Annual Report 1998

ALMA MEDIA

Contents

INFORMATION FOR SHAREHOLDERS

Alma Media Corporation began operating on 1 April 1998 following the merger of Aamulehti Corporation and MTV Corporation to form a new mass media company. The shares of the merged companies were converted into Alma Media Corporation shares, which have been quoted on the HEX Helsinki Exchanges since 1 April 1998. The merger was implemented using the pooling method, which means that the companies have operated with a single set of accounts since the beginning of 1998.

The consolidated financial statements are presented for the period 1 January – 31 December 1998. The comparative figures for 1997 are pro forma figures.

The financial statements for the parent company, Alma Media Corporation, are presented for the period 1 April – 31 December without comparative figures since Alma Media Corporation started as a new company on 1 April 1998.

Adoption of the Euro

Alma Media Group has decided to adopt the euro with effect from 1 January 2002. The Group is continuously monitoring developments and is prepared to introduce the euro earlier if necessary. The Group's current operations are concentrated in Finland and it has no significant activities in those countries which are among the first to adopt the euro. Hence, the Group does not consider that its earlier adoption would offer any added competitive advantages or cost savings. For this reason the Group will make the information technology changes necessary for adoption of the euro after the change of millennium.

The figures in this annual report are presented principally in Finnish markka. The consolidated income statement and balance sheet are also shown in euro on page 65.

The Year 2000

The effects of the change of millennium on the company's operations are explained in detail in the report of the Board of Directors. Project teams and project leaders have been assigned to each division with responsibility for implementing the measures necessary to ensure Year 2000 compliance. The company's interim reports will include updates on Alma Media's readiness for the change of millennium.

FINANCIAL INFORMATION

Alma Media will publish three interim reports in both Finnish and English during 1999:
* Three-month interim report on 11 May 1999
* Six-month interim report on 10 August 1999
* Nine-month interim report on 9 November 1999

These publications may be ordered from the following address:
Alma Media Corporation
Corporate Communications
P.O. Box 140
FIN - 00101 Helsinki
corporate.comms@almamedia.fi

Annual General Meeting

The Annual General Meeting of Alma Media Corporation will be held on Wednesday 24 March 1999, commencing at 5.00 pm, at the Marina Congress Center, Katajanokanlaituri 6, 00160 Helsinki. The Meeting will consider the matters stipulated in Article 14 of the Articles of Association, approve the financial statements of Aamulehti Corporation and MTV Corporation for the period 1 January – 31 March 1998, and discharge the members of the Supervisory Board, the Board of Directors and the Presidents of these companies from liability for the financial year.

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 in the Company's shareholder register maintained by the Finnish Central Securities Depository Ltd no later than on 19 March 1999.

Shareholders wishing to attend must notify the Company no later than by 10.00 am (Finnish time) on 23 March 1999 either in writing to Alma Media Corporation, Ms Aija Paasu, P.O. Box 140, FIN-00101 Helsinki; or by phone to +358-9-507 8731 or +358-3-266 6831, or by telefax to +358-9-507 8774, or by e-mail: aija.paasu@almamedia.fi.

Letters of authorization should arrive at the above address before the period of notification expires.

Payment of dividends

The Board of Directors of Alma Media Corporation proposes that a dividend of FIM 4.00 per share be paid on the financial year 1998. 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 29 March 1999. The dividend payment date will be 7 April 1999.

Highlights of 1998

Alma Media Corporation began operating on 1 April 1998 as a result of the merger of Aamulehti Corporation and MTV Corporation. The merged companies have operated with a single set of accounts since 1 January 1998.

According to preliminary data released by Ad Facts Ltd, media advertising in Finland increased 11 % on the previous year to FIM 5.7 billion. Newspaper advertising rose 11 %, television advertising 7 %, magazine advertising 17 % and radio advertising 19 %.

Iltalehti's appearance and content was substantially revised with effect from 1 April 1998. Readers welcomed the changes enthusiastically since with a circulation increase of more than 7 % Iltalehti was the fastest growing newspaper in Finland.

In April Alprint announced a three-year investment programme to update its production machinery costing altogether FIM 250 million.

Economic difficulties in Russia precipitated a sharp weakening in the value of the rouble from the beginning of August and reduced exports of graphic products.

In October two new laws were passed which have a major impact on MTV's operations: the Act on Television and Radio Broadcasting, and the Act on the State Fund for Television and Radio Broadcasting. From 1 January 1999 commercial TV companies with a broadcasting licence must pay a licence fee to the state fund for television and radio broadcasting amounting to FIM 6.5 million on annual net sales of FIM 60 million and 24.5 % of net sales above this limit.

In November Alma Media sold its 28.4 % holding in Alcap Oy recording a profit on this disposal of FIM 17 million.

Pohjolan Sanomat Oyj became an Alma Media subsidiary at the end of November and Kainuun Sanomain Kirjapaino Oy became an associated company of Alma Media in December.

Alma Media launched several new Internet services during the year. These included the Jobline recruitment pages and the DIME Marketplace for properties, offices and recreational sites. Alma Media's most popular Internet services are MTV3 Internet with 70,000 visitors daily, and Iltalehti Online, which is accessed by 45,000 people every day. More than 125,000 people in Finland use Alma Media's Internet services every day.

Kauppalehti came through its new competitive situation successfully. The newspaper managed to increase both circulation and circulation revenue as well as advertising revenue.

Aamulehti became the most profitable unit in Alpress.

MTV3 Channel was highly successful in its programme scheduling. In 1998 the channel accounted for 42.2 % of total television viewing time.

ALMA MEDIA 1994 -1998 (years 1994 -1997 pro forma)

	1998	1997	1996	1995	1994
Net sales, FIM million	2,815	2,727	2,599	2,383	2,139
Operating profit, FIM million	242	270	245	202	156
As % of net sales	8.6	9.9	9.4	8.5	7.3
Return on investment, %	13.6	17.8	19.2	16.4	14.0
Equity ratio, %	51	47	46	46	35
Capital expenditure, FIM million	219	661	283	152	306
Full-time employees on average	2,905	2,818	2,825	2,627	2,826

CHIEF EXECUTIVE'S REVIEW

Continued growth in the Finnish economy and the media markets since 1994 has also sustained healthy development of mass media companies. Their profitability has been further boosted by a year-on-year increase in exports of printed products. Spending on media advertising in Finland increased 11 % on the previous year and over the past five years has risen by some two billion markka to 5.7 billion markka.

During the same period the market shares of the various media have remained surprisingly stable. Television has consistently represented one-fifth of media advertising, magazines have slightly gained in share, while newspapers have lost a fraction. Newspaper advertising, however, occupies a central position in the picture since it accounts for more than half of total media advertising. Newspapers have invested vigorously in enhancing their range of service and products in recent years, and this has retained the interest of advertisers in them. Media marketing has been intensified in a number of ways, special focus has been given to newspaper content, and the use of colour has increased. Aamulehti has been particularly active in all these areas and its growth in profitability in recent years has ranked among the highest in the country for newspapers.

Kauppalehti, which celebrated its 100th anniversary last year, was presented with a direct competitor in the market for business newspapers. This spurred development at Kauppalehti, and its ensuing product improvements were well received by the market. Not only did the newspaper's advertising revenue rise substantially, its circulation volume and circulation revenue also increased despite the presence of its new rival.

The year was also a profitable one for MTV, in addition to which the new Nordic cooperation involving MTV3 Channel and TV4 in Sweden made a promising start. Television now faces major challenges as Finland will be among the first countries in Europe to adopt digital broadcasting technology. This is perfectly natural since Finland is already one of the world's foremost pioneers of advanced telecommunications technology. The Finns top the global charts when it comes to use of the Internet or mobile phones.

For digital technology to service both consumers and advertisers in the best possible way, the transition to digital television must be allowed to take place smoothly and without hurdles. It would be advisable to develop the new programme content while we are still operating in an analogue broadcasting environment since the biggest bottleneck in Finland as the number of channels increases will be high-quality domestic production. With a total investment in the billions, the transfer to digital broadcasting will have enormous importance for the Finnish economy as a whole. It is essential, therefore, that the criteria for financing these investments are resolved as early as possible. Broadcasting companies would find it a lot easier to make their investment decisions if they knew from what date they could discontinue analogue broadcasting.

Burgeoning exports of printed products to Russia have boosted the profitability of companies in this sector in recent years, both in Finland and throughout Scandinavia. For this reason Russia's economic difficulties, which peaked with the collapse of the rouble in August, have had larger repercussions for Finland's graphic industry than simply a reduction in export volumes and revenues. This development will further spur consolidation in the graphic industry which has been evident in recent years.

Alma Media has ploughed back some FIM 20 million annually into its "new media" operations. At the start of the current year we reorganized these activities into two new companies: one for handling new media business operations, and the other with responsibility for R&D. We will continue to commit at least the same level of resources to this activity in the years to come as well. Cash flow from this operation has been negative so far but we aim to see a positive cash flow in the next couple of years.

Alma Media's business priorities are development of its mainline products and intragroup synergies, closer cooperation with outside companies, and investments in new media. We intend to generate a satisfactory increase in shareholder value and keep Alma Media an attractive investment prospect in the future by concentrating on our core businesses and continuing to pursue an active dividend policy. 1998 was Alma Media's first year of operation. All in all the year passed extremely smoothly and met our expectations.

I should like to offer all our employees, Alma Media's partners and its stakeholders my heartfelt thanks for the year behind us.

Matti Packalén
President and CEO

THE JOURNALIST'S COLUMN

A silent state authority?

"Why doesn't the press speak out?" proclaimed the heading of Academician Pekka Jauho's thought-provoking article in Viikko-Kaleva just before Christmas 1998. Its theme was the opinion that "press content has become more uniform and the spectrum of opinion has narrowed", and that "this trend could pose a threat to the viability of democracy". These opinions are based on the observations of "anyone who has widely followed the press".

The article is interesting precisely because the claims of a "more uniform press content" and "narrow spectrum of opinion" are not at all uncommon today. This time the writer is an academic and one of the most significant owners of the country's fourth largest newspaper.

For the most part Jauho limits himself to posing questions, for example "are we perhaps seeing a new form of voluntary censorship by the press?"

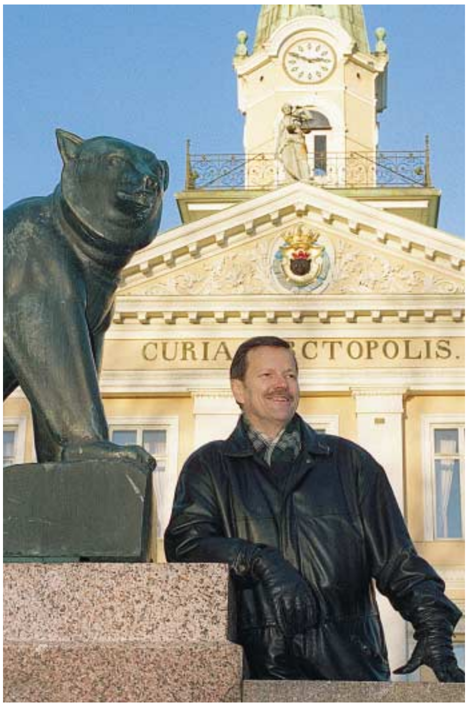
The word "corporate" also makes an appearance: "The press has increasingly been taking a corporate-style stance on editorial policy as evidenced by its selective publication of reactions even in the letters to the editor page. Is this the function of a democratic press?"

The academic claims to have knowledge of "topical articles of an extremely high standard which have been rejected simply because they don't suit the publication policy of the editors".

Pekka Jauho is correct to claim that "the press must tolerate the expression of opinions radically different from its own, provided that they are rational".

However, although newspapers today have the resources to publish wide-ranging discussions which differ from their own editorial positions, there is never room for everything.

Erkki Teikari
Editor-in-Chief
Satakunnan Kansa
Photo: Antti Suominen



EU criticized

To illustrate his point, Pekka Jauho uses the example of the EU's difficulties. The press, he says, is largely silent on these and he has hard facts to support his claim: "The standard of living in the EU has fallen in relation to the USA and Japan". Actually, I am personally surprised by the editorial policy of newspapers which with good reason can be considered clearly pro-EU in outlook. In fact these have given broad coverage to the EU's difficulties and critics have freely had their say.

Jauho's second group of examples concerns Finland's energy policy: "The press should demand that the country be given a realistic national energy programme based on scientific and technical facts…".

On the contrary, the press has itself been clamouring for a national energy policy for years, and continues to do so. Some newspapers have favoured nuclear energy, others other forms of energy, but as a whole the press has been unanimous in its demand for a coherent policy. There are not, nor can there be, any "corporate-style stances on editorial policy" which would bias newspaper content.

Merciless attacks

The writer exhorts the press "to mercilessly attack abuse where it finds it and force European parliament members to act…", referring, among other things, to the overcompensation of travel expenses paid to MEPs. But these are regularly featured in the press.

Jauho urges us – quite correctly – to be alert to matters which are wrong and contrary to a general sense of justice. In response, we could point out the recent press coverage of disgraced Finnish banker Sundqvist or Sonera CEO Vennamo's private share dealings.

In both cases the role of the press was crucial and provided the initial impetus for radical change. The Sonera process was first brought to the public's attention by the business daily Taloussanomat. Its CEO was fired, claimed Sonera's chairman, because of the "public hullabaloo" which had arisen.

No-one knows how many wrongdoings can be kept secret from the press. Unfortunately only a few media in Finland – chiefly the Finnish Broadcasting Company and Helsingin Sanomat – have the resources to allocate several reporters for "investigative journalism" for any length of time.

Criticism needed

Despite concentration of ownership among newspapers, competition for news has in fact become tougher because for decades the spectrum of opinion offered by provincial newspapers has largely been dismissed as irrelevant.

In the Tampere region, for example, Kansan Lehti or Hämeen Yhteistyö could do little against the collective might of Aamulehti. The same situation applies in Oulu and Pori, the last two towns in Finland with four newspapers each. In the first case I was responsible for editing the leading newspaper in the region, and in the second I still am, without being able to "kill off" our smaller competitors.

Newspapers which have gained a leading position have themselves recognized the need for editorial pluralism. If the press really were like the picture presented by a few media critics, who would be bothered to pay for them? Who would trust them?

On the other hand we should be grateful to those who think we are simply passive and timid since the future viability of the printed press depends on continuous improvement.

BUSINESS ENVIRONMENT

Alma Media's newspaper publishing division Alpress and its television and radio broadcasting division MTV operate solely in the Finnish market. MTV's financial performance, however, is influenced both by the domestic media markets and by trends in Sweden since MTV Oy is the largest owner in Sweden's nationwide commercial TV channel, TV4 AB, with a holding of more than 23 %. The financial performance of Alprint, Alma Media's printing services division, depends on conditions in the Finnish market and also on developments in its principal export markets, Scandinavia and Russia. Alprint's exports are also strongly affected by the exchange rate of the Swedish krona. Exports have accounted for some 40 % of Alprint's net sales in recent years. In 1998 exports amounted to 13 % of Alma Media's consolidated net sales, which were FIM 2.8 billion.

The factor exerting the most powerful influence on Alma Media Group's operations is trends in Finland's media markets. Almost 60 % of the Group's income is derived from the newspaper advertising revenues of Alpress and sales of advertising time by MTV. Besides these direct factors changes in the media markets indirectly affect Alprint's revenues. When media advertising in newspapers and magazines grows, the number of editorial pages can be increased as well. Naturally, media market growth also raises demand for various promotional products.

When predicting changes in the media markets, the main factors requiring examination are changes in overall production, consumer spending and the rate of unemployment. Investments in media advertising have increased by FIM 2 billion in Finland during the 1990s. In recent years the media market has grown distinctly faster than overall production.

Overall production in Finland continued to rise sharply during 1998. Forecasts by various economic research institutes suggest that gross domestic product increased by approximately 5 %, roughly equivalent to the rate of growth in the previous year. In earlier years the increase in overall production was mainly driven by strong growth in industrial production but in 1998 industrial production accounted for only one half of overall growth. A surge in domestic consumer spending and construction are the factors increasingly driving growth and this trend is forecast to continue during the current year. The economy will continue to expand but the rate of growth will slow.

The two-year collective bargaining agreement signed in 1997 will remain in force until January 2000. This factor, together with income tax reductions scheduled for 1999, will ensure that consumer purchasing power will continue to increase very rapidly. Lower unemployment is also increasing the real purchasing power of households. According to Statistics Finland, unemployment was 10.6 % in December 1998 (11.9 % in 1997) and is expected to fall further this year. The Research Institute of the Finnish Economy (Etla) forecasts that the real income of households will rise 3 % and that private spending will increase even more.

Consumer confidence has been further boosted by low inflation, around 1 %, and falling interest rates. The prime rates of the commercial banks usually used as the reference rate for new loans fell to well below four percent during the year and the three-month Helibor Helsinki Interbank Offered Rate stood at 3.3 % at the year end.

MeritaNordbanken predicts that economic growth in Sweden will remain at a stable 2.5-3 % over the next few years; the employment rate will improve and inflation is not expected to rise significantly. During 1998 consumer prices rose in Sweden more slowly than anywhere else in the EU. Similarly, public sector spending and the balance of trade surplus are both expected to increase. The Swedish krona is forecast to strengthen from its current very weak level against both the Finnish markka and the euro currencies.

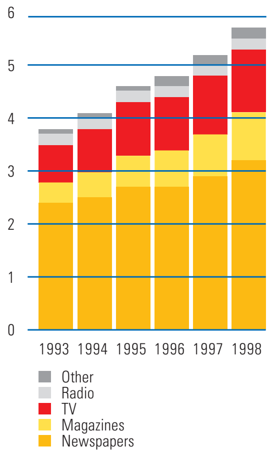
The Russian and Scandinavian markets both have a significant effect on printing capacity in Finland. Russia was forced to let the rouble float in August 1998, which led to a dramatic fall in its value. This and the difficulties being experienced by the Russian banking system seriously hampered Russia's foreign trade and especially companies invoicing in the domestic currency.

The fall in exports to Russia created additional pressure on prices in Finland and the western export markets because many printing houses had built new capacity specifically for the Russian market. Paper prices were slightly higher in 1998 than one year earlier.

Competition

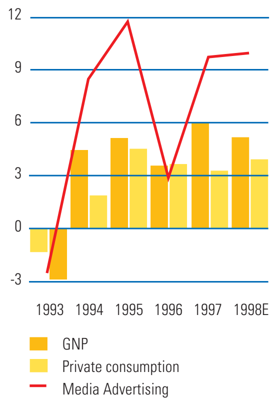
In May 1998 Sanoma Corporation, Helsinki Media and WSOY announced their intention to merge into a new mass media company to be called Sanoma-WSOY Oyj. This merger is

Media advertising, BFIM



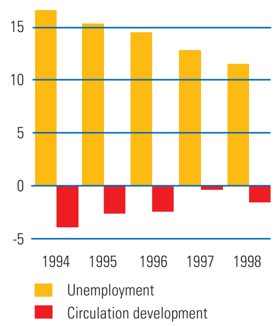
Source: MDC Media Research Ltd and Ad Facts Ltd

Media advertising, change in GNP and private consumption, %



Source: MDC Media Research Ltd and Ad Facts Ltd

Unemployment rate and newspaper circulation development trends, %



Source: Statistics Finland, Finnish Newspapers Association (Includes newspapers published 1-7 times per week)

scheduled to take place on 1 May 1999 and the new corporation will have annual net sales of around FIM 8 billion.

In June TS-Yhtymä and Helsinki Media announced that they would merge their printing operations from the beginning of 1999. The parent company of this new entity is Hansaprint Oy; the Helsinki Media Paino printing plant was incorporated and became its subsidiary. TS-Yhtymä owns 60 % and Helsinki Media 40 % of the new company, which has annual net sales of about FIM 600 million.

As a result of the Sanoma Corporation and WSOY merger, publishing company Kustannusosakeyhtiö Otava acquired WSOY's 50 % holding in United Magazines Ltd, Suuri Suomalainen Kirjakerho Oy and Acta Print Oy. In December Kustannusosakeyhtiö Otava sold 80 % of the Acta Print Oy shares to Edita Oy. The Edita printing operations generate annual net sales of FIM 450 million.

In August the Helprint Oy printing company in Mikkeli was taken over by Quebecor Printing Inc. in Canada. Quebecor acquired almost 100 % of the Swedish printing company Tryckinvest i Norden AB, which had owned Helprint Oy for over one year. Quebecor Printing's net sales in 1997 totalled roughly FIM 25 billion, some FIM 5 billion of which was derived from Europe. The corporation is based in Montreal, Canada, and its European operations are controlled from Paris. It has 28,000 employees. Helprint is the largest gravure printer in the Nordic countries, with net sales in 1997 totalling more than FIM 500 million.

The commercial television channel Ruutunelonen (Channel Four), which is principally owned by Helsinki Media, had its first full year of operation in 1998. This channel is received by about 70 % of households in Finland. It has not achieved its targets and its share of overall viewing time continues to be below 10 %.

An audit of the Taloussanomat business daily, published by the Sanoma-WSOY group, was performed at the end of 1998. Its audited circulation during its more than one year of existence was less than 12,500 copies. Kauppalehti, which is targeted at the same audience, had a circulation of over 80,000 copies.

Many Finnish media companies announced their intention to apply for stock exchange listing during 1998. Tallentum Oyj, previously quoted on the I list of the Helsinki Exchanges was transferred to the Official List in December 1998. Talentum has announced that it intends to apply for listing of its new media subsidiary in the near future. In June Sanoma Corporation acquired 20 % of Janton Oy, which publishes free-distribution newspapers in Greater Helsinki, Turku and Tampere. Janton Oyj has likewise announced that it is studying the feasibility of listing on the Helsinki Exchanges. Keskisuomalainen Oyj in Jyväskylä intends to apply for listing during 1999. This company publishes the Keskisuomalainen newspaper in central Finland and its also owns almost 50 % of Keski-Suomen Media Oy, which publishes several newspapers.

Legislation

Television and radio broadcasting operations in Finland were strengthened by two new laws enacted in October 1998: the Act on Television and Radio Broadcasting and the Act on the State Fund for Television and Radio Broadcasting. Both Acts came into force on 1 January 1999. They lay down the financial arrangements governing public broadcasting and commercial television and radio companies and at the same time implement the EU's television directive.

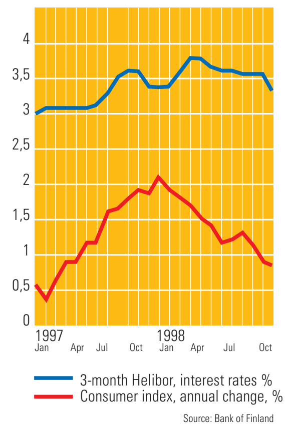
The new laws primarily safeguard funding for the Finnish Broadcasting Company Ltd (YLE). For this reason commercial television companies with a broadcasting licence must pay a licence fee to the state fund for television and radio broadcasting. Companies become liable for payment when their net sales reach or exceed FIM 20 million. The amount of the payment rises in steps as net sales increase; the fee is FIM 6.5 million for net sales of FIM 60 million, and 24.5% of net sales above this level. For MTV this change means a wider payment basis since the licence fee now covers sponsoring, among other activities.

The media market

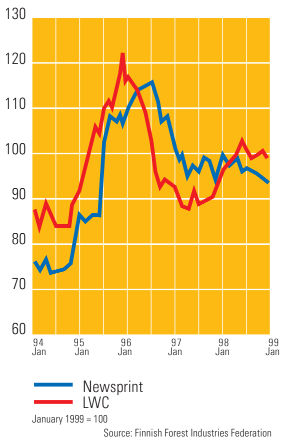
A comparison of the breakdown of the Finnish media market with, for example, the USA or EU countries reveals that in Finland newspaper advertising is disproportionately large and television advertising small. Newspaper advertising in Finland accounts for 56 % of total media advertising, compared with 40 % in the EU and USA. Similarly, only 20 % of media advertising spending in Finland goes in television advertising compared with 37 % in the USA and 31 % in the EU. Finland and Sweden are broadly similar in this respect.

Media advertising spending has steadily increased in Finland since 1993. According to preliminary information released by Ad Facts Ltd, FIM 5.7 billion was spent on media

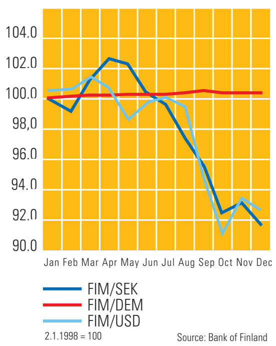
Inflation and interest rates, %



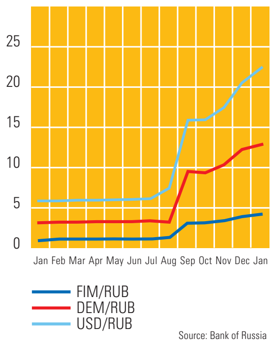
Export prices of printing papers



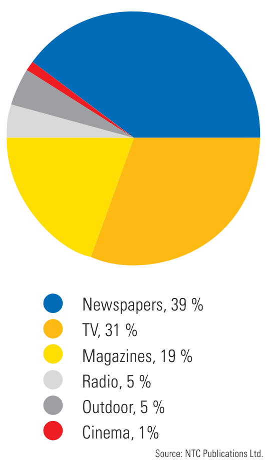
Exchange rates of western currencies 1998



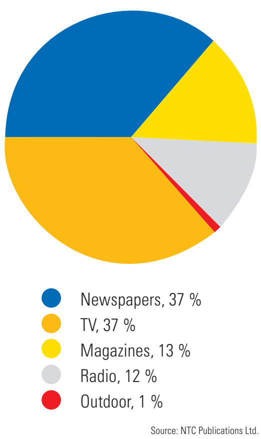
Exchange rate of the rouble 1998



EU media advertising 1997 ECU 63 billion



USA media advertising 1997 USD 105 billion



advertising in 1998, which was 11 % more than one year earlier. After a pause of several years newspaper advertising grew faster than the average in this sector. FIM 3.2 billion was spent on newspaper advertising, which was 11 % more than in 1997 and 56 % of total media advertising.

Several new magazines were launched in Finland during 1998. Magazine advertising showed the strongest growth, 17 %, among the major segments of the media market during the year. Magazine advertising's share of total media advertising increased by one percentage point to 16 %. Altogether FIM 930 million was spent on magazine advertising. Advertisements for mobile phone services, car advertising and recruitment advertising were the major factors boosting the shares of newspaper advertising and magazine advertising.

Television advertising rose more slowly than the averaged despite the increase in advertising time created by the new commercial television channel. Television advertising grew only 7 % and its share of total media advertising decreased by one percentage point to 20 %. MTV3 Channel accounted for 88 % of television advertising. The weaker than forecast performance of television advertising was caused by fragmentation of the advertising market and by lower than forecast advertising volumes of major television advertisers such as the food industry and retail chains.

Radio broadcasting continues to account for less than 4 % of all media advertising in Finland. Radio broadcasting soared by 19 % on the previous year but this change was due to the increase generated by Radio Nova. In 1998, its first full year of operation, Radio Nova attracted 25 % of total radio advertising.

Advertising on the Internet was estimated to total FIM 22 million, up 140 % on the previous year. This was less than forecast, however, since one year earlier network companies were expected to report a four-fold increase in advertising revenues. Looking at the minor segments of the media advertising market, cinema advertising rose 56 % and outdoor advertising 9 %. These figures do not include direct mail advertising, which rose less than media advertising in general during 1998.

Pohjolan Sanomat Oyj, which became an Alma Media subsidiary in November 1998, publishes the Pohjolan Sanomat newspaper in Kemi, Lapland. Kemi is also famous for its unique Snow Castle. Photo: Veikko Aitamurto

Satakunnan Kansa, published in Pori, is the Group's oldest newspaper. In 1998 the paper celebrated its 125th anniversary. Pori is well known for the international Pori Jazz Festival, an annual event held since 1966. Photo: Heikki Westergård

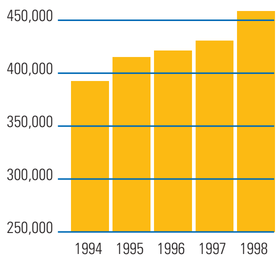
ALPRESS

Alpress is the Alma Media division responsible for newspaper publishing. Alpress's national newspapers are Iltalehti, published six days a week; Kauppalehti, a daily business newspaper; and Kauppalehti Optio, a bimonthly magazine. Alpress's daily newspapers are Aamulehti, Satakunnan Kansa, Lapin Kansa and Pohjolan Sanomat, all of which are the number one media in their regions. Alpress also publishes thirteen local and six town and free-distribution newspapers. The Alpress newspapers have an aggregate circulation of more than 520,000 copies and the print-run of the free-distribution newspapers is about 150,000 copies. These publications have almost 2 million readers. At the end of the year Alpress held 20 % of the Finnish daily newspaper market. The Alpress group's parent company is Alpress Oy.

Market conditions

Despite strong economic growth, newspaper circulations fell on average by 1.6 % in Finland. Circulations of newspapers published 4 - 7 times a week declined 0.4 % on average, while the circulations of newspapers published 1 - 3 times a week fell 4.3 %. This development was not uniform, however, since a newspaper audit conducted in spring 1998 showed that roughly half of Finland's daily newspapers had increased their circulations. Total sales of afternoon newspapers rose 2 % on the previous year.

Newspaper advertising in column metres



Source: Finnish Newspapers Association

The circulations of the Alpress newspapers increased by a good 2 % on average, indicating that their development was clearly stronger than the average in the industry. The circulation revenues generated by the Alpress newspapers rose more than 2 % on the previous year, likewise. Only Lapin Kansa among Alpress's major newspapers showed a decrease in circulation. The circulations of the local newspapers varied. Iltalehti and Kauppalehti both registered strong circulation increases. Iltalehti, with circulation growth exceeding 7 %, was the fastest growing newspaper in Finland. Kauppalehti, similarly, raised both circulation figures and circulation revenue despite the aggressive marketing of its new rival business daily.

According to preliminary statistics released by Ad Facts Ltd, newspaper advertising remained strong in 1998, accounting for 56 % of all media advertising. Eleven percent more was spent on newspaper advertising than in 1997, which corresponded with average growth in all media advertising. According to the Finnish Newspapers Association, advertising volume was roughly 7 % up on the previous year.

Almost all the Alpress newspapers increased their advertising sales with growth averaging over 11 %. Lapin Kansa, Aamulehti and Kauppalehti grew especially strongly. The number of pages in all the newspapers, both for editorial and for paid advertising, increased above the previous year's levels.

A year of strong growth

Alpress recorded a 9 % increase in net sales to FIM 1,101 (1,014) million. Advertising revenue accounted for 53 % (50 %) of net sales and circulation revenue 45 % (47 %). All Alpress business units raised both circulation and advertising sales. The remaining net sales of FIM 26 million was derived from external invoicing by the newspaper distribution company Aamujakelu Oy, as well as revenue from the Treffi supplement, and advertising and subscription revenues from electronic newspaper editions.

Alpress's gross capital expenditure totalled FIM 118 (27) million. FIM 15 million of this was used for various information systems, software and hardware, and FIM 97 million covered shares in publishing companies. In September 1998 Alpress made a public offer to acquire the stock of Pohjolan Sanomat Oyj, which raised Alpress's holding in this company to 78 %. Before the offer Alpress held 44 % of the company's shares. Alpress also acquired 27 % of Kainuun Sanomain Kirjapaino Oy, a printing house in Kainuu; 25 % of the Lehdentekijät group, which publishes customer magazines; and the entire stock of Kustannus Oy Otsikko, which publishes the local Hervanta Sanomat newspaper in Tampere.

Iltalehti was heavily reorganized early in 1998. Printing was moved from Vantaa to Tampere, Pori and Jyväskylä. The transfer of weekday printing to Tampere and weekend printing to Pori also created changes in the printing and distribution of the Aamulehti and Satakunnan Kansa newspapers. Iltalehti's development and marketing costs, as well as the investments required by Kauppalehti to counter the new competition, substantially increased Alpress's operating expenses. Bonuses paid to employees based on Alpress's good result increased personnel expenses by almost FIM 8 million.

Changes were made to the way internal pricing between Alpress and Alprint is arranged. The pricing policy in force during 1998 added about FIM 30 million to Alpress's operating profit and weakened Alprint's operating profit by a corresponding amount. Contrary to earlier accounting practice, a FIM 10 million goodwill writeoff arising from the acquisition of the shares of Satakunnan Kirjateollisuus Oy was charged to

Editor-in-chief Lauri Helve at Kauppalehti's 100th anniversary. Photo: Kaius Hedenström.

Alpress Oy and not to the parent company. The operating profit for 1997 has also been adjusted accordingly.

Alpress recorded an operating profit of FIM 150 (120) million, which was 14 % (12 %) of its net sales. The results of all the Alpress units were better than forecast. Kauppalehti was the only unit whose result declined on the previous year but even this was less than estimated. Faced with new competition, Kauppalehti was in fact the most profitable of the Alpress units. Aamulehti and Lapin Kansa showed the greatest increase in profitability.

Alpress had 2,216 (2,004) employees on its books at the year end, including 1,075 (1,018) part-time delivery staff. The number in employment at the time was 2,135 (1,939) and 1,038 (1,001).

National newspapers

Several major changes were made to Iltalehti during the year. The newspaper's format was changed from eurotabloid to normal tabloid at the beginning of April and at the same time the use of two paper grades in the weekday editions was dropped in favour of one special newsprint grade and four-colour printing throughout. This then opened the way for renewal of the newspaper's layout. Weekday printing was also divided between two printing plants to facilitate earlier distribution to more sales points. Customers welcomed these changes and Iltalehti's circulation continued to increase. The newspaper's advertising revenues also rose on the previous year, despite its decision to drop the use of glossy magazine paper in the weekday editions.

Iltalehti updated its format in spring 1998. The first full four-colour edition of Iltalehti in the new format appeared on 1 April 1998.

Competition in the market for afternoon newspapers remained extremely intense. Iltalehti costs five Finnish markka during the week and ten markka at weekends. Its competitor raised the price of its weekend edition to eight markka. Despite the difference, Iltalehti's circulation rose faster than its rival's and its market share rose almost one percent during the year. In terms of circulation, Iltalehti has also been the fastest growing newspaper in Finland for several years. Its six-day circulation (spring 1998/spring 1997) rose 7 % on 1997 and its weekend circulation by a good two percent. According to the National Media Survey, Iltalehti is the third most-read newspaper in Finland, with 638,000 readers. Iltalehti Online's popularity has continued to remain strong. More than 40,000 read this electronic edition every day.

Iltalehti's net sales totalled FIM 232 (225) million, 75 % of which came from circulation sales. Iltalehti's circulation revenue increased more than 3 % and its advertising revenue more than 2 %. The number of editorial pages in Iltalehti rose more than 4 % and the number of paid advertising pages 6 %. Strong circulation growth and a more cost-efficient production process improved Iltalehti's result despite the newspaper's heavy investments in its content and marketing.

Kauppalehti is a special business newspaper produced especially for business people and decision-makers. It appears five times a week, from Monday to Friday. Kauppalehti subscribers also receive the Kauppalehti Optio magazine twice a month. Kauppalehti serves its readers and subscribers on the Internet as well. The electronic edition, Kauppalehti Online, includes a large variety of supplementary services. The text pages of the printed version and delayed stock exchange information are available free of charge, whereas subscriber services include a continuously updated news service, real-time market information from the stock exchange, analytical tools for investors and financial professionals, and various archival databases and search services. Kauppalehti Online has more than 7,000 daily users. In November the publishing company Kustannusosakeyhtiö Kauppalehti acquired almost 23 % of Baltic News Service, the largest news agency in the Baltic countries. It has its main editorial office in Tallinn, Estonia.

Kauppalehti's competitive environment changed in autumn 1997 when a new competitor entered its market. Kauppalehti anticipated this new situation by increasing its editorial resources, renewing its layout and changing its printing schedule. These measures raised Kauppalehti's expenses but at the same time they prevented the change in competition from affecting Kauppalehti's market position. Kauppalehti's circulation rose by a good one percent to over 80,000 copies, compared to less than 12,500 for its competitor. Kauppalehti's net sales increased 9 % to FIM 220 (202) million. Its advertising revenue was up 13 %, its circulation revenue increased 1 %, and other revenue, which included income from Kauppalehti Online, rose 59 %. Kauppalehti's profitability decreased, partly owing to reorganization of its printing and to its marketing and editorial investments, but remain good nonetheless.

Regional number ones

Aamulehti, published in Tampere, is Finland's second largest daily newspaper in terms of circulation. Aamulehti's circulation increased on 1997 by a good one percent to 132,952 copies. Aamulehti has made strong investments in its content and circulation marketing. Its circulation is growing strongly, having increased for the second year running, and a circulation audit in the autumn indicated that this positive trend is continuing. The total number of pages published by Aamulehti increased during the year by over 5 %. Although the number of editorial pages was 7 % higher than in 1997, editorial costs increased by less than one percent.

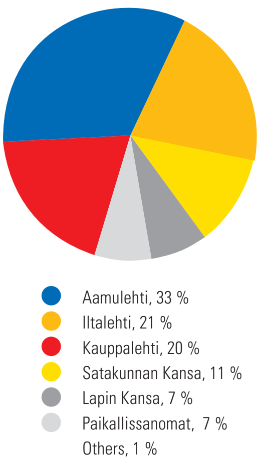
Keith Armstrong, soccer coach of FC Haka in Valkeakoski, and the Finnish soccer championship in 1998. Photo published in Aamulehti 4 October. Photo: Tomi Vuokola.

Aamulehti's net sales totalled FIM 355 (325) million, up 9 % on the previous year. Circulation revenue improved by two percent but advertising revenue soared by 15 %. Aamulehti printed almost 10 % more advertisements than one year earlier. As a result of its strong circulation growth and excellent increase in advertising revenue Aamulehti made the most significant contribution to Alpress's result in monetary terms.

The circulation of Satakunnan Kansa, published in Pori, began to rise following several years of uninterrupted decline. The increase was almost one percent. Satakunnan Kansa's net sales rose 6 % to FIM 116 million. Circulation revenue was up almost 3 % and advertising revenue more than 9 %. The number of editorial and paid advertising pages increased 3 %. Since the newspaper kept costs under tight control, the increase in net sales also raised its profitability. The Satakunnan Kansa figures also include the business operations of the town newspaper Porin Sanomat.

Alpress owns 62 % of Lapin Kansa Oy, which publishes the regional newspapers Lapin Kansa and Koillis-Lappi and the town newspaper Uusi Rovaniemi. Lapin Kansa's circulation decreased slightly but its circulation revenue increased 5 %. During the year Lapin Kansa published altogether 8 % more pages than one year earlier: 6 % more editorial pages and 11 % more advertising pages. Advertising revenue increased by an impressive 18 %. Since the costs of the editorial pages actually fell, this newspaper's profitability and result meant a clear improvement on the previous year.

Distribution of net sales, %



At the close of the period Alpress owned 78 % of the voting rights and 68 % of the stock of Pohjolan Sanomat Oyj. This company was consolidated in the annual accounts as an associated company between January and October, and as a subsidiary in November and December. On 29 October 1998 Alpress's holding in Pohjolan Sanomat Oyj exceeded 50 %. Pohjolan Sanomat Oyj contributed FIM 13 million to the net sales of Alpress in 1998. The Pohjolan Sanomat group's net sales in 1998 totalled FIM 74 (73) million and its operating profit was FIM 5 (3) million. The group publishes the newspapers Pohjolan Sanomat and Meän Tornionlaakso and two free-distribution papers: Kuriiri and Meri Lapin Treffi.

The Kainuun Sanomain Kirjapaino Oy printing company became an Alpress associated company at the very end of December, and it therefore had no impact on Alpress's financial statements for 1998. Kainuun Sanomain Kirjapaino Oy became a subsidiary of Alpress on 10 February 1999.

Local papers

Most of the Group's local papers are published by Suomen Paikallissanomat Oy, a group containing 11 local newspapers and one town paper. The subscriber newspapers have circulations varying from 2,000 to 10,000 copies. This group's net sales totalled FIM 73 (71) million. Its profitability was better than in 1997 and roughly equal to the profitability of a good regional newspaper. The growth in net sales was derived from a 4 % increase in advertising revenues.

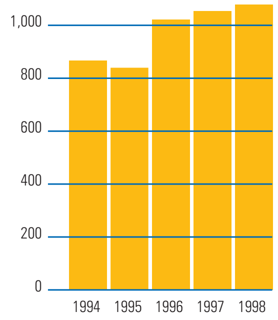
The year 1999

Market conditions are expected to remain favourable for newspaper publishers during the current year, with GDP in Finland forecast to grow 3 – 4 %. Barring an unexpected economic downturn, the circulations and circulation revenues of the Alpress newspapers are expected to grow. Newspaper advertising in 1998 maintained its market share of media advertising. There is no reason to suggest that this situation should change significantly; if anything, newspaper advertising is forecast to increase at the same pace as media advertising in general.

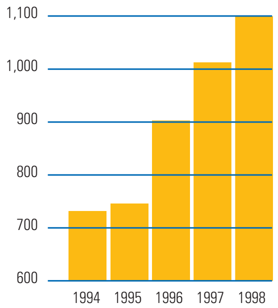
In addition to organic growth, acquisitions made at the end of 1998 and the beginning of the current year will also boost Alpress's net sales. Alpress expects the profitability of its national, regional and local publications to improve on last year.

Alpress's strategy is to be the most professional and efficient publisher of regional and local newspapers and special-interest national newspapers in Finland. Chain management of its newspapers will raise their profitability above the average. Alpress believes in the independence, the recognized brand names and the continuity of its newspapers. Its regional newspapers are a fine example of recognized brand names, the continued viability of which is guaranteed by their loyal readers.

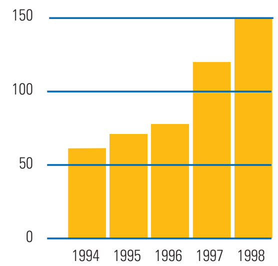
Employees on average



Net sales, MFIM



Operating profit, MFIM



Audited circulations

	Frequency/ week	Circulation 1997	Circulation 1998	Change %
Iltalehti	6	110,597	118,460	7.1
Kauppalehti	5	78,948	80,139	1.5
Aamulehti	7	131,444	132,952	1.2
Satakunnan Kansa	7	56,565	56,915	0.6
Lapin Kansa	7	36,623	36,519	-0.3
Pohjolan Sanomat	7		24,315 ***)	
Valkeakosken Sanomat	5	7,481	7,675	2.6
Koillis-Häme	4	7,027	7,064	0.5
Raahen Seutu	4	7,531	7,483	-0.6
Koillis-Lappi	3	6,615 **)	6,615 **)	
Nokian Uutiset	3	7,459	7,627	2.3
Pyhäjokiseutu	3	8,759	8,610	-1.7
Suur-Keuruu	3	6,537	6,500	-0.6
Harjavallan Seutu	2	5,995	5,869	-2.1
Kankaanpään Seutu	2	9,645	9,743	1.0
Kurun Sanomat	1	2,243	2,182	-2.7
Merikarvia-lehti	1	3,040 *)	3,151	3.7
Uutismarkku	1	3,384 **)	3,369	-0.4

		Print-run
Hervannan Sanomat	2	21,820
Raahelainen	2	16,700
Kuriiri	1	5,795
Merilapin Treffi	1	22,300
Meän Tornionlaakso	1	12,000
Porin Sanomat	1	47,500
Uusi Rovaniemi	1	31,000

*) Circulation in 1995, **) Circulation in 1996, ***) Became a subsidiary on 29 October 1998. Source: Circulation Audit I/98

Number of readers and average number of pages in 1998

	Number of readers in Finland *)	Average number of pages in main edition
Iltalehti	638,000	57.6
Kauppalehti	306,000	33.5
Aamulehti	355,000	44.8
Satakunnan Kansa	140,000	26.7
Lapin Kansa	96,000	24.6
Pohjolan Sanomat	70,000	21.5

*) Source: MDC Media Research Ltd

Development of circulations

(newspapers published 4-7 times per week)

	Daily papers in Finland No.	Alpress newspapers No.	%
1994	2,406,768	324,066	13.5
1995	2,369,637	371,204 *)	15.7
1996	2,331,640	428,793 **)	18.4
1997	2,335,931	436,216	18.7
1998	2,325,796	471,522 ***)	20.3

*) includes Lapin Kansa, **) includes Satakunnan Kansa, ***) includes Pohjolan Sanomat

MTV3 Channel's live broadcast of the decisive Formula 1 race in Suzuka, Japan, had more than one million viewers glued to their TV sets in Finland. At 5.30 in the morning on 1 November 1998 Mika Häkkinen won the championship. No other television programme shown at the same time has attracted so many viewers. Photo: Finnish Press Agency

Lyrics' Board (BumtsiBum!) remained as popular as ever. It attracted the highest ratings on MTV3-Channel in 1998 and has received dozens of awards. It is hosted by mega-popular Marco Bjurström. Photo: Hannu Puukko/MTV


Mobil
8

MTV

Ally McBeal, the most eagerly awaited drama of the year, fulfilled all expectations. MTV3-Channel started screening the series in September 1998. The lead role is played by Calista Flockhart. Photo: MTV archives

The Finnish drama series Kun Taivas Repeää (When the Heavens Open) was voted Programme of the Year on MTV3-Channel in 1998. The series follows 20-year-old medical orderly Aino Mäkelä's transition from girl to womanhood between November 1943 and November 1944 during the Second World War. Awards were given to producer Peppi Kajanne, director-scriptwriter Markku Onttonen and scriptwriter Kirsti Manninen. Photo: Hannu Puukko/MTV

The MTV group is responsible for Alma Media's television and radio broadcasting operations. In addition to the MTV3 Channel operating in Finland, MTV Oy also owns 23.4 % of the shares of TV4 AB, which broadcasts in Sweden. MTV Oy's largest associated company in Finland is Oy Suomen Uutisradio Ab (Finland News Radio), 48 % of which is owned by Alma Media. Suomen Uutisradio engages in nationwide radio broadcasting under the brand name Radio Nova. MTV Oy's Internet operations were reorganized and integrated into Alma Media Interactive Oy at the end of the year.

MTV aims to be Finland's leading electronic communications company and to consolidate its position in regions adjacent to Finland. MTV's vision is to create a total experience in high-quality electronic communications that meets consumers' needs for both entertainment and information. MTV also aims to be an effective and interactive media for advertisers. MTV's core business is electronic communications. The company's objective is to establish new distribution channels to households as the focus in the near future shifts to multichannel broadcasting. MTV3 Channel will nevertheless continue to be the cornerstone of the company's business operations long into the future.

Two new laws were enacted in October 1998 that affect MTV's business operations: the Act on Television and Radio Broadcasting, and the Act on the State Fund for Television and Radio Broadcasting. Both Acts came into force on 1 January 1999. They implement the EU's television directive and lay down the financial arrangements governing public broadcasting and commercial television and radio companies.

The new laws primarily safeguard funding for the Finnish Broadcasting Company Ltd (YLE). For this reason commercial television companies with a broadcasting licence must pay a licence fee to the state fund for television and radio broadcasting. Companies become liable for payment when their net sales reach or exceed FIM 20 million. The amount of the payment rises in steps as net sales increase, up to a maximum 24.5%.

Net sales and result

According to Ad Facts Ltd's preliminary advertising expenditure data, television advertising in 1998 increased by 7 % on the previous year. Television accounted for 20 % (21 %) of all Finnish media advertising. MTV3 Channel's share of television advertising was 88 % (95 %). Television lost market share, particularly at the beginning of the year. During the last quarter, however, growth in television advertising exceeded average market growth.

MTV group's net sales totalled FIM 1,068 (1,079) million, one per cent down on the previous year. Sales of advertising time also declined by a good one per cent to FIM 1,020 (1,035) million. Sales of services associated with television broadcasting amounted to FIM 48 (43) million while other revenues from business activities not included in net sales were FIM 13 (18) million.

MTV group's annual operating expenses were FIM 929 (968) million. Lower net sales and a reduction in the payment percentage reduced the total amount of payments owed to the Finnish Broadcasting Company Ltd. MTV group's operating profit was the highest in the group´s history. It rose by 15 % to FIM 111 (96) million. TV4 AB's operating profit was 116 million Swedish krona (SEK), but TV4 AB's overall effect on MTV Oy's operating profit was FIM -7 million owing to depreciation of goodwill on consolidation. Radio Nova did not have a significant effect on MTV Oy's operating profit.

MTV group employed 730 (686) people at the end of the year and 726 (681) on average during the year.

MTV3 Channel's share of viewing time over 42 %

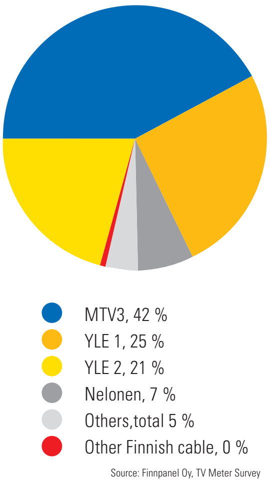
MTV3 Channel was a clear winner in the competition for viewing time. The channel's share of viewing time (i.e. the proportion of all time spent watching television) was 42.2 % (43.6 %). This is a high figure compared to other commercially-funded TV channels in Europe. The new competitive situation has had very little impact on MTV3 Channel's share of viewing time. The main groups of viewers, young people and generally active people, boosted MTV3 Channel's viewing time.

New programming in the autumn increased the number of prime time viewers (people watching TV between 6 pm and 11 pm) compared to a year ago despite the more intense competition. Young people accounted for 50 % of MTV3 Channel's viewing time, women of active age (25 to 44 years old) 47 % and men in the same age group 38 %.

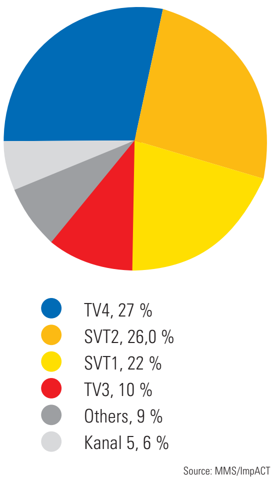
According to Gallup Ad, 50 % of Finns tuned to MTV3 when they turned the television on if they did not know what was being shown on the other channels. Corresponding figures were 30 % for Yle TV1, 6 % for Yle TV2 and 1 % for Nelonen. 65 % of women in the active age group would choose MTV3 Channel if they did not know the programmes on at that time, while the same applied to 63 % of young people aged 15-24, and 50 % of men aged 24-44. In the same circumstances, 4 % of young people would tune to Nelonen and 1 % of men and women aged 24-44.

In November MTV3 Channel's Seven o'Clock News became Finland's largest TV news broadcast. Its news anchors are Keijo Leppänen and Ripsa Koskinen-Papunen. Photo: Hannu Puukko/MTV

Shares of TV viewing time in Finland (excl. video viewing)



Shares of TV viewing time in Sweden



A 1998 study by Intermedia Research indicated that television has consolidated its position in the different segments of the media market in all target groups. Television best fulfills the media's two main tasks: to transmit news and current affairs, and to entertain and amuse. Some 80 % of Finns turn on the television if they want to know the latest news, while 78 % keep up with the latest news from newspapers and 68 % from the radio.

The average time spent watching television has risen by over one hour during the last ten years, and more time is devoted to television than to any other media group. According to Intermedia Research, an average of 192 minutes a day is spent watching television, 128 minutes listening to the radio, 50 minutes reading magazines, and 28 minutes a day reading newspapers.

Television viewing habits have changed as programme choice has increased, and television is now watched more often outside prime time. Morning viewing has also increased. Some 31 % of Finns now watch television in the mornings, while 46 % read newspapers then. Television viewing in the daytime has almost doubled in the past two years. Around one-fifth of Finns aged 15-44 and 28 % of young people aged 15-24 watch television in the mornings and early afternoons.

Programming

Interest in MTV3 Channel is based on a successful programming formula in which the day's entire programming, some 20 hours, consists of larger packages targeted at specific groups of viewers. As the only nationwide commercial TV channel, MTV3 offered all its groups of viewers a wide choice of interesting programmes.

The number of news broadcasts was increased and by the end of the year there were 21 news broadcasts on weekdays. MTV3 News provides a 24-hour news service for MTV3 Channel, Radio Nova, MTV3 Internet and MTV Teletext.

An extensive development project was started for Finnish entertainment, supported by expertise from the entertainment sector in Europe and the USA. Steps were taken to transform relationships with subcontractors in Finland into more solid partnerships with longer-term objectives. New development projects were launched for drama programmes. MTV Oy's collaboration with the Sweden's TV4 increased, while cooperation with Norway's TV2 and Denmark's TV2 was intensified. Nordic cooperation to enhance drama programming has already created opportunities for using the accumulated experience of the different countries at the planning stage.

The best foreign films and series were shown on MTV3 Channel. Relationships with the largest producers in the business stretch back over decades, providing a solid basis for acquiring high-quality programming content well into the future. Contracts for the long-term acquisition of programmes were finalized at the end of the spring in order to ensure the high quality of films and series to be shown on the MTV3 channel in future years. Contracts were signed with Twentieth Century Fox International (USA), British Independent Television Enterprises (BRITE) in the UK, and the Australian company Southern Star.

Sports coverage included broadcasts of the Formula 1 World Championships, which attracted a high number of viewers. Viewers' interest was boosted by Mika Häkkinen's success in the event. MTV3 signed a long-term contract with the Italian company Halva for rights to televise the World Cup skiing championship. The new contract is particularly large for Finland because it means that MTV can broadcast over 70 different skiing events in the World Cup competitions.

Jyrki, a programme for young people produced by Funny-Films Oy, boosted its number of viewers, achieving particularly high ratings in the autumn. Jyrki's Internet service at www.jyrki.com quickly attracted over 100,000 registered users. At the beginning of September, Jyrki moved back to its refurbished media base in the 'Glass Palace' in Helsinki City Centre.

The MTV3 Channel's gross broadcasting time in 1998 was 6,724 hours, of which programmes accounted for 5,591 hours, advertising 738 hours and other broadcasting time, such as announcements, 395 hours.

MTV3 is Finland's biggest advertising medium

MTV3 is the largest single advertising medium in Finland, deriving its strength from programming that interests viewers. MTV3 Channel reaches 90 % of Finns weekly and 60 % daily. Advertisers can choose whether their advertising on MTV3 is nationwide or targeted at MTV3's eleven sales areas in the way they desire. The scope for advertising is broadened by MTV3 Internet, the Teletext and Home Shopping channels, sponsoring, promotions and a variety of special events.

The TV advertising business has been reorganized and now focuses more on selling complete packages of marketing services. Pricing has also been streamlined in line with the MTV 2000 programme under arrangements jointly prepared with advertising and media agencies. Most of the bonuses in use until 1997 were directly converted to a volume discount that was available to advertisers from 1 January 1998. Bonuses consisting of extra advertising time used as seasonal discounts were transferred to the programme prices

Kati Hyttinen on Radio Nova, the radio station listened to most by Finland's active adult population.
Photo: Hannu Puukko/MTV

for those seasons.

Customers had the opportunity to focus on specific programmes or specific target groups. They were offered a wide range of research services to support such advertising. The memory retention of TV advertising is high; nationwide average recall for advertisements was 69 %, and the regional recall was 67% (Gallup-Market Research 1998, TV Advertising Efficiency Test). TV advertising prices have for a long time matched the average in European countries.

The year 1999

In December the Council of State (the Finnish government) invited applications for licences for analogue and digital TV and radio broadcasting by 1 February 1999. The licence granted to MTV Oy for analogue broadcasting expires on 14 December 1999. MTV Oy has applied for a ten-year extension to this licence. The company also has a 44 % holding in CityTV Oy Helsinki, which has applied for a regional licence for analogue broadcasting in Greater Helsinki.

Finnish television companies aim to start digital terrestrial television broadcasting before the Sydney Olympics in the summer of 2000. MTV Oy has applied for licences for four digital television channels: one for MTV3 Channel's digital broadcasts and three new channels. These four would make up one of the three multiplexes being offered by the government. MTV Oy's three new channels will be MTV Plus aimed at young people, CityTV for city dwellers, and MTV Sport.

MTV has developed its programming, marketing and technical systems in preparation for digital broadcasting. These preparations have been carried out in collaboration with a number of partners. MTV is current building a new transmission unit for digital broadcasts and MTV will be involved in the launch of digital TV broadcasting being jointly arranged with other broadcasters at Finland's DigiTV-Forum. The aim is to start broadcasting as quickly as possible after the licences have been granted.

Several factors add significant uncertainty to Digital TV broadcasting. Prominent among these are how quickly and widely the set top box and digital receiver that enable reception of digital broadcasts will be adopted, the financing of digital TV broadcasting, and the issue of deciding when analogue broadcasting will be terminated. MTV supports a solution implementing the transition to purely digital broadcasting as rapidly as possible and in a manner that is most economical to viewers.

Slight growth is expected in MTV group's net sales while operating profit is forecast to remain at much the same level as in 1998.

TV4 AB

MTV Oy owns 23.4 % of the Swedish TV4 AB's shares. Net sales of the TV4 AB Group totalled SEK 2,057 (1,846) million in 1998, up 11 % on the previous year. The Group's operating profit for 1998 amounted to SEK 116 (130) million and its pre-tax profit was SEK 115 (135) million. Non-recurring costs of some SEK 30 million depressed the Group's 1998 result. TV4 AB's share of the media market in Sweden was 13 % and its market share of television advertising was 62 %.

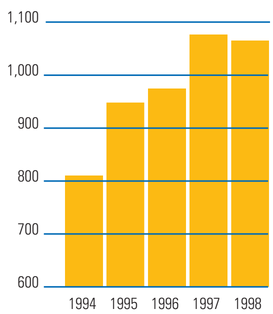
The TV4 Channel maintained its position as the most-watched TV channel in Sweden with a 26.9 % share of viewing time. In the commercially important 20-44 age group, the share of viewing time was higher, reaching 29.6 %. The average time spent watching TV in Sweden increased during 1998 by three minutes a day on the previous year.

In July the Swedish government granted a licence to TV4 for broadcasting in a digital terrestrial network. The licence authorizes the broadcasting of TV4's programmes in all the present regions, and the broadcasting of regional programmes in the Stockholm, Gothenburg, Sundsvall and Östersund areas.

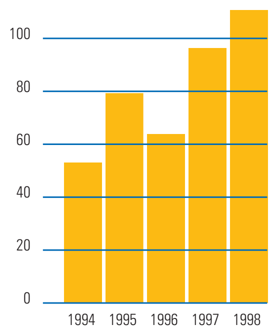
Radio Nova

Radio Nova's first full year of operating since it started in May 1997 was more favourable than expected. Radio Nova's net sales rose to FIM 55 (13) million and it made a slight operating profit. The original plan called for a profit in the third year of operation. Radio advertising in Finland was up 19 % on the previous year, largely due to Radio Nova. According to Kansallinen Radiotutkimus (National Radio Research), Radio Nova is the radio station most listened to by its target group of 25-44 year olds and has a 26 % share of radio listening time.

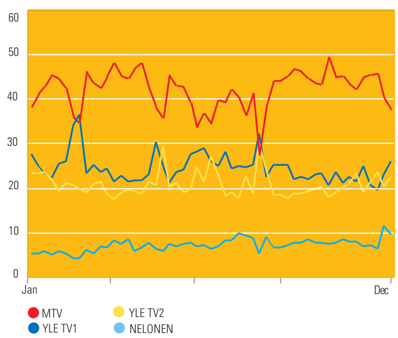
Net sales, MFIM



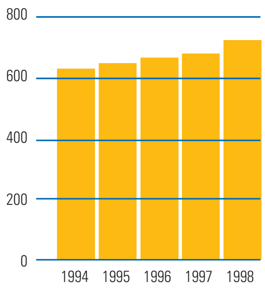
Operating profit, MFIM



Shares of weekly TV viewing time 1998, %



Personnel on average



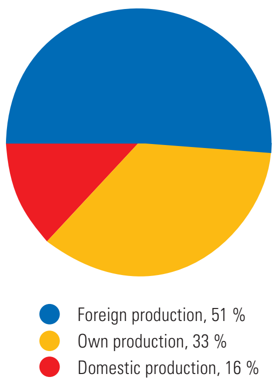
Sales of advertising

	1998	1997	1996	1995	1994
Media advertising in Finland, MFIM	5,787	5,167	4,711	4,578	4,107
Newspapers' market share, %	56.2	56.5	58.2	58.7	60.4
Magazines' market share, %	16.2	15.4	14.0	13.5	13.0
Television's market share, %	20.2	21.0	20.9	21.0	19.8
Other media's market share, %	7.4	7.1	6.9	6.8	6.8
Television advertising in Finland, MFIM	1,156	1,087	983	960	813
MTV's share of television advertising, %	88.2	95.3	95.5	96.1	96.5
MTV's net sales from the sale of advertising, MFIM	1, 020	1,035	939	923	785

Broadcasting advertising (MTV)

	1998	1997	1996	1995	1994
Number of new spots	8,484	9,180	8,618	8,822	7,902
Number of campaigns	6,667	6,414	6,208	6,630	6,078
Advertising time sold, h	1,793	1,802	1,495	1,473	1,326
Number of spots shown nationwide	99,473	104,621	77,958	70,304	61,469
Number of spots shown regionally	196,083	197,945	171,531	178,644	171,032
Total spots shown	295,556	302,566	249,489	248,948	232,501

Programming by type of production 1998



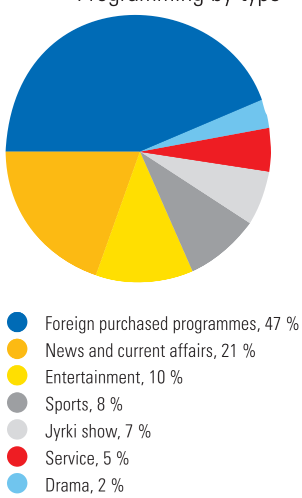
Source: MTV Finland, Programme Plan 1998

Time spent on the media and TV

(average on the year)

	1998	1997	1996	1995	1994
Time spent on the media in Finland	8h 30min		7h 41min		7h 20min
TV viewing in Finland (no video viewing)	2h 30min	2h 30min	2h 31min	2h 21min	2h 19min
MTV3 viewing	1h 03min	1h 05min	1h 07min	1h 05min	1h 04min
MTV3 viewing, %	42.2	43.6	44.6	46.1	46.0
YLE viewing (2 channels), %	45.9	48.4	48.2	46.8	48.0
Nelonen viewing, %	7.2	3.5			
Others viewing, %	4.8	4.5	7.2	7.1	6.0

Programming by type



Source: MTV Finland, Programme Plan 1998

Advertising research

(Source: Finnpanel Oy, TV Meter Survey)

	1998	1997	1996	1995	1994
MTV3's weekly reach, %	88	87	91	90	87
MTV3's daily reach, %	60	59	62	60	61
Average audience for MTV3's top ten programmes (million)	1,308	1,337	1,437	1,366	1,531
Most reliable news source: (Source: Gallup Market Research)					
Television news, %	53	56	62	58	56
Newspapers, %	32	28	21	23	21
Most important news source:					
Television news, %	62	62	67	58	59
Newspapers, %	24	28	24	29	25

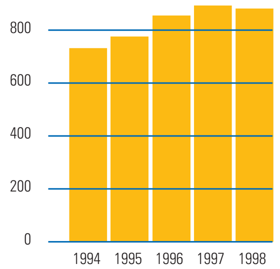
Alprint's investment programme, started in 1998, will place all heatset rotation printing at Alprint Rahola in Tampere and will replace Alprint Kaivoksela's newspaper rotation press, introduced in 1980.

Alprint's Prepress Unit was brought on stream in Kaivoksela, Vantaa, at the year end. This unit will provide a broader and more effective range of customer service.

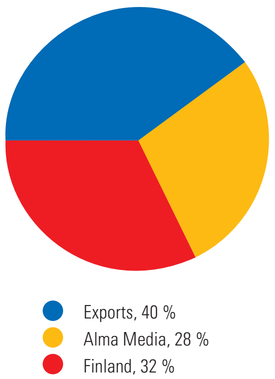
In April 1998 Alprint announced a three-year programme to renew its production machinery. Alprint Kaivoksela's new large combination rotation press will start up in 2001 and Alprint Rahola's 48-page heatset rotation press in 2000.
Photos: Advertising Agency Quad

ALPRINT

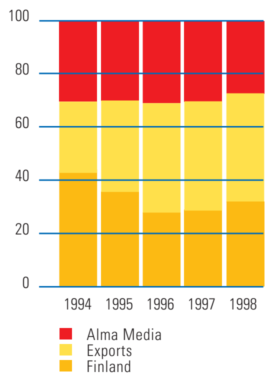
Net sales, MFIM



Net sales by region 1998, %



Net sales by region, %



Alprint is the graphic services division of the Alma Media Group. It serves newspaper publishers, magazine publishers and companies needing promotional products through more than 10 printing plants located in different parts of Finland. The division's parent company is Alprint Oy. Alprint has systematically reorganized its activities into a printing group operating under a single marketing name. As a consequence, day-to-day operations are now customer-oriented and based on business processes instead of on companies organized along product lines. The division has a single prepress centre to serve all Alprint's printing plants and customers in the new organization. In addition to providing conventional prepress services, the centre also offers support and advice on information technology (IT) systems. Alprint's sales and servicing functions have also been combined under joint management. Alprint has sales outlets in Stockholm and Moscow in addition to Finland.

No changes were made in the Group's structure during 1998. Alprint Magazine Printing Group Ltd's customers mainly comprise large magazine publishers in Finland, Scandinavia and Russia. Alprint Newspaper Printing Group Ltd's customers are large newspaper publishers in Finland and Russia, in addition to the newspapers printed by Alpress. Both companies also serve publishers of promotional products.

Alprint has followed a strategy of raising the utilization rate of its existing production capacity. The company has not made any investments in increasing capacity in recent years. In 1998 Alprint decided to initiate two major investment projects. Both are replacement and rationalization projects aimed at safeguarding competitiveness, and will not provide extra capacity. Alprint is replacing the hybrid newspaper rotation press that has been operating at Alprint Kaivoksela in Vantaa since 1980. The new machine is a Koenig & Bauer four-colour combination press capable of printing 64-page broadsheet size or 128-page tabloid size newspapers. Half the pages can be printed using coated printing paper. The machine is suitable for printed products requiring either coldset or heatset techniques, or a combination of the two. The investment will cost around FIM 140 million, including construction work, and the machine is due to be in production in the autumn of 2001.

The second large investment is an extension to Alprint Rahola in Tampere, which includes expansion of the premises and the acquisition of a new press. The new machine is a Man Litoman 48-page heatset rotation press. The investment, including related construction work, will amount to some FIM 90 million and the machine is scheduled to start operating in the year 2000. The investment will not increase Alprint's heatset capacity since operations at Alprint Tammisto and Alprint Pori will cease by the year 2000.

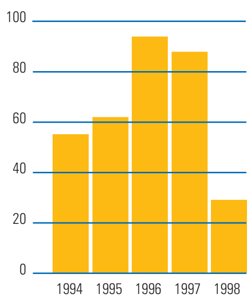
Alprint is currently constructing a special products line at Alprint Sarankulma in Tampere containing a small rotation press line, a sheet-fed press and a digital printing unit. This investment will not increase capacity either because the new machine in the special products line will be the newspaper rotation press at present used in the Jämsä plant; the colour properties of the machine will be enhanced. The new line is scheduled to be in production in the autumn of 1999, after which printing operations at the Jämsä and Valkeakoski units will cease. The three existing presses in the sheet-fed line will be replaced by one new machine with the same production capacity. The digital printing line was set up together with the Tampere Technical College to provide training for the college's students and to support Alprint's other presses.

Market conditions

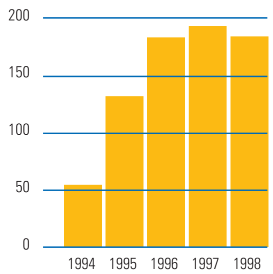
Demand for magazines and other heatset products in Finland remained brisk. Capacity load changed rapidly in August, however, when exports of printed products to Russia dropped abruptly as the value of the rouble collapsed. Publishers in Russia, particularly those dependent on advertising invoiced in roubles, quickly reduced their orders from Finnish printers. The fall in the value of the rouble had its strongest impact on exports of weekly tabloid products. Production of some publications was discontinued, the number of pages per issue was reduced and some publishers stopped using the more expensive four-colour printing and turned instead to local printers. The fall in exports to Russia was directly reflected in capacity load and prices. Towards the end of the year prices of printed products had been pushed down to their lowest levels since the beginning of 1998.

Demand for printed products has been growing in Sweden, Norway and Denmark in all product groups. A prominent feature of the Scandinavian markets last year was the high number of large mergers, which put prices of heatset products under greater pressure. Export opportunities deteriorated as both the Swedish

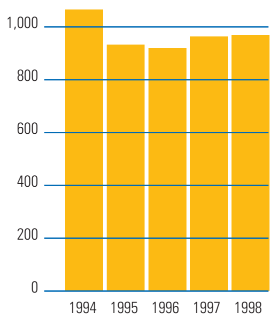
Operating profit, MFIM



Exports to Russia, MFIM



Employees on average



and Norwegian krona weakened against the Finnish markka.

Paper prices during 1998 were some 0-5 % higher, depending on the grade of paper. Paper prices levelled off towards the end of the year and no significant changes in current price levels are expected in the near future.

Net sales unchanged

Alprint's net sales for 1998 totalled FIM 880 (888) million. Net sales remained at much the same level as in the previous year due to changes in the printing contract between Alprint and Alpress and reduced exports of coldset products to Russia. Despite higher volumes, Alprint's sales to Alpress fell by 10 %. Other sales in Finland were up by 9 % on the previous year largely because demand for heatset products was higher than forecast at the start of the year. Exports, FIM 354 (358) million, were a good one per cent lower for the year, despite the strong growth at the beginning of the year. Exports generated 40 % (40 %) of Alprint's net sales, Alma Media's own newspapers 28 % (30 %) and other sales in Finland 32 % (30 %). There were no significant changes in the distribution of exports throughout the year. Russia accounted for 52 % (54) % of exports, Scandinavia 39 % (36 %) and other countries 9 % (10) %. The proportion of exports derived from coldset products was lower.

Alprint's operating profit totalled FIM 29 (88) million. The main reasons for the change on the previous year included alterations in internal pricing as well as both the direct and indirect effects of Russian exports. The change in internal pricing reduced Alprint's operating profit by FIM 30 million. While this change affected the whole of Alprint Newspaper Printing Group Ltd, it did not of course affect Alma Media Group's financial result. The direct and indirect effects of the reduction in exports to Russia decreased Alprint's operating profit in total by some FIM 20 million. Direct effects included credit losses and excessive wage and salary expenses incurred by the sudden fall in production. The other long-term effects were mainly caused by the downward pressure on prices arising from the spare printing capacity released by the lower level of exports. After August prices of printed products fell in Finland and other western markets, as well as in the Russian market. Prices of both coldset and heatset products declined. Prices of heatset products were further depressed by new capacity in this market.

1998 was also a difficult year for Alprint's heatset units. Overtime and subcontracting costs incurred by a backlog of orders depressed profitability at the beginning of the year and profitability was hit further by events in the Russian economy towards the end of the year.

Alprint's investments totalled FIM 37 (26) million. FIM 11 million of this was spent on reorganization of the printing arrangements for the Iltalehti afternoon newspaper. Investments totalling FIM 10 million were made in magazine printing to acquire a gathering and wire stitching machine for Alprint Tammisto and an adhesive binding line for Alprint Hyvinkää. Other investments mainly comprised small rationalization and maintenance items. Plans were finalized during the year for several large new investment projects. Consequently, total investment in 1999 will exceed FIM 100 million.

Alprint Magazine Printing Group

Alprint Magazine Printing Group Ltd's production facilities specializing in heatset products are Alprint Rahola (Tampere), Alprint Pori and Alprint Tammisto (Vantaa). Alprint Hyvinkää specializes in comics. Alprint Sarankulma and Alprint Lauttasaari are sheet printers.

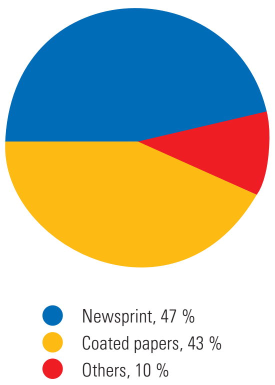
Alprint Magazine Printing Group Ltd's net sales in 1998 were FIM 494 (442) million. Some 55 % of net sales was derived from printing magazines, 33 % from printing promotional and sheet products and 12 % from printing comics. Buoyant demand in Finland for magazines and promotional products was the main factor contributing to the almost 12 % growth in Alprint Magazine Printing Group Ltd's net sales.

Alprint Magazine Printing Group Ltd's exports totalled FIM 260 (244) million. Scandinavia accounted for 47 % (48 %) and Russia for 41 % (38 %) of exports. The problems in Russia's economy did not have such an adverse impact on Alprint Magazine Printing Group Ltd as on average in the sector since the majority of Alprint Magazine Printing Group Ltd's customers receive most of their income from western advertising in western currencies. Not a single magazine was discontinued, but a decline in the number of pages per publication and more intense competition on prices also depressed the profitability of exports to Russia.

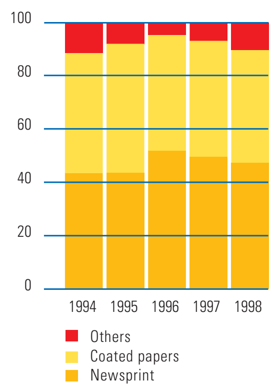
Numerous mergers in the Swedish printing sector heightened competition. Finnish printers also had to deal with a weakening of the Swedish krona against the Finnish markka. The krona fell from FIM 0.70 to a low of FIM 0.62.

Alprint Magazine Printing Group Ltd's

Paper purchases by grade 1998, %



Paper purchases by grade, %



profitability was appreciably lower than in 1997. Profitability was depressed during the beginning of the year by excessive payroll expenses and subcontracting costs caused by too high a capacity load, as well as by higher than expected maintenance and repair costs. Towards the end of the year profitability was further weakened by the lower price levels resulting from the recession in the Russian market and the weakening of the Swedish krona. Overall, the operating profit was not satisfactory.

Alprint Newspaper Printing Group Ltd

Alprint Newspaper Printing Group Ltd has printing plants in Kaivoksela (Vantaa), Tampere, Pori, Rovaniemi, Jämsä, and Valkeakoski. Alprint Newspaper Printing Group Ltd's operations were significantly affected during the year by the new system adopted for internal pricing, as well as by the extremely sharp slowdown in exports to Russia and the tighter competition on prices in Finland resulting from it. Alprint Newspaper Printing Group Ltd's net sales declined to FIM 391 (449) million, the bulk of which was derived from Alma Media Group's own newspapers. The Group's internal sales in 1998 amounted to FIM 228 (258), or 59 % (58 %). The change in internal pricing between Alpress and Alprint reduced Alprint Newspaper Printing Group Ltd's net sales and operating profit by some FIM 30 million. The most important and least predictable factor, however, was the almost complete standstill in exports to Russia during the last four months of the year. After many years of continued growth, exports to Russia in 1998 were down on the previous year. Alprint Newspaper Printing Group Ltd's total revenues from exports dropped to FIM 94 (114) million. Most exports were to Russia.

Alprint Newspaper Printing Group Ltd's coldset products have faced extremely stiff competition, as overcapacity in this segment is a prevailing feature in Finland. The situation in Russia reduced profitability from August onwards.

The year 1999

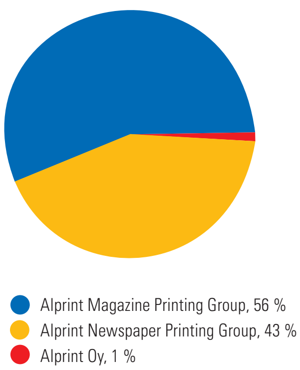
Alprint will continue with measures to improve its profitability and competitiveness, partly by concentrating operations in larger units. During 1999 a production line for special products will be added to the existing units at Alprint Sarankulma, in Tampere. The special products line will include the hybrid rotation press to be transferred from Jämsä, a sheet-fed press and a new digital printing press. Concentrating the small rotation presses from Jämsä and Valkeakoski in Tampere will reduce the workforce needed by about 20 people.

Around one-half of Alprint Rahola's FIM 90 million investment in heatset equipment will be allocated to 1999. This includes most of the construction work needed and advance payments for the new machine. The investment will not affect personnel requirements in 1999.

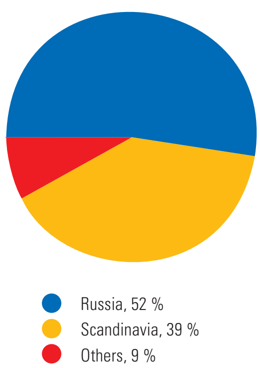
Volumes are forecast to increase on the previous year for both Alpress newspapers and other customers in Finland. No substantial changes are expected in paper prices. However, Alprint's net sales and profitability in 1999 are linked to changes in the Russian market. Changes in demand in Russia affect not only volumes but also the price levels of printed products in both the Finnish and Scandinavian markets.

The new Group companies, Pohjolan Sanomat Oyj and Kainuun Sanomain Kirjapaino Oy, will also have an effect on Alprint's business operations. The printing operations of these companies generated aggregate net sales of approximately FIM 50 million in 1998. How these printing operations will be integrated with Alprint's will be decided in 1999.

Distribution of net sales



Exports by region



PARENT COMPANY

Property management is one of the parent company Alma Media Corporation's responsibilities. In November Alma Media Corporation sold its 28.4 % holding in Alcap Oy.
Photo: Studio Paavo Heikkinen

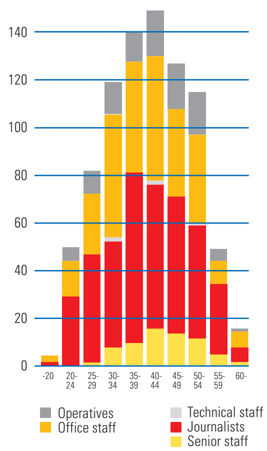
Alma Media Group's parent company is Alma Media Corporation. The parent company owns the shares of its operative subsidiaries and most of the Group's real estate. Alma Media Corporation is centrally responsible for the Group's financing and treasury functions and it engages in securities trading and other investment activities. The parent company's corporate administration comprises the Group's top management together with financial control, business development and corporate communications. The parent company also provides personnel administration, real estate management, legal, procurement and information technology services on behalf of the Group. Alma Media Corporation is also responsible for the Group's new media R&D activities, which are organized within two subsidiaries: Alma Media Net Ventures Oy and Alma Media Interactive Oy.

PERSONNEL

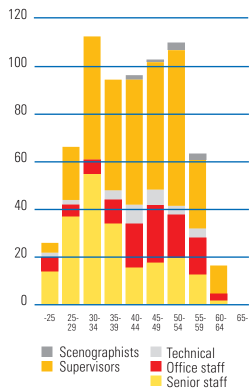
Alma Media Group's entire personnel were invited to a grand party to celebrate the birth of Alma Media.
Photo: Ilkka Leino

Alma Media Group had 2,905 (2,818) employees on average during the year including 1,085 (1,068) in Alpress, 726 (681) in MTV and 971 (963) in Alprint. Personnel in the Group's parent company and other operations numbered 123 (106), including 46 in Alma Media Corporation. Alpress also had 983 (970) additional part-time newspaper delivery staff.

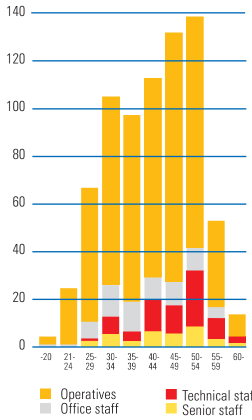
Age structure, Alpress



Age structure, MTV



Age structure, Alprint



The age structure and occupational qualifications of the personnel differ among the Group's divisions. Alprint's personnel tend more towards technical staff.

Alpress had 155 employees with university degrees, 126 of whom worked in editorial functions. A further 161 had college qualifications. MTV had 145 university graduates and 195 college graduates. Alprint had 17 university graduates and 57 college graduates.

The average standard of academic qualifications has risen in recent years. New blue-collar and white-collar employees are clearly better qualified than before and new recruits taken on by the Group's editorial departments are almost without exception university graduates.

Training and development of human resources

Alma Media places high priority on maintaining the high level of skills of its personnel and developing their expertise. In 1998 the Group spent some FIM 6.4 million on further education and training, which represented 1.0 % of the Group's entire payroll costs (1997: FIM 4.4 million, 0.7 %). This figure was broken down among the divisions as follows: Alpress FIM 2.3 million, MTV 2.5 million, Alprint FIM 0.9 million, and common training arranged by the parent company FIM 0.7 million.

Age structure

The recession at the start of the 1990s reduced employee turnover and consequently the average age of the Group's employees and their length of employment in the company had risen up until 1998, when the situation stabilized. Personnel in Alpress and MTV are on average a few years older than the optimum but in other respects the distribution is uniform. Employee turnover has been lowest in Alprint, which is also reflected in the age distribution of its personnel.

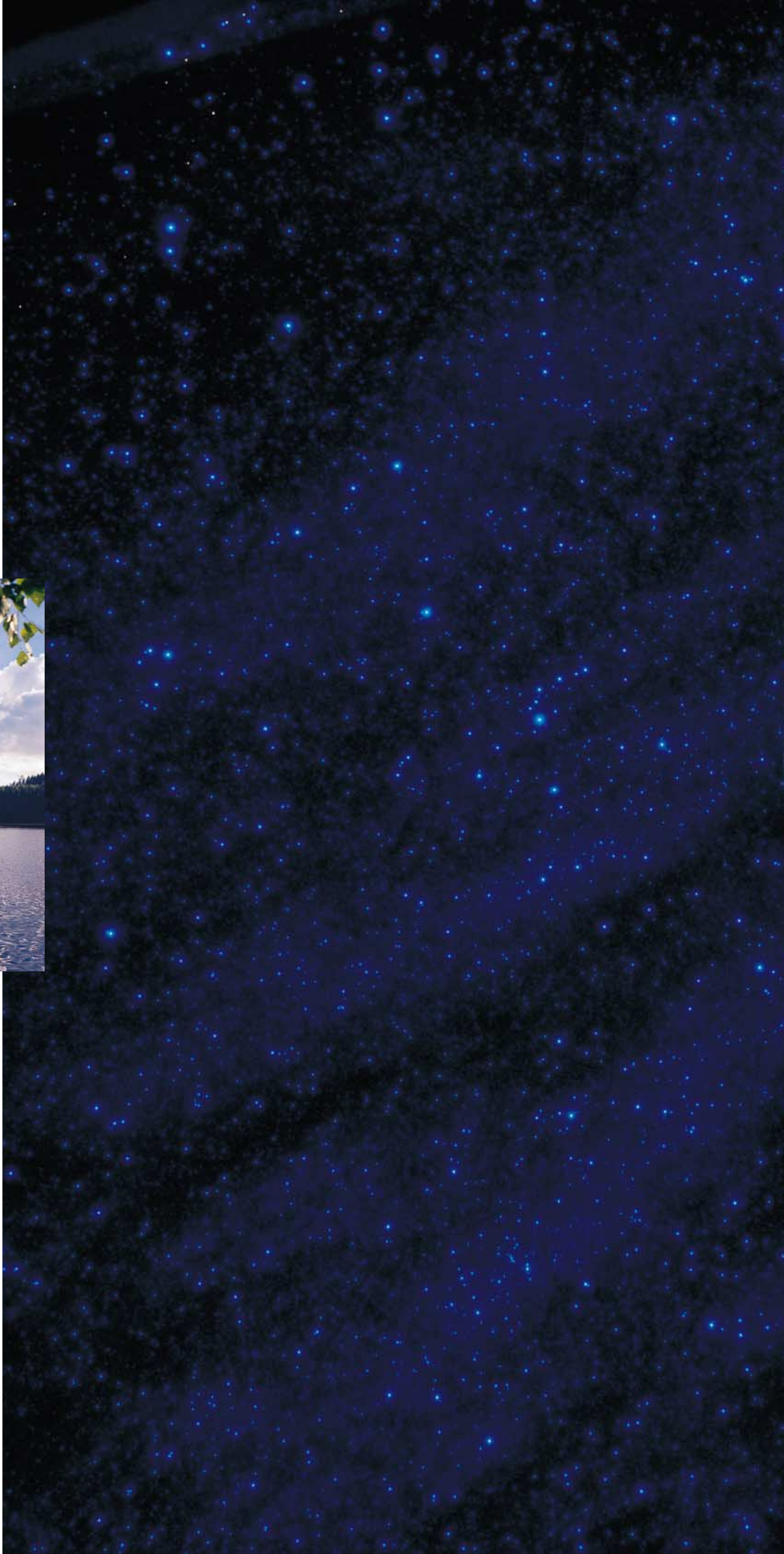


Photo: Finnish Press Agency

NEW MEDIA

According to an agreement signed with Nokia, Alma Media will begin planning and producing content services for Nokia's forthcoming wireless multimedia terminal devices.
Photo: Studio Paavo Heikkinen

At the end of 1998 Alma Media was producing about 20 Internet services and products. Every day more than 125,000 Finns use the Group's Internet services or read the electronic editions of its newspapers. The most popular of Alma Media's Internet services are Finland's largest Internet media in Finland, MTV3 Internet, which has 70,000 visitors daily; and IltalehtiOnline, with some 45,000 visitors daily.

The content of MTV3 Internet (MTV3I) was substantially expanded during 1998 with a range of peripheral services such as the AltaVista search engine and entertainment, skiing and children's services. Another new service was jyrki.com for young people, which by the end of the year had attracted more than 150,000 registered users. A further addition in MTV3I was an extensive travel service called Matkalla, an electronic marketplace for package tours created together with travel agencies.

IltalehtiOnline was introduced in 1995 and it now has more than 500,000 registered users, some 300,000 of whom used this service during 1998. KauppalehtiOnline, which is meant primarily for professional users, is used by almost 10,000 people every day. It costs nothing to read the electronic edition of Kauppalehti or to receive delayed market information, but Online's main purpose is to provide subscribable services and tools for investors. During the year KauppalehtiOnline's distribution was broadened to include corporate intranet systems, GSM mobile phones and paging systems. Alma Media's electronic newspapers have firmly established themselves as an extra service in their regions. Today 14 of Alma Media's newspapers are also produced in this format.

Alma Media introduced three "new media" products during the year: DIME Marketplace, DIME Shopping and the Jobline recruitment service. The DIME marketplace is an electronic marketplace for housing, office premises and recreational needs. Maintained and developed by Alma Media, DIME Marketplace covers roughly two-thirds of all premises for sale by estate agents in Finland. It contains all the sites offered by the country's four largest estate agents as well as those offered by the member companies of the Finnish Association of Real Estate Agents. The DIME database had more than 6,000 sites at the end of the year.

Electronic commerce via the Internet is becoming a major form of trading in several sectors. Sales of computers, books and CD-ROM products are already brisk today. For Alma Media, e-commerce opens up new opportunities to extend the company's range of services to its media customers. For this reason Alma Media set up DIME Shopping, a new service offering commercial premises for retail traders wishing to operate via the Internet.

Jobline Oy is a new company offering recruitment services on the Internet. Based on the business concept and software developed by Jobline AB in Sweden, Jobline Oy is tailored for the special needs of the Finnish market. Similar companies now operate in Sweden, Norway and Denmark. Alma Media owns 75 % of the Finnish Jobline Oy, the remaining 25 % being held by Jobline AB in Sweden.

According to Ad Facts Ltd, Internet advertising totalled FIM 22 million in 1998, an increase of 140 % on the previous year. Alma Media had roughly 40 % of this market at the year end.

At the beginning of 1999 Alma Media incorporated its new media business units into two companies: Alma Media Interactive Oy, with responsibility for new media business activities; and Alma Media Net Ventures Oy for R&D and product development. This reorganization clarified the division between R&D and business operations and at the same time confirmed "new media" as an integral part of the Group's business operations.

Alma Media's strategy is to take a pathfinding role in the "new media" sector, working closely with the best experts and universities in the world. In Finland these include the Helsinki University of Technology and the University of Tampere. Alma Media has also worked with the Media Laboratory of the Massachusetts Institute of Technology for a number of years and in 1998 the Group started research work with Stanford University. Alma Media also collaborates with business corporations. At the close of the year the company signed an agreement with Nokia Corporation ensuring Alma Media's participation in the development of services for Nokia's new-generation terminal devices using multimedia and mobile telecommunication networks.

In February 1999 the Iltalehti, Kauppalehti and Aamulehti newspapers started publication of a weekly housing supplement. This relies on the DIME service and its contents are also available on Teletext. The layout of MTV3I was updated on 11 February 1999, partly in order to reformat the www.mtv3.fi home page to resemble the user interface (EPG) of the future digital TV. At the same time MTV3I launched its ShopIt e-commerce concept, a turnkey sales system offering Finland's 40,000 small and medium-sized enterprises a simple and reliable way of getting online.

ALMA MEDIA CORPORATION
FINANCIAL STATEMENTS

REPORT BY THE BOARD OF DIRECTORS

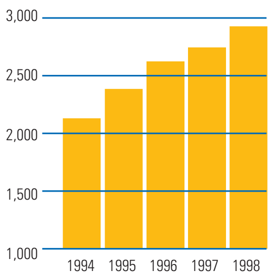
Alma Media strengthened its market position despite stronger competitive pressure. The year ended in line with expectations for the Group apart from the effect of stronger than expected turbulence from Russia. Consolidated net sales rose 3 % to FIM 2,815 million. The operating profit was FIM 242 (270) million and the equity ratio was 51 % (47 %). The dividend proposal is FIM 4.00 per share (FIM 3.30).

Alma Media Corporation began operating on 1 April 1998 following the merger of Aamulehti Corporation and MTV Corporation into a new media group. The shares of both companies were converted into Alma Media shares, which have been quoted on the Helsinki Exchanges from 1 April 1998. The merger was implemented using the pooling method and both companies have operated with a single set of accounts since the beginning of 1998. The figures for 1998 presented here are those of Alma Media Group and the 1997 figures are pro forma figures.

Business environment

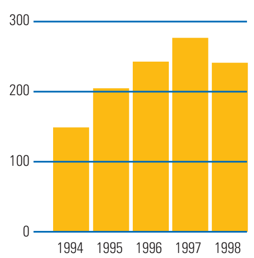
The Finnish economy grew faster in 1998 than forecast. According to Merita Bank, GDP rose 5.3 % (6.0 %). Rapid economic growth continued with inflation and interest rates remaining low. Unemployment figures continued to decline, albeit more slowly than predicted.

Net sales, MFIM



Strong economic growth also resulted in a rapid increase in media advertising. According to preliminary information released by Ad Facts Ltd, the volume of media advertising rose 11 % on the previous year to FIM 5.7 billion. Radio advertising increased 19 %, magazine advertising 17 %, newspaper advertising 11 %, and television advertising 7 %. According to the Finnish Newspapers Association, newspaper advertising volumes rose 7 %. The circulations of Finland's daily newspapers (4-7 issues per week) declined on average by 0.4 % (-0.3 %) but many regional newspapers in southern and central Finland increased their circulations.

Operating profit, MFIM



Demand for graphic products rose in Finland but the collapse of the Russian rouble in August, precipitated by Russia's economic crisis, rapidly reduced exports and lowered price levels in Finland as well as the western export markets. Price levels for paper were 0-5 % higher than one year before. The weakening of the Scandinavian currencies against the Finnish markka at the end of the year dampened exports of printed products further.

The figures for Alma Media's divisions in this bulletin are based on the Group's operational structure.

Net sales and result

Consolidated net sales totalled FIM 2,815 (2,727) million. The increase resulted from sharp growth in newspaper advertising revenues. Net sales of MTV and Alprint declined slightly on the previous year. Exports totalled FIM 359 (360) million, consisting almost entirely of exports of Alprint's printed products. Altogether 52 % (55 %) went to Russia, 39 % (36 %) to the Nordic countries, and 9 % (9 %) to other countries, principally Great Britain.

Other operating income totalled FIM 37 (25) million, comprising among other items MTV's sponsorship revenues and profits on the sale of shares by the parent company.

The largest associated company in Alma Media's consolidated financial accounts is the Swedish company TV4 AB. This company recorded net sales of 2,057 (1,846) million Swedish krona and a pre-tax profit of Skr 115 (135) million. Its 1998 result was weakened by one-time items amounting to approximately Skr 30 million. Alma Media's consolidated financial statements include its 23.4 % share of TV4 AB's result, less depreciation of goodwill on consolidation. TV4 AB contributed FIM -7 million to Alma Media's result. The aggregate contribution of associated companies to Alma Media's result totalled FIM –3 (+5) million. The other major associated companies were Pohjolan Sanomat Oyj for January to October, as well as Oy Suomen Uutisradio Ab (Finnish News Radio Ltd), Suomen Tietotoimisto Oy (Finnish News Agency Ltd), and Tampereen Tietoverkko Oy.

The Group's expenses rose 5 % on the previous year to FIM 2,439 (2,316) million. Apart from the increased volume of operations, the increase was due to editorial and marketing investments in Kauppalehti and Iltalehti totalling FIM 19 million. These investments paid off since Iltalehti retained its position as the Finnish newspaper with the fastest growing circulation. Kauppalehti's circulation increased as well despite the new competitor in the market.

Depreciation amounted to FIM 171 (171) million and included depreciation of goodwill totalling FIM 13 (14) million. The consolidated operating profit was FIM 242 (270) million. Alpress's operating profit rose FIM 30 million and MTV's FIM 15 million, but Alprint's operating profit decreased FIM 59 million. An internal change in pricing between Alpress and Alprint resulted in the transfer of FIM 30 million in operating profit from Alprint to Alpress. The economic problems in Russia reduced Alprint's operating profit by FIM 20 million.

Net financial expenses were FIM 18 (2) million. The increase was caused by the mainly debt-financed acquisition of the TV4 AB shares in December 1997. Financial expenses represented 1.0 % (0.7 %) of net sales. The consolidated profit before extraordinary items, taxes and minority interest was FIM 225 (269) million.

Extraordinary items, net, totalled FIM 18 (31) million. A FIM 17 million extraordinary gain was recorded in the consolidated financial statements when Alma Media Corporation sold its 28.4 % holding in Alcap Oy. This disposal had no material impact on the 1998 result of the parent company Alma Media Corporation.

The profit before taxes and minority interest was FIM 242 (300) million. Direct taxes totalled FIM 76 (66) million. Earnings per share were FIM 9.21 (12.71).

Capital expenditure

Capital expenditure totalled FIM 219 (661) million. FIM 97 million covered shares in fixed assets of the newspaper companies and similar items. The remainder, FIM 122 million, was employed for normal maintenance investments. During the year Alma Media Group raised its holding in Pohjolan Sanomat Oyj from 44 % to 78 % and acquired 27 % of the stock of Kainuun Sanomain Kirjapaino Oy.

Financing

The Group had FIM 158 (212) million in cash reserves and bank balances at the year end. Interest-bearing debt amounted to FIM 630 (736) million at the close of the year. The counter-value of debt denominated in foreign currency was FIM 14 (227) million. Gearing was 39 % (47 %).

Shareholders' equity and equity ratio

The balance sheet totalled FIM 2,457 (2,450) million. Shareholders' equity was FIM 1,205 (1,109) million. The accumulated depreciation difference was FIM 226 (214) million, which included FIM 163 (154) million entered under shareholders' equity and FIM 63 (60) million as deferred tax liabilities. Minority interests totalled FIM 28 (20) million. The equity ratio at the close of the period was 51 % (47 %). Shareholders' equity per share was FIM 76.60 (70.50).

Shares and ownership structure

Aamulehti Corporation and MTV Corporation shareholders became shareholders of Alma Media Corporation on 1 April 1998. Alma Media's shares have been quoted on the main list of the Helsinki Exchanges since 1 April 1998. Listing of the Aamulehti Corporation share ceased on 31 March 1998. The MTV Corporation share was not listed.

The Company's Board of Directors had no authorization to raise the share capital during the financial period. Alma Media Corporation's registered share capital at the year end totalled FIM 157 million. FIM 68 million of this comprised Series I shares and FIM 89 million Series II shares. At the end of the year 37 % of all the Company's shares were held in nominee accounts or owned by foreigners.

Personnel

The Group had 2,905 (2,818) employees on average during the year, as well as 983 (970) part-time newspaper delivery staff. The same figures at the close of the period were 2,997 (2,821) and 1,026 (958). The increase was due to the consolidation of Pohjolan Sanomat Oyj on 29 October 1998. The Pohjolan Sanomat group had 138 employees at the year end, as well as 79 part-time newspaper delivery staff.

Administration

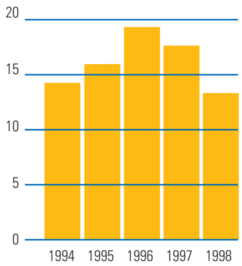
The Chairman of the Boards of Directors of the merged companies and of Alma Media Corporation was Mr Björn Mattsson and the Deputy Chairman was Mr Bengt Braun. The Board members were Mr Pekka Ala-Pietilä, Ms Pirkko Alitalo, Mr Matti Häkkinen, Mr Pentti Kivinen and Mr Olli Reenpää.

The Chairman of Alma Media Corporation's Supervisory Board was Mr Arjo Anttila and the Deputy Chairman was Mr Paavo Pitkänen. Mr Antero Siljola announced his resignation from the Supervisory Board on 14 September 1998. The Company's auditors were KPMG Wideri Oy Ab and SVH Pricewaterhouse Coopers Oy. Alma Media Corporation's President and CEO for the full year was Mr Matti Packalén.

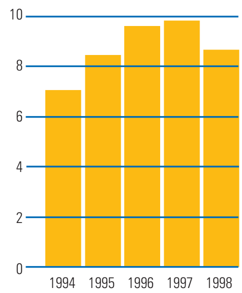
Alpress

Alma Media's newspaper publishing operations are the responsibility of its Alpress division. Alpress publishes two national newspapers, Iltalehti and Kauppalehti, and four leading regional newspapers: Aamulehti, Satakunnan Kansa, Lapin Kansa and Pohjolan Sanomat, all of which appear daily and are also

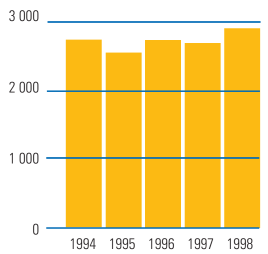
Return on investment, %



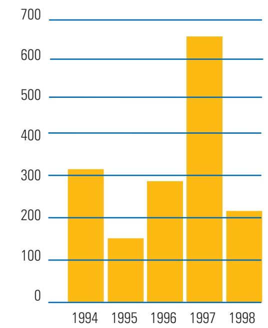
Operating profit, %



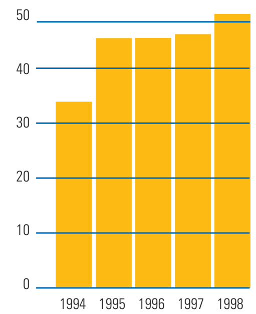
Employees on average



Capital expenditure, MFIM



Equity ratio, %



the top advertising media in their regions. Alpress also publishes 19 local, town and free-distribution newspapers. Alpress newspapers have altogether roughly two million readers.

Alpress recorded net sales of FIM 1,101 (1,014) million. This comprised advertising revenues of FIM 579 (512) million, circulation revenues of FIM 496 (481) million and other net sales totalling FIM 26 (21) million. The main items in other net sales were the external distribution revenues of Aamujakelu Oy, invoicing of the Treffi supplement and revenues from the Internet newspaper editions.

The increase in net sales was mainly attributable to favourable growth in advertising revenues. The circulations of the Alpress newspapers increased over 2 % on average, whereas the circulations of all Finland's newspapers declined by 1.6 % on average and the daily newspapers by 0.4 %. The circulation increases recorded by Iltalehti, 7 %, and Kauppalehti, over 1 %, were particularly commendable achievements in the new competitive conditions. Alpress's circulation revenues rose more than 2 %. The 11 % increase in advertising revenues of the Alpress newspapers corresponded with the national average. Aamulehti's advertising revenue increased 15 %, Kauppalehti's 13 % and Lapin Kansa's 18 %.

Editorial and marketing investments in Iltalehti and Kauppalehti, coupled with profit-based bonuses, increased Alpress's expenses by almost FIM 30 million. Alpress recorded an operating profit of FIM 150 (120) million.

MTV

Television advertising expenditure increased 7 %, i.e. slightly more slowly than average growth in media advertising expenditure, which meant that the share of television advertising fell one percentage point to 20 % of all media advertising.

MTV3 Channel's programme schedule proved a success. The new competitive environment had no noticeable impact on MTV3 Channel's share of viewing time, which was 42.2 % (43.6 %) of total television viewing time.

The MTV division's net sales declined by about one percent to FIM 1,068 (1,079) million. Sales of advertising time at the start of the year were lower than in the same period in 1997 but began to increase in the latter half of the year, exceeding the level for the same period in the previous year. However, sales of advertising time for the full year declined by FIM 15 million on the year before to FIM 1,020 million. Other net sales totalled FIM 48 (43) million and included income from production of commercials, recording sales, and revenue from MTV3 Internet and text TV.

Despite the slight drop in net sales, the MTV division's operating profit improved by FIM 15 million to FIM 111 (96) million. The main reason for this was a reduction in the operating license fee and network leasing payments. MTV's share of the Swedish TV4 AB's result and depreciation of goodwill on consolidation had a net impact of FIM –7 million on MTV's operating profit. At the close of the period MTV Oy owned 23.4 % of TV4 AB's stock. This is a long-term and strategic holding.

Alma Media holds a 48 % stake in Oy Suomen Uutisradio Ab, i.e. Radio Nova. Nova's net sales rose during 1998, its first full operating year, to FIM 53 million and it showed a slight profit.

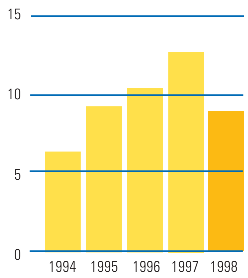
Alprint

Alprint is Alma Media's printing and graphic services division. Its operations are divided into two business units: Alprint Magazine Printing Group Ltd, which prints heat set products; and Alprint Newspaper Printing Group Ltd, which specializes in cold set and hybrid products. At the end of the year Alprint had 12 printing plants in Finland.

Market conditions fluctuated strongly during the year. During the first half of the year demand for magazines and other heat set products was extremely lively in Finland. Together with a rapid increase in export volumes, this led to capacity problems which generated extra costs. Conditions began to deteriorate significantly in August when Russia began experiencing economic difficulties and the Swedish and Norwegian currencies weakened against the Finnish markka. The collapse of the Russian rouble virtually halted exports of cold set products to Russia, which rapidly created heavy overcapacity throughout the printing industry in Finland. The effect of this was to reduce price levels of all printed products.

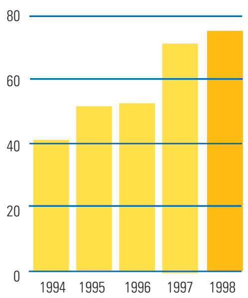
Alprint's net sales decreased roughly one percent compared to the previous year to FIM 880 (888) million. Exports totalled FIM 354 (358) million. Exports to Russia declined slightly to FIM 185 (195) million, following several years of uninterrupted growth. In the summer exports were still expected to rise substantially on the year before. Russia's economic difficulties had a particularly hard impact on publications dependent on local advertising for their revenues. For Alprint, adjustment to the rapid shrinking of its export

Earnings per share, FIM



The number of shares in the 1994 - 1997 pro forma figures is the number at 31 December 1998.

Shareholders' equity per share, FIM



The number of shares in the 1994 - 1997 pro forma figures is the number at 31 December 1998.

volumes gave rise to unscheduled costs. Newly-released capacity also reduced prices of printed products throughout Alprint's business.

Magazine products contributed FIM 494 (442) million and newspaper products FIM 391 (449) million to net sales. Despite the large increase in sales by the magazine printing plants, Alprint's result was clearly weaker than in the previous year. A change in internal pricing reduced Alprint Newspaper Printing Group Ltd's operating profit by FIM 30 million. The direct and indirect effects of Russia's economic crisis reduced Alprint's operating profit by roughly FIM 20 million. Alprint recorded an operating profit of FIM 29 (88) million. Alprint has started three projects to improve its competitiveness and profitability by concentrating its operations in larger business units. Four of Alprint's printing plants will be closed during the following two years.

Concentration of operations will not create significant one-time costs.

Parent company

The aggregate net sales of Aamulehti Corporation and MTV Corporation between 1 January and 31 March 1998 totalled FIM 16 million and their result was an operating loss of FIM 1 million. Since 1 April 1998 the Group's parent company has been Alma Media Corporation. In addition to managing the businesses of its subsidiaries, the parent company also owns real estate, trades in securities and engages in other investment activities. The parent company is centrally responsible for the Group's financial control and treasury functions. Alma Media Corporation's net sales between 1 April and 31 December 1998 amounted to FIM 50 million and it recorded an operating loss of FIM 31 million. Its net sales are derived mainly from rental income from properties and from charges for administrative services.

Alma Media Corporation has systematically released capital from its properties to support its core business. Divestments during the year included an industrial property in Helsinki and a commercial site in Tampere, totalling approximately FIM 80 million. A loss of over FIM 3 million was entered on these disposals.

New media

Alma Media Group has been pioneering research and development in new media in Finland for several years. The Group invests some FIM 20 – 25 million in this field annually. Today, more than 100,000 people avail themselves of Alma Media's digital services. Alma Media holds almost 40 % of the Finnish market for Internet advertising. Alma Media has placed all its new media operations under common management and established separate subsidiaries for planning and production. The new organization took effect on 1 January 1999.

Sales and marketing of Alma Media's Internet services have been grouped under Alma Media Interactive Oy. This company is responsible, among other things, for editorial production of MTV3 Internet and for strategic planning. Besides MTV3 Internet, Alma Media's largest Internet services are Iltalehti Online, Kauppalehti Online and Network-Aamulehti.

Alma Media Net Ventures Oy provides the technical services to support Alma Media's new media operations. This company also produces DIME, Finland's most comprehensive electronic marketplace for housing, office premises and recreational sites; Jobline recruitment services; and the DIME Shopping Mall, which operates only on the Internet. Alma Media Net Ventures Oy is also responsible for handling the Group's new media partners, coordination of R&D in new media, and collaboration with Finnish and international universities.

Local radio broadcasting

Alexpress has been responsible for Alma Media's local radio broadcasting activities and for a substantial proportion of the Group's research and development in new media. In 1998 Alma Media's local radio operations in Helsinki, Tampere and Oulu generated aggregate net sales of FIM 7 (11) million. This activity was unprofitable and in January 1999 Alma Media sold its three fully-owned local radio broadcasting companies.

The euro

Alma Media Group has decided to adopt the euro officially from the beginning of 2002. The Group operates principally in Finland and it has only a minor presence in the countries scheduled to adopt the euro first. Also, since most of the Group's foreign payment transactions take place in non-euro currencies, earlier adoption of the euro would not achieve savings or competitive advantage. However, the Group is prepared to adopt the euro earlier if market conditions or the basis for introduction of the euro change.

The year 2000

Alma Media's divisions have been taking measures since spring 1996 to eliminate the possible risks posed by the year 2000. The company has surveyed its information systems, identified the systems likely to be affected, and prepared upgrading plans. Separate project teams were set up in each division during 1998 to supervise the progress towards Year 2000 compliance. These teams reported directly to the division managers.

Alma Media Group's common financial control, payment and telecommunications systems have been assessed and upgraded to Year 2000 compliance. The BIOS systems in all the Group's almost 2,500 workstations and servers are being tested during 1999 and they will be upgraded with virus prevention software.

The Group has 185 information systems critical to its business operations which will be examined, upgraded or replaced to achieve Year 2000 compliance. This work is progressing according to plan. The total costs of the Group's various Year 2000 projects are estimated to be over FIM 10 million.

Subsequent events

In January Alma Media Corporation sold its local radio broadcasting companies in Helsinki, Tampere and Oulu to a newly established local radio chain and local entrepreneurs. This disposal will have no material impact on Alma Media's result for the current year.

In December 1998 the Council of State (the Finnish government) invited applications for new television licences. MTV Oy has applied for a licence to extend its current MTV3 Channel licence for analogue broadcasting operations for a further 10 years. The current licence expires in December 1999. MTV Oy also has a 44 % stake in CityTV Oy Helsinki, which has applied for a licence for regional analogue broadcasting in Greater Helsinki. This company's other shareholders include four universities in Greater Helsinki.

In addition to licences for analogue broadcasting, MTV Oy is applied for a licence for four digital broadcasting channels: MTV3 Digital, which will convert MTV3 Channel for digital broadcasting; MTV Plus targeted at teenagers and young adults; MTV Sport; and a regional digital channel, CityTV. Separate applications based on the CityTV format have also been submitted for licences for digital television broadcasting in Tampere and Turku, in cooperation with local enterprises and organizations.

Kainuun Sanomain Kirjapaino Oy became a subsidiary of Alma Media Group in February. Its consolidated net sales in 1998 totalled FIM 84 (80) million and it posted an operating profit of FIM 5 (5) million.

Prospects

New legislation concerning television and radio broadcasting came into effect in Finland on 1 January 1999 defining the licence fees payable by commercial television operators. These are now required to pay an operating fee on annual net sales exceeding FIM 20 million. The fee is FIM 6.5 million for net sales of FIM 60 million, and 24.5 % of net sales in excess of this level. The fee base was broadened as well since, in addition to net sales from advertising time, the fee is also levied on sponsoring revenues and advertising on text TV. These changes mean that the licence fee will account for an extra one percent of MTV's net sales, compared to 1998. A change in calculation principles will reduce the impact of changes in net sales on the licence fee.

MTV Oy's net sales are expected to increase and its result to remain at last year's level. Alma Media owns 48 % of the nationwide radio channel Radio Nova. Nova's net sales are expected to increase faster than the market average and its result to improve.

No major changes are forecast to take place in paper prices. The profitability of the graphic products industry in Alprint's main businesses depends on how the Russian market develops, and above all on the spin-off effects of changes in this market. 1998 showed that changes in the Russian market have a significant effect on price levels throughout Scandinavia.

Current forecasts indicating growth in the Finnish economy are based on an increase in consumer demand. Barring significant economic deterioration, Alma Media's net sales are expected to rise and Alpress, in particular, is expected to post a strong result.

The Russian situation, recent news on weakening industrial prospects, and announcements of personnel layoffs are casting uncertainty over consumer behaviour.

The formation of the results of the media companies is subject to strong seasonal volatility and in this respect the second and fourth quarters of the year are far more significant for Alma Media Corporation's performance than the first and third quarters.

NET SALES BY DIVISION

	1998		1997	
	MFIM	MEUR	MFIM	MEUR
Alpress	1,101	185	1,014	171
MTV	1,068	180	1,079	181
Alprint	880	148	888	149
Parent company and other operations	79	13	76	13
Intragroup sales	-313	-53	-330	-55
Total	2,815	473	2,727	459

OPERATING PROFIT BY DIVISION

	1998		1997	
	MFIM	MEUR	MFIM	MEUR
Alpress	150	25	120	20
MTV	111	19	96	16
Alprint	29	5	88	15
Parent company and other operations	-50	-8	-44	-7
Group entries	2	0	10	1
Total	242	41	270	45

AVERAGE PERSONNEL BY DIVISION

	1998	1997
Alpress	1,085	1,068
MTV	726	681
Alprint	971	963
Parent and other companies	123	106
Total	2,905	2,818
In addition part-time newspaper delivery staff	983	970

CONSOLIDATED INCOME STATEMENT (FIM million)

	1 Jan. - 31 Dec. 1998	(Pro forma) 1 Jan. - 31 Dec. 1997
Net sales	**2,814.9**	2,727.3
Increase (+), decrease (-) in stocks of finished goods	**0.3**	1.3
Share of profits from associated companies	**-**	4.5
Other operating income	**37.5**	24.9
Expenses:		
Materials and supplies:		
Purchases during period	**407.3**	374.7
Increase (-), decrease (+) in stocks	**0.4**	-1.7
External services	**346.5**	313.5
Personnel expenses	**836.1**	778.4
Rentals	**372.7**	429.3
Share of losses from associated companies	**3.4**	-
Other expenses	**472.8**	422.1
	-2,439.2	-2,316.3
Operating profit before depreciation	**413.5**	441.7
Depreciation:		
On fixed assets and other long-term costs	**158.0**	157.6
On goodwill on consolidation	**13.1**	13.8
	-171.1	-171.4
Operating profit	**242.4**	270.3
Financing income and expenses:		
Dividend income	**0.7**	0.8
Avoir fiscal tax credit	**0.4**	0.2
Interest income on long-term investments	**0.8**	0.8
Other interest income	**8.5**	14.4
Other financing income	**0.8**	3.7
Share of profits/losses from associated companies	**0.2**	-0.5
Interest expenses	**-28.4**	-16.7
Other financing expenses	**-0,6**	-2.8
Depreciation on investments	**-0.1**	-1.5
	-17.7	-1.6
Profit before extraordinary items, taxes and minority interests	**224.7**	268.7
Extraordinary income and expenses:		
Extraordinary income	**18.2**	52.6
Extraordinary expenses	**-0.5**	-21.3
	17.7	31.3
Profit before taxes and minority interests	**242.4**	300.0
Direct taxes:		
Taxes for the year	**-73.3**	-60,4
Taxes from prior years	**-1.3**	0.7
Computed change in deferred tax liability	**-1.4**	-6.6
	-76.0	-66.3
Profit before minority interests	**166.4**	233.7
Minority interest from profit for the year	**-3.9**	-3.1
Net profit for the year	**162.5**	230.6

CONSOLIDATED FUNDS STATEMENT (FIM million)

	1998	1997
OPERATIONS		
Income:		
Operating profit before depreciation *)	416.9	437.2
Financing income and expenses	-0.6	0.4
Extraordinary items	17.7	31.4
Taxes	-76.0	-66.3
Minority interest from profit for the year	-3.9	-3.1
	354.1	399.6
CHANGE IN WORKING CAPITAL		
Inventories, increase (-), decrease (+)	-49.0	-34.6
Current receivables, increase (-), decrease (+)	-24.0	-13.3
Interest-free short-term debt, increase (+), decrease (-)	-68.6	3.6
	-141.6	-44.3
CASH FLOW FROM OPERATIONS	212.5	355.3
CAPITAL EXPENDITURE		
Investments in fixed assets	-249.9	-652.0
Disposals of fixed assets	59.9	13.9
	-190.0	-638.1
CASH FLOW BEFORE FINANCING	22.5	-282.8
FINANCING		
Increase (-), decrease (+) in long-term receivables	-6.5	-9.5
Increase (-), decrease (+) in current receivables	-1.5	1.4
Increase (+) in long-term loans	400.0	50.0
Decrease (-) in long-term loans	-60.5	-233.0
Increase (+), decrease (-) in current loans	-360.1	392.3
Dividend distribution	-55.7	-39.4
Share issue	0.8	31.7
	-83.5	193.5
Calculated increase (+), decrease (-) in liquid funds	-61.0	-89.3
Corrective items **)	7.0	-9.7
Balance sheet increase (+), decrease (-) in liquid funds	-54.0	-99.0

*) Operating profit before depreciation differs from operating profit before depreciation in the income statement owing to entries for associated companies.
**) Change in obligatory provisions and minority interests.

CONSOLIDATED BALANCE SHEET (FIM million)

	31 Dec. 1998	31 Dec. 1997
ASSETS		
FIXED ASSETS AND OTHER LONG-TERM INVESTMENTS		
Intangible assets:		
Intangible rights	0.5	0.4
Goodwill	1.2	1.3
Goodwill on consolidation	94.9	100.3
Other long-term expenses	79.8	90.4
Advances paid	2.1	0.2
	178.5	192.6
Tangible assets:		
Land and water areas	48.0	52.3
Buildings and structures	377.8	426.8
Machinery and equipment	481.9	479.4
Other tangible assets	11.5	12.4
Advances paid and uncompleted procurements	5.4	7.4
	924.6	978.3
Securities and other long-term investments:		
Shares and holdings in associated companies	553.7	578.1
Other shares and holdings	129.9	61.3
Loans receivable	13.5	11.1
Receivables from consolidated loans	15.5	11.6
Other investments	0.2	0.0
	712.8	662.1
CURRENT ASSETS		
Inventories:		
Materials and supplies	27.3	25.6
Work in progress	5.1	4.9
Finished goods/materials	0.6	0.9
Other inventories	0.2	0.6
Advances paid	173.5	125.8
	206.7	157.8
Receivables:		
On sales	181.8	170.5
On loans	10.1	5.1
Deferred assets	59.9	63.7
Other receivables	24.0	7.4
	275.8	246.7
Cash on hand and in banks	158.3	212.3
	2,456.7	2,449.8

CONSOLIDATED BALANCE SHEET (FIM million)

	31 Dec. 1998	31 Dec. 1997
SHAREHOLDERS’ EQUITY AND LIABILITIES		
SHAREHOLDERS’ EQUITY		
Restricted equity		
Share capital	157.3	157.1
Reserve fund	300.8	300.1
Revaluation fund	72.8	78.2
	530.9	535.4
Non-restricted equity		
Prior year profit	511.6	343.2
Profit for the year	162.5	230.6
	674.1	573.8
MINORITY INTEREST	27.8	20.4
OBLIGATORY PROVISIONS	5.2	5.5
LIABILITIES		
Long-term:		
Loans from financial institutions	533.7	209.8
Pension loans	10.2	4.2
Computed deferred tax liability	63.5	60.0
Other long-term debt	29.7	30.2
	637.1	304.2
Current:		
Loans from financial institutions	81.9	442.5
Pension loans	0.5	0.1
Advances received	55.1	48.9
Accounts payable	145.5	174.4
Deferred liabilities	253.4	212.4
Other current liabilities	45.2	132.2
	581.6	1,010.5
	2,456.7	2,449.8

PARENT COMPANY INCOME STATEMENT (FIM million)

	1 Apr. - 31 Dec. 1998
Net sales	50.5
Other operating income	1.0
Expenses:	
Personnel expenses	19.7
Rentals	8.1
Other expenses	31.7
	-59.5
Operating loss before depreciation	-8.0
Depreciation:	
On fixed assets and other long-term costs	-23.4
Operating loss	-31.4
Financing income and expenses:	
Dividend income	17.5
Avoir fiscal tax credit	1.9
Interest income on long-term investments	0.6
Other interest income	29.5
Interest expenses	-24.1
Other financing expenses	-0.4
Depreciation on investments	-0.1
	24.9
Loss before extraordinary items, voluntary provisions and taxes	-6.5
Extraordinary income and expenses:	
Extraordinary income	192.0
Extraordinary expenses	-1.9
	190.1
Profit before voluntary provisions and taxes	183.6
Increase (-), decrease (+) in depreciation difference	2.0
Direct taxes:	
Taxes for the year	-53.3
Net profit for the year	132.3

PARENT COMPANY BALANCE SHEET (FIM million)

	31 Dec. 1998
ASSETS	
FIXED ASSETS AND OTHER LONG-TERM INVESTMENTS	
Intangible assets:	
Other long-term expenses	17.9
Tangible assets:	
Land and water areas	33.1
Buildings and structures	248.3
Machinery and equipment	9.0
Other tangible assets	3.7
	294.1
Securities and other long-term investments:	
Shares in subsidiary companies	370.1
Shares and holdings in associated companies	8.9
Other shares and holdings	39.2
Loans receivable	69.0
Receivables from consolidated loans	2.0
	489.2
CURRENT ASSETS	
Receivables:	
On sales	2.3
On loans	1,074.7
Deferred assets	4.2
	1,081.2
Cash on hand and in banks	125.6
	2,008.0

PARENT COMPANY BALANCE SHEET (FIM million)

	31 Dec. 1998
SHAREHOLDERS' EQUITY AND LIABILITIES	
SHAREHOLDERS' EQUITY	
Restricted equity:	
Share capital	157.3
Reserve fund	300.8
Revaluation fund	72.8
	530.9
Non-restricted equity:	
Contingency fund	121.4
Prior year profits	328.5
Profit for the year	132.3
	582.2
VOLUNTARY PROVISIONS	
Accumulated depreciation difference	16.6
LIABILITIES	
Long-term:	
Loans from financial institutions	527.0
Other long-term debt	19.0
	546.0
Current:	
Loans from financial institutions	79.5
Advances received	0.2
Accounts payable	4.5
Deferred liabilities	60.2
Other current liabilities	187.9
	332.3
	2,008.0

PARENT COMPANY FUNDS STATEMENT (FIM million)

	1 Apr. - 31 Dec. 1998
OPERATIONS	
Income:	
Operating profit before depreciation	-8.0
Financing income and expenses	24.9
Extraordinary items	190.1
Taxes	-53.3
	153.7
CHANGE IN WORKING CAPITAL	
Current receivables, increase (-), decrease (+)	29.9
Interest-free short-term debt, increase (+), decrease (-)	27.4
	57.3
CASH FLOW FROM OPERATIONS	211.0
CAPITAL EXPENDITURE	
Investments in fixed assets	-13.6
Disposals of fixed assets	474.5
	460.9
CASH FLOW BEFORE FINANCING	671.9
FINANCING	
Increase (-), decrease (+) in long-term receivables	5.8
Increase (-), decrease (+) in current receivables	-592.0
Increase (+) in long-term loans	400.0
Decrease (-) in long-term loans	-71.5
Increase (+), decrease (-) in current loans	-347.9
Dividend distribution	-
	-605.6
Calculated increase (+), decrease (-) in liquid funds	66.3
Balance sheet increase (+), decrease (-) in liquid funds	66.3

NOTES TO THE FINANCIAL STATEMENTS

Accounting principles

The financial statements have been prepared in accordance with the Accounting Act of 10 August 1973 / 655 and the Accounting Ordinance of 30 December 1992 / 1575.
The consolidated financial statements of Alma Media Group cover the period 1 January - 31 December 1998. The comparative consolidated figures for 1997 are pro forma figures for Alma Media Group and are unaudited. The financial statements of the Group's parent company, Alma Media Corporation, cover the period 1 April - 31 December 1998 without comparative figures since Alma Media Corporation started as a new company on 1 April 1998.

Scope of consolidation and accounting principles

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 share stock 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.
Housing and real estate companies are not consolidated.
Companies not consolidated in the annual accounts in no way prevent the Company from giving a true and fair view of its performance and financial position.
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 are allocated mainly to the balance sheet items concerned. The remainder of goodwill on consolidation is amortized over a period of 10 years.
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. Goodwill (assets) is amortized, and goodwill (liabilities) is charged to the income statement over 10 years, or 20 years in the case of television operations.

Valuation of 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 basis.
Securities included under inventories are valued at the lower of the share price on the last day of trading or at their acquisition price.

Fixed assets and other long-term investments

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.

Foreign currency items

Foreign currency items are translated into Finnish markka at the Bank of Finland's 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 long-term loans and arising during the accounting period are taken to Other Financial Income and Expenses in the income statement.
In the consolidation of foreign companies, the average exchange rate during the year is used in the income statement, and elsewhere the Bank of Finland's average rate on the balance sheet date.

Pension commitments

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

(FIM million)

1. NET SALES, OPERATING PROFIT/LOSS AND PERSONNEL

Net sales, operating profit/loss and personnel by division	Net sales		Operating profit/loss		Personnel on average *)	
	1998	1997	1998	1997	1998	1997
Alpress	1,100.6	1,013.7	150.0	119.8	1,085	1,068
MTV	1,067.7	1,079.0	111.4	96.2	726	681
Alprint	880.5	888.3	28.8	88.4	971	963
Parent company and other operations	78.8	76.1	-49.9	-43.7	123	106
Intragroup sales	-312.7	-329.8	2.1	9.6	-	-
Total	2,814.9	2,727.3	242.4	270.3	2,905	2,818
*) In addition part-time newspaper deliverers.					983	970

Net sales by market area	Group		Parent company
	1998	1997	1998
Finland	2,455.9	2,366.8	50.5
Other Nordic countries	141.7	130.9	-
Russia	185.3	195.7	-
Other countries	32.0	33.9	-
Total	2,814.9	2,727.3	50.5

2. PERSONNEL EXPENSES

	Group		Parent company
	1998	1997	1998
Wages and salaries	653.0	594.7	10.6
Pension costs *)	120.2	108.6	8.4
Transfers to personnel fund	-	10.1	-
Other staff-related costs **)	62.9	65.0	0.7
Personnel costs in income statement	836.1	778.4	19.7
Benefits in kind (taxation value)	10.6	9.9	0.8
Salaries and fees to members of the Supervisory Board, Board of Directors and presidents	14.1	13.1	1.7

*) Includes pension insurance premiums and transfers to pension funds to cover pension liability.

**) Includes obligatory personnel costs.

3. PLANNED DEPRECIATION

	Group		Parent company
	1998	1997	1998
Intangible assets	0.1	0.1	-
Goodwill	0.1	0.1	-
Other long-term expenses	30.1	28.3	12.0
Buildings and structures	19.0	21.1	8.7
Machinery and equipment	107.2	106.8	2.5
Other tangible assets	1.5	1.2	0.2
Total	158.0	157.6	23.4
Depreciation of goodwill on consolidation	13.1	13.8	
Total	171.1	171.4	

4. FINANCING INCOME AND EXPENSES

	Group 1998	Group 1997	Parent company 1998
Financing income received from Group companies:			
Dividend income			-
Other interest income			27,9
Financing expenses paid to Group companies:			
Interest expenses			-4.4
Exchange rate differences:			
Gains	0.8	2.2	-
Losses	-	-1.2	-

5. EXTRAORDINARY INCOME AND EXPENSES

	Group 1998	Group 1997	Parent company 1998
Extraordinary income:			
Returned expense items	1.4	-	-
Profit on sales	16.5	46.5	-
Group contributions received	-	-	192.0
Other extraordinary income	0.3	6.1	-
Total	18.2	52.6	192.0
Extraordinary expenses:			
Expenses from receivables	-	-	-1.9
Costs from merger of Aamulehti Corporation and MTV Corporation	-	-19.9	-
Other extraordinary expenses	-0.5	-1.4	-
Total	-0.5	-21.3	-1.9

6. TAXES

	Group 1998	Group 1997	Parent company 1998
Taxes for the year	-73.3	-60.4	-53.3
Taxes from prior years	-1.3	0.7	-
Computed change in deferred tax liability	-1.4	-6.6	-
	-76.0	-66.3	-53.3

7. RESEARCH AND DEVELOPMENT COSTS

The Group's research and development costs were FIM 23.6 million (1997 FIM 15.6 million). No research and development costs were capitalized.

8. GROUP AND PARENT COMPANY SHARES AND HOLDINGS

GROUP COMPANIES OWNED BY PARENT COMPANY

Company/domicile	Group voting rights %	Group ownership %	Shares owned by Parent company Ownership %	Number	Nominal value FIM (1,000)	Book value FIM (1,000)
Alexpress Oy, Tampere	100.0	100.0	100.0	10	100	100
Alma Media Interactive Oy, Helsinki	100.0	100.0	100.0	50	50	50
Alma Media Net Ventures Oy, Helsinki	100.0	100.0	100.0	50	50	50
Alpress Oy, Tampere	100.0	100.0	90.1	10,000	10,000	11,200
Alprint Oy, Vantaa	100.0	100.0	100.0	20,000	20,000	20,000
Antinkadun Tietotekniikka Oy, Helsinki *)	100.0	100.0	100.0	2,000	2,000	-
Domiras Oy, Helsinki	60.0	60.0	60.0	900	9	11
Doraprint Oy, Tampere	100.0	100.0	100.0	3,334	100	-
Kiint. Oy Veneentekijäntie 20, Helsinki	100.0	100.0	100.0	20,657	103	22
Lapin Kansa Oy, Rovaniemi	62.9	62.4	28.4	85,209	1,704	19,173
Marcenter Oy, Tampere	100.0	100.0	100.0	1,500	15	15
Marsania Oy, Tampere	100.0	100.0	100.0	1,500	15	15
Minara-tek Oy, Tampere	100.0	100.0	100.0	1,500	15	15
MTV Oy, Helsinki	100.0	100.0	100.0	200,100	200,100	319,100
Nanomet Oy, Tampere	100.0	100.0	100.0	1,500	15	15
Somy Oy, Tampere	100.0	100.0	100.0	100	1	203
Sovartec Oy, Tampere	100.0	100.0	100.0	1,500	15	15
Tampereen Viestintä Oy, Tampere	100.0	100.0	100.0	10	100	100

*) Company placed in receivership.

GROUP COMPANIES OWNED THROUGH SUBSIDIARIES

Company/domicile	Group voting rights %	Group ownership %	Shares owned by subsidiaries of Parent company Ownership %	Number	Nominal value FIM (1,000)	Book value FIM (1,000)
Aamujakelu Oy, Tampere	100.0	100.0	100.0	15	15	15
Alpress Oy, Tampere	100.0	100.0	9.9	1,100	1,100	2,000
Alprint AB, Stockholm	100.0	100.0	100.0	100	100	71
Alprint Aikakauslehtipainot Oy, Tampere	100.0	100.0	100.0	25,000	25,000	17,049
Alprint Sanomalehtipainot Oy, Vantaa	100.0	100.0	100.0	50,000	50,000	50,018
Arctic Press Oy, Rovaniemi	100.0	100.0	100.0	830	83	67
City-TV Oy Pirkanmaa, Helsinki	100.0	100.0	100.0	50	50	50
City-TV Oy Suomi, Helsinki	100.0	100.0	100.0	50	50	50
City-TV Oy Turku, Helsinki	100.0	100.0	100.0	50	50	50
Funny-Films Oy, Helsinki	71.2	71.2	71.2	712	214	345
Jobline Oy, Helsinki	75.0	75.0	75.0	7,500	75	75
Karenstock Oy, Helsinki	100.0	100.0	100.0	100	150	589
Kiint. Oy Liike- ja Autokulma, Rovaniemi	79.2	79.2	79.2	5,940	594	7,696
Kustannus Oy Aamulehti, Tampere	100.0	100.0	100.0	20,000	20,000	20,000
Kustannus Oy Otsikko, Tampere	100.0	100.0	100.0	3,480	52	102
Kustannusosakeyhtiö Iltalehti, Vantaa	100.0	100.0	100.0	3,000	3,000	3,001
Kustannusosakeyhtiö Kauppalehti, Vantaa	100.0	100.0	100.0	3,000	3,000	3,001
Kustannusosakeyhtiö Uusi Suomi, Vantaa	100.0	100.0	100.0	15	15	15
Lapin Kansa Oy, Rovaniemi	62.9	62.4	34.0	101,954	2,039	39,821
Masbete Oy, Helsinki	100.0	100.0	100.0	150	15	23
Meri-Lapin Kustannus Oy, Kemi	100.0	100.0	100.0	100	15	-
MTV-Palvelukiinteistöt Oy, Helsinki	100.0	100.0	100.0	100,000	10,000	20,000
MTV-Tuotanto Oy, Helsinki	100.0	100.0	100.0	240	240	240
MTV-Viihde Oy, Helsinki	100.0	100.0	100.0	240	240	240
MTV Media Oy, Helsinki	100.0	100.0	100.0	15,000	15,000	29,888
Osakeyhtiö Harjavallan Kustannus, Harjavalta	99.2	99.2	99.2	5,953	60	633
Oulun Seudun Paikallisradio Oy, Helsinki	100.0	100.0	100.0	50	50	50

Company/domicile	Group voting rights %	Group ownership %	Shares owned by subsidiaries of Parent company Ownership %	Number	Nominal value FIM (1,000)	Book value FIM (1,000)
Oy Alprint International Ltd, Vantaa	100.0	100.0	100.0	150	150	151
Oy Patakakkonen Ab, Helsinki	100.0	100.0	100.0	150	15	23
Oy Patakuutonen Ab, Helsinki	100.0	100.0	100.0	150	15	23
Oy Patanelonen Ab, Helsinki	100.0	100.0	100.0	150	15	23
Oy Pataviitonen Ab, Helsinki	100.0	100.0	100.0	150	15	23
Oy Pataykkönen Ab, Helsinki	100.0	100.0	100.0	150	15	23
Oy Ristikakkonen Ab, Helsinki	100.0	100.0	100.0	150	15	23
Oy Ristikolmonen Ab, Helsinki	100.0	100.0	100.0	150	15	23
Oy Ristinelonen Ab, Helsinki	100.0	100.0	100.0	150	15	23
Oy Ristiviitonen Ab, Helsinki	100.0	100.0	100.0	150	15	23
Oy Ristiykkönen Ab, Helsinki	100,0	100.0	100.0	150	15	23
Oy Ruutukakkonen Ab, Helsinki	100.0	100.0	100.0	150	15	23
Oy Ruutukolmonen Ab, Helsinki	100.0	100.0	100.0	150	15	23
Oy Ruutuviitonen Ab, Helsinki	100.0	100.0	100.0	150	15	23
Oy Ruutuykkönen Ab, Helsinki	100.0	100.0	100.0	150	15	23
Plauttus Oy, Helsinki	100.0	100.0	100.0	150	15	2,912
Pohjoiskaira Oy, Kemi	100.0	100.0	100.0	100	15	-
Pohjolan Jakelutoimisto Oy, Kemi	100.0	100.0	100.0	100	15	19
Pohjolan Sanomat Oy, Kemi	68.4	78.7	78.7	964,452	4,822	27,410
Porin Sanomat Oy, Pori	100.0	100.0	100.0	100	15	15
PS-Print Oy, Kemi	100.0	100.0	100.0	750	750	750
Puossakka Oy, Helsinki	100.0	100.0	100.0	1,520	228	63
Radio Kolme Oy, Helsinki	100.0	100.0	100.0	200	400	2,232
Satajulkaisut Oy, Pori	100.0	100.0	100.0	150	15	265
Satakunnan Kirjateollisuus Oy, Pori	100.0	100.0	100.0	76,400	7,640	152,182
Suomen Paikallissanomat Oy, Tampere	100.0	100.0	100.0	2,700	2,700	2,700
Tampereen Seudun Paikallisradio Oy, Tampere	100.0	100.0	100.0	5,000	500	2,135
Tuotantoyhtiö FOR Oy, Helsinki	100.0	100.0	100.0	12,500	5,000	5,000

ASSOCIATED COMPANIES OWNED BY PARENT COMPANY

Company/domicile	Group voting rights %	Group ownership %	Shares owned by Parent company Ownership %	Number	Nominal value FIM (1,000)	Book value FIM (1,000)
Kiint. Oy Keuruun Tervaportti, Keuruu *)	28.2	28.2	28.2	299	30	1,240
Kiint. Oy Kylmäsenkulma, Kemijärvi *)	20.3	20.3	20.3	5,065	51	1,185
Kytöpirtti Oy, Seinäjoki *)	43.2	43.2	43.2	3,150	315	315
Nokian Uutistalo Oy, Nokia *)	36.9	36.9	36.9	36,921	37	1,481
Suomen Tietotoimisto Oy, Helsinki	27.4	27.4	24.1	36,662	440	105
Tampereen Tietoverkko Oy, Tampere	34.9	34.9	34.9	837	4,185	4,585

*) Not included in the consolidated financial statements.

ASSOCIATED COMPANIES OWNED THROUGH SUBSIDIARIES

Company/domicile	Group voting rights %	Group ownership %	Shares owned by subsidiaries of Parent company Ownership %	Number	Nominal value FIM (1,000)	Book value FIM (1,000)
As. Oy Vammalan Reku, Vammala *)	21.0	21.0	21.0	293	114	1,413
Baltic News Service Ltd., Tallinn	22.5	22.5	22.5	11,250	43	2,182
City-TV Oy, Helsinki	45.0	45.0	45.0	45	5	-
Color Link Oy, Vantaa	24.2	24.2	24.2	16	4	650
Finn-Lab Oy, Helsinki	38.0	38.0	38.0	1,140	1,140	1,140
Finnprint Osuuskunta, Helsinki	33.3	33.3	33.3	6	24	-
Kainuun Sanomain Kirjapaino Oy, Kajaani *)	26.8	26.8	26.8	4,690	188	10,721
Karhuvisio Oy, Pori	25.8	22.2	22.2	322	322	261
Kiint. Oy Oulaisten Kulma, Oulainen *)	35.0	35.0	35.0	5,263	5	1,529
Kustannus Oy Otsikko, Tampere	34.2	34.2	34.2	29,800	18	-
MTV-Tele Oy, Helsinki	48.0	48.0	48.0	48	7	1,321
Oy Suomen Uutisradio Ab, Helsinki	48.0	48.0	48.0	1,440	1,440	1,559
Porin Kaupunkitieto-Media Oy, Pori	50.0	50.0	50.0	100	15	-
Radio Meri-Lappi Oy, Kemi	50.0	50.0	50.0	625	625	327
Suomen Lehdentekijät -Group Oy, Helsinki	25.0	25.0	25.0	15,000	1,500	4,648
Suomen Uutisvirta Oy, Helsinki	20.0	20.0	20.0	20	20	20
Tornionlaakson Kustannus Oy, Pello	50.0	50.0	50.0	150	150	150
TV4 AB, Stockholm **)	20.0	23.4	23.4	4,684,315	14,678	534,412

*) Not included in the consolidated financial statements.
The financial period of associated companies consolidated in the Group accounts was 12 months and ended on 31 December 1998.
**) Stock exchange value on 31 Dec. 1998 was FIM 279 million.

OTHER SHARES AND HOLDINGS OWNED BY THE PARENT COMPANY

	Group ownership %	Shares owned by Parent company Ownership %	Number	Nominal value FIM (1,000)	Book value FIM (1,000)
As. Oy Litukanpuisto, Tampere	7.4	7.4	106	53	2,150
As. Oy Kaskiniitty, Espoo	15.0	15.0	2,838	28	2,889
As. Oy Kataja, Helsinki	8.0	8.0	10	-	5,776
As. Oy Töölö-Hesperia, Helsinki	3.4	3.4	30	3	975
As. Oy Viiskulma, Helsinki	4.3	4.3	7	35	3,810
As. Oy Wuorimies, Helsinki	2.0	2.0	3	2	1,477
El Mirador De Calahonda, Spain	-	-	-	-	280
Helsingin Puhelin Oyj, Helsinki	-	-	3,510	18	298
HEX Oy, Helsinki	-	-	24,400	150	150
Kiint. Oy Jämsän Sarkala, Jämsä	9.3	9.3	810	2	233
Kiint. Oy Kurun Koivulehto, Kuru	13.7	13.7	1,235	123	134
La Siesta De Calahonda, Spain	-	-	-	-	389
Lippupalvelu Oy, Helsinki	4.8	4.8	150	6	300
Maakuntien Viestintä Oy, Helsinki *)	27.0	1.5	10,000	1,000	1,017
Radiolinja Oy Ab, Helsinki	0.6	0.6	20	100	100
Suomen Kansallisviestintä Oy, Helsinki **)	75.0	32.5	6,500	650	650
Tampereen Puhelin Oyj	0.1	0.1	45,750	457	1,492
WSOY, Helsinki	0.5	0.5	57,738	577	16,550
Other shares and holdings					526

OTHER SHARES OWNED THROUGH SUBSIDIARIES 90,748

Information on shares owned by the Group are abbreviated from the official financial statements.

*) Group voting rights 15.8 %
**) Group voting rights 13.0 %

9. TANGIBLE AND INTANGIBLE ASSETS

INTANGIBLE ASSETS	Group		Parent company
	1998	1997	1998
Intangible rights:			
Acquisition cost 1 Jan. (Parent company 1 Apr.)	0.6	0.6	-
Increases	0.1	-	-
Decreases	-	-	-
Acquisition cost 31 Dec.	0.7	0.6	-
Acc. planned depreciation 31 Dec.	-0.2	-0.2	-
Book value 31 Dec.	0.5	0.4	-
Goodwill:			
Acquisition cost 1 Jan. (Parent company 1 Apr.)	1.7	2.4	-
Increases	-	-	-
Decreases	-	-0.7	
Acquisition cost 31 Dec.	1.7	1.7	-
Acc. planned depreciation 31 Dec.	-0.5	-0.4	-
Book value 31 Dec.	1.2	1.3	-
Goodwill on consolidation:			
Acquisition cost 1 Jan.	126.0	130.6	
Increases	7.7	1.4	
Decreases	-	-6.0	
Acquisition cost 31 Dec.	133.7	126.0	
Acc. planned depreciation 31 Dec.	-38.8	-25.7	
Book value 31 Dec.	94.9	100.3	
Other long-term expenses:			
Acquisition cost 1 Jan. (Parent company 1 Apr.)	262.8	236.5	144.4
Increases	21.9	27.7	0.5
Decreases	-24.4	-1.4	-12.6
Acquisition cost 31 Dec.	260.3	262.8	132.3
Acc. planned depreciation 31 Dec.	-180.5	-172.4	-114.4
Book value 31 Dec.	79.8	90.4	17.9
Advances paid:			
Acquisition cost 1 Jan. (Parent company 1 Apr.)	0.2	3.0	-
Increases	2.1	1.2	-
Decreases	-0.2	-4.0	-
Acquisition cost 31 Dec.	2.1	0.2	-
Book value 31 Dec.	2.1	0.2	-

TANGIBLE ASSETS	Group		Parent company
	1998	1997	1998
Land and water areas:			
Acquisition cost 1 Jan. (Parent company 1 Apr.)	52.3	52.3	34.1
Increases	2.5	-	0.1
Decreases	-6.8	-	-1.1
Acquisition cost 31 Dec.	48.0	52.3	33.1
Book value 31 Dec.	48.0	52.3	33.1
Revaluations in acquisition cost:			
Revaluations 1 Jan.	6.7	6.7	-
Revaluations 31 Dec.	3.3	6.7	-

	Group 1998	Group 1997	Parent company 1998
Buildings and structures:			
Acquisition cost 1 Jan. (Parent company 1 Apr.)	601.0	598.3	377.6
Increases	22.8	2.7	0.2
Decreases	-70.1	-	-57.0
Acquisition cost 31 Dec.	553.7	601.0	320.8
Acc. planned depreciation 31 Dec.	-175.9	-174.2	-72.5
Book value 31 Dec.	377.8	426.8	248.3
Revaluations in acquisition cost:			
Revaluations 1 Jan. (Parent company 1 Apr.)	84.0	84.5	79.0
Revaluations 31 Dec.	91.9	84.0	79.0
Machinery and equipment:			
Acquisition cost 1 Jan. (Parent company 1 Apr.)	1,069.8	1,095.7	16.7
Increases	153.5	93.2	4.4
Decreases	-24.1	-119.1	-2.0
Acquisition cost 31 Dec.	1,199.2	1,069.8	19.1
Acc. planned depreciation 31 Dec.	-717.3	-590.4	-10.1
Book value 31 Dec.	481.9	479.4	9.0
Share of machinery and equipment in book value 31 Dec.	350.5	377.5	-
Other tangible assets:			
Acquisition cost 1 Jan. (Parent company 1 Apr.)	17.5	13.5	5.2
Increases	0.6	4.0	0.1
Decreases	-1.0	-	-
Acquisition cost 31 Dec.	17.1	17.5	5.3
Acc. planned depreciation 31 Dec.	-5.6	-5.1	-1.6
Book value 31 Dec.	11.5	12.4	3.7
Advances paid and projects in progress:			
Acquisition cost 1 Jan. (Parent company 1 Apr.)	7.4	8.0	-
Increases	5.3	7.4	-
Decreases	-7.3	-8.0	-
Acquisition cost 31 Dec.	5.4	7.4	-
Book value 31 Dec.	5.4	7.4	-

10. TAXATION VALUES OF FIXED ASSETS

	Group 1998	Group 1997	Parent company 1998
Land	19.5	26.3	8.4
Buildings and structures	215.7	227.0	115.1
Shares and holdings	1,213.5	1,091.2	441.7

Book value used if taxation value not available.

11. LONG-TERM INVESTMENTS IN GROUP AND ASSOCIATED COMPANIES

	Group 1998	Group 1997	Parent company 1998
Group companies:			
Shares in subsidiary companies	-	-	370.1
Shares in associated companies	553.7	578.1	8.9
Loans receivable from Group companies	-	-	58.7
Receivables from consolidated loans from Group companies	-	-	2.0
Loans receivable from associated companies	-	10.0	-
Receivables from consolidated loans from associated companies	15.5	11.6	-
Other investments	0.2	-	-

12. CURRENT LIABILITIES

Difference between acquisition cost of shares and holdings and their market value:	Group 1998	Group 1997	Parent company 1998
Market value	0.2	0.6	-
Book value	0.2	0.6	-

Receivables from Group companies:	Parent company 1998
Accounts receivable	0.5
Loans receivable	1,069.8
Total	1,070.3

Receivables from associated companies:	Group 1998	Group 1997	Parent company 1998
Accounts receivable	0.5	0.3	-
Loans receivable	-	0.3	-
Deferred assets	-	0.3	-
Total	0.5	0.9	-

Other receivables includes the acquisition cost of shares, FIM 21.1 million, to be realized shortly after the closing of the accounts.

13. PENSION LIABILITIES AND LOANS GRANTED TO MANAGEMENT

According to agreements, the president and the three executive vice presidents of the Parent company are entitled to retire on reaching 60 years of age.
The balance sheet contains no financial loans to Parent company or Group management.

14. SHAREHOLDERS' EQUITY

	Group 1998	Group 1997	Parent company 1998
Restricted equity:			
Share capital on 1 Jan. (Parent company 1 Apr.)	157.1	135.9	157.3
Bonds converted	0.2	21.2	-
Share capital on 31 Dec.	157.3	157.1	157.3
Share issue on 1 Jan. (Parent company 1 Apr.)	-	53.0	-
Bonds converted	-	31.7	-
Registered bond converted	-	-84.7	-
Share issue on 31 Dec.	-	-	-
Reserve fund on 1 Jan. (Parent company 1 Apr.)	300.1	236.6	300.8
Issue premium	0.7	63.5	-
Reserve fund on 31 Dec.	300.8	300.1	300.8
Revaluation fund on 1 Jan. (Parent company 1 Apr.)	78.2	78.2	72.8
Reversal of revaluations	-5.4	-	-
Revaluation fund on 31 Dec.	72.8	78.2	72.8
Restricted equity on 31 Dec.	530.9	535.4	530.9

	Group 1998	Group 1997	Parent company 1998
Non-restricted equity:			
Contingency fund 1 Jan. (Parent company 1 Apr.)	-	-	121.4
Contingency fund 31 Dec.	-	-	121.4
Retained earnings 1 Jan. (Parent company 1 Apr.)	573.8	382.6	328.5
Dividend distribution	-51.8	-39.4	-
Changes in translation difference	-10.4	-	-
Profit for the year	162.5	230.6	132.3
Retained earnings 31 Dec.	674.1	573.8	460.8
Non-restricted equity 31 Dec.	674.1	573.8	582.2

Parent company share capital	31 Dec. 1998 No.	31 Dec. 1998 FIM
Series I (1 vote/share)	6,771,586	67,715 860
Series II (1 vote/10 shares)	8,958,474	89,584 740
Total	15,730,060	157,300 600

The Company held none of its own shares.

15. PARENT COMPANY ACCUMULATED DEPRECIATION DIFFERENCE

	Acc. dep. diff. 31 Dec. 1998	Change in acc. dep. diff. 1. Apr.-31 Dec. 1998
Intangible assets		
Other long-term expenses	0.1	0.1
Tangible assets:		
Buildings and structures	15.9	-2.6
Machinery and equipment	0.6	0.5
Total	16.6	-2.0

16. ACCUMULATED DEPRECIATION DIFFERENCE OF GROUP

	1998	1997
Accumulated depreciation difference	226.4	214.3
Included in Group balance sheet:		
In non-restricted shareholders' equity	162.9	154.3
In computed deferred tax liability	63.5	60.0
Tax rate used	28 %	28 %

17. OBLIGATORY PROVISIONS

	Group 1998	Group 1997	Parent company 1998
Pension liabilities	2.2	5.1	-
Other obligatory provisions	3.0	0.4	-
Total	5.2	5.5	-

18. LIABILITIES

Liabilities due for payment in five years or more	Group 1998	Group 1997	Parent company 1998
Loans from financial institutions	2.5	5.0	2.4
Pension loans	8.4	3.6	-
Other long-term loans	59.7	29.7	19.0
Total	70.6	38.3	21.4

Debts to Group companies	1998
Current accounts payable	0.3
Other current debt	185.0
Total	185.3

19. PLEDGES AND CONTINGENT LIABILITIES

	Group		Parent company
	1998	1997	1998
Against own debt			
Assets pledged	15.6	402.2	8.1
Mortgages on land and buildings	184.7	252.1	183.9
Chattel mortgages	152.1	140.9	90.0
Guarantees	2.9	2.3	-
Against debt of Group company			
Guarantees			2.1
On behalf of associated companies			
Guarantees	0.3	7.5	-
On behalf others			
Guarantees	4.3	0.1	-
Other own commitments:			
Leasing commitments	6.2	10.2	-
Buy-back commitments	-	43.8	-
Other commitments	0.1	0.1	-
Total	366.2	859.2	284.1

Group leasing payments fall due:	Group	Parent company
In 1999	3.2	-
After 1999	3.0	-

PLEDGES

The TV4 AB shares held as loan collateral were no longer pledged at the end of the period.

20. DERIVATIVE CONTRACTS

Foreign currency loans totalling FIM 14 million and denominated in DEM and FRF were hedged using forward contracts and currency swaps. The exchange rate differences on these loans and the derivative results compared to the balance sheet are entered under other financial income and expenses.

21. FIVE YEARS IN FIGURES 1998 - 1994

		1998	%	1997	%	1996	%	1995	%	1994	%
Net sales	MFIM	2,815		2,727		2,599		2,383		2,139	
Operating profit	MFIM	242	8.6	270	9.9	245	9.4	202	8.5	156	7.3
Profit before extraordinary items, taxes and minority interests	MFIM	225	8.0	269	9.9	235	9.0	183	7.7	125	5.8
Profit before taxes and minority interests	MFIM	242	8.6	300	11.0	238	9.2	213	8.9	133	6.2
Net profit for the year	MFIM	163	5.8	231	8.5	167	6.4	181	7.6	110	5.1
Return on shareholders' equity	%	12.6		19.8		18.8		20.4		17.9	
Return on investments	%	13.6		17.8		19.2		16.4		14.0	
Equity ratio	%	51.3		47.1		46.3		45.8		35.3	
Gross capital expenditure	MFIM	219	7.8	661	24.2	283	10.9	152	6.4	306	14.3
Research and development costs	MFIM	24	0.9	16	0.6	11	0.4	11	0.5	10	0.5
Full-time personnel, average		2,905		2,818		2,825		2,627		2,826	
Part-time newspaper deliverers, average		983		970		848		568		615	
Personnel total, average		3,888		3,788		3,673		3,195		3,441	

22. PER SHARE DATA 1998 - 1997*)

		1998		1997
Earnings per share	FIM	9.21		12.71
Shareholders' equity per share	FIM	76.60		70.50
Dividend per share	FIM	4.00	**)	
Payout ratio	%	43.4	**)	
Effective dividend yield, Series I	%	2.4	**)	
Effective dividend yield, Series II	%	2.4	**)	
P/E ratio, Series I		18.3		
P/E ratio, Series II		17.9		
Adjusted share prices, Series I				
Highest	FIM	270.00		
Lowest	FIM	140.00		
Average	FIM	197.12		
On 31 Dec.	FIM	169.00		
Adjusted share prices, Series II				
Highest	FIM	235.00		
Lowest	FIM	130.00		
Average	FIM	181.76		
On 31 Dec.	FIM	165.00		
Market capitalization, Series I	MFIM	1,144.4		
Market capitalization, Series II	MFIM	1,478.1		
Market capitalization, total	MFIM	2,622.5		
Turnover, Series I	1,000	501		
Turnover, Series II	1,000	1,620		
Turnover, total	1,000	2,121		
Relative turnover, Series I	%	7.4		
Relative turnover, Series II	%	18.1		
Total relative turnover	%	13.5		
Adjusted average number of shares, Series I	1,000	6,772		
Adjusted average number of shares, Series II	1,000	8,954		
Adjusted average number of shares, total	1,000	15,726		
Adjusted number of shares on 31 Dec., Series I	1,000	6,772		
Adjusted number of shares on 31 Dec., Series II	1,000	8,958		
Adjusted number of shares on 31 Dec., total	1,000	15,730		

*) Quotation of Alma Media Corporation's shares on the Helsinki Exchanges began on 1 April 1998.
For this reason share trends and trading volume are presented for the period 1 April - 31 December 1998.
**) Proposal of the Board

23. 10 PRINCIPAL SHAREHOLDERS 31 DEC. 1998

		Series I	Series II	Total	% of shares	% voting rights
1.	Tidnings AB Marieberg	1,549,155	2,089,523	3,638,678	23.1	22.9
2.	United Magazines Ltd	914,636	1,114,778	2,029,414	12.9	13.4
3.	Pohjola Group	426,879	242,327	669,206	4.3	5.9
	- Pohjola Non-Life Insurance Company Ltd	*350,469*	*65,940*	*416,409*	*2.6*	*4.7*
	- Pohjola Life Assurance Company Ltd	*51,389*	*154,000*	*205,389*	*1.3*	*0.9*
	- Suomi Mutual Life Assurance Company	*25 ,021*	*22,387*	*47,408*	*0.3*	*0.4*
4.	Nokia Group	390,993	520,219	911,212	5.7	5.7
	- Nokia Corporation	*151,276*	*201,274*	*352,550*	*2.2*	*2.2*
	- Nokia Mobile Phones	*150,450*	*200,175*	*350,625*	*2.2*	*2.2*
	- Nokia Telecommunications	*59,000*	*78,500*	*137,500*	*0.9*	*0.9*
	- Nokia Multimedia Network Terminals	*30,267*	*40,270*	*70,537*	*0.4*	*0.4*
5.	Sampo Group	298,539	214,685	513,224	3.3	4.2
	- Industrial Insurance Company Ltd	*193,197*	*100,000*	*293,197*	*1.9*	*2.6*
	- Sampo Life Insurance Company Ltd	*105,342*	*114,685*	*220,027*	*1.4*	*1.5*
6.	C V Åkerlund Fund	278,228	15,419	293,647	1.9	3.6
7.	Ilmarinen Mutual Pension Insurance Company	243,087	298,449	541,536	3.4	3.6
8.	Mutual Pension Insurance Company Varma-Sampo	228,898		228,898	1.5	3.0
9.	The Local Government Pensions Institution	104,170	292,105	396,275	2.5	1.7
10.	Federation of Finnish Textile and Clothing Industries	128,600		128,600	0.8	1.7
Total		4,563,185	4,787,505	9,350,690	59.4	65.7
Nominee-registered		257,614	2,005,852	2,263,466	14.4	6.0
Others		1,950,787	2,165,117	4,115,904	26.2	28.3
Total		6,771,586	8,958,474	15,730,060	100.0	100.0
Members of the Supervisory Board and Board of Directors, the President and Executive Vice Presidents		34,290	1,306	35,596	0.2	0.4

24. OWNERSHIP STRUCTURE 31 DEC. 1998

	Number of owners	Proportion %	No. of shares	% of shares
Corporations	230	6.9	4,017,247	25.6
Financial and insurance institutions *)	51	1.4	4,061,227	25.8
Public entities	31	0.9	1,921,784	12.2
Non-profit organizations	109	3.3	729,545	4.7
Households and individuals	2,887	87.1	1,307,137	8.3
Foreign ownership	12	0.4	3,656,056	23.2
In general account			37,064	0.2
Total	3,320	100.0	15,730,060	100.0

25. DISTRIBUTION OF OWNERSHIP 31 DEC. 1998

Number of shares	Number of owners	Proportion %	No. of shares	% of shares
1 - 100	1,708	51.4	60,097	0.4
101 - 1,000	1,225	36.9	444,809	2.8
1,001 - 10,000	307	9.3	890,280	5.7
10,001 - 100,000	60	1.8	2,128,244	13.5
100,001 - 1,000,000	17	0.5	4,256,008	27.1
1,000,001 -	3	0.1	7,913,558	50.3
In general account			37,064	0.2
Total	3,320	100.0	15,730,060	100.0

*) Includes nominee-registered shares.

26. CALCULATION OF KEY INDICATORS

Return on shareholders' equity (ROE) (%)	$\frac{\text{Profit/loss before extraordinary items - taxes for period}}{\text{Shareholders' equity + minority interests + voluntary provisions (average)}} \times 100$
Return on investment (ROI) (%)	$\frac{\text{Profit/loss before extraordinary items + interest and other financing expenses}}{\text{Balance sheet total - interest-free liabilities (average)}} \times 100$
Equity ratio (%)	$\frac{\text{Shareholders' equity + minority interests}}{\text{Balance sheet total - advances received}} \times 100$
Earnings per share	$\frac{\text{Profit/loss before extraordinary items - minority interests on profit for the period + minority interests on loss for the period - taxes for period}}{\text{Average number of shares adjusted}}$
Nominal dividend per share	Dividend per share approved by AGM. In 1998 this corresponded with the Board's proposal to the AGM.
Adjusted dividend per share	$\frac{\text{Total dividend paid on the financial year}}{\text{Adjusted number of shares on 31 Dec.}}$
Payout ratio	$\frac{\text{Dividend per share for the financial year}}{\text{Profit/loss before extraordinary items +/- minority interests on profit for the period - taxes for period}} \times 100$
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	$\frac{\text{Shareholders' equity according to the balance sheet}}{\text{Adjusted number of shares on 31 Dec.}}$
Market capitalization of share stock	Number of shares x share price on 31 Dec.

PROPOSAL OF THE BOARD OF DIRECTORS

On 31 December 1998 the Group's non-restricted shareholders' equity totalled FIM 674,122,929.65, which included distributable funds of FIM 511,172,397.92.

The Parent Company's non-restricted equity totalled FIM 582,232,804.12. There were 15,730,060 shares carrying dividend rights.

The Board of Directors proposes to the Annual General Meeting that a dividend of FIM 4.00 per share be paid, i.e. FIM 62,920,240 and that the remainder of the year's profit FIM 69,407,926.38 be retained.

Helsinki, 17 February 1999

Björn Mattsson

Pekka Ala-Pietilä   Pirkko Alitalo   Bengt Braun

Matti Häkkinen   Pentti Kivinen   Olli Reenpää

Matti Packalén
President and CEO

AUDITORS' REPORT

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 accounting period ended 31 December 1998. Alma Media Corporation was formed on 1 April 1998 as a result of a combination merger between Aamulehti Corporation and MTV Corporation. The financial statements of the formed parent company cover the period from 1 April to 31 December 1998. The consolidated financial statements for the accounting period from 1 January to 31 December 1998 have been prepared as a combination of the consolidated financial statements of the merged groups. Comparative figures for the previous years have been presented as combinations of the audited consolidated financial statements of the merged groups.

The financial statements, which have been prepared by the Board of Directors and the President, include the report by the Board of Directors and the consolidated and parent company income statements, balance sheets and notes to the financial statements. 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 a 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 presentation of the financial statements. The purpose of our audit of administration is to establish that the Supervisory Board, the Board of Directors and the President 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 Supervisory Board, the Board of Directors and the President of the parent company can be discharged from liability for the period audited by us. The proposal made by the Board of Directors on how to deal with the net profit for the accounting period is in compliance with the Finnish Companies Act.

We have reviewed the interim reports made public by the company during the year. It is our understanding that the interim reports have been prepared in accordance with the rules and regulations governing the preparation of such reports in Finland.

Helsinki, 18 February 1999

KPMG Wideri Oy Ab
Mauri Palvi
Authorized Public Accountant

SVH Pricewaterhouse Coopers Oy
Tauno Haataja
Authorized Public Accountant

STATEMENT BY THE SUPERVISORY BOARD

We have examined the 1998 financial statements of Alma Media Corporation for the period 1 April – 31 December, the consolidated financial statements for the period 1 January – 31 December 1998, and the Auditors' Report. Based on our review, we recommend that Alma Media Corporation's income statement for the period 1 April – 31 December 1998 and its balance sheet at 31 December 1998, as well as the consolidated income statement for the period 1 January – 31 December 1998 and the consolidated balance sheet at 31 December 1998, be approved and that the retained earnings for the year be dealt with in the manner proposed by the Board of Directors.

Helsinki, 25 February 1999

The Supervisory Board

SHARES AND SHAREHOLDERS

Aamulehti Corporation and MTV Corporation were merged according to 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 HEX Ltd, Helsinki Securities and Derivatives Exchange, Clearing House (Helsinki Exchanges) from 1 April 1994. Listing of the Aamulehti Corporation share on the Helsinki Exchanges ceased on 31 March 1998. The MTV Corporation share was not traded publicly.

Alma Media Corporation has two share series. Shares in both series have a nominal value of FIM 10 per share. The Series I share carries one vote per share, and the Series II share one vote per ten shares, at shareholders' meetings. In all other respects the two share series are identical.

According to Alma Media Corporation's Articles of Association the share capital is minimum FIM 100 million and maximum FIM 400 million. 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 FIM 157,300,600 and comprised 6,771,586 Series I shares and 8,958,474 Series II shares.

Aamulehti Corporation and MTV Corporation shareholders became shareholders in Alma Media Corporation in the following manner. One (1) Alma Media Corporation Series I share of nominal value FIM 10 was given in exchange for one (1) Aamulehti Corporation Series I share of nominal value FIM 10. One (1) Alma Media Corporation Series II share of nominal value FIM 10 was given in exchange for one (1) Aamulehti Corporation Series II share of nominal value FIM 10.

Fifty-nine (59) Alma Media Corporation Series I shares and 78½ Alma Media Corporation Series II shares of nominal value FIM 10 were given in exchange for one (1) MTV Corporation share of nominal value FIM 500. In cases where the number of Alma Media Corporation Series II shares to be given as consideration formed an odd number because of the number of shares to be converted, a whole number of Alma Media Corporation Series II shares was given and additional consideration of FIM 80 was paid in cash for the remaining fraction.

Voting at shareholders' meetings

Each shareholder is entitled to vote at shareholders' meetings with the full number of shares that he or she represents with the restriction that the maximum number of votes may be at most 1/10th of the total number of votes represented at the meeting.

Ownership structure

On the balance sheet date the Company had 3,320 shareholders in book-entry accounts. Altogether 2,263,466 shares were nominee-registered. Nominee-registered shares and shares held outside Finland represented 37.5 % of the Company's shares. Foreigners holding nominee-registered shares are entitled only to financial rights such as the right to receive dividends and to subscribe for shares. Shareholders who do not register their shares in their own name are not permitted to participate, or exercise the votes carried by their shares, in general shareholder meetings.

Redemption obligation

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

Authorizations to raise the share capital

The Company's Board of Directors had no authorizations to raise the share capital, nor to float bonds with warrants and/or convertible bonds during 1998.

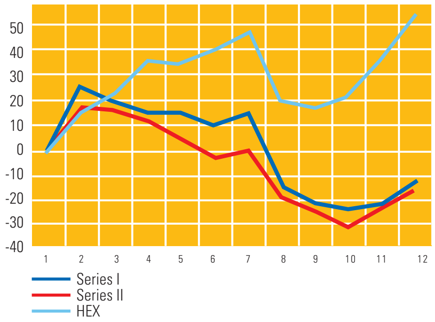
Management holdings

On 31 December 1998 the members of the Supervisory Board, the Board of Directors, the President and CEO, and the Executive Vice Presidents held altogether 34,290 Series I shares and altogether 1,306 Series II shares, entitling them to 0.4% of the voting rights.

Share taxation value

The Finnish taxation values of the Alma Media Corporation shares confirmed for 1998 were FIM 120,00 for each Series I share and FIM 120,00 for each Series II share.

Share performance 1998



Shareholder agreements

Alma Media Corporation is aware of one agreement relating to ownership of the Company's shares. On 17 December 1998 Kustannusosakeyhtiö Otava, the parent company of United Magazines Ltd, announced that it had signed an option agreement with Mutual Pension Insurance Company Varma-Sampo, Industrial Insurance Ltd and Life Insurance Company Nova. According to this agreement, the aforementioned companies have the joint option between 22 December – 30 December 2003 to acquire altogether 709,747 Series I shares and 865,056 Series II shares of Alma Media Corporation from Kustannusosakeyhtiö Otava or a company indicated by it.

Comparative data

Comparative data for the previous financial year are not available for all figures in this annual report since Alma Media Corporation was formed through the merger on 1 April 1998 of the publicly listed company Aamulehti Corporation and the non-listed MTV Corporation during the course of the financial year.

Trading code

Alma Media Corporation's share series are referred to as ALM1V and ALM2V on the Helsinki Exchanges. Alma Media Corporation's stock exchange bulletins for the current and previous financial years are available for examination in the Company's home pages on the Internet, www.almamedia.fi.

Consolidated income statement and balance sheet in Finnish markka and euro

CONSOLIDATED INCOME STATEMENT

	1998 MFIM	MEUR	1997 MFIM	MEUR
NET SALES	2,815	473	2,727	459
Share of profits/losses of associated companies	-3	-1	5	1
Other operating income	37	6	25	4
Expenses	-2,607	-437	-2,487	-419
OPERATING PROFIT	242	41	270	45
Financial income and expenses	-18	-3	-2	0
PROFIT BEFORE EXTRAORDINARY ITEMS	225	38	269	45
Extraordinary items	18	3	31	5
PROFIT BEFORE TAXES AND MINORITY INTERESTS	242	41	300	50
Taxes	-76	-13	-66	-10
Minority interests	-4	-1	-3	-1
NET PROFIT	163	27	231	39

CONSOLIDATED BALANCE SHEET

	1998 MFIM	MEUR	1997 MFIM	MEUR
ASSETS				
FIXED ASSETS AND OTHER LONG-TERM INVESTMENTS				
Intangible assets	84	14	93	16
Goodwill on consolidation	95	16	100	17
Tangible assets	924	155	978	164
Investments	713	120	663	111
CURRENT ASSETS				
Inventories	207	35	158	27
Receivables	276	46	246	41
Cash and bank receivables	158	27	212	36
	2,457	413	2,450	412
SHAREHOLDERS' EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY	1,205	202	1,109	187
MINORITY INTERESTS	28	5	20	3
OBLIGATORY PROVISIONS	5	1	6	1
LIABILITIES				
Long-term	637	107	304	51
Current	582	98	1,011	170
	2,457	413	2,450	412

GROUP ADMINISTRATION

SUPERVISORY BOARD 17 FEBRUARY 1999

Chairman **Arjo Anttila**, 66, DSc HC, term of office two years, starting 1 April 1998
Deputy Chairman **Paavo Pitkänen**, 56, President and CEO of Varma-Sampo Mutual Pension Insurance Company, term of office two years, starting 1 April 1998

Matti Ahde, 53, Managing Director of Oy Veikkaus Ab, term of office one year, starting 1 April 1998
Ari Heiniö, 53, Managing Director of Oy Stockmann Ab, term of office two years, starting 1 April 1998
Asmo Kalpala, 48, Chief Executive Officer of Tapiola Insurance Group, term of office three years, starting 1 April 1998
Matti Kavetvuo, 54, Managing Director of Valio Oy, term of office three years, starting 1 April 1998
Jukka Koivisto, 39, Executive Director of Economic Information Bureau, term of office one year, starting 1 April 1998
Arto Liinpää, 55, Managing Directori of Markkinointi Viherjuuri, term of office one year, starting 1 April 1998
Jonas Nyrén, 47, Executive Vice President & CFO of Bonnier AB, term of office three years, starting 1 April 1998
Jukka Rantala, 47, Managing Director of Federation of Finnish Insurance Companies, term of office three years, starting 1 April 1998
Jarmo Raveala, 39, Architect, term of office two years, starting 1 April 1998
Antero Siljola, 56, President and CEO of Werner Söderström Osakeyhtiö - WSOY, term of office one year, starting 1 April 1998 (Mr Siljola announced his resignation from the Supervisory Board on 14 September 1998.)

Personnel representatives on the Supervisory Board

Kari Asikainen, 41, Journalist, term of office one year, starting 1 April 1998
Asko Haapaniemi, 55, Offset Printer, term of office three years, starting 1 April 1998
Vesa Kallionpää, 38, Political correspondent, term of office two years, starting 1 April 1998

BOARD OF DIRECTORS
17 FEBRUARY 1999

Björn Mattsson, 58
President & CEO of
Cultor Corporation
Chairman of the Board

Bengt Braun, 52
President and CEO of
Bonnier AB
Deputy Chairman of the Board

Pekka Ala-Pietilä, 42
Executive Vice President of
Nokia Corporation

Pirkko Alitalo, 49
Senior Executive Vice President of
Pohjola Insurance Company Ltd.

Matti Häkkinen, 52
LL.B.

Pentti Kivinen, 55
Managing Director of
The Finnish Fair Corporation

Olli Reenpää, 64
Managing Director of
Otava Publishing Company Ltd.

GROUP EXECUTIVE BOARD 17 FEBRUARY 1999

Matti Packalén, 51, MSc (Eng.), MSc (Econ.), President and CEO, Chairman
Eero Pilkama, 56, MSc, Executive Vice President and deputy to the CEO, President of MTV Oy with responsibility for Alma Media Corporation's television and national radio broadcasting activities
Heikki Saraste, 47, MSc (Eng.), Executive Vice President, President of Alpress Oy, head of Alma Media Corporation's newspaper publishing business
Risto Takala, 54, MSc (Econ.), Executive Vice President, President of Alprint Oy, head of Alma Media Corporation's graphic services business
Jaakko Nieminen, 57, BSc (Eng.), Senior Vice President, Corporate Development
Ritva Sallinen, 49, MSc (Econ.), Senior Vice President, Finance

AUDITORS 17 FEBRUARY 1999

KPMG Wideri Oy Ab
SVH Pricewaterhouse Coopers Oy

ADDRESSES 1 MARCH 1999

ALMA MEDIA CORPORATION

Head office
Eteläesplanadi 14, Helsinki
Postal address: P.O. BOX 140, FIN-00101 Helsinki, Finland
Tel. +358-9-507 71
Fax +358-9-507 8555
President and CEO Matti Packalén

Tampere
Patamäenkatu 7, Tampere
Postal address: P.O. BOX 327, FIN-33101 Tampere, Finland
Tel. +358-3-266 6111
Fax +358-3-266 6828

E-mail: corporate.comms@almamedia.fi
Internet: www.almamedia.fi

ALPRESS OY

Eteläesplanadi 14, Helsinki
Postal address: P.O. Box 140, FIN-00101 Helsinki, Finland
Tel. +358-9-507 71
Fax +358-9-507 8733
President Heikki Saraste

Tampere
Patamäenkatu 7, Tampere
Postal address: P.O. Box 327, FIN-33101 Tampere, Finland
Tel. +358-3-266 6111
Fax +358-3-266 6430
Finance Director Pirjo Laine

Kustannusosakeyhtiö Iltalehti
Postal address: P.O. BOX 372, FIN-00101 Helsinki, Finland
Tel. +358-9-507 721
President Veli-Matti Asikainen
Editor-in-Chief, Publisher Pekka Karhuvaara

Editorial office: Aleksanterinkatu 9, Helsinki
Postal address: P.O. BOX 372, FIN-00101 Helsinki, Finland
Fax +358-9-177 313
Newspaper marketing: Aleksanterinkatu 9
Postal address: P.O. BOX 85, FIN-00101 Helsinki, Finland
Media marketing: Aleksanterinkatu 7 B, Helsinki
Postal address: P.O. BOX 188, 00101 Helsinki, Finland
Fax +358-9-507 8674, media marketing
+358-9-566 1326, newspaper marketing
+358-9-622 4464, customer service

Kustannusosakeyhtiö Kauppalehti
Tel. +358-9-507 81
President Heikki Saraste
Editor-in-Chief Lauri Helve

Editorial office: Aleksanterinkatu 9, Helsinki
Postal address: P.O. BOX 189, FIN-00101 Helsinki
Fax +358-9-5078 419, +358-9-660 383
Media and circulation marketing:
Eteläesplanadi 20, Helsinki
Postal address: P.O. BOX 830, FIN-00101 Helsinki, Finland
Fax +358-9-507 8675, +358-9-612 3553,
+358-9-507 8683, media marketing
+358-9-507 8040, +358-9-507 8080 circulation marketing

Kustannus Oy Aamulehti
Patamäenkatu 7, Tampere
Postal address: P.O. BOX 327, FIN-33101 Tampere, Finland
Tel. +358-3-266 6111
Fax +358-3-266 6840, administration
President Juha Blomster
Editor-in-Chief Hannu Olkinuora

Kainuun Sanomain Kirjapaino Oy
Viestitie 2, Kajaani
Postal address: P.O. BOX 150, FIN-87101 Kajaani, Finland
Tel. +358-8-616 61
Fax +358-8-616 6315
President Pekka Räihä
Vice President Rauli Johansson
Kainuun Sanomat
Editor-in-Chief Matti Piirainen

Lapin Kansa Oy
Veitikantie 2-8, FIN-96100 Rovaniemi, Finland
Tel. +358-16-320 011
Fax +358-16-320 0234, administration
President Heikki Ollila
Lapin Kansa
Editor-in-Chief Heikki Tuomi-Nikula

Pohjolan Sanomat Oyj
Sairaalakatu 2, FIN-94100 KEMI, Finland
Tel. +358-16-2911
Fax +358-16-291 215
President Raimo Ala-Kokkila (until 31 Aug. 1999)
Pohjolan Sanomat
Editor-in-Chief Heikki Lääkkölä

Satakunnan Kirjateollisuus Oy
Valtakatu 12, Pori
Postal address: P.O. BOX 58, FIN-28101 Pori, Finland
Tel. +358-2-622 8111
Fax +358-2-622 8106, administration
President Tuomo Saarinen
Satakunnan Kansa
Editor-in-Chief Erkki Teikari

Suomen Paikallissanomat Oy
Patamäenkatu 7, Tampere
Postal address: P.O. BOX 362, FIN-33101 Tampere, Finland
Tel. +358-3-266 6111
Fax +358-3-266 6305
President Jorma Valkama

MTV OY
Ilmalantori 2, Helsinki
Postal address: FIN-00033 MTV3, Finland
Tel. +358-9-150 01
Fax +358-9-150 0707
President Eero Pilkama
Executive Vice President Jaakko Paavela

FOR Oy
Ilmalankatu 2 C, Helsinki
Postal address: FIN-00033 MTV3, Finland
Tel. +358-9-150 01
Fax +358-9-150 0451
President Heikki Vahala

MTV Media Oy
Ilmalankatu 2 C, Helsinki
Postal address: FIN-00033 MTV3, Finland
Tel. +358-9-150 01
Fax +358-9-150 0673
President Eero Aalto

MTV-Palvelukiinteistöt Oy
Ilmalankatu 2 C, Helsinki
Postal address: FIN-00033 MTV3, Finland
Tel. +358-9-150 01
Fax +358-9-150 08132
President Hannu Marsalo

MTV-Tuotanto Oy
Ilmalantori 2, Helsinki
Postal address: FIN-00033 MTV3, Finland
Tel. +358-9-150 01
Fax +358-9-150 0455
President Paul Keskinen

MTV-Viihde Oy
Ilmalantori 2, Helsinki
Postal address: FIN-00033 MTV3, Finland
Puhelin +358-9-150 01
Fax +358-9-150 0438
President Tomi Halonen

ALPRINT OY
Eteläesplanadi 14, Helsinki
Postal address: P.O. BOX 140, FIN-00101 Helsinki, Finland
Tel. +358-9-507 82
Fax +358-9-507 8505
President Risto Takala

Vantaa
Vetokuja 4, Vantaa
Postal address: P.O. BOX 139, FIN-00101 Helsinki, Finland
Tel. +358-9-507 82
Fax +358-9-566 1115
Senior Vice President Heikki Salonen
Finance Director Tapio Korpela

Marketing and sales, Finland
Vetokuja 4, Vantaa
Postal address: P.O. BOX 139, FIN-00101 Helsinki, Finland
Tel. +358-9-507 82
Fax +358-9-507 7575

Marketing and sales, west
Vetokuja 4, Vantaa
Postal address: P.O. BOX 139, FIN-00101 Helsinki, Finland
Tel. +358-9-507 82
Fax +358-9-507 7261

Stockholm
Kammarkargatan 62, S-111 24 Stockholm, Sweden
Tel. +46-8-411 1099
Fax +46-8-411 6242

Marketing and sales, east
Vetokuja 4, Vantaa
Postal address: P.O. BOX 139, FIN-00101 Helsinki, Finland
Tel. +358-9-507 82
Fax +358-9-507 7621

Moscow
Armjanskii per., dom 11/2a, str. 1, 101983 Moscow
Tel. +7-095-937 4144
Fax +7-095-937 4134

Alprint Prepress
Vetokuja 4, Vantaa
Postal address: P.O. BOX 979, FIN-00101 Helsinki, Finland
Tel. +358-9-507 82
Fax +358-9-566 4898
Operation Director Jarkko Saastamoinen

Alprint Magazine Printing Group Ltd
Patamäenkatu 7, Tampere
Postal address: P.O. BOX 255, FIN-33101 Tampere, Finland
Tel. +358-3-266 6911
Fax +358-3-266 6910
President Jussi Avellan

Alprint Rahola
Teerivuorenkatu 5, FIN-33300 Tampere, Finland
Tel. +358-3-266 6911
Fax +358-3-266 6955
Operation Director Mika Vihervuori

Alprint Tammisto
Sähkötie 1, Vantaa
Postal address: P.O. BOX 126, FIN-01511 Vantaa, Finland
Tel. +358-9-838 541
Fax +358-9-870 2930
Operation Director Markku Antikainen

Alprint Hyvinkää
Niinistönkatu 1, Hyvinkää
Postal address: P.O. BOX 106, FIN-05801 Hyvinkää, Finland
Tel. +358-19-485 120
Fax +358-19-485 108
Operation Director Pekka Sälpäkivi

Alprint Pori
Mikkolantie 24, Pori
Postal address: P.O. BOX 58, FIN-28101 Pori, Finland
Tel. +358-2-622 8100
Fax +358-2-622 8405
Operation Director Pentti Rintala

Alprint Sarankulma
Patamäenkatu 7, Tampere
Postal address: P.O. BOX 824, FIN-33101 Tampere, Finland
Tel. +358-3-266 6500
Fax +358-3-266 6367
Operation Director Erkka Vuorinen

Alprint Lauttasaari
Särkiniementie 5 B, Helsinki
Postal address: P.O. BOX 35, FIN-00211 Helsinki, Finland
Tel. +358-9-668 9810
Fax +358-9-6689 8130
Operation Director Erkka Vuorinen

Alprint Sanomalehtipainot Oy
Vetokuja 4, Vantaa
Postal address: P.O. BOX 979, FIN-00101 Helsinki
Tel. +358-9-507 82
Fax +358-9-507 7258
President Sampo Salonen
Development Manager Juha Punnonen

Alprint Kaivoksela
Vetokuja 4, Vantaa
Postal address: P.O. BOX 979, FIN-00101 Helsinki, Finland
Tel. +358-9-507 82
Fax +358-9-566 4898
Operation Director Reijo Kuosmanen

Alprint Tampere
Patamäenkatu 7, Tampere
Postal address: P.O. BOX 327, FIN-33101 Tampere, Finland
Tel. +358-3-266 6600
Fax +358-3-266 6544
Operation Director Timo Jokinen

Alprint Jämsä
Säterintie 16, Jämsä
Postal address: P.O. BOX 9, FIN-42101 Jämsä, Finland
Tel. +358-14-717 6500
Fax +358-14-718 030
Operation Director Kauko Viljanen

Alprint Valkeakoski
Kirjaskatu 3, Valkeakoski
Postal address: P.O. BOX 113, FIN-37601 Valkeakoski, Finland
Tel. +358-3-577 5200
Fax +358-3-577 5277
Operation Director Kauko Viljanen

Alprint Rovaniemi
Veitikantie 2-8, FIN-6100 Rovaniemi, Finland
Tel. +358-16-320 011
Fax +358-16-320 0265
Operation Director Manne Salminen

Alprint Pori
Mikkolantie 24, Pori
Postal address: P.O. BOX 58, FIN-28101 Pori, Finland
Tel. +358-2-622 8100
Fax +358-2-622 8405
Operation Director Harri Aura

NEW MEDIA

Alma Media Net Ventures Oy
Eteläesplanadi 24 A, Helsinki
Postal address: P.O. BOX 343, FIN-0101 Helsinki, Finland
Tel. +358-9-507 71
Fax +358-9-507 8726
President Raimo Mäkilä

Tampere Network Services
Kuninkaankatu 30 B, Tampere
Postal address: P.O. BOX 327, FIN-33101 Tampere, Finland
Tel. +358-3-266 6111
Fax +358-3-266 6061

Tampere DIME
Patamäenkatu 7, Tampere
Postal address: P.O. BOX 327, FIN-33101 Tampere, Finland
Tel. +358-3-266 6111
Fax +358-3-266 6607

Alma Media Interactive Oy
Postal address: Ilmalantori 2, FIN-00033 MTV3, Finland
Tel. +358-9-150 01
Fax +358-9-1500 8675
President Jukka Mauno

For a complete list of Alma Media Group's operating sites and addresses, please refer to the company's Internet address: www.almamedia.fi

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