ALMA MEDIA CORPORATION

REPORT BY THE BOARD OF DIRECTORS AND FINANCIAL STATEMENTS 2016

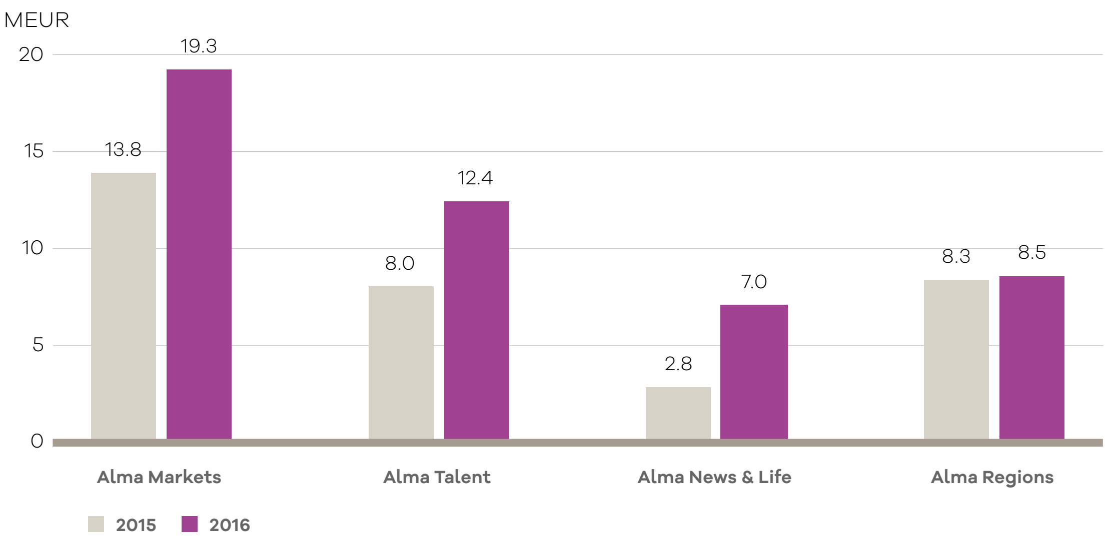
CONTENTS

Report by the Board of Directors

FINANCIAL PERFORMANCE FULL YEAR 2016:

- Revenue MEUR 353.2 (291.5), up 21.2%.
- Adjusted operating profit MEUR 35.2 (23.4), or 10.0% (8.0%) of revenue, up 50.4%.
- Operating profit MEUR 26.8 (17.7), or 7.6% (6.1%) of revenue, up 51.5%.
- Earnings per share EUR 0.20 (0.13).
- The Board's dividend proposal is EUR 0.16 per share.
- At the end of the period, the gearing ratio was 41.4% and the equity ratio 45.7%.

Business segments' adjusted operating profit, January–December (excludes non-allocated functions)



Key figures

MEUR	2016 1–12	2015 1–12	Change	%
Revenue	353.2	291.5	61.7	21.2
Content revenue	128.3	104.1	24.2	23.3
Content revenue, print	113.5	97.0	16.5	17.0
Content revenue, online	14.8	7.1	7.7	109.3
Advertising revenue	171.0	148.2	22.8	15.3
Advertising revenue, print	68.5	66.2	2.3	3.5
Advertising revenue, online	102.6	82.0	20.6	25.1
Service revenue	53.9	39.2	14.7	37.6
Adjusted total expenses	318.9	268.7	50.1	18.7
Adjusted EBITDA	53.3	37.4	15.9	42.4
EBITDA	47.9	34.5	13.4	38.8
Adjusted operating profit	35.2	23.4	11.8	50.4
% of revenue	10.0	8.0		
Operating profit (loss)	26.8	17.7	9.1	51.5
% of revenue	7.6	6.1		
Profit for the period	19.9	12.1	7.8	64.6
Earnings per share, EUR (undiluted and basic)	0.20	0.13	0.07	57.4
Online sales	133.5	104.3	29.1	27.9
Online sales, % of revenue	37.8	35.8		

DIVIDEND PROPOSAL TO THE ANNUAL GENERAL MEETING:

On 31 December 2016, the Group's parent company had distributable funds totalling EUR 124,646,114 (119,915,169). Alma Media's Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.16 per share (2015: capital repayment of EUR 0.12 per share) be paid from the reserve for invested non-restricted equity for the financial year 2016. Based on the number of shares on the closing date 31 December 2016, the dividend payment totals EUR 13,181,309 (2015: capital repayment EUR 9,885,982).

No essential changes have taken place after the end of the financial year with respect to the company's financial standing. The proposed distribution of profit does not, in the view of the Board of Directors, compromise the company's liquidity.

OUTLOOK FOR 2017

The Finnish economy is expected to grow by 1–2% in 2017. Alma Media's significant operating countries in Eastern Central Europe, such as the Czech Republic and Slovakia, are expected to see economic growth of 2–4%. Macroeconomic development affects both consumer demand and advertising volume. The structural transformation of advertising will continue in 2017; online advertising will grow, while print media advertising will decline.

In 2017, Alma Media expects its full-year revenue to remain at the previous year's level and its adjusted operating profit to increase from the 2016 level. The full-year revenue for 2016 was MEUR 353.2, and the adjusted operating profit was MEUR 35.2.

KAI TELANNE, PRESIDENT AND CEO:

Alma Media's business developed well in 2016. Full-year revenue grew by 21 per cent to MEUR 353 and adjusted operating profit increased by 50 per cent to MEUR 35. Earnings per share rose to EUR 0.20 in spite of restructuring expenses, impairment and an increase in the number of shares. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.16 per share be paid.

The growth in revenue was attributable to the strong organic development of Alma Markets and Alma News & Life, as well as acquisitions. Growth was also supported by the media advertising market in Finland, which showed signs of recovery in the fourth quarter. The improved profitability is particularly attributable to the Alma Markets and Alma News & Life segments, which both achieved organic sales growth.

The Alma Markets segment's revenue and profitability improved in each quarter thanks to excellent development efforts and work with customers as well as the favourable operating environment in Eastern Central Europe. The revenue and operating profit of the marketplace businesses also increased substantially in Finland. The segment's full-year adjusted operating profit grew by nearly 40 per cent year-on-year, to MEUR 19.

In the Alma News & Life segment, Iltalehti's digital business saw strong development. The factors contributing to the growth included programmatic ad buying, content marketing and mobile advertising. The adjusted operating profit grew to MEUR 7 on the strength of good digital sales and cost savings in print media.

For Alma Talent, the year was a time of building a new entity. The integration of Talentum's businesses went according to plan and the estimated cost synergies will be achieved in full. Comparable revenue decreased by three per cent. The decline was particularly attributable to the service business. The integration process has made Alma Talent a unique media and service provider in Finland and Sweden, with the aim of introducing multimedia products and services to the market that offer superior usability and richer content.

In Alma Regions, the decline in revenue from publishing operations slowed in late 2016. The segment's adjusted operating profit remained on a par with the previous year thanks to cost savings. Digital media advertising sales grew faster than the overall market by a substantial margin, but the growth was not yet sufficient to compensate for the decline in print media advertising sales.

The Group's financial position improved further due to strong cash flow from operating activities. At the end of December, the equity ratio was 46 per cent and the gearing ratio was 41 per cent. Interest-bearing net debt declined by MEUR 19.1 during the year. The strong financial foundation provides operating space for future investments and the acceleration of growth by leveraging the opportunities presented by digitisation.

The Finnish national government's favourable view on the European Commission's proposal to reduce value added taxes on digital publications and books is a positive signal for our industry. The potential lowering of the Finnish digital VAT rate from the current level of 24 per cent to 10 per cent in 2018 would help Finnish media companies maintain their competitiveness while also increasing the demand and use of digital services and content.

STRATEGY AND RELATED ACTIVITIES DURING THE REVIEW PERIOD

The main directions of Alma Media's strategic development include developing and expanding existing business operations as well as growth in new business areas and markets through both organic growth and acquisitions. During the review period, the implementation of strategy was focused on developing the existing business operations.

The cornerstones of the development of the Group's current business operations are multi-channel content, marketing and advertising solutions, digital services and improving resources and competencies.

In November 2016, Alma Media's various editorial offices began the gradual deployment of a new comprehensive Alma-level content management system. The first editorial offices to start using the new editorial system were Iltalehti and Kauppalehti. The common editorial system improves the efficiency of the various stages of editorial work, enables smooth workflows between different products and content networks and offers Alma even better opportunities for developing and providing multi-channel content.

As part of the development of a multi-channel offering, Alma News & Life launched redesigned mobile applications in the latter part of the year. The Iltalehti news application provides users with new ways of finding interesting content. At the same time, it is aimed at attracting new user groups to the application.

Significant steps were taken in the provision of marketing and advertising solutions during the reporting period. The first advertisements were sold via the Automated Guaranteed marketplace for digital advertising established by Alma Media and nine other major Finnish media companies. In addition, Alma Media began the deployment of a new digital advertising distribution system in the media network formed by news media, lifestyle media and marketplaces. The renewal of the digital advertising infrastructure is one of Alma Media's largest digital business projects in recent years. Alma Media also launched a native advertising concept that makes it possible to target advertisers' own commercial content at audiences more effectively than before, without disrupting the media consumption experience. Investments were also made in programmatic buying.

In Alma Markets, the aim is to expand the service offering by complementing the existing solutions with new concepts; for example, by providing added visibility solutions for homes listed for sale at Etuovi.com, and using 360-degree panorama drone videos in the presentation of residential neighbourhoods.

Alma Regions is developing Reviiri, a new technological solution and media platform, to ensure its services' continued capacity to operate in the changing field of media. The digital service provides interesting content, targeted at its customers, through a single service interface. The Reviiri media platform is being developed in collaboration with readers. In late 2016, preparations began for piloting the Jamsanseutu.fi online service.

Alma Talent's integration process was completed for the most part by the end of 2016. In the fourth quarter, the Alma Talent brand was adopted across all of the segment's service businesses, with the new names being Alma Talent Pro, Alma Talent Events and Alma Talent CRM. The Alma Talent brand name was also adopted in Swedish operations. In October, the new shared newsdesk of Alma Talent's editorial offices became operational, and the Uusi Suomi editorial team was also combined with it. As part of the integration process, the Alma Talent Events business was restructured. Alma Talent's most significant product development project in the latter part of the year was the renewal of the Arvopaperi online service, which was launched in January 2017.

Alma Media's long-term financial targets

	2012	2013	2014	2015	2016	Target
Digital business growth	36.8%	8.4%	11.9%	10.4%	27.9%	> 15%
Return on Investment (ROI), %	13.8%	10.0%	9.8%	6.9%	10.1%	> 15%
Dividend payout ratio*	45%	50%	63%	92%	78%	> 50%

* Includes repayment of capital to shareholders.

In December 2016, Alma Media's Board of Directors approved the company's updated strategy for 2017–2019. The update of the strategy did not involve any changes to Alma Media's long-term financial targets.

MARKET SITUATION IN THE MAIN MARKETS

According to Kantar TNS, the total advertising volume in Finland increased by 0.2% (decreased by 1.8%) in the final quarter, while advertising in online media increased in Finland by 14.6% (increased by 9.1%) in October–December. Advertising in city papers and newspapers declined by 4.0% (declined by 7.1%) in Finland. Advertising in magazines in Finland decreased in October–December by 12.4% (12.3%). In terms of volume, the total market for afternoon papers declined by 14.4% (declined by 17.0%) in the fourth quarter of 2016.

According to Sveriges Mediebyråer, the total advertising volume in Sweden increased by 5.1% (increased by 0.1%) in January–December 2016. Advertising in online media grew by 15.3% in Sweden. Advertising in trade magazines in Sweden decreased by 11.5% (decreased by 23.8%).

Alma Media's main markets in Eastern Central Europe are the Czech Republic and Slovakia. According to a forecast by the European Commission, the Czech GDP will grow by 2.6% (2.6%) in 2017. The Czech National Bank estimates that GDP will grow by 2.9% in 2017. In Slovakia, the European Commission's forecast for GDP growth in 2017 is 3.2% (3.4%). The National Bank of Slovakia estimates GDP growth in 2017 to be 3.1%.

CHANGES IN GROUP STRUCTURE IN 2016

In January 2016, Alma Media's subsidiary Alma Mediapartners Oy acquired 51 per cent of the share capital of Raksa ja KotiKauppa Oy (NettiKoti). The acquired business will be consolidated in Alma Media Group in full. NettiKoti provides ERP systems for construction and renovation.

In January 2016, LMC s.r.o, a subsidiary of Alma Career Oy, acquired Jobote s.r.o, a Czech start-up developing and providing new technology in recruitment.

In April 2016, Alma Media Corporation increased its share in Rantapallo Oy from 35% to 79%. Rantapallo.fi is a comprehensive online travel service established in 2007 to provide information, inspiration and services to online readers interested in travel and tourism. A transaction whereby Rantapallo Oy acquired the businesses of Matkapörssi Oy and LT Lentokeskus Oy was made at the same time. Matkapörssi is an online travel service and its subsidiary LT Lentokeskus offers B2B services for travel agencies.

In June 2016, Alma Media's subsidiary Alma Mediapartners Oy increased its ownership in Remonttibulevardi Oy (Urakkamaailma.fi) from 30% to 51%. The acquired business will be consolidated in Alma Media Group in full. Launched in 2012, Urakkamaailma.fi is a service where consumers and housing companies can find verified contractors with reviews by users for all kinds of renovation and construction projects.

In September 2016, Alma Media acquired the business of Uusi Suomi, a digital news and blog service that specialises in social dialogue. The Uusi Suomi business will be reported as part of the Alma Talent segment.

Alma Media's subsidiary Alma Talent Events sold its 49.9% stake in the event organising company Professio Finland Oy in December. The buyer was the principal owner of Professio, Cor Group Oy. The parties have agreed not to disclose the purchase price. Alma Media recorded sales proceeds of MEUR 0.4 in its fourth-quarter 2016 result from the transaction.

GROUP REVENUE AND RESULT FULL YEAR 2016

Revenue increased by 21.2% to MEUR 353.2 (291.5) in 2016. Taking into consideration the effect of the Talentum Corporation, acquired in November 2015, and the businesses divested in 2015, revenue growth was 1.3%.

Content revenue grew by 23.3% to MEUR 128.3 (104.1). Comparable content revenue declined by 4.8% due to the lower circulations of print media.

Revenue from advertising sales increased by 15.3% to MEUR 171.0 (148.2). Advertising sales for print media increased by 3.5% from the comparison period, to MEUR 68.5 (66.2). Online advertising sales increased by 25.1% to MEUR 102.6 (82.0). Talentum's effect on the increase in advertising revenue was MEUR 13.2.

Service revenue totalled MEUR 53.9 (39.2). Service revenue includes items such as the sale of information services, the event and direct marketing business, and the printing and distribution services sold to customers outside the Group by Alma Manu. The increase in service revenue was attributable to the Talentum acquisition and the improved revenue of Alma Manu.

Total expenses increased by MEUR 51.3, or 18.5%, to MEUR 328.7 (277.4). Taking the acquisitions and divestments carried out in 2015 into account, the Group's total expenses decreased by 1.4%. Depreciation and impairment included in the total expenses amounted to MEUR 21.1 (16.8).

Adjusted operating profit was MEUR 35.2 (23.4), or 10.0% (8.0%) of revenue. The operating profit was MEUR 26.8 (17.7). Operating profit was 7.6% (6.1%) of revenue. The operating profit includes net adjusted items in the amount of MEUR -8.4 (-5.7) related to goodwill write-downs, restructuring and gains and losses on the sale of assets. The adjusted items in the comparison period were related to restructuring costs and gains on the sale of assets.

The result for 2016 was MEUR 19.9 (12.1), and the adjusted result was MEUR 28.2 (17.8).

ALMA MARKETS

The recruitment services Monster.fi, Jobs.cz, Prace.cz, CV Online, Profesia.sk, MojPosao.net, Monster.hu, Monsterpolska.pl, Monster.cz and Jobote.com are reported in the Alma Markets segment. The segment includes several online services: the housing-related services Etuovi.com, Vuokraovi.com and Urakkamaailma.fi, the travel portal Gofinland.fi and the automotive services Autotalli.com, Autosofta and Alkali. Nettikoti, which specialises in software for ERP systems in new construction and renovation, and Kivi, a real estate agency system, are also reported in this segment.

In 2016, the Alma Markets segment's revenue increased by 17.5% to MEUR 69.4 (59.0). Recruitment-related business accounted for 76.4% (76.9%) of the segment's revenue in 2016. Acquisitions (Autosofta, NettiKoti, Urakkamaailma) increased revenue by MEUR 1.1.

The segment's adjusted total expenses for 2016 amounted to MEUR 50.2 (45.4). The increase in total expenses was attributable to investments in sales, marketing and ICT functions.

The Alma Markets segment's operating profit was MEUR 19.3 (13.8) in 2016. Acquisitions (Autosofta, NettiKoti, Urakkamaailma) increased the adjusted operating profit by MEUR 0.3.

ALMA TALENT

The Alma Talent business segment publishes 20 trade and financial media, as well as books. The business unit also offers skills development and growth services to professionals and businesses in different fields, from events and training to information services. Alma Talent has operations in Finland, Sweden and the Baltics. Alma Talent media include Kauppalehti, Uusi Suomi, Talouselämä, Tekniikka & Talous, Markkinointi&Mainonta, Arvopaperi and Tivi. In Sweden, Alma Talent's publications include Affärsvärlden, Ny Teknik and Dagens Media.

The Alma Talent segment's revenue increased by 94.9% to MEUR 114.0 (58.5). Online business accounted for 31.3% (44.1%) of the segment's revenue. Taking into consideration the effect of the Talentum businesses acquired in November 2015 and the Alma360 business divested in September 2015, the segment's revenue decreased by 3.1%.

The content revenue of the Alma Talent segment increased by 152.0% to MEUR 49.6 (19.7). The increase in digital content revenue covered the decline in content revenue from print media. The Talentum businesses contributed MEUR 30.5 to the increase in content revenue.

Advertising sales in 2016 amounted to MEUR 30.8 (17.2). Online advertising revenue increased by 76.2% year-on-year. Talentum's effect on the increase in advertising revenue was MEUR 13.2.

The segment's adjusted total expenses amounted to MEUR 101.8 (50.7). Taking into consideration the acquisitions and divestments carried out in 2015, the segment's adjusted total expenses decreased by 4.9%.

The Alma Talent segment's adjusted operating profit was MEUR 12.4 (8.0) and operating profit MEUR 8.8 (6.9). The adjusted operating profit was 10.9% (13.6%) of revenue. The adjusted items in 2016, EUR -3.6 million, were related to an impairment loss on goodwill in Sweden, restructuring and a gain on sale, while the adjusted items recognised in the comparison period, EUR 0.6 million, were related to a sales gain on an acquisition achieved in stages.

ALMA NEWS & LIFE

The Alma News & Life segment includes the various digital and print news and lifestyle content of the national Iltalehti. The online services Telkku.com, Kotikokki.net, E-kontakti.fi and Rantapallo.fi are also reported in this segment.

The Alma News & Life segment's revenue increased by 4.3% to MEUR 46.1 (44.1) in 2016. Rantapallo, which was acquired in April 2016, contributed MEUR 1.6 to the increase in revenue. Online business accounted for 42.5% (33.8%) of the segment's revenue.

The segment's content revenue declined by 12.9% to MEUR 21.6 (24.7) in 2016 due to a decrease in Iltalehti's circulation.

The segment's advertising sales increased by 22.2% to MEUR 23.6 (19.3). Advertising revenue from print media grew by 7.2%. The segment's online advertising revenue increased by 27.0% to MEUR 18.7 (14.8). Growth was achieved particularly in programmatic buying. The Rantapallo acquisition contributed MEUR 0.8 to the increase in advertising revenue.

The segment's adjusted total expenses amounted to MEUR 39.1 (41.4). The decrease in total expenses was particularly attributable to the decrease in printing and distribution costs due to lower print media sales, as well as reduced service purchases in ICT and content production. Rantapallo accounted for MEUR 1.5 of the increase in expenses.

The segment's adjusted operating profit was MEUR 7.0 (2.8). The adjusted operating profit was 15.1% (6.2%) of revenue. The segment's operating profit was MEUR 7.9 (1.9). The adjusted items recognised in 2016 were related to a sales gain on the Rantapallo acquisition achieved in stages, and the adjusted items in the comparison period were related to an impairment loss on goodwill and restructuring costs.

ALMA REGIONS

The print and online publishing business of Aamulehti, Satakunnan Kansa, Lapin Kansa/Pohjolan Sanomat and several local and town papers is reported in the Alma Regions segment. The printing and distribution unit Alma Manu is also included in this segment.

The Alma Regions segment's revenue declined by 5.0% to MEUR 127.7 (134.5) in 2016. Online business accounted for 7.0% (3.6%) of the segment's revenue. The effect of the newspapers divested in 2015 on the decrease in revenue was MEUR 2.0.

The segment's content revenue declined by 4.2% to MEUR 57.2 (59.8) in 2016. The effect of the newspapers divested in 2015 on the decrease in content revenue was MEUR 0.9. The segment's advertising sales declined by 7.2% to MEUR 52.4 (56.4). Advertising sales for print media decreased by 9.1%. The segment's online advertising sales increased by 33.5% to MEUR 3.5 (2.6). The effect of the newspapers divested in 2015 on the decrease in advertising revenue was MEUR 1.1.

The segment's service revenue decreased by 0.8% to MEUR 18.2 (18.3).

The segment's adjusted total expenses were MEUR 119.6 (126.4) and total expenses MEUR 122.6 (130.3). The factors contributing to the decline in total expenses included efficiency improvement measures for newspapers as well as printing operations. The effect of divested newspapers on the decrease in the segment's expenses was MEUR 2.5.

The segment's adjusted operating profit was MEUR 8.5 (8.3) and operating profit MEUR 5.5 (4.8). The adjusted operating profit was 6.6% (6.2%) of revenue. The adjusted items in 2016, MEUR -3.0 (-3.6) were related to an impairment loss on the goodwill of the northern newspapers, restructuring provisions and a loss on sale. The adjusted items in the comparison period were related to a sales gain on real estate and operational restructuring.

ASSOCIATED COMPANIES

In January 2016, Alma Media's subsidiary Alma Mediapartners Oy acquired 24% of the share capital of AutoJerry Oy, which offers competitive tender services for car servicing.

ITEMS ADJUSTING OPERATING PROFIT

Items adjusting operating profit are income or expense arising from non-recurring or rare events. Gains or losses from the sale or discontinuation of business operations or assets, gains or losses from restructuring business operations as well as impairment losses of goodwill and other assets are recognised by the Group as adjustments. Adjustments are recognised in the profit and loss statement within the corresponding income or expense group.

Adjusted items

MEUR	2016 1–12	2015 1–12
Alma Markets		
Gains on the sale of assets	0.0	
Alma Talent		
Impairment losses	-1.0	-1.2
Restructuring	-3.0	0.0
Gains (losses) on the sale of assets	0.4	0.2
Alma News & Life		
Impairment losses	0.0	-0.5
Restructuring	0.0	-0.3
Gains (losses) on the sale of assets	0.9	0.0
Alma Regions		
Impairment losses	-2.0	-1.1
Restructuring	-0.8	-2.8
Gains (losses) on the sale of assets	-0.2	0.3
Non-allocated		
Restructuring		-0.5
Costs related to the Talentum acquisition	-2.8	-1.8
Gains (losses) on the sale of assets	0.1	2.0
ADJUSTED ITEMS IN OPERATING PROFIT	-8.4	-5.7

BALANCE SHEET AND FINANCIAL POSITION

At the end of December 2016, the consolidated balance sheet stood at MEUR 327.0 (328.3). The Group's equity ratio at the end of December was 45.7% (42.5%) and equity per share was EUR 1.44 (1.35).

Consolidated cash flow from operations in 2016 amounted to MEUR 42.3 (33.2). Cash flow before financing was MEUR 31.4 (11.1).

At the end of December, the Group's interest-bearing debt amounted to MEUR 80.4 (90.6). The total interest-bearing debt comprised MEUR 60.2 in finance leasing debt, MEUR 10.2 in loans from financial institutions and MEUR 10.0 in commercial papers. The Group's interest-bearing net debt at the end of December stood at MEUR 57.1 (76.2).

Alma Media has two MEUR 15.0 committed financing limits at its disposal, which were entirely unused on 31 December 2016. In addition, the company has a commercial paper programme of MEUR 100 in Finland. Of the commercial paper programme, MEUR 10.0 was in use on 31 December 2016.

Alma Media did not have financial assets or liabilities created in conjunction with business combinations measured at fair value and recognised through profit or loss on 31 December 2016. Financial liabilities measured at fair value and recognised through profit or loss amounted to MEUR 1.0 (0.3).

CAPITAL EXPENDITURE

Alma Media Group's capital expenditure in 2016 totalled MEUR 10.0 (60.2). The capital expenditure mainly consisted of the acquisitions of Jobote s.r.o., Raksa ja Kotikauppa Oy, Rantapallo Oy, Remonttibulevardi Oy and the Uusi Suomi business, as well as normal operating and maintenance investments.

RESEARCH AND DEVELOPMENT COSTS

The Group's research and development costs in 2016 totalled MEUR 5.0. Of this total, MEUR 4.2 was recognised in the income statement and MEUR 0.8 was capitalised to the balance sheet in 2016. On 31 December 2016, capitalised research and development costs on the balance sheet totalled MEUR 3.3.

EMPLOYEES

During 2016, Alma Media had on average 2,287 (1,793) employees, calculated as full-time employees (excluding delivery staff). The number of newspaper delivery staff was 845 (929) on average.

GOVERNANCE

In 2016, Alma Media implemented processes and operating methods related to compliance with the new Market Abuse Regulation (MAR), which entered into force on 3 July 2016.

Alma Media Corporation's Annual General Meeting (AGM) held on 17 March 2016 elected Niklas Herlin, Esa Lager, Petri Niemisvirta, Catharina Stackelberg-Hammarén, Matti Korkiatupa, Mitti Storckovius and Harri Suutari as members of the company's Board of Directors. In its constitutive meeting held after the AGM, the Board of Directors elected Harri Suutari as its Chairman.

The Board of Directors also appointed the members to its permanent committees. Matti Korkiatupa and Catharina Stackelberg-Hammarén were elected as members of the Audit Committee and Esa Lager as Chairman of the Committee. Niklas Herlin, Harri Suutari and Mitti Storckovius were elected as members of the Nomination and Compensation Committee, and Petri Niemisvirta was elected Chairman of the Committee.

The Board of Directors of Alma Media Corporation has evaluated that with the exception of Matti Korkiatupa, Esa Lager and Niklas Herlin, the elected members of the Board of Directors are independent of the company and its significant shareholders. The members mentioned hereinabove are assessed to be independent of the company but not independent of its significant shareholders.

Mikko Korttila, General Counsel of Alma Media Corporation, serves as the secretary to the Board of Directors in accordance with the Board's Charter.

The AGM appointed PricewaterhouseCoopers Oy as the company's auditors, with Markku Launis, APA, as the principal auditor.

In 2016, Alma Media Corporation applied the Finnish Corporate Governance Code 2015 for listed companies, issued by the Securities Market Association on 1 October 2015, in its unaltered form. A Corporate Governance Statement required by the Corporate Governance Code is presented as a separate report in connection with the Annual Report. In addition, it is publicly available on Alma Media's website at www.almamedia.fi/en/investors/governance/corporate-governance-statement/. The Remuneration Statement for 2016 will be issued concurrently with the CG Statement on 1 March 2017 and it will be published on the company's website at www.almamedia.com/investors.

DIVIDENDS

In accordance with the proposal of the Board of Directors, the AGM of 17 March 2016 resolved that no dividend be paid for the financial year 2015. The company had no retained earnings.

USE OF THE INVESTED NON-RESTRICTED EQUITY FUND

In accordance with the proposal of the Board of Directors, the AGM of 17 March 2016 resolved that EUR 70,092,000 be used from the invested non-restricted equity fund, complying with the company's balance sheet of 31 December 2015, to cover losses. The covering of losses improves the preconditions for the distribution of profit in future financial periods.

CAPITAL REPAYMENT

In accordance with the proposal of the Board of Directors, the AGM of 17 March 2016 resolved to distribute EUR 0.12 per share as capital repayments from the reserve for invested non-restricted equity. At the time of the AGM, the company had 82,383,182 shares, translating into a repayment amount of EUR 9,885,981.84. Capital repayments were paid to shareholders registered in Alma Media Corporation's shareholder register, maintained by Euroclear Finland Ltd, on the record date of 19 March 2016. The capital repayments were paid on 30 March 2016 as proposed by the Board of Directors.

OTHER DECISIONS BY THE ANNUAL GENERAL MEETING

The AGM authorised the Board of Directors to decide on the repurchase of a maximum of 824,000 shares in one or more lots. The proposed maximum authorised quantity represents approximately one (1) per cent of the company's entire share capital. The shares shall be acquired using the company's non-restricted shareholders' equity through trading in a regulated market arranged by NASDAQ OMX Helsinki and in accordance with its rules and instructions, which is why the acquisition is directed, that is, the shares are purchased otherwise than in proportion to shareholders' current holdings. The price paid for the shares shall be based on the price of the company share in the regulated market, so that the minimum price of purchased shares is the lowest market price of the share quoted in the regulated market during the term of validity of the authorisation and the maximum price, correspondingly, the highest market price quoted in the regulated market during the term of validity of the authorisation. Shares may be purchased for the purpose of improving the company's capital structure, financing or carrying out corporate acquisitions or other arrangements, implementing incentive schemes for the management or key employees, or to be otherwise transferred or cancelled. It is proposed that the authorisation be valid until the following Annual General Meeting, but no longer than until 30 June 2017.

The AGM authorised the Board of Directors to decide on a share issue by transferring shares in possession of the company. A maximum of 824,000 shares may be issued on the basis of the authorisation. The proposed maximum authorised quantity represents approximately one (1) per cent of the company's entire share capital. The authorisation entitles the Board to decide on a directed share issue, which entails deviating from the pre-emption rights of shareholders. The Board can use the authorisation in one or more parts. The Board of Directors may use the authorisation to implement incentive programmes for the management or key employees of the company. It is proposed that the authorisation be valid until the following Annual General Meeting, but no longer than until 30 June 2017. This authorisation overrides the share issue authorisation granted at the Annual General Meeting of 17 March 2015.

The AGM authorised the Board of Directors to decide on a share issue. The authorisation would entitle the Board to issue a maximum of 16,500,000 shares. The proposed maximum amount of shares corresponds to approximately 20 per cent of the total number of shares in the company. The share issue may be implemented by issuing new shares or transferring shares now in possession of the company. The authorisation entitles the Board to decide on a directed share issue, which entails deviating from the pre-emption rights of shareholders. The Board can use the authorisation in one or more parts.

The Board may use the authorisation for developing the capital structure of the company, widening the ownership base, financing or realising acquisitions or other arrangements, or for other purposes decided on by the Board. The authorisation may not, however, be used to implement incentive programmes for the management or key employees of the company. The authorisation is valid until the following ordinary Annual General Meeting, but no longer than until 30 June 2017. This authorisation overrides the share issue authorisation granted at the Annual General Meeting of 17 March 2015, but not the share issue authorisation mentioned above.

THE ALMA MEDIA SHARE

In 2016, altogether 14,088,043 Alma Media shares were traded on the NASDAQ Helsinki stock exchange, representing 17.1% 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, 30 December 2016, was EUR 5.03. The lowest quotation during the review period was EUR 2.95 and the highest EUR 5.45. Alma Media Corporation's market capitalisation at the end of the year was MEUR 414.4. (MEUR 247.1 on 31 December 2015).

OPTION PROGRAMME AND SHARE-BASED INCENTIVE PROGRAMME

Alma Media's option programme 2009 ended on 31 March 2016.

Share-based incentive scheme (LTI 2015):

In 2015, the Board of Directors of Alma Media Corporation approved the establishment of a long-term share-based incentive scheme for the key management of Alma Media (hereinafter referred to as "LTI 2015").

The objective of LTI 2015 is to align the interests of the participants with those of Alma Media's shareholders by creating a long-term equity interest for the participants and, thus, to increase the company value in the long term as well as to drive performance culture, to retain participants and to offer them with competitive compensation for excellent performance in the company.

LTI 2015 consists of annually commencing individual plans, each subject to separate Board approval. Each of the individual plans consists of three main elements: an investment in Alma Media shares as a precondition for participation in the scheme, matching shares based on the above share investment and the possibility of earning performance-based matching shares.

OTHER AUTHORISATIONS OF THE BOARD OF DIRECTORS

The Board of Directors has no other current authorisations.

MARKET LIQUIDITY GUARANTEE

The Alma Media share has no market liquidity guarantee in effect.

FLAGGING NOTICES

In 2016, Alma Media received notices of changes in shareholdings pursuant to Chapter 9, Section 5 of the Finnish Securities Markets Act as follows:

On 14 December 2016, Otava Oy announced that Otava's holding of the shares and votes in Alma Media Corporation has risen to over five (5) per cent.

On 14 December 2016, Kaleva Oy announced that Kaleva's holding of the shares and votes in Alma Media has decreased under the threshold of 5%.

RISKS AND RISK MANAGEMENT

At Alma Media Group, the task of risk management is to detect, evaluate and monitor business opportunities, threats and risks to ensure the achievement of objectives and business continuity. The risk management process identifies and controls the risks, develops appropriate risk management methods and regularly reports on risk issues to the risk management organisation and the Board of Directors. Risk management is part of Alma Media's internal control function and thereby part of good corporate governance.

The most critical strategic risks for Alma Media are a significant drop in its print newspaper readership, a permanent decline in advertising sales and a significant increase in distribution and delivery costs. The group subscriptions of the major financial and technology-related magazines are significant in scale. Changes to the subscription agreements could have a substantial impact on the magazines' total subscription volumes. The media industry is undergoing changes following the transformation in media consumption and technological development. Alma Media's strategic objective is to meet this challenge through renewal and the development of new business in digital consumer and business services.

Fluctuating economic cycles are reflected in the development of advertising sales. Advertising sales account for approximately half of the Group's revenue. Business operations outside Finland, such as in Eastern and Central European countries, include country-specific risks relating to market development and economic growth. The expansion of business outside Finland has reduced the risks inherent in operating in one market area.

Disturbances of information technology and communications, cyber risks and the disruption of printing are the most significant operational risks.

SUSTAINABLE DEVELOPMENT

With its Code of Conduct, Alma Media is committed to supporting the universally accepted principles in the areas of human rights, labour, environment and anti-corruption laid out in the United Nations Global Compact initiative. Alma Media also participates annually in Carbon Disclosure Project (CDP) climate reporting directed at investors. In 2016, the company was listed in Class B under the new classification system implemented by CDP. Alma Media is also committed to the Paris Pledge for Action to reach the COP21 targets. Alma Media is actively involved in the pan-European Responsible Media Forum and the Finnish Business & Society corporate responsibility network. The Alma Media share is included in the OMX GES Sustainability Finland index.

The most significant environmental impacts of Alma Media's business operations are related to purchases, printing and delivery operations and real estate. In 2016, the company's printing facilities used approximately 26,305 (25,321) tonnes of paper. Alma Media used 13,065 (12,943) MWh of electric power in 2016*. The increase in electricity consumption is mainly due to the Talentum acquisition made by Alma Media in 2016. As a result of the acquisition, Alma Media became the recipient of a rental commitment for a large property located in Helsinki's Ruoholahti district. The use of the property was discontinued in 2016.

In 2016, Alma Media revised its Code of Conduct and updated its materiality analysis. Based on the results of this analysis, the company also updated the material aspects of its corporate responsibility. The most significant aspects of Alma Media's social responsibility are being a responsible member of society, product brands that increase customer value, sustainable media and service business, employee development and corporate culture. Alma Media has revised its GRI reporting for 2016 to correspond to the updated materiality analysis and the G4 calculation principles where applicable.

More information on the Group's corporate responsibility is available on the Alma Media website and the sustainability report integrated into Alma Media's Annual Review 2016.

*The electricity consumption figures for 2015 and 2016 are not fully comparable. The calculation for 2016 excludes, for example, certain small properties where electricity consumption is included in the rent. In the electricity consumption calculation for 2015, the data reported for these units was based on an estimate of the normal electricity consumption of a property of corresponding size. The calculations cover all of Alma Media's operating countries.

Key figures describing financial development

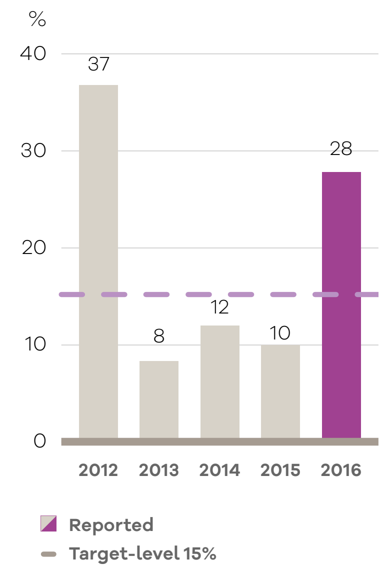
Key figures are calculated applying IFRS recognition and measurement principles.

In a stock exchange release published on 20 June 2016, Alma Media announced a change to its reporting terminology in accordance with the guidelines issued by the European Securities and Markets Authority (ESMA) concerning Alternative Performance Measures. The change became effective starting from 22 July 2016. Alma Media replaced the previously used term "operating profit excluding non-recurring items" with the term "adjusted operating profit". The previously used term "EBITDA excluding non-recurring items" was replaced by the term "adjusted EBITDA". The definitions are unchanged.

Income statement

		IFRS 2016	Change %	IFRS 2015	Change %	IFRS 2014	Change %	IFRS 2013	Change %	IFRS 2012
Revenue	M€	353.2	21.2	291.5	-1.3	295.4	-1.6	300.2	-6.2	320.1
Digital revenue	M€	133.5	27.9	104.3	10.4	94.5	11.9	84.5	8.4	77.8
% of revenue	%	37.8		35.8		32.0		28.1		24.3
Operating profit/loss	M€	26.8	51.5	17.7	-14.7	20.7	-23.3	27.0	1.9	26.5
% of revenue	%	7.6		6.1		7.0		9.0		8.3
Adjusted operating profit	M€	35.2	50.4	23.4	9.2	21.4	-11.6	24.2	-27.8	33.5
% of revenue	%	10.0		8.0		7.2		8.0		10.5
Profit before tax	M€	25.4	51.3	16.8	-14.9	19.7	-12.1	22.4	-5.5	23.7
Adjusted profit before tax	M€	33.7	50.2	22.5	11.3	20.2	-17.6	24.5	-31.2	35.6
Profit for the period	M€	19.9	64.6	12.1	-23.2	15.7	-1.9	16.0	-8.0	17.4
Share of results in associated companies	M€	0.9	41.4	1.6	7.7	1.7	142.5	-4.1	-4.7	-4.3
Net financial expenses	M€	2.4	-6.4	2.5	-6.9	2.7	440.0	0.5	-133.3	-1.5
Net financial expenses %	%	0,7		0,9		0,9		0,2		-0,5

Digital business growth



Balance sheet

		IFRS 2016	Change %	IFRS 2015	Change %	IFRS 2014	Change %	IFRS 2013	Change %	IFRS 2012
Balance sheet total **	M€	327.0	-0.4	328.3	28.2	256.1	-5.4	270.7	10.4	245.1
Interest-bearing net debt	M€	57.1		76.2		71.1		97.6		62.3
Interest-bearing liabilities	M€	80.4	-11.3	90.6	9.1	83.0	-24.4	109.9	38.4	79.4
Non-interest-bearing liabilities	M€	108.6	-0.7	109.4	57.5	69.4	-4.1	72.4	-11.5	81.8

Other information

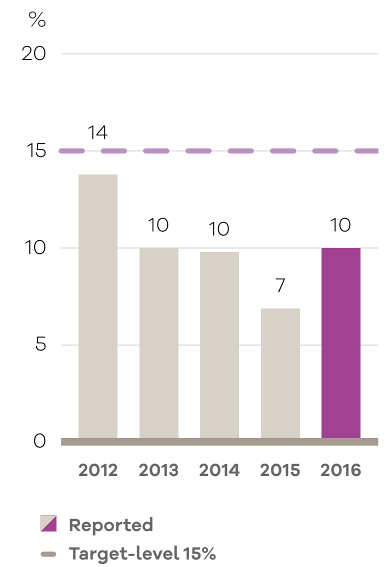
		IFRS 2016	Change %	IFRS 2015	Change %	IFRS 2014	Change %	IFRS 2013	Change %	IFRS 2012
Average no. of employees, calculated as full-time employees, excl. delivery staff		2,287	27.6	1,793	-1.9	1,828	-7.2	1,969	3.0	1,911
Delivery staff total (no. of employees)		845	-9.0	929	-5.7	985	-1.3	998	-0.8	1,006
Capital expenditure	M€	10.0	-83.3	60.2	318.0	14.4	-77.1	62.8	-43.6	111.3
Capital expenditure, % of revenue	%	2.8		20.6		4.9		20.9		34.8
Research and development costs	M€	5.0	-9.3	5.5	-0.1	5.5	3.8	5.3	29.3	4.1
Research and development costs, % of revenue	%	1.4		1.9		1.9		1.8		1.3

Key figures

		IFRS 2016	Change %	IFRS 2015	Change %	IFRS 2014	Change %	IFRS 2013	Change %	IFRS 2012
Return on equity (ROE) **	%	14.9	43.4	10.4	-36.6	16.4	-11.8	18.6	-3.6	19.3
Return on investment (ROI) **	%	10.1	46.8	6.9	-29.8	9.8	-2.0	10.0	-27.5	13.8
Equity ratio **	%	45.7		42.5		42.6		34.4		36.5
Gearing **	%	41.4		59.4		68.5		110.5		74.1

** Comparison figures for 2015 have been adjusted due to a change in accounting principles.

Return on investment



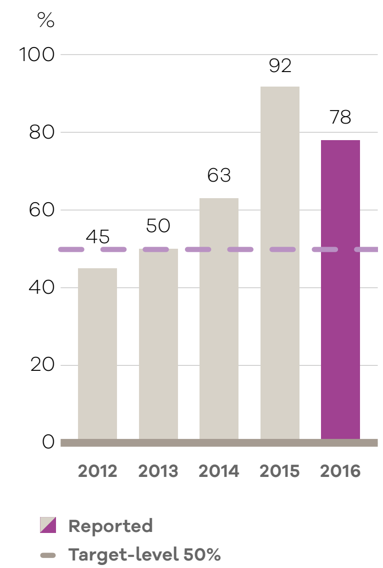
Per share data

		IFRS 2016	Change %	IFRS 2015	Change %	IFRS 2014	Change %	IFRS 2013	Change %	IFRS 2012
Earnings per share	€	0.20		0.13		0.19		0.20		0.22
Cash flow from operating activities per share	€	0.51		0.43		0.35		0.32		0.33
Shareholders' equity per share **	€	1.44		1.35		1.17		1.14		1.08
Dividend per share	€	0.16 *		0.12		0.12		0.10		0.10
Payout ratio	%	78.2		92.3		63.2		50.2		45.4
Effective dividend yield	%	3.2		4.0		4.4		3.3		2.2
P/E Ratio		24.6		23.1		14.6		15.0		20.6
Highest share price	€	5.45		3.25		3.16		5.00		6.80
Lowest share price	€	2.95		2.51		2.55		2.49		4.35
Share price on 31.12.	€	5.03		3.00		2.75		2.99		4.55
Market capitalisation	M€	414.4		247.1		207.6		225.7		343.5
Turnover of shares, total	kpcs	14,088		9,668		5,977		8,130		5,066
Relative turnover of shares, total	%	17.1		12.7		7.9		10.8		6.7
Average no. of shares (1,000 shares), basic	kpcs	82,383		76,394		75,487		75,487		75,487
Average no. of shares (1,000 shares), diluted	kpcs	82,383		76,394		75,487		75,487		75,661
Adjusted no. of shares on 31.12.	kpcs	82,383		82,383		75,487		75,487		75,487

* Proposal of the Board of Directors to the Annual General Meeting.

** Comparison figures for 2015 have been adjusted due to a change in accounting principles.

Dividend payout ratio



Consolidated comprehensive income statement

MEUR	Note	1.1.–31.12. 2016	1.1.–31.12. 2015
Revenue	1.1, 1.2	**353.2**	**291.5**
Other operating income	1.2	2.2	3.6
Change in inventories of finished products	1.3	-0.2	-0.1
Materials and services	1.3	74.0	69.4
Expenses arising from employee benefits	1.3, 1.4	149.6	124.1
Depreciation, amortisation and impairment charges	2.1, 2.2	21.1	16.8
Other operating expenses	1.3	83.8	66.9
Operating profit	1.1	**26.8**	**17.7**
Finance income	3.1	0.4	0.3
Finance expenses	3.1	2.8	2.8
Share of results in associated companies	4.4	0.9	1.6
Profit before tax		**25.4**	**16.8**
Income tax	5.1, 5.2	-5.5	-4.7
Profit for the period		**19.9**	**12.1**
Other comprehensive income			
Items that are not later transferred to be recognised through profit or loss			
Items arising due to the redefinition of net defined benefit liability (or asset item)		0.1	1.2
Tax on items that are not later transferred to be recognised through profit or loss		0.0	-0.2
Items that may later be transferred to be recognised through profit or loss			
Exchange differences on translation of foreign operations		-0.1	1.0
Share of other comprehensive income of associated companies		0.0	0.1
Other comprehensive income for the year, net of tax		**0.0**	**2.1**
Total comprehensive income for the year, net of tax		**19.9**	**14.2**

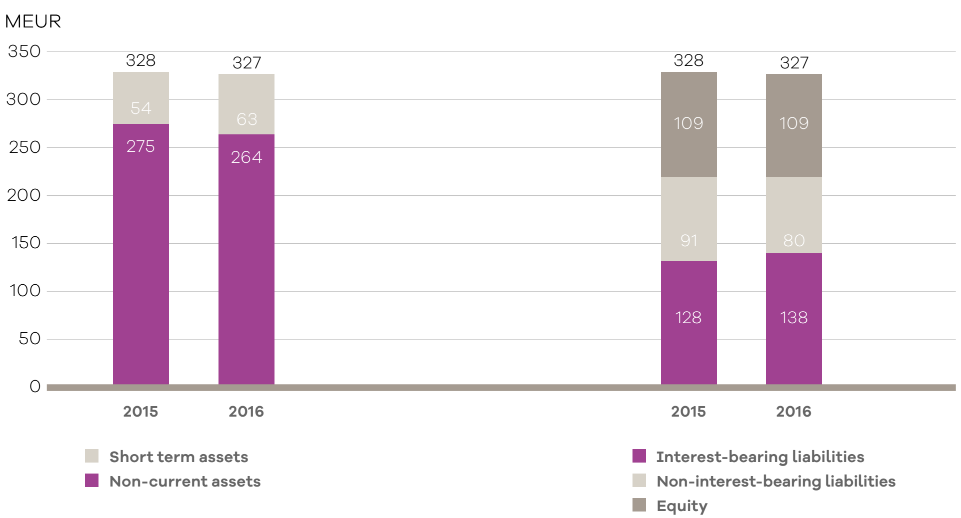
MEUR	Note	1.1.–31.12. 2016	1.1.–31.12. 2015
Profit for the period attributable to			
Owners of the parent company		16.9	9.9
Non-controlling interest		3.0	2.1
Total comprehensive income for the period attributable to			
Owners of the parent company		16.9	11.9
Non-controlling interest		3.0	2.3
Earnings per share calculated from the profit for the period attributable to the parent company shareholders (€)			
Earnings per share (basic)	3.9	0.20	0.13
Earnings per share (diluted)	3.9	0.20	0.13

Consolidated balance sheet

MEUR	Note	31.12.2016	31.12.2015
ASSETS			
Non-current assets			
Goodwill	2.1	120.3	118.6
Other intangible assets	2.1	67.8	72.3
Property, plant and equipment	14	64.8	70.5
Shares in associated companies	4.4	5.1	6.8
Pension receivables, defined benefit plans	3.6	0.2	0.0
Other non-current financial assets	3.2	4.4	4.6
Deferred tax assets	5.2	1.5	1.6
		264.0	**274.5**
Current assets			
Inventories	3.7	2.3	2.2
Tax receivables		0.2	1.9
Trade and other receivables	3.7	37.1	35.3
Other current financial assets	3.2	0.0	0.0
Cash and cash equivalents	3.2	23.3	14.4
		62.9	**53.9**
Assets total		**327.0**	**328.3**

Balance sheet, Assets

Balance sheet , Equity & liabilities



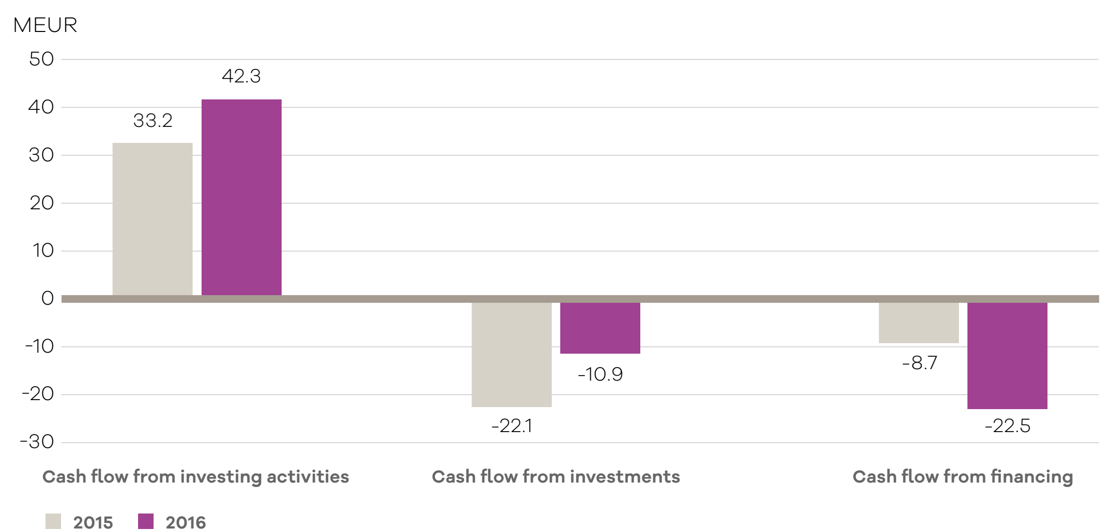
MEUR	Note	31.12.2016	31.12.2015
EQUITY AND LIABILITIES			
Share capital		45.3	45.3
Share premium reserve		7.7	7.7
Exchange differences on translation of foreign operations		-1.7	-1.6
Invested non-restricted equity fund		19.1	19.1
Retained earnings		48.3	40.7
Equity attributable to owners of the parent	3.9	**118.7**	**111.2**
Non-controlling interest		19.3	17.1
Total equity		**138.0**	**128.3**
Non-current liabilities			
Deferred tax liabilities	5.2	13.3	14.2
Pension liabilities	3.6	1.2	1.5
Provisions	1.3	0.3	0.2
Non-current financial liabilities	3.3	65.5	63.4
		80.4	**79.4**
Current liabilities			
Advances received	0	24.7	26.0
Income tax liability	0	1.7	2.2
Provisions	1.3	0.9	0.6
Current financial liabilities	3.3	15.9	28.5
Trade and other payables	3.7	65.4	63.3
		108.6	**120.6**
Liabilities, total		**189.0**	**200.0**
Equity and liabilities, total		**327.0**	**328.3**

Consolidated cash flow statement

MEUR	Note	31.12.2016	31.12.2015
Operating activities			
Profit for the period		19.9	12.1
Adjustments		27.5	19.0
Change in working capital		1.3	5.9
Dividend received		1.4	1.7
Interest received		0.2	0.1
Interest paid		-2.5	-1.9
Taxes paid		-5.5	-3.7
Net cash flow from operating activities		**42.3**	**33.2**
Investing activities			
Acquisitions of tangible assets		-0.9	0.0
Acquisitions of intangible assets		-3.1	-3.3
Proceeds from sale of tangible and intangible assets		0.0	2.2
Other investments		0.0	-0.1
Proceeds from sale of available-for-sale financial assets		0.1	1.0
Change in loan receivables		0,0	0,0
Business acquisitions less cash and cash equivalents at the time of acquisition		-7.9	-26.8
Proceeds from sale of businesses less cash and cash equivalents at the time of sale		0,0	5.3
Acquisition of associated companies		0,0	-0.5
Proceeds from sale of associated companies	4.4	0.9	0.0
Cash flows from/(used in) investing activities		**-10.9**	**-22.1**
Cash flow before financing activities		**31.4**	**11.1**

MEUR	Note	31.12.2016	31.12.2015
Financing activities			
Non-current loans taken		10.0	0.0
Repayment of non-current loans		-3.3	0,0
Current loans taken		86.0	45.0
Repayment of current loans		-98.3	-38.7
Payments of finance lease liabilities		-5.3	-4.5
Change in interest-bearing receivables		0.0	0.0
Dividends paid and capital repayment	3.9	-11.7	-10.5
Cash flows from/(used in) financing activities		**-22.5**	**-8.7**
Change in cash and cash equivalent funds increase (+) decrease (-)		**8.8**	**2.4**
Cash and cash equivalents at beginning of period	3.2	14.4	12.0
Effect of change in foreign exchange rates		0.0	0.1
Cash and cash equivalents at end of period	3.2	23.3	14.4

Cash flow from investing activities



Further details for statement of cash flow

MEUR	Note	31.12.2016	31.12.2015
Operating activities			
Adjustments:			
Depreciation, amortisation and impairment charges	2	21.1	16.8
Share of results in associated companies	4.4	-0.9	-1.6
Capital gains (losses) on the sale of fixed assets and other investments		-1.3	-2.0
Finance income and expenses	3.1	2.4	2.5
Income tax	5.1	5.5	4.7
Change in provisions	1.3.6	0.4	0.4
Other adjustments		0.3	-1.9
Adjustments, total		**27.5**	**19.0**
Change in working capital:			
Change in trade receivables		-2.0	0.5
Change in inventories		-0.2	-0.8
Change in trade payables		3.4	6.2
Change in working capital, total		**1.3**	**5.9**
Investing activities			
Investments financed through finance leases		-1.0	-2.0
Gross capital expenditure, payment-based *)		-4.0	-3.3
Sold and purchased business operations, non-payment-based		-5.0	-54.9
Investments, total		**-10.0**	**-60.2**

* Excluding investments of acquired businesses.

Consolidated statement of changes in equity

Attributable to equity holders of the parent company

MEUR	Note	Share capital	Share premium reserve	Foreign currency translation reserve	Invested non-restricted equity fund	Retained earnings	Equity attributable to the owners of parent	Minority interest	Total equity
Total equity on 1.1.2015	3.9	**45.3**	**7.7**	**-2.5**	**0.0**	**38.0**	**88.5**	**15.2**	**103.7**
Adjustment of comparison figures						**-0.3**	**-0.3**	**-0.1**	**-0.4**
Adjusted total equity on 1.1.2015		**45.3**	**7.7**	**-2.5**	**0.0**	**37.6**	**88.2**	**15.1**	**103.3**
Profit for the period						9.9	9.9	2.1	12.1
Other comprehensive income				0,9		1.1	2.0	0.2	2.1
Business transactions with the owners									
Dividends paid by parent						-9.1	-9.1		-9.1
Dividends paid by subsidiaries								-1.4	-1.4
Share subscription					19.1		19.1		19.1
Share-based payment transactions						0.1	0.1		0.1
Change in ownership in subsidiaries						1.0	1.0	1.2	2.1
Total equity on 31.12.2015	3.9	**45.3**	**7.7**	**-1.6**	**19.1**	**40.7**	**111.2**	**17.1**	**128.3**
Total equity on 1.1.2016		**45.3**	**7.7**	**-1.6**	**19.1**	**40.7**	**111.2**	**17.1**	**128.3**
Profit for the period						16.9	16.9	3.0	19.9
Other comprehensive income				-0.1		0.1	0.0		0.0
Business transactions with the owners									
Capital repayment by parent						-9.7	-9.7		-9.7
Dividends paid by subsidiaries								-1.8	-1.8
Share-based payment transactions						0.4	0.4		0.4
Change in ownership in subsidiaries								1.0	1.0
Total equity on 31.12.2016	3.9	**45.3**	**7.7**	**-1.7**	**19.1**	**48.3**	**118.7**	**19.3**	**138.0**

Notes to the consolidated financial statements

BASIC INFORMATION ON THE GROUP

Alma Media is a media company focusing on digital services and publishing. In addition to news content, the Group's products provide useful information related to lifestyle, career and business development. Alma Media builds sustainable growth for its customers by utilising the opportunities of digitality, including information services, system and expert services and advertising solutions. The services of Alma Media have expanded from Finland to the Nordic countries, the Baltics and Central Europe. The Group's parent company Alma Media Corporation is a Finnish public company established under Finnish law, domiciled in Helsinki at Alvar Aallon katu 3 C, PL 140, FI-00101 Helsinki.

A copy of the consolidated financial statements is available online at www.almamedia.fi or from the parent company head office.

The Board of Directors approved the financial statements for disclosure on 9 February 2017. According to the Finnish Limited Liability 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 the financial statements are independently rounded.

ACCOUNTING PRINCIPLES

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards, IFRS. The IAS and IFRS standards and SIC and IFRIC interpretations in effect on 31 December 2016 have been applied. International Financial Reporting Standards refer to the standards and their interpretations approved for application in the EU in accordance with the procedure stipulated in EU regulation (EU) 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 and company legislation.

The Group adopted IFRS accounting principles during 2005 and in this connection 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 below. Figures in the tables in the financial statements are presented in thousands of euros.

The Group's parent company, Alma Media Corporation (corporate ID code FI19447574, 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 has been treated in the consolidated accounts as a reverse acquisition based on IFRS 3. This means that the acquiring company was the old Alma Media Corporation and the company being acquired was the Group's current legal parent company, Almanova Corporation. The net fair value of the assets, liabilities and contingent liabilities on the acquisition date did not differ from their carrying values in the company's accounts. The acquisition cost was equivalent to the net fair value of the assets, liabilities and contingent liabilities and therefore no goodwill was created by the acquisition. The accounting principles adopted for the reverse acquisition apply only to the consolidated financial statements.

IMPACT OF STANDARDS ADOPTED DURING 2016

The Group has adopted the following new standards and interpretations from 1 January 2016 onwards:

IAS 27 Separate Financial Statements amendment Equity Method in Separate Financial Statements. The amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements, which has been a local requirement in certain countries. This allows more entities than before to prepare their separate financial statements under IFRS. The amendment to the standard had no effect on the consolidated financial statements.

IAS 16 Property, Plant and Equipment and IAS 41 Agriculture amendment Bearer Plants. These amendments allow biological assets that meet the definition of a bearer plant to be alternatively recognised at acquisition cost, when previously the standard required that they be recognised at fair value. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41. The amendments had no effect on the consolidated financial statements.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets amendment, Clarification of Acceptable Methods of Depreciation and Amortisation. The amendment specifies that the revenue-based method cannot be used to amortise intangible assets. As an exception, amortisation of intangible assets can only be based on revenue if there is a very high degree of correlation between the revenue and the decrease in the economic value of the intangible asset. Nor can the revenue-based method be used to amortise property, plant and equipment. The amendments had no effect on the consolidated financial statements.

IFRS 11 Joint Arrangements amendment Accounting for Acquisitions of Interests in Joint Operations. The amendment requires the use of business combination accounting for the acquisition of an interest in a joint operation that constitutes a business. The amendment to the standard had no effect on the consolidated financial statements.

IAS 1 Presentation of Financial Statements: Disclosure Initiative. The amendments clarify the IAS 1 guidelines related to materiality, combining income statement and balance sheet items, the presentation of sub-headings, and the structure and accounting policies of financial statements. The amendment to the standard had no material effect on the consolidated financial statements. en.

IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures amendment Investment Entities: Clarifications to the application of the consolidation exception. The amendments clarify concessions on the requirement to prepare consolidated financial statements in situations in which the group includes investment entities. The amendments also provide relief to investors that are not investment entities in the accounting treatment of associates and joint ventures that themselves are investment entities. The amendments had no effect on the consolidated financial statements.

Annual Improvements to IFRSs 2012–2014. Through the Annual Improvements procedure, small and less urgent amendments to the standards are collected and implemented together once a year. Their impacts vary standard by standard, but they have not had a material effect on the consolidated financial statements.

New and amended standards and interpretations to be applied in future periods

IASB has published the following new or amended standards and interpretations that the Group has not yet applied. The Group will begin applying them starting from the effective date of each standard and interpretation or, if the date of entry into effect is not the first day of the financial year, the Group will apply the standard or interpretation starting from the beginning of the next financial year:

IFRS 15 Revenue from Contracts with Customers (effective for financial periods beginning on or after 1 January 2018). The new standard establishes a five-stage framework for recognising revenue from contracts with customers and replaces existing revenue guidance, including IAS 18, IAS 11 and the related interpretations. Revenue can be recognised over time or at a specific time, with the central criterion being the transfer of control. The standard will also expand the notes presented with financial statements.

During the financial year 2016, the Group established a separate project to assess the effects of the standard. The project has reviewed the revenue recognition processes and accrual principles used in the different invoicing systems and accounting of the Group's businesses, comparing the present situation to the requirements of the new standard. At the same time, the revenue recognition process has been made more automated. As a result, a change was made in 2016 to the recognition of revenue in Alma Career Oy. The change and its effect is described in Note 1.2. The project and the assessment of the effects of the standard will continue in the financial year 2017.

IFRS 9 Financial Instruments and amendments thereto (effective for financial periods beginning on or after 1 January 2018). The new standard replaces the existing IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 will change the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets. The classification and measurement of financial liabilities largely correspond to the current guidance in IAS 39. With regard to hedging, three hedging calculation types will remain in effect. More risk positions than before can be included in hedge accounting, and the principles regarding hedge accounting have been made more consistent with risk management. The Group is assessing the potential effects of the standard. The standard has not yet been approved for application in the EU.

IFRS 16 Leases (effective for financial periods beginning on or after 1 January 2019). IFRS 16 was issued in January 2016. As a result of the new standard, nearly all leases will be recognised in the balance sheet, as operating leases and finance leases will no longer be differentiated between. Under the new standard, a right-of-use asset is recognised, along with a financial liability representing the obligation to make future lease payments. The only exceptions are short-term leases and leases of low-value assets. Lessor accounting will not be subject to significant changes. The Group is assessing the effects of the standard's implementation. The standard has not yet been approved for application in the EU.

IAS 12 Income Taxes amendment Recognition of Deferred Tax Assets for Unrealised Losses (effective for financial periods beginning on or after 1 January 2017). Amendments were made to IAS 12 in January 2016 to clarify the recognition of deferred taxes when an asset is measured at fair value and the fair value is lower than the taxable value of the asset in question. The amendment is not expected to have a material effect on the consolidated financial statements. The amendments have not yet been approved for application in the EU.

IAS 7 Statement of Cash Flows amendment Disclosure Initiative (effective for financial periods beginning on or after 1 January 2017). Under the amended standard, entities must disclose changes in liabilities arising from financing activities. This covers changes from financing cash flows (such as taking out and repaying loans) as well as non-cash flow changes, such as acquisitions, disposals, accrued interest and unrealised changes in foreign exchange rates. The Group is assessing the potential effects of the amendments. The amendments have not yet been approved for application in the EU.

IFRS 4 Insurance Contracts amendment (effective for financial periods beginning on or after 1 January 2018). Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts. The amendment is not expected to have an effect on the consolidated financial statements. The amendments have not yet been approved for application in the EU.

IFRS 2 Share-based Payments (effective for financial periods beginning on or after 1 January 2018). Clarifications to the classification and measurement of share-based payment transactions. The amendment is not expected to have a material effect on the consolidated financial statements. The amendments have not yet been approved for application in the EU.

COMPARABILITY OF CONSOLIDATED FINANCIAL STATEMENTS

The financial years 2016 and 2015 are comparable. The company has no discontinued operations to report in the financial periods 2016 and 2015. The Talentum Group acquired in November 2015 has had an effect on the increase in the income and expenses in the consolidated income statement.

TRANSLATION OF ITEMS DENOMINATED IN FOREIGN CURRENCIES

Figures in the consolidated financial statements are shown in euro, the euro being the functional and presentation currency of the parent company. Foreign currency items are entered in euro at the rates prevailing at the transaction date. Monetary foreign currency items are translated into euro using the rates prevailing at the balance sheet date. Non-monetary foreign currency items are measured at their fair value and translated into euro using the rates prevailing at the balance sheet 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 statement of comprehensive income. Exchange rate differences related to loans and loan receivables are taken to other finance income and expenses in the profit or loss for the period.

The income statements of foreign Group subsidiaries are translated into euro using the weighted average rates during the period, and their balance sheets at the rates prevailing on the balance sheet date. Goodwill arising from the acquisition of foreign companies is treated as assets and liabilities of the foreign units in question and translated into euro 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. Exchange differences arising on a monetary item that forms part of the reporting entity's net investment in the foreign operation shall be recognised in the balance sheet and reclassified from equity to profit or loss on disposal of the net investment.

ASSETS AVAILABLE FOR SALE AND DISCONTINUED OPERATIONS

Assets available for sale, and the assets related to a discontinued operation that are classified as available for sale, are measured at the lower of their book value or their fair value less the costs arising from their sale. The Group does not have assets classified under assets available for sale in the financial statements for 2016 or 2015.

OPERATING PROFIT AND EBITDA

IAS 1 Presentation of Financial Statements does not include a definition of operating profit or gross margin. Gross margin is the net amount formed when other operating profit is added to net sales, and material and service procurement costs adjusted for the change in inventories of finished and unfinished products, the costs arising from employee benefits and other operating expenses are subtracted from the total. Operating profit is the net amount formed when other operating profit is added to net sales, and the following items are then subtracted 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, amortisation and impairment costs; and other operating expenses. All other items in the profit or loss not mentioned above are shown under operating profit. Exchange rate differences and changes in the fair value of derivative contracts are included in operating profit if they arise on items related to the company's normal business operations; otherwise they are recognised in financial items.

ADJUSTED ITEMS

Adjusted items are income or expense arising from non-recurring or rare events. Gains or losses from the sale or discontinuation of business operations or assets, gains or losses from restructuring business operations as well as impairment losses of goodwill and other assets are recognised by the Group as adjusted items. Adjusted items are recognised in the profit and loss statement within the corresponding income or expense group. Adjusted items are described in the Report by the Board of Directors.

ACCOUNTING PRINCIPLES REQUIRING MANAGEMENT'S JUDGEMENT AND KEY SOURCES OF ESTIMATION

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.

ACCOUNTING PRINCIPLES REQUIRING MANAGEMENT'S JUDGEMENT

The management of the Group makes judgement-based decisions pertaining to the selection and application of the accounting principles used in the financial statements. This particularly applies in cases where the existing IFRS regulations allow for alternative methods of recognition, measurement and presentation. A significant area in which the management has exercised this type of judgement is related to the Group's lease agreements. The Group has significant lease agreements for its business premises. Based on assessment of the terms of the agreements, the Group has determined that it does not bear any significant rewards and risks incidental to the ownership of the premises and therefore the agreements are by nature operating lease agreements.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The estimates made in conjunction with preparing the financial statements are based on the management's best assessments on the reporting period end date. The estimates are based on prior experience, as well as future assumptions that are considered to be the most likely on the balance sheet date with regard to issues such as the expected development of the Group's economic operating environment in terms of sales and cost levels. The Group monitors the realisation of estimates and assumptions, as well as changes in the underlying factors, on a regular basis in cooperation with the business units, using both internal and external sources of information. Any changes to these estimates and assumptions are entered in the accounts for the period in which the estimate or assumption is adjusted and for all periods thereafter.

Future assumptions and key sources of uncertainty related to estimates made on the balance sheet date that involve a significant risk of changes to the book values of the Group's assets and liabilities during the following financial year are presented below. The Group's management has considered these components of the financial statements to be the most relevant in this regard, as they involve the most complicated accounting policies from the Group's perspective and their application requires the most extensive application of significant estimates and assumptions—for example, in the valuation of assets. In addition, the effects of potential changes to the assumptions and estimates used in these components of the financial statements are estimated to be the largest.

The determination of the fair value of intangible assets in conjunction with business combinations is based on the management's estimate of the cash flows related to the assets in question. The determination of the fair value of liabilities related to contingent considerations arising from business combinations are based on the management's estimate. The key variables in the change in fair value of contingent considerations are estimates of future operating profit.

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 recognised 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 amortisation 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 capitalised R&D costs, to tax risks, to determining pension obligations and to the utilisation of tax assets against future taxable income.

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 render 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 on 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 already been reduced on the balance sheet date.

Calculation of key figures

Return on shareholders' equity, % (ROE	Profit for the period / Shareholders' equity + non-controlling interest (average during the year)	x 100
Return on investment, % (ROI)	Profit for the period + interest and other financial expenses / Balance sheet total - non-interest-bearing debt (average during the year)	x 100
Equity ratio, %	Shareholders' equity + non-controlling interest / Balance sheet total - advances received	x 100
Operating profit	Profit before tax and financial items	
Operating profit excluding non-recurring items	Profit before tax and financial items, excluding non-recurring items	
EBITDA	Operating profit excluding depreciation, amortisation and impairment losses	
EBITDA excluding non-recurring items	Operating profit excluding depreciation, amortisation, impairment losses and non-recurring items	
Online sales, % of revenue	Online sales / Revenue	x 100
Basic earnings per share, EUR	Share of net profit belonging to parent company owners / Average number of shares adjusted for share issues	
Diluted adjusted earnings per share, EUR	Share of net profit belonging to parent company owners / Diluted average number of shares adjusted for share issues	
Gearing, %	Interest-bearing debt - cash and bank receivables / Shareholders' equity + non-controlling interest	x 100
Net financial expenses, %	Financial income and expenses / Revenue	x 100
Dividend per share, EUR	Dividend per share approved by the Annual General Meeting With respect to the most recent year, the Board's proposal to the AGM	
Payout ratio, %	Dividend/share / Share of EPS belonging to parent company owners	x 100
Effective dividend yield, %	Dividend/share adjusted for share issues / Final quotation at close of period adjusted for share issues	x 100
Price/earnings (P/E) ratio	Final quotation at close of period adjusted for share issues / Share of EPS belonging to parent company owners	
Shareholders' equity per share, EUR	Equity attributable to equity holders of the parent / Basic number of shares at the end of period adjusted for share issues	
Market capitalisation of share stock, EUR	Number of shares x closing price at end of period	

Notes to the consolidated financial statements

1 SEGMENTS AND OPERATING RESULTS

1.1 Information by segment

Alma Media Group's reporting structure was changed at the beginning of 2016. The names of the Group's business segments were also changed. Alma Media's reportable segments are Alma Markets (previously Digital Consumer Services), Alma News & Life (previously National Consumer Media), Alma Regions (previously Regional Media) and Alma Talent, which was created as a result of the combination of the Financial Media and Business Services unit and Talentum's business operations.

The Group's reportable segments correspond to the Group's operating segments. Operations that produce similar products and services are combined into operating segments due to their uniform profitability and other uniform characteristics.

The business operations of Alma Diverso, which was reported under the Alma Markets (Digital Consumer Services) segment in 2015, were transferred to the Alma News & Life and Alma Regions segments. The revenue of the E-kontakti business was transferred from Group service revenue to Group advertising revenue. In addition, a significant proportion of JM Tieto's revenue is categorised under online business after being previously categorised as non-online business.

Centralised services produced by the Group's parent company as well as centralised support services for advertising and digital sales for the entire Group are reported outside segment reporting.

Alma Media Group's geographical segments cannot be distinguished and therefore segment reporting is restricted to the business segments listed above. The segment information is based on Group management's internal reporting, in which the valuation of assets and liabilities is based on IFRS standards.

ⓘ As the structure and composition of the reportable segments have changed, Alma Media has, in accordance with the IFRS 8 Operating Segments standard, adjusted the corresponding items in segment information for the 2015 comparison period. Segment information is based on internal management reporting, which has been prepared in accordance with IFRS.

Reportable segments 2016:	Reported segments 2015:	Operating segments 2015:
Alma Markets	Digital Consumer Services	Marketplaces
Alma Talent	Financial Media and Business Services	Financial Media and Business Services
Alma News & Life	National Consumer Media	National Consumer Media
Alma Regions	Regional Media	Regional Media

The recruitment services Monster.fi, Jobs.cz, Prace.cz, CV Online, Profesia.sk, MojPosao.net, Monster.hu, Monsterpolska.pl, Monster.cz and Jobote.com are reported in the Alma Markets segment.

The segment includes several online services: the housing-related services Etuovi.com, Vuokraovi.com and Urakkamaailma.fi, the travel portal Gofinland.fi and the automotive services Autotalli.com, Autosofta and Alkali. Nettikoti, which specialises in software for ERP systems in new construction and renovation, and Kivi, a real estate agency system, are also reported in this segment.

The Alma Talent business segment publishes 20 trade and financial media, as well as books. The business unit also offers skills development and growth services to professionals and businesses in different fields, from events and training to information services. Alma Talent has operations in Finland, Sweden and the Baltics. Alma Talent media include Kauppalehti, Uusi Suomi, Talouselämä, Tekniikka & Talous, Markkinointi&Mainonta, Arvopaperi and Tivi. In Sweden, Alma Talent's publications include Affärsvärlden, Ny Teknik and Dagens Media.

The Alma News & Life segment includes the various digital and print news and lifestyle content of the national Iltalehti. The online services Telkku.com, Kotikokki.net, E-kontakti.fi and Rantapallo.fi are also reported in this segment.

The print and online publishing business of Aamulehti, Satakunnan Kansa, Lapin Kansa/ Pohjolan Sanomat and several local and town papers is reported in the Alma Regions segment. The printing and distribution unit Alma Manu is also included in this segment.

The segments' assets and liabilities are items used by the respective segments in their business operations

The Group's business is mainly divided between two geographical areas: Finland and the rest of Europe. Alma Markets operates in Finland and eight other European countries, principally the Czech Republic and Slovakia. The Alma Talent segment's business operations are located in Finland, the Baltic countries and Sweden. The Alma News & Life segment and the Alma Regions segment operate mainly in Finland.

The revenue and assets for different geographical regions are based on where the services are located. The following table shows a geographical breakdown of the Group's revenue and assets in 2016 and 2015:

Revenue

MEUR	2016	Share of total, %	2015	Share of total, %
Segments, Finland	278.7	78.9	245.2	84.1
Segments, other countries	73.0	20.7	44.6	15.3
Segments total	351.7	99.6	289.8	99.4
Non-allocated and eliminations *	1.5	0.4	1.7	0.6
Total	**353.2**	**100.0**	**291.5**	**100.0**

* The comparison data has been adjusted to include service revenue in non-allocated revenue.

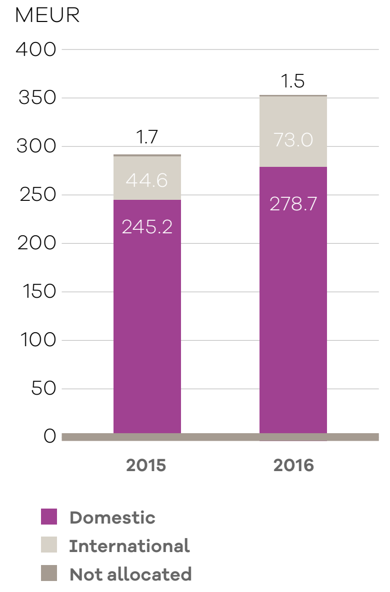
Operating profit

MEUR	2016	Share of total, %	2015	Share of total, %
Segments, Finland	28.8	107.7	16.8	95.3
Segments, other countries	12.6	47.0	10.6	59.8
Segments total	41.4	154.7	27.4	155.1
Non-allocated	-14.6	-54.7	-9.7	-55.1
Total	**26.8**	**100.0**	**17.7**	**100.0**

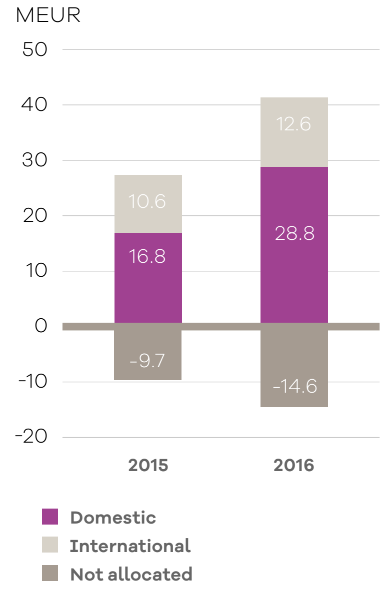
Assets

MEUR	2016	Share of total, %	2015	Share of total, %
Finland	231.0	70.7	234.3	71.4
Other countries	126.3	38.6	121.7	37.1
Eliminations	-30.3	-9.3	-27.7	-8.4
Total	**327.0**	**100.0**	**328.3**	**100.0**

Revenue



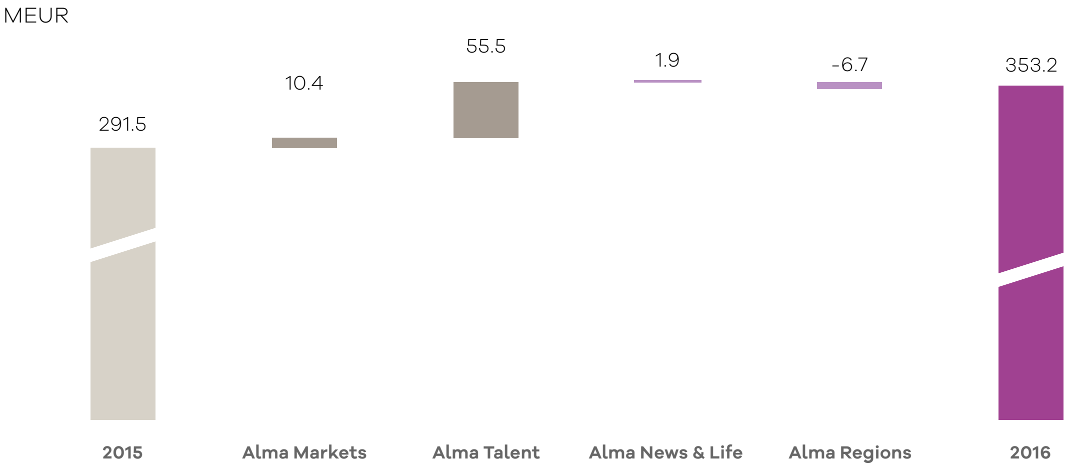
Adjusted operating profit



Revenue

MEUR	Alma Markets	Alma Talent	Alma News & Life	Alma Regions	Segments, total	Non-allocated items and eliminations	Group
Financial year 2016							
Revenue							
External revenue	69.7	109.0	32.2	120.1	331.1	22.1	353.2
Inter-segment revenue	-0.3	4.9	13.8	7.6	26.1	-26.1	
Total	**69.4**	**114.0**	**46.1**	**127.7**	**357.1**	**-3.9**	**353.2**
Financial year 2015							
Revenue							
External revenue	58.6	56.3	36.6	128.1	279.6	11.9	291.5
Inter-segment revenue	0.4	2.2	7.5	6.4	16.5	-16.5	
Total	**59.0**	**58.5**	**44.1**	**134.5**	**296.1**	**-4.6**	**291.5**

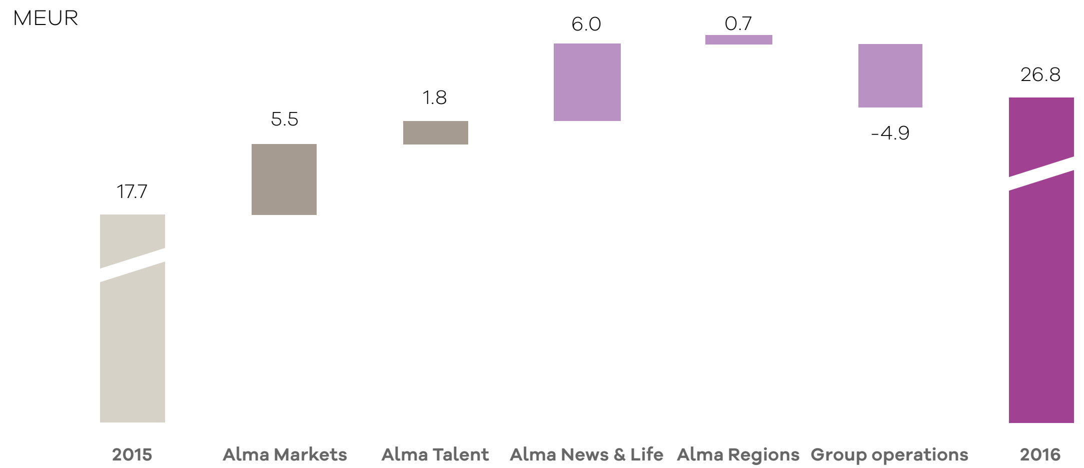
Change in revenue 2015–2016



Profit for the period

MEUR	Alma Markets	Alma Talent	Alma News & Life	Alma Regions	Segments, total	Non-allocated items and eliminations	Group
Financial year 2016							
EBITDA excluding adjusted items	24.5	16.4	7.4	12.0	60.3	-7.1	53.3
Depreciation, amortisation and impairment excluding adjusted items	-5.2	-4.0	-0.5	-3.5	-13.3	-4.9	-18.1
Operating profit excluding adjusted items	19.3	12.4	7.0	8.5	47.1	-11.9	35.2
Adjusted items	0.0	-3.6	0.9	-3.0	-5.7	-2.7	-8.4
Operating profit/loss	19.3	8.8	7.9	5.5	41.4	-14.6	26.8
Share of results in associated companies	0.0	0.5	0.0	0.0	0.5	0.4	0.9
Net finance expenses	-0.3	-0.2	-0.2	-0.2	-0.9	-1.5	-2.4
Income before tax	**19.1**	**9.0**	**7.7**	**5.3**	**41.1**	**-15.7**	**25.4**
Income tax						-5.5	-5.5
Profit for the period	**19.1**	**9.0**	**7.7**	**5.3**	**41.1**	**-21.2**	**19.9**
Impairments		1.0		2.0	3.0		3.0
Financial year 2015							
EBITDA excluding adjusted items	18.8	9.0	2.9	11.8	42.5	-5.1	37.4
Depreciation, amortisation and impairment excluding adjusted items	-5.1	-1.0	-0.2	-3.5	-9.7	-4.4	-14.0
Operating profit excluding adjusted items	13.8	8.0	2.8	8.3	32.8	-9.5	23.4
Adjusted items		-1.0	-0.8	-3.6	-5.5	-0.3	-5.7
Operating profit/loss	13.8	6.9	1.9	4.8	27.4	-9.7	17.7
Share of results in associated companies	0.1	1.0	0.2	0.0	1.3	0.3	1.6
Net finance expenses	-1.1	-0.2	-0.2	-0.3	-1.8	-0.7	-2.5
Income before tax	**12.7**	**7.7**	**2.0**	**4.5**	**26.9**	**-10.1**	**16.8**
Income tax						-4.7	-4.7
Profit for the period	**12.7**	**7.7**	**2.0**	**4.5**	**26.9**	**-14.8**	**12.1**
Impairments		1.2	0.5	1.1	2.8		2.8

Change in adjusted operating profit 2015–2016



Assets and liabilities

MEUR	Alma Markets	Alma Talent	Alma News & Life	Alma Regions	Segments, total	Non-allocated items and eliminations	Group
Financial year 2016							
Assets	76.3	109.4	16.1	56.9	258.8	63.1	321.8
Investments in associated companies and joint ventures	2.8	0.6		0.1	3.5	1.6	5.1
Assets, total	**79.2**	**110.0**	**16.1**	**57.0**	**262.3**	**64.7**	**327.0**
Liabilities, total	**21.0**	**31.1**	**0.2**	**60.7**	**113.0**	**75.9**	**189.0**
Capital expenditure	**1.7**	**1.6**	**3.2**	**1.3**	**7.9**	**2.2**	**10.0**
Financial year 2015							
Assets	78.6	112.2	10.6	60.8	262.2	59.4	321.5
Investments in associated companies and joint ventures	0.0	1.0	0.1	0.0	1.2	5.6	6.8
Assets, total	**78.6**	**113.2**	**10.7**	**60.8**	**263.4**	**65.0**	**328.3**
Liabilities, total	**17.2**	**33.5**	**3.0**	**64.6**	**118.3**	**81.7**	**200.0**
Capital expenditure	**3.3**	**53.7**	**0.2**	**1.4**	**58.6**	**1.6**	**60.2**

Assets not allocated to segments are financial assets and tax receivables.

Liabilities not allocated to segments are financial and tax liabilities.

1.2 Operating income

Alma Media Group's revenue consists of content revenue, advertising sales and service fees. Content revenue covers fees for content sold by the Group's media. Income from content sales arises from content sold for both print and online publications. For digital sales, content revenue is recognised over the contract period. For print publications, content revenue is recognised according to the publication calendar.

Advertising revenue consists of the sales of print and online advertising space in the Group's media. Both display advertising and classified advertising in print and online publications is reported as advertising revenue. The timing of revenue recognition from advertising sales is determined by the timing of the advertisement's publication. Revenue from the sales of advertisements with a long contract period (1–12 months) is recognised over the contract period.

The Group's service revenue includes, among other things, the sale of printing and delivery services to customers outside the Group, the Alma Talent segment's event and training business and the sale of information services. The Group also has online services aimed at consumers. Service revenue is recognised on an accrual basis in the period in which the service is delivered.

ⓘ The Group has assessed its revenue recognition principles as part of its preparations for the implementation of the upcoming IFRS 15 standard. The principle related to the timing of revenue recognition has been specified further in connection to a system project. The change in the accounting principle has been retrospectively applied to the comparison data for the financial year. The change reduced the Group's retained earnings for the year and the comparison year by MEUR 0.4.

1.2.1 REVENUE

MEUR	2016	2015
Distribution of revenue between goods and services		
Sales of content *	128.3	104.1
Sales of advertising *	171.0	148.2
Sales of services *	53.9	39.2
Total	**353.2**	**291.5**

* Comparison data has been adjusted due to changes in revenue classification.

1.2.2 OTHER OPERATING INCOME

MEUR	2016	2015
Gains on sale of non-current assets	0.5	2.5
Proceeds on sale related to incremental acquisition	0.9	0.6
Other operating income	0.8	0.5
Total	**2.2**	**3.6**

1.3 Operating expenses

1.3.1 MATERIALS AND SERVICES

MEUR	2016	2015
Purchases during period	13.8	13.1
Change in inventories	-0.3	0.0
Use of materials and supplies	**13.5**	**13.1**
External services	60.5	56.3
Total	**74.0**	**69.4**

1.3.2 RESEARCH AND DEVELOPMENT COSTS

The Group's research and development costs in 2016 totalled MEUR 5.0 (MEUR 5.5 in 2015). Of this total, MEUR 4.2 (MEUR 4.0) was recognised in the income statement and MEUR 0.8 (MEUR 1.5 in 2015) was capitalised to the balance sheet in 2016. There were capitalised research and development costs totalling MEUR 3.3 on the balance sheet on 31 December 2016 (MEUR 1.5 in 2015).

1.3.3 EMPLOYEE BENEFITS EXPENSE

Employee benefits cover short-term employee benefits, other long-term benefits, benefits paid in connection with dismissal and post-employment benefits.

Short-term employee benefits include salaries and benefits in kind, annual holidays and bonuses. Other long-term benefits include, for example, a celebration, holiday or remuneration based on a long period of service. Benefits paid in connection with dismissal are benefits that are paid due to the termination of an employee's contract and not for service in the company.

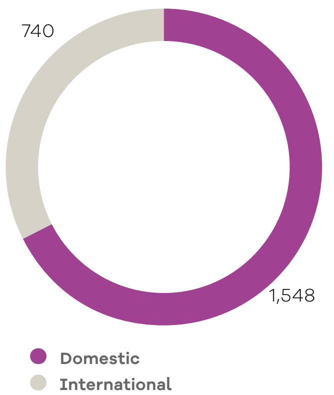
Post-employment benefits comprise pension and benefits to be paid after termination of the employee's contract, such as life insurance and healthcare. These benefits are classified as either defined contribution or defined benefit plans. The Group has both forms of benefit plans. The accounting principles related to pensions are presented in more detail in Note 3.6 Pension obligations.

Past service costs are recognised as expenses through profit or loss at the earlier of the following: when the plan is rearranged or downsized, or a when the entity recognises the related rearrangement expenses or benefits related to the termination of employment.

MEUR	2016	2015
Salaries and fees	117.6	99.0
Pension costs – defined contribution plans	19.2	15.6
Pension costs – defined benefit plans	-0.1	0.1
Share-based payment transaction expense	0.9	0.2
Other payroll-related expenses	12.0	9.1
Total	**149.6**	**124.1**

Average number of employees, calculated as full-time employees (excl. delivery staff)	**2016**	**2015**
Alma Markets	543	502
Alma Talent	875	287
Alma News & Life	149	158
Alma Regions	561	677
Group functions	160	168
Total	**2,287**	**1,792**
Additionally, the Group's own delivery staff (number of employees):	845	929

Personnel



1.3.4 OTHER OPERATING EXPENSES

Specification of other operating expenses by category

MEUR	2016	2015
Information technology and telecommunication	23.2	19.0
Business premises	18.0	12.6
Sales and marketing	20.4	15.3
Administration and experts	7.3	7.5
Other employee costs	9.9	9.5
Other expenses	5.0	3.0
Total	**83.8**	**66.9**

The premises previously used by the Talentum Group were vacated during 2016 and the lease was terminated in December 2016. The remaining lease liability of MEUR 2.3 is recognised as an expense in the financial statements. The liability was paid off in full in January 2017.

1.3.5 AUDIT EXPENSES

1,000 EUR	2016	2015
PricewaterhouseCoopers Oy		
Audit	270.0	175.9
Reporting and opinions	5.6	
Tax consultation	9.3	
Other	177.3	342.8
Total	**462.2**	**518.7**

1.3.6 PROVISIONS

Provisions are recognised 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 restructuring provision is entered when the Group has prepared and started to put into effect a detailed restructuring plan or has informed those affected by the restructuring of the key aspects of the plan. No provisions are entered for expenses related to the Group's regular operations.

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.

The Group prepares monthly and quarterly estimates on the adequacy of the provisions, and the amounts are adjusted based on actual expenses and changes in estimates.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not within the Group's control. A contingent liability can also be a present obligation that is not recognised because it is not probable that the payment obligation will be realised, or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are presented in the notes to the financial statements.

MEUR	Restructuring provision	Other provisions	Total
1.1.2016	0.6	0.2	0.8
Increase in provisions	0.1	0.1	0.2
Acquisitions of business operations			
Provisions employed	-0.1		-0.1
Reversal of unused provisions			
31.12.2016	**0.6**	**0.3**	**0.9**
Current	0.9		0.9
Non-current		0.3	0.3

Restructuring provision: this provision has been made to cover implemented or possible employee reductions in different companies. The provision is expected to be realised in 2017.

1. 4 Salaries, bonuses and share-based payments paid to management

The reward scheme of the President and CEO of Alma Media Corporation and other senior management is made up of fixed monetary salary (monthly salary), fringe benefits (company car and mobile telephone benefit, with regard to the President also housing benefit), an incentive bonus related to the achievement of result and operational targets (short-term reward scheme), a stock option scheme and a share-based incentive scheme for key employees of the Group (long-term reward scheme), as well as a pension benefit for management.

1.4.1 SALARIES AND BONUSES PAID TO MANAGEMENT

Parent company President and CEO (Kai Telanne)

1,000 EUR	2016	2015
Salaries and other short-term employee benefits	733.4	580.4
Post-employment benefits	337.8	311.9
Approved stock options to be settled in shares	181.5	55.3
Total	**1,252.7**	**947.5**

The figures in the table are presented on an accrual basis. In 2016, the salary and benefits paid to the President and CEO of the Group totalled EUR 690,428 (in 2015 EUR 552,885).

Pension benefits of the President and CEO:
In addition to statutory employment pension security, the President and CEO has a defined contribution group pension benefit. His pension accumulates by 37% of the annual earnings. He has the right to retire upon reaching 60 years of age, at which time the payment of insurance premiums terminates. The pension is determined on the basis of the insurance savings accrued by the time of retirement. Retirement can be postponed up to 70 years of age. At this time, the pension is determined on the basis of insurance savings adjusted according to the value development of the investment objects.

Notice period of the President and CEO:
The notice period of the President and CEO is six months. An additional contractual compensation equal to 12 months' salary is paid if the employer terminates his contract without the President and CEO being in breach of contract. This compensation corresponding to the 12-month salary is not paid if the President and CEO resigns on his own initiative. Alma Media's Board of Directors decides on the appointment and, as necessary, dismissal of the President and CEO.

Other members of the Group Executive Team

1,000 EUR	2016	2015
Salaries and other short-term employee benefits	1,842.9	1,634.1
Benefits paid in connection with dismissal		68.7
Post-employment benefits	702.6	648.6
Approved stock options to be settled in shares	339.9	100.1
Total	**2,885.5**	**2,451.4**

The figures in the table are presented on an accrual basis. In 2016, the salary and benefits paid to the other members of the Group Executive Team totalled EUR 1,643,150 (in 2015 EUR 1,515,867).

Board of Directors of Alma Media Corporation and benefits paid to its members

1,000 EUR	2016	2015
Harri Suutari, Chairman	54.5	53.0
Petri Niemisvirta, Deputy Chairman	43.1	45.0
Catharina Stackelberg-Hammarén, member	36.5	34.5
Matti Korkiatupa, member	34.5	
Niklas Herlin, member	35.0	34.0
Esa Lager, member	39.5	40.0
Mitti Storckovius, member	33.0	
Perttu Rinta, member (until 17 March 2016)	2.0	35.0
Erkki Solja, member (until 17 March 2016)	2.0	33.0
Total	**280.1**	**275.5**

The figures in the table are presented on an accrual basis.

According to the resolution of the General Meeting, the benefits to the Board members are paid as shares of Alma Media Corporation.

Salaries and benefits to the Board of Directors, the President and CEO, and other members of the Group Executive Team, total

1,000 EUR	2016	2015
Salaries and other short-term employee benefits	2,856.4	2,488.9
Benefits paid in connection with dismissal		68.7
Post-employment benefits	1,040.4	960.5
Approved stock options to be settled in shares	521.4	155.4
Total	**4,418.2**	**3,673.5**

The members of the Board of Directors, the President and CEO of the parent company and the other members of the Group Executive Team together held 16,048,756 shares in the company on 31 December 2016, representing 19.5% of the total number of shares and votes.

The individual holdings of Alma Media shares and option rights on 31 December 2016 were as follows:

			Performance matching	
	Shares	Fixed performance matching share plan LTI 2015 I and LTI 2015 II	matching share plan LTI 2015 I and LTI 2015 II	matching share plan LTI 2015 I and LTI 2015 II
Harri Suutari, Chairman	68,091			
Petri Niemisvirta, Deputy Chairman	17,494			
Niklas Herlin, member	15,711,792			
Matti Korkiatupa, member	3,953			
Esa Lager, member	11,907			
Mitti Storckovius, member	8,581			
Catharina Stackelberg-Hammarén, member	19,501			
Kai Telanne, President and CEO	105,826	64,000	64,000	64,000
Santtu Elsinen, Group Executive Team	13,100	6,000	6,000	6,000
Kari Juutilainen, Group Executive Team	8,011	10,000	10,000	10,000
Virpi Juvonen, Group Executive Team	5,000	10,000	10,000	10,000
Tiina Järvilehto, Group Executive Team	4,000			
Kari Kivelä, Group Executive Team	10,000	20,000	20,000	20,000
Mikko Korttila, Group Executive Team	7,000	14,000	14,000	14,000
Juha-Petri Loimovuori, Group Executive Team	17,500	23,000	23,000	23,000
Raimo Mäkilä, Group Executive Team	30,000	23,000	23,000	23,000
Juha Nuutinen, Group Executive Team	7,000	14,000	14,000	14,000
Total	**16,048,756**	**184,000**	**184,000**	**184,000**

* The figures include holdings of entities under their control as well as holdings of related parties.

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

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

1.4.2 SHARE-BASED PAYMENTS

Share-based incentive plan 2015
Alma Media's option programme 2009 ended on 31 March 2016.

Share-based incentive scheme (LTI 2015):

In 2015, the Board of Directors of Alma Media Corporation approved the establishment of a long-term share-based incentive scheme for the key management of Alma Media (hereinafter referred to as "LTI 2015").

The objective of LTI 2015 is to align the interests of the participants with those of Alma Media's shareholders by creating a long-term equity interest for the participants and, thus, to increase the company value in the long term as well as to drive performance culture, to retain participants and to offer them with competitive compensation for excellent performance in the company.

LTI 2015 consists of annually commencing individual plans, each subject to separate Board approval. Each of the individual plans consists of three main elements: an investment in Alma Media shares as a precondition for participation in the scheme, matching shares based on the above share investment and the possibility of earning performance-based matching shares.

The matching share plan
In the matching share plan, the participant receives a fixed amount of matching shares against an investment in Alma Media shares.

In the first matching share plan, which commenced in 2015 (LTI 2015 I), the participant receives two matching shares for each invested share free of charge after a two-year vesting period, provided that the other conditions stipulated for the receipt of the share-based incentive by the terms of the plan are still satisfied at the time.

The performance matching plan
The performance matching plan comprises a five-year performance period in total. The potential share rewards will be delivered in tranches after three and five years if the performance targets set by the Board of Directors are attained.

The performance measures used in the first performance matching plan, which commenced in 2015 (2015 LTI I), are based on the company's profitable growth and share value. If the performance targets set by the Board of Directors are attained in full, the participant will receive in total four matching shares for each invested share free of charge, provided that the other conditions stipulated for the receipt of the share-based incentive by the terms of the plan are still satisfied at the time.

Share-based incentive scheme LTI 2015 II, launched in 2016
During the reporting year, 2016, the Board of Directors of Alma Media Corporation decided to launch the next share-based incentive programme (LTI 2015 II) based on the LTI 2015 arrangement. The main terms of the 2016 incentive scheme correspond to those of the share-based incentive scheme that began in 2015.

Payment of the incentive is contingent on the participant holding on to the shares invested in the plan and remaining employed by the Group for the duration of the plans, until March 2017, 2018, 2019, 2020 and 2021. The incentives are paid partly in cash and partly in shares. The cash component is intended to cover taxes incurred by the participant from the incentive.

The fair value of the reward is expensed until the matching shares are paid. The fair value of the share component is determined on the date on which the target group has agreed to the conditions of the plan. The financing cost arising from the obligation to hold shares and dividends expected during the vesting period have been deducted from the value of the share. The fair value of the plan based on the total shareholder return of the share also takes the market-based earning criteria into consideration. The cash component of the incentive is remeasured on each reporting date during the vesting period based on the price of the share on the date in question.

Changes during option period

Option programme 2009	B option plan		C option plan	
Number	2016	2015	2016	2015
At beginning of financial year		505,000	535,000	535,000
Number of new options granted				
Number of options forfeited		-505,000	-535,000	
Number of options exercised				
At end of period				535,000

Principal terms and conditions of the Performance Share Plan:

Instrument	Fixed matching share plan LTI 2015 I	Performance matching share plan LTI 2015 I	Performance matching share plan LTI 2015 I
AGM date/Date of issuing	12.02.2015	12.02.2015	12.02.2015
Maximum number of shares	153,100	153,100	153,100
Dividend adjustment	No	No	No
Initial allocation date	17.06.2015	17.06.2015	17.06.2015
Performance period begins	01.01.2015	01.01.2015	01.01.2015
Performance period ends	31.03.2017	31.03.2018	31.03.2020
Vesting date	31.03.2017	31.03.2018	31.03.2020
Maximum contractual life, years	1.8	2.8	4.8
Remaining contractual life, years	0.2	2.2	3.2
Number of persons at the end of the reporting year	32	32	32
Payment method	Cash & share	Cash & share	Cash & share

Instrument	Fixed matching share plan LTI 2015 I I	Performance matching share plan LTI 2015 I I	Performance matching share plan LTI 2015 I I
AGM date/Date of issuing	12.02.2015	12.02.2015	12.02.2015
Maximum number of shares	166,000	166,000	166,000
Dividend adjustment	No	No	No
Initial allocation date	17.03.2016	17.03.2016	17.03.2016
Performance period begins	01.01.2016	01.01.2016	01.01.2016
Performance period ends	31.03.2018	31.03.2019	31.03.2021
Vesting date	31.03.2018	31.03.2019	31.03.2021
Maximum contractual life, years	2.0	3.0	5.0
Remaining contractual life, years	1.2	2.2	4.2
Number of persons at the end of the reporting year	36	36	36
Payment method	Cash & share	Cash & share	Cash & share

Measurement inputs for the incentives granted during the reporting period			
Share price at time of granting, EUR	3.3	3.3	3.3
Share price at end of period, EUR	5.03	5.03	5.03
Dividend yield assumption, EUR	0.18	0.39	0.75
Fair value on 31 Dec 2016, EUR 1,000	659.7	320.6	293.0

Changes during share plan period 1.1.2016	Fixed matching share plan 2015	Performance matching share plan 2015	Performance matching share plan_TSR 2015	Fixed matching share plan 2016	Performance matching share plan 2016	Performance matching share plan_ TSR 2016	Total
Outstanding at the beginning of the reporting period, pcs	147,100	147,100	147,100				441,300
Changes during the period							
Granted during the period				166,000	166,000	166,000	498,000
Lost during the period							
31.12.2016							
Outstanding at the end of the period	147,100	147,100	147,100	166,000	166,000	166,000	939,300

Effect of the share-based incentive programme on the financial year's result and financial position

MEUR	2016	2015
Costs for the financial year, share-based payments	0.9	0.2
Costs for the financial year, share-based payments, in shares	0.3	0.1
Liability arising from share-based payments, 31.12.2016	0.7	0.1

2 TANGIBLE AND INTANGIBLE ASSETS AND LEASING ARRANGEMENTS

2.1 intangible assets and goodwill

Goodwill created through mergers and acquisitions is recorded at the amount by which the sum of the purchase price, the share of the non-controlling interest in the acquired entity and the purchaser's previously held share in the entity exceed the fair value of the net assets acquired. Acquisitions carried out between 1 January 2004 and 31 December 2009 were recognised according to the previous version of IFRS 3 (2004). Goodwill created through mergers that were carried out prior to 2004 corresponds with the book value under earlier accounting standards, which was used as the acquisition cost. Goodwill is applied to cash-generating units and tested on the transition date and thereafter annually for impairment. Goodwill is measured at the original acquisition cost less impairment losses.

Research costs are entered as an expense in the period in which they arise. Development costs arising from the development of new or significantly improved products are capitalised as intangible assets when the costs of the development stage can be reliably determined, the product is technically feasible and economically viable, the product is expected to produce an economic benefit and the Group has the intention and the required resources to complete the development effort. Capitalised development costs include the costs of material, labour and testing, as well as capitalised borrowing costs, if any, that directly arise from the process of making the product complete for its intended purpose. Development costs that have previously been recognised as expenses will not be capitalised at a later date.

Patents, copyright and software licenses with a finite useful life are shown in the balance sheet and expensed on a straight-line basis in the profit or loss 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.

MEUR	Intangible rights	Other intangible assets	Advances, intangible	Goodwill	Total
Financial year 2016					
Acquisition cost 1.1.	109.0	4.3	1.9	122.5	237.7
Increases	1.8	0.1	1.2	0,0	3.2
Acquisitions of business operations	3.3	0.4		4.7	8.4
Decreases	-0.1		-0.2		-0.3
Exchange differences	-0.2	0.0	0.0	-0.1	-0.2
Transfers between items	1.3	0.6	-1.9		0.0
Acquisition cost 31.12.	**115.2**	**5.4**	**1.0**	**127.2**	**248.8**
Accumulated depreciation, amortisation and impairments 1.1.	39.7	3.2		3.9	46.8
Accumulated depreciation in decreases and transfers	-0.1			0.0	-0.1
Depreciation for the financial year	10.5	0.6		0.0	11.1
Write-downs	0.0			3.0	3.0
Exchange differences	0.0	0.0		0.0	0.0
Accumulated depreciation, amortisation and impairments 31.12.	**50.0**	**3.7**		**6.9**	**60.7**
Book value 1.1.	69.3	1.1	1.9	118.6	191.0
Book value 31.12.	**65.1**	**1.7**	**1.0**	**120.3**	**188.1**

MEUR	Intangible rights	Other intangible assets	Advances, intangible	Goodwill	Total
Financial year 2015					
Acquisition cost 1.1.	66.7	4.2	3.3	73.4	147.5
Increases	1.0	0.0	1.6	0.0	2.6
Business combinations	38.2	0.1	0.6	53.7	92.7
Decreases	-0.5		-0.2	-5.2	-5.8
Exchange differences	0.1		0.0	0.6	0.7
Transfers between items	3.5		-3.5		0.0
Acquisition cost 31.12.	**109.0**	**4.3**	**1.9**	**122.5**	**237.7**
Accumulated depreciation, amortisation and impairments 1.1.	33.3	2.6		3.7	39.6
Accumulated depreciation in decreases	-0.4			-2.5	-2.9
Depreciation for the financial year	6.7	0.6		0.0	7.2
Write-downs	0.0			2.7	2.8
Exchange differences	0.0			0.0	0.0
Accumulated depreciation, amortisation and impairments 31.12.	**39.7**	**3.2**		**3.9**	**46.8**
Book value 1.1.	33.3	1.6	3.3	69.7	107.9
Book value 31.12.	**69.3**	**1.1**	**1.9**	**118.6**	**191.0**

Decreases in goodwill concern the acquisitions made before the implementation of the revised IFRS 3.

ALLOCATION OF INTANGIBLES WITH INDEFINITE LIVES TO CASH-GENERATING UNITS

The book value of intangible assets includes intangible rights totalling MEUR 34.2 which are not depreciated; instead, these rights 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. These non-depreciated intangible rights are allocated to the cash-generating units as follows:

MEUR	2016	2015
Alma Markets		
Mediapartners	0.4	0.4
Recruitment Czech Republic	10.9	11.1
Profesia	2.2	2.2
TAU Online d.o.o.	0.7	0.7
CV Online	0.5	0.5
Alma Markets total	**14.7**	**14.9**
Alma Talent		
Alma Talent Media Finland	11.7	11.8
Alma Talent Media Sweden	3.4	3.5
Pro + Events	0.4	
Suoramarkkinointi Mega	1.2	1.2
Kauppalehti Business Information Services		
Objektvision	0.3	0.3
Alma Talent total	**17.0**	**16.8**
Alma News & Life	**1.8**	**1.0**
Alma Regions	**0.7**	**0.7**
Assets with indefinite lives, total	**34.1**	**33.5**

Allocation of goodwill to business operations

MEUR	2016	2015
A significant amount of goodwill has been allocated to the following cash-generating units		
Alma Markets		
Mediapartners	3.6	2.8
Recruitment Czech Republic	24.4	24.2
Profesia	12.1	12.1
TAU Online d.o.o.	0.9	0.8
CV Online	4.4	4.4
Alma Markets total	**45.3**	**44.3**
Alma Talent		
Alma Talent Media Finland	28.9	28.2
Alma Talent Media Sweden	4.2	5.4
Pro + events	10.5	10.5
Suoramarkkinointi Mega	3.7	3.7
Kauppalehti Business Information Services	8.2	8.2
Objektvision	3.7	3.6
Alma Talent total	**59.3**	**59.7**
Alma News & Life	**9.5**	**6.3**
Alma Regions	**6.1**	**8.1**
Non-allocated goodwill	**0.1**	**0.1**
Total goodwill	**120.3**	**118.6**

IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLES WITH INDEFINITE LIVES

On each balance sheet date, the Group 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 amounts are assessed annually of goodwill, capitalised development costs for projects in progress and intangible assets with an indefinite useful life. These are assessed regardless of whether or not indications of impairment exist. 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. The value in use refers to the estimated future net cash flows obtainable from the asset or cash-generating unit, discounted to their current value. Impairment losses are recognised when the carrying amount of the asset or cash-generating unit exceeds the recoverable amount. Impairment losses are recognised in the profit or loss. An impairment loss may be reversed if circumstances regarding the intangible or tangible assets in question change. Impairment losses recognised on goodwill are never reversed.

Goodwill, intangible rights with indefinite useful lives and other long-term assets are tested at the level of cash generating units. In testing for impairment, the recoverable amount is the value in use.

Following the model used before, estimated cash flows determined in the test are based on the Group's strategic forecasts for the following three years confirmed by the Board of Directors and business units' management. The years following this period are estimated by the management, taking the business cycle into account. The calculations of value in use are based on a period of 10 years, as the customer relationships in the business are long-term and turnover is low. In addition, the management uses cash flow analyses of 10 years to support business decisions in connection with corporate acquisitions. The cash flow of the terminal year is normalised as an average of the forecast period. In addition to general economic factors, the main assumptions and variables used when determining cash flows are the forecast growth of advertising sales in different market segments, the unit-specific average cost of capital (discount rate) and estimated growth of newspaper content sales. The growth rate assumptions for advertising sales vary in different market segments and in different product categories. When evaluating growth, past events in the Group and the impact of business cycles are taken into account.

The Group's business, advertising sales in particular, is very dependent on business cycles. A significant portion of the Group's revenue is generated from advertising sales. Advertising sales correlates significantly with changes in GDP, and changes in advertising sales are largely intensified at cyclical turns. Investments in advertising have been particularly low in Finland in relation to the level of GDP in 2010-2016, even in international comparison. Alma Media estimates that the GDP will start growing in the domestic market. The growth assumptions for revenue and costs used in the value in use calculations are presented in the table below.

According to its strategy, the Group has invested in the development of digital services. Digital services account for approximately 37% of the Group's revenue. In digital services, the realised changes are larger and the future growth assumptions higher than in average advertising investments. With regard to the printing business, moderate revenue growth assumptions have been used in impairment testing.

The discount rate used in impairment testing has been determined using geographical (country) and business-specific weighted average cost of capital (WACC) separately for both publishing & newspapers and online business segments. The discount rate is determined net of taxes. The WACC consists of the required return on equity and the required return on debt after corporate taxes (net of taxes as adjusted for final presentation purposes). Following capital market theory, the generally accepted method of estimating the cost of equity is the Capital Asset Pricing Model (CAPM). Following the CAPM, the rate of return on equity can be constructed from the risk free interest rate and a risk premium. Elements of WACC/CAPM have been determined for impairment testing by an independent third party analyst.

CHANGES FROM 2015

No changes were made to the Alma Markets segment's tested units. The newly acquired business Nettikoti is included in the Alma Mediapartners business.

In the Alma Talent segment, the tested asset items have been redefined due to the Talentum acquisition.

In the Alma News & Life segment, the businesses have been combined to create one unit for testing. E-kontakti, Telkku, Kotikokki and Rantapallo constitute a single entity with IL Media from an organisational and business standpoint. They have a shared advertising network. Each of the services also has close content links to the digital media of IL Media.

In the Alma Regions segment, the tested business operations were changed to have each region constitute its own business unit for testing. Each of the regions includes the regional newspaper as well as local papers. In Satakunta and Lapland, in particular, this corresponds to the new organisational model.

Discount rates used in impairment testing

		Revenue growth assumption, %	Cost growth assumption, %	WACC before taxes, %	Business line
Alma Markets					
Mediapartners	Finland	2.8	2.9	11.1	Online
Monster FI	Finland	4.4	4.1	11.1	Online
Recruitment Czech Republic	Czech Republic	4.3	3.8	11.2	Online
Profesia	Slovakia	3.9	3.9	11.6	Online
TAU Online d.o.o.	Croatia	3.6	3.5	15.5	Online
CV Online	Baltic countries	4.3	3.4	11.8	Online
Alma Talent					
Alma Talent Media Finland	Finland	1.0	0.9	9.7	Publishing, Online
Alma Talent Media Sweden	Sweden	0.8	0.2	8.1	Publishing, Online
Pro + events	Finland, Baltic countries	0.8	1.2	9.6	Publishing, Online
Suoramarkkinointi Mega	Finland	0.4	0.5	8.2	Service
Kauppalehti Business Information Services	Finland	0.2	0.3	9.6	Service
Objektvision	Sweden	1.2	1.5	10.5	Online
Alma News & Life	Finland	0.5	0.3	9.6	Publishing, Online
Alma Regions					
Alma Pirkanmaa	Finland	-0.1	0.1	8.3	Publishing
Alma Lapland	Finland	0.7	0.3	7.1	Publishing
Alma Satakunta	Finland	0.0	0.4	8.4	Publishing
Alma Manu	Finland	1.2	1.0	9.0	Publishing

IMPAIRMENT LOSSES AND THEIR ALLOCATION

During the past financial year, the Group recognised MEUR 3.0 in impairment losses on goodwill. Of this impairment loss, MEUR 2.0 is allocated to the goodwill of Alma Lapland, and MEUR 1.0 is allocated to the goodwill of Alma Talent Sweden. Alma Lapland is reported under the Alma Regions segment. After the recognition of the impairment loss, asset items of MEUR

0.3 are allocated to Alma Lapland. Alma Talent Sweden is reported as part of the Alma Talent segment. After the recognition of the impairment loss, asset items of MEUR 10 are allocated to Alma Talent Sweden.

In the management's view, there are no indications of impairment with regard to the other units of Alma Media Group.

In the previous financial year, the Group recognised MEUR 1.6 in impairment losses on goodwill. Of this impairment loss, MEUR 0.5 is allocated to the goodwill of Alma Lapland, and MEUR 1.1 is allocated to the Alma Diverso business. Alma Lapland is reported under the Alma Regions segment. After the recognition of the impairment loss, asset items of MEUR 2.0 are allocated to Alma Lapland. The business operations of Alma Diverso, which was reported under the Alma Markets (Digital Consumer Services) segment in 2015, were transferred to the Alma News & Life and Alma Regions segments. After the recognition of the impairment loss, asset items of MEUR 7.8 are allocated to the Diverso business. The Group also recognised impairment losses of MEUR 1.2 in conjunction with the divestment of Alma 360.

SENSITIVITY ANALYSES OF IMPAIRMENT TESTING

Goodwill allocated to new business areas, as well as goodwill arising from recent acquisitions, is more sensitive to impairment testing and therefore more likely to be subject to impairment loss when the above main assumptions change.

In connection with the sensitivity analysis, the impact of an increase in the discount rate (at most 3%), a decrease in advertising sales (at most 6%) and a decrease in content sales (at most 3%) on estimated cash flows has been estimated. The sensitivity analysis of advertising sales and content sales is based on the management view of the future development on the balance sheet date.

The aggregate book values of the Alma Markets segment were approximately 26% of the current value of the estimated recoverable amount at the time of testing. The impact of the terminal on the value in use varied between 28% and 40%. Based on the analysis carried out by the management, the net present value (NPV) of future cash flows has risen by a total of MEUR 85.6 compared to 2015. This is based on the improved profitability of business operations in 2016 and the inclusion of Nettikoti in impairment testing. The development of profitability is expected to continue in the coming years. The book value of the assets of the Alma Markets segment on the reporting date was MEUR 69.9. Based on the sensitivity analysis performed, the Alma Markets business does not include a significant risk of future impairment.

The aggregate book values of the Alma Talent segment were approximately 52% of the current value of the estimated recoverable amount at the time of testing. The impact of the terminal on the value in use was 41–52% in the calculations. Based on the analysis carried out by the management, the estimated net present value (NPV) of future cash flows has declined by a total of MEUR 26.8 compared to 2015. The decline is based particularly on the more moderate expectations of the growth in profit of Alma Talent Media Finland and Sweden in the near future and the lower profitability development of Kauppalehti Business Information Services. The Alma Talent Media Sweden business includes risks related to future profit development. The management estimates the net present value of the Swedish media business to be MEUR 10, which leads to an impairment of MEUR 1.0 in the 2016 financial statements. Restructuring measures were carried out in the Swedish business in 2016 and, as a result, the development of profit is expected to turn positive in 2017.

The aggregate book values of the Alma News & Life segment were approximately 23% of the current value of the estimated recoverable amount at the time of testing. The impact of the terminal on the value in use was 45% in the calculations. Based on the analysis carried out by the management, the net present value (NPV) of future cash flows has risen by a total of MEUR 26.9 compared to 2015. This is based on the increased profitability of IL Media, particularly due to increased digital advertising. The growth in digital business and, correspondingly, the declining single-copy sales of the print edition have a significant impact on estimates of the business unit's future cash flows. Based on the sensitivity analysis performed, the Alma News & Life business does not include a significant risk of future impairment.

The aggregate book values of the Alma Regions segment were approximately 41% of the current value of the estimated recoverable amount at the time of testing. The impact of the terminal on the value in use varied between 45% and 117%. Based on the analysis carried out by the management, the estimated net present value (NPV) of future cash flows has declined by a total of MEUR 15.1 compared to 2015. Profitability remained on a par with 2015 mainly due to cost savings achieved through restructuring and efficiency improvement measures. The reduced net present value is due to lower expectations for profit development in the coming years. The development of revenue from print newspapers in the coming years remains uncertain. Based on the impairment testing, impairment of MEUR 2.0 was recognised for Alma Lapland. The impairment is mainly due to profitability remaining at a weak level. At the time of reporting, the book value of the assets of Alma Lapland was MEUR 0.3.

As part of the segment's impairment testing, the recoverable amount of the Group's printing facility has been estimated. The unit's value in use is based on the printing facility's remaining useful life. The values of Alma Manu's assets were estimated mainly as part of the value formation of Alma Pirkanmaa's and Alma Satakunta's products. This is due to the fact that the majority of Alma Manu's revenue consists of internal sales. A secondary assessment focused on Alma Manu's fair value as a separate unit and comparing it with the value of Alma Manu's assets. Neither assessment method indicated a need for impairment.

Risk of impairment according to the sensitivity analysis when the assumptions change

	Permanent decrease in content sales		
MEUR	**1%**	**2%**	**3%**
Alma Talent			
Alma Talent Media Sweden	1.0	2.1	3.1
Alma Regions			
Alma Lapland	0.3	0.3	0.3
Alma Satakunta		0.1	1.6

	Permanent decrease in advertising sales			Increase in WACC		
MEUR	**2%**	**4%**	**6%**	**1%**	**2%**	**3%**
Alma Talent						
Alma Talent Media Sweden	1.9	3.7	5.6	1.2	2.2	3.0
Kauppalehti Business Information Services					0.0	0.8
Alma Regions						
Alma Satakunta		2.1	4.6			
Alma Lapland	0.3	0.3	0.3	0.1	0.2	0.3

Of the results of the sensitivity analysis, the table presents the risk of impairment if a permanent decrease in sales takes place in deviation from the management's assumptions.

2.2 Property, plant and equipment

Property, plant and equipment are measured at cost less depreciation, amortisation and impairment losses. The acquisition cost includes the costs arising directly from the acquisition of a tangible asset. In the event that a tangible asset comprises several components with different useful lives, each component will be recognised as a separate asset.

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	3–15 years
Large rotation printing presses	20 years

The residual value and useful life of an asset are reviewed, at a minimum, at the end of each financial period and adjusted, where necessary, to reflect the changes in their expected useful lives.

When an item of property, plant and equipment is replaced, the costs related to this new item are capitalised. The same procedure is applied in the case of major inspection or service operations. Other costs arising later are capitalised 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 profit or loss as they arise.

Gains and losses arising from the decommissioning and sale of tangible assets are recognised through profit and loss under other operating income and expenses. The gains or losses on sale are defined as the difference between the selling price and the remaining acquisition cost.

MEUR	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and purchases in progress	Total
Financial year 2016						
Acquisition cost 1.1.	0.8	35.1	61.7	2.6	0.0	100.2
Increases		0.0	0.7	0.1	0.5	1.3
Decreases		-0.2	-1.5	-0.8		-2.5
Exchange differences		0.0	0.0	0.0	0.0	0.0
Transfers between items		0.0	0.2	0.0	-0.2	0.0
Acquisition cost 31.12.	**0.8**	**34.9**	**61.0**	**1.9**	**0.3**	**98.9**
Accumulated depreciation, amortisation and impairments 1.1.		11.2	17.3	1.2		29.6
Accumulated depreciation in decreases		0.0	-1.8	-0.8		-2.6
Depreciation for the financial year		1.4	5.4	0.3		7.1
Impairment, total		0.0	0.0	0.0		0.0
Accumulated depreciation, amortisation and impairments 31.12.		**12.5**	**20.9**	**0.7**	**0.0**	**34.1**
Book value 1.1.	0.8	23.9	44.3	1.4	0.0	70.5
Book value 31.12.	**0.8**	**22.4**	**40.1**	**1.2**	**0.3**	**64.8**
Balance sheet value of machinery and equipment 31.12.			39.8			

MEUR	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and purchases in progress	Total
Financial year 2015						
Acquisition cost 1.1.	1.2	40.3	60.9	2.6		104.9
Increases			0.9	0.0	0.3	1.3
Business combinations			0.6	0.1		0.7
Decreases	-0.4	-5.2	-1.0	0.0	0.0	-6.7
Transfers between items			0.2		-0.2	
Acquisition cost 31.12.	**0.8**	**35.1**	**61.7**	**2.6**	**0.0**	**100.2**
Accumulated depreciation, amortisation and impairments 1.1.		13.0	14.7	1.0		28.6
Accumulated depreciation in decreases		-4.8	-1.1	0.0		-5.9
Depreciation for the financial year		2.9	3.7	0.2		6.9
Accumulated depreciation, amortisation and impairments 31.12.		**11.2**	**17.3**	**1.2**		**29.6**
Book value 1.1.	1.2	27.2	46.2	1.6		76.2
Book value 31.12.	**0.8**	**23.9**	**44.4**	**1.4**	**0.0**	**70.5**
Balance sheet value of machinery and equipment 31.12.			44.1			

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

MEUR	Buildings	Machinery and equipment	Total
Financial year 2016			
Acquisition cost 1.1.	24.1	54.2	78.3
Increases		0.5	0.5
Decreases		-1.2	-1.2
Acquisition cost 31.12.	**24.1**	**53.5**	**77.6**
Accumulated depreciation 1.1.	3.5	12.8	16.4
Accumulated depreciation in decreases		-1.2	-1.2
Depreciation for the financial year	1.2	4.6	5.8
Accumulated depreciation 31.12.	**4.7**	**16.3**	**21.0**
Book value 31.12.	**19.4**	**37.2**	**56.6**
Financial year 2015			
Acquisition cost 1.1.	24.1	54.2	78.3
Increases		0.8	0.8
Decreases		-0.8	-0.8
Acquisition cost 31.12.	**24.1**	**54.2**	**78.3**
Accumulated depreciation 1.1.	2.4	8.8	11.2
Accumulated depreciation in decreases		-0.8	-0.8
Depreciation for the financial year *	1.1	4.9	6.0
Accumulated depreciation 31.12.	**3.5**	**12.8**	**16.4**
Book value 31.12.	**20.6**	**41.3**	**61.9**

* Comparison figures for 2015 have been adjusted between transactions/items.

3 CAPITAL STRUCTURE AND FINANCIAL EXPENSES

3.1 Financial income and expenses

Financial income presented by categories as required by IAS 39

MEUR	2016	2015
Interest income on held to maturity investments	0.2	0.1
Value changes in items recognised at fair value through profit or loss		
Change in the fair value of contingent consideration liabilities	0.1	
Dividend income from available-for-sale financial assets	0.2	0.2
Total	**0.4**	**0.3**

Financial expenses presented by categories as required by IAS 39

MEUR	2016	2015
Interest expenses from interest-bearing debts measured at amortised cost	0.8	0.2
Interest expenses from finance leases measured at amortised cost	1.5	1.7
Foreign exchange losses (loans and receivables)	0.3	0.2
Value changes in items recognised at fair value through profit or loss		
Change in the fair value of contingent consideration liabilities		0.6
Change in the fair value of interest rate and foreign currency derivatives	0.0	0.1
Other financial expenses	0.3	0.1
Total	**2.8**	**2.8**

Contingent considerations arising in connection with mergers and acquisitions are classified as derivatives. Following IAS 39, they are recognised as financial items measured at fair value through profit or loss on the balance sheet. Changes in fair value are recognised in finance income and expenses in the income statement. The Group had MEUR 0.2 in contingent liabilities arising from acquisitions on its balance sheet as at 31 December 2016.

3.2 Financial assets

ⓘ 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 contingent considerations from the sales of the business operations and derivatives. Contingent considerations arise in sales of business operations. The company employs derivative instruments to hedge against changes in electricity prices and interest rate derivatives to hedge against changes in interest rates of financial liabilities. Contingent considerations and derivatives are measured at fair value as they arise and remeasured on the balance sheet date. Changes in fair value of the contingent considerations are recognised in the profit or loss. Changes in fair value of paper derivatives are recognised under Material Purchases and of electricity derivatives under Other Operating Costs in the profit or loss. Changes in fair value of interest rate derivatives are recognised in the profit or loss. Matured derivatives are recognised in the profit or loss in the period during which they mature.

The evaluation of contingent considerations and liabilities is based on the discounted values of future cash flows. The evaluation is conducted on each reporting date based on the terms of consideration agreements. Management estimates the realisation of terms on each reporting date and the fair value is recognised as discounted values of capitalised cash flows.

Loans and Other Receivables are measured at their amortised cost. In Alma Media, this group consists of trade receivables and other receivables. The amount of uncertain receivables is estimated based on the risks associated with individual items. A debtor experiencing considerable financial difficulties, the probability of bankruptcy, the failure to make payments or a payment being delayed by more than 180 days are considered evidence of the impairment of trade receivables. Credit losses are entered as an expense in the profit or loss. Held to maturity investments 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 amortised cost. Available-for-sale financial assets are measured at their fair value and the change in fair value is entered in other comprehensive income and presented under shareholders' equity. Accrued changes in fair value are transferred from shareholders' equity to profit or loss as adjustments arising from reclassification when the asset is sold or when its value has decreased to the extent that impairment loss is recognised. This category comprises financial assets that are not classified in any of the other categories. The Group also classifies investments in unquoted shares in this category, but these investments are measured at acquisition cost in the financial statements because they cannot be reliably measured at fair value.

Cash and cash equivalents consist of cash, demand and time deposits, and other short-term highly liquid investments. The transaction date is generally used when recognising financial assets. Financial assets are derecognised 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.

On the final day of each reporting period, the Group evaluates whether there is objective evidence of impairment with regard to an individual financial asset or a group of financial assets.

3.2.1 OTHER FINANCIAL ASSETS

MEUR	Balance sheet values 2016	Balance sheet values 2015
Non-current financial assets		
Available-for-sale financial assets		
Unquoted share investments	3.7	3.8
Loan receivables	0.7	0.8
Total	**4.4**	**4.6**
Current financial assets		
Investments held to maturity		0.0
Total		**0.0**
Financial assets, total	**4.4**	**4.6**

Available-for-sale financial assets are presented in the following table:

MEUR	2016	2015
At beginning of period	3.8	3.8
Other increases		0.2
Decreases	0.0	-0.3
Net profits/losses transferred to be recognised through profit or loss		
At end of period	**3.7**	**3.8**

Investments held to maturity include other current investments. They are valued at amortised cost and are included in current assets.

Available-for-sale financial assets mainly comprise unquoted investments, and they are valued at acquisition cost as the acquisition cost corresponds to their fair value.

3.2.2 CASH AND CASH EQUIVALENTS

MEUR	2016	2015
Cash and bank accounts	23.3	14.4
Investment certificates (1–3 months)	0.0	0.0
Total	**23.3**	**14.4**

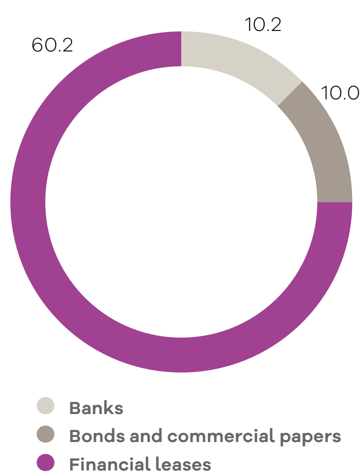
3.3 Financial liabilities

The determination of the fair value of liabilities related to contingent considerations arising from business combinations are based on the management's estimate. The key variables in the change in fair value of contingent considerations are estimates of future operating profit. Contingent liabilities arising from acquisitions are classified as financial liabilities through profit or loss. They are recognised at fair value in the balance sheet and the change in fair value is recognised in the financial items through profit or loss.

Other financial liabilities are initially recognised in the balance sheet at fair value. Later other financial liabilities are measured at amortised 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 capitalised 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.

Funding portfolio – by type, MEUR



The table describes the Group's non-current and current financial liabilities.

MEUR	2016	2015
FINANCIAL LIABILITIES		
Non-current financial liabilities		
Financial liabilities measured at amortised cost		
Non-current finance lease liabilities	55.3	59.8
Non-current loans from credit institutions	10.0	3.2
Liabilities recognised at fair value through profit or loss		
Contingent consideration liabilities arising from the acquisition of business operations		0.2
Other liabilities	0.2	0.2
Total	**65.5**	**63.4**
Current financial liabilities		
Based on amortised cost		
Finance lease liabilities	4.9	5.2
Other interest-bearing liabilities	10.2	22.4
Liabilities recognised at fair value through profit or loss		
Foreign currency derivatives	0.0	0.0
Commodity derivatives	0.0	0.1
Interest rate derivatives	0.7	0.7
Contingent consideration liabilities arising from the acquisition of business operations	0.1	0.2
Total	**15.9**	**28.5**
Financial liabilities total:	**81.4**	**91.9**

The Group's financial liabilities are denominated in euro and carry a variable interest rate. The company's main financial instruments in 2016 were non-current finance leases, current commercial papers and financial loans. The hedging of the interest rate risk is described in more detail in Note 3.8 Financial risks.

The average interest rate of the Group's financial liabilities in 2016 was 2.7% (2.3% in 2015).

The Group has categorised items recognised at fair value through profit or loss according to the following hierarchy of fair values:

MEUR	2016	2015
Level 1		
Foreign currency derivative	0.0	
Commodity derivatives	0.0	0.1
Level 2		
Interest rate derivatives	0.7	0.7
Level 3		
Contingent consideration liabilities arising from the acquisition of business operations	0.1	0.3

Level 1 includes the quoted (unadjusted) prices of identical liabilities in active markets.
Level 2 The fair values of Level 2 instruments are, to a significant degree, based on inputs other than the quoted prices included in Level 1, but nevertheless on data that can be either directly or indirectly verified for the asset or liability in question.
Level 3 includes inputs concerning liabilities that are not based on observable market data (unobservable inputs).

No transfers between the fair value hierarchy levels have taken place during the ended financial period and the previous financial period.

Contingent consideration liabilities arising from the acquisition of business operations on the balance sheet on 31 December 2016 are based on the companies' revenue in 2016.

The book values of financial liabilities correspond to their fair values. The table below separately describes the fair values of derivative contracts and the value of the underlying instruments.

Derivative contracts:

MEUR	2016	2015
Commodity derivatives (electricity forwards)		
Fair value	0.0	-0.1
Value of underlying instruments	0.3	0.3
Interest rate derivatives		
Fair value	-0.7	-0.7
Value of underlying instruments	19.4	19.5
Foreign currency derivatives		
Fair value	0.0	0.0
Value of underlying instruments	3.1	2.4

The fair values of forward exchange contracts are determined using the market prices for contracts of similar duration on the balance sheet date. The fair values of interest rate swaps have been determined using a method based on the present value of future cash flows, supported by market interest rates and other market information on the balance sheet date. The fair values of commodity derivatives are determined using publicly quoted market prices. The fair values correspond to the prices the Group would pay or receive in an orderly transaction for the derivative contract in the prevailing market conditions on the balance sheet date.

The maturity distribution of financial liabilities is described in more detail in Note 3.8 Financial risks.

MATURITIES OF FINANCE LEASE LIABILITIES

MEUR	2016	2015
Finance lease liabilities – total minimum lease payments		
2016		6.7
2017	6.3	5.5
2018	5.7	5.5
2019	5.1	5.5
2020	4.9	5.6
2021	5.0	
Later	45.6	50.6
Total	**72.6**	**79.4**
Finance lease liabilities – present value of minimum lease payments		
2016		5.2
2017	4.9	4.1
2018	3.9	4.1
2019	3.9	4.2
2020	4.0	4.3
2021	4.1	
Later	39.4	43.2
Total	**60.2**	**65.0**
Financial expenses accruing in the future	**12.4**	**14.4**

3.4 Other leases

Leases applying to tangible assets in which the Group holds a significant share of the risks and rewards incidental to their ownership are classified as finance leases. These are recognised 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 incidental 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. Lease payments of future periods are presented as contingent liabilities in the notes. When the Group is the lessor, lease income is entered in the profit or loss on a straight-line basis over the lease term. The Group has made purchasing agreements that include a lease component. Any such arrangements in effect 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.

THE GROUP AS LESSEE

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

MEUR	2016	2015
Within one year	9.3	11.4
Within 1-5 years	27.6	37.1
After 5 years	22.5	28.5
Total	**59.5**	**76.9**

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

PURCHASE AGREEMENTS UNDER IFRIC 4 THAT CONTAIN ANOTHER LEASE COMPONENT, AS DESCRIBED IN IAS 17

MEUR	2016	2015
Minimum payments payable based on these purchase agreements	0.2	0.2

THE GROUP AS LESSOR
Minimum rental payments receivable based on other non-cancellable leases

MEUR	2016	2015
Within one year	1.0	1.0
Within 1–5 years	0.2	0.4
After 5 years		
Total	**1.2**	**1.5**

3.5 Commitments and contingencies

MEUR	2016	2015
Collateral provided on behalf of associated companies	0.9	1.2
Other commitments	1.8	2.5
Total	**2.7**	**3.8**

PURCHASE OBLIGATION
The Group has a currently effective lease agreement with DNB Bank ASA on the office and production facility at Patamäenkatu 7 in Tampere. Alma Media will exercise the interruption option included in the agreement and redeem the property. The property transaction, its financing and recognition in Alma Media's balance sheet will take place in October 2017 and its value will be MEUR 14.5. The rental commitment related to the lease agreement is presented in 3.4 Other leases.

3.6 Pension obligations

The Group has both defined contribution pension plans and defined benefit pension plans.

The defined benefit pension plans comprise the Group's old supplementary pension plans for personnel, which have already been discontinued and closed. The benefits associated with them include both supplementary pension benefits and death benefits. The Group's defined benefit pension plans include both funded and unfunded pension plans. The unfunded pension plans are direct supplementary pension obligations, primarily for old employees who have already retired.

The new supplementary pension benefits granted by the Group are defined contribution based pension plans.

Payments made under defined contribution plans are entered in the profit or loss in the period that the payment applies to. The disability pension component of the Finnish Employees' Pension System (Tyel) handled by insurance companies was reclassified under IFRS as a defined contribution plan from the beginning of 2006. Accordingly, it 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 the 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.

Obligations arising from defined benefit plans are calculated for each arrangement separately using the Projected Unit Credit Method. Pension costs are recognised as expenses over the beneficiaries' period of employment in the Group based on calculations made by authorised actuaries. The discount rate used in calculating the present value of the pension obligation is based on market yields on high quality corporate bonds issued by the company and, if this data is not available, on yields of government bonds. The maturity of corporate and government bonds and corresponds to a reasonable extent with the maturity of the pension obligation. The pension plan assets measured at fair value on the balance sheet date are deducted from the present value of the pension obligation to be recognised in the balance sheet. The net liabilities (or assets) associated with the defined benefit pension plan are recorded on the balance sheet.

Service costs for the period (pension costs) and the net interest on the net liabilities associated with the defined benefit plan are recognised through profit or loss and presented under employee benefit expenses. Items (such as actuarial gains and losses and return on funded defined benefit plan assets) arising from the redefinition of the net liabilities (or assets) associated with the defined benefit plan are recognised in other comprehensive income in the period in which they arise.

Present value of obligations and fair value of assets

MEUR	2016	2015
Present value of unfunded obligations	1.2	1.4
Present value of funded obligations	5.4	5.9
Fair value of assets	-5.6	-5.7
Pension liability	**1.0**	**1.5**

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

MEUR	31 Dec 2016	31 Dec 2015
Present value of obligations at start of period	7.2	9.9
Business combinations	0.0	0.1
Service cost during period	0.0	0.0
Interest cost	0.1	0.2
Actuarial gains and losses	0.2	-1.8
Payments of defined benefit obligations	-0.7	-1.2
Restructuring of contracts	-0.3	
Present value of funded obligations at end of period	**6.6**	**7.2**
Fair value of plan assets at start of period	5.7	7.2
Business combinations	0.1	
Expected return on plan assets	0.1	0.1
Actuarial gains and losses	0.3	-0.6
Restructuring of contracts	-0.2	
Incentive payments paid	0.2	0.2
Payments of defined benefit obligations	-0.7	-1.2
Fair value of plan assets at end of period	**5.6**	**5.7**
Defined benefit pension liabilities	**1.0**	**1.5**
Net pension liability		
Pension liability	1.2	1.5
Pension asset	0.2	
Net pension liability	**1.0**	**1.5**

The plan assets are invested primarily in fixed income or share-based instruments, and they have an aggregate expected annual return of 3.0%. A more detailed specification of the plan assets is not available. The plan assets are considered to be included in the payment made to the insurance company. The assets are the insurance company's responsibility and part of the insurance company's investment assets. Accordingly, no specification of the assets can be presented.

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

MEUR	2016	2015
Service cost during period	0.0	0.0
Restructuring of contracts	-0.2	
Interest cost	0.1	0.2
Expected return on plan assets	-0.1	-0.1
Actuarial gains and losses and adjustments	-0.1	-1.2
Total	**-0.2**	**-1.1**

Changes in liabilities shown on balance sheet

MEUR	2016	2015
At beginning of period	1.5	2.7
Business combinations	-0.1	0.1
Incentive payments paid	-0.2	-0.2
Pension expense in income statement	-0.1	0.1
Comprehensive income for the period	-0.1	-1.2
Defined benefit pension liabilities on the balance sheet	**1.0**	**1.5**

Specification of future pension premiums (not discounted)

MEUR	Funded pension plan	Unfunded pension plan
Under 1 year	0.5	0.2
1–5 years	1.6	0.5
5–10 years	1.5	0.4
10–15 years	1.0	0.2
15–20 years	0.6	0.1
20–25 years	0.3	0.1
25–30 years	0.2	0.1
Over 30 years	0.1	0.2
Total	**5.9**	**1.7**

A similar investment is expected to be made in the plan in 2017 as in 2016.

Sensitivity analysis of the funded pension plan

MEUR	Present value of pension obligation, EUR 1,000	Change in present value of pension obligation, %
Change of +0.5%-p in the discount rate	5.2	-4.2
Change of +0.5%-p in the pension increase rate	5.6	3.7

Sensitivity analysis of the unfunded pension plan

MEUR	Present value of pension obligation, EUR 1,000	Change in present value of pension obligation, %
Change of +0.5%-p in the discount rate	1.1	-3.4
Change of +0.5%-p in the pension increase rate	1.2	3.1

The sensitivity analysis uses the same methods as the calculation of the pension obligation. Sensitivity is calculated for changes in the discount rate, pension increases and the insurance company's bonus index. Sensitivity has been calculated by changing one parameter at a time.

Actuarial assumptions used

%	2016	2015
Discount rate	1.0	1.8
Inflation assumption	1.1	1.3
Future increase in pension benefit	1.4	1.5

Defined benefit plans expose the Group to several different risks, the most significant of which are the following:

Asset volatility
The calculation of the liabilities arising from the plans uses a discount rate based on the yield of bonds issued by the company. If the yield on the assets used for the plan is lower than this level, there will be a deficit.

Inflation risk
Some of the benefit obligations under the plans are tied to inflation, and higher inflation will lead to higher liabilities (although a ceiling for inflation adjustments has been set in most cases to protect the plan from unusually high inflation).

Life expectancy
As the majority of the obligations under the plans are related to providing lifelong benefits to the members, the expected increase in life expectancy will result in higher obligations under the plans.

3.7 Working capital

3.7.1 INVENTORIES

ⓘ Inventories are materials and supplies, work in progress and finished goods. Fixed overhead costs are capitalised to inventories in manufacturing. Inventories are measured at the lower of their acquisition cost or net realisable value. The net realisable 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. 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 and the products sold by the book business.

MEUR	2016	2015
Materials and supplies	1.6	1.3
Finished products	0.7	0.9
Total	**2.3**	**2.2**

3.7.2 TRADE AND OTHER RECEIVABLES

MEUR	2016	2015
Trade receivables	31.1	29.9
Receivables associated companies	0.0	0.3
Total	**31.2**	**30.2**
Receivables from others		
Prepaid expenses and accrued income	4.0	3.5
Other receivables	1.9	1.7
Total	**6.0**	**5.1**
Receivables, total	**37.1**	**35.3**

MEUR	2016	2015
The maturity analysis of trade receivables is as follows:		
Receivables not yet due and receivables overdue by 1–4 days	27.6	24.7
Overdue by 5–30 days	1.9	3.4
Overdue by 31–120 days	1.1	1.5
Overdue by more than 120 days	0.5	0.6
Total	**31.2**	**30.2**

All trade receivables overdue by more than 180 days are recognised as expenses via a provision for bad debts. A provision for bad debts of MEUR 0.5 is included in receivables in 2016. In the 2016 financial year, credit losses of MEUR 0.5 were recognised in the Group (in 2015 MEUR 0.4). The credit losses totalled 0.1% of revenue in 2016 (0.2% in 2015).

The book values of trade receivables, other current and non-current receivables and other current investments are estimated to correspond to fair values. The impact of discounting is not significant.

3.7.3 TRADE PAYABLES AND OTHER LIABILITIES

MEUR	2016	2015
Trade payables	8.1	6.7
Owed to associated companies		
Trade payables	0.9	1.1
Accrued expenses and prepaid income	48.0	46.1
Other liabilities	8.4	9.4
Total	**65.4**	**63.3**

The initial book value of trade payables and other liabilities corresponds to their fair value as the impact of discounting is not significant taking the maturity of the liabilities into account.

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

3.8 Financial risks

Financial risk management is part of the Group's risk management policy. The risk management strategy and plan, the control limits imposed and the course of action are reviewed annually. The Group has a risk management organisation tasked with identifying the risks threatening the company's business, assess and update them, develop the necessary risk management methods and regularly report on the risks.

Alma Media categorises 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 and net result. The impact of the interest rate risk on net result can be reduced using interest rate swaps, interest forwards and futures and interest or foreign exchange options. On the balance sheet date the Group had open interest rate swaps, which are described in more detail in Note 3.3.

The Group's interest-bearing debt totalled MEUR 80.4 on 31 December 2016. Interest-bearing debt comprises loans from financial institutions, commercial papers and finance lease liabilities. The interest-bearing liabilities are linked to variable interest rate debt instruments. Taking the interest rate swaps into account, the average period of interest linkage of the Group's financial portfolio at the end of 2016 was 1.5 years and the hedging rate 24%. An increase of one percent-age point in the interest rate would increase the Group's finance expenses by MEUR 0.8.

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 Alma Media's most significant currencies in addition to the euro are the Czech koruna and the Swedish krona. The impact of changes in exchange rates on net result in the most important currencies of the Group can be reduced by the following measures:

- Cash flows in the same currency are netted through a common foreign currency account whenever the cost/benefit ratio is significant.
- Known, continuous and significant foreign currency cash flow is hedged. Cumulative foreign currency cash flow with a minimum value of MEUR 1 over the following 18-month period is considered significant.

Translation risk

A foreign exchange risk that arises from the translation of foreign investments into the functional currency of the parent company, the euro. The risk associated with translating long-term net investments in foreign currencies is assessed on a regular basis. Should there be a clear and permanent risk of a currency devaluating, Group management may decide to hedge the company's foreign currency exposure.

The Group's open foreign currency derivatives on the balance sheet date are described in Note 3.3.

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

The Group has hedged its electricity purchases as follows: the price level of electricity purchases for the following 12 months are hedged at 70–100%, and the price level of electricity purchases for the following 12–24 months is hedged at 35–85%. Electricity prices for the following 25–36 months are hedged at 0–40%. The Group had open electricity forwards on the balance sheet date. The values of these open electricity forwards are described in more detail in Note 3.3.

CAPITAL MANAGEMENT RISKS

Liquidity management
Alma Media has two MEUR 15 financing limits at its disposal, both of which were unused on 31 December 2016. In addition, Alma Media ensures its liquidity by issuing its own commercial papers if required via brokers, and hedges over-liquidity according to its treasury policy. Liquidity is assessed daily and liquidity forecasts are made at weekly, monthly and 12-month rolling intervals.

On the balance sheet date, the company had a commercial paper programme of MEUR 100 in Finland. Within the programme, the company may issue commercial papers to a total value of MEUR 0–100. The company had MEUR 10 in issued commercial papers on 31 December 2016. In addition to the commercial paper programme, the company may use the existing financing limit agreements for financing the need for working capital.

Long-term capital funding
To secure its long-term financing needs, Alma Media uses capital market instruments, leasing or other financial arrangements.

The table describes the maturity distribution of the Group's interest-bearing debts:

MEUR	Balance sheet value	Cash flow	0–6 months	6 months – 1 year	1–2 years	2–5 years	Over 5 years
Commercial papers	10.0	10.0	10.0				
Loans from financial institutions	10.2	10.2	0.2		10.0		
Finance lease liabilities	60.2	72.6	3.1	3.1	10.9	9.9	45.6
Total	**80.4**	**92.8**	**13.3**	**3.1**	**20.9**	**9.9**	**45.6**

CREDIT RISK
The Group's credit policy is described and documented in the Group credit management

Maturity structure of outstanding debt

policy. The Group does not have significant risks of past due receivables, because it has a large customer base and no individual customer will comprise a significant amount. During the financial period, impairment losses of MEUR 0.5 were recognised through profit or loss. These impairment losses were caused by an unexpected change in customers' economic environment. The maturity structure of trade receivables is presented in Note 3.7.2 Trade and other receivables.

CAPITAL MANAGEMENT
The aim of the Group's capital management is to support business operations through an

optimal capital structure and to secure normal business preconditions. The capital structure is influenced through dividend distribution, for example. The development of the Group's capital structure is continuously monitored with gearing and equity ratio key figures. The following describes the values of these key figures in 2016 and 2015:

MEUR	2016	2015
Interest-bearing liabilities	80.4	90.6
Cash and cash equivalents	23.3	14.4
Interest-bearing net debt	57.1	76.2
Total equity	138.0	128.3
Gearing, %	41.4%	59.4%
Equity ratio, %	45.7%	42.5%

3.9 Information on shareholders' equity and its management

The Group classifies the instruments it has issued in either equity or liabilities (financial liabilities) based on their nature. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Expenses related to the issuance or acquisition of equity instruments are presented as a deduction from equity. If the Group acquires equity instruments of its own, their acquisition cost is deducted from equity.

The following describes information on Alma Media Corporation's shares and changes in 2016.

	Total number of shares	Share capital, MEUR	Share premium fund, MEUR	Invested non-restricted equity fund, MEUR
1 Jan 2016	82,383,182	45.3	7.7	19.1
31 Dec 2016	82,383,182	**45.3**	**7.7**	**19.1**

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

BOOK-ENTRY SECURITIES SYSTEM

The company's shares belong to the book-entry system. Only such shareholders have the right to receive distributable funds from the company, and to subscribe to shares in conjunction with an increase in the share capital, 1) who are listed as shareholders in the shareholders' register on the record date; or 2) whose right to receive payment is recorded in the book-entry account of a shareholder listed in the shareholders' register on the record date, and this right is entered in the shareholders' register; or 3) whose shares, in the case of registered shares, are registered in their book-entry account on the record date, and as required by section 28 of the Act on the Book-Entry System, the respective manager of the shares is listed on the record date in the shareholders' register as the manager of said shares. Shareholders whose ownership is registered in the waiting list on the record date have the right to receive distributable funds from the company, and the right to subscribe to shares in conjunction with an increase in the share capital, provided they 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 2016 or 2015.

EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS

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

SHARE PREMIUM RESERVE

In cases in which stock options have been decided during the time the previous Finnish Limited Liability Companies Act (29.9.1978/734) was in force, payments received for share subscriptions based on stock options have been recognised in share capital and the share premium reserve in accordance with the terms of the respective option programmes, less transaction costs.

DISTRIBUTABLE FUNDS

The distributable funds of the Group's parent company totalled EUR 124,646,114 on 31 December 2016.

DIVIDEND POLICY

On 25 November 2013, Alma Media published its long-term financial targets. According to the targets, the company aims to pay on average more than 50% of the profit for the period in dividends or capital repayments over the long term.

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 other shareholders, is or exceeds 33 1/3% or 50% is obligated on demand by other shareholders to redeem such shareholders' shares.

3.9.1 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the period attributable to the ordinary equity holders of the parent by the weighted average number of shares outstanding during the year. Diluted earnings per share are calculated by dividing the profit for the period attributable to the equity holders of the parent by the weighted average number of diluted shares during the period.

MEUR	2016	2015
Profit attributable to ordinary shareholders of parent	16.9	9.9
Number of shares (x 1,000)		
Weighted average number of shares for basic earnings per share	82,383	76,394
Diluted weighted average number of outstanding shares	82,383	76,394
Earnings per share (basic)	0.2	0.1
Earnings per share (diluted)	0.2	0.1

4. CONSOLIDATION

4.1 General principles of consolidation

All subsidiaries are consolidated in the consolidated financial statements. Subsidiaries are companies in which the Group has a controlling interest. The criteria for control are fulfilled when the Group is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. 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 eliminated using the purchase method. Purchase consideration and the individualised assets and liabilities of the acquired entity are recognised at their fair value on the acquisition date. The costs related to the acquisition, with the exception of costs arising from the issue of equity or debt securities, are recorded as expenses. Additional purchase cost, if applicable, is recognised at fair value on the acquisition date and classified as a liability through profit or loss. Additional purchase cost classified as a liability is measured through profit or loss at fair value on the last day of each reporting period.

4.2 Subsidiaries

The Group's parent and subsidiary relationships are as follows:

		Holding, %		Share of votes, %	
Company		2016	2015	2016	2015
Parent company Alma Media Corporation	Finland				
Alma Career Oy	Finland	83	83	83	83
Alma Manu Oy	Finland	100	100	100	100
Alma Media Kustannus Oy	Finland	100	100	100	100
Alma Media Suomi Oy	Finland	100	100	100	100
Alma Mediapartners Oy	Finland	65	65	65	65
Alma Talent AB	Sweden	100	100	100	100
Alma Talent Desk AB	Sweden	100		100	
Alma Talent Ekonomi AB	Sweden	100		100	
Alma Talent Events Oy	Finland	100	100	100	100
Alma Talent Juridik AB	Sweden	100		100	
Alma Talent Media AB	Sweden	100	100	100	100
Alma Talent Oy	Finland	100	100	100	100
Alma Talent Teknik AB	Sweden	100		100	
CV-Online Estonia OÜ	Estonia	83	83	83	83

Company		Holding, % 2016	Holding, % 2015	Share of votes, % 2016	Share of votes, % 2015
Dagens Media Sverige AB	Sweden	100	100	100	100
Edlegio AB	Sweden	70	70	70	70
Events Sweden AB	Sweden	100	100	100	100
Expose Oy	Finland	100	100	100	100
FYI Business Events Oy	Finland	100	100	100	100
FYI Events Denmark ApS	Denmark	100	100	100	100
Karenstock Oy	Finland	100	100	100	100
Kotikokki.net Oy	Finland	65	65	65	65
Jobote s.r.o	Czech Republic	83		83	
LMC s.r.o	Czech Republic	83	83	83	83
Michelsson Sales Consulting Oy	Finland	100	100	100	100
Monster Worldwide CZ s.r.o.	Czech Republic	83	83	83	83
Monster Magyarorszag Kft	Hungary	83	83	83	83
Monster Worldwide Polska SP. Z.o.o.	Poland	83	83	83	83
Müügimeistrite A/S	Estonia	92	92	92	92
Objektvision AB	Sweden	100	100	100	100
Profesia s.r.o	Slovakia	83	83	83	83
Profesia s.r.o	Czech Republic	83	83	83	83
Raksa ja Kotikauppa Oy (Nettikoti)	Finland	33		33	
Rantapallo Oy	Finland	79	35	79	35
Remonttibulevardi Oy (Urakkamaailma.fi)	Finland	33	30	33	30
SIA CV-Online Latvia	Latvia	83	83	83	83
Suoramarkkinointi Mega Oy	Finland	100	100	100	100
Talentum Business Information Group AB	Sweden	100	100	100	100
Talentum Media Oy	Finland	100	100	100	100
TAU On-line d.o.o	Croatia	83	83	83	83
Telemarket SIA	Latvia	96	96	96	96
UAB CV-Online LT	Lithuania	83	83	83	83
Subsidiaries merged with other Group companies during the financial year:					
Autosofta Oy	Finland	65	65	65	65
Ny Teknik Holding AB	Sweden	100	100	100	100
Talentum Oyj	Finland	100	100	100	100
Talentum Sales AB	Sweden	100	100	100	100

Itemisation of significant non-controlling interests in the Group:

Subsidiary Holding, % *)		2016	2015
Alma Career Oy sub-group	Finland	16.66	16.66
Alma Mediapartners Oy sub-group	Finland	35	35

* As the non-controlling interest's share of votes and equity are equal, the information is not presented separately.

Summary of financial information on subsidiaries involving a significant non-controlling interest:

MEUR	Alma Career sub-group 2016	2015	Alma Mediapartners sub-group 2016	2015
Current assets	44.4	31.8	4.5	2.9
Non-current assets	50.2	55.0	4.6	4.4
Current liabilities	19.7	15.6	2.7	2.1
Non-current liabilities	0.2	0.3	0.2	0.4
Revenue	53.0	45.4	16.4	13.7
Expenses	33.2	35.3	11.7	11.0
Operating profit	15.8	10.2	4.0	2.7
Share of profit allocated to parent company owners	8.6	5.8	2.7	1.4
Share of profit allocated to non-controlling interest	2.3	1.2	1.1	0.7
Dividends paid to non-controlling interest	1.1	0.8	0.7	0.6
Net cash flow from operating activities	19.3	14.2	4.2	3.5
Net cash flows from/(used in) investing activities	-0.8	-0.6	-0.9	-1.9
Financing activities	-17.2	-13.6	-3.3	-1.3

The information from the sub-groups' financial statements is presented in the table below according to Finnish Accounting Standards (FAS), as the sub-groups' financial statements have not been prepared in accordance with IFRS.

4.3 Business combinations

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. All intra-Group transactions, receivables, liabilities and profits are eliminated in the consolidated financial statements. The distribution of the profit for the year between the parent company owners and non-controlling interest shareholders is shown in the statement of comprehensive income. The eventual non-controlling interest in the acquired companies is measured at fair value or to the amount corresponding to the share of the non-controlling interest based on the proportionate share of the specified net assets. The measurement method is defined for each acquisition separately. The comprehensive income is attributed to parent company shareholders and non-controlling shareholders, even if this were to lead to a negative portion being attributed to non-controlling shareholders. The amount of shareholders' equity attributable to non-controlling shareholders is shown as a separate item in the balance sheet under shareholders' equity. Changes in the parent company's holding in a subsidiary that do not lead to a loss of control are treated as equity transactions.

In conjunction with acquisitions achieved in stages, the previous holding is measured at fair value through profit or loss. When the Group loses control in a subsidiary, the remaining investment is measured at fair value through profit or loss on the date control in the subsidiary is lost, and the difference is recognised through profit or loss.

Acquisitions that took place before 1 January 2010 are recognised according to the provisions valid at the time.

ACQUISITIONS IN 2016

The Group carried out the following acquisitions in 2016:

	Business line	Acquisition date	Holding acquired	Group share
Alma Markets segment				
Raksa ja KotiKauppa Oy	Online service	01.01.16	51%	33.15%
Jobote s.r.o	Online service	01.01.16	100%	83%
Remonttibulevardi Oy	Online service	02.06.16	51%	33.15%
Alma Talent segment				
Uusi Suomi business	Online service	01.09.16		
Alma News & Life segment	Online service			
Rantapallo Oy	Online service	01.04.16	79%	79%

ALMA MARKETS

The segment's information on acquired businesses is presented in combined form.

Consideration:

MEUR	Fair value
Consideration, settled in cash	0.7
Contingent consideration	0.3
Fair value measurement of previous holding at the time of the acquisition	0.1
Total consideration	**1.2**

The assets and liabilities recorded as a result of the acquisition were as follows:

MEUR	Fair value
Intangible assets	0.7
Trade and other receivables	0.1
Cash and cash equivalents	0.2
Total assets acquired	**0.9**
Other non-current liabilities	0.0
Deferred tax liabilities	0.1
Trade and other payables	0.1
Total liabilities acquired	**0.2**
Acquired identifiable net assets at fair value, total	**0.7**
Group's share of net assets	**0.2**
Minority interest	**0.4**
Goodwill	**0.9**

The fair values entered on intangible assets in consolidation relate primarily to acquired customer agreements, the brand and information systems developed in-house. Factors contributing to goodwill were the expected synergies related to these businesses.

ALMA TALENT

As the acquisition of Uusi Suomi, which is reported in the Alma Talent segment, is immaterial to the Group, no tables are presented for that acquisition. The Uusi Suomi acquisition created MEUR 0.7 in goodwill. The acquisition is reported as a related party transaction by a significant shareholder.

ALMA NEWS & LIFE

Rantapallo Oy

Consideration:

MEUR	Fair value
Consideration, settled in cash	3.1
Fair value measurement of previous holding at the time of the acquisition	1.6
Total consideration	**4.8**

The assets and liabilities recorded as a result of the acquisition were as follows:

MEUR	Fair value
Property, plant and equipment	0.0
Intangible assets	2.8
Trade and other receivables	0.3
Cash and cash equivalents	0.3
Total assets acquired	**3.4**
Deferred tax liabilities	0.5
Trade and other payables	0.8
Total liabilities acquired	**1.3**
Acquired identifiable net assets at fair value, total	**2.1**
Group's share of net assets	**1.7**
Minority interest	**0.4**
Goodwill	**3.1**

The fair values entered on intangible assets in consolidation relate primarily to acquired customer agreements, the brand and information systems developed in-house. Factors contributing to goodwill were the expected synergies related to these businesses.

Consideration paid for acquisitions–cash flow

MEUR	2016	2015
Paid cash less acquired cash		
Cash consideration	8.2	26.9
Asset transfer tax and transaction costs	0.1	2.7
Contingent considerations, effect on profit/loss	-0.1	0.6
Less acquired amounts		
Cash	0.5	3.3
Net cash flow - capital expenditure	**7.8**	**26.8**

ACQUISITIONS IN 2015

The Group carried out the following acquisitions in 2015:

	Business line	Acquisition date	Group share
Digital Consumer Services segment:			
Autosofta Oy	Online service	19.10.15	65%
Financial Media and Business Services segment:			
JM-Tieto Oy	Online service	01.01.15	80%
Talentum Corporation	Media business	17.11.15	100%

JM TIETO OY

The acquisition of JM-Tieto Oy was implemented as a business combination achieved in stages. The Group's prior holding in the company was 20%.

Consideration:

MEUR	Fair value
Consideration, settled in cash	5.8
Fair value measurement of previous holding at the time of the acquisition	1.1
Total consideration	**7.0**

The assets and liabilities recorded as a result of the acquisition were as follows:

MEUR	Fair value
Property, plant and equipment	0.0
Intangible assets	1.7
Trade and other receivables	0.8
Cash and cash equivalents	0.5
Total assets acquired	**3.1**
Deferred tax liabilities	0.3
Trade and other payables	0.7
Total liabilities acquired	**1.0**
Acquired identifiable net assets at fair value, total	**2.1**
Goodwill	**4.9**

The fair values entered on intangible assets in consolidation relate primarily to acquired ICT applications and customer agreements. Factors contributing to goodwill were the expected synergies related to these businesses.

AUTOSOFTA OY

Consideration:

MEUR	Fair value
Consideration, settled in cash	1.6
Contingent consideration	0.3
Total consideration	**1.9**

The assets and liabilities recorded as a result of the acquisition were as follows:

MEUR	Fair value
Intangible assets	1.1
Trade and other receivables	0.1
Cash and cash equivalents	0.1
Total assets acquired	**1.3**
Deferred tax liabilities	0.2
Trade and other payables	0.1
Total liabilities acquired	**0.3**
Acquired identifiable net assets at fair value, total	**1.0**
Goodwill	**1.0**

The fair values entered on intangible assets in consolidation relate primarily to acquired ICT applications and customer agreements. Factors contributing to goodwill were the expected synergies related to these businesses.

TALENTUM CORPORATION

Alma Media Corporation and Talentum Corporation agreed to combine their businesses pursuant to a combination agreement signed on 28 September 2015. In the exchange offer, Alma Media Group offered as share consideration 0.25 new Alma Media shares and as cash consideration EUR 0.70 for each Talentum share. The Group offered as option consideration EUR 0.11 for each Talentum series 2013A option right and EUR 0.06 for each Talentum series 2013B option right. The completion of the exchange offer was conditional on the offer being approved by Talentum shareholders representing over 90 per cent of Talentum's issued and outstanding shares and votes. The business combination was also subject to approval by the competition authorities.

Talentum's business operations include the publication of professional literature and media for professionals in various fields as well as organising training events and other events on current topics. The combination is expected to create significant value for the shareholders of both Alma Media and Talentum based on, inter alia, the advantages of having a larger business entity on the digitalising media market, concrete cost synergies and utilising the subscriber potential of the combined company.

The [preliminary] goodwill generated by the acquisition, MEUR 47.8, is related to synergies from the business combination, future technology, future customer relationships and current employees. The goodwill is not tax-deductible.

Talentum was previously consolidated in Alma Media's consolidated financial statements as an associated company, as the Group held 14,236,295 Talentum shares, which corresponded to 32.4 per cent of the outstanding shares.

The exchange offer was completed on 17 November 2015, from which time Talentum has been part of Alma Media Group. The shares tendered in the exchange offer represented approximately 94.4 per cent of all the shares and votes in Talentum and approximately 95.2 per cent of the issued and outstanding shares in Talentum. The Group issued a demand for redemption to Talentum's remaining shareholders. In accordance with the demand for redemption, the shares that were not tendered in the exchange offer [or otherwise acquired before the start of the redemption proceedings] will be redeemed via redemption proceedings pursuant to the Finnish Limited Liability Companies Act. The holders of Talentum's option rights 2013A and 2013B accepted the exchange offer pursuant to its terms and conditions.

Consideration:

MEUR	Fair value
Share consideration	19.9
Cash consideration	19.3
Option consideration	0.1
Fair value measurement of previous holding at the time of the acquisition	19.5
Consideration liability related to the redemption proceedings pursuant to the Finnish Limited Liability Companies Act	3.0
Total consideration	**61.8**

On 17 November 2015, the Board of Directors of Alma Media decided, based on the authorisation granted by the Annual General Meeting of 17 March 2015, to issue a total of 6,896,329 new Alma Media Corporation shares as the share consideration for the exchange offer to Talentum shareholders, and to pay a cash consideration totalling MEUR 19.3. The fair value of the issued shares, MEUR 19.9, was based on the share's published price on 16 November 2015. The expenses arising from the share issue, MEUR 0.8, have been deducted from the amount recognised in equity. Alma Media paid a total of MEUR 0.1 as option consideration to holders of option rights.

The estimated redemption price of the shares to be redeemed pursuant to the Finnish Limited Liability Companies Act, MEUR 3.0, is presented as part of the consideration to be paid for the business combination and as a liability arising from acquisition in the current financial liabilities of the consolidated balance sheet dated 31 December 2015. The estimated redemption price is based on the number of Talentum shares outstanding, 2,103,903 shares, and the estimated redemption price of EUR 1.42 per share, which corresponds to the actual price of the purchase bid. The final redemption price will be determined by arbitration.

The expenses related to the acquisition, MEUR 1.8, are included in Other operating expenses in the consolidated income statement 2015 and in cash flow from operating activities in the consolidated cash flow statement.

The assets and liabilities recorded as a result of the acquisition were as follows:

MEUR	Fair value
Non-current assets	
Property, plant and equipment	0.6
Intangible assets	35.5
Investments in associated companies and joint ventures	1.1
Financial assets	0.7
Deferred tax assets	0.3
Current assets	
Inventories	**0.9**
Trade and other receivables	**10.3**
Cash and cash equivalents	**2.7**
Total assets acquired	**52.1**
Non-current liabilities	
Non-current interest-bearing liabilities	0.8
Other non-current liabilities	0.1
Non-current provisions	0.2
Deferred tax liabilities	7.2
Current liabilities	
Current interest-bearing liabilities	**3.8**
Trade and other payables	**25.7**
Income tax liability	**0.2**
Total liabilities acquired	**38.0**
Acquired identifiable net assets at fair value, total	**14.1**
Non-controlling interest	0.1
Goodwill	**47.8**

The fair value of trade and other receivables is MEUR 10.6, and the fair value of the trade receivables included in that figure is MEUR 8.2.

The non-controlling interest in Talentum, MEUR 0.1, is measured at a value that corresponds to the relative share of the identifiable net assets of the acquired entity.

The Group recognised a loss of MEUR 0.4 on the fair value measurement of the Talentum shares it owned before the business combination. The Group owned 14,236,295 shares in Talentum before acquiring a controlling interest based on the purchase bid. The loss arising from the fair value measurement of the shares is included in Other operating expenses in the 2015 income statement.

Talentum's revenue included in the consolidated comprehensive income statement for the period 1 December–31 December 2015 amounted to MEUR 5.8. Talentum had a minor effect on the result for the financial year.

Taking into account the acquisitions and divestments carried out by Alma Media Group in financial year 2015, the pro forma revenue according to the consolidated income statement would have been MEUR 349.2, and the profit for the period would have been MEUR 26.6, if the acquisitions and divestments had been completed on 1 January 2015.

Consideration paid for acquisitions - cash flow

MEUR	2016	2015
Paid cash less acquired cash		
Cash consideration	26.9	0.8
Asset transfer tax and transaction costs	2.7	0.0
Contingent considerations, effect on profit/loss	0.6	
Less acquired amounts		
Cash	3.3	0.6
Net cash flow - capital expenditure	**26.8**	**0.2**

4.4 Investments in associated companies and joint ventures

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 rights or over which the Group otherwise is able to exercise significant control. A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint arrangement is either a joint operation or a joint venture. A joint venture is a joint arrangement whereby the Group has rights to the net assets of the arrangement, whereas in a joint operation, the Group has rights to the assets, and obligations for the liabilities, relating to the arrangement. Associated companies and joint ventures 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 recognised unless the Group has obligations with respect to the associated companies. The Group's share of the results of its associated companies is shown as a separate item after operating profit. The Group's share of its associated companies' other changes in comprehensive income is recognised in the consolidated comprehensive income statement under other comprehensive income.

MEUR	2016	2015
Investments in associated companies and joint ventures		
At beginning of period	6.8	25.7
Increases		0.5
Acquisitions of business operations		1.1
Decreases	-1.4	-20.6
Share of results	0.9	1.6
Share of items recognised directly in associated company's equity		0.1
Dividends received	-1.3	-1.5
Transfers between items		
At end of period	**5.1**	**6.8**

FURTHER INFORMATION ON ASSOCIATED COMPANIES

Goodwill arising from associated companies on the balance sheet on 31 December 2016 totalled MEUR 2.3 (MEUR 2.5).

Summary (100%) of associated company and joint venture totals

MEUR	Alma Markets	Alma Talent	Alma News & Life	Alma Regions	Other associated companies
Year 2016					
Current assets	3.2	1.0		0.0	11.1
Non-current assets	4.0	0.0		0.3	4.9
Current liabilities	1.0	0.3		0.0	10.0
Non-current liabilities	3.4	0.0			0.1
Revenue	9.6	13.0			33.1
Profit/loss for the period	1.6	0.4		0.0	1.2
Other comprehensive income					
Reconciliation between associated companies' and joint ventures' financial information and the balance sheet value recognised by the Group:					
Associated company's net assets	2.9	0.7		0.3	6.0
Group's share of net assets	1.1	0.6		0.1	1.6
Goodwill	1.7	0.6			
Other adjustments	0.0				
Associated companies' balance sheet value on the consolidated balance sheet	2.8	0.6		0.1	1.6
Receivables from associated companies	0.0	0.0			
Liabilities to associated companies			0.0	0.0	
Dividends and capital repayments received from associated company during the period	0.1	0.2		0.0	0.6

MEUR	Alma Markets	Alma Talent	Alma News & Life	Alma Regions	Other associated companies
Year 2015					
Current assets	4.5	2.1		0.0	9.4
Non-current assets	4.1	0.0		0.3	5.7
Current liabilities	1.7	1.2		0.0	8.3
Non-current liabilities	3.1				0.2
Revenue	37.3	0.1			33.3
Profit/loss for the period	1.8	0.0		0.0	0.7
Other comprehensive income					
Reconciliation between associated companies' and joint ventures' financial information and the balance sheet value recognised by the Group:					
Associated company's net assets	4.7	0.8		0.3	6.8
Group's share of net assets	1.4	0.4		0.1	1.8
Goodwill	1.9	0.6			
Other adjustments	0.6				
Associated companies' balance sheet value on the consolidated balance sheet	3.9	1.0		0.1	1.8
Receivables from associated companies	0.0	0.0			0.0
Liabilities to associated companies	0.0	0.0			0.0
Dividends and capital repayments received from associated company during the period	0.3	0.7		0.0	0.5

Associated companies	Segment	Holding, %	Share of votes, %
Arena Interactive Oy	Alma Markets	35.00	35.00
Autojerry Oy	Alma Markets	24.10	24.10
Conseco Press	Alma Talent	40.00	40.00
Infostud 3 d.o.o.	Alma Markets	25.00	25.00
Holding Oy Visio	Alma Regions	24.74	24.74
Kolektiv d.o.o.	Alma Markets	30.00	30.00
Kytöpirtti Oy	Non-allocated	43.20	43.20
Media Metrics Finland Oy	Alma Markets	25.00	25.00
Oy Suomen Tietotoimisto-Finska Notisbyrån Ab	Non-allocated	24.07	24.07
Tampereen Tietoverkko Oy	Non-allocated	35.14	35.14

Professio Oy was sold in December 2016 (shareholding on 31 December 2015: 49.9%). Rantapallo Oy (shareholding on 31 December 2015: 35%) and Remonttibulevardi Oy (shareholding on 31 December 2015: 30%) became subsidiaries during the financial year 2016.

Joint venture companies	Segment	Holding, %	Share of votes, %
Oy Mediuutiset Ab	Alma Talent	50.00	50.00

The joint venture Oy Mediuutiset Ab is consolidated using the equity method.

4.5 Related party transactions

Alma Media Group's related parties are its associated companies (see Note 4.5), the companies that they own and affiliated companies.

Related parties also include the company's management (the Board of Directors, the Presidents and the Group Executive Team). The employee benefits of management and other related party transactions between management and the company are detailed in Note 1.4.

Sales of goods and services with related party members are based on the Group's prices in force at the time of transaction.

Related party transactions – associated companies

MEUR	2016	2015
Sales of goods and services	0.5	0.2
Purchases of goods and services	5.4	2.7
Trade, loan and other receivables	0.2	0.3
Trade payables	0.4	1.1
Related party transactions – principal shareholders		
Sales of goods and services	0.2	0.1
Purchases of goods and services	0.0	0.1
Trade, loan and other receivables	0.0	0.0
Trade payables	0.0	
Acquired businesses *	1.0	
Related party transactions – corporations where management exercises influence		
Sales of goods and services	0.1	0.0
Purchases of goods and services	0.1	0.0
Trade, loan and other receivables	0.0	0.0
Trade payables		0.0

* See note 4.3 Business combinations.

4.6 Shareholdings

20 principal shareholders on 31.12.2016

	Number	% of total shares	Share of total votes (%)
1. Ilkka-Yhtymä Oyj	22,493,473	27.3	27.3
2. Mariatorp Oy	15,700,000	19.1	19.1
3. Otava Oy	7,826,509	9.5	9.5
4. Keskinäinen työeläkevakuutusyhtiö Varma	5,327,994	6.5	6.5
5. Kunnallisneuvos C. V. Åkerlundin säätiö	3,422,871	4.2	4.2
6. Keskinäinen Eläkevakuutusyhtiö Ilmarinen	2,177,095	2.6	2.6
7. Keskinäinen Eläkevakuutusyhtiö Elo	1,852,800	2.3	2.3
8. Nordea Nordic Small Cap	1,757,617	2.1	2.1
9. Häkkinen Matti	868,813	1.1	1.1
10. Veljesten Viestintä Oy	851,500	1.0	1.0
11. Keskisuomalainen Oyj	782,497	1.0	1.0
12. Sr Evli Suomi Select	631,470	0.8	0.8
13. Suomen Kulttuurirahasto Sr	577,170	0.7	0.7
14. Koskinen Riitta Inkeri	458,668	0.6	0.6
15. Alfred Berg Suomi Fokus	457,383	0.6	0.6
16. OP-Suomi Pienyhtiöt	440,419	0.5	0.5
17. Taaleritehdas Mikro Markka	435,255	0.5	0.5
18. Danske Invest Suomi Yhteisöosake	379,604	0.5	0.5
19. Sinkkonen Raija Irmeli	333,431	0.4	0.4
20. Danilostock Oy	330,000	0.4	0.4
Total	**67,104,569**	**81.4**	**81.4**
Nominee-registered	1,415,639	1.7	1.7
Other	13,663,635	16.8	16.8
Total	**82,383,182**	**100**	**100**

The holdings of the Board of Directors, the President and CEO and the members of the Group Executive Team are shown in Note 1.4.

Ownership structure on 31.12.2016

	Number of owners	% of total	Number of shares	% of shares
Private companies	350	4.1	34,323,100	41.7
Financial and insurance institutions	25	0.3	20,428,906	24.8
Public entities	5	0.1	9,375,302	11.4
Households	8,110	93.9	11,328,048	13.8
Non-profit associations	114	1.3	5,270,282	6.4
Foreign owners	27	0.3	42,566	0.1
Nominee-registered shares	8	0.1	1,415,639	1.7
In general account			199,339	0.2
Total	**8,639**	**100**	**82,383,182**	**100**
Distribution of ownership				
1–100	2,211	25.6	122,223	0.1
101–1,000	4,536	52.6	1,992,362	2.4
1,001–10,000	1,667	19.3	4,835,635	5.9
10,001–100,000	181	2.1	4,638,894	5.6
100,001–500,000	22	0.3	5,478,238	6.6
500,000–	14	0.2	65,116,491	79.0
In general account			199,339	0.2
Total	**8,631**	**100**	**82,383,182**	**100**

5 OTHER NOTES

5.1 Income tax

The tax expense in the profit or loss 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. The tax is adjusted for any tax related to previous periods.

MEUR	2016	2015
Current income tax charge	6.8	5.0
Adjustments in respect of current income tax of previous years	0.0	0.1
Deferred taxes	-1.3	-0.5
Total	**5.5**	**4.7**

Reconciliation of tax expenses in the income statement and tax calculated on Finnish tax rate:
The Finnish corporate tax rate in 2016 was 20% and in 2015 20%. In the calculation of deferred taxes, 20% has been used as the Finnish corporate tax rate in 2016.

MEUR	2016	2015
Profit before tax	25.4	16.8
Share of results in associated companies	-0.9	-1.6
Total	**24.4**	**15.2**
Tax calculated on the parent company's tax rate	4.9	3.0
Impact of varying tax rates of foreign subsidiaries	0.0	0.0
Tax-free income	-0.3	0.0
Non-tax-deductible expenses	1.0	1.2
Items from previous periods		0.2
Use of previously non-entered deferred tax assets	0.0	0.0
Unrecognised deferred tax asset from the confirmed tax losses	0.2	0.3
Recognition of previously unrecognised deferred tax assets on the balance sheet	0.0	0.0
Other items	-0.2	0.1
Tax recognised in the income statement	**5.5**	**4.7**

Tax impacts of entries due to IAS 19 accounting principles are included in other comprehensive income.

5.2 Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognised on all temporary differences between their book and actual tax values. Deferred taxes are calculated using the tax rates enacted by the balance sheet date. However, the deferred tax liability is not recognised on the initial recognition of goodwill or if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. A deferred tax liability is recognised on non-distributed retained 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 the 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. Deferred taxes are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. For this purpose, the conditions for the recognition of deferred taxes are assessed on the final day of each reporting period.

Changes in deferred taxes during 2016

MEUR	31.12.2015	Recognised in income statement	Recognised in equity	Acquired/sold subsidiaries	31.12.2016
Deferred tax assets					
Provisions	0.1	0.0			0.2
Pension benefits	0.3	0.0	0.0	0.0	0.2
Deferred depreciation	0.4	-0.1	0.0		0.3
Other items	1.0	0.0			1.0
Total	**1.8**	**-0.1**	**0.0**	**0.0**	**1.7**
Taxes, net	-0.3				-0.3
Deferred tax assets on balance sheet	1.6				1.5
Deferred tax liabilities					
Accumulated depreciation differences	0.3	0.1	0.0	0.0	0.3
Business combinations *	12.2	0.1	-0.1	0.6	12.8
Retained earnings of subsidiary companies	0.4	-0.1			0.3
Other items *	1.6	-1.4	0.0		0.2
Total	**14.5**	**-1.4**	**0.0**	**0.6**	**13.6**
Taxes, net	-0.3				-0.3
Deferred tax liabilities on balance sheet	14.2				13.3

* The classification of deferred taxes has been changed between the item business combinations and other items.

No deferred tax asset has been calculated on the confirmed losses of Group companies in Finland, amounting to MEUR 0.1, and abroad, amounting to MEUR 5.8. Utilisation of this tax asset requires that the normal operations of such companies would generate taxable income. The losses expire in 2024 at the latest for losses other than those of Group companies in Sweden.

Changes in deferred taxes during 2015

MEUR	31.12.2014	Recognised in income statement	Recognised in equity	Acquired/sold subsidiaries	31.12.2015
Deferred tax assets					
Provisions	0.1	0.1		0.0	0.1
Pension benefits	0.0	0.0	0.0	0.3	0.3
Deferred depreciation	0.6	-0.3		0.1	0.4
Other items	1.0	0.2		-0.2	1.0
Total	**1.8**	**0.0**	**0.0**	**0.1**	**1.8**
Taxes, net	-0.4				-0.3
Deferred tax assets on balance sheet	1.3				1.6
Deferred tax liabilities					
Accumulated depreciation differences	0.0	0.0		0.2	0.3
Business combinations	5.6	-0.4		7.0	12.2
Retained earnings of subsidiary companies	0.2	0.1		0.1	0.4
Other items	1.5	-0.2		0.2	1.6
Total	**7.4**	**-0.5**		**7.6**	**14.5**
Taxes, net	-0.4				-0.3
Deferred tax liabilities on balance sheet	6.9				14.2

Parent company income statement (FAS)

MEUR	Note	1.1.–31.12.2016	1.1.–31.12.2015
Revenue	6.1	27.7	26.8
Other operating income	6.2	0.1	1.3
Materials and services	6.3	0.1	0.0
Expenses arising from employee benefits	6.4	12.0	9.2
Depreciation and write-downs	6.5	1.4	1.1
Other operating expenses	6.6, 6.7, 6.8	25.9	24.5
Operating profit (loss)		-11.5	-6.8
Financial income and expenses	6.9	**10.9**	**-75.0**
Loss before appropriations and taxes		-0.6	-81.8
Appropriations	6.10	16.1	12.6
Income tax	6.11	-0.9	-0.9
Profit for the period		**14.6**	**-70.1**

Parent company balance sheet (FAS)

MEUR	Note	31.12.2016	31.12.2015
ASSETS			
Non-current assets			
Intangible assets	6.12	4.0	3.7
Tangible assets	6.13	2.3	2.5
Investments			
Holdings in Group companies	6.14	334.5	332.4
Other investments	6.14	5.5	6.3
Non-current assets, total		**346.4**	**344.9**
Current assets			
Current receivables	6.15	33.0	23.0
Cash and cash equivalents		13.9	5.4
Current assets, total		**46.9**	**28.4**
Assets, total		**393.2**	**373.4**

MEUR	Note	31.12.2016	31.12.2015
EQUITY AND LIABILITIES			
Equity			
Share capital		45.3	45.3
Share premium reserve		119.3	119.3
Other reserves		5.4	5.4
Invested non-restricted equity fund		110.8	190.7
Retained earnings (loss)		-0.6	-0.7
Profit for the period (loss)		14.6	-70.1
Total equity	6.16	**294.7**	**289.9**
Accumulated appropriations	6.17	**0.2**	**0.1**
Provisions	6.18	**0.2**	**0.0**
Liabilities			
Non-current liabilities	6.19	**10.7**	**3.3**
Current liabilities	6.20	**87.3**	**80.2**
Liabilities, total		**98.1**	**83.4**
Shareholders' equity and liabilities, total		**393.2**	**373.4**

Parent company cash flow statement (FAS)

MEUR	1.1. – 31.12.2016	1.1.-31.12.2015
Operating activities		
Profit for the period	14.6	-70.1
Adjustments:		
Depreciation and write-downs	1.4	1.1
Gains on sale of non-current assets	-0.1	
Net financial expenses (income statement)	-10.9	75.0
Income tax	0.9	0.9
Change in provisions	0.2	0.0
Other adjustments	-13.7	-14.2
Change in working capital:		
Change in trade receivables and other receivables	-3.8	-0.6
Change in trade payables and other payables	12.8	8.6
Dividend received	11.4	9.4
Interest received	0.1	0.3
Interest paid	-0.6	-0.4
Taxes paid	0.0	0.1
Operating activities	**12.4**	**10.2**
Capital expenditure		
Business acquisitions less cash and cash equivalents at the time of acquisition	-5.9	-0.6
Proceeds from sale of businesses less cash and cash equivalents at the time of sale	1.7	
Acquisition of associated companies	0.0	0.0
Acquisitions of tangible assets	0.0	0.9
Acquisitions of intangible assets	-1.6	
Repayment of loan receivables		0.0
Change in loan receivables		-28.5
Proceeds from sale of available-for-sale financial assets		2.1
Acquisition and sale of associated companies	0.0	-0.3
Net cash flows from/(used in) investing activities	**-5.8**	**-26.5**

MEUR	1.1. – 31.12.2016	1.1.-31.12.2015
Cash flow before financing activities	**6.6**	**-16.3**
Financing activities		
Non-current loans taken	10.0	
Repayment of non-current loans	-2.5	
Current loans taken	86.0	45.0
Repayment of current loans	-95.0	-37.0
Change in interest-bearing receivables	0.6	6.3
Group contributions received and paid	12.7	10.5
Dividends paid	-9.9	-9.1
Net cash flows from/(used in) financing activities	**1.9**	**15.7**
Change in cash and cash equivalent funds (increase +/decrease -)	**8.4**	**-0.5**
Cash and cash equivalents at beginning of period	5.4	5.9
Cash and cash equivalents at end of period	13.9	5.4

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 at the address Alvar Aallon katu 3 C, P.O. Box 140, FI-00101 Helsinki, Finland.

PARENT COMPANY'S FINANCIAL STATEMENTS

The financial statements of the parent company are prepared in accordance with 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 name Alma Media Corporation after the merger. The merger difference arising in conjunction with the merger has been capitalised to the Group's shares.

NON-CURRENT ASSETS

Tangible and intangible assets are capitalised at direct acquisition cost less planned depreciation and write-downs. Planned depreciation is calculated from the original acquisition cost based on the estimated economic life of the asset. The land areas are not depreciated. The economic lifetimes of the assets are as follows:

Buildings	30–40 years
Structures	5 years
Machinery and equipment	3–10 years
Other non-current expenses	5–10 years
Intangible rights	5–10 years

RESEARCH AND DEVELOPMENT COSTS

Research costs are recognised as an expense in the financial period during which they are incurred. Development costs are capitalised when it is expected that the intangible asset will generate future economic added value and the costs arising from this can be reliably determined.

INVENTORIES

The balance sheet value of inventories is the lesser of the direct acquisition cost or the net realisable value. The acquisition cost is defined by the FIFO (first-in-first-out) method.

TAXES

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

FOREIGN CURRENCY ITEMS

Foreign currency items are entered at the rates prevailing on the transaction date. Receivables and payables on the balance sheet 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. Realised and unrealised exchange rate differences related to loans and loan receivables are recognised in other financial income and expenses in the income statement. The parent company does not have any significant foreign currency loans.

PENSION COMMITMENTS

Statutory and voluntary employee pension benefits for the parent company's personnel are arranged mainly through pension insurance companies.

OTHER EMPLOYEE BENEFITS

The parent company has a long-term share-based incentive scheme for key management in effect (LTI 2015). In accordance with Finnish Accounting Standards (FAS), the option benefit and the share reward are not measured at fair value, nor is the calculated employee benefit expensed in the income statement

RETROSPECTIVE ADJUSTMENT OF FINANCIAL STATEMENT INFORMATION FOR THE COMPARISON YEAR DUE TO A CHANGE IN ACCOUNTING PRINCIPLES

Derivatives that were previously presented as off-balance sheet liabilities are now recognised in the balance sheet in accordance with the Finnish Accounting Board statement 1963/2016. Change in the fair value of interest rate derivatives is presented under financial items in the income statement. The change is presented retrospectively in the financial statements. The company's equity in the comparison period has been adjusted to correspond to the new applicable accounting principle. The effect of the change on the company's equity in the comparison period was MEUR 0.7.

Notes to the parent company's financial statements

6.1 REVENUE BY MARKET AREA

MEUR	2016	2015
Finland	27.7	26.8
Total	**27.7**	**26.8**

6.2 OTHER OPERATING INCOME

MEUR	2016	2015
Gains on sale of fixed assets	0.1	0.6
Other income	0.0	0.7
Total	**0.1**	**1.3**

6.3 MATERIALS AND SERVICES

MEUR	2016	2015
Materials and services	0.1	0.0
Total	**0.1**	**0.0**

6.4 EMPLOYEE EXPENSES

MEUR	2016	2015
Wages, salaries and fees	9.2	7.6
Pension expenses	1.8	0.7
Other payroll-related expenses	1.0	0.9
Total	**12.0**	**9.2**
Average number of employees	113	114
Salaries and bonuses paid to management		
President and CEO	0.7	0.6
Other members of the Group Executive Team	1.8	1.6
Members of the Board of Directors	0.3	0.3
Total	**2.9**	**2.5**

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.

6.5 DEPRECIATION AND WRITE-DOWNS

MEUR	2016	2015
Depreciation on tangible and intangible assets	1.4	1.1
Total	**1.4**	**1.1**

6.6 OTHER OPERATING EXPENSES

MEUR	2016	2015
Information technology and telecommunication	9.3	9.1
Business premises	11.0	10.0
Other expenses	5.5	5.4
Total	**25.9**	**24.5**

6.7 AUDITORS' FEES

1,000 EUR	2016	2015
Audit	270.0	175.9
Reporting and opinions	5.6	
Tax consultation	9.3	
Other	177.3	342.8
Total	**462.2**	**518.7**

Parent company audit expenses include audit fees for the whole group.

6.8 RESEARCH AND DEVELOPMENT COSTS

In financial year 2016, the company capitalised EUR 157,000 (2015: EUR 0) in research and development costs.

6.9 FINANCIAL INCOME AND EXPENSES

MEUR	2016	2015
Dividend income		
From Group companies	10.5	8.4
From associated companies	0.9	0.9
From others	0.0	0.0
Total	**11.4**	**9.4**
Other interest and financial income		
From Group companies	0.1	0.3
Fair value gain on financial assets at fair value through profit or loss	0.0	0.0
From others	0.0	0.0
Total	**0.1**	**0.3**
Impairment for non-current investments		
Impairment for shares in associated companies		
Impairment for shares in Group companies		-84.2
Total		**-84.2**
Interest expenses and other financial expenses		
To Group companies	0.0	0.0
To others	-0.6	-0.4
Total	**-0.6**	**-0.4**
Foreign exchange rate gains/losses		
Foreign exchange rate gains and losses	0.0	0.0
Financial income and expenses, total	**10.9**	**-75.0**

6.10 APPROPRIATIONS

MEUR	2016	2015
Difference between planned depreciation and depreciation made for tax purposes	-0.1	-0.1
Extraordinary income/Group contribution received	16.2	12.7
Total	**16.1**	**12.6**

6.11 INCOME TAX

MEUR	2016	2015
Income tax payable on extraordinary items		2.5
Income tax from regular business operations	-0.9	-1.6
Total	**-0.9**	**0.9**

6.12 INTANGIBLE ASSETS

MEUR	Intangible rights	Goodwill	Other intan-gible assets	Advance payments	Total
Financial year 2016					
Acquisition cost 1.1.	6.5		0.5	0.0	7.0
Increases	0.8			0.8	1.6
Decreases					
Transfers between items	0.0			0.0	
Acquisition cost 31.12.	**7.3**		**0.5**	**0.8**	**8.6**
Accumulated depreciation, amorti-sation and impairments 1.1.	2.9		0.5		3.4
Accumulated depreciation in dec-reases					
Depreciation for the financial year	1.2				1.2
Accumulated depreciation 31.12.	**4.1**		**0.5**		**4.6**
Book value 31.12.2016	**3.2**			**0.8**	**4.0**
Financial year 2015					
Acquisition cost 1.1.	4.2		0.5	1.8	6.4
Increases	0.5			0.0	0.6
Decreases	0.0				0.0
Transfers between items	1.8			-1.8	
Acquisition cost 31.12.	**6.5**		**0.5**	**0.0**	**7.0**
Accumulated depreciation, amortisation and impairments 1.1.	1.9		0.5		2.4
Accumulated depreciation in decreases	0.0				0.0
Depreciation for the financial year	0.9				0.9
Impairment					
Accumulated depreciation 31.12.	**2.9**		**0.5**		**3.4**
Book value 31.12.2015	**3.6**			**0.0**	**3.7**

6.13 TANGIBLE ASSETS

MEUR	Land and water areas	Buildings	Machinery and equipment	Other tangible assets	Advance payments and purchases in progress	Total
Financial year 2016						
Acquisition cost 1.1.	0.5	4.4	0.5	1.0		6.4
Increases						
Decreases						
Acquisition cost 31.12.	**0.5**	**4.4**	**0.5**	**1.0**		**6.4**
Accumulated depreciation 1.1.		3.2	0.5	0.3		4.0
Accumulated depreciation in decreases						
Depreciation for the financial year		0.1	0.0	0.1		0.2
Accumulated depreciation 31.12.		**3.3**	**0.5**	**0.4**		**4.2**
Book value 31.12.2016	**0.5**	**1.1**	**0.0**	**0.6**		**2.3**
Balance sheet value of machinery and equipment 31 Dec 2016			0.0			
Financial year 2015						
Acquisition cost 1.1.	0.5	4.4	0.5	1.0		6.4
Increases			0.0	0.0		0.1
Decreases			0.0			0.0
Acquisition cost 31.12.	**0.5**	**4.4**	**0.5**	**1.0**		**6.4**
Accumulated depreciation 1.1.		3.1	0.5	0.3		3.8
Accumulated depreciation in decreases			0.0			0.0
Depreciation for the financial year		0.1	0.0	0.1		0.2
Accumulated depreciation 31.12.		**3.2**	**0.5**	**0.3**		**4.0**
Book value 31.12.2015	**0.5**	**1.2**	**0.1**	**0.6**		**2.5**
Balance sheet value of machinery and equipment 31.12.2015			0.1			

6.14 INVESTMENTS

MEUR	Shares Group companies	Shares associated companies	Shares other	Receivables associated companies	Total
Financial year 2016					
Acquisition cost 1.1.	581.1	5.0	1.3		587.4
Increases	1.3				1.3
Decreases			0.0		0.0
Transfers between items	0.8	-0.8			
Acquisition cost 31.12.	**583.1**	**4.2**	**1.3**		**588.7**
Accumulated depreciation, amortisation and impairments 1.1.	248.6		0.0		248.6
Accumulated depreciation in decreases and transfers					
Impairment					
Accumulated depreciation, amortisation and impairments 31.12.	**248.6**		**0.0**		**248.6**
Book value 31.12.2016	**334.5**	**4.2**	**1.3**		**340.1**
Financial year 2015					
Acquisition cost 1.1.	528.9	7.6	1.5	0.0	538.0
Increases	50.8	0.3	0.0		51.1
Decreases	-1.3		-0.3	0.0	-1.7
Transfers between items	2.7	-2.9	0.2		
Acquisition cost 31.12.	**581.1**	**5.0**	**1.3**		**587.4**
Accumulated depreciation, amortisation and impairments 1.1.	163.6	0.8	0.0		164.4
Accumulated depreciation in decreases	0.8	-0.8			
Impairment	84.2				84.2
Accumulated depreciation, amortisation and impairments 31.12.	**248.6**		**0.0**		**248.6**
Book value 31.12.2015	**332.4**	**5.0**	**1.3**		**338.8**

Parent company holdings in Group companies and associated companies

Company	Registered office	Holding %	Share of votes, %	Group holding %
Subsidiaries				
Alma Career Oy	Helsinki, Finland	83.34	83.34	83.34
Alma Manu Oy	Tampere, Finland	100.00	100.00	100.00
Alma Media Kustannus Oy	Helsinki, Finland	100.00	100.00	100.00
Alma Media Suomi Oy	Helsinki, Finland	100.00	100.00	100.00
Alma Mediapartners Oy	Helsinki, Finland	65.00	65.00	65.00
Karenstock Oy	Helsinki, Finland	100.00	100.00	100.00
Alma Talent Oy	Helsinki, Finland	100.00	100.00	100.00
Kotikokki.net Oy	Helsinki, Finland	65.00	65.00	65.00
Objektvision AB	Stockholm, Sweden	100.00	100.00	100.00
Rantapallo Oy	Helsinki, Finland	79.00	79.00	79.00
Arena Interactive Oy				
Arena Interactive Oy	Vaasa, Finland	35.00	35.00	35.00
As Oy Vammalan Reku	Vammala, Finland	21.00	21.00	21.00
As Oy Lindemaninpiha	Jämsä, Finland	22.56	22.56	22.56
Kolektiv d.o.o.	Bosnia	30.00	30.00	30.00
Infostud 3 d.o.o.	Serbia	25.00	25.00	25.00
Kiinteistö Oy Oulaisten Kulma	Oulainen, Finland	35.00	35.00	35.00
Kiinteistö Oy Keuruun Tervaportti	Keuruu, Finland	28.20	28.20	28.20
Kiinteistö Oy Kylmäsenkulma	Kemijärvi, Finland	20.26	20.26	20.26
Kytöpirtti Oy	Seinäjoki, Finland	43.20	43.20	43.20
Nokian Uutistalo Oy	Nokia, Finland	36.90	36.90	36.90
Oy Suomen Tietotoimisto - Finska Notisbyrån Ab	Helsinki, Finland	24.07	24.07	24.07
Tampereen Tietoverkko Oy	Tampere, Finland	35.14	35.14	35.14

6.15 RECEIVABLES

MEUR	2016	2015
Current receivables		
Receivables from Group companies		
Trade receivables	0.1	0.0
Loan receivables *	27.4	20.3
Loan receivables	3.6	
Prepaid expenses and accrued income	0.9	0.7
Total	**31.9**	**21.0**
Receivables from others		
Trade receivables	0.0	0.0
Other receivables	0.2	1.3
Prepaid expenses and accrued income **	0.8	0.8
Total	**1.1**	**2.1**
Current receivables, total	**33.0**	**23.0**

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

6.16 SHAREHOLDERS' EQUITY

MEUR	2016	2015
Restricted shareholders' equity		
Share capital 1.1.	45.3	45.3
Share capital 31.12.	45.3	45.3
Share premium reserve 1.1.	119.3	119.3
Transfer to invested non-restricted equity fund		
Share premium reserve 31.12.	119.3	119.3
Other reserves 1.1.	5.4	5.4
Other reserves 31.12.	5.4	5.4
Restricted shareholders' equity total	**169.9**	**169.9**
Non-restricted shareholders' equity		
Invested non-restricted equity fund 1.1.	190.7	216.4
Share issue		19.9
Capital repayment	-9.9	-9.1
Transfer to retained earnings	-70.1	-36.4
Invested non-restricted equity fund 31.12.	110.8	190.7
Retained earnings 1 Jan	-70.8	-36.4
Transfer from invested non-restricted equity fund	70.1	36.4
Cancellation of unpaid dividends	0.1	
Effect of amended standard IAS 19 *		-0.7
Retained earnings 31.12.	-0.6	-0.7
Profit for the period	14.6	-70.1
Non-restricted shareholders' equity total	**124.8**	**119.9**
Total equity	**294.7**	**289.9**

* The figure for the comparison period has been adjusted due to a change in the accounting principles concerning derivatives.

MEUR	2016	2015
Calculation of the parent company's distributable funds on 31 December		
Invested non-restricted equity fund	110.8	190.7
Capitalised research and development costs	-0.2	
Profit from the previous year	-0.6	-0.7
Profit for the period	14.6	-70.1
Total	**124.6**	**119.9**

6.17 APPROPRIATIONS

MEUR	2016	2015
Accumulated depreciation differences	0.2	0.1

6.18 PROVISIONS

Provisions in financial year 2016 amounted to EUR 208,089.72 (EUR 8,088.00 in financial year 2015).

6.19 NON-CURRENT LIABILITIES

MEUR	2016	2015
Loans from credit institutions	10.0	2.5
Other non-current liabilities	0.7	0.8
Total	**10.7**	**3.3**
Debt due after five years		
Other non-current liabilities	0.3	0.3

6.20 CURRENT LIABILITIES

MEUR	2016	2015
Loans from credit institutions	10.0	19.0
Trade payables	0.7	0.9
Total	**10.7**	**19.9**
Liabilities to Group companies		
Trade payables	0.0	0.0
Other liabilities	70.8	52.7
Accrued expenses and prepaid income	0.0	0.1
Total	**70.9**	**52.9**
Liabilities to associated companies		
Trade payables	0.2	
Other liabilities	0.7	0.0
Total	**0.9**	**0.0**
To others		
Provisions	0.2	0.0
Other current liabilities	1.4	1.5
Accrued expenses and prepaid income	3.4	5.9
Total	**5.0**	**7.4**
Current liabilities total	**87.6**	**80.2**

Most of the accrued expenses and prepaid income consist of allocated employee expenses and unredeemed Talentum shares.

6.21 COMMITMENTS AND CONTINGENCIES

MEUR	2016	2015
Collateral for Group company's commitments		
Guarantees	1.0	0.1
Collateral for others		
Guarantees	0.9	1.2
Other own commitments		
Rental commitments – within one year	8.8	9.0
Rental commitments – after one year	68.2	76.4
Rental commitments total	77.0	85.4
Other commitments	1.6	1.2
Total		
Guarantees	1.9	1.3
Other commitments	78.6	86.6
Commitments total	**80.5**	**88.0**

On the balance sheet date, the company had a MEUR 100 commercial paper programme in Finland. Within the programme, the company may issue commercial papers to a total value of MEUR 0–100. The company had MEUR 10 in issued commercial papers on 31 December 2016. In addition to the commercial paper programme, the company may use the existing financing limit agreements for financing the need for working capital.

The Group has a currently effective lease agreement with DNB Bank ASA on the office and production facility at Patamäenkatu 7 in Tampere. Alma Media will exercise the interruption option included in the agreement and redeem the property. The property transaction, its financing and recognition in Alma Media's balance sheet will take place in October 2017 and its value will be MEUR 14.5. The rental commitment related to the lease agreement is presented in 3.4 Other leases.

6.22 DERIVATIVE CONTRACTS

MEUR	2016	2015
Commodity derivatives (electricity forwards)		
Fair value*	0.0	-0.1
Value of underlying instruments	0.3	0.3
Interest rate derivatives		
Fair value*	-0.7	-0.7
Value of underlying instruments	19.4	19.5

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

Signatures to the report by the Board of Directors and the financial statements

The distributable funds of the Group's parent company totalled EUR 124,646,114 (119,915,169) on 31 December 2016.

There were 82,383,182 shares carrying dividend rights.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.16 per share (2015: capital repayment of EUR 0.12 per share) be paid for the financial year 2016. Based on the number of shares on the closing date, 31 December 2016, the dividend payment totals EUR 13,181,309 (2015: capital repayment EUR 9,885,982).

No essential changes have taken place after the end of the financial year with respect to the company's financial standing. The proposed distribution of profit does not, in the view of the Board of Directors, compromise the company's liquidity.

In Helsinki on 9 February 2017.

Harri Suutari
Chairman of the Board

Petri Niemisvirta
Deputy Chairman of the Board

Niklas Herlin
Board member

Esa Lager
Board member

Matti Korkiatupa
Board member

Mitti Storckovius
Board member

Catharina Stackelberg-Hammarén
Board member

Kai Telanne
President and CEO

AUDITOR'S NOTE

A report on the audit carried out has been submitted today.

In Helsinki on 9 February 2017.

PricewaterhouseCoopers Oy
Authorised Public Accountants

Markku Launis
Authorised Public Accountant

Auditor’s Report

To the Annual General Meeting of Alma Media Oyj

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion

- the consolidated financial statements give a true and fair view of the group’s financial performance and financial position in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company’s financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with statutory requirements.

WHAT WE HAVE AUDITED

We have audited the financial statements of Alma Media Oyj (business identity code 1944757-4) for the year ended 31 December, 2016. The financial statements comprise:

- the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies
- the parent company’s balance sheet, income statement, statement of cash flows and notes.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our Audit Approach

OVERVIEW

Materiality	• Overall group materiality: € 3.500.000
Group scoping	• Audit scope: We have audited parent company and its subsidiaries in Finland, Czech Republic, Slovakia and Sweden
Key audit matters	• Timing of revenue recognition • Valuation of goodwill and intangibles with indefinite lives • Valuation of holdings in group companies (Parent company)

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

MATERIALITY

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

OVERALL GROUP MATERIALITY

€ 3.500.000

HOW WE DETERMINED IT
1 % of revenues

RATIONALE FOR THE MATERIALITY BENCHMARK APPLIED
The group's profitability has been volatile over the last few years. Therefore, we chose revenues as the benchmark as we considered that this provides us with a consistent year-on-year basis for determining materiality. We believe revenue is also the benchmark against which the performance of the Group is commonly measured by users, and is a generally accepted benchmark. We chose to apply 1 %.

HOW WE TAILORED OUR GROUP AUDIT SCOPE
We tailored the scope of our audit, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

We have performed audit procedures in the most significant subsidiaries in Finland, Czech Republic, Slovakia and Sweden. We have considered that the remaining subsidiaries don't present a reasonable risk of material misstatement for consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

KEY AUDIT MATTER IN THE AUDIT OF THE GROUP

Timing of revenue recognition
Refer to accounting principles of the consolidated financial statements and note 1.2.1. Revenue.

A risk that the revenue is recognized in the wrong financial period (cut-off) is considered to be significant due to the size and nature of sales.

Alma Media Group's revenue consists of content sales, advertising sales and service fees. For digital sales, content revenue is recognized over the contract period. For print publications, content revenue is recognized according to the publication calendar. The timing of revenue recognition from advertising sales is determined by the timing of the advertisement's publication. Service revenue is recognized in the period in which the service is delivered.

How our audit addressed the key audit matter
- We assessed the design effectiveness of key controls and tested the operating effectiveness of controls relating to the cut-off of revenue recognition.
- We considered the appropriateness of the Group's revenue recognition accounting policies.
- We tested by sample, that individual subscriptions and other contracts were recognized as revenue according to the Group's revenue recognition accounting policies.
- In addition, we tested individual transactions, which occurred during the financial year.

VALUATION OF GOODWILL AND INTANGIBLES WITH INDEFINITE LIVES
Refer to accounting principles of the consolidated financial statements and note 2.1. Intangible assets and goodwill

At 31 December 2016 the Group's goodwill balance is valued at € 120,3 million and intangible rights with indefinite lives € 34,2 million. Goodwill and intangible rights with indefinite lives are allocated to the cash-generating units.

During the financial year, the Group recognised € 3,0 million impairment loss on goodwill. Of this, € 2,0 million is allocated to the goodwill of Alma Lapland, and € 1,0 million to the goodwill of Alma Talent Sweden.

Goodwill and intangible rights with indefinite useful lives are not subject to amortisation and are tested annually for impairment by comparing the recoverable amount against the carrying value of the assets in the cash-generating units. The recoverable amounts are determined using value in use model.

Value in use is the present value of the future cash flows expected to be derived from a cash-generating unit. Future cash flows are based on the Group's strategic forecasts for the following three years confirmed by the Board of Directors. The seven years following this period are estimated by the management.

Value in use calculations are subject to significant management judgment in a form of estimates for future advertising sales, discount rates and newspaper content sales.

Due to the high degree of management judgment with respect to the assumptions used in the cash flow forecast, goodwill valuation is considered a key audit matter.

Our procedures included the following but was not limited to:

- We have discussed with the management key principles and assumptions used in the cash flow forecasts.
- We assessed the reasonableness of cash flow forecasts by comparing the accuracy of prior period revenue growth and operating profit forecasts to actual outcomes. We also assessed the reasonableness of advertising and content sales growth rates used in the impairment calculations to our understanding of the business.
- We used our valuations specialists to assess the appropriateness of discount rates for each cash-generating unit used in the impairment calculations.
- We tested the mathematical accuracy of the calculations used in the impairment testing.
- We considered whether the sensitivity analysis performed by management around key drivers of the cash flow forecast was appropriate by considering the likelihood of the movements of advertising sales, content sales and discount rates.

KEY AUDIT MATTER IN THE AUDIT OF THE PARENT COMPANY

Valuation of holdings in group companies
Refer to note 6.14 Investments.

At 31 December 2016 the holdings in group companies are valued at € 334,5 million. The holdings in group companies are tested annually for impairment by comparing the recoverable amount against the book value of individual holding. The recoverable amounts are determined using value in use model.

Based on the annual impairment test of holdings in group companies management concluded that no impairment was needed.

Due to the high degree of management judgment with respect to the assumptions used in the value in use calculations, valuation of holdings in group companies is considered a key audit matter.

How our audit addressed the key audit matter
Our procedures included the following but was not limited to:

- We have discussed with the management of key principles and assumptions used in the cash flow forecasts.
- We assessed the reasonableness of cash flow forecasts by comparing the accuracy of prior period revenue growth and operating profit forecasts to actual outcomes. We also assessed the reasonableness of advertising and content sales growth rates used in the impairment calculations to our understanding of the business.
- We used our valuations specialists to assess the appropriateness of discount rates used in the impairment calculations.
- We tested the mathematical accuracy of the calculations used in the impairment testing.
- We considered whether the sensitivity analysis performed by management around key drivers of the cash flow forecast was appropriate by considering the likelihood of the movements of advertising sales, content sales and discount rates.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER REPORTING REQUIREMENTS

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises information included in the report of the Board of Directors and in the Annual Report, but does not include the financial statements and our auditor's report thereon. We obtained the report of the Board of Directors prior to the date of this auditor's report and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion

- the information in the report of the Board of Directors is consistent with the information in the financial statements
- the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the information included in the report of the Board of Directors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 9 February 2017
PricewaterhouseCoopers Oy
Authorised Public Accountants

Markku Launis
Authorised Public Accountant

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