholm stock exchanges merged.

Talentum Oyj is listed on the NASDAQ OMX Helsinki Ltd. The code for Talentum shares is TTM1V. The company's shares are not listed on any other stock exchange.

Talentum Oyj's issued stock amounts to 44,295,787 shares. All shares are of the same series, and each share entitles the holder to one vote at GMs and the same dividend rights. Talentum Oyj's Articles of Association, however, contain a clause restricting voting rights.

In 2011, the turnover for Talentum shares totalled 5,940,303, which represents 13.4% of all shares.

On 31 December 2011, Talentum Oyj held 681,000 treasury shares, accounting for 1.5% of all shares and votes. The company's treasury shares have no voting right, and they do not entitle to dividend.

Voting at the General Meeting

Under the Articles of Association of Talentum Oyj, a shareholder may exercise total votes representing a maximum of 1/6 of the total number of votes at the GM. If subsidiaries or companies belonging to the same Group and/or the pension foundation or pension fund of such companies jointly own company shares in excess of 1/6 of the total number of votes, the number of votes that can be exercised at an GM based on these shares may not exceed 1/6 of the total number of votes.

Dividend policy

Talentum Oyj follows an active dividend policy. No dividend was paid out in 2010. However, EUR 0.02 per share was distributed from the invested non-restricted equity fund. The Board of Directors proposes to the GM that no dividend should be distributed for 2011, and that funds be distributed from the invested non-restricted equity reserve EUR 0.06 per share.

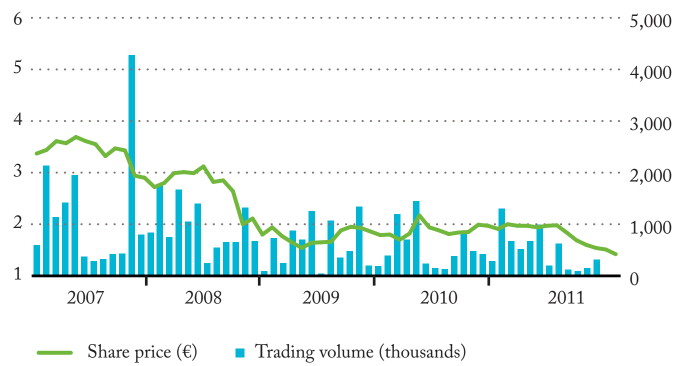
The factors affecting dividends are the amount of distributable unrestricted equity, the annual absolute and relative net income, the company's operating cash flow, short-term investment needs, as well as future prospects.

Investor relations

The goal of Talentum's investor relations is to ensure that the market has the right information regarding Talentum Group's business and future prospects. Talentum serves investors and analysts, for example, by holding meetings with management and publishing results in connection with press conferences. Bulletins issued to the markets can be viewed on the company's website at www.talentum.fi.

Talentum aims for transparency in all its communication.

Share price and trading



Ownership distribution 31 December 2011

- Companies 46.94%
- Financial and insurance corporations 14.36%
- State and local authorities 11.28%
- Households 12.43%
- Non-profit organisations 6.03%
- Foreign and nominee registered 8.80%

Shares and shareholders

Major shareholders December 31, 2011

		Total shares	% of shares and votes
1.	Alma Media companies	14,236,295	32.14
	Kauppalehti Oy	13,200,000	29.80
	Alma Media Oyj	1,036,295	2.34
2.	Oy Herttaässä Ab	4,334,849	9.79
3.	Ilmarinen Mutual Pension Insurance Company	4,308,383	9.73
4.	OP-Finland Small Firms Fund	2,716,910	6.13
5.	Academic Engineers and Architects in Finland - TEK	1,598,138	3.61
6.	Sijoitusrahasto Alfred Berg Finland	866,541	1.96
7.	Mutual Fund Evli Select	750,000	1.69
8.	Nordea Life Assurance Finland Ltd.	620,000	1.40
9.	Sijoitusrahasto Alfred Berg Small Cap Finland	576,500	1.30
10.	SEB Gyllenberg Small Firm Fund	489,400	1.10
11.	Savings Bank Finland Fund	363,000	0.82
12.	Suomen Tukkukauppiaiden Liitto	339,396	0.77
13.	Korkeamäki Vilho	294,956	0.67
14.	Mutual Insurance Company Pension-Fennia	270,000	0.61
15.	Sijoitusrahasto Alfred Berg Optimal	230,710	0.52
16.	Etelä-Pohjanmaan Turve Oy	228,000	0.51
17.	Mäkelä Kai	206,000	0.47
18.	Tekniska Föreningen i Finland Stiftelse	201,974	0.46
19.	Saarela Mikko Aarne Juhani	151,425	0.34
20.	Smartum Oy	150,000	0.34
	Issued shares	44,295,787	100
	30 biggest owners total	38,169,721	86.17
	Nominee registered shares	3,889,535	8.78
	Talentum Oyj holds own shares	681,000	1.54

Ownership distribution 31 December 2011

Shares	*Share-holders*	*% of shareholders*	*Shares*	*% of shares and votes*
1–100	431	12.99	28,682	0.07
101–500	1,044	31.47	320,978	0.73
501–1 000	651	19.62	538,483	1.22
1001–5 000	937	28.24	2,140,210	4.83
5001–10,000	131	3.95	996,346	2.25
10,001–50,000	90	2.71	1,853,388	4.18
50,001–100,000	9	0.27	667,375	1.51
100,001–500,000	13	0.39	3,150,087	7.11
500,001–	12	0.36	34,532,534	77.96
Total	**3,318**	**100**	**44,228,083**	**99.85**
in which nominee registrations	9		3,889,535	8.78
In the issuer account			67,704	0.15
Issued shares			44,295,787	100

Ownership distribution 31 December 2011

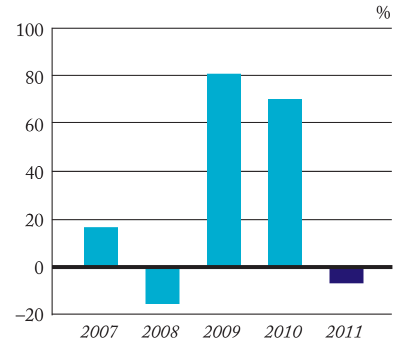
	Share-holders	*Nominee registrations*	*% of share-holders*	*Shares*	*% of shares and votes*
Corporations	184	1	5.55	20,793,996	46.94
Financial and housing corporations	18	4	0.54	6,362,634	14.36
General government	9	–	0.27	4,996,691	11.28
Households	3,041	–	91.65	5,504,228	12.43
Non-profit organisations	55	–	1.66	2,672,932	6.03
Foreign	11	4	0.33	8,067	0.02
Total	**3,318**		**100**	**40,338,548**	**91.07**
in which nominee registrations		9		3,889,535	8.78
In the issuer account				67,704	0.15
Issued shares				44,295,787	100

Financial key figures

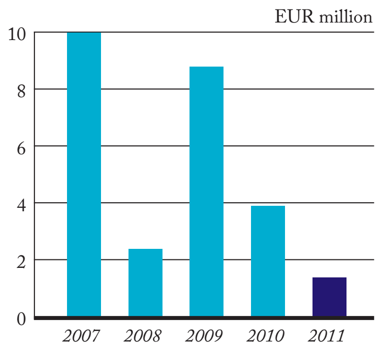
		2011	2010	2009	2008	2007
Group, continuing and discontinued operations						
Net sales	EUR million	**88.3**	81.0	66.8	98.9	124.0
Operating income	EUR million	**7.0**	0.3	–5.2	8.8	13.9
as % of net sales	%	**7.9**	0.3	–7.8	8.9	11.2
Income for the period (for owners of the parent company)	EUR million	**5.5**	0.2	–4.2	5.2	8.8
Return on equity (ROE)	%	**27.7**	1.0	–22.4	19.3	28.7
Return on investment (ROI)	%	**17.2**	5.2	–19.4	23.7	27.3
Financial items*	EUR million	**–0.5**	–0.1	–0.4	–0.7	–1.0
Balance sheet total	EUR million	**57.3**	64.7	58.8	49.7	89.0
Total equity	EUR million	**21.9**	17.5	14.9	22.3	31.9
Investments	EUR million	**1.4**	3.9	8.8	2.5	11.6
as % of net sales	%	**1.6**	4.8	13.2	2.5	9.3
Equity ratio	%	**54.1**	34.4	31.4	54.8	41.6
Gearing	%	**–6.7**	70.9	81.7	–15.4	16.7
Net liabilities	EUR million	**–1.5**	12.4	12.2	–3.4	5.3
Personnel on average		**804**	787	755	864	991
Net sales per person	1,000 EUR	**110**	103	89	114	125
Continuing operations						
Net sales	EUR million	**83.5**	74.1	66.8	93.4	89.1
Operating income	EUR million	**–0.7**	0.1	–5.2	11.5	13.9
as % of net sales	%	**–0.8**	0.2	–7.8	12.3	15.6
Investments	EUR million	**1.4**	3.9	8.8	2.4	10.0
as % of net sales	%	**1.7**	4.8	13.2	2.5	11.2
Personnel on average		**754**	707	755	818	763
Net sales per person	1,000 EUR	**119**	105	89	114	117

*) includes share of income of associated companies

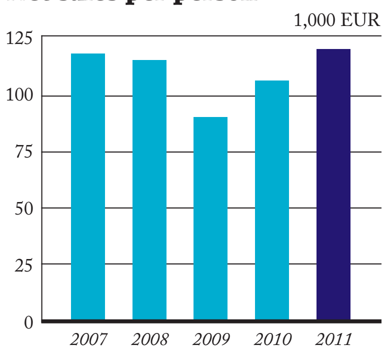
Gearing



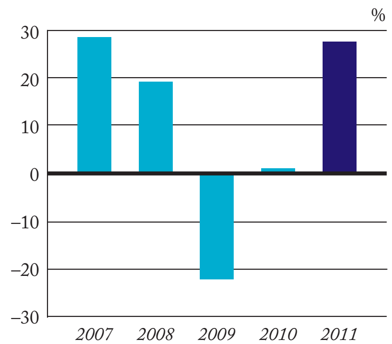
Investments**



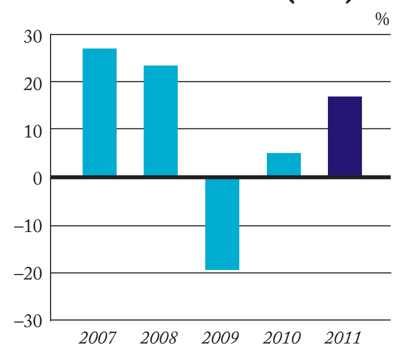
Net sales per person**



Return on equity (ROE)



Return on investment (ROI)

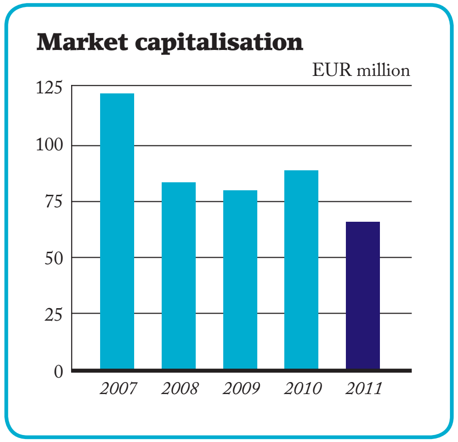


**) continuing operations

Share key figures

		2011	2010	2009	2008	2007
Earnings per share, continuing operations	€	**–0.04**	0.00	–0.10	0.12	0.20
Dividend per share	€	**0.06***	0.02	0.00	0.10	0.20
Operating cash flows per share	€	**0.11**	0.05	–0.13	0.24	0.29
Equity per share	€	**0.50**	0.40	0.34	0.51	0.69
Dividend per earnings	%	**–**	–	–	83.5	99.6
Effective dividend yield	%	**–**	–	–	5.3	7.3
P/E ratio		**–36.2**	548.8	–18.5	15.6	13.7
Market capitalisation	EUR million	**65.1**	87.7	78.8	82.4	121.6
Enterprise Value	EUR million	**63.6**	98.8	89.9	78.1	126.5
Traded price 31 December	€	**1.47**	1.98	1.78	1.87	2.75
Traded price high	€	**2.16**	2.26	2.39	3.16	3.83
Traded price low	€	**1.36**	1.64	1.44	1.63	2.55
Average price for year, share issue adjusted	€	**1.89**	1.91	1.78	2.65	3.39
Total share turnover	pcs	**5,940,303**	6,572,178	7,389,719	11,572,194	14,141,995
Total share turnover as percentage of shares	%	**13.4**	15.1	16.7	26.1	32.1
Number of shares, share issue adjusted:						
weighted average during year	pcs	**43,614,787**	43,614,787	43,614,787	43,775,710	44,039,817
at year end	pcs	**43,614,787**	43,614,787	43,614,787	44,295,787	44,039,817
Treasury shares	pcs	**681,000**	681,000	681,000	681,000	181,000

*) Board proposal return of equity in the amount of 0.06 EUR per share.



Calculation of key figures

Return on equity (ROE), %

$$\frac{\text{Income for the period}}{\text{Total equity (annual average)}} \times 100$$

Return on investment (ROI), %

$$\frac{\text{Income before taxes + interest and other financial expenses}}{\text{Total assets – non-interest bearing debts (annual average)}}$$

Equity ratio, %

$$\frac{\text{Total equity}}{\text{Total assets – advances received}} \times 100$$

Gearing, %

$$\frac{\text{Interest-bearing debts – cash and cash equivalents}}{\text{Total equity}} \times 100$$

Earnings per share (EPS)

$$\frac{\text{Income for the period +/– non-controlling interest}}{\text{Adjusted average number of shares}}$$

Dividend per share

$$\frac{\text{Dividend for the period}}{\text{Adjusted number of shares, 31 December}}$$

Equity per share

$$\frac{\text{Equity attributable to the owners of the parent}}{\text{Adjusted number of shares, 31 December}}$$

Dividend per earnings, %

$$\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$$

Effective dividend yield, %

$$\frac{\text{Dividend per share}}{\text{Adjusted trading price at the end of the period}} \times 100$$

Price per earnings, P/E

$$\frac{\text{Adjusted trading price at the end of the period}}{\text{Earnings per share}}$$

Market capitalisation

Number of shares at 31 December × trading price at the end of the period

Enterprise Value

Market capitalisation + interest-bearing debts – cash and cash equivalents

Information for shareholders

Talentum Oyj is listed on the NASDAQ OMX Helsinki Ltd. The trading code for the shares is TTM1V, and the ISIN code is FI0009900898. The company has concluded a market-making agreement with Nordea Securities Oyj that meets the requirements of Liquidity Providing (LP) on the NASDAQ OMX Helsinki stock exchange.

Number of shares on 31 December 2011: 44,295,787
Sector: Nordic Consumer Services Industry

The share register is maintained by Euroclear Finland Oy. All public information about the company's shares and insider register is available at Euroclear Finland Oy. A list of Talentum Oyj's biggest shareholders can be found on page 72 of this Annual Report.

Proposal on the payment of dividends

The Board of Directors proposes to the Annual General Meeting that no dividend should be distributed for 2011, and that funds be distributed from the invested non-restricted equity reserve EUR 0.06 per share. The record date for the proposed dividend is 4 April 2012, and the payment date is 13 April 2012. All outstanding shares on the record date, with the exception of the parent company's treasury shares, will be entitled to receive return of equity for 2011.

Annual General Meeting

Talentum Oyj's AGM will be held on Friday 30 March 2012 at 2 pm at the Radisson Royal Blu Hotel, Runeberginkatu 2, Helsinki, Finland. The reception of participants will commence at 1 pm.

Instructions for participants

Attendance and registration

The right to participate in the General Meeting can be exercised by a shareholder who, as of 20 March 2012 (record date of the AGM) is registered as a shareholder in the shareholder register maintained by Euroclear Finland Oy. A shareholder whose shares are registered on his/her personal Finnish book-entry account is registered in the company's shareholder register.

Shareholders who wish to attend the AGM must notify the company of their attendance no later than on 27 March 2012 at 4 pm. Notice of attendance can be given as follows:

a) By email at yhtiokokous@talentum.fi
b) By phone at +358 40 342 4233; or
c) By letter to Talentum Oyj, Share Register, P.O. Box 920, FI-00101 Helsinki, Finland.

The notification must be received before the registration deadline.

The notification shall include the shareholder's name, social security number, address and telephone number, as well as the names of any assistants or proxy representatives and the proxy representative's social security number. Any personal information provided to Talentum Oyj by its shareholders will only be used in connection with the AGM and for the processing of the related registrations.

Pursuant to Chapter 5, Section 25 of the Companies Act, all shareholders present at the AGM have the right to request information on matters to be discussed in the meeting.

Proxy representative and power of attorney

Shareholders may participate in the AGM and exercise their voting right by way of proxy representation.

A proxy representative of a shareholder must produce a dated proxy document or demonstrate his/her right to represent the shareholder in another credible way. If a shareholder participates in the AGM through several proxy representatives, representing the shareholder with shares in different securities accounts, the shares by which each proxy representative represents the shareholder shall be identified in connection with registration.

Any proxy documents should be delivered in their original form to Talentum Oyj, Share Register, P.O. Box 920, FI-00101 Helsinki, Finland before the registration deadline.

Nominee-registered shareholders

Nominee-registered shareholders may temporarily be entered in the shareholder register for participation in the AGM if the shareholder is entitled to be entered in the shareholder register based on the shares on the record date of the AGM. Temporary registration in the shareholder register is also considered registration for the AGM.

Nominee-registered shareholders are advised to request in advance from the custodian bank the necessary instructions regarding temporary registration in the shareholder register, issuing of proxy documents and registration for the AGM. The account manager of the custodian bank must register a nominee-registered shareholder who wishes to participate in the AGM in the company's shareholder register as described above and no later than on 27 March 2012 at 10 am.

Voting at the Annual General Meeting

Under the Articles of Association of Talentum Oyj, a shareholder may exercise total votes representing a maximum of 1/6 of the total number of votes at the AGM. If subsidiaries or companies belonging to the same Group and/or the pension foundation or pension fund of such companies jointly own company shares in excess of 1/6 of the total number of votes, the number of votes that can be exercised at an AGM based on these shares may not exceed 1/6 of the total number of votes.

Change of address

Talentum Oyj's share and shareholder register is managed by Euroclear Finland Oy. Notifications of changes to holdings, personal details and address information are to be reported to the shareholder's account manager.

Financial statements for 2012

Talentum Oyj will publish its financial statements for 2012 every quarter. Interim reports will be published on 27 April, 20 July and 24 October.

The interim reports will be published at approximately 9 am Finnish time in Finnish and English, and they will be available on the company's website at www.talentum.fi.

Talentum observes a three-week silent period before publishing interim reports, and a five-week silent period before publishing the annual results.

Annual summary 2011

January

27 January 2011	Talentum reorganized its business information activities in Sweden

February

15 February 2011	Talentum Board of Directors proposals to the Annual General Meeting
15 February 2011	Talentum's Financial Statement Release 2010
22 February 2011	Talentum Oyj – Notice of Annual General Meeting

March

10 March 2011	Talentum's Annual Report 2010 published
10 March 2011	Talentum moves to Ruoholahti in Helsinki in 2013
11 March 2011	Talentum's new CFO Niclas Köhler

April

1 April 2011	Talentum's Annual General Meeting – resolutions
29 April 2011	Talentum Interim Report January–March 2011

May

24 May 2011	District Court dismissed the charge regarding discrimination at work against Kai Telanne

June

10 June 2011	OP-Pohjola Group's holding in Talentum to 6.1%
14 June 2011	Notification in accordance with the Securities Market Act chapter 2 § 10 – OP-Pohjola Group Central Cooperative reports its and OP-Pohjola-ryhmän Tutkimussäätiö holding in Talentum
14 June 2011	Notification in accordance with the Securities Market Act chapter 2 § 10 – OP Fund Management Company Ltd reports its holding in Talentum
16 June 2011	Talentum's CEO Juha Blomster to A-lehdet
28 June 2011	Talentum's and Union of Professional Engineers in Finland's Tekniikka & Talous contract terminates

July

21 July 2011	Talentum Interim Report January–June 2011

August

9 August 2011	Talentum sells Sverige Bygger and Norge Bygges companies

September

No stock exchange releases

October

4 October 2011	Talentum HR's Managing Director in Sweden changes
25 October 2011	Talentum's Financial Reporting in 2012
27 October 2011	Talentum Interim Report January–September 2011
27 October 2011	Aarne Aktan appointed Talentum's CEO

November

28 November 2011	Notification in accordance with the Securities Market Act chapter 2 § 10 – Oy Herttaässä Ab reports that its holding in Talentum had fallen below 10%
30 November 2011	Aarne Aktan leaves Talentum's Board of Directors

December

22 December 2011	Talentum sells its Swedish subsidiary Talentum HR

The content of the releases published in 2011 can be partially outdated.
The releases are available at www.talentum.fi.

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