Alma Media Corporation
Annual Report 2007

More information on the content
on the back page of this flap.

Tips for reading Alma Media's Annual Report

You will find not just the main content about Alma Media's business operations but much more in the 2007 Annual Report. Our pictorial theme is composed of the news in 2007. It includes major global events as well as more local news items. The angle focuses particularly on the year's news as seen in the media.

On the pages of the Annual Report you can also get to know Taru. Taru is an imaginary mum, and as you follow her through a normal working day, you will notice how broad an impact the media has on the life of ordinary Finns. Taru's story starts on page 10.

As a media group, Alma Media moves smoothly between the printed and the online world. A channel from the printed Annual Report to the web is offered by the UpCode code on several pages of the report.

To use it you need a camera mobile phone and the free UpCode program. More information and a link for downloading the program at: www.upcode.fi

Corporations in Europe and the USA continued to transfer their industrial activities to emerging countries in 2007. Attracted by Nokia, Finnish Salcomp is one of the companies that built new production facilities in Chennai, India.
Photo: Tiina Somerpuro

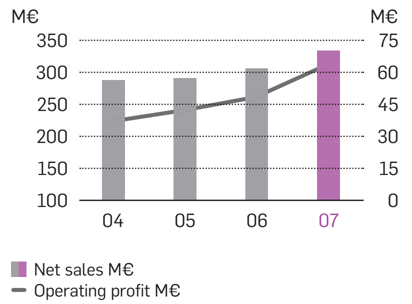
Year 2007 in a minute

Overall, 2007 was the best year ever for Alma Media, a company specializing in newspaper and online media.

Strong growth and profitability

- Net sales grew 9% from 2006 and amounted to MEUR 328.9. Growth was spurred by favourable development of media advertising sales in both printed newspapers and web services.
- Operating profit was MEUR 64.4, representing a 19.6% margin. The operating profit included one-time gains totalling MEUR 11.5.
- Earnings per share improved to EUR 0.68.
- The Board proposes a dividend of EUR 0.90 per share.

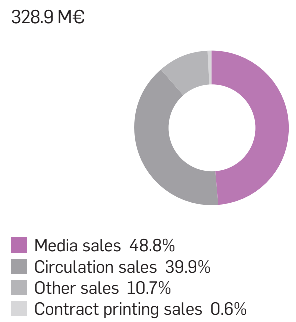
Net sales and operating profit



Key figures

	07	06
Net sales, M€	**328.9**	301.9
Operating profit, M€	**64.4**	49.1
Operating profit, % of net sales	**19.6**	16.3
Profit for the period, M€	**51.2**	37.3
Cash flow from operating activities, M€	**52.5**	46.7
Gross capital expenditure, M€	**12.1**	19.6
Gross capital expenditure, % of net sales	**3.7**	6.5
Interest-bearing debt, M€	**6.8**	21.7
Capital employed, average	**131.1**	160.1
Return on investment (ROI), %	**52.7**	32.8
Earnings per share, €	**0.68**	0.50

Breakdown of net sales



Key figures by segment

	Newspapers		Kauppalehti Group		Marketplaces	
	07	06	07	06	07	06
Net sales, M€	**230.6**	217.9	**70.1**	62.6	**30.9**	23.1
Share of Group net sales, %	**68.8**	70.5	**21.3**	20.7	**9.2**	7.5
Operating profit, M€	**42.8**	38.4	**7.6**	4.8	**5.3**	2.8
Share of associated companies' results, M€	**0.1**	–	**2.6**	0.9	**–**	–
Gross investments, M€	**6.0**	4.1	**1.1**	6.4	**2.8**	7.3
Depreciation, M€	**4.8**	5.2	**1.2**	1.1	**1.8**	1.2
Capital employed, M€	**33.4**	36.8	**43.9**	43.8	**11.5**	10.4
Number of employees, average*	**1,218**	1,220	**527**	496	**158**	111

*excluding newspaper distribution staff

Strategic choices

Mission: For individual freedom and well-being
Vision: The winning team in newspaper and online media
Values: Freedom and pluralism of journalism & team play

The year 2007 was also a period of upheaval in the Finnish forest industry, as companies got rid of surplus capacity and closed down production plants. But the sector is also undergoing renewal – the prospects for producing biofuels, for example, are promising.
Photo: Eriika Ahopelto

Strategic choices

Renewal →

During a time of technology revolution and changing consumer habits, the media has to renew itself dynamically if it is to survive. Renewal is also a vital component of the daily activities of Alma Media and its units. In 2007 the Group carried out several development projects, including redesigns for regional newspapers and switching to layout driven workflow. The purpose of these projects is to raise efficiency and produce better newspapers. Vigorous development of electronic tools and the training programme for all media sales personnel are examples of internal development activities.

Chaining of operations →

By chaining operations Alma Media is responding to intensifying competition and the need to improve. Chaining – combining the internal resources of the Group – can be seen daily for example in competence development, content sharing, joint development projects and in obtaining benefits of scale. Practical examples of chaining of operations are the Mikko.fi marketplace that started up in September and Alma Media's Helsinki desk which started working in March.

International growth →

Alma Media is growing not only in Finland but also in the fast emerging media markets of Eastern Europe. The pan-European Marketplaces segment is Alma Media's spearhead in international expansion. In 2007 the segment expanded its operations into four new market areas. It launched the Mascus.com marketplace for second-hand heavy machinery in Czech Republic and Denmark and the City24 home buying portal in Russia and Croatia.

Mergers and acquisitions →

Alma Media actively participates in the restructuring of the newspaper sector in Finland. The Group also continues to look for possible acquisitions to extend the business of Marketplaces, especially in Eastern Europe.

"Alma Media's share of Finland's newspaper and web media market rose, and our total reach is better than ever before."

The best year ever

For Alma Media 2007 was an extremely good year. We achieved our financial and operational goals. Our net sales increased 9 per cent to EUR 329 million and our operating profit, after elimination of one-time items, improved 14 per cent to EUR 53 million. Our share of Finland's newspaper and web media market rose. Thanks to the increase in our newspaper circulations, and especially to the strong growth in numbers of visitors to our online services, our total reach is better than ever before.

At the end of the year we were reaching about two million unique visitors a week with our online services.

Our well-developing newspapers form the mainstay of our business. Net sales of our newspapers increased 6 per cent to EUR 231 million, and the operating profit improved by more than 11 per cent from the strong performance in the previous year to EUR 43 million.

Our newspaper media sales rose by 8 per cent, thanks especially to an excellent early part of the year, exceeding market growth by 3.5 percentage points. Circulation net sales increased 5 per cent, in particular boosted by the strong performance of Aamulehti and Lapin Kansa and by the price increase for the weekday edition of Iltalehti.

Kauppalehti Group's net sales increased 12 per cent to EUR 70 million, due to the new units acquired the previous year and the encouraging sales performance of Kauppalehti.fi. Major but unavoidable restructuring measures were carried out at Kauppalehti during the year. The number of personnel was cut and loss-making Presso was closed down in November.

The product renewals at Kauppalehti Optio and at the main Kauppalehti newspaper, coupled with the positive feedback received from readers about them, strengthened our faith in the vitality of the printed business media. Kauppalehti has excellent potential for further growth, since the competitive situation changed significantly at the end of the year after Taloussanomat stopped publishing its printed newspaper.

The number of visitors to Kauppalehti.fi doubled as a result of active content development, passing the level of 300,000 visitors a week. Web expertise accumulated since 1995, committed readers, and online services, including pay services such as ePortti, a positive surprise – together these guarantee good conditions for building an electronic business with outstanding profitability as a second mainstay for the Group alongside the strong printed newspaper.

Marketplaces achieved excellent success in Finland and elsewhere. Net sales grew 34 per cent to EUR 31 million and the result almost doubled to more than EUR 5 million.

The operations of Marketplaces have expanded internationally in just a few years in line with our strategy. We will continue to establish new services and make carefully considered acquisitions, especially in the growing market areas in eastern Central Europe and in Russia. In line with this strategy City24 started operations in Russia and Croatia and, at the beginning of 2008, in Bulgaria. Mascus.com opened marketplaces in the Czech Republic and Denmark in 2007.

In Finland the largest joint investment project for the Group was the classified advertisement marketplace Mikko.fi, which was launched in September. This is the first service in Finland that combines fixed price buying and auction.

With the technology revolution and as consumer habits change, the media has to undergo radical renewal if it is to retain its vitality. Alma Media is changing and will succeed with team play. By combining forces we make the best of the Group's resources available to all the business units, and at the same time make our operations more efficient. Internal chaining, an extremely important factor in our strategy, intensified still further in 2007. The most significant steps from the viewpoint of our readers were the establishment of a joint Helsinki desk, the switch to layout driven workflow, which makes it easier to change articles, and the newspaper redesigns.

I am extremely satisfied with the change in attitude towards cooperation between the units that has taken place in the past few years and especially in 2007. Much hard work has been done for years to achieve this, and now these efforts are bringing results. I can say without hesitation that team spirit is better now than it has ever been. The successes we have had fuel cooperation, helping create a positive circle. I look to the future with confidence. Alma Media is making good progress towards its goal of becoming the number one newspaper and online media chain.

I would like to thank warmly our customers, partners, personnel and owners for good cooperation in 2007.

Kai Telanne
President and CEO

A good year for media sales

Finland's economy grew at a strong pace in 2007. Economic growth was also rapid in adjacent areas, such as the Baltic countries. The volume of media advertising marched in step with this development.

070707.
The magical date inspired many couples to choose this Saturday in the summer for their wedding day. Big weddings are back in fashion, and they are regular topics in many newspapers and magazines.
Photo: Jenni Gästgivar

In the first half of 2007, the volume of advertising in Finland grew at a record rate, boosted by the March parliamentary elections. After the summer the rate of growth began to slow down, and during the final quarter it was 3.9 per cent, according to TNS Gallup.

Economic growth fuelled housing and recruitment advertising in particular

Newspaper advertising is on a firm footing in Finland. According to the Finnish Joint Advertising Committee (Mainonnan Neuvottelukunta), EUR 1,315 million was spent in Finland on media advertising in 2007, 6.4 per cent more than the previous year. Actual newspapers accounted for 47.3 per cent of the total, and city papers for 5.2 per cent.

Three out of four euros spent on home and job advertising goes to newspapers. Online media is growing strongly alongside newspapers.

Alma Media's newspapers accounted for about one fifth of total newspaper advertising in Finland.

Business newspaper is doing well

Significant structural changes took place in the business media market in Finland. The printed version of business newspaper Taloussanomat was discontinued at the end of the year and Kauppalehti's Presso, appearing on Saturdays, was discontinued in November. These changes reinforce Kauppalehti's position as the leading business media in Finland.

In business media, the role of the internet continued to strengthen in 2007. For example the number of weekly visitors to Kauppalehti's online service increased by well over 100,000 in a year. In the beginning of 2008, the number of weekly visitors to Kauppalehti.fi seemed to constantly and clearly exceed 300,000, with records broken regularly.

Advertising in business media declined some 5 per cent during 2007. Kauppalehti had just under half of the advertising sales for business media.

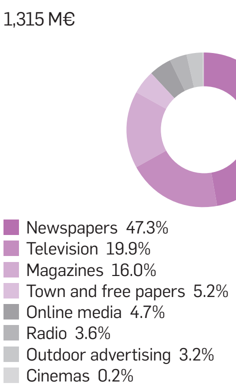
Online media becoming big business

Online media's share of advertising is growing rapidly. Advertising in online media grew about 29 per cent in a year and it had 4.7 per cent of all advertising.

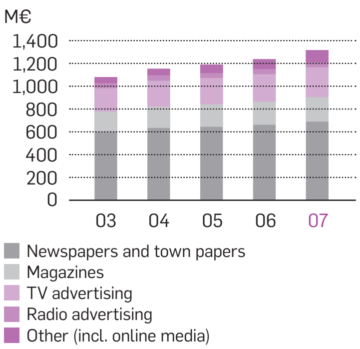
The internet has established its position in the life of people of almost all ages. The net is used daily by more than half of Finland's population, and the time spent online has increased. This lays the foundation for growth in advertising on the online media.

Alma Media's share of all the online advertising in Finland was estimated at one third in 2007. Alma Media's online services reach on average as many as two million visitors a week in Finland.

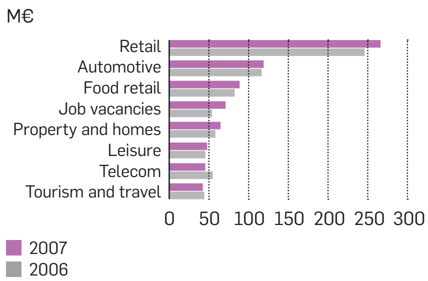
Media advertising by channel



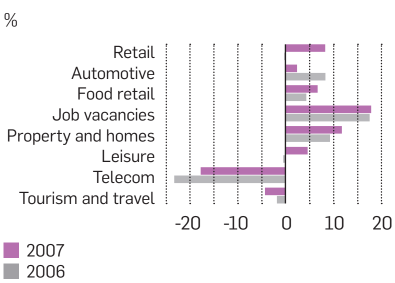
Media advertising expenditure and trend



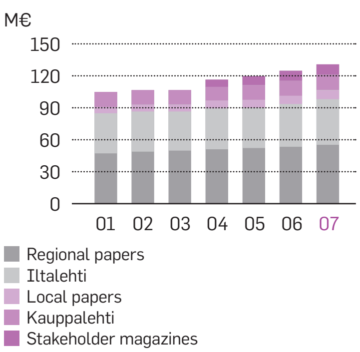
Biggest advertising sectors



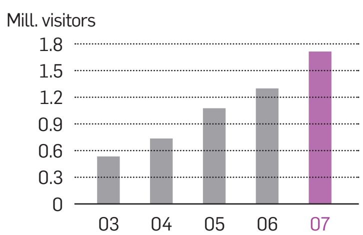
Biggest advertising sectors, change



Alma Media's circulation sales



Number of visitors to Alma Media's online services



Figures include all visitors and show the number of visitors in an average week. Visits by the same visitor to different services are not eliminated.

Competitive edge that lasts

Strong brands, competent employees and chaining are Alma Media's success factors. They boost the company on its way to becoming the number one newspaper and online media chain.

12.5.2007.
Following Lordi's success the previous year, the Finnish Broadcasting Company hosted the Eurovision Song Contest. The event occupied the media for several weeks. The Song Contest also went out on the streets of Helsinki, with events at other locations than the official contest venue.
Photo: Jarno Juuti

Brands

Alma Media's newspaper and marketplace brands are strong in their own areas and nationwide. The oldest newspaper brands have been full of vitality for more than a hundred years, and the marketplace brands have been operating since the earliest days of the internet. The success of reliable brands that are still responsive to change is also clearly visible in the internet, and importance of online media will further increase. Strong brands also play their part in making Alma Media's units attractive employers. For example, according to a survey conducted in 2007, Aamulehti offered the most appealing jobs in the Tampere region.

Alma Media's corporate brand is appreciated both by investors and the labour market. In a survey conducted by T-Media in 2007, Alma Media was ranked among the most attractive employers in Finland. A good working environment, dynamic job content and continuous opportunities to learn were factors that respondents particularly emphasized. Another goal of the brand renewal started in 2007 is to increase the appeal of Alma Media in other stakeholder groups.

Human Resources

Alma Media's Human Resources chain is responsible for competence development, and manages common tools and processes for people management. The Human Resources chain contributes to Alma Media's success by promoting a winner culture.

An achievement- and renewal-oriented winner culture is based on continuous competence development, the desire to win, and a high regard for renewal. A winner culture inspires people in a changing environment and motivates them to outdo themselves. On the other hand, by working together employees are able to take controlled risks and try out new ways of doing things, which individuals could not do on their own.

Management at Alma Media is based on ambitious goal setting and feedback. Employees belong to an incentive bonus scheme. The scheme has two parts, one of which is tied to the financial performance and the other to departmental or individual targets. The bonus is a maximum of 5 per cent of the annual salary, and of this, two fifths is tied to the financial performance. Employees are rewarded for improvement in the level of profits. Members of the Group Executive Team, managing directors of the business units and other key personnel belong to an option scheme. More details about the option scheme are given on page 103.

In 2007 Alma Media introduced the training calendar called Polku ("Path"). Polku offers a tool for competence development, based on combining the

Interested in career opportunities in Alma Media?
Upload the UpCode program to your camera mobile phone and take a picture of the code. Your phone's web browser will do the rest. www.upcode.fi

needs of the business, the job and the career plans of the employee. Employees from several business units participate in the training, which encourages the continuous improvement of ways of working, as leading experts in the sector get together. Saima, an electronic recruiting system that has brought efficiency to applying for the jobs at Alma Media, was taken into use at the business units during 2007. In Saima job applicants are able to pass on their details to other Alma Media units, greatly increasing the opportunities for advancing in their career.

The All Stars Day 2007 brought almost 900 Alma Media employees together in May to examine renewal from different angles. On display were numerous examples of current projects and new products in the Group.

Active work to boost competitiveness through human resource development continues in 2008. The company has chosen to focus on strengthening competencies in multimedia and electronic services as well as developing management skills related to chaining and achievement orientation.

Chaining

By sharing resources Alma Media is responding to the tough competitive scene and the challenges set by changing media usage habits. By working together, the best resources in the Group are available to all units. As well as serving the need for product development, a key goal for chaining is to raise efficiency in the Group's operations.

Eight chains operate within Alma Media: Editorial, Circulation and Consumer Marketing, Media Marketing, Brand and Research, Distribution, Printing, Human Resources, and Information and Production Technology.

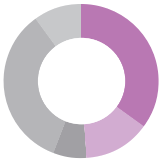
In practical terms, chaining means developing new ideas, sharing resources and best practices, centralizing services and operations, and obtaining economies of scale. Some examples of chaining in 2007 are more active exchange of articles, the versatile training programme and the shared printing service centre opened for the Group's printing houses.

The extra resources provided by chaining, for example in content production, have also helped regional and local newspapers deepen their relationships with readers. Furthermore, the joint actions taken in circulation marketing have supported the above-average circulation development of Alma Media's newspapers. In addition, joining forces in areas such as training, information and production technology and purchases has given considerable savings.

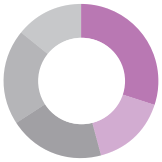
Taru having breakfast
Switched on the TV and at the same time read a presentation by Peik, my oldest child, on the impact of climate change on the Antarctic. Straight from the net! Don't they teach a critical approach to the media at school? "A factory is being closed down in eastern Finland" – did the morning TV news presenter say that? I expect there'll be a major article about it in the newspaper, I'll read it after work.

(to be continued on page 16)

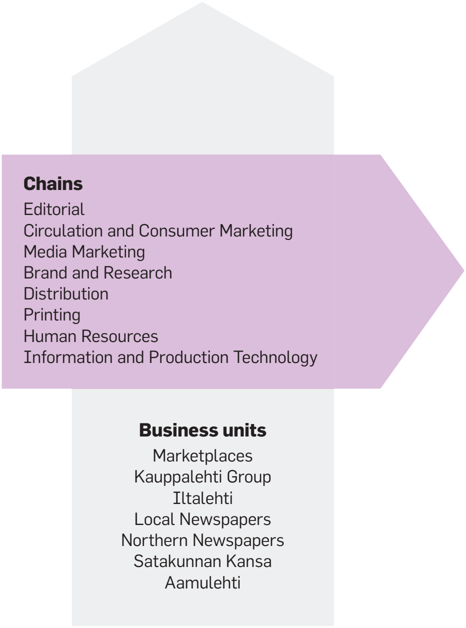
Employees by function



Expenses by function



Chaining



The chain management team decides on the targets and action plans of the chains, and is responsible for their supervision and development.

10. 1. 2007.
The start of the year was warm in Finland and many places experienced record high temperatures. In Helsinki, for example, the thermometer rose to more than 8 degrees centigrade.
Photo: Rami Hanafi

Marketplaces

The Marketplaces segment provides principally web-based marketplace services for homes, cars, jobs, machinery and consumer goods in Finland and abroad. The best known brands are Etuovi.com (houses and premises) and Monster.fi (recruitment service). Mikko.fi is a new general purpose classified advertisement service for consumers. Cars are bought and sold on the Autotalli.com website. Mascus.com provides second hand heavy machinery and transport equipment across Europe. City24 is a real estate market place operating online in eight countries. The Marketplaces segment boosts awareness of its online brands for example by publishing printed marketplace newspapers. The best known of these is Etuovi.com.

Autotalli.com, Bovision, City24, Etuovi.com, Mascus.com, Mikko.fi, Monster.fi, Motors24, Objektvision

Kauppalehti Group

Kauppalehti Group leads the way in business information. Expanding online services supplement an extensive range of business publications.

Kauppalehti Group's best known product is the business newspaper Kauppalehti, which celebrates its 110th anniversary in 2008. The Group also publishes Kauppalehti Optio, Kauppalehti Vip and the online service Kauppalehti.fi. Balance Consulting and ePortti produce business information supplied by companies and public authorities. Kauppalehti 121 Oy offers direct marketing services. Lehdentekijät is specialized in customer magazines. The Baltic News Service has the highest readership among news agencies in the Baltic region.

Balance Consulting, Baltic News Service, ePortti, Kauppalehti, Kauppalehti.fi, Kauppalehti Optio, Kauppalehti Vip, Kauppalehti 121, Lehdentekijät, Suomen Business Viestintä

Newspapers

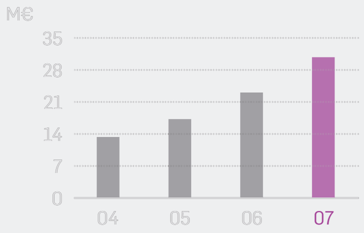
Newspapers is Alma Media's biggest segment. The company's newspapers reach more than two million readers daily.

Alma Media publishes a national tabloid, Iltalehti, five regional papers and 29 local and town papers with their online services. Aamulehti, published in Pirkanmaa, is the third largest newspaper in Finland. The other regional newspapers are Satakunnan Kansa and three belonging to Northern Newspapers, Lapin Kansa, Pohjolan Sanomat and Kainuun Sanomat.

Iltalehti.fi, published in parallel with the national Iltalehti, is the most popular online news service in Finland. More than a million people visit its website weekly.

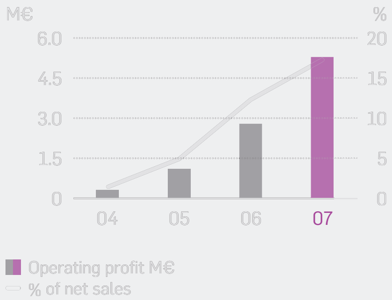
Aamulehti, Hervannan Sanomat, Iltalehti, Jokilaakso, Kainuun Sanomat, Kankaanpään Seutu, KMV-lehti, Koillis-Häme, Koillis-Lappi, Kokkolan Sanomat, Koti-Kajaani, Kuhmolainen, Kuriiri, Kurun Sanomat, Lapin Kansa, Meri-Lapin Helmi, Merikarvialehti, Nokian Uutiset, Oulun Eteläinen, Pohjolan Sanomat, Porin Sanomat, Pyhäjokiseutu, Raahelainen, Raahen Seutu, Satakunnan Kansa, Sotkamo, Suur-Keuruu, Sydän-Satakunta, Tori, Uusi Rovaniemi, Uutismarkku, Valkeakosken Sanomat, Vekkari, Vieskalainen, Ylä-Kainuu

Net sales*



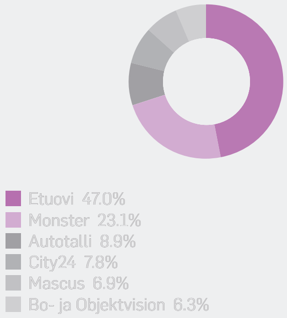
*Net sales in 2004–2005 excl. Network Services business unit divested in 2005.

Operating profit

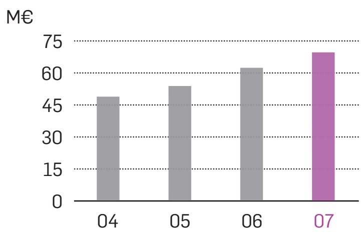


Net sales by units

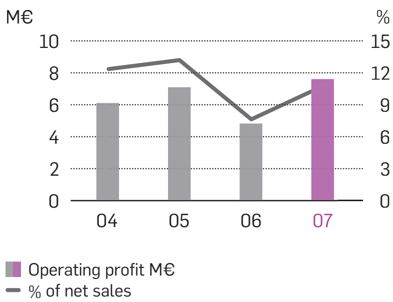
30.9 M€



Net sales

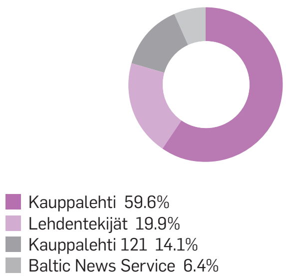


Operating profit

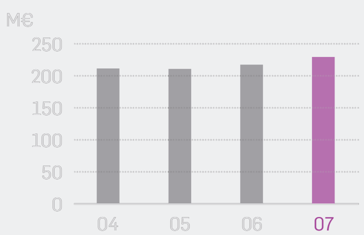


Net sales by units

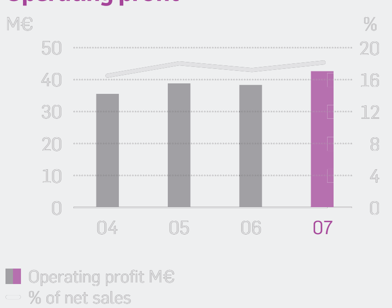
70.1 M€



Net sales

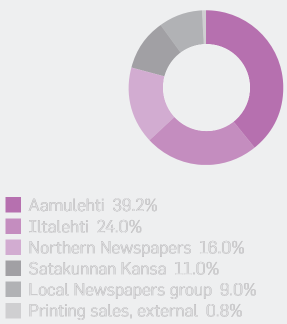


Operating profit



Net sales by units

230.6 M€



Effective trading online

Alma Media's marketplaces are for trading of homes, jobs, machinery, cars and consumer goods. Despite this diversity, the business operations move easily over national borders. Well-designed online services reassure buyers and sellers.

Keeping healthy and fit were once again issues of concern to Finns in 2007. Swimming is an ideal form of exercise for all ages, and is encouraged by the indoor and open-air swimming pools maintained by local authorities.
Photo: Jenni Gästgivar

The Marketplaces segment consists of internet services and printed publications that support the business and increase awareness of the services. The segment's best known brands are the online home-buying service Etuovi.com, the recruitment service Monster.fi and the online car sales service Autotalli.com. Mascus.com is a marketplace for second-hand machinery and transport equipment and Mikko.fi is a general purpose service for classified advertising for consumers that started in 2007.

The business of Marketplaces has expanded rapidly from Finland into the international market, supported by its experience in Finland as well as tried and tested technology. In Sweden the segment contains the home-buying service Bovision and the business premises service Objektvision. In Estonia City24, the country's best known online home-buying service, started operations in 2000. Alma Media acquired the service in 2005. Today, City24 has operations in eight countries. Mascus.com, the marketplace for heavy second-hand machinery and equipment, has operations across Europe and the service is available in 23 languages. Motors24 markets cars in Estonia, Latvia and Lithuania.

Internet is a growing media

The Marketplaces segment grew significantly in 2007 both in Finland and abroad. The market shares of Etuovi.com and Monster.fi rose in Finland to more than 50 per cent. Growth in Finland was fastest at Monster.fi.

City24 expanded its operations during 2007 to Russia and Croatia, and at the start of 2008 it was Bulgaria's turn. In future it is planned to expand the service primarily to new cities in existing markets. The goal is to develop City24 and Etuovi.com into expert services for selling property that also offer a wide range of market information. The Marketplaces segment is looking to boost growth not only by developing its services but also through possible acquisitions. The segment's goal is to become one of the leading internet marketplace operators in Europe.

Marketplaces is the fastest-growing and the most international segment of Alma Media.

The growing importance of the internet as a media has a major impact on Marketplaces. Usage of the net will continue to increase also in Finland. For example the growth in online investments and the increase in search engine advertising in 2007 reflected this trend.

Growth has resulted in an increase in the number of competing operators, especially in the emerging markets of Eastern Europe. As the market matures, the number of operators is expected to fall significantly.

Alma Media's Marketplaces have strong potential in all the markets selected, for the segment has accumulated solid experience of business models in different markets. Skilled personnel from different countries possess the ability to combine business operations and technology into interesting services in very different business environments.

One of the biggest challenges for online business is to maintain awareness of brands among buyers and sellers. The Marketplaces segment boosts awareness of its online brands for example by publishing printed marketplace newspapers. The best known of these is Etuovi.com, which is distributed to almost one million households in Finland.

In 2007 • Marketplaces' net sales increased 34%. • The Finnish operations of Marketplaces grew 28% and operations outside Finland by more than 72%. The property service portal City24 started up in Moscow in Russia and in Zagreb in Croatia. The Sofia, Bulgaria office was opened in early 2008. • Etuovi.com, Autotalli.com and Monster.fi strengthened their positions as market leaders in Finland. • Mikko.fi, a general purpose service for classified advertising, was launched.

Taru starts work
Another friend request on Facebook. I'm going to refuse, since I don't even have time for the family. No one writes proper letters anymore. Even the number of emails went down when we had Skype installed. At the weekend I'm going to make a call to Brazil, free of charge. My husband went to watch the Formula One Grand Prix and took his laptop with him. He was certain that Kimi would win.

(to be continued on page 21)

City24 advances in the east

City24 is a property market online service operating in the Baltic countries and Eastern Europe, whose websites are visited by 750,000 people every month. In Estonia City24 is the market leader in its field. Some six hundred Estonian estate agents rely on the quality of the service, and homeseekers count on being able to find a suitable property on City24's web pages. The internet portal offers a property selection of 40,000 homes, offices and holiday homes, and the service covers almost the entire country. In future Estonia's number one brand will start to offer up-to-date market information to support home buying.

Starting in Estonia, City24 expanded first into Latvia, Lithuania, Ukraine and Poland. Most recently it has moved into Russia, Croatia and Bulgaria. It is now time for closer cooperation between the City24 countries and to look for new markets.

Mikko.fi for everyone

Mikko.fi is a new online service for classified advertisement targeted at both consumers and companies. On Mikko.fi anyone can buy and sell goods, homes and cars, can give them away and accept them, put them up for auction and make bids for them. Mikko.fi, launched in September 2007, is the first site in Finland to combine auctions with fixed-price buying and selling.

Business is especially brisk in children's goods. You can bid for a children's bed, for example, and at the same time put an old Opel up for sale at the going rate.

Mikko.fi had on average 35,000 visitors a week in 2007. By 2010 it is estimated that the number will rise to half a million. Mikko.fi is also a familiar sight in Alma Media's regional newspapers. Net and newspaper form an effective pair, for newspaper advertisers can utilize Mikko.fi when they submit their advertisements.

Climate change really became a permanent topic for the media during 2007. Scientists predict that climate change will cause more frequent occurrences of freak weather conditions. Floods in Gothenburg, Sweden caused a road to collapse in 2006.
Photo: Rami Hanafi

Business newspaper is doing well

Kauppalehti sees a bright future for the subscription business newspaper. The printed paper creates a stable base for growing, profitable internet operations.

The subprime crisis in the USA and the giant losses sustained by banks also raised tension in the market in Europe. Talk of an approaching recession increased in Finland towards the end of the year.
Photo: Tiina Somerpuro

Kauppalehti Oy is a producer of business information, whose operations comprise a diverse range of business publications and rapidly growing online services. The best-known product of Kauppalehti Oy is the business newspaper Kauppalehti, which celebrates its 110th anniversary in 2008. Alongside it are published the business magazine Kauppalehti Optio, the business sector supplement Kauppalehti Vip, and the online service Kauppalehti.fi. Kauppalehti Oy also contains Balance Consulting, which offers business and corporate information services, and ePortti, which provides company and public authority information.

Kauppalehti Oy is part of Alma Media's Kauppalehti Group, which also includes Kauppalehti 121 Oy (direct marketing services), Lehdentekijät (stakeholder magazines) and the Baltic News Service.

Kauppalehti 121 Oy is one of Finland's leading direct marketing and customer relations marketing service companies. Its largest customers are in the car sales business and the finance and media sectors.

Lehdentekijät is one of Finland's largest customer magazine companies. It publishes more than 60 customer and personnel magazines and is looking for growth not only in Finland but also in the international market. The unit took a new step in its international expansion during 2007 when Nordea's customer magazine Ajassa, which Lehdentekijät publishes, was issued for the first time in Sweden with

Waste incineration continued to divide opinions during 2007. Incinerating waste to generate energy would help restrict climate change, but the environmental impact of the incinerators was one issue that concerned people.
Photo: Tiina Somerpuro

the title Tid. Advertisement marketing expert Suomen Business Viestintä is part of Lehdentekijät. Another international element is Baltic News Service, which is the clear leader in its market area in the Baltic region and is one of the few news agencies in the world with operations in several countries.

Revised strategy boosts efficiency

Kauppalehti Oy revised its strategy at the beginning of 2007 and at the same time carried out a rationalization programme, which included reducing the number of personnel. To improve profitability, the unprofitable Presso newspaper was discontinued in November. Changes were made to other products to increase their appeal to readers. One element in this was the redesign of Kauppalehti Optio towards the end of the year.

Kauppalehti has good potential for raising its total circulation to the outstanding figure of 85,000, for in its current state the market for a subscription business newspaper is expected to develop favourably. Kauppalehti Group's vision is to retain the market leadership and be a trendsetter for the business media.

Kauppalehti has very long experience in the online business. Kauppalehti has systematically developed its web expertise from as early as 1995. Committed visitors and extensive online services, some of which are subject to a charge, ensure that operations are profitable.

The increase in broadband connections and improvement in online services means that record numbers of people utilize the web. Kauppalehti is a typical example of a dual format product, with some of its readers reading the printed newspaper and some using the online service. It is estimated that one in five read both. Kauppalehti today reaches more readers than ever.

Constant demand for a subscription business newspaper.

In 2007 • Kauppalehti Oy revised its strategy and carried out a major savings campaign. It succeeded in improving profitability and raising efficiency in its operations. • The number of visitors to Kauppalehti.fi almost doubled. • Readers and advertisers gave the redesigned Optio a warm reception. • Unprofitable Presso was discontinued in November 2007.

Optio - always a fresh approach

Optio, the business magazine, celebrated its 20th anniversary in 2007. In honour of the special occasion, the magazine's structure was altered, it was given a new, improved look, and new areas were included in its contents. Readers and advertisers have given the changes a warm welcome. Advertising sales and the number of readers have increased significantly.

Optio reports on events and trends in business life, on management, work, the environment and the good life. Personal interviews and lifestyle form the core of the contents. Positive articles and high quality illustrations approach their subjects from surprising angles. A fresh approach can be found even to Finnish rye bread.

Optio, with its elegant appearance and design, is published every two weeks as a supplement to Kauppalehti.

Strong growth for Kauppalehti.fi

The year 2007 was a real turning point for Kauppalehti.fi. The service was revamped and it strengthened its position as market leader. A sharper focus was given to the contents of articles, the topics chosen were altered and marketing intensified. The result was better journalism on the internet.

The service revamp succeeded extremely well in meeting its targets. In week 44 a record number of 332,433 people visited the Kauppalehti.fi site. The weekly number of visitors towards the end of the year was twice as high as in autumn 2006.

In addition to business news, Kauppalehti.fi also publishes numerous blogs written by its own journalists and by readers. This is genuine dialogue, since it is easy to express opinions and comment on them. The sense of community is also high in the forums. When Kauppalehti.fi set up a discussion forum for entrepreneurs, thousands reached for their mouse and started actively to exchange ideas.

Taru at lunch
At a sushi bar with my sister. She gave me a new women's magazine, meant for the over-40s. Am I a target group? An article about farmers upset my sister. She's going to put some comment about it on a net forum which is quite lively. I prefer reading blogs. Aamulehti has some sharp blogs about culture.
(to be continued on page 24)

Newspapers focus on being local

Finns are the third biggest readers of newspapers in the world. Alma Media's newspapers are among the most important information channels and voices in their areas.

NATO membership became a talking point during the parliamentary elections and kept rising to the surface throughout the year. For example the controversial speech given by Defence Minister Jyri Häkämies in September in the USA was interpreted as taking a stance on NATO.
Photo: Rami Hanafi

Newspapers are Alma Media's biggest segment, with five business units: Iltalehti, Aamulehti, Satakunnan Kansa, Northern Newspapers and Local Newspapers. Northern Newspapers publishes eight regional, local and town newspapers. Local Newspapers publishes fifteen local newspapers in different parts of Finland and six town papers and free sheets. All the newspapers published by Alma Media are listed with their circulation figures at www.almamedia.fi.

The readership base of the newspapers is very solid. Some 97 per cent of the circulation sales of the regional newspapers comes from subscriptions, and 85–93 per cent of these are long-term subscriptions. Net sales of Alma Media's newspapers increased 5.8 per cent from 2006 and the business is expected to develop steadily in future as well.

Finland's third largest newspaper, Aamulehti, which is published in Pirkanmaa, increased its net sales in 2007 as did the national daily tabloid Iltalehti, whose market share rose to 42 per cent in a declining market. Both papers developed their online services strongly during the year. The number of visitors to Aamulehti.fi more than doubled, and Iltalehti.fi grew to become Finland's biggest online news service. The other newspapers also expanded their online operations, for example by increasing their offering of newsflashes. Cooperation between the online services and printed newspapers will continue to be close.

Major changes were started at Alma Media's regional newspapers in 2007. Aamulehti led the way, renewing its appearance, content and production method. It switched to layout driven workflow and streamlined its structure. Ally Palmer and Terry Watson, Scottish designers who have achieved international success, were responsible for the paper's redesign. Layout driven workflow improves the planning process, increases the efficiency of the production phase and simplifies the exchange of articles.

Alma Media's other regional newspapers will also renew their page structures and introduce the layout driven workflow. The change process will utilize the Group's proven expertise in chaining.

The newspaper – printed or online – interprets the world.

The benefits of chaining can also be seen in the cooperation between the regional newspapers and the Helsinki desk established in 2007. Focusing on political and business issues, the desk produces journalism of national and local importance, which Alma Media's newspapers and Kauppalehti utilize as they see fit.

Newspapers are close to the reader

As media usage evolves, also the journalistic practice is expected to change significantly over the next few years. Alma Media's newspapers have prepared for this change, for example by increasingly making people and various phenomena the focal point of journalism. Newspapers are strengthening the dialogue between readers and their editorial staff, and paying careful attention to feedback from readers. Editorial staff work more often in a multimedia environment, where the printed newspaper, internet and other digital channels go hand in hand.

The digitalization of information means that fragmentation continues in the media scene and target groups become smaller and smaller. This trend does not weaken the position of newspapers, however. On the contrary, it strengthens their position. Newspapers focus on issues which readers consider to be important for them. Newspapers provide reliable information which helps readers form opinions and take decisions.

The media scene is suffering from an oversupply of information. Alma Media responds to the information indigestion suffered by consumers by publishing newspapers that represent the best in journalism.

In 2007 • Net sales of the Newspapers increased nearly 6%. • Advertising sales improved 8%. • Circulation sales grew 5%, particularly Aamulehti and Lapin Kansa performed well. • Aamulehti renewed its appearance, content and production method. • The number of visitors to Iltalehti.fi and Aamulehti.fi rose to record levels. • A new editorial desk was established in Helsinki.

Taru in the grocery store
Only a few copies of Iltalehti left by the cash desk. More headlines about the crisis at Yle, Finnish Broadcasting Company. Which channel are they going to close down now? I'll take the paper home, Peik at least reads the sports pages. Miia, my youngest, likes Ilona. They're no doubt planning to watch Big Brother today. When we got a set-top box, the children's viewing habits changed overnight.
(to be continued on page 30)

Helsinki desk breaks down barriers

The environment in which people live and work is changing, and so are reading habits. Life cannot be divided up into separate strictly defined areas. To provide even better service for its readers, Alma Media established a news desk in Helsinki to create a new journalistic culture. Nine journalists examine topics where business, politics and value issues interact, resulting in stories with a fresh approach.

Alma Media's Helsinki desk serves Aamulehti, Kauppalehti, Satakunnan Kansa, Lapin Kansa, Pohjolan Sanomat and Kainuun Sanomat. These papers have almost a million readers. The joint editorial desk is a good example of Alma Media's editorial chaining expertise.

The Helsinki desk has aroused lively discussion around the country. For example in summer 2007 the desk published the story about the Finnish Stasi contacts held by the security police. The debate lasted for weeks.

Nimble Iltalehti.fi

Iltalehti.fi combines a quick-moving daily tabloid with a reliable news service in an interesting way. Finland's biggest online news service attracts more than 1.2 million visitors weekly. The figure grew by almost 300,000 from 2006. Known for its hot style of reporting, Iltalehti.fi has also boosted the popularity of the printed paper.

The combined resources of the online and printed papers offer advertisers almost unlimited opportunities. One advertisement in Iltalehti.fi generates over 500,000 contacts a day. Publish an advertisement in the paper and on the net, and the number rises to more than 1,255,000 readers.

Established in 1995, the online paper's services are being continuously developed. Finland's first web TV was launched on Iltalehti.fi in 2006. Mobile services bring the news direct to mobile phones.

Welcome to the mobile service of Iltalehti!

6. 5. 2007. France's presidential elections, with a record turnout, saw right-wing candidate Nicolas Sarkozy elected to lead the country. Sarkozy has continued to hog the headlines not only because of political issues but also due to his private life.
Photo: Rami Hanafi

Working for free journalism

Alma Media is a responsible corporate citizen and intends to further improve its relations with the community in which it operates.

The state of care for old people was another constant topic in the media in 2007. The issue aroused extensive discussion in the lead up to the parliamentary elections and in connection with the industrial action by nurses in the autumn.
Photo: Jarno Juuti

Alma Media carries out responsible work on behalf of individual freedom and well-being. The company defends freedom of speech and pluralistic discussion. Alma Media aims to promote the interests of customers, personnel, owners and other key stakeholder groups while supporting the well-being of the environment. Its guiding principle is serving all members of society on an equal basis.

Profitability is a prerequisite for Alma Media's responsible operations as well as for the independence of its media. Alma Media's continuous goal is to improve profitability and enhance the efficiency of its operations.

Social responsibility

Alma Media performs its social responsibilities towards personnel, customers and other main stakeholder groups. For its employees, Alma Media offers a renewing and developing working environment, where constant, systematic competence development is a crucial part of daily work. This is the way Alma Media wants to ensure its personnel will have a sustainable value in the job market.

Alma Media is a leading national media group and a significant company at local level. Alma Media's newspapers and online services promote the vitality of the economic areas where they operate and the well-being of the local population. The role of community is growing all the time, so papers increase the dialogue between citizens and create regional spirit.

The Group's newspapers and online services not only comply with the law and other legal provisions; they also apply ethical self-regulation, journalistic guidelines and their own ethical guidelines, the objective being reliable journalism and equal treatment for all the parties involved.

Well-being and jobs from Helsinki to Kemijärvi and from Suomussalmi to Pori.

In 2007 the Group's companies participated in numerous projects of importance to society; one example is Kauppalehti's cooperation with the organization Save the Children.

Economic responsibility

Alma Media seeks to generate economic added value for its stakeholders and acts in the interests of its shareholders. The Group is an important tax-payer and employer. Alma Media's papers actively defend the economic vitality of their regions and also provide jobs in smaller communities. In addition to full-time employment the Group offers part-time jobs: for example delivering newspapers is a way to make an extra income for people in very different situations in life.

Environmental responsibility

The biggest environmental impact from Alma Media's business operations consists of paper and energy consumption and traffic emissions. Newsprint is used in most of the company's publications; some 37,000 tonnes of this are used a year. The waste resulting from printing is either recycled for reuse or sent to toxic waste disposal plants.

The company used 20,632 MwH of electricity in 2007. Carbon dioxide emissions from printing and distribution activities are incurred mainly by vehicles. Alma Media complies with its environmental permits and in environmental matters works in co-operation with the relevant authorities and other stakeholder groups.

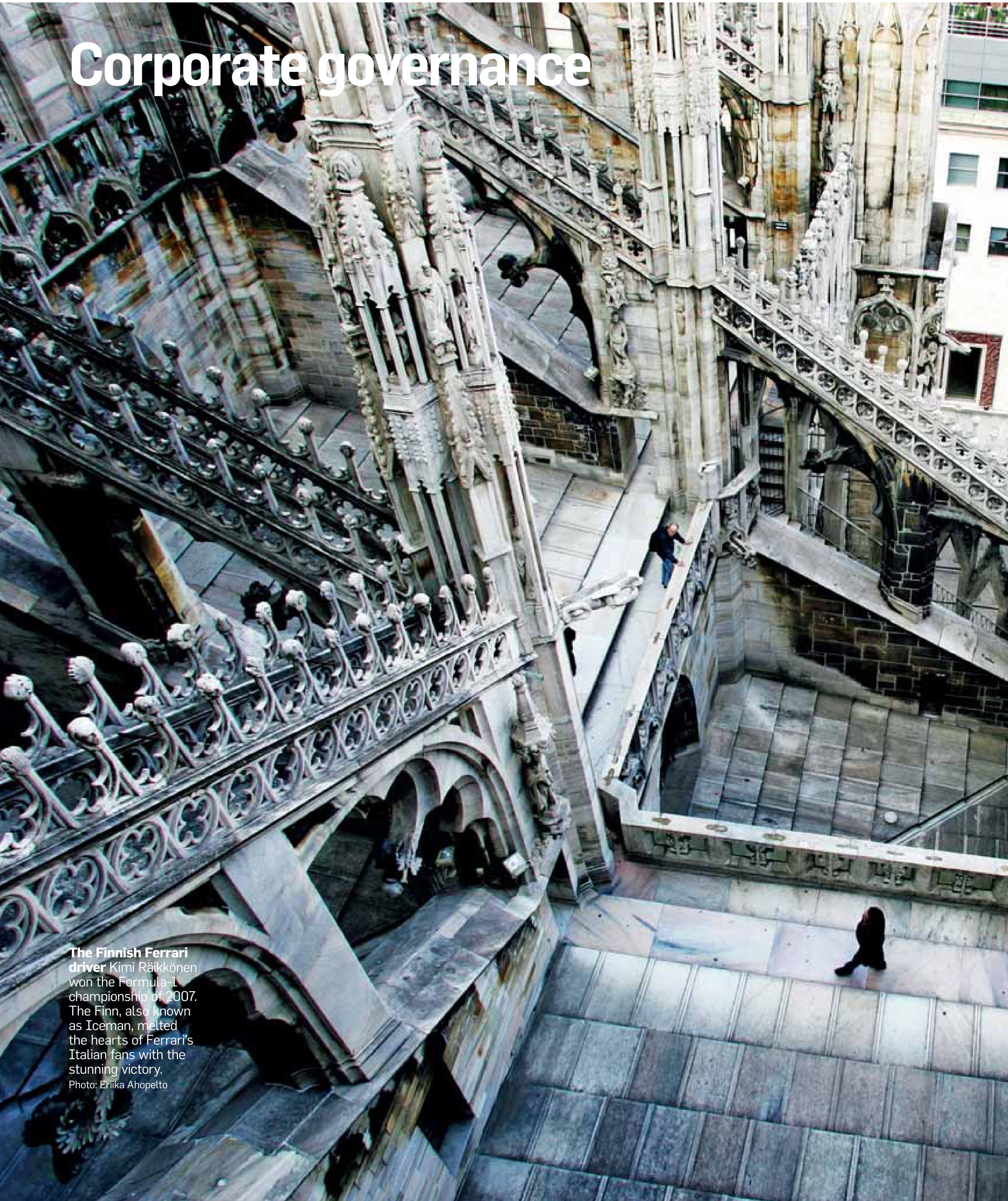
Cooperation now in its third year

Kauppalehti and Save the Children Finland started working together in 2005. Save the Children Finland operates throughout the country by providing foster families, arranging adoptions and providing shelters and temporary homes for children.

In its partnership with Save the Children, Kauppalehti donates advertising space to the organization. Visibility in Finland's leading business newspaper increases awareness of Save the Children throughout the country and boosts fund raising. In return, Kauppalehti gains visibility as a sponsor and also obtains the results of Finnish and international studies into the position of children and the challenges facing families with children, for use by its editorial staff.

As a national media for decision-makers, Kauppalehti also aims to encourage other companies to act responsibly. Kauppalehti wishes to stimulate social dialogue, which in the 2000s includes not only material values but also values concerning the environment and the well-being of people. Cooperation with Save the Children helps Kauppalehti achieve its goals in this dialogue.

Corporate governance



The Finnish Ferrari driver Kimi Räikkönen won the Formula-1 championship of 2007. The Finn, also known as Iceman, melted the hearts of Ferrari's Italian fans with the stunning victory.
Photo: Eriika Ahopelto

The company applies the recommendations (entry into force on 1 July 2004) prepared by HEX Plc, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industries EK concerning the corporate governance of listed companies, subject to the following derogation:

1. Nomination and Compensation committee (Recommendations 25, 31 and 34)

The Board of Directors does not appoint members to the Nomination and Compensation Committee. Under the charter of the Board of Directors, the members of the committee are the chairman and deputy chairman of the Board of Directors.

Structure of the Alma Media Group

Responsibility for Alma Media Group's management and operations belongs to the constitutional bodies required by the Finnish Companies Act: namely, the General Meeting of Shareholders, which elects the members of the Board of Directors; and the President and CEO, who is appointed by the Board of Directors.

The activities of these bodies are also set out in Alma Media Corporation's Articles of Association. The Group's supreme decision-making body is the General Meeting of Shareholders, where shareholders exercise their decision-making power. The Board of Directors is responsible for the company's management and its appropriate organization. As Alma Media Corporation is the Group's parent company, it is responsible for the Group's management, accounting and financing, strategic planning, personnel management, communications, and compliance with the disclosure obligations of a public listed company.

Alma Media Corporation has three reporting units: Newspapers (newspaper publishing and printing); Kauppalehti Group (production and distribution of business information) and Marketplaces (classified services).

General meetings

A General Meeting of Alma Media Corporation's shareholders is held at least once a year. The Meeting is convened by the Board of Directors, which also sets its agenda.

The Annual General Meeting is held on the date set by the Board of Directors, however no later than the end of April.

General Meetings resolve on matters required by the Finnish Companies Act and the company's Articles of Association.

The Annual General Meeting decides the following matters:

- Confirmation of the income statement and balance sheet,
- Distribution of profit,
- Discharge of the Board of Directors and the President and CEO from liability for the financial year,
- Election of the members of the Board of Directors and appointment of the company's auditors.

The tasks of General Meetings also include:

- Amendments to the Articles of Association, and
- Decisions concerning changes to the company's share capital.

The company's aim is that all members of the Board of Directors attend General Meetings.

Notice of a General Meeting is normally published in Kauppalehti, Aamulehti and Iltalehti at least 17 days before the meeting. In addition to this, the notice is published as a Stock Exchange Announcement and on Alma Media's website. Registration of attendance at the meeting must be conducted according to the notice.

The Board of Directors

The Board of Directors is responsible for the company's administration and the due organization of its operations. The tasks and responsibilities of the Board of Directors are determined by the Finnish Companies Act and the Articles of Association. The detailed working of the Board of Directors is set out in the Board's Charter.

Principal tasks of the Board of Directors include confirming the Group's strategy and objectives as well as deciding on significant investments and acquisitions. The Board of Directors monitors the Group's performance through the monthly reports and other information provided by the Group's management.

The duties of the Board of Directors include:

- Confirming the Group's strategy and objectives, monitoring their implementation, and, if required, initiating corrective action,
- Considering and approving the interim reports and the annual accounts,
- Approving strategically significant corporate and real estate acquisitions and disposals as well as investments according to separate investment instructions,
- Deciding on the company's capital financing programmes and operations according to the separate treasury policy,
- Approving the dividend policy and submitting a dividend proposal to the Annual General Meeting,
- Reviewing annually the main risks associated with the company's operations and their management; if necessary, giving the President and CEO instructions on how to deal with them, and, if required, initiating corrective actions,
- Appointing and, if required, dismissing the President and CEO,
- Deciding on the Compensation Committee's proposal for the terms of employment of the President and CEO,

- Confirming the company's organization based on the CEO's proposal,
- Confirming the terms of employment of the CEO's direct subordinates based on the CEO's proposal,
- Confirming, based on the CEO's proposal, the appointment and dismissal of the editors-in-chief of Aamulehti, Iltalehti and Kauppalehti, as well as of Kainuun Sanomat, Lapin Kansa, Pohjolan Sanomat and Satakunnan Kansa,
- Holding a meeting with the company's auditors at least once a year,
- Deciding on matters that are exceptional and have wide-ranging consequences,
- Considering other matters that the chairman of the Board and President and CEO have agreed to be included in the agenda for the Board's meeting. Other Board members are also entitled to put a matter before the Board by notifying the chairman of such a matter,
- Representing the company and entitling individuals to represent the company, as well as deciding on procurations,
- Approving the principles underlying the donation of sums to good causes.

The Board convenes 6 or 7 times a year according to a preconfirmed timetable, and in addition whenever necessary. Most meetings are connected with the publication of the company's financial statements or interim reports. In addition to these meetings, the Board also holds one or two Strategy Meetings at which it considers the Group's future scenarios and confirms the company's strategy. In 2007 the Board met 11 times. The average attendance of the Board members at these meetings was 91%.

Alma Media Corporation's Board of Directors is elected by a General Meeting. The Board comprises from 3 to 9 members. The Annual General Meeting on 8 March 2007 confirmed the number of Board members to be 7. The Board of Directors elects from amongst its members a chairman and a deputy chairman. The chairman is Kari Stadigh and the deputy chairman is Matti Kavetvuo. The other members of the Board of Directors are Lauri Helve, Matti Häkkinen, Kai Seikku, Harri Suutari and Ahti Vilppula. Their terms of office expire at the close of the Annual General Meeting following their election.

In the assessment of the Board, the following members are independent of the company: Lauri Helve, Matti Häkkinen, Matti Kavetvuo, Kai Seikku, Kari Stadigh, Harri Suutari and Ahti Vilppula.

The President and CEO of the company may not be the chairman of the Board of Directors.

In addition to the members of the Board of Directors, the Board's meetings are also attended by the President and CEO, the Group's Chief Financial Officer, a person appointed to keep the minutes of the meeting, and other individuals asked to attend as required.

Permanent committees

At its constitutive meeting after the Annual General Meeting, the Board of Directors elects from amongst its members an Audit Committee. The principal task of the Audit Committee is to monitor the auditing process as well as prepare interim reports, the report by the Board of Directors and other reports. The Audit Committee is also responsible for monitoring significant financial risks and measures taken to control these risks.

The Audit Committee consists of at least 2 Board members separately elected for this task and independent of the company. The committee meets at least 4 times a year. In 2007, the members of the Audit Committee were Harri Suutari (chairman), Matti Häkkinen, Kai Seikku and Ahti Vilppula. The committee's meetings are also attended by the company's external auditor and the matters on the agenda are presented by the Group's Chief Financial Officer. The Audit Committee convened 4 times in 2007.

The Nomination and Compensation Committee comprises the chairman and deputy chairman of the Board of Directors. The principal task of the Nomination and Compensation Committee is to prepare the election of the Board of Directors for the Annual General Meeting, and, after hearing the principal shareholders of the company, to submit to the An-

Taru's evening
Peik's finally stopped messaging. Miia showed her pictures on the IRC-Galleria. Fortunately they were quite restrained. We watched a dreadful video about an American school killer who paraded on YouTube. I hope nothing like that happens in Finland. I visited the online newspaper. Outrage about the closing down of the factory.

nual General Meeting proposals on the number of the members of the Board, on the individuals to be elected as the members of the Board and on the compensation of the chairman, deputy chairman and members of the Board. Additionally, the Nomination and Compensation Committee prepares matters concerning compensations that the Board is required to resolve on. In the Nomination and Compensation Committee, the matters concerning compensation are presented by the President and CEO. The Nomination and Compensation Committee was preceded by two separate committees: the Compensation Committee and the Election Committee. The Compensation Committee convened two times and the Election Committee once in 2007.

The Board of Directors confirms the written charters for the committees. The committees report to the Board of Directors.

Self-assessment by the Board of Directors

The Board of Directors evaluates its operations and working procedures annually through self-assessment.

Fees paid to the Board of Directors

The Board of Directors were paid the following fees in 2007 (EUR):

	Annual fee	Meeting fees	Total
Kari Stadigh (chairman)	30,000	13,000	43,000
Matti Kavetvuo (deputy chairman)	24,000	9,100	33,100
Lauri Helve	20,000	5,500	25,500
Matti Häkkinen	20,000	7,500	27,500
Kai Seikku	20,000	6,000	26,000
Harri Suutari	20,000	9,500	29,500
Ahti Vilppula	20,000	3,000	23,000

As decided by the Annual General Meeting, the annual fees paid to the Board members are partially paid in the form of Alma Media shares. The chairman of the Board is paid EUR 1,000 per meeting for attending Board meetings, the deputy chairman EUR 700 per meeting, and the other members EUR 500 per meeting.

President and CEO and the Group Executive Team

The President and CEO is responsible for the day-to-day management of the company in accordance with the guidelines and instructions of the Board of Directors. The President and CEO Kai Telanne is assisted by a Group Executive Team comprising Matti Apunen (Executive Editor-in-Chief, Aamulehti), Kari Kivelä (Publisher of Iltalehti), Juha-Petri Loimovuori (President, Kauppalehti Group), Raimo Mäkilä (President, Marketplaces), Teemu Kangas-Kärki (CFO), and Minna Nissinen (SVP Corporate Development). The secretary of the Group Executive Team is Rauno Heinonen (Vice President, Corporate Communications and Investor Relations).

The Group Executive Team prepares the monthly reports, investments, Group guidelines and policies, the long-range plans, the action plans covering the following 12 months, and the financial statements for confirmation by the Board of Directors. The Group Executive Team normally meets once a month. The Group Executive Team met 9 times in 2007.

Compensation of the President and CEO and the Group Executive Team

In 2007, Alma Media's President and CEO was paid EUR 285,673 in salaries and benefits in kind and EUR 86,400 in bonuses. Under his terms of employment, President and CEO Kai Telanne is entitled to retire at 60 years of age. His pension is 60% of his salary. In the event of his resignation, he is also entitled to receive a salary for 6 months during the period of notice as well as his basic salary for 12 months if he is dismissed by the employer without being in breach of contract. The 12-month extra salary does not apply if he himself resigns.

The other members of the Group Executive Team were paid altogether EUR 1,103,842 in salaries, bonuses and fringe benefits during 2007. The compensation paid to the President and CEO and his immediate subordinates, and their incentive scheme, are decided by Alma Media Corporation's Board of Directors.

Personnel representation

Personnel representation in the administration of the company is organized so that the representatives of the company's various personnel groups meet the chairman of Alma Media Corporation's Board of Directors and the President and CEO at least every three months and in each case before the respective Board meeting.

Reporting

Reporting to the Board of Directors

Alma Media Corporation's President and CEO prepares the Group's monthly report, the annual and interim financial statements, and the other matters stipulated in the Board's Charter, for consideration by the Board. In conjunction with the interim accounts, the Board of Directors also receives an investment monitoring report.

The auditors inform the Board's Audit Committee about their auditing plan once a year and provide written reports to the Board twice a year. They are also present at Board meetings dealing with the annual accounts.

Reporting to the President and CEO

The President and CEO monitors the operations of the reporting units by means of a monthly report. In addition the members of the Group Executive Team report to the President and CEO at its meetings or as separately agreed. Alma Media Corporation's finance and administration department prepares monthly and quarterly reports for the President and CEO and the Group Executive Team based on the financial reports produced by the reporting units.

Internal control

Control and supervision of Alma Media's business operations take place in accordance with the administrative and management system described above. The Board of Directors is responsible for ensuring that monitoring of the company's accounts and capital management is properly organized. The President and CEO ensures that the accounting procedures comply with Finnish legislation and that the company's capital management is organized in a reliable way.

The President and CEO, the Group Executive Team and the heads of the business units are responsible for ensuring that the accounting and administration of the areas within their spheres of responsibility comply with Finnish legislation, the Group's operating principles, and the guidelines and instructions issued by Alma Media Corporation's Board of Directors.

Each reporting unit supervises the accounting and administration of its profit centres. Alma Media Corporation's external auditors examine the accounts and the administration of the profit centres once a year. The audit plan prepared by the auditors also takes into account the requirements set by the internal audit function.

The company's business operations and capital management are monitored using the reporting systems described above. Alma Media Corporation operates a financial reporting system based on profit centres. This system also monitors implementation of the profit centre budgets. The auditors submit their report to Alma Media Corporation's shareholders annually at the Annual General Meeting. Additionally the auditors submit to the Board of Directors an annual summary of their auditing plan and a written report on the entire Group in conjunction with publication of the interim financial statements in June and the annual financial statements. They also provide regular reports on the business units to the Group's financial management and reporting unit managements.

Holdings of the public insiders 31 Dec 2007

Board of Directors	Shares	Options 2006A	Options 2006B
Stadigh Kari (chairman)	12,655	0	0
Kavetvuo Matti (deputy chairman)	10,396	0	0
Helve Lauri	41,836	0	0
Häkkinen Matti	279,598	0	0
-related party holdings	982,418	0	0
Seikku Kai	1,596	0	0
Suutari Harri	82,784	0	0
Vilppula Ahti*	798	0	0
-related party holdings	5,070	0	0
Board of Directors total	1,417,151	0	0
Group Executive Team			
Telanne Kai (chairman)	4,339	80,000	80,000
Apunen Matti	4,339	25,000	25,000
Heinonen Rauno (secretary)	0	0	10,000
Kangas-Kärki Teemu	1,000	40,000	40,000
Kivelä Kari	0	40,000	40,000
Loimovuori Juha-Petri	150	10,000	40,000
Mäkilä Raimo	25,000	40,000	40,000
Nissinen Minna	4,339	25,000	25,000
Group Executive Team total	39,167	260,000	300,000
Auditors			
Pärssinen Harri	0	0	0
Public insiders, total	1,456,318	260,000	300,000

* In addition, Procomex SA and Helsingin Mekaanikontalo Oy, companies controlled by Ahti Vilppula, held 8,250,100 forward contracts at the end of the year.

The auditors meet the business unit management twice a year and the chief financial officer at least 4 times a year.

Alma Media's general meeting elected the firm of authorized public accountants Ernst & Young Oy as the company's auditors for 2007. The fees for auditing the financial statements of Alma Media totalled EUR 119,500. The auditing company charged EUR 79,995 for other services during the financial year.

Risk management

Alma Media Corporation's risk management policy requires the risk management strategy and plan, the control limits imposed and the course of action to be reviewed annually. Risk management takes place through the risk management organization and process based on the company's risk management policy. The risk management process identifies the risks threatening the company's business, assesses and updates them, develops the necessary risk management methods, and regularly reports on the risks to the risk management organization. Risk management employs an online reporting system.

Internal audit

Given the nature and scope of its business, Alma Media Corporation does not consider it expedient to have a separate internal audit organization. Internal audit functions have been incorporated into the responsibilities of Alma Media Corporation's business organization and are also taken into account in the external auditors' audit plans.

Insider management

Alma Media Corporation applies the insider rules issued by the Helsinki Stock Exchange. The company's public (statutory) insiders are the members of the Board of Directors, the President and CEO and the auditor nominated as the principal auditor by the company's external auditors. The company has also decided that the members of the Group Executive Team are subject to the same disclosure obligations as its public insiders. The company's internal, non-public and company-specific insiders include the heads of its largest business units and certain other individuals who by virtue of their position or responsibilities regularly receive insider information. The company also maintains a non-public list of temporary insiders for major projects.

Information on the company's public insiders, together with up-to-date information on their holdings and transactions, are available on Alma Media's website. The information contained in Alma Media's insider register is also available for inspection at the service desk of the Finnish Central Securities Depository Ltd, Urho Kekkosen katu 5 C, 8th floor, FI-00100 Helsinki.

By providing instruction and information, Alma Media ensures that its public and non-public insiders are fully aware of their position and its importance. Alma Media insiders are not permitted to trade in the company's securities for 21 days prior to publication of the interim report or financial statements bulletin.

The company's General Counsel is responsible for insider affairs in Alma Media Corporation.

Alma Media Group 1 January 2008

Alma Media Corporation →

President and CEO
Kai Telanne

Finance and Administration
Teemu Kangas-Kärki

Corporate Communications and IR
Rauno Heinonen

Corporate Development
Minna Nissinen

Human Resources
Mari Vuorre

Legal Affairs
Mikko Korttila

Aamulehti
Juha Ruotsalainen

Satakunnan Kansa
Jouko Jokinen

Pohjoiset lehdet →
Matti Ilmivalta

- **Lapin Kansa** – Matti Ilmivalta
- **Pohjolan Sanomat** – Heikki Lääkkölä
- **Kainuun Sanomat** – Matti Piirainen

Local Newspapers
Jorma Valkama

Iltalehti
Kari Kivelä

Kauppalehti Group →
Juha-Petri Loimovuori

- **Kauppalehti** – Juha-Petri Loimovuori
- **Lehdentekijät** – Kimmo Kallonen
- **Kauppalehti 121** – Timo Lehtinen
- **Baltic News Service** – Anvar Samost

Marketplaces
Raimo Mäkilä

Alma Media Services Ltd
Tapio Korpela

Board of Directors

2.

1.

3.

1. **Kari Stadigh** (born 1955)
Chairman of the Board
Deputy CEO of Sampo plc, Member of the Group Executive Committee, M.Sc. (Eng.), BBA (Econ.)

Previous positions: Sampo Life Insurance Company Ltd, President 1999–2000; Nova Life Insurance Company, President 1996–98; Jaakko Pöyry Group, President and COO 1991–1996.

Board memberships: Aspo plc (Chairman); Kaleva Mutual Insurance Company (Chairman); Sampo Life Insurance Company Limited (Chairman); IF P&C Insurance Holding Ltd (publ) (Chairman); Varma Mutual Pension Insurance Company.

2. **Matti Kavetvuo** (born 1944)
Deputy Chairman of the Board
M.Sc. (Eng.), B.Sc. (Econ.)

Previous positions: Pohjola Group plc, President and CEO 2000–01; Valio Ltd, President and CEO 1992–99.

Board memberships: Marimekko Oyj (Chairman); Metso Oyj (Chairman); Orion Oyj (Chairman); Konecranes Oyj Abp.

3. **Lauri Helve** (born 1943)
Diploma of Journalism (University of Tampere)

Previous positions: Kauppalehti, Editor-in-Chief and Publisher 1989–2003; Ilta-Sanomat, Editor-in-Chief 1985–1989; Helsingin Sanomat 1967–1985, most recently Head of Business News.

Board memberships: Medialehdet Oy Vantaa.

4. **Matti Häkkinen** (born 1946)
LL.B.

Previous positions: City Court Judge, Tampere City Court 1979–1993; various legal and administrative positions for the state, the city of Tampere and private bodies 1970–1979.

Board memberships: Eva Lovisa and C.G Dunderberg Foundation (Chairman); Tampere Tuberculosis Foundation (Chairman); Kunnallisneuvos C.V. Åkerlund Foundation.

5. **Kai Seikku** (born 1965)
CEO of HKScan Oyj, M. Sc. (Econ. & Bus. Admin.)

Previous positions: HK Ruokatalo Oy, Managing Director 2005–2007; McCann-Erickson, Country Chairman 2002–2005; Hasan & Partners, CEO 1999–2005; The Boston Consulting Group (Stockholm and Helsinki), Business Management Consultant 1993–1999.

Board memberships: Finnish Food and Drink Industries' Federation, Chairman; Confederation of Finnish Industries EK, member; Trainers' House Plc.

6. **Harri Suutari** (born 1959)
Chairman of the Board of PKC Group, Engineer

Previous positions: PKC Group, President and CEO 2002–2005; Ponsse Oyj, President and CEO 1994–2000; Kajaani Automatiikka Oy, President 1984–1996.

7. **Ahti Vilppula** (born 1959)
Director of Procomex SA 1997–

Previous positions: Kermas Ltd (London), Director 2002–2005; Alloy SA (Brussels Luxembourg), Director 1997–2001; APV Consulting (Brussels), Director 1994–1996; N.I.B.N (Brussels), Director 1990–1993; Ykkösrahoitus Oy (Helsinki), Managing Director 1984–1989.

Board membership: Ruukki Group Corporation.

More information on the members of the Board of Directors: www.almamedia.fi

Group Executive Team

1. **Kai Telanne** (born 1964)
President and CEO, Chairman, M.Sc. (Econ.)

Previous positions: Kustannus Oy Aamulehti, Managing Director 2001–2005; Kustannus Oy Aamulehti, Deputy Managing Director 2000–2001; Kustannus Oy Aamulehti, Marketing Director 1999–2000.

Board memberships: Varma Mutual Pension Insurance Company, Supervisory Board; The Finnish News Agency (STT), Deputy Chairman; The Tampere Theatre, Deputy Chairman; Federation of the Finnish Media Industry, Chairman; The Central Chamber of Commerce of Finland, Board member; European Newspaper Publishers' Association, Board member; National Board of Economic Defence, Graphic Industry Pool.

2. **Matti Apunen** (born 1960)
Senior Vice President, Editor-in-Chief of Aamulehti, M.Sc. (Soc.)

Previous positions: Aamulehti, Assistant Editor-in-Chief 1998–2000; Image, Editor-in-Chief 1997–1998; Aamulehti, Development Manager 1995–1996.

Board memberships: Tampereen Tietoverkko Oy.

3. **Teemu Kangas-Kärki** (born 1966)
CFO, M.Sc. (Econ.)

Previous positions: Kesko Group, Vice President, Corporate Controller 2002-2003; Kesko Group, Corporate Business Controller 2000–01; Suomen Nestlé Oy, Finance Director 1999–2000; Suomen Nestlé Oy, Finance Manager 1998–99; Smith & Nephew Oy, Finance Manager 1996–98; Unilever Oy/GmbH 1992–1996.

4. **Kari Kivelä** (born 1959)
Senior Vice President, Publisher of Iltalehti, M.Sc. (Soc.), MBA

Previous positions: Startel Oy, Managing Director 2002–2004, Saunalahti Group Corporation, Deputy Managing Director 2000–2002, Uutislehti 100 Oy, City-lehti, Managing Director 1997–2000; City-lehti, Editor-in-Chief 1986–1997.

5. **Juha-Petri Loimovuori** (born 1964)
Senior Vice President, Head of Kauppalehti Group, M.Sc. (Econ.)

Previous positions: Kustannus Oy Aamulehti, Advertising Director 2002–2006; and head of Alma Media's media marketing chain 2004–2006; Kustannus Oy Kauppalehti, several positions in sales and development 1994–2002.

Board membership: Levikintarkastus Oy (Finnish Audit Bureau of Circulations).

6. **Raimo Mäkilä** (born 1958)
Senior Vice President, Head of Marketplaces, M.Sc. (Eng.)

Previous positions: Alma Media Net Ventures Oy, President 1999–2000; Alexpress Oy, President 1998; Helsingin Sanomat, Director, Services 1994–1997.

7. **Minna Nissinen** (born 1968)
Senior Vice President, Corporate Development, M.Sc. (Econ.)

Previous positions: Alpress Oy, Business Controller 2002–2005; Huurre Group, Group Business Controller 2001–2002; Huurre Group, Controller, Nordic Projects 2000–2001; Arthur Andersen Oy, auditor 1996–2000.

8. **Rauno Heinonen** (born 1964)
Vice President, Corporate Communications and IR, secretary to the Group Executive Team, M.Sc. (Soc.)

Previous positions: Miltton Oy, Account Director 2006–2007; Satama Interactive Oyj, Communications Director 2005–2006; M-real Oyj, SVP, Corporate Communications 2000–2003; ICL Data Oy, Head of Communications 1995–2000.

Board membership: ProCom ry 2006–.

More information on the members of the Group Executive Team: www.almamedia.fi


8.
6.
2.
7.
4.
3.
5.

Financial statements 2007

The Finnish Defence Forces donated a thousand ex-army bicycles to an internet auction, with the proceeds going to war veterans. The auction succeeded beyond expectations, bringing in almost EUR 230,000.
Photo: Pekka Karhunen

Report by the Board of Directors 2007

2007 highlights:
- Net sales MEUR 328.9 (2006: MEUR 301.9)
- Operating profit MEUR 64.4, 19.6% of net sales (MEUR 49.1, 16.3%)
- One-time items of capital gain MEUR 11.5 (MEUR 2.7)
- Profit before tax MEUR 68.0 (MEUR 49.9)
- Earnings per share EUR 0.68 (EUR 0.50)
- Proposed dividend EUR 0.90 per share (EUR 0,65)
- In 2008 net sales will rise, comparable operating profit similar to 2007

Consolidated net sales and result 2007

Alma Media Corporation's net sales in 2007 totalled MEUR 328.9 (MEUR 301.9). Higher media sales in newspapers and online services were the biggest factor in increasing net sales.

The consolidated operating profit improved to MEUR 64.4 (MEUR 49.1). The operating margin was 19.6%, compared to 16.3% a year ago.

Operating profit includes a one-time item of capital gains of altogether MEUR 11.5. Alma Media sold a property used by the newspaper Lapin Kansa in Rovaniemi on 1 February 2007 and land in Rovaniemi on 19 September 2007. In addition, the company obtained a one-time gain on 25 October 2007 when it cancelled the finance leasing agreement for the office and printing works building in Tampere and agreed on a new leasing contract for the property with a new landlord. The 2006 operating profit included one-time items with a net impact of MEUR +2.7.

Changes in Group structure compared to 2006

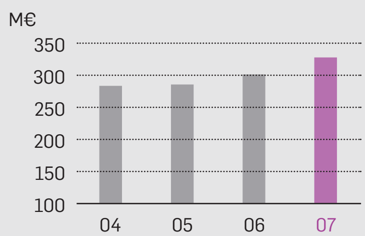
The mergers of Alma Media Corporation's subsidiaries Suomalainen Lehtipaino Oy, Alpress Oy and Marcenter Oy with their parent company were registered in the Trade Register on 31 December 2007. The objective of the mergers is to clarify the group structure.

Kainuun Sanomat sold its sheet printing business on 15 August 2007 to KS Paino Oy and its newspaper printing business on 28 June 2007 to Pyhäjokiseudun Kirjapaino Oy.

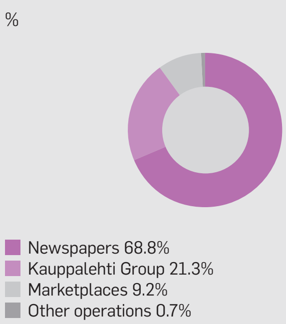
Sensitivity analysis

	Change	Impact on operating profit
Media advertising	+1%	1,6 M€
Paper prices	+1%	-0,2 M€
Distribution costs	+1%	-0,6 M€
Wages and salaries, average	+1%	-1,1 M€
Average interest rate	+1%	-0,1 M€

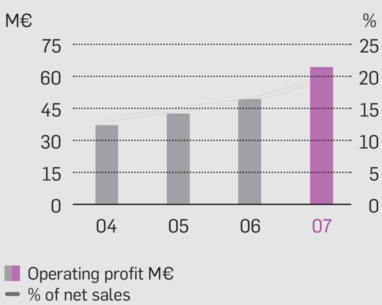
Net sales



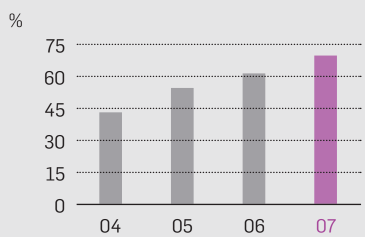
Net sales by segment



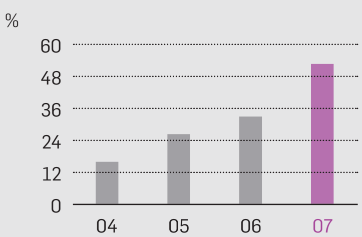
Operating profit



Equity ratio



Return on investment



Aamulehti acquired a 40% stake in direct mailing distribution company Tampereen Ykkösjakelu Oy on 22 May 2007.

On 1 July 2007 Kauppalehti raised its holding in TietoEnator 121 Oy from 49% to 100%. This company was renamed Kauppalehti 121 Oy, and its annual net sales total roughly EUR 9 million.

Kauppalehti Group's Alma Media Lehdentekijät business acquired Suomen Business Viestintä Oy on 1 July 2006. This company has annual net sales of approximately MEUR 2.5.

On 1 July 2006 two companies, Bovision AB and Objektvision AB with aggregate annual net sales of around MEUR 1.7, were acquired for the Marketplaces segment.

Prospects for 2008

Alma Media expects its net sales to increase from the previous year. The media market is expected to grow in 2008, but uncertainty will increase.

The full year comparable operating profit should be similar to that in the previous year. The operating profit at the beginning of the year will fall short of the previous year's figure. One-time items have been eliminated from the comparable 2007 operating profit.

Market conditions

The restlessness in the money markets and the fading of economic growth in the USA are likely to slow down growth prospects in Finland's economy and increase uncertainty.

In 2007 altogether MEUR 1,315 was used in media advertising in Finland, which is 6.4% more than in the previous year. Newspapers and city papers accounted for 52.5% of the euros spent on advertising, television for 19.9%, magazines for 16.0% and online media for 4.7%. Advertising in the online media grew 29.3% in the year.

During the final quarter of 2007, growth in advertising volume slowed down considerably from the record pace at the start of the year, to 3.9%. In October-December, growth in media advertising in newspapers was 1.1%. Advertising sales in online media continued to grow strongly, increasing by 27.7%. Growth in television advertising was 8.3%.

Newspapers

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 2007 increased 5.8% from the previous year to MEUR 230.6. In the first half of the year, net sales grew at record pace, thanks to good market conditions and, for one thing, the general elections. The media sales of the Alma Media newspapers increased significantly more than market growth. In particular Aamulehti and Iltalehti were very successful. Towards the end of the year growth in net sales was low, which resulted from the sharp slow down in growth in media sales in November and December.

Circulation sales for the newspapers grew apace. The circulations of Aamulehti and Lapin Kansa in particular increased well. The increase in the price of Iltalehti made in November 2006 raised the comparable circulation sales for that paper. Iltalehti increased its market share from the beginning of 2007 by one percentage point to 42.4%. However, the daily tabloid market declined over the same period by 3.5%.

Iltalehti's online service Iltalehti.fi was in fine shape throughout the year, in terms of numbers of visitors and of media sales. The online services of the regional newspapers also returned healthy figures.

The full-year operating profit for the Newspapers segment improved to MEUR 42.8 (MEUR 38.4).

Kauppalehti Group

The Kauppalehti Group specializes in producing business and financial information. Its best known title is Finland's leading business media Kauppalehti. The Group also includes Alma Media Lehdentekijät (contract publishing), Kauppalehti 121 (direct marketing) and the BNS news agency operating in the Baltic countries. Kauppalehti 121, which was acquired in 2006, is included in the fourth quarter figures for comparison.

In January-December 2007 the net sales of the Kauppalehti Group grew 12.1% from the previous year to MEUR 70.1 (MEUR 62.6). Net sales increased due to the new business units purchased during 2006 and to the strong sales by the online business.

The Kauppalehti Group had an operating profit of MEUR 7.6 (MEUR 4.8). The 2006 operating profit included a restructuring provision of MEUR 1.1. Within the Kauppalehti Group, the Kauppalehti product family improved its operating profit. The profitability of the contract publishing business declined towards the end of the year due to the intense competition in the sector.

Marketplaces

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 and Bovision.

During 2007 the net sales of Marketplaces increased 33.9%, to MEUR 30.9. Marketplaces maintained a strong rate of growth in net sales steadily throughout the year. Growth was faster at the Monster.fi and City24 services, but Etuovi.com and Autotalli.com also boosted their sales rapidly.

Marketplaces' full-year operating profit improved to MEUR 5.3 (MEUR 2.8). Especially the services Etuovi.com, Monster.fi, and City24 in Estonia recorded a good result. Marketplaces' result was weakened by the launch of the Mikko.fi service, an important future initiative in Finland, and by the international operations.

Associated companies

The Group holds a 29.9% stake in Talentum Oyj, which is reported under the Kauppalehti Group, and 36.0% of Acta Print Kivenlahti Oy, reported under Other Operations. In July 2007 Acta Print Oy announced that it was selling its magazine business to Forssan Kirjapaino. The name of the company responsible for the remaining business of Kivenlahden paino has been changed to Acta Print Kivenlahti Oy.

Balance sheet and financial position

The consolidated balance sheet on 31 December 2007 stood at MEUR 181.3 (31 December 2006: MEUR 199.7). The Group's equity ratio at the end of December was 69.8% (31 December 2006: 61.3%) and equity per share was EUR 1.58 (31 December 2006: EUR 1.54).

The consolidated cash flow before financing was MEUR 49.1 (MEUR 45.2). At the end of December the Group's net debt totalled MEUR -17.9 (31 December 2006: MEUR -6.5)

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 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. On 31 December 2007 this programme was entirely unused.

Group structure

A more detailed list of the Group's subsidiaries is given in Note 17 and of associated comapnies in Note 18. The Group has branch offices connected to the Mascus business in Sweden and England.

Research and development costs

Research and development costs in 2007 amounted to MEUR 3.7 (MEUR 1.7). Of this total, MEUR 2.8 (MEUR 1.3) was capitalized and MEUR 0.8 (MEUR 0.5) expensed. Most of the R&D costs went on developing online business.

Capital expenditure

Gross capital expenditure in 2007 totalled MEUR 12.1 (MEUR 19.6) and this consisted mainly of development projects for online media and maintenance investments at the printing plants.

Administration

Alma Media's annual general meeting, held on 8 March 2007 elected the following to the Board of Directors: Lauri Helve, Matti Häkkinen, Matti Kavetvuo, Kai Seikku, Kari Stadigh, Harri Suutari, and new member Ahti Vilppula. At the organization meeting of the Board held after the AGM, the Board elected Kari Stadigh as its chairman and Matti Kavetvuo as its deputy chairman.

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

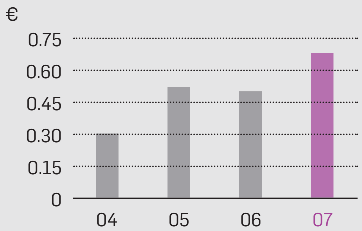
The regulations as stated in the articles of association concerning the election of the Board of Directors, the term of office of the Board, and selection of the President and CEO are given in more detail in Note 7. The main terms of employment for the President and CEO are also given there.

Risks and risk management

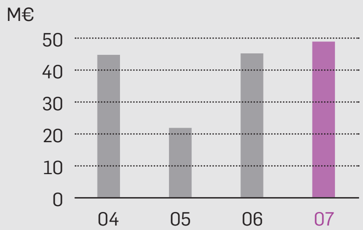
The most important strategic risks contingent on Alma Media's business operations are a significant drop in the readerships of its newspapers and a critical decline in retail advertising. The major operational risks are disturbances in information technology systems and telecommunications, and an interruption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

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

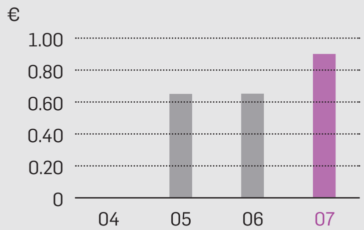
Earnings per share



Cash flow after investing activities



Dividend per share



Environmental impacts

The most significant environmental impacts from Alma Media's business operations consist of paper and energy consumption and traffic emissions. The company mainly uses newsprint in its newspaper products; consumption of this was about 36,000 tonnes in 2007. The company used 20 632 MWh of electricity in 2007. The carbon dioxide emissions from printing and distribution arise mainly from traffic.

Personnel

During 2007, the average number of Alma media employees, calculated as full-time employees, was 1,971 (1,901). The average number of distribution staff totalled 962 (857). The number of personnel grew proportionately most during the year at Marketplaces. Salaries and bonuses paid amounted to altogether MEUR 90.9 (MEUR 86.2).

The Alma Media Share

During January-December 2007, a total of 62.1 million Alma Media shares were traded on the Helsinki Stock Exchange, representing 83.2% of the total number of shares. The closing price for the share on 31 December 2007 was EUR 11.67. During the year the lowest price paid for the share was EUR 8.93 and the highest EUR 12.43. The company's market capitalization at the end of December was MEUR 870.7.

In March 2007 Alma Media paid a dividend of EUR 0.65 a share, in total MEUR 48.5.

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

The company has one share series, so there is no difference in the voting rights held by shares. More details about the redemption procedures according to Articles of Association are given in Note 25.

More details about the company's ownership structure and the main shareholders on 31 December 2007 are given in Note 39.

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.

So far 515,000 of the 2006A options have been issued to Group management. Altogether 65,000 of the 2006A options have been returned to the company owing to the termination of employment contracts. On 8 March 2007 the company's Board of Directors decided to annul the 190,000 2006A option rights in the company's possession.

In March 2007 the Board of Directors decided to issue 510,000 options under the 2006B scheme to Group management.

If all the subscription rights were exercised, this programme would 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 tradeweighted price 1 April - 31 May 2006
- 2006B: 1 April 2009 - 30 April 2011, average tradeweighted price 1 April - 31 May 2007
- 2006C: 1 April 2010 - 30 April 2012, average tradeweighted 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 6.48 per share and the subscription price under the 2006B option was EUR 9.85 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.

More details about the share holdings and options rights held by the company's president and CEO, Executive Team and Board of Directors and by related parties are given in Note 7.

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.

Dividend proposal

Alma Media Corporation's Board of Directors proposes to the annual general meeting on 12 March 2008 that a dividend of EUR 67,151,271 (EUR 0.90 per share) be paid for the 2007 financial year. The payment date is 27 March 2008. On 31 December 2007, the Group's parent company had distributable funds of altogether EUR 76,998,227.

ALMA MEDIA CORPORATION
Board of Directors

Key figures

Key figures for 2004-2007 calculated applying IFRS recognition and measurement principles
Key figures for 2003 calculated applying FAS recognition and measurement principles

M€		IFRS 2007	%	IFRS 2006	%	IFRS 2005	%	IFRS 2004	%	FAS 2003	%
Key figures											
Net sales	M€	**328.9**		301.9		348.5		465.7		460.0	
Net sales, continuing operations	M€	**328.9**		301.9		285.9		283.4			
Operating income	M€	**64.4**	**19.6**	49.1	16.3	370.6	106.3	52.1	11.2	17.7	3.8
Operating income, continuing operations	M€	**64.4**	**19.6**	49.1	16.3	42.3	14.8	37.0	13.1		
Operating. income before extraordinary items	M€	**68.0**	**20.7**	49.9	16.5	376.3	108.0	43.9	9.4	14.0	3.0
Income before tax	M€	**68.0**	**20.7**	49.9	16.5	376.3	108.0	43.9	9.4	14.0	3.0
Net income for the period	M€	**51.2**	**15.6**	37.3	12.4	364.9	104.7	30.1	6.5	10.8	2.3
Net income, continuing operations	M€	**51.2**	**15.6**	37.3	12.4	39.0	13.6	21.4	7.6		
Return on shareholders' equity (ROE)	%	**43.8**		30.9		265.8		19.8		6.9	
ROE, continuing operations	%	**43.8**		30.9		28.4		14.1			
Return on investment (ROI)	%	**52.7**		32.8		177.7		20.4		6.3	
ROI, continuing operations *)	%	**52.7**		32.8		26.1		15.7			
Equity ratio	%	**69.8**		61.3		54.5		43.1		49.0	
Gross capital expenditure	M€	**12.1**	**3.7**	19.6	6.5	22.4	6.4	14.1	3.0	21.0	4.6
Research and development costs	M€	**3.7**	**1.1**	1.7	0.6	3.1	0.9	3.0	0.6	3.3	0.7
Average personnel, excl. delivery staff		**1,971**		1,901		2,239		2,312		2,459	
Average personnel, excl. delivery staff, continuing operations		**1,971**		1,901		1,807		1,796			
Delivery staff, total number		**962**		857		900		947		1,045	
Per share data											
Earnings per share	€	**0.68**		0.50		4.89		0.41		0.15	
Earnings per share, continuing operations	€	**0.68**		0.50		0.52		0.30			
Shareholders' equity per share	€	**1.58**		1.54		1.69		1.96		2.32	
Dividend per share	€	**0.90**		0.65		0.65 **)		0		0.54	
Payout ratio	%	**132.9**		131.1		13.3 **)		0		362.3	
Effective dividend yield	%	**7.7**		7.0		8.5 **)					
P/E ratio		**17.2**		18.8		1.6					
P/E ratio, continuing operations		**17.2**		18.8		14.8					
Share prices											
Highest **)	€	**12.43**		9.95		7.75					
Lowest **)	€	**8.93**		6.90		6.55					
On 31.12.	€	**11.67**		9.25		7.68					
Market capitalization	M€	**870.7**		690.2		573.0		715.5		442.6	
Turnover of shares, total **)	1,000	**62,102**		47,600		10,100					
Relative turnover of shares, total **)	%	**83.2**		63.8		13.5		32.9		21.4	
Adjusted average no. of shares, total	1,000	**74,613**		74,613		74,474		71,876		71,876	
Adjusted number of shares on 31.12., total.	1,000	**74,613**		74,613		74,613		74,446		74,446	

The consolidated financial statements and key figures are calculated in the name of the current legal parent company, the new Alma Media Corporation (Almanova Corporation) but continuity in the consolidated financial statements and key figures applies to the financial statements of the old Alma Media. The financial period is the 12-month calendar year and the comparative figures are the comparative figures for the old Alma Media.

The per share figures are adjusted to correspond with the amounts of shares of the new Alma Media Corporation (Almanova Corporation). The share numbers for 2003–2004 have been changed to reflect the share numbers following the Group's restructuring in 2005 in order to achieve comparability. The share prices in the years 2003–2004 have not been changed and are not shown for the comparative periods since comparability cannot be achieved.

The separation of continuing operations from the overall result has been done only for the comparative year 2004 and 2005.

*) When calculating return on investment (ROI) for continuing operations, the capital employed in the opening balance sheet for 2005 includes the computed share of continuing operations in the whole company's capital employed.

**) Includes the capital repayment (€ 0.53 per share) from the share premium fund.

***) Applies to the period 7.11.– 31.12.2005, during which time the company's share was quoted on the Main List of the OMX Helsinki Stock Exchange.

Consolidated income statement (IFRS)

M€	Note	1.1.–31.12.2007	1.1.–31.12.2006
Continuing operations			
Net sales	1,3	**328.9**	301.9
Other operating income	4	**13.0**	5.5
Change in inventories of finished goods and work in progress	19	**-0.2**	0.0
Materials and services	5	**-99.1**	-92.0
Expenses arising from employee benefits	7	**-111.7**	-105.7
Depreciation, amortization and impairment charges	14,15,16	**-9.8**	-10.1
Other operating expenses	8	**-56.8**	-50.4
Operating income	1	**64.4**	49.1
Financial income	9	**1.2**	2.1
Financial expenses	9	**-1.1**	-2.6
Share of results in associated companies	16	**3.5**	1.2
Income before tax		**68.0**	49.9
Income tax	10	**-16.8**	-12.5
Net income from continuing operations		**51.2**	37.3
Income from discontinued operations	11	**0.0**	0.0
Net income for the period		**51.2**	37.3
Distribution:			
To the parent company shareholders		**50.5**	37.0
Minority interest		**0.6**	0.3
EPS (EUR) calculated from net income belonging to the parent company shareholders			
EPS, continuing operations, basic	13	**0.68**	0.50
EPS, continuing operations, diluted	13	**0.68**	0.50
EPS, discontinued operations, basic	13	**0.00**	0.00
EPS, discontinued operations, diluted	13	**0.00**	0.00

Consolidated balance sheet (IFRS)

M€	Note	31.12.2007	31.12.2006
Assets			
Non-current assets			
Goodwill	14	**29.7**	30.2
Intangible assets	14	**10.2**	9.7
Property, plant and equipment	15	**38.4**	51.7
Investment properties	16	**0.0**	0.0
Investments in associated companies	18	**34.1**	32.1
Other long-term investments	19	**4.0**	3.9
Deferred tax assets	27	**1.0**	4.1
Other receivables	20	**0.0**	4.8
		117.6	136.5
Current assets			
Inventories	21	**1.4**	1.8
Tax receivables		**0.0**	0.7
Accounts receivable and other receivables	22	**29.9**	28.8
Other short-term investments	23	**3.0**	2.4
Cash and cash equivalents	24	**24.8**	28.2
		59.1	61.9
Non-current assets available for sale	12	**4.7**	1.2
Assets, total		**181.3**	199.7
Shareholders' equity and liabilities			
Share capital		**44.8**	44.8
Share premium fund		**2.8**	2.8
Cumulative translation adjustment		**0.0**	0.1
Retained earnings		**70.0**	67.2
Parent company shareholders's equity	25	**117.7**	114.9
Minority interest		**0.6**	0.4
Shareholders' equity, total		**118.3**	115.3
Long-term liabilities			
Interest-bearing liabilities	31	**4.6**	19.1
Deferred tax liabilities	27	**1.8**	1.8
Pension liabilities	28	**3.7**	3.6
Provisions	29	**0.1**	0.1
Other long-term liabilities		**0.9**	7.2
		11.1	31.8
Current liabilities			
Interest-bearing liabilities	31	**2.2**	2.6
Advances received		**12.0**	11.6
Tax liabilities		**1.1**	2.2
Provisions	29	**0.3**	2.3
Accounts payable and other liabilities	32	**36.4**	33.9
		52.0	52.6
Shareholders' equity and liabilities, total		**181.3**	199.7

Consolidated cash flow statement (IFRS)

M€	1.1.–31.12.2007	1.1.–31.12.2006
Continuing operations		
Cash flow from operating activities		
Net income for the period	**51.2**	37.3
Adjustments:		
Depreciation, amortization and impairment charges	**9.8**	10.1
Share of results in associated companies	**-3.5**	-1.2
Capital gains (losses) on sale of fixed assets and other investments	**-12.3**	-4.9
Financial income and expenses	**-0.1**	0.5
Taxes	**16.8**	12.5
Change in provisions	**-1.9**	1.3
Other adjustments	**0.0**	-0.1
Change in working capital:		
Change in accounts receivable	**-0.7**	-3.3
Change in inventories	**0.4**	-0.2
Change in accounts payable	**3.7**	-0.3
Dividend income received	**3.2**	6.4
Interest income received	**1.1**	1.9
Interest expenses paid	**-1.1**	-3.1
Taxes paid	**-14.1**	-10.3
Net cash provided by operating activities	**52.5**	46.7
Cash flow from investing activities		
Investments in tangible and intangible assets	**-5.6**	-5.4
Proceeds from disposal of tangible and intangible assets	**1.5**	3.8
Other investments	**-1.0**	0.0
Proceeds from disposal of other investments	**3.4**	9.1
Subsidiary shares purchased	**-0.3**	-9.0
Subsidiary shares sold	**0.0**	
Associated company shares purchased and sold	**-1.5**	0.0
Net cash used in investing activities	**-3.5**	-1.5
Cash flow before financing activities	**49.0**	45.2

Consolidated cash flow statement continues on page 48 –>

M€	1.1.–31.12.2007	1.1.–31.12.2006
Cash flow from financing activities		
Long-term loan repayments		-33.6
Short-term loans raised	**2.0**	0.0
Short-term loans, repayments	**-5.2**	-3.5
Increase (-) or decrease (+) in interest-bearing receivables	**-0.5**	-0.6
Dividends paid and capital repayment	**-48.8**	-48.8
Net cash used in financing activities	**-52.5**	-86.5
	-3.4	-41.4
Discontinued operations		
Cash flow from operating activities		
Cash flow used in investing activities		
Cash flow used in financing activities		
Change (increase + / decrease -) in cash funds	**-3.4**	-41.4
Cash and cash equivalents at start of period	**28.2**	69.6
Impact of changes in foreign exchange rates	**-0.1**	0.0
Cash and cash equivalents at close of period	**24.8**	28.2
Further details:		
Investments financed through finance leases	**-4.0**	-3.8
Gross capital expenditure, payment-based *)	**-8.4**	-14.4
Investments, total	**-12.4**	-18.2

*) Investments in tangible and intangible assets, investments in securities, subsidiary shares purchased, associated company shares purchased

Statement of changes in Group's shareholders' equity

M€	Share capital	Share premium fund	Translation differences	Retained earnings	Total	Minority interest	Equity total
	Share of equity belonging to parent company owners						
Shareholders' equity 31.12.2005 (IFRS)	44.8	42.4	0.0	39.0	126.2	0.6	126.7
Change in translation differences			0.1		0.1		0.1
Share of items recognized directly in associated company's equity				-0.1	-0.1		-0.1
Income/expenses recognized directly in equity	0.0	0.0	0.1	-0.1	0.0	0.0	0.0
Net income for the period				37.0	37.0	0.3	37.3
Income and expenses for the period, total	0.0	0.0	0.1	36.9	37.0	0.3	37.4
Share-based payments				0.3	0.3		0.3
Dividend payment by parent company				-9.0	-9.0		-9.0
Capital repayment by parent company		-39.5			-39.5		-39.5
Dividend payment by Group company						-0.3	-0.3
Dissolution of subsidiary						-0.3	-0.3
Other changes affecting equity	0.0	-39.6	0.0	-8.7	-48.3	-0.5	-48.8
Shareholders' equity 31.12.2006 (IFRS)	44.8	2.8	0.1	67.2	114.9	0.4	115.3
Change in translation differences			-0.1		-0.1		-0.1
Share of items recognized directly in associated company's equity				0.2	0.2		0.2
Income/expenses recognized directly in equity			-0.1	0.2	0.1		0.1
Net income for the period				50.5	50.5	0.6	51.2
Income and expenses for the period, total			-0.1	50.7	50.6	0.6	51.2
Share-based payments				0.6	0.6		0.6
Dividend payment by parent company				-48.5	-48.5		-48.5
Dividend payment by Group company						-0.3	-0.3
Subsidiary shares sold						0.0	0.0
Other change				0.0	0.0	0.0	0.0
Other changes affecting equity				-47.9	-47.9	-0.4	-48.3
Shareholders' equity 31.12.2007 (IFRS)	44.8	2.8	0.0	70.0	117.7	0.6	118.3

Accounting principles used in the IFRS consolidated financial statements

General

Alma Media Group publishes newspapers, distributes business information and maintains online (internet) marketplaces. The parent company, Alma Media Corporation, is a Finnish public limited company incorporated under Finnish law. Its registered office is in Helsinki, address: Eteläesplanadi 20, P.O. Box 140, 00101 Helsinki, Finland.

A copy of the financial statements is available on the company's website www.almamedia.fi or from the head office of the parent company.

The Board of Directors has approved the consolidated financial statements for publication on 13 February 2008. According to the Finnish Companies Act, shareholders have the opportunity to approve or reject the financial statements at the General Meeting of Shareholders held after publication. It is also possible to amend the financial statements at the General Meeting of Shareholders.

Consolidated financial statements

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards, IFRS, applying the IAS and IFRS standards and the SIC and IFRIC interpretations in force at 31 December 2007. International Financial Reporting Standards refer to the standards, and their interpretations, approved for application in the EU in accordance with the procedure stipulated in the EU's regulation (EC) No. 1606/2002 and embodied in Finnish accounting legislation and the statutes enacted under it. The notes to the consolidated financial statements also comply with Finnish accounting standards and the provisions of the Companies Act.

The Group adopted IFRS accounting principles during 2005 and in this connection has applied IFRS 1 (First-Time Adoption), the transition date being 1 January 2004.

The consolidated financial statements are based on the purchase method of accounting unless otherwise specified in the accounting principles described below.

The Group's parent company, Alma Media Corporation (corporate ID code1944757-4, and called Almanova Corporation until 7 November 2005), was established on 27 January 2005. The company acquired the shares of the previous Alma Media Corporation (corporate ID code 1449580-9) during 2005. The acquisition proceeded in stages with Almanova Corporation first acquiring a 12.5% holding as a result of an exchange and purchase offer. The privileged share issue to shareholders of the old Alma Media, pursuant to this offer, was recorded in the Trade Register on 28 April 2005. Almanova Corporation then acquired a 40.2% holding on 2 November 2005 from Bonnier & Bonnier AB and Proventus Industrier AB. Almanova acquired the remaining 47.3% of the shares of the old Alma Media in a privileged share issue on 7 November 2005.

The acquisition has been treated in the consolidated accounts as a reverse acquisition based on IFRS 3. This means that the acquiring company is the old Alma Media Corporation and the company being acquired is the Group's current legal parent company Almanova Corporation. The Finnish Financial Supervision Authority published its position on this matter on 26 January 2006. In the consolidated financial statements the acquisition date is the situation before the exchange and purchase offer that started on 28 April 2005, in which Almanova offered new shares in exchange for shares in the old Alma Media. Before the start of the exchange and purchase offer Almanova had no other significant assets than the funds, one million euros, received when it was established. The net fair value of the assets, liabilities and contingent liabilities at the acquisition date do not differ from their carrying values in the company's accounts. The acquisition cost is equivalent to the net fair value of the assets, liabilities and contingent liabilities and therefore no goodwill has arisen.

The accounting principles adopted for the reverse acquisition apply only to the consolidated financial statements.

Impacts of standards adopted during 2007

The Group has applied the following standards and interpretations from 1 January 2007:

- IAS 1 Presentation of financial statements Information on equity to be presented in financial statements.

The amended IAS 1 requires the notes to the financial statements to present information on the level of the entity's equity and its administration during the fiscal period.

- IFRS 7 Financial instruments: Disclosures in financial statements.

The IFRS 7 standard requires the notes to the financial statements to present information on the significance of financial instruments for an entity's financial position and on the nature and scope of risks arising from financial instruments.

- IFRIC 8 Scope of IFRS 2.

IFRIC 8 is applied to transactions where the Group grants / gives share-based payments / instruments and the consideration received by the Group is less than the fair value of the payments / instruments granted.

- IFRIC 9 Reassessment of embedded derivatives

IFRIC states that an entity shall not reassess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative unless there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

- IFRIC 10 Interim financial reporting and impairment.

IFRIC 10 forbids the reversal of impairment loss recognized in an interim report later in the financial year or on the closing date in respect of goodwill, equity instruments classified in IAS 39 as available-for-sale, or unquoted equity instruments entered at acquisition cost in the balance sheet.

The new standards and interpretation have resulted in changes mainly in the notes to the consolidated financial statements.

Comparability of consolidated financial statements

The 2007 and 2006 financial years are comparable. The company has no discontinued operations to report in the 2006–2007 financial periods.

Subsidiary companies

All subsidiaries are consolidated in the Group's financial statements. Subsidiaries are companies in which the Group has a controlling interest. A controlling interest arises when the Group holds more than half of the voting power or over which the Group otherwise exercises the right of control. The right of control means the right to control the company's business and financial principles in order to extract benefit from its operations. The accounting principles applied in the subsidiaries have been brought into line with the IFRS principles applied in the consolidated financial statements. Mutual holdings are eliminating using the purchase method. Subsidiaries acquired are consolidated from the time when the Group gains the right of control, and divested subsidiaries until the Group ceases to exercise the right of control. As permitted by IFRS 1, acquisitions taking place prior to the transition date are not IFRS-adjusted but are left at their previous FAS values. All intragroup transactions, receivables, liabilities and profits are eliminated in the consolidated financial statements. The distribution of the net profit for the year between the parent company owners and minority interest shareholders is shown in the income statement. The amount of shareholders' equity attributable to minority interests is shown as a separate items in the balance sheet under shareholders' equity. The amount of accumulated losses attributable to minority interests is recognized in the consolidated accounts only up to the amount of their investment.

Associated companies

Associated companies are those in which the Group has a significant controlling interest. A significant controlling interest arises when the Group holds 20% or more of the company's voting power or over which the Group otherwise is able to exercise significant control. Associated companies are consolidated using the equity method. Investments in associated companies include any goodwill arising from their acquisition. If the Group's share of the associated company's losses exceeds the book value of the investment, this investment is entered at zero value in the balance sheet and any losses in excess of this value are not recognized unless the Group has obligations with respect to the associated company. The Group's share of the results of its associated companies is shown as a separate item under operating profit.

Joint venture entities

Joint venture entities are companies in which the Group exercises joint control with one or more other parties. In Alma Media, jointly controlled assets are shares in the joint venture Mascus A/S established in 2007 and in mutually owned property companies and housing companies. Joint venture entities are consolidated in accordance with the proportionate consolidation method permitted under IAS 31 (Interests in Joint Ventures).

Translation of items denominated in foreign currencies

Figures in the consolidated financial statements are shown in thousands of euros, which is the functional and presentation currency of the parent company. Foreign currency items are entered in euros at the rates prevailing at the transaction date. Monetary foreign currency items are translated into euros using the rates prevailing at the balance sheet date. Non-monetary foreign currency items are measured at their fair value and translated into euros using the rates prevailing at the measurement date. In other respects non-monetary items are measured at the rates prevailing at the transaction date. Exchange rate differences arising from sales and purchases are treated as additions or subtractions respectively in the income statement. Exchange rate differences related to loans and loan receivables are taken to other financial income and expenses in the income statement.

The income statements of foreign Group subsidiaries are translated into euros using the weighted average rates during the period, and their balance sheets at the rates prevailing on the balance sheet date. Translation differences arising from the consolidation of foreign subsidiaries and associated companies are entered under shareholders' equity. Goodwill arising from the acquisition of foreign companies is treated as assets and liabilities of the foreign units in question and translated into euros at the rates prevailing on the balance sheet date.

Assets available for sale and discontinued operations

Assets available for sale, and the assets related to the discontinued operation that are classified as available for sale, are measured at the lower of their book value or their fair value less the costs arising from their sale. The property used by Lapin Kansa in Rovaniemi and sold by the Group at the beginning of 2007 is treated as an asset available for sale in the 2006 accounts. In the 2007 accounts 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 the company. This divestment is not expected to have a significant impact on Alma Media's financial position.

Recognition principles

Income from the sale of goods is recognized when the material risks and rewards incidental to ownership of the goods have been transferred to the buyer. Rental income is recognized in equal instalments over the rental period. Income from services is recognized in accordance with their percentage of completion at the balance sheet date. Licence and royalty income is recognized in accordance with the actual content of the agreement.

Employee benefits

Employee benefits cover short-term employee benefits, other long-term benefits, termination benefits, and post-employment benefits.

Short-term employee benefits include salaries and benefits in kind, annual holidays and bonuses. Other long-term benefits include, for example, a celebration, holiday or remuneration (e.g. bonuses for years of service) based on a long period of service. Termination benefits are benefits that are paid due to termination of an employees' contract and not from service in the company.

Post-employment benefits comprise pension and benefits to be paid after termination of the employee's contract, such as life insurance and healthcare. These benefits are classified as either defined contribution or defined benefit plans. The Group has both forms of benefit plan.

Payments made under defined contribution plans are entered in the income statement in the period which the payment applies to. The disability pension component of the Finnish Employees' Pension System (TEL) handled by insurance companies was reclassified under IFRS as a defined contribution plan from the beginning of 2006. Accordingly, this is treated as a defined contribution plan in the financial statements.

Defined benefit plans are all those that do not meet the criteria for a defined contribution plan. In Alma Media Group, supplementary pension obligations arising from voluntary plans are treated as defined benefit plans. In a defined benefit pension plan, the company is left with additional obligations also after the payment for the period is made. Actuarial calculations are acquired annually for plans classified as defined benefit plans as a basis for entering the expense, debt or asset item. Debt entered in the balance sheet is the difference between the present value of the pension obligation and the fair value of the plan assets, on the one hand, and the unrecognized actuarial profits and losses on the other.

Obligations arising from defined benefit plans are calculated using actuarial assumptions. These are divided into demographic and economic assumptions. Demographic assumptions are mortality rates, termination rates and the commencement of disability. Economic assumptions are the discount rate, future salary levels, the expected yield from the plan's assets, and estimated rate of inflation.

Alma Media applies the corridor method in the treatment of actuarial gains and losses, under which actuarial gains and losses are entered in the balance sheet. The accumulated unrecognized actuarial gains and losses, net, are entered in the income statement if at the end of the previous period they exceed the greater of the following: 10% of the present value of the defined benefit obligation on the day in question (before deduction of plan assets), or 10% of the fair value of the plan assets on the day in question. These limits are calculated for, and applied to, each defined benefit plan separately. The portion of the actuarial gains and losses entered in the income statement for each defined benefit plan is the excess divided by the expected average remaining service lives of the participating employees, i.e. the portion for only one year.

Share-based payments

Stock option schemes under which options have been granted after 7 November 2002 but which did not give their holders rights before 1 January 2005 (the vesting period) are measured at their fair value at the time of issue and entered as an expense in the income statement during the vesting period. Option schemes predating this date are not entered as an expense. At the balance sheet date, 31 December 2007, Alma Media has a current stock option scheme for senior management launched in spring 2006. The 2006 stock options are measured at fair value at the date of issue and expensed during the vesting period. The expense determined at the time of issue is based on the Group's estimate of the number of stock options that are expected to generate rights at the end of the vesting period. Their fair value is determined using the Forward Start Option Rubinstein (1990) model based on the Black & Scholes option pricing model. The Group updates the estimate of the final amount of options on each balance sheet date. When the stock options are exercised, the cash payments received from the subscription of shares, adjusted for transaction costs, are entered in shareholders' equity. The 2006 stock option scheme and its impacts on the income statement and balance sheet are described in the notes to the financial statements.

Leasing agreements

Leases applying to tangible assets and in which the Group holds a significant share of the risks and rewards incremental to their ownership are classified as finance leases. These are recognized in the balance sheet as assets and liabilities at the lower of their fair value or the present value of the required minimum lease payments at inception of the lease. Assets acquired through finance leases are depreciated over their useful life, or over the lease term if shorter. Lease obligations are included under interest-bearing liabilities.

Other leases are those in which the risks and rewards incremental to ownership remain with the lessor. When the Group is the lessee, lease payments related to other leases are allocated as expenses on a straight-line basis over the lease term. When the Group is the lessor, lease income is entered in the income statement on a straight-line basis over the lease term.

The Group has made purchasing agreements that include a lease component. Any such arrangements in force are treated according to the IFRIC 4 interpretation and the arrangements are accounted for based on their actual content. The Group's current purchasing agreements that include a lease component are treated as other leases in accordance with IAS 17.

Income taxes

The tax expense in the income statement comprises the tax based on the company's taxable income for the period together with deferred taxes. The tax based on taxable income for the period is the taxable income calculated on the applicable tax rate in each country of operation. Tax is adjusted for any tax related to previous periods.

Deferred tax assets and liabilities are recognized on all temporary differences between their book and actual tax values. Deferred tax is not calculated if the difference is not expected to be reversed in the foreseeable future. Deferred taxes are calculated using the tax rates enacted by the balance sheet date. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. A deferred tax liability is recognized on non-distributed retail earnings of subsidiaries when it is likely that the tax will be paid in the foreseeable future.

Deferred tax assets and liabilities are netted by company when they relate to income tax levied by the same tax authority and when the tax authority permits the company to pay or receive a single net tax payment.

Property, plant and equipment

Property, plant and equipment are measured at cost less depreciation, amortization and impairment losses. Straight-line depreciation is entered on the assets over their estimated useful lives. Depreciation is not entered on land. The estimated useful lives are:

Buildings	30-40 years
Structures	5 years
Machinery and equipment	3-10 years
Large rotation printing presses	20 years

When an item of property, plant and equipment is replaced, the costs related to this new item are capitalized. The same procedure is applied in the case of major inspection or service operations. Other costs arising later are capitalized only when they give the company added economic benefit from the asset. All other expenses, such as normal service and repair procedures, are entered as an expense in the income statement as they arise.

Intangible assets

Goodwill represents the excess of the acquisition cost over the Group's share of the net fair values of the acquired company's assets at the time of acquisition. Goodwill is applied to cash-generating units and tested at the transition date and thereafter annually for impairment. Goodwill is measured at original acquisition cost less impairment losses.

Research and development (R&D) costs are entered as an expense in the period in which they arise. R&D costs are capitalized when it is expected that the intangible asset will generate corresponding economic added value and the costs arising from this can be reliably determined.

Patents, copyright and software licences with a finite useful life are shown in the balance sheet and expensed on a straight-line basis in the income statement during their useful lives. No depreciation is entered on intangible assets with an indefinite useful life; instead, these are tested annually for impairment. In Alma Media, intangible assets with an indefinite useful life are trademarks measured at fair value at the time of acquisition. The useful lives of intangible assets are 5–10 years.

Investment properties

Investment properties are properties held by the Group for the purpose of obtaining rental income or capital appreciation. The Group applies the cost model in which investment properties are valued at their acquisition cost less straight-line depreciation and impairment losses. The fair values of the investment properties are shown in the notes to the financial statements. When estimating the fair value the company endeavours to use the most up-to-date market information possible. Measurements are made for the most part by the company itself. The company divested its investment properties in 2006

Inventories

Inventories are materials and supplies, work in progress and finished goods. Fixed overhead costs are capitalized to inventories in manufacturing. Inventories are measured at the lower of their acquisition cost or net realizable value. The net realizable value is the sales price expected to be received on them in the normal course of business less the estimated costs necessary to bring the product to completion and the costs of selling them. The acquisition cost is defined by the FIFO (first-in-first-out) method. Within Alma Media, inventories mainly comprise the production materials used for newspaper printing.

Financial assets, derivative contracts and hedge accounting

The Group's financial assets have been classified into the following categories as required by IAS 39: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets. Financial assets are classified according to their purpose when acquired and at the time of acquisition.

Financial assets at fair value through profit or loss are entered in the income statement in the period during which they arise. The derivative financial instruments used by the Group also fall into this category. The company does not apply hedge accounting.

The company employs derivative instruments to hedge against changes in paper and electricity prices. For this purpose the company has entered into commodity derivative contracts. These are measured at their fair value at the balance sheet date and changes in thr fair value of paper derivatives are entered under material purchases and of electricity derivatives under other operating costs in the income statement. Financial assets belonging under Loans and Other Receivables are valued at their amortized cost. In Alma Media, this group consists of accounts receivable and other receivables. The amount of uncertain receivables is estimated based on the risks associated with individual items. Credit losses are entered as an expense in the income statement.

Investments held to maturity are financial assets that mature on a given date and which the Group intends and is able to keep until this date. These are measured at amortized cost. Financial assets available for sale are measured at their fair value and the change in fair value is entered in the revaluation fund under shareholders' equity. This category comprises financial assets that are not classified in any of the other categories. Investments in unquoted shares are also classified in the Group in this category, but these investments are measured at acquisition cost in the financial statements because they cannot be reliably valued at fair value.

Cash funds consist of cash, demand and time deposits, and other short-term highly liquid investments.

The transaction date is generally used when recognizing financial instruments. Cash and cash equivalents are removed from the balance sheet when the Group has lost the contractual right to the cash flows or when the Group has transferred a substantial portion of the risks and income to an external party.

Financial liabilities and borrowing costs

Financial liabilities are entered in the accounts initially at fair value. Later all financial liabilities are measured at amortized cost. Financial liabilities are included in current and long-term liabilities and can be interest-bearing or non-interest bearing.

Costs arising from interest-bearing liabilities are expensed in the period in which they arise. The Group has not capitalized its borrowing costs because the Group does not incur borrowing costs on the purchase, building or manufacturing of an asset in the manner specified in IAS 23.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the costs required to fulfil the obligation. The provision is discounted if the time-value of the money is significant with respect to the size of the provision. Examples of provisions entered by Alma Media are rental expenses on vacant office premises (loss-making agreements), provisions to cover restructuring costs, and pension obligation provisions on unemployment pension insurance.

A provision is entered on loss-making agreements when the immediate costs required to fulfil the obligation exceed the benefits available from the agreement. A restructuring provision is entered when the Group has prepared and started to put into effect a detailed restructuring plan or has informed employees about this.

Impairments

At each balance sheet date Alma Media assesses the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. In addition, the recoverable amount of the following assets is assessed annually whether or not indications of impairment exist: goodwill and intangible assets with an indefinite useful life, and capitalized development costs for projects in progress. The recoverable amounts of intangible and tangible assets are determined as the higher of the fair value of the asset less cost to sell, or the value in use. Impairment losses are recognized when the carrying amount of the asset or cash-generating unit exceeds the recoverable amount. Impairment losses are recognized in the income statement. An impairment loss may be reversed if circumstances regarding the intangible or tangible assets in question change. Impairment losses recognized on goodwill are never reversed.

Operating profit

The operating profit is the net amount formed when other operating income is added to net sales, and the following items are then substracted from the total: material and service procurement costs adjusted for the change in inventories of finished and unfinished products; the costs arising from employee benefits; depreciation, amortization and impairment costs; and other operating expenses. All other items in the income statement not mentioned above are shown under operating profit. Exchange rate differences and changes in the fair value of derivative instruments are included in operating profit if they arise on items related to the company's normal business operations; otherwise they are recognized in financial items.

Segment reporting and its accounting principles

As its primary business segments Alma Media Group reports the Newspapers group, Kauppalehti Group, Marketplaces, and Other Operations.

Alma Media Group's geographical segments cannot be distinguished and therefore segment reporting is restricted to the primary business segments listed above.

Accounting principles requiring management's judgement and key sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions which may differ from actual results in the future. Management is also required to use its discretion as to the application of the accounting principles used to prepare the statements. The estimates are based on management's best understanding at the balance sheet date. Any changes to these estimates and assumptions are entered in the accounts for the period in which the estimates or assumptions are adjusted and for all periods thereafter.

Accounting principles requiring management's judgement

Operating leases: The Group has significant lease agreemets for its business premises. Based on assessment of the terms of the agreements, the Group has determined that it does not bear to any significant extent the rewards and risks incidental to ownership for the premises and therefore the agreements are by nature operating lease agreements. Lease commitments for the business premises on the balance sheet date of 31 December 2007 total EUR 49.8 million.

Key sources of estimation uncertainty

Impairment tests: The Group tests goodwill and intangible assets with an indefinite useful life for impairment annually and reviews any indications of impairment in the manner described above. The amounts recoverable from cash-generating units are recognized based on calculations of their fair value. The preparation of these calculations requires the use of estimates. The estimates and assumptions used to test major goodwill items for impairment, and the sensitivity of changes in these factors with respect to goodwill testing is described in more detail in the note which specifies goodwill.

Useful lives: Estimating useful lives used to calculate depreciation and amortization also requires management to estimate the useful lives of these assets. The useful lives used for each type of asset are listed above under 'Property, plant and Equipment' and 'Intangible assets'.

Other estimates: Other management estimates relate mainly to other assets, such as the current nature of receivables and capitalized R&D costs, to tax risks, to determining pension obligations, to the utilization of tax assets against future taxable income, and to the fair value adjustment of assets received in conjunction with acquisitions.

Events subsequent to the closing of the accounts

The period during which matters affecting the financial statements are taken into account is the period from the closing of the accounts to the release of the statements. The release date is the day on which the Board of Directors reviews and signs the statements. Events occurring during the period referred to above are examined to determine whether they do or do not make it necessary to correct the information in the financial statements.

Information in the financial statements is corrected in the case of events that provide additional insight into the situation prevailing at the balance sheet date. Events of this nature include, for example, information received after the closing of the accounts indicating that the value of an asset had been reduced on the balance sheet date.

Application of new but not yet adopted standards

The following new standards and interpretations will be applied in the Group in future periods:

- IFRS 3Business Combinations, amendment to standard (published 2007, effective from the financial period starting 1 July 2009 or afterwards).

After the amendment to IFRS 3, entities may measure minority interest either at full fair value or at the proportionate share of the fair value of the underlying net assets of the subsidiary. In step acquisitions, holdings acquired previously are measured at fair value at the acquisition date, which affects the amount of goodwill to be recognized. Contingent consideration is measured at fair value at the acquisition date. Subsequences changes to the measurement no longer affect goowill but are taken to the income statement. Expenses relating to the acquisition are recognized immediately through profit and loss after the service has been received. A change in the holding in a subsidiary while control is retained is accounted for as an equity transaction with owners, and has no impact on the amount of goodwill or the result for the period.

- IFRS 8 Operating Segments: (published 2006, effective from 1 January 2009)

IFRS 8 replaces IAS 14 Segment Reporting. IFRS 8 states that segment reporting is based on internal management reporting and accounting principles. The standard changes the disclosures required about segments.

- IAS 23 Borrowing Costs, amendment to standard (published 2007, effective from 1 January 2009)

The amendment to IAS 23 states that borrowing costs must be included in the acquisition cost of an asset if they are directly attributable to the acquisition, construction or production of the asset. Previously these costs could alternatively be immediately expensed.

- IAS 1 Presentation of Financial Statements: amendment to standard (published 2007, effective from 1 January 2009)

The amendment to IAS 1 mainly affects the presentation of the income statement and the statement of changes in shareholders' equity.

- IFRIC 13 Customer Loyalty Programmes (published 2007, effective from 1 July 2008 or the financial period commencing after that date)

IFRIC 13 states that companies must account for customer loyalty award credits ('points') as a separate part of the sales of goods or services. Since the points are included in the price of the product, they are entered in the balance sheet as a liability and recognized as revenue in the financial period in which the points are used. The selling price received is divided into products and points in proportion to their fair values.

The impact of the aforementioned new standards (apart from the amendments to IFRS 3) and IFRIC interpretation on the Group is initially estimated to be minor. The effect of the application of the new standards and interpretation is initially estimated to apply mainly to the income statement, balance sheet, statement of changes in shareholders' equity, and notes to the financial statements. The amendments to IFRS 3 will affect accounting of future acquisitions, including minority interest, goodwill and costs related to the acquisition. The amendment to IFRS 3 will not affect earlier acquisitions.

Calculation of key figures

Return on shareholders' equity, % (ROE)	Net income for the period / Shareholders' equity + minority interest (Average during the year)	x 100
Return on investment, % (ROI)	Income before tax + interest and other financial expenses / Balance sheet total - non-interest-bearing debt (Average during the year)	x 100
Equity ratio, %	Shareholders' equity + minority interest / Balance sheet total - advances received	x 100
Operating income	Income before tax and financial items	
Basic earnings per share, EUR	Share of net income belonging to parent company owners / Average number of shares adjusted for share issues	
Diluted adjusted earnings per share, EUR	Share of net income belonging to parent company owners / Diluted average number of shares adjusted for share issues	
Gearing, %	Interest-bearing debt - cash and bank receivables / Shareholders' equity + minority interest	x 100
Dividend per share, EUR	Dividend per share approved by annual general meeting With respect to the most recent year, Board's proposal to the AGM	
Payout ratio, %	Dividend / share / Share of EPS belonging to parent company shareholders	x 100
Effective dividend yield, %	Dividend / share adjusted for share issues / Final quotation at close of period adjusted for share issues	x 100
Price/earnings (P/E) ratio	Closing price at end of period adjusted for share issues / Share of EPS belonging to parent company owners	
Shareholders' equity per share	Shareholders' equity belonging to parent company owners / Number of shares at end of period adjusted for share issues	
Market capitalization of share stock	Number of shares x closing price at end of period	

Notes to the consolidated financial statements

1. Segment information

Alma Media Group reports as its primary segments the Newspapers group, the Kauppalehti Group, Marketplaces, and Other Operations.

The publishing activities of 35 newspapers are reported in the Newspapers group. The largest are the regional paper Aamulehti and the daily tabloid Iltalehti. The Kauppalehti Group is specialized in producing business information. Its best known product is Finland's leading business daily, the Kauppalehti paper. The Kauppalehti Group also includes a contract publishing company, Alma Media Lehdentekijät, and a direct marketing company called Kauppalehti 121. The Marketplaces segment reports the company's online and printed classified services. Other Operations are Group administration and the financial administration service centre, which serves the entire Group. Inter-segment transfer prices are based on market prices.

Segments' assets and liabilities include balances, which segment uses in its business operations. Financial items and income taxes are not allocated to the segments.

Alma Media Group's geographical segments cannot be distinguished (Alma Media operates mainly in one geographical segment), and therefore segment reporting is restricted to the primary business segments listed above. The following table shows net sales for 2007 and 2006 by geographical area:

M€	2007	2006
Finland	**314.8**	290.7
Baltic countries	**7.0**	5.5
Sweden	**4.9**	3.5
Rest of Europe	**2.1**	1.9
Rest of other countries	**0.2**	0.4
	328.9	301.9

Net sales

M€	News-papers	Kauppalehti Group	Market-places	Other	Elimin-ations	Continuing operations	Discont'd operations	Group
Financial year 2007								
Net sales								
External net sales	226.3	70.0	30.4	2.2		328.9	0.0	328.9
Inter-segment net sales	4.3	0.1	0.5	12.0	-16.9	0.0	0.0	0.0
Net sales, total	230.6	70.1	30.9	14.2	-16.9	328.9	0.0	328.9
Financial year 2006								
Net sales								
External net sales	212.8	62.5	22.5	4.1		301.9	0.0	301.9
Inter-segment net sales	5.1	0.1	0.5	10.5	-16.2	0.0	0.0	0.0
Net sales, total	217.9	62.6	23.1	14.6	-16.2	301.9	0.0	301.9

Net income in period

M€	News-papers	Kauppalehti Group	Market-places	Other	Elimin-ations	Continuing operations	Discont'd operations	Group
Financial year 2007								
Operating income	42.8	7.6	5.3	8.7		64.4	0.0	64.4
Share of results in assoc. companies	0.1	2.6		0.8		3.5		3.5
Non-allocated items:								
Net financial expenses						0.1		0.1
Income tax						-16.8		-16.8
Net income for the period	42.8	10.3	5.3	9.5	0.0	51.2	0.0	51.2
Financial year 2006								
Operating income	38.4	4.8	2.8	3.1	0.0	49.1	0.0	49.1
Share of results in assoc. companies	0.0	0.9		0.3		1.2		1.2
Non-allocated items:								
Net financial expenses						-0.5		-0.5
Income tax						-12.5		-12.5
Net income for the period	38.4	5.7	2.8	3.4	0.0	37.3	0.0	37.3

Assets and liabilities

M€	News-papers	Kauppalehti Group	Market-places	Other	Elimin-ations	Group
Financial year 2007						
Segment assets	63.1	27.4	15.4	15.6	0.0	121.5
Investments in assoc. companies	1.7	29.0	0.0	3.4		34.1
Non-allocated assets				25.8		25.8
	64.8	56.4	15.4	44.8	0.0	181.3
Segment liabilities	31.4	12.6	3.9	5.5		53.4
Non-allocated liabilities				9.7		9.7
	31.4	12.6	3.9	15.2	0.0	63.0
Total	33.4	43.8	11.5	29.5	0.0	118.3

Assets not allocated to the segments are financial instruments and tax receivables.
Liabilities not allocated to the segments are financial and tax liabilities.

M€	News-papers	Kauppalehti Group	Market-places	Other	Elimin-ations	Group
Financial year 2006						
Segment assets	66.6	27.5	13.9	26.5	-0.6	133.8
Investments in assoc. companies	0.1	28.6	0.0	3.4		32.1
Non-allocated assets				33.8		33.8
	66.7	56.1	13.9	63.7	-0.6	199.7
Segment liabilities	29.9	12.2	3.5	9.9	-0.5	54.9
Non-allocated liabilities				29.4		29.4
	29.9	12.2	3.5	39.3	-0.5	84.4
Total	36.8	43.8	10.4	24.4	-0.2	115.3

Other information

M€	News-papers	Kauppalehti Group	Market-places	Other	Elimin-ations	Continuing operations	Discont'd operations	Group
Financial year 2007								
Investments	6.0	1.1	2.8	2.2		12.1		12.1
Depreciation	4.8	1.2	1.8	2.0		9.8	0.0	9.8
Other expenses not requiring transaction, e.g. depreciation				0.1		0.1		0.1
Writedowns	0.1					0.1		0.1
Financial year 2006								
Investments	4.1	6.4	7.3	1.8		19.6		19.6
Depreciation	5.2	1.1	1.2	2.4	0.0	10.0	0.0	10.0
Other expenses not requiring transaction, e.g. depreciation	0.2	1.1		0.4		1.8		1.8
Writedowns	0.3					0.3		0.3

2. Acquired businesses

Acquired businesses in 2007

The Group did not acquire any business operations during 2007 except a 40% holding in Tampereen Ykkösjakelut Oy in May 2007. Further information on this acquisition is presented in Note 18, holdings in associated companies.

Acquired businesses in 2006

The Group acquired seven companies during 2006. These are listed by segment as follows:

	Business	Acquisition date	% acquired
Kauppalehti Group			
Mediaskopas UAB	Media monitoring services	1.2.2006	100%
Kauppalehti 121 Oy (51% holding)	Direct marketing services	1.7.2006	51%
Suomen Business Viestintä SBV Oy	Advertisement marketing, corporate publications	1.7.2006	100%
Marketplaces			
Bovision AB	Classified marketplaces, homes	1.7.2006	100%
Objektvision AB	Classified marketplaces, business premises	1.7.2006	100%
Kiinteistöalan Tietopalvelut R.E.I Oy	Customer management systems for property rentals	1.11.2006	90%
Newspapers			
Kokkolan Sanomat	Publishing rights for town paper Kokkolan Sanomat	1.9.2006	100%

The following table presents the opening balance sheets of the acquired operations in the Group, the total acquisition price and impact on cash flow:

Kauppalehti Group

M€	Book values before integration	Fair values entered in integration
Property, plant and equipment	0.2	0.2
Intangible assets	0.0	0.1
Intangible assets, trademarks		0.6
Intangible assets, customer agreements		1.0
Accounts receivable and other receivables	1.6	1.6
Cash and cash equivalents	0.5	0.5
Assets, total	2.3	3.9
Deferred tax liabilities		0.4
Accounts payable and other payables	1.4	1.4
Liabilities, total	1.4	1.8
Net assets	0.8	2.1
Goodwill arising from acquisition		3.1
Acquisition price (paid in cash)		5.2
Cash and cash equivalents of acquired subsidiaries or businesses		0.5
Impact on cash flow		4.6

The fair values entered on intangible assets in the integration relate primarily to trademarks and customer agreements. The goodwill arising from these acquisitions totalled M€ 3.1. Contributory factors were the synergies related to these businesses expected to be realized especially with Alma Media Lehdentekijät Oy, which already belongs to the Group, and the possibility to broaden the service offering in corporate services. The year's operating profit of the operations acquired for the segment was M€ 0.4 from the acquisition date.

Newspapers and Marketplaces

M€	Book values before integration	Fair values entered in integration
Property, plant and equipment	0.0	0.0
Intangible assets, IT software	0.0	0.1
Intangible assets, trademarks		0.8
Accounts receivable and other receivables	0.4	0.4
Cash and cash equivalents	0.3	0.3
Assets, total	0.8	1.7
Deferred tax liabilities		0.2
Interest-bearing liabilities	0.0	0.0
Accounts payable and other payables	0.4	0.4
Liabilities, total	0.5	0.7
Net assets	0.3	1.0
Group's share of net assets of acquired companies		1.0
Goodwill arising from acquisition		5.0
Acquisition price (paid in cash)		5.9
Cash and cash equivalents of acquired subsidiaries or businesses		0.3
Impact on cash flow		5.6

The fair values entered on intangible assets in the integration relate primarily to trademarks and customer agreements. The goodwill arising from these acquisitions totalled M€ 5.0. Contributory factors were the synergies related to these businesses expected to be realized, and the possibility to expand business operations into new markets. The year's operating profit of the operations acquired for the segment was M€ 0.3 from the acquisition date.

In the case of the customer agreements, the fair values are based on the estimated duration of the customer relationships and the discounted net cash flows generated by existing customers. The fair value of the trademarks is based on the estimated discounted royalty payments avoided by virtue of owning these trademarks. In determining the fair value, an estimated reasonable royalty percent has been used based on market factors and which an external party would be willing to pay for a licence agreement. The year's operating profit of all the acquired businesses from the date of acquisition was M€ 0.7. Net sales of continuing operations would have been an estimated M€ 308.3 and the operating profit M€ 49.8, assuming the acquisitions had taken place at the beginning of 2006.

3. Net sales

M€	2007	2006
Distribution of net sales between goods and services		
Sales of goods	**133.5**	127.5
Sales of services	**195.5**	174.4
Ne sales, total	**328.9**	301.9

In this specification, sales of goods comprises newspaper circulation sales, printing contract sales and book sales. Sales of services comprises advertisement sales and distribution services as well as sales of Marketplaces in its entirety.

4. Other operating income

M€	2007	2006
Gains on sale of property, plant and equipment	**2.8**	4.6
Gains on sale of intangible assets	**0.4**	0.2
Other	**9.9**	0.7
Other operating income, total	**13.0**	5.5
Specification of other major operating income items:		
Gain on disposal of properties in Tampere and Kemi		4.2
Gain on disposal of property and land in Rovaniemi	**2.7**	
Leasing contract rearrangement for the office and printing works building in Tampere	**8.9**	

Non-recurring profit of the lease contract rearragement on an office and printing works building in Tampere consist M€ 6.5 of gains on sale, which were not recognized as profit in 2001. The rest of non-curring profit, M€ 2.4 consists of the difference between the book value for the lease building and the lease liability.

5. Material and services

M€	2007	2006
Purchases during period	**21.5**	21.0
Change in inventories	**0.2**	-0.2
Materials, goods and supplies	**21.8**	20.8
External services	**77.3**	71.1
Total	**99.1**	92.0

6. Research and development costs

The Group's research and development costs in 2007 totalled M€ 3.7 (M€ 1.7 in 2006). Of this total, M€ 0.8 (M€ 0.5) was charged to the income statement and M€ 2.8 (M€ 1.2 in 2006) was capitalized to the balance sheet in 2007. There were capitalized research and developments costs M€ 3.9 in the balance sheet at 31.12.2007.

7. Expenses arising from employee benefits

M€	2007	2006
Salaries and fees	**90.9**	85.9
Pension costs - defined contribution plans	**14.5**	13.9
Pension costs - defined benefit plans	**0.2**	0.2
Approved stock options to be settled in shares	**0.6**	0.3
Other personnel expenses	**5.6**	5.4
Total	**111.7**	105.7

Average total workforce, calculated as full-time employees, excl. distribution staff:

	2007	2006
Newspapers	**1,218**	1,220
Kauppalehti Group	**527**	496
Marketplaces	**158**	111
Other	**68**	74
Total	**1,971**	1,901
Additionally, Group's own distribution staff (number of employees)	**962**	857

Salaries and fees to management:

	2007	2006
Parent company president (Kai Telanne):		
Salaries and other short-term employee benefits	**0.4**	0.4
Termination benefits		
Post-employment benefits	**0.0**	0.0
Approved stock options to be settled in shares	**0.1**	0.0
Total	**0.5**	0.5

The figures in the table are presented as accrual basis. In 2007 the salary and benefits paid to the President and CEO totalled € 372,073 (€ 446,014 in 2006).

Other members of the Group Executive Team:

	2007	2006
Salaries and other short-term employee benefits	**1.1**	1.6
Termination benefits		
Post-employment benefits	**0.2**	0.1
Approved stock options to be settled in shares	**0.2**	0.1
Total	**1.5**	1.8

The figures in the table are presented as accrual basis. In 2007 the salary and benefits paid to the other members of the Group Executive Team totalled € 1,103,841 (€ 1.721.629 in 2006).

Other Group presidents (not in Group Executive Team)

	2007	2006
Salaries and other short-term employee benefits	**1.1**	1.5
Termination benefits		
Post-employment benefits		0.0
Approved stock options to be settled in shares	**0.3**	0.1
Total	**1.4**	1.6

The figures in the table are presented as accrual basis. In 2007 the salary and benefits paid to other Group presidents totalled € 1,169,542 (€ 1,556,044 in 2006).

1,000 €		2007	2006
Board of Directors of Alma Media Corporation and fees paid to its members, figures presented in thousend euros			
Kari Stadigh	Chairman	**43**	47
Matti Kavetvuo	Deputy chairman	**33**	37
Lauri Helve	Member	**26**	28
Matti Häkkinen	Member	**28**	29
Kai Seikku	Member	**26**	26
Harri Suutari	Member	**30**	31
Ahti Vilppula	Member	**23**	
		208	196

The figures in the table are presented as accrual basis.

M€		
Salaries and fees to management, total	**3.6**	4.1

The President of the parent company has the right to retire on reaching 60 years of age. His pension is 60% of his salary. The period of notice salary is 6 months, and additional 12-month basic salary if the employer terminates his contract without the President being in breach of contract. The latter is not paid if the President himself resigns.

The members of the Board of Directors, the President of the parent company and the other members of the Group Executive Team together held 1,456,318 of the company's shares on 31 December 2007, representing 2.0% of the total number of shares and votes. The members of the Board of Directors, the President of the parent company and the other members of the Group Executive Team held altogether 260,000 options under the 2006 option A plan and 300,000 options under the 2006 B plan on 31 December 2007. These option rights entitle their holders to subscribe for at most 550,000 new shares in the company. The option rights and shares owned by the members of the Board of Directors, the President of the parent company and the members of the Group Executive Team represent 2.7% of the total number of shares and votes.

The individual holdings of Alma Media shares and option rights are as follows *):

		Shares	Options A plan	Options B plan
Kari Stadigh	Chairman	12,655		
Matti Kavetvuo	Deputy chairman	10,396		
Lauri Helve	Member	41,836		
Matti Häkkinen	Member	1,262,016		
Kari Seikku	Member	1,596		
Harri Suutari	Member	82,784		
Ahti Vilppula	Member	5,868		
Kai Telanne	President	4,339	80,000	80,000
Matti Apunen	Group Executive Team	4,339	25,000	25,000
Rauno Heinonen	Group Executive Team, secretary			10,000
Teemu Kangas-Kärki	Group Executive Team	1,000	40,000	40,000
Kari Kivelä	Group Executive Team	0	40,000	40,000
Juha-Petri Loimovuori	Group Executive Team	150	10,000	40,000
Raimo Mäkilä	Group Executive Team	25,000	40,000	40,000
Minna Nissinen	Group Executive Team	4,339	25,000	25,000
		1,456,318	260,000	300,000

*) Figures include holdings of entities under their control as well as holdings of related parties. In addition Procomex SA and Helsingin Mekaanikontalo Oy, which are under control of Ahti Vilppula, owns 8,250,100 forward contracts.

According to Articles of Association, Board of Directions is appointed by the Annual General Meeting. The number of Board of Directors is no less than three and no more than nine ordinary members. The Board of Directors shall elect from among its members a Chairman and a Deputy Chairman. The term of office a member of the Board of Directors shall be one year, ending at the close of the Annual General Meeting following his or her election. The company's President may not be the Chairman of the Board.

The company shall have a President appointed by the Board of Directors. The President shall be responsible for managing the administration of the company in accordance with the instructions and requirements of the Board of Directors.

8. Other operating expenses

Specification of other operating expenses by business:

M€	2007	2006
Information technology and telecommunication	**11.9**	10.2
Business premises	**9.9**	9.3
Other costs	**35.0**	30.8
Total	**56.8**	50.4

9. Financial income and expenses

M€	2007	2006
Financial income		
Interest income on investments held to maturity	**1.1**	1.9
Dividend income on other non-current investments	**0.2**	0.2
Total	**1.2**	2.1
Financial expenses		
Interest costs		
Interest costs from other interest-bearing debt	**0.0**	-1.4
Interest costs from finance leases	**-1.0**	-1.1
Foreign exchange gains and losses	**-0.1**	0.0
Total	**-1.1**	-2.6
Financial income and expenses, total	**0.1**	-0.5

Financial income presented by categories as required by IAS 39

Interest income on investments held to maturity	**1.1**	1.9
Dividend income from available-for-sale financial assets	**0.2**	0.2
Financial income, total	**1.2**	2.1

Financial expenses presented by categories as required by IAS 39

Interest costs from interest-bearing debts measured at amortized cost	**0.0**	-1.4
Interest costs from finance leases measured at amortized cost	**-1.0**	-1.1
Foreign exchange losses (loans and receivables)	**-0.1**	0.0
Financial expenses, total	**-1.1**	-2.6

10. Income tax

M€	2007	2006
Tax based on taxable income for the period	**13.7**	12.2
Tax from previous periods	**0.1**	0.1
Deferred taxes	**3.1**	0.3
Total	**16.8**	12.5

Reconciliation of tax expense in income statement and tax calculated on Finnish tax rate:
The Finnish corporate tax rate in 2007 and 2006 was 26%.

Income before tax	**68.0**	49.9
- Share of associated companies' result	**-3.5**	-1.2
	64.5	48.6
Tax calculated on the parent company's tax rate	**16.8**	12.6
Impact of varying tax rates of foreign subsidiaries	**0.1**	-0.1
Tax-free income	**-0.1**	0.0
Non-tax-deductable expenses	**0.2**	0.2
Items from previous periods	**0.1**	0.1
Use of previously non-entered deferred tax assets	**-0.1**	-0.5
Recognition in balance sheet of previously non-entered deferred tax assets *)	**0.0**	0.2
Other items	**-0.1**	0.0
Tax shown in the income statement	**16.8**	12.5

*) Based on re-evaluation of usability of deferred tax assets

11. Discontinued operations

The Group sold its Broadcasting business segment in spring 2005. There is no discontinued operations reported in 2006 and 2007.

12. Non-current assets available for sale

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

The sale, at the beginning of 2007, of the property used by Lapin Kansa in Rovaniemi was treated as a non-current asset for sale in the 2006 annual accounts.

13. Earnings per share

Basic earnings per share is calculated by dividing income for the period belonging to the parent company's owners by the weighted average number of shares in the period. Diluted earnings per share is calculated by dividing the income for the period belonging to the parent company's owners by the weighted average number of diluted shares during the period.

M€	2007	2006
Parent company owners' income in the period, continuing operations	**50.5**	37.0
Parent company owners' income in the period, discontinued operations	**0.0**	0.0
Number of shares (x 1000)		
Weighted average number of outstanding shares	**74,613**	74,613
Impact of issued share options calculated as number of shares	**161**	0
Diluted weighted average number of outstanding shares	**74,773**	74,613
EPS, continuing operations, basic	**0.68**	0.50
EPS, continuing operations, diluted	**0.68**	0.50
EPS, discontinued operations, basic	**0.00**	0.00
EPS, discontinued operations, diluted	**0.00**	0.00

14. Intangible assets and goodwill

M€	Intangible rights	Other intangible assets	Advance payments	Goodwill	Total
Financial year 2006					
Acquisition cost 1.1.	14.5	3.4	0.2	19.0	37.2
New companies	0.1				0.1
Increases	3.8	0.7	0.3	11.2	16.0
Decreases	-1.2	-0.2	-0.1		-1.4
Exchange rate differences				0.1	0.1
Transfers between items	0.1				0.1
Acquisition cost 31.12.	17.3	4.0	0.5	30.4	52.1
Acc. depreciation, amortization and impairments 1.1.	9.6	1.1		0.2	10.9
New companies	0.0	0.0			0.0
Acc. depreciation in decreases and transfers	-0.9	-0.2			-1.1
Depreciation in period	2.0	0.4			2.4
Writedowns					0.0
Accumulated depreciation 31.12.	10.8	1.3	0.0	0.2	12.2
Book value 1.1.	4.9	2.3	0.2	18.9	26.3
Book value 31.12.	6.5	2.7	0.5	30.2	39.9
Financial year 2007					
Acquisition cost 1.1.	17.3	4.0	0.5	30.4	52.1
Increases	2.3	0.1	1.2	0.0	3.6
Decreases	-1.4	-1.0	-0.1	-0.4	-2.9
Exchange rate differences			-0.1	-0.1	
Transfers between items	0.1	0.5	-0.6		0.0
Acquisition cost 31.12.	18.3	3.6	1.0	29.9	52.8
Acc. depreciation, amortization and impairments 1.1.	10.8	1.3	0.0	0.2	12.2
Acc. depreciation in decreases and transfers	-1.3	-1.0			-2.3
Depreciation in period	1.7	1.1			2.8
Writedowns					0.0
Accumulated depreciation 31.12.	11.2	1.4	0.0	0.2	12.7
Book value 1.1.	6.5	2.7	0.5	30.2	39.9
Book value 31.12.	7.0	2.2	1.0	29.7	40.0

Intangible assets include assets purchased through finance leases as follows:

M€	Intangible rights	Advance payments	Total
Financial year 2006			
Acquisition cost 1.1.	1.6		1.6
Increases	0.0		0.0
Acquisition cost 31.12.	1.6	0.0	1.6
Acc. Depreciation 1.1.	0.9		0.9
Depreciation in period	0.2		0.2
Accumulated depreciation 31.12.	1.1		1.1
Book value 31.12.	0.5	0.0	0.5
Financial year 2007			
Acquisition cost 1.1.	1.6		1.6
Increases	0.0		0.0
Decreases	-0.8		-0.8
Acquisition cost 31.12.	0.8	0.0	0.8
Acc. Depreciation 1.1.	1.1		1.1
Acc. depreciation in decreases	-0.8		-0.8
Depreciation in period	0.2		0.2
Accumulated depreciation 31.12.	0.4		0.4
Book value 31.12.	0.4	0.0	0.4

The book value of intangible assets includes intangible rights totalling M€ 1.3 which are not depreciated; instead these rights are tested annually for impairment. These assets, which have an indefinite economic impact, are trademarks recognized at fair value by the Group at the time of acquisition. These non-depreciated intangible rights are allocated to the cash-generating units as follows:

M€	31.12.2007	31.12.2006
Kauppalehti 121	**0.4**	0.4
Alma Media Lehdentekijät	**0.1**	0.1
Kauppalehti Group, total	**0.6**	0.6
Homes and business premises	**0.8**	0.8
Marketplaces, total	**0.8**	0.8
Group, total	**1.3**	1.3

Allocation of goodwill to cash-generating units

A significant amount of goodwill has been allocated to the following cash-generating units:

M€	31.12.2007	31.12.2006
Aamulehti	**0.0**	0.0
Kainuun Sanomat	**2.3**	2.3
Lapin Kansa	**2.5**	2.5
Northern Newspapers	**1.0**	1.0
Satakunnan Kansa	**4.1**	4.1
Local Newspapers group	**1.3**	1.3
Newspapers group, total	**11.2**	11.2
Baltic News Service	**0.8**	0.8
Kauppalehti	**3.3**	3.3
Kauppalehti 121	**5.2**	5.2
Alma Media Lehdentekijät	**3.1**	3.1
Kauppalehti Group, total	**12.4**	12.4
Homes and business premises	**5.7**	6.2
Vehicles and heavy machinery	**0.3**	0.3
Marketplaces, total	**6.0**	6.5
Units allocated an insignificant amount of goodwill	**0.1**	0.1
Goodwill, total	**29.7**	30.2

No impairment losses were recorded in the financial year 2007 and 2006. Goodwill decrease from the year 2006 is caused by changes in final acquisition prices of acquired businesses in 2006.

In testing for impairment of goodwill and intangible rights, the recoverable amount is the value in use. Estimated cash flows determined in the test are based on the Group's strategic forecasts for the following three years confirmed by the company's management and Board of Directors. The years following this period are estimated by extrapolation, taking into account the business cycle. In addition to general economic factors, the main assumptions and variables used when determining cash flows are the forecast growth of media sales in different market segments and estimated growth of newspaper circulations. Goodwill allocated to new business areas, and goodwill arising from recent acquisitions, are more sensitive to impairment testing and therefore more likely to be subject to an impairment loss when the aforementioned main assumptions change. Based on a sensitivity analysis, the tested goodwill and intangible rights were not critical. A discount rate of 8.5% (interest rate before taxes) has been used. The interest rate is based on the weighted average yield set for shareholders' equity and liabilities.

15. Property, plant and equipment

M€	Land and water areas	Buildings and structures	Machinery and equip.	Other tangible assets	Advance payments and purchases in progress	Total
Financial year 2006						
Acquisition cost 1.1.	3.2	51.6	71.8	4.0	1.0	131.6
New companies			0.3	0.0		0.3
Increases		0.1	3.3	0.9	0.3	4.6
Decreases	-0.7	-6.3	-8.8	-0.3	-0.1	-16.3
Transfers between items	0.0	-1.2	1.0	0.0	-1.0	-1.2
Acquisition cost 31.12.	2.4	44.1	67.6	4.7	0.2	119.0
Acc. depreciation, amortization and impairments 1.1.		22.4	46.8	1.8		71.0
New companies		0.0	0.1	0.1		0.2
Accumulated depreciation in decreases and transfers		-3.0	-8.5			-11.5
Depreciation in period		1.7	5.3	0.4		7.5
Writedowns			0.1			0.1
Acc. depreciation, amortization and impairments 31.12.	0.0	21.2	43.8	2.3	0.0	67.3
Book value 1.1.	3.2	29.2	25.0	2.2	1.0	60.6
Book value 31.12.	2.4	22.9	23.7	2.4	0.2	51.7
Book value of machinery and equipment			23.0			
Financial year 2007						
Acquisition cost 1.1.	2.4	44.1	67.6	4.7	0.2	119.0
New companies		0.2	4.6	0.2	0.5	5.5
Increases	-0.5	-18.9	-9.0	-0.1		-28.5
Decreases		0.0				0.0
Transfers between items		0.2	0.0	0.0	-0.2	0.0
Acquisition cost 31.12.	1.9	25.6	63.2	4.8	0.5	96.0
Acc. depreciation, amortization and impairments 1.1.	0.0	21.2	43.8	2.3	0.0	67.3
Accumulated depreciation in decreases and transfers		-7.9	-8.8	0.0		-16.7
Depreciation in period		1.2	5.3	0.4		6.9
Writedowns						0.0
Acc. depreciation, amortization and impairments 31.12.	0.0	14.5	40.3	2.7	0.0	57.6
Book value 1.1.	2.4	22.9	23.7	2.4	0.2	51.7
Book value 31.12.	1.9	11.1	22.8	2.1	0.5	38.4
Book value of machinery and equipment			15.4			

Property, plant and equipment includes assets purchased through finance leases as follows:

M€	Buildings and structures	Machinery and equip.	Total
Financial year 2006			
Acquisition cost 1.1.	17.4	8.9	26.3
Increases	0.0	1.4	1.4
Acquisition cost 31.12.	17.4	10.3	27.6
Acc. Depreciation 1.1.	4.3	2.7	7.0
Depreciation in period	1.0	1.6	2.6
Acc. Depreciation 31.12.	5.3	4.3	9.6
Book value 31.12.	12.1	6.0	18.0
Financial year 2007			
Acquisition cost 1.1.	17.4	10.3	27.6
Increases		2.6	2.6
Decreases	-17.4	-2.2	-19.6
Acquisition cost 31.12.	0.0	10.7	10.7
Acc. Depreciation 1.1.	5.3	4.3	9.6
Accumulated depreciation in decreases	-6.0	-2.2	-8.2
Depreciation in period	0.7	2.0	2.7
Acc. Depreciation 31.12.	0.0	4.1	4.1
Book value 31.12.	0.0	6.6	6.6

16. Investment properties

M€	31.12.2007	31.12.2006
Acquisition cost 1.1.	**0.0**	6.2
Increases	**0.0**	0.0
Decreases	**0.0**	-6.2
Acquisition cost 31.12.	**0.0**	0.0
Accumulated depreciation, amortization and impairments 1.1.	**0.0**	3.7
Accumulated depreciation in decreases and transfers	**0.0**	-3.8
Depreciation in period	**0.0**	0.1
Accumulated depreciation, amortization and impairments 31.12.	**0.0**	0.0
Book value 1.1.	**0.0**	2.6
Book value 31.12.	**0.0**	0.0

M€	2007	2006
Rental income from investment properties	**0.0**	0.4
Maintenance expenses of investment properties	**0.0**	0.1
Fair values of investment properties	**0.0**	0.0

17. Subsidiary companies

Company	Registered office	Holding %	Share of votes %
Aamujakelu Oy	Tampere, Finland	100.00	100.00
Agentura BNS SIA	Riga, Latvia	100.0	100.00
Alma Media Interactive Oy	Helsinki, Finland	100.00	100.00
Alma Media Interactive Russia Oy	Helsinki, Finland	77.00	77.00
Alma Media Lehdentekijät Oy	Helsinki, Finland	100.00	100.00
Alma Media Palvelut Oy	Helsinki, Finland	100.00	100.00
Arctic Press Oy	Rovaniemi, Finland	100.00	100.00
@Apartament SP.z.o.o	Warsaw, Poland	70.00	70.00
AS Autoinfo.ee	Tallinn, Estonia	90.00	90.00
AS Kinnisvaraportaal	Tallinn, Estonia	100.00	100.00
Balti Uudistetalituse AS	Tallinn, Estonia	100.00	100.00
BNS Eesti OÜ	Tallinn, Estonia	100.00	100.00
BNS Latvija SIA	Riga, Latvia	99.97	99.97
BNS UAB	Vilnius, Lithuania	99.93	99.93
Bovision AB	Stockholm, Sweden	100.00	100.00
City24 Adriatic d.o.o	Zagreb, Croatia	80.00	80.00
City24 EOOD	Sofia, Bulgaria	100.00	100.00
ETA Uudistetalituse OÜ	Tallinn, Estonia	100.00	100.00
Etuovi Oy	Helsinki, Finland	100.00	100.00
Kainuun Sanomat Oy	Kajaani, Finland	100.00	100.00
Karenstock Oy	Helsinki, Finland	100.00	100.00
Kauppalehti Oy	Helsinki, Finland	100.00	100.00
Kauppalehti 121 Oy	Espoo, Finland	100.00	100.00
Kiinteistöalan Tietopalvelut R.E.I Oy	Espoo, Finland	100.00	100.00
Kustannus Oy Aamulehti	Tampere, Finland	100.00	100.00
Kustannus Oy Otsikko	Tampere, Finland	100.00	100.00
Kustannusosakeyhtiö Iltalehti	Helsinki, Finland	100.00	100.00
Lapin Kansa Oy	Rovaniemi, Finland	100.00	100.00
Mediaskopas	Tallinn, Estonia	100.00	100.00
Monster Oy	Helsinki, Finland	75.00	75.00
Objektvision AB	Stockholm, Sweden	100.00	100.00
Osakeyhtiö Harjavallan Kustannus	Harjavalta, Finland	100.00	100.00
Pohjolan Sanomat Oy	Kemi, Finland	100.00	100.00
Porin Sanomat Oy	Pori, Finland	100.00	100.00
Satakunnan Kirjateollisuus Oy	Pori, Finland	100.00	100.00
SIA Autoinfo	Riga, Latvia	90.00	90.00
SIA City24	Riga, Latvia	95.08	95.08
Suomen Business Viestintä SBV Oy	Helsinki, Finland	100.00	100.00
Suomen Paikallissanomat Oy	Tampere, Finland	100.00	100.00
TOB Citi 24	Kiev, Ukraine	70.00	70.00
UAB City24	Vilnius, Lithuania	99.88	99.88
UAB Motors24	Vilnius, Lithuania	100.00	100.00

18. Holdings in associated and joint venture companies

Holdings in associated companies

M€	31.12.2007	31.12.2006
At start of period	**32.1**	40.4
Increases	**1.5**	0.0
Decreases	**0.0**	0.0
Share of results	**3.4**	1.2
Share of items recognized directly in associated company's equity	**0.2**	-0.1
Dividends received	**-3.1**	-6.1
Transfers between items	**0.0**	-3.3
At end of period	**34.1**	32.1

Further information on associated companies

The Group entered a writedown on the associated company Acta Print totalling M€ 0.4 in the 2006 accounts, which is allocated in its entirety to receivables from associated companies.

Talentum Oyj, included in the book value of associated companies at 31 December 2007, is a public listed company. The carrying value of the Talentum Oyj shares in Alma Media's consolidated financial statements at 31 December 2007 is M€ 29.0 and its market capitalization was M€ 36.3.

During 2006 the Group acquired the outstanding 51% of Kauppalehti 121 Oy, which thus became a wholly owned subsidiary. During 2007 the Group acquired a 40% holding in Tampereen Ykkösjakelut Oy in May 2007. Goodwill arising from associated companies totalled M€ 21.1 (M€ 19.7) at 31 December 2007.

M€	31.12.2007	31.12.2006
Book value of shares, total	**34.1**	32.1
Receivables from associated companies	**4.7**	4.6
Liabilities to associated companies	**0.1**	0.1
Summary (100%) of associated company totals		
Aggregate assets of associated companies	**127.7**	136.0
Aggregate liabilities of associated companies	**94.9**	79.5
Aggregate net sales of associated companies	**203.4**	209.5
Aggregate profit/loss of associated companies	**9.2**	4.2

Associated companies

	Holding %	Share of votes %
Acta Print Kivenlahti Oy	36.00	36.00
Ahaa Sivunvalmistus Oy	20.00	20.00
Holding Oy Visio	24.74	24.74
Oy Suomen Tietotoimisto - Finska Notisbyrån Ab	28.20	28.20
Talentum Oyj	29.85	29.85
Tampereen Tietoverkko Oy	35.14	35.14
Tampereen Ykkösjakelu Oy	40.00	40.00
Jämsänjokilaakson Paikallisviestintä Oy	49.00	49.00
Kytöpirtti Oy	43.20	43.20
Nokian Uutistalo Oy	36.90	36.90

The Group's long-term receivable and shares from the associated company Acta Print Kivenlahti Oy is shown in the balance sheet under non-current assets available for sale. More details are described in Note 12.

Joint venture companies

The Group established a joint venture company, Mascus A/S, together with Bil Markedet Aps in Denmark in 2007. The Groups owns 50% of the joint venture and it is reported in Marketplace segment. In addition the Group treats as joint venture companies its mutual property and housing companies. The joint venture companies are consolidated using the proportionate consolidation method in accordance with IAS 31.

Group's share of balance sheets and results of joint venture companies:

M€	31.12.2007	31.12.2006
Non-current assets	**3.7**	4.3
Current assets	**0.1**	
Long-term liabilities	**0.1**	
Current liabilities		

M€	2007	2006
Net sales	**0.0**	
Operating profit	**0.0**	
Net income for the period	**0.0**	
Average total workforce in joint venture companies	**1**	

19. Other long-term investments

M€	31.12.2007	31.12.2006
Non-listed shares	**4.0**	3.9

Other long-term investments are recognized at acquisition cost.

20. Other receivables – non-current assets

M€	Book values 31.12.2007	Fair values 31.12.2007	Book values 31.12.2006	Fair values 31.12.2006
Receivables from associated companies				
Loan receivables	-	-	4.6	4.6
Other receivables				
	-	-	4.6	4.6
Receivables from others				
Loan receivables	-	-	0.1	0.1
Other long-term receivables			0.1	0.1
	-	-	0.2	0.2
Other receivables, total	-	-	4.8	4.8

21. Inventories

M€	31.12.2007	31.12.2006
Materials and supplies	**1.4**	1.6
Finished goods	**-**	0.1
Other goods	**-**	0.0
Total	**1.4**	1.8

A M€ 0.1 writedown on inventories was entered in the 2007 accounts and allocated under book inventories (finished goods). Similar writedown, M€ 0.1, was entered also in 2006.

22. Accounts receivable and other receivables

M€	31.12.2007	31.12.2006
Accounts receivable	**25.8**	26.0
Receivables from associated companies		
Accounts receivable	**0.0**	0.0
Loan receivables		
Prepaid expenses and accrued income		
Other income		0.0
Total	**0.0**	0.0
Receivables from others		
Loan receivables		0.1
Prepaid expenses and accrued income	**2.6**	2.5
Other receivables	**1.5**	0.2
Total	**4.0**	2.8
Receivables, total	**29.9**	28.8

23. Other short-term investments

M€	31.12.2007	31.12.2006
Investments held to maturity	**3.0**	2.4
Total	**3.0**	2.4

24. Cash and cash equivalents

M€	31.12.2007	31.12.2006
Cash and bank accounts	**8.2**	6.4
Investment certificates (1-3 months)	**16.6**	21.8
Total	**24.8**	28.2

25. Information on shareholders' equity and it's administration

The following describes information of Alma Media shares and changes in 2007.

	Total number of shares	Share capital M€	Share premium fund M€
1.1.2007	74,612,523	44.8	2.8
31.12.2007	74,612,523	44.8	2.8

The company has one share series and all shares confer the same voting rights, one vote per share. The shares have no par value.

Book-entry securities system

The company's shares belong to the book-entry system. Only such shareholders shall have the right to receive distributable funds subscribe for shares in conjunction with an increase in the share capital, 1) who are listed on the record date as shareholders in the shareholders' register; or 2) whose right to receive payment is recorded on the record date in the book-entry account of a shareholder listed in the shareholders' register, and this right is entered in the shareholders' register; or 3) whose shares, in the case of nominee-registered shares, are registered in their book-entry account on the record date and, as required by §28 of the Book-Entry Securities Act, the respective manager of the shares is listed on the record date in the shareholders' register as the manager of the said shares. Shareholders whose ownership is registered in the waiting list on the record date shall have the right to receive distributable funds from the company, and the right to subscribe for shares in conjunction with an increase in the share capital, who are able to furnish evidence of ownership on the record date.

Own shares

The Group did not hold any of the company's own shares in 2007 or 2006.

Translation differences

The translation differences fund comprises the exchange rate differences arising from the translation into euros of the financial statements of the independent foreign units.

Revaluation fund

The revaluation fund comprises the changes in fair values of the investments available for sale. The Group has no available-for-sale financial assets in 2006 and 2007.

Distributable funds

The distributable funds of the Group's parent company on 31 December 2007 totalled € 76,998,277.

Administration of shareholder's equity

The purpose of administration of shareholder's equity and optimal capital structure is to secure normal business preconditions. The development of capital structure is followed with gearing and equity ratio key figures. Those key figures are presented in the following in 2006 and 2007.

M€	31.12.2007	31.12.2006
Interest-bearing liabilities	**6.8**	21.7
Cash and cash equivalents	**24.8**	28.2
Interest-bearing net debt	**-17.9**	-6.5
Shareholder's equity	**118.3**	115.3
Gearing, %	**-15.2**	-5.6
Equity ratio, %	**69.8**	61.3

Dividend policy

The Group does not have a predefined dividend policy. The dividend policy will depend on the equity ratio and the Group's needs, the final proposal being made to the AGM by the Board of Directors.

Redemption of shares

A shareholder whose proportional holding of all company shares, or whose proportional entitlement to votes conferred by the companyäs shares, either individually or jointly with other shareholder's, is or exceeds 33 1/3 per cent or 50 per cent as defined hereinafter is obliged on demand by other shareholders to redeem such shareholders' shares.

26. Share-based payments

The Annual General Meeting held on 8 March 2006 decided on a new stock option scheme under which at most 1,920,000 options would be granted and these may be exercised to subscribe for at most 1,920,000 Alma Media shares with a book counter-value of 0.60 euros per share. This scheme forms part of the company's plan for motivating its senior management and ensuring their long-term commitment to the company. Of the total number of options, 640,000 were marked 2006A, 640,000 were marked 2006B and 640,000 were marked 2006C.

Share subscription periods:
for stock options 2006A 1 April.2008 - 30.April.2010,
for stock options 2006B 1 April 2009 - 30 April 2011, and
for stock options 2006C 1 April 2010 - 30 April 2012.

As authorized by the AGM, the Board of Directors has so far granted 515,000 of the 2006A options to a total of 18 executives. Altogether 75,000 of the 2006A options have been returned to the company owing to the termination of employment contracts. On 8 March 2007 the company's Board of Directors decided to annul the 190,000 2006A option rights in the company's possession.

The share subscription price under the A options, 7.66 euros per share, was determined by the trade weighted average share price in public trading between 1 April and 31 May 2006. The subscription price of the 2006A options was reduced by the amount of capital repayment in 2006, i.e. by 0.53 euros per share and by dividend payment in March 2007, i.e. by 0.65 euros per share , to 6.48 per share. The vesting period for the options ends and the share subscription period begins on 1 April 2008.

In March 2007 the Board of Directors decided to issue 510,000 options under the 2006B scheme to Group management. The share subscription price under the 2006B option, 9.85 euros per share was determined by the trade weighted average share price in public trading between 1 April and 31 May 2007.

The remaining A and B options, as well as all the C options have been issued to the Group's subsidiary, Karenstock Oy, which can grant them later at the time and in the manner decided by the Board of Directors. If all the subscription rights were exercised, this programme would dilute the holdings of the earlier shareholders by 2.3%.

The stock option plan is entered in the accounts as required by IFRS 2 - Share-Based Payments. The option rights granted are measured at their fair value at the grant date using the Forward Start Option Rubinstein (1990) model based on the Black & Scholes pricing model and expensed in the income statement under personnel expenses over the vesting period. An expense of M€ 0.6 was entered in the 2007 accounts (M€ 0.3 in 2006). The expected volatility has been determined by calculating the historical volatility of the company's share price, which includes the volatility of the shares of the previous Alma Media Corporation.

Specification of option rights

Options	Number	Annuled	Free	Share subscription period begins	ends	Period determining subscription price (trade volume weighted average share price)		
2006A	640,000	190,000	10,000	1/4/08	30/4/10	1.4.2006	-	31.5.2006
2006B	640,000		130,000	1/4/09	30/4/11	1.4.2007	-	31.5.2007
2006C	640,000		640,000	1/4/10	30/4/12	1.4.2008	-	31.5.2008

The share subscription prices will be reduced by the amount of dividend per share and capital payment per share decided after the period for determination of the share subscription price but before share subscription.

		A option plan	B option plan
Principal terms and conditions (A options):			
Grant date		26 April 2006	8 March 2007
Number of options granted	options	515,000	510,000
Subscription price	€	6.48	9.85
Share subscription price at grant date	€	7.66	9.85
Total duration of option scheme	days	1,496	1,521
Expected volatility	%	30	23
Vesting period	days	736	761
Risk-free interest rate	%	3.5	4.5
Payment method		as shares	as shares
Expected personnel reductions	%	0	0
Expected dividend yield	%	0	0
Value of option at grant date	€/share	1,526	1,731
		total M€ 1.0	total M€ 1.1
Value pricing model	Black & Scholes (Forward Start Option, 1990 Rubinstein)		

The option rights are granted on condition that the person receiving the options pledges to subscribe for shares corresponding to at least 25% of the gross value of the options granted to him/her when the options are sold and to refrain from selling the subscribed shares for at least one year from the end of the share subscription period for each option right in question.

Should the option holder's work or employment contract with Alma Media end for reasons other than the death or retirement, as determined by the company, or permanent work disability of the option holder, or for another reason determined by the Board of Directors and independent of the option holder, the option holder shall return to the company without consideration such option certificates for which the share subscription period has not begun on the date on which his/her work or employment contract ended. Altogether 75,000 options have been returned to the company as a result of the termination of employment contracts.

The option rights may be freely transferred when the share subscription period that applies to them has commenced. Before the share subscription period for the options in question has commenced, option rights may only be transferred with the consent of the Board of Directors.

Changes during option period

	A option plan		B option plan	
Number of options	**2007**	**2006**	**2007**	**2006**
At start of financial year	450,000	0	0	0
Number of new options granted	0	515,000	510,000	0
Number of options forfeited	-10,000	-65,000	0	0
Number of options exercised	0	0	0	0
Cancelled / nullified options	0	0	0	0
At end of financial year	440,000	450,000	510,000	0

The share and option holdings of the company's senior management are detailed in Note 7, Expenses Arising from Employee Benefits.

27. Deferred tax assets and liabilities

Changes in deferred taxes during 2006:

M€	31.12.2005	Entered in income statement	Entered under equity	Acquired/ sold subsidiaries	31.12.2006
Deferred tax assets:					
Provisions	1.2	-0.6			0.6
Pension benefits	0.1	0.0			0.1
Deferred depreciation	1.0	0.2			1.2
Sale and lease-back agreement	2.6	0.0			2.6
Other items	0.4	0.2			0.6
Total	5.2	-0.2	0.0	0.0	5.0
Taxes, net	-0.5				-0.9
Deferred tax assets in balance sheet	4.8				4.1
Deferred tax liabilities:					
Accumulated depreciation differences	0.9	-0.5			0.4
Fair value measurement of property, plant and equipment and intangible assets in business combinations	0.3	-0.1		0.7	0.9
Retained earnings of subsidiary companies	0.0	0.7			0.7
Other items	0.8	-0.1			0.7
Total	2.0	0.0	0.0	0.7	2.7
Taxes, net	-0.5				-0.9
Deferred tax liabilities in balance sheet	1.5				1.8
Deferred tax, net	3.3	-0.3		-0.7	2.3

Changes in deferred taxes during 2007:

	31.12.2006	Entered in income statement	Entered under equity	Acquired/ sold subsidiaries	31.12.2007
Deferred tax assets:					
Provisions	0.6	-0.5			0.1
Pension benefits	0.1	0.0			0.1
Deferred depreciation	1.2	0.1		0.0	1.3
Sale and lease-back agreement	2.6	-2.6			0.0
Other items	0.6	-0.1			0.5
Total	5.0	-3.0	0.0	0.0	2.0
Taxes, net	-0.9				-1.0
Deferred tax assets in balance sheet	4.1				1.0
Deferred tax liabilities:					
Accumulated depreciation differences	0.4	0.0			0.4
Fair value measurement of property, plant and equipment and intangible assets in business combinations	0.9	-0.3		0.1	0.6
Retained earnings of subsidiary companies	0.7	0.1			0.8
Other items	0.7	0.3			1.0
Total	2.7	0.1	0.0	0.1	2.8
Taxes, net	-0.9				-1.0
Deferred tax liabilities in balance sheet	1.8				1.8
Deferred tax, net	2.3	-3.1		-0.1	-0.8

No deferred tax asset has been calculated on the confirmed tax losses (M€ 0.5) of Group companies in 2007. Utilization of this tax asset requires that the normal operations of such companies would generate taxable income. The losses expire beween the years 2011 and 2015.

28. Pension obligations

The Group has defined benefit pension plans, most of which consist of supplementary pension insurance plans for company executives. In addition the Group has defined benefit pension obligations based on former pension funds of Aamulehti Oy.

The defined benefit pension obligation in the balance sheet is determined as follows:

M€	31.12.2007	31.12.2006
Present value of unfunded obligations at start of period	**7.2**	7.2
Service cost during period	**0.1**	0.2
Interest cost	**0.3**	0.3
Actuarial gains and losses	**-1.5**	
Payments of defined benefit obligations	**-0.5**	-0.5
Adjustments	**0.5**	
Present value of funded obligations at end of period	**6.1**	7.2
Fair value of plan assets at start of period	**6.8**	6.8
Expected return on plan assets	**0.3**	0.3
Actuarial gains and losses	**-1.8**	
Incentive payments	**0.1**	0.2
Payments of defined benefit obligations	**-0.5**	-0.5
Adjustments	**0.3**	0.0
Present value of plan assets at end of period	**5.2**	6.8
Deficit/surplus	**0.9**	0.4
Unrecognized actuarial gains (-) and losses (+)	**-0.5**	0.0
Unrecognized costs based on retroactive service	**0.0**	0.0
Defined benefit pension liabilities in the balance sheet	**0.5**	0.4

Time series of present value of obligations and fair value of plan assets

M€	31.12.2007	31.12.2006	31.12.2005	31.12.2004
Present value of funded obligations	**6.1**	7.2	7.2	9.0
Fair value of assets	**-5.1**	-6.8	-6.8	8.3
Deficit/surplus	**0.9**	0.4	0.4	0.7

The time series is shown exceptionally for four years only because the company adopted IFRS practice from 1 January 2004. The plan assets are invested primarily in interest- and share-based instruments and they have an aggregate expected annual return of 4.7%. A more detailed specification of the plan assets is not available.

The defined benefit pension expense in the income statement is determined as follows:

M€	1.1.–31.12.2007	1.1.–31.12.2006
Service cost during period	**0.1**	0.2
Interest cost	**0.3**	0.3
Expected return on plan assets	**-0.3**	-0.3
Actuarial gains and losses	**0.1**	0.0
Losses/gains from plan curtailments	**0.0**	0.0
	0.2	0.2

Changes in liabilities shown in balance sheet:

M€	31.12.2007	31.12.2006
Start of period	**0.4**	0.4
Incentive payments paid	**-0.1**	-0.2
Pension expense in income statement	**0.2**	0.2
Divestments of subsidiaries	**0.0**	0.0
Defined benefit pension obligation in balance sheet	**0.5**	0.4

A similar investment is expected to be made in the plan in 2008 as in 2007.

Actuarial assumptions used:

%	1.1.–31.12.2007	1.1.–31.12.2006
Discount rate	**4.7**	4.5
Expected return on plan assets	**4.7**	4.5
Future salary increase assumption	**3.5**	3.5
Inflation assumption	**2.0**	2.0

Pension obligation in balance sheet

M€	31.12.2007	31.12.2006
Defined benefit pension obligation in balance sheet	**0.5**	0.4
Other pension obligation in balance sheet	**3.2**	3.3
Pension obligation in balance sheet, total	**3.7**	3.6

29. Provisions

	Restructuring provision	Loss-making contracts	Other provisions	Total
1.1.2007	1.9	0.2	0.3	2.3
Increase in provisions			0.1	0.1
Provisions employed	-1.6	-0.1	-0.3	-2.0
Reversals of unemployed provisions				
Impact of changes in discount rate				
31.12.2007	0.3	0.0	0.1	0.4
Current	0.3	0.0	0.0	0.3
Non-current	0.0	0.0	0.1	0.1

Restructuring provision: this provision has been made to cover implemented or possible personnel reductions in different companies and the costs arising from the divestment of the Broadcasting operation. The provision is expected to be realized in 2008 and 2009.

Loss-making agreements: mainly consists of rental commitments for unoccupied business premises. The provision will be realized in 2008 and 2009.

Other provisions: mainly consists of the environmental provision for sold property

30. Contingent assets and liabilities

Contingent liabilities

The Group has contingent liabliities totalling M€ 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-deductable. 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 early in 2008.

31. Interest-bearing liabilities

M€	Book values 31.12.2007	Fair values 31.12.2007	Book values 31.12.2006	Fair values 31.12.2006
Non-current:				
Finance lease liabilities	**4.6**	**4.6**	19.1	19.1
	4.6	**4.6**	19.1	19.1
Current:				
Other current interest-bearing debt			0.2	0.2
Finance lease liabilities	**2.2**	**2.2**	2.4	2.4
	2.2	**2.2**	2.6	2.6

The fair values in the table are based on discounted cash flows.

Non-current debt matures as follows:

M€	31.12.2007	31.12.2006
2008		2.1
2009	**1.6**	1.6
2010	**0.9**	1.3
2011	**0.5**	1.2
2012	**0.4**	1.1
Later	**1.2**	11.8
	4.6	19.1

Interest-bearing non-current debt is divided by currency as follows:

M€	31.12.2007	31.12.2006
EUR	**4.6**	19.1

Weighted averages of the effective tax rates for the interest-bearing non-current debt at 31 Dec. 2007 and 31 Dec. 2006:

%	1.1.–31.12.2007	1.1.–31.12.2006
Finance lease liabilities	**5.9**	5.5

Interest-bearing current debt is divided by currency as follows:

M€	31.12.2007	31.12.2006
EUR	**2.2**	2.6

Weighted averages of the effective tax rates for the interest-bearing current debt at 31 Dec. 2007 and 31 Dec. 2006:

%	1.1.–31.12.2007	1.1.–31.12.2006
Finance lease liabilities	**5.9**	5.5

Maturity of finance leases

M€	31.12.2007	31.12.2006
Finance lease liabilities - total minimum lease payments:		
2007		3.4
2008	**2.5**	3.5
2009	**1.9**	3.5
2010	**1.1**	3.5
2011	**0.6**	1.9
2012	**0.5**	1.9
Later	**1.2**	13.0
	7.7	30.7
Finance lease liabilities - present value of minimum lease payments:		
2007		2.4
2008	**2.2**	2.1
2009	**1.6**	1.6
2010	**0.9**	1.3
2011	**0.5**	1.2
2012	**0.4**	1.1
Later	**1.2**	11.8
	6.8	21.5
Financial expenses accruing in the future	**0.9**	9.2

32. Financial risks

Alma Media Corporation's risk management policy requires that the risk management strategy and plan, the control limits imposed and the course of action are reviewed annually. Risk management takes place through the risk management organization and process based on the company's risk management policy. The risk management process identifies the risks threatening the company's business, assesses and updates them, develops the necessary risk management methods, and regularly reports on the risks to the risk management organization. Risk management employs an online reporting system. Financial risk management is part of the Group's risk management policy. Alma Media categorizes its financial risks as follows:

Interest rate risk:
The interest rate risk describes how changes in interest rates and maturities related to various interest-bearing business transactions and balance sheet items could affect the Group's financial position, investment portfolio and net profit. The impact of the interest rate risk on net profit can be reduced using interest rate swaps, interest forwards and futures, and interest and foreign exchange options. The Group had no open interest rate derivatives on the balance sheet date.

The Group's interest-bearing debt totalled M€ 6.8 at 31 December 2007, all of which carried a variable rate. A one percentage point increase in the interest rate would increase the Group's financial expenses by M€ 0.1.

Foreign exchange risks:
Transaction risk: The transaction risk describes the impact of changes in foreign exchange rates on sales, purchases and balance sheet items denominated in foreign currencies. The impact of changes in exchange rates on net profit in the currencies of most importance to the Group can be reduced by taking the following measures:
• Cash flows in the same currency are netted through a common foreign exchange account whenever the cost or benefit is significant
• Larger one-time payments (min. book countervalue of M€ 1), are always 100% hedged over the following rolling 18-month period,
* At least 50% of known continuous foreign currency cash flow (min. book countervalue of M€ 1) is always hedged over the following 18-month period.

The Group had no open foreign currency derivatives on the balance sheet date.

Translation risk: A foreign exchange risk that arises when on the translation of foreign investments into the functional currency of the parent company. The risk associated with translating long-term net investments in foreign currencies is not hedged. However, should there be a clear risk of a currency falling in value, Group management can decide to hedge the company's foreign currency exposure. The foreign exchange risk arising from the translation of foreign investments is generally reduced by arranging financing in the same currency in which the investment was made, assuming that this is possible and economically viable.

Commodity risk:
The commodity risk refers to the impact of changes in the prices of commodities, e.g. raw materials, on the Group's net profit. The Group regularly assesses its commodity risk exposure and hedges this risk employing generally used commodity derivatives whenever this is possible and economically viable.

A 1% change in the price of paper would reduce the Group's operating profit by an estimated M€ 0.2. The Group had not open paper derivatives on the balance sheet date. The Group had open electricity derivative contracts at the balance sheet date. The values of these open derivatives are described in more detail in Note 36 to the consolidated financial statements.

Capital management risks:
Liquidity management: To secure its liquidity, Alma Media issues its own commercial papers if required via brokers, and hedges over-liquidity according to the plan laid down in its treasury policy. Liquidity is assessed daily and liquidity forecasts are drawn up at weekly, monthly and 12-month rolling intervals.

Financing of working capital: To finance its working capital, Alma Media uses financial programmes (syndicated credit facilities, medium-term notes), as well as direct credit lines, bonds, and various products offered by financial companies (leases etc.).

The company had a M€ 100 commercial paper programme in Finland on the balance sheet date that allows the company to issue papers between M€ 0 and M€ 100.

Long-term capital funding: To secure its long-term financing needs, Alma Media uses either capital market facilities or other especially long-term facilities. Examples are share issues, convertible bonds, notes and especially long direct credit lines.

Credit risk:

The following table details the maturities of the company's accounts receivable at 31 December 2007:

M€	31.12.2007	31.12.2006
Non-matured receivables and receivables maturing in 1-4 days	**20.0**	22.7
Maturing in 5-30 days	**4.5**	2.4
Maturing in 31-120 days	**1.0**	0.6
Maturing after 120 days	**0.3**	0.3
Accounts receivable, total	**25.9**	26.0

Company has not done any specific write downs for accounts receivable at 31 December 2007. There has not been realized any major bad debts during the years 2006 and 2007. Company evaluates regularly invoicing and credit risks for major customers.

33. Financial instruments

Comparison between book values and fair values of the financial instruments are presented as follows. In addition financial instruments are presented by categories as required by IAS 39.

		Book values		Fair values
M€	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Financial assets				
Financial assets at fair value through profit or loss				
Commodity derivate contracts	**0.1**		**0.1**	
Held-to-maturity investments				
Other short-term investments	**3.0**	2.4	**3.0**	2.4
Available-for-sale financial assets				
Other long-term investments	**4.0**	3.9	**4.0**	3.9
Loans and receivables				
Accounts receivables and other receivables	**29.8**	28.8	**29.8**	28.8
Cash and cash equivalents	**24.8**	28.2	**24.8**	28.2
	61.7	63.3	**61.7**	63.3
Financial liabilities				
Measured at amortized costs				
Financial leases	**6.8**	21.5	**6.8**	21.5
Other interest-bearing liabilities		0.2		0.2
Accounts payable and other liabilities	**36.4**	33.9	**36.4**	33.9
	43.2	55.6	**43.2**	55.6

The book values of accounts recevables, other receivables (both long term and short term) and other short term investments are estimated to correspond with their fair values. The effect of discounting is not significant.

More details concerning derivative contracts are given in Note 36.

34. Accounts payable and other liabilities

M€	31.12.2007	31.12.2006
Accounts payable	**8.8**	7.4
Owed to associated companies		
Accounts payable	**0.1**	0.1
Accrued expenses and prepaid income		
Accrued expenses and prepaid income	**21.7**	20.3
Other liabilities	**5.9**	6.1
Total	**36.4**	33.9

The book values of accounts payable and other liabilities are estimated to correspond with their fair values.

The effect of discounting is not significant.

The main items in accrued expenses and prepaid income are allocated wages, salaries and other personnel expenses.

35. Other leases

The Group as lessee:

Minimum lease payments payable based on other non-cancellable leases:

M€	31.12.2007	31.12.2006
Within one year	**7.5**	6.1
Within 1-5 years	**18.1**	14.6
After 5 years	**26.5**	13.0
Total	**52.1**	33.8

The Group's companies largely operate in leased premises. Rental agreements vary in length from 6 months to 15 years.

The company cancelled the finance leasing agreement for the office and printing works building in Tampere Patamäenkatu and agreed on a new leasing contract for the property with a new landlord in 2007.

The new operating leasing agreement is 15 years length. Alma Media has agreed on termination events concerning equity and gearing commitments with the new landlord.

Purchase agreements under IFRIC 4 that contain another lease component, as described in IAS 17

M€	31.12.2007	31.12.2006
Minimum payments payable based on these purchase agreements	**4.6**	7.7

The Group as lessor:

Minimum rental payments receivable based on other non-cancellable leases:

Within one year	**2.0**	1.6
Within 1-5 years	**2.6**	3.0
After 5 years		
	4.5	4.6

36. Derivative contracts

M€	31.12.2007	31.12.2006
Commodity derivative contracts, electricity derivatives		
Fair value *)	**0.1**	
Value of underlying instrument	**0.4**	

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

The fair values of foreign exchange forward contracts and raw material derivatives have been calculated using market values on the balance sheet date. Fair values of share options have been calculated using the option price model.

37. Commitments and contingencies

M€	31.12.2007	31.12.2006
Collateral for others:		
Guarantees	**0.0**	0.0
Other commitments:		
Commitments based on agreements	**0.1**	0.1
	0.1	0.1

38. Related parties

Alma Media Group's related parties are its associated companies (see Note 18) and the companies that they own.

Related parties also include the company's management (Board of Directors, the Presidents and Group Executive Team). The employee benefits of management and other related party transactions between management and the company are detailed in Note 7.

Sales of goods and services with inner circle members are based on the Group's prices in force at the time of transaction:

Related party transactions with associated companies:

M€	1.1.–31.12.2007	1.1.–31.12.2006
a) Sales of goods and services	**0.2**	0.4
b) Purchases of goods and services	**5.9**	4.4
c) Accounts receivable	**4.7**	4.6
d) Accounts payable	**0.1**	0.1

39. Shareholdings

20 principal shareholders at 31 December 2007

	No.	% of total shares	% of total votes
1. Nordea Pankki Suomi Oyj	11,785,762	15.8	15.8
2. Oy Herttaässä Ab	7,592,798	10.2	10.2
3. Varma Mutual Pension Insurance Company	6,705,994	9.0	9.0
4. Sampo Life Insurance Company Ltd	6,665,912	8.9	8.9
5. Kaleva Mutual Insurance Company	4,189,281	5.6	5.6
6. C.V. Åkerlund Fund	3,080,071	4.1	4.1
7. Ilkka -Yhtymä Oyj	2,463,791	3.3	3.3
8. Ilmarinen Mutual Pension Insurance Company	2,128,018	2.9	2.9
9. Tapiola Mutual Pension Insurance Company	1,852,800	2.5	2.5
10. Evli Pankki Oyj	950,462	1.3	1.3
11. Keskisuomalainen Oyj	635,089	0.9	0.9
12. The Finnish Cultural Foundation	576,000	0.8	0.8
13. Federation of Finnish Textile and Clothing Industries	533,462	0.7	0.7
14. Häkkinen Heikki estate	517,332	0.7	0.7
15. FIM Pankkiiriliike Oy	497,375	0.7	0.7
16. Investment Fund Nordea Fennia	474,132	0.6	0.6
17. Häkkinen Veera estate	461,911	0.6	0.6
18. Sinkkonen Raija	460,000	0.6	0.6
19. Neste Oil Pension Fund	459,698	0.6	0.6
20. Nordea Life Assurance Finland Ltd	427,549	0.6	0.6
Total	52,457,437	70.3	70.3
Nominee-registered	8,542,295	11.4	11.4
Other	13,612,791	18.2	18.2
Grand total	74,612,523	100.0	100.0

The holdings of the Board of Directors, the President and the members of the Group Executive Team are shown in Note 7.

Ownership structure at 31 December 2007

	Number of owners	% of total	Number of shares	% of shares
Private corporations	265	6.0	12,709,986	17.0
Financial and insurance institutions	24	0.5	26,179,739	35.1
Public entities	18	0.4	12,026,538	16.1
Households	3,903	89.0	8,924,589	12.0
Non-profit associations	145	3.3	5,987,452	8.0
Foreign owners	20	0.5	38,465	0.1
Nominee-registered shares	9	0.2	8,542,295	11.4
In general account			203,459	0.3
Total	4,384	100	74,612,523	100.0

Distribution of ownership

Number of shares	Number of owners	% of total	Number of shares	% of shares
1 - 100	880	20.1	45,517	0.1
101 - 1,000	2,168	49.5	1,023,947	1.4
1,001 - 10,000	1,112	25.4	3,419,810	4.6
10,001 - 100,000	180	4.1	4,765,981	6.4
100,001 - 500,000	28	0.6	7,185,801	9.6
500,000 -	16	0.4	57,968,008	77.7
In general account			203,459	0.3
Total	4,384	100	74,612,523	100

Parent company income statement (FAS)

M€	Note	1.1.–31.12.2007	1.1.–31.12.2006
Net sales	1	**11.7**	10.3
Other operating income	2	**21.2**	1.4
Personnel expenses	3	**-3.1**	-1.6
Depreciation and writedowns	4	**-0.3**	-0.4
Other operating expenses		**-12.3**	-10.3
Operating income		**17.2**	-0.7
Financial income and expenses	6	**4.1**	39.6
Income before extraordinary items		**21.3**	38.9
Extraordinary items	7	**46.6**	39.2
Income before appropriations and tax		**68.0**	78.1
Appropriations	8	**0.0**	0.0
Income tax	9	**-11.9**	-9.7
Net income for the year		**56.0**	68.5

Parent company balance sheet (FAS)

M€	Note	31.12.2007	31.12.2006
Assets			
Fixed assets			
Intangible assets	10	**0.9**	0.3
Tangible assets	11	**3.4**	3.5
Investments			
Holdings in Group companies	12	**474.8**	423.5
Other investments	12	**8.5**	2.6
Fixed assets, total		**487.6**	430.0
Current assets			
Short-term receivables	13	**54.0**	102.0
Cash and bank		**21.6**	25.7
Current assets, total		**75.6**	127.7
Assets, total		**563.2**	557.7

M€	Note	31.12.2007	31.12.2006
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital		**44.8**	44.8
Share premium fund		**414.4**	414.4
Other funds		**5.4**	5.4
Retained earnings (loss)		**21.0**	1.0
Net income for the period (loss)		**56.0**	68.5
Shareholders' equity, total	14	**541.5**	534.0
Accumulated appropriations	15	**0.1**	0.0
Provisions	16	**0.1**	0.8
Liabilities			
Long-term liabilities	17	**2.5**	2.1
Short-term liabilities	18	**19.0**	20.8
Liabilities, total		**21.5**	22.9
Shareholders' equity and liabilities, total		**563.2**	557.7

Parent company cash flow statement (FAS)

M€	1.1.–31.12.2007	1.1.–31.12.2006
Operating cash flow		
Net income for the year	**56.0**	68.5
Adjustments		
Depreciation and writedowns	**0.3**	0.4
Capital gains (losses) on sale of fixed assets and other investments	**0.0**	-1.3
Financial income and expenses	**-4.1**	-39.6
Taxes	**11.9**	9.7
Other adjustments	**-68.0**	-39.1
Change in working capital:		
Total increase (-) / decrease (+) in current non-interest-bearing receivables	**-0.4**	0.9
Increase (+) / decrease (-) in current non-interest-bearing liabilities	**0.9**	-2.0
Dividend income received	**0.7**	34.2
Interest income received	**4.7**	5.9
Interest expenses paid	**-1.3**	-3.0
Taxes paid	**-11.2**	-10.3
Net cash from operating activities	**-10.6**	24.2
Investments:		
Investments in tangible and intangible assets	**-1.7**	-0.7
Proceeds from disposal of tangible and intangible assets	**1.0**	3.5
Investments in other securities	**-0.1**	0.0
Proceeds from disposal of other investments	**0.2**	1.5
Associated company shares acquired		0.0
Net cash from investing activities	**-0.6**	4.2
Cash flow before financing activities	**-11.2**	28.4
Financing:		
Long-term loans, repayments		-33.6
Short-term loans raised	**2.0**	
Short-term loans, repayments	**-2.2**	-39.1
Group contributions received	**46.6**	39.2
Increase (-) or decrease (+) in interest-bearing receivables	**9.2**	11.4
Dividends paid and capital repayment	**-48.5**	-48.5
Net cash used in financing activities	**7.1**	-70.6
Change (increase + / decrease -) in cash reserves	**-4.1**	-42.2
Cash reserves at start of period	**25.7**	67.8
Cash reserves at end of period	**21.6**	25.7

Accounting principles used in the parent company's FAS financial statements

General information

Alma Media Corporation is a Finnish public limited company incorporated under Finnish law. Its registered office is in Helsinki, address: Eteläesplanadi 20, P.O. Box 140, 00101 Helsinki, Finland.

Parent company financial statements

The financial statements of the parent company are prepared according to Finnish Accounting Standards (FAS).

The parent company was established on 27 January 2005. On 7 November 2005 the old Alma Media Corporation was merged with Almanova Corporation, which adopted the new name of Alma Media Corporation. The merger difference arising in conjunction with the merger has been capitalized to the Group's shares.

The Alma Media Corporation subsidiaries Suomalainen Lehtipaino Oy, Alpress Oy and Marcenter Oy were merged with Alma Media Corporation on 31 December 2007.

Comparability

The location in fixed assets in the balance sheet for presenting connection fees and renovation costs for leased apartments has been changed from other long-term expenses under intangible rights to property, plant and equipment. The presentation has been corrected retroactively for the 2006 figures. The change in presentation has no effect on the result or shareholders' equity.

Fixed assets

Tangible and intangible assets are capitalized at direct acquisition cost less planned depreciation and writedowns. Planned depreciation is calculated from the original acquisition cost based on the estimated economic life of the asset. Depreciation is not entered on land. The economic lifetimes used are as follows:

Buildings	30–40 year
Structures	5 years
Machinery and equipment	3–10 years
Other long-term expenses	5–10 years

Research and development costs

Research and development (R&D) costs are entered as an expense in the financial period during which they are incurred. R&D costs are capitalized when it is expected that the intangible asset will generate corresponding economic added value and the costs arising from this can be reliably determined.

Inventories

The balance sheet value of inventories is the lower of direct acquisition cost or the probable market value. Inventories are amortized on a FIFO (first-in-first-out) basis.

Taxes

Taxes in the income statement are the taxes corresponding to the results of the Group's companies during the financial year as well as adjustments to taxes in previous years. No deferred tax assets are entered in the parent company's accounts.

Foreign exchange items

Foreign currency items are entered at the rates prevailing on the transaction date. Receivables and payables on the balance sheet date are valued at the average rate on the balance sheet date. Exchange rate differences arising from sales and purchases are treated as additions or subtractions respectively in the income statement. Realized and unrealized exchange rate differences related to loans and loan receivables are taken to other financial income and expenses in the income statement. The parent company does not have significant foreign currency loans.

Pension commitments

Statutory and voluntary employee pension benefits are arranged mainly through pension insurance companies.

Other employee benefits

The parent company has a current stock option scheme launched in spring 2006 for the company's senior management. In compliance with Finnish Accounting Standards (FAS) the option benefit is not measured at fair value, nor is the calculated employee benefit expensed in the income statement.

Notes to the parent company financial statements (FAS)

1. Net sales by market area

M€	1.1.–31.12.2007	1.1.–31.12.2006
Finland	**11.7**	10.3
Total	**11.7**	10.3

2. Other operating income

M€	1.1.–31.12.2007	1.1.–31.12.2006
Gains on sale of fixed assets	**0.0**	1.3
Other income	**21.1**	0.1
	21.2	1.4

Major balance in other operating income consists of merger gains, M€ 20.8. The mergers of Alma Media Corporation's subsidiaries Suomalainen Lehtipaino Oy, Alpress Oy and Marcenter Oy with their parent company were registered in the Trade Register on 31 December 2007

3. Personnel expenses

M€	1.1.–31.12.2007	1.1.–31.12.2006
Wages, salaries and fees	**2.4**	1.1
Pension expenses	**0.4**	0.6
Other social expenses	**0.3**	-0.1
Total	**3.1**	1.6
Average number of employees	**25**	24
Salaries and fees to management		
President	**0.4**	0.4
Board of Directors	**0.2**	0.2
Total	**0.6**	0.6

The benefits to which the president of the parent company is entitled are described in more detail in Note 7 to the consolidated financial statements.

4. Depreciation and writedowns

M€	1.1.–31.12.2007	1.1.–31.12.2006
Depreciation on tangible and intangible assets	**0.3**	0.4
Writedowns on fixed assets and other long-term investments		
Total	**0.3**	0.4

5. Research and development expenses

The company's research and development expenses in 20067 totalled M€ 0.8 (M€ 0.3 in 2006). M€ 0.7 of R&D expenses were capitalized to the balance sheet (M€ 0.2 in 2006).

6. Financial income and expenses

M€	1.1.–31.12.2007	1.1.–31.12.2006
Dividend income:		
From Group companies	**0.0**	34.1
From associated companies	**0.6**	2.2
From others	**0.0**	0.0
	0.7	36.2
Other interest and financial income:		
From Group companies	**4.0**	4.2
From others	**0.8**	1.7
Total	**4.7**	5.9
Interest expenses and other financial expenses:		
To Group companies	**-1.2**	-1.1
To others	**-0.1**	-1.4
Total	**-1.3**	-2.5
Financial income and expenses, total	**4.1**	39.6
Interest and other financial income includes translation differences (net)	**0.0**	0.0

7. Extraordinary items

M€	1.1.–31.12.2007	1.1.–31.12.2006
Group contribution received	**46.6**	39.2

8. Appropriations

M€	1.1.–31.12.2007	1.1.–31.12.2006
Difference between planned depreciation and depreciation made for tax purposes	**0.0**	0.0

9. Income tax

M€	1.1.–31.12.2007	1.1.–31.12.2006
Income tax payable on extraordinary items	**-12.1**	-10.2
Income tax from regular business operations	**0.2**	0.5
	-11.9	-9.7

On the balance sheet date the parent company had M€ 1.8 in confirmed but unused tax losses from 2005. The unrecognized tax asset calculated on this amount totals M€ 0.5.

10. Intangible assets

M€	Intangible rights	Advance payments	Total
Financial year 2006			
Acquisition cost 1.1.2006	0.5	0.0	0.5
Increases	0.0	0.2	0.2
Decreases	0.0		0.0
Transfers between items			0.0
Acquisition cost 31.12.2006	0.5	0.2	0.8
Accumulated depreciation and writedowns 1.1.2006	0.5		0.5
Accumulated depreciation in decreases	0.0		0.0
Depreciation in period	0.0		0.0
Writedowns			0.0
Accumulated depreciation and writedowns 31.12.2006	0.5	0.0	0.5
Book value 31.12.2006	0.1	0.2	0.3

M€	Intangible rights	Advance payments	Total
Financial year 2007			
Acquisition cost 1.1.2007	0.5	0.2	0.8
Increases	0.2	1.4	1.6
Decreases		-1.0	-1.0
Transfers between items			0.0
Acquisition cost 31.12.2007	0.7	0.7	1.4
Accumulated depreciation and writedowns 1.1.2007	0.5	0.0	0.5
Accumulated depreciation in decreases			0.0
Depreciation in period	0.0		0.0
Writedowns			
Accumulated depreciation and writedowns 31.12.2007	0.5	0.0	0.5
Book value 31.12.2007	0.2	0.7	0.9

11. Tangible assets

M€	Land and water	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and unfinished purchases	Total
Financial year 2006						
Acquisition cost 1.1.2006	1.0	8.7	1.7	0.9	0.0	12.2
Increases		0.0	0.1	0.3	0.1	0.5
Decreases	-0.5	-4.4	-0.5	-0.2	0.0	-5.6
Transfers between items			0.0	0.0	0.0	0.0
Acquisition cost 31.12.2006	0.5	4.3	1.3	1.0	0.1	7.2
Accumulated depreciation 1.1.2006	0.0	4.1	1.6	0.3	0.0	6.0
Accumulated depreciation in decreases		-2.0	-0.5	-0.2		-2.7
Depreciation in period		0.2	0.0	0.1		0.3
Accumulated depreciation 31.12.2006	0.0	2.3	1.1	0.2	0.0	3.7
Book value 31.12.2006	0.5	2.0	0.1	0.8	0.1	3.5
Balance sheet value of machinery and equipment 31.12.2006			0.1			

M€	Land and water	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and unfinished purchases	Total
Financial year 2007						
Acquisition cost 1.1.2007	0.5	4.3	1.3	1.0	0.1	7.2
Merger, Suomalainen Lehtipaino Oy				0.0		0.0
Increases		0.0	0.1	0.0	0.0	0.1
Decreases			0.0			0.0
Transfers between items		0.1			-0.1	0.0
Acquisition cost 31.12.2007	0.5	4.4	1.3	1.0	0.0	7.3
Accumulated depreciation 1.1.2007	0.0	2.3	1.2	0.2	0.0	3.7
Accumulated depreciation in decreases			0.0			0.0
Depreciation in period		0.1	0.0	0.1		0.2
Accumulated depreciation 31.12.2007	0.0	2.4	1.2	0.3	0.0	3.9
Book value 31.12.2007	0.5	2.0	0.1	0.7	0.0	3.4
Balance sheet value of machinery and equipment 31.12.2007			0.1			

12. Investments

	Shares Group companies	Shares associated companies	Shares other	Receivables Group companies	Receivables associated companies	Total
Financial year 2006						
Acquisition cost 1.1.2006	423.5	1.9	0.9	5.9		432.3
Increases	0.0	0.0	0.0			0.0
Decreases			-0.4	-5.5		-5.9
Acquisition cost 31.12.2006	423.5	1.9	0.5	0.4	0.0	426.4
Accumulated depreciation and writedowns 1.1.2006	0.0	0.0	0.2	0.0		0.2
Accumulated depreciation and writedowns 31.12.2006	0.0	0.0	0.2	0.0	0.0	0.2
Book value 31.12.2006	423.5	1.9	0.3	0.4	0.0	426.2

	Shares Group companies	Shares associated companies	Shares other	Receivables Group companies	Receivables associated companies	Total
Financial year 2007						
Acquisition cost 1.1.2007	423.5	1.9	0.5	0.4		426.4
Merger, Alpress Oy, Suomalainen Lehtipaino Oy ja Marcenter Oy	51.3	0.5	1.3	-0.4	4.7	57.3
Increases	0.0		0.1			0.1
Decreases			-0.2			-0.2
Acquisition cost 31.12.2007	474.8	2.4	1.7	0.0	4.7	483.6
Accumulated depreciation and writedowns 1.1.2007	0.0	0.0	0.2	0.0		0.2
Accumulated depreciation and writedowns 31.12.2007	0.0	0.0	0.2	0.0	0.0	0.2
Book value 31.12.2007	474.8	2.4	1.5	0.0	4.7	483.4

Parent company holdings in Group companies and associated companies

Company	Registered office	Holding of shares %	Holding of votes%
Group companies			
Aamujakelu Oy	Tampere, Finland	100.00	100.00
Alma Media Interactive Oy	Helsinki, Finland	100.00	100.00
Alma Media Palvelut Oy	Helsinki, Finland	100.00	100.00
Kainuun Sanomat Oy	Kajaani, Finland	98.40	98.40
Karenstock Oy	Helsinki, Finland	100.00	100.00
Kauppalehti Oy	Helsinki, Finland	100.00	100.00
Kustannus Oy Aamulehti	Tampere, Finland	100.00	100.00
Kustannusosakeyhtiö Iltalehti	Helsinki, Finland	100.00	100.00
Lapin Kansa Oy	Rovaniemi, Finland	100.00	100.00
Pohjolan Sanomat Oy	Kemi, Finland	100.00	100.00
Satakunnan Kirjateollisuus Oy	Pori, Finland	100.00	100.00
Suomen Paikallissanomat Oy	Tampere, Finland	100.00	100.00
Associated companies			
Acta Print Kivenlahti Oy	Helsinki, Finland	36.00	36.00
Alma Media Lehdentekijät Oy	Helsinki, Finland	25.00	25.00
As Oy Vammalan Reku	Vammala, Finland	21.00	21.00
Kustannus Oy Otsikko	Tampere, Finland	34.20	34.20
Jämsänjokilaakson Paikallisviestintä Oy	Jämsä, Finland	49.00	49.00
Kytöpirtti Oy	Seinäjoki, Finland	43.20	43.20
Nokian Uutistalo Oy	Nokia, Finland	36.90	36.90
Oy Suomen Tietotoimisto - Finska Notisbyrån Ab	Helsinki, Finland	24.07	24.07
Tampereen Tietoverkko Oy	Tampere, Finland	34.92	34.92

13. Receivables

M€	31.12.2007	31.12.2006
Short-term		
Receivables from Group companies		
Accounts receivable	**0.4**	0.1
Loan receivables *)	**52.8**	100.6
Prepaid expenses and accrued income		0.0
Total	**53.2**	100.7
Receivables from others		
Accounts receivable	**0.1**	0.1
Other receivables	**0.2**	0.8
Prepaid expenses and accrued income	**0.5**	0.5
Short-term receivables, total	**54.0**	102.1

*) Cash and cash equivalents in Group bank accounts are included in loan receivables.

Major balances in prepaid expenses and accrued income consist of rental accruals.

14. Shareholders equity

M€	31.12.2007	31.12.2006
Share capital 1.1.	**44.8**	44.8
Share capital 31.12.	**44.8**	44.8
Share premium fund 1.1.	**414.4**	453.9
Capital repayment		-39.5
Share premium fund 31.12.	**414.4**	414.4
Other funds 1.1	**5.4**	5.4
Other funds 31.12	**5.4**	5.4
Retained earnings 1.1.	**69.5**	10.0
Dividend payment	**-48.5**	-9.0
Retained earnings 31.12.	**21.0**	1.0
Net income for the period	**56.0**	68.5
Shareholders' equity, total	**541.5**	534.0

The parent company's distributable funds on 31 December 2007 totalled € 76,998,277.

Parent company shareholders' equity divided between restricted and non-restricted equity:

M€	31.12.2007	31.12.2006
Restricted shareholders' equity	**464.5**	464.5
Non-restricted shareholders' equity	**77.0**	69.5
Total	**541.5**	534.0

15. Accumulated appropriations

Accumulated appropriations consist of the accumulated depreciation difference.

16. Provisions

Provisions consists of a restructuring provision totalling M€ 0.1, provisions of M€ 0.02 for loss-making agreements, and a provision of M€ 0.02 to cover rental payments on unoccupied business premises. Major change in 2007 was caused by realization of restructuring provisions and tax provisions, which are entered in other operating expenses.

17. Long-term liabilities

M€	31.12.2007	31.12.2006
Other long-term debt	**2.5**	2.1
Long-term liabilities, total	**2.5**	2.1
Debt due after five years		
Other long-term debt	**1.7**	1.9

18. Short-term liabilities

M€	31.12.2007	31.12.2006
Loans from financial institutions		
Accounts payable	**1.2**	0.2
Debt to Group companies		
Accounts payable	**0.1**	0.1
Other debt	**16.6**	19.1
Accrued expenses and prepaid income	**0.0**	0.0
Other short-term liabilities	**0.4**	0.5
Accrued expenses and prepaid income	**0.7**	0.9
Short-term liabilities, total	**19.1**	20.7

Most of accrued expenses and prepaid income consists of allocated personnel expenses.

19. Commitments and contingencies

M€	31.12.2007	31.12.2006
Collateral for own commitments		
Guarantees	**1.2**	1.2
Collateral for others		
Guarantees	**0.0**	0.0
Other own commitments		
Leasing commitments	**25.2**	16.7
Other commitments	**0.1**	0.1
Maturity of leasing commitments:		
During following 12 months	**1.8**	1.2
Later	**23.4**	15.5

The company cancelled the finance leasing agreement for the office and printing works building in Tampere Patamäenkatu and agreed on a new leasing contract for the property with a new landlord in 2007. The new operating leasing agreement is 15 years length. Alma Media has agreed on termination events concerning equity and gearing commitments with the new landlord.

20. Derivative contracts

M€	31.12.2007	31.12.2006
Commodity derivative contracts, electricity derivatives		
Fair value *)	**0.1**	
Value of underlying instrument	**0.4**	

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

Board's proposal to the Annual General Meeting

The parent company's distributable funds on 31 December 2007 totalled € 76,998,277. There were 74,612,523 shares carrying dividend rights.

The Board of Directors proposes that a dividend of € 67,151,270.70 (€ 0.90 per share) be distributed on the financial year 2007.

Helsinki, Finland, 12 February 2007

Kari Stadigh
Chairman of the Board

Matti Kavetvuo	Lauri Helve
Matti Häkkinen	Kai Seikku
Harri Suutari	Ahti Vilppula

Kai Telanne
President and CEO

Auditor's report

To the shareholders of Alma Media Corporation

We have audited the accounting records, the report of the Board of Directors, the financial statements and the administration of Alma Media Corporation for the period January 1–December 31, 2007. The Board of Directors and the Managing Director have prepared the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, as well as the report of the Board of Directors and the parent company's financial statements, prepared in accordance with prevailing regulations in Finland, containing the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, as well as on the report of the Board of Directors, the parent company's financial statements and the administration.

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

Consolidated financial statements

In our opinion the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view, as defined in those standards and in the Finnish Accounting Act, of the consolidated results of operations as well as of the financial position.

Parent company's financial statements, report of the Board of Directors and administration

In our opinion the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The parent company's financial statements give a true and fair view of the parent company's result of operations and of the financial position.

In our opinion the report of the Board of Directors has been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The report of the Board of Directors is consistent with the consolidated financial statements and the parent company's financial statements and gives a true and fair view, as defined in the Finnish Accounting Act, of the result of operations and of the financial position.

The consolidated financial statements and the parent company's financial statements can be adopted and the members of the Board of Directors and the Managing Directors of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the disposal of distributable funds is in compliance with the Companies Act.

Helsinki, Finland, 12 February 2008

Ernst & Young Oy
Authorized Public Accountant Firm

Harri Pärssinen
Authorized Public Accountant

Shares and shareholders

Main facts about the shares

Stock exchange	OMX Helsinki
List	Nordic Mid-Cap
Business sector	Consumer goods and services
Listed	Almanova on Pre-List 28 April 2005 Alma Media on Main List 7 November 2005, on Nordic Mid-Cap List 2 October 2006
Trading code	ALN1V
Bloomberg	ALN1V FH
Reuters	ALN1V.HE
ISIN code	FI0009013114
Number of shares	74,612,523
Voting rights	1 vote per share

History of Alma Media Corporation share

Aamulehti Corporation, listed on the Helsinki Exchanges, and MTV Corporation, which was unlisted, were merged by the pooling method into a new company called Alma Media Corporation on 1 April 1998. This company had two share series, both listed on the Main List of the Helsinki Stock Exchange. The final listing day was 4 November 2005. Alma Media Corporation (business ID code 1449580-9) was merged with Almanova Corporation (business ID code 1944757-4) on 7 November 2005. Almanova Corporation had been listed on the Pre-List of the Helsinki Stock Exchange since 28 April 2005.

The Series I shares of the merged Alma Media carried one vote per share and the Series II shares one vote per ten successive shares. In all other respects the share series were identical. In the merger Almanova was renamed Alma Media. The new Alma Media (business ID code 1944757-4), with one share series and 74,612,523 shares, has been listed on the Helsinki Stock Exchange since 7 November 2005.

Share capital

On the balance sheet date, the company's fully paid up and registered share capital totalled € 44,767,513.80 and the company had 74,612,523 shares.

The Board of Directors has no current authorizations to raise the share capital apart from the present option programme.

Share price and turnover

During 2007, a total of 62.1 million Alma Media shares were traded on the Helsinki Stock Exchange, representing 83.2% of the total number of shares. During the year the lowest price paid for the share was EUR 8.93, the highest EUR 12.43 and the closing price was EUR 11.67. The company's market capitalization on the final trading day of 2007 was MEUR 870.7.

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.

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.

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.

In total 515,000 of the 2006A options have been issued to Group management. Altogether 65,000 of the 2006A options have been returned to the company owing to the termination of employment contracts. On 8 March 2007 the company's Board of Directors decided to annul the 190,000 2006A option rights in the company's possession.

In March 2007 the Board of Directors decided to issue 510,000 options under the 2006B scheme to Group management.

If all the subscription rights were exercised, this programme would 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 6.48 per share and the subscription price under the 2006B option was EUR 9.85 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.

Dividend policy

The company has no predefined dividend policy. Alma Media aims to be an attractive investment prospect, whose shareholders are satisfied both with growth in the value of their holdings and with regular dividend payments. It is the responsibility of management to present to the Board the objects in which the company's funds are being invested. The equity ratio and the company's needs form the basis for the dividend payment, for which the Board makes a proposal to the Annual General Meeting.

Ownership structure

The company had 4,364 shareholders in book-entry accounts on the balance sheet date.

Altogether 8,542,295 shares were nominee-registered, representing 11.4% of the total number of shares. Foreigners holding nominee-registered shares are entitled only to financial rights such as the right to receive dividends and to subscribe for shares. Shareholders who do not register their shares in their own name are not permitted to participate, or exercise the votes carried by their shares, in general meetings. The ownership structure is described in greater detail on page 88 of this Annual Report.

Flagging notices in 2007

During 2007 the company received the following notices concerning changes in share holdings, under chapter 2, section 9 of the Securities Market Act:

- 20 February 2007: Nordea group raised its holding to 7.67% on 16 February 2007 but its holding fell below the 1/20th limit on 20 February owing to a share loan.
- 1 February 2007: Evli Pankki Oyj made a share loan agreement on 16 February 2007 under which it borrowed shares representing 5.97% of Alma Media's share capital and votes on 20 February 2007. The loan period was open-ended. Evli group's holding will rise to 6.74%.
- 2 March 2007: Evli group's holding fell to 0.80% owing to the sale of shares and the return of its borrowed shares
- 2 March 2007: Nordea Bank Finland's holding rose to 6.54% owing to the return on share loans. Nordea group's total holding is 7.52%.
- 8 March 2007: Skandinaviska Enskilda Banken AB's holding fell below the 1/20th limit. Following the transaction Skandinaviska Enskilda Banken owns no Alma Media shares.
- 9 March 2007: Nordea group's total holding rose to 14.94% as a result of forward contracts.
- 12 March 2007: Herttaässä's total holding increased to above 1/10th on 8 March 2007 and fell below 1/10th on 9 March 2007. In a forward contract signed on 8 March 2007 Herttaässä closed its forward contract due on 15 June 2007 and purchased the underlying shares, as a result of which Herttaässä's shareholding rose to 12.495% on 8 March 2007. On 9 March 2007 Herttaässä made a forward contract maturing on 20 March 2008 as a result of which Herttaässä's direct shareholding decreasd to 6.527%. Herttaässä's holding following the maturity of the forward contract on 20 March 2007 corresponds to 12.495%.
- 12 June 2007: Nordea group's holding in Alma Media including forward contracts exceeded 15%.
- 20 June 2007: Nordea announced that, contrary to earlier announcements, the maturity of previously made forward contracts did not reduce the bank's holding to below the 15% flagging limit owing to new share acquisitions. The holding was announced as 15.29%
- 29 June 2007: Nordea bank's holding was reduced to 10.90% after the bank announced its sale of 2,515,000 Alma Media shares.
- 29 June 2007: Oy Herttaässä Ab's holding in Alma Media increased to 10.15% and, including forward contracts, to 13.18%.
- 2 October 2007: Nordea announced that, contrary to earlier announcements, its holding had stayed above 1/10th and was 13.06% of the shares and votes.
- 7 November 2007: Herttaässä announced that its holding had risen above 3/20ths and was 15.03% of the shares and votes
- 8 November 2007: Procomex and Helsingin Mekaanikontalo announced that their combined holding, contrary to previous announcements, had stayed above the 1/20th limit and was 9.6%.
- 26 November 2007: Procomex and Helsingin Mekaanikontalo announced that their combined holding had risen above 1/10th and was 10.11%.

A full list of flagging notices is provided on the company's website at www.almamedia.fi/flagging_notices.

Management holdings

The members of the company's Board of Directors and the President owned altogether 1,456,318 of the company's shares on 31 December 2007. The total number of votes carried by these shares represented 2.0% of the votes carried by all the shares. In addition, Procomex SA and Helsingin Mekaanikontalo Oy, companies controlled by Board member Ahti Vilppula, held 8,250,100 forward contracts at the end of the year, so Mr Vilppula's total holding on the balance sheet date was 11.5%. Management holdings are described in more detail on page 32.

Shareholder agreements

The company has no knowledge of any agreements relating to the ownership of its shares or exercising of its voting rights.

Redemption obligation

Under the articles of association, a shareholder who owns 33 1/3% or more of the total number of shares, or 50% or more of the total number of votes, shall be obliged, should the other shareholders so require, to redeem the shares and attached rights of the other shareholders.

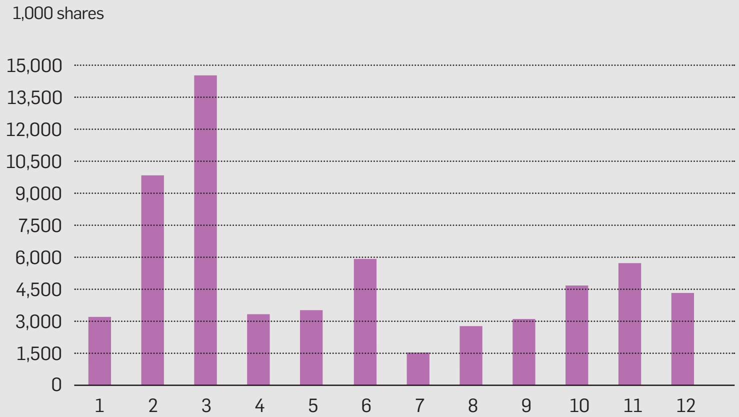
The redemption limits stipulated in the Finnish Securities Markets Act are 30% and 50%.

Insider management

Details of insider management at Alma Media Corporation are given on page 33.

Alma Media share performance 1.1.–31.12.2007

Monthly trading volume 2007



Up-to-date investor information about Alma Media: www.almamedia.fi

Information for shareholders

Annual General Meeting

The Annual General Meeting (AGM) of Alma Media Corporation will be held on Wednesday, 12 March 2008 at 1.00 pm at the Pörssi Room of Pörssitalo, Fabianinkatu 14, Helsinki, Finland. Registration at the meeting will begin at 12.00 pm. The meeting will consider the matters stipulated in Article 10 of the Articles of Association.

The documents relating to the annual accounts and the proposals of the Board of Directors will be on display from 28 February 2008 at the company's Head Office (Eteläesplanadi 20, Helsinki) and on its website www.almamedia.fi/general_meeting, and they will also be sent to shareholders upon request.

Only those shareholders who are registered in Alma Media Corporation's shareholder register maintained by the Finnish Central Securities Depository on 29 February 2008 may attend the AGM.

Shareholders wishing to attend must notify the company no later than by 12.00 pm (Finnish time) on 7 March 2008, either

- by writing to Alma Media Corporation, Sirpa Jyräsalo, PO Box 140, 00101 Helsinki, Finland
- by phone +358 (0)10 665 2220
- by telefax +358 (0)10 665 2270
- by email to yhtiokokous@almamedia.fi.

Should a shareholder wish to be represented by proxy, the proxy should arrive at the above address before the period of notification expires.

Right to bring a matter before the AGM

Shareholders have the right to bring any matter they wish before the AGM provided that they submit their request in writing to the Board of Directors early enough for the matter to be included in the Notice of Meeting. The Notice of Meeting is generally prepared about 4–6 weeks before the Annual General Meeting.

Dividend payment

The Board of Directors proposes to the Annual General meeting that a dividend of EUR 0.90 per share be paid on the financial year 2007. The dividend payment date is 27 March 2008.

Financial reporting in 2008

Alma Media Corporation will publish financial reports in 2008 as follows:

- Interim Report January – March on 30 April 2008
- Interim Report January - June on 23 July 2008
- Interim Report January – September on 29 October 2008

The Financial Statements Bulletin was published on 13 February 2008.

All reports are published in Finnish and English. All stock exchange and press releases issued by Alma Media Corporation are available on company's website www.almamedia.fi.

The releases and annual reports can be received free of charge by completing the order form at www.almamedia.fi/orders or by calling +358 (0)10 665 2204. The interim reports will be delivered via e-mail.

Changes of address

Shareholders are kindly asked to notify any changes of name or address to the custodian of their book-entry accounts.

Investor contact

Rauno Heinonen, Vice President,
Corporate Communications & IR
Tel. +358 (0)10 665 2251, firstname.lastname@almamedia.fi

Analyst coverage

To Alma Media's knowledge, the following brokers and financial analysts follow Alma Media. The list is not necessarily complete. Alma Media takes no responsibility for the opinions they express.

ABG Sundal Collier

Patrick Clase
Phone +46-8-566 28 694
Fax +46-8-566 28 601

ABN AMRO

Veikko Valli
Phone +44-20-7678 0587
Fax +44-20-7678 5837

Carnegie Investment Bank AB, Helsinki Branch

Tuomas Ratilainen
Phone +358-9-6187 1235
Fax +358-9-6187 1239

eQ Pankki

Bengt Dahlström
Phone +359-9-6817 8610
Fax +359-9-6817 8454

Evli Bank Plc - Evli Pankki Oyj

Mikko Ervasti
Phone +359-9-4766 9314
Fax +359-9-4766 9350

Glitnir

Jari Westerberg
Phone +359-9-6134 6217
Fax +359-9-6134 6219

Handelsbanken Capital Markets

Maria Wikström
Phone +358-10-444 2425
Fax +358-10-444 2578

Kaupthing Bank

Henrik Schultz
Phone +47-2-4147 426

OKO Bank

Kimmo Stenvall
Phone +358-10-252 4561
Fax +358-10-252 2703

SEB Enskilda

Mika Koskinen
Phone +358-9-6162 8718
Fax +358-9-6162 8769

Standard & Poor's/Nordea

Janne Holmia
Phone +46-8-545 06952

Notes

Alma Media's Annual Report 2007

Editors
Anu Heinonen
Rauno Heinonen
Helen Moster
Juha Nuutinen

Project management
Leena Löytömäki, Miltton Oy

Graphic design
Sampsa Voutilainen, Miltton Oy

Layout
Sampsa Voutilainen, Miltton Oy
Sari Forss, Miltton Oy

Photos
Alma Media's photographers
Petri Artturi Asikainen (pages 4 and 34-37)
Diana Luganski (pages 10, 16, 21, 24 and 30)

English translation
Andrew Fisher

Printed by
Libris Oy

Paper
Cover: Novatech Easy Matt 250 g
Outlook: Novatech Easy Matt 150 g
Financial statements: Novatech Easy Matt 90 g

Give feedback! Upload the UpCode program to your camera mobile phone and take a picture of the code. Your phone's web browser will do the rest. www.upcode.fi

Alma Media Corporation
Eteläesplanadi 20, 00130 Helsinki
P.O. Box 140, FI-00101 Helsinki

Phone +358 10 665 000
Fax +358 10 665 2270
almamedia@almamedia.fi
www.almamedia.fi

Further contact details of Alma Media's addresses
and operating locations at www.almamedia.fi