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Financial Reporting

Accounting principles

The 2001 consolidated financial statements have been prepared for the first time according to International Accounting Standards (IAS). In order to enable comparison with the prior year, figures previously reported as of January 1, 2000 were restated. Thus, amounts shown in this report relating to the prior year are also presented in accordance with IAS and are comparable.

The impact on both shareholders' equity and net income of the change in accounting principles from Swiss GAAP (Accounting and Reporting Recommendations, or ARR) to IAS is shown in notes 1 and 2 to the consolidated financial statements.

In order to enable a better evaluation of the performance of the Tamedia Group without TV3, the operating results of TV3 and the costs related to its discontinuation are shown separately in the consolidated income statement as "discontinuing operations".

Operating revenues

In 2001, Tamedia achieved operating revenues of CHF 756.1 million, down from the prior year by CHF 61.8 million or 7.6%. The largest absolute decline was experienced in the area of Print Media, with CHF 65.4 million, representing 9.2%. Thereby, the operating revenues for this division declined from CHF 712.7 million to CHF 647.3 million. Electronic Media showed a positive growth of 18.5%, going from CHF 23.3 million to CHF 27.6 million. The Services division showed a slight decrease in operating revenues from CHF 81.9 million to CHF 81.2 million, which represented a negative 0.9%.

The main reasons for the above-average decline in the Print Media division were lower revenues from classified job advertisements, which declined due to the strained economic situation, as well as a drop in commercial advertisements. The increase in Electronic Media revenues is primarily attributable to the acquisition of the Belcom Group (CHF 6.1 million) with "Radio 24" and "TeleZüri". The slightly lower Service revenues were the result of a reduction in printing revenues.

According to Media Focus, gross advertising expenditures declined by –3.0% during the past year. The decline in printed media was –5.8%, whereas such expenditures for television advertising increased by 5.4%; radio advertising decreased by –3.0%, and internet banner advertisements were down by 39.2% from the prior year.

Operating income before depreciation (EBITDA)

Operating income before depreciation and amortization (EBITDA) declined by CHF 55.5 million, or 27.6%, going from CHF 201.2 million in the prior year to CHF 145.7 million in 2001. The EBITDA margin remained at a high level of 19.3%, down from 24.6% in 2000. In the Print Media, this margin declined from 32.1% in 2000 to 25.4% in the current year. As a result of the reorganization of internet activities, the negative EBITDA from the Electronic Media division could be reduced from CHF −15.7 million to CHF −12.4 million. One-time revenues received for relinquishing exclusive rights for the publication of Sunday newspapers were responsible for the improvement in EBITDA reported by the Services operations, which went from a negative result of CHF −12.1 million in 2000 to CHF −6.7 million in 2001.

Net income (loss)

Net income decreased by CHF 129.0 million, from CHF 117.1 million to a loss of CHF 11.8 million. In addition to the negative development in EBITDA, the following factors contributed to this decline: The acquisition of the Belcom Group resulted in higher depreciation expenses and valuation allowances. Because marketable securities were sold in order to finance this acquisition, the other financial result declined. Additional charges resulted from provisions and allowances related to the internet activities of Bluewin and Winner, as well as the discontinuation of TV3.

Balance sheet

On the one hand, completely internal funding of the Belcom acquisition resulted in a marked decline in cash and cash equivalents from CHF 205.5 million to CHF 113.6 million. Nevertheless, cash and cash equivalents including marketable securities exceeded financial debt at year-end by CHF 56.3 million (prior year: CHF 122.0 million). The goodwill which resulted from this acquisition was the predominant factor in the increase in intangible assets.

The equity ratio reported for the business year 2001 is now 43.6%, compared with 48.5% in the prior year.

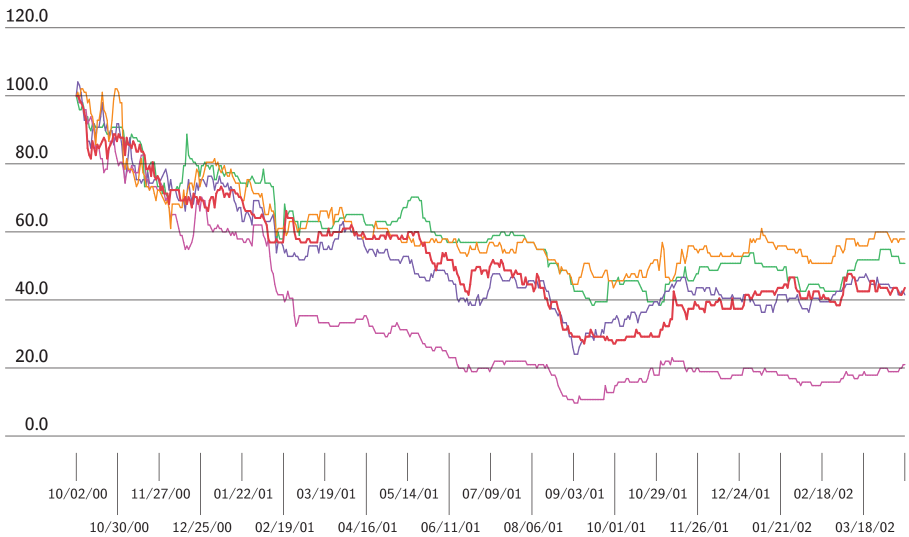
Comparison of Key Figures

		2001	2000
Operating revenues	CHF mill.	**756.1**	817.9
Growth	%	**(7.6)**	
Operating income before depreciation and amortization (EBITDA)	CHF mill.	**145.7**	201.2
Growth	%	**(27.6)**	
Margin [1]	%	**19.3**	24.6
Net income from continuing operations	CHF mill.	**43.4**	140.2
Growth	%	**(69.1)**	
Margin [1]	%	**5.7**	17.1
Average number of employees	Number	**1 982**	1 924
Revenues per employee	CHF 000	**381.5**	425.0
Current assets	CHF mill.	**287.4**	376.6
Non-current assets	CHF mill.	**460.6**	413.0
Total assets	CHF mill.	**748.0**	789.6
Total liabilities	CHF mill.	**421.6**	406.8
Shareholders' equity	CHF mill.	**326.4**	382.8
Cash flow from operations	CHF mill.	**119.3**	131.3
Cash flow for investment activities	CHF mill.	**(142.3)**	(93.8)
Cash flow after investment activities	CHF mill.	**(23.0)**	37.5
Cash flow from/(for) financing activities	CHF mill.	**57.8**	(56.0)
Change in cash and cash equivalents	CHF mill.	**34.8**	(18.5)
Return on equity [2]	%	**12.16**	35.46
Equity ratio [3]	%	**43.63**	48.48
Internal financing ratio for investment activities [4]	%	**83.84**	139.95
Quick ratio [5]	%	**86.37**	138.16
Debt factor [6]		**1.21**	0.30

1 As a percentage of operating revenues
2 Income before minority interests to shareholders' equity at year-end
3 Shareholders' equity to total liabilities
4 Cash flow for investment activities to cash flow from operations
5 Current assets excluding inventories to current liabilities
6 Net debt (liabilities less current assets excluding inventories) to cash flow from operations

Chart 1

Development in stock market prices from 10/02/2000 to 04/19/2002
in %



Capital structure

The share capital of CHF 100 million is comprised of 10 000 000 registered shares with a nominal value of CHF 10 each. Of this total, 9 520 000 shares were issued in connection with the capital increase carried out in May 2000 prior to the IPO. No additional approved or conditional capital exists. The company holds treasury shares as described in note 36 and 50 for the employee stock participation program. A shareholders' agreement exists for 67% of all shares. The Coninx family holds 81% of all shares outstanding. The placement of the second 14% block of shares expired on October 2, 2001.

Allocation of earnings

Tamedia has the policy of distributing dividends based on earnings. Generally, 35 to 45% of net income is distributed annually.

Transfer restrictions on registered shares

The Board of Directors has the power to deny purchasers of registered shares, acting either in their own behalf or in behalf of others, voting rights to the extent that the sum of such voting rights associated with all shares owned would exceed 5% of the total number of shares registered. The five per cent limitation also applies to legal entities or partnerships which are bound together by capital, voting power, common management or other means, as well as to groups of shareholders acting in concert or with a view to circumvent the limitation. However, the Board of Directors may exempt shareholders who were registered as of September 14, 2000, or new transferees who are family members of such shareholders from this restriction.

Opting out

According to Swiss Stock Exchange Regulations, whoever acquires shares in Swiss listed companies, either directly, indirectly, or in mutual agreement with third parties, which, when added to the shares already held, exceed a 33⅓% interest in the voting rights of the targeted company (whether or not such rights can be exercised) is required to submit a takeover bid to other shareholders for all quoted shares in that company. The mandatory bid requirement may be waived by a provision in the articles of incorporation of a Swiss company prior to registration (opting out). The articles of Tamedia AG do not foresee such a waiver.

Investor Relations

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Financial calendar

Annual shareholders' meeting	June 20, 2002
Half-year results	August 22, 2002

Registered shares

	2001	2000
Nominal value per share (in CHF)	**10**	10
Voting rights per share	**1**	1
Number issued and outstanding	**10 000 000**	10 000 000
Number of shares entitled to dividends	**10 000 000**	10 000 000
Total number of voting rights	**9 987 223**	10 000 000
Number outstanding (weighted average)	**9 995 064**	10 000 000
Number of treasury shares	**12 777**	0

Stock market prices
in CHF

	2001	2000
High	**193.00**	264.00
Low	**70.60**	170.00
Year-end	**101.00**	181.50

Capital structure

in CHF million

	2001	2000
Ordinary share capital	**100.0**	100.0
Ordinary increase in share capital	**0.0**	95.2
Conditional share capital	–	–
Conditional increase in share capital	–	–
Convertible bonds	–	–

Market capitalization

in CHF million

	2001	2000
High	**1 930**	2 640
Low	**706**	1 700
Year-end	**1 010**	1 815

Key figures per share

in CHF

		2001	2000
Net income (loss) per share (undiluted)		**(1.18)**	11.71
Net income (loss) per share (diluted)		**(1.18)**	11.71
EBIT per share		**7.92**	16.38
EBITDA per share		**14.57**	20.11
Free cash flow per share		**(2.30)**	3.75
Shareholders' equity per share		**32.64**	38.28
Dividends per share		**1.50**	4.20
Dividend pay-out rate [2]	%	**34.6**	30.0
Dividend rate of return [1]	%	**1.5**	2.3
Price earnings ratio [1]	x	**(85.4)**	15.5
Price to EBIT ratio [1]	x	**12.8**	11.1
Price to EBITDA ratio [1]	x	**6.9**	9.0
Price to sales ratio [1]	x	**1.3**	2.2
Price to free cash flow [1]	x	**(43.9)**	48.4
Price to equity ratio [1]	x	**3.1**	4.7

1 based on year-end market price
2 based on net income from continuing operations

Principal shareholders

	2001	2000
Dr. Hans Heinrich Coninx, Küsnacht	**12.66%**	12.64%
Annette Coninx Kull, Wettswil am Albis	**12.58%**	12.56%
Dr. Severin Coninx, Berne	**14.41%**	14.39%
Rena Maya Coninx Supino, Zurich	**13.74%**	13.72%
Ellermann Lawena Stiftung, FL-Vaduz	**0.00%**	6.50%
Lawena GmbH, D-Hamburg [1]	**7.37%**	0.00%
Ellermann Rappenstein Stiftung, FL-Vaduz	**0.00%**	6.21%
Rappenstein GmbH, D-Munich [2]	**6.22%**	0.00%
Ellermann Pyrit GmbH, D-Stuttgart [3]	**7.36%**	5.65%
Other family members	**6.78%**	9.33%
Total Coninx family members	**81.10%**	81.00%
Tweedy Browne Company LLC [4]	**5.22%**	–

1 The share capital of Lawena GmbH is held by the Ellermann Lawena Stiftung, FL-Vaduz.
2 The share capital of Rappenstein GmbH is held by the Ellermann Rappenstein Stiftung, FL-Vaduz.
3 The share capital of Ellermann Pyrit GmbH is held by the Ellermann Pyrit Stiftung, FL-Balzers.
4 A total of 5% of voting rights are represented by the depository banks.

Tamedia Group

Consolidated Income Statement
in CHF 000

	Note	2001	2000
Publishing revenues	5	**651 563**	719 939
Printing revenues	6	**45 579**	55 545
Other operating revenues	7	**58 920**	42 423
Operating revenues		**756 062**	817 907
Costs of material and services	8	**(171 048)**	(181 044)
Personnel expenses	9	**(261 697)**	(254 482)
Other operating expenses	10	**(177 630)**	(181 231)
Operating income before depreciation and amortization (EBITDA)		**145 687**	201 150
Depreciation and amortization	11	**(66 495)**	(37 361)
Operating income (EBIT)		**79 192**	163 789
Share in earnings of affiliated companies	12	**1 683**	12 653
Other financial income (expense), net	13	**(20 546)**	10 556
Income before taxes		**60 329**	186 998
Taxes	14, 15	**(20 220)**	(51 121)
Income before minority interests		**40 109**	135 877
Minority interests in net income	16	**3 241**	4 335
Net income from continuing operations		**43 350**	140 212
Discontinuing operations	17	**(55 175)**	(23 083)
Net income (loss)	2	**(11 825)**	117 129

in CHF

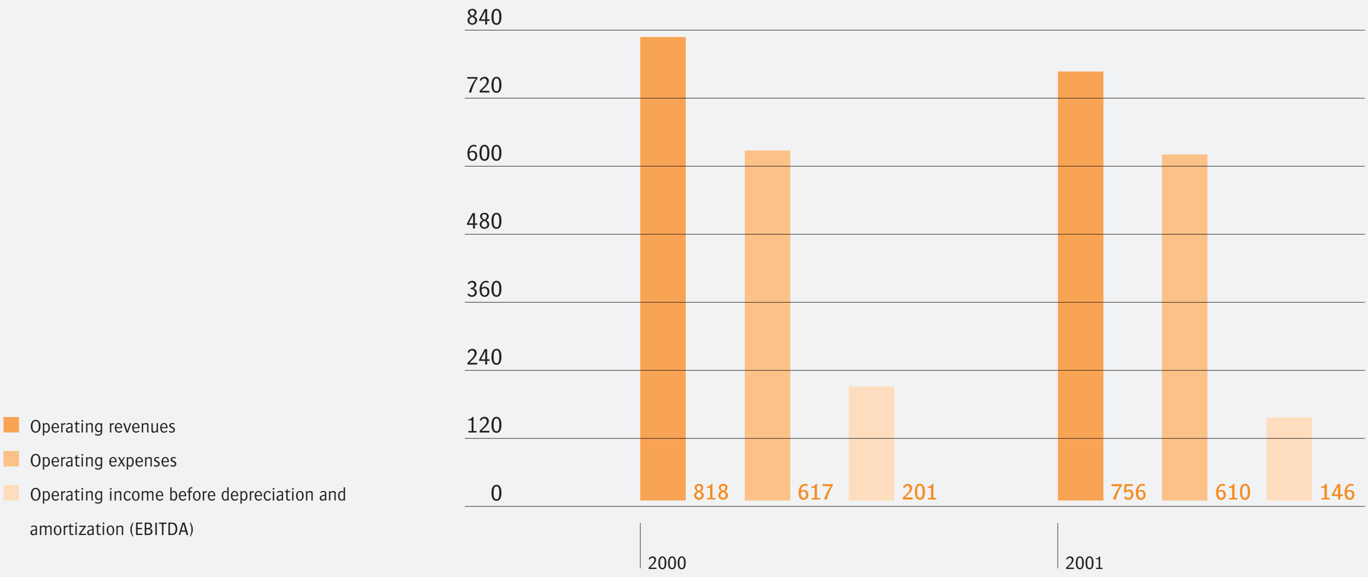
Net income (loss) per share (undiluted)	18	**(1.18)**	11.71
Net income (loss) per share (diluted)	18	**(1.18)**	11.71

The accompanying notes form an integral part of these financial statements.

Chart 2

Operating income before depreciation and amortization (EBITDA)

in CHF million

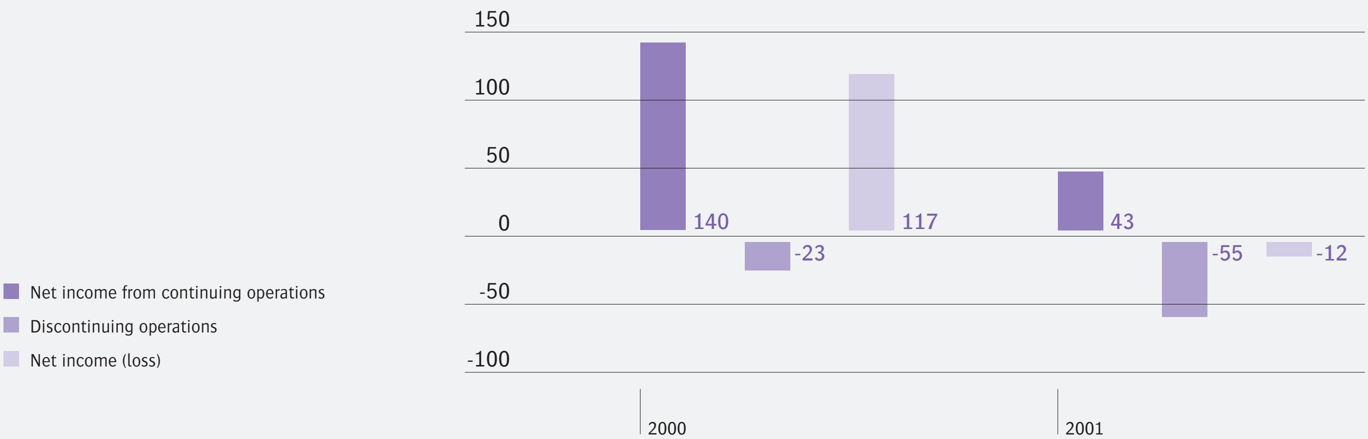


The charts 2–9 are not part of the audited financial statements.

Chart 3

Net income (loss)

in CHF million



Consolidated Balance Sheet

in CHF 000

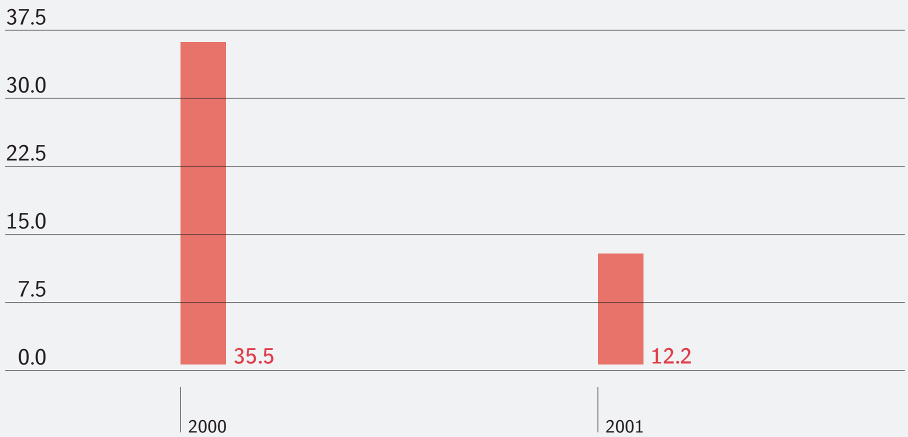
	Note	**2001**	2000
Cash and cash equivalents		**109 747**	74 929
Current financial assets		**3 880**	130 575
Trade accounts receivable	19	**129 119**	139 559
Current financial receivables		**2**	10 912
Current taxes receivable		**21 129**	542
Other accounts receivable		**6 255**	7 587
Accrued income and prepaid expenses		**6 931**	3 725
Inventories	20	**10 297**	8 741
Current assets		**287 360**	376 570
Property, plant and equipment	21	**251 019**	245 092
Investments in affiliated companies	22	**9 148**	17 201
Other financial assets	23, 24	**76 292**	103 551
Deferred tax assets	25	**12 815**	6 822
Intangible assets	27	**111 343**	40 378
Non-current assets		**460 617**	413 044
Total assets		**747 977**	789 614
Current debt	28	**26 810**	5 561
Trade accounts payable	29	**51 313**	44 165
Current taxes payable		**9 721**	27 450
Other current payables	30, 33	**99 704**	57 260
Deferred revenues and accrued liabilities	31	**133 231**	131 797
Current liabilities		**320 779**	266 233
Long-term debt	28	**30 559**	77 974
Provisions for deferred taxes	32	**54 402**	48 098
Other long-term provisions	33	**9 662**	8 623
Other long-term liabilities	34	**6 206**	5 867
Long-term liabilities		**100 829**	140 562
Total liabilities		**421 608**	406 795
Share capital	35	**100 000**	100 000
Treasury shares	36	**(1 398)**	0
Reserves		**231 322**	283 158
Consolidated shareholders' equity		**329 924**	383 158
Minority interests in equity		**(3 555)**	(339)
Shareholders' equity	1	**326 369**	382 819
Total liabilities and shareholders' equity		**747 977**	789 614

The accompanying notes form an integral part of these financial statements.

Chart 4

Return on equity[1]

in %

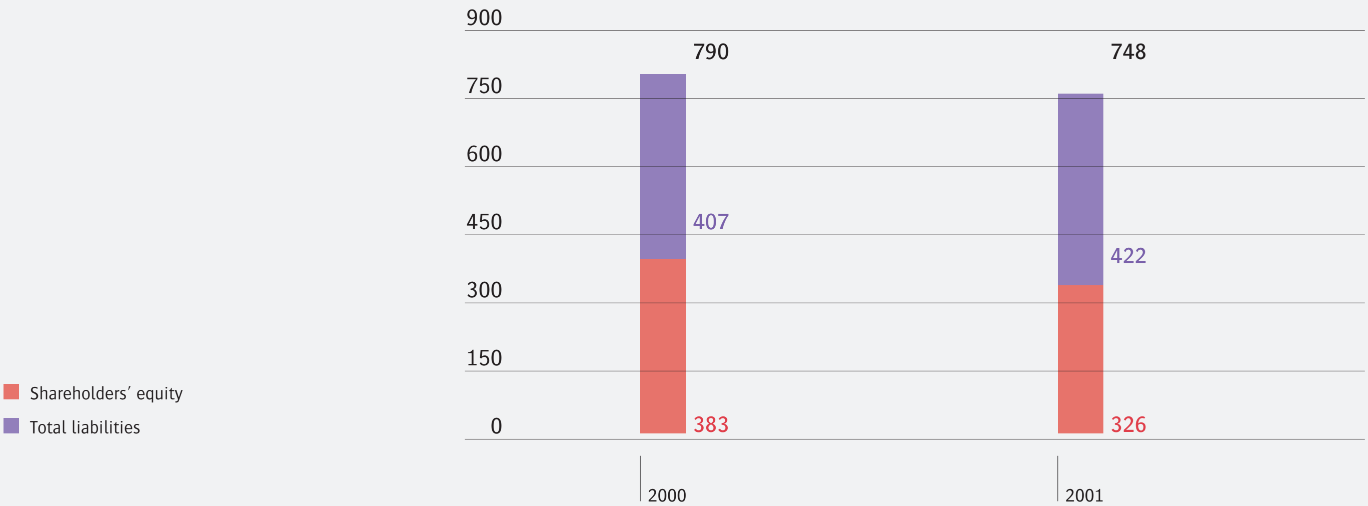


1 Income before minority interests to shareholders' equity at year-end.

Chart 5

Liabilities and shareholders' equity

in CHF million



Consolidated Cash Flow Statement

in CHF 000

	Note	2001	2000
Receipts from products and services sold		**791 896**	811 828
Expenditures for personnel		**(262 402)**	(254 236)
Expenditures for material and services		**(333 823)**	(374 799)
Cash flow from operating activities		**195 671**	182 793
Dividends from affiliated companies		**11 250**	8 775
Interest paid		**(2 685)**	(3 793)
Interest received		**3 522**	5 335
Other financial income (expense), net		**(11 383)**	9 014
Income taxes paid		**(40 690)**	(41 224)
Cash flow from continuing operations		**155 685**	160 900
Discontinuing operations		**(36 411)**	(29 567)
Cash flow from operations		**119 274**	131 333
Capital expenditures in property, plant and equipment		**(28 854)**	(37 030)
Proceeds from sales of property, plant and equipment		**1 892**	0
Investment in affiliated companies		**(1 514)**	(2 149)
Other financial assets [1]		**(2 507)**	(11 896)
Investment in consolidated companies	37	**(96 554)**	(35 074)
Capital expenditures in intangible assets		**(15 262)**	(8 822)
Proceeds from sales of intangible assets		**542**	1 129
Cash flow for investment activities		**(142 257)**	(93 842)
Cash flow after investment activities		**(22 983)**	37 491
Payment of dividends		**(42 000)**	(302 320)
(Increase)/decrease in current financial assets [1]		**126 721**	207 530
(Increase)/decrease in current financial receivables		**10 910**	16 924
Increase/(decrease) in current debt		**7 373**	(1 633)
Increase/(decrease) in long-term debt		**(44 169)**	17 535
Increase/(decrease) in other long-term liabilities		**339**	5 867
Net purchase of treasury shares		**(1 398)**	0
Increase/(decrease) in minority interests		**25**	91
Cash flow from/(for) financing activities		**57 801**	(56 006)
Change in cash and cash equivalents		**34 818**	(18 515)
Cash and cash equivalents at January 1		**74 929**	93 444
Cash and cash equivalents at December 31		**109 747**	74 929
Change in cash and cash equivalents	38	**34 818**	(18 515)

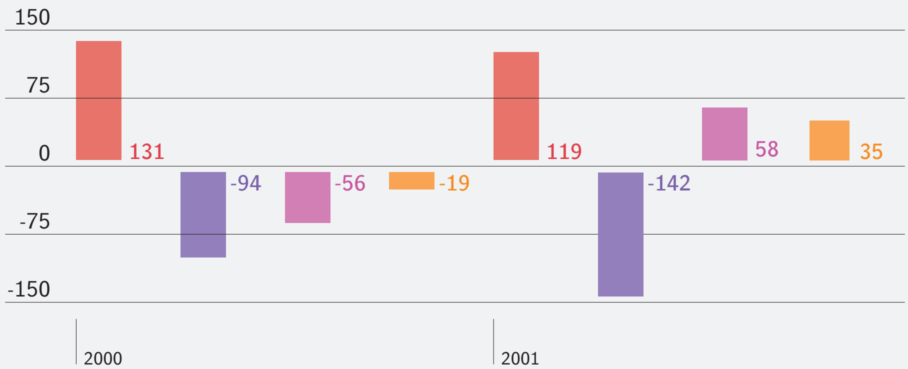
1 The "(Increase)/decrease in current financial assets" is included in cash flow from financing activities because the change is largely attributable to the financing of the Belcom acquisition by selling of marketable securities and to the payments of dividends (2000). In June 2000, marketable securities totaling CHF 245.5 million were reclassified from long-term financial assets to current financial assets without impacting cash flows.

The accompanying notes form an integral part of these financial statements.

Chart 6

Cash flow

in CHF million



- Cash flow from operations
- Cash flow for investment activities
- Cash flow from/(for) financing activities
- Change in cash and cash equivalents

Consolidated Statement of Changes in Shareholders' Equity

in CHF 000	**Share capital**	**Treasury shares**	Revaluation reserves	Retained earnings	Net income (loss)	Valuation adjustments on financial assets [1]	**Reserves**	**Consolidated shareholders' equity**	Minority interest in equity	**Shareholders' equity**
Balance at January 1, 2000, according to ARR	**4 800**	**0**	**51 251**	**334 396**	**130 392**	**0**	**516 039**	**520 839**	**3 790**	**524 629**
Restatement from ARR to IAS:										
Adjustments	**0**	**0**	(12 549)	33 682	0	0	**21 133**	**21 133**	115	**21 248**
Transfer of revaluations realized through accumulated depreciation	**0**	**0**	(38 702)	38 702	0	0	**0**	**0**	0	**0**
Total adjustments	**0**	**0**	**(51 251)**	**72 384**	**0**	**0**	**21 133**	**21 133**	**115**	**21 248**
Balance at January 1, 2000, according to IAS	**4 800**	**0**	**(0)**	**406 780**	**130 392**	**0**	**537 172**	**541 972**	**3 905**	**545 877**
Dividends paid	**0**	**0**	0	0	(52 320)	0	**(52 320)**	**(52 320)**	0	**(52 320)**
Extraordinary dividend	**0**	**0**	0	(250 000)	0	0	**(250 000)**	**(250 000)**	0	**(250 000)**
Allocation of earnings	**0**	**0**	0	78 072	(78 072)	0	**0**	**0**	0	**0**
Net income	**0**	**0**	0	0	117 129	0	**117 129**	**117 129**	(4 335)	**112 794**
Capital increase in Tamedia AG	**95 200**	**0**	0	(95 200)	0	0	(95 200)	**0**	0	**0**
Gain on merger	**0**	**0**	0	26 961	0	0	**26 961**	**26 961**	0	**26 961**
Changes in Group companies	**0**	**0**	0	(584)	0	0	**(584)**	**(584)**	91	**(493)**
Balance at Dec. 31, 2000	**100 000**	**0**	**(0)**	**166 029**	**117 129**	**0**	**283 158**	**383 158**	**(339)**	**382 819**
Dividends paid	**0**	**0**	0	0	(42 000)	0	**(42 000)**	**(42 000)**	0	**(42 000)**
Allocation of earnings	**0**	**0**	0	75 129	(75 129)	0	**0**	**0**	0	**0**
First-time application of IAS 39	**0**	**0**	0	0	0	1 652	**1 652**	**1 652**	0	**1 652**
Net income	**0**	**0**	0	0	(11 825)	0	**(11 825)**	**(11 825)**	(3 241)	**(15 066)**
Changes in Group companies	**0**	**0**	0	(92)	0	0	**(92)**	**(92)**	25	**(67)**
Purchase of treasury shares	**0**	**(1 398)**	0	0	0	0	**0**	**(1 398)**	0	**(1 398)**
Net adjustment of financial assets to market values	**0**	**0**	0	0	0	429	**429**	**429**	0	**429**
Balance at Dec. 31, 2001	**100 000**	**(1 398)**	**(0)**	**241 066**	**(11 825)**	**2 081**	**231 322**	**329 924**	**(3 555)**	**326 369**

1 Net of deferred taxes

The accompanying notes form an integral part of these financial statements.

Notes to the Consolidated Financial Statements

Accounting and valuation principles

Accounting principles

General

The consolidated financial statements of Tamedia AG and its subsidiaries are prepared in compliance with Swiss law and in accordance with International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB), on a historical cost basis. The consolidation was based on the audited financial statements of the individual subsidiaries as of December 31, which were prepared according to uniform accounting principles. All standards and all standing interpretations issued by the IASB and effective as of the balance sheet date have been considered in the preparation of the consolidated financial statements.

The preparation of the consolidated financial statements requires that management and the Board of Directors make estimates and assumptions which have an impact on the reported values of assets and liabilities as well as contingent liabilities, and on the expenses and income reported for the period. Actual results may vary from these estimates.

The consolidated financial statements were approved by the Board of Directors on April 12, 2002. It is proposed that the shareholders approve these financial statements in their annual meeting on June 20, 2002.

The accounting principles applied in the consolidated financial statements comply with International Accounting Standards for the first time. Opening balances as of January 1, 2000, were restated in order to comply with the newly adopted standards. Figures reported for the year 2000 were also restated and presented as if all standards and interpretations effective for that year had been applied since January 1, 2000. The impact of this restatement is presented in the reconciliation of both shareholders' equity as of January 1, 2000 (note 1) and of net income for the year 2000 (note 2) to amounts previously reported.

The Group adopted the following new or revised standards as of the beginning of 2000: IAS 10 – Events after the Balance Sheet Date (revised), IAS 22 – Business Combinations (revised), IAS 36 – Impairment of Assets, IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, as well as IAS 38 – Intangible Assets. The adoption of these standards had no significant impact on the consolidated financial statements.

During the year 2001, the following new or revised standards became effective and were applied by the Group: IAS 12 – Income Taxes (revised), IAS 19 – Employee Benefits (revised), IAS 39 – Financial Instruments, and IAS 40 – Investment Property.

The cash flow statement has been prepared using the direct method. This represents a change compared to the previous reporting in accordance with ARR, whereby the indirect method was used. As a result of this change, together with the restatement of individual balances in connection with the introduction of IAS, a comparison of the amounts presented with those shown in the prior year's report is no longer possible.

Group companies

All companies in which Tamedia AG holds either a direct or indirect interest of 50 per cent or more of the voting rights are consolidated. Group companies acquired during the year are included in the consolidation as of the purchase date, and Group companies sold are eliminated from the consolidation as of the date sold.

Method of consolidation

Using the full consolidation method, the assets, liabilities, revenues and expenses of Group companies in which Tamedia AG directly or indirectly holds more than 50 per cent of voting rights are included in their entirety. Minority interests in shareholders' equity and in net income are shown separately in the consolidated balance sheet and income statement.

Joint ventures in which Tamedia AG holds a direct or indirect interest of 50 per cent of voting rights are consolidated on a pro-rata basis.

Capital consolidation

The capital consolidation is performed according to the purchase method.

Goodwill

At the time of their initial consolidation, the assets and liabilities of consolidated subsidiaries, or the net assets acquired, are valued according to uniform Group principles. The difference arising between the purchase price and the net assets acquired based on such valuation is recognized as goodwill or as badwill in the year of acquisition and amortized, usually over a period of 10 years, but not in excess of 20 years. When indications exist that goodwill may be impaired, a new evaluation is made and any necessary impairment losses are recognized.

At the time Group companies are sold, the difference between the sales price and the net assets, as well as any remaining balance in goodwill, is reported as gain or loss on the sale of subsidiaries in the consolidated income statement.

Treatment of intercompany profits

Profits on intercompany sales not yet realized through sales to third parties as of year-end, as well as intercompany results on transfers of fixed assets and investments in subsidiaries, are eliminated in the consolidation.

Translation of foreign currencies

The accounting records of all consolidated Group companies are prepared in Swiss francs (CHF).

As of year-end, amounts receivable and payable denominated in foreign currencies are translated to Swiss francs using year-end exchange rates. During the year, transactions in foreign currencies are recorded at month-end rates. The resulting translation differences are included in net income.

Valuation principles

Cash and cash equivalents

Cash and cash equivalents include cash on hand, postal and bank accounts, time deposits with an initial maturity of up to three months, and checks, reported at their fair values.

Current financial assets

Current financial assets include marketable securities as well as time and demand deposits maturing originally beyond three months but within a maximum of twelve months, as well as current derivative financial instruments.

Publicly traded marketable securities are carried at quoted market prices as of year-end. Securities which are not publicly traded are reported at fair value. The time and demand deposits are also reported at fair values. For all current financial assets, including marketable securities, realized gains and losses as well as unrealized market valuation differences are included in net income.

Trade accounts receivable

Trade accounts receivable are carried at their nominal value. Allowance is made and charged against net income for accounts receivable whose payment is uncertain. An allowance for general credit risks is also made based on past experience.

Inventories

Inventories are stated at their purchase or production cost, determined using the weighted average method, or at their lower market value.

An allowance is made for slow-moving and obsolete items using economic criteria.

Property, plant and equipment

Values reported for property, plant and equipment are not to exceed their historical cost less economically necessary depreciation, with the following exceptions:

- Developed land is carried at historical cost.
- Non-operating real estate, including land, is carried at fair (market) value.

Leasehold improvements are capitalized and depreciated over the term of the lease agreement, disregarding any option to extend the term of the contract. To the extent that the lease agreement requires that the property be restored to its initial condition upon termination of the contract, provisions are made as planned over the term of the lease. The costs of maintenance and repairs which do not increase the value of the assets are charged against net income.

Art objects are shown in the balance sheet at their historical cost less any necessary adjustments for declines in value.

Except for special write-offs which are economically necessary, depreciation is recorded on a straight-line basis over uniform useful lives established within the Group.

The estimated useful lives are as follows:

Production and administrative buildings	40 years
Remodeling and renovations	3–25 years
Leasehold improvements	3–25 years
Installations	10–25 years
Machinery and equipment	5–15 years
Automobiles	4–10 years
Office equipment and furniture	8–10 years
EDP systems	3–5 years

Long-term financial assets

Long-term financial assets include investments in affiliated companies, other investments, non-current loans, financial assets held to maturity, non-current derivative instruments and other long-term financial assets.

Investments in affiliated companies (subsidiaries in which Tamedia AG directly or indirectly holds between 20 per cent and less than 50 per cent of voting rights) are accounted for on a proportional basis using the equity method. (The Group’s share in losses which exceed the original investment are recorded only when Tamedia has either the legal obligation or the intention to assume continuing losses or to participate in a restructuring which is in process or has been introduced.)

Other investments (where less than 20 per cent of voting rights are held) are stated at fair value. Unrealized gains and losses are recorded – net of the related taxes – directly in shareholders’ equity. Declines in value due to impairment are charged against net income.

Long-term loans are carried at historical cost. Financial assets held to maturity are stated at amortized cost value.

Long-term derivative financial instruments (held for trading) are valued at fair values. Both realized and unrealized gains and losses are recorded in net income, with the exception of derivative instruments which qualify for hedge accounting treatment (see accounting principles regarding financial instruments).

Other long-term financial assets (available for sale) are reported at fair values, and the resulting unrealized gains and losses are recorded net of the related taxes directly in shareholders' equity. Declines in value due to impairment are charged against net income.

Intangible assets

Intangible assets purchased are capitalized at their cost and amortized linearly over their expected useful lives. Intangible assets generated internally by the Group are not capitalized; such expenses are charged against current earnings as incurred.

The following amortization periods apply:

Goodwill	5–20 years
Publishing rights	5–10 years
Software project costs	3–5 years

The amortization of broadcasting rights for series or films is recorded as a minimum at the rate of 60% at the time of the initial broadcast (100% for one-time broadcasting rights) and the remaining balance at the time of the second broadcast, and is included in costs of materials. To the extent that no initial or additional broadcasts are likely, the entire remaining balance is written off.

Impairment of assets

The carrying values of property, plant and equipment and other non-current assets, including goodwill and other intangible assets, are evaluated when events or changes in circumstances indicate that such assets may be overstated (impaired). If the book value exceeds the recoverable value, it is written down to the probable value in use, determined based on the present value of estimated future expected cash flows from the asset.

Leasing

Fixed assets purchased under financial leasing agreements, whereby Group companies have the rights and risks of ownership, are recorded as financial leases. Thereby, these assets are capitalized at the inception of the contract at the lower of their market value or the discounted present value of future non-cancellable lease payments, and the corresponding liability is recorded and reported as appropriate under current or long-term liabilities.

Unrealized gains from sale and leaseback transactions which meet the definition of financial leases are deferred as a liability and recorded over the life of the lease agreement.

Payments under operating leases are charged directly against earnings.

Provisions

Provisions are recorded only when an obligation exists or will probably result from a past event, and the amount of the obligation can be reliably estimated.

Possible obligations and those which cannot be reliably estimated are disclosed as contingent liabilities.

Employee benefits

Employee benefit plans maintained by the Group are designed in accordance with regulations and circumstances existing in Switzerland. The majority of employees are insured in the event of retirement, invalidity or death by the Group's own autonomous employee benefit plan. The remaining employees are insured under the provisions of collective contracts with insurance companies. Employee benefit plans are financed through employer and employee contributions according to the requirements set forth by the applicable plan regulations.

Projected benefit obligations under all defined contribution plans are calculated at least once every three years by independent actuaries using the projected unit benefit method, and a roll-forward calculation is made for the interim period. The obligations thus calculated represent the discounted cash value of expected future benefit payments. The plan assets and income are determined annually. Actuarial gains and losses which exceed 10 per cent of the higher of the plan liability or the plan's assets are recorded in net income over the remaining service lives of employees.

For defined benefit plans, the under-funding (the excess of projected benefit obligations at market values over plan assets), after consideration of the actuarial gains and losses, is recorded in the balance sheet as a provision. The amounts of over-funding are disclosed in the notes to the consolidated financial statements, but are recorded as assets only when they can be used to reduce the Group's future expenses.

Contributions made to defined contribution plans are recorded as expenses in the income statement.

Taxes

Current year income taxes are accrued based on the current year income reported locally by the individual Group companies.

Deferred taxes resulting from differences between the values of assets and liabilities for tax and for Group financial reporting purposes are accrued based on the comprehensive liability method. Thereby, all temporary differences between tax and Group values are considered using the expected local tax rates. Changes in deferred taxes are included in net income.

The benefits of tax loss carry-forwards are capitalized only when the offset of such carry-forwards against future earnings is deemed probable.

Product development

All expenditures for product development incurred during the year are charged against net income, unless the restrictive requirements under IAS 38 for capitalizing such charges are completely met.

Revenue recognition

Revenues are recognized at the time products are delivered or services are rendered. Revenues are stated net of sales reductions, accounts receivable losses and value-added taxes.

Costs of external financing

The costs of external financing are recorded in the period to which they relate.

Segment reporting

Segment information has been provided for the different business operations. No geographical data is presented, as business operations are concentrated for the most part in the German-speaking part of Switzerland.

The accounting principles described above are also applied in the segment reporting.

Revenues, expenses and results of the various business segments include invoices between segments. Such inter-segment invoices are recorded at cost to the Group.

The assets and liabilities include all balance sheet items which directly relate to a given segment or which can meaningfully be allocated to a segment.

Financial instruments

Forward contracts and options are not entered into on a speculative basis, but are used exclusively to reduce specific foreign currency and interest rate risks associated with the Group's business. Counter-parties are financial institutions. Foreign currency derivatives are valued either directly with the underlying hedged transactions, to the extent that such transactions are reflected in the balance sheet, or are shown separately at fair value as of the balance sheet date.

All derivative financial instruments, such as interest rate swaps, foreign currency derivatives and certain embedded derivatives, are shown in the balance sheet at fair value, either as current or long-term financial assets or liabilities. The changes in fair values are recorded either in net income or directly in shareholders' equity, depending on the purpose of the individual financial instruments.

In the case of fair value hedges (hedges of the exposure to changes in the fair values of recognized assets or liabilities), the change in fair value of the effective portion of the hedging transaction is recorded immediately in the income statement. The changes in fair values of derivative instruments which qualify for treatment as cash flow hedges are recorded in shareholders' equity until the underlying hedged transaction is recorded and affects net income.

Changes in fair values of transactions which are not considered to be hedges (as described above) or do not qualify as hedges are included in net income as components of financial income or expense. This also applies for fair value hedges and cash flow hedges, as defined above, as soon as such transactions cease to qualify for hedge accounting treatment.

Generally, foreign currency contracts are not regarded as accounting hedges.

Related party transactions

Transactions with related parties are conducted on an arm's length basis. Information regarding the remuneration of members of corporate management and the Board of Directors is included in the notes to the consolidated financial statements.

Employee stock ownership plans

Management and employees are entitled to purchase shares and options under various employee stock ownership plans offered by Tamedia. The costs related to these plans are recorded in personnel expense as a component of net income as they arise. Treasury shares are purchased in order to cover the risk associated with such plans.

Notes to the Consolidated Financial Statements

Amounts shown in the following exhibits have been rounded. Because the calculations have been made based on this higher level of numerical accuracy, rounding differences may occur.

IAS adjustments to shareholders' equity

Note 1

in CHF 000

Shareholders' equity at January 1, 2000, according to ARR		**524 629**
Recognition of pension plan assets according to IAS 19	**26 033**	
Reversal of revaluation reserves against the historical cost of property, plant and equipment	**(12 549)**	
Recognition of tax benefits related to tax loss carry-forwards	**3 598**	
Other IAS adjustments	**6 296**	
Deferred taxes on the above items	**(4 397)**	
Change in tax rate applied for determine deferred taxes	**2 267**	
Total adjustments	**21 248**	
Shareholders' equity at January 1, 2000, according to IAS		**545 877**

IAS adjustments to net income

Note 2

in CHF 000

Net income 2000 according to ARR		**105 382**
Amortization of goodwill	**2 397**	
Recognition of deferred tax assets related to tax loss carry-forwards	**7 052**	
Change in tax rate applied for deferred taxes	**918**	
Other adjustments	**1 380**	
Total adjustments	**11 747**	
Net income 2000 according to IAS		**117 129**

Changes in Group companies

Note 3

During the business year 2001, the following changes in Group companies occurred:

Additions

BD Bücherdienst AG	Increase of interest held from 20% to 72% through the purchase of an additional 52% (Division: Services, purchase price including transaction costs: CHF 0.9 million; date: January 1, 2001)

Belcom Holding AG	100% interest purchased (Division: Electronic Media, purchase price including transaction costs: CHF 100.9 million; date: October 5, 2001)
– Belcom AG	100% held by Belcom Holding AG (Division: Electronic Media)
– Radio 24 AG	100% held by Belcom Holding AG (Division: Electronic Media)
– TeleZüri AG	Increase of interest held from 50% to 100% through the acquisition of the additional 50% held by Belcom Holding AG (Division: Electronic Media)
– Takeoff-Communications AG	100% held by Belcom Holding AG (Division: Electronic Media)
– Zürivision AG	Increase of interest held from 33.3% to 66.6% through the acquisition of an additional 33.3% held by Belcom Holding AG (Division: Electronic Media)
TV3 AG	Increase of interest held from 50% to 100% through the purchase of an additional 50% (Division: Electronic Media, purchase price including transaction costs: CHF 0.0 million; date: November 26, 2001)

Divestments

none

Note 4

Conversion rates

in CHF

The following rates were used to convert foreign currencies into Swiss francs:

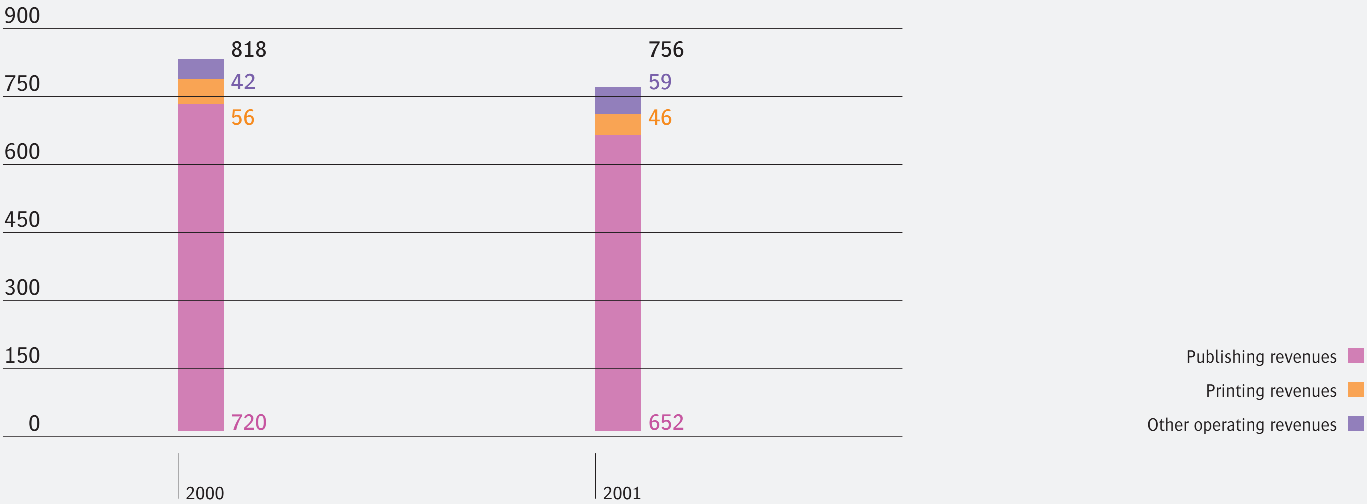
	2001	2000
100 ATS	**10.77**	11.06
100 DEM	**75.77**	77.83
100 DKK	**19.92**	20.45
1 EUR	**1.48**	1.52
100 FRF	**22.59**	23.20
1 GBP	**2.43**	2.41
1 USD	**1.68**	1.61

Notes to the Consolidated Income Statement

Operating revenues

in CHF million

Chart 7



Publishing revenues

in CHF 000

Note 5

	2001	2000
Advertising revenues	**474 792**	538 011
Circulation revenues	**158 211**	163 393
Other publishing revenues	**18 560**	18 535
Total	**651 563**	719 939

Publishing revenues decreased by CHF 68.4 million, representing 10%, compared with the prior year. Thereby, advertising revenues showed the strongest decline.

The “Tages-Anzeiger” (including all supplements), with a drop of CHF 52.8 million, fell clearly short of prior year revenues. Revenues sank from CHF 421.5 million to CHF 368.7 million, representing a decline of 13%. The weakened economy led on the one hand to lower advertising revenues, and to a marked decline in the real estate and job ads as well. As a result, revenues from “Stellen-Anzeiger” and from “Alpha” fell by a total of CHF 33.0 million or 18%, dropping from CHF 188.5 million to CHF 155.6 million. With a decline of CHF 1.6 million, the “SonntagsZeitung” (excluding “Alpha”) reported revenues 2% lower than in 2000, going from CHF 86.4 million to CHF 84.8 million. The publication “Finanz und Wirtschaft” showed revenues of CHF 36.4 million for the year, which represented a decrease of CHF 3.8 million or 9%. “ZürichExpress” also failed to match last year’s revenues of CHF 31.6 million by CHF 2.6 million, representing 8%, and achieved revenues for the current year of CHF 29.0 million.

In its seventh year of publication, the news magazine “Facts” reported a decline in revenues of CHF 6.4 million, or 14%, from CHF 46.8 million to CHF 40.4 million. The decline for the “Schweizer Familie” was CHF 0.4 million, or 1%. Revenues here went from CHF 35.9 million to CHF 35.5 million. The women’s magazine “annabelle” achieved revenues of CHF 34.2 million, representing an increase of CHF 2.0 million or 6% compared with the prior year amount of CHF 32.2 million. The remaining publications “Spick” and “du” both showed decreases of CHF 0.4 million compared with the prior year. Revenues from “TVtäglich” increased by CHF 1.1 million.

The year 2001 was also difficult for online advertising. Accordingly, revenues from electronic publishing shrank from CHF 8.3 million to CHF 6.1 million. During the three months in which it was a part of the Tamedia Group, the newly acquired Belcom Group contributed CHF 6.1 million in revenues.

Note 6

Printing revenues
in CHF 000

	2001	2000
Newspaper offset press revenues	**12 879**	14 056
Commercial weboffset press revenues	**10 382**	11 043
Template offset revenues	**15 643**	19 923
Other printing revenues	**6 675**	10 523
Total	**45 579**	55 545

Printing revenues accounted for 6% (prior year: 7%) of total revenues. They declined from CHF 55.5 million to CHF 45.6 million, representing a decrease of CHF 10.0 million or 18%. The largest declines were reported by template offset printing and other printing, amounting to CHF 4.3 million and CHF 3.8 million, respectively. This was due to the loss of a large contract.

Note 7

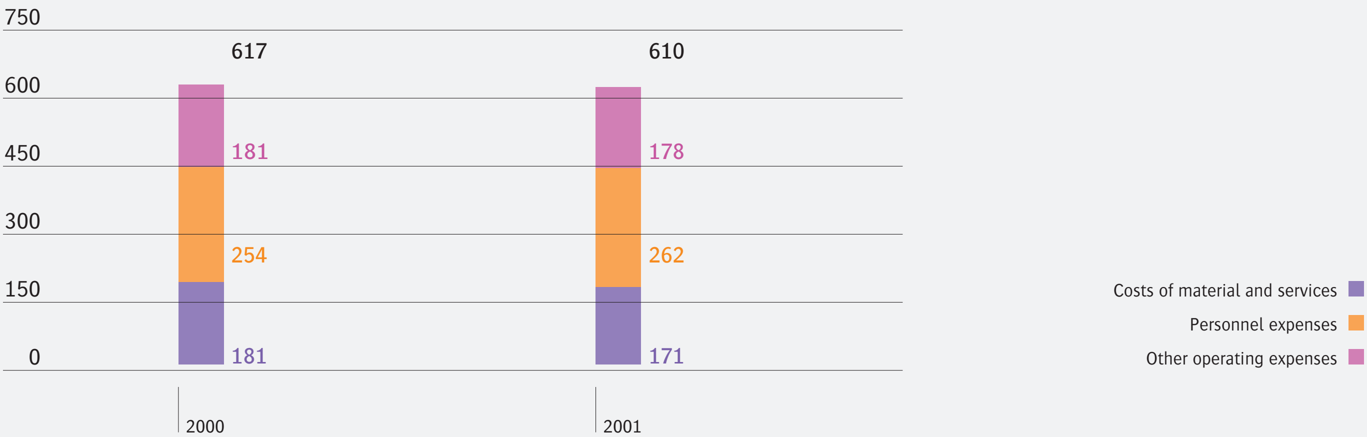
Other operating revenues
in CHF 000

	2001	2000
Television production revenues	**15 294**	15 094
Lettershop revenues	**6 948**	7 601
Distribution revenues	**8 977**	8 017
Book publishing revenues	**4 781**	0
Sundry operating revenues	**22 920**	11 711
Total	**58 920**	42 423

Other operating revenues amounted to CHF 58.9 million or 8% of total operating revenues, compared with CHF 42.4 million, representing 5%, in the previous year. The increase of CHF 16.5 million or 39% is attributable to both the acquisition of BD Bücherdienst AG as well as to one-time revenues in connection with the distribution of the “NZZ am Sonntag” as well as the “SonntagsBlick” by the ZUVO Zustell- und Vertriebsorganisation AG.

Operating expenses
in CHF million

Chart 8



Costs of material and services
in CHF 000

Note 8

	2001	2000
Costs of material	**92 626**	99 491
Costs of services	**78 422**	81 553
Total	**171 048**	181 044

At 23% (prior year: 22%) of operating revenues, costs of material and services represent the smallest expense category. These costs declined from CHF 181.0 million by CHF 10.0 million, or 6%, to CHF 171.0 million. Of this decrease, CHF 6.2 million related to expenditures for paper, which decreased from CHF 82.6 million to CHF 76.4 million (down 8%) largely due to lower volumes.

Personnel expenses
in CHF 000

Note 9

	2001	2000
Salaries and wages	**202 529**	192 942
Social security and retirement benefits	**36 268**	33 722
Other personnel expenses	**22 900**	27 818
Total	**261 697**	254 482

Personnel/employees
Number

	2001	2000
Average	**1 982**	1 924

Personnel expenses, representing the largest expense category, amount to 35% (prior year: 31%) of operating revenues. Personnel expenses rose from CHF 254.5 million to CHF 261.7 million during the current year – up by CHF 7.2 million. This increase of 3% over the prior year is the result of the growth in the number of employees from 1,924 to 1,982, an increase of 58, or 3%. The change in the number of employees is related to the following segments: 17 in Print Media (an increase of 2% compared with the prior year), 42 in Electronic Media (up by 31% over 2000), and –1 in Services. Overall, salaries increased by 3%.

Note 10

Other operating expenses
in CHF 000

	2001	2000
General operating expense	**73 812**	60 542
Distribution and selling expense	**56 708**	59 975
Advertising and public relations	**47 110**	60 714
Total	**177 630**	181 231

Other operating expenses amounted to 23% (prior year: 22%) of operating revenues and declined from CHF 181.2 million to CHF 177.6 million. This reduction of 2%, or CHF 3.6 million, is largely attributable to lower advertising and PR expenses of CHF 13.6 million, partially offset by an increase in general operating expenses of CHF 13.3 million. Included therein are CHF 7.5 million in provisions for the planned merger of the Winner Group with Tamedia AG and the related reorganization of shareholdings. With the acquisition of BD Bücherdienst AG and the Belcom Group, expenses from these subsidiaries have an impact on the consolidated income statement for the first time in 2001.

Note 11

Depreciation and amortization
in CHF 000

	2001	2000
Depreciation of property, plant and equipment	**30 606**	27 256
Amortization of goodwill	**5 826**	3 182
Amortization of other intangible assets	**2 844**	4 270
Impairment of goodwill	**25 000**	0
Other write-offs and allowances	**2 219**	2 653
Total	**66 495**	37 361

Depreciation and amortization expense increased from CHF 37.4 million by a total of CHF 29.1 million, or 78%, reaching CHF 66.5 million in 2001. An impairment loss of CHF 25.0 million had to be recognized in 2001 on the goodwill arising from the purchase of the Belcom Group (see note 27).

Share in earnings of affiliated companies

in CHF 000

Note 12

in CHF 000	2001	2000
Share in earnings of affiliated companies	**6 994**	12 812
Share in losses of affiliated companies	**(5 311)**	(159)
Share in earnings of affiliated companies	**1 683**	12 653

The share in earnings of affiliated companies declined by CHF 12.7 million, from an income of CHF 11.0 million to a loss of CHF 1.7 million. The drop in advertising revenues of "Berner Zeitung" caused the net income of this affiliated company to be markedly lower than in the prior year. As a result, the Group's share in the equity and earnings of affiliated companies declined. In particular, the unsatisfactory performance of Finanzfachmarkt AG and restructuring costs in connection with the sale of this subsidiary caused a significant increase in the Group's share in losses of affiliated companies, which rose from CHF 0.2 million to CHF 5.3 million.

Other financial income (expense), net

in CHF 000

Note 13

in CHF 000	2001	2000
Interest expense	**(1 588)**	(1 371)
Interest expense on financial leases	**(1 097)**	(1 211)
Losses on marketable securities	**(12 488)**	(206)
Write-off of financial assets	**(10 000)**	152
Other financial expense	**(681)**	(1 396)
Financial expense from transactions with third parties	**(25 854)**	(4 032)
Interest income	**3 522**	5 335
Gains on marketable securities	**3**	7 283
Other financial income	**1 783**	1 970
Financial income from transactions with third parties	**5 308**	14 588
Other financial income (expense), net	**(20 546)**	10 556

The net other financial income declined from CHF 10.6 million to a net expense of CHF 20.5 million as a result of the impairment loss recognized on the Bluewin investment and the losses realized from the sale of marketable securities.

In order to provide funds for the Belcom acquisition, a large portion of the marketable securities portfolio was sold in summer of 2001, a point in time at which the market prices were considerably lower than at the end of 2000. As a result, losses were realized on the sale of these securities, and the portfolio income declined as well.

The impairment loss of CHF 10.0 million recorded on the Bluewin investment was a burden to the other financial result (see note 23).

Note 14

Taxes

in CHF 000

	2001	2000
Current taxes	**(1 770)**	(41 049)
Deferred taxes (on changes in differences between tax and financial reporting values)	**(18 450)**	(10 072)
Total	**(20 220)**	(51 121)

Income taxes increased in the business year 2001 to 34% of income before taxes, compared with 27% in the prior year.

Analysis of the effective tax rate

Note 15

in CHF 000

	2001	2000
Income before taxes	**60 329**	186 998
Average income tax rate	**38.4%**	25.2%
Expected tax expense (using average rates)	**(23 144)**	(47 050)
Taxes related to earnings of prior periods	**3 458**	(4 228)
Non-deductible amortization of goodwill	**(1 958)**	(732)
Use of tax loss carry-forwards not capitalized or considered in the past	**(104)**	331
Impact of changes in investment income deductions	**1 574**	641
Other items	**(46)**	(83)
Taxes	**(20 220)**	(51 121)
Effective tax rate	**33.5%**	27.3%

The increase in the weighted average tax rate was primarily the result of the increase in losses from the Winner Group, for which the offset against future profits is currently not regarded to be probable.

Minority interests in net income

Note 16

in CHF 000

	2001	2000
Minority interests in profits	**(539)**	(708)
Minority interests in losses	**3 780**	5 043
Total	**3 241**	4 335

Due to the build-up costs and the related losses in the Electronic Media segment, the minority interests in income changed from CHF 4.3 million to CHF 3.2 million, down by CHF 1.1 million.

Note 17

Discontinuing operations

in CHF 000

The discontinuing operations are comprised solely of TV3.

	2001	2000[1]
Total assets	**25 179**	25 826
Total liabilities	**50 511**	59 937
Net assets	**(25 332)**	(34 111)
Operating revenues	**33 745**	9 694
Operating expenses	**(75 098)**	(36 281)
Operating loss before depreciation (EBITDA)	**(41 353)**	(26 587)
Depreciation and amortization	**(3 312)**	(1 821)
Operating loss (EBIT)	**(44 665)**	(28 408)
Financial result, net	**(2 098)**	(1 566)
Loss before taxes	**(46 763)**	(29 974)
Taxes	**10 755**	6 891
Loss before closing costs	**(36 008)**	(23 083)
Provision for decline in value of property, plant and equipment	**(12 078)**	0
Badwill from takeover of SBS loans and shares in TV3	**9 496**	0
Closing costs including value declines under existing contracts	**(23 678)**	0
Taxes	**7 093**	0
Net loss	**(55 175)**	(23 083)
Cash used by operations	**(36 411)**	(29 567)
Cash flow for investment activities	**(11 264)**	(5 863)
Cash flow from financing activities	**41 821**	44 302
Change in cash and cash equivalents	**(5 854)**	8 872
Anticipated timing for the sale of net assets	2nd–3rd quarter 2002	

1 2000-figures based on 50% interest held

TV3 was founded in 1999 as a joint venture by Tamedia AG and SBS Broadcasting SA. Since January 1, 2001, Tamedia financed the broadcasting joint venture alone, after SBS refused to provide additional funds. In November 2001, Tamedia's Board of Directors decided to stop broadcasting by TV3 immediately and to consider closing down operations completely at the end of the year. This was done with the consent of SBS Broadcasting SA, whose 50% interest and whose loans receivable from TV3 were subsequently taken over by Tamedia. It was decided to liquidate the company as of the end of December 2001.

In connection with the liquidation, provisions of CHF 12.1 million were made for the decline in value of property, plant and equipment. An additional CHF 23.7 million has been provided for obligations and valuation allowances on current assets. The resulting losses are deductible for tax purposes.

Negotiations with creditors are well advanced. At the present time, it is expected that the liquidation will be completed during the second and third quarters of 2002.

Net income (loss) per share

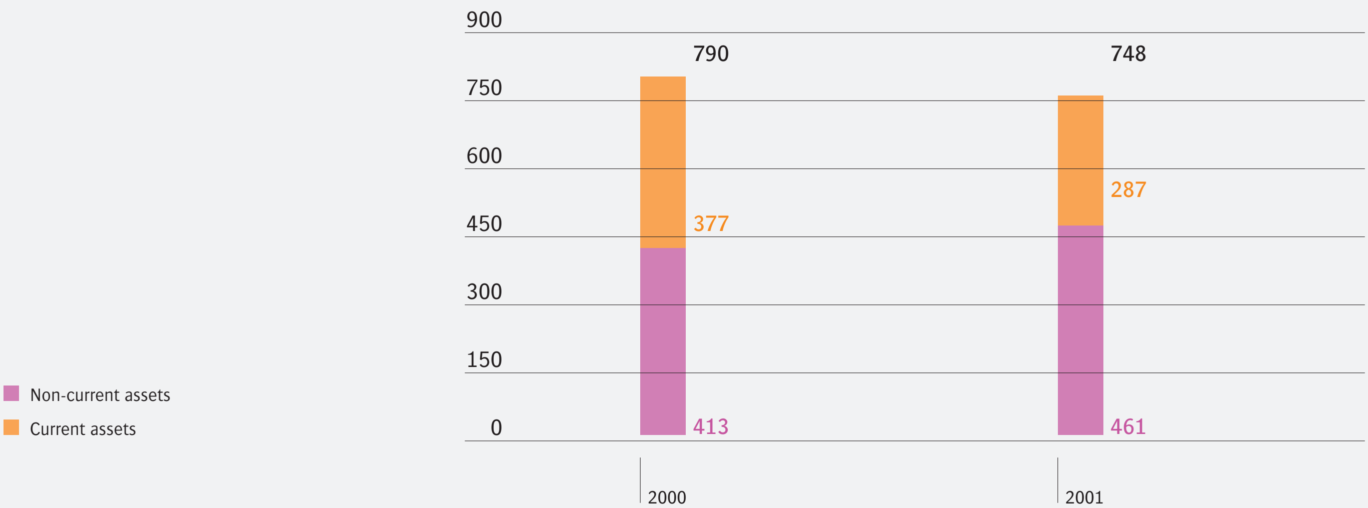
Note 18

Number		2001	2000
Weighted average of shares outstanding during the year:			
Number of shares outstanding		**10 000 000**	10 000 000
Number of treasury shares (weighted average)		**4 936**	0
Number of shares outstanding (weighted average)		**9 995 064**	10 000 000
Undiluted:			
Net income (loss)	in CHF 000	**(11 825)**	117 129
Weighted average of shares outstanding applicable for this calculation		**9 995 064**	10 000 000
Net income per share (undiluted)	in CHF	**(1.18)**	11.71
Diluted:			
Net income (loss)	in CHF 000	**(11 825)**	117 129
Weighted average of shares outstanding applicable for this calculation		**9 995 064**	10 000 000
Net income per share (diluted)	in CHF	**(1.18)**	11.71

Notes to the Consolidated Balance Sheet

Chart 9

Assets
in CHF million



Note 19

Trade accounts receivable
in CHF 000

	2001	2000
Trade accounts receivable from third parties	**131 363**	137 452
Trade accounts receivable from affiliated companies and other related companies or parties	**397**	2 584
Allowance for doubtful accounts	**(2 641)**	(477)
Total	**129 119**	139 559

As a result of lower revenues, trade accounts receivable sank by CHF 10.4 million, or 8%, going from CHF 139.6 million to CHF 129.1 million. An allowance for doubtful accounts of CHF 2.6 million has been made.

Note 20

Inventories
in CHF 000

	2001	2000
Raw materials	**4 113**	4 809
Work in process	**3 970**	2 695
Other inventories	**2 214**	1 237
Total	**10 297**	8 741

Inventories increased from CHF 8.7 million to CHF 10.3 million. The change of CHF 1.6 million is mainly due to the higher level of work in process at TV3, as well as the consolidation on a 100% basis of TV3 for the first time in 2001 (prior year: quota consolidation). An appropriate provision has been made for these assets in connection with the closing costs.

Note 21

Property, plant and equipment

in CHF 000	Land	Buildings and fixtures	Non-operating land and buildings	Technical systems and machinery	Furnishings, automobiles and art objects	Advance payments and assets under construction	**Total property, plant and equipment**
Historical cost at December 31, 1999	**47 723**	**158 385**	**0**	**268 014**	**15 051**	**33 559**	**522 731**
Changes in Group companies	3 000	12 530	0	287	1 011	0	**16 828**
Additions	0	4 869	0	16 900	1 528	13 733	**37 030**
Disposals	0	(3 168)	0	(47 236)	(3 899)	0	**(54 303)**
Transfers	0	4 119	0	19 896	21	(24 331)	**(295)**
Balance at December 31, 2000	**50 723**	**176 735**	**0**	**257 861**	**13 712**	**22 961**	**521 991**
Changes in Group companies	1 798	7 182	0	3 256	255	0	**12 491**
Additions	0	9 235	0	10 055	4 325	5 239	**28 854**
Disposals	0	(11 548)	0	(7 977)	(3 323)	(2)	**(22 850)**
Transfers	0	10 022	0	12 253	732	(22 857)	**150**
Balance at December 31, 2001	**52 521**	**191 626**	**0**	**275 448**	**15 701**	**5 341**	**540 636**
Accumulated depreciation at December 31, 1999	**135**	**97 906**	**0**	**188 569**	**11 401**	**0**	**298 010**
Changes in Group companies	0	0	0	0	0	0	**0**
Annual depreciation	0	7 067	0	20 474	1 219	0	**28 760**
Other depreciation	0	0	0	0	0	0	**0**
Disposals	0	(2 887)	0	(43 261)	(3 722)	0	**(49 870)**
Transfers	0	0	0	0	(1)	0	**(1)**
Balance at December 31, 2000	**135**	**102 086**	**0**	**165 782**	**8 897**	**0**	**276 899**
Changes in Group companies	0	0	0	0	0	0	**0**
Annual depreciation	0	8 063	0	23 963	1 534	0	**33 560**
Impairment loss	0	0	0	0	0	0	**0**
Other depreciation	0	0	0	0	0	0	**0**
Disposals	0	(11 240)	0	(7 167)	(2 551)	0	**(20 958)**
Transfers	0	3	0	116	(1)	(2)	**116**
Balance at December 31, 2001	**135**	**98 912**	**0**	**182 694**	**7 879**	**(2)**	**289 617**
Net book value at December 31, 2000	**50 588**	**74 649**	**0**	**92 079**	**4 815**	**22 961**	**245 092**
of which leased	0	0	0	27 350	0	0	**27 350**
of which for sale	0	0	0	0	0	0	**0**
Net book value at December 31, 2001	**52 386**	**92 714**	**0**	**92 754**	**7 822**	**5 343**	**251 019**
of which leased	0	0	0	31 939	0	0	**31 939**
of which for sale	0	717	0	3 873	249	0	**4 839**

Additional fixed assets from the acquisitions of BD Bücherdienst AG and the Belcom Group led to an increase in property, plant and equipment of CHF 12.5 million. Depreciation expense increased from CHF 28.8 million to CHF 33.6 million largely due to the new distribution facilities which were fully placed into use during the year. Overall, net property, plant and equipment increased from CHF 245.1 million to CHF 251.0 million, an increase of CHF 5.9 million.

Investments in affiliated companies

Note 22

in CHF 000	2001	2000
Total	**9 148**	17 201

The decrease in investments in affiliated companies of CHF 8.1 million is largely due to the Group's share in lower results in 2001, particularly for "Berner Zeitung", as well as to the sale of the investment in Finanzfachmarkt AG.

Other financial assets

Note 23

in CHF 000	2001	2000
Other investments	**39 152**	47 180
Long-term loans receivable from third parties	**8 785**	28 627
Pension plan assets	**25 369**	25 224
Other financial assets	**2 986**	2 520
Total	**76 292**	103 551

The acquisition cost of the 8% interest in Bluewin AG (including supplemental payments provided for by the contract) amounts to CHF 46.4 million. In order to determine the fair value of this investment, various analyses and appraisals were obtained from independent third parties. The results of such appraisals varied widely. After considering these differing opinions, however, a CHF 10 million decline in the value of the investment, from CHF 46.4 million to CHF 36.4 million, must be assumed. This write-off is included in "Other financial income (expense), net".

In connection with the takeover of a 100% interest in TV3, the loans to SBS Broadcasting were transferred to Tamedia and thereby converted into intercompany loans. As a result, in contrast to the prior year, these loans no longer appear in "Long-term loans receivable from third parties".

Note 24

Employee benefits

in CHF 000

The information and calculations which follow include the discontinuing operations.

	2001	2000
Plan assets at discounted market values	**844 774**	888 439
Less projected benefit obligation (PBO)	**(770 387)**	(737 258)
Assets in excess of obligations	**74 387**	151 181
Actuarial losses not recognized	**108 665**	21 345
Excess funding not capitalized (according to IAS 19, § 58b)	**(157 683)**	(147 302)
Pension plan assets included in the balance sheet (other financial assets)	**25 369**	25 224

For the Swiss pension funds, only the Board of Trustees can make decisions regarding the use of available free funds. Therefore, the capitalization of any over-funding is only possible to the extent that benefits accrue to the employer according to the law and by decision of the Board of Trustees. In so doing, the actual financial situation of the pension fund must be considered and the equal treatment of active employees and retirees covered must be considered.

Analysis of retirement benefit expense from defined benefit plans

in CHF 000

	2001	2000
Current service cost	**30 763**	31 445
Interest cost	**29 490**	28 150
Projected return on plan assets	**(44 422)**	(43 342)
Employee contributions	**(11 355)**	(10 570)
Past service costs – non-expiring benefits	**942**	0
Change in excess funding not capitalized	**10 381**	10 271
Retirement benefit expense reflected in the income statement	**15 799**	15 954

Change in plan assets capitalized

in CHF 000

	2001	2000
Assets as of January 1	**25 224**	26 033
Total retirement benefit expense as shown above	**(15 799)**	(15 954)
Employer contributions	**15 944**	15 145
Assets as of December 31	**25 369**	25 224

Return on plan assets in CHF 000	**2001**	2000
Actual return on plan assets	**(44 376)**	21 983
Projected return on plan assets	**44 422**	43 342
Actuarial losses from return on plan assets	**(88 798)**	(21 359)

Actuarial assumptions in %	**2001**	2000
Discount rate	**4.0%**	4.0%
Long-term rate of return on assets	**5.0%**	5.0%
Salary progression	**1.5%**	1.5%
Pension benefit progression	**1.1%**	1.1%

The most recent actuarial appraisal (based on the projected unit credit method) was performed as of January 1, 2000, and rolled forward to December 31, 2000, and December 31, 2001. The market value of plan assets is determined each year.

Contributions to defined contribution plans in CHF 000	**2001**	2000
Total	**1 390**	1 210

Value of property, plant and equipment belonging to pension funds and used by the Group in CHF 000	**2001**	2000
Total	**0**	0

Liabilities to employee benefit plans in CHF 000	**2001**	2000
Liabilities to Tamedia pension funds	**270**	1 006
Liabilities to other pension funds	**372**	311
Total	**642**	1 317

Note 25

Deferred tax assets

in CHF 000

	2001	2000
Deferred taxes due to timing differences in the valuation of:		
Investments in affiliated companies	**12 250**	5 631
Other balance sheet items	**565**	1 191
Deferred tax assets	**12 815**	6 822

Note 26

Tax loss carry-forwards not capitalized

in CHF 000

	2001	2000
Tax loss carry-forwards not capitalized	**(86 217)**	(19 735)
expiring within 1 year	**(5 315)**	0
expiring in 2 to 5 years	**(10 248)**	0
expiring beyond 5 years	**(70 654)**	(19 735)

Tax loss carry-forwards not capitalized relate primarily to Winner and TeleZüri. At the end of 2001, these amounted to CHF 86.2 million. The utilization of these tax loss carry-forwards to reduce future taxable income must be regarded as unlikely.

Note 27

Intangible assets

in CHF 000	Goodwill	Publishing rights and other legal rights	Software development costs	Broadcasting rights [1]	Other intangible assets	**Total intangible assets**
Historical cost at December 31, 1999	**137**	**3 827**	**19 527**	**5 020**	**29**	**28 540**
Changes in Group companies	0	0	794	0	0	**794**
Additions	33 741	963	1 996	5 863	0	**42 563**
Disposals	0	0	(6 483)	0	(29)	**(6 512)**
Transfers	0	0	295	0	0	**295**
Balance at December 31, 2000	**33 878**	**4 790**	**16 129**	**10 883**	**0**	**65 680**
Changes in Group companies	0	0	385	3 541	0	**3 926**
Additions	97 539	0	2 240	11 264	1 758	**112 801**
Disposals	0	(3 211)	(2 480)	0	0	**(5 691)**
Transfers	0	0	(234)	0	0	**(234)**
Balance at December 31, 2001	**131 417**	**1 579**	**16 040**	**25 688**	**1 758**	**176 482**
Accumulated amortization at December 31, 1999	**55**	**2 341**	**13 028**	**1 099**	**0**	**16 523**
Changes in Group companies	264	0	0	0	0	**264**
Annual amortization	3 209	1 291	3 156	6 242	0	**13 898**
Other amortization	0	0	0	0	0	**0**
Disposals	0	0	(5 383)	0	0	**(5 383)**
Transfers	0	0	0	0	0	**0**
Balance at December 31, 2000	**3 528**	**3 632**	**10 801**	**7 341**	**0**	**25 302**
Changes in Group companies	0	0	0	0	0	**0**
Annual amortization	5 854	324	2 852	10 283	0	**19 313**
Impairment loss	25 000	0	0	0	0	**25 000**
Other amortization	0	0	0	0	0	**0**
Disposals	791	(2 923)	(2 226)	0	0	**(4 358)**
Transfers	(1)	0	(117)	0	0	**(118)**
Balance at December 31, 2001	**35 172**	**1 033**	**11 310**	**17 624**	**0**	**65 139**
Net book value at December 31, 2000	**30 350**	**1 158**	**5 328**	**3 542**	**0**	**40 378**
of which leased	0	0	0	0	0	0
of which for sale	0	0	0	0	0	0
Net book value at December 31, 2001	**96 245**	**546**	**4 730**	**8 064**	**1 758**	**111 343**
of which leased	0	0	0	0	0	0
of which for sale	0	0	305	8 064	0	8 369

1 The amortization of broadcasting rights is included in expenses under "Costs of material and services". Due to the discontinuation of TV3, appropriate provisions have been made.

Intangible assets shown in the balance sheet are CHF 71.0 million higher, primarily due to the goodwill of CHF 95.8 million from the acquisition of the Belcom Group. Changes which occurred subsequent to the acquisition due to ceasing operations of “TV3” on the one hand and due to a deterioration in the advertising environment on the other hand necessitated the recognition of an impairment loss of CHF 25.0 million. This was charged against net income and is included in depreciation expense. The amount of the impairment loss was determined by discounting the expected future cash flows from the assets at a rate of 10%.

Note 28

Financial debt

in CHF 000

	2001	2000
Current bank debt	**9**	0
Current leasing obligations	**4 942**	4 942
Current maturities of long-term financial debt	**21 032**	136
Other short-term financial debt	**827**	483
Current debt	**26 810**	5 561
Long-term bank debt	**1 000**	20 000
Long-term leasing obligations	**22 579**	26 002
Long-term loans from third parties	**6 980**	31 972
Long-term debt	**30 559**	77 974
Financial debt	**57 369**	83 535
Maturities		
within 1 year	**26 810**	5 561
1 to 5 years	**29 679**	42 169
beyond 5 years	**880**	35 805
Total	**57 369**	83 535
Weighted average interest rate		
within 1 year	**4.4**%	4.1%
1 to 5 years	**4.0**%	4.1%
beyond 5 years	**3.6**%	3.7%

Financial debt has declined by CHF 26.2 million, from CHF 83.5 million to CHF 57.4 million. In particular, this is the result of the full consolidation of TV3, whose loans were included in the prior year based on a quota consolidation.

Trade accounts payable

in CHF 000

Note 29

	2001	2000
Trade accounts payable to third parties	**51 018**	43 430
Trade accounts payable to affiliated companies and other related companies or parties	**295**	735
Total	**51 313**	44 165

Trade accounts payable rose from CHF 44.2 million to CHF 51.3 million due to the acquisition of BD Bücherdienst and Belcom, as well as due to the full consolidation of TV3.

Other current payables

in CHF 000

Note 30

	2001	2000
Payable to public authorities	**5 679**	6 790
Advance payments from customers	**5 339**	4 410
Current provisions	**81 402**	39 911
Other current accounts payable	**7 284**	6 149
Total	**99 704**	57 260

The increase in other current payables was CHF 42.4 million, from CHF 57.3 million to CHF 99.7 million. This growth can be attributed primarily to the additional provision for closing costs of TV3 (see note 33).

Deferred revenues and accrued liabilities

in CHF 000

Note 31

	2001	2000
Deferred subscription revenues	**80 620**	81 709
Other accrued liabilities	**52 611**	50 088
Total	**133 231**	131 797

Note 32

Provisions for deferred taxes

in CHF 000

	2001	2000
Land and buildings	**10 342**	10 798
Other property, plant and equipment	**18 286**	16 129
Pension plans	**5 827**	5 813
Provisions and accruals including taxes	**14 289**	8 357
Marketable securities, loans	**2 661**	978
Other balance sheet items	**2 997**	6 023
Provisions for deferred taxes	**54 402**	48 098

Note 33

Provisions

in CHF 000

	Bluewin	Personnel	TV3	Others	**Total**
Balance at January 1, 2000	**0**	**3 042**	**333**	**11 039**	**14 414**
Increase	36 722	880	852	1 100	**39 554**
Reversal	0	0	0	(261)	**(261)**
Used during the period	0	(634)	(445)	(4 094)	**(5 173)**
Balance at December 31, 2000	**36 722**	**3 288**	**740**	**7 784**	**48 534**
of which current	36 722	646	0	2 543	**39 911**
of which long-term	0	2 642	740	5 241	**8 623**
Balance at January 1, 2001	**36 722**	**3 288**	**740**	**7 784**	**48 534**
Increase	94	546	36 810	9 930	**47 380**
Reversal	0	(646)	(198)	(2 083)	**(2 927)**
Used during the period	(12)	(605)	0	(1 306)	**(1 923)**
Balance at December 31, 2001	**36 804**	**2 583**	**37 352**	**14 325**	**91 064**
of which current	36 804	0	35 183	9 415	**81 402**
of which long-term	0	2 583	2 169	4 910	**9 662**

Current and long-term provisions rose from CHF 48.5 million to CHF 91.1 million. The increase of CHF 42.5 million was largely the result of CHF 36.6 million for the closing of TV3, as well as CHF 7.5 million for the planned reorganization of shareholdings between the Winner Group and Tamedia AG (see note 52).

Note 34

Other long-term liabilities

in CHF 000

	2001	2000
Total	**6 206**	5 867

Other long-term liabilities include obligations maturing beyond one year. At CHF 6.2 million, these liabilities remained practically the same as in the prior year.

Share capital

Note 35

in CHF 000

	2001	2000
10 000 000 registered shares with a nominal value of CHF 10 each, fully paid in	**100 000**	100 000

Of the 10 million registered shares of Tamedia AG, 81% belong to the Coninx family. A shareholders' agreement exists for 67% of all shares.

Treasury shares

Note 36

	2001	2000
Treasury shares		
Number		
Balance at January 1	**0**	0
Purchases	**13 327**	–
Sales	**(550)**	–
Balance at December 31	**12 777**	0

	2001	2000
Cost of treasury shares		
in CHF 000		
Balance at January 1	**0**	0
Purchases	**1 442**	–
Sales	**(44)**	–
Balance at December 31	**1 398**	0

	2001	2000
Prices paid/received		
in CHF		
Purchases (weighted average)	**108.22**	–
min.	**78.20**	–
max.	**173.14**	–
Sales (weighted average)	**80.05**	–
min.	**80.05**	–
max.	**80.05**	–

During the past year, 12,777 treasury shares were purchased at a cost of CHF 1.4 million in connection with the new employee stock ownership program (see note 50).

Notes to the Consolidated Cash Flow Statement

Note 37

Additional information regarding acquisitions and divestments of Group companies

in CHF 000

	2001	2000
Current assets	**36 406**	11 252
Non-current assets	**18 954**	17 655
Total assets	**55 360**	28 907
Current liabilities	**35 567**	11 983
Long-term liabilities	**4 328**	1 623
Net assets	**15 465**	15 301
Minority interests in net assets	**(233)**	0
Net assets acquired/sold	**15 232**	15 301
Share previously held	**(150)**	(4 610)
Goodwill	**97 539**	31 729
Badwill	**(9 496)**	0
Purchase price	**103 125**	42 420
Cash and cash equivalents acquired	**(6 571)**	(7 346)
Cash funds used/(provided)	**96 554**	35 074

During 2001, the Belcom Group and BD Bücherdienst AG were purchased. In addition, the share held in TV3 was increased from 50% to 100%. As a result, total assets increased by CHF 55.4 million and liabilities by a total of CHF 39.9 million. The acquisitions led to a reduction in cash and cash equivalents of CHF 96.6 million.

A badwill of CHF 9.5 million resulted from the takeover of the 50% share in TV3 previously held by SBS Broadcasting. Subsequent to ceasing operations of TV3, this badwill has been credited to net income as part of the results of discontinuing operations.

Included in the purchase price of Verlag Finanz und Wirtschaft AG are conditional future payments which depend upon this company's results, in the amounts of CHF 1.3 million (2001) and CHF 0.4 million (2000).

Note 38

Changes in cash and cash equivalents

Cash and cash equivalents include cash on hand, postal and bank accounts, time deposits with maturities of up to three months, and checks.

Other Notes to the Consolidated Financial Statements

Joint venture

Note 39

in CHF 000

	2001	2000
Current assets	**7 665**	8 014
Non-current assets	**1 817**	2 146
Total assets	**9 482**	10 160
Current liabilities	**4 064**	5 188
Long-term liabilities	**119**	78
Total liabilities	**4 183**	5 266
Shareholders' equity	**5 299**	4 894
Total liabilities and shareholders' equity	**9 482**	10 160
Operating revenues	**52 691**	53 290
Operating expenses	**(51 927)**	(51 494)
Operating income before depreciation and amortization (EBITDA)	**764**	1 796

The amounts shown above exclude TV3.

Guarantees and assets pledged for the benefit of third parties

Note 40

in CHF 000

	2001	2000
Subordinated debt	**0**	27 092
Joint guarantees	**0**	0
Guarantees	**0**	15 000
Deposit guarantees	**0**	0
Total	**0**	42 092

The subordination of debt and guarantees were granted in connection with TV3, which was fully consolidated in 2001.

Note 41

Financial leases
in CHF 000

	2001	2000
Due within 1 year	**5 054**	5 054
Due between 1 and 5 years	**20 215**	20 215
Due beyond 5 years	**5 555**	10 075
Total	**30 824**	35 344
Less interest component	**(3 303)**	(4 400)
Financial lease obligations	**27 521**	30 944
Of which current	**4 942**	4 942
Of which long-term	**22 579**	26 002

No new financial leases were concluded during 2001. The two existing contracts expire in 2007 and in 2008.

Note 42

Non-cancellable operating leases and rental commitments
in CHF 000

	2001	2000
Land, buildings and fixtures	**69 018**	69 840
Machinery and furnishings	**1 396**	2 177
Total	**70 414**	72 017
Due within 1 year	**6 595**	8 566
Due between 1 and 5 years	**19 583**	19 462
Due beyond 5 years	**44 236**	43 989

Note 43

Purchase commitments
in thousands

	2001	2000
	in EUR	in DEM
Purchase commitments for paper	**62 153**	9 647
	in CHF	in CHF
Purchase commitments for broadcasting rights	**24 989**	38 955
of which provided for in the balance sheet	**(14 989)**	0

One- to three-year forward contracts to purchase newspaper and magazine paper have been entered into with large suppliers. Valued at prices which prevailed as of the balance sheet date, the resulting purchase commitments amounted to EUR 62.2 million.

TV3 is committed to purchase television broadcasting rights for CHF 25.0 million (prior year CHF 39.0 million). Based on negotiations made in connection with discontinuing these operations, CHF 15.0 million has been provided for these commitments (none in 2000).

Derivative financial instruments

Note 44

in CHF 000

	2001	2000
Forward foreign currency contracts:		
Contract volume	**72 621**	18 150
Fair value	**556**	(136)
Interest rate swaps:		
Contract volume	**20 000**	20 000
Fair value	**0**	(321)

The forward foreign currency contracts, based in Euro and totalling CHF 72.6 million (prior year CHF 18.2 million based in DEM), serve as hedges of commitments to purchase materials.

In addition, an interest rate swap for the amount of CHF 20.0 million (prior year CHF 20.0 million) exists which matures on January 8, 2002. As of December 31, 2001 the fair value of this contract was CHF 0.0 million (prior year CHF 0.4 million).

The fair values of these derivative financial instruments are reported either as current or as long-term under financial assets or financial liabilities, as appropriate. Currently outstanding hedge transactions are not treated as hedges for accounting purposes.

Encumbrance of assets

Note 45

in CHF 000

	2001	2000
Mortgages and long-term advances secured by land and buildings	**20 000**	20 000
Related to land and buildings with a net book value of	**123 142**	112 605
Subscription insurance secured by assets	**1 116**	1 166
Related to marketable securites with a net book value of	**6 390**	133 079
Assets pledged as collateral or subject to liens	**21 116**	21 166
Related to assets with a total book value of	**129 532**	245 684

Insured values of property, plant and equipment

Note 46

in CHF 000

	2001	2000
Total	**622 413**	593 158

As a result of the various acquisitions in 2001, the amount of property, plant and equipment insured in the event of fire increased to CHF 622.4 million.

Subsidiaries **Note 47**

The following companies are included in the Tamedia Group as of December 31, 2001:

Company name	Domicile	Currency	Share capital (in thousands)	Division	Method of consolidation	Share of capital held 2001	Share of voting rights 2001
Tamedia AG	Zurich	CHF	100 000		F		
Anzeiger von Uster AG	Uster	CHF	600	P	C	10.0%	10.0%
BD Bücherdienst AG	Einsiedeln	CHF	500	S	F	72.0%	72.0%
Service Zentrum Buch SZB AG	Zug	CHF	108	S	E	24.0%	24.0%
Belcom Holding AG	Zurich	CHF	506	E	F	100.0%	100.0%
Radio 24 AG	Zurich	CHF	100	E	F	100.0%	100.0%
TeleZüri AG [3]	Zurich	CHF	8 250	E	F	100.0%	100.0%
Belcom AG	Zurich	CHF	100	E	F	100.0%	100.0%
Takeoff-Communications AG	Zurich	CHF	500	E	F	100.0%	100.0%
Zürichvision AG [4]	Zurich	CHF	60	E	F	66.6%	66.6%
Berner Zeitung AG	Berne	CHF	500	P	E	49.0%	49.0%
Betriebsgesellschaft SonntagsZeitung [2]	Zurich	CHF	–	P	F	85.0%	85.0%
Bevo AG	Berne	CHF	100	S	E	25.0%	25.0%
Bonus Medien AG	Zurich	CHF	100	S	F	100.0%	100.0%
Condor Communications AG	Zurich	CHF	3 000	E	F	70.0%	70.0%
DMT Marketing Support AG	Zug	CHF	300	S	F	100.0%	100.0%
Facts-Media AG	Zurich	CHF	100	P	F	100.0%	100.0%
LZ Medien Holding AG	Lucerne	CHF	5 200	P	C	5.0%	5.0%
Presse Publicité Rep SA	Geneva	CHF	200	S	E	50.0%	50.0%
PrintOnline AG	Schlieren	CHF	1 600	S	E	25.0%	25.0%
Regor AG	Rorbas	CHF	400	S	F	100.0%	100.0%
Schweizerische Depeschenagentur AG	Berne	CHF	2 000	S	C	5.0%	5.0%
SECM World Media Network, in liquidation	F-Paris	FRF	50	P	C	53.0%	53.0%
SMD Schweizer Mediendatenbank AG	Zurich	CHF	900	S	E	33.3%	33.3%
Tagblatt der Stadt Zürich AG	Zurich	CHF	200	P	F	60.0%	60.0%
Tages-Anzeiger Verlag AG	Zurich	CHF	100	P	F	100.0%	100.0%
TA-Internet Holding AG	Zurich	CHF	1 000	E	F	100.0%	100.0%
AdLINK Internet Media AG	Zurich	CHF	250	E	E	33.3%	33.3%
Bluewin AG	Zurich	CHF	80 000	E	C	8.0%	8.0%
Winner Market AG	Zurich	CHF	1 000	E	F	84.5%	84.5%
Auction Winner AG [1]	Zurich	CHF	100	E	F	46.5%	46.5%
Car Winner AG	Zurich	CHF	100	E	F	84.5%	84.5%
Immo Winner AG	Zurich	CHF	100	E	F	84.5%	84.5%
Immovista AG	Zurich	CHF	100	E	C	4.2%	4.2%
alaCasa.ch AG (former Intercity.ch AG)	Zurich	CHF	100	E	E	21.1%	21.1%
Job Winner AG	Zurich	CHF	100	E	F	84.5%	84.5%
Partner Winner AG	Zurich	CHF	100	E	F	59.2%	59.2%

Company name	Domicile	Currency	Share capital (in thousands)	Division	Method of consolidation	Share of capital held 2001	Share of voting rights 2001
Price Winner AG	Zurich	CHF	100	E	F	84.5%	84.5%
Winner AG	Zurich	CHF	100	E	F	84.5%	84.5%
TV3 AG, in liquidation	Zurich	CHF	100	E	F	100.0%	100.0%
TVtäglich [2]	Zurich	CHF	–	P	Q	50.0%	50.0%
Verlag Finanz und Wirtschaft AG	Zurich	CHF	1 000	P	F	100.0%	100.0%
Verlags-AG Sonntags Zeitung	Zurich	CHF	1 000	P	F	85.0%	85.0%
Waser Druck AG	Buchs ZH	CHF	2 500	S	F	100.0%	100.0%
ZUVO Zustell- und Vertriebsorganisation AG	Zurich	CHF	1 500	S	Q	50.0%	50.0%
AZ Vertriebs AG	Aarau	CHF	100	S	E	12.5%	12.5%
PVG Pressevertriebs GmbH	Lucerne	CHF	102	S	E	16.7%	16.7%
Südostschweiz Pressevertrieb AG	Chur	CHF	100	S	E	17.5%	17.5%

1 fully consolidated based on economic control
2 simple company
3 held 50% by Tamedia AG and 50% by Belcom Holding AG
4 Tamedia AG and Belcom Holding AG each hold a 33.3% interest

Division:
P = Print Media
E = Electronic Media
S = Services

Method of consolidation:
F = Full consolidation
Q= Quota consolidation
E = Equity method
C = Cost or market value

As of January 1, the investment in BD Bücherdienst AG could be expanded from 20% to 72% at a price of CHF 0.9 million. On July 16, a 5% share in Immovista AG was purchased for CHF 0.03 million. On October 4, the 26.7% investment in Radio Zürisee AG was sold for CHF 1.2 million. Thus, the requirements imposed by the cartel commission and the UVEK for the acquisition of the Belcom Group were fulfilled, and 100% of Belcom was taken over on October 5. As a result, Tamedia now holds 100% each of Radio 24 AG, TeleZüri AG, Belcom AG, and Takeoff-Communications AG, as well as a 66.6% share in Zürivision AG. The total purchase price including related transaction costs was CHF 100.9 million. The 50% share held by SBS Broadcasting SA in TV3 was taken over by Tamedia AG on November 26 for CHF 0.0 million, so that Tamedia now holds 100% of TV3 AG in liquidation. ZUVO Zustell- und Vertriebsorganisation AG acquired a 25% interest in AZ Vertriebs AG on November 30 (purchase price including transaction costs: CHF 0.03 million). The 33.3% investment held in Finanzfachmarkt AG (“money-cab”) was disposed of on December 11. Due to this transaction, a charge of CHF 3.6 million was booked to the financial result of 2001. On November 23, the sale of the 20% investment in Press Web AG was completed for CHF 0.2 million.

Related party transactions

Note 48

Some 50% (prior year: 50%) of Tamedia AG’s portfolio in marketable securities was managed until mid-2001 by a company in which a member of the company’s Board of Directors holds a substantial interest. These portfolio management services were provided based on arm’s length market conditions.

Note 49

Remuneration of executives and directors

During 2001, remuneration of the five members of Tamedia AG's senior executives (weighted average 6.2 members) included aggregate amounts of CHF 6.995 million for salaries (2000: CHF 4.770 million), CHF 0.219 million for retirement benefits (2000: CHF 0.203 million), and CHF 0.122 million for out-of-pocket expenses (2000: CHF 0.120 million). Expenses relating to the resignation or early retirement of corporate management amounted to CHF 2.165 million.

During the same year, remuneration of the six members of the Board of Directors included total fees of CHF 1.865 million (2000: CHF 2.070 million), total retirement benefits of CHF 0.043 million (2000: CHF 0.043 million), and out-of-pocket expenses totalling CHF 0.096 million (2000: CHF 0.125 million).

Note 50

Employee stock ownership plan

An employee stock ownership plan was introduced in connection with the IPO for practically all employees of Tamedia, whereby four blocks of shares were defined.

The first block A involved a pure investment in shares on which a 20% discount against the issue price was granted. Employees were entitled to purchase shares in the remaining blocks B, C and D at the applicable issue price with options attached subject to various terms and restrictions. The costs resulting from these programs were recorded at the time such shares are issued.

Shares and options granted to employees are subject to the following restrictions regarding their sale or exercise:

Number	**2001**	2000
Shares:		
blocked until 9/30/2003	**48 555**	48 555
blocked until 9/30/2004	**6 921**	6 921
blocked until 9/30/2005	**2 748**	2 748
Total	**58 224**	58 224
Staff employees	**16 976**	16 976
Management	**9 342**	9 342
Top management	**4 523**	4 523
Senior management	**27 383**	27 383
Total	**58 224**	58 224

Number	2001	2000
Options:		
exercisable from 10/1/2002 to 9/30/2004, striking price CHF 260	**5 771**	6 792
exercisable from 10/1/2002 to 9/30/2005, striking price CHF 312	**2 595**	2 748
exercisable on 9/30/2003, striking price CHF 338	**38 483**	44 771
exercisable from 10/1/2003 to 9/30/2004, striking price CHF 260	**5 771**	6 792
exercisable from 10/1/2003 to 9/30/2005, striking price CHF 312	**2 595**	2 748
exercisable from 10/1/2004 to 9/30/2005, striking price CHF 312	**2 595**	2 748
exercisable on 9/30/2005, striking price CHF 312	**2 595**	2 748
Total	**60 405**	69 347
Staff employees	**0**	0
Management	**9 088**	10 186
Top management	**12 834**	14 390
Senior management	**38 483**	44 771
Total	**60 405**	69 347

A profit sharing plan for all employees is in effect through the end of 2003, under which the employees are entitled to a bonus equal in total to 5% of operating income (EBIT). In addition, the terms of a stock participation program enable employees to draw this bonus at their choice either in cash or in shares in Tamedia AG. The amount of shares thus issued to employees is determined based on the average closing stock market prices during the 10 days immediately preceding the granting of such shares. Under the terms of this plan, the Board of Directors is authorized to increase the number of shares thus determined at the company's cost. The increase is established each year separately.

For 2001, the decision was made to increase the number of shares thus calculated by 30%. The costs of this additional allotment are born by the company and have been provided for in the amount of CHF 0.7 million. In order to fulfil the company's commitments under the terms of this plan, treasury shares were purchased during 2001 at a cost of CHF 1.4 million.

The management program includes 126 participants (prior year: 150), the top management program 43 individuals (prior year: 44), and the senior management program 6 participants (prior year: 7).

Note 51

Segment information

in CHF 000	Print Media	Electronic Media	Services	Not allocable	Eliminations	**Total Group**
As of December 31, 2000						
Third parties	712 723	23 313	81 871	0		**817 907**
Intercompany			215 037	0	(215 037)	**0**
Operating revenues	**712 723**	**23 313**	**296 908**	**0**	**(215 037)**	**817 907**
Operating expenses	**(483 762)**	**(39 035)**	**(308 997)**	**0**	**215 037**	**(616 757)**
Operating income before depreciation and amortization (EBITDA)	**228 961**	**(15 722)**	**(12 089)**	**0**	**0**	**201 150**
Margin	32.1%	(67.4%)	(4.1%)			**24. 6%**
Depreciation and amortization	(10 011)	(4 255)	(21 425)	(1 669)		**(37 361)**
Operating income (EBIT)	**218 950**	**(19 977)**	**(33 514)**	**(1 669)**	**0**	**163 789**
Margin	30.7%	(85.7%)	(11.3%)			**20.0%**
Share in earnings of affiliated companies	12 458	(87)	(749)	0		**11 622**
Total assets	214 693	95 539	132 359	347 024		**789 615**
Total liabilities	110 383	75 566	57 956	162 891		**406 796**
Net capital expenditures in property, plant and equipment	1 615	4 308	14 831	16 276		**37 030**
Net capital expenditures in intangible assets [1]	2 160	7 336	365	(1 039)		**8 822**
Average number of employees	946	133	845	0		**1 924**
As of December 31, 2001						
Third parties	647 293	27 631	81 138	0		**756 062**
Intercompany			201 360	0	(201 360)	**0**
Operating revenues	**647 293**	**27 631**	**282 498**	**0**	**(201 360)**	**756 062**
Operating expenses	**(482 558)**	**(40 025)**	**(289 152)**	**0**	**201 360**	**(610 375)**
Operating income before depreciation and amortization (EBITDA)	**164 735**	**(12 394)**	**(6 654)**	**0**	**0**	**145 687**
Margin	25.4%	(44.9%)	(2.4%)			**19.3%**
Depreciation and amortization	(9 505)	(33 886)	(18 669)	(4 435)		**(66 495)**
Operating income (EBIT)	**155 230**	**(46 280)**	**(25 323)**	**(4 435)**	**0**	**79 192**
Margin	24.0%	(167.5%)	(9.0%)			**10.5%**
Share in earnings of affiliated companies	5 799	(4 057)	(857)	798		**1 683**
Total assets	208 183	165 492	120 877	253 425		**747 977**
Total liabilities	101 264	113 320	44 402	162 622		**421 608**
Net capital expenditures in property, plant and equipment	6 598	118	6 323	15 815		**28 854**
Net capital expenditures in intangible assets [1]	1 998	12 698	423	143		**15 262**
Average number of employees	963	175	844	0		**1 982**

1 without goodwill

Subsequent events

Note 52

Negotiations are being conducted with Swisscom and Bluewin regarding the elimination of cross-investments. Expenses related to this reorganization have been accrued in the financial statements as of December 31, 2001 (see the impairment of Bluewin as well as the provision for organizational changes in the Winner Group). Thereby, this transaction would have no material impact on either the cash flows or net income of 2002.

Report of the Group Auditors

To the annual shareholders' meeting of Tamedia AG, Zurich

As independent auditors of the Group, we have audited the consolidated financial statements (consolidated income statement, consolidated balance sheet, consolidated statement of cash flows, consolidated statement of changes in shareholders' equity, and notes, pages 10 to 58) of Tamedia AG for the year ended December 31, 2001.

These consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Accounting Standards (IAS) and comply with the Swiss law.

We recommend that the consolidated financial statements submitted to you be approved.

Zurich, April 15, 2002

Ernst & Young AG

W. Schlapbach	F. Ort
Certified Accountant	Certified Accountant
(Auditor in charge)	(Auditor in charge)

Tamedia AG

Income Statement
in CHF 000

	Note	2001	2000
Publishing revenues		**577 555**	643 392
Printing revenues		**55 127**	63 776
Gain on sales of operating assets		**625**	0
Miscellaneous operating income		**26 793**	17 538
Other operating revenues		**27 418**	17 538
Changes in inventories		**(834)**	202
Operating revenues		**659 266**	724 908
Costs of material and services	1	**(140 647)**	(152 393)
Personnel expenses		**(204 659)**	(202 835)
Other operating expenses		**(187 186)**	(172 030)
Operating income before depreciation and amortization		**126 774**	197 650
Depreciation and amortization		**(62 638)**	(34 568)
Operating income		**64 136**	163 082
Miscellaneous financial income		**37 001**	38 023
Financial income		**37 001**	38 023
Financial expense		**(104 848)**	(38 166)
Financial income, net		**(67 847)**	(143)
Non-operating income (expense), net		**0**	0
Income before extraordinary items		**(3 711)**	162 939
Extraordinary items, net		**0**	0
Income before taxes		**(3 711)**	162 939
Taxes		**543**	(37 253)
Net income		**(3 168)**	125 686

The accompanying notes form an integral part of these financial statements.

Balance Sheet

Assets in CHF 000	Note	2001	2000
Cash and cash equivalents		**74 249**	41 218
Marketable securities		**4 885**	107 619
Trade accounts receivable			
from third parties, net of allowance for bad debts		**89 023**	107 079
from related parties and shareholders		**1 807**	2 181
from Group companies		**7 401**	5 069
Trade accounts receivable		**98 231**	114 329
Other accounts receivable			
from third parties		**23 895**	16 763
from related parties and shareholders		**0**	0
from Group companies		**108**	6 279
Other accounts receivable		**24 003**	23 042
Accrued income and prepaid expenses		**3 402**	2 793
Inventories		**3 954**	5 128
Current assets		**208 724**	294 129
Property, plant and equipment	2	**95 840**	103 276
Investments in subsidiaries, net of allowance		**175 499**	99 558
Other long-term investments			
with third parties		**5 458**	3 330
with related parties and shareholders		**471**	860
with Group companies		**5 529**	39 237
Long-term investments		**186 957**	142 985
Intangible assets		**2 878**	2 907
Non-current assets		**285 675**	249 168
Total assets		**494 399**	543 297

The accompanying notes form an integral part of these financial statements.

Liabilities and Shareholders' Equity in CHF 000	Note	2001	2000
Current debt		**24 974**	5 078
Trade accounts payable			
to third parties		**27 751**	31 698
to related parties and shareholders		**179**	301
to Group companies		**4 988**	4 386
Trade accounts payable		**32 918**	36 385
Other accounts payable			
to third parties		**39 516**	11 964
to related parties and shareholders		**0**	0
to Group companies		**2 638**	3 956
Other accounts payable		**42 154**	15 920
Deferred revenues and accrued liabilities		**120 493**	142 887
Current liabilities		**220 539**	200 270
Long-term debt	3	**22 051**	45 474
Other long-term liabilities		**3 715**	3 059
Provisions		**16 415**	17 647
Long-term liabilities		**42 181**	66 180
Total liabilities		**262 720**	266 450
Share capital		**100 000**	100 000
General legal reserve	4	**50 000**	50 000
Reserve for treasury shares	5	**1 398**	0
Free reserve	5	**83 449**	1 161
Retained earnings			
Balance brought forward		**0**	0
Net income (loss) from current year		**(3 168)**	125 686
Reserves		**131 679**	176 847
Shareholders' equity		**231 679**	276 847
Total liabilities and shareholders' equity		**494 399**	543 297

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

Basis

The financial statements of Tamedia AG (parent company financial statements) have been prepared in accordance with Swiss Corporate Law. They are a supplement to the consolidated financial statements, prepared according to International Accounting Standards (IAS), contained on pages 10 to 58. The retained earnings reported in the parent company financial statements provide the basis for the decision regarding the distribution of earnings to be made during the annual shareholders' meeting.

While the consolidated financial statements reflect the economic situation of the Group as a whole, the information contained in the Tamedia AG financial statements (pages 60 to 67) relates to the ultimate parent company alone. Furthermore, due to the use of different accounting principles (consolidated financial statements in accordance with IAS and parent company financial statements according to Swiss legal requirements), the comparison of these two sets of financial statements is possible only on a very limited basis.

The most important products and services of the Tamedia Group are listed below.

	Activity of	
	Tamedia AG	Subsidiary
Print Media:		
– Tages-Anzeiger	•	
– SonntagsZeitung	•	
– Finanz und Wirtschaft		•
– ZürichExpress		•
– Berner Zeitung		•
– Anzeiger von Uster		•
– Facts	•	
– Schweizer Familie	•	
– annabelle	•	
– TVtäglich		•
– Spick	•	
– du	•	
– Werd Verlag	•	

Electronic Media:		
– TeleZüri		•
– Radio 24		•
– Belcom		•
– Tamedia Online	•	
– Winner		•
– AdLINK		•
– Condor Communications		•

	Activity of Tamedia AG	Activity of Subsidiary
Services:		
– Tamedia Druckzentrum	•	
– ZUVO		•
– Waser Druck		•
– Regor		•
– BD Bücherdienst		•
– Print Online		•
– Schweizerische Mediendatenbank		•

As the most important products and services are rooted in the parent company, the activities of Tamedia AG are largely identical to those of the Group. Therefore, no detailed information regarding Tamedia AG is presented, and reference is made to information contained in the consolidated financial statements.

Notes to the Income Statement

Costs of material and services

Note 1

in CHF 000

	2001	2000
Costs of material	**87 589**	94 420
Costs of services	**53 058**	57 973
Total	**140 647**	152 393

Notes to the Balance Sheet

Property, plant and equipment

Note 2

in CHF 000

	2001	2000
Buildings and fixtures	**58 884**	53 367
Other property, plant and equipment	**36 956**	49 909
Total	**95 840**	103 276

Long-term debt

Note 3

in CHF 000

	2001	2000
Mortgages and fixed advances from third parties	**0**	20 000
Lease liabilities	**22 051**	25 474
Total	**22 051**	45 474

Note 4

Changes in general legal reserve

in CHF 000

	2001	2000
Balance at January 1	**50 000**	2 400
Merger with Taconia	**0**	26 961
Allocation to general legal reserve	**0**	20 639
Balance at December 31	**50 000**	50 000

Note 5

Changes in free reserve

in CHF 000

	2001	2000
Balance at January 1	**1 161**	272 889
Allocation from available earnings	**0**	94 112
Increase in share capital	**0**	(95 200)
Extraordinary dividend	**0**	(250 000)
Allocation to general legal reserve	**0**	(20 639)
Allocation to free reserve	**83 686**	0
Transfer to reserve for treasury shares	**(1 398)**	0
Balance at December 31	**83 449**	1 161

Other Notes

Note 6

Guarantees and assets pledged for the benefit of third parties

in CHF 000

	2001	2000
Joint and several guarantees	**none**	none
Guarantees	**none**	none
Guarantees for the benefit of Group companies	**65 300**	37 000
Deposit guarantees	**none**	none
Subordinated debt for Group companies	**153 496**	85 362
Total	**211 196**	122 362
of which provided for/allowance provided	**181 838**	49 296

Note 7

Off balance sheet transactions

in CHF 000

	2001	2000
Forward contracts	**72 621**	18 150
Deviation from market value	**556**	(136)
Purchase commitments	**91 986**	7 508
Replacement cost of interest rate swap (CHF 20 million until January 8, 2002)	**0**	(321)

Encumbrance of assets

Note 8

in CHF 000

	2001	2000
Land and buildings, at net book value	**58 884**	53 367
Liens (mortgage notes), total nominal value	**87 350**	87 350
of which owned (freely available)	**(67 350)**	(67 350)
pledged as collateral	**20 000**	20 000
Credit drawn, i. e. security granted for fixed advance	**20 000**	20 000
Marketable securities pledged as collateral for subscriptions	**1 116**	1 166

Lease obligations

Note 9

in CHF 000

	2001	2000
Lease obligations (future commitments)	**28 267**	31 915
of which current	**6 216**	6 441
of which non-current	**22 051**	25 474

Insured values of property, plant and equipment (incl. replacement values)

Note 10

in CHF 000

	2001	2000
Buildings	**159 273**	155 178
Machinery and furnishings (incl. inventories)	**400 000**	400 000

Payables to pension funds

Note 11

in CHF 000

	2001	2000
Current liabilities		
Current account with Tamedia pension funds	**1**	217
Current account with other pension funds	**210**	216

Change in hidden reserves

Note 12

in CHF 000

	2001	2000
Decrease in hidden reserves	n. a.	n. a.

Investments

Note 13

See note 47 of the consolidated financial statements.

Subsequent events

Note 14

See note 52 of the consolidated financial statements.

Proposal of the Board of Directors

The Board of Directors recommends the following at the annual shareholders' meeting on June 20, 2002:

in CHF 000	**2001**	2000
Net income (loss)	**(3 168)**	125 686
Balance brought forward	**0**	0
Retained earnings (accumulated deficits)	**(3 168)**	125 686
Transfer from free reserve	**18 168**	0
Available to the general shareholders′ meeting	**15 000**	0

be allocated as follows:

Payment of dividend [1]	**15 000**	42 000
Allocation to general legal reserve	**0**	0
Allocation to free reserve	**0**	83 686
Balance to be carried forward	**0**	0

1 Dividends accruing to shares which are held by Tamedia AG as of the date of dividend payment (treasury shares) will be credited to the free reserves.

Zurich, April 12, 2002

For the Board of Directors
The Chairman
Hans Heinrich Coninx

Report of the Statutory Auditors

To the annual shareholders' meeting of Tamedia AG, Zurich

As statutory auditors, we have audited the financial statement (income statement, balance sheet and notes, pages 60 to 67) of Tamedia AG for the year ended December 31, 2001.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these parent company financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the parent company financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements as well as the release of reserves and payment of dividends as proposed by the Board of Directors comply with Swiss law and the Company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.

Zurich, April 15, 2002

Ernst & Young AG

W. Schlapbach
Certified Accountant
(Auditor in charge)

F. Ort
Certified Accountant
(Auditor in charge)