Contents

Words and content

The year under review was one of the most important in the company's 140-year history. It was the beginning of the new, enlarged Edita Group. We started 1999 very ambitiously. Although, in the end, we could not achieve all our targets, net turnover increased by 65% on the previous year and operating profit rose by 40%. This made 1999 our best year ever. It was also the year in which we defined our position in the communications field more clearly and set new business targets for the period up to 2003.

Change takes time

Edita's strategy has been to grow both organically and through business acquisitions. Last year, the entire industry was feeling the effects of a 60% drop in exports to Russia, causing a fall in total printing volume of about 5%. This, together with the concurrent completion of investment projects, created production overcapacity, which companies were willing to fill at almost any price.

Acta Print Ltd., Oy Lauttasaaren Paino and Oy Tilgmann Ab all passed into Edita's ownership at the beginning of 1999, firmly supporting the Group's role as supplier of communications products, services and solutions. Within all of Edita's main business sectors, projects focusing on the operations and organization of the company began, with the aim of improving efficiency in production and the quality of services to the customer. In the spring, we sold our operations in periodicals publishing and envelope production, as they were no longer compatible with Edita's new position.

Printed media have not experienced the collapse that some had predicted would be a consequence of the advent of digital media. On the contrary, the printing industry continues to follow the general economic trends quite closely. We believe that in digital communications the real growth will be much stronger, and therefore we have revised the strategy for our new-media company, To the Point Oy, and reinforced its core competencies. We have also acquired a shareholding in Wellnet Oy, one of the new operating licence holders for Digi-TV. This vision of the future is further supported by the acquisition of IT Press for our publishing operations.

Clearer vision

The communications sector is increasingly dividing into big companies supplying the full service chain, on the one hand, and small but highly specialized companies, on the other. The main distinction operationally is between content producers, packagers and distributors. The focus of Edita's operations is content packaging. Our task is to focus on how the content produced by different customers can be creatively and efficiently turned into various high-quality communications tools and services. We work very closely with our customers to create new and viable solutions for getting their message across.

The industry buzzwords of recent years, 'convergence' and 'integration', are acquiring real meaning. At the end of 1999, the Edita Group established a sales team for Group-level communications processes. Its task is primarily to develop processes specific to each customer which allow the customer's communications needs to be met efficiently, using the entire range of Edita's services. We also offer our customers a unique partnership approach in which our strong emphasis on product development can be harnessed to the customer's needs right from the start. To the Point Oy's multi-channel publishing concept is part of this product development and links printed matter with the latest in digital communications technologies.

Room for improvement

In the second half of the year we carried out a customer satisfaction survey of all companies in the Edita Group. It produced a great deal of favourable feedback but also some food for thought. More than half of our customers predicted their orders would grow during 2000. It was also heartening to find that 83% of the respondents were prepared to recommend Edita's services to their colleagues and partners.

Customers felt that Edita's strengths lie in the variety of products and services offered, and in the company's reliability and technical expertise; 'quality' and 'product development' were the words most commonly used to describe us. Our efforts to reduce the environmental impact of our operations were also appreciated by customers. Customers did, however, indicate a need for improvement in our understanding of their needs and in our ability to offer and recommend the best solutions. The results of the survey were therefore both challenging and encouraging. They also support the development measures we have already embarked upon. Once the customer has supplied the content, the challenge for us is, quite simply, to find or create the solution required by the customer.

1999 was a year of expansion for Edita. We clarified our position within the communications field and set new operational and financial targets. We also examined and analysed the changes in the industry and our expectations for the future. The outlook for Edita is bright: we can provide our customers with innovative and efficiency-enhancing solutions better than ever before. And we are in a good position to achieve our goals, as we have done in years past.

May I extend a sincere thank you for the past year to all our customers, our personnel and our partners.

Mikko Suotsalo
Managing Director
Edita Ltd

Efficiency essential

In serving the customer, the Edita Group's mission is no less than to enhance its customers' competitiveness, expertise and efficiency. When this mission was formulated five years ago, many felt it was rather excessive. However, when re-examined last autumn, we found no reason to change it. Communications have taken on an ever more crucial role in companies and organizations and communications technology has become increasingly complex.

For the third year running, Edita Ltd was the best-known printing house in Finland, and this time, we were also felt to give the most attractive price quotations. This is obviously very encouraging for Edita and opens up considerable opportunities. Studies also showed, though, that customers were not aware of the full range of the services that we provide. The Edita Group as a whole also supplies services complementing its core activities, including content production and distribution services for the final product, which can produce clear economic benefits for the customer as well as operational reliability and therefore efficiency.

Edita is unique in the Finnish communications sector in that it can process content into a wide variety of quite different products and deliver them ready for the customer to use, and all this is done in a coordinated and controlled fashion under one roof. This reduces the risk of error or overlap considerably and promotes efficiency.

One of the major trends in the communications business in recent years has been the move towards personalization and greater customer involvement. Edita's production of customer magazines is a good example of very advanced product tailoring to suit a range of needs. Companies often have a wide variety of customers with very different information needs. At Edita we have created customer-specific applications in which several different versions of a basic customer magazine can be printed for different target groups; the magazines can then go straight off the printing press into the mail, according to address registers supplied by the customer. A separate web version can also be made of the publication, including interactive elements which serve the customer's business operations directly. Control over rapidly changing information and a more specific targeting of communications will certainly be the way forward.

Communication is notoriously error-sensitive both in content and implementation. The more fragmented the production process and the greater the number of unrelated factors involved, the higher the risk of error. By contrast, a carefully controlled process not only reduces the risk of error but allows room for creativity.

At the beginning of the 1990s, many companies were in search of their own core competence. As a consequence, they often decided to outsource operations which did not fit with this. For instance, many companies found that maintaining an in-house printing press was a non-vital function or that it was inefficient. The next step could well be the forging of closer partnerships in producing communications products and services. This would ensure cost savings and produce new solutions, thereby further promoting efficiency in communications.

Striking the right chord

Some sectors seem to need subcontractors, while others need experts. A musician is not a subcontractor for an orchestra; instead, he or she is one of a large group of experts coordinated by the conductor. Edita, similarly, consists of a large group of experts who all work together for the benefit of the whole.

Expertise is vision and knowledge, and the ability to make independent solutions based on these. To achieve goals you also need to have experience and the maturity it brings. Edita has been in business for 140 years. There have been setbacks and uphill climbs along the way, but we have always learned our lesson, and continued to move forward.

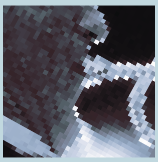
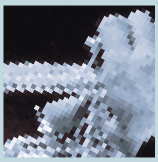
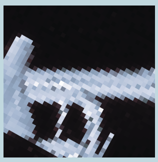
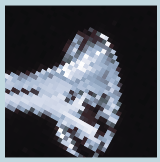
During the 1990s, Edita was a pioneer in introducing innovations in a number of areas, notably in the new media. We were the first in Finland to produce educational CD-ROMs; we produce e-commerce web sites; and we were the first in Finland to sell the books we publish on-line.

More important than always being first, however, is the content itself and the need for our services to be practical, to meet daily requirements. It is now even more important to have a deliberate focus on development than merely a compulsion to be first.

The change in the operating environment of communications has created entirely new challenges for expertise, training and development. When it comes to packaging the content of a message, nothing moves without expertise. At Edita, recognition of this has been evident in increased provision of personnel training and the consequent rapid rise in personnel's competence. Personnel must be aware of all the latest technology in order to decide which tool or process can produce the best results for the end-user.

The issues confronted in communications are often very similar, even in the case of products that are worlds apart, such as an adhesive label and an Internet publication. In a large company there are lots of good ideas every day, and these ideas can be processed either for the benefit of customers, or to increase the efficiency of the Group's own operations. Last year, we made a clear decision to channel resources into development; this amounted to several million Finnish marks and many person-years of human resources. We also launch projects on our own initiative and at our own risk, based on the needs of our customers. An example from last year is a radio frequency security system which will considerably improve retail security tagging and help prevent retail loss.

For the Edita Group, achieving the maturity of an expert has meant an emphasis on creating communications solutions; Edita strives to produce complete solutions rather than merely supplying off-the-shelf components. This is what distinguishes us from the subcontractor that media companies are often perceived as. A subcontractor does as he is requested. An expert listens and then finds an even better solution.

The maestro in you

In the business world, everything starts with a promise. Success is then dependent on whether you fulfil that promise. In Edita's case, keeping promises primarily means reliable deliveries, keeping to deadlines and faultless quality. But these attributes are no longer sufficient to keep a company ahead of its competitors.

In the future, companies will increasingly be judged on their image and the expectations they create. Image has a direct influence on purchase decisions, while expectations determine the interest in the company. A company's image will be affected by its past, current and future activities and plans.

Traditional competitive advantages will become less distinct and the spotlight will instead focus on two crucial elements: individual service and the depth and character of the customer relationship. Considerable research has recently been carried out on these issues at Edita. The results have shown that there is room for improvement; above all, customers are looking for new solutions to be developed.

Edita's aim is to become the leading corporate brand in our field within the next few years. In order to attain credibility as a brand, the reliability of our services must be the highest possible. Secondly, our customers must have a clear perception of Edita's position in the communications field and the services we offer. Thirdly, our stakeholders must be convinced of our ability to remain at the forefront of development. Creating a strong corporate brand is undoubtedly a challenge, as a viable and robust brand is only possible when promises made can be met in full this time and everytime.

It has proved difficult during this period of rapid expansion to keep customers abreast of all the latest alternatives on offer. A sales team for communications processes was set up at Group level at the end of 1999; the team's task is to work together with customers to develop operating processes and service concepts where the resources of the entire Edita Group can be used to the best advantage. The explicit aim is to offer individual services and fine-tune the customer relationship to secure a meaningful partnership.

Projects which are based on a customer need or problem without either party having a ready solution have proved the most fruitful. When development and problem-solving can be combined and carried out in cooperation with the customer, the result can be very rewarding. Partnership is about mutual trust, each partner aware of the other's interests rather than simply concentrating on their own.

The sales team of communications processes can investigate on the services the customer requires, with no obligation on the part of the customer. Communications costs are often made up of various small items which are fairly insignificant in themselves: cards ordered from one supplier, forms from another, a customer magazine from a third and so on. Considerable savings can be achieved through sensible management of materials, rational ordering routines and centralized posting, not to mention the integration of different production processes.

Edita has long experience of successful, lasting customer relationships in the public sector. This has produced various communications concepts which can be readily applied to the private sector too, for instance the use of various customer data registers in communications. Even direct marketing companies might have something to learn.

Using our orchestra metaphor, we might say that in a good partnership the customer is the maestro, the composer who writes the score, while the experts at Edita arrange the composition for performance to the end-users.

The future tempo

The end of reading and the printed word has been proclaimed for some time now. There are those who believe that technological innovations will displace the simple pleasure of reading a book. It is true that many things have changed in the communications field, and that the field will continue to change. Reading and the power of the written word are, however, deeply entrenched in human nature. While reading a book, magazine or other form of printed matter, people can think for themselves and be in control of their own time. This is why the written word will continue to stand firm through changing times.

Changes in reading habits and preferred sources of information are inevitable. They are determined by the continuous stream of technical innovations and by successive generations of consumers. It is particularly important to be aware of where and how quickly the changes are taking place. As a publisher, Edita chose the multi-channel model for its non-fiction publishing many years ago, and this has proved a success. The idea is very simple: the best alternative is used for each situation, and efficiency is derived from appropriate combinations. The Internet may be the best choice in some cases, while books may be best in others, and they can complement each other very well. And the customer sets the pace, of course, here, as everywhere else.

Record book sales were made last Christmas, which must be due in part to the increased availability and the diversification of distribution channels for books. Newspapers reach nine out of every ten Finns and people devote an increasing amount of time to periodicals, too. As for the 'paper-free office', we can all see what happened to that in our own workplaces!

Turnover in the printing industry has long been following changes in GDP. We believe the printing sector will continue to grow in line with GDP for a long time to come. Expansion in digital media will be very rapid, with double-figure growth continuing. The Edita Group has expanded rapidly in recent years. Our target is to double turnover in the next few years.

Expectations are high for digital media. This is evident especially in the number of new media companies quoted on the stock exchange. Customers have also learnt to demand better solutions. In the future, success will belong to those who can produce solutions covering the needs of both the sender and receiver of a message. Digital communications solutions, too, have to be economically feasible and they must be guided by people's ability to receive the information. Even traditional printed publications are not produced simply on the terms of the printing press.

The Edita Group has chosen the role of packager in the media world of the future. This is our core competence and is the field in which we aim to be a major and influential player. We believe that in the 21st century, the key to success lies in creative combinations of different media. This thinking is already in evidence today, in the desire to create a controlled communications system, comprising image, marketing and information provision as parts of the whole. At Edita, we can offer the latest and most efficient solutions for this, whether you want printed matter or digital communications. The key word will be media integration.

Customers themselves are the best experts on their own business activities, but service providers are also increasingly expected to understand the dynamics of various types of business. This places special demands on personnel's competence and professional skills. Growth and company acquisitions make it essential to keep a constant eye on the structure and operating processes of the company. Edita will certainly not hesitate to make any necessary adjustments. The need for such changes will come from our customers. When customer relationships are the key motivation behind an organization's operations and structure, this necessitates flexibility and efficiency.

With our long experience in the printing industry, we have sufficient wisdom and confidence to succeed in the new, digital world of the future.

A purer harmony

The customer satisfaction survey carried out in November included a question to the customers of subsidiaries about the importance of good environmental management for their purchase decisions. The response to this question showed that environmental issues were one of the least important factors. This result is in keeping with those of previous surveys.

It is understandable that purchase decisions are determined by very tangible factors such as price, quality and delivery reliability. A number of image factors are present, however, but their impact is not as evident as that of the more tangible factors. Where the environment is concerned, it is more a question of values and social responsibility. Caring for the environment and reducing the environmental impact of operations are self-evident for Edita and its personnel. In choosing raw materials, we favour alternatives with a low environmental impact. We strive to improve the efficiency of energy use in our production processes and in Edita's premises in general. We strive constantly to improve waste management by making sure that as much as possible of the waste is recycled or re-used.

The ISO 14001 environmental certification of Edita's Hakuninmaa site was expanded in summer 1999 to cover the Petikko site as well. Among the subsidiaries, Acta Print's Kivenlahti rotogravure press introduced an environmental certification system in accordance with ISO 14001. Certification audits were carried out towards the end of the year. This is all part of the continuing process: the development which started with the Nordic environmental label ('the Swan label') has progressed through certification to a point where the results are evident.

A good example of these results is in waste management, where energy-containing waste now accounts for a much higher proportion than landfill waste. Separation of energy-containing waste began in summer 1998, and during the final quarter of the year it accounted for over 50% of the waste from the Hakuninmaa site. During 1999, the proportion of energy-containing waste increased still further, to 76% of the total.

Total energy consumption at the Hakuninmaa site fell in 1999. In proportion to the site's turnover, the fall was almost 15% on the previous year's figure.

The proportion of Swan-labelled products in the turnover of the Hakuninmaa site also grew. These products accounted for 11.1% last year, compared with 9.8% in 1998. Over 94% of the printing paper used was Swan-labelled.

At Hakuninmaa printing press, the proportion of vegetable-oil pigments increased by a further 4 percentage points to 87% of all pigments used.

The basic requirement for reliable communications is that they be error-free. One way of seeking this is to introduce a quality management system that creates the framework for controlling, registering and correcting possible errors. In December, the certified quality systems of Edita's various units were brought together under one certificate. At present, this covers the Print Division, Publishing, Digital Communications, Graphic Design, Logistics Services and Group Administration.

Quality has become an integral part of management: the management decides on the priority areas for quality targets at Group level when making plans for the coming year. The business sectors then decide on specific quality targets for each unit. In addition to economic indicators, constant monitoring also examines customer complaints and the delivery reliability. In the Print Division, customer complaints were only 2.3% and delivery reliability neared 95%.

Among the subsidiaries, Oy Tilgmann Ab and Acta Print Ltd. have had certified quality management systems in place for some time now. Acta Print's certification was expanded in the spring to cover the Porvoo offset press and the Kivenlahti rotogravure press.

A quality project was started at To the Point Oy in autumn 1999. The aim is that all Edita Group operations should have a quality certificate by the end of 2000.

Board of directors' report for the financial year January 1 – December 31, 1999

Trends in the printing and publishing industry

Net turnover in the Finnish printing and publishing industry for the year remained at about the same level as the previous year, at FIM 22.2 billion. Turnover would have been higher, were it not for the dramatic fall in exports to Russia, to about one third of their previous year's level. This also had the indirect effect of intensifying competition on the Finnish market in an otherwise favourable economic situation. Production volumes were down on the previous year, by about 5% in the printing sector and almost 1% in the publishing sector.

Exports amounted to about FIM 1.6 billion, while imports came to FIM 0.9 billion. The surplus of the balance of trade fell by FIM 0.5 billion from previous years' levels, due to the drop in exports. Imports of printing machinery accounted for an estimated FIM 0.5 billion, focusing mainly on pre-press investment, digital printing equipment and automation. Ownership reshuffles within the industry continued, increasing the amount of investment in stocks and shares.

The number of people employed in the industry fell by only about 1 per cent. The total of unemployed persons in the industry was almost 2800, 2% below the previous year's figure. Despite this, there is still a shortage of skilled labour.

The average profitability of companies in the industry is estimated to have declined during the year.

The Edita Group and changes in group structure

The full 12-month figures for Acta Print Ltd., Oy Tilgmann Ab and Oy Lauttasaaren Paino are now included in the Group accounts for the first time. Although the first two of these were already shown as Group companies in the previous year's accounts, their actual business operations did not start until the beginning of 1999. The majority of the shares of Oy Lauttasaaren Paino were transferred to Edita Ltd at the beginning of 1999. Since the close of the financial year a plan has been approved for the merger of Oy Tilgmann Ab with Oy Lauttasaaren Paino.

The Group's operations are divided into three business sectors: Graphic production, Digital Communications and Publishing.

Edita's Printing sector consisted of Acta Print Ltd., the Label Division and the Print Division. Acta Print is chiefly concerned with printing periodicals. It also owns two real estate corporations in whose premises it operates, and it leases its printing equipment primarily from Edita Ltd. The Label Division is made up of Oy Lauttasaaren Paino, Oy Tilgmann Ab and A/S Paraprint, which all specialize in the production of stickers, labels and special wrappers. The Print Division consists of Edita Ltd's book and form printing operations, Express copy shops, Oy Kvartto Ab and Postmediat Oy. During the year under review, Edita's Digital Communications business was based in the parent company's Network Communications unit and also in the subsidiary company Tothepoint Oy. As of January 1, 2000, the operations of the Network Communications unit were merged into Tothepoint Oy. Edita's Publishing sector was included under the operations of the parent company, Edita Ltd.

Net turnover

Consolidated net turnover was up 64.8% on the previous year, at FIM 751.9 million (1998: FIM 456.2 million). This increase represents the business operations of the newly acquired business operations of Acta Print and part of the Label Division. The net turnover of these acquisitions was not, however, completely in line with expectations, and the targets set were not fully achieved. The net turnover of Edita's other Printing sector oper-

Net turnover by business sector (FIM million)	1999	1998
Printing	644.2	333.8
Publishing	93.6	111.3
Digital Communications	15.0	9.4
Internal invoicing	-0.9	1.7
Net turnover	**751.9**	**456.2**

ations was at the level of the previous year, indicating that Edita was successful in compensating for the fall in exports to Russia and the decreasing demand for printed forms with new products and services. In Publishing, most of the periodicals business was sold, in accordance with Edita's chosen strategy, which consequently reduced net turnover from March onwards. In all other respects, net turnover grew at a faster rate than the industry in general, and was aided by the acquisition of the operations of IT Press, purchased in October. In line with the revised strategy approved in the autumn, Edita's Digital Communications will focus on improving the management of publishing processes and parallel publishing of printed and electronic versions. The increase in net turnover during 1999 was over 50%.

The net turnover of Edita's international operations totalled FIM 73.8 million (1998: FIM 25.6 million). Exports accounted for about 40% of net turnover in the Label Division and 14% for Acta Print, above the figure for the rest of the Edita Group.

Profits

Consolidated operating profit amounted to FIM 45.4 million (1998: FIM 32.4 million), or 6.0% of net turnover (1998: 7.1%). This represents an increase of 40.1% on the previous year's figure. Printing accounted for FIM 33.9 million of the operating profit. In the previous year, the units comprising this business sector had an operating profit of FIM 22.1 million. The increase in consolidated operating profit is therefore largely attributable to printed products, and specifically to the acquisition of Acta Print Ltd. and Oy Lauttasaaren Paino. Operating profit was adversely affected by the loss recorded by Oy Tilgmann Ab, which was, in turn, due to the company's profit-making potential being lower than anticipated, something which could not be remedied by the end of the year despite all efforts. The operating profit of the Print Division was slightly up on the previous year, thanks to measures to improve the efficiency of operations at the Express copy shops and the form printing presses. The operating profit of Publishing operations fell to FIM 7.9 million (1998: FIM 10.7 million) due to structural changes. The FIM 2.6 million loss in Digital Communications is a reflection of operating problems associated with this rapidly developing business and the growth targets of the organization. The most noteworthy item in the profits of other units was the sales profit deriving from the sale of the envelope production unit.

The long-term loans taken out to finance company acquisitions changed the financial structure. The financial income recorded for the previous year (FIM +3.9 million) was replaced by financial expenses of FIM -6.8 million. This was the equivalent of 0.9% of net turnover. After financial expenses, the Group's profit before extraordinary items and taxes was up slightly on the previous year. It came to FIM 38.6 million (1998: FIM 36.3 million), or 5.1% of net turnover (1998: 8.0%). The parent company's profit before extraordinary items, appropriations and taxes rose to FIM 39.1 million (1998: FIM 35.4 million).

Solvency and financing

The Group's balance sheet structure has changed due to the acquisitions of companies and business operations. The Group's solvency ratio at year-end was 50.8% (1998: 65.8%). The balance sheet total grew to FIM 611.7 million (1998: FIM 435.6 million). The financing situation remained good during the year.

Investments

The Group's gross investment in fixed assets during the year amounted to FIM 218.1 million (1998: FIM 138.5 million). Gross investment by

Operating profit by business sector (FIM million)	1999	1998
Printing	33.9	22.1
Publishing	7.9	10.7
Digital Communications	-2.6	0.0
Other units	6.2	-0.4
Consolidated operating profit	**45.4**	**32.4**

the parent company came to FIM 124.6 million (1998: FIM 128.7 million). The acquisition of companies and business operations accounted for a total of FIM 163.9 million of the Group's investments. The remainder of the investments consists mainly of replacement and rationalization investments by the parent company.

Quality and environmental issues

The various quality management systems at Edita Ltd were assembled under an 'umbrella' ISO 9001 certificate covering the entire company and were integrated with the management system. The quality management system at Acta Print Ltd. was extended to the Kivenlahti rotogravure press and the Porvoo offset press. Tothepoint Oy and Postmediat Oy aim to join the quality management system during 2000.

The ISO 14001 certification of the environmental management system at Edita's Hakuninmaa printing press was extended to the Petikko site in the summer. Acta Print's Kivenlahti rotogravure press was audited at the end of the year with the aim of attaining certification during spring 2000.

Personnel

The Group employed an average of 1,260 people (1998: 851) during the year, and at the close of the year it employed 1,195 people (1998: 871). The parent company employed an average of 726 people (1998: 770) during the year and precisely 677 (1998: 758) at the end of the year.

Prospects for 2000

Forecasts suggest that economic growth will continue. Demand on Finnish markets is expected to remain stable and the outlook for exports has improved recently. Growth in the advertising sector has slowed to about 5%, however, since the beginning of last year. According to a barometer published by the Association of Finnish Advertisers, growth in the industry should continue.

The outlook for the printing and publishing industry is not as promising. The considerable fall in exports last year, which coincided with acquisition of additional capacity, made competition fiercer on both the domestic market and nearby foreign markets. The effect on costs of the sectoral wage settlement reached in February is in line with the general trend.

Structural changes are in progress at Edita, and it is believed that this will secure the potential for healthy development for a long time to come. Development efforts have also been increased in the current year. The cost advantages connected with the structural changes were not realized in full last year, and so further work on this is continuing during the current year. Success in this area will improve the profit level for the years to come. With the new division into three business sectors, the Group's market potential will be greater than before. Despite the outlook for the industry as a whole, the financial performance of the Edita Group is expected to improve this year.

Board, managing director and auditors

The Annual General Meeting (March 17, 1999) elected the following to the Board of Directors:

Johnny Åkerholm,
chairman

Hannu Saarelma,
vice chairman

Vilho Hirvi
Jorma Karjalainen
Marja-Liisa Pohjamo-Rosberg
Mikko Suotsalo
Satu Heikintalo

The Managing Director of Edita Ltd is ***Mikko Suotsalo***.

The auditors for Edita Ltd are:
SVH Pricewaterhouse Coopers Oy, Authorized Accounting Firm

Kari Miettinen,
Authorized Public Accountant and responsible auditor.

EDITA GROUP,
PROFIT AND LOSS ACCOUNT,
FIM thousand

	1.1.-31.12.1999	1.1.-31.12.1998	Notes
Net turnover	**751,919**	**456,171**	**1.1**
Variation in stocks of finished goods and work in progress +/-	9,183	151	
Production for own use	7,888	9,503	
Other operating income	17,678	1,948	1.2
Raw materials and services	295,473	135,049	1.3
Personnel expenses	244,319	165,702	1.4
Depreciation and writedowns	64,225	38,361	1.5
Other operating charges	137,230	96,280	
Operating profit	**45,421**	**32,381**	
Financial income and expenses	-6,831	3,946	1.6
Profit before taxes	**38,590**	**36,327**	
Direct taxes	-15,020	-9,065	1.9
Minority interest	-1,267	-308	
Profit for the financial year	**22,303**	**26,954**	

EDITA GROUP, BALANCE SHEET, FIM thousand

	31.12.1999	31.12.1998	Notes
ASSETS			
Non-current assets			
Intangible assets	34,085	8,472	2.1
Group goodwill	19,179	8,381	2.2
Tangible assets	396,981	285,885	2.3
Investments	4,693	3,957	2.4
	454,938	**306,695**	
Current assets			
Stocks	51,681	29,803	2.5
Current receivables	93,399	64,195	2.6
Financial securities	618	15,014	2.7
Cash in hand and at banks	11,058	19,880	
	156,756	**128,892**	
Total assets	**611,694**	**435,587**	
LIABILITIES			
Shareholders' equity			
Subscribed capital	30,000	30,000	
Legal reserve	159,488	159,488	
Retained earnings	84,501	65,961	
Profit for the financial year	22,303	26,954	
	296,292	**282,403**	**2.8**
Minority interest	**12,570**	**2,998**	
Liabilities			
Deferred tax liability	21,760	17,130	3.0
Non-current liabilities	149,294	41,855	3.1
Current liabilities	131,778	91,201	3.2
	302,832	**150,186**	
Total liabilities	**611,694**	**435,587**	

THE EDITA GROUP

SOURCE AND APPLICATION OF FUNDS,

FIM thousand

	1.1.-31.12.1999	**1.1.-31.12.1998**
Cash flow from business operations:		
Profit (loss) before extraordinary items	**38,590**	**36,327**
Adjustments:		
Depreciation according to plan	64,225	38,361
Financial income and expenses (+)	6,831	-3,946
Other adjustments	-7,104	-719
Cash flow before change in working capital	**102,542**	**70,023**
Change in working capital		
Change in non-interest-bearing current receivables, increase (-)	-29,341	-16,004
Change in stocks, increase (-)	-21,879	1,478
Change in non-interest-bearing current liabilities, increase (+)	17,800	15,437
Cash flow from business operations before financing items and taxes	**69,122**	**70,934**
Interest paid and payment of other financial expenses of business operations	-7,563	-1,130
Dividends received from business operations	15	290
Interest received from business operations	717	4,786
Direct taxes paid	-11,728	-2,736
Cash flow from business operations (A)	**50,563**	**72,144**
Cash flow from investments:		
Investment in tangible and intangible assets	-218,130	-138,543
Income from sale of tangible and intangible assets	14,297	5,773
Cash flow from investments (B)	**-203,833**	**-132,770**
Cash flow from financing activities:		
Rights issue	8,000	0
Increase in non-current liabilities	160,300	40,314
Decrease in non-current liabilities	-30,084	-3,865
Dividends paid and other profit distribution	-8,300	-10,500
Cash flow from financing activities (C))	**129,916**	**25,949**
Change in liquid funds (A+B+C), increase (+)/decrease (-)	**-23,354**	**-34,677**
Liquid funds at start of financial year	35,052	69,729
Liquid funds at close of financial year	11,698	35,052

EDITA LTD
PROFIT AND LOSS ACCOUNT,
FIM thousand

	1.1.-31.12.1999	1.1.-31.12.1998	Notes
Net turnover	**385,014**	**413,667**	**1.1**
Variation in stocks of finished goods and work in progress	1,151	-326	
Production for own use	7,888	9,503	
Other operating income	33,613	2,122	1.2
Raw materials and services	118,737	124,528	1.3
Staff expenses	145,772	146,265	1.4
Depreciation and writedowns	39,841	33,290	1.5
Other operating expenses	86,342	93,186	
Operating profit	**36,974**	**27,697**	
Financial income and expenses	2,152	7,746	1.6
Profit before extraordinary items	**39,126**	**35,443**	
Extraordinary items +/-	-9,350	0	1.7
Profit before appropriations and taxes	**29,776**	**35,443**	
Appropriations	-3,438	-24,777	1.8
Direct taxes	-9,106	-2,464	1.9
Profit for the financial year	**17,232**	**8,202**	

EDITA LTD

BALANCE SHEET, FIM thousand

	31.12.1999	31.12.1998	Notes
ASSETS			
Non-current assets			
Intangible assets	11,570	8,250	2.1
Tangible assets	228,749	252,326	2.3
Investments	231,337	42,159	2.4
	471,656	**302,735**	
Current assets			
Stocks	27,464	27,476	2.5
Current receivables	56,216	58,295	2.6
Investments	79	15,008	2.7
Cash in hand and at banks	9,458	15,360	
	93,217	**116,139**	
Total assets	**564,873**	**418,874**	
LIABILITIES			
Shareholders' equity			
Subscribed capital	30,000	30,000	
Premium fund	159,488	159,488	
Retained earnings	37,886	37,785	
Profit for the financial year	17,232	8,202	
	244,606	**235,475**	**2.8**
Appropriations	**58,373**	**54,934**	**2.9**
Liabilities			
Non-current liabilities	148,836	40,354	3.1
Current liabilities	113,059	88,111	3.2
	261,894	**128,465**	
Total liabilities	**564,873**	**418,874**	

EDITA LTD

SOURCE AND APPLICATION OF FUNDS, FIM thousand

	1.1.-31.12.1999	1.1.-31.12.1998
Cash flow from business operations:		
Profit (loss) before extraordinary items	**39,126**	**35,443**
Adjustments:		
Depreciation according to plan	39,841	33,290
Financial income and expenses (+)	-2,152	-7,746
Other adjustments	-8,183	-554
Cash flow before change in working capital	**68,632**	**60,433**
Change in working capital		
Change in non-interest-bearing current receivables, increase (-)	6,679	-12,245
Change in stocks, increase (-)	12	2,328
Change in non-interest-bearing current liabilities, increase (+)	-16,634	3,026
Cash flow from business operations before financing items and taxes	**58,689**	**53,542**
Interest paid and payment of other business financing expenses	-7,403	-1,035
Dividends received from business operations	4,831	4,039
Interest received from business operations	4,724	4,742
Direct taxes paid	-9,106	-2,465
Cash flow from business operations (A)	**51,735**	**58,823**
Cash flow from investments:		
Investment in tangible and intangible assets	-124,635	-128,675
Income from sale of tangible and intangible assets	10,258	4,650
Loans granted	-86,201	-3,150
Cash flow from investments (B)	**-200,578**	**-127,175**
Cash flow from financing activities:		
Change in current liabilities	2,300	2,300
Change in cash pool account	7,343	1,121
Increase in non-current liabilities	160,000	40,000
Decrease in non-current liabilities	-28,930	-3,341
Dividends paid and other profit distribution	-8,100	-10,200
Cash flow from financing activities (C)	**132,613**	**29,880**
Change in liquid funds (A+B+C), increase (+)/decrease (-)	**-16,230**	**-38,472**
Liquid funds at start of financial year	30,367	68,839
Liquid funds at close of financial year	14,137	30,367

MAIN INDICATORS OF GROUP PERFORMANCE

	1999	1998	1997	1996	1995
Net turnover, FIM 1,000	751,919	456,171	422,248	402,768	373,341
Operating profit, FIM 1,000	45,421	32,381	37,654	26,900	15,979
% of net turnover	6.0	7.1	8.9	6.7	4.3
Profit before extraordinary items, FIM 1,000	38,590	36,327	38,296	27,172	17,714
% of net turnover	5.1	8.0	9.1	6.7	4.7
Profit before appropriations and taxes, FIM 1,000	38,590	36,327	38,296	27,172	17,714
% of net turnover	5.1	8.0	9.1	6.7	4.7
Return on equity (ROE), %	7.9	9.8	10.9	7.4	4.8
Return on investment (ROI), %	11.1	11.8	14.0	10.5	7.4
Solvency ratio, %	50.8	65.8	75.2	75.0	74.7
Gross investment, FIM 1,000	218,130	138,543	31,192	31,466	71,169
% of net turnover	29.0	30.4	7.4	7.8	19.1
Average personnel	1,260	851	792	785	786
Earnings per share (EPS), FIM	7,434.43	8,984.81	9,266.87	5,955.07	3,673.17
Equity per share, FIM	98,764.09	94,134.28	88,574.73	81,957.61	78,711.42
Dividend per share, FIM	2,700.00	2,700.00	3,400.00	2,667.00	2,667.00
Payout ratio, %	36.3	30.1	36.7	44.8	72.6
No. of shares, adjusted for share issue	3,000	3,000	3,000	3,000	3,000

$$\textbf{ROE, \% =} \frac{\text{profit before extraordinary items – taxes for the period}}{\text{shareholders' equity + minority interest (average)}} \times 100$$

$$\textbf{ROI, \% =} \frac{\text{profit before extraordinary items + interest and other financial expenses}}{\text{total assets – non-interest-bearing liabilities (average)}} \times 100$$

$$\textbf{Solvency ratio, \% =} \frac{\text{shareholders' equity + minority interest}}{\text{total assets – advances received}} \times 100$$

$$\textbf{Earnings per share (EPS) =} \frac{\text{profit before extraordinary items – taxes +/- minority interest}}{\text{average no. of shares during year adjusted for share issue}}$$

$$\textbf{Equity per share =} \frac{\text{shareholders' equity}}{\text{no. of shares adjusted for share issue on closing date}}$$

$$\textbf{Payout ratio, \% =} \frac{\text{dividend per share}}{\text{earnings per share}} \times 100$$

Accounting principles

The accounts for Edita Ltd and Edita Group have been drawn up in accordance with legislation and regulations currently in force in Finland.

The financial statements of foreign subsidiaries have been converted to meet the requirements of the Finnish Accounting Act.

The financial year of all Group companies ended on December 31, 1999.

Scope of the consolidated financial statements

In addition to Edita Ltd, the financial statements include Finnish and foreign subsidiaries in which the parent company directly or indirectly held over 50% of total votes. Subsidiaries acquired during the year are included in the consolidated accounts as of the time of acquisition.

Associated companies are defined as companies in which the Group has 20-50% of the shares and votes. The unconsolidated associated company Oy Paraforms Ab exercises no effect over the Group's distributable shareholders' equity.

Consolidation principles

The consolidated accounts have been drawn up according to the acquisition cost principle. The difference between the acquisition cost of subsidiaries and shareholders' equity has partly been entered under the subsidiaries' non-current assets, and the consolidation difference remaining thereafter has been entered as Group goodwill. Group goodwill is normally depreciated over a five-year period according to plan.

Foreign subsidiaries and related items

The profit and loss accounts of the foreign subsidiaries have been converted into Finnish markka at the average rate during the financial year. The balance sheets have been converted at the rate quoted by the Bank of Finland on the accounting date.

The exchange rate differences arising when transactions have been booked in the day-to-day bookkeeping at the accounting date rate, but converted to the average rate in the consolidated accounts, are included in the profit and loss account. The conversion differences arising when the foreign subsidiaries' shareholders' equity has been converted at different exchange rates have been booked in the balance sheet under non-restricted shareholders' equity.

Internal transactions

All internal business transactions have been eliminated, as have internal contributions included in Group companies' stocks. Group companies' internal receivables and liabilities, debts and internal dividends have also been eliminated.

Minority interest

The minority interest is defined as the minority share of subsidiaries' profits for the year, shareholders' equity and appropriations transferred to retained earnings.

Net turnover

Net turnover has been calculated by subtracting indirect sales taxes, discounts and exchange rate differences from sales income.

Sales freight, other sales-related expenses and credit losses are included under other operating charges.

Items denominated in foreign currencies

Transactions denominated in foreign currencies are entered at the exchange rate on the date of the transaction.

The parent company's and Finnish subsidiaries' receivables and liabilities denominated in foreign currencies have been converted into Finnish markka at the average rate quoted by the Bank of Finland on the accounting date. Foreign Group companies' receivables and liabilities denominated in foreign currencies have been converted at the rate quoted in the relevant country on the accounting date. Exchange rate differences arising from conversion have been entered under the relevant profit and loss account items as adjustments to either sales or purchasing items, or under financial items.

Research and development expenditure

R&D expenditure is entered as a yearly cost under the year of occurrence.

Pension liabilities

The statutory pension security of the employees of domestic companies is covered by pension insurance provided by external pension insurance institutions.

Foreign subsidiaries cover their pension costs as prescribed in the legislation of their own country.

Stocks

Materials are valued at their direct acquisition cost calculated using the average price or their probable value if lower. Unfinished products are valued at a variable cost depending on the stage of production. Finished products are entered under variable costs.

Valuation of non-current assets and depreciation

Non-current assets are entered in the balance sheet at their direct acquisition value. Depreciation according to plan has been based on the original acquisition cost and calculated on a straight-line basis using probable economic life, as follows:

Intangible rights	4 years
Group goodwill	5 years
Other long-term expenditure	4 – 10 years
Buildings and constructions	30 years
Machinery and equipment	4 – 8 years.

The Group goodwill allocated to non-current asset items is depreciated according to the relevant depreciation rules.

Derivative contracts

The parent company has hedged its liabilities denominated in foreign currencies with an interest and currency swap whose underlying instrument value was FIM 8,354 thousand. The market value of the derivative contract was FIM 145 thousand, calculated based on the current value of the cash flows generated by the contract.

The corresponding liability denominated in foreign currencies has been valued in the financial statements using a fixed exchange rate according to the currency swap.

Leasing

Leasing payments have been treated as rent expenditure. The Group has no significant financial leasing objects. Unpaid leasing fees based on leasing contracts have been entered under liabilities in the financial statements.

Extraordinary items

Extraordinary items comprise any exceptional transactions not included under actual Group operations.

Appropriations

In the separate financial statements of the parent company and the subsidiaries, the change in the difference between planned and book depreciation and changes in other voluntary reserves is entered as appropriations in the profit and loss account, and the accrued difference between planned and book depreciation is entered in the balance sheet as appropriations.

In the consolidated financial statements, appropriations are divided into shareholders' equity and deferred tax liability. Appropriations for the financial period are divided in the profit and loss account into profit for the financial period and change in deferred tax liabilities. Minority interest has been separated from the amount transferred to retained earnings. The figures for the comparison years have been changed accordingly.

The appropriations entered under Group shareholders' equity are not distributable equity.

Direct taxes

The Group's direct taxes include direct taxes based on Group companies' taxable income, calculated according to local taxation rules, and also the change in deferred tax liability under appropriations. Taxes include tax for the financial period calculated on an accrual basis and taxes for previous financial periods due for payment or refund. Taxes on extraordinary items are listed separately in the notes to the accounts.

The computed deferred tax liabilities and receivables arising from timing differences have not been entered in the profit and loss account or the balance sheet. The sums in question are negligible.

EDITA GROUP
NOTES TO THE ACCOUNTS, FIM thousand

		Group 1999 FIM	Group 1998 FIM	Parent co. 1999 FIM	Parent co. 1998 FIM
1.1	**Net turnover**				
	by business sector				
	Printing	644,231	333,840	284,253	295,743
	Publishing	93,618	111,309	93,618	111,308
	Digital Communications	14,994	9,427	7,001	4,807
	Internal invoicing and other operations	-924	1,595	142	1,809
		751,919	**456,171**	**385,014**	**413,667**
	by market area				
	Finland	678,151	430,544	376,483	394,381
	EU	37,610	10,885	4,530	6,295
	Other international operations	36,158	14,742	4,001	12,991
		751,919	**456,171**	**385,014**	**413,667**
1.2	**Other operating income**				
	Profit from sale of non-current assets	8,634	1,015	8,183	555
	Income from sale of business operations	6,791	0	6,791	0
	Income from rent	687	0	18,234	1,444
	Other	1,566	933	405	123
		17,678	**1,948**	**33,613**	**2,122**
1.3	**Raw materials and services**				
	Materials and supplies				
	Purchases during the financial year	247,586	105,818	73,017	83,761
	Change in stocks	-9,680	1,668	1,163	2,002
		237,906	**107,486**	**74,180**	**85,763**
	Outsourced services	57,567	27,563	44,557	38,765
		295,473	**135,049**	**118,737**	**124,528**
1.4	**Personnel**				
	Personnel's expenses				
	Wages and salaries	194,760	130,196	116,586	117,432
	Pension expenses and pension insurance contributions	29,982	18,627	15,984	16,898
	Other personnel-related expenses	19,577	16,879	13,202	11,935
		244,319	**165,702**	**145,772**	**146,265**
	Average number of personnel during the year in Group and parent company				
	Graphic production	947	543	447	481
	Publishing	67	77	67	77
	Digital Communications	55	36	21	17
	Other	191	195	191	195
		1,260	**851**	**726**	**770**
	Management salaries and fees				
	Managing directors and Board members	2780	1688	1312	1197

	Group 1999 FIM	Group 1998 FIM	Parent co. 1999 FIM	Parent co. 1998 FIM
1.5 Depreciation and writedowns				
Depreciation on tangible and intangible assets	59,187	36,932	39,841	33,290
Depreciation on Group goodwill	5,038	966		
Writedowns on non-current assets and long-term investments	0	463	0	0
	64,225	**38,361**	**39,841**	**33,290**
1.6 Financial income and expenses				
Dividend income				
From Group companies			4,831	3,750
Other	15	290	0	289
	15	**290**	**4,831**	**4,039**
Interest income on long-term investments				
From Group companies			4,039	31
Other	48	48	48	48
	48	**48**	**4,087**	**79**
Total return on long-term investments	**63**	**338**	**8,918**	**4,118**
Other interest and financial income				
From Group companies			85	12
Other	669	4,738	552	4,651
	669	**4,738**	**637**	**4,663**
Total interest income on long-term investments and on other interest and financial income	**732**	**5,076**	**9,555**	**8,781**
Recovered writedowns on investments				
Financial securities	17	0	0	0
Interest and other financial expenses				
To companies in the same Group			-175	-145
To others	-7,580	-1,130	-7,228	-890
	-7,580	**-1,130**	**-7,403**	**-1,035**
Total financial income and expenses	**-6,831**	**3,946**	**2,152**	**7,746**
The item interest and financial income comprises exchange rate gains/losses (net)	5	0	0	0
1.7 Extraordinary items				
Extraordinary expenses				
Group contributions given			9,350	0

		Group 1999 FIM	Group 1998 FIM	Parent co. 1999 FIM	Parent co. 1998 FIM
1.8	**Appropriations**				
	Difference between planned depreciation and taxed depreciation for taxation purposes			3,438	24,777
1.9	**Notes on income taxes**				
	Income taxes on extraordinary items			-2,618	0
	Income taxes on ordinary operations	10,350	4,516	10,346	4,264
	Income taxes on ordinary operations from previous year	1,378	-1,780	1,378	-1,800
	Change in deferred tax liability	3,292	6,328		
		15,020	**9,064**	**9,106**	**2,464**
	Non-current assets				
2.1	**Intangible assets**				
	Intangible rights				
	Acquisition cost 1.1.	11,529	10,286	10,859	9,770
	+ Increases	9,081	1,684	4,014	1,491
	- Decreases	-3,090	-441	-3,090	-402
	Acquisition cost 31.12.	17,520	11,529	11,783	10,859
	Accumulated depreciation 1.1	8,634	7,080	8,132	6,564
	- Accumulated depreciation on decreases	-3,091	-203	-3,091	-203
	+ Depreciation for the year	2,488	1,757	1,579	1,771
	Accumulated depreciation 31.12.	8,031	8,634	6,620	8,132
	Book value 31.12.	9,489	2,896	5,163	2,727
	Other capitalized expenditure				
	Acquisition cost 1.1.	9,450	8,036	8,921	8,036
	+ Increases	22,047	1,730	1,700	1,200
	- Decreases	-554	-315	-341	-315
	Acquisition cost 31.12.	30,943	9,450	10,280	8,921
	Accumulated depreciation 1.1	3,875	2,400	3,398	2,400
	- Accumulated depreciation on decreases	-554	-315	-341	-315
	+ Depreciation for the year	3,458	1,790	1,089	1,313
	Accumulated depreciation 31.12.	6,778	3,875	4,146	3,398
	Book value 31.12.	24,165	5,576	6,134	5,523
	Total intangible assets				
	Acquisition cost 1.1.	20,980	18,322	19,780	17,806
	+ Increases	31,127	3,414	5,714	2,691
	- Decreases	-3,644	-755	-3,431	-718
	Acquisition cost 31.12.	48,463	20,980	22,063	19,780
	Accumulated depreciation 1.1	12,508	9,479	11,530	8,964
	- Accumulated depreciation on decreases	-3,645	-518	-3,432	-518
	+ Depreciation for the year	5,946	3,546	2,668	3,084
	Accumulated depreciation 31.12.	14,809	12,508	10,766	11,530
	Book value 31.12.	33,654	8,472	11,297	8,250
	Advances paid	431	0	273	0
		34,085	**8,472**	**11,570**	**8,250**

	Group 1999 FIM	Group 1998 FIM	Parent co. 1999 FIM	Parent co. 1998 FIM
2.2 Group goodwill				
Acquisition cost 1.1.	9,348	0		
+ Increases	15,835	9,347		
- Decreases	0	0		
Acquisition cost 31.12.	25,183	9,347		
Accumulated depreciation 1.1	966	0		
- Accumulated depreciation on decreases	0	0		
+ Depreciation for the year	5,038	966		
Accumulated depreciation 31.12.	6,004	966		
Book value 31.12.	19,179	8,381		
2.3 Tangible assets				
Land areas				
Acquisition cost 1.1.	38,374	37,927	35,447	35,000
+ Increases	20,351	447	0	447
- Decreases	-2,963	0	0	0
Acquisition cost 31.12.	55,762	38,374	35,447	35,447
Buildings and constructions				
Acquisition cost 1.1.	101,393	98,990	79,180	79,180
+ Increases	69,146	2,403	14	0
- Decreases	-577	0	0	0
Acquisition cost 31.12.	169,962	101,393	79,194	79,180
Accumulated depreciation 1.1	25,469	22,153	15,581	12,939
- Accumulated depreciation on decreases	-82	0	0	0
+ Depreciation for the year	5,890	3,316	2,636	2,642
Accumulated depreciation 31.12.	31,277	25,469	18,217	15,581
Book value 31.12.	138,685	75,924	60,977	63,599
Machinery and equipment				
Acquisition cost 1.1.	297,485	187,058	268,886	169,225
± Translation differences	-14	141	0	0
+ Increases	78,046	122,841	13,354	110,961
- Decreases	-23,430	-12,555	-22,558	-11,300
Acquisition cost 31.12.	352,087	297,485	259,682	268,886
Accumulated depreciation 1.1	127,627	104,273	117,325	96,939
- Accumulated depreciation on decreases	-20,665	-7,179	-20,483	-7,179
+ Depreciation for the year	47,350	30,533	34,538	27,565
Accumulated depreciation 31.12.	154 312	127,627	131,380	117,325
Book value 31.12.	**197,775**	**169,858**	**128,302**	**151,561**

	Group 1999 FIM	Group 1998 FIM	Parent co. 1999 FIM	Parent co. 1998 FIM
Total tangible assets				
Acquisition cost 1.1.	437,252	323,975	383,513	283,405
± Translation differences	-14	141	0	0
+ Increases	167,543	125,691	13,368	111,408
- Decreases	-26,970	-12,555	-22,558	-11,300
Acquisition cost 31.12.	577,811	437,252	374,323	383,513
Accumulated depreciation 1.1	153,096	126,427	132,907	109,879
- Accumulated depreciation on decreases	-20,748	-7,179	-20,483	-7,179
+ Depreciation for the year	53,241	33,849	37,173	30,207
Accumulated depreciation 31.12.	185,589	153,096	149,597	132,907
Book value 31.12.	392,222	284,155	224,726	250,606
Advances paid	4,759	1,730	4,023	1,720
	396,981	**285,885**	**228,749**	**252,326**
Of book value per 31.12.				
Machinery and equipment	189,167	162,515	126,022	149,171

2.4 Investments	**Balance-sheet value on 1.1.1999**	**Increases**	**Decreases**	**Balance-sheet value on 31.12.1999**
Group				
Associated companies	153	0	0	153
Other stocks and shares	3,204	913	-177	3,941
Other receivables	600	0	0	600
	3,957	**913**	**-177**	**4,693**
Parent company				
Group company shares	35,218	102,168	-18	137,368
Associated companies	153	0	0	153
Other stocks and shares	3,038	902	-76	3,865
Loan receivables	3,150	86,201	0	89,351
Other receivables	600	0	0	600
	42,159	**189,271**	**-94**	**231,337**

Group companies	**Group holding, %**	**Parent company holding, %**
Acta Print Ltd., Helsinki	90.00	90.00
Oy Kvartto Ab, Vantaa	90.01	90.01
Oy Lauttasaaren Paino, Siuntio	90.00	90.00
A/S Paraprint, Tallinn, Estonia	100.00	100.00
Postmediat Oy, Helsinki	100.00	100.00
Oy Tilgmann Ab, Espoo	100.00	100.00
Tothepoint Oy, Helsinki	100.00	100.00
Kiinteistö Oy Acta Tarmola, Porvoo (real estate company)	90.00	0.00
Kiinteistö Oy Acta Kivenlahti, Espoo (real estate company)	90.00	0.00

Associated companies	**Group holding, %**	**Parent company holding, %**
Oy Paraforms Ab	50.00	50.00

Profit for financial year of Oy Paraforms Ab for January 1-December 31, 1999 was FIM 5,915.54 and its shareholders' equity on December 31, 1999 was FIM 332,593.67.

	Group 1999 FIM	Group 1998 FIM	Parent co. 1999 FIM	Parent co. 1998 FIM
2.5 Stocks				
Materials and supplies	20,761	8,925	5,908	7,071
Work in progress	10,449	4,329	3,884	3,801
Ready products/goods	20,471	16,549	17,672	16,604
	51,681	**29,803**	**27,464**	**27,476**
2.6 Receivables				
Sales receivables	73,296	38,698	34,240	33,599
Receivables from Group companies				
Sales receivables			1,016	428
Loan receivables			4,600	0
Other receivables			6	0
Prepaid expenses and accrued income			1,800	30
			7,422	**458**
Loan receivables	21	158	0	0
Other receivables	5,074	20,226	4,033	19,276
Prepaid expenses and accrued income				
Periodization of social security expenses	8,771	3,198	7,432	3,198
Royalty receivables	1,185	508	1,184	508
Tax receivables	4,203	0	1,905	0
Period distribution of sales	0	1,161	0	1,161
Other receivables	849	246	0	95
	15,008	**5,113**	**10,521**	**4,962**
Total receivables	**93,399**	**64,195**	**56,216**	**58,295**
2.7 Financial securities				
Repurchase price	1,541	15,062	296	15,025
Book value	618	15,014	79	15,007
Difference	923	48	217	18
2.8 Shareholders' equity				
Share capital 1.1.	30,000	30,000	30,000	30,000
Share capital 31.12.	30,000	30,000	30,000	30,000
Reserve fund 1.1.	159,488	159,488	159,488	159,488
Reserve fund 31.12.	159,488	159,488	159,488	159,488
Retained profit 1.1.	92,915	76,160	45,986	47,985
Dividend distributed	-8,100	-10,200	-8,100	-10,200
Change in Group structure	-339	0	0	0
Translation difference	25	1	0	0
Retained profit 31.12.	**84,501**	**65,961**	**37,886**	**37,785**
Profit for the period	**22,303**	**26,954**	**17,232**	**8,202**
Total shareholders' equity	**296,292**	**282,403**	**244,606**	**235,475**

	Group 1999 FIM	Group 1998 FIM	Parent co. 1999 FIM	Parent co. 1998 FIM
Amount of accumulated depreciation difference and voluntary reserves entered under shareholders' equity	52,305	43,649		
Calculation of distributable funds 31.12.				
Retained profit	84,501	65,960	37,886	37,785
Profit for the financial year	22,303	26,954	17,232	8,202
Amount of accumulated depreciation difference and voluntary reserves entered under shareholders' equity	-52,305	-43,649		
	54,499	**49,266**	**55,118**	**45,987**
2.9 Appropriations				
Accumulated depreciation difference			58,373	54,934
3.0 Deferred tax liability				
Deferred tax liability 1.1.	17,130	10,719		
Change in deferred tax liability	3,292	6,328		
Effect of change in Group structure	1,338	83		
Translation difference	0	0		
Deferred tax liability 31.12.	**21,760**	**17,130**		
3.1 Long-term liabilities				
Loans from financial institutions	149,294	41,700	148,836	40,354
Pension loans	0	156	0	0
	149,294	**41,856**	**148,836**	**40,354**
Liabilities maturing within five years or longer				
Pension loans	0	68	0	0
3.2 Current liabilities				
Loans from financial institutions	34,544	12,048	33,930	11,341
Pension loans	0	19	0	0
Advances received	3,577	1,918	1,783	1,855
Accounts payable	31,056	17,489	14,413	14,368
Liabilities to companies in the same Group				
Loans			2,000	2,000
Accounts payable			1,710	721
Accrued liabilities and deferred income			23	34
Other current liabilities			19,435	2,388
			23,168	**5,143**
Liabilities to associated company	300	300	300	300
Other current liabilities	18,796	30,613	13,994	29,173

	Group 1999 FIM	Group 1998 FIM	Parent co. 1999 FIM	Parent co. 1998 FIM
Accrued liabilities and deferred income				
Wages and other staff costs	35,462	21,704	18,809	19,379
Accrued social security contributions				
from previous years	2,320	2,533	2,320	2,533
Taxes	2,862	124	1,748	0
Interest	1,465	100	1,459	66
Period distribution of sales	1,054	3,621	1,054	3,621
Other	343	732	81	332
	43,505	**28,814**	**25,471**	**25,931**
Total current liabilities	**131,778**	**91,201**	**113,059**	**88,111**
Interest-bearing liabilities				
Long-term	149,294	41,856	148,836	40,354
Current	34,838	12,366	55,665	16,030
	184,132	**54,222**	**204,500**	**56,384**
Non-interest-bearing liabilities				
Long-term	21,760	17,130	0	0
Current	96,939	78,834	57,394	72,082
	118,699	**95,964**	**57,394**	**72,082**

4.1 Security given by the Group

	Group 1999 FIM	Group 1998 FIM	Parent co. 1999 FIM	Parent co. 1998 FIM
Other security for own loans				
Mortgages given	3,000	3,000	3,000	3,000

4.2. Contingent liabilities

	Group 1999 FIM	Group 1998 FIM	Parent co. 1999 FIM	Parent co. 1998 FIM
Amounts due for leasing commitments				
Due for payment in 2000	1,672	1,738	1,175	1,432
Due for payment later	1,601	1,580	934	1,322
	3,273	**3,318**	**2,109**	**2,754**
Guarantees given on behalf of				
Group companies	314	100	314	100
Guarantees given on behalf of others	47	0	0	0
Other contingent liabilities	0	197,154	0	197,154

Board of Directors' proposal for the distribution of profit

The Group's distributable equity according to the consolidated balance sheet is FIM 54,498,971.10 and the parent company's FIM 55,118,154.12. The Board suggests that the parent company's non-restricted equity be used as follows:

- a FIM 2,700 per share dividend to shareholders, i.e. FIM 8,100,000.00
- FIM 47,018,154.12 carried over on the profit and loss account.

Helsinki, February 25, 2000

Johnny Åkerholm
chairman

Vilho Hirvi

Jorma Karjalainen

Marja-Liisa Pohjamo-Rosberg

Hannu Saarelma

Satu Heikintalo

Mikko Suotsalo
Managing Director

Auditor's report

To the shareholders of Edita Ltd

We have audited the accounting, the financial statements and the corporate governance of Edita Ltd for the period 1.1.-31.12.1999. The financial statements, which include the report of the Board of Directors, the consolidated and parent company income statement, balance sheet and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on corporate governance.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements or omissions. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statements presentation. The purpose of our audit of corporate governance is to examine that the members of the Board of Directors and Managing Director have legally complied with the rules of the Companies Act.

In our opinion, the financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of the group's and the parent company's result of operations as well as of the financial position. The financial statements can be adopted and the members of the Board of Directors and the Managing Director can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the distribution of retained earnings is in compliance with the Companies Act.

Helsinki, February 28, 2000

SVH Pricewaterhouse Coopers Ltd
Authorized Public Accountants

Kari Miettinen
CPA

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