

Alma Media  
Interim report  
1 Jan - 31 Mar 2008

30 Apr 2008



ALMA



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ALMA MEDIA CORPORATION'S INTERIM REPORT FOR JANUARY-MARCH 2008:

## Net sales grew, operating profit expectedly below the strong level of the comparable period

### First quarter 2008 highlights:

- Net sales MEUR 84.0 (Q1/2007: MEUR 81.9)
- Operating profit MEUR 11.6, 13.8 % of net sales (MEUR 16.0)
- The operating profit for Q1/2007 includes one-time items of MEUR 1.9
- Profit before tax MEUR 12.9 (MEUR 17.2)
- Earnings per share EUR 0.13 (EUR 0.17)
- Prospects for remainder of year are unchanged

### President and CEO Kai Telanne:

"During the first quarter of 2008 Alma Media's net sales developed favourably. The general election in the period for comparison had a smaller impact than expected on the growth figures for newspapers, thanks to the encouraging media sales by the major regional newspapers. In contrast, the absence of election advertising was clearly visible in the media sales figures for local newspapers.

The operating profit fell below that for the previous year, mainly due to the weaker result of Iltalehti and the investments made by Marketplaces to expand operations in Finland and abroad.

The decline in the total market for daily tabloids continued during the first quarter. Although Iltalehti again raised its share of the market, the overall market trend significantly weakened its circulation sales and profitability. The result also reflects the stagnant media sales and the investments made in content.

The circulation copies, circulation sales and advertising sales of Kauppalehti all increased well and profitability improved. The number of visitors to Kauppalehti's online services, as well as net sales and result for these services grew strongly during the first quarter.

Marketplaces continued to grow. Monster.fi and Etuovi.com were the Finnish business units whose net sales rose fastest. The slowdown in real estate business in several City 24 countries is reflected in slower growth in these services. Investments to expand operations weakened the result as expected. In line with our strategy, we are continuing to expand our operations especially in Eastern Central Europe and in Russia."

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## Alma Media Group: Interim Report January - March 2008

The descriptive part of this interim report concentrates on the Group's performance between January and March 2008. Figures in brackets refer to the first quarter of 2007 unless otherwise stated. The figures in the tables are independently rounded.

### **Changes in Group structure compared to 2007**

On 20 February 2008 Alma Media purchased the share stock of Jadecon Oy. The company's business comprises the TV programme information internet service Telkku.com and it is reported as part of Iltalehti in the Newspapers segment.

### **Group net sales and result January-March 2008**

Consolidated net sales in the review period increased 2.6% from the corresponding period in the previous year to MEUR 84.0 (MEUR 81.9). The growth in net sales slowed down as forecast, since the period for comparison included advertising for the general election held in March 2007 (MEUR 1.5). Net sales for the Newspapers segment remained virtually unchanged from the corresponding period in the previous year, whereas Kauppalehti Group and the Marketplaces segment increased their net sales. In total, 13.3% of the Group's net sales came from online operations.

The consolidated operating profit was MEUR 11.6 (MEUR 16.0). The operating profit for the comparable period includes a one-time item of a capital gain of MEUR 1.9. The weakened result of Iltalehti and the investments by Marketplaces in expanding operations in Finland and abroad burdened the Group's profitability.

### **Prospects for 2008**

Alma Media repeats its estimate that the company expects its net sales to increase from the previous year. The media market is expected to grow in 2008, but uncertainty will increase. Developments in the media advertising and daily tabloid markets will be the major factors for the company's result.

Alma Media estimates that the comparable operating profit for the full year should be at the level of the previous year. However, the operating profit at the beginning of the year may fall short of the previous year's figure. One-time items have been eliminated from the comparable 2007 operating profit.

### **Market conditions**

The crisis in the financial markets and the fading of economic growth in the USA increase uncertainty in Finland's economy.



The growth in Finland's gross national product is expected to slow down and, according to different forecasts, to be on average 2.7 % in 2008, as the growth in private consumption, investments and exports declines. The level of debt of households is expected to depress consumption, as a greater share of income goes on loan costs. Rising prices are also slowing down growth in consumption.

The growth in media advertising slowed down during the first quarter of 2008. According to TNS Gallup, expenditure on media advertising was 1.8% higher in January-March 2008 than in the corresponding period in the previous year. Advertising declined in printed newspapers by -1.4%, but grew in television (+6.0%) and online media (+30.4%). According to TNS Gallup, the sectors that particularly increased their media advertising were retail (+15.4%), jobs (+10.9%), travel and transport (+6.7%) and food (+5.5%). Classified advertising increased 4.1% in January-March and services advertising declined -10.1%.

The general election held in March 2007 and Easter being in March in 2008 affect the changes in media advertising.

KEY FIGURES, MEUR	2008 1-3	2007 1-3	2007 1-12
Net sales	84.0	81.9	328.9
Operating profit	11.6	16.0	64.4
% of net sales	13.8	19.6	19.6
Net financial expenses	-0.3	0.0	-0.1
Net financial expenses, % of net sales	-0.3	0.0	0.0
Share of associated companies' results	1.0	1.1	3.5
Balance sheet total	180.9	186.9	181.3
Gross capital expenditure	6.2	1.8	12.1
Gross capital expenditure, % of net sales	7.4	2.1	3.7
Equity ratio	39.5	49.5	69.8
Gearing, %	42.6	16.4	-15.2
Interest-bearing net debt	25.8	13.1	-17.9
Interest-bearing liabilities	41.6	23.6	6.8
Non-interest-bearing liabilities	78.6	83.4	56.2
Average no. of personnel, calculated as full-time employees, excl. delivery staff	1,932	1,942	1,971
Average no. of delivery staff	937	931	962
Earnings/share, EUR (basic)	0.13	0.17	0.68
Earnings/share, EUR (diluted)	0.13	0.17	0.68
Cash flow from operating activities, EUR	0.36	0.37	0.70
Shareholders' equity/share, EUR	0.80	1.07	1.58
Market capitalization	634.2	690.2	870.7



Average no. of shares (1,000 shares)			
- basic	74,613	74,613	74,613
- diluted	74,825	74,616	74,773
No. of shares at end of period (1,000 shares)	74,613	74,613	74,613
	2008	2007	2007
NET SALES BY SEGMENT, MEUR	1-3	1-3	1-12
Newspapers	57.3	57.5	230.6
Kauppalehti group	18.5	17.7	70.1
Marketplaces	9.1	7.4	30.9
Other operations and eliminations	-0.9	-0.7	-2.7
<b>Total</b>	<b>84.0</b>	<b>81.9</b>	<b>328.9</b>
	2008	2007	2007
OPERATING PROFIT/LOSS BY SEGMENT, MEUR	1-3	1-3	1-12
Newspapers	9.3	11.5	42.8
Kauppalehti group	2.0	1.5	7.6
Marketplaces	1.1	1.6	5.3
Other operations and eliminations	-0.8	1.5	8.7
<b>Total</b>	<b>11.6</b>	<b>16.0</b>	<b>64.4</b>

### Newspapers

Newspapers, key figures, MEUR	2008	2007	2007
	1-3	1-3	1-12
Net sales	57.3	57.5	230.6
Circulation sales	26.4	26.4	106.9
Media advertising sales	28.5	28.2	112.6
Printing sales	1.1	1.6	5.4
Other sales	1.4	1.3	5.7
Operating profit	9.3	11.5	42.8
Operating margin, %	16.3	20.0	18.5
Gross capital expenditure	1.2	1.0	6.0
Average no. of personnel, calculated as full-time employees, excl. delivery staff	1,167	1,186	1,218
Average no. of delivery staff	937	931	962

The Newspapers segment reports the publishing activities of 34 newspapers. The largest of these are the regional paper Aamulehti and the daily tabloid Iltalehti.

The Newspapers segment's net sales in January-March were almost the same as in the period for comparison, MEUR 57.3 (MEUR 57.5). There were considerable differences between the net sales performance of individual newspapers. Net sales in the comparable period were high due to advertising for the general election.



The impact of the elections on the growth figures for newspapers was smaller than expected thanks to the encouraging media sales of Aamulehti, Satakunnan Kansa and Lapin Kansa. The absence of election advertising in the media sales of local newspapers was clearly visible. Iltalehti's media sales were considerably down on the period for comparison.

Circulation sales remained at last year's level. The increase in subscription prices for the regional newspapers compensated for the effect of Iltalehti's lower circulation sales. The total daily tabloid market declined 5% during the first quarter of 2008.

The major investments in newspaper online services continued, which resulted in growth in the number of visitors. The Iltalehti.fi service had on average 1.3 million unique visitors a week during the first quarter of 2008. Aamulehti.fi doubled its weekly number of visitors (at its highest 166,000 unique visitors).

The first quarter operating profit of the Newspapers segment declined 19.0% from the previous year to MEUR 9.3 (MEUR 11.5). The decline was due in particular to the lower profit from Iltalehti and the local newspapers.

### **Kauppaliehti Group**

Kauppaliehti Group, key figures, MEUR	2008	2007	2007
	1-3	1-3	1-12
Net sales	18.5	17.7	70.1
Circulation sales	6.2	6.0	24.4
Media advertising sales	5.8	5.4	21.5
Other sales	6.5	6.3	24.3
Operating profit	2.0	1.5	7.6
Operating margin, %	10.6	8.2	10.8
Gross capital expenditure	0.4	0.4	1.1
Average no. of personnel, calculated as full-time employees	497	540	527

The Kauppaliehti Group specializes in producing business and financial information. Its best known title is Finland's leading business media Kauppaliehti. The group also includes Alma Media Lehdentekijät (contract publishing), Kauppaliehti 121 (direct marketing) and the BNS news agency operating in the Baltic countries.

The Kauppaliehti Group's net sales in the first quarter grew 4.5% to MEUR 18.5 (MEUR 17.7). Kauppaliehti's media sales in both the printed newspaper and the online services developed very positively. Flat media sales by Lehdentekijät and Kauppaliehti 121 at the start of the year depressed the net sales of the whole group.

The Kauppaliehti Group's first quarter operating profit improved 33.9 %, thanks to higher net sales and cost savings and amounted to MEUR 2.0 (MEUR 1.5). The decline in profitability of Kauppaliehti 121 and Lehdentekijät weakened the result.



Kauppalehti.fi underwent a successful revamp in January. The number of visitors to the online service have almost doubled since the first quarter of 2007, at their highest being more than 400,000 unique visitors a week.

### Marketplaces

Marketplaces, key figures, MEUR	2008	2007	2007
	1-3	1-3	1-12
Net sales	9.1	7.4	30.9
Operations in Finland	7.6	6.1	25.2
Operations outside Finland	1.5	1.3	5.7
Operating profit	1.1	1.6	5.3
Operating margin, %	12.5	21.6	17.3
Gross capital expenditure	0.3	0.1	2.8
Average no. of personnel, calculated as full-time employees	199	146	158

The Marketplaces segment reports Alma Media's classified services, which are produced on the internet and supported by printed products. The services in Finland are Etuovi.com, Monster.fi, Autotalli.com, Mascus.fi and Mikko.fi. The services outside Finland are City 24, Motors 24, Mascus, Bovision and Objektvision.

The net sales of Marketplaces increased 23.1% to MEUR 9.1 (MEUR 7.4). The activity of the recruitment market and continuing brisk real estate business in Finland boosted the net sales of Monster.fi and Etuovi.com. Although property sales slowed down in the Baltic countries, the City24 units in the region recorded further significant increases in their sales.

The segment's operating profit declined from the period for comparison by 31.2% to MEUR 1.1 (MEUR 1.6). The Mikko.fi service launched in Finland in September 2007 and starting up the new units opened during 2007 for new market areas in Eastern Europe weakened the result for the review period as expected.

### Associated companies

Share of associated companies' results, MEUR	2008	2007	2007
	1-3	1-3	1-12
Newspapers	0.0	0.0	0.1
Kauppalehti group			
Talentum Oyj	0.7	0.9	2.6
Other associated companies	0.0	0.0	0.0
Marketplaces			
Other operations	0.0	0.1	0.1
Acta Print Kivenlahti Oy	0.2	0.2	0.7
Other associated companies	1.0	1.1	3.5



The Group holds a 29.9% stake in Talentum Oyj, which is reported under the Kauppalehti Group. The company's own shares held by Talentum are here included in the total number of shares. The holding in Talentum has been incorporated in the Alma Media consolidated financial statements such that Talentum's own shares are not included in the total number of shares. The holding used in Alma Media's consolidated financial statements on 31 March 2008 was 30.0%.

The Group's holding in Acta Print Kivenlahti Oy, reported under Other Operations, is 36.0%.

### **Balance sheet and financial position**

The Group's balance sheet totalled MEUR 180.9 at the end of March 2008 (31 December 2007: MEUR 181.3). The equity ratio at the end of March was 39.5% (31 December 2007: 69.8%) and the company's equity per share was EUR 0.80 (31 December 2007: EUR 1.58).

Alma Media Corporation's Annual General Meeting, held on 12 March 2008, decided to pay a dividend of EUR 0.90 per share. The record date for the dividend payment was 17 March and the payment date 27 March. The company paid a total dividend of MEUR 67.2 to its shareholders in March.

The Group has a current MEUR 100 commercial paper programme in Finland, under which it is permitted to issue papers to a total amount of MEUR 0-100. In March the Group issued papers for a total of MEUR 35.0. On 31 March 2008 MEUR 65.0 of the commercial paper programme was unused.

The Group's interest-bearing debt is denominated in euros and therefore does not require hedging against exchange rate differences. The most significant purchasing contracts denominated in foreign currency are hedged.

The consolidated cash flow from operations was MEUR 1.1 below that for the period for comparison, amounting to MEUR 26.8. The cash flow before financing was MEUR 24.0 (MEUR 30.1). Factors affecting the cash flow from investments were the purchase of Jadecon Oy in early 2008 and the capital gains from the sale of property in the previous year.

### **Capital expenditure**

Alma Media Group's capital expenditure in the January-March period totalled MEUR 6.2 (MEUR 1.8). At the start of 2008 the Group acquired the share stock of Jadecon Oy. Otherwise the expenditure comprised normal maintenance and replacement investments.

### **Risks and risk management**

The most important strategic risks contingent on Alma Media's business operations are a significant drop in the readerships of its newspapers and a critical decline in retail advertising. The major operational risks are disturbances in information technology systems and telecommunications, and an interruption of printing operations.





Alma Media's risk management process identifies the risks, develops appropriate risk management methods and regularly reports on risk issues to the risk management function.

### **Administration**

Alma Media Corporation's Annual General Meeting, held on 12 March 2008, elected the following to the Board of Directors: Lauri Helvi, Matti Kavetvuo, Kai Seikku, Kari Stadigh, Harri Suutari, Ahti Vilppula and Erkki Solja.

At its constitutive meeting held after the Annual General Meeting, the Board appointed Kari Stadigh as its chairman and Matti Kavetvuo as deputy chairman. The Board also elected members for its committees. Kai Seikku, Erkki Solja and Harri Suutari were elected to the Audit Committee. In accordance with the Board's charter, chairman of the Board Kari Stadigh and deputy chairman Matti Kavetvuo continue as members of the Nomination and Compensation Committee.

The meeting appointed Ernst & Young Oy as the company's auditor.

### **The Alma Media share**

Altogether 47,932,624 Alma Media shares were traded on the Helsinki Exchanges during January-March 2008, which represented 64.2% of the total number of shares. The closing price for the share on 31 March 2008 was EUR 8.50. The lowest quotation during the period was EUR 8.15 and the highest EUR 11.70. The market capitalization of Alma Media Corporation at the end of March was MEUR 634.2.

The company does not own any of its own shares and does not have a current authorization to purchase its own shares on the market.

### **Option rights**

The annual general meeting on 8 March 2006 approved a three-stage option programme (option rights 2006A, 2006B and 2006C), disapplying the pre-emptive subscription right of the shareholders, under which stock options would be granted to the managements of Alma Media Corporation and its subsidiaries as a scheme for ensuring personnel's motivation and long-term commitment to the company. Altogether 1,920,000 stock options may be granted in three lots of 640,000 each, and these may be exercised to subscribe for at most 1,920,000 Alma Media shares.

A total of 515,000 of the 2006A options have been issued to Group management. Altogether 75,000 of the 2006A options have been returned to the company owing to the termination of employment contracts. Following the return of these options, Group management holds altogether 440,000 2006A options.

In 2007 Alma Media Corporation's Board of Directors decided to cancel the 190,000 2006A option rights in the company's possession. On 31 March 2008 the company still held 10,000



2006A option rights. These will not be used for share subscriptions. Trading in the option rights in the 2006A programme started on the OMX Nordic Exchange (Helsinki) on 10 April 2008.

In 2007, Alma Media Corporation's Board of Directors decided to issue 515,000 options under the 2006B scheme to Group management.

If all the subscription rights are exercised, this programme will dilute the holdings of the earlier shareholders by 2.3%.

The share subscription periods and prices under the scheme are:

2006A: 1 April 2008 - 30 April 2010, average trade-weighted price 1 April - 31 May 2006

2006B: 1 April 2009 - 30 April 2011, average trade-weighted price 1 April - 31 May 2007

2006C: 1 April 2010 - 30 April 2012, average trade-weighted price 1 April - 31 May 2008

The subscription price of shares that may be subscribed under these stock option rights will be reduced by the amount of dividends and capital repayments decided after the start of the period determining the subscription price and before the subscription of shares, on the settlement date for each dividend payment or capital repayment. The share subscription price under the 2006A option was EUR 5.58 per share and the subscription price under the 2006B option was EUR 8.95 correspondingly.

The Board of Directors has no other current authorizations to raise convertible loans and/or to raise the share capital through a rights issue.

### **Market liquidity guarantee**

Alma Media Corporation and eQ Pankki Oy have made a liquidity providing contract under which eQ Pankki Oy guarantees bid and ask prices for the shares with a maximum spread of 3% during 85% of the exchange's trading hours. The contract applies to a minimum of 2,000 shares.

### **Flagging notices**

Between January and March 2008 Alma Media received the following notices concerning changes in share holdings, under Chapter 2, Section 9 of the Securities Market Act:

26 March 2008 Helsingin Mekaanikontalo Oy announced that it had received a unilateral commitment on the basis of which Kai Mäkelä or his nominee will purchase forward contracts relating to 5,000,000 Alma Media shares from Helsingin Mekaanikontalo Oy. If this agreement is carried out, the (potential) holding of Helsingin Mekaanikontalo in Alma Media will fall below 1/20th.

14 March 2008 Helsingin Mekaanikontalo announced that it had sold forward contracts relating to Alma Media shares and that its remaining holding consists of 50,000 forward contracts that mature in March 2008. If the forward contracts are converted into Alma Media shares, Helsingin Mekaanikontalo's holding will fall to 6.70%.



14 March 2008 Nordea Group's total holding in Alma Media Corporation fell to 2.17% due to share transactions.

14 March 2008 Ilkka-Yhtymä Oyj announced that its holding had risen above 1/10th.

3 March 2008 The total holding in Alma Media of Nordea Bank Suomi Oyj and Nordea Group fell below 1/10th due to share transactions.

29 February 2008 Helsingin Mekaanikontalo announced that it had extended the forward contracts it held and that the company held 95,565 forward contracts. If the forward contracts are converted into Alma Media shares, Helsingin Mekaanikontalo's holding will be 12.81%. Procomex SA, Helsingin Mekaanikontalo Oy and Ahti Vilppula will have a combined holding of 12.84%, if the forward contracts are converted into shares.

28 February 2008 Danske Bank A/S Helsinki Branch announced that its holding had risen above the 1/20th limit (6.41%) as the result of share transactions.

18 February 2008 Nordea Bank AB (publ) announced that its holding had not changed as had been stated in the bank's announcement on 21 January 2008. According to this latest announcement the total holding of Nordea Group had fallen below 3/20ths (13.35%).

21 January 2008 Oy Herttaässä Ab announced that its holding had risen above 1/5th (20.68%) after making forward contracts.

21 January 2008 Nordea Bank AB (publ) announced that its holding had not changed as had been stated in the bank's announcement on 28 December 2007. According to this latest announcement the total holding of Nordea Group exceeds 3/20ths (17.50%).

2 January 2008 Nordea Bank AB (publ) announced that its holding had not changed as had been stated in the bank's announcement on 1 October 2007. According to this latest announcement the total holding of Nordea Group exceeds 3/20ths (16.84%).



## SUMMARY OF FINANCIAL STATEMENTS AND NOTES

	2008	2007	2007
	1-3	1-3	1-12
<b>INCOME STATEMENT, MEUR</b>			
NET SALES	84.0	81.9	328.9
Other operating income	0.1	2.1	13.0
Materials and services	-25.1	-24.2	-99.1
Costs arising from employment benefits	-29.3	-28.0	-111.7
Depreciation and writedowns	-2.2	-2.3	-9.8
Operating expenses	-15.9	-13.4	-56.8
OPERATING PROFIT	11.6	16.0	64.4
Financial income	0.6	0.4	1.2
Financial expenses	-0.3	-0.4	-1.1
Share of associated companies' results	1.0	1.1	3.5
PROFIT BEFORE TAX	12.9	17.2	68.0
Income tax	-3.2	-4.1	-16.8
PROFIT FOR THE PERIOD	9.7	13.1	51.2
Distribution:			
To the parent company shareholders	9.4	12.9	50.5
Minority interest	0.3	0.2	0.6
Earnings/share, EUR	0.13	0.17	0.68
Earnings/share (diluted), EUR	0.13	0.17	0.68
<b>BALANCE SHEET, MEUR</b>			
	31.3.2008	31.3.2007	31.12.2007
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Goodwill	32.8	30.0	29.7
Intangible assets	11.4	9.5	10.2
Tangible assets	37.7	51.0	38.4
Investments in associated companies	34.7	33.3	34.1
Other long-term investments	3.9	3.9	4.0
Deferred tax assets	1.0	3.9	1.0
Other receivables	0.0	0.2	0.0
<b>CURRENT ASSETS</b>			
Inventories	1.2	1.7	1.4
Tax receivables	0.1	0.7	0.0
Accounts receivable and other receivables	34.6	35.1	29.9
Other short-term investments	3.1	2.4	3.0
Cash and cash equivalents	15.7	10.5	24.8
ASSETS AVAILABLE FOR SALE	4.7	4.7	4.7
TOTAL ASSETS	180.9	186.9	181.3



BALANCE SHEET, MEUR	31.3.2008	31.3.2007	31.12.2007
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Share capital	44.8	44.8	44.8
Share premium fund	2.8	2.8	2.8
Cumulative translation adjustment	0.0	0.1	0.0
Retained earnings	12.2	31.9	70.0
Parent company shareholders' equity	59.8	79.6	117.7
Minority interest	0.9	0.2	0.6
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>60.7</b>	<b>79.8</b>	<b>118.3</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Interest-bearing liabilities	4.4	18.8	4.6
Deferred tax liabilities	2.2	1.6	1.8
Pension obligations	3.6	3.7	3.7
Provisions	0.1	0.1	0.1
Other long-term liabilities	0.4	7.1	0.9
<b>Current liabilities</b>			
Interest-bearing liabilities	37.2	4.8	2.2
Advances received	27.0	25.6	12.0
Tax liabilities	1.6	3.9	1.1
Provisions	0.2	2.0	0.3
Accounts payable and other liabilities	43.4	39.6	36.4
<b>TOTAL LIABILITIES</b>	<b>120.2</b>	<b>107.1</b>	<b>63.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>180.9</b>	<b>186.9</b>	<b>181.3</b>

#### RECONCILIATION OF SHAREHOLDERS' EQUITY 1 JAN. – 31 MARCH 2008

MEUR	Share capital	Share premium fund	Retained earnings	Parent company, total	Minority interest	Equity, total
Equity, 1 Jan. 2008	44.8	2.8	70.0	117.7	0.6	118.3
Translation differences			0.0	0.0		0.0
Share of items recognized directly in associated company's equity			-0.3	-0.3		-0.3
Income recognized directly in equity			-0.3	-0.3		-0.3
Profit for the period			9.4	9.4	0.3	9.7
Net income for the period			9.1	9.1	0.3	9.4
Share-based payments			0.2	0.2		0.2
Dividend paid by parent company			-67.2	-67.2		-67.2
Equity, 31 March 2008	44.8	2.8	12.2	59.8	0.9	60.7



RECONCILIATION OF SHAREHOLDERS' EQUITY 1 JAN. – 31 MARCH 2007

MEUR	Share capital	Share premium fund	Retained earnings	Parent company, total	Minority interest	Equity, total
Equity, 1 Jan. 2007	44.8	2.8	67.3	114.9	0.4	115.3
Translation differences			0.0	0.0		0.0
Share of items recognized directly in associated company's equity			0.2	0.2		0.2
Income recognized directly in equity			0.2	0.2		0.2
Profit for the period			12.9	12.9	0.2	13.1
Net income for the period			13.1	13.1	0.2	13.3
Share-based payments			0.1	0.1		0.1
Dividend paid by parent company			-48.5	-48.5		-48.5
Dividends paid by subsidiaries					-0.4	-0.4
Equity, 31 March 2007	44.8	2.8	31.9	79.6	0.2	79.8

CASH FLOW STATEMENT, MEUR	2008 1-3	2007 1-3	2007 1-12
Cash flow from operating activities			
Profit for the period	9.7	13.1	51.2
Adjustments	3.9	3.1	8.8
Change in working capital	15.4	14.0	3.4
Dividend income received	0.2	0.0	3.2
Interest income received	0.4	0.4	1.1
Interest expenses paid	-0.3	-0.3	-1.1
Taxes paid	-2.5	-2.3	-14.1
Net cash provided by operating activities	26.8	27.9	52.5
Cash flow from investing activities			
Investments in tangible and intangible assets	-0.9	-0.9	-5.6
Proceeds from disposal of tangible and intangible assets	0.0	0.0	1.5
Other investments	0.0	0.0	-1.0
Proceeds from disposal of other investments	0.1	3.2	3.4
Subsidiary shares purchased	-2.0	-0.2	-0.3
Associated company shares purchased	0.0	0.0	-1.5
Net cash used in investing activities	-2.8	2.1	-3.5
Cash flow before financing activities	24.0	30.1	49.1
Cash flow from financing activities			



Long-term loan repayments	0.0	0.0	0.0
Short-term loans raised	35.0	2.0	2.0
Short-term loans repaid	-0.6	-0.8	-5.2
Change in interest-bearing receivables	-0.2	-0.2	-0.5
Dividends paid and capital repayment	-67.2	-48.8	-48.8
	-33.0	-47.8	-52.5
Change in cash funds (increase + / decrease -)	-9.0	-17.7	-3.4
Cash and cash equivalents at start of period	24.8	28.2	28.2
Cash and cash equivalents at end of period	15.7	10.5	24.8

### **BUSINESS ACQUISITIONS JANUARY-MARCH 2008**

On 20 February 2008 Alma Media acquired the entire share stock of Jadecon Oy. The company's business comprises the TV programme information internet service Telkku.com and it is reported in the Newspapers segment as part of Iltalehti.

The fair values for intangible assets recorded in combining Jadecon Oy are mainly related to brands, the acquired IT application and customer contracts. The anticipated synergies between Iltalehti and the acquired business contributed to the goodwill arising from the acquisition. The operating profit for the purchased business since the acquisition date has been MEUR 0.1. The Group's first quarter net sales would have been an estimated MEUR 84.3 and operating profit MEUR 11.7 if the acquisition had taken place at the start of 2008.

### **INFORMATION BY SEGMENT**

Alma Media's reporting segments in the financial statements are Newspapers, Kauppalehti Group and Marketplaces. Other Operations comprises Alma Media Group's parent company and the operations of the Group's financial management service centre.

The descriptive section of this bulletin presents the net sales and operating profits of the segments and the allocation of the associated companies' results to the reporting segments. Financial items and income taxes are not allocated to the segments. The following table presents the assets and liabilities of the segments as well as the non-allocated asset and liability items.

ASSETS BY SEGMENT, MEUR	31.3.2008	31.3.2007	31.12.2007
Newspapers	69.6	69.5	64.7
Kauppalehti group	58.4	59.6	56.5
Marketplaces	16.8	14.3	15.4
Other operations and eliminations	19.2	28.5	19.0
Non-allocated assets	16.9	15.0	25.7
<b>Total</b>	<b>180.9</b>	<b>186.9</b>	<b>181.3</b>



LIABILITIES BY SEGMENT, MEUR	31.3.2008	31.3.2007	31.12.2007
Newspapers	45.4	43.6	31.4
Kauppalehti group	15.3	16.6	12.6
Marketplaces	4.2	3.6	3.9
Other operations and eliminations	9.8	14.2	5.5
Non-allocated liabilities	45.5	29.1	9.7
<b>Total</b>	<b>120.2</b>	<b>107.1</b>	<b>63.0</b>

	2008	2007	2007
<b>GROUP INVESTMENTS, MEUR</b>	<b>1-3</b>	<b>1-3</b>	<b>1-12</b>
Gross capital expenditure	6.2	1.8	12.1

### PROVISIONS

The company's provisions at the end of March 2008 totalled MEUR 0.3. The change from the situation on 31 December 2007 is a reduction of MEUR 0.1. Most of the provisions are to cover restructuring measures. It has not been necessary to change the estimates made when the provision was entered. The change in provisions is in consequence of actual costs.

COMMITMENTS AND CONTINGENCIES, MEUR	31.3.2008	31.3.2007	31.12.2007
Collateral on own behalf			
Chattel mortgages	0.0	0.0	0.0
Collateral for others			
Guarantees	0.0	0.0	0.0
Other commitments			
Commitments based on agreements	0.1	0.1	0.1
Minimum rents payable based on other lease agreements:			
Within one year	7.6	6.3	7.5
Within 1-5 years	17.4	14.4	18.1
After 5 years	25.8	12.8	26.5
<b>Total</b>	<b>50.7</b>	<b>33.5</b>	<b>52.1</b>

The Group also has purchase agreements based on IFRIC 4 which include a lease component per IAS 17. Minimum payments based on these agreements:

	4.2	6.1	4.6
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GROUP DERIVATIVE CONTRACTS, MEUR	31.3.2008	31.3.2007	31.12.2007
Commodity derivative contracts, electricity derivatives			
Fair value *	0.1	0.0	0.1
Nominal value	0.4	0.0	0.4

\* The fair value represents the return that would have arisen if the derivative positions had been cleared on the balance sheet date.





## **CONTINGENT LIABILITIES**

The Group has contingent liabilities totalling MEUR 7.8. The tax authorities have issued a claim to correct the company's income tax for 2003. The tax authorities consider that the loss arising from Alma Media's disposal of the shares of its associated company Talentum to Kauppalehti Oy at the market price should not have been tax-deductible. At the end of 2006 (20 December 2006) the company was informed of a ruling by the Adjustments Board of the Corporate Taxation Centre to the effect that the Adjustments Board rejected the claim by the tax authorities. The tax authorities have appealed the Adjustments Board's ruling to the Helsinki Administrative Court. The company continues to believe that it is improbable that the claim will lead to additional tax consequences since the transaction was carried out at market prices for commercial reasons. The decision of the Helsinki Administrative Court is expected during 2008.

## **RELATED PARTIES**

Alma Media Group's related parties are its associated companies and the companies they own. The following table summarizes the operations undertaken between Alma Media and its associated companies and the status regarding their receivables and liabilities:

<u>RELATED PARTY ACTIVITIES WITH ASSOCIATED COMPANIES, MEUR</u>	<u>2008 1-3</u>	<u>2007 1-3</u>	<u>2007 1-12</u>
Sales of goods and services	0.1	0.0	0.2
Purchases of goods and services	1.1	1.3	5.9
Accounts receivable, loan and other receivables at the balance sheet date	4.7	4.8	4.7
Accounts payable at the balance sheet date	0.1	0.4	0.1

Related parties also include the company's senior management (Board of Directors, presidents and the Group Executive Team). The section Option Rights of this interim report presents information on changes to the current option scheme intended to motivate and secure the long-term commitment of the Group's senior management.

## **MAIN ACCOUNTING PRINCIPLES (IFRS)**

This interim report has been prepared applying IFRS recognition and measurement principles (IAS 34 - Interim Financial Reporting).

The interim report applies the same accounting principles and calculation methods as in the previous annual accounts dated 31 December 2007. However, the interim report does not contain all the information or notes to the accounts included in the annual report. This interim report should therefore be read in conjunction with the company's annual report for 2007.

The key indicators are calculated using the same formulae as applied in the annual financial statements.



No new accounting standards or interpretations have been adopted during 2008. The following new accounting principles and interpretations will be applied from the beginning of 2009:

IFRS 8 Operating Standards

IAS 23 Borrowing Costs, amendment to standard

IAS 1 Presentation of Financial Statements, amendment to standard

IFRIC 13 Customer Loyalty Programmes

The Group has initially estimated that the new standards and interpretations mentioned above will only have a small impact. It has been initially estimated that their application will mainly affect the presentation of the income statement, balance sheet and statement of changes in shareholders' equity as well as the notes to the financial statements.

A new accounting standard to be adopted from the beginning of 2010 is IFRS 3, Business Combinations (amendment to standard). The changes to IFRS 3 will affect the treatment of business acquisitions, concerning for example minority interest, goodwill and expenses relating to the acquisition. The amendment to IFRS 3 will not affect previous business acquisitions.

The Group's long-term receivable from the associated company Acta Print Kivenlahti Oy is shown in the balance sheet under assets available for sale. Alma Media intends to relinquish its entire holding in Acta Print Oy. This divestment is not expected to have a significant impact on Alma Media's financial position.

The figures in this bulletin are unaudited.

## **SEASONALITY**

The Group recognizes its circulation revenues as paid. For this reason circulation revenues accrue in the income statement fairly evenly during the four quarters of the year. The bulk of circulation invoicing takes place at the beginning of the year and therefore cash flow from operating activities is strongest early in the year. This also affects the company's balance sheet position in different quarters.

## **USE OF ESTIMATES**

This bulletin contains certain statements that are estimates based on management's best knowledge at the time they were made. For this reason they contain risks and uncertainty. The estimates could change in the event of significant changes in business conditions.

## **NEXT INTERIM REPORT**

Alma Media publishes its results for the first six months of the year at 9.00 am (EET) on 23 July 2008.

ALMA MEDIA CORPORATION  
Board of Directors