

**TALENTUM INTERIM REPORT JANUARY-SEPTEMBER 2008**
**Q3 OPERATING PROFIT BEFORE NON-RECURRING ITEMS OVER PREVIOUS YEAR**
**July-September 2008 in brief**

- Net sales EUR 18.9 million (EUR 18.7 million)
- Publishing's net sales up by 9.0%
- Operating profit before non-recurring items EUR 2.0 million (EUR 1.7 million)
- Publishing operations as expected in Finland, in Sweden satisfactory in spite of integration expenses of EUR 0.4 million
- Operating profit (EBIT) EUR -1.1 million (EUR 1.7 million)
- Impairment loss on Premedia goodwill and restructuring expenses total EUR 3.1 million
- Net sales of the online business up by 124% from EUR 1.1 million to EUR 2.4 million, expenses EUR 0.4 million higher than in previous year
- Earnings per share EUR -0.02 (EUR 0.02)
- Group's financial position is good

**January-September 2008 in brief**

- Net sales EUR 72.7 million (EUR 70.6 million)
- Operating profit before non-recurring items EUR 8.3 million (EUR 8.4 million)
- Operating profit (EBIT) EUR 5.3 million (EUR 6.7 million)
- Net sales of online operations up by 111% from EUR 3.9 million to EUR 8.3 million, expenses EUR 1.4 million higher than in previous year
- Online operations account for 13% of Publishing's net sales
- Earnings per share EUR 0.07 (EUR 0.09)

**KEY INDICATORS, CONTINUING OPERATIONS \*)**

EUR million	7-9/ 2008	7-9/ 2007	Change %	1-9/ 2008	1-9/ 2007	Change %	1-12/ 2007
Net sales	18.9	18.7	1.0	72.7	70.6	3.0	101.2
Operating profit	-1.1	1.7	-161,3	5.3	6.7	-20.7	12.7
as % of net sales	-5.6	9.2		7.3	9.4		12.6
Operating profit before non-recurring items	2.0	1.7	16.4	8.3	8.4	-0.6	13.8
as % of net sales	9.6	9.2		11.2	11.9		13.6
Total assets				57.5	89.5	-35.8	89.0
Investments	0.8	0.1	482.3	2.0	4.9	-59.7	10.8
as % of net sales	4.1	0.7		2.7	7.0		10.7
Equity ratio %				39.4	32.4		36.7
Gearing ratio, % (net debt to equity)				7.0	41.2		16.7
Interest-bearing liabilities				6.0	29.3	-79.6	19.2
Net interest-bearing liabilities				1.6	11.7	-86.5	5.3
Personnel on average				844	829	1.8	896
Earnings per share, EUR	-0.02	0.02	-248.3	0.07	0.09	-22.7	0.19
Cash flow from operating activities per share, EUR	-0.06	0.08	14.5	0.06	0.14	-57.3	0.30
Equity per share, EUR				0.52	0.61	-15.4	0.69
Market capitalization on closing rate at period end				110.5	155.0	-28.8	121.1

\*) These figures do not include TV Content Production, which was sold in the first quarter.

**CEO JUHA BLOMSTER:**

"Talentum's consolidated net sales from its publishing business grew by 9 per cent to EUR 16.7 million in July-September. The operating profit of publishing was EUR 1.7 million, which in this market situation can be considered to be a good achievement.

Excluding the considerable investment in the online business and the development and integration expenses for the new operations acquired in Sweden, the financial performance for January-September was also much better than in the previous year.

Advertising sales in magazines have increased by 2 per cent in Finland and 5 per cent in Sweden in the present year. Circulation revenue has increased by 5 per cent in Finland and 4 per cent in Sweden.

Net sales in the online business went up in the third quarter, as in the previous quarters, by more than 100 per cent. We are still investing in it in many different ways, as can be seen in the wide range of services for customers. In the present year we have relaunched 8 brands' websites, which has brought additional readers to the online magazines. The integration of the Talentum Fakta service, which was acquired in Sweden, is in the final straight and we are expecting it to develop positively next year.

In Finland the content and appearance of the magazine Energia were revamped, and it has reached many new readers and advertisers. The beginning of October saw the 70th anniversary of the founding of the business magazine Talouselämä.

Talentum Legal Training and Talentum Training, following a name change, expanded their range of services. The changes have met with a favourable reaction by the market: the amount of training that we organize has risen and the number of participants has increased.

Talentum's strategic objective is to diversify the income structure and to make content production and information services account for a greater share of the net sales. The net sales of the book, training and information services business operations increased by 13 per cent in January-September. We are doing well in this development."

**Operating environment and seasonal variations**

The general economic situation has clearly deteriorated as the effects of the financial crisis extend to many other sectors. The uncertain economic situation in Finland and Sweden will darken prospects for the end of the year.

According to TNS Gallup, media advertising in Finland grew by 3.9% (excluding election campaigns) in January-September. The figure for Sweden is not available, but the growth estimate for media advertising in Sweden for the entire year is 3.1% (Institutet för Reklam- och Mediestatistik). Job advertising continued to increase in January-September in Finland.

According to the Finnish Audit Bureau of Circulations, the circulation of every other magazine that it examined in the spring increased slightly or remained stable. The advent of new magazines onto the market and investment by old magazines in marketing their circulation were characteristic of the period examined. Growth in the circulation of special-interest magazines was also typical.

Talentum's sector, the media and media service markets, are subject to seasonal variations. In the spring, the Easter break falls in the first or second quarter, and this has an effect on the financial performance of these two periods. During the summer holidays, magazines and books do not generally

come out, and for this reason the third quarter is the lowest in terms of sales. Business is at its liveliest during the final quarter of the year.

#### **Consolidated net sales and financial performance July-September**

The consolidated net sales recorded by Talentum's continuing operations in July-September amounted to EUR 18.9 million (EUR 18.7 million). Publishing's net sales went up by 9.0% to EUR 16.7 million (EUR 15.3 million). Publishing's business operations acquired in Sweden in 2007 accounted for EUR 1.7 million of the growth in net sales. Premedia's net sales fell as a result of corporate restructuring.

The consolidated operating profit of the continuing operations in July-September was EUR -1.1 million (EUR 1.7 million), i.e. -5.6% of the net sales (9.2%). The operating profit before non-recurring items was 2.0 million (EUR 1.7 million). Publishing's operating profit was EUR 1.7 million (EUR 1.6 million). Publishing's financial performance was adversely affected by the integration expenses of the business operations acquired in Sweden in 2007 and the establishment of a new magazine, which totalled EUR 0.4 million.

An impairment loss of EUR 2.9 million on Premedia goodwill was recognized, and the financial performance is also burdened by expenses of EUR 0.2 million caused by restructuring of the business operations.

Net financial expenses amounted to EUR -0.1 million (EUR -0.8 million). The financial expenses in the comparative period included a loss on the sale of an associated company of EUR 0.5 million. Associated companies accounted for EUR -0.2 million (EUR 0.0 million) of the financial performance.

The profit of continuing operations before taxes was EUR -1.3 million (EUR 1.0 million).

#### **Consolidated net sales and financial performance January-September**

The consolidated net sales recorded by Talentum's continuing operations in January-September amounted to EUR 72.7 million (EUR 70.6 million). Publishing's net sales went up by 13.1% to EUR 64.2 million (EUR 56.8 million). The business operations acquired in Sweden in 2007 accounted for EUR 6.2 million of the growth in Publishing's net sales. Premedia's net sales fell by EUR 5.7 million as a result of company sales.

The consolidated operating profit of the continuing operations in January-September amounted to EUR 5.3 million (EUR 6.7 million), i.e. 7.3% of the net sales (9.4%). The operating profit before non-recurring items was EUR 8.3 million (EUR 8.4 million). Publishing's operating profit was EUR 8.4 million (EUR 8.5 million). Publishing's financial performance was adversely affected by the integration expenses of the business operations acquired in Sweden in 2007 and the establishment of a new magazines, which totalled EUR 1.3 million.

TV Content Production, which was divested in the first quarter, was classified as a discontinued operation in January. The impact of TV Content Production on the financial performance is given in full under Discontinued operations in the income statement. The sale of the bulk of TV Content Production resulted in a sales profit of EUR 0.8 million, while the sale of Oy Filmiteollisuus Fin Ab caused a sales loss of EUR 0.4 million.

Net financial expenses amounted to EUR -0.3 million (EUR -1.0 million). A loss of EUR 0.5 million on the sale of an associated company is included in financial expenses in the comparative period. Associated companies contributed EUR -0.4 million (EUR -0.1 million) towards the financial performance, an amount that includes not only the performance in the period under review but also EUR 0.3 million from an associated company's losses

that were incurred in the previous financial period but detected after the balance sheet date.

The profit of continuing operations before taxes was EUR 4.5 million (EUR 5.6 million).

#### **Talentum's prospects for 2008**

Talentum expects the net sales of the core business to increase in 2008 compared with the previous year. In the current general economic situation it is exceptionally difficult to estimate the operating profit of the remaining year, however, Talentum expects the full year operating profit of the core business to be on the level of the previous year.

#### **Risks to business operations in the near future**

The biggest risk to the Group's business operations is associated with product and job advertising, which is sensitive to economic trends. About 40% of the consolidated net sales are tied to advertising at the annual level. We endeavour to control this market risk by increasing revenue from circulation sales and content sales.

#### **Cash flow, financial position and balance sheet**

The cash flow from business operations in January-September was EUR 2.5 million (EUR 5.9 million). The change in working capital was EUR -4.6 million (EUR -2.5 million).

The consolidated balance sheet total was reduced considerably as a result of the sale of TV Content Production at the beginning of the year and at the end of September stood at EUR 57.5 million (EUR 89.0 million on 31 December 2007). Interest-bearing net liabilities were EUR 1.6 million (EUR 5.3 million on 31 December 2007). The Group's liquid assets, EUR 4.4 million (EUR 13.8 million on 31 December 2007), have been invested mostly in financial instruments. The consolidated loans and borrowing amounted to EUR 6.0 million (EUR 19.2 million on 31 December 2007), of which commercial papers outstanding to the value of EUR 3.5 million (EUR 14.0 million on 31 December 2007).

In order to strengthen the Group's financial position, Talentum Oyj agreed on a current account credit facility of EUR 12.0 million for the Group for three years in February and a financial credit facility of EUR 20.0 million. Of the financial credit facilities, loans can be withdrawn or paid back within the framework of the rules during a credit facility's maturity time of three years. The credit facilities had not been used as at 30 September 2008.

The equity ratio was 39.4% at the end of September 2008 (36.7% on 31 December 2007). The Group's equity per share was EUR 0.52 (EUR 0.69 on 31 December 2007).

#### **Investment**

Gross investment in tangible and intangible assets in continuing operations in January-September totalled EUR 2.0 million (EUR 4.9 million), i.e. 2.7% (7.0%) of net sales. Investment in the comparable period includes the acquisition of Dagens Media.

Of the investment, EUR 1.3 million was spent on developing online business recognized as an asset. The rest comprised normal replacement and maintenance investment, such as procuring equipment, software and fixtures.

### Group restructuring

On 22 January 2008, Talentum Oyj and CapMan Plc agreed that a company established by the CapMan Buyout VIII Fund, which is managed by CapMan Plc, would purchase the major part of Varesvuo Partners Oy, which focuses on TV content production. The transaction was concluded on 20 February 2008. The sub-group Oy Filmiteollisuus Fine Ab was sold on 28 March 2008 to Yellow Film & TV Oy, which is owned by members of the executive management of Oy Filmiteollisuus Ab. TV Content Production's net sales in 2007 amounted to EUR 22.9 million, and it employed 95 people.

The operating result of TV Content Production, apart from the Oy Filmiteollisuus Fine Ab sub-group, is not included in the Group's financial performance for January-September 2008. The sales profit created by the transactions and the financial performance of TV Content Production are shown under Discontinued operations in the income statement for January-September 2008 and for 2007.

Most of the Premedia functions were divested in accordance with the strategy. In February, the Talentum Group sold the entire shareholding of DH Tools Oy and in April it sold the entire shareholding of Sata-Flexo Oy and Marvaco Oy.

### Personnel

During January-September, the Talentum Group' continuing operations employed an average of 844 (829) people. Geographically, the personnel were divided as follows: Finland 477 people (513), Sweden 186 (138), Latvia 76 (73), Lithuania 29 (21), Estonia 68 (75) and Russia 8 (9). In Sweden the increase in the number of personnel stems from corporate acquisitions.

## BUSINESS AREAS

### Publishing

EUR million	7-9/2008	7-9/2007	1-9/2008	1-9/2007	1-12/2007
<b>Net sales</b>					
Advertising net sales	7.2	7.7	30.7	29.8	42.6
Circulation net sales	5.6	5.4	18.4	17.5	24.3
Other content net sales	4.0	2.2	15.1	9.5	16.9
<b>Total</b>	<b>16.7</b>	<b>15.3</b>	<b>64.2</b>	<b>56.8</b>	<b>83.8</b>

\* 'Other content net sales' includes books, training and information services.

### July-September

Publishing's net sales in July-September amounted to EUR 16.7 million (EUR 15.3 million), an increase of 9.0% over the previous year. The business operations acquired in Sweden during 2007 brought net sales of EUR 1.7 million.

Advertising revenue fell by 6% from the previous year in Finland and by 6% in Sweden. Recruitment advertising is still at a good level although that, too, went down from the level of the previous year in the printed media. Advertising in the electronic media increased again. Circulation revenue from Talentum's magazines grew in Finland by 5% and went down in Sweden by 4%. The net sales of other content sales were increased in particular by Talentum Fakta, which was acquired in November 2007.

The online business showed a growth in net sales of 124% in the third quarter, which constituted 14% of Publishing's net sales at EUR 2.4 million (EUR 1.1 million).

Publishing's operating profit (EBIT) was EUR 1.7 million (EUR 1.6 million). In Finland, Publishing performed as expected. In Sweden the financial performance was weakened by the integration costs of Talentum Fakta and the establishment costs of a new magazine, about EUR 0.4 million. Planned investment in online operations in Finland and Sweden resulted in costs about EUR 0.4 million higher than a year earlier, and also EUR 0.5 million in development costs were recognized as assets during the period under review. Investment in the growth of circulation sales was continued; the investment that has now been made will translate into revenue in the future.

#### January-September

Publishing's net sales in January-September amounted to EUR 64.2 million (EUR 56.8 million), an increase of 13% over the previous year. The business operations acquired in Sweden during 2007 brought net sales of EUR 6.6 million.

The circulation revenue from Talentum's magazines grew by 5% in Finland and 4% in Sweden. Advertising revenue rose by 2% in Finland and 5% in Sweden.

Online business showed a growth in net sales of 111%, totalling 13% of Publishing's net sales at EUR 8.3 million (EUR 3.9 million).

Publishing's operating profit (EBIT) was EUR 8.4 million (EUR 8.5 million). The financial performance of the business operations acquired in Sweden during 2007 did not attain the goals set. In Sweden the financial performance was weakened by the integration costs of Talentum Fakta and the establishment costs of a new magazine, about EUR 1.3 million. Publishing invested in the online business, incurring expenses that were about EUR 1.4 million higher than one year previously, and EUR 1.3 million in development costs were recognized as assets during the period under review.

#### **Publishing's net sales and operating profit by country**

EUR million	7-9/2008	7-9/2007	1-9/2008	1-9/2007	1-12/2007
<b>Net sales</b>					
Finland	10.4	10.5	38.6	37.5	53.9
Sweden and other	6.3	4.8	25.6	19.3	29.9
<b>Total</b>	<b>16.7</b>	<b>15.3</b>	<b>64.2</b>	<b>56.8</b>	<b>83.8</b>
<b>Operating profit</b>					
Finland	1.6	1.4	6.5	6.1	10.6
Sweden and other	0.1	0.2	1.9	2.4	4.2
<b>Total</b>	<b>1.7</b>	<b>1.6</b>	<b>8.4</b>	<b>8.5</b>	<b>14.8</b>

#### **Direct Marketing**

##### July-September

Direct Marketing's net sales in July-September amounted to EUR 2.3 million (EUR 2.2 million), and the operating profit (EBIT) was EUR 0.3 million (EUR 0.3 million).



### January-September

Direct Marketing's net sales in January-September amounted to EUR 7.5 million (EUR 7.1 million), and the operating profit (EBIT) was EUR 0.9 million (EUR 1.0 million). Net sales grew as expected. Expansion in Finland and the Baltic states pushed expenses up but will increase revenue in the future.

### **Premedia**

#### July-September

The net sales of the Premedia business area in July-September amounted to EUR 0.8 million (EUR 2.2 million), and the operating profit (EBIT) was EUR -2.8 million (EUR 0.2 million). An impairment loss of EUR 2.9 million on Premedia's goodwill was recognized. Increasing competition and the expiry of a major cooperation agreement will reduce Premedia's net sales and operating profit considerably from the beginning of 2009. In order to respond to the decreasing workload, restructuring measures have been started and the expenses arising from them, about EUR 0.2 million, have been taken into account in Premedia's financial performance in September.

#### January-September

The net sales of the Premedia business area in January-September amounted to EUR 4.6 million (EUR 10.1 million), and the operating profit (EBIT) was EUR -2.2 million (EUR -1.0 million).

### **AGM, Board and auditor**

Talentum's Annual General Meeting was held on 27 March 2008. The meeting approved the financial statements for 1 January - 31 December 2007 and granted the company's Board of Directors and CEO exemption from liability.

The AGM re-elected Manne Airaksinen, Harri Kainulainen, Eero Lehti, Kai Mäkelä, Atte Palomäki and Tuomo Saarinen members of the Board of Directors. Tuomo Saarinen was re-elected Chairman of the Board of Directors, and Manne Airaksinen was re-elected Deputy Chairman.

Authorized Public Accountants PricewaterhouseCoopers Oy with APA Juha Wahlroos as the principal auditor were re-elected auditors.

The AGM on 27 March 2008 decided, on a motion by the Board of Directors, to pay out a dividend of EUR 0.20 per share. The payment date was 8 April 2008, and the record date was 1 April 2008.

### **Shares and share capital**

At the end of the period under review, Talentum Oyj's share capital totalled EUR 18,593,518.79, comprising 44,295,787 fully paid-up shares. The shares are listed on the NASDAQ OMX Helsinki Oy.

At the end of the period under review, the company held 681,000 of its own shares, representing about 1.5% of Talentum's total shares and votes.

A total of 8.922.300 shares were traded during the period under review, 20.1% of the total average number of shares during the period under review.

### **Shareholdings of the Board of Directors and CEO**

On 30 September 2008, the number of Talentum Oyj shares and options owned by members of the Board of Directors and the CEO personally and through

companies in which they have a controlling interest was 4,785,921 representing 10.8% of the company's total shares and votes.

#### **Board of Directors' authorizations**

##### Authorization of the Board of Directors to decide on a share issue including the conveyance of own shares and issue of special rights

The Annual General Meeting on 27 March 2008 authorized the Board of Directors to decide on a share issue which may be either liable to charge and/or free of charge, including the issuing of new shares and the conveyance of own shares possibly in the company's possession.

The Board of Directors has the right, by virtue of the authorization, to decide on an issue of option rights and other special rights that grant entitlement, against payment, to receive new shares or shares possibly in the company's possession.

By virtue of the authorizations applying to a share issue and/or special rights, new shares may be issued and/or shares in the company's possession may be conveyed, in one or more lots, to a maximum total of 3,500,000 shares, representing approximately 8% of the issued shares of the company.

The authorizations will remain in force until 30 June 2009.

The Board of Directors is otherwise authorized to decide on all the terms and conditions for a share issue and the issuing of special rights, including the right to decide on a directed share issue and issue of special rights. Shareholders' pre-emptive subscription rights can be deviated from providing that there is a significant financial reason for the company to do so.

##### Authorization of the Board of Directors to decide on acquisition of own shares

The Annual General Meeting on 27 March 2008 authorized the Board of Directors to decide on the acquisition of the company's own shares. The shares can be acquired for the value that is decided by the Board of Directors and is based on the fair value formed for the shares in public trading at the time of the acquisition. Own shares may be acquired only with unrestricted equity.

By virtue of the authorization, a maximum of 3,500,000 own shares, representing approximately 8% of the issued shares of the company, can be acquired, in one or several lots.

The authorization will remain in force until 30 June 2009.

The Board of Directors is otherwise authorized to decide on all the terms and conditions regarding the acquisition of own shares, including the manner of acquisition of the shares. The authorization does not exclude the right of the Board of Directors to also decide on a directed acquisition of own shares providing that there is a significant financial reason for the company to do so.

##### Directed issue free of charge

The Talentum Board of Directors decided on 8 March 2007 to set up a share-based incentive plan for the Group management. The Annual General Meeting on 27 March 2007 gave the Board authorization to decide on a share issue that would be liable to charge and/or free of charge. The Board has decided to issue to the people coming under the share-based incentive plan rewards in shares specified according to the terms and conditions of the plan in question in the form of a directed share issue free of charge, incorporating



in total 74,970 new shares. The shares were registered with the Trade Register on 20 March 2008.

#### Acquisition of own shares

The Board of Directors of Talentum Oyj decided on 26 February 2008, by virtue of an authorization given by the Annual General Meeting on 27 March 2007, to acquire a maximum of 500,000 of the company's own shares, which corresponds to about 1.13% of all the company's shares. The shares will be acquired with the company's distributable funds, and the acquisition of the shares will reduce the company's distributable unrestricted equity. The shares will be acquired in public trading on the OMX Nordic Exchange Helsinki at the price on the day of purchase as provided by the law on the public trading of shares. The own shares will be acquired for use as consideration in possible corporate acquisitions and other arrangements when the company acquires assets relevant to its operations, and for developing the company's capital structure, including the possible further conveying and cancellation of shares. There will, therefore, be a significant financial reason for acquiring the shares.

By 30 September 2008, the company had acquired, by virtue of the authorization 500,000 shares, and had in its possession a total of 681,000 of the company's own shares.

#### Reducing the share premium

The Annual General Meeting on 27 March 2008 decided that the share premium as shown in the balance sheet as at 31 December 2007 will be reduced by EUR 89,593,601.28. The reduced amount will be transferred to the invested unrestricted equity fund. After the reduction, the amount of the share premium in the balance sheet will be zero.

The reduction of the share premium requires public notice to creditors and registration procedure in accordance with chapter 14 sections 3-5 of the Limited Liability Companies Act, and the decision was put into effect on 31 August 2008.

#### **Management share-based incentive plan**

The Group management of Talentum Oyj has a share-based incentive plan. The plan includes three earning periods, which last for at least one financial year and not more than three financial years. The first earning period was the 2007 financial year and the second is the 2008 financial year. The total length of the plan is five years. The rewards will be paid partly in the Company's shares and partly in cash after the end of each earning period. The proportion to be paid in cash will cover taxes and tax-related costs arising from the reward. Transferring the shares earned from the earning period 2007 within two years from the end of the earning period is prohibited. After this, the CEO of the company must, however, own 50% of the shares earned on the basis of the plan as long as the service of the CEO continues and one year after the end of the service. The Board of Directors will later decide on the following earning periods and transfer restrictions concerning shares earned on the basis of those earning periods. The target group in the plan for the 2008 earning period comprises 10 people.

#### **Notifications**

The Ilmarinen Mutual Pension Insurance Company declared on 3 June 2008 that through a share transaction concluded on 2 June 2008 the percentage of votes and share capital in Talentum Oyj represented by the Talentum shares in its possession had exceeded one twentieth (1/20), at 5.26%.

#### **Shareholder agreements**

The company is not aware of any mutual shareholder agreements between its shareholders relating to the operations or ownership of the company.

#### Liquidity providing agreement

An agreement with Nordea Securities Oyj on liquidity providing for Talentum Oyj shares became effective on 21 June 2004. Under the agreement, Nordea Securities will submit a purchase and sale offer so that the maximum permitted differential between them is 3% of the purchase offer. The offers will include a minimum of 2,500 shares.

#### TABLES

##### CONSOLIDATED INCOME STATEMENT

EUR million	7-9/ 2008	7-9/ 2007	1-9/ 2008	1-9/ 2007	1-12/ 2007
<b>CONTINUING OPERATIONS</b>					
Net sales	18.9	18.7	72.7	70.6	101.2
Other operating income	0.1	0.1	0.4	0.4	0.6
Material and services	-3.0	-2.8	-11.8	-11.4	-16.3
Employee benefit expenses	-8.9	-8.8	-33.5	-32.8	-45.1
Depreciation and amortization	-3.3	-0.5	-4.3	-1.7	-2.3
Other operating expenses	-4.8	-5.0	-18.3	-18.4	-25.4
Operating profit	-1.1	1.7	5.3	6.7	12.7
Financial income	0.1	0.1	0.3	0.5	0.7
Financial expenses	-0.2	-0.9	-0.7	-1.5	-1.8
Share of results of associates companies	-0.2	0.0	-0.4	-0.1	-0.1
Profit before taxes	-1.3	1.0	4.5	5.6	11.5
Taxes	0.3	-0.2	-1.5	-1.6	-3.1
Profit for the period, continuing operations	-1.0	0.8	3.0	4.0	8.4
<b>DISCONTINUED OPERATIONS</b>					
Profit for the period, discontinued operations	0.0	0.2	0.4	0.6	0.8
Profit for the period	-1.0	1.0	3.4	4.6	9.2
Attributable to:					
Equity holders of the parent company	-1.0	0.8	3.4	4.4	8.8
Minority interest	0.0	0.1	0.0	0.2	0.4
Basic and diluted *					
Earnings per share, EUR	-0.02	0.02	0.08	0.10	0.20
Earnings per share, continuing operations, EUR	-0.02	0.02	0.07	0.09	0.19

\*) Earnings per share are calculated on the profit attributed to the shareholders of the parent company.

**CONSOLIDATED BALANCE SHEET**

EUR million	30.9.2008	30.9.2007	31.12.2007
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	1.8	6.7	6.6
Goodwill	22.4	27.5	32.5
Other intangible assets	12.3	11.6	11.8
Investments in associates	0.3	2.2	2.1
Available-for-sale investments	0.1	0.1	0.1
Deferred tax assets	0.8	2.6	1.0
Receivables	1.5	0.6	0.7
Total non-current assets	39.2	51.4	54.9
Current assets			
Inventories	1.4	4.4	4.4
Trade and other receivables	12.5	16.1	15.8
Cash and cash equivalents	4.4	17.5	13.8
Total current assets	18.3	38.1	34.1
<b>TOTAL ASSETS</b>	<b>57.5</b>	<b>89.5</b>	<b>89.0</b>
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to shareholders of the parent			
Share capital	18.6	18.6	18.6
Share premium reserve	0.0	5.9	5.9
Treasury shares	-2.8	-1.3	-1.3
Translation differences	-0.9	0.2	-0.2
Reserve for non-restricted equity	5.9	0.0	0.0
Retained earnings	1.7	3.5	7.4
Total	22.5	26.9	30.3
Minority interest	0.1	1.6	1.6
Total equity	22.6	28.4	31.9
Non-current liabilities			
Deferred tax liabilities	3.0	3.1	3.1
Interest-bearing liabilities	1.7	4.1	3.8
Pension obligations		0.1	0.1
Other non-current liabilities	0.5		
Provisions	0.8	1.7	1.4
Total non-current liabilities	6.0	9.0	8.3
Current liabilities			
Interest-bearing liabilities	4.3	25.2	15.4
Trade and other payables	24.2	26.5	33.1
Provisions	0.4	0.3	0.3
Total current liabilities	28.9	52.0	48.8
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>57.5</b>	<b>89.5</b>	<b>89.0</b>

**CONSOLIDATED CASH FLOW STATEMENT**

EUR million	1-9/2008	1-9/2007	1-12/2007
<b>Cash flows from operating activities, continuing operations</b>			
Operating profit	5.3	6.7	12.7
Adjustments to operating profit	3.1	2.7	3.6
Change in working capital	-4.6	-2.5	-2.2
Financial items and taxes	-1.3	-0.9	-0.8
<b>Net cash from operating activities</b>	<b>2.5</b>	<b>5.9</b>	<b>13.3</b>
<b>Cash flows from investing activities, continuing operations</b>			
Acquisitions of subsidiaries and associates, net of cash	0.0	-3.3	-6.4
Disposal of subsidiaries and associates, net of cash	3.2	0.6	1.0
Acquisition of property, plant and equipment and intangible assets	-2.0	-1.0	-0.9
Other items	0.0	0.3	0.2
<b>Net cash from investing activities</b>	<b>1.3</b>	<b>-3.5</b>	<b>-6.0</b>
<b>Cash flow from financing activities, continuing operations</b>			
Change in current loans	-10.6	3.4	-6.4
Proceeds from non-current loans	0.0	0.5	1.4
Repayment of non-current loans	-1.2	-0.4	-1.1
Dividends paid	-8.8	-7.9	-8.0
Purchase of treasury shares	-1.5	0.0	0.0
Other items	0.0	0.1	0.1
<b>Net cash before financing activities</b>	<b>-22.2</b>	<b>-4.4</b>	<b>-14.1</b>
<b>Discontinued operations</b>			
Net cash from operating activities	0.0	0.1	1.4
Net cash from investing activities	9.2	-0.6	-0.8
Net cash before financing activities	0.0	-0.4	-0.4
<b>Cash flow from discontinued operations</b>	<b>9.2</b>	<b>-0.9</b>	<b>0.2</b>
<b>Change in cash and cash equivalents</b>	<b>-9.2</b>	<b>-2.8</b>	<b>-6.6</b>
Cash and cash equivalents at 31 December	13.8	20.4	20.4
Foreign exchange adjustment	-0.3	-0.1	0.0
Net change in cash and cash equivalents	-9.2	-2.8	-6.6
Cash and cash equivalents at 30 June	4.4	17.5	13.8

**CALCULATION OF CHANGE IN GROUP EQUITY**

	Share capital	Share premium reserve	Treasury shares	Translation differences	Reserve for non-restricted equity	Retained earnings	Before minority	Minority interest	Total equity
EUR million									
Equity at 1 January 2008	18.6	5.9	-1.3	-0.2	0.0	7.4	30.3	1.6	31.9
Share premium reduction and transfer		-5.9			5.9				0.0
Change in translation differences				-0.6		-0.2	-0.8		-0.8
Other items						-0.1	-0.1	-0.1	-0.2
Divestment of companies								-1.3	-1.3
Profit for the period						3.4	3.4		3.4
Total recognized income and expenses for the period		0.0		-0.6	5.9	3.1	2.5	-1.4	-1.1
Dividends paid						-8.8	-8.8		-8.8
Purchase of treasury shares			-1.5				-1.5		-1.5
Share-based payments									
Equity at 30 September 2008	18.6	0.0	-2.8	-0.9	5.9	1.7	22.5	0.1	22.6
Equity at 1 January 2007	18.6	5.9	-1.3	0.5	0.0	6.7	30.5	1.7	32.2
Change in translation differences				-0.3			-0.3		-0.3
Other items									
Profit for the period						4.4	4.4	0.2	4.6
Total recognized income and expenses for the period				-0.3		4.4	4.4	0.2	4.3
Dividends paid						-7.9	-7.9	-0.3	-8.2
Share-based payments						0.2	0.2		0.2
Equity at 30 September 2007	18.6	5.9	-1.3	0.2	0.0	3.5	26.9	1.6	28.4

The change in the number of shares is detailed in the notes to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

This interim report has been drawn up according to the IFRS recognition and valuation principles, but not all the requirements in the IAS 34 *Interim Financial Reporting* standard have been observed. In drawing up this interim report, Talentum has applied the same accounting principles as in the financial statements for 2007 apart from the additions described in the following paragraph.

In drawing up the interim report, the Group has recognized as an asset the costs of developing the online business operations under intangible assets in progress. The costs of project research have been recognized as an expense in the income statement when they have materialized. Development expenditure has been recognized as an asset when the asset has been considered to be technically feasible and commercially exploitable, and it is expected to produce future financial benefit. The economic useful life of intangible assets created from development activities is two years. However, the economic useful life of intangible assets created in the information business is three years. The main item in the development costs is outsourcing.

As of 1 January 2008, Talentum has adopted the following new IFRIC interpretations: IFRIC 11 *Group and Treasury Share Transactions* and IFRIC 14, IAS 19 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*. The adoption of the interpretations has had no effect on Talentum's interim report. Other new interpretations are not relevant to the Group.

All the figures in this report have been rounded up or down, so the sum of the figures may be different from the totals shown.



**TALENTUM GROUP BY BUSINESS AREA, CONTINUING OPERATIONS**

EUR million	7-9/ 2008	7-9/ 2007	1-9/ 2008	1-9/ 2007	1-12/ 2007	12 months rolling 10/07- 9/08	12 months rolling 10/06- 9/07
<b>Net sales</b>							
Publishing	16.7	15.3	64.2	56.8	83.8	91.2	80.3
Direct marketing	2.3	2.2	7.5	7.1	9.5	10.0	9.1
Premedia	0.8	2.2	4.6	10.1	12.5	7.0	14.6
Adjustments and eliminations	-1.0	-1.1	-3.6	-3.5	-4.7	-4.9	-4.6
<b>Total</b>	<b>18.9</b>	<b>18.7</b>	<b>72.7</b>	<b>70.6</b>	<b>101.2</b>	<b>103.3</b>	<b>99.3</b>
<b>Operating profit</b>							
Publishing	1.7	1.6	8.4	8.5	14.8	14.8	11.3
Direct marketing	0.3	0.3	0.9	1.0	1.3	1.3	1.2
Premedia	-2.8	0.2	-2.2	-1.0	-0.9	-2.1	-2.8
Adjustments and eliminations	-0.2	-0.4	-1.9	-1.7	-2.5	-2.7	-2.2
<b>Total</b>	<b>-1.1</b>	<b>1.7</b>	<b>5.3</b>	<b>6.7</b>	<b>12.7</b>	<b>11.3</b>	<b>7.5</b>
<b>Operating profit before non- recurring items</b>	<b>2.0</b>	<b>1.7</b>	<b>8.3</b>	<b>8.4</b>	<b>13.8</b>	<b>13.8</b>	<b>12.6</b>
<b>Publishing</b>							
Restructuring costs							-1.4
Reduction of Swedish advertisement tax					0.6	0.6	
<b>Premedia</b>							
Restructuring costs	-0.2		-0.2	-1.7	-1.7	-0.2	-3.6
Goodwill impairment loss	-2.9		-2.9			-2.9	
<b>Group Items</b>							
Restructuring costs							-0.2

**GROUP COMPANIES SOLD IN THE PERIOD UNDER REVIEW**

In February, the Group sold the Varesvuo Partners sub-group, which focused on TV content production, except for the Group's shares in Oy Filmitoollisuus Fine Ab and companies which it owns, which were sold in March. The Varesvuo Partners sub-group has not been included in Talentum's consolidated figures for January-March, except for Oy Filmitoollisuus Fine Ab's result of EUR 0.00 million. The Varesvuo Partners sub-group was classed overall as discontinued operations in January.

The main areas of activity of the Varesvuo Partners companies are TV programme production and advertising film production. The customers are TV channels and advertising agencies. Talentum focuses on publishing targeted at professionals, and TV programme production and advertising films are no longer seen to have any synergy with the core operations.

**Financial performance of discontinued operations**

EUR million	1-9/2008	1-9/2007	1-12/2007
<b>Revenue</b>	1.1	17.9	24.1
Costs	-0.6	-17.1	-22.7
Taxes	-0.0	-0.3	-0.6
<b>Profit after taxes</b>	0.4	0.6	0.8
<b>Earnings per share, discontinued operations</b>	0.01	0.01	0.01

The revenue in the period January-September 2008 includes the profit of EUR 0.8 million on the sale of the Varesvuo Partners sub-group and the loss of EUR 0.4 million caused by the sale of Oy Filmiteollisuus Fine Ab, which was separated from the sub-group and sold separately in March.

**Effect of sale of discontinued operations on the Group's financial position**

EUR million	30.9.2008
Property, plant and equipment	3.5
Goodwill	4.1
Other intangible assets	0.1
Investments in associates	1.6
Inventories	3.0
Current receivables	3.4
Cash and cash equivalents	1.7
Minority interest	-1.3
Non-current liabilities	-0.3
Current liabilities	-5.3
<b>Total assets and liabilities</b>	<b>10.7</b>
Total consideration	11.1
Consideration received in cash	11.1
Cash disposed of	1.7
Net cash inflow	9.2

**Effect of sale of shareholding in DH Tools Oy, Sata-Flexo Oy and Marvaco Oy on the Group's financial position**

In February, the Group also sold its entire shareholding in DH Tools Oy, which was part of Premedia and focused on digital data management. DH Tools Oy's main area of activity is supplying companies with digital systems for marketing. At the time of sale it was employing 16 people. In April, the Group sold its entire shareholding in Sata-Flexo Oy and Marvaco Oy, which belonged to the package printing material function of the Premedia business area. These companies employed about 40 people at the time. The sales were part of the Group withdrawal from operations unrelated to the core operations. The sales have not had a material effect on the Group's financial performance.

EUR million	30.9.2008
Property, plant and equipment	0.7
Goodwill	2.5
Other intangible assets	0.1
Inventories	0.2
Current receivables	1.0
Cash and cash equivalents	0.0
Current liabilities	-1.5
<b>Total assets and liabilities</b>	<b>3.1</b>
Consideration received in cash	3.1
Cash disposed of	0.0
Net cash inflow	3.1

#### CHANGE IN NUMBER OF SHARES

	1-9/2008	1-9/2007	1-12/2007
1,000			
Shares outstanding at beginning of period	44,040	44,040	44,040
Share issue	75	-	-
Acquisition of own shares	-500	-	-
<b>Number of shares outstanding at end of period</b>	<b>43,615</b>	<b>44,040</b>	<b>44,040</b>

The free-of-charge, directed share issue consists of the shares granted to the company's management on the basis of Talentum Oyj's share-based incentive plan. By virtue of the authorization granted, a total of 500,000 of its own shares were acquired for the company by 30 September 2008 for use as consideration in possible corporate acquisitions and other arrangements, including the possible cancellation of shares. At the end of the period under review, the Group had in its possession a total of 681,000 own shares.

The weighted average of the number of shares that was used for calculating the earnings per share during the period under review is 43,829,743 (44,039,817 in January-September 2007 and January-December 2007).

#### AVERAGE NUMBER OF STAFF, CONTINUING OPERATIONS

	1-9/2008	1-9/2007	1-12/2007
Publishing	419	378	384
Direct marketing *)	352	337	365
Premedia	59	100	133
Group Administration	14	14	14
<b>Total</b>	<b>844</b>	<b>829</b>	<b>896</b>

#### CONTINGENT LIABILITIES AND OTHER COMMITMENTS

EUR million	30.9.2008	30.9.2007	31.12.2007
<b>Guarantees posted for own commitments</b>			
Financial institution loans	0.6	4.9	3.7
Book value of shares pledged	2.6	8.6	8.7
Mortgaged real estates	0.4	0.4	0.4

**Calculation of key indicators**

Earnings per share = Profit for the period attributable to parent company shareholders / Adjusted average number of shares at the end of the period

Equity per share = Equity attributable to the parent company shareholders / Adjusted average number of shares at the end of the period

Equity ratio, % = Total equity / Balance sheet total - advances received x 100

Gearing, % = Interest-bearing liabilities - cash and cash equivalents / Total equity x 100

Market capitalization = Number of shares at the end of the period x trading price at the end of the period

The figures in this release are unaudited.

The forecasts and estimates presented here are based on the management's view of developments in the economy at this present moment, and the actual results may differ substantially from what the company now expects.

TALENTUM OYJ  
Juha Blomster  
CEO

FURTHER INFORMATION  
Juha Blomster, CEO, tel +358 40 342 4444  
Kaisa Kokkonen, CFO, tel +358 40 342 4212  
www.talentum.fi

COPIES TO  
NASDAQ OMX Helsinki  
Key media

**BRIEFING**

A briefing will be held for analysts and the media today, 28 October 2008 at 10.00 at the Talentum head office, Annankatu 34-36 B, Kamppi, Helsinki. The financial performance will be presented by CEO Juha Blomster and CFO Kaisa Kokkonen.

Talentum Oyj  
Annankatu 34 - 36 B  
00100 Helsinki  
Telephone +358 20 442 40  
www.talentum.com