



**“We help professionals to succeed”**

**Talentum**  
Annual Report 2007



Talentum  
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# Information for shareholders

**Talentum Oyj shares** are listed on the OMX Nordic Exchange in Helsinki. The trading code for the shares is TTM1V and the ISIN code is F10009900898. Talentum Oyj and Nordea Securities Oyj have concluded a market making agreement that meets the requirements of Liquidity Providing (LP) on the Helsinki Stock Exchange.

The share register is kept by Finnish Central Securities Depository Ltd, which also holds all public information about the company's shares and a register of those with insider information. The public insider register and a list of the 20 biggest shareholders can be viewed on the company's website.

A list of Talentum's biggest shareholders is also given on page 47 of this annual report.

## Dividend

The Board of Directors proposes that a dividend of EUR 0.20 be paid for 2007. The dividend is to be paid to shareholders included in the list of shareholders on the record date of 1 April 2008. The dividend will be paid on 8 April 2008.

## Annual General Meeting

The Annual General Meeting of Talentum Oyj will be held on Thursday 27 March 2008 at 2 p.m. at the Radisson SAS Royal Hotel, Runeberginkatu 2, Helsinki.

Shareholders wishing to attend the AGM must notify the company no later than 4 p.m. on 25

March 2008, either in writing to Talentum Oyj, Share Register, P.O. Box 920, 00101 Helsinki, Finland, or by telephone + 358 (0)40 342 4388, or by email to [info@talentum.fi](mailto:info@talentum.fi). Letters must arrive by the deadline for registration. Please send any proxies with the notification of attendance.

## Shares and shareholder register

Talentum's share and shareholder register is held by Finnish Central Securities Depository Ltd.

Notifications of changes to holdings and personal details and addresses should be sent to the organization that manages the shareholder's account.

## Financial statements for 2008

Talentum Oyj will publish quarterly financial results in 2008. Interim reports will be published on 29 April, 23 July and 28 August.

Annual reports and releases can be ordered from Talentum Communications, P.O. Box 920, 00101 Helsinki, Finland and by email from [info@talentum.fi](mailto:info@talentum.fi).

Annual reports and company releases can also be viewed at [www.talentum.fi](http://www.talentum.fi).

The company will not automatically mail a hard-copy version of the annual report or interim reports to each shareholder. Those documents can be ordered by contacting Group Communications on (tel) + 358 (0)20 44 240, or by sending an email to [info@talentum.fi](mailto:info@talentum.fi). ☺





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The  
best moments  
as a journalist are  
when you can tell the  
reader things in  
a clear and  
interesting way.

Anna Niemelä  
Journalist for two years,  
Markkinointi&Mainonta



I can become familiar with new things all the time – in many cases things that were completely unknown beforehand.

My work is independent and wide-ranging.



# Talentum in brief

Talentum is a publisher and producer of information with a focus on professional target groups, employing its robust journalistic expertise to produce valuable up-to-date content for all media.

Talentum's vision is to be the largest and most profitable operator in its sector in the Nordic countries and other selected markets.

Talentum's net sales came to EUR 124 million in 2007 and operating profit to EUR 13.9 million. The company had some 991 employees in Finland, Sweden, the Baltic countries and Russia. Talentum Oyj shares are listed on the OMX Nordic Exchange Helsinki.

The Talentum Group's operations were divided into four business areas in 2007: publishing, direct marketing, TV content production and pre-media. Publishing and the direct marketing serving it account for some 72 per cent of Talentum's net sales. ©

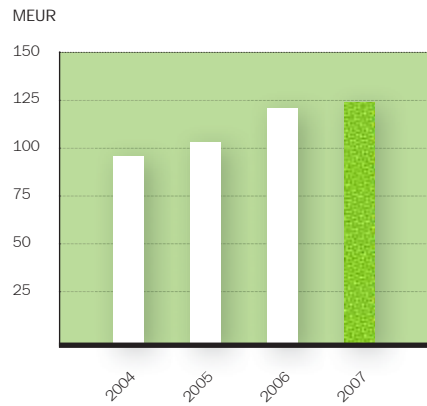
Good products, concentrating on the core business and successful corporate acquisitions improved Talentum's financial performance.

## Financial summary

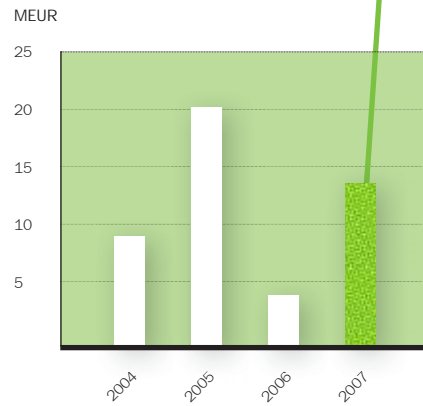
MEUR	2006	2007
Net sales	121.1	124.0
Operating profit	4.3	13.9
Operating profit without non-recurring items	8.7	15.0
Return on investment %	9.4	27.3
Gross investments	5.1	11.6
Equity ratio %	36.1	36.7
Earning per share EUR	0.05	0.20
Dividend per share EUR	0.18	* 0.20
Average number of personnel	1,064	991
Turnover per employee 1,000 EUR	114	125

\*board proposal

Net sales (IFRS)  
2004–2007

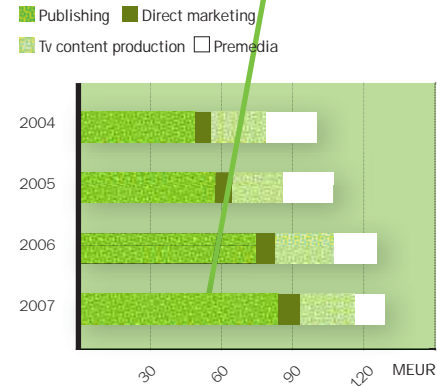


Operating profit  
2004–2007



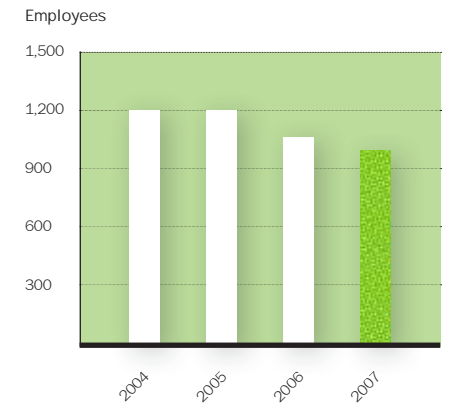
The operating profit improved by EUR 9.6 million over the previous year.

Net sales by business area  
2004–2007

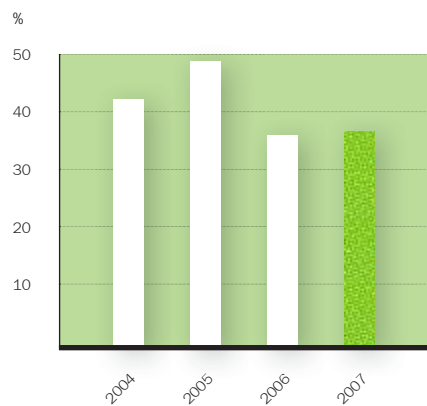


Publishing's net sales improved by 12.2 per cent over the previous year.

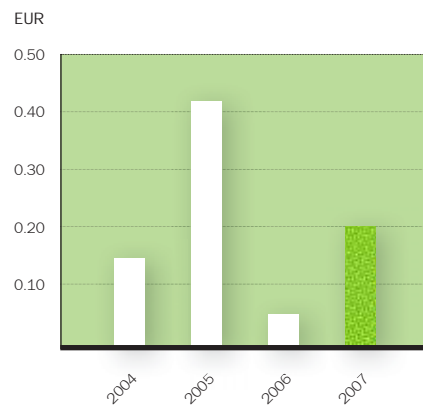
Personnel, average  
2004–2007



Equity ratio  
2004–2007



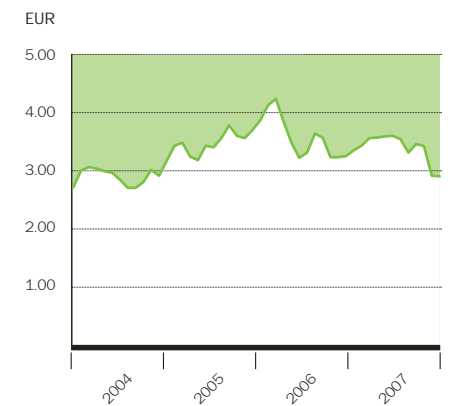
Earnings per share  
2004–2007



Market capitalization  
2004–2007



Share price  
2004–2007



# Strategy

Talentum's strategic areas of focus are growth, profitability and competitiveness.

Talentum will improve its profitability by focusing on its core know-how: publishing and producing information services; publishing operations directed at professionals and direct marketing to support it. The company is ready to discontinue operations unrelated to the core business so that it will create added value for the owners and support profitability and growth.

Talentum will safeguard growth by expanding in the Nordic countries and other selected market areas. The publishing operations are growing organically and through corporate acquisitions and by diversifying the earnings structure. There will be increased input especially in the online business and content sales.

A growing part of the net sales will be accounted for by international operations. The Swedish market looks to have special potential. The scope for expansion is also being looked into

elsewhere in the Nordic countries, Russia and Europe.

Talentum's competitiveness is based on strong journalistic expertise, a wide-ranging and channel-independent approach and high-quality content. Products and services are being developed constantly to correspond increasingly to the needs of professionals.

## Financial targets

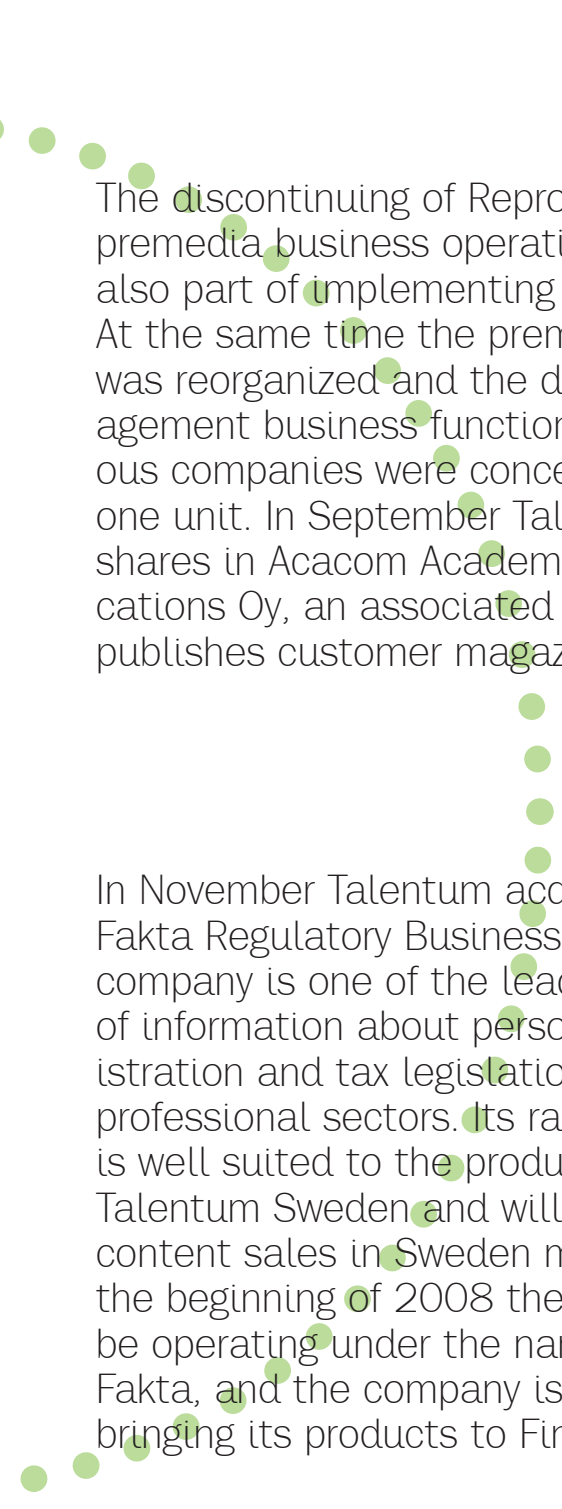
The aim is for the organic growth of Talentum's net sales to average 4 per cent. The Board of Directors has set a target of EUR 140 million in net sales for 2010. The aim is for at least 50 per cent of Talentum's net sales to be generated outside Finland within a few years. The Group's operating profit target is about 15 per cent of net sales. @

In June Talentum opened a new online service for company cars, [www.duuniauto.fi](http://www.duuniauto.fi). In that same month, Talentum acquired Dagens Media Sverige AB, publisher of Dagens Media, a Swedish magazine focusing on advertising, marketing and the media.

## Talentum continued to implement its strategy resolutely in 2007.

During the year 2007 the online business and the IT departments in Finland and Sweden were combined. Through the joint organization attempts will be made exploit the best practices, ideas and specialists on both sides.





The discontinuing of Reprostudio & Heku's premedia business operations in June was also part of implementing the strategy. At the same time the premedia business was reorganized and the digital data management business functions in the various companies were concentrated into one unit. In September Talentum sold its shares in Acacom Academic Communications Oy, an associated company that publishes customer magazines.

In November Talentum acquired the Fakta Regulatory Business in Sweden. The company is one of the leading producers of information about personnel administration and tax legislation for various professional sectors. Its range of services is well suited to the product selection of Talentum Sweden and will increase the content sales in Sweden markedly. From the beginning of 2008 the company will be operating under the name Talentum Fakta, and the company is looking into bringing its products to Finland.

#### Mission

We help professionals to succeed.

#### Vision

To be largest and most profitable publisher for professionals and producer of information services in the Nordic countries.

#### Values

Our operations are based on cooperation. We earn the customer's respect. We are highly competitive in everything we do.

# A year of success

Talentum's strategy was made clearer.  
We decided to focus on channel-independent publishing.

During 2007 there was public debate in Finland about the profitability of publishing economic magazines, as two of them that had existed for about a decade were terminated. A closer examination, however, showed that it was more a matter of competition between daily financial newspapers and competition with the online media over speed than a general trend. Economic magazines, however still performed well. *Talouselämä*, *Affärsvärlden*, *Tekniikka & Talous* and *Ny Teknik*, all of which were published by Talentum, were very successful in the competition for readers and advertisers; at the same time we can be satisfied with the performance of the other Talentum magazines. The circulation and readership of Talentum's magazines have increased and the media sales performed better than the market. The digital channels are not only a challenge but also a major opportunity. We are listening to our readers and customers and investing in Internet-based services. We are investing in the online business to serve our customers in channels where they prefer reading publications and using services.

Talentum has been working to rationalise operations, construct processes and increase inter-departmental cooperation. By changing operations

and simplifying structures we have been able to trim costs in a healthy way, and this can be seen clearly in the improved financial performance. Talentum's operating profit percentage was 11.2 per cent.

Talentum at the beginning of 2008 is in many ways a different company from the one at the beginning of 2007. During the year Talentum's strategy was made clearer. The convergence of the media sector has not happened in quite the way thought ten years ago, and for that reason it has been necessary for Talentum, too, to change the company's mission and structure. We decided to focus on channel-independent publishing and in Finland we gave up the repro business. Negotiations concerning the sale of TV content production, which started in 2007, were brought to a conclusion early in the new year. In Sweden we increased the magazine publishing by acquiring and setting up new magazines. In Sweden we also acquired the Thomson Fakta Regulatory business, which produces information in various channels for professionals in personnel administration and tax legislation. So Talentum has taken many steps forward towards its aim of being largest and most profitable Nordic publisher focusing on pro-

fessionals and a company that produces information services.

I would like to thank the personnel at Talentum for their commitment to the development and creation of a new Talentum. I would also like to thank our customers, partners and owners for their good cooperation and confidence in our products, our services and us. Cooperation is the basis for all our operations and we will be continuing with this policy in 2008.

We moved into 2008 with positive signs. Talentum's products and services are top-quality and the demand is good. The horizon was clouded at the beginning of the year, however, by uncertainty on the stock market and estimates of the effect of the international economy, in particular the American economy, on Europe and Finland. The circulation and readership of Talentum's magazines, however, are on the increase, and the demand for advertising is good, so we believe developments will be good but we are preparing ourselves for a change in the markets.


February 26, 2008,

**Juha Blomster,**  
CEO



We are investing in the online business to serve our customers in channels where they prefer reading publications and using services.





The Internet  
and its speed  
as a transmitter  
of information offer  
countless opportunities  
for developing online  
services.

I feel  
I have been  
successful in my  
work when one idea  
sets in motion a chain  
that results in an online  
service talking to the  
reader.

Pierre Sjödel  
Business Developer New Media,  
Talentum Sweden



# Operating environment

Major trends in media sector shape media companies' operations and services.

**Talentum is** a Nordic publisher and producer of information, coming out with up-to-date and valuable information for professionals in select sectors. Magazines, books, events and training and the online business are the crux of Talentum's publishing operations. In addition to publishing, Talentum focuses on the direct marketing that supports it.

The operations and services of a company that focuses on publishing in the financial and professional media are being shaped by general trends in the media sector. Digitalization, the splintering of the media and readership, providing entertainment, concentration of ownership and the division into global and local media are shaping the operating environment. For example, the professional-oriented media that come within Talentum's field of operations are mainly country-specific because of the country-specific legislation governing business operations and the special features of the business area.

Talentum's competitive environment is dispersed and made up on a media and service-specific basis of companies that provide similar products for professionals. Talentum's strengths when seen against its competitors are the overall concept aimed at professionals, the diverse and channel-independent way of approaching professionals and the top-quality content. The needs

of the customer determine the channel chosen for the means of communicating. Most of Talentum's media brands are among the leading media in their sector.

## Media markets

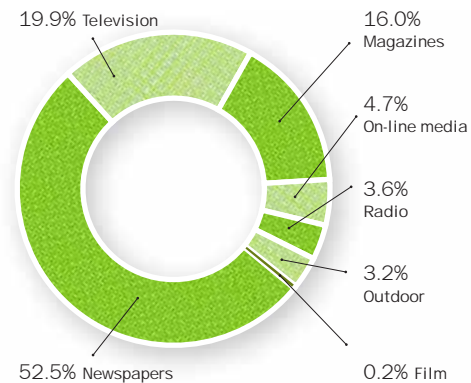
The general economic growth is also supporting growth in the media sector. The media markets in size total some EUR 4,750 million in Finland and Sweden. Online media advertising in particular is growing.

Advertising aimed at professionals is expected to show mild growth during the next 3–5 years. During 2007 media advertising rose in Finland compared with the previous year by 6 per cent to EUR 1,315 million. Online advertising continued to grow strongly in 2007, up by 24 per cent, and it now accounts for about 5 per cent of all the media advertising markets i.e. more than outdoor marketing's market share.

The growth in the Swedish media advertising for 2007 was 5.6 per cent and the media market totalled about EUR 3,437 million. Online advertising went up during the year by 30 per cent, forming 12.6 per cent of all media advertising. Further strong growth is expected.

Because of their more precise targeting, seminars, fairs and events are increasing in popularity as media all the time. In Finland book publishing

Media advertising, market share, Finland 2007



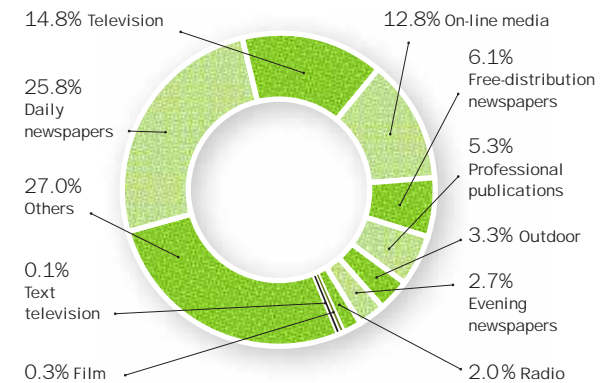
will continue the mild but steady growth.

Direct marketing will grow as a sector. Companies engaging in it range from those on the consumer market to financial institutions. The preconditions in the sector are affected in particular by data protection legislation, the availability of registers and data correctness.

## Digitalization

The online media market is growing in the Nordic countries and throughout the world. Information retrieval has transferred to the Internet to a

Media advertising, market share, Sweden 2007



great extent. Different digital formats are replacing printed formats, and the amount of the content produced by users and different communities themselves is constantly on the increase.

The amount of information online is enormous, varying in quality and credibility. Its quality and reliability are difficult for people to assess on their own. Search engines, which are increasing in popularity all the time, cannot choose for users either. This means that in the future there will have to be reliable media both online and in print for transmitting and analysing information.



An increase in online media and various electronic news services and readers transferring to them have the potential for growth for professional magazines and other print magazines. The share of print advertising has been falling over the long term. Online media advertising and the amount of online media will increase year by year both in the Nordic countries and throughout the world. The Internet plays a significant role as a news medium and means of communicating. For example, in Finland 79 per cent of the population use the Internet and about 63 per cent of them read or download online magazines\*.

In the future journalistic content and information will be distributed in a number of ways, which will bring new scope for the development of the circulation of individual media and the number of visitors and, through that, for media advertising. Present players, content producers and distributors will be aiming to protect their positions in the various channels. This will further feed the concentration of ownership.

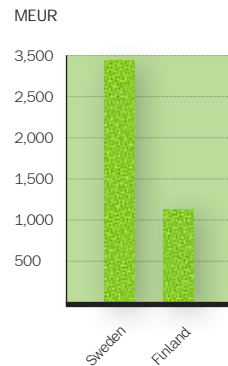
The overall number of readers has grown and, all in all, more time is being spent on following the media. However, only a part of those readers using print and online media are active followers of both. Most follow one or the other.

The print media will not disappear in the near future, nor will periodicals providing background on

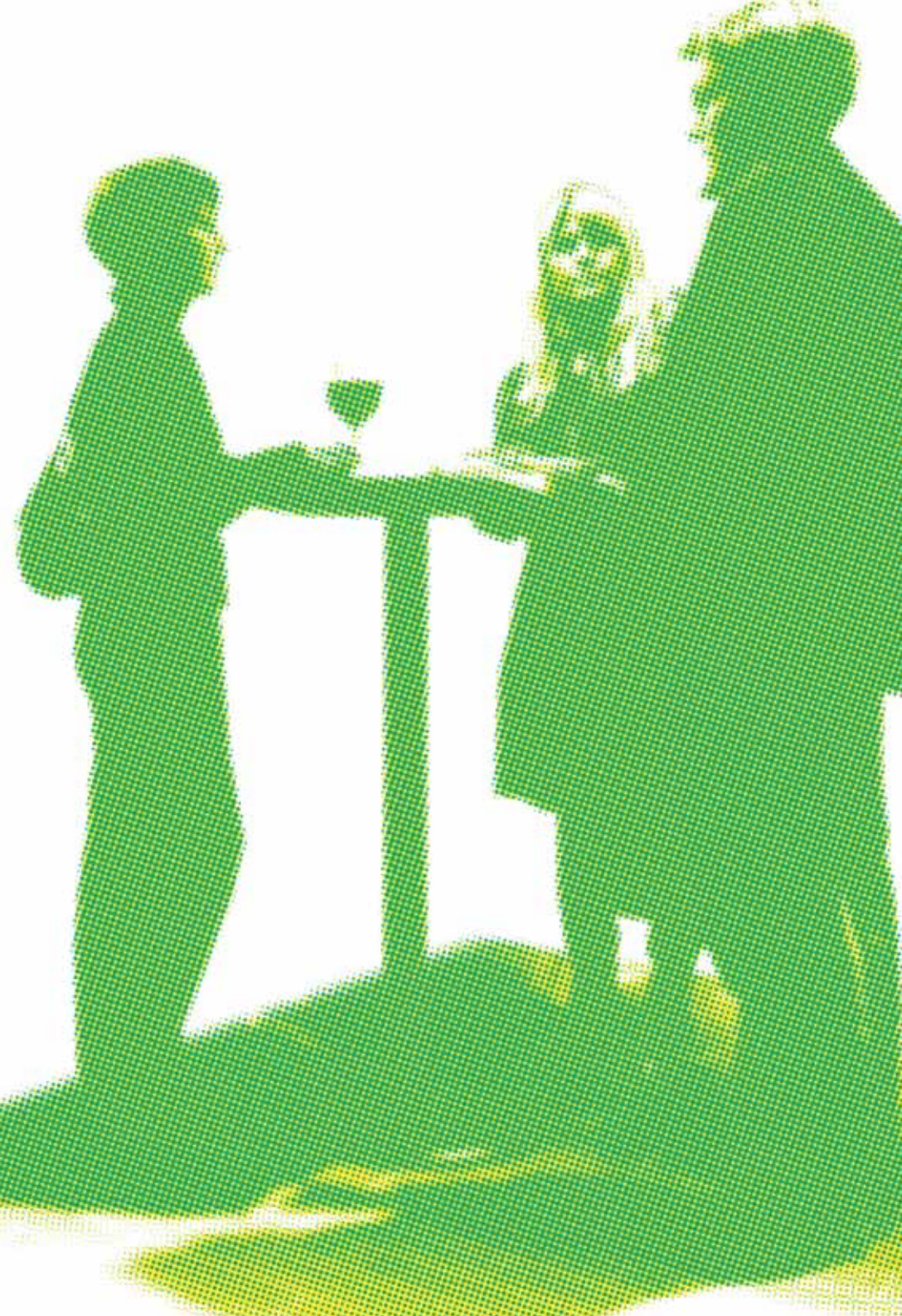
and delving into phenomena suffer as a result of the increasing strength of the online media. Newspapers, however, will be competing with the speed of digital media in producing news daily. ©

Sources: TNS Gallup Media intelligence, Institutet för reklam- och mediestatistik, \*Statistics Finland

### Media markets in Finland and Sweden 2007



*At Talentum events people in a sector meet and network. The Tivi and M&M evenings are already concepts.*







At  
Talentum  
I work with  
the most highly  
regarded brands in  
Finland and the  
world.



Good colleagues and exceeding set targets make my work enjoyable.

In this job no two days are the same.

Jarmo Pohjolainen  
Key account director,  
Talentum Finland

# 72%

of Talentum's consolidated net sales constitutes of publishing and the direct marketing that supports it.

**Publishing** is Talentum's core business comprising magazine and book publishing, online-services, information services and the organizing of training and events in Finland, Sweden and Russia.

**Direct marketing** company Suoramarkkinointi Mega Oy is the leading telemarketing company in Finland and the Baltic countries, specializing in telephone sales. Mega supports the company's core business areas by operating Talentum's magazine, book and training subscription services.

**Premedia** companies produce graphic and electronic services used in advertising and marketing for magazine publishers, book and packaging printing houses and other corporate customers.

**TV content production** company Varesvuo Partners, is a subsidiary made up of several companies that mainly produce TV programmes and advertising films. At the beginning of 2008 Talentum Oyj sold Varesvuo Partners Oy.

# Publishing

Talentum's core business is publishing for professional target groups, offering a comprehensive concept based on expertise in content production and top-quality journalism.

**Specialist target groups** can find the information they need in the media channel of their choice: magazines, books, online services, or through different kinds of training and events.

Publishing is Talentum's biggest business area and in 2007 it accounted for 67.6 per cent of consolidated net sales. Net sales were 12.2 per cent up on the previous year at EUR 83.8 million.

Of the increase in Publishing's net sales, 36 per cent was the result of corporate acquisitions, and 64 per cent resulted from organic growth. The increase in the operating profit is the result of a deliberate rationalization of the business and close monitoring of expenses.

Publishing's aim is to grow profitably. Growth is sought by increasing the percentage of business outside of Finland and by increasing the amount of electronic business significantly.

Talentum's operations are international. The Swedish subsidiary Talentum Sweden AB publishes magazines and online services for professionals.

In addition, Talentum and Medicine Today International, which is part of the Swedish Bonnier Group, own equal shares in Mediutiset Oy Ab, the publisher of the Mediutiset magazine in Finland. Medicine Today International publishes a sister magazine of Mediutiset in Sweden, Norway, Denmark and Poland.

Talentum owns half of Consec Press, a publisher of law material relating to Russia. Consec Press is still a small but profitable company that publishes law books.

Talentum's IT magazines and books have long had a cooperation agreement with the world's largest publisher in the IT field, International Data Group (IDG). This cooperation can be seen daily in the content production of the magazines and in advertising sales. Talentum Sweden publishes the Dagens Teknik magazine in cooperation with IDG Sweden. Talentum's book business cooperates actively with IDG Books. ☺

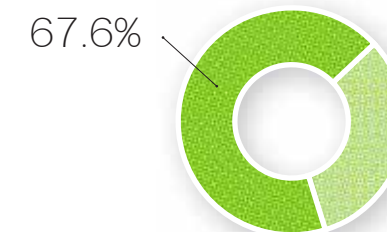
## Key figures, Publishing

MEUR	2006	2007
Net sales	74.7	83.8
Operating profit EBIT	7.1	14.8
% of net sales	9.6	17.7
Average number of employees	405	384

## Geographical distribution of Publishing

MEUR	2006	2007
<b>Net sales</b>		
Finland	52.6	53.9
Others	22.0	29.9
Total	74.7	83.8
<b>Operating profit</b>		
Finland	5.5	10.6
Others	1.6	4.2
Total	7.1	14.8

The share of Publishing in Talentum Group's net sales



## Foreign subsidiaries

Talentum Sweden AB, Sweden  
Consec Press OOO, Russia



# Talentum media

The goal of every Talentum media is to be the market leader in its sector in the country in which it is published.

## Electronic communications

complement the services offered by print magazines and further strengthen the market position of the magazines with the widest readership.

Talentum publishes 10 magazines in Finland and 8 in Sweden. Each of these magazines also has its online services. Readers come from the business environment, especially professionals and decision-makers in finance, marketing and advertising, IT, engineering, industry and health care.

In addition to the magazines and their online services, Talentum offers its professional target groups other online services that supplement what it has to offer.

New members joined the magazine family in 2007. The online service Duuniauto.fi was introduced in Finland. Arbetarskydd, which was acquired by Talentum at the end of 2006, joined the magazine family. In addition, medium Dagens Teknik and Byggvärlden were founded and Dagens Media purchased in Sweden. Late in the year, Talentum bought the business operations of Fakta Regulatory. Under its new name, Talentum Fakta, it focuses on the processing of information relating to personnel administration and tax legislation for online services, seminars and publications.

In 2007, Talentum's magazines did well in terms of numbers of readers both in Finland and Sweden. ☺

Talentum publishes 18 magazines, 23 online services and 13 electronic newsletters.

## Affärsvärlden

Affärsvärlden is Sweden's leading financial and business magazine and one of the world's oldest. The print and online magazine offers stock market reports and company analyses in addition to financial news, people in the headlines and the latest commentary. Affärsvärlden publishes Konsultguiden, a list of Swedish consulting companies, as a yearbook and online service, and arranges topical events and seminars in collaboration with its partners. Once a year, Affärsvärlden publishes the Affärsjuridik supplement. The concept created at Affärsvärlden is also in use in Finland.

## Arvopaperi

Arvopaperi offers its readers a comprehensive service for investors that includes a monthly magazine, Arvopaperi Online and several investor events. Each autumn Arvopaperi publishes an investment guide (Sijoitusrahasto-opas), and twice a year it produces the Arvoasunto magazine, specializing in real estate investment. Arvopaperi also arranges various events for those interested in investment, e.g. an Investors' Cruise.



Affärsvärlden's circulation is about 47,300 and the readership 124,000.

Jon Åsberg,  
chief editor

Arvopaperi's circulation is 23,361 and the readership 54,000.

Eljas Repo,  
chief editor

## Talouselämä

Talouselämä is the largest weekly business magazine in the Nordic countries. It is Finland's most highly respected business magazine, reaching major decision-makers in Finnish business industry and administration. Fast approaching its 70th anniversary in 2008, the magazine monitors, predicts and assesses contemporary business events. The magazine caters to its quality readership by offering information on business and the economy and on the social background to them. An online service and

daily electronic newsletter complement the print magazine. One of its best known special issues is Talouselämä 500, also available as a separate report. Each year the magazine publishes the supplement Liikejuridiikka (Business Law). Talouselämä arranges a business seminar once a year in which decision-makers gather together to consider current questions and set a course for the future.

Arvo-paperi's circulation rose by 37 per cent.

According to reader surveys, reading Talouselämä is a pleasure.

Talouselämä's circulation is about 78,870 and the readership 216,000.

Pekka Seppänen, chief editor



## Dagens Media

Dagens Media is Sweden's leading magazine and online service focusing on marketing and the media. It appears every other week and it is supplemented by an electronic news service.



Dagens Media's circulation is about 8,000 and the readership 15,000.

Rolf van den Brink, chief editor

## Markkinointi & Mainonta

Online, as a magazine and as a newsletter, Markkinointi & Mainonta is the leading medium in its field, a mouthpiece for advertising, marketing and sales. About once a month Markkinointi & Mainonta organises important networking events in the evening and longer 'high-and-low-position' camps are arranged each year. Markkinointi & Mainonta has a group subscription agreement with the Finnish Marketing Federation and works closely with the Federation in many areas.



Markkinointi & Mainonta's circulation is 10,213 and the readership 41,000.

Saila-Mari Kohtala, chief editor

## Fakta

Fakta is a high-quality professional magazine for managers and key personnel, complemented with features on leisure, pastimes and interesting people. The magazine also publishes articles on contemporary themes from the Harvard Business Review. Fakta's readership includes decision-makers in business and, increasingly, men and women in managerial posts in organizations and public administration.



Fakta's average circulation is 22,570 and the readership 37,000.

Heidi Hammarsten, chief editor

## Lag&Avtal

The Lag & Avtal magazine and online services specialize in Swedish labour legislation and legal cases. The active readership, composed of professionals who deal with the labour market matters of companies and employer organizations, discusses sector phenomenon both in the columns of the magazine and in the discussion forums online.

Arbetskydd joined the Talentum media family in 2007.



Lag & Avtal's circulation is about 5,800 and the readership 27,000. Arbetskydd's circulation is about 23,400 and the readership 62,000.

Johanna Kronlid, chief editor

## Arbetskydd

Arbetskydd is an occupational health and safety news magazine that focuses on the work environment. It is read by a diverse group of professionals and by people in the public sector. Arbetskydd reports on new laws and regulations, offering practical solutions and examples.

## Byggvärlden

Byggvärlden consists of media directed at decision-makers in the construction industry, appearing every other week in print form and twice a week as an online newsletter. It includes important industry news about deals and products, personal interviews and deeper analyses of the entire sector.

Dagens Teknik, which is aimed at technology students, was established at the beginning of the year 2007.

Byggvärlden, which was established at the end of the year, meets the needs of those operating in the construction industry.

## Dagens Teknik

Dagens Teknik is a weekly news magazine devoted to technology, IT and jobs. Talentum Sweden has published the magazine in collaboration with IDG Sweden since January 2007. The magazine's goal is to consolidate its position in recruitment advertising and reach students and young professionals.

## MiljöRapporten

MiljöRapporten monitors environmental and energy issues, legislation and international events in all areas of industrial and business life in Sweden. Its readers are mainly the personnel in industry and business responsible for environmental matters and the environmental authorities.

## Energia

Energia magazine is the leading trade journal for the Finnish energy industry. The magazine actively monitors the energy sector in Finland and abroad. Energia provides its readers with news, opinions and articles on the people, events and current issues in the sector. The magazine has an active role in energy sector events in Finland.

## Metalliteknikka

Metalliteknikka is the only trade journal for Finland's expansive industrial sector. The magazine has followed all of the occurrences and developments in the industry for 60 years. Wider subject areas and a more in-depth approach have made the only trade journal in the sector even more interesting.

## Ny Teknik

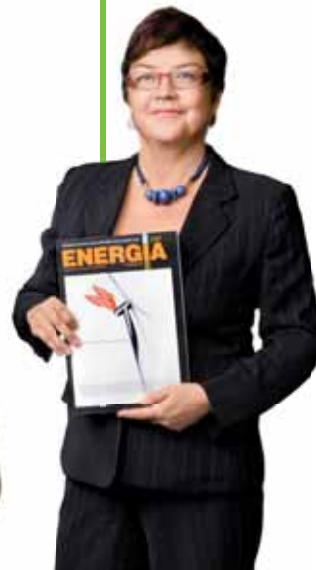
Ny Teknik is the largest industrial, IT and telecom sector medium in Sweden. The Ny Teknik Jobb recruitment supplement and online service together make Ny Teknik the leading recruitment medium for jobs in industry, technology and IT in Sweden. Ny Teknik and its partners organize several seminars and events on current issues.

## Tekniikka&Talous

Tekniikka & Talous describes industry activities and achievements, the latest trends in research and product development and Finnish success stories. The magazine's core readers are both graduate and college engineers. Tekniikka & Talous is complemented by an electronic newsletter and a website. Tekniikka & Talous is an effective advertising tool for its readership and its Uratie supplement is an outstanding recruitment channel.



Roger Thorén,  
chief editor



Arja Haukkasalo,  
chief editor



Mika Hämäläinen,  
chief editor



Lars Nilsson,  
chief editor



Timo Tolsa,  
chief editor

Byggvärlden's circulation is about 15,000 and the readership 15,000. Dagens Teknik's circulation is about 50,000 and the readership 50,000. MiljöRapporten's circulation is about 2,000 and the readership 13,000.

Energia's circulation is about 5,000 and the readership 12,000.

Metalliteknikka's circulation is about 9,600 and the readership 36,000.

Ny Teknik's circulation is about 157,000 and the readership 282,000.

Tekniikka & Talous's circulation is 103,869 and the readership 138,000.



## MikroPC

MikroPC offers its readers not only IT sector news, but also product testing and a variety of helpful guides, e.g. Digikuvaajan opas (Guide for the Digital Photographer) and PC-ostajan opas (Guide for the PC Buyer). Its readers are well versed in digital technology and look to obtain a good return on their purchases of technology. Every year MikroPC selects the year's 'winners', the products that are clearly the best in a group of MCP-tested products, and presents them with a MikroPC Winner award at a special ceremony.



MikroPC's circulation is 31,644 and the readership 163,000.

Kimmo Seppälä,  
chief editor

## Tietoviikko

Tietoviikko builds a bridge between IT and business. It is Finland's only independent medium for the information sectors. It publishes the news and topics of the day on the Internet, while the print magazine takes an in-depth look at background information and broader trends. About once a month, Tietoviikko organizes TiVi evenings where its readers and customers can meet up. It publishes a CIO supplement twice a year and once a year, its readers select a Chief Information Officer of the Year, who is presented with an award at a special ceremony.



Tietoviikko's average circulation is 37,900 and the readership 62,000.

Kauko Ollila,  
chief editor

## Mediuutiset

Mediuutiset is an independent news media for health care. The magazine, its online service and newsletter are intended for doctors, pharmacists and health care executives. Mediuutiset has an active role in health care sector events in Finland.



Mediuutiset's circulation is about 28,000 and the readership 47,000.

Elina Yrjölä,  
chief editor

## Talentum Fakta

Talentum Fakta (formerly the Thomson Fakta Regulatory) is one of Sweden's leading providers of information for professionals concerning personnel administration and tax legislation. The company offers a wide selection of Internet-based services, newsletters, information services, tools, consultation, seminars and books for professionals in their sector.

## Online information source for investors

Avopaperi and Talouselämä work collaboratively to offer online services to readers interested in investment. The web pages are free and contain information about the gainers and losers on the stock exchange, news, Pörssi tänään (The Exchange Today) reports, stock exchange releases, portfolio services and AP Arena. This stock exchange service can be found at the following websites: <http://porssi.avopaperi.fi> and <http://porssi.talouselama.fi>.

Talentum is investing in the constant development of online operations.

We look for and use the best existing online solutions on both sides of the gulf.

A total of 1.4 million people read Talentum's publications. The electronic media attract almost 600,000 visitors weekly and the newsletters have a readership of more than 200,000.

Antti Oksanen,  
Director, Content & Partnerships, Online Services, Finland

## Uratie (Career Path)

Uratie is Talentum's recruitment service for the Finnish media. The print version of Uratie appears as a supplement to Tekniikka & Talous and Tietoviikko and forms its own section of Talouselämä. The online service offers listings of job vacancies, company presentations, employment information and training courses. In Talentum's Swedish magazines, Ny Teknik Jobb offers an almost similar service.

Recruitment advertisements can be placed in all Talentum magazines, but advertising is of most significance in Tekniikka & Talous, Ny Teknik, Tietoviikko and Markkinointi & Mainonta.

## Duuniauto.fi

Talentum opened a new online service Duuniauto.fi for company cars in the summer of 2007. The concept focuses widely on the use of company cars, with news, articles and other useful information about the automotive world. A free weekly electronic newsletter is also part of the concept.



# Book publishing

Talentum is one of Finland's leading publishers of professional literature.

Talentum's book publishing published 100 new titles in 2007 and a total of 600 different books are currently for sale.

Talentum is the leading publisher of legal literature in Finland, the best known of which are the Suomen Laki (Finnish Law) books. Suomen Laki can also be found online and accessed via mobile phones.

Talentum's professional and legal books are sold in bookshops, by direct sales, in Talentum's own outlet and via its online bookshop. The online shop also sells courses and training.

The outstanding success of the year was Manne Airaksinen, Pekka Pulkkinen and Vesa Rasinaho's 'bible' on limited liability company law, *Osakeyhtiölaki I ja II*. The business world was interested in *Käytännön johtoryhmä* (The Management Group in Practice), written by Seppo Mansukoski, Lasse Mitronen, Pertti Porenne, and Pekka Salmimies. Investors were interested in Kim Lindström's *Vaurastu arvo-osakkeilla* (Affluence Through Premium Shares). The favorite book of the year was also the most talked about and every business person's dream: *Tuotteistaminen – Rakenna palvelusta tuote 10 päivässä* (Productization – Building a Product from a Service in Just 10 Days) by Jari Parantainen.

Risto Poutiainen's book *101 kysymystä ja vastausta Google-markkinoinnista* (101 Questions and

Answers on Google Marketing), published by Talentum, received the Kultasulka (Golden Feather) award from the Finnish Association of Marketing Communication Agencies. ☺

**"The favorite book of the year was also the most talked about and every business person's dream: Productization – Building a Product from a Service in Just 10 Days."**

**Katriina Jaakkola,**  
Publishing manager,  
Business books



Suomen Laki has been the Lawyer's work tool since 1955.

**"Www.suomenlaki.com serves all those who need legal information online."**

**Minna Näsänen,**  
Chief editor,  
Suomen Laki



# Training and events

Talentum arranges legal training and seminars for professionals in different fields.

**Talentum events** arranges and presents what professionals would find interesting and educational seminars that represent all sides of business life. The planning and implementation of topical and practical seminars is based on a knowledge of professional needs, an extensive network of experts and strong professional skills. Seminar subjects include management, personnel administration, business development and marketing.

Some of Talentum's events are opportunities for a magazine's staff, readers and advertisers to meet, but a growing trend is to organize seminars that explore the subjects of magazines and books in depth and charge for participation. These seminars are profitable products. The annual Talouselämä Business Seminar and Arvopaperi's Investors' Cruise have now both become independent brands. A total of 104 events were held in 2007.

In 2007 Talentum and the Finnish Association of Graduates in Economics and Business Administration (SEFE), put together a separate project, the Ekonomipäivä 2007 seminar.

**Association of Finnish Lawyers Training Centre**, as market leader in its field, provides supplementary training in the law. Training is planned for lawyers and other professionals who need instruction in subject areas or an update of their knowledge in their work. The Association of Finnish Lawyers Training Centre strives to cover the entire legal field. The Centre organizes company courses for specific needs and business seminars on management, personnel administration and business development and marketing. The number of course participants varies according to the subject, from a few dozen to more than a hundred.

Talentum's Training Centre follows legal reforms, current debate and publications in the field and constructs interesting training packages. ☺

**"Talentum provides the best legal training in the country."**

Eeva Taipale,  
Head of training, Finland



# Direct marketing

**Suoramarkkinointi Mega Oy is the leading telemarketing company in Finland and the Baltic countries, specializing in telephone sales.**

**Mega also operates** Talentum's magazine, book and training subscription services. The company's specialized expertise supports Talentum's publishing business.

Direct Marketing accounts for 4.3 per cent of Talentum's consolidated net sales, which were up 16.8 per cent on the previous year at EUR 9.5 million. The operating profit was EUR 1.3 million.

In addition to Finland, Suoramarkkinointi Mega has operations in Estonia, Latvia and Lithuania. Mega has 13 outlets in Finland and 17 altogether in the Baltic countries.

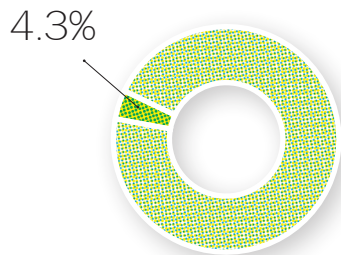
Mega's permanent challenge is to find professional and motivated staff, and a successful company can offer interesting work regardless of the field in which it operates.

Mega is continually striving to improve the way it operates and ensure that the addresses it uses are correct. ☺

## Key figures, Direct marketing

MEUR	2006	2007
Net sales	8.2	9.5
Operating profit EBIT	1.1	1.3
% of net sales	13.7	14.0
Average number of employees	346	365

## The share of Direct Marketing in Talentum Group's net sales



## Foreign subsidiaries

- Müügimeistrite AS, Estonia
- Telemarket SIA, Latvia
- Telemarketing UAB, Lithuania



**"Direct marketing's specialized expertise supports Talentum's publishing business."**

**Timo Niemi,**  
Managing director

# Premedia and TV content production

Premedia and TV content production account for 28 per cent of Talentum's net sales.

**Premedia** companies produce graphic and electronic services used in advertising and marketing for magazine publishers, book and packaging printing houses and other corporate customers.

Premedia accounts for 9.7 per cent of Talentum's consolidated net sales. Premedia's net sales fell by 30.6 per cent to EUR 12.5 million as a result of a corporate divestment. However, the operating profit improved and was EUR -0.9 million.

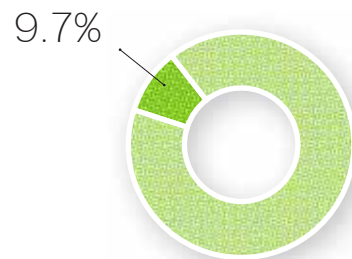
During 2007 Talentum's premedia business was reorganized. Talentum sold the premedia business of Reprstudio and Heku Oy. Simultaneously the digital data management business functions that were in the various companies in the Premedia business area were concentrated into one unit that is now called DH Tools and specializes in enterprise marketing management processes.

Talentum Oyj sold DH Tools at the beginning of 2008. ©

## Key figures, Premedia

MEUR	2006	2007
Net sales	18.0	12.5
Operating profit EBIT	-2.5	-0.9
Average number of employees	199	133

## The share of Premedia in Talentum Group's net sales



## TV content production company

Varesvuo Partners, is a subsidiary made up of several companies that mainly produce TV programmes and advertising films. Varesvuo Partners operates independently of TV channels and produces content for all channels and advertising agencies.

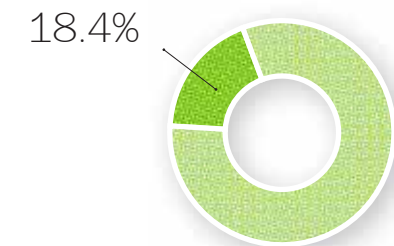
TV Content Production's net sales fell by 7.1 per cent on the previous year to EUR 22.9 million. The operating profit was EUR 1.2 million. TV content production accounts for 18.4 per cent of Talentum's consolidated net sales.

At the beginning of 2008 Talentum Oyj sold Varesvuo Partners Oy to a company established by CapMan Buyout VIII, which is managed by CapMan Plc. The transaction did not include Oy Filmteollisuus Fine Ab, in which Talentum has a 59 per cent holding and which was transferred to Talentum Oyj's ownership. ©


## Key figures, TV content production

MEUR	2006	2007
Net sales	24.6	22.9
Operating profit EBIT	1.8	1.2
% of net sales	7.2	5.0
Average number of employees	98	95

## The share of TV content production in Talentum Group's net sales







A journalist  
must provide  
the ingredients for  
thinking about big and  
small matters in an  
interesting way.

Esko Rantanen  
Journalist for 33 years,  
Talouselämä



The financial media must provide the tools for improving their own finances and business life as well.

Sami Rainisto  
Journalist for 10 years,  
Talouselämä

# Corporate responsibility

One of the primary objectives for all Talentum magazine, book and online service content is to promote responsible action among professionals.

Talentum's corporate responsibility underlines respect for customers and employees, reliability of information and improvement of professional skills.

**Talentum takes** account of the social, financial and environmental impacts of its operations and the changing needs of its stakeholders and of society as well as statutory requirements. Being a publisher focusing on professionals, Talentum carries great responsibility in its role as a producer of reliable information, a recorder of socio-economic phenomena and thereby also a promoter of freedom of speech. Talentum's corporate responsibility underlines respect for customers and employees, reliability of information and improvement of professional skills.

## Financial responsibility

Financial responsibility means attending to efficiency, profitability and competitiveness. It also means adherence to good governance and risk management. In its administration, the company follows the Group Guidelines on Governance, described on pages 38–44 of the annual report. The company's risk management is described on pages 44–45.

Financial responsibility is guided by the business strategy. The strategy defines corporate objectives, such as improving profitability. A steady increase in the company's value and profitable operations have a favourable effect on customers and ensure financial prosperity for owners, employees and suppliers of goods and services alike.

Moreover, financial performance has wider social impacts through taxation. A sound financial position is also necessary for investment in the environment and social responsibility.

## Environmental responsibility

Taking account of the environment is an important part of responsible operations. Talentum operates in an ecologically and ethically responsible way. Talentum does not cause major environmental damage, because the work is mainly done with computers in offices. The main environmental impact is connected with consumption of paper, transport, recycling, energy use and waste management.

Talentum has no printing operations of its own; the printing of its magazines and books is subcontracted. Talentum requires its subcontractors to operate responsibly too, taking environmental and climate protection into account.

Talentum sorts and recycles waste in accordance with the law. Materials no longer to be used are, where possible, recycled for reuse. For its part, Talentum aims to keep climate change in check by replacing meetings requiring travel with teleconferences and video meetings whenever possible. As for company cars, a decision was made that all new company vehicles acquired by Talentum must have a CO<sub>2</sub> emission level of less than 180 g per km.



Talentum replaces its machinery and equipment regularly. Modern equipment is energy-efficient. The company invests in the use of electronic services such as websites and on-line newsletters, thus reducing the consumption of paper. In 2007, Talentum used 4,200 tonnes of paper in the printing of its books and magazines in Finland and Sweden.

## Social responsibility

Social responsibility means best practice as regards all the company's stakeholders, including personnel well-being and skills, corporate partnership, cooperation in the immediate environment, donations and other non-profit activities.

High-quality publishing in print and online calls for not only compliance with the law but also ethical action. All our employees observe the ethical rules for journalists, i.e. good journalistic practice, which aims at responsible application of freedom of speech in the media. The ethical legal provisions for advertising define how to act with customers, competitors, subcontractors, partners and colleagues and how to function in society in general.

Talentum contributes to social development via its skills and professional expertise. Dissemination of skills and promotion of honesty and fairness in its own sector are both very important to the company. Talentum is open to cooperation with educa-

tional institutions, and its own experts in different fields visit institutions to talk to students about the industry.

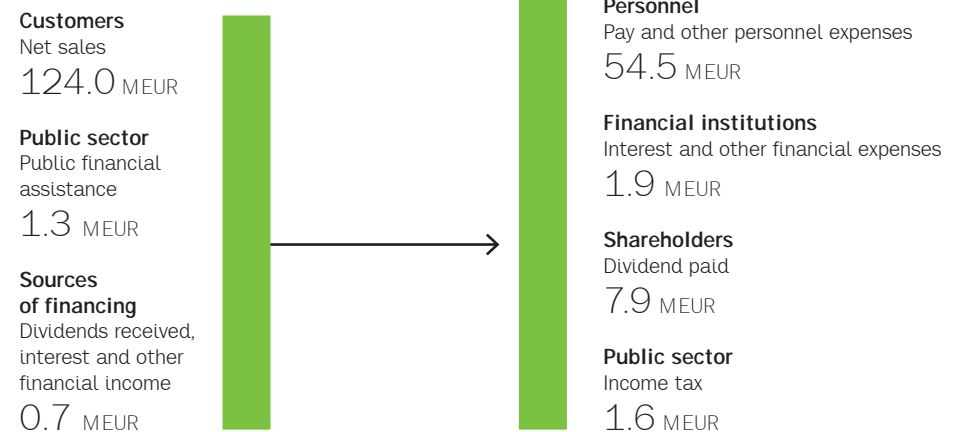
Talentum participates in sponsoring and sponsored advertising only after careful consideration. The contexts selected must be in keeping with Talentum's values and strategy, and they must bring added value to Talentum's products and services.

Talentum supports the creation, compilation and publication of research and data that serves the interests of Finnish business via the Kaute Foundation (financial assistance for commercial and technical sciences). The special fund established in 1977 by Talouselämä magazine gives money to science and research in accordance with the Foundation's rules and practices. In 2007, Kaute granted a total of EUR 25,000 to six applicants from the special fund of Talouselämä magazine. @

## Stakeholders and their expectations

<b>Customers</b>	→	quality products
<b>Personnel</b>	→	lasting employment, pay, benefits
<b>Shareholders</b>	→	return on investment
<b>Subcontractors and suppliers</b>	→	long-term customer relationship and reliable payer
<b>Media</b>	→	open communications
<b>Authorities</b>	→	observance of laws and regulations and good taxpaying capacity
<b>NGOs and trade organizations</b>	→	responsible operations by company, support and resources

## Direct financial impacts in 2007



# Personnel

The main aim of the Talentum Group's personnel strategy is to develop expertise and competitiveness.

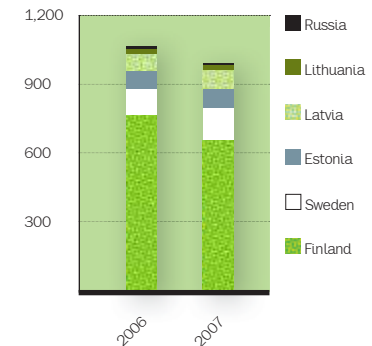


During 2007 an average of 991 people worked for Talentum in Finland, Sweden, the Baltic countries and Russia. 384 of them worked in publishing, 95 in TV content, 133 in premedia and 365 in direct marketing. In addition, 14 people worked in the parent company's administrative departments. Of the employees in 2007, 59 per cent were women and 41 per cent men. Most of

*During 2007 the training of supervisors, which is aimed at improving the flow of information between supervisors and departments, encourages and stimulates cooperation and increases the capabilities for supervisory work and management.*

## Personnel by countries 2006–2007

Average



the personnel, 31 per cent, were between 31 and 40 years of age.

The number of personnel fluctuated during the year. The discontinuing of business operations caused a reduction, but the corporate acquisitions at the end of the year led to an increase.

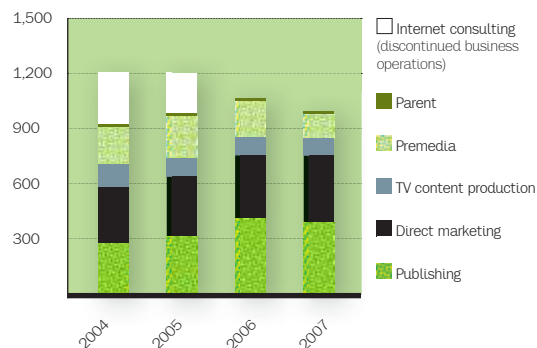
The growth and international operations brought challenges to personnel management at Talentum. Integrating the personnel at Talentum is a systematic and long-term activity that takes into account the legislation and operating culture in different countries. The integration of business operations and personnel into the Talentum Group is done through cooperation with the company's values as the basis. The best practices are put into effect around the Group.

## Development and rewarding of personnel

The Talentum Group is an organization of specialists. The personnel's high degree of professional skill and level of expertise guarantee that it is competitive. Talentum encourages its employees to engage in self-study programmes, supports continuous training and organizes tailor-made training programmes that serve the needs of the company,

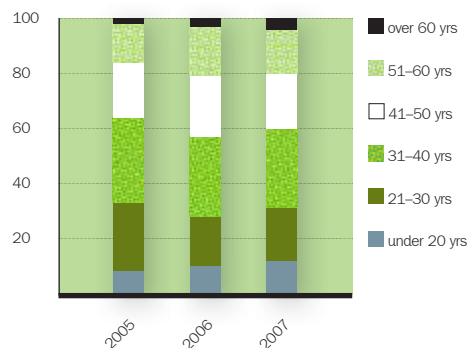
## Personnel by business area 2004–2007

Average



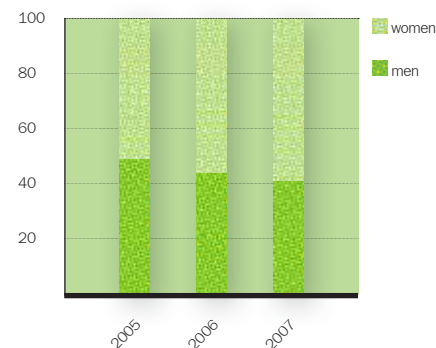
## Age profile 2005–2007

%



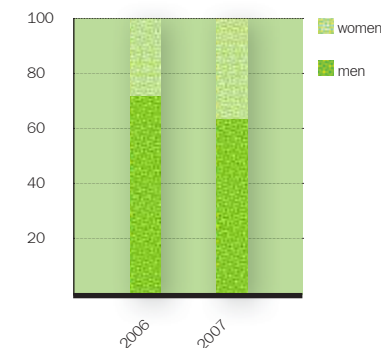
## Gender profile 2005–2007

%



## Gender profile in managerial positions 2006–2007

%



thus ensuring that the company is growing the necessary resources to meet the needs of the future. Other means of developing expertise are internal job rotation and fixed-term job switching.

During 2007 the training of supervisors, which is aimed at improving the flow of information between supervisors and departments, encourages and stimulates cooperation and increases the capabilities for supervisory work and management. The sub-areas of the training include communication and interactive skills, managing change and performance, labour legislation, personal development discussions and management accounting.

Talentum's incentive pay schemes motivate the staff, the purpose being to develop the business and improve the financial performance. The schemes take into account the performance of the company and individual unit and an employee's personal success, development and job performance. The aim has been to find a scheme that is fair and motivating and best suited to each business area and job.

## Company culture

At Talentum the flat organization and non-hierarchical company culture promote participation by

the personnel in developing the company's operations. During 2007 a discussion about values took place at Talentum in which each employee in Finland and Sweden had the opportunity to participate. As a result of the process, the values were specified: *our operations are based on cooperation, we operate so that we earn the customer's respect and we are highly competitive in everything we do* are the values guiding Talentum's operations.

Job satisfaction and the atmosphere inside Talentum have been looked at regularly since 1999. Every year Talentum uses personal development discussions and work atmosphere surveys systematically to ensure that every employee is in a job that inspires him/her and that the work atmosphere is motivating. The survey in 2007 shows that the atmosphere at Talentum was, as in previous years, good and the jobs were looked on as interesting. The different departments were felt to be open to new ideas and operating methods. Targets for development are managerial and work communication, which are receiving attention constantly.

Internal communications make use of email, bulletins and intranets, which contain operating instructions, documents and information on work guidance for supervisors. The company's man-

agement regularly produces a staff bulletin, the departmental heads give information to their subordinates and, if necessary, to the entire staff. Briefing sessions for the personnel are also held several times a year.

## Occupational well-being

The personnel's work ability and well-being are maintained by comprehensive occupational health care and an occupational safety and health facility. The main emphasis is on preventive activities that maintain work ability. In occupational health Talentum complies with the legislation and regulations in place, maintains standard and encourages further improvements in this area. At Talentum occupational safety and health means cooperation between the management, personnel and occupational health care. Talentum also supports recreational activities and sporting pastimes.

In line with the gender-equality plan Talentum promotes the placement of men and women evenly in different jobs and allows them equal opportunity to further their careers through training and career planning, or by developing their own characteristics. It is the responsibility of all members of the work community to establish equality, and it is

one of the tasks of the Health and Safety Committee to monitor this.


At Talentum co-determination is put into effect in all the countries where Talentum has operations in accordance with local legislation and in line with Talentum's values and principles of openness.

Since 1 April 2004 the pensions of those employees insured under the Employees' Pension Act (TEL) at Talentum Oy, Talentum Media Oy and Suoramarkkinointi Mega Oy has been handled by the general pension fund of the Talentum Group, which embraces 515 employees. The TEL insurance of other employees in the Talentum Group has been arranged in accordance with the legislation in each country.

## Future priorities

One priority in personnel management at Talentum in the future will be in particular the development of expertise, cooperation and competitiveness. Another important point will be maintaining an attractive employer image, since competition for those best capable of doing demanding specialist tasks will increase in the next few years. Recruiting women for supervisory and managerial tasks will also continue to be a major challenge. ☺





In my work  
I meet  
people with  
outstanding  
abilities.

In  
publishing  
professional  
literature the pace  
is quick and the  
tasks diverse.





A well produced, topical book and successful marketing – that's what I aim for in my work.

Mari Tamminen  
Publishing manager,  
Books



# Corporate governance

According to Talentum Oyj's Articles of Association, the company's decision-making bodies are the General Meeting of Shareholders, the Board of Directors and the CEO.



Talentum Oyj complies with the Corporate Governance Recommendation for Listed Companies, which was issued in December 2003 by the Central Chamber of Commerce, the Confederation of Finnish Industry and Employers, and HEX Oyj (Helsinki Exchanges), and which took effect on 1 July 2004.

The Talentum Group employs Guidelines on Governance, which contain stipulations on the composition and decision-making process of Group subsidiaries and sub-groups. The Guidelines determine, for example, the size of investments made in the Group and the changes in business areas and corporate restructuring that should be presented for a decision by the Board of Directors of the Group's parent company.

## General meeting of shareholders

The Annual General Meeting of Shareholders must be held each year by the end of June. The Board of Directors convenes the General Meeting by publishing a notice in at least two newspapers chosen by the General Meeting not more than two months and at least seventeen days before the date of the meeting. In order to attend, shareholders must register to do so not later than the date stated in the invitation to the meeting.

Under the Articles of Association at the General Meeting a shareholder may exercise total votes

representing a maximum of 1/6 of the company's total shares. If subsidiaries or companies in the same group and/or the pension foundation or pension fund of such companies jointly own shares representing more than 1/6 of the total votes, the votes that can be exercised at a General Meeting by virtue of these shares may only derive from shares carrying a maximum of 1/6 of the total votes.

## Board of directors

The Board of Directors is elected at the Annual General Meeting for a one-year term. The AGM elects a Chairman and Deputy Chairman.

## Charter

The charter of the Board of Directors guides the Board's work and supplements the other legislation and regulations it has to comply with, principally the Finnish Companies Act, the Securities Markets Act and the Company's Articles of Association. The Company also observes the rules and regulations of the Helsinki Stock Exchange, including recommendations by HEX Oyj, the Confederation of Finnish Industry and Employers and the Central Chamber of Commerce on the corporate governance of listed companies. The main points covered by the charter area as follows:

### Responsibilities of the Board

The main task of the Board of Directors is to steer the Group's activities, enabling it to produce maximum added value for the shareholders in terms of future cash flow. However, the interests of other stakeholders in the Company must be taken into

account in a proper manner and a sense of social responsibility must be adopted that is, at the least, generally acceptable.

The Board monitors the development of the Group's operations mainly through reviews by the CEO and monthly reports. Other main responsibilities of the Board of Directors include: appointing and discharging the CEO and deciding the terms and conditions of his/her contract of employment; approving operating policies and values; confirming the strategy and annual budget and supervising their implementation; approving major corporate acquisitions and investments and other particularly important decisions.

The main points covered by the charter are presented in more detail on the company's website at [www.talentum.fi](http://www.talentum.fi)

### Board meetings

The Board is quorate when more than half its members, of whom one must be the Chairman of Deputy Chairman, are present at the meeting. Board decisions supported by a majority of the members shall carry or, if the votes are evenly divided, the Chairman has the casting vote. Decisions passed must be unanimous in the event that the minimum number of members required for a quorum is present at the meeting.

In 2007 the Board of Directors met 15 times. The average attendance rate was 93 per cent.

### Committees

The Board has decided that, in view of the size of the Talentum Group and its monitoring and supervision systems, there is no reason to establish a

separate audit, appointments or bonus committee. The Board in general is responsible for the tasks of the committees.

## Board of Directors: fees 2007

The Board of Directors' fees are approved by the Annual General Meeting. The Board's monthly fees decided at the AGM on 27 March 2007 are as follows: Chairman EUR 4,000, Deputy Chairman EUR 2,500 and members EUR 2,000.

In 2007 the fees paid to the Members of the Board were:

Airaksinen Manne	€ 30,000
Kainulainen Harri	€ 24,000
Lehti Eero	€ 24,000
Mäkelä Kai	€ 24,000
Palomäki Atte (starting 28 March, 2007)	€ 18,000
Saarinen Tuomo	€ 48,000
<b>Total</b>	<b>€ 168,000</b>

## CEO

The CEO is appointed and discharged by the Board of Directors. He/she is responsible for the operative management of the company in accordance with the law and the instructions given by the Board of Directors, and is subject to its authority.

The CEO is directly responsible for implementing the strategy and for related investment and for arranging financial administration, financing, legal matters, group communications and investor relations, as well as preparations for Board meetings.

The CEO monitors staff decisions at the management level and important operative decisions. He/she ensures that the Group's subsidiaries oper-

ate in accordance with the interests of the parent company in the Talentum Group and implement Group strategy.

The CEO is not a member of the Board of Directors.

## Management organization

### Group Executive Management

The Chairman of the Group Executive Management is the CEO. The Group Executive Management also includes those mentioned in pages 42–43.

The duties of the Group Executive Management include ensuring implementation of the strategy, monitoring the financial performance, annual planning, corporate structuring and other important matters. The Group Executive Management also handles financing and investment and public communications. The Group Executive Management generally meets once a month.

The country-specific Executive Management in Finland and Sweden handles operative matters.

## Pay and rewards

### CEO and rest of Group management

The Board of Directors approves the CEO's salary and that of those reporting directly to him/her, including annual bonuses and the management bonus scheme.

The pay levels in the Group are monitored by means of a system where the person each manager reports to approves the principles relating to the terms and conditions of his/her subordinates' contracts of employment.



Talentum Oyj's CEO received a total of EUR 221,850 in salary, bonuses and benefits in 2007.

The rest of the Group's management together received a total of EUR 1,590,161 in salary, bonuses and benefits in 2007.

## Management incentive plan

In 2007 the Board of Directors of Talentum Oyj decided to establish a new share-based incentive plan for the Group management. 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 began on 1 January 2007 and will end on 31 December 2007. 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 per cent 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 potential reward from the plan for the earning period 2007 will be based on the Group's net sales and operating profit as well as on the total return on Talentum shares. The incentive plan is directed to 8 key employees during the earning period 2007. If the targets of the plan are

attained in full, the rewards to be paid on the basis of the plan will correspond to the gross value (including the cash payment) of approximately 1,000,000 Talentum Oyj shares.

## Terms and conditions of CEO's contract of employment

The CEO has a written contract of employment the terms and conditions of which have been approved by the Board.

Under his contract CEO Juha Blomster has the right to retire at the age of 60. His pension will be 60 per cent of his salary.

Juha Blomster's notice to terminate the agreement is six months. If the employment is terminated through no fault of the CEO, he will receive severance pay equal to nine months' salary in addition to the pay due to cover the normal period of notice.

## Insider administration

The Talentum Group applies the Guidelines for Insiders issued by the Helsinki Stock Exchange. In the Talentum Group the 'closed window' (the time during which permanent insiders may not trade in company shares before the publication of financial disclosures) is 21 days, as opposed to 14 days in the Helsinki Stock Exchange regulations.

The statutory insiders subject to the disclosure requirement are the Members of the Board, the CEO, the auditors, and also the Group's Chief Financial Officer and its General Counsel. In addition to these, the company has also decided that the following should also be permanent insiders: the Group Executive Management, the director

## Board of directors

### Tuomo Saarinen

Chairman

Born 1946

Member since 2006

**Tuomo Saarinen** M.Sc. (Eng.) retired from his main occupation as Managing Director of Satakunnan Kirjateollisuus Oy on 31 July 2006.

**Main work experience:** 1984–2006, Satakunnan Kirjateollisuus Oy, Managing Director; 1983–1984, Satakunnan Kirjateollisuus, Deputy Managing Director; 1977–1983, Sanoma Osakeyhtiö/Sanomaprint, Production Manager; 1974–1977, Sanoma Osakeyhtiö/Sanomaprint, Head of Production; 1971–1974, WSOY, Printing Departments Manager; 1970–1971, Suomalaisen Kirjallisuuden Kirjapaino, Development Manager. No other main positions of trust held simultaneously.



### Manne Airaksinen

Deputy Chairman

Born 1966

Member since 2003

**Manne Airaksinen** is a Master of Laws. His main occupation is Senior Advisor at Roschier Oy, Attorneys-at-law.

**Main work experience:** 2005–2006, Confederation of Finnish Industries, Chief Adviser; 1993–2005, Ministry of Justice, counsellor of legislation; 1992–1993, University of Helsinki, Institute of International Economic Law, Researcher; 1990–1992, Headline Group, Company Lawyer; 1990–1998, board member of several companies in Headline Group; 1998–2002, Wellmedia Oy, Member of the Board. Books and articles mainly on company law; member/secretary of Courts of Arbitration.

#### Main positions of trust held simultaneously:

Trainers' House Plc (prev. Satama Interactive Oyj), Member of the Board.



## Harri Kainulainen

Member

Born 1946

Member since 2006

**Harri Kainulainen** is a Master of Political Science. His main occupation is professional board-director.

**Main work experience:** 2006–2007, The Local Insurance Group, Managing Director; 1997–2005, Local Insurance Mutual Company, Managing Director; 1990–1997 Pori Jazz Oy, Managing Director; 1987–1990, Savonlinna Opera Festival Oy, Managing Director; 1977–1987, OP Bank Group, managerial positions.

### Main positions of trust held simultaneously:

Red Cross Finland Blood Service, Member of the Board; Mutual Insurance Company Pension Fennia, Member of the Supervisory Board; National Defence Training Association (MPK), Chairman; VK-Kustannus Oy, Member of the Board.



## Eero Lehti

Member

Born 1944

Member since 2006

**Eero Lehti** is a Master of Political Science. His main occupation is Chairman of the Board of companies he owns and Member of Parliament.

**Main work experience:** 1971–1997, Taloustutkimus Oy, founder, owner, CEO, and Chairman of the Board 1997– ; 1978– , Suomen Lehtiyhtymä, main owner and Chairman of the Board.

### Main positions of trust held simultaneously:

Kerava town council, Chairman; Fennia, Chairman of the Board; Pension Fennia, Chairman of the Board; Fennia Life, Chairman of the Board; Federation of Finnish Enterprises, Chairman; Eila Kaisla Oy, Member of the Board; Nordia Management, Member of the Board; Economic Council of Finland, member; TEKES, Member of the Board; Uudenmaan Pääomarahasto Oy (regional venture capital fund), Member of the Board.



## Kai Mäkelä

Member

Born 1947

Member since 2006

**Kai Mäkelä** is a Master of Science (Econ. and B.A.). His main occupation is Managing Director of Oy Herttaässä Ab and other Hertta companies owned by him.

**Main work experience:** 1994–2003, Janton Oy, Chairman of the Board; Interavanti Oyj, Member of the Board; Saunalahti, Member of the Board.

### Main positions of trust held simultaneously:

Ruukki Group Oyj, Member of the Board.



## Atte Palomäki

Member

Born 1965

Member since 2007

**Atte Palomäki** is a Master of Political Science. His main occupation is Group Chief Press Officer, Nordea Bank and, as of 1 March 2008, Group Vice President, Corporate Communications, Wärtsilä Corporation.

**Main work experience:** 2002–2005, Kauppa-lehti, senior business correspondent; 2000–2002, MTV3, financial news reporter; 1995–1999 MTV3 Huomenta Suomi, news producer and anchor, reporter/foreign affairs 1993–1995. No other main positions of trust held simultaneously.



## Group Executive Management

responsible for sales in Finland, the person responsible for communications and investor relations (at the same time the CEO's assistant) and also those who are responsible for and handle Group accounts and reports.

In addition to the statutory restrictions, the Company sets, if necessary, trading restrictions on a project-by-project basis, where people participating in projects that could affect the share value (such as corporate acquisitions) and in their planning and preparation are designated as project insiders. Compliance with the insider guidelines is monitored at regular intervals. The Group's General Counsel is responsible for matters relating to Company insiders.

Permanent insiders are regularly instructed and trained in insider matters.

Talentum Oyj's public insider register is held in the SIRE system of the Finnish Central Securities Depository (APK).

Details of the share ownership of public insiders can be found on Talentum's website: [www.talentum.fi](http://www.talentum.fi).

### Auditor

Every year the Annual General Meeting chooses an APA (Authorised Public Accountant) auditor.

The auditor is PricewaterhouseCoopers Oy, with Authorized Public Accountant Juha Wahlroos (born 1956) acting as accountable auditor.

### Auditor's fees

In 2007 the auditor was paid EUR 145,598 for the audit plus the sum of EUR 8,817 for additional services not relating to the audit.

### Juha Blomster

**Group CEO**  
**Born 1957**

**Juha Blomster**, M.Sc. (Econ. & B.A.), has been Talentum's CEO since October 2006.

#### Main work experience:

Kauppalehti Oy, Managing Director 2000–2006; Kustannus Oy Aamulehti, President, Marketing Director 1996–2000; Kustannus Oy Kauppalehti, Assistant Director 1991–1995.

### Lasse Rosengren

**General Counsel Deputy**  
**CEO, TV Content, Production and Premedia**  
**Born 1963**

**Lasse Rosengren**, LL.M., has worked at Talentum as General Counsel since 2000.

#### Main work experience:

attorney at law 1993–2000; OKO BANK, Credit Manager 1991–1993; SKOPBANK, lawyer 1989–1991.

### Christer Björkin

from 24 January 2008  
**CEO,**  
**Talentum Sweden AB**  
**Born 1964**

**Christer Björkin** has completed a Business Marketing course. He has worked at Talentum Sweden AB (former E+T, Ekonomi & Teknik Förlag) as the General Manager and CEO since 2003.

#### Main work experience:

Affärsvärlden Förlag AB, Managing Director 2001–2003; Computer Sweden (IDG), Product Director 1991–1999; E-respect Communications AB, CEO 1999–2001.

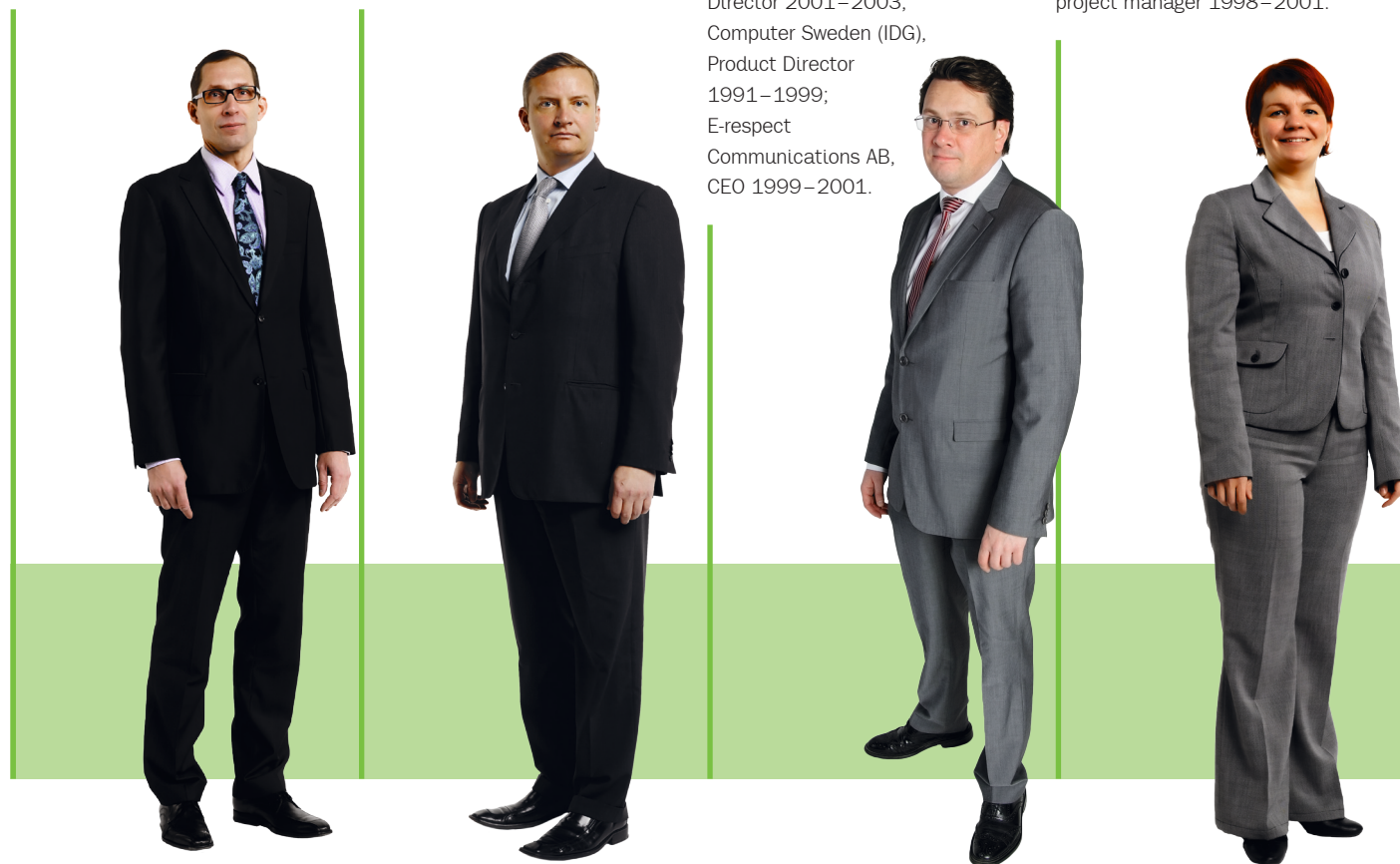
### Hanna Kivelä

from 24 January 2008  
**Director, Nordic Online & IT**  
**Born 1974**

**Hanna Kivelä**, M.Sc. (Eng.) has been a director at Talentum Oyj since 2007, being responsible for the online business and IT.

#### Main work experience:

Plenware Oy, sales director 2005–2007; Alma Media Group Oyj, development manager, project manager 2001–2005; Sonera Plc, project manager 1998–2001.





## **Kaisa Kokkonen**

**CFO**

**Born 1962**

**Kaisa Kokkonen**, M.Sc. (Econ. & B.A.), has been the CFO at Talentum since 2007.

### **Main work experience:**

Capto Financial Consulting, Service Line Manager 2006–2007; VTI Technologies Oy, CFO 2004–2006; Hackman Plc, several positions, the last being Director of Finance 1997–2004; Pohjola Insurance Company Oyj, Contoller 1991–1997.



## **Mika Malin**

**Director, marketing, book publishing, training and development of strategy**  
**Born 1969**

**Mika Malin**, M.Sc. (Econ. & B.A.), has worked at Talentum since 2006.

### **Main work experience:**

Boston Consulting Group, consultant 2003–2006; Stepstone Ltd, International Site Manager 2000–2001; United Biscuits Holdings Plc, International Brand Manager, UK 1999–2000.



## **Jarl Michelsson**

to 21 October 2007  
**Director, Sales and marketing**  
**Born 1947**

**Jarl Michelsson** is commercial college graduate. He was director of Sales and Marketing at talentum Media Oy during 1997–2007.

**Main work experience:** 33 years of sales experience at Oy International Business Machines Ab Finland, Xerox Oy Finland and experience as an entrepreneur, a trainer in sales and consultant.



## **Mikko Saarela**

to 31 December 2007  
**Director, sales**  
**Born 1960**

**Mikko Saarela**, commercial college graduate, is the director responsible for Publishing's sales in Finland. He has worked for Talentum since 1995.

**Main work experience:** 20 years at Suoramarkkinointi Mega.



## **Pekka Seppänen**

**Editor-in-chief, director (journalism, magazines in Finland)**  
**Born 1960**

**Pekka Seppänen**, B.Soc.Sc., has worked at Talentum as Editor-in-Chief of Talouselämä Magazine since 2000, and has been with Talouselämä magazine since 1988.

## **Axel Östergren**

from 24 January 2008  
**CFO, Talentum Sweden AB**  
**Born 1948**

**Axel Östergren**, B.Sc. (Econ. & B.A.) has been working at Talentum Sweden as the CFO since 1991 and he was the CEO in 1999–2000.

### **Main work experience:**

Baspress Förlag AB, Managing Director, 1984–1989; Ingenjörsköretagen AB, Director of Administration, 1980–1984.



## Principles of management of capital and risks

### Capital Management

The aim in managing the Group's capital is to maintain a strong financial position and ensure that the financing needs of the business activities can, if necessary, be settled cost-efficiently.

The main source of financing in the Group is the positive cash flow from operating activities. The acquisition of financing outside the Group has been centralized and is now the responsibility of the parent company's financial administration.

The development of the Group's capital structure is monitored and anticipated at regular intervals. The key indicators are monitored for the equity and net gearing ratios. Calculations of the key indicators are shown in the notes to the financial statements.

The capital that is tied up in the operating activities comprises the net working capital and the fixed assets, which have been financed through equity and net liabilities as shown in the table in the notes to the financial statements.

The Group's long-term target for the equity ratio is 30 per cent. At the end of 2007 it was 36.7 per cent. Following the Group's strategy of focusing on publishing may lead to momentary changes in the capital structure in a given period of time.

Talentum Oyj pursues an active dividend policy. The final amount of the annual dividend is decided by factors such as the potential for operating activities in the near future and the capital structure at a given time.

### Risk management

#### 1. Market risks

40 per cent of the consolidated turnover is tied up in advertising, and in particular the b-to-b sector, which is susceptible to cyclical fluctuations. We endeavour to manage this market risk by increasing the revenue from circulation sales and the content sales service. Our goal is for all our products and services to be the market leader in their own field, so that success is possible even in a recession.

**In Publishing group** subscriptions for the biggest magazines are important in terms of the area they cover, and contracts have been in effect for several decades. Changes to them may have major effects on magazine circulations.

Internet services are a variable factor that can change the revenue-generation model of magazines and books temporarily or over the long term as well. Media usage habits can change and affect business adversely. Should we fail to develop our business to meet changing media usage habits, problems may arise.

Economic trends have a considerable effect on the advertising market. Job ads are the area of advertising revenue most sensitive to cyclical trends. Operating in several sectors in Finland and in Sweden reduces the risk in advertising sales. Our strong market position supports and protects our business's profitability and at the same time reduces susceptibility to cyclical trends.

Our most important subcontractors are printing plants, magazine distributors and Internet opera-

tors. This chain is prone to operational and cost risks. This risk is minimized by long-term agreements.

**In direct marketing** most of the revenue comes from selling different publishers' magazines and books over the telephone. Any changes in approach and procedures in publishing are reflected in the turnover for direct marketing.

The risk exists in direct marketing that legislation or consumers' attitudes will change and make selling over the phone more difficult.

**The premedia field** has been changing rapidly during the past few years. The development of techniques and technology will continue to change operating methods in the field, and if we do not adapt to the change with sufficient speed, it may hamper the development of the business.

Operating in a subcontractors' market may lead to price wars, which will lower prices generally. This trend can be checked through the use of long-term agreements, by keeping levels of quality high, by increasing efficiency and by offering a top-grade service.

**TV content production** has focused in the main on two different areas: advertising film production and television programmes. In both areas the market risks are largely linked to the success of electronic media and so also to TV advertising's share of the entire advertising market.

The risk in advertising film production in the long term is the reduction in the number of product brands being advertised and the globalisa-

tion of product brands, with the result that some of the decision-making on them and the production of advertising film generally may move away from Finland.

#### 2. Personnel risks

Our business depends on the expertise of leading professionals, the creativity of very talented, competent personnel and sufficient numbers of skilled employees.

In order to obtain the commitment of our staff, we adhere to a system of performance-related pay, we develop skills through active job rotation and we pay attention to the importance of training and the work environment.

Sophisticated production processes and our facility for introducing new technology quickly will reduce staff risks overall. It is also important that working methods are systemized so the successful outcome of projects is not over-dependent on certain individuals.

#### 3. Production process

Our production process is based on the expertise and skills of leading professionals. Personnel expenses form a major part of the Group's total costs. Controlling these costs is crucial for an improvement in the financial performance.

In each of our companies basic data security functions have been introduced e.g. back-up copying, anti-virus and firewall solutions. Data network services are acquired centrally from outside suppliers offering the highest levels of service possible, and there are back-up connections at critical production points. If, in spite of all the precautions,

information security is compromised, it can cause damage to production and business relationships, and therefore have an adverse effect on profits.

Our business relies on complicated IT systems and data networks. Production materials move along the networks from one work stage to another both inside their own production environment and between subcontractors. The production processes have deadlines by which the material must be ready for publication or printing. If there are long disruptions in telecommunications connections at critical moments of production and portable media cannot be used as a substitute, publishing may be delayed beyond the agreed flexitimes, which may have an effect on customer relationships and, consequently, the business.

#### 4. Legal risks

In their agreements and under the law, the Group's companies bear responsibility for the services that they produce not infringing the rights of third parties or otherwise being illegal. It is possible that, in spite of the precautions taken, a third party will claim that services produced by the Group's companies are infringing a third party's copyrights or other intellectual property rights or are in other ways illegal, for example, on the basis of freedom of speech or defamation legislation. If such an infringement of rights or illegality were to be detected, it may result in claims for compensation.

Protecting copyright is of the utmost importance in almost all the Group's companies. The possibility of exploiting works financially means that the Group must hold the necessary copyright to the works in question and to the services

that are delivered to customers. If it were found that the Group does not hold all the copyrights to a certain product or service, the Group could no longer exploit its financial rights associated with the product or service in question, and this might cause financial losses.

Legislative developments and developments concerning practices and technology associated with copyright or the internet may cause risks for which we have not been able to prepare ourselves, and as matters are now so complicated we may have to adapt to unexpected and thus unpredictable changes that may have a negative impact on profitability.

Attempts are being made to manage legal risks in many different ways. The Talentum Group aims to ensure that, with reference to all employment contracts, all copyrights and other intellectual property rights are assigned to the appropriate companies in the Talentum Group. Agreements made with subcontractors used by the Group aim to ensure that the Group obtains at any given time adequate rights for an acquired service or product. Similarly, as far as Group services and products are concerned, customer agreements endeavour to ensure adequate rights for the companies in the Talentum Group to use the material and know-how contained in them in other connections. The legality of the content produced by the Group is checked in all unclear or doubtful situations with the Group's General Counsel. The people responsible for content are given guidance and training regularly in the development and interpretation of legislation and legislative practice.

#### 5. Financial risks

Attempts are made to hedge against the financial risks associated with the Talentum Group's operating activities so that a stable base is created for developing the operations. The Group's general principles for managing financial risks are approved by the Board of Directors. The Group's financing has been centralized and is now the responsibility of Talentum Oyj's financial department. The Group does not use derivatives to hedge against financial risks.

**The Talentum Group's currency risks** comprise risks concerning foreign currency flows and, in the case of Talentum Sweden, risks involved in translating shareholders' equity denominated in foreign currency. Most of the Group's direct income and expenses are created in the Eurozone. The starting point for managing foreign currency flows is matching between income and expenses. The emphasis on managing the risks in translating shareholders' equity denominated in foreign currency is to attempt, if necessary, to hedge against major currency movements in the Group's equity. Up till now there has been no hedging against translation risks in the equity as it has been immaterial for the Group.

**The effects of interest-rate changes** on the value of interest-bearing receivables and liabilities create an interest-rate risk. The size of the risk is managed by changing the proportion of fixed and floating interest-rate loans in the loan portfolio. The interest-bearing financing liabilities of the

Talentum Group comprise a commercial paper programme and loans from financial institutions.

**The Talentum Group's credit risk** is low because of the nature of the Group's operations. Trade receivables are monitored constantly, and no special risk of major credit losses has been identified at Talentum because our customer base is weighted towards big, financially sound companies.

**Liquidity risk** means the risk associated with the availability and timing of funding. Adequate liquidity is maintained through efficient cash management and financing arrangements. Payments in advance are usually used for managing liquidity in circulation sales. A EUR 30-million commercial paper programme within the framework of which funds can be raised flexibly is in force at Talentum.

**In order to manage counterparty risk**, only parties with a high credit rating are approved for cash-asset investments.

#### 6. Accident risks

The personnel, property and operations of companies in the Talentum Group are covered by insurance policies. The coverage of the policies, the values insured and excess values are revised annually with a broker and insurance companies. ☺



# Shares and shareholders

Talentum's shares are listed on the OMX Nordic Exchange in Helsinki.

The shares were first listed on the Helsinki Stock Exchange OTC list (later the I list) in 1988. They moved to the Main List on 1 December 1998 and the OMX Nordic Exchange Helsinki list on 2 October 2006 when the Helsinki and Stockholm Stock Exchanges merged. The code for the shares is TTM1V. The company's shares are not traded on any other stock exchange.

Talentum Oyj's issued stock stands at 44,220,817 shares. The shares are included in the book-entry securities system. All the shares are in a single series and each share confers equal entitlement to vote at company meetings and to identical dividend rights. However, Talentum Oyj's Articles of Association include a clause restricting voting rights.

Total turnover for Talentum shares in 2007 was 14,141,995, representing 32.1 per cent of all shares.

## Dividend policy

Talentum Oyj employs an active policy on dividends. In 2006 a dividend of EUR 0.18 per share was distributed. For 2007, the Board of Directors is proposing to the Annual General Meeting that a dividend of EUR 0.20 per share be distributed.

The factors affecting dividends are the amount of distributable unrestricted equity, the absolute and relative net profit for the year, the company's cash flow from business operations, the need for capital expenditure in the near future, and future prospects.

## Investor relations

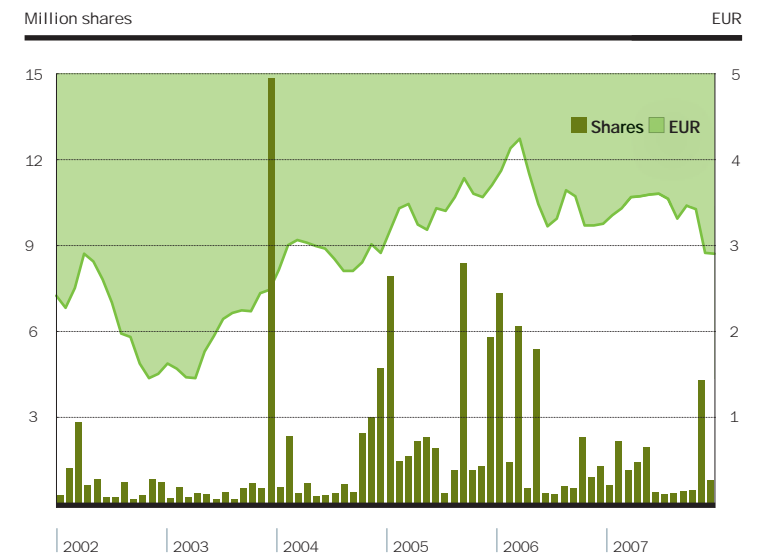
Talentum's investor relations aim to ensure that the market receives accurate information on the Talentum Group's business and its future prospects. Talentum serves the interests of investors and analysts by holding meetings with the management. Bulletins issued to the market can be seen on the company's website: [www.talentum.fi](http://www.talentum.fi).

Talentum aims for transparency in all the information it provides. ©

## Major shareholders, 31 December 2007

	Total shares	% of shares and voting rights
1. Kauppalehti Oy (Alma Media Corporation)	13,200,000	29.85
2. Oy Herttaässä Ab	4,438,100	10.04
3. Keskinäinen Vakuutusyhtiö Eläke-Fennia	1,950,000	4.41
4. Dia-Tieto Oy (The Finnish Association of Graduate Engineers TEK)	1,598,138	3.61
5. The New Association of Finnish Engineers	1,500,900	3.39
6. OP-Finland Small Firm Fund	1,202,551	2.72
7. Mandatum Finnish Small Cap Fund	964,183	2.18
8. Nordea Fennia Fund	783,264	1.77
9. Mutual Fund Evli Select	700,000	1.58
10. Nordea Life Assurance Finland Ltd.	700,000	1.58
11. Nordea Fennia Plus Fund	553,300	1.25
12. Nordea Pro Finland Fund	495,006	1.12
13. Mutual Fund Evli Nordic Dividend	410,241	0.93
14. Varma Mutual Pension Insurance Company	375,000	0.85
15. The Association of Finnish Wholesalers and Importers	339,396	0.77
16. Neste Oil Pension Fund	311,772	0.71
17. Korkeamäki Vilho	275,000	0.62
18. Fim Maltti Fund	260,000	0.59
19. Sampo Suomi Osake Sijoitusrahasto	257,768	0.58
20. Tekniska Föreningen i Finland Stiftelse	201,974	0.46
Nominee registered shares	2,294,394	5.19
Other shareholders total	11,409,030	25.80
<b>Issued stock</b>	<b>44,220,817</b>	<b>100.0</b>

## Share trading and share price 2002–2007





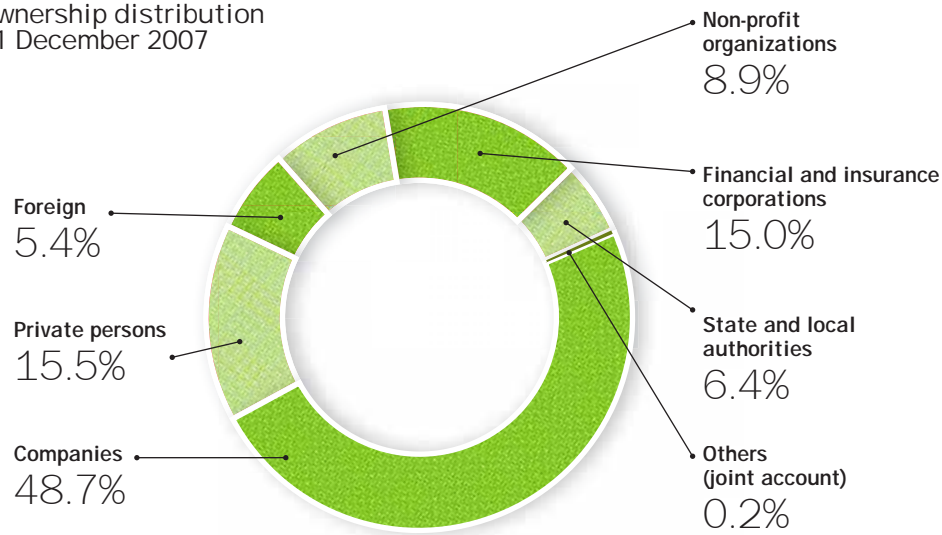
Ownership distribution  
31 December 2007

	Shareholders	% of shareholders	Shares	% of shares and votes
Companies	274	6.2	21,542,587	48.7
Financial and insurance corporations	30	0.7	6,610,781	15.0
State and local authorities	6	0.1	2,823,952	6.4
Non-profit organizations	81	1.8	3,955,967	8.9
Private persons	3 981	90.8	6,843,240	15.5
Foreign (including nominee registrations)	14	0.3	2,374,186	5.4
Others (joint account)			70,104	0.2
<b>Total</b>	<b>4 386</b>	<b>100</b>	<b>44,220,817</b>	<b>100</b>

Share distribution  
31 December 2007

	Shareholders	% of shareholders	Shares	% of shares and votes
1-100	474	10,81	32 999	0,08
101-1 000	2 291	52,23	1 206 022	2,72
1 001-10 000	1 450	33,06	4 358 059	9,86
10 001-100 000	136	3,10	3 618 689	8,18
100 001-10 000 000	34	0,78	21 734 944	49,15
10 000 000-999 999 999	1	0,02	13 200 000	29,85
Waiting list	0	0,00	0	0,00
Joint account			70 104	0,16
<b>Total</b>	<b>4 386</b>	<b>100</b>	<b>44 220 817</b>	<b>100</b>

Ownership distribution  
31 December 2007



Share capital increases 2003-2007

	Number of shares
<b>Total number of shares 31.12.2002</b>	<b>20,118,215</b>
2003 Stock option plan	713,800
<b>Total number of shares 31.12.2003</b>	<b>20,832,015</b>
2004 Stock option plan	1,200
Targeted share issue/Suomen Arvopaperimediat Oy	408,475
Bonus issue	21,241,690
<b>Total number of shares 31.12.2004</b>	<b>42,483,380</b>
2005 Targeted share issue/former owners of Suomen Arvopaperimediat Oy	67,796
Targeted share issue to the owners of E+T.	
Ekonomi & Teknik Förlag AB	1,669,641
<b>Total number of shares 31.12.2005</b>	<b>44,220,817</b>
<b>Total number of shares 31.12.2006</b>	<b>44,220,817</b>
<b>Total number of shares 31.12.2007</b>	<b>44,220,817</b>



# Yearly summary of releases in 2007

Yearly summary of Talentum Oyj's stock exchange releases and investor reports in 2007.

## Stock exchange releases

### January

No stock exchange releases.

### February

**9 February 2007 8:30 AM**

**A year of restructuring at Talentum – dividend proposal of EUR 0.18.**

Year-end financial statements and Board's dividend proposal to Annual General Meeting.

**23 February 2007 1:00 PM**

**Talentum Board of Directors proposals to the Annual General Meeting**

### March

**1 March 2007 11:00 AM**

**Notice of Talentum Oyj's Annual General Meeting**

**08 March 2007 2:45 PM**

**The Board of Directors at Talentum approves an incentive plan for management**

The Board of Directors of Talentum approves a new share-based incentive plan for the Group Management.

**19 March 2007 9:45 AM**

**Talentum Oyj's Annual Report 2006 and annual summary**

**27 March 2007 5:30 PM**

**Talentum Oyj's Annual General Meeting**

**29 March 2007 10:45 AM**

**Morgan Stanley's holding in Talentum to 5.58 per cent**

Notification under the Securities Markets Act of Finland, chapter 2 section 10.

**29 March 2007 4:30 PM**

**Morgan Stanley's holding in Talentum falls below 5 per cent**

Notification under the Securities Markets Act of Finland, chapter 2 section 10.

### April

**11 April 2007 11:00 AM**

**Talentum's New CFO**

Kaisa Kokkonen M.Sc. (Econ. and B.A.), has been appointed new CFO at Talentum Oyj and member of the Executive Management as of 1 June 2007.

**27 April 2007 8:30 AM**

**Talentum's net sales and operating profit for January–March exceed previous year's equivalent**

Interim report for January–March.

### May

No stock exchange releases.

### June

**13 June 2007 8:40 AM**

**Talentum to reorganize its Premedia business operations**

Talentum sells Reprostudio & Heku Oy's premedia business operations and digital data management business functions are concentrated into one unit.

### July

**20 July 2007 8:00 AM**

**Talentum's net sales and operating profit continue to grow**

Interim report for January–June.

### August

No stock exchange releases

### October

**26 October 2007 8:30 AM**

**Talentum's net sales and financial performance for July–September still improving**

Interim report for January–September.

### November

**21 November 2007 3:00 PM**

**Announcement of Talentum's results and Annual General Meeting in 2008**

Talentum announces its stock exchange release schedule for 2008.

**22 November 2007 11:30 AM**

**Franklin Mutual Advisers, LLC's holding in Talentum falls below 5 per cent**

Notification under the Securities Markets Act of Finland, Chapter 2 Section 10.

### December

No stock exchange releases

## Investor reports

### June

**12 June 2007 3:10 PM**

**Talentum acquires Dagens Media in Sweden**

### November

**2 November 2007 9:30 AM**


**Talentum negotiating purchase of Thomson Fakta Regulatory in Sweden**

**13 November 2007 2:30 PM**

**Talentum's purchase of Thomson Fakta Regulatory in Sweden concluded**



To  
get a full  
house at big  
events our team  
has to work in  
complete  
unison.

A woman with dark hair, wearing a black blazer over a white top, stands in the center of a large, empty theater. She is looking directly at the camera. The theater seats are black and arranged in rows, receding into the distance. A green dotted line graphic starts from the bottom left, curves upwards, and ends near the top right. Two white circular callouts with green borders contain text. The background is a large, empty theater with a stage area visible in the distance.

Every day I meet all manner of people doing all manner of jobs.

You always come against surprises when arranging events – we overcome them together.

Susan Mero  
Manager,  
Events





# Financial Statements 2007

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Financial Statements have been published in Finnish and in English.  
In case of doubt, the Finnish version is authoritative.

# Annual report by the board of directors

## Consolidated net sales and financial performance 2007

Talentum's consolidated net sales for 2007 increased by 2.4% to EUR 124 million (EUR 121.1 million). Publishing's net sales rose by 12.2% to EUR 83.8 million (EUR 74.7 million). The publishing operations acquired in Sweden in 2007 accounted for EUR 3.3 million of the increase. Premedia's net sales went down by EUR 5.5 million as a result of a restructuring in the summer. TV Content Production's net sales fell by EUR 1.8 million.

Talentum's consolidated operating profit for 2007 was EUR 13.9 million (EUR 4.3 million). The consolidated operating profit without non-recurring items was EUR 15.0 million (EUR 8.7 million). Publishing's operating profit was EUR 14.8 million (EUR 7.1 million). Publishing's financial performance included non-recurring income of EUR 0.6 million resulting from a reduction in advertising tax in Sweden. The sales structure and the measures carried out in 2006 to improve profitability contributed to the positive trend in the financial performance in both Finland and Sweden. The performance for the comparative year was weakened by non-recurring items.

Net financial expenses amounted to EUR 1.2 million (EUR 0.5 million). The figure includes a loss of EUR 0.5 million on the sale of shares in an associated company.

The profit before taxation for the period under review was EUR 12.9 million (EUR 4.2 million). Taxation amounted to EUR 3.7 million (EUR 1.5 million), the equivalent of a tax percentage of 29% (36%). The profit for the period under review was EUR 9.2 million (EUR 2.7 million).

The earnings per share were EUR 0.20 (EUR 0.05). The equity per share was EUR 0.69 (EUR 0.69).

## Operating environment and seasonal variation

The general economic situation still remained relatively good in the final quarter of 2007. In both Finland and Sweden the media market continued to grow.

According to TNS Gallup, in Finland media advertising grew by more than 6.0% in January–December and in Sweden the growth in the media market was, according to an advance estimate, some 5% (Institutet för Reklam och Mediestatistik). Job advertising in particular progressed well in both Finland and Sweden.

The media and media service markets are subject to seasonal fluctuation and business is at its briskest during the final quarter of the year. 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.

## Sector's and Talentum's prospects for 2008

The general economic situation has been uncertain since the autumn. However, this uncertainty, which began on the financial markets, has not affected the sector. In an economic downturn content sales are not as susceptible to market fluctuation as media sales in the short term.

Talentum expects the net sales of the core operations to increase over the previous year and the operating profit to improve in 2008 in spite of integration costs of the acquired business operations and the development costs of online operations.

## Cash flow, financial position and balance sheet

The cash flow from operating activities was EUR 14.7 million (EUR 9.1 million) in January–December. The change in working capital was EUR -2.1 million (EUR 1.0 million) in 2007.

The consolidated balance sheet total stood at EUR 89.0 million (EUR 89.7 million) on December 31, 2007. Interest-bearing net liabilities were EUR 5.3 million (EUR 5.1 million). The Group's liquid assets, EUR 13.8 million (EUR 20.4 million), have been invested mostly in financial instruments. The consolidated loans and borrowings amounted to EUR 19.2 million (EUR 25.5 million). The consolidated interest-bearing net liabilities are mostly denominated in euros.

The equity ratio was 36.7% (36.1%) at the end of the year. The Group's equity per share was EUR 0.69 (EUR 0.69).

## Investment

Gross investment in fixed assets in January–December totalled EUR 11.6 million (EUR 5.1 million), i.e. 9.3% (4.2%) of net sales. The effect of corporate acquisitions on investment was EUR 10.0 million (EUR 1.5 million).

Other investment comprised mainly normal replacement and maintenance, such as procuring equipment, software and fixtures.

## Depreciation and impairment

Depreciation on tangible and intangible assets amounted to EUR 3.1 million (EUR 3.4 million) i.e. 2.5% (3.0%) of net sales.

The figures for the comparative period contain recognition of an impairment in the Premedia business area amounting to EUR 1.8 million.

## Group restructuring

Talentum's Swedish subsidiary Talentum Sweden AB acquired the share capital of Thomson Fakta Regulatory AB in a transaction concluded in Sweden on November 13, 2007. Its net sales at the annual level are about EUR 8 million and at the time of acquisition it employed about 60 people.

The Swedish company Mentor Online Ab became an associated company in June 2007, since when its financial performance has been consolidated into the Group accounts under the equity method. Its net sales at the annual level are about EUR 16 million.

In order to bring the Group structure into clearer definition Suomen Arvopaperimediata Oy and Suomen Arvopaperilehti Oy were merged into Oy Talentum Media Oy in Finland. In Sweden the Group structure was given clearer definition with the merger of several minor companies.

Talentum sold the shares in the associated company Acacom Academic Communications Oy, which publishes customer magazines, in a transaction concluded on September 21, 2007, thus recognizing a loss of EUR 0.5 million euros, which is included under financial expenses.

Talentum's Swedish subsidiary Talentum Sweden AB acquired the share capital of Dagens Media Sverige AB in a transaction concluded on June 12, 2007, since when the company has been consolidated into the Group accounts. Its net sales at the annual level are about EUR 2 million and it is running at a profit. At the time of acquisition it was employing 13 people.

The premedia business of Reprostudio & Heku Oy in the Premedia business area was sold in a transaction on June 13, 2007 that included the transfer



of 45 employees. The net sales of the sold business are about EUR 5 million at the annual level.

## Personnel

The main objective of the Talentum Group's personnel strategy is to develop the expertise and competitiveness.

The Group employed an average of 991 (1,064) people during the year. Geographically, the personnel was split as follows: Finland 652 people (760), Sweden 144 (114), Latvia 83 (77), Lithuania 23 (19), Estonia 80 (79) and Russia 9 (15).

## Environment

Talentum's operations cause no major harmful effects to the environment since the work is done principally in offices at terminals. The main environmental effects are associated with the consumption of paper, transportation, recycling, energy consumption and waste management.

## Business areas

### Publishing

Publishing's net sales rose by 12.2% to EUR 83.8 million (EUR 74.7 million). The operating profit (EBIT) for the whole of 2007 was EUR 14.8 million (EUR 7.1 million).

The net sales of magazine publishing amounted to EUR 69.7 million (EUR 61.3 million), of which online services accounted for some EUR 5.6 million (EUR 5.7 million). Book publishing's net sales totalled EUR 9.7 million (EUR 9.2 million) and training and seminar net sales EUR 4.4 million (EUR 4.1 million).

The circulation revenue of Talentum's magazines went up by 10.6%. Advertising revenue was at last

year's level in Finland and it increased by 36.4% in Sweden. Of the growth in advertising sales in Sweden, 7 percentage points were the result of the acquisition of the magazines *Arbertarskydd* and *Dagens Media*.

### Direct Marketing

Direct Marketing's net sales went up by 16.8% to EUR 9.5 million (EUR 8.2 million). The operating profit (EBIT) was EUR 1.3 million (EUR 1.1 million). Net sales outside the Group accounted for 56.0% (56.2%) of the total net sales and 54.6% (49.5%) of the growth.

### TV Content Production

The net sales of TV Content Production went down by 7.1% to EUR 22.9 million (EUR 24.6 million). The operating profit was EUR 1.2 million (EUR 1.8 million).

Net sales of advertising films were EUR 7.0 million (EUR 8.0 million). Net sales of TV programme production fell to EUR 12.6 million (EUR 13.1 million).

### Premedia

Net sales in the Premedia business area fell by 30.6% to EUR 12.5 million (EUR 18.0 million). The operating profit improved and was EUR -0.9 million (EUR -2.5 million).

The sale of the premedia operations reduced the net sales from June onwards; the financial performance for June includes a non-recurring expense of EUR 1.7 million related to the restructuring.

## AGM, Board and auditor

Talentum's Annual General Meeting was held on March 27, 2007. The meeting confirmed the financial statements for January 1 – December 31, 2006 and granted the company's Board of Directors and CEO exemption from liability.

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

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

The Board met altogether 15 times during the period under review. The average participation by Board members was 93%.

## Shares and share capital

At the end of the financial period, Talentum Oyj's share capital totalled EUR 18,593,518.79, comprising 44,220,817 fully paid-up shares. The shares are listed on the OMX Nordic Exchange Helsinki.

At the end of the financial period, the company and its subsidiaries held 181,000 company shares, 0.41% of Talentum's total stock and votes.

A total of 14,141,995 shares were traded during the financial period, 32.1% of the total average stock during the financial period.

### Shareholdings of the Board of Directors and Managing Director

On December 31, 2007, 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 4,470,162, representing 10.1% 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 March 27, 2007 authorized the Board of Directors to decide on a share issue that may be either liable to charge or free of charge, including the issuing of new shares and the conveyance of own shares possibly in the company's possession. The Annual General Meeting authorized the Board of Directors to decide on an issue of option rights and other special rights which grant entitlement, against payment, to receive new shares or shares possibly in possession of the company. By virtue of the aforesaid authorizations a maximum of 3,500,000 new shares, which corresponds to approximately eight per cent of the issued shares of the company, may be issued together or in one or several lots and/or own shares possessed by the company may be conveyed in a share issue and/or on the basis of the special rights given. The authorizations will remain in force until June 30, 2008. The authorizations do not exclude the right of the Board of Directors to also 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. The authorization was unused as at December 31, 2007.

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

The Annual General Meeting on March 27, 2007 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 at the time of the acquisition formed for the shares in public trading. Own shares may be only acquired with unrestricted equity. By virtue of the authorization, either in one or in several lots, a maximum of 3,500,000 own shares, which corresponds to approximately eight per cent of the issued shares of the company, can be acquired. The authorization will remain in force until June 30, 2008. The Board of Directors is otherwise authorized to decide on all the 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. The authorization was unused as at December 31, 2007.

### **Management incentive plan**

In 2007 the Board of Directors of Talentum Oyj decided to establish a new share-based incentive plan for the Group Management. 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 began on January 1, 2007 and will end on December 31, 2007. 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 potential reward from the plan for the earning period 2007 will be based on the Group's net sales and operating profit as well as on the total return on Talentum shares. The incentive plan is directed to eight key employees during the earning period 2007. If the targets of the plan are attained in full, the rewards to be paid on the basis of the plan will correspond to the gross value (including also the cash payment) of approximately 1,000,000 Talentum Oyj shares.

### **Notifications**

On March 29, 2007, Morgan Stanley & Co International Limited reported that its share of Talentum's ownership and votes had exceed one twentieth (1/20) through a transaction conducted on March 26, 2007 and was 5.58%.

On March 29, 2007, Morgan Stanley & Co International Limited reported that its share of Talentum's ownership and votes had fallen below one twentieth (1/20) through a transaction conducted on March 28, 2007 and was 4.56%.

On November 22, 2007, Franklin Resources Inc. reported that its share of Talentum's ownership and votes through Franklin Mutual Advisers, LLC, a

mutual fund that it controls, had fallen below one twentieth (1/20) and was 4.41%.

### **Voting at shareholders' meetings**

Talentum Oyj's Articles of Association provide that no shareholder may exercise more than 1/6 of the total votes carried by the company shares at a shareholders' meeting. If subsidiaries or companies within the same group and/or pension foundations or pension funds of such companies together own shares carrying more than 1/6 of the total votes, only 1/6 of the total votes can be exercised at shareholders' meetings on the basis of these shares.

### **Shareholder agreements**

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

### **Dividend for 2006**

The Annual General Meeting held on March 27, 2007 decided that a dividend of EUR 0.18 per share be paid for the 2006 financial year. The date of payment was April 11, 2007 and the record date was March 30, 2007.

### **Market guarantee**

An agreement with Nordea Securities Oyj on a market guarantee for Talentum Oyj shares became effective on June 21, 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.

## **Corporate governance**

The Talentum Group observes the Companies Act, the legislation regulating the securities markets and all other legislation relating to the management of public limited companies. Talentum also observes the Corporate Governance Recommendation issued in December 2003 by the Helsinki Stock Exchange, the Central Chamber of Commerce and the Confederation of Finnish Industries, which became effective on July 1, 2004.

### **Insider instructions**

The Talentum Group applies the Guidelines for Insiders issued by the Helsinki Stock Exchange. In the Talentum Group the 'closed window' (the time during which permanent insiders may not trade in company shares before the publication of financial disclosures) is 21 days.

### **Pension foundation**

Talentum's pension foundation began operations on April 1, 2004. It handles the pension liabilities of Talentum Oyj, Talentum Media Oy and Suoramarkkinointi Mega Oy. During the year 6 people were transferred to the pension foundation from Arvopaperi Mediat Oy, which merged with Talentum Media Oy. On December 31, 2007 the pension of 515 employees was covered by the foundation.

## **Major events after the period under review**

On January 22, 2008 Talentum Oyj and CapMan Oyj agreed that a company set up by CapMan Buy-out VIII, which is managed by CapMan Plc, would purchase Varesvuo Partners Oy, which focuses on TV content production. The transaction does not

include Varesvuo Partners' 59% holding in the parent company of the sub-group Oy Filmitoimitus Fine Ab, which will be transferred to Talentum Oyj in the form of a subsidiary. The transaction will require the approval of the competition authority and the fulfilment of certain other conditions.

At the beginning of 2008 Talentum revised the working of its Executive Management in order to strengthen the exploitation of its expertise in publishing and synergistic benefits in Finland and Sweden. The Group's Executive Management deals with the strategy, financial performance, financing, corporate structuring and other important matters. The chairman of the Group's Executive Management is CEO Juha Blomster.

## Principles of management of capital and risks

### Capital Management

The aim in managing the Group's capital is to maintain a strong financial position and ensure that the financing needs of the operating activities can, if necessary, be settled cost-efficiently.

The main source of financing in the Group is the positive cash flow from operating activities. The acquisition of financing outside the company is focused on the parent company's financial administration. The development of the Group's capital structure is monitored and anticipated at regular intervals. The key indicators are monitored for the equity and net gearing ratios. Calculations of the key indicators are shown in the notes to the financial statements.

The Group's long-term target for the equity ratio is 30%. At the end of 2007 it was 36.7%. Following the Group's strategy of focusing on publishing may

lead to momentary changes in the capital structure in a given period of time.

### Risk management

The aim of risk management is to notice, analyse and endeavour to manage possible threats and risks to the operations in order to ensure the continuity of the Group's operations and maximize the share value.

#### 1. Market risks

40% of the consolidated turnover is tied up in advertising, and in particular the b-to-b sector, which is susceptible to cyclical fluctuations. We endeavour to manage this market risk by increasing the revenue from circulation sales and the content sales service. Our goal is for all our products and services to be the market leader in their own field, so that success is possible even in a recession.

#### 2. Legal risks

In their agreements and under the law, the Group's companies bear responsibility for the services that they produce not infringing the rights of third parties or otherwise being illegal. It is possible that, in spite of the precautions taken, a third party will claim that services produced by the Group's companies are infringing a third party's copyrights or other intellectual property rights or are in other ways illegal, for example, on the basis of freedom of speech or defamation legislation. If such an infringement of rights or illegality were to be detected, it may result in claims for compensation.

### 3. Management of financial risks

#### Currency risk

The Talentum Group's currency risks comprise risks concerning foreign currency flows and, in the case of Talentum Sweden, risks involved in translating shareholders' equity denominated in a foreign currency. Up till now there has been no hedging against the Group's currency risks in the equity since they have been immaterial for the group

#### Interest-rate risk

The effects of interest-rate changes on the value of interest-bearing receivables and liabilities create an interest-rate risk. The size of the risk is managed by changing the proportion of fixed and floating interest-rate loans in the loan portfolio.

#### Credit risk

Because of the nature of the Group's operations, the Talentum Group's credit risk is low. Trade receivables are monitored constantly, and no special risk of major credit losses has been identified at Talentum because our customer base is weighted towards big, financially sound companies.

#### Liquidity risk

Liquidity risk means the risk associated with the availability and timing of financing. Adequate liquidity is maintained through efficient cash management and financing arrangements.

#### 4. Accident risks

The personnel, property and operations of companies in the Talentum Group are covered by insurance policies. The coverage of the policies, the

values insured and excess values are revised annually with a broker and insurance companies.

## Board of Directors' dividend proposal

The parent company's unrestricted equity on December 31, 2007 is EUR 9.5 million, of which the profit for the financial period is EUR 3.5 million.

The Board of Directors proposes that a dividend of EUR 0.20 for each of the 44,039,817 shares in circulation be distributed from the retained earnings available to the company. The total amount of the dividend distribution will be EUR 8,807,963.40. The remaining retained earnings of EUR 706,261.14 will be left in the unrestricted equity. ☺

**Information required by the Companies' Act and the Decree of the Ministry of Finance on the Regular Duty of Disclosure of an Issuer of a Security, such as classes of shares, shareholders, related parties, terms of stock options and financial key figures, have been presented in the notes of the financial statements.**



# Consolidated income statement (IFRS)

EUR million	Note	2007	2006
<b>Net sales</b>	<b>2</b>	<b>124.0</b>	<b>121.1</b>
Other operating income	5	1.8	1.7
Material and services		-24.3	-25.3
Employee benefit expenses	6, 22	-54.5	-56.7
Depreciation and amortization	7	-3.1	-5.2
Other operating expenses	8	-30.1	-31.3
<b>Operating profit</b>	<b>2</b>	<b>13.9</b>	<b>4.3</b>
Finance income	9	0.7	0.7
Finance expenses	9	-1.9	-1.2
Share of profit of associates	14	0.2	0.5
<b>Profit before taxes</b>		<b>12.9</b>	<b>4.2</b>
Income taxes	10	-3.7	-1.5
<b>Profit for the period</b>		<b>9.2</b>	<b>2.7</b>
<b>Attributable to:</b>			
Equity holders of the parent company		8.8	2.2
Minority interest		0.4	0.5
Basic and diluted earnings per share, EUR *	11	0.20	0.05

\* Earnings per share has been calculated for the profit attributable to equity holders of the parent company.

# Consolidated balance sheet (IFRS)

EUR million	Note	2007	2006
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	6.6	7.9
Goodwill	12, 13	32.5	23.7
Other intangible assets	12	11.8	12.2
Investments in associates	14	2.1	2.7
Available-for-sale investments	15	0.1	0.9
Deferred tax assets	18	1.0	3.5
Receivables	17	0.7	0.5
<b>Total non-current assets</b>		<b>54.9</b>	<b>51.5</b>
<b>Current assets</b>			
Inventories	16	4.4	3.3
Trade and other receivables	17	15.8	14.4
Cash and cash equivalents	19	13.8	20.4
<b>Total current assets</b>		<b>34.1</b>	<b>38.2</b>
<b>Total assets</b>		<b>89.0</b>	<b>89.7</b>

EUR million	Note	2007	2006
<b>Equity and liabilities</b>			
<b>Equity attributable to equity holders of the parent company</b>			
Share capital	20	18.6	18.6
Share premium reserve		5.9	5.9
Treasury shares		-1.3	-1.3
Other reserves		-0.2	0.5
Retained earnings		7.4	6.7
<b>Total</b>		<b>30.3</b>	<b>30.5</b>
<b>Minority interest</b>		<b>1.6</b>	<b>1.7</b>
<b>Total equity</b>		<b>31.9</b>	<b>32.2</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	18	3.1	3.3
Non-current interest-bearing liabilities	23	3.8	3.7
Pension obligations	21	0.1	0.0
Non-current provisions	24	1.4	1.3
<b>Total non-current liabilities</b>		<b>8.3</b>	<b>8.2</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	23	15.4	21.8
Trade and other payables	25	33.1	26.6
Current provisions	24	0.3	0.9
<b>Total current liabilities</b>		<b>48.8</b>	<b>49.3</b>
<b>Total equity and liabilities</b>		<b>89.0</b>	<b>89.7</b>

# Consolidated statement of cash flows (IFRS)

EUR million	Note	2007	2006
<b>Cash flows from operating activities</b>			
Operating profit .....		13.9	4.3
Adjustments to operating profit .....		4.4	5.3
Change in working capital:			
Increase (-) / decrease (+) in trade receivables .....		-1.7	-0.7
Increase (-) / decrease (+) in inventories .....		-1.1	0.1
Increase (+) / decrease (-) in current liabilities .....		1.1	0.3
Change in provisions .....		-0.4	1.2
Finance items .....		-0.6	0.0
Income taxes paid .....		-0.8	-1.6
<b>Net cash from operating activities</b>		<b>14.7</b>	<b>9.1</b>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiaries and associates, net of cash .....	4	-6.5	-3.9
Disposal of subsidiaries and associates .....	3	1.0	0.0
Acquisition of property, plant and equipment and intangible assets .....		-1.6	-3.6
Other items .....		0.3	0.5
<b>Net cash used in investing activities</b>		<b>-6.8</b>	<b>-7.0</b>
<b>Cash flow from financing activities</b>			
Change in current loans .....		-6.5	12.0
Proceeds from non-current loans .....		1.4	0.0
Repayment of non-current loans .....		-1.3	-1.9
Dividends paid and other refunds of capital .....		-8.2	-13.7
Other items .....		0.1	-0.6
<b>Net cash used in financing activities</b>		<b>-14.5</b>	<b>-4.3</b>
Change in cash and cash equivalents .....		-6.6	-2.2
Cash and cash equivalents at 1 January .....	19	20.4	22.6
Change in cash and cash equivalents .....		-6.6	-2.2
Cash and cash equivalents at 31 December .....		13.8	20.4



# Consolidated statement of changes in equity (IFRS)

EUR million	Note	Share premium reserve	Fair value reserve and other reserves	Exchange differences	Retained earnings	Equity attributed to equityholders of the parent	Minority earnings	Total equity
Equity at 1 January 2006		18.6	5.9	0.0	16.8	41.3	2.0	43.3
Change in translation differences				0.6		0.6		0.6
Items recognized directly in equity					-0.3	-0.3	-0.1	-0.5
Net income recognized directly in equity				-0.6	-0.3	0.2	-0.1	0.1
Profit for the period					2.2	2.2	0.5	2.7
<b>Total recognized income and expenses for the period</b>				<b>0.6</b>	<b>1.9</b>	<b>2.4</b>	<b>0.4</b>	<b>2.8</b>
Dividends paid					-13.2	-13.2	-0.5	-13.7
Other changes							-0.2	-0.2
<b>Equity at 31 December 2006</b>		<b>18.6</b>	<b>5.9</b>	<b>0.5</b>	<b>5.4</b>	<b>30.5</b>	<b>1.7</b>	<b>32.2</b>
Equity at 1 January 2007		18.6	5.9	0.5	5.4	30.5	1.7	32.2
Change in translation differences				-0.8	-0.2	-1.0		-1.0
Items recognized directly in equity					-0.2	-0.2		-0.2
Net income recognized directly in equity			0.0	-0.8	-0.4	-1.2		-1.2
Profit for the period					8.8	8.8	0.4	9.2
<b>Total recognized income and expenses for the period</b>			<b>0.0</b>	<b>-0.8</b>	<b>8.4</b>	<b>7.6</b>	<b>0.4</b>	<b>8.0</b>
Dividends paid					-7.9	-7.9	-0.3	-8.2
Share-based payments	22				0.2	0.2		0.2
Other changes					-0.1	-0.1	-0.2	-0.3
<b>Equity at 31 December 2007</b>	20	<b>18.6</b>	<b>5.9</b>	<b>-0.2</b>	<b>6.1</b>	<b>30.3</b>	<b>1.6</b>	<b>31.9</b>

# Notes to the consolidated financial statements

## 1. Accounting policies for the consolidated financial statements

### Basic information

Talentum Oyj (Plc) is a Finnish public limited company established in accordance with the Finnish legislation and domiciled in Helsinki. Talentum Oyj is the Group's parent company whose shares are quoted in the OMX Nordic Exchange. The operating area of Talentum Oyj is Media.

The registered address of the Company:  
Annankatu 34 – 36 B, 00100 HELSINKI

The Board of Directors of Talentum Oyj has at its meeting on 11 February 2008 approved these financial statements to be published. According to the Finnish Companies Act, the shareholders have a possibility to approve or reject the financial statements at the General Meeting to be held after the publication of the financial statements. The General Meeting has also a possibility to alter the financial statements.

### Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and in preparing the financial statements the IAS and IFRS standards as well as the SIC and IFRIC interpretations effective on 31 December 2007 have been applied.

The consolidated financial statements have been prepared on a historical cost basis excluding available-for-sale investments, which have been measured to fair value.

### Application of new or amended IFRS standards and IFRIC interpretations

The IASB has published the standards and interpretations listed below, whose application is mandatory in 2008 or later. The Group has decided not to apply these standards earlier and to adopt them in future financial periods.

The following new standards and interpretations becoming effective in 2008 will not have an impact on the consolidated financial statements:

- IFRIC 11, Group and Treasury Share Transactions.
- IFRIC 12, Service Concession Arrangements.
- IFRIC 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

The Group adopts in 2009 and 2010 the following standards published by the IASB. The Group management is investigating the effects of the standards on the consolidated financial statements: 2009:

- IAS 1 (Revised), Presentation of Financial Statements.
- IAS 23, Amendment to Borrowing Costs.
- IFRS 8, Operating Segments. The standard replaces the IAS 14 standard. The Group management investigates the effects of the standard on the Group's segment reporting, but at the time it already seems probable that the number and presentation of the reportable segments will change so that they would correspond with the Company's internal reporting.
- IFRIC 13, Customer Loyalty Programmes. The IFRIC 13 interpretation will not have an impact on the consolidated financial statements since

the Group companies do not have customer loyalty programmes.

2010:

- IFRS 3 (Revised), Business Combinations.
- AS 27 (Revised), Consolidated and Separate Financial Statements.

The new and amended standards and interpretations which the Group has applied in 2007

- IFRS 7, Financial Instruments: Disclosures and Amendment to IAS 1, Presentation of Financial Statements. The adoption of the new and amended standards increases the number of notes to be presented on the financial instruments. The amendment of IAS 1 requires the presentation of information about the Company's capital and its management. The consolidated financial statements have been complemented with the notes on the aging of trade receivables, contractual maturities of financial liabilities as well as capital management.

The new and amended standards and interpretations which became effective in 2007 but which do not have a material effect on the consolidated financial statements

- IFRIC 7, Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies.
- IFRIC 9, Reassessment of Embedded Derivatives.
- IFRIC 8, Scope of IFRS 2.
- IFRIC 10, Interim Financial Reporting and Impairment.

### Use of estimates

The preparation of consolidated financial statements in accordance with the IFRS requires the management to make estimates and assumptions. These affect the amounts of assets and liabilities in the balance sheet, the presentation of contingent liabilities and contingent assets as well as reported income and expenses for the financial period. The estimates are based on the management's best estimates at the balance sheet date.

In the Group, those key future-oriented assumptions and key sources of estimation uncertainties that create a significant risk of a substantial change in the carrying amounts of assets and liabilities during the following financial period, are impairment testing and provisions.

### Principles of consolidation

The consolidated financial statements include the income statements, balance sheets and notes of the parent company and the subsidiaries.

### Subsidiaries

Subsidiaries – those companies, in which the Group has over half of the voting power or over which the Group otherwise has significant control – have been consolidated in the consolidated financial statements. The subsidiaries have been consolidated starting from the date when the Group has acquired control and the consolidation has ceased the date when the Group's control has ceased. All intragroups transactions, receivables, liabilities and unrealized profits as well as internal distribution of profit have been eliminated. Also unrealized losses have been eliminated, except when the loss is due to an impairment. Mutual shareholdings within the Group have been eliminated using the purchase method. The subsidiaries' accounting policies have been changed when necessary in order them to be consistent with the principles applied by the Group. The allocation of profit to the equity holders of the parent company and to minority interest is presented on the face of the income statement and the proportion of equity attributable to minority interest is presented as a part of equity in the balance sheet. The minority interest's share of accumulated losses is recognized to the extent that they do not exceed the value of the investment.

### Business combinations between companies under common control

Business combinations between companies under common control have been accounted for on an

original acquisition cost basis since these acquisitions do not include in the scope of IFRS 3 Business Combinations. In the acquisitions of minority interests, the difference between the acquisition cost and the acquired equity is recognized as a deduction of equity.

## Associates

Investments in associates are consolidated in the consolidated financial statements using the equity method. Associates are companies, in which the Group generally has 20–50% of the voting power or in which the Group has a significant influence but no control. Unrealized profits between the the Group and the associates have been eliminated in accordance with the Group's interest of ownership; also unrealized losses have been eliminated, except when the loss is due to an impairment. The Group's investment in associates includes the goodwill arisen from the acquisition (deducted by the impairment losses). The application of the equity method is ceased if the investment's carrying amount has decreased to zero, unless the Group has liabilities concerning the associate or unless it has guaranteed the associate's liabilities.

## Joint ventures

The Group's shares of ownership in joint ventures are included in the consolidated financial statements row by row using the proportionate consolidation method. According to this method, the consolidated financial statements include the Group's share of the joint venture's income and expenses, assets and liabilities as well as cash flows at each item of the financial statements of the joint venture.

## Transactions in foreign currencies

The profitability and financial position of the Group companies are measured in each company's currency of its main operating area (functional currency). The functional currency of the Group's parent company is euro, which is also the Group's presentation currency.

Items in foreign currency have been presented in euros by using the exchange rate quoted by the European Central Bank at the balance sheet date. The exchange differences realized during the financial period have been included in finance income and ex-penses.

The balance sheet items of the foreign Group companies and associates have been translated to euros using the exchange rate quoted by the European Central Bank at the balance sheet date. The income statements have been translated using the average rate of the financial period. The translation difference arising in translating the financial statements and the translation differences in equity have been presented as the item "Translation differences". When a subsidiary is disposed of, the accumulated translation differences are recognized in the income statement as a part of the gain or loss on disposal.

## Revenue recognition principles

### Sales of goods

Revenue from the sales of goods is recognized when the significant risks and rewards of ownership are transferred to the buyer.

### Sales of services

Revenue from the sales of services is recognized in accordance with the percentage of completion method provided that the stage of completion and the revenue and costs related to it can be reliably determined. The stage of completion is determined as a ratio of work performed and the estimated total amount of work attributable to the project. In other respects, the revenue from services is recognized when the service has been rendered. When it is probable that the total project costs will exceed total project revenue, the expected loss is recognized as an expense immediately.

## License and royalty income

Revenue from licenses and royalties: revenue is recognized in accordance with the actual contents of the agreement.

## Interest income and dividends

Dividends are recognized when the shareholder's right to receive payment has established. Interest income is recognized using the effective interest method.

## Government grants

Government grants are recognized on a systematic basis during the financial periods in which they are matched with the expenses the grants are received to compensate. Grants are recognized in other operating income.

## Pension plans

According to IAS 19, defined contribution plans refer to post-employment benefit plans, in which the Company pays fixed contributions to a separate entity (fund) and it does not have any legal or constructive obligations to pay additional contributions if the fund is unable to pay all the current and previous periods' benefits. The Group's contributions to defined contribution plans are recognized as an expense in the period to which the contributions relate.

Defined benefit plans refer to all other post-employment plans, which are not defined contribution plans. In defined benefit plans, in which the benefits have been defined in advance and the Group may encounter additional payment obligations or refunds, the pension costs are generally determined using the Projected Unit Credit Method. According to the method, the costs of the pension plans are recognized in the income statement over the employers' working lives in accordance with the actuarial calculations prepared annually. The pension obligation presented is the present value of future pension benefits. Actuarial gains and losses in the actuarial calculations are recognized over the average remaining working lives to the extent

that they exceed by 10% the greater of the present value of defined benefit obligation and the fair value of plan assets. The present value of the pension obligation to be recognized in the balance sheet is deducted by the plan assets measured to fair value at the balance sheet date, the proportion of unrecognized actuarial gains and losses as well as the past service costs.

The major part of the Group's statutory pension obligations have been transferred to a pension fund in the beginning of 2004. TEL (Employees' Pensions Act) pension funds are accounted for as defined benefit plans. In addition, the Group has some supplementary pension agreements that are classified as defined benefit plans. The disability pension part of the TEL insurance is accounted for as a defined contribution plan. Actuarial calculations are prepared annually on the defined benefit plans.

## Leases (Group as a lessee)

Leases, in which the risks and rewards incidental to ownership remain with the lessor, are accounted for as operating leases. Operating lease payments are expensed in the income statement in equal instalments over the lease term. Received incentives have been deducted from the paid lease payments based on the allocation of the benefit over the lease term (e.g. received discounts on lease payments / payment-free months). Consequently, the discounts received are distributed evenly over the entire lease term.

## Income taxes

The Group's income taxes include the Group companies' taxes, which are based on the taxable profit, as well as the previous periods' taxes and the change in deferred taxes. Deferred taxes are calculated on temporary differences between accounting and taxation using currently enacted tax rates. The most significant accruals arise from the depreciation differences of property, plant and equipment and intangible assets as well as from the tax losses carried forward. Deferred tax assets

relating to the tax carry-forwards are recognized to the extent that it is probable that future taxable profit will be available against which the tax carry-forwards can be utilized. Accumulated depreciation differences in the Group have been divided between deferred tax liabilities and equity.

### Goodwill

Goodwill represents the excess of the acquisition cost over the Group's share of the net fair value of identifiable assets, liabilities and contingent liabilities at the acquisition date of those companies that have been acquired after 1 January 2004. In respect of business combinations carried out before 2004, the goodwill represents the carrying amount recognized under previous GAAP, which has been used as a deemed cost in accordance with the IFRS. Goodwill arising from the business combinations is allocated to the assets at fair value within one year from the acquisition.

Goodwill (and other intangible assets with indefinite useful life) are not amortized on a regular basis, but they are tested annually for possible impairment. For the purposes of impairment testing, goodwill is allocated to cash generating units, or when an associate is concerned, goodwill is included in the cost of the associate. Goodwill is carried at cost less impairment losses.

### Other intangible assets

Patents, trademarks, licenses and IT software, which have definite useful life, are recognized in the balance sheet and amortized on a straight-line basis over their useful lives (2–5 years).

Other tangible assets are measured to cost less possible impairment losses. Intangible assets which have indefinite useful life, are not amortized, but they are tested annually for impairment.

### Property, plant and equipment

Items of property, plant and equipment have been recognized in the balance sheet at cost less straight-line depreciation and impairment losses. The straight-line depreciations have been calcu-

lated based on the useful lives. The depreciation periods are the following:

Buildings	30 years
Machinery and equipment	2–7 years
Other tangible assets	3–10 years

The residual values and useful lives of assets are reassessed at each balance sheet date and, if necessary, they are adjusted to reflect the changes in expected economic benefits.

Gains on disposals are recognized in the income statement in other operating income and losses on disposals are included in other operating expenses. Significant repairing costs attributable to items of property, plant and equipment are capitalized in the carrying amount of the item and minor repairing costs are recognized directly as an expense in the income statement.

### Impairment of property, plant and equipment and intangible assets

The carrying amounts of assets are reviewed continuously to find out possible impairment. Goodwill is tested annually at the same time. If indications of impairment occur, the asset's recoverable amount is estimated. An impairment loss is recognized, if the asset's carrying amount exceeds its recoverable amount. An impairment loss is reversed, if there has been a change in the conditions. However, an impairment recognized on goodwill is never reversed. Impairment losses are recognized as expense in the income statement.

### Inventories

Inventories are measured to lower of acquisition cost and probable net realizable value. The cost of inventories includes the direct costs of acquisition and production and an allocable proportion of overheads. The cost of items in the same inventory category is determined on a first in, first out basis (FIFO method). The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the selling costs.

### Financial assets and liabilities

The financial assets of the Group have been classified according to IAS 39 standard into following categories: loans and other receivables and available-for-sale financial assets. The financial liabilities of the Group belong to financial liabilities measured to amortized cost calculated by using the effective interest method. The classification is made at the acquisition of financial assets and liabilities and it is based on the nature of the acquisition. Financial instruments are initially recognized to fair value based on the received or paid payment. Significant transaction costs have been included in the initial carrying amounts of those financial instruments which are not measured to fair value through profit or loss. Purchases and sales are recognized at the settlement date. Financial assets and liabilities are included in current items in the balance sheet when they have been acquired for trading purposes or if they mature within 12 months, otherwise they are included in non-current items in the balance sheet.

The investments included in available-for-sale financial assets are measured to fair value and the changes in fair value are recognized in equity in the fair value reserve, from which they are transferred to the income statement when the investment is sold or an impairment is recognized. In Talentum Group, this category comprised of listed and unlisted shares during the financial periods.

Payments from the financial assets in the category loans and other receivables are fixed or determinable and their fair value is not quoted in an active market. Loans and other receivables are measured to amortized cost. This category comprises of, among others trade receivables. The Group assesses impairment customer by customer on an individual receivable basis, when there is objective evidence that the receivable cannot be fully recovered.

Cash and cash equivalents comprise of cash at hand and in bank and short-term investments whose maturity is less than 30 days (measured to cost). The Group does not hold any derivatives

and the Group does not apply hedge accounting defined in IAS 39 standard. Talentum issues, when necessary, commercial papers with a maturity of less than one year.

### Treasury shares

When a Company or its subsidiaries acquire the Company's own shares, the Company's equity is deducted by the amount equalling the payment less transaction costs after taxes until the treasury shares are invalidated or ceded/sold.

### Provisions

A provision is recognized, when the Group has, due to a past event, a legal or constructive obligation, the realization of the obligation is probable and its amount can be measured reliably. A restructuring provision is recognized, when the Group has prepared a detailed restructuring plan and the Group has started its implementation and announced its features. A provision for an onerous contract is recognized, if the unavoidable costs of meeting the obligations of the contract exceed the economic benefits expected to be received under it.

### Dividends

Dividends proposed by the Board of Directors to the General Meeting is not deducted from distributable equity before the General Meeting's decision.

### Earnings per share

Earnings per share is calculated by dividing the profit for the period by the average number of shares outstanding during each financial period. The average amount of treasury shares has been deducted from the average number of shares outstanding.



## 2. Net sales and operating profit by branch

The Board of Directors has decided after comprehensive consideration and considering synergy benefits that Talentum has one segment – Media. In order to give additional diversified information, the Board has decided to give out figures by branch.

EUR million	2007	2006
<b>Net sales</b>		
Publishing .....	83.8	74.7
Direct Marketing .....	9.5	8.2
TV Content Production .....	22.9	24.6
Premedia .....	12.5	18.0
Adjustments and eliminations	-4.7	-4.5
<b>Total</b>	<b>124.0</b>	<b>121.1</b>
<b>Operating profit</b>		
Publishing .....	14.8	7.1
Direct Marketing .....	1.3	1.1
TV Content Production .....	1.2	1.8
Premedia .....	-0.9	-2.5
Adjustments and eliminations	-2.5	-3.2
<b>Total</b>	<b>13.9</b>	<b>4.3</b>

## 3. Disposals of subsidiaries and businesses

The premedia business operations of Reprstudio & Heku Oy, which belonged to the Premedia branch, was sold on 13 June 2007. The annual net sales of the sold business operations amount approximately to EUR 5 million. The effect of the sale of the associate Acacom Academic Communications Oy has been presented in note 14.

EUR million	Carrying amounts of sold assets 2007
Property, plant and equipment .....	0.4
Other intangible assets .....	0.1
Inventories .....	0.1
Trade and other receivables	0.3
<b>Total assets</b>	<b>0.8</b>
Consideration received in cash	0.2
<b>Cash flow on disposal</b>	<b>0.2</b>

## 4. Acquisitions of subsidiaries and businesses

The shares of Dagens Media Sverige AB were acquired on 12 June 2007. Its annual net sales amount approximately to EUR 2 million and the business is profitable. The shares of Fakta Regulatory AB were acquired on 13 November 2007. Its annual net sales amount approximately to EUR 8 million.

EUR million	Recognized fair values/ carrying amounts on acquisition 2007
<b>Assets and liabilities of acquired companies:</b>	
Property, plant and equipment .....	0.1
Intangible assets .....	0.6
Inventories .....	0.1
Trade and other receivables	1.1
<b>Total assets</b>	<b>1.7</b>
Current liabilities	4.7
<b>Total liabilities</b>	<b>4.7</b>
Net assets	-3.0
Acquisition cost	-8.7
Goodwill	9.2
Consideration paid in cash	-8.7
Cash and cash equivalents in acquired companies	2.2
<b>Cash flow on acquisition</b>	<b>-6.5</b>

## 5. Other operating income

EUR million	2007	2006
Gain on sale of property, plant and equipment .....	0.0	0.1
Government grants* .....	1.2	1.3
Rental income .....	0.3	0.2
Other income	0.3	0.2
<b>Total</b>	<b>1.8</b>	<b>1.7</b>

\* Of which the major part consists of the subsidies granted by the Finnish Film Foundation to Helsinki-filmi Oy, EUR 0.9 million (in 2006 EUR 1 million).

## 6. Employee benefit expenses

EUR million	2007	2006
Wages and salaries	42.4	45.2
Pension expenses		
Defined benefit plans	1.0	0.8
Defined contribution plans	6.0	6.2
Share-based payments	0.4	0.0
Other social security expenses	4.7	4.5
<b>Total</b>	<b>54.5</b>	<b>56.7</b>
Average amount of personnel in the reporting period	991	1,064

The management employee benefit expenses are presented in note 26.  
Information about the share-based payments is presented in note 22.

## 7. Depreciation, amortization and impairment losses

EUR million	2007	2006
<b>Depreciation and amortization by asset item</b>		
Buildings and structures	0.1	0.1
Machinery and equipment	2.5	2.7
Intangible assets	0.6	0.6
<b>Total</b>	<b>3.1</b>	<b>3.4</b>
<b>Impairment losses by asset item:</b>		
Goodwill	0.0	1.8
<b>Total</b>	<b>0.0</b>	<b>1.8</b>
<b>Total depreciation, amortization and impairment losses</b>	<b>3.1</b>	<b>5.2</b>

## 8. Other operating expenses

EUR million	2007	2006
Voluntary social security expenses	1.9	2.1
Rental expenses	7.1	7.7
Representational expenses	0.5	0.7
Credit losses	0.2	0.5
Marketing expenses	4.9	4.8
Other fixed expenses	15.4	15.5
<b>Total</b>	<b>30.1</b>	<b>31.3</b>
<b>Fees paid to the main auditor:</b>		
Audit fees	0.1	0.2
Other fees	0.0	0.0
	<b>0.2</b>	<b>0.3</b>

## 9. Finance income and expenses

EUR million	2007	2006
<b>Finance income</b>		
Interest income on loans and other receivables	0.6	0.5
Other finance income	0.1	0.2
<b>Total</b>	<b>0.7</b>	<b>0.7</b>
<b>Finance expenses</b>		
Interest expenses		
Current and non-current liabilities	-1.2	-0.9
Other finance expenses*	-0.7	-0.4
<b>Total</b>	<b>-1.9</b>	<b>-1.2</b>
<b>Total finance income and expenses</b>	<b>-1.2</b>	<b>-0.5</b>

\*Other finance expenses include the loss of EUR 0.5 million on the sale of the associate Acacom Academic Communications Oy.

## 10. Income taxes

EUR million	2007	2006
<b>Income taxes in the income statement</b>		
Current taxes	-1.7	-1.7
Prior period's tax	0.1	0.0
Deferred taxes	-2.1	0.2
<b>Total</b>	<b>-3.7</b>	<b>-1.5</b>
The income taxes recognized in the consolidated income statement differ from the income taxes calculated in accordance with the Finnish corporate tax rate (26%) as follows:		
Income tax in accordance with the Finnish tax rate	3.4	1.1
Difference between the Finnish and foreign tax rates	0.2	-0.1
Non-deductible expenses and tax exempt items	-0.6	0.6
Previously unrecognized losses	0.8	0.0
Prior periods' taxes	-0.1	0.0
Net profit of associates	-0.1	-0.1
	<b>3.7</b>	<b>1.5</b>

## 11. Earnings per share

	2007	2006
Profit for the period attributable to equity holders of the parent company, EUR million	8.8	2.2
Weighted average number of shares, 1,000	44,040	44,040
Earnings per share, EUR	0.20	0.05

## 12. Property, plant and equipment and intangible assets

## Property, plant and equipment

EUR million	Buildings and structures	Machinery and equipments	Advance payments	Total
<b>2007</b>				
Acquisition cost at 1 January 2007	2.4	29.8		32.2
Additions		1.4		1.4
Acquisitions through business combinations		0.1		0.1
Disposals/transfers		-0.2		-0.2
Disposals through disposals of subsidiaries		-1.2		-1.2
Exchange differences		-0.1		-0.1
Acquisition cost at 31 December 2007	2.4	29.8		32.2
Accumulated depreciation at				
1 January 2007	-0.7	-23.6		-24.3
Disposals/transfers		0.4		0.4
Disposals through disposals of subsidiaries		0.8		0.8
Depreciation for the period	-0.1	-2.5		-2.5
Exchange differences		0.0		0.0
Accumulated depreciation at 31 December 2007	-0.8	-24.9		-25.7
<b>Carrying amount at 31 December 2007</b>	<b>1.6</b>	<b>5.0</b>		<b>6.6</b>
<b>2006</b>				
Acquisition cost at 1 January 2006	2.4	29.5	0.1	32.1
Additions		3.4		3.4
Disposals/transfers		-3.2	-0.1	-3.4
Exchange differences		0.1		0.1
Acquisition cost at 31 December 2006	2.4	29.8		32.2
Accumulated depreciation				
at 1 January 2006	-0.7	-23.7		-24.3
Disposals/transfers		2.8		2.8
Depreciation for the period	-0.1	-2.7		-2.8
Accumulated depreciation at 31 December 2006	-0.7	-23.6		-24.3
<b>Carrying amount at 31 December 2006</b>	<b>1.7</b>	<b>6.2</b>		<b>7.9</b>

## Intangible assets

EUR million	Goodwill	Other	Total
<b>2007</b>			
Acquisition cost at 1 January 2007	25.5	22.2	47.7
Additions	0.0	0.1	0.2
Acquisitions through business combinations	9.2	0.6	9.9
Disposals/transfers		0.1	0.1
Disposals through disposals of subsidiaries		-0.3	-0.3
Exchange differences	-0.4	-0.5	-0.9
Acquisition cost at 31 December 2007	34.4	22.3	56.7
Accumulated amortization at 1 January 2007	-1.8	-10.0	-11.8
Disposals/transfers		-0.2	-0.2
Amortization for the period		-0.6	-0.6
Disposals through disposals of subsidiaries		0.2	0.2
Exchange differences		0.0	0.0
Accumulated amortization at 31 December 2007	-1.8	-10.5	-12.3
<b>Carrying amount at 31 December 2007</b>	<b>32.5</b>	<b>11.8</b>	<b>44.4</b>
<b>2006</b>			
Acquisition cost at 1 January 2006	24.8	22.0	46.7
Additions	0.3	0.4	0.7
Disposals/transfers		-0.6	-0.6
Exchange differences	0.4	0.4	0.8
Acquisition cost at 31 December 2006	25.5	22.2	47.7
Accumulated amortization at 1 January 2006		-9.8	-9.8
Disposals/transfers		0.5	0.5
Amortization for the period		-0.6	-0.6
Impairment losses	-1.8		-1.8
Accumulated amortization at 31 December 2006	-1.8	-10.0	-11.8
<b>Carrying amount at 31 December 2006</b>	<b>23.7</b>	<b>12.2</b>	<b>35.9</b>

Other intangible assets include mainly publication rights for magazines and IT software.

## 13. Impairment of property, plant and equipment and intangible assets

The management of Talentum reviews goodwill at the branch level. TV Content Production (Varesvuo subgroup) constitutes a separate cash generating unit due to its special characteristic. In the IFRS transition an impairment loss of EUR 11.2 million was recognized on TV Content. Production in the opening IFRS balance sheet. Based on the impairment tests after this, no need for recognition of impairment losses on TV Content Production has occurred.

As from year 2006, the management of Talentum has started to monitor the Premedia branch separately due to its weak profitability. Based on impairment testing, an impairment loss of EUR 1.8 million was recognized on Premedia in 2006.

Goodwill has been allocated to following cash generating units:

EUR million	2007	2006
TV Content Production	4.1	4.1
Premedia	6.0	5.6
Publishing, Sweden	18.9	10.4
Other	3.6	3.6
<b>Total</b>	<b>32.5</b>	<b>23.7</b>

The recoverable amount in the impairment testing has been determined as follows: it is the higher of either value in use or fair value (less costs to sell). The forecast cash flows are based on realized operating profit and forecasts for five years. The terminal value is calculated by using a growth estimate of 0,0%/0,4%. WACC before taxes has been used as a discount rate. The components of WACC are risk free rate, market risk premium, beta, cost of debt and median debt to EV ratio. The discount rate was 8% in 2007 (8% in 2006). Market approach / comparable companies have been used in determining the fair value in TV Content Production and Premedia.

## 14. Investments in associates

EUR million	2007	2006
At the beginning of financial period	2.7	1.4
Share of profit for the period	0.2	0.5
Additions	0.8	1.4
Disposals	-1.6	-0.2
Dividends	-0.1	-0.3
<b>At the end of financial period</b>	<b>2.1</b>	<b>2.7</b>



**Associates**

%	Domicile	Group holding %
Generator Post Oy .....	Helsinki .....	50.00
Production House Oy Finland .....	Helsinki .....	34.00
Mentor Online Ab .....	Sweden .....	21.67

In September 2007 Talentum Media Oy disposed of its interest in Acacom Academic Communications Oy. A loss of EUR 0.5 million was recognized on the sale and the loss is included in the finance expenses. The Swedish Mentor Online AB became an associate in June 2007 and it has been consolidated in the consolidated financial statements since.

The carrying amount of the associates includes EUR 0.2 million of goodwill at 31 December 2007 (EUR 1,3 million at 31 December 2006).

**Information about the associates:**

EUR million	Assets	Liabilities	Net sales	Profit
<b>2007</b>				
Generator Post Oy .....	3.2	1.4	4.9	0.6
Production House Oy Finland .....	1.5	0.4	2.3	*0.1
Mentor Online Ab .....	7.5	7.3	17.0	**0.1
<b>2006</b>				
Main Domain Oy .....			1.2	0.2
Generator Post Oy .....	2.4	1.0	4.6	0.3
Production House Oy Finland .....	1.1	0.3	1.5	*0.1
Electric Light Company Finland Oy .....	0.1	0.0	0.3	0.0
Acacom Academic Communications Oy .....	1.7	0.8	2.9	0.4

\*Estimate \*\*From the financial statements for 2006

**15. Available-for-sale investments**

EUR million	2007	2006
<b>Non-current</b>		
Carrying amount at 1 January .....	0.9	0.9
Decreases/transfers .....	-0.8	0.0
<b>Carrying amount at 31 December</b>	<b>0.1</b>	<b>0.9</b>

Available-for-sale investments include both listed and unlisted shares. Listed shares are measured to fair value. Unlisted shares are measured at cost since fair value cannot be estimated reliably. The maximum credit risk of available-for-sale investments corresponds with their carrying amount at the balance sheet date.

**16. Inventories**

EUR million	2007	2006
Material and supplies .....	0.4	0.5
Work in progress .....	2.6	1.6
Finished products and goods .....	1.4	1.3
<b>Total</b>	<b>4.4</b>	<b>3.3</b>

## 17. Loans and other receivables

EUR million	2007	2006
<b>Non-current</b>		
Employee benefit receivables.....	0.1	0.1
Other receivables.....	0.6	0.4
<b>Total</b>	<b>0.7</b>	<b>0.5</b>
<b>Current</b>		
Trade receivables.....	8.9	9.7
Receivables from associates.....	0.1	0.2
Prepaid expenses and accrued income.....	5.4	3.7
Other receivables.....	1.4	0.8
<b>Total</b>	<b>15.8</b>	<b>14.4</b>
<b>Significant items included in prepaid expenses and accrued income:</b>		
Tax receivables.....	1.7	2.3
Personnel expenses.....	0.5	0.2
Interest and other finance receivables.....	0.0	0.1
Other prepaid expenses and accrued income.....	3.2	1.1
<b>Total</b>	<b>5.4</b>	<b>3.7</b>
<b>Aging of trade receivables</b>		
Not past due.....	6.9	7.5
Past due 1 – 30 days.....	1.7	1.8
Past due 31 – 60 days.....	0.2	0.3
Past due 61 – 90 days.....	0.1	0.1
Past due over 91 days.....	0.0	0.1

The carrying amount of trade receivables and other receivables corresponds with their fair value and the maximum amount of credit risk.

## 18. Deferred taxes

EUR million	2007	2006
Deferred tax assets.....	1.0	3.5
Deferred tax liabilities.....	-3.1	-3.3
<b>Net deferred tax assets</b>	<b>-2.1</b>	<b>0.2</b>
<b>Movements in deferred tax assets and liabilities during the financial period:</b>		
Deferred taxes at 1 January.....	0.2	0.4
Items recognized in income statement.....	-2.1	-0.2
Items recognized in equity.....	-0.2	-0.4
<b>Deferred taxes at 31 December</b>	<b>-2.1</b>	<b>0.2</b>
<b>Deferred tax assets</b>		
Provisions.....	0.4	0.5
Tax losses carried forward.....	0.4	2.4
Other temporary differences.....	0.2	0.6
	<b>1.0</b>	<b>3.5</b>
<b>Deferred tax liabilities</b>		
Other temporary differences.....	-3.1	-3.3
	<b>-3.1</b>	<b>-3.3</b>

## 19. Cash and cash equivalents

EUR million	2007	2006
Cash at hand and in bank accounts.....	8.1	8.7
Short-term investments.....	5.7	11.8
	<b>13.8</b>	<b>20.4</b>

The fair value of cash and cash equivalents does not differ significantly from their carrying amount. The mean maturity of short-term investments was less than 30 days.

## 20. Equity

Maximum amount of shares according to the Articles of Association is 100,000,000. The counter-book value of the shares is EUR 0.42 each (not precise amount) and the maximum share capital is EUR 28,000,000. All shares issued have been paid.

	Number of shares	Share capital	Share premium reserve	Treasury shares
<b>Share capital</b>				
1 January 2007	44,039,817	18.6	5.9	-1.3
31 December 2007	44,039,817	18.6	5.9	-1.3
Treasury shares held by the Company at 1 January 2007	181,000			
Treasury shares held by the Company at 31 December 2007	181,000			
<b>Total number of shares at 31 December 2007</b>	<b>44,220,817</b>			

Series: TTMV1

EUR million	2007	2006
<b>Other reserves</b>	-0.2	0.5

The item other reserves includes reserve fund and translation differences. Reserve fund includes amount transferred from unrestricted equity in accordance with the Articles of Association or the decision of General Meeting. Translation differences include differences arising from the translation of foreign units' financial statements into euros.

	2007	2006
<b>Dividends paid</b>		
Dividends paid / share, EUR	0.18	0.30

## 21. Pension obligations

The statutory pension plans of Talentum Oyj, Talentum Media Oy and Suoramarkkinointi Mega Oy are managed in a collective pension fund. The pension fund is considered a defined benefit plan. In addition, the Group companies have some voluntary pension plans, which have been accounted for as defined benefit plans.

There is a collective pension plan in Sweden (Pressens Pensionskassa), in which several media company participate, and of which adequate information is not available to account for it as a defined benefit plan. Therefore it has been accounted for as a defined contribution plan. The effect of this is not assumed to be significant.

EUR million	2007	2006
<b>Defined benefit pension plans</b>		
Amounts recognized in the income statement:		
Defined benefit plans	1.0	0.8
Defined contribution plans	6.0	6.2
	<b>7.0</b>	<b>7.0</b>

EUR million	2007	2006
<b>Liability for defined benefit obligations in the balance sheet:</b>		
Present value of unfunded obligations		
Present value of funded obligations	19.1	17.7
Fair value of plan assets	-16.1	-15.0
<b>Deficit</b>	<b>3.0</b>	<b>2.7</b>
Unrecognized actuarial gains (+) and losses (-)	-3.1	-2.8
<b>Net liability in the balance sheet</b>	<b>-0.1</b>	<b>-0.1</b>

Amounts in the balance sheet:		
Liabilities	0.1	
Receivables	0.1	0.1
<b>Net liability</b>	<b>0.1</b>	<b>0.1</b>

EUR million	2007	2006
<b>Employee benefit expense recognized in the income statement:</b>		
Current service cost	1.1	0.8
Interest expense	0.8	0.7
Expected return on plan assets	-0.7	-0.7
Actuarial gains (+) and losses (-)	0.1	0.0
Losses/gains on curtailment	-0.3	0.0
<b>Total</b>	<b>1.0</b>	<b>0.8</b>
Actual return on plan assets	0.6	-0.1

EUR million	2007	2006
<b>Movements in the present value of the obligation:</b>		
Obligation at the beginning of financial period	17.7	14.2
Current service cost	1.1	0.8
Interest expense	0.8	0.7
Actuarial gains (+) and losses (-)	0.6	2.3
Gains (-) and losses (+) on curtailments	-0.8	0.0
Benefits paid	-0.3	-0.2
<b>Obligation at the end of financial period</b>	<b>19.1</b>	<b>17.7</b>

EUR million	2007	2006
<b>Movements in the fair value of plan assets:</b>		
Fair value of plan assets at the beginning of financial period	15.0	14.3
Expected return on plan assets	0.7	0.7
Actuarial gains (+) and losses (-)	-0.1	-0.8
Contributions into the plan paid by the employer	1.0	1.0
Gains (-) and losses (+) on curtailments	-0.3	0.0
Benefits paid	-0.3	-0.2
<b>Fair value of plan assets at the end of financial period</b>	<b>16.1</b>	<b>15.0</b>

The distribution of plan assets by asset, as percentage of the fair value of all plan assets: Debt securities 8% (68%), other short-term investments 92% (32%).

	2007	2006
<b>Principal actuarial assumptions at 31 December</b>		
Discount rate	5.05%	4.50%
Expected return on plan assets	4,00–5,05%	4.50%
Future salary increases	2.50%	2.50%

The expected long-term return on plan assets during the financial period 2007 was 4,00%–5,05%. It was determined based on expected future returns on each plan asset.

EUR million	2007	2006
The amounts for the current and the previous financial periods are the following:		
Present value of the obligation	19.1	17.7
Fair value of plan assets	-16.1	-15.0
<b>Deficit</b>	<b>3.0</b>	<b>2.7</b>
Experience adjustments on plan assets	-0.1	-0.7
Experience adjustments on plan liabilities	0.0	0.6

## 22. Share-based payments

The Board of Directors of Talentum Oyj decided on starting a new share-based incentive plan to the Group management. The plan includes three vesting periods of at least one and at maximum three financial periods. The first vesting period began on 1 January 2007 and it ended on 31 December 2007. The reward from the program to the participants from the first vesting period is based on the net sales and operating profit of the Group and on Talentum's share price development. The rewards are settled after each vesting period partly as the Company's shares and partly in cash. The proportion to be settled in cash covers taxes and tax-like charges arising from the settlement.

### Share-based payments 2007

Grant date	8 March 2007
Instrument	Share
Maximum amount of shares	129,500
Share price at the grant date	3.57
Fair value of the share at the grant date	3.57
Vesting period begins on	1 January 2007
Vesting period ends on	31 December 2007
Vesting conditions	Net sales, operating profit and share price development
Probability of occurrence of the vesting conditions, %	49
Release of shares, date	1 January 2010
Share ownership obligation, years	2
Remaining binding period, years	2
Persons (at 31 December 2007)	7



## 23. Interest-bearing liabilities

EUR million	2007	2006
<b>Non-current</b>		
Financial liabilities measured at amortized cost		
Loans from financial institutions	1.9	2.7
Other non-current liabilities	1.9	1.0
<b>Total</b>	<b>3.8</b>	<b>3.7</b>
<b>Current</b>		
Financial liabilities measured at amortized cost		
Loans from financial institutions	0.9	1.3
Loans from associates	0.5	0.5
Other current liabilities	0.1	0.1
Commercial papers	14.0	20.0
<b>Total</b>	<b>15.4</b>	<b>21.8</b>
<b>Total interest-bearing liabilities</b>	<b>19.2</b>	<b>25.5</b>

EUR million	2007 Carrying amount	2007 Fair value	2006 Carrying amount	2006 Fair value
<b>Carrying amounts and fair values of liabilities</b>				
Non-current liabilities	3.8	3.8	3.7	3.7
Current liabilities	15.4	15.4	21.8	21.8

Interest-bearing liabilities are mainly tied to 3-month market interest rates and their carrying amounts are equivalent to fair values.

## 24. Provisions

EUR million	Restructuring provisions	Onerous contracts	Other provisions	Total
<b>Carrying amount at 1 January 2007</b>	0.6	0.9	0.5	2.1
Provisions made	0.0	0.0	0.1	0.1
Provisions used	0.0	-0.3	0.0	-0.3
Reversal of unused provisions	-0.2	0.0	0.0	-0.2
<b>Carrying amount at 31 December 2007</b>	<b>0.4</b>	<b>0.6</b>	<b>0.7</b>	<b>1.7</b>
<b>Distribution to current and non-current provisions:</b>				
Current provisions		0.3		0.3
Non-current provisions	0.4	0.3	0.7	1.4
	<b>0.4</b>	<b>0.6</b>	<b>0.7</b>	<b>1.7</b>

Restructuring provisions include provisions for expenses arising from the restructuring of the publishing business and the Group administration. The reversal of provisions is due to the reassessment of actual expenses. Onerous contracts include the rental expenses for unoccupied leased premises as well as the rental expenses exceeding the market price for other premises. Other provisions include expenses for the pension plans in Sweden and other personnel expenses.

## 25. Trade and other payables

EUR million	2007	2006
<b>Current</b>		
Advances received	2.1	1.4
Trade payables	4.1	3.1
Liabilities to associates	0.1	0.5
Accrued expenses and deferred income	24.1	18.3
Other liabilities	2.8	3.3
<b>Total</b>	<b>33.1</b>	<b>26.6</b>
<b>Significant items included in accrued expenses and deferred income:</b>		
Subscription fee advances	10.0	5.4
Personnel expenses	8.9	9.8
Tax liability	1.2	0.8
Other	3.9	2.2
<b>Total</b>	<b>24.1</b>	<b>18.3</b>

## 26. Related party transactions

The Group parent company and subsidiaries are as follows:

	Domicile	Group holding %	Parent company holding %
<b>Parent company</b>			
Talentum Oyj	Helsinki		
<b>Group companies</b>			
Talentum Media Oy	Helsinki	100.00	100.00
Talentum Sweden AB	Stockholm	100.00	100.00
Suoramarkkinointi Mega Oy	Helsinki	100.00	100.00
Varesvuo Partners Oy	Helsinki	100.00	100.00
Talentum Premedia Oy	Helsinki	100.00	100.00
Expose Oy	Helsinki	100.00	100.00
Michelsson Sales Consults Oy	Helsinki	100.00	100.00
<b>Subgroup companies</b>			
<b>Talentum Media Oy:</b>			
Oy Mediuutiset Ab	Helsinki	50.00	
Conseco Press	Moscow	40.00	(51% of votes)
<b>Talentum Sweden AB:</b>			
Talentum Media AB	Stockholm	100.00	
Talentum Sales AB	Stockholm	100.00	
Dagens Media Sverige AB	Stockholm	100.00	
Talentum Fakta AB	Stockholm	100.00	
Dagens Teknik i Klara AB	Stockholm	100.00	
<b>Talentum Premedia Oy:</b>			
DHT Services Oy	Helsinki	100.00	
Marvaco Oy Ltd	Helsinki	100.00	
Sata-Flexo Oy	Pori	100.00	
Faktor Oy	Helsinki	100.00	
DH Tools Oy	Helsinki	100.00	
<b>Suoramarkkinointi Mega Oy:</b>			
Müügimeistrite A/S	Tallinn	92.00	
Telemarket SIA	Riga	96.00	
Telemarketing UAB	Vilnius	96.00	

### Varesvuo Partners Oy:

	Domicile	Group holding %	Parent company holding %
Angel Films Oy	Helsinki	75.90	
Electric Light Company Finland Oy	Helsinki	100.00	
Moskito Television Oy	Helsinki	78.30	
Crea Sport Production Oy	Helsinki	90.00	
Van Der Media Oy	Helsinki	84.20	
Ondine Oy	Helsinki	90.34	
Oy Filmiteollisuus Fine Ab	Helsinki	59.32	
Helsinki-Filmi Oy	Helsinki	58.18	
Filmiteollisuus fine-Mediastation Oy	Helsinki	100.00	
Ten Years Production Oy	Tampere	51.00	
Bada Bing Productions Ab	Helsinki	100.00	
Woodpecker Film Oy	Helsinki	92.00	
Kaivopuiston Grillifilmi Oy	Helsinki	76.33	7.00
Kiinteistö Oy Helsingin Sahaajankatu 30	Helsinki	100.00	

### Related party

The Group also has a related party relationship with the associates Generator Post Oy, Production House Oy Finland and Mentor Online AB, Talentum's pension fund as well as with the Group management, to which belong the Board of Directors of the parent company and the Talentum Group's management group.

### Related party transactions with the CEO and members of the Group management

#### Total management employee benefits

1,000 EUR	2007	2006
Salaries and other short-term employee benefits	1,980	2,315
Termination benefits	0	175
<b>Total</b>	<b>1,980</b>	<b>2,490</b>

1,000 EUR	2007	2006
<b>Executive remuneration</b>		
<b>CEO</b>		
Juha Blomster (since 1 October 2006) .....	222	54
Harri Roschier .....		479
	<b>222</b>	<b>533</b>
<b>Other Group management</b>	<b>1,590</b>	<b>1,620</b>
<b>Members of the Board of Directors</b>		
Saarinen Tuomo, Chairman .....	48	36
Airaksinen Manne, Deputy Chairman .....	30	30
Blomster Juha (until 30 September 2006) .....		18
Heiniö Ari (until 28 March 2006) .....		6
Kainulainen Harri .....	24	18
Lehti Eero .....	24	18
Länsiö Jussi (until 28 March 2006) .....		12
Mäkelä Kai .....	24	18
Palomäki Atte (since 28 March 2007) .....	18	
Piponus Kirsti (until 28 March 2006) .....		6
	<b>168</b>	<b>162</b>

Figures are salaries, fees and bonuses paid during the financial period.

The CEO and part of the Group management have the right to retire at the age of 60. The number of Talentum Oyj's shares and options owned by the members of the Board of Directors and the CEO personally and through companies, in which they have a controlling interest on 31 December 2007 was 4,470,162, representing 10.1% of the total shares and votes of the Company. Other Group management owned 155,000 shares.

#### Related party transactions with Talentum's pension fund

The statutory pension plans of Talentum Oyj, Talentum Media Oy and Suoramarkkinointi Mega Oy are managed in a collective pension fund. The Company has not had any other significant related party transactions with Talentum's pension fund besides normal support payments.

EUR million	2007	2006
<b>Related party transactions with associates</b>		
Transactions with associates are carried out at prevailing market prices.		
Sales .....	0.1	0.1
Purchases .....	0.5	0.7
Current receivables .....	0.0	0.1
Current liabilities .....	0.1	0.1
Loan receivables from associates		
Loan receivables at 1 January .....	0.1	0.3
Repayment of loans .....	-0.1	-0.2
Loan receivables at 31 December .....	0.0	0.1

The interest rate of loans granted to associates is based on market interest rates.

## Transactions with joint ventures

The Group has an ownership of 50% in joint venture Oy Mediutiset Ab, which has been consolidated row by row using the proportionate consolidation method. The consolidated financial statements include the Group's proportion of the joint venture's assets, liabilities, income and expenses:

EUR million	2007	2006
Current assets	0.5	0.5
Current liabilities	-0.2	-0.2
<b>Net assets / (net liabilities)</b>	<b>0.4</b>	<b>0.4</b>
Income	1.1	1.2
Expenses	-1.0	-1.0
<b>Profit for the period</b>	<b>0.1</b>	<b>0.2</b>

Specification of intragroup items in proportionate consolidation in accordance with the Group's proportion in the joint venture:

EUR million	2007	2006
Sales	0.0	0.1
Current liabilities	0.5	0.5

The interest rate of loans granted to the joint venture is based on market interest rates.

## 27. Contractual maturities of financial liabilities

EUR million	2008	2009	2010	2011	2012	Later
<b>2007</b>						
Trade payables	4.1					
Commercial papers	14.0					
Liabilities to associates	0.5					
Loans from financial institutions	1.5	1.2	0.2			
Other non-current liabilities	0.8	0.6	0.3	0.0	0.0	0.1

EUR million	2007	2008	2009	2010	2011	Later
<b>2006</b>						
Trade payables	3.1					
Commercial papers	20.0					
Liabilities to associates	0.5	0.0	0.0	0.0		
Loans from financial institutions	1.4	1.3	1.2	0.2		
Other non-current liabilities	0.8	0.0	0.0	0.0	0.0	0.1

Talentum has since spring 2004 as part of its overall financing a domestic commercial paper program of EUR 30 million, within which Talentum issues commercial papers with a maturity of less than one year. The mean maturity for these papers is less than three months.

Repayments due in 2008 are included in current liabilities.



## 28. Capital management

The objective of the Group's capital management is to maintain a strong financial position and to ensure that the business's financing needs can be satisfied in a cost efficient way when necessary. The development of the Group's capital structure is monitored and forecast on a regular basis. Equity ratio and gearing, among others, are key indicators that the management monitors. The capital employed consists of net working capital as well as of property, plant and equipment and intangible assets, which have been financed with equity and net liability. The Group's long-term objective for the equity ratio is 30%.

EUR million	2007	2006
<b>Capital employed</b>		
Goodwill and shares .....	34.8	27.4
Other property, plant and equipment and intangible assets.....	18.4	20.1
Net working capital	-15.9	-10.2
<b>Total capital employed</b>	<b>37.3</b>	<b>37.2</b>
<b>Capital:</b>		
Equity.....	31.9	32.2
Net liability	5.3	5.1
<b>Total capital</b>	<b>37.3</b>	<b>37.2</b>
Equity ratio % .....	36.7	36.1
Gearing % .....	16.7	15.7

## 29. Operating leases, commitments and contingent liabilities

EUR million	2007	2006
Non-cancellable minimum operating lease rentals are payable as follows:		
Less than one year .....	6.2	5.6
Between one and five years.....	9.0	11.2
More than five years	0.8	3.4
<b>Total</b>	<b>15.9</b>	<b>20.2</b>
Mortgages:		
For own liabilities .....	5.5	5.9
Guarantees:		
On behalf of others .....	0.1	0.2

## 30. Events after the balance sheet date

On 22 January 2008, Talentum Oyj announced that it had agreed on the sale of Varesvuo Partners Oy, which focuses on TV content production. The buyer is a company established by CapMan Buyout VIII fund, which is managed by Capman Plc. The transaction does not include Varesvuo Partners Oy's ownership of 59% in the parent company of the subgroup Oy Filmiteollisuus Fine AB, which will be transferred to Talentum Oyj in a form of a subsidiary. Finalization of the transaction requires, among others, approval of the competition authorities and some other preconditions. The debt-free price of the realized transaction is EUR 11.0 million in total. The net cash flow from the transaction is expected to about EUR 9.4 million and the sale will create a gain on the sale of about EUR 1.0 million in the first quarter of 2008.

# Key figures 2003–2007

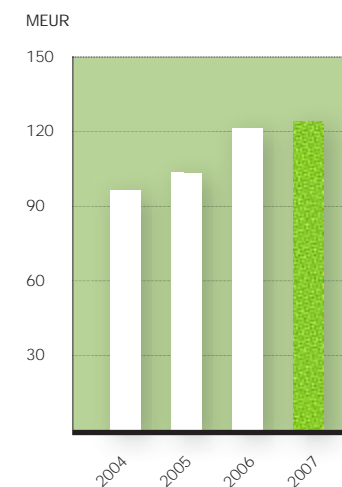
EUR million and %	IFRS 2007	IFRS 2006	IFRS 2005	IFRS 2004	FAS 2003
Net sales, IFRS*	124.0	121.1	103.3	96.4	
growth %	2.4	17.2	7.1		
Net sales**	124.0	121.1	122.8	119.9	113.2
growth %	2.4	-1.4	2.4	6.0	-1.2
Operating profit**	13.9	4.3	20.4	9.3	2.9
% of net sales**	11.2	3.5	16.7	7.8	2.5
Financial items***	-1.0	-0.1	-0.5	0.0	0.6
Profit for the period (Equity holders of the parent company)	8.8	2.2	17.9	6.3	1.0
Investments**	11.6	5.1	28.5	9.0	5.3
% of net sales	9.3	4.2	23.3	7.5	4.7
Total equity	31.9	32.2	43.3	32.9	46.5
Total assets	89.0	89.7	90.5	78.5	85.9
Number of employees, average**	991	1,064	1,202	1,203	1,166
Net sales per employee**, 1,000 EUR	125	114	102	100	97

\* Net sales excluding the net sales of discontinued operations (income statement)

\*\* Including discontinued operations

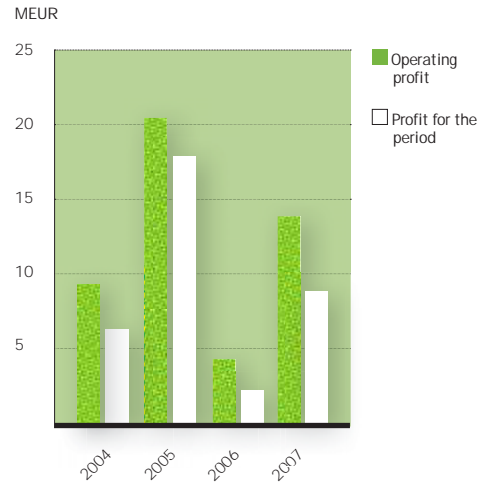
\*\*\* IFRS - including share of profit of associates (FAS - operating profit)

Net sales (IFRS)\*  
2004–2007



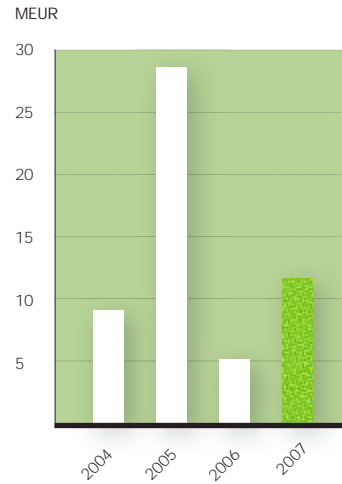
\* Net sales excluding the net sales of discontinued operations (income statement)

### Operating profit\* and the profit for the period 2004–2007



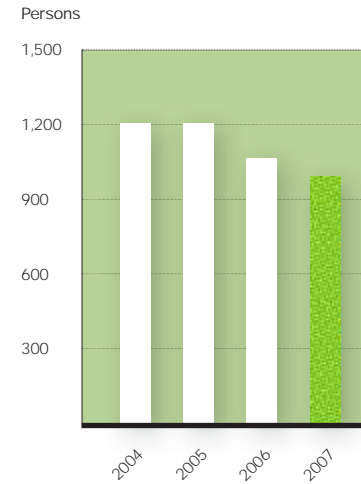
\* Including discontinued operations

### Investments\* 2004–2007



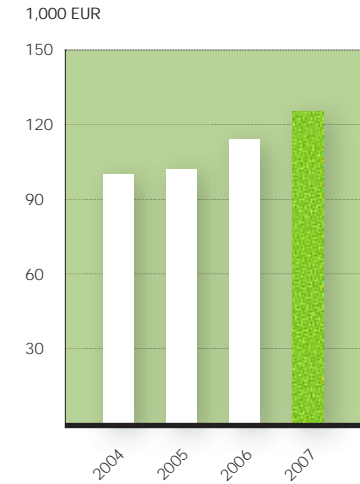
\* Including discontinued operations

### Number of employees, average\* 2004–2007



\* Including discontinued operations

### Net sales per employee\* 2004–2007



\* Including discontinued operations

# Key indicators for the group 2003–2007

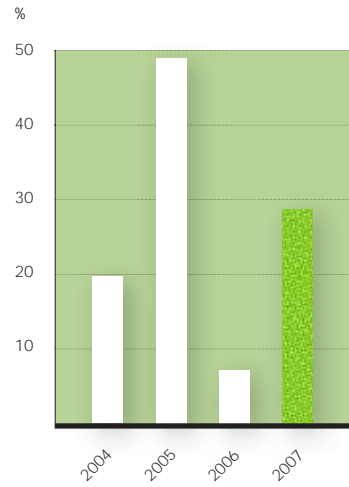
		IFRS 2007	IFRS 2006	IFRS 2005	IFRS 2004	FAS 2003
Return on equity (ROE)	%	28.7	7.2	49.0	19.7	3.8
Return on investment (ROI)	%	27.3	9.4	37.6	18.9	6.6
Equity ratio*	%	36.7	36.1	48.8	42.3	55.0
Net gearing	%	16.7	15.7	-16.5	-22.3	-41.0
Key indicators per share:						
Earnings per share	EUR	0.20	0.05	0.42	0.15	0.03
Dividend per share	EUR	**0.20	0.18	0.30	0.15	0.25
Equity per share	EUR	0.69	0.69	0.94	0.54	0.97
Dividend per earnings	%	99.6	360.0	71.7	100.0	999.7
Effective dividend yield	%	7.3	5.5	8.1	5.1	9.8
P/E- ratio		13.7	66.5	8.8	19.7	102.0
Market capitalization	EUR million	121.1	144.9	162.9	124.8	105.8
Net liabilities	EUR million	5.3	5.1	-7.1	-7.3	-18.9
Enterprise Value	EUR million	126.5	150.0	155.8	117.5	86.9
Traded price 31.12.	EUR	2.75	3.29	3.70	2.95	2.55
Traded price high	EUR	3.83	4.44	4.02	3.40	2.65
Traded price low	EUR	2.55	3.00	2.85	2.58	1.35
Average price for year, share issue adjusted	EUR	3.39	3.77	3.50	2.92	2.49
Total share turnover	shares	14,141,995	26,957,486	35,357,125	15,829,990	18,697,948
Total share turnover as percentage of shares	%	32.1	61.2	80.3	37.4	45.1
Number of shares, share issue adjusted:						
weighted average during year	shares	44,039,817	44,039,817	42,720,075	41,793,256	40,228,134
at year end	shares	44,039,817	44,039,817	44,039,817	42,298,780	41,479,430
Unremeeded 1999 warrant bond	shares	0	0	0	1,450,000	1,450,000
Unremeeded 2000 warrant bond	shares	0	0	0	345,000	345,000
Own shares	shares	181,000	181,000	181,000	184,600	184,600

\* matching of the subscriptions booked in deferred liabilities has been treated as debt

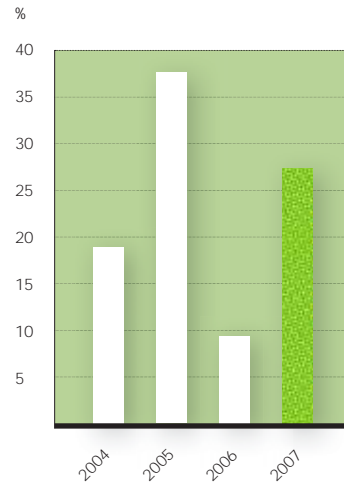
\*\* Board proposal



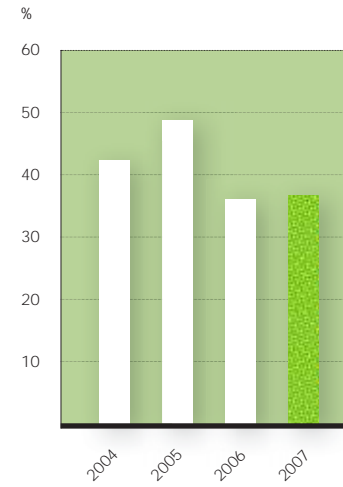
Return on equity (ROE)  
2004–2007



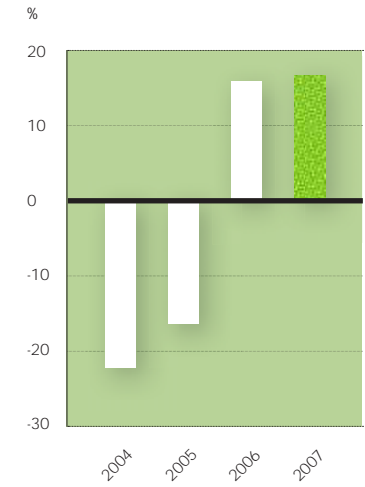
Return on investment (ROI)  
2004–2007



Equity ratio\*  
2004–2007

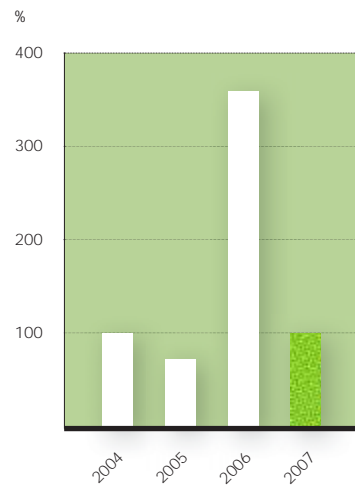


Net gearing  
2004–2007

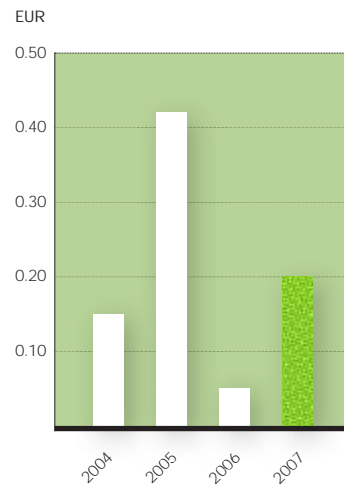


\*) matching of the subscriptions booked in deferred liabilities has been treated as debt

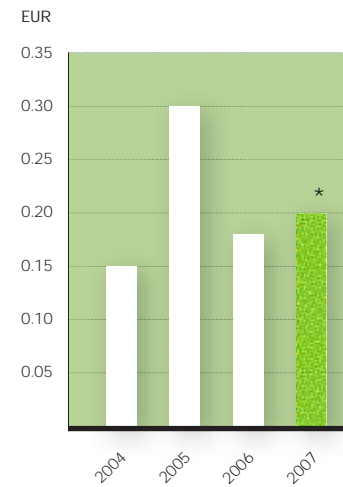
Dividend per earnings  
2004–2007



Earnings per share  
2004–2007



Dividend per share  
2004–2007



\*) board proposal

# Calculation of key indicators

$$\text{Return on equity (ROE), \%} = \frac{\text{Profit for the period}}{\text{Total equity (annual average)}} \times 100$$

$$\text{Return on investment (ROI), \%} = \frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Total assets - non-interest bearing debts (annual average)}} \times 100$$

$$\text{Equity ratio, \%} = \frac{\text{Total equity}}{\text{Total assets - advances received}} \times 100$$

$$\text{Gearing, \%} = \frac{\text{Interest-bearing debts - cash and cash equivalents}}{\text{Total equity}} \times 100$$

$$\text{Earnings per share, EUR} = \frac{\text{Profit for the period attributable to the equity holders}}{\text{Adjusted average number of shares}}$$

$$\text{Dividend per share, EUR} = \frac{\text{Dividend for the period}}{\text{Adjusted number of shares 31.12.}}$$

$$\text{Equity per share, EUR} = \frac{\text{Equity attributable to the equity shareholders}}{\text{Adjusted number of shares 31.12.}}$$

$$\text{Dividend per earnings, \%} = \frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$$

$$\text{Effective dividend yield, \%} = \frac{\text{Dividend per share}}{\text{Adjusted trading price at the end of the period}} \times 100$$

$$\text{Price per earnings, P/E} = \frac{\text{Adjusted trading price at the end of the period}}{\text{Earnings per share}}$$

$$\text{Market capitalization} = \text{Number of shares at 31.12.} \times \text{trading price at the end of the period}$$

$$\text{Enterprise Value} = \text{Market capitalization} + \text{interest-bearing debts - cash and cash equivalents}$$

# Income statement of parent company (FAS)

1,000 EUR	Note	2007	2006
<b>Net sales</b>	2	<b>4,057</b>	<b>4,250</b>
Other operating income	3	4	25
Personnel expenses	4	2,943	3,713
Depreciation and amortization	5	717	678
Other operating expenses		2,954	3,249
<b>Operating profit/loss</b>		<b>-2,553</b>	<b>-3,365</b>
Financial income and expenses	6	373	9,868
<b>Profit/loss before extraordinary items</b>		<b>-2,179</b>	<b>6,503</b>
Extraordinary items	7	6,578	4,500
<b>Profit/loss before appropriations and taxes</b>		<b>4,399</b>	<b>11,003</b>
Increase(-)/decrease(+) in depreciation difference	5	71	5
Direct taxes	8	-926	-242
<b>Net profit/loss for the year</b>		<b>3,543</b>	<b>10,766</b>

# Balance sheet of parent company (FAS)

1,000 EUR	Note	2007	2006
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	9	1,135	1,512
Tangible assets	9	312	481
Investments	9	132,527	134,330
<b>Non-current assets, total</b>		<b>133,975</b>	<b>136,323</b>
<b>Current assets</b>			
Non-current receivables	10	0	3
Current receivables	11	26,538	31,386
Bonds and securities		5,710	11,767
Cash at bank and in hand		54	73
<b>Current assets, total</b>		<b>32,302</b>	<b>43,228</b>
<b>Assets, total</b>		<b>166,276</b>	<b>179,551</b>
<b>Liabilities and shareholder's equity</b>			
<b>Shareholder's equity</b> 12			
Share capital		18,594	18,594
Share premium fund		89,594	89,594
Retained earnings		5,971	3,132
Net profit/loss for the year		3,543	10,766
<b>Total</b>		<b>117,701</b>	<b>122,085</b>
<b>Accumulated appropriations</b>			
Accumulated depreciation difference	13	20	91
Non-current liabilities	14	867	1,561
Current liabilities	15	47,688	55,813
<b>Liabilities, total</b>		<b>48,555</b>	<b>57,374</b>
<b>Liabilities and shareholder's equity, total</b>		<b>166,276</b>	<b>179,551</b>

# Cash flow statement of parent company (FAS)

1,000 EUR	2007	2006
<b>Operating activities</b>		
Operating profit/loss	-2,553	-3,365
Depreciation	717	678
Gain on disposal of non-current assets	0	-13
Adjustments to operating profit	717	665
Change in net working capital	-3,149	-1,744
Net financing	-543	-132
Dividends received	10,000	0
Tax paid	-244	533
<b>Cash flow from business operations</b>	<b>4,228</b>	<b>-4,043</b>
<b>Investments</b>		
Acquired Group companies	0	-2,160
Acquisitions of other investments	-172	-1,126
Sales of Group companies	-10	0
Sales of other non-current assets	0	67
<b>Cash flow from investments</b>	<b>-183</b>	<b>-3,219</b>
<b>Financing</b>		
Change in short-term loans	-6,000	12,000
Change in long-term loans	-694	-694
Increase/decrease in non-current receivables	0	948
Dividends paid	-7,927	-13,212
Group contributions	4,500	4,156
<b>Financing</b>	<b>-10,121</b>	<b>3,199</b>
Liquid assets 1 January	11,839	15,903
Increase/decrease in liquid assets	-6,076	-4,063
Liquid assets 31 December	5,764	11,839

# Notes to the parent company's financial statements

## 1. Accounting principles

The financial statements of Talentum Oyj have been drawn up in accordance with accounting principles based on Finnish accounting legislation except for chapter 5A of the accounting act.

### Fixed assets

Tangible and intangible assets have been entered in the balance sheet at the original acquisition cost less planned depreciation. Planned depreciation has been calculated on the straight-line method based on economic life. The depreciation periods are as follows:

Intangible rights .....	2–5 years
Other long-term expenditure .....	3–10 years
Machinery and equipment .....	2–7 years

The rental charges of assets leased under leasing agreements have been entered as rental expenses and the assets are not shown in the balance sheet.

Investments are shown as investments and receivables, the estimated holding period of which is more than one year.

The possible depreciation in the value of fixed asset items will be examined at the closing of the accounts, and any depreciation will be entered immediately, should there be grounds to do so.

### Financial assets

Deposits held for more than three months and other shares, the estimated holding period of which is less than a year, are shown as financial assets. Cash and cash equivalents include liquid

assets, bank accounts, deposits held for less than three months and other items treated as cash in hand.

Shares, holdings, and financial instruments included in financial assets are valued at acquisition cost or market price, whichever is the lower.

### Items dominated in foreign currency

Items denominated in foreign currency are shown in euros at the rate quoted by the European Central Bank at year-end. Differences in exchange rates accruing during the financial year have been included in financial income and expenses.

### Pensions arrangements

Statutory pension liabilities are covered by the Talentum Group's general pension fund. Pension costs have been entered on the basis of payment.

### Extraordinary items

Group contributions have been entered as extraordinary items.

### Taxes for the financial period

The profit and loss account contains taxes for the accounting period entered as income tax and adjustments to taxes from previous financial periods.

The probable tax effects of the matching differences for the bookkeeping and taxation have been entered as deferred tax credit and liability.

## 2. Turnover by business area

1,000 EUR	2007	2006
<b>Net sales</b>		
Internal invoicing	4,057	4,250
	<b>4,057</b>	<b>4,250</b>

## 3. Other income from business operations

1,000 EUR	2007	2006
Profits in sale of non-current assets .....	0	13
Compensations paid by insurance company .....	4	0
Other income	0	12
	<b>4</b>	<b>25</b>

## 4. Personnel expenses

1,000 EUR	2007	2006
Performance-based salaries and fees		
Supervisory Board and Boards of Directors .....	168	162
Others .....	2,293	2,740
Pension expenses .....	521	652
Other statutory personnel expenses	-39	159
<b>Personnel expenses in profit and loss account</b>	<b>2,943</b>	<b>3,713</b>
Salaries, fees and fringe benefits paid to Managing Directors .....	222	533
CEO and board member salaries and other short-term benefits are published by person in note 26 of the Group financial statements.		
Average number of personnel during the period under view .....	31	37



## 5. Depreciation, amortization and writedowns

1,000 EUR	2007	2006
<b>Planned depreciations</b>		
Intangible assets	488	458
Tangible assets	229	220
<b>Depreciation, total</b>	<b>717</b>	<b>678</b>
<b>Change in depreciation difference</b>		
Intangible assets	12	-18
Tangible assets	-82	23
<b>Change in depreciation difference, total</b>	<b>-71</b>	<b>5</b>

## 6. Financial income and expenses

1,000 EUR	2007	2006
Dividend income from Group companies	2,738	10,077
Interest and financial income from Group companies	919	748
Other interest and financial income	390	372
Changes in value of liquid assets and investments	-768	-483
Interest and financial expenses to Group companies	-1,842	-95
Other financial expenses	-1,064	-751
<b>Financial income and expenses total</b>	<b>373</b>	<b>9,868</b>

## 7. Extraordinary items

1,000 EUR	2007	2006
Group contributions	6,578	4,500
<b>Extraordinary items, total</b>	<b>6,578</b>	<b>4,500</b>

## 8. Taxes

1,000 EUR	2007	2006
From extraordinary items	-1,710	-1,170
From ordinary functions	787	928
Change in Deferred tax	-3	0
<b>Taxes total</b>	<b>-926</b>	<b>-242</b>

## 9. Intangible and tangible assets

1,000 EUR	2007	2006
<b>Intangible assets</b>		
Acquisition cost 1 Jan.	3,985	3,093
Increases	36	371
Transfers	76	521
Decreases	-2	0
Acquisition cost 31 Dec.	4,095	3,985
Accumulated depreciation 1 Jan.	-2,473	-2,015
Depreciation for the period	-488	-458
Accumulated depreciation 31 Dec.	-2,961	-2,473
Book value 31 Dec.	1,135	1,512
<b>Tangible assets</b>		
Acquisition cost 1 Jan.	1,574	1,677
Increases	74	234
Decreases	-82	-337
Acquisition cost 31 Dec.	1,566	1,574
Accumulated depreciation 1 Jan.	-1,093	-1,156
Depreciation for the period	-229	-220
Cumulative depreciation on reclassifications	68	283
Accumulated depreciation 31 Dec.	-1,253	-1,093
Book value 31 Dec.	312	481
<b>Investments</b>		
<b>Shares in subsidiaries</b>		
Acquisition cost 1 Jan.	134,302	134,286
Increases	0	16
Decreases	-1,803	0
Acquisition cost 31 Dec.	132,499	134,302

Group shares are published in note 26 Related parties of the Group financial statements.

1,000 EUR	2007	2006
<b>Other shares</b>		
Acquisition cost 1 Jan.	28	28
Increases	0	0
Decreases	0	0
Acquisition cost 31 Dec.	28	28
Accumulated planned depreciation and writedowns	0	0
Book value 31 Dec.	28	28
<b>Investments, total</b>	<b>132,527</b>	<b>134,330</b>
Itemization of intangible and tangible assets		
<b>Intangible assets</b>		
Computer software	564	860
Renovation of business premises	571	651
<b>Total</b>	<b>1,135</b>	<b>1,512</b>
<b>Tangible assets</b>		
Machinery and equipments	281	449
Other tangible assets	32	32
<b>Total</b>	<b>312</b>	<b>481</b>

## 10. Non-current receivables

1,000 EUR	2007	2006
Deferred tax asset	0	3
<b>Total</b>	<b>0</b>	<b>3</b>

## 11. Current receivables

1,000 EUR	2007	2006
Trade receivables	328	175
Receivables from Group companies	25,934	30,905
Loan receivables	0	1
Prepaid expenses and accrued income	275	248
Other receivables	1	58
<b>Total</b>	<b>26,538</b>	<b>31,386</b>

1,000 EUR	2007	2006
Receivables from Group companies:		
Trade receivables	889	628
Loan receivables	15,682	15,734
Prepaid expenses and accrued income	9,363	14,543
<b>Total</b>	<b>25,934</b>	<b>30,905</b>
Prepaid expenses and accrued income:		
Group contribution receivables	6,578	4,500
Dividend receivables	2,730	10,000
Interest receivables	93	135
Others	236	155
<b>Total</b>	<b>9,637</b>	<b>14,790</b>

## 12. Shareholder 's equity

1,000 EUR	2007	2006
Share capital 1 Jan.	18,594	18,594
<b>Share capital 31 Dec.</b>	<b>18,594</b>	<b>18,594</b>
Share premium fund 1 Jan.	89,594	89,594
<b>Share premium fund 31 Dec.</b>	<b>89,594</b>	<b>89,594</b>
Retained profits 1 Jan.	13,898	16,344
Dividend payment	-7,927	-13,212
Net profit for the year	3,543	10,766
<b>Retained profits 31 Dec.</b>	<b>9,514</b>	<b>13,898</b>
<b>Shareholder 's equity total 31 Dec.</b>	<b>117,701</b>	<b>122,085</b>
Calculation of distributable assets		
Retained profits and other funds 31 Dec.	9,514	13,898
Share capital by type of share at end of financial year:	Shares	Shares
Serie: TTMV1	44,220,817	44,220,817
Own shares held by the company	181,000	181,000

## 13. Appropriations

1,000 EUR	2007	2006
Accumulated depreciation difference by non-current asset group:		
Intangible assets .....	204	192
Tangible assets .....	-183	-101
	<b>20</b>	<b>91</b>
<b>Deferred tax liability included in reserves</b>	<b>5</b>	<b>24</b>

## 14. Non-current liabilities

1,000 EUR	2007	2006
Interest-bearing long-term debts		
Loans from financial institutions .....	867	1,561

## 15. Current liabilities

1,000 EUR	2007	2006
Interest-bearing short-term debts		
Loans from financial institutions .....	694	694
Commercial papers .....	14,000	20,000
Liabilities to Group companies .....	30,364	32,691
	<b>45,058</b>	<b>53,384</b>
Interest-free short-term debts		
Liabilities to Group companies		
Accrued expenses and deferred income .....	89	71
	<b>89</b>	<b>71</b>
Liabilities to others		
Accounts payable .....	314	218
Others .....	209	193
Accrued expenses and deferred income .....	2,018	1,947
	<b>2,540</b>	<b>2,357</b>
Interest-free short-term debts, total	2,630	2,429
<b>Current liabilities, total</b>	<b>47,688</b>	<b>55,813</b>

1,000 EUR	2007	2006
Substantial items included in accrued expenses and deferred income:		
Holiday pay obligation liability .....	222	271
Reserve for incentive bonuses and salaries .....	413	1,398
Taxes .....	923	243
Statutory employment pension and social security contribution debt .....	62	12
Interest debt .....	111	83
Others .....	378	12
<b>Total</b>	<b>2,107</b>	<b>2,019</b>

## 16. Guarantees, contingent liabilities and other commitments

1,000 EUR	2007	2006
Financial institution loans with shares as collateral .....	1,561	2,255
Book value of shares pledged .....	4,229	4,229
Guarantees posted for own commitments		
Rent guarantees .....	1	1
Rents of term of notice .....	10,027	11,878
Leasing commitments		
To be paid in the next financial year .....	356	393
To be paid later .....	79	330
Guarantees posted on behalf of Group companies		
Guarantees .....	2,831	2,831

# Proposal by the parent company on the distribution of profits

The distributable earnings in the consolidated balance sheet amount to EUR 9,514,224.54, of which the profit for the financial year is EUR 3,543,034.46. No essential changes have taken place in the financial position of the company since the balance sheet date and, as required under the Finnish Companies Act (13/2) the proposed dividend to be distributed will not endanger the solvency of the company. The Board of Directors proposes to use the distributable earnings as follows:

	EUR
Distributable earnings	9,514,224.54
The Board of Directors proposes to distribute a dividend of EUR 0.20 per outstanding share (44,039,817 shares)	8,807,963.40
<b>Remaining distributable earnings</b>	<b>706,261.14</b>

Helsinki February 11, 2008

Tuomo Saarinen

Manne Airaksinen

Harri Kainulainen

Eero Lehti

Kai Mäkelä

Atte Palomäki

**Juha Blomster**  
Managing Director

# Auditors' report

## To the shareholders of Talentum Oyj

We have audited the accounting records, the report of the Board of Directors, the financial statements and the administration of Talentum Oyj for the period 1.1.–31.12.2007. The Board of Directors and the Managing Director have prepared the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, as well as the report of the Board of Directors and the parent company's financial statements, prepared in accordance with prevailing regulations in Finland, containing the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, as well as on the report of the Board of Directors, the parent company's financial statements and the administration.

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

## Consolidated financial statements

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

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

In our opinion the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The parent company's financial statements give a true and fair view of the parent company's result of operations and of the financial position. In our opinion the report of the Board of Directors has been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The report of the Board of Directors is consistent with the consolidated financial statements and the parent company's financial statements and gives a true and fair view, as defined in the Finnish Accounting Act, of the result of operations and of the financial position. The consolidated financial statements and the parent company's financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the disposal of distributable funds is in compliance with the Companies' Act.

Helsinki 27 February 2008

**PricewaterhouseCoopers Oy**  
Authorised Public Accountants

Juha Wahlroos  
APA



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### Evli Pankki Oyj

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### Glitnir

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### Handelsbanken Capital Markets

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com/capitalmarkets

### Kaupthing Bank Oyj

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## Talentum Annual Report 2007

### Editors

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Reputation Management Conculancy Pohjoisranta

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### Cover photos and main photos

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### Other photos

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Century  
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