

Sanoma Osakeyhtiö

**Sanoma Publishing Company
Annual Report
1976**





Sanoma Publishing Company Annual Report 1976

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Sanoma Company in figures

	1976			1975		
Turnover	311.0	m. Fmk	m. \$ 81,8	264.7	m. Fmk	m. \$ 69,7
Result	5.8	m. Fmk	m. \$ 1,5	6.0	m. Fmk	m. \$ 1,6
Wages and salaries	120.5	m. Fmk	m. \$ 31,7	102.2	m. Fmk	m. \$ 26,9
Balance sheet	304.9	m. Fmk	m. \$ 80,2	212.1	m. Fmk	m. \$ 55,8
Share capital	7.1	m. Fmk	m. \$ 1,9	7.1	m. Fmk	m. \$ 1,9
Personnel	2342	persons		2390	persons	
Newspaper distributors	1687	persons		1689	persons	
Sales agents	3724	persons		3858	persons	
Consumption of paper	44,6	m. kg		44,4	m. kg	
Consumption of printer's ink	0,83	m. kg		0,73	m. kg	

Rate of exchange
1 US\$ = 3,80 Fmk
throughout this report

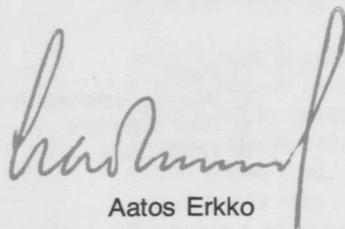
Summary of the Report of the Board of Directors on Operations for 1976

In Finland the general economic situation in 1976 does not show any improvement — rather the contrary. The recession has become an everyday reality, which is here to stay and must be accepted and treated as such.

The result of the Sanoma Publishing Company is a reflection of our policy and long range planning. The strategy of our company has for long included, even in stable periods, a cautious investment policy with the objective to secure employment. Thanks to this policy, the Company has been able to meet with long term as well as momentary difficulties. However, reflections of the severe slowdown in the economy of the country have affected the result of our Company also this year. But in spite of these difficulties, the circulation figures of our newspapers have developed favourably. On the other hand, there has been some fall-off in advertising sales, which has increased the pressure on costs.

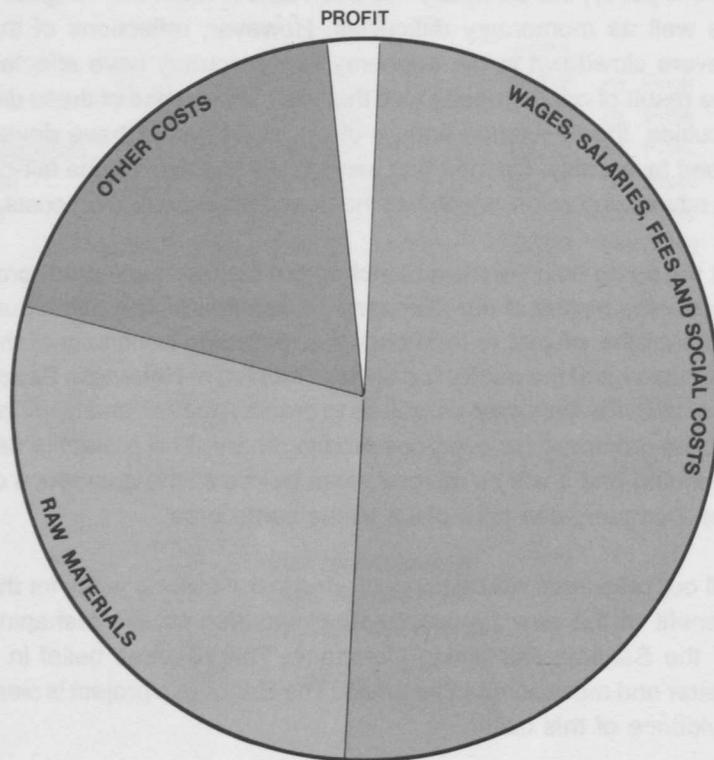
At the same time we have launched the biggest investment project in the history of our Company — Sanomala. The prime purpose of the project is to secure the long term continuity of the Company and the publishing and developing of **Helsingin Sanomat** and **Ilta-Sanomat** as well as to create a human and inspiring job environment for everyone working there. The project is demanding and it will be several years before all the operations of the Company can take place in the same area.

All our resources will be concentrated in the coming years for the benefit of the new Sanomala plant and also for the reshaping of the Sanoma Publishing Company. This requires belief in a better and more constructive future. The Sanomala project is clear evidence of this belief.



Aatos Erkko

Distribution of turnover
310.978.251,57 Fmk
(US\$ 81,836,381.99) by different
cost items



□ Profit	1,9 %
■ Wages, salaries, fees and social costs	49,7 %
■ Raw materials	28,7 %
■ Other costs	19,7 %

Summary of the Report of the Board of Directors on Operations for 1976

General Economic Survey for 1976

At the beginning of the year the economic prospects seemed reasonably good. It was generally believed that the worldwide recession would show an upward turn during 1976. In 1975 the recession in Finland

had been fairly mild, and had been chiefly felt by the woodworking industry. So there was a general feeling that the ordinary consumer, and even industry, would not be very hard hit. It was in this mood that the wage settlements were concluded in the spring.

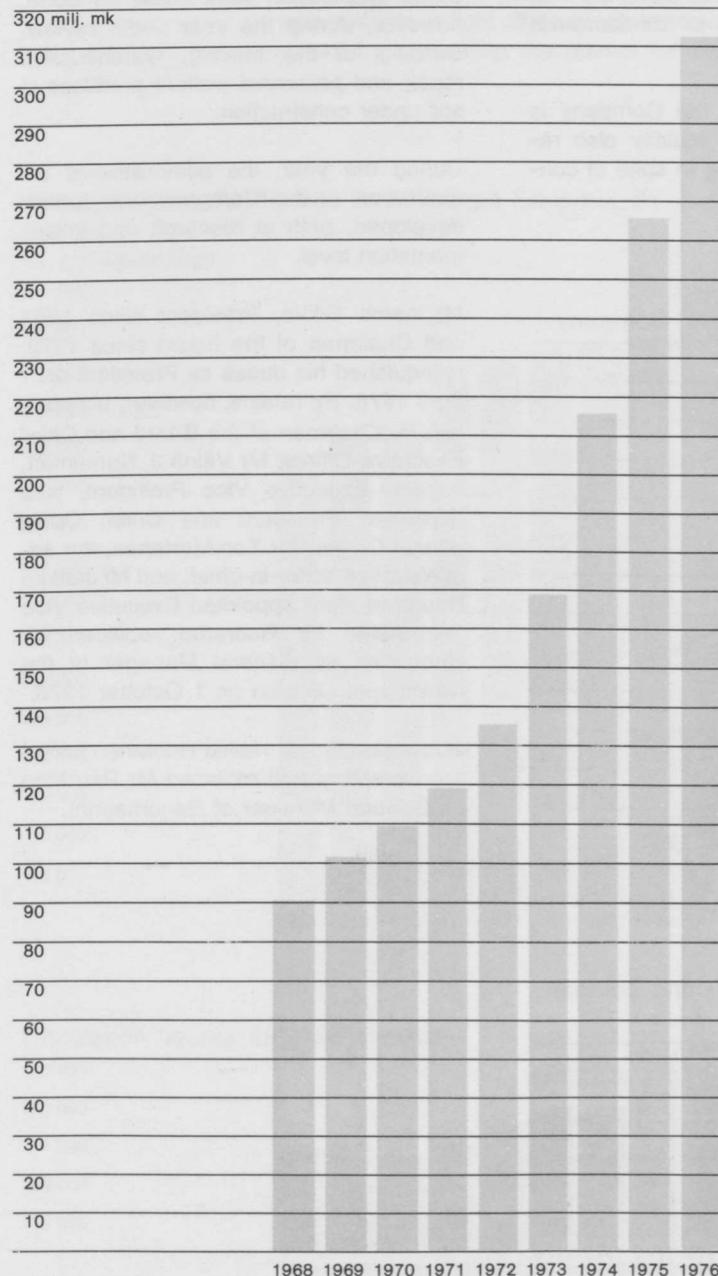
But the upswing in the industrial world terminated before it had got properly under way. It was further weakened by the constant inflation and unemployment, and by the threat of a considerable rise in oil prices. Thus in Finland, usually late in feeling the effects of economic fluctuations, the upturn never even got started. Only a very few industries such as the woodworking industry saw a slight improvement in demand, but in others like the metal engineering industry, sales prospects weakened substantially. The result was a rapid deterioration in employment during the autumn; Finland began to feel the effects of the recession on a broader front.

Among the consequences of this situation were the following:

exports rose in volume	20.0 %
exports rose in value	21.0 %
imports fell in volume	2.0 %
imports rose in value	2.0 %
import prices rose	4.6 %
export prices rose	0.9 %
the balance of trade	
deficit was 4100 m. Fmk (m. \$ 1078,9)	
the balance of current payments	
deficit was 4300 m. Fmk (m. \$ 1131,6)	

The level of inflation measured by consumer prices was around 14 %, and the income of wage-earners rose by about 15 %. Thus real earnings rose, the rate of inflation dropped and the deficit in the balance of current payments diminished. But unemployment increased, industry got deeper into debt, and future prospects became more gloomy. The rise in the Gross National product was only 0.29 %.

Turnover of Sanoma Publishing Company



Sanoma Publishing Company

The chief effects of the recession on the Company were that the volume of advertisements in **Helsingin Sanomat** was reduced by some 10 % and that the use of the capacity of the commercial printing division, Sanomaprint, dropped. The fall in advertizing in Helsingin Sanomat was especially notable in classified ads and in job announcements in particular — a natural consequence of the recession.

In spite of the above-mentioned effects, the operations of the Publishing Company developed quite favourably. Total turnover increased by about 17 %, thus showing a real growth. Circulation of papers developed favourably almost all along the line, and advertizing volume in **Ilta-Sanomat** increased by about 40 %.

The financial result of the Company is quite satisfactory. The liquidity also remained on a firm footing in spite of con-

siderably larger investments than in previous years.

The most important event in the Company's year was the implementing of the Sanomala plans. The building contract for the first stage was signed in April, although on the following day a strike in the construction industry began, causing a delay of the start until May. By the end of the year the printing press hall was completed and passed its final inspection on 31 December 1976. Installation of the printing press will take place in 1977, as some of the components for the press had not reached Finland by the end of the year. Some preparation work could be done, however, during the year under review. Building of the mailing, warehousing, repair and personnel welfare premises is still under construction.

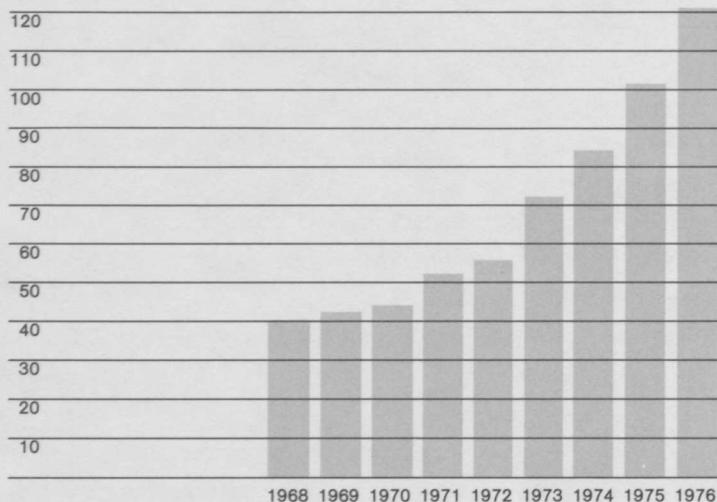
During the year, the administrative organization of the Company was further developed, both at research and implementation level.

Mr Aatos Erkko, President since 1964 and Chairman of the Board since 1972, relinquished his duties as President on 1 April 1976. He retains, however, his position as Chairman of the Board and Chief Executive Officer. Mr Väinö J. Nurmimaa, hitherto Executive Vice President, was appointed President and Chief Operational Officer. Mr Teo Mertanen, the administrative editor-in-chief, and Mr Jaakko Rauramo were appointed Executive Vice Presidents. Mr Rauramo replaced Mr Nurmimaa as General Manager of the Newspaper Division on 1 October 1976.

Subsequently, Mr Heikki Huhtanen joined the Company and replaced Mr Rauramo as General Manager of Sanomaprint.

Salaries and wages paid by Sanoma Publishing Company

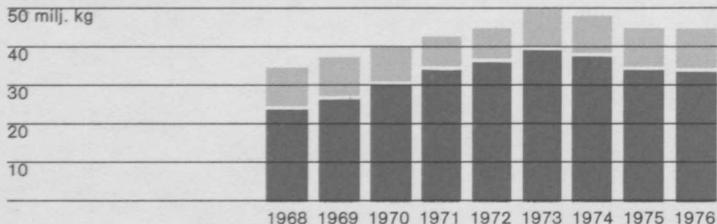
130 milj. mk



Consumption of newsprint of Sanoma Publishing Company

■ share of the newspaper division

50 milj. kg



The setting of targets for 1976 was hampered by the recession. For this reason a somewhat lower target was approved for the Group than previously. It was also decided to retain the number of personnel at the level of the first half of 1975.

The text processing system for the production of editorial and advertising copy was worked out during the year. The technical specifications of the system were finalized together with the potential suppliers of the system.

The recession, reflected in the reduced demand for advertising space in the previous year, became still more severe. It was possible to fight off its effects to some extent by stimulating the market for ad-

vertisements. Display ads, the form used for the majority of branded articles and retail trade advertisements, also showed an increase. Thus the result for the whole year showed a 17 % rise in this sphere.

The recession failed to have a detrimental effect on the circulation figures for either paper. In fact the upward trend which had continued for a long period actually showed a strong improvement.

The weekday circulation for **Helsingin Sanomat** was 346,910 — a growth of 6.0 %, and the Sunday circulation 391,971 — a growth of 7.2 %.

Helsingin Sanomat published 35,609 column metres of advertisements. This was a 10 % drop in volume, but invoicing showed a 15.7 % rise due to increased prices.

The circulation of **Ilta-Sanomat** continued to show the sharp rise seen in the previous year. It rose by 22.5 %, thus reaching a permanent average circulation of over 100,000 copies. The net circulation for the whole year was 120,080.

There was a record sale of advertising space for **Ilta-Sanomat**: 3,585 column metres — a growth of 41 %. This increase favoured a rise in circulation, so that the paper has become an important advertising medium not only in the Helsinki area but also throughout Finland. Year contracts with big clients brought the paper new advertising customers and helped to increase the number of advertisements.

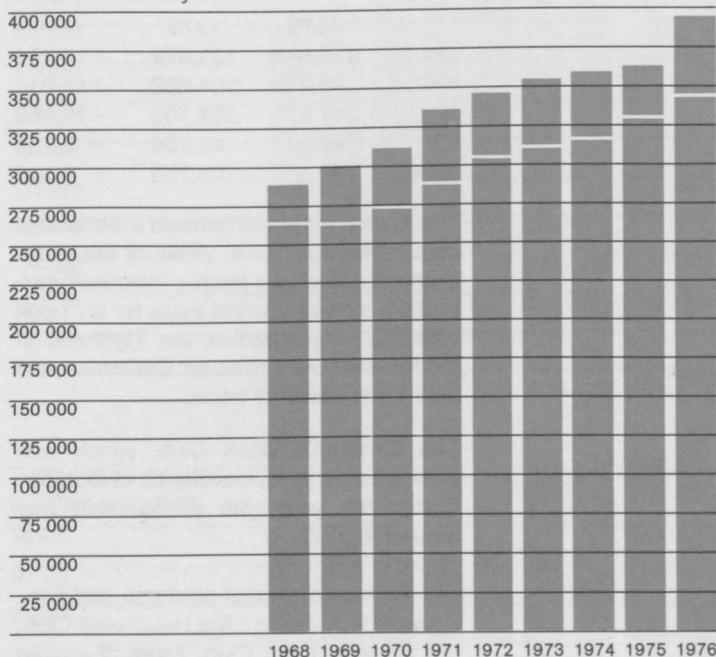
Helsingin Sanomat and **Ilta-Sanomat** sent their own team of reporters to provide news and articles on the Olympic events at Innsbruck and Montreal.

The support given by **Helsingin Sanomat** to youth sport continued as before. A total of 275,167 competitors took part in the events arranged.

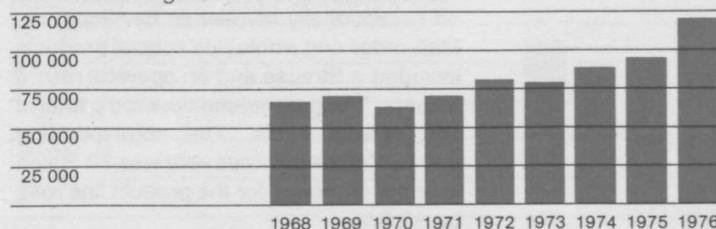
Conference activities were also continued in cooperation with **The Financial Times**.

The volume of newsprint used for the printing of the Company's own newspapers was 35,070 tons. This was an increase of 2.9 % over the previous year, and was due to a growth in the circulation. The consumption of printer's ink was 656 tons — an increase of 18.6 %.

Average circulation figures for Helsingin Sanomat on Sundays
— on weekdays



Circulation figures for Ilta-Sanomat



The mailing department acquired a counter stacker and a tying machine, of the same kind as those acquired by Sanomala. It is intended to try out this equipment and train personnel with it.

In the typesetting department the main investments concerned computers for copy processing, typesetting of headlines, and the reproduction of black and white illustrations and page negatives for phototypesetting. Investments were for about one million Finnish marks.

The Newspaper Division's personnel numbered 1,302 at the end of the year of whom 363 were editorial and reporting staff. The number of those employed for distributing newspapers was 1,687, of whom 842 were in Helsinki. There were 3,724 sales agents.

The main objectives of the Magazine and Book Division in 1976 were to secure the long-term development of magazines and to improve the profitability of the Division. Although the year was difficult both financially and competition-wise, the target was surpassed. The circulation of the main magazines showed a good upturn, and the profits of the Division were considerably better than those for the previous year.

The market for the Division's fields of operation: publication of magazines, advertisements, books and special products, was lively and it was marked by tough competition.

During the year the Division published five magazines: **Me naiset**, **Kodin Kuvalehti**, **Aku Ankka** (Donald Duck), **Kansa Taisteli — miehet kertovat**, and the **Suuri Käsiyökerho**, a member magazine of the Big Handiwork Club. Below, figures for official average circulation for the whole year are compared with those of the previous year:

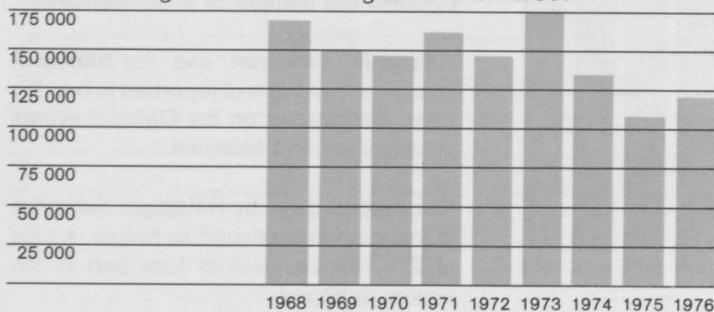
	1975	1976	+/-
MN	110,618	123,872	+13,254
KK	86,448	104,682	+18,234
AA	317,571	303,703	-13,868
KT	47,846	43,886	- 3,960
SKK	97,307	106,753	+ 9,446

The market for books showed a favourable development in 1976. Sales of books for children and young people increased particularly strongly, as did sales for the book club and encyclopedias, etc. Tightness of money seriously affected Christmas and mail-order sales of books.

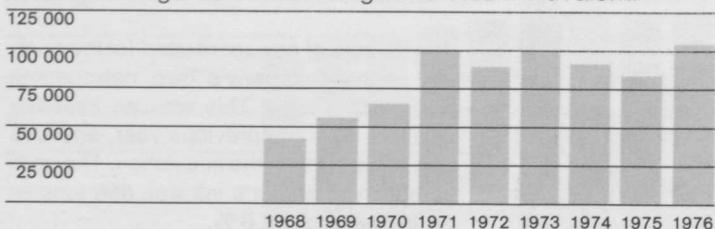
The Children's Book Club, which was started up in 1975, developed favourably. During the year club membership was around 40,000.

The Division's special products and publications included the Big Handiwork Club, the Cookery Card Club, sales of articles as a magazine readership service, mail-order and wholesale sales of special products, and the sales of merchandising rights. The Big Handiwork Club showed an exceptionally favourable development. Mail-order and wholesale special products included a Strauss and an operetta record albums. The programme covered a total of 109 special items. The corresponding number for the previous year was 70. Sales in terms of money for the product line rose by 10.8 %.

Circulation figures for the magazine Me naiset



Circulation figures for the magazine Kodin Kuvalehti



The shares of various items in the Division's sales as a whole were as follows:

Sales of subscriptions for magazines, advertisements and single copies	61.8 %
Sales of books	24.0 %
Sales of special items	14.2 %

The total sales of the Division increased by 20.6 %.

The number of personnel at the end of the year was 76. Of these 29 were editorial staff and 47 engaged in other duties.

The constantly worsening economic situation was clearly reflected in the operations of Sanomaprint, the commercial printing division of the company. Instead of the slight improvement expected, a continued weakening in demand could be perceived especially in the last quarter of the year.

A concrete sign of the drop in demand in industrial sales was the reduction of the value of offers from 129 million Fmk (m. \$ 33,9) to 95 million Fmk (m. \$25,0).

The value of new orders also dropped from 16 million Fmk (m. \$ 4,2) to 11 million Fmk (m. \$ 2,9). Consequently growth in Sanomaprint's total returns remained virtually at a standstill.

Sanomaprint's turnover from industrial sales was 32 million Fmk (m. \$ 8,4). The Hiomontie Press accounted for 80 % of this, and the Strömbergintie Press for 20 %. The Division succeeded in raising sales cover in terms of money by 5 %, which indicated that the relative profitability of the work was kept at least at its earlier level.

The proportion of outside work compared with internal work remained almost unchanged.

The value of exports was 850 000 Fmk (\$ 223 684). A joint export sales organization of big Finnish printers, Finnprint, was responsible for export work.

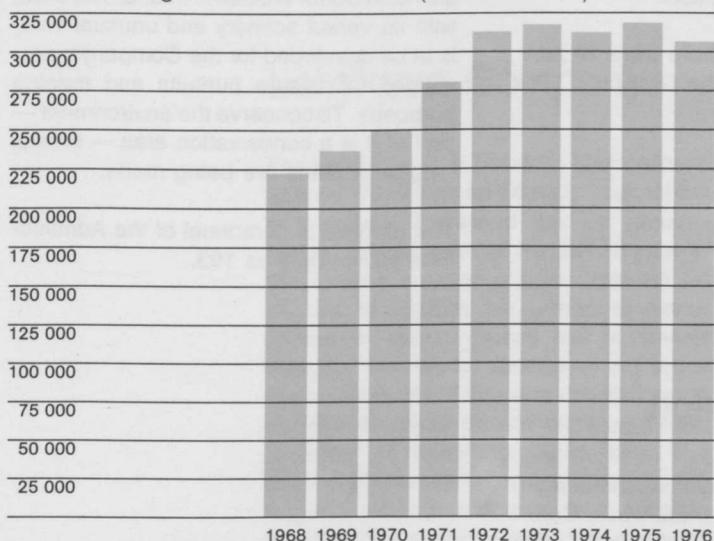
The weakening of the market led to a noticeable drop in the use of capacity on the production side right from the spring, and especially in the last quarter of the year. This was most clearly seen in the production volume of the sheet-fed printing press. The average drop in production was 8 % as compared with 1975. The biggest reduction in production volume, some 40 %, occurred in the 1—2 colour sheet-fed printing press. Employment was most successfully maintained in the bindery, where production was kept up to almost its former level.

The paper consumption in rolls was as large as 1975, whereas the consumption of paper in sheets dropped by 19 %.

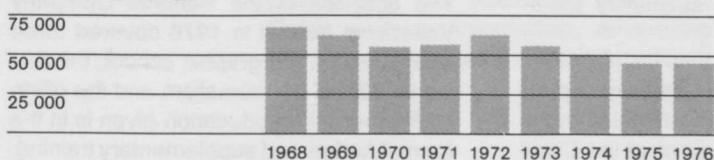
Investments implemented in 1976, to a value of 1.5 million Fmk (m. \$ 0,4), were in the nature of replacement and rationalization investments. The most important of them were: an automatic plate processing line, a new dryer for 8-unit web press and a concentrated ink pumping system for web offset press.

The number of personnel in Sanomaprint at the end of the year was 614.

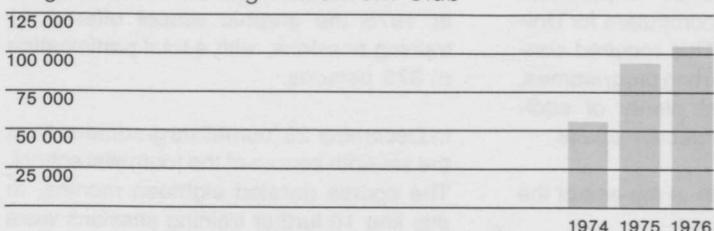
Circulation figures for Aku Ankka (Donald Duck)



Circulation figures for the magazine Kansa taisteli — miehet kertovat



Circulation figures for the Suuri Käsityökerho, a member magazine for the Big Handiwork Club



Planning and Development Division

According to earlier plans marketing and administration systems planning was decentralized during the year. DP-analysts of the Planning and Development Division were transferred to line responsibility in the Newspaper Division and in Administration. The task of the Division in DP remained more or less that of DP development.

In the service of the Newspaper Division, The Division went through the RFP-procedure and supplier selection of the new text processing system.

Information service, INFO, served other divisions and top management in acquiring external strategic information for planning purposes. Plans were made to make this service available to other companies on commercial basis.

At the end of the year there were 10 persons in the service of the Division.

Finance Division

During the year the Division was in charge of the centralized care of the whole Company's cash accounts, bookkeeping, accounting and collection operations as before. From the beginning of the year the Division has also been mainly responsible for these tasks for the subsidiary Lehtikuva Oy.

The DP and subscription fulfillment departments, shifted to be under Division, have been in centralized charge of all the Company's commercial and administrative computer services, the processing of orders and customer service. At the beginning of the year the DP department changed its IBM S 135 computers for Univac 60/90 computers. This required considerable work for converting programmes, and otherwise provided plenty of additional cares in the changeover phase.

Personnel in the Division at the end of the year numbered 134.

Administrative Division

The operations of the Division were affected by some changes in the organization. The DP and subscription fulfillment departments were shifted to the Finance Division, whereas matters concerning real estate and premises came under the Division's care in December.

The Division's internal development program was chiefly focussed on preparing the overall computerization of the personnel administration systems — at first for wages and salaries. The planning of the system, done together with the Planning Division, advanced according to schedule. The system was put into operation at the turn of the year.

In May 1976 the company acquired a piece of land, 30 hectares in area, in the Lohja district in South Western Finland. The area, with its varied scenery and unusual flora, is to be developed for the Company's personnel, for leisure pursuits and training purposes. To conserve the environment — part of it is a conservation area — careful long-term plans are being made.

The number of personnel of the Administrative Division was 193.

Vocational School

The activities of the Sanoma Company Vocational School in 1976 covered three main sectors: the graphic school, the Sanoma School of Journalism and the office staff school. The education given is in the form of further and supplementary training, and the retraining provided for by the Sanomala project. Basic training is only given in the school of journalism.

In 1976 the graphic school offered 41 training sessions, with a total participation of 379 persons.

In December 23 journalists graduated from the seventh course of the journalist school. The course durated eighteen months. In this line 16 further training sessions were

run, with a total participation of 378 persons.

The office staff school organized 34 training sessions, with 611 persons participating. There were 39 leaderships sessions, attended by 410 persons. A total of 8 customer training sessions was organized, with 215 participants. There were 43 general courses, attended by 649 persons. Thus altogether 124 training sessions for office staff were arranged in 1976, with a total of 1,885 participants.

Lehtikuva Company

For Lehtikuva, the Sanoma news picture agency, 1976 was an Olympic year, which substantially increased service requirements. The success of Finnish athletes in the Games ensured a good demand for photos. In addition the interest of newspapers in colour photos has increased steadily. The Winter Games at Innsbruck gave a foretaste of this, and a considerable number of colour photos were sent from Montreal as telephoto separations. The sales of photos of the Olympic Games gave a good return, thus making it possible to cover the exceptionally high costs incurred because of the Games.

The effect of the recession on commercial photography has been very noticeable. Fields such as information, advertizing and business generally have reduced their use of photos.

The Sanoma Company has been a shareholder in Finnvisuals since its founding. In 1976 the remaining shares passed into the hands of the Sanoma Publishing Company.

Finnvisuals has two main areas of operation: it studies new electronic information media in order to apply them for commercial use in the future. In practice this means video cassettes and records. Finnvisuals also sells and rents training films and video cassettes for the use of firms and organizations.

Business in the latter area really got started in the latter part of 1976, when the company began marketing training programs translated into Finnish. Experience in sales and renting has been encouraging with a view to the future. There has been very little done in Finland in the way of offering this type of material. Thus it has not been difficult to get the best of foreign programmes. These programmes are offered both on 16 mm film and VCR and U-matic video cassettes.

Finnvisuals has also sold programmes to the Finnish Broadcasting Company for broadcasting purposes.

Finnvisuals is the Finnish member for Nord-Video. This is a joint organization of Scandinavian publishers, which studies new electronic media and especially video.

The company's turnover in 1976 was about 500 000 Fmk (\$ 131 578.94). At the end of the year the personnel numbered five.

Statement of Income for the Year Ended

Development Division

	Fmk	
Sales revenues		388.383.198,78
Adjustment to gross sales:		
Discounts	9.844.236,81	
Credit losses	1.523.665,75	
Indirect taxes	2.995.595,00	
Adv. agency and other commissions	39.311.800,57	
Other adjustment to gross sales	23.729.649,08	77.404.947,21
Turnover		<u>310.978.251,57</u>
Variable expenses:		
Materials	89.402.508,09	
Wages and salaries	94.294.523,70	
Other variable expenses	26.242.957,98	
— stock increase	— 6.387.290,23	203.552.699,54
Gross profit		<u>107.425.552,03</u>
Fixed expenses:		
Wages and salaries	34.481.859,93	
Rents	5.977.650,03	
Other fixed expenses	38.497.278,16	78.956.788,12
Earnings before depreciation		<u>28.468.763,91</u>
Depreciation:		
of buildings	10.731.229,68	
of machinery and equipment	6.399.236,89	17.130.466,57
Earnings after depreciation		<u>11.338.297,34</u>
Other revenues and expenses:		
Interest revenues	7.971.517,24	
Dividend revenues	190.215,40	
Other revenues	1.451.427,69	
Other expenses	— 329.320,89	9.283.839,44
		<u>20.622.136,78</u>
Increase in reserves		— 2.125.000,00
Interest expenses		— 7.537.986,99
Direct taxes	7.164.756,45	
./. funds obtained from the profit	2.000.000,00	— 5.164.756,45
Profit of the year		<u><u>Fmk 5.794.393,34</u></u>

December 31, 1976

1975	US\$	1975
324.211.289,75		102,206,104.94
	2,590,588.64	
	400,964.67	
	788,314.47	
	10,345,210.68	
	6,244,644.49	
	<u>20,369,722.95</u>	
264.683.535,71		81,836,381.99
	23,526,975.81	
	24,814,348.34	
	6,906,041.57	
	— 1,680,865.85	
	<u>53,566,499.87</u>	
86.527.806,69		28,269,882.12
	9,074,173.67	
	1,573,065.80	
	10,130,862.67	
	<u>20,778,102.14</u>	
11.696.376,23		7,491,779.98
	2,824,007.81	
	1,684,009.71	
	<u>4,508,017.52</u>	
4.952.535,49		2,983,762.46
	2,097,767.70	
	50,056.68	
	381,954.65	
	— 86,663.39	
	<u>2,443,115.64</u>	
12.936.409,05		5,426,878.10
	559,210.53	
	1,983,680.79	
	1,885,462.22	
	526,315.79	
	<u>1,359,146.43</u>	
<u>5.961.492,97</u>	US\$ <u>1,524,840.35</u>	<u>1,548,439.73</u>

Balance sheet as of December 31, 1976

Assets

Fmk

Current assets

Cash in hand and in banks	17.859.766,49	
Accounts receivable	92.689.053,99	
Loan receivable	45.839.728,63	
Payments in advance	83.745,05	
Deferred assets	2.497.001,61	
Other current assets	4.455.080,00	163.424.375,77

Inventories

Materials	18.589.190,91	
Products (finished and in process)	3.029.348,86	21.618.539,77

Fixed assets

Land areas	12.556.176,00	
acquisition	7.718.382,30	20.274.558,30
Buildings	14.596.161,02	
acquisition	24.612.581,60	
depreciation	39.208.742,62	
depreciation	10.731.229,68	28.477.512,94
Machinery and equipment	13.581.593,40	
acquisition	7.616.563,47	
reduction	247.474,71	
depreciation	20.950.682,16	
depreciation	6.399.236,89	
depreciation	14.551.445,27	
payments in advance	41.401.641,86	55.953.087,13
Shares	15.293.941,68	
acquisition	873.370,94	
reduction	1.064.631,56	15.102.681,06
		119.807.839,43

Fmk 304.850.754,97

Assets

1975	US\$		1975
		4,699,938.55	
		24,391,856.31	
		12,063,086.48	
		22,038.17	
		657,105.69	
140,854,201,52		1,172,389.48	43,006,414.68
		4,891,892.34	
15,231,249,54		797,197.07	5,689,089.41
	3,304,256.84		
	2,031,153.24	5,335,410.08	
	3,841,095.00		
	6,476,995.16		
	10,318,090.16		
	2,824,007.81	7,494,082.35	
	3,574,103.53		
	2,004,358.80		
	65,124.92		
	5,513,337.41		
	1,684,009.71		
	3,829,327.70		
	10,895,168.91	14,724,496.61	
	4,024,721.50		
	229,834.46		
56,027,872,10	280,166.20	3,974,389.76	31,528,378.80
<u>212,113,323,16</u>			<u>US\$ 80,223,882.89</u>
			<u>14,744,176.87</u>
			<u>55,819,295.57</u>

Balance sheet as of December 31, 1976

Liabilities	Fmk	
Current liabilities		
Short-term debt		
Accounts payable	37.416.426,15	
Payments in advance	65.589.378,57	
Deferred liabilities	32.330.408,37	
Other short-term debts	5.296.353,12	140.632.566,21
<hr/>		
Long-term debt		
Pension loans	84.199.911,12	
Other long-term debts	27.485.619,21	111.685.530,33
<hr/>		
Reserves		
Investment reserve	11.432.000,00	
Other reserves	2.780.000,00	14.212.000,00
<hr/>		
Shareholders equity		
Share capital	7.100.760,00	
Reserve fund	20.922.713,08	
+ sale of shares	<u>1.444.734,73</u>	22.367.447,81
Donation reservation	21.668,00	
Profit from previous years	3.036.389,28	
Profit of the year	5.794.393,34	38.320.658,43
		<u>Fmk 304.850.754,97</u>

Appended information 31. December 1976

	Fmk	US\$
1. Changes in equity		
Reserve funds		
1. 1. 1976	20.922.713,08	5,505,977.12
Sale of shares	+	1.444.734,73
31. 12. 1976	<u>22.367.447,81</u>	<u>5,886,170.47</u>
Reserve for donations		
1. 1. 1976	21.668,00	5,702.10
Transferred from retained earnings	+	10.000,00
Donations made	-	10.000,00
31. 12. 1976	<u>21.668,00</u>	<u>5,702.10</u>
Retained earnings		
1. 1. 1976	6.040.495,68	1,589,604.12
Dividends distributed	-	994.106,40
Transferred to reserve for donations	-	10.000,00
Taxes paid	-	2.000.000,00
Retained earnings from previous year	<u>3.036.389,28</u>	<u>799,049.81</u>
Profit for the accounting period	<u>5.794.393,34</u>	<u>1,524,840.35</u>
31. 12. 1976	<u>8.830.782,62</u>	<u>2,323,890.16</u>

Liabilities

Auditors' Report of Statens Publishing Company

1975	US\$	1975	1975
	9,846,427.93		
	17,260,362.78		
	8,508,002.20		
88.992.079,22	1,393,777.14	37,008,570.05	23,418,968.22
	22,157,871.35		
76.948.607,18	7,233,057.69	29,390,929.04	20,249,633.47
	3,008,421.05		
12.087.000,00	731,578.95	3,740,000.00	3,180,789.47
	1,868,621.05		
	5,505,977.13		
	<u>380,193.35</u>	5,886,170.48	
	5,702.11		
	799,049.81		
34.085.636,76	1,524,840.35	10,084,383.80	8,969,904.41
<u>212.113.323,16</u>		<u>US\$ 80,233,882.89</u>	<u>55,819,295.57</u>

	Fmk	US\$
2. Pension Fund liability deficit	198.074,65	52,124.90
3. Securities given as collateral against debt	9.481.960,18	2,495,252.67
Mortgages given as collateral against debt	36.000.000,00	9,473,684.21
Guarantees	586.455,00	154,330.26
4. Foreign Long Term Debts	27.485.619,21	7,233,057.68

Auditors' Report of Sanoma Publishing Company

In our capacity as auditors appointed by the Annual General Meeting of 29 April 1976 of Sanoma Publishing Company, we have examined the management and accounts of the Company for the 1976 accounting period, and on the completion of our task submit the following report.

In his examinations performed during the accounting period, the undersigned Autio has ascertained that the Company's books have been properly kept, and that the financial reserves have been looked after with the proper care.

The closing of the accounts, showing a profit for the accounting period of 5.794.393,34 Fmk (\$ 1,524,840.35), is consistent with the books and correctly performed. Income and expenditure have been periodicized in observance with the regulations of Book-keeping Law. The acquisition outlay on the printing hall built for Sanomala has been deducted according to the regulations of the Tax Concessions Law. Of the taxes for the accounting period, the sum of 2.000.000 Fmk (\$ 526,315.78) has been covered from reserve profits from previous years. The sum of 1.444.734,73 Fmk (\$ 380,193.35) over book-keeping value obtained from the Arabia Pienteollisuustalo shares has been written into the reserve fund.

The items in the Balance Sheet are confirmed by the relevant vouchers. Bank accounts accord with the bank statements from the banks on the closing of the accounts date. The securities are in safe-keeping and the insurances have been properly attended to.

We have read the minutes of the Annual General Meeting and the Board of Directors, and the Annual Report. Furthermore, we have received reports on the Company's operations. In our opinion the Company's finances have been handled carefully and successfully.

We propose to the Annual General Meeting that the closing of the accounts be confirmed and that the persons accountable be absolved of responsibility.

We agree with the proposal of the Board of Directors regarding the disposal of the profit.

Helsinki, 18 March 1977

Aimo Autio

Ritva Harli

Antti Helenius

Urpo Siirala

Board of Directors

The following were elected as members of the Board of Directors at the General Meeting of the Company on 29 April 1976:

Mr Aatos Erkkö, Chairman
 Mr Teo Mertanen, Vice-Chairman
 Mr Aarne F. Castrén
 Mr Risto Kavanne
 Mr Väinö J. Nurmimaa
 Mrs Patricia Seppälä

The Vice-Chairman Mr Teo Mertanen and Mr Risto Kavanne are due to retire.

Mrs Ritva Harli and Mr Aimo Autio have acted as Auditors, with Mr Urpo Siirala, M.D. and Mr Antti Helenius as their deputies.

Proposal for use of retained earnings

The profit for the accounting period was 5.794.393,34 Fmk (\$ 1,524,840.35). Of the retained earnings from the previous year, after using 1.444.734,73 Fmk (\$ 380,193.35) for payment of taxes and after the tax-free profit obtained from sale of shares amounting to 2.000.000,00 Fmk (\$ 526,315.78) having been transferred to the reserve fund, in accordance with the authority granted by the General Meeting of 29 April 1976, the sum of 3.036.389,28 Fmk (\$ 799,049.81) is left unused, so that the General Meeting of the Company has at its disposal 8.830.782,62 Fmk (\$ 2,323,890.16) of retained earnings.

The Board of Directors proposes that these earnings	8.830.782,62 Fmk (\$ 2,323,890.16)
— be distributed as dividend to the amount of 4,20 Fmk (\$ 1.10) per share	994.106,40 Fmk (\$ 261,606.95)
— be transferred to the reserve for donations	25.000,00 Fmk (\$ 6,578.95)
— be transferred to the reserve fund	4.000.000,00 Fmk (\$ 1,052,631.57)
— and that the balance	3.811.676,22 Fmk (\$ 1,003,072.69)

be left in the profit and loss account, and that the Board be given the power to use these funds for payment of taxes in 1977.

If the General Meeting approves the above proposal, the Company's own funds will be as follows:

Share capital	7.100.760,00 Fmk (\$ 1,868,621.05)
Reserve funds	26.367.447,81 Fmk (\$ 6,938,802.05)
Reserve for donations	46.668,00 Fmk (\$ 12,281.05)
Undisposed retained earnings	3.811.676,22 Fmk (\$ 1,003,072.68)

The amount of the investment reserve is 11.432.000,00 Fmk (\$ 3,008,421.05), and the credit loss reserve is 2.780.000,00 Fmk (\$ 731,578.94).

Helsinki 15. 3. 1977

	Aatos Erkkö	
Teo Mertanen		Aarne F. Castrén
Väinö J. Nurmimaa		Risto Kavanne
	Patricia Seppälä	

	1976	US\$	1975	US\$
Wages and salaries paid	120.517.728,76	31,715,191.77	102.236.746,27	26,904,406.91
Included in the above sums				
Sick-leave and expectant mothers' leave wages and salaries	3.063.214,83	806,109.16	2.423.316,74	637,714.93
Annual vacation wages and salaries	15.331.009,79	4,034,476.26	12.483.919,98	3,285,242.10
	18.394.224,62	4,840,585.42	14.907.236,72	3,922,957.03
Employers' social security payments	11.183.561,80	2,943,042.57	8.986.057,87	2,364,752.07
Social insurance payments	11.564.362,02	3,043,253.17	7.892.567,74	2,076,991.51
Accident and unemployment insurance payments	1.232.293,36	324,287.73	1.058.475,73	278,546.24
Transportation of personnel	334.548,78	88,039.15	278.091,00	73,181.84
Work clothes	111.018,08	29,215.28	92.768,97	24,412.89
Other	1.455.421,40	383,005.63	1.015.757,80	267,304.68
	25.881.205,44	6,810,843.53	19.323.719,11	5,085,189.23
Wages and salaries	102.123.504,14	26,874,606.35	87.329.509,55	22,981,449.88
Social costs	44.275.430,06	11,651,428.96	34.230.955,83	9,008,146.27
	146.398.934,20	38,526,035.31	121.560.465,38	31,989,596.15

Circulation of newspapers	1970	1971	1972	1973	1974	1975	1976
HS	274.600	289.704	305.016	311.438	318.953	327.275	346.910
HSS	315.500	334.173	349.392	355.116	359.130	365.809	391.971
IS	63.165	70.481	83.085	79.983	89.778	98.045	120.080
MN	151.619	166.725	150.289	182.619	142.015	110.618	123.872
AA	250.668	279.754	309.155	315.877	313.139	317.571	303.703
KK	69.472	101.915	90.639	100.475	91.611	86.448	104.682
KT	53.696	55.413	60.533	55.867	50.944	47.846	43.886
SK	—	—	—	—	56.752	97.307	106.753

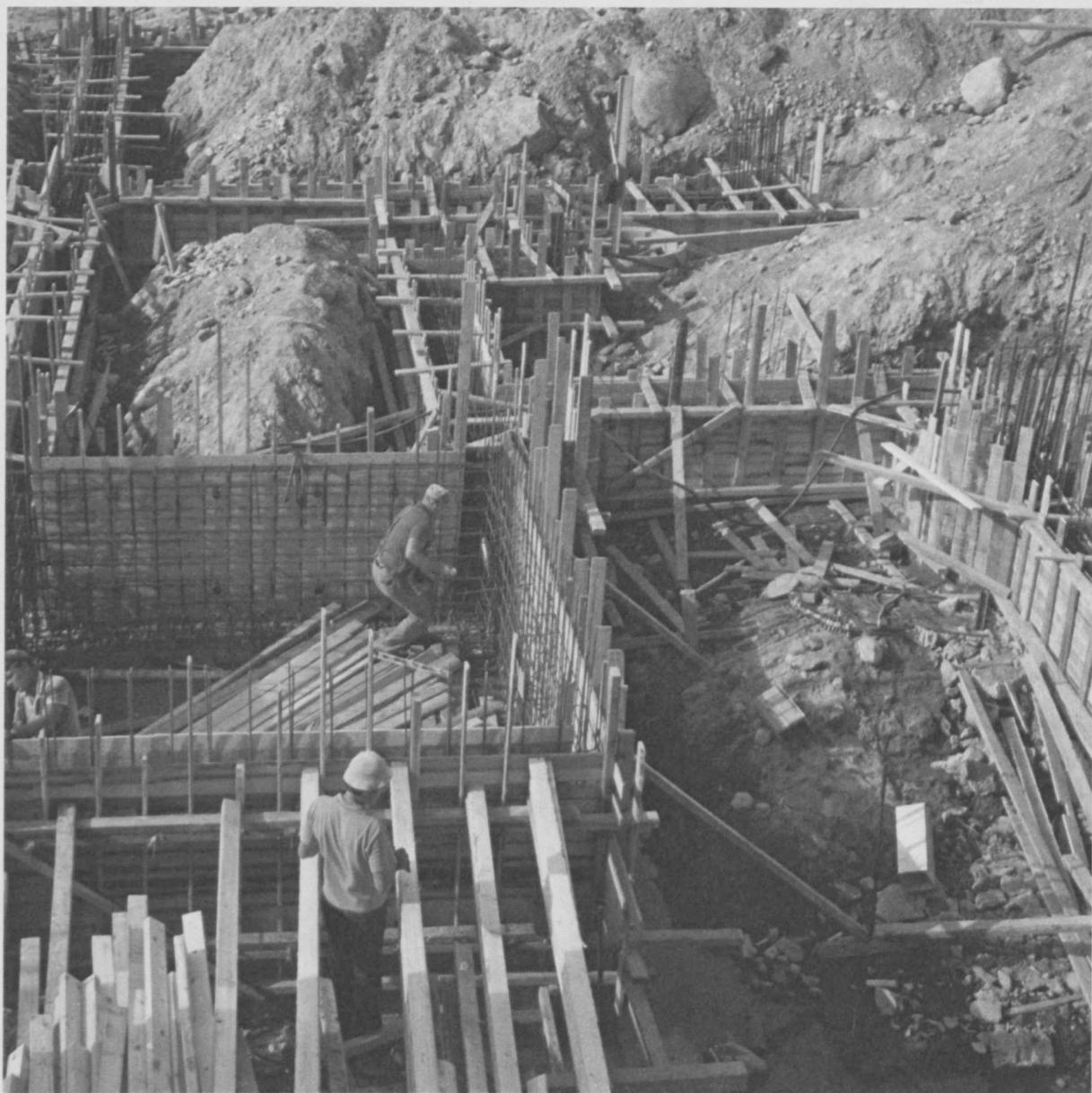
The figures are official circulation averages for the two years in question.

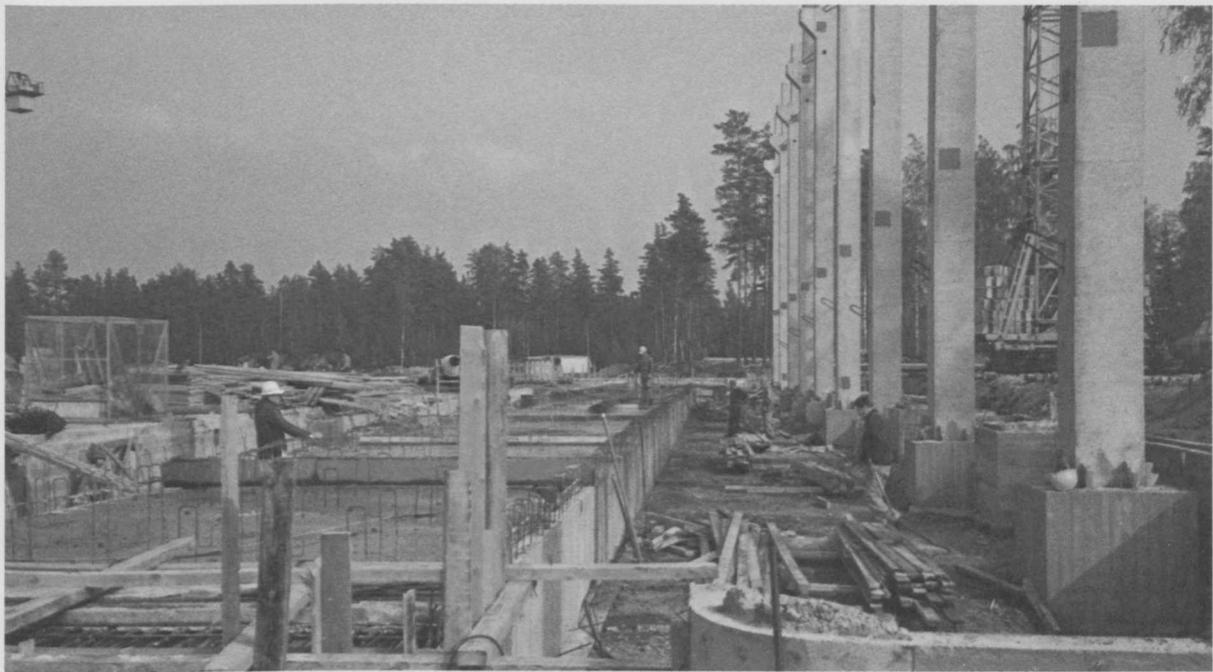
	1971	1972	1973	1974	1975	1976
Visits to polyclinics						
Korkeavuorenkatu	10.073	10.220	9.642	9.085	9.637	9.536
Hiomontie	5.552	5.198	4.522	4.909	4.800	4.897
Strömbergintie	4.904	4.569	3.692	3.444	2.817	2.401
	20.529	19.987	17.856	17.438	17.254	16.834
Blood donors	381	354	307	281	298	322
X-rays	1.880	1.764	1.747	1.758	—	1.482
Visits to doctor	4.139	4.217	4.651	3.974	5.029	4.907

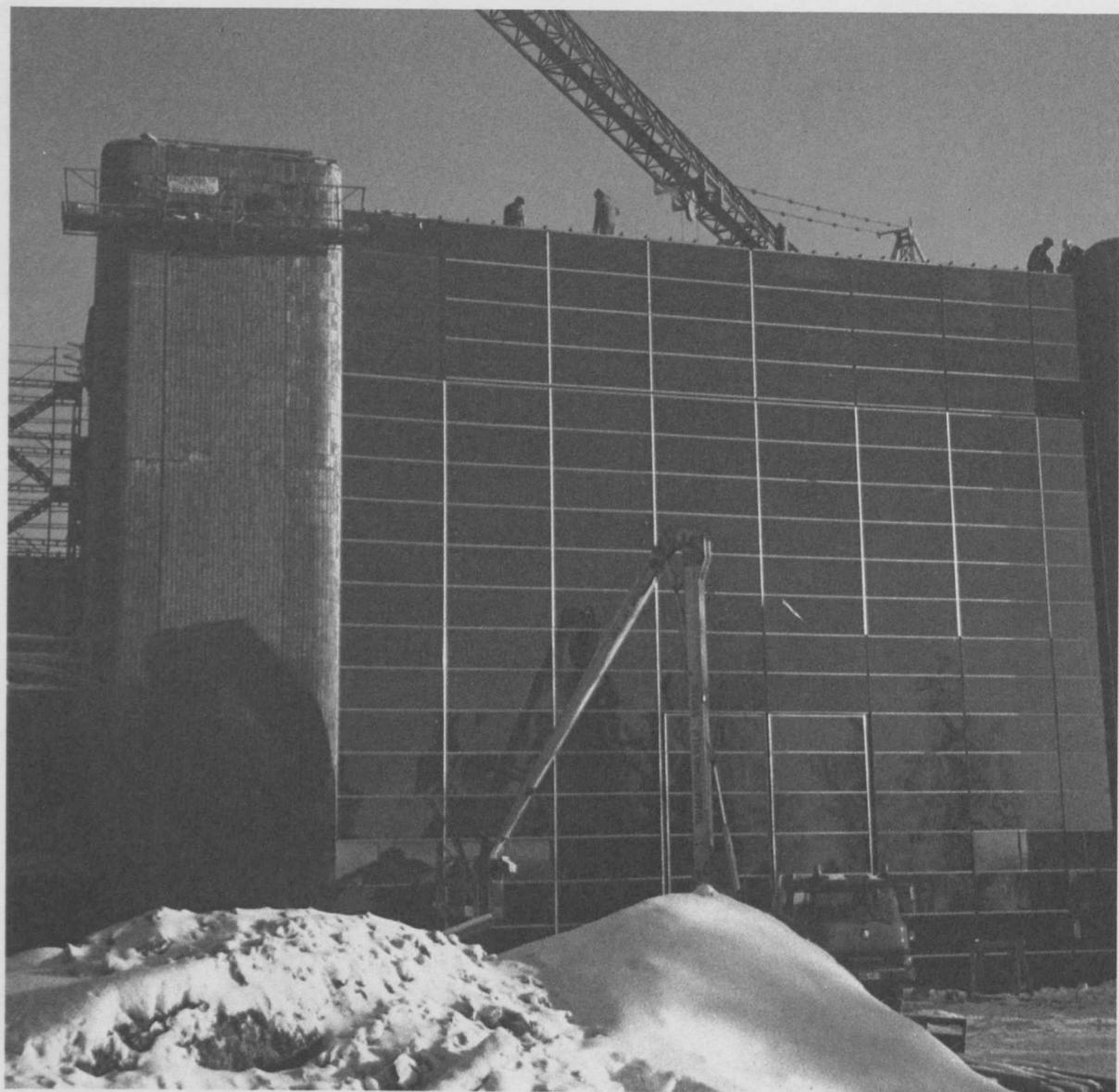


Signing of the building contract by Mr Aatos Erkko, President of the Sanoma Publishing Company, on the right, and Mr Urho Ruola, President of Rakennus Ruola Oy, on the left. Persons standing from the right to the left Mr Väinö J. Nurmimaa, Mr Jaakko Rauramo, Mr Teo Mertanen and Mr Pekka Toropainen of the Sanoma Publishing Company and Mr Kalervo Kallio, Managing Director of Rakennus Ruola Oy and Mr Klaus Himberg, Rakennus Ruola Oy.









Management on 31 December 1976

Mr Aatos Erkko	Chairman and Chief Executive Officer
Mr Väinö J. Nurmimaa	President and Chief Operational Officer
Mr Teo Mertanen	Administrative Editor-in-Chief and Executive Vice President
Mr Jaakko Rauramo	Executive Vice President and General Manager of Newspaper Division

Mr Jaakko Hannuksela	Vice President, Planning
Mr Heikki Huhtanen	Vice President and General Manager, Sanomaprint
Mr Matti Peltonen	Vice President, Magazines and Books
Mr Paul Strandén	Vice President, Administration
Mr Martti Teräsalmi	Vice President, Finance

Mr Sakari Almi	Marketing Manager, Newspaper Division
Mr Matti Huopaniemi	Circulation Manager, Newspaper Division
Mr Aleksis Stenvall	Marketing Manager, Sanomaprint
Mr Pertti Puolakka	Planning Manager, Sanomaprint
Mr Kyösti Nuotio	Manager, Magazine and Book Division

Chief Editors

Administrative Editor-in-Chief of Newspapers Mr Teo Mertanen

Helsingin Sanomat	Mr Heikki Tikkanen (senior) Mr Keijo Kylävaara Mr Simopekka Nortamo
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Ilta-Sanomat	Mr Martti Huhtamäki
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Me naiset	Ms Kerttu Saarela
Aku Ankka	Ms Alli Peltonen
Kodin Kuvalehti	Ms Maire Varhela
Suuri Käsityökerho	Ms Maire Varhela

Sanoma Osakeyhtiö Sanoma Publishing Company

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P.O. Box 240	12-2657 sanoy sf (chairman's office, finance)
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Sanomaprint

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Lehtikuva

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Finnvisuals

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