WSOY

WERNER

SÖDERSTRÖM

OSAKEYHTIÖ

ANNUAL REPORT 1995

INFORMATION FOR SHAREHOLDERS

ANNUAL GENERAL MEETING

The Werner Söderström Osakeyhtiö - WSOY - Annual General Meeting will be held on Monday 29 April 1996 at 1 p.m., address: Hotel Palace, Eteläranta 10, Helsinki.

Shareholders wishing to attend the Annual Genaral Meeting must be registered in the list of company´s shareholders no later than 19 April 1996 and give notice of their participation no later than Thursday 25 April 4.00 p.m. (Finnish time) 1996 to the Company head office by telephone (+358 0 61681, Markku Tiensuu or Kirsi Laitinen) or in writing WSOY, P O Box 222, FIN-00121 Helsinki).

PAYMENT OF DIVIDEND

The Board of Directors proposes to the Annual General Meeting that a dividend of two marks per share be paid on Wednesday 8 May 1996 to the shareholders.

REGISTER OF SHAREHOLDERS

The register of shareholders in the Company is maintained by Suomen Osakekeskusrekisteri Osuuskunta OKR, Piispanportti 12 A, FIN-02240 Espoo. Copies of the register may be obtained on payment from the WSOY head office, +358 0 61681 (Markku Tiensuu). Changes of addresses should be notified to OKR or to the bank or bankers holding the share certificates.

FINANCIAL INFORMATION

WSOY will release during 1996 the following financial reports:

Financial report for 1995 on 14 March 1995

Annual Report in Finnish for 1995 on 18 April 1996

Annual Report in English for 1995 on 25 April 1996

Interim report January 1 - April 30, 1996 on 18 June 1996

Interim report January 1 - August 31, 1996 on 17 October 1996

Financial reports will be sent to shareholders' addresses as on the register. They may also be ordered from WSOY Corporate Communications (Mrs. Pirkko Santajärvi) fax +358 0 6168 405, tel. +358 0 6168 312 or post WSOY Corporate Communications, Bulevardi 12, FIN-00120 Helsinki.

THE WSOY GROUP IN SUMMARY

The WSOY Group is a diversified company engaged in communications, publishing, and graphic production. The Group employs over 1900 people in Finland, Sweden, Norway and Denmark.

The parent company, Werner Söderström Osakeyhtiö, was founded 118 years ago, in 1878. It was changed into a joint-stock company in 1904 and was listed on the Helsinki Stock Exchange from 1976. The company has nearly 4000 shareholders. According to the confirmed policy a dividend of about one third of the net profit of the Group is distributed to the shareholders annually.

WSOY is engaged in publishing and graphic production. WSOY is Finland´s largest book-publisher and the largest book-printer in Scandinavia.

During its period of existence the company has published over 30 000 titles. WSOY is a general publisher, covering fiction and non-fiction, text books and other educational material, juvenile, comics, illustrated multi-volume works, encyclopedias, dictionaries, business books, electronic, audio-visual and multimedia products.

The WSOY printing plants in Porvoo and Juva print annually about 25 million books, 57 million magazines and 37 million units of direct mail products for Finland and export markets. The Group´s net sales of exports exceeds FIM 230 million annually.

The WSOY Group includes as subsidiaries Ajasto Osakeyhtiö, the leading calendar publisher; Kirjatuki Oy, a real estate and investment company; Weilin+Göös Oy, a multivolume works publishing and marketing company with its subsidiaries Bertmark Media AB in Sweden, Denmark and Norway; a printing house with high quality annuals, Kirjapaino Lönnberg Oy; Kiviranta Oy, is a virtual repro with digital production processess; Tuotantotalo Werne Oy with techinal and facility services; and two real estate companies.

Group associate companies include Osuuskunta Finnprint, Rautakirja Oy, Suuri Suomalainen Kirjakerho and Yhtyneet Kuvalehdet Oy.

WSOY GROUP OPERATIONS 1991-1995 FIGURES

FIM million	1995	1994	1993	1992	1991
Net sales	1.149.1	734.2	591.5	643.4	650.7
Operating margin	165.7	105.1	95.6	104.2	121.3
% net sales	14.4	14.3	16.2	16.2	18.6
Depreciations acc. to plan	144.6	57.0	57.2	52.2	42.0
Total depreciations	60.4	41.4	73.5	143.5	62.6
Operating profit	21.0	48.1	38.1	52.0	79.3
% net sales	1.8	6.6	6.4	8.1	12.2
Financial income and expenses	+ 39.8	+ 44.2	3.6	- 7.0	- 2.3
% net sales	3.5	6.0	- 0.6	- 1.1	- 0.4
Profit before extraordinary items	60.8	92.3	34.5	45.0	77.0
% net sales	5.3	12.6	5.8	7.0	11.8
Extraordinary income and expenses	1.0	1.7	6.5	- 13.1	- 13.5
Profit before reserves and taxes	61.8	94.0	56.4	23.2	42.7
% net sales	5.4	12.8	9.5	3.6	6.6
Taxes	18.6	13.2	10.6	8.9	24.6
Profit for the period	43.1	80.8	46.3	14.3	18.3
Assets total	1.466.5	1.361.6	1.327.6	1.238.8	1.237.4
Current assets	431.4	407.6	408.3	421.5	473.4
Inventories	152.6	114.0	104.9	109.1	133.2
Fixed assets	882.5	840.0	814.5	708.2	630.8
Interest liabilities	255.8	278.6	304.0	317.8	319.9
Non-interest liabilities	339.1	236.8	253.6	205.7	209.3
Shareholders´ equity + minority interests + reserves	870.5	841.7	770.0	715.3	708.3
Total investments	172.2	52.7	52.6	141.9	88.1
% net sales	15.0	7.2	8.9	22.1	13.5
New titles	851	606	537	568	631
Reprints	1.397	764	965	1.182	1.212
Retun on investment (ROI) %	7.6	10.1	6.4	8.6	11.1
Return on equity (ROE) %	5.2	9.9	2.8	5.2	8.6
Personnel average	1923	1231	1264	1347	1323
Personnel expenses	364.8	227.8	222.2	234.9	240.0
% net sales	31.7	31.0	37.6	36.5	36.9
Net sales/person FIM 1000	597.6	596.4	467.9	477.7	491.8
Net financial income	187.8	137.8	87.9	75.2	81.0
% net sales	16.3	18.8	14.9	11.7	12.4
Equity to assets ratio %	59.5	61.8	58.8	58.5	58.0
Current ratio	2.1	2.4	2.7	2.4	2.6
Gearing %	16.8	7.2	16.1	22.9	19.2
Exports, net sales					
EU-coutries	185.6	111.5	74.5	55.5	51.2
Other countries	50.9	18.7	19.9	12.0	8.7

PRESIDENT´S REVIEW

The favourable developments in Finland´s economy seen in the preceding year continued. Total production grew, particularly driven by exports. Exchange and trade balances continued to be strongly positive. State indebtedness slowed, but unemployment in the country remained at a high level. Domestic markets continued their slight recovery.

The business conditions for book publishing improved in line with general economic development. Sales of general literature grew by over four percent and sales of educational materials by ten percent. The increase in multimedia product sales was substantial, but is still at a modest level. Multivolume works sales are still low compared with peak years. The recovery of domestic markets is also reflected in a growth of graphical industry sales by six percent. The strengthening of the Finnmark towards the end of the year weakened export competitiveness and profitability.

For the WSOY Group the year was one of great changes. The business rationalisation agreement with Amer-yhtymä Oy at the beginning of the year considerably increased the Group's net sales. This required development of the internal business structure and adjustment of the organisation of the Group.

In the autumn it was decided that the WSOY production strategy would be changed. The reasons for the change included the continued unprofitability of the Juva book factory and the unsatisfactory financial results of contract works. Surveys of the business also showed that the WSOY production competitiveness needed to be raised. The change in strategy gave rise to organisational and personnel changes in the WSOY production.

Business rationalisation is visible in the considerable growth of WSOY Group net sales (56.5 percent) to over a billion Finnmarks. The reorganization in WSOY production strategy and the positive effects of adjustment will be seen in the results for the current year. The financial results of the companies acquired by the Group in the rationalisation exceeded the targets set for them. In particular I should like to emphasise that during 1995 a firm foundation for substantially improved profitability in the WSOY Group las been accomplished.

Net sales by the WSOY Group were FIM 1149.1 million. The growth of FIM 414.9 million was mainly due to the new subsidiaries. The Group increased its market shares. The profit before extraordinary items was FIM 60.8 (92.3) million. The profit was decreased by the write-down of FIM 60 million in respect of the Juva book factory. Despite this, the Group's profit can be regarded as satisfactory.

The Extraordinary General Meetings of WSOY approved the Board's proposals for changes to the articles of incorporation, the most important being the decrease in share nominal value and the increase of share capital by issue from the reserves. These changes are intended to improve the trading in WSOY shares and thus increase the company's market capitalisation.

Stock Exchange trading in WSOY shares was normal, and the price followed general trends in the market. A significant change took place in the ownership of the company. In December Amer-yhtymä Oy sold all its shares in WSOY to Sanoma Osakeyhtiö, which by voting strength became the second largest single shareholder in WSOY. The market capitalisation of WSOY at the end of the year was FIM 770.1 (826.0) million. The earnings per share, corrected for comparison, was FIM 3.52 (6.60).

The starting point for business in 1996 is good. Finland´s economic development will increase domestic demand. The advantages of the business rationalisation and the results of improvements to profitability will be seen during the course of 1996. The WSOY Group has traditionally had a good publications programme and now has a stonger market share than ever before. Expectations for business development during 1996 are positive. However, net sales by the Group will not increase significantly owing to the disposal of unprofitable printing. Group profit and relative profitability will improve substantially during the year. Investment will concentrate on replacement and productivity. The level of investment will be normal. The financial status of the WSOY Group is good. The WSOY Board has also redifined the company's dividend policy as being a distribution of one third of the Group's net profit.

On behalf of the Board I should like to thank all the WSOY Group authors, writers, editors, customers and other associates for continued successful cooperation. The employees of the Group have had to contend with difficult and uncomfortable changes. Despite this they have shown outstanding commitment to the Group. All the necessary developments have been agreed in constructive cooperation. On this basis we are well-placed for the future.

ANTERO SILJOLA
President CEO

REPORT ON OPERATIONS 1995 BY THE BOARD OF DIRECTORS

DEVELOPMENTS IN THE GRAPHICAL INDUSTRY

The Finnish GNP measured in Finnmarks grew over the previous year by about 4.5 percent according to preliminary figures. Industrial production growth slowed to a rate of 8 percent. The differences between industrial branches remained considerable. Exports from Finland increased by about 8 percent and imports into the country by 10 percent compared with the previous year. Finland's balance of trade remained positive at about FIM 16 billion. The rate of employment improved slightly, but at the end of the year over 17 percent of the workforce were unemployed. Interest rates fell at the end of the year, and inflation was very low. Development in the stock market was uneven. During the year the HEX index fell by 7.6 percent compared with a rise of 16.7 percent in 1994.

Net sales by the graphical industry were FIM 16.5 billion, a growth of 6 percent; the volume rose by about 5 percent. Graphical production still remains about a tenth lower than in 1990. The international balance of trade in the industry continued to improve. The value of exports grew by about a third while that of imports fell by nearly a quarter.

The profitability of the graphical industry improved slightly from the previous year. About 70 companies in the industry became bankrupted.

GROUP STRUCTURE

WSOY purchased in January 1995 from Amer-yhtymä Oy the businesses of Weilin+Göös and KAP Kustantajien Asiakaspalvelu Oy and the shares of Bertmark Media AB and Oy Kustannus-perintä - Förlagsinkasso Ab. These businesses and shares were bought in the name of a wholly-owned subsidiary of WSOY, Weilin+Göös Oy. At the same time WSOY acquired Amer's holdings in Ajasto Osakeyhtiö and Kiviranta Oy, which are now wholly-owned subsidiaries. The new companies have operated within the Group from the beginning of 1995 and are included in the WSOY Group result for the first time. In November Ajasto Osakeyhtiö bought the entire share capital of its previously associated company Nummi-Plast Oy.

NET SALES AND INVOICING

Group net sales grew by 56.5 % to FIM 1149.1 (734.2) million. Most of this growth is accounted for by the inclusion of the new subsidiaries. The general recovery of Finnish markets and the increase in exports slightly increased net sales. In addition to the changes in Group structure, the reallocation of responsibilities between subsidiaries as well as transfers between Group companies have an effect on the company-related or product-related net sales and invoicing figures.

The method of calculating net sales has also been changed. Whereas previously certain figures were shown as a correction to sales, they now appear as a cost, in accordance with the recommendations of the Accounting Board.

Group net sales by company were as follows:

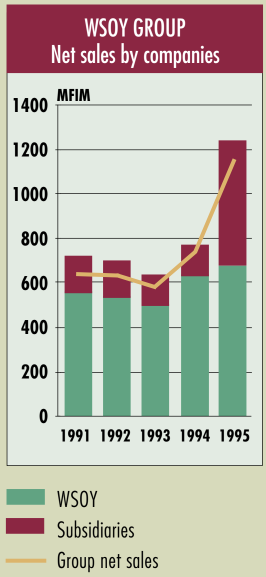
	1995		1994	Change
	MFIM	%	MFIM	%
WSOY	685.0	55.4	628.8	8.9
Weilin+Göös Oy *	282.7	22.8		
Ajasto Osakeyhtiö *	137.5	11.1		
Kirjapaino				
Lönnberg Oy	89.6	7.2	75.9	18.1
Kirjatuki Oy *	15.2	1.2	15.9	-3.2
Kiviranta Oy	14.5	1.2		
Tuotanto Werne Oy	10.6	0.9	10.7	-0.9
Other subsidiaries	2.6	0.2	30.0	-91.3
Total	**1237.7**	**100.0**	**761.1**	**62.6**
Internal invoicing	88.6	7.2	26.9	
Group net sales	1149.1	92.8	734.2	56.5

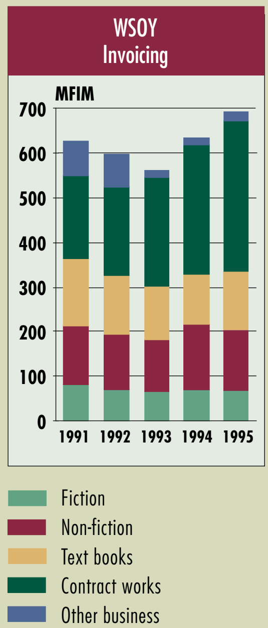
* subgroup

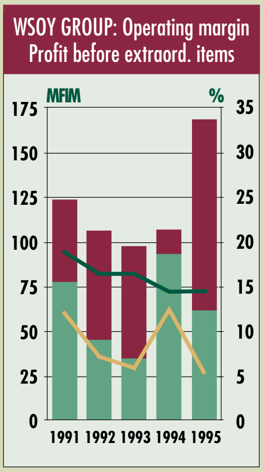
Net sales by the parent company WSOY grew by 8.9 (8.4) percent to FIM 685.0 (628.8) million. The company retained its position as the leading book publisher in all product groups. Product group changes have taken place, which affect the comparability of figures. In May WSOY´s multi-volume works marketing was transferred to Weilin+Göös Oy, and in June the Weilin+Göös Oy text and business book publishing was transferred to the parent company. WSOY invoicing without tax was as follows:

	1995		1994	Change
MFIM		%	MFIM	%
Fiction	71.5	10.4	71.1	0.6
Non-fiction	133.9	19.4	146.2	-8.4
Text books	133.2	19.3	111.6	19.4
Contract work	329.0	47.7	290.8	13.1
Other business	22.1	3.2	16.0	38.1
Total	**689.7**	**100.0**	**635.7**	**8.5**

Net sales by the Group outside Finland were FIM 236.6 (130.2) million. By market area the

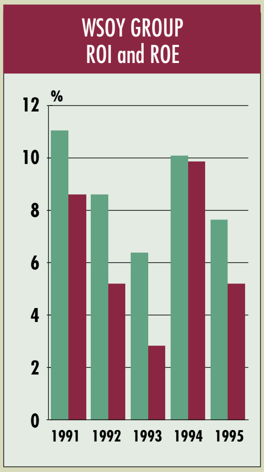






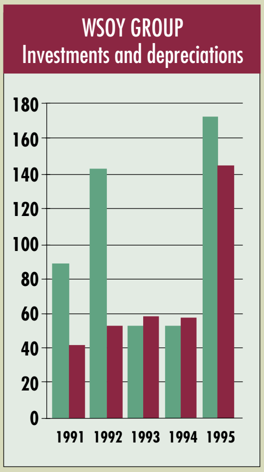
WSOY GROUP: Operating margin
Profit before extraord. items

Operating margin %
Profit before extraord. items %
Profit before extraord. items MFIM
Operating margin MFIM



WSOY GROUP
ROI and ROE

ROI
ROE



WSOY GROUP
Investments and depreciations

Net investments
Depreciations

net sales of the WSOY Group were distributed as follows:

	1995		1994	Change
MFIM		%	MFIM	%
Finland	912.5	79.4	604.0	51.1
Other EU countries	185.6	16.2	111.5	66.5
Other countries	51.0	4.4	18.7	172.7
Total	1149.1	100.0	734.2	56.5

FINANCIAL RESULT, BALANCE SHEET AND FINANCING

The accounts include an additional write-down of FIM 60 million in fixed assets for the parent company to cover the machinery and equipment of the Juva book factory. Juva has long been unprofitable, and its profit forecasts are considerably weaker than estimated at the time of the latest investment. This additional write-down is included in planned depreciation and thus weakens the figures for the year in both the Group and the parent company. A corresponding additional write-down was made earlier in the parent company's accounts (for taxation) and it thus returns to the net result as a change to depreciation. In the Group, reserves are divided between assets and taxation liabilities, and the additional write-down thus affects only the included tax liability for overall financial results. The net effect on Group profit is FIM 45 million.

The profitability of the WSOY Group during the year was satisfactory. Return on investment (ROI) was 7.6 (10.1) % and return on equity (ROE) 5.2 (9.9) %.

Group operating profit was FIM 21.0 (48.1) million. The results and profitability of almost all subsidiaries were good or satisfactory. Profitability in the parent company was poor because of the additional write-down, and the profit slightly lower than that in the previous year. Because of reorganisation, the profit of publishing was lower than in 1994 and the profit of production was negative.

The net effect of financing on Group result was FIM 39.8 (44.2) million and that on the parent company FIM 37.7 (20.5) million. Net Group income before extraordinary items was FIM 60.8 (92.3) million, while that of WSOY was FIM 0.7 (57.5) million.

Associated companies have an unusually large effect on the results of the WSOY Group. In Group financial statements a proportion of the results of associated companies is included after tax. Thus taxation in Group accounts is that only of WSOY and of its subsidiaries.

Company tax rate rose in the beginning of 1996. The calculated increase in taxation liabilities resulting from this rise is shown in the consolidated accounts as annual taxes. The change in taxes had a negative effect on Group net income of FIM 8 million.

The consolidated balance sheet total for the Group was FIM 1466.5 (1361.6) million. The value of the Group's assets was FIM 882.5 (840.0) million, including Group share of associated companies assets of FIM 314.1 (312.3) million. Group total equity was FIM 870.1 (841.3) million, and liabilities FIM 594.9 (515.4) million. Unrestricted Group equity was FIM 668.0 (639.2) million and that of the parent company FIM 311.3 (266.2) million. Interest-bearing loans were FIM 255.8 (278.6) million and the calculated tax liability FIM 77.8 (84.1) million. Group gearing was 16.8 (7.2) percent and the equity ratio 59.5 (61.8) percent.

Despite the record investments, the liquidity of the Group and the parent company remained good throughout the year. The Group current ratio at the end of the accounting period was 2.1 (2.4) and that of the parent company 2.4 (2.8).

INVESTMENT

Gross Group investments in current assets totalled FIM 172.2. (52.7) million. WSOY gross investments were FIM 177.4 (43.4) million, including an equity investment of FIM 50 million in a subsidiary. Current assets were realised during the year to a value of FIM 8.0 (6.4) million. Machinery and equipment ínvestments were FIM 76.9 million and financial assets FIM 54.6 million. A significant proportion of the investments was accounted for by businesses acquired from Amer-yhtymä Oy. With the acquisitions, a substantial proportion of assets was engaged in financial assets and inventories. During the year the most significant new investments in production were the six-colour printing press for Kirjapaino Lönnberg Oy, the eight-colour printing press for the WSOY Porvoo printing works and the double spiral automatic binding machine for Ajasto Osakeyhtiö.

Investments were financed mainly out of the Group's current assets.

PUBLISHING

Through the acquisitions made at the beginning of the year the publishing business of the WSOY Group widened substantially. The educational and business book publishing of Weilin+Göös Oy was entirely transferred to the parent company, while responsibility for multi-volume works publications was concentrated on Weilin+Göös Oy. The rearrangements put a strain on personnel resources, but provide a good start to future activities. WSOY publicing titles attracted attention and discussion more than in recent years, and also won a number of literary prizes. In accordance with the strategy evolved at the beginning of the year for electronic publishing, the production of multimedia publishing started with good results. The profitability of Group's publishing was good.

PRODUCTION

The use of WSOY production capacity during the year under review was high, but its profitability poor. The technical problems at the Juva factory continued. The factory's performance was assessed lower than previously, and at the end of the year a FIM 60 million additional write-down was made on the machinery. The production strategy and business principles were also reassessed at the end of the year. Full use of capacity was abandoned as the primary target of production. The WSOY production units were formed into two independent profit units, the Book printing division with units in Porvoo and Juva and the Magazine printing division in Porvoo. Key personnel in production were changed at the end of the year.

Use of capacity at Kirjapaino Lönnberg Oy and Ajasto Osakeyhtiö was high and profitability good. The Group's printing works used the following quantities of paper:

Paper consumption (tonnes)	1995	1994	Change %
WSOY	26806	24457	+ 9.6
Kirjapaino Lönnberg Oy	1959	2002	- 2.1
Ajasto Osakeyhtiö	1300		
Total	**30065**	**26459**	**+ 13.6**

ADMINISTRATION

The Annual General Meeting re-elected to the Supervisory Board Marjukka af Heurlin, Esko Koivusalo and Raimo Taivalkoski. In place of Pentti Seppälä, who requested release from his duties, Jorma Hämäläinen was elected for the remainder of the term.

Jaakko Jäntti resigned from the Board of Directors with effect from 7 November 1995. The Supervisory Board appointed Pertti Ailio and Sven Meinander as Board members from 11 December. Riitta Numminen was appointed Secretary to the Board of Directors and the Supervisory Board.

PERSONNEL

The absorption of the new acquisitions and the elimination of overlapping functions meant considerable changes to customary operations and the reduction of Group personnel by a total of about 60. Reorganisation of parent company production and a change in operational policy also lead to a decrease in employment. These changes will be implemented mainly by retirement and other soft landings. The changes will affect the average number of employees during the current year.

The average number of personnel in the WSOY Group during the year under review was 1923 (1231) and in the parent company 1122 (1082). Salaries, fees and other compensation were as follows:

	WSOY Group		WSOY	
FIM 1000	1995	1994	1995	1994
Supervisory Board, Board of Directors and CEO	8848	5655	4195	4204
Partial fees	365	33	82	9
Other salaries and fees	279072	177000	168472	152879

MEETINGS OF THE COMPANY

The Annual General Meeting of WSOY was held on 27 April 1995. This meeting accepted the accounts for the previous year, accorded freedom from responsibility, and also elected new members of the Supervisory Board and auditors. It was decided that a dividend of FIM 9 per share would be distributed for 1994.

Extraordinary General Meetings were held on 2 November and 8 December 1995 to amend the articles of incorporation of WSOY and to give approval to an increase by share issue of the company share capital by FIM 20 million. The new issued share capital is FIM 120 million.

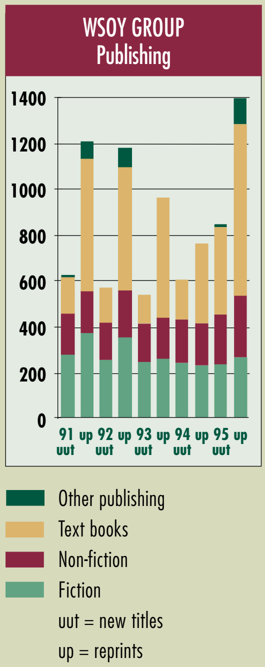
SHARES

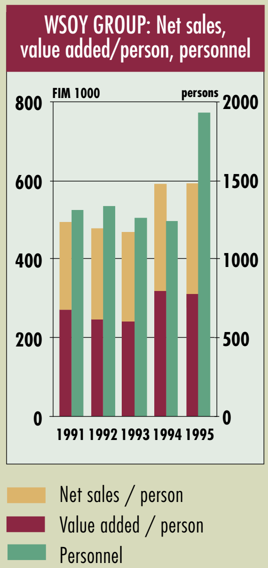
The nominal value of the WSOY shares was decreased, without a decrease in the total issued share capital, from FIM 50 to FIM 10 by splitting. Each holder of A or B shares with a nominal value of FIM 50 received five similar shares with a nominal value of FIM 10 each. In the share issue each holder of five A or B shares received one new B share with a nominal value of FIM 10. These amendments to the company's share capital were registered on 20 December 1995 and trading in the new shares began on the following day. WSOY shares are quoted on the Helsinki Stock Exchange.

During the year under review trading in WSOY shares reached FIM 192.7 (181.7) million. In addition a significant block of shares changed hands outside the HSE. Amer-yhtymä Oy sold its shares to Sanoma Osakeyhtiö which became the second largest shareholder in WSOY as measured by votes. At the end of the year under review WSOY had 3767 shareholders.

The Board did not have authority to increase the share capital or issue debenture or option loans. The company has also not issued such loans.

At the end of the financial year, members of the WSOY Board and Supervisory Board held a





total of 26346 (25158) WSOY shares or 0.2 (0.2) of the issued shares and 0.6 (0.6) percent of the votes. Certain large shareholders have a shareholders' agreement whereby they have given each other a preferential right to the purchase of the WSOY shares.

DIVIDEND AND DIVIDEND POLICY

The Board proposes to the Annual General Meeting that a dividend of FIM 2.00 (1.50) per share be paid, or a total of FIM 24 (18) million. In accordance with a decision of principle by the Board, in forthcoming years the sum distributed in dividends will be mainly determined by the net profit of the Group. Dividends will be approximately one third of Group net profits unless exceptional circumstances dictate otherwise.

OUTLOOK FOR 1996

Prospects for the national economy have visibly dimmed recently. It is expected to grow, but the growth will be substantially below that of the previous year. Growth is also expected to slow in the graphical industry.

Two significant changes took place in 1995 within the WSOY Group. At the beginning of the year the Group expanded by corporate acquisitions and at the end of the year the Group production strategy and operating principles were redefined. The practical implementation of these changes is partly incomplete, and exploitation of the possibilities they present will require considerable efforts during the current year. The steps already taken and planned will have a positive effect on the Group's profitability in 1996, although uncertainty in the environment is growing.

ADMINISTRATION

SUPERVISORY BOARD

Esko Koivusalo
chairman

Paavo Hohti
vice-chairman

Tuomas Anhava

Marjukka af Heurlin

Jorma Hämäläinen *since April 27, 1995*

Mikko Pohtola

Hannele Pokka

Jorma Routti

Pentti Seppälä *till April 27,1995*

Raimo Taivalkoski

BOARD OF DIRECTORS

Antero Siljola (53)
President CEO

Jorma Kaimio (49)
Vice-President
General Literature

Pentti Ailio (38)
Director
Book Printing Division

Aarno Heinonen (51)
Director
Administration, Finance, Investment

Jaakko Jäntti (52)
Production Director
Company Secretary till Nov. 7,1995

Juhani Kivimäki (46)
Director
Book Marketing

Heikki Kokkonen (51)
Director
Educational Division

Sven Meinander (44)
Director
Magazine Printing Division

Riitta Numminen (48)
S.B. Secretary since Dec. 7, 1995
B.D Secretary since Nov. 23, 1995

AUDITORS

Tauno Haataja *CA*, Jarmo Leppiniemi, Tuomas Särkilahti

Vice-auditors

SVH Coopers&Lybrand Oy and Pekka Laaksonen

INCOME STATEMENTS

	WSOY GROUP				WSOY			
	1995		1994		1995		1994	
	MFIM	%	MFIM	%	MFIM	%	MFIM	%
NET SALES	1.149.1	100.0	734.2	100.0	685.0	100.0	628.8	100.0
Increace/decrease in stocks								
of finished goods	30.7		-2.8		16.9		-3.4	
Share of net results								
of associated companies	2.4		0.0					
Other operating income	3.8		5.2		4.7		6.7	
COSTS								
Raw materials and comsumables								
Purchases during the financial period	267.8		174.0		185.2		154.6	
Decrease/increase in inventories	4.4		-11.9		7.0		-9.9	
External services	75.8		53.7		51.3		40.8	
Personnel costs	364.8		227.8		217.6		195.7	
Rents	15.2		2.7		8.0		8.7	
Proportion of assoc. companies´ profits	0.0		1.1					
Other costs	292.3		184.1		163.3		158.5	
Costs total	1.020.3		631.5		632.4		548.4	
PROFIT/LOSS FROM OPERATIONS	165.7	14.4	105.1	14.3	74.2	10.8	83.7	13.3
DEPRECIATIONS								
On fixed assets and other								
capitalized expenditure	-139.8		-57.0		-111.3		-46.6	
On Goodwill	-5.3		0.0					
On Group reserves	0.4		0.0					
Depreciations total	-144.7		-57.0		-111.3		-46.6	
OPERATING PROFIT/LOSS	21.0	1.8	48.1	6.6	-37.1	-5.4	37.1	5.9
Financial income and expenses	39.8		44.2		37.7		20.4	
PROFIT BEFORE EXTRAORDINARY								
ITEMS, RESERVES AND TAXES	60.8	5.3	92.3	12.6	0.6	0.1	57.5	9.1
Extraordinary income and expenses	1.0		1.7		0.9		5.4	
PROFIT BEFORE RESERVES								
AND TAXES	61.8	5.4	94.0	12.8	1.5	0.2	62.9	10.0
Increace (-) decreace (+) in accelerated								
depreciation					60.9		12.9	
Increase (-) decreace (+)								
in voluntary reserves					23.0		0.0	
Income taxes	-18.6		-13.2		-22.2		-18.7	
PROFIT FOR THE PERIOD								
BEFORE MINORITY INTEREST	43.2	3.8	80.8	11.0	63.2	9.2	57.1	9.1
Minority interest	-0.1		0.0					
GROUP PROFIT FOR THE PERIOD	43.1	3.8	80.8	11.0				

BALANCE SHEETS

ASSETS	WSOY-GROUP 1995 MFIM	%	1994 MFIM	%	WSOY 1995 MFIM	%	1994 MFIM	%
FIXED ASSETS AND OTHER NON-CURRENT INVESTMENTS								
Intangible assets								
Intangible rights	2.2		3.6		2.1		3.5	
Goodwill	24.3		0.0		24.3		0.0	
Goodwill on consolidation	22.5		0.0					
Tangible assets								
Land and water	76.5		76.5		33.4		33.4	
Buildings	141.2		146.2		60.5		63.0	
Machinery and equipment	232.6		241.6		158.5		219.5	
Other tangible assets	20.6		17.6		16.1		17.0	
Advance payments and construction in progress	4.2		2.8		4.1		1.8	
Financial assets and other non-current investments								
Shares and holdings in associated companies	314.1		312.3		142.7		158.2	
Other shares and holgings	43.8		39.4		237.2		123.1	
Loan receivables	0.5		0.0		7.0		0.0	
Fixed assets, total	882.5	60.2	840.0	61.7	685.9	59.4	619.5	52.6
CURRENT ASSETS								
Stocks								
Raw materials and consumables	23.7		26.5		15.5		22.6	
Work in progress	33.8		24.7		25.7		23.5	
Finished products and goods	95.1		62.8		77.5		62.8	
Stocks, total	152.6	10.4	114.0	8.4	118.7	10.3	108.9	9.3
Receivables								
Trade receivables	265.6		170.5		75.7		162.0	
Loan receivables	27.4		27.2		212.0		104.2	
Prepaid expenses and accrued income	54.9		15.3		2.2		14.3	
Other receivables	2.2		3.7		1.1		3.4	
Receivables, total	350.1	23.9	216.7	15.9	291.0	25.2	283.9	24.1
Investments								
Bonds and shares	0.0		10.0		0.0		10.0	
Other investments	13.1		162.5		13.1		138.5	
Investments, total	13.1	0.9	172.5	12.7	13.1	1.1	148.5	12.6
Cash in hand and at banks	68.2	4.6	18.4	1.3	46.4	4.0	16.0	1.4
ASSETS, TOTAL	1.466.5	100.0	1.361.6	100.0	1.155.1	100.0	1.176.8	100.0

LIABILITIES	1995 MFIM	%	1994 MFIM	%	1995 MFIM	%	1994 MFIM	%
SHAREHOLDERS´ EQUITY								
Restricted								
Share capital	120.0		100.0		120.0		100.0	
Other restricted equity	82.1		102.1		82.0		102.0	
Restricted capital, total	202.1		202.1		202.0		202.0	
Non-restricted								
Non-restricted funds	39.7		39.7		91.4		91.4	
Retained earnings	585.2		518.7		156.7		117.7	
Profit for the period	43.1		80.8		63.2		57.1	
Non-restricted, total	668.0		639.2		311.3		266.2	
Shareholders´ equity, total	870.1	59.3	841.3	61.8	513.3	44.4	468.2	39.8
MINORITY INTERESTS	0.4	0.0	0.3	0.0				
GROUP RESERVES	1.1	0.1	0.0	0.0				
PROVISIONS								
Accelerated depreciations					176.1		237.0	
Voluntary reserves								
Tranfer reserves					50.0		73.0	
					226.1	19.6	310.0	26.3
VALUATION ITEMS	0.0	0.0	4.5	0.3	0.0	0.0	4.5	0.4
CREDITORS								
Non-current								
Loans from credit institutions	7.0		10.6		4.6		7.2	
Pension loans	223.0		202.0		212.1		189.0	
Calculated tax liabilities	77.8		84.1		0.0		0.0	
Other non-current liabilities	3.9		3.5		0.0		0.0	
Non-current, total	311.7		300.2		216.7		196.2	
Current								
Loans from credit institutions	13.5		41.6		12.4		40.0	
Pension loans	1.4		3.3		0.4		2.3	
Advances received	3.0		0.0		2.8		0.0	
Trade payables	33.0		29.1		18.2		25.3	
Accrued liabilities and deferred income	99.1		55.8		54.1		47.3	
Other current liablilities	133.2		85.5		111.1		83.0	
Current, total	283.2		215.3		199.0		197.9	
Creditors, total	594.9	40.6	515.5	37.9	415.7	36.0	394.1	33.5
LIABILITIES, TOTAL	1.466.5	100.0	1.361.6	100.0	1.155.1	100.0	1.176.8	100.0

FUNDS STATEMENTS

	WSOY-GROUP MFIM		W S O Y MFIM	
	1995	1994	1995	1994
OPERATIONS				
Funds generated from operations				
Profit from operations	162.1	104.9	74.2	83.7
Financial income and expenses	15.6	12.1	37.7	20.5
Extraordinary items	1.0	3.4	0.8	5.3
Taxes	-31.4	-16.5	-22.2	-18.7
Funds total	147.3	103.9	90.5	90.8
CHANGE IN WORKING CAPITAL				
Increase/decrease in stocks	-38.7	-9.1	-9.9	-6.5
Increase/decrease in current receivables	-133.4	17.7	-7.1	-19.9
Increase/decrease in non-interest bearing current liabilitis	102.3	-13.5	-10.5	22.7
	-69.8	-4.9	-27.5	-3.7
CASH FLOW FROM OPERATIONS	77.5	99.0	63.0	87.1
INVESTMENTS				
Capital expenditure	-172.2	-53.0	-177.4	-48.6
Capital income	8.3	6.4	6.8	3.0
Other capital	22.0	0.0	0.0	0.0
	-141.9	-46.6	-170.6	-45.6
CASH FLOW BEFORE FINANCING	-64.4	52.4	-107.6	41.5
FINANCING				
Increase/decrease in long-term receivables	-0.5	-0.4	-7.0	0.0
Increase in long-term loans	27.7	22.5	29.8	22.5
Decrease in long-term loans	-16.2	-82.8	-9.4	-75.5
Increase/decrease in short term loans	-34.6	25.6	-33.9	26.6
Increase/decrease in other short term debts	-4.3	13.8	41.2	13.6
Dividents	-18.0	-14.0	-18.0	-14.0
Other profits	-0.3	-0.3	-0.1	-0.1
Other financing items	159.5	-15.0	135.4	-12.1
	113.3	-50.6	138.0	-39.0
INCREASE/DECREASE IN LIQUID FUNDS	48.9	1.8	30.4	2.5
Adjustements to income	0.9	0.2	0.0	0.2
INCREASE/DECREASE IN LIQUID FUNDS IN BALANCE SHEET	49.8	2.0	30.4	2.7

PRINCIPLES USED IN THE FINANCIAL STATEMENTS

SCOPE OF ACCOUNTS

The consolidated financial statemenst include WSOY and all subsidiaries in which the Group directly or indirectly owns at least 50 percent of the votes at the end of the financial year. All Group companies´ financial years end on 31 December.

The consolidated accounts include a proportion of associated companies in which the Group holds, directly or indirectly, between 20 and 50 percent. The accounts of two housing companies are not included despite the holdings exceed 20 percent. The accounts of associated companies are consolidated on a capital-share basis.

The percentage of ownership in subsidiaries and associated companies included in the consolidated accounts are listed under Notes on the accounts.

PRINCIPLES OF PRESENTATION

The consolidated financial statements take subsiaries into account on the basis of acquisition price. Transactions between Group companies are eliminated in the consolidated accounts.

The price paid for the shares of subsidiaries exceeding their equity value at the time of acquisition is included under working capital and goodwill. Goodwill and buildings are depreciated according to plan.

The proportion of associated companies' results included in the consolidated statements is obtained by multiplying the net profit or loss by the proportion of the Group holding. The goodwill value involved in acquisition of associated companies is depreciated according to plan. The period of depreciation is 6 to 15 years. Dividends received from associate companies are not included in the result.

The consolidated balance sheet, under associated company shares, includes a proportion equivalent to the Group holding in the associates´ equity and the undepreciated goodwill. The undepreciated goodwill of associated companies at the end of the financial year was FIM 26.4 (28.5) million.

Investments in other companies are mainly valued at their acquisition cost. Acquisition costs have where necessary been reduced to correspond to current values.

Reserves in the consolidated accounts consist of equity and calculated taxation liabilities. Changes in the calculated taxation liability in the balance sheet are treated in the profit and loss account. The same procedure has been followed with associated companies. The additional write-down made in the parent company is partly compensated for in the consolidated profit and loss statement under the calculated taxation liability.

Minority interests are presented as a separate item in both the profit and loss account and the balance sheet.

ITEMS IN FOREIGN CURRENCIES

The accounts of foreign subsidiaries have been converted to Finnish marks at the average rate of exchange for the year. Other items expressed in foreign currencies have been valued at the average rate of exchange officially stated by the Bank of Finland prevailing 31 December 1995. All changes resulting from foreign currency items have been included in the profit and loss account.

VALUATION OF STOCK

Stocks are valued on the FIFO principle as a variable acquisition cost or the probable acquition cost if lower, neither higher than the probable selling cost.

FIXED ASSETS AND DEPRECIATION

The values of fixed assets are based on their original acquisition cost less planned depreciation. Land assets have been revalued at a figure FIM 25 million.

Depreciation of fixed assets is based on a depreciation plan. Based on the expected lives of the assets the times for depreciation are as follows:

- intangibles	4 - 6 years
- buildings	30 years
- equipment in buildings	10 years
- heavy-duty machinery	15 years
- machinery and equipment	10 years
- vehicles and equipment	3 - 5 years
- other long-term costs	10 years

A review of machinery and equipment depreciation was carried out in the parent company. The additional FIM 60.0 million write-down resulting from the review has been treated as planned depreciation.

The difference between planned and realised depreciation appears in the parent company's accounts as an adjustment to the profit and loss account. In the consolidated balance sheet the difference appears under equity and taxation liabilities.

KEY FIGURES

The key figures have been calculated according to the principles shown on page 15. The figures for 1994 and 1995 are comparable with each other. Key figures for earlier years were calculated according to the regulations currently in force. In the corrected figures per share the change in share nominal value and the share issue have been taken into account. Cross-holdings between subsidiaries have been corrected in calculation of key figures.

PENSION SCHEMES

The retirement security of WSOY personnel is arranged mainly with the Werner Söderström Osakeyhtiö Eläkesäätiö s.r. fund. Pensions for employees of the parent company are additionally secured through insurance. Retirement benefits in subsidiaries are secured through pension insurance schemes.

Costs related to pensions and pension liabilities are included in the profit and loss account under social costs.

It has been agreed that the retirement age of members of the WSOY Board and certain managing directors of subsidiaries will be 60 - 65 years. The lower retirement age has been covered by pension insurance.

CONTENTS OF THE ANNUAL REPORT

The information contained in the printed annual report differs in accuracy and organisation from that in the official annual report.

NOTES ON ACCOUNTS

NUMERICAL ORDER OF NOTES:

1) **Net sales**
2) **Personnel expenses**
3) **Depreciations**
   Accumulated change
4) **Reserves**
   Accumulated differences
5) **Financial income and expenses**
6) **Group internal financial income and expenses**
7) **Direct taxes**
8) **Information on fixed assets**
9) **Taxable values on fixed assests, shares and holdings**
10) **Shares and loan receivables of long-term investments**
11) **Receivables and debts from subsidiaries and associated companies**
12) **Changes in shareholders´ equity**
13) **Tax liabilities corresponding Group voluntary reserves**
14) **Long-term (five years or over) debts**
15) **Pledges and other commitments given**
16) **Tangible and intagible assets**
17) **Group holdings in shares**

	WSOY GROUP		WSOY	
	1995	1994	1995	1994
1) Net sales by divisions				
Publishing and printing	1.113.2	712.1	682.1	626.4
Income from rents	9.0	9.0	0.0	0.0
Other income	26.9	13.1	2.9	2.4
Total	1.149.1	734.2	685.0	628.8
Net sales by market areas				
Finland	912.5	604.0	541.5	505.7
Other EU-countries	185.6	111.5	122.2	108.8
Other coutries	51.0	18.7	21.3	14.3
Total	1.149.1	734.2	685.0	628.8
2) Personnel expenses				
Wages and salaries	281.1	177.3	167.5	152.3
Pension expenses	9.1	0.2	0.2	0.2
Pension coverage	1.1	0.0	1.1	0.0
Fees to the Pension Fund	27.7	22.6	27.7	22.5
Other personnel expenses	45.8	27.7	21.1	20.7
Total in accounts	364.8	227.8	217.6	195.7
Fringe benefits	5.3	3.4	2.6	2.4
Voluntary social costs	9.5	6.0	6.1	4.8
Personnel expenses, total	379.6	237.2	226.3	202.9
3) Depreciations				
According to plan, on				
Intangible rights	1.4	1.2	1.4	1.2
Goodwill	5.4	0.0	4.9	0.0
Buildings	8.0	8.0	3.5	3.6
Machinery and equipment	59.2	43.3	37.0	37.5
Extra on machinery	60.0	0.0	60.0	0.0
Other tangible assets	5.8	4.5	4.5	4.3
Others	0.0	0.0	0.0	0.0
Total	139.8	57.0	111.3	46.6
Group Goodwill	5.3	0.0		
Group Badwill	-0.4	0.0		
Total	4.9	0.0		
Depreciations, total	144.7	57.0		
Acc. deprecetia, change				
Intangible rights	0.0	-0.2	0.0	-0.2
Buildings	1.9	2.4	2.1	2.2
Machinery and equipment	56.3	11.9	59.0	10.9
Other tangible assets	0.8	0.8	0.9	0.8
Profits, losses on sales according to plan	-0.9	-2.5	-0.6	-0.8
Total	58.1	12.4	60.9	12.9
Change in voluntary reserves	25.3	0.7	23.0	0.0
Change in reserves, total	83.4	13.1	83.9	12.9
Tranfer to profits	-62.6	-9.8		
Computed deferred taxation liabilities transfer to taxes in profit and loss account	-20.8	-3.3		
	0.0	0.0		

	WSOY GROUP		WSOY	
	1995	1994	1995	1994
4) Accumulated differences in reserves				
Between accomplished and planned reserves				
Intangible rights	0.2	0.2	0.2	0.2
Buildings	55.4	57.2	45.3	46.9
Machinery and equipment	147.7	193.4	121.5	179.9
Other assets	9.2	10.1	9.1	10.0
	212.5	260.9	176.1	237.0
Accumul. differences in reserves Jan.1	260.9	281.4	237.0	249.9
New subsidiary	9.7	0.0		
Group internal sales	0.0	-8.1		
Accounting period	-83.4	-12.4	-83.9	-12.9
Transfer reserves accomplished	25.3	0.0	23.0	0.0
Accumulated differences Dec. 31	212.5	260.9	176.1	237.0
Tranfer reserves	52.9	75.4	50.0	73.0
Reserves, total	265.4	336.3	226.1	310.0
Transfer to profits	-187.6	-252.2		
Computed deferred taxation liabilities tranfer to long-term liabilities	-77.8	-84.1		
	0.0	0.0		
5) Financial income and expenses				
Dividents	0.6	0.2	35.7	21.1
Intrest from short-term investments	16.7	12.4	14.2	15.7
Other financial income	0.2	0.3	0.0	0.0
Exchange differences	6.0	0.3	6.0	0.3
Proportion of ass. companies´ results	40.7	47.6	0.0	0.0
Interest expenses	-24.2	-18.6	-18.1	-16.7
Other financial expenses	-0.3	-0.3	-0.2	-0.3
Change in depreciations tranfer to invesments	0.1	2.3	0.1	0.3
	39.8	44.2	37.7	20.4
6) Group internal financial income and expenses				
Financial income from Group companies				
Dividents			9.7	0.0
Interest income from short-term investments			7.9	5.6
Financial expenses to Group companies				
Interest expenses			2.1	0.0
7) Direct taxes				
For the period	-29.0	-15.8	-21.7	-18.0
From previous periods	-2.4	-0.7	-0.5	-0.7
Change in computed deferred taxation liabilites	12.8	3.3		
Total	-18.6	-13.2	-22.2	-18.7
8) Information on fixed assets				
Included revaluation Dec. 31				
Land and water	25.0	25.0	25.0	25.0
Share of machinery and equipment of book value Dec. 31	221.0	213.8	196.9	196.9
9) Taxable values on fixed assets and shares				
Land and water	47.7	48.5	8.5	8.5
Buildings	154.3	159.3	45.9	49.3
Subsidiary shares	0.0	0.0	183.9	99.7
Associated companies shares	339.6	281.9	339.6	281.8
Other companies shares	35.4	29.8	25.2	22.3
Taxable values, total	577.0	519.5	603.1	461.6
10) Shares and loan-receivables in long-term investments				
Subsidiary shares			202.1	90.5
Loan receivables			7.0	0.0
Total			209.1	90.5
11) Receivables and liabilities from subsidiaries and associated companies				
Subsidiary trade receivables			3.0	0.1
Ass. companies trade receivables	10.5	8.1	10.5	8.1
Subsidiary loan receivables			190.9	84.4
Ass. companies loan receivables	26.9	25.9	20.7	18.8
Subsidiary trade payables			0.4	0.4
Ass. companies trade payables	0.3	0.2	0.3	0.2
Other subsidiary short-term debts			52.3	0.0
Other ass. companies short-term debts	0.0	12.6	0.0	12.6

	WSOY GROUP 1995	WSOY GROUP 1994	WSOY 1995	WSOY 1994
12) Changes in shareholders´ equity				
Restricted				
Shareholders´ equity Jan. 1	100.0	100.0	100.0	100.0
Bonus issue Dec. 20	20.0	0.0	20.0	0.0
Shareholders´ equity Dec. 31	120.0	100.0	120.0	100.0
Other restricted Jan. 1	102.1	102.1	102.0	102.0
Bonus issue Dec. 20	-20.0	0.0	-20.0	0.0
Other restricted Dec. 31	82.1	102.1	82.0	102.0
Restricted total	202.1	202.1	202.0	202.0
Parent company´s share capital by shares:				
A share (20 votes per share) 1.980 000 nominal value FIM 10			19.8	19.8
B share (one vote per share) 10.020.000 nominal value FIM 10			100.2	80.2
Share capital, total			120.0	100.0
Non-restricted shareholders´ equity				
Non-restricted funds Dec. 31	39.7	39.7	91.4	91.4
Retained earnings Jan. 1	599.5	527.8	174.8	131.6
Dividents paid	-18.0	-14.0	-18.0	-14.0
Others paid	-0.3	-0.3	-0.1	-0.1
Returned dividents	0.0	0.2	0.0	0.2
Returned depreciations	0.0	7.0		
Translation differences	0.9	0.0		
Cancellation of ass. company´s revaluation fund	0.0	-2.0		
Associated company´s share of difference in depreciation in equity Jan. 1	3.1	0.0		
Retained earnings Dec. 31	585.2	518.7	156.7	117.7
Profit for the period	43.1	80.8	63.2	57.1
Total	628.3	599.5	219.9	174.8
Non-restricted shareholders´ equity Dec. 31	668.0	639.2	311.3	266.2
Shareholders´ equity, total	870.1	841.3	513.3	468.2
Distributable assets in non-restricted equity	480.4	387.0	311.3	266.2

	WSOY GROUP 1995	WSOY GROUP 1994	WSOY 1995	WSOY 1994
13) Taxation liabilities corresponding to Group voluntary reserves	77.8	84.1		
14) Long-term and current liabilities				
Debts due in five years or longer				
Loans from credit institutions	0.0	0.7	0.0	0.0
Pension loans	12.4	12.9	3.6	3.4
Other loans	7.7	0.9	0.0	0.0
Total	20.1	14.5	3.6	3.4
15) Pledges and other commitments				
On own commitments				
Pledged shares	151.5	91.7	150.2	91.1
Mortgages on land and buildings	75.7	85.3	63.5	68.5
Mortgage loans	51.8	36.8	45.5	28.5
Group liabilities				
Guartantees			13.6	15.0
On behalf of others				
Associated companies	28.9	45.0	28.7	45.0
Others	0.4	0.8	0.2	0.6
Other own guarantees				
Pension liabilities	0.1	1.3	0.0	1.1
Leasing liabilities	1.2	0.0	0.0	0.0
Others	49.2	0.0	0.7	0.0
TOTAL				
Pledges	151.5	91.7	150.2	91.1
Mortgages	75.7	85.3	63.5	68.5
Guarantees	29.3	45.8	42.5	60.6
Pension liabilities	0.1	1.3	0.0	1.1
Leasing liablities	1.2	0.0	0.0	0.0
Others	49.2	0.0	0.7	0.0

16) Intangible and tangible assets

	Acquisition cost Jan. 1	Increase in 1995	Decrease in 1995	Acquisition cost Dec. 31	Accum. depreciations Dec. 31	Book value Dec. 31
Group						
Intangible rights	5.9	0.0	0.0	5.9	3.6	2.2
Goodwill	0.0	29.7	0.0	29.7	5.4	24.3
Group Goodwill	27.7	0.0	0.0	27.7	5.2	22.5
Land and water	76.5	0.0	0.0	76.5	0.0	76.5
Buildings	190.1	3.0	0.0	193.1	52.0	141.1
Machinery and equipment	604.7	78.7	5.6	677.9	445.3	232.6
Others	42.1	7.2	0.2	49.0	28.4	20.6
	947.0	118.6	5.8	1 059.8	539.9	519.8
Parent company						
Intangible rights	5.7	0.0		5.7	3.6	2.1
Goodwill	0.0	29.2		29.2	4.9	24.3
Land and water	33.4	0.0		33.4	0.0	33.4
Buildings	81.2	1.0		82.2	21.7	60.5
Machinery and equipment	497.5	38.5	3.2	532.8	374.4	158.4
Others	37.2	3.6	0.0	40.8	24.7	16.1
	655.0	72.3	3.2	724.1	429.3	294.8
Group reserves	0.0	1.5	0.0	1.5	0.4	1.1

17) Shares and holdings owended by the Group and the parent company Dec. 31, 1995

	Group holding %	Group votes %	Group holding of equity MFIM	Parent holding %	Parent holding shares: Shares	Parent holding shares: Nominal value MFIM	Parent holding shares: Book value MFIM	Profit/ loss MFIM
Subsidiaries:								
Werner Söderström GmbH	100.0	100.0	0.5	100.0		DEM 0.2	0.5	0.0
Kirjapaino Lönnberg Oy	100.0	100.0	30.2	100.0	20 250	1.2	0.3	8.4
Kirjatuki Oy, konserni	100.0	100.0	15.9	100.0	414.000	12.4	14.7	1.6
Tuotantotalo Werne Oy	100.0	100.0	3.1	100.0	1 250	0.3	0.5	0.2
Kiint. Oy Bulevardi 12	100.0	100.0	1.1	80.5	161	1.0	14.0	-0.1
Kiint. Oy Bulevardi 14	78.8	78.8	1.4	78.8	152	1.5	60.4	0.3
Ajasto Osakeyhtiö. konserni	100.0	100.0	61.3	100.0	100	10.0	61.2	20.2
Kiviranta Oy	100.0	100.0	-6.4	100.0	20	1.0	0.5	-4.9
Weilin + Göös Oy, konserni	100.0	100.0	66.6	100.0	1.000	10.0	50.0	15.7
Total							202.1	
Associated companies:								
Finnprint osuuskunta	33.3	33.3	0.4	33.3	6	-	0.0	0.4
Rautakirja Oy, konserni [1]	31.0	31.3	260.3	31.0	2.011.565	40.2	101.7	131.1
Suuri Suomalainen Kirjakerho Oy	40.0	40.0	3.4	40.0	480	0.5	0.4	5.2
Yhtyneet Kuvalehdet Oy.konserni	50.0	50.0	27.9	50.0	7 500	7.5	40.6	2.3
Måndag Oy	50.0	50.0	0.3	0	0	-	0.0	0.5
As. Oy Hietalahdenranta 15, Helsinki [2]	25.7	25.7	-	21.8	78	-	8.7	0.0
As. Oy Jyväskylän Kauppak.9 Jyväskylä [2]	23.8	23.8	0.7	23.8	1.305	0.7	0.8	0.0
Total [3]							152.2	

Parent holding, other shares and holdings	Parent holding of votes %	Shares	Parent holding, shares and holdings: Nominal value MFIM	Parent holding, shares and holdings: Book value MFIM	Group holding Stock Exchange shares Market value MFIM
As. Oy Klassikko, Turku	2.9	75	-	0.2	
As. Oy Monttiinintalo, Oulu	5.7	7.448	0.1	0.1	
As. Oy Myyrinjoki, Vantaa	1.0	57	0.1	0.3	
As. Oy Rajasaari, Helsinki	18.0	592	0.2	2.3	
As. Oy Ruusankatu 2, Helsinki	8.4	8	-	0.2	
As. Oy Valtakouvo. Kouvola	7.1	10	-	0.7	
Aamulehti-yhtymä Oy	1.2	77.680	0.8	7.0	7.1
Amer-yhtymä Oy, A-sarja		3.870	0.1	0.2	0.3
Enso-Gutzeit, A-sarja		50.000	0.5	1.4	1.4
Golfsarfvik Oy	0.3	1	-	0.2	
Helsingin Arvopaperipörssi	-	20.000	0.2	0.2	
Helsingin Puhelinyhdistys	-	109	-	0.2	
Kiint. Oy Jerisjärvi		1		0.4	
Kymmene Oy	0.1	48.000	1.0	4.5	5.5
Merita A		23.474	0.2	0.3	0.3
Vakuutusosakeyhtiö Pohjola	-	25.000	0.1	1.3	1.4
Oy Stockmann Ab	0.3	25.500	0.5	5.1	5.8
Suomen Osakekeskusrekisteri	-	3	0.2	0.2	
Villa Reino Veikko, Kypros				0.3	
Others	-	-	-	0.5	
Total				25.6	

[1] Rautakirja Oy, see Financial income and expenses (5), shares´ market value FIM 451.7 million.
Others are included in net sales as income.

[2] Associated companies not included in the Group accounts.

[3] Accounting period of all Associated companies Jan. 1 - Dec. 31, 1995, and closing the books Dec. 31, 1995.

CALCULATION OF KEY RATIOS

Return on investment (ROI) %	100 x	Profit before extraordinary items + interest expenses + other financing expenses / Total assets less interest-free liabilities (average)
Return on equity (ROE) %	100 x	Profit before extraordinary items less taxes / Shareholders´equity + minority interests + reserves (average)
Equity ratio %	100 x	Shareholders' equity + minority interests + reserves / Total assets less advances received
Gearing %	100 x	Interest-bearing liabilities less cash less short-term receivables / Shareholders' equity + minority interests + reserves
Net financial income		Profit before transfers and taxes + depreciation, less taxes
Current ratio		Current and financial assets / Short-term liabilities
Dividend per share		Dividend divided by total shares outstanding at the end of the financial year
Earnings per share (EPS)		Profit / Average number of shares outstanding
Profit		Group profit before extraordinary items +/- minority interest in profit or loss for the year +/- share of associated companies' profit or loss before extraordinary items, less tax less dividends received from associated companies less taxes in the profit and loss account
Dividend / profit %	100 x	Dividend per share / profit per share
Effective dividend yield %	100 x	Dividend / share price
Price/Earnings ratio (P/E)		Share price / Earnings per share
Equity per share		Shareholders' equity + reserves / Number of outstanding shares
Market capitalisation		Number of outstanding shares x share price at the end of the year

GROUP PROFITABILITY MEASUREMENTS

ROI of 12 %	Good. Business and investment profit targets achieved, profitability in the upper quartile for the industry, renewal of fixed assets assured, dividend distribution according to dividend policy guaranteed, increase in underlying equity assets
ROI of 6 - 12 %	Satisfactory. Profitability of businesses at industry median level, renewal of fixed assets assured, dividend distribution guaranteed according to policy, increase in underlying equity assets
ROI below 6 %	Bad. Profitability below industry median level, renewal of fixed assets assured, dividends possible, no growth in underlying equity assets

INFORMATION ON WSOY´S SHARES

SHARE CAPITAL AND SHARES	1995	1994	1993	1992	1991
Share capital FIM 1000, Dec. 31, 1995	120.000	100.000	100.000	100.000	100.000
WSOY A (20 votes)	19.800	19.800	19.800	19.800	19.800
WSOY B (one vote)	100.200	80.200	80.200	80.200	80.200
Number of shares 1000, Dec. 31	12.000	2.000	2.000	2.000	2.000
WSOY A	1.980	396	396	396	396
WSOY B	10.020	1.604	1.604	1.604	1.604
Adjusted number of shares Dec. 31	12.000	12.000	12.000	12.000	12.000
Adjusted number of shares, average	12.000	12.000	12.000	12.000	12.000
Nominal values FIM, Dec. 31	10	50	50	50	50
Taxable value, WSOY A	42	400	385	420	410
Taxable value, WSOY B	45	260	220	180	135
DIVIDENT DISTRIBUTION					
Dividents total FIM 1000	24.000	18.000	14.000	14.000	14.000
Divident per share FIM	2.00	9.00	7.00	7.00	7.00
Adjusted divident per share FIM	2.0	1.50	1.17	1.17	1.17
Earnings per share %	57	23	40	44	23
Effective divident yield % WSOY A	3.3	1.6	1.3	1.1	1.2
Effective divident yield % WSOY B	3.1	2.4	2.2	2.8	3.6
STOCK EXCHANGE QUOTES					
WSOY A Dec. 31	60.00	575.00	550.00	650.00	580.00
WSOY A adjusted Dec. 31	60.00	95.83	91.67	108.33	96.67
WSOY A highest adjusted	88.33	116.67	116.67	108.33	250.00
WSOY A lowest adjusted	63.33	78.33	86.67	55.00	100.00
WSOY B Dec. 31	65.00	373.00	315.00	250.00	195.00
WSOY B adjusted Dec. 31	65.00	62.17	52.50	41.67	32.50
WSOY B highest adjusted	68.33	73.33	56.50	45.00	38.33
WSOY B lowest adjusted	55.67	50.33	40.83	28.33	25.00
MARKET CAPITALIZATION Dec. 31					
total FIM 1000	770.1	826.0	723.1	658.4	542.5
WSOY A FIM 1000	118.8	227.7	217.8	257.4	229.7
WSOY B FIM 1000	651.3	598.3	505.3	401.0	312.8
TRADING					
Total FIM 1000	192.658	181.723	29.870	8.647	6.949
WSOY A FIM 1000	783	1.345	1.327	483	451
WSOY B FIM 1000	191.875	180.378	28.543	8.164	6.498
WSOY A shares till Dec. 20, 1995	1.793	2.424	2.274	976	469
WSOY A shares since Dec. 21, 1995	0				
WSOY B shares till Dec. 20, 1995	495.550	462.138	101.816	36.833	35.398
WSOY B shares since Dec. 21, 1995	20.130				
SHARE RELATED INDICATORS					
Adjusted earnings per share FIM	3.52	6.60	2.95	2.65	4.97
Adjusted equity per share FIM	72.70	70.33	64.17	59.50	59.00
P/E WSOY A, Dec. 31	17.1	14.5	31.1	40.9	19.5
P/E WSOY B, Dec. 31	18.6	9.4	17.8	15.7	6.5

INFORMATION ON WSOY´S SHAREHOLDERS

SHAREHOLDERS BY OWNERSHIP Febr. 29, 1996

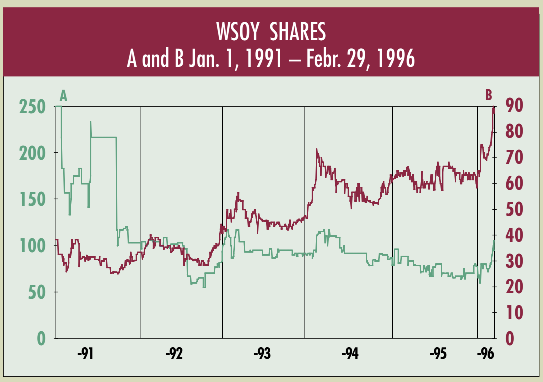
			Ownership per cent	
	Shareholders	Shares	of shares	of votes
Companies	87	2.410.171	20.08	22.24
Companies/nominee-registreted	1	200	0.00	0.00
Credit institutions	18	1.634 275	13.62	11.35
Credit institutions/nominee-registreted	2	2.461.446	20.51	5.15
Public companies	6	462.974	3.86	3.11
Non-profit organizations	106	2.798.106	23.32	42.63
Private persons	3.516	2.201.414	18.35	15.35
Foreign owners	5	2.010	0.02	0.02
On waiting list (non-registreted)		100	0.00	0.00
Not transferred to book entry accounts		29.304	0.24	0.15
Total	3.741	12.000.000	100.00	100.00

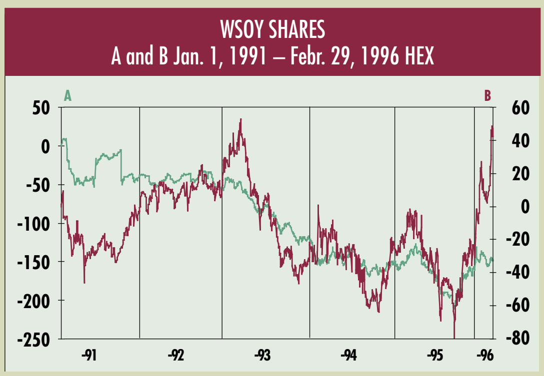
SHAREHOLDERS DISTRIBUTION Febr. 29, 1996

Size of shareholding	shareholders	percent of shares	percent of votes
1-100	1.166	0.54	0.32
101-500	1.574	3.09	1.88
501-1000	497	2.89	1.87
1001-5000	400	7.08	5.33
5001-10000	45	2.66	1.90
10001-50000	37	6.19	6.57
50001-100000	11	6.69	7.19
100001-500000	7	16.04	30.01
500001-1000000	1	7.24	4.91
1000001-	3	47.34	39.87
Not transferred		0.24	0.15
Total	3.741	100.00	100.00

BIGGEST SHAREHOLDERS Febr. 29, 1996

	Number of shares		Ownership per cent	
	A-shares	B-shares	of shares	of votes
Alfred Kordelinin yleinen edistys- ja sivistysrahasto	399.135	820.395	10.16	17.74
Sanoma Osakeyhtiö	343.085	1.679.713	16.86	17.21
WSOY:n Kirjallisuussäätiö	334.575	158.403	4.11	13.80
Eläkevakuutusosakeyhtiö Ilmarinen	127.815	235.563	3.03	5.63
Merita Pankki Oy/nominee-registered	0	2.438.160	20.32	4.91
Vakuutusosakeyhtiö Pohjola	82.480	786.284	7.24	4.91
Suomalaisen Kirjallisuuden Seura ry	66.000	288.696	2.96	3.24
Suomen Kulttuurirahasto	70.820	141.244	1.77	3.14
Werner Söderström Osakeyhtiön Eläkesäätiö s.r.	56.795	115.159	1.43	2.52
Aamulehti-Yhtymä Oy	48.115	9.623	0.48	1.96
Yhtyneet Kuvalehdet Oy	42.600	16.920	0.50	1.75
Kalevi Jäntin Rahasto	30.070	63.224	0.78	1.34
Särkilahti Tuomas	26.455	74.921	0.84	1.22
Lauri Jäntin Säätiö	26.490	5.298	0.26	1.08
Jäntti-Alanko Satu	20.035	26.543	0.39	0.86
15 biggest total	1.674.470	6.860.146	71.13	81.31





PROPOSAL BY THE BOARD FOR THE DISPOSITION OF PROFITS

Non-restricted shareholders´ equity in the consolidated balance sheet is FIM 668,013,800.28 of which FIM 187,567,169.53 is transferred from voluntary reserves according to the Accounting Act. The non-restricted shareholders´ equity of the parent company is:

- operating fund	FIM	91,430,929.54
- retained earnings	FIM	156,648,607.86
- profit for the year	FIM	63,216,226.27
Total	FIM	311,295,763.67

The Board of Directors proposes the following to the Annual General Meeting:

- a divident of FIM 2.00 per share	FIM	24,000,000.00
- a donation to WSOY Literature Fund	FIM	150,000.00
- remaining non-restricted equity	FIM	287,145,763.67
Total	FIM	311,295,763.67

The Board proposes that the dividend be paid on 8 May 1996. Shareholders who have not registered their holdings by 3 May 1996 will receive dividends after such transfer has taken place.

Helsinki, 14 March 1994

Antero Siljola
CEO

Pertti Ailio

Aarno Heinonen

Jorma Kaimio

Juhani Kivimäki

Heikki Kokkonen

Sven Meinander

AUDITORS’ REPORT

TO THE SHAREHOLDERS OF
WERNER SÖDERSTRÖM OSAKEYHTIÖ - WSOY

We have examined the accounts, the financial statements and the administration of Werner Söderström Osakeyhtiö - WSOY for the financial year 1995. The financial statements prepared by the Board of Directors and the Chief Executive Officer include, both for the group and the parent company, a report on operations, a income statement, a balance sheet and notes on the accounts. On the basis of the examination concluded, we give our report on the accounts and the administration.

The audit has been carried out in keeping with good auditing principles. In this context, the accounts and principles on closing the accounts, their contents and way of presentation have been examined to a sufficient extent in order to state that the finacial statements are in essence correctly prepared. The audit of the administration has inclueded lawfulness of the activities of the members of the Supervisory Board, the Board of Directors and the Chief Executive Officer on the basis of the regulations of the Companies Act.

In our opinion the financial statements have been prepared in accordance with the regulations of the Accounting Act and other legislation and regulations relevant. The accounts provide correct and adequate information - as referred to in Accounting Act - on the parent company´s and the group´s operations and financial position. The financial statements including the group accounts may be confirmed and the members of the Supervisory Board and the Board of Directors and the Chief Executive Officer may be discharged from liability for the financial period audited by us. Board of Director´s proposal for the disposal of the non-restricted equity in the balance sheet is in accordance with the Companies Act.

We have reviewed the interim reports published during the financial year. According to our review they have been prepared in accordance with the relevant regulations.

Helsinki, 29 March 1996

Tauno Haataja
CA

Jarmo Leppiniemi

Tuomas Särkilahti

STATEMENT BY THE SUPERVISORY BOARD

The Supervisory Board has inspected the report on operations and the financial statements 1995 by the Board of Directors.

We propose to the Annual General Meeting that the income statement, balance sheet and consolidated income statement and balance sheet be adopted and that the proposal by the Board for the disposal of profit be approved.

We have also inspected the Auditors’ report and the supervising report. Neither gives rise to action on the part of the Supervisory Board.

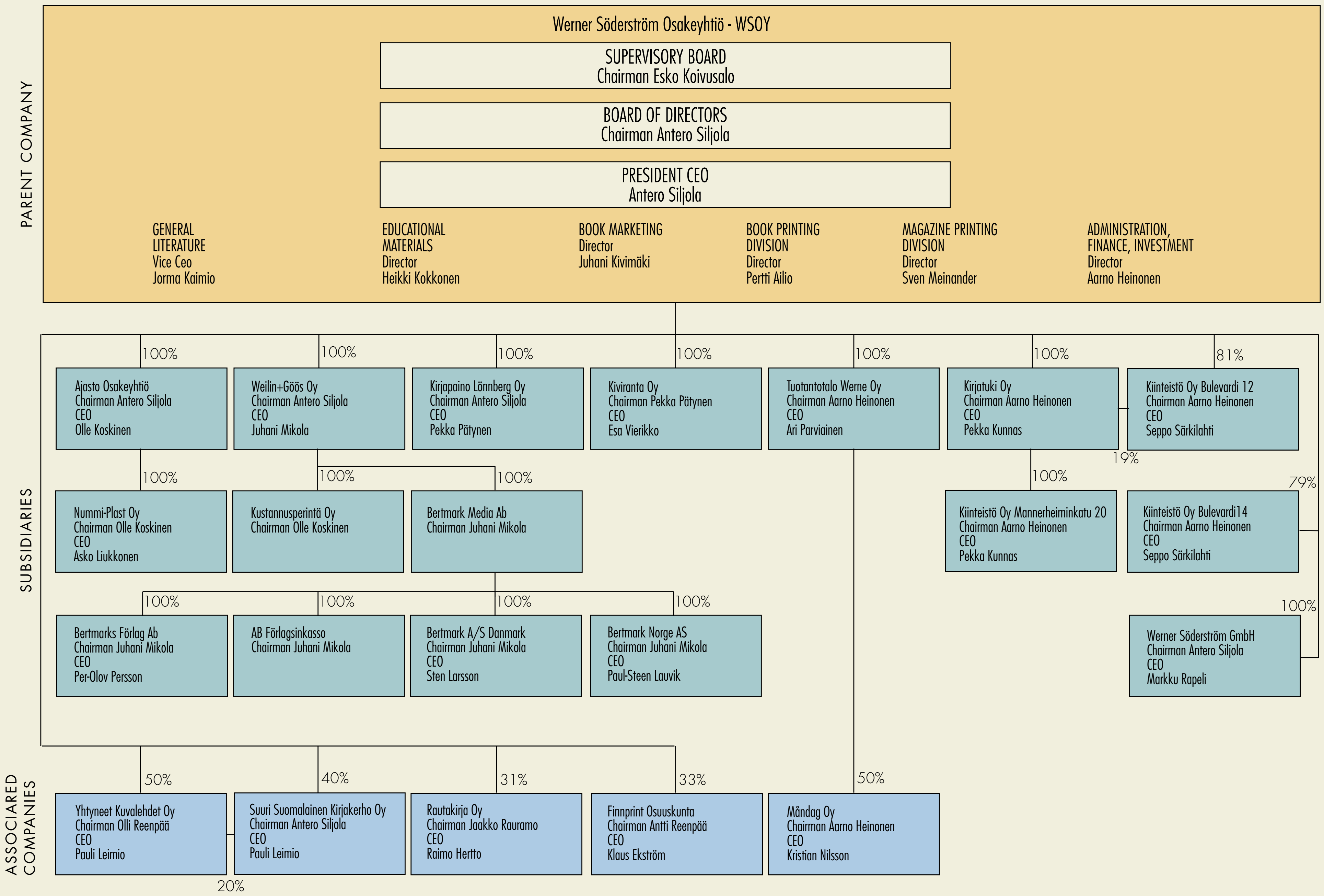
The Supervisory Board submits the financial statements and the Auditors’ report for consideration by the Annual General Meeting.

The terms of office of the following members of the Supervisory Board are due to expire at the Annual General Meeting: Jorma Hämäläinen, Mikko Pohtola and Jorma Routti.

Helsinki, 9 April 1996

Esko Koivusalo	Paavo Hohti	Tuomas Anhava
Marjukka af Heurlin	Jorma Hämäläinen	Mikko Pohtola
Hannele Pokka	Jorma Routti	Raimo Taivalkoski

WSOY GROUP DEC. 31, 1995



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CALLING OR FAXING TO THE WSOY GROUP

When calling from abroad, please add Finland´s county code + 358 and drop out the first number 9 (nine). WSOY head office: + 358 0 61681.

Please, note that all the area codes of the telephone numbers in Finland will be changed 12 October 1996.

The country and area codes to Helsinki will be +358 9 (+number). For instance the phone number to WSOY head office will be +358 9 61681, to Porvoo +358 19 54 801 and to Juva +358 15 775 51.