EDITA

Interim Report

August 16, 2012

Edita’s Interim Report January 1 – June 30, 2012

Edita’s net revenue and profit were weakened by a decline in the demand for traditional printed products. The Group’s net revenue was EUR 52.8 million (EUR 55.7 million). 49% of the Group’s net revenue (48%) came from Finland and 51% (52%) from Sweden. The proportion of net revenue represented by the online communications segment increased as a result of the company’s acquisition of a majority stake in the digital marketing company Klikkicom Oy in May. The Group’s operating profit was EUR 0.1 million (EUR 1.1 million). Operating profit before IFRS 3 amortization was EUR 0.7 million (EUR 1.4 million). Expenses related to adaptation measures implemented in the Print & Distribution business area amounted for EUR 0.6 million.

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EDITA GROUP KEY FIGURES		1-6/2012	1-6/2011	1-12/2011
Net revenue	T€	52 761	55 655	105 844
Exports and foreign operations	%	52,5 %	53,3 %	53,5%
Operating profit before of IFRS 3 -amortizations (*	T€	669	1 443	2 850
% of net revenue	%	1,3 %	2,6 %	2,7 %
Operating profit	T€	106	1 118	2 185
% of net revenue	%	0,2 %	2,0 %	2,1 %
Profit (+) / loss (-) before tax	T€	-257	893	1 479
% of net revenue	%	-0,5 %	1,6 %	1,4 %
Profit (+) / loss (-) for financial year	T€	-41	777	1 519
Equity-to-assets ratio	%	41,5	42,2	42,7
Net indebtedness	%	43,0	53,4	48,5
Gross capital expenditure	T€	6 431	3 094	5 017
% of net revenue	%	12,2 %	5,6 %	4,7 %
Average number of employees		683	770	747
Earnings per share (EPS)	€	-0,01	0,13	0,25
Equity per share	€	5,96	5,72	5,92
Interest-bearing liabilities	T€	22 022	24 679	23 451
Cash and cash equivalents	T€	6 642	6 341	6 229
Net debt	T€	15 380	18 338	17 222

*) Operating profit before IFRS 3 amortization means operating profit without purchase allocations of acquisitions.

Timo Lepistö, CEO:

“The Group’s ability to comprehensively respond to its customers’ communications needs was strengthened through acquisitions and by investing in the development of the range of services offered and the company’s staff. The growing demand for new, integrated communications solutions and digital communications services had a positive impact on the development of the Marketing Services business area in particular. We were able to significantly strengthen the provision of new online communications services by acquiring a majority stake in the digital marketing company Klikkicom, a leading player in its field operating throughout the Nordic region. However, a sharp decline in the demand for traditional printed products and the resulting adaptation measures weakened the Group’s result.”

Group structure

The Edita Group is divided into four business areas: *Marketing Services*, comprised of Citat AB, Klikki AB, Mods Graphic Studio AB, Klikki ApS, Klikki AS, Klikkicom Oy, Citat Oy and the affiliate BrandSystems AB; *Editorial Communication*, comprising JG Communication AB; *Publishing*, comprised of Edita Publishing Oy and Educode Oy, and *Print & Distribution*, comprised of Edita Prima Oy, Edita Västra Aros AB and the affiliate Edita Bobergs AB.

Edita Oyj acquired the full share capital of Educode Oy in March and 86% of the shares of Klikkicom Oy in May.

Net revenue and profit

The net revenue of the Edita Group was EUR 52.8 million (EUR 55.7 million), of which EUR 26.1 million (EUR 26.5 million) came from Finland and EUR 26.7 million (EUR 29.2 million) from Sweden. Net revenue was weakened by a sharp decline in the demand for traditional printed products. The proportion of net revenue represented by the online communications segment increased as a result of the company's acquisition of a majority stake in the digital marketing company Klikkicom Oy in May.

The Group's operating profit was EUR 0.1 million (operating profit of EUR 1.1 million). The decline in the demand for traditional printed products had a negative impact on the operating profit. Operating profit before IFRS 3 amortization was EUR 0.7 million (EUR 1.4 million). The costs of adaptation measures implemented in the Print & Distribution business area were EUR 0.6 million (EUR 0.2 million).

The net revenue for the **Marketing Services business area** was EUR 12.0 million (EUR 11.3 million), with operating profit at EUR 0.9 million (EUR 0.4 million). The growth of net revenue was negatively impacted by lower outsourcing income; this did not, however, have a major impact on operating profit. The proportion of net revenue represented by the online communications segment increased after Edita Oyj acquired a majority stake in the digital marketing company Klikkicom Oy in May. The steps taken in December 2011 to make the operations of Citat AB more efficient had the anticipated positive effect on operating profit.

The net revenue for the **Editorial Communication business area** was EUR 7.8 million (EUR 8.2 million), with operating profit at EUR 0.3 million (EUR 0.2 million). The new customer acquisition efforts of JG Communication were successful in the first half of the year. JG Communication continued to focus its business on services supporting customers' strategies.

The net revenue for the **Publishing business area** was EUR 7.9 million (EUR 7.1 million), with operating profit at EUR 1.0 million (EUR 1.2 million). The primary reason behind the increase in net revenue was the acquisition of Educode Oy in March. However, Educode's operating loss and the write-offs resulting from the acquisition had a negative impact on the operating profit for this business area.

The net revenue for the **Print & Distribution business area** was EUR 26.6 million (EUR 30.9 million), with an operating loss of EUR -0.2 million (operating profit of EUR 0.9 million). Net revenue and the result were down in both Finland and Sweden due to a sharp decline in the demand for printed products. A total of EUR 0.6 million in expenses were recorded on adaptation measures implemented in the business area. The operating result includes EUR 0.5 million in income from Swedish value added tax refunds.

Solvency and financial position

The Edita Group's equity ratio was 41.5% (42.2%). Cash and cash equivalents amounted to EUR 6.6 million (EUR 6.3 million) and interest-bearing debts stood at EUR 22.0 million (EUR 24.7 million).

Capital expenditure

The Edita Group's gross capital expenditure totaled EUR 6.4 million (EUR 3.1 million). The most significant strategic investment was the acquisition of a majority stake in the digital marketing company Klikkicom Oy in May. Investments in production chiefly consisted of replacement investments.

Risks and risk management

The Edita Group's most significant risks are related to the instability of the international economy, the substantial structural changes underway in the print business and the development of the Group's service offering to respond to its customers' new communications needs, particularly in the area of online communications. Risks are assessed on a regular basis.

The instability in the international economy influences the level of marketing communications investments made by customers. Edita works in close partnership with customers in order to proactively develop its operations to respond to changing needs.

As the focus of communications is shifting to digital channels, the demand for traditional printed products is falling rapidly. The challenge for Edita is to adapt the Group's printing business accordingly, while at the same time developing its online communications services profitably. The business area influenced most by these changes is Print & Distribution, which has seen extensive adaptation measures in recent years.

The Group's balance sheet includes EUR 24.6 million in goodwill. A weakening financial position may result in a need to write down goodwill in the Print & Distribution and Marketing Services business areas.

The strong growth in the demand for digital communications services requires the continuous development of the Group's service offering and expertise. Success in development efforts, recruitment and in ensuring the engagement and commitment of key personnel are key success factors for Edita.

The Group's foreign exchange risk is related to trends in the value of the Swedish krona. Foreign exchange risks are monitored regularly according to Edita's foreign exchange risk policy and, if necessary, the risk is hedged. No hedging was done during the period under review.

Financing risks have been taken into account by hedging part of the interest rates on loans. The hedging arrangements will remain in force until the loans mature.

The Group has paid particular attention to invoicing frequency and optimizing the turnover of sales receivables and inventory.

Board of Directors

The Annual General Meeting on April 3, 2012 elected Maritta Iso-Aho as a new board member. Lauri Ratia (Chairman), Kaj Friman (Vice Chairman), Carina Brorman, Jussi Lystimäki, Eva Persson and Petri Vihervuori stayed on as board members.

Personnel

The Edita Group employed an average of 683 persons (770) during the period from January to June. At the end of June, there were 726 persons (761) converted to full-time employees. The Print & Distribution business area had an average of 74 fewer employees than in the corresponding period the previous year. The parent company employed an average of 29 persons (31) over the period, with 30 (32) employees at the end of June.

During the spring, the Group prepared a personnel strategy for the current strategy period of 2012-2014. Aimed at promoting and supporting business operations, the focal areas of the strategy are strategic resource planning and the role-based development of expertise, ensuring the engagement, commitment and development of key personnel as well as improving leadership skills and performance management.

Over the course of the spring, the Group carried out a talent review to identify and evaluate the organization's most capable managers, experts and promising young talents and to improve career path and succession planning for key personnel. The aim of the measures is to ensure that the key personnel who play an important role in the development and continuity of business operations will remain with the Group and that they have the capacity to develop and perform their duties in the best possible manner.

Outlook for the remainder of 2012

The demand for communications services on the whole is not expected to grow in the second half of the year. The demand for online communications services is likely to be the strongest, while the demand for traditional printed products is expected to decline further. Edita is focused on developing its communications services in line with customer needs.

The figures in this interim report have not been audited.

Edita Oyj

Timo Lepistö
CEO

Appendix: Financial statements and notes to the financial statements
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CC: State Ownership Steering Department and key media

APPENDIX: Financial statements and notes to the financial statements

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CONSOLIDATED INCOME STATEMENT (IFRS) (EUR 1000)	**1.1. - 30.06.2012**	**1.1. - 30.06.2011**	**1.1. - 31.12.2011**
Net Revenue	**52 761**	**55 655**	**105 844**
Other operating income	888	936	1 686
Change in inventories of finished and unfinished goods	-89	-504	-137
Work performed for company use	77	94	195
Materials and services	-14 539	-15 485	-29 560
Expenses arising from employee benefits	-24 693	-25 648	-48 798
Depreciation	-3 040	-3 146	-6 183
Impairment	-201	0	0
Other operating expenses	-11 133	-10 729	-20 944
Share of profit in associated companies	75	-56	81
Operating profit	**106**	**1 118**	**2 185**
Financial income	132	222	184
Financial expenses	-495	-447	-891
Profit before taxes	**-257**	**893**	**1 479**
Income taxes	216	-116	40
Profit for the period	**-41**	**777**	**1 519**
Distribution			
Parent company's shareholders	-39	777	1 521
Non-controlling interest	-2	0	-2
Earnings per share calculated on the proft attributable to shareholders of the parent company, EUR	-0,01	0,13	0,25

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS) (EUR 1000)	**1.1. - 30.06.2012**	**1.1. - 30.06.2011**	**1.1. - 31.12.2011**
Profit for the period	**-41**	**777**	**1 519**
Other comprehensive income			
Available-for-sale financial assets	-1	-7	-1
Acturial losses	0	0	-268
Translation differences	328	-477	117
Taxes relating to OCI items	0	2	71
Post-tax OCI items for the financial year	327	-482	-80
Accumulated comprehensive income for the period	**287**	**295**	**1 438**
Distribution of compehensive income			
Parent company's shareholders	289	296	1 440
Non-controlling interest	-2	-1	-2

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IFRS) (EUR 1000)

ASSETS	**30.06.2012**	**30.06.2011**	**31.12.2011**
NON-CURRENT ASSETS			
Tangible fixed assets	25 541	27 098	26 657
Goodwill	24 560	20 177	20 462
Other intangible assets	2 215	1 834	1 542
Interests in associated companies	2 677	2 440	2 651
Other financial assets	413	432	413
Deferred tax assets	468	491	487
	55 874	52 471	52 212
CURRENT ASSETS			
Inventories	4 156	4 348	4 276
Sales receivables and other receivables	22 187	19 536	22 554
Tax receivables based on taxable income for the period	97	37	38
Other current financial assets	75	70	76
Cash and cash equivalents	6 642	6 341	6 229
	33 158	30 331	33 173
Total assets	**89 032**	**82 801**	**85 385**

EQUITY AND LIABILITIES	**30.06.2012**	**30.06.2011**	**31.12.2011**
SHAREHOLDERS' EQUITY			
Share capital	6 000	6 000	6 000
Premium reserve	25 870	25 870	25 870
Translation differences	362	-559	34
Fair value reserve	42	38	43
Retained earnings	3 505	2 999	3 544
Equity attributable to shareholders of the parent company	35 779	34 347	35 491
Non-controlling interest	7	10	9
Total shareholderss equity	35 787	34 357	35 500
LIABILITIES			
Non-current liabilities			
Pension obligations	2 696	2 433	2 668
Interest-bearing non-current liabilities	15 139	18 637	16 349
Non-current provisions	603	1 235	738
Deferred tax liabilities	1 116	1 448	1 184
	19 553	23 753	20 939
Current liabilities			
Short-term interest-bearing liabilities	4 187	3 609	4 434
Accounts payable and other current liabilities	29 455	21 083	24 233
Tax liabilities based on taxable income for the period	50	0	280
	33 692	24 692	28 947
Total shareholders' equity and liabilities	**89 032**	**82 801**	**85 385**

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CONSOLIDATED STATEMENT (EUR 1000) OF CASH FLOWS	**1.1. - 30.06.2012**	**1.1. - 30.06.2011**	**1.1. - 31.12.2011**
Cash flow from operating activities			
Profit for the financial year	-41	777	1 519
Adjustments	3 155	2 714	5 715
Changes in working capital	2 078	1 196	1 130
Interest paid	-348	-365	-822
Interest received	139	76	132
Taxes paid (-) received (+)	-16	586	488
Net cash flow from operating activities	**4 967**	**4 985**	**8 162**
Cash flow from investing activities			
Sale of tangible fixed assets	111	570	951
Acquisition of subsidiaries and businesses (net of cash and equivalents acquired)	-1 355	-604	-516
Investments in tangible fixed assets	-1 148	-1 435	-3 469
Investments in intangible assets	-76	-113	-249
Dividends received	97	168	173
Net cash flow from investing activities	**-2 371**	**-1 414**	**-3 111**
Cash flow from financing activities			
Repayment of loans	-1 964	-2 780	-3 802
Finance lease liabilities	-275	-495	-1 070
Dividends paid	0	-990	-990
Net cash flow from financing activities	**-2 239**	**-4 265**	**-5 862**
Change in cash and cash equivalents	**356**	**-694**	**-811**
Cash and cash equivalents at start of the period	6 229	7 038	7 038
Effect of changes in exchange rates	57	-3	1
Cash and cash equivalents at end of the period	**6 642**	**6 341**	**6 229**

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CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (IFRS) (EUR 1000)

	Shareholders' equity attributable to parent company shareholders						Non-controlling interest	Total share-holders' equity
	Share capital	Share premium fund	Trans-lation differen-ces	Fair value fund	Retained earnings	Total		
Shareholders' equity, January 1, 2011	**6 000**	**25 870**	**-83**	**43**	**3 212**	**35 041**	**11**	**35 052**
Compehensive income								
Profit for financial year					777	777	0	777
Other compehensive income (adjusted with tax effect)								
Available-for-sale financial assets				-5		-5		-5
Translation differences			-476			-476	-1	-477
Accumulated compehensive income			**-476**	**-5**	**777**	**296**	**-1**	**295**
Transaction with owners								
Divinend distribution					-990	-990		-990
Shareholders' equity, June 30, 2011	**6 000**	**25 870**	**-559**	**38**	**2 999**	**34 347**	**10**	**34 357**
Shareholders' equity, January 1, 2012	**6 000**	**25 870**	**34**	**43**	**3 544**	**35 491**	**9**	**35 500**
Compehensive income								
Profit for financial year					-39	-39	-2	-41
Other compehensive income (adjusted with tax effect)								
Available-for-sale financial assets				-1		-1		-1
Translation differences			328			328	0	328
Accumulated compehensive income			**328**	**-1**	**-39**	**289**	**-2**	**287**
Transaction with owners								
Divinend distribution					0	0		0
Shareholders' equity, June 30, 2012	**6 000**	**25 870**	**362**	**42**	**3 505**	**35 779**	**7**	**35 787**

OPERATING SEGMENTS

NET REVENUE EUR 1000	**1.1. - 30.06.2012**	**1.1. - 30.06.2011**	**Change %**	**1.1. - 31.12.2011**
Print & Distribution				
External net revenue	25 428	29 488		56 409
Inter-segment net revenue	1 219	1 437		2 904
Print & Distribution, total	26 647	30 925	-13,8 %	59 314
Marketing Services				
External net revenue	11 809	11 143		20 066
Inter-segment net revenue	158	143		250
Marketing Services, total	11 967	11 286	6,0 %	20 316
Editorial Communication				
External net revenue	7 701	8 070		15 305
Inter-segment net revenue	104	148		170
Editorial Communication, total	7 805	8 218	-5,0 %	15 474
Publishing				
External net revenue	7 798	6 932		14 027
Inter-segment net revenue	96	148		194
Publishing, total	7 894	7 080	11,5 %	14 221
Other operations				
External net revenue	26	22		37
Inter-segment net revenue	1 845	2 021		4 046
Other operations, total	1 871	2 043	-8,4 %	4 083
Eliminations	-3 422	-3 897		-7 564
Group	**52 761**	**55 655**	**-5,2 %**	**105 844**

OPETING PROFIT/LOSS EUR 1000	**1.1. - 30.06.2012**	**1.1. - 30.06.2011**	**Change %**	**1.1. - 31.12.2011**
Print & Distribution	-206	864	-123,8 %	1 523
Marketing Services	883	370	138,7 %	-368
Editorial Communication	272	211	28,8 %	487
Publishing	953	1 199	-20,5 %	2 973
Other operations	-1 797	-1 527	-17,6 %	-2 429
Group	**106**	**1 118**	**-90,5 %**	**2 185**
Financial income and expenses	-362	-225	-61,1 %	-707
Profit before taxes	**-256**	**893**	**-128,7 %**	**1 479**

INVESTMENTS EUR 1000	**1.1. - 30.06.2012**	**1.1. - 30.06.2011**	**Change %**	**1.1. - 31.12.2011**
Print & Distribution	929	316	193,9 %	1 000
Marketing Services	5 302	1 736	205,4 %	1 863
Editorial Communication	79	360	-78,0 %	418
Publishing	0	0	0,0 %	0
Other operations	121	683	-82,2 %	1 736
Group	**6 431**	**3 094**	**107,9 %**	**5 017**

AVERAGE NUMBER OF EMPLOYEES EUR 1000	**1.1. - 30.06.2012**	**1.1. - 30.06.2011**	**Change %**	**1.1. - 31.12.2011**
Print & Distribution	291	365	-20,3 %	349
Marketing Services	154	168	-8,3 %	163
Editorial Communication	111	120	-7,5 %	117
Publishing	89	74	20,3 %	76
Other operations	38	43	-11,6 %	42
Group	**683**	**770**	**-11,3 %**	**747**

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COLLATER AND CONTINGENT LIABILITIES (EUR 1000)		30.06.2012	30.06.2011	31.12.2011
Loans from financial institutions secured by mortgages and pledges				
Corporate mortgages given	T€	3 164	2 739	2 819
Property mortgages given	T€	2 018	2 018	2 018
Pledged machinery and equipment	T€	3 101	3 402	3 470
Other collateral given on behalf of shareholders				
Property mortgages given	T€	40	22	40
Minimum leases payable on the basis of non-cancelleble operating leases:				
Within one year	T€	2 486	1 590	1 998
1-5 years	T€	7 843	7 278	7 337
		10 328	8 868	9 334

Business acquisitions 2012

The Edita Group acquired the full share capital of Educode Oy on March 1, 2012 and 86% of the shares of digital marketing communications company Klikkicom Oy on May 31, 2012. Klikkicom has been included according to 100% shareholding according to IFRS 3, due to the option that enables to acquire whole company. The acquired entities have been included in the consolidated financial statements from the acquisition date onwards. The total combined price of the two acquisitions was EUR 5.1 million. According to preliminary estimates, they generate a total of EUR 3.9 million in goodwill and intangible assets has been allocated EUR 0.6 million. Goodwill EUR 0.2 million of Educode's acquisition has been booked as a cost during reporting period.

Principal accounting policies for the interim report (IFRS)

The Edita Group's interim report was prepared in accordance with the IAS 34 Interim Financial Reporting standard, and the preparation of the report was in compliance with the IFRS standards and interpretations approved for application in the EU and valid on June 30, 2012.

This interim report was prepared in accordance with the same principles as the annual financial statements for 2011, except for the following standards and interpretations applied from January 1, 2012 onwards:

Amendment to IFRS 7: Financial Instruments: Disclosures
Amendment to IAS 12: Income Taxes

The aforementioned new or amended standards did not have a substantial effect on Edita Group's financial statements.

Employee benefits

On December 31, 2011, the Group adopted new principles for the preparation of financial statements with respect to the actuarial gains and losses of defined benefit plans. Under the new accounting policy, the Group immediately recognizes all actuarial gains and losses through profit or loss, presenting them in the items of the comprehensive income statement. The accounting policy was applied retrospectively in the financial statements of December 31, 2010 and the Group has adjusted the comparison data dated June 30, 2011 to reflect the new accounting principles. The impact of this retrospective application on the interim report dated June 30, 2011 is as follows:

Balance sheet June 30, 2011:

Deferred tax assets	53 EUR 1000
Pension obligations	203 EUR 1000
Net change in earnings	-150 EUR 1000

The change in the accounting principles did not have an impact on the comprehensive result or operating profit of the reference period.