

ALMA | MEDIA

ANNUAL REPORT

2001

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A woman with short brown hair, wearing a light pink jacket over a black turtleneck, is smiling and reading a newspaper. She is standing in what appears to be an art gallery or museum. In the background, there is a painting of a man's face with a purple hat and a swan. To the right, there is a large orange vertical structure with circular rivets. The newspaper she is reading has the word 'Perjantai!' written on it in large red letters. The overall lighting is warm and focused on the woman.

**A Year of
Change**

A New Foundation for Profitability

Contents

3	To the Reader Stop Press!
4	Alma Media in 2001 Priority on Cost Efficiency Highlights 6
7	Alma Media Group
8	Interview with CEO Matti Packalén
9	Juho Lipsanen, CEO from 1 March 2002
12	Finance and Figures Summary of 2001
18	The Journalist's Column The Newspaper and Television Journalist at Large
20	Business Conditions 2001 an Unsettled Year for Media Companies Television Positioned for Growth 23
24	Alpress A Strong Performer Aamulehti Stands for Quality and Reliability 29
31	Broadcasting MTV Renews Its Image Television Doesn't Sell 36
38	Business Information Group A Year of Investment, the Big Acquisition Is Talentum Media Companies Become More Attractive Investment Prospects 41
42	New Media Growth Gives Way to Profitability Methods of Communication Will Always Find Their Place 44
46	Alprint Production Setbacks and Restructuring Erode Result Technology Doesn't Print a Newspaper 47
48	Human Resources Alma Media Finland's Most Popular Media Employer Opinions on 2001 50
52	Corporate Governance
56	Supervisory Board
57	Board of Directors
58	Group Executive Board from 1 March 2002
60	Organization from 1 March 2002 Perspective: Many Media, One Contact
61	Contact Information
62	Glossary of Terms
	Financial Statements 2001
63	Information for Shareholders

On the cover: Pia Nummela, secretary to Aamulehti's editor-in-chief, in the new premises in 'Siberia', Tampere. Cover photo: Antero Tanhuanpää



38 Kauppalehti editors Emilia Kullas and Virpi Hukkanen take a well-earned rest in front of the chief editor's room.



31 MTV3 News celebrated its 20th anniversary in September 2001. The media were stopped in their tracks for a moment when the anchors on the Anniversary News broadcast turned out to be ministers Ville Itälä and Suvi-Anne Siimes.

Financial Statements 2001

2	Contents
3	Report by the Board of Directors
8	Income Statements
10	Balance Sheets
12	Cash Flow Statements
14	Notes to the Financial Statements
25	Key Indicators
27	Shares and Shareholders
30	Board's Proposal to the Annual General Meeting
31	Auditors' Report
	Supervisory Board's Statement

To read Alma Media's online annual report, please visit www.almamedia.fi/vuosikertomus2001/eng/etusivu.html

To read Alma Media's financial statements online, please visit www.almamedia.fi/vuosikertomus2001/eng/tilinpaatos/tilinpaatos.html

You can download the figures and tables at www.almamedia.fi/vuosikertomus2001/eng/lataamo.html

To the Reader

Journalistic perspectives for annual report readers

Alma Media is a media communications group with almost 3 000 full-time employees. About one-third of these are journalists, television programmers and other professionals involved with creative reporting. And all work with Finland's best known brand names: in Alma Media's newspapers, on its television and radio channels and in its online Internet services.

Alma Media is a commercial enterprise with a very simple business concept. Alma Media aims to produce the highest-quality journalistic products that attract as many readers, viewers, listeners and users as possible, in order to ensure that its advertising customers get their messages through to the target groups of their choice in the most effective way. Alma Media, in a couple of words, wishes to be 'refreshingly commercial'. To make products that are needed and that offer the best possible media environment.

One of Alma Media's core values is to promote free and pluralistic communication. For more than one hundred years independent, high-standard journalism has made Kauppalehti

the leading printed business medium in Finland, MTV3 Channel the most popular television channel in Finland, Iltalehti the newspaper with the fastest growing circulation in recent years, and Nova the commercial radio station with the most listeners in the country. To improve the readability of this year's annual report we have included journalistic sections and the advertisements of our national media as a reminder that two-thirds of our income comes from advertising.

We are confident that this annual report, printed in the form of a magazine, will aptly describe our operations and products, in addition to providing all our shareholders and investors with the information they need. You can also find an electronic edition of our annual report at the company's website: <http://www.almamedia.fi/vuosikertomus2001/eng/etusivu.html>.

AHTI MARTIKAINEN

Vice President, Communications and Investor Relations

Stop Press!

The editor shouts Stop press! when something really cataclysmic takes place. Last year was exceptionally significant for journalism and the media.

The year's big story of course was the terrorist attack on New York. The event was at first simply beyond journalistic belief; journalists' normal reflexes just seized up. Many subsequent editorial meetings noted that journalists withdrew to the sidelines and at the decisive hour forgot the public's crying need for information. That can happen when a piece of news is simply 'too big'.

The resumption of war in Afghanistan and the hunt for the terrorists will no doubt fuel the editorial fires for years to

come. Also significant for Finnish newspaper journalists during the year was a lower court's ruling to award 15 million Finnmarks (EUR 2.52 million) in damages to Helsingin Sanomat. Without taking issue on the legal side of the question, this big award had a direct impact on journalism – both positive and negative.

Large damages act as a sober reminder to journalists and editors to make sure their stories are checked more thoroughly in the future. Large damages can have a negative effect, though, if they prevent correct and relevant information from being made public. This aspect can even affect the democratic process itself.

The year's news also inevitably has to include the doping scandal at the Lahti World Skiing Championships, where the Finns to their shame took all the top places. It was a blow to the country's pride, skiing suffered, but the newspapers sold. For journalism the resignation of the managing director of Veikkaus (the Finnish National Lottery) based on information from two anonymous sources was a significant and disputable event. The accusations were made public in Helsingin Sanomat and Nelonen (television's Channel Four). The truth of the matter never came out because neither party wished to go to court.

A roundup of the year's news would not be complete without mentioning the appointments to the Bank of Finland, a tug-of-war between the President and parliament. The media played

a strong role in this little drama – fortunately they did nothing else.

The year was marked by an unexpectedly sharp deterioration in the economy. The cut in GDP forecasts from five per cent to about half a per cent was quite exceptional, even for the media.

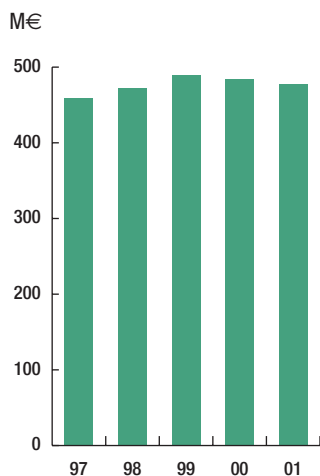
The decline in growth also hits the performance of media companies and their ability to maintain quality. If general uncertainty and the recession ease up this year, this could also have a positive impact on the media. Unnecessary costs, built up during the long economic boom, must be reduced. That can be done, however, without journalism having to suffer.

LAURI HELVE

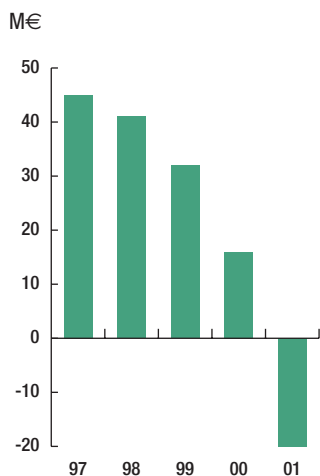
The writer is publisher and Executive Editor-in-Chief of Kauppalehti.

In 2001 Priority Was Given to Cost-Efficiency

NET SALES



OPERATING PROFIT/LOSS



Alma Media's Capital Markets Day in May for analysts and the media focused on television. The day was held at MTV3's studios on the set of *Far Out*, one of the spring season's most successful programmes. *Far Out* won the year's Venla award and was one of the first Finnish programme formats to be sold abroad. Back in May the media markets were still showing signs of recovery but the situation was reversed after the September 11 terrorist attack on New York. Business travel declined as well, which hit sales by both MTV3 and Kauppa-lehti. Sales of afternoon papers increased. Digital television broadcasting started on 27 August. Director Mikko Räisänen reviewed the outlook for digital television at the Capital Markets Day. The cable channel TVTV! became Subtv in August. Subtv's 'father', Pauli Aalto-Setälä described how to put the zest into television – digital or analogue. In January he was appointed second editor-in-chief of Iltalehti. The CMD was hosted by Marja Ylä-Anttila, who was appointed editor-in-chief of MTV3 News in April. MTV3 News celebrated its 20th anniversary in September and the entire channel was given a new look. From the beginning of 2002 MTV3's news broadcasts have been scripted entirely by Kauppa-lehti's editorial team.



Media companies had a difficult year in 2001. Media advertising in Finland fell 6% from the previous year as the country's GDP declined and conditions internationally became more unsettled. Television advertising and recruitment advertising were hit particularly badly. On the other hand newspaper circulation incomes rose. The year was especially good for Iltalehti, where circulation increased more than 8% and profitability showed a distinct improvement. Despite the difficult market conditions Iltalehti's advertising income grew more than two per cent.

Measures were taken to raise MTV Oy's cost efficiency following an analysis of its operations in autumn 2000. The analysis established the bottlenecks to efficiency and set out the areas needing attention. The analysis showed that MTV Oy's main expertise lay in news and current affairs. A programme drawn up in spring 2001 to raise cost efficiency in the company will achieve annual savings of around EUR 5–6 million and these have been visible from the final quarter of 2001.

Similar programmes to raise cost efficiency were put into effect in the New Media and Alprint business areas. In New Media the focus was shifted from increasing sales to operations that would achieve the fastest increase in profitability. New Media aims to reach break-even point in 2002.

Alprint's Rahola printing works was hampered by severe start-up difficulties in early 2001. Rahola's management was strengthened in spring 2001 and at the end of the year the

unit's operations were brought into line with market conditions. Alprint's target is to increase its operating profit by approximately EUR 6–7 million during 2002.

The production and distribution of business information take top priority in Alma Media's business strategy. Accordingly Alma Media acquired 33% of Talentum Oyj in March, while the Business Information Group raised its holding in Baltic News Service during the year to 100%.

Media advertising reflected the halt to economic growth and general global uncertainty.



Key figures

	2001		2000	
	M€	MFIM	M€	MFIM
Net sales	478	2 844	484	2 880
Operating profit/loss	-20	-116	16	93
As percentage of sales	-4.1%		3.2%	
Profit before extraordinary items	-27	-158	12	70
Net profit/loss for the year	-24	-143	5	29
Capital expenditure	94	561	37	222
Capital expenditure as percentage of sales	19.7%		7.7%	
Interest-bearing debt 31 Dec.	200	1 192	123	733
Capital invested, average	349	2 074	325	1 935
Return on investment	-5.1%		5.3%	
Cash flow from operating activities	-4	-24	22	130

The production and distribution of business information are growth areas in Alma Media's business strategy.

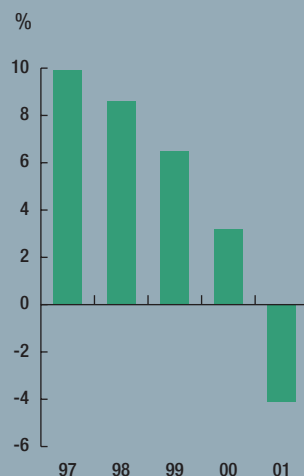
Highlights

- A parliamentary committee set up by the Ministry of Transport and Communications proposed in June 2001 that the operating licence fee levied on commercial television companies be halved from 1 July 2002 and that the new digital channels would not need to pay an operating licence fee at all. New legislation has been prepared based on this proposal and will be put before parliament during spring 2002. Halving the operating licence fee would improve MTV Oy's profitability at its current level of net sales by more than EUR 7 million in 2002 and by some EUR 15 million from 2003 onwards.
- Alma Media sold an office and industrial property in Tampere in June. The property had a total floor area of 33 000 square metres, 20 000 square metres of which continues to be occupied by the Aamulehti press. Alma Media recorded a capital gain of EUR 10 million on the divestment.
- Alma Media holds operating licences for two digital television channels and it also owns 50% of Suomen Urheilutelevisio Oy, which broadcasts Urheilukanava (Sports Channel). Alma Media merged the cable channel TVTV! and the digital CityTV channel into a single entity called Subtv in August. Alma Media started digital broadcasts in August 2001 as planned. The Group incurred about EUR 4 million in costs from digital television during 2001.
- In November 2001 Alma Media Corporation's President and CEO Matti Packalén announced his intention to step down

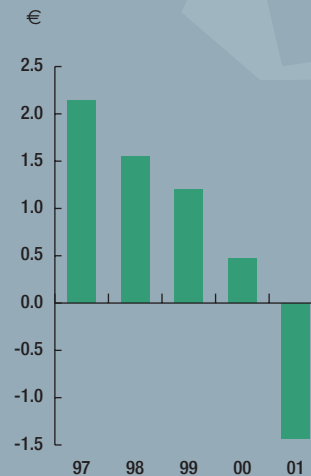
during spring 2002. In January 2002 the Board of Directors appointed Juho Lipsanen as the new President and CEO, a position he took up at the beginning of March 2002.

- The terrorist attacks on the USA in the autumn and the events that followed had a direct impact on media advertising during the final quarter. Media advertising in Finland decreased by more than 10% during the fourth quarter compared to the same period one year earlier. Alma Media's fourth-quarter profits were approximately EUR 16 million lower than one year earlier. Half of this was attributable to the decline in media advertising and half to one-time costs arising from streamlining measures.
- The composition of Alma Media's Group Executive Board changed during the year as follows: Executive Vice President Risto Takala, who was President of Alprint, took over responsibility for corporate services and property management in May. Heikki Salonen was appointed President of Alprint Oy. Executive Vice President Heikki Saraste announced his resignation in the spring. Hannu Olkinuora, Svenska Dagbladet's Executive Editor-in-Chief, was appointed President of Alpress Oy. In December Iltalehti's Executive Editor-in-Chief Pekka Karhuvaara was appointed President of MTV Oy in place of Ilkka Kylmä.

OPERATING PROFIT/LOSS / NET SALES



EARNINGS PER SHARE



Alma Media Group

Alma Media is one of Finland's principal media corporations. The company's primary area of expertise is the production and processing of editorial content for different channels of distribution; its chief asset is its media brands. Alma Media reaches almost the entire Finnish population every week and therefore offers its advertiser clients comprehensive contact with most target groups in the country. Alma Media derives roughly 60% of its revenues from advertising. In this respect, learning and product development are crucial to the Group as it seeks to launch new advertising solutions and services on the market.

Vision: Media services will be used independent of time and place.

ALMA MEDIA CORPORATION AND ITS BUSINESSES

Alma Media is listed on the Helsinki Exchanges. The company has five business areas: newspaper publishing, production and distribution of business information, television and radio, new media solutions, and printing. Alma Media's consolidated net sales in 2001 totalled approximately EUR 480 million and the Group has approximately 4 000 employees including 1 000 part-time delivery staff.

NEWSPAPERS

Alpress publishes 30 newspapers. These have an aggregate circulation of 508 000 and reach roughly 1.6 million readers. Alpress has newspaper printing plants in Tampere, Pori, Rovaniemi and Kajaani.

BUSINESS INFORMATION

Business Information Group (BIG) manages the production and distribution of business information. BIG's most important products are Kauppalehti, MTV3 Channel's Business News Kauppalehti Online. The business area also includes Balance

Consulting, a company specialized in analyzing corporate financial statements; Baltic News Service, the leading news service in the Baltic countries; and Starfunds Finland, which produces services for comparing mutual funds.

TELEVISION AND RADIO

Broadcasting handles the Group's television and radio broadcasting activities. Broadcasting comprises MTV Oy, which is responsible for MTV3 Channel and the cable channel Subtv, as well as Radio Nova (Oy Suomen Uutisradio Ab) and MTV3-Tele. Broadcasting is also responsible for Alma Media's interests in Sweden's TV4 AB, in which it has a 23.4% holding.

NEW MEDIA

The New Media business area is responsible for the Group's commercial new media ventures, for technical maintenance and development of the online services required by them, and for R&D in new media technology. Alma Media's online services have more than 850 000 weekly users.

PRINTING

Alprint specializes in printing magazines and regularly published catalogues. Alprint is centrally responsible for selling Alma Media's printing services and for purchasing the materials needed in its printing operations.

THE PARENT COMPANY

Alma Media's parent company is Alma Media Corporation, which has approximately 3 700 shareholders. The parent company owns the shares of the Group's subsidiaries and also the Group's real estate. Alma Media Corporation is responsible for finance and treasury for the entire Group. It trades in securities and engages in other investment activities. The parent company's central Group services are corporate administration, legal matters and technical services. Corporate administration comprise the Group's top management as well as its accounting, development and communications functions.

Alma Media produces editorial content every week for

2.1 million readers

4.4 million viewers

1.8 million listeners

0.9 million Internet visitors

Alma Media Ready for Take-off

PRESIDENT AND CEO MATTI PACKALÉN

Business editor Harri Vänskä interviewed President and CEO Matti Packalén for a video clip in the online annual report. An edited version of the same interview is printed in this annual report.

*To see the video, please visit
www.almamedia.fi/vuosikertomus2001/eng/puheenvuorot/toimitusjohtaja.html*

The past year was a time of considerable upheaval for media companies. Advertising expenditure fell 6%, having increased 7% the year before. What impact did this have on Alma Media?

We certainly felt the effects of this, especially at the start of the year when we saw large fluctuations in the electronic media. We responded by accelerating implementation of the performance-enhancing programmes already started. This also received wide public coverage. So a lot happened.

Was the reduction in advertising sales most evident in MTV's operations?

Television, it seemed, faced a number of setbacks compared to other media for various reasons. It was the first to react and therefore it was also the first segment where the streamlining measures were visible.



In Matti Packalén's opinion Alma Media's brands are strong and offer a solid platform for future growth.

You must always focus on what you do best. We are definitely strong in B-to-B marketing.

Alma Media responded to media market turbulence by bringing cost-cutting plans forward.

Alma Media has made big investments in new media. How did business conditions in this sector change?

The change in fact started at the end of 2000 when sky-high growth in this business began to level off. That led to the need to focus on areas which would yield immediate results and offered the best profit potential. In New Media this meant a sharp revision of our direction coupled with withdrawal from high-risk activities.

In the Group's printing business Alprint's result was weaker than expected. Why?

We had to make a new start. In 1998 we initiated a development project that was due to be completed by the end of 2000. That in fact did not come about for several reasons. We then had to rethink our entire plan, including the organization, and this of course cost money as well. We are today where we should have been a year ago. The restart will be visible in this year's results.

Alma Media is currently implementing no less than three cost-cutting programmes. What combined effect will they have?

We believe that if sales are as successful as last year our result will be a clear profit after the cost-cutting programmes we have implemented.

Last year Alma Media's investment expenditure was quite high, including EUR 60 million to take a stake in Talentum, for example. Why this deal?

This is central to our needs and also an interesting area of investment as, through Kauppalehti, we are very strong in business information. With Talentum's expertise the new Business Information Group would be far and away the leading producer and distributor of business information in Finland. That was the reason behind this deal, which marks the first step towards our goal.

So are other steps in the pipeline?

That of course is a matter for the future and will require other decisions. Co-operation has been extremely good and has begun promisingly. Whether we take another step or not, I'd prefer to leave that to others to decide.

Alpress in newspaper publishing had a good year. What were the reasons behind its success?

Good brand names and efficient operation are the explanation. On the other hand newspapers are more stable and react much more slowly during different points in the business cycle. Hence their good performance last year.

Business Information Group, which produces and distributes business information, is one of Alma Media's core businesses. What was its success based on?

It performed well. Business-to-business advertising reacts fast to expected business cycle changes. Last year's downturn was reflected in BIG's performance but given the conditions this business area was highly successful.



Will television and MTV solve their problems this year?

Our performance-enhancing programmes were aimed at cutting costs. The idea was to create a buffer for the future. The key factor is how successful our television channels will be with respect to their competitors and other media. The keys are in our own hands and we are in an unequivocally better position than last year. Based on the outlook at the start of 2002 we believe that MTV's performance will improve significantly this year.

Will Alpress continue to be the main source of cash flow and profits for the Group?

During the first half of the year most probably yes. Alpress has strong products and a strong market position, but the strength of its cash flow lies in the fact that this group is not expected to need major investment in the years ahead. In other words it has free cash flow.

Will the production of business information remain a core business?

You must always focus on what you do best. We are definitely strong in B-to-B marketing and that of course will remain our focus and platform for success in the future.

New Media is the talk of the town today. Will this business reach its goals in Alma Media?

Yes, if the signs at the start of the year can be believed. Also, given the major change in direction we have taken in this business, it seems logical to assume we will reach and exceed break-even point this year.

Alprint, too, intends to raise its performance. What means does it have at its disposal?

This company has thoroughly revised its processes, personnel and management systems, which provides a good point from which to continue. Alprint's production capacity is now clearly smaller than earlier, which means that a lower trading volume will yield better performance. Consequently we can expect Alprint to record a substantially better result this year.

You are about to hand over the top job in Alma Media. What condition are you leaving the company in for your successor?

We have always had extremely strong brands – that's the essential point – and these have gone from strength to strength. I am confident that this provides a solid starting-point for the future. I would like to thank all our employees for their good co-operation during a difficult year and our partners for their confidence in us.

HARRI VÄNSKÄ

The writer is a business journalist with KauppaLehti.

Juho Lipsanen President and CEO from 1 March 2002

Alma Media's Board of Directors has appointed Mr **Juho Lipsanen** President and CEO of the company from the beginning of March. He joins Alma Media from ABB Group, where he was president of ABB's global New Ventures unit in Switzerland.

"Moving from the world of technology to the top position in a media corporation is an enormously interesting challenge as I will certainly be working directly with a wide variety of people," Mr Lipsanen says.

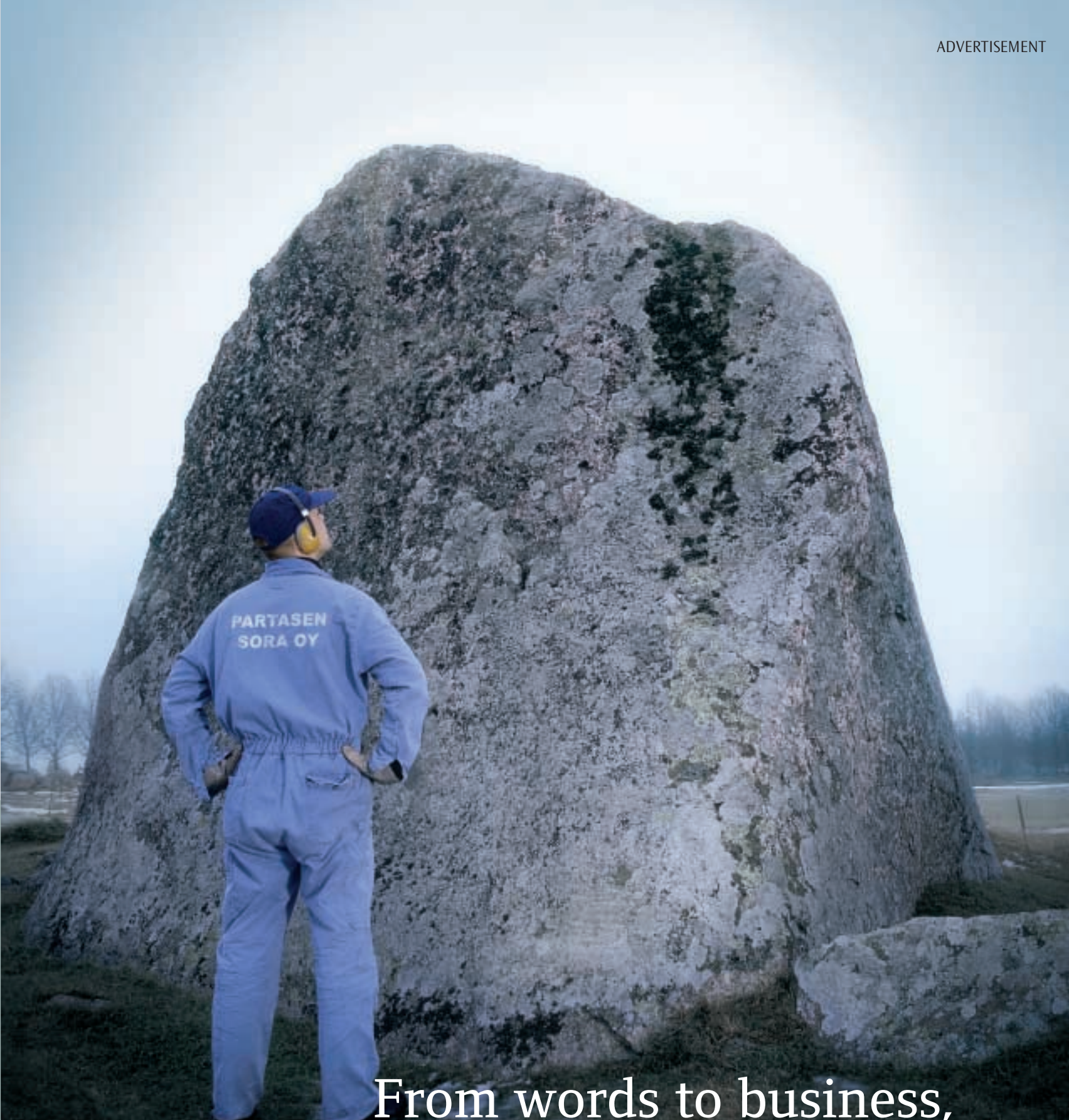
"I believe that my years of working abroad have taught me to be culturally flexible, to cope in different situations and to get along with different people. Management in itself is the same sort of work no matter what the company or business sector. In no company can the CEO do the work of his subordinates. He must be able to allocate the company's resources to ensure that people concentrate on the right things. It is important also that we all share the same strategic intent, so that everyone knows where

we are aiming for.

"I am confident, as I step into the CEO's shoes, that Alma Media has outstanding products, competent and professional managers, and motivated employees. The year 2001 was challenging for media companies. A great deal of work was done in Alma Media to put the company's cost structure on a healthier footing. For this I would like to offer my predecessor, Matti Packalén, my sincere gratitude and I am sure the entire Board joins me in thanking him."

Juho Lipsanen emphasises the importance of a shared strategic intent.





From words to business,
no sooner said than done.

The best way to reach your goals is by knowing
what you do. All relevant business information
is available in Kauppalehti.
www.kauppalehti.fi



Finance and Figures

Summary of the Year 2001

Alma Media Group's business focus is newspaper publishing, the production and distribution of business information, television and radio broadcasting, new-media products, and printing. Advertising (television, online and print) represented some 60% of total income, the remainder coming from newspaper subscriptions, invoicing to publishers or printing services and charges for the use of Alma Media's online services. Alma Media's strengths are its strong content production resources and its well-known distribution channel brands. More than one-quarter of the company's 3 000 full-time employees work in content production of one kind or another.

Alma Media's consolidated net sales in 2001 totalled EUR 478 million (EUR 484 million in 2000). The decrease was EUR 6 million compared to the previous year owing mainly to a fall of EUR 17.5 million in MTV3 Channel's advertising sales.

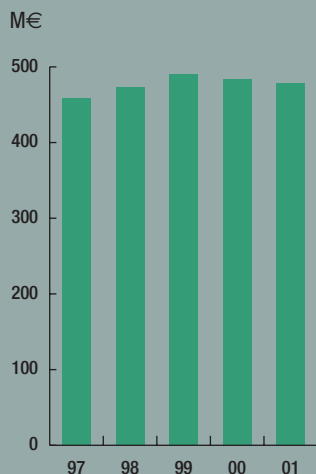
The Group recorded an operating loss of EUR 20 million (profit EUR 16 mill.). Profitability was weakened in particular by lower advertising revenues and the streamlining measures taken in the Broadcasting, Alprint and New Media business areas. The net result was a loss of EUR 24 million (profit EUR 5 mill.).

Alpress's circulation revenue was EUR 8 million higher in 2001 than in the previous year. Italehti's 7% increase in annual circulation was the main factor in Alpress's net sales growth of EUR 13 million. Alpress also saw an increase in income from printing work for outside customers. Advertising revenues, however, were almost EUR 2 million lower than the year before.

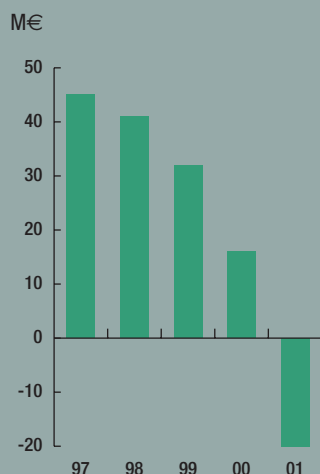
BIG's net sales increased by some EUR 2 million and New Media's net sales by roughly EUR 1 million.

Several divestments reduced Alprint's net sales, which were EUR 11 million lower than in the previous year.

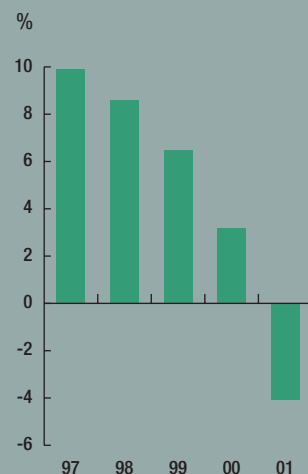
NET SALES



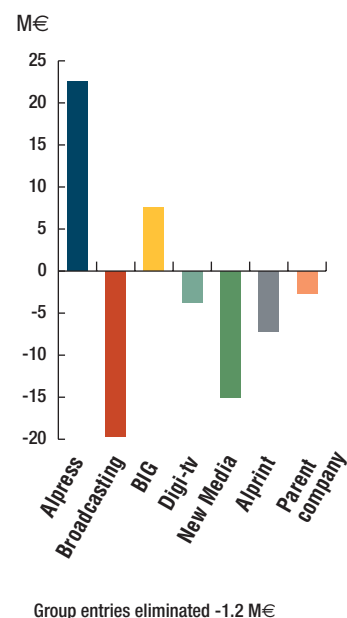
OPERATING PROFIT/LOSS



OPERATING PROFIT/LOSS / NET SALES



OPERATING PROFIT/LOSS BY BUSINESS AREA



Alma Media Group, income statement

M€	2001	2000
Net sales	478.3	484.4
Associated companies, share of profits	-3.8	4.5
Other operating income	14.6	7.4
Operating expenditure	-508.6	-480.7
Operating profit/loss	-19.4	15.6
Net profit/loss	-24.1	4.9

Alma Media Group, key figures

M€	2001	2000
Net sales	478	484
Operating profit/loss	-20	16
As percentage of sales	-4.1	3.2
Profit/loss before extraordinary items	-27	12
As percentage of net sales	-5.6	2.4
Equity ratio (%)	37	49
Gearing (%)	112	52
Capital expenditure	94	37
Full-time personnel on average	2 817	2 887
Earnings per share (€)	-1.43	0.47

NET SALES BY BUSINESS AREA



Alpress, 41%
Broadcasting, 31%
Business Information Group, 8%
New Media, 3%
Alprint, 14%
Parent company, 3%

ALPRESS'S CIRCULATION INCOME SOLID AND STABLE

The Alpress business area publishes the national afternoon paper *Iltalehti*, five provincial and 15 local newspapers and free papers. Roughly half of newspaper revenues is derived from advertising and half from subscriptions. Alpress also prints newspapers for other publishers outside the Group.

The circulation revenues of Alpress's provincial and local newspapers are fairly stable since the circulation of these papers are well defined. Subscriptions are for the most part regular and long-term. *Iltalehti*, which is sold off the stands, is marketed throughout Finland and therefore has potential for both advertising and circulation growth.

Advertising trends play a central role in Alpress's income. The four major elements in its cost structure are personnel costs, printing costs, distribution and marketing.

Newspapers have competed successfully against other media in Finland in terms of market share. Having raised internal efficiency Alpress strengthened its position as Alma Media's main profit driver and cash flow generator.

Until September 2001 Alpress enjoyed the same level of success as in 2000, a record year for this business area. Advertising revenues during the final third of the year, however, ended up lower than in 2000. Alpress's profitability was also hampered by a 15% increase in paper prices. Despite a slight drop in advertising revenues Alpress reported almost the same operating profit as in the previous year, EUR 23 million (EUR 24 mill.), or 11% (13%) of its net sales.

MULTICHANNEL DISTRIBUTION GIVES BIG A BOOST

Alma Media's top development and growth priority is the production and distribution of business information. In September 2000 this business was reorganized around *Kauppa-lehti* into a new business area called Business Information Group. BIG derives more than half its income from advertising.

Group performance by business area

M€	Net sales			Operating profit/loss		
	2001	2000	±%	2001	2000	± %
Alpress	207.9	194.9	7	22.5	24.4	-8
Broadcasting	162.6	178.1	-9	-19.7	1.5	-1 400
Digi-tv	0.0	0.0		-3.7	0.0	-
BIG	43.9	42.6	3	7.6	8.7	-13
New Media	16.7	16.0	4	-15.1	-9.9	-53
Alprint	73.2	83.6	-12	-7.2	-4.9	-48
Parent company	16.3	15.5	5	-2.7	-4.9	45
Intragroup sales	-42.3	-46.4		-1.2	0.7	
Total	478.3	484.3	-1	-19.4	15.6	-225

BIG has made important strides in developing multichannel content distribution; the content BIG produces is distributed, for example, throughout Alma Media's printed products.

Kauppalehti has held its position well against its competitors. Its circulation rose to a record-high 85 292 copies.

Kauppalehti now produces all the business news broadcast on MTV3 Channel and on Radio Nova since Suomen Uutislinkki Oy was moved entirely to Kauppalehti in 2001.

Kauppalehti Online was introduced in 1996 and has since emerged as the leading online business service in Finland. It also offers services for wireless terminal devices.

BIG has also expanded through acquisitions, purchasing Baltic News Service in 2001.

BIG operates in the business-to-business market and is therefore sensitive to economic trends. The first months of 2001 were a period of vigorous growth in this market but advertising tailed off sharply at the end of the year.

BIG's operating profit was slightly down on the previous year and totalled EUR 8 million (EUR 9 mill.), or 17% (20%) of its net sales.

MTV HOLDS 40% OF TOTAL VIEWING TIME

MTV Oy, established in 1957, is the third oldest commercial television company in Europe. MTV3 Channel is far and away the most popular television channel in Finland with a roughly 40% share of total prime time viewing.

MTV Oy has broadcast programmes on its cable channel, TVTV!, since February 2000. This channel, renamed Subtv in summer 2001, can be watched by about 900 000 households in Finland.

Digital television broadcasts were started in Finland in August 2001. MTV3 Channel, Subtv and Urheilukanava (Sports Channel) all transmit digital programmes.

MTV Oy's revenues consist almost entirely of sales of TV spots and income from sponsored programmes. MTV Oy is

required by law to pay 24% of its income in the form of an operating licence fee. This fee, and network rental payments, amount to some MEUR 50 a year. The Ministry of Transport and Communications has proposed to halve the operating licence fee from July 2002.

Television advertising has lost market share in Finland and last year accounted for less than one-fifth of all advertising expenditure. At the same time tougher competition has raised programming costs and digital TV further added to the cost burden. In the autumn of 2000 MTV Oy embarked on a programme of tough cost-cutting measures which reduced its number of employees and led to outsourcing of certain activities.

The Broadcasting business area had a difficult year in 2001. It reported an operating loss of EUR 20 million (operating profit EUR 2 mill.). EUR 13 million of this was due to lower advertising sales, EUR 6 million to TV4 AB's weaker profitability and the remainder to higher programming costs caused by increased competition.

Radio Nova and MTV3-Tele both developed well and these companies reported clearly positive results.

Alma Media Group spent almost EUR 4 million on digital television. These costs are not included in Broadcasting's operating loss.

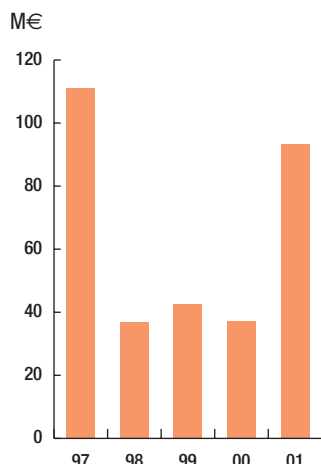
FINLAND'S LEADING INTERNET SERVICES PROVIDER

Alma Media has made substantial investments in its New Media business area in recent years. In terms of number of visitors Alma Media is the leading provider of Internet services in Finland.

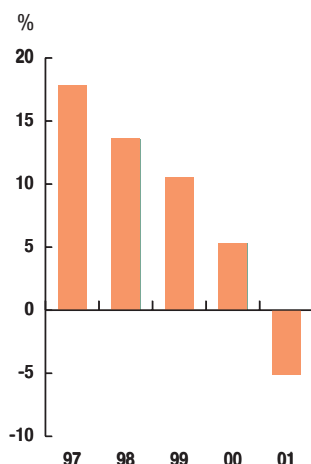
Alma Media holds a strong position in online advertising, and especially in property, workplace and used vehicle advertising. The MTV brand is also exploited by the Internet connections marked under the MTV3 Teletext, MTV3 Internet, MTV3 Mobiili and MTV3 names.

*Kauppalehti faced down
business paper competition.*

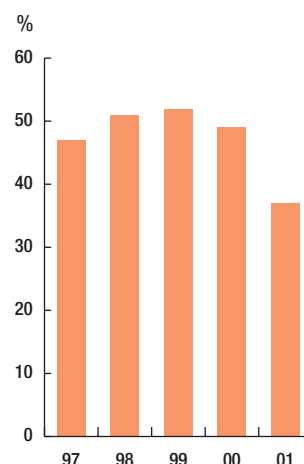
INVESTMENTS



RETURN ON INVESTMENT



EQUITY RATIO



Talentum was the year's big investment.

Business conditions deteriorated sharply for new-media companies at the beginning of 2001. Online advertising began to decline and demand for various new-media content services decreased as well.

New Media's strategy was revised at the beginning of 2001 and the focus was shifted from growth to favouring companies and projects that would generate the fastest profits.

Several businesses were discontinued during the year including the production company Communication Base Finland Oy and KCRnet Oy, a company specializing in the management of digital assets. As a result of scaled down or discontinued development projects, New Media's net sales rose only 5%, its personnel decreased and its result was depressed by EUR 6 million in one-time costs. A further EUR 1 million went in various writedowns. The business area recorded an operating loss of EUR 15 million (EUR 10 mill.).

ALPRINT CONCENTRATES ON MAGAZINE PRODUCTS

Newspaper printing was moved to Alpress at the beginning of 2001 leaving Alprint to concentrate on printing magazine-type products.

In line with its strategy Alprint sold its small rotation press in Tampere and its prepress operations in Helsinki and Hyvinkää to outside buyers. Alprint today has printing plants in Hyvinkää and in Rahola, Tampere.

The modernization of the Rahola production unit in 2000 also involved the merger of the magazine printing plants in Vantaa and Pori. Alprint's management was replaced and its operations redimensioned during 2001 owing to the start-up problems of the new Rahola unit. More than 200 employees were made redundant.

Alma Media, consolidated balance sheet

M€	2001	2000
Fixed assets	337.0	310.6
Current assets	116.4	116.5
Assets total	453.4	427.1
Shareholders' equity	161.5	200.3
Minority interest	2.8	2.8
Provisions	3.3	3.3
Liabilities	285.8	220.8
Shareholders' equity and liabilities, total	453.4	427.1

Alpress is a major cash flow generator.

CAPITAL STRUCTURE STABILIZED

Capital expenditure during 2001 totalled EUR 94 million (EUR 37 mill.). The most significant item for the company was the acquisition in April 2001 of a 33% holding in Talentum Oyj for EUR 60 million. Investments in shares in other companies totalled EUR 5 million.

The bulk of investment expenditure was financed by loan capital, which clearly raised the Group's indebtedness. The equity ratio at the year end was 37% (49%) and gearing was 112% (52%). Interest-bearing debt amounted to EUR 200 million (EUR 123 mill.).

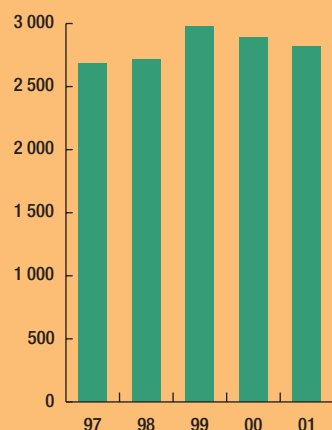
The Group's cash reserves totalled EUR 19 million at the close of the period. Alma Media stabilized its capital structure by establishing a medium-term note programme under which it issued its first tranche of EUR 30 million.

PERSONNEL REDUCTIONS

The number of employees grew in Alpress and BIG, mostly because of acquisitions, which added 171 new employees to BIG and 30 to Alpress.

Cost-cutting programmes reduced the number of employees: personnel decreased 215 in Alprint, 118 in Broadcasting, 34 in New Media and 9 in the parent company.

FULL-TIME PERSONNEL ON AVERAGE



Full-time personnel on average by business area

	2001	2000
Alpress	1 242	1 247
Broadcasting	550	623
Business Information Group	270	176
New Media	183	106
Alprint	501	670
Parent company	71	65
Total	2 817	2 887
In addition part-time personnel	1 343	1 349

Alma Media Group, cash flow statement

M€	2001	2000
Net cash flow from operating activities	-4.0	21.9
Investments	-28.3	-27.8
Proceeds from sales of assets	26.6	2.9
Change in assets	-64.5	-5.5
Cash flow before financing	-70.2	-8.5
Net change of loans	76.9	17.0
Dividends	-6.8	-11.0
Other financing	0.5	-0.4
Change in liquid assets	0.4	-2.9

SIGHTS SET ON HIGHER PROFITABILITY

The Finnish economy is forecast to return to growth during the second half of the year and this is expected to have a positive impact on media advertising. Paper prices are expected to fall, while personnel costs should increase only moderately. Following the action taken to raise efficiency and cut costs Alma Media's cost structure is on a healthier footing than in 2001.

Alpress and BIG will record lower first-quarter operating profits this year than Q1/2001. Their profitability for the full year will depend substantially on how business conditions develop in the second half of the year.

MTV's cost structure is now more efficient. Television advertising sales in the final quarter will have a major bearing on its profitability for the year. Another significant factor will be the halving of the operating licence fee from 1 July 2002 since, if approved, this change will shave some EUR 7 million off MTV's costs in the second half of the year.

New Media's goal is to record a positive result of operations in 2002.

Sensitivity observations

Factor	Annual change	Impact on operating profit, M€
Price of paper	+1%	-0.3
Wages on average	+1%	-1.5
Advertising income from print media	+1%	+1.2
Advertising income from broadcast media	+1%	+1.3
Average interest on financing	+0.5 %-point	-1.0



MikroPC's jury is adamant. "The **MTV3 Internet connection offers the most wide-ranging free Internet service in the country ***). The **MTV3 Internet connection runs rings round its competitors.**"

And it's so easy to sign up: 1. Just call **0800-148 148**, or
2. Send your name and address as an SMS to **17102**, or
3. Download the connection at **www.mtv3.fi/liittyma**.

And finally we suggest you shout three cheers for the winner.

*) The MTV3 Internet connection is entirely free of monthly or other user charges.

You simply pay the local telephone charge as you use it.

The Journalist's Column

The newspaper and television at large

“How do you divide your time between television and the newspaper when you work as a correspondent for both Aamulehti and MTV3,” many ask. First I edit the television piece to size and transmit it to Finland. Then I write a piece on the same subject for the newspaper. In between I grab a cup of coffee. More than that it’s difficult to describe because most of my day is divided equally between television and the newspaper. Gathering information. Rushed meetings with people I need to interview. A journalist’s normal work.

The TV piece has to be done first because it’s even more urgently needed; the evening news is generally filmed in the hours just before the news is broadcast. Fresh pictures show the feelings of the people interviewed, taking the viewer right to where the action is.

Come the evening and the newspaper is in a hurry as well. Sometimes I get the feeling that the Aamulehti editor’s patience is not a little stretched waiting for my texts. The length of the piece is agreed beforehand, ensuring that it slots rapidly into its designated place on the page.

And that’s how it’s done when the same journalist handles the same story for both television and the newspaper – multimedia at its most efficient. The newspaper story is more thorough. It must put the brief television newflash into the right context and illustrate the significance of the events from

the reader’s perspective. The journalist’s job is helped by the fact that there is always more material than can be put on television.

If Aamulehti and MTV3 each had their own journalists researching the same story, our work would no doubt overlap; we’d sit in the same conferences, call the same sources and dig up the same material from Alma Media’s archives.

But what happens if we eliminate the overlaps?

FIRST THE JOURNALIST’S VIEWPOINT

It’s a constant hassle and the working day often gets long, but then the same applied when I was working for either a newspaper or for television. Putting the two together, though, makes the work more exhausting and the time off all the more important.

It takes more expertise but that’s the trend in working life today in general. Journalists are like anyone else; learning and inspiration depend on motivation, and that’s in the employer’s hands.

New generations of journalists will be multi-skilled from the outset if changes in the nature of their work require it. Naturally that will also make it necessary to change the ground rules and how editorial departments are organized.

I’ve been a joint correspondent for Aamulehti and MTV3 in Stockholm for just over a year now. Sometimes I enjoy the adrenalin rush that the hectic multimedia environment creates

New technology and the birth of a multimedia group are sweeping away outdated ideas about the boundaries between media.



Teijo Valtanen, joint Scandinavian correspondent for Aamulehti and MTV3, reporting on the Kvaerner crisis in Oslo. His partner when working on this story was Norway's TV2 and during the same trip he produced stories on the same subject for Aamulehti.

Readers decide the role of the media and their responsibilities. Readers' needs determine media style and also their success.

but it's generally more pleasant to concentrate on just one medium. Fortunately Aamulehti and MTV3 give me separate assignments as well.

AND NOW FOR THE PERSPECTIVE OF THE NEWSPAPER AND TELEVISION

Television is a fast-paced medium that can broadcast live if necessary. The newspaper is a lot slower but that is precisely why it can offer the reader news, opinions and perspectives that are missing from the electronic media.

To exploit the strengths of television and newspapers fully it is also necessary to use journalists who focus separately on newspapers or television. It is not worth using their time on tasks that 'combi-journalists' are capable of doing.

The newspaper journalist, who would otherwise sit beside me in the same press conference, can now concentrate solely on identifying newsworthy items for the newspaper. Television also benefits from the efficiency as it can split its costs with the newspaper.

Combining news production on a broad scale, however, requires the newspaper and television to accept that they are complementary rather than competitive media. The biggest news items will then be broadcast on evening television without forgetting to mention that the TV channel's partner newspaper will provide in-depth coverage first thing in the morning.

Ultimately, however, it takes the consent of readers and viewers before the roles of the media can be decided. Their

needs will determine how the newspapers and television channels will prove successful in the end.

International co-operation is fast emerging in the television business. My own desk here in Stockholm is in the editorial department of Sweden's TV4 channel, a close partner to MTV3 in Finland, and I could hardly imagine finer collaboration between professionals with a mutual respect for each other. The same Nordic alliance also includes Norway's TV2 and Denmark's TV2.

On the other hand newspaper and television journalists have traditionally harboured misgivings about each other. To newspaper journalists television people are superficial and incapable of deeper reflection. Television journalists, by contrast, don't believe newspaper journalists know how to combine pictures and sound.

The emergence of multimedia corporations and new technology are encouraging both camps to rethink their fossilized attitudes. The real virtuosos of the printed word and living picture will no doubt exploit their special gifts in the future but for others building professional pride on a single medium could pose a risk in the future labour market.

In its business news operations Alma Media has already reached the point of complete integration, having merged MTV3's business news department with Kauppalehti. Iltalehti, likewise, is involved in producing television programmes.

Enough meetings have been held and the framework for new collaboration between different media is essentially in place. Of crucial importance will be the experience that the media professionals must gather in their day to day work, putting aside their prejudices and evaluating that experience honestly.

TEIJO VALTANEN

The writer is the Scandinavian correspondent for Aamulehti and MTV3.

2001 an Unsettled Year for media companies

The Finnish economy's growth rate slowed to 0.6% according to preliminary estimates. Media advertising tends to decline faster than GDP during a downturn but to rise faster than average growth during an upturn. Last year media advertising, and television advertising in particular, lurched 9% downwards. Television viewing time, however, remained unchanged. Demand for business information slackened as the economy slowed but business newspapers succeeded in raising circulations. New media became a daily tool and the hype that previously surrounded it evaporated. The unemployment rate fell slightly to 9.1%. The Finnish government put a proposal before parliament to halve the television operating licence fee during 2002. Digital television broadcasts were started in August although the number viewers still remains low owing to the shortage of set-top boxes. The afternoon papers and radio had the best of the year.

EUR 1 047 million was spent on media advertising during 2001, 6 million less than one year earlier. The sharpest drop was evident in television, 9%. Newspapers recorded a decrease of 7%, town and free papers 7%, magazines 3%, outdoor advertising 3% and Internet advertising 7%. Media sales increased 6% in radio and 10% in cinemas.

Brand advertising fell 6%, retail sector advertising was down 4% and classified advertising 11% likewise.

FOOD ADVERTISING UP, BIGGEST DROP IN RECRUITMENT ADVERTISING

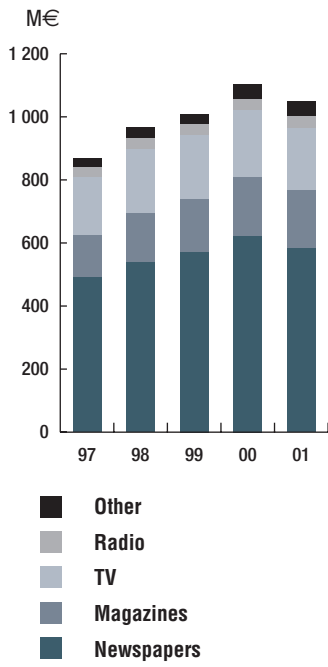
The retail sector was once again the biggest advertiser in 2001 (EUR 235 mill.) but its advertising volume decreased 4%. The second largest sector for advertising, food sales (EUR 75 mill.), showed a significant increase in advertising expenditure during the year, up 2%. Advertising of telecom services increased as well (+12%). Vehicle advertising (EUR 71 mill.) slipped 9% but the biggest decrease, 25%, took place in recruitment advertising (EUR 51 mill.).

Users of Internet portals have increased but few portals were profitable in 2001.

The Finnish population continue to be avid newspaper readers and they are also the third largest buyers of newspapers in the world. Newspaper circulations remained largely stable although young people tended to be taking a greater interest in newspapers than before. In 2001 the popularity of newspapers among 12–20 year-olds increased for the first time in twenty years. Newspapers are now read daily by 44% of young people, compared to 41% in 1999 (Youth Media Habits: Taloustutkimus 2001).

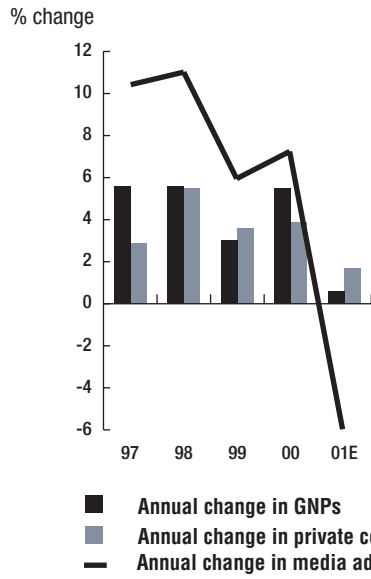
Advertising in business newspapers dropped by about 55. The biggest shortfall (-35%) was in recruitment advertising, followed by banks and the finance sector which

MEDIA ADVERTISING



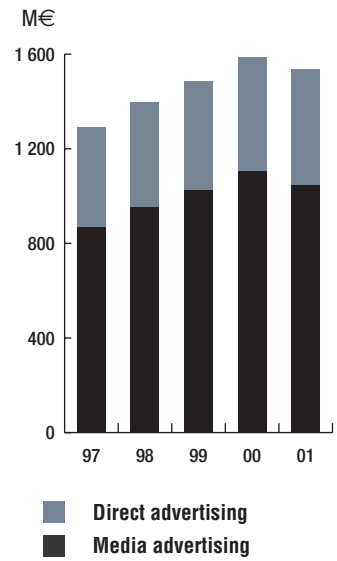
Source: MDC Media Research Ltd
MDC AD Facts Ltd

GNP, PRIVATE CONSUMPTION AND ADVERTISING

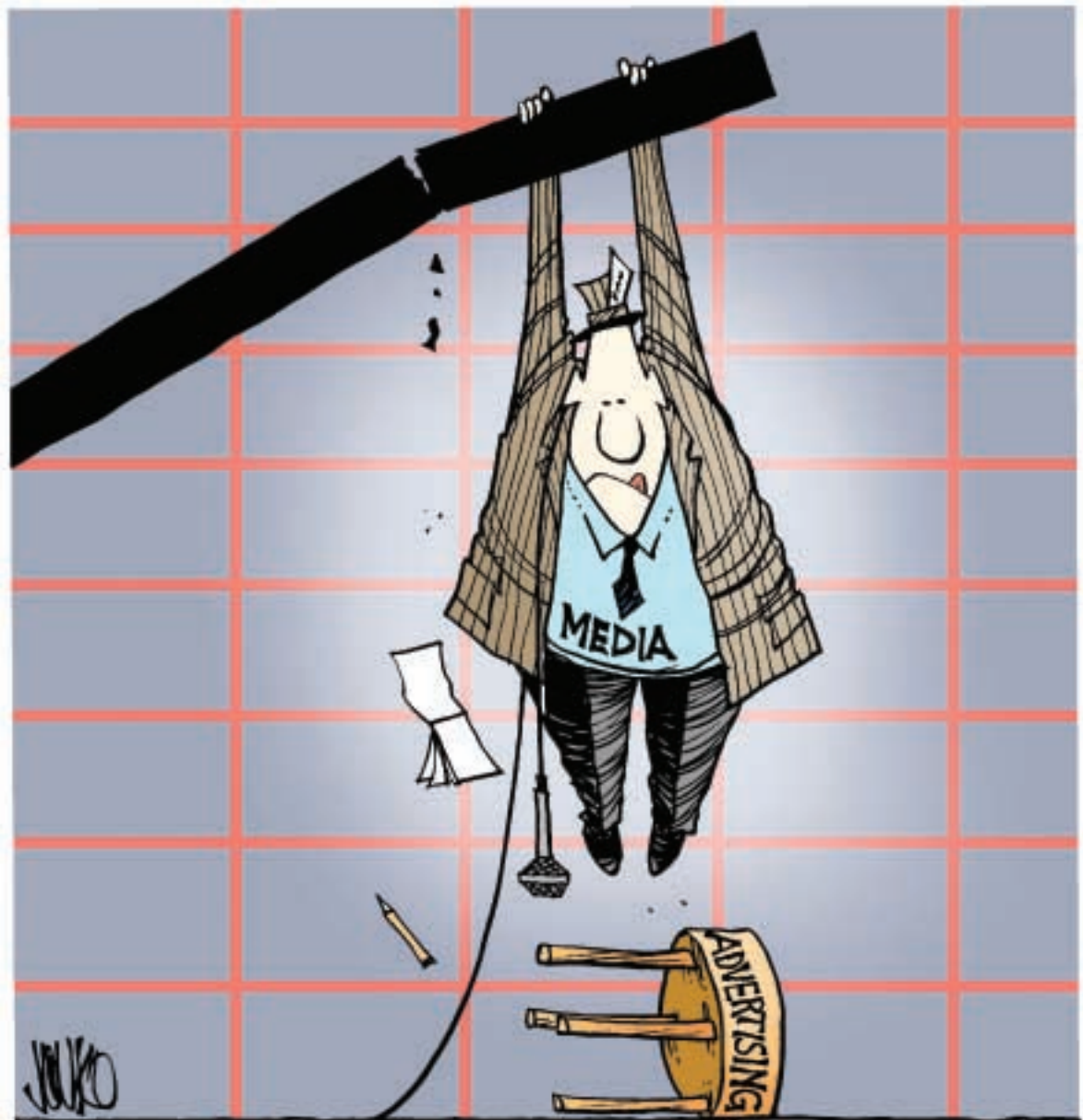


Source: Statistics Finland,
MDC AD Facts Ltd

MEDIA AND DIRECT ADVERTISING



Source: MDC AD Facts Ltd



Media advertising fell 6% on average. The slump in television advertising was much sharper, all of 9%.

reduced advertising by about one quarter. The sector with the highest advertising expenditure in business newspapers was once again office technology, where advertising fell 7%.

AFTERNOON PAPERS SUCCESSFUL

Despite raising the prices of their weekday editions, the afternoon papers increased their circulations by 4%. These papers have been taking an increasingly large share of total newspaper circulations in Finland for some years. The year also offered several big news days such as the doping scandal during the World Skiing Championships in Lahti and the September 11th terrorist attacks in the USA.

The September 11th events in fact led to a sharper fall in media advertising as many campaigns were shelved and general uncertainty increased.

Television viewing time remained unchanged during 2001 at 2 hours and 47 minutes on an average day (2h, 48 min). MTV3 Channel was once again the most popular channel with a 39.1% (40.4%) share of total viewing time followed by YLE1 22.8% (22.6%) and YLE2 20.5% (19.7%). Nelonen (Channel Four) came fourth with a share of 11.6% (11.5%). TVTV!, renamed Subtv in August, captured 0.8% (0.4%) of total viewing time.

MTV3 and Subtv together accounted for 77% of total viewing time on the commercial channels, the remaining 23% being taken by Nelonen.

Advertising income by the commercial channels was broadly in line with their viewing time shares.

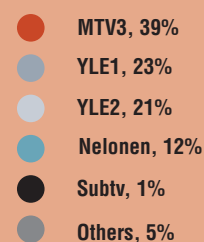
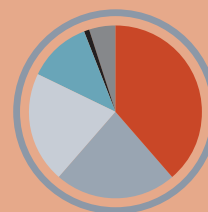
Radio stations continued to gain popularity in Finland, especially in the case of the commercial stations. On an average day 93 minutes were spent listening to commercial stations, compared with 81 minutes in 2000. Total radio listening amounted to 208 minutes, or 3 hours and 28 minutes per person, per day.

A parliamentary committee appointed by the Ministry of Transport and Communications decided in May to propose that the television operating licence fee be halved from July 2002. The government put this bill and other proposals concerning the media markets before parliament in December. Under the new proposals no operating licence fee would be levied on the digital channels at all until 31 August 2010, nor on the commercial radio stations until the end of 2006.

DIGITAL TV BEGAN BROADCASTING TO ALMOST NON-EXISTENT AUDIENCES

The first digital television channels began broadcasting on 27 August 2001. The broadcasting network covers 72% of Finnish households but only 10 000 were estimated to

SHARE OF TV VIEWING 2 h 48 min/day on average



Source: Finnpanel Oy

have the necessary set-top boxes by the end of the year. Most of these were rented. In addition to the four main channels, the digital network offers five new channels: YLE24, YLE Teema (YLE Theme), FST (Swedish-language channel), Urheilukanava (Sports Channel) and Subtv. Subtv received its own national digital operating licence in December.

INTERNET AND SMS NOW DAILY ROUTINE IN FINLAND

Some 37% of all households in Finland now have an Internet connection, which was five percentage points more than in 2000. Most households (71%) used a modem, while 17% had an ISDN connection and 6% an ADSL connection.

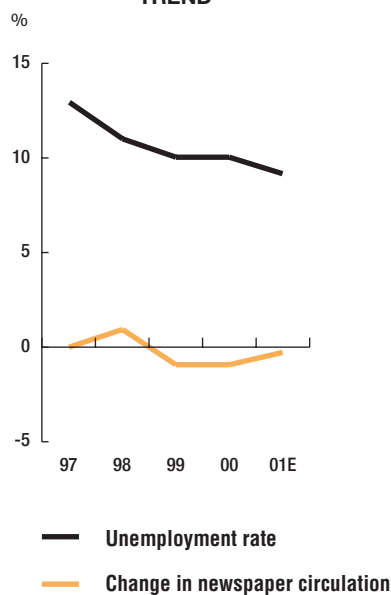
As many as 61% of 15–79 year olds in Finland used the Internet during 2001 (Finland Gallup Web Oy, NetTrack, June 2001), and of this number 53% connected to the Internet at least once a week. However, almost 100% of young people in the 15–20 year-old bracket are Internet users (Internet Tracking, October–November 2001, Taloustutkimus Oy).

Users of Internet portals have increased but few portals were profitable in 2001. The principal source of revenue for portals is advertising, which was concentrated around portals built on established brands. Many enterprises have pulled out of the market.

Three-quarters of the Finnish population owned a mobile phone in 2001. The number of mobile phone users has increased by 19 percentage points since 1999. Of 15–47 year-olds 83% had a mobile phone for personal use (Taloustut-

The Finnish population are the third largest buyers of newspapers in the world. Young people are reading more newspapers than before.

UNEMPLOYMENT RATE AND CIRCULATION
TREND



Source: Statistics Finland,
Finnish Newspapers Association

kimus Oy, 2001). The Finns sent an estimated 1 240 million text messages, corresponding to an increase of about 25%. The rate of growth declined as expected but text-messaging spread to new groups of users. The text-messaging market was estimated to be worth approximately EUR 170 million (eBird, 2001).

PAPER PRICES SOARED, EXPORTS TO RUSSIA UP

Paper prices rose substantially during the year. Newsprint price increases were approximately 15% and the price of coated grades rose 10% on average. Demand for printing services in Finland grew by circa 2%. Exports of printed products increased by an estimated 7%, totalling EUR 350 million. Exports to Russia grew 9% and totalled almost EUR 99 million.

The Analyst's Perspective: Television Could Grow

The market takes a close interest in Alma Media. Perhaps the closest interest of all is shown by analyst **Anders Antas** of Enskilda Securities; his office happens to be right next door to Alma Media's head office in Helsinki.

Media companies have broadly followed general economic trends. It is generally believed that the economy will pick up during the summer and a distinct improvement will be apparent by the end of the year.

"Then, if business behaves as it normally does, marketing budgets will be revised upwards again and recruitment will get back into gear. This will also support media companies."

The ups and downs in the advertising market have a direct impact on media

Anders Antas has followed media companies as a share analyst for three years.

company cash flow. In Alma Media's case, for example, 60% of net sales comes from advertising income and for this reason Alma Media's net sales is highly sensitive to changes in advertising behaviour.

The situation in Finland is slightly unusual, Antas thinks, if one compares different media. Trends have been surprising in recent years, especially in tel-



evision, although the advertising markets have been strong. "It's surprising that TV advertising has been on a downhill run for a number of years now."

To explain this phenomenon Antas turns to history and the end of MTV Oy's advertising monopoly in Finland. The advent of a competitor in commercial television could, he thinks, have created uncertainty among advertisers.

He believes they will rediscover this medium and that television's share of total advertising will once again start to rise. "Contact prices are quite low in Finland, lower in fact than in the other Nordic countries."

HARRI VÄNSKÄ

The writer is a business journalist with Kauppalehti.

ALPRESS

A strong performer

Alpress is Alma Media's newspaper publishing business area. It consists of the national afternoon paper *Iltalehti* and the 7 days/week provincial newspapers *Aamulehti*, *Satakunnan Kansa*, *Lapin Kansa*, *Pohjolan Sanomat* and *Kainuun Sanomat*, as well as 15 local papers, 6 town papers and 3 free papers. Most of the local and free papers are published by the Suomen Paikallissanomat group. Alma Media's newspaper printing plants were moved to Alpress at the beginning of 2001.



About 400 Alma Media people in Tampere moved to new offices in 'Siberia' at Easter 2001. Siberia is the name of the old spinning mill built by Finlayson in 1899 and since then completely renovated with modern technology while respecting the original architecture of the old industrial building.

Aamulehti's Moro supplement closely follows the Tampere scene. Editors Hannu Hyttinen (photo) and Olli Kemmo are supported by a vibrant and knowledgeable team.

Key figures

	2001		2000	
	M€	MFIM	M€	MFIM
Net sales	207.9	1 236	194.9	1 159
Share of Group net sales	41%		37%	
Operating profit	22,5	134	24.4	145
Capital expenditure	7.4	44	6.1	36
Depreciation, total	12.3	73	11.8	70
Amortization of goodwill*	2.7	16	2.5	15
Capital invested, average	119.2	709	125.3	745
Full-time personnel, average	1 242		1 247	

*Included under total depreciation: The 2000 figures are adjusted for comparability with the 2001 figures, i.e. the Alpress figures include the newspaper printing units for both years.

Circulations strong, record year for Iltalehti

Mr Hannu Olkinuora was appointed President of Alpress on 1 March 2002. His predecessor until November 2001 was Heikki Saraste. His position was managed between December 2001 and February 2002 by Executive Vice President Veli-Matti Asikainen.

The circulations of the Alpress newspapers developed well during the year but advertising income was down on the previous year. Regional variations were further emphasized than earlier in both circulation and advertising revenues. The papers retained their strong positions as the top media in their respective regions. Iltalehti's circulation income increased more than 20%.

Alpress generated net sales of EUR 207.9 million, 44% (EUR 92.4 mill.) of which came from advertising income, 44% (EUR 91.6 mill.) from circulation income and 12% (EUR 23.9 mill.) from other sales; of the latter figure 63% was derived from sales of printing services to customers Alma Media. Net sales grew roughly 7%, mainly owing to the increase in circulation income; Iltalehti's circulation sales and sales of printing services to outside customers were particularly strong.

The Alpress group's total expenses increased 9% to EUR 174.9 million. They included EUR 3.5 million in non-recurring costs (including costs of moving premises and writedowns on property values). Printing costs rose 24% mainly as a result of major increases in paper prices and growth in external printing sales.

Total advertising sales were 1.9% lower than one year earlier. The 2000 levels were reached in the first half of the year but the second six months saw a downward trend. September was particularly poor with sales sinking more than 8% below the previous year's level. Decisions on advertising of branded products became even more short-term.

The operating profit was EUR 22.5 million, which was 8% lower than in 2000. Operating profit rose in Iltalehti, Lapin Kansa and Pohjolan Sanomat. Kainuun Sanomat reported a better result of operations, likewise. The other units recorded lower results than in the previous year. Calculated in euros, growth was highest in Iltalehti.

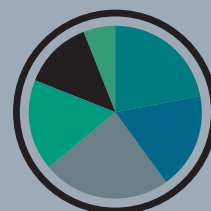
Newspaper circulations remained essentially unchanged in Finland. A newspaper's official circulation is calculated nowadays from the average circulation throughout the year. The aggregate circulation of the Alpress publications was 508 000. The town and free papers had a total print-run of approximately 210 000 copies. The Alpress newspapers have about 1.6 million readers. Among Alpress's online issues, Iltalehti Online was one of the most popular in Finland with 170 000 weekly visitors.

INCOME 207.9 M€



- Advertising revenues, 44%
- Circulation revenues, 44%
- Other, 12%

EXPENDITURE FROM PUBLISHING 175.4 M€



- Editorial expenses, 22%
- Marketing, 18%
- Printing, 24%
- Distribution, 17%
- Other operating expenses, 13%
- Depreciation, 6%



Aamulehti's afternoon editorial meeting plans the newspaper's content for the next few days ahead.

Doris editorial system supports collaboration.

The changes in circulation figures for Alpress's provincial and local papers were positive overall. Aamulehti and Satakunnan Kansa both raised circulation slightly. The 7% increase in Iltalehti's circulation was the highest in its history. The circulations of the northern newspapers (Kainuun Sanomat, Lapin Kansa, Pohjolan Sanomat) decreased principally because migration has substantially reduced the population base in this region.

The number of young people reading newspapers rose for the first time in two decades. Some 44% of 12–20 year-olds read a paper every day compared to 41% in 1999. The greater interest in newspapers among young people was probably due to the September terrorist attacks.

HIGHER EFFICIENCY THROUGH CHAINING

A local presence is of decisive importance to the success of provincial newspapers in Finland. Local content cannot be copied; on the other hand best practices can. Alpress has been seeking to exploit the benefits of chaining in its operations for a number of years. The best practices of its various newspapers have been shared with other units, while skills and experience in certain disciplines have been placed within specific competence centres.

Under agreements made by the provincial newspapers all the material produced by these newspapers can be employed elsewhere in Alma Media and also sold outside the company. The new editorial system called Doris, due to be brought into operation by the summer of 2003, will further support the use of editorial material throughout the Group.

AAMULEHTI IS FINLAND'S LARGEST CONTENT SELLER

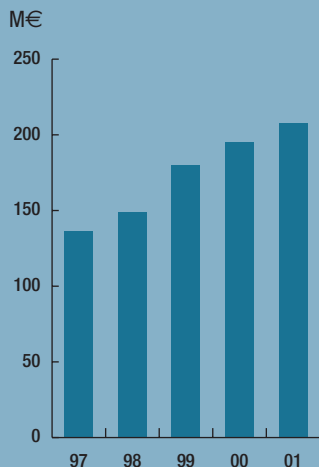
Aamulehti sells its 16-page Treffi television supplement to 14 provincial and local newspapers, some of them outside the Alma Media Group. The supplement has a circulation of 683 000 copies and 1.7 million readers. Aamulehti also sells weekly and monthly theme pages such as Matkailu (Travel) and Auto & Liikenne (Cars & Traffic) to other newspapers as well. More information on this business on page 29.

ILTALEHTI RECORDS BEST EVER RESULT

The year 2001 was the best in Iltalehti's history. Its circulation growth continued for the seventh year running and Iltalehti was more successful than other newspapers in its media sales, which also grew. The audited circulation of the six-day edition was 134 777, an increase of 8 409 copies on the previous year, while the weekend edition's circulation was 166 125, an increase of 4 217. Iltalehti's market share has improved steadily, in line with the newspaper's strategy. The market share of the six-day edition rose more than one percentage point to 38%.

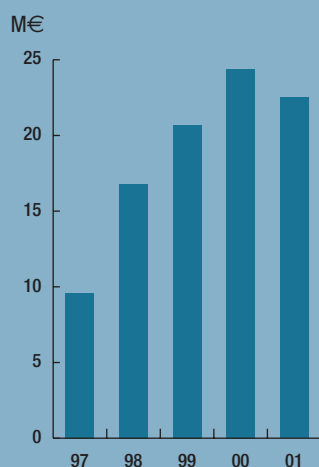
The afternoon paper market rose in volume about 4% despite an increase in the price of the weekday editions in December 2000. Good news days were certainly one factor in this growth but sales in November and December slowed down clearly. The cover price of the weekend edition was raised to 12 markka at the beginning of September. Iltalehti's competitor, Iltä-Sanomat, raised its cover price to 11 markka in December. The number of Iltalehti sales points was increased by 150.

NET SALES



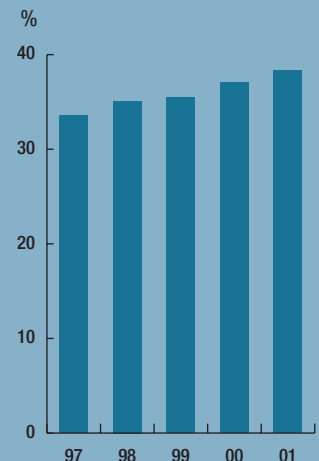
Figures include printing plants from 2000

OPERATING PROFIT



Figures include printing plants from 2000

ILTALEHTI'S SHARE OF AFTERNOON NEWSPAPER CIRCULATION



Source: Finnish Bureau of Circulations



Newspaper chaining

Alpress has been seeking to exploit the potential of chaining for several years. Doris, a multi-editorial system, also includes BIG's Kauppalehti.

High coverage	LOCAL DOMINANCE	BRAND
Loyal readers and subscribers		
Best regional content		
Strongest local media		
Editorial co-operation	EFFECTIVE PROCESSES	CHAIN
Circulation		
Online extensions		
Distribution		
Media marketing		
Development		
Production technology		
Research		

NEW PREMISES FOR AAMULEHTI, NEW MODEL FOR EDITORIAL STAFF

Aamulehti, published in Tampere, was once again Alma Media's single largest profit generator.

All Aamulehti operations except the printing plant and dispatch department, were moved in April from the former Finlayson spinning mill to renovated open-plan offices that were given the name Siberia when the spinning mill was originally built. The editorial department was reorganized at the same time and its working procedures revised. Aamulehti further strengthened its share of the advertising market in Tampere to 82%.

KAINUUN SANOMAT ACQUIRES KOTI-KAJAANI

Kainuu's economic development did not meet expectations. Despite several large events in the region (e.g. the national house building fair, Kajaani city's 350th anniversary) marketing investments were no higher than in the previous year. Continuing high unemployment, migration of population away from the region and a slowdown in the national economy all affected economic activity in the region. Kainuun Sanomat, published in Kainuu, retained its strong position among its

Digital printing shortens distances.

NET SALES
207.9 M€



- Aamulehti, 33%
- Iltalehti, 25%
- Satakunnan Kansa, 11%
- Lapin Kansa, 7%
- Kainuun Sanomat, 4%
- Pohjolan Sanomat, 5%
- Suomen Paikallissanomat, 8%
- External printing services, 7%

Are you a Finn with no fear? We have a temporary opening for a Winner! The monthly pay for the position is 30,000 euros.

WANTED FOR TV SHOW GREAT ADVENTURER

Your career as a Great Adventurer will begin on the 21st of May and end on the 19th of June. We are also looking for 17 other adventurers for opportunities of various durations.

We offer you versatile tasks in an unspoilt natural environment. Your employment benefits include accommodation and meals. Ms. Taru Valkeapää, the well-known television personality, will be responsible for your instruction.

We require you to be a good sport, to have the right attitude and to be 18 years of age. Any special skills may help your career advancement. Prospects for advancement are excellent. Within one month, you will get several chances to move up to a decision-

making position. On the flip side, your career could be terminated with notice of less than one second.

Your place of employment will be Posio. During the month of your employment, you will need to be available 7 days a week, 24 hours a day.

Send your free form application and a photo of yourself by the 4th of February to: Suuri Seikkailu 2002, Fremantle Entertainment Oy, Mäkitorpantie 3, 00620 HELSINKI or by e-mail to suuriseikkailu2002@mtv3.fi

For further information, visit us at www.mtv3.fi/suuriseikkailu2002 or on MTV3 teletext page 346.



GREAT ADVENTURE 2002 DAILY FROM THE 21ST OF MAY



readers. The acquisition of the town paper Koti-Kajaani in February strengthened the company's position in the Kainuu media market.

LAPIN KANSA MAINTAINS POSITION

Lapin Kansa, published in Rovaniemi, improved its performance despite the continuing migration away from the area. Cost efficiency is of key importance to these northern newspapers, an example of which is the merging of printing operations by Lapin Kansa and Pohjolan Sanomat. The latter has been printed at the Lapin Kansa printing works since the spring of 2000.

POHJOLAN SANOMAT'S CIRCULATION UNCHANGED

The circulation of Pohjolan Sanomat, published in Kemi, remained unchanged in its core distribution area and in parts even increased. The population of the province of Lapland is continuously diminishing.

Alpress Oy made an offer to acquire the outstanding minority holding in Pohjolan Sanomat in December 2001. Alpress's holding at the beginning of the offer period was 91%. The process has not yet been completed.

SATAKUNNAN KANSA RAISES INSERT SALES

Satakunnan Kansa, published in Pori, reaches 90% of the readership in its region. The newspaper was even able to increase its circulation despite this high figure. Satakunnan Kansa's profitability continues to be good.

The newspaper's advertising sales were lower than in the previous year. Advertising sales in the newspaper itself fell but sales of inserts increased by over 20%.

NET SALES OF LOCAL PAPERS ALMOST 17 MEUR

The 14 local papers and three town papers published by Suomen Paikallissanomat (SPS) generated almost EUR 17 million in net sales. The circulations of the SPS papers developed more favourably than for local papers in general. The aggregate circulations of these newspapers rose for the fourth consecutive year.

Aamulehti delivers quality and reliability

The Salt Lake City Winter Olympics in the USA proved a showcase for Finnish Nordic skiers. But they were also a showcase for the sports journalists representing the ten Finnish newspapers present at the event: seven journalists supported by a back-up team of ten people produced Olympic pages for 513 646 subscribers.

Aamulehti was once again the linchpin for co-operation among Finnish newspapers. The Olympic pages were assembled and made up in Tampere, while their readers could be found all over the country. The publishers were provincial or local newspapers: Etelä-Saimaa in Lappeenranta, Iisalmen Sanomat in Iisalmi, Kainuun Sanomat in Kajaani, Pohjolan Sanomat in Kemi, Lapin Kansa in Rovaniemi, Satakunnan Kansa in Pori, Turun Sanomat in Turku, Kaleva in Oulu, Etelä-Suomen Sanomat in Lahti and, of course, Aamulehti itself in Tampere.

"Co-operation between newspapers is growing all the time. At its cheapest the provincial newspaper only pays just over 130 euros for a complete page, while

this is just enough for the newspaper producing the page to cover its costs," says **Ilkka Heiskari**, who is responsible for producing Aamulehti's special supplement pages.

From small stream to large river

What started as a trickle on 7 November 1996 is now a river in full flow for Aamulehti's Treffi television supplement. This year Aamulehti will net more than EUR 650 000 in revenue from sales of this publication's editorial material.

Collaboration among newspapers increases. Wider expertise and reduced costs are the watchwords.

The 16-page Treffi started by **Hannu Olkinuora**, now President of Alpress, and Aamulehti's Executive Editor-in-Chief **Matti Apunen**, is now published by 14 newspapers. Under this page exchange project, pioneered by Aamulehti, alto-

gether twenty newspapers now regularly exchange editorial material regardless of who owns them. Similar projects existing between other groups of publishers but nothing like on the scale of the Aamulehti venture.

Newspapers buying pages and supplements from Aamulehti give praise the company for its quality and reliability. The pages arrive at their destinations to the minute and looking exactly as a good newspaper page should look.

Every day Aamulehti dispatches radio

Aamulehti buys as well as sells

"This is also two-way co-operation. We buy in professionally edited pages from other newspapers that we don't always have the resources to produce ourselves. Examples include pages on food and cookery, the environment and science," Heiskari describes.

This form of co-operation is developing and gaining in strength. The Salt Lake City Olympics project brought together journalists from five newspapers. Major sports events interest readers and the press is committed to covering them well.

Kari Hurtola, Aamulehti's Development Manager, has a clear vision for the future: "We're definitely interested in developing theme pages for newspapers' on-line publications as well."

JORMA POKKINEN

The writer is Editor-in-Chief of Aamulehti

and TV pages as well as whole sections on cars and traffic to seven newspapers, while publishers in ten localities around Finland receive new pages on themes ranging from fashion and travel to computers and health.

NORTHERN PAPERS PRINTED DIGITALLY FOR HELSINKI DISTRIBUTION

The northern newspapers Kainuun Sanomat, Lapin Kansa and Pohjolan Sanomat are being printed digitally in a pilot project between October 2001 and March 2002. Digital printing is still too expensive but economically feasible applications are already becoming apparent.

Alma Media piloted digital printing at Lapin Kansa's Saariselkä printing plant from September 2000 to February 2001 during which period Lapin Kansa was printed in full colour throughout for the 70 subscribers in the region.

Net sales

	Net sales, M€	Circulation sales,%	Advertising sales,%
Ilta-lehti	50.3	+ 20.1	+ 2.4
Aamulehti	65.7	+ 3.2	- 4.8
Kainuun Sanomat	8.0	+ 1.8	- 0.2
Lapin Kansa	12.4	+ 2.5	- 1.7
Pohjolan Sanomat	9.4	+ 5.7	- 2.6
Satakunnan Kansa	21.3	+ 3.3	- 1.7
Suomen Paikallissanomat	16.9	+ 5.6	- 4.5

ADVERTISERS CAUTIOUS IN EARLY 2002

Media sales are likely to continue developing weakly during the first half of 2002. Alpress, however, expected to report a better result than in 2001, when its profits were burdened by higher than usual non-recurring costs. A reduction in paper prices is expected as well, which will reduce cost levels.

Reader and page numbers

	Readers*	Average number of pages in main paper
Ilta-lehti	699 000	63.7
Aamulehti	337 000	42.8
Kainuun Sanomat	68 000	23.6
Lapin Kansa	103 000	23.8
Pohjolan Sanomat	71 000	23.5
Satakunnan Kansa	147 000	28.4

*Suomen Gallup-Media, National Media Survey, autumn 2000 / spring 2001.

OFFICIAL FIGURE FOR AVERAGE FULL-YEAR CIRCULATION

A single comparable circulation figure has been calculated for all the papers since the beginning of 2001. This figure is the paper's average circulation, i.e. the average of its circulations on all publishing days.

AUDITED CIRCULATIONS AND NUMBER OF ISSUES

	Audited circulation 2001	% change	Issues /week
Ilta-lehti	134 777	+ 6.7	6
Regional papers:			
Aamulehti	135 478	+ 0.4	7
Kainuun Sanomat	23 207	- 1.1	7
Lapin Kansa	35 304	- 1.6	7
Pohjolan Sanomat	23 075	- 1.7	7
Satakunnan Kansa	56 951	0.3	7
Local papers:			
Kankaanpään Seutu	10 606		2
Koillis-Häme	7 135		4
Koillis-Lappi	5 263		2
Kuhmolainen	6 030		2
Kurun Sanomat	2 404		1
Merikarvia-lehti	3 344		1
Nokian Uutiset	8 332		3
Pyhäjokiseutu	8 586		3
Raahen Seutu	7 967		4
Sotkamo	5 231		2
Suur-Keuruu	6 543		3
Sydän-Satakunta	8 077		2
Utismarkku	3 548		1
Valkeakosken Sanomat	7 930		5
Ylä-Kainuu	8 178		2
Town and free papers:			
Printrun 12/2001			
Hervannan Sanomat	22 000	2.3	2
Jokilaakso	10 300	3	1
Koti-Kajaani	28 400	- 3.4	2
Kuriiri	6 300	1.6	1
Länsi-Sanomat	28 500	- 2.7	1
Meän Tornionlaakso*	6 500	- 9.7	1
Porin Sanomat	48 500	2.1	1
Raahelainen	16 800	0.6	2
Uusi Rovaniemi	30 700	- 1.3	1
Vekari	18 500	6.9	1

*50 % holding

Broadcasting MTV

renewed its image

MTV3 Channel's new image was launched during the channel's 20th anniversary celebrations in September. The new image and new programming schedule kept the channel's share of total prime time viewing in Finland high, roughly 40%. The cable channel TVTV! was renamed Subtv at the end of July. Digital television was started as planned on 27 August. MTV3 broadcast its programmes in both analogue and digital formats simultaneously. City-TV's programmes were broadcast on Subtv. Urheilukanava, a digital sports channel, started operating.



Key figures

	2001		2000	
	M€	MFIM	M€	MFIM
Net sales	162.6	967	178.1	1 059
Share of Group net sales	31%		34%	
Operating profit/loss	-19.7	-117	1.5	9
Capital expenditure	12.4	74	9.1	54
Depreciation, total	7.7	46	7.2	43
Amortization of goodwill*	0.2	1	-	-
Capital invested, average	179.8	1 069	160.1	952
Full-time personnel, average	550		623	

* included in depreciation, total

Major changes were made to MTV Oy's management during the year. Pekka Karhuvaara took up the position of President in December and two Executive Vice Presidents were appointed: Mikko Räisänen with responsibility for digital television and Heikki Rotko for marketing and media sales.

The company's costs were lightened during the year by outsourcing of certain operations and reducing the number of employees. These measures will improve profitability during 2002. The result in 2001 was a heavy loss mainly because of lower advertising sales, an increase in development costs and poor performance by the Swedish associated company TV4 AB. Radio Nova and MTV3-Tele both had a good year.

MARKET CONDITIONS MADE STREAMLINING NECESSARY

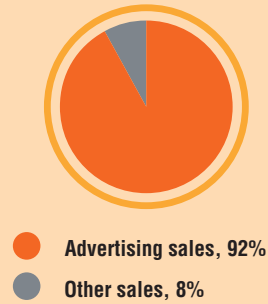
The Broadcasting business area comprises MTV3 and the cable channel Subtv, Radio Nova and MTV3 Tele. Broadcasting's result also includes its 23.4% share of TV4 AB's result less amortization of goodwill on consolidation.

EUR 1.0 million (EUR 1.1 mill.) was spent on media advertising in Finland during the year, down 6% on the previous year (source: Suomen Gallup Mainostieto Oy). Radio and cinema advertising increased, the former by 5.8% and the latter by 10.3%. Advertising in all other media declined. The decrease in newspapers was 6.5%, in town and free newspapers 7.4%, in magazines 3.4%, in television 8.6%, in online media 7.4%, and in outside advertising 3%. Television advertising amounted to EUR 194 million (EUR 213 mill.) and its share of total media advertising fell to 18.6% (19.3%). MTV accounted for 73% (75%) of total television advertising in Finland.

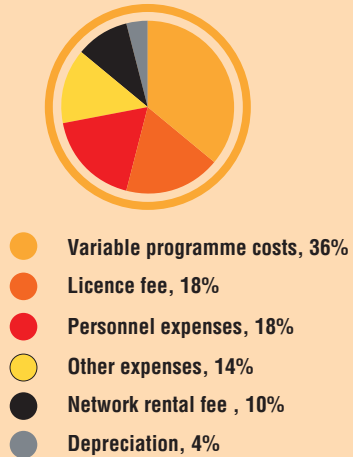
Broadcasting's net sales totalled EUR 162.6 million, down 9% on the comparable figure in 2000. The business area's expenses were EUR 182.4 million, a decrease of 2% on the previous year's comparable figure. Network rental costs totalled EUR 18.1 million, which was 3% less than in 2000. MTV Oy paid EUR 33.7 million to Yleisradio Oy consisting of the operating licence fee and compensation for advertising sales. These costs decreased 11% owing to the fall in advertising sales. Other costs from operations came to EUR 130.6 million, on a par with the previous year's comparable costs. Broadcasting reported an operating loss of EUR 19.7 million and a loss after financial items of EUR 25.3 million. Capital expenditure totalled EUR 12.4 million. The figure was exceptionally high owing to the start-up of digital broadcasting.

An operating loss of EUR 3.8 million was incurred from digital television activities. The digital channels began broadcasting in autumn 2001 and did not accrue significant net sales during the year. A large proportion of the loss was due to the cost of ramping up digital television. The operating loss is not included in Broadcasting's figures but is reported separately.

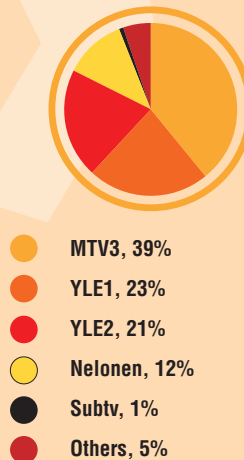
INCOME
162.2 M€



EXPENDITURE
182.4 M€



SHARE OF TV VIEWING



Source: Finnpanel Oy



MTV3's new newsroom was taken into operation on 6 September 2001. The newsroom was given a dreadful baptism of fire on 11 September, the day the World Trade Center's twin towers in New York were attacked by terrorists. The newsroom and its technology, though, came through the ordeal well.

Launch of digital broadcasting raised investment costs.

In view of the reduced sales from TV advertising, coupled with rising programming costs, MTV Oy began a series of measures during the autumn of 2000 to streamline the company's cost structure. Decisions taken in spring 2001, which included personnel reductions and outsourcing of operations, achieved a clear fall in costs. The programme of cost-cutting measures will reduce costs in 2002 by more than EUR 7 million at the very least.

Further reductions in MTV3 Channel's costs are expected in 2002 as a result of changes to the programming schedule and the possible halving of the operating licence fee from next July. If the proposal to halve the operating licence fee is carried, this change alone will reduce the year's costs by EUR 7 million.

MTV3 REACHED THE FINNS

Total television viewing time remained unchanged from the previous year at 167 minutes on a typical day (-0.6%). Television reach amounted daily to 78% (77%) and MTV3 Channel's reach was 68% (67%). When comparing different TV channels, the increase in Subtv's daily reach was relatively large, 250%, and represented 7% (2%) of the Finnish population. MTV3 reached 92% (91%) of the Finnish population weekly, which was equal to the reach of Yleisradio's two channels together. Subtv's weekly reach was 18% (11%) of the Finnish population. MTV3's programming time declined 3.2% to 5 073 hours (5 241 h).



Radio Nova is most popular among under 45 year-olds.

MTV3's share of total prime time viewing was 39.6%. Among under 45 year-old viewers its share rose 3.8% to 41.1% (39.6%). MTV3's prime time share grew particularly strongly among 4–14 year-olds, 25–44 year-old men and women, and 25–44 year-old urban dwellers and people living in Greater Helsinki. Subtv's share of prime time viewing among 15–24 year-olds was 2.3%.

According to Gallup Market Research's bi-annual programme image survey in November 56% of respondents said they turned on television to MTV3 if they did not know what the channels were offering. This is the highest rating ever received by a TV channel in the survey since 1997. The Top of Mind percentage is highest among young people, women, urban dwellers, families and RISC groups. Respondents said that MTV3 offers the best entertainment programmes (68% of respondents), the best foreign series (56%), the best domestic series (43%) and the best films (41%).

DIGITAL TELEVISION BROADCASTING

STARTED ON 27 AUGUST 2001

Test transmissions of digital terrestrial broadcasts started in Finland on 27 August 2001.

MTV3 broadcasted its digital and analogue versions simultaneously. The City-TV programmes were broadcast under the name of Subtv. Subtv and Urheilukanava (Sports Channel) started by broadcasting sample programmes but these were gradually expanded to prime-time viewing.

Incremental broadcasting was possible because the availability of digital set-top boxes in the shops was very low. The MHP 1.1 standard for set-top boxes was not confirmed until May 2001. These set-top boxes, which enable interactive services, are not expected to reach the Finnish market until the end of spring 2002 at the earliest.

TVTV! AND CITYTV MERGED TO FORM SUBTV

The cable channel TVTV! and CityTV, a new channel with a digital operating licence, were merged to form Subtv on 15 June 2001. TVTV! became Subtv on the cable network on 15 August 2001 and the channel started digital broadcasting on 27 August 2001. Subtv transmits 24 hours a day. It is also vigorously developing its choice of cable and digital programmes. Subtv's cable programmes consist of popular foreign series and films, domestic production, animations, talk shows, game programmes and chat programmes.

Subtv began simultaneous broadcasting of its prime time cable and digital programmes on 21 December 2001. At the end of the year Subtv had approximately 2.2 million potential viewers and more than 800 000 actual weekly viewers. According to Finnpanel's autumn TV Meter Survey the largest group of Subtv viewers was 15–24 year-old town and city dwellers. Subtv reached one-quarter of 15–24 year-old and one-third of 25–44 year-old urban dwellers.

URHEILUKANAVA STARTED UP

Urheilukanava (Sports Channel) began transmissions on 27 August and it was watched in 120 000 households on the very first evening. The channel's coverage was broadened during the autumn when agreement was reached with several cable channel companies on distribution of the analogue cable channel. At the end of the year the channel could be watched by more than 700 000 households, i.e. almost 1.5 million viewers. The aim is to extend broadcasts to one million households during 2002.

RADIO NOVA INCREASES NUMBER OF LISTENERS

Radio Nova, in which Alma Media's holding is 74%, is Finland's only national commercially financed radio station. Its success is based on excellent customer services and solid professional knowhow resulting in an attractive media brand. Radio Nova's net sales increased 6% to EUR 10.5 million. Radio Nova's sales represented roughly 26% of total radio sales. The company posted an operating profit of EUR 0.6 million (EUR 0.1 mill.).

The number of Radio Nova listeners developed favourably throughout the year. Between December and February on average 1.6 million of the over nine-year-old population in Finland listened to the station weekly, while in the September–November period this figure had risen to 1.8 million. In the summer more than 1.9 million Finns listened to Radio Nova every week. The station was the most popular in the country among under-45 year-olds, reaching more than 1.2 million in this age bracket weekly and representing 28% of total radio listening time among them.

BOOM IN TEXT MESSAGING TAKES MTV3-TELE BY SURPRISE

MTV3-Tele Oy offers value-added services for telephone networks. The company designs and supplies various text messaging and telephone services and also interactive television programmes. Its main products are SMS chats for TV and tele-text environments, as well as competitions and referendums. MTV3-Tele also produces information and subscriber services such as weather and news reports.

The company developed positively during the review year. Its net sales was EUR 4.4 million and the operating profit was EUR 0.7 million. Demand was higher than expected especially for services related to interactive television programmes. The company exceeded a level of one million text messages a month during the year.

DIGITAL OPERATIONS DEVELOPED

MTV Oy is analyzing its potential for earning further revenue from the digitization of television. This work is focusing on e-commerce and e-service products for corporate customers and on interactive services for consumers. MTV's aim is to own and control all the applications and services maintained

More than half of all Finns turn on television to MTV3.

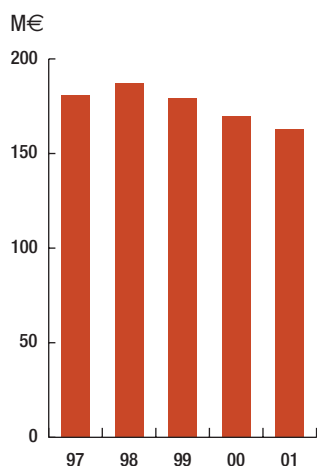
on its broadcasting network. Major advertisers see the opportunity to combine marketing communication on television with various online services and electronic market sites. This work is being undertaken in collaboration with advertisers, IT companies and programme producers.

The first digital set-top boxes reached the market in time for the Christmas season and by the end of the year an estimated 10 000 were in use. MHP-standard set-top boxes able to offer interactive services are expected to reach consumers around

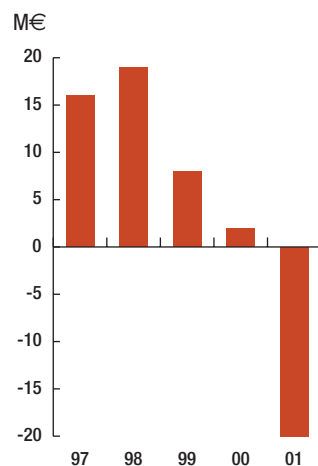


One third of MTV3 Channel's programmes are foreign series and films. The C.S.I. series describes the work of crime scene detectives in Las Vegas.

NET SALES



OPERATING PROFIT/LOSS

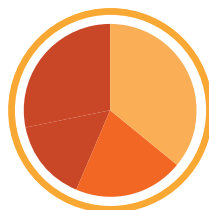


MTV3 PROGRAMMING BY TYPE



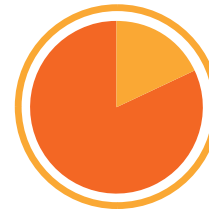
- Foreign programmes, 41%
- News and current affairs, 25%
- Programmes for youth, 9%
- Sports, 10%
- Entertainment, 7%
- Service, 5%
- Drama, 3%

MTV3 PROGRAMMING BY TYPE OF PRODUCTION



- Own production, 32%
 - Subcontracted, 24%
 - Foreign production, 44%
- Domestic production 56%

SUBTV PROGRAMMING BY TYPE



- Domestic production, 18%
- Foreign production, 82%

ORGANIZATION STREAMLINED

MTV's costs have been cut by reducing the number of personnel and by outsourcing certain activities. The impact of these measures will become fully visible during 2002. MTV's management was also renewed. Jorma Sairanen was appointed Programme Director on 1 April, Merja Ylä-Anttila Executive Editor-in-Chief of MTV3 Channel's news and current affairs programmes from the beginning of April, Mikko Tuovio Commercial Director in May, and in his place Heikki Rotko Executive Vice President with responsibility for sales and marketing from 1 February 2002. Pekka Karhuvaara, executive editor-in-chief of Iltalehti, was appointed President of MTV Oy and a member of Alma Media Corporation's Group Executive Board on 10 December 2001. Mikko Räisänen, a member of Alma Media's Group Executive Board, was named Executive Vice President of MTV and deputy to the president on 14 December. His main area of responsibility is to develop the company's control systems.

OPERATING LICENCE FEE COULD BE HALVED

The Finnish government put several bills before parliament in December calling for changes to legislation governing the communications markets. Apart from the operating licence fee, the package of legislation also covers changes to the acts applying to the telecommunications market, television and radio activities, Yleisradio Oy (the Finnish Broadcasting Company), and communications administration. One proposed change is to halve the operating licence fee levied on commercial television companies. During the transition period between analogue and digital broadcasting, the digital television channels would not be required to pay any operating licence fee until 31 August 2010 and the digital radio channels would be exempt likewise until the end of 2006.

Television Doesn't Sell

Juha Herranen, Managing Director of Finnish media services agent Carat, has a radical suggestion to make: TV companies should give their contact prices a hefty increase. Otherwise they soon won't have the money to make interesting programmes any more. Responsibility for any increases would naturally fall on the shoulders of market leader MTV.

"The increase could be 25%, say, but implemented by ensuring that the difference between the old and new prices is

15% between 1997 and 1999 whereas television's increase was only 7%, well below growth in GDP.

The trend was contradictory. TV advertising collapsed even though consumers were spending happily and television viewing actually increased when Nelonen (Finland's second commercial television channel and MTV3's competitor) entered the market. Last year television lost more advertising than any other medium.

"Trends in TV advertising seem to have

advertisers are of the opinion that television is a good and inexpensive medium, and in a league of its own as a brand builder. Yet advertising time won't sell.

"Of all the EU countries only Spain offers cheaper TV advertising than Finland," Juha Herranen notes.

One analysis suggests that advertising expenditure is optimized and that less money is needed to reach more people than before. It's quite possible that advertisers have bought from Nelonen and

"If time is in short supply campaigns have to be launched in the print media."

Television is a mass medium that requires short messages. Finland cannot afford to target messages to excessively small groups, Paananen thinks. Instead of lots of small measures, resources should be concentrated on a few high-profile campaigns operations that reach target groups effectively.

"Someone should defend traditional media contacts. Media should be chosen

TV is unsurpassed as a brand builder for advertisers.

reimbursed in the form of free spots. So advertisers would pay more but they'd also be getting more. That would make it easy to raise prices."

The economic downturn was not the only reason behind the appalling performance of TV advertising last year. The difficulties in fact arose while the economy was still riding high. The daily newspapers raised their media sales by some

become entirely detached from the rest of the economy," says **Leena Paananen**, Managing Director of Salomaa Companies, which owns Finland's largest media services agent Dagmar and advertising giant AS Grey Oy.

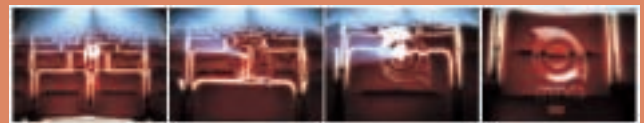
The situation resembles the performance of the euro against the dollar; all theories suggest that the euro is undervalued but that does not sway the market. Most

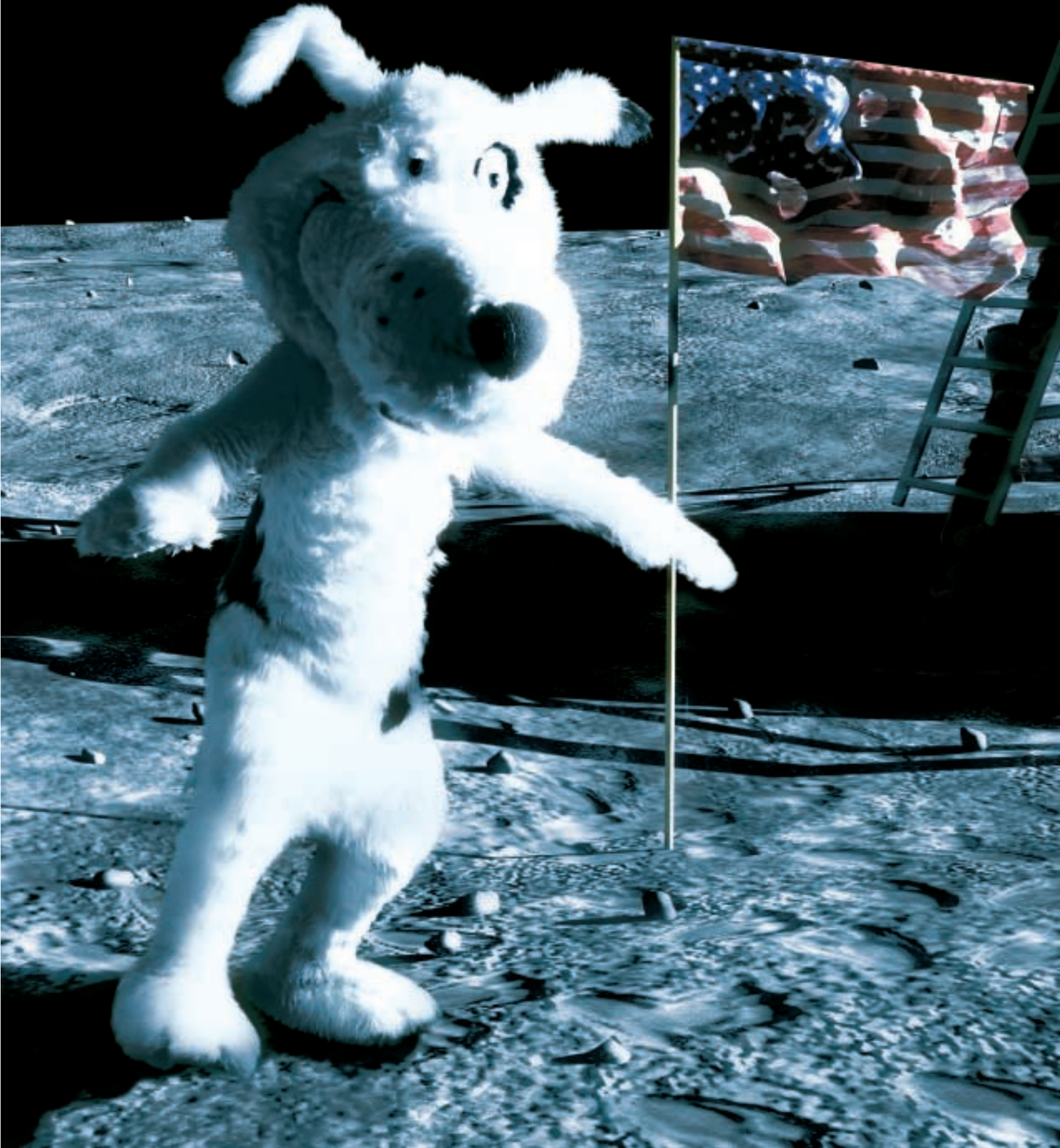
MTV3 just what they want.

In the confused situation it is very difficult to think of any factor that could spur an increase in television advertising. In Leena Paananen's opinion a more long-term approach is needed to planning advertising and marketing.

for their ability to reach target groups, not because it's now time to do something new," Herranen advises.

ILKKA JAUHAINEN
The writer is a journalist with Markkinointi & Mainonta (Marketing & Advertising).





Curious by nature.



BUSINESS INFORMATION GROUP

A Year of Investment

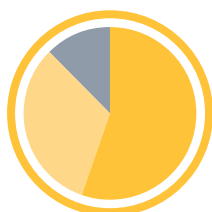
Kauppalehti's Superdesk also produces news for the Internet, television, radio and mobile devices every day. A quiet moment between shifts: Leea Ollikainen (centre), who starts at four in the morning, with Emilia Kullas and Atte Palomäki.



The year's big acquisition is Talentum

Kauppalehti's circulation rose to record levels despite a quiet year for the stock exchange. Kauppalehti Online is still the number one business website in Finland. The major deal of the year was a one-third stake in Talentum, which among other things publishes business newspapers. Both parties are slated to benefit from the transaction. BNS, the leading news service in the Baltic states, became a wholly owned subsidiary at the year end. Kauppalehti ramped up its new Superdesk, a new multi-channel editorial department producing business news for print, online and radio formats.

INCOME
43.9 M€



- Advertising revenues, 55%
- Circulation revenues, 32%
- Other income, 13%

Key figures

	2001		2000	
	M€	MFIM	M€	MFIM
Net sales	43.9	261	42.4	252
Share of Group net sales	8%		8%	
Operating profit	7.6	45	8.7	52
Capital expenditure	3.9	23	1.9	11
Depreciation, total	1.0	6	0.7	4
Amortization of goodwill*	0.2	1	-	-
Capital invested, average	4.9	29	4.9	29
Full-time personnel, average	270		176	

*included in Depreciation, total

Business Information Group's figures do not include the Talentum Oyj holding. This holding is included in the parent company's accounts and its profit contribution in the consolidated income statement.

Kauppalehti's new Superdesk generates business news for all the Group's media.

Business Information Group (BIG) specializes in producing business information. It also distributes the information and content it generates in printed form through its newspapers, as well as via television, the Internet and direct to wireless terminal devices. BIG's vision is to remain the leading Finnish provider of business information, independent of place and time. BIG connects businesses and people interested in financial affairs by producing and marketing versatile business information services profitably. This business area is headed by Juha Blomster.

BIG's strategy remained unchanged despite the volatile business conditions. The first quarter of the year was the best in BIG's history but October and November, normally strong months especially for advertising sales, were poor.

BIG's main product is Kauppalehti, a weekday business paper produced especially for the business world and decision-makers. Its subscribers also receive the bi-monthly Kauppalehti Optio magazine and the Kauppalehti Saldo (Balance) supplement every Friday. Last year Kauppalehti also produced 24 Kauppalehti Extra supplements on special business themes. Kauppalehti Online is an online service package.

Kauppalehti's editorial department became a multi-channel department at the beginning of 2002. Besides producing Kauppalehti's printed newspapers, the new Superdesk is also responsible for the Business News broadcast on MTV3 Channel. It also provides business news for Radio Nova as well as the Internet and wireless terminals from five in the morning until ten at night.

KAUPPALEHTI'S CIRCULATION REACHES RECORD LEVELS

Kauppalehti has been highly successful in the competitive business newspaper arena, achieving a new circulation record for the second year running. Kauppalehti's audited circulation for January-June 2001 was 85 147 copies, up 0.6% on the same period in 2000. Kauppalehti moved from January-June audits to a new system of annual auditing in Finland. Its audited average circulation for the full year was 85 292. Kauppalehti newspapers had altogether roughly 540 000 readers.

Circulation income increased 2%. The Kauppalehti concern's aggregate advertising income declined 5%. Advertising sales in Finland's business newspapers decreased over 5%. Kauppalehti retained its market share of advertising sales in business papers.

Of the major business sectors, vehicle advertising in Kauppalehti increased 9%, while office technology and supplies remained more or less unchanged, as did corporate services. The largest decreases were recorded in banking and finance, industry and classified services (notably property and recruitment).

From the beginning of the year Kauppalehti was printed as a normal tabloid in four colours throughout and with a new layout.

KAUPPALEHTI ONLINE UNDISPUTED LEADER IN BUSINESS WEB PAGES

Kauppalehti Online is the online edition of Kauppalehti. It also includes the Saldo (Balance) web pages and Tähtirahastot (Star Funds) service, which is based on the international Morningstar fund management method. Kauppalehti Online's free services include delayed share prices, a summary of the day's Kauppalehti, and the latest business newsflashes. Subscriber services include real-time business news and share prices. A new online service was introduced in May called Monitori, a central site for important market events.

Kauppalehti Online derives two-thirds of its net sales from content sales and one-third from advertising sales. Content sales rose 19 % but advertising sales declined on the previous year. Content sales consist of sales of subscribed service packages, income from mobile services and business information services sold to the corporate community.

Kauppalehti Online services now available for wireless terminal devices.

In November-December Kauppalehti Online had roughly 60 000 (78 000) weekly visitors on average. The peak period was immediately after the start of the year when the number of visitors exceeded 80 000. The number of visitors to competing websites was well below Kauppalehti Online's figure; at the end of the year Talentum.com had roughly 45 000 and Taloussanomat.fi some 12 000.

Several of Kauppalehti Online's services are also available for users of mobile terminal devices. An average of over than 50 000 text-message inquiries were made monthly. Kauppalehti's mobile Internet services (WAP, PDA and Communicator) had more than 1 000 regular weekly users at the end of 2001 and this figure is growing continuously.

TALENTUM BECOMES ASSOCIATED COMPANY IN MARCH

Alma Media acquired a 33% stake in Talentum Oyj for almost EUR 60 million in March. The aim is to develop mutually beneficial collaboration especially in business information, business-to-business advertising and new media.

Talentum's core businesses are publishing, global news media, direct marketing, and television content production. Its publishing arm produces business and information technology newspapers as well as law, IT and business books. The best known Talentum publications are Talouselämä (Business

BALTIC NEWS SERVICE BECOMES SUBSIDIARY

Kauppalehti raised its holding in Baltic News Service, the leading news service in the Baltic countries, to 85% in May and acquired the remaining 15% in December. BNS has subsidiaries in Estonia, Lithuania and Latvia, as well as offices in

The Talentum deal strengthens BIG's strategy.

Life) and Tekniikka & Talous (Technology & Business). The group publishes a total of nine magazines and newspapers. Talentum also owns 62.1% of Internet consultancy Satama Interactive Oyj, which is quoted on the NM list of the Helsinki Exchanges.

BALANCE CONSULTING INVESTS IN SYSTEMS

Balance Consulting's main product is financial statements analysis for corporate clients. The company also produces benchmarking and ranking reports and business sector comparisons. The reports supplement Kauppalehti's content production. Over 80% of Business Consulting's net sales comes from outside the Alma Media Group. Its net sales once gain slightly exceeded EUR 0.8 million. More than EUR 0.2 million was invested in updating the company's analysis systems and for this reason the company reported a slight operating loss.

KAUPPALEHTI TAKES OVER UUTISLINKKI

Kauppalehti and MTV Oy hold equal stakes in Uutislinkki Oy (News Link Ltd), which produces business news. At the end of December this company's operations and personnel were moved to Kauppalehti.

Moscow and Kaliningrad. The acquisition added more than 160 employees to the Group's personnel. BNS provides news headlines on Baltic affairs in five languages. Kauppalehti uses this information in its own products.

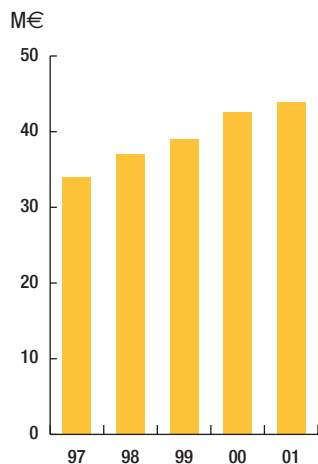
During its time as an Alma Media subsidiary, i.e. the second six months of 2001, BNS's net sales totalled EUR 1.9 million and it recorded an operating loss of EUR 0.1 million. BNS's own net sales for the full year amounted to EUR 3.8 million with an operating profit of EUR 0.1 million.

PROSPECTS IN 2002

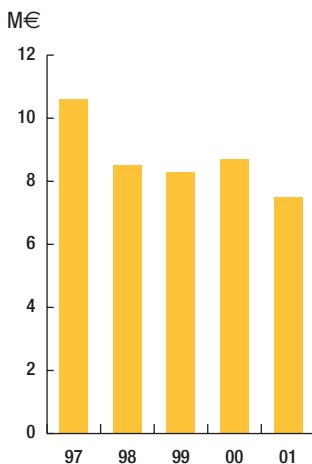
The main advertising markets of importance to Kauppalehti are expected to further decrease in volume during the first half of the current year. A change in business conditions normally first becomes visible in the business press. The economy is expected to start a modest recovery during the year and B-to-B advertising for the full year is forecast to reach last year's level.

Kauppalehti's circulation is expected to remain solid. Sales of online products are forecast to increase and Balance Consulting is expected to show significant growth in net sales. If the economy recovers as expected, BIG will be well positioned to improve its operating profit.

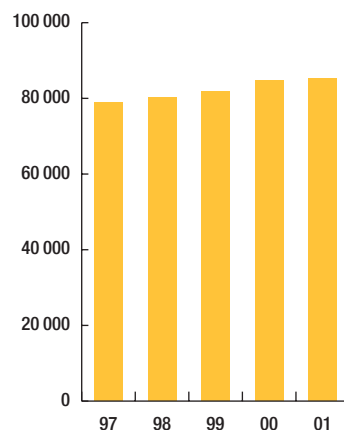
NET SALES



OPERATING PROFIT



CIRCULATION OF KAUPPALEHTI

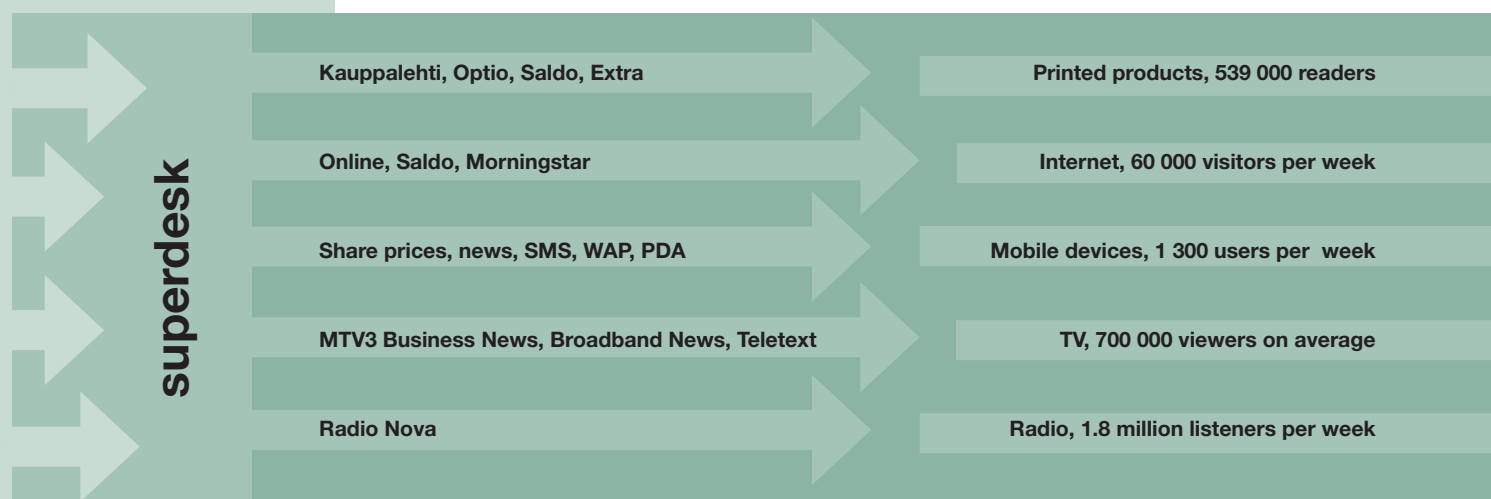


Average circulation in 2001, previously only six-month circulation figures
source: Finnish Audit Bureau of Circulation

Model of the future: the multimedia newsroom

News and information flow

Business information is distributed via the Superdesk to all important channels. That is how BIG is fulfilling its vision to be Finland's leading provider of business information independent of time and place. Superdesk means that the same editorial team generates, edits and supplies information in forms suitable for different distribution channels. BIG supplies business information to Kauppalehti, KL Optio, KL Extra, KL Saldo and KL Online, as well as wireless terminal devices and MTV3 Channel's business news broadcasts.



Media Companies Become More Attractive Investment Prospects

2001 will be remembered as a year of major corporate reshuffling in media history. SanomaWSOY, Finland's largest communications corporation, shifted its focus to the magazine markets in Continental Europe after it acquired Dutch VNU's magazine business, while the Alma Media camp was reinforced when Bonnier raised its holding in Alma Media and Alma Media correspondingly acquired a third of Talentum.

For media companies risk levels are generally lower than for IT companies

These moves created wider choice for investors as the risk profiles of Finland's media companies were spread more broadly. The Continental European magazine market became a major factor affecting SanomaWSOY's share whereas Alma Media's performance was linked more strongly to the Finnish

economy, provincial and business publications, and television advertising.

For institutional investors the choice in Finland is limited to two media groups: SanomaWSOY and Alma Media. The shares of the other media companies on the main list of the Helsinki Exchanges – Janton, Talentum and Keski-suomalainen – are not considered sufficiently liquid by the market.

Small investors see the situation dif-

ferently because the small listed media companies are all highly profitable in their respective sectors. On the main list, only Keski-suomalainen stands independent of the two big media camps because Alma Media owns one-third of Talentum and SanomaWSOY one-fifth of Janton..

The advertising markets follow GDP trends, although at a faster rate of change.

Consolidation expected to continue

Analysts consider media companies to represent a lower level of risk than IT companies but higher than retail and service companies, and roughly on a par with the manufacturing industry. The advertising markets move in the same cycle as Finland's GDP but it tends to overreact to change. A good example is last year when economic growth in Finland virtually ground to a halt but the advertising markets fell by 6%.

In the market's opinion media and communications is one of the sectors that will definitely see further interna-

tional consolidation in the years ahead; the only question is when. The recovery in the national economy predicted for the second half of the current year, coupled with media companies' cost-cutting programmes and management changes, will make shares in Finnish media corporation more attractive in the future.

PANU UOTILA

The writer is a journalist with Kauppalehti specializing in media companies.

NEW MEDIA

New Media Turns From Growth to Profitability

New Media's operating and competitive environment changed rapidly during the year. Companies in this sector merged to form larger entities and many either reduced volume or went out of business altogether. New companies were started as well, but far fewer than in the previous year.



Pleased with MTV3 Text Channel's good result, sales manager Petri Nummi (above) at the New Media offices in Pasila, Helsinki.

New Media's operations in Tampere were all moved to new offices in 'Siberia' in spring 2001.

Key figures

	2001		2000	
	M€	MFIM	M€	MFIM
Net sales	16,7	99	16.0	95
Share of Group net sales	3%		3%	
Operating loss	-15.1	-90	-9.9	-59
Capital expenditure	5.9	35	7.4	44
Depreciation, total	6.0	36	1.7	10
Capital invested, average	10.3	65	11.6	69
Full-time personnel, average	183		106	

Alma Media is the largest provider of Internet services in Finland.

Alma Media's New Media business area reformulated its strategy during the year, moving from an emphasis on strong growth to placing top priority on activities that were profitable. For this reason New Media's net sales rose only 5%. The business area's operating loss increased to EUR 15 million (EUR 10 mill.) owing to reorganization and non-recurring costs from terminating unprofitable businesses. New Media plans to maintain its position as the leading Internet service provider in Finland and to gain break-even point during 2002. The business unit is headed by Raimo Mäkilä.

NEW MARKET CONDITIONS LED TO A REVISION OF THE STRATEGY EMPHASIZING PROFITABILITY

Alma Media is the largest Internet service provider in Finland in terms of number of users. New Media's core business consists of various content services, online services and service concepts centred around classified advertising, as well as tele-text TV, mobile services and Internet connections.

New Media was given a new strategic goal during the year: profitability and market leadership in selected services (calculated in terms of user numbers). Non-profitable ventures were terminated and the business area reserved its attention for those offering potential for financial success.

Advertising in the online media fell by over 7% in 2001. At the same time advertising was concentrated on strong portals with a well-established brand name. MTV3 Internet's advertising, for example, showed a 25% increase. Alma Media holds roughly 25% of the total Internet advertising market in Finland.

The number of Internet users once again rose in Finland. According to the Internet Tracking study by the economic research company Taloustutkimus, 2.1 million of the Finnish population were using the Internet at least once a week at the year end. The most popular Internet websites, in terms of user numbers, were once again Sonera Plaza and Jippii, followed in third place by MTV3 Internet. The aggregate number of visitors to Alma Media's online pages rose over 40% during 2001. The increase was particularly large in the case of MTV3 Internet, which was attracting an average 343 000 weekly visitors at the end of the year. The number of visitors to MTV3's website pages grew 48% compared to the previous year.

REVENUES FROM CONNECTION BUSINESS

RAISED MTV3 INTERACTIVE'S NET SALES

MTV3 Interactive comprises four services operating under the MTV3 brand name: MTV3 Internet, MTV3 Mobiili, MTV3 Internet and Broadband connections, and MTV3 Teletext Channel.

Many Internet portals in Finland went out of business during the year while consolidation was a common trend among those that continued. MTV3 Internet, thanks to refocusing and cost-cutting measures and revenue from new connections, reached the goals set for it in the autumn and by the end of 2001 was profitable on a monthly basis.

Alma Media introduced its own Internet connection in 2000, MTV3 Internet, and by the year end 2001 this had 180 000 subscribers. The length of Internet sessions has

INCOME
16.7 M€



- Advertising sales, 62%
- Mobile sales, 3%
- Content sales, 35%

EXPENDITURE
35.1 M€



- R&D, 22%
- Personnel expenses, 30%
- Marketing expenses, 4%
- Depreciation/financing, 12%
- Other expenses, 32%

New Media's goal is profitability and market leadership in selected service segments.

grown continuously and at the end of 2001 the average session length was about 23 minutes. Some 11 (6)% of home Internet users now use MTV3 Internet. During 2001 Alma Media signed an agreement with an operator under which Alma Media receives a proportion of the connection charges.

MTV3 Mobiili (MTV3 Mobile) began operating in the spring. Its products are logos, ringing tunes and games, news, weather forecasts and various additional services for TV programmes such as extra information on sports programmes.

MTV3 Teletext remained profitable. The number of daily visitors exceeded 1.2 million. Its advertising sales remained at the level of the previous year.

MTV3 Interactive's net sales totalled approximately EUR 4.5 million. MTV3 Internet and MTV3 Teletext are expected to further strengthen their positions. Sales from Internet connection charges are forecast to grow rapidly.

GROWTH IN ONLINE CLASSIFIED ADVERTISING

Etuovi.com ('frontdoor.com'), the leading medium for property advertising on the Internet in Finland, further bolstered its position during 2001 due to its advanced services. In the autumn commercial properties were placed within the Dime.fi service. The Asuntopörssilehdet (housing market newspapers), published in six localities around the country, were merged with Etuovi.com online services via Asuntoporssi.net (an online residential site), making it possible to pool the strengths of the newspapers and online services.

Experience from Etuovi.com was used when setting up Autotalli.com ('garage.com'), a new online service for vehicle trading. Autotalli.com strengthened its position but free-of-charge services are making this a difficult market segment.

In Internet recruitment Jobline was again the leading online recruitment service in Finland. Net sales from online classified services totalled approximately EUR 3.4 million. This included EUR 2.2 million from recruitment advertising, EUR 1.0 million from residential advertising, and EUR 0.2 million from vehicle advertising. Technical development related to the property services is for the most part complete and this business will return a profit during 2002.

OTHER CONTENT SERVICES

Other content services include the Intervision Tilt game concept, Ruokala.com ('canteen.com') for cooking and catering, and Musiikkiasema (MobileActive), a technical platform for the mobile services operating under Alma Media's brands. Net sales from other content services amounted to EUR 1.2 million, which included EUR 0.8 million from Intervision.

POSITIVE RESULT EXPECTED IN 2002

In spring 2001 New Media was set the goal of reaching a profit for 2002. New Media remains committed to this target despite the deterioration in the market. The business area recorded an operating loss of EUR 15.1 million in 2001.

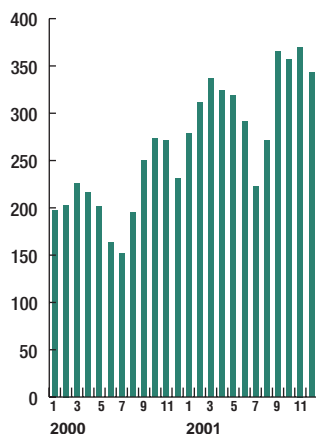
The termination of loss-making businesses will improve the business area's performance by EUR 7 million. The most important operations terminated during 2001 were KCRnet Oy, Communication Base Finland Oy, the WAP portal Port Alma and Wireless Services Ltd. During the last quarter of the year New Media's venture capital investments were transferred to PCA Infocom Finance Oy, which manages Alma Media's other infocom investments.

New Media's programme of measures to raise cost-efficiency is expected to generate savings of EUR 4 million. The most significant measures relate to MTV3 Internet, administration and investments in general development. These cost-cutting measures were implemented in 2001. A positive result in 2002 will require a further EUR 4 million in income. Most of this will come from revenues from MTV3 Internet connection charges and from Etuovi.com's increasing revenues.

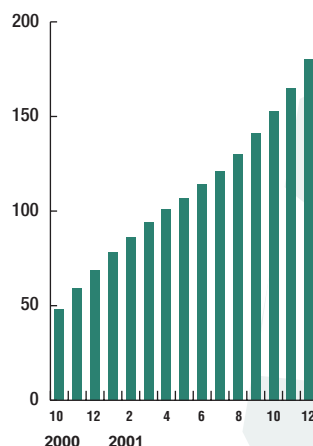
Methods of Communication Will Always Find Their Place



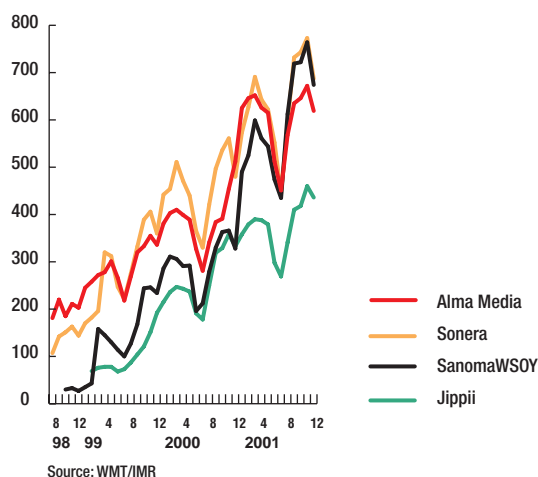
MTV3 Internet VISITORS
1 000 persons/week



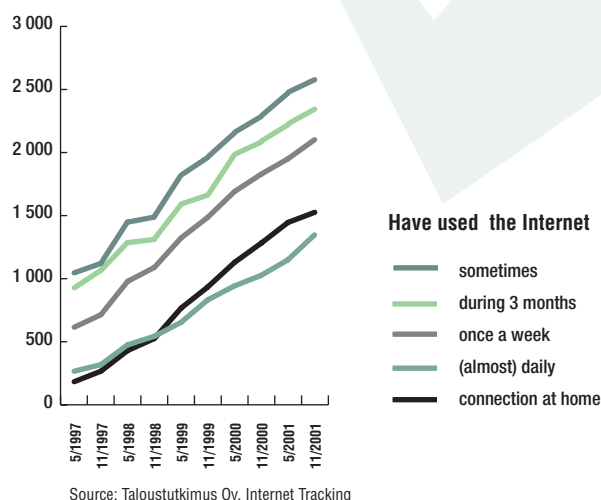
MTV3 Internet CLIENTS
1 000 persons



VISITORS/WEEK
1 000 persons



INTERNET USERS
1 000 persons



When the cable channel TVTV! introduced a programme in the summer of 2000 allowing people to send message by mobile phone direct to the television screen for all viewers to read and comment on, no-one could have predicted how outstandingly popular the idea would become.

TV chatting had emerged. The phenomenon, which took its model from the Internet and text-chatting on MTV3's teletext channel, was rapidly taken up by many other television channels. Last year chatting on MTV3 Channel and Subtv attracted well over two million text messages with tens of thousands

of users every month. Nor did this group consist simply of young people and techies as is often imagined.

We know that people's communication habits change slowly. Behind the rapid rise of TV chatting is a familiar medium, the TV itself, and familiar models, teletext chatting and Internet chatting. What actually happened was a new combination of the two – and something else.

TV chatting is in fact a good example of the law underlying media communications: that communications technology and equipment have always been designed for entirely different purposes than those for which they are actually used. At times we may forget this

given the phenomenal speed at which new technology and forms of communication are developing. For centuries inventors and designers have underestimated people's desire to communicate and interact socially.

Examples abound of how people have used methods of communication for different purposes from which they were originally designed. When **Alexander Graham Bell** first presented his fine new invention to the public in 1876 he marketed it as a means of transmitting music, news and plays over long distances. He even invented a triple speaking trumpet to allow several performers to sing into the instrument at the same time. The device was first

used for commentaries at baseball matches and to broadcast concerts of classical music. In the early decades of its use industrial journalists even criticized women who frivolously used this invention for 'idle daily chit-chat'. They tried to develop economic and technical mechanisms to remove such 'unnecessary' use from the path of more suitable modes of application.

The device in question was the telephone.

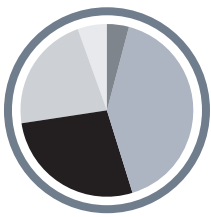
MARJA HEINONEN

The writer is preparing her doctoral thesis on online media.

ALPRINT

Production Setbacks and Restructuring Erode Alprint's Result

INCOME
73.2 M€



- Alma Media, 4%
- Finland, others, 42%
- Scandinavia, 27%
- Russia, 21%
- Others, 6%

Alprint's newspaper printing operations were transferred to Alpress at the start of the year, while later in the year Alprint sold its small rotation press in Tampere and its own prepress operations to an outside buyer. At the end of 2001 the Alprint group comprised a magazine printing unit in Rahola and a comic printing unit in Hyvinkää.

The Rahola unit was hampered almost throughout the year by production difficulties, which resulted in Alprint's weak profitability. Alprint's net sales totalled EUR 73 million (EUR 84 mill.) and it recorded an operating loss of EUR 7 million (EUR 4,9 mill.) .

Key figures

	2001		2000	
	M€	MFIM	M€	MFIM
Net sales	73.2	435	83.6	497
Share of Group net sales	14%		15%	
Operating loss	-7.2	-43	-4.9	-29
Capital expenditure	1.6	10	8.0	47
Depreciation, total	4.2	25	5.0	30
Capital invested, average	46.0	271	42.0	247
Full-time personnel, average	501		670	

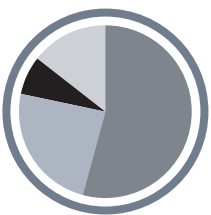
YEAR OF MANY CHANGES

Restructuring at Alprint was completed during the year. Until the end of 2000 the Alprint group was responsible for meeting all Alma Media's printing needs. At the beginning of 2001 Alprint's newspaper printing plants in Tampere, Pori and Kajaani were sold and transferred to Alpress and at the same time Alprint also gave up operative management of the Rovaniemi newspaper printing works. In June Alprint sold the small rotation press unit in Tampere to Pirkanmaan Lehtipaino Oy, and in June Alprint sold its prepress operation to Offset Kopio Oy.

The Rahola magazine printing works, started up in 2000, was hit by production setbacks, particularly during the first half of the year. The magazine printing operations in Pori and Vantaa had been merged with Rahola during the previous year. The transfer of operations to the new unit did not proceed without problems. Capacity utilization was below 70% and profitability was well below target. The main reasons for this were large claims for compensation arising from deficient management, together with low price levels and local employee contracts that were substantially more costly than the average in the sector.

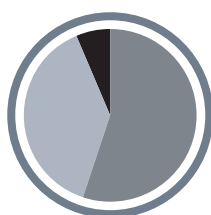
To solve the profitability problems Alprint's operative management was changed in the spring of 2001 and Rahola's operating volume was rescaled during the year. Heikki

EXPENDITURE
83.3 M€



- Raw materials, 54%
- Personnel expenses, 24%
- Depreciation, financing, 7%
- Other, 15%

PAPER PURCHASES BY GRADE 2001
Total 80 691 tons



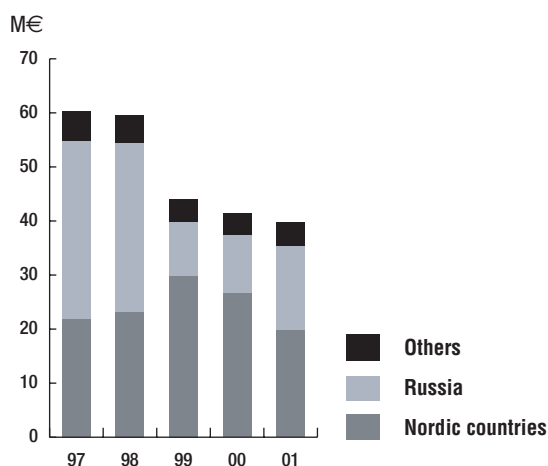
- Newsprint, 55%
- Coated paper, 39%
- Other grades, 6%

New management's top priority is raising quality and profitability.

Salonen was named president of Alprint and general manager of the Rahola plant. A special advisory team was put together to support him and this team spent the summer analysed the problems at Rahola. Discussions with personnel were started in July on the measures necessary to restore the unit's profitability.

During the discussion phase the local employee contracts were renegotiated and the number of employees was adjusted corresponding to a slightly lower level of net sales. Twenty-nine employees were made redundant during the autumn, in addition to which 14 employees left of their own accord, and 14 fixed-term contracts were not renewed. At the same time the unit's production structure was changed to suit the installed machinery better. These measures have created the conditions for an improvement in the Rahola unit's profitability and quality of operations.

EXPORTS BY MARKET AREA



EXPERTS TO RUSSIA IN RAPID GROWTH

The prices of the paper grades used by Alprint were clearly higher during 2001 than in the previous year; prices of coated grades rose by 10% on average. Alprint's annual expenditure on paper totals roughly EUR 30 million.

Alprint's comparable net sales totalled EUR 73.2 million (EUR 83.6 mill.). Alprint's domestic net sales fell 14% to EUR 30 million, mainly due to the sale of the small rotation press in June. Alma Media's intragroup net sales decreased 77% to EUR 3 million, the reasons being the sale just mentioned, plus the fact that the Kaivoksela printing works, closed in the previous year, printed Kauppalehti. Printing of Kauppalehti was moved to the Aamulehti newspaper printing works in Tampere and the Keskiuomalainen newspaper printing works in Jyväskylä.

Exports to the west decreased 7%, the main reasons being a weakening of the Swedish krona and the loss of certain key accounts. On the positive side, exports to Russia rose 44% to EUR 16 million as the circulations and number of pages in publications ordered by regular customers increased and Alprint gained new customers. For the reasons outlined above Alprint reported an operating loss of EUR 7.2 million (EUR 4.9 mill.).

The measures now implemented are expected to lead to a substantial improvement in Alprint's comparable profitability during 2002.

Technology Doesn't Print a Newspaper

A good printing plant has modern printing machinery. But that's not enough. Technology takes second priority for the customer – what he's interested in is the quality of the end product, its price and the level of customer service. Not even the most advanced printing press can produce top quality; that takes professionals committed to achieving clear objectives.

Quality does not necessarily have to be the very best. The level of quality is decided by the customer's needs. What is important, though, is that the end product is exactly what is agreed with the customer.

Nor is quality simply a product well printed. Quality today increasingly implies

refined customer service. Good consultative collaboration means, for example, that the printing plant recognizes what type and grade of paper and what format the customer really needs.

If a newspaper's print run is large, the choice of correct paper grade and format will generate significant cost benefits for the customer. In many cases the customer's largest single cost item is the cost of mailing high-volume newspapers, or mailing newspapers abroad, which further emphasizes the importance of choosing the right paper.

Customer service also means keeping customers up to date with information on technological developments and new

paper grades. Customers are interested in knowing how new technology could improve the end product and could this also create cost benefits. Again, the technology itself is not what really interests the customer but the benefits it generates. Does the new technology offer added value?

Good service means active and preventive quality assurance. The chain from customer to end user is a long one involving many different parties along the way. A good printing plant will always do its best to ensure that the entire process works smoothly.

The good printing plant has a motivated staff, all of whom take an active

interest in the customer and his needs. They will automatically contact the customer if they have the slightest doubt that the material supplied by the customer contains an error. Information must flow through the entire chain rapidly and seamlessly. Last but not least, it is also crucial that agreed schedules are met and that the product ends up in the right place at the right time.

PEKKA RINNE

The writer is a journalist within the Suomen Lehdentekijät Group

Alma Media

is Finland's most popular Media Sector Employer

The business climate worsened for Alma Media during the year, particularly in the television and new-media sectors. Alprint has also undergone profound changes in recent years, resulting in lower profitability than forecast. Business conditions for Alpress, the Alma Media business area responsible for newspaper publishing, and for the Business Information Group (BIG), responsible for producing and distributing business and financial information, remained very favourable throughout the year.



Ile Jokinen hosts Radio Nova from six to ten in the morning. Four hosts don the headphones at Radio Nova during the day, each providing listeners with four hours of entertainment. Radio Nova's news content is produced by the news headline team at MTV3 News.

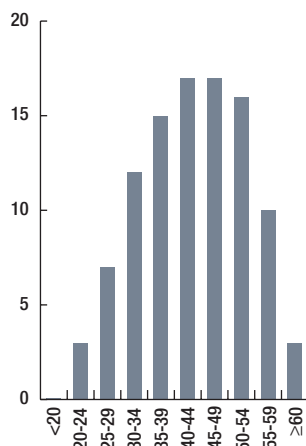
TVTV! and CityTV were merged in August 2001 and renamed Subtv. Programme assistant Onerva Österberg keeps the flag flying at this new trial TV channel.

PERSONNEL ON AVERAGE
Total 2 817

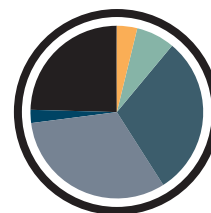


- Alpress, 43%
- Broadcasting, 20%
- Business Information Group, 10%
- New Media, 6%
- Alprint, 18%
- Parent company, 3%

AGE STRUCTURE 2001
Percentage of total



PERSONNEL GROUPS 31 DEC. 2001
Personnel in total 2 678



- Management, 4%
- Senior staff, 7%
- Journalists, 30%
- Office staff, 33%
- Technical staff, 2%
- Operatives, 24%

Revenues from newspaper advertising only started declining in the last quarter of the year. Reductions in the number of full-time employees took place primarily in Alprint, New Media and MTV Oy. The Business Information Group's number of personnel rose after the acquisition of Baltic News Service.

PROFITABILITY AND FREE, PLURALISTIC MEDIA

Alma Media's core values are business profitability and the promotion of free, pluralistic media. These two values are interlinked, because only a financially independent and economically successful media company can best provide and promote free and pluralistic media. For this reason, in spring 2001 the Group initiated streamlining programmes aimed at improving cost efficiency, which also included personnel reductions.

The financial year 2001 was not without problems for human resources policy. In spring 2001, personnel negotiations within MTV Oy resulted in a reduction of over 130 man-years. The company achieved these reductions mainly by outsourcing some activities, implementing early retirement schemes and through redundancies. The lower number of personnel in the New Media business area was largely due to a reduction in fixed-term employment contracts. Alprint's resizing resulted in a decrease in personnel of 215 employees. In addition to divestments and early pension schemes, the company also had to resort to redundancies. The largest divestments during the year were the sale of the Sarankulma unit's small rotation press and Prepress operations to a company outside the Group. Despite the difficult situation, negotiations

with employee representatives in the different units were conducted in a co-operative spirit.

BIG's number of personnel rose by 171 during the year, mainly because Baltic News Services joined the Group. BNS employs 164 people.

At the year end Alma Media Group had 2 678 (2 861) full-time employees and 1 328 (1 320) part-time employees, of whom 1 092 (1 053) worked on newspaper delivery rounds.

The average number of employees leaving the company during the year was 13%. Including this number, roughly 19% of employees were laid off in order to improve the Group's productivity and cost-efficiency. The average number of registered sick-leave days remained unchanged from the previous year (8).

A SOUGHT-AFTER EMPLOYER

Alma Media has a good reputation as an employer. A study conducted by the research institute Universum in spring 2001 shows that students of commerce and business regard Alma Media as Finland's most sought-after employer. Most in the ascendancy last year were companies in the media business, led by Alma Media, in the opinion of these students. Other sought-after employers were banks and consulting firms. In summer 2001, Jobline and Universum Communication analyzed the opinions that young, highly-qualified people held about different employers. The results indicated that Alma Media is Finland's third most sought-after employer, ranking after Nokia and Finnair.

ADAPTABILITY AND LIFELONG LEARNING

The cornerstone of human resources policy is the promotion of skills enhancement and lifelong learning. Aamulehti continued an extensive development project for enhancing skills management during 2001. Alma Media also actively promotes learning at work by encouraging job rotation, interaction between Group employees and networking. Business areas, for instance, have formed a network of representatives who collaborate in promoting and implementing the best practices of each unit.

Almost one-third of Alma Media's personnel are reporters, programmers or otherwise creative workers. The convergence of different media has placed new demands on the conventional work of reporters. One example of this is the multimedia skills need to produce business and financial information. Nowadays the same reporters produce the content for printed newspapers and magazines, the financial news broadcast by

MTV3 Channel and Radio Nova, and the content distributed via both mobile and fixed networks.

Two days of induction training were arranged in 2001 for employees new to the Group. The Group's senior management outlined the Group's business operations and strategy to the 140 participants. The Portti Almaan (Gateway to Alma) publication, which is updated every year, is also distributed to new employees. Employee induction is also given attention when training supervisors.

The central themes selected for the Group's internal training programme are supervisor training and sales training. The Group has arranged management courses and supervisor training for a number of years now. The 10-day course held this year was attended by 22 people. During the year 46 people in, or soon to be transferred to, supervisory positions in the Group's different units underwent supervisor training. The training programme consists of 12 on-site instruction

My opinion is...



News Producer **Esa Nieminen**, MTV3 News: "Two major events occurred in 2001 which were linked to each other: the terrorist attacks on New York and our move into a new newsroom. The new newsroom was commissioned three days before the attacks. Our equipment didn't fail us in this awful baptism of fire, and we worked together extremely well despite being in a tight spot."

Producer **Pekka Autere**, MTV3 Teletext: "The major event affecting my work and the work of my entire department in 2001 was starting up the new channels – Urheilukanava and Subtv – and preparations for digital broadcasting."



Electrical fitter **Teuvo Räsänen**, Alprint Rahola: "The biggest shake-up in 2001 was caused by the personnel reductions. Laying off employees creates an unsettled atmosphere."



Photo artist **Anu Kivistö**, Kauppalehti: "The biggest change without doubt was the move to Kauppalehti's new premises on Esplanadi. Another change of course was Doris, our new page makeup system, and a huge advance on the old system. In the photo department, for example, we can now see the effect of changes on stories during makeup even while we are illustrating them."



Customer service secretary **Ulla Jääskeläinen**, Alpress Kustannus Oy Aamulehti's reader service: "The biggest change in my working life in 2001 was moving to the renovated Finlayson spinning mill, called Siberia, in the centre of Tampere. Although it's a great place and we share offices here, many people miss the work communities they worked in for so long but had to leave behind. Of course, new communities will grow up here but it will take time."



days supplemented by distance learning tasks. Ninety people participated in the training provided for sales negotiators and sales managers during the year. A sales training course designed for sales directors and sales team managers started at the end of the year, and nine people attended the first module.

A three-year training programme on business development was launched for all the personnel at Alprint's Rahola unit.

Training for the professional printer's examination was continued, with nine-month training programmes started in Lapin Kansa and Kainuun Sanomat.

Despite the personnel reductions the company's training expenditure stayed at the previous year's level, EUR 1.3 million. Full-time employees received 2 days of training on average.

OPENNESS AND TRUST

The Group's internal interchange of information is aimed at establishing an atmosphere of openness and trust. Personnel

are informed immediately of all matters that Alma Media, as a listed company, makes public or publishes in stock exchange releases or bulletins. Personnel have also been able to present questions about matters they wish to discuss to the CEO via the intranet after the publication of each Interim Report.

The Group placed high priority on internal communications during 2001. The Almanakka (Almanac) magazine, published twice a month, was changed to four-colour print throughout and the editorial board established a 10-member network of correspondents comprising representatives from different geographical locations, professions and business areas. Almanakka contains 20 pages on average. According to the magazine's October-November reader survey, 80 % of full-time employees read the magazine regularly. Personnel regard Almanakka as an important channel for internal communication.

The infrastructure for the Group's new Akkuna (Window) intranet was completed during 2001. The new intranet will be put into service in the first half of 2002.

INTERACTION AND INITIATIVE ENCOURAGED

Alma Media has two unofficial forums for promoting co-operation between management and personnel. A theme day was held twice during the year and attended by both management and trade union delegates. These days were used to address themes of relevance to the personnel and review the Group's business operations and performance.

The other forum for promoting interaction is the Group's team for statutory co-operation within undertakings, which met 4 times last year.

Individual suggestions committees in the Group's units operate a scheme for employees' suggestions for improvements and enhancements.



Printer **Jouni Suikkanen**, Sarankulma:
"Matti Packalén's decision to leave Alma Media had the biggest impact on my work in 2001. Changes in top management are no small matter."

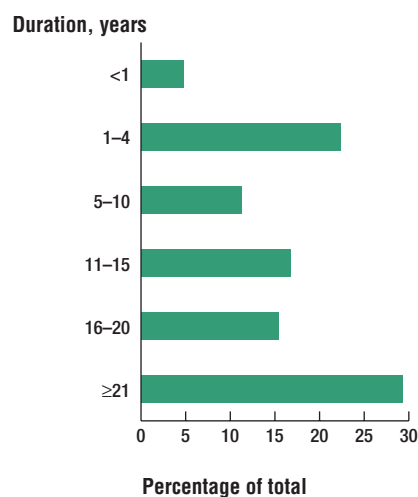
Programme assistant **Minna Laine**, MTV Oy, international programme procurement:

"I started work as a programme assistant a year ago, so 2001 has been a year of learning for me. The year brought a lot of new and interesting content to my work.

I like my job because it's so varied and full of challenges!"



DURATION OF EMPLOYMENT



Corporate Governance

APPLICABLE RECOMMENDATIONS

The Helsinki Exchanges recommends that the companies listed on the stock exchange comply with the corporate governance guidelines prepared jointly by the Finnish Central Chamber of Commerce and the Confederation of Finnish Industry and Employers. In complying with this recommendation, as well as the OECD's Principles of Corporate Governance, Alma Media Corporation aims to develop the company's corporate governance in order to balance shareholders' interests in the best way possible. Alma Media also applies the Guidelines for Insiders issued by the Helsinki Exchanges on 1 March 2000.

STRUCTURE OF THE ALMA MEDIA GROUP

Responsibility for Alma Media Group's management and operations belongs to the constitutional bodies required by the Finnish Companies Act: namely, General Meetings of Shareholders, which elect the members of the Supervisory Board and the members of the Board of Directors in accordance with the Supervisory Board's proposal; and the President and CEO, who is appointed by the Board of Directors. The activities of these bodies are also set out in Alma Media Corporation's Articles of Association (<http://www.almamedia.fi/eng/investor/3admin/3.5artic>).

The ultimate decision-making body in Alma Media Corporation is the General Meeting of Shareholders, where shareholders exercise their decision-making power. The Supervisory Board supervises the administration of the company by the Board of Directors and the President and CEO in the manner stipulated in the Companies Act and Alma Media's Articles of Association. The Board of Directors is responsible for the company's management and its appropriate organization.

The Group's parent company is Alma Media Corporation, which is responsible for the Group's management, accounting and finance, strategic planning and corporate communications. Various business and service units operate under the parent company offering administrative services for functions including real estate management, personnel administration, training and legal matters.

The President and CEO is responsible for the day-to-day management of Alma Media Corporation in accordance with the guidelines and instructions of the Board of Directors and within the framework defined by the Finnish Companies Act and Alma Media's Articles of Association. The President and CEO is assisted by a Group Executive Board, whose members are all employees of the company.

Alma Media Corporation has five business areas: Alpress engages in publishing activities, Business Information Group in the production and distribution of financial and business information, Broadcasting in commercial television and radio broadcasting activities, Alprint in printing and graphic services, and New Media, which comprises all Alma Media's new-media activities.

Each business area operates as a separate subgroup with independent responsibility for its operations and is assigned financial and operational targets.

GENERAL MEETINGS OF SHAREHOLDERS

Alma Media Corporation's Annual General Meeting convenes once a year as stipulated in the Articles of Association. The Meeting is convened by the Board of Directors, which also sets its agenda.

The Annual General Meeting is held on the date set by the Board of Directors, however no later than the end of April.

General Meetings of Shareholders resolve on matters required by the Finnish Companies Act and the company's Articles of Association.

THE ANNUAL GENERAL MEETING

DECIDES THE FOLLOWING MATTERS:

- Confirmation of the income statement and balance sheet,
- Distribution of profit,
- Discharge of the Supervisory Board, the Board of Directors and the President and CEO from liability for the financial year, and
- Election of the members of the Supervisory Board and Board of Directors and appointment of the company's auditors.

THE TASKS OF GENERAL MEETINGS OF SHAREHOLDERS ALSO INCLUDE:

- Amendments to the Articles of Association, and
- Decisions concerning stock options and the issue of convertible bonds.

THE SUPERVISORY BOARD

The Supervisory Board supervises the administration of the company by the Board of Directors and the President and CEO. The Supervisory Board also issues its Opinion to the Annual General Meeting on the financial statements and auditors' statement, or on matters that have significantly affected the company's position after the closing of the accounts, and it also issues instructions to the Board of Directors on matters of wide-reaching or fundamental significance to the company.

Alma Media Corporation's Supervisory Board is elected by a General Meeting of Shareholders. Under the company's Articles of Association the Supervisory Board comprises from 10 to 15 members, three of whom are elected by representatives of the company's and its subsidiaries' personnel. The Supervisory Board currently has 12 members.

Supervisory Board members serve for a period of three years. Their terms of office are staggered so that one-third of the members are due for retirement every year. The Supervisory Board elects a Chairman and a Deputy Chairman from amongst its members, whose terms of office expire at the close of the first Annual General Meeting following their election.

The Supervisory Board may not include members of the Board of Directors, the President and CEO, and persons over the age of 67.

Alma Media Corporation's Supervisory Board convenes two or three times a year as the request of its chairman or the Board of Directors. In 2001 the Supervisory Board convened two times.

The agenda of the Supervisory Board's meetings is prepared by its convener. In general the President and CEO presents the matters on the agenda and is responsible for preparing these matters in accordance with the instructions of the chairman.

Before the Annual General Meeting the principal shareholders appoint an Election Committee to prepare candidates for election to the Board of Directors and Supervisory Board. The names of the candidates to be put before the Annual General Meeting are announced in a newspaper advertisement approximately one week before the Meeting. The list of individuals proposed for election to the Board of Directors is submitted to the Annual General Meeting by the Supervisory Board.

THE BOARD OF DIRECTORS

The tasks and responsibilities of the Board of Directors are determined by the Finnish Companies Act. The Board exercises authority in all matters that the law or the company's Articles of Association do not otherwise require other bodies to resolve on or implement. The Board is responsible for the company's management and appropriate organization. The detailed working of the Board is set out in the Board's Rules of Procedure.

Alma Media Corporation's Board of Directors is elected by the Annual General Meeting based on a proposal submitted by the Supervisory Board. The Board comprises from five to nine members. The Annual General Meeting in 2001 confirmed the number of Board members to be five.

Members of the Board of Directors serve for three years. Their terms of office are staggered so that one-third of members are elected every year.

The Board of Directors elects from amongst its members a Chairman and a Deputy Chairman, whose terms of office expire at the close of the first Annual General Meeting following their election.

Persons over the age of 67 may not be elected to the Board of Directors. The President and CEO may not be the Chairman of the Board of Directors.

The Board of Directors convenes in particular to consider the company's annual and interim accounts. In addition to these meetings the Board convenes one or two more times a year to consider the company's strategic plans and to endorse Alma Media Corporation's strategy. At its last meeting in the

calendar year the Board confirms the budget for the following year.

In addition to the members of the Board of Directors, the Board's meetings are also attended by the President and CEO, the Group's Senior Vice President, Finance and Administration, a person appointed to keep the minutes of the meeting, as well as other individuals asked to attend as required.

Alma Media Corporation's Board of Directors convenes six to seven times a year according to a preconfirmed schedule and additionally as required. In 2001 the Board met 12 times.

The Board's Compensation Committee comprises the Board's Chairman and Deputy Chairman. The committee prepares for the Board's decision matters concerning compensation that the Board is required to resolve on.

The Audit Committee is responsible for performing a running audit of the company and for preparing the interim reports, the Board of Directors' report and other reports. It consists of Board members separately elected for this task. The committee's meetings are also attended by the company's external auditor and the matters on the agenda are presented by the Group's Senior Vice President, Finance and Administration.

THE PRESIDENT AND THE GROUP EXECUTIVE BOARD

The President and CEO appointed by the Board of Directors is responsible for the day-to-day management and control of Alma Media Corporation in accordance with the requirements of the Finnish Companies Act and the guidelines and instructions of the Board of Directors. The President and CEO is assisted in this task by a Group Executive Board, which is appointed by the President and which acts under the authority granted by the President.

The Group Executive Board considers the monthly reports, the long-term plans and budget, and the financial statements for confirmation by the Board of Directors. The Group Executive Board generally meets once a month. In 2001 it met 13 times.

BUSINESS AREA BOARDS

Each business area in Alma Media Corporation is managed and supervised by its own board of directors. These boards

function in accordance with the guidelines of Alma Media Corporation's Board of Directors and their meetings are chaired by Alma Media's President and CEO.

The business area boards of directors are responsible for monitoring the financial performance of the business areas and for preparing their budgets. They also decide on matters concerning employee compensation, organization and investments, and on other matters stipulated in the Finnish Companies Act. The business area boards of directors meet according to a preconfirmed timetable and also at the request of their chairman as required.

REPORTING

Reporting to the Board of Directors

Alma Media Corporation's President and CEO prepares the Group's monthly report, the annual and interim financial statements, and the other matters stipulated in the Board's Rules of Procedure, for consideration by the Board. In conjunction with the interim accounts, the Board of Directors also receives an investment monitoring report.

The auditors provide the Board of Directors with an auditing plan once a year and written reports twice a year. They are also present at Board meetings dealing with the annual accounts.

Reporting to the Supervisory Board

Each time it convenes, the Supervisory Board is always given a situation report as well as any information necessary to the Supervisory Board in order to issue the statements required of it by the Articles of Association.

The company's auditors attend those meetings of the Supervisory Board dealing with the annual accounts.

Reporting to the President and CEO

The President and CEO monitors the operations of the business areas in his capacity as chairman of their boards of directors. In addition the members of the Group Executive Board report to the President and CEO at its meetings or as separately agreed.

INTERNAL AUDIT

Control and supervision of Alma Media's business operations takes place in accordance with the administrative and management system described above. The ultimate responsibility for monitoring the company's accounts and capital management lies with the company's Board of Directors. In practice the President and CEO organizes the accounting procedures and internal auditing mechanisms.

The President and CEO, the Group Executive Board and the heads of the company's business units are responsible for ensuring that the accounting and administration of the areas within their spheres of responsibility comply with Finnish legislation, the Group's operating principles, and the guidelines and instructions issued by Alma Media Corporation's Board of Directors.

The Group's top management together with the external auditors prepare an auditing plan once a year. This plan also takes into account the requirements set by the internal audit function.

The company's business operations and capital management are monitored using the reporting systems described above. Alma Media Corporation operates a financial reporting system based on profit centres. This system also monitors implementa-

tion of the profit centre budgets.

Each business area supervises the accounting and administration of its profit centres. Alma Media Corporation's external auditors examine the accounts and the administration of the profit centres once a year. Alma Media Corporation's Annual General Meeting appointed the firm of public auditors KPMG-Wideri Oy Ab and Mr Mauri Palvi APA as the company's auditors for the financial year 2001.

The auditors submit an annual report to Alma Media Corporation's shareholders at the Annual General Meeting. Additionally the auditors submit to the Board of Directors an annual summary of their auditing plan, a written report on the entire Group in conjunction with publication of the interim financial statements in June and the annual financial statements, and regular business area reports to the Group's financial management and business area managements.

The auditors meet the business area management twice a year and the Senior Vice President, Finance and Administration at least four times a year.

FEES PAID TO THE SUPERVISORY BOARD, THE BOARD OF DIRECTORS, THE PRESIDENT AND CEO, AND THE GROUP EXECUTIVE BOARD

Salaries, fees and benefits in kind during 2001, M€:

Members of the Supervisory Board	0.02
Members of the Board of Directors	0.07
President and CEO and Executive Vice Presidents	1.57
Other Group Executive Board members	1.79

Shareholdings and stock options

The number of shares owned by the members of the Supervisory Board, the Board of Directors and the Group Executive Board, and the number of new shares subscribable under warrants 31 Dec. 2001, are as follows:

	Series I	Series II	Warrants under 1999 bond with warrants
Supervisory Board	351	81	500
Board of Directors	29 012	46	–
President and CEO and Executive Vice Presidents	867	1655	80 000
Other Group Executive Board members	179	300	78 000

The Supervisory Board

NAME	YEAR OF BIRTH	PROFESSION	SHARES AND WARRANTS 31 DEC. 2001	POSITION TERM ENDS
Björn Mattsson	1941		No shares, no warrants	Chairman of the Supervisory Board, term of office until 2003
Paavo Pitkänen	1955	President and CEO of Varma-Sampo Mutual Pension Insurance Company	No shares, no warrants	Deputy Chairman of the Supervisory Board, term of office until 2003
Matti Ahde	1945		75 Series II shares no warrants	Member of the Supervisory Board, term of office until 2002
Thomas Axén	1960	President, Bonnier Morning Newspapers	No shares, no warrants	Member of the Supervisory Board, term of office until 2004
Kari Asikainen	1957	Journalist, Aamulehti	6 Series of II shares 125 warrants	Personnel Representative*
Asko Haapaniemi	1943	Offset Printer, Alprint Sarankulma	No shares, no warrants	Personnel Representative* until 6/2001
Ari Heiniö	1945		No shares, no warrants	Member of the Supervisory Board, term of office until 2003
Hannu Jaakkola	1945		No shares, no warrants	Member of the Supervisory Board, term of office until 2002
Asmo Kalpala	1950	Chairman and President of Tapiola Insurance Corporation	No shares, no warrants	Member of the Supervisory Board, term of office until 2004
Jukka Koivisto	1959	Executive Director of Economic Information Office	No shares, no warrants	Member of the Supervisory Board, term of office until 2002
Arto Liinpää	1943	Managing Director Evia Oyj	No shares, no warrants	Member of the Supervisory Board, term of office until 2002
Pekka Niemiaho	1958	Arts Correspondent, MTV	No shares, 125 warrants	Personnel Representative*
Jarmo Raveala	1959	Architect	351 Series I shares no warrants	Member of the Supervisory Board, term of office until 2002

*Personnel representatives are elected by Alma Media employees. Their terms of office are not the same as the three-year terms of the other Supervisory Board members.

The Board of Directors



Bengt Braun, born 1946
 President and CEO of Bonnier AB
 Board memberships:
 Aktiefremjandet
 AB Bonnierforetagen
 Hufvudstaden AB
 AB Skandia
 Tidningsutgivareforeningen
 TietoEnator AB
 Vice Chairman of the Board:
 Oriflame International
 World Association of Newspapers
 No shares, no warrants.
 Chairman of the Board,
 term of office until 2004



Kari Stadigh, born 1955
 Deputy CEO of Sampo Plc,
 Board memberships:
 Lindell Oy Ab, Oy G.W.
 Sohlberg Ab
 Chairman of the Board:
 Aspo plc,
 Sampo Teollisuusvakuutus Oy
 No shares, no warrants.
 Deputy Chairman of the Board,
 term of office until 2002



Jonas Nyrén, born 1951
 Executive Vice president
 and CFO of Bonnier AB
 Board memberships:
 Frango AB
 Kungsleden AB
 Skandiabanken AB
 Storhedens Fastighets AB
 TV4 AB
 No shares, no warrants.
 Board Member,
 term of office until 2004



Matti Kavetvuo, born 1944
 Board memberships:
 Finnlines Plc
 KCI Konecranes International Oyj Abp
 Marimekko Oyj
 J.W. Suominen Yhtymä Oyj
 No shares, no warrants
 Board Member,
 term of office until 2004



Matti Häkkinen, born 1946
 LLM
 Board membership:
 Tampere Tuberculosis Foundation
 Vice Chairman of the Board:
 Eva Loviisa and CG Dunderberg
 Foundation
 29 012 Series I shares,
 46 Series II shares, no warrants
 Board Member,
 term of office until 2002

Group Executive Board

1 March 2002

The President and CEO is supported in the day-to-day management of the company by a Group Executive Board. The Group Executive Board's tasks include preparing the long-range plans, budget and financial statements for endorsement by the Board of Directors. The Group Executive Board generally meets once a month.

Juho Lipsanen, born 1961, MSc (Econ.), President and CEO. No shares, no warrants.

"The company's resources should be allocated to ensure we all concentrate on the right things."



Eero Mörä, born 1953, LL.M., General Counsel, Secretary to the Group Executive Board. No shares, 1 000 warrants. Board Member: Ethics Committee for Chargeable Telephone Services (chairman), Association of Finnish Industrial Lawyers (chairman).

"A compromise here is an improvement there, but there's no compromising on what really matters."



Hannu Olkinuora, born 1950, MSc (Phil), President of Alpress Oy. 6 Series I shares, no warrants.

"Our newspapers will grow: the newspaper will be even more accessible to readers who want to know more."



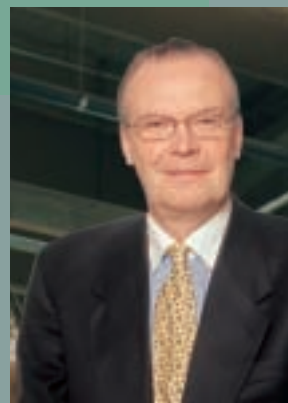
Juha Blomster, born 1957, MSc (Econ.), Senior Vice President, Business Information Group. No shares, 2 000 warrants. Board Member: Talentum Oyj.

"BIG will become a true multi media channel for business information."



Pekka Karhuvaara,
born 1954,
President of MTV Oy.
No shares, 10 000 warrants.
Board Member:
Finnish News Agency.

"MTV will further strengthen its unique position as the preferred mass medium of the Finns."



Lauri Helve, born 1943,
BA in Journalism,
Editor-in-Chief of Kauppalehti,
Publisher.
No shares, 10 000 warrants.
Board Member :
European Business Press, As-
sociation of Finnish Press Em-
ployers.

"If children have the stamina to read a thick Harry Potter book, they can also manage a newspaper."



Mikko Räisänen, born 1953,
MSc (Eng.),
Vice President of MTV Oy.
No shares, 2 000 warrants.
Board Member:
Suomen Urheilutelevisio Oy.

"MTV and Nova will continue to lead strongly in their businesses."



Ritva Sallinen, born 1949,
MSc (Econ.),
Senior Vice President, Fi-
nance and Administration.
179 Series I shares,
300 Series II shares, 10 000
warrants.

"I'm really looking forward to seeing better performance again."



Raimo Mäkilä, born 1958,
MSc (Eng.),
President of New Media.
No shares, 10 000
warrants.

"The year will be a turning point for New Media; we will grow profitably."



Risto Takala, born
1944, MSc (Econ.),
Executive Vice
President,
Corporation's Group
Services.
1 000 series II shares,
10 000 warrants.
Board Member:
Thominvest Oy.

"We will continue to re-lease capital from our real estate holdings."

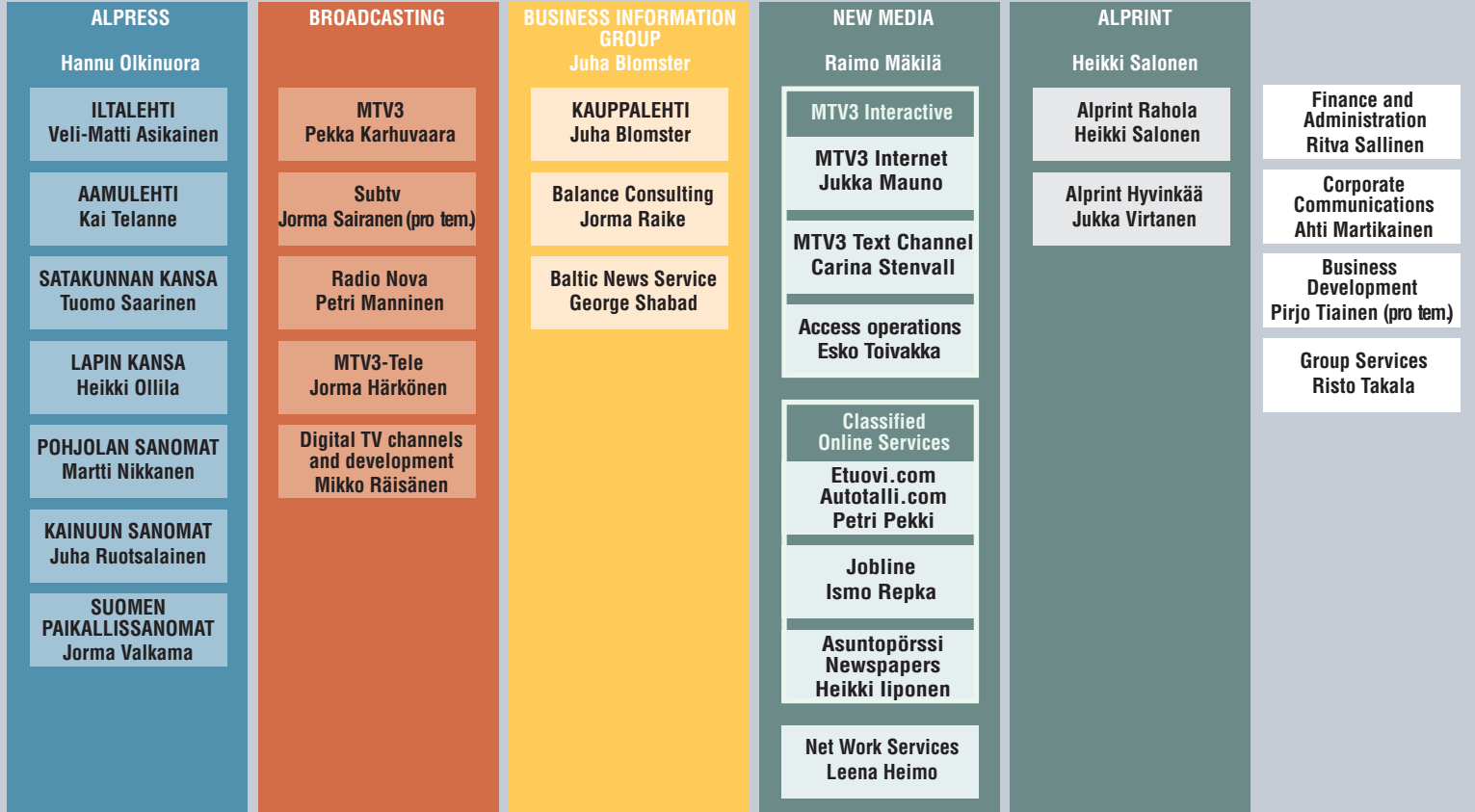


Ahti Martikainen, born 1959,
MA,
Vice President, participates
in Group Executive Board
meetings.
No shares, 2 000 warrants.
Board Member:
Inforviestintä Oy,
Tampereen Viestintä Oy

"Alma Media's share will be an interesting investment prospect this year."

Alma Media Group Structure 1 March 2002

ALMA MEDIA CORPORATION
Juho Lipsanen, President and CEO



Many media, one contact

Why should a customer have to deal with many media sales people in the same company when a single account manager can offer better service? Advertisers, according to a 2000 survey of advertising customers, want a coordinated media sales service, preferring consultative solution sales to product sales. Alma Media has begun a Key Account project in response.

The Key Account Team has been operating since 2001 as a pilot project. The team has four Key Account Manag-

ers. Each is responsible for gaining an in-depth knowledge of the needs and marketing communications strategies of specific customers, and for bringing this information to the attention of Alma Media's various media sales teams. So each key customer has his own 'attorney' in Alma Media to put together the media mix optimized to his needs. The Key Account Team currently handles the needs of 15 widely differing advertisers.

The purpose of this new model is

to make media buying easier, to save time all round and to generate innovative new solutions for advertisers. Alma Media, of course, is also looking to increase its own share of their advertising spending. In its Key Account activity as well, Alma Media stands out from its competitors.

One way of raising media spending in Alma Media is developing cross-media products, as these offer advertisers a more effective way of targeting specific groups of consumers. A good exam-

ple is Helmi (Pearl), which is aimed at women since women largely determine how the money is spent in households. Helmi content is produced for Iltalehti, Radio Nova, MTV3 Channel and also MTV3 Internet.

SEPPÖ VIRTANEN
The writer is director of the Key Account Management business.

Alma Media's Annual Report 2001

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Online annual report at

www.almamedia.fi/vuosikertomus2001/eng/etusivu.html

Glossary of terms

The following terms are used by Alma Media to describe aspects of its business operations and are defined below specifically in this context.

ADSL (Asymmetric Digital Subscriber Line)

A high data rate subscriber line that uses a conventional fixed telephone line. The connection is 'asymmetrical' because the data is transferred faster from the Internet to the home PC computer than from the PC to the Internet. The connection is subject to a fixed monthly charge and it allows phone calls to be made even while the Internet connection is in use.

Break-even level

The level at which a company or business makes neither a profit nor a loss.

Broadsheet

A large newspaper format. The most common broadsheet format in Finland, e.g. Aamulehti, is 400 mm wide by 560 mm high.

Channel reach

A term that describes what percentage of the population or target group views the television channel every day or every week.

Circulation

The number of copies of a newspaper, both subscribed and over-the-counter sales, per printed edition during a given audit period. No price discounts (e.g. during sales campaigns) over 50 % are included in the calculation.

Cold set

A printing method in which the printing ink is fixed to the printing surface because the oil in the printing ink is absorbed by the paper.

Connection business

A separate business formed from access rights or 'connections' (e.g. MTV3 Internet, MTV3 Broadband) to telephone networks or the Internet.

Coverage

A measurement describing the percentage of a given target group reached by a medium (e.g. newspaper or television programme). Where television coverage is concerned, the term is based on the average number of viewers of a programme per minute; the programme's viewers are calculated every minute for the duration of the programme and the total is divided by the number of minutes. This gives the average, which is the programme's official number of viewers.

Cross media

The combination of several media into a single package that enables advertisers to reach a specific target group efficiently.

Digital printing

Printing from an original directly in digital form without the need for a film or printing plate. Enables printing of individual and targeted products.

Digital set-top box

A separate digital decoder connected by a SCART cable to the television to enable reception of digital transmissions.

Digital television

A television transmission in which the transmitted signal consists of digital bits. A digital television is a television set with integrated digital set-top box.

Format

A TV programme format defines the framework for the content and production of the programme, ensuring that the same format is repeated in each series.

Heat set

A printing method in which the printing ink is fixed to the printing surface using heat (e.g. in a gas-fired drying oven) to evaporate the solvents in the ink.

IPR (Intellectual Property Rights)

Certain 'intangible assets' of a company such as patents, trademarks and copyright.

ISDN (Integrated Services Digital Network) line

A digital telephone connection requiring a special terminal device with two connections (each 64 kilobits per second). Both can be used simultaneously for data transfer between the PC and the Internet (giving a throughput rate of 128 kbs), or one for data transfer and the other for normal telephone calls.

MHP (Multimedia Home Platform)

A standard enabling the use of value-added services during digital television broadcasts. The basic television receiver enables viewers to view the picture and teletext, hear sounds and use a pre-installed screen manual which is continuously updated during the broadcast.

Page loading

Used to measure the popularity of Internet pages. Not suitable for comparing different web pages since some pages are structured to allow more page loading than others. A web page's photos, advertisements and other graphic elements will increase the amount of loading.

Prime time

The best television viewing time (18.00-23.00).

Return channel

A route or device enabling interactive communica-

tion between the viewer and the broadcaster. Return channels can be a fixed telephone line, cable television network, ADSL or ISDN lines, a mobile phone and the Internet.

RISC study

A study performed by the Research Institute for Symbolic Computation to determine opinions.

Share of viewing time

The amount of time a given television channel is viewed compared to total television viewing time.

Simulcast

Simultaneous broadcasting, so called because the same content is broadcast simultaneously via different channels (e.g. analogue and digital TV channels).

sms chat

A teletext chat forum in which users send and receive sms messages by mobile phone.

Superdesk

A newsdesk. e.g. Kauppalehti's newsdesk, able to produce news in forms suitable for several media.

Supertext television

A more advanced version of today's teletext with a more sophisticated graphic interface.

Tabloid

A newspaper format that is half the size of the large newspaper format, or broadsheet. An example in Finland is Iltalehti, 280 mm wide by 400 mm high.

Top of Mind

A term that describes what television channel is turned on if the viewer does not know what is on television at that moment

User

A term used to describe the popularity of Internet pages. Each PC connected to the Internet has its own IP (Internet Protocol) address. The term 'users' or 'different users' refers to the total number of IP addresses that have 'visited' a given Internet page. The term does not mean the same as the total number of viewers of a TV programme, for example, since several people in the same household can use the same PC although in this case only one IP address is registered. The term 'visitor' is also used.

Visitor

A synonym for the 'user' of an Internet website. See 'user'.

Information for Shareholders

ANNUAL GENERAL MEETING

The Annual General Meeting of Alma Media Corporation will be held on Tuesday, 19 March 2002, commencing at 5.00 pm, at the Hotel Strand Intercontinental, John Stenberginranta 4, Helsinki. The Meeting will consider the matters stipulated in Article 14 of the Articles of Association and in the invitation to the Meeting. The invitation will be published in Aamulehti, in Iltalehti and in Kauppalehti.

Documents relating to the annual accounts and the proposals of the Board of Directors will be on display at the Company's head office, Eteläesplanadi 14, Helsinki for one week before the Meeting.

In order to attend the Annual General Meeting, shareholders must be registered no later than on 8 March 2002 in the Company's shareholder register maintained by the Finnish Central Securities Depository Ltd.

Shareholders wishing to attend must notify the Company no later than by 10.00 am (Finnish time) on 18 March 2002 either in writing to Alma Media Corporation, Ms Kati Kareinen, P.O. Box 140, FIN-00101 Helsinki; by phone to +358 9 507 8731 or +358 3 266 6831; by telefax to +358 9 507 8774; or by e-mail: kati.kareinen@almamedia.fi.

Powers-of-attorney should arrive at the above address before the period of notification expires.

PAYMENT OF DIVIDENDS

Alma Media Corporation's Board of Directors proposes that a dividend of EUR 0.20 per share be paid on the financial year 2001. To be entitled to a dividend, shareholders must be registered in the Alma Media Share Register maintained by the Finnish Central Securities Depository Ltd no later than on the dividend record date 22 March 2002. The dividend payment date will be 2 April 2002.

FINANCIAL INFORMATION

Alma Media will publish three interim reports in Finnish and English during 2002:

Three-month interim report on 7 May 2002

Six-month interim report on 15 August 2002

Nine-month interim report in week commencing 4 November 2002

All stock exchange bulletins and press releases issued by Alma Media Corporation are also available on its website at <http://www.almamedia.fi/eng/investor/report>. Alma Media's stock exchange bulletins can also be received in electronic format free of charge by completing the order form at <http://www.almamedia.fi/eng/investor/6orders>. The press releases are sent to the subscriber's e-mail address, and headlines to subscribers' mobile phones, in Finnish or English as requested. Alma Media's interim reports are not printed.

Alma Media's Web pages also contain all financial information on the company's interim and annual financial statements for investors and shareholders.

To order the annual report in English, please contact: corporate.comms@almamedia.fi or <http://www.almamedia.fi/eng/investor/6orders> or in writing to :

Alma Media Corporation
Corporation Communications
P.O. Box 140
FIN-00101 Helsinki

SHARES AND OPTIONS

The company has altogether 15,730,060 shares and 305,000 A options. The nominal value of the share is FIM 10. Alma Media's share series, I and II, and its A options are listed on the automatic HETI trading system of the Helsinki Exchanges under the trading codes ALM1V and ALM2V (shares) and ALM2VEW199 (options).

SHARE REGISTER

Shareholders are kindly requested to forward any changes to their names, addresses or holdings direct to the register that is the custodian of their book-entry account.

ADOPTION OF THE EURO

Alma Media Group adopted the euro on 1 January 2002. The 2001 financial statements have been prepared in Finnish markka but all information with the exception of the notes to the financial statements are also presented in euros. Figures denominated in euro have been translated from markka to euro at a conversion rate of EUR 1.00 = FIM 5.94573.

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