

**TALENTUM'S FINANCIAL STATEMENT RELEASE 2011**
**October-December 2011 in brief**

- Talentum Group's net sales increased by 6.7%, totalling EUR 24.6 million (EUR 23.1 million).
- Net sales from publishing operations increased by 6.6%, totalling EUR 23.0 million (EUR 21.6 million)
- The amount of media advertising in Talentum's media decreased by a total of 3.6%.
- Operating income without non-recurring items was EUR 1.7 million (EUR 1.8 million).
- Operating income (EBIT) was EUR -1.3 million (EUR 1.3 million).
- At the end of December, Talentum Group sold Talentum HR AB, which provides information services and consulting in the HR sector in Sweden. The purchase price was SEK 28 million (about EUR 3.1 million), and the loss on sale was EUR 2.6 million.

**January-December 2011 in brief**

- Talentum Group's net sales increased by 12.6%, totalling EUR 83.5 million (EUR 74.1 million).
- Net sales from publishing operations increased by 14.5%, totalling EUR 77.7 million (EUR 67.9 million).
- The amount of media advertising in Talentum's media increased by a total of 14.7%.
- Operating income without non-recurring items was EUR 2.4 million (EUR 1.9 million).
- Operating income (EBIT) was EUR -0.7 million (EUR 0.1 million).
- Earnings per share were EUR -0.04 (EUR 0.00).
- Net liabilities were EUR -1.5 million (31 Dec 2010: EUR 12.4 million).
- In August, Talentum sold Sverige Bygger and Norge Bygges in Sweden and Norway. The purchase price was EUR 15.2 million, and the gain on sale was EUR 7.3 million.

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

**KEY FINANCIAL FIGURES, CONTINUING OPERATIONS \*)**

EUR million	10-12/ 2011	10-12/ 2010	Change %	1-12/ 2011	1-12/ 2010	Change %
Net sales	24.6	23.1	6.7	83.5	74.1	12.6
Operating income without non-recurring items	1.7	1.8	-1.7	2.4	1.9	28.5
Operating income as % of net sales	-5.4	5.6		-0.8	0.2	
Net cash from operating activities				4.6	2.2	
Total assets				57.3	64.7	
Investments as % of net sales	0.7	0.4	86.6	1.4	3.9	-64.6
Equity ratio %				54.1	34.4	
Gearing ratio % (net debt to equity)				-6.7	70.9	
Interest-bearing liabilities				1.2	13.9	
Net interest-bearing liabilities				-1.5	12.4	
Personnel on average				754	707	
Earnings per share, EUR	-0.05	0.02		-0.04	0.00	
Cash flow from operating activities per share, EUR				0.11	0.05	
Equity per share, EUR				0.50	0.40	
Market capitalisation on closing rate at period end				65.1	87.7	

\*) These figures do not include the construction information business sold in August, which is presented as discontinued operation. The figures for Talentum HR AB, which was sold in December, are included in the continuing operations. The effect of the divestments on Talentum Group consolidated financial statements is reported under the Tables section.

#### **Sector and Talentum prospects for 2012**

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

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

#### **Chief Executive Officer Aarne Aktan**

In the final quarter of 2011, Europe's economic development and growing concerns about the future affected the sales of Talentum's products and services to our customers.

In the final quarter, Talentum Group's net sales increased by 6.7 per cent and net sales from publishing operations increased by 6.6 per cent. Without the event business acquired in September 2010 and at comparable exchange rates, consolidated net sales decreased by 1.4 per cent, which was mainly due to the decrease in media advertising volume. In the final quarter, consolidated operating income from continuing operations without non-recurring items was EUR 1.7 million, which is equivalent to the previous year's level.

Talentum's net sales for the whole year amounted to EUR 83.5 million, which is 12.6 per cent more than in the previous year. Without the event business acquired in 2010 and at comparable exchange rates, net sales increased by 0.7 per cent. Operating income without non-recurring items for the whole year was EUR 2.4 million (EUR 1.9 million in 2010).

Unfortunately, we cannot be satisfied with the financial figures, there was little increase in the net sales and operating income was below 3 per cent of net sales. We have excellent content production, skilled people, strong brands and loyal customers, but we have not managed to sell our products well enough.

Our key goal for 2012 is to improve profitability. Therefore we must undergo a necessary cost-savings plan during the first quarter. I believe that it will result in improving Talentum's profitability, and at the same time operational preconditions and competitive strength will improve.

#### **Operating environment and seasonal variation**

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

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

The media and media service markets are subject to seasonal variations. Magazines and books do not generally come out during the summer holiday

season, which is why the third quarter is the weakest in terms of sales. Operations are generally at their busiest in the final quarter.

**Consolidated net sales and income for October-December 2011, continuing operations**

Consolidated net sales for October-December increased by 6.7%, totalling EUR 24.6 million (EUR 23.1 million). Without the event business acquired and at comparable exchange rates, net sales decreased by 1.4%. Net sales from publishing operations increased by 6.6%, totalling EUR 23.0 million (EUR 21.6 million).

Consolidated operating income without non-recurring items for October-December was EUR 1.7 million (EUR 1.8 million). Operating income from publishing operations without non-recurring items was EUR 2.3 million (EUR 2.1 million). Non-recurring items include the loss of EUR 2.6 million resulting from the disposal of Talentum HR AB as well as related personnel reduction costs of EUR 0.4 million due to reorganisation caused by the disposal.

Consolidated operating income was EUR -1.3 million (EUR 1.3 million), -5.4% (5.6%) of net sales. Operating income from publishing operations was EUR -0.7 million (EUR 1.6 million). The change in the exchange rate of the Swedish krona against the euro did not have a significant impact on net sales and operating income in October-December.

Net financial expenses amounted to EUR 0.4 million (EUR 0.5 million). The Group's share of income from associated companies was EUR 0.2 million (EUR 0.0 million).

Consolidated income before taxes was EUR -1.5 million (EUR 0.8 million). The taxes for the period under review were EUR -0.5 million (EUR 0.0 million), mainly due to the non-deductible loss on sale relating to Talentum HR. Consolidated income for October-December was EUR -2.2 million (EUR 0.8 million).

**Consolidated net sales and income for January-December 2011, continuing operations**

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

Consolidated operating income without non-recurring items was EUR 2.4 million (EUR 1.9 million). Operating income from publishing operations without non-recurring items was EUR 4.4 million (EUR 3.1 million). Non-recurring items include the loss of EUR 2.6 million resulting from the disposal of Talentum HR AB as well as disposal-related costs from reorganisation due to the disposal and other personnel reduction costs of EUR 0.5 million.

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

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

Income before taxes was EUR -1.2 million (EUR -0.0 million). The Group's taxes for the period under review were EUR 0.6 million (EUR -0.1 million).

The Group's effective tax rate was increased by non-deductible expenses, such as the loss incurred in the sale of Talentum HR AB in Sweden. Consolidated income from continuing operations for the period under review was EUR -1.8 million (EUR 0.1 million). Income from discontinued operations was EUR 7.3 million, including the gain on sale of EUR 7.3 million resulting from the divestments. Consolidated income for the period under review, including continuing and discontinued operations, was EUR 5.5 million.

#### **Short-term risks for the business**

The changes in general economic growth will affect Talentum's revenue and revenue structure. Traditionally, about 40% of consolidated net sales are dependent on advertising, particularly in the B2B sector, which is sensitive to economic conditions. In present economic conditions, advertising accounts for about 36% (33%) of net sales. The most economically sensitive component of advertising revenue is job advertising.

The aim of the Group is to minimise the market risk relating to advertising by increasing revenue from circulation and content sales. The goal is for all Talentum products and services to be market leaders in their fields, so that success is possible even in times of recession.

Online services could change the earnings logic of magazines and books even in the long term. This channel selection could be significant for the Group's revenue structure. The move from printed products to online products may be particularly rapid under poor economic conditions. If the company is unable to develop its operations to respond to changes in media usage habits, its competitiveness could be undermined.

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

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

#### **Cash flow, financial position and balance sheet for the Group**

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

The consolidated balance sheet total decreased as a consequence of the divestments carried out in August and December, and at the end of the period under review, it stood at EUR 57.3 million (EUR 64.7 million). The amount of goodwill on the balance sheet decreased by EUR 12.0 million as a consequence of the divestments. In addition, consolidated net liabilities declined, and the equity ratio rose. At the end of December, the Group's

interest-bearing loans and borrowing amounted to EUR 1.2 million (EUR 13.9 million). The Group's liquid assets were EUR 2.6 million (EUR 1.5 million). Interest-bearing net liabilities were EUR -1.5 million (EUR 12.4 million).

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

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

#### **Investments**

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

#### **Changes in Group structure**

On 9 August 2011, Talentum sold Sweden-based Sverige Bygger AB and Nordic Construction Media AB and Norway-based Norge Bygges AS. The seller was Talentum Oyj's Swedish subsidiary, Talentum Business Information Group AB (TBIG), and the buyer was DOCU Group Sweden AB. Transfer of ownership took place on 9 August 2011. The total purchase price of the companies' shares was paid in cash on the same date. The construction information business sold is presented as discontinued operation.

In addition, on 28 December 2011, the Group sold its Swedish subsidiary, Talentum HR AB, which provides information services and consulting in the HR sector, to Wise Group AB. The purchase price was EUR 3.1 million, of which EUR 2.1 million was paid in cash. The rest has been recognised as a short-term receivable of EUR 0.9 million, which will fall due within 12 months of the date on which the transaction becomes effective.

The effects of the divestments on the consolidated financial statements are presented in the tables of this release.

#### **Personnel, continuing operations**

In January-December, Talentum Group's continuing operations employed an average of 754 (707) people: 314 (327) in direct marketing and 440 (380) in publishing and in the parent company. Geographically, the personnel were divided as follows: Finland 415 (393) people, Sweden 162 (150), Denmark 11 (1), Latvia 72 (75), Estonia 86 (83) and Russia 8(5).

**BUSINESS AREAS, CONTINUING OPERATIONS**

EUR million	10-12/ 2011	10-12/ 2010	1-12/ 2011	1-12/ 2010
<b>Net sales</b>				
Publishing Finland	13.9	13.0	45.8	39.2
Publishing Other Nordic Countries	9.2	8.6	31.9	28.7
Direct marketing	2.5	2.1	9.1	8.8
Other	-0.9	-0.6	-3.4	-2.6
<b>Total</b>	<b>24.6</b>	<b>23.1</b>	<b>83.5</b>	<b>74.1</b>
<b>Operating income without non-recurring items</b>				
Publishing Finland	1.6	1.5	2.8	1.4
Publishing Other Nordic Countries	0.7	0.5	1.5	1.7
Direct marketing	0.4	0.2	1.2	0.9
Other	-1.0	-0.5	-3.2	-2.1
<b>Total</b>	<b>1.7</b>	<b>1.8</b>	<b>2.4</b>	<b>1.9</b>
<b>Non-recurring items</b>				
Publishing Finland	0.0	-	0.0	-
Publishing Other Nordic Countries	3.0	0.5	3.0	1.5
Direct marketing	-	-	-	-
Other	-	-	0.1	0.3
<b>Total</b>	<b>3.0</b>	<b>0.5</b>	<b>3.1</b>	<b>1.8</b>
<b>Operating income</b>	<b>-1.3</b>	<b>1.3</b>	<b>-0.7</b>	<b>0.1</b>

Non-recurring items for January-December include the loss of EUR 2.6 million resulting from the disposal of Talentum HR AB as well as costs of EUR 0.5 million from reorganisation due to the disposal and other personnel reduction.

**Publishing, continuing operations**
October-December

Net sales from publishing operations for October-December amounted to EUR 23.0 million (EUR 21.6 million), a change of 6.6% from the previous year. Of net sales from publishing operations, 60% (60%) originated in Finland and the remaining 40% (40%) in the other Nordic countries.

Towards the end of the year advertising in Talentum's media diminished and advertising revenue decreased by 3.6% from the previous year.

Advertising revenue accounted for 36% (39%) of net sales from publishing operations.

Net sales from e-business for October-December increased by 9.6%. Net sales from e-business were EUR 2.9 million (EUR 2.6 million), which corresponds to 13% (12%) of the total figure for publishing.

January-December

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

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

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

**PUBLISHING REVENUE, CONTINUING OPERATIONS**

EUR million	10-12/ 2011	10-12/ 2010	1-12/ 2011	1-12/ 2010
<b>Net sales</b>				
Advertisement revenue	8.2	8.5	30.0	26.2
Circulation revenue	6.5	6.7	24.5	23.8
Other content revenue *	8.4	6.4	23.2	17.9
<b>Total</b>	23.0	21.6	77.7	67.9

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

**Publishing Finland**

In the Publishing Finland segment, financial development is reported for periodicals, book publishing, training and the event business. The best-known book in the book publishing business is the green Finnish Law book. The magazines with the highest circulation are Talouselämä and Tekniikka & Talous.

The event business of IIR Finland Oy (now Talentum Events Oy) has belonged to this segment since Talentum acquired it on 15 September 2010.

October-December

Net sales from publishing operations in Finland for October-December amounted to EUR 13.9 million (EUR 13.0 million), an increase of 6.4% from the previous year. Excluding the event business acquired in September 2010, net sales increased by 0.9%. Advertising revenue was down 9.0% on the previous year.

Talentum's operating income from publishing operations in Finland was EUR 1.6 million (EUR 1.5 million).

January-December

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

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

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

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

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

**Publishing Other Nordic Countries, continuing operations**

In the Publishing Other Nordic Countries segment, financial development is reported for periodicals, the event business and the business information business. The magazines with the highest circulation are Ny Teknik and Affärsvärlden.

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

Talentum Events Oy's operations in Sweden and Denmark have been reported under the Other Nordic Countries segment since 15 September 2010.

October-December

Net sales from publishing operations in the other Nordic countries for October-December amounted to EUR 9.2 million (EUR 8.6 million), a change of 6.9% from the previous year. Without the event business acquired in September 2010 and at comparable exchange rates, net sales decreased by 6.5%. Changes in exchange rates increased net sales by EUR 0.2 million. Advertising revenue increased 1.5% on the previous year.

Operating income from publishing operations in the other Nordic countries without non-recurring items was EUR 0.7 million (EUR 0.5 million). Non-recurring items include the loss of EUR 2.6 million resulting from the disposal of Talentum HR AB as well as disposal-related and other personnel reduction costs of EUR 0.4 million. Operating income from publishing operations in the other Nordic countries was EUR -2.3 million (EUR 0.1 million).

January-December

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

Operating income from publishing operations in the other Nordic countries without non-recurring items was EUR 1.5 million (EUR 1.7 million). Operating income from publishing operations in the other Nordic countries was EUR -1.4 million (EUR 0.3 million). Operating income from publishing operations in the other Nordic countries during the reporting period was affected by the weak operating income of EUR -0.9 million (EUR -0.9 million) of Talentum HR, which was sold at the end of December.

**Direct Marketing**

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

October-December

Net sales from direct marketing for October-December amounted to EUR 2.5 million (EUR 2.1 million), and operating income was EUR 0.4 million (EUR 0.2 million).



January-December

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

**TALENTUM GROUP****Management**

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

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

Aarne Aktan, BSc (Econ.), was appointed Chief Executive Officer of Talentum Oyj as of 1 December 2011. On 30 November 2011, he resigned as a member of Talentum Oyj's Board of Directors after being nominated as the company's CEO. Talentum's previous Chief Executive Officer, Juha Blomster, left the company on 28 October 2011.

**Corporate Governance**

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

**Shares and share capital**

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

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

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

**Shareholdings of the Board of Directors and CEO**

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

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

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

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

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

**Management's share-based incentive scheme**

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

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

**Market guarantee**

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

**The Board of Directors' motion concerning distribution of profits**

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

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

**Annual General Meeting**

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

**SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL PERIOD****Appointment of Group Executive Management**

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

**Negotiations on personnel reductions**

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

## TABLES

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	10-12/ 2011	10-12/ 2010	1-12/ 2011	1-12/ 2010
CONTINUING OPERATIONS:				
Net sales	24.6	23.1	83.5	74.1
Other operating income	0.4	0.2	0.7	0.7
Materials and services	4.3	4.1	13.7	13.1
Employee benefit expenses	11.4	11.0	40.3	38.4
Depreciation and amortisation	0.4	0.5	1.7	1.9
Other operating expenses	10.3	6.4	29.3	21.3
Operating income	-1.3	1.3	-0.7	0.1
Financial income	0.1	0.5	1.0	1.3
Financial expenses	0.5	1.0	1.7	1.5
Share of income of associated companies	0.2	0.0	0.2	0.0
Income before taxes	-1.5	0.8	-1.2	0.0
Taxes	-0.6	0.0	-0.6	0.1
Income for the period from continuing operations	-2.2	0.8	-1.8	0.1
DISCONTINUED OPERATION:				
Income for the period from discontinued operation	-0.0	-0.2	7.3	0.1
Income for the period	-2.2	0.6	5.5	0.2
Other comprehensive income:				
Translation differences	1.6	0.4	0.2	2.7
Translation differences transferred into profit or loss	-0.5	-	-0.3	-
Available-for-sale investments	-0.0	-	-0.0	-0.0
Income tax on available-for-sale investments	0.0	-	0.0	0.0
Total comprehensive income for the period	-1.1	1.0	5.3	2.9
Income for the period attributable to:				
Owners of the parent company	-2.2	0.6	5.5	0.2
Non-controlling interest	0.0	0.0	-0.0	-0.0
Total comprehensive income for the period attributable to:				
Owners of the parent company	-1.1	1.0	5.3	2.9
Non-controlling interest	0.0	0.0	-0.0	-0.0
Basic and diluted Earnings per share, EUR, continuing operations *	-0.05	0.01	-0.04	0.00
Basic and diluted Earnings per share, EUR, discontinued operation *	0.00	0.00	0.17	0.00

\* Earnings per share are calculated from income attributed to the equity owners of the parent company.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

EUR million	12/2011	12/2010
<b>ASSETS</b>		
Non-current assets		
Property, plant and equipment	1.0	1.2
Goodwill	19.7	31.7
Other intangible assets	12.4	14.5
Investments in associates	0.3	0.1
Available-for-sale investments	0.1	0.1
Deferred tax assets	1.0	1.8
Other non-current receivables	5.6	1.8
Total non-current assets	40.2	51.2
Current assets		
Inventories	0.7	1.1
Trade and other receivables	13.8	10.9
Cash and cash equivalents	2.6	1.5
Current receivables	17.2	13.5
<b>TOTAL ASSETS</b>	<b>57.3</b>	<b>64.7</b>
<b>EQUITY AND LIABILITIES</b>		
Equity attributable to owners of the parent		
Share capital	18.6	18.6
Treasury shares	-2.8	-2.8
Other reserves	0.4	0.5
Invested non-restricted equity fund	2.4	3.3
Retained earnings	3.3	-2.2
Total	21.9	17.4
Non-controlling interest	0.1	0.1
Total equity	21.9	17.5
Non-current liabilities		
Deferred tax liabilities	3.3	3.8
Non-current financial liabilities	0.1	0.1
Pension obligation	0.1	0.1
Other non-current liabilities	0.7	1.7
Non-current provisions	0.2	0.3
Total non-current liabilities	4.4	6.0
Current liabilities		
Current financial liabilities	1.1	13.8
Advances received	16.8	13.7
Trade and other payables	13.1	13.6
Current provisions	-	0.1
Total current liabilities	31.0	41.1
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>57.3</b>	<b>64.7</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

EUR million	1-12/ 2011	1-12/ 2010
<b>Cash flows from operating activities</b>		
Operating income	7.0	0.3
Adjustments to operating income*	-3.4	1.7
Change in working capital	1.9	0.4
Financial items and taxes	-1.1	0.4
Net cash generated from operating activities	4.4	2.7
<b>Cash flows from investing activities</b>		
Acquisition of subsidiaries and associates, net of cash acquired	-	-2.5
Disposal of subsidiaries and associates, net of cash disposed of	12.4	0.3
Acquisition of property, plant and equipment and intangible assets	-1.4	-1.1
Net cash generated from investing activities	11.1	-3.3
<b>Cash flows from financing activities</b>		
Change in current loans	-13.4	-1.8
Repayment of non-current loans	-	-0.2
Dividends paid and other return of equity	-0.9	-
Net cash used in financing activities	-14.3	-2.0
Change in cash and cash equivalents	1.2	-2.5
Cash and cash equivalents at the beginning of period	1.5	3.7
Foreign exchange adjustment	-0.1	0.3
Net change in cash and cash equivalents	1.2	-2.5
Cash and cash equivalents at the end of period	2.6	1.5

Cash flows from discontinued operation included in the consolidated statement of cash flows are specified in the disclosure tables.

\*Adjustments to operating income mainly include depreciation and amortisation and adjustments related to gain and loss on sale resulting from the sale of Group companies presented in the cash from investing activities.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

a = Share capital

b = Treasury shares

c = Fair value reserve

d = Translation reserve

e = Invested non-restricted equity

fund

f = Retained earnings

g = Equity attributable to equity owners of the parent (before non-controlling interest)

h = Non-controlling interest

i = Total equity

EUR million	a	b	c	d	e	f	g	h	i
Equity 1 January 2011	18.6	-2.8	0.0	0.5	3.3	-2.2	17.4	0.1	17.5
Total other comprehensive income			-0.0	-0.2		5.5	5.3	-0.0	5.3
Return of equity					-0.9		-0.9		-0.9
Dividends								-0.0	-0.0
Equity at December 31 2011	18.6	-2.8	0.0	0.3	2.4	3.3	21.9	0.1	21.9
Equity 1 January 2010	18.6	-2.8	0.0	-2.2	3.3	-2.2	14.6	0.3	14.9
Business combinations								-0.2	-0.2
Other items						-0.1	-0.1		-0.1
Total other comprehensive income			-0.0	2.7		0.2	2.9	-0.0	2.9
Equity December 31 2010	18.6	-2.8	0.0	0.5	3.3	-2.2	17.4	0.1	17.5

**NOTES TO THE FINANCIAL STATEMENTS**

In the preparation of this financial statement release, Talentum has applied the same principles as in the financial statements for 2010, apart from the additions described below.

From 1 January 2011, Talentum has adopted the following revised and amended IFRS standards:

Revised IAS 24 Related Party Disclosures

The revised standard specifies the concept of 'related party', which may have an impact on the disclosures provided in the notes to the financial statements.

In addition, the Group has adopted the Improvements to IFRSs (May 2010).

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

All figures in this report have been rounded up or down, so the sum of single figures may be different from the totals shown.

**TALENTUM GROUP BY SEGMENT, CONTINUING OPERATIONS**

1-12/2011	Publishing Finland	Publishing Other Nordic Countries	Direct marketing	Other	Total
EUR million					
External sales	45.8	31.9	5.6	0.2	83.5
Inter-segment net sales			3.5	-3.5	0.0
Operating income	2.8	1.5	1.2	-3.2	2.4
Segment income before taxes	2.8	1.5	1.2	-3.2	2.4
<b>Reconciliation:</b>					
Segment income before taxes					2.4
Non-recurring items unallocated to the segments					-3.1
Financing items, net					-0.8
Share of income of associated companies					0.2
Consolidated income before taxes					-1.2

1-12/2010	Publishing Finland	Publishing Other Nordic Countries	Direct marketing	Other	Total
EUR million					
External sales	39.2	28.7	6.0	0.2	74.1
Inter-segment net sales			2.8	-2.8	0.0
Operating income	1.4	1.7	0.9	-2.1	1.9
Segment income before taxes	1.4	1.7	0.9	-2.1	1.9
<b>Reconciliation:</b>					
Segment income before taxes					1.9
Non-recurring items unallocated to the segments					-1.8
Financing items, net					-0.2
Share of income of associated companies					0.0
Consolidated income before taxes					0.0

**GROUP COMPANIES SOLD DURING THE PERIOD UNDER REVIEW**

In August 2011, the Group sold Sweden-based Sverige Bygger AB and Nordic Construction Media AB as well as Norway-based Norge Bygges AS to DOCU Group Sweden AB. The purchase price was EUR 15.2 million, and it was paid



entirely in cash. It was decided to sell the companies because, according to the Group's estimate, the purchase price exceeded their value creation potential as part of the Group. Within the Group, the companies sold formed a business providing information and marketing services for the construction industry in Sweden and Norway, and they are reported as discontinued operation in the financial statements. The companies had 77 employees in Sweden and 8 in Norway.

#### Income from discontinued operations

EUR million	1-12/2011	1-12/2010
Revenue *	12.3	6.9
Expenses	-4.7	6.7
Taxes	-0.3	-0.0
<b>Profit after taxes</b>	7.3	0.1

\* Revenue for January-December 2011 includes EUR 7.3 million of gain on sale from discontinued operation.

	1-12/2011	1-12/2010
<b>Earnings per share, discontinued operation, EUR</b>	0.17	0.00

#### Cash flows from discontinued operation included in the consolidated cash flow statement

EUR million	1-12/2011	1-12/2010
Cash flows from operating activities *	-0.2	0.5
Cash flows from investing activities *	11.4	0.0
<b>Total</b>	11.2	0.5

\* The payments of the expert fees related to discontinued operation are presented in the cash flows from operating activities. The difference between the purchase price received in cash and the cash and cash equivalents of the companies sold is presented in the cash flow from investing activities.

#### Effect of the sale of discontinued operation on Group's financial position

EUR million	9 August 2011
Property, plant and equipment	0.1
Goodwill	6.6
Other intangible assets	1.4
Current receivables	1.7
Cash and cash equivalents	3.8
Non-current liabilities	-0.4
Current liabilities	-5.2
<b>Total assets and liabilities</b>	8.0
Purchase consideration settled in cash	15.2
Cash and cash equivalents in	3.8
<b>Cash inflow on disposal</b>	11.5

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

performance were only partly realised before the company's sale. Loss on sale of EUR 2.6 million, including the costs incurred in the sale and the translation differences related to the unit sold, are reported under other operating expenses.

**Effect of the sale of Talentum HR AB on Group's financial position**

EUR million	28 December 2011
Goodwill	5.4
Other intangible assets and property, plant and equipment	0.1
Deferred tax assets	0.1
Inventories	0.1
Trade and other receivables	1.2
Cash and cash equivalents	1.3
Current liabilities	-2.6
<b>Total assets and liabilities</b>	<b>5.5</b>
Current receivable recognised on purchase consideration	0.9
Purchase consideration settled in cash	2.2
Cash and cash equivalents in subsidiary	-1.3
<b>Cash inflow on disposal</b>	<b>0.9</b>

**CHANGE IN SHARE QUANTITIES \***

1,000 shares	1-12/2011	1-12/2010
Number of shares outstanding at period start	43,615	43,615
<b>Number of shares outstanding at period end</b>	<b>43,615</b>	<b>43,615</b>

\* Excluding treasury shares held by the company

For the period under review, the weighted average number of shares used in the calculation of earnings per share during the financial period is 43,614,787 (43,614,787 shares 1-12/2010).

The number of shares issued is 44,295,787.

**PERSONNEL BY SEGMENT ON AVERAGE, CONTINUING OPERATIONS**

	1-12/2011	1-12/2010
Publishing Finland*	243	210
Publishing Other Nordic Countries*	173	152
Direct Marketing	314	327
Other	24	18
<b>Total</b>	<b>754</b>	<b>707</b>

\* Include the 63 employees of the event business acquired on 15 September 2010.

**CHANGES IN PROPERTY, PLANT AND EQUIPMENT**

EUR million	12/2011	12/2010
Carrying amount at the beginning of period	1.2	1.3
Additions *	0.5	0.4
Additions through business combinations	-	0.0
Disposals through divestments	-0.6	-
Accumulated depreciation of disposals through divestments	0.5	-
Other disposals	-0.0	-0.3
Accumulated depreciation of other disposals	0.0	0.0
Depreciation for the period*	-0.6	-0.3
Translation differences	0.0	0.0
<b>Carrying amount at the end of the period</b>	<b>1.0</b>	<b>1.2</b>

**CHANGES IN INTANGIBLE ASSETS**

EUR million	12/2011	12/2010
Carrying amount at the beginning of period	46.2	39.7
Additions *	0.9	0.7
Purchase price allocation	-	0.6
Additions through business combinations	-	2.7
Disposals through divestments	-16.3	-
Accumulated amortisation of disposals through divestments	2.6	-
Other disposals	-0.4	-0.2
Accumulated amortisation of other disposals	0.3	0.0
Amortisation for the period*	-1.4	-1.9
Translation differences	0.2	4.5
Carrying amount at the end of the period	32.1	46.2

\*Additions include EUR 0.1 million (EUR 0.0 million) and depreciation and amortisation EUR 0.3 million (EUR 0.6 million) from discontinued operation.

**RELATED PARTY TRANSACTIONS**

EUR million	1-12/2011	1-12/2010
Employee benefits for key management	1.5	1.2
Payments to pension fund	-	-0.2
Associates and joint ventures:		
Sales	1.1	0.6
Purchases	1.1	0.3
Receivables	0.2	0.1
Liabilities	0.8	0.5

**GUARANTEES AND LEASING OBLIGATIONS**

EUR million	12/2011	12/2010
<b>Guarantees posted for own commitments</b>		
Guarantees	0.1	0.1

EUR million	12/2011	12/2010
<b>Leasing obligations</b>		
Less than one year	3.6	4.6
Between one and five years	9.2	9.6
More than five years	2.7	0.8
<b>Total</b>	15.6	14.9

**Calculation of key indicators**

Earnings per share = Profit for the period attributable to parent company shareholders / Adjusted average number of shares at the end of the financial period

Equity per share = Equity attributable to parent company shareholders / Adjusted average number of shares at the end of the financial period

Equity ratio, % = Total equity / Balance sheet total - advances received x 100

Gearing, % = Interest-bearing liabilities - cash and cash equivalents / Total equity x 100

Interest-bearing net debt = Interest-bearing liabilities - cash and cash equivalents

Market capitalisation = Number of shares at the end of the financial period x trading price at the end of the financial period

This financial statement release report is unaudited.

**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.

**Financial information 2012**

Talentum is planning to publish the results in 2012 as follows:

January-March income, 27 April 2012

January-June income, 20 July 2012

January-September income, 24 October 2012

TALENTUM OYJ

Board of Directors

**ADDITIONAL INFORMATION**

Chief Executive Officer Aarne Aktan, telephone +358 40 342 4440

Chief Financial Officer Niclas Köhler, telephone +358 40 342 4420

**DISTRIBUTION**

NASDAQ OMX Helsinki

Principal media

**BRIEFING**

A briefing in Finnish will be held for analysts and the media today, 15 February 2012 at 10:00am at the Talentum head office, Annankatu 34-36 B, Kamppi, Helsinki, Finland. The financial results will be presented by CEO Aarne Aktan.

This report has been published in Finnish and translated into English. In case of any discrepancy between the versions, the Finnish version shall prevail.

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