

**Talentum Oyj**

**A n n u a l R e p o r t 2 0 0 0**



**TALENTUM**

# Information for shareholders

Talentum Oyj and Kauppakaari Oyj merged their operations during 2000, and Kauppakaari Oyj became a subsidiary of Talentum. The merger was implemented in accordance with the pooling method, so the companies have operated as one from the beginning of 2000. The consolidated figures presented in the annual report are reference figures.

## Shares

Talentum Oyj shares are quoted on the Main List of the Helsinki Exchanges. The company has a market-making agreement with Aros Maizels Oyj.

A list of the major shareholders of Talentum Oyj is on page 32 of this annual report. The share register is maintained by Finnish Central Securities Depository Ltd. All public information concerning the company's shares and a register of those with insider information is available at Finnish Central Securities Depository Ltd.

## Dividend

The Board of Directors proposes to the Annual General Meeting to be held on 29 March 2001 that no dividend be distributed for the financial year 2000.

## Annual General Meeting

The Annual General Meeting of Talentum Oyj will be held on Thursday, 29 March 2001 at 4 p.m. at the Radisson SAS Royal Helsinki Hotel, Runeberginkatu 2, Helsinki.

## Financial Information in 2001

Talentum Oyj will publish quarterly financial information in 2001. The interim reports will be published on 7 May, 23 August and 25 October.

Annual reports and press releases can be ordered from Talentum Oyj, Communications, P.O. Box 920, FIN-00101 Helsinki, Finland and by e-mail from [info@talentum.fi](mailto:info@talentum.fi).

The annual report and the company's releases can also be read at our website, [www.talentum.fi](http://www.talentum.fi).

## Changes of address

Shareholders must notify changes of personal details, addresses and holdings to the book-entry securities register in which the shares are registered.



Shareholders wishing to attend the AGM must notify the company's office thereof no later than 4 p.m. on Tuesday, 26 March 2001, either in writing to Talentum Oyj, Share Register, P.O. Box 920, FIN-00101 Helsinki, Finland, by telephone to (+358 9) 1488 0252, or by e-mail to [info@talentum.fi](mailto:info@talentum.fi).

Letters must arrive by the deadline. Please send any proxy documents with the notification of attendance.

## Strategy

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Talentum Oyj's strategy is to produce high-quality **content and marketing services** for the target segments we have selected. The distribution channels we use are **printed matter, networks and television**, in such a way, that they provide mutual support and underpin our brands.

Our operations give a high priority to **professional communications.**

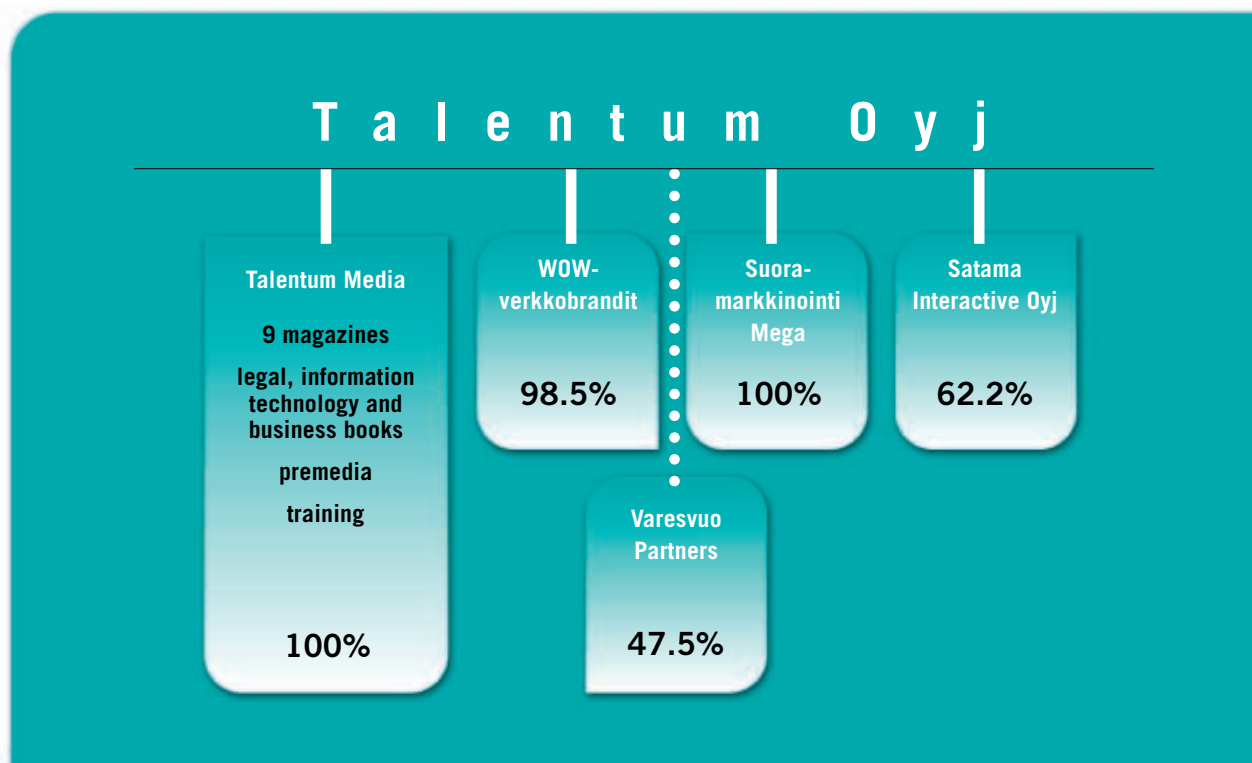
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## Overview of the Group

- Talentum Oyj is the Group's parent company and its shares are listed on the Main List of the Helsinki Exchanges.
- Talentum Media Oy, formed by the merger of Talentum's magazine and journal publishing and Kauppakaari's book publishing, is the focus of the Group's publishing operations. Talentum's titles are Talouselämä, Markkinointi&Mainonta, Tekniikka&Talous, Metallitekniikka, Tietoviikko, MikroPC, Bisnes.fi, IT-Kanava, and Medi uutiset, which is published through a subsidiary. Kauppakaari is the market leader in legal publishing, and each year its publications include the national statute books Suomen Laki I and II. Kauppakaari's other area of strength is information technology books, published under the name Talentum IT. The publishing of business books is a growth area.
- Satama Interactive Oyj, in which Talentum has a 62.2% stake, is an Internet business consulting and planning firm. Satama has subsidiaries in Sweden, the Netherlands, Germany, the UK and the USA.
- WOW-verkkobrändit Oy, a company established in 1999, produces the WOW Internet service in cooperation with Talentum's publications.
- Suoramarkkinointi Mega Oy, a wholly-owned subsidiary of Talentum Oyj, is a telemarketing company specializing in sales of publications. Mega also sells its services to other publishers.
- The Varesvuo Partners Oy Group's main lines of business are advertising film and TV programme production. Talentum has a 47.5% holding in Varesvuo Partners Oy.



## Year 2000 in brief



- Kauppakaari Oyj merged with and became a subsidiary of Talentum Oyj. The turnover of the Talentum Group doubled.
- Magazine and book publishing were transferred to a new company, Talentum Media Oy.
- Satama Interactive Oyj was listed on the Helsinki Exchanges' NM List.
- The advertising sales of Talentum's magazines grew faster than the market.
- Kauppakaari maintained its strong position as a specialist publisher of professional literature.
- Satama's turnover grew by 114.6% and the company rapidly expanded its international operations. Profit development advanced more slowly than hoped, mainly due to difficulties in the United States.
- WOW-verkkobrändit Oy sold its www.fi search engine to Sonera Plaza. At the same time Talentum increased its holding in the company to 99%.
- In spite of major investments, the equity ratio and financing situation are excellent.

### Key indicators for the Group

€ million	2000	1999
Turnover	117.3	104.8
Operating profit	8.5	2.5
Financing items	1.4	3.4
Profit before extraordinary items and taxes	9.9	5.9
Net profit for year	12.7	4.2
Gross investments	29.4	28.9
Shareholders' equity + minority interest	64.8	47.8
Equity ratio, %	60.5	55.6
Net gearing, %	-39.1	-17.4
Balance sheet totals	107.2	85.2
Earnings per share, €	0.85	0.20
Dividend per share, €	-	0.10
Average number of personnel	1,081	1,094





## Managing director's review

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### **A challenging leap in growth**

The merger of Talentum and Kauppakaari, as well as the rapid growth of Satama Interactive, led to a doubling of turnover during the year. Through Satama Interactive, business operations also took on an international dimension. This leap in growth did not come without its problems; Talentum had to experience the full force of the Internet storm that raged throughout the world, with all of its ups and downs. The start of the year was a time of stunning growth and share price gains. Later in the year we had to tidy up the side effects and endure both the swing of the Internet market to the other

extreme and the accompanying worldwide price collapse of Internet and technology shares.

The merger of Talentum and Kauppakaari was sealed in February. This natural fusion of Finland's leading professional book publisher and Finland's leading professional magazine publisher was implemented through a share exchange in which Kauppakaari's former owners received 14% of Talentum's shares. The Association of Finnish Lawyers became Talentum's largest owner with a 9% holding.

All of Talentum's business operations and products have a very strong market position and, excluding Inter-

net activities, which are aimed towards the future, all business areas are highly profitable. Established, strong operations have also enabled us to make major investments in new activities without weakening the Group's financial position.

### **Internet operations produced big losses**

Satama Interactive was listed on the Helsinki Exchanges on 15 March 2000. The listing was a success and foreign institutions in particular subscribed for many shares, believing in Satama's expertise in the telecom sector and the wireless Internet field.



With hindsight, the valuations of technology shares were too high early in the year. Only a week after Satama Interactive's listing, the downward slide in Internet shares began on world stock markets, and by the end of the year over 90% of the value of Satama shares had melted away. A huge change in operating environment and an over-reaction of the stock markets, first up and then down, have certainly had the strongest impact on the price trend of Satama Interactive shares, but shortcomings in Satama's own operations have also pulled the price downwards. Rapid internationalization and a huge growth rate caused difficulties in managing the international units and, particularly in the United States and the United Kingdom, finding the right direction proved problematic. In February 2001, it was decided to close the UK office and to cut the US workforce by 25 employees. These measures

will accelerate the generation of a positive cash flow.

At WOW-verkkobrandit Oy, the Talentum subsidiary focusing on Internet content, the accrual of advertising income and subscription fees was slower than planned and as a consequence cost levels were too high relative to earnings. At the end of the year we sold the www.fi search engine, Sinkut.net and Virtahepo.net to Sonera Plaza. Furthermore, Talentum bought Sonera's share of WOW-verkkobrandit, after which the company, as a wholly owned subsidiary of Talentum, has focused solely on developing the WOW business portal in cooperation with Talentum's magazines.

The measures taken, together with growth in turnover, will reduce losses in Internet operations during 2001. In the Internet world there has been a move away from the pursuit of hyper-growth to the normal world of growth

companies, where priority is given to profitability notwithstanding rapid growth.

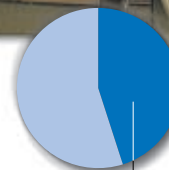
The year 2000 was the most eventful in Talentum's history and was also difficult in many respects. Our established operations are in good shape, our employees are extremely able and the biggest Internet investments are behind us. I believe that 2001 will also be a period of positive development.

Harri Roschier



## Talentum Media

Key Figures, € million	1999	2000	Change, %
Turnover	51.5	54.0	4.9
Operating profit excl. goodwill depreciation and non-recurring items	8.3	7.1	-14.5
Employees (average)	278	299	7.6



46%  
Share of Talentum Group's turnover

### Publishing

Talentum Media Oy was formed by consolidating Talentum Oyj's magazine and journal publishing and Kauppakaari Oyj's book publishing into the same company. Talentum Media Oy began operating on 1 January 2001, but business activities have been managed from the same unit since May 2000, following the merger of Kauppakaari and Talentum.

#### Magazine publishing

Talentum Media publishes nine magazines as well as the corresponding nine websites connected with these magazines. The magazines provide their select target groups with high-quality content and marketing services.

The goal of every Talentum magazine is to be the Finnish market leader in its own field. The circulations of the magazines are audited regularly, the number of readers is measured by surveys, and Talentum's own research unit monitors readers' and advertisers' satisfaction with the magazines.

A number of the company's magazines are already well established within their own target groups. In 2000 the position of Talentum's magazines

strengthened and the circulations of several magazines increased. The company recognizes that electronic communications will to an increasing extent complement the services offered by printed magazines, and that this will strengthen further the position of the most popular magazines in the market. Talentum is a pioneer of this development in Finland.

**Talouselämä** is the leading weekly business journal in the Nordic region. Its core readership includes investors, private and public sector decision-makers, and political figures. In-depth surveys and reports form an essential element of *Talouselämä's* material, and the journal's website is developing into a significant databank. *Talouselämä's* long-serving editor-in-chief Pertti Monto retired at the end of August and he was succeeded by Pekka Sepänen on 1 September 2000.

**Markkinointi&Mainonta** is a news journal for advertising, sales, marketing and media professionals. In addition to topical articles, the journal provides the background to key indicators, wide-ranging reviews, and reports on

the various sections of the industry. Petri Saraste stepped down from his position as editor-in-chief and was succeeded in the post by Seppo Määttä on 1 February 2001.

**Tekniikka&Talous** is a major professional and news journal for people with a technical education and those working in the technology sectors. The journal monitors Finnish high-technology companies and provides logical analyses of their future. A collection of articles by the journal's columnist Veijo Miettinen has been published as a book.

**Tietoviikko** is an IT news journal. It monitors companies' business activities and trends in technology, and reflects on the significance of information technology solutions in the processes of change. Every year *Tietoviikko* publishes research and analyses, which have attracted considerable public interest.

**IT-Kanava** is a journal distributed to import, wholesale and particularly retail companies working in the IT sector. In April 2000 the editing of IT-





Kanava was transferred to the editorial team of Tietoviikko to better exploit synergy benefits in terms of content.

**Uratie** (“Career Path”) is a weekly supplement published in the Tekniikka&Talous and Tietoviikko journals that features all the top industrial situations vacant advertisements. Uratie is a strong recruitment medium, and the job advertisements can also be read at the Internet website Uratie.net.

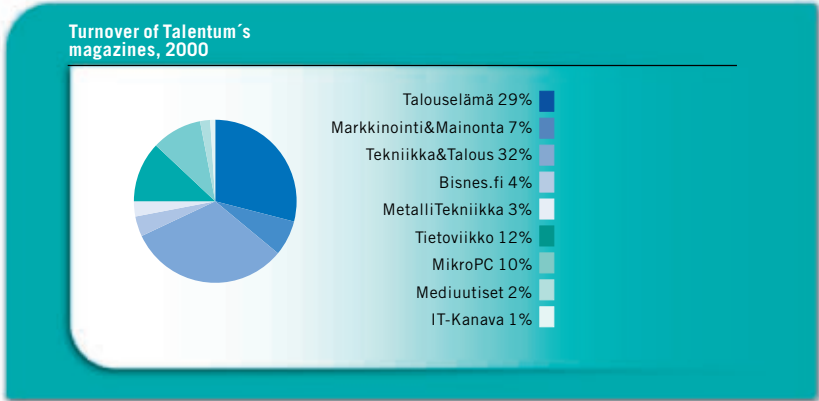
**MikroPC** is a specialist information technology magazine. It reports on IT products, technologies, events and the Internet. MikroPC’s strength is its in-depth, detailed equipment tests and product comparisons. MikroPC.net offers extra benefits such as free downloading of files and a free web e-mail service. MikroPC has also opened a new extensive Internet search engine.

**Bisnes.fi** is a magazine of the new economy. Bisnes.fi is a multi-media concept, which encompasses a monthly magazine, the ihmisiä&energiaa (“people&energy”) online service, and a new economy seminar. At the end of 2000, the magazine concluded a

wide cooperation agreement with the international Industry Standard magazine, published by Standard Media International. Bisnes.fi has acquired its own readership and strengthened its position in the advertising market.

**Metallitekniikka** is a professional journal for metal industry decision-makers and production experts. Compared to Talentum’s other publications, the journal has a relatively small, but very loyal, readership. Metallitekniikka publishes a metal industry subcontractor directory and a special issue for the Finn Tec trade fair.

**Mediutiset** is an independent news journal for health-care professionals. The journal counts among its subscribers Finnish doctors, pharmacists, pharmacy staff and a number of leading social services and health-care officials. In autumn 2000, Mediutiset launched a successful recruitment advertising sales campaign.



## Key Figures

	1999	2000	Change,%
<b>TALOUSELÄMÄ, Editor-in-chief</b>			
Until 31 August 2000 Pertti Monto			
As of 1 September 2000 Pekka Seppänen			
Circulation	67,019	77,391	+15.5
Turnover, € million	11.1	12.4	+11.7
Profitability	very good	very good	
Advertising sales	1,691 p.	1,483 p.	-12.3
<b>MARKKINOINTI&amp;MAINONTA, Editor-in-chief</b>			
Until 31 January 2001 Petri Saraste			
As of 1 February 2001 Seppo Määttänen			
Circulation	11,759	12,449	+5.9
Turnover, € million	2.4	2.8	+16.7
Profitability	satisfactory	satisfactory	
Advertising sales	640 p.	580 p.	-9.4
<b>TEKNIKKA&amp;TALOUS, Editor-in-chief Heikki Vuonamo</b>			
Circulation	91,047	96,101	+5.6
Turnover, € million	11.8	13.3	+12.7
Profitability	very good	very good	
Advertising sales	1,336 p.	1,661 p.	+24.3
<b>METALLITEKNIKKA, Editor-in-chief Mika Hämäläinen</b>			
Circulation	7,935	8,207	+3.4
Turnover, € million	1.3	1.3	0
Profitability	very good	good	
Advertising sales	452 p.	378 p.	-16.4
<b>TIETOVIKKO, Editor-in-chief Timo Tolsa</b>			
Circulation/edition	31,562	40,000	+26.7
Turnover, € million	5.6	5.2	-7.1
Profitability	very good	satisfactory	
Advertising sales	923 p.	975 p.	+5.6
<b>MIKROPC, Editor-in-chief Kari Tyllilä</b>			
Circulation	56,622	36,909	-34.8
Turnover, € million	4.3	4.3	0
Profitability	loss-making	satisfactory	
Advertising sales	496 p.	519 p.	+4.6
<b>BISNES.FI, Editor-in-chief Marja-Liisa Pollari</b>			
Circulation/distribution (unaudited)	16,000	13,184	-17.6
Turnover, € million	1.4	1.6	+14.3
Profitability	passable	loss-making	
Advertising sales	316 p.	347 p.	+9.8
<b>IT-KANAVA, Editor-in-chief Timo Tolsa</b>			
Distribution	8,000		
Turnover, € million	0.7	0.4	-42.9
Profitability	passable	loss-making	
Advertising sales	187 p.	112 p.	-40.1
<b>MEDIUUTISET, Editor-in-chief Pentti Kiiski</b>			
Distribution	23,700	23,700	0
Turnover, € million	0.8	1.0	+25.0
Profitability	loss-making	loss-making	
Advertising sales	213 p.	343 p.	+61.0



Other business operations, key figures, € million	1999	2000	Change,%
Turnover*	39.9	32.8	-17.8
Operating profit excl. goodwill depreciation and non-recurring items **	4.5	3.2	-28.9
Employees (average)	482	300	-37.8

Includes surrendered Multiprint operations  
 \*) turnover € 3,593 (2000) and € 12,723 (1999)  
 \*\*) operating profit € 268 (2000) and € 891 (1999)

### Book publishing

Talentum Media publishes books under the commercial names Kauppakaari and Satku. Kauppakaari publishes three different product lines of books: legal publications, business literature and digital material. Satku is a leading publisher of books on information technology. Both Kauppakaari and Satku are investing in digital services and in direct selling of books via the Internet. Kauppakaari also offers databases of legal books via the Internet.

Kauppakaari is the market leader in legal publishing. In addition to law books and special editions, its publishing programme also includes commentaries, textbooks, handbooks and doctoral theses. A number of works are also available on CD-ROM and as online services, including the national statute books Suomen Laki and Finland Lag, and European Union law.

Business literature covers subjects such as accounting and taxation, financial administration, employment, marketing and foreign trade. Among the books published in 2000 were Pentti Sydänmaanlakka's Älykäs organisaatio - tiedon, osaamisen ja suorituksen johtaminen ("The Intelligent Organization - Managing Knowledge, Know-How and Performance") and Mika Kamensky's Strateginen johtaminen ("Strategic Management").

Satku is a leading Finnish publisher of information technology books and is particularly known for its power-user books intended for experts, and Finnish translations of the books of many of the world's leading informa-

tion technology publishers. Satku operates in cooperation with, among others, Microsoft Press, Novell Press, IDG Books and Wiley.

In 2000 the company published nearly 200 book titles.

### Training

Under the commercial name Lakimiesliiton Koulutus, 70-80 open training sessions are organized every year. Lakimiesliiton koulutus also provides individual and customized training in different fields of law, and language training under the commercial name Kielipiste.

### International cooperation

Talentum Media is also involved in legal publishing in Estonia, Russia and Sweden.

The company's information technology magazines and journals cooperate extensively in marketing and editorial matters with the world's largest IT publisher, International Data Group (IDG). Talentum's publications, moreover, also draw material from a global network that provides news for international distribution. Book publishing for its part has a publishing agreement with IDG Books. The most important aspect of this cooperation is the worldwide expertise obtained from IDG's operations in 80 countries.

Talentum Media and the Swedish company Medicine Today International AB each own a 50% stake in Oy Mediutiset Ab, which publishes the journal Mediutiset.

### Other business operations

Through the merger of Talentum and Kauppakaari, the companies Reprostudio & Heku, Oy Lito-Scan Ab, Offset-Kopio Oy and KB-tuote Oy also joined the Group. As of 1 January 2001, these companies are subsidiaries of Talentum Media Oy.

### Premedia

Reprostudio & Heku, Oy Lito-Scan Ab and Offset-Kopio Oy are leading companies in their field. They market, produce, archive and administer graphic and electronic communications materials. The companies' customers are advertising and design agencies, trade and industry, as well as printing houses, magazines, publishers, electronic media and new media firms. An interesting development area in this field for the Talentum Group is web-to-print business, in which digital material is managed and used over the Internet.

### Promotional and business gifts

KB-tuote Oy is Finland's largest and oldest promotional and business gift company. The company has its headquarters and logistics centre in Helsinki, district offices in Jyväskylä, Lahti, Maarianhamina, Oulu, Tampere and Turku, and a subsidiary in Tallinn. KB-tuote is the only Finnish member of the leading international cooperation organization, WAGE.



# Internet business

Key figures, € million	1999	2000	Change, %
Turnover	15.4	32.4	110.4
Operating profit excl. goodwill depreciation and non-recurring items	-11.9	-22.7	-90.8
Employees (average)	320	464	45



24%

Share of Talentum  
Group's turnover

## Satama Interactive Oyj

Satama Interactive Oyj, founded in October 1997, is a company specializing in e-commerce solutions. Satama Interactive Oyj's shares have been quoted on the Helsinki Exchanges NM (New Market) List since March 2000.

Satama's objective is to be one of Europe's leading developers of the Internet-related systems and services that enhance business operations. Satama's business operations are divided into four areas: wireless Internet systems, e-commerce, electronic customer management and electronic communications.

In three years, Satama Interactive has grown into an international company employing around 400 people in five countries.

The company's turnover in 2000 was € 30.1 million (€ 14.0 million) and its operating loss was € 17.0 million (€ 4.7 million). Turnover increased by 114.6% compared to the previous year.

Satama Interactive's earnings trend was unsatisfactory. The major reason for this was the weak result of the United States office. Satama's Finnish operations were profitable.

Satama Interactive has embarked on a major internationalization effort, which was initiated in autumn 1999. The company's organization, technological capacity and infrastructure have been constructed to meet the needs of a rapidly growing and developing company. Satama Interactive operates in Sweden, the Netherlands, Germany and the United States, in addition to Finland.

The Satama Interactive Group's major customers are Nokia, Sonera, Hillwood, Canon, S-ryhmä, Audi and VIAG Intercom. The number of telecom industry customers in particular increased during 2000.

### NM listing in March

The Board of Directors of Satama Interactive decided on 7 February 2000 to seek a listing for the company's shares on the Helsinki Exchanges NM List, and the company was duly granted a listing on 17 March 2000. In a combined offering and sale of shares, a total of 8,300,000 shares were offered at a price of € 13.0. The parent company Talentum Oyj subscribed for 1,550,000 shares at the same price as other new buyers. Some 305,000 shares were allocated in an employee offering at a price of € 11.7 per share.

The structure of the Satama Interactive Group was changed at the end of the year such that Finnish consulting operations were transferred in their entirety to a wholly owned subsidiary, Satama Finland Oy. Following the transfer of operations, Satama Interactive Oyj operates as the parent company of the Group and Satama Finland Oy engages in consulting activity in the same way as the Group's foreign subsidiaries in their respective countries.

Satama Interactive provides its customers with digital environment solutions, enabling them in turn to serve their own customers better. Such solutions include the Satama Mobile Strategy Workshop concept, the Mobile event customer event concept, and Joint Vision, the combined communications and feedback collection concept.

### Satama's success in competitions

During 2000, services developed by Satama Interactive won a number of awards. The company's WAPLook software won second prize out of 250 entries at the CeBIT Fair in a WAP development competition organized by the Germany company Mannesmann Mobilfunk.

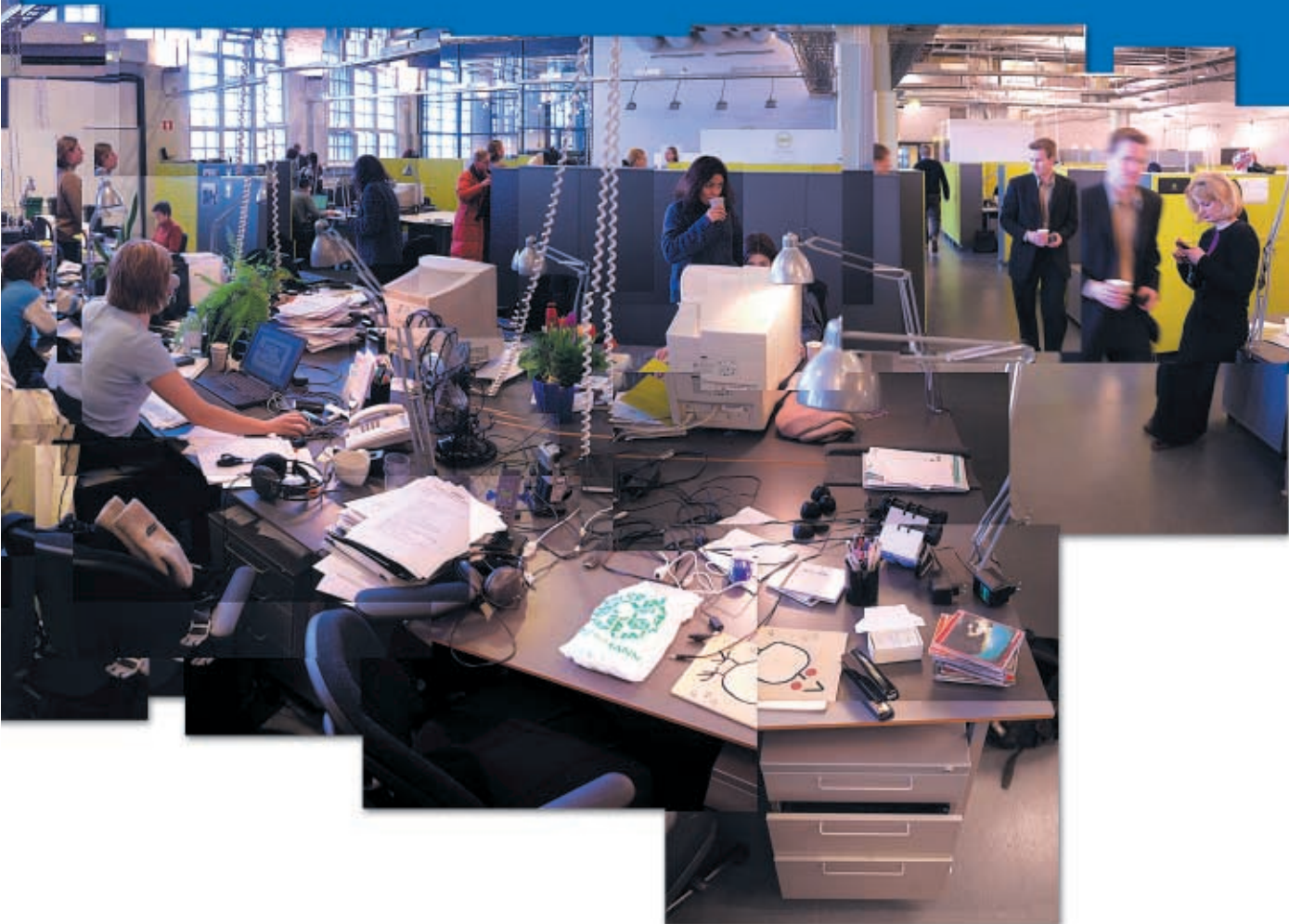
The Nokia Snowboard website, designed and realized for Nokia, won the Gold Award at the Vuoden Huiput "Best of the Year Awards", organized by Grafiya ry. A website designed for Kiasma, the Museum of Contemporary Art, won a Silver Award.

Services provided to the Finnish Red Cross shared first prize in the M&M Grand Prix competition, the biggest new media competition organized in Finland.

Employees of Satama Tampere received a Finland Prize of 100,000 Finnish marks, awarded by the Ministry of Education for the CD-ROM game Galilei 2.

The Swedish specialist marketing journal Résume selects an Internet Office of the Month in its competition Månadens Webb, and Satama Sverige has won the award on a number of occasions.

New technologies are changing the way in which companies and organizations work. Operations are being transferred to the Internet and to wireless



terminal devices. Companies are being compelled to consider how they will survive in this digitalizing world. It is within this framework that Satama Interactive assists its customers.

**WOW-verkkobrandit Oy**

The Internet services content company WOW-verkkobrandit Oy starting operating on 1 December 1999. Talentum’s WOW! service and Satama Interactive’s Internet brands were transferred to the new company. In 2000 the company’s turnover was € 2.3 million and operating loss € 3.3 million.

At the end of 2000 the company’s main owners, Talentum and Sonera, came to an arrangement whereby Sonera gave up its stake in WOW-verkkobrandit Oy. At the same time, WOW-verkkobrandit Oy sold to Sonera Plaza Oy the consumer services www.fi, Sinkut.net and Virtahepo.net.

Following the arrangement, the company has the WOW! portal,

Uratie.net, a service for employers and job-seekers produced in cooperation with Talentum magazines’ situations vacant advertisements, and the Duuni.net community service. Another service is the Web Traffic Monitor, which measures the numbers of website visitors and Internet service users. WTM’s services are marketed by, among others, Taloustutkimus Oy.

WOW! has its own editorial staff, who work closely with Talentum’s magazines and journals. The content of Talentum’s magazines, for example, can be searched in WOW!’s digital archive. In addition to news from different areas of business life, WOW! offers various tools for time and information management. These include portfolio management, personal share lists, rating searches and a dictionary. The Talouselämä magazine’s Top 500 database is also accessible by WOW! subscribers.

WOW! Wireless is WOW!’s English-language service, which focuses on news, background and analysis

about wireless communications.

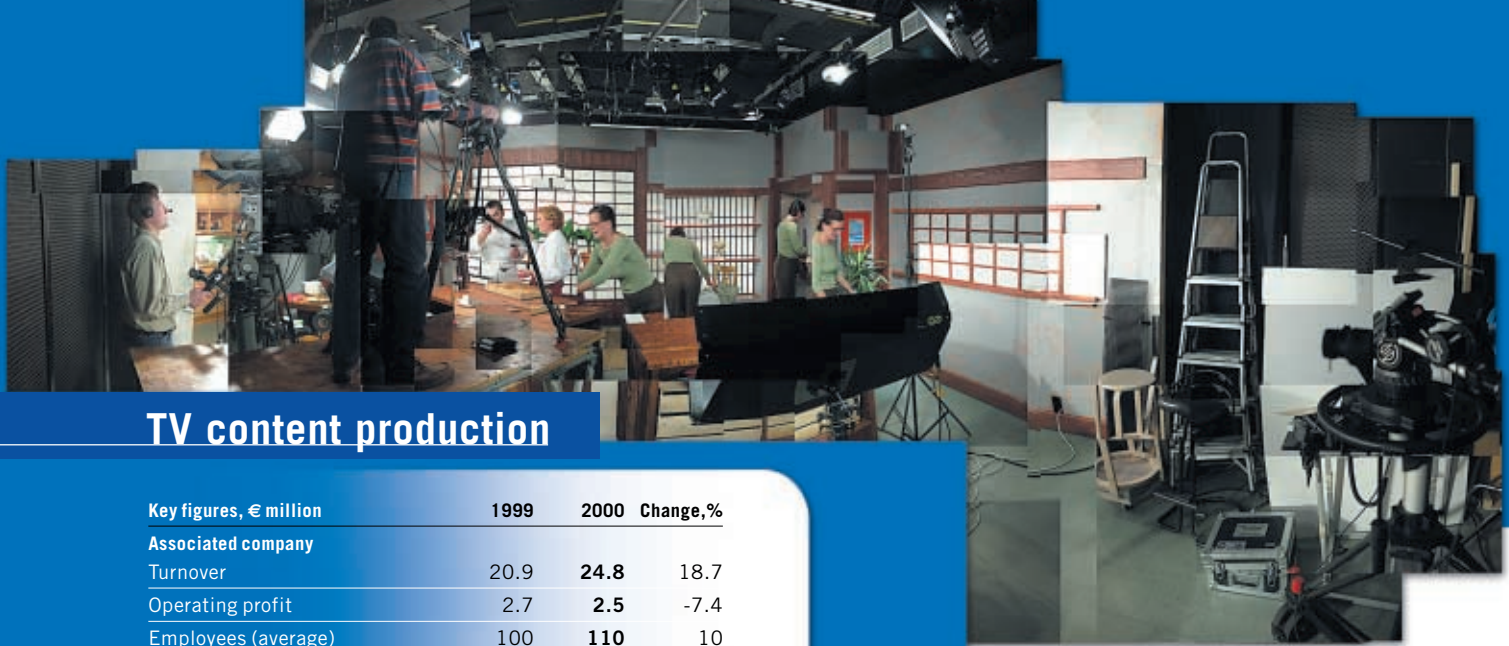
WOW! also expanded its service to mobile communications. With WOW! Agent, subscribers can use their mobile phones to follow WOW!’s share price and interest rate information, news and financial reviews.

Users began to pay for the WOW! service as of 1 February 2000. Income is also generated from advertising and content sales. WOW! users can subscribe individually or through a company or organization licence agreement.

Despite the rapid development of services, WOW!’s financial development was slower than anticipated. For this reason a project to boost the WOW! portal was initiated in November with the aim of relaunching the service in order to increase market share and accelerate earnings growth.

WOW! verkkobrandit Oy’s financial figures for 1999 are pro forma figures, because the official figures are incorporated within the figures of Talentum and Satama Interactive.





## TV content production

Key figures, € million	1999	2000	Change,%
<b>Associated company</b>			
Turnover	20.9	24.8	18.7
Operating profit	2.7	2.5	-7.4
Employees (average)	100	110	10

### Varesvuo Partners

Varesvuo Partners Oy is the parent company of a group whose main business is the production of advertising films and TV programmes. Talentum Oyj owns 47.5% and the Varesvuo family 52.5% of the company. Talentum holds an option to increase its share of the company at the end of 2001.

The turnover of the Varesvuo Partners Group grew by 18.7% to € 24.8 million (€ 20.9 million). The Group's operating profit was € 2.5 million (€ 2.7 million). The Group employed an average of 110 people (100).

In 2000 television advertising in Finland grew by around 4% and totalled € 218 million. Television advertising's share of all media advertising declined slightly, however, to 19% (20%).

The Varesvuo Partners Group includes the advertising film companies Crea Filmi Oy, Elohoepa-Filmi Oy, Woodpecker Film Oy, Filmitalli Oy and Provideo Oy. The Group's share of total market value in the advertising film sector grew slightly to stand at around 42% (40%). The profitability of advertising film production remained good.

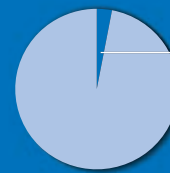
The Group's television programme production companies are CreaVideo Oy, Crea Sport Production Oy, Sitruuna Ryhmä Oy and, from the beginning of 2001, Oy Filmiteollisuus Fine Ab. The business operations of the Group company Juniper Films Oy were sold at the end of 2000. The Group's market share of independent television programme production was 17% (15%). The profitability of television programme production weakened but was still satisfactory.

In addition to its main lines of business, Varesvuo Partners owns the classical music production company Ondine Oy.

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## Direct marketing

Key Figures, € million	1999	2000	Change,%
Turnover	5.2	5.9	13.5
Operating profit			
excl. goodwill depreciation	1.3	1.6	23.1
Employees (average)	14	18	28.6
Plus part-time telemarketing staff	126	147	16.7



3%

Share of Talentum Group's turnover

### Suoramarkkinointi Mega Oy

Suoramarkkinointi Mega Oy, founded in 1986, is one of the oldest Finnish companies in its line of business. Mega has specialized in the telemarketing of magazines, specialist journals and newspapers. The company is responsible to a large extent for the circulation sales of Talentum's magazines and journals.

Suoramarkkinointi Mega's turnover in 2000 was € 5.9 million (€ 5.2 million), and operations were highly profitable.

In 2000 Talentum Oyj purchased the remaining 10% of Suoramarkkinointi Mega, which is now a wholly owned subsidiary of Talentum.

In Finland, Mega operates in 12 cities. It has offices in Hyvinkää, Hämeenlinna, Kerava, Kotka, Kouvola, Lahti, Mäntsälä, Porvoo, Riihimäki, Forssa and Kuusankoski, in addition to Helsinki. In the Baltic states, Mega operates under a franchising agreement with a local company. It has five offices in Estonia and two in Latvia.

In addition to Talentum, Mega's customers include numerous other Finnish magazine and book publishers. To an increasing extent, Mega's sales also include publishers' auxiliary products. Sales of Talentum magazines and advertising accounted for 40.2% of Mega's turnover in 2000.

# Personnel

## Talentum's values

The Talentum Group is an expert organization whose success is dependent on the intellectual ability of its employees. Our goal is operations in which high quality, speed and willingness to change are of key importance.

In a project carried out with personnel in 1996, the following values of Talentum were identified:

- A common desire to change and develop rapidly
- Initiative and a personal willingness to take risks
- Individual responsibility, respect and encouragement
- Cost-effectiveness

## Incentive pay

The Talentum Group operates a performance-based remuneration scheme for all employees. Incentives vary from company to company and according to the job in question, as the Group's aim has been to find the best solution for each sector and post. All the schemes used take into account the operating result of the company and profit centre as well as the employee's personal performance, progress and results.

All Talentum Oyj, Talentum Media Oy and Satama Interactive Oyj employees are covered by share option

schemes. Moreover, Talentum Oyj's share option schemes have been extended to cover key personnel in the subsidiaries.

## Continuous development and change

The Talentum Group operates in business sectors which are all characterized by rapid technological development. High levels of expertise and professionalism on the part of personnel give the Group better chances of success in the market. That's why the Group encourages personnel training and independent study.

Information technology is an important point of focus and we constantly aim to fully exploit both customized and commercial software as quickly as possible. We use diverse operating models that include independent study, one-to-one teaching, and courses.

To develop business management, the Group makes use of its own and external training programmes, aimed not only at personal development but also at improving cooperation between different parts of the Group.

Talentum and Talentum Media employees' satisfaction with, for example, career path, training, cooperation, working tools, remuneration and flow of information are measured twice a year by means of a questionnaire conducted via the Internet.

Corresponding workplace satisfaction surveys are also carried out in other parts of the Group as part of each company's own operations.

## Working capacity and recreation

The main focus of occupational health care is on preventative measures and action to maintain working capacity. To maintain employees' capacity for work, mental agility and job satisfaction, support is given to a wide range of personnel sporting, exercise and cultural activities. An exercise club arranges opportunities for sports, ball games and various group events.

## Recruitment

The Talentum Group hires people who are among the best in their profession. We employ people who have long experience in their field as well as people who want their careers to grow with the company. Talentum employees develop their expertise and internalize the necessity of constant change.

One of the priorities of recruitment, alongside acquiring new and expert staff, is to arrange sufficient job circulation within the company to ensure that units have the best possible talent at their disposal.

## Average number of employees

	1996	1997	1998	1999	2000
Talentum Oyj	140	148	177	204	197
Kauppakaari Group	342	437	493	568	398
Satama Interactive Group, Finland-	-	8*	80	270	243
- Satama Group - outside Finland	-	-	-	29	171
WOW!-verkkobrandit Oy	-	-	-	3	50
Suoramarkkinointi Mega Oy	10	13	13	14	18
Others	-	-	5	6	4
Talentum Group, total	492	606	768	1,094	1,081
Plus part-time telemarketing staff at Mega	64	79	97	126	147

\*) proportionate to time in Group

Basic operations **successful.**

**Talentum and Kauppakaari  
merged.**

**Satama Interactive** joins NM List.

Group's **equity ratio 60.5%.**

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**Talentum Oyj**  
**Annual Report 2000**

# Report by the Board of Directors 2000

## OPERATING ENVIRONMENT

General economic development was positive in 2000. Media advertising growth, at 7.7%, was slightly above the previous year. A total of FIM 6.7 million was spent on media advertising, of which the greatest proportion in cash terms (74%) was accounted for by printed media. Growth in newspapers and magazines remained at the previous year's level. Growth in television advertising picked up slightly, but succeeded less well than other media. Internet advertising again showed the best growth, but its share of the media market as a whole was still only 1%.

Paper prices rose significantly during the year in many European markets. In Finland the rise in paper prices will take place in 2001.

In the Internet sector, the year under review was variable. Internet development picked up strongly and e-commerce opportunities were perceived as attractive. Early in the year, companies in the sector were the focus of extremely high expectations, which were also reflected in share prices. During 2000 it became clear, however, that the development of the Internet and e-commerce into profitable business operations will take place more slowly than earlier estimates.

Dot.com companies and Internet services aimed at consumers began to experience difficulties in the spring and this rapidly turned sentiment towards them, leading to a collapse of Internet company share prices in the latter part of the year. The price of Satama Interactive shares, which are listed on the NM List of the Helsinki Exchanges, also crashed from March 2000 onward. The weak price trend of Satama Interactive shares impacted on the Talentum share price, which fell sharply. Talentum Oyj owns 62% of Satama Interactive's shares.

Business life is increasingly embracing networking and is making diverse use of the Internet, developing different kinds of services for both consumers and businesses at a rapid rate. For many reasons, development has been more difficult and

slower than previously imagined. There is no doubting the fact, however, that Internet and e-commerce will continue to develop strongly.

## THE MERGER OF TALENTUM OYJ AND KAUPPAAKARI OYJ

On 15 February 2000, the Boards of Directors of Talentum Oyj and Kauppakaari Oyj signed a contract to combine their business operations. Talentum's Annual General Meeting approved on 31 March 2000 the exchange offer relating to the merger and the share issue directed to the shareholders of Kauppakaari. The exchange offer was valid for the period from 3 April to 14 April, and its duration was extended until 5 May. Talentum reached the required holding of greater than 90% on 14 April 2000.

In the exchange offer presented to the shareholders of Kauppakaari Oyj, Talentum was offered 90.87% of Kauppakaari's shares within the time limit, including the shares already in the possession of Talentum. On 17 April 2000, it was decided to implement the merger in accordance with the merger agreement, and Talentum decided to realize the exchange offer.

As Talentum's holding of Kauppakaari rose to over two thirds, Talentum was obliged, in accordance with the Securities Market Act, to redeem the rest of the shares issued by Kauppakaari. An announcement of the redemption offer was made on 17 May, and period of the redemption offer was 22 May to 22 June 2000; the redemption price compliant with the redemption offer was € 14.40 per Kauppakaari share. At the end of the redemption period, Talentum's holding reached 99.7%. For those Kauppakaari shares that were not offered for redemption (0.3%),

Talentum made a redemption demand in accordance with the proceeding defined in the Companies Act.

A court of arbitration appointed by the Central Chamber of Commerce stated in its session on 4 October 2000 that Talentum Oyj has an indisputable right to redeem the minority shares of Kauppakaari Oyj. On 4 October 2000, Talentum submitted the security collateral,

approved by the court of arbitration, for paying the redemption price of Kauppakaari Oyj's minority shares, thus obtaining a 100% right of ownership to the shares of Kauppakaari Oyj. On 4 December 2000, the court of arbitration gave a decision, in accordance with which the redemption price for those 0.3% of the shares that had not accepted the redemption offer is € 20.00 per share.

Kauppakaari Oyj's share was removed from the Helsinki Exchanges I List on 12 October 2000. The share was on the I List for the final time on 11 October 2000 and trading was discontinued as of 5 October 2000.

An Extraordinary Shareholders' Meeting of Talentum Oyj approved on 19 December 2000 the transfer of Talentum Oyj's magazine publishing operations to Kauppakaari. At the same time, the company's name was changed to Talentum Media Oy, under which name operations began officially on 1 January 2001.

## THE TALENTUM GROUP BY BUSINESS AREA

The Talentum Group's turnover was € 117.3 million (€104.8 million), representing an increase of 11.9% (16.1%). The Group's operating profit was € 8.5 million (€ 2.5 million). Operating profit was improved by € 22.8 million in non-recurring items. Profit before extraordinary items and taxes was € 9.9 million (€ 5.9 million). The Group's return on investment was 15.2% (11.1%) and return on equity was 13.3% (5.2%).

### Publishing

Publishing operations include Talentum Oyj's magazine publishing and the former Kauppakaari Group's book publishing and training activities. Publishing accounts for 45.6% of the Talentum Group's turnover and its profitability is good.

Following the merger of Talentum and Kauppakaari, Talentum's publishing operations consist of business and information technology magazines as well as legal, business and information technology books.

Publishing's turnover grew 4.2% to € 53.5 million (€ 51.3 million).



Operating profit was € 5.1 million (€ 8.7 million). Publishing's turnover was burdened by non-recurring expenses connected with the Talentum and Kauppakaari merger of € 1.5 million. Turnover in magazine publishing was € 41.8 million (€ 39.2 million), in book publishing € 10.2 million (€ 10.8 million) and in training € 2.0 million (€ 1.5 million). Advertising income accounted for 69.0% (67.7%) of all magazine income and circulation income 28.7% (30.3%).

Talentum magazine's advertising sales grew by 10.7%. During the same period the advertising market overall grew 7.7%, according to information provided by Gallup-Mainostieto. Of the magazines, Talouselämä, Tekniikka&Talous, Markkinointi&Mainonta and Metaliteknikka returned the best financial performance. Tietoviikko maintained its clear market lead in a tighter competitive climate.

#### **Internet and New Media**

Internet and new media operations consist of Satama Interactive Oyj, a company focusing on consulting, and WOW-verkkobrandit Oy, which focuses on Internet content. Internet and new media operations accounted for 24.2% of the Talentum Group's turnover in 2000.

Internet and new media's turnover totalled € 32.4 million (€ 15.4 million), representing growth of 110.0%. These figures include sales within the Group of € 4.0 million (€ 3.9 million). Operating profit was € 1.3 million (€ -10.6 million) and was improved by non-recurring items totalling € 28.8 million.

WOW-verkkobrandit Oy started operating on 1 December 1999. Turnover for its first full year of operations totalled € 2.3 million and the company recorded an operating loss of € 3.3 million. The development and financial performance of the WOW! service do not fulfil the targets set for them. In December 2000, WOW-verkkobrandit Oy sold its consumer services to Sonera Plaza Oy, while Sonera Plaza relinquished its holding in the company. Since then WOW-verkkobrandit Oy has focused on the development of its WOW! business portal in cooperation with Talentum's magazines.

Satama Interactive Oyj's shares have

been quoted on the Helsinki Exchanges NM List since March 2000.

During 2000 Satama Interactive had operations in Sweden, the United Kingdom, Germany, the Netherlands and the United States, in addition to Finland. In December Satama Interactive acquired a 25% holding in a Hungarian company. In Finland, Satama has offices in Helsinki, Tampere and Oulu.

The turnover of the Satama Interactive Group totalled € 30.1 million (€ 14.0 million), representing growth for the full year of 114.6% (253.8%). The Satama Interactive Group's result before taxes and extraordinary items was a loss of € 18.7 million (€ 4.8 million), including a € 1.9 million provision relating to restructuring measures in the United Kingdom and the United States. Satama Interactive's Finnish operations were profitable. The operational loss was a result of slower than planned integration of foreign business units and above all the local difficulties of the United States office.

In February 2001, it was decided to close the UK office and to cut the US workforce by 25 employees.

#### **Direct Marketing**

Direct marketing consists of the operations of Suoramarkkinointi Mega Oy. Direct marketing's share of the Talentum Group's turnover is 2.8%.

During 2000 Talentum increased its holding in Suoramarkkinointi Mega from 95% to 100%. Suoramarkkinointi Mega Oy's main business is telemarketing. In Finland, Mega operates in 12 towns and cities, and in the Baltic states it operates in seven localities on a franchising basis with a local partner.

Suoramarkkinointi Mega Oy's turnover grew 13.7% (38.8%) to € 5.9 million (€ 5.2 million). The turnover figures include sales within the Group of € 2.7 million (€ 2.1 million). Operating profit before goodwill depreciation was € 1.6 million (€ 1.3 million), representing growth of 21.4%.

Suoramarkkinointi Mega Oy's profitability remained good.

#### **Other Business Areas**

Other business areas consist of the premedia operations of the Kauppakaari Group's Reprostudio & Heku

Oy, Oy Lito-Scan Ab and Offset-Kopio Oy, as well as the business and promotional gift company KB-tuote Oy. Other business areas accounted for 27.4% of the Talentum Group's turnover in 2000.

Kauppakaari sold Multiprint Oy in an MBO deal to the company's operational management on 5 April 2000. The selling price was € 7.5 million, which resulted in a loss of € 1.2 million. Multiprint's figures are included in the Group's full-year reference figures for 1999 and in the year 2000 figures up to 31 March 2000.

The turnover of other business areas totalled € 32.1 million (€ 38.9 million) and operating profit was € 1.9 million (€ 3.4 million).

#### **TV Content Production**

Talentum Oyj owns a 47.5% stake in Varesvuo Partners Oy. The effect of the Varesvuo Partners Group on the Talentum Group's net profit was € 0.3 million (€ 0.3 million).

#### **Investment**

The profit from dealing in securities is given in the item financial income and expenses in the profit and loss account. The book value of shares is given in the balance sheet under liquid securities. The net effect of financial income and expenses was positive, € 1.4 million (€ 3.4 million). Net financing includes Satama Interactive Oyj's listing expenses of € 1.6 million. The Group's liquid assets are invested in short-term financial instruments.

#### **Capital expenditure**

The Talentum Group's gross capital expenditure totalled € 29.4 million, of which € 6.1 million was spent on tangible assets, € 5.9 million on intangible assets and € 17.4 million to acquire stocks and shares. Capital expenditure amounted to 25.1% (27.6%) of turnover.

#### **Research and Development Expenses**

The Talentum Group's research and development expenses in Satama Interactive Oyj correspond to around 10% of the contribution of those employed in production work.

#### **Financing and Solvency**

The parent company handled the financial arrangements of Group

companies, excluding Satama Interactive Oyj, on a centralized basis.

#### **Annual General Meeting, Supervisory Board, Board of Directors and Auditor**

The Annual General Meeting of Talentum Oyj was held on 31 March 2000. The following members of the Supervisory Board were re-elected on the expiry of their term of office: Matti Carpén, Joel Figur, Gunnulf Mårtensson, Ulla Sirkeinen, Kari Suominen, Ilkka Talvitie and Heikki Vitie. New members elected to the Supervisory Board were Sari Turunen and staff representative Raili Leino. Following the merger of Kauppakaari and Talentum, Jarmo Tepora, as the representative of the Association of Finnish Lawyers, and Antti Sorjonen were elected to the Supervisory Board. All the members of the Supervisory Board are presented on page 38.

The number of members of the Board of Directors was increased from eight to nine, and a new member, Seppo Kempainen, as the representative of the Association of Finnish Lawyers, was elected to the Board following the merger of Talentum and Kauppakaari. All the members of the Board of Directors are presented on page 36.

Matti Viljanen was re-elected as chairman of the Supervisory Board and Ilkka Paunonen was re-elected as its deputy chairman.

Seppo Härkönen was re-elected as chairman of the Board of Directors and Jukka Ant-Wuorinen was re-elected as its deputy chairman.

The firm of authorized public accounts SVH Pricewaterhouse Coopers Oy was re-elected as auditor.

An Extraordinary Shareholders' Meeting of Talentum Oyj was held on 19 December 2000. The meeting approved the proposal of the Board of Directors regarding the consolidation of publishing operations into the wholly owned subsidiary Kauppakaari Oyj by transferring Talentum Oyj's magazine publishing operations to Kauppakaari Oyj at the turn of the year. At the same time the name of the company was changed to Talentum Media Oy.

#### **Shares and Share Capital**

At year-end Talentum Oyj had 19,987,415 shares quoted on the Main

List of the Helsinki Exchanges. At year-end the company held 90,500 of its own shares. The share capital at year-end was € 8,404,104.71 and the accounting countervalue of one share was € 0.42.

Fidelity Investments FMR Corp. gave notice in accordance with chapter 2 section 9 of the Securities Market Act that on 26 January 2000 its own and its subsidiaries' combined holdings of Talentum Oyj shares were less than one twentieth (1/20). Fidelity Investments FMR's holding of Talentum shares on 26 January 2000 was 805,000 shares and its share of the votes 4.7%.

The Association of Finnish Lawyers – Suomen Lakimiesliitto gave notice in accordance with chapter 2 section 9 of the Securities Market Act that on 18 April 2000 its holding of Talentum Oyj shares exceeded one twentieth (1/20) after the implementation of Talentum Oyj's exchange offer directed at shareholders of Kauppakaari Oyj. The Association of Finnish Lawyers' holding of Talentum shares on 18 April 2000 was 1,862,080 shares and its share of the votes 9.3%.

Scudder Kemper Investments, Inc. gave notice in accordance with chapter 2 section 9 of the Securities Market Act that on 17 July 2000 its holding of Talentum Oyj shares exceeded one twentieth (1/20). Its holding of Talentum shares on 17 July 2000 was 1,177,173 shares and its share of the votes 5.91%.

Robert Fleming Holdings Limited gave notice in accordance with chapter 2 section 9 of the Securities Market Act that on 4 January 2001 its own and its subsidiaries' combined holding of Talentum Oyj shares was 1,733,611 shares and its share of the votes 8.7%.

Hemisphere Management (Ireland) Limited gave notice in accordance with chapter 2 section 9 of the Securities Market Act that on 19 January 2001 Kairos Fund Limited's total holding of Talentum shares exceeded one twentieth (1/20). Its holding of Talentum shares on 19 January 2001 was 1,004,476 shares and its share of the votes 5.03%.

#### **Taxation Value of Shares**

In Finnish taxation for 2000, the confirmed taxation value of one

Talentum Oyj share is € 4.20.

The confirmed taxation value of one Satama Interactive Oyj share is € 0.945.

#### **Board of Directors' Authorizations to Increase the Share Capital**

The Annual General Meeting held on 31 March 2000 authorized the Board of Directors during the year following the Annual General Meeting to decide on taking one or more convertible loan and/or issuing warrants and/or increasing the share capital by means of a new issue of shares in one or more batches such that the combined total of the increases in share capital does not exceed € 1,439,211, yet such that the combined total of the increases in the share capital made by warrants issued to personnel does not exceed € 287,842.20. The intention is to give warrants to Kauppakaari's personnel in accordance with the terms of the merger agreement signed between Talentum and Kauppakaari on 15 February 2000. The Annual General Meeting authorized the Board of Directors to decide on the terms and justifications of the new issue of shares according to which the subscription price will be determined. The maximum increase in share capital and the total number of votes of the shares issued shall correspond to 20% of the company's registered share capital and total number of votes conferred by the shares on 16 March. The number of warrants to be granted to personnel shall correspond at most to 4% of the company's registered share capital and total number of votes conferred by the shares on 16 March 2000.

#### **The Board of Directors' Authorizations to Acquire and Transfer Company Shares**

The Annual General Meeting held on 31 March 2000 authorized the Board of Directors, during the year following the Annual General Meeting, to decide on acquiring the company's own shares, such that the number of shares to be acquired does not exceed 855,716 shares, which corresponds to 5% of the company's registered share capital and total number of votes conferred by the shares on that date.

The Annual General Meeting held on 31 March 2000 authorized the Board of Directors, during the year following the Annual General Meeting, to decide on transferring shares acquired for the company in one or more batches such that the total number of shares to be transferred is at most 946,216 shares. The amount includes shares acquired for the company by virtue of earlier acquisition authorizations.

#### **Acquisition and Transfer of Own Shares**

The Board of Directors did not exercise its authority to acquire and transfer the company's own shares.

#### **Own Shares Held by the Company**

At the end of the financial year, Talentum Oyj held 90,500 of the company's own shares. At the end of the financial year, Talentum Oyj held 90,500 of the company's own shares, equivalent to 0.5% of Talentum's shares capital and votes.

#### **Shareholdings of the Supervisory Board, the Board of Directors and the Managing Director**

The shareholdings and share options in Talentum Oyj of the Supervisory Board, the Board of Directors and the Managing Director, held both personally and through companies under their control, amounted to 251,528 shares on 31 December 2000, which represents 1.3% of the company's total issued stock and voting rights.

If the warrants issued by Talentum Oyj in 1996, 1999 and 2000 were to be fully exercised, the holdings of the Group's management would comprise 391,588 shares, which represents 2.0% of the company's total issued stock and voting rights.

#### **Personnel**

The Group had an average of 1,081 employees (1,094 employees) during the year, in addition to which Suoramarkkinointi Mega Oy had 147 part-time telemarketing staff. Some 171 employees (29 employees) were working outside Finland.

The number of personnel by business area was on average as follows:

Publishing	299
Internet and New Media	464
Direct Marketing	18
+ part-time telemarketing staff	147
Other business areas	300

#### **Personnel Incentive Schemes**

Talentum Group employees are paid by results.

Talentum Oyj's share option schemes also embrace the Managing Directors of subsidiaries and some key personnel. Some 70.0% of Talentum Oyj and Talentum Media Oy personnel were covered by a share option scheme.

Some 54.0% of Satama Interactive Oyj personnel were covered by a share option scheme.

#### **Warrant Bonds Issued to Talentum Personnel**

##### **Warrant Bond Issue 1996**

An Extraordinary General Meeting of the company held on 28 August 1996 passed a resolution on an FIM 440,000 warrant bond issue with subscription rights granted to all the Group's employees. The issue was fully subscribed. The maturity period was three years and it was repaid on 16 September 1999. The annual interest rate was 4%. The issue took the form of 440 tranches with a par value of FIM 1,000, each of which carried 1,000 warrants, of which 500 were marked A and 500 were marked B. Each warrant confers entitlement to subscribe four Talentum Oyj shares at a subscription price of FIM 16.50. Shares can be subscribed with warrant A between 1 September 1999 and 31 January 2004 and with warrant B between 1 September 2000 and 31 January 2004. The shares confer entitlement to a dividend for the financial year during which the shares are subscribed. Other entitlements begin after the increase in share capital has been entered in the Trade Register. The share capital of Talentum Oyj may rise on the basis of subscriptions of the Warrant Bond Issue 1996 by a maximum of 1,760,000 shares or FIM 4,400,000. Similarly, the number of voting rights conferred by shares may rise as a result of the subscriptions by a maximum of 1,760,000 votes.

The Warrant Bond Issue 1996 was aimed at the entire personnel, and 82 people were within its scope.

It has been possible to subscribe shares with A warrants since 1 September 1999 and with B warrants since 1 September 2000. Of the 1,760,000 maximum number of sub-

scriptions, 896,000 shares remained unsubscribed at the end of the year under review.

##### **Warrant Bond Issue 1999**

The Annual General Meeting held on 29 March 1999 passed a resolution on an FIM 1,450,000 warrant bond issue with subscription rights granted to all the Group's employees. The issue was fully subscribed. The maturity period is two years and it will be repaid in a single instalment on 30 April 2001. The issue is non-interest bearing. The issue takes the form of 1,450 tranches each with a par value of FIM 1,000, each of which carries 1,000 warrants, of which 500 are marked A and 500 are marked B. Shares can be subscribed with warrant A between 1 February 2002 and 28 February 2005 and with warrant B between 1 February 2004 and 28 February 2005. According to the terms of the warrant bond issue, the subscription price at the end of the year under review of a share with warrant A is € 14.10 and with warrant B € 12.18. The subscription price of a share will be lowered by the amount of the dividends paid after the period for setting the subscription price and before the share subscription on each dividend payment's date of record. However, the subscription price of a share must in all cases be no less than the share's countervalue.

Share entitlements begin after the increase in share capital has been entered in the Trade Register, and shares confer entitlement to a dividend for the financial year during which the shares are subscribed. Talentum Oyj's share capital may rise as a result of subscriptions of the Warrant Bond Issue 1999 by a maximum of 1,450,000 shares or € 609,681.23. Similarly, the number of voting rights conferred by shares may rise as a result of the subscriptions by a maximum of 1,450,000 votes.

Warrant Bond Issue 1999 was aimed at the entire personnel, and 170 people are within its scope.

In the event of a subscriber's employment or position with a company of the Talentum Group ending before the share subscription period with an option has begun, he or she must return to the company any options whose share subscription period has not yet begun.

### **Warrant Bond Issue 2000**

Talentum Oyj's Board of Directors decided on 19 October 2000 by virtue of the authorization granted by the Annual General Meeting on 31 March 2000 to issue a warrant bond issue with subscription rights granted to personnel of Kauppakaari Oyj, which merged with the Talentum Group in 2000, and to Expose Oy, a wholly owned subsidiary of Talentum Oyj. The amount of the warrant bond issue is FIM 460,000. The issue takes the form of 345,000 warrants, of which 115,000 are marked A and 230,000 are marked B. The warrants can subscribe a maximum total of 345,000 Talentum Oyj shares. The subscription price of a share is € 14.10 with warrant A and € 12.18 with warrant B. The subscription price will be lowered by the amount of the dividends paid before the share subscription on each dividend payment's date of record. Shares can be subscribed with warrant A from 1 February 2002 and with warrant B from 1 February 2004. The subscription period for all warrant ends on 28 February 2005.

Some 39 employees are within the scope of Warrant Bond Issue 2000.

In the event of a subscriber's employment or position with a company of the Talentum Group ending before the share subscription period with an option has begun, he or she must return to the company any options whose share subscription period has not yet begun.

### **Agreements between Shareholders**

The company is not aware of any agreements between shareholders relating to the business of the company or its ownership.

### **Regulations on Insider Trading**

The Talentum Group applies the Helsinki Exchanges' regulations on insider trading. In the Talentum Group, the "closed window" (the period during which insiders may not trade in company shares before the publication of financial disclosures) is 21 days.

### **Voting at Shareholders' Meetings**

Talentum Oyj's Articles of Association decree that no shareholder may

cast in shareholders' meetings more than 1/6 of the aggregate voting rights conferred by the company's shares. In the event that subsidiaries or companies in the Group and/or the pension fund or pension foundation of such companies or enterprises together hold more than shares conferring 1/6 of the total voting rights, only voting rights conferred by shares comprising a maximum of 1/6 of the total voting rights may be exercised at a shareholders' meeting of the company.

### **Strategy**

It is the strategy of Talentum Oyj to produce high-quality content and marketing services for selected target groups. The distribution channels used are printed media, network communications and television, such that they support each other and strengthen our brands. The main emphasis of our business is on professional communications.

### **SIGNIFICANT POST-BLANCE SHEET EVENTS**

The Board of Directors of Talentum Oyj decided on 15 February 2001 to propose to the Annual General Meeting to be held on 29 March 2001 a change to the company's organization, namely that the Supervisory Board be abolished.

The Board of Directors of Satama Interactive Oyj decided on 14 February 2001 to close the United Kingdom office and to cut the workforce at the United States office by 25 employees. The decisions are part of a modified strategy in which the company's growth targets have been lowered and profitability assigned a position of prime importance. The company believes that these measures will boost financial performance. At the same time the company repeated its target of an operating profit in 2002. A provision for the measures of € 1.9 million was entered in the 2000 financial statements. Furthermore, the goodwill in the US company, totalling € 3.7 million, was written down in full. The write-down is entered in extraordinary items.

Suoramarkkinointi Mega Oy announced on 15 February 2001 its acquisition of 100% of the Estonian

company Müügimeistrite AS. Mega previously had a franchising agreement with the company, which operates in five localities in Estonia and two localities in Latvia. The company's turnover in 2000 was around EEK 10 million, approximately € 680,000. The company's profitability is good. The purchase price was EUR 0.8 million.

Reprostudio & Heku Oy, which is 100% owned by Talentum Media Oy, announced on 15 February 2001 its acquisition of the Digistudio business from Multiprint Oy. The purpose of the acquisition is to strengthen Reprostudio & Heku's web-to-print operations, in which personalized small editions can be printed from digital material via the Internet. The parties have agreed that the purchase price will not be disclosed.

### **OUTLOOK FOR 2001**

We are focusing on profitability after two years of growth. Measures have been taken to reduce losses from Internet and new media operations.

Talentum's established business areas are in good shape and operating profit are at a good level. Growth is not expected to be very intense during 2001, except in the area of direct marketing.

The turnover of Internet and new media operations is expected to grow rapidly, but at a clearly lower rate than in 2000. The level of losses will fall significantly.

The result for the whole Group will be positive, but still not at a good level, in 2001.

Talentum's solvency and financial position are strong. Satama Interactive's solvency and financial situation are also strong, and Satama Interactive will not need additional financing from Talentum.

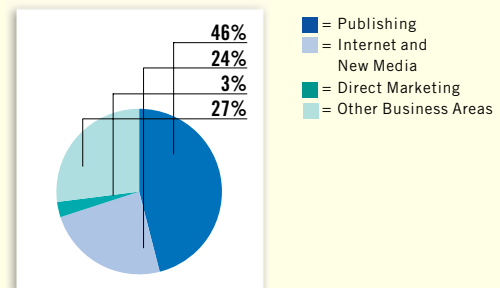
The forecasts and estimates set out herein are based on the management's current view of economic trends, and the actual results may differ substantially from what is expected of the company at this time.



## Group companies' turnover

€ million	1996	1997	1998	1999	2000
Talentum Oyj	24.1	28.7	36.1	38.9	<b>41.3</b>
Kauppakaari Oyj Group	61.8	72.4	48.4	51.2	<b>44.4</b>
Satama Interactive Oyj Group	-	0.3	5.1	15.1	<b>30.1</b>
WOW-verkkobrändit Oy	-	-	-	0.2	<b>2.3</b>
Suoramarkkinointi Mega Oy	2.3	3.1	3.7	5.2	<b>5.9</b>
Other	-	-	0.1	0.4	<b>0.5</b>
Internal sales	-0.9	-1.4	-3.2	-6.2	<b>-7.2</b>
Talentum Group, turnover	87.3	103.1	90.2	104.8	<b>117.3</b>

## Business areas' share of Talentum Group turnover



## Talentum group by business area

€ 1,000	1-12/2000	1-12/1999
<b>Publishing</b>		
Turnover	<b>53,470</b>	51,322
Turnover (incl. sales within Group)	<b>54,041</b>	51,532
Operating profit	<b>5,143</b>	8,659
Operating profit net of goodwill depreciation	<b>5,639</b>	8,877
Operating profit net of goodwill depreciation and non-recurring items	<b>7,134</b>	8,298
Employees (average)	<b>299</b>	278

€ 1,000	1-12/2000	1-12/1999
<b>Internet and new media</b>		
Turnover	<b>28,417</b>	11,493
Turnover (incl. sales within Group)	<b>32,373</b>	15,418
Operating profit	<b>1,287</b>	-10,582
Operating profit net of goodwill depreciation	<b>6,072</b>	-6,219
Operating profit net of goodwill depreciation and non-recurring items	<b>-22,732</b>	-11,875
Employees (average)	<b>464</b>	320

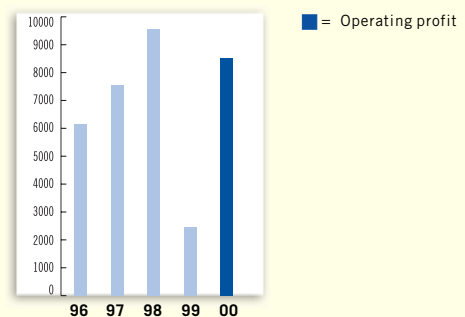
€ 1,000	1-12/2000	1-12/1999
<b>Direct marketing</b>		
Turnover	<b>3,254</b>	3,102
Turnover (incl. sales within Group)	<b>5,919</b>	5,206
Operating profit	<b>-104</b>	736
Operating profit net of goodwill depreciation	<b>1,633</b>	1,345
Employees (average)	<b>18</b>	14
Plus part-time telemarketing staff	<b>147</b>	126

€ 1,000	1-12/2000	1-12/1999
<b>Other business areas</b>		
Turnover *)	<b>32,150</b>	38,909
Turnover (incl. sales within Group)	<b>32,807</b>	39,934
Operating profit **)	<b>1,943</b>	3,359
Operating profit net of goodwill depreciation	<b>2,539</b>	4,904
Operating profit net of goodwill depreciation and non-recurring items	<b>3,198</b>	4,483
Employees (average)	<b>300</b>	482

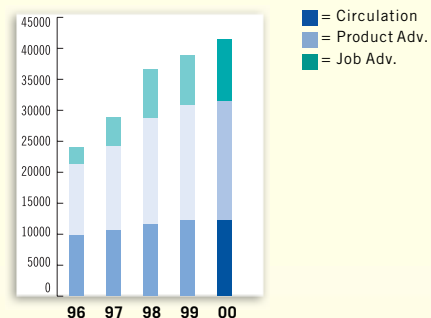
Includes surrendered Multiprint operations  
 \*) turnover t€ 3593 (2000) and t€ 12723 (1999)  
 \*\*) operating profit t€ 268 (2000) and t€ 891 (1999)

€ 1,000	1-12/2000	1-12/1999
<b>TV content production</b> (associated company Varesvuo Partners)		
Turnover	<b>24,774</b>	20,876
Operating profit	<b>2,480</b>	2,670
Effect on Group's overall profit	<b>251</b>	294
Employees (average)	<b>110</b>	100

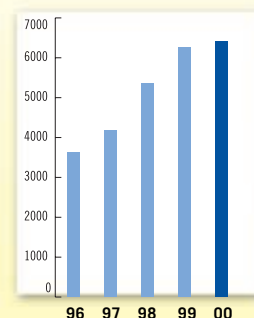
## Consolidated profit, € 1,000



## Talentum publications' income distribution € 1,000



## Talentum Group Publications' advertising pages, total





# Profit and loss account

€ 1,000	GROUP		PARENT COMPANY	
	1 JAN.-31 DEC. 2000	1 JAN.-31 DEC. 1999	1 JAN.-31 DEC. 2000	1 JAN.-31 DEC. 1999
Turnover	<b>117,292</b>	104,826	<b>41,302</b>	38,913
Change in inventories	<b>-487</b>	-329	<b>0</b>	0
Production for own use	<b>44</b>	187	<b>0</b>	0
Other operating income	<b>31,369</b>	6,835	<b>739</b>	778
Materials and services	<b>28,193</b>	23,556	<b>8,671</b>	8,059
Personnel expenses	<b>57,233</b>	42,048	<b>12,523</b>	11,839
Depreciation				
Intangible and tangible assets	<b>7,867</b>	5,586	<b>1,591</b>	1,217
Consolidated goodwill	<b>7,613</b>	6,735	<b>0</b>	0
	<b>15,480</b>	12,322	<b>1,591</b>	1,217
Other operating expenses	<b>38,910</b>	31,374	<b>19,448</b>	16,525
Share in associated companies' profits	<b>118</b>	246	<b>0</b>	0
Operating profit/loss	<b>8,521</b>	2,465	<b>-192</b>	2,051
Financial income and expenses				
Dividend income from Group companies	<b>0</b>	0	<b>566</b>	126
Dividend income from associated companies	<b>0</b>	0	<b>468</b>	442
Interest and financial income from Group companies	<b>0</b>	0	<b>183</b>	184
Other interest and financial income	<b>5,088</b>	4,915	<b>3,090</b>	4,867
Changes in value of liquid assets	<b>-1,163</b>	630	<b>253</b>	631
Interest and financial expenses to Group companies	<b>0</b>	0	<b>-378</b>	-119
Other financial expenses	<b>-1,828</b>	-1,968	<b>-114</b>	-1,959
Other interest expenses	<b>-709</b>	-128	<b>-267</b>	-92
	<b>1,388</b>	3,449	<b>3,800</b>	4,079
Profit before extraordinary items	<b>9,909</b>	5,914	<b>3,609</b>	6,130
Extraordinary items	<b>-4,948</b>	258	<b>1,827</b>	0
Profit before appropriations and taxes	<b>4,960</b>	6,172	<b>5,435</b>	6,130
Increase (-)/decrease (+) in depreciation difference	<b>0</b>	0	<b>92</b>	-142
Direct taxes				
For financial year	<b>3,497</b>	3,604	<b>2,762</b>	1,701
For previous years	<b>8</b>	0	<b>0</b>	0
Change in deferred tax liability	<b>-929</b>	-70	<b>-1,217</b>	0
	<b>2,576</b>	3,534	<b>1,546</b>	1,701
Profit before minority interest	<b>2,384</b>	2,639	<b>3,982</b>	4,287
Minority interest in profit for the year	<b>10,273</b>	1,529	<b>0</b>	0
<b>NET PROFIT FOR THE YEAR</b>	<b>12,657</b>	4,168	<b>3,982</b>	4,287

# Balance sheet

€ 1,000	GROUP		PARENT COMPANY	
	31 DEC. 2000	31 DEC. 1999	31 DEC. 2000	31 DEC. 1999
<b>ASSETS</b>				
<b>FIXED ASSETS</b>				
Intangible assets	9,334	11,235	2,695	3,113
Consolidated goodwill	17,459	9,160	0	0
Tangible assets	9,276	14,701	2,414	2,237
Investments				
Holdings in Group companies	0	0	120,911	12,384
Holdings in associated companies	8,443	8,644	7,121	7,121
Other shares	375	1,272	316	320
	8,817	9,916	128,349	19,825
Fixed assets, total	44,886	45,012	133,457	25,175
<b>CURRENT ASSETS</b>				
<b>Inventories</b>				
Own work in progress	211	244	0	0
Other inventories	3,420	3,494	0	0
	3,631	3,738	0	0
<b>Non-current receivables</b>				
Receivables from Group companies	0	0	1,051	2,439
Other receivables	337	4	0	0
	337	4	1,051	2,439
<b>Current receivables</b>				
Trade receivables	12,840	8,375	1,564	1,253
Receivables from Group companies	0	0	2,839	12,851
Loan receivables	181	249	12	38
Other receivables	899	1,420	226	255
Prepaid expenses and accrued income	3,665	4,622	330	2,769
	17,585	14,665	4,971	17,166
Deferred tax credit	1,513	805	1,393	176
<b>Bonds and securities</b>				
Own shares and holdings	593	1,370	593	1,370
Other shares and holdings	299	3,650	299	8,449
Other securities	35,048	10,265	13,938	0
	35,940	15,285	14,830	9,819
Cash at bank and in hand	3,354	5,731	656	324
Current assets, total	62,359	40,229	22,902	29,924
<b>ASSETS, TOTAL</b>	<b>107,246</b>	<b>85,242</b>	<b>156,359</b>	<b>55,099</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Shareholders' equity</b>				
Share capital	8,404	8,374	8,404	7,196
Share premium fund	3,559	3,390	82,100	1,866
Reserve fund	6,294	6,294	6,294	6,294
Own share fund	593	1,370	593	1,370
Translation differences, restricted equity	210	6	0	0
Other funds	786	786	786	786
Translation differences, non-restricted equity	-35	101	0	0
Retained earnings	21,007	19,828	17,360	14,775
Net profit for the year	12,657	4,168	3,982	4,287
	53,474	44,317	119,519	36,575
Minority interest	11,318	3,438	0	0
<b>Accumulated appropriations</b>				
Accumulated depreciation difference	0	0	1,126	1,218
Deferred tax liability	382	611	0	0
<b>Non-current</b>				
Pension loans	6,337	7,440	5,382	6,055
Debts to Group companies	0	0	0	3,532
Loans from financial institutions	3,483	0	0	0
Other long-term liabilities	99	6,557	22	346
	9,919	13,997	5,404	9,933
<b>Current</b>				
Pension loans	1,094	1,097	673	673
Advances received	599	471	0	0
Accounts payable	3,457	4,577	791	1,064
Debts to Group companies	0	0	21,587	561
Debts to associated companies	11	19	2	2
Accrued liabilities and deferred income	13,167	9,603	4,995	3,981
Loans from financial institutions	2,269	0	0	0
Other current liabilities	11,555	7,110	2,263	1,092
	32,152	22,878	30,310	7,374
<b>LIABILITIES</b>	<b>42,453 *</b>	<b>37,486 *</b>	<b>35,714</b>	<b>17,306</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY, TOTAL</b>	<b>107,246</b>	<b>85,242</b>	<b>156,359</b>	<b>55,099</b>
*Non-interest bearing	28,291	23,583		

## Source and application of funds

€ 1,000	GROUP		PARENT COMPANY	
	1 JAN.-31 DEC. 2000	1 JAN.-31 DEC. 1999	1 JAN.-31 DEC. 2000	1 JAN.-31 DEC. 1999
<b>BUSINESS OPERATIONS</b>				
Operating profit/loss	8,521	2,465	-192	2,051
Adjustments to operating profit	9,495	6,579	6,094	645
Change in net working capital	580	-4,971	36,958	-14,248
Net financing	2,551	3,449	3,800	4,079
Taxes paid	-3,506	-3,698	-2,762	-1,701
Share of associated companies' profits	-118	-246	0	0
Net cash flow from business operations	17,523	3,578	43,899	-9,174
<b>INVESTMENTS</b>				
Acquired Group companies	-11,604	-3,960	-31,867	-4,053
Acquired associated companies	-21	-617	0	0
Acquisitions of other shares	-726	-1,142	0	0
Acquisitions of other fixed assets	-8,781	-20,600	-1,640	-3,485
Sales of other shares	801	3,930	3	3,515
Sales of other fixed assets	5,562	893	290	649
Profit on sales of fixed assets	4,786	566	81	572
Cash flow from investments, total	-9,984	-20,929	-33,133	-2,802
<b>FINANCING</b>				
Withdrawals of long-term loans	3,483	12,733	0	6,396
Repayment of long-term loans	-7,561	-3,488	-4,529	0
Increase/decrease in non-current receivables	333	150	1,387	-2,186
Increase/decrease in current financing	0	29	0	0
Dividends paid	-3,090	-5,656	-1,702	-4,118
Change in value of own shares	-777	0	-777	0
Share premium	169	1,866	169	1,866
Share issue	30	9,124	30	333
Minority capital investment in subsidiaries	18,152	0	0	0
Other	0	113	0	0
Financing, total	10,738	14,870	-5,422	2,291
Increase/decrease in liquid assets	18,277	-2,480	5,344	-9,684
Liquid assets 1 January	21,017	23,497	10,143	19,827
Liquid assets 31 December	39,294	21,017	15,487	10,143

# Notes to the financial statements

## Accounting principles

### Comparability of data and key indicators

Talentum Oyj and Kauppakaari Oyj merged in April 2000. Consolidated financial statement data for the previous financial year presented for comparative purposes includes data for the Kauppakaari Group.

The Group's key indicators have been calculated in accordance with a decision of the Ministry of Finance issued on 25 March 1999 and as if the merger of Kauppakaari and Talentum had occurred before 1996. The level of precision of figures for the years 1996 to 1999 does not in all respects correspond to the level of precision for 2000.

### Consolidated financial statements

The consolidated financial statements combine the parent company's and subsidiaries' profit and loss accounts, balance sheets and notes to financial statement. The consolidated financial statements include all those companies which the parent company controls either directly or indirectly. The acquisition cost method is generally applied in the consolidation of subsidiaries. Oy Mediutiset Ab has been consolidated as a joint venture company line-by-line in proportion to the holding (50%) and otherwise applying the same principles as in the consolidation of subsidiaries. The associated company Varesvuo Partners Oy has been included in the consolidated financial statements using the equity method. The price paid for shares in subsidiaries in excess of their shareholders' equity is shown as consolidated goodwill, to be depreciated over a maximum of ten years. Reserves have not been included in shareholders' equity on the acquisition date.

Business transactions within the Group, internal dividend payments, and internal receivables and debts have been eliminated. Minority interest is separated from the Group's shareholders' equity and net profit, and it is given as a separate item.

The pooling method has been applied in respect of the merger of Talentum Oyj and Kauppakaari Oyj, which took place during the financial year. The acquisition cost of Kauppakaari's shares has been deducted from its share capital and the remainder entered as a reduction of the consolidated shareholders' equity. The impact of the remainder on the consolidated balance sheet's share premium fund is to reduce it by € 4,569,528.26. Kauppakaari's consolidated profit and loss account has been consolidated from the beginning of the financial year, and the data for the previous year presented in the consolidated financial statements as comparative data have been changed accordingly.

### Other operating income

Other operating income includes the share premium arising in the listing of Satama Interactive and a profit resulting from the sales of WOW-verkko-brandit Oy's consumer services.

### Valuation of fixed assets

Fixed asset items have been entered in the balance sheet at their original acquisition cost less planned depreciation. Planned depreciation has been calculated by the straight-line method based on economic life. The depreciation periods are as follows:

Intangible rights	5 years
Consolidated goodwill	5-10 years
Other long-term expenses	3-10 years
Machinery and equipment	2-7 years

In Suoramarkkinointi Mega Oy and Oy Mediutiset Ab, the planned depreciation on fixed assets corresponds to the maximum permitted by the Companies Taxation Act.

### Valuation of inventories

Inventories are presented at the variable costs of acquisition and manufacturing. The acquisition cost of the same type of inventory assets is determined using the FIFO principle.

### Valuation of liquid assets

Shares, holdings and financial instruments included in liquid assets are valued at the direct acquisition price or the market price, whichever is the lower.

### Items denominated in foreign currency

Items denominated in foreign currency are shown in euros at the rate quoted by the European Central Bank at year-end. Differences in exchange rates accruing during the financial year have been included in financial income and expenses.

Balance sheet items in the financial statements of foreign Group and associated companies have been translated into euros at the rate quoted by the European Central Bank at year-end. Profit and loss accounts have been translated using the average rate for the financial year or the rate at year-end. The average exchange rate difference arising when translating financial statements has been entered as shareholders' equity in the consolidated balance sheet.

### Pension arrangements

The statutory and voluntary pension cover of Group companies has been arranged entirely through Finnish pension insurance companies.

### Deferred taxes

Accumulated depreciation differences in the Group have been divided between deferred tax liability and shareholders' equity.

The tax effects arising from the booked and taxation matching differences are given as a deferred tax credit and tax liability.

€ 1,000	GROUP		PARENT COMPANY	
	2000	1999	2000	1999
<b>1. Turnover and operating profit by business area</b>				
<b>Turnover</b>				
Publishing	54,041	51,532	41,302	38,798
Direct marketing	5,919	5,206	0	0
Internet and new media	32,373	15,418	0	115
Other business areas	32,807	39,935	0	0
Internal invoicing	-7,848	-7,265	0	0
	<b>117,292</b>	<b>104,826</b>	<b>41,302</b>	<b>38,913</b>
TV content production (associated company Varesvuo Partners)	24,774	20,876	0	0
<b>Operating profit</b>				
Publishing	5,639	8,877	-192	7,184
Direct marketing	1,633	1,345	0	0
Internet and new media	6,072	-6,219	0	-5,133
Other business areas	2,539	4,905	0	0
Goodwill depreciation	-7,613	-6,735	0	0
	<b>8,269</b>	<b>2,172</b>	<b>-192</b>	<b>2,051</b>
TV content production (associated company Varesvuo Partners)	2,480	2,670		
Impact on consolidated operating profit	251	294		
Turnover, total	<b>8,521</b>	<b>2,465</b>		
<b>2. Other income from business operations</b>				
Profits on sale of fixed assets	5,985	1,000	81	573
Rental income	175	226	5	205
Share premium in subsidiary, targeted issue in Satama Interactive Oy/WOW-Verkkobrändit Oy	25,209	5,455	0	0
Other income	0	153	653	0
	<b>31,369</b>	<b>6,835</b>	<b>739</b>	<b>778</b>
<b>3. Materials and services</b>				
Materials, supplies and goods:				
Purchases during financial year	10,790	10,820	0	0
Changes in inventories	-462	-89	0	0
Materials, supplies and goods, total	<b>10,328</b>	<b>10,730</b>	<b>0</b>	<b>0</b>
External services	17,865	12,825	8,671	8,059
Materials and services, total	<b>28,193</b>	<b>23,556</b>	<b>8,671</b>	<b>8,059</b>
<b>4. Personnel expenses</b>				
Performance-based salaries and fees:				
Supervisory Board, Boards of Directors and Managing Directors	1,802	1,236	106	273
Others	45,000	32,116	9,899	8,953
Pension expenses	6,741	5,308	1,736	1,600
Statutory personnel expenses from sales of options	217	304	0	289
Other statutory personnel expenses	3,473	3,084	781	724
Personnel expenses in profit and loss account	<b>57,233</b>	<b>42,048</b>	<b>12,523</b>	<b>11,839</b>
Average number of personnel during the period under review <sup>1)</sup>	<b>1,081</b>	<b>1,094</b>	<b>197</b>	<b>204</b>
<sup>1)</sup> Adjusted to full-time employees				
<b>5. Depreciation and writedowns</b>				
<b>Planned depreciation</b>				
Intangible assets	2,986	1,530	854	521
Tangible assets	4,881	4,605	737	696
Depreciation, total	<b>7,867</b>	<b>6,135</b>	<b>1,591</b>	<b>1,217</b>
Depreciation on consolidated goodwill	7,613	6,186	0	0
All depreciation, total	<b>15,480</b>	<b>12,322</b>	<b>1,591</b>	<b>1,217</b>
<b>Change in depreciation difference</b>				
Intangible assets			25	-232
Tangible assets			67	90
Change in depreciation difference, total			<b>92</b>	<b>-142</b>
<b>6. Extraordinary items</b>				
Loss on relinquishment of operations/participating interest	-1,199	-585	0	0
Additional depreciation on goodwill (Satama Interactive)	-3,749	-206	0	0
Profits on relinquishment of participating interests	0	1,049	0	0
Group contributions	0	0	1,827	0
Extraordinary items, total	<b>-4,948</b>	<b>258</b>	<b>1,827</b>	<b>0</b>



## 7. Shares and holdings included in fixed assets and held by Group and parent company

	Domicile	Group holding %	Parent company holding %	
<b>Group companies</b>				
Suoramarkkinointi Mega Oy	Helsinki	100.00	100.00	
Satama Interactive Oy	Helsinki	62.20	62.20	
WOW-Verkkobrändit Oy	Helsinki	98.52	98.52	
Planum Oy	Helsinki	100.00	100.00	
Expose Oy	Helsinki	100.00	100.00	
Talouskanava Oy	Helsinki	100.00	100.00	
Oy Mediutiset Ab	Helsinki	50.00	50.00	
Michelson Sales Consults Oy	Helsinki	100.00	100.00	
Talentum Media Oy	Helsinki	100.00	100.00	
<b>Associated companies</b>				
Filmitalli Oy	Helsinki	48.68	20.18	
Elohopea-Filmi Oy	Helsinki	48.28	15.51	
Crea-Filmi Oy	Helsinki	48.50	17.66	
Woodpecker Film Oy	Helsinki	49.02	15.63	
Varesvuo Partners Oy	Helsinki	47.50	47.50	
<b>Subsidiaries' Group companies</b>				
Interweb Oy	Helsinki	100.00		
Studio Soini Oy	Helsinki	100.00		
Satama Finland Oy	Helsinki	100.00		
Seiren Solutions Oy	Helsinki	100.00		
Satama Tampere Oy	Tampere	100.00		
Satama Deutschland GmbH	Dusseldorf	100.00		
tro new media GmbH	Dusseldorf	100.00		
Satama UK Ltd	London	100.00		
Satama Amsterdam B.V.	Amsterdam	100.00		
Satama USA Inc.	Dallas	100.00		
Satama Sverige Ab	Stockholm	100.00		
Iustus Förlag Ab	Uppsala	66.70		
Juura AS	Tallinn	66.70		
Conseco Oy	Moscow	40.00		
Reprostudio & Heku Oy	Helsinki	100.00		
Tietopolku Oy	Helsinki	90.00		
Offset-Kopio Oy	Helsinki	100.00		
Lito-Scan Oy	Helsinki	100.00		
KB-Tuote Oy	Helsinki	100.00		
KB-Eesti AS	Tallinn	70.00		
Main Domain Oy	Helsinki	50.00		
Kassimatti Oy	Huittinen	35.16		
First Hop Oy	Helsinki	31.90		
Tigrasoft Kft	Hungary	25.00		

## 8. Intangible and tangible assets

<b>Intangible assets</b>				
Acquisition cost 1 Jan.	15,949	8,209	4,269	2,245
Increases	5,814	9,450	442	2,351
Decreases	-1,314	-1,710	-6	-327
Acquisition cost 31 Dec.	20,449	15,949	4,705	4,269
Accumulated planned depreciation	-11,115	-4,714	-2,010	-1,156
Book value 31 Dec.	9,334	11,235	2,695	3,113
<b>Tangible assets</b>				
Acquisition cost 1 Jan.	32,529	24,860	5,139	4,804
Increases	5,942	9,346	1,117	1,144
Decreases	-6,474	-1,677	-284	-809
Acquisition cost 31 Dec.	31,997	32,529	5,972	5,139
Accumulated planned depreciation	-22,721	-17,828	-3,558	-2,902
Book value 31 Dec.	9,276	14,701	2,414	2,237
<b>Consolidated goodwill</b>				
Acquisition cost 1 Jan.	20,139	11,816	0	0
Increase/Decrease	15,912	8,323	0	0
Acquisition cost 31 Dec.	36,051	20,139	0	0
Accumulated planned depreciation	-18,592	-10,979	0	0
Book value 31 Dec.	17,459	9,160	0	0
<b>Investments</b>				
<b>Shares in subsidiaries</b>				
Acquisition cost 1 Jan.			12,384	8,332
Increases			113,111	4,142
Decreases			-4,584	-90
Acquisition cost 31 Dec.			120,911	12,384

€ 1,000	GROUP		PARENT COMPANY	
	2000	1999	2000	1999
<b>Shares in associated companies</b>				
Acquisition cost 1 Jan.	8,384	7,534	7,121	7,121
Increases	21	856	0	0
Decreases	0	-6	0	0
Acquisition cost 31 Dec.	8,404	8,384	7,121	7,121
Accumulated planned depreciation and shares of profits	38	260	0	0
Shares in associated companies, book value 31 Dec.	8,443	8,644	7,121	7,121
<b>Other shares</b>				
Acquisition cost 1 Jan.	1,274	4,748	320	3,835
Increases	1,319	900	0	0
Decreases	-801	-4,374	-4	-3,515
Acquisition cost 31 Dec.	1,792	1,274	316	320
Accumulated planned depreciation and writedowns	-1,417	-2	0	0
Other shares, book value 31 Dec.	375	1,272	316	320

## 9. Itemization of intangible and tangible assets

<b>Intangible assets</b>				
Computer software	2,861	2,529	1,308	1,342
Other long-term expenditure	0	924	0	0
Renovation of business premises	2,838	970	308	361
Others	3,635	6,812	1,078	1,410
Total	9,334	11,235	2,695	3,113
<b>Tangible assets</b>				
Machinery and equipment	8,578	14,194	2,384	2,206
Buildings	0	394	0	0
Advance payments	0	79	0	0
Other tangible assets	698	34	29	31
Total	9,276	14,701	2,414	2,237

## 10. Inventories

Materials and supplies	206	479	0	0
Work in progress	211	244	0	0
Finished products/goods	3,076	2,811	0	0
Advance payments	138	204	0	0
Total	3,631	3,738	0	0

## 11. Liquid assets

Difference between the book and market values of shares, holdings and financial instruments included in liquid assets:

Market value	37,486	19,881	16,376	14,415
Book value	35,940	15,285	14,830	9,819
Difference	1,546	4,596	1,546	4,596

## 12. Receivables

### Receivables from Group companies

Non-current receivables:				
Loan receivables			1,051	2,439
Current receivables:				
Trade receivables			27	332
Loan receivables			968	12,519
Prepaid expenses and accrued income			1,844	0
Total			2,839	12,851

## 13. Prepaid expenses and accrued income

Tax assets	997	2,250	0	2,250
Others	2,668	2,372	330	519
Total	3,665	4,622	330	2,769

## 14. Shareholders' equity

Share capital 1 Jan.	8,374	8,041	7,196	6,863
New issue	30	333	1,208	333
Share capital 31 Dec.	8,404	8,374	8,404	7,196
Reserve fund	6,294	6,294	6,294	6,294
Share premium fund 1 Jan.	3,390	1,524	1,866	0
Issue premium	169	1,866	80,234	1,866
Share premium fund 31 Dec.	3,559	3,390	82,100	1,866

€ 1,000	GROUP		PARENT COMPANY	
	2000	1999	2000	1999
Own share fund 1 Jan.	1,370	0	1,370	0
Increase	0	1,370	0	1,370
Decrease	777	0	777	0
Own share fund 31 Dec.	593	1,370	593	1,370
Translation difference in restricted equity	210	6	0	0
Other funds	786	786	786	786
<b>Non-restricted equity</b>				
Retained profits 1 Jan.	24,097	26,854	19,062	20,263
Dividend payment	-3,090	-5,656	-1,702	-4,118
Transfer to own share fund	0	-1,370	0	-1,370
Translation difference	-35	101	0	0
Net profit for the year	12,657	4,168	3,982	4,287
Retained profits 31 Dec.	33,628	24,097	21,342	19,062
Shareholders' equity total 31 Dec.	53,474	44,317	119,519	36,575

### 15. Calculation of distributable assets

Non-restricted equity 31 Dec.	34,414	24,882	22,127	19,848
-Portion entered in shareholders' equity from accumulated depreciation difference and voluntary reserves	-1,149	-1,416	0	0
-Deferred tax credit	-1,513	-805	-1,393	-176
-Other items	-30,486	-5,277	0	0
Distributable assets from non-restricted equity	1,266	17,384	20,734	19,672

Share capital by type of share at end of financial year:  
Series: TTMV1

shares  
19,987,415

shares  
17,114,320

Own shares held by the company

90,500

90,500

### 16. Appropriations

Accumulated depreciation difference by fixed asset group

Intangible assets			721	747
Tangible assets			405	471
			1,126	1,218

Deferred tax liability included in reserves

327

353

### 17. Liabilities

Liabilities to Group companies

Non-current liabilities

0

3,532

Current liabilities:

Accounts payable

351

406

Other current liabilities

21,236

155

Total

21,587

561

### Substantial items included in accrued liabilities and deferred income

Subscription fee advances	1,785	1,697	1,744	1,697
Holiday pay obligation liability	4,431	4,178	1,360	1,151
Reserve for incentive bonuses	729	567	712	567
Statutory employment pension and social security contributions debt	747	71	291	2
Royalty debt	237	163	237	163
Others	5,238	2,927	650	401
Total	13,167	9,603	4,995	3,981

### 18. Deferred tax liabilities and credits

Deferred tax credits				
On matching items	1,513	805	1,393	176
Deferred tax liabilities				
On matching items	382	611	0	0

### 19. Guarantees, contingent liabilities and other commitments

Financial institution loans with shares as collateral	5,466	4,205	0	0
Book value of shares pledged	8,643	9,598	0	0
Financial institution loans with promissory notes as collateral	5,505	4,312	0	0
Pension loans with promissory notes as collateral	661	1,264	0	0
Book value of notes pledged	8,462	5,487	0	0
Guarantees posted for own commitments				
Rent guarantees	10,396	1,731	0	0

€ 1,000	GROUP		PARENT COMPANY	
	2000	1999	2000	1999
Other commitments	1,233	33	0	0
Leasing commitments				
To be paid in the next financial year	1,123	825	40	0
To be paid later	1,183	1,283	35	0
Guarantees posted on behalf of Group companies				
Rent guarantees	304	821	304	0
Other commitments	260	33	260	0
Loans on equity terms	0	0	1,051	2,439
Pledged securities	238	238	238	238
Guarantees	32	196	32	196

No pledges or other contingent liabilities have been posted on behalf of the management or shareholders.

## 20. Warrant bonds

### Parent company's Warrant Bond Issue 1996:

Amount of issue, FIM	440,000
Amount of issue, €	74,003
Interest rate	4%
Repaid	16 Sept. 1999

Number of A warrants	220,000	subscription rights	880,000 shares
Number of B warrants	220,000	subscription rights	880,000 shares
Total	440,000	subscription rights	1,760,000 shares

Subscription period:	
A warrants	1 Sept. 1999–31 Jan. 2004
B warrants	1 Sept. 2000–31 Jan. 2004

### Warrants not exercised at 31 Dec. 2000:

Number of A warrants	16,950	subscription rights	67,800 shares
Number of B warrants	207,050	subscription rights	828,200 shares

Subscription price:	
A warrants	€ 2.78 (FIM16.50) per share
B warrants	€ 2.78 (FIM16.50) per share

### Parent company's Warrant Bond Issue 1999:

Amount of issue, FIM	1,450,000
Amount of issue, €	243,873
Interest rate	0%
Repaid	30 Apr. 2001

Number of A warrants	725,000	subscription rights	725,000 shares
Number of B warrants	725,000	subscription rights	725,000 shares
Total	1,450,000	subscription rights	1,450,000 shares

Subscription period:	
A warrants	1 Feb. 2002–28 Feb. 2005
B warrants	1 Feb. 2004–28 Feb. 2005

Subscription price:	
A warrants	€ 14.10 per share
B warrants	€ 12.18 per share

### Parent company's Warrant Bond Issue 2000:

Amount of issue, FIM	460,000
Amount of issue, €	77,366
Interest rate	0%
Repaid	30 Nov. 2002

Number of A warrants	115,000	subscription rights	115,000 shares
Number of B warrants	230,000	subscription rights	230,000 shares
Total	345,000	subscription rights	345,000 shares

Subscription period:	
A warrants	1 Feb. 2002–28 Feb. 2005
B warrants	1 Feb. 2004–28 Feb. 2005

Subscription price:	
A warrants	€ 14.10 per share
B warrants	€ 12.18 per share

The company Expose Oy, a wholly-owned subsidiary of the parent company, had subscription rights totalling 475,950 shares for future needs.

## 21. Management share holdings

At the end of the year under review, the members of the parent company's Supervisory Board and Board of Directors, Managing Director and companies under their control held a total of 251,528 shares and share options in Talentum Oyj. This holding corresponds to 1.3 per cent of the issued stock. In the event of the warrants issued by Talentum Oyj in 1996, 1999 and 2000 all being exercised, the holdings of the Group management would be 391,588 shares, representing 2.0 per cent of the company's issued stock and voting rights.



# Shares and shareholders

Talentum shares are quoted on Main List of the Helsinki Exchanges. Talentum shares were first quoted on the OTC list (now the I-list) in 1988. The shares moved to the Main List on 1 December 1998. The code for the shares is TTM1V. The company's shares are not traded on any other stock exchange.

Talentum Oyj's issued stock stands at 19,987,415 shares. The shares are included in the book-entry securities system. All the shares are in a single series and each share confers equal entitlement to vote at company meetings and to identical dividend rights. However, Talentum Oyj's Articles of Association include a clause on redemption obligations and

restrictions on voting rights.

The period for the expiry of the dividend is five years from the date on which payment of dividend begins. Dividends unpaid after this time belong to the company. The shares also confer entitlement to a share of the proceeds in the event of the company being disbanded.

## Dividend policy

Talentum Oyj follows an active policy on dividends. The dividend for 1999 was € 0.10 per share. For 2000, the Board of Directors is proposing to the Annual General Meeting that no dividend be distributed. The factors affecting dividends are the amount of distributable equity, the absolute and rel-

ative net profit for the year, the company's cash flow from business operations, the requirement for capital expenditure in the near future, and the outlook for the future.

## Investor relations

It is the aim of Talentum's investor relations to ensure that the market receives accurate information on the Talentum Group's business and its future prospects.

Talentum serves investors and analysts by arranging meetings with the management. Bulletins issued to the market can be seen at the company's website.

In all our disclosures, we aim for transparency.

## Share capital increases 1994 - 2000

		Number of A shares	Number of B shares
1993		1,081,000	916,000
1994	Bonus issue	1A/1B : 1B	1,997,000
1996	Bonus issue	1A/1B : 1B	3,994,000
1998	Bonus issue	1A:1A, 1B:1B	6,907,000
1998	Targeted issue	1A/1,16	-
		2,507,920	13,814,000
			+ 2,507,920
			<b>16,321,920</b>
1999	Share subscriptions with warrants		792,400
			<b>17,114,320</b>
2000	Targeted issue/Kauppaakaari Oyj		2,801,495
2000	Share subscriptions with warrants		71,600
			<b>19,987,415</b>

Combined, series A and B

**Total number of shares 31 Dec. 1998**

1999 Share subscriptions with warrants

**Total number of shares 31 Dec. 1999**

2000 Targeted issue/Kauppaakaari Oyj

2000 Share subscriptions with warrants

**Total number of shares 31 Dec. 2000**

## Talentum Oyj (situation at 31 Dec. 2000)

	Total	Number of warrants
In addition, Talentum Oyj's outstanding warrants		2,691,000
- of which fell due	1 Sep. 1999	67,800
- of which fell due	1 Sep. 2000	828,200
- of which fall due	1 Feb. 2002	840,000
- of which fall due	1 Feb. 2004	955,000

## Shareholders by category 31 December 2000

	Number of shareholders	% of shares	Number of shares	% of votes
Companies				
Public companies	2	0.1	11,778	0.1
Private companies	260	7.9	1,890,668	9.5
Nominee registered	2	0.1	9,919	0.0
Financial institutions and insurance companies				
Financial institutions and insurance companies	44	1.3	1,686,346	8.4
Nominee registered	4	0.1	9,389,854	47.0
Non-corporate public sector	21	0.6	312,707	1.6
Non-profit organisations	69	2.1	4,663,522	23.3
Households	2,887	87.2	1,954,496	9.8
Foreign	20	0.6	26,021	0.1
Waiting list			0	0.0
Joint account			42,104	0.2
<b>Total</b>	<b>3,309</b>	<b>100.0</b>	<b>19,987,415</b>	<b>100.0</b>

## Breakdown of share ownership 31 December 2000

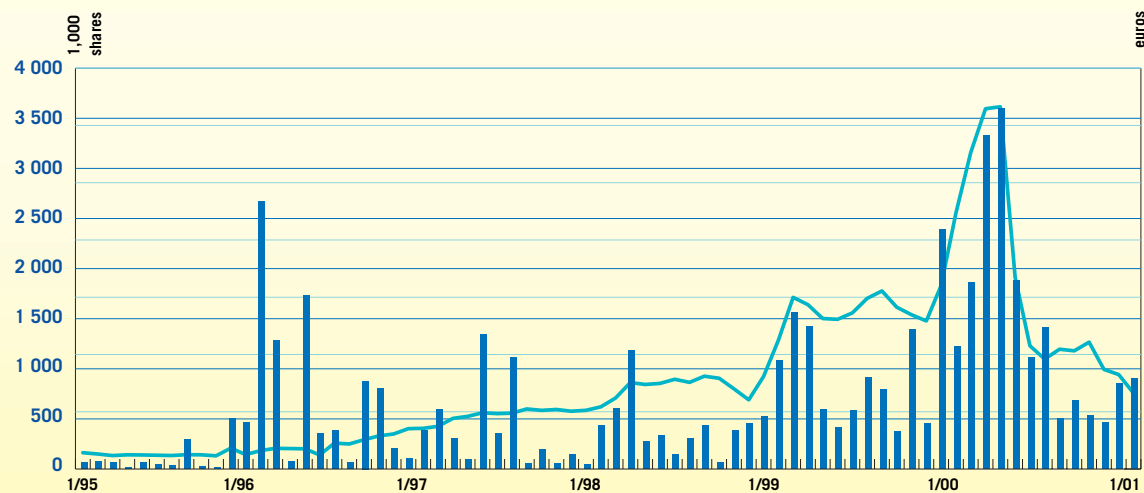
Number of shares	Number of shareholders	% of holders	Number of shares	% of shares and votes
1-100	1,010	30.52	75,937	0.38
101-1,000	1,762	53.25	762,459	3.81
1,001-10,000	465	14.05	1,207,384	6.04
10,001-100,000	55	1.66	1,883,888	9.43
100,001-10,000,000	17	0.51	16,015,643	80.12
Waiting list			0	0
Joint account			42,104	0.21
<b>Total</b>	<b>3,309</b>	<b>100.0</b>	<b>19,987,415</b>	<b>100.0</b>

# Shares and shareholders

## Major shareholders, 31 December 2000

	Total shares	% of shares and voting rights
1. The Association of Finnish Lawyers	1,862,080	9.3
2. The Association of Finnish Engineers	1,100,000	5.5
3. The Finnish Association of Graduates in Economics and Business Administration	520,000	2.6
Aimonoke Oy	524,896	2.6
Total	1,044,896	5.2
4. The Finnish Association of Graduate Engineers TEK	234,800	1.2
Dia-Tieto Oy	799,069	4.0
Total	1,033,869	5.2
5. Merita Bank	327,513	1.6
6. OP-Delta Mutual Fund	295,200	1.5
7. Finpro	223,410	1.1
8. The Association of Finnish Wholesalers and Importers	169,698	0.8
9. Alfred Berg Small Cap Mutual Fund	152,420	0.8
10. TFIS Engineering Society in Finland	139,987	0.7
11. Suomi Mutual Life Assurance Company	120,240	0.6
12. Alfred Berg Finland Mutual Fund	117,320	0.6
13. Mutual Insurance Company Pension-Fennia	101,616	0.5
14. Alfred Berg Portfolio Mutual Fund	81,879	0.4
15. OP-Pirkka Mutual Fund	78,000	0.4
16. OP-Spektri Mutual Fund	70,900	0.4
17. Finnish National Fund for Research and Development SITRA	70,520	0.4
18. Leonia Bank Plc	70,075	0.4
19. Association of Swedish-speaking Engineers in Finland – DIFF	70,010	0.4
20. Mikko Saarela	67,000	0.3
Nominee-registered shares	9,399,773	47.0
Other shareholders, total	3,391,009	17.0
ISSUED STOCK	19,987,415	100

## Price development and trading of Talentum share, monthly averages and adjusted for share issues



## Key indicators for the Group

		2000	1999	1998	1997	1996
Return on equity, (ROE)	%	<b>13.3</b>	5.2	29.4	27.8	21.8
Return on investment, (ROI)	%	<b>15.2</b>	11.1	35.6	38.5	27.3
Equity ratio <sup>x)</sup>	%	<b>60.5</b>	55.6	62.5	55.4	62.6
Net gearing	%	<b>-39.1</b>	-17.4	-41.2	-44.6	-82.4
Key indicators per share						
Earnings per share	€	<b>0.85</b>	0.20	0.70	0.50	0.33
Earnings per share, diluted by warrant bonds	€	<b>0.80</b>				
Dividend per share	€	-	0.10	0.25	0.17	0.12
Equity per share	€	<b>2.66</b>	2.17	2.27	1.87	1.54
Dividend/earnings	%	-	50	36	34	36
Effective dividend yield	%	-	0.41	1.76	3.03	3.33
P/E ratio at year-end share price		<b>7.7</b>	120.5	20.4	11.1	10.7
Market capitalization <sup>xx)</sup>	€ million	<b>130.3</b>	410.3	233.3	88.7	56.4
Traded price, 31 Dec.	€	<b>6.55</b>	24.10	14.30	5.55	3.53
Traded price, high	€	<b>43.80</b>	26.00	15.14	6.05	3.53
Traded price, low	€	<b>5.40</b>	11.40	5.55	3.45	1.35
Average price for year, adjusted for share issue	€	<b>21.13</b>	15.38	8.04	4.78	1.89
Total share turnover <sup>xx)</sup>	shares	<b>17,142,084</b>	12,101,456	6,298,500	4,739,140	9,818,162
Total share turnover as percentage of shares <sup>xx)</sup>	%	<b>90.3</b>	73.3	39.3	29.7	61.5
Number of shares, issue-adjusted:						
weighted average during year	shares	<b>18,987,685</b>	18,463,337	17,970,229	17,926,634	17,926,634
at year-end	shares	<b>19,896,915</b>	19,825,315	19,123,415	18,777,495	18,777,495
Unredeemed 1996 warrant bonds shares		<b>896,000</b>	967,600			
Unredeemed 1999 warrant bonds	shares	<b>1,450,000</b>	1,450,000			
Unredeemed 2000 warrant bonds	shares	<b>345,000</b>				
Company's own shares	shares	<b>90,500</b>	90,500			

<sup>x)</sup> matching of the subscriptions booked in deferred liabilities has been treated as debt

<sup>xx)</sup> 1996-1999 calculated with Talentum's figures

## Financial trends of the Group

		2000	1999	1998	1997	1996
TURNOVER	€ 1,000	<b>117,292</b>	104,826	90,287	103,129	87,321
growth, %	%	<b>11.9</b>	16.1	-12.5	18.1	10.2
OPERATING PROFIT	€ 1,000	<b>8,521</b>	2,466	9,547	7,537	6,160
% turnover	%	<b>7.3</b>	2.4	10.6	7.3	7.1
Financial items	€ 1,000	<b>1,388</b>	3,449	7,755	6,619	2,036
PROFIT BEFORE EXTRAORDINARY ITEMS, TAXES AND MINORITY INTEREST	€ 1,000	<b>9,909</b>	5,915	17,302	14,156	8,196
% turnover	%	<b>8.4</b>	5.6	19.2	13.7	9.4
Taxes	€ 1,000	<b>-2,576</b>	-3,534	-5,354	-5,011	-2,113
Minority interest	€ 1,000	<b>10,273</b>	1,529	447	-130	-155
PROFIT BEFORE EXTRAORDINARY ITEMS		<b>17,605</b>	3,910	12,395	9,015	5,928
Extraordinary items	€ 1,000	<b>-4,948</b>	258	506	0	-130
NET PROFIT FOR THE YEAR	€ 1,000	<b>12,657</b>	4,168	12,901	9,015	5,798
Gross investment	€ 1,000	<b>29,405</b>	28,891	10,530	25,562	4,714
% turnover	%	<b>25.1</b>	27.6	11.7	24.8	5.4
Shareholders' equity + minority interest	€ 1,000	<b>64,792</b>	47,755	44,938	36,295	29,421
Balance sheet total	€ 1,000	<b>107,246</b>	85,242	72,267	66,235	47,681
Number of employees		<b>1,081</b>	1,094	768	606	492
Turnover per employee	€ 1,000	<b>109</b>	96	118	170	177

# Calculation of key indicators

<b>Return on equity (ROE),%</b>	=	$\frac{\text{Profit or loss before extraordinary items - taxes}}{\text{Shareholders' equity + minority interest (average of beginning and end of year)}} \times 100$
<b>Return on investment (ROI),%</b>	=	$\frac{\text{Profit or loss before extraordinary items + interest expenses and other financial expenses}}{\text{Balance sheet total - non-interest-bearing debts (average of beginning and end of year)}} \times 100$
<b>Equity ratio, %</b>	=	$\frac{\text{Shareholders' equity + minority interest}}{\text{Balance sheet total - advances received}} \times 100$
<b>Gearing, %</b>	=	$\frac{\text{Interest-bearing debts - cash, bank and securities included in financial assets}}{\text{Shareholders' equity + minority interest}} \times 100$
<b>Earnings per share</b>	=	$\frac{\text{Profit before extraordinary items - taxes +/- minority interest}}{\text{Average number of shares for financial year (adjusted for share issues)}}$
<b>Dividend per share</b>	=	$\frac{\text{Dividends paid}}{\text{Number of shares at year-end (adjusted for share issues)}}$
<b>Equity per share</b>	=	$\frac{\text{Shareholders' equity}}{\text{Number of shares at year-end (adjusted for share issues)}}$
<b>Dividend per earnings, %</b>	=	$\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$
<b>Effective dividend yield, %</b>	=	$\frac{\text{Dividend per share}}{\text{Share price at year-end (adjusted for issues)}} \times 100$
<b>Price/earnings ratio, P/E</b>	=	$\frac{\text{Share price at year-end (adjusted for share issues)}}{\text{Earnings per share}}$
<b>Market capitalization</b>	=	Number of shares x share price at year-end



# Parent company's proposal for the distribution of profits

	PARENT COMPANY, €	GROUP, €
Distributable assets	20,734,227.98	1,265,757.13
The Board of Directors proposes that no dividend be distributed		
Retained in distributable assets	20,734,227.98	1,265,757.13

Helsinki, 15 February 2001

Seppo Härkönen  
Seppo Kemppinen  
Vilho Korkeamäki  
Göran Nyman  
Eero Tuomainen

Jukka Ant-Wuorinen  
Simo Jutila  
Johannes Koroma  
Eira Palin-Lehtinen

Harri Roschier  
Managing Director

## Auditors' report

### To the shareholders of Talentum Oyj

We have audited the accounting, financial statements and administration of Talentum Oyj for the financial year 1 January – 31 December 2000. The financial statements prepared by the Board of Directors and Managing Director include a report on the year as well as the company and consolidated profit and loss accounts, balance sheets and notes to the financial statements. On the basis of our audit, we submit our declaration on the financial statements and administration.

The audit was carried out in accordance with generally accepted auditing standards. This requires that the accounting and the principles, substance and presentation of the financial statements are audited in sufficient scope to determine that the financial statements have been prepared correctly in the essential aspects. The audit of the management examined the compliance by the members of the Supervisory Board and Board of Directors and of the Managing Director with the regulations laid down in the Finnish Companies Act.

We declare that the financial statements have been drawn up in accordance with the Accounting Act and other rules and regulations for the production of financial statements. The financial statements provide a true and fair view, as prescribed by the Accounting Act, of the Group's and parent company's net operating profit and their financial status. The financial statements and consolidated financial statements may be adopted and discharge from personal liability may be granted to the members of the parent company's Supervisory Board, Board of Directors and Managing Director for the financial year we have audited. The proposal by the Board of Directors for the disposal of distributable assets is in accordance with the Companies Act.

Helsinki, 2 March 2001

SVH Pricewaterhouse Coopers Oy  
Authorized Public Accountants  
Pekka Nikula  
Authorized Public Accountant

# Statement by the Supervisory Board

We have examined the financial statements of the company and Group for the financial year 1 January - 31 December 2000, along with the auditors' report. We recommend that the company and consolidated financial statements be adopted and that the profit be distributed in accordance with the proposal of the Board of Directors.

The terms of office of the following members of the Supervisory Board are expiring: Heikki Alanko, Birgitta Eriksson, Markku von Hertzen, Heikki Kauppi, Esko Mälkönen, Heikki Pentti, Ilkka Paunonen, Arja Tuoriniemi and Matti Viljanen.

Helsinki, 5 March 2001

On behalf of the Supervisory Board

Matti Viljanen  
Chairman

Ilkka Paunonen  
Deputy Chairman



# Board of Directors

The members of the Board of Directors are elected by the Annual General Meeting. The term of office of Board members ends at the closing of the second Annual General meeting following the one at which they were elected. Board members may not be 64 years of age or older at the time of election. The Annual General Meeting elects a Chairman and Deputy Chairman of the Board of Directors for one year at a time.

## **Chairman:**

Managing Director  
**SEPPO HÄRKÖNEN (b. 1948)**  
Finpro ry  
Term of office expires: 2001

## **Deputy Chairman:**

Managing Director  
**JUKKA ANT-WUORINEN (b. 1950)**  
Amer-Tupakka Oy  
Term of office expires: 2001

## **Members:**

Managing Director  
**SIMO JUTILA (b. 1957)**  
Keycast Oy  
Term of office expires: 2001

Lawyer  
**SEPPO KEMPPINEN (b. 1950)**  
Asianajotoimisto  
Borenius&Kemppinen Oy  
Term of office expires: 2001

Managing Director  
**VILHO KORKEAMÄKI (b. 1945)**  
Ins.toimisto V.Korkeamäki Ky  
Term of office expires: 2001

Managing Director  
**JOHANNES KOROMA (b. 1943)**  
Confederation of Finnish Industry  
and Employers  
Term of office expires: 2001

Managing Director  
**GÖRAN NYMAN (b. 1939)**  
Oy NIM International Ab Ltd  
Term of office expires: 2001

Executive Vice President  
**EIRA PALIN-LEHTINEN (b. 1950)**  
MeritaNordbanken Oyj  
Term of office expires: 2001

Director  
**EERO TUOMAINEN (b. 1938)**  
Leonia Plc  
Term of office expires: 2001



*From the left: Director of Finance Heikki Tarkka, Vilho Korkeamäki, Jukka Ant-Wuorinen, (Deputy Chairman), Simo Jutila, Göran-Nyman, Eira Palin-Lehtinen, Eero Tuomainen, Seppo Kemppinen, Seppo Härkönen (Chairman), Johannes Koroma and Managing Director Harri Roschier.*

# Administration and management

## Supervisory Board

The members of the Supervisory Board are elected by the Annual General Meeting. The term of office of the members of the Supervisory Board ends at the closing of the second Annual General meeting following the one at which they were elected. The terms of office of half of the members of the Supervisory Board expire each alternate year. Members of the Supervisory Board may not be 64 years of age or older at the time of election. The Annual General Meeting elects a Chairman and Deputy Chairman of the Supervisory Board until the next Annual General Meeting.

The Board of Directors proposes to the Annual General Meeting to be held on 29 March 2001 that the Supervisory Board be abolished.

### Chairman

Chairman

**MATTI VILJANEN (b. 1949)**

Association of Finnish Engineers

Term of office expires: 2001

### Deputy Chairman

Managing Director

**ILKKA PAUNONEN (b. 1954)**

Inforviestintä Oy

Term of office expires: 2001

### Members:

Managing Director

**HEIKKI ALANKO (b. 1940)**

IAC International Assignments

Consulting Oy

Term of office expires: 2001

Director

**MATTI CARPÉN (b. 1960)**

Elisa Communications Plc

Term of office expires: 2002

Purchasing Engineer

**BIRGITTA ERIKSSON (b. 1960)**

Rintekno Oy

Term of office expires: 2001

Director

**JOEL FIGUR (b. 1954)**

Finpro ry

Term of office expires: 2002

Managing Director

**MARKKU VON HERTZEN (b. 1948)**

Finnish Association of Graduates in

Economics and Business

Administration

Term of office expires: 2001

Executive Director

**HEIKKI KAUPPI (b. 1955)**

Finnish Association of Graduate

Engineers TEK

Term of office expires: 2001

Engineer

**ESKO MÄLKÖNEN (b. 1942)**

Term of office expires: 2001

Managing Director

**GUNNULF MÅRTENSON (b. 1940)**

EPStar Ltd

Term of office expires: 2002

Chairman of the Board of Directors

**HEIKKI PENTTI (b. 1946)**

Lemminkäinen Oyj

Term of office expires: 2001

Director

**ULLA SIRKEINEN (b. 1946)**

Confederation of Finnish Industry

and Employers

Term of office expires: 2002

Lawyer

**ANTTI SORJONEN (b. 1959)**

LAT Pesonen Oy

Term of office expires: 2002

Legal Affairs Executive

**KARI SUOMINEN (b. 1948)**

Merita Plc

Term of office expires: 2002

Director of Finance

**ILKKA TALVITIE (b. 1945)**

Art-Print Oy

Term of office expires: 2002

Professor of Civil Law

**JARNO TEPORA (b. 1948)**

Term of office expires: 2002

M.Sc. (Econ.&B.A.)

**SARI TURUNEN (b. 1969)**

KPMG Consulting

Term of office expires: 2002

Bank Manager

**HEIKKI VITIE (b. 1952)**

OKOBANK Group

Term of office expires: 2002

### Personnel representatives:

Editor

**RAILI LEINO (b. 1954)**

Elected by the editorial staff

Term of office expires: 2002

Cashier

**ARJA TUORINIEMI (b. 1945)**

Elected by the office staff

Term of office expires: 2001

## **Managing director**

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The Managing Director is appointed by the Supervisory Board on the recommendation of the Board of Directors.

M.Sc. (Econ.&B.A.)  
**HARRI ROSCHIER (b. 1957)**

## **Auditor**

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The Annual General Meeting elects annually a firm of Authorized Public Accountants as auditor.

The auditor is the Authorized Public Accountant firm SVH Pricewaterhouse Coopers Oy, with **PEKKA NIKULA**, Authorized Public Accountant (**b. 1944**), the responsible auditor.

## **Managing directors of subsidiaries**

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Talentum Media Oy  
(as of 1 January 2001)  
**ILKKA SEPPÄLÄ (b. 1956)**  
LL.M.

Satama Interactive Oyj  
**HEIKKI ROTKO (b. 1961)**  
Commercial college graduate, MBA

Suoramarkkinointi Mega Oy  
**MIKKO SAARELA (b. 1960)**  
Commercial college graduate

WOW-Verkkobrandit Oy  
As of 13 January 2000  
Acting Managing Director  
**JARL MICHELSSON (b. 1948)**  
Commercial college graduate

As of 22 November 2000  
**JUHA-PEKKA VIRTANEN (b. 1970)**  
M.Sc. (Econ.&B.A.)

Mediutiset Oy  
**PENTTI KIISKI (b. 1953)**  
Pharmacist



# Contact information

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## **Talentum Media Oyj**

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Telefax: (+358 9) 5421 2220

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Telefax: (+358 9) 5421 2223

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Telefax: (+358 9) 4788 2345  
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Telefax: (+358 9) 612 7660  
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E-mail: helsinki@satama.com

## **Suoramarkkinointi Mega Oy**

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FIN-00100 Helsinki  
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E-mail: info@sm-mega.fi

## **WOW-verkkobrandit Oy**

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Telefax: (+358 9) 7519 7373  
E-mail: asiakaspalvelu@wow.fi

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Telefax: (+358 9) 656 799  
E-mail:  
varesvuopartners@varesvuopartners.fi

The following banks and brokers are among those  
**which analyze Talentum as an investment:**

### Helsinki

**Alfred Berg Finland Oy Ab**  
(+358 9) 228 321

**Aros Securities Ltd, Corporate Finance**  
(+358 9) 173 3781

**ArosMaizels Equities**  
(+358 9) 123 41

**Conventum Pankkiiriliike Oy**  
(+358 9) 549 930

**Crédit Agricole Indosuez, Helsinki Branch**  
(+358 9) 696 991

**D. Carnegie Ab Finland**  
(+358 9) 6187 1200

**Deutsche Bank**  
(+358 9) 2525 250

**Enskilda Securities**  
(+358 9) 6162 8900

**Evli Securities Plc**  
(+358 9) 476 690

**Handelsbanken Markets**  
(+358) 10 44 411

**Mandatun Pankkiiriliike Oy**  
(+358) 10 23 610

**Opstock Ltd**  
(+358 9) 40 465

### London

**Alfred Berg/ABN AMRO Equities UK**  
+44 20 7678 2700

**D. Carnegie AB - UK Branch**  
+44 20 7216 4000

**Cazenove & Co**  
+44 20 7588 2828

**Crédit Agricole Indosuez Cheuvreux**  
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