

A photograph of a busy city street at dusk. The street is paved with cobblestones and is filled with cars, including a prominent dark classic car in the foreground with its headlights on. The background shows multi-story buildings with lit windows and streetlights. The overall atmosphere is that of a vibrant urban environment during the 'blue hour'.

# Alma Media Interim Report 1 Jan - 30 Sept 2008

29 October 2008

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Alma Media Corporation Stock Exchange Release October 29, 2008 at 9:00am (EET)

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

## Net sales increased, investments in online business and slower advertising sales weighed on result

### July–September 2008 in brief:

- Net sales MEUR 81.4 (Q3/2007: MEUR 77.5)
- Operating profit MEUR 12.2 (13.4)
- Operating profit 15.0% (17.3%) of net sales
- Operating profit for the comparison period includes a one-time capital gain of MEUR 0.7
- Profit before taxes MEUR 12.1 (13.9)
- Earnings per share EUR 0.11 (0.14)
- Outlook for the remainder of the year unchanged

### Kai Telanne, President and CEO:

Alma Media's business developed as expected during the third quarter, despite growing uncertainty in the national economy and the media market. The Group net sales increased 5% over the same period last year, but the operating profit fell behind. The result was affected by factors such as continuing investments in online businesses and slowing advertising sales.

Advertising sales for the Group's newspapers continued to grow in the third quarter. Of the largest newspapers, I am satisfied with Iltalehti's performance in particular: it succeeded both in growing its advertising sales significantly and improving its market share in a very competitive environment. Advertising sales for Lapin Kansa also developed favourably. Aamulehti's advertising sales remained at the previous year's level.

Kauppalehti enjoyed a strong quarter with positive development in advertising sales, online business and profitability. In the third quarter, Kauppalehti also reached new circulation and visitor records.

The growth of Marketplaces' net sales slowed down due to the softened recruitment market. The general economic uncertainty has caused companies to postpone their recruitment decisions, which has slowed the growth of Monster.fi sales. Our investment in the Mikko.fi business in Finland and the City24 home sales services in Eastern Europe decreased the operating profit of Marketplaces. The investments will continue to affect the profitability of the Marketplaces segment in the fourth quarter. As the markets for home sales, car sales and recruitment are becoming quieter in Finland as well as in other countries, the growth of Marketplaces will probably slow down and its profitability decline.

Advertising sales for our newspapers in the fourth quarter are supported by local election advertisement as well as new retail store openings.



Forecasting the advertising sales development in the fourth quarter has become more difficult due to slowing economic growth and the financial markets turmoil.

**More information:**

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**DISTRIBUTION:**

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Principal media

## Alma Media Corporation's Interim Report January 1-September 30, 2008

Comparisons in accordance with the International Financial Reporting Standards (IFRS) are made with the corresponding period in 2007, unless otherwise stated. The figures in this interim report are unaudited. The figures in the tables are independently rounded.

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

On February 20, 2008 Alma Media purchased the entire stock of Jadecon Oy. The company's business includes Telkku.com, an online TV listing service, and is reported under the Newspapers segment as part of Iltalehti.

On September 1, 2008 Suomen Paikallissanomat Oy acquired the business of Rannikkoseudun Sanomat, the publisher of the Rannikkoseutu newspaper.

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

The Group's net sales from January to September 2008 totalled MEUR 254.7 (243.4). The net sales for the comparison period included the advertising for the Finnish parliamentary elections in March 2007 in the amount of MEUR 1.5. Net sales of the Newspapers segment were MEUR 175.6 (171.4), of the Kauppalehti Group MEUR 54.5 (51.0) and of the Marketplaces segment MEUR 26.9 (22.9).

The operating profit of the Alma Media Group in January–September was MEUR 38.8 (43.8). The operating profit of the review period includes a one-time capital gain of MEUR 0.6 from the sale of a property. The operating profit for the comparison period includes a one-time capital gain of MEUR 2.6.

The operating profit for the review period, excluding one-time items, was MEUR 38.2 (41.2).



### **Group net sales and result July–September 2008**

During the review period, Alma Media's net sales increased by 5.0% over the corresponding period in the previous year, totalling MEUR 81.4 (77.5).

The Group's operating profit was MEUR 12.2 (13.4), which is 15.0% (17.3%) of net sales. The comparison period includes a one-time capital gain of MEUR 0.7.

### **Outlook for 2008**

Alma Media expects its net sales to grow from the previous year. The comparable operating profit for the whole year is expected to be at the same level as in 2007.

### **Market conditions**

According to estimates available at the time of writing the report, the gross national product of Alma Media's main market, Finland, is expected to grow on average 2.5% in 2008. Finland's economic growth is slowing down rapidly.

In its latest Economic Survey (September 2008), the Ministry of Finance expects inflation to gradually slow down next year and the purchasing power of households to increase by 3.5% in 2009. The continuing weakness of the international economy, however, increases the vulnerability of the Finnish economy.

In January–September, advertising expenditure in newspapers decreased by 0.6%. During the same period, online advertising increased by 27.5%. In January–September, the circulation market for afternoon papers diminished by 6.6%.



### Key figures

	2008	2007	2008	2007	2007
MEUR	Q3	Q3	Q1-Q3	Q1-Q3	Q1-Q4
Net sales	81.4	77.5	254.7	243.4	328.9
Operating profit	12.2	13.4	38.8	43.8	64.4
% of net sales	15.0	17.3	15.3	18.0	19.6
Net financial expenses	0.2	0.1	-0.1	0.0	-0.1
Net financial expenses, % of net sales	0.2	0.1	-0.0	0.0	0.0
Share of associated companies' results	0.0	0.6	1.8	2.1	3.5
Balance sheet total	166.5	192.5	166.5	192.5	181.3
Gross capital expenditure	1.5	2.9	11.6	8.3	12.1
Gross capital expenditure, % of net sales	1.8	3.8	4.6	3.4	3.7
Equity ratio	54.2	58.1	54.2	58.1	69.8
Gearing, %	24.6	0.8	24.6	0.8	-15.2
Interest-bearing net debt	19.8	0.8	19.8	0.8	-17.9
Interest-bearing liabilities	25.3	21.6	25.3	21.6	6.8
Non-interest-bearing liabilities	60.8	69.4	60.8	69.4	56.2
Average no. of personnel, calculated as full-time employees, excl. delivery staff	2,039	2,027	1,988	1,994	1,971
Average no. of delivery staff	1,045	1,041	987	980	962
Earnings/share, EUR (basic)	0.11	0.14	0.40	0.46	0.68
Earnings/share, EUR (diluted)	0.11	0.14	0.39	0.46	0.68
Cash flow from operating activities, EUR	0.08	0.09	0.51	0.61	0.70
Shareholders' equity/share, EUR	1.07	1.35	1.07	1.35	1.58
Market capitalization	604.4	877.7	604.4	877.4	870.7
Average no. of shares (1,000 shares)					
- basic	74,613	74,613	74,613	74,613	74,613
- diluted	74,769	74,783	74,789	74,757	74,773
No. of shares at end of period (1,000 shares)	74,613	74,613	74,613	74,613	74,613
	2008	2007	2008	2007	2007
NET SALES BY SEGMENT, MEUR	Q3	Q3	Q1-Q3	Q1-Q3	Q1-Q4
Newspapers	57.1	55.0	175.6	171.4	230.6
Kauppalehti Group	16.5	15.5	54.5	51.0	70.1
Marketplaces	8.4	7.6	26.9	22.9	30.9
Other operations and eliminations	-0.6	-0.6	-2.3	-1.9	-2.7
<b>Total</b>	<b>81.4</b>	<b>77.5</b>	<b>254.7</b>	<b>243.4</b>	<b>328.9</b>



OPERATING PROFIT/LOSS BY SEGMENT, 2008	2007	2008	2007	2007
MEUR	Q3	Q3	Q1-Q3	Q1-Q3
Newspapers	10.0	10.4	31.0	33.4
Kauppalehti Group	2.5	1.5	7.6	5.4
Marketplaces	1.0	1.3	3.0	4.1
Other operations and eliminations	-1.3	0.2	-2.8	0.9
<b>Total</b>	<b>12.2</b>	<b>13.4</b>	<b>38.8</b>	<b>43.8</b>

### Newspapers segment

Newspapers, key figures, MEUR	2008	2007	2008	2007	2007
	Q3	Q3	Q1-Q3	Q1-Q3	Q1-Q4
Net sales	57.1	55.0	175.6	171.4	230.6
Circulation sales	28.3	27.2	81.5	80.0	106.9
Media advertising sales	26.5	25.4	86.4	83.0	112.6
Printing sales	0.9	1.1	3.2	4.2	5.4
Other sales	1.4	1.3	4.5	4.1	5.7
Operating profit	10.0	10.4	31.0	33.4	42.8
Operating margin, %	17.4	18.9	17.7	19.5	18.5
Gross capital expenditure	0.7	1.1	4.0	4.9	6.0
Average no. of personnel, calculated as full-time employees, excl. delivery staff	1,244	1,267	1,207	1,235	1,218
Average no. of delivery staff	1,045	1,041	987	980	962

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

Net sales for the Newspapers segment grew 3.8% in July–September, totalling MEUR 57.1 (55.0). Iltalehti and Lapin Kansa increased their net sales most.

Newspaper circulation sales increased 3.8% in July–September. Most of Alma Media's newspapers increased their circulation sales. Iltalehti was successful in turning its circulation sales back into positive in a declining market with fierce competition. Iltalehti's market share in the third quarter was 43.1% (42.6%).

Advertising sales in the Newspapers segment grew by 4.4% in the third quarter. Iltalehti, Iltalehti.fi and Lapin Kansa increased their advertising sales strongly. In Aamulehti, September was a challenging time for advertising sales.

The operating profit of the Newspapers segment decreased by 4.0%, totalling MEUR 10.0 (10.4). The decrease was due to investments in the development of online services and the slowing down of Aamulehti's advertising sales.



## Kauppalehti Group

Kauppalehti Group, key figures, MEUR	2008 Q3	2007 Q3	2008 Q1-Q3	2007 Q1-Q3	2007 Q1-Q4
Net sales	16.5	15.5	54.5	51.0	70.1
Circulation sales	5.9	6.0	18.3	18.1	24.4
Media advertising sales	4.7	4.3	16.3	15.0	21.5
Other sales	5.9	5.2	19.8	17.9	24.3
Operating profit	2.5	1.5	7.6	5.4	7.6
Operating margin, %	15.4	10.0	14.0	10.5	10.8
Gross capital expenditure	0.3	0.3	1.1	0.7	1.1
Average no. of personnel, calculated as full-time employees	503	536	500	537	527

The Kauppalehti Group specialises in the production of business and financial information. Its best known title is Finland's leading business media, Kauppalehti. The group also includes the contract publishing company Lehdentekijät, direct marketing company Kauppalehti 121 and the news agency Baltic News Service (BNS) operating in the Baltic countries.

The net sales of the Kauppalehti Group increased 6.4% in July–September, being MEUR 16.5 (15.5). The net sales of the comparison period include the net sales of the Presso magazine, discontinued at the end of 2007 (MEUR 0.4).

Kauppalehti's advertising sales increased by 12% and circulation sales by 10%. According to an extraordinary circulation audit in August, Kauppalehti's circulation reached an all-time high. The online service Kauppalehti.fi also broke visitor records. Kauppalehti Oy's drive was further enhanced by the increased net sales of ePortti, Kauppalehti.fi content sales and Balance Consulting.

The positive profitability development of the Kauppalehti Group continued in the third quarter. The group's operating profit increased by 64%, being MEUR 2.5 (1.5).

## Marketplaces

Marketplaces, key figures, MEUR	2008 Q3	2007 Q3	2008 Q1-Q3	2007 Q1-Q3	2007 Q1-Q4
Net sales	8.4	7.6	26.9	22.9	30.9
Operations in Finland	6.9	6.2	22.1	18.7	25.2
Operations outside Finland	1.5	1.4	4.8	4.2	5.7
Operating profit	1.0	1.3	3.0	4.1	5.3
Operating margin, %	11.6	16.7	11.1	18.1	17.3
Gross capital expenditure	0.4	0.9	1.2	1.2	2.8
Average no. of personnel, calculated as full-time employees	220	158	210	155	158



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

The July–September net sales for Marketplaces were MEUR 8.4 (7.6). Net sales growth slowed down to 11.1%. The growth of Monster's sales in particular slowed down due to a significant decrease in the growth of the recruitment market. The decrease in the home sales market during the third quarter did not have a marked effect on the net sales development of the Etuovi.com online service.

The net sales of Marketplaces' international operations increased to MEUR 1.5 (1.4) despite the market conditions in the Baltic countries and Eastern Europe.

The operating profit of the Marketplaces segment decreased 23.1% from the corresponding period in the previous year, now being MEUR 1.0 (1.3). Investments in the Mikko.fi business in Finland and the City24 home sales services in Eastern Europe were the main contributors to the decrease in profitability.

#### Associated companies

Share of associated companies' results, MEUR	2008 Q3	2007 Q3	2008 Q1-Q3	2007 Q1-Q3	2007 Q1-Q4
Newspapers	0,0	0,1	0,1	0,1	0,1
Kauppalehti Group					
Talentum Oyj	-0,3	0,3	1,0	1,3	2,6
Marketplaces	0,0	0,0	0,0	0,0	0,0
Other operations					
Acta Print Kivenlahti Oy	0,0	0,0	0,0	0,1	0,1
Other associated companies	0,3	0,2	0,7	0,6	0,7
<b>Total</b>	<b>0,0</b>	<b>0,6</b>	<b>1,8</b>	<b>2,1</b>	<b>3,5</b>

Alma Media Group holds a 29.9% stake in Talentum Oyj, which is reported under the Kauppalehti Group. The shares in the possession of Talentum itself are here included in the total number of shares. In the consolidated financial statements of Alma Media the Talentum shares held by Talentum itself are not included in the total number of shares. Alma Media's shareholding was stated as 30.3% in its consolidated financial statements of September 30, 2008.

Alma Media Group has a 36.0% stake in Acta Print Kivenlahti Oy, reported under Other operations.

#### Balance sheet and financial position

The Group's balance sheet totalled MEUR 166.5 (192.5) at the end of September. The equity ratio at the end of September was 54.2% (58.1%).





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

The Group currently has a MEUR 100 commercial paper programme in Finland. In March, the Group issued papers to a total amount of MEUR 35. On September 30, 2008, the unused portion of the programme was MEUR 81.0.

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

The Group's cash flow decreased from the comparison period by MEUR 1.0, being MEUR 5.8. Cash flow before financing activities was MEUR 4.6 (6.6).

### **Capital expenditure**

The Group's capital expenditure in July–September totalled MEUR 1.5 (2.9).

### **Events after the review period**

With its decision of October 16, 2008, the District Court of Helsinki dismissed the 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.

### **Risks and risk management**

The most important strategic risks for Alma Media are a significant drop in the readership of its newspapers and a critical decline in retail advertising. The major operational risks are disturbances in information technology systems and telecommunication, and an interruption of printing operations.

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

### **Administration**

Mr Tuomas Itkonen has been appointed Chief Financial Officer of Alma Media Corporation and member of the Group Executive Team. He started in the position on October 1, 2008.



### **The Alma Media share**

In July-September, altogether 5,994,670 Alma Media shares were traded at Nasdaq OMX Helsinki, which represented 8.0% of the total number of shares. The closing price of the Alma Media share at the end of the last trading day of the review period, September 30, 2008, was EUR 8.10. The lowest quotation during the third quarter was EUR 7.01 and the highest was EUR 9.20. Alma Media Corporation's market capitalisation at the end of the review period was MEUR 604.4.

The company does not own any of its own shares and it has no authorisation to purchase its own shares.

### **Option rights**

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

A total of 515,000 2006A options have been issued to Group management. Altogether 75,000 of the 2006A options have been returned to the company due to the termination of employment contracts. After the returned options, Group management possesses a total of 440,000 2006A option rights. The option rights of the 2006A programme are traded at Nasdaq OMX Helsinki since April 10, 2008.

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

In 2008, the Board of Directors of Alma Media decided to issue 520,000 options under the 2006C programme to Group management.

In 2007 and 2008, the Board of Directors decided to annul the 200,000 2006A option rights in the company's possession. In 2008, the Board of Directors decided to annul the 125,000 2006B option rights in the company's possession.

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

The share subscription periods and prices 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.

#### **Market liquidity guarantee**

Alma Media and eQ Bank have made a liquidity providing contract under which eQ Bank 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 lot of 2,000 shares.

#### **Flagging notices**

In the third quarter, Alma Media did not receive any flagging notices.



## SUMMARY OF AND NOTES TO THE FINANCIAL STATEMENTS

	2008	2007	2008	2007	2007
INCOME STATEMENT, MEUR	Q3	Q3	Q1-Q3	Q1-Q3	Q1-Q4
NET SALES	81.4	77.5	254.7	243.4	328.9
Other operating income	0.1	1.3	0.8	4.0	13.0
Materials and services	-25.0	-24.6	-76.5	-73.4	-99.1
Costs arising from employment benefits	-27.5	-25.3	-87.0	-81.7	-111.7
Depreciation and writedowns	-2.2	-2.7	-6.4	-7.5	-9.8
Operating expenses	-14.6	-12.8	-46.7	-41.0	-56.8
OPERATING PROFIT	12.2	13.4	38.8	43.8	64.4
Financial income	0.2	0.3	1.0	1.0	1.2
Financial expenses	-0.3	-0.3	-0.9	-1.0	-1.1
Share of associated companies' results	0.0	0.6	1.8	2.1	3.5
PROFIT BEFORE TAX	12.1	13.9	40.7	45.9	68.0
Income tax	-3.5	-3.4	-10.6	-11.3	-16.8
PROFIT FOR THE PERIOD	8.6	10.5	30.1	34.6	51.2

### Distribution:

To the parent company shareholders	8.5	10.3	29.5	34.1	50.5
Minority interest	0.2	0.1	0.6	0.5	0.6
Earnings/share, EUR	0.11	0.14	0.40	0.46	0.68
Earnings/share (diluted), EUR	0.11	0.14	0.39	0.46	0.68

### BALANCE SHEET, MEUR

	30 Sep 2008	30 Sep 2007	31 Dec 2007
ASSETS			
NON-CURRENT ASSETS			
Goodwill	33.3	29.8	29.7
Intangible assets	12.0	9.7	10.2
Tangible assets	36.2	50.4	38.4
Investments in associated companies	31.5	32.7	34.1
Other long-term investments	4.1	3.9	4.0
Deferred tax assets	1.0	3.7	1.0
Other receivables	0.1	0.2	0.0
CURRENT ASSETS			
Inventories	1.0	1.3	1.4
Tax receivables	1.6	0.0	0.0
Accounts receivable and other receivables	32.7	32.6	29.9
Other short-term investments	2.7	2.6	3.0



Cash and cash equivalents	5.6	20.8	24.8
ASSETS AVAILABLE FOR SALE	4.7	4.7	4.7
<b>TOTAL ASSETS</b>	<b>166.5</b>	<b>192.5</b>	<b>181.3</b>

**BALANCE SHEET,** 30 Sep 2008 30 Sep 2007 31 Dec 2007  
**MEUR**

<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Share capital	44.8	44.8	44.8
Share premium fund	2.8	2.8	2.8
Cumulative translation adjustment	0.0	0.1	0.0
Retained earnings	32.2	53.3	70.0
Parent company shareholders' equity	79.8	101.0	117.7
Minority interest	0.6	0.5	0.6
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>80.4</b>	<b>101.5</b>	<b>118.3</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Interest-bearing liabilities	4.1	18.8	4.6
Deferred tax liabilities	2.6	1.6	1.8
Pension obligations	3.6	3.6	3.7
Provisions	0.1	0.1	0.1
Other long-term liabilities	0.4	6.8	0.9
<b>Current liabilities</b>			
Interest-bearing liabilities	21.2	2.8	2.2
Advances received	18.3	17.8	12.0
Tax liabilities	0.0	2.0	1.1
Provisions	0.2	1.3	0.3
Accounts payable and other liabilities	35.6	36.2	36.4
<b>TOTAL LIABILITIES</b>	<b>86.1</b>	<b>91.0</b>	<b>63.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>166.5</b>	<b>192.5</b>	<b>181.3</b>



RECONCILIATION OF SHAREHOLDERS' EQUITY 1 JAN. – 30 SEPTEMBER 2008

MEUR	Share capital	Share premium fund	Retained earnings	Parent company, total	Minority interest	Equity, total
Equity, 1 Jan. 2008	44.8	2.8	70.0	117.7	0.6	118.3
Translation differences			0.0	0.0		0.0
Share of items recognized directly in associated company's equity			-0.7	-0.7		-0.7
Income recognized directly in equity			-0.7	-0.7		-0.7
Profit for the period			29.5	29.5	0.6	30.1
Net income for the period			28.8	28.8	0.6	29.4
Share-based payments			0.6	0.6		0.6
Dividend paid by parent company			-67.2	-67.2		-67.2
Dividends paid by subsidiaries					-0.6	-0.6
Equity, 30 September 2008	44.8	2.8	32.2	79.8	0.6	80.4

RECONCILIATION OF SHAREHOLDERS' EQUITY 1 JAN. – 30 SEPTEMBER 2007

MEUR	Share capital	Share premium fund	Retained earnings	Parent company, total	Minority interest	Equity, total
Equity, 1 Jan. 2007	44.8	2.8	67.3	114.9	0.4	115.3
Translation differences			0.0	0.0		0.0
Share of items recognized directly in associated company's equity			0.1	0.1		0.1
Income recognized directly in equity			0.1	0.1		0.1
Profit for the period			34.1	34.1	0.5	34.6
Net income for the period			34.2	34.2	0.5	34.7
Share-based payments			0.4	0.4		0.4
Dividend paid by parent company			-48.5	-48.5		-48.5
Dividends paid by subsidiaries					-0.4	
Equity, 30 September 2007	44.8	2.8	53.3	101.0	0.5	101.5



CASH FLOW STATEMENT, MEUR	2008 Q3	2007 Q3	2008 Q1-Q3	2007 Q1-Q3	2007 Q1-Q4
<b>Cash flow from operating activities</b>					
Profit for the period	8.6	10.5	30.1	34.6	51.2
Adjustments	5.8	4.3	14.4	12.5	8.8
Change in working capital	-4.3	-4.6	3.1	5.9	3.4
Dividend income received	0.0	0.0	4.0	3.2	3.2
Interest income received	0.1	0.3	0.7	0.8	1.1
Interest expenses paid	-0.3	-0.3	-1.0	-1.0	-1.1
Taxes paid	-4.1	-3.4	-13.0	-10.6	-14.1
<b>Net cash provided by operating activities</b>	<b>5.8</b>	<b>6.8</b>	<b>38.3</b>	<b>45.2</b>	<b>52.5</b>
<b>Cash flow from investing activities</b>					
Investments in tangible and intangible assets	-1.2	-1.4	-3.5	-3.8	-5.6
Proceeds from disposal of tangible and intangible assets	0.0	1.3	1.0	1.5	1.5
Other investments	-0.1	0.0	-0.8	0.0	-1.0
Proceeds from disposal of other investments	0.0	0.0	0.1	3.2	3.4
Subsidiary shares purchased	0.0	-0.1	-3.9	-0.3	-0.3
Associated company shares purchased	0.0	0.0	0.0	-1.6	-1.5
<b>Net cash used in investing activities</b>	<b>-1.2</b>	<b>-0.2</b>	<b>-7.2</b>	<b>-0.9</b>	<b>-3.5</b>
<b>Cash flow before financing activities</b>	<b>4.6</b>	<b>6.6</b>	<b>31.1</b>	<b>44.5</b>	<b>49.1</b>
<b>Cash flow from financing activities</b>					
Long-term loan repayments	0.0	0.0	0.0	0.0	0.0
Short-term loans raised	0.0	0.0	35.0	2.0	2.0
Short-term loans repaid	-7.5	-0.8	-17.7	-4.5	-5.2
Change in interest-bearing receivables	0.0	-0.2	0.2	-0.5	-0.5
Dividends paid and capital repayment	0.0	0.0	-67.8	-48.9	-48.8
	-7.5	-1.0	-50.3	-51.9	-52.5
<b>Change in cash funds (increase + / decrease -)</b>	<b>-2.9</b>	<b>5.5</b>	<b>-19.2</b>	<b>-7.4</b>	<b>-3.4</b>
Cash and cash equivalents at start of period	8.5	15.2	24.8	28.2	28.2
Cash and cash equivalents at end of period	5.6	20.8	5.6	20.8	24.8



## BUSINESS ACQUISITIONS 1-9/2008

On February 20, 2008, Alma Media acquired the entire stock of Jadecon Oy. The company's business includes Telkku.com, an online TV listing service, and is reported under the Newspapers segment as part of Iltalehti.

On September 1, 2008, the Alma Media Group company Suomen Paikallissanomat Oy (Local Newspapers) acquired the business of Rannikkoseudun Sanomat, the publisher of the Rannikkoseutu newspaper.

	Book value before consolidation	Fair values used in consolidation
Intangible assets	0.0	1.9
Receivables	0.2	0.2
Cash and cash equivalents	0.1	0.1
Assets total	0.3	2.2
Deferred tax liabilities		0.5
Current liabilities	0.1	0.1
Total liabilities	0.1	0.6
Net assets	0.2	1.6
Goodwill arising in acquisitions		3.7
Acquisitions cost		5.3
Cash and cash equivalents of acquired operations		0.1
Impact on cash flow		5.2

The fair values entered under intangible assets mainly pertain to trademarks, the acquired IT application and customer agreements. The goodwill generated by the acquisitions was affected by the expected synergy benefits from the acquired businesses. The operating profit of the acquired businesses, calculated from the acquisition dates, totals MEUR 0.4. The Group's net sales during the first three quarters would have been approximately MEUR 255.8 and operating profit MEUR 39.1, if the acquisitions had taken place in the beginning of 2008.

## INFORMATION BY SEGMENT

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

The descriptive section of the financial statements presents the net sales and operating profits of the segments and the allocation of the associated companies' results to the reporting segments.





Financial items and income taxes are not allocated to the segments. The following table presents the assets and liabilities of the segments as well as the non-allocated asset and liability items.

ASSETS BY SEGMENT, MEUR	30 Sep 2008	30 Sep 2007	31 Dec 2007
Newspapers	65.4	66.2	64.7
Kauppalehti group	55.2	57.4	56.5
Marketplaces	16.6	15.6	15.4
Other operations and eliminations	18.6	25.2	19.0
Non-allocated assets	10.7	28.2	25.7
<b>Total</b>	<b>166.5</b>	<b>192.5</b>	<b>181.3</b>

LIABILITIES BY SEGMENT, MEUR	30 Sep 2008	30 Sep 2007	31 Dec 2007
Newspapers	35.8	33.9	31.4
Kauppalehti group	12.4	14.6	12.6
Marketplaces	4.0	4.3	3.9
Other operations and eliminations	5.9	9.2	5.5
Non-allocated liabilities	28.0	29.0	9.7
<b>Total</b>	<b>86.1</b>	<b>91.0</b>	<b>63.0</b>

GROUP INVESTMENTS, MEUR	2008 Q3	2007 Q3	2008 Q1-Q3	2007 Q1-Q3	2007 Q1-Q4
Gross capital expenditure	1.5	2.9	11.6	8.3	12.1

## PROVISIONS

The company's provisions on June 30, 2008 totalled MEUR 0.3, representing a decrease of MEUR 0.1 from the situation on December 31, 2007. It has not been necessary to change the estimates made when the provisions were entered. The change in provisions is due to actual expenses.

COMMITMENTS AND CONTINGENCIES, MEUR	30 Sep 2008	30 Sep 2007	31 Dec 2007
Collateral on own behalf			
Chattel mortgages	0.0	0.0	0.0
Collateral for others			
Guarantees	0.0	0.0	0.0
Other commitments			
Commitments based on agreements	0.1	0.1	0.1
Minimum rents payable based on other lease agreements:			
Within one year	7.7	6.0	7.5
Within 1-5 years	17.2	13.7	18.1
After 5 years	24.4	11.8	26.5
<b>Total</b>	<b>49.3</b>	<b>31.5</b>	<b>52.1</b>



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

3.6                      5.1                      4.6

GROUP DERIVATIVE CONTRACTS, MEUR	30 Sep 2008	30 Sep 2007	31 Dec 2007
Commodity derivative contracts, electricity derivatives			
Fair value *	0.1	0.0	0.1
Nominal value	0.5	0.0	0.4

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

### CONTINGENT LIABILITIES

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

### RELATED PARTIES

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

RELATED PARTY ACTIVITIES WITH ASSOCIATED COMPANIES, MEUR	2008 7-9	2007 7-9	2008 1-9	2007 1-9	2007 1-12
Sales of goods and services	0.0	0.0	0.2	0.1	0.2
Purchases of goods and services	1.0	1.5	3.3	4.5	5.9
Accounts receivable, loan and other receivables at the balance sheet date	4.7	4.7	4.7	4.7	4.7
Accounts payable at the balance sheet date	1.1	0.4	1.1	0.4	0.1

Related parties also include the company's senior management (members of the Board of Directors, presidents and the Group Executive Team). The section The Alma Media Share –



Option Rights of this report presents information on changes to the current option programme intended to motivate and secure the long-term commitment of the Group's senior management.

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

This interim report has been prepared according to IFRS standards (IAS 34).

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

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

Since the beginning of 2008, the Group has adopted the following new accounting standards and interpretations:

IFRIC 11 IFRS 2 – Business operations concerning the shares of group companies and own shares

New accounting standards and interpretations to be adopted from the beginning of 2009 are:

IFRS 2 Share-based payments, amendment to standard

IFRS 8 Operating segments

IAS 1 Presentation of financial statements, amendment to standard

IAS 23 Borrowing costs, amendment to standard

The Group preliminarily expects that the above new standards and interpretations will have only a minor effect. Their application mainly affects the way of presenting the profit and loss statement, the balance sheet, changes in equity and notes to the financial statements.

The European Union has not yet approved the adoption of the amended standards IFRS 2, IAS 1 and IAS 23. An EU approval is necessary for the amended standards to be adopted within the Group.

New accounting standards to be adopted from the beginning of 2010 are:

IFRS 3 Business combinations, amendment to standard

IAS 27 Consolidated and separate financial statements, amendment to standard

These amendments will affect the treatment of future acquisitions as far as, for example, the minority share, goodwill and acquisition costs are concerned. The amendments will have no effect on acquisitions already made.



These amended standards are not yet approved for application in the EU. This approval is necessary for their adoption by the Group.

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

The figures in this interim report are unaudited.

### **SEASONALITY**

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

### **GENERAL STATEMENT**

This report contains certain statements that are estimates based on the management's best knowledge at the time they were made. For this reason they contain a certain amount of risk and uncertainty. The estimates may change in the event of significant changes in the general economic and business conditions.

### **NEXT INTERIM REPORT**

Alma Media will publish its financial statements for the year 2008 at 9:00am (EET) on Friday, February 13, 2009.

ALMA MEDIA CORPORATION  
Board of Directors