

ALMA | MEDIA

ALMA MEDIA CORPORATION INTERIM REPORT JANUARY–SEPTEMBER 2002

—Group's operating profit improved by 10 MEUR. Comparable improvement was 30 MEUR, excluding share of associated companies' results, reduction of other operating income and writedown in fixed assets.

—Due to strong cash flow Groups net debt reduced by 17 MEUR during the first 9 months.

—Group's operational expenses reduced by 28 MEUR.

—Television and radio advertising developed favourably.

July-September performance

Approximately two-thirds of Alma Media's net sales is derived from advertising revenues and the printing of sales promotional products. The accrual of advertising revenues is considerably slower during the third quarter than at any other time in the year due to the slack summer period.

No significant changes were evident in media advertising during the third quarter. The volume of advertising, calculated in euros, declined further. Television advertising rose 5 % on the same period last year and radio advertising 2 %, while newspaper advertising was down almost 2 %. Alma Media was more successful than the market in general as its television advertising grew 5 % and radio advertising 22 %. The company's newspaper advertising decreased in line with the market.

Alma Media's consolidated net sales in the third quarter totalled 110.7 MEUR (108.0 MEUR in 2001), up 2.5 % compared to the third quarter of last year.

Alpress's net sales decreased 1.7 % in the third quarter mainly due to a 1.9 % drop in advertising revenues. Net sales from external printing contracts fell compared to last year likewise. Alpress's circulation revenue increased 0.5 %. The afternoon newspaper market decreased by more than 6 % overall, the main reason being the exceptionally high sales figures recorded one year earlier. Broadcasting's net sales rose 6.3 %. The aggregate net sales of BIG, Interactive and Alprint reached last year's level.

All divisions improved their operational profitability. The aggregate operating profit of the divisions was more than 10 MEUR higher than in the third quarter of 2001. BIG's operating profit was lower than its comparable figure owing to the impact of Talentum.

The Group reported a consolidated operating loss of 0.1 MEUR (5.7 MEUR) in the third quarter. The result was depressed by a 5.4 MEUR writedown on venture capital shares in fixed assets owned by the parent company.

January-September performance

Consolidated net sales in January-September totalled 356.0 (353.2 MEUR). The increase was due most of all to growth in advertising sales by the Broadcasting division. Alma Media's nine-month operating profit was 6.8 MEUR (operating loss 3.2 MEUR). Alpress showed a 3.3 MEUR improvement in operating profit while Broadcasting's operating profit rose by 7.3 MEUR, Interactive's by MEUR 9.5 and Alprint's by 4.5 MEUR. BIG's operating profit declined by 1.8 MEUR. The parent company recorded an operating loss of 2.5 MEUR (operating profit 3.6 MEUR), while the comparable consolidated operating profit in 2001 included a 10 MEUR gain on a property sale. Associated companies contributed -6.2 (-0.5 MEUR) to the Group's result.

Alpress

Alpress is the Alma Media division responsible for newspaper publishing and newspaper printing. Alpress publishes the national newspaper *Iltalehti*, the daily regional newspapers *Aamulehti*, *Satakunnan Kansa*, *Lapin Kansa*, *Pohjolan Sanomat* and *Kainuun Sanomat*, and 25 local and town papers.

Alpress's net sales decreased in the third quarter by almost 2 % due mainly to a 2 % fall in advertising revenue. Net sales from other operations also fell by 0.7 MEUR principally because of reduced foreign sales by *Satakunnan Kansa's* newspaper printing plant. Alpress's circulation sales increased

0.5 % despite a fall in Italehti's circulation. In the comparable period the circulations of the afternoon papers were exceptionally high following the September 11 terrorist attacks in the USA. Alpress's operating profit rose 10.5 % in the third quarter to 7.4 MEUR, giving an operating margin for the period of 15.1 (13.5) %. This improvement in performance was the result of greater process efficiency and lower material costs.

Alpress's nine-month net sales fell by over 2 %. Circulation sales grew 2.5 % but advertising sales decreased 3.7 %, which was slightly less than for the markets in general. All Alpress's regional newspapers showed higher circulation sales. The afternoon newspaper market declined by over 6 % between January and September. Italehti saw a slight gain in market share during the period. Net sales from other operations decreased 15.8 %.

Alpress generated an operating profit of 22.2 (18.9 MEUR) for the first nine months of the year, equivalent to an operating margin of 14.7 (12.2) %. Alma Media raised its holding in Lapin Kansa Oy to 93.7 % during this period.

Alpress is gradually chaining its operations to enable the company to seek profitability by focusing expertise on specific centres of excellence. Under this strategy Alpress's three northernmost regional newspapers were reorganized into a single entity in August.

Broadcasting

The Broadcasting division is responsible for television and radio broadcasting operations. It comprises MTV Oy, which manages MTV3 Channel and the Subtv cable channel, as well as Radio Nova (Suomen Uutisradio Oy) and MTV3-Tele Oy. Broadcasting's result includes its 23.4 % contribution from TV4 AB in Sweden including goodwill amortization. Its digital television operations consist of the digital MTV3 and Subtv stations, 50 % of the digital sports channel Urheilukanava, and digital television development.

MTV3 Channel and Subtv were successful in their programme schedules, and as a result these channels' aggregate September share of total prime time viewing (18.00-23.00) among 10-44 year-olds rose to 43.7 % (39.5 %). Broadcasting's analogue broadcasting operations generated an operating profit of 0.6 MEUR (operating loss 6.8 MEUR) in the third quarter. Other factors contributing to the improvement in performance were an increase in advertising sales and a 4.4 MEUR reduction in costs. Broadcasting's net sales rose 6.3 % to 35.6 (33.5) MEUR. Advertising sales accounted for 32.3 (30.5 MEUR) of total net sales. MTV3 Channel's net sales increased 5.3 % and Radio Nova's net sales 22.4 % likewise. Broadcasting reported a third-quarter operating loss of 1.9 MEUR (operating loss 8.9 MEUR).

The operating loss from Broadcasting's digital television business in the third quarter was 2.2 (0.9 MEUR). The estimated impact of the Swedish TV4 AB on Broadcasting's

result of operations was slightly negative. TV4 AB publishes its nine-month results on 7 November 2002.

MTV3 Channel's net sales between January and September totalled 111.7 (106.5) MEUR, up 4.9 % on the previous year. Subtv's net sales were 1.9 (0.9) MEUR and Radio Nova's 9.8 (8.0) MEUR, an increase of 22 % on the previous year. MTV3-Tele's net sales totalled 3.1 (3.3) MEUR.

Net sales of MTV Oy's 50 %-owned Urheilukanava (Sports Channel) amounted to 2.0 (0.1) MEUR. The number of viewers potentially able to view the channel remained unchanged compared to the second quarter of the year, i.e. approximately 750,000 households or 1.6 million potential viewers. This channel was included in Finnpanel Oy's TV Meter Survey at the beginning of September.

Broadcasting reported an operating loss of 9.5 (16.8) MEUR between January and September. The operating loss was significantly increased this year by expenditure on digital television and the contribution after goodwill amortization of TV4 in Sweden. Digital television's operating loss rose by 6.9 (2.3) MEUR. TV4's contribution was estimated negative on the basis of H1, having last year been 1.1 MEUR positive. TV4's impact to Broadcasting's operating profit was negative although TV4's operations have developed favourably this year. TV4 did not have to pay any franchise fee for the first half of 2001.

Excluding digital television and TV4's contribution, Broadcasting's operational EBIT was a loss of 1.0 MEUR (15.6 MEUR.)

The reduction in Broadcasting's operating loss was the result of growth in net sales coupled with lower costs. The halving of the operating licence fee at the beginning of July had a positive impact on the result of approximately 3 MEUR.

Alprint

Alma Media's Alprint division provides contract printing services. Alprint's printing plants are the Rahola plant in Tampere, specializing in magazines and sales promotional products, and the Hyvinkää printing works, which focuses on comics and puzzle books.

Alprint's comparable net sales rose 7.7 % to 15.3 MEUR during the third quarter. Net sales in the same period last year also included contract sales totalling almost 3 MEUR. Alprint reached an interim operating profit for the first time since 1998. The third-quarter operating profit was 0.3 MEUR (operating loss 1.1 MEUR). Alprint's exports to Russia grew 34.7 % and exports to the west rose 19.1 %. Domestic sales fell 10.1 %. The improvement in profitability is the result of more efficient materials management, a clear reduction in personnel and changes made to the product portfolio.

Alprint's January-September net sales totalled 45.3 (55.3) MEUR. Net sales in the previous year included the contract sales of Alpress's newspaper printing plants, totalling 9.4 MEUR, and 2.2 MEUR in net sales from the Sarankulma

printing plant sold in June 2001. Hence, the growth in comparable net sales was 3.7 %. Alprint reported an operating loss of 1.1 (5.6) MEUR. Exports to Russia rose 27.5 % and to the west 8.2 %. Domestic sales on the other hand fell 14.5 %. Productivity was also raised by a reduction in materials costs, an average of 140 fewer employees, and greater operational efficiency.

Alprint has purposefully revised its operating strategy from operations based on products to concentration on serving the needs of strategically important customers.

Business Information Group

Business Information Group (BIG) is the Alma Media division responsible for producing and distributing business information. It consists of Kauppalehti, Baltic News Service, Balance Consulting Oy, Starfunds Finland Oy set up in March 2002 to provide rating services, and Efektor Oy, a business training consultancy acquired in June 2002. Starfunds Finland Oy and Efektor Oy are 51 %-owned by Kauppalehti. Balance Consulting Oy, Starfunds Finland Oy and Efektor Oy form a business group within BIG that concentrates on providing business training courses, and on producing and commercializing financial analyses. BIG is also responsible for collaboration with Talentum Oyj which is 32.8 %-owned by Alma Media.

BIG's third-quarter net sales amounted to 9.2 (9.7) MEUR and its operating profit was 0.2 (0.5) MEUR. Talentum's contribution to BIG's third-quarter operating profit was -1.1 (-0.7) MEUR. Talentum's net sales between July and September were 23.4 (20.5) MEUR, its operating loss was 0.9 (2.4) MEUR, and its net loss for the period was 1.8 (0.6) MEUR.

Business newspapers were, comparatively speaking, the worst hit by the drop in business-to-business advertising. BIG's advertising income fell 13 % during the third quarter. Kauppalehti's circulation income was at last year's level despite a slight decline in circulation.

Following efficiency enhancing measures Kauppalehti, BIG's largest business unit, showed an operating profit that almost reached last year's level despite a 5 % fall in net sales. Baltic News Service's net sales were 0.9 MEUR and Balance Consulting Oy's net sales were 0.2 MEUR.

BIG's January-September net sales were down by one per cent to 31.6 (31.9) MEUR. Kauppalehti's advertising revenue decreased 13 %, which was clearly less than its competitors. The telecom and banking & insurance sectors reduced advertising by almost 40 %. Advertising by the vehicle and transport sector, however, increased. Kauppalehti Online's net sales decreased 7 %.

Baltic News Service's net sales were 2.6 MEUR and it reported a slight operating profit. Balance Consulting showed net sales of 0.5 MEUR and a slight operating loss.

Talentum's net sales between January and September

amounted to 83.5 (81.9) MEUR. It reported an operating loss of 1.0 (2.0) MEUR and a net loss for the period of 2.9 MEUR (operating profit 0.2 MEUR).

BIG's January-September operating profit was 2.8 (4.6) MEUR. Talentum's impact on BIG's operating profit was -2.5 (-1.2) MEUR.

Alma Media Interactive

During the current year Alma Media Interactive's operations have comprised MTV3 Interactive, which exploits the MTV3 brand, as well as Alma Media's Classified Services, Other Content Services and Support Services. This business area's strategy was redefined in more detail during 2001 and since then Interactive has concentrated only on business activities considered able to generate an operating profit during 2002. This has meant the termination of several operations.

Alma Media Interactive is the largest Internet services provider in Finland in terms of number of users.

Of Alma Media Interactive's business units, MTV3 Internet's advertising sales and connection charges are most affected by the quiet summer months. Similarly third-quarter net sales of Jobline, which specializes in recruitment advertising, was clearly lower than one year earlier.

Alma Media Interactive's net sales rose 21 % in the third quarter to 4.1 MEUR. The largest growth was reported by MTV3 Teletext (32 %) and MTV3 Internet (63 %). Interactive's operating loss was 0.2 (2.3) MEUR.

Alma Media Interactive's January-September net sales totalled 13.1 (12.0) MEUR. Net sales in the comparable period included 2.6 MEUR in net sales from discontinued operations. The operating loss for the period was 0.3 MEUR (operating loss 9.8 MEUR). MTV3 Interactive's nine-month net sales increased 41 % to 5.2 MEUR. Net sales from Classified Services fell 8 % to MEUR 5.4. Within this segment, Jobline's net sales decreased 45 %, but net sales from classified residential and vehicle services rose 58 %. Net sales of Other Content Services more than tripled to 1.6 MEUR.

Parent company

This year the parent company has embarked on measures to release capital tied up in properties not related the Group's operations. The deals so far have had no material impact on the Group's performance. Last year's comparable figures include a 10 MEUR capital gain on a property.

The parent company's net sales in the January-September period totalled 11.7 (12.2). This included rental income of 7.5 (7.4) MEUR, of which 2.7 (1.8) MEUR was derived from outside the Group.

The parent company's operating loss was 2.5 MEUR (operating profit 3.6 MEUR).

Balance sheet

The consolidated balance sheet totalled 431.1 MEUR at the

end of September (31 December 2001: 453.4 MEUR). The equity ratio at the end of September was 38 % (31 December 2001: 37 %) and shareholders' equity per share was 9.94 EUR (31 December 2001: 10.26 EUR).

Personnel and administration

The average number of employees during the reporting period was 2,671 (2,851). In addition personnel also included 1,422 (1,349) part-time employees on average.

Investments

The Group continued to pursue a cautious investment policy during the third quarter. Capital expenditure between January and September amounted to 10.4 (84.1) MEUR. Maintenance items totalled 6.9 MEUR and acquisition of shares in Group companies totalled 3.5 MEUR.

The Alma Media share

Trading in Alma Media shares was clearly slacker than in the same period last year. Altogether 23,000 (647,000) Series I shares, 1,297,000 (1,615,000) Series II shares and 7,400 (3,250) A warrants under the 1999 bond with warrants were traded on the Helsinki Exchanges during the period. Alma Media's market capitalization at the end of the September was 306 (252) MEUR.

Share performance January-September 2002 (EUR)

	Highest	Lowest	30 Sept. 2002
Series I	22.50	15.52	21.00
Series II	23.24	16.00	18.25
1999 A warrant	5.00	2.50	2.50

Alma Media's share performance between January and September was clearly better than the HEX all-share index and the index for Alma Media's sector. The price of the Series I share was 11 % and of the Series II share 14 % higher at the end of September than at the start of the year. During the same period the HEX all-share index fell 41 %, the portfolio index 24 % and the media and publishing index 9 %.

As decided by the Annual General Meeting on 24 March 1999, the company offered bonds with warrants to personnel totalling 1,220,000 Finnish markka. The attached warrants may be exercised to subscribe for at most 610,000 Alma Media Corporation Series II shares. The subscription period for the A warrants began on 28 May 2001 and for the B warrants it begins on 28 May 2003. In both cases the subscription period ends on 30 June 2006.

The Board of Directors has no unexercised authorizations to raise the share capital.

Subsequent events

Talentum announced on 24 October 2002 that its subsidiary Satama Interactive will record a 9.4 MEUR goodwill write-down in its 2002 accounts, which will reduce BIG's operating profit by 2 MEUR during last quarter.

Prospects to the year end

Alma Media does not expect any rapid economic recovery during the final quarter. The volume of media advertising this year will remain below last year's level.

Alpress's full-year net sales are expected to remain slightly below last year's level but its operating profit will be significantly higher than last year.

Broadcasting's full-year net sales is expected to increase somewhat on last year. The operating loss will be significantly smaller than last year. The division's analogue business will report a positive result for the full year.

Alprint's full-year comparable net sales are expected to reach last year's level. Cash flow is forecasted to be positive for the whole year. Alprint will report an operating loss for the fourth quarter and the full year.

BIG's net sales for the final quarter of the year will be lower than last year. Excluding Talentum, the division's full-year operating profit is expected to almost reach last year's level.

Alma Media Interactive still aims to break even this year. Alma Media's consolidated net sales is anticipated to increase slightly on last year's level and the Group's full-year result of operations is expected to be positive.

Alma Media publishes its results for the full year 2002 on 13 February 2003.

The figures in this interim report are unaudited.

ALMA MEDIA CORPORATION
THE BOARD OF DIRECTORS

CONSOLIDATED INCOME STATEMENT (MEUR)

	2002	2001	2002	2001	2001
	7-9	7-9	1-9	1-9	1-12
NET SALES	110.7	108.0	356.0	353.2	478.3
Share of associated companies' results	-2.1	-2.3	-6.2	-0.5	-3.8
Other operating income	0.6	0.4	2.0	12.5	14.6
Operating expenses	-109.3	-111.8	-345.0	-368.4	-508.5
OPERATING PROFIT / LOSS	-0.1	-5.7	6.8	-3.2	-19.4
Financial income and expenses	-1.8	-2.1	-5.4	-4.6	-7.2
PROFIT / LOSS BEFORE EXTRAORDINARY ITEMS	-1.9	-7.8	1.4	-7.8	-26.6
Extraordinary income	0.0	0.0	0.0	0.0	0.0
Extraordinary expenses	0.0	-1.2	-0.1	-1.7	-2.2
PROFIT / LOSS BEFORE TAXES AND MINORITY INTEREST	-1.9	-9.0	1.3	-9.5	-28.8
Taxes *)	-0.5	-0.4	-2.6	-0.9	5.2
Minority interest	-0.2	-0.1	-0.6	-0.4	-0.5
NET LOSS	-2.6	-9.5	-1.9	-10.8	-24.1

*) Taxes include taxes corresponding to the result for the period

CONSOLIDATED BALANCE SHEET (MEUR)

	2002	2001	2001
	30 Sept.	30 Sept.	31 Dec.
ASSETS			
FIXED ASSETS			
Intangible assets	19.9	21.9	20.5
Goodwill on consolidation	17.9	17.8	18.8
Tangible assets	117.8	133.5	129.7
Investments	148.8	170.0	168.0
CURRENT ASSETS			
Inventories	53.1	51.9	52.8
Receivables	52.7	52.8	44.4
Cash and bank	20.9	17.3	19.2
	431.1	465.2	453.4

CONSOLIDATED BALANCE SHEET (MEUR)

	2002	2001	2001
	30 Sept.	30 Sept.	31 Dec.
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
MINORITY INTEREST	1.3	2.6	2.8
PROVISIONS	2.8	2.1	3.3
LIABILITIES			
Long-term	125.7	95.0	138.2
Short-term	144.9	191.5	147.6
	431.1	465.2	453.4

CAPITAL EXPENDITURE (MEUR)

	2002 7-9	2001 7-9	2002 1-9	2001 1-9	2001 1-12
Gross capital expenditure on fixed assets	1.7	8.5	10.4	84.1	94.4

GROUP CONTINGENT LIABILITIES (MEUR)

	2002 30 Sept.	2001 30 Sept.	2001 31 Dec.
For own commitments			
Pledges	0.8	0.2	0.7
Mortgages on land and buildings	7.6	9.8	9.8
Chattel mortgages	5.6	5.6	5.6
Other own commitments			
Leasing commitments	1.3	1.3	1.3
Other commitments	1.6	1.7	1.6
	16.9	18.6	19.0

Maturity of Group's leasing payments (MEUR)

Between 1 October and 31 December 2002	0.2	0.2	0.7
After 2002	1.1	1.1	0.6

Most of the Group's companies operated in leased business premises. The rental agreements vary in duration from six months to 20 years. Annual rental payments currently total approx. 7.6 MEUR. Some of these business premises have been sub-let and contribute approx. 1.7 MEUR in income.

NET SALES BY DIVISION (MEUR)

	2002 7-9	2001 7-9	2002 1-9	2001 1-9	2001 1-12
Alpress	48.9	49.7	151.3	154.9	207.9
Business Information Group	9.2	9.7	31.6	31.9	44.0
Broadcasting	35.6	33.5	123.7	117.6	162.6
Interactive	4.1	3.4	13.1	12.0	15.7
Alprint	15.3	16.9	45.3	55.3	73.1
Parent company	3.9	4.1	11.7	12.2	16.3
Intragroup sales	-6.3	-9.3	-20.7	-30.7	-41.3
Total	110.7	108.0	356.0	353.2	478.3

OPERATING PROFIT / LOSS BY DIVISION (MEUR)

	2002 7-9	2001 7-9	2002 1-9	2001 1-9	2001 1-12
Alpress	7.4	6.7	22.2	18.9	22.6
Business Information Group	0.2	0.5	2.8	4.6	4.9
Broadcasting	-1.9	-8.9	-9.5	-16.8	-23.4
Interactive	-0.2	-2.3	-0.3	-9.8	-14.3
Alprint	0.3	-1.1	-1.1	-5.6	-7.2
Parent company	-0.6	-1.1	-2.5	3.6	-2.7
Group entries	-5.3	0.5	-4.8	1.9	0.7
Total	-0.1	-5.7	6.8	-3.2	-19.4

PERSONNEL ON AVERAGE BY DIVISION

	2002	2001	2001
	1-9	1-9	1-12
Alpress	1,245	1,255	1,242
Business Information Group	358	242	270
Broadcasting	493	564	550
Interactive	132	193	183
Alprint	393	525	501
Parent company	50	72	71
Total	2,671	2,851	2,817
Plus part-time employees	1,422	1,349	1,343

PER SHARE DATA (EUR)

	2002	2001	2002	2001	2001
	7-9	7-9	1-9	1-9	1-12
Earnings per share (EPS)	-0.17	-0.53	-0.11	-0.58	-1.43
Shareholders' equity per share			9.94	11.06	10.26

Net sales and operating loss by quarter (MEUR):

	I/2001	II/2001	III/2001	IV/2001	2001
Net sales	119.6	125.6	108.0	125.1	478.3
Operating profit/loss	-7.6	10.1	-5.7	-16.2	-19.4

	I/2002	II/2002	III/2002
Net sales	117.0	128.3	110.7
Operating profit/loss	-3.4	10.3	-0.1