talentum

ANNUAL REPORT 2013

2013

WE HELP PROFESSIONALS SUCCEED

SUMMA

TALENTUM OYJ'S core activities include publishing media and literature also in digital service Talentum Summa for professionals of various fields. In addition, Talentum publishes legal literature and offers legal training and organizes topical training and other events to business management. The company also carries out telemarketing as a sales channel supporting publishing operations. Talentum employs altogether 760 persons in Finland, Sweden, Denmark, Baltic countries and Russia. Net sales in 2013 were EUR 75.6 million. Talentum Oyj is listed on NASDAQ OMX Helsinki Ltd.

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NET SALES, EUR million
75.6

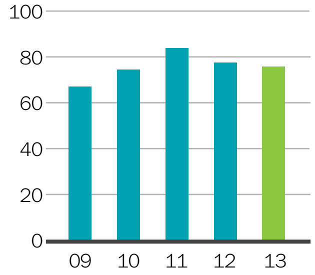
OPERATING INCOME, EUR million
1.4

PERSONNEL, on average
760

SUMMA

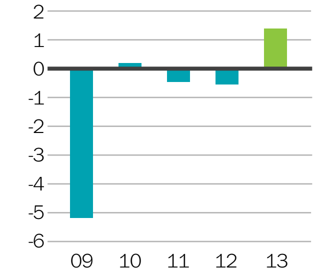
NET SALES

CONTINUING OPERATIONS, EUR MILLION



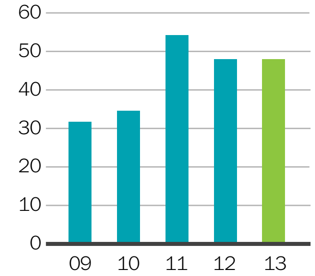
OPERATING INCOME

CONTINUING OPERATIONS, EUR MILLION



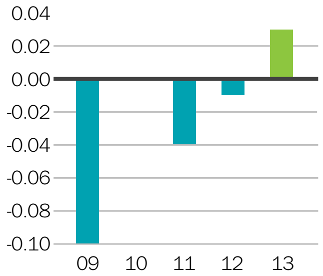
EQUITY RATIO

EUR MILLION



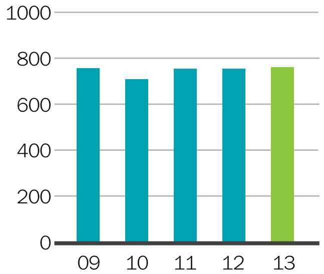
EARNINGS PER SHARE

CONTINUING OPERATIONS, EUR



PERSONNEL

CONTINUING OPERATIONS, ON AVERAGE



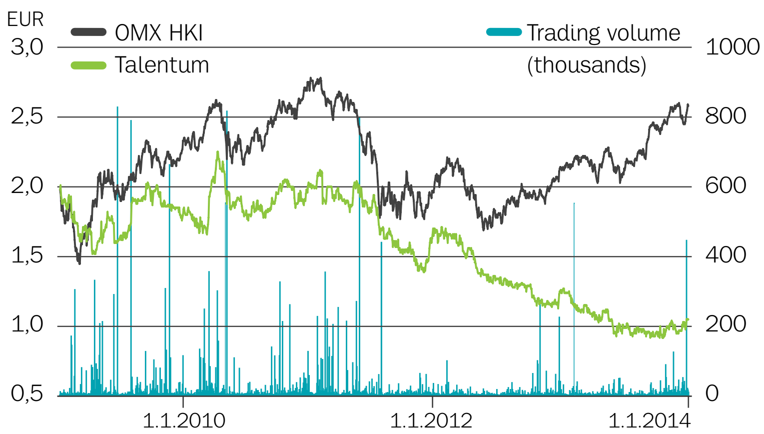
KEY FIGURES

EUR MILLION

CONTINUING OPERATIONS	*2013*	*2012*
Net sales	**75.6**	77.2
Operating income	**1.4**	-0.5
Operating income without non-recurring items	**3.1**	2.4
Return on investment (ROI), %	**3.2**	-8.3
Investments	**1.6**	1.6
Equity ratio, %	**47.7**	47.7
Earnings/share, €	**0.03**	-0.01
Dividend/share, €	**0.04***	0.03 **
Personnel on average	**760**	754
Net sales per person, 1,000 €	**99**	102

* Board proposal, 0.04 €/share
** Funds distributed from the invested non-restricted equity reserve

SHARE PERFORMANCE AND TRADING



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NET SALES in Finland*

46.9

(47.7) **EUR million**

NET SALES in Sweden*

22.4

(26.0) **EUR million**

NET SALES in other countries*

6.3

(3.6) **EUR million**

* continuing operations

TOWARDS OPERATIONAL IMPROVEMENT IN FINLAND, WEAKER RESULT IN SWEDEN

All in all, 2013 was a year of highs and lows for Talentum. We fared relatively well in Finland and we were able to significantly improve operating income. At the same time, we lost our market position in Sweden, where our result weakened considerably. Group's net sales decreased slightly from the previous year but operating income increased.

All in all, 2013 was a good year for the Magazine Business Finland and Books and Legal Training segments. We fared well in circulation development in Finland. Despite the weak situation of media sales, product advertising sales remained at previous year's level in Finland. These achievements are cause for pride in the current market situation. Recruitment advertising continued to decrease in Finland. In Sweden, circulation development was satisfactory in 2013. In terms of media sales, the year was extremely challenging in Sweden. I assumed responsibility for Magazine Business Sweden in August 2013, and restructuring performed during the final quarter is concluded.

In Autumn

We published a new digital service package – Talentum Summa – for Talentum's magazines, business books and online content. Launching occurred as planned and Summa has been received well. Next step is

to publish corresponding service also in Sweden. Summa takes the changes in the media sector and the current needs of readers into account: it collects all content in one place and is customisable according to each user's interests.

We also launched a new magazine – Tekniikan Historia – for history enthusiasts. Furthermore, we acquired the Tietokone magazine from Sanoma Magazines. The magazine was handed over to us on 1 January 2014.

Success stories in 2013

One professional literature book published by us was awarded the silver feather in the Kultasulka (Golden Feather) competition, organised by the Finnish Association of Marketing Communication Agencies, and another book received the Kultasulka (Golden Feather) mention of honour.

In Sweden, Talentum's economics correspondent was up for the title of Journalist of the Year together with two other journalists.

The online publications of magazines reached record numbers of visits this year. At the end of the year, the online publications of the Talouselämä, Arvopaperi, Markkinointi ja Mainonta, Tekniikka & Talous and Tietoviikko magazines broke their all-time records in terms of number of visits.

2014

In 2014, we will focus on improving profitability and, in particular, on enhancing the Magazine Business Sweden and Event Business segments. We will also develop the Summa service in order for it to better meet the needs of users and advertisers.

I would like to thank personnel for their valuable work and also customers, partners and shareholders for the entire year.

Aarne Aktan
Chief Executive Officer

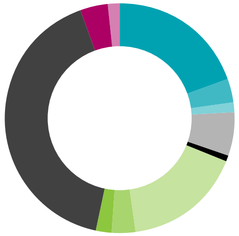
"WE PUBLISHED A NEW DIGITAL SERVICE PACKAGE – TALENTUM SUMMA – FOR TALENTUM'S MAGAZINES, BUSINESS BOOKS AND ONLINE CONTENT."

THE SPLIT OF MEDIA ADVERTISING IN FINLAND 2013

- Magazines 9.48 %
- Newspapers 35.71 %
- Freesheets 6.04 %
- Television 27.31 %
- Radio 5.20 %
- Outdoor 3,94 %
- Film 0,28 %
- Internet 12,04 %

Source: TNS Gallup

THE SPLIT OF MEDIA ADVERTISING IN SWEDEN 2013



- Newspapers 19.66 %
- Magazine 3.34 %
- Professional magazines 1.37 %
- Outdoor 6.10 %
- Film 0.65 %
- Internet 16.82 %
- Search engine 3.19 %
- Radio 2.35 %
- Television 41.17 %
- Direct marketing 3.87 %
- Other 1.47 %

Source: Sveriges Mediebyråer

CHANGE OF MEDIA ADVERTISING IN FINLAND AND SWEDEN, %

Business environment and strategy

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

Turbulence in the media sector and macroeconomic changes affect the operations of media companies. In financially unstable situations, money spent on advertising decreases, particularly that spent on job advertising. Social web communities compete with traditional job advertising.

The digitalisation of the media sector has continued. On the other hand, the use of media has diversified and the reading habits of consumers have changed. Content production, technology and holdings have become more uniform. The turbulence in the media sector presents threats as well as opportunities.

Finland and Sweden are Talentum's main market areas. In 2013, the general advertising market decreased by 8.5 per cent in Finland (TNS Media Intelligence) and by 3.9 per cent in Sweden (Sveriges Mediebyråer). In Finland, advertising in periodicals fell by 12.7 per cent during the year. In professional journals in Sweden, there was a drop of 20.0 per cent. In 2013, online media advertising grew by 5.8% in Finland and by 18.8% in Sweden. For Talentum's Magazine Business Finland, circulation revenue grew and advertising revenue remained close to the previous year's level. Magazine Business Sweden's circulation development was satisfactory, but its advertising revenue decreased year-on-year. Job advertising continued to decrease in Finland and Sweden. However, its importance as a whole is shrinking.

Talentum is developing business operations with less marked economic cycles in a goal-oriented way. The aim is to diversify the income structure to boost the proportion of circulation and other revenue, rather than advertising revenue.

In 2014, Talentum will focus on improving profitability and, in particular, on enhancing the Magazine Business Sweden and Event Business segments.

Business functions

Talentum's business is divided into six business segments: Magazine Business Finland, Magazine Business Sweden, Events, Books and Legal Training, Direct Marketing and Other activities.

CONTINUING OPERATIONS

EUR million	**2013**	*2012*
Magazines Business Finland		
Net sales	**26.4**	27.3
Operating income without non-recurring items	**3.0**	1.6
Personnel on average	**108**	125
Magazines Business Sweden		
Net sales	**19.9**	23.1
Operating income without non-recurring items	**-0.2**	1.7
Personnel on average	**92**	105
Talentum Events		
Net sales	**12.6**	11.0
Operating income without non-recurring items	**-0.4**	-0.5
Personnel on average	**95**	88
Books and Legal Training		
Net sales	**8.1**	8.4
Operating income without non-recurring items	**0.7**	1.0
Personnel on average	**36**	38
Direct Marketing		
Net sales	**11.6**	11.2
Operating income without non-recurring items	**1.2**	1.4
Personnel on average	**399**	365
Other activities		
Net sales	**-3.0**	-3.8
Operating income without non-recurring items	**-1.2**	-2.8
Personnel on average	**30**	33

MAGAZINE BUSINESS FINLAND

Magazine Business Finland produces and publishes magazines for professionals in print and online. Talentum's magazines in Finland are Talouselämä, Arvopaperi, Fakta, Tekniikka&Talous, MPC, Tietoviikko, Tietokone, Markkinointi&Mainonta, Metallitekniikka, Tekniikan Historia, Mediuutiset and Uratie.

MAGAZINE BUSINESS SWEDEN

Magazine Business Sweden produces and publishes magazines for professionals in print and online. Talentum's magazines in Sweden are Ny Teknik, Affärsvärlden, Dagens Media, Lag&Avtal, Arbetarskydd and Teknikhistoria.

TALENTUM EVENTS

Talentum Events offers events and training to executives, management and other professionals in Finland, Sweden and Denmark.

BOOKS AND LEGAL TRAINING

Books and Legal Training publishes versatile legal and professional literature and offers legal training.

DIRECT MARKETING

Direct Marketing consists of Talentum's subsidiary Suoramarkkinointi Mega Oy's operations in Finland and the Baltic countries. The company operates in the telemarketing business.

OTHER ACTIVITIES

The Other Activities segment comprises Group operations as well as the Russian subsidiary Conseco Press. The Other Activities segment includes also the Group's share of the income of the associated company Professio Oy.

Talentum's values guide employees' attitude towards customers, partners and colleagues.

Talentum's values:

RESPECT OF OUR CUSTOMERS

▶ We earn the respect of our customers every day

COLLABORATION IS STRENGHT

▶ We collaborate both internally and with partners and customers

COMPETI-TIVENESS

▶ We are competitive in everything we do

Responsibility

Talentum's operational responsibility consists of financial responsibility, environmental responsibility and social responsibility. In the communications sector, responsibility highlights responsible communication, promotion of freedom of speech and impartiality. The provision of Talentum's business products and services is based on customer respect, surrounding legislation, absolute ethicality and self-regulation.

Financial responsibility

As a listed company, Talentum's financial responsibility is to operate profitably and to generate added value for the company's shareholders. The most important short-term goal of Talentum's business operations continues to be to improve profitability. In addition to other publishing operations, the company's main focus areas of growth are e-business and events. Profitable financial operations also enable the company to fulfil its environmental and social responsibility.

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. In its publications, Talentum strives for the best possible energy and material efficiency. As an electronic distribution channel, Talentum's new digital service package – *Talentum Summa* – saves paper and reduces the amount of energy needed for deliveries and the emissions caused by them. Talentum moved to new rental premises in Ruoholahti (Helsinki) in spring 2013. In the construction of the new building, special attention was paid to energy efficiency and environmentally friendly solutions. In July 2013, the building was granted the *Leadership in Energy and Environmental Design* (LEED®) Gold Certification.

Social responsibility

Social responsibility emphasises responsibility towards the company's personnel and cooperation with other companies and various stakeholders. Talentum's success is mostly based on the commitment and well-being of its highly skilled personnel.

In 2013, Talentum implemented the *Talentum Tahto project*, which is a large-scale project for promoting the working capacity and well-being of its personnel. It included several training events for the entire personnel and smaller target groups, as well as a six-month fitness programme, which was attended by 40 enthusiastic Talentum employees. Thanks to the good results obtained by the project, Talentum Tahto will get a follow-up in 2014. Furthermore, the

Vision

THE PROFESSIONAL'S FIRST CHOICE FOR INSIGHT AND INFORMATION

Mission

WE HELP PROFESSIONALS SUCCEED

Internal Trainer courses were launched in 2013 in order to take better advantage of the knowledge and expertise of Talentum's personnel in the development of in-house procedures. Due to the challenges posed by the structural change in the media sector, employees are encouraged to broaden their knowledge and skills, as well as in participating in job rotation. In addition, supervisors are supported in their managerial duties through training.

Personnel in 2013

In 2013, Talentum employed an average of 760 people in Finland, Sweden, Denmark, the Baltic countries and Russia. Geographically, personnel were divided as follows: Finland 385 people, Sweden 116, Denmark 18, Latvia 133, Estonia 99 and Russia 8.

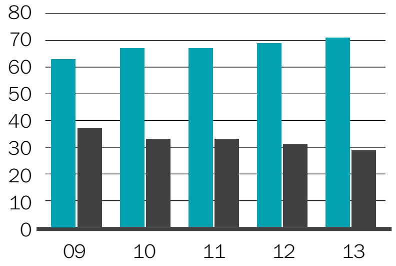
GEOGRAPHICAL DIVISION OF PERSONNEL

Finland	50.7 %
Sweden	15.3 %
Denmark	2.4 %
Latvia	17.5 %
Estonia	13.0 %
Russia	1.1 %

AGE PROFILE IN 2013

< 20 yrs.	12.5 %
20–29 yrs.	26.0 %
30–39 yrs.	21.5 %
40–49 yrs.	17.9 %
50–59 yrs.	14.3 %
over 60 yrs.	7.8 %

GENDER PROFILE, %



Women
Men

Corporate governance statement

Talentum Oyj (hereinafter also referred to as "Talentum") observes the Corporate Governance Code of Finnish listed companies, which was published by the Finnish Securities Market Association and came into effect on 1 October 2010, in accordance with the Comply or Explain principle. Furthermore, the company is administered in compliance with Finnish legislation, the company's Articles of Association and NASDAQ OMX Helsinki Ltd's rules and guidelines. This corporate governance statement has been drawn up in accordance with recommendation 54 of the Corporate Governance Code of Finnish listed companies. Talentum's Corporate Governance Code is published separately from the annual report. The recommendation of the Corporate Governance Code is available on the Finnish Securities Market Association's website at **www.cgfinland.fi**.

Governing bodies

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

Key people in Talentum's management are the members of the Board, the CEO and the members of the Executive Management.

General Meeting

The General Meeting, in which the shareholders take part in the steering and supervision of a company, is the highest decision-making body of a limited liability company. It decides on the matters that, under the company's Articles of Association and the Finnish Companies' Act, fall within its competence, such as:

- Approving the financial statements
- Distributing dividends
- Granting exemption from liability to the CEO and members of the Board of Directors
- Electing the members of the Board of Directors
- Electing the auditor
- Fees to be paid to the auditor and the members of the Board of Directors

The Annual General Meeting shall be held once a year by the end of June. The Board of Directors convenes the General Meeting by publishing a notice in at least two newspapers chosen by the General Meeting no more than three months and no less than three weeks before the date of the Meeting. Furthermore, Talentum shall publish the invitation to the General Meeting as a stock exchange release and on its website. The total number of shares and votes on the date of the invitation, the documents to be presented at the General Meeting, any proposal of the Board of Directors or other bodies with power of decision and any matter included in the agenda of the General Meeting that does not require a decision shall also be available on the website. The minutes of the General Meeting and the related notes shall be available on the company's website within two weeks of the General Meeting.

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 total 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

Charter

The operations of the Board of Directors are regulated by the Finnish Companies' Act, Talentum Oyj's Articles of Association, the decisions of the General Meetings, legislation concerning bookkeeping and securities markets, and NASDAQ OMX Helsinki Ltd's rules.
The Board of Directors has a Charter that can be updated and amended as needed. The following are the main points of the Charter. The company's Board of Directors, which consists of 4 to 8 ordinary members, is responsible for the company's administration and the appropriate organisation of its operations. According to the Articles of Association, the members,

Chairman and Deputy Chairman of the Board of Directors are elected at the General Meeting for a term of one year.

The general duty of the Board of Directors is to steer the Group's operations so that it can generate maximum added value for the shareholders in terms of future cash flows. The key duties of the Board of Directors include:

- Appointing and removing the CEO and deciding upon his/her service terms and conditions
- Approving the key operating policies and values
- Approving the strategy and the annual budget and supervising their implementation
- Approving all of the company's major acquisitions and investments and making other decisions of particular significance
- 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 Chairman of the Board or handling matters that belong to the area of responsibility of the Board in accordance with the Finnish Companies' Act, other provisions or the Articles of Associations
- 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

In accordance with the Charter of the Board of Directors, the Chairman of the Board organises the meetings of the Board together with the CEO, is responsible for planning and assessing the operations of the Board and liaises with the CEO and other stakeholders as needed.

In accordance with the Charter of the Board of Directors, the Board convenes an average of eight (8) times a year. The Board of Directors has a quorum only if more than half of the Board members are present.

Members of the Board of Directors

The members of the Board of Directors are elected at the Annual General Meeting for a term of one year at a time.

The majority of the Board members must be independent of Talentum Oyj. Furthermore, at least two members belonging to the aforementioned majority must be independent of the company's major shareholders. All Board members must be qualified for the task and able to devote a sufficient amount of time to Board work.

Committees

The Board of Directors has no separate committees. The Board of Directors has determined that, in view of the size and control systems of the Group and the extent of its operations, there is no need for separate committees. The Charter of the Board of Directors also includes the duties of the Audit Committee. The Board as a whole is responsible for the duties of the committees.

Assessment of operations

The Board of Directors assesses its operations and those of the CEO once a year. The Board of Directors assesses the impartiality of its members at least once a year or whenever necessary and ensures that legal competences are always assessed in the appropriate manner.

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 dismissed 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.

Group Executive Management

The CEO appoints the members of the Group Executive Management and acts as its chairman. The Group Executive Management meets at least twice a month under the chairmanship of the CEO to discuss such matters as Group strategy, risk management and internal control, business plans, result monitoring, corporate restructuring and other important operational matters.

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 them 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.

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 important risks to the Group. The Board of Directors discusses the strategy and risk summary annually, typically in the autumn. The principles governing capital and risk management are presented in the annual report each year.

The company's risks are classified into seven categories: capital management, operating, product and personnel risks as well as legal, financial and accident risks. The Board of Directors is regularly informed about the risks.

Organisation of the 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. External auditors are involved in reviewing the Group's control system as part of the audit plan drawn up each year. Furthermore, the company's external auditors, selected by the Board of Directors, carry out a more comprehensive annual audit of separately selected items. In this respect, the external auditors report directly to the Board of Directors. The Group also makes use of other external resources as needed.

Main features of internal control and risk management related 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 profitable 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. Internal control in financial reporting was a focus area for development in the three previous years, and the implementation of development measures will continue in 2014. 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. The Group's financing and related risk management are taken care of 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 budgeted and comparison figures. In addition, the Group's finance function, in collaboration with the finance departments, determines other controls that ensure the accuracy and effectiveness of the financial reporting process. These include, amongst other things, various approval rights, reports, analyses, records and usage rights of financial management systems.

Insider administration

In insider issues, Talentum follows the standards of the Financial Supervisory Authority, the insider guidelines of NASDAQ OMX Helsinki Ltd and other applicable legislation.

By law, the company's public insiders include:

- The members and deputy members of the Board of Directors
- The Chief Executive Officer
- The auditors and the audit firm's auditor with principal responsibility
- The Executive Management members responsible for the key business areas

The company also has a company-specific insider register listing people who regularly obtain inside information in their work. In addition, Talentum may keep project-specific insider registers.

The insider guidelines forbid the company's insiders, their related parties, people under their guardianship and companies where they have control or considerable influence from trading in securities of the company for a period of three weeks (silent period) prior to the publication of interim reports and financial statements. People belonging to separately designated, project-specific insider registers must not trade in securities of the company before completion of the project in question.

The company's lawyer is in charge of guiding and supervising the company's insider issues and, if necessary, maintains project-specific insider registers. Talentum Oyj's insider register is maintained by Euroclear Finland Ltd (formerly known as Finnish Central Securities Depository Ltd). The insiders' up-to-date shareholdings are available at Euroclear Finland Ltd's customer service point in Helsinki (address: Urho Kekkosen katu 5 C).

Provision of information

The principal information concerning the company's administration and investor relations appears on Talentum's website. After their publication, the company's information bulletins and the main presentation material provided by the Executive Management are available on the company's website at **www.talentum.com**.

Corporate Governance in 2013

General Meeting

The Annual General Meeting was held on 22 March 2013.

Board of Directors

On 22 March 2013, the Annual General Meeting elected 5 members to the Board of Directors, one of whom was elected Chairman of the Board and one Deputy Chairman.

The Chairman of the Board is Kai Telanne, the Deputy Chairman is Merja Strengell, and the other members of the Board are Joachim Berner, Atte Palomäki and Henri Österlund.

The majority of the aforementioned members of the Board, namely Merja Strengell, Joachim Berner and Atte Palomäki, are independent of both the company and its major shareholders. Kai Telanne, Chairman of the Board, and Henri Österlund, member of the Board, are not independent. As the CEO of Alma Media Oyj, Talentum Oyj's largest shareholding company, Kai Telanne is not independent of major shareholders. As the CEO of Accendo Capital Partners Oy, Talentum Oyj's second-largest shareholder, Henri Österlund is not independent of major shareholders.

In 2013, the Board of Directors convened 10 times with an average attendance rate of 92%.

Chief Executive Officer

The company's CEO in 2013 was Aarne Aktan.

Group Executive Management

The Executive Management consisted of Aarne Aktan (Chairman), CEO; Johan Ehrström, Director responsible for the Event Business, until 31 December 2013; Niclas Köhler, CFO; Lasse Rosengren, Deputy CEO, General Counsel and Director responsible for the Book and Legal Training Business; Tuomas Hämäläinen, Director responsible for Magazine Business Finland, as of 30 August 2013; and Roger Thorén, CEO responsible for Magazine Business Sweden, until 30 August 2013.

CEO Aarne Aktan was responsible for Magazine Business Finland until 30 August 2013 and has been responsible for Magazine Business Sweden since then.

Auditing

On 22 March 2013, the Annual General Meeting elected Authorised Public Accountants Pricewater-houseCoopers Oy as auditor, with APA Samuli Perälä (born 1974) acting as the accountable auditor.

Shareholding of management and governing bodies

On 31 December 2013, the number of Talentum Oyj shares and options owned by members of the Board of Directors and the CEO, personally or through companies in which they have a controlling interest, was 141,213, representing 0.3% of the company's total shares and votes.

A total of 48,633 Talentum Oyj shares were held by the Executive Management on 31 December 2013.

Talentum's Corporate Governance Code is available in its entirety at **www.talentum.com**

Remuneration statement

Talentum Oyj observes the Corporate Governance Code of Finnish listed companies, which was published by the Finnish Securities Market Association and came into effect on 1 October 2010, in accordance with the Comply or Explain principle. Furthermore, the company is administered in compliance with Finnish legislation, the company's Articles of Association and NASDAQ OMX Helsinki Ltd's rules and guidelines. This remuneration statement has been drawn up in accordance with the recommendations of the Corporate Governance Code of Finnish listed companies.

Board of Directors

The Board of Directors has no separate committees. The Board of Directors has determined that, in view of the size and control systems of the Group and the extent of its operations, there is no need for separate committees. The Charter of the Board of Directors also includes the duties of the Audit Committee. The Board as a whole is responsible for the duties of the committees.

The Annual General Meeting approves the fees paid to the Board of Directors. The Board's annual fees decided at the Annual General Meeting on 22 March 2013 are as follows:

- Chairman EUR 48,000
- Deputy Chairman EUR 30,000
- Member EUR 24,000.

Approximately 40% of the annual fee will be used for the acquisition of Talentum Oyj shares on behalf of the Board members. The proportion of the fee payable in shares may also be paid by transferring shares held by the company.

FEES OF THE BOARD OF DIRECTORS IN 2013 AND 2012

€ 1,000	**2013**	*2012*
Berner Joachim	**24.0**	24.0
Palomäki Atte	**24.0**	24.0
Strengell Merja	**30.0**	30.0
Telanne Kai	**48.0**	48.0
Österlund Henri	**24.0**	24.0
TOTAL	**150.0**	150.0

Chief Executive Officer

The Board of Directors approves the terms and conditions of the employment contract and the bonus plan of the CEO. The CEO's salary consists of a fixed monthly salary, long-term share-based incentive schemes and employee benefits.

The CEO's employment relationship can be terminated by Talentum or the CEO with nine months' notice. As per the employment contract, the CEO is not entitled to severance pay. After resignation or dismissal, the CEO is forbidden from working for or establishing a competing company for six (6) or twelve (12) months, respectively. The pension of Talentum Oyj's CEO is determined according to the Employee Pensions Act in force. The CEO has no additional pension plan.

In 2013, Talentum Oyj's CEO received a total of EUR 307 thousand in salary payments, bonuses and benefits, including other financial benefits in the amount of EUR 67 thousand.

Group Executive Management

The Board of Directors approves the terms and conditions of the employment contracts and the bonus plan for the people reporting directly to the CEO. The Executive Management's fees consist of a fixed monthly salary, long-term share-based incentive schemes and employee benefits.

In 2013, the members of the Group Executive Management (excluding the CEO) received a total of EUR 1,138 thousand in salary payments, bonuses and benefits, including other financial benefits in the amount of EUR 391 thousand.

The pensions of the Group Executive Management are determined according to the Employee Pensions Act in force. Two members of the Executive Management have additional pension insurance.

By virtue of the authorisation obtained at the General Meeting on 22 March 2013, Talentum Oy's Board of Directors has decided on an investment-based option programme for Talentum's management and the related conveyance of Talentum's own shares as of 1 January 2014. Information on the subject was provided with a separate stock exchange release on 13 December 2013.

SALARIES AND BONUSES PAID TO CEO AND THE OTHER MEMBERS OF THE GROUP MANAGEMENT TEAM IN 2013

€ 1,000	*Fixed salary*	*Bonus salary*	*Other financial benefits*	***Total salary 2013***
Chief Executive Officer	240	–	67	**307**
Other Executive Management	726	21	391	**1,138**
TOTAL	966	21	458	**1,444**

Auditor's fees

AUDITOR'S FEES AND SERVICES

€ 1,000	**2013**	*2012*
Auditing	**93**	93
Other fees and services	**14**	36
TOTAL	**107**	129

Board of Directors

KAI TELANNE

Chairperson of the Board, member since 2010
Chairperson in 2010

Kai Telanne was born in 1964 and is M.Sc. (Econ.). As his main occupation, he 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; 1990–1998 Kustannus Oy Aamulehti, Marketing Director; 1996–1999 Suomen Paikallissanomat Oy, Marketing Director

Main positions of trust held simultaneously
2009– Varma Mutual Pension Insurance Company, Board member
2008– Teleste Oyj, Board member

Non-independent of major shareholders.

JOACHIM BERNER

Board member since 2010

Joachim Berner was born in 1962 and has a degree of MBA and BBA.

Essential work experience
2002–2003 Lowe Brindfors
2001 Expressen; 1996–2000 Dagens Nyheter; 1993–1996 Göteborgs-Posten

In addition Berner is an owner of Christian Berner Invest AB family company in third generation.

Main positions of trust held simultaneously
2009– NHST Mediagroup (publ), Board member; 2010– The Swedish State Pension Authority, Board member; 2010– Forma Publishing Group, Chairman of the Board; 2011– Riksteatern, Chairman of the Board; 2010– Swereco, Board member; 1990– Christian Berner Invest, Chairman of the Board; 2004– CapMan Buyout, Industrial advisor; 2012– Sensia, Board member; 2004–2013 Family Business Network, Chairman of the Board; 2013– Arbetsförmedlingen, Board member

Independent of major shareholders.

ATTE PALOMÄKI

Board member since 2007

Atte Palomäki was born in 1965 and has a Master's degree in Social Sciences. As his main occupation, Palomäki works as 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 of major shareholders.

MERJA STRENGELL

Vice Chairperson of the Board, member since 2009
Vice Chairperson in 2010

Merja Strengell was born in 1959 and has a Master of Science degree in engineering.

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 Managers

Main positions of trust held simultaneously
2012– FCG Finnish Consulting Group, Board member

Independent of major shareholders.

HENRI ÖSTERLUND

Board member since 2011

Henri Österlund was born in 1971 and is M.Sc. (Econ). As his main occupation, he 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

Main positions of trust held simultaneously
2009– Okmetic Oyj, Chairman of the Board
2008– Okmetic Oyj, Member of the Board of Directors

Non-independent of major shareholders.

Group Management Team

AARNE AKTAN

Group Chief Executive Officer, Member of Talentum Management Team since 2011

Aarne Aktan was born in 1973 and is Bachelor of Science (Econ.).

Essential work experience

1.12.2011– Talentum Oyj, CEO;
1998–2011 Quartal Oy, CEO;
1997–1998 Kauppamainos Bozell Oy, Account Manager, Head of web design team

Main simultaneous positions of trust

2007– Trainers House Oyj, Board Chairman;
2012– Quartal Oy, Board member;
2010–2013 AtBusiness Group Oy, Board member

Shareholding in Talentum: 37,923 shares

TAPIO TEPPO

Director, Talentum Events – Nordic Countries, Member of Talentum Management Team since 1 February 2014

Tapio Teppo was born in 1978 and has a M.Sc.degree in Technology and Economics.

Essential work experience

2014– Talentum Oyj, Director, Talentum Events;
2011–2014 OneMed Oy, Business unit director;
2009–2011 OneMed Oy, Director, Supply chain;
2007–2009 OneMed Group Oy, Group business development manager;
2006–2007 TeliaSonera Finland, Business controller;
2003–2006 Alma Media, Business controller

NICLAS KÖHLER

Chief Financial Officer, Member of Talentum Management Team since 2011

Niclas Köhler was born in 1966 and is a Master of Economic Sciences.

Essential work experience

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

LASSE ROSENGREN

General Counsel, Vice Executive President Member of Talentum Management Team since 2002

Lasse Rosengren was born in 1963 and has a Master of Laws degree.

Essential work experience

2000– Talentum Oyj, General Counsel;
1993–2000 Attorney at law;
1991–1993 OKO, Credit Manager;
1989–1991 SKOP, Lawyer

Shareholding in Talentum: 10,710 shares

TUOMAS HÄMÄLÄINEN

Director, Magazine Business Finland, Member of Talentum Management Team since 30 August 2013

Tuomas Hämäläinen was born in 1977 and has a Master of Science degree.

Essential work experience

2013– Director, Magazine Business Finland
2011–2013 Talentum Media, Circulation Director
2010–2011 Talentum Media, Marketing Manager
2009–2010, Talentum Media, Producer
2004–2009 Talentum Media, Editor
1999–2004 Freelance Journalist

Johan Ehrström
Director, Talentum Events – Nordic Countries and Member of Talentum Management Team until 31.12.2013

Roger Thorén
Managing Director, Talentum Sweden and Member of Talentum Management Team until 30.8.2013.

FINANCIAL STATEMENTS 2013

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 2013

Consolidated net sales for January-December decreased by 2.1%, totalling EUR 75.6 million (EUR 77.2 million). The exchange rate of the Swedish krona against the euro had a positive impact of EUR 0.1 million on net sales. The exchange rate of the Swedish krona against the euro did not have a material impact on operating income.

Consolidated operating income without non-recurring items was EUR 3.1 million (EUR 2.4 million). Non-recurring items for January-December, which amounted to EUR 1.7 million (EUR 2.9 million), included items mainly relating to restructuring in Sweden.

Wages and salaries on accrual basis for the period under review were EUR 29.4 million (EUR 31.4 million).

Consolidated operating income for January-December was EUR 1.4 million (EUR -0.5 million) and 1.8% (-0.7%) of net sales. Financial items were EUR 0.3 million (EUR -0.6 million).

Income before taxes was EUR 1.6 million (EUR -1.2 million). The Group's taxes for the financial year were EUR -0.5 million (EUR 0.7 million). Consolidated income for January-December was EUR 1.2 million (EUR -0.5 million).

Key figures concerning the financial statements

Key figures concerning the financial statements are presented in the consolidated financial statements in page 61. Order backlog is not presented in the key figures since it is not a material key indicator due to nature of Talentum's business.

Talentum's prospects for 2014

Talentum estimates that its comparable net sales for 2014 will remain approximately at the same level as in 2013 and that its comparable operating income without non-recurring items will be higher than in 2013.

Consolidated cash flow and financial position

Cash flow from business operations in January-December was higher than in the previous year following the change in operating income. Consolidated cash flow from operating activities was EUR 3.5 million (EUR 1.0 million). The change in consolidated working capital was EUR 1.4 million (EUR 0.2 million). Working capital is negative, as is usual for the sector, because liabilities include subscription fee advances received from customers of EUR 10.3 million (EUR 13.6 million).

The consolidated statement of the financial position total at the end of the financial year stood at EUR 49.7 million (EUR 55.1 million). The Group's interest-bearing loans and borrowing amounted to EUR 4.8 million (EUR 4.6 million). The Group's liquid assets were EUR 4.3 million (EUR 3.5 million). Interest-bearing net liabilities were EUR 0.5 million (EUR 1.1 million).

The available bank overdraft limit, which is valid until further notice, is EUR 12 million. EUR 4.5 million of the limit was in use at the end of the financial year (EUR 4.4 million was in use on 31 December 2012).

The equity ratio at the end of the financial year was 47.7% (47.7%). The Group's equity per share was EUR 0.43 (EUR 0.45). 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. On 31 December 2013, the translation difference in the Group's equity was EUR 0.6 million. The change in January-December was EUR 0.9 million (negative).

Business Areas

Talentum's business operations are divided into six segments: Magazine Business Finland, Magazine Business Sweden, Event Business, Books and Legal Training, Direct Marketing and Other Activities.

Year 2013 was mainly satisfactory for Talentum. The most important objective in near future for Talentum's business is to improve profitability and, in particular, to enhance the Magazine Business Sweden and Event Business segments. Talentum's digital service package – Talentum Summa – was published in Finland on 18 October 2013. Summa combines Talentum's magazines, websites and business literature into one content service. Summa was launched as planned and has been received well. Next step is to publish corresponding service also in Sweden.

In autumn restructuring was carried out in Sweden as a part of the plan to improve profitability. Therefore the income for year 2013 was weakened by non-recurring items EUR 1.7 million.

According to TNS Media Intelligence, the advertising market decreased by 8.5% in Finland during January-December and by 3.9% in Sweden (Sveriges Mediebyråer). Advertising decreased by 12.7% in Finnish periodicals during January-December and by 20.0% in Swedish professional journals. In Finland online advertising revenues increased by 5.8% during January-December and by 18.8% in Sweden.

Changes in macro economy weakened in general especially recruitment advertising. Due to unstable situation in advertising market the advertising revenue from Magazine Business Finland and Magazine Business Sweden decreased. Talentum's circulation revenue in Finland increased from the previous year and decreased slightly in Sweden.

Magazine Business Finland

Financial development for Finnish periodicals is reported in the Magazine Business Finland segment. The magazines with the highest circulation are Talouselämä and Tekniikka & Talous.

Net sales for the Magazine Business Finland for January-December amounted to EUR 26.4 million (EUR 27.3 million), a decrease of 3.3% from the previous year.

In January-December, operating income (EBIT) from the Magazine Business Finland was EUR 3.0 million (EUR 0.6

million). In January-December, operating income without non-recurring items from the Magazine Business Finland was EUR 3.0 million (EUR 1.6 million).

In January-December, advertising revenue decreased by 12.9% from the previous year. Advertising revenue accounted for 38.4% (42.6%) of net sales in the Magazine Business Finland.

In January-December, circulation revenue increased by 2.9% from the previous year. Circulation revenue accounted for 59.5% (55.9%) of net sales in the Magazine Business Finland. Circulation revenue increased due to the exceptionally good success in customer segmentation and targeting.

MAGAZINE BUSINESS FINLAND REVENUE

EUR million	**2013**	*2012*
Net sales		
Advertisement revenue	10.1	11.6
Product advertisements	8.3	8.5
Recruitment advertisements	1.8	3.2
Circulation revenue	15.7	15.3
Other revenue	0.6	0.4
TOTAL	**26.4**	27.3

Magazine Business Sweden

Financial development for Swedish periodicals is reported in the Magazine Business Sweden segment. The magazines with the highest circulation are Ny Teknik and Affärsvärlden.

Net sales for the Magazine Business Sweden for January-December amounted to EUR 19.9 million (EUR 23.1 million), a decrease of 14.0% from the previous year.

In January-December, operating income (EBIT) from the Magazine Business Sweden was EUR -1.8 million (EUR 0.8 million). In January-December, operating income without non-recurring items from the Magazine Business Sweden was EUR -0.2 million (EUR 1.7 million).

In January-December, advertising revenue decreased by 23.0% from the previous year. Advertising revenue accounted for 52.7% (58.9%) of net sales in the Magazine Business Sweden.

In January-December, circulation revenue decreased by 1.6% from the previous year. Circulation revenue accounted for 44.5% (38.9%) of net sales in the Magazine Business Sweden.

MAGAZINE BUSINESS SWEDEN REVENUE

EUR million	**2013**	*2012*
Net sales		
Advertisement revenue	10.5	13.6
Product advertisements	6.1	7.9
Recruitment advertisements	4.4	5.7
Circulation revenue	8.9	9.0
Other revenue	0.6	0.5
TOTAL	**19.9**	23.1

Event Business

The financial development of the Event Business segment in Finland, Sweden and Denmark is reported under the Event Business segment. The Event Business segment includes also the Group's share of the income of the associated company Professio Oy.

Net sales for the Event Business segment for January-December amounted to EUR 12.6 million (EUR 11.0 million), an increase of 14.6% from the previous year.

In January-December, operating income (EBIT) for the Event Business segment was EUR -0.5 million (EUR -0.5 million). Operating income for the Event Business segment includes EUR 0.1 million (EUR 0.2 million) amortisation of intangible assets. In connection with the acquisition of the Event Business, a receivable relating to a non-compete undertaking was recognised, and the related cost entry, which weakens the result, was EUR 0.3 million (EUR 0.3 million) in January-December.

The Group's share of the associated company Professio Oy's income in January-December was EUR 0.1 million (EUR 0.2 million).

Books and Legal Training

Financial development for book publishing and legal training is reported in the Books and Legal Training segment. The best-known book in the book publishing business is the green Finnish Law book.

Net sales for the Books and Legal Training segment for January-December amounted to EUR 8.1 million (EUR 8.4 million), a decrease of 3.1% from the previous year.

In January-December, operating income (EBIT) was EUR 0.7 million (EUR 0.5 million). Operating income without non-recurring items from the Books and Legal Training segment was EUR 0.7 million (EUR 1.0 million) in January-December.

Direct Marketing

Financial development for the direct marketing business is reported in the Direct Marketing segment. The operations of Talentum's subsidiary, Suoramarkkinointi Mega Oy, in Finland and the Baltic countries belong to this segment. The company operates in the telemarketing business.

Net sales for the Direct Marketing business for January-December amounted to EUR 11.6 million (EUR 11.2 million), an increase of 3.1% from the previous year.

In January-December, operating income (EBIT) was EUR 1.2 million (EUR 1.4 million). Operating income without non-recurring items from the Direct Marketing was EUR 1.2 million (EUR 1.4 million) in January-December.

Other Activities

The Other Activities segment comprises Group operations as well as the Russian subsidiary, Conseco Press.

Investments

Gross investments in tangible and intangible assets for January-December totalled EUR 1.6 million (EUR 1.6 million), which was 2.1% (2.1%) of net sales.

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 0.5 million (0.1 million) of the investments was capitalized costs on developing e-business.

Changes in Group Structure

There were no changes in Group structure during the financial year.

Personnel

In January-December, Talentum Group's operations employed an average of 760 (754) people. Geographically, the personnel were divided as follows: Finland 385 (412), Sweden 116 (129), Denmark 18 (14), Latvia 133 (103), Estonia 99 (88) and Russia 8 (8).

Risks and Risk Management

The aim of Talentum Group's risk management is to identify, analyse and manage any operational threats and risks in order to guarantee the Group's operational continuity and maximise share value.

Talentum's most significant strategic risks are a sudden drop in the number of magazine readers, a decrease in advertising sales and a rapid increase in the use of digital materials. 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, advertising sales.

The aim of the Group is to minimise the market risk relating to advertising by increasing revenue from circulation and content sales.

The growth of online services on the markets may change Talentum's earnings logic and have an impact on revenue structure. Talentum actively follows the development of the online services markets.

Book readers will probably start using digital materials. If income from these materials does not cover income from traditional printed products to an adequate extent, this may result in weaker profitability for the Books and Legal Training segment.

The companies' operations are local and language-area-bound by nature, and there are very few currency-denominated transactions. The statement of comprehensive income and statement of financial position have not been hedged against exchange rate fluctuations.

Operational risks are IT and data communication failures as well as interruptions in printing operations and distribution. Profit units are responsible for day-to-day risk management and pre-emptive measures.

Financial risks are described in the notes to the consolidated financial statements.

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, Fees of the members of the Board of Directors and Auditing

The AGM on 22 March 2013 decided that there should be five members of the Board of Directors. Joachim Berner, MBA, BBA; Atte Palomäki, Group Vice President Corporate Communications; Merja Strengell, MSc (Eng.); Kai Telanne, CEO; and Henri Österlund, CEO were re-elected as members of the Board.

Kai Telanne was re-elected as the Chairman of the Board and Merja Strengell as the Deputy Chairman.

The AGM decided to pay the following annual fees: EUR 24,000 to the members of the Board, EUR 30,000 to the Deputy Chairman and EUR 48,000 to the Chairman. The AGM also decided to use approximately 40% of the annual fee to acquire Talentum Oyj shares on behalf of the Board members. The proportion of the fee payable in shares may also be paid by transferring treasury shares held by the company.

In May, treasury shares held by the company were transferred to the members of the Board of Directors in an amount corresponding to 40% of the annual fee. The number of treasury shares held by the company that were transferred to the members of the Board of Directors was 57,139. As a consequence of the transfer, the value of the Group's treasury shares in the Group's equity decreased by EUR 0.2 million, amounting to EUR -2.4 million on 31 December 2013. The transfer of shares resulted in a loss of equity of EUR 0.2 million, which was recognised under retained earnings.

Authorised Public Accountants PricewaterhouseCoopers Oy were re-elected auditors, with APA Samuli Perälä as the accountable auditor.

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 Oy's rules and regulations. Talentum observes the Corporate Governance Code of Finnish listed companies. Talentum's Corporate Governance Statement is presented in the Annual Report as a separate section.

Shares and Share Capital

On 31 December 2013, 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 3,214,012 Talentum shares were traded in January-December, which corresponded to 7.3% of the total number of shares. The highest price paid for shares in January-December was EUR 1.29 and the lowest was EUR 0.90. The closing price for the shares on 31 December 2013 was EUR 1.05. Market capitalisation at the closing price for the period was EUR 46.5 million (EUR 52.3 million).

On 31 December 2013, the company held 573,479 treasury shares, which is about 1.3% of Talentum's total shares and votes.

Shareholding of Management and Governing Bodies

On 31 December 2013, the number of Talentum Oyj shares and options owned by members of the Board of Directors and the CEO, personally or through companies in which they have a controlling interest, was 141,213 representing 0.3% of the company's total shares and votes.

A total of 48,633 Talentum Oyj shares were held by the management group on 31 December 2013.

Authorisations of the Board of Directors

Authorisation for the Acquisition of the Company's treasury shares

The Annual General Meeting decided to authorise 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 will remain in force until 30 June 2014.

Authorisation to Decide on a Share Issue

The Annual General Meeting authorised the Board of Directors to decide on a share issue including the conveyance of treasury shares owned by the company and the issue of special rights. Based on the authorisations, a maximum number of 3,500,000 new shares may be issued and/or shares held by the company may be disposed of, which corresponds to approximately eight (8) per cent of the company's shares. The authorisations will remain in force until 30 June 2014.

Investment-based option programme for management

By virtue of the authorisation obtained at the General Meeting on 22 March 2013, Talentum Oy's Board of Directors has decided on an investment-based option programme for Talentum's management and the related conveyance of Talentum's treasury shares as of 1 January 2014. Information on the subject was provided with a separate stock exchange release on 13 December 2013.

Flagging notifications

Talentum Oyj released a stock exchange release on 2 January 2013 pursuant to Securities Act Chapter 9, Section 5 regarding a change in number of Talentum's shares held by Accendo Capital SICAV-SIF.

Talentum Oyj was given a notice pursuant to the Finnish Securities Market Act Chapter 9, Section 5: The total number of shares held by Accendo Capital SICAV-SIF represented over 10 % of Talentum Oyj's share capital and voting rights on December 28, 2012 following Accendo Capital SICAV-SIF's share purchases. This notification has been given to Talentum Oyj on January 1, 2013.

Market guarantee

On 5 December 2013, Talentum Oyj announced through a stock exchange release the termination – with effect as of 31 December 2013 – of the Liquidity Providing (LP) market-making agreement signed with Nordea Securities Oyj (currently Nordea Pankki Suomi Oyj) on 18 June 2004.

Significant Events After the End of the Reporting Period

MSc (Tech.), MSc (Econ.) Tapio Teppo assumed the role of director of Talentum Oyj's Event Business and member of company's management team on 1 February 2014. Johan Ehrström continued as the director of the Event Business and a member of Talentum Oyj's management team until 31 December 2013. Information on the subject was provided with a separate stock exchange release on 22 November 2013.

Talentum acquired Tietokone magazine from Sanoma Magazines. Tietokone magazine transferred to Talentum as of 1 January 2014. Information on the subject was provided with a press release on 28 November 2013.

Talentum Oy's Board of Directors decided on an investment-based option programme for Talentum's management and the related conveyance of Talentum's treasury shares as of 1 January 2014. Information on the subject was provided with a separate stock exchange release on 13 December 2013.

The Board of Directors' proposal concerning distribution of profits

The parent company's distributable profits as of 31 December 2013 comprise invested non-restricted equity of EUR 52,942,876.08, treasury shares of EUR -2,404,734.30 and EUR 3,195,238.27 of retained earnings, of which the profit for the financial period is EUR 2,393,963.20, totalling EUR 53,733,380.05.

The Board of Directors proposes that a dividend in the amount of EUR 0.04 per share to be distributed for 2013 (for 2012 funds were distributed from the invested non-restricted equity reserve of EUR 0.03 per share).

Annual General Meeting

Talentum Oyj's Annual General Meeting will be held on 27 March 2014 at 2.00 p.m. 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, 11 February 2014

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 to the financial statements.

Consolidated statement of comprehensive income

EUR million	*Note*	**2013**	*2012**
Continuing operations			
Net sales	2	**75.6**	77.2
Other operating income	5	**1.0**	0.6
Materials and services		**-10.9**	-11.8
Employee benefit expenses	6, 21	**-37.8**	-40.1
Depreciation, amortisation and impairment	7	**-1.3**	-1.3
Other operating expenses	8	**-25.3**	-25.4
Share of income of associated companies	14	**0.1**	0.2
Operating income	2	**1.4**	-0.5
Financial income	9	**1.1**	0.7
Financial expenses	9	**-0.8**	-1.3
Income before taxes		**1.6**	-1.2
Taxes	10	**-0.5**	0.7
Income for the period		**1.2**	-0.5
Other comprehensive income			
Items that may be later transferred into profit or loss:			
Translation differences		**-0.9**	1.1
Available-for-sale investments		**-**	0.0
Income tax on available-for-sale investments		**-**	-0.0
Available-for-sale investments transferred to profit or loss		**-0.0**	-
Items that will not be later transferred into profit or loss:			
Actuarial gain or loss on defined benefit pension obligation		**0.0**	-0.2
Income tax on actuarial gain or loss		**-0.0**	0.0
Other comprehensive income for the year, net of tax		**-0.9**	0.9
Total comprehensive income for the period		**0.2**	0.5
EUR million	*Note*	**2013**	*2012**

Income attributable to:			
Owners of the parent company		**1.1**	-0.5
Non-controlling interest		**0.0**	0.0
Total comprehensive income for the year attributable to:			
Owners of the parent company		**0.2**	0.4
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	**0.03**	-0.01

*) The Group has adopted on 1 January 2013 the revised IAS 19 -standard, which has been applied retrospectively in accordance with IAS 8 and the transition principles of IAS 19.

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

Consolidated statement of financial position

EUR million	Note	31.12.2013	31.12.2012	1.1.2012*
ASSETS				
Non-current assets				
Property, plant and equipment	12	**1.2**	1.3	1.0
Goodwill	12, 13	**19.8**	20.2	19.7
Other intangible assets	13	**12.8**	12.9	12.4
Investments in associates	14	**0.3**	0.3	0.3
Available-for-sale assets	15	**0.0**	0.1	0.1
Deferred tax assets	18	**1.2**	1.4	1.1
Other non-current assets	17, 21	**0.5**	1.6	5.6
Total non-current assets		**35.8**	37.9	40.2
Current assets				
Inventories	16	**0.6**	0.6	0.7
Trade and other receivables	17	**8.9**	12.8	13.2
Current tax assets		**0.0**	0.4	0.6
Cash and cash equivalents	19	**4.3**	3.5	2.6
Total current assets		**13.9**	17.2	17.2
TOTAL ASSETS		**49.7**	55.1	57.3

EUR million	Note	31.12.2013	31.12.2012	1.1.2012*
EQUITY AND LIABILITIES				
Equity attributable to equity owners of the parent	20			
Share capital		**18.6**	18.6	18.6
Treasury shares		**-2.4**	-2.6	-2.8
Other reserves		**0.6**	1.5	0.4
Invested non-restricted equity reserve		**-1.5**	-0.2	2.4
Retained earnings		**3.4**	2.5	3.3
Total		**18.6**	19.7	21.8
Non-controlling interest		**0.1**	0.1	0.1
Total equity		**18.8**	19.8	21.9
Non-current liabilities				
Deferred tax liabilities	18	**2.9**	3.0	3.3
Interest-bearing financial liabilities	25	**-**	0.1	0.1
Pension obligations	21	**0.4**	0.3	0.1
Other non-current liabilities	25	**0.1**	0.8	0.7
Provisions	23	**0.2**	0.2	0.2
Total non-current liabilities		**3.6**	4.5	4.5
Current liabilities				
Financial liabilities	25	**4.8**	4.5	1.1
Advances received	24	**10.3**	13.6	16.8
Current tax liabilities		**0.3**	0.1	0.0
Trade and other payables	24	**11.4**	11.8	13.1
Provisions	23	**0.5**	0.9	-
Total current liabilities		**27.3**	30.8	31.0
TOTAL EQUITY AND LIABILITIES		**49.7**	55.1	57.3

*) Consolidated statement of financial position on 1 January 2012 is presented due to the Group has adopted on 1 January 2013 the revised IAS 19 -standard, which has been applied retrospectively in accordance with IAS 8 and the transition principles of IAS 19.

Consolidated statement of cash flows

EUR million	*Note*	**2013**	*2012*
Cash flow from operating activities			
Operating income		**1.4**	-0.5
Adjustments to operating income:			
Depreciation, amortisation and impairment		**1.3**	1.3
Other adjustments *)		**-0.8**	-0.2
Total adjustments		**0.6**	1.1
Change in working capital:			
Increase (-)/decrease (+) in trade and other receivables		**5.1**	3.7
Increase (-)/decrease (+) in inventories		**0.0**	0.1
Increase (+)/decrease (-) in current liabilities		**-3.3**	-4.6
Change in provisions		**-0.4**	1.0
Total change in working capital		**1.4**	0.2
Interest paid		**-0.3**	-0.2
Interest received		**0.3**	0.1
Dividend received		**0.2**	0.2
Income taxes paid		**-0.0**	0.1
Net cash from operating activities		**3.5**	1.0

EUR million	*Note*	**2013**	*2012*
Cash flow from investing activities			
Previous years' disposal of subsidiaries	3	**-**	0.9
Acquisition of property, plant and equipment and intangible assets		**-1.6**	-1.6
Previous years' business acquisitions of subsidiaries		**-0.2**	-0.2
Disposal of available for sale investments		**0.1**	-
Other items in cash flows from investing activities		**0.0**	0.0
Net cash from investing activities		**-1.7**	-0.9
Cash flow from financing activities			
Change in current loans		**0.3**	3.4
Return of equity		**-1.3**	-2.6
Dividends paid to non-controlling interest		**0.0**	0.0
Net cash used in financing activities		**-1.0**	0.8
Change in cash and cash equivalents		**0.8**	0.9
Cash and cash equivalents on 1 January		**3.5**	2.6
Foreign exchange adjustment		**-0.0**	0.0
Net change in cash and cash equivalents		**0.8**	0.9
Cash and cash equivalents on 31 December	19	**4.3**	3.5

*) Adjustments to operating income mainly include non-monetary adjustments related to previous years' disposal of subsidiaries, exchange rate differences and adjustment to associate's operating income.

Consolidated statement of changes in equity

EUR million	Share capital	Invested non-restricted equity fund	Translation reserve	Fair value reserve	Treasury shares	Retained earnings	Total	Non-controlling interest	Total equity
	Equity attributable to owners of the parent company								
Note 20									
Equity on 1 Jan 2013	**18.6**	**-0.2**	**1.4**	**0.0**	**-2.6**	**2.5**	**19.7**	**0.1**	**19.8**
Total comprehensive income for the year									
Income for the year	-	-	-	-	-	1.1	1.1	0.0	1.2
Other comprehensive income, net of tax									
Translation differences	-	-	-0.9	-	-	-	-0.9	-0.0	-0.9
Available-for-sale investments	-	-	-	-0.0	-	-	-0.0	-	-0.0
Remeasurement of defined benefit obligation						-0.0	-0.0		-0.0
Total comprehensive income for the year	-	-	-0.9	-0.0	-	1.1	0.2	0.0	0.2
Transactions with owners of the company									
Conveyance of treasury shares	-	-	-	-	0.2	-0.2	0.1	-	0.1
Return of equity	-	-1.3	-	-	-	-	-1.3		-1.3
Other items	-	-	-	-	-	-0.0	-0.0	0.0	-0.0
Equity on 31 Dec 2013	**18.6**	**-1.5**	**0.6**	**-**	**-2.4**	**3.4**	**18.6**	**0.1**	**18.8**
Equity on 1 Jan 2012	18.6	2.4	0.3	0.0	-2.8	3.3	21.9	0.1	21.9
Retrospective application of IAS 19	-	-	-	-	-	-0.1	-0.1	-	-0.1
Adjusted equity on 1 Jan 2012	18.6	2.4	0.3	0.0	-2.8	3.3	21.8	0.1	21.9
Total comprehensive income for the year									
Income for the year	-	-	-	-	-	-0.5	-0.5	0.0	-0.5
Other comprehensive income, net of tax									
Translation differences	-	-	1.1	-	-	-	1.1	-0.0	1.1
Available-for-sale investments	-	-	-	0.0	-	-	0.0	-	0.0
Remeasurement of defined benefit obligation						-0.1	-0.1	-	-0.1
Total comprehensive income for the year	-	-	1.1	0.0	-	-0.7	0.4	0.0	0.5
Transactions with owners of the company									
Conveyance of treasury shares	-	-	-	-	0.2	-0.1	0.1	-	0.1
Return of equity	-	-2.6	-	-	-	-	-2.6		-2.6
Other items	-	-	-	-	-	-	-	0.0	0.0
Equity on 31 Dec 2012	18.6	-0.2	1.4	0.0	-2.6	2.5	19.7	0.1	19.8

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 Itämerenkatu 23, 00180 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 11 February 2014, 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 2013. 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 to even millions of euro, which causes rounding-off differences in the totals.

1 January 2013 the Group adopted amended *IAS 19 Employee Benefits*. According to this amendment, all actuarial gains and losses are recognised under other comprehensive income. In other words, the use of the so-called "corridor approach" is eliminated. Expected return is no longer determined, and interest return on assets is calculated using the discount rate.

The Group has applied the amended standard retrospectively in accordance with *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors* as well as the transition principles of IAS 19. The opening statement of the financial position of the comparative period on 1 January 2012 has been adjusted by the actuarial gains and losses that were not recognised previously. Figures for the comparative period have been adjusted to meet the requirements of the amended standard. As a consequence of this amendment, equity in the statement of financial position for the comparative year on 31 December 2012 decreased by EUR 0.2 million and pension obligations increased by EUR 0.3 million. For comparative year January - December 2012 the amendment decreased the other comprehensive income by EUR 0.1 million.

As of 1 January 2013, the management of the Group started to monitor the Group's share of income of the associated company Professio Oy in Event Business segment. Formerly the management of the Group monitored the Group's share of income of associated company Professio Oy in Other Activities. Segment reporting has been changed to correspond with the new management reporting structure. The figures for the comparative period have been adjusted accordingly.

Other new or revised standards or interpretations that were applied during the reporting period did not have a material effect on the Group's financial reporting.

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. 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 remeasured. 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 generally before operating profit or loss, and the share of equity movements that are not recognised through profit or loss in the investment are shown in other comprehensive income. 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 acquire 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 other comprehensive income.

Exchange rate differences related to equity items arising from the elimination of the acquisition cost of foreign subsidiaries are recognised in other comprehensive income. 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 classed as for sale.

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 profit or loss 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 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

Other 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 each 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 they fulfil the capitalisation criteria of IAS 38. Capitalised development costs are shown as an item Development costs and depreciated over their useful lives, which is 2–5 years. The Group's capitalised development costs relate to the development of e-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 interest rate that reflects the market view of the time value of money and the particular risks associated with the asset. If the recoverable amount derived from an asset is lower than its book value, an impairment loss is recognised in profit and loss. 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 standard 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 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 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 costs have been included in the original book value of financial instruments. Financial assets are included in current assets or liabilities on the statement of financial position 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 statement of financial position.

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. Deposits in escrow accounts in financial institutions are reported as other receivables since they will release into Group's use by the end of their mature period.

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 statement of financial position 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 recognised in the statement of financial position at cost. Unrealised changes in the fair value of assets 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 statement of financial position include cash and bank balances as well as short-term liquid investments with a maturity of less than 30 days. Bank deposits with a maturity over 30 days are presented as other receivables.

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 assets group is significantly below their carrying amounts and over a period defined by the group, it is an evidence of an impairment of an available-for-sale security and the accumulated loss is transferred from the fair value reserve 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 is 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 or asset is not recognised in the case of an asset or liability is initially recognised into bookkeeping and it is not 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 statement of financial position.

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. Group payments into defined-contribution plans are recorded as expenses in the financial period when the obligation occurs.

All plans that do not fulfil these conditions are defined-benefit pension plans.

In defined-benefit pension plans the obligations are calculated using the Projected Unit Credit Method. Pension costs are expensed 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 Finnish treasury bonds. The pension obligation recognised in the statement of financial position 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.

Current service cost and net interest of the net liability of the defined benefit plan are recognised into profit or loss and presented in the employee benefit expenses. Remeasurements of the net defined benefit liability or asset, as actuarial gains and losses and the return of plan assets, are recognised into other comprehensive income as incurred.

Past service costs are expensed into profit or loss at the earlier of the following dates: when the plan amendment or the curtailment occurs or when the entity recognises related restructuring costs or termination benefits.

The effects of adoption of the amended IAS 19 are presented in 2.1 Basis for Preparation.

At the reporting date the Group's defined benefit pension plans include additional pension plans for personnel. Entries arising from the defined benefit pension plans are based on actuarial calculations.

2.13 Share-based payments

Shares given are measured at their fair value at the time they are granted and expensed in the profit or loss 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 profit or loss.

In the reporting period the Group did not have share-based management incentive plans. In the comparative period the Group had a share-based management incentive plan in which no shares were granted based on the terms of the plan. Additional information about share-based plans is presented in Note 22, Share-based payments.

After the end of the reporting period a new share-based management incentive plan was approved in the Group. Information about the new plan is presented in the Note 31, Transactions after the end of the reporting period.

2.14 Provisions and contingent liabilities

A provision is recognised in the statement of financial position 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 from magazine businesses are recognised in the Group so that they match to the number of magazine copies issued in the period. Revenues from events and training are recognised at the time when the events or training occurs. Revenue from sales of other goods and services is recognised at the point that the risks, benefits and control associated with ownership are transferred to the purchaser or 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 may be exercised in the application of accounting principles. Estimates are based on management's best knowledge at the end of the reporting period. 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 subsections 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 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.

3.2 Non-recurring items

Non-recurring items described in the Annual Report by the Board of Directors are not related to the ordinary businesses of the company but are significant in their quantity and nature. They are presented separately in the Annual Report by the Board of Directors, when the presentation helps to understand better the development of the consolidated financial income. The most material non-recurring items are the gains and losses on sale of group companies and the provisions relating to restructuring of the functions. The Management of the Group exercises consistent judgement from financial period to another financial period in decision-making on classification of non-recurring items.

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 income. 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.

4.1.1 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 business transactions denominated in foreign currencies, from assets and liabilities denominated in foreign currencies in the statement of financial position and from commercial transactions and from net investments made in foreign entities. The Group's foreign currency risk is not hedged at the end of the reporting period.

The Group has net investments mainly in Swedish units, which are exposed to foreign-currency risks associated with translation differences. The total net investment of these subsidiaries at the year-end was EUR 41.1 million. The exchange-rate changes resulting from translation differences are recorded in other comprehensive income. A 10% decrease in the Krona's exchange rate against euro would have an impact of EUR 3.7 million on the translation differences in 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 can be hedged using forward contracts.

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 the 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 the fluctuations in market interest rates. The loans and limits are mainly tied in floating rates. The Group's interest-bearing net liability in the financial statements is EUR 0.5 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. The Group 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 bank overdraft limits. Adequate liquidity is maintained through efficient cash management and financing arrangements based on forecasts. The Group has EUR 12 million bank overdraft limits, which are valid until further notice. 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 interest-bearing net debts by the total capital. Interest-bearing net debts are calculated by subtracting cash assets from the interest-bearing total debt (current and non-current loans on the consolidated statement of financial position). The equity ratio is calculated by dividing total equity by the balance sheet total less advances received.

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 table in Note 27.

4.3 Estimating fair value

The fair value of financial instruments is based on the quoted market prices on the end date of the reporting 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 accounts receivables reduced through impairment and the book value of accounts payable are assumed to be close to their fair values. The book values of accounts receivables and accounts payable are presented in the Notes 17, Receivables and 24, Advances received, trade and other payables.

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 2014

- *IFRS 10 Consolidated Financial Statements* (effective for financial years beginning on or after 1 January 2014): In future determining whether an entity will be consolidated will be based at every circumstance on existence of control. The standard provides guidance on the components of control and how to assist if the control exists in different circumstances. Following the issue of IFRS 10 also *IAS 27 (renewed 2011) Separate Financial Statements* (effective for financial years beginning on or after 1 January 2014), was revised. It is applied when an entity prepares a separate company financial statements in accordance with IFRS standards. The changes mostly have an effect on the consolidated net sales. The Group assesses that as a consequence of the adoption of the new standard its net sales from 2013 would have decreased EUR 0.2 million.
- *IFRS 11 Joint Arrangements* (effective for financial years beginning on or after 1 January 2014): In the accounting of joint arrangements the standard 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, joint ventures 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 *IAS 28 (renewed 2011) Investments in Associates and Joint Ventures* (effective for financial years beginning on or after 1 January 2014) was revised and includes the requirements for joint ventures, as well as associates, to be equity accounted. The changes mostly have an effect on the consolidated net sales. The Group assesses that as a consequence of the adoption of the new standard its net sales from 2013 would have decreased EUR 0.9 million.
- *IFRS 12 Disclosures of Interests in Other Entities* (effective for financial years beginning on or after 1 January 2014): 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 adoption of the new standard will increase the amount of the notes for the consolidated financial statement.
- Amendment into transition guidance of IFRS 10, 11 and 12 (effective for financial years beginning on or after 1 January 2014): The transition guidance on IFRS 10, 11 and 12 is relief by limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied.
- 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 Group assesses that the amendment will not have a material impact on the consolidated financial statements.
- Amendment to *IAS 36 Impairment of Assets* (effective for financial years beginning on or after 1 January 2014): This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The Group assesses that the amendment will not have a material impact on the consolidated financial statements.
- Amendment to *IAS 39 Financial Instruments: Recognition and Measurement* (effective for financial years beginning on or after 1 January 2014): This amendment provides

relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria. The Group assesses that the amendment will not have a material impact on the consolidated financial statements.

In the financial year 2015 or later

- *IFRS 9 Financial Instruments* (effective for financial years beginning on or after 1 January 2015 or later): IFRS 9 is the first phase of a more extensive project which aim is to replace IAS 39 by a new standard. In future, financial assets are divided into two main groups on a basis of measurement: financial assets at amortised cost and financial assets at fair value. The classification depends on the business model of the company and the characteristics of contractual cash flows. For impairments and hedge accounting, the standard retains most of the IAS 39 requirements. The standard is not yet endorsed by EU.
- Amendment to I*AS 19 Defined benefit plans* (effective for financial years beginning on or after 1 July 2014): The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. The amendment is not yet endorsed by EU.
- *Annual Improvements 2010–2012* (effective for financial years beginning on or after 1 July 2014): Annual improvements 2010-2012 reporting cycle include changes to: IFRS 2, 'Share-based payments', IFRS 3, 'Business combinations', IFRS 8, 'Operating segments', IFRS 13, 'Fair value measurement', IAS 16, 'Property, plant, and equipment', and IAS 38, 'Intangible assets' and IAS 24, 'Related party disclosures'. The amendments are not yet endorsed by EU.
- *Annual Improvements 2011–2013* (effective for financial years beginning on or after 1 July 2014): Annual improvements 2011-2013 reporting cycle include changes to: IFRS 3, 'Business combinations', IFRS 13, 'Fair value measurement' and IAS 40, 'Investment property'. The amendments are not yet endorsed by EU.

The other new or revised standards or interpretations published by the IASB are not relevant to the Talentum's consolidated financial statements.

2. Operating segments

Group's segment reporting corresponds with the profit center structure. Talentum's business has been divided into six segments that are Magazine Business Finland, Magazine Business Sweden, Events, Books and Legal Training, Direct Marketing and Other Activities.

In Magazine Business Finland segment and Magazine Business Sweden segment is reported periodicals. The magazines with highest circulation in Finland are Talouselämä and Tekniikka & Talous and in Sweden Ny Teknik and Affärsvärlden. Books and Legal Training comprises publishing of books for legal and other professionals and provides legal training in Finland. Events comprises of events businesses in Finland, Sweden and Denmark. As of 1 January 2013 Events includes also the Group's share of the income of the associated company Professio Oy. In Direct Marketing segment is reported Direct Marketing Mega Oy and its subsidiaries that are focused on telemarketing in Finland and the Baltic countries. Other Activities segment comprises Group operations as well as the Russian subsidiary Conseco Press. All the Group's operating segments are reported separately. The Group does not have revenues from transactions with single customers that would amount over 10% of the Group's total revenues.

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 operating income is reported to the chief operating decision maker without non-recurring items, which arose in the financial year mainly from restructuring in Sweden (in year 2012 restructuring both in Finland and Sweden). Other income and expenses not allocated to the segments include financial income and expenses and income taxes. Inter-segment transactions are determined on arm's length principle.

Operating segments are located in Finland, Sweden, Denmark, Baltic countries and Russia. 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 tangible and intangible assets and investments in associates.

OPERATING SEGMENTS

EUR million	*Magazines Finland*	*Magazines Sweden*	*Events*	*Books and legal training*	*Direct marketing*	*Other activities*	*Total*
2013							
External net sales	26.3	19.8	12.4	8.1	8.6	0.3	75.6
Inter-segment net sales	0.0	0.1	0.1	-	3.0	-3.2	0.0
Segment operating income	3.0	-0.2	-0.4	0.7	1.2	-1.2	3.1
Reconciliation:							
Segment operating income	–	–	–	–	–	–	3.1
Non-recurring items not allocated to segments	–	–	–	–	–	–	-1.7
Financial items, net	–	–	–	–	–	–	0.3
Consolidated income before taxes							**1.6**
2012							
External net sales	27.3	22.9	10.9	8.4	7.4	0.3	77.2
Inter-segment net sales	0.0	0.2	0.1	-	3.8	-4.1	0.0
Segment operating income	1.6	1.7	-0.5	1.0	1.4	-2.8	2.4
Reconciliation:							
Segment operating income	–	–	–	–	–	–	2.4
Non-recurring items not allocated to segments	–	–	–	–	–	–	-2.9
Financial items, net	–	–	–	–	–	–	-0.6
Consolidated income before taxes							-1.2

THE CONSOLIDATED NET SALES COMPRISES AS FOLLOWS

EUR million	**2013**	*2012*
Sale of goods	53.2	57.6
Sale of services	22.4	19.6
Total	**75.6**	**77.2**

GEOGRAPHICAL INFORMATION

EUR million	*Net sales*	*Assets*
2013		
Finland	46.9	9.0
Sweden	22.4	24.8
Other countries	6.3	0.2
Total	**75.6**	**34.1**
2012		
Finland	47.7	8.6
Sweden	26.0	25.9
Other countries	3.6	0.2
Total	77.2	34.7

3. Disposals of subsidiaries and businesses

2013

There were no disposals of subsidiaries and businesses in 2013.

2012

There were no disposals of subsidiaries and businesses in 2012.

4. Acquisitions of subsidiaries and businesses

2013

There were no acquisitions of subsidiaries and businesses in 2013.

2012

There were no acquisitions of subsidiaries and businesses in 2012.

5. Other operating income

EUR million	**2013**	*2012*
Rental income	0.0	0.0
Service income	0.2	0.2
Other operating income	0.8	0.4
Total	**1.0**	0.6

6. Employee benefits

EUR million	**2013**	*2012*
Wages and salaries	29.4	31.4
Pension expenses		
Defined benefit plans	0.1	0.0
Defined contribution plans	4.8	5.0
Other social security expenses	3.6	3.6
Total	**37.8**	40.1

Wages and salaries include EUR 0.3 million (EUR 0.3 million in 2012) accrued expense resulting from the business combination in 2010.

AVERAGE AMOUNT OF PERSONNEL IN THE REPORTING PERIOD

	2013	*2012*
Magazine Business Finland	108	125
Magazine Business Sweden	92	105
Events	95	88
Books and legal training	36	38
Direct Marketing	399	365
Other Activities	30	33
Total	**760**	754

The management employee benefit expenses are presented in the Note 28 Related party transactions. Information about share-based payments is presented in the Note 22 Share-based payments.

7. Depreciation, amortisation and impairment losses

BY ASSET ITEM

EUR million	**2013**	*2012*
Tangible assets		
Machinery and equipment	0.6	0.5
Other tangible assets	0.0	0.1
Total	0.6	0.6
Intangible assets		
Development expenditure	0.3	0.3
Other intangible assets	0.4	0.4
Total	0.7	0.7
Total depreciation, amortisation and impairment losses	**1.3**	1.3

8. Other operating expenses

EUR million	**2013**	*2012*
Marketing expenses	4.8	4.9
IT expenses	3.7	3.7
Rental expenses	3.2	3.4
Office and premises expenses	2.0	2.2
Other operating expenses	11.5	11.3
Total	**25.3**	25.4

Fees to the auditors:

EUR million	**2013**	*2012*
Audit fees	0.1	0.1
Other service fees	0.0	0.0
Total	**0.1**	0.1

9. Financial income and expenses

EUR million	**2013**	*2012*
Financial income		
Dividend income from available-for-sale-assets	0.0	0.0
Interest income	0.2	0.1
Exchange rate gains	0.8	0.6
Other financial income	0.1	0.0
Total	**1.1**	0.7
Financial expenses		
Interest expenses from financial liabilities measured at amortised cost	0.3	0.4
Exchange rate losses	0.6	0.9
Total	**0.8**	1.3

10. Income taxes

EUR million	**2013**	*2012*
Current tax on income for the year	0.3	0.0
Adjustments in respect of prior years	0.0	0.0
Deferred tax	0.2	-0.7
Total	**0.5**	-0.7

Income tax is also recognised into other comprehensive items from actuarial gains or losses on defined benefit pension plans EUR -0.0 million (in 2012 from available-for-sale investments EUR -0.0 million and from actuarial gains or losses on defined benefit pension plans EUR 0.0 million).

RECONCILIATION BETWEEN INCOME STATEMENT TAX ITEM AND TAXES CALCULATED AT THE TAX RATE OF THE GROUP COUNTRY OF DOMICILE 24.5%:

EUR million	**2013**	*2012*
Income before taxes	1.6	-1.2
Tax calculated by the parent company's domestic tax rate	0.4	-0.3
Difference between the Finnish and foreign subsidiaries' tax rates	-0.0	-0.1
Tax-free income	-0.2	-0.1
Non-deductible expenses	0.1	0.2
Share of income of associated companies	-	-0.0
Utilisation of previously unrecognised tax losses	-0.0	-0.0
Unrecognised deferred tax assets	0.1	0.0
Prior periods' taxes	0.0	0.0
Reduction in tax rate	-0.0	-0.4
Other items	0.1	-0.0
Taxes in consolidated statement of comprehensive income	**0.5**	-0.7

11. Earnings per share

	2013	*2012*
Profit for the period attributable to the equity owners of the parent, continuing operations, EUR million	1.1	-0.5
Weighted average number of shares, 1,000 shares	43,705	43,632
Basic and diluted earnings per share, continuing operations, EUR	**0.03**	-0.01

12. Tangible and intangible assets

TANGIBLE ASSETS

EUR million	*Machinery and equipment*	*Other tangible assets*	*Total*
2013			
Acquisition cost on 1 January 2013	7.2	1.4	8.6
Additions	0.5	0.1	0.6
Decreases	-0.2	-0.0	-0.2
Foreign exchange rate differences	-0.0	-	-0.0
Acquisition cost on 31 December 2013	7.6	1.4	9.0
Accumulated depreciation on 1 January 2013	-6.0	-1.3	-7.3
Decreases	0.2	-	0.2
Depreciation for the period	-0.6	-0.0	-0.6
Foreign exchange rate differences	-	0.0	0.0
Accumulated depreciation on 31 December 2013	-6.5	-1.4	-7.8
Carrying amount on 1 January 2013	**1.2**	**0.1**	**1.3**
Carrying amount on 31 December 2013	**1.1**	**0.0**	**1.2**

TANGIBLE ASSETS

EUR million	*Machinery and equipment*	*Other tangible assets*	*Total*
2012			
Acquisition cost on 1 January 2012	7.6	1.4	8.9
Additions	0.8	0.0	0.9
Decreases	-1.3	-	-1.3
Foreign exchange rate differences	0.1	-	0.1
Acquisition cost on 31 December 2012	7.2	1.4	8.6
Accumulated depreciation on 1 January 2012	-6.7	-1.2	-7.9
Decreases	1.3	-	1.3
Depreciation for the period	-0.5	-0.1	-0.6
Foreign exchange rate differences	-0.0	-0.0	-0.1
Accumulated depreciation on 31 December 2012	-6.0	-1.3	-7.3
Carrying amount on 1 January 2012	0.9	0.1	1.0
Carrying amount on 31 December 2012	1.2	0.1	1.3

INTANGIBLE ASSETS

EUR million	*Good-will*	*Publishing rights*	*Develop-ment expendi-ture*	*Other intangible assets*	*Assets not yet in use*	*Total*
2013						
Acquisition cost on 1 January 2013	24.9	13.0	2.4	8.6	0.1	48.9
Additions	-	-	0.1	0.1	0.7	1.0
Transfers between items	-	-	0.5	0.1	-0.5	0.0
Decreases	-	-	-	-0.0	-	-0.0
Foreign exchange rate differences	-0.5	-0.3	-0.0	-0.0	-	-0.8
Acquisition cost on 31 December 2013	24.5	12.7	2.9	8.7	0.3	49.1
Accumulated amortisation and impairment losses on 1 January 2013	-4.7	-1.4	-1.9	-7.8	-	-15.8
Amortisation for the period	-	-	-0.3	-0.4	-	-0.7
Foreign exchange rate differences	-	-	0.0	0.0	-	0.0
Accumulated amortisation and impairment losses on 31 December 2013	-4.7	-1.4	-2.2	-8.1	-	-16.5
Carrying amount on 1 January 2013	**20.2**	**11.6**	**0.4**	**0.8**	**0.1**	**33.1**
Carrying amount on 31 December 2013	**19.8**	**11.3**	**0.7**	**0.6**	**0.3**	**32.6**

INTANGIBLE ASSETS

EUR million	Goodwill	Publishing rights	Development expenditure	Other intangible assets	Assets not yet in use	Total
2012						
Acquisition cost on 1 January 2012	24.4	12.6	1.8	8.3	0.5	47.5
Additions	-	-	0.2	0.2	0.4	0.8
Transfers between items	-	-	0.4	0.4	-0.8	0.0
Decreases	-	-	-	-0.3	-0.0	-0.4
Foreign exchange rate differences	0.5	0.4	0.0	0.0	-	1.0
Acquisition cost on 31 December 2012	24.9	13.0	2.4	8.6	0.1	48.9
Accumulated amortisation and impairment losses on 1 January 2012	-4.7	-1.4	-1.7	-7.7	-	-15.4
Decreases	-	-	-	0.3	-	0.3
Amortisation for the period	-	-	-0.3	-0.4	-	-0.7
Foreign exchange rate differences	-	-	-0.0	-0.1	-	-0.1
Accumulated amortisation and impairment losses on 31 December 2012	-4.7	-1.4	-1.9	-7.8	-	-15.8
Carrying amount on 1 January 2012	19.7	11.2	0.2	0.6	0.5	32.1
Carrying amount on 31 December 2012	20.2	11.6	0.4	0.8	0.1	33.1

Customer relationships acquired in business combinations are included into other intangible assets. Development expenditure comprises mainly 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 tangible and intangible assets

Goodwill and magazine publishing rights with an indefinite useful life are allocated to the cash generating units as described below. Goodwill has been allocated to the cash generating units in accordance with the segment structure.

GOODWILL

EUR million	**2013**	*2012*
Magazine Business Finland	2.6	2.6
Magazine Business Sweden	14.1	14.6
Events	2.0	2.0
Books and Legal Training	0.8	0.8
Direct Marketing	0.3	0.3
Total	**19.8**	20.2

PUBLISHING RIGHTS

EUR million	**2013**	*2012*
Magazine Business Finland	1.2	1.2
Magazine Business Sweden	10.1	10.5
Total	**11.3**	11.6

Impairment tests of goodwill are based on value in use. In the value in use calculations, five-year forecasts prepared by the management have been taken into account. The net cash flows were based on the budget for the first year and the forecasts approved by the 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 of net sales varies between the units. For Magazine Business Finland and Magazine Business Sweden the growth rates are determined based on management views on market development and general economic outlook. The growth rate for Events is estimated to develop favourably particularly during the first years of the forecast period due to synergies and development of foreign subsidiaries. The growth rate estimate for Books and Legal Training is based on management's view on the market development. The growth rate for Direct Marketing is based on unit's past development and management's view on the market development. In 2013, a long term growth into perpetuity for Magazine Businesses Finland was 0.5 % (0.5 % in 2012), for Magazine Businesses Sweden 0.5% (0.5%), for Events 1.0% (1.0%), for Books and Legal Training 0.5% (0.0%) and for Direct Marketing 1.0% (1.5%).

2. Operating profit

In all other segments than Events, the operating profit estimates are based on actual development during previous years. In Events the operating profit estimates are based on management's estimate at the time of acquisition. The changes in the product portfolio for the 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 material 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 20/80 is used as the target capital structure. In 2013, the discount rate for Magazine Business Finland was 8.0% (8.1.% in 2012), for Magazines Sweden 8.3% (7.9%), for Events 8.0% (8.1%), for Books and Legal training 8.0% (8.1%) and for Direct Marketing 8.0% (8.1%).

In 2013, the pre-tax discount rate for Magazine Business Finland was 10.3 % (10.4 % in 2012), for Magazines Sweden 10.4% (9.8%), for Events 10.4% (10.4%), for Books and Legal training 10.3% (10.6%) and for Direct Marketing 9.8% (10.3%).

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	-4.0%
Operating profit	-3.0%
Discount rate	2.0%

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.

EUR million	**2013**	*2012*
At the beginning of the reporting period	0.3	0.3
Share of profit for the period	0.1	0.2
Dividend received	-0.2	-0.2
At the end of the reporting period	**0.3**	0.3

INFORMATION ABOUT ASSOCIATES AND THEIR ASSETS, LIABILITIES, NET SALES AND INCOME

2013 *EUR million*	*Domicile*	*Assets*	*Liabilities*	*Income*	*Group holding, %*
Professio Oy	Oulu	1.0	0.7	0.3	49.9

2012 *EUR million*	*Domicile*	*Assets*	*Liabilities*	*Income*	*Group holding, %*
Professio Oy	Oulu	0.9	0.5	0.4	49.9

15. Available-for-sale assets

EUR million	**2013**	*2012*
Non-current		
Carrying amount on 1 January	0.1	0.1
Increases	-	0.0
Decreases	-0.1	-0.0
Fair value measurement	-	0.0
Carrying amount on 31 December	**0.0**	0.1

Available-for-sale assets include both listed and unlisted shares. Available-for-sale assets 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 assets belonging into hierarchy level I is EUR 0.0 million (EUR 0.1 million in 2012). Unlisted shares are shown at their acquisition cost which is considered to approximate the fair value. The maximum credit risk for available-for-sale assets corresponds to the book value at the end of the reporting period.

16. Inventories

EUR million	2013	2012
Finished products and goods	**0.6**	0.6

EUR 0.1 million was recognised as an expense in the reporting period to reduce the value of inventories to correspond to their net realisable value (EUR 0.2 million in 2012).

17. Receivables

EUR million	2013	2012
Non-current loan and other receivables		
Rental guarantee	0.4	0.4
Other receivables *	0.2	1.2
Total	**0.5**	1.6

EUR million	2013	2012
Current loan and other receivables		
Trade and other receivables	5.5	6.5
Receivables from associates	0.5	0.4
Prepaid expenses and accrued income	1.4	1.3
Other receivables *	1.5	4.5
Total	**8.9**	12.8

*) Other current receivables includes EUR 1.2 million (in 2012 current receivables EUR 3.6 million and also other non-current receivables EUR 1.1 million) of advance payments made by customers into escrow accounts. These advance payments will release into Group's use step by step by the end of year 2014.

MATERIAL ITEMS INCLUDED IN PREPAID EXPENSES AND ACCRUED INCOME

EUR million	2013	2012
Personnel expenses	0.2	0.2
Other prepaid expenses and accrued income	1.2	1.1
Total	**1.4**	1.3

AGING OF TRADE RECEIVABLES

EUR million	2013	2012
Not past due	4.1	4.2
Past due		
1–30 days	0.8	1.8
31–60 days	0.2	0.3
61–90 days	0.1	0.1
over 91 days	0.3	0.1
Total	**5.5**	6.5

The Group recognised an impairment loss of EUR 0.4 million on trade receivables (EUR 0.4 million in 2012).

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 counterparties 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 2013

EUR million	31 Dec 2012	Change *	Foreign exchange rate differences	31 Dec 2013
Deferred tax assets				
Provisions	0.2	-0.1	-	0.1
Tax losses carried forward	0.8	-0.1	-0.0	0.6
Employee benefits	0.4	0.0	-0.0	0.4
Other temporary items	0.1	-0.0	-0.0	0.1
Total	1.4	**-0.3**	**-0.0**	**1.2**
Deferred tax liabilities				
Measurement of intangible and tangible assets at fair value in business combinations	2.4	-0.1	-0.1	2.2
Accumulated appropriations	0.4	-0.1	-	0.4
Other temporary items	0.2	0.1	-0.0	0.3
Total	3.0	**-0.0**	**-0.1**	**2.9**

*) Of which EUR -0.0 million is recognised in other comprehensive income.

CHANGES IN DEFERRED TAXES DURING 2012

EUR million	31 Dec 2011	Retrospective application of amended IAS 19	1 Jan 2012	Change*	Foreign exchange rate differ-ences	31 Dec 2012
Deferred tax assets						
Provisions	-	-	-	0.2	-	0.2
Tax losses carried forward	0.6	-	0.6	0.2	0.0	0.8
Employee benefits	0.3	0.0	0.3	0.0	0.0	0.4
Other temporary items	0.1	-	0.1	-0.1	0.0	0.1
Total	1.0	0.0	1.1	0.4	0.0	1.4
Deferred tax liabilities						
Measurement of intangible and tangible assets at fair value in business combinations	2.8	-	2.8	-0.5	0.1	2.4
Accumulated appropriations	0.4	-	0.4	0.1	-	0.4
Other temporary items	0.2	-	0.2	0.0	0.0	0.2
Total	3.3	-	3.3	-0.4	0.1	3.0

*) Of which EUR 0.0 million is recognised in other comprehensive income.

19. Cash and cash equivalents

EUR million	2013	2012
Cash at hand and in bank accounts	**4.3**	3.5

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 counterparties are unable to fulfil their obligations associated with the financial instruments. There are no significant concentrations of credit risk associated with cash and cash equivalents.

The fair value of cash and cash equivalents 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 pcs	Share capital	Invested non-restrict-ed equity reserve	Treasury shares	Total
31 Dec 2012	43,661	18.6	-0.2	-2.6	15.7
Return of equity	-	-	-1.3	-	-1.3
Conveyance of treasury shares	61	-	-	0.2	0.2
31 Dec 2013	**43,722**	**18.6**	**-1.5**	**-2.4**	**14.7**

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 shares in 2012). 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 2012). All shares issued are fully paid.

EQUITY RESERVES

Treasury shares

The treasury shares comprise the acquisition cost of the treasury shares controlled by the Group.

Other reserves include the Translation reserve and Fair value reserve

The translation reserve comprises 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.

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 the 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 Group adopted the amended IAS 19 in 1 January 2013. The effects of adoption are presented in the Note 1, Accounting principles.

The defined benefit pension plans in the Group comprise of employees' voluntary pension plans. The employees' voluntary pension plans were closed in 2000. The plans are accepted insurance agreements and include both defined benefit and defined contribution parts. The old-age pension benefits and funeral grants are calculated as defined benefit pension parts.

There is a collective ITP-pension plan in Sweden (Pressens Pensionkassa), in which several media companies 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

Items recognised in total comprehensive income

EUR million	**2013**	*2012*
Expenses recognised in operating income	0.1	0.0
Remeasurements recognised in other comprehensive income	-0.0	0.2
Recognised in total comprehensive income	**0.0**	0.2

Net liability for defined benefit pension obligations

EUR million	**2013**	*2012*
Present value of funded obligations	0.6	0.6
Fair value of plan assets	-0.3	-0.3
Deficit / Surplus	**0.4**	0.3
Net liability in the statement of financial position	**0.4**	0.3

The movements in the defined benefit obligation during the financial year

EUR million	*Present value of the pension obligation*	*Fair value of plan assets*	*Total*
Net liability on 1 Jan 2012	0.4	-0.3	0.1
Current service cost	0.0	-	0.0
Interest expense (-) or income (+)	0.0	-0.0	0.0
Total	0.5	-0.3	0.2
Remeasurements			
Actuarial gain (-) / loss (+) from financial assumptions	0.1	0.1	0.2
Contributions into the plan			
Paid by the employer	-	-0.0	-0.0
Net liability on 31 Dec 2012	0.6	-0.3	0.3
Net liability on 1 Jan 2013	0.6	-0.3	0.3
Current service cost	0.0	-	0.0
Interest expense (-) or income (+)	0.0	-0.0	0.0
Total	0.6	-0.3	0.4
Remeasurements:			
Actuarial gain (-) / loss (+) from financial assumptions	-	0.0	0.0
Contributions into the plan			
Paid by the employer	-	-0.0	-0.0
Net liability on 31 Dec 2013	**0.6**	**-0.3**	**0.4**

The distribution of defined benefit plan assets by assets is not possible to specify since the plan assets are a part of insurance company's investment assets. The assets are unlisted.

Principal actuarial assumptions on 31 December

%	**2013**	*2012*
Discount rate	**2.7–2.8**	2.7–2.8
Future salary increases	**3.3**	3.3
Inflation	**2.0**	2.0
Mortality	**TyEL K2008**	TyEL K2008
Benefit increase	**0.0**	0.0

Through its defined benefit pension plans the Group is exposed to a number of risks, the most significant of which are described below:

Asset volatility
The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform this yield, this will create a deficit.

Changes in bond yields
A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation risk
Some of the Group pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation).

Life expectancy
The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Present value of the pension obligation	*Fair value of the plan assets*
Discount rate 2,0%	0.8	0.3
Discount rate 4,0%	0.5	0.2

The methods used in preparing the sensitivity analysis did not change compared to those used in calculation of the pension obligation. The sensitivity is calculated for a change in the discount rate.

The Group expects EUR 0,0 million in contributions to be paid to its defined benefit plans in 2014.

The weighted average duration of the defined benefit obligation is 10.0 years.

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 share-based incentive scheme for corporate management. The scheme consisted of three earnings periods, each comprising at least one and no more than three financial years, the first of which was 1 January - 31 December 2010, the second was 1 January - 31 December 2011 and the third was 1 January - 31 December 2012. The bonuses were paid partly in the company's shares and partly in cash after the end of each earnings period. The possible scheme revenue was based on Talentum Group's net sales and operating profit and Talentum's share revenue. Six people were covered by the scheme for the 2012 earnings period. If the scheme targets were fully achieved in the 2012 earnings period, a maximum of 224,500 shares and the amount of cash required for taxes and similar charges arising from the shares being issued would have been 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 have been given within the scheme over a period of 3 years.

Incentive plan	**2013**	*2012*
Nature of the incentive plan	-	Shares
Vesting period	-	1 Jan - 31 Dec 2012
Grant date	-	For the year 2012
Amount of maximum granted instruments	-	224,500
Share price at the grant date	-	-
Binding period (years)	-	2 years after the end of vesting period
Vesting conditions	-	Three years employment Net sales, operating profit and share price development during 2012
Settlement	-	No shares were granted for 2012 based on the result.

23. Provisions

EUR million	Restructuring provisions	Other provisions	Total
Carrying amount on 1 January 2013	0.9	0.2	1.2
Foreign exchange rate differences	-	-0.0	-0.0
Used provisions	-0.3	-	-0.3
Increases	-	0.0	0.0
Reversals of unused provisions	-0.1	-	-0.1
Carrying amount on 31 December 2013	0.5	0.2	**0.8**

EUR million	2013	2012
Non-current provisions	**0.2**	0.2
Current provisions	**0.5**	0.9

OTHER PROVISIONS

Other provisions include 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	2013	2012
Current		
Advances received *	10.3	13.6
Trade payables	2.4	3.3
Accrued expenses and deferred income	6.7	6.1
Other payables	2.0	2.4
Total	**21.3**	25.3

SIGNIFICANT ITEMS INCLUDED IN ACCRUED EXPENSES AND DEFERRED INCOME

Personnel expenses	5.7	4.7
Other	1.1	1.3
Total	**6.7**	6.1

*) In 2013 advances received include EUR 1.1 million (EUR 4.8 million in 2012) Talentum's magazines group subscription advances. Advance payments from subscriptions are recognised as revenue so that they match with the number of magazine copies issued in the period.

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	2013	2012
Non-current financial liabilities		
Interest bearing liabilities measured at amortised cost	-	0.1
Non-interest bearing liabilities measured at amortised cost	0.1	-
Non-interest bearing liabilities related to business combinations and measured at fair value	-	0.8
Total non-current financial liabilities	**0.1**	0.9
Current financial liabilities		
Loans from financial institutions	4.5	4.4
Loans from joint ventures	0.3	0.1
Total current financial liabilities measured at amortised cost	**4.8**	4.5
Non-interest bearing liabilities related to business combinations and measured at fair value	0.3	0.3
Total current financial liabilities	**5.2**	4.8

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	2013	2012
EUR	-	0.0
SEK	-	0.1

INTEREST BEARING CURRENT LIABILITIES DIVIDED BY CURRENCY

EUR million	2013	2012
EUR	4.8	4.1
SEK	-	0.4

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 statement of financial position total.

26. Contractual maturities of financial liabilities

2013

EUR million	*2014*	*2015*	*2016*	*2017*	*2018*	*Later*
Trade payables	2.4	-	-	-	-	-
Liabilities to joint ventures	0.3	-	-	-	-	-
Loans from financial institutions	4.5	-	-	-	-	-
Other current liabilities	0.3	-	-	-	-	-
Other non-current liabilities	-	-	-	-	-	0.1

2012

EUR million	*2013*	*2014*	*2015*	*2016*	*2017*	*Later*
Trade payables	3.0	-	-	-	-	-
Liabilities to joint ventures	0.1	-	-	-	-	-
Loans from financial institutions	4.4	-	-	-	-	-
Other current liabilities	0.6	-	-	-	-	-
Other non-current liabilities	-	0.3	-	-	-	-

The Group has available bank overdraft limits, that are valid until further notice, of EUR 12.0 million. EUR 4.5 million of the limits were in use at the end of the reporting period.

27. Capital management

EUR million	**2013**	*2012*
Interest bearing financial liabilities	4.8	4.6
Cash and cash equivalents	4.3	3.5
Net liabilities	**4.8**	1.1
Total equity	**18.8**	19.8
Gearing, %	**2.5**	5.6
Equity ratio, %	**47.7**	47.7

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
Expose Oy	Helsinki	100	100
Michelsson 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	
Reportagebyrå 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	**2013**	*2012**
Salaries and other short-term employee benefits	1.1	1.3
Termination benefits	0.3	-
Post-employment benefits	0.2	0.2
Total	**1.6**	1.4

Executive remuneration

1,000 EUR	**2013**	*2012**
Aarne Aktan, CEO	307	319

Members of the Board of Directors

Telanne Kai, Chairman	48	48
Strengell Merja, Deputy Chairman	30	30
Berner Joachim	24	24
Palomäki Atte	24	24
Österlund Henri	24	24
Board Members remuneration total	**150**	150

*) Figures for comparative year has been adjusted by the statutory Finnish pension benefit TyEL.

The amounts above include salaries and other remuneration recognised on accrual basis. Accrual based pension expense on CEO's statutory pension benefits amounted EUR 43 thousand (EUR 46 thousand in 2012). Some of the members of the Group Executive Management have a guaranteed right to retire at the age of 60.

In May 2013 the members of the Board were paid 40% of the annual fee by transferring treasury shares held by the company. The number of treasury shares held by the company transferred to the members of the Board amounted to 57,139 shares. On 31 December 2013, the number of Talentum Oyj shares owned by the members of the Board of Directors, CEO and Vice Executive President personally and through companies in which they have a controlling interest was 141,213 representing 0.3% of the company's total shares and votes. Other Group Executive Management did not own Talentum Oyj's shares.

RELATED PARTY TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES

EUR million	*Sales*	*Purchases*	*Receivables*	*Liabilities*
2013				
Associates	1.2	2.2	0.4	0.1
Joint ventures	0.2	-	0.0	0.3
Total	**1.4**	**2.2**	**0.5**	**0.4**

EUR million	*Sales*	*Purchases*	*Receivables*	*Liabilities*
2012				
Associates	1.5	1.6	0.4	0.3
Joint ventures	0.3	-	0.0	0.1
Total	1.8	1.6	0.4	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 were as follows:

EUR million	**2013**	*2012*
Current assets	**0.8**	0.4
Current liabilities	**0.4**	0.2
Revenue	**1.8**	1.3
Expenses	**1.6**	1.6

30. Operating leases and contingent liabilities

The Group as lessee

The Group has leased the production and office premises it uses and cars used by company personnel. In 2012 the Group entered a new five-year leasing agreement in Sweden and in 2013 a 10-year leasing agreement in Finland, which includes an option to terminate the agreement with penalty after five years. The minimum operating lease payments and the estimated termination penalty of the new leasing agreements are included in the minimum lease payments presented below.

Non-cancellable minimum operating lease payments are payable as follows

EUR million	**2013**	*2012*
Less than a year	2.8	3.0
Between one and five years	8.0	9.2
More than five years	-	0.6
Total	**10.9**	12.8

In addition, the Group has given EUR 0.1 million guarantee on a loan in Sweden and EUR 0.1 million guarantee on a payment in Denmark.

31. Transactions after the end of the reporting period

MSc (Tech.), MSc (Econ.) Tapio Teppo assumed the role of director of Talentum's Event Business and member of Group Executive Management Team on 1 February 2014. Johan Ehrström continued as the director of the Event Business and a member of Group Executive Management Team until 31 December 2013. Information on the subject was provided with a separate stock exchange release on 22 November 2013.

Talentum acquired Tietokone magazine from Sanoma Magazines. Tietokone magazine transferred to Talentum as of 1 January 2014. Information on the subject was provided with a press release on 28 November 2013.

Talentum Oy's Board of Directors decided on an investment-based option programme for Talentum's management and the related conveyance of Talentum's treasury shares as of 1 January 2014. Information on the subject was provided with a separate stock exchange release on 13 December 2013.

Financial statements of the parent company, FAS

INCOME STATEMENT OF PARENT COMPANY (FAS)

1,000 EUR	*Note*	**2013**	*2012*
Net sales	2	**5,237**	5,347
Other operating income	3	**6**	30
Personnel expenses	4	**2,553**	2,709
Depreciation and amortisation	5	**321**	318
Other operating expenses		**4,204**	5,503
Operating income		**-1,835**	-3,153
Financial income and expenses	6	**-230**	-15,327
Income before extraordinary expenses		**-2,065**	-18,480
Extraordinary items	7	**5,208**	2,491
Profit/loss before appropriations and taxes		**3,143**	-15,989
Increase (-) / decrease (+) in depreciation difference	8	**-4**	-
Direct taxes	9	**-745**	232
Profit/loss for the financial year		**2,394**	-15,757

The loss for the comparative year in 2012 includes an impairment of subsidiary Talentum Media Oy's shares, EUR 15.0 million.

BALANCE SHEET OF PARENT COMPANY (FAS)

1,000 EUR	*Note*	**2013**	*2012*
ASSETS			
Non-current assets			
Intangible assets	10	**1,027**	689
Tangible assets	10	**245**	90
Investments	10	**94,178**	94,178
Total non-current assets		**95,450**	94,957
Current assets			
Non-current receivables	11	**383**	891
Current receivables	12	**5,810**	6,021
Cash at hand and in bank accounts		**3,511**	2,763
Total current assets		**9,704**	9,675
TOTAL ASSETS		**105,154**	104,632
LIABILITIES AND EQUITY			
Equity	13		
Share capital		**18,594**	18,594
Other reserves			
Treasury shares		**-2,405**	-2,642
Invested non-restricted equity reserve		**52,943**	70,010
Retained earnings		**801**	978
Profit/loss for the year		**2,394**	-15,757
Total equity		**72,327**	71,183
Accumulated appropriations	14	**4**	-
Liabilities			
Non-current liabilities	15	**59**	1,073
Current liabilities	16	**32,764**	32,376
Total liabilities		**32,823**	33,449
TOTAL LIABILITIES AND EQUITY		**105,154**	104,632

CASH FLOW STATEMENT OF PARENT COMPANY (FAS)

1,000 EUR	**2013**	*2012*
Cash flows from operating activities		
Profit/loss before extraordinary items	**-2,065**	-18,480
Adjustments:		
Depreciation and amortisation	**321**	318
Financial income and expenses	**230**	15,327
Other adjustments *	**-369**	507
Cash flows before change in working capital	**-1,883**	-2,327
Change in net working capital	**2,316**	-861
Cash flows before financing items and taxes	**433**	-3,188
Interests paid and payments on other operating financing expenses	**-314**	-256
Interest received	**61**	48
Net cash from/in operating activities	**180**	-3,396
Cash flows from investing activities		
Investments into intangible and tangible assets	**-813**	-343
Acquisitions of subsidiaries	**-223**	-220
Net cash from/in investing activities	**-1,036**	-563
Cash flow from financing activities		
Change in current loans	**151**	3,583
Equity returned	**-1,309**	-2,617
Group contributions received	**2,770**	3,775
Net cash from/in financing activities	**1,611**	4,741
Change in cash	**755**	782
Cash at hand and in bank, 1 January	**2,757**	1,985
Foreign exchange differences	**-1**	-10
Cash at hand and held in bank, 31 December	**3,511**	2,757

*) Other adjustments comprise mainly from change in obligatory provisions, EUR -400 thousand.

Notes to the Parent company 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 recognised 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 presented in the balance sheet. Investments and receivables that have an estimated useful life of over a year are presented under investments. Any impairment items in fixed assets are examined at the balance sheet date and 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 presented 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 have been recognised 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 presented as deferred tax assets and liabilities. The company recognises deferred tax assets from tax losses carried forward.

2. Net sales

1,000 EUR	**2013**	*2012*
Internal invoicing	5,237	5,347
Total	**5,237**	5,347

3. Other operating income

1,000 EUR	**2013**	*2012*
Gain on sale of fixed assets	–	–
Total	**–**	–

4. Personnel expenses

1,000 EUR	**2013**	*2012**
Salaries and fees:		
CEO	307	319
Board of Directors	150	150
Other	1,618	1,811
Pension expenses	413	397
Other social security expenses	65	79
Total	**2,553**	2,756

*) CEO's salaries and fees in comparative year 2012 have been adjusted to include also the statutory pension insurance TyEL.

Salaries, fees and fringe benefits of CEO and member of the Board of Directors are presented in the Note 28 of the consolidated financial statements.

Average amount of personnel in the reporting period	**22**	25

5. Depreciation and amortisation

1,000 EUR	**2013**	*2012*
Intangible assets	247	250
Tangible assets	74	68
Total	**321**	318

6. Financial income and expenses

1,000 EUR	2013	2012
Financial income:		
Interest and financial income from Group companies	21	18
Exchange rate gains	4	2
Other interest and financial income	36	28
Total	**61**	48
Financial expenses:		
Interest and financial expenses to Group companies	156	196
Exchange rate losses	12	14
Other financial expenses	0	15,000
Other interest expenses	123	165
Total	**291**	15,375
Total financial income and expenses	**-230**	-15,327

7. Extraordinary expenses

1,000 EUR	2013	2012
Group contributions received	4,679	2,770
Other	529	-
Total	**5,208**	2,770

8. Appropriations

1,000 EUR	2013	2012
Change in depreciation difference:		
Intangible assets	20	-
Tangible assets	-16	-
Total	**4**	-

9. Income tax

1,000 EUR	2013	2012
From ordinary business activities	226	-
Change in deferred tax	519	-218
Total	**745**	-218

10. Intangible and tangible assets and investments

INTANGIBLE ASSETS

1,000 EUR	Intangible rights	Renovation of permises	Advance payments	Total
Acquisition cost on 1 January	4,104	783	38	4,925
Transfers between items	436	30	-465	1
Increase	0	46	540	586
Decrease	-	-1	-	-1
Acquisition cost on 31 December	4,540	858	113	5,511
Accumulated amortisation on 1 January	-3,497	-740	-	-4,237
Amortisation for the period	-194	-53	-	-247
Accumulated amortisation on 31 December	-3,691	-793	-	-4,484
Carrying amount on 31 December 2013	**849**	**65**	**113**	**1,027**
Carrying amount on 31 December 2012	607	43	38	688

TANGIBLE ASSETS

1,000 EUR	Machinery and equipment	Other	Total
Acquisition cost on 1 January	1,128	32	1,160
Increase	242	1	243
Decrease	-	-14	-14
Acquisition cost on 31 December	1,370	19	1,389
Accumulated depreciation on 1 January	-1,070	-	-1,070
Depreciation for the period	-74	-	-74
Accumulated depreciation on 31 December	-1,144	-	-1,144
Carrying amount on 31 December 2013	**226**	**19**	**245**
Carrying amount on 31 December 2012	58	32	90

INVESTMENTS

1,000 EUR	Investments in subsidiaries	Other	Total
Acquisition cost on 1 January	130,055	28	130,083
Acquisition cost on 31 December	130,055	28	130,083
Accumulated impairments on 1 January	-35,905	-	-35,905
Impairments	-	-	-
Accumulated impairments on 31 December	-35,905	-	-35,905
Carrying amount on 31 December 2013	**94,150**	**28**	**94,178**
Carrying amount on 31 December 2012	94,150	28	94,178

Investments in subsidiaries are presented in the consolidated financial statements' Note 28, Related party transactions.

11. Non-current receivables

1,000 EUR	2013	2012
Other receivables	371	360
Deferred tax asset	12	531
Total	**383**	891

12. Current receivables

1,000 EUR	2013	2012
Trade receivables	72	43
Receivables from Group companies	5,356	5,700
Prepaid expenses and accrued income	381	241
Other receivables	1	37
Total	**5,810**	6,021

Receivables from Group companies:

Trade receivables	39	155
Loan receivables	588	2,771
Prepaid expenses and accrued income	4,729	2,774
Total	**5,356**	5,700

Significant items included in prepaid expenses and accrued income:

Group contribution receivables	4,679	2,770
Other receivables	431	245
Total	**5,110**	3,015

13. Equity

1,000 EUR	2013	2012
Share capital on 1 January	18,594	18,594
Share capital on 31 December	**18,594**	18,594
Other reserves		
Treasury shares on 1 January	-2,642	-2,834
Conveyance of treasury shares	237	192
Treasury shares on 31 December	**-2,405**	-2,642
Invested non-restricted equity reserve on 1 January	70,010	72,627
Covering of the retained loss according to AGM decision	-15,757	-
Return of equity	-1,310	-2,617
Invested non-restricted equity reserve 31 December	**52,943**	70,010
Total other reserves on 31 December	**50,538**	67,368
Retained earnings on 1 January	-14,778	1,111
Conveyance of treasury shares	-178	-132
Covering of the retained loss according to AGM decision	15,757	-
Profit/loss for the financial year	2,394	-15,757
Retained earnings on 31 December	**3,195**	-14,778
Total equity on 31 December	**72,327**	71,184

Distributable earnings.

Treasury shares	-2,405	-2,642
Invested non-restricted equity fund	52,943	70,010
Retained earnings	3,195	-14,778
Total	**53,733**	52,589

Share capital by type of share at the end of the financial year:

	shares	*shares*
Series: TTMV1	44,295,787	44,295,787
Treasury shares held by the company	573,479	634,849

14. Appropriations

1,000 EUR	**2013**	*2012*
Accumulated depreciation difference by asset category:		
Intangible assets	152	-
Tangible assets	-148	-
Total	**4**	-

15. Non-current liabilities

1,000 EUR	**2013**	*2012*
Other non-current liabilities	**59**	1,073

16. Lyhytaikainen vieras pääoma

1,000 EUR	**2013**	*2012*
Loans from financial institutions	4,503	4,352
Trade payables	277	248
Liabilities to Group companies	27,120	26,856
Other current liabilities	260	422
Accrued expenses and deferred income	603	498
Total	**32,764**	32,376

Liabilities to Group companies:		
Loan liabilities	27,088	26,849
Trade payables	13	7
Accrued expenses and deferred income	19	-
Total	**27,120**	26,856

Significant items included in accrued expenses and deferred income:		
Holiday pay obligation liability	339	334
Pension and social security contribution debts	1	55
Other	263	109
Total	**603**	498

17. Future leasing payments

1,000 EUR	**2013**	*2012*
Leasing commitments		
To be paid within one year	**1,691**	1,910
To be paid after one year	**6,232**	7,364
Total	**7,923**	9,274

Proposal of the Board of Directors for distribution of profits

The distributable earnings in the parent company's balance sheet amount to EUR 53,733,380.05, of which the profit for the financial year is EUR 2,393,963.20. 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 return of equity will not endanger the solvency of the company.

Invested non-restricted equity reserve (consists of capital investments only)	52,942,876.08
Treasury shares	-2,404,734.30
Retained earnings	801,275.07
Loss for the period	2,393,963.20
Total distributable earnings	**53,733,380.05**

The Board of Directors proposes that a dividend in the amount of EUR 1,748,892.32 to be distributed for 2013.

Helsinki, 11 February 2014

Kai Telanne **Merja Strengell**

Joachim Berner **Atte Palomäki**

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, 2013. 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 or 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, 5 March 2014

PricewaterhouseCoopers Oy
Authorised Public Accountants

Samuli Perälä
Authorised Public Accountant

Share and shareholders

Talentum shares

Share price and trading

Share price and trading 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 2013, the turnover for Talentum shares totalled 3,214,012 which represents 7.3% of all shares. On 31 December 2013, Talentum Oyj held 573,479 treasury shares, accounting for 1.3% of all shares and votes. The company's treasury shares have no voting right, and they do not entitle to dividend.

Market guarantee

On 5 December 2013, Talentum Oyj announced through a stock exchange release the termination – with effect as of 31 December 2013 – of the Liquidity Providing (LP) market-making agreement signed with Nordea Securities Oyj (currently Nordea Pankki Suomi Oyj) on 18 June 2004.

Voting at the General Meeting

Under the Articles of Association of Talentum Oyj, a share-holder 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 2012. However, EUR 0.03 per share was distributed from the invested non-restricted equity fund. The Board of Directors proposes to the Annual General Meeting that a dividend in the amount of EUR 0.04 to be distributed for 2013. 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.

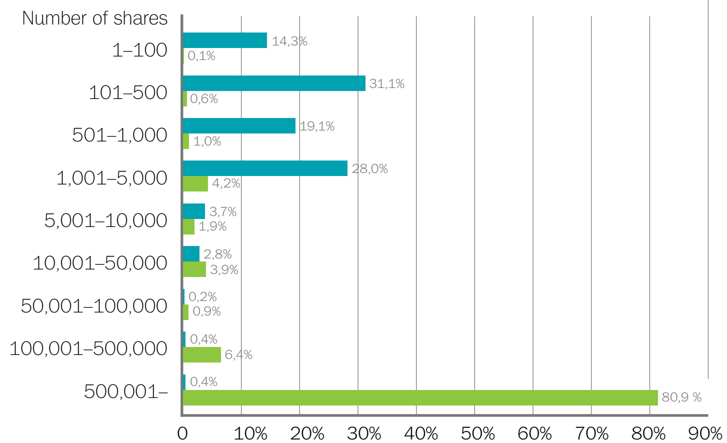
Investor relations

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 briefings in connection with publishing results. Bulletins issued to the markets can be viewed on the company's website at **www.talentum.com**. Talentum aims for transparency in all its communication.

OWNERSHIP STRUCTURE ON DECEMBER 31, 2013

- Non-financial corporations and housing corporations 43,9 %
- Financial and insurance corporations 12,3 %
- General Government 10,4 %
- Households 12,7 %
- Non-profit institutions serving households 5,6 %
- Foreign and nominee registered 15,0 %

DISTRIBUTION BY NUMBER OF SHARES DECEMBER 31, 2013



- Owners
- Shares

MAJOR SHAREHOLDERS, DECEMBER 31, 2013

		Shares	%
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.	Ilmarinen Mutual Pension Insurance Company	4,308,383	9.73
3.	Nordea Bank Finland Plc (nom. reg)	4,269,177	9.64
4.	Oy Herttaässä Ab	4,116,028	9.29
5.	OP-Finland Small Firms Fund	2,807,428	6.34
6.	Tekniikan Akateemiset ry	1,598,138	3.61
7.	Sijoitusrahasto Alfred Berg Finland	1,108,149	2.50
8.	Evli-rahastot	750,000	1.69
	Mutual Fund Evli Select	750,000	1.69
9.	Sijoitusrahasto Alfred Berg Small Cap Finland	644,276	1.45
10.	Talentum Oyj	634,849	1.43
11.	Svenska Handelsbanken AB (publ), Branch Operation in Finland	625,300	1.41
12.	SEB Gyllenberg Small Firm Fund	489,400	1.10
13.	Savings Bank Finland Fund	363,000	0.82
14.	Suomen tukkukauppiaiden liitto	339,396	0.77
15.	Korkeamäki Vilho	302,106	0.68
16.	Etelä-Pohjanmaan Turve Oy	267,000	0.60
17.	Sijoitusrahasto Alfred Berg Optimal	246,210	0.56
18.	Tekniska Föreningen I Finland Stifte	201,974	0.46
19.	Nordea rahastot	200,000	0.45
	Nordea Life Assurance Finland Ltd.	200,000	0.45
20.	Landskapet Ålands Pensionsfond	164,458	0.37
21.	Smartum Oy	150,000	0.34
22.	Saarela Mikko Aarne Juhani	148,325	0.33
23.	Kangasalan kunta	117,500	0.27
24.	Tallberg Carl Johan	99,000	0.22
25.	Saloranta Hannu Tapio	82,000	0.19
26.	Ammatinharjoittajien ja Yrittäjien AYT ry	80,000	0.18
27.	Repo Ville Eljas	77,468	0.17
28.	Jenny and Antti Wihuri´s Foundation	76,800	0.17
29.	Fortum Plc Pension Foundation	75,000	0.17
30.	Sijoitusrahasto Säästöpankki Pienyhtiöt	74,300	0.17
	30 largest owners total	**38,651,960**	**87.26**
	Nominee registrations	4,942,319	11.16
	NUMBER OF SHARES, TOTAL	**44,295,787**	**100.00**

OWNERSHIP STRUCTURE ON DECEMBER 31, 2013

	Shares	%
Non-financial corporations and housing corporations	19,438,114	43.9
Financial and insurance corporations	5,459,040	12.3
General Government	4,595,441	10.4
Households	5,634,673	12.7
Non-profit institutions serving households	2,454,921	5.6
Foreign and nominee registered	6,645,894	15.0
TOTAL	**44,228,083**	**100.0**

DISTRIBUTION BY NUMBER OF SHARES ON DECEMBER 31, 2013

Number of shares	*Owners*	*% of owners*	*Shares*	*%*
1–100	421	14.3	26,695	0.1
101–500	916	31.1	278,031	0.6
501–1,000	561	19.1	459,502	1.0
1,001–5,000	823	28.0	1,879,809	4.2
5,001–10,000	109	3.7	828,429	1.9
10,001–50,000	82	2.8	1,707,845	3.9
50,001–100,000	5	0.2	389,568	0.9
100,001–500,000	12	0.4	2,824,432	6.4
500,001–	13	0.4	35,833,772	80.9
On common counts	**0**	**0.0**	**67,704**	**0.2**
TOTAL	**2,942**	**100.0**	**44,295,787**	**100.0**

Financial key figures

		2013	*2012**	*2011*	*2010*	*2009*
Group, continuing and discontinued operations						
Net sales	EUR million	**75.6**	77.2	88.3	81.0	66.8
Operating income	EUR million	**1.4**	-0.5	7.2	0.3	-5.2
as % of net sales	%	**1.8**	-0.7	8.2	0.3	-7.8
Income for the period (for owners of the parent company)	EUR million	**1.1**	-0.5	5.5	0.2	-4.2
Return on equity (ROE)	%	**6.0**	-3.0	27.7	1.0	-22.4
Return on investment (ROI)	%	**3.2**	-8.3	17.2	5.2	-19.4
Financial items	EUR million	**0.3**	-0.6	-0.8	-0.1	-0.4
Statement of financial position total	EUR million	**49.7**	55.1	57.3	64.7	58.8
Total equity	EUR million	**18.8**	19.8	21.9	17.5	14.9
Investments	EUR million	**1.6**	1.6	1.4	3.9	8.8
as % of net sales	%	**2.1**	2.1	1.6	4.8	13.2
Equity ratio	%	**47.7**	47.7	54.1	34.4	31.4
Gearing	%	**2.5**	5.6	-6.7	70.9	81.7
Net interest-bearing liabilities	EUR million	**0.5**	1.1	-1.5	12.4	12.2
Personnel on average		**760**	754	804	787	755
Net sales per person	1,000 EUR	**99**	102	110	103	89
Continuing operations						
Net sales	EUR million	**75.6**	77.2	83.5	74.1	66.8
Operating income	EUR million	**1.4**	-0.5	-0.4	0.1	-5.2
as % of net sales	%	**1.8**	-0.7	-0.5	0.2	-7.8
Investments	EUR million	**1.6**	1.6	1.4	3.9	8.8
as % of net sales	%	**2.1**	2.1	1.6	4.8	13.2
Personnel on average		**760**	754	754	707	755
Net sales per person	1,000 EUR	**99**	102	111	105	89

*) Year 2012 figures have been adjusted by the effect of retrospective application of the amended IAS 19 standard.
Prior years' figures have not been adjusted.

Share key figures

		2013	*2012*	*2011*	*2010*	*2009*
Earnings per share, continuing operations	€	**0.03**	-0.01	-0.04	0.00	-0.10
Dividend per share	€	**0.04***	0.03	0.06	0.02	0.00
Operating cash flows per share	€	**0.08**	0.02	0.11	0.05	-0.13
Equity per share	€	**0.43**	0.45	0.50	0.40	0.34
Dividend per earnings	%	**133.3**	-	-	-	-
Effective dividend yield	%	**3.8**	-	-	-	-
P/E ratio		**40.5**	-100.8	-36.2	548.8	-18.5
Market capitalisation	EUR million	**46.5**	52.3	65.1	87.7	78.8
Enterprise Value	EUR million	**55.1**	59.6	63.6	98.8	89.9
Traded price 31 December	€	**1.05**	1.18	1.47	1.98	1.78
Traded price high	€	**1.29**	1.71	2.16	2.26	2.39
Traded price low	€	**0.9**	1.11	1.36	1.64	1.44
Average price per year, share issue adjusted	€	**1.04**	1.33	1.89	1.91	1.78
Total share turnover	pcs	**3,214,012**	2,324,863	5,940,303	6,572,178	7,389,719
Total share turnover as percentage of shares	%	**7.3**	5.2	13.4	15.1	16.7
Number of shares, share issue adjusted:						
weighted average during the year	pcs	**43,704,518**	43,631,936	43,614,787	43,614,787	43,614,787
at year end	pcs	**43,722,308**	43,660,938	43,614,787	43,614,787	43,614,787
Treasury shares	pcs	**573,479**	634,849	681,000	681,000	681,000

*) Board proposal return of equity in the amount of 0.04 EUR per share.

Calculation of key figures

RETURN ON EQUITY (ROE), %	=	$\frac{\text{Income for the period}}{\text{Total equity (annual average)}}$	x 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, %	=	$\frac{\text{Total equity}}{\text{Total assets - advances received}}$	x 100
GEARING, %	=	$\frac{\text{Interest-bearing debts - cash and cash equivalents}}{\text{Total equity}}$	x 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, %	=	$\frac{\text{Dividend per share}}{\text{Earnings per share}}$	x 100
EFFECTIVE DIVIDEND YIELD, %	=	$\frac{\text{Dividend per share}}{\text{Adjusted trading price at the end of the period}}$	x 100
PRICE PER EARNINGS, P/E	=	$\frac{\text{Adjusted trading price at the end of the period}}{\text{Earnings per share}}$	
MARKET CAPITALIZATION	=	Number of shares at 31 December × trading price at the end of the period	
ENTERPRISE VALUE	=	Market capitalization + interest-bearing debts - cash	

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.

Number of shares on 31 December 2013: 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 60 of this Annual Report.

Proposal on the payment of dividends

The Board of Directors proposes to the Annual General Meeting that a dividend in the amount of EUR 0.04 to be distributed for 2013 (for 2012 funds were distributed from the invested non-restricted equity reserve of EUR 0.03 per share).

Annual General Meeting

Talentum Oyj's AGM will be held on Thursday 27 March 2014 at 2.00 p.m. at the Talentum head office, Itämerenkatu 23, Helsinki. The reception of participants will commence at 1.00 p.m.

Instructions for participants

Attendance and registration

The right to participate in the General Meeting can be exercised by a shareholder who, as of March 17, 2014 (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 March 24, 2014 at 4.00 p.m. Notice of attendance can be given as follows:

a) In internet at www.talentum.com
b) By email at yhtiokokous@talentum.fi
c) By phone at +358 40 342 4227; or
d) By letter to Talentum Oyj, Share Register,
e) 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 March 24, 2014 at 10.00 a.m.

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 2014

Financial Statement Release 2013 on 12 February 2014
Interim report for Q1/2014 on 24 April 2014
Interim report for Q2/2014 on 17 July 2014
Interim report for Q3/2014 on 23 October 2014

The interim reports will be published in Finnish and English, and they will be available on the company's website at **www.talentum.com**.

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

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