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The SanomaWSOY Group comprises the parent company, Sanoma-WSOY Oyj, and four independent subsidiary groups: Helsinki Media Company Oy, Sanoma Corporation, Werner Söderström Corporation, and Rautakirja Oyj.

Sanoma-WSOY Oyj was created on May 1, 1999 through the combination merger of Werner Söderström Corporation - WSOY, Helsinki Media Company Oy, Sanoma Corporation, and Oy Devarda Ab, which is a shareholder in the latter two companies. Three new subsidiary groups were created, largely reflecting previous business activities: Helsinki Media Company Oy (Helsinki Media), Sanoma Corporation (Sanoma), and Werner Söderström Corporation (WSOY). Rautakirja Oyj is an associate company of Sanoma and WSOY. Following the merger, Rautakirja Oyj became a 54.7%-owned subsidiary of the SanomaWSOY Group, and continues as an independent publicly quoted company.

Separate conversion ratios were determined for all the relevant share series as part of the merger. A detailed analysis of these can be found under Shares and Shareholdings and at SanomaWSOY's Internet site.

This Report of the Board of Directors refers to SanomaWSOY's 12-month pro forma financial statements for 1999 and to comparative figures for 1998, which are shown in parentheses. The figures of subsidiary groups are also pro forma. The Group's official accounting year runs from May 1 to December 31, 1999.

### **Business environment**

Developments in the Finnish economy during 1999 continued to be favourable. Gross output rose by 3.5%, which was clearly slower than the 5% recorded during 1998.

The employment situation improved, although slowly. The retail and business services sectors showed the highest increase in job numbers. Preliminary data from Statistics Finland indicates that the annual average level of unemployment was 10.2%. True household purchasing power increased, and consumer expenditure rose by 4.6%. Consumer prices rose by an average of 1.2%; prices increased slowly, with the exception of the last few months of the year.

Consumer demand focused on consumer durables. The proportion of consumer income spent on mobile telephone charges and various other services continued to rise. Sales of other services rose by 7%, which was faster than the 4% growth seen in retail sales. As of the end of the year, 65% of Finns owned a mobile phone. Net sales from mobile telecommunications are projected to be 35% up on 1998, valuing the telecommunications business at FIM 10 billion at year-end. This compares to a projected FIM 23 billion increase in GDP as a whole. The growth in the use of text messaging was a particular contributor. The research company IDC estimates that 650 million text messages were sent in Finland during 1999.

Developments in the media market tend to follow general economic trends. The growth of media advertising, a major contributor to SanomaWSOY's income, slowed from the 11% recorded in 1998 to 5.6%. Growth in TV advertising in particular was modest, despite increased audience figures. Average daily viewing rose by 7.5% over 1998, to 161 minutes a day. Television's daily coverage of the population increased from 71% to 75%.

According to preliminary data from the research company Finnish Gallup Ad Facts Ltd., media advertising in Finland totalled FIM 6 billion in 1999. Of this figure, newspapers continued to account for the largest share, with 52%, while television occupied second place, with 22%. In advertising, the Internet grew the fastest, up 69%. Newspaper and magazine advertising income rose by some 6% over 1998. Excluding advertising related to the presidential elections, this figure would have been less than 5%.

Home use of the Internet grew strongly during the year. Figures from MDC Gallup Web Ltd. show that 1.2 million Finns (900,000) over the age of 15 accessed the Web from home between August and October.



Printing industry exports fell back by a quarter, or nearly FIM 500 million, between January and November. Exports to Russia for 1999 as a whole are expected to be below FIM 400 million (FIM 956 million). This drop in exports resulted in increased competition on the domestic market.

Book publishing in Finland had a positive year, and the upward trend in bookshop sales continued. Bookshop sales increased by 9%, book club sales by 4%, and educational material sales by 2%.

### **Changes in corporate structure**

A number of structural changes took place in SanomaWSOY Group companies during the year, complicating comparability between the figures for 1999 and 1998. A major part of the Group's real estate and investment portfolio remained a Parent Company asset as part of the merger, thereby changing the balance sheet structure and income of Group subsidiaries.

WSOY transferred its newspaper and magazine printing operations to Acta Print Oy, a 50/50 company owned in association with Kustannusosakeyhtiö Otava, in May 1998. In accordance with an agreement signed between the two owners, WSOY sold all its associated companies owned on a 50/50 basis with Otava to the latter in August 1998. The companies concerned were Yhtyneet Kuvalehdet Oy, Suuri Suomalainen Kirjakerho Oy, and Acta Print Oy. WSOY sold the businesses of its reproduction company, Kiviranta Oy, in August 1999.

Helsinki Media transferred all of its printing activities to a new associate company, Hansaprint Oy, in January 1999. In the same month, Helsinki Televisio Oy's audio-visual activities were transferred to WSOY's Tuotantotalo Werne Oy, which became a Helsinki Media subsidiary as part of the merger in May. In December, Helsinki Media sold a proportion of its shares in Suomen Urheilutelevisio Oy to Veikkaus (national lottery), the Finnish Sports Federation, and Suomen Hippos ry, in accordance with a shareholder agreement. As a result, Helsinki Media's holding in the company dropped to 35%.

The Group acquired a number of new subsidiaries during the year. Sanoma increased its holding in Kymen Lehtimedia Oy, a publisher of regional and local papers, to 100% in the spring. Also in the spring, Sanoma subsidiary Startel Oy acquired all the shares of Esmerk Oy, a provider of news analyses and follow-up services. In May, WSOY acquired 80% of the shares of the digital printing house Tummavuoren Kirjapaino Oy, and the businesses of Mikkelin koulukanava (digital educational services) in November. Rautakirja's subsidiary Finnkino Oy acquired 90% of the shares of AS MPDE, an Estonian film distributor and cinema owner. Rautakirja acquired 80% of the shares of Veikkausrasti Oy, a retail gaming chain, in October.

The following became associated Group companies during the year under review: the Norwegian media company A-pressen ASA (Sanoma-WSOY Oy holding: 27.5%); the Polish multimedia company Young Digital Poland (WSOY: 27.8%); and the licensing company Pro Licensing Nordic (Helsinki Media: 20%). Rautakirja's new associated companies were Jokerit HC Oy, a sports and entertainment company (21.1%), Narvesen Baltija SIA, a Latvian company in the kiosk, retail cosmetics, and coffee shop business (35.1%), and Kirjavälitys, a book logistics and wholesale company (20.1%).

In December, Startel Oy established a new company, Onbusiness Oy, in association with Oy Radiolinja Ab, a subsidiary of Helsinki Telephone Corporation (now Elisa Communications), with 60% of the company in Startel ownership. In the same month, Startel also set up a marketplace for shares in mutual funds known as Online Funds Oy, together with Evli Asset Management Ltd, Gyllenberg Funds Ltd, and Alfred Berg Rahastoyhtiö Oy (Alfred Berg Funds), with 25% of the company in Startel ownership.

Helsinki Media acquired VBH Television Oy's 10.99% holding in Oy Ruutunelonen Ab in December, thereby raising its stake in the latter from 50.02% to 61.01%.



### **Net sales**

SanomaWSOY's net sales during 1999 rose by more than 5% to stand at FIM 7,851.7 million (FIM 7,442.6 million). Acquisitions and divestments had a net impact on the growth of net sales of FIM 116.9 million, which translates into a comparable year-on-year growth of net sales of some 4%.

Sanoma Corporation's new subsidiary, Kymen Lehtimedia Oy, with net sales of FIM 389.2 million, contributed the largest increase to the Group's net sales. Divestments reduced consolidated net sales by FIM 347.5 million compared to 1998.

### **Consolidated result**

SanomaWSOY's profit before extraordinary items rose by 13% over 1998, largely as a result of positive developments in asset management and totalled FIM 656.4 million (FIM 580.9 million). The Group's operating profit remained at the 1998 levels, totalling FIM 426.2 million (FIM 423.5 million). The Group's restructuring had a positive impact of FIM 9 million on operating profit. Operating- and product-related development costs booked as expenses reduced the Group's operating profit by FIM 72.3 million.

The Group's return on investment was 12.4% (12.3%), and its return on equity 9.3% (9.2%). The Group's earnings per share were FIM 12.68 (FIM 11.19).

### **Balance sheet**

The Group's balance sheet increased by slightly under FIM 500 million to FIM 7,866.9 million (FIM 7,370.4 million) at year-end. The Group's shareholders' equity totalled FIM 4,674.1 million (FIM 4,326 million), or FIM 135.15 per share (FIM 126.53). The Group's equity ratio continued to strengthen, reaching 71.0% (69.6%). The Group's gearing was -24.0% (-40.3%).

### **Financing**

SanomaWSOY's financing position remains good. The book value of financial assets in the form of securities, cash and bank totalled FIM 1,909.8 million (FIM 2,574.9 million), and their market value FIM 2,750.1 million (FIM 2,880.0 million). Interest-bearing liabilities totalled FIM 619.7 million (FIM 596.4 million) as of the end of the year. Favourable developments in the financial market and a growth in reinvested assets from business divestments contributed to an increase in financial income.

### **Investments**

SanomaWSOY's gross investments during 1999 totalled FIM 1,663.1 million (FIM 883.9 million). Over half of these were associated with Sanoma projects, such as the new Sanoma House in Helsinki completed in the autumn, and purchases of shares in Kymen Lehtimedia and other companies in Sanoma's field of business. Sanoma also invested in modernising mailing equipment at the Sanomala and Varkaus printing plants, and extending four-colour printing capabilities at the Forssa unit. Modernised equipment at Varkaus was commissioned in autumn 1999. Modernisation work at Forssa will be completed in autumn 2000, and at Sanomala in 2001.

The Group also focused on acquiring shares in companies in its various areas of businesses and on normal replacement investments related to fixed assets. In July, SanomaWSOY increased its holding in A-pressen ASA of Norway to 27.5%.

A list of the Group's major investments can be found in the Notes to the Financial Statements. A total of FIM 58.7 million was generated by sales of fixed assets; and FIM 72.3 million was booked as direct expenditure related to development projects.



### **Administration**

SanomaWSOY's Board of Directors comprises Aatos Erkko (Chairman), Esko Koivusalo (Vice Chairman), Jane Erkko, Marjukka af Heurlin, Paavo Hohti, L.J. Jouhki, Kyösti Järvinen, Robin Langenskiöld, Rafaela Seppälä, Jaakko Rauramo, and Antero Siljola.

President and CEO Jaakko Rauramo serves as Chairman of the Group's Management Group, and Antero Siljola as Vice Chairman. The Management Group's other members are Aarno Heinonen, Nils Ittonen, Tapio Kallioja, Seppo Kievari, Kerstin Rinne, and Hannu Syrjänen.

The Company's auditors are Pekka Nikula, APA, and Authorised Public Accountants SVH Price-waterhouse Coopers Ltd., Tauno Haataja, APA, as responsible auditor.

### **Personnel**

The number of personnel in salaried employment in Group companies totalled an average of 12,629 (11,900) in 1999. Translated into full-time equivalent positions, the average number of personnel totalled 9,816 (9,329). Salaries and wages paid totalled FIM 1,604.4 million (FIM 1,510.1 million), including bonuses. Profit sharing sums totalling FIM 31.7 million (FIM 23.9 million) were paid to Sanoma's and Helsinki Media's Personnel Funds.

### **Shares and shareholdings**

See Pages 44 – 50.

### **Dividend policy**

SanomaWSOY pursues an active dividend policy, based on the principle of distributing at least one-third of the Group's profit for the year in the form of a dividend.

Under the shareholder agreement made at the time of the merger, the Company's main shareholders have agreed to propose and support a policy under which a dividend at least equal to WSOY's dividend for 1997, FIM 5.25, increased by 10% annually, and in addition to that an average of FIM 5 per share, will be distributed for the first three years of the Company's existence (1999 – 2001). In practice, this will mean a dividend of at least FIM 10 – 11 (EUR 1.68 – 1.86) per share for each of the years in question.

### **Development projects**

SanomaWSOY operates in virtually all areas of modern communications. In addition to being a provider of traditional, established media products and services, SanomaWSOY is also Finland's leading developer of new media. Development activities are an integral part of all the Group's businesses, while the Parent Company's Development Unit coordinates major, Group-wide development projects, including the virtual portal (Lumeveräjä) Internet project, projects related to a mobile portal (WAP), and digital cable-TV and Internet activities, as well as integrating customer relationship management systems.

The virtual portal Internet project, announced in October 1999, is designed to standardise all the technical environments of the Group's Internet services in terms of systems for content production, customer management advertising, and marketplace management. This will enable SanomaWSOY to serve its advertising and consumer customers more efficiently. As of the end of 1999, the Group's 20 publicly measurable Internet sites received over 600,000 hits a week. The Group's Internet projects also include Onbusiness Oy, a company set up by Startel and Radiolinja to provide business information services for mobile telephone network users, including WAP-based phones, and fixed-line Internet network users. Online Funds Oy, set up by Startel and three finance companies, offers an electronic marketplace for trading mutual funds on the Internet.



The Council of State awarded Channel Four Finland a digital-TV operating license on June 23, 1999, and digital licenses for a film channel to Helsinki Media and an educational channel to WSOY. A similar license was also awarded to Helsinki Media's associated company, Suomen Urheilutelevisio Oy. The holders of the licenses, which are valid for 10 years, have agreed to start full digital services on August 27, 2001.

A significant input in the Group's joint customer relationship management system project was made in 1999, and the first part of the project is due to be completed in autumn 2000. The goal of the project is to create an extensive integrated system over the next couple of years. After individual customer relationship systems have been integrated into a single, joint database, it will be possible to update address and contact information on a centralised basis, thereby offering advertising customers a significant measure of added value.

### **Helsinki Media Group**

Helsinki Media recorded net sales of FIM 1,214.2 million during 1999 (FIM 1,226.8 million). Net sales were reduced by FIM 181.9 million as a result of restructuring, which saw printing operations, for example, transferred to a new associated company, Hansaprint Oy, at the start of the year.

Helsinki Media recorded an operating profit of FIM -79.8 million (FIM -63.8 million), slightly better than the comparable figure for 1998. Profit performance was impacted by heavy investments in five new titles, a book club, and developing Channel Four Finland's programming. Net sales at Channel Four grew faster than market growth, and market share rose in line with expectations. Profit performance was also negatively impacted by the slow growth of TV advertising and a substantial increase in the operating license fee. The increase in Channel Four's net sales, together with changes in the fee basis, raised the licence fee from FIM 12.6 million to FIM 40.8 million.

Helsinki Media's investments totalled FIM 219.4 million and were mainly focused on restructuring.

### **Sanoma Group**

Net sales at the Sanoma Group rose as a result of various developments, including the acquisition of all the shares in Kymen Lehtimedia, to FIM 2,563.6 million (FIM 2,075.9 million). Restructuring accounted for FIM 403.5 million of the increase in net sales, and growth compared to 1998 was 23.5%. Sanoma's operating profit was FIM 285.8 million (FIM 234.2 million). As a result of restructuring it increased by FIM 31.2 million.

Investments totalled FIM 844.4 million. Shares in a number of companies were acquired during the year. In addition to Kymen Lehtimedia, Esmerk Oy became a wholly owned subsidiary. Arnedo Oy, a 60%-owned Sanoma Corporation subsidiary, acquired an approximately 34% holding in Ilkka-Yhtymä Oyj and 9% of votes. This move was made to promote cooperation between newspaper companies in Central Finland, which, as it progresses, will see Sanoma reduce its holding in Arnedo.

In addition to acquisitions, Sanoma's largest investment was the Sanoma House in Helsinki, which has been home to Helsingin Sanomat, Ilta-Sanomat, Taloussanomat, and Sanoma Corporation's management since autumn 1999. The building's official opening was held on November 16, the 110th anniversary of the morning newspaper Päivälehti-Helsingin Sanomat.

### **WSOY Group**

Net sales at the WSOY Group totalled FIM 1,151.7 million (FIM 1,248.7 million), and the group's operating profit FIM 128.3 million (FIM 210.0 million). The drop in both net sales and operating profit was largely the result of restructuring, which reduced net sales by FIM 95.2 million and operating profit by



FIM 77.6 million compared to 1998. The profitability of WSOY's calendar operations also weakened.

Sales of WSOY's publications followed general market trends. WSOY's retail sales rose by 8.2%, book club sales by 6.4%, and educational material sales by 2%. No significant changes took place in fiction, non-fiction, and educational material market shares.

After being granted a digital-TV operating license for an educational channel, WSOY has carried out extensive studies on learning-related issues, particularly in the area of learning in a digital environment.

WSOY announced in November 1999 that it would spin off its book printing operations into a separate company. A separate industry was created covering the WSOY Book Printing Division, Lönnberg Painot Oy, and Tummavuoren Kirjapaino Oy. Parallel to this, a separate industry was created for calendar operations.

WSOY's investments totalled FIM 125 million, and mainly took the form of replacement investments. Investments in the group's book club, new media, and map businesses impacted WSOY's operating profit for the year. Calendar operations turned in a loss as a result of unsatisfactory performance at the group's Norwegian subsidiary. Corrective actions to improve the situation in Norway have been initiated.

### **Rautakirja Group**

Total pre-tax sales at Rautakirja during 1999 totalled FIM 5.9 billion (FIM 5.8 billion), an increase of 1.5% over 1998. Restructuring had a net negative impact of FIM 23.2 million on net sales. Net sales totalled FIM 3,478.3 million (FIM 3,422.9 million). Operating profit totalled FIM 198.5 million (FIM 182.8 million), an 8.6% improvement on 1998. Higher sales towards the end of the year, good Christmas sales, and cost savings contributed to the improved result. Rautakirja's profit before extraordinary items, FIM 221.1 million (FIM 204.0 million), was the group's best ever.

Various acquisitions and investments in developing the group's cinema chain raised Rautakirja's total investments to FIM 428.6 million. Rautakirja expanded operations into the Baltic region and into new areas supporting its Finnish operations. In addition to new associated companies, Rautakirja also acquired a 10% holding in the Norwegian publicly quoted company, Narvesen ASA.

Rautakirja Oyj published its own financial statements on March 3, 2000.

### **Board authorisations**

As of the end of the year, the SanomaWSOY Board of Directors did not have any authorisation to acquire or convey Company shares, make share issues, or issue convertible bonds or bonds with warrants.

### **Events after the financial period**

WSOY founded Finland's first Internet-only book club, Bookmark, in January. The new club has received a positive response from consumers.

In February, the Board of Directors of SanomaWSOY decided to replace two printing machines at the Sanomala unit. The total value of this investment, including ancillary equipment, will be FIM 456 million.

The operations of the WSOY Book Printing Division will be transferred as of April 1, 2000 to a new company, WS Bookwell Oy.

SanomaWSOY is widening the distribution of its services developed for Internet applications to mobile networks. A new company has been established to create an open mobile portal, and is due to submit an operating notification to the Ministry of Transport and Communications in March. The first version of the portal is expected to be ready for trial operation in summer 2000.





### Outlook for 2000

A review of advertiser sentiment in Finland in January 2000 indicated that the majority of advertisers are likely to increase their advertising expenditure in 2000. The same review forecast that daily papers and magazines would retain their current positions. Television was projected to receive a share of the predicted increase in advertising spending. Growth projections for the Internet are strong, as expected, because of the low current level of advertising in this medium. The relative share of other marketing media is expected to continue to grow. The mobile phone text message market is projected to pass the FIM 1 billion mark in 2000.

Net sales at the Helsinki Media Group are projected to grow by over 10%, and the group's profit is expected to considerably improve. The single largest area of growth will be Channel Four Finland. Helsinki Media will focus on developing its magazine business both in Finland and internationally. In the electronic media area, the challenge will be to build market share and prepare for the start of digital-TV operations and the digitalisation of the HTV cable network.

Net sales at the Sanoma Group are projected to grow by around 5%, and operating profit by slightly more. The group will focus on developing network services and the integrated management of its customer relationships. The continuing growth in the population of Greater Helsinki will provide a good foundation for further boosting Helsingin Sanomat's circulation. In respect of Sanoma's regional and local papers, the situation is relatively stable, both in terms of circulation and advertising. The situation on the printing market is also expected to be mainly unchanged, with price competition on the domestic market continuing to remain tough.

The decision taken in February 2000 to upgrade two of the newspaper printing machines at the Sanomala facility is part of a larger program designed to modernise Sanoma's entire production process. The investments in question will improve printing quality, cost efficiency, and productivity. They will also make it possible to increase four-colour printing in line with competitive needs.

Net sales at the WSOY Group are expected to rise by around 6%, and the group's operating profit by a proportionally slightly higher figure, despite the exceptionally strong emphasis to be given during the year on publishing. A small amount of growth is expected in WSOY's bookshop sales. The major part of the group's growth, however, will be sought from book clubs, new media, and special publishing. CD-ROM production will be extended somewhat, and sales channels for these products expanded. Web publishing will be launched. The range of educational material in WSOY's offering will be expanded, and the importance of digital material will increase. Solutions making use of combinations of books, digital-TV, and Web-based services will be an important focus of development work. Improving the profitability of calendar operations will also be an important challenge.

Net sales at the Rautakirja Group are projected to rise by more than 6%, to nearly FIM 3.7 billion. Operating profit is expected to be at 1999 level. Growth in the retail sector is expected to continue, although at a slower pace than that seen in the mid-1990s. Private consumption is expected to grow by 4 – 4.5% and retail sales by 3 – 4%.

SanomaWSOY's Group-level development projects will see some major investments in 2000. Given the extent of these projects, they are expected to be reflected positively in the Group's result only in two to three year's time. The first part of the Group's virtual portal Internet project, for children and young people, will be opened in autumn 2000, and will contain content and services based around products specifically tailored to a young audience. The project plan calls for the full virtual portal service to be in operation in spring 2001.

The Group's consolidated net sales are projected to clearly exceed FIM 8 billion in 2000, while the Group's operating profit is expected to improve over 1999. SanomaWSOY's profit before extraordinary items is projected to remain at the 1999 level. In addition to organic growth, growth will also be sought through acquisitions and partnerships.



# Proposal for application of profits

SanomaWSOY

According to the consolidated balance sheet, non-restricted equity on December 31, 1999 totalled FIM 4,207,900,440.51, of which FIM 3,606,926,776.78 represented distributable funds. The Parent Company's non-restricted equity as of December 31, 1999 was FIM 3,907,511,376.66, of which profit for the period was FIM 733,655,379.12.

The Board of Directors will propose to the Annual General Meeting that

- a dividend of FIM 10.75/share shall be paid FIM 391,089,289.25
- the following sum shall be transferred to the donation reserve and used at the Board's discretion FIM 1,500,000.00
- non-restricted equity shall be set at FIM 3,514,922,087.41

The dividend shall be paid to shareholders registered with the register of shareholders maintained by the Finnish Central Securities Depository Ltd. at the record date. The record date for payment of the dividend has been set by a Board decision as April 25. The Board will propose to the Annual General Meeting that the dividend shall be paid on May 3, 2000.

Helsinki, March 15, 2000

Aatos Erkko  
Chairman

Esko Koivusalo  
Vice Chairman

Jane Erkko

Marjukka af Heurlin

Paavo Hohti

L.J. Jouhki

Kyösti Järvinen

Robin Langenskiöld

Jaakko Rauramo  
President and CEO

Rafaela Seppälä

Antero Siljola



# Pro forma

## Income statement

	1.1–31.12.1999 FIM million	1.1–31.12.1998 FIM million	1.1–31.12.1999 million €	1.1–31.12.1998 million €
<b>NET SALES 1)</b>	7 851.7	7 442.6	1 320.6	1 251.7
Increase (+) / decrease (-) in inventories of finished goods and work in progress	12.2	-12.4	2.0	-2.1
Production for own use	0.5	0.0	0.1	0.0
Other operational income 2)	148.2	121.8	24.9	20.5
Share of result of associated companies	6.8	23.7	1.1	4.0
Materials and services 3)	3 559.6	3 265.1	598.7	549.1
Personnel expenses 4)	2 026.3	1 929.8	340.8	324.6
Depreciation 5)	427.3	386.3	71.9	65.0
Other operational expenses 6)	1 579.9	1 571.0	265.7	264.2
<b>OPERATING PROFIT (LOSS)</b>	426.2	423.5	71.7	71.2
Share of result of associated companies	-3.4	-0.4	-0.6	-0.1
Financial income and expenses 7)	233.6	157.8	39.3	26.5
<b>PROFIT (LOSS) BEFORE EXTRAORDINARY ITEMS</b>	656.4	580.9	110.4	97.7
Extraordinary items 8)	1.8	675.3	0.3	113.6
<b>PROFIT (LOSS) AFTER EXTRAORDINARY ITEMS</b>	658.2	1 256.2	110.7	211.3
Direct taxes 9)	-187.7	-172.3	-31.6	-29.0
Minority interest of the result for the year	-30.3	-79.3	-5.1	-13.3
<b>PROFIT (LOSS) FOR THE YEAR</b>	440.2	1 004.6	74.0	169.0



	31.12.1999 FIM million	31.12.1998 FIM million	31.12.1999 million €	31.12.1998 million €
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS 10)</b>				
Intangible assets	374.8	309.1	63.0	52.0
Consolidated goodwill	303.0	83.0	51.0	14.0
Tangible assets	2 227.6	1 976.7	374.7	332.5
Investments	1 521.1	911.2	255.8	153.2
<b>NON-CURRENT ASSETS, TOTAL</b>	<b>4 426.5</b>	<b>3 280.0</b>	<b>744.5</b>	<b>551.7</b>
<b>CURRENT ASSETS</b>				
Inventories 11)	562.7	502.2	94.6	84.5
Receivables, long-term 12)	198.8	40.0	33.4	6.7
Receivables, short-term 13)	769.0	973.3	129.3	163.7
Financial securities 14)	1 673.7	1 870.0	281.5	314.5
Cash and bank	236.0	704.9	39.7	118.6
<b>CURRENT ASSETS, TOTAL</b>	<b>3 440.3</b>	<b>4 090.5</b>	<b>578.6</b>	<b>688.0</b>
<b>ASSETS, TOTAL</b>	<b>7 866.9</b>	<b>7 370.4</b>	<b>1 323.1</b>	<b>1 239.6</b>
<b>LIABILITIES</b>				
<b>SHAREHOLDERS' EQUITY 15)</b>				
Share capital	363.8	363.8	61.2	61.2
Premium fund	95.7	0.0	16.1	0.0
Other funds	2 174.1	2 245.8	365.7	377.7
Retained earnings	1 600.3	711.8	269.1	119.7
Profit (loss) for the year	440.2	1 004.6	74.0	169.0
<b>SHAREHOLDERS' EQUITY, TOTAL</b>	<b>4 674.1</b>	<b>4 326.0</b>	<b>786.1</b>	<b>727.6</b>
<b>MINORITY INTEREST</b>	<b>710.0</b>	<b>584.9</b>	<b>119.4</b>	<b>98.4</b>
<b>STATUTORY PROVISIONS 16)</b>	<b>9.8</b>	<b>11.8</b>	<b>1.7</b>	<b>2.0</b>
<b>LIABILITIES</b>				
Deferred tax liability 17)	246.7	254.4	41.5	42.8
Long-term liabilities 18)	555.8	519.8	93.5	87.4
Current liabilities 19)	1 670.4	1 673.6	280.9	281.5
<b>LIABILITIES, TOTAL</b>	<b>7 866.9</b>	<b>7 370.4</b>	<b>1 323.1</b>	<b>1 239.6</b>

# Pro forma

## Cash flow statement

	1.1–31.12.1999 FIM million	1.1–31.12.1999 million €
<b>OPERATIONS</b>		
Operating profit (loss)	426.2	71.7
Adjustments to operating profit 1)	392.4	66.0
Change in working capital 2)	-43.9	-7.4
Cash flow from operations before financial items and taxes	774.7	130.3
Interest received from operations	77.2	13.0
Interest paid on operations	-35.6	-6.0
Dividend received from operations	9.0	1.5
Other financial items	204.4	34.4
Tax paid on operations	-293.8	-49.4
<b>CASH FLOW FROM OPERATIONS</b>	<b>735.9</b>	<b>123.8</b>
<b>INVESTMENTS</b>		
Acquisition of tangible and intangible assets	-676.1	-113.7
Group companies acquired 3)	-288.9	-48.6
Associated companies acquired	-395.1	-66.4
Acquisition of other holdings	-215.5	-36.3
Sales of tangible and intangible assets	64.5	10.9
Associated companies sold	4.9	0.8
Sales of other companies	43.3	7.3
Long-term loans granted	7.0	1.2
Repayments of long-term loan receivables	-6.7	-1.1
Increase (-)/decrease (+) in current loan receivables	195.2	32.8
Investments in other assets	-5.3	-0.9
Sales of other investments	18.4	3.1
Interest received from investments	12.8	2.1
Dividend received from investments	20.0	3.4
Tax paid on investments	-45.1	-7.6
<b>CASH FLOW FROM INVESTMENTS</b>	<b>-1 266.6</b>	<b>-213.0</b>
<b>CASH FLOW BEFORE FINANCING</b>	<b>-530.7</b>	<b>-89.3</b>
<b>FINANCING</b>		
Minority capital investment in subsidiaries	51.9	8.7
Sale of company shares	109.5	18.4
Drawings on short-term loans	197.6	33.2
Repayments of short-term loans	-239.3	-40.2
Drawings on long-term loans	108.3	18.2
Repayments of long-term loans	-56.6	-9.5
Dividends paid	-277.2	-46.6
Donations	-1.0	-0.2
Other distribution of profits	-0.3	-0.1
HTV subscription fees	4.6	0.8
<b>CASH FLOW FROM FINANCING</b>	<b>-102.5</b>	<b>-17.2</b>
Change in liquidities according to the cash flow statement	-633.2	-106.5
Non-realised exchange rate differences under liquidities	-32.0	-5.4
Net increase (+)/decrease (-) in liquidities	-665.2	-111.9
Liquidities according to the balance sheet at Jan. 1	2 574.9	433.1
Liquidities according to the balance sheet at Dec. 31	1 909.8	321.2



	1.1–31.12.1999 FIM million	1.1–31.12.1999 million €
1) Adjustments to operating profit		
Depreciation	427.3	71.9
Profit (-) and loss (+) on sales of non-current assets	-26.0	-4.4
Interest in the results of associated companies, in profit (-) and loss (+)	-6.8	-1.1
Change in statutory reserves	-2.1	-0.3
	392.4	66.0
2) Change in working capital		
Increase (-)/decrease (+) in current assets	-55.2	-9.3
Increase (-)/decrease (+) in interest-free short-term receivables	-10.2	-1.7
Increase (+)/decrease (-) in interest-free short-term debts	21.5	3.6
	-43.9	-7.4
3) Supplementary information on acquired Group companies		
Impact of acquired companies on the Group's assets and liabilities		
Non-current assets	-385.0	-64.8
Current assets	-121.5	-20.4
Long-term liabilities	75.5	12.7
Current liabilities	93.0	15.6
Other items	8.2	1.4
Cash flow	-329.9	-55.5
Liquidities of acquired companies	40.9	6.9
Investments in Group companies	-288.9	-48.6

	1.1–31.12.1999 FIM million	1.1–31.12.1998 FIM million	1.1–31.12.1999 million €	1.1–31.12.1998 million €
<b>1) NET SALES</b>				
<b>Net sales by industry</b>				
<b>Helsinki Media</b>				
Magazine publishing*)	881.3	998.1	148.2	167.9
Electronic media	334.3	233.0	56.2	39.2
Intracompany transactions	-1.4	-4.3	-0.2	-0.7
<b>Total</b>	<b>1 214.2</b>	<b>1 226.8</b>	<b>204.2</b>	<b>206.3</b>
<b>Sanoma</b>				
Newspaper publishing and printing	2 511.5	2 058.7	422.4	346.3
Financial & new media products	71.2	38.9	12.0	6.5
Intracompany transactions	-19.1	-21.7	-3.2	-3.6
<b>Total</b>	<b>2 563.6</b>	<b>2 075.9</b>	<b>431.2</b>	<b>349.1</b>
<b>WSOY</b>				
Publishing	672.4	662.9	113.1	111.5
Printing	357.4	426.2	60.1	71.7
Calendar operations	229.4	254.0	38.6	42.7
Others	14.3	21.1	2.4	3.5
Intracompany transactions	-121.7	-115.4	-20.5	-19.4
<b>Total</b>	<b>1 151.7</b>	<b>1 248.7</b>	<b>193.7</b>	<b>210.0</b>
<b>Rautakirja</b>				
Kiosk operations	1 755.5	1 717.5	295.3	288.9
Press distribution	847.0	805.1	142.5	135.4
Bookstores	602.5	568.7	101.3	95.6
Movie theatre operations	248.5	243.9	41.8	41.0
Restaurant operations	212.6	214.5	35.8	36.1
Others	0.0	70.3	0.0	11.8
Intracompany transactions	-187.9	-197.1	-31.6	-33.1
<b>Total</b>	<b>3 478.3</b>	<b>3 422.9</b>	<b>585.0</b>	<b>575.7</b>
Intragroup transactions	-556.1	-531.8	-93.5	-89.5
<b>Total</b>	<b>7 851.7</b>	<b>7 442.6</b>	<b>1 320.6</b>	<b>1 251.7</b>
*) Includes printing operations in 1998				
<b>Net sales by market area</b>				
Finland	7 204.2	6 939.0	1 211.7	1 167.1
Other EU countries	325.2	282.5	54.7	47.5
Other countries	322.3	221.0	54.2	37.2
<b>Total</b>	<b>7 851.7</b>	<b>7 442.6</b>	<b>1 320.6</b>	<b>1 251.7</b>
<b>2) OTHER OPERATIONAL INCOME</b>				
Rental income	97.6	88.5	16.4	14.9
Profit on sales of assets	12.7	5.3	2.1	0.9
Profit on sales of machinery & equipment	15.9	10.4	2.7	1.7
Other operational income	22.0	17.6	3.7	3.0
<b>Total</b>	<b>148.2</b>	<b>121.8</b>	<b>24.9</b>	<b>20.5</b>



	1.1–31.12.1999 FIM million	1.1–31.12.1998 FIM million	1.1–31.12.1999 million €	1.1–31.12.1998 million €
<b>3) MATERIAL AND SERVICES</b>				
<b>Materials and supplies</b>				
Purchases during the year	3 015.7	2 762.5	507.2	464.6
Change in inventories	-47.4	-32.4	-8.0	-5.4
<b>Total</b>	<b>2 968.3</b>	<b>2 730.1</b>	<b>499.2</b>	<b>459.2</b>
<b>Purchased services</b>				
Purchased transport and distribution services	328.5	293.3	55.2	49.3
Other purchased services	262.8	241.7	44.2	40.7
<b>Total</b>	<b>591.3</b>	<b>535.0</b>	<b>99.5</b>	<b>90.0</b>
<b>Total</b>	<b>3 559.6</b>	<b>3 265.1</b>	<b>598.7</b>	<b>549.1</b>
<b>4) PERSONNEL EXPENSES</b>				
Wages, salaries & fees	1 604.4	1 510.1	269.8	254.0
Bonuses	31.7	23.9	5.3	4.0
Pension expenses	235.7	223.5	39.6	37.6
Other social expenses	154.4	172.3	26.0	29.0
<b>Total</b>	<b>2 026.3</b>	<b>1 929.8</b>	<b>340.8</b>	<b>324.6</b>
<b>REMUNERATION TO MANAGEMENT</b>				
President, Deputy to the President, Board members				
<b>Total</b>	<b>31.5</b>	<b>27.5</b>	<b>5.3</b>	<b>4.6</b>
<b>PERSONNEL, AVERAGE *)</b>				
Helsinki Media	953	1 123		
Sanoma	3 437	2 730		
WSOY	1 754	1 824		
Rautakirja	3 631	3 652		
Sanoma-WSOY Oyj	42	0		
<b>Total</b>	<b>9 816</b>	<b>9 329</b>		
*) Stated as average number of full-time salaried personnel				
<b>5) DEPRECIATION</b>				
Depreciation according to plan	388.7	364.5	65.4	61.3
Depreciation in the value of non-current assets	2.2	1.1	0.4	0.2
Depreciation on consolidated goodwill	36.4	20.6	6.1	3.5
<b>Total</b>	<b>427.3</b>	<b>386.3</b>	<b>71.9</b>	<b>65.0</b>





	1.1–31.12.1999 FIM million	1.1–31.12.1998 FIM million	1.1–31.12.1999 million €	1.1–31.12.1998 million €
<b>6) OTHER OPERATIONAL EXPENSES</b>				
Rents	251.0	242.0	42.2	40.7
Voluntary social expenses	53.9	55.4	9.1	9.3
Advertising and marketing	424.4	339.8	71.4	57.1
Commissions	161.5	253.8	27.2	42.7
Office, EDP and IT expenses	228.4	221.7	38.4	37.3
Travel expenses	79.2	82.0	13.3	13.8
Other expenses	381.4	376.3	64.1	63.3
<b>Total</b>	<b>1 579.9</b>	<b>1 571.0</b>	<b>265.7</b>	<b>264.2</b>
<b>7) FINANCIAL INCOME AND EXPENSES</b>				
<b>Dividend income (incl. avoird fiscal)</b>				
From associated companies	1.5	0.0	0.3	0.0
From other companies	22.4	16.2	3.8	2.7
<b>Total</b>	<b>23.9</b>	<b>16.2</b>	<b>4.0</b>	<b>2.7</b>
<b>Interest income on non-current assets</b>				
From other companies	21.9	22.2	3.7	3.7
<b>Total</b>	<b>21.9</b>	<b>22.2</b>	<b>3.7</b>	<b>3.7</b>
<b>Other interest and financial income</b>				
From associated companies	0.4	0.0	0.1	0.0
From other companies	240.7	225.3	40.5	37.9
Exchange rate gains	17.4	0.0	2.9	0.0
<b>Total</b>	<b>258.5</b>	<b>225.4</b>	<b>43.5</b>	<b>37.9</b>
<b>Value decreases</b>				
Investments under non-current assets	-4.2	3.6	-0.7	0.6
Papers under current assets	6.2	0.0	1.1	0.0
<b>Total</b>	<b>2.0</b>	<b>3.6</b>	<b>0.3</b>	<b>0.6</b>
<b>Interest and other financial expenses</b>				
To associated companies	0.1	0.0	0.0	0.0
To other companies	68.6	79.1	11.5	13.3
Exchange rate losses	0.0	23.3	0.0	3.9
<b>Total</b>	<b>68.6</b>	<b>102.3</b>	<b>11.5</b>	<b>17.2</b>
<b>Total</b>	<b>233.6</b>	<b>157.8</b>	<b>39.3</b>	<b>26.5</b>



	1.1–31.12.1999 FIM million	1.1–31.12.1998 FIM million	1.1–31.12.1999 million €	1.1–31.12.1998 million €
<b>8) EXTRAORDINARY ITEMS</b>				
<b>Extraordinary income</b>				
Sales profits	0.0	944.8	0.0	158.9
Other extraordinary income	12.9	2.3	2.2	0.4
<b>Extraordinary expenses</b>				
Sales losses	11.1	0.0	1.9	0.0
Other extraordinary expenses	0.0	9.2	0.0	1.6
<b>Income tax on extraordinary items</b>	0.0	262.6	0.0	44.2
<b>Total</b>	1.8	675.3	0.3	113.6
Other extraordinary income includes deferred taxes relating to previous financial years.				
<b>9) DIRECT TAXES</b>				
Tax on operational income	-250.6	-228.2	-42.1	-38.4
Change in deferred tax liability/accrued tax receivable *)	62.9	55.9	10.6	9.4
<b>Total</b>	-187.7	-172.3	-31.6	-29.0
*) Change in deferred tax liability/accrued tax receivable				
From activation differences	42.4	22.2	7.1	3.7
From provisions	15.1	33.8	2.5	5.7
From consolidation measures	12.5	0.0	2.1	0.0
Due to change in tax rate	-7.1	0.0	-1.2	0.0
<b>Total</b>	62.9	55.9	10.6	9.4

# Pro forma

## Notes to the balance sheet

	Acquisition cost 1.1.1999	Differences in rates	Increases and restructuration transfers	Decreases and transfers between balance sheet items
<b>10) NON-CURRENT ASSETS (FIM million)</b>				
<b>Intangible assets</b>				
Immaterial rights	278.7	1.5	131.0	-19.5
Goodwill	270.0		41.5	-62.5
Other long-term investments	315.9	0.3	60.3	-68.4
Advance payments	9.3		0.3	-9.3
	873.9	1.8	233.2	-159.8
<b>Consolidated goodwill</b>				
Consolidated goodwill	140.2		260.1	
Consolidation difference	-2.4		-0.7	
	137.8		259.5	
<b>Tangible assets</b>				
Land and water	285.0		11.1	-1.9
Revaluations	46.6		0.2	
Total land and water	331.6		11.3	-1.9
Buildings and structures	1 007.3		192.2	-4.1
Revaluations	53.8		0.8	
Total buildings and structures	1 061.1		193.0	-4.1
Machinery and equipment	2 546.3	4.5	450.9	-133.3
Other tangible assets	60.5		6.3	0.0
Advance payments and work in progress	40.2		18.0	-18.2
	4 039.7	4.5	679.4	-157.5
<b>Investments</b>				
Interest in associated companies *)	305.7	13.0	481.4	34.6
Receivables from associated companies	29.3		-11.5	-4.0
Other shares and holdings	554.3		247.9	-119.0
Other receivables	20.8		4.4	-15.4
Advance payments	1.1			
	911.2	13.0	722.2	-103.9
<b>TOTAL NON-CURRENT ASSETS</b>	<b>5 962.6</b>	<b>19.3</b>	<b>1 894.3</b>	<b>-421.1</b>

Book value of production machinery at Dec. 31, 1999

\*) Bookings relating to the balance sheet value of shares in associated companies, e.g. due to the result of an associated company, are stated under acquisition cost at Jan. 1, 1999 and under the increases and decreases for the period.

\*\*) Value decreases of shares



Acquisition cost 31.12.1999	Accumulated depreciation and value decreases 1.1.1999	Accumulated depreciation on restructurings	Accumulated depre- ciation on decreases and transfers	Planned depreciation for the period	Book value 31.12.1999
391.7	-145.8	-52.7	14.7	-61.8	146.1
249.0	-176.5	-8.2	62.4	-33.3	93.4
308.1	-228.6	-5.0	75.6	-15.0	135.1
0.3					0.3
949.1	-551.0	-65.9	152.7	-110.1	374.8
400.4	-55.8	-3.0		-37.7	303.9
-3.1	0.9			1.3	-0.9
397.3	-54.9	-3.0		-36.4	303.0
294.2					294.2
46.8					46.8
341.0					341.0
1 195.4	-242.5	16.0	-0.2	-29.3	939.3
54.6					54.6
1 250.0	-242.5	16.0	-0.2	-29.3	993.9
2 868.3	-1 780.9	-96.2	94.4	-246.1	839.4
66.8	-45.6	1.4	-6.2	-3.2	13.2
40.0					40.0
4 566.1	-2 069.0	-78.9	88.0	-278.6	2 227.6
834.7					834.7
13.7					13.7
683.2	-20.0		0.8	-2.2**)	661.7
9.8					9.8
1.1					1.1
1 542.5	-20.0		0.8	-2.2	1 521.1
7 455.0	-2 694.9	-147.7	241.4	-427.3	4 426.5
					396.5



SHARES UNDER NON-CURRENT ASSETS	Participation of the Parent Company %	Participation of the sub-group's parent company %	Participation of the Group %	Shares owned by the Parent Company		
				Number	Par value FIM 1 000	Book value FIM 1 000
<b>GROUP COMPANIES</b>						
<b>Helsinki Media</b>						
Helsinki Media Company Oy, Helsinki *)	100.0		100.0	1 025 000	60 944	217 833
Helsinki Televisio Oy, Helsinki		100.0	100.0			
HMC Television Oy, Helsinki		100.0	100.0			
Liiketieto-Business Information Oy, Helsinki		100.0	100.0			
Milvus Förlags AB, Sweden		100.0	100.0			
Oy Måndag Ab, Helsinki			100.0			
Oy Ruutunelonen Ab, Helsinki		61.0	61.0			
Oy Suomen Medianeelon Ab, Helsinki		59.3	69.5			
Suomalainen Yritystiedosto Oy, Helsinki		100.0	100.0			
Tuotantotalo Werne Oy, Helsinki		72.0	100.0			
<b>Sanoma</b>						
Sanoma Corporation, Helsinki *)	100.0		100.0	3 000 000	178 372	646 567
Arnedo Oy, Helsinki		60.0	60.0			
Baltic Media Oy, Anjalankoski		7.3	69.0			
Bilton Capital Oy, Kouvola		100.0	100.0			
Digital Future Finland Oy, Kouvola			81.1			
Esmerk Argentina S.A., Argentina			90.0			
Esmerk Brasil LTDA, Brasil			90.0			
Esmerk GmbH, Germany			90.0			
Esmerk Information (HK) Limited, Hong Kong			90.0			
Esmerk Information AB, Sweden			90.0			
Esmerk Information S.L., Spain			89.4			
Esmerk Information SARL, France			90.0			
Esmerk Information Services Pte Ltd, Singapore			90.0			
Esmerk Information Services Sdn. Bhd., Malaysia			90.0			
Esmerk Informatsioon Oü, Estonia			90.0			
Esmerk Limited, UK			90.0			
Esmerk Oy, Helsinki			90.0			
Esmerk ZAO, Russia			90.0			
Etelä-Karjalan Jakelu Oy, Lappeenranta			100.0			
Etelä-Saimaan Sanomalehti Oy, Lappeenranta			100.0			
Helsingin Päivälehti Oy, Helsinki		100.0	100.0			
Keskiaukeama Oy, Helsinki		100.0	100.0			
Keskilaako Oy, Anjalankoski			100.0			
Kiinteistö Oy Myllymäentie, Vantaa	22.8	77.2	100.0	7 815	15 075	15 075
Kiinteistö Oy Virojoen Mäkitie 3, Virolahti			100.0			
Kymen Lehtimedia Oy, Anjalankoski		86.1	100.0			
Kymen Sanomalehti Oy, Kotka			100.0			
Kymen Viestintä Oy, Kouvola			100.0			
Lehtikanta Oy, Kouvola			100.0			
Lehtikuva Oy, Helsinki		100.0	100.0			
Leijonajakelu Oy, Vantaa		100.0	100.0			
Nytinet Oy, Helsinki		80.0	80.0			
Onbusiness Oy, Helsinki			54.0			
Oy Patajätkä Ab, Helsinki			100.0			
Oy Patakahdeksan Ab, Helsinki			100.0			
Oy Patakeskiviikko Ab, Helsinki			100.0			
Oy Patamaanantai Ab, Helsinki			100.0			
Oy Pataperjantai Ab, Helsinki			100.0			
Oy Pataseitsemän Ab, Helsinki			100.0			
Oy Patatiistai Ab, Helsinki			100.0			
Oy Patatorstai Ab, Helsinki			100.0			
Oy Ruutumaanantai Ab, Helsinki			100.0			
Oy Ruututiistai Ab, Helsinki			100.0			
Päiväverkko Oy, Vantaa			100.0			
Saimaan Lehtipaino Oy, Lappeenranta			100.0			
Sivunvaihto Oy, Anjalankoski			100.0			
Startel Oy, Helsinki		90.0	90.0			
Tampereen Sanomain Oy, Helsinki		100.0	100.0			
Vehkis Oy, Hamina			100.0			



SHARES UNDER NON-CURRENT ASSETS	Participation of the Parent Company %	Participation of the sub-group's parent company %	Participation of the Group %	Shares owned by the Parent Company		
				Number	Par value FIM 1 000	Book value FIM 1 000
<b>WSOY</b>						
Werner Söderström Corporation, Helsinki *)	100.0		100.0	2 000 000	118 915	467 444
Emil Moestue as, Norway			100.0			
AB Förlagsinkasso, Sweden			100.0			
Ajasto Osakeyhtiö, Vantaa		100.0	100.0			
Bertmark A/S Danmark, Denmark			100.0			
Bertmark Media AB, Sweden			100.0			
Bertmark Norge AS, Norway			100.0			
Bertmarks Förlag AB, Sweden			100.0			
Chrono AB, Sweden			100.0			
Geodata Oy, Helsinki		100.0	100.0			
Karinkorpi I Oy, Vihti			100.0			
Kiinteistö Oy Bulevardi 12, Helsinki		100.0	100.0			
Kiinteistö Oy Bulevardi 14, Helsinki		78.8	78.8			
Kustannuserintä Oy, Espoo			100.0			
Lönnberg Painot Oy, Espoo		100.0	100.0			
Medikustannus Oy, Vantaa			80.0			
Nummi-Plast Oy, Helsinki			100.0			
Teknolit Oy, Jyväskylä		100.0	100.0			
Tummavuoren Kirjapaino Oy, Vantaa		80.0	80.0			
Weilin+Göös Oy, Espoo		100.0	100.0			
Werner Söderström GmbH, Germany		100.0	100.0			
Werner Söderström Lakitieto Oy, Helsinki			90.0			
WS Bookwell Oy, Porvoo			100.0			
WSOY - Hyvä-Kirja Oy, Helsinki			100.0			
WSOY Koulukanava Oy, Helsinki			100.0			
<b>Rautakirja</b>						
Rautakirja Oyj, Vantaa *) **)			54.7			
AS MPDE, Estonia			90.0			
Asunto Oy Imatran Sassinkulma, Imatra		60.6	74.7			
Baltic Cinema SIA, Latvia			90.0			
Eurostrada Oy, Vantaa		100.0	100.0			
Finnkino Oy, Vantaa		100.0	100.0			
Interprint Oy, Helsinki			100.0			
Kiinteistö Oy Hallahepe, Toijala		100.0	100.0			
Kiinteistö Oy Jokela City 1, Tuusula		57.0	100.0			
Kiinteistö Oy Keravan Toripaviljonki, Kerava		50.8	50.8			
Kiinteistö Oy Kuusankosken Kioski, Kuusankoski		58.9	58.9			
Kiinteistö Oy Porin Liisankatu 6, Pori		100.0	100.0			
Kiinteistö Oy Porin Promenadikeskus, Pori		73.2	73.2			
Kiinteistö Oy Salon Torikioski, Salo		55.6	55.6			
Kirjasoppi Oy, Vantaa			90.0			
Lehtijakelu Driva-Rack Oy, Vantaa			90.0			
Lehti-Maja Eesti AS, Estonia		100.0	100.0			
Lehti-Maja Oy, Vantaa		98.0	100.0			
Lehtipiste Oy Pressco, Vantaa		100.0	100.0			
O.Y. Lelutaide A.B., Helsinki		100.0	100.0			
P.M. Drockila Oy, Vantaa		100.0	100.0			
Pro Kirja Oy, Helsinki			50.0			
Suomalainen Kirjakauppa Oy, Helsinki		99.5	100.0			
Yxplus Oy, Helsinki		80.0	80.0			
<b>Real estate and investment companies</b>						
Asunto Oy Staffanintie 15, Espoo	100.0		100.0	1 000	50	3 900
ECI Communications AG, Switzerland			100.0			
Helsingin Oikotie Oy, Helsinki	100.0		100.0	850	51	51
Kiinteistö Oy Myllymäenpolku, Helsinki	100.0		100.0	46 500	29 574	15 074
Kiinteistö Oy Postikuja 2, Helsinki	100.0		100.0	4 200	24 972	24 972
Kiinteistö Oy Porvoon Mannerheiminkatu 20, Porvoo			100.0			
Kiinteistö Oy Vantaan Valtatie 3, Helsinki	100.0		100.0	68 500	42 402	35 002
Kiinteistö Oy Vantaankosken Isotammi, Helsinki	100.0		100.0	47 000	4 700	4 700
Kiinteistö Oy Vantaankosken Kuningastie, Helsinki	100.0		100.0	30 000	3 000	3 000



SHARES UNDER NON-CURRENT ASSETS	Participation of the Parent Company %	Participation of the sub-group's parent company %	Participation of the Group %	Shares owned by the Parent Company		
				Number	Par value FIM 1 000	Book value FIM 1 000
Kiinteistöosakeyhtiö Erottajankatu 9–11, Helsinki	89.4		89.4	3 289	329	52 219
Kiinteistöosakeyhtiö Miekkakala, Helsinki	97.8		97.8	15 866	63 464	74 570
Kiinteistöosakeyhtiö Sanomalan Keskusalue, Helsinki	100.0		100.0	69 940	159 002	103 002
Kirjatuki Oy, Helsinki	100.0		100.0	414 000	12 420	14 734
Lastannet Holding B.V., Netherlands	100.0		100.0	140 000	NLG 140	80 401
Lastannet Oy, Hyvinkää	100.0		100.0	15	15	15
Monsaksenpolun Kiinteistö Oy, Helsinki	100.0		100.0	41 000	41 000	41 000
Sanoma Finance AG, Switzerland	100.0		100.0	1 090 000	CHF 109 000	417 156
Sanoma Inc., USA	100.0		100.0	100	USD 10	4 854
Sanoma WSOY AS, Norway	100.0		100.0	500	NOK 50	10 000
Sanomain Huoneisto ja Kiinteistöholding Oy, Helsinki	100.0		100.0	62 000	62 000	62 213
Tiikerijakelu Oy, Helsinki	100.0		100.0	100 000	5 946	5 950
						2 299 732

\*) Parent company of the sub-group

\*\*) Group holding: Sanoma Corporation 22.94 % and Werner Söderström Corporation 31.72 %

#### ASSOCIATED COMPANIES

##### Helsinki Media Company Oy

Egmont Kustannus Oy Ab, Tampere	50.0	50.0
Hansaprint Oy, Turku	40.0	40.0
Maxisat Oy (group), Helsinki	40.6	46.2
Oy Kirjalito Ab, Vantaa	50.0	50.0
Oy Pro Licensing Nordic Ab	20.0	20.0
Suomen Urheilutelevisio Oy	35.0	35.0

##### Sanoma Corporation

Anjalankosken Painotalo Oy, Anjalankoski		48.2
Ecovision AB, Sweden		22.9
Hämeen Sanomat Oy, Hämeenlinna		41.3
Ilkka-Yhtymä Oyj, Seinäjoki		34.1
Infosto Oy, Tampere	35.0	35.0
Janton Oyj, Helsinki	21.4	21.4
Lappeenrannan Kirjapaino Oy, Lappeenranta		40.0
Maakuntien Viestintä Oy, Jyväskylä	3.0	46.0
Online Funds Oy, Helsinki		22.5
Savon Mediat Oy, Jyväskylä	21.7	21.7
Suomen Tietotoimisto Oy, Helsinki	20.8	22.1

##### Werner Söderström Corporation

Young Digital Poland S.A., Poland	27.8	27.8
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##### Rautakirja Oyj

AB Districo International, Sweden	25.0	25.0
AS Lehepunkt, Estonia	50.0	50.0
Asunto Oy Kuopion Suomuurain, Kuopio		26.0
Asunto Oy Maaherrank. 26, Mikkeli	36.1	36.1
Asunto Oy Oulunkylänt. 7, Helsinki	30.0	30.0
Asunto Oy Tikkurilan Asematie 6, Vantaa	38.0	38.0
Asunto Oy Veljeskulma, Virkkala	23.7	23.7
Asunto Oy Vihdin Yhdystalo, Vihti	25.8	25.8
Baltlab Oü, Estonia		33.3
Jokerit HC Oyj, Helsinki	21.1	21.1
Kiint. Oy Hämeenkatu 12, Hyvinkää	46.0	46.0
Kiint. Oy Joutsenon Torirakennus, Joutseno	28.4	28.4
Kiint. Oy Kaukajärven Liiketalo, Tampere	22.9	28.2
Kiint. Oy Kiuruveden Toritalo, Kiuruvesi	23.0	23.0
Kiint. Oy Kuopion Tullinportink. 33, Kuopio	22.2	32.7



SHARES UNDER NON-CURRENT ASSETS	Participation of the Parent Company %	Participation of the sub-group's parent company %	Participation of the Group %	Shares owned by the Parent Company		
				Number	Par value FIM 1 000	Book value FIM 1 000
Kiint. Oy Köpmansgatan 2 i Karis, Karjaa		14.8	39.0			
Kiint. Oy Loimaan Torikioski, Loimaa		38.6	38.6			
Kiint. Oy Mikkelin Torikioski, Mikkelä		36.6	36.6			
Kiint. Oy Nastolan Nappi, Nastola			29.5			
Kiint. Oy Nokian Liikekeskus, Nokia		34.4	34.4			
Kiint. Oy Palosaarentie 31, Vaasa		21.5	21.5			
Kiint. Oy Puistolan Pankkitalo, Helsinki		3.9	41.8			
Kiint. Oy Ristiniäri, Pieksämäki		33.4	33.4			
Kiint. Oy Ruukintori, Ruukki		23.7	23.7			
Kiint. Oy Sampotalo, Pori		48.0	48.0			
Kiint. Oy Vaasan Teollisuustalo, Vaasa			34.3			
Kiint. Oy Välikero, Rovaniemi			39.5			
Kirjavälitys Oy, Vantaa		17.4	20.1			
Koivulan Säästökulma, Pori		20.5	20.5			
Kokkolan Linja-autoas.kiint. Oy, Kokkola		20.4	20.4			
Nakkilan Liikekeskus Oy, Nakkila		24.5	24.5			
Narvesen Baltija SIA, Latvia		35.1	35.1			
Valkeakosken Yhteistalo Oy, Valkeakoski		39.1	39.1			
<b>Sanoma-WSOY Oyj and other companies</b>						
A-pressen ASA, Norway			27.5			
Asunto Oy Laajavuorenkuja 3, Vantaa	41.0		41.0	6 304	12 923	12 767
						12 767

#### OTHER SHARES OWNED BY THE PARENT COMPANY

Shares in housing corporations	29 795
Other shares	8 841
	38 636

GROSS INVESTMENTS Jan.1–Dec. 31, 1999, FIM million	GROSS INVESTMENTS					Other companies and eliminations	Total
	Helsinki Media	Sanoma	WSOY	Rautakirja			
New Group companies *)	17.6	311.7	27.3	60.5			417.1
Interest in associated companies	162.6	141.0	7.7	207.5		57.6	576.4
Other shares and holdings		7.2	10.7	7.5			25.4
Construction of Sanoma House		181.9					181.9
HS2000 Project		68.0					68.0
Other investments	39.2	134.6	79.3	153.1		-11.8	394.3
Total	219.4	844.4	125.0	428.6		45.8	1 663.1

\*) Includes the fixed assets of the acquired company at the acquisition date and the goodwill on consolidation relating to the acquisition.





	31.12.1999 FIM million	31.12.1998 FIM million	31.12.1999 million €	31.12.1998 million €
<b>11) INVENTORIES</b>				
Materials and supplies	38.5	39.5	6.5	6.6
Work in progress	34.2	37.3	5.7	6.3
Finished products/goods	434.6	389.8	73.1	65.6
Other current assets	0.7	0.0	0.1	0.0
Advance payments	54.7	35.6	9.2	6.0
<b>Total</b>	<b>562.7</b>	<b>502.2</b>	<b>94.6</b>	<b>84.5</b>
<b>12) RECEIVABLES, LONG-TERM</b>				
Trade receivables	21.8	0.0	3.7	0.0
Prepaid expenses and accrued income	25.4	0.0	4.3	0.0
Other receivables	17.5	0.0	2.9	0.0
Deferred tax receivables	134.1	40.0	22.5	6.7
<b>Total</b>	<b>198.8</b>	<b>40.0</b>	<b>33.4</b>	<b>6.7</b>
<b>13) RECEIVABLES, SHORT-TERM</b>				
Trade receivables	526.8	548.9	88.6	92.3
Prepaid expenses and accrued income *)	157.0	192.4	26.4	32.4
Loan receivables	5.9	208.0	1.0	35.0
Other receivables	62.1	23.9	10.4	4.0
Deferred tax receivables	17.3	0.0	2.9	0.0
<b>Total</b>	<b>769.0</b>	<b>973.3</b>	<b>129.3</b>	<b>163.7</b>
<b>Receivables from associated companies</b>				
Trade receivables	7.2	0.0	1.2	0.0
Prepaid expenses and accrued income	0.2	0.0	0.0	0.0
Loan receivables	4.4	0.0	0.7	0.0
<b>Total</b>	<b>11.9</b>	<b>0.0</b>	<b>2.0</b>	<b>0.0</b>
<b>*) Prepaid expenses and accrued income, short-term</b>				
Activated personnel expenses	31.6	17.4	5.3	2.9
Activated interest income	14.6	24.1	2.5	4.1
Activated income tax	6.5	17.9	1.1	3.0
Other prepaid expenses and accrued income	104.2	132.9	17.5	22.4
<b>Total</b>	<b>157.0</b>	<b>192.4</b>	<b>26.4</b>	<b>32.4</b>

Other prepaid expenses and accrued income include activated agents' commissions, Rautakirja Group's estimate for returned magazines and redemption of pools prizes from Veikkaus Oy.



	31.12.1999 FIM million	31.12.1998 FIM million	31.12.1999 million €	31.12.1998 million €
<b>14) DIFFERENCE BETWEEN THE REACQUISITION COST AND THE BOOK VALUE OF PUBLICLY TRADED SECURITIES</b>				
Other shares under non-current assets				
Reacquisition cost	446.1	122.5	75.0	20.6
Book value	378.9	122.5	63.7	20.6
<b>Difference</b>	<b>67.2</b>	<b>0.0</b>	<b>11.3</b>	<b>0.0</b>
Financial securities				
Reacquisition cost	2 514.1	2 175.1	422.8	365.8
Book value	1 673.7	1 870.0	281.5	314.5
<b>Difference</b>	<b>840.4</b>	<b>305.1</b>	<b>141.3</b>	<b>51.3</b>
<b>15) SHAREHOLDERS' EQUITY</b>				
Share capital at Jan. 1	363.8	363.8	61.2	61.2
<b>Share capital at Dec. 31</b>	<b>363.8</b>	<b>363.8</b>	<b>61.2</b>	<b>61.2</b>
Premium fund at Jan. 1				
Selling price of Company shares	109.5	0.0	18.4	0.0
Purchase premium on shares sold	-13.8	0.0	-2.3	0.0
<b>Share premium account at Dec. 31</b>	<b>95.7</b>	<b>0.0</b>	<b>16.1</b>	<b>0.0</b>
Revaluation fund at Jan. 1				
Reversal of value increases	0.0	-2.5	0.0	-0.4
<b>Revaluation fund at Dec. 31</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Contingency fund at Jan. 1				
Transfer of profits	2.6	0.0	0.4	0.0
Other change	0.0	-2.0	0.0	-0.3
<b>Contingency fund at Dec. 31</b>	<b>6.7</b>	<b>4.1</b>	<b>1.1</b>	<b>0.7</b>
Other funds at Jan. 1				
Change	-74.3	0.0	-12.5	0.0
<b>Other funds at Dec. 31</b>	<b>2 167.4</b>	<b>2 241.7</b>	<b>364.5</b>	<b>377.0</b>
Profit (loss) brought forward at Jan. 1				
Dividend distribution	-231.7	-127.3	-39.0	-21.4
Change in translation difference	26.9	-3.3	4.5	-0.6
Purchase premium on shares sold	13.8	0.0	2.3	0.0
Donations	-1.0	-1.3	-0.2	-0.2
HTV subscription fees	4.6	4.5	0.8	0.8
Transfer from restricted equity*)	71.7	0.0	12.1	0.0
Other changes	-0.3	-1.9	-0.1	-0.3
<b>Profit (loss) brought forward at Dec. 31</b>	<b>1 600.3</b>	<b>711.8</b>	<b>269.1</b>	<b>119.7</b>
<b>Profit (loss) for the year</b>	<b>440.2</b>	<b>1 004.6</b>	<b>74.0</b>	<b>169.0</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>4 674.1</b>	<b>4 326.0</b>	<b>786.1</b>	<b>727.6</b>

\*) Transfers between retained earnings and other funds in accordance with articles of association or local legislation, e.g. in connection with distribution of dividends.



	31.12.1999 FIM million	31.12.1998 FIM million	31.12.1999 million €	31.12.1998 million €
<b>Distributable assets at Dec. 31</b>				
Other distributable funds	2 128.1	2 202.7	357.9	370.5
Profit brought forward	1 600.3	711.8	269.1	119.7
Profit for the year	440.2	1 004.6	74.0	169.0
Depreciation difference booked in equity	-547.7	-573.8	-92.1	-96.5
Interest or other reimbursement payable on equity loan	-14.0	0.0	-2.4	0.0
Assets distributable from equity	3 606.9	3 345.2	606.6	562.6

#### Composition of the Parent Company's share capital by share class:

NUMBER OF SHARES				
A shares (20 votes/share)	6 001 895			
B shares (1 vote/share)	30 378 504			
NOMINAL VALUES				
	FIM		EUR	
A shares (20 votes/share)	60 018 950.00		10 094 462.75	
B shares (1 vote/share)	303 785 040.00		51 092 975.97	

Tiikerijakelu Oy holds 1,796,819 B shares in the Parent Company, representing a nominal value of FIM 17,968,190; the Group's acquisition cost was FIM 63,215,619.83.

#### 16) STATUTORY PROVISIONS

Pension liability reserve	9.8	11.8	1.7	2.0
Total	9.8	11.8	1.7	2.0

#### 17) DEFERRED TAX LIABILITIES/RECEIVABLES

DEFERRED TAX RECEIVABLES				
From activation differences	133.9	40.0	22.5	6.7
From consolidation measures	17.5	0.0	2.9	0.0
Total	151.4	40.0	25.5	6.7

DEFERRED TAX LIABILITIES				
From activation differences	0.0	1.7	0.0	0.3
From provisions	242.2	252.6	40.7	42.5
From consolidation measures	4.5	0.0	0.8	0.0
Total	246.7	254.4	41.5	42.8

DEFERRED TAXES IN THE CONSOLIDATED BALANCE SHEET				
Receivables, long-term	134.1	40.0	22.5	6.7
Receivables, short-term	17.3	0.0	2.9	0.0
Liabilities, long-term	246.7	254.4	41.5	42.8
Total deferred tax liabilities (-)/receivables (+)	-95.3	-214.3	-16.0	-36.0

A booking of FIM 12.4 million has not been made for uncertain accrued tax receivables. The estimated income tax on value appreciation of land and buildings totals FIM 29.1 million.



	31.12.1999 FIM million	31.12.1998 FIM million	31.12.1999 million €	31.12.1998 million €
<b>18) LONG-TERM LIABILITIES</b>				
Loans from financial institutions	90.0	0.6	15.1	0.1
Pension loans	437.5	497.2	73.6	83.6
Other debts	28.3	22.0	4.8	3.7
<b>Total</b>	<b>555.8</b>	<b>519.8</b>	<b>93.5</b>	<b>87.4</b>
<b>19) CURRENT LIABILITIES</b>				
Loans from financial institutions	12.9	36.3	2.2	6.1
Pension loans	36.2	37.5	6.1	6.3
Trade payables	485.0	415.1	81.6	69.8
Accrued expenses and prepaid income *)	724.4	786.6	121.8	132.3
Advances received	283.3	317.4	47.6	53.4
Other debts	128.6	80.7	21.6	13.6
<b>Total</b>	<b>1 670.4</b>	<b>1 673.6</b>	<b>280.9</b>	<b>281.5</b>
Owing to associated companies				
Trade payables	16.2	0.0	2.7	0.0
Accrued expenses and prepaid income	0.8	0.0	0.1	0.0
Other debts	2.0	0.0	0.3	0.0
<b>Total</b>	<b>19.0</b>	<b>0.0</b>	<b>3.2</b>	<b>0.0</b>
*) Accrued expenses and deferred income				
Activated personnel expenses	349.0	308.5	58.7	51.9
Activated interest expenses	4.5	4.4	0.8	0.7
Activated income tax	47.7	156.2	8.0	26.3
Other accrued expenses and deferred income	321.2	317.5	54.0	53.4
<b>Total</b>	<b>724.4</b>	<b>786.6</b>	<b>121.8</b>	<b>132.3</b>
Other accrued expenses and deferred income include activated royalties, Rautakirja Group's income on magazine sales from consignment stock, and estimated purchases from Veikkaus Oy.				
<b>Debts maturing in five years or later</b>				
Loans from financial institutions	22.0	0.0	3.7	0.0
Pension loans	110.5	145.6	18.6	24.5
Other debts	55.1	15.0	9.3	2.5
<b>Total</b>	<b>187.7</b>	<b>160.6</b>	<b>31.6</b>	<b>27.0</b>



	31.12.1999 FIM million	31.12.1998 FIM million	31.12.1999 million €	31.12.1998 million €
<b>20) CONTINGENCIES AND PLEDGED ASSETS</b>				
<b>Debts with collateral consisting of property and shares</b>				
Pension loans	191.2	216.0	32.2	36.3
Mortgages, real property	88.5	90.0	14.9	15.1
Book value of pledged securities	154.1	159.1	25.9	26.8
Loans from financial institutions	54.7	0.8	9.2	0.1
Mortgages, real property	35.0	0.0	5.9	0.0
Other loans	109.5	86.8	18.4	14.6
Mortgages, movable property	29.1	64.4	4.9	10.8
Book value of pledged securities	168.6	22.4	28.4	3.8
Mortgages, real property, total	123.5	90.0	20.8	15.1
Mortgages, movable property, total	29.1	64.4	4.9	10.8
Pledged securities, total	322.8	181.6	54.3	30.5
<b>Other assets pledged for own debt</b>				
Mortgaged bearer bonds	28.7	5.5	4.8	0.9
Industrial mortgages	18.3	0.0	3.1	0.0
Book value of pledged securities	78.0	10.6	13.1	1.8
Deposits	0.2	0.2	0.0	0.0
Guarantees	14.6	4.8	2.5	0.8
<b>Total</b>	<b>139.8</b>	<b>21.1</b>	<b>23.5</b>	<b>3.6</b>

Assets pledged as security for derivative instruments included LEX share lendings with a total book value of FIM 48.5 million. Of this total, UPM-Kymmene Oyj shares (579,800 shares) accounted for a book value of FIM 29.0 million, Stora Enso Oyj shares (550,000 shares) for FIM 18.5 million, and other company shares for FIM 1.0 million.



	31.12.1999 FIM million	31.12.1998 FIM million	31.12.1999 million €	31.12.1998 million €
<b>Assets pledged for associated companies</b>				
Guarantees	6.2	10.7	1.0	1.8
<b>Assets pledged for others</b>				
Guarantees	5.0	4.5	0.8	0.8
<b>Other contingencies</b>				
<b>Leasing liabilities</b>				
Leasing liabilities for the next year	6.5	1.4	1.1	0.2
Leasing liabilities beyond next year	9.8	3.4	1.6	0.6
<b>Total</b>	<b>16.3</b>	<b>4.8</b>	<b>2.7</b>	<b>0.8</b>
<b>Interest on equity loans</b>	<b>14.0</b>	<b>5.5</b>	<b>2.4</b>	<b>0.9</b>
<b>Pension liabilities</b>				
Current pensions	0.5	1.4	0.1	0.2
<b>Total</b>	<b>0.5</b>	<b>1.4</b>	<b>0.1</b>	<b>0.2</b>
<b>Repurchase liabilities</b>	<b>19.6</b>	<b>0.0</b>	<b>3.3</b>	<b>0.0</b>
<b>Other liabilities</b>	<b>114.5</b>	<b>33.9</b>	<b>19.3</b>	<b>5.7</b>
Other contingencies, total	165.0	45.6	27.7	7.7
<b>All liabilities, total</b>	<b>791.4</b>	<b>417.8</b>	<b>133.1</b>	<b>70.3</b>
<b>PAR VALUE AND CURRENT VALUE OF THE GROUP'S OPEN DERIVATIVE CONTRACTS</b>				
	Nominal value 31.12.1999 FIM million	Nominal value 31.12.1998 FIM million	Market value 31.12.1999 FIM million	
<b>Currency derivatives</b>				
Forward contracts	136.9	5.3	-0.9	
<b>Total</b>	<b>136.9</b>	<b>5.3</b>	<b>-0.9</b>	
<b>Share derivatives</b>				
Forward contracts	267.8	0.0	-18.1	
Put	18.9	0.0	-4.0	
<b>Total</b>	<b>286.7</b>	<b>0.0</b>	<b>-22.0</b>	
<b>Total</b>	<b>423.6</b>	<b>5.3</b>	<b>-22.9</b>	

Derivative contracts are mainly used for hedging.



	1.5–31.12.1999 FIM million
<b>NET SALES</b>	<b>5 353.9</b>
Increase (+)/decrease (-) in inventories of finished goods and work in progress	-23.7
Production for own use	0.5
Other operational income	107.6
Share of result of associated companies	-1.7
Materials and services	2 405.6
Personnel expenses	1 351.6
Depreciation	291.4
Other operational expenses	1 058.7
<b>OPERATING PROFIT (LOSS)</b>	<b>329.3</b>
Share of result of associated companies	-3.4
Financial income and expenses	119.9
<b>PROFIT (LOSS) BEFORE EXTRAORDINARY ITEMS</b>	<b>445.9</b>
Extraordinary items	-1.7
<b>PROFIT (LOSS) AFTER EXTRAORDINARY ITEMS</b>	<b>444.2</b>
Direct taxes	-116.8
Minority interest of the result for the period	-33.0
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>294.4</b>

The Notes to the Income Statement for SanomaWSOY Group's 8-month financial statements are included in the Group's official year-end statement and can be consulted at [www.sanomawsoy.fi](http://www.sanomawsoy.fi).



	31.12.1999 FIM million
<b>ASSETS</b>	
<b>NON-CURRENT ASSETS</b>	
Intangible assets	374.8
Consolidated goodwill	303.0
Tangible assets	2 227.6
Investments	1 521.1
<b>NON-CURRENT ASSETS, TOTAL</b>	<b>4 426.5</b>
<b>CURRENT ASSETS</b>	
Inventories	562.7
Receivables, long-term	198.8
Receivables, short-term	769.0
Financial securities	1 673.7
Cash and bank	236.0
<b>CURRENT ASSETS, TOTAL</b>	<b>3 440.3</b>
<b>ASSETS, TOTAL</b>	<b>7 866.9</b>
<b>LIABILITIES</b>	
<b>SHAREHOLDERS' EQUITY</b>	
Share capital	363.8
Premium fund	95.7
Other funds	2 174.1
Retained earnings	1 746.1
Profit (loss) for the period	294.4
<b>SHAREHOLDERS' EQUITY, TOTAL</b>	<b>4 674.1</b>
<b>MINORITY INTEREST</b>	<b>710.0</b>
<b>STATUTORY PROVISIONS</b>	<b>9.8</b>
<b>LIABILITIES</b>	
Deferred tax liability	246.7
Long-term liabilities	555.8
Current liabilities	1 670.4
<b>LIABILITIES, TOTAL</b>	<b>7 866.9</b>

The Notes to the Balance Sheet for SanomaWSOY's 8-month financial statements are included in the Group's official year-end statement and can be consulted at [www.sanomawsoy.fi](http://www.sanomawsoy.fi).



	1.5–31.12.1999 FIM million
<b>OPERATIONS</b>	
Operating profit (loss)	329.3
Adjustments to operating profit 1)	279.7
Change in working capital 2)	-68.2
Cash flow from operations before financial items and taxes	540.8
Interest received from operations	34.1
Interest paid on operations	-17.9
Dividend received from operations	9.0
Other financial items	139.3
Tax paid on operations	-114.1
<b>CASH FLOW FROM OPERATIONS</b>	<b>591.3</b>
<b>INVESTMENTS</b>	
Acquisition of tangible and intangible assets	-470.1
Group companies acquired 3)	-66.2
Associated companies acquired	-188.2
Acquisition of other holdings	-193.3
Sales of tangible and intangible assets	38.5
Associated companies sold	2.9
Sales of other companies	32.2
Long-term loans granted	1.7
Repayments of long-term loan receivables	-0.6
Increase (-)/decrease (+) in current loan receivables	37.6
Investments in other assets	-3.5
Sales of other investments	1.2
Dividend received from investments	3.1
<b>CASH FLOW FROM INVESTMENTS</b>	<b>-804.6</b>
<b>CASH FLOW BEFORE FINANCING</b>	<b>-213.2</b>
<b>FINANCING</b>	
Minority capital investment in subsidiaries	51.9
Sale of Company shares	109.5
Drawings on short-term loans	38.8
Repayments of short-term loans	-199.7
Drawings on long-term loans	91.0
Repayments of long-term loans	-55.2
Other distribution of profits	-0.1
HTV subscription fees	2.8
<b>CASH FLOW FROM FINANCING</b>	<b>39.2</b>
Change in liquidities according to the cash flow statement	-174.0
Non-realised exchange rate differences under liquidities	-29.2
Net increase (+)/decrease (-) in liquidities	-203.3
Liquidities according to the balance sheet at May 1	2 113.0
Liquidities according to the balance sheet at Dec. 31	1 909.8



	1.5–31.12.1999 FIM million
1) Adjustments to operating profit	
Depreciation	291.4
Profit (-) and loss (+) on sales of non-current assets	-11.2
Interest in the results of associated companies, in profit (-) and loss (+)	1.7
Change in statutory reserves	-2.1
	<b>279.7</b>
2) Change in working capital	
Increase (-)/decrease (+) in current assets	-11.6
Increase (-)/decrease (+) in interest-free short-term receivables	-6.5
Increase (+)/decrease (-) in interest-free short-term debts	-50.2
	<b>-68.2</b>
3) Supplementary information on acquired Group companies	
Impact of acquired companies on the Group's assets and liabilities	
Non-current assets	-89.0
Current assets	-30.4
Long-term liabilities	25.3
Current liabilities	16.0
Other items	0.5
Cash flow	-77.5
Liquidities of acquired companies	11.3
Investments in Group companies	-66.2

# Sanoma-WSOY Oyj

## Income statement

	1.5–31.12.1999 FIM million
<b>NET SALES</b>	0.0
Other operational income 1)	20.9
Personnel expenses 2)	18.5
Depreciation 3)	2.8
Other operational expenses 4)	41.0
<b>OPERATING PROFIT (LOSS)</b>	-41.5
Financial income and expenses 5)	785.6
<b>PROFIT (LOSS) BEFORE EXTRAORDINARY ITEMS</b>	744.0
Extraordinary items	0.0
<b>PROFIT (LOSS) AFTER EXTRAORDINARY ITEMS</b>	744.0
Provisions	0.0
Direct taxes	-10.4
<b>PROFIT (LOSS) FOR THE PERIOD</b>	733.7



# Sanoma-WSOY Oyj

## Balance sheet

	31.12.1999 FIM million
<b>ASSETS</b>	
<b>NON-CURRENT ASSETS 6)</b>	
Intangible assets	8.2
Tangible assets	91.4
Investments	4 016.5
<b>NON-CURRENT ASSETS, TOTAL</b>	<b>4 116.1</b>
<b>CURRENT ASSETS</b>	
Receivables, short-term 7)	112.3
Financial securities 8)	654.1
Cash and bank	17.7
<b>CURRENT ASSETS, TOTAL</b>	<b>784.1</b>
<b>ASSETS, TOTAL</b>	<b>4 900.3</b>
<b>LIABILITIES</b>	
<b>SHAREHOLDERS' EQUITY 9)</b>	
Share capital	363.8
Other funds	2 122.9
Retained earnings	1 051.0
Profit (loss) for the period	733.7
<b>SHAREHOLDERS' EQUITY, TOTAL</b>	<b>4 271.3</b>
<b>ACCUMULATED PROVISIONS 10)</b>	<b>6.7</b>
<b>STATUTORY PROVISIONS</b>	<b>0.0</b>
<b>LIABILITIES</b>	
Current liabilities 12)	622.3
<b>LIABILITIES, TOTAL</b>	<b>4 900.3</b>



	1.5–31.12.1999 FIM million
<b>OPERATIONS</b>	
Operating profit (loss)	-41.5
Adjustments to operating profit 1)	1.3
Change in working capital 2)	-12.0
Cash flow from operations before financial items and taxes	-52.2
Interest received from operations	26.4
Interest paid on operations	-9.8
Dividend received from operations	711.1
Other financial items	57.9
Tax paid on operations	6.9
<b>CASH FLOW FROM OPERATIONS</b>	<b>740.2</b>
<b>INVESTMENTS</b>	
Acquisition of tangible and intangible assets	-2.5
Group companies acquired	-25.0
Sales of tangible and intangible assets	2.8
Associated companies sold	0.3
Sales of other companies	4.0
Increase (-)/decrease (+) in current loan receivables	-62.5
Investments in other assets	-281.2
Sales of other investments	289.1
Dividend received from investments	0.5
Value added tax on structural arrangements	-75.0
<b>CASH FLOW FROM INVESTMENTS</b>	<b>-149.5</b>
<b>CASH FLOW BEFORE FINANCING</b>	<b>590.7</b>
<b>FINANCING</b>	
Drawings on short-term loans	377.4
Repayments of short-term loans	-706.6
<b>CASH FLOW FROM FINANCING</b>	<b>-329.2</b>
Change in liquidities according to the cash flow statement	261.5
Non-realised exchange rate differences under liquidities	-19.1
Net increase (+)/decrease (-) in liquidities	242.4
Liquidities according to the balance sheet at May 1	429.4
Liquidities according to the balance sheet at Dec. 31	671.8
<b>NOTES TO THE CASH FLOW STATEMENT</b>	
1) Adjustments to operating profit	
Depreciation	2.8
Profit (+) and loss (-) on sales of non-current assets	-1.5
	1.3
2) Change in working capital	
Increase (-)/decrease (+) in interest-free short-term receivables	-5.9
Increase (+)/decrease (-) in interest-free short-term debts	-6.1
	-12.0



	1.5–31.12.1999 FIM million		1.5–31.12.1999 FIM million
<b>1) OTHER OPERATIONAL INCOME</b>		<b>5) FINANCIAL INCOME AND EXPENSES</b>	
Rental income	5.6	<b>Dividend income (incl. avoir fiscal)</b>	
Rental income, internal	13.2	From subsidiaries	711.1
Other operational income	2.0	From other companies	0.7
<b>Total</b>	<b>20.9</b>	<b>Total</b>	<b>711.7</b>
<b>2) PERSONNEL EXPENSES</b>		<b>Interest income on non-current assets</b>	
Wages, salaries & fees	14.2	From subsidiaries	28.3
Bonuses	0.3	<b>Total</b>	<b>28.3</b>
Pension expenses	2.8	<b>Other interest and financial income</b>	
Other social expenses	1.2	From subsidiaries	3.1
<b>Total</b>	<b>18.5</b>	From other companies	47.4
<b>REMUNERATION TO MANAGEMENT</b>		Exchange rate gains	7.8
President, Deputy to the President, Board members		<b>Total</b>	<b>58.3</b>
<b>Total</b>	<b>2.8</b>	<b>Value decreases</b>	
<b>3) DEPRECIATION</b>		Papers under current assets	2.1
Depreciation according to plan	2.8	<b>Total</b>	<b>2.1</b>
<b>Total</b>	<b>2.8</b>	<b>Interest and other financial expenses</b>	
<b>4) OTHER OPERATIONAL EXPENSES</b>		To subsidiaries	10.1
Rents	16.2	To other companies	0.4
Voluntary social expenses	1.6	Exchange rate losses	0.2
Advertising and marketing	2.5	<b>Total</b>	<b>10.7</b>
Office, EDP and IT expenses	3.8	<b>Total</b>	<b>785.6</b>
Travel expenses	1.1		
Other expenses	15.7		
<b>Total</b>	<b>41.0</b>		

	Acquisition cost at May 1, 1999	Increases	Decreases	Transfers between balance sheet items
<b>6) NON-CURRENT ASSETS (FIM million)</b>				
<b>Intangible assets</b>				
Immaterial rights	0.3	0.2		
Other long-term investments	21.2	1.4		
	21.5	1.5		
<b>Tangible assets</b>				
Land and water	44.1		-2.8	
Revaluations	28.4			
Total land and water	72.5		-2.8	
Buildings and structures	14.1			
Machinery and equipment	56.2	1.6		
	142.8	1.6	-2.8	
<b>Investments</b>				
Interest in Group companies	2 259.6	25.0		
Receivables from Group companies	851.5	284.3	-177.1	695.9
Interest in associated companies	31.2		-0.2	-3.2
Receivables from associated companies	0.7			
Other shares and holdings	37.1		-1.7	3.2
Other receivables	118.4	3.6	-111.9	-0.1
	3 298.6	312.9	-290.9	695.8
<b>TOTAL NON-CURRENT ASSETS</b>	<b>3 462.9</b>	<b>316.0</b>	<b>-293.7</b>	<b>695.8</b>

	Acquisition cost at Dec. 31, 1999	Accumulated depreciation at May 1, 1999	Planned depreciation for the period	Book value Dec. 31, 1999
<b>Intangible assets</b>				
Immaterial rights	0.4	0.0	0.0	0.3
Other long-term investments	22.5	-13.4	-1.3	7.9
	23.0	-13.4	-1.3	8.2
<b>Tangible assets</b>				
Land and water	41.3			41.3
Revaluations	28.4			28.4
Total land and water	69.7			69.7
Buildings and structures	14.1	-5.6	-0.3	8.2
Machinery and equipment	57.8	-43.1	-1.2	13.5
	141.6	-48.7	-1.5	91.4
<b>Investments</b>				
Interest in Group companies	2 284.7			2 284.7
Receivables from Group companies	1 654.7			1 654.7
Interest in associated companies	27.8			27.8
Receivables from associated companies	0.7			0.7
Other shares and holdings	38.6			38.6
Other receivables	9.9			9.9
	4 016.5			4 016.5
<b>TOTAL NON-CURRENT ASSETS</b>	<b>4 181.0</b>	<b>-62.1</b>	<b>-2.8</b>	<b>4 116.1</b>



	31.12.1999 FIM million	31.12.1999 FIM million
<b>7) RECEIVABLES, SHORT-TERM</b>		
Trade receivables	2.4	
Prepaid expenses and accrued income *)	38.1	
Loan receivables	63.8	
Other receivables	8.0	
<b>Total</b>	<b>112.3</b>	
<b>Receivables from Group companies</b>		
Trade receivables	2.3	
Prepaid expenses and accrued income	22.8	
Loan receivables	63.7	
<b>Total</b>	<b>88.8</b>	
<b>*) Prepaid expenses and accrued income, short-term</b>		
Activated interest income	13.0	
Activated interest income, consolidated	8.6	
Other prepaid expenses and accrued income	16.4	
<b>Total</b>	<b>38.1</b>	
<b>8) DIFFERENCE BETWEEN THE REACQUISITION COST AND THE BOOK VALUE OF PUBLICLY TRADED SECURITIES</b>		
Financial securities		
Reacquisition cost	1 074.3	
Book value	654.1	
<b>Difference</b>	<b>420.2</b>	
<b>9) SHAREHOLDERS' EQUITY</b>		
Share capital at May 1	363.8	
<b>Share capital at Dec. 31</b>	<b>363.8</b>	
Other funds at May 1	2 122.9	
<b>Other funds at Dec. 31</b>	<b>2 122.9</b>	
Profit (loss) brought forward at May 1	1 051.3	
Merger consideration	-0.3	
<b>Profit (loss) brought forward at Dec. 31</b>	<b>1 051.0</b>	
<b>Profit (loss) for the period</b>	<b>733.7</b>	
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>4 271.3</b>	
<b>Distributable assets at Dec. 31</b>		
Operating fund	2 122.9	
Profit brought forward	1 051.0	
Profit for the period	733.7	
<b>Assets distributable from equity</b>	<b>3 907.5</b>	
<b>10) ACCUMULATED PROVISIONS</b>		
Accumulated provisions consist of cumulative depreciation differences.		
<b>11) DEFERRED TAX LIABILITIES/RECEIVABLES</b>		
Deferred tax liabilities and accrued tax receivables of the Parent Company are not recorded in the balance sheet. Accrued tax receivables consisting of activation differences total FIM 0.7 million. Deferred tax liabilities corresponding to provisions total FIM 1.9 million. Anticipated income tax relating to value appreciation of land is FIM 8.2 million.		
<b>12) CURRENT LIABILITIES</b>		
Trade payables		5.0
Accrued expenses and prepaid income *)		17.4
Advances received		0.2
Other debts		599.8
<b>Total</b>		<b>622.3</b>
<b>Owing to Group companies</b>		
Trade payables		2.7
Accrued expenses and prepaid income		1.5
Other debts		598.0
<b>Total</b>		<b>602.1</b>
<b>*) Accrued expenses and deferred income</b>		
Activated personnel expenses		5.0
Activated interest expenses, consolidated		1.4
Activated income tax		10.2
Other accrued expenses and deferred income		0.8
<b>Total</b>		<b>17.4</b>





	31.12.1999 FIM million	
<b>13) CONTINGENCIES AND PLEDGED ASSETS</b>		
<b>Other assets pledged for own debt</b>		
Book value of pledged securities	20.1	
<b>Total</b>	<b>20.1</b>	
<p>Assets pledged as security for derivative instruments included LEX share lendings with a total book value of FIM 48.5 million. Of this total, UPM-Kymmene Oyj shares (579,800 shares) accounted for a book value of FIM 29.0 million, Stora Enso Oyj shares (550,000 shares) for FIM 18.5 million, and other company shares for FIM 1.0 million.</p>		
<b>Assets pledged for others</b>		
Guarantees	2.0	
<b>Other contingencies</b>		
<b>Other liabilities</b>	<b>7.4</b>	
<b>Other contingencies, total</b>	<b>7.4</b>	
<b>All liabilities, total</b>	<b>29.6</b>	
<b>PAR VALUE AND CURRENT VALUE OPEN DERIVATIVE CONTRACTS</b>		
	Par value 31.12.1999 FIM million	Current value 31.12.1999 FIM million
<b>Currency derivatives</b>		
Forward contracts	13.0	-0.4
<b>Total</b>	<b>13.0</b>	<b>-0.4</b>
<b>Share derivatives</b>		
Forward contracts	187.4	-5.4
<b>Total</b>	<b>187.4</b>	<b>-5.4</b>
<b>Total</b>	<b>200.4</b>	<b>-5.8</b>

Derivative contracts are mainly used for hedging.



KEY INDICATORS (FAS*), PRO FORMA	1999	1998	1997	1996	1995
	FIM million	FIM million	FIM million	FIM million	FIM million
Net sales	7 851.7	7 442.6	7 077.0	6 812.0	6 783.0
Operating profit	426.2	423.5	590.0	570.0	445.0
% of net sales	5.4%	5.7%	8.3%	8.4%	6.6%
Profit before extraordinary items	656.4	580.9	770.0	634.0	480.0
% of net sales	8.4%	7.8%	10.9%	9.3%	7.1%
Balance sheet total	7 866.9	7 370.4	6 473.0	6 005.0	5 877.0
Gross investments	1 663.1	883.9	935.0	312.0	589.0
% of net sales	21.2%	11.9%	13.2%	4.6%	8.7%
Return on equity, % (ROE)	9.3%	9.2%	16.1%	13.6%	11.1%
Return on investment, % (ROI)	12.4%	12.3%	18.5%	17.4%	14.4%
Equity ratio, %	71.0%	69.6%	63.9%	60.0%	53.0%
Gearing, %	-24.0%	-40.3%	-19.0%	-13.0%	-1.3%
Earnings/share, FIM	12.68	11.19	15.71	10.49	7.21
Cash flow/share, FIM	21.28	–	–	–	–
Equity/share, FIM	135.15	126.53	101.06	80.90	68.94
Dividend/share, FIM (**)	10.75	–	–	–	–
Market capitalisation	10 508.2	–	–	–	–
Personnel under employment contract	12 629	11 900	11 494	11 249	11 266
Personnel, average	9 816	9 329	9 786	9 503	9 465
Financial cost of liabilities	49.7	38.6	40.2	59.3	72.6
Interest-bearing liabilities	619.7	596.4	665.5	753.6	885.0
Interest-free liabilities	1 863.1	1 863.1	1 872.5	1 856.4	2 039.0
Financial securities, cash and bank	1 909.8	2 574.9	1 413.0	1 179.0	921.0

\*) FAS= Finnish Accounting Standard \*\*) Proposal of the Board of Directors

	million €	million €	million €	million €	million €
Net sales	1 320.6	1 251.7	1 190.3	1 145.7	1 140.8
Operating profit	71.7	71.2	99.2	95.9	74.8
% of net sales	5.4%	5.7%	8.3%	8.4%	6.6%
Profit before extraordinary items	110.4	97.7	129.5	106.6	80.7
% of net sales	8.4%	7.8%	10.9%	9.3%	7.1%
Balance sheet total	1 323.1	1 239.6	1 088.7	1 010.0	988.4
Gross investments	279.7	148.7	157.3	52.5	99.1
% of net sales	21.2%	11.9%	13.2%	4.6%	8.7%
Return on equity, % (ROE)	9.3%	9.2%	16.1%	13.6%	11.1%
Return on investment, % (ROI)	12.4%	12.3%	18.5%	17.4%	14.4%
Equity ratio, %	71.0%	69.6%	63.9%	60.0%	53.0%
Gearing, %	-24.0%	-40.3%	-19.0%	-13.0%	-1.3%
Earnings/share, €	2.13	1.88	2.64	1.76	1.21
Cash flow/share, €	3.58	–	–	–	–
Equity/share, €	22.73	21.28	17.00	13.61	11.59
Dividend/share, € (**)	1.81	–	–	–	–
Market capitalisation	1 767.4	–	–	–	–
Personnel under employment contract	12 629	11 900	11 494	11 249	11 266
Personnel, average	9 816	9 329	9 786	9 503	9 465
Financial cost of liabilities	8.4	6.5	6.8	10.0	12.2
Interest-bearing liabilities	104.2	100.3	111.9	126.7	148.8
Interest-free liabilities	313.3	313.4	314.9	312.2	342.9
Financial securities, cash and bank	321.2	433.1	237.6	198.3	154.9

\*) FAS= Finnish Accounting Standard \*\*) Proposal of the Board of Directors

GROUP'S FINANCIAL TARGETS 2000–2003	Average annual target level	1999	1998	1997	1996	1995
	Net sales, growth, %	10	5.5	5.2	3.9	0.4
Return on equity, % (ROE) *)	10	9.3	9.2	16.1	13.6	11.1
Return on investment, % (ROI) (**)	12	12.4	12.3	18.5	17.4	14.4
Earnings/share, growth, %	10	13.3	-28.8	49.7	45.6	
Equity ratio, %	50	71.0	69.6	63.9	60.0	53.0

\*) The ROE target is 4% above minimum-risk interest rate levels.

\*\*) The ROI target is 6% above minimum-risk interest rate levels.



# Subsidiary groups

## Net sales by industry

NET SALES BY INDUSTRY	1-4-98 FIM million	5-8-98 million	9-12-98 million	1-12-98 million	1-4-99 million	5-8-99 million	9-12-99 million	1-12-99 million
<b>Helsinki Media</b>								
Magazine publishing*)	334.1	288.3	375.8	998.1	279.9	258.8	342.5	881.3
Electronic media	70.7	68.2	94.1	233.0	96.5	99.3	138.6	334.3
Intracompany transactions	-1.7	-0.8	-1.7	-4.3	-0.4	-0.3	-0.7	-1.4
<b>Total</b>	<b>403.1</b>	<b>355.6</b>	<b>468.2</b>	<b>1 226.8</b>	<b>376.0</b>	<b>357.8</b>	<b>480.4</b>	<b>1 214.2</b>
<b>Sanoma</b>								
Newspaper publishing and printing	690.4	670.8	697.6	2 058.7	844.1	805.0	862.4	2 511.5
Financial & new media products	13.1	11.0	14.8	38.9	14.8	25.5	30.8	71.2
Intracompany transactions	-6.5	-6.8	-8.4	-21.7	-6.4	-6.5	-6.2	-19.1
<b>Total</b>	<b>696.9</b>	<b>675.0</b>	<b>704.0</b>	<b>2 075.9</b>	<b>852.5</b>	<b>824.0</b>	<b>887.0</b>	<b>2 563.6</b>
<b>WSOY</b>								
Publishing	232.2	228.6	202.0	662.9	227.8	224.1	220.5	672.4
Printing	181.8	118.3	126.1	426.2	131.0	102.6	123.8	357.4
Calendar operations	15.6	44.6	193.8	254.0	14.1	43.1	172.2	229.4
Others	12.1	13.9	-4.9	21.1	5.9	3.5	4.9	14.3
Intracompany transactions	-46.0	-50.8	-18.6	-115.4	-44.9	-40.2	-36.6	-121.7
<b>Total</b>	<b>395.7</b>	<b>354.6</b>	<b>498.4</b>	<b>1 248.7</b>	<b>333.9</b>	<b>333.0</b>	<b>484.8</b>	<b>1 151.7</b>
<b>Rautakirja</b>								
Kiosk operations	556.2	546.2	615.1	1 717.5	550.9	554.8	649.9	1 755.5
Press distribution	252.8	278.6	273.7	805.1	264.1	284.3	298.7	847.0
Bookstores	199.4	134.2	235.1	568.7	207.6	135.1	259.9	602.5
Movie theatre operations	97.5	55.0	91.4	243.9	82.5	65.4	100.6	248.5
Restaurant operations	63.4	83.7	67.4	214.5	64.2	81.2	67.2	212.6
Others	70.3	0.0	0.0	70.3	0.0	0.0	0.0	0.0
Intracompany transactions	-66.7	-61.5	-68.9	-197.1	-58.9	-59.6	-69.4	-187.9
<b>Total</b>	<b>1 172.9</b>	<b>1 036.2</b>	<b>1 213.8</b>	<b>3 422.9</b>	<b>1 110.4</b>	<b>1 061.1</b>	<b>1 306.8</b>	<b>3 478.3</b>
Intragroup transactions	-178.6	-215.7	-137.6	-531.8	-175.0	-189.4	-191.7	-556.1
<b>Total</b>	<b>2 490.1</b>	<b>2 205.7</b>	<b>2 746.8</b>	<b>7 442.6</b>	<b>2 497.8</b>	<b>2 386.6</b>	<b>2 967.3</b>	<b>7 851.7</b>

\*) Includes printing operations in 1998

	million €	million €	million €	million €	million €	million €	million €	million €
<b>Helsinki Media</b>								
Magazine publishing*)	56.2	48.5	63.2	167.9	47.1	43.5	57.6	148.2
Electronic media	11.9	11.5	15.8	39.2	16.2	16.7	23.3	56.2
Intracompany transactions	-0.3	-0.1	-0.3	-0.7	-0.1	-0.1	-0.1	-0.2
<b>Total</b>	<b>67.8</b>	<b>59.8</b>	<b>78.7</b>	<b>206.3</b>	<b>63.2</b>	<b>60.2</b>	<b>80.8</b>	<b>204.2</b>
<b>Sanoma</b>								
Newspaper publishing and printing	116.1	112.8	117.3	346.3	142.0	135.4	145.0	422.4
Financial & new media products	2.2	1.8	2.5	6.5	2.5	4.3	5.2	12.0
Intracompany transactions	-1.1	-1.1	-1.4	-3.6	-1.1	-1.1	-1.0	-3.2
<b>Total</b>	<b>117.2</b>	<b>113.5</b>	<b>118.4</b>	<b>349.1</b>	<b>143.4</b>	<b>138.6</b>	<b>149.2</b>	<b>431.2</b>
<b>WSOY</b>								
Publishing	39.1	38.5	34.0	111.5	38.3	37.7	37.1	113.1
Printing	30.6	19.9	21.2	71.7	22.0	17.2	20.8	60.1
Calendar operations	2.6	7.5	32.6	42.7	2.4	7.2	29.0	38.6
Others	2.0	2.3	-0.8	3.5	1.0	0.6	0.8	2.4
Intracompany transactions	-7.7	-8.5	-3.1	-19.4	-7.6	-6.8	-6.2	-20.5
<b>Total</b>	<b>66.6</b>	<b>59.6</b>	<b>83.8</b>	<b>210.0</b>	<b>56.2</b>	<b>56.0</b>	<b>81.5</b>	<b>193.7</b>
<b>Rautakirja</b>								
Kiosk operations	93.5	91.9	103.5	288.9	92.6	93.3	109.3	295.3
Press distribution	42.5	46.9	46.0	135.4	44.4	47.8	50.2	142.5
Bookstores	33.5	22.6	39.5	95.6	34.9	22.7	43.7	101.3
Movie theatre operations	16.4	9.2	15.4	41.0	13.9	11.0	16.9	41.8
Restaurant operations	10.7	14.1	11.3	36.1	10.8	13.7	11.3	35.8
Others	11.8	0.0	0.0	11.8	0.0	0.0	0.0	0.0
Intracompany transactions	-11.2	-10.3	-11.6	-33.1	-9.9	-10.0	-11.7	-31.6
<b>Total</b>	<b>197.3</b>	<b>174.3</b>	<b>204.1</b>	<b>575.7</b>	<b>186.7</b>	<b>178.5</b>	<b>219.8</b>	<b>585.0</b>
Intragroup transactions	-30.0	-36.3	-23.1	-89.5	-29.4	-31.8	-32.2	-93.5
<b>Total</b>	<b>418.8</b>	<b>371.0</b>	<b>462.0</b>	<b>1 251.7</b>	<b>420.1</b>	<b>401.4</b>	<b>499.1</b>	<b>1 320.6</b>

\*) Includes printing operations in 1998



# Subsidiary groups

## Operating profit by industry

OPERATING PROFIT BY INDUSTRY	1-4-98 FIM million	5-8-98 million	9-12-98 million	1-12-98 million	1-4-99 million	5-8-99 million	9-12-99 million	1-12-99 million
<b>Helsinki Media</b>								
Magazine publishing *)	20.6	8.1	44.3	73.0	16.0	-1.9	36.0	50.1
Electronic media	-67.7	-43.1	-20.2	-131.0	-43.1	-46.3	-38.2	-127.6
Others	-6.1	-6.1	-6.1	-18.3	-6.1	-6.1	-6.1	-18.3
Intracompany eliminations	4.9	5.2	2.5	12.6	3.1	6.4	6.5	16.0
<b>Total</b>	<b>-48.3</b>	<b>-35.9</b>	<b>20.4</b>	<b>-63.8</b>	<b>-30.1</b>	<b>-47.9</b>	<b>-1.8</b>	<b>-79.8</b>
<b>Sanoma</b>								
Newspaper publishing and printing **)	99.0	98.8	99.4	297.2	114.7	124.8	102.7	342.2
Financial & new media products	-18.5	-18.7	-25.9	-63.1	-21.3	-19.0	-16.2	-56.4
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Intracompany eliminations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>80.5</b>	<b>80.2</b>	<b>73.5</b>	<b>234.2</b>	<b>93.4</b>	<b>105.8</b>	<b>86.6</b>	<b>285.8</b>
<b>WSOY</b>								
Publishing	41.6	44.9	-13.9	72.6	34.1	44.2	-5.6	72.7
Printing	28.7	18.8	4.4	51.9	13.9	10.7	15.5	40.1
Calendar operations	-27.4	-14.2	46.9	5.3	-30.9	-21.9	36.1	-16.6
Others **)	68.0	43.4	19.1	130.5	20.3	14.2	26.6	61.0
Intracompany eliminations	-13.1	-18.1	-19.1	-50.3	-20.7	-7.2	-0.9	-28.8
<b>Total</b>	<b>97.8</b>	<b>74.9</b>	<b>37.3</b>	<b>210.0</b>	<b>16.7</b>	<b>40.0</b>	<b>71.7</b>	<b>128.3</b>
<b>Rautakirja</b>								
Kiosk operations	24.4	24.8	21.2	70.4	22.2	23.5	27.7	73.3
Press distribution	15.7	22.9	10.8	49.4	14.9	20.7	17.5	53.1
Bookstores	2.2	-3.1	24.8	23.9	2.0	-5.9	31.7	27.8
Movie theatre operations	15.2	-1.5	-5.4	8.2	3.4	-0.7	8.7	11.4
Restaurant operations	-3.9	6.9	-0.1	2.9	-1.9	7.3	-0.8	4.5
Others	10.3	8.3	9.3	27.9	9.1	9.4	9.8	28.4
Intracompany eliminations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>64.0</b>	<b>58.3</b>	<b>60.5</b>	<b>182.8</b>	<b>49.6</b>	<b>54.3</b>	<b>94.6</b>	<b>198.5</b>
<b>Other companies ***)</b>								
Intragroup eliminations	-63.4	-21.0	-55.2	-139.6	-32.7	-15.7	-20.0	-68.4
<b>Total</b>	<b>130.5</b>	<b>156.4</b>	<b>136.6</b>	<b>423.5</b>	<b>96.8</b>	<b>120.8</b>	<b>208.6</b>	<b>426.2</b>

	million €	million €	million €	million €	million €	million €	million €	million €
<b>Helsinki Media</b>								
Magazine publishing *)	3.5	1.4	7.5	12.3	2.7	-0.3	6.1	8.4
Electronic media	-11.4	-7.2	-3.4	-22.0	-7.3	-7.8	-6.4	-21.5
Others	-1.0	-1.0	-1.0	-3.1	-1.0	-1.0	-1.0	-3.1
Intracompany eliminations	0.8	0.9	0.4	2.1	0.5	1.1	1.1	2.7
<b>Total</b>	<b>-8.1</b>	<b>-6.0</b>	<b>3.4</b>	<b>-10.7</b>	<b>-5.1</b>	<b>-8.1</b>	<b>-0.3</b>	<b>-13.4</b>
<b>Sanoma</b>								
Newspaper publishing and printing **)	16.6	16.6	16.7	50.0	19.3	21.0	17.3	57.6
Financial & new media products	-3.1	-3.1	-4.4	-10.6	-3.6	-3.2	-2.7	-9.5
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Intracompany eliminations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>13.5</b>	<b>13.5</b>	<b>12.4</b>	<b>39.4</b>	<b>15.7</b>	<b>17.8</b>	<b>14.6</b>	<b>48.1</b>
<b>WSOY</b>								
Publishing	7.0	7.6	-2.3	12.2	5.7	7.4	-0.9	12.2
Printing	4.8	3.2	0.7	8.7	2.3	1.8	2.6	6.7
Calendar operations	-4.6	-2.4	7.9	0.9	-5.2	-3.7	6.1	-2.8
Others **)	11.4	7.3	3.2	22.0	3.4	2.4	4.5	10.3
Intracompany eliminations	-2.2	-3.0	-3.2	-8.5	-3.5	-1.2	-0.2	-4.9
<b>Total</b>	<b>16.4</b>	<b>12.6</b>	<b>6.3</b>	<b>35.3</b>	<b>2.8</b>	<b>6.7</b>	<b>12.1</b>	<b>21.6</b>
<b>Rautakirja</b>								
Kiosk operations	4.1	4.2	3.6	11.8	3.7	3.9	4.7	12.3
Press distribution	2.6	3.9	1.8	8.3	2.5	3.5	2.9	8.9
Bookstores	0.4	-0.5	4.2	4.0	0.3	-1.0	5.3	4.7
Movie theatre operations	2.5	-0.3	-0.9	1.4	0.6	-0.1	1.5	1.9
Restaurant operations	-0.7	1.2	0.0	0.5	-0.3	1.2	-0.1	0.8
Others	1.7	1.4	1.6	4.7	1.5	1.6	1.6	4.8
Intracompany eliminations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>10.8</b>	<b>9.8</b>	<b>10.2</b>	<b>30.7</b>	<b>8.3</b>	<b>9.1</b>	<b>15.9</b>	<b>33.4</b>
<b>Other companies ***)</b>								
Intragroup eliminations	-10.7	-3.5	-9.3	-23.5	-5.5	-2.6	-3.4	-11.5
<b>Total</b>	<b>21.9</b>	<b>26.3</b>	<b>23.0</b>	<b>71.2</b>	<b>16.3</b>	<b>20.3</b>	<b>35.1</b>	<b>71.7</b>

\*) Includes printing operations in 1998 \*\*\*) Includes a share of Rautakirja's results  
 \*\*\*) Parent company Sanoma-WSOY Oyj, real estate and investment companies

	€	FIM
Earnings/share	2.13	12.68
Cash flow/share	3.58	21.28
Equity/share	22.73	135.15
Dividend/share (board proposal)	1.81	10.75
Dividend/result, %	84.8%	
Effective dividend yield, %, Series A	3.50%	
Effective dividend yield, %, Series B	3.55%	
P/E ratio, Series A	24.2	
P/E ratio, Series B	23.9	

### Combination merger

Werner Söderström Corporation - WSOY, Sanoma Corporation, Helsinki Media Company Oy, and Oy Devarda Ab, the owner of the latter two companies, merged on May 1, 1999 into a new company, Sanoma-WSOY Oyj, which took over all the assets and liabilities of the companies concerned.

### Merger consideration

Following the merger, the shareholders of the companies concerned became Sanoma-WSOY Oyj shareholders. Sanoma-WSOY Oyj shares with a nominal value of FIM 10/share were issued to shareholders as follows:

One Sanoma-WSOY Oyj Series A share was issued for one Werner Söderström Corporation - WSOY Series A share with a nominal value of FIM 10/share, and one Sanoma-WSOY Oyj Series B share for one Werner Söderström Corporation - WSOY Series B share.

A total of 17.6074 Sanoma-WSOY Oyj Series A shares were issued for one Sanoma Corporation Series K share with a nominal value of FIM 100/share and 32.9373 shares Series B shares. 50.5447 Sanoma-WSOY Oyj Series B shares were issued for one Sanoma Corporation Series E share.

A total of 2.5266 Sanoma-WSOY Oyj Series A shares were issued for one Helsinki Media Company Oy Series K share with a nominal value of FIM 50/share and 4.5480 Series B shares. 7.0747 Sanoma-WSOY Oyj Series B shares were issued for one Helsinki Media Company Series E share.

A total of 198.5166 Sanoma-WSOY Oyj Series A shares were issued for one Oy Devarda Ab share with a nominal value of FIM 100/share and 1,004.6143 Sanoma-WSOY Oyj Series B shares.

In the event that the number of new shares issued in this way did not match the number of shares held by a shareholder in Sanoma Corporation, Helsinki Media Company Oy, or Oy Devarda Ab in such a way that the shareholder did not receive full equivalent share value in the new company, the shareholder in question received a cash payment covering the difference. The size of this cash compensation was determined in respect of Sanoma-WSOY Oyj Series A shares and WSOY Series A shares, and in respect of Sanoma-WSOY Oyj Series B shares and WSOY Series B shares, on the basis of the average price of share transactions on the Helsinki Exchanges, weighted by trading volume, over the three-month period that ended three weeks prior to the completion of the merger. The average price used for determining the compensation payable for Series A shares was EUR 65.32 and for Series B shares EUR 57.16. In



cases involving a fraction of a Sanoma-WSOY Oyj share, compensation was paid in the same proportion on the basis of the appropriate average price. No compensation was paid in respect of shares held by the companies in the merger in the other companies involved.

Share capital	€	FIM
Share capital, as of Dec. 31	61,187,439	363,803,990
Series A shares	10,094,463	60,018,950
Series B shares	51,092,976	303,785,040

Under Sanoma-WSOY Oyj's Articles of Association, the Company's minimum share capital is set at FIM 300,000,000 and its maximum share capital at FIM 1,200,000,000. Within these limits, share capital can be increased or reduced without amending the Articles of Association.

#### Share series and share market

The Company's shares are divided into two series, Series A (20 votes) and Series B (1 vote). All shares entitle holders to the same dividend. A clause in the Articles of Association permits the Company to convert Series A shares into Series B shares.

<b>Number of shares as of Dec. 31</b>	36,380,399
Series A shares	6,001,895
Series B shares	30,378,504

<b>Number of shares on average</b>	36,380,399
Series A shares	6,001,895
Series B shares	30,378,504

<b>Average issue-adjusted number of shares on the market</b>	34,583,580
Series A shares	6,001,895
Series B shares	28,581,685

Sanoma-WSOY Oyj's shares have been quoted on the Main List of the Helsinki Exchanges since May 3, 1999. Trading in WSOY shares ended on April 30, 1999. Prior to that, a total of 5,350 Series A WSOY shares changed hands at an average price of EUR 64.67 (FIM 384.50), and 820,865 Series B shares at an average price of EUR 55.59 (FIM 330.50). The total trading volume of WSOY shares during the first four months of the year was EUR 46 million (FIM 273 million), with 0.3% of Series A shares and 8.2% of Series B shares traded. WSOY shares in both series were exchanged on a one-for-one basis for Sanoma-WSOY Oyj shares.

A total of 103,264 Sanoma-WSOY Oyj Series A shares were traded at an average price of EUR 65.27 (FIM 388.08) and 1,609,876 Series B shares at an average price of EUR 52.60 (FIM 312.75).



### Trading

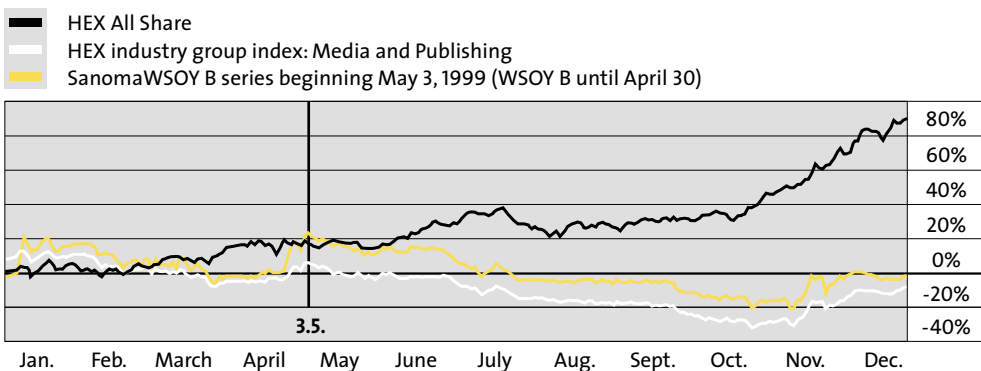
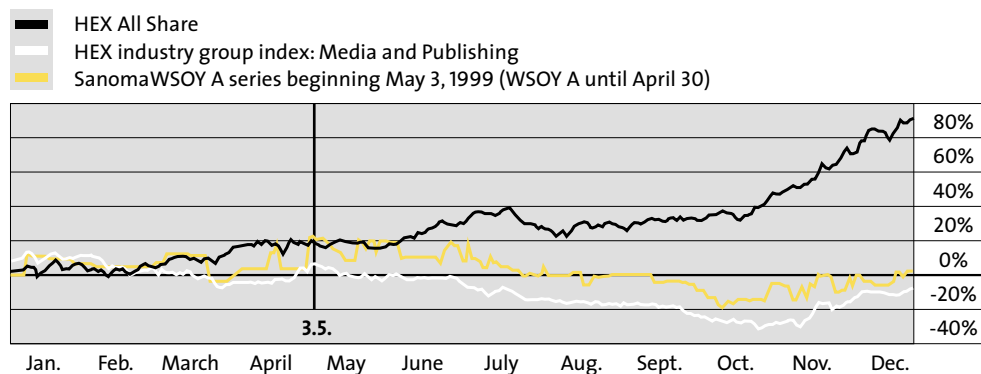
Turnover of Series A shares, number	103,264
Turnover as a % of the weighted average	1,7 %
Turnover of Series B shares, number	1,609,876
Turnover as a % of the weighted average	5.3 %

Series A share price	€	FIM
Annual low	45.00	267.56
Annual high	74.0	439.98
Average for the year	65.27	388.08
As of the end of the year	51.60	306.80

Series B share price	€	FIM
Annual low	42.00	249.72
Annual high	69.00	410.26
Average for the year	52.60	312.75
As of the end of the year	51.00	303.23

Share value	€	FIM
Nominal value as of Dec. 31	1.68	10.00
Taxable value, Series A	36.40	216.42
Taxable value, Series B	35.70	212.26

### Trend of share price and stock indices



	€	FIM
<b>Market capitalisation as of Dec. 31</b>	1,859,001,486	11,053,120,905
Series A	309,697,782	1,841,379,393
Series B	1,549,303,704	9,211,741,512
<b>Market value of shares on the market as of Dec. 31</b>	1,767,363,717	10,508,267,473
Series A	309,697,782	1,841,379,393
Series B	1,457,665,935	8,666,888,080

Sanoma-WSOY Oyj shares are identified as SWSAV and SWSBV in the Helsinki Exchanges trading system. News agency codes are as follows:

	Series A	Series B
Bloomberg	SWSAV FH	SWSBV FH
Reuters	SWSAV.HE	SWSBV.HE
Startel	SWSAV	SWSBV
Bridge	FI;SWS.A	FI;SWS.B

The Company's shares are included in the book-entry system operated by the Finnish Central Securities Depository. As of the end of 1999, the Company had 4,824 shareholders.

#### Ownership of Company shares

SanomaWSOY owned 1,796,819 Series B Company shares, or 4.94% of the total and 1.19% of votes, as of December 31, 1999 through its subsidiary Tiikerijakelu Oy. The latter, which was a Sanoma Corporation subsidiary prior to the merger, received the shares as a merger consideration for the 155,244 Series K shares and 154,179 Series E Helsinki Media Company Oy shares it owned. Tiikerijakelu received 706,049 Series B Sanoma-WSOY Oyj shares for its Series K shares, and 1,090,770 SanomaWSOY Oyj Series B shares for its Series E shares (for the exchange ratios, see Pages 44–45).

#### Increase in shares held by the Finnish Cultural Foundation

Lastannet Holding B.V., which was a Sanoma Corporation subsidiary before the merger, sold 155,244 Helsinki Media Company Oy Series K shares and 154,179 Series E shares to Tiikerijakelu Oy in accordance with the shareholder agreement on April 29, 1999. These Helsinki Media Company Oy shares were converted in the merger into 392,239 Series A Sanoma-WSOY Oyj shares. Tiikerijakelu Oy assumed responsibility for selling the shares in question to the Finnish Cultural Foundation in accordance with the shareholder agreement. This took place on May 3, 1999, when the Finnish Cultural Foundation became the owner of 1.70% of the Company's shares and 6.25% of votes.

#### Shares owned by management

The combined holding of Company shares held by the Board of Directors, the President & CEO, his Deputy, and by bodies that they controlled as understood under the terms of Sub-Section 5





of Section 1 of the Finnish Securities Act as of December 31, totalled 50.08 % of the share total and 46.36 % of votes.

#### **Board authorisations**

The SanomaWSOY Board of Directors was not authorised as of the end of the year to acquire or convey Company shares, make share issues, or issue convertible bonds or bonds with warrants.

#### **Shareholder agreement**

The main shareholders of the companies involved in the merger, Oy Devarda Ab, Helsinki Media Company Oy, Sanoma Corporation, and Werner Söderström Corporation - WSOY, signed a shareholder agreement giving them the right of first refusal on Sanoma-WSOY Oyj Series A shares offered for sale to third parties by other signatories to the agreement. The shareholder agreement is in force for five years from May 14, 1998. The signatories to the agreement are the Alfred Kordelinin yleinen edistys- ja sivistysrahasto (Fund), Alfred Kordelinin Seura (Society), the Kalevala Society, the Finnish Literature Society, the Finnish Cultural Foundation, Werner Söderström Corporation's Literature Foundation, Aatos Erkko, Jane Erkko, Patricia Seppälä, Rafaela Seppälä, Robin Langenskiöld, Oy Asipex Ab, and Lastannet Holding B.V. The following became parties to the agreement subsequently: Tiikerijakelu Oy (replacing Lastannet Holding B.V. on April 29, 1999) and Patricia Seppälä's grandchildren, Christoffer Langenskiöld, Sebastian Langenskiöld, Pamela Langenskiöld, Lorna Noyer, and Alex Noyer (as a result of a bequest made by Patricia Seppälä dated April 16, 1999).

The Board of Directors is not aware of any other agreements in force associated with ownership of Company shares or use of voting rights.

#### **Internal restrictions on trading in SanomaWSOY securities (March 1, 2000)**

A SanomaWSOY insider is not allowed to commission sales, purchases, or other transactions involving SanomaWSOY securities if he or she has access to insider information.

Insiders are not allowed to trade in SanomaWSOY securities for 14 days before the publication of an interim report or year-end statement.

SanomaWSOY recommends that insiders commission sales, purchases, or other transactions involving SanomaWSOY securities only within the two-weeks period after publication of the Company's regular financial information (year-end statement and interim reports). In addition, SanomaWSOY recommends that insiders do not buy or sell the same SanomaWSOY securities within a period of six months.

For details on the Company's dividend policy, see the Report of the Board of Directors on Page 5.

A list of SanomaWSOY insiders, updated monthly, can be found at [www.sanomawsoy.fi](http://www.sanomawsoy.fi).



## SanomaWSOY's principal shareholders as of December 30, 1999

SHAREHOLDER	Number of shares		Number of shares, total	% of shares	Number of votes	% of votes
	Series A	Series B				
<b>1 Erkko, Aatos</b>	<b>1,770,905</b>	<b>8,937,979</b>	<b>10,708,884</b>	<b>29.44</b>	<b>44,356,079</b>	<b>29.49</b>
Erkko, Aatos	1,281,458	6,510,415	7,791,873	21.42	32,139,575	21.37
Oy Asipex Ab	489,447	2,427,564	2,917,011	8.02	12,216,504	8.12
<b>2 Seppälä, Patricia</b>	<b>642,906</b>	<b>2,594,635</b>	<b>3,237,541</b>	<b>8.90</b>	<b>15,452,755</b>	<b>10.27</b>
<b>3 Langenskiöld, Robin</b>	<b>302,936</b>	<b>1,621,393</b>	<b>1,924,329</b>	<b>5.29</b>	<b>7,680,113</b>	<b>5.11</b>
<b>4 Seppälä, Rafaela</b>	<b>302,936</b>	<b>1,621,393</b>	<b>1,924,329</b>	<b>5.29</b>	<b>7,680,113</b>	<b>5.11</b>
<b>5 Tiikerijakelu Oy (SanomaWSOY's subsidiary)</b>		<b>1,796,819</b>	<b>1,796,819</b>	<b>4.94</b>	<b>1,796,819</b>	<b>1.19</b>
<b>6 Ilmarinen Mutual Pension Insurance Company</b>	<b>180,136</b>	<b>1,144,143</b>	<b>1,324,279</b>	<b>3.64</b>	<b>4,746,863</b>	<b>3.16</b>
<b>7 Alfred Kordelinin yleinen edistys- ja sivistysrahasto (Fund)</b>	<b>450,333</b>	<b>849,361</b>	<b>1,299,694</b>	<b>3.57</b>	<b>9,856,021</b>	<b>6.55</b>
<b>8 Helsingin Sanomat Centennial Foundation</b>	<b>228,983</b>	<b>1,021,699</b>	<b>1,250,682</b>	<b>3.44</b>	<b>5,601,359</b>	<b>3.72</b>
<b>9 Pohjola Group</b>	<b>81,525</b>	<b>965,494</b>	<b>1,047,019</b>	<b>2.88</b>	<b>2,595,994</b>	<b>1.73</b>
Pohjola Non-Life Insurance Company Limited	81,525	396,724	478,249	1.31	2,027,224	1.35
Pohjola Group Insurance Corporation		318,770	318,770	0.88	318,770	0.21
Pohjola Life Assurance Company Limited		250,000	250,000	0.69	250,000	0.17
<b>10 Sampo Group</b>	<b>108,154</b>	<b>761,540</b>	<b>869,694</b>	<b>2.39</b>	<b>2,924,620</b>	<b>1.94</b>
Sampo Life Insurance Company Limited	76,826	465,496	542,322	1.49	2,002,016	1.33
Sampo Enterprise Insurance Company Limited	31,328	141,604	172,932	0.48	768,164	0.51
Industrial Insurance Company Ltd		98,440	98,440	0.27	98,440	0.07
Otso Loss of Profits Insurance Company Ltd		42,000	42,000	0.12	42,000	0.03
Sampo Insurance Company plc		14,000	14,000	0.04	14,000	0.01
<b>11 Finnish Cultural Foundation</b>	<b>462,239</b>	<b>155,360</b>	<b>617,599</b>	<b>1.70</b>	<b>9,400,140</b>	<b>6.25</b>
<b>12 Foundation for Actors' Old-Age Home</b>	<b>96,562</b>	<b>456,121</b>	<b>552,683</b>	<b>1.52</b>	<b>2,387,361</b>	<b>1.59</b>
<b>13 WSOY's Literature Foundation</b>	<b>334,575</b>	<b>158,409</b>	<b>492,984</b>	<b>1.36</b>	<b>6,849,909</b>	<b>4.55</b>
<b>14 Finnish Literature Society</b>	<b>66,000</b>	<b>283,450</b>	<b>349,450</b>	<b>0.96</b>	<b>1,603,450</b>	<b>1.07</b>
<b>15 Sanoma Pension Fund</b>	<b>10,106</b>	<b>268,990</b>	<b>279,096</b>	<b>0.77</b>	<b>471,110</b>	<b>0.31</b>
<b>16 Graphic Industry Research Foundation</b>	<b>44,697</b>	<b>211,130</b>	<b>255,827</b>	<b>0.70</b>	<b>1,105,070</b>	<b>0.73</b>
<b>17 Päivälehti Archives Foundation</b>	<b>86,498</b>	<b>169,164</b>	<b>255,662</b>	<b>0.70</b>	<b>1,899,124</b>	<b>1.26</b>
<b>18 Noyer, Lorna</b>	<b>21,764</b>	<b>218,302</b>	<b>240,066</b>	<b>0.66</b>	<b>653,582</b>	<b>0.43</b>
<b>19 Noyer, Alex</b>	<b>21,761</b>	<b>218,304</b>	<b>240,065</b>	<b>0.66</b>	<b>653,524</b>	<b>0.43</b>
<b>20 Pension Fund Polaris</b>		<b>203,000</b>	<b>203,000</b>	<b>0.56</b>	<b>203,000</b>	<b>0.13</b>
<b>Total</b>	<b>5,402,695</b>	<b>25,383,720</b>	<b>30,786,415</b>	<b>84.64</b>	<b>133,437,620</b>	<b>88.72</b>
Nominee registrations, total	18,853	607,277	626,130	1.72	984,337	0.65

The principal shareholders are grouped according to the direct holdings of individual shareholders and the shares held by their investment companies and stated as aggregate amounts and specified by category. Similarly, the shareholdings of companies belonging to the same group are stated both as aggregate amounts and specified by category.

A list of SanomaWSOY's principal shareholds, updated monthly, can be found at [www.sanomawsoy.fi](http://www.sanomawsoy.fi).



### Shareholder categories as of December 30, 1999

	Number of shareholders		Number of shares		Number of votes	
		%		%		%
Publicly listed companies	2	0.04	26 890	0.07	26 890	0.02
Private companies	224	4.64	5 527 666	15.20	16 091 647	10.70
Financial and insurance institutions *	46	0.89	3 223 479	8.86	7 441 118	4.95
Public corporations	37	0.77	2 694 272	7.41	7 694 920	5.12
Non-profit organisations	162	3.36	5 829 011	16.02	41 429 881	27.54
Households	4 323	89.61	18 951 825	52.09	77 274 947	51.37
Foreign shareholders (registered)	33	0.68	58 995	0.16	205 580	0.14
<b>Total</b>	<b>4 827</b>	<b>100.00</b>	<b>36 312 138</b>	<b>99.81</b>	<b>150 164 983</b>	<b>99.83</b>
On joint account			68 261	0.19	251 421	0.17
Number of shares on the market			36 380 399	100.00	150 416 404	100.00
* nominee registration (3)			626 130	1.72	984 337	0.65

### Number of shares per shareholder as of December 30, 1999

NUMBER OF SHARES	Number of shareholders		Number of shares		Number of votes	
		%		%		%
1-100	1 838	38.08	98 475	0.27	337 362	0.22
101-1 000	2 250	46.61	795 268	2.19	2 237 045	1.49
1 001-10 000	607	12.58	1 705 467	4.69	5 479 741	3.64
10 001-100 000	97	2.01	2 986 046	8.21	9 131 501	6.07
100 001-1 000 000	26	0.54	7 260 325	19.96	35 809 212	23.81
1 000 001-999 999 999 999	9	0.19	23 466 557	64.50	97 170 122	64.60
<b>Total</b>	<b>4 827</b>	<b>100.00</b>	<b>36 312 138</b>	<b>99.81</b>	<b>150 164 983</b>	<b>99.83</b>
On joint account			68 261	0.19	251 421	0.17
Number of shares on the market			36 380 399	100.00	150 416 404	100.00



SanomaWSOY's consolidated financial statements have been prepared in accordance with Finnish regulations. Sanoma-WSOY Oyj was created by a combination merger on May 1, 1999. Official financial statements have been prepared for the Company's first accounting year, from May 1 to December 31, 1999, and pro forma financial statements for the Group with comparative data for the full year, January 1 – December 31, 1999. In practice, the Group's companies have operated on a common basis since the start of 1999.

## **Consolidated financial statements**

The consolidated financial statements have been prepared by consolidating the income statements, balance sheets, and notes to the financial statements of the Parent Company and its subsidiaries. The separate financial statements of Group companies have been adjusted in accordance with the Group's standard accounting principles prior to consolidation.

In addition to Sanoma-WSOY Oyj, the consolidated financial statements include those companies in which the Parent Company, either directly or indirectly, held over 50% of voting rights at the end of the accounting period. Intra-Group shareholdings have been eliminated using the acquisition cost method. Companies acquired during the period under review have been included in the consolidated statements from the date of acquisition or another date based on the agreement in question, while divested companies have been included up until the time of their sale. Elimination differences between the acquisition cost of shares in subsidiaries and the shareholder's equity of subsidiaries at the time of acquisition generated during the elimination of share ownership have primarily been booked to the relevant asset and liability items in the Group's balance sheet. The remainder of elimination differences have been presented as goodwill, which is depreciated according to the plan over its economic lifetime.

Associated companies are included in accordance with the equity method. A portion of each company's profits or losses have been booked to income prior to the operating profit in cases where the company's operations are linked to those of the Group. In other cases, such as investment-type holdings, a portion of the company's profits or losses have been booked to financing income and expenditure. Goodwill and reserves generated in the consolidation of associated companies are generally entered as revenue within five to 10 years. The depreciation period for A-pressen ASA and Hansaprint Oy is 15 years. Figures for associated real estate and housing companies have been entered under other shareholdings rather than under associated companies.

Joint companies in which the Group is responsible for management together with the other owner have been consolidated on a line-by-line basis in proportion to Sanoma-WSOY's holding.

Minority shareholdings have been separated from the Group's shareholder's equity, reserves, and result, and presented as a separate entry in the income statement and balance sheet.

Group companies' internal income and expenses, mutual receivables and liabilities, together with significant internal margins and internal distribution of profits, have been eliminated in the consolidated figures.

### Items denominated in foreign currencies

Items associated with the Group's Finnish companies denominated in foreign currencies are booked at the rates of exchange prevailing on the dates of the transactions in question. Receivables, debts, and liabilities on the balance sheet date have been translated into Finnish markka at the rate quoted on that date. Exchange rate differences of trade receivables and trade payables are booked either as sales or purchase adjustment items. Exchange rate differences generated when assessing other receivables and liabilities are booked under financial income and expenses.

The income statements of foreign subsidiaries have been translated into Finnish markka using the average exchange rate for the accounting year, and their balance sheets using the exchange rate quoted on the balance sheet date. Translation differences between different rates have been booked to the Group's shareholders' equity. The following exchange rates have been used when consolidating the financial statements of Group subsidiaries:

Year-end rates		Average rates	
USD	5.9185	USD	5.5787
GBP	9.5637	GBP	9.0259
CHF	3.7043	CHF	3.7154
SEK	0.6944	SEK	0.6751
NOK	0.7362	NOK	0.7155
DKK	0.7988	DKK	0.7996
JPY	0.0579	JPY	0.049
LVL	10.1049	LVL	9.5635
PLN	1.4297	PLN	1.4065
EEK	0.3800	EEK	0.3800
EUR	5.94573	EUR	5,94573

Translation differences arising from translating the balance sheets of foreign subsidiaries and associated companies have generally been booked to consolidated shareholders' equity. The exceptions to this are foreign subsidiaries involved in investment activities, for which changes in translation differences of shareholders' equity have been booked, in accordance with their true nature, directly to the consolidated income statement. Translation differences related to the Group's internal long-term loans have been treated as shareholders' equity translation differences.

Currency derivative instruments have been valued at their market value on the balance sheet date. Unrealised derivative losses have been booked to the income statement.

### Non-current assets

Fixed assets have been booked to the balance sheet at original acquisition cost minus depreciation according to the plan. Balance sheet values include revaluations totalling FIM 100.4 million covering land and buildings. Depreciation on fixed assets according to the plan is based on original acquisition cost and the following estimated economic lifetimes:



Intangible rights	3 – 10 years
Consolidated goodwill	5 – 15 years
Other long-term expenditure	5 – 10 years
Buildings	10 – 40 years
Machinery and equipment	3 – 15 years

### **Inventories**

Inventories are presented in accordance with the average acquisition cost method as acquisitions costs or lower replacement costs, or as anticipated sale prices. The value of inventories includes only the variable costs associated with acquisition and manufacture.

### **Cash, bank, and financial securities**

The balance sheet item covering cash and bank contains cash, bank accounts, and cash equivalents.

Financial securities have been valued at acquisition cost or the lower market cost.

Unrealised exchange rate losses of interest rate instruments resulting from changes in market interest rates, together with unrealised exchange rate losses associated with foreign securities on the balance sheet date, have been used to adjust financial income in the income statement. Valuation of financial securities switched largely to the average acquisition cost method during the accounting period under review.

### **Deferred tax liabilities and receivables**

In respect of the booking of deferred tax liabilities and receivables, SanomaWSOY follows the requirements of the Finnish Accounting Act under which such items are booked only on those periodisation differences affecting the income statement and on consolidation-related measures and year-end provisions with an impact on the Group's result.

Revaluation-related deferred tax liability is presented in the notes to the financial statements.

### **Derivatives**

Derivatives are generally used by SanomaWSOY for hedging purposes in accordance with the Group's approved investment policy, to anticipate future market developments in financing instruments.

Unrealised derivative losses are booked as financing expenses, while unrealised profits are ignored. Changes in the value of a contract made for hedging purposes are taken into account as an adjustment item in respect of the equivalent change in the hedge booked for the hedged position.

### **Net sales**

When calculating net sales, sales income has been adjusted for discounts given, indirect taxes, and sales-related exchange rate differences. Net sales on commission sales include commissions.

### **Research and development expenses**

Research and development expenses are booked as annual expenses.



### **Pension arrangements**

The statutory and voluntary pension cover of personnel employed by Sanoma-WSOY Oyj and its Finnish subsidiaries is handled through a combination of insurance policies taken out with pension institutions and pension funds.

The statutory pension cover for Helsinki Media Company Oy and Sanoma Corporation is covered through insurance policies. Additional pension cover for 20 companies in the Sanoma and Helsinki Media groups has been arranged through Sanoma Corporation's pension fund, which was closed on August 31, 1981. The fund has no uncovered liability and its assets at current values exceed its liabilities by FIM 75.1 million.

The pension cover of Werner Söderström Corporation personnel is handled through the company's pension fund, together with additional insurance cover. The fund comprises a statutory and a voluntary element. The voluntary element was closed on January 1, 1981. The fund has no uncovered liabilities and its assets exceed its liabilities by FIM 60.6 million. The pension cover of personnel employed by WSOY subsidiaries is covered by pension insurance. Expenses associated with covering the pension requirement and pension liability have been booked as social costs affecting the result.

The statutory pension cover of personnel employed by the Rautakirja Group is covered by insurance policies taken out with pension institutions. Voluntary pensions are handled by Rautakirja's pension fund, which covers Rautakirja Oyj, Finnkino Oy, Eurostrada Oy, and P.M.Drockila Oy. The fund was closed in 1974.

The total liability of Rautakirja's pension fund as of the end of the year was FIM 116.6 million, of which FIM 14.8 million was unfunded. The latter has been booked in consolidation in previous years mainly as an expense.

The retirement age of the Management Group of SanomaWSOY's Parent Company and of the presidents and deputy presidents of subsidiaries has been agreed at 60 to 65 years.

### **Level of accuracy**

The pro forma income statements, balance sheets, and key indicators presented for 1995-1998 for comparative purposes were prepared on the essential relevance principle for the merger plan. The accuracy of these figures does not match that of the figures for 1999 in every respect.

The rules for rounding figures up or down in the financial statements were changed in 1999, and all figures are now presented in line with mathematical rules.

The level of detail and the organisation of information in the printed annual report differs from the official financial statements. The printed version includes the Income Statement, Balance Sheet, and Cash Flow Statement of the Group's 8-month financial statements. The Notes to the Income Statement for the Group's 8-month statement are included in the Group's official year-end financial statement and can be consulted at [www.sanomawsoy.fi](http://www.sanomawsoy.fi).



# Definitions of key indicators

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Return on investments (ROI), %	=	$\frac{\text{Result before extraordinary items + interest and other financial expenses}}{\text{Balance sheet total – non-interest-bearing liabilities (average of monthly balances)}} \times 100$
Return on equity (ROE), %	=	$\frac{\text{Result before extraordinary items – taxes}}{\text{Shareholders' equity + minority interest (average of monthly balances)}} \times 100$
Equity ratio, %	=	$\frac{\text{Shareholders' equity + minority interest}}{\text{Balance sheet total – advances received}} \times 100$
Gearing, %	=	$\frac{\text{Interest-bearing liabilities – cash and bank, and financial securities}}{\text{Shareholders' equity + minority interest}} \times 100$
Earnings/share (EPS)	=	$\frac{\text{Result before extraordinary items – taxes +/- minority interest}}{\text{Average issue-adjusted number of shares}}$ The effect of extraordinary items on minority interest has been adjusted when calculating the result.
Cash flow/share	=	$\frac{\text{Cash flow from operations}}{\text{Average number of issue-adjusted shares on the market}}$ Cash flow from operations includes cash flow from the Group's main operations according to the cash flow statement.
Shareholders' equity	=	$\frac{\text{Shareholders' equity at the end of the year}}{\text{Issue-adjusted number of shares on the balance sheet date}}$
Dividend/share	=	$\frac{\text{Dividend distribution}}{\text{Issue-adjusted number of shares on the balance sheet date}}$
Dividend ratio	=	$\frac{\text{Dividend/share}}{\text{Result/share}} \times 100$
Dividend yield/share	=	$\frac{\text{Dividend/share}}{\text{Last issue-adjusted share price on the balance sheet date}} \times 100$
P/E ratio	=	$\frac{\text{Last issue-adjusted share price on the balance sheet date}}{\text{Result/share}}$
Market capitalisation	=	Number of shares at the end of the year x share price by series on the balance sheet date  The 1,796,819 SanomaWSOY Series B shares held by SanomaWSOY subsidiary Tiikerijakelu Oy on the balance sheet date have been subtracted from the total number of shares.





# Auditors' report

## To the shareholders of Sanoma-WSOY Oyj

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We have audited the accounting, the financial statements and the corporate governance of Sanoma-WSOY Oyj for its first accounting period that ended December 31, 1999. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the President. Based on our audit we express an opinion on these financial statements and on corporate governance.

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

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

Helsinki, March 23, 2000

SVH Pricewaterhouse Coopers Oy  
Authorised Public Accountants

Tauno Haataja	Pekka Nikula
APA	APA



