

ANNUAL REPORT OF THE BOARD OF DIRECTORS

to the Ordinary General Meeting of shareholders of
20 May 2008 on the annual accounts for the year ending 31 December 2007.

Dear shareholders,

We are pleased to report to you, in accordance with articles 95 and 96 of the Commercial Companies' Code, on the activities of our company and our management over the past financial year ending on 31 December 2007.

Notes to the annual accounts

These comments are based on the balance sheet after appropriation of the profits, and are therefore subject to the approval by the annual general meeting of the appropriation proposed.

The draft annual accounts have been drawn up in accordance with the provisions of the royal decree of 30 January 2001 implementing the Commercial Companies Code, and in particular book II, title I, on corporate annual accounts, and comply with the specific statutory and regulatory provisions that apply to the company.

The main activities of Roularta Media Group NV (RMG) are in the printed media sector. RMG NV also has participating interests in a number of printed media, audiovisual media and printing companies and in companies providing services to companies within the Group.

The annual accounts provide you with a general overview of our company's activities and of the results achieved. The profit for the past financial year was €2,318,198.38, as compared with €3,523,748.53 for the previous financial year.

Balance sheet after appropriation (in €'000)

ASSETS	31.12.2007	%	31.12.2006	%
Fixed assets	476,981	79.45	485,520	83.73
Current assets	123,359	20.55	94,346	16.27
TOTAL ASSETS	600,340	100	579,866	100

LIABILITIES	31.12.2007	%	31.12.2006	%
Shareholders' equity	238,369	39.71	243,636	42.02
Provisions and deferred taxes	1,405	0.23	840	0.14
Amounts payable after 1 year	178,481	29.73	90,616	15.63
Permanent equity	418,255	69.67	335,092	57.79
Amounts payable within 1 year	179,955	29.98	242,075	41.75
Accrued charges and deferred income	2,130	0.35	2,699	0.46
TOTAL LIABILITIES	600,340	100	579,866	100

From the above data, we derive the following ratios:

	<u>31.12.2006</u>	<u>31.12.2006</u>
1. Liquidity (current assets/short-term payables)	0.69	0.39
2. Solvency (shareholders' equity/total assets)	39.71%	42.02%

Investments in intangible fixed assets in the financial year relate primarily to the purchase of the titles Data News, Texbel and related products, software packages and the development of specific software for administration, editing and commercial services.

The principal investments in tangible fixed assets relate to the construction of an office building near the headquarters in Roeselare and the purchase of an office building in Tienen, just as maintenance work on own premises and rented buildings, and the purchase of office equipment and vehicles.

Changes in financial fixed assets relate primarily to:

- the acquisition of the remaining 50% of the shares of Academici Roularta Media NV;
- an increase in the capital of Academici Roularta Media NV without creation of new shares;
- the acquisition of 100% of the shares of Medical Integrated Communication BVBA;
- the acquisition of 100% of the shares of Opportunity To Sell BVBA;
- the merger of Medical Integrated Communication BVBA and Opportunity To Sell BVBA with Biblo NV;
- the acquisition of 50% of the shares of Actuapedia NV;
- the participation of 50% in the formation of Actuamedia NV;
- the acquisition of the remaining 50% of the shares of Le Vif Magazine SA (from subsidiary Groupe Express-Roularta SA);
- the acquisition of the remaining 50% of the shares of Algo Communication SARL and A Nous Province SAS;
- the capital increases of Algo Communication SARL, A Nous Province SAS and A Nous Paris SAS by incorporating loans;
- the participation of 50% in the formation of Travelmedia NV;
- the merger of Roularta Books NV with Roularta Media Group NV;
- the sale of all the shares of Côté Maison SA to Roularta Media France SA;
- the contribution of all shares of the French subsidiaries Algo Communication SARL, A Nous Province SAS, A Nous Paris SAS and Studio Press SAS and of 61.03% of the shares of Groupe Express-Roularta in subsidiary Roularta Media France SA;
- the booking of a write-down on the shareholding in Sportmagazine NV and Vogue Trading Video NV;
- the financing, in the form of loans, of a number of subsidiary companies;
- the booking of an additional write-down on the loan to Belgian Business Television NV ;
- the withdrawal of write-downs on the loans to Studio Press SAS and Hippos Vademecum in liquidation.

The other amounts receivable after more than one year are down due to transfers to short-term receivables.

Stocks relate to the division Roularta Books.

In the course of 2007, 220.000 own shares were purchased. Current investments consist of 417,149 own shares held by the company at 31 December 2007. The shares allocated to stock option plans for employees were valued at the option exercise price, except if the exercise price was higher than the closing price on the balance sheet date. In this case the shares were valued at this closing price. The other shares were also valued at the closing price, given that this one was lower than the acquisition price.

On 5 January 2007, the capital was increased by €188,014.20 through the creation of 9,340 new shares with the corresponding VVPR strips following an exercise of warrants. The board of directors, drawing on the authorised capital, then increased the capital by €485.80 by incorporating reserves available for distribution in the same amount, without issuing new shares, in order to bring the share capital to €170,439,000.00.

On 27 June 2007, the capital was increased following the exercise of warrants by €247,924.32 through the creation of 22,225 new shares with their corresponding VVPR strips. The board of directors, drawing on the authorised capital, then increased the capital by €75.68 by incorporating reserves available for distribution in the same amount, without issuing new shares, in order to bring the share capital to €170,687,000.00.

Provisions for other liabilities and charges have increased with the merger of Roularta Books NV and Roularta Media Group NV, leading to the inclusion in the accounts of an existing provision of €577,897.23.

Long-term financial debts have significantly increased, on the one hand due to the conversion of €93 million short-term straight loans, which were concluded in 2006 for the acquisition of Groupe Express-Roularta, into long-term credits and on the other hand due to the conclusion of additional loans for the purchase of own shares in the amount of €13.5 million.

Other short-term debts have risen owing to temporary overdraft borrowings by a number of subsidiaries and joint ventures.

Income statement

The net profit for the current and previous financial years consist of the following:

In €'000	31.12.2007	31.12.2006
Sales	285,075	283,751
Changes in stocks	95	
Other operating income	23,966	18,953
Goods for resale	-170,698	-175,946
Services and other goods	-67,377	-64,633
Personnel charges	-43,873	-38,414
Depreciations	-5,030	-4,317
Impairments and write-downs	-24	688
Provisions	3	184
Other operating charges	-760	-724
Operating profit	21,377	19,542
Financial result	6,179	2,239
Extraordinary result	-19,973	-13,338
Transfers from deferred taxation	26	30
Income taxes	-5,334	-4,998
Profit for the financial year	2,275	3,475
Transfer from (+) / to (-) untaxed reserves	43	49
PROFIT FOR THE YEAR	2,318	3,524
AVAILABLE FOR APPROPRIATION		

Sales have increased on the one hand through increased advertising, newsstand and subscription sales, but have fallen on the other hand through lower sales of print work. This latter movement follows the modification of a number of printing contracts with subsidiaries and joint ventures, with print work now invoiced directly by Roularta Printing NV instead of via Roularta Media Group NV.

Other operating income has risen thanks to the improved result of the 'Association in Participation' with subsidiary De Streekkrant-De Weekkrantgroep NV, the recording of the miscellaneous benefit on the option plan announced in early 2007 and the rise in various services for subsidiaries and joint ventures.

The fall in goods for resale is due mainly to a large fall in production costs with the above-mentioned change in printing contracts with subsidiaries and joint ventures, combined with a rise in the amount of net advertising income which is ceded to subsidiaries.

The cost of services and other goods rose mainly through higher journalists' fees and promotion costs, occasioned to a large extent by the acquisition of Data News and related products, and the merger of Roularta Books NV with Roularta Media Group NV.

The rise in personnel charges is due mainly to the rise in the number of employees, inter alia through the acquisition of Data News and the merger of NV Roularta Books and NV Roularta Media Group, as well as by indexation.

Goodwill amortization has increased, mainly through the purchase of Data News. Amortization on software has also increased, among other things through the purchase of new software packages.

The combined effect of the above was a net increase of the operating profit of €1.8 million.

The financial result has risen strongly, with a significant increase in dividends from subsidiaries and joint ventures. On the other hand, more interest has been paid on loans to credit institutions.

Extraordinary result consisted primarily of amounts written off on shareholdings and on loans to associated companies.

Appropriation of the results

We propose to appropriate the profit as follows:

A. Profit available for appropriation	2,380,369.81
Consisting of:	
- profit for the financial year available for appropriation	2,318,198.38
- profit brought forward from the previous financial year	62,171.43
B. Transfer from capital and reserves	5.720,000.00
Consisting of:	
- transfer from reserves	5,720,000.00
C. Transfer to capital and reserves	-120,000.00
Consisting of:	
- transfer to the legal reserve	-120,000.00
D. Result to be carried forward	-9,546.06
F. Distribution of profit	-7,970,823.75
Consisting of:	
- dividends	-7,970,823.75

The dividends consist of:

Type of shares	Total Gross	Retained withholding tax	Total Net	Number of shares	Net/ Share
Ordinary shares	€5,995,296.00	€1,498,824.00	€4,496,472.00	7,993,728 (8,410,877 -417,149) ¹	€0.5625
Ordinary shares with VVPR strips	€1,975,527.75	€296,329.16	€1,679,198.59	2,634,037	€0.6375

We propose that the dividends become payable from 2 June 2008, on presentation to ING Belgium, Bank Degroof or KBC Bank of coupon no. 10 and, where applicable, VVPR strip no. 10.

Conflicting interests relating to directors' personal assets

During the year, no directors had any conflicting interests relating to their personal assets.

Main events after the balance sheet date

The following main events took place after the balance sheet date, which have a considerable impact on the company's results and financial position:

- the capital of Roularta Media Group NV was increased by €158,302.32 by exercising 7,864 warrants in a notarial deed executed on 7 January 2008, then by €697.68 by incorporating available reserves, bringing it to €170,846,000.00 represented by 11,044,914 shares, including 2,634,037 with VVPR strips (giving entitlement to a reduced rate of withholding tax);

Information about circumstances that could significantly affect the company's development

We do not anticipate any particular circumstances that could significantly affect the future development of our company.

Research and development

As a multimedia group, Roularta Media Group is active in a number of high-tech sectors. Within these sectors, Roularta Media Group is always on the outlook for new opportunities, giving it the reputation of being a key technological innovator. Roularta Media Group attaches a great deal of importance to research and development. These efforts naturally help the Group's internal working procedures, but they also frequently act as the driving force for far-reaching market developments. In the field of printed media, Roularta Media Group has done the spadework for a number of Belgian and international standards that lay down specifications for digital media print preparation methodology and the electronic interchange of accompanying order information. With digital workflows of this type, extensive standardisation is essential for good quality control. Roularta Media Group wants to continue to play and extend its key pioneering role.

¹ See below – the dividend on own shares is suspended.

Capital increase and issue of convertible bonds and warrants decided by the board of directors in the course of the financial year

No decisions were taken by the board of directors in the past financial year to issue convertible bonds and/or warrants in relation to the authorised capital.

Drawing on the authorised capital, the board of directors increased:

- the capital by €485.80 on 5 January 2007, by incorporating reserves available for distribution in the same amount, without issuing new shares, in order to bring the capital to €170,439,000.00;
- the capital by €75.68 on 27 June 2007, by incorporating reserves available for distribution in the same amount, without issuing new shares, in order to bring the share capital to €170,687,000.00.

Branches

The company does not have any branches.

Own shares

Authorisation for the purchase of own shares was renewed by the annual general meeting of 15 May 2007 in accordance with the Articles of Association.

In the course of 2007, 220.000 own shares were purchased. The total of the 417,149 shares bought back in previous years and still held by the company at 31 December 2007 were acquired at a total cost of €18,970,173.74. These own shares are recorded in Assets under 'Current investments'.

The dividend entitlement attaching to own shares has been suspended. The corresponding coupons (coupon no. 10 – VVPR strip no. 10) will be destroyed.²

Shares owned by a subsidiary

The companies' subsidiaries do not hold any shares in Roularta Media Group NV.

Outlook

Roularta Media Group expects in 2008 for the Printed Media a good year in the field of advertising in freesheets, with the launch of new initiatives in this market. The magazine advertising market remains, however, uncertain. The readers market is developing favourably, both as regards subscriptions and newsstand sales. Further developing our websites, will, we anticipate, generate higher advertising income within the Internet field.

On the costs side, Roularta Media Group expects to see a rise in paper prices in 2008. Further efforts are being made to achieve permanent cost savings in order to increase overall productivity.

² See above – table of dividends

Announcement with regard to the use by the company of financial instruments, insofar as it is of importance in the assessment of its assets, liabilities, financial position and profit

To hedge the exchange-rate and interest-rate risks on the US private placement in US dollars, undertaken in 2006, Roularta Media Group concluded an interest rate currency swap (IRCS) that falls due on the same dates as those on which the underlying repayment and interest becomes payable.

To hedge against the risks of unfavourable interest-rate fluctuations, RMG has resorted to financial instruments, namely interest-rate swaps (IRS), a Cap and a Floor contract and the aforementioned IRCS contract.

Personnel

The company seeks to ensure that its management and employees continue to be motivated and to offer them the opportunity of benefiting from the growth of Roularta Media Group and the increase in the Roularta market share.

The company has therefore developed two warrant plans, one dating from before its market listing, and three stock option plans. Two warrant plans and two stock option plans have reached the exercise period. In November 2006, management and managerial staff were offered the possibility of subscribing to share options. The offer expired on 5 January 2007.

The Human Resources Management (HRM) department within Roularta Media Group has been focusing on proactively and consistently attracting skilled staff and on providing ongoing training and support for such staff to ensure that the organisation can achieve its objectives.

A strategic role in achieving these objectives has been conferred on line management and the central Human Resources department places its know-how, expertise and professionalism at their disposal as part of this process.

All HRM's initiatives are designed to ensure that our current and future staff operate effectively within Roularta Media Group.

Environmental issues

Every effort is constantly being made to enhance the working conditions of employees at work by, for example, installing plasma screens and providing ergonomic office equipment.

The company has no activities that are detrimental to staff or the environment and that are subject to licensing or reporting requirements under Flemish Regulations on Environmental Permits.

Principal risks and uncertainties

Aside from the usual risks incurred by any company, Roularta Media Group monitors closely market developments within the medium world, so that it can, at all times, anticipate any changes and new trends within the environment in which it is operating. Thanks to its multimedia portfolio, Roularta Media Group can react appropriately to shifts in focus in the advertising world and switches by the reading public from one form of media to another. In addition, the fact that Roularta Media Group derives its income from both the advertising market and the readers market means that the risks are spread evenly in the event of a downturn in either of those markets.

The type of costs that have an important impact on the total cost price, such as printing costs, distribution costs, staff and promotion costs, are closely monitored. The trend for international paper prices is unpredictable and calls for particular attention on our part.

Appointments

The term of office as a director of Mr Iwan Bekaert, of NV Fraka-Wilo, represented by its permanent representative Mrs Lieve Claeys, and of NV Verana, represented by its permanent representative Mrs Caroline De Nolf, will come to an end at the annual general meeting on 20 May 2008.

The board of directors proposes the Annual General Meeting that it renews Mr Iwan Bekaert's term of office for one year and the term of office of NV Fraka-Wilo, represented by its permanent representative Mrs Lieve Claeys, and of NV Verana, represented by its permanent representative Mrs Caroline De Nolf, for four years.

Note with respect to the items listed in article 34 of the Royal Decree of 14/11/2007, in so far as these could potentially affect a public takeover bid

Following the capital increase of 7 January 2008, the capital of the company is represented by 11,044,914 similar shares with the same rights, including 2,634,037 shares with VVPR strips.

All treasury shares held in portfolio by the company have no voting rights as long as they remain in the treasury portfolio.

No legal or statutory limitations exist on the transfer of securities.

The majority of the directors are appointed among candidates presented by the Dutch foundation Stichting Administratiekantoor 'RMG', as long as the latter owns, directly or indirectly, at least 35 per cent of the shares of the company. Should, in the event of decertification, the Dutch Stichting Administratiekantoor 'RMG' no longer be a voting shareholder, then the majority of directors will be appointed among candidates presented by the legal person holding the majority of the certificates in this foundation at the time of decertification, as long as the latter holds, directly or indirectly, at least 35 percent of the shares of the company.

The majority of the shares of the company are held by the Stichting Administratiekantoor 'RMG'.

Under Article 33 of the articles of association nobody can take part in the vote at the general meeting in respect of more than 35 per cent of the number of shares attached to the whole of the shares issued by the company. This limitation does not apply, however, where the vote relates to an amendment of the articles of association of the company, or to decisions for which the Companies Code requires a special majority.

Article 2 of the transitional provisions of the articles of association and article 620 of the Companies Code authorise the board of directors to have the company acquire its own shares or profit-sharing or other certificates where this is necessary to prevent imminent and serious detriment to the company.

Under article 13.2. of the loan agreement dated 20 December 2006 between NV Roularta Media Group and NV SGBF, all sums owed under this facility become immediately due and payable in the event that the Dutch foundation Stichting Administratiekantoor 'RMG' owns less than 51% of the shares and voting rights in NV Roularta Media Group.

Under the terms of the law of 1 April 2007 on public takeover bids, the Stichting Administratiekantoor RMG, as holder of more than 30% of the voting securities of NV Roularta Media Group on 01/09/2007, has submitted a notification to the CBFA pursuant to article 74 § 6 of said law.

Discharge

We request the Annual General Meeting to approve the annual accounts presented to it and to agree to the proposed appropriation of profit, and also to grant discharge to the directors and to the statutory auditor in respect of the exercise of their office over this financial year.

Roeselare, 14 March 2008

The board of directors

Baron Hugo Vandamme
Permanent representative of
HRV NV

Hendrik De Nolf
Permanent representative of
De Publigraaf NV

Leo Claeys
Permanent representative of
De Meiboom NV

Lieve Claeys
Permanent representative of
Fraka-Wilo NV

Caroline De Nolf
Permanent representative of
Verana NV

Iwan Bekaert

Jean Pierre Dejaeghere

Dirk Meeus

Clement De Meersman
Permanent representative of
Clement De Meersman BVBA