



Talentum Oyj  
Annual Report 2004



## Table of contents

---

Information for shareholders .....	2
The company in brief .....	3
Main events in 2004 .....	4
Personnel .....	5
Review by the managing director .....	6
Business areas .....	8
Board of directors .....	16
Management .....	18
Contact information .....	20

---



# Information for shareholders

## Shares

Talentum Oyj shares are quoted on the Main List of Helsinki Exchanges. The trading code for the shares is TTMV1 and the ISIN code is FI0009900898. Talentum Oyj and Nordea Securities Oyj have concluded a market making agreement, which fulfils the requirements of Helsinki Exchanges' Liquidity Providing (LP) operation.

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.

A list of the major shareholders of Talentum Oyj is on page 21 of the financial statement.

## Dividend

The Board of Directors proposes that a dividend of € 0.15 be paid for 2004. The date of record for dividend payment is 1st April, 2005 and payment shall be made as of 8th April 2005.

## Annual General Meeting

The Annual General Meeting of Talentum Oyj will be held on March 29, 2005 at 2 p.m. at Radisson SAS Royal Hotel, Runeberginkatu 2, Helsinki.

Shareholders wishing to attend the AGM must notify the company's office thereof no later than 2 p.m. on 24th March 2005, either in writing to Talentum Oyj, Share Register, P.O. Box 920, FIN 00101 Helsinki, Finland, or by telephone to (+358 0) 20 442 4388, 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.

## Share and shareholder register

Talentum Oyj's share and shareholder register is maintained by Finnish Central Securities Depository Ltd.

Shareholders should notify changes of holdings, personal details and addresses to the account operator that maintains their book-entry account.

## Financial information in 2005

Talentum Oyj will publish quarterly financial information in 2005. The interim reports will be published on 27 April, 4 August and 26 October.

Annual reports and releases can be ordered from Talentum, 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 company's releases can also be read on Talentum's website, [www.talentum.fi](http://www.talentum.fi).



The annual report is published in Finnish and English. In case of doubt the Finnish version is authoritative.

# Talentum

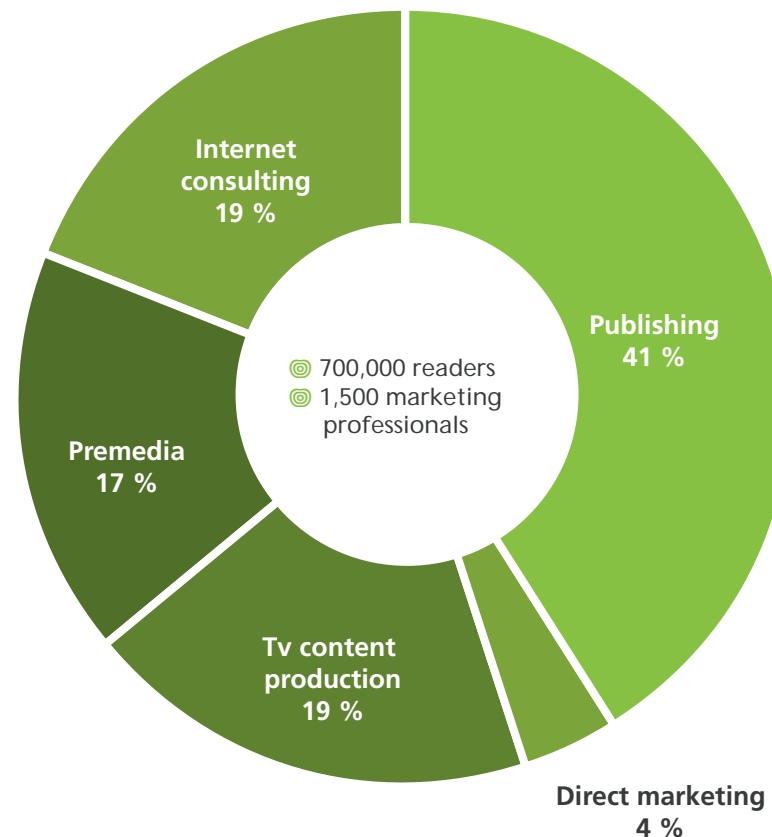
## A MEDIA COMPANY FOCUSED ON PROFESSIONALS

Talentum publishes magazines and Internet services. Sound expertise and journalistic professionalism are used in the production of media content for professionals. Talentum publishes material for professional development such as business literature, seminars and online solutions.

Talentum produces marketing support services for customers such as advertising and design agencies, publishers and electronic media and TV channels. Quality processes from the design to implementation stages guarantee excellent results.

- ⊙ The companies in the Varesvuo Partners Group produce TV programmes and commercials for all the Finnish channels.
- ⊙ The Talentum Premedia company, Heku, produces graphic and electronic services used in advertising and marketing for advertising and design agencies, printing houses and the media.
- ⊙ Suoramarkkinointi Mega specializes in telemarketing in Finland and the Baltic states.
- ⊙ Satama Interactive is a digital services and solutions provider. Satama's shares are listed on the Helsinki Stock Exchange NM list.

Talentum Oyj is the Group's parent company, and its shares are listed on the Helsinki Stock Exchange Main List. Talentum operates within the media.



# Main events in 2004

Talentum Oyj distributed an additional dividend to its shareholders at the end of the year and carried out a bonus issue where each existing share was allotted one new share free of charge.

Talentum's publishing recorded a successful year. Operating profit from magazine publishing increased by 13 per cent and book publishing by 29 per cent.

☉ Talentum acquired the magazines Fakta and Arvopaperi and the Internet-based Rekry.com and Kurssi.com services.

☉ Talouselämä magazine increased its turnover and improved profitability.

☉ Tietoviikko and MikroPC updated their appearance and content in order to meet the needs of the new role that IT plays in people's lives and in business life today.

☉ The growth of Mediutiset continued and its job advertisements boosts the status of Talentum's publications as a channel for recruitment.

☉ Talentum.com's readership went up by 45 per cent and there was a 10 per cent increase in the numbers of people ordering newsletters.

☉ Talentum business literature strengthened their position on the market and law books sold well in the wake of Talentum's Suomen Laki (The Finnish Law) publication. There was a 19 per cent increase in numbers of books bought using the online service.

Varesvuo Partners produced television programmes for all channels and these programmes fared well in audience approval ratings. Varesvuo Partners combined two production companies as a result of the continued decrease in TV commercial production in Finland.

Talentum Premedia successfully completed the integration of three companies and these measures began to yield a profit.

Suoramarkkinointi Mega Oy expanded its operations in the Baltic States into Lithuania while retaining a good level of profitability.

Satama Interactive's turnover increased by 10.5 per cent and financial performance levels stabilized at a moderate level. Satama supplied projects to 23 different countries.

Talentum Oyj and the Finnish Government negotiated a business agreement in which Talentum Oyj would buy the entire share capital of Edita Oyj from the State. The deal fell through as the negotiations failed to result in an agreement that satisfied both Talentum and the Government.

## Key indicators for the group

M€	2004	2003
Turnover	119.9	113.2
Operating profit	6.7	2.9
Financing items	0.1	0.6
Profit before extraordinary items and taxes	6.7	3.4
Net profit for the year	3.5	1.0
Gross investments	9.0	5.3
Shareholders' equity + minority interest	38.9	46.5
Equity ratio %	48.6	55.0
Net gearing	-29.6	-41.0
Balance sheet total	80.4	85.9
Earnings per share, €	0.08	0.03
Dividend per share €	0.15 <sup>(*)</sup>	0.25
Average number of personnel	1 203	1 166
Turnover per employee (€ 1000)	100	97

<sup>(\*)</sup> board proposal

# Personnel

The Talentum Group is an expert organization whose success depends on the performance of its staff. Its lean, basically non-hierarchical corporate structure provides everyone with an opportunity to take part in the development of the company.

## A developing workplace

Talentum encourages its employees to train themselves, for the competence and professional skills of personnel are crucial to success in an expert organization. Cooperation across organizational boundaries and supervisory and management-level skills are priority areas within the company.

The Group's supervisory training which started in 2002 continued in 2004. Included in the training are sections on workplace communication, supervisory-level communication, interactive skills, performance management, employment legislation, development discussions as a management tool and management accounting. The subject areas for the training are chosen on the basis of a supervisory-level competence survey. Training will continue in 2005 and there are about 60 people taking part in the scheme.

## We value both the individual and the community

The annual employee survey is used to gauge satisfaction with Talentum as a whole, the employee's own division, supervisor and performance. Through the employee survey and systematically conducted performance reviews, Talentum tries to ensure that employees have work that is of interest to them and that the working environment is motivating.

It has become apparent from employee surveys that staff who have been working at Talentum for a long time in particular would like the opportunity to try job rotation. Talentum attempts to create opportunities for job rotation especially for filling temporary positions and vacancies. Job rotation supports learning in the organization and this is one of the priorities for human resources development.

## Incentive pay schemes

The Talentum Group has a performance-based pay scheme that varies by Group company, depending on the business area and job. The incentive system best suited to each business area – with respect to motivation and fairness – has been sought. The present system takes into account the financial performance of the Group as a whole, the financial results and operating profit of the company in question, and the personal success, development and performance of the individual.

## Equality in the workplace

Talentum promotes equality which means the mutual equality of employees. Implementation is the responsibility of all employees. Talentum tries to implement equality between men and women in all positions at all levels of the organization and salary levels.

Talentum's parent company and publishing business together with personnel representatives have drawn up an equality plan, the implementation of which will be monitored annually in connection with the occupational health and safety programme.

## Working capacity and recreation

Talentum considers it important for the continued success of the company that employees stay healthy and mentally alert. The main focus of occupational health care is on preventive measures and action to maintain working capacity, for the purpose of promoting staff wellbeing. To maintain working capacity, Talentum supports sports, exercise and cultural activities for personnel.

## Occupational health and safety

Talentum observes the rules and regulations pertaining to occupational health and safety and continues to maintain and develop this area. Occupational health and safety is carried out at Talentum jointly by management, employees and occupational health care services.

## Talentum pension fund

Starting 1 April, 2004, statutory employee pension insurance for employees of Talentum Oyj, Talentum Media Oy, and Suoramarkkinointi Mega Oy will be organized by the Talentum Group's general pension fund. There are 600 employees that fall within Talentum's pension fund. Employee pension insurance for other employees in the Talentum Group is arranged by pension insurance companies.

## Employees by business area

Average	2004	2003
Publishing	268	248
TV content production	124	125
Premedia	203	210
Direct marketing	310	307
Internet consulting	281	254
Parent company	17	22
Total	1203	1166

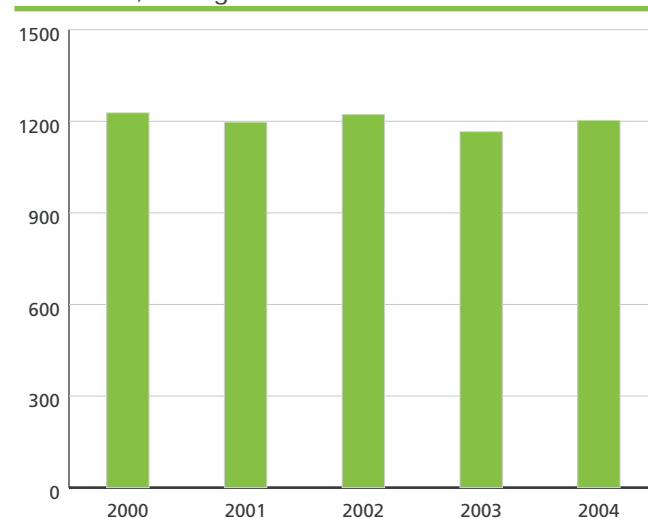
## Gender

Male	51 %
Female	49 %

## Age distribution

<20 y	10 %
21 - 30	26 %
31 - 40	32 %
41 - 50	19 %
51 - 60	12 %
60 >	1 %

## Personnel, average



---

# Review by the managing director



## Growth 6%, operating profit +133%

2004 saw many positive developments at Talentum. The autumn in particular saw the company successfully achieve many of its targets, which was also apparent in the growth in turnover and positive development in profitability. The market situation also improved marginally at the end of the year, and there are indications that the beginning of 2005, at least, is going to be a period of increased activity in the Finnish economy.

The turnover grew by six per cent, and with the continued improvement in efficiency, the operating profit actually increased by 133 per cent. Publishing was again at the core of this improvement in profitability, and the division's favourable development continued and even gathered speed during the autumn. The strongest and largest products were all successful: Suomen Laki I,II and III (Finnish Law), Talouselämä, Tekniikka & Talous and Tietoviikko all performed well and clearly improved their financial performance. The star performers in 2004 also included Medi uutiset and Talentum.com network services. Talentum Premedia significantly improved its performance alongside publishing. Three companies were successfully merged during the summer and the financial performance made positive advances during the autumn. Satama Interactive's business operations increased briskly and the level of profit has stabilized at a moderate level. Suoramarkkinointi maintained its good financial performance.

The only disappointment was the poorer profitability in TV content production. TV commercial production in particular experienced difficulties because of the weakness of the market and the resulting overcapacity and low price level. An ever-increasing share of TV commercials seen in Finland is produced abroad. We reacted to this situation by merging two production companies at the beginning of the autumn. Thanks to these measures, the results in the autumn were better than those in the spring, although the profit level is still not as targeted.

Thus, the past year produced positive development as a whole, which also benefited Talentum's owners. The company paid a dividend of EUR 0.3 in the spring and a further EUR 0.2 in the autumn, which means a rise of nearly ten per cent in the dividend yield. As the share price also rose in spite of the large dividends, owners received a good return on their investment.

---

We start 2005, therefore, in a positive frame of mind. External market conditions are unlikely to place restrictions on our continued success, and many of the matters that the company worked on during 2004 will start to take off during the coming year. Cooperation between magazines, books, Internet services, together with their associated training and seminars, will be increased further and will result in cost efficiencies and sales growth. The magazines Fakta and Arvopaperi, which were acquired last year, and services provided by Rekry.com and Kurssi.com should also begin to show improvement during the coming year. As the structural changes implemented at Talentum Premedia and in TV content production will produce cost savings in 2005, it is reasonable to believe that the positive development in the financial performance will also continue this year.

The changes taking place in the media over the last few years have been rapid, and this development is set to continue with equal speed in the years to come. The trend is clearly towards digital media. The spread of broadband connections and increase in connection speeds, the introduction of digital television, the growth of free distribution papers, and the diversification of mobile devices are having a tumultuous effect on the way media is used and on the business operations of media companies. The dumbing down of the media is also a clear trend. Talentum has the potential to succeed amid this change; an easy-read tabloid press, free distribution titles and TV entertainment leave a lot of room for a media company focusing on professionals. Interesting content related to working life together with the marketing services and associated training will continue to expand in the future. However, to succeed we must be successful in combining print and digital media.

We succeeded ably last year with the changes taking place in the media sector, for which praise is due to every employee at Talentum. I believe that we will succeed together in the years to come, too.

Harri Roschier



# Business areas



## Publishing

Publishing accounts for 41 % of the Talentum Group's turnover.

Talentum's publishing focuses on business-school graduates, engineers, doctors, lawyers and professionals in advertising, marketing, and IT, as well as dozens of other professionals working in related sectors.

Talentum does not own a printing plant; all printing is outsourced. All prepress production and quality control for Talentum's magazines is managed by the Group's subsidiary Heku, which operates in the Premedia division.

Publishing has fared well. Turnover from magazines rose by 13 % and from books by 29 % compared with the previous year. The increase was achieved by investing in the development of magazines, books and services.

### Magazine publishing

The target for every Talentum magazine is to be the market leader in its sector in Finland.

Talentum publishes 11 magazines in total, with a readership that includes professionals in the business sector, and especially people working in business management,

marketing, advertising, IT, engineering as well as professionals in industry and health care.

Talentum strengthened its market position by acquiring Fakta magazine and Suomen Arvopaperimediata Oy which publishes Arvopaperi magazine.

Talouselämä magazine continued to increase its turnover and improve profitability. According to the National Readership Survey, the magazine has 232,000 readers. Tekniikka and Talous magazine has 181,000 readers according to the same survey.

Fakta magazine joined Talentum's stable of magazines in February. The magazine's integration into the business magazine production environment passed off smoothly, and it revamped both its appearance and content. Fakta's circulation increased 40 % and it has 50,000 readers.

Markkinointi & Mainonta magazine celebrated its tenth anniversary. Every year M&M publishes special issues on advertising, media and brands which examine the people creating success and success stories in the sector. The magazine has 50,000 readers.

Metallitekniikka magazine is the largest trade magazine for the industrial sector in Finland and it has 35,000 readers. Energia magazine has been part of Talentum's stable of magazines since the beginning of 2004 and is strengthening Talentum's market share in the industrial sector. Energia magazine has 15,000 readers. The family of magazines is complemented by Ympäristö+tekniikka magazine which is published six times a year.

Tietoviikko and MikroPC updated their layout and content to correspond with the new role played by IT in both the life of the individual and the company. The magazines are also cooperating more closely than before and are edited by the same editor-in-chief. These two magazines, which are the leaders in their respective sectors, have a total of 297,000 readers.

Mediutiset magazine continued to increase its readership and has become the sector's strongest medium. The magazine's recruitment section is strengthening the position of Talentum's media as a recruitment channel.

The number one magazine for investors, Arvopaperi, joined the Talentum family in July, and increased its circulation during the autumn. Arvopaperi magazine

successfully arranges numerous events every year, such as themed morning meetings, road-shows tailored for companies and cruises for investors.

Internet services are an essential part of publishing today, and editorial staff produce articles for both the Internet and printed magazines. Talentum's Internet services are provided through Talentum.com. Free daily or weekly subscriber newsletters are also included in the Internet services.

All Talentum's Internet publishing services are included in the Talentum.com online network. The number of online readers grew 45 % compared with the previous year and subscribers to electronic newsletters produced by the magazines grew 10 %.

Talentum cooperates with Sonera Plaza and manages its advertising sales. Advertising revenue from Talentum.com and Sonera Plaza grew rapidly. Together

with Sonera Plaza, Internet services account for nearly a fifth of Talentum's advertising sales turnover.

Talentum's magazines also arrange expert seminars and events that are subject to a charge, including the Talouselämä Finance Seminar (Economic Seminar in future), Markkinointi & Mainonta's 'high position' and 'low position' camps. M&M evenings, which are centred on company cooperation, have become important networking events for professionals in the sector.

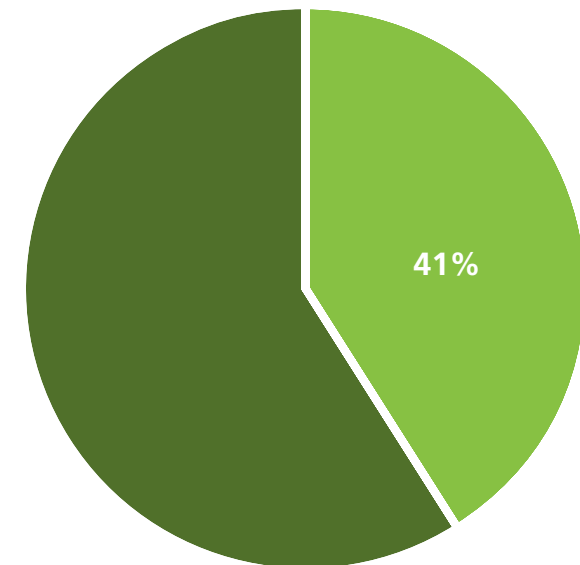
## Publishing

	2004	2003
Turnover, EUR million	48.9	45.4
Operating profit EBIT, EUR million	7.7	6.2
% turnover	15.7	13.7
Employees, average	268	248

## Foreign subsidiaries

Conseco Press OOO, Russia

## Share of Talentum group's turnover



### Book publishing

Talentum's book publishing seeks to be the market leader in professional reference books in Finland, and Suomen Laki (Finnish Law) products have the same aim in book publishing and as a provider of online services.

A total of 62 Finnish business books competed for the Pro Oeconomia 2004 prize. Two books published by Talentum were among the six finalists: *Kyvyyistä kiinni* (The wise organization) by Ilmarinen, *Lähteenmäki*, *Huuhtanen* and *Älykäs johtajuus* (Intelligent leadership) by Pentti Sydänmaanlakka.

The annual publishing successes from Talentum book publishing, the national statute books *Suomen Laki I, II and III* (European Union law) and *Verolait* (Tax Legislation), reached the top of our bestseller list again this year. Our expert knowledge on publishing up-to-date legal books was also apparent in the sales of titles such as *Sähköisen viestinnän tietosuoja* (Data protection in electronic communications), *Työsopimuslaki käytännössä* (Employment contract law in practice) and *Kuntalaki* (Local government law). Featuring among the *crème de la crème* of business books were new titles such as *Älykäs johtajuus* (Intelligent leadership), and Finnish translations of *Strategy Maps*, *Karaoke Capitalism* and *Built to Last*, which follows along the road mapped out by Jim Collins' bestseller *Good to Great*.

Talentum's professional and law books are also sold via the company's online bookshop. In 2004, online sales grew 19 percent.

### Training

Talentum's training unit organizes legal training under the name *Lakimiesliiton Koulutus*. Clients are chiefly lawyers but also include other legal and administrative professionals. *Lakimiesliiton Koulutus* will also organize customized training. In 2004, training was also expanded into organizing seminars on topics closely related to business literature.

Talentum Media cooperated with the Finnish Association of Graduates in Economics and Business Administration in producing the *Ekonomipäivä 2004* seminar for them.

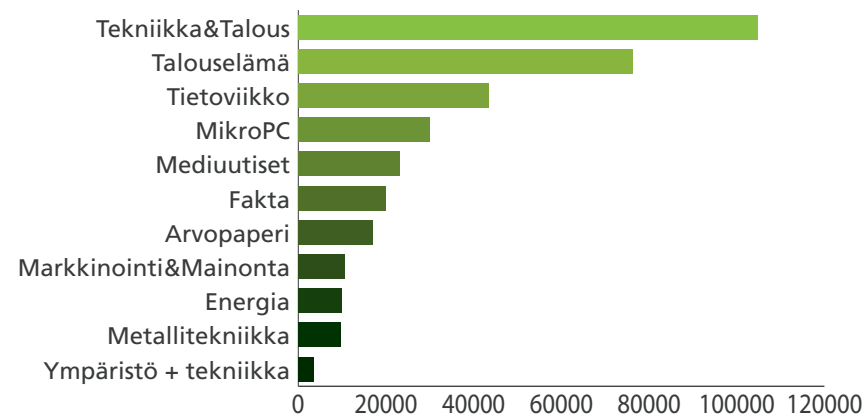
### International operations

Talentum Media and the Swedish *Medicine Today International* own equal holdings in *Mediutiset Oy Ab*, which publishes *Mediutiset* in Finland. The magazine also has sister magazines in Sweden, Norway, Denmark and Poland.

Talentum owns half of *Conseco Press*, which is engaged in legal publishing in Russia. *Conseco Press* is a small but profitable company that specializes in publishing legal books.

Talentum's IT magazines and books have for a long time been cooperating with *International Data Group (IDG)*, the world's largest IT publisher. Cooperation focuses on advertising sales and editorial staff. Book publishing cooperates with *IDG Books*.

Circulation / distribution of Talentum magazines





## TV content production

TV content production accounts for 19 % of Talentum Group's turnover.

The subgroup Varesvuo Partners, which concentrates on TV content production, comprises several companies that primarily produce TV programmes and commercials. Varesvuo Partners is not affiliated to any television channel and provides production facilities for all channels and advertising agencies. Equipment leasing and post production services are also offered to other companies operating on the market, in addition to companies within the Group. Besides TV content, Varesvuo Partners owns Ondine Inc, which specializes in producing classical music.

The volume of TV commercial production in Finland has been decreasing for several years in a row. Therefore, Varesvuo Partners has switched its production emphasis to TV programme-making and merged production companies so that capacity responds to the market situation and profitability improves.

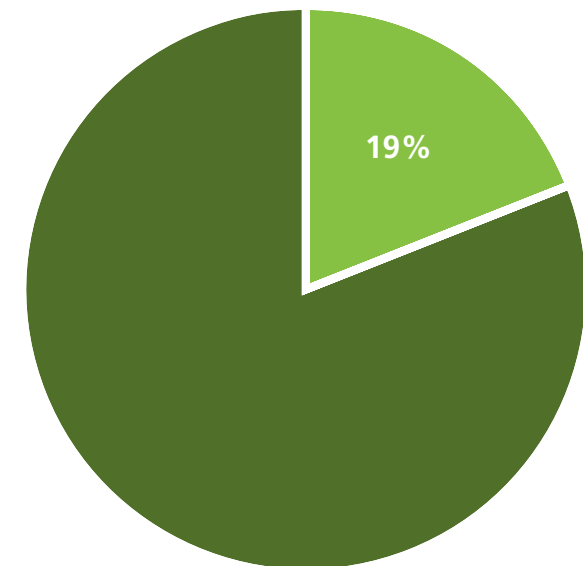
The Venla prize is awarded for the best TV entertainment and drama. There were six programmes produced by companies belonging to Varesvuo Partners among the group of ten entries nominated by viewers. Se on Siinä, produced by Ten Years Production, won the audience vote, and Moskito Television's Skene won the Venla prize for best direction of a drama series. Companies belonging to Varesvuo Partners won five of the seven Telvis prizes awarded by MTV 3 and Katso magazine.

Voitto 2004 – the short list for the Finnish TV commercials competition, which has 31 entries, includes nine of the Group's commercials.

### TV content production

	2004	2003
Turnover, EUR million	23.2	23.2
Operating profit EBITA, EUR million	0.3	1.2
% turnover	1.2	5.4
Employees, average	124	125

Share of Talentum group's turnover





## Premedia

Premedia accounts for 17 % of Talentum Group's turnover.

Premedia companies produce print and electronic services for advertising and design agencies, printing houses and the media. Premedia is responsible for magazine prepress production and quality before the material goes for printing.

During 2003 and 2004, a wide-ranging, internal reorganization was carried out at Talentum Premedia with the aim of removing overlapping functions and achieving better efficiency and cost savings. Significant integration and a move in the company premises were carried out without any disruption to production, while at the same time the division's results improved.

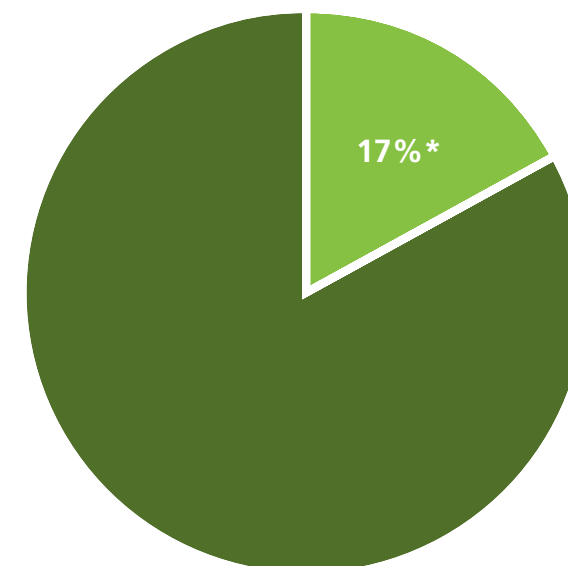
The formerly separate companies now operate as Heku in divisions named according to the type of service provided: Datahotelli, Digistudio, Offset-Kopio, Marvaco, Reprstudio and Reservi.

Heku is the brand name that unites the services. Heku acts as the strategic partner for its customers in all sectors of graphic production.

## Premedia

	2004	2003
Turnover, EUR million	21.2	20.0
Operating profit EBITA, EUR million	1.2	-0.2
% turnover	5.8	-0.8
Employees, average	203	210

## Share of Talentum group's turnover



\*) net of Group internal sales



## Direct marketing

Direct marketing accounts for 4 % of Talentum Group's turnover. Suoramarkkinointi Mega Oy's turnover was EUR 6.9 million of which sales within the Talentum Group accounted for EUR 2.7 million.

Suoramarkkinointi Mega Oy specializes in telemarketing. Approximately half of Suoramarkkinointi Mega's turnover comes from campaigns directed at businesses and the other half from work directed at households. Telemarketing for magazine and newspaper subscriptions forms a significant part of the operations. However, Suoramarkkinointi Mega also handles an increasing amount of work for companies which is best managed by personal phone contact. Suoramarkkinointi is responsible for the majority of subscription sales for Talentum's magazines and an ever increasing quantity of book sales direct to customers.

Suoramarkkinointi Mega has offices in eleven localities in Finland and subsidiaries in the Baltic States. In Estonia, Müügimeistrite AS has a total of six units in Tallinn, Tartu, and Pärnu. Telemarket SIA operates in Latvia and has five units, the newest of which was set up in 2004. The operations of the new subsidiary in Lithuania will begin at the

start of 2005 under the direction of the country manager who has already been appointed.

The availability of labour, especially in the metropolitan area, has slowed planned strategic growth in Finland, which is why Suoramarkkinointi Mega set up a new office in Raahe at the beginning of 2005.

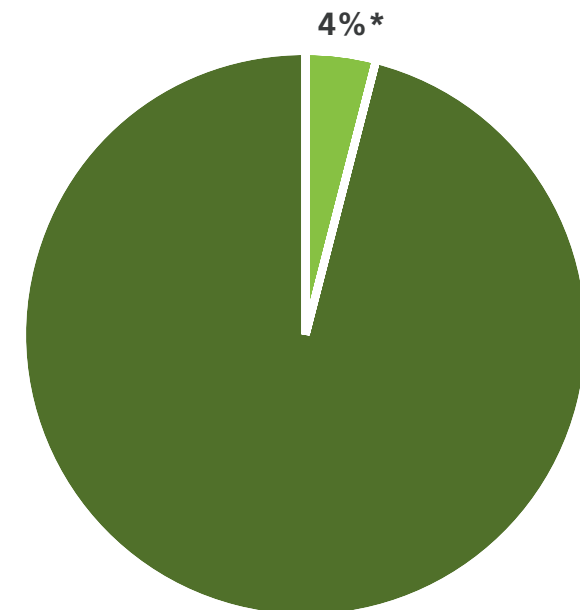
## Direct marketing

	2004	2003
Turnover, EUR million	6.9	7.2
Operating profit EBIT, EUR million	0.9	1.1
% turnover	13.5	15.7
Employees, average	310	307

## Foreign subsidiaries

Müügimeistrite AS, Estonia  
 Telemarket SIA, Latvia  
 Telemarketing UAB, Lithuania

## Share of Talentum group's turnover



\*) net of Group internal sales



## Internet consulting

Internet consulting accounts for 19 % of Talentum Group's turnover.

Satama Interactive Oyj are experts in digital services. The company's task is to help clients develop their online business operations. Satama's services combine a strategic outlook, technological expertise and creative implementation, which ensures that the customer's business aims and the needs of the target groups come together in a digital channel. Millions of people around the world use services designed by Satama on a daily basis.

In 2004, Satama served its customers from offices in Helsinki, Tampere and Amsterdam, and from the beginning of October Turku, too. An effective, international partnership network supports the company's operations. Satama's client base and provision of services is international in scale and the company delivered projects in 23 countries in the year under review.

The key objective for Satama during 2004 was profitable growth. The company's turnover rose 10.5% to EUR 23.6 million. Operating profit was EUR 1.5 million, 6.3% of turnover.

The most significant enabler of growth at Satama in 2004 has been the continuous development of client

cooperation. The company has systematically modified its operating models and service offering to respond to the changing needs of its clients. Several of Satama's long-term clients, such as ABN Amro, TeliaSonera and Vodafone, have expanded their cooperation with Satama, and the company has been able to set up cooperation with numerous new clients. Cooperation with Satama's largest client, Nokia, developed favourably during 2004. In addition to the above, Satama's most significant clients in 2004 included: Audi, the BMW Group, Findexa, Finnmatkat, KPN, Pfizer, Reed Business Information, Sampo financial services group, the S Group and VR-Group and new customers this year include Factor 5 and the Ministry of Agriculture and Forestry.

In the longer term, Satama will seek to pursue significant growth and good profitability. In addition to organic growth, Satama's growth strategy includes sensible corporate acquisitions and different types of long-term outsourcing and contract arrangements with clients. In September, Satama concluded a long-term service agreement with the telecommunications group Auria and acquired the project business of Auria's subsidiary, Kuulalaakeri Oy. In October, the company also bought the software company Mind On Move which specializes in the development of mobile services and products.

Satama Interactive will publish a separate annual report on its operations.



At Satama, improving the client's business is the starting point of every project. Satama's clients are primarily leading companies or hard-charging challengers in sectors where digital services are an integral part of business or can be used to gain a competitive edge. Key client sectors include telecommunications, consumer and investment commodities, finance, public administration, tourism, and media.

### Internet consulting

	2004	2003
Turnover, EUR million	23,6	21,4
Operating profit/loss*, EUR million	1,3	-1,3**
Personnel, average	281	254

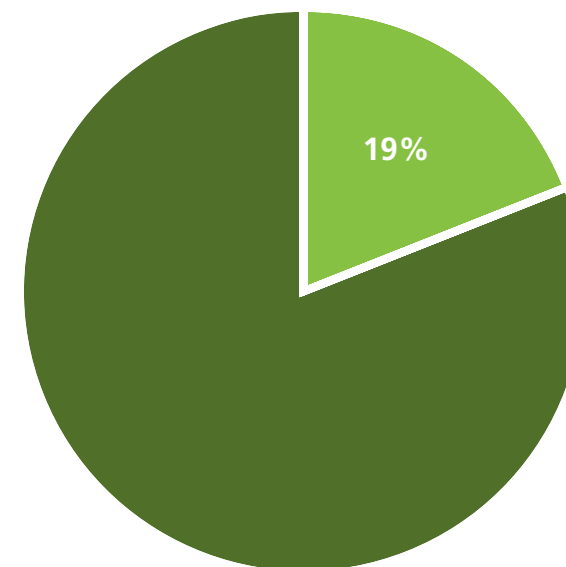
\*) net of Group goodwill amortizations

\*\*\*) includes a non-recurrent provision of EUR 1.8 million to cover expenses incurred in restructuring international operations.

### Foreign subsidiaries

Satama Amsterdam B.V., The Netherlands

### Share of Talentum group's turnover





# Board of directors

The Board of Directors are elected at the Annual General Meeting for a year-long term of office. The Annual General Meeting elects a Chairman of the Board of Directors and a Deputy Chairman.

## **Jussi Länsiö**

Jussi Länsiö, B.Sc (Econ.), was born in 1952 and works as a professional board member. His work experience includes: Scottish & Newcastle Plc, Member of the Group Management Board 2002-2003; Hartwall Ltd, Managing Director 1994-2003; Langnese-Iglo GmbH/Unilever Germany, Marketing Director 1992-1994; Jalostaja Oy Huhtamäki, CEO 1983-1992; Huhtamäki Oy, marketing and sales 1978-1983.

Other important current positions of trust:

J.L. Westment Oy, Chairman of the Board 1998- ; Mezera Oy, Chairman of the Board 2000- ; Noiro Oy, Chairman of the Board 2003- ; Lohja Caravans Ab Oy (SoliferPolar Ab), Member of the Board 2004- ; Elisa Corporation, Member of the Board 2004- ; Satama Interactive Oyj, Chairman of the Board 2004-

## **Manne Airaksinen**

Manne Airaksinen, LL.M., was born in 1966 and is Counsellor of Legislation at the Ministry of Justice, and starting February 15, 2005 Chief Adviser, Confederation of Finnish Industries EK. His work experience includes: University of Helsinki, Institute of International Economic Law, Researcher 1992-1993; Headline Group, Company Lawyer 1990-1992; board member of several companies in the Headline Group, 1990-1998; Wellmedia Oy, Member of the Board 1998-2002; books and articles chiefly on company law; member/secretary of arbitration courts.

Other important current positions of trust:

Satama Interactive Oyj, Member of the Board 2004-



Front left: Kirsti Piponius, Jussi Länsiö  
Back left: Juha Blomster, Ari Heiniö, Manne Airaksinen

### Juha Blomster

Juha Blomster, M.Sc.(Econ. & B.A.), was born in 1957 and is President, Business Information Group, Alma Media Corporation (President of Kustannus Oy Kauppalehti). His work experience includes: Kustannus Oy Aamulehti, President, Marketing Director 1996–2000; Kustannus Oy Kauppalehti, Assistant Director 1991–1995; various positions at Keskusautohalli Oy including Sales Director, Director of Car Dealerships, and Marketing Manager, Car Dealerships 1986–1991, Finnish Media Audit Bureau, Chairman of the Board 1999–2000; Kärkimedia Ltd, Member of the Board 1996–1999.

Other important current positions of trust:

Baltic News Service, Tallinn, Chairman of the Board; Balance Consulting Oy, Chairman of the Board; MTV Oy Member of the Board

### Ari Heiniö

Ari Heiniö, LL.M., was born in 1945 and is a professional board member. His work experience includes 30 years service with Stockmann Plc, CEO 1989–2001.

Other important current positions of trust:

Fonecta Ltd, Chairman of the Board 2002- ; Silta Oy, Chairman of the Board 2001- ; Hakvästi Oy, Chairman of the Board 2002- ; Bodim Port Oy (the Body Shop) Member of the Board 2002- ; Jaakko Lehto Oy, Member of the Board 2003- ; Jamera Networks Oy, Member of the Board 2002- ; Solteq Plc, Member of the Board 2002- ; Suomen Terveystalo Oyj, Member of the Board 2002- ; Tiimari Plc, Member of the Board 2002- .

### Kirsti Piponius

Kirsti Piponius, M.Sc. (Econ. & B.A.), is Deputy Chairman of the Board at Sodexho Oy, and a Member of the Sodexho Alliance Committee. Her work experience includes: Oy Polarkesti Ab/Sodexho Oy, Managing Director 1984–2002, Director 1980–1984.

Other important current positions of trust:

Ilmarinen, Member of the Supervisory Board 1999- ; Finnish Hotel and Restaurant Association FHR, Member of the Board 2002- ; the Strategic Management Society of Finland, Member of the Board 2000- ; the Finnish Association of Professional Board Members, Member of the Board 2003- ; Member of the Council of the Helsinki Chamber of Commerce, 2001-; the Shipping Enterprise – Finstaship, Member of the Board 2004-.

### Board of Directors' Fees

The Annual General Meeting approves the fees for the Board of Directors. The monthly fees approved at the Annual General Meeting of March 24, 2004 are: Chairman EUR 3,000, Deputy Chairman EUR 2,500, and Member EUR 2,000.

### Meetings of the Board of Directors

The Board of Directors met 16 times in 2004 and the average attendance of directors at meetings was 97%.

Share ownership of the Board of Directors is submitted in the register of insider holdings which is updated monthly and available at [www.talentum.fi](http://www.talentum.fi)

### Board of directors 2004-2005

Name	Position on the board	Year of birth	Member since
Jussi Länsiö	Chairman	1952	2004
Manne Airaksinen	Deputy chairman	1966	2003
Juha Blomster	Member	1957	2001
Ari Heiniö	Member	1945	2004
Kirsti Piponius	Member	1946	2004

# Management

## The Management Group

The Chairman of the Management Group (MG) is the Managing Director. The MG also comprises the Director of Finance, Director of Legal Affairs, Director of Sales and Marketing, and one Manager of a business area. The duties of the MG include ensuring that strategy is implemented, monitoring financial performance, annual planning and corporate structuring. The MG also handles financing and investment, public communications and preparation of matters to be presented to the Executive Management Group. The Management Group meets on average 20 times a year.

## The Executive Management Group

The Executive Management Group comprises managers of the business areas in addition to the Management Group. The EMG deals with strategies, budgets and operating plans, promotes cooperation between units and joint sales in order to increase business, monitors the development of skills and key personnel and takes a stand on corporate structuring. The Executive Management Group meets six times a year.

### Harri Roschier

Harri Roschier, M.Sc. (Econ. & B.A.), was born in 1957 and has been Managing Director of Talentum since 1992. His previous work experience includes: 1982–88 Skimbaaja Ky, Managing Director; 1988–91 Erikoislehdet Oy, Marketing Director; 1991–92 Talentum Oyj, Division Manager; 1992 – Managing Director.

### Kai Järvikare

Kai Järvikare, Dr.Sc. (Econ. & B.A.), was born in 1964 and has been Talentum's Chief Financial Officer since 2003. His previous work experience includes: 2001–2003 Fennia Mutual Insurance Company, Chief Financial Officer; 2001 Sonera Plaza, Chief Financial Officer; 1999–2001 Telia Mobile, Business Controller, Telia Finland, Manager, Corporate planning; 1992–1999 Helsinki School of Economics (Accounting and Finance), Professor 1998–99, Associate Professor 1997–98, Lecturer 1992–97.

### Jari Michelsson

Jari Michelsson, commercial college graduate, was born in 1947. He has been Director of Sales and Marketing at Talentum Media Oy since 1997. His previous work experience includes: 33 years of sales experience at Oy International Business Machines Ab Finland, Xerox Oy Finland and experience as an entrepreneur, a trainer in sales and consultant.

### Lasse Rosengren

Lasse Rosengren, LL.M., was born in 1963 and has worked at Talentum as General Counsel since 2000. His work experience includes: 1993–2000 advocate; 1991–1993 Credit Manager, OKO Bank; 1989–1991 Lawyer Skopbank.

### Jukka Valtanen

Jukka Valtanen, M.Sc. (Econ. & B.A.), was born in 1961 and has been Managing Director of Varesvuo Partners Oy since 2001. His work experience includes: 1998–2000 Crea Video Oy, Managing Director; 1991–1997 L'Oréal Finland Oy, Divisional Manager, Sales Manager; 1987–1990 Vaasan Mylly, Cultor Group, Product Manager, Group Controller.

### Pekka Hämäläinen

Pekka Hämäläinen, B.Sc., was born in 1955 and has been Managing Director of Talentum Premedia Oy since 2003. His work experience includes: 1998–2003 Offset-Kopio Oy, Managing Director; Arctia Hotel Partners Oy, Managing Director, and marketing and sales management positions in various companies.

### Petri Karjalainen

Petri Karjalainen, engineer, was born in 1965 and has been working at Talentum as Director of Technology since 2000. His work experience includes: 7 years sales and marketing management experience at IBM; 3 years as IT Manager at the National Ecclesiastical Board.

### Jukka Näntö

Jukka Näntö was born in 1960 and has a Bachelor of Hospitality Management and an MBA. He has worked as the Managing Director of Suoramarkkinointi Mega Oy since 2002. His work experience includes: 1998–2002 Talentum Media Oy, Sales Director, Marketing Director; 1984–86 Siipipyörä Oy, restaurant management duties; 1987–89 KTMK – Kehittynyt Telemarkkinointi Oy, managerial tasks.

### Jarmo Rosenberg

Jarmo Rosenberg, LL.M., was born in 1961 and has been Publishing Director of Talentum Media Oy since 2002. His work experience includes: 1995–2002 Marketing Manager, Keski-Uusimaa Oy; 1989–95 Kauppakaari Yhtymä, Legal Counsel; 1993–95 legal counsel, director of the publishing sector; 1988–89 Administrative Officer at the Ministry of Social Affairs and Health; 1981–88 news and sports reporter.

### Pekka Seppänen

Pekka Seppänen, B.Soc.Sc., was born in 1960. He has worked at Talentum as Editor-in-Chief of Talouselämä Magazine since 2000, and has been with Talouselämä magazine since 1988.

The share ownership of the Executive Management Group is submitted in the insider register which is updated monthly and available on Talentum's web site at [www.talentum.fi](http://www.talentum.fi).

## Managing Director's service contract

A retirement age of 60 has been agreed on in the service contract for the Managing Director, Harri Roschier. The period of notice for the service contract is three months. If the company gives notice of termination of the contract, or the Managing Director himself resigns for reasons due to the company, he will be entitled to resignation compensation equal to six months pay, in addition to notice-period pay.

## Pay and compensation system

### The Managing Director and the rest of the Group's management

The group management compensation system aims to promote long-term commitment, and takes account of the Group's financial result and the trend in the share price. The financial result accounts for 75% and the share price for 25%. The system is in effect until the end of 2006.

The total amount of salary, fees and benefits in kind paid to the Managing Director of Talentum Oyj was EUR 236 804.

The total amount of salary, fees and benefits in kind paid to the rest of the management of Talentum Oyj was EUR 1 345 806.

## AUDITOR

The Annual General Meeting elects an auditor annually which must be an Authorized Accounting Firm. The auditor is Authorized Accounting Firm PricewaterhouseCoopers Oy, with Kari Miettinen (b. 1951), Authorized Public Accountant, acting as the responsible auditor.

### Auditor's fees

The auditor's fee for 2004 was EUR 166 039, and for non-audit services was paid 61 679.



Front left: Pekka Seppänen, Kai Järvikare, Jarmo Rosenberg, Petri Karjalainen, Pekka Hämäläinen  
Top left: Jarl Michelsson, Lasse Rosengren, Harri Roschier, Jukka Näntö, Jukka Valtanen

## The Management Group and Executive Management Group

Name	Position or area of responsibility	Year of birth	Year of joining the company
Management Group			
Harri Roschier	Managing Director	1957	1991
Kai Järvikare	Chief Financial Officer	1964	2003
Jarl Michelsson	Director, Sales and Marketing, Talentum Media Oy	1947	1997
Lasse Rosengren	General Counsel	1963	2000
Jukka Valtanen	Managing Director, Varesvuo Partners Oy	1961	1998
The Executive Management Group also includes			
Pekka Hämäläinen	Managing Director, Talentum Premedia Oy	1955	1998
Petri Karjalainen	Director, technology and business development (special projects)	1965	2000
Jukka Näntö	Managing Director, Suoramarkkinointi Mega Oy	1960	1989
Jarmo Rosenberg	Publishing Director, Talentum Media Oy	1961	2002
Pekka Seppänen	Editor-in-Chief, Talouselämä	1960	1988

---

# Contact information

## TALENTUM OYJ

Visiting address: Malminkatu 30, Helsinki  
Postal address: P.O. BOX 920, FIN-00101 Helsinki  
Telephone: +358 20 442 40  
Telefax: +358 20 442 4130  
E-mail: info@talentum.fi

## TALENTUM MEDIA OY

Magazine publishing  
Visiting address: Malminkatu 30, Helsinki  
Postal address: P.O. BOX 920, FIN-00101 Helsinki  
Telephone: +358 20 442 40  
Telefax: +358 20 442 4130  
E-mail: info@talentum.fi

Book publishing  
Uudenmaankatu 4-6 A  
FIN-00120 Helsinki  
Telephone: +358 20 442 40  
Telefax: +358 20 442 4721

Bookshop  
Uudenmaankatu 4-6  
FIN-00120 Helsinki  
Telephone: +358 20 442 4730  
Telefax: +358 20 442 4723

Lakimiesliiton koulutus  
Uudenmaankatu 4-6 A  
FIN-00120 Helsinki  
Telephone: +358 20 442 4600  
Telefax: +358 20 442 4630

## TALENTUM PREMEDIA OY

Merimiehenkatu 36 D  
FIN-00150 Helsinki  
Telephone: +358 10 681 700  
Telefax: +358 9 633 752

HEKU  
Merimiehenkatu 36 D  
FIN-00150 Helsinki  
Telephone: +358 10 681 700  
Telefax: +358 9 627 166

## SUOMEN ARVOPAPERIMEDIAT OY

Bulevardi 2-4  
FIN-00120 Helsinki  
Telephone: +358 10 400 4400  
Telefax: +358 10 400 4411

## OY MEDIUUTISET AB

Unioninkatu 13  
FIN-00130 Helsinki  
Telephone: +358 9 612 6400  
Telefax: +358 9 612 7660  
E-mail: toimitus@mediuutiset.fi

## SATAMA INTERACTIVE OYJ

Henry Fordin katu 6  
FIN-00150 Helsinki  
Telephone: +358 (0) 207 581 581  
Telefax: +358 (0) 207 581 899  
E-mail: helsinki@satama.com

## SUORAMARKKINOINTI MEGA OY

Salomonkatu 17 A  
FIN-00100 Helsinki  
Telephone: +358 9 6132 9200  
Telefax: +358 9 6132 9100

## VARESVUO PARTNERS OY

Laivurinkatu 10 B  
FIN-00150 Helsinki  
Telephone: +358 9 6962 930  
Telefax: +358 9 656 799  
E-mail: varesvuopartners@varesvuopartners.fi

**Talentum Oyj**  
Financial statement 2004



The annual report is published in Finnish and English.  
In case of doubt the Finnish version is authoritative.

# Talentum's mission, vision and strategy

---

## MISSION

Linking professionals.

## VISION

Talentum aims to be the leading content provider among professionals and the leading media partner among marketing professionals.

## STRATEGY

Talentum's group strategy is based on the convergence of the media and the management of the entire value chain in the sector.

Talentum's business strategy is to

- be more focused than its competitors,
- be the market leader in selected business areas,
- grow rapidly and profitably.

## THE TALENTUM WAY

- We want to earn the respect of our clients.
  - We respect the individual and value cooperation.
  - We operate cost-efficiently in everything we do.
-

# Report by the board of directors 2004

## Operating environment

The media market took an upturn in spring, and the annual growth rate in Finland was 6.5%. Advertising in Talentum professional magazines improved particularly in autumn, and as a result Publishing improved its profit. Job advertising continued to grow in the last quarter, leading to the assumption that the market will remain fairly favourable during early 2005.

## Turnover and profits

Talentum Group turnover increased by 6.0% (-1.2%), being EUR 119.9 million (EUR 113.2 million). Last quarter growth was 7.4% (6.2%).

This growth was due to the most part to growth in Publishing (7.8%), Internet Consulting (10.5%) and Premedia (6.1%). By contrast, TV Content Production (0.0%) and Direct Marketing (-5.0%) failed to attain their growth targets.

Publishing accounted for 40% of the annual turnover of the Talentum Group (39%), followed by TV Content Production at 19% (19%), Premedia at 18% (19%), Direct Marketing at 6% (6%) and Internet Consulting 20% (20%). In-group business accounted for 3% of Group turnover (3%).

Advertising revenues are an important factor in the profits of Publishing. Magazines and online publishing account for about 75% of the turnover of Publishing, and advertising revenues in turn account for 60% of this portion of turnover. The remaining 25% of turnover in Publishing comes from books and training.

Cooperation between different media within the Group on the one hand and between content production units and the sales organization on the other is being exploited to gain competitive advantage, as per the Group's business strategy. The percentage of internal sales was highest in Direct Marketing at 40% and in Premedia at 4%.

In the Talentum Group, Publishing and Direct Marketing performed well, while Internet Consulting and Premedia performed satisfactorily. TV Content Production showed a loss because of the non-recurrent cost of reorganization.

The Talentum Group operating profit was EUR 6.7 million (EUR 2.9 million). This has been adjusted for the non-recurrent costs of slightly over EUR 1 million incurred in reorganization measures in Premedia and TV Content Production.

Profit for the financial year was EUR 3.5 million (EUR 1.0 million). Share-issue adjusted earnings per share were EUR 0.08 (EUR 0.03). The return on investment (ROI) on Group level was 12.9% (6.6%), and the return on equity (ROE) was 10.6% (3.8%).

## Cash flow, finance and balance sheet

At the end of December, the Talentum Group balance sheet total was EUR 80.4 million (EUR 85.9 million on December 31, 2003). Talentum Group's financial standing was good, and the equity ratio at the end of the year was 48.6% (55.0%), equity per share being EUR 0.83 (EUR 0.97 on December 31, 2003).

Talentum Group's cash flow was strong. Cash flow from operations was EUR 12.1 million (EUR 11.9 million). Talentum Oyj paid out dividends in two instalments, totalling EUR 10.5 million, or EUR 0.25 per share. The Group's interest-bearing liabilities totalled EUR 17.5 million (EUR 16.4 million). The Group's interest-bearing loans are in EUR and are thus not hedged against exchange rate fluctuations. Net financial earnings were EUR 0.1 million (EUR 0.6 million).

The Group's liquid assets are invested mainly in financial instruments, with minor investments in shares. Change in available funds was EUR -6.3 million (EUR 3.7 million) from January to December and EUR 3.2 million (EUR 8.9 million) from October to December. The difference compared with the last quarter of the previous year was caused by an extraordinary dividend payment of EUR 4.2 million made by Talentum in December in addition to the EUR 6.2 million paid in dividends in April.

In addition to paying instalments totalling EUR 2.4 million on long-term loans, Talentum also paid off EUR 6.4 million on pension loans, because the calculated interest rate rose to 5% as of July 1, 2004. As part of the overall financing plan, Talentum has a EUR 20 million domestic commercial paper programme in which Talentum issues commercial papers with a maturity period of less than one year. The purpose of this programme is to diversify Talentum's financial structure.

As of December 31, 2004, the commercial papers issued totalled EUR 10.0 million, and the EUR 10.0 million increase in short-term loans is explained by the introduction of this programme in the second quarter.

The parent company handled financing for Group companies, with the exception of Satama Interactive Oyj.

## Business areas

### Publishing

Publishing accounted for 41% of Group turnover.

Publishing turnover increased by nearly 8% to EUR 48.9 million (EUR 45.4 million). Operating profit (EBIT) was EUR 7.7 million (EUR 6.2 million).

Magazine turnover was EUR 37.4 million (with Internet Services accounting for EUR 3.4 million of this), book publishing EUR 9.7 million and training EUR 1.9 million. The profitability of magazines in particular increased considerably. Advertising revenues continue to form nearly 60% of all magazine turnover.

Talentum publishes eleven professional magazines. Closer cooperation between these magazines has helped improve profitability.

Advertising revenues in Talentum magazines increased by 7%. The most important factor here was an upturn in job advertising during the latter half of the year. Online publishing showed a clear profit during the year. Online advertising accounted for slightly over 15% of all advertising revenues during the year.

Circulation revenues from Talentum magazines increased by over 8%. Talentum continued its fruitful cooperation



with trade organizations. Organizations of engineers and business school graduates had group subscriptions to the magazines Tekniikka & Talous and Talouselämä and the Finnish Marketing Association to Markkinointi & Mainonta.

Legal publishing is a solid, long-term profitable sub-area in Talentum Publishing, and is not as sensitive to cyclical fluctuations as magazine publishing. Talentum has consolidated its position as a publisher of corporate books, which is a sector with growth potential.

As per Group strategy, Publishing was reinforced through the acquisition of advanced services and channels with access to interesting target groups. During the period under review, Talentum acquired Fakta magazine from A-lehdet Oy as a business transfer. Fakta and Talouselämä are oriented towards different sectors of the economy and thus complement one another. As a further business transfer, the Internet-based Rekry.com and Kurssi.com services were acquired from WM-data Novo Oyj. These services have 70,000 users per month combined. Also during the period under review, Talentum acquired the entire share capital of Suomen Arvopaperimediati Oy, which publishes Arvopaperi magazine, through stock swap. Arvopaperi magazine concentrates on investments and thus complements Talentum's existing magazines and online services.

#### TV Content Production

TV Content Production accounted for 19% of the Group's total turnover.

Turnover of Varesvuo Partners Oy, which concentrates on production of TV content, remained stable (-2.2%) at EUR 23.2 million (EUR 23.2 million). Operating profit without depreciation on Group goodwill (EBITA) was EUR 0.3 million (EUR 1.2 million). This has been adjusted for a non-recurrent cost of EUR 0.5 million incurred in measures undertaken to improve business processes, efficiency and profitability.

TV Content Production companies focused on producing TV programmes more than before, since production of advertising films in Finland declined further on the previous year. The number of advertising film production companies was reduced from five into three, mostly during the past year. Group companies produced programmes for all Finnish TV channels and one feature-length film.

#### Premedia

Premedia accounted for 17% of the Group's total turnover.

Premedia turnover increased by 6.1% (-2.3%) to EUR 21.2 million (EUR 20.0 million). Operating profit without depreciation on Group goodwill (EBITA) was EUR 1.2 million (EUR -0.2 million). The operating profits for both 2003 and 2004 have been adjusted for non-recurrent costs of slightly over EUR 0.5 million incurred in measures undertaken to improve business processes, efficiency and profitability.

The three main companies in the Talentum Premedia business area — Reprostudio & Heku, LitoScan and Offset-Kopio — were combined into one unit during 2004. The functions were moved into shared premises in summer 2004, and the merger of the companies will be legally completed during 2005.

#### Direct Marketing

Direct Marketing accounted for 4% of the Group's total turnover.

Direct Marketing turnover decreased by 5% to EUR 6.9 million (EUR 7.2 million). The turnover includes EUR 2.7 million

(EUR 2.5 million) in Group internal sales. Operating profit (EBIT) was EUR 0.9 million (EUR 1.1 million).

Direct Marketing growth in Finland was hampered by a shortage of employees, which led to a slight decline in turnover for the year. This in turn was reflected in profitability. In the Baltic States, Direct Marketing performed as expected.

#### Internet Consulting

Internet Consulting accounted for 19% of the Group's total turnover.

Internet Consulting turnover was EUR 23.6 million (EUR 21.4 million), an increase of 10.5% (-3.8%) on the previous year. Operating profit (EBIT) was EUR 1.3 million (EUR -1.3 million). Financial performance for 2003 was adversely affected by non-recurrent reserves of EUR 1.8 million related to the reorganization of international functions.

Satama Interactive Oyj will publish a separate annual report on its operations.

#### Depreciation, amortization and write-downs

Group depreciation totalled 6.8% of turnover (7.7%), or EUR 8.1 million (EUR 8.8 million). Amortization on goodwill was 2.4% of turnover (2.2%), or EUR 2.9 million (EUR 2.5 million). Depreciation on intangible and tangible assets were 4.3% of turnover (5.5%), or EUR 5.2 million (EUR 6.2 million).

#### Investments

Talentum Group's gross investments were EUR 9.0 million, of which EUR 2.1 million were used for tangible assets, EUR 2.3 million for intangible assets and EUR 4.6 million for acquisition of stocks and shares. About 50% of investments involved stocks and shares in sectoral companies, principally Suomen Arvopaperimediati Oy, the publisher of Arvopaperi magazine. Investments were 7.5% (4.7%) of turnover.

#### Personnel

The Group employed an average of 1,203 (1,166) persons during the year; 191 (188) were employed abroad.

The following is the breakdown of personnel by business area (average):

Publishing	268
TV Content Production	124
Premedia	203
Direct Marketing	310
Internet Consulting	281
Parent company	17

No changes occurred in Group management during the period under review.

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

The Annual General Meeting of Talentum was held on March, 24, 2004, and an extraordinary general meeting was held on November 30, 2004.

The Annual General Meeting on March 24, 2004 re-elected Manne Airaksinen and Juha Blomster and elected Ari Heiniö, Jussi Länsiö and Kirsti Pionius as new members to the Board of Directors.

Jussi Länsiö and Manne Airaksinen were elected chairman and deputy chairman, respectively, of the Board of Directors.

PricewaterhouseCoopers Oy, Authorized Public Accountants, were reappointed the company's auditor, with Kari Mietinen, Authorized Public Accountant, as responsible auditor.

The Board of Directors met a total of 16 times during the year. The average attendance rate of Board members was 97%.

## Shares and share capital

The extraordinary general meeting on November 30, 2004 decided on a bonus issue whereby Talentum's share capital was increased from EUR 8,931,489.49 to EUR 17,862,978.98. In this bonus issue, each existing share was allotted one new share free of charge. A total of 21,241,690 new shares were issued.

At the end of the financial year, the share capital of Talentum Oyj was EUR 17,862,978.98 in 42,483,380 shares, all fully paid for. The book counter-value of one share is EUR 0.42 (approximately). The shares are listed on the Helsinki Stock Exchange Main List.

At the end of the financial year, the parent company and its subsidiaries owned 184,600 own shares, representing 0.4% of the share capital and votes in Talentum.

The number of shares traded during the financial year was 15,829,990, representing 37.4% of the average number of all shares during the financial year.

## Board of Directors authorizations

### Authorizations to increase share capital

The Annual General Meeting on March 24, 2004 authorized the Board of Directors to decide on a rights issue, an option issue and/or a convertible bond. The term of this authorization was one year. It authorized the Board of Directors to increase share capital through one or more rights issues so that the increase is no more than EUR 437,962 and that no more than 1,041,600 new shares are subscribed. The Board of Directors was authorized to overrule the shareholders' right of pre-emption should there be overriding business interests justifying this, such as corporate acquisition, broadening the shareholder base and/or providing incentive to or strengthening the commitment of personnel. The Board of Directors was further authorized to decide on the subscription price, the list of persons entitled to subscribe to new shares, and any other terms of issue. When increasing share capital through a rights issue, except in the case of an option issue, the Board of Directors may decide that shares can be subscribed against property in kind or on other terms to be specified, or by exercising the right of set-off.

Under the authorization given by the Annual General Meeting of Talentum on March 24, 2004, the Board of Directors decided on July 9, 2004 in connection with acquisition of the entire share capital of Suomen Arvopaperimediata Oy to increase the share capital of Talentum through a targeted rights issue. The increase was EUR 171,751.41, or 408,475 shares. After this increase, the Board of Directors has a remaining unexercised authorization to increase share capital through one or more rights issues, the total maximum increase being EUR 266,220.59 and the total maximum number of new shares being 633,125. If the terms specified for the reviewing of the transaction price in the share exchange agreement between Talentum and Suomen

Arvopaperimediata Oy are fulfilled, the Talentum Board of Directors will decide in February 2005 to increase share capital by offering shareholders in Suomen Arvopaperimediata Oy subscription in stages to a total maximum number of 118,644 new shares in Talentum Oyj; it is estimated that these issues would be subscribed on or around February 28, 2005 and February 28, 2006.

The figures of shares presented above are not adjusted to the bonus issue decided by the extra ordinary general meeting held on November 30, 2004.

### Authorizations to acquire and relinquish the company's own shares

The Annual General Meeting on March 24, 2004 authorized the Board of Directors to decide on acquisition and relinquishment of the company's own shares within one year of the meeting. The authorizations were published in full on March 24, 2004. As of December 31, 2004, these authorizations had not been exercised.

## Shareholdings of the Board of Directors and the Managing Director

On December 31, 2004, the number of Talentum Oyj shares and options owned by members of the Board of Directors and the Managing Director personally and through companies in which they have a controlling interest was 365,776, representing 0.9% of the company's total shares and votes.

If the options issued by Talentum Oyj in 1999 and 2000 were exercised in full, the Group management would own 426,976 shares, representing 1.0% of the company's total shares and votes.

## Voting at the General Meeting

Talentum Oyj's Articles of Association stipulate that any single shareholder is entitled to vote at an General Meeting by exercising a maximum of 1/6 of the total votes conferred by company shares. If Group subsidiaries, companies and/or a pension trust or pension fund of such companies together own Company shares representing more than 1/6 of the total votes, their maximum total voting entitlement is still only 1/6 of the total votes.

## Shareholder agreements

The company has no knowledge of its shareholders having any mutual shareholder agreements related to its operations or share ownership.

## Redemption clause

There is a clause in the Articles of Association of Talentum Oyj regarding purchase offers to all shareholders in the event that the number of shares controlled by a single owner exceeds 1/3 of all company shares.

## Dividend for 2003

The Annual General Meeting on March 24, 2004 decided on a dividend of EUR 0.30 per share for the 2003 financial year. The extraordinary general meeting on November 30, 2004 decided on a dividend of EUR 0.20 per share for the 2004 financial year in addition to the dividend of EUR 0.30 per share decided by the Annual General Meeting.

## Taxable value of shares

The official taxable value of a Talentum Oyj share in the 2004 tax assessment is EUR 2.05.

The official taxable value of a Satama Interactive Oyj share is EUR 0.60.

## Liquidity providing

The agreement with Nordea Securities Oyj concerning liquidity providing on Talentum Oyj shares entered into force on June 21, 2004. Under this agreement, Nordea Securities submits a purchase and sale offer so that the maximum differential between the purchase offer and the sale offer is 3%, calculated from the purchase offer. Offers will constitute a minimum of 2,500 shares, or 25 trading lots.

## Corporate governance

Talentum observes the Companies Act, legislation regulating the securities markets and all other legislation pertaining to public limited companies. Talentum further observes the Corporate Governance Recommendation of HEX Oyj, the Central Chamber of Commerce and the Confederation of Finnish Industries, published in December 2003 and effective from July 1, 2004. Talentum corporate governance is publicly available at [www.talentum.fi](http://www.talentum.fi).

## Regulations on insider trading

The Talentum Group applies the insider trading regulations of the Helsinki Stock Exchange, which took effect on March 1, 2000. In the Talentum Group, the period during which insiders may not trade in company shares before the publication of financial disclosures is 21 days.

## Pension fund

Talentum has set up a pension fund, which was launched on April 1, 2004. During the period under review, the pension obligations of Talentum Oyj, Talentum Media Oy and Suoramarkkinointi Mega Oy were transferred to the pension fund, which now manages the pension security of about 600 employees.

## Significant events after the end of the financial year

Talentum Oyj and the Finnish government negotiated a trade agreement under which Talentum Oyj would buy the entire share capital of Edita Oyj from its sole owner, the government. The due diligence inspection concerning Edita Oyj brought up certain issues that had an impact on the value of Edita Oyj and which were not known to Talentum Oyj before the signing of the agreement concerning the purchase of the shares of Edita Oyj. Negotiations between Talentum and the government failed to produce a solution satisfactory to both parties, and as a result both parties withdrew from the transaction on January 21, 2005.

## Outlook

Publishing is expected to improve its profitability during 2005.

TV Content Production is expected to improve its profitability in 2005.

Premedia is expected to continue its favourable performance trend in 2005.

Direct Marketing is expected to maintain a good profit and increase its turnover in 2005.

The Talentum Group turnover will increase in 2005, and operating profit will improve.



## Effects of conversion to IFRS standards

The Talentum Group continued preparations for introduction of the IAS/IFRS financial statements. The transition will take place according to the schedule required by Regulation (EC) No 1606/2002 on the application of international accounting standards. As of the financial year beginning on January 1, 2005, the consolidated financial statements of the Talentum Group will be drafted in accordance with international financial statement standards.

During 2003, a survey and documentation of the IAS/IFRS accounting principles were carried out. In 2004, report and appendix templates were converted into IAS/IFRS format, and data collecting for the 2004 balance sheet and accounting personnel training were begun.

The most important single change in the Talentum Group will be the abandonment of amortization on Group goodwill and moving to compulsory write-off testing with respect to Group goodwill. The Group goodwill amounts to about EUR 13.8 million in the financial statements for 2004. Amortization on Group goodwill has been about EUR 2.5 million per annum.

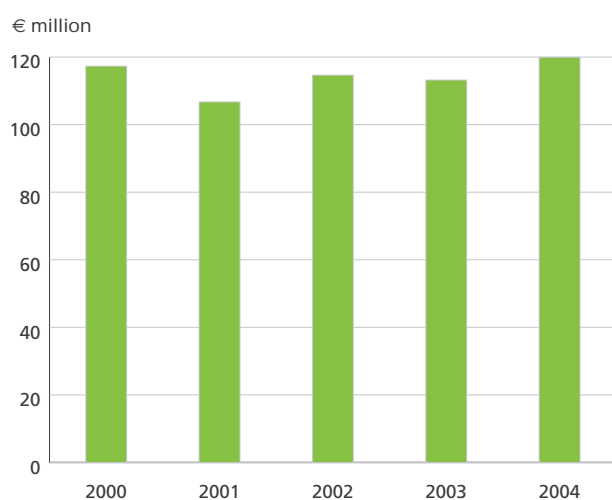
Other key changes caused by the IAS/IFRS process are imputed taxes, pension calculations, personnel benefits, share issue costs, own shares and financial securities.

## General statement

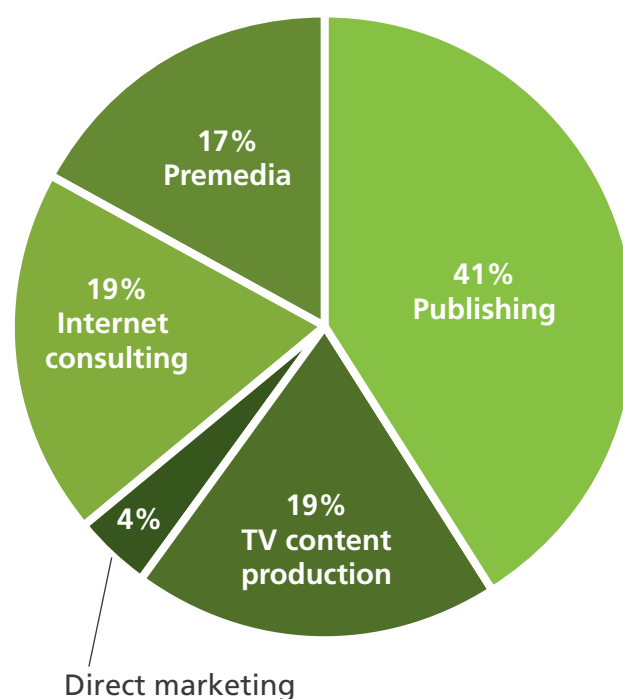
The forecasts and estimates outlined here are based on the management's current view of economic trends, and the actual results may differ substantially from what is expected of the company at this point.

TALENTUM GROUP BY BUSINESS AREA (1000 euro)	2004	2003
<b>Turnover</b>		
Publishing	48 895	45 358
TV content production	23 168	23 159
Premedia	21 210	19 991
Direct marketing	6 885	7 248
Internet consulting	23 602	21 356
Sales within Group	-3 837	-3 924
<b>Total</b>	<b>119 923</b>	<b>113 188</b>
<b>Operating profit</b>		
Publishing (EBIT)	7 661	6 152
net of goodwill amortization (EBITA)	7 686	6 152
TV content production (EBIT)	-1 693	-479
net of goodwill amortization (EBITA)	279	1241
Premedia	487	-843
net of goodwill amortization (EBITA)	1 221	-162
Direct marketing (EBIT)	930	1 141
net of goodwill amortization (EBITA)	1 063	1 271
Internet consulting (EBIT)	1 256	-1 282
net of goodwill amortization (EBITA)	1 276	-1 282
Parent company	-1 969	-1 836
<b>Total</b>	<b>6 672</b>	<b>2 855</b>

## Turnover



## Share of Talentum group's turnover



PROFIT AND LOSS ACCOUNT (1000 €)	Note	Group		Parent company	
		1.1.-31.12.2004	1.1.-31.12.2003	1.1.-31.12.2004	1.1.-31.12.2003
Turnover	1	119,923	113,188	5,110	4,348
Change in inventories		48	-19	0	0
Other operating income	2	667	1,858	10	95
Materials and services	3	22,510	23,087	0	0
Personnel expenses	4	57,016	53,491	3,314	2,664
Depreciation and amortization	5				
Intangible and tangible assets		5,211	6,233	697	651
Consolidation goodwill		2,884	2,531	0	0
		8,096	8,764	697	651
Other operating expenses		26,614	27,506	3,073	2,965
Share in associated companies profits		269	676	0	0
Operating profit / loss	1	6,672	2,855	-1,964	-1,836
Financial income and expenses	6	58	591	7,574	19,185
Profit/loss before extraordinary items		6,731	3,446	5,610	17,349
Extraordinary items	7	0	0	2,261	4,831
Profit/loss before appropriations and taxes		6,731	3,446	7,871	22,179
Increase (-) / decrease (+) in depreciation difference	5	0	0	85	-7
Direct taxes	8	-2,271	-1,698	-1,818	-3,961
Profit/loss before minority interest		4,460	1,748	6,138	18,211
Minority interest in profit for the year		-936	-742	0	0
NET PROFIT/LOSS FOR THE YEAR		3,523	1,006	6,138	18,211

<b>BALANCE SHEET (1000 €)</b>		Group		Parent company	
ASSETS	Note	31.12.2004	31.12.2003	31.12.2004	31.12.2003
<b>FIXED ASSETS</b>					
Intangible assets	10	8,056	4,446	958	1,101
Consolidation goodwill	10	13,755	15,342	0	0
Tangible assets	10	7,744	8,974	296	470
Investments					
Holdings in Group companies	9,10	0	0	144,864	144,119
Holdings in associated companies	9,10	1,195	1,235	0	0
Other investments	10	1,155	912	28	31
		2,350	2,146	144,892	144,150
Fixed assets, total		31,904	30,908	146,146	145,721
<b>CURRENT ASSETS</b>					
Inventories	11				
Own work in progress		553	577	0	0
Other inventories		1,388	1,264	0	0
		1,941	1,840	0	0
Non-current receivables	13				
Receivables from Group companies		0	0	1,897	2,845
Other receivables		649	467	0	0
		649	467	1,897	2,845
Current receivables					
Trade receivables	13, 14	12,105	11,553	7	14
Receivables from Group companies		0	0	11,242	12,251
Receivables from companies with participating interest		7	6	0	0
Loan receivables		503	1,301	2	1
Prepaid expenses and accrued income		2,012	2,250	77	135
Other receivables		981	959	1	18
		15,607	16,068	11,328	12,418
Deferred tax credit	19	1,396	1,418	4	6
Bonds and securities	12				
Own shares		545	471	534	462
Other shares and holdings		70	183	0	0
Other securities		24,723	31,663	16,306	15,078
		25,337	32,317	16,840	15,540
Cash at bank and in hand		3,559	2,923	54	75
Current assets, total		48,489	55,033	30,122	30,883
<b>ASSETS, TOTAL</b>		<b>80,393</b>	<b>85,941</b>	<b>176,268</b>	<b>176,604</b>

<b>LIABILITIES AND SHAREHOLDER'S EQUITY (1000 €)</b>		Group		Parent company	
	Note	31.12.2004	31.12.2003	31.12.2004	31.12.2003
<b>Shareholder's equity</b>	15				
Share capital		17,863	8,759	17,863	8,759
Share premium fund		5,144	5,540	83,696	84,092
Reserve fund		5	6,299	0	6,294
Own share fund		545	471	534	462
Other funds		0	786	0	786
Retained earnings		8,639	17,917	24,574	16,638
Net profit/loss for the year		3,523	1,006	6,138	18,211
		35,719	40,777	132,805	135,243
Minority interest		3,206	5,742	0	0
Accumulated appropriations					
Accumulated depreciation difference	17	0	0	127	212
Deferred tax liability	19	205	316	0	0
Non-current liabilities	18				
Pension loans		156	5,993	0	5,676
Loans from financial institutions		5,608	7,351	2,948	3,642
Other long-term liabilities		334	0	0	0
		6,098	13,344	2,948	9,319
Current liabilities	18				
Pension loans		38	1,212	0	1,093
Advances received		874	1,735	0	0
Accounts payable		2,397	2,139	338	318
Debts to Group companies		0	0	26,579	28,471
Debts to companies with participating interest		348	425	698	421
Accrued liabilities and deferred income		15,093	14,144	1,014	629
Loans from financial institutions		1,725	1,810	694	694
Other current liabilities		14,691	4,296	11,066	204
		35,165	25,761	40,388	31,830
<b>LIABILITIES</b>		<b>41,468*)</b>	<b>39,421*)</b>	<b>43,337</b>	<b>41,149</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY, TOTAL</b>		<b>80,393</b>	<b>85,941</b>	<b>176,268</b>	<b>176,604</b>
*Non-interest bearing		23,941	23,055		

SOURCE AND APPLICATION OF FUNDS (1000 €)	Group		Parent company	
	1.1.-31.12.2004	1.1.-31.12.2003	1.1.-31.12.2004	1.1.-31.12.2003
<b>BUSINESS OPERATIONS</b>				
Operating profit / loss	6,672	2,855	-1,964	-1,836
Adjustments to operating profit	7,608	7,450	689	614
Change in net working capital	-1,194	3,093	-2,726	2,971
Net financing	488	350	4,241	7,063
Tax paid	-1,517	-1,845	-56	-608
Cash flow from business operations	12,057	11,902	184	8,203
<b>INVESTMENTS</b>				
Acquired Group companies	-1,069	-2,282	-503	0
Acquisitions of other investments	-411	-114	3	-3
Acquisitions of other non-current assets	-4,359	-3,414	-394	-631
Return of equity	0	0	4,634	0
Sales of other investment	0	291	0	291
Sales of other non-current assets	664	1,397	25	105
Cash flow from investments	-5,175	-4,122	3,766	-238
<b>FINANCING</b>				
Change in short-term loans	10,000	0	10,000	0
Change in long-term loans	-8,773	-2,663	-7,463	-1,787
Increase / decrease in non-current receivables	-82	84	948	-2,845
Dividend paid and other return of equity	-13,869	-4,246	-10,452	-4,005
Change in value of own shares	74	207	72	203
Share issue	3	1,984	3	1,984
Minority capital investment in subsidiaries	-8	173	0	0
Other financing items	-571	416	-610	0
Group contributions	0	0	4,831	1,794
Financing	-13,225	-4,045	-2,670	-4,656
Increase / decrease in liquid assets	-6,343	3,735	1,280	3,310
Liquid assets 1 January	35,239	31,504	15,614	12,305
Liquid assets 31 December	28,896	35,239	16,894	15,614

# Notes to financial statements

## Accounting principles

### Changes in Group structure

During the financial year Suomen Arvopaperimediata Oy with its subgroup became a group company (July 1, 2004). In Talentum Premedia -group Tietopolku Oy and Digistudio Helsinki Oy were merged with Reprostudio & Heku Oy (December 31, 2004). In Varesvuo Partners -group Moving Camera Company Ltd Oy was merged with Angel Films Oy (January 31, 2004). Woodpecker Film Oy and Crea Filmi Oy were merged (December 31, 2004) and formed new Woodpecker Film Oy. At the end of the financial year Telemarketing UAB was established in Lithuania.

### Calculation of key indicators

The Group's key indicators were calculated in accordance with decree 538/2002 of the Ministry of Finance and the guidelines issued by the Finnish Accounting Standards Board on October 29, 2002 on the assumption that the merger of Kauppakaari with Talentum in 2000 had already taken place before 1998.

### Consolidated financial statements

The consolidated financial statements combine the profit and loss accounts, balance sheets, and notes to the financial statements of the parent company and the subsidiaries. All those companies controlled either directly or indirectly by the parent company are included in the consolidated financial statements. As a rule, the acquisition cost method was applied in the consolidation of the subsidiaries. The pooling method was applied in the consolidation of Talentum Oy and Kauppakaari Oyj in 2000. Oy Mediutiset Ab was consolidated as a joint venture, line by line, in proportion to the holding (50%). Otherwise, the principles used in consolidating the subsidiaries were applied. Other associated companies were included in the consolidated financial statements with the equity method. The price paid for shares in the subsidiaries in excess of shareholder's equity is shown as consolidated goodwill, to be amortized over a maximum of ten years.

Internal group transactions, internal dividend payment, and internal receivables and debts have been eliminated. The minority interest has been separated from the Group's shareholders' equity and the financial results have been entered as a separate item.

### Fixed assets

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

Intangible rights	2-20 years
Consolidated goodwill	5-10 years
Other long-term expenditure	3-10 years
Buildings	30 years
Machinery and equipment	2-7 years

The ten-year amortization period for consolidated goodwill is used in company acquisitions in which the economic life is considered to be a minimum of ten years.

### Current assets

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.

### Financial assets

Shares, holdings, and financial instruments included in financial assets are valued at the acquisition cost 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 were translated using the average rate for the financial year. The average exchange rate difference arising when translating financial statements and translation differences in shareholders' equity were presented in the item 'retained earnings.'

### Expenditure on research and development

The Group did not incur any expenditure on research and development as stipulated in the decision of the Ministry of Trade and Industry (50/1998).

### Pensions arrangements

Pension expenses were entered in accordance with the local legislation of each country. During the period under review, the pension obligations of Talentum Oyj, Talentum Media Oy and Suoramarkkinointi Mega Oy were transferred to Talentum's pension fund. The statutory and voluntary pension coverage of other domestic Group companies was secured with external pension security companies.

### Deferred taxes

Accumulated depreciation differences in the Group were divided between deferred taxes and shareholders' equity.

The probable tax effects of the matching differences for the bookkeeping and taxation were entered as deferred tax credit and liability.



Notes to financial statements (1000 €)	Group		Parent company	
	2004	2003	2004	2003
<b>1. Turnover and operating profit by business area</b>				
Turnover				
Publishing	48,895	45,357	0	0
Internet consulting	23,168	23,159	0	0
TV content production	21,210	19,991	0	0
Direct marketing	6,886	7,248	0	0
Premedia	23,602	21,356	0	0
Internal invoicing	-3,837	-3,923	5,110	4,348
	119,923	113,188	5,110	4,348
Operating profit				
Publishing	7,662	6,152	0	0
Internet consulting	-63	922	0	0
TV content production	1,073	-261	0	0
Direct marketing	930	1,141	0	0
Premedia	1,256	-1,282	0	0
Parent company	-1,969	-1,836	-1,964	-1,836
Group entries				
Amortization on consolidation goodwill and other items	-2,216	-1,981	0	0
	6,672	2,855	-1,964	-1,836
<b>2. Other income from business operations</b>				
Profits on sale of fixed assets	284	635	9	46
Rental income	27	116	0	42
Other income	357	1,107	2	7
	667	1,858	10	95
<b>3. Materials and services</b>				
Materials, supplies and goods				
Purchases during financial year				
Change in inventories	5,825	6,805	0	0
Materials, supplies and goods, total	-5	44	0	0
	5,820	6,849	0	0
<b>External services</b>	16,690	16,238	0	0
Materials and services, total	22,510	23,087	0	0
<b>4. Personnel expenses</b>				
Performance-based salaries and fees:				
Supervisory Board and Boards of Directors	200	188	127	131
Others	46,518	43,728	2,456	1,919
Pension expenses	7,333	6,865	493	372
Other statutory personnel expenses	2,965	2,711	238	243
Personnel expenses in profit and loss account	57,016	53,491	3,314	2,664
Salaries, fees and fringe benefits paid to Managing Directors	2,635	3,020	239	220
The retirement age of some managing directors of the Group companies is 55 to 60 years. The retirement age of the managing director of the parent company is 60 years.				
Average number of personnel during the period under view *)	1,203	1,166	49	36
*) Adjusted to full-time employees				
<b>5. Depreciation, amortization and writedowns</b>				
Planned depreciations				
Intangible assets	2,147	2,551	479	432
Tangible assets	3,064	3,682	219	219
Depreciation, total	5,211	6,233	697	651
<b>Amortization on consolidation goodwill</b>	2,884	2,531	0	0
Depreciation and amortization, total	8,096	8,764	697	651
Change in depreciation difference				
Intangible assets			-17	-45
Tangible assets			102	38
Change in depreciation difference, total			85	-7
<b>6. Financial income and expenses</b>				
Dividend income from Group companies	0	0	5,993	6,911
Interest and financial income from Group companies	0	0	353	313
Interest and financial income from companies with participating interest	1	26	0	0
Other interest and financial income	982	1,379	517	607
Changes in value of liquid assets and investments	-13	980	1,573	13,106
Interest and financial expenses to Group companies	0	0	-160	-221
Interest and financial expenses to companies with participating interest	-2	-3	0	0
Other financial expenses	-274	-1,054	-271	-1,066
Other interest expenses	-637	-738	-431	-466
	58	591	7,574	19,185

Notes to financial statements (1000 €)	Group		Parent company	
	2004	2003	2004	2003
<b>7. Extraordinary items</b>				
Additional depreciation on goodwill				
Group contributions	0	0	2,261	4,831
Extraordinary items, total	0	0	2,261	4,831
<b>8. Taxes</b>				
From extraordinary items	0	0	-656	-1,401
From ordinary functions	-2,360	-1,801	-1,161	-1,236
Change in Deferred tax	89	103	-2	-1,323
	-2,271	-1,698	-1,818	-3,961

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

	Domicile	Group holding %	Parent company holding %
<b>Group companies</b>			
Talentum Media Oy	Helsinki	100.00	100.00
Suoramarkkinointi Mega Oy	Helsinki	100.00	100.00
Satama Interactive Oyj	Helsinki	60.05	60.05
Varesvuo Partners Oy	Helsinki	85.72	85.72
Talentum Premedia Oy	Helsinki	99.17	99.08
Suomen Arvopaperimediata Oy	Helsinki	100.00	100.00
Expose Oy	Helsinki	100.00	100.00
Michelsson Sales Consults Oy	Helsinki	100.00	100.00

#### Subsidiaries' Group Companies

##### Satama Interactive Oyj:

Interweb Oy	Helsinki	60.05	
Satama Finland Oy	Helsinki	60.05	
Mind On Move	Helsinki	60.05	
Seiren Solutions Oy	Helsinki	60.05	
Satama Deutschland GmbH	Düsseldorf	60.05	
Satama UK Ltd	Lontoo	60.05	
Satama Amsterdam B.V.	Amsterdam	60.05	
Satama Sverige Ab	Tukholma	60.05	
Satama Singapore Pte Ltd	Singapore	60.05	

##### Talentum Media Oy:

Oy Mediutiset Ab	Helsinki	50.00	
Conseco Press	Moskova	40.00 ( 51% of votes)	

##### Suomen Arvopaperimediata Oy:

Suomen Arvopaperilehti Oy	Helsinki	100.00	
Arvopaperi Communications Oy	Forssa	100.00	
Wild Moment Production Oy	Helsinki	100.00	

##### Talentum Premedia Oy:

Reprostudio & Heku Oy	Helsinki	99.17	
Lito-Scan Oy	Helsinki	99.17	
Offset-Kopio Oy	Helsinki	99.17	
Marvaco Oy Ltd	Helsinki	99.17	
Sata-Flexo Oy	Pori	79.34	
Main Domain Oy	Helsinki	49.59	

##### Suoramarkkinointi Mega Oy:

Müügimeistrite A/S	Tallinna	92.00	
Telemarket SIA	Riika	92.00	
Telemarketing UAB	Vilna	96.00	

##### Varesvuo Partners Oy:

Angel Films Oy	Helsinki	51.43	
Electric Light Company Finland Oy	Helsinki	23.14	
Crea Video Oy	Helsinki	77.15	
Crea Sport Production Oy	Helsinki	61.72	
Van Der Media Oy	Helsinki	58.63	
Oy Kaunofilmi Ab	Helsinki	77.15	
Moskito Television Oy	Helsinki	51.43	
Ondine Oy	Helsinki	69.66	
Oy Filmiteollisuus Fine Ab	Helsinki	50.85	
Helsinki-Filmi Oy	Helsinki	25.89	
Filmiteollisuus fine-Mediastation Oy	Helsinki	30.51	
Ten Years Production Oy	Tampere	25.93	
Bada Bing Productions Ab	Helsinki	51.14	
Woodpecker Film Oy	Helsinki	77.94	10.80
Elohopea-Filmi Oy	Helsinki	90.15	31.01
Filmitalli Oy	Helsinki	68.98	11.57
Kiinteistö Oy Helsingin Sahaajankatu 30	Helsinki	85.72	
Generator Post Oy	Helsinki	42.86	
Production House Oy	Helsinki	24.86	

Notes to financial statements (1000 €)	Group		Parent company	
	2004	2003	2004	2003
<b>10. Intangible and tangible assets</b>				
<b>Intangible assets</b>				
Acquisition cost 1 Jan.	25,146	24,667	2,115	1,611
Increases	6,144	1,136	468	504
Decreases	-387	-657	-132	0
Acquisition cost 31 Dec.	30,903	25,146	2,452	2,115
Accumulated depreciation	-22,848	-20,700	-1,493	-1,014
Book value 31 Dec.	8,056	4,446	958	1,101
<b>Tangible assets</b>				
Acquisition cost 1 Jan.	33,475	32,231	1,364	1,304
Increases	2,401	3,355	57	127
Decreases	-1,429	-2,111	-47	-68
Acquisition cost 31 Dec.	34,446	33,475	1,374	1,364
Accumulated depreciation	-26,702	-24,501	-1,078	-893
Book value 31 Dec.	7,744	8,974	296	470
<b>Consolidation goodwill</b>				
Acquisition cost 1 Jan.	49,352	47,563		
Increase / Decrease/transfers	1,298	1,788		
Acquisition cost 31 Dec.	50,649	49,352		
Accumulated depreciation	-36,894	-34,010		
Book value 31 Dec.	13,755	15,342		
<b>Investments</b>				
<b>Shares in subsidiaries</b>				
Acquisition cost 1 Jan.			144,119	131,997
Increases			5,379	12,122
Decreases			-4,634	0
Acquisition cost 31 Dec.			144,864	144,119
<b>Shares in associated companies</b>				
Acquisition cost 1 Jan.	658	1,005	0	0
Increases	0	0	0	0
Decreases	-297	-348	0	0
Acquisition cost 31 Dec.	361	658	0	0
Accumulated depreciation and shares of profits	834	577	0	0
Book value 31 Dec.	1,195	1,235	0	0
Non-depreciated consolidation goodwill related to shares in associated companies	282	321		
<b>Other shares</b>				
Acquisition cost 1 Jan.	2,339	2,599	31	320
Increases	268	35	0	0
Decreases	-12	-295	-3	-288
Acquisition cost 31 Dec.	2,595	2,339	28	31
Accumulated planned depreciation and writedowns	-1,440	-1,427	0	0
Book value 31 Dec.	1,155	912	28	31
<b>Itemization of intangible and tangible assets</b>				
<b>Intangible assets</b>				
Computer software	1,155	1,627	948	1,047
Renovation of business premises	1,412	1,683	1	1
Others	5,489	1,136	10	53
Total	8,056	4,446	958	1,101
<b>Tangible assets</b>				
Buildings	1,840	1,917	0	0
Machinery and equipments	5,364	6,509	264	438
Other tangible assets	540	548	32	32
Total	7,744	8,974	296	470
<b>11. Inventories</b>				
Materials and supplies	393	382		
Work in progress	622	577		
Finished products / goods	863	815		
Others	63	66		
Total	1,941	1,840		
<b>12. Liquid assets</b>				
Difference between the book and market values of shares, holdings and financial instruments included in liquid assets:				
Market value	25,340	32,509	16,840	15,620
Book value	25,337	32,317	16,840	15,540
Difference	3	193	0	80

Notes to financial statements (1000 €)	Group		Parent company	
	2004	2003	2004	2003
<b>13. Receivables</b>				
Receivables from Group companies:				
Non-current receivables:				
Loan receivables			1,897	2,845
<b>Current receivables:</b>				
Trade receivables			170	12
Loan receivables			8,789	7,405
Prepaid expenses and accrued income			2,284	4,835
Total			11,242	12,251
<b>Receivables from companies with participating interest:</b>				
Trade receivables	7	6	0	0
<b>14. Prepaid expenses and accrued income</b>				
Tax assets	420	616	0	25
Statutory employment pension and social sec.contribution	211	404	0	0
Others	1,381	1,230	77	110
Total	2,012	2,250	77	135
<b>15. Shareholders equity</b>				
Share capital 1 Jan.	8,759	8,459	8,759	8,459
New issue	172	300	172	300
Bonus issue	8,932	0	8,932	0
Share capital 31 Dec.	17,863	8,759	17,863	8,759
Share issue 1.1.	0	3	0	3
Transfer (share capital)	0	-3	0	-3
Share issue 31.12.	0	0	0	0
Share premium fund 1 Jan.	5,540	3,856	84,092	82,408
Issue premium	2,241	1,684	2,241	1,684
Bonus issue	-2,637	0	-2,637	0
Share premium fund 31 Dec.	5,144	5,540	83,696	84,092
Reserve fund 1 Jan.	6,299	6,299	6,294	6,294
Bonus issue	-6,294	0	-6,294	0
Reserve fund 31 Dec.	5	6,299	0	6,294
Own share fund 1 Jan.				
Increase	471	264	462	259
Decrease	74	207	72	203
Own share fund 31 Dec.	545	471	534	462
Other funds 1.1.	786	786	786	786
Transfer to retained profits	-786	0	-786	0
Other funds 31.12.	0	786	0	786
Retained profits 1 Jan.	18,923	21,824	34,850	20,644
Dividend payment	-10,452	-4,005	-10,452	-4,005
Transfer from other funds	786	0	786	0
Costs booked against retained profits	-610	0	-610	0
Translation differences	-8	98	0	0
Net profit for the year	3,523	1,006	6,138	18,211
Retained profits 31 Dec.	12,163	18,923	30,712	34,850
Shareholders equity total 31 Dec.	35,719	40,777	132,805	135,243
<b>16. Calculation of distributable assets</b>				
Retained profits and other funds 31. Dec.	12,163	19,708	30,712	35,636
- Portion entered in shareholder's equity from accumulated depreciation difference	-175	-389	0	0
Distributable assets	11,987	19,319	30,712	35,636
Share capital by type of share at end of financial year:				
			kpl	kpl
Serie: TTM1V			42,483,380	41,664,030
Own shares held by the company	184,600	184,600	181,000	181,000
<b>17. Appropriations</b>				
Accumulated depreciation difference by fixed asset group				
Intangible assets			202	185
Tangible assets			-75	27
			127	212
Deferred tax liability included in reserves			33	62

Notes to financial statements (1000 €)	Group		Parent company	
	2004	2003	2004	2003
<b>18. Liabilities</b>				
Long-term debts which become due after more than five years	232	2,759	173	2,171
Liabilities to Group companies				
Current liabilities:				
Accounts payable			6	7
Other current liabilities			26,573	28,645
<b>Total</b>			<b>26,579</b>	<b>28,651</b>
Liabilities to companies with participating interest				
Other current liabilities	348	425	698	421
<b>Total</b>	<b>348</b>	<b>425</b>	<b>698</b>	<b>421</b>
Substantial items included in accrued liabilities and deferred income				
Subscription fee advances	2,579	1,869	0	0
Holiday pay obligation liability	6,056	5,345	378	248
Reserve for incentive bonuses	1,269	916	401	222
Statutory employment pension and social security contribution debt	956	210	33	27
Interest debt	36	164	26	118
Royalty debt	51	55	0	0
Reserve for restructuring costs	452	1,046	0	0
Others	3,694	4,539	176	14
<b>Total</b>	<b>15,093</b>	<b>14,144</b>	<b>1,014</b>	<b>629</b>
<b>19. Deferred tax liabilities and credits</b>				
Deferred tax credits				
On matching items	1,396	1,418	4	5
Deferred tax liabilities				
On matching items	205	316	0	0
<b>20. Guarantees, contingent liabilities and other commitments</b>				
Financial institution loans with shares as collateral	3,642	4,336	3,642	4,336
Book value of shares pledged	15,429	15,429	15,429	15,429
Financial institution loans with promissory notes as collateral	666	689		
Pension loans with promissory notes as collateral	0	204		
Book value of shares pledged	1,791	1,791		
Guarantees posted for own commitments				
Rent guarantees	3,041	1,362	1	1
Other commitments	1,205	1,323	0	0
Leasing commitments				
To be paid in the next financial year	1,696	1,466	52	35
To be paid later	1,666	1,836	52	54
Guarantees posted on behalf of Group companies				
Rent guarantees	2,090	3,519	2,192	4,190
Guarantees	0	0	3,074	3,980
Guarantees posted on behalf of other				
Guarantees	265	612		
Pledges	0	10		
No pledges or other contingent liabilities have been posted on behalf of the management or shareholders.				

## 21. Warrant bonds

### 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	€13.30 per share
B warrants	€11.38 per share

### Warrants not exercised at 31 Dec. 2004:

Number of A warrants	1,450,000 subscription rights	1 450 000 shares
----------------------	-------------------------------	------------------

### 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	€13.30 per share
B warrants	€11.38 per share

### Warrants not exercised at 31 Dec. 2004:

Number of A warrants	345,000 subscription rights	345 000 shares
----------------------	-----------------------------	----------------

The company Expose Oy, a wholly-owned subsidiary of the parent company, had subscription rights totalling 542,250 shares for future needs.

## 22. Management share holdings

At the end of the year under review, the members of the parent company's Board of Directors, Managing Director and companies under their control held a total of 365,776 shares and share options in Talentum Oyj. This holding corresponds to 0,9 per cent of the issued stock. In the event of the warrants issued by Talentum Oyj in 1999 and 2000 all being exercised, the holdings of the Group management would be 426,976 shares, representing 1.0 per cent of the company's issued stock and voting rights.

# Warrant bond issues to Talentum personnel

Talentum decided to issue two warrant bond issues to the company's personnel.

## Warrant Bond Issue 1999

On March 23, 1999, the Annual General Meeting decided to launch a warrant bond issue to the value of FIM 1,450,000 so that the subscription right to the loan was held by the entire personnel of the Group and by Expose Oy, a fully-owned subsidiary of Talentum. The loan was fully subscribed. The loan period was two years and it was repaid in one instalment on 30 April 2001. The loan was non-interest bearing. The issue comprised 1,450 tranches with a par value of FIM 1,000, each of which carries 1,000 warrants, 500 of which are marked with the letter A and 500 with the letter 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 Warrant Bond Issue 1999, the share subscription price for warrant A is the trade volume weighted average on the Helsinki Stock Exchange in March 1999, increased by ten (10) per cent, and for warrant B the trade volume weighted average on the Helsinki Stock Exchange in September 2000, increased by ten (10) per cent. After dividend adjustments, the subscription price for the shares is EUR 13.30 per share for warrant A and EUR 11.38 per share for warrant B.

The share entitlements begin once the increase in the share capital is entered in the Trade Register, and the shares grant entitlement to a dividend for the financial year during which the subscription was made. According to the terms of Warrant Bond Issue 1999, Talentum's share capital may rise, on the basis of subscriptions in Warrant Bond Issue 1999, by a maximum of 1,450,000 shares i.e. EUR 609,681.23. Correspondingly, the number of votes attached to the shares can, as a result of the subscriptions, rise by a maximum of 1,450,000.

A bonus issue decided on by an extraordinary meeting of shareholders on 30 November 2004 will affect the terms of Warrant Bond Issue 1999 i.e. the subscription ratio of the shares will be altered so that the relative number of shares that were subscribed on the basis of the warrants compared with the entire share capital will remain unchanged and the subscription price will be halved.

Warrant Bond Issue 1999 was targeted at the entire personnel, and it encompassed 151 people. With the A warrants it was possible to subscribe for shares starting on 1 February 2002 and with the B warrants on 1 February 2004. No subscriptions were made during the year under review.

## Warrant Bond Issue 2000

On 19 October 2000 the Board of Directors of Talentum Oyj decided, on the basis of the authorization given by the Annual General Meeting on 31 March 2000, to offer a warrant bond issue for subscription by the personnel of Kauppakaari Oy, which merged with the Talentum Group in 2000, and by Expose Oy, a fully owned subsidiary of Talentum Oyj. The loan encompassed 50 people and it was fully subscribed. The loan period was 2 years and it was repaid on 30 November 2002. The loan was non-interest bearing. The amount of the issue was FIM 460,000. 345,000 warrants are attached to the loan, 115,000 of which are marked with the letter A and 230,000 with the letter B. A maximum of 345,000 of Talentum Oyj's shares can be subscribed with the warrants.

The subscription price of the shares is, according to the terms of Warrant Bond Issue 2000, EUR 14.10 for warrant A and EUR 12.18, for warrant B. After dividend adjustments the subscription price for the shares is EUR 13.30 per share for Warrant A and EUR 11.38 per share for warrant B. The issue and the warrant subscriptions were registered in the Trade Register on 21 December 2000. The subscription time for the shares began for Warrant A on 1 February 2002 and for warrant B on 1 February 2004. The subscription period for all the warrants will end on 28 February 2005.

According to the terms of Warrant Bond Issue 2000, Talentum's share capital can rise on the basis of subscriptions by a maximum of 345,000 shares i.e. EUR 145,062. Correspondingly, the number of votes carried by the shares can rise by a maximum of 345,000 as a result of subscriptions.

A bonus issue decided on by an extraordinary meeting of shareholders on 30 November 2004 will affect the terms of Warrant Bond Issue 2000, i.e. the subscription ratio of the shares will be altered so that the relative number of shares that were subscribed on the basis of the warrants compared with the entire share capital will remain unchanged and the subscription price will be halved.

It was possible to subscribe for warrant A shares from 1 February 2002 and for warrant B shares from 1 February 2004. No subscriptions were made during the year under review.

# Share information

Talentum shares are quoted on Main List of the Helsinki Stock Exchange. 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 42 483 380 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 total turnover of Talentum shares in 2004 was 15 829 990 shares, representing 37.4% of all shares.

## Dividend policy

Talentum Oyj follows an active policy on dividends. In 2003 a dividend of €0.25 was distributed. For 2004, the Board of Directors is proposing to the Annual General Meeting that a dividend of €0.15 per share be distributed.

The factors affecting dividends are the amount of distributable equity, the absolute and relative 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 – 2004

		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	1 081 000
			6 907 000
1998	Targeted issue	1A/1.16	345 920
			-
		2 507 920	13 814 000
Combined, series A and B			+ 2 507 920
Total number of shares 31.12.1998			16 321 920
1999	Stock option plan		792 400
Total number of shares 31.12.1999			17 114 320
2000	Targeted issue/Kauppakaari Oyj		2 801 495
2000	Stock option plan		71 600
Total number of shares 31.12.2000			19 987 415
2001	Stock option plan		112 100
Total number of shares 31.12.2001			20 099 515
2002	Stock option plan		18 700
Total number of shares 31.12.2002			20 118 215
2003	Stock option plan		713 800
Total number of shares 31.12.2003			20 832 015
2004	Stock option plan		1 200
2004	Targeted share issue/Suomen Arvopaperimediata Oy		21 241 690
2004	Bonus issue		21 241 690
Total number of shares 31.12.2004			42 483 380

In addition, Talentum Oyj's outstanding warrants, at 31 Dec. 2004

		Number of warrants
	Total	1 795 000
	- of which fell due	1.2.2002
		840 000
	- of which fell due	1.2.2004
		955 000



## Breakdown of share ownership, December 31, 2004

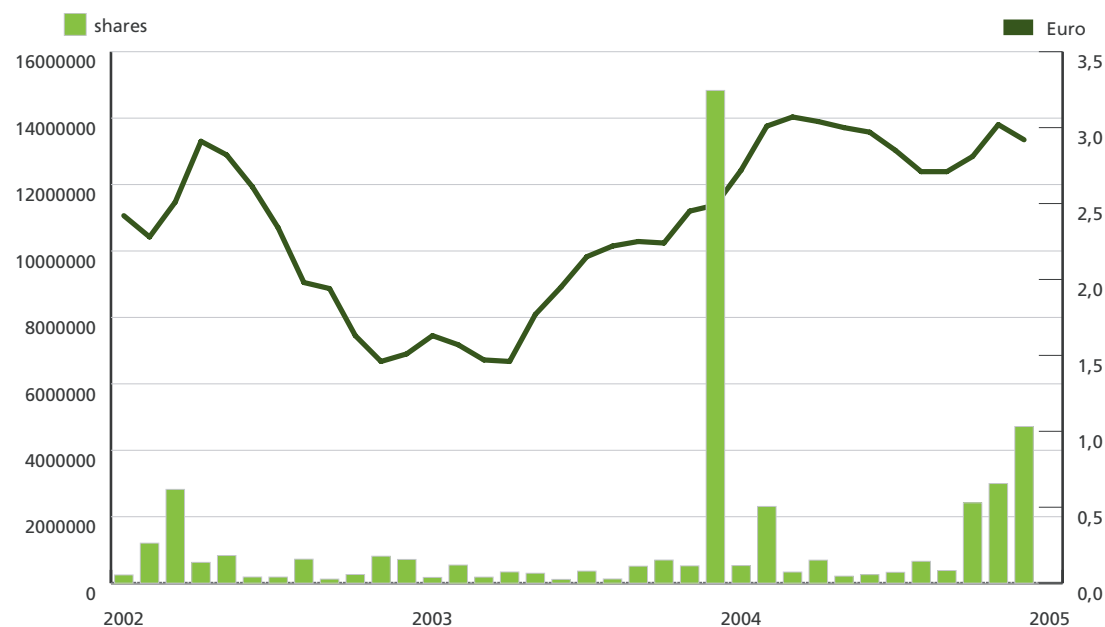
### By number of shares owned

	Number of shareholders	Per cent of shareholders	Total number of shares	Per cent of shares and votes
1 - 100	293	7.51	18 448	0.04
101 - 1 000	1 990	51.04	1 005 268	2.37
1 001 - 10 000	1 412	36.21	4 327 098	10.19
10 001 - 100 000	163	4.18	4 289 564	10.10
100 001 - 10 000 000	40	1.03	19 565 338	46.05
10 000 001 - 999 999 999 999	1	0.03	13 200 000	31.07
Waiting list	0	0.0	0	0.0
Joint account			77 664	0.18
<b>Total</b>	<b>3 899</b>	<b>100.0</b>	<b>42 483 380</b>	<b>100.0</b>

## Ownership distribution, December 31, 2004

	Shareholders	% of shareholders	Shares	% of shares and votes
<b>Companies</b>				
Public companies	9	0.2	29 732	0.1
Private companies	323	8.3	18 925 970	44.5
Nominee registered	2	0.1	17 800	0.0
<b>Financial institutions and insurance companies</b>				
Financial institutions and insurance companies	37	0.9	6 092 744	14.3
Nominee registered	3	0.1	1 289 818	3.0
Non-corporate public sector	19	0.5	376 090	0.9
Non-profit organizations	76	1.9	8 453 438	19.9
Households	3 409	87.4	6 873 070	16.2
<b>Foreign</b>				
European Union	18	0.5	316 426	0.7
Other countries	3	0.1	12 500	0.0
Nominee registered	1	0.0	18 128	0.0
Waiting list			0	0.0
Joint account			77 664	0.2
<b>Total</b>	<b>3 899</b>	<b>100.0</b>	<b>42 483 380</b>	<b>100.0</b>

## Share price and trading 2002 - 2004



## Major shareholders, December 31, 2004

	Total shares	% of shares and voting rights
1. Kustannusosakeyhtiö Kauppalehti (Alma Media Corporation)	13 200 000	31.70
2. The Association of Finnish Lawyers	2 237 960	5.27
3. The Association of Finnish Engineers	2 200 000	5.18
Insinööritieto Oy	800 00	0.0
Total	2 200 800	5.18
4. The Finnish Association of Graduates in Economics and Business Administration	1 040 000	2.45
Aimonoke Oy	1 049 792	2.47
Total	2 089 792	4.92
5. The Finnish Association of Graduate Engineers TEK	59 600	0.14
Dia-Tieto Oy	1 598 138	3.76
Total	1 657 738	3.90
6. OKO Bank Group Central Cooperative *)		
The Research Foundation of the OKO Bank G.	63 600	0.15
The funds registered by OP-Investment Comp.		
OP-Delta Mutual Fund	1 159 034	2.73
OP-Pirkka Mutual Fund	60 000	0.14
Total	1 282 634	3.02
7. Ilkka-Yhtymä Oyj	764 800	1.80
8. Nordea Fennia Investment Fund	617 764	1.45
9. Evli-Select Mutual Fund	600 000	1.41
10. FIM Forte Fund	561 800	1.32
11. FIM Fenno Fund	552 000	1.30
12. Finpro ry	446 820	1.05
13. Placeringsfonden Gyllenberg Finlandia	427 200	1.01
14. The Association of Finnish Wholesalers and Importers	339 396	0.80
15. Avenir Special Mutual Fund	335 000	0.79
16. Placeringsfonden Gyllenberg Small Firm Fund	311 200	0.73
17. FIM Visio Fund	298 700	0.70
18. Alfred Berg Small Cap Mutual Fund	290 640	0.68
19. Mandatum Suomi Mutual Fund	290 000	0.68
20. Alfred Berg Finland Mutual Fund	242 898	0.57
Nominee-registered shares	1 325 746	3.12
Other shareholders, total	12 410 492	29.21
ISSUED STOCK	42 483 380	100.0

\*)This group includes the owners given out on 8th of August 2002.

Talentum Oyj and its subsidiary owned 184 600 Talentum shares as of December 31, 2004.

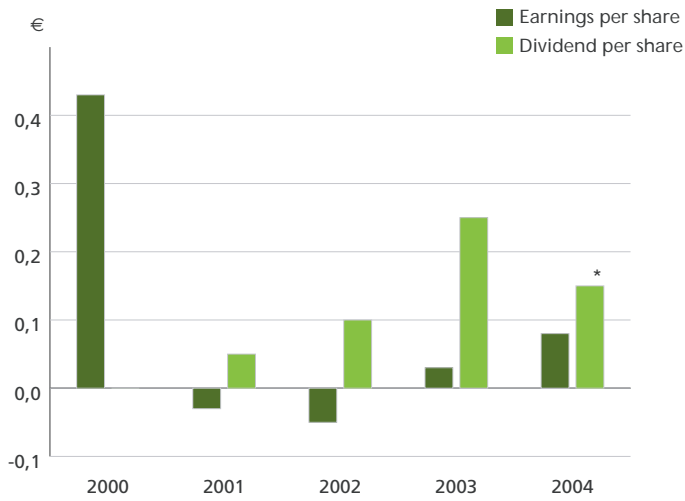
KEY INDICATORS FOR THE GROUP		2004	2003	2002	2001	2000
Return on equity (ROE)	%	10.6	3.8	-3.2	-9.3	13.3
Return on investment (ROI)	%	12.9	6.6	-0.0	-5.7	15.2
Equity ratio <sup>x)</sup>	%	48.6	55.0	55.5	66.8	60.5
Net gearing	%	-29.6	-41.0	-26.9	-39.0	-39.1
Key indicators per share						
Earnings per share	€	0.08	0.03	-0.05	-0.03	0.43
Dividend per share	€	0.15*)	0.25	0.10	0.05	-
Equity per share	€	0.83	0.97	1.03	1.27	2.66
Dividend/earnings	%	178	1000	-215	-166	-
Effective dividend yield	%	5.1	9.8	7.0	2.1	-
P/E- ratio at year-end share price		35.0	102.0	-30.7	-80.3	7.7
Market capitalization	€ million	124.8	105.8	57.3	96.6	130.3
Traded price, 31. Dec	€	2.95	2.55	1.43	2.42	3.28
Traded price, high	€	3.40	2.65	3.15	4.50	21.90
Traded price, low	€	2.58	1.35	1.38	2.00	2.70
Average price for year, adjusted for share issue	€	2.92	2.49	2.28	3.93	10.57
Total share turnover	shares	15,829,990	18,697,948	8,728,404	10,961,273	17,142,084
Total share turnover as percentage of shares	%	37.4	45.1	21.8	54.9	90.3
Number of shares, issue adjusted						
weighted average during year	shares	41,793,256	40,228,134	40,033,396	39,902,872	37,975,370
at year-end	shares	42,298,780	41,479,430	40,051,830	40,018,030	39,793,830
Unredeemed 1999 warrant bonds	shares	1,450,000	1,450,000	1,450,000	1,450,000	1,450,000
Unredeemed 2000 warrant bonds	shares	345,000	345,000	345,000	345,000	345,000
Company's own shares	shares	184,600	184,600	184,600	181,000	181,000

x) matching of the subscriptions booked in deferred liabilities has been treated as debt

\*) board proposal

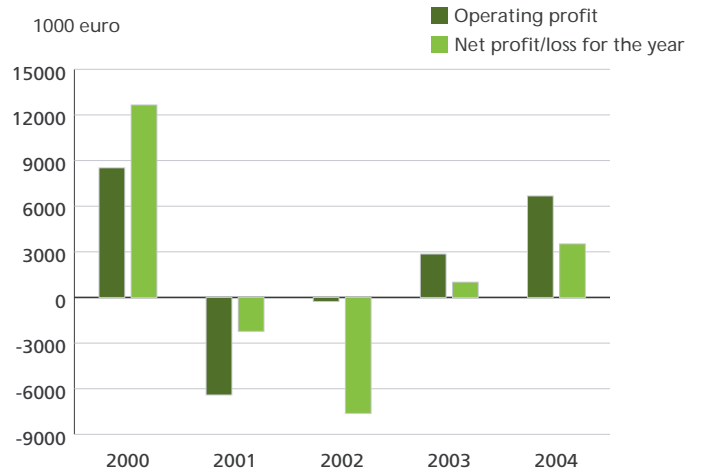
FINANCIAL TRENDS OF THE GROUP		2004	2003	2002	2001	2000
TURNOVER	€ 1 000	119,923	113,188	114,616	106,709	117,292
growth, %	%	6.0	-1.2	7.4	-9.0	11.9
OPERATING PROFIT	€ 1 000	6,672	2,855	-263	-6,407	8,521
% turnover	%	5.6	2.5	-0.2	-6.0	7.3
Financial items	€ 1 000	58	591	-541	1,660	1,388
PROFIT BEFORE EXTRAORDINARY ITEMS,						
TAXES AND MINORITY INTEREST	€ 1 000	6,731	3,446	-804	-4,747	9,909
% turnover	%	5.6	3.1	-0.7	-4.4	8.4
Taxes	€ 1 000	-2,271	-1,698	-850	-917	-2,576
Minority interest	€ 1 000	-936	-742	3,525	5,147	10,273
PROFIT BEFORE EXTRAORDINARY ITEMS		3,523	1,006	1,871	-517	17,605
Extraordinary items	€ 1 000	0	0	-9,491	-1,712	-4,948
NET PROFIT/LOSS FOR THE YEAR	€ 1 000	3,523	1,006	-7,621	-2,229	12,657
Gross investment	€ 1 000	9,029	5,264	17,645	8,065	29,405
% turnover	%	7.5	4.7	15.4	7.6	25.1
Shareholders' equity and minority interest	€ 1 000	38,925	46,519	46,638	58,124	64,792
Balance sheet total	€ 1 000	80,393	85,941	84,386	86,986	107,246
Number of employees		1,203	1,166	1,222	1,197	1,228
Turnover per employee	€ 1 000	100	97	94	89	96

## Earnings per share - dividend per share

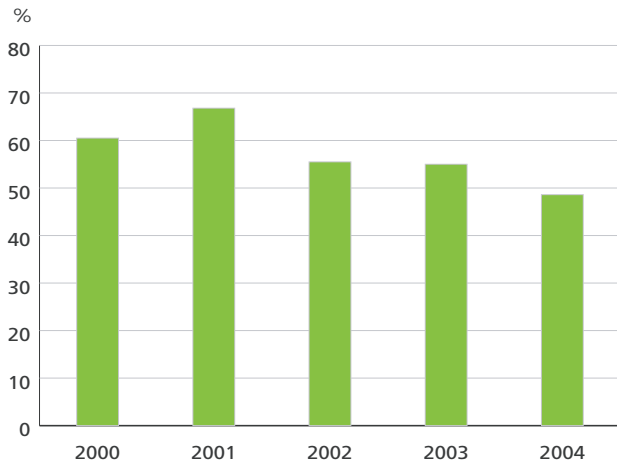


\*) board proposal

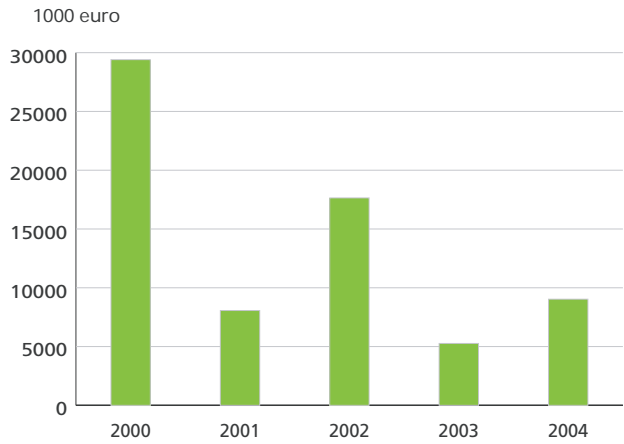
## Operating profit and net profit/loss for the year



## Equity ratio



## Gross investment



# Calculation of key indicators

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

# Parent Company's Proposal for the Distribution of Dividend

	Parent company, €	Group, €
Distributable assets	30 711 889,17	11 987 256,94
The Board of Directors proposes that a dividend of € 0.15 be distributed to 42 298 780 shares outstanding	6 344 817,00	6 344 817,00
Retained in distributable assets	24 367 072,17	5 642 439,94

Helsinki, 10 February 2005

Jussi Länsiö  
Juha Blomster  
Kirsti Piponius

Manne Airaksinen  
Ari Heiniö

Harri Roschier  
Managing Director

## Auditor's report

To the shareholders of Talentum Oyj

We have audited the accounting, the financial statements and the corporate governance of Talentum Oyj for the period 1 January - 31 December 2004. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on corporate governance of the parent company.

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

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

Helsinki, 1 March 2005

PricewaterhouseCoopers Oy  
Authorised Public Accountants

Kari Miettinen  
Authorised Public Accountant

# Corporate Governance

According to Talentum Oyj's Articles of Association, the company's decision-making bodies are: the General Meeting of Shareholders, the Board of Directors and the Managing Director.

Talentum Oyj complies with the Corporate Governance Recommendation for Listed Companies issued in December 2003 by the Central Chamber of Commerce, the Confederation of Finnish Industry and Employers, and HEX Plc (Helsinki Exchanges). This Recommendation will take effect on July 1, 2004.

The Talentum Group employs Guidelines on Governance which contains stipulations on the composition and decision-making process of Group subsidiaries and sub-groups. The Guidelines stipulate, for instance, what size of investment, change in business areas and corporate restructuring must be placed before the Group's Board of Directors for decision.

## GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Talentum shareholders must be held annually by the end of June. The Board of Directors convenes the General Meeting by publishing a notice in at least two newspapers chosen by a General Meeting not more than two months and at least seventeen days before the date of the meeting. In order to attend a General Meeting, shareholders must register with the company not later than the date stated in the invitation to the meeting.

According to the Articles of Association, a shareholder may exercise at a General Meeting total votes representing a maximum of 1/6 of the company's total shares. If subsidiaries in the same group, enterprises and/or the pension foundation or fund of such companies jointly own shares representing more than 1/6 of the total votes, the votes that can be exercised at a General Meeting by virtue of these shares may only derive from shares carrying a maximum of 1/6 of the total votes.

## THE BOARD OF DIRECTORS

The Board of Directors is elected by an Annual General Meeting for a term of office of one year. The Chairman and the Deputy Chairman of the Board are elected by an Annual General Meeting.

### Charter of the Board of Directors

The Board of Directors' charter directs the Board's work and supplements the other regulations to be observed in its activities. The most important of these regulations are the Companies Act, the Securities Market Act and the Company's Articles of Association. The Company also observes the regulations of the Helsinki Exchanges, including the recommendation by HEX Oyj, the Confederation of Finnish Industry and Employers and the Central Chamber of Commerce about the corporate governance of listed companies. The main sections of the working order are:

### Duties of the Board of Directors

The general duty of the Board of Directors is to conduct the Group's activities so that it produces as much added value for the shareholders as possible in terms of future cash flows. However, other stakeholders in the Company must be taken into account in a proper manner and social responsibility must be implemented in manner that is, at the least, generally acceptable.

The Board monitors the development of the Group's operative activities mainly through reviews by the Managing Director and monthly reports. Other main duties of the Board of Directors among others: to appoint and discharge the Managing Director and decide the terms and conditions of his employment, to approve operating policies and values, to confirm the strategy and annual budget and to supervise their implementation, to approve major corporate deals and investments and other particularly important decisions.

The main sections of the working order are presented in more detail at [www.talentum.fi](http://www.talentum.fi).

### Meetings of the Board of Directors

The Board is quorate when more than half its members, of whom one shall be the chairman or deputy chairman, are present at the meeting. Board decisions supported by a majority of the members shall carry or, if the votes are evenly divided, the chairman has the casting vote. Decisions passed must be unanimous in the event that the minimum number of members required for a quorum are present at the meeting.

In 2004 the Board of Directors met 16 times. The Board members' average attendance percentage was 97%.

### Board Committees

The Board has decided that, in view of the Talentum Group's size, and its monitoring and supervision systems, there is no reason to establish a separate audit, nomination or compensation committee. The Board in general is responsible for the duties of the committees.

## MANAGING DIRECTOR

The Managing Director is appointed and discharged by the Board of Directors. He or she is responsible for the operative management of the company in accordance with the law and instructions issued by the Board of Directors, and is subject to its authority.

The Managing Director is directly responsible for implementing strategy and for related investments, and for organizing the financial administration, financing, legal matters, group communications and investor relations, and for preparations for Board of Directors meetings. The Managing Director monitors decisions concerning staff at management level and important operative decisions. The Managing Director ensures that group subsidiaries operate in accordance with the interests of the parent company of the Talentum Group and carry out group strategy. The pay of Group employees also falls with the Managing Director's authority.

The Managing Director is not a member of the Board of Directors.

## MANAGEMENT ORGANISATION

### Management Group

The chairman of the Management Group (MG) is the Managing Director. The MG also comprises the Director of Finance, Director of Legal Affairs, Director of Sales and Marketing, and one Manager of a business area. The duties of the MG include ensuring that strategy is implemented, monitoring financial performance, annual planning and corporate structuring. The MG also handles financing and investment, public communications and preparation of matters to be presented to the management. The Management Group meets on average 20 times a year.

### The Executive Management Group

The Executive Management Group (EMG) comprises the managers of the business areas in addition to the Management Group. The EMG deals with strategies, budgets and operating plans, promotes cooperation and joint sales between units in order to increase business, monitors the development of skills and key personnel and takes a stand on corporate structuring. The Executive Management Group meets six times a year.

## INSIDER ADMINISTRATION

The Talentum Group complies with the Guidelines for Insiders issued by the Helsinki Exchanges. The so-called 'closed window' (the time during which insiders may not trade in company shares before the publication of financial disclosures) is 21 days, compared with the 14 days in Helsinki Exchanges' regulations.

In addition to the statutory insiders, the Managing Director has also decided that the following are also permanent insiders: the Executive Management Group, the person responsible for communications and investor relations (at the same time the Managing Director's assistant), and also those who are responsible for and those who handle Group accounting and reporting.

In addition to the statutory restrictions, the Company sets, if necessary, trading restrictions on a project-by-project basis, where people participating in big projects that could affect the share value (such as corporate deals) and in their planning and preparation are placed under the heading of project-based insiders. The observance of the insider guidelines is monitored at regular intervals. The Group's Director of Legal Affairs is responsible for matters relating to Company insiders.

Permanent insiders are regularly instructed and trained in insider matters.

Talentum Oyj's insider register is in the SIRE system of the Finnish Central Securities Depository Ltd.

Talentum's monthly updated insider register is available at [www.talentum.fi](http://www.talentum.fi).

## RISK MANAGEMENT

### 1. Market risk

Of the consolidated turnover, 32% is tied up in advertising, and in particular the b-to-b sector, which is susceptible to cyclical fluctuations. We endeavour to manage this market risk by increasing the revenue from circulation sales and the content-sales service. All our products and services aim to be the market leader in their own field, so that even in a recession it is possible to do well.

### **Publishing**

The group subscriptions for the biggest magazines are important for their comprehensiveness, and contracts have been in force for several decades. Changes to them may have major effects on magazine circulations.

Internet services are a variable factor that can change the revenue-generation model of magazines and books temporarily or over the long term as well. Media usage habits can change and make business difficult.

Economic trends have a considerable effect on the advertising market. Job ads are the area of advertising revenue most sensitive to cyclical trends. Operating in several sectors reduces the risk in advertising sales. Our strong market position supports and protects our business's profitability and at the same time reduces the susceptibility to cyclical trends.

Our most important subcontractors are printing plants, magazine distributors (Post) and Internet operators. This chain is susceptible to operational and cost risks.

### **Direct marketing**

Most of the direct-marketing revenue comes from selling different publishers' magazines and books over the telephone. Possible changes in the publishing field's operating method are reflected in direct marketing's turnover.

The risk exists in the direct marketing field that legislation or consumers' attitudes will change and make selling by telephone more difficult.

### **Premedia**

The Premedia field has been changing rapidly during the past few years. The development of techniques and technology will continue to change operating methods in the field, and if we do not adapt to the change with sufficient speed, it may retard the development of the business.

Operating on a subcontractors' market may lead to price competition, which will lower the general price level. This trend can be restrained by long-term agreements, the maintenance of quality, increasing efficiency and a top-grade service.

### **TV Content Production**

The operations of Varesvuo Partners Oy have focused in the main on two different areas of operation: the production of advertising films and the production of television programmes. In both areas the market risks are linked to a great extent with the success of the electronic media and also to TV advertising's share of the entire advertising market.

The risk in advertising film production in the long term is the numerical reduction in product brands being advertised and the globalization of product brands, in which case some of the decision-making concerning them and the production of advertisements may be moved out of Finland.

### **Internet consulting**

Satama's business is based to a considerable extent on customerships in the telecom sector. The sector's development has great significance for Satama's operating result. The risk is managed by increasing investment in other fields that invest in digital services. It is also managed by serving several different types of customers in the telecom sector e.g. equipment manufacturers, operators and content producers and by producing various types of services from marketing communications to software development. The risk is reduced by long-term cooperation with telecom customers.

A considerable part of Satama's costs comes from fixed personnel expenditure. The turnover may fall rapidly because of the termination of projects or a reduction in the number of new projects.

It is possible that Satama will not have the time to adapt its cost structure to the demands of a smaller turnover, in which case profitability will fall. The risk has been reduced by flexible subcontractor agreements where this is possible.

## **2. Personnel risk**

Our business operations are based on the expertise of leading professionals, the creativity of widely gifted and competent personnel and an adequate number of capable employees.

In order to obtain the personnel's commitment, we observe dynamic payment by results, we develop skills through active job rotation and we pay attention to training and the operating environment.

The sophisticated production processes and the readiness to utilize new technology quickly reduce the risk associated with people. It is also important that working methods are systemized so that seeing projects through is not too dependent on certain individuals.

## **3. Production process**

In each of our companies basic data security functions have been implemented e.g. back-up copying, anti-virus and firewall solutions. Data network services have been acquired centrally from outside suppliers with as high service levels as possible, and there are back-up connections at the critical production points. If, in spite of all the precautions, information security is compromised, it can cause damage to production and business relationships, and, consequently, the operating result.

Our business relies on complicated IT systems and data networks. Production materials move along the networks from one work stage to another inside their own production and between subcontractors. The production processes have deadlines within the framework of which the material must be ready for publication or printing. If there are long breaks in the telecommunications connections at the critical moments of production and the breaks cannot be replaced by portable media, publishing may be delayed beyond the agreed flexitimes, which may have an effect on customer relationships and, consequently, the business.

## **4. Legal risks**

The Group's companies bear, in their agreements and on the basis of legislation, the responsibility for the services that they produce not infringing the rights of third parties or otherwise being illegal. It is possible that in spite of careful preparation some third party will claim that services produced by the Group's companies are infringing some third party's copyrights or other immaterial rights or are in other ways illegal, for example, on the basis of freedom of speech or defamation legislation. If such an infringement of rights or illegality were to be detected, it may give rise to indemnification or compensation.

Protecting copyrights is in an important position in almost all the Group's companies. The possibility of exploiting works financially means that the Group must hold the necessary copyrights to the works and to the services that are assigned to customers. If it were to be noticed that the Group does not hold all the copyrights to a certain product or service, the Group could no longer to exploit its financial rights associated with the product or service in question, and this might cause financial losses.

Legislative developments and developments concerning practices and technology associated with copyrights or the Internet may cause risks for which we have not been able to prepare, and because of the varied nature of things we may have to adapt to surprising and unpredictable changes that can have a negative effect on the profitability of our business.

Attempts are made to manage legal risks in many different ways: the Talentum Group aims to ensure that on the basis of all employment relationships all copyrights and other immaterial rights are transferred to the appropriate companies in the Talentum Group. Agreements made with subcontractors used by the Group aim to ensure that the Group obtains at any given time adequate rights for an acquired service or product. At the same time, as far as Group services and products are concerned, customer agreements endeavour to ensure adequate rights for the companies in the Talentum Group to use the material and know-how contained in them in other connections. The legality of the contents produced by the Group is checked in all unclear or doubtful situations with the Group's Director of Legal Affairs. The people responsible for the contents are given guidance and training regularly in the development and interpretation of legislation and legislative practice.

## **5. Finance risks**

The Talentum Group's finance risks are at the present level relatively small. The equity ratio is reasonably high, the Group's net debt is negative and the cash situation is good. Emphasis has been placed on following up trade receivables, and no special risks of big credit losses have been perceived at Talentum because our customer base is weighted towards big, financially sound companies. Our customers are mainly in Euroland, so there are no major currency risks. Liquid funds have been invested mainly in interest instruments and there are no derivatives risks. The holdings in investments have been valued conservatively. However, there could be a risk with them that Talentum cannot affect through its own action

## **6. Accident risks**

The companies in the Talentum Group have insured their personnel, property and operations with insurance policies. The coverage of the policies, insurance values and the deductibles are checked annually in association with a broker and insurance companies.

*Talentum's updated corporate governance principles in more detail are presented at [www.talentum.fi](http://www.talentum.fi)*





**Talentum Oyj**

Malminkatu 30,  
00100 Helsinki

P.O. BOX 920,  
FIN-00101

Telephone: +358 204 42 40Helsinki

Telefax: +358 204 42 4130

[www.talentum.com](http://www.talentum.com)



**Talentum Oyj**

Malminkatu 30,  
00100 Helsinki

Telephone: (+358) 20 442 40

Telefax: (+358) 20 442 4130

[www.talentum.com](http://www.talentum.com)

P.O. BOX 920

FIN-00101

Helsinki