

Financia's



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Key indicators

SanomaWSOY

KEY INDICATORS, € million	31.12.2004	31.12.2003	31.12.2002	31.12.2001	31.12.2000
Net sales	2 493.0	2 395.9	2 357.8	1 734.3	1 447.8
Operating profit before depreciation and decrease in value	440.7	414.8	346.4	235.0	194.8
% of net sales	17.7	17.3	14.7	13.6	13.5
Operating profit before amortisation	370.5	338.4	269.2	161.4	131.1
% of net sales	14.9	14.1	11.4	9.3	9.1
Operating profit	239.5	205.2	134.4	96.5	84.0
% of net sales	9.6	8.6	5.7	5.6	5.8
Profit before extraordinary items	212.2	163.1	106.7	92.5	138.3
% of net sales	8.5	6.8	4.5	5.3	9.5
Profit after extraordinary items	213.7	163.1	112.7	92.5	140.3
% of net sales	8.6	6.8	4.8	5.3	9.7
Profit for the year	134.1	104.5	37.2	47.8	94.2
% of net sales	5.4	4.4	1.6	2.8	6.5
Balance sheet total	2 528.8	2 453.0	2 592.5	3 053.1	1 439.3
Gross investments	274.7	94.8	113.5	1 473.9	168.4
% of net sales	11.0	4.0	4.8	85.0	11.6
Return on equity, % (ROE)	15.5	11.9	4.7	6.7	10.7
Return on investment, % (ROI)	14.8	11.4	7.9	8.5	13.8
Equity ratio, %	39.0	40.3	36.9	31.6	67.4
Equity ratio, % *)	45.6	47.6	45.2	38.6	67.9
Gearing, %	85.4	72.9	96.1	115.0	-16.0
Gearing, % *)	58.6	46.4	60.0	76.0	-16.6
Financial cost of liabilities	36.6	47.1	64.3	31.3	7.4
Interest-bearing liabilities	885.9	819.4	1 006.2	1 439.7	167.4
Interest-free liabilities	705.9	686.1	666.8	678.7	336.4
Securities, cash and bank	85.8	128.8	122.4	365.0	316.9
Personnel under employment contract, average	16 207	17 330	18 657	15 129	13 364
Personnel, average (full-time equivalents)	13 652	14 207	15 210	12 077	10 350
SHARE-RELATED INDICATORS AND SHARE CAPITAL					
Earnings/share, € **)	0.87	0.69	0.22	0.35	0.67
Earnings/share, diluted, € ***)	0.85	---	---	---	---
Cash flow/share, € **)	1.67	1.65	1.33	1.24	1.24
Equity/share, € **)	5.99	6.08	5.70	5.87	5.95
Dividend/share, € **) ****)	0.80	1.00	0.40	0.51	0.47
Dividend/result, % ****)	92.3	144.3	178.0	147.5	69.9
Market capitalisation, Series A	399.0	392.2	232.4	278.6	353.0
Market capitalisation, Series B	2 233.2	2 162.7	1 086.7	1 231.7	1 611.6
Market capitalisation, total	2 632.2	2 554.9	1 319.1	1 510.4	1 964.6
Effective dividend yield, %, Series A ****)	4.7	5.9	4.0	4.3	3.1
Effective dividend yield, %, Series B ****)	4.7	6.0	4.2	4.8	3.4
P/E ratio, Series A	19.9	24.4	44.5	34.7	22.6
P/E ratio, Series B	19.8	24.0	42.0	31.0	20.8
Number of shares at 31 Dec., Series A	23 199 492	23 220 492	23 220 492	23 220 492	23 220 492
Number of shares at 31 Dec., Series B	129 912 660	137 078 936	122 301 104	122 301 104	122 301 104
Number of shares at 31 Dec., with diluting effect, Series B	142 297 667	149 149 727	136 606 414	134 871 814	
Average number of shares, Series A	23 215 864	23 220 492	23 220 492	23 220 492	23 220 492
Average number of shares, Series B	134 079 047	134 690 191	122 301 104	122 301 104	122 301 104
Average number of shares with diluting effect, Series B	146 464 054	146 760 982	135 544 281	126 502 821	
Lowest share price, Series A **)	14.01	9.00	9.70	10.00	13.00
Lowest share price, Series B **)	13.70	7.62	8.66	9.60	12.28
Highest share price, Series A **)	17.90	17.00	13.40	16.50	24.37
Highest share price, Series B **)	17.77	17.20	13.63	15.00	23.75
Average share price, Series A **)	16.09	13.18	10.99	12.48	17.95
Average share price, Series B **)	15.72	11.77	11.29	12.02	16.46
Share price, 31 Dec., Series A **)	17.20	16.89	10.01	12.00	15.20
Share price, 31 Dec., Series B **)	17.19	16.65	9.44	10.70	14.00
Trading volumes, Series A **)	309 491	195 335	204 728	108 832	263 549
% of share capital	1.3	0.8	0.9	0.5	1.1
Trading volumes, Series B **)	29 558 799	17 252 697	6 207 842	3 625 765	6 209 129
% of share capital	22.8	13.5	5.1	3.0	5.1

*) Capital notes included in equity

**) 2000 figures have been converted to take account of the four-for-one split on 10 May 2000

***) In 2001–2003 diluted earnings per share has been higher than earnings per share, not published

****) Proposal of the Board of Directors

The accounting practice of net sales has been modified and comparative data for 2003 has been adjusted accordingly. Previous years (2000–2002) have not been adjusted but presented as published earlier.

Net sales by business

SanomaWSOY

€ million	1-3/ 2004	4-6/ 2004	7-9/ 2004	10-12/ 2004	1-12/ 2004	1-3/ 2003	4-6/ 2003	7-9/ 2003	10-12/ 2003	1-12/ 2003
Sanoma Magazines										
Sanoma Uitgevers	119.3	130.3	125.3	153.9	528.8	123.3	127.6	128.0	161.7	540.6
Sanoma Magazines Belgium	47.5	49.6	44.5	44.4	186.0	44.3	48.2	43.5	46.1	182.1
Sanoma Magazines Finland	43.1	43.0	40.9	47.8	174.8	40.2	41.3	38.4	48.0	167.9
Sanoma Magazines International	31.6	36.0	31.9	38.8	138.3	28.4	33.4	29.0	36.4	127.2
Aldipress	26.2	28.7	29.6	31.2	115.7	24.8	25.5	28.8	30.2	109.3
Intracompany transactions	-14.1	-14.8	-16.4	-14.5	-59.8	-15.3	-14.5	-16.9	-15.7	-62.3
Total	253.7	272.6	255.8	301.7	1 083.7	245.8	261.5	250.8	306.8	1 064.8
Sanoma										
Helsingin Sanomat	62.2	62.1	59.4	67.1	250.8	63.0	60.9	56.6	63.2	243.7
IS Business Unit	22.1	24.9	24.2	23.9	95.2	22.7	24.1	23.4	23.4	93.6
Sanoma Lehtimedia	12.0	13.7	13.1	15.2	54.0	12.7	13.7	12.8	13.5	52.7
Others	32.3	33.3	32.7	35.5	133.7	50.1	50.5	42.2	33.5	176.3
Intracompany transactions	-24.5	-24.4	-23.9	-25.7	-98.5	-40.7	-40.4	-34.0	-25.7	-140.8
Total	104.1	109.6	105.5	116.0	435.2	107.8	108.8	101.0	107.9	425.5
WSOY										
Publishing	31.6	37.8	31.2	78.1	178.7	31.3	44.2	29.2	37.9	142.6
Printing	15.2	13.6	14.6	15.6	59.0	15.1	13.4	14.7	17.0	60.2
Calendar operations	1.3	2.2	11.8	15.0	30.3	1.6	2.6	11.8	16.1	32.1
Others	1.2	1.2	1.3	1.4	5.1	1.0	1.1	1.1	1.3	4.6
Intracompany transactions	-6.5	-6.2	-5.5	-1.0	-19.1	-6.6	-6.7	-5.9	-7.9	-27.2
Total	42.8	48.6	53.4	109.1	253.9	42.4	54.6	50.9	64.3	212.2
SWelcom										
Nelonen	15.9	18.2	13.2	20.2	67.6	13.6	15.2	11.7	16.1	56.5
Others	14.0	12.7	12.9	13.4	53.1	11.8	12.1	12.0	14.1	50.0
Intracompany transactions	-0.3	-0.3	-0.3	-0.3	-1.3	-0.5	-0.4	-0.4	-0.4	-1.7
Total	29.6	30.6	25.8	33.3	119.4	24.9	26.9	23.3	29.8	104.9
Rautakirja										
Kiosk operations	80.5	87.4	88.3	91.1	347.3	79.9	92.4	88.1	92.4	352.8
Press distribution	19.0	20.6	19.9	20.0	79.5	20.0	22.3	22.3	23.0	87.6
Bookstores	27.6	20.8	34.0	47.3	129.7	25.7	19.6	31.8	44.7	121.8
Movie theatre operations	14.5	11.6	13.9	16.8	56.8	14.6	10.6	11.8	15.9	52.8
Restaurant operations	13.6	15.3	15.8	13.2	57.8	13.4	16.6	17.4	15.2	62.6
Intracompany transactions	-2.7	-3.0	-2.6	-3.0	-11.3	-5.6	-6.0	-6.1	-6.2	-23.8
Total	152.4	152.6	169.2	185.5	659.7	148.0	155.5	165.4	185.0	653.8
Intragroup transactions	-13.6	-12.0	-15.6	-17.8	-59.0	-14.1	-13.3	-19.8	-18.1	-65.3
Total	569.0	602.0	594.2	727.8	2 493.0	554.7	593.8	571.6	675.7	2 395.9

Operating profit by division

SanomaWSOY

€ million	1-3/ 2004	4-6/ 2004	7-9/ 2004	10-12/ 2004	1-12/ 2004	1-3/ 2003	4-6/ 2003	7-9/ 2003	10-12/ 2003	1-12/ 2003
Sanoma Magazines	10.9	32.6	13.5	29.9	86.9	5.9	26.1	18.3	28.5	78.8
Sanoma *)	11.4	13.3	24.0	22.6	71.2	10.7	11.0	17.9	29.7	69.4
WSOY *)	-1.5	4.6	8.8	17.4	29.2	-1.6	6.9	4.7	12.7	22.6
SWelcom	0.8	3.3	1.2	3.7	9.0	-1.1	1.8	0.3	0.2	1.2
Rautakirja	6.3	5.3	11.3	18.6	41.5	7.3	5.2	10.0	13.0	35.5
Other companies **)	0.0	-1.1	-2.0	4.1	0.9	-4.5	5.4	-1.2	-5.8	-6.1
Intragroup eliminations	-0.8	0.5	0.9	0.2	0.8	-1.9	4.2	0.9	0.7	3.9
Total	27.0	58.4	57.7	96.4	239.5	14.8	60.5	50.9	79.0	205.2

*) Includes a share of Rautakirja's result until 1 March 2003

***) Parent company SanomaWSOY Corporation and real estate and investment companies

EBITA*) by business

€ million	1-12/ 2004	1-12/ 2003
Sanoma Magazines		
Sanoma Uitgevers	106.4	105.1
Sanoma Magazines Belgium	18.4	17.7
Sanoma Magazines Finland	27.0	25.4
Sanoma Magazines International	9.1	13.4
Aldipress	2.3	-1.2
Intracompany transactions	-1.2	-1.1
Total	162.0	159.1
Sanoma **)		
Helsingin Sanomat	41.0	30.4
IS Business Unit	17.1	17.5
Sanoma Lehtimedia	9.5	8.1
Others	10.4	21.4
Intracompany transactions	0.0	0.0
Total	78.0	77.5
WSOY **)		
Publishing	26.9	12.7
Printing	8.1	7.4
Calendar operations	0.7	1.4
Others	-0.4	5.0
Intracompany transactions	2.9	1.4
Total	38.3	28.0

€ million	1-12/ 2004	1-12/ 2003
SWelcom		
Nelonen	27.4	20.2
Others	11.9	9.4
Intracompany transactions	0.0	0.0
Total	39.3	29.6
Rautakirja		
Kiosk operations	22.3	20.1
Press distribution	12.6	11.9
Bookstores	9.9	8.9
Movie theatre operations	8.5	7.8
Restaurant operations	0.6	-0.2
Others	-3.3	-2.9
Intracompany transactions	0.0	0.0
Total	50.6	45.7
Other companies ***)	1.0	1.3
Intragroup transactions	1.3	-2.7
Total	370.5	338.4

*) Operating profit before amortisation

***) Includes a share of Rautakirja's result until 1 March 2003

****) Parent company SanomaWSOY Corporation and real estate and investment companies

Income statement by quarter

SanomaWSOY

€ million	1-3/ 2004	4-6/ 2004	7-9/ 2004	10-12/ 2004	1-12/ 2004	1-3/ 2003	4-6/ 2003	7-9/ 2003	10-12/ 2003	1-12/ 2003
Net sales	569.0	602.0	594.2	727.8	2 493.0	554.7	593.8	571.6	675.7	2 395.9
Increase(+)/decrease(-) in inventories of finished goods and work in progress	3.7	1.6	0.4	-3.6	2.2	4.4	-0.3	-0.1	-2.6	1.5
Production for own use	0.2	0.3	0.1	2.1	2.7	0.4	0.2	0.2	0.4	1.2
Other operating income	11.9	12.7	16.9	26.7	68.2	7.1	20.3	15.9	39.9	83.2
Share of result of associated companies	1.3	2.5	0.5	0.9	5.2	1.6	3.4	1.5	-0.3	6.1
Materials and services	261.9	269.1	280.7	321.4	1 133.1	244.5	256.1	254.4	303.3	1 058.4
Personnel expenses	134.7	136.2	124.6	148.6	544.1	143.6	144.1	133.9	141.3	562.9
Depreciation and decrease in value	49.3	48.9	46.0	57.0	201.2	51.7	49.1	50.8	58.0	209.5
Other operating expenses	113.3	106.3	103.1	130.7	453.4	113.5	107.6	99.2	131.5	451.8
Operating profit	27.0	58.4	57.7	96.4	239.5	14.8	60.5	50.9	79.0	205.2
Financial income and expenses	0.0	-3.3	-7.4	-16.5	-27.2	-14.9	-1.2	-8.9	-17.1	-42.1
Result before extraordinary items	27.0	55.1	50.2	79.9	212.2	-0.1	59.3	42.0	61.9	163.1
Extraordinary items	1.4	0.0	0.0	0.0	1.4	0.0	0.0	0.0	0.0	0.0
Result after extraordinary items	28.4	55.1	50.2	79.9	213.7	-0.1	59.3	42.0	61.9	163.1
Direct taxes	-18.4	-18.5	-20.8	-18.1	-75.7	-6.1	-16.2	-15.7	-17.7	-55.6
Minority interests	-0.2	-0.7	-0.2	-2.8	-3.9	-1.0	-0.6	-0.1	-1.3	-3.0
Result for the year	9.8	36.0	29.2	59.1	134.1	-7.1	42.6	26.1	42.9	104.5

Board of Directors' Report

SanomaWSOY

Targets and key events

In 2004, SanomaWSOY Group consistently and successfully implemented its strategic objectives in its operations: profitability, internationalisation, growth and development. Divisions invested considerably in business development, launching new products and services as well as strengthening their market positions.

Internationalisation of educational publishing progressed significantly in July as WSOY acquired Malmberg Investments, an educational publisher operating in the Netherlands and Belgium. International expansion of press distribution also continued. In July, Rautakirja acquired the majority holding in Hiparion Distribution, a Romanian press distributor, and in December, in Impress Teva, operating in Lithuania.

Magazine business was extended markedly. In December, Sanoma Magazines announced the introduction of operations in Serbia and Montenegro. After the review period, in January 2005, the Division announced its entry into an agreement to acquire Independent Media Holding operating in Russia and Ukraine. The necessary approvals from the competitive authorities have been received and the deal is estimated to be closed at the beginning of March 2005. Through Independent Media, Sanoma Magazines will become the leading magazine publisher in Russia, and gain a foothold in Ukraine. Russia and its environs offer excellent opportunities for growth.

Sanoma grew intensely and established a new business unit, Sanoma Kaupunkilehdet, for free sheets. SWelcom increased its net sales and improved profitability significantly.

The Group continued to focus on the core businesses. Måndag and Milvus Förlags were sold in April, a minority share in Savon Mediat was sold in July, and a minority share in Ilkka-Yhtymä was sold in November. Rautakirja divested its restaurant operations in December.

The Group's strong cash flow will facilitate growth and international expansion in the future.

Operating environment

In 2004, the economies of SanomaWSOY's main operating countries developed unevenly: Research institutions estimate that GDP grew in Finland by slightly over 3%. In the Netherlands the economy recovered somewhat and GDP increased by slightly over 1%. In Belgium GDP grew by nearly 3%, and in Hungary and the Czech Republic by almost 4%. Private consumption in Finland increased by over 3% and in Belgium by more than 2%. In the Netherlands, private consumption remained at the previous year's level. According to the estimates of research institutions, private consumption grew by almost 4% both in Hungary and in the Czech Republic.

Media advertising in Finland increased in 2004 by more than 6% according to TNS Gallup Adex. Newspaper advertising grew by nearly 6% and job advertising by 12%.

Advertising in magazines increased by 4% and on television by nearly 10%. According to advance information from ZenithOptimedia, magazine advertising decreased in the Netherlands, but grew in Belgium, Hungary and the Czech Republic.

According to advance information from the Finnish Book Publishers' Association, book sales increased in 2004 to a record high. Publishers' sales to bookstores and to other retail outlets grew by slightly over 9%. Book clubs' sales increased by over 5% and the sales of multi-volume books by 5%. Sales of educational materials increased in Finland by 3%. It is estimated that the educational material market grew slightly also in the Netherlands and Belgium.

The Finnish Food Marketing Association reported an increase of 0.3% in retail trade in Finland.

Net sales

SanomaWSOY's net sales grew by 4.1% in 2004, and amounted to EUR 2,493.0 (2,395.9) million. Net sales grew in all divisions. Growth was most significant in WSOY, due to the consolidation of the educational publisher Malmberg Investments as of 15 July 2004. After adjustment for changes in Group structure, net sales grew by 2.3%. Advertising sales represented 20% (20%) of the Group's total net sales. 44.7% (43.1%) of net sales came from outside Finland.

Result

SanomaWSOY's result development was excellent during the financial year. Operating profit increased by 16.7% and reached EUR 239.5 (205.2) million. Operating profit was 9.6% (8.6%) of net sales and increased in all divisions. The growth was boosted by successful acquisitions, cost-saving measures and one-time items especially affecting 2004, and positive development in advertising sales, particularly in Finland, among others. The most substantial non-recurring gains on the sales of assets totalled EUR 25.8 (43.4) million. Operating profit excluding these gains grew by 32.0 %.

EBITA (operating profit before amortisation of goodwill, consolidated goodwill and immaterial rights) rose by 9.5% to EUR 370.5 (338.4) million. Result before extraordinary items improved by 30.1% to EUR 212.2 (163.1) million and earnings per share rose to EUR 0.87 (0.69).

The Group's net financial costs amounted to EUR 27.2 (42.1) million. Financial income totalled EUR 23.8 (21.5) million, and was mainly composed of dividends, EUR 8.0 million, and of gains on divesting the share portfolio, EUR 7.1 million. Financial expenses, EUR 51.0 (63.6) million, mainly consisted of interest expenses on interest-bearing liabilities, EUR 32.7 (42.9) million, and of write-downs of loan receivables and real estate shares, EUR 9.5 (2.9) million. The Group's cash flow from operations was EUR 255.3 (248.1) million and cash flow per share EUR 1.67 (1.65).

Balance sheet and financial position

The consolidated balance sheet totalled EUR 2,528.8 (2,453.0) million. The Group's financial position remained strong. The equity ratio was 39.0% (40.3%) and, including capital notes, 45.6% (47.6%). The Group's gearing was 85.4% (72.9%) and, including capital notes, 58.6% (46.4%). Shareholders' equity, excluding capital notes, amounted to EUR 916.9 (931.2) million. Interest-bearing liabilities, including capital notes, totalled EUR 885.9 (819.4) million. Net debt amounted to EUR 800.1 (690.6) million.

The Group's share portfolio was divested in the first quarter of 2004. Securities and cash amounted to EUR 85.8 (128.8) million at the end of December.

SanomaWSOY refinanced its loan portfolio in September. The refinancing will lower the Group's interest expenses substantially.

Investments

SanomaWSOY's investments in 2004 totalled EUR 274.7 (94.8) million and were mainly related to acquisitions. The enterprise value of Malmberg Investments was EUR 221.9 million, of which EUR 188.6 million was recorded as investment. R&D expenditure recorded as expenses amounted to EUR 16.9 (8.8) million.

Administration

SanomaWSOY's Annual General Meeting of 30 March 2004 elected Sirkka Hämäläinen, D.Sc. (Econ), as a new member of the Board, and Seppo Kievari and Hannu Syrjänen were re-elected. In addition, the Board of Directors comprises Jaakko Rauramo, Chairman of the Board, Paavo Hohti, Vice Chairman, and Sari Baldauf, Robert Castrén, Jane Erkkö, Robin Langenskiöld, and Sakari Tamminen as members. Kyösti Järvinen resigned from the Board by his own request.

During the full year 2004, the Management Group comprised Hannu Syrjänen as Chairman and Eija Ailasmaa, Nils Ittonen, Erkki Järvinen, Jorma Kaimio, Tapio Kallioja, and Kerstin Rinne as members. Mikael Pentikäinen, President of Sanoma Corporation, and Matti Salmi, Senior Vice President, Finance and Administration, of SanomaWSOY, started in their new positions and became members of the SanomaWSOY Management Group on 1 April 2004. Seppo Kievari, President of Sanoma Corporation, and Aarno Heinonen, Senior Vice President, Administration and Finance, of SanomaWSOY, retired during spring 2004 and were Management Group members until 31 March 2004.

The Company's auditors were PricewaterhouseCoopers Oy, with Johanna Perälä, Authorised Public Accountant, as the auditor in charge, and Pekka Nikula, Authorised Public Accountant.

Personnel

The average number of persons under employment contract totalled 16,207 (17,330) in 2004. Converted to full-time employees, the average number of personnel in the Group totalled 13,652 (14,207). Sanoma Magazines employed an average of 4,522 (4,421) people, Sanoma 2,746 (4,027), WSOY 2,188 (1,933), SWelcom 415 (416), and Rautakirja 6,261 (6,458). The Group's parent company employed an average of 74 (75) people. Sanoma's average number of employees decreased when Leijonajakelu's personnel was transferred to Finland Post as of September 2003.

Dividend

In line with the decision of the AGM, SanomaWSOY distributed a dividend of EUR 1.00 (0.40) per share for 2003. The record date for dividend payment was 2 April 2004 and the dividend was paid on 13 April 2004. The Board of Directors' proposes a dividend of EUR 0.80 (1.00) per share for 2004. SanomaWSOY's Board of Directors' has renewed the Group's dividend policy. SanomaWSOY pursues an active dividend policy, based on the principle of normally distributing half of the Group's result after taxes in the form of a dividend.

Outlook for 2005

The economy in Europe will continue to grow in 2005. Research institutions estimate that GDP will grow in the Netherlands by roughly 1%, in Belgium by 2.5%, and in Finland by some 3%. The growth in Hungary is estimated to be slightly less than 4% and in the Czech Republic over 4%. Media advertising traditionally grows more than GDP.

SanomaWSOY's net sales are expected to grow by some 4% in 2005. SanomaWSOY will start reporting according to IFRS standards in 2005, and the change will improve the Group's operating profit and earnings per share considerably. The comparable operating profit excluding non-recurring gains on the sales of assets is expected to be at the previous year's level. In 2004, operating profit included some EUR 25 million of the non-recurring gains on the sales of assets. The estimate does not include the impact of the acquisition of Independent Media.

Sanoma Magazines

Magazine publishing and distribution

Sanoma Magazines' net sales in 2004 totalled EUR 1,083.7 (1,064.8) million. Circulation sales, representing 57% (57%) of the Division's net sales, developed well in most of the countries and increased in total by slightly over 2%. Advertising sales were some 21% (22%) of Sanoma Magazines' net sales. Advertising sales decreased by slightly more than 2% compared to 2003.

Sanoma Magazines' operating profit increased to EUR 86.9 (78.8) million despite considerable investments in magazine and online launches. The result improved due to lower operational costs, resulting from cost-cutting programmes started in 2003, as well as lower amortisation. The most substantial gains on the sales of assets totalled EUR 2.4 (0.0) million. In total, Sanoma Magazines made 17 major launches. The Division's EBITA was EUR 162.0 (159.1) million.

Investments totalled EUR 19.8 (18.4) million and were mostly related to acquisitions and ICT.

The Dutch-based Sanoma Uitgevers' net sales amounted to EUR 528.8 (540.6) million. The business continued to be affected by a difficult market situation with high pressure on advertising income. Advertising sales declined by 14% and totalled 18% (20%) of the net sales. In the Netherlands, the magazine advertising's share of total advertising decreased. Sanoma Uitgevers' advertising sales also suffered from heavy discounts in media overall. Circulation sales increased by almost 1% in a highly competitive market. Sanoma Uitgevers' EBITA amounted to EUR 106.4 (105.1) million despite significant investments in magazine launches. The improved result is due to lower print and personnel costs as well as other cost savings.

The net sales of Sanoma Magazines Belgium increased to EUR 186.0 (182.1) million. Advertising sales increased by almost 7% due to the market recovery and represented 28% (27%) of Sanoma Magazines Belgium's net sales. Circulation sales were stable: The most important titles in the Flemish-speaking north performed better than the market average whereas the performance in the French-speaking south was below market average. EBITA in Sanoma Magazines Belgium amounted to EUR 18.4 (17.7) million. Favourable advertising development and lower costs contributed to the result.

Sanoma Magazines Finland's net sales grew to EUR 174.8 (167.9) million. A decrease due to divestments was offset by new launches and well performing established titles. In advertising sales, representing 16% (17%) of net sales, market position was held. Circulation sales increased by 6%. Both subscription and single copy sales increased due to several well performing titles. EBITA totalled EUR 27.0 (25.4) million and included the EUR 2.4 million gain on the sale of Milvus Förlags in April.

Net sales at Sanoma Magazines International increased to EUR 138.3 (127.2) million. Most countries contributed to the improvement. Net sales increased in Hungary, where advertising sales grew and circulation sales were up due to successful main titles. Net sales in the Czech Republic were stable despite the fierce competition in both the advertising and single copy market. The business-to-business magazines were divested in December. In Romania, advertising sales increased, partly due to a new launch. Circulation sales, especially single copy sales, grew in Croatia. EBITA in Sanoma Magazines International decreased to EUR 9.1 (13.4) million. Investments in new launches and operations as well as increased price competition in the Czech market impacted the result. Sanoma Magazines International entered into Serbia and Montenegro, where operations will begin in Spring 2005.

Aldipress' net sales grew to EUR 115.7 (109.3) million. Sales grew mainly due to new customers while, in general, newsstand sales of magazines decreased due to the declining market situation in the Netherlands. Aldipress' EBITA increased to EUR 2.3 (-1.2) million, due to cost efficiency and restructuring of the processes.

After the end of financial year, Sanoma Magazines announced an agreement to acquire the Russian magazine publisher Independent Media. Through Independent Media, Sanoma Magazines will become the leading Russian magazine publisher and obtain a position in Ukraine also. The necessary approvals from competition authorities have been received. The acquisition is subject to the finalising of license agreements with some licensors. The deal is estimated to be closed at the beginning of March 2005.

In 2005, Sanoma Magazines' net sales are estimated to grow. EBIT is estimated to grow significantly due to IFRS reporting. Comparable operating profit is expected to be slightly below that of 2004 due to continuing investments in future growth and expansion to new markets. In addition, it is uncertain whether the Dutch advertising market will pick up. This estimate does not include the effect of Independent Media.

Sanoma

Newspaper publishing and printing

Sanoma's net sales increased to EUR 435.2 (425.5) million in 2004. Most growth was generated by the Helsingin Sanomat and Taloussanomat Business Units and the new Sanoma Kaupunkilehdet business unit for free sheets. The figures for 2003 include Leijonajakelu, which was sold in September 2003. After adjustment for changes in Group structure, net sales increased by 3.4%.

Advertising sales grew by almost 6% in 2004 and accounted for 49% (47%) of Sanoma's net sales. Newspaper advertising growth that started at the beginning of 2004 is still continuing, and Sanoma's advertising sales grew by over 10% in the last quarter compared to the same period in 2003. Advertising sales increased in all business units.

Circulation sales also grew by 2% and accounted for 43% (44%) of Sanoma's net sales. Helsingin Sanomat increased its circulation sales despite slightly decreased circulation. Ilta-Sanomat with its newly launched supplements increased its circulation slightly. Taloussanomat's circulation and circulation sales also grew. As for regional papers, circulation mainly remained at the previous year's level.

Sanoma's operating profit increased to EUR 71.2 (69.4) million, representing the best result ever, even though the most significant non-recurring gains on the sales of assets, EUR 11.3 (25.7) million, were less than in the previous year. In addition to increased advertising sales, operating profit was improved by good cost control. The release of provision for Nostokonepalvelu Oy, EUR 3.0 million, is included in the result of the Helsingin Sanomat Business Unit. Sanoma's operating profit in 2003 included a EUR 1.0 million share of the result of Rautakirja from January–February. Sanoma's EBITA was EUR 78.0 (77.5) million.

Sanoma's total investments amounted to EUR 24.9 (29.7) million, most of which related to replacement and new investments in printing plants, ICT development, acquisition of real estate, and acquisition of the publishing rights for free sheets.

The Helsingin Sanomat Business Unit's net sales grew to EUR 250.8 (243.7) million, mainly due to increased advertising and circulation sales. Increased advertising sales, cost savings and the release of provision improved profitability considerably, and EBITA grew to EUR 41.0 (30.4) million. The result was negatively affected by non-recurring restructuring costs. Job advertising started to grow in the spring and increased in total by 12% during the year. Helsingin Sanomat's circulation decreased slightly but circulation sales grew by almost 3%, mainly due to new subscription alternatives and increased prices.

The IS Business Unit's net sales rose to EUR 95.2 (93.6) million and EBITA reached EUR 17.1 (17.5) million. The investments in new products increased net sales but slightly weakened the result. Ilta-Sanomat's advertising sales grew by 9%. Circulation and share in newsstand sales increased markedly. Ilta-Sanomat's market share in the tabloid market was 60.8% (61.6%). Free-ad papers posted significantly better results despite decreased net sales.

Net sales at Sanoma Lehtimedia (previously: Kymen Lehtimedia) increased to EUR 54.0 (52.7) million and EBITA to EUR 9.5 (8.1) million. Advertising sales developed well and increased by more than 7%. The circulation sales of daily newspapers grew slightly. Kouvolan Sanomat increased circulation. The circulation of the other dailies remained at the previous year's level. Sanoma Lehtimedia's export to Russia was discontinued but the decrease in printing sales was partly compensated by the beginning of exports to the West.

In 2004, Sanoma focused on its core businesses and sold its minority share in Savon Mediat Oy and Ilkka-Yhtymä Oy. A new business unit, Sanoma Kaupunkilehdet, was created for free sheet publishing, and four new free sheets were acquired by the end of the year. Through the reorganisation of Sanoma on 1 January 2005, the printing plants previously under Sanoma Lehtimedia were organised under the Sanomapaino Business Unit, and the Division's ICT operations were centralised in one business unit, Sanoma Data.

Growth in media advertising is expected to continue in 2005. Sanoma's advertising sales are expected to grow at least in line with this general trend. The Division's net sales are expected to grow. Comparable operating profit is estimated to be at least at the previous year's level.

WSOY

Publishing, printing, and calendar operations

WSOY's net sales grew to EUR 253.9 (212.2) million in 2004. Net sales increased particularly due to the acquisition of Malmberg Investments, an educational publisher operating in the Netherlands and Belgium, in July 2004. In traditional publishing, general literature was very successful. Net sales of printing and calendar operations fell short of the previous year due to slow development in business-to-business sales. The figures for 2003 include Genimap, sold in December 2003, and Everscreen AB, sold in April 2004. Net sales after adjustment for changes in the Group structure were at the previous year's level.

WSOY's operating profit grew to EUR 29.2 (22.6) million. Operating profit was boosted by the success of general

literature and Malmberg Investments, which posted better results than expected towards the end of the year. A non-recurring lower pension fund support payment improved WSOY's result by some EUR 3 million. In 2003, the figure included EUR 1.4 million share of the result of Rautakirja from January–February and EUR 5.4 million of most significant non-recurring gains on the sales of assets. In 2004, WSOY had no non-recurring gains on the sales of assets. WSOY's EBITA was EUR 38.3 (28.0) million.

WSOY's investments totalled EUR 197.9 (8.7) million. The biggest investment was the acquisition of Malmberg.

Net sales in publishing grew as a result of the Malmberg acquisition, to EUR 178.7 (142.6) million. In traditional publishing, sales to bookstores grew by over 12%. The year was especially successful for general literature and translated fiction. Sales through book clubs fell slightly from the previous year but the result improved markedly. The operations of Weilin+Göös, publisher of multi-volume books, developed positively.

After the acquisition of Malmberg Investments, WSOY became the leading educational publisher not only in Finland but also in the Netherlands and Belgium. In Finland, educational material sales were slightly down but up in the Netherlands and Belgium. The number of users of the Opit eLearning environment grew to over 110,000. In 2004, WSOY increased its ownership in Young Digital Poland, producer of eLearning materials, which posted good results. From the beginning of 2005, educational publishing forms a new business unit.

Publishing's EBITA grew to EUR 26.9 (12.7) million. In addition to increased sales, the result was improved by the newly acquired businesses.

Net sales in printing totalled EUR 59.0 (60.2) million. The demand for Lönnberg's services was sluggish. The book printer WS Bookwell and the digital printer Dark were successful. Printing's EBITA grew to EUR 8.1 (7.4) million.

Net sales of calendar operations decreased to EUR 30.3 (32.1) million due to reduced business-to-business sales. In October, Ajasto acquired a minority share in the Estonian OÜ Büroodisain. The calendar unit's EBITA declined to EUR 0.7 (1.4) million. The result was weakened by the non-recurring expenses on closure of the production plant in Norway.

WSOY's net sales and operating profit for 2005 are expected to grow significantly, due to the international expansion of educational publishing, among others. The development is also expected to be positive in the other businesses.

SWelcom

Electronic media

SWelcom's net sales continued to grow strongly in 2004, reaching EUR 119.4 (104.9) million. Net sales of both Nelonen and HTV increased by almost 20%. Nelonen is Finland's third largest advertising medium, and advertising sales amounted to 57% (54%) of SWelcom's net sales.

SWelcom's operating profit increased markedly, reaching EUR 9.0 (1.2) million. Due to strong growth in sales, Nelonen posted a positive result for the first time in its history. HTV also improved its result considerably. SWelcom's EBITA was EUR 39.3 (29.6) million. SWelcom had no significant non-recurring gains on the sales of assets in 2004, and none in the previous year either.

SWelcom's investments were mainly related to the extension of HTV's cable network and to broadband operations, and amounted to EUR 10.7 (8.9) million.

Nelonen reached its main targets in 2004. The increase in Nelonen's net sales was substantial considering the field in general, and its share in TV advertising grew to 29.8% (27.3%). The strong development in net sales increased Nelonen's EBITA to EUR 27.4 (20.2) million. Thanks to strong and successful investments in programmes, Nelonen attracted an increased number of viewers even though TV watching decreased in general in 2004. Growth was particularly good among viewers aged 25–44, which is the key target group.

HTV continued to be successful. In 2004, a record number of new households, over 23,000, were connected to the cable network. Currently more than 280,000 households are connected. Subscriptions for pay-TV in the HTV network grew slightly due to the rapidly growing number of digiboxes and successful channel and service packages. HTV was also successful in a broadband connections market despite the strong competition: almost 9,000 new Welho customers were connected in 2004.

In April, SWelcom sold Måndag Oy, a company offering video copying and DVD mastering services. In line with its strategy, SWelcom focused on providing services for the Helsinki area and sold its minority share in Päijät-Visio Oy and Kotkan Tietoruutu Oy, and denounced some of the remaining pay-TV cooperation agreements.

In 2005, SWelcom's net sales are expected to grow further, due to growing TV advertising, Nelonen's increased market share and sales of HTV's connection and broadband services. Growth is also expected from new technologies and businesses. Operating profit is estimated to remain at the previous year's level despite strong investments in increasing the market share and in new businesses.

Rautakirja

Kiosk operations, press distribution, bookstores, and movie theatres

Rautakirja's net sales grew to EUR 659.7 (653.8) million. Growth was generated by bookstores and movie theatre operations. Finland accounted for 89% (91%) of the net sales. After adjustment for changes in Group structure, the Division's net sales were at the previous year's level.

Rautakirja's operating profit amounted to EUR 41.5 (35.5) million. The result improved in press distribution, kiosk operations, and movie theatres. The Division's EBITA was EUR 50.6 (45.7) million. Operating profit was improved especially by the positive development of the associated companies. The accounting practice for rights relating to the distribution of visual recordings was revised at the beginning of 2004, and the comparable figures for 2003 have been adjusted accordingly. The change increased Rautakirja's EBITA for 2003 by EUR 4.3 million. The change has no impact on the operating profit. Rautakirja's most significant non-recurring gains on the sales of assets amounted to EUR 1.0 (0.0) million. The divestment of restaurant operations in December 2004 will improve Rautakirja's operating profit by roughly EUR 4 million, and the main impact will be on the figures for 2005. The units were transferred to the new owner by the end of January 2005.

Rautakirja's investments totalled EUR 18.0 (28.7) million. The biggest individual investments were the acquisition of a video wholesaler in the Baltic region, and the expansion of press distribution to Romania. Strong investments were also made in ICT development.

Kiosk operations generated net sales of EUR 347.3 (352.8) million. Net sales declined in Finland due to increased competition. Decreased beer taxation and teleoperators' competition for market shares influenced negatively the sales in the product groups important for kiosk operations, sales of beer and telephone cards. Net sales grew in Estonia and Latvia, and growth was strongest in the Czech Republic. In Finland, an investment was made in ICT, which was the biggest investment in the history of kiosk operations. The system enables the sales of new product areas in kiosks and efficient logistics. EBITA in kiosk operations was EUR 22.3 (20.1) million. Due to successful cost control, the result in Finland was at the previous year's level. The result improved in the other countries.

Net sales from press distribution reached EUR 79.5 (87.6) million. Net sales grew in Finland and Estonia. In Latvia, net sales decreased as the unit outsourced the logis-

tics for own kiosk chains and its net sales thus decreased. Press distribution expanded markedly in 2004 with the acquisition of majority shares in the press distributors Hiparion Distribution S.A., Romania, and UAB Impress Teva, Lithuania. Press had a good year in Finland: newsstand sales grew by 2.7%. The development was positive in both newspapers and magazines. The volume of newsstand sales in Finland was more than 131.1 million, about a quarter of which were magazines, and the rest were newspapers. Press distribution's EBITA was EUR 12.6 (11.9) million. The result improved considerably in Estonia but declined in Latvia. The result of the Finnish operations remained at the previous year's level.

Net sales from bookstores operating in Finland and Estonia grew to EUR 129.7 (121.8) million. Net sales grew in both countries. In 2004, five new outlets were opened in Finland. Sales of fiction were particularly favourable. Bookstores' EBITA was EUR 9.9 (8.9) million. Result was increased by the improved result in the associated company Kirjavälitys and the favourable development in Estonia.

Movie theatres' net sales grew to EUR 56.8 (52.8) million. Net sales decreased in Finland but increased in all Baltic countries. New distribution agreements in the Baltic region and the opening of new movie theatres in Latvia at the end of 2003 increased net sales. At the beginning of 2004, Finnkino acquired 75% of AS V&K Holding, a Baltic video wholesaler. In Finland, the total number of movie theatre visits declined slightly compared to the previous year despite record numbers in the summer. Movie theatres' EBITA was EUR 8.5 (7.8) million. The result declined in Finland but improved in Estonia, Latvia and Lithuania.

Net sales from restaurant operations declined to EUR 57.8 (62.6) million because of the decrease in the number of highway service areas and declined outlet sales. In December, Rautakirja sold its highway service area operations to Neste Marketing and moved the eight units of the Pizza Hut chain to the kiosk organisation as of the beginning of 2005. Restaurant operations' EBITA grew to EUR 0.6 (-0.2) million. The result was improved by the gains on sales of assets from the units transferred to Neste already in 2004.

Competition will continue to be challenging in retail but Rautakirja's investments in ICT development and personnel training will secure success also in 2005. Comparable net sales are expected to grow, particularly outside Finland, and operating profit is expected to improve.

Proposal for application of profits

SanomaWSOY

The Group's distributable funds for 2004 total EUR 711,353,444.38.

The Parent Company's distributable funds as of 31 December 2004 total EUR 532,087,602.48, of which the profit for the year is EUR 57,634,006.38.

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

- a dividend of EUR 0.80 per share shall be paid EUR 122,489,721.60
- the following sum shall be transferred to the donation reserve and used at the Board's discretion EUR 350,000.00
- shareholders' equity shall be set at EUR 409,247,880.88

The dividend will be paid to shareholders registered with the Shareholder Register maintained by the Finnish Central Securities Depository on the record date set by the Board for payment of the dividend, Friday 15 April 2005. The Board will propose to the Annual General Meeting that the dividend shall be paid on Friday 22 April 2005.

Helsinki, 10 February 2005

Jaakko Rauramo
Chairman

Paavo Hohti
Vice Chairman

Sari Baldauf

Robert Castrén

Jane Erkko

Sirkka Hämäläinen-Lindfors

Seppo Kievari

Robin Langenskiöld

Hannu Syrjänen

Sakari Tamminen

Income statement

SanomaWSOY

€ million	Group		Parent Company	
	1.1–31.12.2004	1.1–31.12.2003	1.1–31.12.2004	1.1–31.12.2003
NET SALES 1)	2 493.0	2 395.9		
Increase(+)/decrease(-) in inventories of finished goods and work in progress	2.2	1.5		
Production for own use	2.7	1.2		
Other operating income 2)	68.2	83.2	9.6	10.5
Share of result of associated companies	5.2	6.1		
Materials and services 3)	1 133.1	1 058.4		
Personnel expenses 4)	544.1	562.9	8.3	8.3
Depreciation and decrease in value 5)	201.2	209.5	1.7	3.9
Other operating expenses 6)	453.4	451.8	12.5	12.4
OPERATING PROFIT (LOSS)	239.5	205.2	-12.9	-14.2
Financial income and expenses 7)	-27.2	-42.1	-9.2	-20.1
PROFIT (LOSS) BEFORE EXTRAORDINARY ITEMS	212.2	163.1	-22.1	-34.3
Extraordinary items 8)	1.4		73.5	259.4
PROFIT (LOSS) AFTER EXTRAORDINARY ITEMS	213.7	163.1	51.4	225.0
Provisions			0.2	0.6
Direct taxes 9)	-75.7	-55.6	6.0	8.5
Minority interests	-3.9	-3.0		
PROFIT (LOSS) FOR THE YEAR	134.1	104.5	57.6	234.2

Balance sheet

SanomaWSOY

€ million	Group		Parent Company	
	31.12.2004	31.12.2003	31.12.2004	31.12.2003
ASSETS				
NON-CURRENT ASSETS 10)				
Intangible assets	161.8	173.1	0.7	0.9
Consolidated goodwill	1 187.0	1 066.6		
Tangible assets	446.8	453.9	15.2	17.3
Investments	144.1	177.5	1 743.0	1 776.1
NON-CURRENT ASSETS, TOTAL	1 939.8	1 871.1	1 758.8	1 794.3
CURRENT ASSETS				
Inventories 11)	137.3	95.0		
Long-term receivables 12)	56.0	66.0	1.5	4.7
Short-term receivables 13)	310.0	292.2	130.6	150.9
Securities 14)	25.3	60.6	2.1	16.3
Cash and bank	60.5	68.2	0.5	8.8
CURRENT ASSETS, TOTAL	589.1	581.9	134.7	180.7
ASSETS, TOTAL	2 528.8	2 453.0	1 893.5	1 975.0
SHAREHOLDERS' EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY 15)				
Share capital	65.8	68.9	65.8	68.9
Premium fund	34.9	31.8	18.8	15.7
Other funds	369.4	369.4	355.7	355.7
Retained earnings	312.6	356.7	118.8	145.4
Profit (loss) for the year	134.1	104.5	57.6	234.2
Capital notes	158.3	171.6	150.6	163.8
SHAREHOLDERS' EQUITY, TOTAL	1 075.2	1 102.9	767.3	983.7
MINORITY INTEREST	20.2	16.3		
ACCUMULATED PROVISIONS 16)			0.5	0.7
STATUTORY PROVISIONS 17)	38.1	34.1	0.2	0.1
LIABILITIES				
Deferred tax liability 18)	40.5	36.4		
Long-term liabilities 19)	224.0	365.3	117.4	312.5
Current liabilities 20)	1 130.9	898.0	1 008.1	678.0
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL	2 528.8	2 453.0	1 893.5	1 975.0

Cash flow statement

SanomaWSOY

€ million	Group		Parent Company	
	1.1–31.12.2004	1.1–31.12.2003	1.1–31.12.2004	1.1–31.12.2003
OPERATIONS				
Operating profit (loss)	239.5	205.2	-12.9	-14.2
Adjustments to operating profit 1)	129.2	129.5	1.0	2.3
Change in working capital 2)	-4.8	-1.4	0.2	-3.5
Cash flow from operations before financial items and taxes	363.9	333.3	-11.8	-15.4
Interest received from operations	5.3	8.1	0.2	1.2
Interest paid on operations	-52.2	-48.0	-36.1	-52.7
Dividend received from operations	11.6	13.2	11.0	1.2
Other financial items	-2.9	-2.9	0.1	-4.0
Group contributions			57.1	32.2
Tax paid on operations	-70.4	-55.6	-14.3	-22.2
CASH FLOW FROM OPERATIONS	255.3	248.1	6.2	-59.7
INVESTMENTS				
Acquisition of tangible and intangible assets	-67.5	-86.1	-0.3	-1.0
Group companies acquired 3)	-84.7	-7.1	-86.0	
Associated companies acquired	-0.6	-1.5		
Acquisition of other holdings	-0.4	-1.8		
Sales of tangible and intangible assets	31.4	14.3	1.3	0.1
Group companies sold 4)	13.3	0.3		
Associated companies sold	3.5	78.9	2.3	0.0
Sales of other companies	30.8	17.1	8.0	10.8
Long-term loans granted	-3.6	-2.8		
Repayments of long-term loan receivables	2.1	0.1		
Increase(-)/decrease(+) in current loan receivables	-2.0	4.7	25.6	-64.4
Investments in other assets	-3.8	-0.8		-1.5
Sales of other investments	1.9	0.0	12.1	296.0
Interest received from investments	0.1	0.1	23.2	45.0
Dividend received from investments	4.6	4.3	0.0	0.2
CASH FLOW FROM INVESTMENTS	-75.0	19.7	-13.9	285.2
CASH FLOW BEFORE FINANCING	180.3	267.8	-7.6	225.5
FINANCING				
Minority capital investment in subsidiaries	0.0	0.5		
Drawings on short-term loans	242.4	152.4	312.9	236.2
Repayments of short-term loans	-42.9	-17.7	-49.2	-70.9
Drawings on long-term loans	213.1	0.9	360.0	2.5
Repayments of long-term loans	-488.8	-325.8	-495.4	-326.2
Dividends paid	-154.5	-63.3	-160.3	-71.6
Donations	-0.3	-0.3	-0.3	-0.3
CASH FLOW FROM FINANCING	-231.0	-253.4	-32.3	-230.3
Change in liquidities according to the cash flow statement	-50.7	14.4	-40.0	-4.9
Liquidities received in merger with subsidiary			17.5	12.2
Exchange rate differences under liquidities	7.7	-8.1		
Net increase(+)/decrease(-) in liquidities	-43.0	6.4	-22.4	7.4
Liquidities according to the balance sheet at 1 Jan.	128.8	122.4	25.1	17.7
Liquidities according to the balance sheet at 31 Dec.	85.8	128.8	2.6	25.1

€ million	Group		Parent Company	
	1.1–31.12.2004	1.1–31.12.2003	1.1–31.12.2004	1.1–31.12.2003

NOTES TO THE CASH FLOW STATEMENT

1) Adjustments to operating profit

Depreciation and decrease in value	201.2	205.2	1.7	3.9
Profit(-) and loss(+) on sales of non-current assets	-34.3	-51.6	-0.8	-1.8
Interest in the results of associated companies, in profit(-) and loss(+)	-5.2	-6.1		
Change in statutory provisions	1.9	18.3	0.0	0.1
Other adjustment items	-34.3	-36.3		
	129.2	129.5	1.0	2.3

2) Change in working capital

Increase(-)/decrease(+) in inventories	-3.5	-1.5		
Increase(-)/decrease(+) in interest-free short-term receivables	-3.5	-6.3	0.2	1.2
Increase(+)/decrease(-) in interest-free short-term debts	2.2	6.4	0.0	-4.7
	-4.8	-1.4	0.2	-3.5

3) Supplementary information on acquired Group companies

Impact of acquired companies on the Group's assets and liabilities				
Non-current assets	-203.6	-7.5		
Current assets	-79.8	-6.3		
Long-term liabilities	131.0	2.2		
Current liabilities	59.7	2.8		
Other items	3.3	-0.7		
Acquisition cost	-89.4	-9.7		
Liquidities of acquired companies	4.6	2.5		
Investments in Group companies	-84.7	-7.1		

4) Supplementary information on sold Group companies

Impact of sold companies on the Group's assets and liabilities				
Non-current assets	0.3	3.8		
Current assets	12.4	-5.9		
Long-term liabilities	0.0	0.0		
Current liabilities	-1.0	-2.9		
Other items	2.5	5.4		
Selling price	14.1	0.4		
Liquidities of sold companies	-0.9	-0.1		
Income on the sale of Group companies	13.3	0.3		

Accounting principles

SanomaWSOY

SanomaWSOY's consolidated financial statements have been prepared in accordance with Finnish rules and regulations. SanomaWSOY will start to report according to IFRS in 2005. SanomaWSOY Corporation was created by a combination merger on 1 May 1999.

Consolidated financial statements

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

In addition to SanomaWSOY Corporation, the consolidated financial statements cover those companies in which the Parent Company, either directly or indirectly, held over 50% of voting rights at the end of the financial year. Intra-group ownership has been eliminated using the acquisition cost method.

Companies acquired during the financial year have been included in the consolidated statements from the date of acquisition or another contractual date and divested companies have been included up until the time of their sale.

Elimination differences between the acquisition cost of shares in subsidiaries and the shareholders' equity of subsidiaries at the time of acquisition, generated during the elimination of share ownership, have been recorded, when possible, in the relevant asset and liability items on the Group's balance sheet. The residual has been presented as goodwill, which is amortised according to the plan over the relevant economic lifetime.

Associated companies are consolidated in accordance with the equity method. A portion of companies' profits or losses in line with the Group's holding has been recorded as a separate item prior to the operating profit. Goodwill generated in the consolidation of associated companies will be amortised generally over a period of 5 to 10 years. Figures for insignificant associated real estate and housing companies have been entered under other shareholdings, rather than under associated companies.

Joint ventures 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 shareholding.

Minority shareholdings have been separated from the Group's shareholders' equity and result and are presented as a separate item in the income statement and balance sheet. The minority shareholders' portion of the losses of subsidiaries has been deducted from the capital notes

given by minority shareholders. The remaining capital notes have been presented as part of shareholders' equity.

All intra-group transactions, mutual receivables and liabilities, together with significant internal margins and internal distribution of profits, have been eliminated in the consolidated figures.

Transactions in foreign currencies

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

The income statements of foreign subsidiaries have been translated into euros using the average rate for the financial year, while their balance sheets have been translated using the exchange rate quoted on the balance sheet date. Translation differences between different rates have been recorded in the Group's shareholders' equity.

Exchange rate differences arising from translating the balance sheets of foreign subsidiaries and associated companies have generally been recorded in consolidated shareholders' equity.

Non-current assets

Fixed assets have been recorded on the balance sheet at the original acquisition cost less depreciation according to the plan. Balance sheet values include revaluations totalling EUR 17.1 million covering land and buildings. Investments have been recorded at acquisition cost or permanently lower market value. Depreciation on fixed assets according to the plan is based on the original acquisition cost and the following estimated economic lifetimes:

Intangible rights	3–10 years
Goodwill	3–20 years
Consolidated goodwill	5–20 years
Other long-term expenditure	3–10 years
Buildings and structures	7–40 years
Machinery and equipment	3–20 years

The purchases of film and television broadcasting rights are recorded in SanomaWSOY Group as immaterial rights under non-current assets and the expenditure of those rights is recorded as amortisation.

Inventories

Inventories are presented in accordance with the average acquisition cost method, at acquisition cost or replacement cost if lower, or at the probable lower selling price. The value of inventories includes only the variable costs associated with acquisition and manufacturing.

Liquid assets

The balance sheet item related to securities primarily covers short-term deposits. Securities are valued at acquisition cost or at market value if lower.

The Group exercises a cash pooling system covering several European countries. Judicially there is an outside bank as a counterpart for every separate company. In the separate companies, pooling assets are presented under cash and bank, while pooling liabilities are presented under liabilities to financial institutions. Receivables and liabilities from the cash pooling bank are eliminated in the consolidated financial statements.

Deferred tax liabilities and receivables

In respect of recording deferred tax liabilities and receivables, SanomaWSOY follows the requirements of the Finnish Accounting Act, under which items are recorded only on those matching 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 liabilities are presented in the notes to the financial statements. Changes in tax base have been recorded as changes in deferred taxes as far as deferred taxes are related to a period after the financial year.

Derivatives and other contingent liabilities

Derivatives are used by SanomaWSOY to hedge the Group's risks. The Group hedges its interest rate risks as well as its currency risks. The hedging instruments primarily used are interest rate swap agreements, interest rate options, currency options and currency forward agreements.

The interest income and expenses related to the derivative contracts used in risk management are matched according to the tenor of the relevant contract and are used to adjust the interest recorded for the hedged positions. The premiums paid and received for interest rate options are recorded under accruals and matched under financial expenses and income according to the tenor of the relevant contract.

Interest rate derivatives are used to hedge the Group's floating-rate loan portfolio, and derivative contracts are not valued at market values in the accounts. The market values of contracts are shown in the notes to the financial statements.

Currency forward agreements and currency options are valued at market values at year-end. Unrealised derivative losses are recorded against income immediately, whereas valuation profits are not recorded until they are realised.

The accounting treatment and classification of contingent liabilities has been further harmonized in Group companies during the financial year. The comparative data has been adjusted accordingly.

Convertible capital note

A convertible capital note valued at EUR 200 million was issued in 2001 as part of financing for the acquisition of the magazine operations from VNU. Trading in the subordinated notes began on the Helsinki Exchanges on 6 September 2001. A total of 4 944 notes of the convertible capital note were redeemed during the financial year 2004. Redeemed debentures are invalidated in six months. At the end of the financial year 2004, the remaining liability is EUR 150.6 million

Under the Companies Act, the issue is treated as an equity loan. The interest on the notes is recorded in accordance with the interest prescribed in the loan terms of the issue, and the loan is presented in its entirety under shareholders' equity.

The main terms of the issue are presented in the notes to the financial statements.

Stock options for management

SanomaWSOY Group has taken into use two stock option schemes, Warrant Scheme 2001 and Stock Option Scheme 2004. Both schemes comprise a maximum of 4 500 000 warrants. Each stock option entitles the holder to one SanomaWSOY Corporation Series B share. The statutory provision on social security payments related to distributed options has been recorded to the extent that the market price of the Series B share exceeds the exercise price of the option.

The detailed terms of the issue and the outstanding amounts are presented in the 'Shares and shareholders' section in the financial statements.

Net sales

When calculating net sales, sales income has been adjusted for discounts given, indirect taxes, and sales-related exchange rate differences. Commissions are included in the net sales shown in commission sales.

The accounting practice of net sales has been modified from the beginning of the financial year. According to the new accounting principles, the press distribution is treated as commission sales and only commission is recorded in net sales. In addition the accounting practice regarding granted discounts and purchased services has been harmonised. Comparative data has been adjusted accordingly.

Materials and services, and other operating expenses

The classification of materials and services as well as other operating expenses has been harmonised, in particular regarding press distribution. Comparative data has been adjusted accordingly. The reclassifications have no impact on operating profit.

Research and development expenses

Research and development expenses are generally recorded directly as annual expenses.

These items refer to expenses incurred in developing new products and services intended for commercial sale or significantly enhancing the properties of existing products, or expanding business activities. Research and development expenses are typically incurred before a company is able to begin benefiting financially from the product or service in question.

In respect of development projects, the Group generally uses project schedules of a maximum of two years. The costs associated with launching a new magazine title, for example, are only recorded as research and development expenses for the first two years of the title's existence.

Pension cover

The statutory pension cover of personnel employed by SanomaWSOY and its Finnish subsidiaries, with the exception of Werner Söderström Corporation and WS Bookwell Oy, is provided through insurance policies taken out with pension institutions. Pension cover for personnel employed by units outside Finland is arranged in line with the requirements of local legislation and social security provisions. In some units pension cover has been handled through pension funds, which have no uncovered liability.

The statutory pension cover of personnel employed by Werner Söderström Corporation and WS Bookwell Oy is handled through Section B of WSOY's pension fund. Section A of the latter fund is for voluntary pension cover, and was closed on 31 December 1980. The fund has no uncovered liability and its assets exceed its liabilities by EUR 11.9 million.

Additional pension cover for SanomaWSOY Corporation and its 18 subsidiaries has been arranged through Sanoma Corporation's pension fund. The latter has no uncovered liability and its assets exceed its liabilities by EUR 10.8 million. The fund was closed on 31 August 1981.

Voluntary pension cover for personnel employed by Rautakirja Oy, Finnkino Oy, and Eurostrada Oy is provided by Rautakirja's pension fund. The total liability of the latter as of the end of the financial year was EUR 17.8 million, of which EUR 4.1 million was unfunded. The latter item has been recorded in previous years mainly as expenses and statutory provisions. The fund was closed on 30 June 1974.

The retirement age of the members of the Management Group of SanomaWSOY's Parent Company, the Presidents and Deputy Presidents of divisions, and the Editors-in-Chief of the Group's largest newspapers has been agreed at 60 to 65 years.

Notes to the income statement

SanomaWSOY

€ million	Group		Parent Company	
	1.1–31.12.2004	1.1–31.12.2003	1.1–31.12.2004	1.1–31.12.2003
1) NET SALES				
Net sales by business				
Sanoma Magazines				
Sanoma Uitgevers	528.8	540.6		
Sanoma Magazines Belgium	186.0	182.1		
Sanoma Magazines Finland	174.8	167.9		
Sanoma Magazines International	138.3	127.2		
Aldipress	115.7	109.3		
Intracompany transactions	-59.8	-62.3		
Total	1 083.7	1 064.8		
Sanoma				
Helsingin Sanomat	250.8	243.7		
IS Business Unit	95.2	93.6		
Sanoma Lehtimedia	54.0	52.7		
Others	133.7	176.3		
Intracompany transactions	-98.5	-140.8		
Total	435.2	425.5		
WSOY				
Publishing	178.7	142.6		
Printing	59.0	60.2		
Calendar operations	30.3	32.1		
Others	5.1	4.6		
Intracompany transactions	-19.1	-27.2		
Total	253.9	212.2		
SWelcom				
Nelonen	67.6	56.5		
Others	53.1	50.0		
Intracompany transactions	-1.3	-1.7		
Total	119.4	104.9		
Rautakirja				
Kiosk operations	347.3	352.8		
Press distribution	79.5	87.6		
Bookstores	129.7	121.8		
Movie theatre operations	56.8	52.8		
Restaurant operations	57.8	62.6		
Intracompany transactions	-11.3	-23.8		
Total	659.7	653.8		
Intragroup transactions	-59.0	-65.3		
Total	2 493.0	2 395.9		
Net sales by market area				
Finland	1 379.7	1 363.4		
Other EU countries	1 074.5	938.9		
Other countries	38.8	93.6		
Total	2 493.0	2 395.9		
2) OTHER OPERATING INCOME				
Rental income	18.1	18.8	3.9	4.4
Rental income, internal			2.9	3.1
Profit on sales	37.1	52.6	2.3	2.8
Other operating income	12.9	11.8	0.6	0.2
Total	68.2	83.2	9.6	10.5

€ million	Group		Parent Company	
	1.1–31.12.2004	1.1–31.12.2003	1.1–31.12.2004	1.1–31.12.2003
3) MATERIALS AND SERVICES				
Materials and supplies				
Purchases during the year	574.0	579.0		
Change in inventories	0.6	1.5		
Total	574.6	580.6		
Purchased services				
Purchased transport and distribution services	290.9	281.9		
Other purchased services	267.6	196.0		
Total	558.5	477.8		
Total	1 133.1	1 058.4		
4) PERSONNEL EXPENSES				
Wages, salaries & fees	434.0	444.6	6.6	6.6
Transfers to the employees' profit-sharing fund	6.2	4.6		
Pension expenses	57.8	65.4	1.1	1.1
Other social expenses	46.0	48.3	0.5	0.6
Total	544.1	562.9	8.3	8.3
REMUNERATION TO MANAGEMENT				
SanomaWSOY Board members, President & COO, Presidents of Divisions and their Deputies and other members of SanomaWSOY Management Group				
Total	5.0	4.3	3.2	2.6
PERSONNEL, AVERAGE *)				
Sanoma Magazines	3 992	3 879		
Sanoma	2 389	3 041		
WSOY	2 025	1 859		
SWelcom	378	392		
Rautakirja	4 795	4 962		
Other companies **)	73	74	73	74
Total	13 652	14 207	73	74
*) Stated as average number of full-time salaried personnel				
**) Parent Company SanomaWSOY Corporation and real estate and investment companies				
5) DEPRECIATION AND DECREASE IN VALUE				
Depreciation according to plan	199.8	208.3	0.8	3.7
Decrease in value of non-current assets	1.4	1.3	0.9	0.2
Total	201.2	209.5	1.7	3.9
6) OTHER OPERATING EXPENSES				
Rents	67.6	69.5	4.8	5.3
Advertising and marketing	162.3	143.8	0.2	0.2
Commissions	7.4	22.3		
Office and IT expenses	70.7	70.8	1.3	1.8
Other expenses	145.4	145.4	6.2	5.1
Total	453.4	451.8	12.5	12.4

€ million	Group		Parent Company	
	1.1–31.12.2004	1.1–31.12.2003	1.1–31.12.2004	1.1–31.12.2003
7) FINANCIAL INCOME AND EXPENSES				
Dividend income (incl. avoir fiscal)				
From Group companies			15.5	1.6
From associated companies		2.5		
From other companies	8.0	3.2	0.0	0.2
Total	8.0	5.7	15.6	1.8
Interest from investments under non-current assets				
From Group companies			18.9	40.7
From other companies	0.1	0.1	0.1	0.1
Total	0.1	0.1	18.9	40.7
Other interest and financial income				
From Group companies			1.1	3.3
From associated companies	0.3	0.3		
From other companies	13.9	11.9	2.0	3.8
Exchange rate gains	1.5	3.4	0.8	0.6
Total	15.7	15.6	3.9	7.8
Decrease in value of investments				
Investments under non-current assets	3.4	2.9	1.8	3.4
Securities under current assets		0.4		
Total	3.4	3.3	1.8	3.4
Interest and other financial expenses				
To Group companies			7.7	8.2
To associated companies	0.0			
To other companies	45.4	55.8	37.1	51.8
Exchange rate losses	2.2	4.5	0.9	7.0
Total	47.6	60.3	45.7	67.1
Total	-27.2	-42.1	-9.2	-20.1

8) EXTRAORDINARY ITEMS

Extraordinary income				
Group contributions received			74.3	64.6
Other extraordinary income	2.0		22.2	218.9
Extraordinary expenses				
Group contributions given			2.0	7.5
Income tax on extraordinary items				
	0.6		21.0	16.5
Total	1.4		73.5	259.4

Other extraordinary income of Parent Company is comprised of internal changes in Group structure.

9) DIRECT TAXES

Tax on operational income	-70.8	-53.2	6.0	8.5
Change in deferred tax liability and receivable *)	-4.9	-2.5		
Total	-75.7	-55.6	6.0	8.5

*) Change in deferred tax liability and receivable

From capitalisation differences	-4.3	-2.0		
From provisions	-1.1	-0.9		
From consolidation measures	-0.4	0.3		
Due to change in tax rate	0.9			
Total	-4.9	-2.5		

Notes to the balance sheet

SanomaWSOY

€ million	Acquisition cost at 1 Jan. 2004 a)	Differences in rates and transfers between balance sheet items	Increases b)	Decreases c)
10) NON-CURRENT ASSETS, GROUP				
Intangible assets				
Immaterial rights	305.7	9.6	45.9	0.9
Goodwill	45.6	11.5	2.4	-10.0
Other long-term investments	118.0	-12.0	9.1	-6.4
Advance payments	11.9	-3.5	1.1	0.0
	481.3	5.5	58.4	-15.5
Consolidated goodwill				
Consolidated goodwill	1 288.2	-11.6	210.8	-16.7
Consolidation difference	-0.4	0.0	0.0	0.4
	1 287.8	-11.6	210.8	-16.3
Tangible assets				
Land and water	43.3	0.0	2.4	-0.9
Revaluations	7.8	0.0	0.0	0.0
Total land and water	51.1	0.0	2.4	-0.9
Buildings and structures	256.6	5.4	14.9	-3.8
Revaluations	9.0	0.0	0.0	0.0
Total buildings and structures	265.7	5.4	14.9	-3.8
Machinery and equipment	657.2	3.5	39.1	-111.6
Other tangible assets	37.6	8.0	6.8	-9.6
Advance payments and work in progress	3.4	-5.6	4.6	0.0
	1 014.9	11.3	67.8	-126.0
Investments				
Interest in associated companies e)	87.5	-3.3	0.6	-6.5
Receivables from associated companies	1.8	0.0	1.7	-0.1
Other shares and holdings	98.4	-2.8	2.5	-21.6
Other receivables	7.3	0.0	0.0	-1.8
Advance payments	0.2	-0.2	2.3	0.0
	195.1	-6.3	7.1	-30.0
TOTAL NON-CURRENT ASSETS	2 979.1	-1.1	344.1	-187.7

Book value of production machinery at 31 December 2004: € 123.3 million

- a) Acquisition costs include fixed assets entailing costs that have not been fully recorded as planned depreciation and/or with a financial lifetime with time still left to run.
- b) Includes fixed asset acquisition costs current at the time of the acquisition of companies and businesses.
- c) Includes the acquisition costs of fixed assets that were eliminated, sold, or scrapped by the end of the year, and the purchase price current at the time of the sale of fixed assets of divested companies and business.
- d) Includes the accumulated depreciation of acquired companies and businesses at the time of acquisition.
- e) Acquisition costs include original purchase prices, but exclude Group-level associated company transfers.

Acquisition cost at 31 Dec. 2004	Differences in rates and bookings relating to the value of shares in associated companies	Accumulated depreciation and decrease in value at 1 Jan. 2004	Accumulated depreciation and decrease in value of decreases and transfers d)	Depreciation and decrease in value for the period	Book value at 31 Dec. 2004
362.0	-0.5	-201.8	-4.7	-51.3	103.7
49.4	-0.1	-30.5	-3.9	-3.8	11.2
108.7	0.0	-75.8	15.4	-10.8	37.4
9.5	0.0	0.0	0.0	0.0	9.5
529.7	-0.6	-308.2	6.8	-65.9	161.8
1470.7	0.0	-221.5	13.7	-76.0	1187.0
0.0	0.0	0.3	-0.3	0.0	0.0
1470.7	0.0	-221.2	13.5	-76.0	1187.0
44.8	0.0	0.0	0.0	-0.7	44.1
7.8	0.0	0.0	0.0	0.0	7.8
52.6	0.0	0.0	0.0	-0.7	51.9
273.0	0.0	-70.3	-5.8	-9.0	188.0
9.0	0.0	0.0	0.0	0.0	9.0
282.1	0.0	-70.3	-5.8	-9.0	197.0
588.1	-0.4	-463.7	102.5	-46.5	180.1
42.8	0.0	-27.0	2.9	-3.2	15.5
2.4	0.0	0.0	0.0	0.0	2.4
968.0	-0.4	-561.1	99.6	-59.3	446.8
78.3	-11.5	0.0	0.0	0.0	66.8
3.4	0.0	-1.6	0.0	0.0	1.8
76.5	0.0	-4.0	0.7	-3.4	69.7
5.5	0.0	-1.9	0.0	0.0	3.6
2.3	0.0	0.0	0.0	0.0	2.3
165.9	-11.5	-7.5	0.7	-3.4	144.1
3 134.4	-12.5	-1 098.0	120.5	-204.6	1 939.8

€ million	Acquisition cost at 1 Jan. 2004 a)	Transfers between balance sheet items	Increases	Decreases b)
10) NON-CURRENT ASSETS, PARENT COMPANY				
Intangible assets				
Immaterial rights	0.4	0.1	0.0	0.0
Other long-term investments	1.9	0.3	0.0	0.0
Advance payments	0.4	-0.4	0.0	0.0
	2.7	0.0	0.0	0.0
Tangible assets				
Land and water	7.3	0.0	0.0	-0.2
Revaluations	4.8	0.0	0.0	0.0
Total land and water	12.1	0.0	0.0	-0.2
Buildings and structures	5.1	0.0	0.0	-0.7
Machinery and equipment	10.2	0.0	0.3	-0.1
Other tangible assets	1.4	0.0	0.0	0.0
	28.8	0.0	0.3	-1.0
Investments				
Interest in Group companies	1 152.8	2.5	86.0	0.0
Receivables from Group companies	590.0	0.0	0.0	-107.4
Interest in associated companies	5.4	0.2	0.0	-2.3
Receivables from associated companies	0.1	0.0	0.0	-0.1
Other shares and holdings	29.2	-2.5	0.0	-7.5
Other receivables	3.7	0.0	0.0	-0.1
Advance payments	0.5	-0.2	0.0	0.0
	1 781.8	0.0	86.0	-117.4
TOTAL NON-CURRENT ASSETS	1 813.3	0.0	86.4	-118.4

- a) Acquisition costs include fixed assets entailing costs that have not been fully recorded as planned depreciation and/or with a financial lifetime with time still left to run.
- b) Includes the acquisition costs of fixed assets that were eliminated, sold, or scrapped by the end of the year.

Acquisition cost at 31 Dec. 2004	Differences in rates	Accumulated depreciation and decrease in value at 1 Jan. 2004	Accumulated depreciation and decrease in value of decreases and transfers	Depreciation and decrease in value for the period	Book value at 31 Dec. 2004
0.6	0.0	-0.1	0.0	-0.1	0.3
2.2	0.0	-1.6	0.0	-0.2	0.3
0.0	0.0	0.0	0.0	0.0	0.0
2.7	0.0	-1.8	0.0	-0.3	0.7
7.1	0.0	0.0	0.0	-0.7	6.4
4.8	0.0	0.0	0.0	0.0	4.8
11.8	0.0	0.0	0.0	-0.7	11.1
4.4	0.0	-2.4	0.0	-0.3	1.7
10.5	0.0	-9.1	0.0	-0.5	0.9
1.4	0.0	0.0	0.0	0.0	1.4
28.1	0.0	-11.5	0.0	-1.5	15.2
1 241.4	0.0	-1.6	0.0	0.0	1 239.8
482.6	0.2	0.0	0.0	0.0	482.9
3.3	0.0	-0.8	0.0	-0.3	2.2
0.0	0.0	0.0	0.0	0.0	0.0
19.2	0.0	-3.6	0.3	-1.8	14.2
3.5	0.0	0.0	0.0	0.0	3.5
0.3	0.0	0.0	0.0	0.0	0.3
1 750.4	0.2	-5.9	0.3	-2.1	1 743.0
1 781.2	0.2	-19.2	0.3	-3.8	1 758.8

SHARES UNDER NON-CURRENT ASSETS	Participation of the Parent Company %	Participation of the sub-group's parent company %	Participation of the Group %	Book value in Parent Company 1 000 €
GROUP COMPANIES				
SANOMA MAGAZINES				
Sanoma Magazines B.V., the Netherlands *)	100.0		100.0	700 399
Lastannet Open B.V., the Netherlands			100.0	
Sanoma Magazines Nederland B.V., the Netherlands		100.0	100.0	
Sanoma Magazines Participations B.V., the Netherlands		100.0	100.0	
Aldipress				
B.V. Aldipress, the Netherlands			100.0	
De Grebbe Tijdschriften Boekendistributie B.V., the Netherlands			100.0	
Hedinet Vastgoed B.V., the Netherlands			100.0	
Sanoma Magazines Verkoopgroep B.V., the Netherlands			100.0	
Sanoma Magazines Belgium				
Sanoma Magazines Belgium N.V., Belgium		99.9	100.0	
JERVI N.V., Belgium		100.0	100.0	
N.V. Uitgevers Maatschappij, Belgium			100.0	
Sanoma Magazines International				
Sanoma Magazines International B.V., the Netherlands		100.0	100.0	
Editor-International B.V., the Netherlands			100.0	
Erasmus Press Kiadó Kft., Hungary			100.0	
Project Constable Unlimited, the United Kingdom			100.0	
Roof s.r.o., the Czech Republic			100.0	
S+N Bratislava s.r.o., Slovakia			90.0	
Sanoma Budapest Kiadó Részvénytársaság, Hungary			100.0	
Sanoma Communications Hungary Ltd, Hungary			100.0	
Sanoma Hearst Prague B.V., the Netherlands			60.0	
Sanoma Hearst Romania s.r.l., Romania			65.0	
Sanoma Magazines Praha s.r.o., the Czech Republic			100.0	
Sanoma Magazines Slovakia s.r.o, Slovakia			100.0	
Sanoma Magazines SMG d.o.o., Serbia and Montenegro			100.0	
Sanoma Magazines Zagreb d.o.o., Croatia			100.0	
Sanoma Stratosfera B.V., the Netherlands			100.0	
Via Classis s.r.o., Slovakia			100.0	
Sanoma Uitgevers				
Sanoma Uitgevers B.V., the Netherlands			100.0	
Accres Uitgevers B.V., the Netherlands			100.0	
Admedia Belgium BVBA, Belgium		99.9	100.0	
Consultancy Marketing Ltd, the United Kingdom			100.0	
Cosmos Home Entertainment B.V., the Netherlands			100.0	
CU2 B.V., the Netherlands			49.1	
De Woonbeurs B.V., the Netherlands			100.0	
Domestic Film Corporation B.V., the Netherlands			100.0	
H.P.R. Holding B.V., the Netherlands			100.0	
Home & Garden B.V., the Netherlands			100.0	
I.B.S. N.V., Belgium			100.0	
Ilse Media B.V., the Netherlands			96.3	
Ilse Media Groep B.V., the Netherlands			96.3	
ilse media magazines B.V., the Netherlands			96.3	
Jonge Gezinnen B.V., the Netherlands			100.0	
Kaboem B.V., the Netherlands			96.3	
Lastannet Entertainment II B.V., the Netherlands			100.0	

*) Parent company of the sub-group

SHARES UNDER NON-CURRENT ASSETS	Participation of the Parent Company %	Participation of the sub-group's parent company %	Participation of the Group %	Book value in Parent Company 1 000 €
MediaNet B.V., the Netherlands			96.3	
Mediastud B.V., the Netherlands			100.0	
NewRules Media B.V., the Netherlands			96.3	
Parti-Avanti Holding B.V., the Netherlands			96.3	
R.C.V. 2001 Nederland B.V., the Netherlands			100.0	
R.C.V. Entertainment B.V., the Netherlands			100.0	
R.C.V. Entertainment Belgique N.V., Belgium			100.0	
R.C.V. Film Distribution B.V., the Netherlands			100.0	
R.C.V. Support B.V., the Netherlands			100.0	
Reprojekt B.V., the Netherlands			100.0	
Sanoma Magazines Deutschland GmbH, Germany		100.0	100.0	
Sanoma Magazines France SARL, France		90.0	100.0	
Sanoma Men's Magazines, the Netherlands			100.0	
Sanoma Uitgevers Digitaal B.V., the Netherlands			100.0	
Sanoma Uitgevers Digitaal Ontwikkeling B.V., the Netherlands			100.0	
Saga Hollandia B.V., the Netherlands			100.0	
Soapshow B.V., the Netherlands			65.0	
Sportweek Abonnementen B.V., the Netherlands			100.0	
Sportweek Media B.V., the Netherlands			100.0	
Sportweek Online B.V., the Netherlands			100.0	
Startpagina B.V., the Netherlands			96.3	
Still Visual Entertainment Investments BVBA, Belgium			100.0	
Still Visual Investments B.V., the Netherlands			100.0	
Tableau Fine Arts Magazine B.V., the Netherlands			100.0	
The Merry Christmas Fair B.V., the Netherlands			70.0	
Top Santé VOF, the Netherlands			60.0	
Uitgeverij De Kreatieve Pers B.V., the Netherlands			100.0	
Uitgeverij F.H. Cisunitas B.V., the Netherlands			100.0	
Uitgeverij Fiets B.V., the Netherlands			100.0	
Uitgeverij Nokerizon B.V., the Netherlands			100.0	
Uitgeverij Woudestein B.V., the Netherlands			100.0	
Sanoma Magazines Finland				
Sanoma Magazines Finland Oy, Helsinki *)	100.0		100.0	36 637
Liiketieto-Business Information Oy, Helsinki		100.0	100.0	
Suomalainen Yrittystiedosto Oy, Helsinki		100.0	100.0	
Suomen Rakennuslehti Oy, Helsinki		60.0	60.0	
SANOMA				
Sanoma Corporation, Helsinki *)	100.0		100.0	111 280
Andyn Paino Oy, Lappeenranta			100.0	
Anjalankosken Painotalo, Anjalankoski			57.5	
Arnedo Oy, Helsinki		60.0	60.0	
AS Infesto, Estonia			90.0	
Esmerk Americas Inc, USA			90.0	
Esmerk Argentina S.A., Argentina			90.0	
Esmerk GmbH, Germany			90.0	
Esmerk Information AB, Sweden			90.0	
Esmerk Information OOO, Russia			90.0	
Esmerk Information SARL, France			90.0	
Esmerk Information Services Pte Ltd, Singapore			90.0	
Esmerk Information Services Sdn. Bhd., Malaysia			90.0	
Esmerk Limited, the United Kingdom			90.0	
Esmerk OOO, Russia			90.0	
Esmerk Oy, Helsinki			90.0	

SHARES UNDER NON-CURRENT ASSETS	Participation of the Parent Company %	Participation of the sub-group's parent company %	Participation of the Group %	Book value in Parent Company 1 000 €
Esmerk ZAO, Russia			90.0	
Etelä-Karjalan Jakelu Oy, Lappeenranta			100.0	
Etelä-Saimaan Sanomalehti Oy, Lappeenranta			100.0	
Helsingin Sanomat Oy, Helsinki		100.0	100.0	
Hämeen Paino Oy, Forssa			100.0	
Ilta-Sanomat Oy, Helsinki		100.0	100.0	
Kiint. Oy Saimaan Viestintäkeskus, Lappeenranta			100.0	
Kiinteistö Oy Tommolankatu, Kouvola			100.0	
Kiinteistö Oy Virolahden Mäkitie 3, Virolahti			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	
Lekan Paino Oy, Kouvola			100.0	
Nytnet Oy, Helsinki		80.0	80.0	
Päiväverkko Oy, Vantaa			100.0	
Saimaan Lehtipaino Oy, Lappeenranta			100.0	
Sanoma Data Oy, Helsinki		100.0	100.0	
Sanoma Kaupunkilehdet Oy, Helsinki		100.0	100.0	
Sanomala Oy, Vantaa			100.0	
Sanoma Lehtimedia Oy, Anjalankoski		100.0	100.0	
Sanomapaino Oy, Helsinki		100.0	100.0	
Savon Paino Oy, Varkaus			100.0	
Taloussanommat Oy, Helsinki		90.0	90.0	
Tampereen Sanomain Oy, Helsinki		100.0	100.0	
Uutisvuoksi Oy, Imatra			100.0	
WSOY				
Werner Söderström Corporation, Helsinki *)	100.0		100.0	78 618
SW Educational B.V., the Netherlands	100.0		100.0	86 034
Ajasto Osakeyhtiö, Vantaa		100.0	100.0	
Almanacksförlaget AB, Sweden			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	
Collegenet B.V., the Netherlands			100.0	
Dark Oy, Vantaa		100.0	100.0	
Docendo Finland Oy, Jyväskylä		100.0	100.0	
Docendo Produktion Aktiebolag, Sweden			100.0	
Docendo Sverige AB, Sweden		100.0	100.0	
Educational Network B.V., the Netherlands			100.0	
Emil Moestue AS, Norway			100.0	
Everscreen AB, Sweden			64.0	
Everscreen Oy, Helsinki		64.0	64.0	
AB Förlagsinkasso, Sweden			100.0	
Kiinteistö Oy Bulevardi 12, Helsinki		100.0	100.0	
Kiinteistö Oy Bulevardi 14, Helsinki		78.8	78.8	
Kustannusperintä Oy - Förlagsinkasso Ab, Helsinki			100.0	
L.C.G. Malmberg B.V., the Netherlands			100.0	
Lönnberg Painot Oy, Helsinki		100.0	100.0	
Uitgeverij Van In N.V., Belgium			100.0	
Van In Investments N.V., Belgium			100.0	
Weilin+Göös Oy, Helsinki		100.0	100.0	
Werner Söderström GmbH, Germany		100.0	100.0	

SHARES UNDER NON-CURRENT ASSETS	Participation of the Parent Company %	Participation of the sub-group's parent company %	Participation of the Group %	Book value in Parent Company 1 000 €
WS Bookwell Oy, Porvoo		100.0	100.0	
WSOY Educational B.V., the Netherlands			100.0	
WSOY - Hyvä-Kirja Oy, Helsinki		100.0	100.0	
Young Digital Poland S.A., Poland		55.1	55.1	
SWELCOM				
SWelcom Oy, Helsinki *)	100.0		100.0	4 250
2ndhead Oy, Helsinki		100.0	100.0	
Helsinki Televisio Oy, Helsinki		100.0	100.0	
Oy Ruutunelonen Ab, Helsinki		90.6	90.6	
Oy Suomen Medanelonen Ab, Helsinki			90.6	
Tuotantotalo Werne Oy, Helsinki		75.8	100.0	
RAUTAKIRJA				
Rautakirja Oy, Vantaa *)	100.0		100.0	143 948
AS Lehepunkt, Estonia		100.0	100.0	
AS MPDE, Estonia			100.0	
Apollo Raamatud OÜ, Estonia			100.0	
Baltic Cinema SIA, Latvia			90.0	
Eurostrada Oy, Vantaa		100.0	100.0	
Finnkino Oy, Vantaa		100.0	100.0	
Foodstop Oy, Vantaa			99.0	
Hiparion Distribution S.A., Romania		51.0	51.0	
Interprint Oy, Helsinki			100.0	
Kiinteistö Oy Hallahepe, Toijala		100.0	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	
Lehtipiste Oy Pressco, Vantaa		100.0	100.0	
R Kiosk Eesti AS, Estonia		100.0	100.0	
Suomalainen Kirjakauppa Oy, Helsinki		100.0	100.0	
UAB Vingio kino teatras, Lithuania			90.0	
AS V & K Holding, Estonia			75.0	
REAL ESTATE AND INVESTMENT COMPANIES				
Kiinteistö Oy Jokela City 1, Tuusula	93.0		100.0	555
Kiinteistö Oy Myllymäenpolku, Vantaa	100.0		100.0	2 535
Kiinteistö Oy Porvoon Mannerheiminkatu 20, Porvoo	100.0		100.0	1 682
Kiinteistö Oy Postikuja 2, Helsinki	100.0		100.0	4 200
Kiinteistö Oy Vantaan Valtatie 3, Vantaa	100.0		100.0	5 887
Kiinteistö Oy Vantaankosken Isotammi, Vantaa	100.0		100.0	790
Kiinteistö Oy Vantaankosken Kuningastie, Vantaa	100.0		100.0	505
Kiinteistöosakeyhtiö Miekkakala, Helsinki	77.7		77.7	10 231
Kiinteistöosakeyhtiö Sanomalan Keskusalue, Vantaa	100.0		100.0	17 324
Lastannet Oy, Hyvinkää	100.0		100.0	8
Monsaksenpolun Kiinteistö Oy, Vantaa	100.0		100.0	6 896
Sanoma Finance AG, Switzerland	100.0		100.0	25 556
Sanoma Inc., USA	100.0		100.0	816
Sanoma WSOY AS, Norway	100.0		100.0	1 688
				1 239 839

*) Parent company of the sub-group

SHARES UNDER NON-CURRENT ASSETS	Participation of the Parent Company %	Participation of the sub-group's parent company %	Participation of the Group %	Book value in Parent Company 1 000 €
ASSOCIATED COMPANIES				
SANOMA MAGAZINES				
Sanoma Magazines Belgium				
Repropress CVBA, Belgium			33.6	
S.B.P.P. N.V., Belgium			50.0	
Sanoma Magazines International				
Hearst-Sanoma Budapest Kft, Hungary			50.0	
Stratosféra s.r.o., the Czech Republic			30.0	
Sanoma Bliasad Bulgaria A.D., Bulgaria			50.0	
Sanoma Magazines Nederland B.V.				
Rock Solid Investments B.V., the Netherlands			50.0	
Sanoma Uitgevers				
AKN CV, the Netherlands			25.0	
B.V. Programmabladen AKN, the Netherlands			25.0	
Felicitas Promotions AG, Switzerland			49.0	
Geïllustreerde Pers / MC V.O.F., the Netherlands			50.0	
Mood for Magazines B.V., the Netherlands			35.0	
Quattro Voci B.V., the Netherlands			25.0	
Preview Filmmagazine B.V., the Netherlands			35.0	
V4M B.V., the Netherlands			48.1	
Sanoma Magazines Finland				
Egmont Kustannus Oy Ab, Tampere		50.0	50.0	
Hansaprint Oy, Turku		40.0	40.0	
SANOMA				
Netwheels Oy, Helsinki		20.1	20.1	
Suomen Tietotoimisto Oy, Helsinki		20.8	22.1	
ZAO Smena, Russia		30.0	30.0	
WSOY				
Asunto Oy Uudenmaankatu 13, Helsinki		26.7	26.7	
Büroodisain Oü, Estonia			30.0	
Taskukirja Loisto Oy, Helsinki		25.0	25.0	
SWELCOM				
Maxisat-Yhtiöt Oy, Helsinki			46.2	
Platco Oy, Helsinki		33.3	33.3	
Suomen Urheiluradio Oy, Helsinki		23.3	23.3	
Vantaan Yhteisverkko Oy, Vantaa			24.0	

SHARES UNDER NON-CURRENT ASSETS	Participation of the Parent Company %	Participation of the sub-group's parent company %	Participation of the Group %	Book value in Parent Company 1 000 €
RAUTAKIRJA				
Amadeo s.r.o., the Czech Republic			50.0	
Asunto Oy Kuopion Suomurain, Kuopio			26.0	
Asunto Oy Tikkurilan Asematie 6, Vantaa		38.0	38.0	
Asunto Oy Vihdin Yhdystalo, Vihti		25.8	25.8	
Baltlab OÜ, Estonia			33.3	
CZ Retai a.s., the Czech Republic		50.0	50.0	
JHC Arena Holding, Helsinki		30.0	48.2	
Jokerit HC Oyj, Helsinki		36.4	36.4	
Kiint. Oy Haukiputaan Revontie 1, Haukipudas		48.2	48.2	
Kiint. Oy Hämeenkatu 12, Hyvinkää		46.0	46.0	
Kiint. Oy Joutsenon Torirakennus, Joutseno		28.4	28.4	
Kiint. Oy Kiuruveden Toritalo, Kiuruvesi		23.0	23.0	
Kiint. Oy Kuopion Tullinportink. 33, Kuopio		29.7	29.7	
Kiint. Oy Mikkelin Torikioski, Mikkelä		36.6	36.6	
Kiint. Oy Palosaarentie 31, Vaasa		21.5	21.5	
Kiint. Oy Ristiniäri, Pieksämäki	10.5	22.8	33.4	
Kiint. Oy Ruukintori, Ruukki		23.7	23.7	
Kiint. Oy Taulumäen Toripaviljonki, Kerava		47.6	47.6	
Kiint. Oy Välikero, Rovaniemi			39.5	
Kirjavälitys Oy, Vantaa		13.0	20.1	
M-Trafik s.r.o., the Czech Republic			50.0	
Nakkilan Liikekeskus Oy, Nakkila		24.5	24.5	
Narvesen Baltija SIA, Latvia		50.0	50.0	
SIA Preses Apvieniba, Latvia			48.5	
SIA Serviss Apvieniba, Latvia			48.5	
Pro Kirja Oy, Helsinki			50.0	
SIA Stockmann Centrs, Latvia		37.0	37.0	
SanomaWSOY Corporation and other companies				
Kiint. Oy Keravan Portti, Kerava	33.3		33.3	188
Kiint. Oy Köpmansgatan 2 i Karis, Karjaa	24.3		39.0	108
Kiint. Oy Loimaan Torikioski, Loimaa	38.6		38.6	0
Kiint. Oy Nastolan Nappi, Nastola	22.5		22.5	132
Kiint. Oy Nokian Liikekeskus, Nokia	34.4		34.4	314
Kiint. Oy Puistolan Pankkitalo, Helsinki	36.9		40.8	1 010
Valkeakosken Yhteistalo Oy, Valkeakoski	39.1		39.1	432
				2 183
OTHER SHARES OWNED BY THE PARENT COMPANY				
Shares in housing corporations				4 876
Other shares				9 295
				14 171

€ million	Group		Parent Company	
	31.12.2004	31.12.2003	31.12.2004	31.12.2003
10) NON-CURRENT ASSETS				
Intangible assets				
Immaterial rights	103.7	103.9	0.3	0.3
Goodwill	11.2	15.1		
Other long-term investments	37.4	42.2	0.3	0.3
Advance payments	9.5	11.9		0.4
	161.8	173.1	0.7	0.9
Consolidated goodwill	1187.0	1066.6		
Tangible assets				
Land and water	51.9	51.1	11.1	12.1
Buildings and structures	197.0	195.3	1.7	2.7
Machinery and equipment	180.1	193.5	0.9	1.1
Other tangible assets	15.5	10.6	1.4	1.4
Advance payments and work in progress	2.4	3.4		
	446.8	453.9	15.2	17.3
Investments				
Interest in Group companies			1239.8	1151.3
Receivables from Group companies			482.9	590.2
Interest in associated companies	66.8	77.4	2.2	4.6
Receivables from associated companies	1.8	0.2		0.1
Other shares and holdings	69.7	94.4	14.2	25.6
Other receivables	3.6	5.4	3.5	3.7
Advance payments	2.3	0.2	0.3	0.5
	144.1	177.5	1743.0	1776.1
Total	1939.8	1871.1	1758.8	1794.3
11) INVENTORIES				
Materials and supplies	10.0	9.1		
Work in progress	31.7	7.1		
Finished products/goods	94.8	77.9		
Other inventories	0.6	0.6		
Advance payments	0.3	0.2		
Total	137.3	95.0		
12) LONG-TERM RECEIVABLES				
Trade receivables	1.5	1.5		
Prepaid expenses and accrued income	7.5	10.3	1.5	4.7
Loan receivables	11.6	19.5		
Other receivables	0.8	0.2		
Deferred tax receivables	34.6	34.5		
Total	56.0	66.0	1.5	4.7
Receivables from associated companies				
Loan receivables	5.2	7.2		
Total	5.2	7.2		

€ million	Group		Parent Company	
	31.12.2004	31.12.2003	31.12.2004	31.12.2003
13) SHORT-TERM RECEIVABLES				
Trade receivables	199.3	200.7	0.2	0.5
Prepaid expenses and accrued income *)	75.1	56.7	80.3	74.7
Loan receivables	2.0	2.4	49.4	75.0
Other receivables	26.6	18.3	0.7	0.8
Deferred tax receivables	7.0	14.2		
Total	310.0	292.2	130.6	150.9

Receivables from Group companies

Trade receivables			0.2	0.4
Prepaid expenses and accrued income			78.4	72.9
Loan receivables			49.4	75.0
Total			128.0	148.3

Receivables from associated companies

Trade receivables	0.3	0.4		
Prepaid expenses and accrued income	0.0	0.1		
Loan receivables	1.8	1.6		
Other receivables	0.4			
Total	2.6	2.1		

***) Prepaid expenses and accrued income**

Prepaid personnel expenses	3.2	4.8		
Accrued interest income	0.0	0.5	4.0	8.3
Prepaid/accrued income tax	8.6	16.3	1.2	
Other prepaid expenses and accrued income	63.3	35.1	75.1	66.4
Total	75.1	56.7	80.3	74.7

Other prepaid expenses and accrued income include i.a. prepaid agency commissions and Rautakirja Group's estimate for returned magazines.

14) DIFFERENCE BETWEEN THE REACQUISITION COST AND THE BOOK VALUE OF SHARES AND SECURITIES

Publicly traded shares and holdings under non-current assets

Reacquisition cost	0.0	18.9		
Book value	0.0	13.1		
Difference	0.0	5.8		

Securities

Reacquisition cost	25.3	68.6	2.1	16.3
Book value	25.3	60.6	2.1	16.3
Difference	0.0	8.1	0.0	0.0

€ million	Group		Parent Company	
	31.12.2004	31.12.2003	31.12.2004	31.12.2003
15) SHAREHOLDERS' EQUITY				
Share capital at 1 Jan.	68.9	62.6	68.9	62.6
Increase in share capital		14.4		14.4
Invalidation of shares	-3.1	-8.1	-3.1	-8.1
Share capital	65.8	68.9	65.8	68.9
Premium fund at 1 Jan.	31.8	16.1	15.7	
Increase in share premium		7.6		7.6
Invalidation of shares	3.1	8.1	3.1	8.1
Premium fund	34.9	31.8	18.8	15.7
Other funds at 1 Jan.	369.4	364.4	355.7	355.7
Transfer to other funds		5.0		
Other funds	369.4	369.4	355.7	355.7
Retained earnings at 1 Jan.	461.1	345.9	379.6	217.4
Dividends	-153.1	-61.2	-160.3	-71.6
Change in translation difference	5.5	-14.1		
Transfer to other funds		-5.0		
Change in Group structure*)		90.6	-100.2	
Other changes	-0.9	0.6	-0.3	-0.3
Profit (loss) brought forward	312.6	356.7	118.8	145.4
Profit (loss) for the year	134.1	104.5	57.6	234.2
Capital notes at 1 Jan.	171.6	207.4	163.8	200.0
Changes	-13.3	-35.8	-13.2	-36.2
Capital notes	158.3	171.6	150.6	163.8
Total shareholders' equity	1 075.2	1 102.9	767.3	983.7

*) Changes in Group structure is related in 2004 to Tiikerijakelu merger and in 2003 to Rautakirja merger to SanomaWSOY.

Convertible capital note

A convertible capital note of EUR 200,000,000 was issued by the Parent Company on 31 August 2001 and trading in the subordinated notes on the Helsinki Exchanges began on 6 September 2001. In line with the terms of Section 5 of the Companies Act, the capital note has been recorded under shareholders' equity. During years 2003 and 2004 the Company has redeemed upon an offer totally 4,944 notes. Redeemed debentures are invalidated in six months. In the end of the financial year 2004 the amount of the capital note is EUR 150,560,000.00.

The main terms of the notes:

1. A fixed annual interest of 5.25% is paid on the notes. Interest is payable annually in the event that the sum concerned can be used for distribution of the profits in line with the confirmed balance sheet of the Company and the Group for the latest financial year.
2. Subscribers are allowed to convert the remaining subordinated notes into a maximum of 9,463,230 SanomaWSOY Corporation Series B shares. The Board has determined that the imputed conversion price of one share shall be EUR 15,91, representing a premium of 30% to the trading-weighted price of the Series B share on the Helsinki Exchanges between 20 July 2001 and 20 August 2001. The period for conversion began on 2 January 2002 and will end on 20 June 2007. Conversion can be effected between January 2 and November 30 annually. Capital notes had not been converted into shares by the end of the financial year.
3. The loan period extends to 4 July 2007, when the notes shall be repaid in total, on condition that the shareholders' equity and other non-distributable items contained in the Company's and Group's balance sheet for the last full financial period are fully covered. Under the terms of the notes, SanomaWSOY is entitled, as of 1 September 2004, to repay in advance the capital of the notes in full at a rate of 100% together with interest that has accrued by the payment date, on condition that all the relevant terms of the notes specified in the prospectus are complied with.
4. In the event of the Company being dissolved or being declared bankrupt, payment of the principal, interest, and other considerations related to the notes can only be made after other creditors have received due payment.

€ million	Group		Parent Company	
	31.12.2004	31.12.2003	31.12.2004	31.12.2003
Distributable earnings at 31 Dec.				
Other distributable funds	355.7	355.7	355.7	355.7
Profit brought forward	312.6	356.7	118.8	145.4
Profit (loss) for the year	134.1	104.5	57.6	234.2
Depreciation difference recorded in equity	-86.2	-74.9		
Interest or other reimbursement payable on capital note	-5.0	-4.1		
Earnings distributable from equity	711.4	737.8	532.1	735.3

Share capital and share series (Parent Company)

NUMBER OF SHARES

Series A shares (20 votes / share)	23 199 492
Series B shares (1 votes / share)	129 912 660

NOMINAL VALUES

	€
Series A shares (20 votes / share)	9 975 781.56
Series B shares (1 votes / share)	55 862 443.80

Tiikerijakelu Oy, a fully owned subsidiary of SanomaWSOY Corporation, was merged with Parent Company on 31 July 2004. Following the merger, the Parent Company received in total 7,817,276 Series B shares of SanomaWSOY Corporation. Shares were invalidated according to the decision of the AGM.

16) ACCUMULATED PROVISIONS

Accumulated provisions in Parent Company consist of cumulative depreciation differences.

17) STATUTORY PROVISIONS

Pension liability provision	7.7	4.8		
Other statutory provisions	30.4	29.3	0.2	0.1
Total	38.1	34.1	0.2	0.1

18) DEFERRED TAX LIABILITIES/RECEIVABLES

DEFERRED TAX RECEIVABLES

From capitalisation differences	41.2	43.7		
From provisions		2.7		
From consolidation measures	0.4	2.3		
Total	41.6	48.7		

DEFERRED TAX LIABILITIES

From capitalisation differences	7.5	3.8		
From provisions	32.9	32.4		
From consolidation measures		0.2		
Total	40.5	36.4		

DEFERRED TAXES IN CONSOLIDATED BALANCE SHEET

Long-term receivables	34.6	34.5		
Short-term receivables	7.0	14.2		
Long-term liabilities	40.4	36.3		
Short-term liabilities	0.1	0.1		
Total deferred tax liabilities(-)/receivables(+)	1.2	12.3		

The estimated income tax on the value appreciation of land and buildings totals EUR 4.4 million.

€ million	Group		Parent Company	
	31.12.2004	31.12.2003	31.12.2004	31.12.2003
19) LONG-TERM LIABILITIES				
Loans from financial institutions	201.0	313.0	80.0	310.0
Pension loans	14.2	35.3		
Accrued expenses and deferred income	0.1	5.3		
Advances received	1.4			
Other debts	7.3	11.7	37.4	2.5
Total	224.0	365.3	117.4	312.5
Liabilities to Group companies				
Other debts			37.4	2.5
Total			37.4	2.5
Debts maturing in five years or later				
Other debts		2.2		
Total		2.2		
20) CURRENT LIABILITIES				
Loans from financial institutions	218.4	6.3	370.8	89.5
Pension loans	5.3	6.7		
Commercial papers	283.7	279.6	283.7	279.6
Trade payables	161.5	147.9	0.4	0.9
Accrued expenses and deferred income *)	266.6	281.9	15.7	14.1
Advances received	127.1	102.2	0.1	0.1
Other debts	68.4	73.2	337.5	293.7
Total	1 130.9	898.0	1 008.1	678.0
Liabilities to Group companies				
Trade payables			0.2	0.4
Accrued expenses and deferred income			3.6	0.3
Other debts			337.0	293.3
Total			340.8	293.9
Liabilities to associated companies				
Trade payables	1.3	2.1		
Accrued expenses and deferred income	0.0			
Other debts	0.0	0.3		
Total	1.4	2.4		
*) Accrued expenses and deferred income				
Accrued personnel expenses	97.9	92.7	2.2	2.2
Accrued interest expenses	8.4	8.8	9.2	7.6
Accrued/deferred income tax	21.8	30.5		2.6
Other accrued expenses and deferred income	138.6	149.9	4.3	1.7
Total	266.6	281.9	15.7	14.1

Other accrued expenses and deferred income consist mainly of accrued expenses related to normal business activities.

Other notes

SanomaWSOY

€ million	Group		Parent Company	
	31.12.2004	31.12.2003	31.12.2004	31.12.2003
21) CONTINGENCIES AND PLEDGED ASSETS				
Debts with collateral consisting of real estate and shares				
Pension loans		16.9		
Loans from financial institutions	0.4	1.9		
Other debts	7.3	8.0		
Mortgages, real estate, total	2.5	9.2		
Mortgages, movable property, total	2.7	18.3		
Pledged securities, total	5.6	5.6		
Other contingencies for own commitments				
Corporate mortgages	2.5	2.8		
Book value of pledged securities	0.9	2.2		
Deposits	8.7	4.0		
Total	12.2	8.9		
Contingencies given on behalf of Group companies				
Guarantees			106.8	94.7
Total			106.8	94.7
Contingencies given on behalf of associated companies				
Guarantees	15.4	15.7	7.9	10.0
Total	15.4	15.7	7.9	10.0
Contingencies given on behalf of other companies				
Guarantees	18.1	18.2		
Total	18.1	18.2		
Other contingencies				
Leasing liabilities for premises				
Leasing liabilities for 2005	40.0	40.6		
Leasing liabilities beyond 2005	186.3	191.0		
Total	226.3	231.6		
Other leasing liabilities				
Other leasing liabilities for 2005	13.6	8.8		
Other leasing liabilities beyond 2005	35.8	28.0		
Total	49.5	36.8		
Interest on capital notes	5.0	4.1		
Other liabilities	74.0	73.2		
Other contingencies, total	354.7	345.7		
All liabilities, total	411.2	421.6	114.7	104.7

€ million	Group		Parent Company	
	31.12.2004	31.12.2003	31.12.2004	31.12.2003
NOMINAL VALUE OF OPEN DERIVATIVE CONTRACTS				
Interest rate derivatives				
Options				
Purchased	100.0	340.0	100.0	340.0
Written	54.8	254.8	54.8	254.8
Interest rate swaps	20.0	210.0	20.0	210.0
Total	174.8	804.8	174.8	804.8
Currency derivatives				
Forward contracts	13.5	18.1	13.5	36.5
Options				
Purchased	33.0		33.0	
Written	33.0		33.0	
Total	79.6	18.1	79.6	36.5
Share derivatives				
Options				
Purchased		15.2		
Written		16.6		
Total		31.7		
Total	254.3	854.6	254.3	841.3

MARKET VALUE OF OPEN DERIVATIVE CONTRACTS

Interest rate derivatives				
Options				
Purchased	0.1	0.6	0.1	0.6
Written	-0.6	-4.3	-0.6	-4.3
Interest rate swaps	-0.1	0.0	-0.1	0.0
Total	-0.6	-3.7	-0.6	-3.7
Currency derivatives				
Forward contracts	0.1	0.2	0.1	0.0
Options				
Purchased	0.0		0.0	
Written	-1.0		-1.0	
Total	-0.9	0.2	-0.9	0.0
Share derivatives				
Options				
Purchased		0.0		
Written		-0.8		
Total		-0.8		
Total	-1.5	-4.3	-1.5	-3.6

22) Financial risk management

SanomaWSOY's treasury activities are centralised and managed through the Group Treasury. The unit operates as counterparty to the operative divisions and is responsible for external financing, liquidity management and external hedging activities. The aim of the centralisation of treasury operations is to enhance risk management and cost-effectiveness, and to optimise cash management. The guidelines of the unit have been approved by the Board of Directors.

The Group's financial risks are interest rate risk, currency risk, liquidity risk, and credit risk. The objective of risk management is to hedge the Group against material risks.

Interest rate risk

The Group's interest rate risks are mainly linked to changes in market interest rates and loan margins. The exposure to interest rate risks is managed by using a mix of floating-rate and fixed-rate loans. In addition, derivatives are used for interest rate hedging.

Currency risk

The bulk of the operational cash flow of the Group is euro-based. The Group's businesses outside the euro area currently represent approximately 10% of total net sales. Equity portfolio and non-euro denominated shareholders' equity of subsidiaries are also exposed to currency risks. Material currency risks are hedged.

Liquidity risk

Liquidity risks are linked to debt servicing, financing investments, and the need to maintain a sufficient level of working capital. SanomaWSOY aims to minimise its liquidity risks by ensuring a sufficient level of income financing, maintaining adequate credit lines and asset reserves, and by balancing repayment programmes over a number of calendar years.

As of the closing date, the Group had the following financing programmes and unused credit lines in place:

- Bilateral committed facilities of EUR 495 million, of which EUR 205 million unused
- Bilateral uncommitted facilities of EUR 200 million, all unused
- Finnish commercial paper programme of EUR 400 million, of which EUR 176.5 million unused
- Belgian commercial paper programme of EUR 200 million, of which EUR 138.1 million unused
- Current account limits of EUR 22.7 million, of which EUR 15.1 million unused

The Group's financing agreements include common covenants that are related to the ranking of creditors, certain key financial indicators and the use of pledges and mortgages, etc.

Credit risk

SanomaWSOY's credit risks are associated with its operational business. Operational units bear responsibility for credit risks associated with their businesses.

Definitions of key indicators

SanomaWSOY

Return on equity, % (ROE)	=	$\frac{\text{Result before extraordinary item - taxes}}{\text{Shareholders' equity + minority interest (average of monthly balances)}} \times 100$
Return on investments, % (ROI)	=	$\frac{\text{Result before extraordinary items + interest and other financial expenses}}{\text{Balance sheet total - non-interest-bearing liabilities (average of monthly balances)}} \times 100$
Equity ratio, %	=	$\frac{\text{Shareholders' equity + minority interest}}{\text{Balance sheet total - advances received}} \times 100$
Gearing, %	=	$\frac{\text{Interest-bearing liabilities - cash and bank and securities}}{\text{Shareholders' equity + minority interest}} \times 100$
Earnings / share (EPS)	=	$\frac{\text{Result before extraordinary items - taxes +/- minority interest}}{\text{Average number of shares on the market, adjusted for share issues}}$
Cash flow / share	=	$\frac{\text{Cash flow from operations}}{\text{Average number of shares on the market, adjusted for share issues}}$
		Cash flow from operations includes cash flow from the Group's main operations according to the cash flow statement
Equity / share	=	$\frac{\text{Shareholders' equity at the end of the year}}{\text{Average number of shares on the market, adjusted for share issues, on the balance sheet date}}$
Dividend / share	=	$\frac{\text{Total dividend distribution}}{\text{Average number of shares on the market, adjusted for share issues on the balance sheet date}}$
Dividend / result, %	=	$\frac{\text{Dividend / share}}{\text{Result / share}} \times 100$
Market capitalisation	=	Number of shares on the market at the end of the year x share price on the last trading day of the year by share class
Effective dividend yield, %	=	$\frac{\text{Dividend / share}}{\text{Share price on the last trading day of the year by share class}} \times 100$
P/E ratio	=	$\frac{\text{Share price on the balance sheet date, adjusted for share issues}}{\text{Result / share}}$

Shares and shareholders

SanomaWSOY

Share capital and share series

SanomaWSOY's share capital (€ 1 000) 31 Dec.	2004	2003	2002	2001	2000
Total, all shares	65 838	68 929	62 574	62 574	62 574
Series A	9 976	9 985	9 985	9 985	9 985
Series B	55 862	58 944	52 589	52 589	52 589
Total, shares on the market	65 838	65 838	59 484	59 484	59 484
Series A	9 976	9 985	9 985	9 985	9 985
Series B	55 862	55 853	49 499	49 499	49 499

According to SanomaWSOY's Articles of Association, the company minimum share capital is EUR 50,000,000 and its maximum EUR 300,000,000. The share capital can be increased or reduced within these limits without amending the Articles of Association. The latest decrease in the share capital occurred when Tiikerijakelu Oy, a fully owned subsidiary of SanomaWSOY was merged with the Parent Company on 31 July 2004 and its 7,187,276 Series B shares were invalidated. The latest increase in share capital was in connection with the Rautakirja merger on 1 March 2003 in order to pay the merger consideration. At that time SanomaWSOY issued 33,550,850 new Series B shares.

The company shares are divided into two series, Series A (20 votes) and Series B (1 vote). All shares entitle holders to the same dividend.

A four-for-one split was effected on 10 May 2000.

Company shares

Tiikerijakelu Oy, a fully owned subsidiary of SanomaWSOY, was merged with the Parent Company on 31 July 2004 in line with the decision of the Annual General Meeting.

Following the merger, SanomaWSOY Series B shares owned by Tiikerijakelu, in total 7,187,276 shares, representing 4.48% of the shares and 1.19% of the votes (book counter-value totalling EUR 3,090,528.68), were invalidated. At the end of the financial year, SanomaWSOY did not have any of its own shares. The total number of shares on the market at year-end was 153,112,152, of which 23,199,492 were of Series A shares and 129,912,660 Series B shares.

During 2004, SanomaWSOY redeemed 1,324 notes of the convertible capital note issued in 2001. These notes would confer entitlement to 832,181 Series B shares. The 195 notes conferring entitlement to 122,564 shares and thereto related debentures redeemed in April and July 2004 were invalidated on 10 August 2004. The company practice has been to invalidate the redeemed notes in every six months. The 1,129 notes redeemed in August and September 2004 will be invalidated in February 2005.

Number of shares	Series A	Series B	Total
Number at 31 Dec. 2004	23 199 492	129 912 660	153 112 152
Average issue-adjusted number of shares	23 215 864	134 079 047	157 294 911
Issue-adjusted number of shares on the market at 31 Dec. 2004	23 199 492	129 912 660	153 112 152
Average issue-adjusted number of shares on the market	23 215 864	129 896 288	153 112 152
Dilution effect if all capital notes and distributed stock options were converted to shares *)			
Number of shares on the market at 31 Dec. 2004	23 199 492	129 912 660	153 112 152
Convertible capital note 2001 (excluding 3,107,479 shares redeemed by the company)		9 463 230	9 463 230
2001A stock options		615 000	615 000
2001B stock options		1 082 500	1 082 500
2001C stock options		1 151 500	1 151 500
2004A stock options		1 158 100	1 158 100
Number of shares on the market, diluted 31 Dec. 2004	23 199 492	143 382 990	166 582 482

*) If all converted capital notes and distributed stock options are converted to shares.

Authorisations of the Board

The AGM of 30 March 2004 authorised the Board to decide, within one year of the AGM, on an increase of share capital by one or more rights issues, issuance of one or more convertible bonds loans and/or issuance of option rights. The new shares subscribed under the rights issue and/or converted against the convertible bonds, and/or the new shares subscribed under the option rights, shall be of Series B, and their aggregate number may not exceed 30,622,430 shares. The total increase of share capital may not exceed EUR 13,167,644.90.

The AGM also authorised the Board to decide, within one year of the AGM, to acquire the company's own Series A and B shares. The acquisition will be made by using distributable funds. The aggregate book counter-value of the shares or the total votes conferred by such shares after the acquisition may not exceed 5% of the share capital or of the total votes of the company. The shares will be acquired in the existing proportion of the different share classes.

On 8 November 2004, the Board of Directors decided to issue the Stock Option Scheme 2004. The Board did not exercise any other authorisations in 2004.

Share listing and share codes

SanomaWSOY's shares and 2001A stock options are listed on the Main List of the Helsinki Exchanges and are identified in the trading system as SWSAV, SWSBV, and SWSBVEW101. Both Series A and Series B shares can be sold in lots of 10 shares. The lot size for 2001A stock options is 50. The following codes are also used:

	Series A	Series B
Bloomberg	SWSAV FH	SWSBV FH
Reuters	SWSAV.HE	SWSBV.HE
Startel	SWSAV	SWSBV

SanomaWSOY shares have been included in the Dow Jones STOXX 600, Small 200 as well as media sector indexes as of 22 September 2003.

SanomaWSOY shares are included in the book-entry system operated by the Finnish Central Securities Depository. At the end of 2004, the company had 10,563 shareholders, and foreign shareholders had 4.23% of all shares and 1.87% of all votes.

Share pricing and trading

In 2004 trading in SanomaWSOY shares grew considerably. A total of 309,491(195,335) Series A and 29,558,799 (17,252,697) Series B shares were traded during the year. Trading in Series A shares amounted to 1.33% (0.84%) of the average number of shares during the year and trading in Series B shares to 22.76% (13.53%). The average price of Series A shares was EUR 16.09 with a low of EUR 14.01 and a high of EUR 17.90. Series B shares were traded at an average price of EUR 15.72 and the price varied between EUR 13.70 and EUR 17.77.

SanomaWSOY was not informed of any statutory notices of changes in its ownership in 2004. No significant changes in the share ownership took place in 2004 apart from the invalidation of Tiikerijakelu's shares.

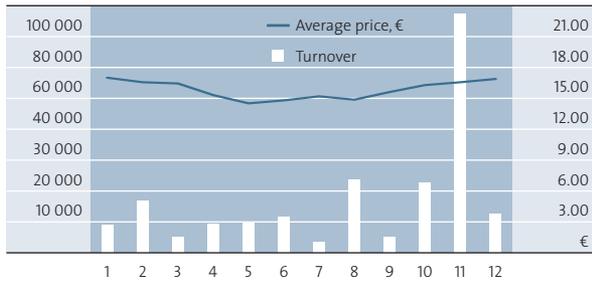
Share-related indicators are given in the Key Indicators table on page 1.

SanomaWSOY's market capitalisation at 31 December 2004 was EUR 2,632.2 (2,554.9) million. At the end of the year, Series A shares were quoted at EUR 17.20 (16.89) and Series B shares at EUR 17.19 (16.65).

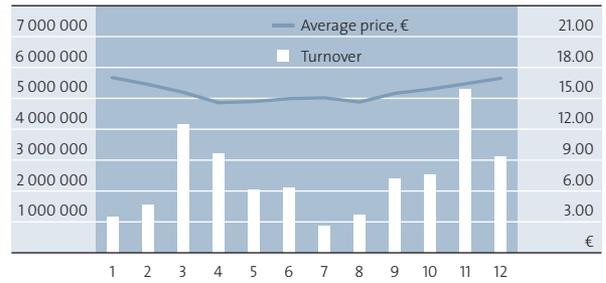
SanomaWSOY's share value (€ million) at 31 Dec. 2004	2004	2003	2002	2001	2000
Market value of shares, total	2 632.2	2 674.6	1 387.0	1 587.3	2 065.2
Series A	399.0	392.2	232.4	278.6	353.0
Series B	2 233.2	2 282.4	1 154.5	1 308.6	1 712.2
Market value of shares on the market	2 632.2	2 554.9	1 319.1	1 510.4	1 964.5
Series A	399.0	392.2	232.4	278.6	353.0
Series B	2 233.2	2 162.7	1 086.7	1 231.7	1 611.6
Book counter-value (€)					
Series A	0.43	0.43	0.43	0.43	0.43
Series B	0.43	0.43	0.43	0.43	0.43
Taxable value (€)					
Series A	11.90	11.41	7.35	8.40	10.50
Series B	12.04	11.62	6.61	7.49	9.45

Development of share price and indexes

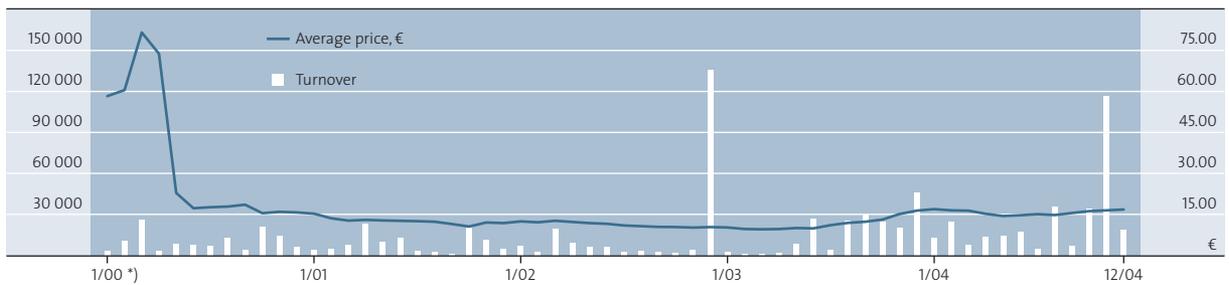
Series A, turnover and average price 2004



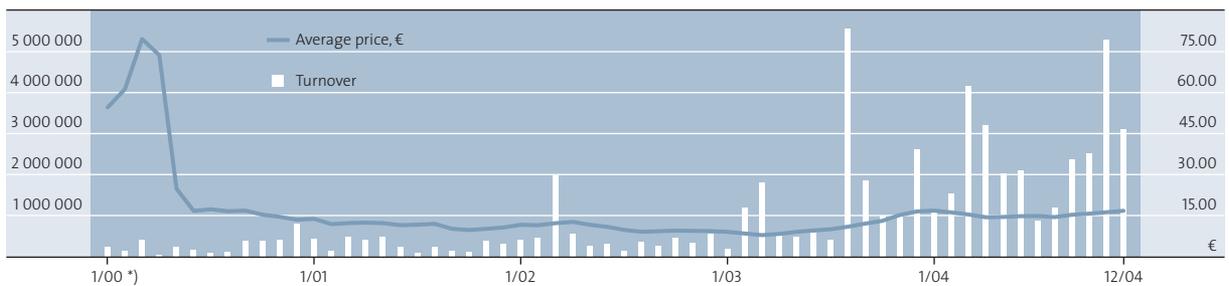
Series B, turnover and average price 2004



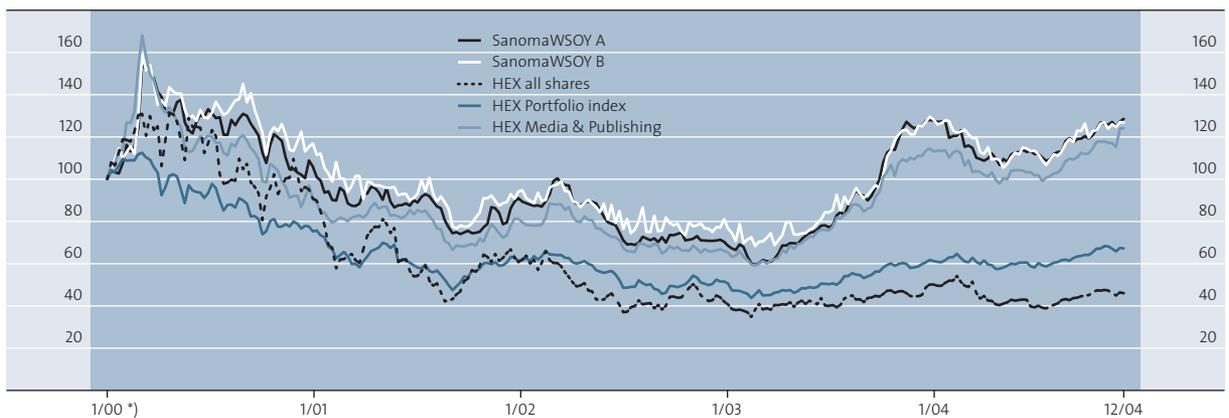
Series A, turnover and average price 2000–2004



Series B, turnover and average price 2000–2004



Series A and B compared to indexes 2000–2004



*) A four-for-one split was effected on 10 May 2000.

Stock options

SanomaWSOY has two option schemes: Warrant Scheme 2001 issued on the basis of an authorisation received at the EGM of 21 August 2001 and Stock Option Scheme 2004 issued on the basis of an authorisation received at the AGM on 30 March 2004.

Warrant Scheme 2001 comprises a maximum of 4,500,000 stock options, each entitling the holder to one SanomaWSOY Series B share. The stock options have been distributed in three stages, at the turn of 2001/2002 (identified as 2001A stock options), 2002/2003 (2001B stock options), and 2003/2004 (2001C stock options), and in each stock option category a maximum of 1,500,000 stock options could be issued. The non-distributed and returned 2001A and 2001B stock options, a total of 1,262,300 stock options, were invalidated in February 2004. The undistributed 2001C stock options have been given to SanomaWSOY's fully owned subsidiary, Lastannet Oy, to be used according to a future decision of the Board of Directors of SanomaWSOY.

The number of shares covered by the 2001 stock options is equivalent to a maximum total of 2.07% of the company shares and 0.54% of votes after the conversion. The 2001 stock options issued by the end of 2004 would represent approximately 1.83% of the shares after the conversion and some 0.48% of the votes.

SanomaWSOY's management held 615,000 2001A stock options, 1,082,500 2001B stock options and 1,151,500 2001C stock options at the end of 2004. All SanomaWSOY's Divisions, in total 192 persons, were included in the scheme.

The subscription period of Warrant Scheme 2001 will begin three years from the issue date and will continue for three years from that point. The subscription period of 2001A stock options is from 1 November 2004 to 30 November 2007, that of 2001B stock options is from 1 November 2005 to 30 November 2008, and that of 2001C is from 1 November 2006 to 30 November 2009. The subscription price in all three stages will be the average price of SanomaWSOY Series B shares as quoted in November–December 2001, 2002 or 2003 with an addition of 20%. Each year the dividend is reduced from the subscription price.

Trading in the 2001A stock options began on the Main List of the Helsinki Exchanges on 1 November 2004. The price of 2001A stock options at the end of the year was EUR 10.83. The imputed share price of 2001B was EUR 10.10 and that of 2001C EUR 18.61.

Stock Option Scheme 2004 comprises a maximum of 4,500,000 stock options, each entitling the holder to one SanomaWSOY Corporation Series B share. The stock options will be distributed in three stages, at the turn of 2004/2005 (identified as 2004A stock options), 2005/2006 (2004B stock options), and 2006/2007 (2004C stock options), and in each stock option category a maximum of 1,500,000 stock options can be issued. In total, 1,158,100

2004A stock options were distributed to 205 senior managers. The undistributed 2004A stock options were given to Lastannet Oy. The Board of Directors of SanomaWSOY will decide on their distribution later. The Board of Directors is entitled to broaden the range of recipients or to decide to distribute stock options in new acquisitions or recruitments.

The number of shares covered by the 2004 stock options is equivalent to a maximum total of 2.86% of the company shares and 0.75% of votes after the conversion. The stock options issued by the end of 2004 would represent approximately 0.75% of the shares after the conversion and some 0.19% of the votes.

The subscription period of Stock Option Scheme 2004 will begin three years from the distribution of stock options and will continue for three years from that point. The subscription period for 2004A stock options is from 1 November 2007 to 30 November 2010, for 2004B stock options from 1 November 2008 to 30 November 2011 and for 2004C stock options from 1 November 2009 to 30 November 2012. The subscription price in all three stages will be the average price of SanomaWSOY Series B shares as quoted in November–December 2004, 2005 or 2006 with an addition of 20%. Each year the dividend is reduced from the subscription price. At the end of 2004, the imputed share price of 2004A stock options was EUR 19.92.

Stock options owned by the SanomaWSOY Board of Directors or Management Group are listed in the Annual Report on pages 44–47. A monthly update on the insiders' ownership in traded stock options can be found on the Group's website, www.sanomawsoy.fi.

In cases where the stock option holder's contract of employment or service ends before the beginning of a share subscription period, the person in question will be required to offer his/her stock options back to the company; no payment will be made to cover any additional value that may have accrued. This does not affect people retiring or cases where a person dies.

Convertible capital note

In accordance with an authorisation granted by the EGM held on 21 August 2001, SanomaWSOY's Board of Directors decided to make a convertible capital notes issue for subscription by investors in Finland. Trading in the subordinated notes began on the Main List of the Helsinki Exchanges on 6 September 2001.

A fixed annual interest of 5.25% is payable on the notes. The conversion period began on 2 January 2002. The conversion price is EUR 15.91 or a 30% premium above the trading-weighted average share price of Series B shares between 20 July 2001 and 20 August 2001 on the Helsinki Exchanges (EUR 12.24). None of the convertible capital notes had been converted into shares by the end of 2004.

The loan period runs between 31 August 2001 and 4 July 2007. The loan will be repaid in a lump sum on 4 July

2007 on condition that the terms of repayment are met. SanomaWSOY is entitled to buy back the notes from 1 September 2004 onwards in the event that SanomaWSOY's share price exceeds the conversion price (EUR 15.91) by 100%, i.e. is at least EUR 31.82 during the preceding period and on condition that the other terms of repayment are met.

By the end of 2004, SanomaWSOY had redeemed 4,944 notes. These notes would have conferred entitlement to 3,107,479 Series B shares. A total of 3,815 notes have already been invalidated and the remainder will be invalidated in February 2005. The dilution effect of the loan at the end of the year, excluding the redeemed notes, was a maximum of 9,463,230 Series B shares, equivalent to 5.82% of the shares after the conversion and 1.57% of the votes. The loan capital amounted to EUR 150,560,000 at the end of the financial year.

Shares owned by the management

At 31 December 2004 the combined holding of company shares held by the members of the Board of Directors, the President & COO, and by bodies that they control as specified by the terms of Sub-section 5 of Section 1 of the Finnish Securities Act, totalled 5.25 % (5.02%) of shares and 5.11% (5.04%) of votes. In addition, Jaakko Rauramo has subscribed to ten and Hannu Syrjänen to five notes under the convertible capital notes issue. Under the warrant system introduced at the beginning of 2002, Jaakko Rauramo has 100,000 2001B stock options and 100,000 2001C stock options entitling him to 200,000 SanomaWSOY Series B shares. Hannu Syrjänen has 50,000 2001A stock options, 50,000 2001B stock options, 50,000 2001C stock options, and 50,000 2004A stock options entitling him to 200,000 SanomaWSOY Series B shares. Seppo Kievari has 30,000 2001A stock options, 30,000 2001B stock options, and 20,000 2001C stock options entitling him to 80,000 SanomaWSOY Series B shares. Other members of the Board of Directors do not have any stock options.

If all the notes under the convertible capital notes issue (excluding the notes redeemed by the company) and the 2001A, 2001B, 2001C, and 2004A stock options are subscribed to, and Hannu Syrjänen, Jaakko Rauramo and Seppo Kievari exercise all their subscription rights, the holdings of the Board of Directors and the President & COO (and the bodies they control) of all shares after conversion would be 5.12% of shares and 5.07% of votes, provided that there are no other changes in holdings.

Share ownership of SanomaWSOY's Management Group is listed in the Annual Report on pages 46–47, and on the Group's website, www.sanomawsoy.fi.

Shareholder agreement

The Board of Directors is unaware of any agreements associated with ownership of the company shares or the use of votes.

Dividend policy

The Board of Directors proposes a dividend of EUR 0.80 (1.00) per share for 2004. SanomaWSOY's Board of Directors' has renewed the Group's dividend policy. SanomaWSOY pursues an active dividend policy, based on the principle of normally distributing half of the Group's result after taxes in the form of a dividend.

SanomaWSOY's insider trade restrictions

SanomaWSOY's insiders pursuant to the law include the President & COO, the Chairman & CEO, and the members of the Board, the President & COO's deputy, the company auditor, the auditor in charge, and the deputy auditor. Under a decision by SanomaWSOY's Board of Directors, the public insider register also includes the members of the Management Group, the Secretary to the Board, and the Secretary to the Management Group. In addition, persons subject to a disclosure requirement under the Financial Supervision Authority's regulation (No. 5/264/99) guidelines are also included in the insider list. SanomaWSOY has a Group-wide Insider Regulation, which is in line with the insider regulation recommendation of the Helsinki Exchanges.

A SanomaWSOY insider is not allowed to commission sales, purchases, or other transactions involving SanomaWSOY securities*) or directly or indirectly advise others in transactions if he/she has access to insider information. Insiders may not buy or sell SanomaWSOY securities within a 14-day period prior to the publishing of the Company's interim reports or a 28-day period prior to the publishing of the year-end statements.

SanomaWSOY recommends that insiders do not buy or sell the same SanomaWSOY securities within a period of six months. In addition, SanomaWSOY recommends that insiders do not commission sales, purchases or other transactions of SanomaWSOY securities except within a 28-day period after publication of the Company's statutory financial information (year-end statement and interim reports).

*) SanomaWSOY securities refer to shares in a company belonging to the SanomaWSOY Group as well as securities giving entitlement to such shares pursuant to the Securities Markets Act (convertible bonds, warrants, option rights, option loans, and subscription rights). Securities giving entitlement to such shares means, as the Securities Markets Act defines, the options and forwards referred to in the Act on Trading in Standardized Options and Futures, derivative contracts equivalent to them and other derivative contracts (SMA, Chapter 10) for which the above-mentioned securities as well as a depositary receipt carrying entitlement to securities serve as underlying assets.

Shareownership

Principal shareholders as 31 Dec. 2004

Shareholder	Number of shares				votes	%
	Series A	Series B	Total	%		
1 Erkkö Aatos	6 480 816	36 354 720	42 835 536	27.98	165 971 040	27.94
Erkkö Aatos	5 125 832	26 041 660	31 167 492	20.36	128 558 300	21.65
Oy Asipex Ab	1 354 984	10 313 060	11 668 044	7.62	37 412 740	6.30
2 Patricia Seppälä's estate	2 317 876	10 378 524	12 696 400	8.29	56 736 044	9.55
3 Langenskiöld Robin	1 119 604	6 577 712	7 697 316	5.03	28 969 792	4.88
4 Seppälä Rafaela	1 119 600	6 577 716	7 697 316	5.03	28 969 716	4.88
5 Ilmarinen Mutual Pension Insurance Company	720 624	4 564 802	5 285 426	3.45	18 977 282	3.20
6 Helsingin Sanomat Centennial Foundation	915 932	4 086 796	5 002 728	3.27	22 405 436	3.77
7 Alfred Kordelin Foundation	1 780 122	3 017 634	4 797 756	3.13	38 620 074	6.50
8 Pohjola Group	326 100	2 267 394	2 593 494	1.69	8 789 394	1.48
Pohjola Group Plc		1 621 080	1 621 080	1.06	1 621 080	0.27
Pohjola Non-Life Insurance Company Ltd	326 100	646 314	972 414	0.64	7 168 314	1.21
9 Oy Karl Fazer Ab		2 418 782	2 418 782	1.58	2 418 782	0.41
10 Finnish Cultural Foundation	1 848 956	500 000	2 348 956	1.53	37 479 120	6.31
11 Foundation for Actor's Old-Age Home	386 248	1 824 484	2 210 732	1.44	9 549 444	1.61
12 Sampo Group	456 066	1 634 991	2 091 057	1.37	10 756 311	1.81
Sampo Life Insurance Company Limited	456 066	1 634 991	2 091 057	1.37	10 756 311	1.81
13 WSOY's Literature Foundation	1 338 300	687 037	2 025 337	1.32	27 453 037	4.62
14 Finnish Literature Society	264 000	1 624 918	1 888 918	1.23	6 904 918	1.16
15 Tapiola Group		1 814 169	1 814 169	1.18	1 814 169	0.31
Tapiola General Mutual Insurance Company		753 308	753 308	0.49	753 308	0.13
Tapiola Mutual Pension Insurance Company		652 397	652 397	0.43	652 397	0.11
Tapiola Mutual Life Assurance Company		309 864	309 864	0.20	309 864	0.05
Tapiola Corporate Life Insurance Company Ltd		98 600	98 600	0.06	98 600	0.02
16 The State Pension Fund		1 600 000	1 600 000	1.04	1 600 000	0.27
17 OP-Delta Investment Fund		1 321 000	1 321 000	0.86	1 321 000	0.22
18 Päivälehti Archives Foundation	345 992	676 656	1 022 648	0.67	7 596 496	1.28
19 Aubouin Lorna	87 056	873 208	960 264	0.63	2 614 328	0.44
20 Noyer Alex	87 044	873 216	960 260	0.63	2 614 096	0.44
20 largest, total	19 594 336	89 673 759	109 268 095	71.36	481 560 479	81.08
Nominee registrations, total	42 739	4 123 257	4 165 996	2.72	4 978 037	0.84

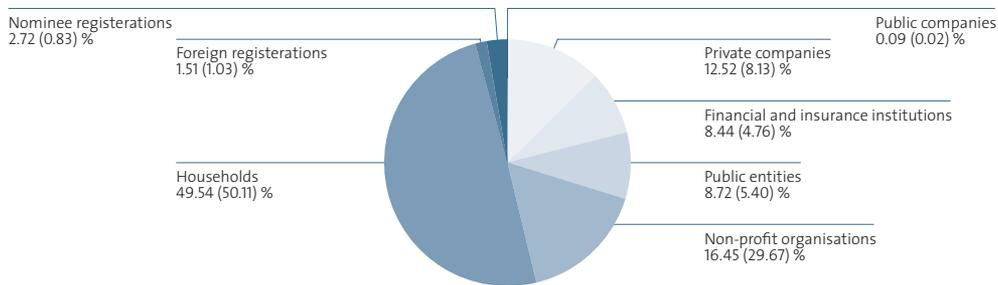
Shareholders are grouped according to the direct holdings of individual shareholders and the shares held by their investment companies are stated as aggregate amounts and specified by category. The shareholdings of companies belonging to the same group are stated both as aggregate amounts and specified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

A list of principal shareholders, updated monthly, can be found at www.sanomawsoy.fi.

Shareholders by sectors as of 31 Dec. 2004

	Number of shareholders	%	Number of shares	%	Number of votes	%
Public companies	19	0.18	140 799	0.09	142 699	0.02
Private companies	683	6.47	19 161 459	12.51	48 310 727	8.13
Financial and insurance institutions	86	0.81	12 915 140	8.44	28 266 646	4.76
Public entities	61	0.58	13 345 521	8.72	32 042 053	5.40
Non-profit organisations	327	3.10	25 172 053	16.44	176 182 875	29.67
Households	9 306	88.28	75 807 012	49.51	297 587 438	50.11
Foreign registrations	60	0.57	2 312 760	1.51	6 110 537	1.03
Nominee registrations	11	0.10	4 165 996	2.72	4 978 037	0.83
Total	10 553	100.00	153 020 740	99.94	593 621 012	99.95
On joint account			91 412	0.06	281 488	0.05
Number of shares on the market			153 112 152	100.00	593 902 500	100.00

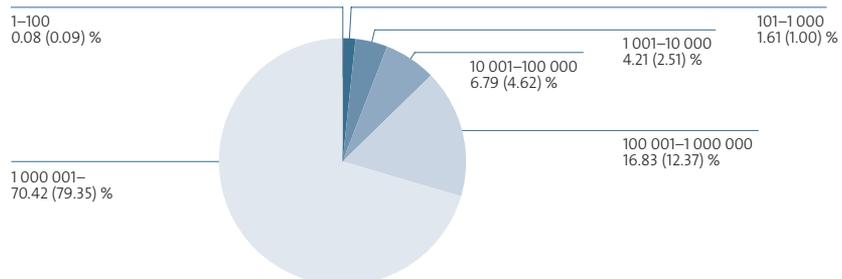
SanomaWSOY's shareholders by sectors, % of shares (% of votes)



Shareholders by number of shares owned as of 31 Dec. 2004

Number of shares	Number of shareholders	%	Number of shares	%	Number of votes	%
1-100	2 004	18.99	123 761	0.08	559 317	0.09
101-1 000	5 901	55.92	2 470 805	1.61	5 943 948	1.00
1 001-10 000	2 183	20.69	6 438 558	4.21	14 914 781	2.51
10 001-100 000	370	3.51	10 402 843	6.79	27 456 464	4.62
100 001-1 000 000	76	0.72	25 764 099	16.83	73 464 473	12.37
1 000 001-	19	0.18	107 820 674	70.42	471 282 029	79.35
Total	10 553	100.00	153 020 740	99.94	593 621 012	99.95
On joint account			91 412	0.06	281 488	0.05
Number of shares on the market			153 112 152	100.00	593 902 500	100.00

Shareholders by number of shares owned, % of shares (% of votes)



Auditors' report

To the shareholders of SanomaWSOY Corporation

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

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 the members of the Board of Directors and the President of the parent company have legally complied with the rules of the Companies Act.

In our opinion the financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company's result of operations as well as of the financial position. The financial statements with the consolidated financial statements can be adopted and the members of the Board of Directors and the 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, 4 March 2005

PricewaterhouseCoopers Oy
Authorised Public Accountants

Johanna Perälä
Authorised Public Accountant

Pekka Nikula
Authorised Public Accountant

IFRS reporting

SanomaWSOY will start reporting according to IFRS standards in 2005. The new accounting principles will have an impact on the Group's net sales. The most important changes relating to net sales took place at the beginning of 2004 in accordance with Finnish Accounting Standards. The most significant modifications in net sales were related to press distribution, which is treated as commission sales according to the new accounting principles, and to harmonising the accounting practice regarding granted discounts and purchased services.

The comparable figures for 2003 have been adjusted according to the changes in accounting principles. According to the adjustments, SanomaWSOY's net sales decreased as a result of the changes by some EUR 38 million in 2003. Sanoma Magazines' net sales increased by approximately EUR 36 million. The changes relating to the new accounting principles within the Division were significant: net sales from magazine operations increased by some EUR 106 million whereas net sales from magazine distribution decreased by approximately EUR 115 million. Sanoma's net sales decreased by about EUR 18 million due to the changes, and Rautakirja's net sales by some EUR 116 million. The changes did not affect the net sales of WSOY and SWelcom.

According to the new and amended standards issued in March 2004, goodwill and intangible assets with indefinite useful lives are no longer amortised according to plan but tested for impairment. This change has the most significant impact on SanomaWSOY's result. Amortisation of goodwill and consolidated goodwill amounted to EUR 79.8 (81.4) million in 2004.

Reporting according to the IFRS standards will have an impact on the treatment of pension costs and management stock options schemes, among others. According to the current estimate, no major expense increase is expected at the Group level.

At the end of 2004, SanomaWSOY evaluated whether there is any indication of impairment related to the most important goodwill items. The evaluations did not indicate any need for write-downs. The goodwill related to the acquisition of the magazine operations in 2001 has already earlier been evaluated in accordance with the accounting standards used in the Netherlands. The Dutch standards of impairment testing are mainly in line with the general IFRS principles.

According to a preliminary, unaudited estimate, IFRS reporting will improve the Group's operating profit margin by some 2.5 percentage points. SanomaWSOY will publish its comparative IFRS data for 2004 during the week beginning 25 April 2005.

Investing in SanomaWSOY

Annual General Meeting

SanomaWSOY Corporation's Annual General Meeting of Shareholders (AGM) will be held on 12 April 2005 as of 2.00 p.m. Finnish time at the Congress Wing of Helsinki Fair Centre (Messuaukio 1, 00520 Helsinki). Shareholders wishing to attend are requested to register by 4.15 p.m. Finnish time on 5 April 2005. Registration can be made by phone tel. +358 105 19 5021, fax +358 105 19 5058, or via e-mail, yhtiokokous@sanomawsoy.fi.

Dividend for 2004

The Board of Directors proposes to the AGM that a dividend of EUR 0.80 per share should be paid for 2004. All shareholders registered on the Company's list of shareholders on the record date of 15 April 2005 are entitled to a dividend. List of shareholders is maintained by the Finnish Central Securities Depository. The dividend payment date in Finland will be 22 April 2005.

Attending the AGM

Shareholders, who own SanomaWSOY's shares on 1 April 2005, can attend AGM.

Notice of AGM is published in at least one newspaper with a large circulation. The matters dealt in the meeting are included in the notice. Notice of the meeting and the proposals of the Board are also published as a Stock Exchange release as well as at Company website.

Shareholders wishing to attend AGM are requested to register within the time specified in the notice. Shareholders can participate AGM or they can authorise an authorised representative or a statutory representative.

Shareholder's rights in AGM

A shareholder will have voting right at the AGM if he/she has registered to the meeting by 4.15 p.m. Finnish time on 5 April 2005. Regarding to nominee registered shareholders and shares that are not included in book-entry system, the regulations according them are applied.

Each Series A share carries twenty (20) votes and each Series B share carries one (1) vote at the shareholders' meeting. However, a shareholder can vote with a maximum of one fifth of the total amount of votes represented at the meeting.

List of shares and shareholders

The Finnish Central Securities Depository maintains a list of Company shares and shareholders. Shareholders who wish to make changes to their personal and contact information are asked to contact the Depository directly.

SanomaWSOY's financial reporting during 2005

The Group's Interim Reports will be published on 4 May, 4 August, and 2 November at around 11.30 a.m. Finnish time.

The Annual Report and Interim Reports are available in Finnish and English. Publications can be consulted at www.sanomawsoy.fi and can be ordered via email (ir@sanomawsoy.fi) or by phone on +358 105 19 5062 or fax on +358 105 19 5068.

Shareholders can also order SanomaWSOY's releases via email at www.sanomawsoy.fi/contacts/subscribe.asp.

Companies analysing SanomaWSOY

The following companies have published analyses about SanomaWSOY during 2004:

Alfred Berg ABN AMRO
tel. +358 9 228 321
fax +358 9 228 32 283
www.alfredberg.fi

Exane BNP Paribas
tel. +44 207 039 94 48
fax +44 207 039 94 35
www.bnpparibas.com

Carnegie Investment
Bank AB, Finland Branch
tel. +358 9 6187 11
fax +358 9 6187 1239
www.carnegie.fi

FIM Securities Ltd
tel. +358 9 613 4600
fax +358 9 6134 6226
www.fim.com

Deutsche Bank
tel. +358 9 2525 2552
fax +358 9 2525 2585
www.db.com

Goldman Sachs International
tel. +44 207 552 9366
fax +44 207 552 7279
www.gs.com

Enskilda Securities AB,
Helsinki Branch
tel. +358 9 6162 8900
fax +358 9 6162 8769
www.enskilda.se

Handelsbanken Capital Markets
tel. +358 10 444 2425
fax +358 10 444 2578
www.handelsbanken.se

eQ Bank Ltd
tel. +358 9 231 231
fax +358 9 2312 3335
www.eqonline.fi

Mandatum Stockbrokers Ltd
tel. +358 10 236 10
fax +358 9 651 093
www.mandatum.fi

Evli Bank Plc
tel. +358 9 476 690
fax +358 9 4766 9350
www.evli.com

Opstock Ltd
tel. +358 10 252 012
fax +358 10 252 2703
www.opstock.fi

Releases 2004

Stock Exchange Releases, Releases and Stock Exchange Announcements

- 8.1** SanomaWSOY to start a Belgian Commercial Paper Program
- 12.2** Year-End Statement 2003
- 12.2** SanomaWSOY's result continued to show an excellent trend – earnings per share more than tripled
- 12.2** Matti Salmi appointed Senior Vice President, Finance and Administration of SanomaWSOY
- 12.2** SanomaWSOY to invalidate the non-distributed 2001A and 2001B warrants
- 20.2** Notice of Annual General Meeting
- 27.2** SanomaWSOY to invalidate redeemed notes
- 16.3** WSOY acquires majority in Young Digital Poland
- 30.3** SanomaWSOY's Annual General Meeting
- 1.4** SanomaWSOY redeemed convertible capital notes
- 1.4** SanomaWSOY redeemed more convertible capital notes
- 6.4** Sanoma Magazines sells Milvus Förlags AB
- 19.4** SWelcom sells Måndag
- 29.4** Sanoma Corporation incorporating its operations
- 4.5** Sanoma acquires news publication Uutislehti 100
- 7.5** Interim Report Q1
- 7.5** SanomaWSOY's good development in results continues – operating profit almost doubled
- 7.6** SanomaWSOY clarified its figures and presented its focuses
- 30.6** Sanoma Corporation sold its holding in Savon Mediat to Ilkka Group
- 2.7** Rautakirja expands into Romania
- 16.7** SanomaWSOY to acquire Malmberg Investments B.V.
- 16.7** Internationalisation of educational publishing fits into SanomaWSOY's strategy
- 21.7** SanomaWSOY redeemed convertible capital notes
- 26.7** SanomaWSOY redeemed convertible capital notes again
- 2.8** Invalidation of SanomaWSOY shares held by the company
- 10.8** Interim Report Q2
- 10.8** SanomaWSOY's year 2004 continued successfully
- 10.8** SanomaWSOY's share conversion
- 10.8** SanomaWSOY to invalidate redeemed notes
- 18.8** SanomaWSOY redeemed convertible capital notes
- 23.8** SanomaWSOY redeemed convertible capital notes again
- 27.8** SanomaWSOY share conversion registered
- 13.9** SanomaWSOY again redeemed convertible capital notes
- 23.9** SanomaWSOY refinanced its loan portfolio
- 28.9** Free sheets Kellokas and Hyvinkään Kellokas to Sanoma
- 6.10** Helsinki Court of Appeal's decision to dismiss Nostokonepalvelu's case against Sanoma legally binding
- 18.10** SanomaWSOY applies for listing of the 2001A warrants on the main list of the Helsinki Exchanges
- 1.11** SanomaWSOY 2001A warrants listed on 1 November 2004
- 2.11** SanomaWSOY's Malmberg deal approved by competition authorities
- 8.11** Interim report Q3
- 8.11** SanomaWSOY's result continued to develop well
- 8.11** SanomaWSOY to issue another Stock Option Scheme
- 8.11** SanomaWSOY's share conversion
- 9.11** SanomaWSOY completes its acquisition of Malmberg
- 12.11** Flagging announcement of selling Ilkka-Yhtymä shares
- 15.11** Sanoma gains EUR 5.6 million on the sale of assets of Ilkka-Yhtymä shares
- 26.11** SanomaWSOY share conversion registered
- 3.12** SanomaWSOY's financial reporting during 2005
- 8.12** Rautakirja acquires press distribution company in Lithuania
- 22.12** Rautakirja sells restaurant operations
- 22.12** Sanoma Magazines International enters Serbia and Montenegro

