

*Sanoma Group
Annual Report 1992*





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SCOPE OF OPERATIONS

The Sanoma Group traces its origin back to the founding in 1889 of a liberal, daily newspaper, *Päivälehti*. When the paper was suppressed in 1904 by the Russian administration in Finland, a new daily, *Helsingin Sanomat*, was immediately established to carry on the publishing traditions of *Päivälehti*.

Today, the Sanoma Group is a European multimedia enterprise dedicated to professionalism and the best journalistic traditions. In its work, the Group focuses on democratic principles, social justice, freedom of opinion, progress and economic welfare by providing the general public with a wide range of reliable information and quality entertainment.

Group operations are divided into four main divisions: Newspapers, Sanomaprint, New Media and Sanoma Real Estate.

The Newspaper Division is in charge of editing, publishing, producing and marketing three newspapers: *Helsingin Sanomat*, which is the largest daily in Scandinavia; *Ilta-Sanomat*, the second largest newspaper in Finland; and *Hyvinkään Sanomat*, a provincial newspaper.

The Sanomaprint Division publishes general and special-interest magazines, children's magazines and books, and provides commercial printing services.

The New Media Division was established in 1991 to secure the Sanoma Group's position in the electronic-media.

The Division consists of companies engaged in satellite and cable-TV operations and information services.

The Sanoma Real Estate Division manages and develops the Group's real estate holdings.

SANOMA GROUP BOARD OF DIRECTORS

Aatos Erkko, Chairman	for the term until	1993
Heikki Tikkanen, Vice Chairman		1995
Aarne Castrén		1993
Jane Erkko		1994
Merja Helle, Personnel Representative		1993
L.J. Jouhki		1993
Robin Langenskiöld		1995
Teo Mertanen † June 12, 1992		
Väinö J. Nurmimaa		1993
Jaakko Rauramo		1995
Kalle Salonen, Personnel Representative		1993
Patricia Seppälä		1994

Auditors

Mr Antti Helenius, Authorized Public Accountant, and Ms Johanna Perälä, Authorized Public Accountant, have served as Auditors, with Mr Aunus Salmi, Authorized Public Accountant, and Mr Pekka Nikula, Authorized Public Accountant, as their Deputies.

THE FINNISH MEDIA LOOK TOWARDS EUROPE

The Finnish economy is still showing no clear signs of recovery, and is likely to remain in its present state for some time to come. The Finnish media will have to adjust themselves operationally to this situation and can expect present income prospects to remain unchanged for the foreseeable future.

This adjustment will necessitate cost-cutting measures and more efficient use of investment capital. The key tasks in this respect are to reduce labor costs and improve productivity. Likewise, management will have to be trimmed and organizational structures simplified.

In labor relations, the only way to avoid conflict and lay-offs is to make room for a mutually flexible system of bilateral agreements within individual companies. Instead of clinging to existing benefits, labor organizations should join in real cooperation and begin to create preconditions for - and not hindrances to - successful business, investment and development projects. Moreover, employers' chances of securing employment and increasing investment must also be promoted by legislative means.

Publishers can expect and should require that legislation be harmonized with EC legislation in a European - rather than a Finnish - manner. This, for once, would give Finnish companies a degree of competitive edge, instead of burdening them with disadvantages as has consistently been the case thus far. Areas of particular importance in this respect are value added taxation, competitive practices legislation, limitations on advertising, privacy regulations and copyright law.

The current media policy discussion is largely concerned with technological developments and consolidation of the sector, and not with the most essential element - content. The Europeanization of our media content will require a high level of competence and a broadly educated approach. Perceptiveness will have to go hand in hand with courage, honesty and fairness. The end result should be an editorial content that will help Finland and Finns to succeed not just at home in our own backyard, but also in the wide-open Europe of tomorrow.

The concentration of ownership and anti-trust legislation should also follow the European and EC example. In the Finnish communications industry, the highest concentration of ownership is in the electronic media, which in the EC are now the focus of greater attention than the press.

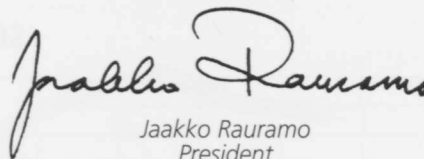
For technical reasons, the number of channels in broadcast TV is limited. Owing to these technical limitations, not all who would like to engage in television broadcasting will be able to do so. Instead, permits will have to be granted on the basis of certain criteria. There is also a fundamental conflict between public-service and commercial TV.

In these circumstances, it is impossible to create a fair system founded entirely on unrestricted competition, and so the following points should be observed: broadcast TV should not be allowed to use its broadcasting permit revenues or its monopoly on certain forms of advertising to engage in unhealthy competition against the printed press. For reasons of principle, neither advertising nor sponsored programs

should be allowed on public service channels.

If the public broadcasting system is allowed to compete unfairly with the commercial media, Finland could easily become something of a colony in the electronic media. In order to avoid such a situation, the Finnish Broadcasting Company, the commercial channel MTV3 and the Finnish press will have to work together to internationalize and Europeanize the Finnish electronic media. This will require all the know-how and resources at our disposal, including those of the Sanoma Group.

We are especially thankful to our readers, advertisers and other customers who have remained faithful to us throughout these bleak times. We would also like to extend our sincere thanks to our personnel, who have risen to the challenge and enabled the Group to remain a profitable enterprise.


Jaakko Rauramo
President



SANOMA GROUP

BOARD OF DIRECTORS

CHAIRMAN & CHIEF
EXECUTIVE OFFICER

PRESIDENT & CHIEF
OPERATING OFFICER

CORPORATE ADMINISTRATION

COMMUNICATIONS
POLICY AND
COMMUNITY RELATIONS

FINANCE

PLANNING AND
ADMINISTRATION

DIVISIONS

NEWSPAPER
DIVISION

HELSINGIN SANOMAT
ILTA=SANOMAT
HYVINKÄÄN SANOMAT

SANOMAPRINT

MAGAZINES
BOOKS
COMMERCIAL PRINTING

NEW MEDIA

EUROCABLE
STARTEL

SANOMA REAL ESTATE

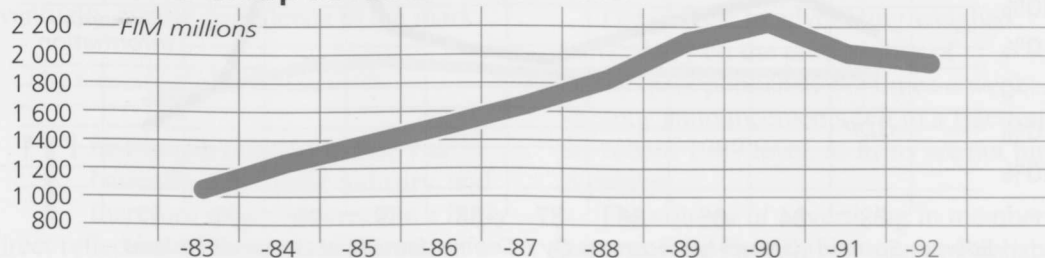
LEHTIKUVA
News picture agency



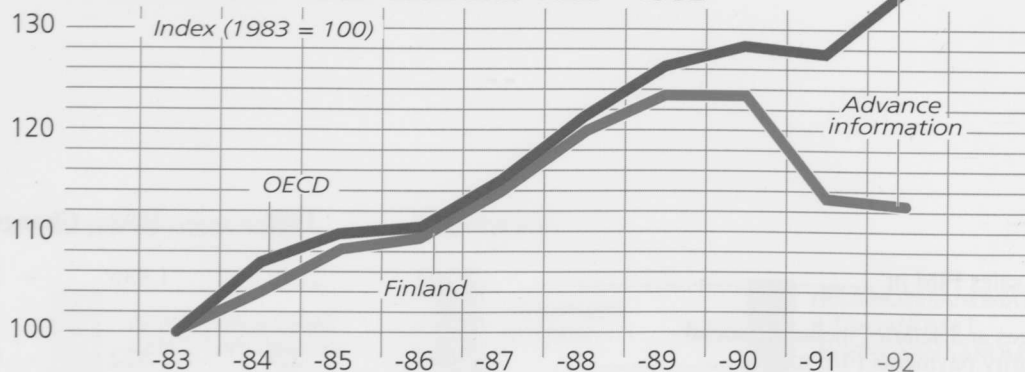
SANOMA GROUP IN FIGURES

	1990	1991	1992	Change %
Net sales FIM m.	2,203	2,001	1,936	- 3.2
Wages and salaries including social security payments FIM m.	845	824	822	- 0.2
% of net sales	38.4	41.2	42.5	
Operating profit FIM m.	463	326	290	- 11.0
% of net sales	21.0	16.3	15.0	
Depreciation FIM m.	174	158	231	+ 46.2
Taxes	71	65	29	- 55.4
Dividends FIM m.	4	3	4	+ 20.0
Investments FIM m.	385	271	355	+ 31.0
Shareholders' equity including untaxed reserves FIM m.	1,714	1,687	1,673	- 0.8
% of Balance Sheet Grand Total subscription liability excluded	58.5	60.3	55.6	
Balance Sheet Grand Total FIM m.	3,150	3,058	3,256	+ 6.5
Financial assets compared with outside liabilities without interest	2.0	2.7	2.3	
Net debt	182	104	104	-
% of net sales	8.3	5.2	5.4	
Personnel on average	3,367	3,210	3,120	- 2.8
newspaper deliverers	2,178	2,225	2,041	- 8.3

Sanoma Group net sales 1983 - 1992

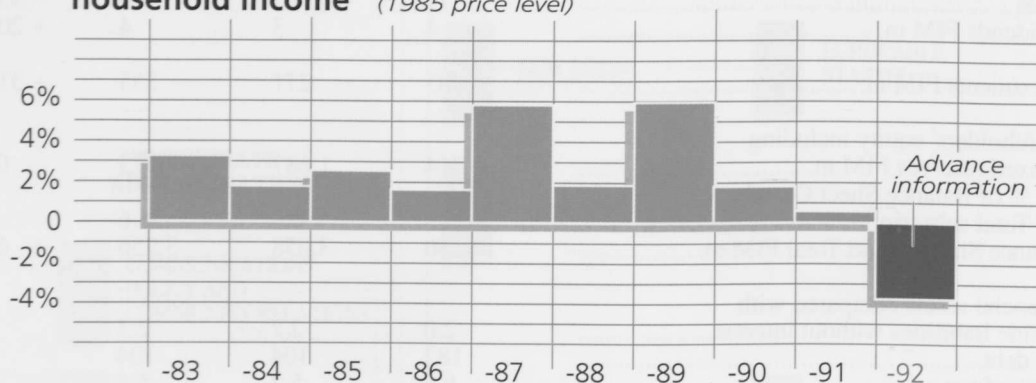


Industrial production, volume index in Finland and OECD countries 1983 - 1992



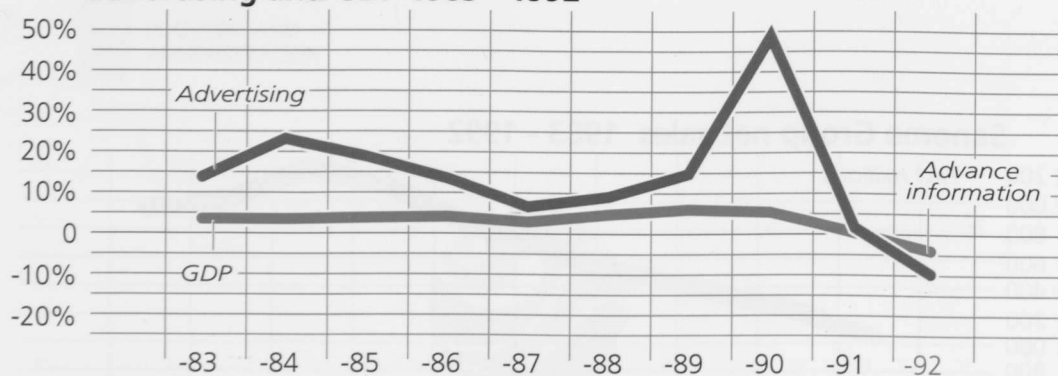
Source: ETLA, Research Institute of the Finnish Economy

Real disposable household income (1985 price level)



Source: Central Statistical Office of Finland

Trends in newspaper advertising and GDP 1983 - 1992



Source: Suomen Gallup-Mainostieto Oy / Central Statistical Office of Finland

REPORT BY THE BOARD OF DIRECTORS ON SANOMA GROUP OPERATIONS IN 1992

Economic Trends in Finland

In 1992 the Finnish economy remained deep in recession, following the collapse of 1991. Although industrial output grew four percent, GDP fell 3.5 percent, and real consumer buying power declined. Unemployment rose to an average of 13 percent and is likely to remain high for long into the future.

An encouraging recovery in exports resulted in a surplus trade balance, but the deficit in the balance of payments grew unexpectedly to over FIM 23 million. Finland's net foreign indebtedness climbed to 48 percent of GDP. When taken against export revenues, Finland's net foreign indebtedness is the highest in the OECD. In fact, foreign net indebtedness and rising debt-servicing expenditure have combined to bring the Finnish economy to the verge of bankruptcy.

Instability on the international money and foreign-exchange markets prompted the Bank of Finland and the Finnish Government to allow the mark to float in September. Thus the Finnish mark was devalued by a total of 30 percent in the span of a year. This devaluation is supporting the export industry, but at the same time driving the domestic economy into even deeper depths. Growth in exports, heavy cuts in public expenditure and realistic labor-market agreements may eventually restore confidence in the mark.

The Communications Industry

The Finnish printing industry is basically a domestic industry, and therefore its performance is a fairly direct reflection of the state of the nation's

economy. Finnish GDP fell for the second year in a row, the total decline being almost ten percent. Gross advertising expenditure decreased seven percent during the financial year. Newspapers and magazines were the most severely affected media. Television, on the other hand, increased its share of the total advertising volume, but saw no corresponding increase in net revenues due to cuts in advertising prices.

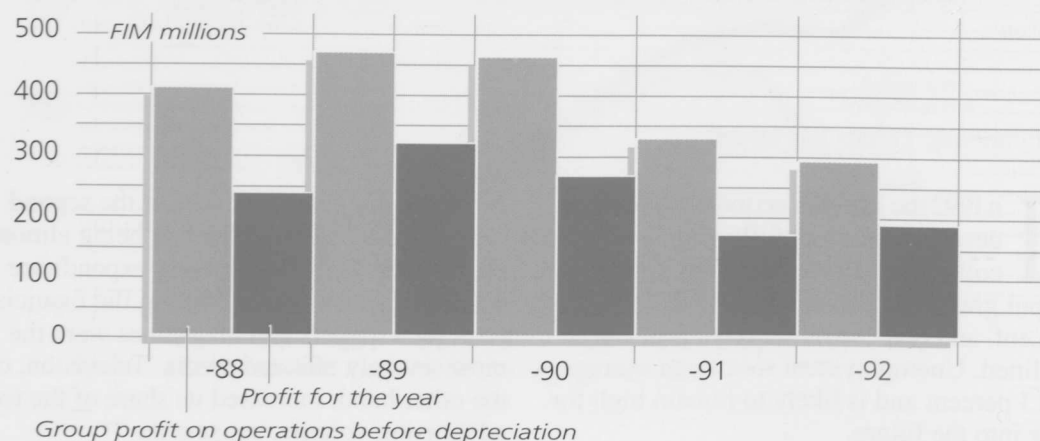
Printing-industry turnover declined by an estimated 8 percent, settling at about FIM 14 billion in 1992. Declining sales depressed profitability and increased the number of risk-prone companies. Like the previous year, the printing industry experienced an estimated 160 bankruptcies in 1992, mainly among commercial printers under great financial strain. Unemployment in the printing industry rose to record highs, with an estimated 4,200 jobless. There are now 3,000 printers, 450 journalists and 750 clerical staff out of work in this sector.

With no significant growth opportunities in view for the near future, success in the printing industry will require cost-cutting efforts and improvements in productivity. If these measures prove insufficient, additional bankruptcies and further changes in corporate ownership structures can be expected.

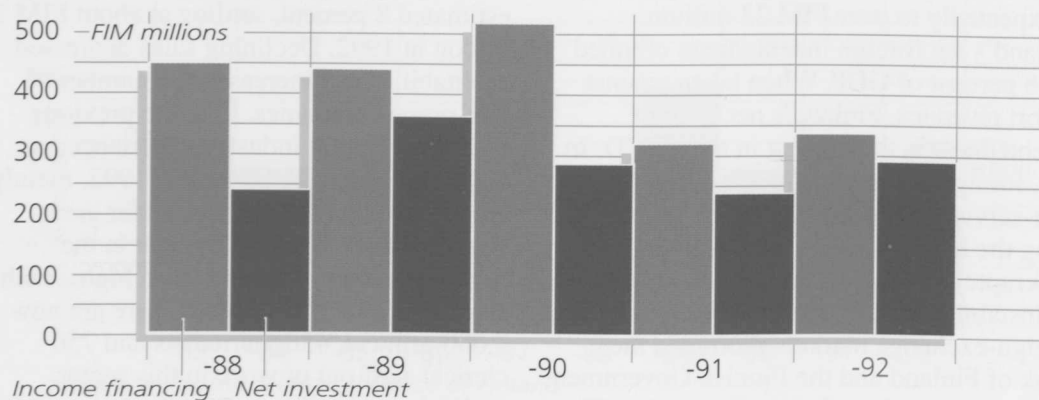
The decline in advertising weighed particularly on the profitability of newspapers published 4-7 times a week. Job vacancy announcements fell to a fraction of the record 1989 level, as firms are not hiring at present.

The volume of advertising in member papers of the Finnish Newspaper Publishers

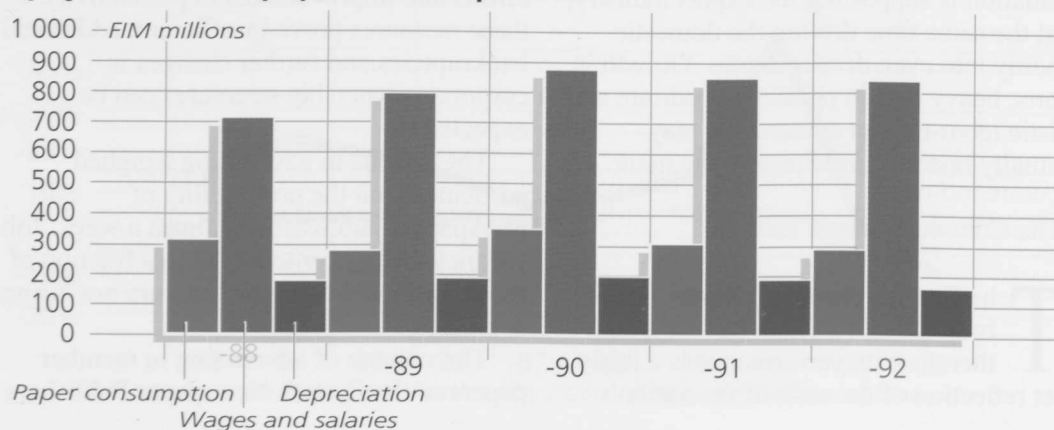
Group profit on operations before depreciation and profit for the year before taxes, extraordinary items and reserves (internal depreciation)



Group income financing and net investment 1988 – 1992



Group internal depreciation, and wages, salaries and social security payments, and paper consumption 1988 – 1992



Association was down 7.5 percent from the previous year. Magazine advertising revenues decreased by an average of 15.8 percent.

The printed media suffered additional losses in circulation due to the economic recession and rising unemployment. Daily newspaper circulations declined 2.5 percent and afternoon newspaper circulations 2.3 percent.

Many new factors will be affecting the state of the communications industry in 1993. In anticipation of Finland's EC membership, numerous legislative amendments with consequences for the communications industry are now in preparation. The government-owned Finnish Broadcasting Company's recent channel re-allocation will affect the internal market division of the communications industry. In addition, reductions in government subsidies for printed-media distribution threaten to weaken the printing industry's position.

The communications industry has become heavily indebted in the past few years, and it has become nearly impossible to secure financing by issuing new share capital. Finland's new, liberal foreign ownership regulations offer Finnish companies new opportunities to strengthen their equity base.

THE SANOMA GROUP

The Group experienced no significant changes in its structure or operations in 1992. The Group's financial result fell slightly short of the 1991 figure, which can be considered satisfactory performance given the alarming state of the economy.

The Group's general interest magazines and children's magazines performed well and managed to achieve better profitability. Magazine circulations rose substantially, and

many of the special-interest magazines also did well. The volume of magazine advertisement sales increased despite the depressed advertising market. Cable-TV operations developed very favorably. Pay-TV programs attracted an increased number of subscribers, and thousands of new households were linked to the existing cable-TV network.

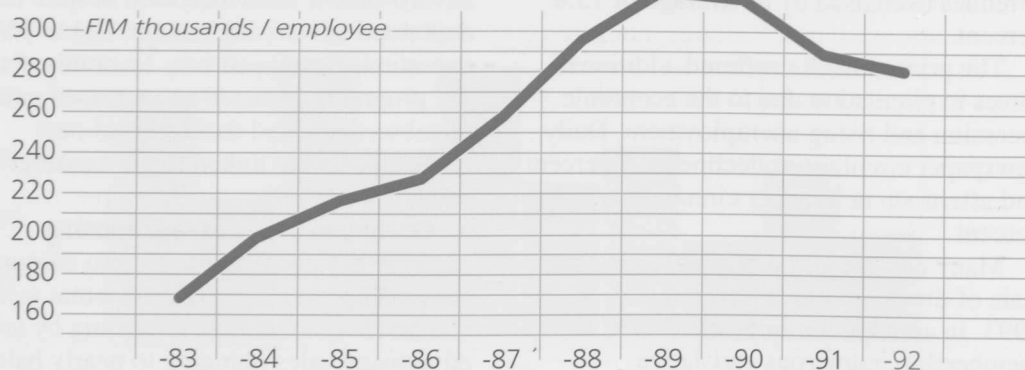
On a bleaker note, the deepening recessionary cycle again cut into corporate advertising, and Helsingin Sanomat was affected for the third year running by lower advertising sales plunging to nearly half of the record 1989 level.

Group net sales came to FIM 1,935.9 million, down 3.2 percent from the previous year. The operating profit was FIM 290.1 million. This represents an 11 percent decrease from the 1991 level of FIM 326.1 million, which corresponded to 16.3 percent of net sales. The parent company's net sales came to FIM 1,643.2 million, a decline of 4.6 percent.

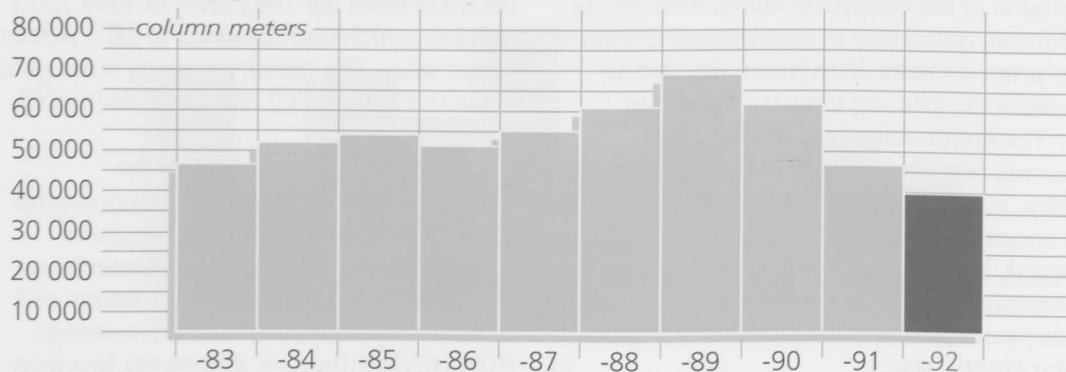
The depreciation entries in the Consolidated Financial Statements are the maximum allowed under the Business Taxation Act. Internal Group depreciation based on the estimated useful lifetime and replacement value of assets amounted to FIM 162.1 million, or 11 percent less than in 1991. Internal depreciations do not include depreciation on the Forssa Printing Plant that went into operation at the end of the year. Group profit after internal depreciation, financial income and expenditure came to FIM 190.3 million, which is equivalent to the 1991 result. The Group's net interest expenses, exchange-rate gains and losses and other financial income totaled FIM 62.3 million in 1992.

Wages and salaries were once again the Group's largest expense item. Together with social security payments, wages and salaries amounted to FIM 868 million, or 44.8 percent of net sales. The above total wage figure includes vacation-time pay and

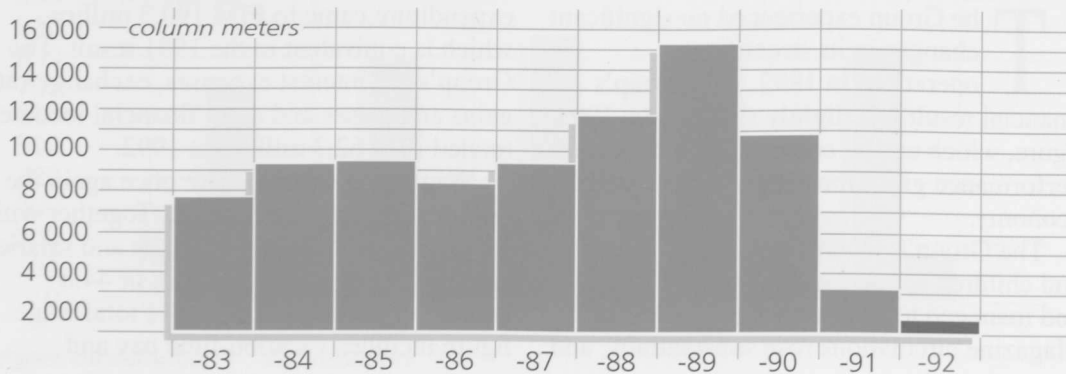
Sanoma Group value added / size of personnel 1983 – 1992



Volume of advertising in Helsingin Sanomat 1983 – 1992



Job vacancy advertising in Helsingin Sanomat 1983 – 1992



benefits worth FIM 125.8 million, representing 6.5 percent of net sales. Employer's mandatory social security and pension insurance contributions totaled FIM 153.4 million, or 7.9 percent of net sales. This figure includes sharply increased unemployment insurance payments, which, under the current regulations, are six percent of wages, reaching a total of FIM 39.2 million in 1993.

The Sanoma Group renewed its regular personnel policy in 1992. Lay-offs were avoided in all Group companies but one: the loss-making newspaper Hyvinkään Sanomat had to resort to staff cuts. The Group had a total staff of 4,952 at year-end.

FIM 354.9 million went towards investment during the financial year, construction of the Forssa Printing Plant being the major investment item of 1992. The plant was put into operation in the summer. The total cost of the project was FIM 451 million.

The Sanoma Corporation has participated in the restructuring of the provincial newspaper publishing house, Kymen Viestintä Oy, in southeastern Finland. The Corporation now has minority holdings in the major newspaper publishing houses in that area as well as in central Finland. In connection with this restructuring, the Sanoma Corporation purchased a web offset press last autumn, in order to lease it back on a long-term basis to the seller, Kymen Viestintä Oy.

Another affiliate, Oy Pro Lehdistö - Pro Pressen Ab, in which the Sanoma Corporation has a 10.2 percent holding, arranged an issue of Savon Sanomat shares as previously agreed.

In 1992, the Sanoma Corporation acquired a 10.4 percent share of the commercial television company MTV Oy.

The New Media Division concluded a successful deal in selling its minority holding in the Irish company Cork Communication Ltd.

NEWSPAPER DIVISION

Helsingin Sanomat, the daily newspaper
The general decline in ad sales pulled Helsingin Sanomat's advertising revenues down 14 percent from the previous year.

Helsingin Sanomat, the parent newspaper, sold a total of 39,743 column meters of advertising in 1992, a reduction of 14.2 percent on 1991. The economic downturn continued to weigh most heavily on classified ad sales, which were down by almost a quarter. The most recession-sensitive categories of advertising were job vacancy, housing and auto ads. The total number of job ads fell 48.5 percent in 1992, and was now down to about a tenth of the amount sold in the peak year of 1989. In contrast to the general trend, there was an increase in advertisements for leisure-time and educational opportunities and in family and personal announcements.

Retail ads were up six percent, this good performance being partly attributable to our introduction of regionally targeted advertising in the Helsinki Metropolitan Area.

The paper's magazine supplement achieved a page volume of advertising almost equal to that of the previous year.

The circulation of Helsingin Sanomat held fairly stable in 1992, though signs of a slight decline did emerge towards year-end. This emerging trend was partly due to weakened consumer purchasing power, particularly in those city districts and regions of the country that were most heavily affected by unemployment. For the same reason circulation is expected to decline by another one to two percent in 1993.

During the calendar year 1992, the newspaper had a daily circulation of 483,052, exceeding the 1991 figure by 108. The Sunday circulation was 573,019, an increase of 1,697 papers.

Once the Forssa plant began printing Helsingin Sanomat in November, the system

of newspaper delivery in this region was revised. As a result, 95 percent of Helsingin Sanomat subscribers now receive their papers in the early morning delivery.

Helsingin Sanomat's subscription revenues were boosted by a six percent price increase introduced in early July. The price of a 12-month subscription to the daily paper was raised from FIM 789 to FIM 836, and the price of a Sunday subscription from FIM 367 to FIM 389. Newsstand prices remained unchanged, and newsstand sales were down owing partly to a decrease in the number of sales points.

The growth in circulation revenues was not sufficient, however, to compensate for the decline in advertising sales, and revenues from both sources combined were down by 7.7 percent. The newspaper charted weaker overall profitability for the year, despite significant savings in outlays.

Ilta=Sanomat, the afternoon paper

Ilta=Sanomat's total revenues decreased 3.8 percent from the 1991 figure, whereas advertising revenues remained stable. The volume of advertising reached a new record level of 5,368 column meters. Advertising increased by one percent on the previous year.

Circulation was down from the previous year by some five percent. The average daily circulation of Ilta=Sanomat was 208,404, the weekend issue selling an average of 241,826 copies. Newsstand sales were affected by the widespread decline in purchasing power and - because Ilta=Sanomat is widely sold at check-out counters - also by a general trend towards fewer trips to the shop on the part of consumers. As retailers are now concentrating their special-offers on three weekdays, consumers are also choosing to shop on those days instead of making daily trips to the store. Newspaper sales are clearly down on the off days.

At the end of 1992, Ilta=Sanomat was available at a total of 8,300 different sales

points. The paper's availability was improved in the Estonian capital Tallinn and in vacation spots favored by Finns in southern Europe.

Production

The development of the centralized production management and control system at the Sanomala Printing Plant was the most important project of the year on the printing side of operations. The new system was successfully tested during the year, and now provides centralized and simultaneous control over all three printing plants - Vantaa, Forssa and Varkaus. In addition to production control, this system is capable of managing purchases, material flows and maintenance routines. In 1993, the system will also allow development of page make-up operations.

The Forssa Printing Plant was made fully operational during the year. Printing of Ilta=Sanomat began at Forssa in mid-July, and by the end of December about half of the total Ilta=Sanomat edition was being produced at that plant. Helsingin Sanomat went to press at Forssa for the first time on November 16. By December, the Forssa printing of Helsingin Sanomat numbered 85,000 copies on weekdays and 115,000 on Sunday.

The printing press at the Varkaus plant was enlarged, in order to provide a 50 percent increase in four-color printing.

In addition to the Group's own output, the Sanomala Printing Plant produced 17 newspapers on a regular basis for outside clients in 1992, including five new clients. Some 30 individual printing assignments were also undertaken, for a total of 1.5 million copies.

Hyvinkään Sanomat

The circulation of the local newspaper Hyvinkään Sanomat, published in Hyvinkää about 31 miles north of Helsinki, has remained stable, and the spring-time count showed a circulation of 14,054. Even so, the newspaper's financial performance was

poorer than expected. Advertising revenues were affected not only by the general slowdown, but also by a spell of exceptionally fierce price competition between advertising media in the town of Hyvinkää. The paper posted another loss-making year.

In an effort to improve profitability, a slate of rehabilitation measures was introduced at Hyvinkään Sanomat. These include an organizational reform and staff reductions. The company was forced to discharge 15 employees. A new electronic page make-up system was put into operation.

Lehtikuva Oy

International Picture Agency

Color photographs accounted for a greater portion of total picture sales. The appearance on the market of a new magazine that uses a great deal of color images spurred this trend. The Albertville and Barcelona Olympics were important boosts to Lehtikuva's business, as was the CSCE summit meeting in Helsinki.

Declining demand for newspaper and magazine photographs and increasing prices for international photo material significantly affected the company's economic performance. However, the drop in sales was covered by savings measures.

The company's image transmission capabilities developed considerably during the year. The international news photo services that Lehtikuva accesses have gone over entirely to digital satellite transmission.

SANOMAPRINT

The Sanomaprint Division charted improved performance over the previous year. General and special-interest magazines did particularly well in strengthening their market position. Certain of the Division's magazines managed to increase their circulations, though

indications of a slower growth trend emerged towards the end of the year.

Sanomaprint magazine advertising sales grew in monetary terms, this performance being a clear exception to the general downward trend in advertising. However, advertising sales by Erikoislehdet's special-interest magazines were down. On the whole, the advertising revenues of Sanomaprint magazines held stable at the 1991 level.

Magazines

Once again, the senior citizens' magazine *et-lehti* achieved the largest growth, with circulation up five-fold in the course of eight years. In 1992, the circulation of *et-lehti* broke the 200,000 barrier, with an increase of 11,688. The handicraft journal *Suuri Käsityökerho* also strengthened its position, with circulation up by 7,594 to a total of 122,314. *Hyvä Terveys* (Good Health), previously published under the title *Terveys 2000* (Health 2000), also had a successful year.

Three of the women's journals celebrated milestone anniversaries: *Me Naiset*, 40 years; *Kodin Kuvalehti*, 25 years; and *Gloria*, five years. A new infant-care magazine, *Vauva* (Baby), was brought onto the market.

Gross advertising sales, especially those of women's magazines, exceeded the previous year's monetary figure. By far the largest increase occurred in *et-lehti*'s advertising sales, which were boosted by the magazine's circulation growth. In terms of pages of advertising sold, *Kodin Kuvalehti* is one of the top five magazines in Finland.

Children's Magazines and Books

The comic magazines *Aku Ankka* (Donald Duck), *Roope-setä* (Uncle Scrooge), *Nalle Puh* (Winnie-the-Pooh), *Nalle Puh Puuhalehti* (Winnie-the-Pooh Activity Magazine) and *Maaailman Vahvin Nalle* (Bamse) all retained their market positions,



the total circulation now at 411,000. Ressu (Snoopy) was discontinued, and Väiski Vemmelsääri (Bugs Bunny) was added to the publication list.

The book list consisted of 148 titles, of which 26 were re-editions. Once again last year the publishing program included comic books, storybooks and family-library reference books. A total of 3.2 million book copies were sold.

Erikoislehdet, Special Interest Magazines

Among the special-interest magazines, the ten-year-old Tietokone did particularly well, again strengthening its position as Finland's No. 1 professional computer magazine. The magazine's circulation has almost doubled in five years. The hot-rod magazine Street & Race and the training and conditioning magazine Valmennus ja Kunto increased their circulations, whereas the circulation growth of Venemaailma (Boat World) and the skiing magazine Skimbaaja came to a halt as the recession bit heavily into both of these leisure-time activities.

Three new magazines were added to the special-interest range: Pelit (Games) for computer-games enthusiasts, Terve Elämä (Healthy Life) and Pienoismalli (Miniature Models). C-lehti for users of Commodore computers was discontinued.

Responsibility for publishing the business directories Blue Book, Hot Lines, Financial Summaries of Leading Finnish Enterprises and Kompas Finland was transferred from Startel, Inc. to Erikoislehden's professional publications section. The Division's business publications section published 12 regular corporate magazines and a fifth consecutive volume of the Business Finland yearbook.

Sanomapaino, Commercial Printing

In-house production sales remained at the previous year's level, whereas outside work declined. In addition, tough price competition in the book-printing sector bit into total sales. Demand for page make-up work suffered from a new trend in the

business: customers are choosing to do an increasing amount of the page make-up work themselves on their own equipment.

NEW MEDIA

The sales revenues of the New Media Division increased 11 percent, mainly due to growth in pay-TV operations. The Division's performance was also boosted by successful cost-control measures and lower network construction outlays.

Program operations

Sales by Eurocable Ltd rose seven percent on the previous year. The company continued to market the FilmNet channel and the self-produced Entertainment channel and acted as a buyer of foreign programs on behalf of the local Finnish channel PTV. Eurocable's income performance was spurred by a 15 percent increase in FilmNet subscriptions. Now all the significant cable-TV networks and satellite master antenna networks are relaying FilmNet, and the channel has 52,185 subscribers in Finland.

Cable-TV Operations

The Helsinki Cable Television Ltd (HTV) network was expanded to 5,190 additional households in 1992. By the end of the year there was a total of 173,626 subscriber households in the Helsinki Metropolitan Area, i.e. the cities of Helsinki, Espoo, Vantaa and Kauniainen.

During the financial year, HTV provided 24 TV program services and 10 radio channels.

ECI Communications AG, a wholly owned subsidiary of Sanoma Invest AG based in Switzerland, is responsible for the administration, financing and operational development of the New Media Division's foreign subsidiaries and affiliates. During the year under report, ECI Communications AG

owned the Norwegian company Janco Kabel-TV A/S, which had 158,740 subscriber households at the end of 1992. Pay-TV is gaining increasing importance in Janco's business now that the cable network operations are well established.

The Sanoma Group still faces an official deadline, set by the Norwegian authorities, for relinquishing its majority holdings in Norway. However, in response to the European integration process, the Norwegians have begun to reappraise their foreign ownership policies, and the deadline has now been postponed until August 1993.

Information Services

The business operations of Startel, Inc. and its subsidiary Oy Infodec Ab were targeted for merger during the year. Startel produces and transmits electronic corporate, economic and financial information, whereas Infodec produces software applications packages for the financial industry. Together the companies have developed a satellite-relayed Nordic financial information service that will be brought onto the market in early 1993.

The information services market was again under heavy pressure in 1992. Business-directory publishing, formerly a branch of Startel's operations, was transferred to Erikoislehdet Special Interest Magazines during the year.

Demand for the services of the media-monitoring company Sanomalehtien Ilmoitustoimisto Oy (SITA) was affected by the general decline in newspaper and magazine page volumes and advertising. The loss of sales was balanced by cost-cutting measures.

SANOMA REAL ESTATE

Construction of the Forssa plant was the Sanoma Real Estate Division's most important project of the year. Construction work proper was completed on schedule in May. The printing plant has a gross floorspace of 25,151 square meters and a volume of 181,910 cubic meters. The plant is located in the town of Forssa, 72 miles northwest of Helsinki, where the Group owns over 40 hectares of land. The zoning of the area provides, in addition to the plant itself, for the construction of commercial and office space and a service station. The present building permit allows for a further 200,000 square meters of floorspace in the area.

To further develop the Sanomala property in Vantaa measures have been taken to obtain an amendment of the zoning regulations in the area surrounding the Vantaankoski train station. The Group is involved - as one of the principal landowners and as a partner - in the planning of the new Marja-Vantaa suburb in western Vantaa. Marja-Vantaa Oy, a corporation established for the purpose of developing the district, worked together with the City of Vantaa in sponsoring a Nordic architectural competition to obtain proposals on land use and planning of the area. The results of the competition were announced in March.

About a tenth of the Group's real estate is leased to outsiders. In 1992, three commercial properties were sold and studio space was acquired for Helsinki Television Ltd in the Pasila district. The Sanomapaino real estate holdings in Martinlaakso (Vantaa) were set up as a corporation.



CONSOLIDATED INCOME STATEMENT

(FIM 1,000)	Jan.1 – Dec.31, 1992	Jan.1 – Dec.31, 1991
Sales proceeds	2,511,578	2,605,669
Adjustments to gross sales		
Discounts	124,164	160,263
Credit losses	19,588	21,048
Commissions and advertising agency fees	203,950	209,817
Other adjustment items	227,971	213,836
Net sales (1)	1,935,905	2,000,705
Leasing income	14,049	14,536
Variable expenditures		
Materials	435,050	437,960
Variable wages, salaries and fees	474,868	488,537
Other variable expenditures	188,667	183,800
Change in inventory	- 2,262	1,135
Gross margin	-1,096,323	-1,111,432
Fixed expenditures	853,631	903,809
Fixed wages, salaries and fees	214,703	214,226
Rents	50,650	48,447
Other fixed expenditures	298,178	315,056
Profit on operations before depreciation	- 563,531	- 577,729
Depreciation (2)	290,100	326,080
Buildings		
Machinery and equipment	34,575	34,558
Other material goods	158,866	76,962
Immaterial rights	5,732	16,944
Other long-term expenditures	1,906	1,581
Additional Group depreciation	25,251	22,589
Profit on operations after depreciation ..	4,322	5,506
Financial revenues and expenditures (3)	- 230,652	- 158,140
Interest revenues	59,448	167,940
Dividend revenues	111,306	94,645
Other financial revenues	10,210	12,786
Interest expenditures	48,484	23,635
Other financial expenditures	- 72,842	- 72,228
	- 34,842	- 13,692
	+ 62,316	+ 45,146
	121,764	213,086
Other revenues and expenditures (4)		
Revenues	24,419	5,563
Expenditures	- 49,550	- 38,430
Pay-out to the Employee Profit-Sharing Fund	- 25,131	- 32,867
Profit before reserves and taxes	- 2,332	- 2,107
Changes in reserves (5)	94,301	178,112
Inventory reserve	- 1,012	+ 3,366
Investment reserve	0	+ 8,257
Other reserves	+ 4,973	- 3,501
Direct taxes	+ 3,961	+ 8,122
Minority share of subsidiary profits	- 29,335	- 65,255
Profit for the year	+ 1,405	- 8
	70,332	120,971

Figures in parentheses refer to "Appended Information on the Consolidated Income Statement and Balance Sheet" on page 26.

CONSOLIDATED BALANCE SHEET

Assets	Dec. 31, 1992		Dec. 31, 1991	
(FIM 1,000)				
Financial assets				
Cash in hand and in banks.....	391,195		171,191	
Accounts receivable (6)	297,098		292,539	
Loans receivable	603,816		555,909	
Advance payments	6,118		4,658	
Deferred assets	129,520		144,625	
Other financial assets.....	35,480	1,463,227	79,374	1,248,296
Inventories				
Materials	58,813		58,421	
Other inventories	15,728	74,541	13,756	72,177
Fixed assets and other long-term expenditures				
Land	319,394		352,631	
Buildings	548,635		574,693	
Machinery and equipment	352,998		297,670	
Other material goods.....	39,354		39,632	
Shares and holdings	334,587		361,305	
Immaterial rights.....	2,406		2,436	
Other long-term expenditures	109,928	1,707,302	88,862	1,717,229
Group intangibles		11,010		19,948
		<u>3,256,080</u>		<u>3,057,650</u>

Liabilities

	Dec. 31, 1992		Dec. 31, 1991	
(FIM 1,000)				
Outside liabilities				
Short-term				
Accounts payable.....	67,514		49,758	
Advance payments.....	281,209		258,011	
Deferred liabilities	244,077		223,158	
Other short-term debts	<u>173,788</u>	766,588	<u>112,842</u>	643,769
Long-term				
Loans from financial institutions	239,879		138,470	
Pension loans (7).....	551,766		554,402	
Other loans.....	<u>8,488</u>	800,133	<u>16,034</u>	708,906
Reserves				
Stock reserve.....	18,841		17,760	
Investment reserve (8).....	73		88,284	
Other reserves	<u>227,139</u>	246,053	<u>231,477</u>	337,521
Minority share		16,280		17,653
Shareholders' equity				
Restricted equity	772,708		772,708	
Non-restricted equity	583,986		456,122	
Profit for the year	<u>70,332</u>	1,427,026	<u>120,971</u>	1,349,801
		<u>3,256,080</u>		<u>3,057,650</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Dec. 31, 1992

(FIM 1,000)	
1. Restricted shareholders' equity	
Restricted shareholders' equity as of January 1, 1992	46,413
Appreciation equivalent to the profit on sale of properties assigned to housing and real estate companies	726,295
	<u>772,708</u>
2. Non-restricted shareholders' equity	
As of January 1, 1992	577,093
Dividends distributed	- 4,177
Donations made	- 400
Connection fees to Helsinki Cable Television Ltd	+ 7,864
Conversion gap	+ 3,607
	583,986
Profit for the year	+ 70,332
	<u>654,318</u>
3. Securities given as collateral	156,095
Mortgages given as collateral	348,497
Consolidated debt entered under loan receivables	11,523
Guarantees	21,811
4. Taxation values of fixed assets	
Land	136,944
Buildings	240,568
Shares and holdings	290,019
5. Liability deficit of the Sanoma Pension Funds	37,042

6. Holdings by the Group

	Number	Percentage	Nominal value (FIM 1,000)	Book value (FIM 1,000)
Sanoma Corporation				
Other companies				125,528
Holdings by the subsidiaries				
Arolammin Radio Oy.....	819	32.50	409	673
Kotkan Tietoruutu Oy	970	20.20	970	971
*MTV Oy	2,583	4.69	1,291	8,122
MXS-Satelliittipalvelu Oy	1,453	25.90	145	5,192
Päijät-Visio Oy	404	14.43	2,020	2,021
Sentosa S/A	4,250	33.33	CHF 4,250	27,764
Suomen Asiakastieto Oy	10	2.70	1	156
Suomen Paikallis-TV Kanavat Oy.....	1,700	33.34	1,700	1,700
Suomen Uusvisio Oy	2	5.40	100	100
Telebase Systems, Inc.	625,000	7.80	-	5,237
Other companies, total				582
Housing shares				156,541
				<u>334,587</u>

*) The Group owns 10.45% of the company.

APPENDED INFORMATION ON THE CONSOLIDATED INCOME STATEMENT AND BALANCE SHEET

INCOME STATEMENT

1. Net sales have declined 3.2%. The decrease is entirely attributable to the decline in Helsingin Sanomat advertising sales. Sales revenues and sales adjustment items are entered less turnover tax.
2. Maximum depreciation under the Business Taxation Act. Sanoma Corporation depreciation includes depreciation of FIM 59.4 million on the Forssa Printing Plant that went into operation at year-end and depreciation of FIM 21.1 million on web offset press leased to Lehtikanta Oy.
3. Receivables and debts in the Consolidated Financial Statements are valued according to the exchange rate on the date the books were closed. The Sanoma Corporation's unrealized exchange-rate gains have not been entered as income.
4. Other expenditure includes a FIM 25.5 million decline in the value of securities.
5. Changes in other reserves include a FIM 5.4 million reduction in the operating reserve and a FIM 0.4 million increase in the credit loss reserve.

BALANCE SHEET

6. Accounts receivable include subscription receivables of FIM 123.1 million. FIM 248.1 million in advance payments for undelivered subscriptions are entered in advance payments as a liability.
7. Pension loans include a loan of FIM 167.2 million from the Sanoma Pension Funds. The Funds' pension liabilities increased by FIM 11.8 million in 1992, of which FIM 0.1 million was covered by supplementary contributions.
8. FIM 88.2 million from the investment reserve was used to cover the acquisition cost of fixed assets.

SANOMA CORPORATION INCOME STATEMENT

(FIM 1,000)	Jan. 1 – Dec. 31, 1992	Jan. 1 – Dec. 31, 1991
Sales proceeds	2,193,025	2,305,609
Adjustments to gross sales		
Discounts	121,832	157,589
Credit losses	15,116	18,725
Commissions and advertising agency fees	189,251	197,645
Transport costs for newspapers and magazines	191,005	185,584
Other adjustments to gross sales	32,580 – 549,784	22,706 – 582,249
Net sales	1,643,241	1,723,360
Leasing income	+ 17,346	+ 18,830
Variable expenditures		
Materials	356,558	362,871
Variable wages, salaries and fees	434,322	442,836
Other variable expenditures	182,042	175,967
Change in inventory	– 2,174 – 970,748	1,051 – 982,725
Gross margin	689,839	759,465
Fixed expenditures		
Wages, salaries and fees	164,246	171,163
Rents	108,737	106,548
Other fixed expenditures	230,928 – 503,911	253,833 – 531,544
Profit on operations before depreciation	185,928	227,921
Depreciation		
Buildings	5,871	3,118
Machinery and equipment	126,427	52,696
Immaterial rights	811	491
Other long-term expenditures	12,794 – 145,903	10,626 – 66,931
Profit on operations after depreciation	40,025	160,990
Financial revenues and expenditures		
Interest revenues	126,657	126,470
Dividend revenues	6,126	7,314
Corporate tax credit on dividends	4,084	5,296
Other revenues	18,986	7,927
Interest expenditures	– 81,833	– 77,750
Other financial expenditures	– 28,148 + 45,872	– 13,546 + 55,711
	85,897	216,701
Other revenues and expenditures		
Revenues	19,597	4,320
Group subsidy	– 34,262	– 66,310
Other expenditures	– 27,182 – 41,847	– 25,151 – 87,141
Pay-out to the Employee Profit-Sharing Fund	– 1,829	– 1,570
Profit before reserves and taxes	42,221	127,990
Changes in reserves		
Inventory reserve, increase –, decrease +	– 544	+ 3,360
Replacement reserve, increase –, decrease +	– 817	0
Other reserves, increase –, decrease +	+ 4,760 + 3,399	+ 3,185 + 6,545
Direct taxes	– 18,397	– 55,095
Profit for the year	<u>27,223</u>	<u>79,440</u>

SANOMA CORPORATION

BALANCE SHEET

Assets

(FIM 1,000)

Financial assets

	Dec. 31, 1992		Dec. 31, 1991
Cash in hand and in banks.....	159,744		42,544
Accounts receivable	237,390		222,331
Loans receivable	1,208,531		1,168,549
Advance payments	5,306		3,139
Deferred assets	127,282		147,390
Other financial assets	34,913	1,773,166	78,704
			1,662,657

Inventories

Materials	51,499		49,054
Products, finished and in process	11,566	63,065	11,836
			60,890

Fixed assets and other long-term expenditures

Land	47,044		54,357
Buildings	56,910		84,594
Machinery and equipment	301,404		129,209
Advance payments, machinery.....	469		111,609
Shares and stock	125,529		144,539
Shares and stock, subsidiaries.....	708,519		617,519
Immaterial rights	1,299		514
Other long-term expenditures	41,680	1,282,854	37,007
		<u>3,119,085</u>	<u>1,179,348</u>
			<u>2,902,895</u>

NOTES TO THE SANOMA CORPORATION FINANCIAL STATEMENTS

Sanoma Corporation is a corporation organized under the laws of the State of New York. The accompanying financial statements are for the year ended December 31, 1992.

	1992	1991	1990
Sanoma Corporation	1,000,000	1,000,000	1,000,000
Sanoma Publishing Co.	1,000,000	1,000,000	1,000,000
Sanoma Publishing Co. (subsidiary)	1,000,000	1,000,000	1,000,000
Sanoma Publishing Co. (subsidiary)	1,000,000	1,000,000	1,000,000
Sanoma Publishing Co. (subsidiary)	1,000,000	1,000,000	1,000,000
Sanoma Publishing Co. (subsidiary)	1,000,000	1,000,000	1,000,000
Sanoma Publishing Co. (subsidiary)	1,000,000	1,000,000	1,000,000
Sanoma Publishing Co. (subsidiary)	1,000,000	1,000,000	1,000,000
Sanoma Publishing Co. (subsidiary)	1,000,000	1,000,000	1,000,000
Sanoma Publishing Co. (subsidiary)	1,000,000	1,000,000	1,000,000

Liabilities

	Dec. 31, 1992		Dec. 31, 1991	
(FIM 1,000)				
Outside liabilities				
Short-term				
Accounts payable	52,142		33,107	
Advance payments	235,085		227,619	
Deferred liabilities	251,875		196,132	
Other short-term debts	295,697	834,799	187,004	643,862
Long-term				
Loans from financial institutions	231,205		123,065	
Pension loans	516,870		523,242	
Other debts	6,500	754,575	15,500	661,807
Reserves				
Inventory reserve	15,766		15,222	
Investment reserves	817		86,763	
Other reserves	199,580	216,163	204,340	306,325
Shareholders' equity				
Restricted				
Share capital		46,414		46,414
Non-restricted				
Operating fund	1,229,550		1,154,550	
Profit from previous years	10,361		10,497	
Profit for the year	27,223	1,267,134	79,440	1,244,487
		<u>3,119,085</u>		<u>2,902,895</u>

The figures for consolidated net income for 1992 are shown in the official financial statements.

NOTES TO THE SANOMA CORPORATION FINANCIAL STATEMENTS

(FIM 1,000)

Dec. 31, 1992

1. Shareholders' equity	
232,866 K-series shares	23,287
231,269 E-series shares	23,127
	<u>46,414</u>
Operating fund	
As of January 1, 1992	1,154,550
Transferred from retained earnings	+ 75,000
Balance as of December 31, 1992	<u>1,229,550</u>
Reserve for donations	
As of January 1, 1992	0
Transferred from retained earnings	+ 400
Donations made	- 400
Balance as of December 31, 1992	<u>0</u>
Retained earnings	
As of January 1, 1992	89,937
Dividends distributed	- 4,177
Transferred to operating fund	- 75,000
Transferred to donations	- 400
Non-withdrawn dividends refunded	+ 1
	<u>10,361</u>
Profit for the year	27,223
Balance as of December 31, 1992	<u>37,584</u>
2. Securities given as collateral	1,978
Mortgages given as collateral	142,800
Pledged deposit	7,334
Other pledges	49,158
Consolidated debt entered under loan receivables	4,500
Guarantees	17,786
Guarantees on behalf of the subsidiaries	31,791
3. Receivables from subsidiaries	633,871
Debts to subsidiaries	180,113
4. Taxation values of fixed assets	
Land	61,601
Buildings	30,072
Shares and holdings	193,262
Shares and holdings, subsidiaries	341,458
5. Appreciation of fixed assets	
Land	5,000
Shares and holdings	3,390
Balance as of December 31, 1992	<u>8,390</u>
6. Liability deficit of the Sanoma Pension Fund	35,394
7. Liability from pension commitments	952

8. Holdings by Sanoma Corporation in
other companies as of December 31, 1992

	Number	Percentage	Nominal value	Book value (FIM 1,000)
SUBSIDIARIES				
Erikoislehdet Oy	1,050	100.00	10,500,000.00	14,000
Eurocable Ltd	10,000	100.00	10,000,000.00	10,000
Hyvinkään Sanomat Oy	15	100.00	15,000.00	15
Lehtikuva Oy	75,000	100.00	750,000.00	1,025
Sanoma Invest AG	100,000	100.00	CHF 10,000,000.00	28,829
Sanomain Huoneisto ja Kiinteistöholding Oy	62,000	100.00	62,000,000.00	62,213
Startel Inc.	141,355	85.00	14,135,500.00	34,958
Real estate and housing corporations				552,521
Non-operative				4,958
Subsidiaries, total				708,519
OTHER COMPANIES				
Aamukaste Oy	202,975	50.00	2,029,750.00	2,028
Finnair Oy	713,732	1.45	3,568,600.00	7,137
Keski-Uusimaa Oy	15,108	12.50	302,160.00	2,438
Kirjalito Oy	20,000	50.00	2,000,000.00	1,842
Kymen Sanomalehti Oy	2,230	10.00	2,230,000.00	1,228
Kymen Viestintä Oy	49,979	23.30	4,497,900.00	2,457
Kymmene Oy	1,158,871	1.41	23,177,420.00	56,326
MTV Oy	3,172	5.76	1,586,000.00	10,298
Pro Lehdistö Oy-Pro Pressen Ab...	1,014	10.20	101,400.00	101
Oy Radio Ykkönen - Radio Ettan Ab	14	18.20	140,000.00	284
Rautakirja Oy	1,076,979	16.62	21,539,580.00	20,178
Savon Sanomat Oy	108,685	5.17	1,086,850.00	1,096
Suomen Tietotoimisto Oy	31,663	20.78	94,989.00	134
STS-pankki Oy	45,000	0.13	450,000.00	243
Unitas Bank Ltd	294,311	0.09	2,943,110.00	1,766
Others				3,651
Real estate and housing corporations				14,321
Other companies, total				834,047
GROUP COMPANIES OWNED BY SUBSIDIARIES OF SANOMA CORPORATION				
		Group ownership %		
Helsinki Cable Television Ltd		98.40		43,406
Oy Infodec Ab		100.00		0
Janco Kabel-TV A/S		100.00		18,391
Kytos SA		100.00	CHF	11,000
Milvus Förlags Ab		100.00		1,107
Sanoma Finance AG		100.00	CHF	46,000
Sanomalehtien Ilmoitustoimisto Oy		83.13		7,375

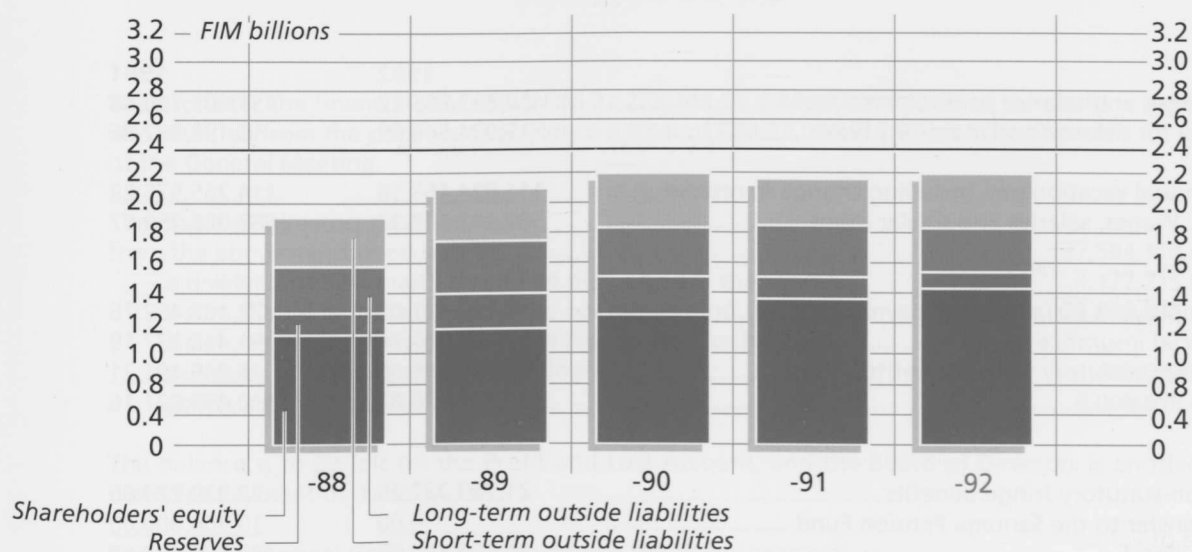
The figures for companies not specified here are given in the official financial statements.

CHANGES IN FINANCIAL POSITION

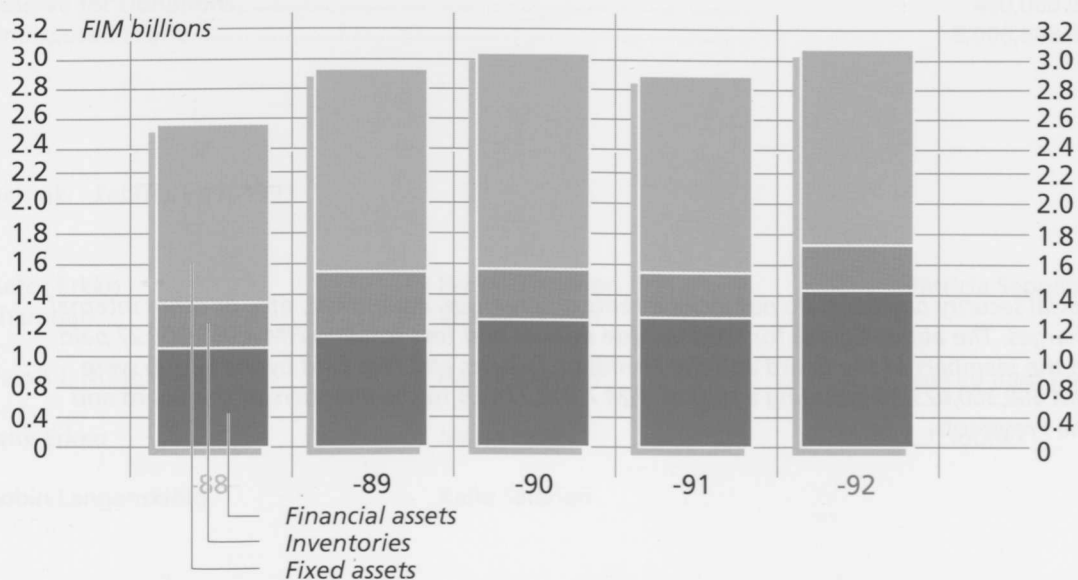
(FIM m.)	1992	1991
Sources of Funds		
Income financing		
Operating profit	290.1	326.1
Financial revenues and expenditures	30.7	29.4
Other income financing (net)	- 11.1	- 0.1
Income on fixed assets.....	56.5	22.2
Sale of subsidiary shares.....	0.0	9.7
Taxes	- 29.3	- 65.2
Capital financing		
Increase in long-term outside liabilities	91.2	29.1
Connection fees to Helsinki Cable Television Ltd	8.0	11.6
Total	436.1	362.8
Use of Funds		
Distribution of profit		
Dividends.....	4.2	3.5
Other distribution of profit.....	0.4	0.5
Pay-out to the Employee		
Profit-Sharing Fund	2.3	2.1
Investments		
Investment in fixed assets	354.9	270.7
Acquisition of subsidiary shares.....	0.0	5.4
Conversion gap	0.9	- 18.6
Total	362.7	263.6
Change in Net Working Capital		
Financial Assets:		
increase + / decrease -	+ 191.9	+ 30.6
Inventories:		
increase + / decrease -	+ 2.2	- 1.3
Short-term outside liabilities:		
increase - / decrease +	- 120.7	+ 69.9
Total	73.4	99.2

FINANCIAL AND ASSET STRUCTURES

Financial structure of the Sanoma Group



Asset structure of the Sanoma Group



WAGES, SALARIES AND SOCIAL SECURITY PAYMENTS OF THE SANOMA CORPORATION

	1992	1991
Wages and salaries paid to personnel	454,593,865.72	457,603,796.58
Pay for sickness and maternity leave	13,924,546.09	16,138,887.86
Annual vacation pay, including change in reserve	<u>111,824,165.56</u>	<u>114,265,575.23</u>
Wages, salaries and similar items	580,342,577.37	588,008,259.67
Employer's social security payments	20,537,827.08	22,165,452.76
Social insurance payments	85,014,294.74	91,418,877.19
Other statutory fringe benefits	<u>27,886,499.00</u>	<u>16,849,491.21</u>
Total	133,438,620.82	130,433,821.16
Non-statutory fringe benefits	21,709,337.25	22,329,223.65
Transfer to the Sanoma Pension Fund	<u>0.00</u>	<u>10,700,000.00</u>
Total	21,709,337.25	33,029,223.65
Wages and salaries to non-staff employees	<u>24,077,897.47</u>	<u>23,634,141.79</u>
Grand total	759,568,432.91	775,105,446.27

Social security payments do not include rents on premises, equipment, etc., or other internal charges. The above figures for 1992 include salaries and fees totaling FIM 4,068,306.27 paid to the members of the Board and the President. Salaries and fees paid by the Group were FIM 668,300,623.36 including a sum of FIM 7,842,274.26 to the members of the Board and the Presidents.

PROPOSAL FOR DISTRIBUTION OF THE PROFIT

The profit for the financial year totals FIM 27,223,249.51. FIM 10,360,863.96 of the profit was retained from the previous year. Hence a total of FIM 37,584,113.47 is at the disposal of the General Meeting.

FIM

The Board of Directors proposes that	
from the above mentioned sum of	37,584,113.47
– a dividend of 9.00 marks should be paid on each share	4,177,215.00
– a sum should be transferred to the operating fund.....	25,000,000.00
– a sum should be transferred to the reserve for charitable	
purposes at the discretion of the Board.....	400,000.00
– giving a balance of	8,006,898.47

The balance is to be left on the Profit and Loss Account, and the Board of Directors is entitled to use it for payment of taxes in 1993.

Provided the Annual General Meeting adopts the above proposal, the Corporation's own fund will be as follows:

Share Capital.....	46,413,500.00
Operating Fund	1,254,549,511.18
Reserve for Donations.....	400,000.00
Undisposed Profit	8,006,898.47

Helsinki , February 17, 1993

Aatos Erkko
Chairman

Heikki Tikkanen
Vice Chairman

Patricia Seppälä

Väinö J. Nurmimaa

Aarne Castrén

Jaakko Rauramo

Jane Erkko

Merja Helle

L.J. Jouhki

Robin Langenskiöld

Kalle Salonen

AUDITORS' REPORT

We have examined the accounting records, the annual report and the administration of the Sanoma Corporation for the year ended December 31, 1992. Our examination was made in accordance with generally accepted auditing standards.

Salmi, Virkkunen & Helenius Oy, Authorized Public Accountants have performed the supervisory audit during the financial year.

Parent Company

The Annual Report has been prepared in accordance with prevailing legislation. The profit for the year ended December 31, 1992 is FIM 27,223,249.51.

We recommend that

the Income Statement and the Balance Sheet be adopted,
the members of the Board of Directors and the President be
discharged of responsibility for the year 1992,
the profit be dealt with as proposed in the Annual Report.

Consolidated Financial Statements

The Consolidated Financial Statements of the Group have been prepared in accordance with the prevailing legislation. The non-restricted shareholders' equity amounts to FIM 654,318,000.00.

We recommend that

the Consolidated Income Statement and
the Consolidated Balance Sheet be adopted.

Helsinki, March 5, 1993

Antti Helenius
Authorized Public Accountant

Johanna Perälä
Authorized Public Accountant

CIRCULATION FIGURES

	1988	1989	1990	1991	1992
NEWSPAPERS					
Helsingin Sanomat, daily	457,068	470,708	478,087	482,944	483,052
HS Sunday edition.....	541,299	557,834	566,109	571,322	573,019
Ilta=Sanomat, afternoon paper	195,279	206,934	215,354	218,642	208,404
I=S weekend edition.....	222,748	232,407	245,492	253,853	241,826
Hyvinkään Sanomat, daily	—	—	15,004	14,536	14,054
SANOMAPRINT MAGAZINES					
Me Naiset, women's weekly.....	99,165	102,054	102,350	99,620	94,576
Gloria, women's monthly	46,620	48,421	50,906	53,589	51,680
Gloria Sisustuslehti, interior decoration.	—	—	—	55,000	44,000
Kodin Kuvalehti, family bi-weekly	167,321	171,841	177,371	181,376	178,773
Suuri Käsityölehti, handicraft	110,469	107,944	112,313	114,720	122,314
et, for senior citizens	138,688	154,229	170,400	188,361	200,049
Eläinmaailma, Animal World.....	37,100	41,809	48,186	49,517	46,238
Tiede 2000, Science 2000	37,574	41,259	43,364	42,422	37,978
Hyvä Terveys, Good Health	27,509	32,908	38,657	39,390	41,035
Vauva, Baby.....	—	—	—	—	32,802
SPECIAL INTEREST MAGAZINES					
MikroBitti, Microbyte	38,872	37,576	39,214	39,346	35,747
Tietokone, Computer.....	14,866	18,137	21,074	23,875	25,717
Pelit, Games	—	—	—	—	16,024
MacMaailma, MacWorld.....	—	—	3,500	4,110	4,413
Proessori, Processor.....	6,710	7,362	7,579	7,115	6,755
HiFi.....	13,253	13,376	13,412	14,411	13,655
Skimbaaja, skiing	13,947	14,566	14,664	15,496	15,456
Valmennus & Kunto, training and conditioning	—	6,571	9,099	9,798	10,532
Street & Race, hot rod	—	6,505	8,811	12,850	14,472
Venemaailma, boat world.....	—	—	7,500	16,980	17,216
Terve Elämä, healthy life.....	—	—	—	—	17,354
Utemagasinet, outdoor life	—	16,000	16,000	16,000	18,000
Pienoismalli, miniature models	—	—	—	—	4,462
CHILDREN'S MAGAZINES					
Aku Ankka, Donald Duck	291,331	304,671	310,646	306,916	299,432
Roope-setä, Uncle Scrooge	52,726	52,577	53,235	51,908	51,888
Nalle Puh, Winnie-the-Pooh.....	40,196	38,065	37,308	39,823	37,304
Nalle Puh, Puuhalehti, Winnie-the-Pooh, Activity Magazine.....	24,423	26,998	27,674	25,538	22,857
Maailman Vahvin Nalle, Bamse.....	—	—	—	11,386	15,315
Väiski Vemmelsääri, Bugs Bunny	—	—	—	—	13,012



FORSSA PRINTING PLANT



Printer Harri Tossavainen making the press ready for operation.

The Sanoma Corporation's newest printing plant is located 72 miles northwest of Helsinki, in the town of Forssa. The plant went into operation in mid-July and began by printing Ilta=Sanomat. The planning work had started in 1988, while the Varkaus plant in northeastern Finland was still under construction. The need for a new printing facility grew from the desire to better serve our readers and advertisers. Printing of Helsingin Sanomat started at Forssa on November 16, 1992.

The state-of-the-art Forssa Printing Plant has 25,151 square meters of floorspace and a total volume of 181,910 cubic meters. The plant employs a staff of about 60, and provides work indirectly for about 60 more people.

The site of the Forssa plant was chosen with logistics in mind. The plant is equipped with the very latest in telecommunications technology. Page make-up is done in Helsinki, with pages transmitted electronically to the plant, as is also the case with the Sanomala and Varkaus plants. This system saves time and money, and ultimately brings the paper closer to its readers in various parts of the country.

The Forssa Printing Plant is a sophisticated building, designed with emphasis on ergonomics and working conditions. In this respect, it is a continuation of the building philosophy embodied in the Sanomala and Varkaus plants. All are up-to-the-minute facilities, where newspapers are produced on schedule so that our readership can be consistently served in the early morning.

NET INCOME INFORMATION 1988 - 1992

USD, in millions except EPS (1)					
	1988	1989	1990	1991	1992
Net sales	343.9	402.2	420.7	382.0	369.7
Operating profit	77.1	82.2	88.4	62.3	55.4
Interest income, net	-1.1	6.0	0.6	4.3	7.4
Other financial revenues and expenditures	1.9	1.2	1.7	4.3	4.5
Extraordinary items	-1.5	-2.3	-9.4	-6.3	-4.8
Profit Share			-2.7	-0.4	-0.4
Income before depreciation and taxes	76.4	87.0	78.6	64.2	62.1
Depreciation (2)	-32.6	-35.1	-36.5	-34.8	-31.0
Income before taxes	43.8	51.9	42.1	29.4	31.1
Income tax paid	-10.2	-16.0	-13.5	-12.5	-5.6
Deferred income tax expense	-11.3	-9.4	-7.1	1.0	-5.3
Net income before minority share	22.3	26.5	21.5	17.9	20.2
Minority share of the profit of subsidiaries	0.1	0.2	0.1	0.0	0.3
Net income	22.4	26.7	21.4	17.9	20.5
Earnings per share (USD)	47.4	56.4	46.1	38.7	44.1

1) The exchange rate as of December 31, 1992, quoted by the Bank of Finland was FIM 5.237 per USD.

2) Based upon remaining useful lifetime and replacement value.

INCOME STATEMENT INFORMATION 1988 - 1992

USD, in millions (1)					
	1988	1989	1990	1991	1992
Income before depreciation and taxes	76.4	87.0	78.6	64.2	62.1
Depreciation according to the Finnish Tax Act	-29.8	-36.6	-33.2	-30.2	-44.1
Additional depreciation allowed by special tax relief legislation	-21.3	-7.4	-	-	-
Adjustments to untaxed reserves (2)	-3.6	-13.2	-11.4	1.6	1.0
Income before income tax paid	21.6	29.7	34.0	35.6	19.0
Income tax paid	-10.2	-16.0	-13.5	-12.5	-5.6
Statutory net income	11.4	13.7	20.5	23.1	13.4

- 1) The exchange rate as of December 31, 1992, quoted by the Bank of Finland was FIM 5.237 per USD.
- 2) For Finnish tax purposes companies are allowed to claim various tax deductions principally by charging income for adjustments to untaxed reserves and accumulating these charges on the balance sheet. These adjustments must also be reflected in the financial statements. Earnings per share calculations are based on net income after taxes net exclusive of untaxed reserves.



SANOMA GROUP PERSONNEL

In 1992, the Sanoma Group had an average of 5,161 employees, including 2,041 part-time newspaper deliverers. The total personnel figure was down by 274. Gross turnover of Group personnel, excluding newspaper deliverers, came to 3.4% in Finland. The gross turnover of delivery personnel was 8.7%. Eighty-two employees retired during the year. Excluding substitute newspaper deliverers, the Sanoma Corporation employed 289 vacation-time substitutes in 1992, down from 380 in 1991.

The breakdown of personnel by divisions was as follows:

Corporate Administration	61
Newspaper Division	
- excluding delivery personnel	1,808
- newspaper deliverers	2,041

Lehtikuva Oy	71
Sanomaprint	842
New Media	309
Sanoma Real Estate	29

The personnel representatives on the Sanoma Corporation Board of Directors in 1992 were Ms Merja Helle and Mr Kalle Salonen. A new board was elected in March to administer the Employee Profit-Sharing Fund; the board's term began in May. The Profit-Sharing Fund was credited with FIM 763,412 in Group profit-related pay. Sanomaprint received FIM 1,113,300 and the New Media Division FIM 410,554 in profit-related bonuses.

Employer-employee cooperation was continued within the Sanoma Group Advisory Committee and in the advisory committees of the separate divisions.

IN MEMORIAM



Mr Teo Mertanen, our highly respected former Editor in Chief and long-time member of the Board of Directors, passed away on June 12, 1992. Teo Mertanen's contribution to the development of both Helsingin Sanomat and Ilta-Sanomat was invaluable, as was his work as a member and Vice Chairman of the Sanoma Corporation Board of Directors. Mr Mertanen stood for excellence in journalism and served as a bridge between the best traditions and the latest currents in the profession.



DIRECTORS AND OFFICERS

BOARD OF DIRECTORS

Aatos Erkko, Chairman (1,3,4)
Heikki Tikkanen, Vice Chairman (1,2,3)
Aarne Castrén (2)
Jane Erkko
Merja Helle, Personnel Representative
L.J. Jouhki (2,4)
Robin Langenskiöld
Väinö J. Nurmimaa (2)
Jaakko Rauramo (1,3,4)
Kalle Salonen, Personnel Representative
Patricia Seppälä

- 1 *Executive Committee*
- 2 *Compensation Committee*
- 3 *Media Policy Committee*
- 4 *Finance Committee*

CORPORATE ADMINISTRATION

- Aatos Erkko, Chairman and
Chief Executive Officer
- * Jaakko Rauramo, President and
Chief Operating Officer
Matti Anderzén, Executive Vice President,
Communications Policy and
Community Relations
 - * Heikki Huhtanen, Executive Vice President and
General Manager, Newspaper Division
Nils Ittonen, Vice President,
Portfolio Management
 - * Tapio Kallioja, Vice President and
General Manager, New Media
 - * Seppo Kievari, Executive Vice President and
Publisher
 - * Martti Ojares, Executive Vice President,
Finance
 - * Kerstin Rinne, Vice President, Planning and
Administration
 - * Heikki Saraste, Vice President and
General Manager, Sanomaprint
 - * Pekka Toropainen, Vice President,
Sanoma Real Estate
- * *Member of the Internal Board*

NEWSPAPERS

Heikki Huhtanen, General Manager,
Executive Vice President
Seppo Kievari, Publisher, Executive Vice President
Sakari Almi, Vice President, Marketing, Ilta=Sanomat
Matti Huopaniemi, Vice President, Marketing,
Helsingin Sanomat
Klaus Hämäläinen, Manager,
Varkaus Printing Plant
Tapani Kivelä, Vice President,
Administration and Finance
Caroline Lilius, Sales Director,
Helsingin Sanomat, Advertising Sales
Raija Liuhola-Lassuri, Sales Director,
Helsingin Sanomat, Advertising Sales
Sulo Nuutinen, Vice President, Production, Prepress
Pertti Puolakka, Vice President, Logistics
Pekka Salmén, Vice President, Production,
Sanomala Printing Plant
Ilkka Seppälä, Sales Director,
Helsingin Sanomat, Advertising Sales
Pekka Soini, Sales Director,
Helsingin Sanomat, Advertising Sales

HELSINGIN SANOMAT

Janne Virkkunen, Senior Editor in Chief
Keijo K. Kulha, Editor in Chief
Reetta Meriläinen, Editor in Chief

ILTA=SANOMAT

Vesa-Pekka Koljonen, Senior Editor in Chief
Hannu Savola, Editor in Chief

HYVINKÄÄN SANOMAT

Pentti Kiiski, Editor in Chief and Managing Director

SANOMAPRINT

Heikki Saraste, Vice President and
General Manager

Eija Ailasmaa, Vice President, Publishing
Veijo Halsvaha, Planning Manager
Pirkko Huottilainen, Vice President,
Children's Magazines and Books



Hannu Kilttilä, Vice President,
Commercial Printing
Lasse Krogell, Production Manager,
Commercial Printing
Esa Malm, Sales Director, Advertising Sales
Marit Oksanen, Vice President, Administration
Anne Valsta, Vice President, Publishing
Antero Väisänen, Vice President, Fulfilment

MAGAZINES

EDITORS IN CHIEF

Maija Alftan, *Kodin Kuvalehti*
Tuula Koukku, *Tiede 2000*
Veijo Käyhty, *Me naiset*
Kaisa Larmela, *et-lehti*
Jyrki Leskinen, *Eläinmaailma*
Riitta Lindegren, *Gloria and*
Gloria Sisustuslehti
Ulla-Maija Paavilainen, *Me naiset*
Jali Ruuskanen, *Hyvä Terveys*
Tina Tötterman, *Suuri Käsityölehti*
Pirkko Vuorio, *Vauva*

CHILDREN'S MAGAZINES

EDITORS IN CHIEF

Paula Antila, *Nalle Puh and Nalle Puh*
Puuhalehti, Maailman Vahvin Nalle,
Väiski Vemmelsääri
Markku Kivekäs, *Aku Ankka and Roope-setä*

SPECIAL INTEREST MAGAZINES

Eero Sauri, Managing Director
Nella Ginman, Vice President, Marketing,
Business Publications
Reino Lantto, Planning Manager,
Trade Periodicals
Eve Vaasmaa, Vice President, Marketing, Sport
Hannu Rynälä, Vice President, Marketing,
Tecnopress

EDITORS IN CHIEF

Pekka Koistinen, *Hifi*
Antero Kujala, *Valmennus & Kunto*
Tatu Lehmuskallio, *Skimbaaja*
Jarmo Markkanen, *Street&Race*
Jukka Miettinen, *Yritysjulkaisut*
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Jari Peltoniemi, *Proessori*

Eskoensio Pipatti, *Tietokone, MacMaailma,*
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Sinikka Raivio, *Terve Elämä*
Markku Vento, *Venemaailma*
Jörgen Vikström, *Utemagasinet*

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Tapio Kallioja,
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Pekka Jaakola, Vice President, Development

EUROCABLE LTD

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Olavi Peltonen, Managing Director

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STARTEL, INC.

Pertti Huhtala, Managing Director

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Heikki Rikkinen, Managing Director

OY INFODEC AB

John Roitto, Managing Director

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Pekka Toropainen, Vice President, Real Estate

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Olavi Ahlfors, Managing Director, acting

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