
Sanoma Corporation

Annual Report

1984



Sanoma Group in Figures

| | 1984 | Change % | 1983 | 1982 |
|--|-------|----------|-------|-------|
| Turnover FIM m | 1.218 | + 17.2 | 1.039 | 871 |
| Wages and salaries including social security payments FIM m | 519 | + 15.3 | 450 | 385 |
| % out of turnover | 42.6 | | 43.3 | 44.2 |
| Operating profit FIM m | 208 | + 20.9 | 172 | 126 |
| % out of turnover | 17.1 | | 16.6 | 14.5 |
| Depreciation FIM m | 79 | + 8.2 | 73 | 47 |
| Taxes payable FIM m | 26 | + 52.9 | 17 | 17 |
| Dividend FIM m | 2 | - | 2 | 2 |
| Investments FIM m | 306 | + 41.7 | 216 | 98 |
| Shareholders' equity + half of the reserve FIM m | 257 | + 60.6 | 160 | 154 |
| % out of Balance Sheet Grand Total | 29 | | 23.5 | 25.0 |
| Subscription liability excluded | | | | |
| Total of Balance Sheet FIM m | 1.045 | + 26.5 | 826 | 738 |
| Financial assets compared with outside liabilities without interest | 1.1 | | 1.4 | 1.5 |
| Financial assets and inventories compared with outside liabilities without interest | 1.4 | | 1.6 | 1.8 |
| Personnel in average | 2.902 | + 3.8 | 2.795 | 2.781 |
| newspaper deliverers | 2.349 | + 3.9 | 2.114 | 2.234 |

FIM figures are given in 1984 money value.

Sanoma Corporation

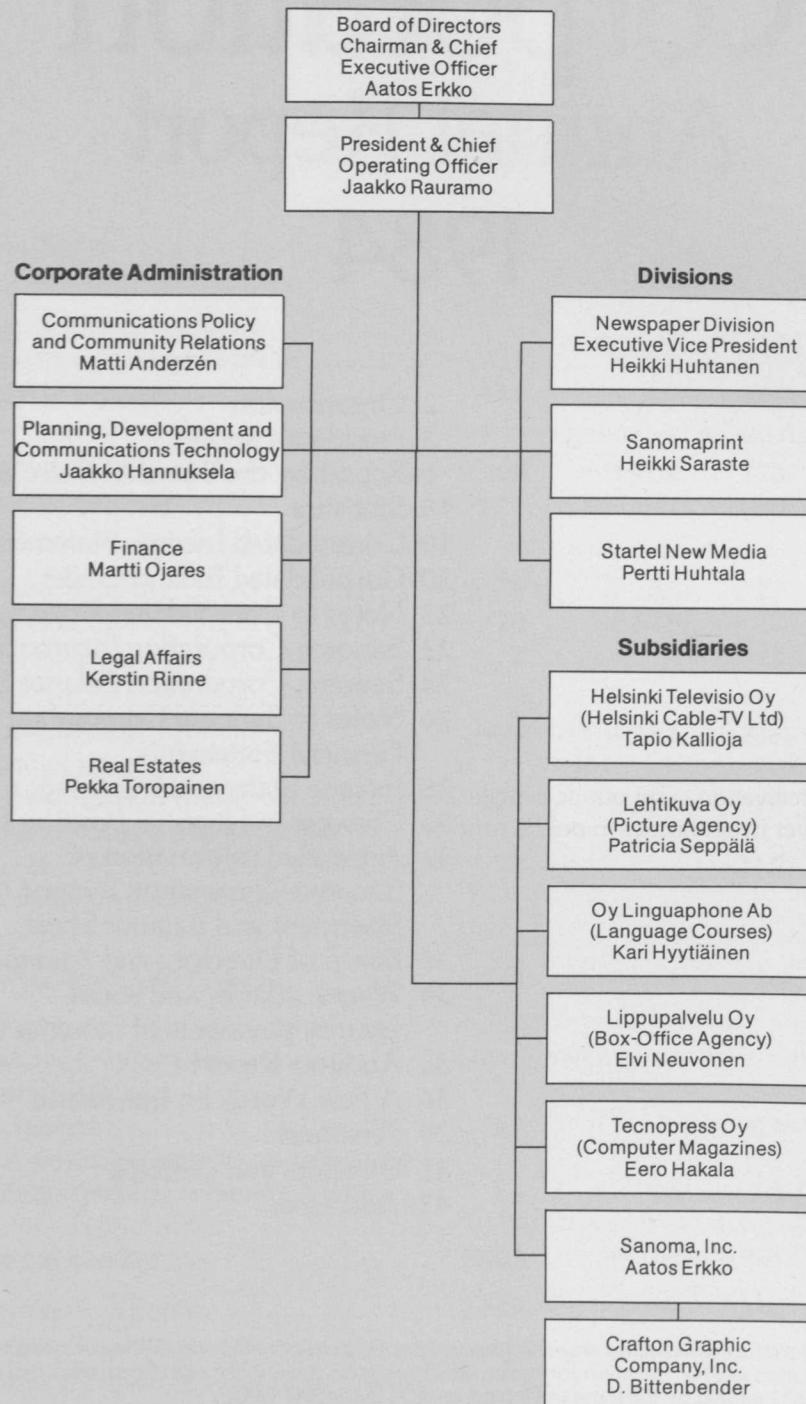
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Financial information in this report is given in Finnish currency with the exception of Income Statement Information and Net Income Information which are in US dollars. The rate of exchange used is USD 1 = FIM 6,522 quoted by the Bank of Finland as of 31 December 1984.

Sanoma Group



President's Report

1984 was a very good year for Sanoma Corporation. It was also a year of developments for the future. The most important of these were in the corporate structure, where administrative decentralization was completed; a central administrative unit was set up for the Corporation and the independence of profit centers and subsidiaries was increased.

In 1984 the trend in the printing industry was not entirely favorable. Increasing competition in magazines and books caused by a saturated market is obvious, and profitability has also declined. It would appear that the situation is becoming especially difficult for companies concentrating on commercial printing. The structural change of the commercial printing business that began in 1984 is expected to continue.

As far as media policy was concerned, and ignoring the criticism of the "infocracy" – the press, radio and television – by public officials, and the uproar over irregularities in politics and business, the electronic media provided the main issues in 1984. On the whole, the atmosphere surrounding the media cleared during the year and improved. There was a definitive liberalization of attitudes toward the electronic media. It was recognized that Finland and Finns could not be isolated from the worldwide trend.

Labor management relations were good during the year under review. All the major labor agreements are valid until the beginning of 1985. The most important objective of the 1985 negotiations will be to improve and further develop labor relations in our industry permitting us to cope with the 1990s as successfully as during the present decade.

Lengthy talks between newspapers and advertising agencies led to a favorable result to-

ward the end of the year. The new advertising agency contract will guarantee balanced co-operation between newspapers and advertising agencies in the future. Further development of the advertising agency agreements must, however, ensure that the various advertising media are treated equally.

The basic goal of Sanoma Corporation is to produce newspapers, magazines and related products, as well as to provide services that meet the needs and expectations of readers and consumers. It is equally important that the people who create and produce our newspapers, magazines and related products should get a justified feeling of pride and satisfaction.

From the advertiser's viewpoint a satisfied readership is of the utmost importance; readers should have confidence in what they read.

A commitment to excellence must be evident in the content and technical quality of the publications, advertising sales, and customer service.

The readers' response is visible in the record circulation figures for Helsingin Sanomat and Ilta-Sanomat. In both newspapers the volume of advertising reached also a new peak.

Sanoma Corporation net sales exceeded the billion mark for the first time, amounting to FIM 1.1 billion. Growth was 15.7%.

The primary task of the Corporate Administration as of June has been to improve the management system. The first phase of the new planning and forecasting system was introduced and carried out in the fall of 1984. Attention was focused on system management, which has gained importance along with the advent of computers and computer technology. The goals have been ambitious, but the results already visible are indeed encouraging.

New focal areas during the year were asset management, electronic media, and international operations.

The purpose of asset management is to safeguard the Corporation's short term and long term assets in the optimum way. This objective is to ensure that the Corporation will have the resources needed for development and investments.

This in mind, investments were made in publicly traded shares, venture capital and real estate.

Establishment of the New Media Division and the rapid continued development of Cable TV activities were most important issues in the electronic media field of the Corporation. Addressable home terminals were ordered from Salora, a Finnish VDT manufacturer, allowing expansion of the number of cable television channels to 38. Terminals and related software represented the best European technology in this field.

Internationalization is a challenging problem for a company operating mainly on the domestic market, and for this reason more time is needed for planning and development. The prospects offered by electronic communications and technology provide an important possibility.

1984 was also a year of large-scale investment for Sanoma Corporation. A new editorial system was installed in the Newspaper Division. A new mailing facility was built at Sanomala, our newspaper printing plant, and installation of the seventh press began. A new office building and computer center was also completed at Sanomala, and construction of a new commercial printing plant for Sanomaprint was started. New presses with up-to-date technology were ordered for the plant.

Major investment and installation projects posed great demands and challenges for those involved. Considering the record number of copies and pages, production difficulties occurred from time to time, particularly in the Newspaper Division. But the challenges were met and the difficulties overcome.

Our investment in the electronic media show clearly that we have strongly committed ourselves to the future growth of communications.

The investment made will provide continuity, and opportunities for further improving our activities and making them even more productive.

As the economic downturn sets in and growth declines, improved productivity will be vital. This we can achieve thanks to our investments, but we must make best use of the resources at our disposal.

Mr Teo Mertanen, the administrative editor-in-chief and executive vice president, retired at the end of the year. With him a part of the Sanoma legend departed; it is something that cannot be replaced, but only missed.

At the end of the year we were saddened by the death of Ms Kerttu Saarela, long-time editor-in-chief of *Me naiset*, the women's weekly.

Other personnel changes long under consideration were made in connection with the change of president. Mr Heikki Huhtanen became the new executive vice president, and was also appointed head of the Newspaper Division. He was succeeded at Sanomaprint, the magazine and commercial printing division, by Mr Heikki Saraste of Helsinki Cable Television Ltd who in turn was succeeded as president of the Cable TV Company by Mr Tapio Kallioja.

Mr Pertti Huhtala was appointed to head Startel, the New Media Division. The Corporation increased the number of its subsidiaries acquiring Tecnopress Oy, a specialized computer magazine publishing company. Mr Eero Hakala continues as president of Tecnopress.

Ms Elvi Neuvonen was appointed president of Lippupalvelu, a box-office agency.

Mr Richard Hoppe was appointed executive vice president of Crafton Graphic Company, Inc. from the beginning of 1985.

Mr Seppo Kievari was appointed to be one of the editors-in-chief of Helsingin Sanomat with responsibility for the weekend newspapers, supplements and personnel administration. Mr

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Janne Virkkunen became managing editor of Helsingin Sanomat.

Mr Vesa-Pekka Koljonen was appointed the new senior editor-in-chief of Ilta-Sanomat, and Mr Lauri Helve was made second in command. Former editor-in-chief, Mr Martti Huhtamäki was appointed vice president of special projects at the Newspaper Division.

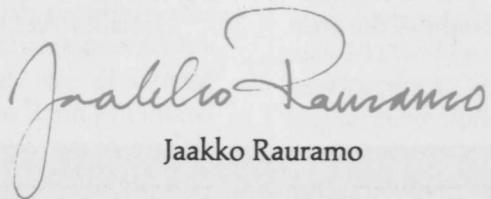
Ms Ulla-Maija Paavilainen was appointed the new editor-in-chief of Me naiset, the women's weekly magazine. Ms Eija Ailasmaa will head Kodin Kuvallehti, the biweekly home magazine, and Ms Pia Salo heads Suuri Käsityökerho, the handicraft magazine.

A great many changes took place in 1984. Thanks to careful preparations and good timing they were favorably received and their necessity for future success acknowledged.

For a company in the communications industry the staff and its motivation are vital for both the content and the operations. For this reason the organization must meet the demands it faces; leading persons must be competent and ensure that those under them grow and increase their professional skill through guidance, training and advancement.

Regarding personnel a crucial factor is an atmosphere of open information and a spirit of co-operation. Without a sense of common goals the major investment program and the changes carried out in 1984 would not have been successful.

Each and every employee in the Corporation can be proud of the good result for the year, and at this point I would like to express my gratitude to everyone for this achievement.



Jaakko Rauramo

Report by the Board of Directors on Sanoma Corporation operations for 1984

During the year under review the environment in which Sanoma Corporation operates improved both journalistically and economically.

The advertising volume of our publications had a substantial impact on the Sanoma Corporation's financial result. This advertising volume depends on the circulation of the publications and on development in the Finnish economy, which in turn is crucially affected by economic conditions in the world at large.

The US economy began to expand rapidly during the latter half of 1983. The strong economic upswing continued throughout the year

under review. This in turn drew the other market economies of the West into expansion. Compared with the previous year, GNP rose by 6% in the United States and by around 4% in the OECD (Organization for Economic Co-operation and Development) countries. Growth in the member countries of the European Communities will probably amount to no more than a couple of per cent, though this is a higher figure than last year. Total production in the Scandinavian countries increased by around 3.5% during the year under review.

Inflation lost momentum in all the Scandi-



*Sanoma Corporation Board of Directors Below from left to right Mr Väinö J. Nurmimaa, Vice Chairman, Mrs Patricia Seppälä,
Mr Aatos Erkko, Chairman and Mr Teo Mertanen.*

Standing from left to right Mr Jaakko Rauramo, President, Professor Pentti J. K. Kouri and Mr Aarne Castrén.

navian countries, though consumer prices did rise by about 7%. Even though inflation slowed down, it was still about 3% higher than in the OECD area. Naturally enough, the higher inflation had an adverse effect on price competitiveness.

During the first few years of the current decade the rate of economic growth in Finland has been the highest in the Scandinavian countries. The volume of exports to the West increased by some 22% during the year under review.

Exports to the United States expanded at a record pace and amounted to FIM 2.8 billion last year. Balance in Finland's trade with the Soviet Union was re-established rather rapidly in 1984, owing to a drop of 16% in exports to the CMEA (Council for Mutual Economic Assistance) countries.

Despite what was generally a rather favorable trend in corporate profitability during the year under review, the Finnish economy was characterized by a low level of investment. One reason for this was the high rate of interest charged on short money. The Bank of Finland kept the rate of interest on call money no less than 5 percentage points above the rate charged in 1982. At its highest the call money rate was nearly 17%. It is already apparent, however, that interest rates this year will approximate those of 1982, and that corporate investment will pick up sharply.

Although a decline in Finland's price competitiveness is anticipated during the current year, the market for the main export products will probably remain at the level of the previous year. The decline in price competitiveness will gradually make export efforts more difficult.

The printing industry in Finland

In the printing industry during the last few years there has been rapid technical progress accompanied by an increase in capital-intensiveness brought about by automation. Corporate

investment in advanced technology has increased so rapidly that printing capacity has outpaced growth in demand. The resulting excess supply leads in turn to keen price competition.

According to preliminary estimates, net sales rose by 15.2%, and exceeded FIM 10 billion. The growth in salary costs was equally fast, i.e. 15.3%, and is due to the almost 3 per cent increase in personnel and to salary increases during the year under review. The producer price index in the printing industry rose by 6.9%, while the figure was 5.7% for industry as a whole.

Newspaper circulation has grown steadily during the last few years. In 1984 growth amounted to 2%; this was in part because of the rise in Ilta-Sanomat circulation. Total newspaper circulation was 3.060.637. The volume of advertising in Finnish Newspaper Publishers Association member papers totalled 384.987 column meters, and growth from the previous year was 10.1%. The volume of advertising for all newspapers in 1984 was up 7.5%. The average annual subscription price for newspapers coming out seven days a week was FIM 423, and the increase on the previous year was 9.3%.

Total magazine circulation remained on approximately the level of the previous year. The volume of advertising increased by some 2 per cent, and by approximately 9 per cent in Finnish marks.

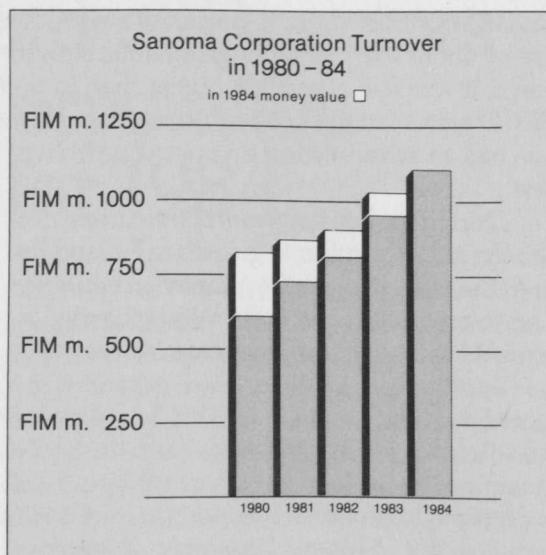
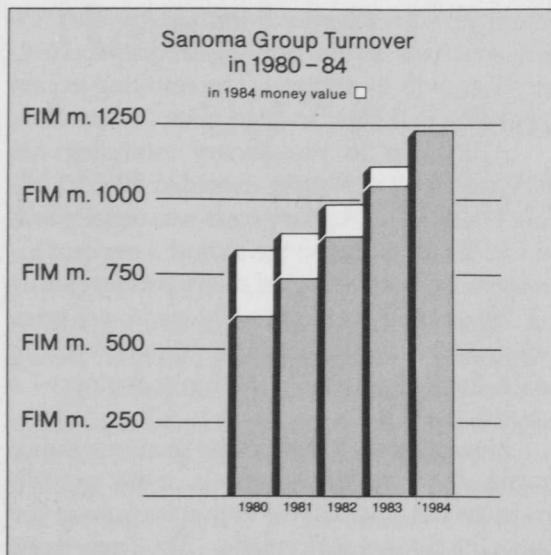
Sanoma Corporation's operating environment

During the year under review Sanoma Corporation's operations continued to be based largely on the same activities and products as in previous years. The year 1984 was a favorable one for the Corporation.

Shift in President Post

Mr Väinö J. Nurmimaa, President of Sanoma Corporation until his retirement on the 1st of

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June 1984 was succeeded by Mr Jaakko Rauramo, M.Sc., Executive Vice President.

Mr Nurmimaa was invited to join the Corporation as Executive Vice President and General Manager, Newspaper Division on the 1st of June 1971 and was appointed President on the 1st of April 1976.

The Sanoma Corporation Board of Directors is highly grateful for the contribution Mr Väinö J. Nurmimaa has had in the success and growth of our Corporation.

Organization

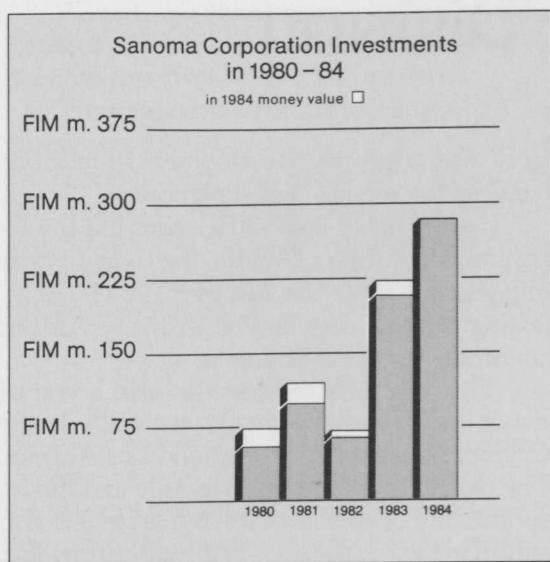
The Corporation organization was streamlined during the year under review. A third division, Startel New Media, was established at the beginning of June. Actual operations got under way at the beginning of the current year. The Newspaper Division and Sanomaprint continued operations along the lines established in previous years. The Corporate Administration operations were activated during the year under review. Its main tasks involve development of the Corporation's strategic planning and management systems and provision of appropriate Group services.

Sanoma Corporation Personnel in 1980–84

| | Average | Newspaper deliverers |
|------|---------|-------------------------|
| 1980 | 2.564 | 2.083 |
| 1981 | 2.569 | 2.073 |
| 1982 | 2.562 | 2.234 |
| 1983 | 2.557 | 2.114 |
| 1984 | 2.631 | 2.349 |

Publications

As in previous years, 1984 was a success for Helsingin Sanomat, the Corporation's main publication. The newspaper reported an average weekday circulation of 425,943 and a Sunday circulation of 501,539. Weekday circulation was up by 1.4 % and that on Sundays by 2.1 %. Average circulation growth for Finnish dailies was 2.0 %. For the second year running, advertising volume also set a new record of no less than 52,080.8 column meters. Growth from the previous year amounted to 10.4 %. This was undoubtedly a result of favorable economic developments in Finland, though the outcome also



owes a great deal to determined development and sales efforts.

The year under review was a time of considerable change for Ilta-Sanomat. The changes made were in the organization, the content of the paper, the technology used and the earlier dead-line of the paper. The paper's circulation averaged out at 163,791, an increase of 9.9% from the previous year. The paper's advertising volume also showed a favorable trend, for growth compared with the previous year came to about one fifth.

Despite tough competition, the Corporation's magazines fared rather well on the whole. Circulation figures rose slightly from the previous year. Besides the magazines, Sanomaprint's other product groups, namely books, business publications and industrial sales, also reported a favorable trend.

Personnel

An average of 2,631 full time employees were on the Corporation payroll, an increase of 74 from the previous year. There were 2,349 newspaper deliverers and 2,424 sales agents. Salary costs accounted for 35.8% of net sales. The pension fund paid FIM 8.5 million in pensions.

Investment

Corporation investment amounted to FIM 281.7 million during the year under review. Of this figure, investment in real estate amounted to FIM 98.2 million and that in machinery and equipment to FIM 144.2 million. Investment in securities totalled FIM 39.3 million.

The newspaper printing plant at Sanomala, Vantaa, ten miles north of downtown Helsinki was extended. Construction of the office building, begun during the previous year, was completed in the spring of 1984. The office building now houses own EDP operations, newspaper marketing and Sanomaprint subscriber service.

Construction of the new Sanomaprint printing plant was begun at Sanomala in spring. The plant is likely to be ready for production in November of the current year.

In December, the Corporation acquired the real estate Erottajankatu 9, downtown Helsinki and renovation of the building is scheduled to begin during the current year. Renovation of the Ludviginkatu building, also downtown Helsinki begun in 1983, will be completed early next year.

During the latter half of the year under review Sanoma Corporation subscribed FIM 20 million of the capital stock Spontel Oy, a venture capital fund.

The financial result

Owing primarily to the considerable expansion in Helsingin Sanomat advertising volume, our net sales rose by 15.7%, about half of this representing real growth, as in the previous year. Costs rose in proportion to net sales, and the ratio of the profit on operations before depreciations to net sales remained on the level of the previous year. The amount of the profit on operations before depreciations was FIM 195.0 million, while it was FIM 168.7 million the previous year. The profit for the year before appropriations, tax relief depreciations and taxes was FIM 159.3 million. The increase from the previous year was 24.5%. The corresponding increase using depreciations given in replacement value prices was 12.5%.

Newspaper Division

HELSINGIN SANOMAT

The domestic news published in Helsingin Sanomat in 1984 was dominated by the local government election, especially in view of the new political situation brought about by the "green movement." Another major news item concerned the protracted and increasingly complex legal proceedings focusing on bribery involving public officials.

A continuous economic news item was the spiraling value of the dollar throughout the industrialized world. The year's news also conjured up a Finland favored by advantageous economic circumstances, a Finland which, in a climate of political consensus, managed to accumulate a massive export surplus by the end of the year and succeeded fairly well efforts to curb inflation.

The overseas news front was dominated by the approaching US Presidential elections in November. The most important area of news in-

terest was clearly the development in relations between the world's two superpowers.

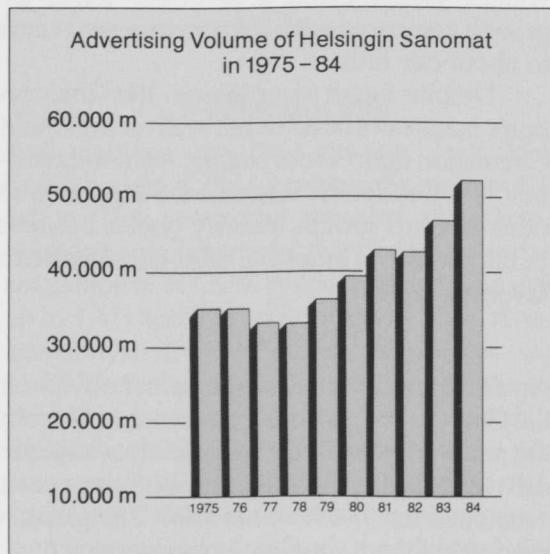
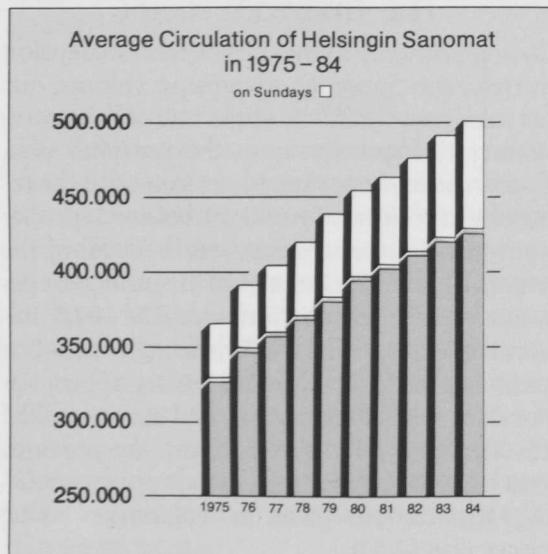
Besides major individual events like the assassination of Indira Gandhi, the Indian prime minister, a shadow was cast over 1984 by unrelenting drought and famine in many African countries, especially Ethiopia.

The year under review was also a year of major sport headlines thanks especially to the Olympic Games in Sarajevo and Los Angeles. The debate round the doping issue and the responsibility of sport leaders in this respect also stayed in the headlines from the games onward.

Helsingin Sanomat circulation passed a major milestone as Sunday circulation exceeded 500.000 copies.

Average weekday circulation for the calendar year was 425.943 and Sunday circulation 501.539. Weekday circulation rose by 5.905 or 1.4%, and Sunday circulation by 10.369, or 2.1%.

The monthly Helsingin Sanomat supplement continued to appear in the manner of the previous year.



Advertising volume also set a new record at 52,080.8 column meters. The increase from the previous year was 4,917.6 m, or 10.4 %.

The total number of pages in Helsingin Sanomat was 19,934, as against 18,612 pages for the previous year. The year's (and alltime) record, 112 pages, was set on January 15, 1984, and at its lowest ebb the paper contained 30 pages. Since 355 issues were published during the year, the average number of pages worked out at 56.1.

ILTA-SANOMAT

1984 was a year of many changes and reforms for Ilta-Sanomat. Operations were marked by the move of the editorial and marketing staffs to new premises, organizational changes, revision of content, introduction of a new editorial text-processing system and advancement of the printing schedule.

Local government elections in October provided a big challenge for the news desk. This challenge was met in giving out several extensive articles prior to the elections. In addition, the results for the elections at the Helsinki Metropolitan Area were published in the very first issue after the elections.

The two Olympic Games in 1984 set special demands on the sport news side. The competition schedule for the Sarajevo Winter Olympics was unfavorable for Ilta-Sanomat, but the one at the Los Angeles Summer Games gave the paper a clear advantage.

An Olympic Special was published in the eve of these Olympic Games. In addition, a number of supplements dealing with special fields were published throughout the year.

The circulation of the paper rose to 163,791, an increase of 9.9 % from the previous year. Editorial improvements and the earlier arrival on newsstands were the main contributing factors in this rapid growth.

The total number of pages in the paper was 12,996, an increase of 9.8 % compared with the previous year. 3,918 column meters of advertising were published, which is 21.8 % more than during the previous year.

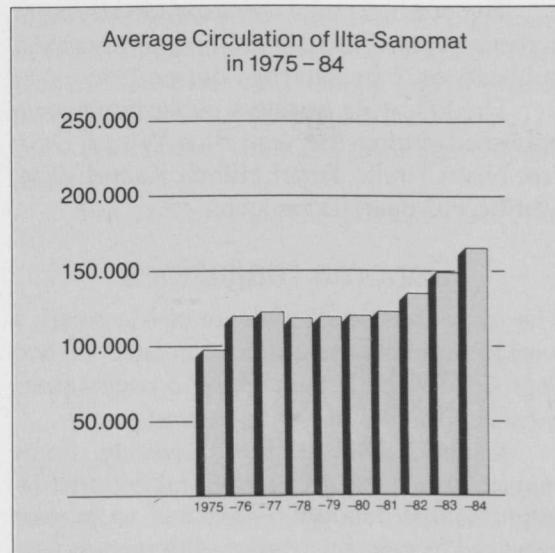
Production

The year under review was a period of major investment projects and volumes for the Newspaper Division, and this also led to intermittent production difficulties.

The most significant technical innovation in page composition involved the introduction of a System Integrators Inc. editing system in the composing room, affecting Ilta-Sanomat and, to some extent, Helsingin Sanomat as well. Adoption of the system will continue into 1985, and will eventually comprise around 300 display terminals.

Introduction of a completely new computer-controlled mailing system was largely completed at Sanomala. Installation of a new 10-unit Goss Metroliner printing press began on October 23, 1984, and the end of the year saw the start-up of a system for transporting paper rolls from warehouse to press by computer controlled robot trucks.

Following tests, black printing ink was replaced by a less staining ink and Helsingin Sanomat adopted lighter paper weighing no more than 40 g/m².



Sanomaprint

(commercial printing, magazine and book publishing)

Integration of the activities of the magazine and book divisions, which continued during 1984, and decentralization of corporate level administration and finances further developed Sanomaprint in the direction of an independent unit. The year under review was marked by a shift in key personnel in the management.

Magazine and book marketing

Three major projects were carried out during 1984: development of the organization, modernization of the subscriber register application, and the move into premises at Pitäjänmäki in the outskirts of Helsinki, which are shared with editorial staffs and media marketing.

In addition to the unit's own magazines, Sanomaprint managed the circulation marketing of magazines published by the subsidiary Tecnopress Oy from January onwards and marketing responsibility for Tiede (Science) 2000 magazine, a science magazine published jointly with Tieteen Tiedotus r.y. (Science Information), were also assumed by Sanomaprint on January 1, 1985.

The circulation figures for Sanoma Corporation magazines showed a favorable trend during the year under review; the circulation of nearly all the magazines rose during the past year. The biggest increase in circulation, about 20,000 up from the previous year, was reported by *et-lehti*, a magazine for senior citizens.

The book production line turned out a total of 60 titles during the year, 45 of them new and 15 reprints. The Lasten Oma Kirjakerho (Children's Own Book Club) had 51,500 members. The club published eight Walt Disney story books and four new Finnish children's books. Other new titles published included the already traditional Guinness Book of Records and the

Guinness Book of Stamps. Book sales totalled 2 million copies.

Business media publications

The Sanomaprint products offered to business customers consisted of advertising space in Sanoma Magazines and Business Publications, printing services and the publishing services produced by Business Publications.

The printing services' sales and profitability targets were exceeded. As in previous years, magazines and direct mail media were in the forefront in the marketing of printed material. A new growth area comprised products suitable for use as magazine supplements for advertisers using both the Sanoma's and other publishers' magazines.

Advertising sales for the Sanoma magazines remained unchanged at the level reported for the previous year. In contrast, Sanoma Business Publications advertising volumes rose, and targets set for the main products were exceeded.

The product range was expanded through agreements concluded in 1984 on new business publications to be launched during 1985.

The following business publications were published during the year: Blue Wings, Duty Free News, Finnfo, Futari, Hiihdä, KaapeliVisio, Meritie, Pakataan, Tulosuunta.

Sanoma magazines

The most conspicuous feature of *Me naiset*, a weekly women's magazine, consisted of two 164-page fashion issues and six 16-page supplements on themes of topical interest.

Kodin Kuvailehti, the bi-weekly home magazine continued its successful editorial family-oriented policy. Contests and tours were arranged to enhance contact with readers.

**Circulation of Sanomaprint Magazines
in 1983–84**

| | Circulation 1984 | Change from 1983 |
|----------------------|---------------------|---------------------|
| Me naiset | 130.065 | + 7.593 |
| Kodin Kuvalahti | 181.484 | + 5.174 |
| Suuri Käsityökerho | 106.629 | + 3.191 |
| Aku Ankka | 291.852 | + 1.534 |
| Roope-setä, pocketm. | 67.770 | + 2.752 |
| Nalle Puh | 59.588 | + 2.063 |
| et-lehti | 81.618 | + 20.608 |
| Eläinmaailma | 43.935 | + 5.179 |
| Kansa taisteli | 33.458 | - 787 |

The record rise in circulation for the earlier mentioned et-lehti magazine was reflected in the abundant and favorable feedback that the editors received from the readership. The most popular subjects were the big indoor plant garden guide published in early spring and the series of articles on Finnish cultural pursuits.

During the year under review Suuri Käsityökerho, for handicraft enthusiasts, celebrated its tenth anniversary. The magazine took part in a special Neule ja käsityö (Knitwear and handicrafts) exhibition and published 32-page supplements focusing on toys, lace patterns and the latest in knitwear.

Eläinmailma, a monthly for animal lovers, revised its content and format at the beginning of the year, gaining a favorable reception from readers. The most conspicuous special themes during 1984 were A Bird Guide for Boaters, The Big Cats, Inshore Fishes and Aquarium Supplement.

As a cartoon character Donald Duck Aku

Ankka in Finnish, turned 50, and to mark the occasion a number of special events were organized. A big drawing contest and a poll on Disney's most beautiful female character drew 10,000 replies each, and Donald's birthday was celebrated in June. In addition, Donald Duck was involved in arrangements for a national slalom meet and the Finnish Championships in tennis. The format for the Roope-setä (Uncle Scrooge) magazine was redesigned.

Production

Production capacity was sufficient in all the sectors of production, and production volumes were up. Paper consumption came to 15,700 metric tons, an increase from the previous year of 10%. In contrast, color printing consumption declined by 1.5%, and was 264 metric tons.

An order for two web offset presses for magazine printing was placed in September. The presses will be installed in fall 1985 at the new printing plant now under construction at Sano-mala, Vantaa.

The capacity of the Sci-Tex color paging equipment at the Hiomotie reproduction department in Pitäjänmäki was doubled. An Atex text-processing system was acquired to allow editorial staff to use display terminals. The system's 37 terminals were installed in December in the new editorial premises Höylämötie 1, also in Pitäjänmäki.

The capacity of the big sheeted offset presses in the sheet and form printing lines was reduced as planned. Investment in environmental protection was continued and an exhaust after-burner was introduced at the Hiomotie reproduction department.

The New Media

Following the Corporation reorganization carried out in June 1984, Sanoma Corporation set up a third profit center, in charge of managing

the operations of the Corporation's new media. The New Media Division's operations got under way at the beginning of 1985. The areas of

emphasis during the start-up phase are electronic publishing (videotex), text communication for consumers using cable television as its channel of distribution, and activities associated with the



pay-TV system especially in the fields of the projected administrative system and investment in equipment. For the time being the division will also be responsible for the Group's internal information service.

The organization of Helsingin Telset Osakeyhtiö, a videotex service company, was revised with an eye to develop company's videotex activities. The actual business operations and personnel of this company were transferred to the New Media Division in April 1984. With Nokia Corporation (a Finnish multi-activity company in electronics) and the Helsinki Telephone Company, the other stockholders in the company, Helsingin Telset Oy will continue in operation as a development company.

In line with the news strategy the division's videotex activities will focus primarily on business information services. Indeed, the year under review witnessed the establishment of three new business databases for which over 140 user contracts were concluded by the end of the year. The databases established during the year under

review are *Talous tänään* (The economy today), which focuses on providing a Stock Exchange and economic news service, *Yritysfaktat* (Company facts), information on 3,200 Finnish companies, a service set up jointly with Sininen Kirja Oy, specialized on business information, and *Uutislinja* (News line), an electronic business news file set up jointly with Esmerk Oy.

"Lextel," a business legislation monitoring service will get under way at the beginning of 1985. This service is based on an agreement on cooperation concluded with Lakimiesliiton Kustannus Oy (Finnish Lawyers Publishing Company Ltd).

The text service transmitted on the HTV (Helsinki Cable Television Ltd) information channel was improved with regard to both news content and advertising marketing. A viewer study conducted toward the end of the year revealed that the "cable news" is seen regularly by some 100,000 viewers every week. The value of invoiced advertising sales more than tripled during the year.

In September 1984 an agreement was concluded with Salora Oy involving delivery of a new addressable pay-TV system largely during 1986.

Toward the end of the year agreement was also reached in license negotiations with Gill Management Services Inc. of San José, California, concerning the sales administration computer system required by pay-TV operations.

Corporate Administration

The Corporate Administration unit launched operations during the year under review, thereby continuing development of the Group's planning and management systems. A strategic plan was drawn up for the Group. This plan covers the most important mechanism for management and control.

In addition to planning and development activity, the Corporate Administration unit attended centrally to financial administration, personnel matters, communications policy, community relations, legal affairs and real estate matters. An average of 137 persons were employed on a regular basis in Corporate Administration posts.

Subsidiaries

Helsinki Televisio Oy (Helsinki Cable Television Ltd)

For Helsinki Televisio Oy, the year under review was significant above all because it brought agreement on cable television arrangements for the whole of the Helsinki Metropolitan Area. With the start-up of HTV operations in Espoo and Vantaa, adjacent cities to the capital, in addition to those already well-established in Helsinki, negotiations with the Helsinki Telephone Company concerning the organization of cable television operations in these communities were brought to a conclusion toward the end of the year. A decision was also taken to extend the HTV network in the greater Helsinki area to the city of Kauniainen.

The company's net sales rose by 55 per cent compared with the previous fiscal period owing mainly to a rapid increase in the number of households served by the network, in advertising volume and in the number of subscribers to the pay program channel.

At the end of 1984 the HTV network served 95,000 homes, in addition to which around 9,500 households had signed up and were awaiting installation. In 1984 the network was joined by 10,010 homes.

During the year under review the number of subscribers to the HTV Entertainment Channel, which is a pay channel, rose by 2,750 households to 21,570, representing 22.7 per cent of all households served by the network.

During the fiscal period under review the company employed an average full-time staff of 62, in addition to which 10 employees held part-time posts in the company. Following the transfer of chief executive officer Mr Heikki Saraste on June 1, 1984 to the post of General Manager with Sanomaprint, Mr Tapio Kallioja was appointed chief executive effective the same day.

Helsinki Televisio Oy's financial result was

again better than had been anticipated. Full depreciation was allowed for in the financial statements for the first time, and the profit for the year amounted to FIM 0.4 million.

Lehtikuva Oy (international newspicture agency)

1984 was a good year for the company's financial performance. Net sales rose by 25 per cent compared with the previous fiscal year.

On the international news photo agencies front, 1984 was a year of rapid change. Reuter of Britain decided to establish an international news photo service and acquired the United Press International news photo outlets operating outside the United States. Agence France Presse of France came to the same conclusion and began to set up its own worldwide news photo network. In addition, European Pressphoto Union took the first steps to build up a European news photo network based on digital image transmission.

The Sarajevo and Los Angeles Olympics were the most important events for the company's news photo operations. The Games, calling as they did for vast personnel and material resources, were very costly, but sales targets were met thanks to the success of Finnish athletes. Another 30 news projects were undertaken abroad.

Lehtikuva Oy's color photos on sport themes were published in all the Finnish sport books that appeared on the market.

The major sporting events of the year fueled trade in telephoto equipment. The Visor-fax telephoto reception equipment manufactured by Soro of France and represented by the company was well on the market.

The Finnish permanent telephoto network

set up in 1983 was extended, serving 13 localities outside Helsinki at the end of the year under review.

Particularly significant for the operations of the sales departments was the expansion in sales of audio-visual programs. "The Nokia Corporation," a 17-projector multivision program produced by the LK-Studio in Oulu, north of Finland was named the year's best multivision program, best slide program and best slide program aimed at a special target group at the AV seminar organized by the Bureau for Economic Information.

In May, LK-Studio-Oulu moved into new premises. The department now occupies 450 square meters of up-to-date studio, laboratory and AV production facilities in downtown Oulu.

The number of employees averaged out at 79.

The financial statements show a profit of FIM 637,404.61.

Oy Linguaphone Ab (language courses)

1984 was a satisfactory year for the Company, although the targets set were not quite attained.

The emphasis in operations during the year was on training new salesmen and developing operations due to replacement of the business sales negotiators. The latter half of the year showed that this challenge was met as far as the Minilab language kit was concerned. In contrast, the BL-2000, a boardingtype English seminar, did not come up to expectations.

There were no changes in the consumer market adult education and children's language course product ranges. Instead, the company concentrated on improving the profitability of sales of existing products. Oy Linguaphone Ab still provided courses in different languages, and the selection included video language courses.

During the fiscal period the company employed an average of 10 people. In addition, the company employed 12 part-time teachers.

The financial statements show a profit of

FIM 128,291.68.

Oy Lippupalvelu – Biljettkäytävä Ab (box-office agency)

During 1984 the operations of the company's computer-based ticket sales system and network of Lippupiste outlets were consolidated. The organizers of classical and entertainment music concerts and Helsinki ice hockey league matches were still among Lippupalvelu's most important clients. The Uusi Iloinen Teatteri (New Happy Theater) performances at the Linnanmäki amusement park, the Pori Jazz 84 concerts and the Finland-Sweden track-and-field meet at the Olympic Stadium were major Lippupalvelu clients.

The most important form of activity during the year was sales of Lippupalvelu EDP capacity to organizers of major events attended by large numbers of people. This activity is likely to retain its position in the future as well.

In 1984 company personnel averaged out at 14 full-time and 10 part-time employees.

As forecast, the company's financial statements showed a loss for the year. The financial statements show a loss of FIM 991,379.78.

Simonpaine Oy

Simonpaine Oy had no operations nor any staff in 1984.

The financial statements showed a profit of FIM 1,500,456.94.

Tecnopress Oy (computer magazines)

The whole of the capital stock of Tecnopress Oy was acquired by Sanoma Corporation by contract signed on January 20, 1984. The former owners were largely in the company's employ, and the entire personnel stayed on with Tecnopress Oy.

Tecnopress Oy published the magazines Hifi, Prosessorit (automation and electronics)

and Tietokone (computers). Publication Mikro-BITI, a computer magazine for children and young people, began in May 1984. The magazine had a good reception on the market.

During the year under review the company's personnel averaged out at 27 employees.

The financial statements show a loss of FIM 70,407.40 for the period from November 11, 1983 to December 31, 1984.

Sanoma, Inc. and Crafton Graphic Company, Inc.

The rapid growth of the US economy had a favorable effect on the operations of the US subsidiaries.

Sanoma, Inc.'s real estate operations were successful, and profitability was better than anticipated.

Crafton Graphic Company, Inc. maintained its position as New York's leading sheet fed high-quality four color printer of annual reports, posters and brochures.

The most important investments were rebuilding of the production planning and page make-up facilities and acquisition of a new automatic page make-up system.

Company staff averaged out at 83 persons.

Both sales volume and profitability met expectations.

Consolidated net sales in 1984 for the US subsidiaries totalled USD 10,303,877.00, and the operational profit was USD 432,329.00.



LK-Studio-Oulu with their celebrated multivision program on "Nokia Corporation".

Statistics

Income Statement in percentage of turnover

| | 1980 | 1981 | 1982 | 1983 | 1984 |
|---|---------------|---------------|---------------|---------------|---------------|
| Sales proceeds | 131.1 | 131.5 | 132.1 | 133.0 | 135.0 |
| Adjustments to gross sales | <u>31.1</u> | <u>- 31.5</u> | <u>- 32.1</u> | <u>- 33.0</u> | <u>- 35.0</u> |
| Turnover | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Variable expenditures | <u>- 61.4</u> | <u>- 60.6</u> | <u>- 61.4</u> | <u>- 59.1</u> | <u>- 58.8</u> |
| Gross margin | 38.6 | 39.4 | 38.6 | 40.9 | 41.2 |
| Fixed expenditures | <u>- 27.6</u> | <u>- 23.6</u> | <u>- 24.0</u> | <u>- 23.0</u> | <u>- 23.4</u> |
| Profit on operations before depreciation | 11.0 | 15.8 | 14.6 | 17.9 | 17.8 |
| Depreciation | <u>- 2.6</u> | <u>- 4.7</u> | <u>- 3.6</u> | <u>- 16.4</u> | <u>- 8.5</u> |
| Profit on operations after depreciation | 8.4 | 11.1 | 11.0 | 1.5 | 9.3 |
| Other revenues and expenditures | <u>+ 2.7</u> | <u>+ 3.5</u> | <u>+ 3.9</u> | <u>+ 4.4</u> | <u>+ 4.7</u> |
| | 11.1 | 14.6 | 14.9 | 5.9 | 14.0 |
| Change in reserves | <u>- 6.0</u> | <u>- 8.8</u> | <u>- 8.9</u> | <u>- 0.3</u> | <u>- 8.4</u> |
| Interest expenditures | <u>- 1.7</u> | <u>- 1.9</u> | <u>- 2.0</u> | <u>- 2.0</u> | <u>- 2.0</u> |
| Income statement taxes | <u>- 0.8</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Profit for the year | 2.6 | 3.9 | 4.0 | 3.6 | 3.6 |

Circulation figures

Newspaper Division

| | | | | | |
|--------------------------|---------|---------|---------|---------|---------|
| Helsingin Sanomat | 393.697 | 402.280 | 411.201 | 420.038 | 425.943 |
| HS-Sunday edition | 455.858 | 463.046 | 476.026 | 491.170 | 501.539 |
| Ilta-Sanomat | 120.186 | 122.067 | 134.731 | 148.990 | 163.791 |
| IS-weekend edition | 138.295 | 144.617 | 169.974 | 189.374 | 209.689 |

Sanoma magazines

| | | | | | |
|--------------------------|---------|---------|---------|---------|---------|
| Me naiset | 126.556 | 132.234 | 120.713 | 123.367 | 130.065 |
| Kodin Kuvallehti | 191.165 | 185.451 | 180.834 | 183.732 | 181.484 |
| Suuri Käsityökerho | 112.747 | 109.354 | 105.437 | 102.319 | 106.629 |
| Aku Ankka | 294.892 | 298.046 | 294.233 | 292.146 | 291.852 |
| Roope-setä | 89.385 | 72.307 | 67.190 | 66.195 | 67.770 |
| Nalle Puh | - | - | 47.185 | 57.802 | 59.588 |
| Eläinmaailma | 40.860 | 38.073 | 37.207 | 39.186 | 43.935 |
| Kansa taisteli | 39.494 | 36.964 | 35.585 | 33.565 | 33.458 |
| et-lehti | - | - | - | 65.359 | 81.618 |

Figures given show the average officially inspected circulation for each newspaper and magazine.

Consolidated Income Statement

1 January to 31 December 1984

| (FIM 1.000) | 1984 | 1983 |
|--|------------|------------|
| Sales proceeds | 1.625.007 | 1.353.744 |
| Adjustments for gross sales | | |
| Discounts | 91.987 | 68.215 |
| Credit losses | 3.276 | 3.096 |
| Purchase tax | 49.253 | 41.190 |
| Commissions and advertising agency fees | 135.355 | 113.813 |
| Other adjustments | 127.350 | 88.905 |
| Turnover | 1.217.786 | 1.038.525 |
| Variable expenditures | | |
| Materials | 332.772 | 218.440 |
| Variable wages, salaries and fees | 321.364 | 278.677 |
| Other variable expenditures | 96.324 | 81.938 |
| - change in inventory | - 36.324 | + 33.231 |
| Gross margin | 503.650 | 426.239 |
| Fixed expenditures | | |
| Fixed wages, salaries and fees | 110.984 | 92.727 |
| Rents | 19.680 | 16.217 |
| Other fixed expenditures | 154.172 | 130.444 |
| Profit on operations before depreciation | 218.814 | 186.851 |
| Depreciation | | |
| Buildings | 20.875 | 44.320 |
| Machinery and equipment | 75.858 | 110.984 |
| Immaterial rights | 853 | 846 |
| Other outlays with long-term return | 5.593 | 4.463 |
| Additional depreciation of the Group | 2.531 | 2.825 |
| Profit on operations after depreciation | 113.104 | 23.413 |
| Other revenues and expenditure | | |
| Interest revenues | 37.436 | 36.268 |
| Dividend revenues | 3.108 | 2.599 |
| Other revenues | 11.863 | 6.481 |
| Other expenditures | - 2.648 | - 3.716 |
| | + 49.759 | + 41.632 |
| | 162.863 | 65.045 |
| Change in reserves | | |
| Inventory reserve | - 451 | + 19.811 |
| Investment reserve | - 93.777 | - 2.683 |
| Other reserves | - 1.659 | - 23.894 |
| Interest expenditures | - 95.887 | - 6.766 |
| Taxes | - 23.872 | - 21.090 |
| From the operating fund | 26.418 | 17.320 |
| Minority share of the profit of the subsidiaries | - 24.232 | - 15.209 |
| Profit for the year | - 163 | - 2.111 |
| | FIM 40.755 | FIM 35.075 |

Consolidated Balance Sheet 31 December 1984

Assets

| (FIM 1.000) | 1984 | 1983 |
|---|----------------------|--------------------|
| Financial assets | | |
| Cash in hand and in banks | 36.861 | 55.129 |
| Accounts receivable | 214.380 | 205.809 |
| Loans receivable | 101.173 | 145.134 |
| Advance payments | 1.916 | 948 |
| Deferred assets | 41.684 | 22.266 |
| Other financial assets | <u>35.832</u> | <u>49.773</u> |
| | 431.846 | 479.059 |
| Inventories | | |
| Materials | 80.609 | 45.645 |
| Products (finished and in process) | <u>12.947</u> | <u>11.192</u> |
| | 93.556 | 56.837 |
| Fixed assets and other long-term expenditures | | |
| Land-areas..... | 35.052 | 28.697 |
| Buildings | 111.468 | 37.415 |
| Machinery and equipment | 224.448 | 149.265 |
| Other material goods | 7.799 | 6.799 |
| Shares and holdings | 106.355 | 37.348 |
| Immaterial rights | 4.784 | 5.571 |
| Other long-term expenditures from balance sheets of the companies | <u>21.389</u> | <u>17.579</u> |
| | 511.295 | 282.674 |
| Corporation intangibles | 8.591 | 7.169 |
| Appreciation items | <u>188</u> | <u>167</u> |
| | <u>FIM 1.045.476</u> | <u>FIM 825.906</u> |

Liabilities

| (FIM 1.000) | 1984 | 1983 |
|------------------------------|----------------------|--------------------|
| Outside liabilities | | |
| Short-term | | |
| Accounts payable | 94.112 | 80.298 |
| Advance payments | 163.111 | 145.707 |
| Deferred liabilities | 106.249 | 96.982 |
| Other short-term debts | <u>26.037</u> | <u>389.509</u> |
| Long-term | | |
| Pension loans | 215.051 | 196.294 |
| Other long-term debts | <u>56.224</u> | <u>271.275</u> |
| Reserves | | |
| Stock reserve | 14.562 | 14.111 |
| Investment reserve | 160.971 | 67.193 |
| Other reserves | <u>74.502</u> | <u>250.035</u> |
| Minority share | 3.103 | 2.748 |
| Shareholders' equity | | |
| Bound capital | 47.947 | 15.601 |
| Free capital | 42.852 | 32.327 |
| Profit for the year | <u>40.755</u> | <u>131.554</u> |
| | <u>FIM 1.045.476</u> | <u>FIM 825.906</u> |

Notes to Consolidated Financial Statements as of 31 December 1984

1. Companies in the Group

The Group includes the parent company, Sanoma Corporation, and the following subsidiaries: Lehtikuva Oy, Oy Linguaphone Ab, Simonpaine Oy, Helsinki Televisio Oy, Oy Lippupalvelu-Biljetjänst Ab, Tecnopress Oy, Asunto Osakeyhtiö Laajavuorenkuja 3, Asunto Osakeyhtiö Ilkantie 13, and Sanoma, Inc. and Crafton Graphic Company, Inc.

2. Changes in shareholders' equity

Bound shareholders' equity

| | |
|---|----------------------|
| Share capital 1 January 1984 | 15.600.760,00 |
| Value adjustment equivalent on gain on sale of properties to apartment corporation to be founded | <u>32.346.563,80</u> |
| 31 December 1984 | <u>47.947.323,80</u> |

Free shareholders' equity

| | |
|---|----------------------|
| 1 January 1984 | 67.402.408,99 |
| Dividend distributed | — 2.406.202,20 |
| Donations made | — 245.000,0 |
| Taxes paid | — 24.232.644,69 |
| The share of the sold Group stocks covering HTV's previous years deficit | + 629,93 |
| Difference in exchange rate | + 2.332.862,00 |
| | 42.852.054,03 |
| Profit for the year | <u>40.754.823,51</u> |
| 31 December 1984 | <u>83.606.877,54</u> |

| | |
|--|---------------|
| 3. Securities given as collateral against debt | 23.992.137,56 |
| Mortgages given as collateral against debt | 97.000.000,00 |
| Guarantees | 3.187.889,24 |

4. Taxation values of fixed assets

| | |
|---------------------------|-------------|
| Land-areas | 23.531.473 |
| Buildings | 82.884.388 |
| Shares and holdings | 102.858.054 |
| Subsidiary shares | 4.405.100 |

| | |
|--|---------------|
| 5. Liability deficit of the Pension Fund | 25.838.420,75 |
|--|---------------|

| | |
|---|------------|
| 6. Sanoma Corporation shares owned by Lehtikuva Oy, 27.791 nominal value | 833.730,00 |
|---|------------|

Sanoma Corporation Income Statement from 1 January to 31 December 1984

| (FIM 1.000) | | 1984 | 1983 |
|--|-------------------|-----------------|-------------------|
| Sales proceeds | | 1.479.200 | 1.256.988 |
| Adjustment to gross sales | | | |
| Discounts | 91.077 | 67.528 | |
| Credit losses | 3.030 | 3.040 | |
| Purchase tax | 46.386 | 38.832 | |
| Commissions and advertising agency fees | 135.339 | 113.794 | |
| Transport costs for newspapers and magazines | 98.711 | 77.788 | |
| Other adjustments to gross sales | <u>11.077</u> | <u>-385.620</u> | <u>10.947</u> |
| Turnover (1) | 1.093.580 | | 945.059 |
| Variable expenditures | | | |
| Materials | 290.633 | 182.950 | |
| Variable wages, salaries and fees (2) | 291.546 | 256.259 | |
| Other variable expenditures | 97.004 | 84.134 | |
| Change in inventory | <u>-36.262</u> | <u>-642.921</u> | <u>+35.433</u> |
| Gross margin (3) | 450.659 | | 386.283 |
| Fixed expenditures | | | |
| Wages, salaries and fees (2) | 99.880 | 84.516 | |
| Rents | 17.405 | 14.263 | |
| Other fixed expenditures | <u>138.383</u> | <u>-255.668</u> | <u>118.805</u> |
| Profit on operations before depreciation (4) | 194.991 | | 168.699 |
| Depreciation (5) | | | |
| Buildings | 20.173 | 43.858 | |
| Machinery and equipment | 67.299 | 107.806 | |
| Inmaterial rights | 818 | 818 | |
| Other outlays with long-term return | <u>3.118</u> | <u>-91.408</u> | <u>2.517</u> |
| Profit on operations after depreciation | 103.583 | | -154.999 |
| | | | 13.700 |
| Other revenues and expenditures | | | |
| Interest revenues (6) | 40.226 | 37.788 | |
| Dividend revenues | 3.108 | 2.599 | |
| Dividend revenues from subsidiaries | 200 | 125 | |
| Other revenues | 7.244 | 2.845 | |
| Other expenditures | <u>-252</u> | <u>+50.526</u> | <u>-1.019</u> |
| | 154.109 | | +42.338 |
| | | | 56.038 |
| Increase in reserves | | | |
| Inventory reserve, decrease | - | + | 19.882 |
| Investment reserve, increase | -92.000 | - | |
| Other reserves, increase | - | -23.117 | -3.235 |
| Interest expenditures | -22.335 | | -18.791 |
| Direct taxes | 23.161 | 13.626 | |
| Out of the Operating Fund | <u>-23.161</u> | <u>-</u> | <u>-13.626</u> |
| Profit for the year | <u>FIM 39.774</u> | | <u>FIM 34.012</u> |

Figures in parenthesis refer to "Notes to Financial Statements".

Sanoma Corporation Balance Sheet as of 31 December 1984

Assets

| (FIM 1.000) | | 1984 | 1983 |
|--|-------------|---------|-------------|
| Financial assets | | | |
| Cash in hand and in banks | 34.651 | 53.785 | |
| Accounts receivable | 185.949 | 180.381 | |
| Loans receivable (7) | 122.103 | 160.901 | |
| Advance payments | 1.655 | 762 | |
| Deferred assets (8) | 40.515 | 22.723 | |
| Other financial assets | 31.598 | 416.471 | 47.627 |
| | | | 466.179 |
| Inventories | | | |
| Materials | 76.598 | 40.931 | |
| Products (finished and in process) | 7.851 | 84.449 | 7.256 |
| | | | 48.187 |
| Fixed assets and other long-term expenditures (9) | | | |
| Land-areas | 24.851 | 22.083 | |
| Buildings | 63.173 | 25.947 | |
| Machinery and equipment | 192.761 | 80.335 | |
| Advance payments, machinery | 8.570 | 50.723 | |
| Shares and stock | 71.546 | 36.009 | |
| Shares and stock, subsidiaries | 107.179 | 33.054 | |
| Immaterial rights | 4.547 | 5.365 | |
| Other long-term expenditures | 11.967 | 484.594 | 11.825 |
| | | | 265.341 |
| | FIM 985.514 | | FIM 779.707 |

Liabilities

| (FIM 1.000) | 1984 | 1983 |
|-------------------------------------|---------------|----------------|
| Outside liabilities | | |
| Short-term | | |
| Accounts payable | 82.499 | 70.256 |
| Advance payments (10) | 161.073 | 145.480 |
| Deferred liabilities (11) | 97.628 | 89.686 |
| Other short-term debts | <u>33.072</u> | <u>374.272</u> |
| Long-term (12) | | |
| Pension loans | 210.663 | 193.603 |
| Other loans | <u>18.794</u> | <u>229.457</u> |
| Reserves | | |
| Inventory reserve | 13.565 | 13.565 |
| Investment reserves | 155.036 | 63.036 |
| Other reserves (13) | <u>70.584</u> | <u>239.185</u> |
| Shareholders' equity | | |
| Bound | | |
| Share capital | 14.202 | 14.202 |
| Value adjustment reserve fund | <u>1.399</u> | <u>15.601</u> |
| Free | | |
| Operating fund..... | 79.713 | 40.527 |
| Donation reserve | 5 | - |
| Profit from previous years | 7.507 | 6.301 |
| Profit for the year | <u>39.774</u> | <u>126.999</u> |
| | FIM 985.514 | FIM 779.707 |

Notes to Financial Statements

| | | |
|----|---|----------------------|
| 1. | Changes in shareholders' equity | |
| | <i>Operations funds</i> | |
| | 1, Jan. 1984 | 40.526.885.36 |
| | Transferred from retained earnings | + 30.000.000.00 |
| | Gain on sale of properties to apartment corporations to be founded | + 32.346.563.80 |
| | Taxes paid out of operating fund | - 23.160.558.50 |
| | Balance 31 Dec. 1984 | <u>79.712.890.66</u> |
| | <i>Reserve for donations</i> | |
| | 1, Jan. 1984 | - |
| | Transferred from retained earnings | 250.000.00 |
| | Donations made | - 245.000.00 |
| | Balance 31, Dec. 1984 | <u>5.000.00</u> |
| | <i>Retained earnings</i> | |
| | 1, Jan. 1984 | 40.313.343.99 |
| | Dividends distributed | - 2.556.273.60 |
| | Transferred to operating fund | - 30.000.000.00 |
| | Transferred to donations | - 250.000.00 |
| | Profit for the year | 7.507.070.39 |
| | Balance 31, Dec. 1984 | <u>39.773.640.41</u> |
| | | 47.280.710.80 |
| 2. | Securities given as collateral against debt | 21.990.431.43 |
| | Mortgages given as collateral against debt | 92.000.000.00 |
| | Mortgages as subsidiary liabilities for security | 3.000.000.00 |
| | Guarantees | 3.029.955.89 |
| | Guarantees on behalf of the subsidiaries | 22.911.848.81 |
| 3. | Receivables from subsidiaries | 23.648.696.61 |
| | Debts to subsidiaries | 24.230.595.41 |
| 4. | Taxation values of fixed assets | |
| | Land-areas | 22.583.149.00 |
| | Buildings | 70.008.122.00 |
| | Shares and holdings | 101.101.773.20 |
| | Shares and holdings, subsidiaries | 57.164.340.00 |
| 5. | Liability deficit of the Pension Fund | 25.381.458.30 |
| 6. | Liability from pension commitments | 1.399.662.00 |

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7. Holdings by the Sanoma Corporation in other companies as of 31 December 1984

| <i>Subsidiaries:</i> | Number | Change from previous year | Percent- age of all shares | Nominal value | Book value | from previous year |
|--------------------------------------|---------|------------------------------------|-------------------------------------|------------------|---------------------------|--------------------------|
| Fastighets Ab | | | | | | |
| Skillnadsgatan 9 | 100 | + 100 | 100 | 100.000.00 | 33.396.000.00 | 33.396.000.00 |
| As. Oy Ilkantie 13 | 1.207 | + 1.207 | 100 | 6.493.660.00 | 6.493.660.00 | 6.493.660.00 |
| As. Oy Laajavuoren-kuja 3 | 14.902 | + 14.902 | 100 | 30.549.100.00 | 30.549.100.00 | 30.549.100.00 |
| Erikoislehdet Oy | 100 | - | 100 | 5.000.00 | 5.000.00 | - |
| Helsinki Televisio Oy ... | 3.298 | - 5 | 72.09 | 3.627.800.00 | 3.627.800.00 | - 5.500.00 |
| Kodin Kuvallehti | | | | | | |
| - Terve Lapsi Oy | 10 | - | 100 | 100.00 | 100.00 | - |
| Lehtikuva Oy | 75.000 | - | 100 | 750.000.00 | 1.025.400.45 | - |
| Oy Lippupalvelu- | | | | | | |
| Biljettjäst Ab | 3.000 | - | 100 | 120.000.00 | 831.200.00 | - |
| Oy Linguaphone Ab | 25.000 | - | 100 | 250.000.00 | 461.320.00 | - |
| Sanoma, Inc. | 200 | - | 100 | 200 USD | 6.603.480.00 | - |
| Simonpaine Oy | 1.000 | - | 100 | 1.000.000.00 | 20.493.782.50 | - |
| Tecnopress Oy | 708 | + 708 | 100 | 354.000.00 | <u>3.691.503.74</u> | <u>3.691.503.74</u> |
| <i>Subsidiaries, total</i> | | | | | <u>107.178.346.69</u> | |
| <i>Other companies:</i> | | | | | | |
| Enso-Gutzeit Oy | 12.967 | - | 0.02 | 129.670.00 | 112.579.14 | - |
| Finnair Oy | 277.331 | - | 1.15 | 1.386.655.00 | 1.275.809.81 | - |
| Helsingin Telset Oy | 50 | - | 33.34 | 500.000.00 | 600.000.00 | - |
| Kansallis-Osake-Pankki . | 16.116 | + 5.066 | 0.02 | 322.320.00 | 380.329.03 | 88.451.80 |
| Oy Kaukas Ab | 4.080 | + 2.321 | 0.32 | 408.000.00 | 931.658.56 | 652.577.31 |
| Kymi-Strömberg Oy | 62.310 | - | 1.05 | 3.115.500.00 | 5.037.290.48 | - |
| Metsäliiton | | | | | | |
| Teollisuus Oy | 21.120 | + 13.120 | 0.26 | 1.056.000.00 | 1.054.485.30 | 649.308.50 |
| Oy Nokia Ab | 23.120 | + 22.140 | 0.33 | 2.312.000.00 | 6.983.023.62 | 6.765.953.31 |
| Nordic Investors Limited | 100 | - | 20.00 | USD 10.000 | 5.630.750.00 | - |
| Rautakirja Oy | 15.666 | - | 0.02 | 156.660.00 | 239.778.95 | - |
| Rautakirja Oy | 20.023 | - | 16.68 | 10.011.500.00 | 1.642.655.12 | - |
| Spontel Oy | 400.000 | + 400.000 | 10.82 | 20.000.000.00 | 20.000.000.00 | 20.000.000.00 |
| Oy Suomen Ongelmajäte- | | | | | | |
| Finlands Problemfall Ab | 60 | - | 0.71 | 120.000.00 | 120.000.00 | 40.000.00 |
| Oy Suomen Yhdys- | | | | | | |
| pankki Ab | 31.123 | + 21.733 | 0.02 | 311.123.00 | <u>398.987.28</u> | <u>302.453.60</u> |
| <i>Others</i> | | | | | <u>1.371.212.20</u> | <u>142.105.55</u> |
| <i>Other companies, total ..</i> | | | | | <u>45.778.559.49</u> | |
| Housing and real estate corporations | | | | | <u>25.767.615.45</u> | <u>6.896.541.18</u> |
| <i>Grand total</i> | | | | | <u>FIM 178.724.521.63</u> | <u>109.662.154.99</u> |

Income Statement Information

| USD, in millions (*) | 1980 | 1981 | 1982 | 1983 | 1984 |
|---|--------|--------|--------|--------|--------|
| Income before depreciation and adjustments to untaxed reserves and income tax expense | 15.5 | 20.5 | 21.3 | 29.6 | 34.4 |
| Depreciation | - 2.5 | - 5.3 | - 4.3 | - 10.0 | - 10.0 |
| Income before additional depreciation, adjustments to untaxed reserves and income tax expense (**) | + 13.0 | + 15.2 | + 17.0 | + 19.6 | + 24.4 |
| Additional depreciation allowed by special tax relief legislation | - | - | - | - 13.7 | - 4.2 |
| Adjustments to untaxed reserves | - 9.9 | - 10.8 | - 12.0 | - 0.7 | - 14.1 |
| Income before income tax expense | + 3.1 | + 4.4 | + 5.0 | + 5.2 | + 6.1 |
| Income tax expense (***) | - 0.7 | - | - | - | - |
| Statutory net income | + 2.4 | + 4.4 | + 5.0 | + 5.2 | + 6.1 |

(*) The exchange rate as of 12.31.1984, quoted by the Bank of Finland was FIM 6.522 per USD.

(**) For Finnish tax purposes companies are allowed to claim various tax deductions principally by charging income for adjustments to untaxed reserves and accumulating these charges on the balance sheet in accounts entitled "Untaxed reserves." These adjustments must also be reflected in the financial statements. Earnings per share calculations are based on income exclusive of untaxed reserves.

(***) Income tax expense for the year ended December 31, 1980 which is currently payable, amounted to 0.7 million. As permitted under Finnish accounting practice the Company reduced income tax expense by 3.1; 2.7; 2.3; 3.6 in 1980, 1981, 1982, 1983, 1984 respectively and reflected such an amount as a reduction of retained earnings.

Net Income Information

| USD, in millions, except per share data (*) | 1980 | 1981 | 1982 | 1983 | 1984 |
|---|-------|--------|--------|--------|--------|
| Income before depreciation and adjustments to untaxed reserves and income tax expense | 15.5 | 20.5 | 21.3 | 29.6 | 34.4 |
| Pension expense (Pension fund) | - 1.0 | - 1.2 | - 1.2 | - 1.3 | - 1.6 |
| Depreciation (based upon useful remaining lifetime and replacement value) | - 6.0 | - 6.7 | - 8.2 | - 9.5 | - 12.0 |
| Adjusted income before income tax expense | + 8.5 | + 12.6 | + 11.9 | + 18.8 | + 20.8 |
| Income tax expense | - 0.7 | - 2.7 | - 2.5 | - 2.0 | - 3.6 |
| Deferred income tax expense | - 4.3 | - 4.7 | - 4.5 | - 9.1 | - 8.7 |
| Net income | 3.5 | 5.2 | 4.9 | 7.7 | 8.5 |
| Earnings per share \$ | 7.4 | 11.0 | 10.4 | 16.3 | 18.0 |

(*) The exchange rate 1984 as quoted by the Bank of Finland was FIM 6.522 per USD.

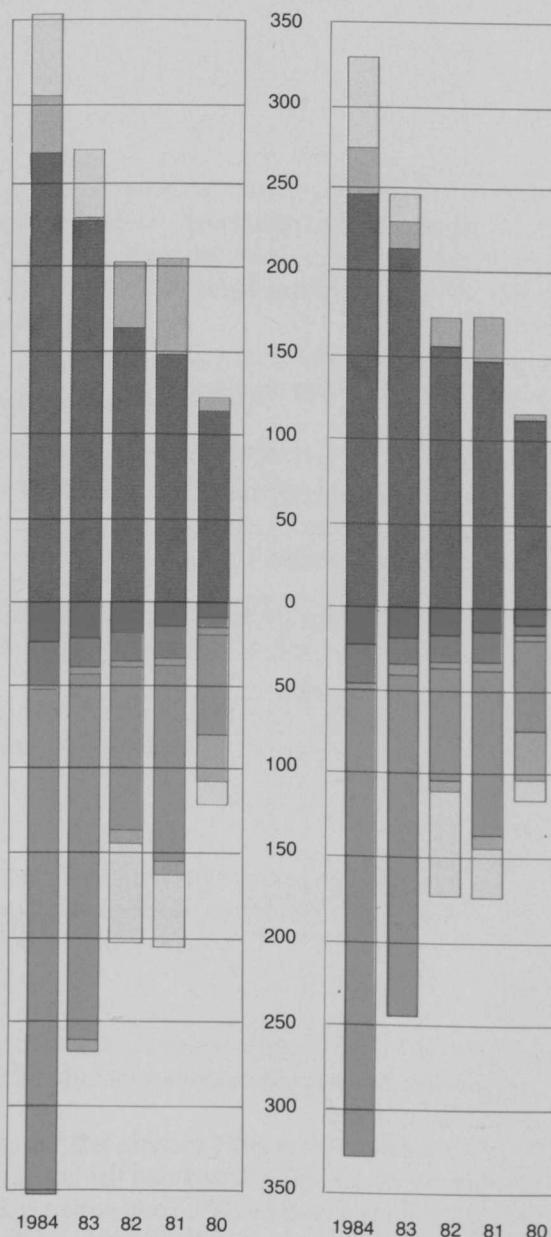
Changes in Financial Position 1982–1984

| | Consolidated | | | Sanoma Corporation | | |
|---|--------------|---------|--------|--------------------|--------|--------|
| | 1984 | 1983 | 1982 | 1984 | 1983 | 1982 |
| Sources of Funds (FIM m.) | | | | | | |
| Income financing | | | | | | |
| Operating Profit | 218.8 | 187.0 | 132.9 | 195.0 | 168.7 | 123.6 |
| Interest, dividend and other financial income | 40.5 | 38.9 | 27.5 | 43.5 | 40.5 | 28.6 |
| Income on fixed assets | 3.4 | 0.2 | 0.4 | 3.4 | 0.2 | 0.4 |
| Other income financing (net) | + 9.2 | + 2.6 | + 2.9 | + 7.0 | + 1.6 | + 2.3 |
| Capital financing | | | | | | |
| Increase in long-term outside liabilities | 32.2 | — | 33.1 | 26.8 | 15.2 | 16.9 |
| Increase in minority share | 0.2 | 0.3 | — | | | |
| Difference in exchange rate | 1.8 | 1.7 | 3.2 | | | |
| Total (A) | 306.1 | 230.7 | 200.0 | 275.7 | 226.2 | 171.8 |
| Use of Funds | | | | | | |
| Distribution of profit | | | | | | |
| Interest on outside liabilities | 23.9 | 21.1 | 18.2 | 22.3 | 18.8 | 15.7 |
| Taxes | 26.4 | 17.3 | 16.6 | 23.2 | 13.6 | 15.9 |
| Dividends | 2.4 | 2.4 | 2.0 | 2.5 | 2.5 | 2.1 |
| Other distribution of profit | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Investments | | | | | | |
| Investments in fixed assets | 302.2 | 216.3 | 97.5 | 281.7 | 206.9 | 65.0 |
| Subsidiary shares acquisition | 3.7 | — | — | — | — | — |
| Transfer to the Pension Fund | — | 0.1 | 7.0 | — | — | 6.4 |
| Return of capital | | | | | | |
| Decrease in long-term outside liabilities | — | 20.2 | — | — | — | — |
| Total (B) | 358.8 | 277.6 | 141.5 | 329.9 | 242.0 | 105.3 |
| Change in Net Working Capital | | | | | | |
| Financial assets: increase +, decrease - | - 49.2 | + 100.7 | + 61.0 | - 49.7 | + 95.6 | + 59.1 |
| Fixed assets: increase +, decrease - | + 36.8 | — 33.0 | + 19.9 | + 36.3 | - 35.4 | + 16.3 |
| Short-term outside liabilities: | | | | | | |
| increase +, decrease - | - 40.3 | - 114.6 | - 22.4 | - 40.8 | - 76.0 | - 8.9 |
| Grand Total (A-B) | - 52.7 | - 46.9 | + 58.5 | - 54.2 | - 15.8 | + 66.5 |

Changes in Financial Position 1980–1984

Sources of Funds

- Capital financing
- Income financing
- Change in net working capital



Use of Funds

- Interest on outside liabilities
- Taxes
- Dividends
- Investments
- Transfer to Pension Fund
- Change in net working capital

1984 83 82 81 80

Notes to the Income Statement and Balance Sheet for 1984

Sanoma Corporation

Income statement

1. Net sales grew 15.7 % from the previous year. If net sales for 1983 are converted to the 1984 money value, the real growth is 9.2 %. Advertising sales by Helsingin Sanomat made the greatest contribution to the growth in net sales.
2. Payroll costs rose 14.9 %. Payroll costs for vacations and sick leave included in total payroll costs amounted to 23.3 % of the costs for actual working hours.
3. The gross margin rose 16.7%; the real growth was 10.1 %. The gross margin percentage was 41.2, as opposed to 40.9 the previous year.
4. The operating margin was 17.8 % of net sales. The operating margin percentage for 1983 was 17.9.
5. A total of 26.5 million marks in tax relief depreciation was made in addition to the maximum depreciation under the Business Taxation Act.
6. Interest revenues increased by 2.4 million marks, which is a result of the increase in the interest rate for short money.

Balance sheet

7. Loan receivables amounting to 21.0 million marks were from subsidiaries and the rest from outside parties.
8. Deferred receivables include 23.0 million marks in turnover tax returns from e.g. machinery purchases.
9. Investment in fixed assets in 1984 totalled 281.7 million marks.
10. Advance payments constitute a liability for subscribed but undelivered newspapers and magazines, from which payment has been made or an invoice sent.
11. The largest items under deferred liabilities are 53.7 million marks in annual vacation liabilities, 6.3 million marks in payroll costs, 8.8 million marks for interest expenses and 6.6 million marks in product freights.
12. Reborrowed pension premiums account for 120.4 million marks of long-term loans and a loan from the company pension fund for 90.3 million marks. Loans from subsidiaries amount to 10.2 million marks.
13. Other reserves include operating and credit loss reserves.

Board of Directors

| | |
|---------------------------------------|-------------------------|
| Aatos Erkko, Chairman | for the term until 1987 |
| Väinö J. Nurmimaa, Vice Chairman..... | 1986 |
| Aarne Castrén | 1985 |
| Pentti J.K. Kouri..... | 1986 |
| Teo Mertanen..... | 1987 |
| Jaakko Rauramo..... | 1986 |
| Patricia Seppälä..... | 1985 |

Auditors

Mr Aimo Autio, Certified Auditor, and Mr Antti Helenius, Certified Auditor, have acted as Auditors, with Mrs Johanna Perälä, Certified Auditor, and Mr Aunus Salmi, Certified Auditor, as their Deputies.

Proposal for Distribution of the Profit

The Profit for the financial year totals FIM 39.773.640.41. FIM 7.507.070.39 of profit was retained from the previous year. Hence a total of FIM 47.280.710.80 is at the disposal of the General Meeting.

| | |
|--|---------------|
| The Board of Directors proposes that, | |
| from the above mentioned sum of | 47.280.710.80 |
| - a dividend of FIM 6.00 | |
| should be paid for each share..... | 2.840.304.00 |
| - a sum should be transferred to the operations fund | 35.000.000.00 |
| - a sum should be transferred to the reserve for charitable purposes for the discretion of the Board | 350.000.00 |
| - giving a balance of..... | 9.090.406.80 |

The balance is left on the Profit and Loss Account, and the Board of Directors is entitled to use it for payment of taxes in 1985.

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

| | |
|-------------------------------|----------------|
| Share capital | 14.201.520.00 |
| Value Adjustment Reserve..... | 1.399.240.00 |
| Operating Fund | 114.712.890.66 |
| Reserve for Donations..... | 355.000.00 |
| Undisposed profit | 9.090.406.80 |

The investment reserve comes to FIM 155.036.000.00, the inventory reserve to FIM 13.565.000.00, the credit loss reserve to FIM 5.411.000.00 and the operational reserve to FIM 65.173.000.00.

Helsinki, 25 February 1985

Aatos Erkko

Teo Mertanen
Väinö J. Nurmimaa
Jaakko Rauramo

Patricia Seppälä
Aarne Castrén
Pentti J.K. Kouri

Wages, salaries and social security payments of Sanoma Corporation

| | 1984 | 1983 |
|--|----------------------|----------------------|
| Wages and salaries paid to personnel for hours worked | 303.582.316.60 | 261.414.415.59 |
| Pay for sickness and maternity leave | 8.375.193,94 | 7.854.209.42 |
| Annual holiday pay, including change in reserve | <u>65.577.735.22</u> | <u>59.382.300.33</u> |
| Wages and salaries and similar items | 377.535.245.76 | 328.650.925.34 |
| | | |
| Employer's social security payments | 23.057.775.94 | 20.785.043.66 |
| Social insurance payments | 40.087.815.55 | 34.131.981.80 |
| Other statutory fringe benefits | <u>6.493.045.30</u> | <u>6.450.744.50</u> |
| Total | 69.638.636.79 | 61.367.769.96 |
| | | |
| Non-statutory fringe benefits | 11.560.692.53 | 9.674.451.52 |
| Transfer to Pension Fund | — | — |
| Total | <u>11.560.692.53</u> | <u>9.674.451.52</u> |
| | | |
| Wages and salaries to non-members of personnel..... | <u>14.101.226.63</u> | <u>12.292.956.55</u> |
| Grand total | FIM 472.835.801.71 | FIM 411.986.103.37 |

Social security payments do not include rents on premises, equipment etc., or other internal charges.

The above figures for 1984 include salaries and fees totalling FIM 3.030.837.79 paid to the members of the Board and the President.

Salaries and fees paid by the Group were 428.091.869.27 including a sum of FIM 4.872.589.21 to the members of the Board and the President.

Auditors' Report

We have inspected the financial statements, accounting and Group auditing, as well as the company administration, of the Sanoma Corporation for 1984 to the extent laid down for good auditing practice.

The auditing bureau Aimo Autio Ky acted as the Company's supervisory auditor during the financial year.

Parent company

The Balance Sheet has been drawn up according to regulations currently in force. The Income Statement shows a profit for the financial year of FIM 39.773.640,41.

We propose that

- the Income Statement and Balance Sheet be approved.
- the Members of the Board and President be absolved of responsibility for 1984,
- and the Profit shown in the Balance Sheet be distributed in the manner proposed by the Board of Directors.

Group

The Balance Sheet of the Group has been drawn up according to regulations currently in force. The Group Balance Sheet shows free shareholders' equity amounting to FIM 83.607.000.

We propose that

- the Income Statement for the Group and the Balance Sheet for the Group be approved.

Helsinki, 8 March 1985

Aimo Autio
Certified Auditor

Antti Helenius
Certified Auditor

A Few Words on Journalism

Heikki Tikkanen

Consensus reigned supreme over most aspects of Finnish society in 1984. Journalism was not affected by the general trend, however. A wide-ranging debate made it clear to everyone that relations between journalists and political decision-makers had become strained.

The powers that be took a dislike to the way in which grievances were dealt with in public. It was argued that more should be said about issues and less about the people involved. The demand is understandable enough. Many of the issues that cropped up concerned individual people and for many of them the issues were embarrassing.

The reasons for this touchiness have been mulled over so many times that it would be pointless to repeat any of the events. One can only point out that both parties – those in power and those in journalism – would benefit from backing away from each other from time to time. In a small country it is often said that everyone is excessively bound up with everyone else, they all sleep in the same bed.

There is a distinct difference between the duties of journalists and of political decision-makers. It would in fact be a good thing were citizens made fully aware of this.

*

The debate about various aspects of journalism that now lies behind us or has at least lost momentum did not, however, shed any light on the essential issues of the future. Actually, in the midst of day-to-day pressures, we far too infrequently get around to looking ahead sufficiently. Where is journalism heading? What pointers should be issued to it and what means used to get there?

My own thoughts are, of course, concerned with no more than the journalism of a morning daily, the only area of journalistic endeavor I know. I am fully aware that proper journalism is essential to a newspaper's success, though this alone will not decide the survival of the paper. After all, cinema did not end up in crisis during the age of television and video because the movies made were necessarily bad. Nor did literature, which today finds it so hard to compete for people's time, run into problems because the books published were necessarily any more poorly written.

I would like to enlist myself among the optimists: the newspaper will not lose its role among the media by the turn of the millenium, nor even soon thereafter. I believe that a dynamic publishing house can look after its newspaper not only through good professional journalism, but also through skill in production, proficiency in marketing and wisdom in publishing policy.

For journalism, then, these modern times are secure enough, though they do demand a great deal of thought. The buoys and beacons have to be placed with care and on time. One feature characteristic of work to date, namely drifting ahead along short-term guidelines, will no longer do.

*

A glance behind us will show that defining the primary task of a newspaper as the provision of rapid and reliable news has been the right policy guideline to follow. At Helsingin Sanomat this policy formulation took place some fifteen years ago, indeed in writing, and the policy does not require revision in this respect.

The preservation of independence and non-partisanship has also proved to be a journa-

listic boon. It could be assumed that independence is a virtue in its own right. But its strength has undoubtedly been underlined by the simultaneous ineptitude of the political press in moving from one area to another: in political reporting the old school-type of agitation no longer works.

Although the news is and will continue to be the newspaper's central element, it is certainly not the only form of nourishment for the Finnish intellect. In the realm of social issues, for instance, people frequently want new ideas. It's worth thinking about. The question is warranted.

During the decades when Finnish independence was either pursued or was already being built up, political parties and newspapers alike always donned the cloak of idealism – naturally enough. Now that the country is, by and large, "complete," the nature of activity in society is completely different, involving a fine tuning of that which already exists.

But if the political parties begin to demonstrate intellectual poverty in these circumstances and fail to draw idealistic, longterm policy guidelines, the newspaper should recall one of its many duties: it should also shake things up, make demands and show the way.

One example of the use of this role is fairly recent. The cry of distress by Helsingin Sanomat about the future of science and research in Finland aroused the powers that be. It was gradually realized that our national success and identity would require a new form of understanding for a comprehensive science policy.

In the future analysis and publicizing of really large and important groups of issues will be a recurring task for the newspaper seeking to promote that which is good and repudiate that which is bad.

We are dealing here with influence, not with a paper's hunger for power. This point needs due emphasis, influential decision-makers suspect journalism of seeking to seize power, to bring about an age of "infocracy."

Power itself shall remain in the hands of those in whom the Constitution vests it. On the

other hand, the emphasis in influence and proclamation may well shift from the various political groups to the press. And indeed it should, if the political parties forget to draw the big policy lines.

*

The practical day-to-day task of the editorial staff of a newspaper is to maintain control over and accumulate the flow of information into the publishing house. The new technology has substantially simplified the process.

Ever since my school days I have felt an admiration for technology. Indeed at one point I managed to pick it as my career. My admiration has only increased with age.

Information arrives in front of the journalist faster and faster, the news is increasingly fresh. The journalist's story is given a typeset form more rapidly and accurately than before. It is possible to print greater numbers of pages and copies within satisfactory time limits. The use of polychrome techniques adds to the newspaper's information value.

The process now under way, that of seating the journalist at a display terminal, is an indisputable improvement. But a new intellectual phase may be looming on the horizon, perhaps a crisis of sorts. We are dealing with the "pain of knowing."

Up till now the journalist has had access to a good, albeit limited, amount of information when launching into the writing of his story: documents, notes, file clippings, reference works. In the not-so-distant future he will be in direct touch not only with the publisher's own electronic file, but also with the innumerable data banks in Finland and the rest of the world, and indeed with the data banks of universities, research institutes and courts of law.

In the new situation the journalist sets out to write his story from a more secure point of departure, far better informed than even before. But he faces many more facts to choose from and discretionary situations than ever before. The question is whether journalism will have to face a problem of information control, a comple-

tely new state of pain in knowing.

I am not suggesting this vision is a risk factor, quite the contrary. Indeed journalism stands to gain new accuracy and new opportunities for improving quality standards. That the demands made of intellectual performance should be raised is wholly in the interests of the profession.

The trend being what it is we must, of course, see to it that journalists retain an open mind and an interest in everything that can be observed and sensed in society and the environment. Although journalists do work next to an ever-growing mountain of information, they must not lose touch with the people who read the paper, the day-to-day needs and problems of the readers.

Thus the digitalized journalist must repel the obvious danger of neo-elitism, an unprecedented deluge of information.

*

The Finnish language is the Finnish journalist's most important tool.

If recent developments in the Finnish language are examined critically, the alarm should be sounded among journalists in particular. In almost every field, professional jargon, riddled with expressions of foreign origin, is on the rampage, and journalists have had neither the time nor the inclination to take up the defence.

This is not simply a matter of mounting bureaucracy and the accompanying officialese, the professional jargon of the bureaucrat. But examples drawn from that field go a long way toward showing just how lethargic Finnish journalists have been.

Present-day journalists must devise proper means for controlling the evolution of the Finnish language with an eye to preventing oddities from creeping into it. We must come to grips with this problem, for it is not a secondary one for the newspaper reader.

*

A newspaper is subscribed to if it is considered essential or at least very useful. It is up to the editorial staff to see to it that the content of the paper

is either essential or at least very useful to the reader.

Finns like to keep abreast of the times. The faster pace and greater accuracy of the news brought about by the new technology improves the editorial staff's chances of fulfilling that basic task. Thus the prospects look good.

Not to be neglected, however, are the other ingredients that go into a paper, the analytical background material, the lighter touch of entertainment, the mind-enriching meditation, the bits of advice that simplify decisions, and so on. The task is endless. Just how the ingredients are mixed and brought to fruition is up to journalist-ic insight.

Finland's leading provincial dailies, of which Helsingin Sanomat is in a sense one, have expanded in many ways during the last few decades, including editorial staff and space. The editorial staff of Helsingin Sanomat, for one, has multiplied by a factor of around 3.5 over the past 25 years, while the number of pages containing editorial material has doubled.

It must be assumed that growth, as measured here, cannot continue forever, besides which growth must not be an end in itself. On the other hand, it is important that the information value of the content of a paper increases and that the reader knows he is receiving more, and more significant, information.

In view of the above, the content of editorial text will become more concise and, in a sense, more effective. This means that the ability to write will regain the status it properly deserves.

For exactly the same reasons the criteria applied to publishing a photograph will probably become stricter. The publishing threshold for a picture intended simply to illustrate will rise and the true information value, the news value, of the picture will become an increasingly central competition factor.

These developments are by no means recent, but they are always sound. They bear a growing significance for Finnish journalism, which, in its own working environment, enjoys every prospect of making further progress in its task of conveying information.

Personnel

The regular personnel of Sanoma Corporation averaged out at 2,631 employees in 1984, being distributed as follows:

- | | |
|--------------------------|-------|
| - salaried employees | 942 |
| - journalists | 506 |
| - wage-earning employees | 1,183 |

Staff turnover amounted to 5.5 %.

In addition, there were 2,349 newspaper deliverers and 2,424 agents.

Staff health service

The Company's staff health service points were on Ludviginkatu, and at Sanomala and Pitäjänmäki. In addition to normal medical services, the staff health service was to provide preventive care through vaccinations, health education, supervised exercise during breaks and improved work hygiene. The rate of absence through illness was 3.3 per cent.

Employee-employer cooperation

Cooperation took place in the main between supervisors and their subordinates on the line. The most important forms of progressive cooperation were the advisory committees, which operate in the Newspaper Division, Sanomaprint and Helsinki Televisio Oy. The tripartite working group with editing and page preparation techniques based on the collective agreement. Other forms of cooperation were e.g. various information and department groups and committees.

Occupational health and work safety

The Group had three committees on occupati-

onal health and safety; these were in the Newspaper Division, Sanomaprint and Helsinki Televisio Oy. The number of accidents declined from the previous year, with the exception of distribution and transport.

Training

Staff training was carried out in accordance with the plans and decisions of the training committees. Training was mainly retraining and supplementary training based on the needs of the department; the programs took the demands of technology and considerations of employment into account.

A decision was made during the year under review to start a new course for reporters at the Company's school for reporters.

Pensioners

Sanoma Corporation pensioners constitute an important group maintaining Company traditions and spirit. Sanomain Seniorit (Sanoma Seniors), organized numerous activities for its members in the form of camping, touring, cultural pursuits and entertainment during the past year. In 1984, 82 Sanoma employees retired on pensions. The number of pensioners stood at 971 at the end of the year. The Pension fund paid out FIM 8,511,122.37 in pensions during the year.

Awards of merit

In keeping with tradition, employees who have served the Company faithfully were presented with Central Chamber of Commerce awards of merit. In 1984 the awards were presented on

three separate occasions to 181 employees, 42 of whom had been with the Company for 30 years or longer, the oldest for 40 years.

Internal information service

The Sanomia information bulletin aims at rapid information service and is distributed at the place of employment usually every week. The bulletin was published 58 times. The HESA staff magazine was published 8 times. It is mailed to the home addresses of every regular employee and pensioner. Sanomain Asiamies (a magazine for agents) appeared 4 times and Sanomia jakkillemme (a magazine for delivery staff) twice.



Winter recreation at Jalassaari.

Leisure activities

The leisure activities of Sanoma Corporation personnel was in the hands of Sanomain Kerho, a club with 30 sections supported by the Company. The winter and summer events organized by the club again attracted a large number of participants. Vacation facilities at the disposal of Company personnel comprise the Ruka Lodge, and the Jalassaari farm on Lake Lohjanjärvi.

Housing

The Company had 152 housing units during the year under review, and 15 of these became available for redistribution.

Directors and Officers

Board of Directors

Aatos Erkko, Chairman
Väinö J. Nurmimaa, Vice Chairman
Aarne Castrén
Pentti J. K. Kouri
Teo Mertanen
Jaakko Rauramo
Patricia Seppälä

Executive Committee

Aatos Erkko, Chairman
Väinö J. Nurmimaa
Jaakko Rauramo

Remuneration Committee

Aarne Castrén, Chairman
Teo Mertanen
Väinö J. Nurmimaa

Media Policy Committee

Teo Mertanen, Chairman
Aatos Erkko
Jaakko Rauramo

Corporate Administration

Aatos Erkko, Chairman of the Board
Jaakko Rauramo, President
Heikki Huhtanen, Executive Vice President
and General Manager, Newspaper Division
Matti Anderzén, Vice President,
Media Policy and Community Relations
Jaakko Hannuksela, Vice President
Planning and Development
Pertti Huhtala, Vice President
and General Manager, Startel New Media
Martti Ojares, Vice President, Finance
Kerstin Rinne, Vice President, Legal Affairs
Heikki Saraste, Vice President
and General Manager, Sanomaprint
Pekka Toropainen, Vice President, Real Estates

Newspaper Division

Heikki Huhtanen, General Manager,
Matti Huopaniemi, Deputy General Manager
and Vice President, Marketing Helsingin Sanomat

Martti Huhtamäki, Vice President, Special Projects
Tapani Kivelä, Vice President,
Administration and Finance

Pertti Metsähuone, Advertisement Director,
Helsingin Sanomat
Jouko Nurmela, Vice President, Production

Sakari Almi, Vice President, Marketing Ilta-Sanomat

Helsingin Sanomat

Heikki Tikanen, Senior Editor-in-chief
Keijo K. Kulha, Editor-in-chief
Simopekka Nortamo, Editor-in-chief
Seppo Kievari, Editor-in-chief

Ilta-Sanomat

Vesa-Pekka Koljonen, Senior Editor-in-chief
Lauri Helve, Editor-in-chief

Sanomaprint

Heikki Saraste, General Manager
Pertti Puolakka, Vice President, Planning

Hannu Kiltilä, Vice President, Production
Ilkka Kylmälä, Vice President, Marketing
Jukka Miettinen, Vice President, Publishing
Kari Stadigh, Vice President, Marketing
(until March 13, 1985)

Startel New Media

Pertti Huhtala, General Manager

Managing Directors of Subsidiaries

Helsinki Televisio Oy, Tapio Kallioja
Lehtikuva Oy, Patricia Seppälä
Oy Linguaphone Ab, Kari Hyttiäinen
Oy Lippupalvelu – Biljetjänst Ab, Elvi Neuvonen
Tecnopress Oy, Eero Hakala
Sanoma, Inc. (USA), Aatos Erkko
Crafton Graphic Company, Inc. (USA)
Douglas Bittenbender

