2003

ALMA | MEDIA

Strong cash flow dissolves debt

Alpress shows record profits

Television goes digital

2003 ALMA | MEDIA

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Alma Media's Annual Report 2003

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Alpress's profit-makers in 2003 were its major regional newspapers headed by Aamulehti.

More than 200,000 Finnish households had digital receivers at the end of 2003. This year the figure is expected to double.

Alma Media pulled out of magazine printing. The Rahola printing plant was merged with Acta Print at the beginning of July, and at the end of year the Group sold its Alprint Hyvinkää plant.

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The top-of-mind investment

This annual report has been prepared principally for the company's shareholders to give them an overall picture of the corporation and its activities. Those shareholders who have only held their shares since the beginning of 2003 can be well satisfied with their investment, which rose in value by about 50% during the year. Those who put money into the company in spring 2000, on the other hand, will most likely not agree with the headline above. Yet it remains Alma Media's goal and vision to become the top-of-mind media corporation, also from the investment point of view. The tools we have chosen to do this are nothing out of the ordinary: improving profitability, reducing loan capital, maintaining product quality and customer service, and giving priority to the skills and motivation of our employees.

Profitable growth in all conditions is just about an impossible task. For Alma Media this target, or rather guideline, means that while some of its divisions are clearly at the growth stage, others are still focusing closely on cutting costs. All in all, however, the target remains to grow and at the same time be more profitable.

Improved profits are the best guarantee of raising investment interest in the share. Growing interest by investors is also the best guarantee of getting national and international analysts more interested in the company as well. Monitoring by analysts and fund managers must be at a certain critical level to attract new investors. All these factors support each other.

It also remains true that the company itself can do a lot to help the market work in its favour and improve its ranking among potential investments. And that we shall do as well. Did you know that Alma Media is the only company on the Main List of the Helsinki Exchanges with a liquidity provider contract, the purpose of which is to improve share liquidity and offset the impact of share price fluctuations?

We will continue to ensure that our investor pages and other investor information are the best in the business. We have set our targets high. By the end of 2004 we wish to be a more open, more interesting and higher-quality company. Also as an investment prospect.

Ahti Martikainen

Alma Media during 2003

Alma Media had set itself the tasks in 2003 of lightening its balance sheet, reducing gearing and improving profitability regardless of market conditions. The company also achieved these goals. Stronger cash flow coupled with several divestments actually reduced gearing more than planned. The Group's net sales also decreased, mainly as a result of divestments, but profitability showed a clear improvement.

Lighter balance sheet

In February Alma Media sold 30.1% of its holding in Suomen Urheilutelevisio Oy to Sportup Finland Oy, leaving Alma Media with a 19.9% share of the company.

In May Alma Media Corporation and Edita Oyj agreed on the merger of Alprint's offset rotation printing works in Rahola, Tampere, with Edita's subsidiary Edita Acta Oy. The result was the formation of a new company called Acta Print Oy in which Edita Oy holds 64% and Alma Media 36%. This divestment reduced Alma Media's annual consolidated net sales by some M€ 55 and its personnel by about 300 employees. The Group decided to take this action in December 2003 when it sold the Hyvinkää printing business. The unit's net sales is approximately M€ 8 and it had over 60 employees.

In December the parent company sold all its shares in Talentum Oyj to Kustannusosakeyhtiö Kauppalehti, which reduced the Group's operating profit by almost M€ 16.

Towards profitable growth

Suomen Lehdentekijät -ryhmä Oy, a company specializing in customer magazines, became part of Business Information Group at the beginning of the year. Baltic News Service (BNS), the leading news agency in the Baltic countries and a wholly owned subsidiary of BIG, expanded into Estonia in May after acquiring the media monitoring activities of Corpore, a communications company.

In December Suomen Paikallissanomat Oy, an Alpress subsidiary, bought the Kuorevesi–Mänttä–Vilppula newspaper produced in the town of Mänttä. The Media Services division's operations expanded significantly at the end of the year when it acquired Mascus.com, an international internet marketplace for used work machinery, from Kone Plc.

Key appointments

The Annual General Meeting In March added a new member to Alma Media's Board of Directors with the election of **Lauri Helve**. Two new members were added to the Executive Committee during the year. Mr **Teemu Kangas-Kärki** was named Chief Financial Officer after Ms **Ritva Sallinen** moved to Acta Print, and in September Ms **Terhi Heikkinen** was appointed Executive Vice President, Human Resources.

KEY FIGURES

M€	2003	2002
Net sales	460	486
Operating profit	18	16
Operating profit as % of net sales	3.8	3.3
Profit before extraordinary items	14	9
Net profit for the year	11	2
Capital expenditure	17	15
Capital expenditure as % of net sales	3.7	3.1
Interest-bearing debt	109	156
Capital invested, average	300	345
Return on investment (ROI), %	6.3	4.9
Cash flow from operating activities	55	46

Key words: Simplicity and transparency

"Our task is to ensure that the value of our shareholders' investments grows."

“Where do profits come from? From the fact that our business processes are efficient. That is, we get the largest possible return from our input. That’s internal optimization.”

Teemu Kangas-Kärki, appointed Alma Media’s Chief Financial Officer in spring 2003, subscribes to the Razor Theory (the Law of Economy) stated by Middle Ages scolastic **William of Ockham**. “Plurality should not be posited without necessity” he stated; or, in simpler terms, of two competing theories or explanations the simplest should always be preferred.

“The fundamentals of financial management are the same in any business. Often, though, we tend to make things more difficult than they really are,” Kangas-Kärki elaborates. He wants the entire finance and accounting organization to have a deep understanding of Alma Media’s businesses and the factors that affect them.

Kangas-Kärki describes his style of financial management as ‘multifaceted financial control’. Where the finance department’s work used to be backroom accounting – generating and monitoring numbers from what has happened – financial management should now look beyond those figures and be out in front creating added value. It’s no longer enough only to be looking backwards through the driving mirror.

“We must thoroughly understand all aspects of our business – what is our profitability, or lack of it, due to? We must also make an impact. Financial management is merely the result; the income statement, balance sheet and cash flow. Where do profits come from? From the fact that our business processes are efficient. That is, we get the largest possible return from our input. That’s internal optimization,” he describes.

“Another central aspect is profitability: what price can we sell our products for? Pricing is not based on costs. Our aim is to ask the maximum price our customers are willing to pay. If the content we are selling is no better than that of our competitors, customers will not be willing to pay more. Good content should be generated as efficiently as possible. Whenever we increase costs we should ask ourselves, is our customer willing to pay them?”

Main tasks

Besides Alma Media’s routine finance and accounting procedures, the department is currently under pressure from the forthcoming adoption of the IAS/IFRS accounting principles and the greater operational control that these require, as well as building systems to provide uniform and comparable information on all parts of the company.

Teemu Kangas-Kärki aims to ensure that the financial management team is out in front creating added value for the company instead of simply looking in the driving mirror.

The fourth big task is improving risk management procedures.

Kangas-Kärki does not expect IAS to have a major impact on Alma Media. The booked result and balance sheet will increase slightly and MTV Oy’s binding programme purchasing contracts will increase the Group’s contingent liabilities. These will be visible in the notes to the 2003 financial statements.

Operational control means that all parts of the company from the smallest units up to corporate management understand what are Alma Media’s chains of operation and what factors have an impact on operating costs.

“The point is not simply to monitor operations by category of cost. We must also know where and why the costs have risen because only then can we know where we used our resources and whether we used them correctly.”

Kangas-Kärki’s aim in developing the Group’s reporting systems is to ensure greater transparency, allowing matters to be examined from different angles. He emphasizes that developing reporting systems isn’t about supervision but about getting the information that the finance department needs for it to steer the whole company in the right direction and to know what factors affect profitability.

“Without that knowledge we cannot steer. All we can do is accept the results as given data. Net sales and operating profit figures do not tell the whole truth.”

Ockham’s principle also applies to the development of financial control processes. “Our work should be so simple that we can spend most of our time analysing – examining the cause and effect relationships underlying the figures.”

Simple and uniform processes offer another advantage related to risk management. Operations are not endangered when key people leave, and moving key people around the company is easier as well.

Direction clear

A major task for financial management besides control is to know where the company is going.

“We must be a partner to the company’s top executives. And to fulfil that role, we need to know as well as they do where we are going because only then can we meaningfully discuss together the rationale behind decisions or financial impacts. Should we perhaps do things differently? Are our assumptions correct? Will extra investments bring enough added value, or will they simply generate extra costs?”

If Teemu Kangas-Kärki had to choose just one key indicator to monitor, he would go for cash flow “because cash flow and changes to it determine the company’s worth. Our task is to ensure that the value of our shareholders’ investments grows.” •

No upswing after all

The war in Iraq in spring 2003 prolonged uncertainty in the global economy. The US dollar weakened substantially against the euro owing to the deficit in the US economy. One euro was worth 1.04 dollars at the beginning of 2003 but 1.27 dollars by the end of the year. The USA has kept its interest rates at record low levels in an attempt to stimulate the economy.

The strengthened value of the euro against the dollar has kept economic growth in the EU low, which has also dampened business growth in Finland. The other side of the coin, though, is Finland's low interest rates which, along with an average 4% increase in incomes, have maintained the existing level of domestic consumption and raised consumers' confidence in their own economic future. The print media were helped in 2003 by a drop in paper prices.

Media advertising on the rise

After two years of decline media advertising started to show moderate growth during the year. Media advertising in Finland normally correlates closely with GDP; once GDP starts to grow, media advertising will generally exceed that level by two to three percentage points. Similarly, as GDP starts to decline media advertising will contract more than the fall in GDP.

In 2003, however, this normal formula did not apply. Media advertising increased more than normal given the state of the economy. An important reason for this was fiercer competition in the retail sector. Anticipating more competition from abroad, Finnish retail and wholesale chains boosted their advertising especially during the early part of the year. The winners in this battle were of course the newspapers as retail advertising in newspapers rose by almost 24%. TV advertising by retail companies decreased, however.

A reduction in the vehicle tax encouraged a new emphasis on price argumentation in vehicle advertising, which typically relies more on emotive messages. This resulted in an increase of over 10% in vehicle advertising in newspapers, but in television advertising the increase was only 2.8%. Other factors driving advertising growth during the year were the spring parliamentary elections, which boosted advertising by roughly one per cent, and a change in the law in August allowing consumers to change their mobile teleoperator without having to get a new phone number. Advertising of telecom services consequently increased by more than 15%.

Classified advertising declined by a little under 3%. Low interest rates pushed up home-buying and property advertising in newspapers by 10%, but recruitment advertising once again decreased, this time by more than 13%.

Among the major media, newspaper advertising rose 2.1%, TV advertising 3.0% and radio advertising 8.3%. Magazine advertising, however, showed a fall of 0.3%. The biggest growth figures were generated by online advertising, up 13.9%, but this segment accounted for only 1.6% of total advertising expenditure. The largest share of the media spending cake in Finland was taken once again by the print media, 71.7%, followed by the electronic media with 25.2%. The remainder comes from outdoor, traffic and cinema advertising.

Altogether M€ 1,079 was spent on media advertising, up 2.5% on the previous year. The parliamentary elections in March accounted for 0.8 percentage points of the total growth. Outside media advertising, expenditure on direct marketing was M€ 504, or 2.5% above the previous year's figure.

More time spent with media

The number of readers among 7 day/week newspapers and family and general magazines showed steady growth, according to TNS Gallup. The trend was especially positive in papers specializing in living, building and gardening. On

GDP in Finland rose by only about 1.5% in 2003 according to a consensus of estimates. The forecast upswing failed to materialize and for the same reason unemployment remained high at over 9%. Media advertising showed a slight increase after two sluggish years. Rather than any improvement in the economy, though, the main reasons were the parliamentary elections in the spring, intensified competition in the retail sector and lively vehicle sales due to low interest rates. Changes in the law gave a further boost to vehicle trading and advertising by teleoperators.

A change in tax legislation boosted vehicle advertising by 13.9%. The increase was especially strong in newspapers.

the other hand reader numbers in information technology and computer magazines were slightly down on the previous year.

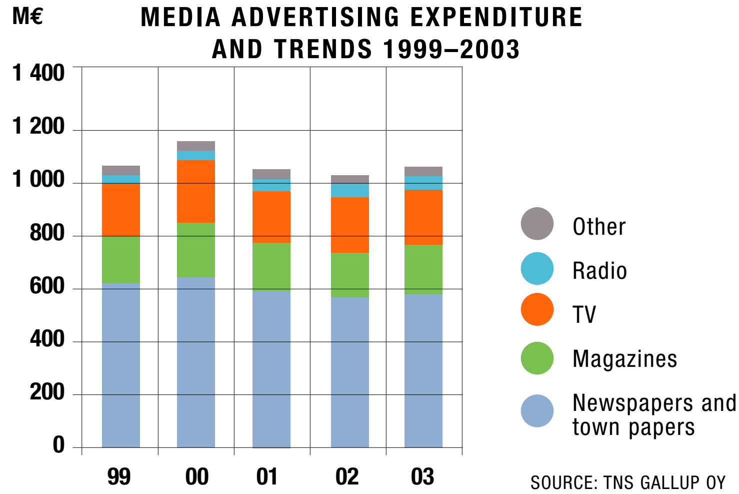
Finnpanel's figures suggest that Finns over 10 years of age spent 2 hours 53 minutes on average watching television during 2003, which was 3 minutes more than in the previous year. The time spent watching MTV3 Channel increased two minutes to 66 minutes a day, while the increase for Subtv was one minute to 3 minutes a day. The time spent watching the two YLE (Finnish Broadcasting Company) channels decreased two minutes to 75 minutes a day. Nelonen's share stayed unchanged at 20 minutes a day.

Digiboxes and broadband

Finnpanel figures also show that the number of households able to receive digital television broadcasts is growing rapidly. The total at the end of November was roughly 250,000, or 11% of all households in Finland. This figure comprised 195,000 households with a digital receiver and 57,000 with satellite television.

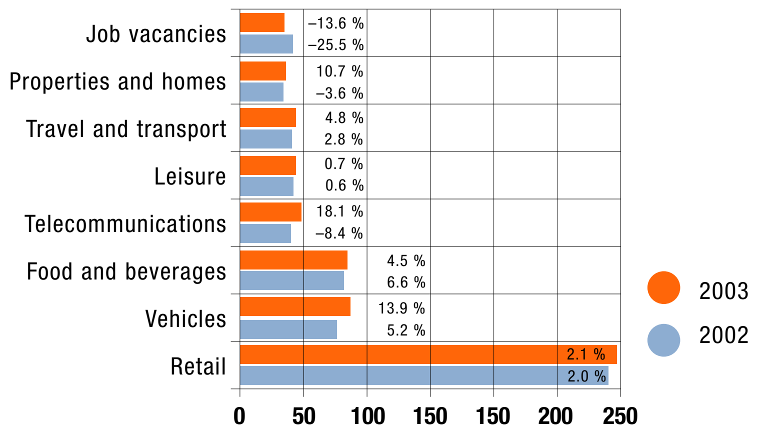
At the end of the year there were almost half a million households with high-speed broadband access in Finland, according to Statistics Finland, or double the number in the previous year. The incidence of broadband access, other types of internet connection and home computers varies considerably according to the size of household. Almost 80% of five-member households have some form of internet connection, whereas for two-member households the figure is roughly 50%. •

MEDIA ADVERTISING EXPENDITURE AND TRENDS 1999–2003



SOURCE: TNS GALLUP OY

CHANGE IN MEDIA ADVERTISING 2002–2003

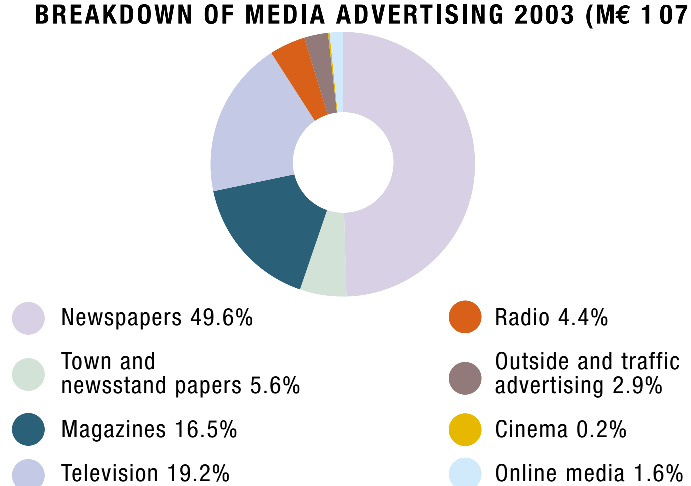


SOURCE: TNS GALLUP OY

SENSITIVITY ANALYSIS

Factor	Change %	Impact on net sales
Paper prices	+ 1	– 0.2
Wages and salaries, average	+ 1	– 1.5
Advertising income in print media	+ 1	+ 1.2
Advertising income in e-media	+ 1	+ 1.5
Average interest rates	+ 1	– 1.0
€/$	+ 5	+ 0.5

BREAKDOWN OF MEDIA ADVERTISING 2003 (M€ 1 079)



Predictive risk management

Alma Media is systematically charting all the risks that could affect the Group's performance and building processes to manage them.

Each Alma Media division has its own risk management team. Information technology has a separate team because IT cuts through all the Group's processes. Individuals have also been appointed with responsibility for all major risks.

The project has already produced results. "Now that team members have fully understood the importance of risk management, IT security and the level of security in general have risen significantly," says Treasury Manager **Jarkko Kivisilta**.

No results without risk

Risks are integral to a company's business but they need to be identified and recognized well in advance. After that they can be understood and managed.

"Risks are an essential part our operations; we couldn't make a profit without taking risks. But we must be able to assess and manage the risks we identify through continuous risk management," Kivisilta emphasizes.

A chart showing the identified risks was prepared and these were then closely analysed to establish a portfolio of really significant risks. Risks are categorized in importance according to the impact they have on the company's financial performance.

The risk assessment process involves analysing the source of the risks, nominating responsible persons and deciding on the indicators used for continuous risk monitoring. The company insures itself against some of the risks but others are accepted and carefully managed.

The result of this process is an action plan for dealing with a crisis and for returning the company to normal once the crisis has been dealt with in the proper manner.

New reporting system

A new web-based risk management reporting system is currently being built for the parent company and divisions to provide a platform for monitoring risk levels and changes. The system will be adopted during the first half of 2004.

The risk management tool will be used to monitor risk trends and their management, and to report to the divisions, corporate management and the Board of Directors on risks and changes to risk levels.

The parent company is responsible for ensuring that the processes work and that the agreed action is also carried out interactively. The system will generate the data necessary for future risk management reports. Risk management is also part of Alma Media's strategy process; if the corporate strategy is changed, the risk profile will change likewise.

"Risks are integral to a company's business but they need to be identified and recognized well in advance. After that they can be understood and managed."

Once completed in the company and divisions, the risk charting process will continue to the subsidiaries. This work has already started in Aamulehti and MTV3. The next stage will be to review in more detail all the Group's external partners and the impact they have on the company's risks.

Information technology has become an increasingly important aspect of risk management in Alma Media due to the prevalence of electronic communication. "We need to be especially proactive and predictive where our information technology is concerned," Jarkko Kivisilta underlines.

To minimize its personnel risks, Alma Media has assigned deputies to its key employees. Job rotation and fostering a good working atmosphere are other aspects of this work.

Treasury policy governs risk-taking

Finance and commodity risks are also typical of a company's risks. These are controlled in accordance with the company's treasury policy and the risk level is reported to corporate management and the Board of Directors as a normal part of operational reporting.

The most significant foreign exchange risk relates to MTV3's purchases of foreign programmes. Under the treasury policy at least 50% of the Group's cash flow in foreign currencies is hedged for 18 months ahead. •

Making creativity work for growth

President and CEO Juho Lipsanen could breathe a sigh of relief if he wished. Alma Media's profitability has improved and the balance sheet is in better shape. The first-stage targets for turning round the Group's operations have been achieved. Operating income now covers on average the costs of both shareholders' equity and loan capital. One would expect Lipsanen, soon two years at the helm of Alma Media, to be satisfied. But no, he is not, and he chooses his words with precision.

"I'm proud of what we have achieved. Alma Media's upswing was reached even faster in certain respects than I imagined," he says, "but we are still on the starting blocks in many difficult matters that need developing.

"All the same, our foundation is in good shape and we can now start seeking and implementing new business ideas. Assuming their earnings logic is in order," he adds.

The major trends in the media industry, Juho Lipsanen thinks, are the continuous spread of the electronic media and digitization. "The screen will be a multimedia centre of the future. That's our starting point."

The direction Lipsanen has defined for developing this media corporation is based on creativity and new ideas. The only constraint he sets is profitability. Decisions will continue to be ruled by cash flow. Losses will be avoided if at all possible although the company will have to bear some losses when starting up new ventures.

Sometimes losses might be necessary in exceptional cases, if these serve the company's long-term interests.

An example of the difference between long- and short-term priorities was the decision to withdraw from magazine printing. This decision was made because, in the long term, magazine printing was no longer considered to be Alma Media's core business.

No more fixed dividend policy

In recent years Alma Media has paid a dividend equivalent to more than half of earnings per share. This 'fixed' policy will be changed. In the future the dividend could vary considerably depending on the Group's need for investment capital.

Juho Lipsanen digs his spurs in. "We're still far from talking about good business conditions. The economy has only just returned to normal. In media advertising we are about where we were in 2002. Only when we are well above this level can we use the term 'good.'"

"Management is responsible for describing its investment needs to the Board of Directors. The dividend policy will depend on the equity ratio and the company's needs, the final decision being made by the Board of Directors."

Cash flow is a daily management tool for Juho Lipsanen and also a mirror in which he views the company's share price. "The share price is based on future cash flow expectations. Cash flow must be doubled every five years. To do this, we need plenty of solid organic growth supported by acquisitions."

Juho Lipsanen clearly intends to urge his people to work creatively, so that he can present new ideas to the Board – ideas that have passed Lipsanen's earnings logic test.

"The media business is mathematics in the sense that good content attracts the audience, which in turn interests advertisers. Best practices must be adopted throughout the company. One way of doing this, as well as developing employees' skills, knowledge and attitudes is job rotation," Lipsanen describes.

Ultimately, Alma Media's business is founded on top-quality journalism.

Television is an opportunity

The Broadcasting division generates one-third of Alma Media's net sales but its losses have reduced the company's operating profit. Losses now seem to be in the past but the biggest challenges still lie ahead. The most important question where television is concerned is the spread of digital receivers.

A working group set up by the Ministry of Transport and Communications has proposed that television broadcasts in Finland should be exclusively digital from September 2007, which gives a realistic transition period.

Alma Media has a good position in the digital market because, in addition to digital MTV3 Channel, the most popular digital channel is Subtv, which also operates as an analogue cable channel. The faster the population goes digital, the better it will be for Alma Media.

Digital television has another advantage for the Group. Each new digital household cuts roughly € 8.50 off the operating licence fee that MTV3 still has to pay for analogue broadcasting, a relic of its monopoly on television advertising. In 2004 this fee will total roughly M€ 15.

"MTV3 is still weighed down by having to pay double broadcasting costs, since it still transmits in both analogue and digital formats," Lipsanen says. "MTV3 could be a major financial opportunity but its capacity must be fully exploited: the amount of advertising per transmission hour and the price of television advertising in Finland are among the lowest in all Europe," he points out, adding that MTV3's revenues could be increased.

Another matter entirely is Alma Media's new e-business units such as MTV Interactive, mobile and internet communications, and the opportunities offered by the Broadband unit. "It will not be long before we begin hearing about new ideas," Lipsanen promises.

Newspapers chained

The Alpress division generates the lion's share of the Group's operating profit. The Alpress newspapers were, once again, highly successful last year and there is no reason to expect any change this year either.

"We have taken a clearly different strategic line in our newspaper publishing business. We are creating a newspaper chain that has room for newcomers – new newspapers both in Finland and its near neighbours," Juho Lipsanen says.

His recipe for the continued success of the newspapers is simple:

"Their coverage in their respective areas must be high and at the same time the newspapers must concentrate on continuous improvement." •

The President and CEO was interviewed by Kristiina Hallman of Kauppalehti.

In my two and a half years with Alma Media, I can say the Group also lives up to it. Group management, and even the finance people, appear to be struggling really hard at times to understand what journalism is all about, judging from the deep furrows on their foreheads. Editorial staff, however, guard their journalistic freedom like hawks. We resolutely start and end our internal seminars on vision, strategy, value, synergy and many other such matters by talking about content. The whole day, however, can be taken up doing group work and discussing entirely different matters.

Perhaps that's understandable as less than a third of Alma Media's full-time staff are journalists or others directly involved with content. It's a lot easier talking about processes, projects, visions, figures and so on than content. Perhaps the situation is the same in other areas of life – the most important things are the ones that are most difficult to talk about. But if consumers don't find important or interesting what Alma Media's newspapers, television, radio or new media offer, Alma Media will be history overnight.

I've held supervisory positions in a newspaper's editorial office for 14 years. More than once I've sat down at the end of the day and thought what I've achieved this day. When I fail to come up with a list of heroic feats, I call to mind my own definition of a manager that I've repeated to myself and my close colleagues over the years: the manager is needed to handle the unpleasant tasks in life and to look further down the road.

At this point I generally clear my throat and wonder to myself if there is still some of that prime malt whisky left and what's on TV tonight. It is part and parcel of the daily journalistic routine that many difficult things get moved during the day from one pile of papers to another, or get even more deeply buried under the ever rising heap of e-mails. Another day has gone without having had time to raise my eyes as there has been more than enough to do sorting out yesterday and preparing for tomorrow. My conscience troubles me: Where are you, journalism?

Journalism has three aspects that we in Alma Media should focus our sights on: quality, collaboration and people. We need to know, better than we do, what sort of journalism people need. It's not enough to ask people, though, because they simply repeat their fickle wishes and don't have any idea of their future needs. That's what we have to find out. People are smart and they know a lot. Half-baked, vague and leaky journalism is not good enough. Our quality needs to be a lot better than it is at present.

Easier said than done, I know. But in Alma Media we do have one good and freshly unwrapped tool to help us. Journalistic collaboration is one way we can certainly achieve a big improvement in quality.

Let me take some examples from my own division. Alpress newspapers are well on the way to having entirely open news databases, meaning that all the material in our newspapers is immediately available to them all. Again, this year we are training three journalists to be European experts while another three will specialize in legal matters. Once qualified, these people and their expertise will be available to all our newspapers.

Collaboration is a long-distance event; it offers no quick victories. That said, by the end of the decade our quality should be visibly better than that of our competitors as evidenced by higher circulations. Collaboration is also a strategic matter because working together need not be just an internal activity. Quality-makers can be top-of-mind partners in a wider arena as well. •

Jouko Jokinen,
Satakunnan Kansa
Editor-in-Chief
Head of the Editorial Competence Centre

Alma Media has a fine value: Freedom and pluralism of journalism

JOURNEY TO THE CENTRE OF THE BRAIN, PART I

CITIZENS, THE GOOD LORD GAVE US TWO BRAINS.

LET US REJOICE IN THEM EQUALLY.

Left
language, reading, details, facts, logic, mathematics, numbers, order and analytical ability

Right
rhythm, music, general understanding, pictures, patterns, imagination and intuition

From above, the two halves of the human and chimpanzee brain look more or less identical except for one thing: the human brain is about three times larger.

The difference in size, however, does not explain the supremacy of the human brain. The decisive difference is our ability to use both halves of our brain in parallel: the left specialized in analytical, rational thinking and the right in creative activity and emotional intelligence.

Although at their best the two halves of the brain work together in seamless harmony, for most people one or other is the dominant half and therefore the one that has a greater effect on personality. Can you say which half of your brain rules the roost up top?

Test yourself at www.iltalehti.fi

Confirm your suspicions or be confounded.

To help you maintain your poise and correct any anomalies we sincerely recommend one and same medicine.

It helps in small doses, but it's most effective when taken six times a week.

FOOD FOR BOTH HALVES OF THE BRAIN

ILTALEHTI

Alpress
Top media in their areas

The Alpress division publishes 31 newspapers. These have an aggregate circulation of about half a million copies and an estimated 1.9 million readers. The best known are Aamulehti, Iltalehti, Satakunnan Kansa, Kainuun Sanomat, Lapin Kansa and Pohjolan Sanomat. Alpress is headed by Hannu Olkinuora.

TIMO GLAD

- Alpress raised its profitability despite the depressed business climate as its newspapers were able to operate more efficiently than earlier.
- Aggregate advertising sales by the newspapers grew faster than on average. Roughly half of the total revenues of the newspapers comes from advertising.
- Active co-operation within the chain of Alpress papers has created a good foundation for profitable development.

Look-alike online newspapers

The Alpress newspapers Aamulehti, Pohjolan Sanomat, Lapin Kansa and Kainuun Sanomat began publishing a 'look-alike' version of their newspapers on the internet in early 2004. Satakunnan Kansa achieved the same result in December last year.

The online papers allow readers to turn the pages as if reading the printed newspaper. They can also select news and other items to read as well as photos, graphics and advertisements. The previous online versions of the newspapers included only part of the printed paper's content.

These virtual newspapers are subscribed. Online Satakunnan Kansa, for example, costs € 137 a year, or two-thirds of the printed paper's price. The online paper is the only item subject to charge on the newspapers' websites; other services like news flashes are free of charge.

Satakunnan Kansa's Editor-in-Chief **Jouko Jokinen** believes that the online papers enhance the service provided by the Alpress newspapers, especially outside their particular catchment areas:

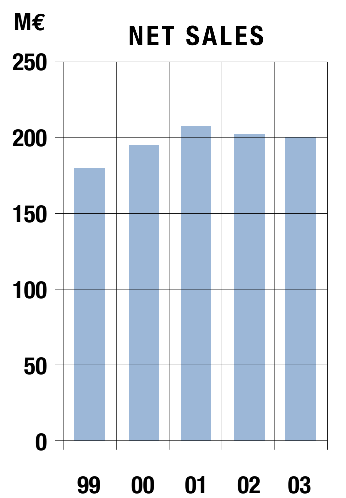
"In Helsinki, for example, the Post distributes the newspaper to readers on the same day only in the city centre. In the suburbs the newspapers arrive a day late and the weekend editions not until the following Monday or even Tuesday. But subscribers can read our online editions 'right off the press' on the internet – and anywhere in the world."

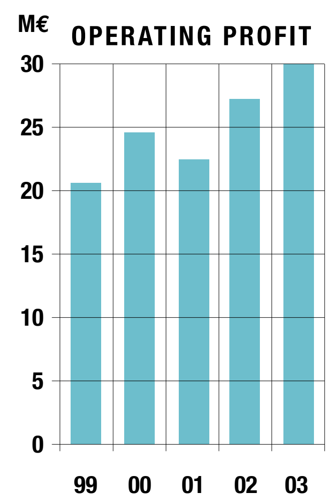
The Alpress online newspapers use publishing technology developed by Anygraaf Oy for Alpress's Doris editorial system. •

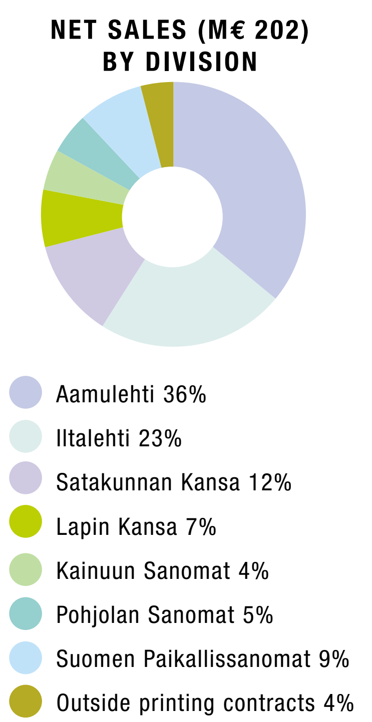
KEY FIGURES

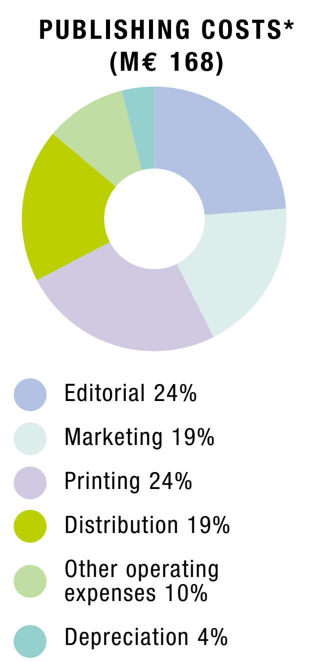
M€	2003	2002
Net sales	200.2	201.3
Share of Group net sales, %	41	39
Operating profit	30.0	27.2
Capital expenditure	4.1	6.4
Depreciation, total	10.9	12.1
Goodwill amortization*	3.0	2.7
Return on investment (ROI), average	67.4	74.3
Full-time employees**	1 626	1 681

* INCLUDED UNDER TOTAL DEPRECIATION
** AVERAGE PERSONNEL CALCULATED AS FULL-TIME EMPLOYEES









*COSTS OF NEWSPAPER UNITS

Newspapers swim against the tide

Alpress, Alma Media's largest division, once again raised its profitability even though last year was the third in a row of slow economic growth. The operating margin was 15.0% compared to 13.5% in 2002.

According to Alpress president, **Hannu Olkinuora**, there is no single reason behind the improvement. "We just published our newspapers more efficiently than before."

The profit-makers in the Alpress portfolio last year were the large regional newspapers headed by Aamulehti in Tampere. The aggregate advertising sales of the papers grew more than the sector average, driven in particular by vehicle and home-buying advertising, a change in the law making it easy to move mobile phone numbers to another operator. In addition, the newcomer on the retail block, Lidl with its aggressive discount advertising proved a bonanza for the regional papers. Roughly half of newspaper revenues are derived from advertising and half from subscriber charges, i.e. circulation sales, which remained at the previous year's level.

A second strong profit-maker for Alpress was the national afternoon paper Iltalehti. Its advertising sales grew less than the average in its sector. However, since these papers derive most of their revenue from sales of the paper itself, fluctuations in advertising sales do not have such a pronounced impact as in the case of the subscribed papers.

Appealing to feelings

Alpress's regional papers are the top media in their regions and their strong position as advertising media is due to their comprehensive local coverage. The higher a newspaper's circulation, the more attractive it is for advertisers.

"Indeed the main task of the editors-in-chief of these newspapers", says Olkinuora, "is to ensure that the newspapers are appealing enough to persuade readers to subscribe to them and read them year after year. The managing directors of the newspapers, on the other hand, are responsible for ensuring that the editorial staff have sufficient resources to develop the paper's content.

"Nowadays newspapers must be able to offer not just news but in-depth knowledge and insight; they should be provocative, a pleasure to read. The internet and mobile phones will not be able to compete with the newspapers for readers for a long time yet but when that time does come, the large Alpress-like newspaper chains will still be strong. Whatever the channel of distribution, it will always need professional content producers, editors, photographers and graphic designers. And we have more than 500 such professionals in the Alpress chain."

The newspaper unites

The editors-in-chief and managing directors of the regional and local newspapers have an important role to play in the development of these papers since the traditional link between newspaper owner and reader is a thing of the past. Most regional newspapers in Finland – and most local newspapers as well for that matter – are owned today by business chains with readers at one end and a faceless owner at the other. So it is up to the editor-in-chief and managing director to be the 'face' of the owner in the region served by the newspaper. This position gives them power but it also calls for responsibility.

"The newspaper is still felt to be a community builder in its region, a cohesive force that unites the members of this community regardless of their position or world outlook. No other media have this position. To promote the wellbeing of its readers the newspaper must be financially independent; free to say what it thinks. In the long run that also services its owners' interests because if the newspaper loses its readers' loyalty, investors will lose their investments."

Better content, higher circulation

Alpress is in good trim, says Olkinuora. The chaining strategy introduced two years ago to develop the editorial resources of the newspapers and raise their media and circulation sales has yielded good results, as has chaining in distribution, printing and other newspaper production processes.

"The internet and mobile phones will not be able to compete with the newspapers for readers for a long time yet but when that time does come, the large Alpress-like newspaper chains will still be strong," Hannu Olkinuora states.

"Other newspaper publishers are doing the same sort of thing as well, but we perhaps are furthest along this road. Chaining our cumulative expertise in all areas of publishing enables us to ensure that the best ideas are used throughout the division. We also save costs as overlaps are reduced. But the main thing is to secure sufficient financial resources for continuous development of newspaper content."

Chaining the production of editorial material, for example, allows Alpress to publish stimulating general and specialist articles of an even higher standard in all Alpress newspapers, Olkinuora continues. "Similarly, each paper has more time to follow events in its own region, which is important for circulation growth. If subscribers feel they are not getting value for money, circulation revenue and therefore advertising revenue will fall."

Growth through acquisitions and new media

Alpress has demonstrated that traditional newspaper publishing can also be profitable in an extremely sparsely populated country such as Finland. Profitability, though, is not enough in itself to raise share value; investors are looking for growth, even at the temporary expense of profitability. Olkinuora admits that newspaper publishing in Finland is a mature business with little scope for organic growth any more. Publishers have largely marked out their territories and the number of readers is not likely to increase, rather the opposite. Newspaper circulations are slowly but surely declining in all industrialized countries. The only way to halt this decline is to mobilize large numbers of young people to become newspaper readers.

"Iltalehti and many local Alpress papers still have growth potential but the newspaper publisher in Finland can only achieve substantial growth by acquisitions or mergers. And we will certainly be seeing more of these although the largest restructuring took place a decade ago. Our strategy is to encourage collaboration among newspaper publishers, for example in printing investments and in areas that benefit us all. If the right opportunity presents itself, we are also ready for acquisitions."

In this context Alpress is an interesting partner, says Olkinuora, because apart from expertise in content production the media corporation also has a great deal of know-how in the media of the future, such as the internet, super teletext and mobile terminal devices. These still account for a very small proportion of the revenues generated by the Alpress newspapers but it is growing all the time.•

Special expertise for all to use

Ordinary or no, it is certainly effective. In Alpress, the editorial staff, subscriptions marketing, advertisement sales, distribution, printing, business processes and information technology all form their own units called 'competence centres'. Despite the name, however, they are not departments located in one place, rather 'control centres' shared by the newspapers that guide how each newspaper employs its unique expertise.

The idea behind these centres is simple, Veli-Matti Asikainen says: "There is an enormous amount of know-how in different disciplines around the company. These competence centres, managed systematically, help us to put best practices to use in all the Group's newspapers. The result of all this is newspapers with higher quality content, better than average circulation growth, stronger than average media sales," he describes. "Our various competence centres are at different stages of evolution, however, so there is still plenty to do.

"Nevertheless the principle is the same. Through our competence centres we will produce better newspapers for our readers with better than average profitability. Competence centres are an investment in the future and a guarantee that newspaper coverages will continue to be high."

Spirit of enterprise

Asikainen emphasizes that the central idea underlying the Alpress newspaper chain is a genuine entrepreneurial attitude to business, supported for example by the practices forged in the competence centres. "This will ensure that our resources are sufficient and, above all, that each newspaper is capable of offering the best service to both its readers and its advertisers. We combine the specific characteristics of the local paper with a spirit of enterprise and economies of scale."

Newspaper publishing based on competence centres, he continues, is now at the level where it can be fully incorporated into Alpress's management model. The next stage will be to make it part of the company's reward scheme.

"We have no intention of compromising our profitability targets in the future. But it is important for us to monitor the performance not only of our individual newspapers but of Alpress as a whole in order to offer products with even higher quality to our customers." •

"These competence centres, managed systematically, help us to put best practices to use in all the Group's newspapers," says Veli-Matti Asikainen.

"Let's pool and enhance the Group's special competences. Let's make a system that motivates people to apply best practices in our various publications. Let's monitor how we're doing, and reward achievements and results." That's how ordinary the Alpress Competence Centre model sounds, as described by Executive Vice President Veli-Matti Asikainen.

Competition
in printing will intensify

Specialization will most likely continue in the printing business. "It used to be the norm for newspapers to have their own printing plants but in the future content production will draw further apart from printing," predicts Erkki Kulmala, the person responsible for developing and marketing Alpress's newspaper printing plants.

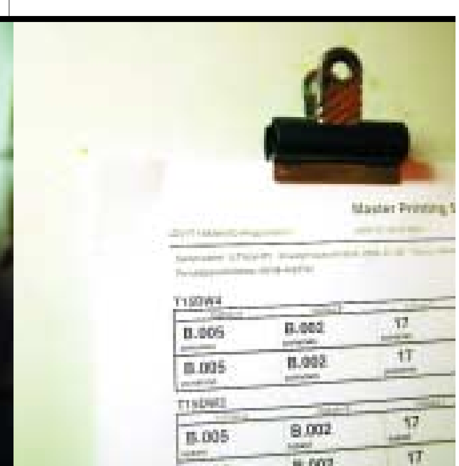
Advances in information technology, the growing demand for quality among newspaper publishers, and intensifying competition are all instrumental in the trend in the printing sector to consolidate, Kulmala thinks. "The printing companies fastest off the starting blocks are able to invest in new production machinery and do work for more than one publisher. The only factor limiting development is the distribution chains. The newspaper must reach its readers in time for breakfast."

Kulmala does not believe the newspaper is disappearing. On the contrary, in the future the newspaper and online media will more closely complement each other. "We can already see plenty of examples of how the newspaper and internet services work together."

Veli-Matti Asikainen considers that quality and reliable delivery are the key competitive factors in the newspaper market alongside price. The Alpress newspaper printing plant in Tampere is a good example. Though Alpress's own newspaper, Aamulehti, ensures a good basic load, the printing plant also prints other newspapers including Kauppalehti, Iltalehti, Tekniikka ja Talous, and Markkinointi ja Mainonta. All the plant's newpapers in the latest quality competition organized by the Finnish Newspapers Association ranked among the top third for printing quality, with Kauppalehti taking the second place.

A big challenge for Finland's printers, Asikainen continues, is the extra capacity recently built up in Finland and the eastern Baltic countries, which has intensified pressure to lower prices. Besides enhancing quality control, Alpress is also responding to this threat by continuously improving its cost-efficiency and customer service, sales and marketing. "I firmly believe that the best will have room to grow even in a highly competitive market." •

Erkki Kulmala's task is to attract more outside contracts for the Alpress printing presses.



Better reading and more of it

The regional newspapers strengthen the viability and wellbeing of their regions.

The Pohjoiset lehdet (Northern Papers) business unit has now been in operation for over one year. Co-operation between the Lappi and Kainuu regional newspapers in northern Finland has increased enormously, describes **Juha Ruotsalainen**. "We've been working on two fronts – both internally and throughout the Alpress division – to share work and use the expertise of one unit elsewhere, through our centres of excellence.

"Common use of editorial material means cost benefits for shareholders, more and better reading for subscribers, and greater variety of work for the editorial staff," Ruotsalainen says.

A prime target is to improve the newspapers and increase efficiency, he continues. "Our cost-cutting programme is on schedule. We have already seen a significant improvement but we still cannot allow ourselves to be satisfied. Growth in our region is rather modest, indeed our population base is getting thinner all the time. So we really need the extra strength and vitality that collaboration brings.

"Sharing content has already been very close, especially between Lapin Kansa and Pohjolan Sanomat, as their regions border each other. In the future we will also ensure Kainuun Sanomat gains from the same co-operation extensively."

The business unit's newspapers are read by eight out of ten over 12-year-olds in Lapland. •

10-year-old car supplement for traders and consumers

Ten years ago **Juha Pelkonen**, Chairman of the Association of Tampere Vehicle Traders, introduced the idea of a marketing supplement that would serve everyone's interests. Representing all traders, it would give consumers a weekly compendium of all new and used cars in the market.

The supplement proved a profitable venture. Its visual appearance has been updated several times and its publication day has been changed over the years but the basic concept remains the same.

With six pages containing only vehicle advertisements, the supplement is distributed to all households in the Tampere region in the Wednesday edition of Aamulehti. Given the fast pace of the vehicle trading business, it has a shelf-life of only 3–4 days.

"The supplement is an outstanding summary of what leading car sales companies have on offer. Customers come to see us, supplement in hand, from as much as 100 kilometres away to buy or sell," says Juha Pelkonen, who is also Regional Manager for local dealer Autotalo Laakkonen.

"From the dealer's point of view the supplement could not be easier to produce or distribute. All the routines, schedules and layout have been established long ago. We also have an online version with an ever increasing number of users but the printed version distributed with the daily newspaper is still more important for us." •

ALPRESS'S NEWSPAPERS IN 2003

	EDITOR-IN-CHIEF	ISSUES PER WEEK	AUDITED CIRCULATION (LT 2003)
Iltalehti	Petri Hakala	6	121 400*
REGIONAL PAPERS:			
Aamulehti	Matti Apunen	7	136 331
Kainuun Sanomat	Matti Piirainen	7	22 750
Lapin Kansa	Heikki Tuomi-Nikula	7	34 818
Pohjolan Sanomat	Heikki Lääkkölä	7	22 415
Satakunnan Kansa	Jouko Jokinen	7	55 436
LOCAL PAPERS:			
Kankaanpään Seutu	Antero Karppinen	2	10 565
Koillis-Häme	Pekka Hyytinen	4	7 024
Koillis-Lappi	Anita Seppänen	2	4 898
Kuhmolainen	Martti Huusko	2	6 236
Kuorevesi-Mänttä-Vilppula **	Jukka Ignatius	2	6 595
Kurun Sanomat	Martti Jaatinen	1	2 478
Merikarvialehti	Antero Karppinen	1	3 483
Nokian Uutiset	Martti Jaatinen	3	8 496
Pyhäjokiseutu	Marjaana Knuutila	3	8 175
Raahen Seutu	Martti Nousiainen	4	7 869
Sotkamo	Anssi Väisänen	2	5 564
Suur-Keuruu	Jukka Ignatius	3	6 560
Sydän-Satakunta	Timo Simula	2	7 974
Uutismarkku	Antero Karppinen	1	3 550
Valkeakosken Sanomat	Pekka Walden	5	7 913
Ylä-Kainuu	Anna-Leena Rauhala	2	8 381

	EDITOR-IN-CHIEF	ISSUES PER WEEK	PRINT RUN 2003
TOWN PAPERS:			
Hervannan Sanomat	Vesa Kangas	2	22 000
Jokilaakso	Timo Simula	1	11 900
Koti-Kajaani	Simo Hyttinen	2	28 600
Kuriiri	Tauno Impiö	1	6 300
Länsi-Sanomat	Veli-Matti Heinisuo	twice/mo	28 000
Porin Sanomat	Markku Kontto	1	50 200
Raahelainen	Terttu Rusila	2	17 000
Uusi Rovaniemi	Taru Salo	1	30 700
Vekkari	Teijo Mäki	1	18 400

*ESTIMATED CIRCULATION FOR 6-DAY PAPER.
**A GROUP PAPER SINCE 1 JANUARY 2004. CIRCULATION FIGURE LT 2002.

Broadcasting

Creative multimedia solutions

The Broadcasting division is responsible for Alma Media's television and radio broadcasting activities. The division comprises the TV channels MTV3 and Subtv, the nationwide radio channel Radio Nova (74%), and a minority holding (23.4%) in the Swedish commercial TV channel TV4 AB. Broadcasting is headed by Pekka Karhuvaara.

BROADCASTING

- 2003 was a record year in terms of television viewer numbers. Television advertising sales remained at the previous year's level.

- Broadcasting concentrated on developing creative multimedia solutions. To sell these, Broadcasting sales staff must have a thorough knowledge of each customer's business. To this end the division carried through an extensive staff training programme.

- The aim of Broadcasting's electronic media is to reach consumers 24 hours a day.

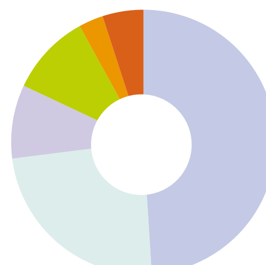
- Digital penetration is gaining pace following the government's decision to cease analogue broadcasting in Finland on 31 August 2007. Each new digital household reduces Broadcasting's costs by € 8.5 a year.

KEY FIGURES

M€	2003	2002
Net sales	178.1	177.6
Share of Group net sales, %	37	35
Operating profit / loss	5.9	–7.2
Capital expenditure	4.8	3.9
Depreciation, total	8.1	8.5
Goodwill amortization*	0.6	0.5
Return on investment (ROI), average	172.4	187.7
Full-time employees**	517	527

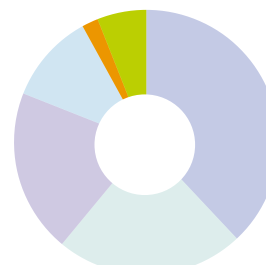
* INCLUDED UNDER TOTAL DEPRECIATION
** AVERAGE PERSONNEL CALCULATED AS FULL-TIME EMPLOYEES.

MTV3'S PROGRAMMING BREAKDOWN



- Foreign programmes 49%
- News and current affairs 24%
- Sports 9%
- Entertainment 10%
- Service 3%
- Drama 5%

TOTAL VIEWER SHARES BY CHANNEL



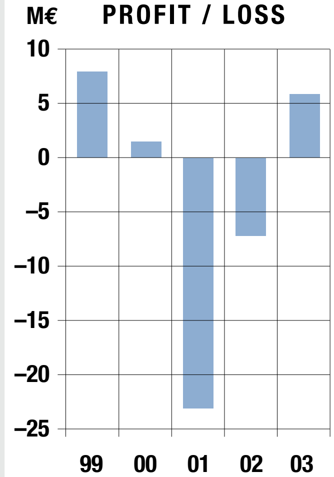
- MTV3 38.1%
- YLE1 23.3%
- YLE2 20.0%
- Nelonen 11.3%
- Subtv 1.8%
- Other 5.5%

VIEWER SHARES ARE FULL 24-H DAY FOR 10+ VIEWERS.

MTV OY'S SHARE OF TV ADVERTISING IN FINLAND

- MTV3 and Subtv 72%
- Other 28%

OPERATING PROFIT / LOSS



In terms of viewer numbers, 2003 was a record year. But that wasn't enough for Pekka Karhuvaara, who still vividly recalls the growth in sales of advertising time in 2002 . "We've kept clear of the general free-for-all. Our policy is to raise prices moderately. In absolute terms we are still 10% below 1998 price levels."

For Karhuvaara it goes without saying that advertisers must get value for money. Everything depends on the appeal of television. "Our strength is to offer new major, top-quality entities like Maria Kallio (a domestic drama mini-series), The Great Adventure or Idols every year. That forms a platform on which to build new solutions. Sales staff who previously only sold commercials for MTV3 Channel have been trained to build creative multimedia solutions. They are now offering customers Subtv and Radio Nova in addition to MTV3, as well as interactive solutions tailored for new terminal devices and the internet. And if necessary, they can add other parts of the Alma Media portfolio like Iltalehti and Kauppalehti for good measure."

A creative national media solution is not a mass product, Karhuvaara continues. "It requires the sales person to know their client inside out. The sales person must listen to the client and, with the media agency, come up with a solution that best suits each client. Every solution is custom-made because customer needs are individual.

"We have concepts, products and tools available off the shelf for selling media solutions. But the scope for training will keep us busy for at least another year. One can never be too good, especially where creativity is concerned," Karhuvaara underlines.

Round the clock, every day

The new organization generated a new strategy. "Since we are the largest internet media in Finland, the country's largest commercial TV station, the strongly

Pekka Karhuvaara is happy with the growth in Subtv's audience figures. "Subtv's main target group is urban residents below 34 years of age. Last autumn more than 50% of this group watched Subtv as much as TV1 or TV2. This group is also extremely attractive for MTV3."

One-stop customized solutions

Pekka Karhuvaara, President of the Broadcasting division, revamped the sales organization during the year. "Before that, our new-media services competed with each other under the same MTV3 logo. Now, except for Radio Nova, we have just one sales and marketing department. It's all the same what product is successful, as long as we are successful," he summarizes. The bottom line is programmes and the appeal of television, a good example of which last year was Idols.

profiled Subtv cable television channel, and Finland's largest commercial radio channel, why can't we reach consumers 24 hours a day? They are not interested in the fact that all these services come from the same house. For us in the Broadcasting division, though, it is essential that we are able to offer a full range of services.

"Last year we also started sales of consumer products when we began marketing Broadband and began operations as a mobile service operator. Our first venture into pay-TV was a card we sold in the Oulu region for € 69. Inserting the card into a digital set-top box, viewers were able to watch all the Oulun Kärpät ice-hockey away matches throughout the season. The success of the product surprised us: we sold well over 2,000 cards.

"In everything we do, our aim is to be increasingly independent of business cycles. Since we don't have the benefit of circulation income, our only source of revenue is what we generate from advertising," Karhuvaara says, though in the same breath he is quick to emphasize the attraction of television.

"The concept of multimedia must not be allowed to dominate our activities too much. We must not get stuck on a technical model and forget that our biggest strength is still the attraction of television and its emotional appeal. Our multimedia concept is a new way of thinking parallel with television, not a replacement for television."

Digital springs from a strong heritage

Digital television is a central element of the information society. If it were allowed to evolve without the interference of TV channels and public authorities, analogues broadcasting would not cease until until 2015 but it is in the interests of players in this field to accelerate the timetable for digital penetration.

"The parliamentary working group set up to review this issue has now proposed that analogue television in Finland should end in summer 2007. That's quite a challenge, but possible all the same. We'll do all we can to bring it about," Karhuvaara states.

"The introduction of digital TV will have a direct impact on our revenues since no operating licence fee is charged on digital television. Each digibox sold reduces our annual costs by € 8.5."

Although digi-TV is the sound of the future, the Broadcasting division still swears by its tried and true basic strategy. "Our only guarantee of sufficient viewer share is good content. After that come our human resources, and in this field we are giving special priority to management skills. Good results takes good subordinates. The third pillar of our strategy is efficient sales."

Pekka Karhuvaara underlines two other elements as well. "Subtv will continue improving and in 2006 will break even, after which it will be profitable. Our other important element is consumer products for chosen target groups." •

Digital TV makes its breakthrough

Sales of digiboxes became increasingly lively towards the end of the year with 45,000 sold in November 2003 and even more during the Christmas peak.

According to a Finnpanel survey 195,000 households had acquired a digibox by November 2003 for watching digital broadcasts either using an ordinary television antenna or via cable television. This figure corresponds to 8.4% of all households in mainland Finland.

The same survey calculates that 57,000 households have digiboxes suitable for use with satellite dish antennas, bringing the total to 252,000 households. In other words, 11% of all households in Finland were watching digital television broadcasts by the end of November.

The Finnpanel survey covered the entire country. If the survey had only been performed in areas able to receive digital broadcasts, the coverage would have been much higher.

The Christmas season saw a substantial rise in digiboxes in Finland. Home electronics wholesalers announced in January this year that there were roughly half a million digiboxes in Finland at the end of 2003 and forecast that the figure would rise to about one million by the end of 2004. These figures of course describe the volume of digital set-top boxes supplied to retail stores from a marketing perspective.

"The launch of new consumer technology can be considered a success if penetration exceeds ten percent over five years. In Finland only digital TV has done this," claims **Rauli Ahola** from Nokia, which also manufactures digiboxes.

"The breakthrough of digital TV has been long expected. Now it really seems to have taken place."

Good picture quality at low cost

A number of factors contributed to the growth in digiboxes last autumn. Low-cost digiboxes came onto the market for a price of about

€ 100 and, according to tests by the Tekniikan Maailma (Technical World) and HiFi journals, they seemed perfectly reliable.

Manufacturers had succeeded in making their latest-generation models easy to use and, as promised, connecting up these digiboxes took little time. A further important factor was the long-awaited entry of the major electronics manufacturers with their own models.

Information on, and experience of, digital set-top boxes began to spread during the autumn. For many thinking of getting one, a decisive factor was being able to go next door to see what it could do to the neighbour's old TV set. Better picture quality wasn't just marketing hype, and the box doubled the number of stations visible in the sitting room.

Another clear improvement was the programme guide provided by the digibox, telling viewers what's on television at a glance.

Coverage 94% next year

Digital television broadcasts can now be received by 72% of all Finnish households. Thirteen new booster stations will be brought into operation by August 2004, taking the line of coverage north up to Oulu, or 94% of all households in Finland.

In December 2003 the supervisory board of YLE, the Finnish Broadcasting Company, decided to start discussions with Digita Oy on extending the digital TV network to cover the entire country. MTV3 and Nelonen, likewise, recommend that this is done during 2005 for cost-efficiency reasons. This will probably mean that the digital network will be expanded as a terrestrial network to northern Finland as well. If so, it will be possible to receive digital broadcasts throughout Finland except the offshore Åland Islands.

Analogue broadcasts will most likely be continued after this date. A television parliamentary committee proposed to the government in December that the whole of the country would simultaneously 'go digital' on the last day of August in 2007, even though the committee estimates that maintaining analogue technology costs an extra M€ 5.9 a year.

"The timetable is challenging but realistic," comments MTV Oy's **Jorma Miettinen**.

By all accounts in autumn 2003 the Finnish population seemed to decide that better picture quality and new TV channels were a good enough reason for getting a digital set-top box. Sales of digiboxes began to rise strongly even though the extra features they offer are still barely off the drawing board.

He believes that the government's final decision on the date when analogue broadcasts will be discontinued will accelerate sales of digiboxes. Indeed, trade needs to be brisk because at least two million digiboxes will need to be sold to meet that deadline for there to be even one digibox per household.

One factor that could help is the continuing fall in prices of digiboxes. In 2005 the cheapest digiboxes will probably cost € 30 to € 50.

Programmes decisive

Although demand for digital television devices has started to decline, there are still challenges ahead. Digital television will stand or fall by the programmes it offers.

"We must be able to produce high-quality programmes that viewers want to see. Not only that, digital TV must also be able to provide programmes simply not available in analogue format," Jorma Miettinen emphasizes.

"Digital TV's progress so far shows that sport is the magnet that attracts the public to digital television," says **Mikko Räisänen**, MTV Oy's Executive Vice President.

"Sport seems to be a real magnet. News is another popular item. We will also be expanding our programming with various series and films," he promises.

New services on trial

Digital TV's interactive services are still being tested. MTV has performed pilot tests with Veikkaus (the Finnish national lottery) and NetAnttila (online retailing).

The UK is a little further along the road. Experience there suggests that digital TV is used a great deal for betting, payments and games. In other words, the most popular services are highly orientated towards entertainment.

"Added services must be as easy and reliable to use as possible," says Mikko Räisänen. "Development must not be allowed to make television as unreliable as the PC has been. It is also important that services can be accessed easily using the remote control."

Räisänen underlines that the new services are merely the spice in MTV's digital cake. "We are quite clear in our minds that our main task is to offer commercially financed TV programmes to the entire population."

Hotly disputed licence fee

The adoption of digital-only television in Finland will mean a profound change in the entire field of broadcasting.

"Previously, broadcasting frequencies were in short supply as one channel always reserved a whole frequency band. In the digital world, one frequency can accommodate 4–6 digital channels plus additional services. Narrow bandwidth is

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no longer an excuse to maintain an environment of few channels and operating licence fees," comments Dr **Juha Laine**, Professor of Digital Economics at the Helsinki University of Technology.

He believes that government regulation has reached the end of the road. New forms of payment are starting to emerge and, as connection speeds increase, television pictures will soon find their way to the internet and wireless mobile networks.

Under existing legislation the operating licence fee levied on commercial television companies is supposed to fall in pace with the uptake of digital receivers. The commercial companies, however, feel the fees should be abolished immediately as half of the money saved could be used for new programmes which in any case will soon be needed. •

GLOSSARY OF DIGITAL TERMS:

DVB-T BOX. Digital Video Broadcasting-Terrestrial. The digital set-top box designed for the terrestrial network in use in Finland.
EPG. An Electronic Programme Guide that puts information on the TV screen on each channel's programmes for one week ahead.
MHP. Multimedia Home Platform. An open standard used in Finland for generating added services for digital television.
MPEG2. The new compression standard which allows the coding of studio-quality video for digital TV, high-density DVD and CD-ROMs and TV broadcasting.
MULTIPLEX. A group of channels containing digital programmes. Each multiplex is broadcast in the same space required by one analogue TV programme. One multiplex can contain several TV and radio channels.
SUPERTEXT TELEVISION. The largest single added service offered by digital television. It combines picture, graphics and text into an extensive service for distributing information.

In terms of number of listeners, the radio is an enormous medium. Why shouldn't it also grow into a larger marketing channel as well?" Petri Manninen asks.

Radio Nova takes the sector forward

When Radio Nova first went on air on 15 May 1997 its new Managing Director, Petri Manninen, was justifiably nervous. "It was a fine moment."

Radio Nova has come a long way since then. The radio station's outstanding mix of ever-greens and the best of new music has gained a loyal following. Nor is it regarded any more as simply a channel for tactical advertising. Today it's seen as a maker and keeper of brands.

Throughout its short history Radio Nova has always driven the commercial radio business in Finland from the front. "A couple of years ago we opened discussion on sound logos rather like printed company and product logos. Now they are everywhere," Manninen says, describing what they've achieved.

"At the moment we are talking a lot about the power and ability of sound to build and move images. Brands created for television have a natural after-life on radio."

"Radio Nova contributes about one-third of Broadcasting's net sales but more important than its own growth is the growth of the entire sector," Manninen thinks. "Radio is in a period of transition. It has only now won its spurs alongside the other mainline media at the high table where the strategic media choices are discussed. In terms of number of listeners, the radio is an enormous medium, so why shouldn't it grow into a larger marketing channel as well?"

In some people's opinion, radio is typically a medium that thrives during economic downturns and will disappear once the economy booms again, but Petri Manninen disagrees: "I believe that a cost-efficient radio station that continuously improves itself will in fact grow and strengthen its presence. All the signs are good!" •

> "There is a correct media mix for each campaign with each medium supporting the other in the right way," Heikki Rotko states.

Turning viewers into customers

"Small streams turn into large rivers" is MTV Interactive's new guiding principle, reflecting the viewer-driven emphasis of its consumer business. The idea is to make more effective use of MTV3's spot capacity. MTV3's brand, TV programmes and TV audience will be used to offer consumers TV content and a wide range of services through the main distribution channels and terminal devices.

Digitization offers the possibility of pay-TV programmes and interactive TV services. Encouraging feedback from Hockey Night and The Great Adventure is encouraging MTV3 to launch new programmes and value-added services in the future. However, these will in no way weaken the strong offering of free-of-charge services on MTV3 and Subtv.

Marketing of MTV3's Broadband access connection started at the end of the year. MTV3 will not get engaged in competition on prices but instead will stand out through unique content, its broad spectrum of products and extra services.

The MTV3 Handy WAP service was launched in the last days of the year. Its purpose is to give consumers an idea of television-based mobile services before the launch of the MTV3 Mobile connection. Mobile TV services such as voting, chatting and competitions have grown strongly in popularity.

Intense competition in online distribution and mobile terminals has given MTV3 a unique slogan: cheap, easy and useful. The message to viewer-customers is: more fun out of life! •

Electronic media inseparable from daily life

Finns spend more time nowadays with various media than they do sleeping or working. Television, radio and the internet account for fully 76% of the total 9.5 hours a day, a fact that also advertising agencies are well aware of.

Each medium has its own place and time, thinks Executive Vice President **Heikki Rotko**, head of MTV Oy's sales and marketing. Mornings in the home are reserved for morning-TV, the newspaper and the radio, while at the workplace the internet and again the radio are the main sources of news and information. The evening is mainly television and the internet.

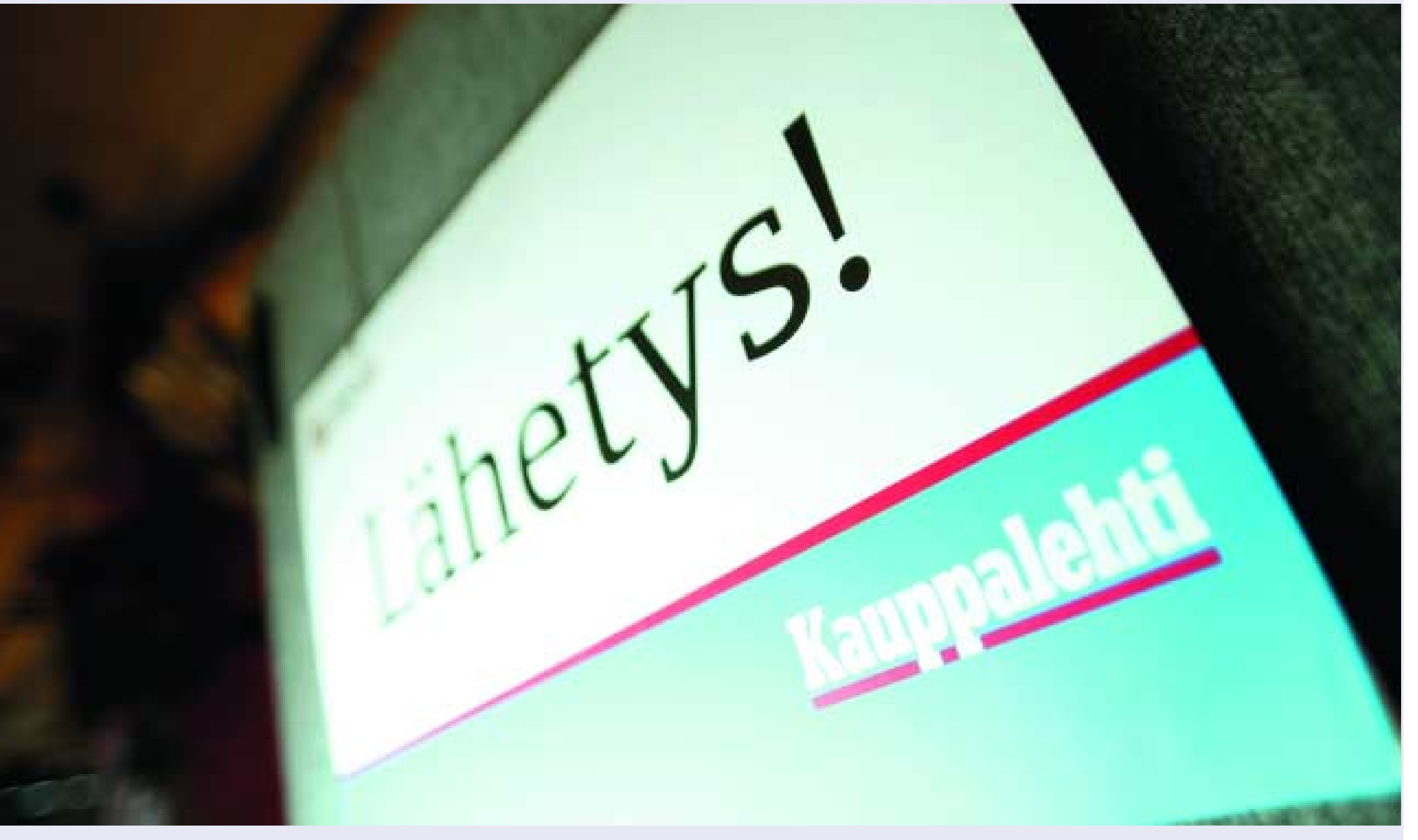
TV advertising is most often the backbone of the campaign as it creates a strong impression and awareness whereas the role of radio is to remind and activate. The internet is ideal for helping people get more information about a product's features and often also for e-shopping.

"There is a correct media mix for each campaign with each medium supporting the other in the right way. When devising a media strategy it is important that the targeted consumer group notices, recognizes and likes the advertisement as often as possible during the day," Rotko emphasizes.

Many multimedia campaigns have now been implemented in Finland. When the Sampo insurance and banking group, for instance, launched a new visual card the emphasis was initially on TV advertising. The campaign was rounded off with internet flashes that invited consumers to try for themselves by ordering their own card. •

Knowing is acting

Business Information Group



The Business Information Group (BIG) division distributes business and financial information via newspapers, the internet, television, radio and mobile devices. Its vision is 'business information independent of time and place'. BIG comprises the publishing company Kustannusosakeyhtiö Kauppalehti, Balance Consulting Oy, Baltic News Service, the Lehdentekijät Group, Starfunds Finland Oy (51%, Morningstar.fi) and the affiliate Efektor Oy (51%). BIG is also responsible for Alma Media's co-operation with Talentum Oyj, which is 31.7% owned by Kauppalehti. Business Information Group is headed by Juha Blomster.

- BIG performed reasonably well in 2003 despite the economic recession, but Kauppalehti's revenue from B-to-B advertising suffered.

- On the positive side, BIG's performance was boosted by both Baltic News Service and the Lehdentekijät Group, the latter specializing in customer magazines.

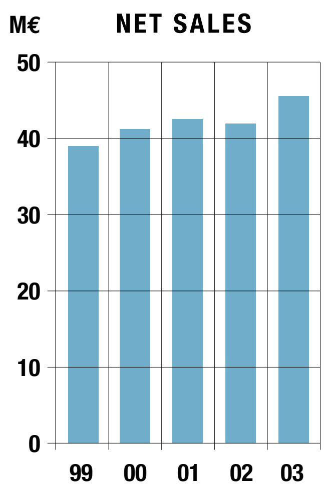
- Kauppalehti, also in international terms, is a trend-setter in the use of multiple channels. One proof of this is Kauppalehti's new open-plan office, the aim of which is to encourage greater working efficiency.

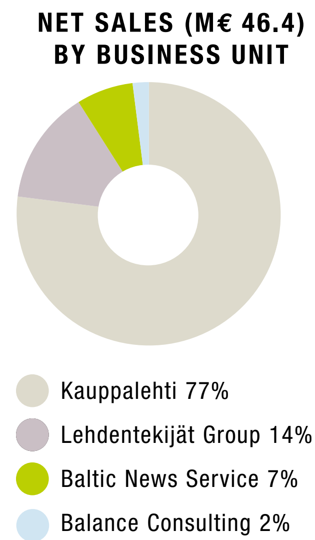
- An example of Alma Media's multiple channel communication solutions is the extensive co-operation started with Finnish pharmaceuticals company Orion Corporation. This covers both the printed materials and electronic publications and media for which Orion's corporate communications is responsible. Within Alma Media, Lehdentekijät Group is responsible for coordination.

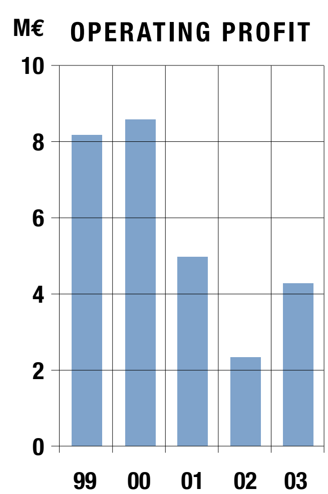
KEY FIGURES

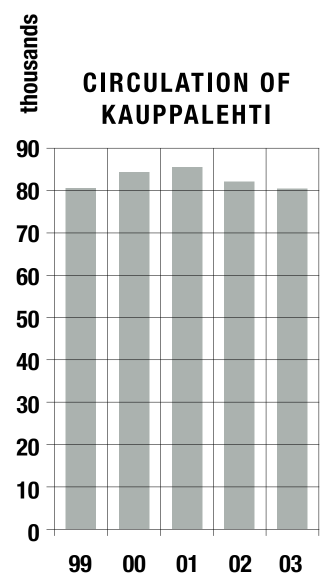
M€	2003	2002
Net sales	46.4	43.2
Share of Group net sales, %	10	9
Operating profit	4.2	2.4
Capital expenditure	3.5	0.9
Depreciation, total	1.5	1.3
Goodwill amortization*	0.4	0.2
Return on investment (ROI), average	19.9	3.9
Full-time employees, average	384	356

* INCLUDED UNDER TOTAL DEPRECIATION.









BIG seeks growth

Media market contracted, efficiency underpinned profits

The slump in the media market continued throughout 2003, hitting B-toB advertising in particular. Alma Media's Business Information Group (BIG) still derives most of its net sales from the business and financial daily, Kauppalehti, whose advertising income is strongly affected by B-to-B advertising.

"The sluggish economy made it a difficult year for us. Naturally we are not satisfied with our result but in these conditions we did pretty well all the same. Our efficiency has improved and we made clear progress in the field of multimedia," comments **Juha Blomster**, President of the BIG division.

Positive development

BIG's result was bolstered by the solid performance of Baltic News Service (BNS) and the profits reported by the Lehdentekijät Group acquired at the beginning of the year.

"BNS is a positive surprise as the company already brings in a profit. We're also pleased with Lehdentekijät Group's result. Co-operation between Lehdentekijät Group, Kauppalehti and Alma Media's other units has started well and we have avoided the problems that commonly arise after an acquisition."

Of BIG's smaller units Balance Consulting improved its performance likewise. Blomster especially singles out this company's bold approach to product development, mentioning as an example the 'Arvo' (Value) corporate valuation service launched successfully at the end of the year.

BIG is also responsible for Alma Media's roughly one-third minority holding in Talentum Oyj and Juha Blomster sits on Talentum's Board of Directors. Alma's publicly announced ownership policy is to hold either less than 20% or more than 50% but no such solution has yet been found in Talentum's case. Co-operation between the two companies, though, now means that the Saldo private investment supplement is inserted in both Kauppalehti and Talentum's Tekniikka ja Talous (Technology and Business) paper.

"Talentum is a good company but we are not yet satisfied with its financial performance. On the other hand share prices have improved to the point where our Talentum holding is no longer a burden to us."

"Our efficiency has improved and we made clear progress in the field of multimedia," says Juha Blomster, President of the BIG division.

Multiskilled journalists

Major changes have been made in Kauppalehti in recent years. "Kauppalehti's ability to exploit multiple media channels efficiently makes this paper a forerunner, even compared to its international peers," Blomster considers. Alma Media's goal 'Spirit of Teamwork' has been emphasized in several concrete ways including pulling down the partitions separating people in the editorial

The recession kept the media market sluggish in 2003. Nonetheless BIG reached a reasonable result in the circumstances. Volumes did not grow as hoped so cost-efficiency became the top priority. BIG is ready for action when the economy picks up.

department as well as in marketing and administration.

"Kauppalehti's staff have been fully involved in the changes. Everyone has carried responsibility in his or her way and moved matters forward. We have a good working spirit and people are working together better and better all the time.

"Our people have also become much more multiskilled. Job rotation has started well; one-fifth of our people have changed jobs in the past two years. Our open-plan office seems to suit the way we work extremely well," Blomster says.

Kauppalehti is taking customers more into account in its media marketing. "The purpose of these changes has been to improve the way we work. Now we have a solid foundation from which to take off when conditions improve."

Kauppalehti's circulation has weathered the sluggish economy very well. A new service launched during the year was early morning distribution of the newspaper in and around Helsinki.

Bold growth targets

Compared with Alma Media's other divisions BIG is not all that big. Its growth targets, however, are ambitious and the division's biggest challenge is to grow profitably. The target was set in 2001 to double net sales by 2006 and Blomster has no intention of giving up on it.

"One quarter of BIG's net sales comes from other activities than Kauppalehti. We are not yet moving at the pace our target would require but when the market recovers sooner or later we will be well positioned to grow," he forecasts.

Organic growth, in his opinion, will be driven in particular by expertise in the use of multiple channels. An extremely interest path for growth, he thinks, are total communication solutions tailored to the needs of individual companies. Acquisitions are a possibility as well.

"Actually, it is not really important whether we grow organically or through acquisitions as long as growth is clearly profitable. In practice our growth must be closely connected to our existing activities. We see no point in expanding into entirely new sectors," Blomster says.

An idea of Blomster's growth criteria is provided by BIG's philosophy: up-to-the-minute business information independent of time, place and means. •

Only the reader-centred magazine can succeed

The Lehdentekijät Group has been part of BIG since January 2003. With annual sales of almost M€ 7 it ranks among the top three players in customer magazine publishing in Finland.

The Lehdentekijät Group produces more than 40 titles, or some 5,500 pages, a year. Their professional approach to the content and design of these products guarantees the best possible result.

"Outsourcing of customer magazines is steadily becoming more popular. They are produced cost-efficiently and always on schedule. For customers, outsourcing means the right to demand quality, and for the responsibility to deliver," says Managing Director **Kimmo Kallonen**.

Long-term partnership with customers is typical of this business. "Knowing our customers and their businesses is a constant learning process. At Lehdentekijät Group, we are increasingly taking the role of consultant, listening carefully to what our customers have to say and anticipating changes in their businesses."

Content first equal with design

The power of the customer magazine is its content. "The information presented by the magazine must be of topical interest to its readers and also useful. Large customer magazines are read very carefully and their role is becoming even more important as customer loyalty schemes are expanded. Companies are giving high priority to 'precision communication'," he says.

"On the other hand customer magazines with smaller circulations compete for readers with the trade and technical press. They are 'trade magazines' offering news that is not always reported in other media."

The circulations of the magazines produced by Lehdentekijät Group vary from over two million in the case of teleoperator TeliaSonera's magazine, to about two thousand for Waternet, a customer magazine produced for the Finnish chemicals corporation Kemira. The print run is not important as long as the target audience is clearly defined.

Increasingly tough demands are being made nowadays on the design and visual appearance of customer magazines alongside their content. "Facts need an emotive framework around them to arouse the reader's interest. The customer magazine should dare to be unique," Kimmo Kallonen insists. •

Next points the way

Amer Sports has undergone considerable change in recent years and this should be reflected in its customer magazine. "The magazine must emphasize our pioneering attitude," says **Max Alfthan**, Amer Group's head of communications.

"We wiped the slate clean of everything that had gone before. We changed direction from being Finland-centred to thinking globally, using for comparison magazines specializing in international sports, leisure and lifestyle. We also gave our magazine a new name, Next, to describe where we are going."

The magazine's target group changed as well. "We previously produced the magazine mainly for Finnish investors but we are now targeting international sports dealers, investors and our own organization. We are currently launching our new strategy worldwide, and here the magazine is a valuable tool."

Amer and Lehdentekijät have long worked together. "That means a lot to us. Although we also revamped our magazine team, it was important to retain our historical connections."

Max Alfthan values honesty in his business partners and he is constantly seeking better performance. "Partnership at its best is having the courage to disagree," he says. •

Next is the Amer Group's investor and shareholder magazine.

Baltic success story

Baltic News Service generates more than one thousand news flashes in five languages every day. Started originally as a network of correspondents, the company today has some 500 customers for its subscribed services.

"We are proud that the news we have generated has often been used in the making of decisions," Oleg Harlamov states.

The structure of Baltic News Service's (BNS) customer base has expanded enormously in the past 14 years. "Our services were originally used only by the media in various countries but our customers today include financial institutions, government departments and industrial enterprises. BNS Eesti has rapidly emerged as one of Europe's most profitable news bureaus," says **Oleg Harlamov**, Managing Director of BNS Tallinn.

"We release a news flash almost every minute. We provide information in real time through our BNS Terminal online service. Our subscribed services mainly comprise business and financial information but some of our news also serves the public at large."

Besides its head office in Tallinn, Estonia, the company has branches in Moscow, Kaliningrad, Warsaw and Stockholm. Having grown in a healthy way, BNS is ideally suited to Alma Media's Business Information Group, whose slogan is 'profitable growth'.

EU increases the flood of news

BNS offers a comprehensive package of services. Political and business news, information for investors, stock exchange quotations, and real-time news are all assigned to their own departments.

"Our Clipping service, which allows users to follow the sector or sectors of their choice, has recently generated a great deal of interest. We will soon make it possible for subscribers to order this service for fixed periods only."

Harlamov forecasts that demand for business information will grow as more of the Baltic states join the EU. "The range of subjects of interest will increase and I'd like to know what Europe will look like in 2008. Above all this will raise the volume of political news." •

News holds its ground

Eesti Raadio (Estonian Radio) has been a client of BNS since BNS was founded. "We use the widest package of services they provide," comments Eesti Raadio's Director General **Ain Saarna**, who used to work in the radio's news department when co-operation first started.

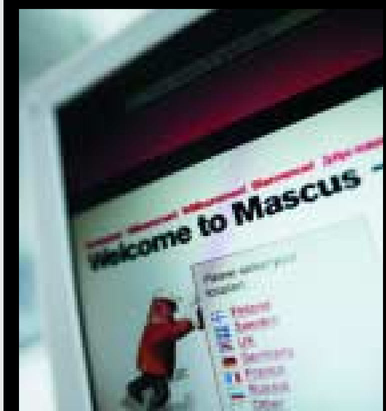
"As Estonia gained independence, news from different countries became increasingly important. We needed a partner able to offer their own network of correspondents. Eesti Raadio's four channels offer more than 30 news broadcasts a day. News should contain facts, be reliable and reach people rapidly." •

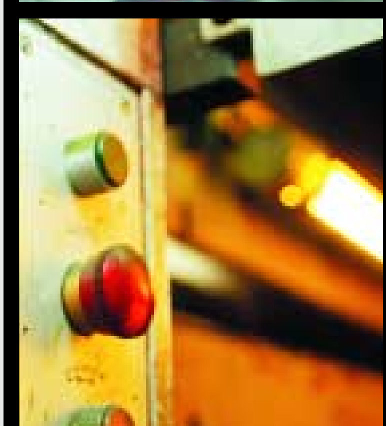
"Estonians today are talking in particular about the EU and their fear of price increases," Ain Saarna says.

Classified services and information systems

Media Services

The Media Services division is made up of three business units: Classified Services, Alma Media Information Systems, and New Ventures. The division's products are Dime.fi (real estate), Etuovi.com (home buying) and the Etuovi.com magazine, Jobline.fi (recruitment), Ruokala.tv (food), Tilt.tv (games) and Mascus.com (used heavy equipment). Media Services is headed by Raimo Mäkilä.





- Classified Services showed the clearest growth during the year. Its aim is to be the preferred online channel for half of all jobs requiring university qualifications, as well as half of all online property and used car advertisements.

- The unit's newest e-marketplace is Mascus for used industrial and transport machinery. It is also Alma Media's first classified service that reaches beyond Finland's borders; besides Finland, primary market areas of Mascus are Sweden and the UK.

- The number of visitors to Etuovi.com increased, as did its revenue. The number of readers and advertisers for the property newspaper Asuntopörssi were good and the paper made a breakthrough in the Helsinki metropolitan area.

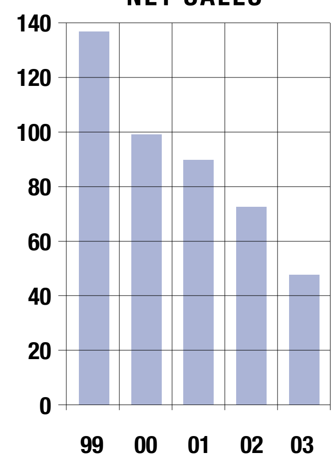
- The merger of the Alprint Rahola printing works with Edita, and the establishment of Acta Print, were felt in the division both as a fall in personnel and as a temporary weakening of profitability.

KEY FIGURES

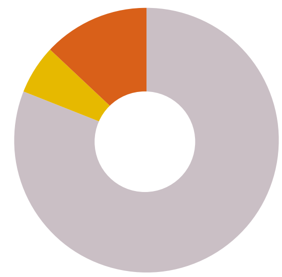
M€	2003	2002
Net sales	48.4	73.9
Share of Group net sales, %	10	15
Operating loss	–5.6	–2.2
Capital expenditure	4.9	1.8
Depreciation, total	4.2	5.7
Goodwill amortization*	0.4	3.0
Return on investment (ROI), average	32.8	44.8
Full-time employees, average	303	478

* INCLUDED UNDER TOTAL DEPRECIATION.

NET SALES

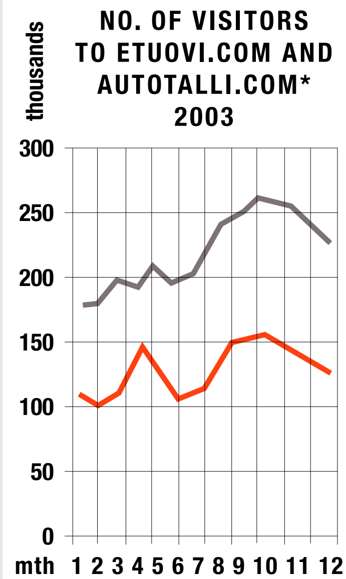


NET SALES, CLASSIFIED SERVICES (M€ 8.1)



Etuovi.com and Asuntopörssi 81%
Autotalli.com 6%
Jobline.fi 13%

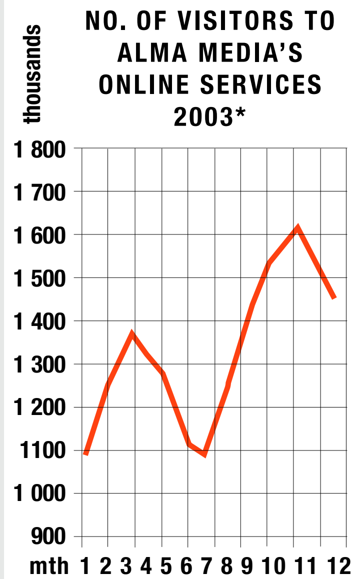
NO. OF VISITORS TO ETUOVI.COM AND AUTOTALLI.COM* 2003



Etuovi.com Autotalli.com

* VISITORS PER MONTH.
SOURCE: TNS GALLUP/RED SERIFF.

NO. OF VISITORS TO ALMA MEDIA'S ONLINE SERVICES 2003*



* VISITORS PER MONTH.
SOURCE: TNS GALLUP/RED SERIFF.

Satisfied customers walk through Etuovi.com's doors

Looking back at 2003 Raimo Mäkilä could smile broadly on one side of his face while keeping tighter control of the other. The Media Services division's main businesses, Classified Services and Information Systems, give good reason to be satisfied. Its new services and Alprint, however, dampen the smile.

Media Services reflects the continuous increase in use of the internet, particularly as a source of information.

"Classified services, which we have chosen as our growth area, is the fastest growing of our businesses in Media Services. Our aim is to ensure that within a few years one of every two jobs requiring a university education, one out of two houses or apartments and one out of two cars traded, should come through us," Mäkilä states.

Alongside the already well established services Asuntopörssi (property), Autotalli.com (cars), Etuovi.com (homes), Jobline.fi (recruitment) and Dime.fi (real estate), Media Services acquired yet another marketplace during the year called Mascus. It specializes in used machinery and transport vehicles and its markets are Finland, Sweden and the UK. This is Alma Media's first classified services venture that goes beyond Finland's borders. Mascus now operates in six languages.

"During 2003 we also analysed the feasibility of making some of our other sites international. This year we must make detailed plans or forget the whole thing."

The strong growth of classified services is likely to continue. This business is most advanced in the case of Etuovi.com, where both user numbers and revenues have risen. The Asuntopörssi property paper is another winner; its reader and advertiser volumes are good and in 2003 the newspaper achieved a breakthrough in the Helsinki region.

The slack economic conditions were most clearly evident in Jobline.fi. Recruitment advertising, like the use of taxis, is a good barometer of confidence in the economy. "2002 was a year of decline, 2003 of only slight growth. Jobline, too, will certainly return a good profit in time, but I wouldn't like to say when," Mäkilä considers.

Playing games in Alma Media?

The general economic caution was also reflected in new services. Tilt.tv (games) and Ruokala.tv (food), both previously very successful, were hit by the slump in activity among brand advertisers. The current year, though, could see an improvement.

"We introduced new services alongside Tilt.tv. In October we launched a new Saturday morning programme called Staraoke on MTV3 channel. We followed this in February this year by a Tilt.tv games magazine, in co-operation with United Magazines, to support it."

Staraoke is a TV programme and PC game. Players guide cartoon characters along a virtual path by singing. Success depends on keeping the same note. "The CD discs are sold in the shops and we have the rights to the TV format. The programme has also generated interest abroad and it now seems we could even make some money out of it."

Games are a focus of the Media Services division's research and development. "R&D's task is to support the ideas and decisions of Alma Media's divisions by acquiring knowledge and views. In September 2003, for example, we organized a large brain-storming session to discuss the role of games in Alma Media's business. R&D also keeps its eye on new patents, which among other things show how the teleoperators are

"I don't need to try because I know I'll fall at the first corner," Raimo Mäkilä says about Media Services's new game Staraoke in which players keep characters on track by singing. Fortunately, that is not the way the division is managed, as Media Services has kept itself on track very successfully. Online services have driven growth although the economic slump has also thrown stones in the division's path.

knocking on the media business's door," Mäkilä says.

Turning IT management into service

The merger of Alprint's Rahola printing works with Edita, state owned printing and publishing company, and the formation of the new affiliate Acta Print was a big step for Media Services. The division felt its effect both as a reduction in personnel and as a financial burden.

"Restructuring is always financially burdensome. Among other things, Acta Print's production machinery was updated, which generated costs especially in 2003," Mäkilä describes. Alma Media owns 36% of the company.

The challenges in 2004 will be not only getting Acta Print back on track but boosting the performance of Media Services in general. "We have ambitious growth targets for classified services but reaching them will mean a lot of work. It will be interesting to see when television will actually become entirely digital and whether people will actually use their television sets as internet terminals. When terminal devices are able to do more, volumes will increase."

Raimo Mäkilä believes in continuous improvement – doing things a little better than year before. "In Network Services, which manages information systems for electronic services, we are well advanced but in 2003 we were also given responsibility for Alma Media's IT management. We are now busily transforming this function into a service culture: turning items previously regarded only as costs into quality services that we can sell to the rest of the company." •

Coverage online

is the strength of e-services

When Alma Media launched its online home-buying service Etuovi.com in 1996, the service offered just one hundred flats. "Users even suggested we close the service down. Who would be interested in such a meagre choice?" recalls Petri Pekki, who has worked with the service from the outset.

The situation today could not be more different. Last December Etuovi.com's portfolio contained more than 24,000 properties or plots of land, covering 95% of all the properties on all estate agents' lists in Finland.

"People buying a house or flat really appreciate the coverage, depth and up-to-date information of the service. At best its development has been a symbiosis with estate agents," Pekki emphasizes.

Vehicle trading is another ideal candidate for online sales. Alma Media's Autotalli.com has some 20,000 vehicles on its books at any one time, or roughly 80% of all the used cars on sale in Finland. The latest online service is Mascus.com for used industrial and commercial machinery. And since these are often traded beyond Finland's borders, this service is offered in six languages.

"We're seeking growth from abroad. Online services are best suited to products that prospective buyers want a lot of information about before they decide to buy and which contain a high element of risk."

Buying property via digital TV

OP-Kiinteistökeskus, the Finnish real estate agents for the Okobank Group, is a close partner of the Etuovi.com service and a pioneer of online property trading in Finland in its own right. The first estate agency to sign up with Etuovi.com, they are now pioneering the use of digital TV in the property trading market.

"The number of searches via digital TV has been very minor so far, perhaps a hundred or so a month compared to about 80,000 a month on the internet. But with this technology still in its infancy, it's a lot easier to test ideas with a small amount of users," says **Heidi Gustafsson**, Okobank's Property Service Manager. The same company launched its online service for mobile phone users a year ago, letting users see photos of its properties on their phones.

OP-Kiinteistökeskus is confident it will remain the market leader this year, too, thanks to its systematic strategic decisions and good partners.

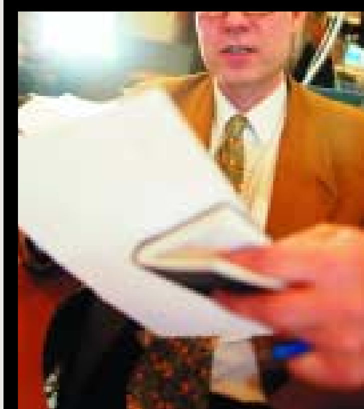
Saara Murtovaara, Chairman of the Union of Finnish Real Estate Agencies, considers the internet to be an important tool of communication in parallel with the print media. "The point today is not whether, but how, to be visible on the internet. Properties without pictures, or cobbled together carelessly, will most likely not be noticed at all. Consumers will find it easier to choose when using printed publications and the internet together." •

The top-of-mind media company

Alma Media has set itself two important targets: to create an inspiring and innovative spirit at work, and to be Finland's most popular employer. High priority was given during the year to strategic personnel development projects. An example is Alma College which takes on around twenty Alma Media employees a year.

PERSONNEL

• For Alma Media it is vital that the right people are in the right place at the right time as this helps to ensure both good performance and wellbeing at work.

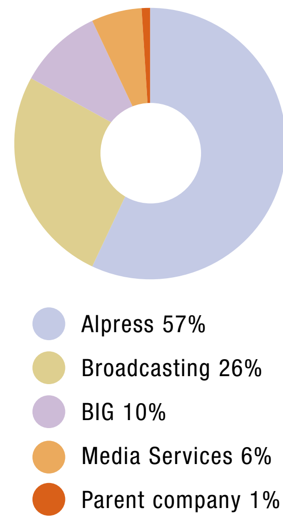


• The best personnel management practices in the units were adopted more widely throughout the Group.

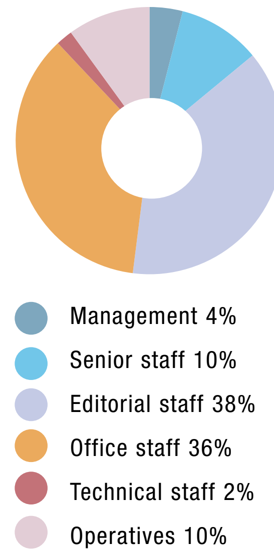
• Alma College was inaugurated in Tampere in September. The first 20 students represent all the divisions and the widest spectrum of jobs in Alma Media.

• The management steering team 'sparred' with the company's senior executives and generated new ideas for developing Alma Media.

FULL-TIME PERSONNEL TOTAL

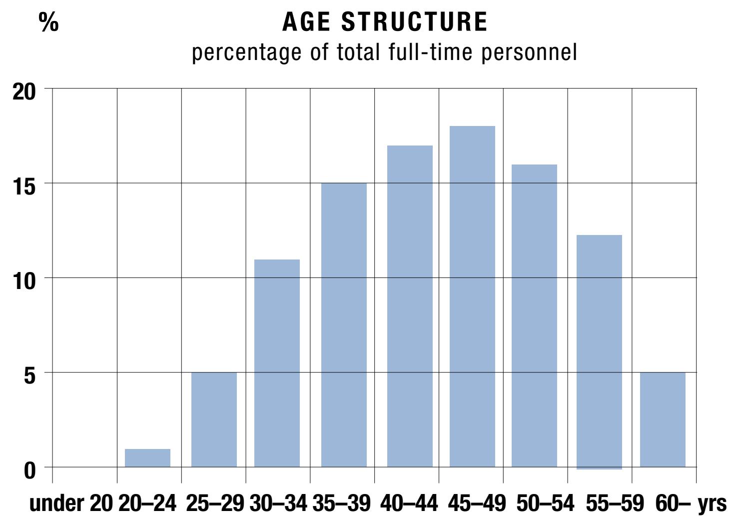


PERSONNEL GROUPS



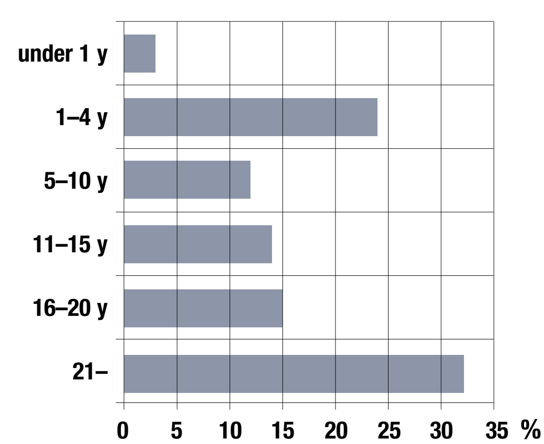
AGE STRUCTURE

percentage of total full-time personnel



DURATION OF EMPLOYEMENT

percentage of total



Terhi Heikkinen took up the post of EVP, Human Resources in September 2003. "I greatly enjoy building up an HR strategy, and even more so in a company whose products we can all be proud of."

Expertise + Enthusiasm = Success

Alma Media's people are crucial to the success of the company's strategy. "Our aim is to ensure we have professionally skilled people who are enthusiastic about their work," says Terhi Heikkinen, Executive Vice President, Human Resources.

Reformulation of the Group's strategy has resulted in a new entity with four key elements: profitable growth, loyal customers, enthusiastic employees and satisfied owners.

In its human resources management Alma Media has given itself the strategic target of creating an atmosphere of enthusiasm and innovation. Reaching this target calls for continuous improvement of management practices and professional skills, but in doing so the company will also reach its second strategic target: Finland's most popular employer.

Tough targets indeed. How will they be reached? "We began by analysing our present situation and future expectations. We will add to the analysis with the results of a personnel survey conducted at the beginning of 2004. These results will help us to define the focus areas and targets of HR management in Alma Media, and the action we need to take," Heikkinen describes.

Alma Media adopted an incentive scheme for all employees at the beginning of the year 2004. Part of the bonus is linked to the work of each individual and his or her department, and part to the company's overall result. "The scheme's purpose is to encourage people to continuously improve their own work and the 'Spirit of Teamwork' we have adopted as one or our two corporate values."

The strategic HR development projects are derived from Alma Media's targets. "This systematic approach will take us towards our vision, the 'top-of-mind media company'," Heikkinen continues.

"I believe that when people are doing the work they are trained for, and are enthusiastic about improving their competences, we will see our targets reached and the atmosphere at work will improve. We give high priority to ensuring that the right professionals are in the right place, and also at the right time!"

Alma Media's various business units have developed a wide variety of good HR management practices over the years. The aim now is to apply these 'best practices' more widely throughout the Group, in line with its corporate value 'Spirit of Teamwork'. The Group will also adopt best practices from other companies.

"People are more likely to do well in their jobs when they know what is expected of them. And if they also have the right expertise and enthusiasm for that work, they can hardly fail," Terhi Heikkinen summarizes. •

Multimedia professionals from Alma College

Last autumn saw the start-up of the Alma College in the company. Alma College gives forward-looking Alma employees a panoramic view of the Group's activities and offers them the chance to turn themselves into multiskilled experts in multimedia. Alma College also supports networking, the exchange of ideas and dialogue throughout the company.

Every year 20–25 Alma employees are selected to join Alma College. The training is not intended for people in one discipline only. The idea is to attract people who could benefit in their work from a broader knowledge of the Group today and in the future.

Alma College is media-focused. Each type of medium has its own one- or two-day training module that introduces its special features from the perspective of content, sales and marketing. These modules are newspapers, TV, radio, interactive media, and finance and accounting. Each module is given two to four times a year.

The same Alma College training modules are also used in Alma's business units for induction and staff training. People in Radio Nova, for example, attend the radio module even though not all of them are enrolled in Alma College. The module instructors are all Alma experts themselves, the best professionals in the business.

Studies began in the autumn

After its launch, Alma College received more than one hundred applications. Twenty of them were chosen to form the first group based on the principles of fairness and diversity; its members represented all the divisions and as many job descriptions as possible. The kick-off meeting was held in Tampere in September.

The College's students expected to gain a great deal from their training including a clearer overall view of Alma Media's operations, a better idea of the Group's commercial objectives, a career boost, and a greater knowledge of other media. Participants also believed the training would broaden and deepen their professional skills, improve motivation, and give them a wider perspective and spirit of teamwork.

During the autumn the students worked through the training modules for the various media at their own pace. "The best value I got was networking with other people in the Group. It was also useful to see how things are done in other units. I gained many good ideas," says **Krista Öhblom-Raukko**, a Sales Manager in Kauppalehti.

Building a united Alma Media

Alma College's training curriculum and its implementation is the work of corporate management's 'steering team', together with personnel administration. The steering team is a group of young Alma employees brought together in spring 2002 to act as sparring partners with members of top management – to develop Alma Media's activities from a younger perspective. Once established, the team quickly gave priority to personnel development, setting as its objective the desire to build a united Alma Media.

MIKA KANERVA

The first group of 20 people chosen for Alma College.

Alma College and its programme is a tangible result of these ideas.

Alma College is modelled on the Aamulehti newspaper's Matka Aamuun (Path to Tomorrow) process and Radio Nova's Nova College programme. The latter's objective is to commit staff to the unit's strategy and familiarize them with the different aspects of radio broadcasting. Both training programmes are now modules within Alma College. •

Applicable recommendations

Alma Media Corporation applies the guidelines issued in December 2003 by HEX Plc, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industry and Employers concerning the corporate governance of listed companies. The company also applies the Guidelines for Insiders issued by the Helsinki Exchanges on 1 March 2000. The company's corporate governance is described in more detail and kept up to date on Alma Media's website, http://www.almamedia.fi/administration.

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/articlesofassociation).

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 financing, strategic planning, communications, and compliance with the disclosure obligations of a public listed company.

Alma Media Corporation was restructured on 1 January 2003 around four divisions: Alpress (newspaper publishing and printing), Business Information Group (production and distribution of business information), Broadcasting (television and radio), and Media Services (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 legislation or the company's Articles of Association do not otherwise require other bodies to resolve on. The detailed working of the Board is set out in the Board's Rules of Procedure.

The Board's tasks include:

- Confirming the Group's strategy and goals, monitoring implementation of the strategy and, if required, initiating action to rectify deviations,
- Reviewing and approving the interim and annual financial statements,
- Approving strategically important corporate or real estate transactions and also investments in accordance with a separate investment guideline,
- Deciding on Alma Media Group's capital funding plan and operations,
- Approving Alma Media Corporation's dividend policy and making a proposal to General Meeting concerning dividend to be paid,
- Reviewing once a year the main business risks and their management and, if required, issuing guidelines on them to the President and CEO and, if required, initiating corrective action, and
- Confirming the President and CEO's proposal on the company's organization.

Alma Media Corporation's Board of Directors is elected by a General Meeting. The Board comprises from five to nine members. The Annual General Meeting in 2003 confirmed the number of Board members to be six.

The Board of Directors elects from amongst its members a Chairman and a Deputy Chairman. During 2003 the chairman was Bengt Braun and the deputy chairman was Kari Stadigh. Their 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 plan of action 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 Chief Financial Officer, a person appointed to keep the minutes of the meeting, as well as other individuals asked to attend as required.

In 2003 the Board met eight times. The participation of the Board members at these meetings was 98%.

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. During 2003 the Compensation Committee met once.

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. During 2003 the members of the Audit Committee were Matti Kavetvuo and Jonas Nyrén. 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 Chief Financial Officer. During 2003 the Audit Committee met four times.

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 the notice of meeting and 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 Juha Blomster, Pekka Karhuvaara, Raimo Mäkilä and Hannu Olkinuora, the Chief Financial Officer Teemu Kangas-Kärki, and the Executive Vice President, Human Resources Terhi Heikkinen. The secretary of the Executive Committee is Ahti Martikainen.

In addition to their main organizational functions, Juha Blomster is responsible for co-operation in nationwide media marketing within Alma Media Corporation, and Raimo Mäkilä for Alma Media Corporation's ICT issues.

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 2003 it met 18 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.

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 and MTV 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 responsible 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 chief financial officer at least four times a year. Alma Media Corporation's Annual General Meeting appointed the firm of authorized public accountants KPMG-Wideri Oy Ab and Mr Mauri Palvi APA as the company's auditors for the financial year 2003.

Fees paid to the Board of Directors

The following salaries, fees and benefits in kind were paid during 2003:

Salaries, fees and benefits in kind to:

Bengt Braun	€ 30,000, part of which paid in Alma Media shares (1.110)
Kari Stadigh	€ 24,000, part of which paid in Alma Media shares (541)
Lauri Helve	€ 20,000, part of which paid in Alma Media shares (451)
Matti Häkkinen	€ 15,000, part of which paid in Alma Media shares(338)
Matti Kavetvuo	€ 20,000, part of which paid in Alma Media shares (451)
Jonas Nyrén	€ 20,000, part of which paid in Alma Media shares (733)

The fees were paid to the Board members partly in the form of Alma Media shares as decided by the Annual General Meeting in 2003. The portion corresponding to withholding/source tax was paid in cash.

Remuneration of the President and CEO and other members of the Executive Committee

The salary, fees and benefits paid to Alma Media Corporation's President and CEO in 2003 totalled € 545,621.

Under his terms of employment, President and CEO Lipsanen is entitled to retire at 60 years of age. His pension is 60% of his salary. In the event of his resignation, he is also entitled to receive a salary for 6 months during the period of notice as well as his basic salary for 18 months if he is dismissed by the employer without being in breach of contract. The 18-month extra salary does not apply if he himself resigns.

The salary, fees and benefits paid to the other members of the Executive Committee in 2003 totalled € 1,398,068.

The compensation paid to the President and CEO and his immediate subordinates, and their incentive scheme, are decided by Alma Media Corporation's Board of Directors. The bonuses paid during 2003 were determined by improvements in the Group's and its divisions' profitability and development of cash flow. The President and CEO and the other members of the Executive Committee are participants in the stock option scheme approved by the 1999 Annual General Meeting. This scheme is explained on the section'Shares and Shareholders' of the Annual Report. The shares and options owned by the President and CEO and other members of the Executive Committee are

CORPORATE GOVERNANCE

described on page 49 of the Annual Report and this information is also kept updated in the Insiders' Register on the company's internet website (http://www.almamedia.fi/insiders-holdings).

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 2003:

	Series I shares	Series II shares	Warrants under 1999 bond with warrant
Board of Directors	29 012	5 033	20 000
President and CEO	–	–	40 000
Other Executive Committee members	94	–	67 000

Insider management

A list of Alma Media Corporation's permanent insiders and their holdings is given on the company's website (http://www.almamedia.fi/insidersholdings). Alma Media Corporation ensures that its permanent insiders are aware of their status and its implications by providing these individuals with appropriate information and instruction. Alma Media Corporation's permanent insiders may not trade in Alma Media shares or options 21 days before the publication of the company's interim or annual results (the so-called "silent period"). The need for insider registers for specific projects is assessed case by case. The officer responsible for insider matters in Alma Media is the General Counsel. •

ALMA MEDIA GROUP STRUCTURE 1 MARCH 2004

President and CEO Juho Lipsanen

Alpress
Hannu Olkinuora

Iltalehti
Veli-Matti Asikainen

Aamulehti
Kai Telanne

Satakunnan Kansa
Tuomo Saarinen

Northern Newspapers
Juha Ruotsalainen

Lapin Kansa
Juha Ruotsalainen

Pohjolan Sanomat
Matti Nikkanen

Kainuun Sanomat
Juha Ruotsalainen
Matti Piirainen

Suomen Paikallissanomat
Jorma Valkama

Business Information Group
Juha Blomster

Kauppalehti
Juha Blomster

Balance Consulting
Jorma Raike

Baltic News Service
Kari Väisänen

Lehdentekijät
Kimmo Kallonen

Starfunds Finland Oy
(Morningstar.fi)
Jorma Raike

Talentum Oyj
31.7%

Broadcasting
Pekka Karhuvaara

MTV3
Pekka Karhuvaara

Subtv
Tomi Halonen

Radio Nova
Petri Manninen

MTV Interactive
Heikki Vahala

TV4 AB (Ruotsi)
23.4%

Media Services
Raimo Mäkilä

Classified Services
Petri Pekki

Alma Media Information Systems
Leena Heimo

New Ventures
Mauri Köykkä

Acta Print Oy
36.0%

Group Administration

Chief Financial Officer
Teemu Kangas-Kärki

Executive Vice President, HR
Terhi Heikkinen

Corporate Communications and IR
Ahti Martikainen

Business Development
Pirjo Tiainen

EXECUTIVE COMMITTEE

Juho Lipsanen (born 1961)
MSc (Econ.), President and CEO, Chairman of the Executive Committee since 2002, 15,000 A warrants, 25,000 B warrants

Hannu Olkinuora (born 1950)
MSc (Phil.), President, Alpress, since 2002
6 Series I shares, 10,000 B warrants

Teemu Kangas-Kärki (born 1966)
MSc (Econ.), CFO since 2003,
10,000 B warrants

Juha Blomster (born 1957)
MSc (Econ.), President, Business Information Group, since 2000
2,000 A warrants, 10,000 B warrants

Terhi Heikkinen (born 1964)
MSc (Econ.), EVP, Human Resources, since 2003, 88 Series I shares

Raimo Mäkilä (s. 1958)
MSc (Eng.), President,
Media Services since 1999
10,000 A warrants, 10,000 B warrants

Pekka Karhuvaara (born 1954)
President, Broadcasting, since 2001
5,000 A warrants, 10,000 B warrants

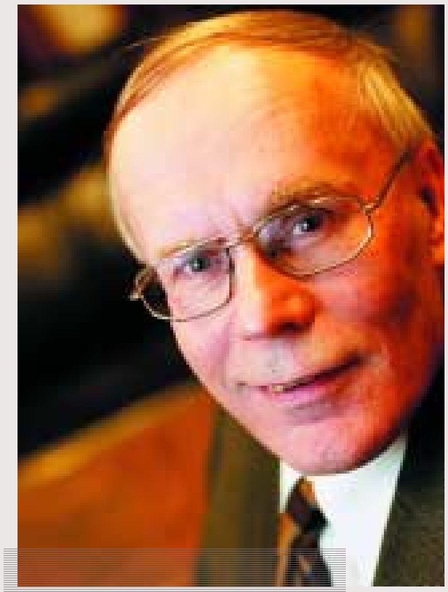
Ahti Martikainen (born 1959)
MSc (Phil.), Vice President,
Corporate Communications and IR,
Executive Committee secretary since 1995
50 Series II shares, 2,500 A warrants,
2,000 B warrants

BOARD OF DIRECTORS

Bengt Braun (born 1946)
Chairman of the Board since 2001, member of the Board since 1998
President and CEO, Bonnier Group
Board memberships: Hufvudstaden, Swedish Newspapers Association (c.), Oriflame International (dc),
1,561 Series II shares
Term of office ends 2004

Kari Stadigh (born 1955)
Deputy Chairman of the Board since 2001, member of the Board since 1999,
Deputy CEO of Sampo plc
Board memberships: IF Skadeförsäkring Holding (c), Aspo Oyj (c), Kaleva Mutual Insurance Company (c), Federation of Finnish Insurance Companies SVK (c)
768 Series II shares
Term of office ends 2005

Lauri Helve (born 1943)
Member of the Board since 2003
Board memberships:
Bonnier AB's Grand Journalist Award, European Business Press, Medialehdet Oy Vantaa, Uusimaa Oy, Sako Oy
451 Series II shares
10,000 A warrants, 10,000 B options
Term of office ends 2006



Matti Häkkinen (born 1946)
Member of the Board since 1998
LLB
Board memberships:
Eva Lovisa and C.G. Dunderberg Foundation (c), Tampere Tuberculosis Foundation, C.V. Åkerlund Fund
29,012 Series I shares
573 Series II shares
Term of office ends 2005

Matti Kavetvuo (born 1944)
Member of the Board since 2000
Board memberships: KCI Konecranes International Oyj, Kesko Oyj, Lännen Tehtaat Oyj, Marimekko Oyj, Metso Corporation (c), Perlos Oyj, Suominen Yhtymä Oyj (c)
640 Series II shares
Term of office ends 2004

Jonas Nyrén (born 1951)
Member of the Board since 2000
Executive Vice President and CFO, Bonnier Group
Board memberships: TV4 AB, Kungsleden AB, Skandiabanken AB, Frango AB (dc)
1,040 Series II shares
Term of office ends 2004

C = CHAIRMAN
DC = DEPUTY CHAIRMAN

2003

ALMA | MEDIA

Financial Statements

REPORT BY THE BOARD OF DIRECTORS

The Group's operating profit in 2003 rose 12.1% on the previous year to M€ 17.7 (15.8) despite a writedown on the Talentum Oyj shares (M€ 15.8). The company's equity ratio at the end of December was 49.0% (41.3% on 31 Dec. 2002) and gearing 50.7% (81.2% on 31 Dec. 2002). The operating profit in the current year is expected to be higher than last year's. The Board of Directors proposes a dividend of € 2.50 per share.

- The Group's operating profit, excluding associated company contributions, was M€ 39.7 (25.1).
- The Group's net debt at the end of December was M€ 84.7 (130.6). Cash flow from operating activities was M€ 55.0 (46.4). The equity ratio was 49.0% (41.3%).
- The consolidated operating profit increased 12.1% despite a M€ 15.8 writedown entered on the shares of the associated company Talentum Oyj.
- Alpress's net sales remained at the previous year's level but the operating margin rose to 15% (13.5%). Aamulehti in particular was successful.
- Broadcasting's M€ –7.2 operating loss in 2002 turned into an operating profit for the full year of M€ 5.9. A significant factor in this development was the reduced television operating licence fee, the impact of which applied to the whole year of 2003.
- Business Information Group's full-year net sales rose 7% due to the acquisition of the Suomen Lehdentekijät Group at the beginning of 2003. The impact of the associated company Talentum on the operating profit was M€ –1.8 (–4.7) excluding the M€ 15.8 writedown.
- The Media Services division pulled out of the printing business, in line with its strategy. The division's share of the associated company Acta Print's operating loss rose for the half year to M€ 3.4. Sales of classified services grew.

Changes in Group Structure 2003

At the beginning of the year Alma Media regrouped its organization from five divisions into four: Alpress, Broadcasting, Business Information Group and Media Services. Media Services was formed from Alprint, the classified and new ventures operations previously managed by Alma Media Interactive, Alma Media's corporate R&D activities, and a separate information systems business unit, Alma Media Information Systems. The Broadcasting division was expanded to incorporate MTV Interactive, which includes MTV3 Internet, MTV3 Text Channel and the MTV3 access business.

Alprint Oy's Rahola magazine printing plant was merged with Edita Acta Oy. This was executed through a transfer of operations in which the Rahola offset rotation press, which within Alprint Oy had been responsible for Alma Media's magazine printing operations, and the Kivenlahti gravure press in Espoo were transferred into a company called Acta Print Oy, which is 36%-owned by Alma Media Corporation and 64%-owned by Edita Oyj, a state-owned printing and publishing company. The divestment reduced Alma Media's workforce by 300 employees and the Group's balance sheet by approx. M€ 16.

On 17 December 2003 Alma Media Corporation sold its 6,600,000 shares in Talentum Oyj at the prevailing price (M€ 33) to its wholly owned subsidiary Kustannusosakeyhtiö Kauppalehti.

On 31 December 2003 Alma Media sold the operations of Alprint's Hyvinkää printing press to an entrepreneurial group made up mainly of the unit's key employees.

Market conditions

GDP in Finland rose 1.4% during 2003 according to the Ministry of Finance's figures. Media advertising grew 2.5% during the year according to TNS Gallup. The main reason for this growth was an increase in advertising prices, although volume growth was also generated by the parliamentary elections. Excluding the latter's impact, growth would have remained at 1.7%. Newspaper advertising increased 2.1%, advertising in town and newsstand newspapers 9.6%, television advertising 3% and radio advertising 8.3%.

Media advertising trends are crucial for Alma Media's result. Sales of advertising time and advertising space represents some 60% of Alma Media's net sales. The remainder comes from newspaper circulation sales and sales of editorial content. In 2003 sales of printing contracts to external customers accounted for 8% of the Group's net sales.

Paper prices were at a lower level than in the previous year. The general increase in wages and salaries was 3.5% according to preliminary information released by the Ministry of Finance.

Net sales and result

The Group's net sales showed a M€ 25 decrease to M€ 460.5 (485.9). The reason was the transfer of the Alprint Rahola magazine printing works, previously part of the Media Services division, to Acta Print Oy on 1 July. Both Alpress and Broadcasting kept their net sales virtually unchanged but Business Information Group's net sales rose 7% following the Lehdentekijät acquisition.

The operating profit increased 12.1% to M€ 17.7 (15.8). Excluding the associated company entries, the operating profit was M€ 39.7 (25.1).

Balance sheet and financial position

The Group's balance sheet at the end of December stood at M€ 355.2 (403.6). The equity ratio at the close of the period was 49.0% (41.3%) and shareholders' equity per share was € 10.61 (€ 10.23).

The Group's cash flow was strong as a result of positive development in operations. The strong cash flow made it possible to reduce interest-bearing loans by M€ 47.2. Since the Group's interest-bearing debt is denominated in euros, it is not hedged against exchange rate fluctuations. Certain purchases in other currencies, however, are hedged.

Depreciation and writedowns

The Group's depreciation amounted to M€ 25.1 (34.7). This included amortization of goodwill on consolidation totalling M€ 4.2 (3.8) and writedowns of M€ 0 (6.6). A writedown of M€ 15.8 on the Talentum Oyj shares was entered under associated companies.

Capital expenditure

Gross capital expenditure amounted to M€ 17.1 (14.9). Roughly 40% of this figure came from shares in subsidiaries, the largest item being Lehdentekijät. The remainder comprised normal maintenance and repair expenditure.

Personnel and administration

Alma Media's annual general meeting on 6 March 2003 decided that the Board of Directors would have six members. The Chairman of the Board throughout the period was Bengt Braun and the Deputy Chairman was Kari Stadigh. The other members throughout the period were Matti Häkkinen, Matti Kavetvuo and Jonas Nyrén. Lauri Helve was elected to the Board as a new member.

The meeting appointed the firm of authorized public accountant KPMG Wideri Oy Ab and Mauri Palvi, APA, and their deputies Eija Kauppi-Hakkarainen, APA, and Michaela Teir, APA.

The following corporate management changes took place during the year: Mr Teemu Kangas-Kärki was appointed Chief Financial Officer on 1 June 2003 and Ms Terhi Heikkinen Executive Vice President, Human Resources on 1 September 2003.

Alma Media Group's total workforce, calculated as full-time employees, was 2,634 at the end of 2003.

Dividend proposal

Alma Media Corporation's Board of Directors will propose a dividend of € 2.50 per share to the annual general meeting on 8 March 2004.

Operations by division

Alpress

Alpress publishes 31 newspapers. Tighter collaboration through chaining created a platform for good performance by the newspapers. The circulations of Aamulehti and the local newspapers of the Suomen Paikallissanomat newspapers grew. Circulation revenues from the subscribed newspapers increased 2.2%. Net sales from media sales rose M€ 3.0, M€ 1 of which was due to the spring parliamentary elections.

The Alpress division's full-year operating profit increased by more than 10% and the operating margin rose to 15.0% (13.5%). All units except Iltalehti showed higher operating profits with Aamulehti especially successful. This was partly the result of more intense competition in the food retailing sector as well as decisions related to the taxation of vehicles. A significant increase in advertising spending was also evident in the information technology sector. The aggregate media sales of Alpress's provincial and local papers grew more than the market average.

Lower paper prices reduced costs by about one million euros compared to the previous year.

Iltalehti maintained its circulation market share at the previous year's level. The decision to cease adult advertising weakened media sales compared to the previous year.

Suomen Paikallissanomat acquired the publishing rights to the Kuorevesi–Mänttä–Vilppula newspaper in the town of Mänttä on 1 January 2004.

Broadcasting

The Broadcasting division is responsible for Alma Media's television and radio broadcasting businesses. The division's result also includes the profit contribution of the associated company TV4 AB in Sweden, less goodwill amortization.

The main factors underlying Broadcasting's improved operating profit were the M€ 10.7 reduction in the operating licence fee and a decrease in the losses reported by its associated companies. The division's costs fell 4.8% between January and December. The aggregate contribution of the associated companies was M€ –1.4 (–5.1). The previous year's figure reflected the contribution of the associated company Suomen Urheilutelevisio Oy.

The number of digital television receivers increased significantly last year and, in the Group's estimate, featured in 230,000 households at the end of the year. In December a parliamentary working group proposed to the Ministry of Transport and Communications that analogue broadcasts should be discontinued altogether from 31 August 2007. The decision was made by the Finnish government in early 2004. Also in December, the government approved a change to the operating licence fee that gave the digital MTV3+ service the same status as normal television channels. MTV Interactive started offering mobile and broadband access services at the end of the year.

The division's net sales between January and December increased by slightly more than 0.2% on the previous year. Net sales from advertising rose 0.5% but net sales from other activities decreased 3.3%. Sales of television advertising remained at the previous year's level but the average price of TV advertising time has increased. MTV's share of total television advertising in Finland between January and December was 72% (74%) and its share of total viewing time on commercially financed channels was 71% (71%).

Subtv gained further popularity among viewers during the year. In December the channel reached two-thirds of all Finnish households with access to cable television every week. Subtv's net sales rose almost 50% in 2003 but the channel is still clearly loss-making. Radio Nova's net sales increased 11.8% in the January–December period and its operating profit was higher than one year earlier. MTV Interactive's net sales grew 17.8% during the year but its result was a loss owing to the start-up of new business operations.

Business Information Group

Business Information Group publishes and distributes business and financial information. Its result also includes Alma Media's holding in Talentum Oyj less goodwill amortization.

Net sales rose 7% for the full year. The increase was attributable to the acquisition of Suomen Lehdentekijät at the start of the year. Comparable net sales showed a decrease of 8%. B-to-B advertising during the year fell 11% and advertising sales of the Kauppalehti products was down 15%.

Circulation income decreased 2% but the fall in circulation is now believed to have halted. BIG has succeeded in compensating for roughly half of the decrease in media income through various cost-cutting measures. Baltic News Service Ltd's profitability was a clear improvement. Balance Consulting returned a loss for the full year but a profit in the final quarter due to new products.

The impact of Talentum on the division's full-year result was M€ –1.8 (–4.7). The result does not include the writedown on Talentum Oyj shares (M€ 15.8).

Media Services

In 2003 the Media Services division comprised Alprint (printing), Classified Services, Information Systems, and New Ventures. M€ 27 of Alprint's net sales in the first six months of the year was derived from the Rahola unit transferred to Acta Print. The sale of the Hyvinkää printing works to its operative management was finalized at the end of the year. The Hyvinkää operation contributed M€ 8.2 to the division's full-year net sales.

M€ 1.6 of the division's operating loss came from Alprint and M€ 3.4 from Acta Print. The operating result was depressed by poor conditions in the printing sector, the costs arising from Acta Print's planned production reorganization and writedowns, and one-time production start-up difficulties in parts of Acta Print that were not related to the transfer of business operations.

Subsequent events

An agreement with Conventum Securities Ltd guaranteeing the liquidity of the Alma Media Series II share came into force on 19 January 2004. Under the contract, Conventum guarantees to quote a bid and ask price for Alma Media's Series II share with a spread of at most 3%. The prices apply to five share lots, or 500 shares, at a time.

Prospects in 2004

The advertisers' economic barometer predicts modest growth in advertising spending this year. Comparable net sales for the full year of Alma Media are expected to show moderate growth and the comparable operating profit to be higher than last year. First-quarter results, however, will compare less favourably due to last year's extra media spending particularly in connection with parliamentary elections.

Adoption of IAS/IFRS accounting

Alma Media Corporation will adopt IAS/IFRS accounting principles from its first interim report in 2005 onwards. A project is now in progress to establish the changes that IAS/IFRS might give rise to with respect to leasing, pension accounting, goodwill and binding programme purchasing contracts. This project and its analysis will be completed during 2004.

Shares and ownership structure

Alma Media Corporation's fully paid up and registered share capital on the balance sheet date was € 26,456,061.75. The share capital comprised 6,771,586 Series I shares and 8,958,474 Series II shares. Foreign-registered and nominee-registered shareholders represented 53.4% of the company's shares at the close of the period.

Altogether 779,324 or 11.5% of Alma Media's Series I shares and 2,582,298 or 28.8% of the Series II shares were traded on the Helsinki Exchanges during the year. An additional 39,900 A warrants and 8,675 B warrants were traded on the exchange.

Trading of these shares and warrants totalled M€ 82 (39). The company's market capitalization on the balance sheet date was M€ 443 (299).

In accordance with the decision of the Annual General Meeting on 24 March 1999 Alma Media Corporation offered bonds with warrants totalling FIM 1,220,000 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 bond was subscribed by 759 employees. Marcenter Oy subscribed for warrants carrying subscription rights for 75,750 shares. The bond was oversubscribed five times. The final subscriptions were approved by the Board of Directors.

The average price of the Series II share in October 1999, used to calculate the bond subscription price, was € 20.58 per share. Under the terms of the bond, half of the shares may be subscribed from 28 May 2001 at a price 12% above the average price in October 1999, i.e. € 23.05 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. 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 2003, is € 21.51 and for the shares under the B warrants, € 24.80.

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 the B warrants began on the Helsinki Exchanges on 28 May 2003. Altogether 125 A warrants were exercised during the year.

The 610,000 Series II shares subscribable under these warrants represent 3.73% of all the company's shares and 0.79% of the total number of votes.

Suomi Mutual Life Insurance Company holding of the voting rights in Alma Media Corporation exceeded 5% of the total on 31 December 2003 following the transfer of Suomi's insurance portfolio. Suomi Group's holding of the shares or voting rights in Alma Media Corporation remained unchanged.

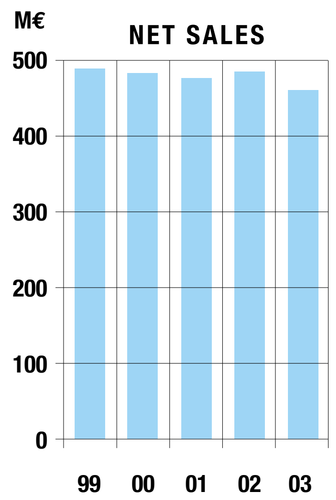
Alma Media's Board of Directors had no authorizations during 2003 to raise the share capital or issue bonds with warrants and/or convertible bonds.

Neither the company nor its subsidiaries own Alma Media shares.

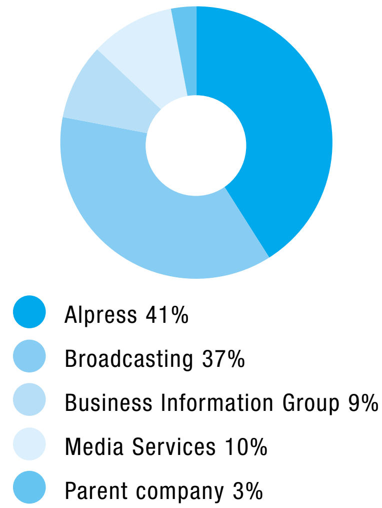
Disclaimer

This report contains certain statements and forecasts that represent the management's opinions at the time of issue. For this reason they include risks and uncertainty factors. The estimates could change in the event of significant changes taking place in the Finnish economy or the media sector. •

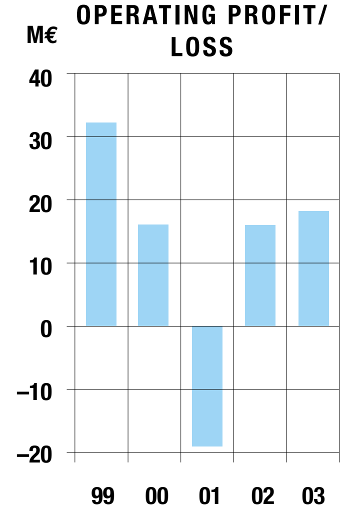
NET SALES



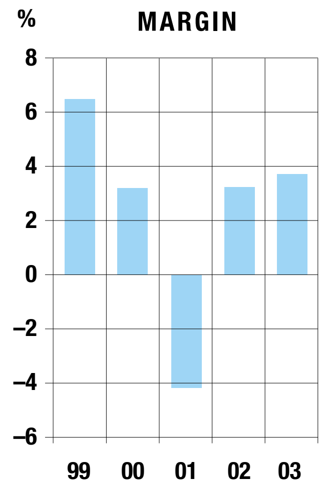
NET SALES BY DIVISION



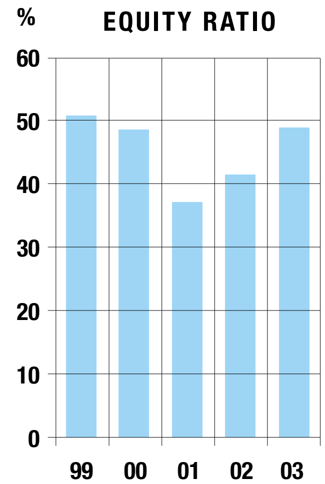
OPERATING PROFIT/ LOSS



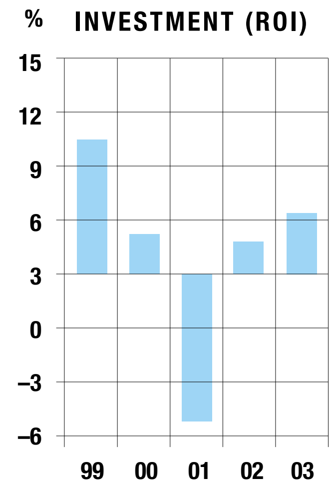
OPERATING MARGIN



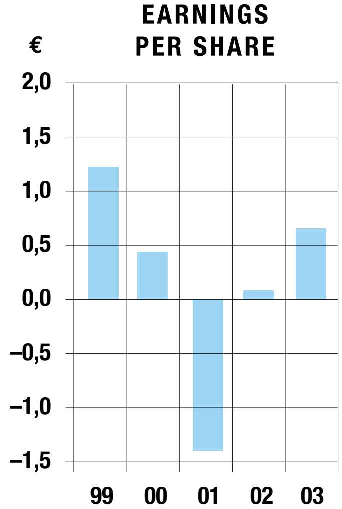
EQUITY RATIO



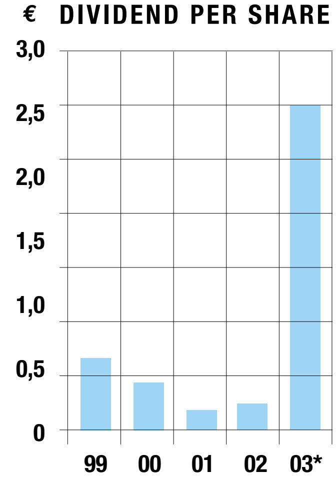
RETURN ON INVESTMENT (ROI)



EARNINGS PER SHARE

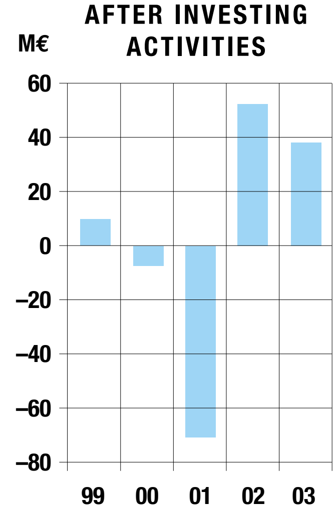


DIVIDEND PER SHARE



*BOARD'S PROPOSAL

CASH FLOW AFTER INVESTING ACTIVITIES



INCOME STATEMENT

		CONSOLIDATED		PARENT COMPANY	
M€	Note	1 Jan.–31 Dec. 2003	1 Jan.–31 Dec. 2002	1 Jan. –31 Dec. 2003	1 Jan.–31 Dec. 2002
Net sales	1	460.5	485.9	13.5	15.5
Increase (+) / decrease (–) in stocks of finished and unfinished goods		–0.6	–0.3		
Other operating income	2	3.7	8.8	0.2	6.0
Materials and services	3	–163.3	–185.1		
Personnel expenses	4	–135.7	–138.8	–3.4	–3.8
Depreciation and writedowns	5	–25.1	–34.7	–0.7	–7.3
Other operating expenses		–99.8	–110.7	–39.1	–14.5
Associated companies, share of losses		–22.0	–9.3		
Operating profit (loss)	1	17.7	15.8	–29.5	-4.1
Financial income and expenses	6	–3.7	–7.0	6.3	4.7
Profit (loss) before extraordinary items		14.0	8.8	–23.2	0.6
Extraordinary items	7	0.0	–0.1	29.7	7.4
Profit before taxes		14.0	8.7	6.5	8.0
Appropriations	8			0,1	0,5
Income taxes	9	–2.7	–5.6	–1.6	–2.1
Minority interest		–0.5	–0.7		
Net profit for the year		10.8	2.4	5.0	6.4

ASSETS

M€	Note	CONSOLIDATED 31 Dec. 2003	CONSOLIDATED 31 Dec. 2002	PARENT COMPANY 31 Dec. 2003	PARENT COMPANY 31 Dec. 2002
FIXED ASSETS					
Intangible assets	11	**19.1**	19.7	**0.6**	1.3
Goodwill on consolidation	11	**16.8**	17.0		
Tangible assets	12, 13	**68.6**	102.7	**6.7**	8.0
Holdings in Group companies	14, 15			**64.1**	63.3
Holdings in associated companies	14, 15	**114.7**	134.3		
Other investments	14	**20.5**	12.9	**11.2**	72.9
Fixed assets, total		**239.7**	286.6	**82.6**	145.5
CURRENT ASSETS					
Inventories	16	**48.6**	51.8		
Long-term receivables	17	**0.6**	0.6	**0.1**	0.1
Short-term receivables	17	**42.2**	39.2	**213.1**	210.9
Cash and bank		**24.1**	25.4	**15.5**	18.6
Current assets, total		**115.5**	117.0	**228.7**	229.6
Assets, total		**355.2**	403.6	**311.3**	375.1

SHAREHOLDERS' EQUITY AND LIABILITIES

M€	Note	CONSOLIDATED 31 Dec. 2003	CONSOLIDATED 31 Dec. 2002	PARENT COMPANY 31 Dec. 2003	PARENT COMPANY 31 Dec. 2002
SHARE CAPITAL	18, 19, 20				
Shareholders' equity		**26.5**	26.5	**26.5**	26.5
Share issue		**0.0**		**0.0**	
Share premium fund		**3.7**	3.7	**3.7**	3.7
Reserve fund		**46.9**	46.9	**46.9**	46.9
Contingency fund		**0.0**	0.0	**20.4**	20.4
Retained earnings		**79.1**	81.3	**67.4**	64.9
Net profit for the year		**10.8**	2.4	**5.0**	6.4
Shareholders' equity, total		**167.0**	160.8	**169.9**	168.8
MINORITY INTEREST		**1.4**	1.5		
ACCUMULATED APPROPRIATIONS				**0.0**	0.1
PROVISIONS	21	**1.3**	3.6	**0.8**	1.6
LIABILITIES					
Deferred tax liabilities	22, 23	**3.8**	6.7		
Long-term liabilities	23, 24	**62.8**	112.0	**59.3**	106.8
Short-term liabilities	25	**118.9**	119.0	**81.3**	97.8
Liabilities, total		**185.5**	237.7	**140.6**	204.6
Shareholders' equity and liabilities, total		**355.2**	403.6	**311.3**	375.1

CASH FLOW STATEMENT

M€	CONSOLIDATED 1 Jan.–31 Dec. 2003	1 Jan.–31 Dec. 2002	PARENT COMPANY 1 Jan.–31 Dec. 2003	1 Jan.–31 Dec. 2002
OPERATING CASH FLOW				
Operating profit	**17.7**	15.8	**–29.5**	–4.1
Adjustments to operating profit *	**44.0**	39.2	**26.7**	1.1
Change in working capital	**6.5**	–4.9	**0.3**	–2.3
Interest received	**0.9**	0.8	**9.2**	12.0
Interest paid and payments on other financial expenses	**–5.1**	–8.1	**–5.5**	–8.8
Dividends received	**4.5**	3.9	**1.8**	1.1
Income taxes paid	**–13.5**	–0.2	**–10.6**	0.9
Cash flow from extraordinary items	**0.0**	–0.1	**0.0**	–0.1
Net cash from operating activities	**55.0**	46.4	**–7.6**	–0.2
CASH FLOW FROM INVESTING ACTIVITIES				
Invesments in tangible and intangible assets	**–10.6**	–11.4	**–0.5**	–1.3
Proceeds from sale of tangible and intangible assets	**3.3**	17.2	**1.8**	15.8
Investments in other securities	**–0.5**	–0.8	**–0.1**	–0.5
Proceeds from sale of other investments	**2.3**	7.1	**1.9**	1.1
Loans granted	**–4.2**	–3.1	**0.0**	0.0
Repayments on loans	**0.1**	0.6	**0.0**	0.0
Subsidiary shares acquired	**–4.8**	–3.1	**–0.8**	0.0
Subsidiary shares sold	**0.0**	0.9	**0.0**	0.0
Associated company shares acquired	**–2.0**	0.0	**0.0**	0.0
Associated company shares sold	**0.4**	0.0	**33.0**	0.0
Net cash from investing activities	**–16.0**	7.4	**35.3**	15.1
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from (+) / payments of (–) short-term loans	**–25.0**	–22.0	**–41.3**	–22.3
Payments of long-term loans	**–22.2**	–22.3	**–20.4**	–21.3
Increase (–) / decrease (+) in interest-bearing receivables	**10.9**	0.0	**5.1**	30.8
Dividend payments	**–4.0**	–3.3	**–3.9**	–3.1
Proceeds from / payments of Group contributions			**29.7**	7.5
Net cash used in financing activities	**–40.3**	–47.6	**–30.8**	–8.4
Net increase (+) / decrease (–) in cash and cash equivalents	**–1.3**	6.2	**–3.1**	6.5
Cash reserves on 1 Jan.	**25.4**	19.2	**18.6**	12.1
Cash reserves on 31 Dec.	**24.1**	25.4	**15.5**	18.6

* 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 IFRS (International Financial Reporting Standards) 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 TV4 AB 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.

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 statement, 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.

Adoption of IFRS Reporting

The European Union will require all publicly listed companies in the EU to adopt International Financial Reporting Standards (IFRS) no later than 2005. The purpose behind introducing international standards is to improve the operation of the EU's capital markets by increasing the reliability, transparency and comparability of the financial statements of companies operating in the EU area.

IFRS adoption project and transition timetable

Alma Media Corporation will adopt the IAS/IFRS principles in its interim and annual reports in 2005. The preparations for adopting IFRS started in 2002, when an IFRS project team with a designated team manager was set up. A separate steering group was also established to supervise the activities of the project team.

During 2002 and 2003, work started in different areas of Alma Media's business to identify the differences that exist between IFRS and the Finnish generally accepted accounting practices applied when preparing Alma Media's financial statements. Sub-project groups were set up to analyse the most important subareas in more detail.

During 2004, decisions will be taken on optional accounting principles and the figures for the opening IFRS balance sheet will be calculated as well as the 2004 comparable figures for the 2005 interim reports. The necessary system changes will also be made to be able to start IFRS reporting at the beginning of 2005. The project has progressed on schedule.

Changes to the financial statements resulting from IFRS

A preliminary analysis indicates that the following areas in particular could be affected by the adoption of IFRS in the accounting principles of Alma Media Corporation:

Leasing agreements, and sales and lease-back agreements

According to IFRS, goods leased under a finance leasing agreement are recorded in the balance sheet as assets and liabilities.

In the case of certain sales and lease-back agreements the sale profit must be timed over the duration of the lease agreement.

Employee benefits

Liabilities and assets arising from defined pension benefit plans and other benefits are recorded in the financial statements using the actuarial valuation method.

Corporate alliances and goodwill

It is proposed to change the accounting principles concerning goodwill so that planned depreciation will cease to be used and an annual test for impairment is made for goodwill.

Testing for impairment

Testing goodwill for impairment is compulsory at the transition; cash-generating units and test methods are being defined for this testing.

Financial instruments

Marketable securities are valued at their fair value and the change in value is entered under shareholders' equity. Derivative financial instruments are entered in the accounts when they are made and valued in the financial statements at their fair value. Derivative instruments made for hedging purposes are valued at their fair value and entered in the balance sheet.

Real estate

IFRS requires real estate properties to be classified according to use between properties used by the company and those acquired as investments. If the fair values of investment properties are not shown in the balance sheet, these values must be shown as a note to the financial statements.

Inventories / intangible rights

The method used by MTV Oy to enter programme broadcasting rights under inventories will change under IFRS. These rights will be shown as intangible rights in the balance sheet and their impact on profits will be shown in the income statement under depreciation. As before, the programmes will be entered as an expense as they are broadcast.

Requirements concerning presentation

IFRS requires more detailed segment information than at present on the operational and geographical breakdown of business operations. Alma Media Corporation's segment information will be based on classification by business segments. IFRS statements also require more detailed notes to the financial statements, a more detailed description of the accounting principles applied, and a new statement detailing shareholders' equity.

Future changes to IFRS

The first IFRS financial statements for 2005, including their comparable figures from 2004, must be prepared in accordance with the standards in force at the closing date. However, the final versions of certain standards are not expected until the end of the first quarter of 2004, and the impact these standards may have is still partly unclear. Moreover, the existing standards contain optional accounting principles and Alma Media has not reached decisions on all of these. Nor has the company yet decided about the exemptions allowed by IFRS 1 when adopting the standards for the first time. It is possible that not all the changes relating to these may have been identified with complete certainty. It is also possible that as the project proceeds, other changes and impacts than those mentioned here will come to light. •

1. NET SALES, OPERATING PROFIT/LOSS AND PERSONNEL

1 000 €	Net sales 2003	Net sales 2002	Operating profit/loss 2003	Operating profit/loss 2002	Personnel, average* 2003	Personnel, average* 2002
Alpress	**200 245**	201 319	**30 014**	27 217	**1 627**	1 681
Broadcasting	**178 063**	177 627	**5 870**	–7 159	**517**	527
Business Information Group**	**46 377**	43 227	**4 214**	2 402	**384**	356
Media Services	**48 374**	73 934	**–5 644**	–2 159	**303**	478
Parent company	**13 538**	13 576	**–2 507**	–3 798	**30**	38
Group entries**	**–26 098**	-23 795	**–14 206**	–676		
Total	**460 499**	485 888	**17 741**	15 827	**2 861**	3 080

* Average number of employees as full-time personnel.

** The M€ 15.8 writedown on the Talentum Oyj shares is entered under Group entries in the operating profit.
The Group's share of Talentum Oyj's result for the year is charged to Business Information Group's operating profit.

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 1 000 €	GROUP 2003	GROUP 2002	PARENT COMPANY 2003	PARENT COMPANY 2002
Finland	**433 190**	439 365	**13 538**	15 519
Other EU countries	**16 471**	23 790	**0**	0
Russia	**6 365**	17 783	**0**	0
Other countries	**4 473**	4 950	**0**	0
Total	**460 499**	485 888	**13 538**	15 519

2. OTHER OPERATING INCOME

1 000 €	GROUP 2003	GROUP 2002	PARENT COMPANY 2003	PARENT COMPANY 2002
Profit on sale of fixed assets	2 746	6 446	226	6 009
Other	929	2 351	1	1
Total	3 675	8 797	227	6 010

3. MATERIALS AND SERVICES

1 000 €	GROUP 2003	GROUP 2002	PARENT COMPANY 2003	PARENT COMPANY 2002
Materials, supplies and goods:				
Purchased during the period	37 087	53 731	0	0
Change in inventories	1 452	1 077	0	0
	38 539	54 808	0	0
External services	124 705	130 261	0	0
Total	163 244	185 069	0	0

4. PERSONNEL EXPENSES

1 000 €	GROUP 2003	GROUP 2002	PARENT COMPANY 2003	PARENT COMPANY 2002
Wages, salaries and fees	110 654	111 441	2 408	2 770
Pension expenses	18 504	19 444	774	723
Other social expenses	6 581	7 905	201	280
Total	135 739	138 790	3 383	3 773
Salaries and fees to management:				
Presidents	3 317	3 331	595	579
Members of the Board of Directors	129	58	129	58
Members of the Supervisory Board	0	7	0	7
Total	3 446	3 396	724	644

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 exist in certain of the Group's subsidiaries.

5. DEPRECIATION AND WRITEDOWNS

1 000 €	GROUP 2003	GROUP 2002	PARENT COMPANY 2003	PARENT COMPANY 2002
Planned depreciation	20 865	24 278	741	1 904
Amortization of goodwill on consolidation	4 207	3 752	0	0
Writedowns of fixed assets	0	6 629	0	5 400
Total	25 072	34 659	741	7 304

6. FINANCIAL INCOME AND EXPENSES

1 000 €	GROUP 2003	GROUP 2002	PARENT COMPANY 2003	PARENT COMPANY 2002
Dividend income:				
From Group companies	0	0	342	342
From associated companies	0	0	2 173	1 158
From others	545	35	40	53
Total	545	35	2 555	1 553
Interest income from long-term investments:				
From others	0	159	0	7
Income from long-term investments, total	545	194	2 555	1 560
Other interest and financial income:				
From Group companies	0	0	8 920	11 668
From others	755	821	203	243
Total	755	821	9 123	11 911
Interest income from long-term investments and other interest and financial income, total	755	980	9 123	11 918
Writedowns of investments:				
Writedowns of long-term investments	0	0	0	–236
Interest expenses and other financial expenses:				
To Group companies	0	0	–619	–905
To others	–5 016	–8 038	–4 752	–7 657
Total	–5 016	–8 038	–5 371	–8 562
Financial income and expenses, total	–3 716	–7 023	6 307	4 673
Exchange rate differences in financial income and expenses	–4	–4	–4	–4

7. EXTRAORDINARY ITEMS

1 000 €	GROUP 2003	GROUP 2002	PARENT COMPANY 2003	PARENT COMPANY 2002
Extraordinary income:				
Group contributions received	0	0	29 700	7 500
Extraordinary expenses:				
Other extraordinary expenses	0	–83	0	–83
Extraordinary items, total	0	–83	29 700	7 417

8. APPROPRIATIONS

1 000 €	PARENT COMPANY 2003	PARENT COMPANY 2002
Depreciation difference	139	519

9. INCOME TAX

1 000 €	GROUP 2003	GROUP 2002	PARENT COMPANY 2003	PARENT COMPANY 2002
Income taxes on extraordinary items	0	23	–8 613	–2 151
Current tax	–4 664	–3 597	6 981	49
Change in deferred tax liabilities:				
Timing differences	739	–3 713	0	0
Appropriations	1 376	1 716	0	0
Other temporary differences	–141	–33	0	0
Total	–2 690	–5 604	–1 632	–2 102

10. RESEARCH AND DEVELOPMENT COSTS

Research and development costs recorded in the year totalled M€ 3.3 (M€ 3.6).

11. INTANGIBLE ASSETS

GROUP

1 000 €	Intangible rights	Goodwill	Goodwill on consolidation	Other long-term expenditure	Advances paid	Total
Acquisition cost 1 Jan.	22 304	1 797	40 046	20 121	404	84 672
New companies	93	0	47	396	0	536
Companies sold	–267	0	0	0	0	–267
Transfer of business operation	–474	–154	0	–291	0	–919
Increases	4 502	0	4 071	1 032	858	10 463
Decreases	–920	–796	0	–695	–559	–2 970
Transfers between items	–515	527	0	148	–84	76
Acquisition cost 31 Dec.	24 723	1 374	44 164	20 711	619	91 591
Accumulated depreciation and writedowns 1 Jan.	13 678	1 180	23 034	10 017	0	47 909
New companies	52	0	172	74	0	298
Companies sold	–69	0	0	0	0	–69
Transfer of business operation	–408	–154	0	–36	0	–598
Accumulated depreciation on decreases and transfers	–588	–309	0	–555	0	–1 452
Depreciation in the year	3 081	179	4 207	2 068	0	9 535
Devaluations	0	0	0	93	0	93
Accumulated depreciation 31 Dec.	–15 746	–896	–27 413	–11 661	0	–55 716
Net carrying amount 31 Dec.	8 977	478	16 751	9 050	619	35 875

PARENT COMPANY

1 000 €	Intangible rights	Goodwill	Goodwill on consolidation	Other long-term expenditure	Advances paid	Total
Acquisition cost 1 Jan.	1 528	0	0	420	194	2 142
Increases	2	0	0	95	337	434
Decreases	–921	0	0	–74	–531	–1 526
Acquisition cost 31 Dec.	609	0	0	441	0	1 050
Accumulated depreciation and writedowns 1 Jan.	695	0	0	119	0	814
Accumulated depreciation on decreases and transfers	–497	0	0	–51	0	–548
Depreciation in the year	110	0	0	36	0	146
Accumulated depreciation 31 Dec.	–308	0	0	–104	0	–412
Net carrying amount 31 Dec.	301	0	0	337	0	638

12. TANGIBLE ASSETS

GROUP 1 000 €	Land and water	Buildings and structures	Machinery and equipment	Other tangible assets	Advances paid and uncompleted purchases	Total
Acquisition cost 1 Jan.	5 991	58 726	182 704	1 828	1 098	250 347
New companies	0	176	848	7	0	1 031
Transfer of business operation	–1 230	–6 726	–31 041	–80	–592	–39 669
Increases	0	79	4 154	39	910	5 182
Decreases	–905	–2 327	–15 373	–96	–407	–19 108
Transfers between items	62	38	–19	–15	–85	–19
Acquisition cost 31 Dec.	3 918	49 966	141 273	1 683	924	197 764
Accumulated depreciation and writedowns 1 Jan.	2 005	28 753	118 521	545	0	149 824
New companies	0	16	723	0	0	739
Transfer of business operation	0	–1 654	–17 936	–42	0	–19 632
Accumulated depreciation on decreases and transfers	–874	–993	–13 649	–87	0	–15 603
Depreciation in the year	0	1 769	13 692	76	0	15 537
Accumulated depreciation 31 Dec.	–1 131	–27 891	–101 351	–492	0	–130 865
Revaluations	344	1 396				1 740
Net carrying amount 31 Dec.	3 131	23 471	39 922	1 191	924	68 639
Production machinery and equipment on 31 Dec 2003			36 046			
Production machinery and equipment on 31 Dec 2002			58 845			

PARENT COMPANY 1 000 €	Land and water	Buildings and structures	Machinery and equipment	Other tangible assets	Advances paid and uncompleted purchases	Total
Acquisition cost 1 Jan.	646	8 664	4 422	672	63	14 467
Increases	0	8	34	13	10	65
Decreases	0	–19	–2 349	–108	–42	–2 518
Transfers between items	0	31	0	0	–31	0
Acquisition cost 31 Dec.	646	8 684	2 107	577	0	12 014
Accumulated depreciation and writedowns 1 Jan.	0	3 100	3 175	184	0	6 459
Accumulated depreciation on decreases and transfers	0	–15	–1 589	–101	0	–1 705
Depreciation in the year	0	330	258	7	0	595
Accumulated depreciation 31 Dec.	0	–3 415	–1 844	–90	0	–5 349
Net carrying amount 31 Dec.	646	5 269	263	487	0	6 665

13. REVALUATIONS

GROUP 1 000 €	Value 1 Jan.	Revaluations 1 Jan.–31 Dec.	Reversals of valuations 1 Jan.–31 Dec.	Value 31 Dec.
Land and water	344	0	0	344
Buildings and structures	1 800	0	404	1 396

14. INVESTMENTS

GROUP 1 000 €	SHARES In associated companies	SHARES In others	RECEIVABLES From associated companies	RECEIVABLES From others	Total
Acquisition cost 1 Jan.	153 813	19 511	267	320	173 911
New companies	0	102	0	0	102
Change in translation difference	151	0	0	0	151
Increases	6 171	304	9 359	0	15 834
Decreases	–8 564	–2 087	–17	–193	–10 861
Transfers between items	0	–58	0	0	–58
Acquisition cost 31 Dec.	151 571	17 772	9 609	127	179 079
Accumulated depreciation and writedowns 1 Jan.	19 478	6 894	0	320	26 692
Accumulated depreciation on decreases and transfers	0	0	0	–193	–193
Amortization of goodwill	1 574	0	0	0	1 574
Writedowns	15 822	0	0	0	15 822
Accumulated depreciation 31 Dec.	–36 874	–6 894	0	–127	–43 895
Net carrying amount 31 Dec.	114 697	10 878	9 609	0	135 184

Goodwill on consolidation of associated companies not yet amortized at 31 December 2003 totalled M€ 70.7 (M€ 92.4).

The aggregate market capitalization of the listed associated companies (TV4 AB and Talentum Oyj) on 31 December 2003 was M€ 3.4 higher than the carrying amount in the consolidated balance sheet (M€ 45.1 lower).

PARENT COMPANY 1 000 €	SHARES In Group companies	SHARES In associated companies	SHARES In others	RECEIVABLES From Group companies	RECEIVABLES From others	Total
Acquisition cost 1 Jan.	63 324	61 458	10 460	6 332	127	141 701
Increases	804	0	87	0	0	891
Decreases	–2	–59 957	–1 767	–12	0	–61 738
Transfers between items	0	0	0	–387	387	0
Acquisition cost 31 Dec.	64 126	1 501	8 780	5 933	514	80 854
Accumulated depreciation and writedowns 1 Jan.	0	0	5 400	0	127	5 527
Accumulated depreciation 31 Dec.	0	0	–5 400	0	–127	–5 527
Net carrying amount 31 Dec.	64 126	1 501	3 380	5 933	387	75 327

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
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 Ltd.	Tallinn	100.00	0.00
BNS Kirjastus Ltd.	Tallinn	100.00	0.00
BNS Latvija Ltd.	Riga	99.97	0.00
BNS Lithuania Ltd.	Vilnius	99.93	0.00
Intervisio Oy	Helsinki	51.00	0.00
Jobline Oy	Helsinki	75.00	0.00
Kainuun Sanomat Oy	Kajaani	100.00	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 Tahkon Käkikello	Nilsiä	100.00	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 Uusi Suomi	Vantaa	100.00	0.00
Lapin Kansa Oy	Rovaniemi	98.99	32.48
Marcenter Oy	Tampere	100.00	100.00
Mascus Oy Ab	Helsinki	90.00	0.00
MTV Oy	Helsinki	100.00	100.00
MTV-Palvelukiinteistöt Oy	Helsinki	100.00	0.00
Novatar Oy	Jyväskylä	100.00	0.00
Osakeyhtiö Harjavallan Kustannus	Harjavalta	99.72	0.00
Oy Suomen Uutisradio Ab	Helsinki	74.00	0.00
Pohjois-Suomen Media Oy	Helsinki	100.00	0.00
Pohjolan Sanomat Oy	Kemi	100.00	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
Starfunds Finland Oy	Helsinki	51.00	0.00
SubTV Oy	Helsinki	96.87	0.00
Suomalainen Lehtipaino Oy *	Helsinki	100.00	100.00

* Previous Alprint Oy.

15. SHARES AND HOLDINGS (CONTINUES)

	Domicile	Group holding %	Parent company holding %
Suomen Asuntopörssilehdet Oy	Jyväskylä	100.00	0.00
Suomen Kansallisviestintä Oy	Helsinki	100.00	57.50
Suomen Lehdentekijät -ryhmä Oy	Helsinki	100.00	0.00
Suomen Lehtistudio Oy	Helsinki	100.00	0.00
Suomen Paikallissanomat Oy	Tampere	100.00	0.00
Suomen Uutislinkki Oy	Helsinki	100.00	0.00
SVY Viestintä Profiili Oy	Helsinki	100.00	0.00
Tampereen Viestintä Oy	Tampere	100.00	100.00
Viestintäyhtiö Ruokala Oy	Helsinki	52.00	0.00
ASSOCIATED COMPANIES:			
Acta Print Oy	Helsinki	36.00	0.00
Finn-Lab Oy	Helsinki	32.30	0.00
Efektor Oy *	Helsinki	51.00	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 Radioviestintä Oy	Helsinki	27.70	0.00
Talentum Oyj	Helsinki	31.70	0.00
Tampereen Tietoverkko Oy	Tampere	34.92	34.92
TV4 AB	Stockholm	23.40	0.00
WattiData Oy	Pori	30.00	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 €	2003	2002	2003	2002
Materials and supplies	**1 357**	2 854	**0**	0
Uncompleted products	**14**	622	**0**	0
Finished products/goods	**28**	11	**0**	0
Other inventories	**556**	487	**0**	0
Advances paid	**46 677**	47 814	**0**	0
Total	**48 632**	51 788	**0**	0

17. RECEIVABLES

1 000 €	GROUP 2003	GROUP 2002	PARENT COMPANY 2003	PARENT COMPANY 2002
Long-term				
Receivables from Group companies				
Loans receivable	**0**	0	**0**	113
Receivables from associated companies				
Loans receivable	**0**	83	**0**	0
Loans receivable	**451**	17	**113**	0
Other receivables	**134**	537	**0**	0
Long-term receivables, total	**585**	637	**113**	113
Short-term				
Accounts receivable	**26 259**	30 382	**30**	203
Receivables from Group companies				
Accounts receivable	**0**	0	**10**	45
Loans receivable	**0**	0	**204 234**	209 314
Total	**0**	0	**204 244**	209 359
Receivables from associated companies				
Accounts receivable	**26**	741	**0**	0
Loans receivable	**32**	0	**0**	0
Total	**58**	741	**0**	0
Loans receivable	**1 897**	520	**0**	0
Other receivables	**1 259**	847	**0**	52
Prepaid expenses and accrued income	**12 782**	6 670	**8 827**	1 196
Short-term receivables, total	**42 255**	39 160	**213 101**	210 810

18. SHAREHOLDERS' EQUITY

1 000 €	GROUP 2003	GROUP 2002	PARENT COMPANY 2003	PARENT COMPANY 2002
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 issue 1 Jan.	**0**	0	**0**	0
Increase	**3**	0	**3**	0
Share issue 31 Dec.	**3**	0	**3**	0
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
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.	**83 811**	84 412	**71 286**	68 052
Dividend distribution	**–3 933**	–3 164	**–3 933**	–3 146
Changes in translation differences	**162**	105		
Structural changes	**–909**	0		
Retained earnings 31 Dec.	**79 131**	81 371	**67 353**	64 906
Net profit for the year	**10 787**	2 440	**5 052**	6 380
Shareholders' equity, total	**166 960**	160 850	**169 861**	168 739

19. CALCULATION OF DISTRIBUTABLE FUNDS 31 DEC.

1 000 €	GROUP 2003	GROUP 2002	PARENT COMPANY 2003	PARENT COMPANY 2002
Retained earnings	**79 131**	81 371	**67 353**	64 906
Net profit for the year	**10 787**	2 440	**5 052**	6 380
./. Less share of accumulated depreciation difference in shareholders' equity	**–10 305**	–15 529	**0**	0
Distributable funds, total	**79 613**	68 282	**72 405**	71 286

20. PARENT COMPANY SHARE SERIES

	31 Dec. 2003 Number	31 Dec. 2003 €
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

125 A warrants under the 1999 bond with warrants were exchanged for Series II shares during the period. These shares were still unregistered in the Trade Register on the balance sheet date.

21. PROVISIONS

1 000 €	GROUP 2003	GROUP 2002	PARENT COMPANY 2003	PARENT COMPANY 2002
Pension liabilities	524	1 429	0	0
Provisions for expenses related to sold property	158	602	158	602
Other provisions	606	1 597	606	1 037
Total	1 288	3 628	764	1 639

22. DEFERRED TAX ASSETS AND LIABILITIES

1 000 €	GROUP 2003	GROUP 2002
Deferred tax assets:		
Timing differences	2 998	2 287
Deferred tax liabilities:		
Appropriations	4 209	6 343
Other temporary differences	1 959	1 937
Timing differences	656	682
Total	6 824	8 962
Deferred tax liabilities (net)	3 826	6 675

The parent company's deferred tax assets and liabilities are not entered in the balance sheet. The parent company's tax liabilities in 2002 comprised the accumulated depreciation difference (M€ 0.04). In 2003 parent company did not have any deferred tax liabilities. A M€ 0.9 (1.2) deferred tax asset arises from timing differences. 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 2003	GROUP 2002	PARENT COMPANY 2003	PARENT COMPANY 2002
Loans from financial institutions	28 792	77 305	26 976	74 410
Bonds	30 000	30 000	30 000	30 000
Pension loans	0	426	0	0
Deferred tax liabilities	3 826	6 675	0	0
Other long-term debt	4 040	4 267	2 393	2 356
Long-term liabilities, total	66 658	118 673	59 369	106 766

The company issued the first tranche of M€ 30.0 under its M€ 100.0 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 MFIM 1.22 (M€ 0.21) 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 M€ 1.026. 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 € 21.51 per share and the calculated subscription price of the shares under the B warrants is € 24.80 per share.
The subscription period for all shares will end on 30 June 2006.

24. DEBT DUE AFTER FIVE YEARS

1 000 €	GROUP 2003	GROUP 2002	PARENT COMPANY 2003	PARENT COMPANY 2002
Pension loans	0	416	0	0
Other long-term debt	4 033	3 405	2 393	2 356
Total	4 033	3 821	2 393	2 356

25. SHORT-TERM LIABILITIES

1 000 €	GROUP 2003	GROUP 2002	PARENT COMPANY 2003	PARENT COMPANY 2002
Loans from financial institutions	47 798	21 086	47 434	20 434
Pension loans	0	3	0	0
Advances received	11 320	10 213	0	18
Accounts payable	13 871	17 484	419	571
Debt to Group companies				
Accounts payable	0	0	302	276
Other debt	0	0	28 787	45 133
Accrued expenses and prepaid income	0	0	4	5
Total	0	0	29 093	45 414
Debt to associated companies				
Accounts payable	60	0	0	0
Other short-term debt	15 286	38 311	2 441	27 439
Accrued expenses and prepaid income	30 590	31 920	1 918	3 898
Short-term liabilities, total	118 925	119 017	81 305	97 774

26. COMMITMENTS AND CONTINGENCIES

1 000 €	GROUP 2003	GROUP 2002	PARENT COMPANY 2003	PARENT COMPANY 2002
Collateral for own commitments *				
Pledges	0	772	0	0
Mortgages on land and buildings	3 290	7 265	0	0
Chattel mortgages	84	5 550	0	2 523
Collateral for Group companies				
Pledges	0	0	0	772
Guarantees	0	0	1 180	1 193
Collateral for others				
Guarantees	130	164	12	12
Other own commitments				
Leasing commitments	5 063	2 401	200	982
Other commitments	1 069	1 200	825	941
Total	9 636	17 352	2 217	6 423

Group leasing commitments fall due:	GROUP	PARENT COMPANY
During 2004	2 104	93
After 2004	2 959	107

* 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 18 years. Annual rental payments current total approx. M€ 7.47. Some of these business premises have been sub-let and contribute approx. M€ 1.59 in annual income.

The Broadcasting division has network leasing agreements with Digita Oy covering analogue television and radio broadcasting. These agreements are in force for the duration of the licence fee period, i.e. until the end of 2006. The annual leasing payments of these agreements totals M€ 17 on average.

A purchasing agreement covering digital television transmission capacity is in force until the end of the licence fee period, i.e. until 31 August 2010. The annual cost of this agreement averages M€ 5 over the following four years.

When analogue transmissions cease at the end of 2007 (proposal), total trasmission costs will be reduced by about one-third.
In addition to the broadcasting rights included in the balance sheet, MTV Oy also has binding 1–5 year long programme purchasing agreements with an aggregate value of M€ 90.

27. DERIVATIVES

FOREIGN EXCHANGE FORWARD CONTRACTS	GROUP		PARENT COMPANY	
1 000 €	2003	2002	2003	2002
Fair value *	–1 495	–31	0	0
Value of underlying instruments	15 093	4 344	0	0

* The fair value represents the return that would have arisen if the derivative positions had been closed on the balance sheet date.

The foreign exchange forward contracts in force at the close of the financial period were made to hedge purchasing agreements. The income statement includes an amount corresponding to the change in exchange rates of the purchasing liabilities arising from these agreements.

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 2003 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.

FIVE YEARS IN FIGURES 2003–1999

		2003	%	2002	%	2001	%	2000	%	1999	%
Net sales	M€	460		486		478		484		490	
Operating profit/loss	M€	18	3.8	16	3.3	–19	–4.1	16	3.2	32	6.5
Profit/loss before extraordinary items	M€	14	3.0	9	1.8	–27	–5.6	12	2.4	29	5.9
Profit/loss before taxes	M€	14	3.0	9	1.8	–29	–6.0	8	1.7	29	6.0
Net profit/loss for the year	M€	11	2.3	2	0.5	–24	–5.0	5	1.0	19	3.9
Return on shareholders' equity (ROE)	%	6.9		2.0		–12.0		3.6		9.3	
Return on investment (ROI)	%	6.3		4.9		–5.1		5.3		10.5	
Equity ratio	%	49.0		41.3		37.0		48.7		51.5	
Gross capital expenditure	M€	17	3.7	15	3.1	94	19.7	37	7.7	43	8.7
Research and development costs	M€	3	0.7	4	0.7	11	2.4	9	1.9	6	1.2
Full-time personnel, average		2 469		2 652		2 817		2 887		2 978	
Part-time staff		1 290		1 418		1 343		1 349		1 254	
Personnel on average, total		3 759		4 070		4 160		4 236		4 232	

PER SHARE DATA 2003–1999

		2003	2002	2001	2000	1999
Earnings per share	€	0.68 *	0.16	–1.43	0.47	1.20
Shareholders' equity per share	€	10.61	10.23	10.26	12.74	13.29
Dividend per share	€	2.50 **	0.25	0.20	0.42	0.67
Payout ratio	%	362.3 **	156.3	–14.0	91.9	55.9
Effective dividend yield, Series I	%	9.3 **	1.3	1.1	2.2	2.2
Effective dividend yield, Series II	%	8.6 **	1.3	1.3	2.1	2.1
P/E ratio, Series I		39.1	118.1	–13.1	41.5	25.8
P/E ratio, Series II		42.0	119.4	–11.2	43.7	26.6
Adjusted share prices, Series I						
- Highest	€	29.50	22.50	25.00	65.00	40.50
- Lowest	€	16.80	15.52	14.51	17.25	19.00
- Average	€	25.55	19.56	19.88	42.47	28.35
- On 31 Dec.	€	27.00	18.90	18.80	19.00	31.00
Adjusted share prices, Series II						
- Highest	€	31.00	23.24	24.50	70.00	40.00
- Lowest	€	16.00	16.00	14.51	18.00	18.80
- Average	€	24.18	19.46	19.26	41.22	26.95
- On 31 Dec.	€	29.00	19.10	16.00	19.99	32.00

* Diluted.
** Board's proposal to the AGM.

PER SHARE DATA 2003–1999 (CONTINUES)

		2003	2002	2001	2000	1999
A warrants						
- Highest	€	9.60	5.00			
- Lowest	€	1.70	2.50			
- Average	€	6.18	3.55			
- On 31 Dec	€	7.50	2.50			
B warrants						
- Highest	€	6.10				
- Lowest	€	1.26				
- Average	€	4.31				
- On 31 Dec.	€	4.31				
Market capitalization, Series I	M€	182.8	128.0	127.3	128.7	209.9
Market capitalization, Series II	M€	259.8	171.1	143.3	179.1	286.7
Market capitalization, total	M€	442.6	299.1	270.6	307.8	496.6
Turnover, Series I	x 1 000	779	34	689	953	1 020
Turnover, Series II	x 1 000	2 582	962	1 847	4 053	4 873
Turnover, total	x 1 000	3 362	1 996	2 536	5 006	5 893
Relative turnover, Series I	%	11.5	0.5	10.2	14.1	15.1
Relative turnover, Series II	%	28.8	21.9	20.6	45.2	54.4
Relative turnover, total	%	21.4	12.7	16.1	31.8	37.5
Turnover, A warrants	x 1 000	40	7			
Turnover, B warrants	x 1 000	9				
Turnover, total	x 1 000	49	7			
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	8 958
Adjusted average number of shares, total	x 1 000	15 730	15 730	15 730	15 730	15 730
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

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 HEX 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. The number of Series I shares is minimum 6,000,000 and maximum 24,000,000, and the number of Series II shares 4,000,000 and 16,000,000 respectively. However, the aggregate number of both Series I and Series II shares shall not exceed 40,000,000.

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

The Company's issued and registered share capital on the balance sheet date was € 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 has no predefined dividend policy. During the past five years the company has paid cumulatively altogether 113% of earnings per share in dividend to shareholders.

Ownership structure

The company had 3,553 shareholders in book-entry accounts on the balance sheet date. Altogether 3,177,873 shares were nominee-registered. Nominee-registered shares and shares held outside Finland represented 53.4% 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 shareholders' meetings.

Redemption obligation

Under the Articles of Association, a shareholder who owns 33 1/3% or more of the total number of shares, or 50% or more of the total number of votes, shall be obliged, should the other shareholders so require, to redeem the shares and attached rights of the other shareholders.

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/insidersholdings.

Authorizations

The Board of Directors had no authorizations during 2003 to raise the share capital or issue bonds with warrants or convertible bonds. Neither was the Board authorized during 2003 to buy back the company's shares in public trading.

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 1,220,000 Finnish markka 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 bond was oversubscribed five-fold. The company's Board of Directors approved the final subscriptions.

The average quoted price of the Series II share in October 1999 used to calculate the share subscription price was € 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 subscription price 12% above the average quoted price in October 1999, i.e. for € 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 € 26.34 per share. Dividends payable will be deducted from the subscription prices before subscription. Before any dividend that may be paid in the financial year 2003, the price of the shares subscribable under the A warrants is € 21.51 per share and the price of the shares subscribable under the B warrants is € 24.80 per share.

The option rights for the A warrants were transferred to the book-entry securities system on 28 May 2001 and trading in these began on 29 May 2001. Trading in the option rights under the B warrants began on the Helsinki Exchanges on 28 May 2003. During the year 125 A warrants were exchanged for shares.

The 61,000 Series II shares subscribable under the warrants represent 3.73% of the total number of shares and 0.79% of the total number of votes carried by the shares.

Management holdings

On 31 December 2003 the members of the Board of Directors and the President and CEO held altogether 29,012 Series I shares and altogether 5,033 Series II shares, entitling them to 0.4% of the total voting rights. Furthermore, the President and CEO owned altogether 15,000 A warrants and 25,000 B warrants under the 1999 bond with warrants to company employees. The warrants carry rights to subscribe for altogether 40,000 Alma Media Series II shares. Management holdings are shown in more detail on pages 49 and 50.

Share taxation value

The Finnish taxation values of the Alma Media Corporation shares confirmed for 2003 were € 18.62 for each Series I share and € 19.25 for each Series II share. The Board of Taxation has calculated a fair value of € 6.30 for the Alma Media A warrant and € 4.30 for the Alma Media B warrant.

Shareholder agreements

The company has no knowledge of any agreements relating to the ownership of its shares or exercising of its voting rights. Hence all the company's shares are available for public trading.

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 A warrants is ALM2VEW199 and for the B warrants is ALM2VEW299. 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/releases.

Share performance and trading

The Alma Media share price rose approximately 40% in value during the year. The increase was particularly strong during the first six months. The HEX all-share index showed little change during the year but Alma Media's own industry index, communications, had risen more than 60% by the end of the year. Altogether 779,324 Series I shares, representing 11.5% of the total, and 2,582,298 Series II shares, 28.8% of the total, were traded on the Helsinki Exchanges. Altogether 39,900 A warrants and 8,675 B warrants were traded on the Helsinki Exchanges.

The share performance and trading volume and the per share data are shown in the table on pages 76 and 77.

SHARES AND SHAREHOLDERS

20 PRINCIPAL SHAREHOLDERS 31 DEC. 2003	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 Life Insurance Company Ltd	637 196	81 947	719 143	4.6	8.4
3. Suomi Group	479 232	36 700	515 932	3.3	6.3
- Suomi Mutual Life Assurance Company	295 851	36 700	332 551	2.1	3.9
- Suomi Insurance Company	183 381		183 381	1.2	2.4
4. Kaleva Mutual Insurance Company	393 197		393 197	2.5	5.1
5. Pohjola Non-Life Insurance Company Ltd	390 000		390 000	2.5	5.1
6. Varma 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	230 949	474 036	3.0	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
11. Otavan Kirjasäätiö (Otava Literary Foundation)	107 048		107 048	0.7	1.4
12. Nordea Life Assurance Finland Ltd	63 000	171 500	234 500	1.5	1.0
13. Heikki Häkkinen´s estate	55 011	487	55 498	0.4	0.7
14. Sampo Finance Ltd	50 000		50 000	0.3	0.7
15. Veera Heleena Häkkinen´s estate	49 279	247	49 526	0.3	0.6
16. Etera Mutual Pension Insurance Company	47 750	5 000	52 750	0.3	0.6
17. Oy Veikkaus Ab (Finnish National Lottery)	39 176	52 124	91 300	0.6	0.6
18. Pension-Fennia Mutual Insurance Company	40 749	35 850	76 599	0.5	0.6
19. Finnish Cultural Foundation	36 000	30 000	66 000	0.4	0.5
20. Tampere Tuberculosis Foundation	32 900	2 500	35 400	0.2	0.4
Total	5 742 681	4 066 169	9 808 850	62.4	80.2
Nominee-registered	18 141	3 159 732	3 177 873	20.2	4.4
Others	1 010 764	1 732 573	2 743 337	17.4	15.4
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	5 033	34 045	0.2	0.4

OWNERSHIP STRUCTURE 31 DEC. 2003

	Number of owners	Proportion %	Number of shares	% of shares
Private corporations	245	6.9	642 428	4.1
Public corporations	3	0.1	91 550	0.6
Financial and insurance institutions	33	0.9	2 732 778	17.4
Public entries	19	0.5	1 937 910	12.3
Non-profit organizations	99	2.8	773 383	4.9
Households	3 120	87.8	1 123 637	7.1
Foreign owners	25	0.7	5 225 045	33.2
Nominee-registered shares	9	0.3	3 177 873	20.2
In general account			25 456	0.2
Total	3 553	100.0	15 730 060	100.0

DISTRIBUTION OF OWNERSHIP 31 DEC. 2003

Number of shares	Number of owners	Proportion %	Number of shares	% of shares
1 – 100	1 941	54.6	77 069	0.5
101 – 1 000	1 272	35.8	430 776	2.7
1 001 – 10 000	279	7.9	726 565	4.6
10 001 – 100 000	44	1.2	1 424 245	9.1
100 001 – 1 000 000	15	0.4	4 725 518	30.0
1 000 001 –	2	0.1	8 320 431	52.9
In general account			25 456	0.2
Total	3 553	100.0	15 730 060	100.0

PROPOSAL OF THE BOARD OF DIRECTORS

On 31 December 2003 the Group's non-restricted shareholders' equity totalled € 89,919,061.24 which included distributable funds amounting to € 79,614,481.95.

The Parent Company's non-restricted equity totalled € 72,406,258.07.
There were 15,730,185 shares carrying dividend rights.

The Board of Directors proposes to the Annual General Meeting that a dividend of € 2.50 per share be paid, totalling € 39,325,462.50.

Helsinki, 12 February 2004

Bengt Braun

Lauri Helve   Matti Häkkinen   Matti Kavetvuo

Jonas Nyrén   Kari Stadigh

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 2003. 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, 13 February 2004

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 Monday, 8 March 2004, commencing at 1.00 pm, at the Savoy Theatre, Kasarmikatu 46–48, 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 29 February, in Kauppalehti and 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 27 February 2004 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 12.00 noon (Finnish time) on 4 March 2004 either in writing to
Alma Media Corporation,
Ms Kati Kareinen,
P.O. Box 140, FIN-00101 Helsinki;
by phone to +358-9-507 8731,
+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 € 2.50 per share be paid on the financial year 2003. 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 2004. The dividend payment date will be 18 March 2004.

Financial information

Alma Media will publish three interim reports in Finnish and English during 2004:

- Three-month interim report on 6 May 2004,
- Six-month interim report on 12 August 2004,
- Nine-month interim report on 4 November 2004.

All stock exchange bulletins and press releases issued by Alma Media Corporation are also available on its website at http://www. almamedia.fi/releases. Alma Media's stock exchange bulletins can also be received inelectronic format free of charge by completing the order form at http://www.almamedia.fi/orders. 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/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 and 305,000 B warrants. Alma Media's share series, I and II, and its A and B warrants are listed on the automatic HETI trading system of the Helsinki Exchanges under the trading codes ALM1V and ALM2V (shares) and ALM2VEW199 and ALM2VEW299 (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.