

## ALMA MEDIA CORPORATION INTERIM REPORT JANUARY- JUNE 2000

Alma Media's net sales between January and June totalled MFIM 1 448 (1999: MFIM 1 474) and the operating profit was MFIM 73 (97). Net sales for the full year are expected to remain similar to last year's level. The full year's operating profit will be lower than last year owing to the growing investment needs of the New Media and Broadcasting business areas and the costs arising from the restructuring of Alprint.

### Second Quarter Performance

The accrual of Alma Media's net sales is subject to considerable seasonal fluctuation owing to the nature of the media business. In this respect the second and fourth quarters are clearly more significant than the first and third quarters.

Consolidated net sales between April and June 2000 totalled MFIM 736 (April-June 1999: MFIM 749) and the operating profit was MFIM 50 (59).

Alpress performed well during the second quarter with both advertising and circulation revenues increasing clearly on the same period last year. Kauppalehti, Aamulehti and Satakunnan Kansa showed especially positive results. Alma Media announced in June its decision to form the Group's business-to-business services into a separate business area based around Kauppalehti and its special services. It was also announced at the same time that Alprint's newspaper printing presses would be moved to Alpress from the beginning of next year.

Sales of advertising time by MTV3 Channel, part of the Broadcasting business area, decreased 8 % owing to a decline in volume. The start-up of the TVTV! cable television channel added approximately MFIM 10 to the Group's expenses. The Group's share of associated company profits rose correspondingly by about MFIM 10, mainly as a result of the good performance reported by the Swedish TV4 AB. Radio Nova's net sales amounted to MFIM 18 (17) and its operating profit was MFIM 2 (1).

Net sales of the New Media business area increased 171 % to MFIM 19 owing principally to growth by MTV3i,

### KEY FIGURES (MFIM)

	2000	January—June 1999	1-12 1999
Net sales	1 448	1 474	2 911
Operating profit	73	97	188
-as % of net sales	5.0	6.6	6.5
Profit before extraordinary items	74	91	173
-as % of net sales	5.1	6.2	5.9
Equity ratio	52	51	52
Gearing	46	45	40
Capital expenditure on fixed assets	134	131	253
Full-time personnel on average	3 128	3 111	3 108
Earnings per share (FIM)	3.33	4.23	7.15

### (MEUR)

	2000	January-June 1999	1-12 1999
Net sales	244	248	490
Operating profit	12	16	32
Profit before extraordinary items	12	15	29
Capital expenditure on fixed assets	23	22	43
Earnings per share (EUR)	0.56	0.71	1.20

### NET SALES BY BUSINESS AREA (MFIM)

	2000	January-June 1999	%	1-12 1999
Alpress	661	644	3	1 301
Broadcasting	523	548	-5	1 064
New Media*)	36	13	177	29
Alprint	390	401	-3	786
Parent company	46	32	44	63
Intragroup sales	-208	-164	-27	-332
Total	1448	1 474	-2	2 911

### OPERATING PROFIT/LOSS BY BUSINESS AREA (MFIM)

	2000	January—June 1999	%	1-12 1999
Alpress	93	83	12	172
Broadcasting	20	22	-9	48
New Media*)	-21	-11	-91	-28
Alprint	-13	4	-425	0
Parent company	-12	-2	-500	-9
Group entries	6	1	-	5
Total	73	97	-25	188

(\*) Net sales and operating profit of the New Media business area are not derived from the legal structure of the organisation. Overlaps between Alpress and New Media are eliminated in Group entries.)

## Performance between July and September

The accrual of Alma Media's net sales and profits during the year is subject to considerable seasonal fluctuation owing to the nature of the media business. In this respect the second and fourth quarters are clearly more significant than the first and third quarters. During the summer months, revenues from newspaper advertisements and television advertising time can total less than half of the revenues received during the best months.

Alma Media recorded consolidated net sales between July and September of MFIM 632 (July-September 1999: MFIM 638) and an operating loss of MFIM -6 (23). Alpress, New Media and BIG raised comparable net sales while the comparable net sales of Alprint and Broadcasting declined.

Alpress's operating profit decreased slightly because the equivalent period last year included the Kemi and Kajaani printing operations. BIG's operating profit declined somewhat as a result of the costs of its new Saldo cross-media service. Broadcasting's net sales were MFIM 8 lower than in the same period last year and its profitability was adversely affected by further investments totalling approx. MFIM 9 in the new cable channel. Alprint's result was burdened by restructuring costs. New Media's operating margin improved but this business unit reported an operating loss of MFIM -15 owing to increased net sales and a heavy increase in marketing expenditure.

Other income totalled MFIM 20 (15) of the Group's operating result and its share of associated companies' results was MFIM 2 (-8).

## Performance between January and September

Consolidated net sales between January and September totalled MFIM 2 080 (2 112). Net sales rose 1 % in Alpress, 11 % in BIG, and 194 % in New Media. Net sales decreased 4 % in Broadcasting and 2 % in Alprint. The main reasons for the decrease in net sales were, respectively, a 7 % decline in sales of advertising time by MTV and a temporary reduction in sales of heatset products resulting from restructuring in Alprint.

The Group reported an operating profit of MFIM 67 (120) for the first nine

months of the year. Alpress's operating profit was slightly better than one year earlier, while BIG's operating profit showed clear growth. Broadcasting's result of operations declined by MFIM 21 owing to a reduction in sales of advertising time and to higher investment expenditure. New Media's operating margin improved. Its costs were increased by a sharp rise in marketing expenditure on items including the new Port Alma mobile portal opened in May, the free Internet connection MTV3ISP, the Punainen Tori marketplace for private consumers, and the SeOikea (The Right One) Internet dating service. These marketing measures achieved a strong increase in the number of online users. Alprint's operating profit was adversely affected by restructuring costs during the reporting period.

Other operating expenses and depreciation amounted to MFIM 2 062 (2 022), which included depreciation totalling MFIM 124 (129). Expenses during the period were increased by the Port Alma mobile portal, sales of the ADSL broadband access together with KPNQwest and Cisco, and the start-up of the new digital asset management company KCRnet Oy.

Net financial expenses came to MFIM 7 (11). MFIM 18 (33) in taxes was deducted according to the current tax rate. The net profit for the period was MFIM 29 (79) and earnings per share (diluted) were FIM 2.71 (5.03).

The balance sheet totalled MFIM 2 566 at the close of September (MFIM 2 521 on 31 December 1999). The equity ratio was 50 % (52 % on 31 December 1999) and shareholders' equity per share was FIM 76.81 (FIM 79.00 on 31 December 1999).

Approximately MFIM 400 was transferred from long-term liabilities to short-term liabilities in the balance sheet to cover the single repayment in spring 2001 of the loans raised to finance the acquisition of the shares in the Swedish company TV4 AB. These loans will be refinanced with a new long-term loan.

Capital expenditure totalled MFIM 168 (177) and included MFIM 47 for production machinery investments in Alprint and MFIM 25 for shares in various new media companies. The remainder covered share acquisitions in Group companies and normal expenditure on replacement and maintenance items. The decision to cancel the MFIM 140 newspaper printing press investment at Vantaa will release MFIM

50 of funds budgeted for the current year for other purposes.

The Group had MFIM 67 (84) in cash reserves at the close of the period. Interest-bearing loans amounted to MFIM 750 (MFIM 631 on 31 December 1999). Gearing was 57 % (40 % on 31 December 1999).

Mr Pekka Niemiaho was elected to Alma Media Corporation's Supervisory Board in place of Mr Vesa Kallionpää. Mr Veli Kalle Tavakka resigned from the Supervisory Board at his own request. The chairman of the Supervisory Board is Mr Björn Mattsson and the deputy chairman is Mr Paavo Pitkänen.

## The Alma Media share

Altogether 913 000 (658 000) Series I shares and 3 584 000 (3 316 000) Series II shares were traded during the first nine months of the year. The company's market capitalisation at the close of the period totalled MEUR 525 (357). Alma Media's Board of Directors has no authorisations to raise the share capital.

### Price (EUR)

	Highest	Lowest	30 Sept. 2000
Series I	65.00	27.00	31.50
Series II	70.00	27.00	34.80

In 1999 the company offered bonds with warrants to its employees totalling FIM 1,220,000. The bond warrants may be exercised to subscribe for altogether 610,000 Alma Media Corporation Series II shares.

The warrants are marked A and B. The share subscription price of the A warrants is the weighted average price of Alma Media Corporation's Series II share on the Helsinki Exchanges in October 1999 plus 12 %, and in the case of the B warrants, the weighted average price of Alma Media Corporation's Series II share on the Helsinki Exchanges in October 1999 plus 28 %. Share subscription with the A warrants may begin on 28 May 2001 and with the B warrants on 28 May 2003. In both cases the share subscription period will end on 30 June 2006.

## Subsequent events

Alprint continued restructuring its operations in line with its business strategy. At the end of September Alprint sold its sheet

printing plant in Helsinki to this unit's operative management. The unit has annual net sales of MFIM 15. Alprint has also started negotiations with personnel at its Tampere and Kajaani sheet printing plants to evaluate the possibilities for restructuring at these plants. It is planned to transfer some of the machinery and personnel of the Tampere sheet printing plant to the Rahola heatset plant and part of the plant's personnel and operations to an outside company. Alprint is studying the possibility of divesting the Kajaani sheet printing plant. The Tampere and Kajaani plants have altogether about 60 employees.

A multi-year printing contract was signed with Keskisuomalainen Oyj in October covering printing of Kauppalehti and Iltalehti. According to the agreement Keskisuomalainen's printing plant in Jyväskylä will print almost half of the Tuesday to Friday editions of Kauppalehti. The remainder will be printed by Aamulehti in Tampere. These changes will make full four-colour printing of Kauppalehti possible. Iltalehti has partly been printed in Jyväskylä since spring 1998.

Mr Jorma Sairanen was appointed Vice President Programming at MTV3 Channel in October. He will take up this position by 1 May 2001. After this date Mr Tauno Äijälä will continue as Executive Vice President of MTV Oy and a member of its board of directors with responsibility for MTV Oy's domestic and international television purchases.

In October Alma Media announced the decision to establish a new company, KCRnet Oy, concentrating on the management of digital assets. The company, which will operate on the Internet, will serve fast-moving consumer goods companies, packaging industry and retail customers in Finland and abroad. Alma Media owned 100 % of the company at the time of its establishment. KCRnet Oy is a product of Alma Media's own research and development that has been developed into a global operating concept. The company's initial share capital totals MFIM 12. The intention is to broaden its ownership base later through share issues to international corporations. KCRnet provides an Internet solution for managing digital marketing communications assets and for designing consumer packaging. The new service will help companies to manage their marketing communications, media advertising and

packaging design processes more easily and efficiently, both internally and together with their business partners.

Mr Mikko Räisänen MSc. (Eng.) (47) was appointed to Alma Media's Group Executive Board from 1 November 2000 with responsibility for developing Alma Media's Digi-TV and broadband businesses and for their media marketing. Mr Räisänen will also sit on the internal boards of directors of the Broadcasting and New Media business groups. He will report to Matti Packalén President and CEO of Alma Media Corporation.

### Prospects to the year end

Alpress's net sales and operating profit are expected to reach last year's levels. BIG's net sales and operating profit will clearly exceed last year's figures. New Media's net sales are expected to more than double and its operating margin to improve. Broadcasting's net sales will remain roughly MFIM 50 below last year's level and its operating profit will be almost zero. A programme of streamlining measures initiated in MTV to raise cost efficiency will start to become visible in its cost structure next year. Alprint's net sales are forecast to remain slightly below last year's level. Alprint will report an operating loss for the final quarter of this year.

Alma Media's consolidated net sales for the full year are expected to remain slightly below last year's level and. The operating profit for the fourth quarter and for full year is expected to be clearly lower than last year mainly relating to MTV.

### Business conditions and review of business operations

Business conditions have remained unchanged throughout the year. The Finnish economy is forecast to grow by 5–6 % and consumer demand by 3–5 % this year. Inflation increased slightly at the close of the third quarter, mainly because of the rise in oil prices. Inflation for the full year is forecast to reach approximately 3 %.

Preliminary data released by Ad Facts Ltd indicates that advertising expenditure grew during the third quarter at roughly the same rate as earlier in the year. Media advertising increased 7 % during the first nine months, and newspaper advertising 8 %. Within newspaper advertising, adver-

tising in subscribed publications increased noticeably faster than for free distribution papers.

Magazine advertising rose 8 %, television advertising 4 %, outdoor advertising 11 %, and radio advertising 7 %, while cinema advertising declined 18 %. Internet advertising increased 55 % although this segment represented only 1 % of total advertising.

Television viewing increased by 8 minutes on the previous year. The Internet continued to grow in popularity. According to Taloustutkimus Oy 1.8 million Finns use the Internet at least once a week. Alma Media has retained its position as Finland's leading provider of Internet services. According to Gallup marketing research 38 % of all Finnish households now have an Internet connection compared with 30 % at the beginning of the year.

No significant change was evident in demand for graphic industry products. Paper prices are 2-3 % higher than last year.

### Alpress

The Alpress group comprises the national afternoon paper Iltalehti, the provincial newspapers Aamulehti, Satakunnan Kansa, Lapin Kansa, Pohjolan Sanomat and Kainuun Sanomat, Suomen Paikallissanomat, which publishes local newspapers, and Alpress, which as the group's parent company provides administrative services. Alpress publishes altogether 30 newspapers. This includes 17 local newspapers, 3 town papers and 4 free distribution papers, not all of which were part of Paikallissanomat.

It was decided in June to regroup the printing operations of the provincial newspapers within their respective newspaper companies. This action will be taken at the beginning of next year. In June the decision was also made to form a new business group called Business Information Group based around Kauppalehti. This change came into effect at an operational level on 1 September 2000.

The circulations of Alpress's provincial newspapers continued to develop better than on average in this sector. Aamulehti's circulation rose 0.5 %, Satakunnan Kansa's 0.2 %, Lapin Kansa's 0.4 % and Kainuun Sanomat's 0.2 %. The circulations of Lapin Kansa and Kainuun Sanomat began to rise for the first time in

several years. Similarly, the circulations of all the local newspapers except Koillis-Häme and Koillis-Lappi also showed an upward trend. Growth in local newspaper circulation averaged 1.9 %.

Ilta-lehti's 6-day circulation increased 2.2 % and its weekend edition 3.7 %. The same figures for Ilta-Sanomat (Ilta-lehti's competitor) were -2.6 % and -5.0 %. Sales development was negative during the summer, which neutralised the gains during the first half of the year, and sales for January-September remained at roughly the previous year's level. The decline was caused by a reduction of almost two percent in the whole afternoon newspaper market. Ilta-lehti's market share at the end of September was 36.8 % (36.2 %).

Circulation revenues increased by more than 2 % on 1999. Advertisement sales by Alpress rose almost 6 % but the increase varied among the titles from 9 % growth by Aamulehti to a 5 % decrease by Lapin Kansa. Advertising volume grew while average advertisement prices remained at last year's level.

The Alpress group reported aggregate net sales of MFIM 793 (788); 52 % (49 %) of this came from advertisement sales, 46 % (46 %) from circulation sales and 2 % (5 %) from other sales. Comparable net sales increased by 4 % on 1999; advertising revenue by 6 % and circulation revenue by 2 %. All units except Pohjolan Sanomat reported an increase in circulation revenue. Aamulehti's advertising revenue rose 9 %, Satakunnan Kansa's 6 % and Ilta-lehti's 6 % but the advertising revenues of the northern provincial newspapers decreased 1-4 %.

Alpress's total expenses increased MFIM 8 on 1999. The comparable increase in expenses was MFIM 26 or slightly under 4 %.

Alpress recorded an operating profit of MFIM 96 (95). The operating profit was adversely affected by Ilta-lehti's marketing investments and the sale of the printing operations in Kemi and Kajaani to Alprint after the equivalent period in 1999. The comparable increase in operating profit was MFIM 5; the comparable operating profit declined in Ilta-lehti, Lapin Kansa and Pohjolan Sanomat but the other units exceeded the operating profits in the previous year. The operating margin was 12 % (12 %).

Agreement was reached during the summer on copyright compensation for jour-

nalists in Satakunnan Kansa, Lapin Kansa, Kainuun Sanomat and Pohjolan Sanomat. Almost all journalists signed an agreement in September covering the use of editorial material both within the Group and its sale to third parties outside the Group.

## Business Information Group (BIG)

The Business Information Group was formed around the Kauppalehti products. BIG currently comprises Kustannusosakeyhtiö Kauppalehti and Balance Consulting Oy. BIG also has holdings in Baltic News Service (26 %) and Suomen Uutislinkki Oy (50 %). BIG produces business information and content and distributes this in printed form, via television and the Internet, and also directly to wireless terminal devices.

Kauppalehti's circulation reached an all-time high during the reporting period, rising 3.5 % to 84 626 copies. Kauppalehti's circulation revenue rose 7 % and advertising revenue 8 %. Kauppalehti Online's net sales increased by over 120 % to exceed MFIM 10. Two-thirds of this figure was derived from content sales.

BIG launched several new products during the reporting period including a cross-media service called Saldo, a mutual fund rating service based on MorningStar methodology, and wireless services for users of Palm computers and Nokia Communicators.

As part of its overall services to private investors, Kauppalehti launched a mutual fund called Conventum Aktive in co-operation with Conventum Fund Management Limited that represents an entirely new communications policy. Conventum Aktive is a domestic balanced fund and the first mutual fund in Finland where all holdings can be publicly monitored daily. The fund's development and investment decisions can be followed on the Saldo service's Internet pages.

The mutual fund rating service launched by BIG in Finland is based on methodology developed by the American company MorningStar, Inc. Kauppalehti's Tähtirahastot (Star Funds) service is the sole licensee of this methodology in Finland. Tähtirahastot covers about 500 mutual funds traded in Finland.

The main product of Balance Consulting Oy, acquired in September, is analysing financial statements for corporate customers. Balance Consulting also

produces benchmarking and ranking reports and sector analyses. Balance Consulting's analyses, business sector comparisons and reports complement Kauppalehti's own content production. The company's extensive database of analyses can be used to generate a wide variety of evaluations and background information which can also be distributed through the media and Internet services offered by Alma Media's Business Information Group. Similarly Balance Consulting's analyses can be added to BIG's own news and background information.

BIG's net sales totalled MFIM 179 (161) and its operating profit was MFIM 37 (31). Its profitability was particularly strained by the investments in the new Saldo cross-media service.

## Broadcasting

The Broadcasting business group is responsible for Alma Media's television and radio broadcasting activities. MTV Oy manages the national MTV3 Channel and the cable channel TVTV!. Broadcasting's performance is significantly affected by the Swedish associated company TV4 AB, in which MTV Oy owns 23.4 %. MTV is also operationally responsible for Alma Media's national radio business, represented by the 48 %-owned Radio Nova.

Preparations for the launch of digital television were continued along with other operating licence holders. Negotiations are currently in progress on issues including who will provide a national homepage, Super-Teletext and a programme guide, the acquisition of a coding system and an operating model for managing the operators' common interests. Alma Media is preparing with cable television companies to promote the launch of digital television and to distribute digital channels via cable networks.

Transmission coverage of the cable channel TVTV!, launched in February, was extended in June to include Helsinki television's network and, from the beginning of October, also Sonera's network. These expansions increased the number of households able to receive the channel by 350 000 to a current total of some 900 000 households.

In September MTV Oy sold its drama production operations to Jarowskij Draama Suomi Oy, in which MTV holds 15 %.

MTV3 Channel spent altogether 3 853 (4 038) hours on the air between January and September, corresponding to a daily average of 14 hours. Total programming time fell 5 % on the previous year. The domestic content of programming was 59 % (51 %) during the reporting period. The decrease in total programming time and increase in domestic content was the result of a reduction in foreign day-time programmes during the first half of the year. Reruns represented 23 % (19 %) of programming.

Total daily television viewing time in Finland averaged 2 hours 43 minutes per viewer between January and September, an increase of 8 minutes (5 %) on the equivalent period in 1999. During the third quarter total viewing time increased 6 %. Total viewing time on MTV's channels rose more than 5 % and for MTV3 Channel a good 3 %.

MTV3's share of total viewing time between January and September was 40 % (42 %) and its share of prime time viewing was 39 % (40 %).

MTV3 Channel's overall audience reach was extremely good during the first nine months of 2000 with a weekly coverage of 90 % (89 %) and daily coverage of 65 % (62 %).

TVTV! was launched on 1 February. The viewing target set for its first year of operation was 1 % of total television viewing time. Its share during the first nine months of the year was 0.7 % and in the most recent rated week (9-13 October) 1.0 %. TVTV!'s January-September sales target was MFIM 5 and actual sales exceeded MFIM 3.

Net sales from MTV's commercials totalled MFIM 643 (670), net sales from other advertising subject to the operating licence fee were MFIM 28 (49) and net sales from services amounted to MFIM 47 (32). Altogether net sales totalled MFIM 718 (751).

The share of associated companies' results, MFIM 12 (-10), mainly comprised the Swedish TV4's result. Radio Nova's net sales came to MFIM 45 (42) and its operating profit was MFIM 1 (1). The share of TV4 AB's result is an estimate since this company reports its third-quarter results on 10 November 2000.

## New Media

The New Media business group consists of

Alma Media Interactive Oy and Alma Media Net Ventures Oy, both of which are wholly owned subsidiaries of Alma Media Corporation. Alma Media Interactive Oy has 80 % holdings in Suomen Erikoispörssilehdet Oy, which publishes the property trading newspaper *Asuntopörssi* in Tampere, and also Suomen *Asuntopörssilehdet Oy*, which publishes *Asuntopörssi* in Helsinki, Jyväskylä and Pori. Alma Media Interactive Oy also owns 75 % of *Jobline Oy*, which specialises in on-line personnel recruitment.

Alma Media is the leading Internet services provider in Finland. The company had more than 30 on-line services at the close of the reporting period. The weekly number of visitors to the most popular services during October 2000 were as follows: MTV3 Internet (273 000), *Ilta-lehti Online* (113 000), *Kauppalehti Online* (74 000), *DIME* housing (18 900), *Autotalli* used car sales (7 400) and *Aamulehti Online* (13 100). Alma Media had altogether 865 000 registered active users for its Internet services and the number of weekly users was 540 400.

Alma Media Interactive Oy is responsible for Alma Media's newmedia business activities. Alma Media Net Ventures Oy handles the commercial exploitation, in Finland and abroad, of the business concepts, new media service applications and patents and industrial property rights which it has developed in the areas of customer management, content production and e-commerce.

Alma Media systematically patents the results of its own research and development. During the reporting period Alma Media gained a patent for a method it has developed that enables individual services to be offered to Internet users while at the same time guaranteeing their personal security.

Alma Media Net Ventures is also responsible for the Group's strategic investments in newmedia companies. These investments are made in companies focusing on software applications or software platforms or in companies that support Alma Media's own Internet services and enhance its competitiveness either at an operational level or through faster time-to-market. Altogether MFIM 25 was invested in such companies during the current year.

Two new services were launched during

the third quarter: *Kauppalehti's Saldo* stock market supplement and *Tähtirahastot* mutual funds, and *Saldo's* homepages on the Internet. A new chargeable *Dime* classified ads service for consumers called *ostaajamyy.com* will be opened at the end of the year, while next year consumers in Finland will be offered residential broadband access based on ADSL technology in co-operation with Dutch data operator *KPNQwest* and American hardware supplier *Cisco*. During the period MTV3 Internet signed a contract to build a private Internet portal for the Central Organisation of Finnish Trade Unions (SAK). This portal, to be opened at the beginning of 2001, will be based on MTV3 Internet's public services. SAK's member unions have more than one million members.

Internet services launched during the first and second quarters were as follows. *Port Alma*, the first operator-independent open mobile service in Finland, was opened. Its content is produced by MTV3 Internet, *Kauppalehti Online*, *Ilta-lehti Online* and the Finnish Meteorological Institute. *Autotalli.com* is an advertising media for used car businesses and developed from the experience of *Dime*, the most popular on-line marketplace for used cars in Finland. This service concept will be expanded at the end of the year with search services tailored to the needs of car dealers and integration with sales systems. Access to MTV3's Internet became free of charge in June and two new services were introduced in this media: *Punainen Tori* (Red Square) for classified advertisements, and *SeOikea* (The Right One) for dating; this latter service became subject to charge during the third quarter.

New Media's net sales totalled MFIM 53 (18) and its result of operations was MFIM -36 (-18). Advertising revenues accounted for 65 % of net sales and content sales and equivalent revenues for 35 %. Of Alma Media's Internet services *Kauppalehti Online*, *Jobline* and *MTV Teletext* are already profitable.

According to Alma Media's strategy the new digital channels are part of the New Media business group since the company believes that digital televisions will be the terminal devices that consumers will increasingly prefer in the future for access to the Internet. For this reason Alma Media wishes to retain the highest possible share of viewers on its current TV channels

and to introduce services with as many registered active users as possible. This makes it imperative for Alma Media to manage all its customers itself even though at this stage this requires further investments in various bandwidths that will generate costs.

## Alprint

Alprint is the Alma Media business group responsible for its printing operations. Alprint initiated a replacement investment programme a little over two years ago to increase its cost and competitive efficiency. Alprint's strategy has been re-evaluated over the past year in the light of changes in the business environment. Under the new strategy Alprint now concentrates on printing A4-sized heatset products, digital asset management and prepress services. Alprint's main customers are large publishing companies and advertisers. Alprint will no longer handle printing of newspapers or sheet-printed products.

As part of the original replacement investment programme, the heatset printing operations were centred on an expanded printing plant in Rahola, Tampere. Heatset operations have been discontinued in Pori and Vantaa during the current year. Reorganisation measures have given rise to extra costs amounting to about MFIM 20 this year. However, concentration of heatset production on a single unit will substantially improve Alprint's profitability from the beginning of next year.

It was decided in June to transfer Alma

Media's newspaper printing operations to Alpress as newspaper printing is a natural part of the newspaper production chain. Owing to changes in the business environment Alprint cancelled the planned replacement of the hybrid newspaper press at Kaivoksela and discontinued production operations at this site. This also marked the end of hybrid newspaper printing by Alprint. During the autumn Alprint has begun action to withdraw from sheet printing.

Alprint remains responsible for selling the Group's printing services to outside customers. It is also centrally responsible for purchasing the paper and other printing materials required by the Group.

Demand for graphic industry products did not change significantly during the period. Competition for coldset products is mainly a feature of the domestic market. Alma Media Group represented 80 % of Alprint's Coldset production, while other domestic customers contributed 17 % and the remainder came from exports, mainly to Sweden.

Free heatset capacity in Finland has decreased but price levels are still unsatisfactory. The reorganisation of production operations during the period generated additional and unexpectedly high costs. Production has now been reformulated to the new operating model and the profitability of Alprint's Heatset operations is expected to increase clearly from the beginning of next year. Domestic customers accounted for 46 % (45 %) of this product line, western exports for 41 %

(44 %) and eastern exports for 13 % (11 %).

Sales within Alma Media contributed 53 % (55 %) of the Hybrid product line's net sales, while 17 % (18 %) came from sales to other domestic customers, 18 % (15 %) from western exports and 12 % (12 %) from eastern exports.

In the Special Products line demand for sheetfed products weakened towards the end of the period. Competition in rotation press products remained unchanged. This product line derived 29 % (24 %) of its net sales from intragroup sales and 70 % (74 %) from other domestic customers.

Paper prices were slightly higher during the period than last year. Paper manufacturers have announced that they are planning to raise prices from the beginning of next year.

Alprint recorded net sales of MFIM 576 (587). This included 36 % (32%) from intragroup sales, 33 % (34 %) from other domestic customers, and 31 % (34 %) from exports. Exports focused on the Nordic countries, 65 % (67 %), and Russia, 27 % (23 %).

Alprint's result of operations was a loss of MFIM -14 (4). The Coldset, Hybrid and Special Products lines reported positive results but the Heatset line was clearly loss-making owing to the costs of restructuring.

## ALMA MEDIA CORPORATION BOARD OF DIRECTORS

The figures in this interim report are unaudited.

## CONSOLIDATED INCOME STATEMENT (MFIM/MEUR)

	2000		1999		2000		1999		1999	
	7-9	MEUR	7-9	MEUR	1-9	MEUR	1-9	MEUR	1-12	MEUR
NET SALES	632	106	638	107	2 080	350	2 112	355	2 911	490
Share of profits/losses of associated companies	2	0	-8	-1	14	2	-9	-2	2	0
Other operating income	20	3	15	3	35	6	39	7	50	8
Operating expenses	-660	-111	-622	-105	-2 062	-347	-2 022	-340	-2 775	-467
OPERATING PROFIT/LOSS	-6	-1	23	4	67	11	120	20	188	32
Financial income/expenses	-8	-1	-5	-1	-7	-1	-11	-2	-15	-3
PROFIT/LOSS BEFORE EXTRAORDINARY ITEMS	-14	-2	18	3	60	10	109	18	173	29
Extraordinary income	0	0	0	0	0	0	1	0	2	0
Extraordinary expenses	0	0	0	0	-15	-3	-1	0	0	0
PROFIT/LOSS BEFORE TAXES AND MINORITY INTEREST	-14	-2	18	3	45	8	109	18	175	29
Taxes	4	1	-5	-1	-16	-3	-28	-5	-57	-10
Minority interest	0	0	0	0	0	0	-2	0	-4	-1
NET PROFIT/LOSS	-10	-2	13	2	29	5	79	13	114	19

**CONSOLIDATED BALANCE SHEET (MFIM/MEUR)**

	2000		1999		1999	
	30 Sept. MFIM	MEUR	30 Sept. MFIM	MEUR	31 Dec. MFIM	MEUR
<b>ASSETS</b>						
<b>FIXED ASSETS</b>						
Intangible assets	97	16	77	13	80	13
Goodwill on consolidation	102	17	104	17	104	17
Tangible assets	954	160	984	165	993	167
Investments	725	122	721	121	701	118
<b>CURRENT ASSETS</b>						
Inventories	282	47	242	41	235	40
Receivables	339	57	321	54	279	47
Cash and bank	67	11	84	14	129	22
	2 566	432	2 533	426	2 521	424

**SHAREHOLDERS' EQUITY AND LIABILITIES**

<b>SHAREHOLDERS'</b>						
<b>EQUITY</b>						
EQUITY	1 208	203	1 206	203	1 243	209
MINORITY INTEREST	20	3	26	4	24	4
PROVISIONS	23	4	5	1	14	2
<b>LIABILITIES</b>						
Long-term	282	47	669	113	664	112
Short-term	1 033	174	627	105	576	97
	2 566	432	2 533	426	2 521	424

**CAPITAL EXPENDITURE (MFIM)**

	2000	1999	2000	1999	1999
	7-9	7-9	1-9	1-9	1-12
Gross capital expenditure on fixed assets	34	46	168	177	253

**CAPITAL EXPENDITURE (MEUR)**

	2000	1999	2000	1999	1999
	7-9	7-9	1-9	1-9	1-12
Gross capital expenditure on fixed assets	6	8	28	30	43

**COMMITMENTS AND CONTINGENCIES (MFIM/MEUR)**

	2000		1999		1999	
	30 Sept. MEUR	MEUR	30 Sept. MEUR	MEUR	31 Dec. MEUR	MEUR
<b>For own commitments</b>						
Pledges	1	0	10	2	9	2
Mortgages on land and buildings	228	38	234	39	232	39
Chattel mortgages	142	24	158	27	146	25
Guarantees	23	4	5	1	29	5
<b>For associated companies</b>						
Guarantees	4	1	4	1	4	1
<b>Other own commitments</b>						
Leasing commitments	6	1	7	1	7	1
Other commitments	2	0	0	0	2	0
	406	68	418	70	429	72

**Group leasing commitments fall due (MFIM):**

Between 1 Oct. and 31 Dec. 2000	1	1	4
After 2000	5	6	3

**DERIVATIVE FINANCIAL INSTRUMENTS**

Foreign currency loans totalling FIM 10 million, denominated in DEM and FRF, were hedged using forward foreign exchange contracts and currency swaps. The exchange rate differences on loans and the derivative results are entered under other financial income and expenses.

**NET SALES BY BUSINESS AREA (MFIM)**

	2000	1999	2000	1999	1999
	7-9	7-9	1-9	1-9	1-12
Alpress Business	260	258	793	788	1 069
Information Group	51	47	179	161	232
Broadcasting	195	203	718	751	1 064
New Media	17	5	53	18	29
Alprint	186	186	576	587	786
Parent company	22	15	68	47	63
Intragroup sales	-99	-76	-307	-240	-332
<b>Total</b>	632	638	2 080	2 112	2 911

**NET SALES BY BUSINESS AREA (MEUR)**

	2000	1999	2000	1999	1999
	7-9	7-9	1-9	1-9	1-12
Alpress Business	44	43	133	133	180
Information Group	9	8	30	27	39
Broadcasting	33	34	121	126	179
New Media	3	1	9	3	5
Alprint	31	31	97	99	132
Parent company	4	3	11	8	11
Intragroup sales	-17	-13	-52	-40	-56
<b>Total</b>	106	107	350	355	490

**OPERATING PROFIT BY BUSINESS AREA (MFIM)**

	2000	1999	2000	1999	1999
	7-9	7-9	1-9	1-9	1-12
Alpress Business	33	35	96	95	123
Information Group	7	8	37	31	49
Broadcasting	-28	-9	-8	13	48
New Media	-15	-7	-36	-18	-28
Alprint	-1	0	-14	4	0
Parent company	-5	-5	-17	-7	-9
Group entries	3	1	9	2	5
<b>Total</b>	-6	23	67	120	188

**OPERATING PROFIT BY BUSINESS AREA (MEUR)**

	2000	1999	2000	1999	1999
	7-9	7-9	1-9	1-9	1-12
Alpress Business	6	6	16	16	21
Information Group	1	1	6	5	8
Broadcasting	-5	-2	-1	2	8
New Media	-3	-1	-6	-3	-5
Alprint	0	0	-2	1	0
Parent company	-1	-1	-3	-1	-2
Group entries	1	0	2	0	1
<b>Total</b>	-1	4	11	20	32

**PERSONNEL BY BUSINESS AREA**

	2000 1-9	1999 1-9	1999 1-12
Alpress Business	1 146	1 163	1 139
Information Group	180	160	161
Broadcasting	638	716	702
New Media	121	83	101
Alprint	992	968	957
Parent company	73	48	48
<b>Total</b>	<b>3 150</b>	<b>3 138</b>	<b>3 108</b>

Plus part-time newspaper distribution staff 1 110 1 066 1 059

**PER SHARE DATA (FIM)**

	2000 7-9	1999 7-9	2000 1-9	1999 1-9	1999 1-12
Earnings per share (diluted)	-0.62	0.80	2.71	5.03	7.15
Shareholders' equity per share			76.81	76.68	79.00

**PER SHARE DATA (EUR)**

	2000 7-9	1999 7-9	2000 1-9	1999 1-9	1999 1-12
Earnings per share (diluted)	-0.10	0.13	0.46	0.85	1.20
Shareholders' equity per share			12.92	12.90	13.29

**Net sales and operating profit by quarter (MFIM):**

	I/99	II/99	III/99	IV/99	1999
Net sales	725	749	638	799	2 911
Operating profit	38	59	23	68	188
	I/00	II/00	III/00		
Net sales	712	736	632		
Operating profit	23	50	-6		