



ANNUAL REPORT 2000

The Rautakirja Group is a Finnish trade and service company with an increasing interest in international operations. The basis for all the Group's operations lies in the consumer's needs. The Rautakirja Group specializes in the following key areas:

- wholesale and retail trade of newspapers and magazines
- specialized retail trade based on a firm foundation of:
 - nationwide coverage
 - chain operations
 - centralized chain management
 - strong market position
 - good coverage of existing and new distribution channels

Annual General Meeting of Shareholders

Rautakirja Oyj's Annual General Meeting will be held on Wednesday March 28, 2001 at 15.00 in the Tennis Palace at Salomonkatu 15, Helsinki.

Attendance should be announced no later than 26.3.2001 by contacting Helena Apo at +358-9-852 8404 (09-852 8404 inside Finland).

Financial Information & Publication Schedule

In addition to this Annual Report, Rautakirja will publish three quarterly interim reports for the year 2001.

The first of these will appear on 4.5.2001 at 9.00 a.m. local time, the second (covering six months) on 2.8.2001 at 9.00, and the third-quarter report will be released on 5.11.2001 at 9.00.

Annual Reports and Interim Reports can also be seen at the Rautakirja website at www.rautakirja.fi. Printed reports can be ordered directly from this site or by contacting Rautakirja Oyj/Communication, Box 1, FIN-01641 Vantaa, Finland.

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- The Estonian press distribution agency AS Lehepunkt, in which Rautakirja has a 50% holding, began its operations from the beginning of the year. At the end of 2000, Lehepunkt held more than 90% of the Estonian newspaper and magazine distribution market.
- In January, Kesko Oyj acquired 647,250 Rautakirja Series A shares, and in so doing Kesko Oyj became Rautakirja's third-largest owner, measured by voting rights.
- During the early months of the year, Finnkinon's Estonian subsidiary AS MPDE launched construction work on the first multiplex cinema and entertainment centre in the Baltic States, located in the centre of Tallinn. The 11-screen cinema was completed in March 2001.
- In May Eurostrada Oy and Neste Markkinointi Oy signed a preliminary agreement according to which Eurostrada will take over the operation of the Motorest chain of 24 highway service areas. The changeover will take place in stages over a three-year-period to the end of July 2003.
- The Estonian R-Kiosk chain expanded further in May with the acquisition by Lehti-Maja Eesti AS of 22 kiosks in the Tartu area.
- Rautakirja's R-Kiosks and the Pakettilinja operations of haulers Kiitolinja launched a pilot pick-up point service in May, which is to serve as a channel for the distribution of goods bought either by mail order or from online stores. Towards the year's end the operations were expanded to take in 200 R-Kiosks.
- In July the Vice Chairman of the Rautakirja Supervisory Board Antero Siljola announced his resignation from the Board and simultaneously from his position as President of WSOY.
- During the summer months Rautakirja resolved to concentrate all the Group's online commercial operations into one new division, which was then formed into a separate enterprise towards the end of the year. It will offer suitable products and services for gaming, reading matter, movies, and other leisure activities.
- Another move during the summer was the acquisition by the Rautakirja subsidiary Lehti-Maja Eesti AS of a 90% holding in the Estonian sports betting company AS Megapanus. This company has a licence to carry on variable odds betting activities in Estonia.
- In August Rautakirja purchased the outstanding 20% of Veikkausrasti Oy, to add to the 80% holding acquired in the previous year. The Veikkausrasti chain of outlets continued its operations as an independent chain within the Kiosk Division organisation, and retained its own name and brands.
- In the following month Rautakirja increased its ownership of Jokerit HC Oyj by 6.3% to 34.5%. In October Rautakirja took a 30% share of the limited company JHC Arena Holding, which is concentrated in the development and realisation of sports and leisure hall projects around Europe.
- Also in October, Rautakirja strengthened its position in the Latvian kiosk market following the signing by the Rautakirja affiliate Narvesen Baltija SIA of a letter of intent for the purchase of 85% of the Latvian Preses Apvieniba chain. This chain comprises a total of 450 kiosks, which passed into the hands of Narvesen Baltija from 1.1.2001.
- Suomalainen Kirjakauppa acquired 60% of the Estonian company Astro Raamatud OÜ towards the end of October. Astro Raamatud is active in the book trade, carrying on wholesale and retail sales, direct mail sales, and online trading operations.
- In the same month, Suomalainen Kirjakauppa also purchased three bookstore outlets and an online bookstore from Yliopistokirjakauppa Oy. These units will continue to trade in future under their own name.
- In November Rautakirja signed a rental agreement with Neste Baltija to undertake management of the shop operations of Estonian and Latvian Neste filling stations from 1.1.2001. The chain includes 11 stations in Estonia and a further 12 in Latvia.

	2000	1999	Change, %
Group total sales, FIM million	6,726.1	5,881.7	14.4
Net sales, FIM million	3,832.9	3,478.3	10.2
Profit before extraordinary items, FIM million	227.8	221.1	3.1
Profit before taxes, FIM million	240.0	221.1	8.5
Earnings per share, FIM	24.58	23.83	3.1
Return on capital invested, %	16.7	17.4	-4.1
Gearing, %	-23.2	-23.3	-0.1
Personnel, average	5,534	5,006	10.5
Gross investments, FIM million	170.1	428.6	-60.3

REPORT BY THE CHIEF EXECUTIVE OFFICER

The new millennium began on an excellent note for the Rautakirja Group. The Group delivered the best result on operations in its 90-year history. Last year was also the eighth successive year of growth in the wholesale and retail trade in Finland. The Group's vitally important media products such as newspapers and books also held their own well under pressure from new media channels.

In the course of the year reviewed here the Rautakirja Group maintained its commitment to the development of e-commerce solutions, in spite of a general slowing down of the hectic pace of the "new economy" and a return to realism in expectations both for growth and profitability in the sector. This cooling of emotions manifested itself among other things in abrupt falls in the share prices of companies in this branch.

Rautakirja's network operations are closely associated with those commercial activities in which the Group also enjoys a strong position via traditional distribution channels. The main areas of emphasis are the worlds of gaming and of reading matter, in the form of newspapers, magazines and books. The Rautakirja Group has bolstered its expertise in the gaming sector through its acquisition of the Veikkausrasti chain and the new Estonian subsidiary Megapanus AS, which holds a licence for variable odds betting in that country. In the years immediately ahead Rautakirja will become a significant player in these particular markets. In the spring the Group's online trading operations were gathered together to create a separate division - the Group's fifth - and towards the end of the year this was formed into a limited company under the name Ferete Oy.

Rautakirja's strategic platform has remained largely unchanged for several years, and the Group continues on its path as an increasingly international customer-oriented trade and services enterprise, concentrating on wholesale and retail press distribution and chain-administered speciality retail trade.

Rautakirja's strength lies in its ability to respond flexibly to the changing service needs in its basic commercial operations.

Rautakirja's top priorities are profitability, vigorous growth, and securing expansion through internationalising operations. In accordance with the targets we set ourselves we managed during the past year to maintain a very sound level of return and also to generate growth that was comfortably in excess of the general level achieved in the trade sector as a whole.

The cornerstones of Rautakirja's profitability are in our basic commercial operations - the kiosk trade, wholesale distribution of newspapers and magazines, and the bookstore trade. Movie theatre operations are making a concerted push to join this trio. The profitability of our restaurant operations will show a marked improvement in the course of 2001.

Our new position as a part of the SanomaWSOY Group of companies provides both financial resources and added expertise, particularly when it comes to internationalisation. We now have operations abroad in all of our basic commercial areas of interest. During the year reported in these pages, we laid a solid foundation for international growth that is to come. Examples of

this groundwork include our acquisitions in the kiosk and bookstore trade in Estonia and in kiosk operations in Latvia. A new departure during 2000 took place through the activities of our affiliate JHC Arena Holding Oy in Germany, where we shall be participating in the building of multi-purpose sports and entertainment halls in Hamburg and Berlin.

The Group's various units amass between them a total of nearly 200 million customer visits a year. It goes without saying that customer satisfaction is a crucial factor in the success of our endeavours. As a consequence, the role of our customer service staff, our interface with the public, becomes increasingly important as the customers' demands increase and their service requirements change. Personnel development is one of the key areas of our strategy. Our commitment to staff training will continue. Nearly all of our permanent staff now belong to incentive bonus and profit-sharing schemes. During 2000 a total of more than FIM 27 million was paid out in incentive bonuses.

I should like to take this opportunity of thanking our customers and partners for their part in making possible the excellent result we have achieved this year.

Every single member of the Rautakirja community can feel proud of the results of his or her work over the past twelve months. My warmest thanks for a job well done in 2000.

Hannu Syrjänen
President and CEO



REPORTS FROM profit centres



R-Kiosks in Finland

The R-Kiosks form a nationwide, centrally-administered and profitable chain of outlets offering consumers entertainment, excitement and pleasure alongside basic everyday consumer items and services from morning until late evening.

At the end of 2000 there were a total of 723 kiosks in Finland, with 474 (1999: 477) of these owned and operated by Rautakirja and 249 (1999: 252) in the hands of franchise-holders. The aggregate number of R-Kiosks fell by six on the year.

In almost every aspect of the kiosk trade, 2000 proved to be a year of triumphs. Customer throughput increased by 3%-points and according to consumer surveys the R-Kiosks were the most-frequented retail chain in the country. A total of around 125 million customer visits resulting in sales took place through the chain's outlets. In a study carried out among professionals, the R-Kiosks were voted Finland's best chain.

Marketing saw the continuing of active sales campaigns and the utilisation of the store itself as a media channel. The campaigns in 2000 were extended to more product categories than previously. Television was once again the primary advertising medium, along with a high profile for the chain at large public events. As a result of the various measures taken, sales were up in almost all areas of the product assortment. The R-Kiosks also dramatically increased their market share of sales of cigarettes and tobacco, as sales jumped by more than 7% in a declining overall market. The excellent demand for Pokémon collectibles helped to increase the kiosks' newsstand sales by a greater margin than was observed in other retail chains. "New economy" products, for example smart phone cards, have also become a significant product group in kiosk sales. The gaming products of Veikkaus Oy (lottery tickets, football pools, and instant lotteries) and Suomen Hippos (off-track betting on harness racing) also enjoyed a very encouraging year on the sales front, and this was reflected in the increased numbers of customers passing through the kiosks.

A gaming operations unit was set up under the overall kiosk trade organisation in the summer, with the purpose of serving all the Group's commercial units. The idea behind establishing this area of specialised expertise is to improve know-how on gaming items within the Group as a whole, and at the same time to develop gaming markets in collaboration with the bodies responsible, primarily Veikkaus and Suomen Hippos.

The banking services pilot programme launched in late 1999 was continued in four kiosks. Development of an experimental Internet automat venture in selected kiosks in the Greater Helsinki area went ahead during the year in collaboration with the Group's new E-Business Division. The idea is to expand the network, which allows for self-service net access inside the kiosks.



The R-Kiosks' proven strength in the logistics field was put to further good use by the introduction of a pick-up point scheme in cooperation with the Pakettilinja operations of haulers Kiitolinja. The pilot scheme will serve as a channel for the distribution of goods bought either by mail order or from online stores. Packages are stored at the R-Kiosk of the customer's choice for subsequent collection. The operations will be expanded considerably in the course of 2001, both in terms of the number of kiosks involved and by adding to the list of cooperative partners.

This was the first complete year in which the electronic cash register system spanned the entire R-Kiosk chain. The full-scale use of the new system brought faster reaction times for decision-making and to improve profitability, since it allowed for real-time data on sales and stocks. In the course of the year the Division also continued to pay attention to the development of chain management skills within the kiosk network.

Further investments were made in the fight against crime and to ensure the safety of kiosk personnel, and their impact could be seen within the chain as a whole in a reduction in the problems caused by store hold-ups and the like.

By developing the kiosk concept further, the R-Kiosks prepared themselves for the liberalisation of shop opening hours that took place from the beginning of 2001. On the basis of the experiences gained during the previous 12 months, Sunday opening for shops did not have any great impact on kiosk sales. On the other hand, the amendments to the legislation will also favour the kiosk sector by providing scope for experiments with kiosk outlets on a larger scale and with a broader product assortment.

Net sales through the R-Kiosks, which include only the retailer's commission component of commission sales (Veikkaus gaming items and bus tickets, etc.), totalled FIM 1,839.4 million. This marked an increase of 9.1% from 1999. Trading profit stood at FIM 105.1 million and was up by 36.7% on the previous year.

R-kiosk investments totalled FIM 42.6 million, a decline of 23.5% on the previous year. The main weight of investments was in acquiring new kiosk premises, bringing outlets into line with the new convenience store concept, and in systems upgrades.

The Kiosk Division in Finland employed an average of 2,557 persons in 2000, 21 more than in the previous period. From the beginning of 1997 the profit-centre has been managed by Senior Vice President Erkki Järvinen.

The deregulation of shop opening hours that was introduced from the beginning of 2001 has been prepared for within the R-Kiosk chain for some years, by

consciously developing the chain concept and expanding the range of products and services on offer. The relative weighting in the kiosk product assortment differs materially from that in current consumer goods retail outlets, and on the basis of our experience to date the advent of Sunday opening and more relaxed store opening hours is not expected to have any very significant impact on commercial operations in the R-Kiosk chain. The kiosks offer consumers a constantly expanding range of services and at the same time they have often replaced other outlets as retailers' points-of-sale have been cut back in favour of larger and larger units.



Lehti-Maja Eesti AS

R-Kiosks in Estonia

Lehti-Maja Eesti AS carries on R-Kiosk trade in Estonia. The year under review was the first in which the company was engaged solely on kiosk operations, after wholesale press distribution activities were transferred into the hands of a separate company at the end of December 1999. In the course of 2000 the chain achieved a nationwide coverage that was further strengthened in May when the company acquired 22 additional kiosks in the Tartu area.

Retailing in Estonia has taken great strides in the last two or three years, and there has been an appreciable increase in the number of large supermarkets and hypermarkets. Kiosks have nevertheless held on to their position in the retail market; the R-Kiosk chain is the country's largest, and research has indicated that it is also the most-frequented retail chain in Estonia. The number of customers and the size of the average purchase have both developed positively.

As the R-Kiosk chain has expanded dramatically in Estonia over the last couple of years, the emphasis in Lehti-Maja Eesti's operations has necessarily been on bringing together different corporate cultures and operating methods under a single chain concept umbrella. At the same time the company's organisation has been strengthened.

During the summer Lehti-Maja Eesti acquired a 90% holding in the Estonian sports betting company AS Megapanus. This enterprise holds a licence to carry on variable odds betting activities. The company's actual operations will get into gear in the course of the current year, and its operative management and product development activities have been placed under the direction of the newly-formed Finnish E-Business Division, Ferete Oy.

In November Rautakirja signed a rental agreement with Neste Marketing to undertake management of the shop operations of Estonian and Latvian Neste filling stations from 1.1.2001. The eleven units in Estonia began trading under the R-Kiosk logo. These outlets

all operate in conjunction with service stations in good commercial locations. The average size of the sales-points is around 80 square metres and they offer a markedly broader product assortment than the kiosks. The service station outlets will allow for the testing of the convenience store concept in the Estonian market.

At year's end there were 203 R-Kiosks in Estonia, of which 34 were walk-in units. Twelve months previously the number of kiosks was 189.

Sales through the Estonian R-Kiosks developed favourably and net sales totalled FIM 88.3 million. This represented an increase of 65.9%. The company posted a trading loss of FIM 4.2 million, whereas in the previous year the loss at this level had been FIM 3.1 million. The company's FIM 6.1 million in investments were directed mainly to basic refurbishing of outlets and to corporate purchases.

Lehti-Maja Eesti AS employed an average of 525 persons during the year, an increase of 172 from 1999. The company was headed by CEO Kalvar Kase.

There are no plans for any appreciable increase in the number of outlets in the Estonian R-Kiosk chain in the immediate future. The aim in the years ahead is to develop the chain concept further, taking due account of changes occurring in Estonian consumer behaviour and the structure of the retail trade. The number of walk-in kiosks will be increased, profitability will be improved, and the chain will be developed to retain its position as the country's best kiosk chain.





Veikkausrasti Oy

Veikkausrasti is Finland's leading retail chain specializing in gaming products. In October 1999 Rautakirja acquired an 80% holding in the chain and in August 2000 a decision was taken to buy out the remaining 20%. Veikkausrasti will continue its operations under its own name and as an independent chain within the Kiosk Division. Veikkausrasti Oy will itself be fused into the parent company Rautakirja in the course of the current year.

The Veikkausrasti chain comprises 53 betting shop and kiosk units, six of which are in the hands of franchise-holders. The number of outlets increased by one during the year. Eleven outlets have audio-visual Toto-



line connections. In the course of the year the first pilot units were opened in which the same premises were shared by a Veikkausrasti outlet and an R-Kiosk.

Veikkausrasti's activities have been developed in such a way that the company now adheres more closely to a chain-driven operating model. At the same time the chain's product assortment has been broadened to some extent.

Sales through the chain developed favourably in 2000 and it increased its share of the Finnish gaming and betting market. Aggregate turnover reached FIM 431.0 million. Net sales - which include only the retailer's commission component of commission sales - stood at FIM 84.2 million. The company posted a trading loss of FIM 1.0 million. The FIM 4.1 million listed under investments were directed to development work in line with harmonising the Veikkausrasti kiosk concept.

At the year's end Veikkausrasti employed 250 persons, an increase of 41 from the previous period. In the summer the chain was placed under the leadership of Harri Koivula as Chain Manager.

The year now under way will see considerable energies put into the development of the Veikkausrasti chain. An electronic cash register system will be introduced similar to that used in the R-Kiosks, and this will offer scope for more efficient chain management and provide the means to improve profitability in the year ahead.



Lehtipiste

Lehtipiste is a marketing and distribution organisation for newsstand copies of Finnish and foreign magazines and newspapers. As the principal wholesaler in this sector, Lehtipiste delivers roughly 1,500 different titles to a network of more than 8,300 outlets across the length and breadth of Finland.

In 2000 the aggregate value of Finnish newsstand sales at cover prices grew by some 5.1%, with magazine sales volume showing an increase and newspaper sales falling off slightly from their 1999 figures.

Aggregate sales of magazines reached FIM 731.7 million, showing an increase of 10.2% in terms of cover price revenue and a 9.7% growth in volume. A total of 35.9 million copies were sold. The largest single factor bearing on the positive sales progress was the success of Pokémon collector-cards and stickers. Of the regular Finnish magazines and periodicals, the greatest advances were to be found in magazines devoted to health matters, living and home decoration, and specialist motoring and boating magazines. Youth magazines

and IT periodicals also enjoyed growing sales. Among the largest product groups, women's magazines also had a good year, while family-oriented magazines lost ground.

Sales of newspapers totalled FIM 627.5 million, down fractionally by 0.2% on 1999. Sales volume fell by 1.4%, to stand at 99.8 million copies. The domestic dailies saw an increase in their newsstand sales, but the evening papers slipped back after a couple of good years.

Sales of foreign newspapers and magazines increased at cover prices to FIM 96.8 million, while the volume of sales was down somewhat to 3.3 million copies (1999: 3.5 million). Domestic youth, music, and computer magazines seized market share from similar magazines published abroad. On the foreign newspaper front there were declines both in sales volume and revenue.

If we examine the nature of sales by type of outlet, large current consumer goods outlets again increased their sales by the greatest amount, along with bookshops and stationery stores, and a similar trend was observed among the R-Kiosks. The impressive progress seen in R-Kiosk sales during 2000 was attributable to the relatively large market share for "collectibles" held by these outlets. As a result of this development on the kiosk front, Rautakirja Group outlets saw their newsstand sales growing faster than all other retail chains, with the S-Group beaten into second place this year.

In the course of the year Lehtipiste once again in-

vested a great deal of energy on the development of display areas in large current consumer goods outlets and on training store staff in these locations. At the same time contacts between Lehtipiste and the retail trade were streamlined, for example by rationalising routines for deliveries and returns and by developing a range of electronic operating methods. Great strides were made in the development of direct online reporting to publishers, at the same time as systems-based internal analytical tools were put to good use in monitoring sales.

On the logistics front, the system for joint deliveries of evening newspapers was refined so as better to meet the shared needs of publishers and the retail trade alike. As a continuation of the investments made at the despatching depot in Vantaa, a part of the depot's functions were contracted out in the course of 2000.

In line with one of the basic elements of Lehtipiste's operating model, the unit took care of the collection of all unsold copies of newspapers and magazines from points of sale for pulping and recycling.

Lehtipiste's net sales totalled FIM 887.6 million, up by 4.8% on 1999, and the unit recorded a trading profit of FIM 55.6 million, or 4.7% more than in the previous period. Investments were primarily directed to furniture and equipment purchases, and stood at FIM 4.8 million.

The Press Distribution Division employed an average of 157 persons during the year, a reduction of 66 from the 1999 figure. The profit-centre was headed by Senior Vice President Markus Miettinen.

The ongoing structural changes in the retail trade mean that Lehtipiste is continuously fine-tuning its operations in order to better serve the interests of retailers and publishers. On the other hand the fragmentation of the newsstand market among an ever-increasing number of titles inevitably generates pressures on operating costs. So as to ensure that the unit's activities remain cost-efficient Lehtipiste must remain alert to improvements that can be made to its operating procedures, even though it remains confident about the future prospects for newspaper and magazine wholesaling.

Newsstand sales of newspapers and magazines 2000

	Sales volume		Sales at consumer prices	
	Mill. copies	Change, %	FIM million	Change, %
Finnish newspapers	99.2	-1.4	619.8	-0.1
Foreign newspapers	0.6	-5.1	7.7	-2.6
Newspapers, total	99.8	-1.4	627.5	-0.2
Finnish magazines	26.9	-2.5	558.5	0.5
Foreign magazines	2.7	-2.4	89.1	3.9
Collectibles	6.4	159.6	84.1	270.8
Magazines, total	35.9	9.7	731.7	10.2
Total	135.7	1.3	1,359.2	5.1

Newsstand sales of newspapers and magazines by outlet 2000

At consumer prices	Outlets	Sales FIM million	Change, %	Share of all outlets, %
R-Kiosks	723	293.1	11.0	21.7
Automarkets	114	159.1	8.8	11.7
Department stores	89	64.2	-10.2	4.7
Supermarkets, large	358	209.5	9.2	15.4
Supermarkets, small	607	150.6	1.1	11.1
Self-service stores, large	863	125.9	3.5	9.3
Self-service stores, small	927	78.1	1.9	5.7
Small stores	195	7.9	0.3	0.6
Kiosks and canteens	1,340	81.7	-2.6	6.0
Bookstores and stationers	134	23.7	11.0	1.7
Cafés and restaurants	891	26.3	4.9	1.9
Petrol stations, service stations	1,158	93.5	0.7	6.9
Hotels, motels, other accommodation	216	6.9	0.4	0.5
Speciality stores	678	36.6	15.4	2.7
Seasonal outlets	28	2.0	-5.0	0.1
Total	8,321	1,359.1	5.1	100.0



AS Lehepunkt

AS Lehepunkt is a nationwide press distribution company operating in Estonia in the same fashion as Lehtipiste in Finland. The company's activities got under way from the beginning of 2000, when Rautakirja and Estonia's leading newspaper publisher AS Ekspress Grupp joined forces. The two founding companies each hold a 50% share of the new enterprise. Prior to this, the Rautakirja subsidiary Lehti-Maja Eesti AS had carried on wholesale press distribution operations in Estonia, but the establishment of Lehepunkt saw both of the owners concentrating these activities in the new company.

Lehepunkt got into its stride immediately in its first year of operations, and in the course of the year under review it acquired a greater than 90% share of the

newspaper and magazine distribution market in Estonia. The company distributes Estonian and foreign titles to nearly 1,300 points of sale around the country.

As a result of excellent organisational work carried out prior to the launch, Lehepunkt met and exceeded the targets set for the year. The company posted net sales of FIM 60.1 million and recorded a trading profit of FIM 2.2 million. Equipment and furnishings investments came to FIM 0.4 million.

At the end of the year, the company employed 82 persons, five more than at the beginning of January. AS Lehepunkt is led by CEO Priit Vakkum.

Lehepunkt has secured the distribution rights to the newspapers and magazines of nearly all of Estonia's most prominent publishers. The aim in future years is to expand further cooperation with both publishers and the retail trade. The company will also be developing its logistics applications and will be investing during the year in upgrading data systems.



Suomalainen Kirjakauppa Oy

Suomalainen Kirjakauppa is a centrally-administered nationwide bookstore chain with a separate mail order unit, and at year's end the chain comprised 58 Suomalainen Kirjakauppa bookstores, three Yliopistokirjakauppa bookstores, and the Dose multimedia outlet in Helsinki. Suomalainen Kirjakauppa is Finland's largest wide assortment bookstore chain.

In October Suomalainen Kirjakauppa took its first steps on a programme of international expansion through the acquisition of a 60% holding in the Estonian company Astro Raamatud OÜ. In the same month Suomalainen Kirjakauppa extended its operations in the domestic market by buying up the commercial operations of Yliopistokirjakauppa. This company has four bookstore outlets operating in conjunction with universities and colleges of further education in the Greater Helsinki area, and in addition it operates the online bookstore www.yliopistokirja.fi. These four units will continue to trade in future under their own name and using their own operating strategies.

The year reviewed here was a period of positive growth for the entire bookstore trade. Suomalainen Kirjakauppa succeeded well in its basic commercial activities, and this was reflected in growth in sales in most product categories. Book sales were particularly encouraging. An excellent supply of titles meant that demand was spread over a large number of books and authors. For all this, the sales figures indicated the



same familiar names at the top of the bestseller lists, with Finnish authors and non-fiction works joined naturally by the *Harry Potter* phenomenon, which affected Finland no less than anywhere else.

There was also very favourable growth on the stationery goods and other items front, with the exception that CD-ROM sales continued their decline, after having made strong advances until 1998. There was also a slight drop in newspaper and magazine subscription sales.

The online webstore (www.suomalainen.com) opened in September 1999 grew in line with the targets set. In the course of 2000 the product assortment

was expanded with around one million titles in English, and an online ordering system for newspaper subscriptions was incorporated into the site. In addition to establishing its own position in the e-commerce market the online bookstore clearly had a favourable impact in terms of strengthening the Suomalainen Kirjakauppa brand and making the chain better known. Responsibility for the commercial operations of the webstore was transferred from the beginning of 2001 to the Group's newly-formed E-Business Division.

Suomalainen Kirjakauppa recorded aggregate net sales (including retail and direct sales) of FIM 634.1 million, a growth of 5.2% from the figure for 1999. Suomalainen Kirjakauppa's trading profit developed at a faster rate than net sales, putting on an impressive 28.9% to reach FIM 39.2 million. Gross investments of FIM 13.1 million were directed mainly towards acquisitions of commercial operations, store refurbishing, and data systems purchases.

Suomalainen Kirjakauppa employed an average of 715 persons during the financial year, an increase of 23 on the previous year. The unit was headed by Senior Vice President Raimo Kurri as CEO.

In the book trade the share of direct sales via book clubs and online bookstores will continue to grow, but the general view is that no dramatic changes are to be expected on this front. Suomalainen Kirjakauppa has prepared itself for the future by developing its sales concepts and its alternative sales channels such that they complement one another fully and provide synergy benefits. The acquisition of Yliopistokirjakauppa will also bring synergy advantages between the two chains that will be exploited during the current year, along with the development of loyal customer systems.



Astro Raamatud OÜ

Astro Raamatud is active in the Estonian book trade, carrying on wholesale and retail sales, direct mail sales, and online trading operations. In October 2000 Suomalainen Kirjakauppa acquired 60% of the company, with the remainder of the shares held by the Estonian company Astro Holding.

Astro Raamatud currently operates three bookstores, located in Tallinn, Tartu and Pärnu. The Tallinn outlet was opened in December after the company was acquired by Suomalainen Kirjakauppa. On the direct sales front, five times a year the company publishes Estonia's largest mail order catalogue for books and

office supplies. Astro Raamatud also operates a number of online stores, with one webstore devoted to traditional online bookstore operations and a separate e-commerce portal divided among sales of books, music, and videos.

The company's turnover for the two months of 2000 when it was a part of the Rautakirja Group totalled FIM 3.5 million. At the end of the year Astro Raamatud employed 60 persons, led by CEO Peeter Peda.

The Estonian book trade is currently in the sort of phase of development where the Rautakirja Group's already firm understanding of the Estonian market and Suomalainen Kirjakauppa's expertise in this particular sector provide an excellent platform from which to develop operations successfully from the present level.



FINNKINO

Finnkino Oy

Finnkino carries on movie theatre operations in Finland and - through its subsidiaries - also in Estonia and Latvia. In addition the company imports art-house movies to complement the standard repertoire in its own cinemas, and films for video sales and rentals. Finnkino's subsidiary Interprint Oy provides film subtitling services.

At the end of 2000 Finnkino operated 17 cinemas in nine locations around Finland, with a total of 74 screens. The numbers declined by two cinemas and four screens from the previous year.

Cinema attendances grew in Finland during 2000 by rather more than 100,000 to reach nearly 7.2 million. Finnkino cinemas accounted for some 54% of this audience. One large cinema alone, the 14-screen Tennis Palace in Helsinki, pulled in 1.6 million cinema-goers, and in so doing it became the largest movie theatre complex in Northern Europe. The growth observed in cinema attendances was noticeably concentrated on a few locations, namely Helsinki, Tampere, and Pori. It is no coincidence that these three locations were the ones in which Finnkino built and opened new multiplex cinemas in 1999. For the most part, other towns and cities witnessed a decline in the numbers of cinema-goers.

During 2000 no film proved to be a box-office smash of the calibre of the 1998 hit *Titanic*. Only the Oscar-winning *American Beauty* exceeded 300,000 viewers. Of the Finnish productions, *Levottomat* (Restless) drew the largest audience, nearly 300,000. The renaissance in Finnish movie productions that has been observed over the past couple of seasons is expected to continue into the current year.

The main emphasis in Finnkino's activities during the year was once again to develop its chain operating models in all areas of movie theatre operations. As one part of this development programme, the company also launched staff training and immersion into the chain concept.

In the video wholesaling trade, sales of videos both for resale and rental grew in the branch by around 10% from the 1999 figures. The greatest leap forward came in DVD movies. It is apparent that the renewed interest in going to the cinema has also trickled down into the video market.

Although recent years have seen many video importers taking on the responsibility for selling their products themselves, at least to the larger retail chains, Finnkino has retained its position as one of the most important video distributors in the Finnish market.

Finnkino's net sales from Finnish operations in 2000 totalled FIM 232.4 million, showing growth on the previous year of 1.2%. Trading profit was FIM 13.8 million, up by nearly 50% on 1999. The company's gross investments of FIM 4.5 million were only around 12% of the previous year's figure. Investment costs were incurred primarily in the exercise of refurbishing the Jyväskylä cinema to bring it into line with the chain's new multiplex outlets, and in systems upgrades.

Finnkino employed an average of 383 persons in Finland over the year (1999: 388). The company is headed by Senior Vice President Timo Mänty as CEO.

The construction of three multiscreen cinema complexes has shown unmistakably that new and comfortable cinemas also draw in viewers with the promise of a state-of-the-art movie experience. It is Finnkino's intention to build a few more such cinemas in Finland, and at present suitable locations are being sought.





AS MPDE

AS MPDE (Motion Picture Distribution of Estonia) is an Estonian film distribution and cinema company. Finnkino acquired a 90% holding in the company in 1999.

Cinema attendances in Estonia have risen at a faster rate than in Finland. During 2000 there were slightly more than 800,000 cinema visits, an increase on the previous year of 22%. MPDE accounted for 78% of all cinema attendances. The company has two cinemas, one in Tallinn and the other in Tartu. Both have two screens.

In its film distribution operations, the company is the clear market-leader and represents the majority of American movie companies in the Estonian market.

At the beginning of 2000 MPDE commenced construction of an 11-screen cinema and entertainment centre in downtown Tallinn. The cinema opened for business in March 2001 and the aggregate cost of the investment was around EEK 170 million. In terms of the use of space and the technical solutions employed, the Forum Cinemas complex is to the same high standards as the three cinema & entertainment centres opened in Finland during 1999.

The company also owns one-third of the Estonian film subtitling agency OÜ Baltlab.

MPDE recorded net sales of FIM 12.9 million and a trading profit of FIM 2.1 million. In 1999 the company was a part of the Rautakirja Group for only eight months. Investments arising out of the building of the new multiplex cinema rose in 2000 to reach FIM 30.0 million.

During the year the company employed an average of 75 persons, under the leadership of minority shareholder and CEO Aldo Tammsaar.



Baltic Cinema SIA

Baltic Cinema SIA carries on film screening and distribution operations in Latvia. Finnkino owns 90% of the company.

The overall cinema market in Latvia declined slightly in the year under review. Cinema attendances totalled 1.45 million. Roughly 90% of the entire market is concentrated on the capital Riga, where Baltic Cinema has three cinemas, with a total of four screens.

Baltic Cinema's net sales of FIM 14.1 million

showed an increase on 1999 of 24.2%. Trading profit stood at FIM 1.8 million, representing a decline of 23.6% from the previous year. Investments were FIM 0.8 million.

Baltic Cinema employed an average of 48 persons during the year, an increase of 12 from 1999. The company was managed by CEO Atis Amolins.

After the end of the financial year, Rautakirja signed a preliminary agreement with the Stockmann department store chain for the construction of a property complex in the centre of Riga that will house a 15-screen multiplex cinema owned by Baltic Cinema, a department store, restaurants, and other facilities. The building is scheduled for completion in the late autumn of 2002, and Rautakirja's share of the total investment costs is around FIM 90 million.





Eurostrada Oy

Eurostrada Oy's operations are divided into two profit-centres: highway service areas and Pizza Hut restaurants.

In May Eurostrada Oy and Neste Markkinointi Oy signed an agreement according to which Eurostrada will take over operation of the Motorest chain of 24 highway service areas. The changeover will take place in stages over a three-year period to the end of July 2003. In order to administer the Motorest concept, the two companies established a separate enterprise, Foodstop Oy, in which Eurostrada has a 99% holding. In the last few months of the year four Motorest units passed into the hands of Eurostrada.

The Motorest service areas are located variously on main highways and in built-up areas, whereas Eurostrada's existing service area facilities are all to be found on busy stretches of highway. Those service areas currently under the Neste banner will be converted to Motorest units. At the end of the year under review the Eurostrada chain comprised eight service areas and one filling station in a suburb of Helsinki. Eurostrada operates the facilities in collaboration with a few oil companies.

On a nationwide level, gasoline sales declined during the year in the market as a whole and at Eurostrada service stations. The primary cause was the sharp increase in fuel prices that was encountered during the year. Sales of diesel, on the other hand, were up slightly. Sales of food and other items through the service areas developed in a favourable manner despite

the difficulties in the fuel market.

The main emphasis in service area operations during 2000 lay in developing the Motorest concept and in taking over the first units to pass into the company's hands, with the necessary alterations being made to bring them into line with the overall chain image.

Net sales through the service areas totalled FIM 171.7 million, showing growth on the previous year of 9.1%. A part of this increase was due to the new outlets that joined the chain in the latter part of the year. The result on the year was good, albeit that profitability fell slightly from the 1999 level. The decline was caused for the most part by investments in the development of the Motorest chain and in the takeover and renovation costs incurred with the first new units.

Eurostrada holds sole rights to the Pizza Hut franchising agreement in Finland. At the end of the year, there were a total of 16 Pizza Hut outlets around the country, following the sale of two restaurants, two closures, and one new restaurant being opened.

The fierce competition that exists in the fast food market in Finland was also in evidence in Pizza Hut's profitability during 2000. In the course of the year major steps were taken to develop the chain and to adjust the company's strategy by concentrating operations in larger centres, with the focus on the Helsinki Metropolitan Area.

The Pizza Hut restaurants posted net sales of FIM 56.6 million, an increase of 2.7% on the previous year. The unit recorded a loss on the year.

Eurostrada Oy showed aggregate net sales of FIM 228.4 million, indicating growth from 1999 of 7.4%. At the trading profit level, the company recorded a loss of FIM 11.8 million. This deficit also includes an additional depreciation write-down of FIM 8.0 million on the goodwill value of Pizza Hut. Investments totalled FIM 9.9 million, primarily arising out of conversion work on new Motorest outlets and the establishment of one new restaurant.

Restaurant Division employed an average of 694 persons during the year, an increase on 1999 of 71 persons. The company was headed by CEO Seppo Soini.

Eurostrada's key challenges over the next few years will be the successful handover of the Motorest units and the creation of a unified chain concept, together with the securing of improved profitability from restaurant operations.



Ferete Oy

In the summer of 2000 the Rautakirja Group resolved to concentrate all the Group's online commercial operations into one new division, which was then formed in the autumn into a separate enterprise named Ferete Oy. Online operations are focused on the fields in which the Rautakirja Group already holds a strong hand in terms of expertise. The new company's task is to plan and carry out the delivery of suitable network products and services for gaming, reading matter, movies, and other leisure activities. In addition it will serve as a support and knowhow centre for the Group's network services as a whole.

The first months of Ferete's history were spent primarily in launching operations and drafting plans for the future. Responsibility for the commercial operations of AS Megapanus - bought from Estonia in the summer - was transferred into the hands of Ferete at the end of the year. Megapanus holds a licence to carry on variable odds betting in Estonia.

In similar fashion the operative responsibility for the commercial aspects of the Suomalainen Kirjakauppa online webstore www.suomalainen.com was handed over to Ferete in the closing months of the year. This unit will actually pass to Ferete Oy from the beginning of 2001. Work on the further development of Suomalainen Kirjakauppa's multimedia outlet Dose and the store's own webportal www.dose.net also got

under way at year's end. Decisions on how Dose is to be developed in the future will be made in the course of this spring. At much the same time, Ferete will take charge of the maintenance and upgrading of Finnkino's networked services and the Finnkino online ticket sales system.

In November the company launched the so-called Hyvä Veto tipster service in the mobile network. This value-added service - in which users can get betting tips to their cellphones - will be expanded during the year now in progress and the services will also be brought to the Internet.

The current year will still be one of planning and construction within Ferete, with new products and services being launched primarily towards the end of the year. The main emphasis in the company's operations at this stage is on the development of betting and value-added services for use by gaming enthusiasts in Finland and Estonia, and on diversifying the online bookstore into a service package in line with the consumers' needs. Using the R-Kiosk chain and other Rautakirja distribution channels, Ferete has plans to build a network of Internet automats for consumers on the move.

Aggregate investments by Ferete in the next few years are likely to run into several tens of millions FIM. The company is expected to be trading profitably already by 2002.

Simo Susi was appointed as CEO of the new company. At the end of the year Ferete employed nine persons.

Real Estate

The boom in the Finnish real estate market continued through 2000. As the migration towards urban growth centres was maintained, the market was plagued by high rents and sales prices and by shortages of suitable premises. Demand for office and commercial premises spread into the outskirts of urban centres, which also began to fill up.

The Real Estate Unit's operations are divided between profit-centre operations and Rautakirja Group corporate service unit activities. Profit-centre operations are carried on both within the parent company and in the subsidiary P.M. Drockila Oy. In practice these activities revolve around rentals of space owned by Rautakirja and P.M. Drockila Oy. In recent years rents have been adjusted to take account of the increase in cost-levels. Capacity utilisation has been high on rented properties. At the end of the year empty properties accounted for only around 1% of all premises. As a consequence the result on operations developed favourably once more in 2000.

At the end of the year the former regional office premises in Oulu were sold off. The realisations of office and commercial space owned by the Rautakirja Group and surplus to requirements continued during the year.

In the corporate service sector of its operations, the Real Estate Unit supports the commercial activities of Rautakirja Group units through its holdings of real estate and shares, and also participates in the acquisition of premises for the Group's various retail chains.

Gross investments for 2000 totalled FIM 9.2 million. The principal items were commercial premises bought on behalf of Suomalainen Kirjakauppa and the R-Kiosks.

The Rautakirja Group holds some FIM 700 million in real estate assets in Finland. At the end of the year the Group had 884 commercial premises at its disposal, of which roughly 60% were wholly-owned and nearly 360 were leased from outside sources. In Estonia all 213 commercial sites are rented, as are the 16 premises used in Latvia. The 11-screen multiplex cinema and entertainment centre opened in Tallinn in March 2001 is owned by Finnkino's Estonian subsidiary AS MPDE.

During 2000 the Real Estate Unit employed an average of eight persons. The unit is led by the P.M. Drockila CEO, Jouko Mustonen.

P.M. Drockila Oy will be fused into the parent company in the course of spring 2001.

REPORT ON operations 1.1.-31.12.2000

Business environment

According to preliminary figures issued by the Federation of Finnish Commerce and Trade, growth in the retail trade as a whole (with the exception of motor vehicles) was somewhat above 4%. The year marked the eighth straight period of growth for both the wholesale and retail trade, albeit that monthly - and even weekly - variations in sales were unpredictably large.

Sales through small supermarkets of less than 400 square metres did not match the figures for the current consumer goods trade as a whole, but the development in kiosk sales was relatively good in all product categories. In the speciality goods trade, sales of bookstore items are estimated to have performed above the mean level. Book sales in particular were robust.

There was also no appreciable post-millennial decline in demand to be seen on the sales front, although this had been forecast in the market. The Christmas trade produced a slight disappointment in the service branch, although markets varied among the various sectors.

Households' confidence in the positive outlook for their own economy remained strong during the year.

Changes in group structure and other events

The Estonian press distribution agency AS Lehepunkt, which was formed in October 1999 and in which Rautakirja has a 50% holding, began operations from the beginning of the year. In June the company signed a major cooperative agreement with Estonia's second-largest publishing group Eesti Meedia for the distribution of their products via Lehepunkt's network. At the end of 2000, Lehepunkt held more than 90% of the Estonian newsstand distribution market.

In January, Kesko Oyj announced it had acquired 647,250 Rautakirja Series A shares, which entitled the company to a 9.99% share of the total share capital and to 11.87% of voting rights. Measured according to the latter, Kesko Oyj became Rautakirja's third-largest owner.

During the early months of the year, Finnkinon Estonian subsidiary AS MPDE launched construction work on the first multiplex cinema and entertainment centre in the Baltic States, located in the centre of Tallinn. The 11-screen cinema was completed in March 2001, and the aggregate costs of the investment were approximately EEK 170 million.

In May Eurostrada Oy and Neste Markkinointi Oy signed a preliminary agreement according to which Eurostrada will take over operation of the Motorest chain of 24 highway service areas. The changeover will take place in stages over a three-year period to the end of July 2003. Eurostrada's 99%-owned subsidiary Foodstop Oy will administer the Motorest service areas.

The Estonian R-Kiosk chain expanded further in May with the acquisition by Lehti-Maja Eesti AS of 22 kiosks in the Tartu area.

Rautakirja's R-Kiosks and the Pakettilinjan operations of haulers Kiitolinja launched a pilot pick-up point service in May, which is to serve as a channel for the distribution of goods bought either by mail order or from online stores. Packages will be stored at the R-Kiosks for collection by the customer. The initial regional pilot scheme was launched in collaboration with Suomalainen Kirjakauppa. Towards year's end the operations were expanded to take in 200 R-Kiosks.

In July the Vice Chairman of the Rautakirja Supervisory Board Antero Siljola announced his resignation from the Board and simultaneously from his position as President of WSOY.

During the summer months Rautakirja resolved to concentrate all the Group's online commercial operations into one new division, which was then formed into a separate enterprise towards the end of the year. The name chosen for the new company was Ferete Oy. It will be responsible for all network commercial operations for the entire Group, and will offer suitable products and services for gaming, reading matter, movies, and other leisure activities.

Another move during the summer was the acquisition by the Rautakirja subsidiary Lehti-Maja Eesti AS of a 90% holding in the Estonian sports betting company AS Megapanus. This company has a licence to carry on variable odds betting activities.

In August Rautakirja purchased the outstanding 20% of Veikkausrasti Oy, to add to the 80% holding acquired in the previous year. The Veikkausrasti chain of outlets, specialising solely in gaming products, continued its operations as an independent chain within the Kiosk Division organisation, and retained its own name and brands.

In the following month Rautakirja increased its ownership of Jokerit HC Oyj by 6.3% to 34.5%. In October Rautakirja agreed to take a 30% share of the limited company JHC Arena Holding, which is concentrated in the development and realisation of sports and leisure hall projects around Europe. The first such venture to be launched was the construction of a multi-purpose hall in Hamburg. Jokerit HC Oyj owns 50% of this new company.

Also in October, Rautakirja strengthened its position in the Latvian kiosk market following the signing by the Rautakirja affiliate Narvesen Baltija SIA of a letter of intent for the purchase of 85% of the Preses Apvieniba chain. This chain comprises a total of 450 kiosks, which passed into the hands of Narvesen Baltija from 1.1.2001. Rautakirja owns 35% of Narvesen Baltija.

Suomalainen Kirjakauppa acquired 60% of the Estonian company Astro Raamatud OÜ towards the end of October. Astro Raamatud is active in the book trade, carrying on wholesale and retail sales, direct mail sales, and online trading operations. The company had three bookstores at the end of the year.

In the same month, Suomalainen Kirjakauppa also purchased three bookstore outlets and an online bookstore from Yliopistokirjakauppa Oy. These units will continue to trade in future under their own name.

In November Rautakirja signed a rental agreement with Neste Baltija to undertake management of the shop operations of Estonian and Latvian Neste filling stations from 1.1.2001. The chain includes 11 stations in Estonia and a further 12 in Latvia. The stores will trade under the R-Kiosk logo in Estonia, and as R-Stores in Latvia.

After the end of the period, in January 2001, Rautakirja sold its shares in the Norwegian company Reitan Narvesen ASA. The price received for the stock was NOK 285 million, and a profit of around FIM 45 million accrued from the deal. Rautakirja had acquired the shares in the fall of 1999.

In January 2001 Rautakirja and Stockmann embarked on cooperation in the Latvian capital Riga through the establishment of a company that is to construct a complex in the city, featuring a department store and a 15-screen multiplex cinema. The building is scheduled for completion in the autumn of 2002, and Rautakirja's share of the total investment costs is around FIM 90 million.

Turnover and net sales

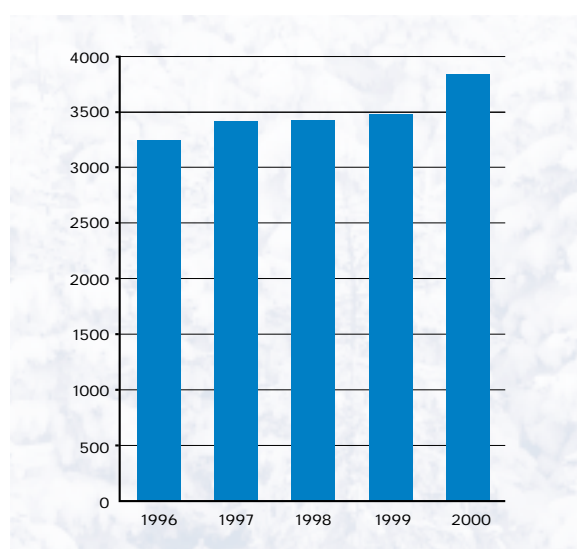
Aggregate Group turnover, including commission sales but before the addition of indirect taxes, rose by 14.4% from the 1999 level to stand at FIM 6,726 million. Group net sales (which includes commission sales - lottery tickets, pools betting coupons, and bus tickets - only in respect of the commission paid) stood at FIM 3,832.9 million, up by 10.2% and in line with the targets set. When the effects of corporate acquisitions are eliminated, the adjusted year-on-year growth in 2000 was 6.5%.

Rautakirja net sales and turnover developed favourably in all the Group's main trading areas, and market share improved in the kiosk- and bookstore trades and in movie theatre operations. Although domestic sales did not generally match the Christmas targets set, the Bookstore Division produced an excellent result on its seasonal Christmas trade.

The Kiosk Division, which encompasses the R-Kiosks in Finland and Estonia and the Veikkausrasti

chain, posted net sales of FIM 2,002.6 million, up by 14.1%. Growth was recorded in all three profit-centres. The solid demand for Veikkaus and Hippos gaming products played its part in furthering Kiosk Division sales. Other sales were also buoyant in all significant product groupings. Marketing of the R-Kiosks in Finland and Estonia was given a high profile during the year and the chain operations concept was further developed to meet the challenges of increased competition. Efforts towards the refining of the Veikkausrasti operating strategy and strengthening of the elements in the chain bore fruit during the year.

Measures to expand the kiosk trade's range of services were continued. The nationwide spread of sales



	2000	1999	Change %
Finland	3,694.6	3,406.2	8.5
Estonia	124.2	60.8	104.5
Latvia	14.1	11.3	24.2
Total	3,832.9	3,478.3	10.2

GROUP NET SALES AND TURNOVER BY TRADING SECTOR (FIM million)

	1-12/00	1-12/99	Change %	1-3/00	4-6/00	7-9/00	10-12/00	1-3/99	4-6/99	7-9/99	10-12/99
Kiosk Division	2,002.6	1,755.5	14.1	475.8	493.7	505.5	527.6	394.2	425.3	431.6	504.5
Press Distribution Division	916.6	847.0	8.2	208.8	241.7	238.4	227.7	193.8	200.7	225.7	226.9
Bookstore Division	637.4	602.5	5.8	179.0	95.2	137.0	226.3	163.9	95.2	128.6	214.8
Movie Theatre Division	259.5	248.5	4.4	76.4	46.5	59.8	76.8	65.3	39.5	67.4	76.3
Restaurant Division	228.4	212.6	7.4	48.0	58.5	66.8	55.0	46.6	55.8	60.1	50.1
E-Business Division	0.1	-	-	-	-	-	0.1	-	-	-	-
Internal sales	-211.7	-187.9	12.7	-49.7	-59.3	-53.1	-49.6	-43.6	-43.1	-49.6	-51.6
Total Group net sales	3,832.9	3,478.3	10.2	938.3	876.3	954.4	1,063.9	820.2	773.3	863.8	1,021.0
Commission sales	2,893.2	2,403.5	20.4	740.1	688.4	707.0	757.7	589.3	545.9	576.4	691.8
Group sales less tax	6,726.1	5,881.7	14.4	1,678.4	1,564.8	1,661.4	1,821.6	1,409.5	1,319.2	1,440.3	1,712.8

GROUP NET SALES AND TURNOVER BY TRADING SECTOR (EUR million)

	1-12/00	1-12/99	Change %	1-3/00	4-6/00	7-9/00	10-12/00	1-3/99	4-6/99	7-9/99	10-12/99
Kiosk Division	336.8	295.3	14.1	80.0	83.0	85.0	88.7	66.3	71.5	72.6	84.8
Press Distribution Division	154.2	142.5	8.2	35.1	40.7	40.1	38.3	32.6	33.7	38.0	38.2
Bookstore Division	107.2	101.3	5.8	30.1	16.0	23.0	38.1	27.6	16.0	21.6	36.1
Movie Theatre Division	43.6	41.8	4.4	12.8	7.8	10.1	12.9	11.0	6.6	11.3	12.8
Restaurant Division	38.4	35.8	7.4	8.1	9.8	11.2	9.3	7.8	9.4	10.1	8.4
E-Business Division	0.0	-	-	-	-	-	0.0	-	-	-	-
Internal sales	-35.6	-31.6	12.7	-8.4	-10.0	-8.9	-8.3	-7.3	-7.2	-8.3	-8.7
Total Group net sales	644.6	585.0	10.2	157.8	147.4	160.5	178.9	137.9	130.1	145.3	171.7
Commission sales	486.6	404.2	20.4	124.5	115.8	118.9	127.4	99.1	91.8	96.9	116.3
Group sales less tax	1,131.3	989.2	14.4	282.3	263.2	279.4	306.4	237.1	221.9	242.2	288.1

outlets across the length and breadth of Finland offers scope to develop various services as other neighbourhood services close to the consumer are cut back. In the course of the year the R-Kiosks expanded their pick-up point service to take in some 200 kiosks, and at the same time the distribution of travel brochures and various application forms through the chain was expanded.

The Press Distribution Division (responsible for Lehtipiste wholesale newspaper and magazine sales in Finland and - from the beginning of the year - AS Lehepunkt in Estonia) posted net sales of FIM 916.6 million, an improvement of 8.2% on 1999. After adjustments for changes in Group structure, the comparable growth on the year was 4.8%. Lehtipiste is a part of the parent company Rautakirja.

Whereas it has been traditional in Finland for sales of newspapers and magazines to be more or less on an equal plane, during 2000 magazine sales grew appreciably faster than those of newspapers, owing to strong demand for collectibles and similar items. In Estonia, however, the position is reversed, with newspaper sales outrunning magazine sales by two to one.

The Bookstore Division comprises Suomalainen Kirjakauppa, the three bookstore outlets and an on-line bookstore acquired from Yliopistokirjakauppa at the end of October, and the Estonian company Astro Raamatud, also added in October. The unit's aggregate net sales reached FIM 637.4 million, showing growth on 1999 of 5.8%, and 4.1% after adjustments for changes in structure.

The year was a positive one for the Bookstore Division as a whole. A good supply of reading matter and an extremely successful Christmas campaign boosted turnover. The development of operations on two fronts - in traditional sales outlets and using the Internet as an alternative means of reaching the consumer - proved to be a successful solution for Suomalainen Kirjakauppa. In addition, the purchase of Yliopistokirjakauppa will make it possible for the company to access the student population more easily, and will enable the development of the overall trading concept into a chain serving all ages.

The bookstore acquisition made in Estonia will offer scope for the considerable expansion of bookstore operations in that country's developing market.

The Movie Theatre Division comprises FinnkinOy in Finland and its subsidiaries AS MPDE in Estonia and Baltic Cinema SIA in Latvia. In addition, FinnkinOy sees to the subtitling of foreign films for screening in Finland through its subsidiary Interprint Oy. Net sales for the Division totalled FIM 259.5 million, showing growth of 4.4% on 1999. Film screening operations at the company's own theatres account for the largest share of the net sales figure, and the favourable developments on this front in all three countries showed up in improved sales in all units. In Finland the growth was centred on three locations - Helsinki, Tampere, and Pori. It is no coincidence that these are the places where FinnkinOy built and opened multi-screen cinema and entertainment complexes in 1999. On the strength of these favourable experiences, similar multiplex projects have been launched in Estonia and in Latvia. The Tallinn cinema centre opened in March 2001, and a unit planned for Riga is scheduled to come onstream in the autumn of 2002.

Net sales for the Restaurant Division - comprising Eurostrada and MotoRest service areas and the chain of Pizza Hut restaurants - totalled FIM 228.4 million. This marked a growth on the year of 7.4%. The service areas enjoyed growth of 9.1%, whilst Pizza Hut sales were up 2.7%. The increased sales through the service areas were a combined product of the favourable progress of old outlets and of the addition of four new units towards the end of the year. Pizza Hut saw its turnover developing in a positive direction in the wake of some active sales campaigns, although the actual number of restaurants declined during the year.

The first months of the new E-Business Division (FeretOy), formed to administer the Rautakirja Group's network commercial operations, were mainly given over to planning and organisation. Actual commercial operations will get under way during the current year.

Financial performance

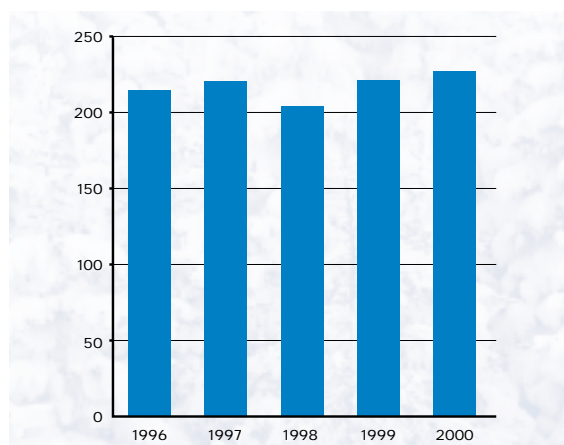
Group sales witnessed a slight change towards products with a better margin on sales. This development, together with some well-directed sales campaigns, allowed for a more brisk growth in sales margin than in net sales.

The Group's overall result developed along very favourable lines, with all units save Pizza Hut moving in a positive direction. Pizza Hut's performance on the year was also burdened by an outstanding goodwill write-down of FIM 8.0 million.

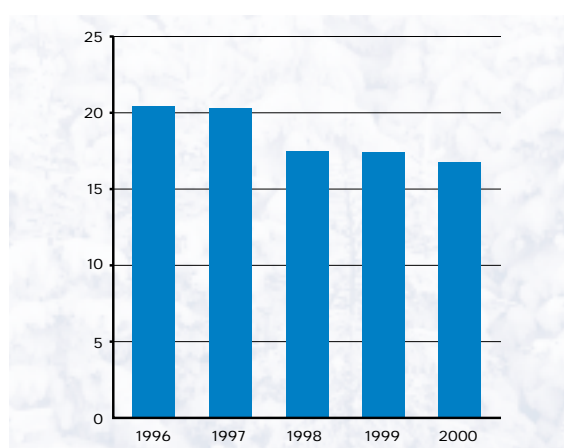
Group trading profit for the financial year stood at FIM 222.6 million and was up by 12.1% on the 1999 figure. In the wake of the slide in share prices experienced from the spring onwards, interest income was only slightly more than half of the previous year's figure, and this depressed the net surplus on financial items. Profit before extraordinary items was FIM 227.8 million, or 3.1% better than in 1999. The extraordinary items entry contains FIM 12.1 million in calculated tax refunds accrued from previous years. In 1999 there were no such positive items below the line. The result before taxes rose by 8.5% to FIM 240.0 million. Profit for the period stood at FIM 171.4 million, and was 11.0% improved on the previous year.

The return on capital invested was 16.7% (1999: 17.4%).

Earnings per share improved by 3.1% to FIM 24.58 and equity/share from FIM 195.96 to FIM 211.43.



Profit before extraordinary items, FIM million



Return on capital invested, %

TRADING PROFIT BY TRADING SECTOR (FIM million)

	1-12/00	1-12/99	Change %	1-3/00	4-6/00	7-9/00	10-12/00	1-3/99	4-6/99	7-9/99	10-12/99
Kiosk Division	97.3	73.3	32.7	20.0	19.3	32.7	25.3	12.7	16.3	23.6	20.7
Press Distribution Division	56.7	53.1	6.8	12.0	17.7	16.3	10.7	10.2	12.3	17.9	12.7
Bookstore Division	36.0	27.8	29.3	4.3	-11.6	2.6	40.6	3.4	-9.3	1.2	32.5
Movie Theatre Division	15.0	11.4	31.2	9.0	-4.6	2.1	8.5	3.5	-5.9	5.8	8.1
Restaurant Division	-13.3	4.5	-393.8	-4.8	-0.9	3.9	-11.5	-2.2	3.1	4.7	-1.0
E-Business Division	-1.5	-	-	-	-	-	-1.5	-	-	-	-
Real Estate	32.4	28.4	14.3	7.4	8.5	7.7	8.8	7.2	6.2	7.4	7.6
Group total	222.6	198.5	12.1	47.9	28.5	65.2	81.0	34.8	22.6	60.6	80.6

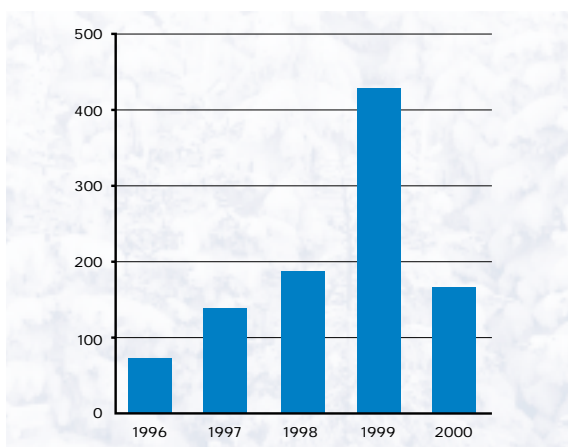
TRADING PROFIT BY TRADING SECTOR (EUR million)

	1-12/00	1-12/99	Change %	1-3/00	4-6/00	7-9/00	10-12/00	1-3/99	4-6/99	7-9/99	10-12/99
Kiosk Division	16.4	12.3	32.7	3.4	3.2	5.5	4.3	2.1	2.7	4.0	3.5
Press Distribution Division	9.5	8.9	6.8	2.0	3.0	2.7	1.8	1.7	2.1	3.0	2.1
Bookstore Division	6.0	4.7	29.3	0.7	-2.0	0.4	6.8	0.6	-1.6	0.2	5.5
Movie Theatre Division	2.5	1.9	31.2	1.5	-0.8	0.3	1.4	0.6	-1.0	1.0	1.4
Restaurant Division	-2.2	0.8	-393.8	-0.8	-0.1	0.7	-1.9	-0.4	0.5	0.8	-0.2
E-Business Division	-0.2	-	-	-	-	-	-0.2	-	-	-	-
Real Estate	5.5	4.8	14.3	1.2	1.4	1.3	1.5	1.2	1.0	1.2	1.3
Group total	37.4	33.4	12.1	8.1	4.8	11.0	13.6	5.8	3.8	10.2	13.6

Investments

Aggregate Group investments for 2000 were FIM 170.1 million, whereas in the previous year corporate acquisitions and substantial purchases of shares had pushed the figure up sharply to FIM 428.6 million. In the year under review, the largest individual investment items were the construction of AS MPDE's multiscreen cinema complex in Tallinn and the increase in ownership of Jokerit HC Oyj by 6.3% to 34.5%. The Kiosk- and Bookstore Divisions also expanded their operations in Estonia through purchases made during the year.

Gross investments, FIM million



GROSS INVESTMENTS BY TRADING SECTOR

	1-12/00 FIM mill	1-12/99 FIM mill	1-12/00 EUR mill	1-12/99 EUR mill
Kiosk Division	59.1	102.9	9.9	17.3
Press Distribution Division	5.0	3.9	0.8	0.7
Bookstore Division	13.0	24.2	2.2	4.1
Movie Theatre Division	35.3	44.5	5.9	7.5
Restaurant Division	9.9	7.4	1.7	1.2
E-Business Division	1.3	-	0.2	-
Other Operations	33.2	207.5	5.6	34.9
Real Estate	9.2	35.3	1.5	5.9
Administrative Services	4.2	2.9	0.7	0.5
Group total	170.1	428.6	28.6	72.1

Financing

The adverse trend on the securities markets from the spring onwards meant that yields from stocks held could not match those enjoyed in previous years, and as a result the share of securities in the Group's capital investment portfolio was sharply reduced in the course of the year. Group liquid funds at the end of the period of FIM 406.5 million were primarily in interest-bearing deposits.

The ratio of equity to total assets grew from the 1999 level of 63.4% to 64.0%. Gearing was negative at -23.2% and was at practically the same level as in the previous year.

Share capital

Rautakirja Oyj's share capital at the end of 2000 was FIM 129.6 million, and the nominal value of shares is FIM 20. There are a total of 5.4 million Series A shares and 1.08 million Series B shares. Series A and Series B shares differ from one another only in terms of the voting rights they bear - Series A shares carry 20 votes and Series B shares 1 vote at the Annual General Meeting. There were no changes in share capital during the period under review here.

At the end of the period, the Supervisory Board had no existing mandate for an increase in the share capital or for the taking out of convertible debentures or option loans.

Shares and shareholders

In January, Kesko Oyj announced that it had acquired 647,250 Rautakirja Series A shares, representing a holding of 9.99% of the share capital and 11.87% of the voting rights. In terms of voting rights, Kesko Oyj thus became Rautakirja's third-largest shareholder. Otherwise there were no significant changes in the holdings of Rautakirja's largest shareholders in the course of 2000. At the end of the financial year, Rautakirja Oyj had 793 shareholders.

New provisions on insiders as contained in Chapter Five of the Securities Markets Act entered into force in the Rautakirja Group from 1.3.2000.

Proposal for the distribution of dividends

The Supervisory Board of Rautakirja Oyj has resolved to recommend to the Annual General Meeting of March 28, 2001 that a dividend be issued for 2000 of FIM 11.50/share on Series A and Series B shares. In the previous year, the dividend paid was FIM 11.00. The Supervisory Board further proposes that the record date for the dividend payment shall be April 2, 2001, and that the dividend payment date shall be April 9, 2001.

Personnel

The average number of persons employed by the Rautakirja Group during the year increased by 528 to 5,534 persons. The increase was attributable to corporate acquisitions both within Finland and abroad. The number of persons employed abroad increased by 263 and was an average of 700 persons over the year.

The parent company employed an average of 2,776 persons during the year, 49 fewer than in 1999.

Within the Rautakirja Group, incentive profit-sharing schemes are applied with a view to rewarding per-

performances by individuals and small groups in excess of the annual targets set. Practically the entire permanent staff comes within the sphere of these schemes.

In addition, key individuals have been eligible for a separate long-term incentive scheme that matured at the end of the financial year. Profit-sharing payments for 2000 totalled FIM 27.3 million, up from FIM 14.0 million in the previous year.

Millennium and euro

Rautakirja passed into the 21st century without any significant information technology problems that might have hindered commercial operations in any part of the Group. System updates made in connection with the change of year also incorporated adjustments required in a number of cases by the forthcoming introduction of the Euro. These will help the ongoing process of readying the Group for 1.1.2002, when the Euro will become Rautakirja's reporting and bookkeeping currency.

In the course of 2000 work was completed on transitional plans for the Euro in all data systems. Staff training was introduced, and basic decisions were taken on the training- and other programmes to be carried through in the Group during 2001.

Plans for the changeover are in place in all systems and interfaces. Primary testing of systems for the new currency's arrival in January 2002 will take place during the early months of the year now under way.

Rautakirja's nearly 1,000 sales outlets are for the most part open each and every day of the year. The task of training the Group's roughly 4,000-strong sales-force in the smooth use of the new currency is a challenging one. Training will take place primarily in conjunction with normal chain operations training and seminars.

A number of training sessions devoted solely to the Euro have been scheduled for November. The Group has made preparations for additional manning in some cases for the beginning of 2002, and for round-the-clock work by support organisation staff.

The changeover of cash in circulation from the Markka to the Euro in the first weeks of 2002 will involve additional work and one-off costs. It is possible that the introduction of the new currency may also slow down sales operations in January 2002. It will not, however, have any measurable impact on the result for the year.

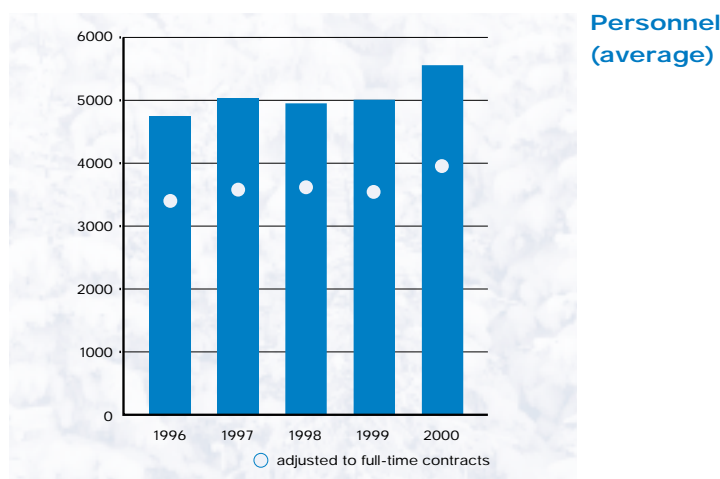
System costs arising in 2001 out of Rautakirja's changeover to the Euro will be of the order of FIM 7-8 million. A part of the systems have already been upgraded to Euro-readiness in the course of 1999 and 2000.

Outlook for 2001 and beyond

The year 2000 was the best in Rautakirja's history, and 2001 is expected to be another year of good growth. There are no threats in prospect that would turn around those positive trends in the retail and whole-

AVERAGE PERSONNEL NUMBERS BY TRADING SECTOR

	2000	1999	Change %
Kiosk Division	3,339	2,924	14.2
Press Distribution Division	198	223	- 11.2
Bookstore Division	726	692	4.9
Movie Theatre Division	506	472	7.2
Restaurant Division	694	623	11.4
E-Business Division	2	-	
Real Estate	8	8	-
Administrative Services	61	64	-4.7
Group total	5,534	5,006	10.5



	2000	1999	Change, %
Finland	4,769	4,770	0.0
Estonia	767	566	35.5
Latvia	45	42	7.1
Total	5,581	5,378	3.8

Personnel by country, 31.12.

sale trade that have been translated into what is now an eight-year period of expansion. According to trade sources, the retail sector (not including the motor vehicle trade) will grow this year by around 4%. Furthermore, consumers' confidence in the positive outlook for their own economy still remains relatively strong.

Rautakirja's strategic aim is to grow in a controlled manner at an annual rate of around 10%. This requires both acquisitions and international expansion. Group net sales are forecast to rise during 2001 to somewhat more than FIM 4,000 million. In view of the investments and corporate acquisitions carried out, the results posted by operative units are expected to remain at much the same level as in 2000, but when account is taken of profits already accrued from the sale of assets, the Group result as a whole will be better than in the year reviewed here.

INCOME STATEMENT

Group income statement, 1.1.-31.12. (FIM million/EUR million)

	2000	1999	2000	1999
	FIM	FIM	EUR	EUR
Net sales	3,832.9	3,478.3	644.6	585.0
Other income from operations	99.2	89.4	16.7	15.0
Material and services	2,727.2	2,482.2	458.7	417.5
Personnel costs	544.8	504.3	91.6	84.8
Depreciation and undervaluation	113.0	93.3	19.0	15.7
Other operating expenditure	324.6	289.4	54.6	48.7
Trading profit	222.6	198.5	37.4	33.4
Financial items (net)	5.3	22.6	0.9	3.8
Profit before extraordinary items	227.8	221.1	38.3	37.2
Extraordinary items	12.1	-	2.0	-
Profit before taxes	240.0	221.1	40.4	37.2
Taxes	-68.9	-66.3	-11.6	-11.2
Minority interest	0.3	-0.3	0.0	-0.1
Profit for the period	171.4	154.4	28.8	26.0

BALANCE SHEET

Group balance sheet at 31.12. (FIM million/EUR million)

	2000	1999	2000	1999
	FIM	FIM	EUR	EUR
ASSETS				
Fixed assets and other long-term expenditure				
Intangible assets	160.9	177.3	27.1	29.8
Goodwill	56.4	50.2	9.5	8.4
Fixed assets	387.6	371.0	65.2	62.4
Investments	688.0	661.9	115.7	111.3
Total fixed assets	1,292.8	1,260.4	217.4	212.0
Current assets				
Inventories	211.1	215.9	35.5	36.3
Long-term receivables	11.8	-	2.0	-
Short-term receivables	251.2	211.5	42.2	35.6
Bonds & securities and other short-term deposits	271.5	255.5	45.7	43.0
Cash and bank	135.0	86.2	22.7	14.5
Total current assets	880.5	769.1	148.1	129.4
	2,173.4	2,029.5	365.5	341.3
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital	129.6	129.6	21.8	21.8
Contingency fund	2.0	2.0	0.3	0.3
Other funds	42.9	42.9	7.2	7.2
Retained earnings	1,024.2	940.9	172.3	158.3
Profit for the period	171.4	154.4	28.8	26.0
Total shareholders' equity	1,370.0	1,269.8	230.4	213.6
Minority interest	6.6	6.8	1.1	1.1
Obligatory reserves	10.3	9.8	1.7	1.7
Liabilities				
Calculated tax liability	33.5	44.3	5.6	7.4
Long-term liabilities	75.1	33.1	12.6	5.6
Current liabilities	677.8	665.7	114.0	112.0
Total liabilities	786.4	743.0	132.3	125.0
	2,173.4	2,029.5	365.5	341.3

GROUP PERFORMANCE

indicators

	FIM					EUR				
	2000	1999	1998	1997	1996	2000	1999	1998	1997	1996
Net sales, FIM million/EUR million	3,832.9	3,478.3	3,422.9	3,407.7	3,237.2	644.6	585.0	575.7	573.1	544.5
Change, %	10.2	1.6	0.4	5.3	-1.4	10.2	1.6	0.4	5.3	-1.4
Trading profit, FIM million/EUR million	222.6	198.5	182.8	211.0	197.6	37.4	33.4	30.7	35.5	33.2
As % of net sales	5.8	5.7	5.3	6.2	6.1	5.8	5.7	5.3	6.2	6.1
Profit before extraordinary items, FIM million/EUR million	227.8	221.1	204.0	220.9	214.8	38.3	37.2	34.3	37.2	36.1
As % of net sales	5.9	6.4	6.0	6.5	6.6	5.9	6.4	6.0	6.5	6.6
Profit before taxes, FIM million/EUR million	240.0	221.1	394.0	213.1	234.0	40.4	37.2	66.3	35.8	39.4
As % of net sales	6.3	6.4	11.5	6.3	7.2	6.3	6.4	11.5	6.3	7.2
Balance sheet total, FIM million/EUR million	2,173.4	2,029.5	1,888.1	1,719.2	1,712.9	365.5	341.3	317.6	289.1	288.1
Fixed assets & other long-term expenditure	1,292.8	1,260.4	940.5	913.4	860.8	217.4	212.0	158.2	153.6	144.8
Inventories and financial assets										
Inventories	211.1	215.9	197.3	298.5	267.3	35.5	36.3	33.2	50.2	45.0
Receivables	262.9	211.5	175.3	198.5	216.7	44.2	35.6	29.5	33.4	36.4
Bonds and securities, cash & bank	406.5	341.7	574.9	308.8	368.1	68.4	57.5	96.7	51.9	61.9
Equity	1,370.0	1,269.8	1,215.6	1,016.9	942.8	230.4	213.6	204.4	171.0	158.6
Minority interest	6.6	6.8	1.6	1.5	1.5	1.1	1.1	0.3	0.3	0.3
Obligatory reserves	10.3	9.8	11.8	-	-	1.7	1.7	2.0	-	-
Calculated tax liability	33.5	44.3	51.2	65.5	77.1	5.6	7.4	8.6	11.0	13.0
Long-term liabilities	75.1	33.1	28.6	34.2	123.3	12.6	5.6	4.8	5.8	20.7
Current liabilities	677.8	665.7	579.3	601.1	568.1	114.0	112.0	97.4	101.1	95.5
Interest-bearing liabilities	86.6	44.7	37.5	82.1	184.5	14.6	7.5	6.3	13.8	31.0
Non interest-bearing liabilities	710.1	708.2	633.4	618.7	584.0	119.4	119.1	106.5	104.1	98.2
Return on equity, %	12.0	12.4	12.7	16.0	17.2	12.0	12.4	12.7	16.0	17.2
Return on capital invested, %	16.7	17.4	17.5	20.3	20.4	16.7	17.4	17.5	20.3	20.4
Gearing ratio, %	-23.2	-23.3	-44.2	-22.3	-19.4	-23.2	-23.3	-44.2	-22.3	-19.4
Current ratio	1.3	1.2	1.6	1.3	1.5	1.3	1.2	1.6	1.3	1.5
Gross investments, FIM million/EUR million	170.1	428.6	188.0	138.6	72.8	28.6	72.1	31.6	23.3	12.2
As % of net sales	4.4	12.3	5.5	4.1	2.3	4.4	12.3	5.5	4.1	2.3
Personnel (average) Adjusted to full-time contracts by hours worked	5,534	5,006	4,970	5,038	4,760	5,534	5,006	4,970	5,038	4,760
	3,977	3,631	3,652	3,634	3,439	3,977	3,631	3,652	3,634	3,439

SHARES AND shareholders

Share capital and shares

Rautakirja Oyj's Series A and Series B shares, designated as RTK1S and RTKBS, are traded on the Main List of the Helsinki Stock Exchange. The lot size in each series is 50 shares.

Rautakirja Oyj's share capital is FIM 129,600,000 and the nominal value of shares is FIM 20. There are a total of 5,400,000 Series A shares, and 1,080,000 Series B shares. Series A and Series B shares differ from one another in terms of the voting rights they carry - Series A shares carry 20 votes and Series B shares 1 vote at the Annual General Meeting. The two series of shares entitle the bearer to equal rights to dividends.

Institutions of one kind or another owned 98.1% (1999: 98.0%) of the share capital at year's end, with private individuals owning 1.9% (1999: 1.9%).

Development of share prices

In the course of 2000 technology stocks in particular declined sharply, and this also had a partial impact on the market climate for other sectors. The weighted HEX Portfolio Index fell during the year by 28%, while the HEX All-Share Index was down by 15% at year's end. The sector-specific Trade Index to which Rautakirja belongs on the main list fell by 18% during 2000.

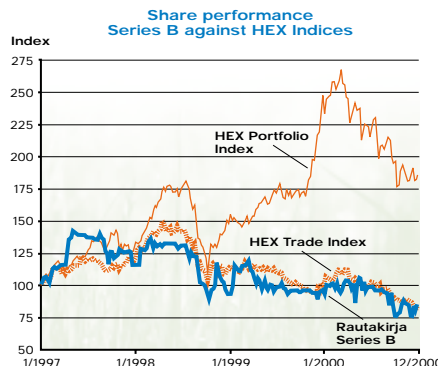
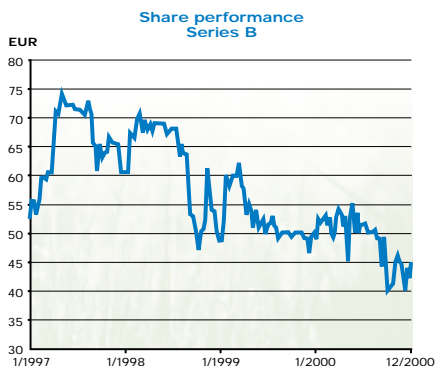
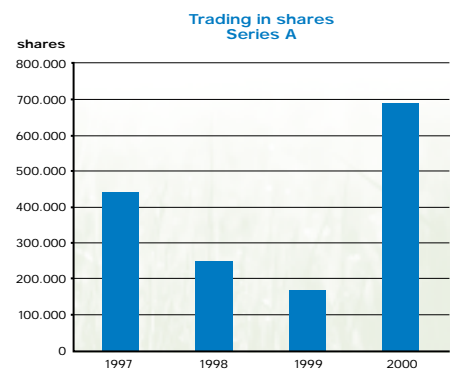
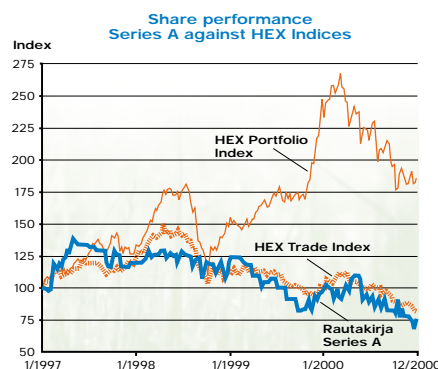
Prices for Rautakirja Oyj A and B shares declined by 14% during the year. The lowest price recorded for Series A shares was EUR 37.50, and the high on the year was EUR 60.00. Series B shares posted a low of EUR 37.50 and a high of EUR 54.99. The year-end price for Series A shares was EUR 42.00 and for Series B shares EUR 45.00.

The market value of Rautakirja's share capital at December 31, 2000 was EUR 275.4 million. The corresponding figure for 1999 was EUR 342.9 million.

Turnover in Series A shares totalled 686,653 shares to a value of EUR 37.5 million. In the case of Series B shares, 45,212 shares changed hands to a value of EUR 2.2 million. A total of 12.7% of Series A shares were traded, and 4.2% of Series B shares.

Ownership by Supervisory Board members and CEO

At 31.12.2000, members of the Supervisory Board and the CEO did not own any Rautakirja shares.



INFORMATION ON shareholders

Largest shareholders according to the Share Register at 31.12.2000

	Series A	Series B	% holding	% voting rights
Werner Söderström Corporation	1,690,256	365,574	31.73	31.33
Sanoma Corporation	1,266,182	220,067	22.94	23.42
Kesko Corporation	647,250	-	9.99	11.87
Oy Karl Fazer Ab	581,171	93,856	10.42	10.74
Pohjola Group Insurance Corporation	264,000	-	4.07	4.84
Pohjola Non-Life Insurance Company	264,000	-	4.07	4.84
Suomi Mutual Life Insurance Company	150,000	-	2.31	2.75
Ilmarinen Pension Insurance	93,000	30,200	1.90	1.73
Finnish Literature Society	72,545	19,609	1.42	1.35
Municipalities' Pension Insurance	70,000	52,920	1.90	1.33
Ten largest shareholders, total	5,098,404	782,226	90.75	94.20
Nominee-registered shares	-	-	-	-
Other shareholders, total	301,309	297,646	9.24	5.79
Shares not yet transferred to book entry system	287	128	0.01	0.01
Total	5,400,000	1,080,000	100.00	100.00

At 31.12.2000 there were 793 registered shareholders.

Breakdown of share ownership at 31.12.2000

	SERIES A				SERIES B			
	number of shareholders	% of all shareholders	total shares held	% of all shares	number of shareholders	% of all shareholders	total shares held	% of all shares
Private companies	44	8.52	4,240,011	78.52	46	9.03	714,369	66.15
Public companies	2	0.39	11,610	0.21	1	0.20	1,872	0.17
Financial and insurance institutions	12	2.33	788,121	14.59	8	1.57	141,200	13.07
Public institutions	7	1.36	199,280	3.69	5	0.98	115,194	10.67
Non-profit-making bodies	8	1.55	86,100	1.59	15	2.95	56,819	5.26
Households	442	85.66	74,580	1.38	434	85.27	50,418	4.67
Foreign shareholders	1	0.19	11	0.00	-	-	-	-
Nominee-registered	-	-	-	-	-	-	-	-

Ownership of shares by size of holding at 31.12.2000

number of shares	SERIES A				SERIES B			
	number of shareholders	% of all shareholders	total shares held	% of all shares	number of shareholders	% of all shareholders	total shares held	% of all shares
1-100	375	72.67	17,124	0.32	365	71.71	11,175	1.03
101 - 1,000	93	18.02	31,298	0.58	109	21.41	39,145	3.62
1,001 - 10,000	30	5.81	92,766	1.72	23	4.52	69,188	6.41
10,001 - 100,000	11	2.13	395,666	7.33	10	1.96	374,723	34.70
100,001 -	7	1.36	4,862,859	90.05	2	0.39	585,641	54.23

SHARES – STATISTICS and indicators

	FIM					EUR				
	2000	1999	1998	1997	1996	2000	1999	1998	1997	1996
Earnings / share, FIM / EUR	24.58	23.83	21.98	24.23	23.76	4.13	4.01	3.70	4.08	4.00
Equity / share, FIM / EUR	211.43	195.96	187.59	156.92	145.50	35.56	32.96	31.55	26.39	24.47
Nominal dividend / share, FIM / EUR										
Series A	11.50*)	11.00	15.50	12.50	12.00	1.93 *)	1.85	2.61	2.10	2.02
Series B	11.50*)	11.00	15.50	12.50	12.00	1.93*)	1.85	2.61	2.10	2.02
Dividend / earnings, %	46.8	46.2	70.5	51.6	50.5	46.8	46.2	70.5	51.6	50.5
Effective dividend yield (year-end), %										
Series A	4.6	3.5	4.0	3.2	3.9	4.6	3.5	4.0	3.2	3.9
Series B	4.3	3.5	5.3	3.5	3.9	4.3	3.5	5.3	3.5	3.9
P/E ratio										
Series A	10.2	13.2	17.6	16.1	13.1	10.2	13.2	17.6	16.1	13.1
Series B	10.9	13.1	13.2	14.9	12.8	10.9	13.1	13.2	14.9	12.8
Share performance, FIM / EUR										
Series A										
Year average	325.07	318.63	403.53	416.83	260.04	54.67	53.59	67.87	70.11	43.74
Low	222.96	249.72	330.00	310.00	215.00	37.50	42.00	55.50	52.14	36.16
High	356.74	404.31	420.00	456.70	325.00	60.00	68.00	70.64	76.81	54.66
Year-end price	249.72	315.12	388.00	390.00	311.00	42.00	53.00	65.26	65.59	52.31
Series B										
Year average	287.91	304.02	395.10	398.24	237.20	48.42	51.13	66.45	66.98	39.89
Low	222.96	273.50	280.00	315.00	197.00	37.50	46.00	47.09	52.98	33.13
High	326.96	368.64	420.00	440.00	310.00	54.99	62.00	70.64	74.00	52.14
Year-end price	267.56	312.15	290.00	360.00	305.00	45.00	52.50	48.77	60.55	51.30
Market value of shares,										
FIM million / EUR million	1,637	2,039	2,408	2,495	2,009	275	343	405	420	338
Series A	1,348	1,702	2,095	2,106	1,679	227	286	352	354	282
Series B	289	337	313	389	329	49	57	53	65	55
Trading in shares										
Series A	686,653	169,879	245,626	442,202	9,286	686,653	169,879	245,626	442,202	9,286
Series A, %	12.7	3.1	4.5	8.2	0.2	12.7	3.1	4.5	8.2	0.2
Series B	45,212	11,737	53,878	174,558	160,040	45,212	11,737	53,878	174,558	160,040
Series B, %	4.2	1.1	5.0	16.2	14.8	4.2	1.1	5.0	16.2	14.8
Number of shares										
(million) **)	6.48	6.48	6.48	6.48	6.48	6.48	6.48	6.48	6.48	6.48
Series A (20 votes)	5.40	5.40	5.40	5.40	5.40	5.40	5.40	5.40	5.40	5.40
Series B (1 vote)	1.08	1.08	1.08	1.08	1.08	1.08	1.08	1.08	1.08	1.08
Number of shareholders										
at 31.12.	793	758	744	741	770	793	758	744	741	770
Share capital,										
FIM million / EUR million	129.6	129.6	129.6	129.6	129.6	21.8	21.8	21.8	21.8	21.8
Series A	108.0	108.0	108.0	108.0	108.0	18.2	18.2	18.2	18.2	18.2
Series B	21.6	21.6	21.6	21.6	21.6	3.6	3.6	3.6	3.6	3.6

*)Proposal by Supervisory Board.

**)There were no stock issues between 1996 - 2000.

The Rautakirja Group is a customer-oriented trade and service enterprise with a determination to grow steadily and become increasingly international in scope in the next few years. Targets such as these also present considerable challenges for the expertise and the development of the Group's staff. Rautakirja's successes and its result on operations depend to a very great extent on those nearly 200 million occurrences each year where members of our staff interact directly with the consumer.

Staff development

By virtue of a sustained and intensive commitment to personnel training, Rautakirja has been able to safeguard the sound development of the group's profitability, even in a climate of increasingly tough competition. The main emphasis in training during 2000 followed the pattern of earlier years in focusing on the skills of those working with the customers and those of their immediate superiors. Training was arranged in such things as sales, marketing, IT-skills, and staff management. A total of 158 courses were held, amounting to 1,982 training days. Training was attended by 2,231 persons, or around 40% of the Group personnel strength. In addition, office staff, middle management, and various individuals in expert roles took part in courses arranged outside the company.

Training for executives and middle management personnel was stepped up noticeably during the year. Sixteen regional sales managers from the Kiosk Division took part in management training courses of more than one year's duration, arranged in conjunction with the Mercuria Business School. In the fall the collaboration with MBS was continued, as a further 19 representatives of middle management from various Group units took part in a second course. The aim of this second programme is to increase awareness of the role of individual departments in the overall commercial operations of the company, to foster leadership in different situations, to improve communicative and interactive skills, and to develop the other traits required in management positions. The course is spread over 18 months and in addition to written exercises there are 12 full-day teaching sessions.

The international aspect of the Group's recent expansion has also set demands on staff language skills. A total of 47 persons from various units took part in coordinated Group language training courses. Alongside the obvious communicative aspects, there will also be training in the culture and business practices of foreign countries. This will get under way in the course of 2001.

During the current year, Rautakirja's parent company SanomaWSOY will also be launching its own training programmes for middle and senior managers, and key personnel from Rautakirja will be among those taking part.

Occupational health care and staff health

The main emphasis in occupational health activities is on statutory health care and operations to maintain working levels. Medical examinations are carried out on new staff and routinely at scheduled age-intervals as a means of ensuring full working capacity. Alongside this, the occupational health staff arranged a number of "get-in-shape" and workout groups for personnel.

The number of absences through sickness has remained more or less stable, and in 2000 this figure totalled 236,440 hours, or 3.5% of the aggregate hours worked.

Security issues

Against a background of increasing crime in the society, Rautakirja has invested considerably in raising the security levels for its sales chains and for the staff working there. In the course of 2000 a security assay was carried out on 100 kiosks, as a consequence of which the company concentrated its efforts on improving security and on making these improvements obvious to the observer, thus providing a further deterrent effect. The result has been positive, in that the number of incidents of this kind has fallen in the Group's chains. Systematic counselling and follow-up has been arranged by occupational health personnel in cases where crimes have been committed against retail sales staff. At the end of the year a separate training course was launched for store and cinema personnel, concentrating on crime prevention and security issues. This training will continue into the current year.

Incentive schemes

Practically the entire permanent staff of the Rautakirja Group comes within the sphere of incentive and profit-sharing schemes. Rewards are paid to individuals or small groups for performances in excess of the annual targets set. These targets can be group-wide, departmental, or individual in nature. In addition to this, key individuals have been eligible for a separate long-term incentive scheme, the first phase of which matured at the end of the financial year. Profit-sharing payments for 2000 totalled FIM 27.3 million, including ancillary costs.

Similar schemes will be in operation during 2001.

Information

At the end of the year, the Group established its own intranet, known as Raitti. Access is open not only to central office staff but also to regional units and to a part of the retail sales chains. Kiosk staff form the largest staff grouping outside the Raitti network. Lehtipiste has also opened its own pages on the Raitti site.

The primary objective in setting up a Rautakirja intranet has been to improve transparency and the effective spread of information through the Group, and

to improve the spirit, commitment, motivation, and productivity of all units in the whole. The Raitti pages contain a broad range of data, running from Group strategic guidelines to an array of useful and amusing information for staff.

In-house morale and atmosphere studies

Some six years ago the Rautakirja Group embarked on regular image and morale studies, which have since been carried out in individual units in alternate years. In 2000 the focus was on the bookstore chain of Suomalainen Kirjakauppa. Areas requiring action that have been brought to the surface by earlier studies are included in the operating plans for the units concerned, and in this way the development measures are given a concrete content. In the present year the studies will be made within the Rautakirja Head Office.

Personnel numbers and structure

At the end of 2000, the Rautakirja Group employed a total of 5,581 persons, an increase of 203 on the figure for December 1999. The growth in payroll numbers was largely attributable to the corporate acquisitions made during the year, in Finland and more particularly in Estonia. In Finland the numbers were swelled primarily by the taking over of the first Motorest service stations by Eurostrada, while in Estonia the Group expanded through kiosk- and bookstore purchases. Inside Finland, Lehtipiste's staff strength was sharply reduced after the bulk of the despatching operations at the Vantaa headquarters were outsourced at the beginning of the year.

The number of persons working for Group units and subsidiaries abroad again showed a substantial increase, with 812 persons or 14.5% of the overall total falling into this category by the end of the year. This was a rise of 204 persons on the 1999 figures.

The Group's average number of employees during the year was 5,534, showing an increase of 528 persons. The actual number of hours worked rose to 6.8 million hours. If those on part-time contracts are converted to full-time contracts, the personnel average was 3,977, or 346 more than in 1999. Rautakirja's trading areas offer a good deal of scope for part-time employment, and these positions accounted for more than half (54%) of the total number employed. The part-time staff are in most cases young people, since many of the Group's sales chains are open for business seven days a week and thus provide part-time employment for students and others.

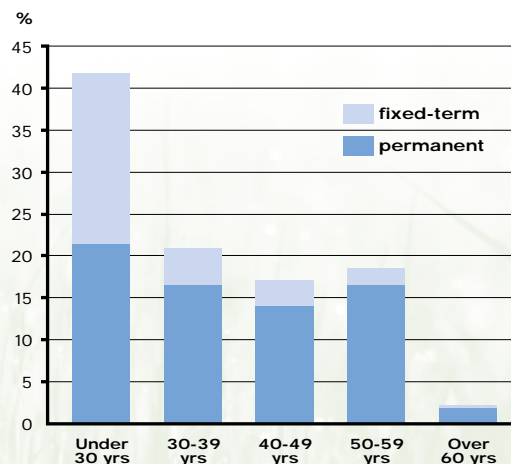
In spite of the growth in our commercial operations in recent years, the gender breakdown in the Group's workforce has remained largely unchanged. Women made up 87% (1999: 86%) of the staff. This apparent imbalance is due to a very great extent to the fact that the Group's main trading areas are strongly weighted towards female employment.

Equally, there have not been any significant changes in the age- or length of service breakdowns in recent years. In the former case, the relative lack of persons over the age of 60 years reflects the possibility to retire at 62 offered earlier (for staff entering the company prior to July 1974) by the Rautakirja Pension Fund. Persons between the ages of 30 and 60 are spread fairly evenly among the three ten-year groupings (see table). The largest single group is represented by persons under the age of 30.

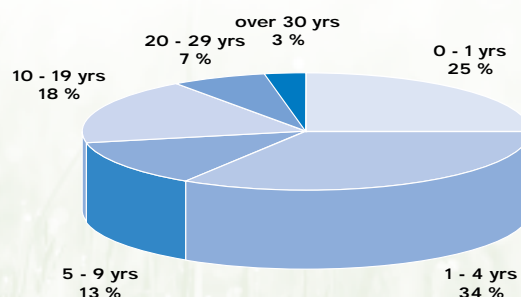
If we examine the length of service figures, a slight change towards longer working relationships can be seen. Those individuals who have joined the Group through corporate purchases and have brought with them full tenure from their previous employment have most noticeably swelled the numbers in the "10-19 years" category. The number of those who have been with the Group for fewer than five years has declined by 5%-points from 1999, down from 64% to 59%.

Personnel age distribution

(divided between permanent staff and those on fixed-term contracts)



Length of service



The Rautakirja Group is a service enterprise operating in the wholesale and retail trade. It does not have its own manufacturing side as such, but rather the company and its subsidiaries distribute and sell the products of its cooperative partners. The company itself does not produce any material amounts of hazardous waste to place a strain on the environment.

The preservation and maintenance of the environment and natural resources has been observed in the Group's operations wherever there is scope for this either through the company's own efforts or in collaboration with our commercial partners. Energy- and nature-saving alternatives have generally also been found to be the most economically sound ways forward in a commercial enterprise.

Waste management

Within Rautakirja, office waste is sorted into marked containers. Each employee is responsible for his or her part in the sorting process. Problem wastes emerging in the office, for example items such as fluorescent light fittings, are sent for processing and disposal at the hazardous waste plant.

Waste generated at points of sale is for the most part made up of cardboard packing containers and solid mixed waste, and in the case of these items the waste disposal instructions given out by individual premises are observed.

At the service areas operated by Eurostrada, the condition of fuel storage tanks and pipework is monitored daily by means of electronic control systems. In addition to this the service area forecourts - where the pumps are located - are equipped with oil/water separator drainage systems that make it possible to collect any spills of fuel that may occur during filling-up. Units that also carry out servicing on cars have oil collection systems, and waste oil is delivered for processing and disposal. Kitchens are also equipped with grease separators. Waste that is generated at service areas and restaurants is sorted in accordance with the regulations of the individual local authority into solid landfill waste and biowaste.

At Interprint Oy, the Finnkino subsidiary engaged on subtitling of films for Finnish screening, it has been possible to do away almost completely with materials that are hazardous to the environment, following a gradual switch to laser technology. In those cases where the earlier techniques are still used, the wax employed in the process is nowadays biodegradable and is made of paraffin, microcrystalline wax, and non-hazardous oils as used in the foodstuffs industry. The perchloroethylene (PERC) required to wash off the wax is constantly regenerated in a closed distillation process and is topped up when evaporation losses make this necessary. Sodium hypochlorite is also used in a very diluted solution.

Paper collection and recycling

Rautakirja is a major recycler of paper. Lehtipiste is the market leader in wholesale distribution of newspapers and magazines in Finland. It sees to the delivery of Finnish and foreign titles to more than 8,300 points-of-sale around the country. All unsold papers and magazines are collected from points-of-sale after their display date has expired, in conjunction with normal delivery routines. Returns are delivered via the regional terminal depots for recycling. The quantities are naturally substantial when it is a question of such a broad nationwide operation. In 2000 a total of around 15.3 million kilos of returned copies were collected. This was slightly more than in the previous year.

Transport issues

It almost goes without saying that efficient logistics are of paramount importance to the successful running of a business such as Rautakirja's. Without exception, the finding of optimum solutions to this issue makes for more cost-effective operating models. Transport services to our own nearly 1,000 outlets and to the great many more Lehtipiste customers are bought in from outside trucking and haulage companies.

In the fall of 1999 Rautakirja launched joint deliveries of the two leading Finnish evening newspapers with a view to saving energy and costs, and this was expanded to embrace the entire country from January 2000 onwards. Such an arrangement reduced the number of individual deliveries required to points-of-sale and hence also the kilometres driven, and at the same time it allowed for earlier delivery of the papers to newsstands and to the consumer.

Rautakirja Supervisory Board

Jaakko Rauramo

1998 – 2001
chairman
President and CEO,
SanomaWSOY Corporation
1977*

Antero Siljola

2000 – 18.7.2000
vice-chairman
President,
Werner Söderström
Corporation
1988*

Hans Olof Danielsson

1999 – 2002
President,
Oy Karl Fazer Ab
1999*

Hannu Ervamaa

1999 – 2002
Managing Director,
Pohjola Customer
Service Ltd
1999*

Kalervo Haapaniemi

2000 – 2003
President,
Kesko Food Ltd
2000*

Hannu Syrjänen

1999 – 2002
President and CEO,
Rautakirja Oyj
1999*



From left ***Kalervo Haapaniemi, Hans Olof Danielsson, Jaakko Rauramo, Hannu Ervamaa and Hannu Syrjänen.***

* Joined Rautakirja Supervisory Board

Auditors

SVH Pricewaterhouse Coopers Oy
Tauno Haataja, APA

GROUP management

The Rautakirja Group Executive Board



From left **Timo Mänty**, **Raimo Kurri**, **Matti Salmi**, **Hannu Syrjänen**, **Erkki Järvinen** and **Markus Miettinen**.

Timo Mänty, 41
Senior Vice President,
CEO of Finnkino Oy
1996*

Raimo Kurri, 47
Senior Vice President,
CEO of Suomalainen
Kirjakauppa Oy
1989*

Matti Salmi, 51
Senior Vice President,
Corporate Finance and
Administration
1988*

Hannu Syrjänen, 49
President and CEO,
Rautakirja Oyj
1989*

Erkki Järvinen, 41
Senior Vice President,
Kiosk Division
1997*

Markus Miettinen, 52
Senior Vice President,
Press Distribution Division
1974*

* Joined Rautakirja Group

**Press Distribution
Division**
Senior Vice President
Markus Miettinen

LEHTIPISTE

Sales
Marjut Rajala

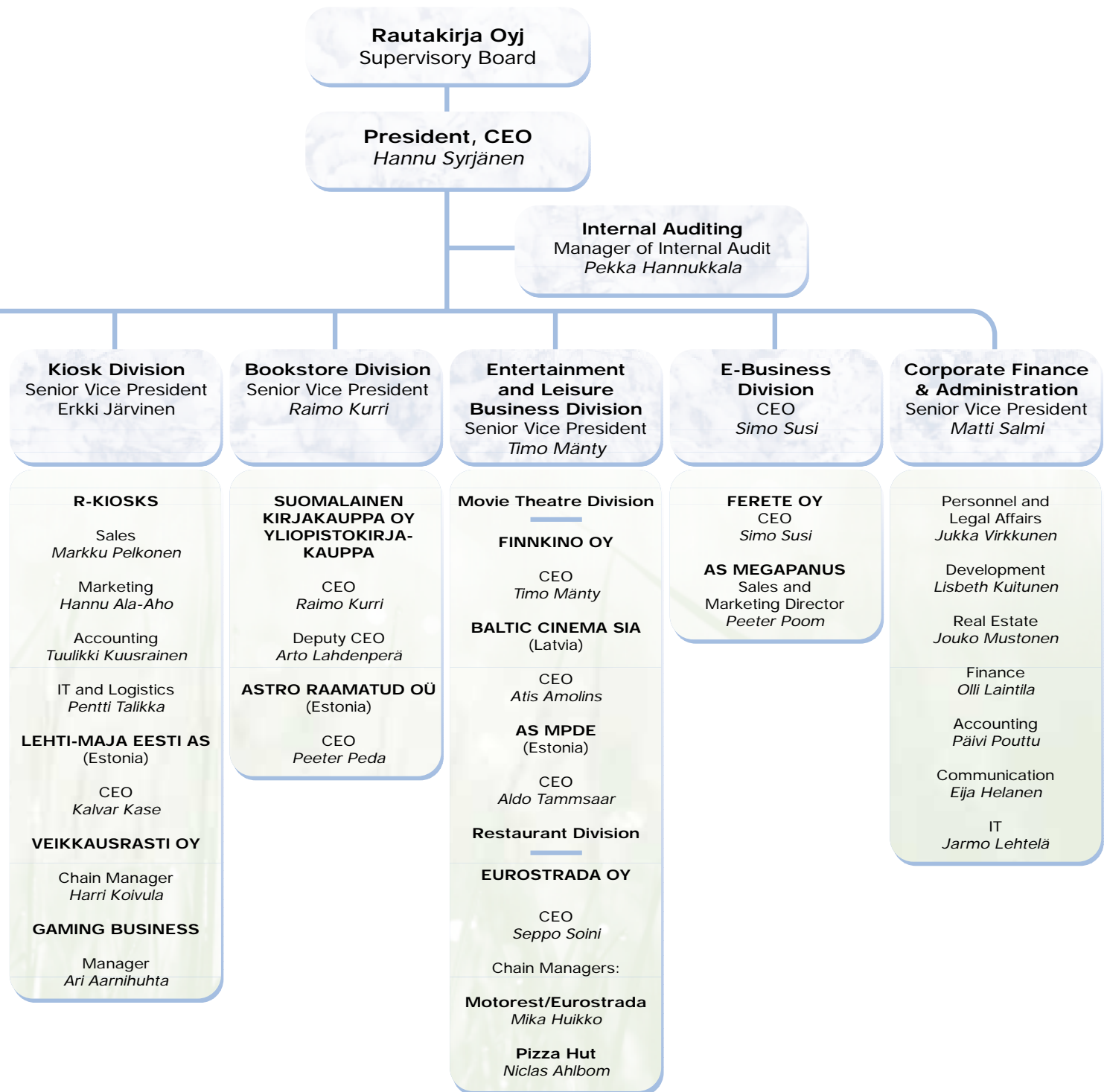
Marketing
Maylis Karjalainen

IT & Accounting
Jaakko Vuorinen

Material Functions
Timo Värri

AS LEHEPUNKT

CEO
Priit Vakkum



ADDRESSES

RAUTAKIRJA OYJ

Head Office

Koivuvaarankuja 2
P.O.B. 1
FIN-01641 Vantaa
Tel. +358 9 85 281
Fax +358 9 853 3281, 852 8511

KIOSK DIVISION

R-Kiosks

Rautakirja Oyj

Koivuvaarankuja 2
P.O.B. 1
FIN-01641 Vantaa
Tel. +358 9 85 281
Fax +358 9 852 8001

Veikkausrasti Oy

Koivuvaarankuja 2
FIN-01640 Vantaa
Tel. +358 9 852 711
Fax +358 9 852 8666

R-kiosks, Estonia

Lehti-Maja Eesti AS

Katusepapi 4
EE-11412 Tallinn
Estonia
Tel. +372 606 6070
Fax +372 606 6071

PRESS DISTRIBUTION DIVISION

Lehtipiste

Rautakirja Oyj

Koivuvaarankuja 2,
P.O.B. 1
FIN-01641 Vantaa
Tel. +358 9 85 281
Fax +358 9 852 8444

AS Lehepunkt

Türi 10 c
EE-11313 Tallinn
Estonia
Tel. +372 650 1450
Fax +372 650 1451

BOOKSTORE DIVISION

Suomalainen Kirjakauppa Oy

Koivuvaarankuja 2
P.O.B. 2
FIN-01641 Vantaa
Tel. +358 9 852 751
Fax +358 9 852 7922

Yliopistokirjakauppa

University Bookstore Finland

Koivuvaarankuja 2
P.O.B. 2
FIN-01641 Vantaa
Tel. +358 9 852 751
Fax +358 9 852 7922

Astro Raamatud OÜ

Pärnu mnt. 142
EE-11317 Tallinn
Estonia
Tel. +372 654 8485
Fax +372 654 8475

MOVIE THEATRE DIVISION

Finnkino Oy

Koivuvaarankuja 2
P.O.B. 19
FIN-01641 Vantaa
Tel. +358 9 131 191
Fax +358 9 1311 9300, 1311 9440

Baltic Cinema SIA

Muitas iela 1
LV-1011 Riga
Latvia
Tel. +371 783 0519
Fax +371 783 0520

AS MPDE

Hobujaama 5
EE-10151 Tallinn
Estonia
Tel. +372 680 0700
Fax +372 680 0799

RESTAURANT DIVISION

Eurostrada Oy

Eurostrada highway service areas
Foodstop Oy/Motorest
Pizza Hut restaurants

Koivuvaarankuja 2
P.O.B. 27
FIN-01641 Vantaa
Tel. +358 9 852 741
Fax +358 9 853 3693

E-BUSINESS

Ferete Oy

Koivuvaarankuja 2
FIN-01640 Vantaa
Tel. +358 9 852 755
Fax +358 9 852 7660

AS Megapanus

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EE-11412 Tallinn
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Tel. +372 5645 2623
Fax +372 606 6461

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firstname@astro.ee
firstname.lastname@finnkino.fi
firstname.lastname@baltcinema.lv
firstname@mpde.ee
firstname.lastname@eurostrada.fi
firstname.lastname@ferete.fi
firstname.lastname@megapanus.ee



SUOMALAINEN
KIRJAKAUPPA



www.rautakirja.fi
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www.dose.net
www.finnkino.fi
www.mpde.ee
www.baltcinema.lv
www.pizzahut.fi
www.ferete.fi



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www.megapanus.ee

***Rautakirja is a part of
the SanomaWSOY Group.***