

ALMA | MEDIA

ANNUAL REPORT

2002

Alma Media

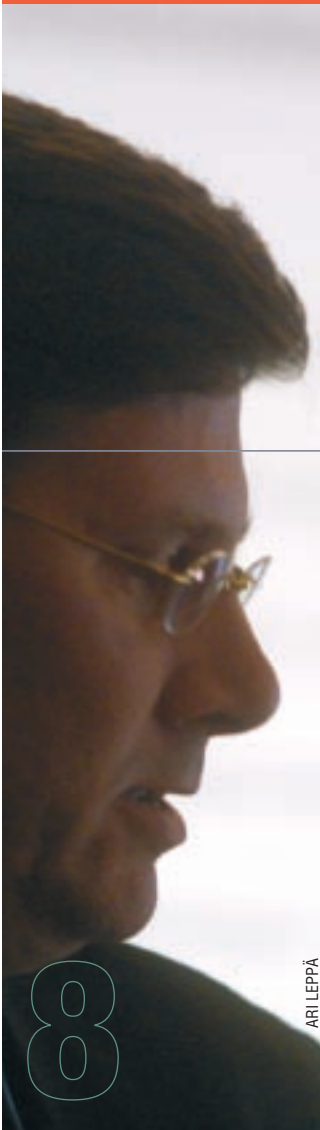
**fosters
teamwork and**

freedom of communication

Top management as
it stands today



Alma Media's Executive
Committee and the young
employees on its steering team
pull together



Media spending declined yet again in 2002. But MTV came out of this mud fight with flying colours. Photo: MTV3 Shine Club's customer event.

Priority on creativity – all set for growth. Interview with CEO Juho Lipsanen.



Radio Nova put its strategy on the road and won publicity.



Alma Media seeks to talk about itself candidly with investors and analysts at its Capital Markets Day functions. Interpreters are on hand for international participants.

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Dear Reader

Broadly speaking Alma Media, a media corporation listed on the Helsinki Exchanges, derives its income from three sources. More than half of our total revenue, 500 MEUR, comes from advertisers, roughly one-fourth from newspaper subscriptions, and the remainder from publishers, other printing customers, and sales of various content and web services. It is no exaggeration to say that Alma Media's existence is dictated by advertising trends. Two years ago advertising spending fell by six per cent and last year by a further two per cent or so. Our operating environment was challenging to say the least.

In 2001 the company embarked on a strict programme of action to restore profitability. Under the new management this effort has been successful and last year the Group's result of operations once again showed a profit. We also made significant

progress towards reaching many other financial targets although in those we still have some way to go.

Alma Media also engaged in wide-ranging internal discussion on its values and strategy during the year. We wish to be the Top-of-Mind media corporation in Finland, a group with the highest quality and most sought-after newspapers and electronic media. To this end we set as one of our corporate values Freedom and Pluralism of Journalism. Our skilled workforce and acclaimed media brands give us a solid platform on which to launch our future.

We live by our customers. We therefore wish to become a company that its customers regard as a trustworthy partner and with whom it is easy and straightforward to do business. This is what we are aiming for through our other corporate value: Spirit of Teamwork. By this we

mean both internal teamwork and teamwork with our customers.

We believe that these values will help us improve our profitability in all market conditions. Good financial performance and the principle of continuous improvement are not unreasonable targets for a good investment prospect. In this regard we also wish to be the 'top-of-mind' investment prospect in our business as well.

Through this annual report we wish to introduce our products and operations hopefully in a 'top-of-mind' and slightly unusual way for annual reports in general. The annual report and also all other updated financial information on Alma Media is always available on our website, www.almamedia.fi.

AHTI MARTIKAINEN
Vice President, Corporate
Communications and Investor Relations

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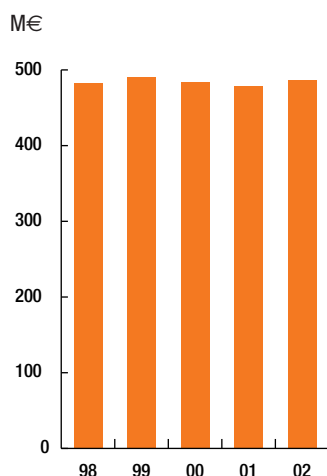
The Annual General Meeting decided to remove the nominal value of the share, abolish the supervisory board and remove voting restrictions at general meetings.

2002

The year in brief

Alma Media embarked on three far-reaching programmes to raise cost efficiency during 2001. Alprint's organization was slimmed down and its net sales were allowed to diminish by concentrating only on strategically important customers. Broadcasting's organization was streamlined, the programme schedule was invigorated, and priority was given to boosting sales and maintaining price levels. Alma Media Interactive started focusing only on the most profitable and fastest growing of its various service ventures. These three programmes were implemented in the midst of adverse market conditions; preliminary information indicates that Finland's GNP showed only minimal growth in 2002 while media advertising fell for the second year running. Despite this Alma Media still reached its cost-efficiency targets.

NET SALES



The Group's operating expenses in 2002 were almost 40 MEUR lower than one year earlier. Cost-cutting measures applied to all cost areas; payroll costs, material costs and other costs were all well below the previous year's levels. Improved profitability and the sale of assets made it possible to accelerate the repayment of loan capital and the equity ratio rose to 41% (37%).

Broadcasting's operating loss was reduced by 16 MEUR during the year, and following an increase in sales and better price levels the division recorded an operating profit in the fourth quarter. An important factor in this improvement was the halving of the operating licence fee in July, which reduced expenses by almost seven million euros.

2000



ARI LEPPÄ

Alma Media Interactive raised its full-year net sales by 18%. It also reached its target of reporting an operating profit by generating a 14 MEUR improvement in its result of operations. Alprint, likewise, came very close to reaching breakeven.

For Business Information Group the year was a challenging time. The economic slump had its greatest impact on business-to-business advertising. Kauppalehti almost reached its previous year's profitability level but the writedowns of the associated company Talentum Oyj significantly weakened BIG's result for the year.

The newspaper publishing division Alpress once again reported excellent profits. Despite a declining advertising market the Alpress newspapers succeeded in raising profitability and Alpress's operating margin rose to 14%.



Addressing shareholders at the Annual General Meeting, CEO Juho Lipsanen promised to make cash flow the basis for corporate decisions. From left: Chief Financial Officer Ritva Sallinen, Board members Jonas Nyrén and Matti Häkkinen, President of Alpress Hannu Olkinuora, Chairman Bengt Braun, and CEO Juho Lipsanen who at the time had been all of three weeks at the company's helm.

Broadcasting's net sales growth was boosted most of all by MTV3's media sales, headed since 1 February 2002 by Heikki Rotko. Under Rotko's direction the outstanding sales team successfully pushed the channel's sales into growth despite the adverse conditions. Media advertising fell 1.4% last year but television won market share. In the photo Heikki Rotko, MTV Oy's executive vice president, addresses visitors to Alma Media's Capital Markets Day in May, which focused on television and the new media. The Great Adventure was the theme of the day.

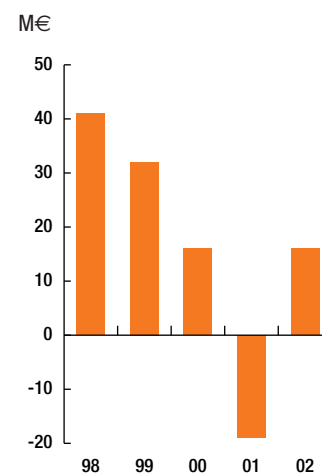


HANNU PUUKKO

key figures

M€	2002	2001	2000
Net sales	486	478	484
Operating profit/loss	16	-19	16
Operating profit / net sales	3.3%	-4.1%	3.2%
Profit/loss before extraordinary items	9	-27	12
Net profit/loss for the year	2	-24	5
Capital expenditure	15	94	37
Capital expenditure as percentage of sales	3.1%	19.7%	7.7%
Interest bearing debt 31 Dec.	156	200	123
Capital invested, average	345	349	325
Return on investment	4.9%	-5.1%	5.3%
Cash flow from operating activities	46	-4	22

OPERATING PROFIT/LOSS



Highlights of 2002

During the first quarter the Group's operating loss was reduced to less than half of the previous year's level.

In January Alma Media's Board of Directors appointed Juho Lipsanen, MSc (Econ.) president and CEO, a post he took up at the beginning of March. Lipsanen joined the company from ABB Group in Switzerland, where he was president of the global New Ventures unit. Hannu Olkinuora also started in March as president of Alpress Oy and a member of Alma Media's Group Executive Board. This marked his return to Alma Media after working as editor-in-chief of Svenska Dagbladet in Sweden for two years.

Alma Media's Annual General Meeting on 19 March 2002 approved a dividend of EUR 0.20 per share on the financial year 2001. Amendments were made to the Articles of Association on the adoption of the euro, removal of the nominal value of the shares, abolition of the Supervisory Board, and removal of voting restrictions at General Meetings.

Alma Media adopted a new management model in April. The Group Executive Board was abolished and replaced with an Executive Committee comprising president and CEO Juho Lipsanen, the heads of the five divisions Juha Blomster, Pekka Karhuvaara, Raimo Mäkilä, Hannu Olkinuora and Heikki Salonen, Chief Financial Officer Ritva Sallinen and editor-in-chief Lauri Helve.

During the first quarter the Group's operating loss was reduced to less than half of the previous year's level.

The first phase in renewal of legislation governing the Finnish communications market was approved in June. The amendment to the act meant that the operating licence fee paid by MTV was halved from the beginning of July 2002, saving costs of approximately 7 MEUR in 2002.

The Alpress newspaper publishing companies Lapin Kansa Oy, Pohjolan Sanomat Oy and Kainuun Sanomat Oy were organized into a single operational subgroup called Northern Newspapers and headed from 1 August 2002 by Juha Ruotsalainen, president of Kainuun Sanomat Oy. At the same time he was also named president of Lapin Kansa Oy.

All the Group's divisions improved operational profitability during the second quarter. The comparable increase in operating profits was 16 MEUR.

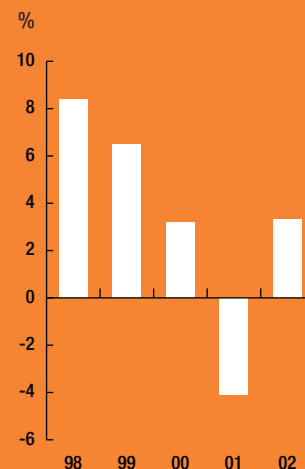
Alpress's profitability showed a clear improvement in the third quarter despite the general slump in media advertising. Broadcasting's net sales grew as well, following increased sales reported by MTV3 Channel. The Group's operating loss was 0.1 (5.7) MEUR, which included a 5.4 MEUR writedown on venture capital securities.

In December Alma Media sold its office and production facility in Vantaa for 15 MEUR, recording a capital gain of 5 MEUR on the deal.

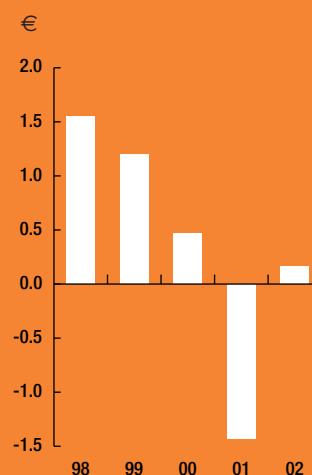
I too want to be top-of-mind when I grow up!



OPERATING PROFIT/LOSS
/ NET SALES



EARNINGS PER SHARE



Alma Media Group

Alma Media, the Top-of-Mind Media Corporation. This was the new vision the company chose for itself following re-evaluation of its values and strategy during the year. Alma Media ranks among Finland's top media corporations. Its core business is producing and adapting editorial content for various channels of distribution. Alma Media's most valuable assets are its media brands and skilled employees. The company's media reach virtually the entire population of Finland weekly and it can therefore offer advertisers comprehensive contact with most target groups. Alma Media earns roughly 60% of its revenue from advertising. Its corporate values are Freedom and Pluralism of Journalism, and a Spirit of Teamwork.

Vision: The Top-of-Mind Media Corporation.

ALMA MEDIA CORPORATION

Alma Media is listed on the Helsinki Exchanges. Its main businesses are newspaper publishing, the production and distribution of business information, television and radio broadcasting, contract printing services, and the production of classified services. Alma Media's consolidated net sales in 2002 totalled MEUR 485.9 and it has approximately 4 000 employees including almost 1 500 part-time employees.

NEWSPAPERS

The Alpress division publishes 21 newspapers with an aggregate circulation of 497 740 and approximately 1.6 million daily readers. Alpress also publishes nine town papers which have an aggregate print-run of roughly 210 000 copies. Alpress has printing plants in Tampere, Pori, Rovaniemi and Kajaani.

BUSINESS INFORMATION

Business Information Group (BIG) specializes in producing and distributing business and financial information. BIG's main products are Kauppalehti, the Kauppalehti television business news for MTV3 Channel, and Kauppalehti Online. The division also includes Balance Consulting, which generates financial analyses on companies; Baltic News Service, the leading news agency in the Baltic countries; Starfunds Finland, which supplies comparative information on mutual funds; and Efektor Oy, which focuses on business training.

TELEVISION AND RADIO

The Broadcasting division manages Alma Media's radio and television broadcasting activities. It comprises MTV Oy, which is responsible for the MTV3

Channel, MTV's interactive services and the cable channel Subtv. Broadcasting also includes Radio Nova (Oy Suomen Uutisradio Ab) and MTV3-Tele. It is additionally responsible for managing Alma Media's interests in the Group's 23.4%-owned associated company in Sweden, TV4 AB.

MEDIA SERVICES

Alma Media's Interactive and Alprint divisions were merged at the beginning of 2003 to form a new division, Media Services. In 2002 Alma Media Interactive (formerly New Media) consisted of MTV3 Interactive, classified services, other content services and support services. Alma Media Interactive was the largest provider of Internet based services in Finland in terms of number of users.

The Alprint division's products were magazines and regularly published catalogues. Alprint was also centrally responsible for purchasing Alma Media's printing materials.

The new Media Services division handles Alma Media's printing contracts, produces classified services (e.g. Etuovi.com and Autotalli.com), and provides various services (such as technical support) for the Group's core businesses.

PARENT COMPANY

The parent company is Alma Media Corporation. It has approximately 3 800 shareholders. The parent company also owns all the shares of its industrial subsidiaries as well as the Group's real estate assets. It handles the Group's financing and treasury functions and engages in securities trading and other investment activities on behalf of the Group. Corporate administration includes finance, corporate development and communications in addition to the Group's management. The parent company provides personnel administration and legal services for the Group.

Interview with the CEO

Priority on creativity – all set for growth



HEIKKI TYINYSNIEMI

President and CEO Juho Lipsanen (41) has headed Alma Media since March 2002. He joined the company from the international ABB group, moving back to Finland and the world of Finnish media after eight years in Switzerland. It was a big change.

“The media is interested in the media. I didn’t imagine how enormous the change would be, moving from a company of over 100 000 people to a media corporation with 3 000. The publicity surprised me. An industrial company of the same size would not get so much attention,” he remarks.

FROM MEDIA USER TO MEDIA EXECUTIVE

In Switzerland Lipsanen read the local press and watched international and local television. He also read Finnish newspapers including Kauppalehti and Satakunnan Kansa via the Internet. Satakunnan Kansa he learnt to read in his home town of Pori and at school he frequently had a copy of Kauppalehti in his desk.

“After I’d moved back I particularly noticed the high quality of the Finnish media. Newspapers in Finland are outstanding, both for their content and for their layout. Journalism is of a very high standard. Television, likewise, offers an interesting assortment of programmes while Finnish radio, especially Radio Nova, has gained national popularity. My favourite programme, because of the hours I work, is MTV’s Ten o’clock News in the evening.”

JOURNALISM AT HIS FINGERTIPS

There was an element of concern in Alma Media as to how someone with a degree in economics and coming from a technical background would feel at home in the world of journalism.

“One of Alma Media’s two values is Freedom and Pluralism of Journalism. This is the synthesis of careful deliberation by a large number of people and we believe the words mean what they say. For that reason we expect to follow them to the letter.”

Juho Lipsanen has been reading newspapers since a small boy. His window at home offered a fine view of the Satakunnan Kansa newspaper’s printing plant and its thundering presses. Shown here is also Tapio Vallin, the newspaper’s articles editor who wrote the piece.

One of Alma Media's values is Freedom and Pluralism of Journalism.

Lipsanen recalls with a smile how Alma's editors-in-chief have taught him about journalism; especially Kauppalehti's Lauri Helve, now on sabbatical, and Alpress's president Hannu Olkinuora, well-known in the field of journalism in both Finland and Sweden.

"I was given to understand that the editor-in-chief is worthy of praise but any interference in what he does is neither advisable nor possible. All the CEO can do is propose a change of editor-in-chief to the company's board of directors," Lipsanen laughs.

MANAGEMENT BY CONSENSUS

When Juho Lipsanen joined Alma Media in spring 2002, corporate management set as its main target the task of raising the company's profitability, achieving positive cash flow and a healthy bottom line.

Alma Media's vision is to become the Top-of-Mind Media Corporation in Finland. To do this, Alma Media will pursue a balanced strategy that emphasizes not only profitability but also good management of customer relations and priority on personnel training and competences.

"We are pleased that during the year we have managed to engage an increasing number of top professionals in our organization in the company's development," Lipsanen observes.

The main priority in Alma Media's strategy triangle was raising profitability and optimizing the balance sheet. Having reported profits for last year, Alma Media is indeed on the mend. There are several reasons for the improvement: weak businesses were restructured, developing businesses started generating a profit, and media sales increased in the electronic media, not to mention Alpress's continued improvement in profitability. Thanks are also due to Alma's previous top management which set the profitability programme in motion. The credit for sales growth, though, belongs to the new management.

Lipsanen stresses that profitability and cash flow will take pride of place in 2003 as well.

"We will continue to seek further cost efficiency in administration and by reducing all sorts of small cost items. Our aim is to raise the equity ratio to 45-55% and we will develop our capital structure in order to enable controlled growth."

Good cash flow is important for several reasons, not least because it ensures a dividend for shareholders that keeps the company's investors satisfied.

Lapin Kansa chose Juho Lipsanen to work as a summer stand-in editor for two days, giving the chief executive a close-up view of journalism at work. But he didn't write a single story. "I'm far too pedantic. Working at that pace I wouldn't have dared to pass on any of my work; it would have needed rechecking and re-rechecking."

ARI LEPPÄ



Interview with the CEO

Alma Media's corporate structure was reorganized around four divisions, compared to the previous five, at the beginning of 2003. A new division is Media Services which comprises Alprint and Alma's various embryo businesses such as Internet services. Media Services is also responsible for the Group's information technology. In Juho Lipsanen's view an essential element of Alma Media's strategy is the development of joint projects and issues, in keeping with the other of Alma's two values: a Spirit of Teamwork.

"We aim to create a spirit of teamwork between the divisions and a corporate feeling of togetherness. One of our principles is patience: things don't necessarily happen immediately, nor can they be changed with the wave of a wand."

A LOCAL PRESENCE IS A STRENGTH

A spirit of teamwork in Alma Media means doing things together. However, this does not mean for example harmonizing the Group's various newspapers along the same lines, Juho Lipsanen emphasizes.

"The local presence of the regional newspapers is their strength and a condition for their survival. Local news cannot be produced in a one-for-all editorial department. On the other hand there are many things we can work together on, and by doing this we in fact leave more opportunity for strengthening our all-important local presence around the country.

"Working together works best when we do new things together. Changing established practices is much more difficult."

MTV AND SUBTV IN THE FAST LANE

Digitalization was a major issue last year and Alma's own TV channels were heavily involved in the launch of digital television. Lipsanen admits that progress fell far short of the optimistic expectations then. Broadcasting technology was up to scratch in good time but the television set-top boxes needed by consumers did not reach the shops in time and therefore the financial targets were not reached.

"As with any new product, all the components must be in place: the technology, customers, timing, distribution and earnings logic. This time the timing was wrong, and we all paid dearly for that mistake."

Nonetheless he is satisfied with Broadcasting's development last year. MTV3 increased its market share, Subtv gained more viewers, and Radio Nova strengthened its standing as a popular national radio channel and advertising medium.

The Finnish market is big enough for the existing TV channels, Lipsanen thinks. The problem is the price of advertising time, which is well below Swedish or central European prices, for example.

"It is important to ensure that the entire sector remains healthy. The situation today resembles what it used to be in the Finnish sawmill industry: all had it good, or all had it bad."

Currently all major players have financial concerns. Whole sector needs to become profitable.

"Last year's reduction of the operating licence fee was a step in the right direction but it wasn't enough. The fee was cut but the problem remained. Our goal is to have the fee abolished altogether. It's a remnant from a past era. In a freely competitive environment companies should have other means of developing their businesses," Lipsanen says, emphasizing at the same time that YLE, the Finnish Broadcasting Company, should likewise have the means of focusing on its main role as a public broadcasting corporation.

SHARE PRICE MUST REFLECT HARD FACTS

Alma Media's share price has remained below 20 euros. Juho Lipsanen does not wish to hazard any guesses about the future; the share price will rise when the market decides there is good reason for it to rise.

We aim to create a spirit of teamwork between the divisions and a corporate feeling of togetherness. One of our principles is patience: things don't necessarily happen immediately, nor can they be changed with the wave of a wand.

"We have no wish to raise the share price by telling stories or painting pictures. The share price should be based on cold facts, which means a solid improvement in profitability. Investors decide what they consider to be a sufficient return on their investment; our job is to meet that target.

"One way we will improve our profitability is the new vision we have chosen for our group: the Top-of-Mind Media Corporation, with the emphasis on each word. Our media should be in everyone's mind, while our structure should be our strength. When customers need media and advertising solutions, the first company to come to mind should be Alma Media.

"As the media sector continues to fragment we must ensure we can offer our most demanding customers innovative new solutions. That is the only way we can maintain our position as the first choice for national advertisers.

"We wish to succeed together with our customers."

TAPIO VALLIN

The writer works as an article editor with Satakunnan Kansa.

cool pop

"Playing soccer's really great. But best of all is going to the trainer's car after the match for a cool bottle of pop. I don't even always remember if we won or lost when I take the first swig. That's what's best about sport."

Jesper Lindfors, schoolboy



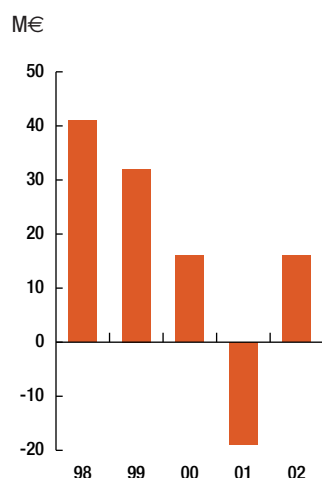
**Kotimainen
pääyhteistyöyritys**

ILTALEHTI

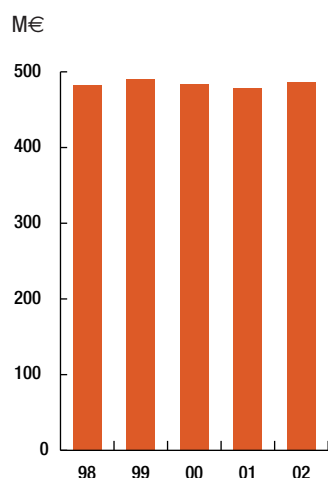
What's best about sport.

Advertising revenues account for roughly 60% of Alma Media's total income and newspaper circulation revenue for some 20%, the remainder coming from printing contracts and invoicing from online services. Alma Media represents about 27% of the total media advertising market in Finland. Alma Media's aim is to be the market leader in its selected fields of business. Supporting the Group's products and services are its acclaimed and well-known brands and a proud, committed workforce.

OPERATING PROFIT/LOSS



NET SALES



Three programmes of measures were started at the end of 2001 to raise cost efficiency throughout the company. MTV Oy, having reviewed its strategy, chose to focus MTV3 Channel on the production of news and current affairs programmes and outsource the rest of its programme offering. At the same time MTV made investments in digital television and the Subtv cable television launched in 2001 at a time when the media market was declining sharply and television advertising in particular had lost market share.

Alma Media Interactive reformulated its strategy as well. Many development projects were discontinued and the division gave priority to products and services that were already profitable and showing the fastest growth.

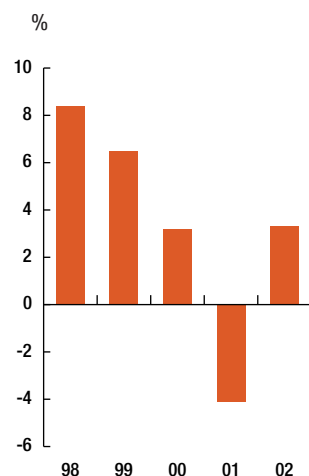
Alprint's magazine printing plants were merged with the modernized production unit in Rahola, Tampere, in 2000. Concentrating production in a large new plant created its own problems. It was decided therefore to scale down the unit's capacity to prevailing demand and change its business approach from focusing on production to prioritizing customers.

Alma Media's corporate management was renewed at the same time. Juho Lipsanen started as president and CEO, and Hannu Olkinuora as president of Alpress, on 1 March 2002. Pekka Karhuvaara at Italehti was named president of the Broadcasting division at the end of 2001. New management's task was to make sure the cost-efficiency programmes were indeed put into effect and to increase sales. Decisions were to be based on cash flow and the target was to turn the operating loss into operating profit.

Alma Media, consolidated balance sheet

M€	2002	2001	2000
Fixed assets	286.6	337.0	310.6
Current assets	117.0	116.4	116.5
Assets total	403.6	453.4	427.1
Shareholders' equity	160.8	161.5	200.3
Minority interest	1.5	2.8	2.7
Provisions	3.6	3.3	3.3
Liabilities	237.7	285.8	220.8
Shareholders' equity and liabilities, total	403.6	453.4	427.1

OPERATING PROFIT/LOSS / NET SALES



DIFFICULT MARKET CONDITIONS

The media market in Finland dropped in volume by 6% in 2001 and the slide continued last year. The Finnish economy grew barely 2% according to estimates and media advertising decreased by over 1%. The worst hit sector was business-to-business advertising, where Kauppalehti's advertising income was more than 10% lower than one year earlier. Nonetheless the Group performed better than the markets on average as Alma Media's advertising revenues increased 2.3% on the previous year.

Consolidated net sales rose 1.6%. The Broadcasting division's net sales grew by almost 6% and Alma Media Interactive's net sales by 18%. Net sales of the other divisions decreased slightly. Comparing 2001 and 2002, the biggest difference was due to a reduction in outside printing contracts handled by the Group.

ASSOCIATED COMPANIES WEIGHED HEAVILY AND OTHER INCOME FELL

Among Alma Media's associated companies, three in particular have a major impact on its financial performance: TV4 AB in Sweden, in which MTV Oy owns 23.4%; the 50%-owned Suomen Urheilutelevisio Oy (Finnish Sports Television), and 32.8%-owned Talentum Oyj, which is listed on the Helsinki Exchanges. These companies contributed an aggregate -9.3 MEUR to Alma Media's operating profit in 2002, which was 5.5 MEUR more than in the previous year. The most important factors were the investments in the Sports Channel and the deterioration in Talentum's profitability.

Alma Media's other income was 5.8 MEUR lower than in 2001 owing to the larger capital gains from property sales that year.

The biggest reason for the improvement in Alma Media's profitability was a reduction of 38.9 MEUR in expenses. Material costs were down by 12% because of the lower capacity load of the printing plants and more cost-effective materials control

key figures

M€	2002	2001	2000
Net sales	486	478	484
Operating profit/loss	16	-19	16
As percentage of sales	3.3	-4.1	3.2
Profit/loss before extraordinary items	9	-27	12
As percentage of net sales	1.8	-5.6	2.4
Equity ratio (%)	41.3	37.0	48.7
Gearing (%)	81.2	112.3	52.1
Capital expenditure	15	94	37
Full-time personnel on average	2 652	2 817	2 887
Earnings per share (€)	0.16	-1.43	0.47

Alma Media Group, income statement

M€	2002	2001	2000
Net sales	485.9	478.3	484.4
Associated companies, share of profits	-9.3	-3.8	4.5
Other operating income	8.8	14.6	7.4
Operating expenditure	-469.6	-508.5	-480.7
Operating profit/loss	15.8	-19.4	15.6
Net profit/loss	2.4	-24.1	4.9

Alma Media Group, cash flow statement

M€	2002	2001	2000
Net cash flow from operating activities	46.4	-4.0	21.9
Investments	-11.4	-28.3	-27.8
Proceeds from sales of assets	17.2	26.6	2.9
Change in assets	1.6	-64.5	-5.5
Cash flow before financing	53.8	-70.2	-8.5
Net change on loans	-44.3	76.9	17.0
Dividends	-3.3	-6.8	-11.0
Other financing	0.0	0.5	-0.4
Change in liquid assets	6.2	0.4	-2.9

Full-time personnel on average by division

	2002	2001	2000
Alpress	1 236	1 242	1 247
Broadcasting	490	550	623
Alprint	389	501	670
Business Information Group	357	270	176
Alma Media Interactive	131	183	106
Parent company	49	71	65
Total	2 652	2 817	2 887
In addition part-time personnel	1 418	1 343	1 349

as well as a 5% fall in paper prices. Cost-cutting measures initiated in the previous year also affected personnel costs, which decreased 11%. The average number of employees during the year fell by 165. The third major factor was a 6% drop in other costs.

Alma Media reported a clear operating profit for the year thanks to Broadcasting's increased sales and to higher productivity throughout the company. The operating profit was 15.8 MEUR compared to an operating loss in the previous year of 19.4 MEUR. The net profit for the year was 2.4 MEUR (2001: 24.1 MEUR net loss). EPS (earnings per share) was 0.16 EUR (−1.43 EUR). The Board's proposal to the Annual General Meeting is a dividend of 0.25 EUR per share.

ALPRESS'S OPERATING PROFIT GROWS BY ONE-FIFTH

Newspaper advertising revenues declined by 4.2% although Alpress was more successful than most, seeing a drop of only 2.4% in net sales from advertising and a rise in circulation sales of 1.8%. In fact all the Alpress business units except Italehti raised their circulation income. The afternoon newspaper market decreased in volume by some 6%.

Circulation and advertising revenues account for roughly equal proportions, about 45%, of Alpress's total revenue. The remainder is derived from content sales to non-group newspapers and from printing work. Other net sales declined in 2002 mainly because the volume of outside printing work decreased.

Alpress raised its cost efficiency in every quarter and, as the year proceeded, costs fell by altogether 8.3 MEUR, or 4.8%. The main reasons were the reduction in printing volume, more efficient internal processes and the lower price of paper. The improvement in performance raised Alpress's operating profit by one-fifth on the previous year to 27.2 MEUR (22.6) despite the fall in net sales.

BROADCASTING SHOWED BIGGEST IMPROVEMENT

MTV3 and Subtv accounted for an aggregate 44.3% (42.6%) of total prime time (18.00–23.00) television among 10–44 year-old Finns during 2002. The number of Radio Nova listeners rose as well. Television advertising in Finland increased 3.4% during the year and accounted for 19.1% (18.1%) of total media advertising. The Broadcasting division was the main driver in its sector and saw an increase in market share to 15.4% (14.3%).

Broadcasting also succeeded in translating its good viewer numbers into sales. The division's net sales grew 5.9% to 172.2 MEUR (162.6 MEUR). MTV3 Channel's net sales rose by almost 6% and Radio Nova's by a fifth, while Subtv's net sales more than doubled.

The division's costs fell during the year by 9.4 MEUR, a reduction of 5.1%, of which 6.9 MEUR was attributable to the halving of the operating licence fee from July onwards. Broadcasting showed a sharp improvement in profitability thanks to reduced costs and increased sales but despite recording an operating profit in the final quarter, the full-year's result was an operating loss, 7.9 MEUR (23.4 MEUR operating loss).

ALPRINT LOOKED TO ITS CUSTOMERS

Market conditions were again constrained in the contract printing market. Alprint has streamlined its operations and is now concentrating on attracting new publisher clients with strategic importance. In this, Alprint has also been successful.

Alprint's net sales for the year were 61.5 MEUR and it reported an operating loss of 1.2 MEUR. The division's comparable net sales rose by almost 1% while Alprint correspondingly reduced its operating loss by 7.1 MEUR. Exports to Russia grew 28% and to the west 11%. Domestic sales, however, fell 16%.

Group performance by division

M€	Net sales			Operating profit/loss		
	2002	2001	change %	2002	2001	change %
Alpress	201.3	207.9	−3.2	27.2	22.6	20.4
Broadcasting	172.2	162.6	5.9	−7.9	−23.4	66.2
Alprint	61.5	73.1	−15.9	−1.2	−7.2	83.3
BIG	43.2	44.0	−1.8	2.4	4.9	−51.0
Alma Media Interactive	18.5	15.7	17.8	0.0	−14.3	100.0
Parent company	15.5	16.3	−4.9	−4.1	−2.7	−51.9
Intragroup sales	−26.3	−41.3		−0.6	0.7	
Total	485.9	478.3	1.6	15.8	−19.4	181.4



BUSINESS ADVERTISING PLUMMETED

Kauppalehti's advertising revenue declined by 11% in pace with the market. The sharpest drop in advertising expenditure was seen in the telecoms and banking and finance sectors. Recruitment advertising was quiet likewise. The sluggish economic growth was also reflected in a 2% fall in Kauppalehti's circulation income.

BIG was so successful in its streamlining measures during the final three quarters of the year that its operational profitability remained only slightly below the previous year's level. Talentum's writedown in the final quarter shaved 2 MEUR off BIG's operating profit, which totalled 2.4 MEUR (4.9 MEUR) for the year. Talentum's profit contribution was -4.7 MEUR (-2.6 MEUR).

ALMA MEDIA INTERACTIVE FOCUSED ON PROFITABLE VENTURES

Alma Media Interactive's strategy was changed in 2001, with priority now placed on its businesses that were already profitable and growing the fastest. The new policy was successful as the division's net sales rose 18% and its result of operations improved by 14 MEUR despite the need to discontinue operations. The division reached its full-year target of recording an operating profit.

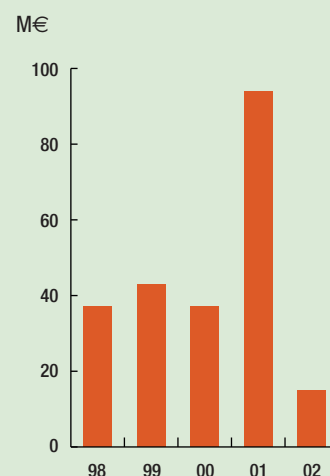
Alma Media Interactive's net sales totalled 18.5 MEUR, an increase of 29% in comparable terms. The strongest growth was seen in the MTV3 Interactive Internet service provider business, MTV3 Teletext and MTV3 Internet. Solid improvements in profitability were also registered by the NWS unit, and the multimedia content service units Ruokala.tv (cuisine) and Intervisio.

NET DEBT REDUCED BY 50 MEUR, BALANCE SHEET LIGHTER

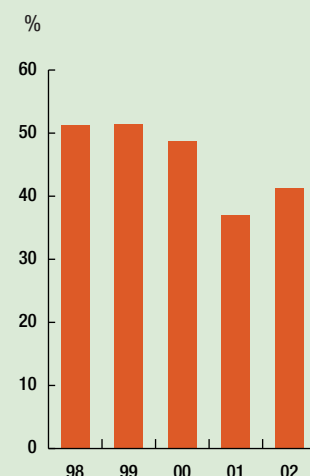
The Group's investments during the year amounted to 14.9 MEUR (94.4 MEUR). The high figure in the previous year was attributable to the 60 MEUR acquisition of the Talentum holding.

Cash flow strengthened significantly as a result of the lower level of investments, improved operational profitability and asset sales during the year, and this made it possible to make larger repayments of loan principal than planned. Interest-bearing loan capital amounted to 156 MEUR (200 MEUR) at the close of the period and net debt totalled 131 MEUR (181 MEUR).

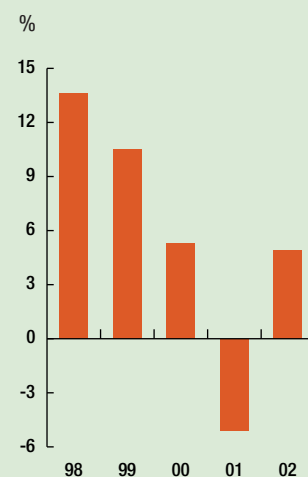
INVESTMENTS



EQUITY RATIO



RETURN ON INVESTMENT



The consolidated balance sheet total at the close of the year was 403.6 MEUR (453.4 MEUR). The biggest factors contributing to the reduction were asset sales and investments, which were lower than the level of depreciation. The equity ratio was 41% (37%) and shareholders' equity per share was 10.23 EUR (10.26 EUR).

SAME NET SALES WITH SMALLER WORKFORCE

One of Alma Media's top priorities last year was to increase cost efficiency. On a comparable basis, the number of full-time employees was reduced in all the divisions and total personnel in 2002 was more than 5% lower than in 2001 and over 8% below the level in 2000. In comparable terms, the reduction was more than 10% because Baltic News Service, which became a subsidiary in 2001, added roughly 160 new employees to the Group. The largest reduction in personnel numbers took place in the parent company (31%), Alma Media Interactive (28%) and Alprint (22%).

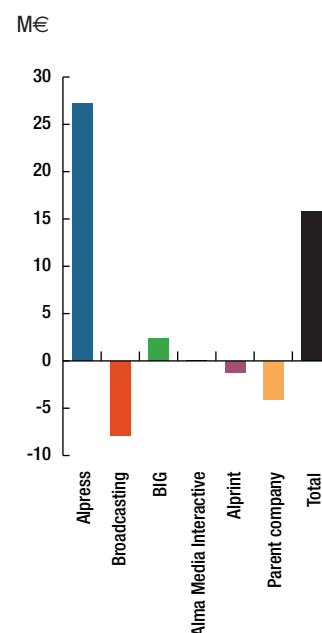
IMPROVEMENTS IN ALL CONDITIONS

In recent years Alma Media has placed heavy emphasis on improving profitability by cutting costs and raising internal efficiency. This work will continue. Barring a further severe deterioration in the company's operating environment, all the divisions are expected to reach or exceed last year's comparable profitability levels.

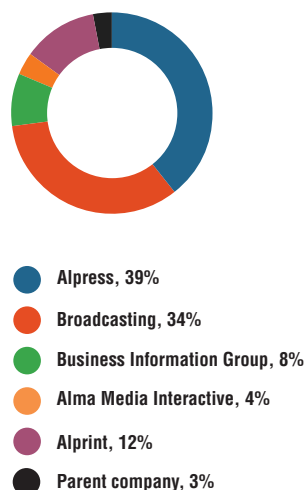
Sensitivity observations

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 electronic media	+1%	+1.5
Average interest on financing	+0.5%-point	-1.0

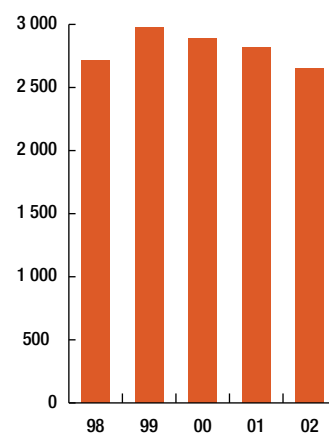
OPERATING PROFIT/LOSS BY DIVISION



NET SALES BY DIVISION



FULL-TIME PERSONNEL ON AVERAGE



A woman with long brown hair, wearing a dark blazer over a striped shirt, is seated at a dark, reflective desk. In front of her are several professional microphones on stands. A hand from the right side of the frame is using a black computer mouse. The background is a dark wall with a faint grid pattern and a line graph showing an upward trend.

Business news in real time.

Once his master's voice, **now the voice** of many

I joined Helsingin Sanomat as a financial editor in the early spring of 1967 from *Aamulehti*, where I was a news editor. At that time we hardly knew anything about business and financial journalism. At the risk of oversimplifying, it would be true to say that business journalism was just a matter of repeating the thoughts and statements of the decision-makers in print. Editing, at its best, meant polishing the language and style of these decisions and statements.

As I remember it, business journalism at the end of the 1960s and early 1970s worked more or less like this: the more experienced journalists picked the best of the day's press conferences for themselves in the morning meeting. Best, for them, apparently meant a conference offering a decent lunch. And lunches in those days were very 'liquid' indeed.

Once the experienced business journalist had finally struggled back to his desk rather late in the afternoon, the biggest job was to clip together the pages of the conference handout in the right order.

Business journalism, as we know it today, began to take off in the early 1970s. Newspapers started giving higher priority to the business and financial pages, more space was created for financial news, and its layout received attention. The 'Business Tuesday' pages of *Helsingin Sanomat*, the brainchild of Aatos Erkko of *Dagens Nyheter*, can be considered the first milestone along the path of modern business journalism.

Business journalism in Finland at the start of the 1970s was heavily slanted towards the banks. For some reason that is very



difficult to understand with hindsight, the banks' chief executives had a strong grip on publicity. The custom had somehow developed that it was necessary to ask their opinion on any projects and decisions that were in the least significant. The national budget, the latest collective bargaining agreement, or even some political decision to do with education – at worst we had as many as ten top bankers and other big names in the world of finance giving their comments. And they were printed.

Critical business journalism of the sort we expect today emerged around the mid-1970s. I personally remember how the new journalism started from a very simple revelation. Until then it was taken for granted that the thoughts of the decision-makers were simply copied into the newspapers verbatim. It was rare for a journalist's name to appear at the bottom of the article. Why should it?

The revelation was that editors themselves had amassed information, thoughts and views that were relevant, interesting and important.

With hindsight it is amusing to recall how the top employers' representatives, for example, came round to the Helsingin Sanomat offices to voice their horror at its business pages. I've since heard that also the extreme leftwingers, who at that time were fond of throwing their political weight around, did the same. It's amusing because both sides had diametrically opposed grounds for criticizing the 'new business journalism'.

The business journalism of the 1970s and 1980s is also different from today in the sense that many editors had direct and regu-

One sees just about everything in 36 years of business journalism.

lar contact with industrial leaders, civil servants and the political elite. This was both good and bad for business journalism.

From today's perspective it is obvious that these relations were too close. Getting information, though, was a lot easier.

The Securities Market Act passed in 1989 introduced a new and unprecedented dimension to business journalism. No longer could the directors of listed companies issue information about their companies, even background information, on the side. All parties in the market had to have the same information at the same time. This has revolutionized business journalism. The news sources of journalists have changed. Now information is sourced from analysts who often represent market players. There is a danger here that the media will be wrongly used.

The revelation was that editors themselves had amassed information, thoughts and views that were relevant, interesting and important.

The role of the media as the so called Fourth Estate has declined, at least its relative power. One might say that the relative power of the media is being reduced by the fifth, sixth and seventh estates – which, like the media, are also unofficial. The fifth might be the large trade unions, the sixth market forces and the seventh various national interest groups.

The media is now only one of these 'estates' – often critical of the others, dependent on them and even used by them. If the media once had too much power, they have only themselves to blame.

If the political elite, the business community or some other power player once led the media by the nose, the situation is hardly improved from the media's perspective if the media are now led by interest groups, environmental bodies, market forces or some other new estate.

LAURI HELVE



PETRI PUROMIES



Lauri Helve

Lauri Helve is one of Finland's most accomplished business journalists. Born in Helsinki in 1943, Helve graduated from the University of Tampere with a degree in newspaper journalism.

A reporter becomes a journalist only by writing. Helve has forged an outstanding career in the Finnish newspaper world. As a student he spent his summers working for the Etelä Suomi (South Finland) newspaper in Kotka and for Helsingin Sanomat, Finland's national daily. His first full-time job, however, was as a reporter for Aamulehti. Helve received his baptism of fire in business journalism at Helsingin Sanomat, where he worked from 1967 to 1984, graduating from business reporter to head of the business and financial newsdesk. The next five years he spent as deputy editor-in-chief of Ilta-Sanomat.

In 1969 Helve was invited to join Kauppalehti as executive editor-in-chief and the following year he was also appointed publisher with responsibility for the newspaper's business operations. A deep understanding of journalism and business also led Lauri Helve to take on certain administrative positions. In 1999 he was appointed to Alma Media's Group Executive Board to bring a journalistic perspective to this listed company's decisions. Helve has also served on the board of directors of Kauppalehti and as a senior executive in Alma Media.

In 2001 Lauri Helve was awarded the prestigious honour of Counsellor in the President of the Republic of Finland's annual honours list and the following year he was chosen to receive the State Prize for Journalism. He has also been awarded Medal of the White Rose of Finland, 1st Class, as well as the Central Chamber of Commerce's Gold Medal in recognition of a prestigious lifetime's work.

Helve is also a keen hunter in addition to his many positions of trust in the fields of media and journalism. This annual report, however, is not big enough to include his merits in that field.

Lauri Helve took a year's sabbatical leave from the company on 4 February 2003.

The media

A means of unhurried creativity

Unlike the anticultural movement of the 1960s, though, the new Internet cult shares the values of a free market economy.



Human creativity and renewal are often associated with a renaissance attitude, rebirth, and human thought at its broadest. In a culture that worships speed, managing one's own life and time can be a problem.

Typical of the information society is the growing power wielded by messages, images and information propagated by the media. 'Real' is what the media projects. We tend to compare our own experiences with the thrills and experiences relayed to us by the media.

People are seeking new thrills and the media offer them a dream society in which to try out these thrills. Through the media people define who they are, what they are like in relation to others, and what things form shared values and a 'shared memory' for them.

Shared experience can also mean a shared oblivion, especially when large groups of people are forced to move from their homes and are denied access to a media that maintains a shared memory, or else the media is silent about the past.

A media that people feel is their own and trustworthy is an essential everyday part of our lives today. Its services are also needed in media education, in schools and in civic work; the media can itself help citizens understand how the media industry is constructed, and thus educate the general public to take on the necessary role of critic and quality assurance expert.

A paradox of our time is the conflict between today's global networks and the essential individuality of each person using them. Although information, goods and money move worldwide, our identity as individuals is defined by our own experience, location and culture. The large global media of course provide all kinds of information and entertainment but it is the small media near us that can bring us into closer touch with real life. The Internet, for all its global reach, is a small medium close to individual people and available for everyone to use; knowing how to use the Internet, the small individual can obtain the information he or she needs in a world that is becoming increasingly complex and alien.

The latest challenges have arisen from the convergence and digitization of information and communication technology. Telecommunications, information technology, the Internet and other forms of electronic communication are converging in a way that is changing our entire economy, society, culture and the way we work and think. Services that rely on the new electronic highways are now prefaced with the letter 'e' for electronic, or 'm' to emphasize their mobility. People are rapidly learning to use a whole variety of media and even to make their own media by combining what they find to be of interest.

Nonetheless it is immensely difficult to predict how people's behaviour will change in all this. Interest in digital television, for instance, has been a lot weaker than expected, whereas who could have predicted the popularity of text messaging? The media might be able to serve different audiences, and at times that suit them. Yet shared and simultaneous experience of the media is important too.

Researchers frequently consider the social impact of the media. French sociologist **Philippe Breton**, for example, wrote in *Le Monde Diplomatique* about the 'cult of the Internet' comparing it to the anticulture movement that arose in the 1960s, notably among the hippies. This movement began on the west coast of America as a sort of lifestyle revolution. Its values distanced its followers from normal society; they preferred to seek affinity with eastern religions like Buddhism and a new form of community living, even to the point of emphasizing the restriction of individual freedom. Peace, love and altruism were the watchwords for society.

Breton considers that the popular movement arising around the Internet and which appears to be activating especially young people largely resembles the hippie movement, which then evaporated in the 1970s. Young people feel that society is not peaceful enough, nor does it satisfy the ideals of brotherhood or sisterhood. Unlike the anticultural movement of the 1960s, though, the new Internet cult shares the values of a free market economy.

A paradox of our time is the conflict between today's global networks and the essential individuality of each person using them.

Its special features include worshipping 'youth'. In Breton's opinion, people's identity is not determined by their social, racial or economic background but by what generation they belong to.

These conclusions might be wrong of course. In any event converging Europe is seeking to strengthen the skills of its citizens also in various media fields. This community, with its hundreds of millions of citizens and dozens of languages, requires a European 'media literacy' that enables the plethora of European cultures and histories to be understood. Although no pan-European media as yet exists the idea of a European media literacy is to create a European awareness of the role of the various media – both the electronic and new networked media and also the conventional print media – in order to build a common media reality, cultural identity and e-Europe.

A media culture that emphasizes media literacy and cultural heritage also emphasizes the ideals of individual freedom. People who have grown up in this spirit are culturally literate, critical media users. They watch television but they also see beyond what they see; they listen to the radio but are also able to choose what they listen to; they read and understand what they read; they can converse on different subjects, and if required they can also express themselves through different media.

The critical media user is able to combine technology, the arts and humanism and to recognize the values, the 'religion', underlying the media. Media education applies to children, parents and teachers, and should continue for life. Good media should work in partnership with the home, schools, the business world and the rest of society.

TAPIO VARIS

The author is Professor and Chair of Media Education in the Research Centre for Vocational Education, University of Tampere, and UNESCO Chair in Global e-Learning with applications to multiple domains.

Customers expect more and more

When Kauppalehti defined its place in Finnish society back in 1898, its main tasks were seen to be providing Finnish businessmen with business information and creating a bridge between the two. Today Alma Media's Business Information Group (BIG) generates business information for all media channels regardless of whether the recipient is male or female. Yet BIG's operations are still founded on the same original goals: reliable, top-quality journalism while maintaining a feeling of community among its publications' readers.

People are spending an increasing amount of their time with different media today. At the same time the number of media products and services is growing while competition for media customers is getting tougher. On the other hand the digitalization of information and the rapid spread of Internet technology, in all its various forms, have set in motion a fundamental change. At the hub of this process are several key groups, one of which are the media companies. From their perspective the force driving the new technologies has two salient features: unpredictability and complementarity.

The media consumer is also becoming a producer, participator, conversationalist, storyteller, gamer and developer of new forms of communication.

People's behaviour general changes slowly but feverish technological innovation can lead to very rapid change. Ten years ago roughly 10% of the Finnish population had a mobile phone – now almost 80% do. The number of devices in the world connected via the Internet has grown exponentially over the past decade and today more than half of all Finnish households have an Internet connection. This technology is creating new ways of communicating but these new forms of behaviour are given shape by complex social interaction and in ways that are often entirely unexpected.

So far the new media have not so much replaced as supplemented the conventional media, which themselves have changed

as well. Television has not displaced radio because radio has sought new roles for itself. Electronic media have not made printing redundant because they complement each other and the print media are developing all the time.

People today interact with the media in a variety of different roles; as viewers, readers, listeners, consumers and users of various services, independent of time and place. New, and increasingly active, roles in relation to the media are constantly emerging as well. The media consumer is also becoming a producer, participator, conversationalist, storyteller, games player and even a developer of new forms of communication.

In its brief history the Internet has shown itself to be an important means of creating and strengthening social contact and a channel for personal creativity. The explosive growth of the world wide web was due above all to the websites created by individuals, largely for fun. Tens of millions of people now produce their own media content and there are already more than one million in the world who update web logs.

Another typical dimension of the Internet today is the community dimension. A good example is the *kotikirkko.com* ('homechurch.com')

Media companies must be prepared for ever more demanding customers.

website awarded recently at the *MindTrek* information society show in Tampere. This website, developed by the parishioners of the Maunola Lutheran congregation, contains video material that reflects the interests and personal views of the church members.

It is much easier to modify, reuse and develop digital media than earlier conventional forms of communication. The best example of this is the various games and simulations that form the fastest growing segment of the entertainment industry; in addition to spending time in pre-designed virtual environments, gaming often includes an element of personal creativity as people enhance these worlds.

What this all means for media companies is that they must prepare themselves to face ever more demanding customers. Success in the future will depend on the ability to combine the strengths of professional content production with the individual needs of media customers, creativity, and a desire for social interaction.

MARKO TURPEINEN



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Laura (aged eight) and Aleksi (aged nine) Turpeinen are growing up using the media as a normal part of their schoolday.

The writer is technology director of Alma Media and a senior researcher at the Helsinki Institute for Information Technology. He has studied customized media content and computer-mediated communities since 1994 at the Helsinki University of Technology and Massachusetts Institute of Technology (MIT) in the USA.



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Operating environment

[The headwind slackens

The economic recovery that corporate executives so earnestly hoped for during 2002 failed to emerge. Economic growth was further slowed by the accountancy scandals that hit the headlines in the USA during the spring and summer, weakening public confidence in the stockmarket, while the end of the year was overshadowed by the increasing likelihood of war in Iraq. In Finland, the population took a cautious step towards a feeling of greater community. The public role of YLE, the Finnish Broadcasting Company, was the subject of further debate. The television operating licence fee was halved from the beginning of July, following protracted political discussion. A landmark censorship decision against a single media company spurred a lively debate on freedom of the press. Paper prices remained on average 5% lower than in the previous year.

The volume of media advertising continued to fall moderately but the decline was shallower than one year earlier. Advertising expenditure in 2002 totalled 1 052.8 MEUR, down 1.4% on the previous year. Media consumption remains high, however.

RADIO AND TELEVISION SUCCESSFUL

Radio advertising continued to soar and with growth of 10.1% was the success of the year. Television advertising grew more than 3% following the sharp fall in 2001. The newspapers lost media euros for the second year running, this time 4.2%, but they still remain the largest media category with a market shares of 55%.

Looking at the business sectors, the largest growth in advertising spending took place in domestic appliances and insurance, whereas the biggest shortfalls were felt by recruitment advertising, office and information technology advertising, and corporate services advertising.

Women are more active e-mail users than men



The retail trade is still the largest single advertiser (241 MEUR) in Finland. The arrival in Finland of the German retail chain Lidl further intensified competition in this sector, raising advertising volumes in the provincial newspapers. Of the large advertising sectors, spending was boosted most by cosmetics (12%), pharmaceuticals (11%) and foodstuffs (7%). A reduction in the car tax proved a shot in the arm for car sales and vehicle advertising at the end of the year, up 5% compared to 2001.

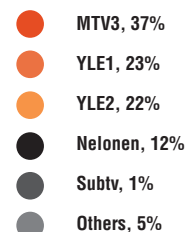
Among the major business sectors, spending was reduced most by information technology (–22%), telecom services (–8%) and banking and finance (–2%).

From the perspective of the business and financial press, the major advertising cost-cutters were telecom services (–50%), banking and finance (–31%) and information technology (–19%). Few sectors increased their advertising budgets: insurance raised spending in the business and financial press by 15%, while travel and transport kept its euro spending unchanged.

FINNS FOLLOW THE MEDIA MORE THAN 8 HOURS A DAY

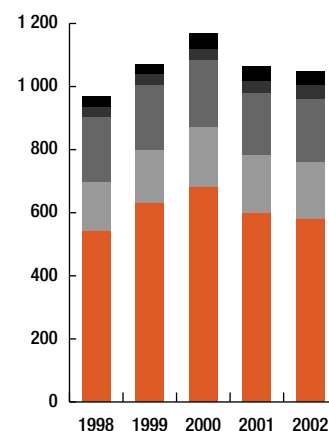
Television reaches the Finnish population better than any other media. According to the Intermedia survey, 96% of 12- to 69-

TOTAL VIEWING PER CHANNEL 2h 51min on an average day



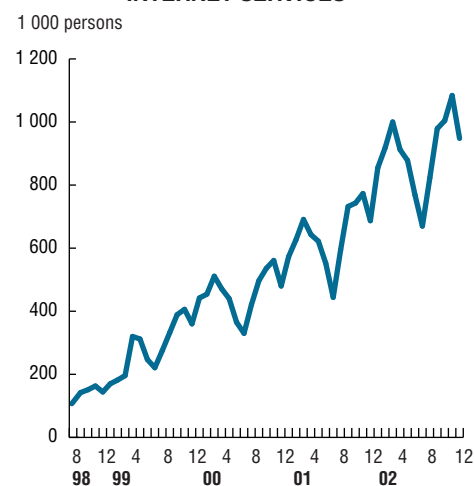
All, 10+ yrs (excluding video). Source: Finnpanel Oy

MEDIA ADVERTISING



Source: Suomen Gallup Group/Adex

VISITORS TO ALMA MEDIA'S INTERNET SERVICES



Source: WMT/IMR/Alma Media

year-old Finns watch television daily. The newspapers reach 86% of the population and radio 83%. The Finns spent altogether 9 hours, 22 minutes on average following the media every day, mostly the electronic media. According the Intermedia Survey, television's share was 3 hours 35 minutes, followed by radio, 3 hours 5 minutes. People spend 48 minutes reading newspapers and 21 minutes with the Internet daily.

WOMEN ACTIVE USERS OF NEW MEDIA

In many age groups women use the Internet, e-mail and mobile phones more than men. In 1996 it was just as usual for women to use computers as for men. By 2002 computers were becoming more widespread among women than men, and women are now more active e-mail users in the under-50s age group than men.

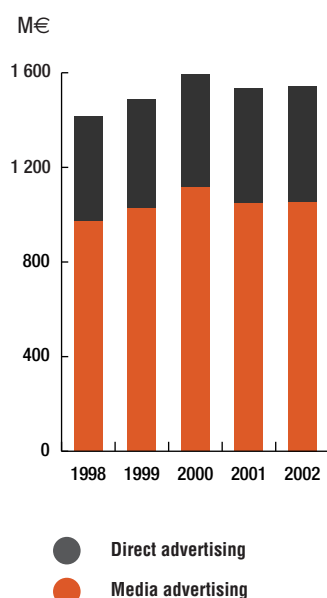
Where the Internet is concerned, the Finns lose out to their Nordic neighbours as well as the Americans and Canadians. But no-one can beat the Finns when it comes to using mobile phones; almost one-third of all Finnish households today have only mobile phones in use.

Digital set-top boxes were used by an estimated 40 000 households in Finland in November. MHP digiboxes reached the stores in time for Christmas. An estimated 65 000 digital set-top boxes passed through wholesalers' hands during 2002.

BROADBAND WIDELY ADOPTED

The number of households installing broadband connections has increased strongly. There were 61 000 ADSL connections in use in 2001, more than six times the previous year's total of 10 000. The 2001 figure, however, increased more than four times to an estimated 270 000 in 2002. Advertising of broadband connections grew 70% last year.

MEDIA AND DIRECT ADVERTISING



Source: Suomen Gallup Group/Adex

The advertising world spent all of last year eagerly awaiting a turn for the better. This year the recovery is certainly closer and next year is expected to be good.

The recession in 2001 has increased the popularity of new and cost-efficient advertising tools, but the importance of traditional media advertising has not changed in the least. The only thing that has become slightly easier is raising the profile of one's own brand as competitors reduce visibility. In the USA the market leader and the number two always advertise the most. Or as they say in the business: "Aircraft don't shut down their engines just because they are airborne".

TV advertising in the USA started to rise last year but the newspaper business so important to Finnish paper exports is not likely to recover until the second quarter this year.

According to veteran researcher **Robert J. Cohen** of *Universal McCann* and the best known of the gurus in the business, total spending on advertising in the USA will rise 5% this year compared to a modest growth last year.

Total advertising spending in the USA contracted 6.5% in 2001 from the record level in 2000. So if Cohen is right, US advertising investments will reach a new record this year of almost 250 billion dollars.

The big advertising magnet, the *Super Bowl*, has shown that more 30-second spots costing two million dollars each were sold this year than in 2002.

The situation in the Middle East is not helping confidence though the feeling is increasingly that 2004 will be an even better year for advertising, driven among other things by the US presidential elections and the Athens Olympics.

As advertising recovers, the methods of advertising change. The future of the 30-second TV spot is hanging in the balance, one reason being the increasing popularity of recordable DVDs. These can record programmes from several channels all day if desired while ignoring the commercial breaks. Next summer, however, the commercial channels that rely solely on income from advertising will try broadcasting programmes in which the sponsors' messages form an integral part of the programme itself, as in the *James Bond* movies for example.



Journalist Pekka Virolainen posed for his photo in front of the Columbia University library in New York. The university is well known for its faculty of journalism and as the venue where the Pulitzer prizes are awarded. Inscribed on the statue's pedestal is Alma Mater, the literal Latin translation of which is 'caring mother', but which today signifies seat of learning, or university.

Don't shut down

if you plan to fly!

The recession in 2001 has increased the popularity of new and cost-efficient advertising tools, but the importance of traditional media advertising has not changed in the least.

Direct marketing is increasingly challenging media advertising. Text messages and e-mail are new ways of reaching customers. In fact advertising agencies now spend more time on designing direct marketing campaigns than on traditional newspaper and TV advertisements.

The concept of advertising impact is evolving as well. The hidden impact of advertisements has again become the subject of debate. Researcher **Robert Heath** thinks that people choose their products subconsciously, so advertisers do not need to hit them with arresting, unforgettable ads; it's enough just to repeat the brand or name often. Major conglomerates like *Coca-Cola* and *Procter & Gamble* appear to believe in the power of simple, oft repeated adverts.

The biggest changes, though, are taking place in recruitment advertising. Although *Monster.com* and *HotJobs.com* dropped the dotcom appendage for image reasons they are the only new-millennium, Internet-hype companies still around today and among the advertisers at the Super Bowl, for example. It was largely as a result of these monsters that recruitment advertising in the USA contracted and at the same time drove newspaper advertising to below 20% of the total market.

The American quality press has not stopped to wait for a general improvement in the economy but is actively making its products more attractive to advertisers. At the beginning of the year these newspapers announced continued cost cuts coupled with better service; the *New York Times* is tar-

geting TV news, the *Wall Street Journal* has introduced a personal finance column, and the *Chicago Tribune* is reprofiling itself as the young people's newspaper.

The *Financial Times*, on the other hand, is investing in the quality of its main product to stay competitive when the market recovers.

PEKKA VIROLAINEN

The writer is a journalist with Talentum's Markkinointi & Mainonta (Marketing & Advertising). He studied the American advertising market in the beginning of this year.

Alma Media performed better than the market

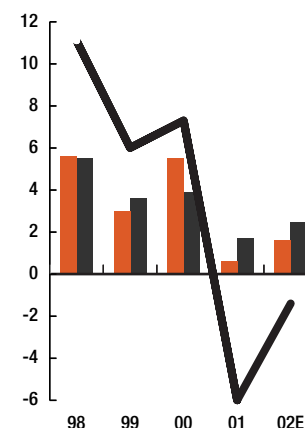
Media advertising, Alma Media vs. market

Change, %	Market	Alma Media
Newspapers	-2.5	-1.5
Business papers	-15.3	-12.8
Magazines	-2.9	-
Television	3.4	5.8
Radio	10.1	17.4
Internet	1.5	-4.6
Total	-1.4	2.3

Source: Gallup Media and Cognos database

GNP, PRIVATE CONSUMPTION AND ADVERTISING

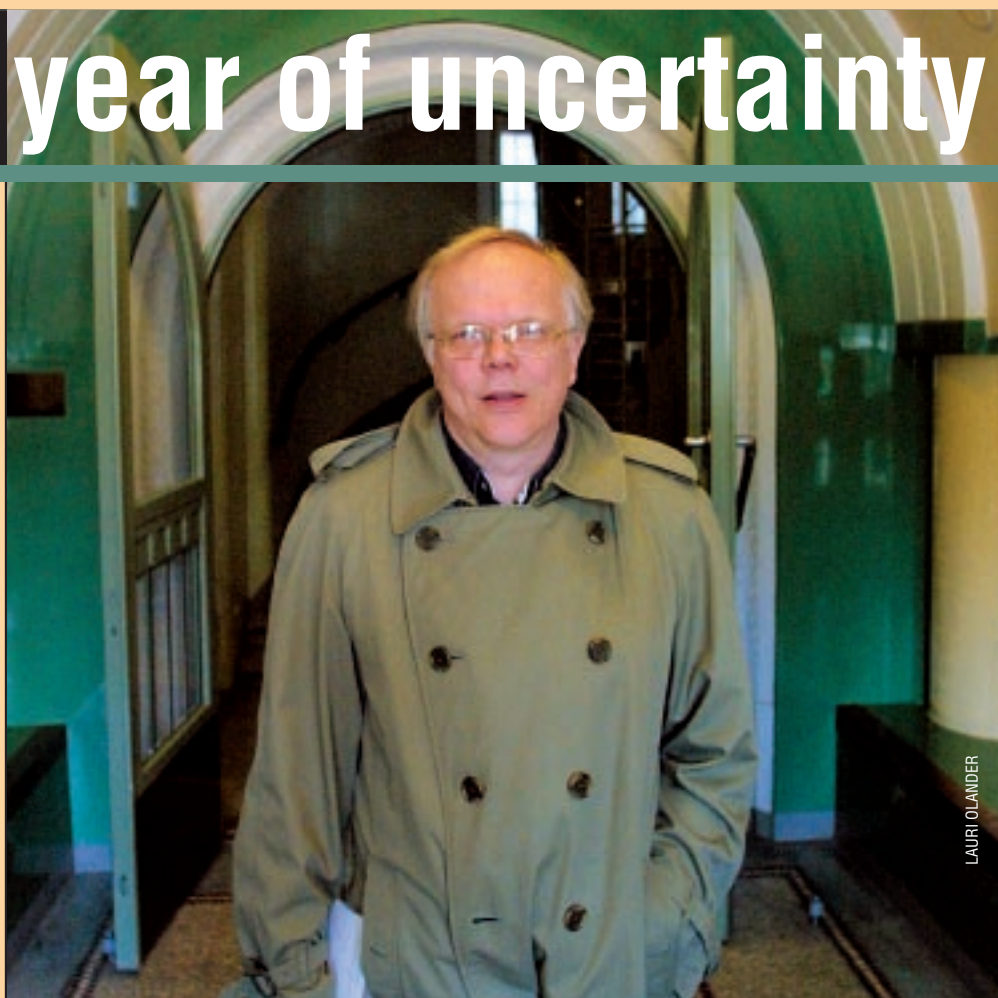
Change-%



Source: Suomen Gallup Group/Adex
Ministry of Finance

2003 a year of uncertainty

Kustaa Hulkko has worked as a Kauppalehti journalist since 1989. He writes as an expert on macroeconomics, economic policy and the financial markets.



LAURI OLANDER

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b Balance Consulting Oy
Know and act.

“Hope for the best, but prepare for the worst.”

Definitely an appropriate piece of advice as 2003 gets under way. Visibility is distinctly foggy. The long expected economic recovery has apparently once again been set back. At the time of writing the outlook is being made gloomier still by the uncertainty surrounding the prospect of war with Iraq. Will war break out? And if so, when? How long will it last and will the conflict spread beyond Iraq's borders?

Antti Suvanto, head of the Bank of Finland's economics department, has two scenarios for forecasting the year: one for 'no war' and the other for 'war'.

Should peace continue, the US economy could recover relatively quickly while the spluttering EU area will need more time.

Prospects in Finland, though, look optimistic indeed and the Finnish economy will pick up faster than in the rest of the EU.

Growth in GNP could reach 2.5% compared to last year's clearly lower growth. Consumer spend-

ing could rise to almost 3% while the housing and property market could change up a gear. Unemployment would rise temporarily but would fall again once the economy recovers.

Suvanto underlines, however, that this alternative is unfortunately more a matter of wishful thinking than a scenario to be taken seriously.

War breeds uncertainty

The global economy has a direct impact on Finland because as much as 40% of our total production is exported.

War affects the world economy in a number of ways. It can be an invigorating factor by increasing production of military supplies, but at the same time it erodes people's confidence in the future. It also accelerates inflation.

The basic features of the war scenario are a rise in oil prices coupled with uncertainty among companies and the public at large on when the conflict will begin and how long it will last.

How hard the war would hit the Finnish economy is of course an open question. If the con-

flict is short and sharp, our economy could come through with only minor damage.

If the war is prolonged, the main concern is growth in unemployment. Suvanto observes that companies competing for skilled employees have kept their workforces intact so far, despite the economic slump, because they have believed that recovery lies just around the corner. Strong balance sheets have made this possible.

Continued sluggish growth and unsettled conditions could dash these hopes. And if layoffs and redundancies get under way in earnest, consumer confidence will plummet.

How will the war scenario affect media performance? The worse of the two alternatives will reduce consumption and that will have a knock-on effect on newspapers and consumer advertising.

KUSTAA HULKKO

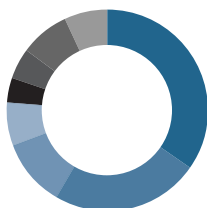
The writer is a Kauppalehti journalist.

Raises profitability

Alpress is responsible for newspaper publishing and printing within Alma Media. Alpress publishes the national afternoon paper *Ilta-lehti*, the daily newspapers *Aamulehti*, *Satakunnan Kansa*, *Lapin Kansa*, *Pohjolan Sanomat* and *Kainuun Sanomat*, and 24 local and town papers. Within Alpress, most of the local and town papers are published by the *Suomen Paikallissanomat* group.



NET SALES
201.3 M€



- Aamulehti, 35%
- Ilta-lehti, 24%
- Satakunnan Kansa, 11%
- Lapin Kansa, 7%
- Kainuun Sanomat, 4%
- Pohjolan Sanomat, 4%
- Suomen Paikallissanomat, 8%
- External printing services, 7%

Performance improved despite the decline in the newspaper media market.

The Northern Newspapers began daily collaboration.

The regional newspapers started systematic development of editorial content by analyzing readers' life-styles and attitudes.

Aamulehti raised its circulation, the only major Finnish newspaper to do so.

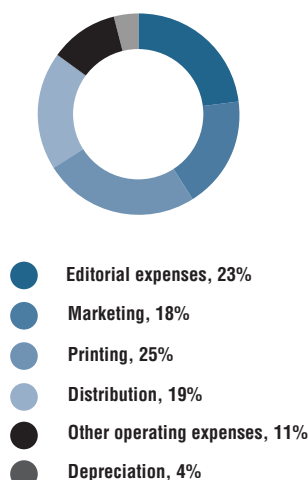
The main function of Alma Media's regional papers is to strengthen the vitality of their areas and the wellbeing of their readers.



Aamulehti's layout acclaimed

Aamulehti received an honorary mention in the layout competition organized by the Society for News Design Scandinavia. The front page in question (12 September 2001) carried the news of the New York terrorist attack. It was an editorial decision, following considerable discussion and thought, to portray this human tragedy in pictures rather than as a normal documentary article on the attack. The society's competition is held in high regard in European newspaper circles and this was Aamulehti's first such award. The language barrier still tends to block the success of the Finnish press in this competition; although we supplied translations with all the competition material, the link between pictures and text apparently did not work so clearly as the layouts of our Scandinavian competitors.

EXPENDITURE FROM PUBLISHING *)
169.1 M€



*) Excluding contract printing costs

The power of co-operation, Kainuu style

Kirsi Kela, Tuula Uitto-Korhonen and Titta Luukkonen –all sales managers for Suomen Paikallissanomat's local Kainuu papers have learnt to trust the power of working together. They are constantly coming up with new marketing tools and events and they also make sure they are used.

The girl power in the *Kuhmolainen*, *Sotkamo* and *Ylä-Kainuu* papers has also been appreciated earlier. Last year Kirsi, Tuula and Titta were jointly responsible for getting Suomen Paikallissanomat a marketing award.

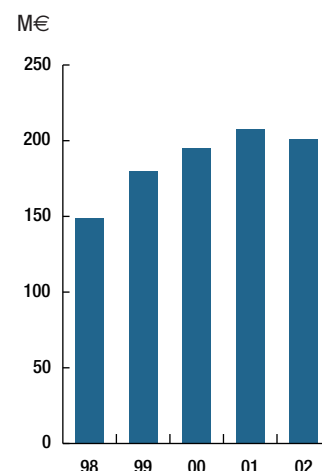
In making the award the judges noted that these sales managers had developed a profitable model of collaboration between the three papers, at the same time developing ideas for new products including a Kainuu package, a service directory and a local brochure for Russian tourists.

key figures

M€	2002	2001
Net sales	201.3	207.9
Share of Group net sales %	39	41
Operating profit	27.2	22.6
Capital expenditure	6.4	7.5
Depreciation, total	12.1	12.2
Amortization of goodwill *)	2.7	2.6
Capital invested, average	100.7	111.2
Full-time personnel, average	1 236	1 242

*) Included in Depreciation, total

NET SALES



Ilta-lehti has sponsored Finland's Alpine skiing team since 1996. This has involved organizing training courses in which the national team members have coached younger downhill skiers. Here, Sami Uotila signs his autograph for a young enthusiast.



Interview [Newspapers speak to the world at large]

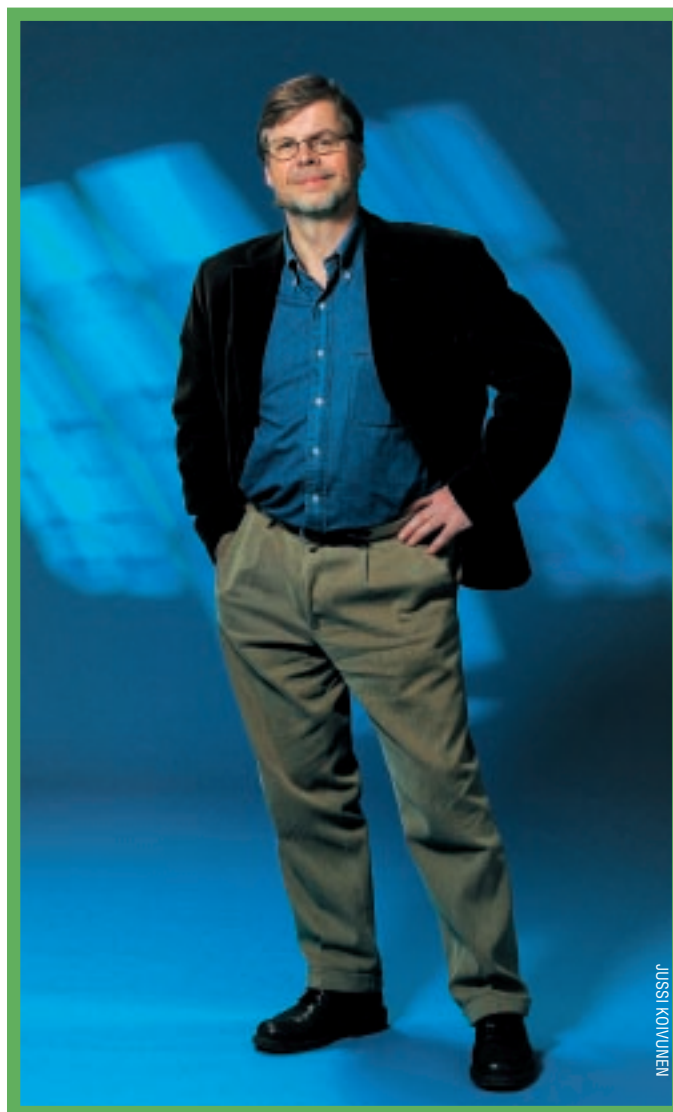
“If the newspaper hadn’t yet been invented, now would surely be the time,” thinks Hannu Olkinuora, president of Alpress. “Internet services and online chatting are really just communication between individuals. The information they carry is purely unconnected and not pulled together into any coherent form. It’s true that the future of the newspaper has been questioned given the emergence of the new media but the newspaper still exerts a strong social influence. The newspaper speaks to everyone at once.

“Journalistic content is of fundamental importance to readers. Alpress’s newspapers have made enormous and systematic efforts to identify what their readers want. If the editorial content is right and meets readers’ wishes, the newspaper will be needed and a pleasure to read. A newspaper that interests its readers will also interest advertisers. Attract the advertisers and you give the readers an even bigger package. In this way the newspaper also functions as a marketplace, serving both readers and advertisers.

“It is important for the advertiser that the newspaper helps him reach people living close to his place of business. This is particularly true of local retailers, of course, who are well aware of when and where people go to buy what they want. The newspaper that offers good coverage of areas that are important to advertisers will do well,” Olkinuora summarizes.

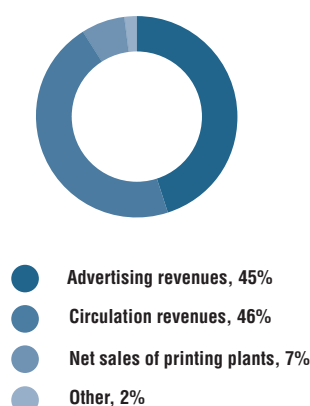
IMPROVING QUALITY

“Products and processes should be the subject of continuous development. Last year our Satakunnan Kansa paper renewed both its layout and the way its editorial team works. We are keeping a close and continuous eye on Aamulehti, revamped in 2001. According to a brand survey conducted by Aamulehti, more than one-third of its readers say the newspaper’s content has improved over the past year, while almost half say the same about its layout. To keep

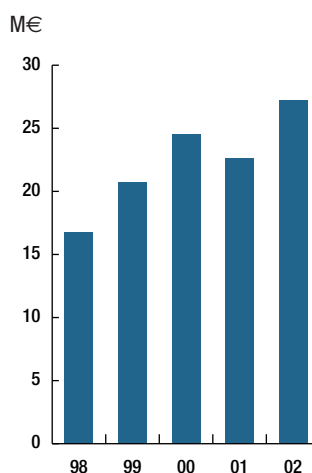


If the editorial content is right and meets readers’ wishes, the newspaper will be needed and a pleasure to read. A newspaper that interests its readers will also interest advertisers.

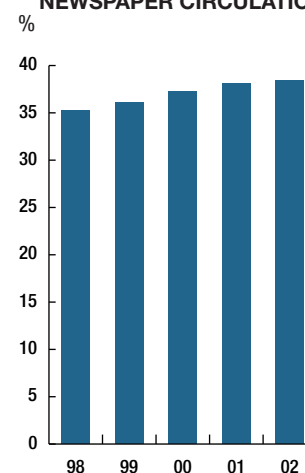
INCOME 201.3 M€



OPERATING PROFIT



ILTALEHTI'S SHARE OF AFTERNOON NEWSPAPER CIRCULATION



Source: Finnish Bureau of Circulations

your place and survive you must keep running, and that also applies to newspapers,” Hannu Olkinuora says.

“The main function of Alma Media’s regional papers is to strengthen the vitality of their areas and the wellbeing of their readers. The same applies to local papers in their respective areas. The editorial offices are very independent.”

Alpress supports this strategy by ensuring that investments serve this function. Chaining means replicating best practices and raising processing efficiency in all Alma newspapers. Alpress is targeting profitability by concentrating its expertise in skill centres. This strategy involved organizing its three northernmost provincial newspapers into a single business entity, now called Northern Newspapers. More about Northern Newspapers on page 35.

The editorial information system Doris has been adopted by all the other Alma Media newspapers except Aamulehti, which will bring it into operation by the spring of 2003. Using a common editorial system throughout the Group makes it much easier to share and use editorial material, also cross-divisionally between Kauppalehti and Alpress.

HALF OF REVENUES FROM ADVERTISERS, HALF FROM READERS

Roughly half of Alpress’s income comes from advertising and half from circulation revenue. This figure varies among the newspapers; Ilta-lehti, for example, gains 70% of its income from circulation revenue whereas the free papers have no circulation revenue at all, deriving all their income from advertising.

Alpress succeeded once again in improving its profitability despite the contrary winds of the market. Cost-cutting measures undertaken early in the year brought results.

Ilta-lehti’s result remained unchanged on the previous year. This was made possible, despite a fall in circulation, by an increase in the paper’s weekend price and by cost cuts. Exceptionally big news items raised the circulations of the afternoon newspapers in 2001 but in 2002 circulations fell. Ilta-lehti put special focus on sports news introducing its

Net sales of major newspapers

	Net sales, M€	Circulation sales change,%	Advertising sales change,%
Ilta-lehti	49.2	-1.2	-3.8
Aamulehti	65.5	5.6	-3.8
Kainuun Sanomat	7.9	1.6	-5.7
Lapin Kansa	12.4	2.8	-1.3
Pohjolan Sanomat	9.4	2.5	2.2
Satakunnan Kansa	21.5	0.8	1.5
Suomen Paikallissanomat	16.8	5.4	-3.4

Readers and average number of pages

	Readers ¹⁾	Average number of pages in main paper
Ilta-lehti	703 000	63.3
Aamulehti	328 000	42.3
Kainuun Sanomat	69 000	23.1
Lapin Kansa	94 000	23.5
Pohjolan Sanomat	67 000	23.2
Satakunnan Kansa	144 000	28.2

¹⁾ Suomen Gallup-Group, National Media Survey
autumn 2002/spring 2002

own Sport supplement. The newspaper also decided to withdraw from personal services advertising, which the majority of its readers did not approve of.

MAKING BUSINESS FROM ARCHIVES

"I'd be surprised if in a few years' time the Finnish newspapers didn't have shared access to their archives," says Hannu Olkinuora.

Demand for archived information has grown considerably in recent years, a major reason being the increasingly widespread use of the Internet. Getting things done online rather than in the conventional way is now often a lot easier and the threshold for seeking information on the Internet is now lower.

"Databases simply can't compare with editorial information. If you find a committee's decision, you first have to work out what the decision means. A newspaper article on the subject, however, will tell you immediately, plus a lot more you probably wouldn't even think about."

Archived information is needed in both local government and education. The important thing is that information is comprehensive; if so, people are willing to pay for it.

GROWTH IN NEWSPAPER PUBLISHING, WHERE FROM?

The population in the Tampere region has grown faster than forecast.

"Aamulehti is published in an area of net population gain, which gives it a natural opportunity to grow. Of course that will also take work because people need longer than before to settle down in a new community. Newspaper reading has not declined as such but it now takes longer for new arrivals to subscribe to their new local newspaper," Hannu Olkinuora describes.

The number of single households is increasing continuously and in Tampere this segment accounts for as much as 45% of all households. Single people subscribe to newspapers less than others since many are able to read them outside the home and subscribing to a newspaper for just one person may feel expensive.

Ilta-lehti has potential for growth. For the past eight years the newspaper has taken market share from its competitor. Some of Alma Media's local newspapers have growth potential as well.

"Apart from that we will be seeking growth through industrial consolidation," Hannu Olkinuora promises.

TERHI LAMBERT



Aamulehti takes control

Producing a newspaper calls for a wide range of skills. Aamulehti went out of its way to establish what core competences really are and if it has the competences it needs for the future.

The process took two years during which Aamulehti defined its core competences from newspaper production to understanding the social climate, the skills and knowledge it needs in the newspaper business, its expertise in various functions, and competences common to the whole newspaper. The assessment was made by Competence Teams set up by function. The teams also listed the professional skills required in their respective operations as well as competence profiles for setting the skills required for different tasks.

"We started with Aamulehti's vision and strategy," says **Timo Vesalainen**, director, finance and administration. "Our aim was to ensure that the expertise of our employees matches the evolving world we

live in. We also wished to create a uniform set of procedures and common information system for competence management in the company".

All the information was collected in one place and each employee can view and update his or her own information at any time on *Akkuna* ("Window"), the Alma Media intranet.

"Information creates pressure," Vesalainen acknowledges. "We found plenty of gaps to fill, but on the other hand we also recognized strengths on which to build. Each Aamulehti employee is the best judge of his or her strengths and development needs. Competence management ensures that this valuable information is in one place, in a uniform format and available for the entire company."

Competences and goals are reviewed regularly, most recently for the needs of the year in progress. Competence analyses also form the basis for defining training needs. "Now we know, both at the personal and corporate level, exactly what training we need to provide and how."

TERHI LAMBERT



Pioneers of co-operation

Local newspapers and The Northern Newspapers

“**T**he Northern Newspapers make a natural combination in which collaboration is possible in every area,” says **Juha Ruotsalainen** who was appointed to head the new business unit last August.

Alpress formed the newspapers it publishes in northern Finland into a new business unit called Northern Newspapers that started operating on 1 August 2002. Regional newspapers are nothing new to Alpress, whose Suomen Paikallissanomat group, with annual sales of around 17 MEUR, specializes in turning small newspapers into a bigger business. Net sales of the northern newspapers is roughly 30 MEUR, plus sales to other newspapers and external sales of printing services. Northern Newspapers has more than 300 employees.

The aggregate circulation of the newspapers exceeds 80 000. The largest, with 35 000 copies, is Lapin Kansa, published in Rovaniemi. Ranking in joint second place are *Kainuun Sanomat* in Kajaani and *Pohjolan Sanomat* in Kemi, followed by *Koillis-Lappi* in Kemijärvi, the Kajaani town paper *Koti-Kajaani*, and the Rovaniemi town paper *Uusi Rovaniemi*. These town papers have an aggregate print run of 60 000 copies.

Growing circulation income despite migration

All the Northern Newspapers are published in areas that are losing population. Nonetheless in recent years most of them have succeeded in raising circulation revenues.

“We have prevented a fall in circulations by a successful pricing policy. We’ve raised prices more than the fall in volume while keeping our circulation structure healthy,” Juha Ruotsalainen describes.

The subscription coverage of the newspapers in their areas is almost 70% so they are paid for by almost seven out of ten households and read by some 230 000 local northerners. In other words, each newspaper is read by eight out of ten people over the age of 12.

“The only way of keeping regional and local newspaper publishing viable is to improve profitability. We need to use our resources very carefully to ensure that each newspaper truly reflects the feelings of its local readers. These newspapers are expected to be strongly local in content even though they include national and international news. Fostering local interests is vital to their continued wellbeing and something we consider non-negotiable however much we support greater editorial co-operation.”

SPS leads the way

Suomen Paikallissanomat (SPS) has been in operation since 1990. The group initially consisted of six newspapers. Today the total is seventeen: 14 are regional papers and three are town papers. Each regional paper is the leading medium in its area and the most important source of news. All are closely involved in what’s happening in their regions. The SPS newspapers have been working

The 2–5 day/week newspapers in the SPS group have a common producer who coordinates 11 monthly theme supplements for them every year. From the beginning of 2003 producer **Tapani Kusnetsoff** has worked at the offices of *Valkeakosken Sanomat*. The monthly themes vary from cars to the home and travel. The supplement normally has 12 pages, eight of which are common to all the newspapers and four specific to each region. The supplements are printed and published simultaneously with the newspapers.



MARKKU LESKINEN

Juha Ruotsalainen was appointed to head the new Northern Newspapers unit.

together in all areas of newspaper production for more than ten years.

“Having a common stock of articles on issues of current interest, the editorial departments can each focus on their own local news stories. Co-operation, for these regional papers, is of central importance,” says **Jorma Valkama**, president of SPS.

TERHI LAMBERT

Audited circulations, editors-in-chief, print runs and number of issues

	editor-in-chief	Issues/ week	Audited circulation (LT 2002)	% change (compared to 2001)
Ilta-lehti	Petri Hakala	6	126 321	-6.1
Regional papers:				
Aamulehti	Matti Apunen	7	136 028	0.4
Kainuun Sanomat	Matti Piirainen	7	23 024	-0.8
Lapin Kansa	Heikki Tuomi-Nikula	7	34 924	-1.1
Pohjolan Sanomat	Heikki Lääkkölä	7	22 661	-1.8
Satakunnan Kansa	Jouko Jokinen	7	55 904	-1.8
Local papers:				
Kankaanpään Seutu	Antero Karppinen	2	10 607	0
Koillis-Häme	Pekka Hyytinen	4	6 943	-2.7
Koillis-Lappi	Anita Seppänen	2	5 069	-3.7
Kuhmolainen	Martti Huusko	2	6 124	1.6
Kurun Sanomat	Martti Jaatinen	1	2 442	1.6
Merikarvialehti	Antero Karppinen	1	3 405	1.8
Nokian Uutiset	Martti Jaatinen	3	8 387	-0.5
Pyhäjokiseutu	Marjaana Knuutila	3	8 418	-2.0
Raahen Seutu	Martti Nousiainen	4	7 861	-1.3
Sotkamo	Anssi Väisänen	2	5 354	2.4
Suur-Keuruu	Jukka Ignatius	3	6 485	-0.9
Sydän-Satakunta	Timo Simula	2	8 111	0.4
Uutismarkku	Antero Karppinen	1	3 510	-1.1
Valkeakosken Sanomat	Pekka Walden	5	7 859	-0.9
Ylä-Kainuu	Anna-Leena Rauhala	2	8 303	1.5
Town papers:			Print run 12/2002	
Hervannan Sanomat	Vesa Kangas	2	22 500	2.3
Jokilaakso	Timo Simula	1	11 700	13.6
Koti-Kajaani	Simo Hyttinen	2	28 400	0
Kuriiri	Tauno Impiö	1	6 300	0
Länsi-Sanomat	Veli-Matti Heinisuo	1	26 500	-7.0
Meän Tornionlaakso*)	Tuomo Korteniemi	1	6 500	0
Porin Sanomat	Markku Kontto	1	47 500	-2.1
Raahelainen	Terttu Rusila	2	16 900	0.6
Uusi Rovaniemi	Taru Salo	1	30 700	0
Vekari	Teijo Mäki	1	21 100	14.1

*) 50% holding

The latest circulation figures at <http://www.levikintarkastus.fi/>

Publishing localities and addresses at http://www.almamedia.fi/eng/investor/contacts/contact_2



broadcasting

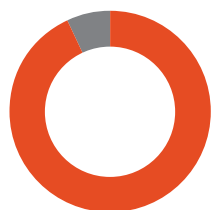
Information, entertainment and the power of attraction

The Broadcasting division is responsible for Alma Media's television and radio broadcasting activities. It comprises MTV Oy, which manages MTV3 Channel and the Subtv cable channel, as well as Radio Nova (Oy Suomen Uutisradio Ab) and MTV3-Tele Oy. Broadcasting also records a 23.4% profit contribution (including goodwill amortization) from its associated company TV4 AB in Sweden. Digital operations consist of the digital MTV3 and Subtv channels, a 50% holding in the digital sports channel Urheilukanava, and digital TV development activities. Broadcasting's objectives are the most popular content and brand names in electronic communications and entertainment.



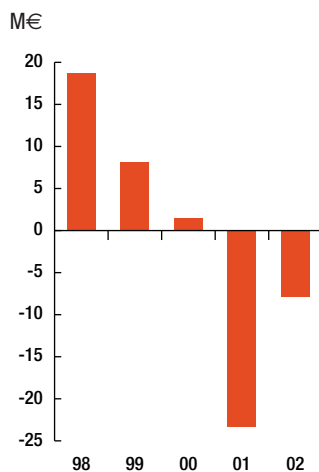
News and current affairs programmes accounted for roughly one-fifth of MTV3 Channel's programmes last year. Of viewers below 45 years of age who watched the news in the evening, 56% chose MTV3 Channel's offering in 2002.

INCOME
172.2 M€

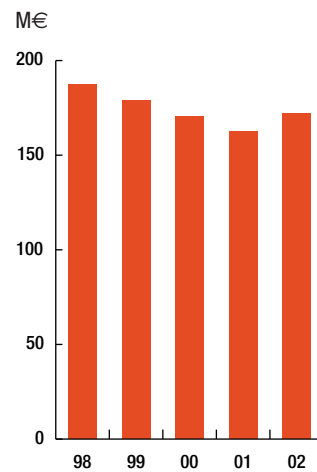


● Advertising sales, 93%
● Other sales, 7%

OPERATING PROFIT/LOSS



NET SALES





Fifteen yellow scooters with the Radio Nova logo snaked their way through a sweltering Finland during the summer. The month-long campaign, covering two thousand kilometres, created wide visibility for Radio Nova throughout the country.

HANNU PUUKKO



HANNU PUUKKO

**Net sales from television advertising increased by 3.4%.
Television's share of total media advertising rose to 19.1%.**

MTV3 Channel's advertising sales grew 5.8%.

Radio Nova had an outstanding year. Listener figures rose substantially and sales of advertising time increased more than 20%.

The operating licence fee levied on commercial television channels was halved at the beginning of July. This reduced MTV's costs by some MEUR 8 in 2002.

MTV3 Channel's and Subtv's aggregate share of total prime time viewing averaged 39.5%.

key figures

M€	2002	2001
Net sales	172.2	162.6
Share of Group net sales %	34	31
Operating profit	-7.9	-23.4
Capital expenditure	4.0	12.4
Depreciation, total	8.1	7.8
Amortization of goodwill	0.5	0.2
Capital invested, average	187.7	179.8
Personnel, average	490	550

EXPENDITURE
175.5 M€



- Variable programme costs, 36%
- Licence fee, 15%
- Personnel expenses, 18%
- Other expenses, 15%
- Network rental fee, 11%
- Depreciation, 5%



STILL PHOTO OF RADIO NOVA'S COMMERCIAL

[Quality is always worth the price

When Pekka Karhuvaara, editor-in-chief of Iltalehti, was appointed president of MTV Oy and head of the Broadcasting division at the end of 2001, the answers he brought with him were simple indeed. "Our first priority is to ensure the quality of our programmes, look after our staff, and see that our sales and marketing are really high powered. Once these are in place, nothing can threaten television's position as the most effective means of national brand advertising." These ideas put Broadcasting back on track in 2002.

"Remember that we have only just turned the corner and we are still far from achieving our targets," Pekka Karhuvaara points out.

"MTV3 Channel is rated as a quality channel by European standards. With a 40% share of total viewing time, it reaches practically everyone in Finland every week. This is no accident – it's the result of a few strict principles of programme quality. As a major national television channel it goes without saying that we offer only the very best domestic entertainment and quality.

"The same thinking applies to MTV's news and current affairs programmes. We already hold top place in news broadcasts, and we will further reinforce this position in the spring

when we introduce an entirely new type of current affairs programme scheduled for the toughest prime time slot on Saturday evenings," Karhuvaara promises.

Quality also means bringing interesting sports events to the screen. And of course the largest channel in the country must show the best international series along with movies people really want to see.

"We equate entertainment with quality just as we do with news broadcasts."

LARGEST ADVERTISING MEDIUM IN FINLAND

There's no short cut to high audience ratings, Karhuvaara thinks.

"The aggregate viewing figures for our channels are exceptionally high, also by international standards. We have no intention of letting that position slip because a high share of total viewing time is the only way MTV can keep its position as Finland's largest advertising medium."

MTV has given high priority to reorganizing sales and the improved quality of service has not gone unnoticed by MTV's clients.

"Being part of a large media corporation is an undoubted benefit for MTV3 Channel. It ensures that collaboration is seamless between the two television channels – MTV3 Chan-



MTV3 Channel broadcast more than 4,300 hours of programmes during the year, not counting chat and games programmes during the night. Of the total, 46.3% were domestic and 53.7% of foreign origin.

The morning programmes were changed in spring 2002. *Fine Morning* (left), broadcast after *Good Morning Finland*, is a magazine-type programme that leads viewers gently into the new day. New episodes of the *Cold Feet* series (right) in summer 2002 each attracted about 500 000 viewers for MTV3 Channel. Domestic drama is strongly represented in the channel's schedule. *Couples* (lower right) was a new series launched in the autumn on the ups and downs of relationships.



PHOTOS: MTV3 CHANNEL'S PHOTO ARCHIVE

Television advertising of Radio Nova has clearly increased the radio's listeners. The ad's idea is that Radio Nova travels with its listeners from morning to night, entertaining them throughout the day and throughout the country.

nel and Subtv – and also with the national radio channel Radio Nova. Added to that we also have access to the Group's expertise in interactive services.

"We have high hopes of integrating television, radio and Internet services into a single package that offers advertisers access to their target groups around the clock."

"We need new service models while advertisers are looking for new services. We cannot reach our commercial targets by focusing simply on spot advertising. Right now spot commercials in Finland are the cheapest in Europe, which is one reason why Finland's commercial channels are performing weakly. We are doing our best of course to raise prices to a healthy level, but above all we are trying to identify new types of service for advertisers that offer them added value and for which they are willing to pay extra. That's market economics," Karhuvaara states.

SHOW BUSINESS IS ITS OWN BUSINESS

'There's no business like show business', as the Americans say. Karhuvaara agrees. Where online communications is concerned, a good team spirit is a vital factor in production.

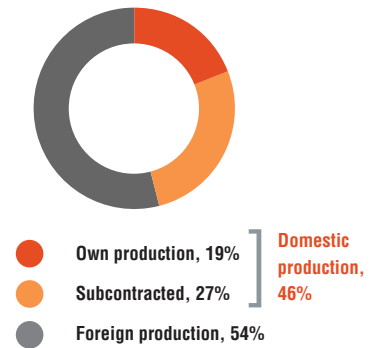
"We have experienced the feeling of success a number of times, in MTV3 Channel's and Subtv's audience figures, and especially in MTV's and Radio Nova's sales growth. Success tends to breed success, espe-

'There's no business like show business', as the Americans say. Karhuvaara agrees.

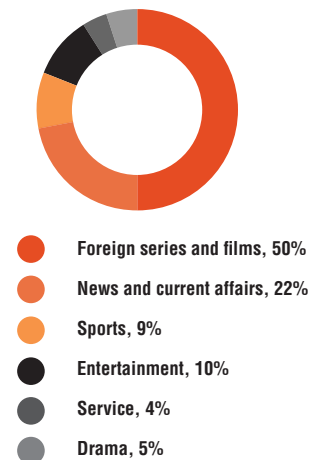


In the summer MTV held a large free concert in disused railway premises featuring the British band Suede and The Ark from Sweden in addition to Finnish artists. The occasion was also used to invite customers and partners of MTV, Subtv, Sports Channel and Radio Nova to enjoy MTV's hospitality, which included a special appearance by MTV's president, Pekka Karhuvaara, as the soloist in MTV's own group, House Band. On the right, Leena Malinen, the lead singer.

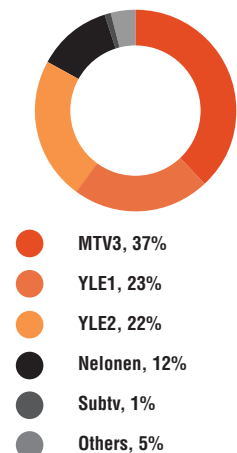
MTV3 PROGRAMMING BY TYPE OF PRODUCTION



MTV3 PROGRAMMING BY TYPE

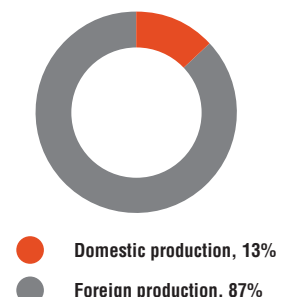


TOTAL VIEWING PER CHANNEL 2 h 51 min on an average day



All, 10+ yrs (excluding video). Source: Finnpanel Oy

SUBTV PROGRAMMING BY TYPE





Why aren't we watching digital TV yet?



'Cos the shopkeepers didn't get those boxes in time.

Removal of the operating licence fee would help to accelerate Finland's entry into the digital era.

cially if the underlying reasons are appreciated. On the other hand it's immensely difficult to get out of a negative rut. We know that too from experience.

"We have paid great attention to our people and will continue to do so, because that is the only way we can keep up a profitable pace. It's largely the result of our good team spirit that MTV is now on the way up after several years of decline."

DIGITAL TV IS COMING

Karhuvaara is unwavering in his belief in digital television.

"It certainly got off to a very unsteady start, mainly because suitable set-top boxes were not available on the market. When the start-up timetable was prepared we assumed that the market penetration of digital set-top boxes would be so high by 2006 that we could then end analogue broadcasting altogether," he explains.

"It's now plain for all to see that we won't reach that deadline. Under the original plan it should have been possible to abolish the operating licence fee levied on the commercial channels by 2006. This fee is entirely unfounded, so now is an excellent time to bring this matter into the open and demand that the next government commits itself to removing this fee.

"Alma Media is using all the resources at its disposal to promote digital television in Finland because it is the technology of

the future and it is in our interest to 'go digital' as fast as possible."

"We are now making serious investments in digital television but we can't afford to maintain this pace for ever. New technology must not undermine the company's financial performance. Removal of the operating licence fee would help accelerate Finland's entry into the digital era by giving the commercial companies extra resources," Karhuvaara says.

AN ELECTRONIC FUTURE

"I predict that the trend in the media markets in 2002 will continue. MTV3 Channel and Subtv, a product designed purely for the new television generation, make a strong combination that will enable Broadcasting to keep its leading position among both viewers and advertisers. Consider also Radio Nova, which swam against the tide last year, and we have every reason to feel optimistic about the electronic media."

Radio Nova is especially worth noting, says Karhuvaara, because its good performance is no coincidence; systematic work and precise programme concept thinking enabled Radio Nova to reach its audience targets while its financial result for the year was even better than forecast.

AHTI MARTIKAINEN

Strategy becomes a tool

"We revised our strategy in March 2000 and turned it into a practical working tool for each person on the Radio Nova team. At Radio Nova we have a clear target that we don't let out of our sights for a moment: we make each Finn's day better," declares marketing director Päivi Nurmesniemi."

"At Radio Nova we have a clear idea where we are heading and what paths will take us there. Radio Nova's values stamp everything we do.



HANNU PUUKKO

A small gun, but a sharpshooter

“We do what others don’t. What others do, we don’t,” is how Subtv’s president Tomi Halonen profiles the channel’s position among its Finnish rivals.

Subtv’s audience figures doubled in 2002 and its advertising sales have shown outstanding growth, making the channel one of the largest electronic media in Finland almost without anyone’s noticing. The channel’s share of total television viewers, 1.2%, might seem paltry next to the major national channels, but it nonetheless reaches 450 000–650 000 viewers.

“Not a bad figure at all. The force behind Subtv is Finland’s main commercial channel MTV3, a major player also by European standards. MTV3 makes Subtv look small but in fact we are a big player in our own right,” Halonen says.

Viewers are urbanites

In its 18 months’ existence Subtv has increased its programme portfolio to the same level as the other Finnish TV channels. Subtv has also turned itself into a medium to be reckoned with, by viewers and advertisers alike. The number of viewers is on the rise, public awareness of Subtv is growing, and advertisers are discovering its strengths.

“Subtv is more than anything a channel for a specific audience. Our viewers are urbanites. The

core of our viewers are 15- to 35-year-olds, people who don’t necessarily find what they want to watch on the main channels,” Tomi Halonen claims.

This group covers an interesting spectrum of consumers from teenagers to youngish parents with children to whom Subtv offers material that differs from what the main channels provide. Subtv offers no news or sports, just pure entertainment. For advertisers the channel is a free-for-all playground where they can really let their hair down.

Subtv is also a laboratory for Alma Media’s TV and digital TV applications. It is streets ahead of the competition in games applications for television and the integration of mobile services with television programmes. Subtv has even managed to turn chatting and gaming into commercial products.

“We will remain a small TV channel – but profitable. We’re less than ten people and the challenges we face are tough, but we show ourselves no mercy,” Halonen says.

LEENA HAKULINEN



HANNU PUUKKO

“Subtv is a target group channel through and through. We offer urbanites what the other channels don’t,” says Subtv’s president Tomi Halonen.

Legendary talk show Late Night with Conan O’Brien is one of the most famous programmes on Subtv.



MTV3 CHANNELS PHOTO ARCHIVE

Subtv is the first minor channel to use information provided by the TV meter survey.

Channels are included in the TV meter survey’s reporting when their weekly coverage exceeds 5% for five weeks. The survey then generates daily, weekly and monthly trend data on the channel and reports viewer numbers in two-hour blocks, rather than reporting on specific programmes. The key indicators are the same in both cases (e.g. coverage, profile, market share) but are based on average number of viewers per two-hour block instead of number per programme.

Radio Nova has kept to its strategy as well. The number of listeners began growing strongly in 2000 and this growth has continued ever since; month by month, more people were listening to the channel in 2002 than one year earlier. The framework for Radio Nova’s programme schedule was laid down in 2000. Listener numbers show that it has struck a suitable balance between classics and news. Radio Nova is music, interspersed with up-to-the-minute news, weather and traffic reports, a successful concept that is being continuously refined.

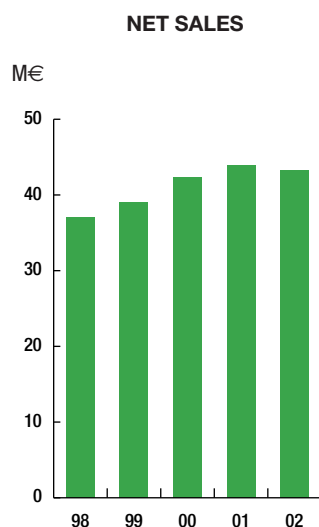
Sales of advertising on the channel rose 18% in 2002, driven by new pricing. “We did away with package prices. Radio Nova’s day is divided into slots, each with its own price. We also do an increasing amount of campaign planning. Our job is to maintain close contact with customers to determine what they find important. Nor is it enough to meet those needs; we must exceed them as well,” Päivi Nurmesniemi stresses.

LEENA HAKULINEN

business information group

Multichannel publisher

Business Information Group (BIG) specializes in producing and publishing business and financial information. BIG distributes this information through the printed press, the Internet, television and radio, and also to mobile terminals. BIG's goal is to strengthen its position as Finland's leading producer of business information independent of time and place. The division comprises Kustannusosakeyhtiö Kauppalehti, Balance Consulting Oy, Baltic News Service, Starfunds Finland Oy and two associated companies: Talentum Oyj (publishing) and Efektor Oy (business training).



Kauppalehti's editorial team began producing business news for MTV3 Channel and the national Radio Nova in 2001. Moving from a single editorial focus to a shared, multichannel production environment requires training and an unprejudiced frame of mind. Journalists **Essi Pohjola** and **Janne Pöysti**, in their own shifts, comment on the day's events in Kauppalehti's stockmarket review, working from the Kauppalehti editorial department. This is connected directly to the MTV3 business newsdesk via fibre-optic cable.

INCOME
43.3 M€



- Advertising revenues, 50%
- Circulation revenues, 32%
- Other income, 18%

Kauppalehti Online ranks second in online newspaper competition

Kauppalehti Online took second place in the annual online newspaper competition organized by the Finnish Newspapers Association. The jury described Kauppalehti Online as an online service among online newspapers. The service was praised for being a refined overall package which clearly reflected its long development. The user interface was considered easy to use despite the wide range of content the service offers. Kauppalehti Online has received awards every year. Its services can now be viewed on mobile devices.



PETRI PUROMIES

The decline in B-to-B advertising that started in September 2001 continued throughout 2002. As evidence of the depth of the slump, B-to-B print advertising fell by some 19% during the year. Kauppalehti, however, strengthened its position despite the declining market although it saw a decrease in advertising income of 11%.

Business Information Group's strategy is selective growth. Efektor Oy, specializing in business training courses, joined the division as an associated company during the year, and in December BIG announced the acquisition of the Lehdentekijät customer magazine group.

Kauppalehti can with good reason be considered the world's leading multichannel media. Its business and financial news is distributed to the Internet, radio, television and through various mobile channels in addition to the printed newspaper of the same name.

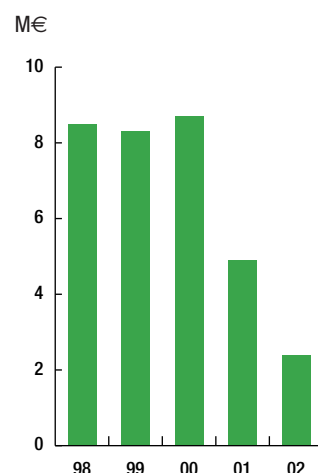
Business Information Group and Talentum launched the Saldo (Balance) supplement in August. This supplement, previously inserted only in Kauppalehti, is now a jointly edited product distributed with Kauppalehti and Tekniikka & Talous (Technology & Business). Saldo focuses on private money and investment matters and it has a circulation of 185 000 copies.

key figures

M€	2002	2001
Net sales	43.2	44.0
Share of Group net sales %	8	8
Operating profit	2.4	4.9
Capital expenditure	0.9	3.9
Depreciation, total	1.3	1.0
Amortization of goodwill ^{*)}	0.2	0.2
Capital invested, average	3.9	4.9
Full-time personnel, average	357	270

^{*)}Included in Depreciation, total.

OPERATING PROFIT



Growth strategy for all conditions

Business Information Group (BIG), which specializes in the production, processing and distribution of business and financial information, has its finger on the market's pulse because B-to-B advertising is the first to indicate which way the economy is moving. Business conditions were tight all year, says BIG's president Juha Blomster.

“B-to-B advertising began to decline late in the spring of 2001 and slumped further after the September terrorist attack. In 2002 advertising fell by up to one fifth on the previous year. Kauppalehti, the market leader in its field, came out of this better than its competitors, winning market share and keeping profitability at almost the previous year's level. The slump is visible in net sales, however, as more than half of our revenue comes from advertising. An exception is the bi-monthly Kauppalehti Optio magazine, which actually raised its advertising sales.”

Market conditions have also affected Kauppalehti's circulation, which according to Blomster declined slightly last year compared to the record-high figure in 2001, although changes to the content broadened the readership of this family of publications.

“Kauppalehti changed the concept of its Saldo supplement and its distribution. In August we began with Tekniikka & Talous (Technology & Business) magazine to produce Saldo as a joint bi-monthly supplement using a joint editorial team. The new supplement expanded the readership of the Kauppalehti family and this collaboration has generated a much improved price-quality ratio for us,” Blomster describes.

CONTENT RANKS ABOVE DISTRIBUTION

Kauppalehti, now more than 100 years old, has been a frontrunner in multichannel distribution of business information in Finland. In 1994 the newspaper started development of online services in a closed network, and this was followed by the launch of Kauppalehti Online on the Internet in 1996. Since then various mobile channels and terminal devices have been added as these have entered the market. Kauppalehti Online has remained profitable despite the recession.

In 2001 Kauppalehti took a major step when the newspaper started producing business news for MTV3 Channel and the national Radio Nova.

“Changing a newspaper's editorial team into a multimedia team is no small task. We are now turning Kauppalehti physically into a new multimedia unit. We are also reviewing our management practices, operating procedures and, above all, the



The NettiSijoittaja (Net Investor) competition was held twice in the same year

The NettiSijoittaja competition arranged jointly by Kauppalehti and the OKOBANK group was held for the third and fourth time last year. The spring competition attracted more than 30 000 entrants and the autumn competition 20 000.

The idea of the competition is to 'invest' an initial capital outlay of 50 000 euros in shares listed on the Helsinki Exchanges in the most profitable way. Participation costs nothing. Prizes included mobile phones and computers for the three winners in both categories, young investors and adult investors.



The *Saldo* supplement is the first concrete result of the new Alma Media – Talentum alliance. Both parties were equally interested in starting this collaborative project. The *Kauppalehti* and *Tekniikka & Talous* publications have very little overlapping circulation or readers, so the new *Saldo* now reaches a much wider readership, more than 440 000 readers, and their aggregate circulation exceeds 185 000 copies.

The team behind the new *Saldo* comprises editorial manager **Jussi Jalkanen** and *Saldo*'s editorial secretary, layout manager **Ansa Karjalainen** (seated), and at rear from left: editors **Jenny Jännäri** and **Kyösti Jurvelin**, news manager **Kristiina Hallman** and editor **Janne Pöysti**.

way we think. Re-inventing ourselves from being product-oriented to a multichannel editorial team calls for training and an open-minded attitude. Audience ratings for the televised business news have grown well and surveys show that we are on the right track,” Blomster says.

“In fact we’ve nowhere else to go for a similar model because in this field *Kauppalehti* is out in front worldwide. Our journalism will continue to be based on quality and trustworthiness. Different channels are important, but nothing outranks the importance of content.”

NEW DIRECTIONS FOR GROWTH

Compared to Sweden, processing and tailoring for the varying business needs of customers has hardly begun. This field, though, is growing strongly.

In the summer *Kauppalehti* acquired half of *Efektor Oy* (previously *Sefek Oy*), a Finnish company specializing in business training. At first glance *Kauppalehti* and *Efektor* would seem to have little in common.

“But only at first glance. In fact they are closely related,” Blomster counters. “The professionals that use *Kauppalehti* in their work also buy *Efektor*’s training courses. Combining the products of *Kauppalehti* and the financial analyses that *Balance Consulting* generates with *Efektor*’s courses serves all our interests.

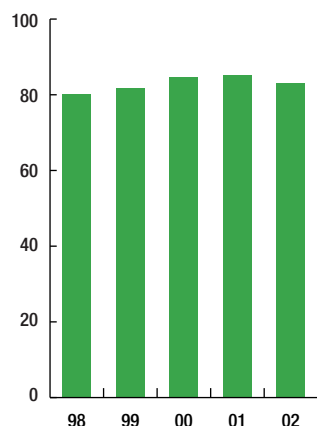


Kauppalehti is one of the world’s leading multi-channel publishers of business and financial information. A major building project was started in autumn 2002 to convert the editorial newsroom into a multimedia production centre. Taking centre stage is **Juha Blomster**, the *BIG* division’s president.



CIRCULATION OF KAUPPALEHTI

thousands



Certainly in this case one plus one adds up to more than two."

In April Kauppalehti and Morningstar Europe Ltd set up Star-funds Finland on a 51/49% basis to provide information on mutual funds in Finland. Morningstar services are now widely used by both private and institutional investors. "The services and products are ready to use but we don't expect stronger growth until the investor market picks up," Blomster forecasts.

Balance Consulting now holds information on more than 12 000 companies in its database. Its position in Finland, as a provider of information on competitors for example, is therefore strong. The company's material is also suitable for use by companies on their websites and for training purposes. It is a useful supplement to Kauppalehti's editorial material as well. "Analyses of companies based on their interim reports has proved especially popular."

Right at the end of the year BIG announced it would acquire the outstanding shares of the Lehdentekijät group, which produces customer magazines. With annual sales of seven million euros Lehdentekijät ('Magazine Makers') is one of the three top companies in its field in Finland. It also meshes well with BIG's overall strategy, Blomster thinks:

"Many of BIG's major strategic customers are looking to support their media marketing with long-term solutions that contain publications and supplementary online services produced for customers and other target groups."

PREPARING FOR THE FUTURE

This year BIG is busy preparing for the future. This also applies to Baltic News Service (BNS), the leading news bureau in the Baltic countries. Although profitable, BNS is ready and eager for further profitable growth.

"When the Baltic states join the EU, their importance in Europe will grow and I believe this will also be reflected in demand for business and financial information," Blomster predicts.

The same applies to Talentum. "Over the past year we have assessed the opportunities for co-operation between our groups and concluded that we stand to benefit from major synergies. They won't be realized overnight but will take patience and long-term co-operation."

2003 will not be an easy year. "The longer this economic recession continues, the sharper will be the growth that follows. That is one thing we have learnt during Kauppalehti's 104-year history. Now is the time to knock our products and services into shape to ensure we gain maximum advantage from the recovery when it starts."

AHTI MARTIKAINEN



News in five languages

Today, BNS boasts a staff of roughly 160 people and produces up to 1 000 news articles a day in five languages (Estonian, Latvian, Lithuanian, Russian and English) – a remarkable achievement.

BNS has emerged as the world's leading source of news on every aspect of life in Estonia, Latvia and Lithuania as well as the Kaliningrad enclave of Russia. BNS has its offices and people in each of these locations offering 24/7 monitoring and reporting of important events in the region.

BNS is also a recognized leader in the integration of information technology to deliver its production to wider audiences. In spring 2002, BNS launched a brand new information system called *BNS Terminal*, an online environment where information professionals and business users alike can access news more easily.

ALVAR AMELJUSHENKO
BNS

The best gala in Finland

Anu Hälvä and Barbara Roos elegant in their evening gowns.

There is always a rush at the roulette table.

Every year Kauppalehti Optio holds a fashion gala which has now become a 'brand' in its own right. For 15 years it has offered a prestigious audience the privilege of viewing the latest in autumn business wear.

The 2002 gala attracted some 800 people to watch the amateur models light up the stage. The gala was followed by a party which many said was the best such event of the year after the President's Independence Day reception.

The guests at the gala represented the glitterati of Finnish business, politics, culture and society. Quite a few of them had also acted as models in years past.

The gala's idea is to use ordinary people with normal figures. It's extraordinary to see how, with only two hours' training, they can perform on stage with style and charm. More than two hundred of Finnish society's top names have acted as models at the Optio gala over the years and all have donated their performance fees to good causes.

In the early years it often took a superhuman effort to persuade the candidates to perform. Nokia director **Simo Vuorilehto**, for example, replied through an embarrassed secretary that "I'd rather eat my hat than be a model". But as the gala's reputation spread far and wide the organizers have succeeded in twisting the arms of the most reluctant to take the catwalk.

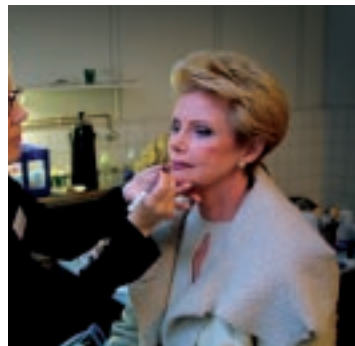
Organizing the gala takes a great deal of co-operation. Last year's gala involved some twenty garment industry companies and boutiques, not to mention another 50 or so people behind the scenes.

So what's the sense of it?, you might ask.

Optio, for one, gets to print a unique reportage of business fashion and people in its lifestyle section. No other medium in Finland has been able to arrange anything similar. Optio's way of treating fashion is so unusual that even beauty and garment professionals have chosen the magazine as an advertising forum. For some, it's also a way of having some fun at work.

PEKKA RITVOS

The writer is editor-in-chief of Kauppalehti Optio.



Provincial governor Tuula Linnainmaa with the make-up artist before the show.



The gala would not be complete without the limousines.

Sometimes it is nice to have fun too



MEP Eija-Riitta Korhola's style.

PHOTOS: PEKKA KARHUNEN

alma media interactive

Division reached break-even.

In 2002 Alma Media Interactive (formerly New Media) was responsible for MTV3's interactive services (MTV3 Internet, MTV3 Teletext, MTV3 Internet and MTV3 Broadband), for online classified services (Etuovi.com, Dime.fi, Autotalli.com, Jobline.fi), for the Asuntopörssi property newspapers, and for the new multimedia content services such as Tilt.tv and Ruokala.tv. The division's NWS unit produced Internet services and provided technical expertise. In June Alma Media Interactive took responsibility for Alma Media's R&D activities. At the beginning of 2003 the division's online classified services, Asuntopörssi newspaper, content services, technical support, and R&D were moved to the new Media Services division.

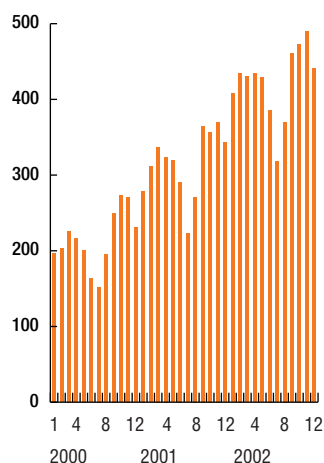


SAMI SOMERO

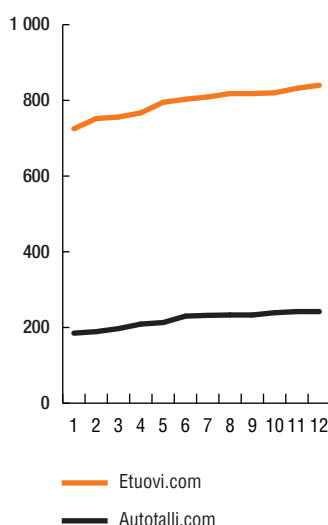
Searching for a map with a palm-top computer.

Online property service Etuovi.com also has a map service to make it easy to locate addresses. Locations that meet the search criteria are shown as points on the map and the user sees the number of addresses that meet the search criteria in real time.

MTV3 INTERNET VISITORS
1 000 persons/week



ETUOVI.COM AND AUTOTALLI.COM
Contracts 2002



Finns are keen on chatting

The Finns have really taken to TV chatting – an entertaining way of creating a feeling of community by sending and reading messages no longer than 160 characters in length. MTV3-Tele's chat messages also give pleasure to people in Spain and Turkey and soon TV viewers in other countries will be able to enjoy them as well, hopes **Juha Juosila**, MTV3-Tele's development director. The company originally made a distribution agreement with the Canadian company *Distraction Formats* which has also submitted quotations for starting TV chatting in a dozen other countries.

– Chatting is entirely MTV3-Tele's own idea. Viewers had their first chance to see what it was all about in 1999 on MTV3 Teletext. And the welcome the idea received can only be called a resounding success. That encouraged us to think how we could introduce chatting to television. The next year chatting became commonplace on TVTV! and in December of the same year also on MTV3 Channel at night, Juha describes.



HANNU PUUKKO

Alma Media Interactive refocused its strategy on profitable and fast-growth businesses.

Interactive reached break-even.

The comparable increase in operating profit was 8 MEUR.

Significant improvements in performance were recorded by MTV3 Internet, MTV3 Teletext, MTV3 Internet, Etuovi.com, Tilt.tv, Ruokala.tv and NWS.

INCOME 18.5 M€



Advertising sales, 53%

Content sales, 47%

EXPENDITURE 18.5 M€



R&D, 8%

Personnel expenses, 34%

Marketing expenses, 4%

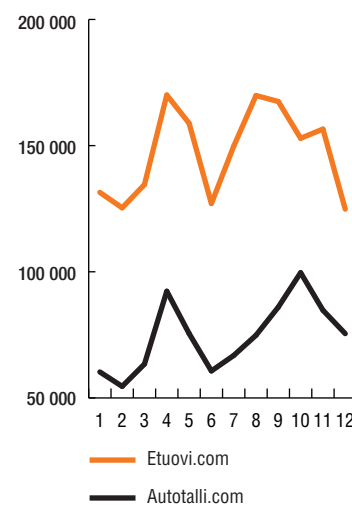
Depreciation/financing, 14%

Other expenses, 40%

key figures

M€	2002	2001
Net sales	18.5	15.7
Share of Group net sales %	4	3
Operating profit	0	-14.3
Capital expenditure	1.3	4.1
Depreciation, total	2.0	5.6
Capital invested, average	8.1	10.3
Full-time personnel, average	131	183

ETUOVI.COM AND AUTOTALLI.COM
Visitors 2002



Source: Taloustutkimus, WTM

The feeling in the autumn of 2001 was that market conditions would become brighter the following autumn. That failed to happen. But despite the weak help from the market Alma Media Interactive reached its goal of breakeven point in 2002. Raimo Mäkilä, Interactive's president, how did you do that?



"Alma Media Interactive's improvement in profits could well be an unofficial world record," Raimo Mäkilä smiles. "And the credit goes to all our people!"

"One year ago we made the right strategic choices. We decided what businesses we would continue and what we would terminate. The businesses we cleared to continue were on a solid foundation; in other words, they had a sufficiently large public and they were heading in the right direction. Pruning was essential to move us from making investments to doing business. In 2001 we made a loss of almost 15 million, or seven million in comparable terms, and now we've broken even."

MTV3 Teletext has been successful for a number of years. Last year sales of mobile services – that is, revenues from online chatting – remained more or less unchanged but advertising revenues rose sharply. "When digital television finally becomes popular Super Teletext will become a big money-spinner and we are now all set for the digital era," Mäkilä smiles.

MTV3 Internet raised its share of Internet advertising and emerged as the largest Internet medium in terms of advertising sales. "The statistics are

only indicative. They do tell us that Internet advertising shrunk by about a fifth, but we would like to get more reliable information on the market. Many players refuse to provide their figures for statistical purposes."

DIRECT E-MAIL GROWS IN POPULARITY

Internet advertising is slowly becoming more diversified. Banner advertising is still the dominant form but sponsoring, and particularly e-mailing of advertisements direct to users, are growing.

"Direct e-mailing takes delicate handling. People registered with Alma Media have been able to give permission to receive only one such e-mail a week. Alma Media's database carries dozens of brands, so this calls for tight control."

E-mail advertising currently accounts for less than 10% of the total but Raimo Mäkilä expects that by the end of 2003 this business will contribute 30% of Alma Media's total Internet advertising revenue.

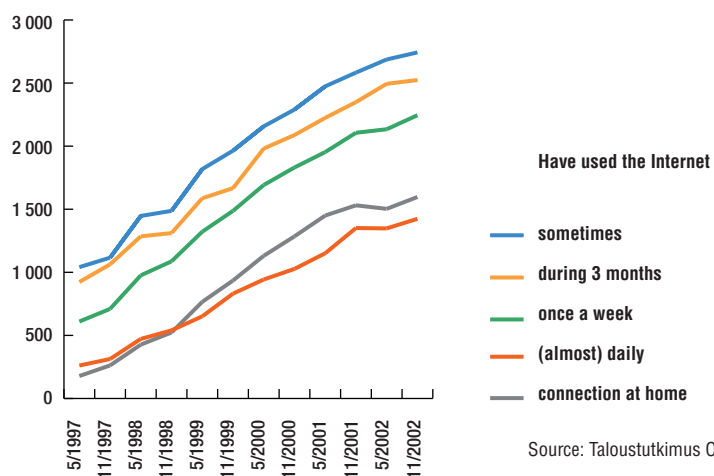
ETUOVI.COM PIONEERS DIRECT CONTACT PRICING

It's a challenge in the Internet business to translate visitor numbers into growth in net sales. Etuovi.com ('frontdoor.com'), Alma's online homes and property, solved the problem with a pricing model based on direct contacts: the customer, in this case a real estate agent, pays a small basic sum plus a supplementary payment based on the number of hits. This model has raised Etuovi.com's net sales by 40% in pace with growth in the number of visitors to the site.

Etuovi started it and Autotalli.com (vehicle trading) adopted the same model at the beginning of this year.

TERHI LAMBERT

INTERNET USERS
1 000 persons



The Great Adventure

champions the net



The Great Adventure competition was held in Posio, Finland, for the second time in 2002. MTV3 Channel's highly popular summer programme also found a ready audience on MTV3 Internet because the programme's web-site emerged as MTV3 Internet's most popular web pages; between May and June the website attracted roughly 250 000 visitors who made a total of 665 000 visits.

The Great Adventure is a good example of how well television and the Internet can function together. The web pages gave viewers the possibility to 'watch' the programme when it was not showing on television.

Four cameras at the Posio location provided live round-the-clock Internet coverage between May and June. The website also showed a lot of information not available on the TV show itself. The Internet broadcasts were viewed by more than 20 000 people every day.

TOMI LINDBLOM

Editor-in-chief, MTV Internet news



And then you'd leave on a secret tryst with your boyfriend, journalist and photographer.

Everyone wants to be a pop star.

POPSTARS



On the right track

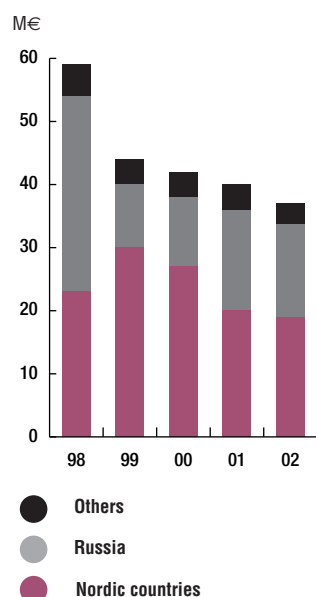
In 2002 Alprint was an independent division of Alma Media responsible for the Group's external printing contracts.

Alprint has two printing plants: the Rahola plant in Tampere handles magazines and promotional products, while the Hyvinkää plant specializes in comics and crossword books. Alprint has been part of the new Media Services division since the beginning of 2003.

Alprint's Rahola printing plant, the result of the merger of three previous printing plants, started operating in 2000. In the event, the start-up proved to be more of a challenge than anticipated and a new start was scheduled for the plant for the following year in order to raise profitability. Alprint's performance has improved as planned and in 2003 the company is expected to return to profit.



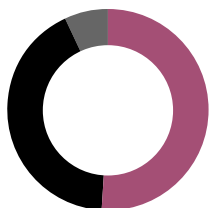
EXPORTS BY MARKET AREA



key figures

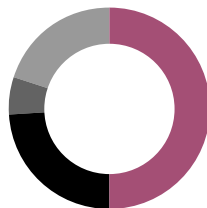
M€	2002	2001
Net sales	61.5	73.1
Share of Group net sales %	12	14
Operating loss	-1.2	-7.2
Capital expenditure	0.9	1.6
Depreciation, total	3.7	4.2
Capital invested, average	38	46
Full-time personnel, average	389	501

PAPER PURCHASES BY GRADE total 74 110 tons



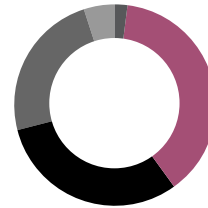
- Newsprint, 51%
- Coated paper, 42%
- Other grades, 7%

EXPENDITURE 62.7 M€



- Raw materials, 50%
- Personnel expenses, 24%
- Depreciation, 6%
- Other, 20%

INCOME 61.5 M€



- Alma Media, 2%
- Finland, others, 38%
- Scandinavia, 31%
- Russia, 24%
- Others, 5%

Alprint's president, **Heikki Salonen**, resigns from his position in March 2003 having completed his two-year contract. "The action we started in August 2001 to raise profitability has in fact made better progress than we expected because the operating loss in 2002 was lower than forecast. When we drew up our plans, we were well aware that an industrial restructuring project like this could take several years. Large ships turn slowly, but they do turn. We can be pleased with what we've achieved because the market has not grown in the past couple of years and the competitive situation has become even more intense as new capacity has been introduced. And we can expect that trend to continue."

THE NEW STRATEGY WORKS

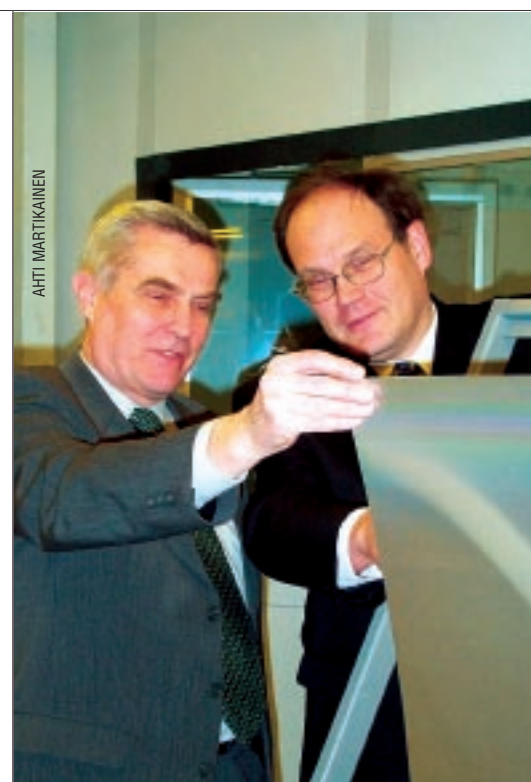
Alprint's new strategy is founded on a customer-driven approach; Alprint is looking for specific new customers with work ideally suited to its printing capabilities. "The number of Alprint customers has fallen but the capacity load of our presses has risen. The reason is that we have managed to increase the proportion of large publishers in our client portfolio."

Some help has also been derived from Russia because, both geographically and with its current printing presses, Alprint's Rahola plant is well suited to meeting the needs of large magazine publishers in St. Petersburg and Moscow. Exports to Russia now cover some 25% of net sales and this will not be increased. "We consider the best way to optimize our risks is for domestic sales to represent half of our production capacity, while one quarter comes from exports to Russia and one quarter from exports to the west," Salonen explains.

COMICS EVER POPULAR

The Rahola printing plant, with its five rotation presses, accounts for about 85% of Alprint's total output, the remainder being contributed by the Hyvinkää plant, which specializes in comics and puzzle books. Comics have remained as popular as ever despite the advent of digitalization and the Hyvinkää plant's volume is increasing.

AHTI MARTIKAINEN



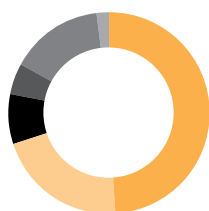
President Heikki Salonen has worked for Alma Media and its predecessors for close on 40 years. "It's a good time to leave Alprint in new hands now that we are heading in the right direction." Examining printing plates with Salonen is Erkki Kulmala, who takes the helm at Alprint from 1 March 2003.

personnel

Priority on competence and team spirit

Various management forums were launched during 2002 in order to create a platform for enhancing team spirit throughout the company. Finance, sales and marketing, personnel and communications have all set up their own arenas in addition to these forums.

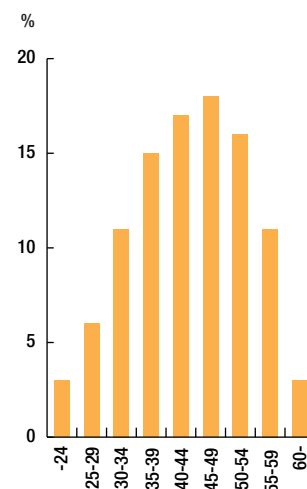
PERSONNEL
Total 2 588



- Alpress, 49%
- Broadcasting, 21%
- Business Information Group, 8%
- Alma Media Interactive, 5%
- Alprint, 15%
- Parent company, 2%

Part-time personnel 1 413

AGE STRUCTURE
Percentage of total full-time personnel, %



At the end of 2002 Alma Media Group had 2 588 (2 678) full-time employees and 1 413 (1 328) part-time employees, of whom 1 123 (1 092) worked on newspaper delivery rounds.

MODERATE DECLINE IN NUMBER OF PERSONNEL

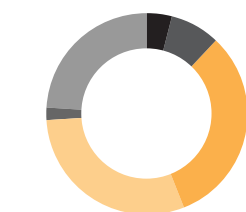
The number of personnel continued to decline, mainly due to natural attrition and the company's restrained recruitment policy. Compared to the previous year, appreciably fewer employees were made redundant as a result of the Group's measures for improving productivity and cost-efficiency. The average number of permanent employees leaving the company during the year was 7% (19%), of which 5% (13%) were not related to the productivity and cost-efficiency programme. Job rotation within the Group was actively promoted. All vacant positions are first offered to Alma Media employees and advertised on Alma Media's Akkuna intranet. The units also implement numerous job rotation programmes aimed at cross-training to improve multiple skills.

AGE DISTRIBUTION ALMOST UNCHANGED

The proportion of all personnel aged over 50 years was 30% and of editorial staff 36%. High priority was placed on fitness and work ability. The units have launched wellbeing-at-work programmes for different groups of personnel, which focus on the working community and work environment, physical fitness, and mental welfare.

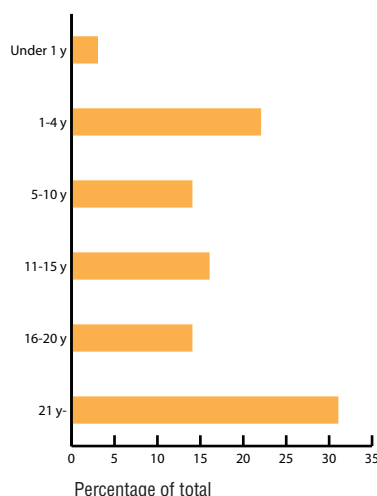
Measured in terms of absence due to sickness, no substantial changes occurred in personnel's work ability, despite general ageing. The average number of registered sick-leave days per person was 7 (8).

PERSONNEL GROUPS



- Management, 4%
- Senior staff, 8%
- Journalists, 32%
- Office staff, 30%
- Technical staff, 2%
- Operatives, 24%

DURATION OF EMPLOYMENT



TERHI LAMBERT



The first time CEO **Juho Lipsanen** fielded questions from Alma Media employees on the intranet Akkuna was in May as its 'online guest'. Altogether 37 questions were thrown at him, which was more than any online guest previously had to face. Most questions dealt with management principles, although of course many people were interested in the new captain's opinion on the condition of the ship and the skipper's own feelings. The work division was clear: **Ahti Martikainen**, vice president, communications and IR, checked what questions still remained unanswered and Juho Lipsanen answered them.

Building a united Alma, bringing a fresh perspective

In spring 2002 Alma Media's corporate management invited a group of young, go-ahead Alma employees to work alongside top management in addition to their own jobs. Almost 40 young people applied, eight of whom were chosen to join this supervisory team.

The team's task is to bring a young perspective to management's decision-making process. At the same time the team members had the chance to learn something new about the Group's operations and the responsibilities carried by its senior executives.

Each executive has his or her own young 'sparring partner' on the team. In this role we act as confidential discussion partners and also get to work on development projects in some cases. No-one is a sparring partner to their own division management, though, which allows us to offer a fresh and outside view on things.

The team's overall task was to raise and develop issues that it considers important. One of these was enhancing the Alma Media spirit throughout the company. We wish to ensure that in the future we will be working in an Alma shared by all in the company, in a motivating work environment with a feeling of community. This will promote people's commitment to the company and a desire to pull as one group.

Apart from the team's joint tasks and sparring projects we are also developing the concept of this supervisory team. We wish to ensure that other young Alma Media employees have the opportunity to get to know their employer from this rewarding but challenging viewpoint.

ANUKAARINA MÄKELÄ

Production specialist, Balance Consulting Oy and CEO Juho Lipsanen's sparring partner

- 1 **JUHO LIPSAZEN**
- 2 **ANUKAARINA MÄKELÄ**,
PRODUCTION SPECIALIST,
BALANCE CONSULTING
- 3 **RITVA SALLINEN**
- 4 **PEKKA PASSI**,
PRODUCT EXPERT,
KAUPPALEHTI ONLINE
- 5 **SAMI RAHNASTO**,
PROGRAMME MANAGER, MTV
- 6 **PÄIVI KOSKINEN**,
MARKETING CO-ORDINATOR, AAMULEHTI
- 7 **RAIMO MÄKILÄ**
- 8 **PEKKA KARHUVAARA**
- 9 **PIA HIRVONEN**, EDITORIAL SECRETARY,
KAUPPALEHTI
- 10 **LAURI HELVE**
- 11 **JOUNI MANNERHOVI**,
EXECUTIVE PRODUCER, RADIO NOVA
- 12 **JENNI TUOMISTO**, PRODUCTION MANAGER, NWS
- 13 **HEIKKI SALONEN**
- 14 **JUHA BLOMSTER**
- 15 **HANNA KIVELÄ**, DEVELOPMENT MANAGER, NWS
- 16 **HANNU OLKINUORA**



PETRI PUOMIES

Excerpts from employees' comments

The company's management and its employees held joint discussions on Alma Media's corporate values during the autumn. Employees participated via Akkuna ('Window'), the Alma Media intranet, by posting their opinions under a new forum called Strategy 2005. The result was two values for the company – 'a spirit of teamwork', and 'freedom and pluralism of journalism', and a new vision that calls for Alma Media to be the 'top-of-mind media corporation'.

"The word Alma I assume is derived from 'almus' (1. nourishing, fertile, 2. generous, beloved). The name certainly emphasizes the company's focus on content production. It's a pleasure to see work done with passion and professional skill, and with respect for strong ethical values. That's the sort of work we want to be doing."

KARI KATTILAKOSKI
Production manager, Balance Consulting Oy



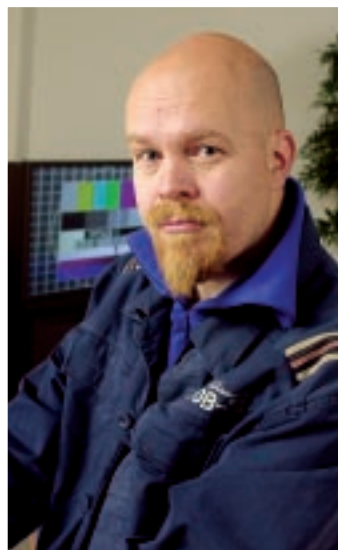
"Vision: 1. To make products that are so needed that no-one will be able to manage without them. 2. Point 1 is not possible without highly skilled and knowledgeable employees. 3. We would do well to remember that despite the best efforts of the Internet and all the recent digi-hype, the role of the newspaper hasn't been entirely eroded."

Values: 1. Professional skill, 2. Motivation, 3. Endurance."

JUHA REINIKAINEN
Journalist, Koillis-Häme

"Continuous development of skills and expertise is essential for reaching our targets. It is a challenge for the company to mobilize all its resources. Personnel are the engine that drives our operations. I think it would be useful to pool expertise and get different parts of the company to collaborate together. I also think our vision could be quite bold, for example 1. a real profit target, 2. a decisive increase in market share, and 3. market leadership in electronic communication. Everyone should be aware of the company's vision and values. One way of doing this is to use the regular career discussions with supervisors."

RIITTA KUKKONEN
Cashier, MTV Oy



"Nowadays we know just about everything, good and bad, online. The nature of information has in one sense become negative."

The essence of Alma Media could mean a better and more rewarding future. In all we do, we should perhaps have the aim of not just telling about the difficult and painful things we see happening in the world but also offering solutions, or at least trying to find morally acceptable ways forward.

Sometime in the near future we'll reach the point where people will simply stop listening to or watching negative, menacing and divisive media because the brain will always eventually come to its own defence."

RISTO VUORENSOLA
Executive producer, MTV Oy

Training given high priority

Some 1.3 MEUR (1.3 MEUR) million was spent on training to maintain professional skills, with full-time personnel attending an average of 2 (2) days training per person.

The Group arranges collective training courses every year for personnel working in different business units. The courses were held in collaboration with independent partners and focused on enhancing basic skills in selected areas, reinforcing team spirit, and raising general knowledge of the Group and its operational procedures.

The 13th training programme for supervisors and managers was arranged during the review period. A total of 22 people attended the 12-day course. In addition to on-site instruction, the course included pre-course assignments, tasks at set points during the course and a required reading list.

A total of 25 sales negotiators and sales managers, forming altogether 8 different groups, took part in a sales training course.

Future Business Competence is a development programme for senior management arranged for Alma Media and three other companies, with each company providing four participants. The third such programme was started in September, and the final module of the course is scheduled for May 2003.

Collaboration with Bonnier Media University was started during the year. Some 55 people from different parts of the Group attended the one-day induction course for new recruits.

Alma Media also supports employees in following training courses which they select and schedule themselves, provided that the training also benefits the company. An employee can receive

up to 50% of the course costs, if the course is agreed in advance with his/her superior.

Akkuna intranet up and running

Akkuna, a Group-wide intranet platform, was introduced in spring 2002. Akkuna is a channel for distributing information about the entire Group while also providing units and internal departments with an opportunity for creating their own internal Akkuna. At the year end a total of 52 websites were up and running on Akkuna. Altogether 150 250 documents posted on the intranet were read during the review period. The most frequently accessed documents were telephone catalogues.

TERHI LAMBERT



Tampere for Finland's second Metro?

What do think about the idea of a metro in Tampere? Join the debate – Aamulehti's opinion column is open for all views on the subject. Don't be shy! And in your own name preferably, but a pseudonym will be accepted. Post your opinion to: Aamulehti P.O. Box 327, 33101 Tampere, or send it by e-mail to: al.mielipiteet@aamulehti.fi. You can also put your views on the Internet at www.aamulehti.fi/keskustelu or bring your opinion in person to Aamulehti's Customer Service at Itäinenkatu 11 or the Hervanta service point at Lindforsinkatu 2. Use the code "opinion".

Alma Media Corporation 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. Alma Media Corporation complies with this recommendation, as well as the OECD's Principles of Corporate Governance. The company 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, the Annual General Meeting of Shareholders, which elects the members of the Board of Directors; 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 Group's supreme decision-making body is the General Meeting of Shareholders, where shareholders exercise their decision-making power. 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, communications, and compliance with the disclosure obligations of a public listed company. Various service units operate under the parent company that offer other parts of the company administrative services related to real estate management, personnel administration, training and legal matters.

Alma Media Corporation was restructured on 1 January 2003 around four divisions: Alpress (newspaper publishing and printing), Business Information Group (production and distri-

bution of business information), Broadcasting (television and radio), and Media Services (contract printing, classified services, and internal support services).

Each division manages its own operations independently within the framework set by the Board of Directors. Specific financial and operational targets are set for the divisions.

GENERAL MEETINGS OF SHAREHOLDERS

A General Meeting of Alma Media Corporation shareholders is held at least once a year. 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 Board of Directors and the President and CEO from liability for the financial year, and
- Election of the members of the 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 changes to the company's share capital.

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 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. The Board comprises from five to nine members. The Annual General Meeting in 2002 confirmed the number of Board members to be five.

Members of the Board of Directors serve for three years.

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 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 2002 the Board met eight times.

The Board's Compensation Committee comprises the Board's Chairman and Deputy Chairman. The committee prepares matters concerning compensation that the Board is required to resolve on. The matters on the Compensation Committee's agenda are presented by the President and CEO.

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.

An Election Committee is appointed from among the company's principal shareholders before the Annual General Meeting to prepare the election of the Board of Directors by the AGM. The Election Committee members are appointed by the Chairman of the Board of Directors, who also convenes the Committee. Proposals concerning new Board members are published in a newspaper announcement about one week before the AGM.

THE PRESIDENT AND CEO AND THE EXECUTIVE COMMITTEE

The President and CEO is responsible for the day-to-day management of the company in accordance with the guidelines and instructions of the Board of Directors. The President and CEO is assisted by an Executive Committee comprising the division presidents, the senior vice president, finance and administration, and other individuals appointed by the CEO.

The Executive Committee considers the monthly reports, the long-range plans, the action plans covering the following 12 months, and the financial statements for confirmation by the Board of Directors. The Executive Committee generally meets twice a month. In 2002 it met 16 times.

DIVISION BOARDS

Each division of Alma Media Corporation has its own board of management. These boards function in accordance with the guidelines issued by the Board of Directors.

Alma Media Corporation Corporate Governance

The division boards meet according to a preconfirmed timetable and in addition at the request of their chairman as required.

The subsidiaries have their own boards of directors which resolve on the matters stipulated by the Companies Act.

PERSONNEL REPRESENTATION

Personnel representation in the administration of the company is organized so that the representatives of the company's various personnel groups meet the chairman of Alma Media Corporation's Board of Directors and the President and CEO before each Board meeting, and the personnel groups appoint their own representatives to the boards of directors of Alpress Oy, MTV Oy and Alprint Oy. Group companies also have their own local personnel representation schemes.

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 inform the Board's Audit Committee about their auditing plan once a year and provide written reports to the Board twice a year. They are also present at Board meetings dealing with the annual accounts.

Reporting to the President and CEO

The President and CEO monitors the operations of the divisions by means of a monthly report. In addition the members of the Executive Committee report to the President and CEO at its meetings or as separately agreed.

Alma Media Corporation's finance and administration department prepares monthly and quarterly reports based on the divisions' financial reports for the President and CEO and the Executive Committee.

Internal audit

Control and supervision of Alma Media's business operations takes place in accordance with the administrative and management system described above. The Board of Directors is respon-

www.alprint.fi

Alma Media's World of printing

Alprint is one of the largest printing companies in the Nordic countries and is the printing division of Alma Media Group. Alprint's customers include Nordic and international magazine publishers, advertisers, advertising agencies and other corporate clients. For all of them, top-quality printing service comes first.

Tell us your printing needs. We'll help you find new ideas and opportunities. Together.



ALPRINT
P.O. Box 139, FIN-00101 Helsinki, Finland
Tel: +358 9 50 782
Fax: +358 9 507 7258

sible for ensuring that monitoring of the company's accounts and capital management is properly organized. The President and CEO ensures that the accounting procedures comply with Finnish legislation and that the company's capital management is organized in a reliable way.

The President and CEO, the Executive Committee and the heads of the divisions 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.

Each division 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. The audit plan prepared by the auditors 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 implementation of the profit centre budgets.

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 and a written report on the entire Group in conjunction with publication of the interim financial statements in June and the annual financial statements. They also

provide regular reports on the divisions to the Group's financial management and division 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.

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 2002.

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

The following salaries, fees and benefits in kind were paid during 2002:

Salaries, fees and benefits

The Supervisory Board*	6 853.72 €
The Board of Directors**	57 520.32 €
The President and CEO	579 399.19 €
Other Group Executive Board and Executive Committee members***	1 398 373.44 €

* The Supervisory Board was disbanded by a decision of the Annual General Meeting on 19 March 2002.

** Fees and benefits paid in the form of Alma Media Series II shares (1 373 shares).

*** The Group Executive Board was renamed the Executive Committee on 1 April 2002.

Shareholdings and stock options

The number of shares owned by the members of the Board of Directors and the Executive Committee, and the number of new shares subscribable under warrants, at 31 December 2002:

	Series I shares	Series II shares	A warrants under 1999 bond with warrants
Board of Directors	29 012	1 419	–
President and CEO	–	–	15 000
Other Executive Committee members	185	300	39 000

Organization

Alma Media's operations in 2002 were divided into five divisions: Alpress, Broadcasting, Business Information Group, Alprint and Alma Media Interactive. This structure was streamlined at the beginning of 2003 into four divisions with the merger of Alprint and part of Alma Media Interactive's operations into a new division called Media Services. At the same time the MTV3-branded services that previously belonged to Interactive were moved to the Broadcasting division. The Media Services division's efficiency measures are aiming to generate higher growth especially in Alprint and the classified services units. The other support units will adopt a more profit-orientated and entrepreneurial way of operating. The new divisional organization has been set the target of achieving a clear improvement in profitability during the current planning period, i.e. until the end of 2005.



Board of Directors



Bengt Braun

- born 1946
- Chairman of the Board, term of office until 2004
- President and CEO of the Bonnier Group
- Board memberships:
 - Swedish Newspapers Association
 - Oriflame International
 - World Association of Newspapers
- 461 Series II shares, no warrants



Jonas Nyrén

- born 1951
- Member of the Board, term of office until 2004
- Executive Vice President and CFO of Bonnier Group
- Board memberships:
 - TV4 AB
 - Kungsleden AB
 - Skandiabanken AB
 - Frango AB
- 307 Series II shares, no warrants



Matti Kavetvuo

- born 1944
- Member of the Board, term of office until 2004
- Board memberships:
 - Suominen Yhtymä Oyj
 - KCI Konecranes International Oyj
 - Marimekko Oyj
- 189 Series II shares, no warrants



Matti Häkkinen

- born 1946
- Member of the Board, term of office until 2005
- LL.B.
- Board memberships:
 - Eva Lovisa and C.G. Dunderberg Foundation
 - Tampere Tuberculosis Foundation
 - C.V. Åkerlund Fund
- 29 012 Series I shares and 235 Series II shares, no warrants



Kari Stadigh

- born 1955
- Deputy Chairman of the Board, term of office until 2005
- Deputy CEO of Sampo plc
- Board memberships:
 - If Skadeförsäkring Holding (publ)
 - Aspo Oyj
 - Kaleva Mutual Insurance Company
- 227 Series II shares, no warrants

PHOTOS: ARI LEPPÄ

Executive Committee

31 December 2002

Lauri Helve

born 1943
BA (Journalism)
Editor-in-chief, publisher,
Kauppalehti
No shares,
10 000 A warrants.
*"The supremacy of
multimedia."*

Juho Lipsanen

born 1961
MSc (Econ.)
President and CEO,
Chairman of the Executive
Committee
No shares,
15 000 A warrants.
"Attraction!"

Hannu Olkinuora

born 1950
MSc (Phil.)
President, Alpress
6 Series I shares,
no warrants.
*"The newspaper forges know-
ledge from information; know-
ledge that ties readers to their
community and promotes their
well-being."*

Pekka Karhuvaara

born 1954
President, Broadcasting
No shares, 5 000 A warrants.
*"MTV3 Channel, MTV Interactive, Subtv
and Radio Nova offer the public and
advertisers the most sought-after con-
tent and brand names in electronic
communications and entertainment."*

Ritva Sallinen

born 1949
MSc (Econ.)
Chief Financial Officer,
179 Series I and
300 Series II shares,
10 000 A warrants.
*"Cost control and respect for
cash flow will increase the in-
vestment attraction of the Alma
Media share."*

Raimo Mäkilä

born 1958
MSc (Eng.)
President,
Alma Media Interactive
No shares, 10 000 A warrants.
*"Placing top priority on our people
we can create a better working spirit
and motivation. That way we will be
the best at producing the products
and services most wanted by the
market."*

Juha Blomster

born 1957
MSc (Econ.)
President, Business
Information Group
No shares, 2 000 A warrants.
*"Innovative media solutions for
demanding clients."*

Ahti Martikainen

born 1959
MA
Secretary to the Executive
Committee
Vice President,
Corporate Communications
and Investor Relations
100 Series II shares,
2 500 A warrants.
"We want to be wanted!"

Heikki Salonen

born 1937
President, Alprint
No shares, 2 000 A warrants.
*"We are confident we will return a
profit in 2003."*

The President and CEO is assisted by an Executive Committee comprising the division presidents, the CFO, and other individuals appointed by the CEO.



PHOTOS: ARI LEPPÄ

Glossary of terms

Analogue/digital signal

In a terrestrial network television programmes are transmitted to receivers via radio frequencies. Conventionally, pictures and sound are transmitted as an analogue signal in which one frequency range is reserved for each television channel. Digital broadcasting technology uses one radio frequency range more efficiently and one digital signal can therefore transmit an entire group of channels plus their supplementary services.

Audience

The number of viewers is calculated for each minute of a television programme, which gives the 'minute audience'. These minute-by-minute figures are totalled and then divided by the total number of minutes in the programme to give the 'average minute audience'. This is the official number of viewers for that programme.

Banner advertising

Internet advertising, or 'banners' placed on web pages. Banner ads are normally rectangular in shape, hence the name.

Chatting

Chatting in the Internet world refers to exchange of opinions and dialogue on the Internet or, increasingly, on television in real time. The service is similar to IRC but in chatting the discussion channel is a www address and no separate software is needed.

Contract printing

In Alma Media's case, printing for outside clients such as publishers and advertising or communications agencies.

Daily reach (%)

The percentage of viewers in a target group who watch a given programme for at least one minute during a day.

Digital receiver

A digital receiver, or digital set-top box, is a decoder required to watch digital television programmes. It can be a separate device or integrated into the television itself.

Digital TV application

Digital television technology makes it possible to transmit supplementary services in addition to pictures and sound. These services are standardized applications that viewers can use with the remote control.

Editorial system

A group of advanced and integrated information systems for managing the design, supervision, production and document management processes and resources related to the production of publications and media. The definition covers journalistic, publication, media and technical production processes.

E-mail direct

Direct advertising to the e-mail addresses of people who have given their consent (consent is legally mandatory). Advertisers are able to specify target groups for their messages from Alma Media's register of users which contains selection criteria based on user profiles.

Employee turnover

The number of permanent, full-time employees leaving the company during the year as a percentage of total personnel. In Alma Media's case, this figure does not include newspaper delivery staff, who are treated as part-time employees.

Goodwill amortization

Goodwill arises when one company acquires another and the price paid for the acquired company's shares is higher than this company's shareholders' equity. This 'goodwill on consolidation' is amortized, or written off, annually in the manner prescribed by the Accounting Act.

Interactive service

A service that enables viewers to relay their own comments or instructions back to the broadcasting company. To communicate interactively, viewers do not necessarily need a two-way communication device; they can also use the service by browsing teletext for example. On the other hand the service is only truly

'interactive' when viewers are able to vote, for example, at the same time as other viewers.

Internet hype

Overheating of the Internet boom leading to unfounded promises and expectations that providers were unable to deliver.

Mobile device

A 'terminal device' such as a mobile phone, PDA (personal digital assistant) or palm-top computer that the user carries on his or her person. Mobile devices employ wireless communications and some also have an Internet connection.

Multichannel editing

An editorial department in which news is produced for several channels of distribution, e.g. newspapers, television, the Internet and mobile devices.

Multimedia (content production)

Content produced on the same subject for use in different media. This enables advertisers to use the same content in different media as well.

Prime time

Television viewing between the hours of 18.00 and 23.00, when most viewers are expected to watch television.

Rating (%)

Describes the percentage of a target group that watches a given programme. The figure is based on the average minute audience.

Vision

The intended result of a company's long-term plan; a description of the size or market position the company seeks to achieve in the long term.

Weekly reach (%)

The percentage of viewers in a target group who watch a given programme for at least one minute during a week.



ALMA MEDIA

**FINANCIAL
STATEMENTS**

2002

ALMA | MEDIA

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Report By The Board Of Directors

Group's net sales rose by 1.6% in 2002. Higher growth was achieved in MTV3 Channel, Radio Nova and Interactive operations. Consolidated net sales totalled 485.9 MEUR (478.3 MEUR) and the operating profit was 15.8 MEUR (operating loss 19.4 MEUR). Cash flow before financing was 53.9 MEUR (-70.3 MEUR). Operating profit in the current year is expected to be clearly higher than in 2002.

Alma Media is a media corporation whose operations in 2002 were divided into five divisions: Alpress (newspaper publishing), Business Information Group (production and multi-distribution of business and financial information), Broadcasting (television and radio), Alprint (printing), and Alma Media Interactive (new media). The parent company, Alma Media Corporation, is listed on the Helsinki Stock Exchange. It is centrally responsible for management of the Group's operations, strategic development projects, finance and treasury, real estate and the disclosure obligations of a public listed company.

The major associated companies of significance to Alma Media's performance are Talentum Oyj (32.8%), a media corporation listed on the Helsinki Stock Exchange, TV4 AB (23.4%) listed on the Stockholm Stock Exchange, and Suomen Urheilutelevisio Oy (50.0%), which is responsible for the digital Urheilukanava (Sports Channel) in Finland.

About 60% of Alma Media's total net sales is derived from sales of television and radio advertising, newspaper advertising and internet advertising. Approximately 25% comes from newspaper circulation income and the remainder mainly from invoicing of printing contracts placed by customers outside the Group.

GNP in Finland was estimated to remain below 2% in 2002. Media advertising expenditure decreased by 1.4% according to MDC Ad Facts. Television advertising grew 3.4% and radio advertising 10.1%. Newspaper advertising declined 4.2% and magazine advertising 2.9%.

Paper prices were 5% lower on average than in the previous year. The general rise in personnel expenses was roughly 3%.

RESULT AND NET SALES

Consolidated net sales increased by 7.6 MEUR, or almost 2%, to 485.9 MEUR. Particularly strong growth was evident in net sales from MTV3 Channel's advertising sales.

Other operating income was 5.8 MEUR lower than in the previous year, when the company recorded 3.9 MEUR more in capital gains from the sale of properties. Other income amounted to 8.8 MEUR (14.6 MEUR).

The overall contribution of the associated companies on Alma Media's operating profit was -9.3 MEUR (-3.8 MEUR).

The main reason for the Group's improved profitability was a reduction of 8%, or 38.9 MEUR, in operating expenses. Materials costs decreased 12%, payroll costs were down 11% and other costs 6% likewise. The fall in material costs was due not only to a decrease in paper prices but to lower

volumes and higher efficiency at the Alpress and Alprint printing plants. A major reason behind the decrease in other costs was the halving of MTV's operating licence fee in July, the impact of which was 6.9 MEUR.

Depreciation amounted to 34.7 MEUR (33.9 MEUR). Depreciation included various writedowns totalling 6.6 MEUR (4.5 MEUR) and amortization of goodwill, 3.8 MEUR (3.4 MEUR).

The Group's cost efficiency was clearly better than one year earlier. The consolidated operating profit was 15.8 MEUR (operating loss 19.4 MEUR). Broadcasting improved its operating profit by 15.5 MEUR, Alma Media Interactive by 14.3 MEUR, Alprint by 6.0 MEUR and Alpress by 4.6 MEUR. BIG's operating profit decreased by 2.5 MEUR and the parent company's by 1.4 MEUR.

The Group's net financial expenses fell from 7.2 MEUR to 7.0 MEUR, even though dividend income was 1.2 MEUR lower than in the previous year.

Taxes in the income statement totalled -5.6 MEUR (+5.2 MEUR). The previous year's figure included deferred tax assets on confirmed losses for the period which correspondingly were reversed during 2002 as these confirmed losses were employed. The net profit for the period was 2.4 MEUR (net loss 24.1 MEUR) and EPS (earnings per share) was 0.16 EUR (-1.43 EUR).

The consolidated balance sheet on 31 December 2002 totalled 403.6 MEUR (453.4 MEUR). The lower balance sheet figure was attributable to loan repayments. The equity ratio was 41.3% (37.0%) and shareholders' equity per share was 10.23 EUR (10.26 EUR).

CAPITAL EXPENDITURE AND FINANCING

The Group's capital expenditure amounted to 14.9 MEUR (94.4 MEUR). This included 4.1 MEUR on shares in division companies and the remainder concerned various maintenance investments. The high figure in the previous year was due above all to the 60 MEUR acquisition of shares in Talentum Oyj in 2001.

The lower level of investment expenditure, improved profitability and the sale of real estate assets during the year resulted in a clear strengthening of cash flow which enabled the company to reduce its loan capital more than expected. Cash flow before financing was 53.9 MEUR (-70.3 MEUR). The Group had 25.4 MEUR (19.2 MEUR) in cash reserves and bank balances at the end of the year. Interest-bearing debt totalled 156.0 MEUR (200.5 MEUR). Interest bearing net debt was 130.6 MEUR (181.3 MEUR) and gearing was 81% (112%).

DIVIDEND PROPOSAL

Alma Media Corporation's Board of Directors proposes to the Annual General Meeting on 6 March 2003 that a dividend of 0.25 EUR per share be paid on the financial year 2002.

DIVISIONS

Alpress

Alpress is the Alma Media division specializing in newspaper publishing and printing. Alpress publishes the national afternoon paper *Ilta-lehti*, the regional dailies *Aamulehti*, *Satakunnan Kansa*, *Lapin Kansa*, *Pohjolan Sanomat* and *Kainuun Sanomat*, as well as 24 local and town papers.

Alpress's net sales decreased 3.2% to 201.3 MEUR (207.9 MEUR). Circulation income rose 1.8% to 93.3 MEUR (91.6 MEUR) whereas media advertising sales declined 2.4% to 90.1 MEUR (92.4 MEUR). The Alpress newspapers fared more successfully in the competition for circulation and advertising sales than the average for the market. The division's other net sales decreased 25.2% mainly as a result of a fall in external printing contracts.

Alpress's operating profit rose 20.4% to 27.2 MEUR (22.6 MEUR). The good performance was due above all to an 10.2 MEUR, or 5.8%, reduction in overall expenses. Of the total improvement in operating profit, 60% was derived from publishing and 40% from printing. The largest cost reductions were achieved through a wide range of cost-cutting and efficiency-enhancing measures carried out throughout the year. Lower paper prices accounted for about 1.1 MEUR of the reduction in operating expenses.

The Alpress companies *Lapin Kansa Oy*, *Pohjolan Sanomat Oy* and *Kainuun Sanomat Oy* were operationally merged into a single business unit called *Pohjoiset lehdet* (Northern Newspapers), and headed by *Kainuun Sanomat Oy*'s president *Juha Ruotsalainen* from 1 August 2002. At the same time he was appointed president of *Lapin Kansa Oy*.

Broadcasting

Alma Media's Broadcasting division is responsible for the Group's television and radio activities. The division includes *MTV Oy*, which is responsible for *MTV3 Channel* and the *Subtv* cable channel, as well as *Radio Nova* (*Oy Suomen Uutisradio Ab*) and *MTV3-Tele Oy*. The division's result also includes a 23.4% holding in the Swedish television company *TV4 AB*.

MTV3 Channel's and *Subtv*'s aggregate share of total viewing time among 10–44 year-olds rose to 44.3% (42.6%) of prime time viewing (18.00–23.00) in 2002.

Broadcasting's net sales increased 5.9% or 9.6 MEUR to 172.2 MEUR (162.6 MEUR) primarily as a result of improved price levels. Net sales from *MTV3 Channel*'s advertising sales grew 5.8% to 156.3 MEUR while *Radio Nova*'s net sales increased by almost one-fifth to 12.5 MEUR and *Subtv* almost doubled its net sales to 2.8 MEUR. *MTV3-Tele*'s net sales decreased 2.3% to 4.3 MEUR. Broadcasting's expenses fell 5.1% or 9.4 MEUR, which included 6.9 MEUR resulting from the halving of the operating licence fee in July.

Broadcasting's operating loss was reduced by 15.5 MEUR to 7.9 MEUR (operating loss 23.4 MEUR). *MTV3 Channel* recorded an operating profit of 5.6 MEUR (operating loss

15.3 MEUR), *Radio Nova* likewise 2.2 MEUR (0.6 MEUR) and *MTV3-Tele* 0.6 MEUR (0.7 MEUR). The total operating loss of the *DigiTV* development unit and the associated company *Suomen Urheilutelevisio Oy* was 6.8 MEUR (3.3 MEUR). Alma Media's share of the Swedish *TV4 AB*'s operating profit after goodwill amortization was 1.1 MEUR (0.3 MEUR) negative. *TV4 AB*'s net sales amounted to 250.1 MEUR (241.0 MEUR) and its operating profit was 12.9 MEUR (24.9 MEUR). *TV 4 AB*'s full-year earnings before extraordinary items were 18.7 MEUR (9.8 MEUR).

Alprint

The Alprint division concentrates on contract printing for non-group customers. It operates two printing plants: the *Rahola* plant in *Tampere* specializes in magazines and promotional products and the *Hyvinkää* plant focuses on comics and puzzle books.

Alprint's net sales totalled 61.5 MEUR and it recorded an operating loss of 1.2 MEUR. The division's comparable net sales rose by almost one percent while its comparable operating loss was reduced by 7.1 MEUR. Alprint's 2001 figures included contract sales for Alpress's newspaper rotation presses, over 14 MEUR, as well as the sales of a printing plant sold during the reporting year.

Alprint's exports to *Russia* rose 28%, and to the west 11%, but its domestic sales fell 16%. Demand and competition over prices in the printing sector were tight owing to an increase in printing capacity in *Finland*.

The division's improved performance was mainly the result of greater internal efficiency and productivity improvement. Other major factors in raising performance were a better material efficiency and a drop in paper prices.

Business Information Group

The Business Information Group division publishes and distributes business and financial information. It comprises *Kauppalehti*, *Baltic News Service*, *Balance Consulting Oy*, *Starfunds Finland Oy* set up in March 2002 to provide mutual fund rating services, and *Efektor Oy*, a business training company acquired in June 2002. *Kauppalehti* holds 51% holdings in *Starfunds Finland Oy* and *Efektor Oy*. *Balance Consulting*, *Starfunds Finland* and the associated company *Efektor* form a subgroup within *BIG* that concentrates on business training, and the production and commercialization of financial analyses. *BIG* is also responsible for co-operation with *Talentum Oyj* in which Alma Media owns 32.8%.

Kauppalehti, which derives most of its advertising income from business-to-business advertising, was hit by the slow economic development last year. *Kauppalehti*'s advertising revenue was 11% lower than one year earlier. Of the major business segments, telecommunications advertising fell 53%, banking and finance advertising 36% and IT advertising 11%. On the other hand vehicle advertising rose 14% and travel and transport advertising increased 22%. *Kauppalehti*'s circulation income was 2% lower than in the previous year. *BIG*'s other net sales rose 43% to 7.8 MEUR owing to the presence of *Baltic News Service* in the division for the whole year, and to increased income from content sales.

Kauppalehti, during the current economic slump, has put into effect a far-reaching renewal of its operations aimed at turning its business newspaper into a multichannel medium.

Kauppalehti's content is now channelled to customers through the Kauppalehti newspaper, as well as the Internet, television, radio and also mobile terminal devices. In 2002 Kauppalehti and Talentum started jointly producing and marketing the bimonthly Saldo (Balance) supplement.

BIG succeeded in raising efficiency during the final three quarters of the year and therefore its operational EBIT remained only slightly below the previous year's level. Talentum Oyj's writedown in the fourth quarter reduced BIG's operating profit by 2 MEUR to 2.4 MEUR (4.9 MEUR). Talentum Oyj's impact on the result was on -4.7 MEUR (-2.6 MEUR). Talentum Oyj's net sales was 114.6 MEUR (106.7 MEUR) and it reported an operating loss of 0.3 MEUR (operating loss 6.4 MEUR).

Alma Media Interactive

During 2002 Alma Media Interactive comprised MTV3 Interactive, classified services, other content services and technical support.

Alma Media Interactive's strategy was changed in 2001 to focus on already profitable and rapidly growing businesses. This change has succeeded; despite the termination of many operations, the division's net sales rose 18% in 2002 and its operating loss was reduced by 14 MEUR with the result that the division reached its target of generating an operating profit.

Alma Media Interactive's net sales totalled 18.5 MEUR. Comparable net sales grew 29%. Growth was most pronounced in the MTV3 Interactive businesses, which operate under the MTV3 brand: ISP, MTV-Teletext and MTV3 Internet. NWS (the Network Service unit), multimedia content services provider Ruokala.tv and Intervisio also showed an extremely sharp improvement in performance. MTV Interactive's net sales rose 44% to 7.6 MEUR.

Net sales of classified services were slightly down on the previous year all in all, owing to a 43% fall in Jobline's net sales. Etuovi.com, Dime.fi and Autotalli.com, which provide online property and vehicle trading services, raised their sales by 40%, while sales by the printed Asuntopörssi property newspaper were at the previous year's level.

Parent company

The parent company's net sales amounted to 15.5 MEUR (16.3 MEUR). This included rental income totalling 9.9 MEUR (9.9 MEUR), of which 3.7 MEUR (2.5 MEUR) was derived from outside the company. The parent company posted an operating loss of 4.1 MEUR (2.7 MEUR).

ADMINISTRATION AND PERSONNEL

Alma Media's Annual General Meeting on 19 March 2002 approved the technical amendments to the company's Articles of Association required by the adoption of the euro. The meeting also voted to remove the voting restrictions from the Articles and to abolish the Supervisory Board.

The chairman of the Board of Directors was Bengt Braun and the deputy chairman was Kari Stadigh for the whole financial year. The Board's members for the whole year were Bengt Braun, Matti Häkkinen, Kari Stadigh, Matti Kavetvuo and Jonas Nyrén.

Matti Häkkinen and Kari Stadigh were re-elected to the

Board for the following three-year period of office.

The meeting appointed the firm of authorized public accountants KPMG Wideri Oy Ab and auditor Mauri Palvi, APA, as the company's auditors.

The following changes took place in the company's top management. Alma Media's president and CEO until 28 February 2002 was Matti Packalén and thereafter Juho Lipsanen.

Hannu Olkinuora started as president of Alpress Oy on 1 March 2002. Until then Alpress Oy was headed by its executive vice president, Veli-Matti Asikainen.

A new top management model was introduced on 1 April 2002 when the earlier Group Executive Board was replaced by an Executive Committee chaired by the president and CEO and responsible for the Group's day-to-day management.

The Executive Committee consists of president and CEO Juho Lipsanen, Business Information Group's president Juha Blomster, Broadcasting's president Pekka Karhuvaara, Alma Media Interactive's president Raimo Mäkilä, Alpress's president Hannu Olkinuora, Alprint's president Heikki Salonen, editor-in-chief Lauri Helve, and executive vice president, finance and administration Ritva Sallinen.

At the end of 2002 Alma Media Group had altogether 2 588 (2 678) full-time employees, as well as a further 1 413 (1 328) part-time employees. The number of employees decreased notably in Alprint, Alma Media Interactive and the parent company.

SHARES AND OWNERSHIP STRUCTURE

The Board of Directors had no authorizations during 2002 to raise the share capital, to issue bonds with warrants and/or to float convertible bonds.

Alma Media Corporation's fully paid up and registered share capital on the balance sheet date was 26 456 061.75 euros. The share capital comprised 6 771 586 Series I shares and 8 958 474 Series II shares. Foreign-registered and nominee-registered shareholders represented 45% (40%) of the company's shares at the close of the period.

Altogether 0.5% (10%) of Alma Media's Series I shares and 22% (21%) of the Series II shares were traded during the year. Trading totalled 39 MEUR (49 MEUR). The market capitalization of the company's share capital at the end of the year was 299 MEUR (271 MEUR).

In accordance with the decision of the AGM on 24 March 1999 Alma Media Corporation offered bonds with warrants totalling 1 220 000 Finnish markka to its employees entitling subscription of altogether 610 000 Series II shares. This was an issue to Alma Media Corporation's employees and also its wholly owned subsidiary Marcenter Oy, disapplying shareholders' pre-emptive subscription rights.

The average price of the Series II share in October 1999, used to calculate the bond subscription price, was 20.58 EUR per share. Under the terms of the bond, half of the shares may be subscribed for from 28 May 2001 at a price 12% above the average price in October 1999, i.e. 23.05 EUR per share, and the other half of the shares from 28 May 2003 at a price 28% above the average price in October 1999, i.e. 26.34 EUR. Any dividends payable will be deducted from the subscription price before subscription.

The subscription price of shares under the A warrants, before payment of any dividend for 2002, is 21.76 EUR and for the shares under the B warrants, 25.05 EUR.

The A warrants were registered in the book-entry securities system on 28 May 2001 and trading in them started on 29 May 2001. Trading in these warrants has been minor and no warrants were exercised to subscribe for shares during 2002.

SUBSEQUENT EVENTS

Alma Media Group adopted an organization based around four divisions at the beginning of 2003. Alprint and Alma Media Interactive ceased to be independent divisions and a new division was established, Media Services, combining the operations of Alprint (printing) and Alma Media Interactive (classified services, new businesses, corporate R&D). A new profit centre was also set up in Media Services called Alma Media Tietojärjestelmät (Alma Media Information Systems) that pulls together the Group's IT management and maintenance services as well as the former Alma Media Interactive's Network Services unit, which provides interactive technology services. Similarly, the MTV3-branded services previously managed by Alma Media Interactive were moved to the Broadcasting division. The Media Services division is headed by Raimo Mäkilä, previously president of Alma Media Interactive.

In January Alma Media acquired the entire share capital of Suomen Lehdentekijät -ryhmä Oy, which specializes in customer magazines. This company, with about 35 employees, increases BIG's net sales by approximately 7 MEUR.

PROSPECTS FOR 2003

Alma Media derives roughly two-thirds of its revenues from advertising income. The company believes that growth in media advertising this year will remain very moderate. In recent years the company has given top priority to raising profitability by cutting costs and raising its business process efficiency. This work will continue during 2003. Barring a serious further deterioration in business conditions, all Alma Media divisions are expected to reach or exceed last year's comparable profitability levels. Operating profit in the current year is expected to be clearly higher than in 2002.

DISCLAIMER

This bulletin contains certain statements and forecasts that represent the management's opinions at the time of issue. For this reason they contain risks and uncertainty factors, and the forecasts could change in the event of significant changes in general economic trends or the media sector.

Income Statement

MEUR	Note	CONSOLIDATED		PARENT COMPANY	
		1 Jan. – 31 Dec. 2002	1 Jan. – 31 Dec. 2001	1 Jan. – 31 Dec. 2002	1 Jan. – 31 Dec. 2001
Net sales	1	485.9	478.3	15.5	16.3
Increase (+)/decrease (–) in stocks of finished and unfinished goods		–0.3	0.2		
Other operating income	2	8.8	14.6	6.0	10.0
Materials and services	3	–185.1	–191.9		
Personnel expenses	4	–138.8	–155.6	–3.8	–9.3
Depreciation and writedowns	5	–34.7	–33.9	–7.3	–3.0
Other operating expenses		–110.7	–127.3	–14.5	–17.2
Associated companies, share of profits (losses)		–9.3	–3.8		
Operating profit (loss)	1	15.8	–19.4	–4.1	–3.2
Financial income and expenses	6	–7.0	–7.2	4.7	3.1
Profit (loss) before extraordinary items		8.8	–26.6	0.6	–0.1
Extraordinary items	7	–0.1	–2.2	7.4	–4.0
Profit (loss) before taxes		8.7	–28.8	8.0	–4.1
Appropriations	8			0.5	1.4
Income taxes	9	–5.6	5.2	–2.1	0.0
Minority interest		–0.7	–0.5		
Net profit (loss) for the year		2.4	–24.1	6.4	–2.7

Balance Sheet

ASSETS		CONSOLIDATED		PARENT COMPANY	
MEUR	Note	31 Dec. 2002	31 Dec. 2001	31 Dec. 2002	31 Dec. 2001
FIXED ASSETS					
Intangible assets	11	19.7	20.5	1.3	1.5
Goodwill on consolidation	11	17.0	18.8		
Tangible assets	12, 13	102.7	129.7	8.0	18.7
Holdings in Group companies	14, 15			63.3	63.3
Holdings in associated companies	14, 15	134.3	143.3		
Other investments	14	12.9	24.7	72.9	81.3
Fixed assets, total		286.6	337.0	145.5	164.8
CURRENT ASSETS					
Inventories	16	51.8	52.8		
Long-term receivables	17	0.6	0.8	0.1	0.0
Short-term receivables	17	39.2	43.6	210.9	240.1
Cash and bank		25.4	19.2	18.6	12.1
Current assets, total		117.0	116.4	229.6	252.2
Assets, total		403.6	453.4	375.1	417.0

Balance Sheet

SHAREHOLDERS' EQUITY AND LIABILITIES		CONSOLIDATED		PARENT COMPANY	
MEUR	Note	31 Dec. 2002	31 Dec. 2001	31 Dec. 2002	31 Dec. 2001
SHARE CAPITAL	18, 19, 20				
Shareholders' equity		26.5	26.5	26.5	26.5
Revaluation fund		3.7	3.7	3.7	3.7
Reserve fund		46.9	46.9	46.9	46.9
Contingency fund				20.4	20.4
Retained earnings		81.3	108.5	64.9	70.7
Net profit/loss for the year		2.4	-24.1	6.4	-2.7
Shareholders' equity, total		160.8	161.5	168.8	165.5
MINORITY INTEREST		1.5	2.8		
ACCUMULATED APPROPRIATIONS				0.1	0.7
PROVISIONS	21	3.6	3.3	1.6	1.8
LIABILITIES					
Deferred tax liabilities	22, 23	6.7	4.6		
Long-term liabilities	23, 24	112.0	133.6	106.8	127.3
Short-term liabilities	25	119.0	147.6	97.8	121.7
Liabilities, total		237.7	285.8	204.6	249.0
Shareholders' equity and liabilities, total		403.6	453.4	375.1	417.0

Cash Flow Statement

MEUR	CONSOLIDATED		PARENT COMPANY	
	1 Jan. – 31 Dec. 2002	1 Jan. – 31 Dec. 2001	1 Jan. – 31 Dec. 2002	1 Jan. – 31 Dec. 2001
OPERATING CASH FLOW				
Operating profit	15.8	–19.4	–4.1	–3.2
Adjustments to operating profit *)	39.2	27.6	1.1	–5.6
Change in working capital	–4.9	–9.1	–2.3	0.1
Interest received	0.8	1.1	12.0	12.0
Interest paid and payments on other financial expenses	–8.1	–9.6	–8.8	–10.1
Dividends received	3.9	5.4	1.1	0.5
Income taxes paid	–0.2	0.1	0.9	2.2
Cash flow from extraordinary items	–0.1	–0.1	–0.1	0.0
Net cash from operating activities	46.4	–4.0	–0.2	–4.1
CASH FLOW FROM INVESTING ACTIVITIES				
Investments in tangible and intangible assets	–11.4	–28.3	–1.3	–2.4
Proceeds from sale of tangible and intangible assets	17.2	26.6	15.8	18.7
Investments in other securities	–0.8	–2.3	–0.5	–7.3
Proceeds from sale of other investments	7.1	0.8	1.1	3.1
Loans granted	–3.1	–1.7	0.0	–0.4
Repayments on loans	0.6	0.9	0.0	0.4
Subsidiary shares acquired	–3.1	–2.6	0.0	–0.4
Subsidiary shares sold	0.9	0.4	0.0	0.4
Associated company shares acquired	0.0	–60.0	0.0	–60.0
Net cash from investing activities	7.4	–66.2	15.1	–47.9
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from (+) / payments of (–) short term loans	–22.0	45.0	–22.3	45.6
Proceeds from long-term loans	0.0	75.0	0.0	75.0
Payments of long-term loans	–22.3	–43.1	–21.3	–41.7
Increase (–) / decrease (+) in interest-bearing receivables	0.0	0.5	30.8	–15.1
Dividend payments	–3.3	–6.8	–3.1	–6.6
Proceeds from / payments of Group contributions			7.5	–3.6
Net cash used in financing activities	–47.6	70.6	–8.4	53.6
Net increase (+)/ decrease (–) in cash and cash equivalents	6.2	0.4	6.5	1.6
Cash reserves on 1 Jan.	19.2	18.8	12.1	10.5
Cash reserves on 31 Dec.	25.4	19.2	18.6	12.1

*) Includes adjustments to depreciation, results of associated companies, provisions and gains/losses on sale of fixed assets.

Accounting Principles

All companies in the Alma Media Group apply the accounting principles specified in the Finnish Accounting Act (30 December 1997) and these have been used to prepare the consolidated and parent company's financial statements.

Alma Media's financial statements will be prepared in accordance with IAS principles from 2005.

SCOPE OF CONSOLIDATION

The consolidated accounts comprise the parent company Alma Media Corporation and those companies in which the parent company holds, directly or indirectly, more than 50% of the voting rights at the end of the financial period, or over which it has the right of control.

Companies acquired during the accounting period are consolidated from the date of acquisition and companies divested during the period are consolidated up to the date of sale.

Associated housing and real estate companies are not consolidated. The impact of such companies on the consolidated profit and shareholders' equity is not significant.

The consolidated accounts have been prepared according to the purchase method whereby the acquisition costs of subsidiaries are eliminated against the shareholders' equity of the subsidiaries at the time of acquisition. The excess amounts generated by the difference between the acquisition price of the shares and the equity of the subsidiaries at the time of acquisition are allocated mainly to the balance sheet items concerned. Goodwill on consolidation allocated to fixed assets is amortized according to the planned depreciation of the item concerned. Non-allocated goodwill on consolidation is shown separately in the consolidated balance sheet and amortized over its period of influence. Goodwill (assets) is amortized, and goodwill (liabilities) is charged to the income statement, over 10 years, or 20 years in the case of television operations and Talentum Oyj.

Intragroup transactions, dividends, receivables, payables and the unrealized margins on intragroup deliveries are eliminated. Minority interest is shown as a separate item in the income statement and the balance sheet.

Associated companies are consolidated using the equity method. The Group's share of the results of associated companies in the review year, less amortization of goodwill on consolidation, is shown separately in the income statement.

FIXED ASSETS

Tangible and intangible assets are capitalized at direct acquisition cost less planned depreciation. Revaluations are included under fixed assets in the balance sheet and their counter-entries under restricted shareholders' equity.

Planned depreciation is calculated from the original acquisition cost based on the estimated economic life of the asset as follows:

Buildings and structures	30–40 years
Machinery and equipment	3–10 years
Large rotation presses	20 years
Other long-term expenses	5–10 years.

Research and development costs are expensed in the financial period during which they are incurred. The costs arising from the establishment and development of the KCRnet Oy operations and capitalized to fixed assets during 2000 were written off in their entirety in the 2001 accounts.

INVENTORIES

The balance sheet value of inventories is the lower of direct acquisition cost or the probable market value. Inventories are periodized on a FIFO (first-in-first-out) basis.

MTV's inventories consist of advance payments on programme broadcasting rights. The programmes are expensed as they are shown on television.

TAXES

Taxes in the income statement are the taxes corresponding to the results of the Group's companies during the financial year as well as adjustments to taxes in previous years and the change in deferred tax liabilities and accrued tax assets.

Deferred tax liabilities and accrued tax assets are entered in the consolidated balance sheet and presented according to IAS 12 in line with the general guidelines of the Finnish Accounting Board. The parent company's deferred tax liabilities and accrued tax assets are included under tax liabilities and assets in the consolidated financial statements.

FOREIGN CURRENCY ITEMS

Foreign currency items are entered at the rates prevailing on the transaction date. Receivables and payables on the balance sheet date are valued at the average rate on the balance sheet date. Exchange rate differences arising from sales and purchases are treated as additions or subtractions respectively in the income statement. Realized and unrealized exchange rate differences related to loans and loan receivables are taken to other financial income and expenses in the income statement. The Group does not have significant foreign currency loans.

In the consolidation of foreign companies, the average exchange rate during the year is used in the income statements, and in the balance sheets the average rate on the balance sheet date. Translation differences arising from the consolidation of foreign subsidiaries and associated companies are entered under shareholders' equity.

PENSION COMMITMENTS

Statutory and voluntary employee pension benefits are arranged mainly through pension insurance companies.

1. NET SALES, OPERATING PROFIT/LOSS AND PERSONNEL

1 000 €	Net sales		Operating profit/ -loss		Personnel average ^{*)}	
	2002	2001	2002	2001	2002	2001
Alpress	201 345	207 906	27 220	22 573	1 236	1 242
Broadcasting	172 229	162 610	-7 893	-23 411	490	550
Alprint	61 473	73 115	-1 196	-7 214	389	501
Business Information Group	43 226	43 953	2 391	4 869	357	270
Alma Media Interactive	18 503	15 741	9	-14 261	131	183
Parent company	15 519	16 292	-4 127	-2 670	49	71
Group entries	-26 407	-41 344	-577	676	-	-
Total	485 888	478 273	15 827	-19 438	2 652	2 817
*) In addition part-time staff					1 418	1 343

The distribution of net sales and operating profit above conforms to the reporting organization and is therefore not entirely in agreement with the legal organization.

NET SALES BY MARKETING AREA	GROUP		PARENT COMPANY	
1 000 €	2002	2001	2002	2001
Finland	439 365	427 570	15 519	16 292
Other EU countries	23 790	26 251	0	0
Russia	17 783	19 892	0	0
Other countries	4 950	4 560	0	0
Total	485 888	478 273	15 519	16 292

2. OTHER OPERATING INCOME

1 000 €	GROUP		PARENT COMPANY	
	2002	2001	2002	2001
Profit on sale of fixed assets	6 446	12 250	6 009	9 987
Other	2 351	2 346	1	4
Total	8 797	14 596	6 010	9 991

3. MATERIALS AND SERVICES

1 000 €	GROUP		PARENT COMPANY	
	2002	2001	2002	2001
Materials, supplies and goods:				
Purchased during the period	53 731	61 556	0	0
Change in inventories	1 077	1 702	0	0
	54 808	63 258	0	0
External services	130 261	128 611	0	0
Total	185 069	191 869	0	0

4. PERSONNEL EXPENSES

	GROUP		PARENT COMPANY	
1 000 €	2002	2001	2002	2001
Wages, salaries and fees	111 441	122 645	2 770	5 825
Pension expenses	19 444	22 486	723	2 613
Other social expenses	7 905	10 455	280	844
Total	138 790	155 586	3 773	9 282
Salaries and fees to management				
Presidents *)	3 331	4 310	579	1 573
Members of the Board of Directors	58	85	58	55
Members of the Supervisory Board	7	28	7	28
Total	3 396	4 423	644	1 656

*) The parent company figures in 2001 include the President and CEO and his deputy during his period of employment.

Based on contract of employment, the President and CEO of the parent company is entitled to take retirement on reaching 60 years of age. Similar contracts of employment exist in certain of the Group's subsidiaries.

5. DEPRECIATION AND WRITEDOWNS

	GROUP		PARENT COMPANY	
1 000 €	2002	2001	2002	2001
Planned depreciation	24 278	26 096	1 904	2 202
Amortization of goodwill on consolidation	3 752	3 387	0	0
Writedowns of fixed assets	6 629	4 454	5 400	841
Total	34 659	33 937	7 304	3 043

6. FINANCIAL INCOME AND EXPENSES

	GROUP		PARENT COMPANY	
1 000 €	2002	2001	2002	2001
Dividend income:				
From Group companies	0	0	342	261
From associated companies	0	0	1 158	250
From others	35	1 191	53	148
Total	35	1 191	1 553	659
Interest income from long-term investments:				
From others	159	14	7	8
Income from long-term investments, total	194	1 205	1 560	667
Other interest and financial income:				
From Group companies	0	0	11 668	11 856
From others	821	949	243	316
Total	821	949	11 911	12 172
Interest income from long-term investments and other interest and financial income, total	980	963	11 918	12 180
Writedowns of investments:				
Writedowns of long-term investments	0	-357	-236	0
Interest expenses and other financial expenses:				
To Group companies	0	0	-905	-1 168
To others	-8 038	-9 016	-7 657	-8 495
Total	-8 038	-9 016	-8 562	-9 663
Financial income and expenses, total	-7 023	-7 219	4 673	3 176
Exchange rate differences in financial income and expenses	-4	2	-4	2

7. EXTRAORDINARY ITEMS

1 000 €	GROUP		PARENT COMPANY	
	2002	2001	2002	2001
Extraordinary income:				
Group contributions received	0	0	7 500	0
Other extraordinary income	0	3	0	0
Total	0	3	7 500	0
Extraordinary expenses:				
Group contributions given	0	0	0	-3 616
Losses on divestments	0	-37	0	0
Other extraordinary expenses	-83	-2 134	-83	-447
Total	-83	-2 171	-83	-4 063
Extraordinary items, total	-83	-2 168	7 417	-4 063

8. APPROPRIATIONS

1 000 €	PARENT COMPANY	
	2002	2001
Depreciation difference	519	1 411

9. INCOME TAX

1 000 €	GROUP		PARENT COMPANY	
	2002	2001	2002	2001
Income taxes on extraordinary items	23	0	-2 151	1 048
Current tax	-3 597	-1 415	49	-1 056
Change in deferred tax liabilities:				
Timing differences *)	-3 713	4 312	0	0
Appropriations	1 716	2 258	0	0
Other temporary differences	-33	66	0	0
Total	-5 604	5 221	-2 102	-8

*) 0.0 MEUR (0.6 MEUR) of the change in deferred tax assets in 2002 was due to extraordinary items.

10. RESEARCH AND DEVELOPMENT COSTS

Research and development costs recorded in the year totalled 3.6 MEUR (11.3 MEUR). The costs (1.3 MEUR) arising from the establishment and development of the KCRnet Oy operations and capitalized to fixed assets during 2000 were written off in their entirety in the 2001 accounts.

11. INTANGIBLE ASSETS

1 000 €	R & D costs	Intangible rights	Goodwill	Goodwill on consolidation	Other long-term expenditure	Advances paid	Total
GROUP							
Acquisition cost 1 Jan.	1 344	20 578	1 797	38 108	19 766	1 150	82 743
Increases	0	2 768	0	1 946	1 971	468	7 153
Decreases	-1 344	-1 462	0	-8	-1 997	-499	-5 310
Transfers between items	0	420	0	0	381	-715	86
Acquisition cost 31 Dec.	0	22 304	1 797	40 046	20 121	404	84 672
Accumulated depreciation and writedowns 1 Jan.	1 344	11 841	1 040	19 283	9 847	18	43 373
Accumulated depreciation on decreases and transfers	-1 344	-1 158	0	0	-1 506	-18	-4 026
Depreciation in the year	0	2 995	140	3 751	1 676	0	8 562
Accumulated depreciation 31 Dec.	0	-13 678	-1 180	-23 034	-10 017	0	-47 909
Net carrying amount 31 Dec.	0	8 626	617	17 012	10 104	404	36 763
PARENT COMPANY							
Acquisition cost 1 Jan.	0	1 371	0	0	499	260	2 130
Increases	0	136	0	0	47	326	509
Decreases	0	-96	0	0	-126	0	-222
Transfers between items	0	117	0	0	0	-392	-275
Acquisition cost 31 Dec.	0	1 528	0	0	420	194	2 142
Accumulated depreciation and writedowns 1 Jan.	0	533	0	0	81	0	614
Accumulated depreciation on decreases and transfers	0	-82	0	0	-1	0	-83
Depreciation in the year	0	244	0	0	39	0	283
Accumulated depreciation 31 Dec.	0	-695	0	0	-119	0	-814
Net carrying amount 31 Dec.	0	833	0	0	301	194	1 328

12. TANGIBLE ASSETS

1 000 €	Land and water	Buildings and structures	Machinery and equipment	Other tangible assets	Advances paid and uncompleted purchases	Total
GROUP						
Acquisition cost 1 Jan.	9 196	74 202	183 255	2 304	2 859	271 816
Increases	98	551	6 176	161	1 097	8 083
Decreases	-3 303	-16 027	-9 121	-272	-464	-29 187
Transfers between items	0	0	2 394	-365	-2 394	-365
Acquisition cost 31 Dec.	5 991	58 726	182 704	1 828	1 098	250 347
Accumulated depreciation and writedowns 1 Jan.	1 719	32 955	108 966	645	0	144 285
Accumulated depreciation on decreases and transfers	0	-8 595	-7 076	-217	0	-15 888
Depreciation in the year	0	2 724	16 627	117	0	19 468
Writedowns	286	1 669	4	0	0	1 959
Accumulated depreciation 31 Dec.	-2 005	-28 753	-118 521	-545	0	-149 824
Revaluations	344	1 800				2 144
Net carrying amount 31 Dec.	4 330	31 773	64 183	1 283	1 098	102 667
Production machinery and equipment on 31 Dec. 2002			58 845			
Production machinery and equipment on 31 Dec. 2001			67 088			
PARENT COMPANY						
Acquisition cost 1 Jan.	3 410	23 550	4 882	896	0	32 738
Increases	98	470	422	35	63	1 088
Decreases	-2 862	-15 356	-882	-259	0	-19 359
Acquisition cost 31 Dec.	646	8 664	4 422	672	63	14 467
Accumulated depreciation and writedowns 1 Jan.	0	10 829	3 010	264	0	14 103
Accumulated depreciation on decreases and transfers	0	-8 595	-560	-110	0	-9 265
Depreciation in the year	0	866	725	30	0	1 621
Accumulated depreciation 31 Dec.	0	-3 100	-3 175	-184	0	-6 459
Net carrying amount 31 Dec.	646	5 564	1 247	488	63	8 008

13. REVALUATIONS

1 000 €	Value 1 Jan.	Revaluations 1 Jan.–31 Dec.	Reversals of valuations 1 Jan.–31 Dec.	Value 31 Dec.
GROUP				
Land and water	344	0	0	344
Buildings and structures	1 800	0	0	1 800

14. INVESTMENTS

	SHARES	SHARES	RECEIVABLES	RECEIVABLES	
	In associated companies	In others	From associated companies	From others	Total
1 000 €					
GROUP					
Acquisition cost 1 Jan.	158 954	27 097	347	1 529	187 927
Change in translation difference	279	0	0	0	279
Increases	5 197	504	251	0	5 952
Decreases	-10 617	-8 381	-141	-1 209	-20 348
Transfers between items	0	291	-190	0	101
Acquisition cost 31 Dec.	153 813	19 511	267	320	173 911
Accumulated depreciation and writedowns 1 Jan.	15 632	2 906	0	1 410	19 948
Accumulated depreciation on decreases and transfers	0	-1 413	0	-1 090	-2 503
Amortization of goodwill	3 846	0	0	0	3 846
Writedowns	0	5 401	0	0	5 401
Accumulated depreciation 31 Dec.	-19 478	-6 894	0	-320	-26 692
Net carrying amount 31 Dec.	134 335	12 617	267	0	147 219

Goodwill on consolidation of associated companies not yet amortized at 31 December 2002 totalled 92.4 MEUR (98.0 MEUR).

The aggregate market capitalization of the listed associated companies (TV4 AB and Talentum Oyj) on 31 December 2002 was 45.1 MEUR (8.5 MEUR) lower than the carrying amount in the consolidated balance sheet.

	SHARES	SHARES	SHARES	RECEIVABLES	RECEIVABLES	
	In Group companies	Associated companies	In others	From Group companies	From others	Total
1 000 €						
PARENT COMPANY						
Acquisition cost 1 Jan.	63 324	61 458	11 267	9 428	1 233	146 710
Increases	0	0	471	0	0	471
Decreases	0	0	-1 569	-170	-1 106	-2 845
Transfers between items	0	0	291	-2 926	0	-2 635
Acquisition cost 31 Dec.	63 324	61 458	10 460	6 332	127	141 701
Accumulated depreciation and writedowns 1 Jan.	0	0	841	0	1 217	2 058
Accumulated depreciation on decreases and transfers	0	0	-841	0	-1 090	-1 931
Writedowns	0	0	5 400	0	0	5 400
Accumulated depreciation 31 Dec.	0	0	-5 400	0	-127	-5 527
Net carrying amount 31 Dec.	63 324	61 458	5 060	6 332	0	136 174

15. SHARES AND HOLDINGS

	Domicile	Group holding %	Parent company holding %
Group companies:			
Aamujakelu Oy	Tampere	100.00	0.00
Agentura BNS SIA	Riga	100.00	0.00
Alexpress Oy	Tampere	100.00	100.00
Alma Media Interactive Oy	Helsinki	100.00	100.00
Alpress Oy	Tampere	100.00	90.09
Alprint Oy	Vantaa	100.00	100.00
Arctic Press Oy	Rovaniemi	100.00	0.00
Balance Consulting Oy	Helsinki	100.00	0.00
Baltic News Service Ltd	Tallinn	100.00	0.00
BNS Eesti OÜ	Tallinn	100.00	0.00
BNS Kirjastus OÜ	Tallinn	100.00	0.00
BNS Latvija SIA	Riga	99.97	0.00
BNS Lithuania UAB	Vilnius	99.93	0.00
Domiras Oy	Helsinki	60.00	60.00
Intervisio Oy	Helsinki	51.00	0.00
Jobline Oy	Helsinki	75.00	0.00
Kainuun Sanomat Oy	Kajaani	97.45	0.00
Kainuun Viestintä Oy	Kajaani	100.00	0.00
Karenstock Oy	Helsinki	100.00	0.00
Kiint. Oy Kajaanin Kauppakatu 34	Kajaani	100.00	0.00
Kiint. Oy Kajaanin Kauppakatu 36	Kajaani	100.00	0.00
Kiint. Oy Kajaanin Kauppakatu 38	Kajaani	100.00	0.00
Kiint. Oy Liike- ja Autokulma	Rovaniemi	79.20	0.00
Kiint. Oy Veneentekijäntie 20	Helsinki	100.00	100.00
Kustannus Oy Aamulehti	Tampere	100.00	0.00
Kustannus Oy Otsikko	Tampere	100.00	0.00
Kustannusosakeyhtiö Iltalehti	Vantaa	100.00	0.00
Kustannusosakeyhtiö Kauppalehti	Vantaa	100.00	0.00
Kustannusosakeyhtiö Koti-Kajaani	Kajaani	100.00	0.00
Kustannusosakeyhtiö Uusi Suomi	Vantaa	100.00	0.00
Lapin Kansa Oy	Rovaniemi	93.66	28.43
Marcenter Oy	Tampere	100.00	100.00
MTV Oy	Helsinki	100.00	100.00
MTV3-Tele Oy	Helsinki	100.00	0.00
MTV-Palvelukiinteistöt Oy	Helsinki	100.00	0.00
Novatar Oy	Jyväskylä	100.00	0.00
Osakeyhtiö Harjavallan Kustannus	Harjavalta	99.72	0.00
Oy Alprint International Ltd	Vantaa	100.00	0.00
Oy Suomen Uutisradio Ab	Helsinki	74.00	0.00
Pohjois-Suomen Media Oy	Helsinki	100.00	0.00
Pohjolan Sanomat Oy	Kemi	92.64	0.00
Porin Sanomat Oy	Pori	100.00	0.00
Puossakka Oy	Helsinki	100.00	0.00
Satakunnan Kirjateollisuus Oy	Pori	100.00	0.00

15. SHARES AND HOLDINGS (CONTINUES)

	Domicile	Group holding %	Parent company holding %
SubTV Oy	Helsinki	64.50	0.00
Starfunds Finland Oy	Helsinki	51.00	0.00
Suomen Asuntopörssilehdet Oy	Jyväskylä	100.00	0.00
Suomen Kansallisviestintä Oy	Helsinki	100.00	57.50
Suomen Paikallissanomat Oy	Tampere	100.00	0.00
Suomen Uutislinkki Oy	Helsinki	100.00	0.00
Tampereen Viestintä Oy	Tampere	100.00	100.00
Viestintäyhtiö Ruokala Oy	Helsinki	52.00	0.00
ASSOCIATED COMPANIES:			
Efektor Oy ^{*)}	Helsinki	51.00	0.00
Finn-Lab Oy	Helsinki	32.30	0.00
Holding Oy Visio	Pori	25.70	0.00
Oy Suomen Tietotoimisto Ab	Helsinki	28.86	24.07
Platco Oy	Helsinki	33.33	0.00
Suomen Lehdentekijät -ryhmä Oy	Helsinki	25.00	0.00
Suomen Urheilutelevisio Oy	Helsinki	50.00	0.00
Talentum Oyj	Helsinki	32.80	32.80
Tampereen Tietoverkko Oy	Tampere	34.92	34.92
Tornionlaakson Kustannus Oy	Pello	50.00	0.00
TV4 AB	Stockholm	23.40	0.00

^{*)} Voting right of the Group 50%

Associated companies are consolidated using the equity method. Also certain other companies, principally housing and real estate companies, are not consolidated in the Group's financial statements.

16. INVENTORIES

	GROUP		PARENT COMPANY	
1 000 €	2002	2001	2002	2001
Materials and supplies	2 854	3 896	0	0
Uncompleted products	622	946	0	0
Finished products/goods	11	30	0	0
Other inventories	487	0	0	0
Advances paid	47 814	47 950	0	0
Total	51 788	52 822	0	0

17. RECEIVABLES

1 000 €	GROUP		PARENT COMPANY	
	2002	2001	2002	2001
Long-term				
Receivables from Group companies				
Loans receivable	0	0	113	0
Receivables from associated companies				
Loans receivable	83	0	0	0
Loans receivable	17	8	0	0
Other receivables	537	725	0	0
Long-term receivables total	637	733	113	0
Short-term				
Accounts receivable	30 382	34 699	203	215
Receivables from Group companies				
Accounts receivable	0	0	45	82
Loans receivable	0	0	209 314	236 993
Prepaid expenses and accrued income	0	0	0	29
Total	0	0	209 359	237 104
Receivables from associated companies				
Accounts receivable	741	320	0	0
Loans receivable	520	843	0	0
Other receivables	847	1 033	52	8
Prepaid expenses and accrued income	6 670	6 737	1 196	2 740
Short-term receivables, total	39 160	43 632	210 810	240 067

18. SHAREHOLDERS' EQUITY

1 000 €	GROUP		PARENT COMPANY	
	2002	2001	2002	2001
Shareholders' equity 1 Jan.	26 456	26 456	26 456	26 456
Shareholders' equity 31 Dec.	26 456	26 456	26 456	26 456
Share premium fund 1 Jan.	3 719	3 719	3 719	3 719
Share premium fund 31 Dec.	3 719	3 719	3 719	3 719
Revaluation fund 1 Jan.	0	5 742	0	9 388
Reversal of revaluation	0	-10 428	0	-10 428
Return of previously withdrawn amount	0	1 662	0	1 040
Change in deferred tax liabilities separated from revaluations	0	3 024	0	0
Revaluation fund 31 Dec.	0	0	0	0
Reserve fund 1 Jan.	46 864	46 864	46 864	46 864
Reserve fund 31 Dec.	46 864	46 864	46 864	46 864
Contingency fund 1 Jan.	0	0	20 414	20 414
Contingency fund 31 Dec.	0	0	20 414	20 414
Retained earnings 1 Jan.	84 412	117 564	68 052	78 442
Dividend distribution	-3 146	-6 614	-3 146	-6 614
Changes in translation differences	105	-809	0	0
Returned to revaluation fund	0	-1 662	0	-1 040
Retained earnings 31 Dec.	81 371	108 479	64 906	70 788
Net profit (loss) for the year	2 440	-24 067	6 380	-2 736
Shareholders' equity, total	160 850	161 451	168 739	165 505

19. CALCULATION OF DISTRIBUTABLE FUNDS 31 DEC.

1 000 €	GROUP		PARENT COMPANY	
	2002	2001	2002	2001
Retained earnings	81 371	108 480	64 907	70 789
Net profit (loss) for the year	2 440	-24 067	6 380	-2 737
./. Less share of accumulated depreciation difference in shareholders' equity	-15 529	-19 739	0	0
Distributable funds, total	68 282	64 674	71 287	68 052

20. PARENT COMPANY SHARE SERIES

	31 Dec. 2002	31 Dec. 2002
	Number	€
Series I – (1 vote/share)	6 771 586	11 388 990
Series II – (1 vote/every 10 shares)	8 958 474	15 067 072
Total	15 730 060	26 456 062

21. PROVISIONS

1 000 €	GROUP		PARENT COMPANY	
	2002	2001	2002	2001
Pension liabilities	1 429	1 005	0	0
Provisions for expenses related to sold property	602	773	602	773
Other provisions	1 597	1 567	1 037	1 009
Total	3 628	3 345	1 639	1 782

22. DEFERRED TAX ASSETS AND LIABILITIES

1 000 €	GROUP	
	2002	2001
Deferred tax assets:		
Timing differences	2 287	6 050
Deferred tax liabilities:		
Appropriations	6 343	8 063
Other temporary differences	1 937	1 907
Timing differences	682	730
Total	8 962	10 700
Deferred tax liabilities (net)	6 675	4 650

The parent company's deferred tax assets and liabilities are not entered in the balance sheet. The parent company's tax liabilities comprise the accumulated depreciation difference. At 31 December 2002 the deferred tax liability in the accumulated depreciation difference was 0.04 MEUR (0.2 MEUR). Deferred tax assets were 1.2 MEUR (1.7 MEUR) and arose from the timing differences between the tax basis of assets and liabilities and their carrying values for financial reporting purposes. The parent company's deferred tax assets and liabilities are included in the Group's deferred tax assets and liabilities.

23. LONG-TERM LIABILITIES

1 000 €	GROUP		PARENT COMPANY	
	2002	2001	2002	2001
Loans from financial institutions	77 305	98 716	74 410	94 844
Bonds	30 000	30 000	30 000	30 000
Pension loans	426	478	0	0
Deferred tax liabilities	6 675	4 650	0	0
Other long-term debt	4 267	4 408	2 356	2 466
Long-term liabilities, total	118 673	138 252	106 766	127 310

The company issued the first tranche of 30.0 MEUR under its 100.0 MEUR Medium-Term Note programme established in 2001. The loan period is 4 October 2001–4 October 2006 and the bond has a coupon rate of 5.75%.

Other long-term debt includes a bond with warrants totalling 1.22 MFIM (0.21 MEUR) offered to the company's personnel and to Alma Media Corporation's wholly owned subsidiary Marcenter Oy. The warrants attached to these bonds may be exercised to subscribe for altogether 610 000 Series II shares with a total nominal value of 1.026 MEUR. Any dividend paid before subscription will be deducted from the subscription prices. The subscription price of the shares under the A warrants currently stands at 21.76 EUR per share and the calculated subscription price of the shares under the B warrants is 25.05 EUR per share. The subscription period for all shares ends on 30 June 2006.

24. DEBT DUE AFTER FIVE YEARS

1 000 €	GROUP		PARENT COMPANY	
	2002	2001	2002	2001
Loans from financial institutions	0	1 632	0	0
Pension loans	416	460	0	0
Other long-term debt	3 405	3 630	2 356	2 412
Total	3 821	5 722	2 356	2 412

25. SHORT-TERM LIABILITIES

1 000 €	GROUP		PARENT COMPANY	
	2002	2001	2002	2001
Loans from financial institutions	21 086	22 065	20 434	21 275
Pension loans	3	3	0	0
Advances received	10 213	10 035	18	1
Accounts payable	17 484	22 543	571	1 565
Debt to Group companies				
Accounts payable	0	0	276	174
Other debt	0	0	45 133	45 471
Accrued expenses and prepaid income	0	0	5	151
Total	0	0	45 414	45 796
Debt to associated companies				
Accounts payable	0	67	0	0
Other short-term debt	38 311	58 963	27 439	49 418
Accrued expenses and prepaid income	31 920	33 880	3 898	3 690
Short-term liabilities, total	119 017	147 556	97 774	121 745

26. COMMITMENTS AND CONTINGENCIES

1 000 €	GROUP		PARENT COMPANY	
	2002	2001	2002	2001
Collateral for own commitments *)				
Pledges	772	696	0	1
Mortgages on land and buildings	7 265	9 836	0	0
Chattel mortgages	5 550	5 575	2 523	2 523
Collateral for Group companies				
Pledges	0	0	772	0
Guarantees	0	0	1 193	1 872
Collateral for others				
Guarantees	164	298	12	12
Other own commitments				
Leasing commitments	2 401	1 318	982	0
Other commitments	1 200	1 312	941	962
Total	17 352	19 035	6 423	5 370
Group leasing commitments fall due:				
During 2003	840		44	
After 2003	1 561		938	

*) The pledges and mortgages given by the Group and parent company apply to loans from financial institutions and pension loans raised by Group companies. These pledges and mortgages have been given to lending institutions. Alma Media Corporation has also signed covenants with financiers related to collateral for the Group's financial loans. The most important of these are an equity ratio pledge and a negative pledge.

Most of the Group's companies operated in rented business premises. The rental agreements vary in duration from six months to 20 years. Annual rental payments current total approx. 7.75 MEUR. Some of these business premises have been sub-let and contribute approx. 1.38 MEUR in annual income.

Key Indicators

FIVE YEARS IN FIGURES 2002–1998

		2002	%	2001	%	2000	%	1999	%	1998	%
Net sales	MEUR	486		478		484		490		482	
Operating profit/loss	MEUR	16	3.3	-19	-4.1	16	3.2	32	6.5	41	8.4
Profit/loss before extraordinary items	MEUR	9	1.8	-27	-5.6	12	2.4	29	5.9	38	7.8
Profit/loss before taxes	MEUR	9	1.8	-29	-6.0	8	1.7	29	6.0	41	8.4
Net profit/loss for the year	MEUR	2	0.5	-24	-5.0	5	1.0	19	3.9	27	5.7
Return on shareholders' equity (ROE)	%	2.0		-12.0		3.6		9.3		12.6	
Return on investment (ROI)	%	4.9		-5.1		5.3		10.5		13.6	
Equity ratio	%	41.3		37.0		48.7		51.5		51.3	
Gross capital expenditure	MEUR	15	3.1	94	19.7	37	7.7	43	8.7	37	7.6
Research and development costs	MEUR	4	0.7	11	2.4	9	1.9	6	1.2	4	0.8
Full-time personnel average		2 652		2 817		2 887		2 978		2 718	
Part-time staff		1 418		1 343		1 349		1 254		1 170	
Personnel on average, total		4 070		4 160		4 236		4 232		3 888	

PER SHARE DATA 2002–1998

		2002	2001	2000	1999	1998
Earnings per share	€	0.16	-1.43	0.47	1.20	1.55
Shareholders' equity per share	€	10.23	10.26	12.74	13.29	12.88
Dividend per share	€	0.25 ^{*)}	0.20	0.42	0.67	0.67
Payout ratio	%	156.3 ^{*)}	-14.0	91.9	55.9	43.4
Effective dividend yield, Series I	%	1.3 ^{*)}	1.1	2.2	2.2	2.4
Effective dividend yield, Series II	%	1.3 ^{*)}	1.3	2.1	2.1	2.4
P/E ratio, Series I		118.1	-13.1	41.5	25.8	18.3
P/E ratio, Series II		119.4	-11.2	43.7	26.6	17.9
Adjusted share prices, Series I						
Highest	€	22.50	25.00	65.00	40.50	45.41
Lowest	€	15.52	14.51	17.25	19.00	23.55
Average	€	19.56	19.88	42.47	28.35	33.15
On 31 Dec.	€	18.90	18.80	19.00	31.00	28.42
Adjusted share prices, Series II						
Highest	€	23.24	24.50	70.00	40.00	39.52
Lowest	€	16.00	14.51	18.00	18.80	21.86
Average	€	19.46	19.26	41.22	26.95	30.57
On 31 Dec.	€	19.10	16.00	19.99	32.00	27.75
Market capitalization, Series I	MEUR	128.0	127.3	128.7	209.9	192.5
Market capitalization, Series II	MEUR	171.1	143.3	179.1	286.7	248.6
Market capitalization, total	MEUR	299.1	270.6	307.8	496.6	441.1
Turnover, Series I	x 1 000	34	689	953	1 020	501
Turnover, Series II	x 1 000	1 962	1 847	4 053	4 873	1 620
Turnover, total	x 1 000	1 996	2 536	5 006	5 893	2 121
Relative turnover, Series I	%	0.5	10.2	14.1	15.1	7.4
Relative turnover, Series II	%	21.9	20.6	45.2	54.4	18.1
Relative turnover, total	%	12.7	16.1	31.8	37.5	13.5
Adjusted average number of shares, Series I	x 1 000	6 772	6 772	6 772	6 772	6 772
Adjusted average number of shares, Series II	x 1 000	8 958	8 958	8 958	8 958	8 954
Adjusted average number of shares, total	x 1 000	15 730	15 730	15 730	15 730	15 726
Adjusted number of shares on 31 Dec., Series I	x 1 000	6 772	6 772	6 772	6 772	6 772
Adjusted number of shares on 31 Dec., Series II	x 1 000	8 958	8 958	8 958	8 958	8 958
Adjusted number of shares on 31 Dec., total	x 1 000	15 730	15 730	15 730	15 730	15 730

^{*)} Board's proposal to the AGM

The quotation of Alma Media Corporation's shares on the Helsinki Exchanges began on 1 April 1998. For this reason share trends and trading volumes are presented for the period 1 April–31 December 1998.

Calculation Of Key Indicators

Return on shareholders' equity % (ROE)	$\frac{\text{Profit before extraordinary items – taxes for period}}{\text{Shareholders' equity + minority interests (Average)}} \times 100$
Return on investment % (ROI)	$\frac{\text{Profit before extraordinary items + interest and other financial expenses}}{\text{Balance sheet total – interest-free liabilities (Average)}} \times 100$
Equity ratio %	$\frac{\text{Shareholders' equity + minority interests}}{\text{Balance sheet total – advances received}} \times 100$
Earnings per share	$\frac{\text{Profit before extraordinary items +/- minority interests on profit/loss for the period – taxes for period}}{\text{Average number of shares adjusted}}$
Nominal dividend per share	Dividend per share approved by AGM. In 2002 this corresponded with the Board's proposal to the AGM.
Payout ratio %	$\frac{\text{Nominal dividend per share}}{\text{Earnings per share}} \times 100$
Effective dividend per share %	$\frac{\text{Adjusted dividend per share}}{\text{Adjusted share price on 31 Dec.}} \times 100$
Price/earnings (P/E) ratio	$\frac{\text{Adjusted share price on 31 Dec.}}{\text{Earnings per share}}$
Shareholders' equity per share	$\frac{\text{Shareholders' equity}}{\text{Adjusted number of shares on 31 Dec.}}$
Market capitalization of share stock	Number of shares x share price on 31 Dec.

Shares and shareholders

SHARES AND SHARE CAPITAL

Aamulehti Corporation, listed on the Helsinki Exchanges, and MTV Corporation, which is unlisted, were merged by the pooling method into a new company called Alma Media Corporation on 1 April 1998. This meant that shareholders of both Aamulehti Corporation and MTV Corporation became shareholders of Alma Media Corporation. The shares of Alma Media Corporation have been quoted on the main list of the Helsinki Exchanges from 1 April 1998.

Alma Media Corporation has two share series. The Series I share carries one vote per share, and the Series II share one vote per ten shares, at general shareholders' meetings. The shares have no nominal value. In all other respects the two share series are identical.

According to Alma Media Corporation's Articles of Association the share capital is minimum EUR 17 000 000 and maximum EUR 68 000 000. Within these limits the share capital may be raised or lowered without amending the Articles of Association.

There are at least 6 000 000 and at most 24 000 000 Series I shares. There are at least 4 000 000 and at most 16 000 000 Series II shares. However, the aggregate number of both Series I and Series II shares shall not exceed 40 000 000. Holders of Series I shares after subscription shall have one vote per share at shareholders' meetings.

Holders of Series II shares after subscription shall have one vote per every ten shares at shareholders' meetings.

The Company's issued and registered share capital on the balance sheet date was EUR 26 456 061.75 and comprised 6 771 586 Series I shares and 8 958 474 Series II shares.

The company's shares are registered in the book-entry securities system.

DIVIDEND POLICY

Alma Media aims to be an attractive investment prospect, whose shareholders are satisfied both with growth in the value of their holdings and with regular dividend payments. The company's dividend policy is to pay annual dividends corresponding to 25–30% of earnings per share on average during the business cycle.

OWNERSHIP STRUCTURE

The company had 3 829 shareholders in book-entry accounts on the balance sheet date. Altogether 1 878 547 shares were nominee-registered. Nominee-registered shares and shares held outside Finland represented 45.2% of the company's shares. Foreigners holding nominee-registered shares are entitled only to financial rights such as the right to receive dividends and to subscribe for shares. Shareholders who do not register their shares in their own name are not permitted to participate, or exercise the votes carried by their shares, in general shareholder meetings.

REDEMPTION OBLIGATION

According to the Articles of Association, a shareholder who holds shares or votes equal to or exceeding 33 1/3% or 50% respectively shall be obliged, should the other shareholders so require, to redeem their shares and attached rights.

INSIDER REGULATIONS

Alma Media Group has adopted the Guidelines for Insiders issued by the Helsinki Exchanges on 28 October 1999. Accordingly, insiders are not permitted to trade in Alma Media Corporation shares during a "silent period" of 21 days prior to publication of the company's interim reports or financial statements bulletin. The same period applies to discussions with analysts. Alma Media Corporation's register of insiders is maintained by the company's legal counsel. A list of the company's permanent insiders and their shareholdings in the company is available on the company's website at <http://www.almamedia.fi/eng/investor/3admin>.

AUTHORIZATIONS

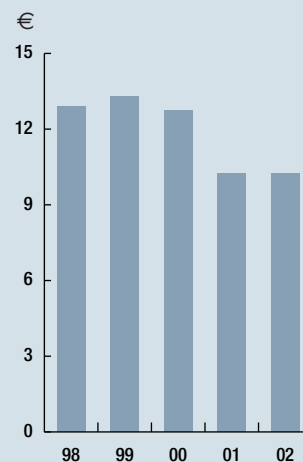
The Board of Directors had no authorizations during 2002 to raise the share capital or issue bonds with warrants or convertible bonds.

BONDS WITH WARRANTS TO PERSONNEL

As decided by the Annual General Meeting on 24 March 1999, the company offered bonds with warrants to personnel and Alma Media Corporation's wholly owned subsidiary Marcenter Oy, disapplying shareholders' pre-emptive subscription rights. The bond totalled FIM 1 220 000 and the attached warrants may be exercised to subscribe for at most 610 000 Alma Media Corporation Series II shares. The bond was subscribed by 759 employees. Alma Media Corporation's subsidiary Marcenter Oy subscribed for warrants carrying subscription rights for 75 750 shares.

The average quoted price of the Series II share in October 1999 used to calculate the share subscription price was EUR 20.58. The conditions of the bond stipulate that one half of the shares may be subscribed on or after 28 May 2001 at a

SHAREHOLDERS' EQUITY PER SHARE



Shares and shareholders

subscription price 12% above the average quoted price in October 1999, i.e. for EUR 23.05 per share, and that half of the shares may be subscribed on or after 28 May 2003 at a subscription price 28% above the aforementioned price, i.e. for EUR 26.34 per share. Dividends payable will be deducted from the subscription prices before subscription. Before the dividend that may be paid in the financial year 2002, the price of the shares subscribable under A warrants is EUR 21.76 per share and the price of the shares subscribable under the B warrants is EUR 25.05 per share.

The option rights were transferred to the book-entry securities system on 28 May 2001 and trading in them began on 29 May 2001. Trading in the option rights was minor during the year and no options were exercised to subscribe for shares during 2002.

MANAGEMENT HOLDINGS

On 31 December 2002 the members of the Board of Directors, the President and CEO, and the Executive Vice Presidents held altogether 29 012 Series I shares and altogether 1 419 Series II shares, entitling them to 0.4% of the voting rights. Furthermore, the President and CEO owned altogether 15 000 A warrants under the 1999 bond with warrants to company employees. The warrants carry rights to subscribe for altogether 15 000 Alma Media Series II shares. Should these warrants be exercised in full, the aggregate number of votes held by these persons would increase to 0.5%. Management holdings are shown in more detail on pages 63 and 66.

SHARE TAXATION VALUE

The Finnish taxation values of the Alma Media Corporation shares confirmed for 2002 were EUR 13.16 for each Series I share and EUR 13.09 for each Series II share. The Board of Taxation has calculated a fair value of EUR 1.82 for the Alma Media A warrant.

SHAREHOLDER AGREEMENTS

The company is not aware of any agreements relating to the ownership of its shares or exercising of its voting rights.

TRADING CODES

Alma Media Corporation's share series are traded under the codes ALM1V and ALM2V on the Helsinki Exchanges. The share performance can be followed on Bloomberg, Reuters, Bridge and Startel with the following codes:

	Series I	Series II
Bloomberg	ALM1V FH	ALM2V FH
Reuters	ALM1V.HE	ALM2V.HE
Bridge	FI;ALM.A	FI;ALM.B
Startel	ALM1V	ALM2V

The shares are traded in lots of 50.

The trading code for the warrants is ALM2VEW199 and the warrants are traded in lots of 100.

Alma Media Corporation's stock exchange bulletins for the current and previous financial years are available on the company's website, <http://www.almamedia.fi/eng/investor/report>. The share closing prices for both series from the time they were listed are given at <http://www.almamedia.fi/porssi/eng.shtml>.

SHARE PERFORMANCE AND TRADING

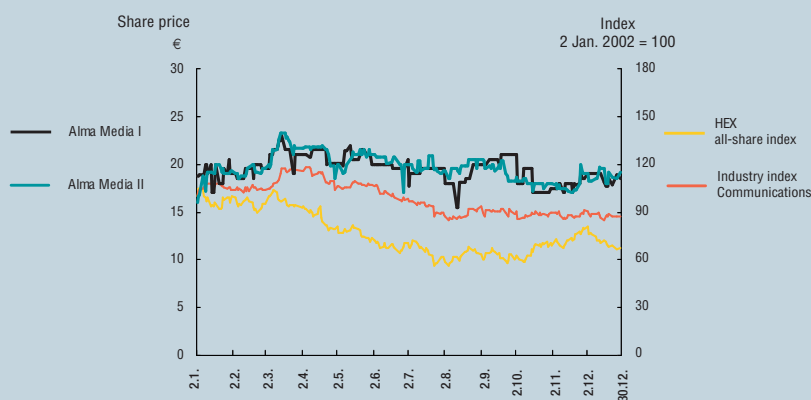
The Alma Media share price was very stable during the year, closing the year slightly higher than at the beginning. On the other hand the HEX all-share index and Alma Media's own industry index, communications, showed a clear decline during the year.

Altogether 33 712 Series I shares, representing 0.5% of the total, and 1 962 379 Series II shares, 21.9% of the total, were traded on the Helsinki Exchanges. Altogether 7 400 A warrants were traded on the Helsinki Exchanges. The share performance and trading volume and the per share data are shown in the table on page 92.

EARNINGS PER SHARE



SHARE PRICE



10 PRINCIPAL SHAREHOLDERS 31 DEC. 2002

	Series I	Series II	Total	% of shares	% of votes
1. Bonnier & Bonnier AB	2 234 426	2 956 198	5 190 624	33.0	33.0
2. Sampo plc	473 667	396 635	870 302	5.5	6.7
Sampo Life Insurance Company Ltd	473 667	81 947	555 614	3.5	6.3
Sampo plc		314 688	314 688	2.0	0.4
3. Suomi Group	479 232	101 700	580 932	3.7	6.4
Suomi Mutual Life Assurance Company	295 851	101 700	397 551	2.5	4.0
Suomi Insurance Company Ltd	183 381		183 381	1.2	2.4
4. Pohjola Non-Life Insurance Company Ltd	410 469	50 940	461 409	2.9	5.4
5. Kaleva Mutual Insurance Company	393 197		393 197	2.5	5.1
6. Varma-Sampo Mutual Pension Insurance Company	278 898	443 215	722 113	4.6	4.2
7. C.V. Åkerlund Fund	286 725	15 428	302 153	1.9	3.8
8. Ilmarinen Mutual Pension Insurance Company	243 087	290 449	533 536	3.4	3.5
9. Confederation of Finnish Industry and Employers	151 207	4 024	155 231	1.0	2.0
10. Federation of Finnish Textile and Clothing Industries	127 800		127 800	0.8	1.7
Total	5 078 708	4 258 589	9 337 297	59.4	71.8
Nominee-registered	5 949	1 872 598	1 878 547	11.9	2.5
Others	1 686 929	2 827 287	4 514 216	28.7	25.7
Total	6 771 586	8 958 474	15 730 060	100.0	100.0
Members of the Board of Directors and the President	29 012	1 419	30 431	0.2	0.4

Shares and shareholders

OWNERSHIP STRUCTURE 31 DEC.2002

	Number of owners	Proportion %	Number of shares	% of shares
Private corporations	291	7.6	799 871	5.1
Public corporations	2	0.1	91 350	0.6
Financial and insurance institutions	40	1.0	3 256 260	20.7
Public entities	23	0.6	2 336 030	14.8
Non-profit organizations	106	2.8	901 634	5.7
Households	3 335	87.1	1 207 546	7.7
Foreign owners	27	0.7	5 232 939	33.3
Nominee-registered shares	5	0.1	1 878 547	11.9
In general account			25 883	0.2
Total	3 829	100.0	15 730 060	100.0

DISTRIBUTION OF OWNERSHIP 31 DEC.2002

Number of shares	Number of owners	Proportion %	Number of shares	% of shares
1–100	2 020	52.8	82 258	0.5
101–1 000	1 446	37.8	500 528	3.2
1 001–10 000	290	7.6	761 617	4.9
10 001–100 000	52	1.3	1 607 153	10.2
100 001–1 000 000	19	0.5	5 699 655	36.2
1 000 001–	2	0.0	7 052 966	44.8
In general account			25 883	0.2
Total	3 829	100.0	15 730 060	100.0

Proposal Of The Board Of Directors

On 31 December 2002 the Group's non-restricted shareholders' equity totalled EUR 83,811,155.26 which included distributable funds of EUR 68,281,868.19.

The Parent Company's non-restricted equity totalled EUR 71,287,072.99. There were 15,730,060 shares carrying dividend rights.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.25 per share be paid, i.e. EUR 3,932,515.00.

Helsinki, 12 February 2003

Bengt Braun

Jonas Nyrén

Matti Häkkinen

Kari Stadigh

Matti Kavetvuo

Juho Lipsanen
President and CEO

Auditors' Report (translation)

TO THE SHAREHOLDERS OF ALMA MEDIA CORPORATION

We have audited the accounting records, the financial statements and the administration of Alma Media Corporation for the year 2002. The financial statements, which include the report by the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on the company's administration.

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

In our opinion the financial statements have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company result of operations, as well as of the financial position. The financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the distribution of retained earnings is in compliance with the Companies Act.

Helsinki, 12 February 2003

KPMG WIDERI OY AB

Mauri Palvi
Authorized Public Accountant

Kai Salli
Authorized Public Accountant

Information For Shareholders

ANNUAL GENERAL MEETING

The Annual General Meeting of Alma Media Corporation will be held on Thursday, 6 March 2003, commencing at 5.00 pm, at the Film Hall of MTV3, Ilmalankatu 2 C, Helsinki. The Meeting will consider the matters stipulated in Article 12 of the Articles of Association and in the invitation to the Meeting. The invitation will be published for the last time in Aamulehti on 23 February, in Kauppalehti on 25 February and in Iltalehti on 1 March.

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 24 February 2003 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 5 March 2003 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 0.25 per share be paid on the financial year 2002. 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 11 March 2003. The dividend payment date will be 18 March 2003.

FINANCIAL INFORMATION

Alma Media will publish three interim reports in Finnish and English during 2003:

Three-month interim report on 7 May 2003

Six-month interim report on 14 August 2003

Nine-month interim report on 5 November 2003

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/orders>

or in writing to :

Alma Media Corporation

Corporate Communications

P.O. Box 140

FIN-00101 Helsinki, Finland

SHARES AND WARRANTS

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

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.

Alma Media's Annual Report 2002

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Editorial secretary
Terhi Lambert

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Printed by
Frenckell Printing Works
Paper LumiArt Silk 130 g/m²,
Kym Ultra Offset 80 g/m²
Cover LumiArt Silk 200 g/m²

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ALMA | MEDIA

HOT STUFF.



January



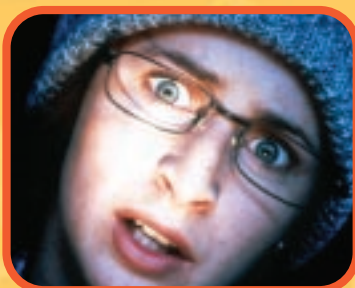
February



March



April



May



June



July



August



September



October



November



December

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