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N H N I B E W R O G W E E R R E N
W R & N E G R T S E D K E N S Ö R L Ö M
R L T T R Ö A M J O A S S K T E Y O H T L I Ö
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R W S T & R Ö G M T O E S A K K N Y O T L I Ö

WERNER SÖDERSTRÖM
OSAKEYHTIÖ - WSOY
ANNUAL REPORT 1997



WERNER SÖDERSTRÖM
OSAKEYHTIÖ
WSOY

The 119th year of operations

INFORMATION TO SHAREHOLDERS

ANNUAL GENERAL MEETING

The Annual General Meeting of Werner Söderström Osakeyhtiö – WSOY will be held on Tuesday 28 April 1998 at 3.00 p.m. at Hotel Marski, Mannerheimintie 10, Helsinki, Finland.

Shareholders wishing to attend the meeting are kindly requested to notify their participation by Friday 24 April 1998 4.00 p.m.

INTERIM REPORTS

The interim report for 1 January to 30 April 1998 will be published on Tuesday 16 June 1998 at 9.00 a.m. and the Interim Report for 1 January to 31 August 1998 on Thursday 15 October 1998 at 9.00 a.m.

WERNERI

WSOY Group's in-house magazine is published three times in 1998, during week 13, 26 and 43, and mailed to the shareholders' registered addresses. The magazine can also be ordered from the editors, tel. +358 9 6168 312 or fax +358 9 6168 405.

SHARE REGISTER;

SHAREHOLDERS' REGISTER

The share register and shareholders' register of the company are maintained by the Finnish Central Securities Depository Ltd (Suomen Arvopaperikeskus Oy). Any changes in shareholder information should be notified to the registrar or the bank administering the shareholder's book-entry account.

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WSOY GROUP

MILESTONES IN THE HISTORY OF WSOY GROUP

December 18, 1878 is counted as Werner Söderström Osakeyhtiö's birthday. On that date Werner Söderström – an 18-year old schoolboy from Porvoo – sent out for distribution the last copies of J.O. Åberg's work Pohjanmaan helmi which he had published and printed. The printing house owned by Werner's family had been founded by his father already in October 1860.

1904 The company which had become known as Werner Söderström's Printing House was incorporated as a limited liability company.

1934 WSOY and Otava joined their magazine publishing activities and established Yhtyneet Kuvalehdet Oy which today publishes 30 magazines.

1948 WSOY acquired Kirjapaino F.G. Lönnberg Ab (printing house).

1971 WSOY established Suuri Suomalainen Kirjakerho Oy (book club) together with Otava and Tammi publishing companies. The current membership exceeds 242,000.

1976 WSOY was listed on the Stock Exchange and launched its first public issue of shares.

1984 WSOY acquired the majority in Avset Oy, whose production business is continued by Tuotantotalo Werne Oy.

1986 WSOY increased its share capital from FIM 50 million to 75 million by a scrip issue to shareholders.

1987 Antero Siljola was appointed President and CEO.

1988 WSOY's share capital was increased from FIM 75 million to 100 million by a share issue directed to friends of literature.

1992 WSOY and Amer Group Ltd established joint ventures Ajasto Osakeyhtiö and Kiviranta Oy.

1995 WSOY acquired Amer's stakes in Ajasto Osakeyhtiö and Kiviranta as well as Amer's publishing business run by Weilin+Göös, as well as the operations of Kustantajien asiakaspalvelu Oy and the shares of Bertmark Media AB and Oy Kustannusperintä – Förlagsinkasso Ab.

WSOY's share capital was increased from FIM 100 million to 120 million and at the same time the nominal value of WSOY share was changed into FIM 10.

1996 WSOY acquired Teknolit Oy, Geodata Oy and Gummerus' book club Johanna. Ajasto Osakeyhtiö acquired all the assets of the Swedish Esselte Chrono AB and the Norwegian :Emil Moestue as.

1998 WSOY and Otava joined their press printing operations and established Acta Print Oy.



WSOY GROUP TODAY

WSOY's head office and book printing activities are in Helsinki and its book printing companies in Porvoo and Juva. The subsidiaries run the following operations:

Lönnberg Painot Oy today consists of three autonomous business units: F.G. Lönnberg, serigraphy printing house Mainos ja Etiketti and Sävypaino. These companies specialise in printing of high-quality advertising products, annual reports, art books, shop advertising materials and packagings. The President is Mr. Pekka Pätynen.

Tuotantotalo Werne Oy supplies specialised technical production services to producers of TV, video and audio programs. The principal products are after-treatment of sound and video image, dubbing of animated cartoons, TV studio and film team services, computer graphics and animations. The President is Mr. Ari Parviainen.

Ajasto Osakeyhtiö is the leading calendar publisher in the Finnish market and exports calendars to the Nordic countries, the Baltic region and Russia, and imports Casio calculators and Zebra pens to Finland. Ajasto's Swedish subsidiary Chrono AB publishes calendars in Solna near Stockholm, and Ajasto's calendar publishing and printing subsidiary :Emil Moestue as is based in Oslo, Norway. Ajasto Osakeyhtiö's President is Mr. Olle Koskinen, Chrono AB:s President Mr. Gustaf Edström and :Emil Moestue as's President Per Moberg.

Kiviranta Oy specialises in pre-media services for different media, e.g. high-resolution colour separation, picture handling and page layout. The President is Mr. Antero Vuorio.

Weilin+Göös Group comprises Weilin+Göös Oy and Kustannusperintä Oy – Förlagsinkasso Ab in Finland and the Nordic publishing company Bertmark Media AB including subsidiaries. Weilin+Göös Oy publishes and markets non-fiction with focus on multi-volume books. Bertmark's principal products are yearbooks published in Finland, Sweden, Norway and Denmark. The President of Weilin+Göös Oy is Mr. Juhani Mikola. He is also the President of Bertmark Media AB.

Teknolit Oy is a leading publisher of computer literature in Finland with the highest net sales in its field. The President of the company is Mr. Mika Sahlman.

Geodata transmits, sources, handles and publishes location and mapping data. Geodata Oy:s President is Mr. Sakari Viertiö.

Werner Söderström Lakitieto Oy's product lines include series of legal literature; commentaries and manuals, current legal topics and a series dealing with legal principles and developments. WSLT's President is Mr. Raimo Ruottu.

WSOY GROUP IN BRIEF

WSOY Group is a diversified communications company engaged in publishing and production of media products for the education, entertainment and benefit of people.

The Group's business consists of publishing, production and investment activities. The Group has operations in Finland, Sweden, Norway and Denmark.

WSOY GROUP'S KEY FIGURES

	1997	1996	Change, %
Net sales, MFIM	1,127.8	1,136.2	-0.7
Operating profit before depreciation, MFIM	249.6	210.3	18.7
Operating profit, MFIM	172.2	128.0	34.5
Profit before extraordinary items, MFIM	229.8	182.2	26.1
Consolidated profit, MFIM	186.2	151.3	23.1
Earnings per share, FIM	15.51	11.98	29.5
Dividend per share, FIM	5.25*	4.00	31.2
Dividend per earnings, %	34	33	3.0
Equity per share, FIM	95.07	83.38	14.0
Equity ratio, %	69.4	64.4	7.8
Market capitalisation 31 Dec.	2,552.8	1,439.4	77.3
Personnel, average	1,792	1,848	-3.0
Personnel expenses, MFIM	341.8	378.7	-9.7
Net sales per person, FIM 1,000	629.3	614.8	2.4

* Board's proposal to the AGM

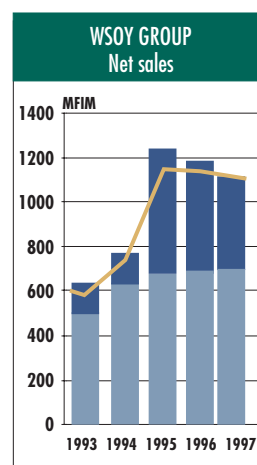
WSOY GROUP'S RESULTS BY INDUSTRY 1997*

	Net sales	Net sales	% of net sales
Publishing, total	656.8	83.4	12.7
Production, total	601.2	51.3	8.5
Investment operations	67.2	45.5	67.7

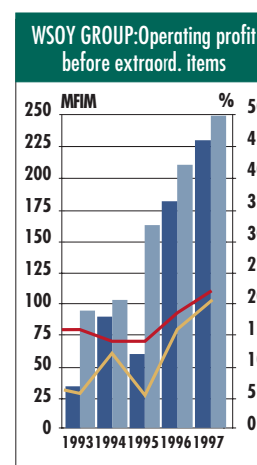
* The figures also include inter-company transactions.

SUBSIDIARIES

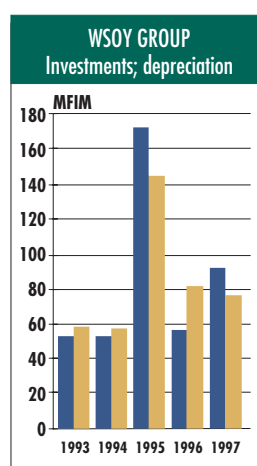
Weilin+Göös Oy	Ajasto Osakeyhtiö	Kirjatuki Oy
Teknolit Oy	Lönnberg Painot Oy	Real Estate Companies
Geodata Oy	Tuotantotalo Werne Oy	
Werner Söderström	Kiviranta Oy	
Lakitieto Oy	Werner Söderström GmbH	



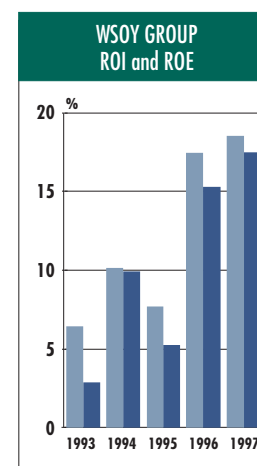
WSOY
Subsidiaries
Consolidated net sales



Operating profit before depreciation, %
Profit before extraordinary items, %
Profit before extraordinary items, MFIM
Operating profit before depreciation, MFIM

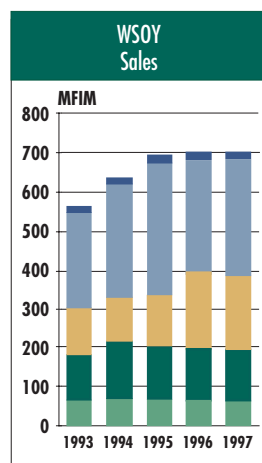


Gross investments
Depreciation

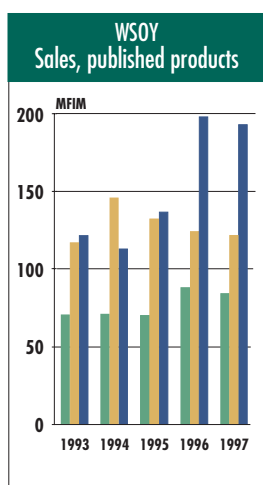


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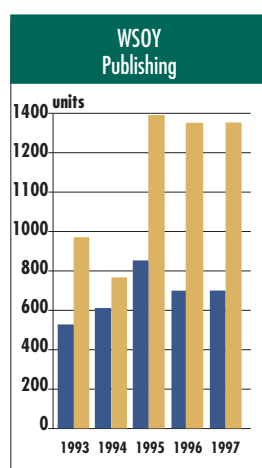
WSOY IN BRIEF



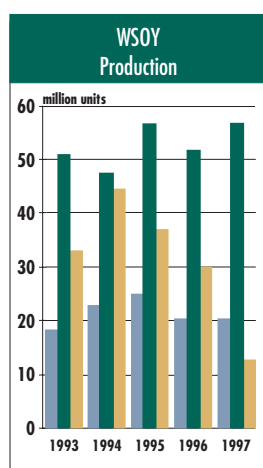
■ Fiction
■ Non-fiction
■ Textbooks
■ Production units, external
■ Other operations



■ Fiction
■ Non-fiction
■ Textbooks



■ Number of titles, new editions
■ Number of titles, repeat editions



■ Books
■ Magazines
■ Advertising products

WSOY was established in 1878 and incorporated as a limited liability company in 1904. It has been listed on the Stock Exchange since 1976.

According to the Articles of Association, WSOY operates in book publishing, graphic industry, supplies stationery products and educational materials and engages in other relating business.

The objective of WSOY's publishing operations is to publish good literature to promote national culture.

The objective of production is to be internationally competitive and operate profitably on the terms of the market.

Active investment operations support corporate growth, competitive ability and strong market positions.

WSOY's objective is to distribute one third of the corporate net profits.

WSOY'S KEY FIGURES

	1997	1996	Change, %
Net sales, MFIM	700.2	697.7	0.4
Operating profit, MFIM	111.6	72.6	53.7
Profit before extraordinary items, MFIM	176.1	139.9	25.9
Profit for the year, MFIM	159.8	117.0	36.6
Personnel, average	975	1,062	-8.2

SALES

	1997	1996	Change, %
Fiction, MFIM	69.7	70.9	-1.7
Non-fiction, MFIM	124.4	125.4	-0.8
Educational materials, MFIM	193.4	196.1	-1.4
Production units, external, MFIM	296.0	289.5	2.2

NEW EDITIONS

	1997	1996	Change, %
Number of titles, fiction	190	196	-3.1
Number of titles, non-fiction	179	180	-0.5
Number of titles, educational	289	319	-9.4

REPEAT EDITIONS

	1997	1996	Change, %
Number of titles, fiction	307	250	22.8
Number of titles, non-fiction	226	201	12.4
Number of titles, educational	845	897	-5.8

PRINTED PRODUCTS

	1997	1996	Change, %
Printed books, million units	20.2	20.5	-1.5
Printed magazines, million units	56.9	52.6	8.2
Printed advertising products, million units	13.6	29.9	-54.5

PRESIDENT'S REVIEW

The favourable economic trend in Finland prevails. In 1997, the external balance of national economy developed very positively, and the overall production growth continued, while the relative growth rate of public indebtedness declined. Due to the heavy debt burden of the state economy the society is, however, unable to withstand crises. Although unemployment decreased in absolute terms, the unemployment rate remained regrettably high in spite of a slight recovery of domestic demand.

Development in the industries represented by WSOY Group was satisfactory. Sales of general literature showed only a modest increase, and growth in the markets for educational materials lagged behind the previous year's growth rate. The market for multi-volume books seems to have reached a steady level of demand. The sales trend for multimedia products matched the high growth expectations of previous years.

Demand for products of the graphic industry reflected the recovery of the domestic market. Also exports developed favourably especially to the Russian market.

The most significant event of the year in the communications sector was the decision to merge Aamulehti-Yhtymä Oy and MTV Oy. From 1 April 1998, the two companies will form a new communications constellation called Alma Media Oyj. WSOY's associated company Yhtyneet Kuvalehdet Oy will be the second largest shareholder in Alma Media with a share of 13.3% of the votes.

WSOY Group focused efforts on improving the efficiency of operations, while seeking growth possibilities. The most significant event was the completion of the strategic change in WSOY's production, known as the POJU project. The result improvement goal of FIM 30 million in production was achieved ahead of time, and competitiveness objectives were met.

Various alternatives for growth and the required means to achieve it in the Group's publishing business were analysed in connection with the growth project. Three acquisitions were finalised in the latter

part of the year: WSOY acquired the shares of Teknolit Oy, which publishes computer literature, and the shares of Geodata Oy which specialises in digital cartography technologies; Ajasto Osakeyhtiö acquired the share capitals of Swedish Chrono AB and Norwegian Emil Moestue as. WSOY also acquired the business of Gummerus Kustannus Oy's book club Johanna.

The possibility to join WSOY's and Kustannus-osakeyhtiö Otava's magazine printing operations was studied in 1997. A decision was taken at the beginning of 1998 to establish Acta Print Oy which will become operative on 1 May 1998. The new company will specialise in printing of magazines and advertising products and its net sales will exceed FIM 300 million on an annual level. In this connection, WSOY and Otava also agreed on the principles for the redemption of the shares of their respective associated companies.

WSOY Group's result development was positive, and profitability remained on a good level. The result trend is attributable to the improved efficiency of WSOY's business units and Weilin+Göös Group's strong performance. The costs for the reorganisation of production which encumber the result decreased from the previous year.

WSOY Group's net sales declined by FIM 8.4 million from FIM 1,136.2 million in 1996 to FIM 1,127.8 million. The sales trend in WSOY's publishing divisions was below the industry average. All of WSOY's operating divisions exceeded their profitability targets. Consolidated profit before extraordinary items, appropriations and taxes showed a significant improvement for the second year running and totalled FIM 229.8 million (182.2). The performance also exceeded the targets set for the year.

The volume of trading in WSOY's shares on the Stock Exchange was normal. Kordelinin säätiö and Sanoma Osakeyhtiö increased their shareholdings in WSOY and today hold over 20% of its votes each. The price trend for the company's shares exceeded the general price trend of the Helsinki Stock Exchange. The market capitalisation of WSOY was FIM

2,552.8 million (1,439.4) at the year-end, and earnings per share FIM 15.51 (11.98).

The Group's operating conditions for 1998 are good. Recovery of the national economy continues, while at the same time the value added tax on books has decreased from 12% to 8%, and the collective agreements signed by the labour market parties promise a moderate cost development. The overall economic situation together with the development measures and acquisitions carried out by the Group create a good basis for the growth of corporate net sales. WSOY Group's performance is expected to show a moderate improvement in 1998. Growth of the publishing business, improved competitiveness of production, and personnel training are WSOY's strategic priorities.

Good co-operation with the various constituent groups forms the cornerstone of WSOY Group's profitability. On behalf of the Board of Directors I wish to thank all the writers, personnel, customers and other co-operation partners of WSOY Group. Today the Group's good financial basis and competent personnel provide a strong basis on which to build future development.

Helsinki, 17 March 1998

Antero Siljola
Group President and CEO



REPORT BY THE BOARD OF DIRECTORS 1997

ECONOMIC DEVELOPMENT IN THE GRAPHIC INDUSTRY

The estimated growth of the graphic industry's net sales was approximately 6 per cent from the previous year. Production volumes grew by slightly less than 3 % while the overall growth index of the industry exceeded 8 %. The annual volume index of 91.0 for the graphic industry indicates that the volume of production is still clearly below the 1990 level. This low ratio is mainly attributable to weak development of the daily press in recent years, and its considerable weight in the calculation of the index. However, the aggregate average volume of publishing and printing develops faster than printing as a separate operation.

Price increases were more moderate than in the previous year. The index reflecting the price trend of graphic products rose by slightly less than 1.8 %, while the total industry change was 2.5 %. Prices of publishing products increased by 2.5 %, while at the same time ex-works prices of other printed products decreased by more than 1%.

The estimated total growth of exports was approximately 9 %. Exports to Russia, the Baltic countries and the former CIS increased while exports for instance to Sweden and Denmark declined.

NET SALES

WSOY Group's net sales in 1997 totalled FIM 1,127.8 million (1,136.2) and were divided among the group companies as follows:

	1997		1996		Change
	MFIM	%	MFIM	%	
WSOY	700.2	59.6	697.7		0.4
Weilin+Göös Oy *	204.2	17.4	210.6		-3.0
Ajasto Osakeyhtiö *	118.4	10.1	133.0		-11.0
Lönnberg Painot Oy	104.3	8.9	96.6		8.0
Other subsidiaries	47.9	4.0	45.2		6.0
Total	1,175.0	100.0	1,183.1		-0.7
Inter-company sales	-47.2	-4.0	-46.9		0.6
Consolidated net sales	1,127.8	96.0	1,136.2		-0.7

* sub-group

Sales of WSOY's domestic and translated fiction decreased to some extent from the previous year. Sales and market shares of juvenile books increased. The total sales of non-fiction decreased slightly in spite of the growing

sales of dictionaries and business publications. Educational materials lost some market share due to the timing of new textbook series and the shorter than anticipated life cycles of some textbook series. The Production units' external sales increased to some extent over the previous year. WSOY's sales were as follows:

	1997		1996		Change
	MFIM	%	MFIM	%	
Fiction	69.7	9.9	70.9		-1.7
Non-fiction	124.4	17.7	125.4		-0.8
Educational materials	193.4	27.5	196.1		-1.4
Production units, external	296.0	42.1	289.5		2.2
Other operations	20.0	2.8	18.4		8.7
Total sales	703.5	100.0	700.3		0.5
Sales adjustment items	-3.3	-0.5	-2.6		26.9
Total net sales	700.2	99.5	697.7		0.4

The decrease in Weilin+Göös Group's consolidated net sales was partly attributable to the reduction of the product range of its parent company Weilin+Göös Oy according to plan. Ajasto Osakeyhtiö's sales decreased from the previous year as a result of the declining sales and price levels of calendars published in own production and custom-made calendars. Lönnberg Painot Oy's net sales continued to grow.

Werner Söderström Lakitieto Oy started operation as publisher of legal literature. The consolidated income statement does not include the 1997 net sales of Teknolit Oy and Geodata Oy, acquired towards the end of the year.

The Group's net sales generated outside Finland and exports totalled FIM 233.2 million (218.0).

RESULT

WSOY Group's profitability was good during the review year. The profitability improvement is based on the reorganisation measures implemented in production, more efficient operating practices of the publishing divisions, and the successful activities of subsidiaries and joint ventures. The profitability of subsidiaries Weilin+Göös Oy, Ajasto Osakeyhtiö and Lönnberg Painot Oy was good.

Consolidated operating profit before depreciation was FIM 249.6 million (210.3) and represented 22.1 % (18.5) of total net sales. The parent company's operating profit before depreciation increased to 22.2 % (17.9) or to FIM 155.3 million (124.9) of net sales.

The non-recurring costs of FIM 24 million relating to pension payments in connection with the strategic reori-

entation of production encumbered the 1996 result and the corresponding personnel termination costs burdened the 1997 result.

The consolidated operating profit was FIM 172.2 million (128.0), and the parent company's operating profit was FIM 111.6 million (72.6). Depreciation on the Group's fixed assets in excess of plan amounted to FIM 2.7 million (7.6).

WSOY Group's interest in the results of associates totalled FIM 68.0 million (54.3). The parent company's dividend income together with corporate tax credit (avoir fiscal) amounted to FIM 58.0 million (63.5). The consolidated finance net was FIM 57.6 million (54.2), and the parent company's finance net FIM 64.5 million (67.3).

Consolidated profit before extraordinary items, appropriations and taxes totalled FIM 229.8 million (182.6), and the parent company's corresponding figure was FIM 176.1 million (139.9).

WSOY's transition provision of FIM 40 million was released, and FIM 13.8 million (10.0) of the sum was allocated to cover the acquisition cost of fixed assets. The parent company's direct taxes totalled FIM 54.8 million (56.1). FIM 16.8 million of the costs caused by changes in production structure and booked as expenses in 1996 was deducted in taxation as expenses for the review period. WSOY paid a corporate contribution of FIM 9.5 million to Kiviranta Oy and FIM 2.0 million to Werner Söderström Lakitieto Oy.

BALANCE SHEET

WSOY Group's balance sheet total was FIM 1,666.9 million (1,550.2). Consolidated fixed assets totalled FIM 976.2 million (890.6); the Group's bonds and shares in associates and the non-depreciated part of goodwill amounted to FIM 410.5 million (346.6). Consolidated equity was FIM 1,140.8 million (998.1) and liabilities totalled FIM 524.5 million (550.8). Consolidated unrestricted equity was FIM 938.7 million (796.0) and the parent company's unrestricted equity FIM 515.9 million (404.2). The Group's interest-bearing liabilities totalled FIM 239.9 million (237.9), and deferred tax liability was FIM 56.2 million (64.8).

Consolidated return on investments (ROI) was 18.5% (16.9) and return on equity (ROE) was 17.4% (15.4). The Group's gearing was -0.9 (2.6) and equity ratio 69.4% (64.4).

The Group's liquid funds totalled FIM 233.0 million (189.7).

CAPITAL EXPENDITURE

Consolidated investments in fixed assets totalled FIM 92.5 million (56.6). Lönnberg Painot Oy's gross capital expenditure of FIM 11.0 million (22.3) related to real estate investments in connection with Mainos and Etiketti's moving into new facilities, as well as to improvement of quality and environmental activities in serigraphy printing. Ajasto Osakeyhtiö invested in the development of production processes and control systems.

WSOY's gross capital expenditure of FIM 62.9 million (16.4) related to productivity and replacement investments. The company invested FIM 17.8 million in Rautakirja Oyj's shares.

CORPORATE STRUCTURE

Werner Söderström Lakitieto Oy (WSLT) became operative in January 1997. WSOY owns 90 % and Suomen Lakimiesyhdistys r.y. 10 % of the company.

WSOY acquired two new wholly-owned subsidiaries during the year: Teknolit Oy, acquired in October, operates in Jyväskylä as publisher of computer literature, and Geodata Oy whose share capital was acquired in November specialises in digital cartography technology. The new companies are included in the Group's balance sheet but their shares of the 1997 results are not consolidated in the income statement.

In December Ajasto Osakeyhtiö acquired the share capitals of Esselte Chrono AB and the Norwegian calendar publisher :Emil Moestue as from the Swedish calendar publisher Esselte. The total consideration of FIM 58.3 million was paid in February 1998. The companies have operated as Ajasto Osakeyhtiö's subsidiaries from 1 January 1998.

In March, WSOY's joint venture Yhtyneet Kuvalehdet Oy acquired a 10.3 % interest in MTV Oy. The company subsequently increased its participation so that its holding in the new Alma Media Oyj to be incorporated on 1 April 1998 as a result of the merger of Aamulehti-Yhtymä Oy and MTV Oy now exceeds 13 %.

PUBLISHING

In connection with the reorganisation of production, the publishing units assumed responsibility for the pre-press operations, and some of their personnel transferred from the Book Printing unit to the General Literature and Educational Materials units.

General Literature is seeking growth in some specialised publishing sectors. The new subsidiaries Teknolit Oy and Geodata Oy are knowledge centres for special publishing and their skills will benefit a number of the Group's companies.

Under an agreement with Gummerus Kustannus Oy, WSOY acquired the operations of Gummerus' book club Johanna and started long-term marketing co-operation with Gummerus through the club channel. On 1 January 1998, Johanna became operationally a part of WSOY's direct marketing unit.

Weilin+Göös Oy focused on publishing and marketing of non-fiction which mainly consisted of multi-volume books.

Net sales from the Group's publishing business totalled FIM 656.8 million, operating profit was FIM 83.4 million, and profitability was good according to the Group's internal evaluation criteria.

PRODUCTION

Although the net sales of WSOY's Book Printing Division declined from the previous year's level mainly due to the change in pricing principles of internal sales and to lower volumes, external sales increased by 10% over the previous year. Profitability developed according to expectations and improved from the previous year.

The volume and productivity of the Magazine Printing Division returned to normal after the structural arrangements. Net sales remained below the previous year's level as a result of the revision of the pricing principles. In spite of the sales decrease the production volume increased.

Ajasto Osakeyhtiö's profitability remained on a good level in spite of a decline attributable to the tighter competitive situation. Lönnberg Painot Oy's result for 1997 was good, and all the three units of the company were profitable. Tuotantotalo Werne Oy's profitability developed positively. Kiviranta Oy's operational result improved but did not yet turn to profitability.

The value of the net sales from the Group's production business totalled FIM 601.2 million, operating profit was FIM 51.3 million and profitability was good according to internal evaluation criteria.

The Group's printing operations consumed in total 25,766 tonnes (24,782) of paper.

STRATEGIC INVESTMENTS

The role of associates is very significant for WSOY Group's profitability. WSOY's holding in Rautakirja Oyj

represents 31.7 % of shares and 31.3 % of votes. Joint ventures owned together with Kustannusosakeyhtiö Otava include Yhtyneet Kuvalehdet Oy and Suuri Suomalainen Kirjakerho Oy. The latest joint venture Acta Print Oy will become operative on 1 May 1998. WSOY has also significant real estate investments and makes short-term market rate investments. Long-term investments are directly or indirectly connected with the Group's business operations.

Net sales from the Group's investment operations totalled FIM 67.2 million and operating profit was FIM 45.5 million. Also the profitability of the investment operations was good according to internal evaluation criteria.

ADMINISTRATION

The Annual General Meeting re-elected the resigning members of the Supervisory Board, Dr. Paavo Hohti, Mr. Tuomas Anhava and Dr. Hannele Pokka for the next three-year term. Mr. Tauno Haataja, CPA, and Mr. Björn Renlund, CPA, were elected ordinary auditors, and SVH Coopers & Lybrand Oy, Corporation of CPA Auditors, with Mr. Jouko Malinen, CPA, acting as responsible auditor, as well as Mr. Markku Marjomaa, CPA, were elected deputy auditors.

The Supervisory Board re-elected Mr. Esko Koivusalo, as Chairman and Dr. Paavo Hohti as Vice Chairman.

PERSONNEL

The necessary personnel reductions required by the reorganisation of operations at WSOY's Book Printing and Magazine Printing units were carried out during the year. The employments of 79 persons were terminated in production due to productional and financial reasons; some of these employees were later hired for other duties within the Group. The Juva business unit had to resort to temporary lay-offs. Altogether 42 people went on early retirement due to the reorganisation.

The transfer of the pre-press operations to the publishing units resulted in changes in the number of personnel in WSOY's operating divisions.

	WSOY Group		WSOY	
	1997	1996	1997	1996
Personnel, average	1,792	1,848	975	1,062
Remuneration to the members of the Supervisory Board, Boards of Directors and to Presidents, FIM 1,000	8,917	9,972	4,603	4,935
Partial remuneration to the members of Boards of Directors and to Presidents, FIM 1,000	1,071	500	862	40
Other remuneration and fees, FIM 1,000	267,995	270,800	154,475	158,678

ANNUAL GENERAL MEETING

The Annual General Meeting was held on 28 April 1997. The meeting adopted the financial statements of the parent company and the Group, approved the proposal of WSOY's Board of Directors for the application of distributable profits, and granted release from responsibility to the members of the Board of Directors and the Supervisory Board as well as to the President.

SHARES

Sanoma Osakeyhtiö's share of WSOY's total votes and share capital exceeded the limit of 20 % in the autumn, whereby WSOY became Sanoma Osakeyhtiö's associate. At the same time, the participation of Pohjola Insurance Group in WSOY decreased below 10 % of the votes and the share capital.

The shares held in WSOY by Alfred Kordelinin yleinen edistys- ja sivistysrahasto together with the holding of Alfred Kordelinin Seura exceeded 20 % of the votes and 10 % of the share capital in October.

Certain major shareholders have entered into a currently valid shareholders' agreement which gives the contracting parties a mutual pre-emptive right to purchase shares offered for sale by the other parties.

The members of WSOY's Supervisory Board and Board of Directors at the end of the financial year own a total of 26,623 (26,573) WSOY shares representing 0.2 % (0.2) of the shares and 0.6 % (0.6) of the votes.

DIVIDEND FOR 1997

The Board of Directors proposes that the Annual General Meeting declare a dividend of FIM 5.25 (4.00) per share, i.e. a total dividend of FIM 63 million (48), payable on 7 May 1998 to shareholders registered at the record date 4 May 1998 in the shareholders' register administered by the Finnish Central Securities Depository Ltd.

IMPORTANT EVENTS AFTER THE CLOSING OF ACCOUNTS

On 6 February 1998 WSOY and Otava entered into an agreement to establish a joint venture, Acta Print Oy. The two shareholders will transfer their magazine printing business to the newly established company. Acta Print Oy will become operative on 1 May 1998 and its estimated net sales amount to FIM 300 million on an annual level. Mr. Sven Meinander has been appointed President of the company and will consequently resign as WSOY's Board member on 30 April 1998. The costs of Acta Print Oy's establishment will be recovered during 1998 by the synergies gained from the joint operations. The parent company's net sales will decline by a good FIM 100 million in the first year as a result of the branch rationalisation.

PROSPECTS FOR 1998

Associates and joint ventures play an increasingly important role in WSOY Group's business. Consequently, the items in the income statements, balance sheets and notes to the financial statements corresponding to Yhtyneet Kuvalehdet Oy, Suuri Suomalainen Kirjakerho Oy and Acta Print Oy as well as Tuotantotalo Werne Oy's associate Måndag Oy will be itemized in the consolidated financial statements according to their respective shares of the results in 1998. This will mean a considerable increase in consolidated net sales.

Also the demand trend in the industries represented by the Group will be favourable in 1998 with the exception of the municipal sector. A moderate cost trend and the new subsidiaries will ensure the preconditions for WSOY Group's net sales growth and improved performance. Although major investments reduce available liquid funds, the Group's solvency is good and its equity ratio will improve.

The branch rationalisations, acquisitions and revisions of operations carried out in WSOY Group have created a solid basis for profitable corporate growth.

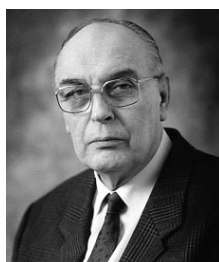
ADMINISTRATION



Esko Koivusalo



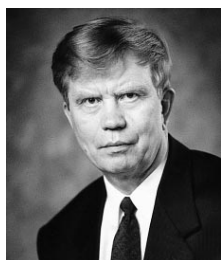
Paavo Hohti



Tuomas Anhava



Marjukka af Heurlin



Jorma Hämäläinen



Leena Kartio



Hannele Pokka



Jaakko Rauramo



Raimo Taivalkoski

MEMBERS OF THE SUPERVISORY BOARD

ESKO KOIVUSALO (b. 1936)
Member 1983–91
Chairman 1991–
Current term 1995–98

PAAVO HOHTI (b. 1944)
Member 1991–
Vice Chairman 1994–
Current term 1997–2000

TUOMAS ANHAVA (b. 1927)
Member 1972–
Current term 1997–2000

MARJUKKA AF HEURLIN (b. 1943)
Member 1980–
Current term 1995–98

JORMA HÄMÄLÄINEN (b. 1937)
Member 1995–
Current term 1996–99

LEENA KARTIO (b. 1938)
Member 1996–
Current term 1996–99

HANNELE POKKA (b. 1952)
Member 1994–
Current term 1997–2000

JAAKKO RAURAMO (b. 1941)
Member 1996–
Current term 1996–99

RAIMO TAIVALKOSKI (b. 1940)
Member 1992–
Current term 1995–98

MEMBERS OF THE BOARD OF DIRECTORS

ANTERO SILJOLA (b. 1942)
Group President and CEO
Chairman 1987–

JORMA KAIMIO (b. 1946)
Group Executive Vice President
Senior Vice President
(General Literature)
Deputy to the President and CEO
Member 1991–
Vice Chairman 1992–

PERTTI AILIO (b. 1957)
Senior Vice President
(Book Printing)
Member 1995–

AARNO HEINONEN (b. 1944)
Senior Vice President
(Administration, Finance, Investment)
Member 1987–

HEIKKI KOKKONEN (b. 1944)
Senior Vice President
(Educational Materials)
Member 1987–

SVEN MEINANDER (b. 1952)
Senior Vice President
(Magazine Printing)
Member 1995–

AUDITORS

TAUNO HAATAJA
CPA

BJÖRN RENLUND
CPA

DEPUTY AUDITORS

SVH Coopers & Lybrand Oy
Corporation of CPA Auditors

MARKKU MARJOMAA
CPA

SECRETARY TO THE SUPERVISORY BOARD AND THE BOARD OF DIRECTORS

RIITTA NUMMINEN (b. 1947)
Corporate Lawyer

INCOME STATEMENTS

	WSOY GROUP				WSOY			
	1997 MFIM	%	1996 MFIM	%	1997 MFIM	%	1996 MFIM	%
NET SALES 1)*	1,127.8	100.0	1,136.2	100.0	700.2	100.0	697.7	100.0
Increase/ decrease in finished goods	2.9		6.2		2.8		4.9	
Share of the results of associates	18.3		2.2					
Other operational income	4.5		4.2		5.0		4.1	
EXPENSES								
Materials, supplies and goods								
Purchases during the period	198.7		205.6		132.9		138.7	
Increase/decrease in inventories	-4.6		7.2		-1.0		2.9	
External services	81.5		71.9		54.9		48.1	
Personnel expenses 2)	341.8		378.7		193.8		230.2	
Rents	12.9		13.5		8.2		9.4	
Other expenses	273.6		261.6		163.9		152.5	
Expenses, total	903.9		938.5		552.7		581.8	
OPERATING PROFIT BEFORE DEPRECIATION	249.6	22.1	210.3	18.5	155.3	22.2	124.9	17.9
DEPRECIATION 3)								
On fixed assets and other long-term investments	-73.2		-78.1		-43.7		-52.3	
Depreciation on consolidated goodwill	-4.5		-4.5					
Consolidation difference	0.3		0.3					
Depreciation, total	-77.4		-82.3		-43.7		-52.3	
OPERATING PROFIT	172.2	15.3	128.0	11.3	111.6	15.9	72.6	10.4
Financial income and expenses 5) 6)	57.6		54.2		64.5		67.3	
PROFIT BEFORE EXTRAORDINARY ITEMS, APPROPRIATIONS AND TAXES	229.8	20.4	182.2	16.0	176.1	25.1	139.9	20.1
Extraordinary income and expenses 7)	0.0		10.9		-11.5		6.9	
PROFIT BEFORE APPROPRIATIONS AND TAXES	229.8	20.4	193.1	17.0	164.6	23.5	146.8	21.0
Increase (-)/decrease (+) in depreciation in excess of plan					10.0		16.3	
Increase (-)/decrease (+) in untaxed reserves					40.0		10.0	
Direct taxes 8)	-43.5		-41.7		-54.8		-56.1	
PROFIT FOR THE PERIOD BEFORE MINORITY INTEREST	186.3	16.5	151.4	13.3	159.8	22.8	117.0	16.8
Minority interest	-0.1		-0.1					
PROFIT FOR THE PERIOD	186.2	16.5	151.3	13.3				

* The numbers refer to the notes to the financial statements.

BALANCE SHEETS

	WSOY GROUP				WSOY			
	1997		1996		1997		1996	
ASSETS	MFIM	%	MFIM	%	MFIM	%	MFIM	%
FIXED ASSETS AND OTHER LONG-TERM INVESTMENTS 9) 10) 18) 19)								
Intangible assets								
Intangible rights	0.6		1.2		0.5		1.0	
Goodwill	14.6		19.4		14.6		19.5	
Group goodwill	29.3		18.0					
Tangible assets								
Land and water	76.1		76.1		33.1		33.1	
Buildings	145.2		144.6		55.2		57.1	
Machinery and equipment	195.0		212.9		117.7		136.2	
Other tangible assets	19.2		18.9		13.4		13.8	
Advances paid and construction in progress	1.9		3.7		0.8		0.4	
Other long-term investments								
Investments in associates	410.5		346.6		160.5		142.7	
Other bonds and shares	52.3		48.4		269.8		242.1	
Loans receivable 11)	31.5		0.8		30.0		7.0	
Fixed assets, total	976.2	58.6	890.6	57.5	695.6	55.1	652.9	54.0
INVENTORIES AND FINANCIAL ASSETS								
Inventories								
Raw materials and supplies	21.8		18.5		13.6		12.6	
Work in progress	28.9		31.3		21.4		24.6	
Finished goods	110.3		101.8		89.5		83.5	
Inventories, total	161.0	9.7	151.6	9.8	124.5	9.9	120.7	10.0
Receivables 12) 13)								
Accounts receivable	214.3		230.2		60.2		59.8	
Loans receivable	17.3		22.0		161.9		189.0	
Accrued income and prepaid expenses	55.9		61.2		3.2		7.4	
Other receivables	9.2		4.9		2.4		1.6	
Receivables, total	296.7	17.8	318.3	20.5	227.7	18.1	257.8	21.3
Financial assets								
Market rate investments	112.4	6.7	152.0	9.8	112.4	8.9	152.0	12.6
Cash and bank	120.6	7.2	37.7	2.4	101.4	8.0	25.5	2.1
ASSETS, TOTAL	1,666.9	100.0	1,550.2	100.0	1,261.6	100.0	1,208.9	100.0

	WSOY GROUP				WSOY			
	1997		1996		1997		1996	
SHAREHOLDERS' EQUITY AND LIABILITIES	MFIM	%	MFIM	%	MFIM	%	MFIM	%
SHAREHOLDERS EQUITY 14)								
Restricted equity								
Share capital	120.0		120.0		120.0		120.0	
Other restricted equity	82.1		82.1		82.0		82.0	
Restricted equity, total	<u>202.1</u>		<u>202.1</u>		<u>202.0</u>		<u>202.0</u>	
Unrestricted equity								
Unrestricted funds	39.7		39.7		91.4		91.4	
Retained earnings	712.8		605.0		264.7		195.8	
Profit for the period	186.2		151.3		159.8		117.0	
Unrestricted equity, total	<u>938.7</u>		<u>796.0</u>		<u>515.9</u>		<u>404.2</u>	
Shareholders' equity, total	1,140.8	68.4	998.1	64.4	717.9	56.9	606.2	50.1
MINORITY INTEREST	0.9	0.1	0.4	0.0				
CONSOLIDATION DIFFERENCE	0.7	0.0	0.9	0.1				
PROVISIONS 4)								
Accumulated depreciation in excess of plan					149.8		159.8	
Untaxed reserves								
Transition provision					0.0		40.0	
					<u>149.8</u>	11.9	<u>199.8</u>	16.5
LIABILITIES 16)								
Long-term								
Loans from financial institutions	2.6		2.1		0.3		0.7	
Pension loans	217.5		205.8		212.6		195.8	
Deferred tax liability 15)	56.2		64.8		0.0		0.0	
Other long-term debt	16.5		17.5		0.0		0.0	
Long-term liabilities, total	<u>292.8</u>		<u>290.2</u>		<u>212.9</u>		<u>196.5</u>	
Short-term 13)								
Loans from financial institutions	1.4		2.9		0.4		1.9	
Pension loans	0.7		2.1		0.4		1.3	
Advances received	21.1		19.8		12.8		9.8	
Accounts payable	41.7		34.1		22.4		17.5	
Accrued liabilities and deferred income	154.2		191.3		99.4		131.2	
Other short-term debt	12.6		10.4		45.6		44.7	
Short-term liabilities, total	<u>231.7</u>		<u>260.6</u>		<u>181.0</u>		<u>206.4</u>	
Liabilities, total	524.5	31.5	550.8	35.5	393.9	31.2	402.9	33.4
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL	<u>1,666.9</u>	100.0	<u>1,550.2</u>	100.0	<u>1,261.6</u>	100.0	<u>1,208.9</u>	100.0

SOURCES AND APPLICATION OF FUNDS

	WSOY GROUP		WSOY	
	1997 MFIM	1996	1997 MFIM	1996
OPERATIONS				
Funds from operations				
Operating profit before depreciation	*) 231.3	208.1	155.3	124.9
Profit from sales of fixed assets	-2.4	-1.3	-2.2	-0.5
Financial income and expenses	*) 31.2	19.6	61.7	63.0
Extraordinary items	0.0	0.0	-11.5	-4.0
Taxes	-52.2	-54.6	-54.8	-56.1
Total funds from operations	<u>207.9</u>	<u>171.8</u>	<u>148.5</u>	<u>127.3</u>
CHANGE IN WORKING CAPITAL				
Increase (-)/decrease (+) in inventories	-7.6	1.0	-3.8	-2.0
Increase (-)/decrease (+) in short-term trade receivables	21.6	31.9	30.1	33.3
Increase (-)/decrease (+) in interest-free short-term debt	-19.7	-21.6	-23.4	31.2
	<u>-5.7</u>	<u>11.3</u>	<u>2.9</u>	<u>62.5</u>
CASH FLOW FROM OPERATIONS	202.2	183.1	151.4	189.8
INVESTMENTS				
Investments in fixed assets	-92.5	-56.6	-62.9	-16.4
Income on the sale of fixed assets	4.8	15.0	4.4	12.8
	<u>-87.7</u>	<u>-41.6</u>	<u>-58.5</u>	<u>-3.6</u>
CASH FLOW BEFORE FINANCING	114.5	141.5	92.9	186.2
FINANCING				
Increase (-)/decrease (+) in long-term receivables	-30.7	-0.2	-23.0	0.0
Increase (+) in long-term loans	40.9	29.7	40.9	29.7
Decrease (-) in long-term loans	-28.9	-38.2	-24.4	-49.9
Increase (+)/decrease (-) in short-term loans	-2.9	-9.8	-2.4	-9.7
Increase (+)/decrease (-) in other short-term debt	-6.3	8.8	0.3	-14.2
Dividends	-48.0	-24.0	-48.0	-24.0
Other distribution of profits	-0.3	-0.4	-0.1	-0.1
Market rate investments	39.7	-138.9	39.7	-138.9
	<u>-36.5</u>	<u>-173.0</u>	<u>-17.0</u>	<u>-207.1</u>
INCREASE (+)/DECREASE (-) IN LIQUID FUNDS	78.0	-31.5	75.9	-20.9
Adjustment items	<u>4.9</u>	<u>1.1</u>	<u>0.0</u>	<u>0.0</u>
INCREASE (+)/DECREASE (-) IN LIQUID FUNDS ACCORDING TO THE BALANCE SHEET	<u><u>82.9</u></u>	<u><u>-30.4</u></u>	<u><u>75.9</u></u>	<u><u>-20.9</u></u>
*) Adjusted for the effect of associates				

GENERAL ACCOUNTING PRINCIPLES

SCOPE OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include WSOY and the accounts of all companies where the Group directly or indirectly holds over 50 % of the vote at the balance sheet date. The subsidiaries Teknolit Oy and Geodata Oy are included in the consolidated balance sheet but their share of the 1997 result is not consolidated in the income statement. The financial periods of all Group companies close on 31 December.

Investments in associates where the Group's direct or indirect interest is 20–50 % are accounted for in the consolidated financial statements, with the exception of two associated housing companies where the Group's interest exceeds 20 %. The associates are accounted for under the equity method.

Subsidiaries and associates included in the consolidated financial statements are mentioned in note 19 of the notes to the financial statements.

ACCOUNTING PRINCIPLES APPLIED TO CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of subsidiaries are recorded under the cost method. Inter-company transactions are eliminated.

The price paid for subsidiaries in excess of equity at the time of the acquisition is stated under fixed assets and goodwill. Goodwill and building-related items are depreciated according to plan.

Minority interests in the results of associates accounted for in the consolidated income statements is calculated by multiplying their profit or loss (net result) by their percentage share of the Group's shareholding. Goodwill generated in connection with the acquisition of associates is depreciated according to plan during a period of 6–15 years. Dividends earned from associates are not accounted for in the result.

Associates' shares in the consolidated balance sheet include the portion of their equities corresponding to the Group's shareholding added by the undepreciated portion of goodwill. This was FIM 32.6 million (24.3) at the year-end.

Investments in other companies are mainly stated in accordance with the cost method. The values based on the cost method are depreciated to correspond to their net realisable value if necessary.

Provisions are itemised as equity and deferred tax liability. The change in deferred tax liability in the balance sheet is credited to income under the income statement. Associates are accounted for in the same way.

Minority interests are presented as separate items in the income statement and the balance sheet.

TRANSACTIONS IN FOREIGN CURRENCIES

The income statements of foreign subsidiaries are translated into Finnish markka at the yearly average rates of exchange. Other items in foreign currencies are recorded at the official average rate of the Bank of Finland at the balance sheet date. All items due to changes in currency rates are stated under income.

INVENTORIES

Inventories are stated on a first-in-first out (FIFO) basis at the lower of cost or replacement or estimated net realisable value.

FIXED ASSETS AND DEPRECIATION

Fixed assets are stated at cost less accumulated depreciation according to plan. The amount of value appreciation included in the value of land is FIM 25 million.

Depreciation on fixed assets is calculated according to an approved depreciation plan, adjusted where necessary by scrapping and depreciation in excess of plan. The depreciation periods based on the estimated useful lives of assets are:

- intangible assets	4-6 years
- buildings	30 years
- equipment of the buildings	10 years
- heavy printing machines	15 years
- machinery and equipment	10 years
- cars, furniture and EDP equipment	3-5 years
- other long-term investments	10 years

The difference between planned depreciation and booked depreciation is recorded as a separate item in the parent company's income statement. The accumulated depreciation difference is stated under equity and deferred tax liability in the consolidated balance sheet.

KEY FINANCIAL INDICATORS

The criteria for calculation of key financial indicators are presented on page 28. The key indicators for 1994–1997 are directly comparable, while the figures for 1993 have been calculated in accordance of the then valid regulations. The per share ratios have been adjusted to dilute the effects of the change in nominal value and the bonus share issue. Cross-ownership of associates has been eliminated.

PENSION SCHEMES

The pension schemes of the parent company's personnel are funded through Werner Söderström Osakeyhtiön Eläkesäätiö s.r. (trustee-administered pension fund), complemented by pension insurance. The pensions of subsidiaries are covered by pension insurance.

The cost of pension schemes and pension liabilities are accounted under social expenses in the income statement.

The agreed retirement age of WSOY's Board members and the presidents of some subsidiaries is 60–65 years. The retirement age for a number of female employees who transferred to WSOY's service in connection with Weilin+Göös acquisition in 1995 is 60. The early retirement pensions are covered by insurance.

TAXES

In the consolidated income statements, the taxes are adjusted by the change in deferred tax liability. The costs of FIM 16.8 million related to the strategic change in production encumber the 1996 result while the corresponding taxes burden the result for 1997.

INFORMATIVE CONTENT OF THE ANNUAL REPORT

The level of detail and the organisation of information in the printed annual report differs from the official financial statements.

NOTES TO THE FINANCIAL STATEMENTS

	WSOY GROUP		WSOY	
	1997	1996	1997	1996
1) Net sales by industry				
Publishing and printing	1,082.5	1,095.4	696.1	694.2
Renting and leasing	8.6	8.5	0.0	0.0
Other operations	36.7	32.3	4.1	3.5
Total	1,127.8	1,136.2	700.2	697.7
Net sales by geographical market				
Finland	894.6	918.2	587.1	586.8
Other EU countries	167.4	168.3	81.3	85.4
Other countries	65.8	49.7	31.8	25.5
Total	1,127.8	1,136.2	700.2	697.7
2) Personnel expenses				
Salaries and wages to the Group's/ company's personnel	267.3	278.9	153.2	165.0
Pension expenses	17.2	17.5	0.2	0.2
Coverage of pension liability	-16.9	24.1	-16.9	24.0
Fees to the pension fund	40.9	22.5	40.9	22.5
Statutory social expenses	33.3	35.7	16.4	18.5
Personnel expenses in the income statement, total	341.8	378.7	193.8	230.2
Fringe benefits	5.9	5.5	2.8	2.8
Voluntary social expenses	9.9	9.6	6.2	5.6
Personnel expenses, total	357.6	393.8	202.8	238.6
3) Depreciation				
Depreciation according to plan				
Intangible rights	0.5	1.5	0.5	1.5
Goodwill	4.9	4.8	4.9	4.9
Buildings	9.2	8.4	3.6	3.5
Machinery and equipment	52.9	57.3	30.7	37.9
Other tangible assets	5.7	6.1	4.0	4.5
Total	73.2	78.1	43.7	52.3
Group goodwill	4.5	4.5		
Consolidation difference credited to income	-0.3	-0.3		
Total	4.2	4.2		
Depreciation according to plan, total	77.4	82.3		
Change in depreciation in excess of plan				
Intangible rights	0.0	-0.1	0.0	-0.1
Buildings	0.7	1.6	0.9	2.1
Machinery and equipment	9.6	13.5	13.1	14.9
Other tangible assets	-1.4	-0.4	-1.0	-0.1
Machinery under construction	-0.8	0.0	-0.8	0.0
Planned depreciation, profits and losses on sales	-2.4	-1.3	-2.2	-0.5
Change in depreciation in excess of plan, total	5.7	13.3	10.0	16.3
Change in untaxed reserves	42.9	10.0	40.0	10.0
Change in provisions, total	48.6	23.3	50.0	26.3

	WSOY GROUP		WSOY	
	1997	1996	1997	1996
4) Accumulated difference in untaxed reserves				
Accumulated difference of depreciation in excess of plan and planned depreciation				
Intangible rights	0.3	0.3	0.3	0.2
Buildings	53.2	53.8	42.3	43.2
Machinery and equipment	128.3	135.5	96.1	107.1
In progress	0.8	0.0	0.8	0.0
Other tangible assets	11.0	9.6	10.3	9.3
	193.6	199.2	149.8	159.8
Accumulated difference 1 Jan	199.2	212.5	159.8	176.1
Depreciation difference for the period	-22.3	-23.3	-23.8	-26.3
Transition provision used	16.7	10.0	13.8	10.0
Accumulated difference 31 Dec	193.6	199.2	149.8	159.8
Transition provision	0.0	42.9	0.0	40.0
Provisions, total	193.6	242.1	149.8	199.8
5) Financial income and expenses				
Dividends	1.3	1.2	58.0	63.5
Interest income on short-term investments	16.3	14.4	14.7	14.1
Other financial income	0.2	0.2	0.0	0.0
Exchange rate differences	0.0	0.2	0.2	0.2
Interest in the results of associates	49.7	52.1	0.0	0.0
Interest expenses	-12.5	-17.9	-11.0	-14.5
Other financial expenses	-0.1	-0.2	-0.1	-0.2
Depreciation returned to investments	2.7	4.2	2.7	4.2
	57.6	54.2	64.5	67.3
6) Group's internal financial income and expenses				
Financial income from subsidiaries				
Dividends			15.4	25.2
Interest income on short-term investments			7.7	8.9
Financial expenses paid to subsidiaries				
Interest expenses			0.4	1.3
7) Extraordinary income and expenses				
Income on the sale of fixed assets	0.0	10.9	0.0	10.9
Paid corporate contribution	0.0	0.0	-11.5	-4.0
Extraordinary income and expenses, total	0.0	10.9	-11.5	6.9
8) Direct taxes				
For the period	-52.9	-54.5	-55.6	-56.0
Brought forward	0.8	-0.1	0.8	-0.1
Change in deferred tax liability	8.6	12.9		
Direct taxes, total	-43.5	-41.7	-54.8	-56.1
9) Information on fixed assets				
Value appreciation included in fixed assets 31 Dec				
Land and water	25.0	25.0	25.0	25.0
Production machinery and equipment of book value 31 Dec	158.6	174.3	99.5	117.1

	WSOY GROUP		WSOY	
	1997	1996	1997	1996
10) Taxable values of fixed assets and securities				
Land and water	45.6	45.6	6.3	6.3
Buildings	143.1	146.6	34.7	36.3
Shares in subsidiaries	0.0	0.0	229.1	208.5
Shares in associates	542.3	445.1	542.3	445.1
Shares in other companies	46.3	39.7	36.5	30.4
Taxable values, total	777.3	677.0	848.9	726.6
11) Shares and loans receivable under long-term investments				
Subsidiaries				
Shares			226.0	202.1
Loans receivable			0.0	7.0
Total			226.0	209.1
Associates				
Other loans receivable	10.0	0.0	10.0	0.0
Equity loan receivable	20.0	0.0	20.0	0.0
Total	30.0	0.0	30.0	0.0
Equity loan granted to Yhtyneet Kuvalehdet Oy				
Interest rate 6-month HELIBOR +1.5%				
Amortisation and interest payment annually in January				
12) Receivables under financial assets due in one year or longer				
Accounts receivable	0.4	0.6	0.4	0.6
Loans receivable	0.9	0.3		
13) Receivables and debts with subsidiaries and associates				
Accounts receivable/subsidiaries			2.1	1.7
Accounts receivable/associates	7.7	9.6	7.7	8.6
Loans receivable/subsidiaries			149.2	172.2
Loans receivable/associates	16.4	21.5	12.1	16.4
Accrued income and prepaid expenses/subsidiaries			0.3	0.0
Accrued income and prepaid expenses/associates	0.7		0.7	0.0
Accounts payable/subsidiaries			1.0	0.2
Accounts payable/associates	0.4	0.5	0.4	0.4
Other short-term debt/subsidiaries			32.1	33.5
Other short-term debt/Group accounts payable	0.0	0.0	3.7	3.3
14) Changes in equity:				
Restricted equity				
Share capital 31 Dec	120.0	120.0	120.0	120.0
Other restricted equity 31 Dec	82.1	82.1	82.0	82.0
Restricted equity, total	202.1	202.1	202.0	202.0
The parent company's share capital composed by share category:				
1,980,000 A-shares (20 votes/share), nominal value FIM 10.00/share			19.8	19.8
10,020,000 B-shares (1 vote/share), nominal value FIM 10.00/share			100.2	100.2
Share capital, total			120.0	120.0

	WSOY GROUP		WSOY	
	1997	1996	1997	1996
Unrestricted equity				
Unrestricted funds 31 Dec	39.7	39.7	91.4	91.4
Retained earnings 1 Jan	756.3	628.3	312.8	219.9
Dividends	-48.0	-24.0	-48.0	-24.0
Other distribution of profits	-0.4	-0.4	-0.1	-0.1
Conversion difference	0.7	1.1		
Changes in equities of associates	4.2	0.0		
Retained earnings 31 Dec	712.8	605.0	264.7	195.8
Profit for the period	186.2	151.3	159.8	117.0
Total	899.0	756.3	424.5	312.8
Unrestricted equity, total; 31 Dec	938.7	796.0	515.9	404.2
Shareholders' equity, total	1,140.8	998.1	717.9	606.2
Distributable funds of unrestricted equity	793.7	617.0	515.9	404.2
15) Tax liabilities corresponding to the Group's untaxed reserves	58.2	71.5		
Tax receivable based on pension liability	-2.0	-6.7		
Deferred tax liability	56.2	64.8		
16) Liabilities				
Debts due in five years or longer				
Pension loans	5.6	9.7	2.2	2.5
Other loans	15.0	15.0	0.0	0.0
Total	20.6	24.7	2.2	2.5
17) Pledged assets and contingent liabilities				
For own commitments				
Pledged securities	129.8	149.1	129.4	149.1
Mortgages on land and buildings	92.6	86.2	59.5	53.5
Mortgage loans	78.1	60.9	59.5	41.0
For subsidiaries' debt				
Guarantees			5.4	11.5
For others				
Guarantees for associates	37.4	12.8	36.7	12.6
Guarantees, other	0.3	0.4	0.1	0.1
Other contingent liabilities				
Bills of exchange	0.0	0.2	0.0	0.2
Liabilities for lease and rent agreements	1.3	1.2	0.1	0.2
Other commitments	39.8	43.9	0.5	0.6
Total				
Pledges	129.8	149.1	129.4	149.1
Mortgages	92.6	86.2	59.5	53.5
Guarantees	37.7	13.2	42.2	24.2
Bills of exchange	0.0	0.2	0.0	0.2
Liabilities for lease and rent agreements	1.3	1.2	0.1	0.2
Other commitments	39.8	43.9	0.5	0.6
Conditional acquisition commitment	58.3			

18) Intangible and tangible assets

	Acquisition cost 1 Jan 97	Increases 1 Jan – 31 Dec 97	Decreases 1 Jan – 31 Dec 97	Acquisition cost 31 Dec 97	Accumulated planned depreciation 31 Dec 97	Book value 31 Dec 97
<u>Consolidated</u>						
Intangible rights	6.3	0.0	0.0	6.3	5.6	0.7
Goodwill	29.7	0.0	0.0	29.7	15.1	14.6
Group goodwill	27.7	15.8	0.0	43.5	14.2	29.3
Land and water	76.1	0.0	0.0	76.1	0.0	76.1
Buildings	204.8	9.7	0.0	214.5	69.3	145.2
Machinery and equipment	667.9	38.7	30.8	675.8	480.8	195.0
Other tangible assets	51.4	6.0	0.1	57.3	38.2	19.1
	<u>1,063.9</u>	<u>70.2</u>	<u>30.9</u>	<u>1,103.2</u>	<u>623.2</u>	<u>480.0</u>
<u>Parent company</u>						
Intangible rights	6.1	0.0	0.0	6.1	5.6	0.5
Goodwill	29.2	0.0	0.0	29.2	14.6	14.6
Land and water	33.0	0.0	0.0	33.0	0.0	33.0
Buildings	82.1	1.7	0.0	83.8	28.6	55.2
Machinery and equipment	502.0	14.3	29.0	487.3	369.6	117.7
Other tangible assets	41.2	3.6	0.1	44.7	31.2	13.5
	<u>693.6</u>	<u>19.6</u>	<u>29.1</u>	<u>684.1</u>	<u>449.6</u>	<u>234.5</u>
	Value 1 Jan 97	Increases 1 Jan – 31 Dec 97	Decreases 1 Jan – 31 Dec 97	Value 31 Dec 97	Accumulated planned depreciation 31 Dec 97	Book value 31 Dec 97
Consolidation difference	1.5	0.0	0.0	1.5	0.8	0.7

19) Bonds and shares owned by the Group and the parent company in other companies 31 Dec 1997

	Group's share-holding, %	Group's holding of votes, %	Group's share of equity, MFIM	Parent company's shareholding, %	Shares owned by parent company			Profit/loss according to latest financial statements, MFIM
					No.	Nominal value, MFIM	Book value, MFIM	
<u>Subsidiaries</u>								
Werner Söderström GmbH	100.0	100.0	0.4	100.0		MDEM 0.2	0.5	0,0
Lönnberg Painot Oy	100.0	100.0	38.9	100.0	20,250	1.2	0.3	7,1
Kirjatuki Oy, group	100.0	100.0	18.6	100.0	414,000	12.4	14.7	2,1
Tuotantotalo Werne Oy	100.0	100.0	4.7	100.0	1,250	0.3	0.5	1,4
Kiinteistö Oy Bulevardi 12	100.0	100.0	1.2	80.5	161	1.0	14.0	0,0
Kiinteistö Oy Bulevardi 14	78.8	78.8	1.9	78.8	152	1.5	60.4	0,3
Ajasto Osakeyhtiö, group	100.0	100.0	52.2	100.0	100	10.0	61.2	8,6
Werner Söderström Lakitieto Oy	90.0	90.0	2.6	90.0	900	0.9	2.7	0,0
Teknolit Oy	100.0	100.0	5.1	100.0	150	0.0	14.5	2,3
Geodata Oy	100.0	100.0	0.2	100.0	10	0.0	6.6	-0,8
Kiviranta Oy	100.0	100.0	4.6	100.0	20	1.0	0.5	8,3
Weilin+Göös Oy, group	100.0	100.0	91.9	100.0	1,000	10.0	50.0	16.8
Subsidiaries, total							225.9	
<u>Associates</u>								
	Group's share-holding, %	Group's holding of votes, %	Group's share of equity, MFIM	Parent company's shareholding, %	No.	Nominal value, MFIM	Book value, MFIM	Profit/loss according to latest financial statements, MFIM
Finnprint Osuuskunta	33.3	33.3	—	33.3	6	—	0.0	-0.1
Rautakirja Oyj, group 1)	31.7	31.3	325.2	31.7	2,055,830	41.1	119.5	161.1
Suuri Suomalainen Kirjakerho Oy	40.0	40.0	4.6	40.0	480	0.5	0.4	5.4
Yhtyneet Kuvalehdet Oy, group	50.0	50.0	46.7	50.0	7,500	7.5	406.6	33.0
Måndag Oy	50.0	50.0	1.4	0	0	—	0.0	2.7
As. Oy Hietalahdenranta 15, Helsinki 2)	32.7	32.7	—	32.7	99	0.1	10.3	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
Associates, total 3)							537.6	
<u>Other bonds and shares owned by parent company</u>								
	Parent company's shareholding, %	No.	Nominal value, MFIM	Book value, MFIM	Group's holdings in publicly listed shares, market capitalisation, MFIM			
As. Oy Klassikko, Turku	2.9	75	0.0	0.2				
As. Oy Monttiintalo, 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, I-series	1.2	77,680	0.8	12.9		14.8		
Amer-yhtymä Oyj, A-series	—	3,870	0.1	0.2		0.4		
Enso Oyj, A-series	—	50,000	1.0	1.9		2.1		
Golfsarfvik Oy	0.3	1	—	0.2				
HEX Oy	—	20,000	0.2	0.2				
Helsingin Puhelinyhdistys	—	102	—	0.2				
Kiinteistö Oy Jerisjärvi	—	1	—	0.4				
UPM-Kymmene Oyj	0.1	67,200	1.3	4.5		7.3		
Merita Oy, A	—	23,474	0.2	0.5		0.7		
Vakuutusosakeyhtiö Pohjola,B	—	25,000	0.1	1.6		5.1		
Rauma Oyj	—	1,871	—	0.2		0.2		
Oy Stockmann Ab, B-series	0.3	25,500	1.0	5.1		8.7		
Villa Reino-Veikko, Kypros	—	—	—	0.3				
Other bonds and shares	—	—	—	11.8				
Total				43.8				

1) Rautakirja Oyj is accounted for under financial income and expenses; its market capitalisation is FIM 790.8 million.

Other associates are presented as income under net sales.

2) Associates not consolidated in the Group's financial statements.

3) The closing date for the financial statements of all associates is 31 December 1997, the financial period is 12 months.

PROPOSAL OF THE BOARD OF DIRECTORS FOR DISTRIBUTION OF PROFITS

The unrestricted equity as stated in the consolidated balance sheet totalled FIM 938,741,367.44 at 31 December 1997 of which FIM 145,065,963.20 were transferred from untaxed reserves to equity as required by the Accounting Act. The parent company's unrestricted equity was

- operating fund	91,430,929.54
- retained earnings	264,644,392.01
- profit for the period	<u>159,768,074.37</u>
Total	515,843,395.92

The Board of Directors proposes that the Annual General Meeting approve the disposition of the above amount as follows:

- declare a dividend of FIM 5.25 per share	63,000,000.00
- donate to Werner Söderström Osakeyhtiön kirjallisuussäätiö	150,000.00
- retain in unrestricted equity	<u>452,693,395.92</u>
Total	515,843,395.92

The Board proposes that the dividend be paid to shareholders registered at the record date in the shareholders' register administered by the Finnish Central Securities Depository Ltd. According to the Board's decision the record date for distribution of dividends is 4 May 1998. The Board proposes to the Annual General Meeting that the dividend be paid on 7 May 1998.

Helsinki, 17 March 1998

Antero Siljola <i>Group President and CEO</i>	Pertti Ailio	Aarno Heinonen
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Jorma Kaimio	Heikki Kokkonen	Sven Meinander
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TO THE SHAREHOLDERS OF
WERNER SÖDERSTRÖM OSAKEYHTIÖ – WSOY

We have examined the accounts, financial statements and administration of Werner Söderström Osakeyhtiö – WSOY for the financial year 1 January to 31 December 1997. The financial statements prepared by the Board of Directors and the President and CEO include both for the Group and the parent company, a report on operations, an income statement, a balance sheet and notes to the financial statements. Based on our audit, we express our opinion on the accounts and on corporate administration.

We have audited the accounting records and the accounts in accordance with Finnish auditing standards. The accounts, the accounting principles, the disclosures and the presentation of information were audited so as to obtain assurance about whether the accounts are free from material misstatements. The purpose of the audit of corporate administration was to examine whether the Supervisory Board, the Board of Directors and the President and CEO have acted in compliance with the regulations of the Companies Act.

In our view the financial statements have been prepared in accordance with the regulations of the Accounting Act and other regulations governing the preparation of financial statements. The financial statements give a correct and sufficient picture of the results and financial position of the Group and the parent company as required by the Accounting Act. The financial statements including the Group accounts may be approved and the Supervisory Board, the members of the Board of Directors and the President and CEO be discharged from liability for the financial year audited by us. The proposal of the Board of Directors concerning the disposition of the unrestricted shareholders' equity according to the balance sheet is in accordance with the Companies Act.

The interim reports published during the financial year examined by us have in our opinion been prepared in accordance with the relevant regulations.

Helsinki, 27 March 1998

Tauno Haataja Björn Renlund
CPA CPA

STATEMENT BY THE SUPERVISORY BOARD

The Supervisory Board has examined the Group's consolidated and the parent company financial statements and the auditors' report. We present as our opinion to the Annual General Meeting that the Group's and the parent company's financial statements be adopted and the Board's proposal for distribution of profits be approved.

The terms of the Supervisory Board members Mr. Esko Koivusalo, Ms. Marjukka af Heurlin and Mr. Raimo Taivalkoski are due to expire.

Helsinki, 2 April 1998

Esko Koivusalo	Paavo Hohti	Tuomas Anhava
Marjukka af Heurlin	Jorma Hämäläinen	Leena Kartio
Hannele Pokka	Jaakko Rauramo	Raimo Taivalkoski

WSOY GROUP KEY FINANCIAL INDICATORS

	1997	1996	1995	1994	1993
Net sales, MFIM	1,127.8	1,136.2	1,149.1	734.2	591.5
Operating profit before depreciation	249.6	210.3	165.7	105.1	95.6
% of net sales	22.1	18.5	14.4	14.3	16.2
Depreciation according to plan	77.4	82.3	144.6	57.0	57.2
Total depreciation	52.7	57.8	60.4	41.4	73.5
Operating profit	172.2	128.0	21.0	48.1	38.1
% of net sales	15.3	11.3	1.8	6.6	6.4
Financial income and expenses	+57.6	+54.2	+39.8	+44.2	-3.6
% of net sales	5.1	4.8	3.5	6.0	-0.6
Profit before extraordinary items, appropriations and taxes	229.8	182.2	60.8	92.3	34.5
% of net sales	20.4	16.0	5.3	12.6	5.8
Extraordinary income and expenses	0	10.9	1.0	1.7	6.5
Profit before appropriations and taxes	229.8	193.1	61.8	94.0	56.4
% of net sales	20.4	17.0	5.4	12.8	9.5
Direct taxes	43.5	41.7	18.6	13.2	10.6
Profit for the period	186.2	151.3	43.1	80.8	46.3
Balance sheet total	1,666.9	1,550.2	1,466.5	1,361.6	1,327.6
Financial assets	529.7	508.0	431.4	407.6	408.3
Inventories	161.0	151.6	152.6	114.0	104.9
Fixed assets	976.2	890.6	882.5	840.0	814.5
Interest-bearing liabilities	239.9	237.9	255.8	278.6	304.0
Interest-free liabilities	284.6	312.9	339.1	236.8	253.6
Shareholders' equity + minority interest	1,141.7	998.5	870.5	841.7	770.0
Return on equity (ROE), %	17.4	15.4	5.2	9.9	2.8
Return on investments (ROI), %	18.5	16.9	7.6	10.1	6.4
Equity ratio, %	69.4	64.4	59.5	61.8	58.8
Gross investments	92.5	56.6	172.2	52.7	52.6
% of net sales	8.2	5.0	15.0	7.2	8.9
Financial result	263.7	233.7	187.8	137.8	87.9
% of net sales	23.4	20.6	16.3	18.8	14.9
Current ratio	3.0	2.5	2.1	2.4	2.7
Gearing, %	-0.9	2.6	16.8	7.2	16.1
Personnel, average	1,792	1,848	1,923	1,231	1,264
Personnel expenses, MFIM	341.8	378.7	364.8	227.8	222.2
% of net sales	30.3	33.3	31.7	31.0	37.6
Net sales per person, FIM 1,000	629.3	614.8	597.6	596.4	467.9
Published new titles	658	695	851	606	537
Published repeat editions	1,378	1,348	1,397	764	965
Exports net, MFIM					
EU	167.4	168.3	185.6	111.5	74.5
Other countries	65.8	49.7	51.0	18.7	19.9

	1997	1996	1995	1994	1993
PER SHARE DATA					
Earnings per share, FIM	15.51	11.98	3.52	6.60	2.95
Equity per share, FIM	95.07	83.38	72.70	70.33	64.17
Dividend per share, FIM*	5.25	4.00	2.00	9.00	7.00
Dividend per share adjusted for share issue, FIM*	5.25	4.00	2.00	1.50	1.17
Dividend of the result, %*	34	33	57	23	40
Effective dividend yield, %; A-share*	2.1	2.8	3.3	1.6	1.3
Effective dividend yield, %; B-share*	2.6	3.5	3.1	2.4	2.2
P/E ratio, A-share	16.4	12.1	17.1	14.5	31.1
P/E ratio, B-share	13.0	9.5	18.6	9.4	17.8
PRICE TREND OF A-SHARE, FIM					
Lowest price of the year, adjusted for share issue	150.00	72.00	63.33	78.33	86.67
Highest price of the year, adjusted for share issue	262.00	150.00	88.33	116.67	116.67
Average price of the year, adjusted for share issue	207.07	105.09	72.78	92.48	97.26
Price at the year-end, adjusted for share issue	262.00	145.00	60.00	95.83	91.67
Price at the balance sheet date	262.00	145.00	60.00	575.00	550.00
PRICE TREND OF B-SHARE, FIM					
Lowest price of the year, adjusted for share issue	115.00	68.50	56.67	50.33	40.83
Highest price of the year, adjusted for share issue	203.00	123.00	68.33	73.33	56.50
Average price of the year, adjusted for share issue	172.59	95.37	64.10	65.05	46.72
Price at the year-end, adjusted for share issue	203.00	115.00	65.00	62.17	52.50
Price at the balance sheet date	203.00	115.00	65.00	373.00	315.00
MARKET CAPITALISATION AT DEC 31, MFIM					
A-shares	2,552.8	1,439.4	770.1	826.0	723.1
B-shares	518.8	287.1	118.8	227.7	217.8
B-shares	2,034.0	1,152.3	651.3	598.3	505.3
TREND OF SHARE TRADING					
Trading volume of A-shares until 20 Dec. 1995 (FIM 50)			1,793	2,424	2,274
Trading volume of A-shares from 21 Dec. 1995 (FIM 10)	82,099	13,103	0		
A-shares of all traded shares, %	4.1	0.7	0.5	0.6	0.6
Trading volume of B-shares until 20 Dec. 1995 (FIM 50)			495,550	462,138	101,816
Trading volume of B-shares from 21 Dec. 1995 (FIM 10)	1,420,059	1,796,258	20,130		
B-shares of all traded shares, %	14.2	17.9	31.1	28.8	6.3
VALUE OF SHARE TRADING, FIM 1,000					
A-shares	262,088	172,691	192,658	181,723	29,870
B-shares	17,000	1,377	783	1,345	1,327
B-shares	245,088	171,314	191,875	180,378	28,543
NUMBER OF SHARES AT 31 DEC, 1,000					
A-shares	12,000	12,000	12,000	2,000	2,000
B-shares	1,980	1,980	1,980	396	396
B-shares	10,020	10,020	10,020	1,604	1,604
Number of shares (1,000) at 31 Dec, adjusted for share issue	12,000	12,000	12,000	12,000	12,000
Average number (1,000) of shares, adjusted for share issue	12,000	12,000	12,000	12,000	12,000
SHARE CAPITAL AT 31 DEC, FIM 1,000					
A-shares	120,000	120,000	120,000	100,000	100,000
B-shares	19,800	19,800	19,800	19,800	19,800
B-shares	100,200	100,200	100,200	80,200	80,200
SHARE VALUE					
Nominal value 31 Dec, FIM	10	10	10	50	50
Taxable value, A-share	175	100	42	400	385
Taxable value, B-share	135	80	45	260	220
DISTRIBUTION OF DIVIDENDS, FIM 1,000*					
	63,000	48,000	24,000	18,000	14,000

* Board's proposal for distribution of dividends 1997.

The key financial indicators have been calculated in accordance with the general instructions issued by the Accounting Board on 12 April 1996. The calculation formulas are presented on page 28. When calculating the key indicators, the Group's interest in shares owned by associates has been eliminated until 1996.

INFORMATION ON WSOY SHAREHOLDERS

SHAREHOLDER CATEGORIES AT 16 FEBRUARY 1998

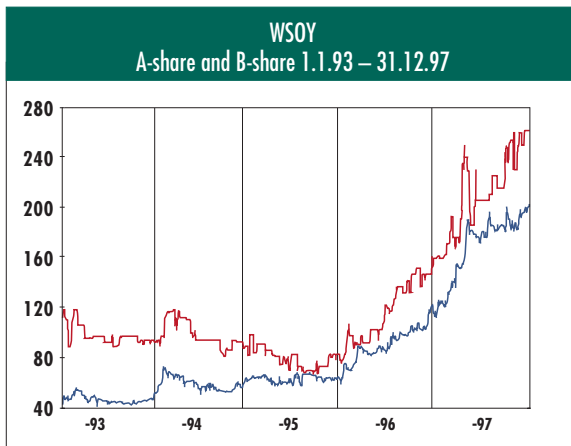
	No. of shareholders	No. of shares	Holding, % of votes	of shares
Private companies	94	2,722,599	23.19	22.68
Publicly listed companies	1	1,890	0	0.02
Financial and insurance institutions	26	1,737,453	9.79	14.48
Public corporations	24	1,006,024	4.37	8.38
Non-profit organisations	110	2,793,740	44.40	23.29
Households	3,204	1,991,945	14.42	16.60
Foreign shareholders	14	1,724,713	3.74	14.37
On joint account		21,636	0.09	0.18
Total	3,473	12,000,000	100.00	100.00

WSOY'S PRINCIPAL SHAREHOLDERS AT 16 FEBRUARY 1998

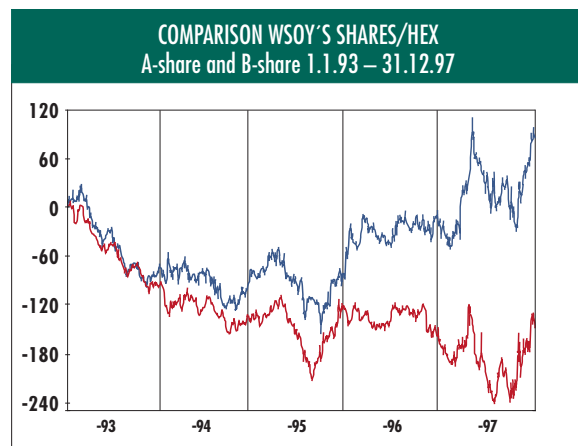
	No. of shares		Holding, %	
	A-shares	B-shares	of votes	of shares
Sanoma Osakeyhtiö	398,085	2,009,713	20.10	20.06
Merita Bank Ltd/nominee registrations	0	1,687,134	3.40	14.06
Alfred Kordelinin yleinen edistys- ja sivistysrahasto	449,133	849,161	19.81	10.82
Vakuutusosakeyhtiö Pohjola	44,480	531,284	2.86	4.80
Werner Söderström Osakeyhtiön kirjallisuussäätiö	334,575	158,403	13.80	4.11
Henkivakuutusosakeyhtiö Nova	6,294	469,566	1.20	3.97
Suomalaisen Kirjallisuuden Seura	66,000	283,450	3.23	2.91
Eläkevakuutusosakeyhtiö Ilmarinen	110,815	135,563	4.74	2.05
Eläkesäätiö Polaris Pensionsstiftelse s.r.	0	228,000	0.46	1.90
Suomen Kulttuurirahasto	70,000	155,000	3.13	1.88
Eläke-Varma Keskinäinen Vakuutusyhtiö	2,900	208,650	0.54	1.76
Werner Söderström Osakeyhtiön Eläkesäätiö	56,795	115,159	2.52	1.43
Särkilähti Tuomas	26,455	74,921	1.22	0.84
Kalevi Jäntin Rahasto	30,070	63,224	1.34	0.78
Keskinäinen Henkivakuutusyhtiö Suomi	0	90,000	0.18	0.75
Kilpi Lassi	0	78,912	0.16	0.66
Särkilähti Monika Eva	15,590	58,286	0.75	0.62
Kuntien Eläkevakuutus	0	71,450	0.14	0.60
Sijoitusrahasto Leijona-Osake	1,334	60,600	0.18	0.52
Henkivakuutusosakeyhtiö Pohjola	0	60,000	0.12	0.50
Kalevalaseura	7,445	51,817	0.40	0.49
Aamulehti-yhtymä Oy	48,115	9,623	1.96	0.48
22 biggest shareholders, total	1,668,086	7,449,916	82.24	75.99

NUMBER OF SHARES PER SHAREHOLDER

Number of shares	WSOY A				WSOY B			
	No. of share-holders	% of share-holders	shares, total	% of shares	No. of share-holders	% of share-holders	shares, total	% of shares
1-100	387	49.56	16,985	0.86	1,181	34.62	60,929	0.61
101-500	279	35.72	60,161	3.04	1,374	40.28	329,817	3.29
501-1000	48	6.15	34,498	1.74	419	12.29	296,733	2.96
1001-5000	45	5.76	102,844	5.19	337	9.88	720,717	7.19
5001-10000	6	0.77	40,209	2.03	43	1.26	330,699	3.30
10001-50000	9	1.15	238,675	12.05	35	1.03	763,201	7.62
50001-100000	3	0.38	192,795	9.74	10	0.29	666,410	6.65
100001-500000	4	0.51	1,292,608	65.29	8	0.23	1,753,791	17.50
500001-1000000	0	0.00	0	0.00	2	0.06	1,380,445	13.78
1000001-	0	0.00	0	0.00	2	0.06	3,696,847	36.90
On joint account	0	0.00	1,225	0.06	0	0.00	20,411	0.20
TOTAL	781	100.00	1,980,000	100.00	3,411	100.00	10,020,000	100.00



— A-share
— B-share



— A-share
— B-share

PROFITABILITY EVALUATION CRITERIA

The profitability is good if ROI exceeds 12 %:

- the profitability targets for operations and investments have been met
- profitability in the upper quadrant of each industry
- replacement of fixed assets secured
- distribution of dividends according to dividend policy secured
- the balance sheet value of share increases

The profitability is satisfactory if ROI is 6-12%:

- profitability on the level of the industry average
- replacement of fixed assets secured
- distribution of dividends according to dividend policy secured
- the balance sheet value of share increases

The profitability is poor if ROI is less than 6%:

- profitability below the industry average
- replacement of fixed assets secured
- distribution of dividends possible
- the balance sheet value of share does not increase

CALCULATION OF KEY INDICATORS

The key financial indicators have been calculated in accordance with the general instructions issued by the Accounting Board on 12 April 1996.

Return on equity (ROE), %	=	$\frac{\text{Profit before extraordinary items less taxes}}{\text{Shareholders' equity + minority interest (average)}} \times 100$
Return on investment (ROI), %	=	$\frac{\text{Profit before extraordinary items + interest expenses and other financial expenses}}{\text{Balance sheet total less interest-free debt (average)}} \times 100$
Equity ratio, %	=	$\frac{\text{Shareholders' equity + minority interest}}{\text{Balance sheet total less advances received}} \times 100$
Financial result	=	Result before appropriations and taxes + depreciation less taxes
Current ratio	=	$\frac{\text{Inventories and financial assets}}{\text{Short-term liabilities}}$
Gearing, %	=	$\frac{\text{Interest-bearing debt less liquid funds less loans receivable}}{\text{Shareholders' equity + minority interest}} \times 100$
Result	=	Profit before extraordinary items less taxes +/- minority interest
Earnings per share	=	$\frac{\text{Result}}{\text{Average number of shares, adjusted for share issue}}$
Equity per share	=	$\frac{\text{Shareholders' equity}}{\text{Number of shares 31 Dec, adjusted for share issue}}$
Dividend per share	=	Dividend divided by the number of shares outstanding at 31 Dec
Dividend adjusted for share issue	=	Dividend per share, adjusted for share issue
Dividend, % of result	=	$\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$
Effective dividend yield, %	=	$\frac{\text{Dividend per share, adjusted for share issue}}{\text{Share price quoted 31 Dec, adjusted by share issue}} \times 100$
P/E ratio	=	$\frac{\text{Weighted average share price}}{\text{Earnings per share}}$
Market capitalisation	=	Number of shares multiplied by the share price quoted at the balance sheet date by share category

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WSOY'S BOARD OF DIRECTORS

The chairman of WSOY Group's Board of Directors is the Group President and CEO **Antero Siljola** (b. 1942).

Board member **Jorma Kaimio** (b. 1946), Group Executive Vice President and Senior Vice President is responsible for WSOY's General Literature business group which includes both fiction and non-fiction.

Board member **Pertti Ailio** (b. 1957) is the Senior Vice President in charge of the Book Printing business group. Book Printing produces and markets competitive printing services of a high standard to the North European markets.

Board member **Aarno Heinonen** (b. 1944) is the Senior Vice President responsible for the Group's Administration, Finance and Investment. This business group manages and co-ordinates WSOY's centralised corporate finance and administration, real estate and investment functions, information systems, human resources management and internal communications.

Board member **Heikki Kokkonen** (b. 1944) is the Senior Vice President responsible for the Educational Materials business group which publishes textbooks for basic schools, high schools and other learning institutions as well as electronic educational materials and runs its own Internet activity.

Board member **Sven Meinander** (b. 1952) is the Senior Vice President responsible for the Magazine Printing business group. The business group produces high-quality magazines and direct marketing products and its market areas include Finland, the Nordic countries and Russia. A decision was taken at the beginning of 1998 to establish a magazine and advertising materials company, Acta Print Oy, as a joint venture with Otava. Acta Print will become operative on 1 May 1998 and will assume the operations of WSOY's magazine printing unit and Otava's Syväpaino. Mr. Sven Meinander has been appointed Acta Print Oy's President.

WSOY's Board of Directors:

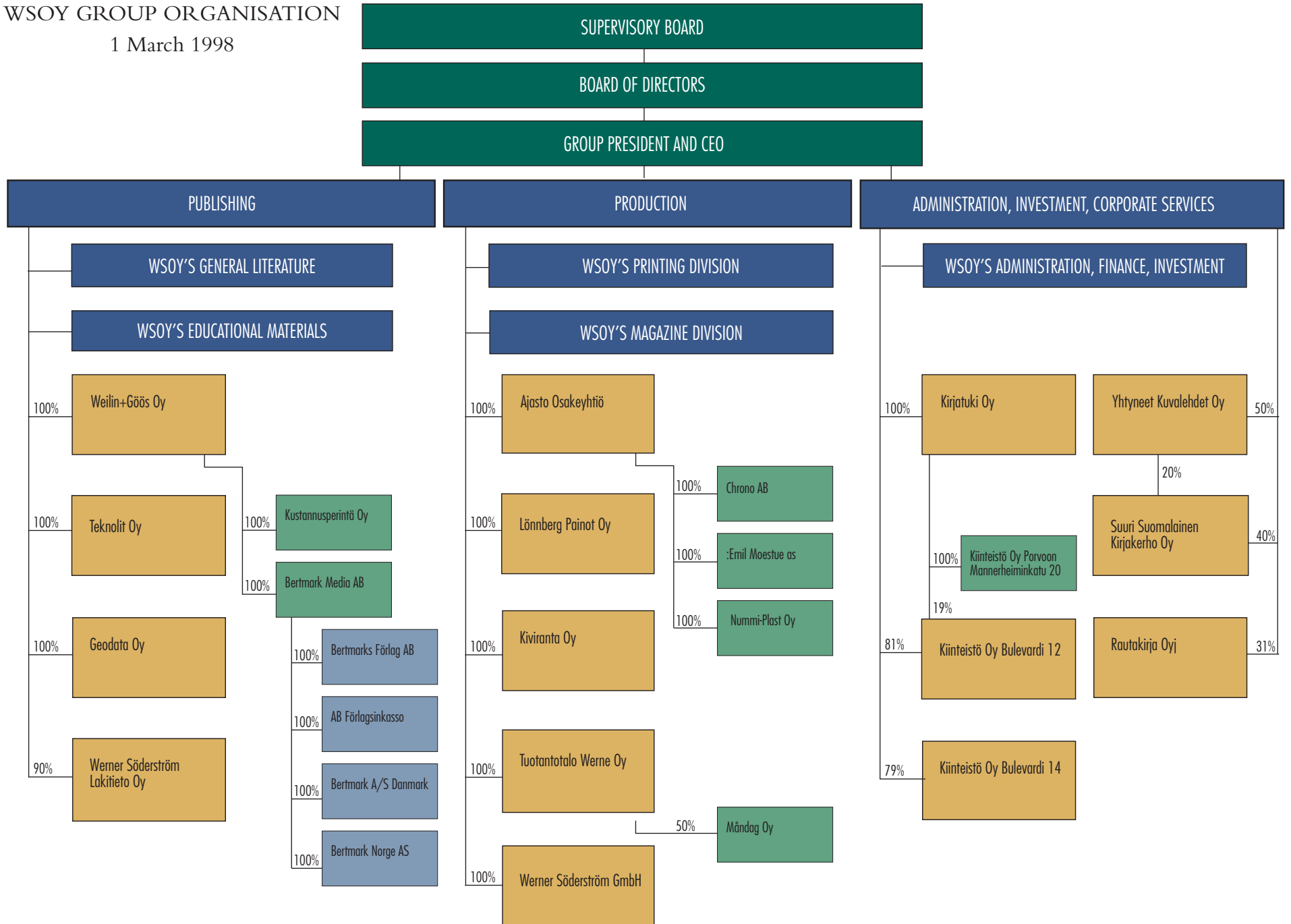
From left: Aarno Heinonen, Sven Meinander, Jorma Kaimio, Antero Siljola, Pertti Ailio, Heikki Kokkonen



WERNER SÖDERSTRÖM OSAKEYHTIÖ - WSOY

WSOY GROUP ORGANISATION

1 March 1998



W E & N G E R T E Ö K D E N R Ö T L R Ö I
L Ö T D A R J S T A R S Ö M T O S L A K Ö E V
E S K A K I E V H I T R Ö A W N S Ö T Y A W
T S G O Y E O E D N A E R T A Ö W D E S F
N E N R N B E E R S Ö G D E W R E T R R Ö N
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E S K O Y I W E I R R E A R N S Ö T D A F