Alma Media Corporation

# Annual Report 2008




More information on the content on the reverse of this flap.

**How to read Alma Media's Annual Report**

The Annual Report brings you the basics of Alma Media and its year 2008 between covers. Besides this, it also looks back on the big and small news items of the year particularly from the media's point of view in the form of photographs.

Changes in media consumption and the triumphal march of new technology are also reflected in the work of photographers. For example, the proportion of moving images in the fast-moving online newspapers is continuously rising. In the era of a visual information flood, it is more important than ever to retain the power of a journalistic photograph. After all, the impact of a photograph lies in its content – not in gloss or in the latest camera technology used.

The pages of this Annual Report include a small, but representative sample of the work done by Alma Media's photographers in 2008. You as a reader can vote for the best of the photographs. Read more about how to vote on page 40.


**If the start of the summer holidays** is not worth celebrating, what is? Young people in Tampere rejoiced over the first days of summer on the beach at Pyynikki. Photo: Rami Hanafi

# Year 2008 in one minute

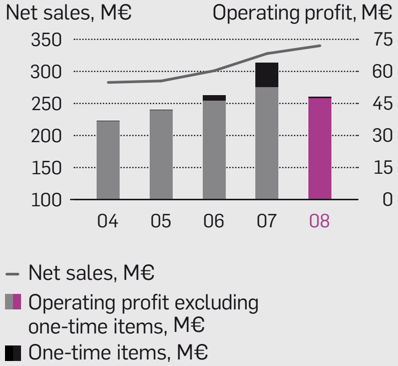
The year started excellently for Alma Media, a company focusing on newspapers and online services. The rapid slowdown of economic growth, however, weakened the outlook towards the end of the year.

## Investments in development projects lowered profitability

- Net sales grew 3.7% to MEUR 341.2.
- Operating profit without one-time items decreased 9.8% to MEUR 47.7. Investments in development projects lowered profitability.
- Earnings per share were EUR 0.51.
- The Board of Directors proposes a dividend of EUR 0.30 per share. In addition, the Board proposes it is authorised to decide upon an additional dividend of max EUR 0.20 per share.

## Net sales and operating profit

Operating profit fell, particularly in the last quarter.




## Key figures

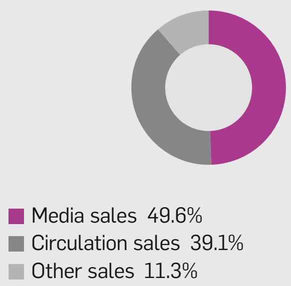
Capital expenditure mainly included business acquisitions and online development projects.

| | 08 | 07 |
|---|---|---|
| Net sales, M€ | 341.2 | 328.9 |
| Operating profit, M€ | 48.3 | 64.4 |
| Operating profit, % | 14.2 | 19.6 |
| Profit for the period, M€ | 39.0 | 51.2 |
| Cash flow from operating activities, M€ | 46.9 | 52.5 |
| Gross capital expenditure, M€ | 14.5 | 12.1 |
| Gross capital expenditure, % of net sales | 4.2 | 3.7 |
| Interest-bearing debt, M€ | 19.1 | 6.8 |
| Capital employed, average, M€ | 116.5 | 131.1 |
| Return on investment (ROI), % | 34.8 | 39.9 |
| Earnings per share, € | 0.51 | 0.68 |

## Breakdown of net sales

Almost half of Alma Media's net sales came from media sales.

341.2 M€




## Key figures by segment

The Newspapers segment's operating profit stayed at a good level, 17.5% of net sales.

| | Newspapers | | Kauppalehti Group | | Marketplaces | |
|---|---|---|---|---|---|---|
| | 08 | 07 | 08 | 07 | 08 | 07 |
| Net sales, M€ | 236.7 | 230.6 | 73.5 | 70.1 | 34.3 | 30.9 |
| Share of Group net sales, % | 68.1 | 68.8 | 21.5 | 21.3 | 10.0 | 9.2 |
| Operating profit, M€ | 41.5 | 42.8 | 9.7 | 7.6 | 2.0 | 5.3 |
| Share of associated companies' result, M€ | 0.1 | 0.1 | 1.6 | 2.6 | - | - |
| Gross capital expenditure, M€ | 9.4 | 6.0 | 1.4 | 1.1 | 2.1 | 2.8 |
| Depreciation, M€ | 4.7 | 4.8 | 1.0 | 1.2 | 1.7 | 1.8 |
| Capital employed, M€ | 34.9 | 33.4 | 40.5 | 43.9 | 11.0 | 11.5 |
| Number of employees, average *) | 1,197 | 1,218 | 499 | 527 | 216 | 158 |

*) Excluding newspaper deliverers

# Year of developing online services

## In 2008, Alma Media followed its strategy, based on four cornerstones, on all fronts.

**Nov 25**
23 new online services. The extensive online service renewal of Alma Media's newspapers reached an important milestone with the publication of the new website of the Rannikkoseutu newspaper. The online services of a total of 23 regional or local papers were renewed. Numerous special sites were also published, among them a Peking site focusing on the Olympics.

**Oct 29**
Antti Kokkonen new Editor-in-Chief of Lapin Kansa. Antti Kokkonen, B.Sc. (Pol), 46, was appointed Editor-in-Chief of Lapin Kansa. Mr Kokkonen was previously head of the political desk of Helsingin Sanomat. Alma Media had to prematurely terminate the management contract with Ms Johanna Korhonen appointed to the position earlier due to lack of trust. The decision created a major stir in the Finnish media.

**Oct 16**
Alma Media wins the dispute over ETUOVI.COM trademark. The District Court of Helsinki dismissed all claims against Alma Media's use of the Etuovi.com trademark.

## Kauppalehti broke records in 2008

**Oct 15**
Alma Media launches City365 real estate portal in Serbia. Alma Media's Marketplaces business unit opened the housing and real estate portal City365 in Serbia. The portal has an extensive offering of private homes and business property.

**Oct 1**
Alma Media acquires Vuodatus.net blogging service. Following the deal the founder of the service, Mr Tuomas Rinta, became Head of Development at Vuodatus.net. The service will continue as an independent blogging service.

**Sep 16**
Upturn in the number of readers for Kauppalehti. According to the official audit, the readership of Kauppalehti grew by six per cent in the past year, now being 193,000.

**Aug 14**
Circulation of Kauppalehti at record level. The circulation of Kauppalehti increased to a new record, 86,577 copies in the first half of 2008, reflecting a continuous demand for a high-quality business newspaper.

**Jun 17**
Rannikkoseutu joins Alma Media's Local Newspapers. The twice-weekly local paper Rannikkoseutu in Raisio joined the family of newspapers of Suomen Paikallissanomat Oy. The paper's circulation is 7,128 (2007 audit).

**Jun 5**
Iltalehti and Kotikokki.net to start cooperation. Iltalehti signed a cooperation agreement with the Kotikokki.net online service. Alma Media also acquired a 15% share of Kotikokki net Oy, the owner of the online service, from Rohea Oy. Kotikokki.net is an online recipe service for everybody interested in cooking.

**Jun 3**
Vuokraovi.com gives a boost to the rental home market. Alma Media launched a new home rental service. Vuokraovi.com is Finland's first countrywide online home rental marketplace.

**Feb 20**
Alma Media acquires Telkku.com. Finland's largest online TV programme information service, Telkku.com, joined Iltalehti. The acquisition, supporting Alma Media's strategy of growing its online business, further strengthened Iltalehti's position as Finland's largest online service.

**Feb 20**
Alma Media expands its operations in Lithuania. Alma Media's Marketplaces segment opened a new Motors24 website in Lithuania. With the new Lithuanian office, Motors24 is now present in all Baltic countries. Motors24 is an electronic marketplace for new and used cars, bikes and boats. Motors24 also represents Alma Media's Mascus marketplace in the country.

**Feb 11**
Alma Media expands its online businesses. The electronic marketplace for heavy machinery, Mascus, commenced licence cooperation in Germany, Austria, Switzerland and Lithuania. In the course of the year, license cooperation was started also in six other European countries and in South Africa.


**Cornerstones of Alma Media's strategy**

Renewal
- Product and service development
- Content development
- Knowledge development
- Renewal of working methods and tools

Chaining of operations
- Systematic cooperation and joint projects create competitive advantage

International growth
- Spearheaded by Marketplaces
- Focus in Eastern Central Europe

Mergers and acquisitions
- Online services and newspapers for classifieds (Eastern Central Europe)
- Industry consolidation in Finland

Continuous renewal is vital as consumers' media habits are changing. Renewal takes place at all levels, becoming evident in the development of products and services, content and personnel competencies. Chaining operations means cooperation between the business units of the Group. By joining forces, business units can create better products and services for customers, while at the same time saving costs. Marketplaces have spearheaded Alma Media's internationalisation. Alma Media began its international expansion by acquiring the City24 home sales portal in Estonia in 2005. Alma Media is continuously looking for acquisition opportunities, particularly in Eastern Central Europe.

# A good year that ended in a slowdown

Alma Media's year 2008 ended in a rapid fall in the media market. However, we achieved the second best financial result in our history. We will face the economic downturn as a tightly-knit, powerful team. Thanks to the company's financially stable condition, we have great opportunities to develop our business and make acquisitions.

Alma Media's year 2008 began better than we could imagine. We reached record results despite the increasing uncertainty in the economy. In the last months of the year, however, the uncertainty began to make itself felt in the decision-making of advertising clients, consequently decreasing Alma Media's media advertising sales.

## Growth in classified advertising started to slow down already in summer 2008

As a result of the year-end slowdown, we fell short of our financial targets in some areas. We grew our net sales to 341.2 million euro, an increase of 3.7%. Net sales of the online business grew 24.6%. I consider this a good achievement in view of, for example, the growth of classified advertising slowing down remarkably in both Finland and the Baltic countries and finally coming to a total standstill since the summer of 2008.

In the beginning of 2008, we anticipated the increasing economic uncertainty and rapidly rising costs. Accordingly, we set our targeted operating margin at the previous year's level. Our comparable operating profit sank a little more than five million euro, mainly because of the exceptionally deep dive of the media advertising market in November and December. Operating profit finally amounted to 48.3 million euro, 14.2% of net sales.

### Steady circulation development and strong online services

Circulation sales of Alma Media's newspapers developed as expected during the year. On average, the circulations of the regional and local papers stayed at previous year's levels, but the price increases made to counter the general increase in costs boosted our circulation sales. Exceptions are Kauppalehti, whose circulation grew to a record level, and Iltalehti, whose single-copy sales suffered from the dive of the entire afternoon paper market.

The number of visitors to our online services and thus our total reach took a great leap forward during 2008: our calculated reach in the last months of the year was 2.9 million Finns. Iltalehti.fi with its 1.6 million weekly visitors kept its position as Finland's leading online media even in the fiercely competitive situation. The weekly number of Kauppalehti.fi visitors grew to more than half a million following the successfully renewed services and the rapid increase in the demand for business information due to the uncertainty in the economy. The numbers of visitors for the online services of the regional and local newspapers developed promisingly. For example, Aamulehti.fi almost doubled its number of visitors from the beginning to the end of the year.

Alma Media's media sales grew 5.2% during the year, while the entire market diminished by 0.1%. Our market share grew in many areas. For example, the Etuovi.com home trading portal more than doubled its market share during the year.

Alma Media's business development by segment is described in the business reviews beginning on page 10 of this Annual Report.

### Good opportunities for acquisitions

Alma Media's strategy builds on four cornerstones: continuous renewal, internal cooperation, international growth and mergers and acquisitions. We took moderate steps in acquisitions in 2008, mainly due to the high value levels of the acquisition objects. Some minor acquisitions were, however, realised during the year when the local papers Rannikkoseutu and Janakkalan Sanomat, as well as the online services Telkku.com and Vuodatus.net were acquired into Alma Media. In its financially stable condition, Alma Media still has good opportunities to make acquisitions.

Our international growth advanced as planned. We established the City24 home sales portals in two new

countries in eastern central Europe. The online trading service for heavy machinery, Mascus, expanded through licence agreements, operating in 24 European countries and South Africa in the beginning of 2009. The start of the international services has so far been promising, but the economic development will in the end decide the speed of their progress and their chances of staying alive. For example, the depression in the national economies of the Baltic countries is slowing down the development of Alma Media's services.

Internal operational cooperation in Alma Media continued to advance well and in a good atmosphere. The joint online service platform of the regional and local newspapers, among other things, gives direct benefits to the readers and advertisers of our smaller newspapers in particular. The exchange of stories between the papers doubled in terms of both offering and usage. Cross-promotion is also an important part of internal cooperation: for example, the number of visitors to the Mikko.fi service jumped clearly when its advertising in Iltalehti.fi was increased.

**We have a strong market position. The total reach of our newspapers and online services has risen to nearly three million Finns every week.**

Alma Media will face the economic downturn as a tightly-knit, powerful team. Our market position, strong internal networks and our continuing renewal capability will be an increasingly high value in the circumstances of 2009.

I extend my warmest thanks to the customers, employees, partners and shareholders of Alma Media for your cooperation in 2008.

Kai Telanne
President and CEO

# A clear drop in advertising towards the end of 2008

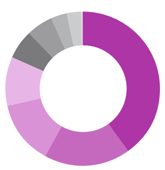
**The growth of the national economy of Alma Media's most important market, Finland, stopped at the end of 2008.** The trend for the volume of media advertising has followed the development of the economy.

**The significance of the internet in election advertising** continued to increase. The greatest winners in the municipal elections in October were the National Coalition Party and the True Finns Party. Photo: Tomi Glad

### Media advertising by channel

The market share of newspapers dropped slightly.

1,502 M€

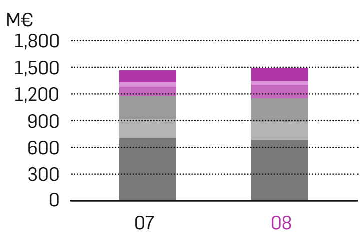


- Newspapers 40.2%
- Television 17.8%
- Magazines 13.5%
- Online media 10.1%
- Printed directories 6.3%
- Town and free papers 5.5%
- Radio 3.4%
- Outdoor advertising 2.9%
- Cinema 0.2%

Source: Advisory Board of Advertising. Change in research methodology has affected the shares of all media groups.

### Media advertising expenditure and trend

Online advertising volumes continued to grow.

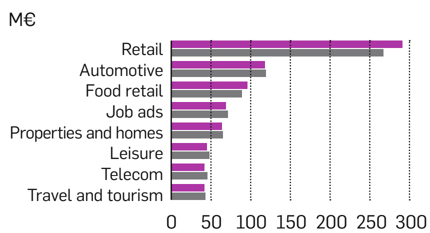



- Newspapers and town papers
- Magazines
- TV advertising
- Online advertising
- Radio advertising
- Other

Source: Advisory Board of Advertising. Due to the change in data collection, the figures are not comparable with the the results of earlier years.

### Largest advertising categories

The central role of retail advertising strengthened.




- 2008
- 2007

Source: TNS Media Intelligence

In the early part of 2008, advertising volumes in Finland still developed relatively well, but this growth stopped abruptly towards the end of the year. According to TNS Media Intelligence, the total volume of advertising decreased 5.8% in the last quarter. Ad spend in the media followed by TNS Media Intelligence totalled MEUR 1,203 in 2008, a drop of 0.1%. TNS Media Intelligence figures do not include printed or electronic directories nor search word advertising. They also do not include all magazines, newspapers and town papers. Alma Media publishes monthly up-to-date information about media advertising volumes, provided by TNS Media Intelligence, on its web pages.

**Newspapers lost market share**

According to the Advisory Board of Advertising, MEUR 1,502 was spent on media advertising in Finland in 2008, 1.8% more than in the previous year. Newspapers received 45.8% of the total amount and television 17.8%. Advertising in newspapers decreased by 2.8%. Newspapers lost market share in all of the major product groups in the areas of classified, retail and brand advertising. The market share of Alma Media's newspapers increased slightly in 2008 and was, according to the company's estimation, approximately one-fifth of all newspaper advertising.

The advertising share of online media rose to 10.1%. The increase is significantly affected by the change in data collection, as the printed and online directories as well as search word advertising were now taken into account together with banner and classified advertising. Banner and classified advertising rose 26%, having a 5.2% share of all media advertising. Alma Media's market share was, according to company's estimates, nearly one-fifth of all online advertising in Finland. Alma Media's market share slid a little as electronic directories and search word advertising grew faster than other online advertising.

Alma Media's Finnish online services are used by approximately 3.3 million visitors a week. This figure has been calculated on the basis of average numbers of visitors in 2008 with overlapping use of the various online services not taken into account.

**Weak market situation slowed classified advertising**

The amount of classified advertising dropped clearly since the summer of 2008 as the home sales and recruitment market started to slow down rapidly. Newspapers still have a more than 70% share of the home and recruitment advertising spending, while it must be noted that the role of the internet is continuously on the rise. Advertising in online media grew strongly in 2008, particularly for home sales.

**Demand for reliable business information rising rapidly**

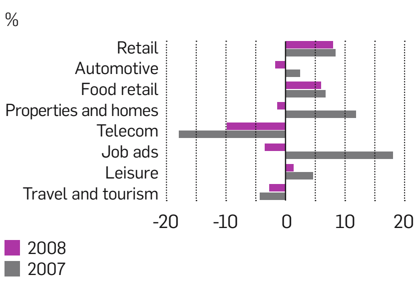
Demand for business-related information rose rapidly as the fear for an economic downturn spread. Kauppalehti strengthened its position as the leading business medium in Finland. The paper's circulation rose to record-breaking levels, and its online service enjoyed several visitor records. It seems that the economic crisis has boosted the number of visitors to a higher level more permanently, now being around half a million unique weekly visitors.

**Overheated Baltic economies cooled**

The rapid upward cycle of the economies of the Baltic countries turned into a deep dive in 2008. The European Commission estimated that the Baltic economies will experience the most rapid downturn among EU member countries in 2009. The downturn has also weakened home sales, which has a direct effect on the number of visitors to Alma Media's City 24 home sale portal and the income generated by the service. The Baltic countries generate only a small share of the Group net sales.

**Largest advertising categories, change**

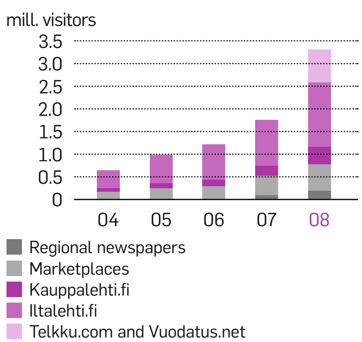
Home and recruitment advertising dropped significantly in 2008.




Source: TNS Media Intelligence

**Number of weekly visitors to Alma Media's online services**

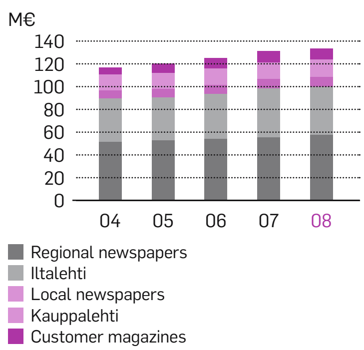
Iltalehti.fi became Finland's most popular online medium.




Figures refer to annual averages of weekly unique visitors. Visits by the same visitor to different services are not eliminated. Source: TNS Metrix

**Alma Media's circulation sales**

Circulation net sales grew slightly supported by price increases.




Source: Alma Media

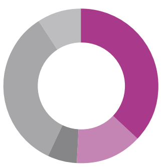
# The source of high quality

Chaining operations supports the renewing of Alma Media's products and introducing new efficiencies in operations. The end result for readers and visitors is higher-quality content.

**Graffiti – art or vandalism?** Discussion about graffiti and its status was heated also in 2008. Photo: Tomi Glad

**Employees by function**

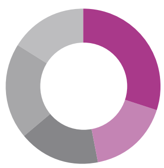
Newspaper delivery employs almost as many people as content creation.



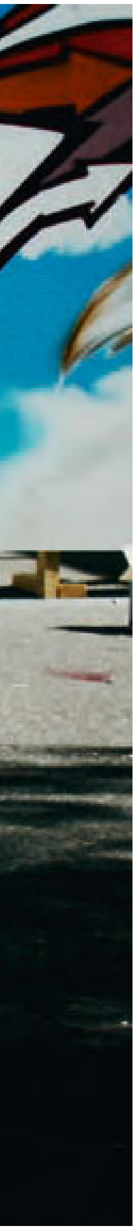
- Content production 37%
- Sales and marketing 14%
- Printing 6%
- Newspaper delivery 34%
- Other operations 9%

**Expenses by function**

Content and delivery expenses form half of Alma Media's total expenses.



- Content production 30%
- Sales and marketing 17%
- Printing 17%
- Newspaper delivery 20%
- Other operations 16%



Chaining operations is one of the cornerstones in Alma Media's strategy. Among other things, it aims at continuous improvement of operational quality and efficiency. The benefits of chaining operations are particularly marked in the present turning point of the media business. A media company must not only operate efficiently, it must also be exceptionally innovative and able to implement changes quickly.

Chaining operations means cooperation between Alma Media's business units, directed by the Chain Executive Team. The objective of chaining is to develop internal cooperation within Alma Media's units according to the principle of continuous improvement. Chaining also enables the utilisation of the Group's best resources across business units.

## The benefits of chaining operations are especially apparent in the present turning point of the media business

The benefits of chaining have manifested themselves, for example, in the growing newspaper circulations, increasing numbers of visitors to online services, media sales that exceed the growth rate of the market in general, improved productivity, good renewal capabilities and media contents that are of higher quality than ever before.

In 2008, Alma Media had eight chains:

- Editorial offices
- Circulation and consumer marketing
- Media sales
- Brand and research
- Newspaper delivery
- Printing
- Human resources
- Information and production technology

One of the most important achievements of chaining in 2008 was the adoption of a new technology platform in the online services of regional and local papers. The joint investment gave even the smallest papers within Alma Media a modern tool that opened new opportunities in online news as well as in online advertising sales. In addition, the editorial offices of the newspapers developed their teamwork through, for example, layout-driven workflow and common page templates, and consequently achieved closer content synchronisation. Joint efforts to develop online media competencies were also prominent.

In future, chaining will be developed through shared growth and development projects, as well as investments to boost innovations and strengthen an innovative culture. At the same time Alma Media's operational efficiency will further improve.

### Active exchange of stories a part of content cooperation

In 2008, the exchange of stories between Alma Media newspapers doubled for both the number of exchanged stories and their usage. As an example, 56 stories were offered for exchange in one week in December. The exchanged stories were published in the various Alma Media newspapers 159 times in the sample week. The northern regional papers have even tighter cooperation than this.

In the case of major news events, such as the sorrowful school killings in Kauhajoki, the layoffs of the forest industry and the local government elections, the cooperation and division of work between the different editorial offices start naturally and actively. The next step is to enhance Alma Media's competitive advantage through improving quality.

In addition to theme pages produced jointly and the Helsinki News Desk, story exchange has now become an integral part of operational cooperation between Alma Media newspapers. – Satakunnan Kansa would not survive any longer without this close inter-paper content cooperation, says the paper's Publisher, Jouko Jokinen.

**All business units participate in internal cooperation**

# Segments

## Newspapers

Newspapers is Alma Media's biggest business segment. Alma Media's newspapers reach more than two million readers daily. Alma Media publishes one tabloid, Iltalehti, five regional papers and 29 local and town papers with their online services. Aamulehti, published in the Pirkanmaa province, is the third largest newspaper in Finland. The other regional newspapers are Satakunnan Kansa, Lapin Kansa, Pohjolan Sanomat and Kainuun Sanomat. Iltalehti.fi, the most popular online newspaper in Finland, has approximately 1.6 million weekly visitors.

Aamulehti, Hervannan Sanomat, Iltalehti, Janakkalan Sanomat, Jokilaakso, Jämsän Seutu, Kainuun Sanomat, Kankaanpään Seutu, KMV-lehti, Koillis-Lappi, Kokkolan Sanomat, Koti-Kajaani, Kuhmolainen, Kuriiri, Lapin Hetki, Lapin Kansa, Meri-Lapin Helmi, Merikarvialehti, Nokian Uutiset, Pohjolan Sanomat, Porin Sanomat, Pyhäjokiseutu, Raahelainen, Raahen Seutu, Rannikkoseutu, Satakunnan Kansa, Sotkamo-lehti, Suur-Keuruu, Sydän-Satakunta, Telkku.com, Tori, Uusi Rovaniemi, Uutismarkku, Valkeakosken Sanomat, Vekkari, Vieskalainen, Vuodatus.net, Ylä-Kainuu and a number of online services

## Kauppalehti Group

Kauppalehti Group leads the way in business information and company services. Versatile online services supplement its extensive range of business publications. Kauppalehti Group consists of Kauppalehti Oy providing business news and information; Lehdentekijät specialising in stakeholder magazines; Kauppalehti 121 Oy for direct marketing services; and Baltic News Service, the largest news agency in the Baltic region. Additionally, Kauppalehti holds a 29.9% stake in the media company Talentum Oyj. The best known product in the Kauppalehti Group is the business newspaper Kauppalehti, redesigned in January 2009.

Balance Consulting, Baltic News Service, ePortti, Kauppalehti, Kauppalehti.fi, Kauppalehti Optio, Kauppalehti Extra, Kauppalehti 121, Alma Media Lehdentekijät, Finnish Business Communications

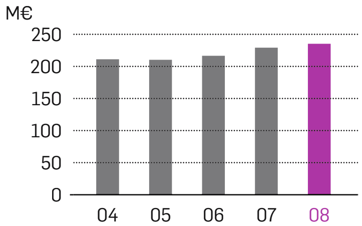
## Marketplaces

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 (home trading) and Monster.fi (recruitment service). Mikko.fi is a general-purpose classified advertisement service for consumers. Cars are bought and sold on the Autotalli.com website and Mascus.com provides used heavy machinery and transport equipment across Europe. City24 is an online real estate marketplace operating in eight countries. Awareness of the online brands is supported, for example, by publishing printed marketplace newspapers. The best known of these is the Etuovi.com newspaper.

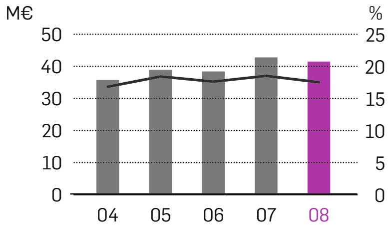
Autotalli.com, Bovision, City24, Etuovi.com, Mascus.com, Mikko.fi, Monster.fi, Motors24, Objektvision, Vuokraovi.com

p. 12

### Net sales
Media sales of Alma Media newspapers developed better than market average.



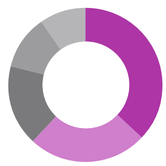

### Operating profit
The rapid weakening of the market put pressure on profitability towards the end of 2008.




Operating profit, M€
— Operating profit, % of net sales

### Net sales by business units
Aamulehti is the largest business unit of the Newspapers segment.

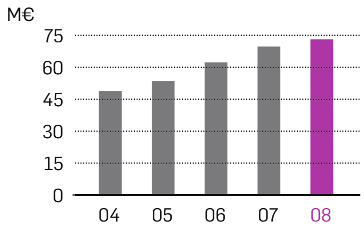
236.7 M€



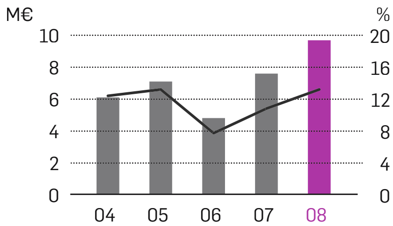
- Aamulehti 37.2%
- Iltalehti 25.0%
- Northern Media 16.9%
- Satakunnan Kansa 11.3%
- Local newspapers 9.6%

p. 16

### Net sales
Kauppalehti's net sales had a boost from the growth in circulation sales.



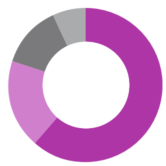

### Operating profit
Operating profit continued its upward trend.




Operating profit, M€
— Operating profit, % of net sales

### Net sales by business units
Kauppalehti Oy generates the clear majority of the group's net sales.

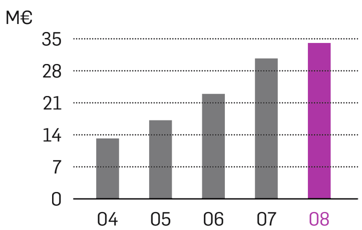
73.5 M€



- Kauppalehti 61.5%
- Lehdentekijät 18.7%
- Kauppalehti 121 13.1%
- BNS 6.7%

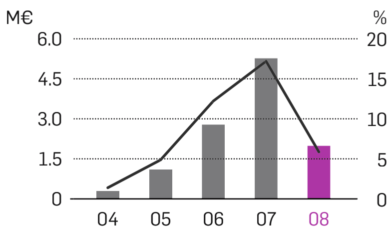
p. 20

### Net sales *)
The growth of net sales slowed down significantly towards the end of 2008.




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

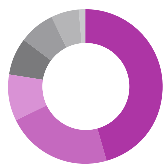
### Operating profit
The rapid drop in home and recruitment advertising was reflected on the operating profit.




Operating profit, M€
— Operating profit, % of net sales

### Net sales by business units
The majority of net sales came from the business units in Finland.

34.3 M€



- Etuovi 45.8%
- Monster 22.1%
- Autotalli 9.7%
- City24 7.8%
- Mascus 7.6%
- Bo- and Objektvision 5.8%
- Other 1.2%

# Renewal of online services the biggest effort of 2008

**Newspapers are clearly evolving to a combination of a printed paper and online service.**

Alma Media is one of the forerunners in developing this new generation of news media.


**Fires – along with other disasters** – are regrettably frequent topics in the news. The fire at the warehouse of a fibreboard manufacturer in summer 2008 caused major damage. Photo: Jenni Gästgivar

Newspapers is Alma Media's largest segment. It includes five business units: Iltalehti, Aamulehti, Satakunnan Kansa, Pohjois-Suomen Media Oy (Northern Media) and Suomen Paikallissanomat Oy (Local Newspapers). These business units publish a total of 35 newspapers and complementary online services. A comprehensive list of the newspapers, together with their Editors-in-Chief and circulation figures, is available on www.almamedia.fi/business. Alma Media increased the number of its newspapers with one in 2008 when Suomen Paikallissanomat Oy acquired Rannikkoseutu, a local newspaper in Raisio, western Finland.

## The printed word plays together with online services

Alma Media's newspapers reach more than two million readers daily. The readership base is solid as subscriptions generate 93–99% of the circulation sales of the regional papers. Some 89% of the subscriptions are indefinite ones. Net sales for Alma Media's newspapers increased to 236.7 (230.6) million euro, although net sales development varied greatly between the papers. Media sales of the Group's newspapers developed better than the market in general. Circulation development for other Alma Media newspapers was neutral or slightly declining, but Iltalehti continued to suffer as the Finnish afternoon paper market declined by 8.2%. However, Iltalehti increased its market share to 42.9%.

More detailed information on the financial development of Newspapers in 2008 can be found on pages 11 and 62–63.

### Exchange of stories aims to solidify readership

The exchange of stories between the papers doubled in 2008. Story exchange is aimed at improving the quality of the newspapers and solidifying reader relations.

During the year, new editorial desks – such as online and foreign desks – took active steps to participate in story exchange in addition to those who already did it. The livelier exchange of stories could be seen in the efficiency and improved journalism concerning, for example, major events such as the layoffs in the Finnish forest industry. The online desks in particular recorded many news victories thanks to their good cooperation.

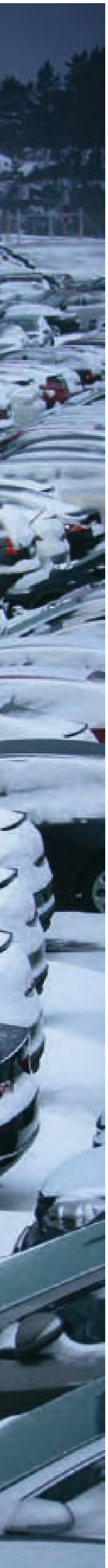
### Several awards to regional and local papers

The Nordic News Design of the Year competition showered Aamulehti with awards. The esteemed Society for News Design awarded Aamulehti in as many as five categories.

Aamulehti, Nokian Uutiset and Raahen Seutu received awards in the Best News Pages of the Year competition by the Finnish Newspapers Association.

The Best News Story of the Year competition, also by

**The tax reform boosted car sales** in the first part of the year, but fear of a depression made car buyers cautious towards the end of the year. The majority of new cars imported in Finland, as well as the significant and growing transit of cars to the East, enter Finland through the Port of Hanko. Photo: Pekka Karhunen



the Finnish Newspapers Association, brought awards to Aamulehti in both the best daily news and the timeless story categories.

## Alma Media newspapers received several competition awards

Sydän-Satakunta finished second in the twice-weekly series of the Local Paper Competition by the Finnish Newspapers Association. Raahen Seutu was third in the category of local papers appearing at least three times a week.

The printing house of Satakunnan Kansa was awarded with the third prize in the Printing House Quality Competition by the Finnish Newspapers Association.

**The future belongs to hybrid media**

With the changing media consumption habits of consumers the future of newspapers is built on the printed newspaper and its internet services playing systematically together. This is called hybrid media. In view of this development, the online services of almost all of Alma Media's regional and local papers were renewed in 2008. The common technological platform now being used enables content development and an increase in online advertising.

Iltalehti, for example, has been a genuine hybrid medium for a long time as its online service and printed version are clearly differentiated from each other. Iltalehti.fi with its approximately 1.6 million weekly visitors has its own, swift news production supported by communality services as its spearheads. Examples of the communality services include Telkku.com and the blogging service Vuodatus.net, both acquired during 2008. Iltalehti's printed version, on the other hand, is purposefully being developed in the direction of becoming more magazine-like.

**Local government reform reflects on local papers**

The reform in the beginning of 2009 bringing together many formerly separate municipalities concerned several local papers in Finland. Koillis-Häme, published in Jämsä by Suomen Paikallissanomat Oy, changed its name to Jämsän Seutu (Jämsä Region) from the start of the year. Additionally, Suomen Paikallissanomat Oy and Pirkanmaan Lehtitalo exchanged local papers in the beginning of 2009 when Janakkalan Sanomat became part of Suomen Paikallissanomat and Kurun Sanomat got Ylöjärven Uutiset Oy, part of Pirkanmaan Lehtitalo, as its new owner.

**In 2008** • Newspapers net sales up by 2.7% • Circulation sales up due to price increases • Media sales up by 4.5% in Alma Media newspapers, while the overall newspaper advertising market declined by 2.8% • Telkku.com and Vuodatus.net joined Iltalehti • Rannikkoseutu, a local paper in Raisio, joined Suomen Paikallissanomat Oy.

**Inside view**

"The northern Finnish regional papers of Alma Media – Lapin Kansa, Kainuun Sanomat and Pohjolan Sanomat – play together smoothly. The merger of the publishing companies in 2008 lowered the threshold of cooperation even further. The business news desks of the papers are a good example. Among other things, they plan part of the topics together, fill in for each other and have agreed among themselves who will specialise in which industries. The daily article lists of the papers are available to all. This is very useful. It should, however, be remembered that despite active cooperation, the justification of each paper's existence is that it possesses superior know-how in providing news from its own region."

**Matti Ilmivalta** is Managing Director of Pohjois-Suomen Media Oy, publisher of Lapin Kansa, Kainuun Sanomat and Pohjolan Sanomat among other papers.

**Online newspapers: common platform, local touch**

Alma Media's regional and local papers adopted the internet seriously in 2008 when the common online platform was launched for all of the Group's newspapers. The papers now fulfil their important task also online: providing news and services for their own locality.

"The new online services of the papers – such as social media, specialised travel services, special sites, database journalism and search services – are now being built on a common technology platform, but taking into account the special needs for each region", says Jouko Jokinen, publisher of Satakunnan Kansa and the head of the online service project's steering group.

Technological solutions, as well as some of the content production, have been created in interdepartmental cooperation within Alma Media Group. This guarantees online expertise in the smallest of the newspapers and at the same time keeps costs lower.

# For the economy and enterprises

**Kauppalehti Group provides a wide range of dynamic services to the business community.**

The economic crisis has also heightened consumers' interest in business affairs. The year 2008 was unprecedentedly busy for Kauppalehti.

**The European Football Championships** in Vienna, Austria, were one of the highlights of the year in the sports desks of all media. The championship went to Spain. Photo: Jukka Ritola


Kauppalehti Group provides a wide range of services to corporate customers, but also to Finnish and Baltic consumers interested in business and corporate information. The Group comprises Kauppalehti Oy, Kauppalehti 121 Oy specialising in direct marketing, the contract publishing company Lehdentekijät Oy and the news agency Baltic News Service.

The Group's largest business unit, Kauppalehti Oy, produces business journalism, target group specific market information and marketing solutions. Kauppalehti is Finland's leading business daily, and it celebrated its 110th anniversary in 2008.

## The entire product family of Kauppalehti is now redesigned

Kauppalehti Optio is a twice-monthly Kauppalehti supplement, and Kauppalehti.fi an online business information service on the pulse of the moment. Only a small part of the readers of Kauppalehti and Kauppalehti.fi are the same, making its total reach among decision makers Kauppalehti's major strength.

### A year of records in circulation and visitors

The printed Kauppalehti underwent a redesign in the beginning of 2009. The emphasis of the redesign is to shift the focus of the paper's content towards evaluating future developments. Along with the redesign of the daily paper, the entire Kauppalehti media family has been through a comprehensive modernisation programme within a very short time. Kauppalehti Optio was redesigned in the autumn of 2007 and Kauppalehti.fi in the beginning of 2008. The development projects have produced the results the company hoped for.

The popularity of Kauppalehti.fi soared during the year, with almost half a million unique visitors to the website every week. The circulation as well as the number of readers of Kauppalehti also developed favourably. According to an official audit conducted in August 2008, Kauppalehti's circulation was higher than ever before, 86,577 copies.

Kauppalehti 121 Oy is one of Finland's leading companies in direct and customer relation marketing services. The company specialises in targeted and interactive marketing services. Its largest customers include car dealers, banks, insurance companies and media companies.

## Business information services are an increasingly important part of Kauppalehti's online service

Lehdentekijät is among Finland's largest contract publishing companies, publishing more than 50 customer and personnel magazines. During 2008, Lehdentekijät landed new contracts, such as the Viisas Raha (Wise Money) magazine of the Finnish Shareholders' Association and the Yhteishyvä magazine of SOK. Suomen Business Viestintä (Finnish Business Communications), an expert in advertising sales, is part of Lehdentekijät.

Baltic News Service (BNS) is the leading news agency in its Baltic sphere of operations and one of the few cross-border news agencies in the world. Its most important distribution channel is the internet, which enables the creation of new services beside the traditional news agency operations. BNS has risen to the position of a leading media monitoring service providers in its region.

**Paper brand supports hybrid media**

The excellent success and wide consumption base of the printed Kauppalehti enable active development of online products. In addition to the media content of the online service, a variety of business information services, such as the successful information portal ePortti, have become an integral part of Kauppalehti.fi, while at the same time creating new sources of net sales to complement traditional sales. Kauppalehti is an excellent example of today's hybrid media, with online and printed media having their specific, clearly defined roles.

Company search, a service added to Kauppalehti.fi at the end of 2008, has been received well. The awareness and value of the Kauppalehti brand are also maintained through cooperation with the MTV3 TV channel.

**In 2008** • Net sales increased 4.8% in 2008, reaching EUR 73.5 million • Operating profit up EUR 2.1 million to EUR 9.7 million • Kauppalehti circulation grew to a record 86,577 copies • Kauppalehti.fi redesigned in the beginning of 2008, having approximately 500,000 unique weekly visitors at the end of the year.

**Inside view**

"The development round of Kauppalehti's products over the past year and a half culminated in the redesign of the content and visual appearance of the printed newspaper in 2008. The first new-age paper appeared on January 12, 2009.

Future is the key concept in the content of the redesigned Kauppalehti. Under the pressure of digital media, today's news quickly becomes out-of-date and cannot be printed in tomorrow's newspaper. The newspaper must therefore find a new role as a window to the future.

The renewed Kauppalehti sets its sights higher than ever. Finding the future viewpoint is a big challenge to the paper and its editorial staff, but at the same time, it is a great opportunity."

**Hannu Leinonen** is Executive Editor-in-Chief of Kauppalehti.

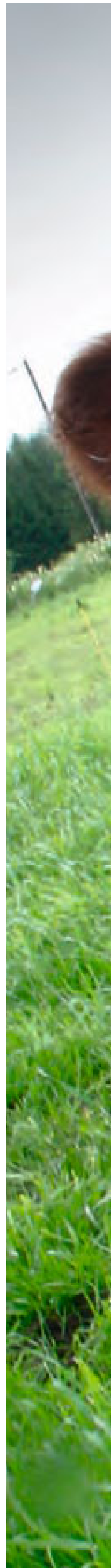
**Appreciated customer magazines turning into customer media**

A customer magazine is, second only to a face-to-face meeting, the most appreciated method of caring for the customer relationship.

About half of all customer magazines are produced in-house by organisations, with only about 10% being totally outsourced. The trend, however, is clear: the market is growing by 15–20% every year. Big contract publishing houses and a large number of smaller contenders keep competition tight.

Lehdentekijät is the second largest actor in the market. "The customer magazine market is shifting more and more towards customer media. Companies increasingly want to communicate direct with their customers in all feasible channels. This requires multichannel media production competencies", says Petri Läntinen, Managing Director of Lehdentekijät.

During 2008, Lehdentekijät acquired new contracts, such as the Yhteishyvä magazine of SOK and the customer publications of Jaguar and Land Rover.



**The rising price of food** was a hot topic in Finland as well as everywhere else. The price of beef in particular rose clearly as worldwide demand increased and the EU embargoed Brazilian beef. Photo: Helena Laakso

# Downturn in classified advertising

In the Marketplaces segment, Autotalli.com survived the challenging market situation at the end of the year best. Also the business of Mascus developed favourably.

**Traffic in Vuosaari harbour** in Helsinki began in November. The new harbour replaces the cargo ports of Helsinki's West Harbour and Sörnäinen harbour. Initially, some 4,000 heavy vehicles were expected in the area every day. Photo: Outi Järvinen

The Marketplaces business segment comprises Alma Media's marketplaces on the internet. The online home trading services Etuovi.com and Vuokraovi.com, recruitment service Monster.fi, car trading service Autotalli.com, heavy machinery and transport vehicles marketplace Mascus.com and the classified ads service Mikko.fi for consumers operate in Finland.

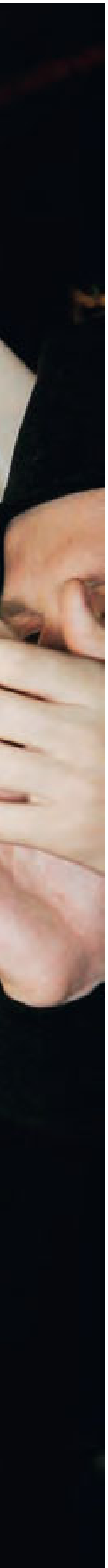
## Mascus expanded its operations in several European countries and South Africa.

Marketplaces has swiftly expanded from Finland into international markets. Estonia's best known online home buying service City24 joined Alma Media in 2005. At the moment, City24 operates in eight countries in the Eastern Central Europe. The heavy machinery and transport vehicles marketplace Mascus.com operates in 24 European countries and in South Africa, and the service can be used in 25 languages. Motors24 trades cars in Estonia, Latvia and Lithuania. The home trading service Bovision and business property service Objektvision are also part of Marketplaces and operate in Sweden.

The Marketplaces segment supports its online brands by, among other things, publishing printed marketplace newspapers, Etuovi.com being the best known. It is distributed to nearly a million households in Finland.

The rapid growth of the Marketplaces segment in recent years took a downward turn in the second half of

**The 2008 Eurovision song contest** was organised in Belgrade, Serbia. Russian fans made the most of the win of their countryman Dima Bilan. The 2009 Eurovision circus will take place in Moscow. Photo: Eriika Ahopelto



2008 due to the weakening general economy. The rapid slowing down of home and car trade, as well as recruitment, weighed on demand, with the result that sales decreased in the last quarter of the year. The segment's net sales for the entire financial year, however, rose by 11.2% from 2007, being 34.3 million euro. In the Marketplaces segment, Autotalli.com survived the difficult market situation at the end of the year best.

The market share for Etuovi.com and Monster.fi continued to rise in Finland and is more than 50% of the online market of home and recruitment advertising in the beginning of 2009.

### New service for the rental home market

In 2008, Alma Media launched the online service Vuokraovi.com, which is Finland's first online marketplace focusing exclusively on home rental and operating countrywide. Vuokraovi.com makes the fragmented rental home market remarkably more efficient by making it easier for landlords and tenants to meet each other. When home sales are slowing down, the demand for rented homes typically rises.

The number of weekly visitors to Mikko.fi, a marketplace launched in 2007, rose at its best to more than 90,000 in 2008. Besides being a classified ads service, Mikko.fi is also an auction site and readers' entry gate to advertising in Alma Media's regional newspapers.

The Marketplaces segment has its sights on rising among the leading European internet marketplaces. The segment is looking to boost growth through developing its services, but also through acquisitions. At the moment, the heavy machinery and transport vehicles marketplace Mascus has advanced most in its internationalisation. The online home trading service City24 continued expanding its operations by opening offices in Sofia, Bulgaria and Belgrade, Serbia. However, the weakening real estate market decreased the number of visitors to the City24 portals.

### Alma Media won the ETUOVI.COM trademark dispute

The long-winded dispute over the Etuovi.com trademark was solved when the District Court of Helsinki dismissed all claims against Alma Media's use of the Etuovi.com trademark in October. Among other things, the district court decision confirmed Alma Media's right to use the trademark 'ETUOVI.COM' for online home and real estate business and a special newspaper focusing on real estate sales. The case will continue in the Court of Appeal of Helsinki.

**In 2008** • Marketplaces net sales rose by 11.2%; 11.1% in Finland and 10.5% abroad • Real estate portal City24 started in Bulgaria and Serbia • Mascus expanded significantly through licence agreements in ten European countries and South Africa • Alma Media launched Finland's first online home rental marketplace Vuokraovi.com.

### Inside view

"Companies are more and more interested in the cost-efficiency, targetability and measurability of their recruiting. Even in the present challenging economic environment we rely on these factors, as well as the opportunities our international scope of operations brings to us.

Monster increased its market share in 2008, and the number of our staff also rose. The beginning of the year in particular was successful for us and the recruitment market in general. In future, we want to be a partner for job seekers, not only when they are looking for a job, but throughout their working life."

**Olli-Pekka Mollberg** is Managing Director of Monster Oy.

### Mascus growing on all fronts

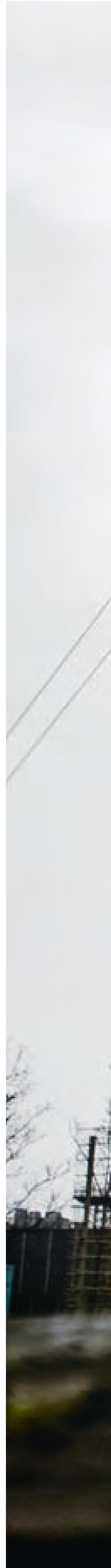
The marketplace for used heavy machinery and transport vehicles, Mascus, continued its powerful international expansion in 2008 by opening licensee offices in the Benelux countries, Ukraine, Greece, Portugal and South Africa, among other countries. From the beginning of 2009, Mascus operates in 25 countries, and the online service can be used in as many languages.

The year 2008 was a success for Mascus by all parameters. The number of advertisements (from 30,000 to 62,000) and the number of visitors (from 250,000 to 560,000) doubled, and the number of advertisers rose to nearly two thousand. Sales increased by 24%, breaking all previous records.

"This magnificent concept is fairly easy to clone. At the moment, we are looking for franchisees in France and North America", says Fredrik Larsson, Director, Mascus.

# Trust is at the core of Alma Media's corporate responsibility

**Alma Media's corporate responsibility can be distilled in five key elements.** Social responsibility is emphasised in the media industry.



Being responsible is an integral part of the day-to-day media business. The foundations of journalism that have existed ever since the invention of the newspaper, such as communicating news, bringing up social injustices and keeping a watchful eye on those in power, not forgetting the promotion of wellbeing, remain an important part of the basic tasks of Alma Media's business units today. It is all about the role of the press as a social influencer, and thereby media companies need to act in a genuinely responsible way. The online marketplaces of Alma Media also build on independence, openness and reliability — all signs of a responsible company.

### The media need to recognise their role

Social responsibility is paramount in the media business. The basic task of journalism in society requires acting in a responsible way. On the other hand, media should also recognise their role as an influencer and the inherent great responsibility. Objectivity, pluralism, criticism and reliability come into focus.

The watershed on which media are finding themselves today is presenting great challenges to media companies' responsibility for their employees. Things such as the rise of the internet as a medium, increasing pace of work, multi-channel news production, the increasing entertaining qualities of media and readers' new kind of activity are affecting the competencies required of those working in media.

## The role of an influencer carries great responsibility

In 2008, Alma Media started a project to define its corporate responsibility. The project kicked off with a workshop comprising representatives from many business units, chains and corporate functions. The purpose of the workshop was to come up with ideas for the definition of the key elements in Alma Media's corporate responsibility and for finding suitable indicators to measure the future development in the field. As a result, it became clear that the core of Alma Media's responsibility is trust, complemented by interaction, competence, communality and environmental protection. The work continues, for example in the areas of developing the measurement and reporting procedures.

### Trust at the core of corporate responsibility

Alma Media is a trustworthy deliverer of messages, interpreter of information and provider of background information in pluralistic society.

Society has become more pluralistic. The editorial offices of Alma Media participate in societal discussion and debate, allowing a variety of values to be expressed both on the internet and in the printed newspapers. On the other hand, media provide reliable information and interpretations of society. This is based, besides source criticism, also on openness to see the various aspects of a given phenomenon. The profitability of Alma Media's business creates economic independence and is thus one of the prerequisites of reliability.

Alma Media and its newspapers shoulder the responsibility for how they approach and treat various issues. The Group's newspapers follow the quality of their journalism in many different ways. One shared metric for the entire news media sector are the resolutions by the Council for Mass Media in Finland (CMM), particularly the proportion of condemning resolutions.

The CMM passed a total of 25 resolutions concerning Alma Media newspapers in 2008, which is approximately one-quarter of all of its resolutions during the year. Of the resolutions concerning Alma Media, eight, or 32%, were condemning, which is above the CMM's 2008 average (26%). In 2007, the CMM passed 13 resolutions concerning Alma Media, with two, or 15%, condemning. Alma Media's printed newspapers and their online services have a total of approximately 2.9 million readers (Atlas 1–9/2008).

The CMM is an organ established by publishers

**Summer in Finland** was cold and rainy. In many places, there was not one single really hot day. Rainfall was higher than usual in most parts of the country. Holiday weather prognoses are a popular topic from year to year. Photo: Joel Maisalmi


**The Linnanmäki amusement park** in Helsinki keeps its position at the top of the most popular holiday destinations from year to year. The magic one-million-visitor limit was exceeded in August. The park also made headlines because of its price hike, winter opening hours and the ban on the Rainbow attraction. Photo: Jarno Juuti

and journalists to interpret good professional practice, defend the freedom of speech and publication and review reporters' practices in obtaining information. In 2008, a total of 222 complaints (125 in 2007) were made to the CMM, 97 of which resulted in either an acquitting or condemning resolution. More information is available in English on the CMM's website www.jsn.fi.

### Up-to-date competencies a basis for success

Alma Media offers its employees a renewing and evolving work environment in which continuing and systematic development of professional skills and competencies is an essential part of the work. This is how the company carries its responsibility for maintaining the job market value of its employees and the development of the entire industry.

## Alma Media's core values are freedom and pluralism of journalism, and team play

The competencies of Alma Media's employees anticipate the challenges and opportunities presented by the present extensive change in the media business. The company's stand is that its employees must have the conditions required to do first-class work in a changing environment. Alma Media also wants to be a preferred employer for the best talent in the business. Competent employees feeling good about their work are a prerequisite for Alma Media's future success.

In 2008, Alma Media focused on developing its competencies in online business. Almost all Alma Media employees were offered possibilities to enhance their professional skills. This effort soon bore fruit as the numbers of visitors to the Group's online services and the income from online businesses grew. Alma Media has begun following the renewal conduciveness of its working atmosphere through a so-called renewal index as part of the regular working environment analyses.

### Competence development as part of day-to-day work

Alma Media applies the 70-20-10 model, developed at the Centre of Creative Leadership, to its competence development. According to the model, the majority of learning (70%) is on-the-job learning through new situations, projects, tools or working methods, as well as through solving problems. Changes in job content and job rotation are also an important part of on-the-job learning.

According to the model, 20% of learning takes place through other people and 10% through active studying. Learning through other people means, for example, feedback, development discussions, 360 assessments or mentoring. Alma Media's internal cooperation, the chaining of operations, works efficiently as the engine of sharing best practices, among other things. Active studying involves, for example, coaching, training, courses, trade literature, fairs and seminars.

### Equality as part of wellbeing at work

Equality is the basis of a healthy work community. Alma Media follows the development of equality through regular working environment analyses. The results also allow the evaluation of development in the different employee groups. According to a survey conducted at the end of 2007 and the beginning of 2008, Alma Media's equality index is 63.9. The index shows the status of personnel equality from the points of view of gender, form of employment, good treatment and

### Key elements of Alma Media's corporate responsibility

"Team play"

"Free and pluralistic communication"

**Environment**
Alma Media keeps its ecological footprint small and encourages its audiences to do the same.

**Trust**
Alma Media is a trustworthy deliverer of messages, interpreter of information and provider of background information in pluralistic society.

**Interaction**
Alma Media is in the vanguard of open, interactive and pluralistic media.

**Communality**
Alma Media newspapers and online services are cohesive forces in their communities.

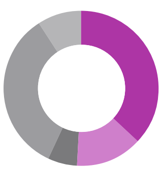
**Competence**
The competencies of Alma Media's employees anticipate the opportunities presented by the change in the media business.

"For the individual's freedom and wellbeing"

**The economic downturn** and the bank crisis arrived in the Baltic countries in 2008. In Lithuania, the problems were at first smaller than in Estonia and Latvia where foreign banks have actively financed both companies and private consumers. Photo: Pekka Karhunen

## Employees by function

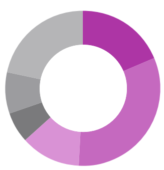
Newspaper delivery employs almost as many people as content creation.



- Content production 37%
- Sales and marketing 14%
- Printing 6%
- Newspaper delivery 34%
- Other operations 9%

## Length of service

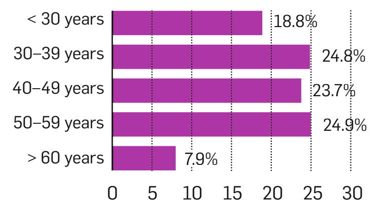
Almost one-third of employees have worked at Alma Media for more than 15 years.

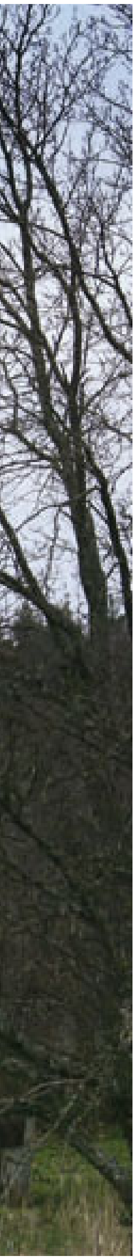


- < 1 year 18.6%
- 1–5 years 32.4%
- 6–10 years 12.4%
- 11–15 years 6.5%
- 16–20 years 8.5%
- > 20 years 21.5%

## Employees by age group

The age distribution of Alma Media personnel is fairly even.





personal development. The index is formed through a questionnaire covering a variety of topics, and it cannot as such be compared with the so-called Finnish white-collar norm. Of the comparable topics in the index, employees' possibilities to make independent decisions, advance their career and influence their own work objectives, as well as just rewarding, are all aspects that are clearly above the norm at Alma Media.

**Communality and interaction**

Alma Media is in the vanguard of open, interactive and pluralistic media. The newspapers and online services of the Group are cohesive forces in their communities and act as their most important spokesmen. Further, they promote the communities' wellbeing. Media have traditionally been supporters and expression channels of democracy, and this role is becoming even more emphatic in the present age of social media when the traditional media have also evolved to be more interactive and open.

Alma Media encourages its readers to participate actively in societal discussion and express also critical views. The company also opens channels of influence for the readers of even its smallest newspapers. One example of this is the new online service platform adopted by almost all of Alma Media newspapers in 2008. The platform makes civic engagement easier for readers through, for example, discussion forums and providing the opportunity to leave comments.

**Environmental protection**

Alma Media organises its business in a way that causes a minimal environmental and climatic impact. Alma Media complies with permissions obtained from regional Environment Centres and works for the protection of the environment together with authorities and other interest groups.

The most significant environmental effects of Alma Media's business are the consumption of paper and energy, as well as traffic emissions. The corporation's newspapers are mainly printed on newsprint, the total consumption of which in 2008 was approximately 36,000 tonnes.

## New efficiencies dropped the amount of electricity used

Waste generated in printing is either recycled or taken to hazardous waste plants. For example, oil-based printing inks end up in energy production, and printing plates made of aluminium are recycled as raw materials for the automotive or furniture industries.

The company used 18,838 MWh of electricity in 2008 (20,632 MWh in 2007). The decrease is due mainly to efficiency improvements at the various Alma Media locations. The carbon dioxide emissions of the printing and distribution operations are mainly due to traffic.

**Inside view**

"Alma Media offers its employees coaching based on the strategic development targets set by the chains. Coaching events are open to all employees. In 2008, Alma Media organised 1,330 training days with a total of 931 participants. In addition, coaching was arranged in business units and based on people's personal development needs, adding several hundred coaching days.

The objective of coaching is always to make operations more efficient and learning new. The coaching must cause changes in the participants' activities that support Alma Media's strategy."

**Peggy Hansson** is Human Resources Development Manager of Alma Media.

**Sustainable Aamulehti**

More than half of a newspaper's carbon dioxide emissions is generated in the paper making process. Aamulehti's newsprint supplier is UPM Kymmene Kaipola mill that runs mainly on biofuel. The paper used by Aamulehti contains about two-thirds recycled fibre, the rest being made from sawmill chips.

Transport is another major factor in the environmental effect of a newspaper. The UPM Kaipola mill is located only about 100 kilometres from Aamulehti's printing house. On the other hand, the printing house is in the middle of the newspaper's circulation area, which means efficient delivery to subscribers.

The waste generated in the printing process is carefully recycled. Waste paper is recycled as either raw material for new paper or in energy production. Waste ink from both the waste paper process and the printing process is used for energy production. The aluminium printing plates are also recycled.


**Janne Ahonen, the successful** Finnish ski jumper, quit his career. He invited many of the world's top names to his farewell competition in Lahti, from Adam Malysz to Andreas Goldberger. Photo: Vesa Koivunen

# Corporate Governance

The company applies the Finnish Corporate Governance Code 2008 for listed companies. The Corporate Governance Statement can be reviewed at the corporate website of Alma Media, www.almamedia.com.

**Structure of the Alma Media Group**
Responsibility for Alma Media Group's management and operations belongs to the constitutional bodies required by the Limited Liability 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 organisation. As Alma Media Corporation is the Group's parent company, it is responsible for the Group's management, accounting and financing, legal affairs, strategic planning, human resources, as well as internal and external communications.

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

## General Meetings

A General Meeting of Alma Media Corporation's shareholders is held principally once a year. The General 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 Limited Liability Companies Act and the company's Articles of Association.

The Annual General Meeting decides, among other things, 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
- 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 Release 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 organisation of its operations. The tasks and responsibilities of the Board of Directors are determined by the Limited Liability 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 and the other members of the Group Executive Team,
- Confirming the company's organisation 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 2008 the Board met 14 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 3 to 9 members. The Annual General Meeting on 12 March 2008 confirmed the number of Board members to be 7. The Board of Directors elects a chairman and a deputy chairman from among its members. The chairman is Kari Stadigh and the deputy chairman is Matti Kavetvuo. The other members of the Board of Directors are Lauri Helve, Kai Seikku, Erkki Solja and Harri Suutari. Ahti Vilppula resigned from the Board on June 6, 2008. The terms of office of Board members expire at the close of the Annual General Meeting following their election.

The Board has assessed that all its members are independent of the company.

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 secretary to the Board of Directors, and other individuals asked to attend as required.

**Permanent committees**

At its constitutive meeting after the Annual General Meeting, the Board of Directors elects an Audit Committee from among its members. Among other things, the tasks of the Audit Committee include evaluating the compliance with the rules and regulations, monitoring the auditing process as well as monitoring and supervising the preparation of the financial statements and other financial reports.

The Audit Committee consists of at least three Board members separately elected for this task and independent of the company. The Audit Committee meets at least four times a year. Currently, the members of the Audit Committee are Harri Suutari (chairman), Kai Seikku and Erkki Solja. The Committee's meetings are also attended by the company's external auditor, the Group's Chief Financial Officer and General Counsel. The matters to be considered by the Audit Committee are presented by the Chief Financial Officer. The Audit Committee convened four times in 2008 and the average attendance of the members at these meetings was 75%.

The Nomination and Compensation Committee comprises the chairman and deputy chairman of the Board of Directors and, as of January 1, 2009, one Board member separately elected for this task. As of January 1, 2009, the members of the Nomination and Compensation Committee are Kari Stadigh, Matti Kavetvuo and Lauri Helve. 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 Annual General Meeting a proposal on the number of the members of the Board, the individuals to be elected as the members of the Board as well as on the compensation of the chairman, deputy chairman and members of the Board. Additionally, the Nomination and Compensation Committee prepares, among other things, matters concerning compensations that the Board is required to resolve on or confirm. In the Nomination and Compensation Committee, the matters concerning compensation are presented by the President and CEO. The Nomination and Compensation Committee convened five times in 2008. The average attendance of the members at these meetings was 100%.

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 members of Board of Directors were paid the following fees for work in the Board and its committees in 2008 (EUR):

| | Annual fee | Meeting fee | Total |
|---|---|---|---|
| Kari Stadigh (Chairman) | 30,000 | 18,000 | 48,000 |
| Matti Kavetvuo (Dept.) | 24,000 | 13,300 | 37,300 |
| Lauri Helve | 20,000 | 7,000 | 27,000 |
| Matti Häkkinen | | 1,500 | 1,500 |
| Kai Seikku | 20,000 | 9,000 | 29,000 |
| Erkki Solja | 20,000 | 7,000 | 27,000 |
| Harri Suutari | 20,000 | 10,000 | 30,000 |
| Ahti Vilppula | 20,000 | 1,000 | 21,000 |

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. The annual remuneration of the members of the Board of Directors is paid in Alma Media shares up to an amount corresponding to approximately 40% of the full amount of the remuneration, and the remainder in money for taxation purposes. Shares thus acquired may not be transferred until the recipient's membership in the Board has ended. In case shares cannot have been acquired until the end of 2008, for example due to a pending insider project, the full annual remuneration is paid in money.

**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), Tuomas Itkonen (CFO), Mikko Korttila (General Counsel) and Minna Nissinen (Senior Vice President, Corporate Planning and Chaining Operations). 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 13 times in 2008.

**Compensation of the President and CEO and the Group Executive Team**
In 2008, Alma Media's President and CEO was paid EUR 338,988 in salaries and fringe benefits and EUR 116,454 in bonuses. Under his terms of employment, the 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 1,418,184 in salaries, bonuses and fringe benefits during 2008. 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 organised 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 organised. The President and CEO ensures that the accounting procedures comply with Finnish legislation and that the company's capital management is organised 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 the 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.

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

Alma Media's Annual General Meeting elected the firm of Authorised Public Accountants Ernst & Young Oy as the company's auditors for 2008. The fees for auditing the financial statements of Alma Media totalled EUR 122,981. The auditing company charged EUR 140,739 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 organisation 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 organisation. 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 organisation. Internal audit functions have been incorporated into the responsibilities of Alma Media Corporation's business organisation and are also taken into account in the external auditors' audit plans.

**Insider management**

Alma Media's Board of Directors has approved Alma Media Group's Guidelines for Insiders. The said Guidelines complement the rules and regulations in force on management and handling of insider information of the Insider Guidelines issued by NASDAQ OMX Helsinki Oy, the Financial Supervision Authority's standard 5.3, the applicable provisions of the Finnish Penal Code, Chapter 51 and the Securities Markets Act, Chapter 5.

The company's public (statutory) insiders are the members of the Board of Directors, the President and CEO, the members of the Group Executive Team and the auditor nominated as the principal auditor. The company's internal, non-public and company-specific permanent insiders include certain individuals who by virtue of their position or responsibilities regularly receive insider information. The company also maintains a non-public register of temporary insiders for specific projects as defined under the Finnish insider regulation.

Information on the company's public insiders, together with up-to-date information on their holdings and changes in these holdings, 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 Euroclear Finland Oy (previously Finnish Central Securities Depository Ltd), Urho Kekkosen katu 5 C, 8th floor, FI-00100 Helsinki.

By providing instructions 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 the publication of the interim report or annual financial statements bulletin.

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

**Alma Media's business organisation 31 Dec 2008**

Alma Media Corporation →

President and CEO
Kai Telanne
Finance
Tuomas Itkonen
Communications and IR
Rauno Heinonen
Legal affairs and M&A
Mikko Korttila
Corporate Planning and Chaining Operations
Minna Nissinen
Human Resources
Mari Vuorre

Aamulehti
Juha Ruotsalainen

Iltalehti
Kari Kivelä

Kauppalehti Group
Juha-Petri Loimovuori

Marketplaces
Raimo Mäkilä

Northern Media
Matti Ilmivalta

Satakunnan Kansa
Jouko Jokinen

Local Newspapers
Kari Juutilainen

# Board of Directors

Kari Stadigh (born 1955)
Chairman of the Board since 2005, Board Member since 1999.
Group Deputy CEO of Sampo plc, M.Sc. (Eng.), BBA (Econ.).
Principal work experience: Sampo Life Insurance Company Ltd, President 1999–2000; Nova Life Insurance Company, President 1996–1998; Jaakko Pöyry Group, President and COO 1991–1996.
Positions of trust: Aspo plc (Chairman); Kaleva Mutual Insurance Company (Chairman); Mandatum Life Insurance Company Limited (Chairman); IF P&C Insurance Holding Ltd (publ) (Chairman); The Federation of Finnish Financial Services (member); Varma Mutual Pension Insurance Company (member of the board).

Matti Kavetvuo (born 1944)
Deputy Chairman of the Board since 2005, Board Member since 2000.
M.Sc. (Eng.), B.Sc. (Econ.).
Principal work experience:
Pohjola Group plc, President and CEO 2000–2001; Valio Ltd, President and CEO 1992–1999; Orion Corporation, President and CEO 1985–1991.
Positions of trust: Metso Corporation (Chairman); Orion Corporation (Chairman); Konecranes Plc (member of the Board); Lassila&Tikanoja Plc (member of the Board).

Lauri Helve (born 1943)
Board Member since 2003.
Diploma of Journalism (University of Tampere).
Principal work experience: 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.
Positions of trust: Medialehdet Oy Vantaa (member of the board).

Kai Seikku (born 1965)
Board Member since 2006, M.Sc. (Econ. & Bus. Admin).
Principal work experience:
HKScan Corporation, CEO 2006–2009; 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.
Positions of trust: Confederation of Finnish Industries EK (member of the Board); Trainers' House Plc (member of the Board); Finland Promotion Board, (member).

Erkki Solja (born 1954)
Board Member since 2008.
CEO, Kiilto Family Oy, M.Sc. (Econ.).
Principal work experience:
Kiilto Family Oy, CEO from 2008; Kiilto Oy, CEO from 1994; joined Kiilto Oy in 1983.
Positions of trust: C.V. Åkerlund Foundation (Chairman); Chemical Industry Federation of Finland (member); Tampere Chamber of Commerce & Industry (Deputy Chairman); Honorary consul, Republic of Austria.

Harri Suutari (born 1959)
Board Member since 2005.
President & CEO, PKC Group, Engineer.
Principal work experience:
PKC Group, Chairman of the Board 2005–2008; PKC Group, President and CEO 2002–2005; Ponsse Oyj, President and CEO 1994–2000; Kajaani Automatiikka Oy, President 1984–1996.
Positions of trust: Sunit Oy (member of the board).

More detailed background on the members of the Board of Directors is available at www.almamedia.fi/board_of_directors. Information on the shareholdings of the members of the Board and entities controlled by them is on page 67 and online at www.almamedia.fi/insiders_shareholdings.

# Group Executive Team

**1.** Kai Telanne (born 1964)
President and CEO since 2005, Chairman, M.Sc. (Econ.).
Principal work experience: Kustannus Oy Aamulehti, Managing Director 2001–2005; Kustannus Oy Aamulehti, Deputy Managing Director 2000–2001; Kustannus Oy Aamulehti, Marketing Director 1999–2000.
Positions of trust: The Finnish News Agency (STT) (Chairman); Federation of the Finnish Media Industry (Chairman); Varma Mutual Pension Insurance Company (member of the Board); The Tampere Theatre (member of the Board); The Central Chamber of Commerce of Finland (member of the Board); Teleste Corporation (member of the Board); Tampereen Lääkärikeskus Oy (member of the Board).

**2.** Matti Apunen (born 1960)
Senior Vice President, Editor-in-Chief of Aamulehti since 2000, M.Sc. (Soc.).
Principal work experience: Aamulehti, Assistant Editor-in-Chief 1998–2000; Image, Editor-in-Chief 1997–1998 Aamulehti; Development Manager 1995–1996.

**3.** Tuomas Itkonen (born 1968)
CFO since 2008, M.Sc. (Econ.).
Principal work experience: Altia Corporation, CFO 2006–2008; Nokia Networks, several managerial and executive positions in the areas of business development and finance 1993–2006.

**4.** Kari Kivelä (born 1959)
Senior Vice President, Publisher of Iltalehti since 2005, M.Sc. (Soc.), MBA.
Principal work experience: 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.
Positions of trust: Finnish Newspapers Association, member of the Board of Directors.

**5.** Mikko Korttila (born 1962)
General Counsel and secretary to the Board of Directors since 2007, Master of Laws, Master of Laws trained on the bench, MBA.
Principal work experience: Raisio plc, Executive Vice President and General Counsel, member of the Executive Committee 2003–2007; Raisio plc, Executive Vice President, HR and Legal and General Counsel, member of the Executive Committee 2001–2003; Raisio plc, Legal Counsel, Chemicals and Benecol divisions 1997–2001; Attorney-at-Law 1990–1997.
Positions of trust: Central Chamber of Commerce, member of Law Committee; Advisory Board of Finnish Listed Companies, member; International Chamber of Commerce, Finnish Committee, member of certain working groups; Federation of the Finnish Media Industry and the advisory board for copyright users, member of certain working groups.

**6.** Juha-Petri Loimovuori (born 1964)
Senior Vice President, Head of Kauppalehti Group since 2006, M.Sc. (Econ.).
Principal work experience: Kustannus Oy Aamulehti, Advertising Director 2002–2006; Head of Alma Media's mediamarketing chain 2004–2006; Kustannus Oy Kauppalehti, several positions in sales and development 1994–2002.
Positions of trust: Levikintarkastus Oy (Finnish Audit Bureau of Circulations).

**7.** Raimo Mäkilä (born 1958)
Senior Vice President, Head of Marketplaces since 1999, M.Sc. (Eng.).
Principal work experience: Alma Media Net Ventures Oy, President 1999–2000; Alexpress Oy, President 1998; Helsingin Sanomat, Director, Services 1994–1997.

**8.** Minna Nissinen (born 1968)
Senior Vice President, Corporate Development and Chaining operations since 2005, M.Sc. (Econ.).
Principal work experience: 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.
Positions of trust: Tampereen Tietoverkko Oy (member of the Board).

**9.** Rauno Heinonen (born 1964)
Vice President, Corporate Communications and IR, secretary to the Group Executive Team since 2007, M.Sc. (Soc.).
Principal work experience: Miltton Oy, Account Director 2006–2007; Satama Interactive Oyj, Communications Director 2005–2006; M-real Oyj, Senior Vice President, Corporate Communications 2000–2003; ICL Data Oy, Head of Communications 1995–2000.

More detailed background on the members of the Group Executive Team is available at www.almamedia.fi/group_executive_team. Information on the shareholdings of the members of the Group Executive Team and entities controlled by them is on page 67 and online at www.almamedia.fi/insiders_shareholdings.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# Vote for your favourite photograph!

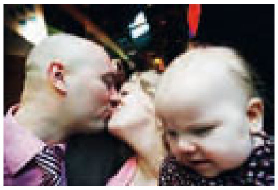
**At the visual core of Alma Media's Annual Report are news photographs taken by the photographers working in Alma Media's newspapers.** These photographs, selected by the Annual Report team, recall the news items of 2008 in a personal and interesting way. At the same time, they pay homage to high-quality visual journalism and give expression to free, pluralistic communication. We unfortunately only have room for a fraction of the photographs in this publication – thousands of great shots remain hidden in the archives.

Alma Media also promotes the competence of its photographers by providing them with an opportunity to describe the situations and moods behind the photographs. In addition, the photographs presented in the Annual Report participate in a contest – and you can contribute to finding the winner.

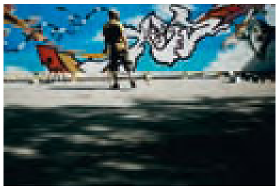
Read more about the photographers and their work at www.almamedia.fi/photovoting and choose the most interesting, touching or amusing photo. Cast a vote for your favourite on the internet no later than June 1, 2009.

Two winners of digital photo frames are drawn from among all voters. The result of the vote and the names of the winners are published on Alma Media's web pages. Winners will also be notified personally.

**Pyynikki ridge**
Rami Hanafi,
Aamulehti

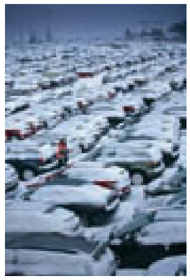


**Municipal election**
Tomi Glad,
Satakunnan Kansa



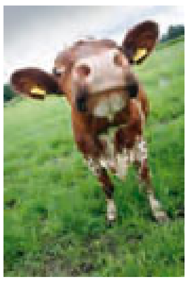
**Graffiti**
Tomi Glad,
Satakunnan Kansa

**Fire**
Jenni Gästgivar,
Satakunnan Kansa



**Finland's largest car park**
Pekka Karhunen,
Kauppalehti

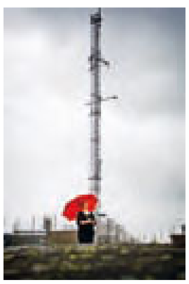
**Fans of Spain at the European football championships**
Jukka Ritola,
Aamulehti



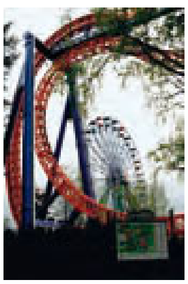
**Producer of gold medal milk**
Helena Laakso,
Pohjolan Sanomat

**Vuosaari harbour**
Outi Järvinen,
Kauppalehti

**Winners of the Eurovision song contest**
Eriika Ahopelto,
Aamulehti

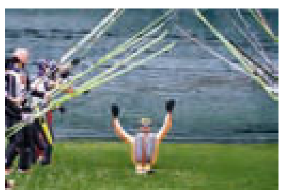


**Meteorologist**
Joel Maisalmi,
Aamulehti



**Amusement park**
Jarno Juuti,
Iltalehti

**A stork's nest**
Pekka Karhunen,
Kauppalehti



**Janne Ahonen's last competition jump**
Vesa Koivunen,
Iltalehti
(currently freelancer)

# Financial statements 2008

# Report by the Board of Directors

**Financial year 2008 in brief:**

- Net sales MEUR 341.2 (328.9), up 3.7%.
- Operating profit MEUR 48.3 (64.4), 14.2% (19.6%) of net sales, operating profit excluding one-time items MEUR 47.7 (52.9).
- Profit before tax MEUR 52.4 (68.0), profit before tax excluding one-time items MEUR 49.9 (56.5).
- Earnings per share EUR 0.51 (0.68).

**Dividend proposal for the Annual General Meeting:**

- Alma Media Corporation's Board of Directors will propose to the Annual General Meeting on March 11, 2009 that a dividend of EUR 0.30 (0.90) per share be paid for the 2008 financial year.
- The Board of Directors will also propose that the Annual General Meeting, according to Chapter 13, Section 6, Paragraph 2 of the Finnish Companies Act, authorise the Board to decide upon an additional dividend of no more than EUR 0.20 per share.

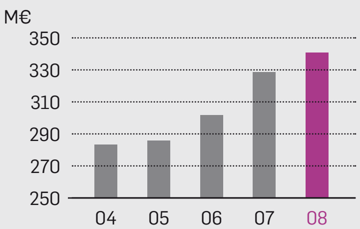
## Sensitivity analysis

The development of media advertising and wages and salaries are the main factors with regard to operating profit.

| | Change | Impact on operating profit |
|---|---|---|
| Media advertising | +1% | 1.7 M€ |
| Paper prices | +1% | -0.2 M€ |
| Delivery costs | +1% | -0.6 M€ |
| Wages and salaries, average | +1% | -1.2 M€ |
| Average interest rate | +1% | -0.2 M€ |

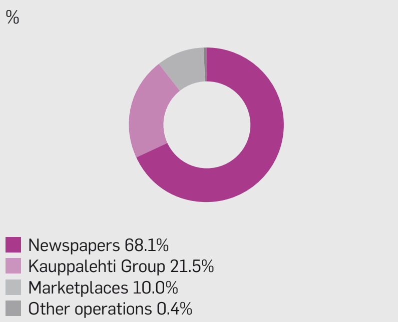
## Net sales

Apart from the end of the year, media sales developed well, increasing net sales.



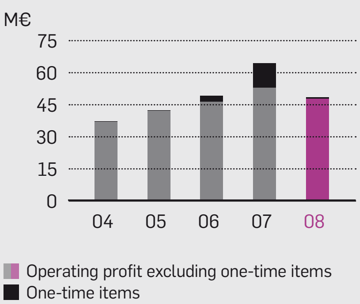

## Net sales by segment

More than two-thirds of Alma Media's net sales comes from the Newspapers segment.



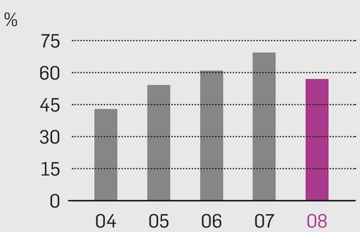

## Operating profit

The operating profit of the comparison period 2007 included one-time items to the amount of MEUR 11.5.



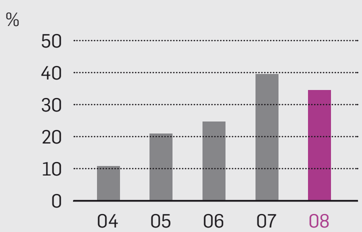

## Equity ratio

Equity ratio remained good.




## Return on investment

The weakening results of the end of the year also affected the return on investment.



**Outlook for 2009:**

- Alma Media expects its comparable net sales and operating profit to decline from the 2008 figures due to a decrease in media advertising.

**Consolidated net sales and result 2008**

Alma Media Group's net sales in 2008 totalled MEUR 341.2 (328.9). Favorably developed media sales in newspapers and online services, with the exception of the last few months of the year, were the main factor in increasing net sales. Online net sales grew by 24.6% during the year, being MEUR 44.7 (35.9). Online sales accounted for 13.1% (10.9%) of consolidated net sales.

The consolidated operating profit declined from the previous year to MEUR 48.3 (64.4). The operating margin was 14.2% (19.6%). The operating profit for 2008 includes a one-time capital gain of MEUR 0.6 from the sale of property. The operating profit for the comparison period included capital gains totalling MEUR 11.5.

Operating profit for the financial period, excluding one-time items, was MEUR 47.7 (52.9). Operating margin excluding one-time items was 14.0% (16.1%).

Profit before taxes for the financial period was MEUR 52.4 (68.0), including one-time items totalling MEUR 2.5 (11.5). The one-time items consist of capital gains from sales of property and the shares of AP-Paino Oy.

The increase in consolidated net sales was in line with the management's forecasts earlier in the year. Comparable operating profit fell short of the original estimate. In November, the company issued a profit warning due to the unexpectedly rapid change in the media sales market. The slowdown in the growth of media sales, which eventually turned into negative sales, as well as the investments in the development of the online business brought the operating profit below the previous year's level.

**Group structure and changes in Group structure in 2008**

A more detailed list of the Group's subsidiaries is given in Note 16 and of associated companies in Note 17. The Group has branch offices connected to the Mascus business in Sweden and England.

Alma Media purchased the entire stock of Jadecon Oy on February 20, 2008. The purchased company's business includes the online TV listing service Telkku.com. In addition, the corporation acquired the entire stock of Vuodatus.net Oy on October 1, 2008. Both of these companies are reported under the Newspapers segment as part of Iltalehti.

Suomen Paikallissanomat Oy acquired the business of Rannikkoseudun Sanomat, publisher of the Rannikkoseutu newspaper, on September 1, 2008, as well as the business of Janakkalan Sanomat, a local newspaper, on December 31, 2008. The local newspaper Kurun Sanomat was sold on December 31, 2008.

Internal structural changes were implemented through the following mergers: Alma Media Palvelut Oy, subsidiary of Alma Media Corporation, was merged with Alma Media Corporation on November 30, 2008. The subsidiaries Kainuun Sanomat Oy and Pohjolan Sanomat Oy merged with Lapin Kansa Oy on October 31, 2008, and the company name was changed into Pohjois-Suomen Media Oy.

**Prospects for 2009**

Uncertainty in the Finnish media market is exceptionally high at the start of the year 2009.

Alma Media forecasts a drop in the single-copy sales of afternoon papers in line with the developments in 2008. The circulation of Kauppalehti is expected to stay at the 2008 level. No major changes are estimated in the circulations of regional and local papers. Alma Media expects the newspaper advertising market to decline in 2009 as well as slower growth for online advertising. The steep drop in the advertising market that began at the end of 2008 has continued during January–February.

Alma Media expects a decrease in its comparable net sales and operating profit from the figures in 2008 due to the decline in media advertising.

**Market conditions**

The growth of the Finnish national economy stopped at the end of 2008. According to economic forecasts, the Finnish national economy will shrink during the spring of 2009. The gross national product is forecasted to decline by 0.8–3,7% during 2009.

According to data collected by TNS Media Intelligence, the total media advertising spending in Finland in 2008 was MEUR 1,203, down 0.1%. Of the total spending, newspapers accounted for 45.8% (spending decreased 2.8% from the previous year) and television for 17.8% (spending increased by 2.3%). The share of online advertising grew to 10.1%, but the growth in its market share was largely attributable to the changes in the research methods. Comparable growth for online advertising was 22.2% in 2008.

During the last quarter, total advertising declined by 5.8%, according to TNS Media Intelligence. In December 2008, media advertising decreased 13.0% compared to the previous year. Newspaper advertising declined 7.5% in the last quarter and 15.4% in December. Online advertising grew by 15.1% in the last quarter and 3% in December.

**Newspapers**

The Newspapers segment reports the publishing activities of 35 newspapers. The largest of these are Aamulehti and

Iltalehti.

The Newspapers segment's net sales in 2008 increased 2.7% from the previous year to MEUR 236.7. During the year, the quarterly growth rates of the newspapers' net sales experienced significant fluctuation. The media sales of the Alma Media newspapers increased more than market growth in 2008. As expected, the municipal elections in October refreshed advertising sales. In November–December, the media sales of most newspapers started to decline. Especially Aamulehti and Iltalehti, whose media sales had developed well in the earlier months of the year, suffered from the decline towards the end of the year. The development of advertising sales in the online media was particularly favourable in Satakunnan Kansa and Iltalehti. The share of Iltalehti.fi in the entire media sales of Iltalehti rose to about one-third.

Circulation net sales for the newspapers grew, thanks to price increases. For regional and local newspapers, circulation development continued neutral or slightly declining. The circulation of Iltalehti decreased 6%, while the entire afternoon paper market dropped by 8.2%. Iltalehti increased its market share by half a percentage point to 42.9%.

The regional and local newspapers of Alma Media gradually deployed a common online service platform before the municipal elections in the autumn. At the end of the year, Iltalehti's online service Iltalehti.fi was Finland's largest online medium with its approximately 1.6 million unique visitors a week.

The full-year operating profit for the Newspapers segment declined to MEUR 41.5 (42.8).

**Kauppalehti Group**

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

The net sales of the Kauppalehti Group grew by 4.8% in 2008 to MEUR 73.5. The growth was fuelled in particular by Kauppalehti's exceptional success: its circulation sales increased 9% during the year. Media sales for Kauppalehti increased 15%. The general market conditions also slowed down the growth of Kauppalehti's media sales towards the end of the year. Net sales of Kauppalehti's online services retained a good growth rate throughout the year. Kauppalehti's largest subsidiary, Lehdentekijät Oy, faced tight competition throughout the year.

Kauppalehti's circulation reached the record level of 86,577 copies in the circulation audit performed in August 2008. The number of visitors to Kauppalehti.fi grew by approximately 200,000 during the year, finishing at more than 500,000.

The full-year operating profit of the Kauppalehti Group improved by MEUR 2.1 to MEUR 9.7.

**Marketplaces**

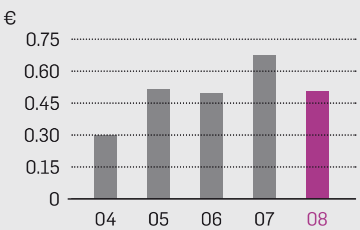
The Marketplaces segment reports Alma Media's classified services, which are produced on the internet and supported by printed products. The services in Finland are Etuovi.com, Monster.fi, Autotalli.com, Mascus.fi and Mikko.fi. The services outside Finland are City24, Motors24, Mascus and Bovision.

With its decision of October 16, 2008, the District Court of Helsinki dismissed all claims against Alma Media's use of the Etuovi.com trademark. Among other things, the district court decision confirmed Alma Media's right to use the trademark "ETUOVI.COM" for online home and real estate business and a special newspaper focusing on real estate sales. The case will continue in the Court of Appeal of Helsinki.

Net sales for Marketplaces grew 11.2% in 2008. In

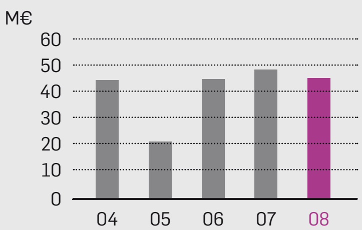
**Earnings per share**

Earnings per share fell short of the record level in 2007, being EUR 0.51.



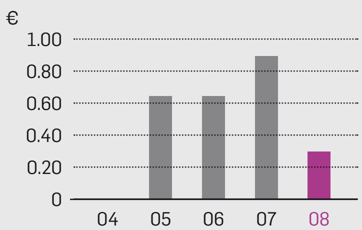

**Cash flow after investing activities**

The lower financial result weakened the cash flow.




**Dividend per share**

In addition to dividends of EUR 0.30 per share, the Board of Directors proposes that it is authorised to decide upon a possible additional dividend (max. EUR 0.20 per share).



January–September, net sales grew by more than 17%. The slowdown in the growth of home advertising that began in Finland and the Baltic countries in early autumn, as well as the sharp drop in recruitment advertising in Finland from November turned the growth trend downward during the last quarter of the year.

The full-year operating profit for Marketplaces declined from MEUR 5.3 to MEUR 2.0.

**Associated companies**

Alma Media Group holds a 29.9% stake in Talentum Oyj, reported under the Kauppalehti Group. Talentum's own shares in possession of Talentum are here included in the total number of shares. In the consolidated financial statements of Alma Media, the ownership in Talentum is combined in a way that does not take Talentum's own shares into account in the total number of shares. The figure used in Alma Media's consolidated financial statements of December 31, 2008 is 30.3%.

Alma Media Group divested its holding in AP-Paino Oy in December 2008. The sale brought a profit of MEUR 1.8.

**Balance sheet and financial position**

The consolidated balance sheet at the end of December 2008 stood at MEUR 166.9 (181.3). The equity ratio at the end of December was 57.2% (69.8%) and equity per share was EUR 1.18 (1.58).

The consolidated cash flow before financing was MEUR 45.8 (49.0). At the end of December the net debt totalled MEUR 5.8 (-17.9).

Alma Media Group has a current MEUR 100 commercial paper programme in Finland. In March, the corporation issued papers to the total amount of MEUR 35. The unused part of the programme was MEUR 87.0 on December 31, 2008.

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.

**Research and development costs**

Research and development costs in 2008 amounted to MEUR 2.7 (3.7). Of this total, MEUR 2.3 (2.8) were capitalised and MEUR 0.3 (0.8) expensed. Most of the R&D development projects pertained to the development of online business.

**Capital expenditure**

Gross capital expenditure in 2008 totalled MEUR 14.5 (12.1), consisting mainly of acquisitions of business operations and development projects for online media. The rest of the capital expenditure was related to normal operational and maintenance investments.

**Events after financial period**

Lehdentekijät Oy, part of Alma Media Group, has begun statutory personnel negotiations affecting all employees in January 2009. The subject of the negotiations is the plan to reorganise the company's operations and to clarify its cost structure. The planned changes would lead to the reduction of maximum nine employees.

The publishing company Iltalehti Oy, part of Alma Media Group, has started statutory personnel negotiations concerning all employees. The planned objective for the negotiations is the extensive reorganisation of operations. The purpose of the negotiations is to examine the future of the various services within Iltalehti and to identify measures that take the changes in media consumption into account. The maximum need for resource reductions is planned to be 30 person years. The objective for the negotiations is to find ways to implement the reduction without lay-offs.

Oy Herttaässä Ab, a shareholder of Alma Media Corporation, has in a letter dated December 18, 2008 and received by the Board of Directors on December 21, 2008 presented a request to convene an extraordinary general meeting of shareholders to consider and decide on the composition of the Board of Directors, repurchasing the company's own shares and company restructuring. On January 18, 2009 the Board of Directors of Alma Media Corporation decided to convene an ordinary general meeting of shareholders, the notice of which also includes the proposals by the shareholder Oy Herttaässä Ab. The ordinary general meeting will be arranged on March 11, 2009.

**Administration**

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

At its constitutive meeting held after the annual general meeting, the Board elected Kari Stadigh its chairman and Matti Kavetvuo its deputy chairman. The Board also elected the members of its committees. Kai Seikku, Erkki Solja and Harri Suutari were elected members of the Audit Committee. According to the charter of the Board of Directors, Kari Stadigh, chairman of the Board, and Matti Kavetvuo, deputy chairman of the Board, will continue as members of the Nomination and Compensation Committee. Ahti Vilppula resigned from the Board of Directors on June 6, 2008.

The Annual General Meeting appointed Ernst & Young Oy as the company's auditors.

As stated in the notice to the annual general meeting dated January 18, 2009, the Board of Directors proposes that the number of board members would be eight and that Ms Catharina Stackelberg-Hammarén, CEO, and Mr Seppo Paatelainen, be elected new members in addition to the present members of the Board.

Mr Mikko Korttila, General Counsel of Alma Media Corporation, was appointed member of the Group Executive Team from June 1, 2008.

Mr Tuomas Itkonen started as Chief Financial Officer of Alma Media Corporation and a member of the Group Executive Team on October 1, 2008.

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 purpose of Alma Media Group's risk management activities is to continuously evaluate and manage all opportunities, threats and risks in conjunction with the company's operations to enable the company to reach its set objectives and to secure business continuity.

The risk management process identifies the risks, develops appropriate risk management methods and regularly reports on risk issues to the risk management organisation. Risk management is part of Alma Media's internal control function and thereby part of good corporate governance. Written limits and processing methods are set for quantitative and qualitative risks by the corporate risk management system.

The most important strategic risks for Alma Media are a significant drop in the readership of its newspapers and a decline in media sales. Fluctuating economic cycles are reflected on the development of media sales, which accounts for approximately half of the Group’s net sales. Developing businesses outside Finland, such as in the Baltic countries and other East European countries, include country-specific risks related to the development of the market and economic growth.

In the long term, the media business will undergo changes along with the shift in media consumption and technological developments. Alma Media’s strategic objective is to meet this challenge through renewal and the development of new business operations, particularly in online media.

The most important operational risks are disturbances in information technology systems and telecommunication, and an interruption of printing operations.

**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; the consumption of this was about 36,000 tonnes in 2008. The company used 18,838 MWh of electricity in 2008 (20,632 Mwh in 2007). The carbon dioxide emissions from printing and distribution arise mainly from traffic.

**Personnel**

During 2008, the average number of Alma Media employees, calculated as full-time employees (excluding distributors), was 1,981 (1,971). The average number of distribution staff totalled 968 (962). During the year, the number of personnel grew proportionately most at Marketplaces.

**The Alma Media Share**

During January-December 2008, a total of 65.8 million Alma Media shares were traded on the NASDAQ OMX Helsinki Stock Exchange, representing 88.2% of the total number of shares. The closing price for the share on December 31, 2008 was EUR 4.95. During the year the lowest price paid for the share was EUR 4.38 and the highest EUR 11.70. The company's market capitalization at the end of December was MEUR 369.3.

In March 2008 Alma Media paid a dividend of EUR 0.90 a share, in total MEUR 67.2.

The company does not own any of its own shares and does not have a current authorisation 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 23.

More details about the company’s ownership structure and the main shareholders on 31 December 2008 are given in Note 37.

**Option rights**

The Annual General Meeting on March 8, 2006, disapplying the pre-emptive subscription right of the shareholders, approved a three-stage option programme (option rights 2006A, 2006B and 2006C) as an incentive and commitment system for the managements of Alma Media Corporation and its subsidiaries. Altogether 1,920,000 stock options may be granted in three lots of 640,000 each, and these may be exercised to subscribe for a maximum of 1,920,000 Alma Media shares.

So far 515,000 of the 2006A options have been issued to corporate management. Altogether 75,000 of the 2006A options have been returned to the company owing to the termination of employment contracts. After the returned options, corporate management possesses a total of 440,000 2006A options. In 2007 and 2008, the Alma Media's Board of Directors decided to annul the 200,000 2006A option rights in the company's possession. The options in the 2006A programme are traded in Nasdaq OMX Helsinki Stock Exchange since April 10, 2008.

The Board of Directors of Alma Media Corporation decided in 2007 to issue 515,000 options under the 2006B programme to corporate management. A total of 40,000 2006B options have been returned to the company and are now in possession of the company. The corporate management possesses 475,000 B options. In 2008, the Board decided to annul 125,000 2006B options.

The Board of Directors of Alma Media Corporation decided in 2008 to issue 520,000 options under the 2006C programme to corporate management. A total of 40,000 2006C options have been returned to the company and are now in possession of the company. The corporate management possesses 480,000 2006C options.

If all the subscription rights are exercised, this programme will dilute the holdings of the earlier shareholders by 2.1%.

The share subscription periods and prices under the scheme are:

- 2006A: April 1, 2008–April 30, 2010, average trade-weighted price April 1–May 31, 2006
- 2006B: April 1, 2009–April 30, 2011, average trade-weighted price April 1–May 31, 2007
- 2006C: April 1, 2010–April 30, 2012, average trade-weighted price April 1–May 31, 2008

The subscription price of shares that may be subscribed under these stock option rights will be reduced by the amount of dividends and capital repayments decided after the start of the period determining the subscription price and before the subscription of shares, on the settlement date for each dividend payment or capital repayment. The share subscription price under the 2006A option was EUR 5.58 per share, the subscription price under the 2006B option was EUR 8.95 and the subscription price under the 2006C option was EUR 9.06 correspondingly.

The Board of Directors has no other current authorisations to raise convertible loans and/or to raise the share capital through a new 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 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 will propose to the Annual General Meeting on March 11, 2009 that a dividend of EUR 0.30 (0.90) per share be paid for the 2008 financial year. Dividends are paid to shareholders who are entered in Alma Media Corporation's shareholder register maintained by the Finnish Central Securities Depository no later than the record date, March 16, 2009. The payment date is March 25, 2009. On December 31, 2008, the Group's parent company had distributable funds of altogether EUR 50,107,510. In addition, the Board of Directors proposes that, in accordance with Chapter 13, Section 6, Paragraph 2 of the Finnish Companies Act, the Annual General Meeting authorise the Board to decide upon the distribution of additional dividend on the following conditions:

- according to the authorisation, the Board may decide upon distributing additional dividend in a manner that limits the amount of additional dividend distributed on the basis of the authorisation to a maximum of EUR 0.20 per share
- the additional dividend may be distributed in one lot or in several proportions
- the total dividend for the 2008 financial year based on the authorisation may be no more than EUR 0.50 per share
- it is proposed that the authorisation include a right to the Board of Directors to decide upon all other conditions pertaining to the distribution of the dividend
- it is proposed that the authorisation be valid until the next ordinary annual general meeting of shareholders.

ALMA MEDIA CORPORATION
Board of Directors and CEO

# Key figures

Key figures are calculated applying IFRS recognition and measurement principles.

| | | IFRS 2008 | % | IFRS 2007 | % | IFRS 2006 | % | IFRS 2005 | % | IFRS 2004 | % |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Key figures** | | | | | | | | | | | |
| Net sales | M€ | **341.2** | | 328.9 | | 301.9 | | 348.5 | | 465.7 | |
| Net sales, continuing operations | M€ | **341.2** | | 328.9 | | 301.9 | | 285.9 | | 283.4 | |
| Operating income | M€ | **48.3** | **14.2** | 64.4 | 19.6 | 49.1 | 16.3 | 370.6 | 106.3 | 52.1 | 11.2 |
| Operating income, continuing operations | M€ | **48.3** | **14.2** | 64.4 | 19.6 | 49.1 | 16.3 | 42.3 | 14.8 | 37.0 | 13.1 |
| Operating. income before extraordinary items | M€ | **52.4** | **15.4** | 68.0 | 20.7 | 49.9 | 16.5 | 376.3 | 108.0 | 43.9 | 9.4 |
| Income before tax | M€ | **52.4** | **15.4** | 68.0 | 20.7 | 49.9 | 16.5 | 376.3 | 108.0 | 43.9 | 9.4 |
| Net income for the period | M€ | **39.0** | **11.4** | 51.2 | 15.6 | 37.3 | 12.4 | 364.9 | 104.7 | 30.1 | 6.5 |
| Net income, continuing operations | M€ | **39.0** | **11.4** | 51.2 | 15.6 | 37.3 | 12.4 | 39.0 | 13.6 | 21.4 | 7.6 |
| Return on shareholders' equity (ROE) | % | **37.7** | | 43.8 | | 30.9 | | 265.8 | | 19.8 | |
| ROE, continuing operations | % | **37.7** | | 43.8 | | 30.9 | | 28.4 | | 14.1 | |
| Return on investment (ROI) ****) | % | **34.8** | | 39.9 | | 24.9 | | 172.3 | | 15.2 | |
| ROI, continuing operations ****) | % | **34.8** | | 39.9 | | 24.9 | | 21.2 | *) | 10.9 | |
| Equity ratio | % | **57.2** | | 69.8 | | 61.3 | | 54.5 | | 43.1 | |
| Gross capital expenditure | M€ | **14.5** | **4.2** | 12.1 | 3.7 | 19.6 | 6.5 | 22.4 | 6.4 | 14.1 | 3.0 |
| Research and development costs | M€ | **2.7** | **0.8** | 3.7 | 1.1 | 1.7 | 0.6 | 3.1 | 0.9 | 3.0 | 0.6 |
| Average personnel, excluding delivery staff | | **1,981** | | 1,971 | | 1,901 | | 2,239 | | 2,312 | |
| Average personnel, excluding delivery staff, continuing operations | | **1,981** | | 1,971 | | 1,901 | | 1,807 | | 1,796 | |
| Delivery staff, total number | | **968** | | 962 | | 857 | | 900 | | 947 | |
| **Per share data** | | | | | | | | | | | |
| Earnings per share | € | **0.51** | | 0.68 | | 0.50 | | 4.89 | | 0.41 | |
| Earnings per share, continuing operations | € | **0.51** | | 0.68 | | 0.50 | | 0.52 | | 0.30 | |
| Shareholders' equity per share | € | **1.18** | | 1.58 | | 1.54 | | 1.69 | | 1.96 | |
| Dividend per share | € | **0.30** | | 0.90 | | 0.65 | | 0.65 | **) | 0 | |
| Payout ratio | % | **58.3** | | 132.9 | | 131.1 | | 13.3 | **) | 0 | |
| Effective dividend yield | % | **6.1** | | 7.7 | | 7.0 | | 8.5 | **) | | |
| P/E ratio | | **9.6** | | 17.2 | | 18.8 | | 1.6 | | | |
| P/E ratio, continuing operations | | **9.6** | | 17.2 | | 18.8 | | 14.8 | | | |
| Share prices | | | | | | | | | | | |
| Highest **) | € | **11.70** | | 12.43 | | 9.95 | | 7.75 | | | |
| Lowest **) | € | **4.38** | | 8.93 | | 6.90 | | 6.55 | | | |
| On Dec 31 | € | **4.95** | | 11.67 | | 9.25 | | 7.68 | | | |
| Market capitalization Dec 31 | M€ | **369.3** | | 870.7 | | 690.2 | | 573.0 | | 715.5 | |
| Turnover of shares, total ***) | 1,000 | **65,800** | | 62,102 | | 47,600 | | 10,100 | | | |
| Relative turnover of shares, total ***) | % | **88.2** | | 83.2 | | 63.8 | | 13.5 | | 32.9 | |
| Adjusted average number of shares, total | 1,000 | **74,613** | | 74,613 | | 74,613 | | 74,474 | | 71,876 | |
| Adjusted number of shares on Dec 31, total | 1,000 | **74,613** | | 74,613 | | 74,613 | | 74,613 | | 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 in year 2004 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 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 year 2004 have not been changed and are not shown for the comparative periods since comparability cannot be achieved.

*) 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.

****) The calculation method of the return on investment (ROI) has been changed. Net income for the period has been used in numerator instead of income before taxes. The accounting principle change will be applied in prior periods and key figures for comparable periods has been adjusted according to new rule.

# Consolidated income statement

| Finacial year ended December 31, M€ | Note | 2008 | 2007 |
|---|---|---|---|
| **Net sales** | 1, 3 | **341.2** | 328.9 |
| | | | |
| Other operating income | 4 | **1.7** | 13.0 |
| Change in inventories of finished goods and work in progress | 19 | **0.0** | -0.2 |
| Materials and services | 5 | **-102.0** | -99.1 |
| Expenses arising from employee benefits | 7 | **-119.0** | -111.7 |
| Depreciation, amortization and impairment charges | 14, 15 | **-8.8** | -9.8 |
| Other operating expenses | 8, 9 | **-64.9** | -56.8 |
| **Operating income** | 1 | **48.3** | 64.4 |
| | | | |
| Financial income | 10 | **1.2** | 1.2 |
| Financial expenses | 10 | **-1.6** | -1.1 |
| Share of results in associated companies | 17 | **4.5** | 3.5 |
| **Income before tax** | | **52.4** | 68.0 |
| | | | |
| Income tax | 11 | **-13.4** | -16.8 |
| **Net income for the period** | | **39.0** | 51.2 |
| | | | |
| **Distribution** | | | |
| To the parent company shareholders | | **38.4** | 50.5 |
| Minority interest | | **0.6** | 0.6 |
| | | | |
| **EPS (EUR) calculated from net income belonging to the parent company shareholders** | | | |
| | | | |
| Earning per share, basic | 13 | **0.51** | 0.68 |
| Earning per share, diluted | 13 | **0.51** | 0.68 |

# Consolidated balance sheet

| December 31, M€ | Note | 2008 | 2007 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Goodwill | 14 | **33.0** | 29.7 |
| Intangible assets | 14 | **12.3** | 10.2 |
| Property, plant and equipment | 15 | **35.2** | 38.4 |
| Investments in associated companies | 17 | **31.6** | 34.1 |
| Other financial assets | 18 | **4.2** | 4.0 |
| Deferred tax assets | 25 | **1.3** | 1.0 |
| | | **117.6** | 117.6 |
| **Current assets** | | | |
| Inventories | 19 | **1.5** | 1.4 |
| Tax receivables | | **4.0** | 0.0 |
| Accounts receivable and other receivables | 20 | **27.5** | 29.9 |
| Other short-term financial assets | 21 | **2.9** | 3.0 |
| Cash and cash equivalents | 22 | **13.3** | 24.8 |
| | | **49.3** | 59.1 |
| **Non-current assets available for sale** | 12 | **0.0** | 4.7 |
| **Assets, total** | | **166.9** | 181.3 |
| **Shareholders' equity and liabilities** | | | |
| Share capital | | **44.8** | 44.8 |
| Share premium fund | | **2.8** | 2.8 |
| Cumulative translation adjustment | | **-0.8** | 0.0 |
| Retained earnings | | **41.1** | 70.0 |
| **Parent company shareholders's equity** | 23 | **87.9** | 117.7 |
| Minority interest | | **0.6** | 0.6 |
| **Shareholders' equity, total** | | **88.5** | 118.3 |
| **Long-term liabilities** | | | |
| Interest-bearing liabilities | 28 | **3.9** | 4.6 |
| Deferred tax liabilities | 25 | **2.5** | 1.8 |
| Pension liabilities | 26 | **3.7** | 3.7 |
| Provisions | 27 | **0.1** | 0.1 |
| Other long-term liabilities | | **0.5** | 0.9 |
| | | **10.8** | 11.1 |
| **Current liabilities** | | | |
| Interest-bearing liabilities | 28 | **15.2** | 2.2 |
| Advances received | | **12.3** | 12.0 |
| Tax liabilities | | **1.3** | 1.1 |
| Provisions | 27 | **1.0** | 0.3 |
| Accounts payable and other liabilities | 31 | **37.9** | 36.4 |
| | | **67.6** | 52.0 |
| **Liabilities, total** | | **78.4** | 63.0 |
| **Shareholders' equity and liabilities, total** | | **166.9** | 181.3 |

# Consolidated cash flow statement

| Finacial year ended December 31, M€ | Note | 2008 | 2007 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Net income for the period | | **39.0** | 51.2 |
| Adjustments | | **17.5** | 8.8 |
| Change in working capital | | **4.0** | 3.4 |
| Dividend received | | **4.5** | 3.2 |
| Interest received | | **0.9** | 1.1 |
| Interest paid | | **-1.6** | -1.1 |
| Taxes paid | | **-17.5** | -14.1 |
| **Net cash provided by operating activities** | | **46.9** | 52.5 |
| | | | |
| **Cash flow from investing activities** | | | |
| Investments in tangible and intangible assets | | **-4.2** | -5.6 |
| Proceeds from disposal of tangible and intangible assets | | **1.0** | 1.5 |
| Other investments | | **-1.2** | -1.0 |
| Proceeds from disposal of other investments | | **0.8** | 3.4 |
| Acquisistion of group companies | 2 | **-4.0** | -0.3 |
| Acquisition and sales of associated company | 17 | **6.5** | -1.5 |
| **Net cash used in investing activities** | | **-1.0** | -3.5 |
| | | | |
| **Cash flow before financing activities** | | **45.8** | 49.0 |
| | | | |
| **Cash flow from financing activities** | | | |
| Short-term loans raised | | **35.0** | 2.0 |
| Short-term loans, repayments | | **-24.3** | -5.2 |
| Increase (-) or decrease (+) in interest-bearing receivables | 21 | **0.0** | -0.5 |
| Dividends paid and capital repayment | 23 | **-67.8** | -48.8 |
| **Net cash used in financing activities** | | **-57.1** | -52.5 |
| | | | |
| **Change in cash funds (increase + / decrease -)** | | **-11.2** | -3.4 |
| | | | |
| Cash and cash equivalents at start of period | 22 | **24.8** | 28.2 |
| Impact of changes in foreign exchange rates | | **-0.2** | -0.1 |
| Cash and cash equivalents at close of period | 22 | **13.3** | 24.8 |

Further detaild of consolidated cash flow statement presented on page 52 →

## Further details for statement of cash flow

| Finacial year ended December 31, M€ | Note | 2008 | 2007 |
|---|---|---|---|
| Cash flow from operating activities | | | |
| | | | |
| Adjustments | | | |
| Depreciation, amortization and impairment charges | 14, 15 | **8.8** | 9.8 |
| Share of results in associated companies | 17 | **-4.5** | -3.5 |
| Capital gains (losses) on sale of fixed assets and other investments | | **-1.4** | -12.3 |
| Financial income and expenses | 10 | **0.4** | -0.1 |
| Taxes | 11 | **13.4** | 16.8 |
| Change in provisions | 27 | **0.7** | -1.9 |
| Other adjustments | | **0.1** | 0.0 |
| | | **17.5** | 8.8 |
| Change in working capital | | | |
| Change in accounts receivable | | **2.4** | -0.7 |
| Change in inventories | | **-0.1** | 0.4 |
| Change in accounts payable | | **1.8** | 3.7 |
| | | **4.0** | 3.4 |
| | | | |
| Cash flow from investing activities | | | |
| | | | |
| Investments financed through finance leases | | **-4.2** | -4.0 |
| Gross capital expenditure, payment-based *) | | **-9.4** | -8.4 |
| Investments, total | | **-13.5** | -12.4 |

*) 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€ | Note | Share capital | Share premium fund | Translation differences | Retained earnings | Total | Minority interest | Equity total |
|---|---|---|---|---|---|---|---|---|
| | | Share of equity belonging to parent company owners | | | | | | |
| **Shareholders' equity at December 31 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 at December 31 2007 (IFRS)** | 23 | 44.8 | 2.8 | 0.0 | 70.0 | 117.7 | 0.6 | 118.3 |
| Change in translation differences | | | | -0.8 | | -0.8 | | -0.8 |
| Share of items recognized directly in associated company's equity | | | | | -0.9 | -0.9 | | -0.9 |
| Income/expenses recognized directly in equity | | | | -0.8 | -0.9 | -1.8 | | -1.8 |
| Net income for the period | | | | | 38.4 | 38.4 | 0.6 | 39.0 |
| Income and expenses for the period, total | | | | -0.8 | 37.4 | 36.6 | 0.6 | 37.2 |
| Share-based payments | | | | | 0.8 | 0.8 | | 0.8 |
| Dividend payment by parent company | | | | | -67.2 | -67.2 | | -67.2 |
| Dividend payment by Group company | | | | | | | -0.6 | -0.6 |
| Other change | | | | | -0.1 | -0.1 | 0.1 | 0.0 |
| Other changes affecting equity | | | | | -66.4 | -66.4 | -0.6 | -67.0 |
| **Shareholders' equity at December 31 2008 (IFRS)** | 23 | 44.8 | 2.8 | -0.8 | 41.1 | 87.9 | 0.6 | 88.5 |

# Accounting principles used in the 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, FI-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.

12 February 2009 the Board of Directors has approved the consolidated financial statements for publication. 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.

The figures in financial statements are independently rounded.

### 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 2008. 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 code FI19447574, 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 FI14495809) 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 2008**

The Group has applied the following standards and interpretations from 1 January 2008:

- IAS 39 Financial Instruments: Recognition and Measurement (Amendments)
- IFRS 7 Financial Instruments: Disclosures – Reclassification of Financial Assets (Amendments)

Due to international credit crisis IASB published amendments in October 2008 to allow reclassification of certain financial assets. Reclassification is allowed in given period back from 1 July 2008 and after that in certain exceptional cases. Because group balance sheet does not comprise certain financial instruments mentioned in the amendment standard, the effect of the application of new amendment standard is minor in financial year 2008 and years after.

- IFRIC 11 IFRS 2 – Group and Treasury Share Transactions

Interpretation clarifies the scope of application regarding the equity-settled share-based transactions (IFRS 2) and sets out the requirements to reassess the share-based transactions at the subsidiary level. Based on our initial estimation the interpretation does not have effect in group financial statements.

- IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The interpretation is applied to post-employment defined benefit plans and other long-term defined employee benefits (IAS 19) when minimum funding requirements exist. Interpretation also defines balance sheet recognition of future refunds and reductions in the contributions. Group have defined benefit plans mentioned in the interpretation, but based on the initial estimation the implementation of interpretation do not cause any major effects in group balance sheet.

**Comparability of consolidated financial statements**

The 2008 and 2007 financial years are comparable. The company has no discontinued operations to report in the 2007–2008 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 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. Exchange differences arising on a monetary item that forms part of reporting entity's net investment in the foreign operation shall be recognised in the balance sheet and reclassified from equity to income statement on disposal of the net investment.

**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. In year 2007 and 2008 accounts the Group's long-term receivable from the associated company AP-Paino Oy is shown in the balance sheet under assets available for sale. Alma Media has sold its shares of the company in December 2008. In financial statements 2008 group does not have assets classified under assets available for sale.

**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, among others, 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 2008, 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 costs are entered as an expense in the period in which they arise. Development 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 3–10 years.

**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 the 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.

Group estimates the adequacy of the provisions annually and the amount is adjusted based on actual expenses and changes in estimates.

### 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, 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.

The segment information is based on group management internal reporting in which the valuation of assets and liabilities is based on IFRS- standards. Based on initial estimation Implementation of IFRS 8 on 1 January 2009 will not have impact in reporting segment in the group.

**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 2008 total EUR 45.3 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 financial statements Bulletin will be published. 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 8 Operating Segments: (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 (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 (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.

- IFRS 3 Business Combinations, amendment to standard (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. The standard is still subject to endorsement by the European Union.

- IAS 27 Consolidated and separate financial statements (effective from the financial period starting 1 July 2009 or afterwards).

Revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control such that they will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost such that any remaining interest in the entity is remeasured to fair value and a gain or loss is recognised in profit or loss. Corresponding accounting treatment will be applied also to associated companies and joint venture companies. Based on revised standard losses incurred by the subsidiary can be allocated to non-controlling interest even if the losses exceed the non-controlling equity investment. The standard is still subject to endorsement by the European Union.

- IFRS 2 Share-based Payment – Vesting Conditions and Cancellation (effective from the financial period starting 1 January 2009 or afterwards).

The amendment standard requires that non-vesting conditions to be factored into account in determining the fair value of the equity instruments granted.

- IAS 32 Financial Instruments: Presentation

IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation (effective from the financial period starting 1 January 2009 or afterwards).

The amendment standards require that puttable financial instruments with certain specified features will be classified as equity rather than financial liabilities.

- IFRIC 12 Service Concession Arrangements (effective from 1 January 2008 or the financial periods commencing after that).

Group does not have public-to-private service concession arrangements in financial year 2008 or after. The interpretation is still subject to endorsement by the European Union.

- IFRIC 13 Customer Loyalty Programmes (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.

- IFRIC 15 Agreements for the Construction of Real Estate (effective from 1 July 2009 or the financial period commencing after that date).

The Interpretation instructs which standard is applied for construction revenues and the revenue recognition. The interpretation does not have any effects in group financial statement because group does not operate in construction business. The interpretation is still subject to endorsement by the European Union.

- IFRIC 16 Hedges of Net Investment in Foreign Operation (effective from 1 October 2008 or the financial period commencing after that date).

Interpretation provides guidance in respect of hedges of foreign currency gains and losses on a net investment in the foreign operation. The interpretation is still subject to endorsement by the European Union.

- IFRIC 17 Distributions of Non-cash Assets to Owners (effective from 1 July 2009 or the financial period commencing after that date).

According to the interpretation non-cash dividend should be measured at the fair value. The difference between the dividend paid and the carrying amount of the net assets should be recognized in profit or loss. The interpretation is still subject to endorsement by the European Union.

- IAS 39 Financial Instruments: Recognition and Measurement (effective from 1 July 2008 or the financial period commencing after that date).

Amendment handles the hedging accounting and clarifies the guidance given to the hedging of unilateral risk of hedged item and hedging for inflation risk. The interpretation is still subject to endorsement by the European Union.

- Improvements to IFRS's (effective from 1 January 2009 unless stated otherwise or the financial period commencing after that date).

The improvement to IFRS is an annual process in order to deal with small and non-urgent amendments to IFRS. In the first edition 34 amendments are dealt with. The effects of amendments vary between standards, but group consider the effect to be minor.

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)**

$$\frac{\text{Net income for the period}}{\text{Shareholders' equity + minority interest (average during the year)}} \times 100$$

**Return on investment, % (ROI)**

$$\frac{\text{Net income for the period + interest and other financial expenses}}{\text{Balance sheet total - non-interest-bearing debt (average during the year)}} \times 100$$

**Equity ratio, %**

$$\frac{\text{Shareholders' equity + minority interest}}{\text{Balance sheet total - advances received}} \times 100$$

**Operating income**

Income before tax and financial items

**Basic earnings per share, EUR**

$$\frac{\text{Share of net income belonging to parent company owners}}{\text{Average number of shares adjusted for share issues}}$$

**Diluted adjusted earnings per share, EUR**

$$\frac{\text{Share of net income belonging to parent company owners}}{\text{Diluted average number of shares adjusted for share issues}}$$

**Net gearing, %**

$$\frac{\text{Interest-bearing debt - cash and bank receivables}}{\text{Shareholders' equity + minority interest}} \times 100$$

**Dividend per share**

Dividend per share approved by annual general meeting.
With respect to the most recent year, Board's proposal to the AGM.

**Payout ratio, %**

$$\frac{\text{Dividend/share}}{\text{Share of EPS belonging to parent company shareholders}} \times 100$$

**Effective dividend yield, %**

$$\frac{\text{Dividend / share adjusted for share issues}}{\text{Final quotation at close of period adjusted for share issues}} \times 100$$

**Price/earnings (P/E) ratio**

$$\frac{\text{Closing price at end of period adjusted for share issues}}{\text{Share of EPS belonging to parent company owners}}$$

**Shareholders' equity per share**

$$\frac{\text{Shareholders' equity belonging to parent company owners}}{\text{Number of shares at end of period adjusted for share issues}}$$

**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 Newspapers, Kauppalehti group, Marketplaces, and Other Operations.

The publishing activities of 35 newspapers are reported in the Newspapers segment. 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 2008 ja 2007 by geographical area:

| M€ | 2008 | 2007 |
|---|---|---|
| Finland | **324.0** | 314.8 |
| Rest of EU countries | **16.7** | 14.0 |
| Rest of other countries | **0.6** | 0.2 |
| | **341.2** | 328.9 |

### Net sales

| M€ | News-papers | Kauppalehti group | Market-places | Other | Eliminations | Group |
|---|---|---|---|---|---|---|
| **Financial year 2008** | | | | | | |
| Net sales | | | | | | |
| External net sales | 232.2 | 73.4 | 34.0 | 1.6 | | 341.2 |
| Inter-segment net sales | 4.5 | 0.1 | 0.3 | 13.5 | -18.4 | 0.0 |
| Net sales, total | 236.7 | 73.5 | 34.3 | 15.1 | -18.4 | 341.2 |
| **Financial year 2007** | | | | | | |
| Net sales | | | | | | |
| External net sales | 226.3 | 70.0 | 30.4 | 2.2 | | 328.9 |
| Inter-segment net sales | 4.3 | 0.1 | 0.5 | 12.0 | -16.9 | 0.0 |
| Net sales, total | 230.6 | 70.1 | 30.9 | 14.2 | -16.9 | 328.9 |

### Net income in period

| M€ | News-papers | Kauppalehti group | Market-places | Other | Eliminations | Group |
|---|---|---|---|---|---|---|
| **Financial year 2008** | | | | | | |
| Operating income | 41.5 | 9.7 | 2.0 | -4.9 | | 48.3 |
| Share of results in associated companies | 0.1 | 1.6 | | 2.8 | | 4.5 |
| Non-allocated items | | | | | | |
| Net financial expenses | | | | -0.4 | | -0.4 |
| Income tax | | | | -13.4 | | -13.4 |
| Net income for the period | 41.7 | 11.3 | 2.0 | -16.0 | 0.0 | 39.0 |
| **Financial year 2007** | | | | | | |
| Operating income | 42.8 | 7.6 | 5.3 | 8.7 | | 64.4 |
| Share of results in associated companies | 0.1 | 2.6 | | 0.8 | | 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 | -7.3 | 0.0 | 51.2 |

### Assets and liabilities

| M€ | News-papers | Kauppalehti group | Market-places | Other | Eliminations | Group |
|---|---|---|---|---|---|---|
| **Financial year 2008** | | | | | | |
| Segment assets | 65.9 | 25.2 | 15.2 | 7.7 | | 113.9 |
| Investments in associated companies | 1.7 | 27.0 | | 2.9 | | 31.6 |
| Non-allocated assets | | | | 21.3 | | 21.3 |
| | 67.5 | 52.3 | 15.2 | 31.9 | 0.0 | 166.9 |
| Segment liabilities | 32.7 | 11.8 | 4.2 | 6.8 | | 55.5 |
| Non-allocated liabilities | | | | 22.9 | | 22.9 |
| | 32.7 | 11.8 | 4.2 | 29.7 | 0.0 | 78.4 |
| Total | 34.9 | 40.5 | 11.0 | 2.2 | 0.0 | 88.5 |

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 | Eliminations | Group |
|---|---|---|---|---|---|---|
| **Financial year 2007** | | | | | | |
| Segment assets | 63.1 | 27.4 | 15.4 | 15.6 | | 121.5 |
| Investments in associated companies | 1.7 | 29.0 | | 3.4 | | 34.1 |
| Non-allocated assets | | | | 25.8 | | 25.8 |
| | 64.7 | 56.5 | 15.4 | 44.7 | 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 | 43.9 | 11.5 | 29.5 | 0.0 | 118.3 |

### Other information

| M€ | News-papers | Kauppalehti group | Market-places | Other | Eliminations | Group |
|---|---|---|---|---|---|---|
| **Financial year 2008** | | | | | | |
| Investments | 9.4 | 1.4 | 2.1 | 1.6 | | 14.5 |
| Depreciation | 4.7 | 1.0 | 1.7 | 1.5 | | 8.8 |
| Other expenses not requiring transaction, e.g. depreciation | | 0.6 | | 0.3 | | 0.9 |
| Writedowns | | | 0.2 | | | 0.2 |
| **Financial year 2007** | | | | | | |
| Investments | 6.0 | 1.1 | 2.8 | 2.2 | | 12.1 |
| Depreciation | 4.8 | 1.2 | 1.8 | 2.0 | | 9.8 |
| Other expenses not requiring transaction, e.g. depreciation | | | | 0.1 | | 0.1 |
| Writedowns | 0.1 | | | | | 0.1 |

## 2. Acquired businesses

**Acquired businesses in 2008**

The Group acquired four companies during 2008. These are listed by segment as follows:

| | Business | Acquisition date | Acquired |
|---|---|---|---|
| Newspapers | | | |
| Jadecon Oy | TV-program information service | February 20 2008 | 100% |
| Rannikkoseutu | Publishing rights for town paper Rannikkoseutu | September 1 2008 | 100% |
| Vuodatus.net Oy | Blog service | October 1 2008 | 100% |
| Janakkalan Sanomat | Publishing rights for town paper Janakkalan sanomat | December 31 2008 | 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:

**Newspapers**

| M€ | Book values before integration | Fair values entered in integration |
|---|---|---|
| Property, plant and equipment | | |
| Intangible assets | 0.0 | 0.2 |
| Intangible assets, trademarks | | 1.0 |
| Intangible assets, customer agreements | | 0.9 |
| Accounts receivable and other receivables | 0.2 | 0.2 |
| Cash and cash equivalents | 0.1 | 0.1 |
| Assets, total | 0.3 | 2.4 |
| | | |
| Deferred tax liabilities | | 0.6 |
| Accounts payable and other payables | 0.1 | 0.1 |
| Liabilities, total | 0.1 | 0.6 |
| | | |
| Net assets | 0.2 | 1.8 |
| Goodwill arising from acquisition | | 4.0 |
| Acquisition price (paid in cash) | | 5.8 |
| Cash and cash equivalents of acquired subsidiaries or businesses | | 0.1 |
| Impact on cash flow | | 5.7 |

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€ 4.0. 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€ 0.6 from the acquisition date. Net sales would have been an estimated M€ 342.4 and the operating profit M€ 48.6, assuming the acquisitions had taken place at the beginning of 2008.

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.

**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 17, holdings in associated companies.

## 3. Net sales

| M€ | 2008 | 2007 |
|---|---|---|
| Distribution of net sales between goods and services | | |
| Sales of goods | **134.4** | 133.5 |
| Sales of services | **206.8** | 195.5 |
| Net sales, total | **341.2** | 328.9 |

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€ | 2008 | 2007 |
|---|---|---|
| Gains on sale of property, plant and equipment | **0.7** | 2.8 |
| Gains on sale of intangible assets | **0.8** | 0.4 |
| Other | **0.2** | 9.9 |
| Other operating income, total | **1.7** | 13.0 |
| | | |
| Specification of other major operating income items: | | |
| Gain on disposal of the office building and land of Kainuun Sanomat | **0.6** | |
| 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 |

In year 2007 non-recurring profit for the lease contract rearrangement on an office and printing works building in Tampere consist M€ 6.5 of gains on sale, which were not recognised as a profit in 2001. The rest of non-curring profit, M€ 2.4 consist of the difference between the book value for the lease building and the lease liability.

## 5. Materials and services

| M€ | 2008 | 2007 |
|---|---|---|
| Purchases during period | **20.8** | 21.5 |
| Change in inventories | **-0.1** | 0.2 |
| Materials, goods and supplies | **20.7** | 21.8 |
| External services | **81.3** | 77.3 |
| Total | **102.0** | 99.1 |

## 6. Research and development costs

The Group's research and development costs in 2008 totalled M€ 2.7 (M€ 3.7 in 2007). Of this total, M€ 0.3 (M€ 0.8) was charged to the income statement and M€ 2.3 (M€ 2.8 in 2007) was capitalized to the balance sheet in 2008. There were capitalized research and developments costs M€ 4.7 in the balance sheet at December 31, 2008.

## 7. Expenses arising from employee benefits

| M€ | 2008 | 2007 |
|---|---|---|
| Salaries and fees | **96.2** | 90.9 |
| Pension costs – defined contribution plans | **15.9** | 14.5 |
| Pension costs – defined benefit plans | **0.1** | 0.2 |
| Approved stock options to be settled in shares | **0.8** | 0.6 |
| Other personnel expenses | **6.0** | 5.6 |
| Total | **119.0** | 111.7 |
| | | |
| **Average total workforce, calculated as full-time employees, excluding distribution staff** | | |
| Newspapers | **1,197** | 1,218 |
| Kauppalehti group | **499** | 527 |
| Marketplaces | **216** | 158 |
| Other | **69** | 68 |
| Total | **1,981** | 1,971 |
| | | |
| Additionally, Group's own distribution staff (number of employees) | **968** | 962 |
| | | |
| **Salaries and fees to management** | | |
| Parent company president (Kai Telanne) | | |
| Salaries and other short-term employee benefits | **0.5** | 0.4 |
| Termination benefits | | |
| Post-employment benefits | **0.2** | 0.0 |
| Approved stock options to be settled in shares | **0.1** | 0.1 |
| Total | **0.8** | 0.5 |

The figures in the table are presented as accrual basis. In 2008 the salary and benefits paid to the President and CEO totalled € 455,442 (€ 372,073).

| | | |
|---|---|---|
| **Other members of the Group Executive Team** | | |
| Salaries and other short-term employee benefits | **1.4** | 1.1 |
| Termination benefits | | |
| Post-employment benefits | **0.3** | 0.2 |
| Approved stock options to be settled in shares | **0.3** | 0.2 |
| Total | **2.0** | 1.5 |

The figures in the table are presented as accrual basis. In 2008 the salary and benefits paid to the other members of the Group Executive Team totalled € 1,418,184 (€ 1,103,841).

| | | |
|---|---|---|
| **Other Group presidents (not in Group Executive Team)** | | |
| Salaries and other short-term employee benefits | **1.3** | 1.1 |
| Termination benefits | | |
| Post-employment benefits | **0.0** | 0.0 |
| Approved stock options to be settled in shares | **0.2** | 0.3 |
| Total | **1.5** | 1.4 |

The figures in the table are presented as accrual basis. In 2008 the salary and benefits paid to other Group presidents totalled € 1,325,642 (€ 1,169,542).

| 1,000 € | | 2008 | 2007 |
|---|---|---|---|
| **Board of Directors of Alma Media Corporation and fees paid to its members** | | | |
| Kari Stadigh | Chairman | **48** | 43 |
| Matti Kavetvuo | Deputy chairman | **37** | 33 |
| Lauri Helve | Member | **27** | 26 |
| Erkki Solja | Member | **27** | |
| Kai Seikku | Member | **29** | 26 |
| Harri Suutari | Member | **30** | 30 |
| Ahti Vilppula | Member (until 6 June, 2008) | **21** | 23 |
| Matti Häkkinen | Member (until 12 March, 2008) | **2** | 28 |
| Total | | **221** | 208 |

The figures in the table are presented as accrual basis.

| M€ | 2008 | 2007 |
|---|---|---|
| **Salaries and fees to management, total, M€** | **4.5** | 3.6 |

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 232,392 of the company's shares on 31 December 2008, representing 0.3% 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 220,000 options under the 2006 option A plan, 265,000 options under the 2006B plan and 270,000 options under the 2006C plan on 31 December 2008. These option rights entitle their holders to subscribe for at most 755,000 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 1.3% of the total number of shares and votes.

**The individual holdings of Alma Media shares and option rights are as follows Dec 31, 2008 *)**

| | | Shares | Options A plan | Options B plan | Options C plan |
|---|---|---|---|---|---|
| Kari Stadigh | Chairman | 14,049 | | | |
| Matti Kavetvuo | Deputy chairman | 11,511 | | | |
| Lauri Helve | Member | 42,765 | | | |
| Kari Seikku | Member | 2,525 | | | |
| Erkki Solja | Member | 39,262 | | | |
| Harri Suutari | Member | 83,713 | | | |
| Kai Telanne | President | 4,339 | 80,000 | 80,000 | 80,000 |
| Matti Apunen | Group Executive Team | 4,339 | 25,000 | 25,000 | 25,000 |
| Rauno Heinonen | Group Executive Team | | | 10,000 | 10,000 |
| Tuomas Itkonen | Group Executive Team | | | | |
| Kari Kivelä | Group Executive Team | | 40,000 | 40,000 | 40,000 |
| Mikko Korttila | Group Executive Team | | | 5,000 | 10,000 |
| Juha-Petri Loimovuori | Group Executive Team | 150 | 10,000 | 40,000 | 40,000 |
| Raimo Mäkilä | Group Executive Team | 25,000 | 40,000 | 40,000 | 40,000 |
| Minna Nissinen | Group Executive Team | 4,739 | 25,000 | 25,000 | 25,000 |
| | | 232,392 | 220,000 | 265,000 | 270,000 |

*) Figures include holdings of entities under their control as well as holdings of related parties.

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€ | 2008 | 2007 |
|---|---|---|
| Information technology and telecommunication | **12.8** | 11.9 |
| Business premises | **11.5** | 9.9 |
| Other costs | **40.7** | 35.0 |
| Total | **64.9** | 56.8 |

## 9. Audit expenses

| M€ | 2008 | 2007 |
|---|---|---|
| Ernst Young Oy | | |
| Audit | **0.1** | 0.1 |
| Reporting and opinions | **0.0** | 0.0 |
| Tax consultation | **0.0** | 0.0 |
| Other | **0.1** | 0.0 |
| Total | **0.3** | 0.2 |

## 10. Financial income and expenses

| M€ | 2008 | 2007 |
|---|---|---|
| **Financial income** | | |
| Interest income on investments held to maturity | **0.9** | 1.1 |
| Dividend income on other non-current investments | **0.3** | 0.2 |
| Total | **1.2** | 1.2 |
| | | |
| **Financial expenses** | | |
| Interest costs | | |
| Interest costs from other interest-bearing debt | **-0.9** | 0.0 |
| Interest costs from finance leases | **-0.4** | -1.0 |
| Foreign exchange gains and losses | **-0.2** | -0.1 |
| Muut rahoituskulut | **-0.1** | 0.0 |
| Total | **-1.6** | -1.1 |
| | | |
| **Financial income and expenses, total** | **-0.4** | 0.1 |
| | | |
| Financial income presented by categories as required by IAS 39 | | |
| Interest income on investments held to maturity | **0.9** | 1.1 |
| Dividend income from available-for-sale financial assets | **0.3** | 0.2 |
| Financial income, total | **1.2** | 1.2 |
| | | |
| Financial expenses presented by categories as required by IAS 39 | | |
| Interest costs from interest-bearing debts measured at amortized cost | **-0.9** | 0.0 |
| Interest costs from finance leases measured at amortized cost | **-0.4** | -1.0 |
| Foreign exchange losses (loans and receivables) | **-0.2** | -0.1 |
| Other financial expense | **-0.1** | 0.0 |
| Total | **-1.6** | -1.1 |

## 11. Income tax

| M€ | 2008 | 2007 |
|---|---|---|
| Tax based on taxable income for the period | **13.6** | 13.7 |
| Tax from previous periods | **0.0** | 0.1 |
| Deferred taxes | **-0.1** | 3.1 |
| Total | **13.4** | 16.8 |

**Reconciliation of tax expense in income statement and tax calculated on Finnish tax rate**

The Finnish corporate tax rate in 2008 and 2007 was 26%.

| M€ | 2008 | 2007 |
|---|---|---|
| Income before tax | **52.4** | 68.0 |
| Share of associated companies' result | **-4.5** | -3.5 |
| | **47.9** | 64.5 |
| | | |
| Tax calculated on the parent company's tax rate | **12.5** | 16.8 |
| Impact of varying tax rates of foreign subsidiaries | **0.0** | 0.1 |
| Tax-free income | **-0.4** | -0.1 |
| Non-tax-deductable expenses | **0.6** | 0.2 |
| Items from previous periods | **0.0** | 0.1 |
| Use of previously non-entered deferred tax assets | **-0.1** | -0.1 |
| Non-enterd deferred tax asset of the confirmed tax losses | **0.7** | 0.0 |
| Recognition in balance sheet of previously non-entered deferred tax assets *) | **0.1** | 0.0 |
| Other items | **0.1** | -0.1 |
| Tax shown in the income statement | **13.4** | 16.8 |

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

## 12. Non-current assets available for sale and discontinued operations

In financial year 2007 the non-current loan receivable from group's association company AP-Paino Oy has been shown in non current asset availabe for sale. The group has sold the assets relating to AP-Paino Oy in December 2008 and recognised M€ 1.8 as profit. There is no non-current assets available for sale or discontinued operations in 2008.

## 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€ | 2008 | 2007 |
|---|---|---|
| Parent company owners' income in the period | **38.4** | 50.5 |
| | | |
| Number of shares (1,000) | | |
| Weighted average number of outstanding shares | **74,613** | 74,613 |
| Impact of issued share options calculated as number of shares | **152** | 161 |
| Diluted weighted average number of outstanding shares | **74,764** | 74,773 |
| | | |
| EPS, basic | **0.51** | 0.68 |
| EPS, diluted | **0.51** | 0.68 |

## 14. Intangible assets and goodwill

| M€ | Intangible rights | Other intangible assets | Advance payments | Goodwill | Total |
|---|---|---|---|---|---|
| **Financial year 2007** | | | | | |
| Acquisition cost Jan 1 | 17.3 | 4.0 | 0.5 | 30.4 | 52.1 |
| Increases | 2.3 | 0.1 | 1.2 | | 3.7 |
| Decreases | -1.4 | -1.0 | -0.1 | -0.4 | -2.9 |
| Exchange differences | | | | -0.1 | -0.1 |
| Transfers between items | 0.1 | 0.5 | -0.6 | | 0.0 |
| Acquisition cost Dec 31 | 18.3 | 3.6 | 1.0 | 29.9 | 52.8 |
| | | | | | |
| Acc. depreciation, amortization and impairments Jan 1 | 10.8 | 1.3 | 0.0 | 0.2 | 12.2 |
| Acc. depreciation in decreases and transfers | -1.3 | -1.0 | | | -2.3 |
| Writedowns | 1.7 | 1.1 | | | 2.8 |
| Accumulated depreciation Dec 31 | 11.2 | 1.4 | 0.0 | 0.2 | 12.8 |
| | | | | | |
| Book value Jan 1 | 6.5 | 2.7 | 0.5 | 30.2 | 39.9 |
| Book value Dec 31 | 7.0 | 2.2 | 1.0 | 29.7 | 40.0 |
| | | | | | |
| **Financial year 2008** | | | | | |
| Acquisition cost Jan 1 | 18.3 | 3.6 | 1.0 | 29.9 | 52.8 |
| Increases | 3.0 | | 2.2 | 4.1 | 9.2 |
| Decreases | -3.5 | | | -0.1 | -3.6 |
| Exchange differences | | | | -0.7 | -0.7 |
| Transfers between items | 1.5 | 0.4 | -1.9 | | 0.0 |
| Acquisition cost Dec 31 | 19.2 | 4.0 | 1.3 | 33.2 | 57.7 |
| | | | | | |
| Acc. depreciation, amortization and impairments Jan 1 | 11.2 | 1.4 | 0.0 | 0.2 | 12.8 |
| Acc. depreciation in decreases and transfers | -3.3 | | | | -3.3 |
| Depreciation in period | 2.0 | 0.7 | | | 2.7 |
| Writedowns | 0.1 | | | 0.1 | 0.2 |
| Accumulated depreciation Dec 31 | 10.1 | 2.1 | 0.0 | 0.2 | 12.4 |
| | | | | | |
| Book value Jan 1 | 7.0 | 2.2 | 1.0 | 29.7 | 40.0 |
| Book value Dec 31 | 9.1 | 1.9 | 1.3 | 33.0 | 45.3 |

Intangible assets include assets purchased through finance leases as follows:

| M€ | Intangible rights | Total |
|---|---|---|
| **Financial year 2007** | | |
| Acquisition cost Jan 1 | 1.6 | 1.6 |
| Increases | 0.0 | 0.0 |
| Decreases | -0.8 | -0.8 |
| Acquisition cost Dec 31 | 0.8 | 0.8 |
| | | |
| Accumulated depreciation Jan 1 | 1.1 | 1.1 |
| Accumulated depreciation in decreases | -0.8 | -0.8 |
| Depreciation in period | 0.2 | 0.2 |
| Accumulated depreciation Dec 31 | 0.4 | 0.4 |
| | | |
| Book value Dec 31 | 0,4 | 0,4 |
| | | |
| **Financial year 2008** | | |
| Acquisition cost Jan 1 | 0.8 | 0.8 |
| Increases | 0.0 | 0.0 |
| Decreases | 0.0 | 0.0 |
| Acquisition cost Dec 31 | 0.8 | 0.8 |
| | | |
| Accumulated depreciation Jan 1 | 0.4 | 0.4 |
| Accumulated depreciation in decreases | 0.0 | 0.0 |
| Depreciation in period | 0.2 | 0.2 |
| Accumulated depreciation Dec 31 | 0.6 | 0.6 |
| | | |
| Book value Dec 31 | 0.2 | 0.2 |

**Allocation of intangibles with indefinite lives to cash-generating units**

The book value of intangible assets includes intangible rights totalling M€ 2.3 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€ | 2008 | 2007 |
|---|---|---|
| Iltalehti | **0.8** | 0.0 |
| Suomen Paikallissanomat | **0.2** | 0.0 |
| Newspapers, total | **1.0** | 0.0 |
| | | |
| 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 | **2.3** | 1.3 |

**Allocation of goodwill to cash-generating units**

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

| M€ | 2008 | 2007 |
|---|---|---|
| Aamulehti | **0.0** | 0.0 |
| Iltalehti | **3.1** | 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 | **2.2** | 1.3 |
| Newspapers group, total | **15.2** | 11.2 |
| | | |
| Baltic News Service | **0.8** | 0.8 |
| Kauppalehti | **3.3** | 3.3 |
| Kauppalehti 121 | **5.2** | 5.2 |
| Alma Media Lehdentekijät | **2.9** | 3.1 |
| Kauppalehti group, total | **12.3** | 12.4 |
| | | |
| Homes and business premises | **5.1** | 5.7 |
| Vehicles and heavy machinery | **0.3** | 0.3 |
| Marketplaces, total | **5.3** | 6.0 |
| | | |
| Units allocated an insignificant amount of goodwill | **0.1** | 0.1 |
| | | |
| Goodwill total | **33.0** | 29.7 |

**Impairment testing of goodwill and intangible with indefinite lives**

In financial year 2008 M€ 0.2 impairment loss has been recognised in Marketplace-segment, vehicles and heavy machinery. M€ 0.1 of impairment loss has been allocated to goodwill. No impairment losses were recorded in the financial year 2007.

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. The growth rate assumptions of media sales vary in different market segments and in different product categories. When evaluating the growth the past events has also taken into account.

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.

When estimating the recoverable amount of Alma Media's segments, based on the management's evaluation the possible change of any essential variable, with reasonable estimation, do not cause the situation where the cash generating units' recoverable amount would be under the carrying amount.

In connection with the sensitivity analysis it has been estimated the effects of the increase of discount rate and decrease of media sales to recoverable amount. In case of constant 10% decrease of media sales the valuation risks amounts M€ 4.0 in group's assets, aligned to Marketplace segment. The constant 10% decrease in media sales does not have valuation risk of assets in Newspapers or Kauppalehti group. Based on sensitivity analysis the increase of discount rate does not cause material valuation risk of assets.

## 15. Property, plant and equipment

| M€ | Land and water areas | Buildings and structures | Machinery and equipment | Other tangible assets | Advance payments and purchases in progress | Total |
|---|---|---|---|---|---|---|
| **Financial year 2007** | | | | | | |
| Acquisition cost Jan 1 | 2.4 | 44.1 | 67.6 | 4.7 | 0.2 | 119.0 |
| Increases | 0.0 | 0.2 | 4.6 | 0.2 | 0.5 | 5.5 |
| Decreases | -0.5 | -18.9 | -9.0 | -0.1 | | -28.6 |
| Transfers between items | | 0.2 | | | -0.2 | 0.0 |
| Acquisition cost Dec 31 | 1.9 | 25.6 | 63.2 | 4.8 | 0.5 | 96.0 |
| Accumulated depreciation, amortization and impairments Jan 1 | 0.0 | 21.2 | 43.8 | 2.3 | 0.0 | 67.3 |
| Accumulated depreciation in decreases and transfers | | -7.9 | -8.8 | | | -16.7 |
| Depreciation in period | | 1.2 | 5.3 | 0.4 | | 6.9 |
| Accumulated depreciation, amortization and impairments Dec 31 | 0.0 | 14.5 | 40.3 | 2.7 | 0.0 | 57.5 |
| Book value Jan 1 | 2.4 | 22.9 | 23.7 | 2.4 | 0.2 | 51.7 |
| Book value Dec 31 | 1.9 | 11.0 | 22.9 | 2.1 | 0.5 | 38.4 |
| Book value of machinery and equipment | | | 15.4 | | | |
| **Financial year 2008** | | | | | | |
| Acquisition cost Jan 1 | 1.9 | 25.6 | 63.2 | 4.8 | 0.5 | 96.0 |
| New companies | | 0.2 | 2.2 | 0.1 | 0.5 | 2.9 |
| Increases | -0.2 | -0.5 | -1.7 | -0.3 | | -2.7 |
| Transfers between items | | | 0.9 | 0.1 | -1.0 | 0.0 |
| Acquisition cost Dec 31 | 1.7 | 25.2 | 64.5 | 4.7 | 0.1 | 96.2 |
| Accumulated depreciation, amortization and impairments Jan 1 | 0.0 | 14.5 | 40.3 | 2.7 | 0.0 | 57.5 |
| Accumulated depreciation in decreases and transfers | | -0.5 | -1.7 | -0.2 | | -2.5 |
| Depreciation in period | | 0.6 | 5.0 | 0.3 | | 5.9 |
| Accumulated depreciation, amortization and impairments Dec 31 | 0.0 | 14.6 | 43.6 | 2.8 | 0.0 | 61.1 |
| Book value Jan 1 | 1.9 | 11.0 | 22.9 | 2.1 | 0.5 | 38.4 |
| Book value Dec 31 | 1.7 | 10.6 | 20.9 | 1.8 | 0.1 | 35.2 |
| Book value of machinery and equipment | | | 14.0 | | | |

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

| M€ | Buildings and structures | Machinery and equipment | Total |
|---|---|---|---|
| **Financial year 2007** | | | |
| Acquisition cost Jan 1 | 17.4 | 10.3 | 27.6 |
| Increases | 0.0 | 2.6 | 2.6 |
| Decreases | -17.4 | -2.2 | -19.6 |
| Acquisition cost Dec 31 | 0.0 | 10.7 | 10.7 |
| | | | |
| Accumulated Depreciation Jan 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 |
| Accumulated Depreciation Dec 31 | 0.0 | 4.1 | 4.1 |
| | | | |
| Book value Dec 31 | 0.0 | 6.6 | 6.6 |
| | | | |
| **Financial year 2008** | | | |
| Acquisition cost Jan 1 | 0.0 | 10.7 | 10.7 |
| Increases | 0.0 | 1.5 | 1.5 |
| Decreases | 0.0 | -0.4 | -0.4 |
| Acquisition cost Dec 31 | 0.0 | 11.9 | 11.9 |
| | | | |
| Accumulated Depreciation Jan 1 | 0.0 | 4.1 | 4.1 |
| Accumulated depreciation in decreases | 0.0 | -0.4 | -0.4 |
| Depreciation in period | 0.0 | 2.0 | 2.0 |
| Accumulated Depreciation Dec 31 | 0.0 | 5.7 | 5.7 |
| | | | |
| Book value Dec 31 | 0.0 | 6.1 | 6.1 |

## 16. Subsidiary companies

| Company | Registered office | Holding, % | Share of votes, % |
|---|---|---|---|
| Aamujakelu Oy | Tampere, Finland | 100.00 | 100.00 |
| Alma Media doo | Belgrad, Serbia | 100.00 | 100.00 |
| Alma Media Interactive Oy | Helsinki, Finland | 100.00 | 100.00 |
| Alma Media Interactive Russia Oy | Helsinki, Finland | 97.00 | 97.00 |
| Alma Media Lehdentekijät Oy | Helsinki, Finland | 100.00 | 100.00 |
| Arctic Press Oy | Rovaniemi, Finland | 100.00 | 100.00 |
| AS Autoinfo.ee | Tallinn, Estonia | 95.00 | 95.00 |
| 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 | 99.99 | 99.99 |
| BNS UAB | Vilnius, Lithuania | 99.95 | 99.95 |
| 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 |
| City24 Polska Sp z.o.o. | Warsaw, Poland | 70.00 | 70.00 |
| ETA Uudistetalituse OÜ | Tallinn, Estonia | 100.00 | 100.00 |
| Etuovi Oy | Helsinki, Finland | 100.00 | 100.00 |
| Jadecon Oy | Helsinki, 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 |
| 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 |
| Mediju Monitorings SIA | Riga, Latvia | 100.00 | 100.00 |
| Mediaskopas UAB | Vilnius, Lithuania | 100.00 | 100.00 |
| Monster Oy | Helsinki, Finland | 75.00 | 75.00 |
| Motors24.lv SIA | Riga, Latvia | 100.00 | 100.00 |
| OOO City24 | Moskow, Russia | 100.00 | 100.00 |
| Objektvision AB | Stockholm, Sweden | 100.00 | 100.00 |
| Osakeyhtiö Harjavallan Kustannus | Harjavalta, Finland | 100.00 | 100.00 |
| Pohjois-Suomen Media Oy | Rovaniemi, Finland | 100.00 | 100.00 |
| Porin Sanomat Oy | Pori, Finland | 100.00 | 100.00 |
| Satakunnan Kirjateollisuus Oy | Pori, Finland | 100.00 | 100.00 |
| SIA City24 | Riga, Latvia | 96.80 | 96.80 |
| 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 |
| Vuodatus.net Oy | Helsinki, Finland | 100.00 | 100.00 |

## 17. Holdings in associated and joint venture companies

### Holdings in associated companies

| M€ | 2008 | 2007 |
|---|---|---|
| At start of period | **34.1** | 32.1 |
| Increases | **0.0** | 1.5 |
| Decreases | **0.0** | 0.0 |
| Share of results | **4.5** | 3.4 |
| Share of items recognized directly in associated company's equity | **-0.9** | 0.2 |
| Dividends received | **-4.2** | -3.1 |
| Transfers between items | **-1.8** | 0.0 |
| At end of period | **31.6** | 34.1 |

### Further information on associated companies

Talentum Oyj, included in the book value of associated companies at December 31 2008, is a public listed company. The carrying value of the Talentum Oyj shares in Alma Media's consolidated financial statements at December 31 2008 is M€ 27.0 and its market capitalization was M€ 24.7. The investent is considered as long term and strategic for Alma Media. The investment's value in use exceeds the carrying amount.

During 2007 the Group acquired a 40% holding in Tampereen Ykkösjakelut Oy in 2007. Goodwill arising from associated companies totalled M€ 21.1 (M€ 21.1) at December 31 2008.

| M€ | 2008 | 2007 |
|---|---|---|
| Book value of shares, total | **31.6** | 34.1 |
| Receivables from associated companies | **-** | 4.7 |
| Liabilities to associated companies | **0.1** | 0.1 |
| Summary of associated company totals (100%) | | |
| Aggregate assets of associated companies | **66.6** | 127.7 |
| Aggregate liabilities of associated companies | **33.9** | 94.9 |
| Aggregate net sales of associated companies | **124.2** | 203.4 |
| Aggregate profit/loss of associated companies | **8.4** | 9.2 |

### Associated companies

| | Holding, % | Share of votes, % |
|---|---|---|
| Ahaa Sivunvalmistus Oy | 20.00 | 20.00 |
| Holding Oy Visio | 24.74 | 24.74 |
| Oy Suomen Tietotoimisto – Finska Notisbyrån Ab | 24.07 | 24.07 |
| Talentum Oyj | 29.85 | 29.85 |
| Tampereen Tietoverkko Oy | 34.92 | 34.92 |
| Tampereen Ykkösjakelu Oy | 40.00 | 40.00 |
| Kytöpirtti Oy | 43.20 | 43.20 |
| Nokian Uutistalo Oy | 36.90 | 36.90 |

### Joint Venture Companies

The Group established a joint venture company, Mascus A/S, together with Bil Markedet Aps in Denmark in 2007. The Group 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€ | 2008 | 2007 |
|---|---|---|
| Non-current assets | **3.7** | 3.7 |
| Current assets | **0.1** | 0.1 |
| Long-term liabilities | **0.1** | 0.1 |
| Current liabilities | **0.0** | 0.0 |

| M€ | 2008 | 2007 |
|---|---|---|
| Net sales | **0.1** | 0.0 |
| Operating profit | **0.0** | 0.0 |
| Net income for the period | **0.0** | 0.0 |
| | | |
| Average total workforce in joint venture companies | **1** | 1 |

## 18. Other financial assets

| M€ | Book values 2008 | Fair values 2008 | Book values 2007 | Fair values 2007 |
|---|---|---|---|---|
| Available-for-sale financial assets | **4.1** | **4.1** | 4.0 | 4.0 |
| Loan receivables | **0.1** | **0.1** | 0.0 | 0.0 |
| Total | **4.2** | **4.2** | 4.0 | 4.0 |

## 19. Inventories

| M€ | 2008 | 2007 |
|---|---|---|
| Materials and supplies | **1.5** | 1.4 |
| Total | **1.5** | 1.4 |

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

## 20. Accounts receivable and other receivables

| M€ | 2008 | 2007 |
|---|---|---|
| Accounts receivable | **24.5** | 25.8 |
| | | |
| Receivables from others | | |
| Prepaid expenses and accrued income | **2.2** | 2.6 |
| Other receivables | **0.8** | 1.5 |
| | **3.0** | 4.0 |
| | | |
| Receivables, total | **27.5** | 29.9 |
| | | |
| **The aging analysis of trade receivables is as follows** | | |
| Non-matured receivables and receivables maturing in 1–4 days | **18.7** | 20.0 |
| Maturing in 5–30 days | **3.8** | 4.5 |
| Maturing in 31–120 days | **1.3** | 1.0 |
| Maturing after 120 days | **0.6** | 0.3 |
| Accounts receivable, total | **24.5** | 25.8 |

In financial year 2008 approximately M€ 0.2 impairment loss recognised in accounts receivable. There has not been realized any major bad debts during the years 2008 and 2007.

## 21. Other short-term financial assets

| M€ | 2008 | 2007 |
|---|---|---|
| Investments held to maturity | **2.9** | 3.0 |
| Total | **2.9** | 3.0 |

## 22. Cash and cash equivalents

| M€ | 2008 | 2007 |
|---|---|---|
| Cash and bank accounts | **7.8** | 8.2 |
| Investment certificates (1–3 months) | **5.5** | 16.6 |
| Total | **13.3** | 24.8 |

## 23. Information on shareholders' equity and it's administration

The following describes information of Alma Media shares and changes in 2008.

| | Total number of shares | Share capital, M€ | Share premium fund, M€ |
|---|---|---|---|
| January 1 2008 | 74,612,523 | 44.8 | 2.8 |
| December 31 2008 | 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 from the company, and to 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 2008 or 2007.

**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.

**Asset revaluation fund**

The asset revaluation fund is used to record increases in the fair value of financial assets availabe-for-sale. The group has not recignised any revaluation of assets during the financial year 2008. The financial assets available-for-sale consist of investments of non-listed shares and no reliable fair value is available.

**Distributable funds**

The distributable funds of the Group's parent company on December 31 2008 totalled € 50,107,510.

**Administration of shareholder's equity**

The purpose of administration of shareholder's equity and optimal capital structure is to secure normal business preconditions. Capital structure is affected by dividend distribution. The development of capital structure is followed with gearing and equity ratio key figures. Those key figures are presented in the following in 2008 and 2007.

| M€ | 2008 | 2007 |
|---|---|---|
| Interest-bearing liabilities | **19.1** | 6.8 |
| Cash and cash equivalents | **13.3** | 24.8 |
| Interest-bearing net debt | **5.8** | -17.9 |
| Shareholder's equity | **88.5** | 118.3 |
| Net gearing, % | **6.5** | -15.2 |
| Equity ratio, % | **57.2** | 69.8 |

**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 company shares, either individually or jointly with oither shareholder's, is or exceeds 33 $^1/_3$ per cent or 50 per cent as defined hereinafter is obliged on demand by other shareholder's to redeem such shareholders' shares.

## 24. 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 and 29 April 2008 the company's Board of Directors decided to annul the 200,000 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, by dividend payment in March 2007, i.e. by 0.65 euros per share and by dividend payment in March 2008, i.e. by 0.90 euros per share, to 5.58 per share. The vesting period for the options has ended and the share subscription period began on 1 April 2008. Until December 31 2008 there has not been any subscription of shares.

In March 2007 the Board of Directors decided to issue 515,000 options under the 2006B scheme to Group management. Altogether 40,000 of the 2006B options have been returned to the company owing to the termination of employment contracts. 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 subscription price of the 2006B was reduced by the amount of dividend payment in March 2008, i.e. by 0.90 euros per share, to 8.95 euros per share. On April 29 2008 the company's Board of Directors decided to annul the 125,000 2006B option rights in in the company 's possession.

In March 2008 the Board of Directors decided to issue 520,000 options under the 2006C scheme to Group management. The share subscription price under the 2006C option, 9.06 euros per share was determined by the trade weighted average share price in public trading between 1 April and 31 May 2008. Altogether 40,000 of the 2006C options have been returned to the company owing to the termination of employment contracts.

If all the subscription rights were exercised, this programme would dilute the holdings of the earlier shareholders by 2.1%.

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€ 0.8 was entered in the 2008 accounts (M€ 0.6 in 2007). 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 | 200,000 | – | Apr 1 2008 | Apr 30 2010 | Apr 1 2006 | – | May 31 2006 |
| 2006B | 640,000 | 125,000 | 40,000 | Apr 1 2009 | Apr 30 2011 | Apr 1 2007 | – | May 31 2007 |
| 2006C | 640,000 | | 160,000 | Apr 1 2010 | Apr 30 2012 | Apr 1 2008 | – | May 31 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 | C option plan |
|---|---|---|---|---|
| Principal terms and conditions: | | | | |
| Grant date | | April 26 2006 | March 8 2007 | March 12 2008 |
| Number of options granted | option | 515,000 | 515,000 | 520,000 |
| Subscription price | € | 5.58 | 8.95 | 9.06 |
| Share subscription price at grant date | € | 7.66 | 9.85 | 9.06 |
| Total duration of option scheme | days | 1,496 | 1,521 | 1,491 |
| Expected volatility | % | 30 | 23 | 25 |
| Vesting period | days | 736 | 761 | 730 |
| Risk-free interest rate | % | 3.5 | 4.5 | 5.0 |
| Payment method | | as shares | as shares | as shares |
| Expected personnel reductions | % | 0 | 0 | 0 |
| Expected dividend yield | % | 0 | 0 | 0 |
| Value of option at grant date | €/share | 1.526 | 1.731 | 1.689 |
| | total M€ | 1.0 | 1.1 | 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 under 2006A plan, 40,000 options under 2006B plan and 40,000 options under 2006C plan, 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 | | C option plan | |
|---|---|---|---|---|---|---|
| **Number of options** | **2008** | **2007** | **2008** | **2007** | **2008** | **2007** |
| At start of financial year | 440,000 | 450,000 | 510,000 | 0 | 0 | 0 |
| Number of new options granted | 0 | 0 | 5,000 | 510,000 | 520,000 | 0 |
| Number of options forfeited | 0 | -10,000 | 0 | 0 | 0 | 0 |
| Number of options exercised | 0 | 0 | 0 | 0 | 0 | 0 |
| Cancelled / nullified options at end of financial year | 440,000 | 440,000 | 515,000 | 510,000 | 520,000 | 0 |

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

## 25. Deferred tax assets and liabilities

### Changes in deferred taxes during 2007

| M€ | Dec 31 2006 | Entered in income statement | Entered under equity | Acquired/ sold subsidiaries | Dec 31 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 |

### Changes in deferred taxes during 2008

| M€ | Dec 31 2007 | Entered in income statement | Entered under equity | Acquired/ sold subsidiaries | Dec 31 2008 |
|---|---|---|---|---|---|
| **Deferred tax assets** | | | | | |
| Provisions | 0.1 | 0.2 | | | 0.3 |
| Pension benefits | 0.1 | 0.0 | | | 0.1 |
| Deferred depreciation | 1.3 | 0.4 | | 0.0 | 1.7 |
| Sale and lease-back agreement | 0.0 | 0.0 | | | 0.0 |
| Other items | 0.5 | 0.0 | | | 0.5 |
| Total | 2.0 | 0.7 | 0.0 | 0.0 | 2.7 |
| | | | | | |
| Taxes, net | -1.0 | | | | -1.4 |
| Deferred tax assets in balance sheet | 1.0 | | | | 1.3 |
| | | | | | |
| **Deferred tax liabilities** | | | | | |
| Accumulated depreciation differences | 0.4 | 0.2 | | | 0.6 |
| Fair value measurement of property, plant and equipment and intangible assets in business combinations | 0.6 | -0.1 | | 0.6 | 1.1 |
| Retained earnings of subsidiary companies | 0.8 | 0.2 | | | 1.0 |
| Other items | 1.0 | 0.3 | | | 1.3 |
| Total | 2.8 | 0.6 | 0.0 | 0.6 | 3.9 |
| | | | | | |
| Taxes, net | -1.0 | | | | -1.4 |
| Deferred tax liabilities in balance sheet | 1.8 | | | | 2.5 |
| | | | | | |
| Deferred tax, net | -0.8 | 0.1 | 0.0 | -0.6 | -1.2 |

No deferred tax asset has been calculated on the confirmed tax losses (M€ 4.4) of Group companies in 2008. Utilization of this tax asset requires that the normal operations of such companies would generate taxable income. The losses expire beween the years 2009–2015.

## 26. Pension obligations

The Group has defined benefit pension plans which consist of supplementary pension insurance which are based on former pension funds of group.

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

| M€ | 2008 | 2007 |
|---|---|---|
| Present value of obligations at start of period | **9.3** | 10.5 |
| Service cost during period | **0.3** | 0.1 |
| Interest cost | **0.3** | 0.3 |
| Actuarial gains and losses | **0.5** | -1.5 |
| Payments of defined benefit obligations | **-0.5** | -0.6 |
| Losses / gains from plan settlements | **-0.7** | 0.5 |
| Present value of funded obligations at end of period | **9.1** | 9.3 |
| | | |
| Fair value of plan assets at start of period | **5.2** | 6.8 |
| Expected return on plan assets | **0.3** | 0.3 |
| Actuarial gains and losses | **1.6** | -1.8 |
| Incentive payments | **0.0** | 0.1 |
| Payments of defined benefit obligations | **-0.5** | -0.5 |
| Losses / gains from plan settlements | **-0.5** | 0.3 |
| Present value of plan assets at end of period | **6.0** | 5.2 |
| | | |
| Deficit/surplus | **3.1** | 4.1 |
| Unrecognized actuarial gains (-) and losses (+) | **0.5** | -0.5 |
| Losses / gains from plan settlements | **0.0** | 0.0 |
| Defined benefit pension liabilities in the balance sheet | **3.7** | 3.7 |

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

| M€ | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|
| Present value of unfunded obligations | **3.2** | 3.2 | 3.3 | 3.4 | 3.8 |
| Present value of funded obligations | **6.0** | 6.1 | 7.2 | 7.2 | 9.0 |
| Fair value of assets | **-6.0** | -5.2 | -6.8 | -6.8 | -8.3 |
| Deficit/surplus | **3.1** | 4.1 | 3.6 | 3.8 | 4.5 |

The presentation of the defined benefit pension obligation has been changed compared to previous financial year. The pension obligation M€ 3.2 (December 31 2008) presented previously in other pension liability has been included in defined benefit pension obligation and it has been catecorized as unfunded obilgations.

The change of presentation do not have effects in amount of pension liability. The change has been shown also in previous years. The plan assets are invested primarily in interest- and share-based instruments and they have an aggregate expected annual return of 5.75%. 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€ | 2008 | 2007 |
|---|---|---|
| Service cost during period | **0.3** | 0.1 |
| Interest cost | **0.3** | 0.3 |
| Expected return on plan assets | **-0.3** | -0.3 |
| Actuarial gains and losses | **0.0** | 0.1 |
| Losses / gains from plan settlements | **-0.2** | 0.0 |
| Total | **0.1** | 0.2 |

**Changes in liabilities shown in balance sheet**

| M€ | 2008 | 2007 |
|---|---|---|
| Start of period | **3.7** | 3.6 |
| Incentive payments paid | **0.0** | -0.1 |
| Pension expense in income statement | **0.1** | 0.1 |
| Divestments of subsidiaries | **0.0** | 0.0 |
| Defined benefit pension obligation in balance sheet | **3.7** | 3.7 |

A similar investment is expected to be made in the plan in 2009 as in 2008.

### Actuarial assumptions used

| % | 2008 | 2007 |
|---|---|---|
| Discount rate | **5.8** | 4.7 |
| Expected return on plan assets | **5.8** | 4.7 |
| Future salary increase assumption | **3.5** | 3.5 |
| Inflation assumption | **2.0** | 2.0 |

## 27. Provisions

| M€ | Restructuring provision | Loss-making contracts | Other provisions | Total |
|---|---|---|---|---|
| January 1 2008 | 0.3 | 0.0 | 0.1 | 0.4 |
| Increase in provisions | 0.6 | | 0.3 | 0.9 |
| Provisions employed | -0.2 | 0.0 | | -0.2 |
| Reversals of unemployed provisions | | | | |
| Impact of changes in discount rate | | | | |
| December 31 2008 | 0.7 | 0.0 | 0.4 | 1.1 |
| | | | | |
| Current | 0.7 | 0.0 | 0.3 | 1.0 |
| 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 2009.

Other provisions: mainly consists of the environmental provision for sold property, reparation provision of property and other personel related provisions.

## 28. Interest-bearing liabilities

| M€ | Book values 2008 | Fair values 2008 | Book values 2007 | Fair values 2007 |
|---|---|---|---|---|
| Non-current | | | | |
| Finance lease liabilities | **3.9** | **3.9** | 4.6 | 4.6 |
| | **3.9** | **3.9** | 4.6 | 4.6 |
| | | | | |
| Current | | | | |
| Other current interest-bearing debt | **13.0** | **13.0** | 0.0 | 0.0 |
| Finance lease liabilities | **2.2** | **2.2** | 2.2 | 2.2 |
| | **15.2** | **15.2** | 2.2 | 2.2 |

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

### Non-current debt matures as follows

| M€ | 2008 | 2007 |
|---|---|---|
| 2009 | | 1.6 |
| 2010 | **1.6** | 0.9 |
| 2011 | **0.9** | 0.5 |
| 2012 | **0.4** | 0.4 |
| 2013 | **1.0** | 1.2 |
| Later | **0.0** | 0.0 |
| Total | **3.9** | 4.6 |

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

| M€ | 2008 | 2007 |
|---|---|---|
| EUR | **3.9** | 4.6 |

**Weighted averages of the effective tax rates for the interest-bearing non-current**

| % | 2008 | 2007 |
|---|---|---|
| Finance lease liabilities | **5.0** | 5.9 |

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

| M€ | 2008 | 2007 |
|---|---|---|
| EUR | **15.2** | 2.2 |

**Weighted averages of the effective tax rates for the interest-bearing current**

| % | 2008 | 2007 |
|---|---|---|
| Other current interest-bearing debt | **4.5** | |
| Finance lease liabilities | **5.0** | 5.9 |

**Maturity of finance leases**

| M€ | 2008 | 2007 |
|---|---|---|
| Finance lease liabilities – total minimum lease payments | | |
| 2008 | | 2.5 |
| 2009 | **2.3** | 1.9 |
| 2010 | **1.7** | 1.1 |
| 2011 | **1.0** | 0.6 |
| 2012 | **0.6** | 0.5 |
| 2013 | **1.2** | 1.2 |
| Later | **0.0** | 0.0 |
| Total | **6.7** | 7.7 |
| | | |
| Finance lease liabilities – present value of minimum lease payments | | |
| 2008 | | 2.2 |
| 2009 | **2.2** | 1.6 |
| 2010 | **1.5** | 0.9 |
| 2011 | **0.9** | 0.5 |
| 2012 | **0.4** | 0.4 |
| 2013 | **1.0** | 1.2 |
| Later | **0.0** | 0.0 |
| Total | **6.1** | 6.8 |
| | | |
| Financial expenses accruing in the future | **0.7** | 0.9 |

## 29. 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€ 19.1 at 31 December 2008, 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€ 0.2.

### 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. On December 31, 2008 the unused portion of the programme is M€ 87.0.

**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

Group's credit policy has been described and documented in group credit policy. The group do not have significant risks of aged receivable, because it has large customer base and any individual customer does not comprise a significant amount. In financial year 2008 in proft and loss has been recognised M€ 0.2 imparment loss of accounts receivable which are caused by an unexpected change of customers' financial environment. The accounts receivable aging has been presented in note 20 Accounts receivable and other receivables.

## 30. 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 value | | Fair value | |
|---|---|---|---|---|
| M€ | 2008 | 2007 | 2008 | 2007 |
| **Financial assets** | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Commodity derivate contracts | **-0.1** | 0.1 | **-0.1** | 0.1 |
| Held-to-maturity investments | | | | |
| Other short-term financial assets | **2.9** | 3.0 | **2.9** | 3.0 |
| Available-for-sale financial assets | | | | |
| Other long-term financial assets | **4.1** | 4.0 | **4.1** | 4.0 |
| Loans and receivables | | | | |
| Long-term loan receivables | **0,1** | 0,0 | **0,1** | 0,0 |
| Accounts receivables and other receivables | **27.5** | 29.8 | **27.5** | 29.8 |
| Cash and cash equivalents | **13.3** | 24.8 | **13.3** | 24.8 |
| | **47.8** | 61.7 | **47.8** | 61.7 |
| **Financial liabilities** | | | | |
| Measured at amortized costs | | | | |
| Financial leases | **6.1** | 6.8 | **6.1** | 6.8 |
| Other interest-bearing liabilities | **13.0** | 0.0 | **13.0** | 0.0 |
| Accounts payable and other liabilities | **37.8** | 36.4 | **37.8** | 36.4 |
| | **56.8** | 43.2 | **56.8** | 43.2 |

Financial assets at fair value through profit or loss consist of electricity derivates. More details concerning derivative contracts are given in Note 33.

Held-to-maturity investments consist other short term financial assets. Such financial assets are are carried at amortised cost and they are presented in current assets.

Financial asset availabe for sale consist mainly non-listed shares and they are carried at amortised cost, because there are no active markets. It is not possible to measure reliable the fair value of financial assets availabe for sale and estimates have significant deviations. The probability of values in range of variations is not measured reliable to asses the fair values.

Accounts receivable and other receivables (both non-current and current) ja other shot term investments book value is estimated to equal to fair value. The effect of discount interest method is not material.

The initial measurement of accounts payable and other liabilities equals to fair value, because the effect of discount interest method is not material.

## 31. Accounts payable and other liabilities

| M€ | 2008 | 2007 |
|---|---|---|
| Accounts payable | **7.1** | 8.8 |
| Owed to associated companies | | |
| Accounts payable | **0.1** | 0.1 |
| Accrued expenses and prepaid income | **24.0** | 21.7 |
| Other liabilities | **6.7** | 5.9 |
| Total | **37.9** | 36.4 |

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.

## 32. Other leases

**The Group as lessee**

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

| M€ | 2008 | 2007 |
|---|---|---|
| Within one year | **7.9** | 7.5 |
| Within 1–5 years | **19.1** | 18.1 |
| After 5 years | **27.9** | 26.5 |
| Total | **54.9** | 52.1 |

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€ | 2008 | 2007 |
|---|---|---|
| Minimum payments payable based on these purchase agreements | **3.1** | 4.6 |

**The Group as lessor**

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

| M€ | 2008 | 2007 |
|---|---|---|
| Within one year | **1.1** | 2.0 |
| Within 1–5 years | **0.7** | 2.6 |
| After 5 years | | |
| | **1.8** | 4.5 |

## 33. Derivative contracts

| M€ | 2008 | 2007 |
|---|---|---|
| Commodity derivative contracts, electricity derivatives | | |
| Fair value *) | **-0.1** | 0.1 |
| Value of underlying instrument | **0.7** | 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 raw material derivatives have been calculated using market values on the balance sheet date.

## 34. Commitments and contingencies

| M€ | 2008 | 2007 |
|---|---|---|
| Collateral for others | | |
| Guarantees | **0.0** | 0.0 |
| | | |
| Other commitments | | |
| Commitments based on agreements | **0.1** | 0.1 |
| | **0,1** | 0,1 |

## 35. Contingent assets and liabilities

The Corporation had a contingent liability totalling MEUR 7.8. The tax authorities issued a claim to correct the company's income tax for 2003. The tax authorities considered that the loss arising from Alma Media's disposal of the shares of its associated company Talentum to Kauppalehti Oy at the market price should not have been tax-deductible. At the end of 2006 (December 20, 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 appealed the Adjustments Board's ruling to the Helsinki Administrative Court, which on December 4, 2008 dismissed the appeal. The tax authorities have not appealed to the Supreme Administrative Court.

## 36. Related parties

Alma Media Group's related parties are its associated companies (see Note 17) 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€ | 2008 | 2007 |
|---|---|---|
| a) Sales of goods and services | **0.2** | 0.2 |
| b) Purchases of goods and services | **4.5** | 5.9 |
| c) Accounts receivable | **0.0** | 4.7 |
| d) Accounts payable | **0.1** | 0.1 |

## 37. Shareholdings

### 20 principal shareholders at 31 December 2008

| | | No. | % of total shares | % of total votes |
|---|---|---|---|---|
| 1. | Danske Bank AS Helsinki Branch | 11,958,000 | 16.0 | 16.0 |
| 2. | Oy Herttaässä Ab | 10,098,400 | 13.5 | 13.5 |
| 3. | Ilkka-Yhtymä Oyj | 7,718,991 | 10.3 | 10.3 |
| 4. | Varma Mutual Pension Insurance Company | 7,202,994 | 9.7 | 9.7 |
| 5. | Mandatum Life Insurance Company Limited | 6,665,912 | 8.9 | 8.9 |
| 6. | Kaleva Mutual Insurance Company | 4,189,281 | 5.6 | 5.6 |
| 7. | Kunnallisneuvos C. V. Åkerlund's Foundation | 3,118,071 | 4.2 | 4.2 |
| 8. | Tapiola Mutual Pension Insurance Company | 1,852,800 | 2.5 | 2.5 |
| 9. | Zenitec Oy | 1,377,856 | 1.8 | 1.8 |
| 10. | Ilmarinen Mutual Pension Insurance Company | 1,265,000 | 1.7 | 1.7 |
| 11. | Nordea Bank Finland Plc (Nom. reg.) | 1,243,436 | 1.7 | 1.7 |
| 12. | OMXBS/Skandinaviska Enskilda Banken AB (Nom. reg.) | 1,060,517 | 1.4 | 1.4 |
| 13. | Veljesten Viestintä Oy | 851,500 | 1.1 | 1.1 |
| 14. | Keskisuomalainen Oyj | 823,997 | 1.1 | 1.1 |
| 15. | The Finnish Cultural Foundation | 576,000 | 0.8 | 0.8 |
| 16. | The estate of Häkkinen Heikki | 517,332 | 0.7 | 0.7 |
| 17. | The Federation of Finnish Textile and Clothing Industries | 476,462 | 0.6 | 0.6 |
| 18. | The estate of Häkkinen Veera | 461,911 | 0.6 | 0.6 |
| 19. | Sinkkonen Raija | 460,000 | 0.6 | 0.6 |
| 20. | Tampereen tuberkuloosisäätiö | 327,062 | 0.4 | 0.4 |
| Total | | 62,245,522 | 83.4 | 83.4 |
| Nominee-registered | | 2,557,802 | 3.4 | 3.4 |
| Other | | 9,809,199 | 13.1 | 13.1 |
| 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 2008

| | Number of owners | % of total | Number of shares | % of shares |
|---|---|---|---|---|
| Private corporations | 288 | 5.2 | 22,080,905 | 29.6 |
| Financial and insurance institutions | 15 | 0.3 | 23,375,062 | 31.3 |
| Public entities | 9 | 0.2 | 10,977,423 | 14.7 |
| Households | 5,045 | 91.6 | 9,806,265 | 13.1 |
| Non-profit associations | 128 | 2.3 | 5,484,805 | 7.4 |
| Foreign owners | 18 | 0.3 | 127,934 | 0.2 |
| Nominee-registered shares | 7 | 0.1 | 2,557,802 | 3.4 |
| In general account | | | 202,327 | 0.3 |
| Total | 5,510 | 100 | 74,612,523 | 100.0 |

### Distribution of ownership

| | Number of owners | % of total | Number of shares | % of shares |
|---|---|---|---|---|
| 1–100 | 1,227 | 22.3 | 69,704 | 0.1 |
| 101–1,000 | 2,848 | 51.7 | 1,306,877 | 1.8 |
| 1,001–10,000 | 1,234 | 22.4 | 3,663,141 | 4.9 |
| 10,001–100,000 | 167 | 3.0 | 4,498,476 | 6.0 |
| 100,001–500,000 | 18 | 0.3 | 4,351,911 | 5.8 |
| 500,000– | 16 | 0.3 | 60,520,087 | 81.1 |
| In general account | | | 202,327 | 0.3 |
| Total | 5,510 | 100 | 74,612,523 | 100 |

# Parent company income statement

| Financial year ended December 31, M€ | Note | 2008 | 2007 |
|---|---|---|---|
| **Net sales** | 1 | **12.3** | 11.7 |
| Other operating income | 2 | **0.3** | 21.2 |
| Personnel expenses | 3 | **-4.2** | -3.1 |
| Depreciation and writedowns | 4 | **-0.5** | -0.3 |
| Other operating expenses | 5 | **-12.4** | -12.3 |
| **Operating loss (-income)** | | **-4.4** | 17.2 |
| Financial income and expenses | 8 | **8.9** | 4.1 |
| **Income before extraordinary items** | | **4.4** | 21.3 |
| Extraordinary items | 9 | **46.9** | 46.6 |
| **Income before appropriations and tax** | | **51.3** | 68.0 |
| Appropriations | 10 | **0.1** | 0.0 |
| Income tax | 11 | **-11.2** | -11.9 |
| **Net income for the year** | | **40.3** | 56.0 |

# Parent company balance sheet

| December 31, M€ | Note | 2008 | 2007 |
|---|---|---|---|
| **Assets** | | | |
| Fixed assets | | | |
| Intangible assets | 12 | **1.7** | 0.9 |
| Tangible assets | 13 | **3.2** | 3.4 |
| Investments | | | |
| Holdings in Group companies | 14 | **477.9** | 474.8 |
| Other investments | 14 | **3.9** | 8.5 |
| Fixed assets, total | | **486.8** | 487.7 |
| Current assets | | | |
| Short-term receivables | 15 | **54.1** | 54.0 |
| Cash and bank | | **10.4** | 21.6 |
| Current assets, total | | **64.4** | 75.6 |
| **Assets, total** | | **551.2** | 563.2 |

| December 31, M€ | Note | 2008 | 2007 |
|---|---|---|---|
| **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) | | **9.8** | 21.0 |
| Net income for the period (loss) | | **40.3** | 56.0 |
| Shareholders' equity, total | 16 | **514.6** | 541.5 |
| Accumulated appropriations | 17 | **0.0** | 0.1 |
| Provisions | 18 | **0.4** | 0.1 |
| Liabilities | | | |
| Long-term liabilities | 19 | **2.4** | 2.5 |
| Short-term liabilities | 20 | **33.8** | 19.0 |
| Liabilities, total | | **36.2** | 21.5 |
| **Shareholders' equity and liabilities, total** | | **551.2** | 563.2 |

# Parent company cash flow statement

| Financial year ended December 31, M€ | 2008 | 2007 |
|---|---|---|
| **Operating cash flow** | | |
| Net income for the year | **40.3** | 56.0 |
| Adjustments | | |
| Depreciation and writedowns | **0.5** | 0.3 |
| Capital gains (losses) on sale of fixed assets and other investments | **-8.9** | -4.1 |
| Taxes | **11.2** | 11.9 |
| Financial income and expenses | **-47.1** | -68.0 |
| Change in working capital | | |
| Total increase (-) / decrease (+) in current non-interest-bearing receivables | **0.4** | -0.4 |
| Total increase (+) / decrease (-) in current non-interest-bearing liabilities | **1.1** | 0.9 |
| Dividend received | **8.2** | 0.7 |
| Interest received | **2.7** | 4.7 |
| Interest paid | **-2.4** | -1.3 |
| Taxes paid | **-16.2** | -11.2 |
| **Net cash from operating activities** | **-10.2** | -10.6 |
| | | |
| **Investments** | | |
| Investments in tangible and intangible assets | **-0.8** | -1.7 |
| Proceeds from disposal of tangible and intangible assets | **0.0** | 1.0 |
| Acquisition of group companies | **-4.0** | 0.0 |
| Investments in other securities | **-0.1** | -0.1 |
| Acquisition and sales of associated company | **6.5** | 0.0 |
| Proceeds from disposal of other investments | **0.1** | 0.2 |
| **Net cash from investing activities** | **1.8** | -0.6 |
| | | |
| **Cash flow before financing activities** | **-8.5** | -11.2 |
| | | |
| **Financing** | | |
| Short-term loans raised | **35.5** | 2.0 |
| Short-term loans, repayments | **-22.0** | -2.2 |
| Group contributions received | **46.9** | 46.6 |
| Increase (-) or decrease (+) in interest-bearing receivables | **3.8** | 9.2 |
| Dividends paid and capital repayment | **-67.0** | -48.5 |
| **Net cash used in financing activities** | **-2.7** | 7.1 |
| | | |
| **Change in cash reserves (increase + / decrease -)** | **-11.2** | -4.1 |
| | | |
| Cash reserves at start of period | **21.6** | 25.7 |
| Cash reserves at end of period | **10.4** | 21.6 |

# Accounting principles used in the parent company's 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, FI-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 subsidiary Alma Media Palvelut Oy was merged with Alma Media Corporation on 30 November 2008.

### 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 years |
| 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

## 1. Net sales by market area

| M€ | 2008 | 2007 |
|---|---|---|
| Finland | **12.3** | 11.7 |
| Total | **12.3** | 11.7 |

## 2. Other operating income

| M€ | 2008 | 2007 |
|---|---|---|
| Gains on sale of fixed assets | **0.0** | 0.0 |
| Other income | **0.3** | 21.1 |
| Total | **0.3** | 21.2 |

In year 2008 major balance in other income consist of merger M€ 0.2 with Alma Media Palvelut Oy and Alma Media Oyj on November 30 2008. In year 2007 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 on 31 December 2007.

## 3. Personnel expenses

| M€ | 2008 | 2007 |
|---|---|---|
| Wages, salaries and fees | **2.8** | 2.4 |
| Pension expenses | **1.2** | 0.4 |
| Other social expenses | **0.1** | 0.3 |
| Total | **4.2** | 3.1 |
| | | |
| Average number of employees | **31** | 25 |
| | | |
| **Salaries and fees to management** | | |
| President | **0.5** | 0.4 |
| Board of Directors | **0.2** | 0.2 |
| Total | **0.7** | 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€ | 2008 | 2007 |
|---|---|---|
| Depreciation on tangible and intangible assets | **0.5** | 0.3 |
| Total | **0.5** | 0.3 |

## 5. Other operating expenses

| M€ | 2008 | 2007 |
|---|---|---|
| Information technology and telecommunication | **3.8** | 3.5 |
| Business premises | **3.2** | 3.5 |
| Other costs | **5.3** | 5.3 |
| Total | **12.4** | 12.3 |

## 6. Audit expenses

| M€ | 2008 | 2007 |
|---|---|---|
| Ernst Young Oy | | |
| Audit | **0.1** | 0.1 |
| Reporting and opinions | **0.0** | 0.0 |
| Tax consultation | **0.0** | 0.0 |
| Other | **0.1** | 0.0 |
| Total | **0.3** | 0.2 |

Parent company audit expenses includes audit fees for whole group.

## 7. Research and development expenses

The company's research and development expenses in 2008 totalled M€ 0.7 (M€ 0.8 in 2007). M€ 0.7 of R&D expenses were capitalized to the balance sheet (M€ 0.7 in 2007).

## 8. Financial income and expenses

| M€ | 2008 | 2007 |
|---|---|---|
| **Dividend income** | | |
| From Group companies | **6.8** | 0.0 |
| From associated companies | **1.4** | 0.6 |
| From others | **0.0** | 0.0 |
| | **8.2** | 0.7 |
| | | |
| **Other interest and financial income** | | |
| From Group companies | **2.2** | 4.0 |
| From others | **0.5** | 0.8 |
| Total | **2.7** | 4.7 |
| | | |
| **Impairment for non-current investments** | | |
| Return of impairment of investments in associated companies | **1.8** | 0.0 |
| Impairment of group companies | **-1.4** | 0.0 |
| | **0.4** | 0.0 |
| | | |
| **Interest expenses and other financial expenses** | | |
| To Group companies | **-1.4** | -1.2 |
| To others | **-0.9** | -0.1 |
| Total | **-2.4** | -1.3 |
| | | |
| Financial income and expenses, total | **8.9** | 4.1 |
| | | |
| Interest and other financial income includes translation differences (net) | **0,0** | 0,0 |

## 9. Extraordinary items

| M€ | 2008 | 2007 |
|---|---|---|
| Group contribution received | **46.9** | 46.6 |

## 10. Appropriations

| M€ | 2008 | 2007 |
|---|---|---|
| Difference between planned depreciation and depreciation made for tax purposes | **0.1** | 0.0 |

## 11. Income tax

| M€ | 2008 | 2007 |
|---|---|---|
| Income tax payable on extraordinary items | **-12.2** | -12.1 |
| Income tax from regular business operations | **1.0** | 0.2 |
| Total | **-11.2** | -11.9 |

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.

## 12. Intangible assets

| M€ | Intangible rights | Advance payments | Total |
|---|---|---|---|
| **Financial year 2007** | | | |
| Acquisition cost Jan 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 Dec 31 2007 | 0.7 | 0.7 | 1.4 |
| | | | |
| Accumulated depreciation and writedowns Jan 1 2007 | 0.5 | 0.0 | 0.5 |
| Accumulated depreciation in decreases | | | 0.0 |
| Depreciation in period | 0.0 | | 0.0 |
| Writedowns | | | 0.0 |
| Accumulated depreciation and writedowns Dec 31 2007 | 0.5 | 0.0 | 0.5 |
| | | | |
| Book value 31 Dec 2007 | 0.2 | 0.7 | 0.9 |

| M€ | Intangible rights | Advance payments | Total |
|---|---|---|---|
| **Financial year 2008** | | | |
| Acquisition cost Jan 1 2008 | 0.7 | 0.7 | 1.4 |
| Merger, Alma Media Palvelut Oy | 0.8 | 0.0 | 0.9 |
| Increases | 0.1 | 0.7 | 0.7 |
| Decreases | -0.4 | | -0.4 |
| Transfers between items | 1.4 | -1.4 | 0.0 |
| Acquisition cost Dec 31 2008 | 2.6 | 0.0 | 2.6 |
| | | | |
| Accumulated depreciation and writedowns Jan 1 2008 | 0.5 | 0.0 | 0.5 |
| Merger, Alma Media Palvelut Oy | 0.5 | | 0.6 |
| Accumulated depreciation in decreases | -0.4 | | -0.4 |
| Depreciation in period | 0.2 | | 0.2 |
| Writedowns | | | |
| Accumulated depreciation and writedowns Dec 31 2008 | 0.9 | 0.0 | 0.9 |
| | | | |
| Book value 31 Dec 2008 | 1.7 | 0.0 | 1.7 |

## 13. Tangible assets

| M€ | Land and water | Buildings and structures | Machinery and equipment | Other tangible assets | Advance payments and unfinished purchases | Total |
|---|---|---|---|---|---|---|
| **Financial year 2007** | | | | | | |
| Acquisition cost Jan 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 De 31 2007 | 0.5 | 4.4 | 1.3 | 1.1 | 0.0 | 7.3 |
| Accumulated depreciation Jan 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 Dec 31 2007 | 0.0 | 2.4 | 1.2 | 0.3 | 0.0 | 3.9 |
| Book value Dec 31 2007 | 0.5 | 2.0 | 0.1 | 0.7 | 0.0 | 3.4 |
| Balance sheet value of machinery and equipment Dec 31 2007 | | | 0.1 | | | |

| M€ | Land and water | Buildings and structures | Machinery and equipment | Other tangible assets | Advance payments and unfinished purchases | Total |
|---|---|---|---|---|---|---|
| **Financial year 2008** | | | | | | |
| Acquisition cost Jan 1 2008 | 0.5 | 4.4 | 1.3 | 1.1 | 0.0 | 7.3 |
| Merger, Alma Media Palvelut Oy | | | 0.1 | | | 0.1 |
| Increases | | | 0.0 | 0.0 | | 0.0 |
| Decreases | | | 0.0 | -0.1 | | -0.1 |
| Transfers between items | | | | 0.0 | 0.0 | 0.0 |
| Acquisition cost Dec 31 2008 | 0.5 | 4.4 | 1.3 | 1.0 | 0.0 | 7.3 |
| Accumulated depreciation Jan 1 2008 | 0.0 | 2.4 | 1.2 | 0.3 | 0.0 | 3.9 |
| Merger, Alma Media Palvelut Oy | | | 0.1 | | | 0.1 |
| Accumulated depreciation in decreases | | | 0.0 | -0.1 | | -0.1 |
| Depreciation in period | | 0.1 | 0.0 | 0.1 | | 0.2 |
| Accumulated depreciation Dec 31 2008 | 0.0 | 2.5 | 1.2 | 0.4 | 0.0 | 4.1 |
| Book value dec 31 2008 | 0.5 | 1.9 | 0.1 | 0.7 | 0.0 | 3.2 |
| Balance sheet value of machinery and equipment Dec 31 2008 | | | 0.1 | | | |

## 14. Investments

| M€ | Shares, Group companies | Shares, associated companies | Shares, other | Receivables, Group companies | Receivables, associated companies | Total |
|---|---|---|---|---|---|---|
| **Financial year 2007** | | | | | | |
| Acquisition cost Jan 1 2007 | 423.5 | 1.9 | 0.5 | 0.4 | 0.0 | 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 Dec 31 2007 | 474.8 | 2.4 | 1.7 | 0.0 | 4.7 | 483.5 |
| Accumulated depreciation and writedowns Jan 1 2007 | 0.0 | 0.0 | 0.2 | 0.0 | 0.0 | 0.2 |
| Accumulated depreciation and writedowns Dec 31 2007 | 0.0 | 0.0 | 0.2 | 0.0 | 0.0 | 0.2 |
| Book value Dec 31 2007 | 474.8 | 2.4 | 1.5 | 0.0 | 4.7 | 483.4 |

| M€ | Shares, Group companies | Shares, associated companies | Shares, other | Receivables, Group companies | Receivables, associated companies | Total |
|---|---|---|---|---|---|---|
| **Financial year 2008** | | | | | | |
| Acquisition cost Jan 1 2008 | 474.8 | 2.4 | 1.7 | 0.0 | 4.7 | 483.5 |
| Merger, Alma Media Palvelut Oy | 0.0 | | | | | |
| Increases | 4.6 | 0.0 | 0.1 | 0.1 | | 4.7 |
| Decreases | | | 0.0 | | -4.7 | -4.7 |
| Acquisition cost Dec 31 2008 | 479.4 | 2.4 | 1.7 | 0.1 | 0.0 | 483.5 |
| Accumulated depreciation and writedowns Jan 1 2008 | 0.0 | 0.0 | 0.2 | 0.0 | 0.0 | 0.2 |
| Writedowns | 1.4 | | | | | 1.4 |
| Accumulated depreciation and writedowns Dec 31 2008 | 1.4 | 0.0 | 0.2 | 0.0 | 0.0 | 1.6 |
| Book value Dec 31 2008 | 477.9 | 2.4 | 1.5 | 0.0 | 0.0 | 481.9 |

**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 |
| Jadecon Oy | Helsinki, Finland | 100.00 | 100.00 |
| 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 |
| Pohjois-Suomen Media Oy | Rovaniemi, Finland | 100.00 | 100.00 |
| Satakunnan Kirjateollisuus Oy | Pori, Finland | 100.00 | 100.00 |
| Suomen Paikallissanomat Oy | Tampere, Finland | 100.00 | 100.00 |
| Vuodatus.net Oy | Helsinki, Finland | 100.00 | 100.00 |
| | | | |
| Associated companies | | | |
| Alma Media Lehdentekijät Oy | Helsinki, Finland | 25.00 | 25.00 |
| As Oy Vammalan Reku | Vammala, Finland | 21.00 | 21.00 |
| Kiinteistö Oy Oulaisten Kulma | Oulainen, Finland | 35.00 | 35.00 |
| Kustannus Oy Otsikko | Tampere, Finland | 34.20 | 34.20 |
| 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 |

## 15. Receivables

| M€ | 2008 | 2007 |
|---|---|---|
| **Short-term** | | |
| Receivables from Group companies | | |
| Accounts receivable | **0.0** | 0.4 |
| Loan receivables *) | **49.3** | 52.8 |
| Prepaid expenses and accrued income **) | **0.0** | 0.0 |
| Total | **49.4** | 53.2 |
| | | |
| Receivables from others | | |
| Accounts receivable | **0.0** | 0.1 |
| Other receivables | **3.9** | 0.2 |
| Prepaid expenses and accrued income | **0.7** | 0.5 |
| Total | **4.7** | 0.8 |
| | | |
| Short-term receivables, total | **54.1** | 54.0 |

*) 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.

## 16. Shareholders' equity

| M€ | 2008 | 2007 |
|---|---|---|
| **Restricted shareholders' equity** | | |
| Share Capital Jan 1 | **44.8** | 44.8 |
| Share Capital Dec 31 | **44.8** | 44.8 |
| | | |
| Share premium fund Jan 1 | **414.4** | 414.4 |
| Share premium fund Dec 31 | **414.4** | 414.4 |
| | | |
| Other funds Jan 1 | **5.4** | 5.4 |
| Other funds Dec 31 | **5.4** | 5.4 |
| | | |
| Restricted shareholders' equity total | **464.5** | 464.5 |
| | | |
| **Non-restricted shareholders' equity** | | |
| Retained earnings Jan 1 | **77.0** | 69.5 |
| Dividend payment | **-67.2** | -48.5 |
| Retained earnings Dec 31 | **9.8** | 21.0 |
| | | |
| Net income for the period | **40.3** | 56.0 |
| | | |
| Non-restricted shareholders' equity total | **50.1** | 77.0 |
| | | |
| Shareholders' equity total | **514.6** | 541.5 |
| | | |
| Calculation of the parent company's distributable funds on December 31 2008 | | |
| Retained earnings | **9.8** | 21.0 |
| Net income for the period | **40.3** | 56.0 |
| Total | **50.1** | 77.0 |

## 17. Accumulated appropriations

In year 2008 the company do not have any accumulated appropriations. In financial year 2007 the accumulated appropriations consist of the accumulated depreciation difference.

## 18. Provisions

Provisions on December 31 2008 totalling M€ 0.4 and consists of restructuring provisions and other personel related provisions.

## 19. Long-term liabilities

| M€ | 2008 | 2007 |
|---|---|---|
| Other long-term debt | **2.4** | 2.5 |
| Long-term liabilities, total | **2.4** | 2.5 |
| | | |
| Debt due after five years | | |
| Other long-term debt | **1.7** | 1.7 |

## 20. Short-term liabilities

| M€ | 2008 | 2007 |
|---|---|---|
| Loans from financial institutions | | |
| Accounts payable | **0.4** | 1.2 |
| Totals | **0.4** | 1.2 |
| | | |
| Debt to Group companies | | |
| Accounts payable | **0.0** | 0.1 |
| Other debt | **16.9** | 16.6 |
| Accrued expenses and prepaid income | **0.0** | 0.0 |
| Total | **16.9** | 16.7 |
| | | |
| Debt to associated companies | | |
| Accounts payable | **0.0** | 0.0 |
| Total | **0.0** | 0.0 |
| | | |
| Others | | |
| Other short-term liabilities | **13.8** | 0.4 |
| Accrued expenses and prepaid income | **2.7** | 0.7 |
| Total | **16.5** | 1.2 |
| | | |
| Short-term liability total | **33.8** | 19.0 |

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

## 21. Commitments and contingencies

| M€ | 2008 | 2007 |
|---|---|---|
| Collateral for own commitments | | |
| Guarantees | **1.2** | 1.2 |
| | | |
| Collateral for others | | |
| Guarantees | **0.0** | 0.0 |
| | | |
| Other own commitments | | |
| Other commitments | **0.1** | 0.1 |
| | | |
| Leasing commitments | | |
| During following 12 months | **2.1** | 1.8 |
| Later | **22.5** | 23.4 |
| Total | **24.6** | 25.2 |

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.

## 22. Derivative contracts

| M€ | 2008 | 2007 |
|---|---|---|
| Commodity derivative contracts, electricity derivatives | | |
| Fair value *) | **-0.1** | 0.1 |
| Value of underlying instrument | **0.7** | 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

On December 31, 2008, the Group's parent company had distributable funds of altogether € 50,107,509.83 There were 74,612,523 shares carrying dividend rights.

The Board of Directors proposes that a dividend of € 22,383,756.90 (€ 0.30 per share) be distributed on the financial year 2008.

In addition, the Board of Directors proposes that the Annual General Meeting authorize the Board of Directors to decide upon the distribution of additional dividend of € 14,922,504.60 (€ 0.20 per share). The additional dividend may be distributed in one lot or in several proportions. In addition, it is proposed that the authorisation include a right to the Board of Directors to decide upon all other conditions pertaining to the distribution of the dividend and that the authorisation be valid until the next ordinary annual general meeting of shareholders.

Helsinki, Finland, 12 February 2009

Kari Stadigh
Chairman of the Board

Matti Kavetvuo
Deputy Chairman of the Board

Lauri Helve
Board member

Kai Seikku
Board member

Erkki Solja
Board member

Harri Suutari
Board member

Kai Telanne
President and CEO

# Auditor's report

**To the Annual General Meeting of Alma Media Corporation**

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Alma Media Corporation for the year ended on 31 December, 2008. The financial statements comprise the consolidated balance sheet, income statement, cash flow statement, statement of changes in equity and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

**The responsibility of the Board of Directors and the Managing Director**

The Board of Directors and the Managing Director are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the parent company's financial statements and the report of the Board of Directors in accordance with laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

**Auditor's responsibility**

Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the Board of Directors and the Managing Director of the parent company have complied with the Limited Liability Companies Act.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

The audit was performed in accordance with good auditing practice in Finland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion on the consolidated financial statements**

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

**Opinion on the company's financial statements and the report of the Board of Directors**

In our opinion, the financial statements, together with the consolidated financial statements included therein, and the report of the Board of Directors give a true and fair view of the financial performance and financial position of the company in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, 12 February 2009

Ernst & Young Oy
Authorized Public Accountant Firm

Harri Pärssinen
Authorized Public Accountant

# Shares and shareholders

### Main facts about the shares

| | |
|---|---|
| Stock exchange | NASDAQ 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.

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

### Share price and turnover

During 2008, a total of 65.8 million Alma Media shares were traded on the Nasdaq OMX Helsinki, representing 88.2% of the total number of shares. During the year the lowest price paid for the share was EUR 4.38, the highest EUR 11.70 and the closing price on 31 December 2008 was EUR 4.95. The company's market capitalization on the final trading day of 2008 was MEUR 369.3.

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 March 8, 2006, disapplying the pre-emptive subscription right of the shareholders, approved a three-stage option programme (option rights 2006A, 2006B and 2006C) as an incentive and commitment system for the managements of Alma Media Corporation and its subsidiaries. Altogether 1,920,000 stock options may be granted in three lots of 640,000 each, and these may be exercised to subscribe for a maximum of 1,920,000 Alma Media shares.

So far 515,000 of the 2006A options have been issued to corporate management. Altogether 75,000 of the 2006A options have been returned to the company owing to the termination of employment contracts. After the returned options, corporate management possesses a total of 440,000 2006A options. In 2007 and 2008, the Alma Media's Board of Directors decided to annul the 200,000 2006A option rights in the company's possession. The options in the 2006A programme are traded in NASDAQ OMX Helsinki Stock Exchange since April 10, 2008.

The Board of Directors of Alma Media Corporation decided in 2007 to issue 515,000 options under the 2006B programme to corporate management. A total of 40,000 2006B options have been returned to the company and are now in possession of the company. The corporate management possesses 475,000 B options. In 2008, the Board decided to annul 125,000 2006B options.

The Board of Directors of Alma Media Corporation decided in 2008 to issue 520,000 options under the 2006C programme to corporate management. A total of 40,000 2006C options have been returned to the company and are now in possession of the company. The corporate management possesses 480,000 2006C options.

If all the subscription rights are exercised, this programme will dilute the holdings of the earlier shareholders by 2.1%.

The share subscription periods and prices under the scheme are:

- 2006A: April 1, 2008–April 30, 2010,
  average trade-weighted price April 1–May 31, 2006
- 2006B: April 1, 2009–April 30, 2011,
  average trade-weighted price April 1–May 31, 2007
- 2006C: April 1, 2010–April 30, 2012,
  average trade-weighted price April 1–May 31, 2008.

The subscription price of shares that may be subscribed under these stock option rights will be reduced by the amount of dividends and capital repayments decided after the start of the period determining the subscription price and before the subscription of shares, on the settlement date for each dividend payment or capital repayment. The share subscription price under the 2006A option was EUR 5.58 per share, the subscription price under the 2006B option was EUR 8.95 and the subscription price under the 2006C option was EUR 9.06 correspondingly.

The Board of Directors has no other current authorisations to raise convertible loans and/or to raise the share capital through a new 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. Dividend may fluctuate largely depending whether the company needs funds for the investments. 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.

Dividend history

| euros | Profit/share, euros | Dividend, euros |
|---|---|---|
| 2005 | 0.52 | 0.12 |
| | | 0.53 (refund of capital) |
| 2006 | 0.50 | 0.65 |
| 2007 | 0.68 | 0.90 |
| 2008 | 0.51 | 0.30 *) |

*) The Board's proposal to the Annual General Meeting. Additionally, the Board proposes that the Annual General Meeting authorises the Board to decide upon an additional dividend of no more than EUR 0.20 per share.

### Ownership structure

The company had 5,510 shareholders in book-entry accounts on the balance sheet date. Altogether 2,557,802 shares were nominee-registered, representing 3.4% 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 90 and on the company's website at www.almamedia.fi. Also a full list of flagging notices is provided on the company's website at www.almamedia.fi.

### Management holdings

The members of the company's Board of Directors and the President owned altogether 232,392 of the company's shares on 31 December 2008. The total number of votes carried by these shares represented 0.3% of the votes carried by all the shares. Management holdings are described in more detail on page 67.

### 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

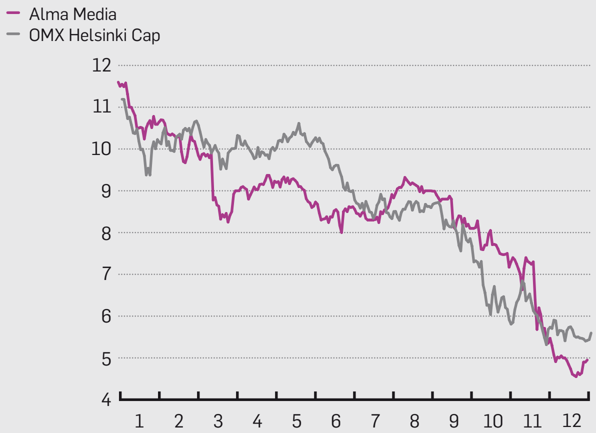
Under the articles of association, a shareholder who owns 33 1/3% or more of the total number of shares, or 50% or more of the total number of votes, shall be obliged, should the other shareholders so require, to redeem the shares and attached rights of the other shareholders.

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

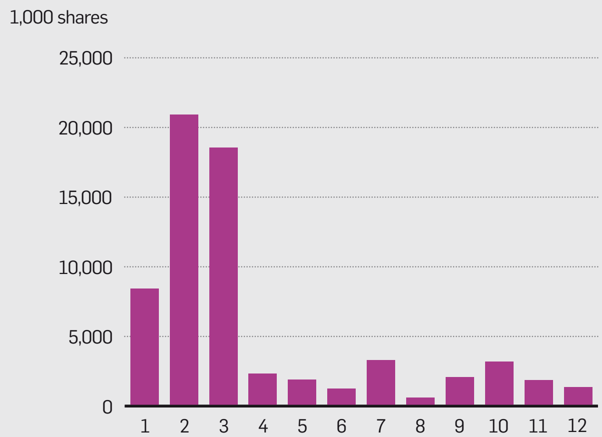
### Insider management

Details of insider management at Alma Media Corporation are given on page 36.

### Alma Media share performance 1.1.–31.12.2008




### Monthly trading volume 2008



# Information for shareholders

### Annual general meeting

The Annual General Meeting (AGM) of Alma Media Corporation will be held on Wednesday, 11 March 2009 at 1.00 pm at the conference room Pörssisali of Pörssitalo, address Fabianinkatu 14, Helsinki, Finland.

The documents relating to the annual accounts and the proposals by the Board of Directors and its committees, as well as this notice to the Annual General Meeting are available on Alma Media Corporation's website on www.almamedia.fi/general_meeting. The proposals by the Board of Directors and the financial statement documents are also available at the Annual General Meeting, and copies of them as well as this notice will be sent to shareholders on request.

Only those shareholders who are registered no later than March 1, 2009 in the company's shareholders' register maintained by Euroclear Finland Oy (previously Finnish Central Securities Depository) have the right to attend the Annual General Meeting. Shareholders wishing to attend the Annual General Meeting must register with the company no later than March 6, 2009 by 12:00 (noon). The registration may be delivered:

- by e-mail to yhtiokokous@almamedia.fi;
- by telephone on +358 10 665 2220;
- by telefax on +358 10 665 2270; or
- by letter to Alma Media Corporation, Sirpa Jyräsalo, P.O. Box 140, FI-00101 Helsinki, Finland.

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

Oy Herttaässä Ab, a shareholder of the company, has in a letter dated December 18, 2008 and received by the Board of Directors on December 21, 2008 presented a request to convene an Extraordinary General Meeting of shareholders. The shareholder has requested that the Extraordinary General Meeting of shareholders consider and decide on the composition of the Board of Directors, repurchasing the company's own shares and company transactions. As the proposals presented by Oy Herttaässä Ab are included in the agenda of the Annual General Meeting, the company will not convene an Extraordinary General Meeting to consider the aforementioned proposals.

### 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.

### Divident payment

The Board of Directors will propose to the Annual General Meeting on March 11, 2009 that a dividend of EUR 0.30 (0.90) per share be paid for the 2008 financial year. The Board of Directors will also propose that the Annual General Meeting, according to Chapter 13, Section 6, Paragraph 2 of the Finnish Companies Act, authorise the Board to decide upon an additional dividend of no more than EUR 0.20 per share. The dividend payment date is 25 March 2009.

### Financial reporting in 2009

Alma Media Corporation will publish financial reports in 2009 as follows:

- Interim Report January–March on Wednesday 29 April 2009
- Interim Report January–June on Thursday 23 July 2009
- Interim Report January–September on Friday 29 October 2009

The Financial Statements Bulletin was published on Friday 13 February 2009.

All reports are published in Finnish and English. All stock exchange and press releases as well as the financial reports 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

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Alma Media's Annual Report 2008

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