

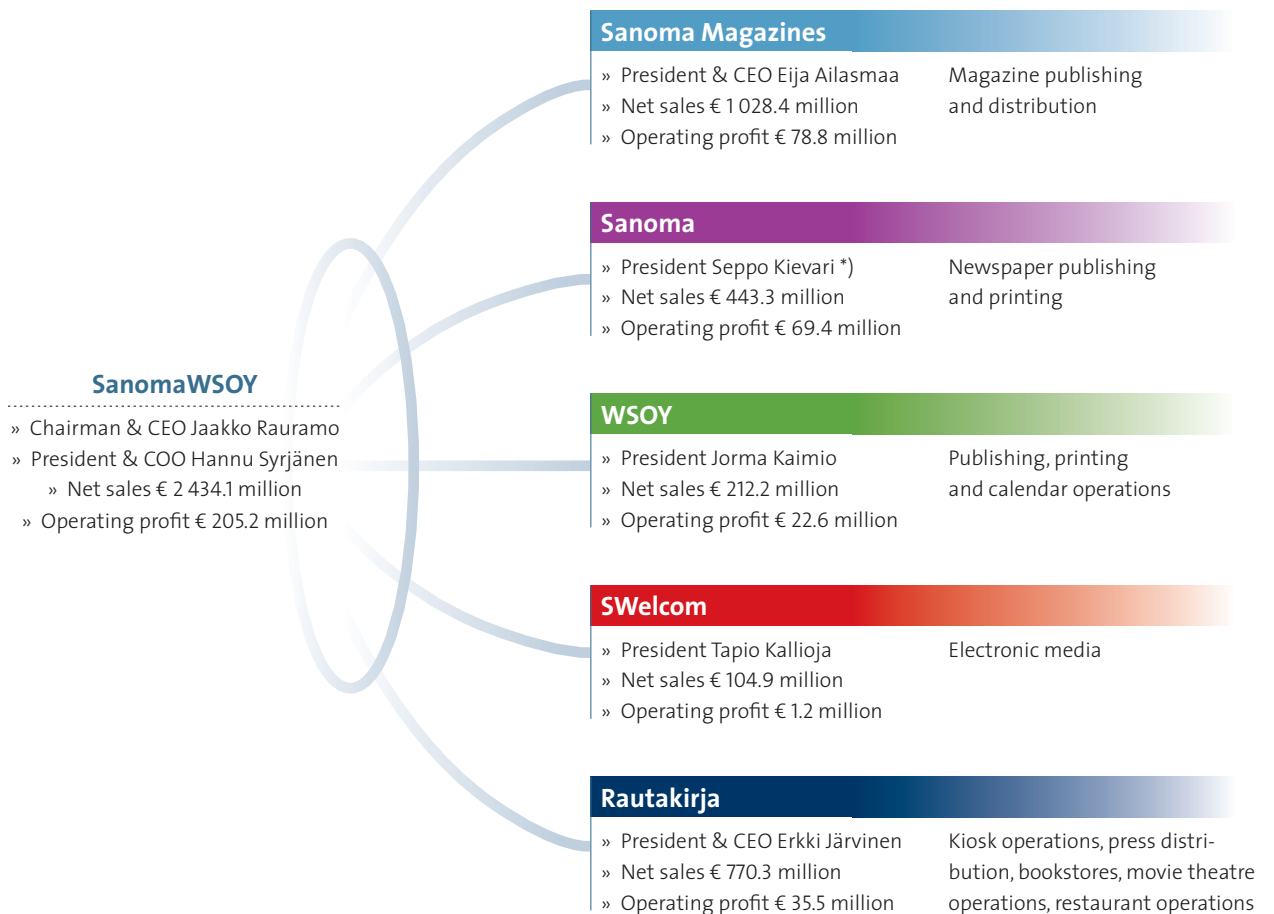
Saima WSOY

A N N U A L R E P O R T 2 0 0 3

Contents

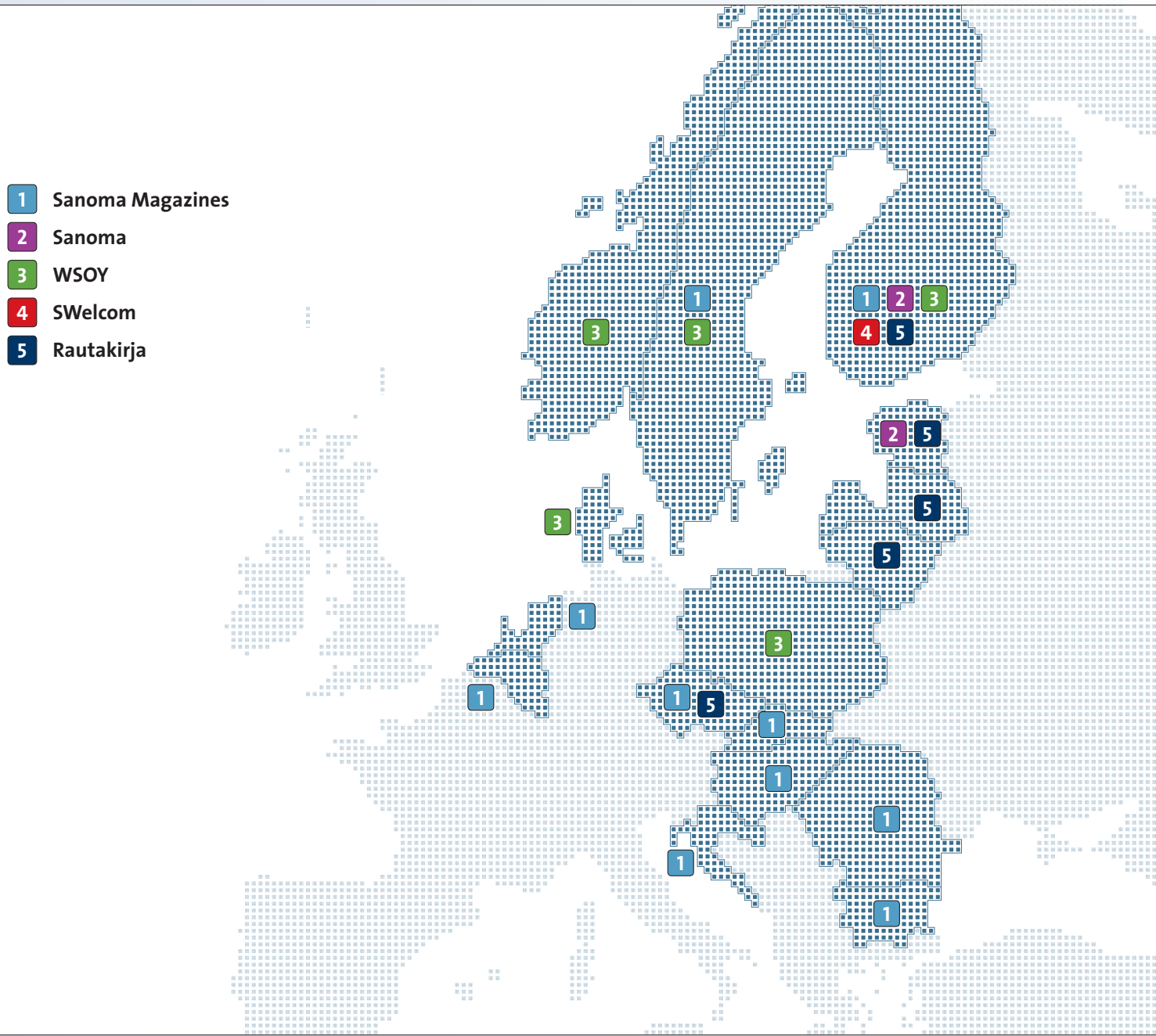
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SanomaWSOY



*) Mikael Pentikäinen as of 1 April 2004

SanomaWSOY is the leading media group in the Nordic region and a strong player on the European arena. The Group comprises five divisions. Sanoma Magazines is one of the five largest magazine publishers in Europe, Sanoma is Finland's leading newspaper publisher, WSOY is Finland's largest book publisher, SWelcom focuses on electronic media, and Rautakirja is the market leader in press distribution and specialised retailing. SanomaWSOY operates in 16 European countries.



- 1** Sanoma Magazines
- 2** Sanoma
- 3** WSOY
- 4** SWelcom
- 5** Rautakirja

- **Sanoma Magazines** - Belgium, Bulgaria, Croatia, the Czech Republic, Finland, Hungary, the Netherlands, Romania, Slovakia, Sweden
- **Sanoma** - Estonia, Finland ■ **WSOY** - Denmark, Finland, Norway, Poland, Sweden ■ **SWelcom** - Finland
- **Rautakirja** - the Czech Republic, Estonia, Finland, Latvia, Lithuania

A media company of opportunities and operational excellence



Mission

SanomaWSOY's mission is to be the media company of opportunities and operational excellence.



Vision

SanomaWSOY's aim is to be the leading media company in our chosen markets by offering

- » the most wanted and valued products and services and
- » the best level of sustainable profitability and growth.

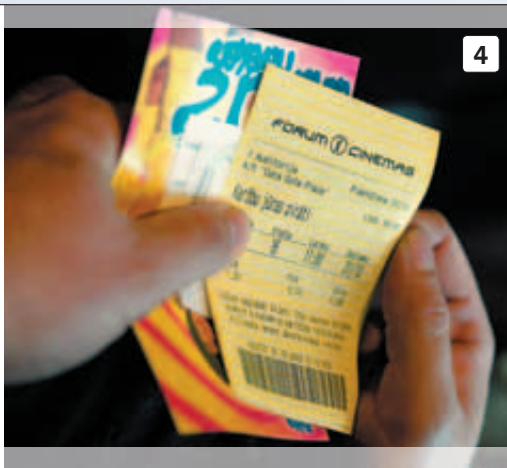


Values

Our values are creativity, reliability and dynamism.

Creative work is the essence of communications, creativity and reliability form the basis of all our activities. Dynamic people are essential to our success.

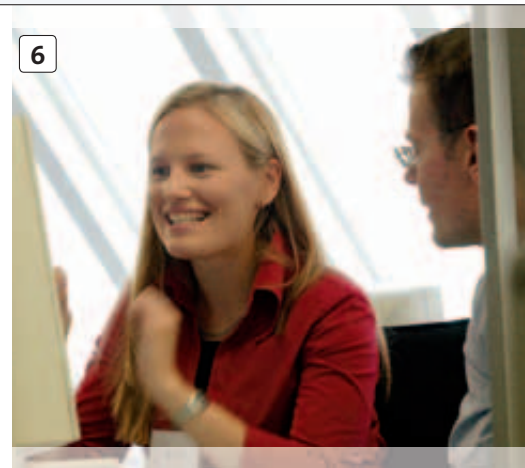
1. Sanoma Magazines has successfully extended a number of its magazine brands into other areas, such as events. Margriet's November Winterfair attracted 79,000 visitors.
2. Taloussanommat increased its overall circulation in 2003. The paper was read at the AGM.
3. Advertising sales at TV channel Nelonen were up by almost 15%. News anchor Baba Lybeck.
4. Rautakirja's Finnkinno opened four new multiplex movie theatres.
5. WSOY published 714 new books in 2003.
6. Sales teams from across the Group took part in a Sales Challenge simulation game in September. Johanna Laurila and Mikael Gardberg from WSOY Business Publications were among the participants.



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Strategic objectives

SanomaWSOY's strategic aim is:

- » To build a balanced business and market portfolio, that ensures sustainable growth and profitability
- » To be a market leader and successfully leverage that leadership in our chosen businesses and markets
- » To be a leading European magazine publisher
- » To internationalise 1–2 additional businesses step by step
- » To develop profitable new products and services; including those that can be successfully expanded crossmedia and/or internationally
- » To increase the profitability of our present businesses and improve efficiency
- » To continuously promote best management practices
- » To divest non-core assets and businesses

Strategic financial targets

Strategic financial targets are defined as operating profit (EBIT) of net sales, %

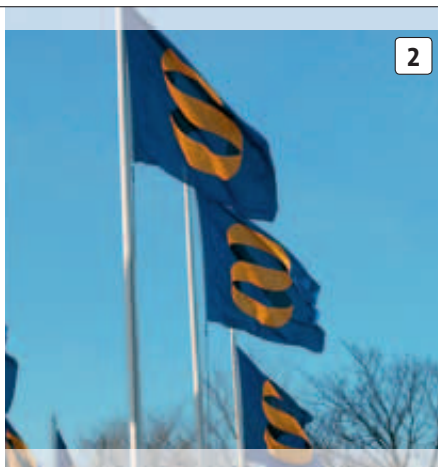
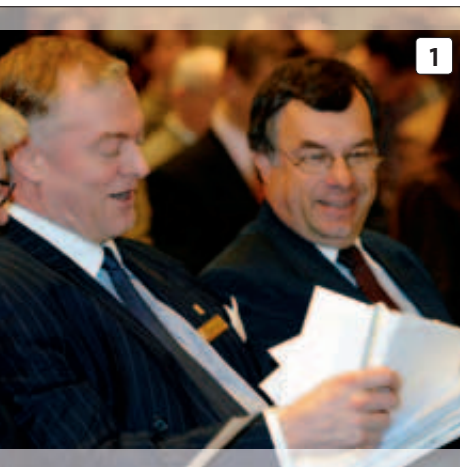
» Sanoma Magazines	9.0%
» Sanoma	12.5%
» WSOY	12.0%
» SWelcom	7.5%
» Rautakirja	6.0%
» SanomaWSOY Group	9.0%

Capex yearly basic level under € 100 million.
Equity ratio approximately 50%.

SanomaWSOY distributes at least one-third of the Group's cash flow from operations in the form of a dividend.

International responsibilities

Management review



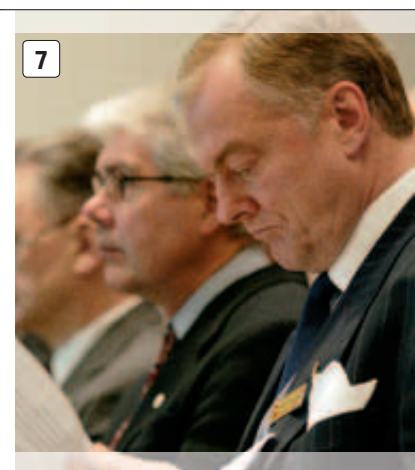
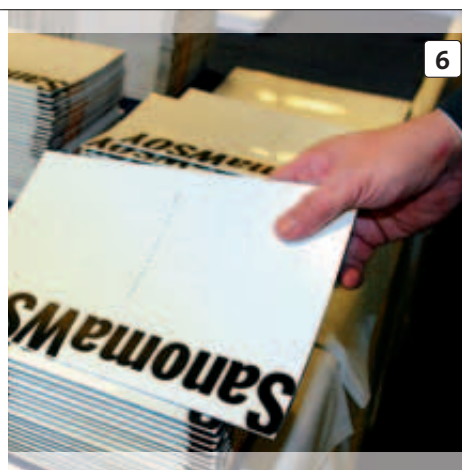
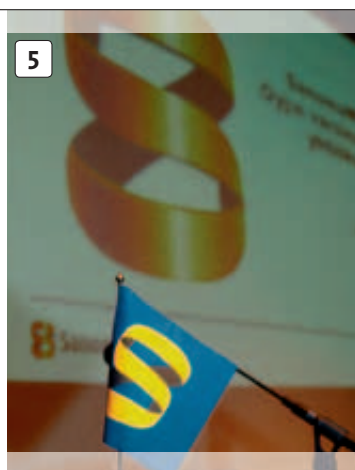
SanomaWSOY is the first Finnish media company to be genuinely international and large enough to be internationally competitive. International expansion has had a strong impact on our approach, as we must understand the cultures, languages and national values of many different countries in today's SanomaWSOY. More is expected of us in terms of management capabilities and operational excellence as well, and we are now benchmarked both internally and externally against much tougher criteria than purely Finnish companies. This international dimension has enhanced our dynamism and given us added inspiration. The success of our international expansion has clearly contributed to the Group's competitiveness.

Our social responsibility does not only concern Finland and our Finnish personnel, but all the countries where we operate and all the people employed by the Group. All of our personnel have the right to expect

respect and fair and impartial treatment. Our international expansion has not only expanded our range of operations, it has also significantly extended the Group's intellectual capital and talent potential.

There has been much debate lately about corporate social responsibility and management bonuses. We think that a company best lives up to its social responsibility by managing its operations in a way that enables the company to grow, develop, and be profitable. Thus it can take care of its personnel, be a good taxpayer, look after the environment, and yield a good profit for its owners. Gestures of social responsibility cannot compensate for bad business. One of the requirements for good business is good management. Everybody suffers if management is inadequate: the company and its personnel, first and foremost, but also its owners and society at large. We should first look at operations and profitability and then evaluate whether these are in conflict with management

1.–7. SanomaWSOY's Annual General Meeting 2003 was held in April. In picture 1, Chairman & CEO Jaakko Rauramo (left) and President & COO Hannu Syrjänen at the AGM.



salaries and bonuses. International dimension also sets its own requirements for competitive salary systems.

Failures in management accounting and control have been a central factor in many recent corporate scandals. High-quality accounting is an important prerequisite for international business. Even the best management accounting and control, however, are no substitute for morals and business ethics. One of management's basic tasks should always be to monitor corporate morals and set an example.

The business environment has weakened recently, both in Finland and in Europe as a whole. National laws and EU directives regarding business activity rarely improve corporate competitiveness – often the opposite. It is sometimes hard for representatives of industry and commerce to understand and accept this undermining of private enterprise. It is probably a matter of different

perceptions. People think, either knowingly or unknowingly, that prosperity comes from the actions of government. Private enterprise, however, plays an essential role in generating prosperity. Entrepreneurship should be promoted, supported, and encouraged in every way.

Individual enterprise and creativity are essential prerequisites for the future of SanomaWSOY. In that respect, we look forward to the future with confidence. We have excellent personnel, whom we would like to thank for a job well done. We believe that we can respond to future challenges and ensure that our readers and customers can continue to enjoy our products and rely on us in the future as they do today. We are very grateful for this trust.

Jaakko Rauramo
Chairman & CEO

Hannu Syrjänen
President & COO

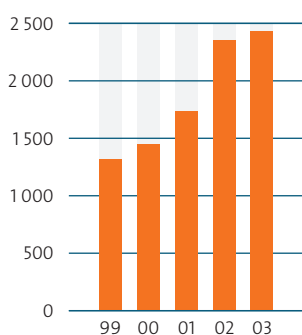
Key figures

Key indicators, € million

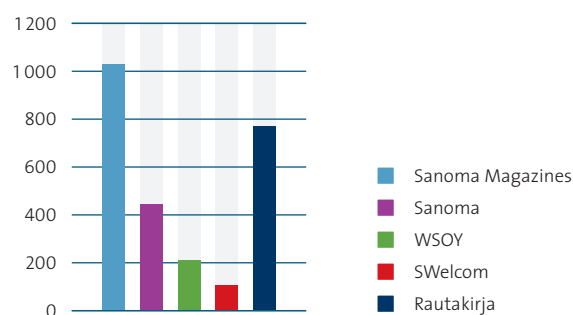
	31.12.2003	31.12.2002
Net sales	2 434.1	2 357.8
Operating profit before amortisation	334.1	269.2
Operating profit	205.2	134.4
Profit before extraordinary items	163.1	106.7
Balance sheet total	2 453.0	2 592.5
Gross investments	94.8	113.5
Equity ratio, %	40.3	36.9
Equity ratio, % *)	47.6	45.2
Gearing, %	72.9	96.1
Gearing, % *)	46.4	60.0
Interest-bearing liabilities	819.4	1 006.2

*) Capital notes included in equity

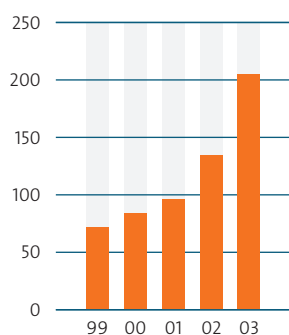
Net sales, € million



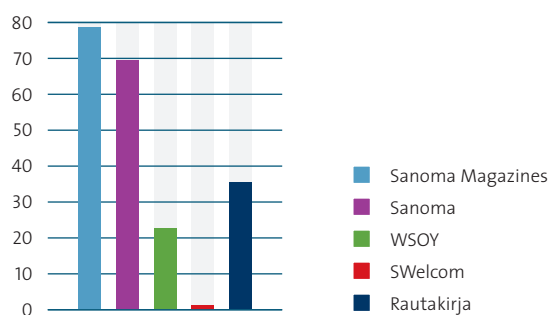
Net sales by division, € million



Operating profit, € million



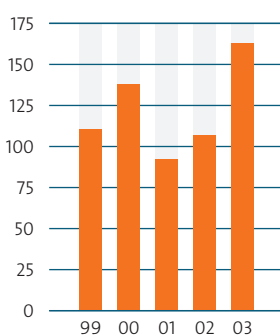
Operating profit by division, € million



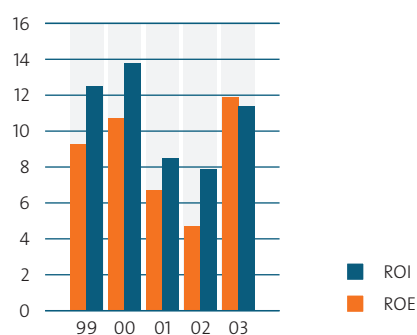
Divisions, € million

	Net sales		Operating profit before amortisation (EBITA)				Operating profit (EBIT)			
	2003	2002	2003	%	2002	%	2003	%	2002	%
Sanoma Magazines	1 028.4	1 008.1	159.1	15.5%	147.7	14.6%	78.8	7.7%	58.2	5.8%
Sanoma	443.3	438.1	77.5	17.5%	49.0	11.2%	69.4	15.6%	41.9	9.6%
WSOY	212.2	215.9	28.0	13.2%	26.4	12.2%	22.6	10.6%	20.5	9.5%
SWelcom	104.9	86.1	29.6	28.3%	9.0	10.5%	1.2	1.1%	-18.0	-20.9%
Rautakirja	770.3	726.5	41.4	5.4%	42.4	5.8%	35.5	4.6%	38.0	5.2%
SanomaWSOY	2 434.1	2 357.8	334.1	13.7%	269.2	11.4%	205.2	8.4%	134.4	5.7%

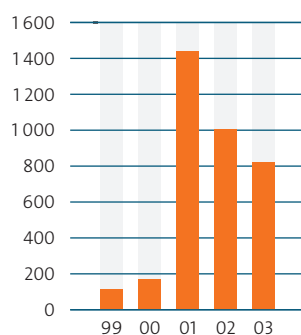
Profit before extraordinary items, € million



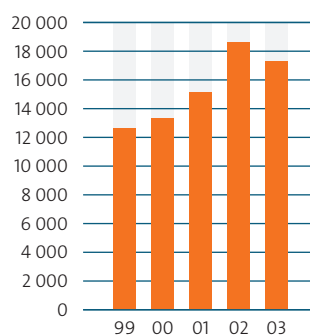
ROI and ROE, %



Interest-bearing liabilities, € million



Personnel under employment contract, average



Year 2003

Stock Exchange Releases, Releases and Stock Exchange Announcements



1

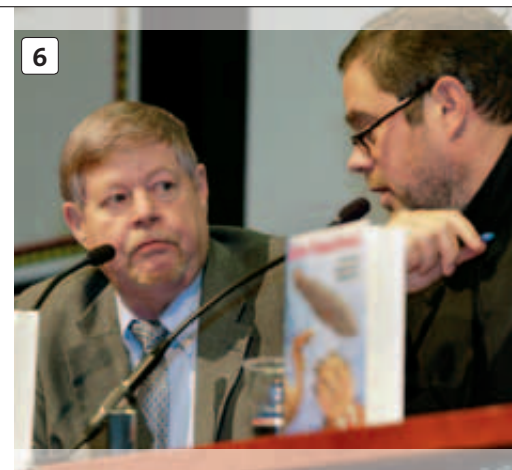
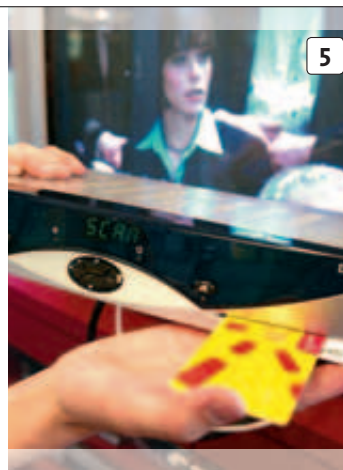


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|---|---|
| <p>11.2 SanomaWSOY's operating profit better than estimated</p> <p>20.2 Year-End Statement 2002</p> <p>20.2 Eija Ailasmaa appointed President & CEO of Sanoma Magazines</p> <p>24.2 Rautakirja's merger into SanomaWSOY in force on 1 March 2003</p> <p>3.3 Rautakirja's merger into SanomaWSOY registered</p> <p>10.3 Notice of SanomaWSOY's Annual General Meeting</p> <p>1.4 SanomaWSOY's Annual General Meeting</p> <p>7.4 Rautakirja's financial statement before the merger into SanomaWSOY</p> <p>23.4 Sanoma sold its delivery company Leijonajakelu to Finland Post</p> <p>30.4 Decrease of SanomaWSOY's share capital entered into the Trade Register</p> | <p>8.5 Interim Report Q1</p> <p>8.5 SanomaWSOY improved its operating profit in the first quarter</p> <p>15.5 SanomaWSOY's shareholders' agreement expired</p> <p>23.5 The Finnish Competition Authority continues to examine Leijonajakelu deal</p> <p>20.6 SanomaWSOY divests its holding in A-Pressen ASA</p> <p>30.6 A-Pressen ASA divestment completed</p> <p>7.8 Interim Report Q2</p> <p>7.8 Improved result for SanomaWSOY despite difficult market conditions</p> <p>12.8 Flagging announcement of selling Janton Oyj shares</p> <p>20.8 SanomaWSOY added to Dow Jones STOXX Indexes</p> |
|---|---|

1. Sanoma Magazines International launched National Geographic successfully in three countries. The Romanian launch was held at the Presidential Palace in Bucharest.
2. Libelle's summer event in August in Belgium was attended by 40,000 visitors.
3. The IS Business Unit extended the paper's product family in 2003. Sales Directors Liisa Kotilainen and Salla Vainio, and Controller Titta Halme.
4. Following further expansion at the beginning of 2004, the Suomalainen Kirjakauppa bookstore chain now has 59 outlets in Finland, including this bookstore at the Iso Omena shopping mall in Espoo.
5. HTV's cable TV operations grew at a record rate in 2003, and digital TV subscriptions now outnumber analogue ones.
6. Finnish fiction flourished in 2003. Author Arto Paasilinna can be seen here being interviewed by Petteri Väänänen at the Helsinki Book Fair.



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| <p>22.8 The Finnish Competition Authority approved Sanoma's Leijonajakelu deal</p> <p>30.10 Interim Report Q3</p> <p>30.10 The development in SanomaWSOY's results continued to be excellent</p> <p>31.10 Flagging announcement of selling Ilkka-Yhtymä shares</p> <p>3.11 SanomaWSOY redeemed convertible capital notes</p> <p>17.11 Helsinki Court of Appeal dismissed Nostokonepalvelu Oy's case against Sanoma Corporation</p> <p>21.11 Pre-conditions of Janton deal fulfilled</p> <p>21.11 and 28.11 SanomaWSOY redeemed convertible capital notes</p> | <p>10.12 Mikael Pentikäinen appointed President of Sanoma Corporation as of 1 April 2004</p> <p>10.12 SanomaWSOY to operate in 15 countries – Sanoma Magazines International to start operations in Bulgaria</p> <p>11.12 The Finnish Competition Authority approved Janton deal</p> <p>15.12 SanomaWSOY's financial reporting during 2004</p> <p>18.12 WSOY to sell Genimap</p> <p>19.12 SanomaWSOY to distribute the third block of warrants</p> <p>22.12 Janton deal completed</p> |
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SanomaMagazines

Sanoma Magazines is a major European magazine publisher.

The division publishes some 230 magazines in Belgium, Bulgaria, Croatia, the Czech Republic, Finland, Hungary, the Netherlands, Romania, Slovakia, and Sweden.



Sanoma Magazines
Magazine publishing and distribution

Sanoma Uitgevers, the Netherlands

- » Women's magazines
- » Men's magazines
- » Home interest magazines
- » Children's and youth publishing
- » Custom publishing
- » Other operations
 - ilse Media Groep
 - RCV Entertainment

Sanoma Magazines Belgium

- » Women's magazines
- » TV magazines
- » Home interest magazines
- » Custom publishing

Sanoma Magazines Finland

- » Women's magazines
- » Children's and youth publishing
- » Special interest magazines
- » Custom publishing

Sanoma Magazines International

- | | | |
|--|----------------------|------------|
| » Consumer magazines and Custom publishing | » Bulgaria | » Hungary |
| | » Croatia | » Romania |
| | » the Czech Republic | » Slovakia |

Aldipress, the Netherlands

- » Magazine distribution

Leadership in chosen markets

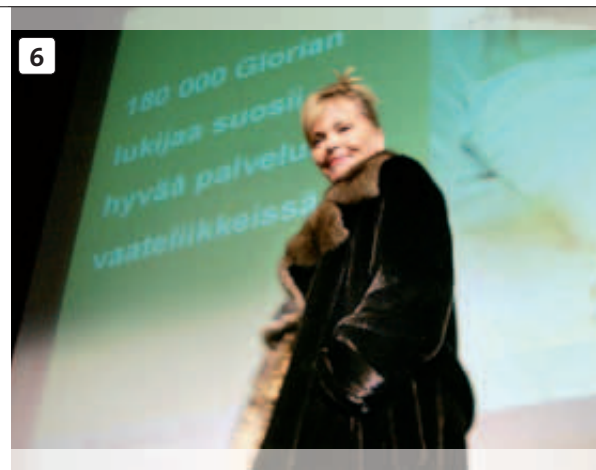
“Sanoma Magazines is among the five largest magazine publishers in Europe and the market leader in five countries. Our main goal is profitable growth, and expansion especially in small and medium-sized markets across Europe.

“Defending and underpinning our leading market position is also a key goal. Leadership calls for the ability to see where our markets are going, develop our strong existing magazine brands, and launch new ones.”

Eija Ailasmaa, President & CEO of Sanoma Magazines

large-circulation titles include the women’s weekly Margriet, Disney’s Donald Duck, the weekly Story, men’s weekly Panorama, and VT Wonen, a home interest magazine. In all, Sanoma Uitgevers in Hoofddorp publishes 104 magazines.

Many of Sanoma Uitgevers’ magazine brands have expanded into special editions, books and a variety of consumer goods. Popular public events have included Libelle magazine’s large outdoor event, Zomerweek, Margriet’s Winterfair and Young Family Fair. Sanoma Uitgevers’ subsidiary ilse Media Groep is the Netherlands’ leading consumer internet portal both in traffic and revenues. Sanoma Magazines has increased its stake in ilse Media Groep to 74%.



Successful integration, a strong year

Sanoma Magazines was created in 2001 when Sanoma-WSOY acquired the consumer magazines business of Dutch-based VNU, and merged the operations of Helsinki Media with it to form a new division. The integration process has been very successful. Several programmes for enhancing operational efficiency, leveraging synergies, sharing best practices, and investing in the dynamic development of both personnel and business operations have produced good results in a short time.

For Sanoma Magazines, the market in 2003 was mixed: the advertising market was down, but the division’s magazines performed well among readers. In a challenging market situation, Sanoma Magazines turned in a very strong result. Eight new titles were launched successfully during the year.

Sanoma Magazines’ business activities will be further developed in 2004: new magazines will be launched and existing brands will be further reinforced. Operations will be expanded into new areas, and presence in Sanoma Magazines’ main market regions strengthened.

Sanoma Uitgevers boosting efficiency

Sanoma Uitgevers is the leading publisher in the Netherlands in almost all magazine segments, and it is Sanoma Magazines’ largest unit. Libelle is SanomaWSOY largest magazine, with a circulation of almost 600,000. Other

1. Flair is one of the most growing women’s magazines in the Netherlands, with a circulation of about 110,500.
2. Sanoma Magazines has licensed seven internationally renowned brands, including Marie Claire, which it publishes in Belgium and the Netherlands.
3. A conference of FIPP, the international federation of the Periodical Press, was held at Sanoma Uitgevers’ head office in Hoofddorp in November. From the right: President Eija Ailasmaa, director Helga Bouwman, and publisher Henk Roelofs.
4. The launch of TV Story magazine in Croatia was backed by the Story Supernova Show song contest, which was arranged with a TV channel and enjoyed great success. The finalists’ Christmas CD was bundled with the magazine.
5. As Editor-in-Chief for more than three decades, Guy Mortier made Humo a Flemish institution. In March 2003, over 12,000 people came to the Antwerp Sportpaleis to say farewell. His message for the future: “The Humo Show goes on!”
6. Editors staged a surprise for participants at a Sanoma Magazines Finland’s marketing event by taking to the catwalk. Gloria magazines’ Editor-in-Chief, Riitta Lindegren.

In 2003, Sanoma Uitgevers launched two new magazines: Zapp & Zo, a TV-guide aimed at youngsters, and a magazine built around the TV celebrity Linda de Mol, with its associated company Mood for Magazines. A new unit, Custom Publishing, was established and several customer magazines launched. Sanoma Uitgevers expanded into homeshopping with the launch of Thuis-boetiek catalogue.

Particular success in circulation was achieved by Donald Duck, which was named 'magazine of the year' in the Netherlands, and the weekly Flair, which was launched in 2002.

A reorganisation at Sanoma Uitgevers aimed at upgrading operational efficiency was successfully con-

7. The World Festival organised by Feeling in Belgium combines music and cuisine.
8. Tinadag, arranged by the Dutch-based weekly Tina, brought together 11,000 girls in an outdoor music event.
9. Sanoma Magazines Praha's Sestra (Nurse) magazine holds the Nurse of the Year competition.



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cluded in 2003. As result of it e.g. all the division's men's magazines, which were published by three companies, will now be brought together to form Sanoma Men's Magazines. A dedicated unit for developing products for the fast-growing 50+ market will be established in early 2004 as well.

In 2004, Sanoma Uitgevers plans to launch a number of new titles and initiate several new media activities to strengthen its position as market leader in the Netherlands.

Sanoma Magazines Belgium looking for growth

Sanoma Magazines Belgium is the largest publisher of consumer magazines in Belgium – and publishes 16 titles in the French- and Flemish-speaking regions of the country, and is the market leader in women's and TV magazines. Among the unit's biggest magazines are radio and TV magazine Humo, the women's magazine Libelle, and the TV magazine TeVe-Blad.

In 2003, Sanoma Magazines Belgium expanded its operations to include custom publishing. The new Sqills unit began operations in the spring, developing Gezonde Tips van Vips magazine for a Belgian cancer organisation. In June, the company acquired Loving You magazines, whose publications include a brides' magazine, a guide for party venues, and the Loving You Fashion magazine. The pocket-sized women's magazine, Glam*O powered by Flair, was launched in the autumn.

The local advertising market is growing slightly, and Sanoma Magazines Belgium will focus on strengthening its market leadership in 2004 by developing its magazine portfolio and actively looking for growth opportunities.

Sanoma Magazines Finland was successful

Sanoma Magazines Finland is Finland's largest magazine publisher and the market leader in women's magazines and juvenile publications. The unit also has a strong position in IT magazines and in custom publishing. Sanoma Magazines Finland publishes around 40 titles, of which Aku Ankka (Donald Duck), ET-lehti targeted for 50+ readers and women's bimonthly Kodin Kuvalehti have the largest circulations.

Sanoma Magazines Finland had a successful year in 2003, and its comparable operating profit almost doubled compared to 2002.

The unit will launch two new magazines in spring 2004. Auto Bild Suomi will be based on Axel Springer AG's successful international magazine concept, adapted for Finnish readers. Meidän Perhe will be a new type of magazine for parents bringing up children.

Sanoma Magazines International is expanding

Sanoma Magazines International is the magazine market leader in Hungary and the Czech Republic. The unit has a strong footing in Croatia and Romania, and also operates in Slovakia, as well as Bulgaria from the begin-

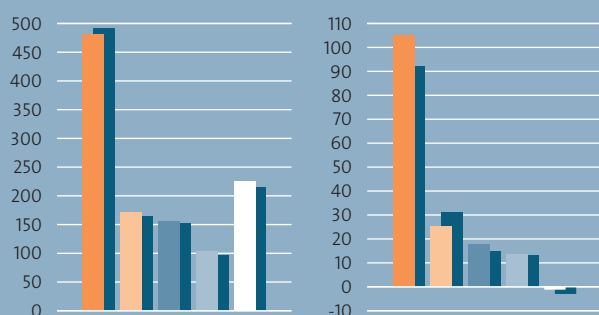
Subsidiaries

- Sanoma Magazines International B.V.
- » Sanoma Budapest Kiadó Rt.
 - » Sanoma Hearst Romania s.r.l. (65%)
 - » Sanoma Magazines Zagreb d.o.o.
 - » Sanoma Magazines Slovakia s.r.o.
 - » Sanoma Magazines Praha s.r.o.
 - » Sanoma Hearst Prague B.V. (60%)
- Sanoma Uitgevers B.V.
- » Jonge Gezinnen B.V.
 - » H.P.R. Holding B.V.
 - » ilse Media Groep B.V. (74%)
 - » Uitgeverij Veldhuis B.V. (as of January 15, 2004 Sanoma Men's Magazines B.V.)

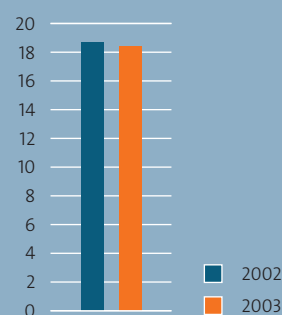
Management Board of Sanoma Magazines

- Eija Ailasmaa**, President & CEO,
Sanoma Magazines B.V. (chairman)
- Koos Guis**, CEO,
Sanoma Magazines International B.V.
- Edo Meerloo**, CEO, B.V. Aldipress
- Raili Mäkinen**, CEO, Sanoma Magazines Finland Oy
- Walter van der Schaaff**, CFO, Sanoma Magazines B.V.
- Dirk Van den Bossche**, CEO,
Sanoma Magazines Belgium N.V.
- Pim de Wit**, CEO, Sanoma Uitgevers B.V.
- Paul van Driessen**, Secretary to the Management Board,
Chief Legal Officer and Company Secretary,
Sanoma Magazines B.V.

Net sales and EBITA by business, € million



Gross investments, € million



Subsidiaries

- » Uitgeverij Woudestein B.V.
 - » Sportweek Media B.V.
 - » Top Santé V.O.F. (60%)
- R.C.V. Entertainment B.V.
B.V. Aldipress
- Sanoma Magazines Belgium N.V.
- » Uitgevers Maatschappij N.V.
- Sanoma Magazines Finland Oy (directly owned by SanomaWSOY Corporation)

Associated companies

- Sanoma Magazines International B.V.
- » Hearst-Sanoma Budapest Kft. (50%)
 - » Sanoma Bliask Bulgaria AD (50%) (as of 2004)
- Sanoma Uitgevers B.V.
- » Geillustreerde Pers/MC V.O.F. (50%)
 - » Mood for Magazines B.V. (35%)
 - » B.V. Programmabladen AKN (25%)
- Sanoma Magazines Finland Oy
- » Hansaprint Oy (40%)
 - » Egmont Kustannus Oy Ab (50%)
- Sanoma Magazines Belgium N.V.
- » S.B.P.P. N.V. (50%)

Key indicators, € million

	31.12.2003	31.12.2002
Net sales	1 028.4	1 008.1
Operating profit before amortisation	159.1	147.7
% of net sales	15.5	14.6
Operating profit	78.8	58.2
% of net sales	7.7	5.8
Operating profit excl. associated companies	67.2	42.4
% of net sales	6.5	4.2
Balance sheet total	1 504.7	1 654.5
Gross investments	18.4	18.7
Return on investment, % (ROI)	6.9	5.1
Personnel under employment contract, average	4 421	4 835
Personnel, average (full-time equivalents)	3 879	4 228

Operational indicators, 1.1 – 31.12.

	2003	2002
Number of copies sold (press distribution / Aldipress), thousands	115 124	123 901
Number of magazines published	232	221
Magazine copies sold, thousands	411 421	420 762
Number of advertising pages sold	47 122	49 144

ning of 2004. The unit has operated in the Eastern Central European market since 1992, and aims to achieve a leading position in all the countries in which it operates. Sanoma Magazines International's largest units are Sanoma Magazines Budapest, with large-circulation titles such as the weekly Story, and the radio and TV magazine szines RTV; and Sanoma Magazines Praha, with the women's weekly Vlasta, and the family weekly Kvety.

Sanoma Magazines International developed dynamically in 2003. The company acquired the rest of the shares in its Croatian company, Sanoma Magazines Zagreb. The deal gave Sanoma Magazines International even better opportunities to expand. Sanoma Magazines Zagreb now publishes a total of six titles. Three of these

10. Aldipress also now distributes videos.
11. Sanoma Budapest is one of the sponsors of the Sziget 2003 Music Festival. Its magazines were present during the festival.
12. Signing for a new joint venture, Sanoma Bliask Bulgaria. From the right: Sanoma Magazines International's CEO Koos Guis, Sanoma Magazines' Chief Legal Officer Paul van Driessen, and Bliask Media AD's President Dimitar Drumev.



10



11



12

were launched in 2003: the twenty-fifth language version of the popular monthly, National Geographic, the new family-oriented weekly, TV Story, and Elle Dekor, the Croatian version of the international interior design magazine, Elle Decoration. TV Story and Elle Dekor were launched in cooperation with a TV channel.

Sanoma Hearst Romania and Sanoma Budapest also successfully launched new national versions of National Geographic. In December, Sanoma Magazines Praha launched a new kind of TV magazine, TV Duel, and started the Citigroup customer publishing unit.

Sanoma Magazines International and the Bulgarian magazine publisher, Bliask Media OOD, started a joint venture, Sanoma Bliask Bulgaria AD, at the beginning of 2004. The company publishes Bliask, Maximum, and Sudbi&Dom, some of the largest-circulation magazines in the country. The first issue of the Bulgarian edition of Cosmopolitan will appear in spring 2004.

In 2004, Sanoma Magazines International will focus on growth and development. A number of magazine launches are to be expected during the course of the year.

Aldipress received a number of awards

Aldipress is the largest newsstand distributor of magazines in the Netherlands, distributing more than 700 magazines to 9,000 outlets. The company's distribution

centre operates in Duiven.

In 2003, Aldipress made a significant effort to boost and expand its operations. It started distributing home entertainment products for a Dutch retailer and won important new customers. Aldipress and five of its partners received a national Packaging Award for their unique partnership in the distribution chain. The Aldipress Magazine Crate packaging system received an award as the best innovation in packaging, particularly because of its convenient movability.

In 2004, Aldipress aims to strengthen its market leadership in publication distribution and develop its chain optimization in the retail area in terms of logistical, financial, and information flows. Internally, Aldipress will continue to improve efficiency of its processes and will merge its Amsterdam return center with the Duiven plant.

Outlook for 2004

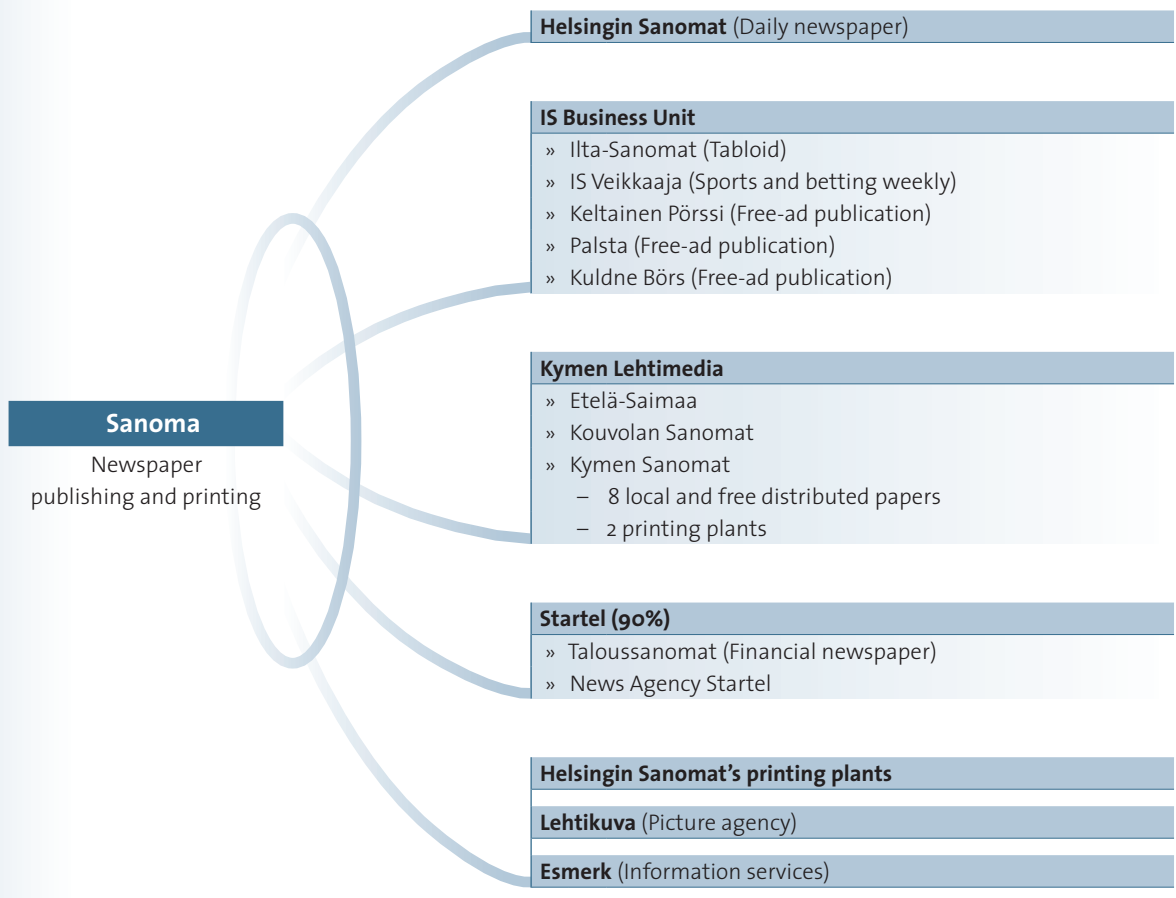
In 2004, the net sales of Sanoma Magazines are expected to grow, partly due to the new accounting principles. EBIT is expected to be on the same level as in 2003 despite heavy investments in growth in all major markets.

See also Financials, p. 6.



Sanoma publishes and prints Helsingin Sanomat, the largest subscription-based newspaper in the Nordic region, and Ilta-Sanomat, Finland's second-largest newspaper. Sanoma's other national papers include the business daily Taloussanomat, a sports and sport betting weekly, and two free-ad publications. Sanoma's titles also include three regional papers, as well as several local papers in Southeastern Finland.

Sanoma's titles also include three regional papers, as well as several local papers in Southeastern Finland.



Most profitable and dynamic in the Nordic region

“Sanoma’s goal is to be the most profitable and dynamic newspaper publisher in the Nordic region. Quality journalism must be independent, and this is only possible when profitability is secured and the organisation is committed to developing its operations and its products.”

Seppo Kievari, President of Sanoma Corporation

for classified ads, also increased. In November, for example, the site had half a million visitors.

In 2004, Helsingin Sanomat will continue to enhance the efficiency of its operations. The aim is to boost the newspaper’s share of the media market and continue the favourable growth in circulation that began in autumn of 2003.

Multichannels for the IS family

The main brands of the IS Business Unit – the tabloid, Ilta-Sanomat, the IS product family for sports and sport betting, and the free-ad publication, Keltainen Pörssi, with their supplements and web services – are all market leaders in their own areas.



Profitability and operational enhancements

In 2003, Sanoma focused on improving its profitability and implemented a number of major operational enhancements. The distribution company, Leijonajakelu, was sold to Finland Post, and a new four-colour printing press was commissioned at Helsingin Sanomat’s Sanomala printing plant. The high-points of the year in terms of journalism included the Finnish general elections and the Iraq war, as well as the related aftertalks.

In 2004, Sanoma will focus on growth, while consolidating its strong editorial content.

Helsingin Sanomat revamped

The Helsingin Sanomat product family includes the core daily paper, the weekly supplement, Nyt, the monthly magazine, Kuukausiliite, and online products: Verkkoliite, the On line news service, and Nyt.fi.

The introduction of the new four-colour printing press allowed an editorial redesign of Helsingin Sanomat’s structure. The result is a modern newspaper that meets readers’ expectations better than ever. Verkkoliite, which publishes the contents of the print daily in full on the Web, was also revamped and became a chargeable service.

The circulation of Helsingin Sanomat started to rise in August. The number of visitors at Oikotie, a web site

1. Ilta-Sanomat has strengthened its position as one of Finland’s leading news media. Senior Editor-in-Chief, A-P Pietilä, and News Editor, Riika Kuuskoski.
2. A revamp of Helsingin Sanomat included the launch of a new Home & Style section. Producer Juha Sainio, design editor Heikki Hankimo, and assistant editors Raija Forsström and Suvi Ahola, were all involved in the revamp.
3. Taloussanomat produces the content for TV channel Nelonen’s business news. Newscasters Niina Hyrsky and Petri Korhonen and cameraman Esa Selin.
4. Helsingin Sanomat was the only representative of the Finnish media with US troops during the Iraq war. Journalist Sami Sillanpää.
5. Sanomala’s new SanoMan printing press offers exciting four-colour opportunities for advertisers. Maintenance engineer Janne Rähä.
6. Lehtikuva now offers customers video news images together with still photos. Picture editor Kalle Parkkinen.

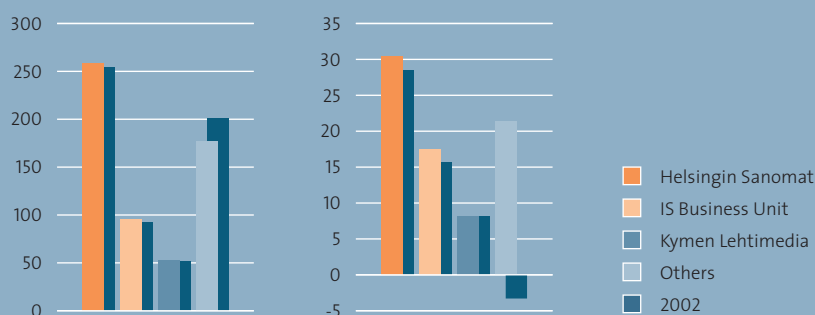
Subsidiaries

Infosto Oy
 Kymen Lehtimedia Oy
 » Baltic Media Oy (89%)
 » Etelä-Karjalan Jakelu Oy
 » Etelä-Saimaan Sanomalehti Oy
 » Kymen Sanomalehti Oy
 » Kymen Viestintä Oy
 » Lehtikanta Oy
 » Saimaan Lehtipaino Oy
 » Uutisvuoksi Oy
 Lehtikuva Oy
 Startel Oy (90%)
 Esmerk Group (90%)

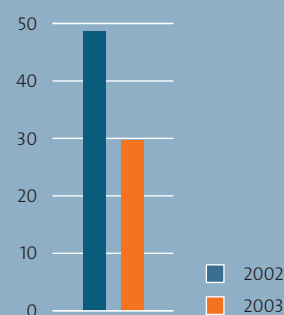
Management Group of Sanoma

Seppo Kievari, President (until 31 March 2004),
 Sanoma Corporation (chairman)
Mikael Pentikäinen, President (as of 1 April 2004),
 Sanoma Corporation (chairman)
Veli-Pekka Elonen, Vice President, Administration, Sanoma Corporation
Pekka Harju, Vice President, Marketing, Ilta-Sanomat
Kari Kivelä, Managing Director, Startel Oy
Antti Kivimaa, Vice President, Development, Sanoma Corporation
Antti Mäkelä, President, Kymen Lehtimedia Oy
Eija Rinta, Vice President, Finance (CFO), Sanoma Corporation
Pekka Soini, Vice President, Marketing, Helsingin Sanomat
Jarkko Kyttänen, Secretary to the Management Group,
 Business Development Manager, Helsingin Sanomat

Net sales and EBITA by business, € million



Gross investments, € million



Associated companies

Anjalankosken Painotalo Oy (48.22%)
 NetWheels Oy (20.06%)
 Suomen Tietotoimisto Oy (22.14%)
 ZAO Smena (30%)

Key indicators, € million

	31.12.2003	31.12.2002
Net sales	443.3	438.1
Operating profit before amortisation	77.5	49.0
% of net sales	17.5	11.2
Operating profit	69.4	41.9
% of net sales	15.6	9.6
Operating profit excl. associated companies	67.3	36.2
% of net sales	15.2	8.3
Balance sheet total	447.7	508.5
Gross investments	29.7	48.6
Return on investment, % (ROI)	23.5	13.3
Personnel under employment contract, average	4 027	4 944
Personnel, average (full-time equivalents)	3 041	3 578

Operational indicators, 1.1 – 31.12.

	2003	2002
Helsingin Sanomat		
Weekday circulation, copies *)	429 244	431 262
Sunday circulation, copies *)	500 269	500 150
Advertising volume (column metres)	42 359	42 834
Ilta-Sanomat		
Circulation, copies *)	198 693	204 820
Advertising volume (column metres)	7 036	7 036
Taloussanomat		
Circulation, copies *)	34 784	32 513
Advertising volume (column metres)	2 393	2 747
Other daily papers		
Total circulation, copies *)	88 715	89 718
Advertising volume (column metres)	21 967	21 092
Local newspapers		
Total circulation, copies	33 100	33 407
Advertising volume (column metres)	8 179	8 501
Paper consumption, tonnes	99 724	94 993

*) Audited circulation figures

2003 was a good year in journalistic terms for Ilta-Sanomat, with features on issues such as the Iraq information leak, which caused a lot of concern in Finnish domestic politics. Veikkaaja magazine became IS Veikkaaja, and IS Urheilulehti and IS Veikkaaja expanded their cooperation. The free-ad publications, Keltainen Pörssi and Palsta, and their web services, were also renewed.

In 2004, Ilta-Sanomat's weekly supplement, Plussa, will be switched from tabloid to magazine format. The IS product group for sports and sport betting centred on IS Urheilu and IS Veikkaaja will be developed. Ilta-Sanomat's sport editors and TV channel Nelonen's Sport News will combine their efforts to provide IS Sports News, which will be broadcast on Nelonen.

7. The launch of Helsingin Sanomat's revamp made a splash in Helsinki city centre. Editor-in-Chief Heleena Savela.
8. The Parliamentary elections were a major feature of the news year. Ilta-Sanomat's newsroom at 1.30 a.m. on election night. From the left: Managing Editor Tapio Sadeoja and Chief of the Political Affairs Desk Pekka Ervasti, with News Editor Ulla Appelsin in the foreground.
9. The Crown Princess of Sweden visited Sanoma House during her state visit to Finland. From the right: journalist Jukka Kajava, Crown Princess Victoria, Senior Editor-in-Chief Janne Virkkunen, and Editor-in-Chief Reetta Meriläinen.



Kymen Lehtimedia develops internal cooperation

Kymen Lehtimedia publishes and prints dailies and local newspapers. Its titles include the regional newspapers, Etelä-Saimaa, Kouvolan Sanomat, and Kymen Sanomat, as well as six local and two free distributed papers in Southeastern Finland.

Kymen Lehtimedia extended its internal cooperation within the Group in 2003. Editorial cooperation between its dailies increased, and advertisement production and some administrative activities were centralised.

In 2004, Kymen Lehtimedia will further enhance the efficiency of its operations. Digital advertising material, for example, will be concentrated in a single access point. At the beginning of the year, Kymen Lehtimedia sold its majority shareholding in its Russian agent, Baltic Media Oy.

Progress for Taloussanomat, more visibility for Lehtikuva

Startel publishes Taloussanomat, provides news agency services, and supplies financial information. In 2003, the new theme supplements of Taloussanomat and the revamping of its Saturday issue were received positively. Advertising and circulation sales moved up during the

latter part of the year and profitability improved. In 2004, Startel will continue to develop Taloussanomat into a strong finance media for corporate decision-makers, and invest in new digital solutions for financial information.

Lehtikuva is Finland's leading picture agency. In 2003, it concentrated on enhancing its visibility and developing its image search capabilities. Foreign demand for images for illustration needs grew significantly. In 2004, Lehtikuva's largest project will be the Olympic Games in Athens.

The Sanoma Group also includes Esmerk, which provides customised news analysis and summary services.

Outlook for 2004

In 2004, Sanoma's comparable net sales are expected to grow in line with the general trend in the media market. The profit from basic business operations is expected to improve more than net sales, due to long-term development measures. The division's operating profit will fall short of the previous year's figure, as non-recurring gains on the sales of assets are not expected to reach the previous year's level in 2004.

See also Financials, p. 6–7.



WSOY

WSOY is Finland's largest book publisher and the market leader in general literature, educational materials, and several special publications. WSOY is also one of the largest book printers and the leading calendar publisher in the Nordic region.



WSOY

Publishing,
printing,
calendar operations

Publishing

- » WSOY General Literature
- » WSOY Educational Publications
- » eWSOY
 - Young Digital Poland (49%)
- » WSOY Business Information
 - Docendo Group
 - Everscreen Oy (64%)
 - Everscreen Ab
- » Weilin+Göös Oy
 - Bertmark Media AB

Printing

- » WS Bookwell Oy
- » Lönnberg Painot Oy
- » Dark Oy

Calendar operations

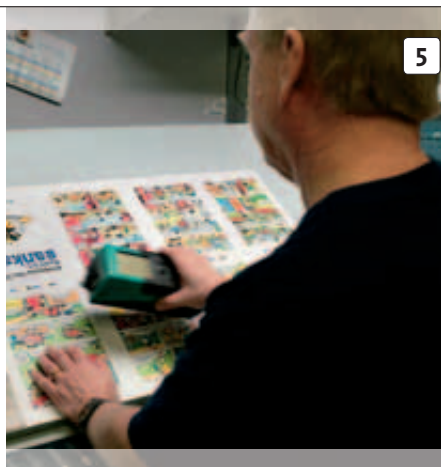
- » Ajasto Osakeyhtiö
 - Almanacksförlaget AB
 - Emil Moestue AS

Market leader in printed and digital publications

“WSOY’s goal is to be the market leader in both printed and digital publications.

“Although our main focus continues to be in Finland, our target is to become a European publishing house, and we are actively looking for opportunities to expand outside Finland.”

Jorma Kaimio, President of WSOY



125 years in publishing

WSOY celebrated its 125th anniversary in 2003. WSOY’s consumer products sold well during the year, but the market for business products continued to be weakened by the downturn in business activities. In 2004, WSOY will focus on its strategy and seek new opportunities for expanding in Europe.

Finnish fiction on the rise

WSOY’s General Literature unit is the market leader in Finland, and aims to be the forerunner and promoter of creative literature in Finland. WSOY Educational Materials is the market leader in all forms of education and related product groups, and WSOY Business Information offers products and services targeted at corporate customers. eWSOY focuses on e-learning, developing the internet-based Opit service for schools. Weilin+Göös publishes multi-volume books, and Bertmark publishes and markets annual books and multi-volume books across the Nordic region.

2003 was a particularly good year for Finnish fiction. Both the Finlandia Prize for fiction and the Tieto-Finlandia Prize for non-fiction were awarded to books published by WSOY. The Finlandia Prize went to Pirkko Saisio’s Punainen erokirja (‘The Red Book about Separation’) and the Tieto-Finlandia Prize to Elina Sana’s Luovutetut (‘The Extradited’).

1. Elina Sana’s book about the wartime deportation of Jews from Finland, ‘Luovutetut’, attracted a great deal of attention in the Finnish and international media, and was awarded the Tieto-Finlandia Prize.
2. Weilin+Göös’ sales panel develops and tests new product ideas.
3. WSOY will arrange more than 1,000 school visits and events for teachers during spring 2004 to present its new educational materials. Field Manager Erja Hautakoski presenting books at Pajjala comprehensive school in Tuusula.
4. ‘The Bookseller of Kabul’ by Åsne Seierstad, seen here at the Helsinki Book Fair, was one of the most talked-about books of 2003.
5. A Donald Duck book in production at WS Bookwell.
6. WSOY Educational Materials’ customer service department takes up to 3,000 phone calls a month. Maija Luoto, Marjo Kanerva, and Anna Block.

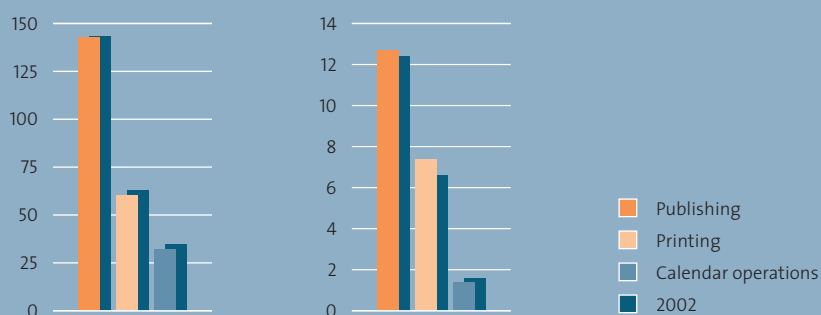
Subsidiaries

Ajasto Osakeyhtiö
 » Almanacksförlaget AB
 » Emil Moestue AS
 Dark Oy
 Docendo Finland Oy
 » Docendo Sverige AB
 Everscreen Oy (64%)
 » Everscreen AB
 Lönnberg Painot Oy
 Weilin+Göös Oy
 » Bertmark Media AB
 » Kustannusperintä Oy
 WS Bookwell Oy

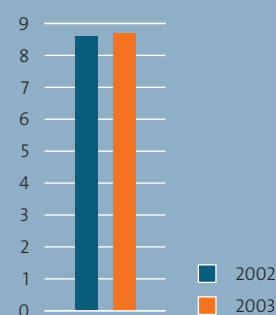
Management Group of WSOY

Jorma Kaimio, President, WSOY (chairman)
Jyri Ahti, Senior Vice President, Business Development, WSOY
Yrjö Franssila, President, Ajasto Osakeyhtiö
Jaana Korpi, Managing Director, Weilin+Göös Oy
Mikko Laine, Senior Vice President, eWSOY
Hannu Laukkanen, Senior Vice President, WSOY Educational Materials
Jorma Mikkonen, Senior Vice President, Finance and Corporate Services, WSOY
Pekka Pätynen, Senior Vice President, Printing operations
Tuomo Räsänen, Senior Vice President, WSOY Business Information
Touko Siltala, Literary Director, General Literature, WSOY
Katja Vuorialho, Secretary to the Management Group, Senior Counsel, WSOY

Net sales and EBITA by business, € million



Gross investments, € million



Associated companies

Taskukirja Loisto Oy (25%)
 Young Digital Poland S.A. (49%)

Key indicators, € million

	31.12.2003	31.12.2002
Net sales	212.2	215.9
Operating profit before amortisation	28.0	26.4
% of net sales	13.2	12.2
Operating profit	22.6	20.5
% of net sales	10.6	9.5
Operating profit excl. associated companies	21.0	12.4
% of net sales	9.9	5.7
Balance sheet total	203.8	280.8
Gross investments	8.7	8.6
Return on investment, % (ROI)	17.8	9.7
Personnel under employment contract, average	1 933	1 937
Personnel, average (full-time equivalents)	1 859	1 836

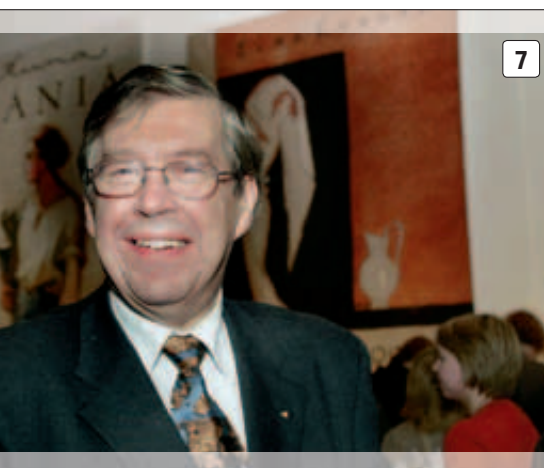
Operational indicators, 1.1 – 31.12.

	2003	2002
Number of new titles published		
Books	714	681
Electronic products	105	116
Number of reprints published		
Books	1 168	1 251
Electronic products	202	279
Books printed, millions	21	22
Paper consumption, tonnes	12 828	12 952

Other Finnish fiction did well as well: Many of WSOY's Finnish authors broke sales records in 2003. The popularity of translated fiction, however, declined. Weilin+Göös decided to publish the first Finnish multi-volume encyclopedia for many years. The first two volumes of the Factum series were published in 2003 and had a positive reception.

The Opit learning portal has about 75,000 users. Long-term, large-scale user agreements were made with the cities of Tampere and Espoo. Both cities decided to introduce the Opit service for all their schoolchildren.

7. The 'Tavaton kiire–Deadline' exhibition of illustrations was held at the Design Museum in Helsinki to mark the 125th anniversary of the founding of WSOY. President Jorma Kaimio can be seen here at the opening.
8. WSOY's Calendar business combines expertise in content, production, and distribution.
9. Many favourite Finnish authors sold well in 2003. Raket Liehu's Runeberg prize-winning 'Helene' was one of the year's success stories.



7



8



9

WSOY has an interesting publishing programme for 2004, which is expected to be a good year for books. The operations of the Educational Materials unit will be affected by the decade's largest curriculum change, which will affect materials at all school levels and poses inspiring challenges for development.

Printing operations enhance production

WSOY's printing company, WS Bookwell, is one of the largest book printers in the Nordic region, and 50% of its production is exported. Lönnberg Painot Oy specialises in printing advertising material, annual reports, in-store displays, and gift packaging. Dark Oy is a digital printer.

In 2003, WS Bookwell developed its bindery lines and enhanced its operating efficiency. Dark invested in printing multi-colour manuals, which strengthened its position as Finland's leading digital printer. The first year of operation at its new Sanomala premises also improved Dark's productivity. F.G. Lönnberg was nominated the best printing house in Finland for the sixth time.

Competition in the printing business is expected to continue to be intense in 2004. Printing Operations aim to retain its market share by developing customer service and improving the profitability of investments.

Calendar operations focus on profitability

WSOY's Calendar Operations unit, Ajasto, is the leading Nordic time management company, with operations in Finland, Sweden, and Norway.

Calendar Operations reduced its fixed expenses and made production more cost-efficient during 2003. The market for consumer calendars remained stable in Finland, and the company's position on the market was strengthened.

In 2004, Calendar Operations will streamline its structure. As the market leader, the unit aims to maximise economies of scale and improve profitability.

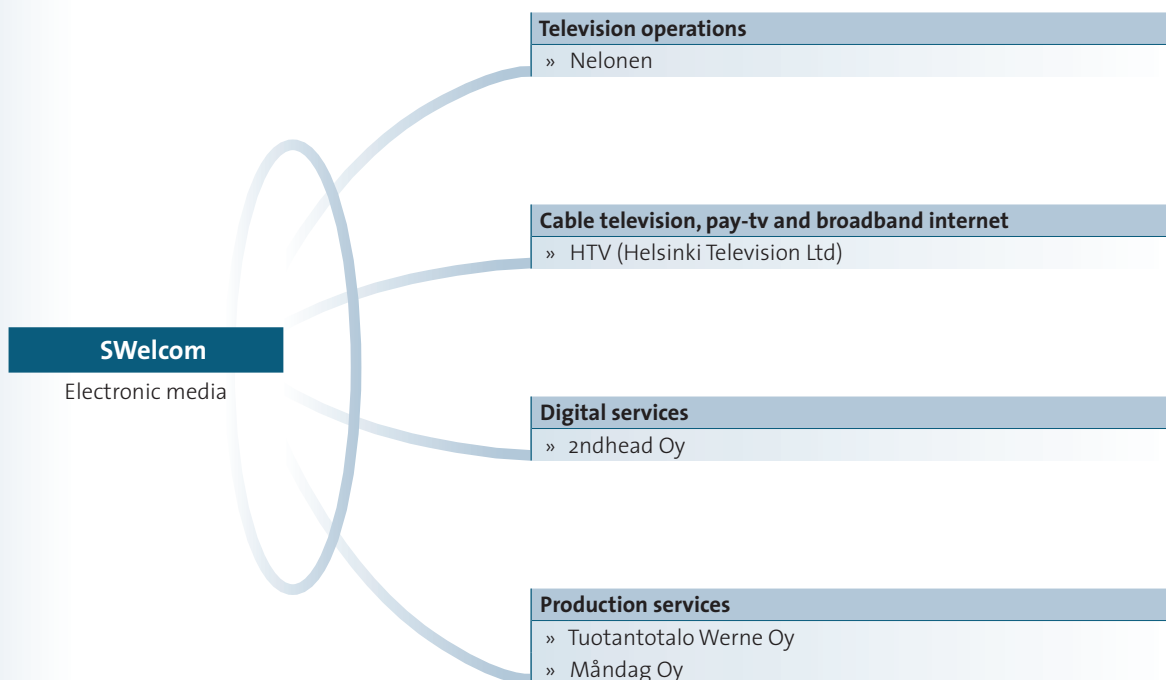
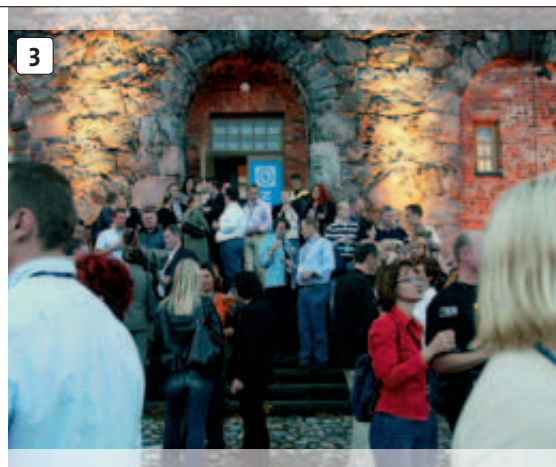
Outlook for 2004

WSOY's net sales for 2004 are expected to grow from previous year in line with the improving operating environment. Growth in results will also continue – solid market positions and profitability improvement measures will enhance the increase.

See also Financials, p. 7.

swelcom^e

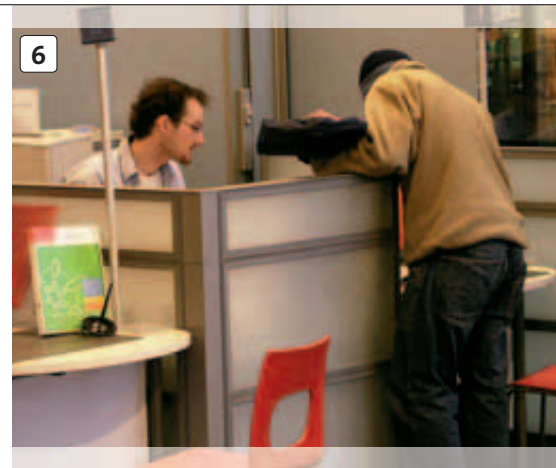
SWelcom is SanomaWSOY's electronic media division. The division includes Finland's third most important advertising media, the Nelonen TV channel, and the country's biggest cable TV company, HTV (Helsinki Television).



A significant player in electronic media

"We are a serious challenger on the electronic media market, in both television and broadband internet. Our goal is to be the number-one choice for our target groups and an important player in the field of electronic media at the national level."

Tapio Kallioja, President of SWelcom



Year of success

In addition to the TV channel, Nelonen, and the cable TV company, HTV, SWelcom's units include Werne, Måndag, and 2ndhead, which provide electronic media production services.

For SWelcom, 2003 was an excellent year. The division improved its financial performance considerably and posted a profit. Nelonen increased its share of the advertising market and became the second most viewed channel among viewers aged between 10 and 44. For HTV, the year was also successful, with a substantial increase in the number of connections and the number of broadband internet subscriptions.

In 2004, Nelonen's broadcasts will expand to cover almost all of Finland. The company's positive result in 2003 will help investments in digital TV and programming. HTV's profitable growth will continue and the company will focus on starting new services for its broadband customers.

Outlook for 2004

In 2004, SWelcom's net sales are expected to grow substantially due to the increase in Nelonen's advertising sales, sales of HTV's connections and the popularity of the broadband services. Operating profit is expected to improve further despite growing investments.

1. The popularity of TV channel Nelonen continued to grow in 2003 among the channel's key target audiences. 'The Sopranos' won numerous awards in 2003.
2. Nelonen's news cameramen have won a number of top Finnish awards. Mikko Hirvonen is one of the news anchors.
3. The Finnish firework championships held by Nelonen is Finland's largest public event. Nelonen arranges a customer event during the championships.
4. HTV and Welho were profiled on Helsinki's city bikes during the summer.
5. Nelonen's programmes received four Venla awards in 2003. 'Irtiottoja' received an award as the best drama series.
6. HTV's broadband network already has more than 260,000 households as customers. A HTV shop in Sanoma House.

See also Financials, p. 7–8.

Subsidiaries

2ndhead Oy
 Helsinki Televisio Oy
 Oy Ruutunelonen Ab (90.55%)
 » Oy Suomen Medianeelon Ab
 Tuotantotalo Werne Oy
 » Måndag Oy

Associated companies

Maxisat Oy (46.21%)
 Platco Oy (33.33%)
 Suomen Urheiluradio Oy (23.25%)

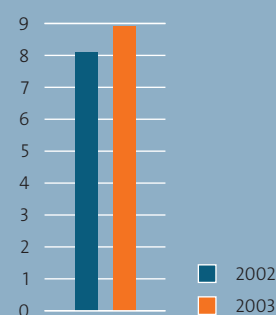
Management Group of SWelcom

Tapio Kallioja, President, SWelcom Oy (chairman)
Pekka Jaakola, Senior Vice President,
 Technology, SWelcom Oy
Pirkko Jokinen, President, 2ndhead Oy
Juha-Pekka Louhelainen, President, Oy Ruutunelonen Ab
Marja-Leena Tuomola, Vice President,
 Administration, SWelcom Oy
Markku Tuomola, President, Helsinki Television Ltd.
Pia Huhdanmäki, Secretary to the Management Group,
 Senior Counsel, SWelcom Oy

Net sales and EBITA by business, € million



Gross investments, € million



Key indicators, € million

	31.12.2003	31.12.2002
Net sales	104.9	86.1
Operating profit before amortisation	29.6	9.0
% of net sales	28.3	10.5
Operating profit	1.2	-18.0
% of net sales	1.1	-20.9
Operating profit excl. associated companies	1.0	-15.6
% of net sales	1.0	-18.1
Balance sheet total	142.3	138.2
Gross investments	8.9	8.1
Return on investment, % (ROI)	1.5	-16.8
Personnel under employment contract, average	416	413
Personnel, average (full-time equivalents)	392	384

Operational indicators, 1.1 – 31.12.

	2003	2002
Nelonen's share of Finnish TV advertising	27.3%	24.7%
Nelonen's daily coverage	41%	43%
Nelonen's national commercial viewing share	22.0%	23.4%
Nelonen's national viewing share	11.4%	11.6%
Number of connected households, thousands (31.12.)	257	237
Number of pay-TV subscriptions, thousands (31.12.)	33	36
Number of broadband internet connections, thousands (31.12.)	43	31



Rautakirja operates in the Czech Republic, Estonia, Finland, Latvia, and Lithuania. The division consists of Finland's leading chain of convenience outlets (R-kiosks), the country's principal press distributor (Lehtipiste), Finland's most extensive bookstore chain (Suomalainen Kirjakauppa), and Finland's largest movie theatre chain (Finnkino).



Rautakirja
Kiosk operations, press distribution, bookstores, movie theatre operations and restaurant operations

Kiosk operations

- » R-kiosks
- » Veikkausrasti
- » R-Kiosk Eesti AS (Estonia)
- » Narvesen Baltija SIA (Latvia)
- » CZ Retail a.s. (the Czech Republic)

Press distribution

- » Lehtipiste
- » AS Lehepunkt (Estonia)
- » SIA Preses Serviss (Latvia)

Bookstores

- » Suomalainen Kirjakauppa Oy
- » Yliopistokirjakauppa
- » Lukiolaisten Kirjakauppa
- » Reader's
- » Apollo Raamatud AS (Estonia)

Entertainment

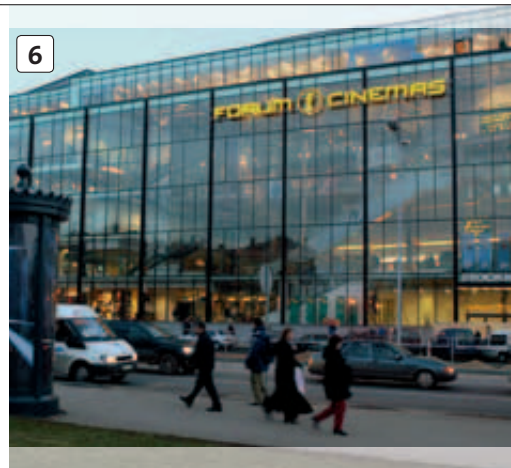
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| <ul style="list-style-type: none"> » Movie theatre operations <ul style="list-style-type: none"> – Finnkino Oy – AS MPDE (Estonia) – Baltic Cinema SIA (Latvia) – UAB Vingio kino teatras (Lithuania) – Interprint Oy | <ul style="list-style-type: none"> » Restaurant operations <ul style="list-style-type: none"> – Eurostrada Oy – Foodstop Oy/Motorest – Pizza Hut |
|--|---|

Growth from international expansion

“Rautakirja’s goal is to grow faster than the overall retail and wholesale market. Truly nationwide operations and a strong market position are our other key elements.

“An important share of Rautakirja’s future growth will come from outside Finland. The Baltic countries are already part of our domestic market. In the future, we will focus increasingly on the developing markets of Eastern Europe.”

Erkki Järvinen, President & CEO of Rautakirja



A wholly owned subsidiary

Rautakirja was merged into SanomaWSOY on 1 March 2003, after which Rautakirja shares were delisted from the Helsinki Exchanges. Rautakirja continues its operations as before, as an independent division within the Group.

Kiosk operations meet challenges

Rautakirja has kiosk operations in the Czech Republic, Estonia, Finland, and Latvia. In Finland, there are 713 R-Kiosks and 35 Veikkausrasti outlets specialising in gaming products. R-kiosks form one of Finland’s leading chains of convenience outlets. There are 199 R-kiosks in Estonia and 431 kiosks in Latvia, jointly owned with a Norwegian company.

Operations in the Czech Republic were launched in the beginning of 2003 in collaboration with French-based Hachette Distribution Services SA. The first year of operation saw the establishment of 137 kiosks.

The wholesale and retail business became more competitive in 2003 due to both domestic and international activities. Rautakirja met the challenge by systematically developing its versatile range, one that differs from those offered by other wholesale and retail business.

In 2004, kiosk operations are set to forcefully develop their systems. The whole business concept will be refined and the service range expanded.

1. Sales of magazines devoted to the home, cars, youth culture, and music all increased in 2003. A Lehtipiste outlet at the K-Supermarket Jättijako in Vantaa.
2. Lehtipiste’s dispatch department is located in Vantaa.
3. The number of Finns reading books has grown. Suomalainen Kirjakauppa’s bookstore at the Iso Omena mall in Espoo.
4. R-kiosks are ideal for quick-impulse purchases. Veli Kojo at the new R-kiosk at Helsinki Station Square.
5. Most of Rautakirja’s Finnish finance functions have been concentrated at the company’s new financial service centre. Tarja Åberg and Kirsi Vartiainen.
6. Finnkino is the leading movie theatre chain in the Baltic region. A new multiplex was opened in Riga in Latvia in November.

Good prospects for press distribution

Lehtipiste operates in Estonia, Finland, and Latvia as a marketing and newsstand distribution organisation of newspapers and magazines. Lehtipiste offers an interesting product range and has extensive expertise in distribution and promotion.

2003 was a successful year for newsstand sales, thanks to the launch of several new general interest magazines. Sales of tabloids declined slightly. In Estonia and Latvia, operations were developed further and market positions were strengthened.

The prospects are good for all three countries, due both to publishers' efforts and Lehtipiste's own development work.

7. A Finnish-Norwegian partnership kiosk in Riga.
8. Finnkino is the market leader in all the countries where it operates, such as Latvia.
9. The number of Eurostrada outlets is not expected to grow significantly. The Eurostrada service area in Keimola.



Bookstores refine portfolio management

Suomalainen Kirjakauppa is a nationwide bookstore chain and the market leader in its field in Finland, with 59 Suomalainen Kirjakauppa outlets and four Yliopistokirjakauppa bookstores, two Reader's paperback bookstores, and the Lukiolaisten Kirjakauppa bookstore. In addition, the company has a strong direct sales unit and online webstores that support all sales channels. In Estonia, the company operates three Apollo bookstores.

2003 was a good year for book sales, especially for the sales of non-fiction and fiction. Finnish and foreign fiction, as well as children's and juvenile books, sold well. The market position of Suomalainen Kirjakauppa was strengthened by the acquisition of both the Lukiolaisten Kirjakauppa business and the Academic Bookstore's press subscription operations. The look and operations of stores were developed during the year in line with a new concept.

In 2004, Suomalainen Kirjakauppa will seek growth by enhancing the efficiency of its operations and investing in portfolio management and further developing its chain concept.

Expansion of movie theatre operations

Finnkino specialises in movie theatre operations and film distribution activities, and has operations in Estonia, Finland, Latvia and Lithuania.

Finnkino opened two new multiplex movie theatres in Lithuania in 2003, one in Latvia, and one in Finland. The construction of another multiplex was started in Oulu. Finnkino's Kinolippu and Lippupalvelu ticket services began collaboration in the summer. In Finland, the number of movie theatre visits were on the same level as in previous year. Finnish movies had a good year.

Finnkino's new multiplex movie theatres will strengthen Finnkino's position as the market leader in all the countries where it operates, and the chain will continue its expansion by establishing new units.

Restaurant operations

Rautakirja's restaurant operations consist of two business lines in Finland: highway service areas and Pizza Hut restaurants. Eurostrada's Motorest chain has been expanded over the last few years, as agreed with Neste Marketing.

Outlook for 2004

Year 2004 will be a challenging year for trade, and growth is likely to be smaller than in previous years. Rautakirja's comparable net sales are expected to grow more than wholesale and retail business in general. Operating profit is expected to improve.

See also Financials, p. 8.

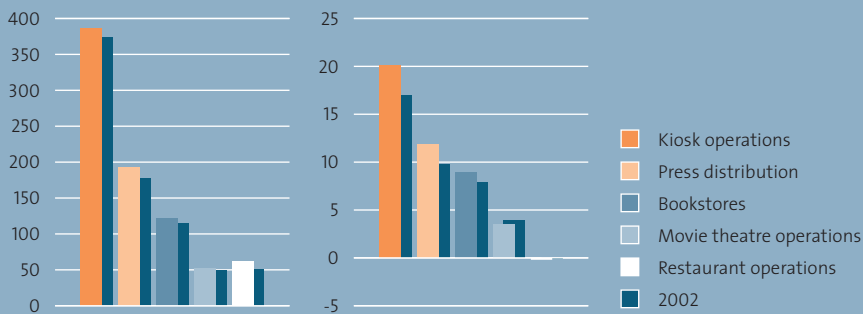
Subsidiaries

AS Lehepunkt
 Eurostrada Oy
 » Foodstop Oy (99%)
 Finnino Oy
 » AS MPDE
 » Baltic Cinema SIA (90%)
 » Interprint Oy
 » UAB Vingio kino teatras (90%)
 R-Kiosk Eesti AS
 Suomalainen Kirjakauppa Oy
 » Apollo Raamatud AS

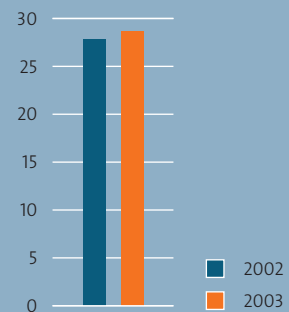
Associated companies

Baltlab OÜ (33.33%)
 CZ Retail a.s. (50%)
 » M-Trafik s.r.o.
 » Amadeo s.r.o.
 JHC Arena Holding (30%)
 Jokerit HC Oy (36.43%)
 Kirjavälitys Oy (20.05%)
 Narvesen Baltija SIA (50%)
 » a/s Preses Apvieniba (96.95%)
 » SIA Preses Serviss
 SIA Stockmann Centrs (37%)

Net sales and EBITA by business, € million



Gross investments, € million



Key indicators, € million

	31.12.2003	31.12.2002
Net sales	770.3	726.5
Operating profit before amortisation	41.4	42.4
% of net sales	5.4	5.8
Operating profit	35.5	38.0
% of net sales	4.6	5.2
Operating profit excl. associated companies	41.3	39.5
% of net sales	5.4	5.4
Balance sheet total	348.6	410.4
Gross investments	28.7	27.8
Return on investment, % (ROI)	18.1	15.0
Personnel under employment contract, average	6 458	6 453
Personnel, average (full-time equivalents)	4 962	5 110

Operational indicators, 1.1 – 31.12. *)

	2003	2002
Customer volume in kiosk operations, thousands	119 380	122 126
Customer volume in bookstore operations, thousands	6 316	6 460
Customer volume in movie theatres, thousands	3 599	3 591
Number of copies sold (press distribution), thousands	127 562	126 017

*) Units in Finland

Executive Board of Rautakirja

Erkki Järvinen, President & CEO, Rautakirja Corporation (chairman)
Raimo Kurri, Senior Vice President, Bookstores
Markus Miettinen, Senior Vice President, Press Distribution
Timo Mänty, Senior Vice President, Entertainment
Markku Pelkonen, Senior Vice President, Kiosk Operations
Matti Salmi, Senior Vice President, CFO (until 31 March 2004)
Hellevi Kekäläinen, Senior Vice President, CFO (as of 1 April 2004)

Corporate governance

The SanomaWSOY Group is organised into five fully owned divisions: Sanoma Magazines, Sanoma, WSOY, SWelcom and Rautakirja. Rautakirja, in which the Group had a 57% shareholding, was merged into SanomaWSOY on 1 March 2003.

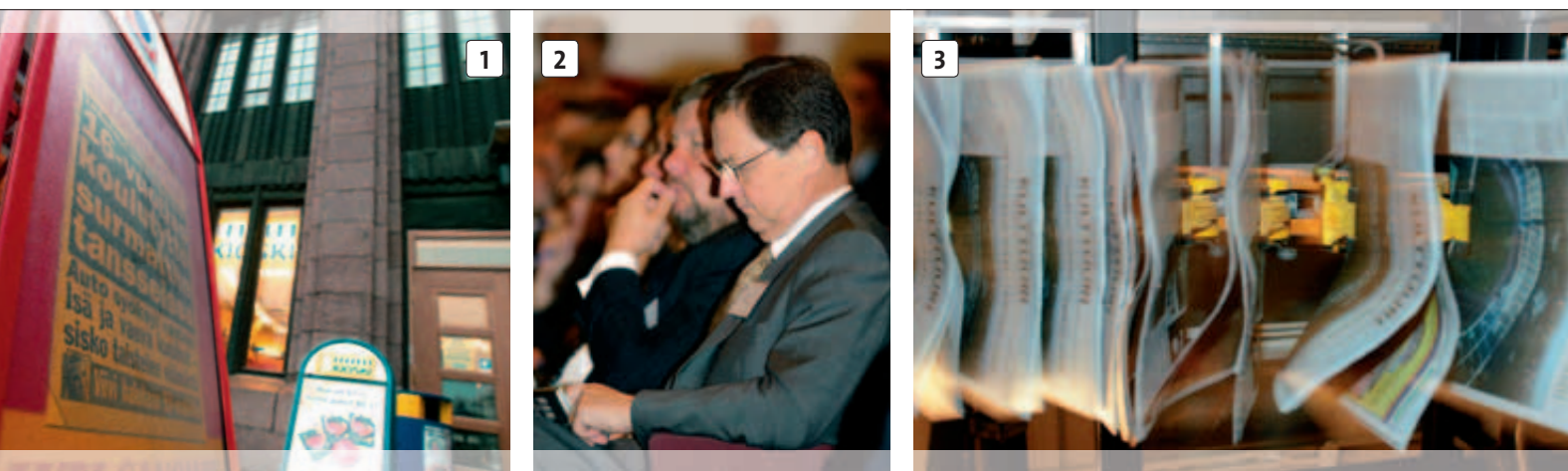
SanomaWSOY's divisions operate independently within the agreed goals and operational principles. The

Board of Directors

The Annual General Meeting elects the members of the Board of Directors, the Chairman, and his deputy. The number of Board members can vary between five and eleven. In addition, a maximum of two personnel representatives can be elected to the Board.

The term of office of the Board member begins at the close of the AGM and expires after the third AGM following their election. If a Board member's seat becomes vacant before the end of this three-year period, a new member is elected for the remainder of the term. The Articles of Association stipulate that no person aged 75, or who will reach the age of 75 during his term in office, can be elected to the Board.

The new principles of corporate governance issued



parent company, SanomaWSOY Corporation, is responsible for strategic control and administration of the Group. The management of the Group and the Group's businesses is based on a clear organisational structure, defined areas of authority and responsibility, common planning and reporting systems, and Group policies.

SanomaWSOY's Board of Directors confirms the principles of the Group's corporate governance, which have been drawn up according to the principles concerning the governance of public companies recommended by the Helsinki Exchanges, the Finnish Central Chamber of Commerce and the Confederation of Finnish Industry and Employers. The valid corporate governance principles can be found on the Group's website at www.sanomawsoy.fi.

The Group's administrative bodies are the Board of Directors and the President & Chief Operating Officer (COO). Their duties essentially reflect those laid down by the Finnish Companies Act. SanomaWSOY's Management Group prepares matters to be discussed at the meetings of the Board of Directors and coordinates the management of the Group. The Management Group is not a formal decision-making body. Matters of principle reviewed and recommended by the Management Group are approved legally by SanomaWSOY's Board of Directors or those of its subsidiaries, or are implemented by authority of the President & COO.

by the Helsinki Exchanges recommend that the term of office of Board members be one year. At SanomaWSOY, the term of office of Board members is three years. The Group believes that the nature of its business activities makes it necessary for Board members to have a longer period to familiarise themselves with and commit themselves to the Group's operations. The terms of office of Board members have, however, been arranged so that about one-third of the members are elected annually.

The current Board has 10 members. Of these, Kyösti Järvinen, Seppo Kievari and Hannu Syrjänen are vacating their seats at the AGM in 2004, Paavo Hohti, Robert Castrén, Jane Erko and Robin Langenskiöld at the AGM in 2005, and Sari Baldauf, Jaakko Rauramo and Sakari Tamminen at the AGM in 2006.

The full-time Chairman & CEO of the Board is Jaakko Rauramo. Board members also employed by the Group are Hannu Syrjänen, President & COO, and Seppo Kievari, President of Sanoma Corporation, who will retire on 1 April 2004. Half of the Board members are independent in the manner stipulated in the new principles of corporate governance issued by the Helsinki Exchanges: Sari Baldauf, Robert Castrén, Paavo Hohti, Kyösti Järvinen and Sakari Tamminen.

SanomaWSOY's Board of Directors is responsible for the overall management of the Group and for organising its administration in accordance with the Finnish Companies Act. The Board appoints SanomaWSOY's President & COO, his deputy and the parent company ex-

executives who sit on SanomaWSOY's Management Group, approves the nominations of the Presidents of the divisions, their deputies and the Senior Editors-in-Chief of Helsingin Sanomat and Ilta-Sanomat, and decides on the remuneration of senior management.

In 2003, the Board of Directors convened six times. On average, 89% of Board members attended the meetings.

Board Committees

Matters to be presented to the Board are prepared, in accordance with the Articles of Association, by the Executive Committee, which consists of Jaakko Rauramo, Chairman & CEO, Paavo Hohti, Vice Chairman, and Hannu Syrjänen, President & COO. The Executive

and strategic HR matters. In addition, he is responsible for handling a broad range of the Group's external relations together with the President & COO.

The Chairman & CEO does not usually take part in the operational management of the Group. In preagreed cases, however, the Chairman & CEO can participate in operational management, particularly in respect of growth and international expansion projects. In 2003, Jaakko Rauramo served as full-time Chairman & CEO.

President & COO

The President & COO is independently responsible for the Group's operations, in line with strategic plans and budgets approved by the Board of Directors and in accordance with general principles approved by the Board



Committee convened five times during the year, and all the Committee members attended all the meetings. The Board is empowered to establish other committees as appropriate. A Compensation Committee and an Audit Committee operated during 2003.

The Compensation Committee prepares matters regarding the management's remuneration and the Group's remuneration policy. The Compensation Committee's members at year's end were Paavo Hohti (Chairman), Sari Baldauf (Vice Chairman), Jane Erkko and Seppo Kievari. During 2003 the Compensation Committee convened twice, and all its members attended the meetings.

The Audit Committee develops and controls the Group's financial reporting procedures, the auditors' work and the reliability of internal control. At the end of 2003, the Audit Committee comprised Kyösti Järvinen (Chairman), Robert Castrén (Vice Chairman), Robin Langenskiöld and Sakari Tamminen. The Committee convened four times during 2003. On average, 94% of its members attended the meetings.

Full-time Chairman & CEO

The Board has a full-time Chairman & CEO who is responsible, in cooperation with the President & COO, for preparing the matters brought to the Board of Directors and for chairing Board and Executive Committee meetings. The Chairman & CEO's specific area of responsibility lies with the Group's strategic decisions and positions,

of Directors. The President & COO is responsible for day-to-day management of the Group, for the preparation of matters brought to the Board and for presenting these matters to the Board and its Committees. The President & COO also acts as Chairman of both SanomaWSOY's

1. and 3. The IS and the HS Business Unit had both a good year in 2003 despite the challenging market situation.
2. 2003 was an excellent year for SWelcom. The electronic media division improved its financial performance considerably. SWelcom's President, Tapio Kallioja, with Vice President Pekka Salmén of Helsingin Sanomat's Printing Plant.
4. Lehtipiste collected and distributed 40,000 magazines for Finland's National Schools' Magazine Day. A lesson under way at a comprehensive school in Helsinki.
5. Helsingin Sanomat's online edition was revamped in autumn 2003. The key people behind the revamp: Pekka Pekkala, Aki Nykänen, and Mikko Hämäläinen.
6. Helsingin Sanomat's monthly supplement had its 20th anniversary in 2003.

Management Group and the Boards of Directors of SanomaWSOY's divisions, unless otherwise agreed. In 2003, Hannu Syrjänen served as President & COO of SanomaWSOY.

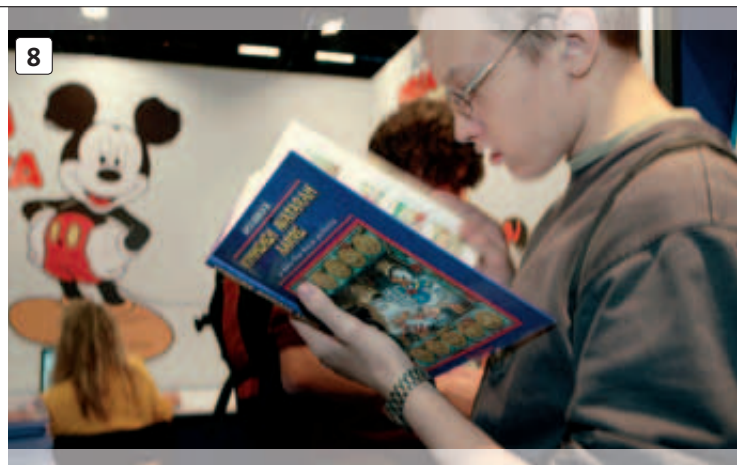
Remuneration and incentives

The Board of Directors approves the employment terms of the President & COO and the other members of senior management, based on the proposal prepared by the Compensation Committee. The compensation paid to the Board of Directors is subject to approval by the AGM. The members of the Board of Directors are paid the following monthly compensations: EUR 5,000 to the Chairman, EUR 4,500 to the Vice Chairman and EUR 3,500 to members. A sum of EUR 200 is paid for attending

of 60, unless otherwise agreed, and his pension will be approximately 60% of his salary. The period of notice of the President & COO is six months and severance pay in the case of termination corresponds to 18 months' salary. The severance pay includes a fixed term non-competition clause. Syrjänen holds 50,000 2001A warrants, 50,000 2001B warrants and 50,000 2001C warrants.

The retirement age for the other members of SanomaWSOY's Management Group is 60 years, and their pension is approximately 60% of their salary. Their period of notice is six months and severance pay in the case of termination corresponds to 12 months' salary. The severance pay includes a fixed term non-competition clause.

To promote the achievement of challenging financial targets, all SanomaWSOY's divisions operate incentive



the meetings. Of the Board Members, Jaakko Rauramo, Chairman & CEO, Hannu Syrjänen, President & COO, and Seppo Kievari are included in the scope of SanomaWSOY's warrant system.

Remuneration and other benefits paid to SanomaWSOY's management in 2003 totalled EUR 8.0 (8.5) million. In this respect, management includes members of the Board of Directors of SanomaWSOY, the President & COO, the Presidents of the Group's divisions as well as their deputies, if any. This sum only covers the remuneration and benefits paid to the persons for these positions during the financial year.

Jaakko Rauramo, the full-time Chairman & CEO, was paid remuneration, bonuses, and other benefits totalling some EUR 732,600 in 2003 (in 2002 some EUR 903,100, including bonuses relating to the magazine acquisitions in 2001). Rauramo is entitled to retire after the age of 60 on a pension of 60% of his salary when he or the Company so wishes under the provisions of Sanoma Corporation's pension fund. The contract of employment of the Chairman & CEO is valid for the duration of his term of office, unless otherwise agreed with or decided by the AGM. Rauramo holds 100,000 2001B warrants and 100,000 2001C warrants.

Hannu Syrjänen, President & COO, was paid in total approximately EUR 656,700 in remuneration and benefits in 2003 (some EUR 568,100 in 2002). According to his employment contract, Syrjänen will retire at the age

systems designed to foster the personnel's commitment to business goals, and to reward people for good performance and results. In addition to skill-, responsibility- and performance-based salary, the personnel receive one-off bonuses. Divisions also operate short-term incentive systems tied to their particular businesses. The general principles of incentive systems are confirmed by SanomaWSOY's Board of Directors. The criteria for setting incentives are the previous year's development, the competitive situation, the lifecycle of the business, action plans, etc. Sanoma and Sanoma Magazines Finland also maintain a personnel fund for profit sharing. Annual payments from this fund are harmonised with the bonus of the short-term incentive scheme. The Group also has a warrant scheme, which is described in more detail on page 43 of the Financials.

SanomaWSOY's chartered public accountant in charge is PricewaterhouseCoopers Oy.

System of control and risk management

SanomaWSOY's Board of Directors has approved the Group's risk management policy. In addition to this, other risk management tools include the Group's, divisions' and business units' policies and guidelines.

The Board of Directors is responsible for monitoring the Group's asset management. The President & COO is responsible for arranging the appropriate accounting and control mechanisms. The Group's financial perform-

ance is monitored on a monthly basis using a group-wide operational planning and reporting system. The system includes data on the actual income statement, balance sheet figures and main key figures, up-to-date estimates for the current year, and rolling estimates for the next 12 months.

The Board of Directors selects an Audit Committee from among its members annually. The Audit Committee prepares, steers and evaluates the Group's risk management, internal control procedures, financial reporting, auditing and internal auditing in accordance with the policy confirmed by the Board of Directors.

At the end of 2003, the members of SanomaWSOY's four-person Audit Committee were independent in the manner stipulated in the new principles of corporate

the Group's net sales are derived from media advertising, which reacts quickly to changes in GDP. New products, acquisitions and product development involve more risks than normal business. The geographic distribution of risks varies according to division.

Financial risk management is described in more detail in note 22 on page 39 of the Financials.

Intellectual property rights

SanomaWSOY's most important intellectual property rights in respect of the Group's products and services are copyrights, publishing rights, trademarks, business names, domains, and know-how possessed or licensed by the Group. Intellectual property rights are an essential part of the Group's identifiable intellectual capital, and



governance issued by the Helsinki Exchanges, with the exception of Robin Langenskiöld. All Board members are entitled to attend the meetings of the Committee. Depending on the issue it is addressing, the Audit Committee invites experts to attend its meetings, such as President & COO, Senior Vice President, Finance and Administration, Internal Audit Director, or the auditors.

SanomaWSOY's internal auditing is handled by the Group's Internal Auditing Department. Internal Auditing is carried out in collaboration with SanomaWSOY's Management Group, the Audit Committee, and the Group's auditors in accordance with the Group's corporate governance principles and the policy for internal auditing given by the Audit Committee.

Authority issues regarding approval of investments and HR related matters have been clearly defined in SanomaWSOY's corporate governance principles. Investments are considered as part of the review of strategies, action plans and budgets carried out by various administrative bodies across the Group. All investment decisions are taken on the basis of a separate investment proposal, in accordance with the authority to approve investments. For decision-making and monitoring purposes, an investment proposal, which covers the bases for the investment, including financial calculations, is made for all major investments.

SanomaWSOY's business risks are first and foremost related to the operating environment. About one-fifth of

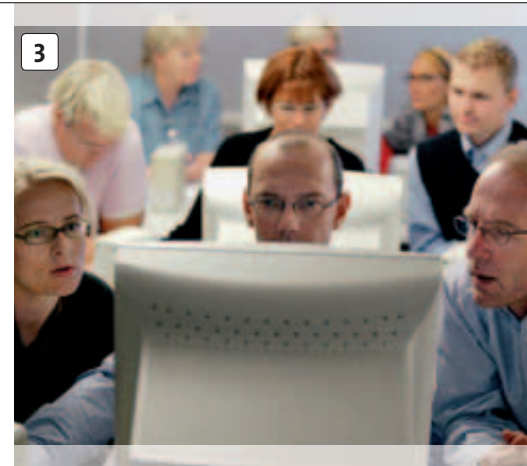
the principles regarding their management have been approved by SanomaWSOY's Management Group.

The Group aims to gain competitive advantage by acquiring intellectual property rights as cost-effectively as possible.

7. The Group's fifth Vision Day looked at stakeholder expectations. Christina von Wackerbarth from Sanoma Magazines Belgium, Vice President of the European Investment Bank Sauli Niinistö, and Chairman & CEO Jaakko Rauramo.
8. Mickey Mouse celebrated his 75th anniversary in 2003, and Donald Duck will turn 70 in 2004. Sanoma Magazines holds the Disney licenses in Finland and the Netherlands.
9. Group teams have been actively developing operational guidelines for finance, planning, personnel administration, and legal affairs. Juha Jaskara, Kerstin Rinne, Jussi Vuorinen, and Gerard Moussault in a Planning team meeting.
10. Dutch-based Libelle is SanomaWSOY's largest-circulation magazine.
11. On the way to Sanoma Uitgevers' Strategy Day.

Personnel

1. A business simulation at SanomaWSOY's JET seminar. Lassi Tolonen, Hannele Seppä, and Tiina Taos.
2. Sanoma Magazines Budapest's advertising team at an in-house training event.
3. The Sales Challenge competition between the Group's sales teams.



SanomaWSOY has a group-wide personnel policy, which is further clarified by division-specific objectives. The Parent Company's personnel team develops Group HR procedures and services in collaboration with division's HR experts and management.

The focus during 2004 will be on developing strategic personnel management and identifying common tools for assessing individual competence and the requirements of different job positions.

In-house training

SanomaWSOY launched two Group-wide training schemes in 2001. The SanomaWSOY Executive Program, SWEP, focuses on developing strategic thinking and management, and is headed by prominent business experts. SanomaWSOY's special professional Management Training Program, JET, offers practical tools for business development. As of the end of 2003, 125 Group employees had participated in SWEP and 142 in JET.

An in-house training course for supervisors, Esimiehen työkalupakki (Supervisor's Toolkit), was launched in 2003 in collaboration with WSOY Business Training. The Group has also had a Media Trainee Program since 1999;

as of the end of 2003, 18 trainees had participated in the program. Each division also provides its own training specifically aimed at improving professional skills.

All training programs will be continued and developed further in 2004.

Bonus scheme

All SanomaWSOY employees are covered by annual incentive systems. The general principles followed in these are established on a Group-wide level and confirmed by SanomaWSOY's Board of Directors. Further information about remuneration can be found under Corporate Governance on page 34.

Internal mobility

SanomaWSOY aims to increase the internal mobility of its personnel over the next few years. After the number of employees wishing to participate in job rotation have been ascertained, these people will form a skills reserve for future needs. Greater internal mobility will help SanomaWSOY achieve its goals and accelerate changes in operations and structures.

Personnel

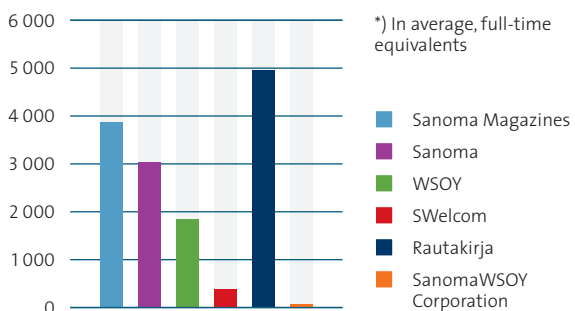
	2003	2002	2001	2000
Personnel under employment contract, average	17 330	18 657	15 129	13 364
Personnel, average (full-time equivalents)	14 207	15 210	12 077	10 350
Net sales per employee *) , € 1,000	171.3	155.0	143.6	140.0

*) Calculated from the figure for personnel in average, converted to full-time equivalents.

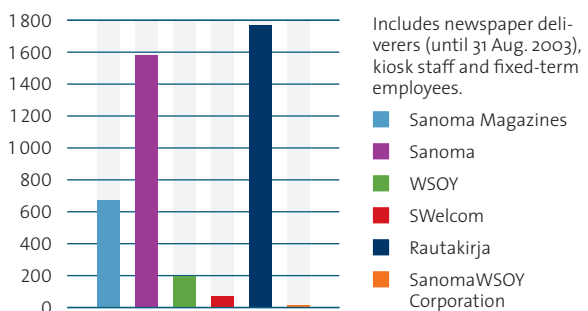
Personnel by country 31 Dec. 2003

Finland	9 387	Czech Republic	313	United Kingdom	59	Germany	12
Netherlands	2 207	Sweden	173	Slovakia	53	USA	5
Estonia	873	Norway	136	Malaysia	20	Singapore	4
Latvia	643	Croatia	77	Denmark	18	China	3
Belgium	524	Lithuania	72	Russia	14		
Hungary	389	Romania	72	France	13		

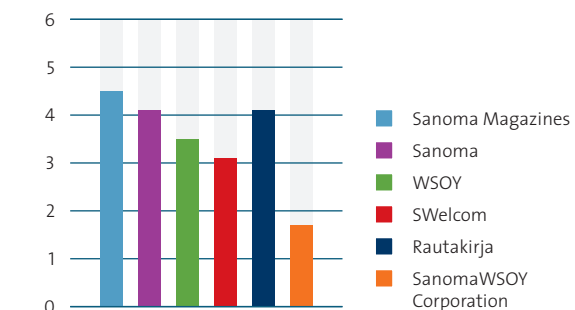
Personnel by division *)



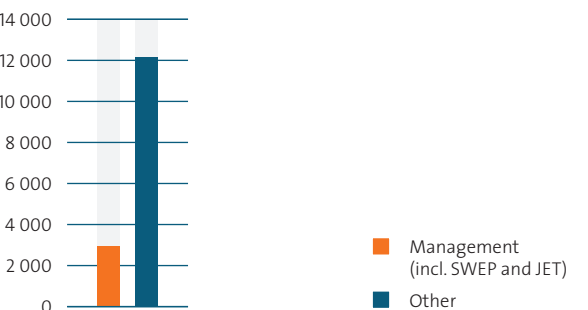
Turnover of personnel by division



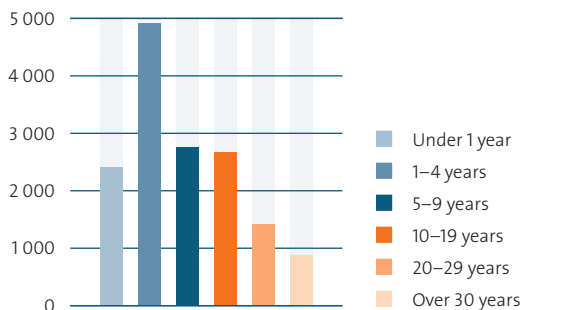
Sick day percentage



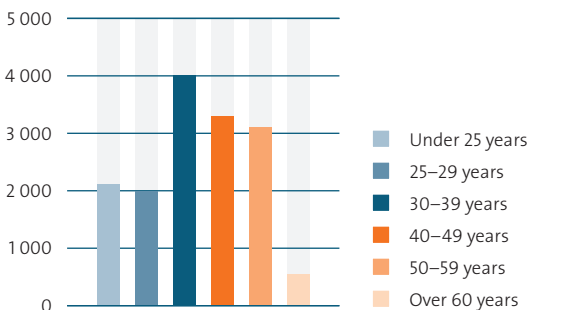
Training days



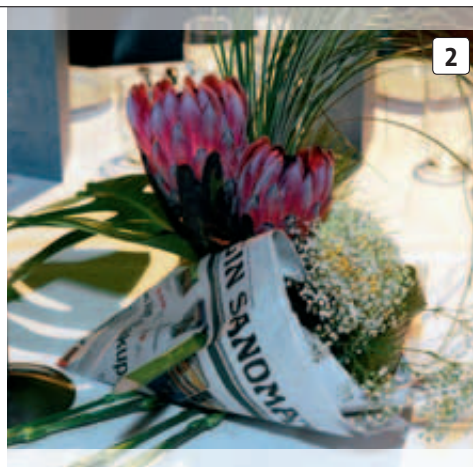
Work experience at SanomaWSOY



Age distribution



Environment



Environmental strategies

Operations in the media business do not involve any major environmental impact. Each of SanomaWSOY's divisions is independently responsible for its environmental strategies, as the environmental impact and follow-up targets of SanomaWSOY's businesses vary greatly. A group-wide environmental team began operations in 2003 to promote the sharing of best environmental practices.

Logistics

SanomaWSOY's main providers and users of logistics services are Sanoma, Sanoma Magazines, and Rautakirja. Sanoma's largest provider of logistics services is Finland Post. Aldipress is the largest distributor of newsstand copies of magazines in the Netherlands, and also handles logistics of Sanoma Uitgevers' products. In the other countries where Sanoma Magazines operates, deliveries of newsstand copies of magazines are handled jointly with other publishers. Rautakirja's Lehtipiste handles joint deliveries of newsstand copies of magazines and tabloids in Finland.

Sanoma's printing plants are situated at five different locations in Finland (Vantaa, Forssa, Varkaus, Kouvola, and

Lappeenranta). Ilta-Sanomat is partly printed in Oulu.

Deliveries of WSOY books to dealers and bookstores are handled jointly with other book publishers.

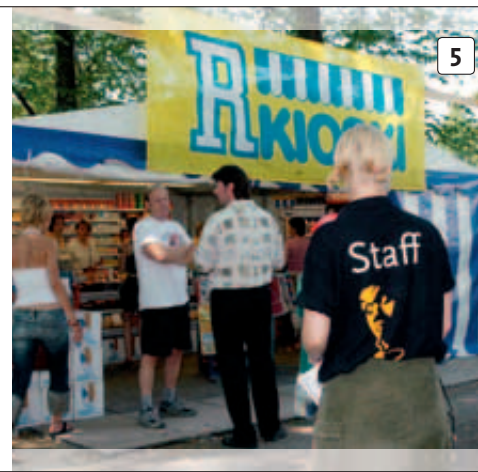
Recycling

Printing plates used in printing plants and waste paper are sorted and recycled for re-use as an industrial raw material. Printing inks are sent to waste disposal plants. Waste paper produced in printing processes is recycled, and constant efforts are made to reduce such wastage.

Rautakirja's Lehtipiste collects and recycles unsold copies of newspapers and magazines.

In Finland, Rautakirja, Sanoma, and WSOY are members of the Environmental Register of Packaging, PYR Oy. PYR assists member firms and public authorities in meeting the requirements of the EU Directive on Packaging and Packaging Waste, and corresponding Finnish legislation, as economically and effectively as possible. In the Netherlands, a joint agreement between industry and the state aims to reduce the usage of packaging materials and encourage the recycling of paper and other materials.

1. Quality standards help guarantee environmentally benign operations. WS Bookwell's production facilities.
2. Newsprint is mostly made from spruce thinnings.
3. Sanoma develops paper and printing quality in partnership with Stora Enso. Merja Laamanen and Arja Tiainen from Stora Enso carrying out quality checks at Sanoma's Varkaus printing plant.
4. Recycled pulp is used in Sanoma's newsprint.
5. Freon-free refrigerating equipment used in R-kiosks is pro-environmental. R-kiosk was to the fore at Pori Jazz in 2003.
6. Unsold copies of newspapers and magazines are collected from outlets and recycled at locations such as Aldipress distribution centre in Duiven in the Netherlands.



SanomaWSOY's paper usage *)

Paper usage, Tonnes	2003	2002	2001
Newsprint	99 500	97 000	109 000
Magazine paper	104 000	94 000	100 000
Fine and book paper and board	17 000	17 500	17 000
Bookbinding board	1 000	1 000	1 000
Total	221 500	208 500	227 000

*) Includes both the paper used in the Group's own printing plants and the paper acquired for products printed elsewhere.

SanomaWSOY's consumption of electrical energy in Finland *)

Consumption of electrical energy, MWh	2003	2002	2001
	131 054	132 335	121 132

*) Consumption sites changed to some extent in 2001 and 2002.

Board of Directors

Jaakko Rauramo, born 1941, M.Sc. (Eng),
Chairman & CEO of SanomaWSOY Corporation
President & CEO of SanomaWSOY between 1999 and 2001. Served as President of Sanoma Corporation between 1984 and the creation of SanomaWSOY in 1999. Joined Sanoma in 1966, elected to the Board in 1979, and served as General Manager at Sanomaprint, General Manager of the Newspaper Division, and as Sanoma's Executive Vice President.

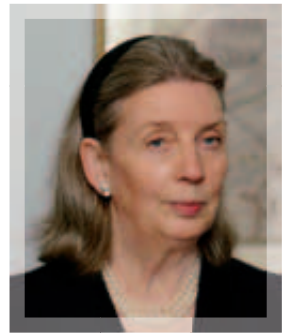
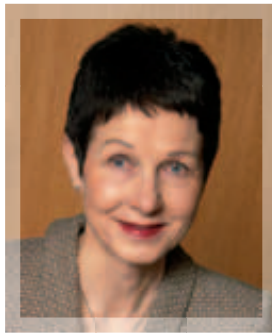
Scientific Information (Finland) (chairman).
Owns 824 SanomaWSOY Series B shares.
Member of the Board of Directors of SanomaWSOY Corporation since 1999.

Sari Baldauf, born in 1955, M.Sc. (Business Administration)
Serves as Executive Vice President and General Manager of Networks, Nokia Corporation and a member of the Nokia Group Executive Board. Previously served as Executive Vice President of Nokia APAC, President of Nokia Telecommunications, Cellular Systems and Vice President of Business Development of Telenokia.

Board memberships: Foundation for Economic Education and International Youth Foundation.

Owns 7,000 SanomaWSOY Series B shares.

Member of the Board of Directors of SanomaWSOY Corporation since 2003.



Board memberships: Metso Corporation (Finland), Stiftelsen Svenska Dagbladet (Sweden), the Scandinavian International Management Institute Foundation (Denmark), the European Publishers Council, Reuters Founders Share Company Limited (United Kingdom) (trustee), Helsingin Sanomat Centennial Foundation and Jane and Aatos Erkkö Foundation (Finland). Also a member of the Delegation of the Finnish Central Chamber of Commerce (Finland), the Helsinki Chamber of Commerce (Finland), the Honorary Delegation of the Student's Union of the Helsinki University of Technology (Finland) and the International Council of the Museum of Television & Radio (New York) (International Councilor).

Owns 2,452 SanomaWSOY Series A shares and 42,449 Series B shares, 10 note units of SanomaWSOY's Convertible Capital Notes 2001, 100,000 2001B and 100,000 2001C warrants.

Member of the Board of Directors of SanomaWSOY Corporation since 1999, chairman since 2001.

Paavo Hohti, born 1944, Ph.D., Professor,
Vice Chairman of the Board

Serves the Finnish Cultural Foundation. Served as Vice Chairman of WSOY's Supervisory Board between 1994 and 1999 and a member between 1991 and 1994.

Board memberships: The Tapio Wirkkala – Rut Bryk Foundation (Finland) (chairman), Huhtamäki Corporation (Finland) (vice chairman), Werner Söderström Corporation's Literature Foundation (Finland) (chairman), the Foundation for the Finnish Institute in Athens (Finland), the Foundation of the Finnish Institute in Rome (Finland) (chairman), the Valamo Foundation (Finland), and the Finnish Society for

Robert Castrén, born 1957, B.Sc. (Econ)

Serves as Sales & Marketing Director at UPM-Kymmene Corporation. Held various marketing positions with UPM-Kymmene Corporation and its predecessor, Kymmene Oy, since 1991. Prior to that, he worked for Finnmap and Lamco Paper Sales. Served at Sanoma Corporation's Board as a member between 1994 and 1999 and as Vice Chairman between 1999 and 2002.

Owns 7,040 SanomaWSOY Series A shares and 13,172 Series B shares.

Member of the Board of Directors of SanomaWSOY Corporation since 2001.

Jane Erkkö, born 1936

Served on the Board of Sanoma Corporation between 1990 and 1999 and on that of Helsinki Media Company Oy as Vice Chairman between 1995 and 1999.

Board memberships: American Scandinavian Foundation (USA) (overseas trustee), and Jane and Aatos Erkkö Foundation (Finland) (vice chairman).

Owns 43,808 SanomaWSOY Series A shares and 200,024 Series B shares.

Member of the Board of Directors of SanomaWSOY Corporation since 1999.

Kyösti Järvinen, born 1933, B.Sc. (Econ)

Served in various positions in Kansallis Banking Group's and Merita Bank Plc's domestic and international operations between 1956 and 1996.

Board memberships: The Kalevala Society (Finland).

Member of the Board of Directors of SanomaWSOY Corporation since 1999.

Seppo Kievari, born 1943, *President, Sanoma Corporation and Publisher, Helsingin Sanomat until 31 March 2004*
Served Sanoma since 1966 e.g. as Senior Editor-in-Chief of Helsingin Sanomat, Executive Vice President of Sanoma Corporation, publisher of Sanoma's newspapers.

Board memberships: Sanoma Corporation (Finland), Lehtikuva Oy (Finland) (chairman), Startel Oy (Finland) (chairman), the Finnish News Agency (Finland) (chairman), the Finnish Newspapers' Association (Finland) (chairman), Kymen Lehtimedia Oy (Finland) (chairman), WAN (World Association of Newspapers), Federation of the Finnish Media Industry (Finland), Hämeen Sanomat Oy (Finland), ENPA (European Newspaper Publishers' Association), the Helsingin Sanomat Centennial Foundation (Finland) (chairman), and the Päivälehti Archives Foundation (Finland) (vice chairman).

Owens 5,000 SanomaWSOY Series B shares, 30,000

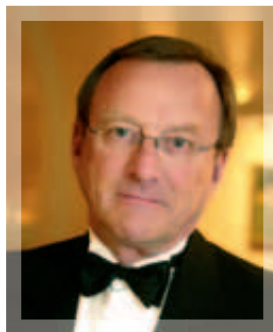
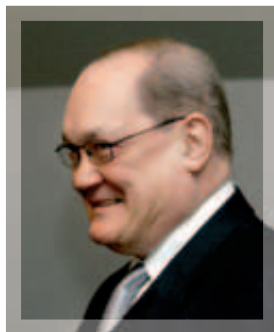
(Finland), Finnish Scouts Foundation (Finland) (member of the Supervisory Board). Also a member of the council of National Voluntary Defence Support Association (Finland), Research Foundation of the University of Helsinki (Finland), the Helsinki Chamber of Commerce (Finland), Foundation Institutum Romanum Finlandiae (Finland), and Value Creating Management of Media Companies-program/INSEAD (member of Advisory Board).

Owens 20,000 SanomaWSOY Series B shares, 5 note units of SanomaWSOY's Convertible Capital Notes 2001, 50,000 2001A, 50,000 2001B and 50,000 2001C warrants.

Member of the Board of Directors of SanomaWSOY Corporation since 2001.

Sakari Tamminen, Born 1953, *M.Sc. (Econ)*

Served Metso since 1999 first as Senior Vice President and CFO and later as Executive Vice President and CFO and



2001A, 30,000 2001B and 20,000 2001C warrants.

Member of the Board of Directors of SanomaWSOY Corporation since 2003.

Robin Langenskiöld, born 1946, *B.Sc. (Econ)*

Served as a member of Sanoma Corporation's Board of Directors between 1990 and 1999 and that of Helsinki Media Company Oy between 1995 and 1999.

Board memberships: Pentra Oy (Finland).

Owens 1,119,604 SanomaWSOY Series A shares and 6,577,712 Series B shares.

Member of the Board of Directors of SanomaWSOY Corporation since 1999.

Hannu Syrjänen, born 1951, *B.Sc. (Econ), Master of Laws, President & COO, SanomaWSOY Corporation*

Served Rautakirja from 1989 as Vice President and Executive Vice President & Deputy CEO before being appointed President & CEO in 1998. Previously served as Vice President at the TS Group, Vice President at Wihuri Oy and Managing Director of Finnish Lawyers' Publishing Oy.

Board memberships: Sanoma Corporation (Finland) (chairman), SWelcom Oy (Finland) (chairman), Werner Söderström Corporation (Finland) (chairman), Rautakirja Oy (Finland) (chairman), Federation of the Finnish Media Industry (Finland) (chairman), Ilmarinen Mutual Pension Insurance Company (Finland) (chairman), The Confederation of Finnish Industry and Employers (Finland), District International AB (Sweden) (chairman), Indoor Group Oy (Finland), Pro Kirja Oy (Finland), the National Board of Economic Defence (Finland), the Graphic Industry Pool (Finland) (chairman), Foundation for Economic Education

Deputy to the President and CEO. Began at Rautaruukki as Senior Executive Vice President and Deputy to the President on 22 April 2003 and as President on 1 January 2004.

Previously served as Executive Vice President & CFO and Senior Vice President and Chief Financial and Accounting Officer of Rauma, as Vice President, Finance of Rauma-Repola Engineering Industry and as Financial Manager of Rosenlew.

Board memberships: Lemminkäinen Corporation (Finland), Kuusakoski Oy (Finland), the Finnish Foundation for Share Promotion, Association of Finnish Steel and Metal Producers, Confederation of Finnish Industry and Employers (since 2004) and Sampo Life Insurance Company Limited (Finland) (member of the Supervisory Board). Also a member of the delegation of Foundation of the Finland-France Institution (Finland), the consultative committee of the major customers of Pohjola Group (Finland), the Advisory Council of the Major Customers, Finland-function of Nordea Bank, and Vuorimiesyhdistys – Bergsmannaföreningen ry (Miner Association).

Member of the Board of Directors of SanomaWSOY Corporation since 2003.

The share ownership information shown on pages 40–41 refers to 31 January 2004.

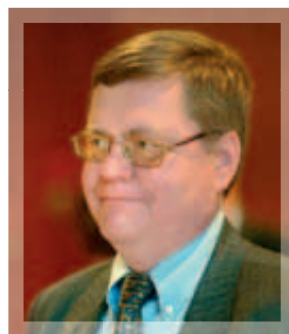
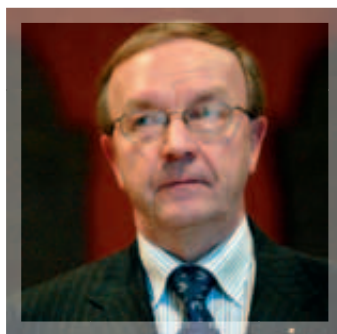
A complete list of SanomaWSOY's insider holdings, updated monthly, can be found at www.sanomawsoy.fi. Further information about Board of Directors can be found on pages 32–35, Corporate governance.

Management Group

Owns 80 SanomaWSOY Series A shares, 6,000 series B shares, 30,000 2001A, 30,000 2001B and 30,000 2001C warrants.

Aarno Heinonen, born 1944, M.Sc. (Econ), Senior Vice President, Administration and Finance, SanomaWSOY Corporation, until 31 March 2004. Served as CFO and Executive Vice President of Werner Söderström Corporation between 1987 and 1999. Previously served as CFO of Veitsiluoto Oy and as Auditing Manager and CFO at the Huhtamäki Group.

Board memberships: All SanomaWSOY's Real Estate Companies (chairman), Werner Söderström Corporation (Finland), Sanoma Corporation (Finland), the Media Employers Association (Finland), the Finnish Employers Manage-



Hannu Syrjänen, born 1951, B.Sc. (Econ), Master of Laws, President & COO, SanomaWSOY Corporation. Served Rautakirja from 1989 as Vice President and Executive Vice President & Deputy CEO before being appointed President & CEO in 1998. Previously served as Vice President at the TS Group, Vice President at Wihuri Oy and Managing Director of Finnish Lawyers' Publishing Oy.

Board memberships: See entry on pages 40–41.

Owns 20,000 SanomaWSOY Series B shares, 5 note units of SanomaWSOY's Convertible Capital Notes 2001, 50,000 2001A, 50,000 2001B and 50,000 2001C warrants.

Eija Ailasmaa, born 1950, M.Pol.Sc., President & CEO, Sanoma Magazines B.V.

Served as President of Sanoma Magazines Finland Oy and Helsinki Media Oy between 2000 and 2002, as Executive Vice President and General Manager, Magazines at Helsinki Media Company Oy between 1998 and 2000. Previously served as Vice President, Publishing at Sanoma Corporation's Sanomaprint and Helsinki Media Company Oy, as Editor-in-Chief of the family magazine Kodin Kuvaletti, and in various editorial positions at Ilta-Sanomat.

Board memberships: Sanoma Magazines B.V. (the Netherlands) (chairman of the Management Board), Sanoma Magazines Finland Corporation (chairman of the Board), Hansaprint Oy (Finland), R.C.V. Entertainment B.V., Sanoma Budapest Kiadóí Részvénytársaság, Sanoma Magazines Belgium N.V. and Uitgevers Maatschappij N.V.

ment Development Institute (Finland), Vapo Oy (Finland) (chairman), and the Economic Research Foundation of the Communication Industry (Finland) (vice chairman).

Owns 200 SanomaWSOY Series A shares, 5,040 Series B shares, 30,000 2001A, 30,000 2001B and 10,000 2001C warrants.

Nils Ittonen, born 1954, B.Sc. (Econ), Senior Vice President, Group Treasury and Asset Management, SanomaWSOY Corporation

Joined Sanoma in 1977 and served in various positions, including as Vice President, Asset Management at Sanoma Corporation and as CFO of Sanoma Inc. (USA), and Crafton Graphic Co (USA).

Board memberships: Rautakirja Oy (Finland) (vice chairman), SWelcom Oy (Finland), Sanoma Magazines Finland Corporation (Finland), Oy Asipex Ab (Finland), and Jane and Aatos Erkko Foundation (Finland).

Owns 50,000 SanomaWSOY Series B shares, 30,000 2001A, 30,000 2001B warrants and 30,000 2001C warrants.

Erkki Järvinen, born 1960, M.Sc. (Econ), President & CEO, Rautakirja Oy

Served Rautakirja as Senior Vice President, Kiosk Operations since 1997. Previously served as Marketing Manager and Head of Marketing at Vaasamills and as Managing Director of Siljans Knäcke AB in Sweden when they were part of the Cultor Group, and as Product and Marketing Manager for

Oy Karl Fazer Ab's Fazer Bakeries.

Board memberships: Rautakirja Oy (Finland), Rautakirja's Pension Foundation (Finland) (chairman), Finnkino Oy (Finland) (chairman), Suomalainen Kirjakauppa (Finland) (chairman), JHC Arena Holding Oy (Finland), IBA (International Book and Press Retailers Association), Narvesen Baltija SIA (Latvia), Baltic Cinema SIA (Latvia) (chairman of the Supervisory Board), AS MPDE (Estonia) (chairman of the Supervisory Board), UAB Vingio kino teatras (Lithuania) (chairman of the Supervisory Board), R-Kiosk Eesti AS (Estonia) (chairman of the Supervisory Board), AS Lehepunkt (Estonia) (chairman of the Supervisory Board), Jokerit HC Oyj (Finland), Confederation of Service Industries, and the Helsinki Chamber of Commerce (Vantaa section) (Finland).

Owns 30,000 2001B and 30,000 2001C warrants.

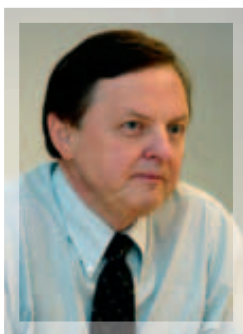
(Finland) (chairman), 2ndhead Oy (Finland) (chairman), Suomen Urheilutelevisio Oy (Finland), the Association of Commercial Television of Finland (Finland) (chairman), and SSH Communications Security Oyj (Finland).

Owns 1,600 SanomaWSOY Series B shares, 30,000 2001A, 30,000 2001B and 30,000 2001C warrants.

Seppo Kievari, born 1943, *President, Sanoma Corporation and Publisher, Helsingin Sanomat until 31 March 2004*
Served Sanoma since 1966 e.g. as Senior Editor-in-Chief of Helsingin Sanomat, Executive Vice President of Sanoma Corporation, and the Publisher of Sanoma's newspapers.

Board memberships: See entry on pages 40–41.

Owns 5,000 SanomaWSOY Series B shares, 30,000 2001A, 30,000 2001B and 20,000 2001C warrants.



Jorma Kaimio, born 1946, *Ph.D., Docent in Classical Philology at the Universities of Helsinki and Turku, President, Werner Söderström Corporation*

Served as WSOY's Literary Director and Deputy President between 1991 and September 2000. Prior to joining WSOY, he served as Managing Director of the Academic Bookstore, and as a Research Fellow and Lecturer at the University of Helsinki.

Board memberships: Werner Söderström Corporation (Finland), Ajasto Osakeyhtiö (Finland) (chairman), Weilin+Göös Oy (Finland) (chairman), Bertmark Media AB (Sweden) (chairman), Helsingin yliopiston Holding Oy (Finland), Licentia Oy (Finland) (chairman), the WSOY Literary Foundation (Finland) (secretary), the Lauri Jäntti Foundation (Finland), The Finnish Book Publishers Association (Finland) (deputy chairman), and the delegation of the Valamo Foundation (Finland).

Owns 14,480 SanomaWSOY Series B shares, 30,000 2001A, 30,000 2001B and 30,000 2001C warrants.

Tapio Kallioja, born 1948, *M.Sc. (Eng), President, SWelcom Oy*

Joined Sanoma in 1984. Served as Vice President of Sanoma's Eurocable Group and New Media Group and President of Helsinki Telset Oy and Helsinki Television Ltd., and as President of Helsinki Media Company Oy.

Board memberships: SWelcom Oy (Finland), Helsinki Television Ltd. (Finland) (chairman), Oy Ruutunelonen Ab

Kerstin Rinne, born 1950, *LL.B., Master of Laws (trained on the bench), Senior Vice President, Group Legal Affairs and Planning, SanomaWSOY Corporation*

Joined Sanoma in 1980. Served as Vice President, Legal Affairs between 1984 and 1999. In addition to Legal Affairs, Rinne has been responsible for e.g. corporate planning, information services, and administration at various points. Previously worked e.g. as Attorney for the law offices Silkko & Ståhlberg, H. Hedman, and Rinne & Talikka.

Board memberships: Sanoma Corporation (Finland) (vice chairman), Werner Söderström Corporation (Finland), SWelcom Oy (Finland) (vice chairman), Sanoma Finance AG (Switzerland) (chairman), the HYY Group (HYY Group Ltd, Kaivopiha Ltd, HYY Real Estate Division) (Finland). Also a member of the Delegation of the Nordic Lawyers Meetings, the Information Society Council and the Corporate Affairs Group of the European Publishers Council.

Owns 1,199 SanomaWSOY Series B shares, 30,000 2001A, 30,000 2001B and 30,000 2001C warrants.

New Management Group members as of 1 April 2004 on the next page.

Mikael Pentikäinen, born 1964, M.Sc. (Agriculture and Forestry), President, Sanoma Corporation as of 1 April 2004. Served Finnish News Agency as Editor-in-Chief and President since 1999. Previously served as Editor-in-Chief of Etelä-Saimaa between 1996 and 1999 and as editor in political news of Helsingin Sanomat between 1992 and 1996.

Board of memberships: Sanoma Corporation as of 1 April 2004.

Owns 30,000 2001C warrants.

Matti Salmi, born in 1950, M.Sc. (Econ.), Senior Vice President, Finance and Administration, SanomaWSOY Corporation as of 1 April 2004

Served Rautakirja since 1988 as Senior Vice President,



Corporate Finance and Administration. Previously served as Vice President, Finance at Suomen Tupakka Oy and as Controller at British American Tobacco Ltd.

Board memberships: Commercial Employers Association KTL (Finland), Narvesen Baltija SIA (Latvia), Baltic Cinema SIA (Latvia), Finnkino Oy (Finland), Eurostrada Oy (Finland), Suomalainen Kirjakauppa Oy (Finland), AS MPDE (Estonia), AS Megapanus (Estonia), Foodstop Oy (Finland), UAB Vingio kino teatras (Lithuania), AS Lehepunkt (Estonia), R-Kiosk Eesti AS (Estonia), Jokerit HC Oy (Finland). Also a member of the consultative committee of KTL/Federation of Finnish Commerce and Trade KKL and the Association of Pension Foundations in Finland ESY.

Owns 12,000 2001B and 30,000 2001C warrants.

The share ownership information shown on pages 42–44 refers to 31 January 2004. A complete list of SanomaWSOY's insider holdings, updated monthly, can be found at www.sanomawsoy.fi.

Pictures

Lehtikuva: Marja Airio, Jaakko Avikainen, Matti Björkman, Sari Gustafsson, Martti Kainulainen, Kimmo Mäntylä, Jussi Nukari, Pekka Sakki, Heikki Saukkomaa, Markku Ulander, Niina Vuorinen, Tor Wennström

Radim Beznoska, Juhani Niiranen, Samuli Pulkkinen

Contact information

SanomaWSOY Corporation

Chairman & CEO, Jaakko Rauramo
President & COO, Hannu Syrjänen

Administration and Finance

Senior Vice President, Aarno Heinonen
As of 1 April 2004 Matti Salmi

Group Legal Affairs and Planning

Senior Vice President, Kerstin Rinne

Group Treasury and Asset Management

Senior Vice President, Nils Ittonen

Investor Relations and Group Communications

Vice President, Raija Kariola

Ludviginkatu 6–8
POB 1229
FIN-00101 Helsinki, Finland
tel. +358 105 1999
fax +358 105 19 5068
www.sanomawsoy.fi

Office of the Chairman

Erottajankatu 11 A
POB 1229
FIN-00101 Helsinki, Finland
tel. +358 105 1999
fax +358 105 19 5508

Sanoma Magazines B.V.

President & CEO, Eija Ailasmaa
Jachthavenweg 124, 1081 KJ Amsterdam
POB 90473
NL-1006 BL Amsterdam, The Netherlands
tel. +31 20 851 2100
fax +31 20 851 2149

Sanoma Corporation

President, Seppo Kievari
As of 1 April 2004 Mikael Pentikäinen
Töölönlahdenkatu 2
POB 95
FIN-00089 Sanomat, Finland
tel. +358 9 1221
fax +358 9 122 4809
www.sanoma.fi

Werner Söderström Corporation

President, Jorma Kaimio
Bulevardi 12
POB 222
FIN-00121 Helsinki, Finland
tel. +358 9 616 81
fax +358 9 6168 3560
www.wsoy.fi

SWelcom Oy

President, Tapio Kallioja
Ludviginkatu 6–8
POB 1019
FIN-00101 Helsinki, Finland
tel. +358 10 707 1111
fax +358 10 707 7008
www.swelcom.fi

Rautakirja Oy

President & CEO, Erkki Järvinen
Koivuvaarankuja 2
POB 1
FIN-01641 Vantaa, Finland
tel. +358 9 85 281
fax +358 9 853 3281, 852 8511
www.rautakirja.fi



Financias



S a n o m a W S O Y 2 0 0 3

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Key indicators

SanomaWSOY

KEY INDICATORS, € million	31.12.2003	31.12.2002	31.12.2001	31.12.2000	31.12.1999
Net sales	2 434.1	2 357.8	1 734.3	1 447.8	1 320.6
Operating profit before depreciation and decrease in value	410.5	346.4	235.0	194.8	
% of net sales	16.9	14.7	13.6	13.5	
Operating profit before amortisation	334.1	269.2	161.4	131.1	
% of net sales	13.7	11.4	9.3	9.1	
Operating profit	205.2	134.4	96.5	84.0	71.7
% of net sales	8.4	5.7	5.6	5.8	5.4
Profit before extraordinary items	163.1	106.7	92.5	138.3	110.4
% of net sales	6.7	4.5	5.3	9.5	8.4
Profit after extraordinary items	163.1	112.7	92.5	140.3	110.7
% of net sales	6.7	4.8	5.3	9.7	8.4
Profit for the year	104.5	37.2	47.8	94.2	74.0
% of net sales	4.3	1.6	2.8	6.5	5.6
Balance sheet total	2 453.0	2 592.5	3 053.1	1 439.3	1 323.1
Gross investments	94.8	113.5	1 473.9	168.4	279.7
% of net sales	3.9	4.8	85.0	11.6	21.2
Return on equity, % (ROE)	11.9	4.7	6.7	10.7	9.3
Return on investment, % (ROI)	11.4	7.9	8.5	13.8	12.5
Equity ratio, %	40.3	36.9	31.6	67.4	70.2
Equity ratio, % *)	47.6	45.2	38.6	67.9	71.0
Gearing, %	72.9	96.1	115.0	-16.0	-23.1
Gearing, % *)	46.4	60.0	76.0	-16.6	-24.0
Financial cost of liabilities	47.1	64.3	31.3	7.4	8.4
Interest-bearing liabilities	819.4	1 006.2	1 439.7	167.4	114.4
Interest-free liabilities	686.1	666.8	678.7	336.4	313.3
Securities, cash and bank	128.8	122.4	365.0	316.9	321.2
Personnel under employment contract, average	17 330	18 657	15 129	13 364	12 629
Personnel, average (full-time equivalents)	14 207	15 210	12 077	10 350	9 816

SHARE-RELATED INDICATORS AND SHARE CAPITAL

Earnings/share, € **)	0.69	0.22	0.35	0.67	0.53
Cash flow/share, € **)	1.65	1.33	1.24	1.24	0.89
Equity/share, € **)	6.08	5.70	5.87	5.95	5.68
Dividend/share, € **) ***)	1.00	0.40	0.51	0.47	0.45
Dividend/result, % ***)	144.3	178.0	147.5	69.9	84.9
Market capitalisation, Series A	392.2	232.4	278.6	353.0	309.7
Market capitalisation, Series B	2 162.7	1 086.7	1 231.7	1 611.6	1 457.7
Market capitalisation,	2 554.9	1 319.1	1 510.4	1 964.6	1 767.4
Effective dividend yield, %, Series A	5.9	4.0	4.3	3.1	3.5
Effective dividend yield, %, Series B	6.0	4.2	4.8	3.4	3.5
P/E ratio, Series A	24.4	44.5	34.7	22.6	24.2
P/E ratio, Series B	24.0	42.0	31.0	20.8	23.9
Number of shares at 31 Dec., Series A	23 220 492	23 220 492	23 220 492	23 220 492	6 001 895
Number of shares at 31 Dec., Series B	137 078 936	122 301 104	122 301 104	122 301 104	30 378 504
Number of shares at 31 Dec., with diluting effect, Series B	156 337 003	136 606 414	134 871 814		
Average number of shares, Series A	23 220 492	23 220 492	23 220 492	23 220 492	6 001 895
Average number of shares, Series B	127 502 915	122 301 104	122 301 104	122 301 104	30 378 504
Average number of shares with diluting effect, Series B	146 760 982	135 544 281	126 502 821		
Lowest share price, Series A **)	9.00	9.70	10.00	13.00	11.25
Lowest share price, Series B **)	7.62	8.66	9.60	12.28	10.50
Highest share price, Series A **)	17.00	13.40	16.50	24.37	18.50
Highest share price, Series B **)	17.20	13.63	15.00	23.75	17.25
Average share price, Series A **)	13.18	10.99	12.48	17.95	16.32
Average share price, Series B **)	11.77	11.29	12.02	16.46	13.15
Share price, 31 Dec., Series A **)	16.89	10.01	12.00	15.20	12.90
Share price, 31 Dec., Series B **)	16.65	9.44	10.70	14.00	12.75
Trading volumes, Series A **)	195 335	204 728	108 832	263 549	413 056
% of share capital	0.8	0.9	0.5	1.1	1.7
Trading volumes, Series B **)	17 252 697	6 207 842	3 625 765	6 209 129	6 439 504
% of share capital	13.5	5.1	3.0	5.1	5.3

*) Capital notes included in equity

**) 1999–2000 figures have been converted to take account of the four-for-one split on 10 May 2000

***) Proposal of the Board of Directors

Figures for 1999 are pro forma

Net sales by business

SanomaWSOY

€ million	1-3/ 2003	4-6/ 2003	7-9/ 2003	10-12/ 2003	1-12/ 2003	1-3/ 2002	4-6/ 2002	7-9/ 2002	10-12/ 2002	1-12/ 2002
Sanoma Magazines										
Sanoma Uitgevers	110.3	114.8	113.7	143.4	482.2	110.7	124.2	112.3	143.8	491.1
Sanoma Magazines Finland	41.1	42.2	39.0	48.9	171.2	40.3	41.5	36.7	46.4	164.8
Sanoma Magazines Belgium	36.5	40.3	35.8	43.6	156.2	36.0	39.7	35.4	41.0	152.2
Sanoma Magazines International	22.4	27.8	23.5	30.0	103.6	25.0	23.9	20.2	26.9	95.9
Aldipress	48.6	51.0	61.0	64.0	224.6	50.1	53.9	55.3	55.7	215.0
Intracompany transactions	-26.6	-25.3	-28.7	-28.8	-109.5	-25.9	-27.2	-28.6	-29.2	-110.9
Total	232.3	250.8	244.3	301.0	1 028.4	236.2	256.0	231.3	284.6	1 008.1
Sanoma										
Helsingin Sanomat	66.1	63.8	61.0	68.0	258.9	65.7	66.3	58.0	64.4	254.4
IS Business Unit	23.1	24.7	23.8	23.8	95.5	22.1	22.8	23.4	23.8	92.1
Kymen Lehtimedia	12.7	13.7	12.8	13.5	52.7	12.3	13.4	12.4	13.5	51.7
Others	50.2	50.7	42.3	33.4	176.7	51.1	51.7	48.0	50.0	200.7
Intracompany transactions	-40.7	-40.4	-34.0	-25.4	-140.5	-40.9	-41.1	-39.0	-39.8	-160.8
Total	111.5	112.4	106.0	113.4	443.3	110.3	113.2	102.8	111.9	438.1
WSOY										
Publishing	31.3	44.2	29.2	37.9	142.6	30.3	42.5	30.7	40.0	143.5
Printing	15.1	13.4	14.7	17.0	60.2	15.9	15.6	15.3	15.9	62.7
Calendar operations	1.6	2.6	11.8	16.1	32.1	1.7	3.3	12.2	17.4	34.5
Others	1.0	1.1	1.1	1.3	4.6	0.9	0.9	1.0	1.0	3.7
Intracompany transactions	-6.6	-6.7	-5.9	-7.9	-27.2	-6.6	-6.4	-6.9	-8.7	-28.6
Total	42.4	54.6	50.9	64.3	212.2	42.2	55.8	52.2	65.6	215.9
SWelcom										
Nelonen	13.6	15.2	11.7	16.1	56.5	12.7	12.5	10.1	14.0	49.3
Others	12.0	12.3	12.1	14.3	50.7	9.8	9.0	9.6	11.0	39.3
Intracompany transactions	-0.7	-0.6	-0.5	-0.7	-2.4	-1.0	-0.4	-0.5	-0.6	-2.5
Total	24.9	26.9	23.3	29.8	104.9	21.5	21.1	19.2	24.4	86.1
Rautakirja										
Kiosk operations	88.3	100.8	96.9	101.0	387.0	88.1	92.5	93.2	99.8	373.6
Press distribution	44.1	48.8	49.9	50.2	193.0	38.7	42.9	46.2	49.4	177.3
Bookstores	31.7	17.8	29.8	42.5	121.8	30.8	17.3	26.0	41.1	115.2
Movie theatre operations	14.6	10.6	11.8	15.9	52.8	14.6	9.1	11.1	14.7	49.6
Restaurant operations	13.4	16.6	17.4	15.2	62.6	10.7	12.5	13.3	13.7	50.2
Others	0.0	0.0	0.0	0.0	0.0	0.3	0.3	0.2	0.0	0.8
Intracompany transactions	-11.3	-11.9	-11.7	-12.1	-47.0	-7.2	-9.7	-11.1	-12.2	-40.2
Total	180.8	182.7	194.2	212.6	770.3	176.0	164.9	179.0	206.6	726.5
Intragroup transactions	-27.9	-28.1	-35.4	-33.5	-124.9	-27.1	-26.6	-31.1	-32.1	-117.0
Total	564.0	599.3	583.3	687.5	2 434.1	559.0	584.5	553.4	661.0	2 357.8

Operating profit by division

SanomaWSOY

€ million	1-3/ 2003	4-6/ 2003	7-9/ 2003	10-12/ 2003	1-12/ 2003	1-3/ 2002	4-6/ 2002	7-9/ 2002	10-12/ 2002	1-12/ 2002
Sanoma Magazines	5.9	26.1	18.3	28.5	78.8	7.7	26.9	2.9	20.6	58.2
Sanoma *)	10.7	11.0	17.9	29.7	69.4	7.9	13.0	9.8	11.3	41.9
WSOY *)	-1.6	6.9	4.7	12.7	22.6	-2.1	6.8	7.0	8.8	20.5
SWelcom	-1.1	1.8	0.3	0.2	1.2	-6.7	-4.8	-2.6	-4.0	-18.0
Rautakirja	7.3	5.2	10.0	13.0	35.5	7.5	3.7	9.4	17.4	38.0
Other companies **)	-4.5	5.4	-1.2	-5.8	-6.1	-3.8	-1.9	-4.4	3.9	-6.3
Intragroup eliminations	-1.9	4.2	0.9	0.7	3.9	3.5	-1.0	-3.0	0.6	0.1
Total	14.8	60.5	50.9	79.0	205.2	14.0	42.7	19.1	58.6	134.4

*) Includes a share of Rautakirja's result until 1 March 2003

**) Parent company SanomaWSOY Corporation and real estate and investment companies

EBITA*) by business

€ million	1-12/ 2003	1-12/ 2002
Sanoma Magazines		
Sanoma Uitgevers	105.1	92.1
Sanoma Magazines Finland	25.4	31.1
Sanoma Magazines Belgium	17.7	14.9
Sanoma Magazines International	13.4	13.2
Aldipress	-1.2	-3.0
Intracompany transactions	-1.1	-0.7
Total	159.1	147.7
Sanoma **)		
Helsingin Sanomat	30.4	28.5
IS Business Unit	17.5	15.7
Kymen Lehtimedia	8.1	8.1
Others	21.4	-3.3
Intracompany transactions	0.0	0.0
Total	77.5	49.0
WSOY **)		
Publishing	12.7	12.4
Printing	7.4	6.6
Calendar operations	1.4	1.6
Others	5.0	11.0
Intracompany transactions	1.4	-5.2
Total	28.0	26.4

€ million	1-12/ 2003	1-12/ 2002
SWelcom		
Nelonen	20.2	11.6
Others	9.4	-2.5
Intracompany transactions	0.0	0.0
Total	29.6	9.0
Rautakirja		
Kiosk operations	20.1	17.0
Press distribution	11.9	9.8
Bookstores	8.9	7.9
Movie theatre operations	3.5	3.9
Restaurant operations	-0.2	-0.1
Others	-2.9	3.8
Intracompany transactions	0.0	0.0
Total	41.4	42.4
Other companies ***)	1.3	6.0
Intragroup eliminations	-2.7	-11.4
Total	334.1	269.2

*) Operating profit before amortisation

***) Includes a share of Rautakirja's result until 1 March 2003

****) Parent company SanomaWSOY Corporation and real estate and investment companies

Board of Directors' Report

SanomaWSOY

Operating environment

Economic growth continued to be slow in 2003 in most of the countries where SanomaWSOY operates. According to the estimates of national research institutions, GDP grew in Finland by 1.3% and in Belgium by 0.7%. In the Netherlands, GDP was down by 0.3%. Private consumption was up in Finland by 3.1% during the year. Consumers had strong confidence in their own economy. According to Statistics Finland, the unemployment rate was on a par with the previous year and was 8.2% in December. The average inflation rate for the year was 0.9%.

According to TNS Gallup Adex, media advertising grew in Finland by 2.5%. Without election advertising, the growth rate was 1.7%. EUR 1,079 million was spent on media advertising, of which newspapers and free distributed papers accounted for 55%, television for 19% and magazines for 17%. Media advertising developed in the different media as follows:

- Advertising in newspapers and free distributed papers grew in Finland by 3%
- TV advertising increased in Finland by 3%
- Magazine advertising declined in Finland by 0.3%, but advertising in general magazines, women's magazines and special interest publications grew by almost 1%, and in customer magazines by 8%. Advertising in professional publications was down by 3%.
- According to advance information from ZenithOptimedia, magazine advertising declined in the Netherlands by 10% and in Belgium by 1%. According to advance information, magazine advertising was up in Hungary by 10% and in the Czech Republic by 6%.
- Job advertising declined in Finland by 14%; in newspapers by 13%.

According to advance information from the Finnish Book Publishers Association, book sales grew slightly in 2003. Publishers' retail sales to bookstores and other retail outlets grew by 2%. Book clubs' sales declined by 1%. Sales of general literature grew by 0.5% and that of multi-volume books by almost 8%. Sales of educational materials declined by 1%.

According to advance information from Statistics Finland, sales by the retail trade were up by 4.1% in January-November 2003.

Net sales

SanomaWSOY's net sales grew by 3% and amounted to EUR 2,434.1 (2,357.8) million in 2003. Growth was generated particularly in Rautakirja and SWelcom. After adjustment for changes in the Group structure, the comparable net sales grew by 3%. Advertising sales represented 21% (21%) of the Group's total net sales.

Result

The Group's development in results was excellent: SanomaWSOY's operating profit increased by 53% and reached EUR 205.2 (134.4) million. Operating profit grew in all divisions excluding Rautakirja. The most substantial non-recurring gains on the sales of assets totalled EUR 43.4 (34.9) million. EBITA (operating profit before

amortisation of goodwill, consolidated goodwill and immaterial rights) rose by 24% to EUR 334.1 (269.2) million.

Result before extraordinary items increased to EUR 163.1 (106.7) million and earnings per share rose to EUR 0.69 (0.22). Cash flow from operations totalled EUR 248.1 (187.3) million and cash flow per share was EUR 1.65 (1.33).

Balance sheet and financial position

SanomaWSOY's consolidated balance sheet total continued to decrease according to plan also during the last quarter of the year and amounted to EUR 2,453.0 (2,592.5) million at the end of December. The Group's financial position improved significantly compared to the previous year as a result of strong cash flow and sales of non-core assets. The equity ratio was 40.3% (36.9%) and, including capital notes, 47.6% (45.2%). Shareholders' equity, excluding capital notes, amounted to EUR 931.2 (788.9) million. Interest-bearing liabilities, including capital notes, decreased to EUR 819.4 (1,006.2) million and net debt declined to EUR 690.6 (883.8) million.

The book value of securities and cash was EUR 128.8 (122.4) million and their market value was EUR 136.9 (123.2) million at the end of 2003. The book value of investments in shares was EUR 25.3 (42.7) million and their market value was EUR 31.3 (43.3) million.

SanomaWSOY's financial income decreased markedly during the year to EUR 21.5 (70.8) million as there were no substantial gains on sales from realising the share portfolio this year. Financial income comprised mainly of dividends, interest income, exchange rate gains, and gains on the sale of shares. Financial expenses decreased to EUR 63.6 (98.5) million during the year due to lower interest expenses, EUR 42.9 (62.2) million, and unrealised losses on securities, EUR 0.4 (20.6) million. Financial expenses include expenses amounting to EUR 10.9 million due to redemption of convertible capital notes, restructuring of financing and interest hedges and write-downs of real estate shares.

Investments

SanomaWSOY's investments in 2003 were moderate and totalled EUR 94.8 (113.5) million. The major investments were related to the renewal of Sanomala's printing plant and the expansion of Rautakirja's international operations. R&D expenditure recorded as expenses totalled EUR 8.8 (17.8) million.

Key events

Rautakirja, in which SanomaWSOY previously had a 57% holding, was merged into SanomaWSOY on 1 March 2003. Rautakirja shareholders received a merger consideration of 5.3 new SanomaWSOY Series B shares for each Rautakirja Series A or B share. At the time of the merger, Rautakirja Oyj was de-listed by the Helsinki Exchanges and Rautakirja's business operations were incorporated into the new Rautakirja Corporation, which continues in business as before. The merger improved SanomaWSOY's earnings per share already in 2003.

SanomaWSOY continued its strategy of divesting its non-core assets and holdings during 2003.

- In June, SanomaWSOY sold its entire 29.47% holding in the Norwegian media company A-pressen ASA. Using the exchange rate of the selling date, the selling price was EUR 49.1 million.
- Sanoma divested the operations of its distribution company Leijonajakelu Oy to Finland Post Corporation. The transaction came into effect in the beginning of September. As a result of the divestment, about 1,900 employees of Leijonajakelu were transferred to Finland Post. Leijonajakelu's net sales in 2002 totalled EUR 69.7 million, most of which were internal Sanoma sales.
- Sanoma reduced its holding in Ilkka-Yhtymä during the year. At year-end Arnedo Oy, a subsidiary of Sanoma, held 19.43% of the shares and 6.21% of the votes.
- In December, Sanoma sold its entire holding, 21.37%, in Janton Oyj. The selling price was EUR 27.1 million.
- In December, WSOY sold 90% of the map and location company Genimap to venture capital company and to the operating management. The final value of the transaction was approximately EUR 9.5 million.
- SanomaWSOY continued to realise its real estates and securities.

Administration

SanomaWSOY's Annual General Meeting of 1 April 2003 elected ten members to the company's new Board of Directors. The new members elected to the Board were Sari Baldauf, President of Nokia Networks, Seppo Kievari, President of Sanoma Corporation, and Sakari Tamminen, President and CEO of Rautaruukki Corporation. The members re-elected were Jaakko Rauramo (Chairman of the Board), Paavo Hohti (Vice Chairman), and Robert Castrén, Jane Erkkö, Kyösti Järvinen, Robin Langenskiöld and Hannu Syrjänen as ordinary members. Aatos Erkkö, Esko Koivusalo, Marjukka af Heurlin, and Rafaela Seppälä resigned from the Board.

Eija Ailasmaa, acting President of Sanoma Magazines B.V., was appointed President and CEO of the company as of 1 March 2003. Mikael Pentikäinen, Editor-in-Chief and President of Finnish News Agency, was appointed President of Sanoma Corporation and member of the SanomaWSOY's Management Group as of 1 April 2004, when the present President, Seppo Kievari, is to retire as planned. After the review period, Matti Salmi, Senior Vice President, Corporate Finance and Administration of Rautakirja, was appointed Senior Vice President, Finance and Administration (CFO) of SanomaWSOY and member of the Management Group as of 1 April 2004. Present Senior Vice President, Administration and Finance, Aarno Heinonen, will retire as planned in spring 2004.

SanomaWSOY's Management Group in 2003 comprised Hannu Syrjänen as chairman and Eija Ailasmaa, Aarno Heinonen, Nils Ittonen, Erkki Järvinen, Jorma Kaimio, Tapio Kallioja, Seppo Kievari, Kerstin Rinne and Pim de Wit (until 1 March 2003) as members.

The company's auditors were Pekka Nikula, Authorised Public Accountant, and PricewaterhouseCoopers Oy, with Johanna Perälä, Authorised Public Accountant, as the auditor in charge.

Personnel

The average number of persons under employment contract totalled 17,330 (18,657) in 2003. Translated into full-time positions, the average number of personnel totalled 14,207 (15,210). Sanoma Magazines employed an average of 4,421 (4,835) people, Sanoma 4,027 (4,944), WSOY 1,933 (1,937), SWelcom 416 (413) and Rautakirja 6,458 (6,453). The Group's parent company employed an average of 75 (75) people. Sanoma's average number of employees declined when Leijonajakelu's employees were transferred to Finland Post as from September 2003. Sanoma Magazines' personnel declined in number as a result of a reorganisation project started during 2002.

Dividend and dividend policy

In accordance with a decision of the AGM on 1 April 2003, SanomaWSOY distributed a dividend of EUR 0.40 per share for 2002. The record date for the dividend payment was 4 April 2003, and the dividend was paid on 10 April 2003. SanomaWSOY pursues an active dividend policy, based on the principle of distributing at least one third of the Group's cash flow from operations in the form of a dividend. The Board of Directors proposes a dividend of EUR 1.00 (0.40) per share for 2003.

IAS/IFRS reporting

SanomaWSOY will start reporting according to IAS/IFRS in 2005. The new accounting principles have an impact on the Group's net sales and the most important changes relating to net sales will take place already in 2004 as the changes are possible also under Finnish Accounting Standards. The most significant modifications relate to press distribution, which will under IAS be treated as commission sales, and to harmonising the accounting practice regarding granted discounts and purchased services.

According to preliminary, unaudited figures, SanomaWSOY's net sales will decrease as a result of the changes by some EUR 40 million compared to the 2003 level. The net sales of Sanoma Magazines will increase by approximately EUR 15 million and the changes within the division will be significant: the net sales of magazine operations will increase by some EUR 80 million whereas the net sales of press distribution will decrease by approximately EUR 110 million. Sanoma's net sales will decrease by some EUR 20 million and Rautakirja's by some EUR 100 million. The changes will not affect the net sales of WSOY and SWelcom.

The IFRS standards are still changing and the interpretations of the standards will be further clarified, for instance, in respect of the Finnish pension system (TEL) and the treatment of goodwill. These changes may have an impact on the income statement or the balance sheet.

Outlook for 2004

The economy within the Euro area will grow faster in 2004 than in the previous year. Research institutions estimate that the GDP will grow in the Netherlands by roughly 1%, in Belgium by almost 2% and in Finland by over 3%. Media advertising traditionally grows more than GDP.

SanomaWSOY's net sales are expected to increase slightly compared to the previous year despite the changes in accounting principles. Comparable profitability continues to improve. In 2003, operating profit included some EUR 43 million of non-recurring gains on the sales of assets. In 2004, the non-recurring gains on the sales of assets may remain below that.

Sanoma Magazines

Magazine publishing and distribution

In 2003, Sanoma Magazines' net sales amounted to EUR 1,028.4 (1,008.1) million despite the difficult market situation in most of the countries where Sanoma Magazines operates. Advertising sales were some 23% (24%) of Sanoma Magazines' net sales. Advertising sales decreased by 4% compared to 2002. Circulation sales developed well in all countries and increased by 2%.

Sanoma Magazines' operating profit improved considerably and amounted to EUR 78.8 (58.2) million. EBITA in 2003 increased to EUR 159.1 (147.7) million. The result was boosted by favourable development of key titles combined with efficient cost control, lower paper and printing costs as well as new business activities. EBITA in 2002 included the gains on the sales of the British crossword-publishing unit BEAP and Sanoma Magazines Finland's business unit Blue Book.

Investments totalled EUR 18.4 (18.7) million and were mostly related to acquisitions and Sanoma Uitgevers' ICT projects.

The Dutch-based Sanoma Uitgevers' net sales amounted to EUR 482.2 (491.1) million. The business was affected by a difficult market situation with a decreasing GDP and high pressure on advertising income. Advertising sales declined by 11% and totalled 22% of the net sales. In advertising sales almost all titles suffered from the declining market, especially home decorating, men's and parenting magazines. The tobacco advertising ban, effective as of 1 January 2003, had a great impact on the advertising sales of men's magazines. Internet advertising sales, however, improved in 2003. Circulation sales grew by 1%. Sanoma Uitgevers' EBITA amounts to EUR 105.1 (92.1) million. Cost savings, lower print and paper costs and reduced personnel costs as a result of finalising the reorganisation project had a positive impact on the result. However, the result in 2002 included non-recurring restructuring costs amounting to some EUR 13 million.

The net sales of Sanoma Magazines Finland increased in 2003 to EUR 171.2 (164.8) million. Advertising sales decreased slightly and represented 18% of net sales. Circulation sales increased by 7%. Both the subscription market and newsstand sales developed well. Circulation sales increased in most of the titles. EBITA totalled EUR 25.4 (31.1) million. Excluding the gains on the sale of Blue Book in 2002 and the share of the result of associated companies, EBITA grew by 89%. An increase in net sales and efficient cost control improved the result in 2003.

Sanoma Magazines Belgium's net sales increased to EUR 156.2 (152.2) million partly because of new businesses such as the start-up of custom publishing. Advertising

sales remained stable, reflecting a market recovery in the second part of the year. Advertising sales represented 33% of net sales. Circulation sales increased by 1%. Sales of the magazines published for the French-speaking region declined whereas in the north, the circulation of the most important titles was slightly positive. EBITA in Sanoma Magazines Belgium increased to EUR 17.7 (14.9) million. Increased circulation sales, new businesses and lower costs, especially personnel costs, contributed to this development.

Net sales at Sanoma Magazines International grew to EUR 103.6 (95.9) million despite the divestment of BEAP in April 2002. Revenues improved in most of the countries. Net sales in Hungary increased by 10% despite the significantly weaker local currency and lower than expected growth in GDP. Both advertising sales and circulation sales were up due to growth in existing titles and new launches. Net sales in the Czech Republic increased by 13% despite increasing pressure from competition. EBITA in Sanoma Magazines International increased to EUR 13.4 (13.2) million. Sanoma Magazines International entered into Bulgaria by starting a 50/50 joint venture, Sanoma Bliask Bulgaria AD, which began operations on 1 January 2004.

Net sales at Aldipress totalled EUR 224.6 (215.0) million. New distribution products increased net sales. Sales of the magazine distribution remained at the 2002 level despite intense competition. Aldipress' EBITA increased and amounted to EUR -1.2 (-3.0) million, including costs for the closure of the returns centre in Amsterdam. The Amsterdam site will be integrated into the new distribution centre in Duiven.

In 2004, the net sales of Sanoma Magazines are expected to grow, partly due to the new accounting principles. EBIT is expected to be on the same level as in 2003 despite heavy investments in growth in all major markets.

Sanoma

Newspaper publishing and printing

Sanoma's net sales increased to EUR 443.3 (438.1) million in 2003. Most growth was generated by the Helsingin Sanomat and IS Business Units.

After two years of decline, Sanoma's advertising sales grew 3% compared to year 2002. Election advertising and the growth in media advertising boosted advertising sales. Advertising sales accounted for 50% (49%) of Sanoma's net sales.

Circulation sales also grew by 2%, partly due to IS Veikkaaja. Most of the newspapers' circulations declined somewhat compared to the previous year, but Helsingin Sanomat's circulation began to grow slightly in the early autumn. Distribution sales decreased compared to the previous year as Leijonajakelu's operations were divested to Finland Post in the beginning of September. Comparable net sales after adjustment for changes in the Group structure grew by 2%.

Operating profit was good and grew substantially more than net sales, reaching EUR 69.4 (41.9) million. In addition to increased net sales, operating profit was improved by gains on the sales of assets, e.g. of Janton, and the moderate cost development due to long-term development

measures. Personnel expenses decreased as a result of the divestment of Leijonajakelu, but purchased services grew correspondingly. Paper costs decreased from the previous year. Result was weakened by a decrease in share of associated companies' profits. The share of the associated company Rautakirja's result, EUR 1.0 (6.2) million, was included in the operating profit only in January–February in 2003. Operating profit from Sanoma's own operations improved to EUR 67.3 (36.2) million. Operating profit includes a EUR 1.0 million non-recurring goodwill amortisation. EUR 3.1 (2.5) million was recorded as pension fund support payments. Pension liabilities have been covered by internal fund transfers totalling EUR 1.6 (0.7) million. Sanoma's EBITA was EUR 77.5 (49.0) million.

Sanoma's total investments amounted to EUR 29.7 (48.6) million, most of which related to the new Sanomala printing plant, which came fully on stream in autumn.

The Helsingin Sanomat Business Unit's net sales grew to EUR 258.9 (254.4) million. The business unit's profitability improved and EBITA grew to EUR 30.4 (28.5) million. Job advertising declined further by 13%. However, the newspaper's other advertising grew more than the overall market trend. Four-colour and text advertising grew markedly after a revamp of the newspaper carried out in the autumn. Helsingin Sanomat's circulation also started to increase in August, but the overall circulation fell slightly short of the 2002 level.

The IS Business Unit posted an excellent result for the third consecutive year. Net sales rose to EUR 95.5 (92.1) million and EBITA improved to EUR 17.5 (15.7) million. In spite of a sluggish trend on the media market, advertising sales grew by 7%. Especially the advertising sales of the free-ad publication Keltainen Pörssi were successful. The market share of Ilta-Sanomat's newsstand sales was 61.6% (61.5%). Newsstand sales rose by a little less than one per cent, although the newsstand market declined as in year 2002.

Net sales at Kymen Lehtimedia increased to EUR 52.7 (51.7) million and EBITA was EUR 8.1 (8.1) million. Advertising sales grew, partly due to election advertising and the effect of the free distributed paper acquired in 2002. Daily newspapers' circulation sales also grew and their readership remained steady, although circulations declined slightly. Comparable printing exports to Russia grew slightly, but intensified competition for printing sales weakened profitability. At Lehtikanta Oy, consultative procedures were conducted in January 2004 due to the downturn in printing operations for Russia. As a result of the procedures, five people left the company.

In 2004, Sanoma's comparable net sales are expected to grow in line with the general trend in the media market. The profit from basic business operations is expected to improve more than net sales, due to long-term development measures. The division's operating profit will fall short of the previous year's figure, as non-recurring gains on the sales of assets are not expected to reach the previous year's level in 2004.

WSOY

Publishing, printing and calendar operations

WSOY's net sales totalled EUR 212.2 (215.9) million in 2003. Publishing was the most successful business, although Christmas sales did not reach the record level of 2002. Printing and calendar operations fell short of the previous year as business-to-business sales declined.

WSOY's operating profit improved compared to the previous year in spite of the downturn in sales, and was EUR 22.6 (20.5) million. The growth was generated in all businesses. Operating profit includes EUR 1.4 (8.4) million share of the associated company Rautakirja's result, which was included only in January–February in 2003. Operating profit from WSOY's own operations grew to EUR 21.0 (12.4) million. The growth was partly due to non-recurring capital gains. WSOY sold 90% of the map and location company Genimap in December. Division's EBITA was EUR 28.0 (26.4) million.

WSOY's investments totalled EUR 8.7 (8.6) million. The biggest investments were replacement investments of printing machines. In April, WSOY acquired the remaining minority interest, 10%, in the digital printer Dark.

Net sales in publishing fell slightly short of the previous year amounting to EUR 142.6 (143.5) million. Sales grew particularly in Finnish fiction and non-fiction. In total, sales to bookstores declined, and sales through book clubs were also down compared to the previous year. Weilin+Göös's orders for multi-volume books continued to grow. Annual books also sold well in Scandinavia.

In educational books, the cost-cutting programmes at the local government level reduced sales of textbooks for comprehensive schools, but sales of books for vocational education increased. WSOY retained its clear market leadership in the school textbook market. The Opit e-learning environment, which was developed for comprehensive schools, doubled its number of users. The associated company Young Digital Poland, which supplies multimedia products for the Eastern Central European market, enjoyed a successful year. In the first half of 2004, WSOY will exercise its option to increase its holding in Young Digital Poland and it will become a subsidiary of WSOY.

Publishing's EBITA grew to EUR 12.7 (12.4) million. The result was improved by cost-cutting measures and the reduced losses from electronic publishing. Profitability remained good in traditional book publishing.

Net sales in printing declined to EUR 60.2 (62.7) million, mainly due to poor demand for printed advertising material. All units improved their results and printing's EBITA rose to EUR 7.4 (6.6) million.

Calendar operations generated net sales of EUR 32.1 (34.5) million. Net sales were reduced by a downturn in sales of promotional gift calendars and deterioration in exchange rates. The calendar unit's EBITA declined to EUR 1.4 (1.6) million as a result of the decreased sales.

WSOY's net sales for 2004 are expected to grow from previous year in line with the improving operating environment. Growth in results will also continue – solid market positions and profitability improvement measures will enhance the increase.

SWelcom

Electronic media

SWelcom's net sales grew strongly in 2003, reaching EUR 104.9 (86.1) million. There was growth both at Nelonen and at HTV. Advertising sales amounted to 54% (55%) of SWelcom's net sales.

SWelcom's development in results was also excellent: operating profit amounted to EUR 1.2 (-18.0) million. Both HTV and Nelonen improved their results considerably. The inclusion of HTV's connection fees in the income statement from the beginning of the year and a reduction in the ownership of Suomen Urheilutelevisio (Finnish sports channel) contributed to the improved financial performance. Nelonen's operating licence fee was halved in July 2002, which improved the operating profit also in the first half of 2003. SWelcom's EBITA was EUR 29.6 (9.0) million.

SWelcom's investments amounted to EUR 8.9 (8.1) million. The investments were mainly related to the development of HTV's cable network and to broadband operations.

Nelonen's net sales rose to EUR 56.5 (49.3) million, and the channel's position as Finland's third-biggest advertising medium strengthened. Nelonen's advertising sales grew by almost 15%, considerably faster than TV advertising in general. Nelonen invested a lot of effort in programmes and advertising towards the end of the year, and the channel became the second most-watched among viewers aged 10–44. Nelonen's market share of TV advertising rose to 27.3% (24.7%). Nelonen's EBITA totalled EUR 20.2 (11.6) million.

HTV's growth was mainly driven by the success of broadband connections, and its net sales increased substantially. Almost 257,000 households were connected to HTV's cable network at year-end. Nearly 20,000 of these were new subscribers connected during the year. The number of broadband internet connections increased by 40% during the year, and at year-end about 43,000 customers had these connections.

In 2004, SWelcom's net sales are expected to grow substantially due to the increase in Nelonen's advertising sales, sales of HTV's connections and the popularity of the broadband services. Operating profit is expected to improve further despite growing investments.

Rautakirja

Kiosk operations, press distribution, bookstores, movie theatre operations and restaurant operations

Rautakirja was merged with SanomaWSOY on 1 March 2003, after which Rautakirja shares were no longer listed by the Helsinki Exchanges. Rautakirja's business operations were incorporated into the new Rautakirja Corporation, which continues in business as before.

Rautakirja's net sales grew to EUR 770.3 (726.5) million in 2003. Net sales increased in all operations and 40% of the growth was generated outside Finland. The comparable net sales grew by 4%. Finland accounted for 90% of the division's net sales.

Operating profit totalled EUR 35.5 (38.0) million. Result improved in kiosk operations, press distribution and bookstores. Movie theatre and restaurant operations posted de-

clining results, and especially the result of other operations declined. Rautakirja's EBITA was EUR 41.4 (42.4) million.

Rautakirja's investments totalled EUR 28.7 (27.8) million. The biggest individual investments were the start-up of kiosk operations in the Czech Republic, investments in movie theatre operations in Latvia and Lithuania, and the acquisitions by Suomalainen Kirjakauppa.

Kiosk operations generated net sales of EUR 387.0 (373.6) million and there was growth in all four countries. The relative growth was biggest in Latvia and the Czech Republic, where operations started in the beginning of 2003 when a joint venture of Rautakirja and the French company Hachette Distribution Services went into business. Kiosk operations' EBITA grew to EUR 20.1 (17.0) million. The result was improved by cost control in both Finland and Estonia. In Latvia, the result was weakened by the costs of developing the chain and in the Czech Republic by start-up costs.

Net sales from press distribution grew to EUR 193.0 (177.3) million. There was growth in all three countries. In the Baltic countries, net sales grew faster than in Finland, due to established and more efficient operations. In Finland, newsstand sales of both newspapers and magazines grew, by a total of 4.7%. Press distribution's EBITA was EUR 11.9 (9.8) million. The result improved in all units.

Net sales from bookstores were EUR 121.8 (115.2) million. Net sales grew in both Finland and Estonia. Suomalainen Kirjakauppa acquired the remaining 40% of its subsidiary in Estonia, which changed its name to Apollo Raamatud at the end of the year, and in Finland Suomalainen Kirjakauppa acquired both Lukiolaisten Kirjakauppa and the Academic Bookstore's press subscription business. More than half of the growth in Finland came from the acquisitions. Book sales grew markedly, and also subscription sales took a favourable trend. Bookstores' EBITA grew to EUR 8.9 (7.9) million. Result was weakened by a downturn in the share of the result of an associated company Kirjavälitys Oy.

Net sales from movie theatre operations were EUR 52.8 (49.6) million. Finnkinö opened two new multiplex movie theatres in Vilnius, Lithuania, one in Riga, Latvia, and one in Finland. Movie theatre operations' EBITA declined to EUR 3.5 (3.9) million, mainly due to the difficult market situation in Lithuania.

Net sales from restaurant operations grew to EUR 62.6 (50.2) million. The growth was mainly a result of the newly integrated Motores units and the development of the chain concept. Restaurant operations' EBITA was EUR -0.2 (-0.1) million. The result was weakened by the integration of new units and investments in the chain identity as well as the non-recurring costs of closures of Pizza Hut restaurants.

Rautakirja's result is also affected by the result of the real estate unit and the associated company Jokerit HC Oy among others. The real estate unit's result declined since real estate held as an investment was transferred to SanomaWSOY Corporation in connection with the merger.

Year 2004 will be a challenging year for trade, and growth is likely to be smaller than in previous years. Rautakirja's comparable net sales are expected to grow more than wholesale and retail business in general. Operating profit is expected to improve.

Proposal for application of profits

SanomaWSOY

The Group's distributable funds for 2003 total EUR 737,782,576.53.

The Parent Company's distributable funds as of 31 December 2003 total EUR 735,255,158.67, of which the profit for the year is EUR 104,468,713.29.

The Board of Directors will propose to the Annual General Meeting that

- a dividend of EUR 1.00 per share shall be paid EUR 160,299,428.00
- the following sum shall be transferred to the donation reserve and used at the Board's discretion EUR 300,000.00
- shareholders' equity shall be set at EUR 574,655,730.67

The dividend will be paid to shareholders registered with the Shareholder Register maintained by the Finnish Central Securities Depository Ltd. on the record date set by the Board for payment of the dividend, Friday 2 April 2004. The Board will propose to the Annual General Meeting that the dividend shall be paid on Tuesday 13 April 2004.

Helsinki, 12 February 2004

Jaakko Rauramo
Chairman

Paavo Hohti
Vice Chairman

Sari Baldauf

Robert Castrén

Jane Erkko

Kyösti Järvinen

Seppo Kievari

Robin Langenskiöld

Hannu Syrjänen

Sakari Tamminen

Income statement

SanomaWSOY

€ million	Group		Parent Company	
	1.1–31.12.2003	1.1–31.12.2002	1.1–31.12.2003	1.1–31.12.2002
NET SALES 1)	2 434.1	2 357.8		
Increase(+)/decrease(-) in inventories of finished goods and work in progress	1.5	1.0		
Production for own use	1.2	0.8		
Other operating income 2)	83.2	69.8	10.5	16.1
Share of result of associated companies	6.1	13.1		
Materials and services 3)	1 062.6	1 026.0		
Personnel expenses 4)	562.9	585.8	8.3	9.5
Depreciation and decrease in value 5)	205.2	212.0	3.9	1.9
Other operating expenses 6)	490.0	484.3	12.4	13.1
OPERATING PROFIT (LOSS)	205.2	134.4	-14.2	-8.3
Financial income and expenses 7)	-42.1	-27.7	-20.1	87.9
PROFIT (LOSS) BEFORE EXTRAORDINARY ITEMS	163.1	106.7	-34.3	79.6
Extraordinary items 8)		6.1	259.4	22.9
PROFIT (LOSS) AFTER EXTRAORDINARY ITEMS	163.1	112.7	225.0	102.5
Provisions			0.6	0.7
Direct taxes 9)	-55.6	-64.2	8.5	-10.8
Minority interests	-3.0	-11.4		
PROFIT (LOSS) FOR THE YEAR	104.5	37.2	234.2	92.3

Balance sheet

SanomaWSOY

€ million	Group		Parent Company	
	31.12.2003	31.12.2002	31.12.2003	31.12.2002
ASSETS				
NON-CURRENT ASSETS 10)				
Intangible assets	173.1	187.7	0.9	3.5
Consolidated goodwill	1 066.6	1 135.4		
Tangible assets	453.9	459.4	17.3	15.7
Investments	177.5	254.6	1 776.1	1 927.8
NON-CURRENT ASSETS, TOTAL	1 871.1	2 037.0	1 794.3	1 947.0
CURRENT ASSETS				
Inventories 11)	95.0	94.8		
Long-term receivables 12)	66.0	72.0	4.7	8.2
Short-term receivables 13)	292.2	266.2	150.9	72.2
Securities 14)	60.6	63.1	16.3	6.0
Cash and bank	68.2	59.3	8.8	11.7
CURRENT ASSETS, TOTAL	581.9	555.5	180.7	98.1
ASSETS, TOTAL	2 453.0	2 592.5	1 975.0	2 045.1
SHAREHOLDERS' EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY 15)				
Share capital	68.9	62.6	68.9	62.6
Premium fund	31.8	16.1	15.7	
Other funds	369.4	364.4	355.7	355.7
Retained earnings	356.7	308.7	145.4	125.1
Profit (loss) for the year	104.5	37.2	234.2	92.3
Capital notes	171.6	207.4	163.8	200.0
SHAREHOLDERS' EQUITY, TOTAL	1 102.9	996.3	983.7	835.6
MINORITY INTEREST	16.3	130.6		
ACCUMULATED PROVISIONS 16)			0.7	0.7
STATUTORY PROVISIONS 17)	34.1	15.9	0.1	
LIABILITIES				
Deferred tax liability 18)	36.4	37.1		
Long-term liabilities 19)	365.3	695.1	312.5	600.0
Current liabilities 20)	898.0	717.5	678.0	608.8
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL	2 453.0	2 592.5	1 975.0	2 045.1

Cash flow statement

SanomaWSOY

€ million	Group		Parent Company	
	1.1–31.12.2003	1.1–31.12.2002	1.1–31.12.2003	1.1–31.12.2002
OPERATIONS				
Operating profit (loss)	205.2	134.4	-14.2	-8.3
Adjustments to operating profit 1)	129.5	136.8	2.3	-6.5
Change in working capital 2)	-1.4	-27.1	-3.5	4.2
Cash flow from operations before financial items and taxes	333.3	244.1	-15.4	-10.6
Interest received from operations	8.1	12.1	1.2	8.3
Interest paid on operations	-48.0	-72.5	-52.7	-64.1
Dividend received from operations	13.2	12.9	1.2	55.9
Other financial items	-2.9	39.0	-4.0	33.6
Group contributions			32.2	11.5
Cash flow from other extraordinary items		9.0		
Tax paid on operations	-55.6	-57.3	-22.2	-1.3
CASH FLOW FROM OPERATIONS	248.1	187.3	-59.7	33.2
INVESTMENTS				
Acquisition of tangible and intangible assets	-86.1	-100.5	-1.0	-0.7
Group companies acquired 3)	-7.1	-3.8		
Associated companies acquired	-1.5	-5.2		
Acquisition of other holdings	-1.8	-3.4		
Adjustment to purchase price of companies acquired from VNU		45.1		
Sales of tangible and intangible assets	14.3	27.0	0.1	0.5
Group companies sold 4)	0.3	65.6		61.0
Associated companies sold	78.9	17.5	0.0	5.5
Sales of other companies	17.1	13.7	10.8	5.2
Long-term loans granted	-2.8	-11.2		
Repayments of long-term loan receivables	0.1	2.4		
Increase(-)/decrease(+) in current loan receivables	4.7	-3.7	-64.4	26.4
Investments in other assets	-0.8	-4.1	-1.5	-51.4
Sales of other investments	0.0	0.3	296.0	26.5
Interest received from investments	0.1	0.2	45.0	48.6
Dividend received from investments	4.3	8.0	0.2	0.7
CASH FLOW FROM INVESTMENTS	19.7	48.1	285.2	122.3
CASH FLOW BEFORE FINANCING	267.8	235.4	225.5	155.4
FINANCING				
Minority capital investment in subsidiaries	0.5	4.8		
Drawings on short-term loans	152.4	0.3	236.2	152.5
Repayments of short-term loans	-17.7	-173.1	-70.9	-45.3
Drawings on long-term loans	0.9	8.4	2.5	55.0
Repayments of long-term loans	-325.8	-221.0	-326.2	-265.0
Dividends paid	-63.3	-77.8	-71.6	-74.1
Donations	-0.3	-0.3	-0.3	-0.3
CASH FLOW FROM FINANCING	-253.4	-458.6	-230.3	-177.2
Change in liquidities according to the cash flow statement	14.4	-223.3	-4.9	-21.8
Liquidities received in merger with subsidiary			12.2	
Exchange rate differences under liquidities	-8.1	-19.4		
Net increase(+)/decrease(-) in liquidities	6.4	-242.6	7.4	-21.8
Liquidities according to the balance sheet at 1 Jan.	122.4	365.0	17.7	39.5
Liquidities according to the balance sheet at 31 Dec.	128.8	122.4	25.1	17.7

€ million	Group		Parent Company	
	1.1–31.12.2003	1.1–31.12.2002	1.1–31.12.2003	1.1–31.12.2002

NOTES TO THE CASH FLOW STATEMENT

1) Adjustments to operating profit

Depreciation and decrease in value	205.2	212.0	3.9	1.9
Profit(-) and loss(+) on sales of non-current assets	-51.6	-43.0	-1.8	-8.4
Interest in the results of associated companies, in profit(-) and loss(+)	-6.1	-13.1		
Change in statutory provisions	18.3	7.8	0.1	
Other adjustment items	-36.3	-26.8		
	129.5	136.8	2.3	-6.5

2) Change in working capital

Increase(-)/decrease(+) in inventories	-1.5	-4.5		
Increase(-)/decrease(+) in interest-free short-term receivables	-6.3	44.5	1.2	1.2
Increase(+)/decrease(-) in interest-free short-term debts	6.4	-67.2	-4.7	3.0
	-1.4	-27.1	-3.5	4.2

3) Supplementary information on acquired Group companies

Impact of acquired companies on the Group's assets and liabilities				
Non-current assets	-7.5	-4.9		
Current assets	-6.3	-1.3		
Long-term liabilities	2.2			
Current liabilities	2.8	2.0		
Other items	-0.7	-0.2		
Acquisition cost	-9.7	-4.5		
Liquidities of acquired companies	2.5	0.6		
Investments in Group companies	-7.1	-3.8		

4) Supplementary information on sold Group companies

Impact of sold companies on the Group's assets and liabilities				
Non-current assets	3.8	51.8		
Current assets	-5.9	13.9		
Long-term liabilities	0.0	-0.7		
Current liabilities	-2.9	-10.4		
Other items	5.4	11.2		
Selling price	0.4	65.8		
Liquidities of sold companies	-0.1	-0.2		
Income on the sale of Group companies	0.3	65.6		

Income statement by quarter

SanomaWSOY

€ million	1-3/ 2003	4-6/ 2003	7-9/ 2003	10-12/ 2003	1-12/ 2003	1-3/ 2002	4-6/ 2002	7-9/ 2002	10-12/ 2002	1-12/ 2002
Net sales	564.0	599.3	583.3	687.5	2 434.1	559.0	584.5	553.4	661.0	2 357.8
Increase(+)/decrease(-) in inventories of finished goods and work in progress	4.4	-0.3	-0.1	-2.6	1.5	4.7	-0.7	0.0	-3.1	1.0
Production for own use	0.4	0.2	0.2	0.4	1.2	0.1	0.1	0.0	0.5	0.8
Other operating income	7.1	20.3	15.9	39.9	83.2	25.2	16.5	8.4	19.6	69.8
Share of result of associated companies	1.6	3.4	1.5	-0.3	6.1	1.0	5.1	3.1	3.9	13.1
Materials and services	247.1	251.5	257.4	306.5	1 062.6	250.6	251.8	246.2	277.5	1 026.0
Personnel expenses	143.6	144.1	133.9	141.3	562.9	143.5	143.1	135.0	164.2	585.8
Depreciation and decrease in value	50.4	48.0	49.5	57.4	205.2	56.6	51.2	49.8	54.4	212.0
Other operating expenses	121.5	118.8	109.0	140.7	490.0	125.4	116.7	114.9	127.2	484.3
Operating profit	14.8	60.5	50.9	79.0	205.2	14.0	42.7	19.1	58.6	134.4
Financial income and expenses	-14.9	-1.2	-8.9	-17.1	-42.1	9.8	-12.7	-24.2	-0.6	-27.7
Result before extraordinary items	-0.1	59.3	42.0	61.9	163.1	23.9	30.0	-5.1	57.9	106.7
Extraordinary items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.1	6.1
Result after extraordinary items	-0.1	59.3	42.0	61.9	163.1	23.9	30.0	-5.1	64.0	112.7
Direct taxes	-6.1	-16.2	-15.7	-17.7	-55.6	-12.8	-17.8	-11.5	-22.1	-64.2
Minority interests	-1.0	-0.6	-0.1	-1.3	-3.0	-1.1	-2.0	-3.0	-5.3	-11.4
Result for the year	-7.1	42.6	26.1	42.9	104.5	9.9	10.3	-19.6	36.6	37.2

Accounting principles

SanomaWSOY

SanomaWSOY's consolidated financial statements have been prepared in accordance with Finnish rules and regulations. SanomaWSOY will start to report according to IAS/IFRS in 2005. SanomaWSOY Corporation was created by a combination merger on 1 May 1999, and the comparative data for 1999 take the form of pro forma figures.

Consolidated financial statements

The consolidated financial statements have been prepared by consolidating the income statements, balance sheets and notes of the parent company and its subsidiaries. The separate financial statements of Group companies have been adjusted in accordance with the Group's accounting principles prior to consolidation.

In addition to SanomaWSOY Corporation, the consolidated financial statements cover those companies in which the parent company, either directly or indirectly, held over 50% of voting rights at the end of the financial year. Intra-group ownership has been eliminated using the acquisition cost method.

Companies acquired during the financial year have been included in the consolidated statements from the date of acquisition or another contractual date and divested companies have been included up until the time of their sale.

Elimination differences between the acquisition cost of shares in subsidiaries and the shareholders' equity of subsidiaries at the time of acquisition generated during the elimination of share ownership have been posted, when possible, to the relevant asset and liability items in the Group's balance sheet. The residual has been presented as goodwill, which is amortised according to the plan over the relevant economic lifetime.

Associated companies are consolidated in accordance with the equity method. A portion of companies' profits or losses in line with the Group's holding has been recorded as a separate item prior to the operating profit. Goodwill generated in the consolidation of associated companies will generally be amortised over a period of 5 to 10 years. Figures for insignificant associated real estate and housing companies have been entered under other shareholdings rather than under associated companies.

Joint companies in which the Group is responsible for management together with the other owner have been consolidated on a line-by-line basis in proportion to the shareholding.

Minority shareholdings have been separated from the Group's shareholders' equity and result and are presented as a separate item in the income statement and balance sheet. Minority shareholders' portion of the losses of sub-

siidiaries has been deducted from the capital notes given by minority shareholders. The remaining capital notes have been presented as part of shareholders' equity.

All intra-group transactions, mutual receivables and liabilities, together with significant internal margins and internal distribution of profits, have been eliminated in the consolidated figures.

Transactions in foreign currencies

Items associated with the Group's Finnish companies denominated in foreign currencies are recorded at the rates of exchange prevailing on the dates of the transactions in question. Receivables and liabilities on the balance sheet at closing have been translated into euros using the rate quoted on that date. Exchange rate differences of trade receivables and trade payables are recorded as sale and purchase adjustment items. Exchange rate differences generated when assessing other receivables and liabilities are recorded under financial income and expenses.

The income statements of foreign subsidiaries have been translated into euros using the average rate for the financial year, while their balance sheets have been translated using the exchange rate quoted on the balance sheet date. Translation differences between different rates have been entered in the Group's shareholders' equity.

Exchange rate differences arising from translating the balance sheets of foreign subsidiaries and associated companies have generally been entered in the consolidated shareholders' equity. Exchange rate differences related to the Group's long-term internal loans have been treated in the same way as those associated with shareholders' equity, i.e., they have been entered in the consolidated shareholders' equity.

Non-current assets

Fixed assets have been entered on the balance sheet at the original acquisition cost less depreciation according to the plan. The balance sheet values also include revaluations totalling EUR 17.1 million on land and buildings. Investments have been recorded at acquisition cost or at the market value if permanently lower. Depreciation on fixed assets according to the plan is based on the original acquisition cost and the following estimated economic lifetimes:

Intangible rights	3–10 years
Goodwill	3–20 years
Consolidated goodwill	5–20 years
Other long-term expenditure	3–10 years
Buildings and structures	7–40 years
Machinery and equipment	3–16 years

Purchases of film and television broadcasting rights are recorded in the SanomaWSOY Group as immaterial rights under non-current assets and the use of these rights is recorded as amortisation.

Inventories

Inventories are presented in accordance with the average acquisition cost method, at acquisition cost or replacement cost if lower, or at the probable lower selling price. The value of inventories includes only the variable costs associated with acquisition and manufacturing.

Liquid assets

The balance sheet item related to securities primarily covers listed shares, short-term deposits and liquid interest rate mutual fund holdings. Securities have been valued at acquisition cost or at market value if lower.

The Group exercises a cash pooling system covering several European countries. There is a juridically external bank as counterpart for every separate company. In the separate companies, pooling assets are presented under cash and bank, while pooling liabilities are presented under liabilities to financial institutions. Receivables and liabilities from the cash pooling bank are eliminated in the consolidated financial statements.

Deferred tax liabilities and receivables

In respect of recording deferred tax liabilities and receivables, SanomaWSOY follows the requirements of the Finnish Accounting Act, under which items are recorded only on those matching differences affecting the income statement and on consolidation-related measures and year-end provisions with an impact on the Group's result.

Revaluation-related deferred tax liabilities are presented in the notes to the financial statements.

Derivatives and other contingent liabilities

Derivatives are used by SanomaWSOY to hedge the Group's risks. The Group hedges its interest rate risks as well as its currency and equity portfolio risks. The hedging instruments primarily used are interest rate swap agreements, interest rate options, currency forward agreements and stock options.

The interest income and expenses related to the derivative contracts used in risk management are matched according to the tenor of the relevant contract and are used to adjust the interest recorded for the hedged positions. The premiums paid and received for interest rate options are recorded under accruals and matched under financial expenses and income according to the tenor of the relevant contract.

Interest rate derivatives are used to hedge the Group's floating-rate loan portfolio, and derivative contracts are not valued at market values in the accounts. The market values of contracts are shown in the notes to the financial statements.

Currency forward agreements and stock options are valued at the market values at year-end. Unrealised derivative losses are recorded against income immediately, whereas valuation profits are not recorded until they are realised.

The accounting treatment and classification of contingent liabilities was further harmonised in the Group companies during the financial year. The comparative data have been adjusted accordingly.

Convertible capital note

A convertible capital note valued at EUR 200 million was issued in 2001 as part of financing for the acquisition of the magazine operations from VNU. Trading in the subordinated notes began on the Helsinki Exchanges on 6 September 2001. A total of 3,620 of the convertible capital notes were redeemed during the financial year 2003 and the redeemed debentures will be invalidated. At the end of financial year 2003, the remaining liability is 163.8 million.

Under the Companies Act, the issue is treated as an equity loan. The interest on the notes is recorded in accordance with the interest prescribed in the loan terms of the issue, and the loan is presented in its entirety under shareholders' equity.

The main terms of the issue are presented in the notes to the financial statements.

Warrants for management

SanomaWSOY Group has taken into use a warrant scheme comprising a maximum of 4,500,000 warrants. The warrants have been distributed in three different stages

and each warrant entitles the holder to one SanomaWSOY Corporation Series B share. The statutory provision on social security payments related to distributed warrants has been recorded to the extent that the market price of the share exceeds the subscription price of the warrant.

The detailed terms of the issue and the outstanding amounts are presented in the 'Shares and shareholders' section on page 43.

Net sales

When calculating net sales, sales income has been adjusted for discounts given, indirect taxes, and sales-related exchange rate differences. Commissions are included in the net sales shown on commission sales.

The accounting practice of recording the connection fees of cable TV services (HTV) has been revised from the beginning of the financial year. Connection fees are recorded at once to the income statement, whereas these were previously entered in shareholders' equity.

Research and development expenses

Research and development expenses are generally recorded directly as annual expenses.

These items refer to expenses incurred in developing new products and services intended for commercial sale or significantly enhancing the properties of existing products, or expanding business activities. Research and development expenses are typically incurred before a company is able to begin benefiting financially from the product or service in question.

In respect of development projects, the Group generally uses project schedules of a maximum of two years. The costs associated with launching a new magazine title, for example, are only recorded as research and development expenses for the first two years of the title's existence.

Pension cover

The statutory pension cover of personnel employed by SanomaWSOY and its Finnish subsidiaries, with the exception of Werner Söderström Corporation and WS Bookwell Oy, is provided through insurance policies taken out with pension institutions. Pension cover for personnel employed by units outside Finland is arranged in line with the requi-

rements of local legislation and social security provisions. In some units of Sanoma Magazines, pension cover has been handled through a pension fund which has no uncovered liability.

The statutory pension cover of personnel employed by Werner Söderström Corporation and WS Bookwell Oy is handled through Section B of WSOY's pension fund. Section A of the latter fund is for voluntary pension cover, and was closed on 31 December 1980. The fund has no uncovered liability and its assets exceed its liabilities by EUR 10.9 million.

Additional pension cover for SanomaWSOY Corporation and its 18 subsidiaries has been arranged through Sanoma Corporation's pension fund. The latter has no uncovered liability and its assets exceed its liabilities by EUR 4.5 million. The fund was closed on 31 August 1981.

Voluntary pension cover for personnel employed by Rautakirja Corporation, Finnkino Oy, and Eurostrada Oy is provided by Rautakirja's pension fund. The total liability of the latter as of the end of the financial year was EUR 18.4 million, of which EUR 3.7 million was unfunded. The latter item has been recorded in previous years mainly as expenses and statutory provisions. The fund was closed on 30 June 1974.

The retirement age of the members of the Management Group of SanomaWSOY's parent company, the presidents and deputy presidents of subsidiaries, and the Editors-in-Chief of the Group's largest newspapers has been agreed as 60 to 65 years.

Level of accuracy and other information

The comparative figures for 1999 are based on pro forma financial statements prepared for the Group in 1999. Official financial statements for the year 1999 were prepared for the parent company for the period 1 May–31 December 1999.

The accounting principles for the operational indicators of Group's divisions were harmonised during the financial year. The comparative data have been adjusted accordingly.

Definitions of key indicators

SanomaWSOY

Return on equity, % (ROE)	=	$\frac{\text{Profit before extraordinary items - taxes}}{\text{Shareholders' equity + minority interest (average of monthly balances)}} \times 100$
Return on investment, % (ROI)	=	$\frac{\text{Profit before extraordinary items + interest and other financial expenses}}{\text{Balance sheet total - non-interest-bearing liabilities (average of monthly balances)}} \times 100$
Equity ratio, %	=	$\frac{\text{Shareholders' equity + minority interest}}{\text{Balance sheet total - advances received}} \times 100$
Gearing, %	=	$\frac{\text{Interest-bearing liabilities - securities, cash and bank}}{\text{Shareholders' equity + minority interest}} \times 100$
Earnings / share (EPS)	=	$\frac{\text{Profit before extraordinary items - taxes +/- minority interest}}{\text{Average number of shares on the market, adjusted for share issues}}$
Cash flow / share	=	$\frac{\text{Cash flow from operations}}{\text{Average number of shares on the market, adjusted for share issues}}$
		Cash flow from operations includes cash flow from the Group's main operations according to the cash flow statement
Equity / share	=	$\frac{\text{Shareholders' equity at the end of the year}}{\text{Number of shares on the market, adjusted for share issues, on the balance sheet date}}$
Dividend / share	=	$\frac{\text{Total dividend distribution}}{\text{Number of shares, adjusted for share issues, on the balance sheet date}}$
Dividend / result, %	=	$\frac{\text{Dividend / share}}{\text{Earnings / share}} \times 100$
Market capitalisation	=	Number of shares on the market at the end of the year x share price on the last trading day of the year by share class
Effective dividend yield, %	=	$\frac{\text{Dividend / share}}{\text{Share price on the last trading day of the year}} \times 100$
P/E ratio	=	$\frac{\text{Share price on the last trading day of the year}}{\text{Earnings / share}}$

The 7,187,276 SanomaWSOY Series B shares held by subsidiary Tiikerijakelu Oy on the balance sheet date have been subtracted from the total number of shares on the market.

Notes to the income statement

SanomaWSOY

€ million	Group		Parent Company	
	1.1–31.12.2003	1.1–31.12.2002	1.1–31.12.2003	1.1–31.12.2002
1) NET SALES				
Net sales by business				
Sanoma Magazines				
Sanoma Uitgevers	482.2	491.1		
Sanoma Magazines Finland	171.2	164.8		
Sanoma Magazines Belgium	156.2	152.2		
Sanoma Magazines International	103.6	95.9		
Aldipress	224.6	215.0		
Intracompany transactions	-109.5	-110.9		
Total	1 028.4	1 008.1		
Sanoma				
Helsingin Sanomat	258.9	254.4		
IS Business Unit	95.5	92.1		
Kymen lehtimedia	52.7	51.7		
Others	176.7	200.7		
Intracompany transactions	-140.5	-160.8		
Total	443.3	438.1		
WSOY				
Publishing	142.6	143.5		
Printing	60.2	62.7		
Calendar operations	32.1	34.5		
Others	4.6	3.7		
Intracompany transactions	-27.2	-28.6		
Total	212.2	215.9		
SWelcom				
Nelonen	56.5	49.3		
Others	50.7	39.3		
Intracompany transactions	-2.4	-2.5		
Total	104.9	86.1		
Rautakirja				
Kiosk operations	387.0	373.6		
Press distribution	193.0	177.3		
Bookstores	121.8	115.2		
Movie theatre operations	52.8	49.6		
Restaurant operations	62.6	50.2		
Others		0.8		
Intracompany transactions	-47.0	-40.2		
Total	770.3	726.5		
Intragroup transactions	-124.9	-117.0		
Total	2 434.1	2 357.8		
Net sales by market area				
Finland	1 417.3	1 366.2		
Other EU countries	805.5	818.4		
Other countries	211.2	173.2		
Total	2 434.1	2 357.8		
2) OTHER OPERATING INCOME				
Rental income	18.8	19.5	4.4	3.2
Rental income, internal			3.1	3.1
Profit on sales of assets	34.4	14.4		
Profit on sales of machinery & equipment	2.7	2.0	0.1	0.3
Other operating income	27.3	33.8	2.9	9.6
Total	83.2	69.8	10.5	16.1

€ million	Group		Parent Company	
	1.1–31.12.2003	1.1–31.12.2002	1.1–31.12.2003	1.1–31.12.2002
3) MATERIALS AND SERVICES				
Materials and supplies				
Purchases during the year	757.4	743.2		
Change in inventories	1.6	-1.3		
Total	758.9	741.9		
Purchased services				
Purchased transport and distribution services	122.8	114.2		
Other purchased services	180.9	170.0		
Total	303.7	284.1		
Total	1 062.6	1 026.0		
4) PERSONNEL EXPENSES				
Wages, salaries & fees	444.6	468.0	6.6	5.4
Transfers to the employees' profit-sharing fund	4.6	3.7		
Pension expenses	65.4	65.7	1.1	3.7
Other social expenses	48.3	48.4	0.6	0.4
Total	562.9	585.8	8.3	9.5
REMUNERATION TO MANAGEMENT				
Presidents, Deputies and Board members				
Total	8.0	8.5	1.8	1.9
PERSONNEL, AVERAGE *)				
Sanoma Magazines	3 879	4 228		
Sanoma	3 041	3 578		
WSOY	1 859	1 836		
SWelcom	392	384		
Rautakirja	4 962	5 110		
Other companies **)	74	74	74	74
Total	14 207	15 210	74	74
*) stated as average number of full-time salaried personnel				
**) Parent Company SanomaWSOY Corporation and real estate and investment companies				
5) DEPRECIATION AND DECREASE IN VALUE				
Depreciation according to plan	204.0	211.4	3.7	1.9
Decrease in value of non-current assets	1.3	0.6	0.2	
Total	205.2	212.0	3.9	1.9
6) OTHER OPERATING EXPENSES				
Rents	69.5	65.8	5.3	5.7
Advertising and marketing	143.8	145.8	0.2	0.5
Commissions	48.5	47.6		
Office and IT expenses	70.8	72.0	1.8	2.0
Other expenses	157.3	153.2	5.1	4.9
Total	490.0	484.3	12.4	13.1

€ million	Group		Parent Company	
	1.1–31.12.2003	1.1–31.12.2002	1.1–31.12.2003	1.1–31.12.2002
7) FINANCIAL INCOME AND EXPENSES				
Dividend income (incl. avoird fiscal)				
From Group companies			1.6	56.6
From associated companies	2.5	5.0		
From other companies	3.2	5.4	0.2	1.0
Total	5.7	10.5	1.8	57.7
Interest from investment under non-current assets:				
From Group companies			40.7	48.3
From associated companies		0.1		
From other companies	0.1	0.2	0.1	0.1
Total	0.1	0.3	40.7	48.4
Other interest and financial income				
From Group companies			3.3	6.5
From associated companies	0.3	0.3		
From other companies	11.9	58.9	3.8	37.5
Exchange rate gains	3.4	0.9	0.6	5.2
Total	15.6	60.1	7.8	49.1
Decrease in value of investments				
Investments under non-current assets	2.9	3.5	3.4	1.8
Securities under current assets	0.4	20.6		
Total	3.3	24.1	3.4	1.8
Interest and other financial expenses				
To Group companies			8.2	9.4
To other companies	55.8	73.2	51.8	55.8
Exchange rate losses	4.5	1.2	7.0	0.2
Total	60.3	74.4	67.1	65.4
Total	-42.1	-27.7	-20.1	87.9
8) EXTRAORDINARY ITEMS				
Extraordinary income				
Group contributions received			64.6	49.2
Other extraordinary income		9.0	218.9	
Extraordinary expenses				
Group contributions given			7.5	16.9
Income tax on extraordinary items				
		3.0	16.5	9.3
Total		6.1	259.4	22.9
Other extraordinary income of Parent Company is comprised of internal changes in Group structure.				
9) DIRECT TAXES				
Tax on operational income	-53.2	-66.8	8.5	-10.8
Change in deferred tax liability/accrued tax receivable *)	-2.5	2.6		
Total	-55.6	-64.2	8.5	-10.8
*) Change in deferred tax liability/accrued tax receivable				
From capitalisation differences	-2.0	0.4		
From provisions	-0.9	2.0		
From consolidation measures	0.3	0.2		
Total	-2.5	2.6		

Notes to the balance sheet

SanomaWSOY

€ million	Acquisition cost at 1 Jan. 2003 a)	Differences in rates and transfers between balance sheet items	Increases b)	Decreases c)
10) NON-CURRENT ASSETS, GROUP				
Intangible assets				
Immaterial rights	281.5	-4.7	31.8	-2.9
Goodwill	64.1	0.5	5.1	-24.2
Other long-term investments	119.8	0.9	8.7	-11.4
Advance payments	2.5	-2.1	11.6	0.0
	467.9	-5.3	57.2	-38.5
Consolidated goodwill				
Consolidated goodwill	1 282.5	-3.9	13.6	-4.1
Consolidation difference	-0.4	0.0	0.0	0.0
	1 282.2	-3.9	13.6	-4.1
Tangible assets				
Land and water	43.4	0.0	0.0	-0.2
Revaluations	7.9	0.0	0.0	0.0
Total land and water	51.3	0.0	0.0	-0.2
Buildings and structures	249.3	6.8	2.0	-1.6
Revaluations	9.2	0.0	0.0	-0.1
Total buildings and structures	258.5	6.8	2.0	-1.7
Machinery and equipment	597.4	46.9	35.1	-22.2
Other tangible assets	33.3	2.0	2.6	-0.3
Advance payments and work in progress	39.6	-55.1	18.9	-0.1
	980.1	0.6	58.6	-24.4
Investments				
Interest in associated companies e)	162.3	-17.6	1.5	-58.8
Receivables from associated companies	5.6	-3.8	0.0	0.0
Other shares and holdings	98.6	15.5	2.0	-17.7
Other receivables	3.1	3.4	0.8	-0.1
Advance payments	0.2	0.0	0.0	0.0
	269.8	-2.5	4.4	-76.6
TOTAL NON-CURRENT ASSETS	3 000.0	-11.1	133.8	-143.6

Book value of production machinery at 31 December 2003: € 107.4 million

- a)** Acquisition costs include fixed assets entailing costs that have not been fully recorded as planned depreciation and/or with a financial lifetime with time still left to run.
- b)** Includes fixed asset acquisition costs current at the time of the acquisition of companies and businesses.
- c)** Includes the acquisition costs of fixed assets that were eliminated, sold, or scrapped by the end of the year, and the purchase price current at the time of the sale of fixed assets of divested companies and business.
- d)** Includes the accumulated depreciation of acquired companies and businesses at the time of acquisition.
- e)** Acquisition costs include original purchase prices, but exclude Group-level associated company transfers.

Acquisition cost at 31 Dec. 2003	Differences in rates and bookings relating to the value of shares in associated companies	Accumulated depreciation and decrease in value at 1 Jan. 2003	Accumulated depreciation and decrease in value of decreases and transfers d)	Depreciation and decrease in value for the period	Book value at 31 Dec. 2003
305.7	0.6	-157.0	2.0	-47.5	103.9
45.6	0.2	-51.0	26.5	-6.1	15.1
118.0	0.0	-72.3	11.8	-15.4	42.2
11.9	0.0	0.0	0.0	0.0	11.9
481.3	0.8	-280.3	40.3	-69.0	173.1
1288.2	0.0	-147.1	0.9	-75.3	1066.8
-0.4	0.0	0.2	0.0	0.0	-0.1
1287.8	0.0	-146.8	0.9	-75.3	1066.6
43.3	0.0	0.0	0.0	0.0	43.3
7.8	0.0	0.0	0.0	0.0	7.8
51.1	0.0	0.0	0.0	0.0	51.1
256.6	0.0	-62.4	0.9	-8.8	186.3
9.0	0.0	0.0	0.0	0.0	9.0
265.7	0.0	-62.4	0.9	-8.8	195.3
657.2	0.3	-434.1	19.8	-49.7	193.5
37.6	0.0	-24.2	-0.5	-2.4	10.6
3.4	0.0	0.0	0.0	0.0	3.4
1014.9	0.3	-520.7	20.2	-60.9	453.9
87.5	-9.3	0.0	0.0	-0.8	77.4
1.8	0.0	-3.4	1.8	0.0	0.2
98.4	0.0	-5.5	3.6	-2.1	94.4
7.3	0.0	0.0	-1.8	-0.1	5.4
0.2	0.0	0.0	0.0	0.0	0.2
195.1	-9.3	-8.9	3.6	-3.0	177.5
2 979.1	-8.1	-956.7	65.0	-208.1	1 871.1

€ million	Acquisition cost at 1 Jan. 2003 a)	Transfers between balance sheet items	Increases	Decreases b)
10) NON-CURRENT ASSETS, PARENT COMPANY				
Intangible assets				
Immaterial rights	0.7	0.0	0.2	-0.4
Other long-term investments	5.6	0.0	0.0	-3.7
Advance payments	0.2	0.0	0.3	0.0
	6.4	0.0	0.4	-4.1
Tangible assets				
Land and water	6.9	0.0	0.4	0.0
Revaluations	4.8	0.0	0.0	0.0
Total land and water	11.7	0.0	0.4	0.0
Buildings and structures	2.4	0.0	2.7	0.0
Machinery and equipment	10.0	0.0	0.4	-0.2
Other tangible assets	1.4	0.0	0.0	0.0
	25.5	0.0	3.5	-0.2
Investments				
Interest in Group companies	659.8	354.9	138.2	0.0
Receivables from Group companies	1 240.7	-354.9	0.0	-295.9
Interest in associated companies	0.0	0.0	5.4	0.0
Receivables from associated companies	0.1	0.0	0.0	0.0
Other shares and holdings	21.5	0.0	16.3	-8.6
Other receivables	3.0	0.0	0.8	-0.1
Advance payments	0.3	0.0	0.2	0.0
	1 925.4	0.0	160.9	-304.6
TOTAL NON-CURRENT ASSETS	1 957.4	0.0	164.8	-308.9

a) Acquisition costs include fixed assets entailing costs that have not been fully recorded as planned depreciation and/or with a financial lifetime with time still left to run.

b) Includes the acquisition costs of fixed assets that were eliminated, sold, or scrapped by the end of the year.

Acquisition cost at 31 Dec. 2003	Differences in rates	Accumulated depreciation and decrease in value at 1 Jan. 2003	Accumulated depreciation and decrease in value of decreases and transfers	Depreciation and decrease in value for the period	Book value at 31 Dec. 2003
0.4	0.0	-0.2	0.4	-0.4	0.3
1.9	0.0	-2.7	3.7	-2.7	0.3
0.4	0.0	0.0	0.0	0.0	0.4
2.7	0.0	-2.9	4.2	-3.0	0.9
7.3	0.0	0.0	0.0	0.0	7.3
4.8	0.0	0.0	0.0	0.0	4.8
12.1	0.0	0.0	0.0	0.0	12.1
5.1	0.0	-1.2	-0.8	-0.4	2.7
10.2	0.0	-8.6	0.1	-0.6	1.1
1.4	0.0	0.0	0.0	0.0	1.4
28.8	0.0	-9.8	-0.7	-0.9	17.3
1152.8	0.0	-1.0	0.0	-0.6	1151.3
590.0	0.2	0.0	0.0	0.0	590.2
5.4	0.0	0.0	0.0	-0.8	4.6
0.1	0.0	0.0	0.0	0.0	0.1
29.2	0.0	-1.5	0.0	-2.1	25.6
3.7	0.0	0.0	0.0	0.0	3.7
0.5	0.0	0.0	0.0	0.0	0.5
1781.8	0.2	-2.5	0.0	-3.4	1776.1
1813.3	0.2	-15.3	3.4	-7.4	1794.3

SHARES UNDER NON-CURRENT ASSETS	Participation of the Parent Company %	Participation of the sub-group's parent company %	Participation of the Group %	Book value in Parent Company € 1 000
GROUP COMPANIES				
SANOMA MAGAZINES				
Sanoma Magazines B.V., the Netherlands *)	100.0		100.0	700 399
Lastannet Open B.V., the Netherlands			100.0	
Sanoma Magazines Nederland B.V., the Netherlands		100.0	100.0	
Sanoma Magazines Participations B.V., the Netherlands		100.0	100.0	
Aldipress				
B.V. Aldipress, the Netherlands			100.0	
De Grebbe Tijdschriften en Boekendistributie B.V., the Netherlands			100.0	
Hedinet Vastgoed B.V., the Netherlands			100.0	
Sanoma Magazines Verkoopgroep B.V., the Netherlands			100.0	
Sanoma Magazines Belgium				
Sanoma Magazines Belgium N.V., Belgium		99.9	100.0	
N.V. Uitgevers Maatschappij, Belgium			100.0	
Sanoma Magazines International				
Sanoma Magazines International B.V., the Netherlands		100.0	100.0	
Editor-International B.V., the Netherlands			100.0	
Erasmus Press Kiadói Kft., Hungary			100.0	
Project Constable Unlimited, United Kingdom			100.0	
Roof s.r.o., the Czech Republic			100.0	
S+N Bratislava s.r.o., Slovakia			90.0	
Sanoma Budapest Kiadói Részvénytársaság, Hungary			100.0	
Sanoma Communications Hungary Ltd, Hungary			100.0	
Sanoma Hearst Prague B.V., the Netherlands			60.0	
Sanoma Hearst Romania s.r.l., Romania			65.0	
Sanoma Magazines Praha s.r.o., the Czech Republic			100.0	
Sanoma Magazines Slovakia s.r.o, Slovakia			100.0	
Sanoma Magazines Zagreb d.o.o., Croatia			100.0	
Sanoma Stratosfera B.V., the Netherlands			100.0	
Via Classiss s.r.o., Slovakia			100.0	
Sanoma Uitgevers				
Sanoma Uitgevers B.V., the Netherlands			100.0	
Accres Uitgevers B.V., the Netherlands			100.0	
Admedia Belgium BVBA, Belgium		99.9	100.0	
Body Trend Nederland B.V., the Netherlands			100.0	
Consultancy Marketing Ltd, United Kingdom			100.0	
Cosmos Home Entertainment B.V., the Netherlands			100.0	
De Woonbeurs B.V., the Netherlands			100.0	
Domestic Film Corporation B.V., the Netherlands			100.0	
H.P.R. Holding B.V., the Netherlands			100.0	
Home & Garden B.V., the Netherlands			100.0	
I.B.S. N.V., Belgium			100.0	
Ilse Media B.V., the Netherlands			74.0	
Ilse Media Groep B.V., the Netherlands			74.0	
ilse media magazines B.V., the Netherlands			74.0	
Jonge Gezinnen B.V., The Netherlands			100.0	
Lastannet Entertainment II B.V., the Netherlands			100.0	

*) Parent company of the sub-group

SHARES UNDER NON-CURRENT ASSETS	Participation of the Parent Company %	Participation of the sub-group's parent company %	Participation of the Group %	Book value in Parent Company € 1 000
MediaNet B.V., the Netherlands			74.0	
Mediastud B.V., the Netherlands			100.0	
Parti-Avanti Holding B.V., the Netherlands			74.0	
R.C.V. 2001 Nederland B.V., the Netherlands			100.0	
R.C.V. Entertainment B.V., the Netherlands			100.0	
R.C.V. Entertainment Belgique N.V., Belgium			100.0	
R.C.V. Film Distribution B.V., the Netherlands			100.0	
R.C.V. Support B.V., the Netherlands			100.0	
Reprojekt B.V., the Netherlands			100.0	
Sanoma Magazines Deutschland Gmbh, Germany		100.0	100.0	
Sanoma Magazines France SARL, France		90.0	100.0	
Sanoma Uitgevers Digitaal B.V., the Netherlands			100.0	
Sanoma Uitgevers Digitaal Ontwikkeling B.V., the Netherlands			100.0	
Saga Hollandia B.V., the Netherlands			100.0	
Sportweek Abonnementen B.V., the Netherlands			100.0	
Sportweek Media B.V., the Netherlands			100.0	
Sportweek Online B.V., the Netherlands			100.0	
Startpagina B.V., the Netherlands			74.0	
Still Visual Entertainment Investments BVBA, Belgium			100.0	
Still Visual Investments B.V., the Netherlands			100.0	
Tableau Fine Arts Magazine B.V., the Netherlands			100.0	
The Mery Christmas Fair B.V., the Netherlands			70.0	
Top Santé VOF, the Netherlands			60.0	
Uitgeverij De Kreatieve Pers B.V., the Netherlands			100.0	
Uitgeverij F.H. Cisunitas B.V., the Netherlands			100.0	
Uitgeverij Fiets B.V., the Netherlands			100.0	
Uitgeverij Nokerizon B.V., the Netherlands			100.0	
Uitgeverij Veldhuis B.V., the Netherlands			100.0	
Uitgeverij Woudestein B.V., the Netherlands			100.0	
Sanoma Magazines Finland				
Sanoma Magazines Finland Oy, Helsinki *)	100.0		100.0	36 637
Liiketieto-Business Information Oy, Helsinki		100.0	100.0	
Milvus Förlags AB, Sweden		100.0	100.0	
Suomalainen Yritystiedosto Oy, Helsinki		100.0	100.0	
Suomen Rakennuslehti Oy, Helsinki		60.0	60.0	
SANOMA				
Sanoma Corporation, Helsinki *)	100.0		100.0	108 745
Arnedo Oy, Helsinki		60.0	60.0	
AS Infesto, Estonia			90.0	
Baltic Media Oy, Anjalankoski		7.3	89.0	
Esmerk Americas Inc, USA			90.0	
Esmerk Argentina S.A., Argentina			90.0	
Esmerk Brasil LTDA, Brazil			90.0	
Esmerk GmbH, Germany			90.0	
Esmerk Information AB, Sweden			90.0	
Esmerk Information OOO, Russia			90.0	
Esmerk Information SARL, France			90.0	
Esmerk Information Services Pte Ltd, Singapore			90.0	
Esmerk Information Services Sdn. Bhd., Malaysia			90.0	

SHARES UNDER NON-CURRENT ASSETS	Participation of the Parent Company %	Participation of the sub-group's parent company %	Participation of the Group %	Book value in Parent Company € 1 000
Esmerk Limited, UK			90.0	
Esmerk OOO, Russia			90.0	
Esmerk Oy, Helsinki			90.0	
Esmerk ZAO, Russia			90.0	
Etelä-Karjalan Jakelu Oy, Lappeenranta			100.0	
Etelä-Saimaan Sanomalehti Oy, Lappeenranta			100.0	
Free Ad Production Oy, Turku			100.0	
Helsingin Päivälehti Oy, Helsinki		100.0	100.0	
Infosto Oy, Tampere		100.0	100.0	
Jakeluyhtiö Suomi Oy, Vantaa		100.0	100.0	
Kiinteistö Oy Myllymäentie, Vantaa	18.3	81.7	100.0	2 535
Kiinteistö Oy Tommolankatu, Kouvola			100.0	
Kiinteistö Oy Virolahden Mäkitie 3, Virolahti			100.0	
Kymen Lehtimedia Oy, Anjalankoski		100.0	100.0	
Kymen Sanomalehti Oy, Kotka			100.0	
Kymen Viestintä Oy, Kouvola			100.0	
Lehtikanta Oy, Kouvola			100.0	
Lehtikuva Oy, Helsinki		100.0	100.0	
Nytnet Oy, Helsinki		80.0	80.0	
Päiväverkko Oy, Vantaa			100.0	
Saimaan Lehtipaino Oy, Lappeenranta			100.0	
Startel Oy, Helsinki		90.0	90.0	
Tampereen Sanomain Oy, Helsinki		100.0	100.0	
Uutisvuoksi Oy, Imatra			100.0	
WSOY				
Werner Söderström Corporation, Helsinki *)	100.0		100.0	78 618
AB Förlagsinkasso, Sweden			100.0	
Ajasto Osakeyhtiö, Vantaa		100.0	100.0	
Almanacksförlaget AB, Sweden			100.0	
Bertmark A/S Danmark, Denmark			100.0	
Bertmark Media AB, Sweden			100.0	
Bertmark Norge AS, Norway			100.0	
Bertmarks Förlag AB, Sweden			100.0	
Dark Oy, Vantaa		100.0	100.0	
Docendo Finland Oy, Jyväskylä		100.0	100.0	
Docendo Produktion Aktiebolag, Sweden			100.0	
Docendo Sverige AB, Sweden		100.0	100.0	
Emil Moestue AS, Norway			100.0	
Everscreen AB, Sweden			64.0	
Everscreen Oy, Helsinki		64.0	64.0	
Kiinteistö Oy Bulevardi 12, Helsinki		100.0	100.0	
Kiinteistö Oy Bulevardi 14, Helsinki		78.8	78.8	
Kustannusperintä Oy - Förlagsinkasso Ab, Helsinki			100.0	
Lönnberg Painot Oy, Helsinki		100.0	100.0	
Weilin+Göös Oy, Helsinki		100.0	100.0	
Werner Söderström GmbH, Germany		100.0	100.0	
WS Bookwell Oy, Porvoo		100.0	100.0	
WSOY - Hyvä-Kirja Oy, Helsinki		100.0	100.0	

SHARES UNDER NON-CURRENT ASSETS	Participation of the Parent Company %	Participation of the sub-group's parent company %	Participation of the Group %	Book value in Parent Company € 1 000
SWELCOM				
SWelcom Oy, Helsinki *)	100.0		100.0	4 250
2ndhead Oy, Helsinki		100.0	100.0	
Helsinki Televisio Oy, Helsinki		100.0	100.0	
Måndag Oy, Helsinki			100.0	
Oy Ruutunelonen Ab, Helsinki		90.6	90.6	
Oy Suomen Medianelonen Ab, Helsinki			90.6	
SW Television Oy, Helsinki		100.0	100.0	
Tuotantotalo Werne Oy, Helsinki		75.8	100.0	
RAUTAKIRJA				
Rautakirja Oy, Vantaa *)	100.0		100.0	143 948
AS Lehepunkt, Estonia		100.0	100.0	
AS MPDE, Estonia			100.0	
Astro Raamatud OÜ, Estonia			100.0	
Baltic Cinema SIA, Latvia			90.0	
Eurostrada Oy, Vantaa		100.0	100.0	
Ferete Oy, Vantaa		100.0	100.0	
Finnkino Oy, Vantaa		100.0	100.0	
Foodstop Oy, Vantaa			99.0	
Interprint Oy, Helsinki			100.0	
Kiinteistö Oy Hallahepe, Toijala		100.0	100.0	
Kiinteistö Oy Keravan Toripaviljonki, Kerava		50.8	50.8	
Kiinteistö Oy Kuusankosken Kioski, Kuusankoski		58.9	58.9	
Kiinteistö Oy Porin Liisankatu 6, Pori		100.0	100.0	
Kiinteistö Oy Porin Promenadikeskus, Pori		73.2	73.2	
Kiinteistö Oy Salon Torikioski, Salo		55.6	55.6	
Lehti-Maja Eesti AS, Estonia		100.0	100.0	
Lehtipiste Oy Pressco, Vantaa		100.0	100.0	
Suomalainen Kirjakauppa Oy, Helsinki		100.0	100.0	
UAB Vingio kino teatras, Lithuania			90.0	
REAL ESTATE AND INVESTMENT COMPANIES				
Kiinteistö Oy Jokela City 1, Tuusula	93.0		100.0	555
Kiinteistö Oy Myllymäenpolku, Vantaa	100.0		100.0	2 535
Kiinteistö Oy Porvoon Mannerheiminkatu 20, Porvoo	100.0		100.0	1 682
Kiinteistö Oy Postikuja 2, Helsinki	100.0		100.0	4 200
Kiinteistö Oy Vantaan Valtatie 3, Vantaa	100.0		100.0	5 887
Kiinteistö Oy Vantaankosken Isotammi, Vantaa	100.0		100.0	790
Kiinteistö Oy Vantaankosken Kuningastie, Vantaa	100.0		100.0	505
Kiinteistöosakeyhtiö Miekkakala, Helsinki	77.7		77.7	10 231
Kiinteistöosakeyhtiö Sanomalan Keskusalue, Vantaa	100.0		100.0	17 324
Lastannet Oy, Hyvinkää	100.0		100.0	3
Monsaksenpolun Kiinteistö Oy, Vantaa	100.0		100.0	6 896
Sanoma Finance AG, Switzerland	100.0		100.0	25 556
Sanoma Inc., USA	100.0		100.0	816
Sanoma WSOY AS, Norway	100.0		100.0	1 688
Tiikerijakelu Oy, Helsinki	100.0		100.0	1
				1 153 800

*) Parent company of the sub-group

SHARES UNDER NON-CURRENT ASSETS	Participation of the Parent Company %	Participation of the sub-group's parent company %	Participation of the Group %	Book value in Parent Company € 1 000
ASSOCIATED COMPANIES				
SANOMA MAGAZINES				
Sanoma Magazines Belgium				
Repress CVBA, Belgium			33.6	
S.B.P.P. N.V., Belgium			50.0	
Sanoma Magazines International				
Hearst-Sanoma Budapest Kft, Hungary			50.0	
Stratosféra s.r.o., the Czech Republic			30.0	
Sanoma Magazines Nederland B.V.				
Rock Solid Investments B.V., the Netherlands			50.0	
Sanoma Uitgevers				
zBLOND B.V., the Netherlands			26.3	
AKN CV, the Netherlands			25.0	
B.V. Programmabladen AKN, the Netherlands			25.0	
Felicitas Promotions AG, Switzerland			49.0	
Geïllustreerde Pers / MC V.O.F., the Netherlands			50.0	
Mood for Magazines B.V., the Netherlands			35.0	
Quattro Voci B.V., the Netherlands			25.0	
Sanoma Magazines Finland				
Egmont Kustannus Oy Ab, Tampere		50.0	50.0	
Hansaprint Oy, Turku		40.0	40.0	
SANOMA				
Anjalankosken Painotalo Oy, Anjalankoski			48.2	
Maakuntien Viestintä Oy, Jyväskylä		24.6	46.0	
Netwheels Oy, Helsinki		20.1	20.1	
Suomen Tietotoimisto Oy, Helsinki		20.8	22.1	
ZAO Smena, Russia		30.0	30.0	
WSOY				
Asunto Oy Uudenmaankatu 13, Helsinki		26.7	26.7	
Taskukirja Loisto Oy, Helsinki		25.0	25.0	
Young Digital Poland S.A., Poland		49.0	49.0	
SWELCOM				
Maxisat Oy, Helsinki			46.2	
Platco Oy, Helsinki		33.3	33.3	
Suomen Urheiluradio Oy, Helsinki		23.3	23.3	
Vantaan Yhteisverkko Oy, Vantaa			24.0	

SHARES UNDER NON-CURRENT ASSETS	Participation of the Parent Company %	Participation of the sub-group's parent company %	Participation of the Group %	Book value in Parent Company € 1 000
RAUTAKIRJA				
AB Districo International, Sweden		25.0	25.0	
Amadeo s.r.o., the Czech Republic			50.0	
Asunto Oy Kuopion Suomurain, Kuopio			26.0	
Asunto Oy Tikkurilan Asematie 6, Vantaa		38.0	38.0	
Asunto Oy Vihdin Yhdystalo, Vihti		25.8	25.8	
Baltlab OÜ, Estonia			33.3	
CZ Retai a.s., the Czech Republic		50.0	50.0	
JHC Arena Holding, Helsinki		30.0	30.0	
Jokerit HC Oyj, Helsinki		36.4	36.4	
Kiint. Oy Haukiputaan Revontie 1, Haukipudas		48.2	48.2	
Kiint. Oy Hämeenkatu 12, Hyvinkää		46.0	46.0	
Kiint. Oy Joutsenon Torirakennus, Joutseno		28.4	28.4	
Kiint. Oy Kiuruveden Toritalo, Kiuruvesi		23.0	23.0	
Kiint. Oy Kuopion Tullinportink. 33, Kuopio		29.7	29.7	
Kiint. Oy Mikkelin Torikioski, Mikkeli		36.6	36.6	
Kiint. Oy Palosaarentie 31, Vaasa		21.5	21.5	
Kiint. Oy Ristiniäri, Pieksämäki	10.5	22.8	33.4	
Kiint. Oy Ruukintori, Ruukki		23.7	23.7	
Kiint. Oy Taulumäen Toripaviljonki		47.6	47.6	
Kiint. Oy Välikero, Rovaniemi			39.5	
Kirjavälitys Oy, Vantaa		13.0	20.1	
M-Trafik s.r.o., the Czech Republic			50.0	
Nakkilan Liikekeskus Oy, Nakkila		24.5	24.5	
Narvesen Baltija SIA, Latvia		50.0	50.0	
a/s Preses Apvieniba, Latvia			48.5	
Pro Kirja Oy, Helsinki			50.0	
SIA NB Logistika, Latvia			48.5	
SIA Stockmann Centrs, Latvia		37.0	37.0	
SanomaWSOY Corporation and other companies				
Asunto Oy Imatran Sassinkulma, Imatra	32.8		47.8	64
Asunto Oy Oulunkyläntie 7, Helsinki	30.0		30.0	109
Kiint. Oy Köpmansgatan 2 i Karis, Karjaa	24.3		39.0	188
Kiint. Oy Loimaan Torikioski, Loimaa	38.6		38.6	15
Kiint. Oy Nastolan Nappi, Nastola	44.4		44.4	358
Kiint. Oy Nokian Liikekeskus, Nokia	34.4		34.4	484
Kiint. Oy Puistolankkitalo, Helsinki	36.9		40.8	1 010
Kiint. Oy Sampotalo, Pori	48.0		48.0	1 905
Valkeakosken Yhteistalo Oy, Valkeakoski	39.1		39.1	462
				4 595
OTHER SHARES OWNED BY THE PARENT COMPANY				
Shares in housing corporations				7 949
Other shares				17 679
				25 629

€ million	Group		Parent Company	
	31.12.2003	31.12.2002	31.12.2003	31.12.2002
10) NON-CURRENT ASSETS				
Intangible assets				
Immaterial rights	103.9	124.6	0.3	0.5
Goodwill	15.1	13.1		
Other long-term investments	42.2	47.5	0.3	2.9
Advance payments	11.9	2.5	0.4	0.2
	173.1	187.7	0.9	3.5
Consolidated goodwill	1 066.6	1 135.4		
Tangible assets				
Land and water	51.1	51.3	12.1	11.7
Buildings and structures	195.3	196.1	2.7	1.2
Machinery and equipment	193.5	163.3	1.1	1.4
Other tangible assets	10.6	9.1	1.4	1.4
Advance payments and work in progress	3.4	39.6		
	453.9	459.4	17.3	15.7
Investments				
Interest in Group companies			1 151.3	658.8
Receivables from Group companies			590.2	1 245.6
Interest in associated companies	77.4	156.0	4.6	
Receivables from associated companies	0.2	2.2	0.1	0.1
Other shares and holdings	94.4	93.1	25.6	20.0
Other receivables	5.4	3.1	3.7	3.0
Advance payments	0.2	0.2	0.5	0.3
	177.5	254.6	1 776.1	1 927.8
Total	1 871.1	2 037.0	1 794.3	1 947.0
11) INVENTORIES				
Materials and supplies	9.1	11.6		
Work in progress	7.1	6.7		
Finished products/goods	77.9	75.8		
Other inventories	0.6	0.7		
Advance payments	0.2	0.1		
Total	95.0	94.8		
12) LONG-TERM RECEIVABLES				
Trade receivables	1.5	2.5		
Prepaid expenses and accrued income	10.3	13.6	4.7	8.2
Loan receivables	19.5	15.0		
Other receivables	0.2	1.3		
Deferred tax receivables	34.5	39.6		
Total	66.0	72.0	4.7	8.2
Receivables from associated companies				
Loan receivables	7.2	2.8		
Total	7.2	2.8		

€ million	Group		Parent Company	
	31.12.2003	31.12.2002	31.12.2003	31.12.2002
13) SHORT-TERM RECEIVABLES				
Trade receivables	200.7	193.7	0.5	0.4
Prepaid expenses and accrued income *)	56.7	37.6	74.7	64.6
Loan receivables	2.4	10.7	75.0	6.0
Other receivables	18.3	13.7	0.8	1.1
Deferred tax receivables	14.2	10.6		
Total	292.2	266.2	150.9	72.2

Receivables from Group companies				
Trade receivables			0.4	0.3
Prepaid expenses and accrued income			72.9	62.1
Loan receivables			75.0	6.0
Total			148.3	68.4

Receivables from associated companies				
Trade receivables	0.4	2.0		
Prepaid expenses and accrued income	0.1	0.1		
Loan receivables	1.6	7.1		
Total	2.1	9.2		

*) Prepaid expenses and accrued income, short-term				
Prepaid personnel expenses	4.8	3.7		
Accrued interest income	0.5	0.5	8.3	13.0
Prepaid/accrued income tax	16.3	1.4		
Other prepaid expenses and accrued income	35.1	32.0	66.4	51.6
Total	56.7	37.6	74.7	64.6

Other prepaid expenses and accrued income include i.a. short-term purchase price receivable and prepaid agency commissions and Rautakirja Group's estimate for returned magazines.

14) DIFFERENCE BETWEEN THE REACQUISITION COST AND THE BOOK VALUE OF SHARES AND SECURITIES

Publicly traded shares and holdings under non-current assets				
Reacquisition cost	18.9	78.6		
Book value	13.1	73.2		
Difference	5.8	5.4		

Securities				
Reacquisition cost	68.6	63.9	16.3	6.0
Book value	60.6	63.1	16.3	6.0
Difference	8.1	0.8	0.0	0.0

€ million	Group		Parent Company	
	31.12.2003	31.12.2002	31.12.2003	31.12.2002
15) SHAREHOLDERS' EQUITY				
Share capital at 1 Jan.	62.6	62.6	62.6	62.6
Increase in share capital	14.4		14.4	
Invalidation of shares	-8.1		-8.1	
Share capital	68.9	62.6	68.9	62.6
Premium fund at 1 Jan.	16.1	16.1		
Increase in share premium	7.6		7.6	
Invalidation of shares	8.1		8.1	
Premium fund	31.8	16.1	15.7	
Other funds at 1 Jan.	364.4	364.4	355.7	355.7
Transfer to other funds	5.0	0.0		
Other funds	369.4	364.4	355.7	355.7
Profit (loss) brought forward at 1 Jan.	345.9	369.3	217.4	199.6
Dividends	-61.2	-70.6	-71.6	-74.2
Change in translation difference	-14.1	6.7		
Change in HTV connection fees		3.0		
Transfer to other funds	-5.0	0.0		
Change in Group structure *)	90.6			
Other changes	0.6	0.2	-0.3	-0.3
Profit (loss) brought forward	356.7	308.7	145.4	125.1
Profit (loss) for the year	104.5	37.2	234.2	92.3
Capital notes at 1 Jan.	207.4	207.3	200.0	200.0
Changes	-35.8	0.1	-36.2	
Capital notes	171.6	207.4	163.8	200.0
Total shareholders' equity	1 102.9	996.3	983.7	835.6

*) Main part is related to the Rautakirja merger to SanomaWSOY

Convertible capital note

A convertible capital note of EUR 200,000,000 was issued by the Parent Company on 31 August 2001 and trading in the subordinated notes on the Helsinki Exchanges began on 6 September 2001. In line with the terms of Section 5 of the Companies Act, the capital note has been recorded under shareholders' equity. During the year 2003 the Company has redeemed upon an offer totally 3,620 notes and bought debentures are to be invalidated. In the end of the financial year 2003 the amount of the capital note is EUR 163,800,000.

The main terms of the notes:

1. A fixed annual interest of 5.25% is paid on the notes. Interest is payable annually in the event that the sum concerned can be used for distribution of the profits in line with the confirmed balance sheet of the Company and the Group for the latest financial year.
2. Subscribers are allowed to convert the remaining subordinated notes into a maximum of 10,295,411 SanomaWSOY Corporation Series B shares. The Board has determined that the imputed conversion price of one share shall be EUR 15.91, representing a premium of 30% to the trading-weighted price of the Series B share on the Helsinki Exchanges between 20 July 2001 and 20 August 2001. The period for conversion began on 2 January 2002 and will end on 20 June 2007. Conversion can be effected between 2 January and 30 November annually. Capital notes had not been converted into shares by the end of the financial year.
3. The loan period extends to 4 July 2007, when the notes shall be repaid in total, on condition that the shareholders' equity and other non-distributable items contained in the Company's and Group's balance sheet for the last full financial period are fully covered. Under the terms of the notes, SanomaWSOY is entitled, as of 1 September 2004, to repay in advance the capital of the notes in full at a rate of 100% together with interest that has accrued by the payment date, on condition that all the relevant terms of the notes specified in the prospectus are complied with.
4. In the event of the Company being dissolved or being declared bankrupt, payment of the principal, interest, and other considerations related to the notes can only be made after other creditors have received due payment.

€ million	Group		Parent Company	
	31.12.2003	31.12.2002	31.12.2003	31.12.2002
Distributable earnings at 31 Dec.				
Other distributable funds	355.7	355.7	355.7	355.7
Profit (loss) brought forward	356.7	308.7	145.4	125.1
Profit (loss) for the year	104.5	37.2	234.2	92.3
Depreciation difference recorded in equity	-74.9	-73.8		
Interest or other reimbursement payable on capital note	-4.1	-3.2		
Earnings distributable from equity	737.8	624.5	735.3	573.0

Share capital and share series (Parent Company)

NUMBER OF SHARES

Series A shares (20 votes / share)	23 220 492
Series B shares (1 votes / share)	137 078 936

COUNTER-VALUES

	€
Series A shares (20 votes / share)	9 984 811.56
Series B shares (1 votes / share)	58 943 942.48

Tiikerijakelu Oy holds 7,187,276 SanomaWSOY Series B shares, with a counter-values of EUR 3,090,528.68. The Group's acquisition cost associated with these shares totalled EUR 10,632,104.01.

16) ACCUMULATED PROVISIONS

Accumulated provisions in Parent Company consist of cumulative depreciation differences.

17) STATUTORY PROVISIONS

Pension liability provision	4.8	5.0	
Other statutory provisions	29.3	10.9	0.1
Total	34.1	15.9	0.1

18) DEFERRED TAX LIABILITIES/RECEIVABLES

DEFERRED TAX RECEIVABLES

From capitalisation differences	43.7	48.1	
From provisions	2.7		
From consolidation measures	2.3	2.2	
Total	48.7	50.2	

DEFERRED TAX LIABILITIES

From capitalisation differences	3.8	6.0	
From provisions	32.4	30.8	
From consolidation measures	0.2	0.3	
Total	36.4	37.1	

DEFERRED TAXES IN CONSOLIDATED BALANCE SHEET

Long-term receivables	34.5	39.6	
Short-term receivables	14.2	10.6	
Long-term liabilities	36.3	33.3	
Short-term liabilities	0.1	3.8	
Total deferred tax liabilities(-)/receivables(+)	12.3	13.1	

The estimated income tax on the value appreciation of land and buildings totals EUR 4.9 million.

€ million	Group		Parent Company	
	31.12.2003	31.12.2002	31.12.2003	31.12.2002
19) LONG-TERM LIABILITIES				
Loans from financial institutions	313.0	609.5	310.0	600.0
Pension loans	35.3	41.3		
Accrued expenses and deferred income	5.3	31.8		
Other debts	11.7	12.5	2.5	
Total	365.3	695.1	312.5	600.0
Liabilities to Group companies				
Other debts			2.5	
Total			2.5	
Debts maturing in five years or later				
Pension loans		2.7		
Other debts	2.2	9.8		
Total	2.2	12.5		
20) CURRENT LIABILITIES				
Loans from financial institutions	6.3	4.0	89.5	131.2
Pension loans	6.7	9.6		
Commercial papers	279.6	127.2	279.6	127.2
Trade payables	147.9	164.9	0.9	1.5
Accrued expenses and deferred income *)	281.9	263.1	14.1	46.2
Advances received	102.2	98.7	0.1	0.0
Other debts	73.2	50.0	293.7	302.7
Total	898.0	717.5	678.0	608.8
Liabilities to Group companies				
Trade payables			0.4	0.2
Accrued expenses and deferred income			0.3	8.2
Other debts			293.3	302.1
Total			293.9	310.6
Liabilities to associated companies				
Trade payables	2.1	2.3		
Accrued expenses and deferred income		0.3		
Other debts	0.3	0.3		
Total	2.4	2.9		
*) Accrued expenses and deferred income				
Accrued personnel expenses	92.7	100.9	2.2	1.1
Accrued interest expenses	8.8	13.3	7.6	13.6
Accrued/deferred income tax	30.5	27.4	2.6	16.9
Other accrued expenses and deferred income	149.9	121.5	1.7	14.6
Total	281.9	263.1	14.1	46.2

Other accrued expenses and deferred income consist mainly of accrued expenses related to normal business activities.

Other notes

SanomaWSOY

€ million	Group		Parent Company	
	31.12.2003	31.12.2002	31.12.2003	31.12.2002
21) CONTINGENCIES AND PLEDGED ASSETS				
Debts with collateral consisting of real estate and shares				
Pension loans	16.9	17.8		
Loans from financial institutions	1.9	5.5		
Other loans	8.0	1.6		
Mortgages, real estate, total	9.2	15.4		
Mortgages, movable property, total	18.3	2.7		
Pledged securities, total	5.6	27.6		
Other contingencies for own commitments				
Mortgaged bearer bonds		0.9		
Corporate mortgages	2.8	4.9		
Book value of pledged securities	2.2	3.5		
Deposits	4.0	1.1		
Total	8.9	10.5		
Contingencies given on behalf of Group companies				
Guarantees			94.7	88.0
Total			94.7	88.0
Contingencies given on behalf of associated companies				
Guarantees	15.7	8.9	10.0	
Total	15.7	8.9	10.0	
Contingencies given on behalf of other companies				
Guarantees	18.2	20.7		
Total	18.2	20.7		
Other contingencies				
Leasing liabilities for premises				
Leasing liabilities for 2004	26.8	29.5		
Leasing liabilities beyond 2004	152.9	135.6		
Total	179.8	165.1		
Other leasing liabilities				
Other leasing liabilities for 2004	8.8	8.4		
Other leasing liabilities beyond 2004	13.6	14.4		
Total	22.4	22.7		
Interest on capital notes	4.1	3.2		
Repurchase liabilities		1.3		
Other liabilities	26.5	54.5		
Other contingencies, total	232.8	246.8		
All liabilities, total	308.8	332.6	104.7	88.0

€ million	Group		Parent Company	
	31.12.2003	31.12.2002	31.12.2003	31.12.2002
NOMINAL VALUE OF OPEN DERIVATIVE CONTRACTS				
Interest rate derivatives				
Options				
Purchased	340.0	480.0	340.0	480.0
Written	254.8	200.0	254.8	200.0
Interest rate swaps	210.0	380.0	210.0	380.0
Total	804.8	1 060.0	804.8	1 060.0
Currency derivatives				
Forward contracts	18.1	45.1	36.5	39.7
Total	18.1	45.1	36.5	39.7
Share derivatives				
Options				
Purchased	15.2			
Written	16.6			
Total	31.7			
Total	854.6	1 105.1	841.3	1 099.7

MARKET VALUE OF OPEN DERIVATIVE CONTRACTS

Interest rate derivatives				
Options				
Purchased	0.6	0.0	0.6	0.0
Written	-4.3	-2.9	-4.3	-2.9
Interest rate swaps	0.0	-4.8	0.0	-4.8
Total	-3.7	-7.7	-3.7	-7.7
Currency derivatives				
Forward contracts	0.2	-0.8	0.0	0.2
Total	0.2	-0.8	0.0	0.2
Share derivatives				
Options				
Purchased	0.0			
Written	-0.8			
Total	-0.8			
Total	-4.3	-8.5	-3.6	-7.5

22) Financial risk management

SanomaWSOY's treasury activities are centralised and managed through the Group Treasury and Asset Management unit. The unit operates as counterparty to the operative divisions and is responsible for external financing, liquidity management and external hedging activities. The aim of the centralisation of treasury operations is to enhance risk management and cost-effectiveness and to optimise cash management. Guidelines for the unit have been approved by the Board of Directors.

The Group's financial risks are interest rate risk, equity portfolio risk, currency risk, liquidity risk and credit risk. The objective of risk management is to hedge the Group against material risks.

Interest rate risk

The Group's interest rate risks are mainly linked to changes in market interest rates and loan margins. Exposure to interest rate risks is managed by using a mix of floating-rate and fixed-rate loans. In addition, derivatives are used for interest rate hedging.

Equity portfolio risk

SanomaWSOY's equity portfolio is comprised of liquid shares in listed blue-chip companies. In accordance with the Group strategy, investments in financial securities have been reduced in order to finance the growth of the core business. The market value of the equity portfolio was EUR 31.3 million at the end of the year. The equity portfolio risk has therefore been materially reduced.

Currency risk

The bulk of the operational cash flow of the Group is euro-based. The Group's businesses outside the euro area currently represent less than 10% of total net sales. Equity portfolio and non-euro denominated equity capital are also exposed to currency risks. Material currency risks are hedged.

Liquidity risk

Liquidity risks are linked to debt servicing, financing investments, and the need to maintain a sufficient level of working capital. SanomaWSOY aims to minimise its liquidity risks by ensuring a sufficient level of income financing, maintaining adequate credit lines and asset reserves, and by balancing repayment programmes over a number of calendar years.

As of the closing date, the Group had the following financing programmes and unused credit lines in place:

- Syndicated Revolving Credit Facility of EUR 500 million, of which EUR 190 million was unused (to fall due on 20 July 2006)
- Bilateral uncommitted facilities of EUR 100 million, all unused
- Finnish commercial paper programme of EUR 400 million, of which EUR 120.4 million was unused
- Current account limits of EUR 22.7 million, all unused

The Group's financing agreements include common covenants that are related to the ranking of creditors, certain key financial indicators and the use of pledges and mortgages, etc.

Credit risk

SanomaWSOY's credit risks are associated with its operational business and asset management activities. Operational units bear responsibility for credit risks associated with their businesses. To minimise counterparty risks in asset management operations, the Group only selects investments and does business with counterparties and partners that are considered of a leading and reputable nature.

Shares and shareholders

SanomaWSOY

Share capital and share series

SanomaWSOY's share capital (€ 1 000) at 31 Dec.	2003	2002	2001	2000	1999
Total, all shares	68 929	62 574	62 574	62 574	61 187
Series A	9 985	9 985	9 985	9 985	10 094
Series B	58 944	52 589	52 589	52 589	51 093
Total, shares on the market	65 838	59 484	59 484	59 484	58 165
Series A	9 985	9 985	9 985	9 985	10 094
Series B	55 853	49 499	49 499	49 499	48 071

According to SanomaWSOY's Articles of Association, the company minimum share capital is EUR 50,000,000 and its maximum EUR 200,000,000. The share capital can be increased or reduced within these limits without amending the Articles of Association. The latest increase in the share capital occurred in connection with Rautakirja merger on 1 March 2003 in order to pay the merger consideration. SanomaWSOY issued then 33,550,850 new Series B shares. The latest decrease in share capital was on 30 April 2003 when the Annual General Meeting invalidated the 18,773,018 Series B shares received by Sanoma and WSOY in connection with the Rautakirja merger.

The company shares are divided into two series, Series A (20 votes) and Series B (1 vote). All shares entitle holders to the same dividend.

A four-for-one split was effected on 10 May 2000.

Company shares

SanomaWSOY owned 7,187,276 Series B shares through its subsidiary Tiikerijakelu Oy, equivalent to 4.48% of shares and 1.19% of votes, at 31 December 2003. The book counter-value of Tiikerijakelu's share totals EUR 3,090,528.68. The total number of shares on the market stood at 153,112,152, of which 23,220,492 were Series A shares and 129,891,660 Series B shares.

During 2003, SanomaWSOY Corporation redeemed 3,620 notes of the convertible capital notes issued in 2001. These notes would confer entitlement to 2,275,298 Series B shares. SanomaWSOY's Board of Directors will invalidate these notes and there-to related debentures in February 2004.

Number of shares	Series A	Series B	Total
Number at 31 Dec. 2003	23 220 492	137 078 936	160 299 428
Average issue-adjusted number of shares	23 220 492	137 078 936	160 299 428
Issue adjusted number of shares on the market at 31 Dec. 2003	23 220 492	129 891 660	153 112 152
Average issue-adjusted number of shares on the market	23 220 492	127 502 915	150 723 407
Number of shares including the effect of capital notes and warrants*)	Series A	Series B	Total
Issue adjusted number of shares on the market at 31 Dec. 2003	23 220 492	129 891 660	153 112 152
Convertible capital notes 2001 (excluding 2,275,298 shares redeemed in 2003)		10 295 411	10 295 411
2001A warrants		625 600	625 600
2001B warrants		1 112 100	1 112 100
2001C warrants		1 147 500	1 147 500
Number of shares on the market including the effect of convertible capital notes and warrants at 31 Dec. 2003	23 220 492	143 072 271	166 292 763

*) If all convertible capital notes and distributed warrants are converted to shares. Notes redeemed by SanomaWSOY will be invalidated in February 2004.

Authorisations of the Board of Directors

The Annual General Meeting of 1 April 2003 authorised the Board to decide, within one year of the AGM, on an increase of share capital by one or more rights issues, issuance of one or more convertible bond loans and/or option rights. The new shares subscribed under the rights issue and/or converted against the convertible bonds, and/or the new shares subscribed under the option rights, shall be of Series B, and their aggregate number may not exceed 29,104,319 shares. The total increase of share capital may not exceed EUR 12,514,857.17. The Board of Directors did not exercise this authorisation in 2003. The Board of Directors does not have valid authorisation to acquire or to transfer the company's own shares.

Share listing and share codes

SanomaWSOY's shares are listed on the Main List of the Helsinki Exchanges, and are identified in the trading system as SWSAV and SWSBV. Both shares can be sold in blocks of ten shares. The following codes are also used:

	Series A	Series B
Bloomberg	SWSAV FH	SWSBV FH
Reuters	SWSAV.HE	SWSBV.HE
Startel	SWSAV	SWSBV

SanomaWSOY's shares have been included in the Dow Jones STOXX 600, Small 200 as well as media sector indexes as of 22 September 2003.

The company shares are included in the book-entry system operated by the Finnish Central Securities Depository. As of the end of 2003, the company had 8,715 shareholders.

Share pricing and trading

A total of 195,335 (204,728) Series A shares and 17,252,697 (6,207,842) Series B shares were traded in 2003. The trading in Series A shares accounted for 0.84 (0.88)% of the average number of shares during the year and that in Series B for 13.53 (5.08)%. The average price of Series A shares was EUR 13.18 and that of Series B shares 11.77. The annual high for Series A shares was EUR 17.00 and the annual low EUR 9.00. The annual high for Series B shares was EUR 17.20 and the annual low 7.62.

SanomaWSOY was not informed of any statutory notices of changes in its ownership during 2003. In connection with the Rautakirja merger, Werner Söderström Corporation, Sanoma Corporation, Oy Karl Fazer Ab and Ruokakesko Oy were included in the twenty largest owners of SanomaWSOY, and the holding of Pohjola Group increased. WSOY's and Sanoma's shares were invalidated after the AGM. Ruokakesko Oy sold its entire shareholding in August 2003. No other significant changes in the share ownership took place during the year.

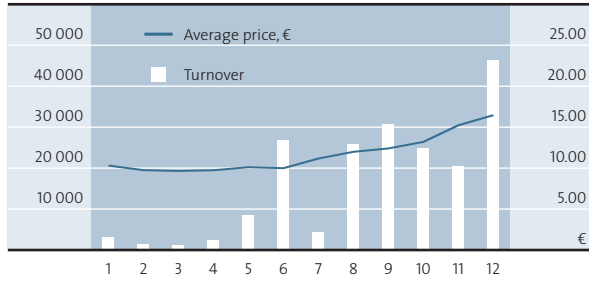
Share-related indicators are given in the table Key figures on page 1.

SanomaWSOY's market capitalisation at 31 December 2003, less shares held by the Group, was EUR 2,554.9 (1,319.1) million. At end of the year, Series A shares were quoted at EUR 16.89 (10.01) and Series B shares at EUR 16.65 (9.44).

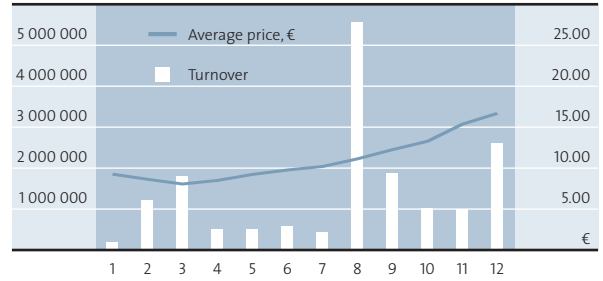
SanomaWSOY's share value (€ million) at 31 Dec.	2003	2002	2001	2000	1999*)
Market value of shares, total	2 674.6	1 387.0	1 587.3	2 065.2	1 859.0
Series A	392.2	232.4	278.6	353.0	309.7
Series B	2 282.4	1 154.5	1 308.6	1 712.2	1 549.3
Market value of shares on the market	2 554.9	1 319.1	1 510.4	1 964.5	1 767.4
Series A	392.2	232.4	278.6	353.0	309.7
Series B	2 162.7	1 086.7	1 231.7	1 611.6	1 457.7
Book counter-value (€)					
Series A	0.43	0.43	0.43	0.43	1.68
Series B	0.43	0.43	0.43	0.43	1.68
Taxable value (€)					
Series A	11.41	7.35	8.40	10.50	36.40
Series B	11.62	6.61	7.49	9.45	35.70

*) A four-for-one split was effected on 10 May 2000.

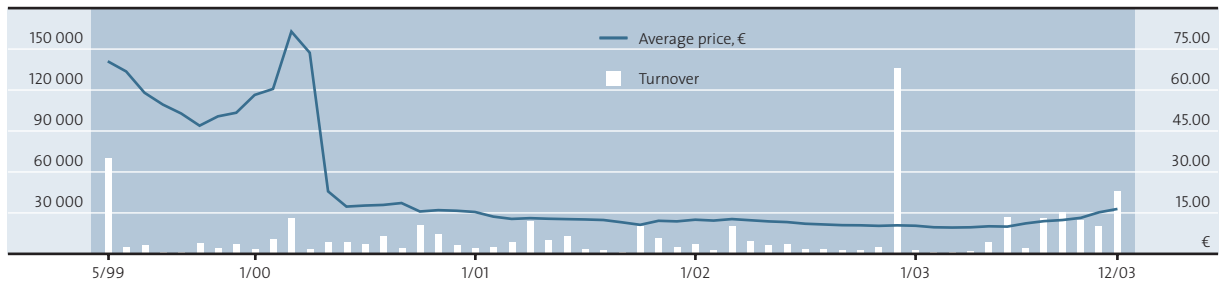
Series A, average price and turnover 2003



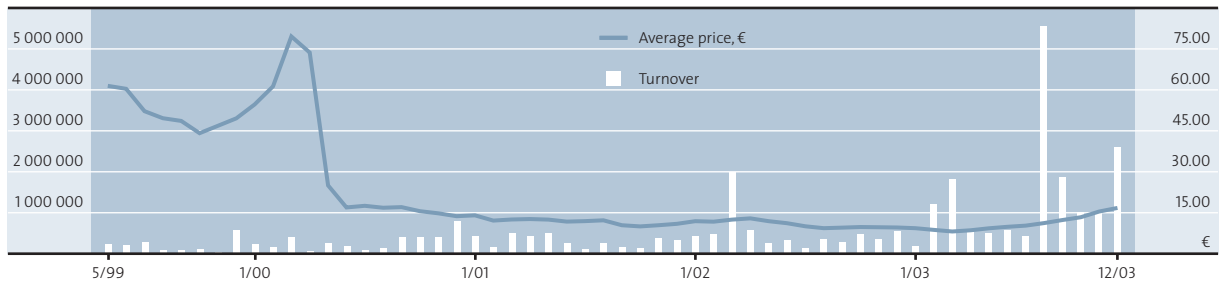
Series B, average price and turnover 2003



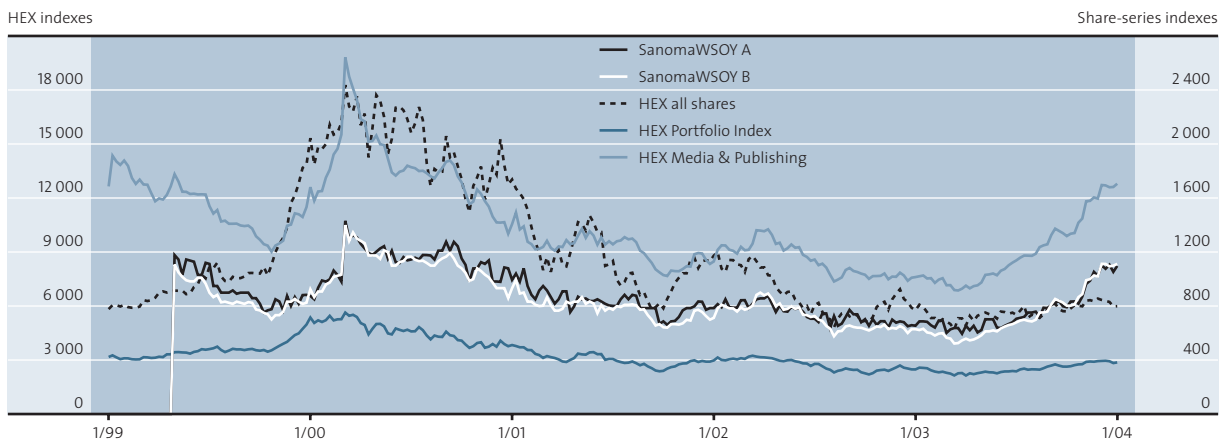
Series A, average price and turnover 1999–2003



Series B, average price and turnover 1999–2003



Series A and B compared to indexes 1999–2003



Warrants for the management

On 31 January 2002, SanomaWSOY's Board of Directors exercised its authorisation received from the Extraordinary General Meeting held on 21 August 2001 to take in use the Warrant Scheme 2001. The issue comprises a maximum of 4,500,000 warrants, each entitling the holder to one SanomaWSOY Corporation Series B share. The warrants have been distributed in three stages, at the turn of 2001/2002 (identified as 2001A warrants), 2002/2003 (2001B warrants), and 2003/2004 (2001C warrants), and in each warrant category a maximum of 1,500,000 warrants could be issued. The non-distributed and returned 2001A and 2001 B warrants, a total of 1,262,300 warrants, will be invalidated in February 2004. The undistributed 2001C warrants have been given to SanomaWSOY's fully owned subsidiary, Lastanet Oy, to be used according to a future decision of the Board of Directors of SanomaWSOY Corporation.

The number of 2001A warrants held by the senior management was 625,600 and that of 2001B was 1,112,100 at the end of 2003. The third block of warrants, a total of 1,147,500, identified as 2001C warrants, was distributed in December 2003. All SanomaWSOY's divisions are included in the warrant scheme. In total, 199 people hold warrants.

The subscription period will begin three years from the issue date and will continue for three years from that point. The subscription period of 2001A warrants is from 1 November 2004 to 30 November 2007, that of 2001B warrants is from 1 November 2005 to 30 November 2008, and that of 2001C is from 1 November 2006 to 30 November 2009. The subscription price in all three stages will be the average price of SanomaWSOY Series B share as quoted in November–December 2001, 2002 or 2003 with an addition of 20%. At the end of 2003, the imputed share price of 2001A warrant was EUR 11.83, that of 2001B EUR 11.10 and that of 2001C EUR 19.79.

The number of shares covered by the above warrants is equivalent to a maximum total of 3.0% of the company shares and 0.8% of votes after the conversion. The warrants issued by the end of 2003 would represent approximately 1.8% of the shares after the conversion and some 0.5% of the votes.

Convertible capital note

In accordance with an authorisation granted by the Extraordinary General Meeting held on 21 August 2001, SanomaWSOY's Board of Directors decided to make a convertible capital notes issue for subscription by investors in Finland. Trading in the subordinated notes began on the Helsinki Exchanges on 6 September 2001.

A fixed annual interest of 5.25% is payable on the notes. Holders were originally entitled to convert notes into a maximum of 12,570,710 SanomaWSOY Series B shares; equivalent to 7.37% of all shares after such a conversion and

2.05% of votes. If all notes had been converted, the company share capital would have increased by EUR 5,405,405.

During 2003, SanomaWSOY Corporation redeemed 3,620 notes of the convertible capital notes issued in 2001. These notes would confer entitlement to 2,275,298 Series B shares. These notes and there-to related debentures will be invalidated in February 2004. The dilution effect of the loan at the end 2003, excluding the redeemed notes, was a maximum of 10,295,411 Series B shares, equivalent to 6.04% of the shares after the conversion and 1.68% of the votes.

The conversion period began on 2 January 2002. The conversion price is EUR 15.91 or a 30% premium above the trading-weighted average share price of Series B shares between 20 July 2001 and 20 August 2001 on the Helsinki Exchanges (EUR 12.24). No notes had been converted into shares by 31 December 2003.

The loan period runs between 31 August 2001 and 4 July 2007. The loan will be repaid in a lump sum on 4 July 2007 on condition that the terms of repayment are met. SanomaWSOY is entitled to buy back the notes from 1 September 2004 onwards in the event that SanomaWSOY's share price exceeds the conversion price (EUR 15.91) by 100%, i.e. is at least EUR 31.82 during the preceding period and on condition that the other terms of repayment are met.

Shares owned by the management

The combined holding of company shares held by the members of Board of Directors, the President & COO, and by bodies that they control as specified by the terms of Sub-section 5 of Section 1 of the Finnish Securities Act at 31 December 2003, totalled 5.02 (45.38)% and 5.04 (39.94)% of votes. In addition, Jaakko Rauramo has subscribed to ten and Hannu Syrjänen to five notes under the convertible capital notes issue. Under the warrant system introduced at the beginning of 2002, Jaakko Rauramo has 100,000 2001B warrants and 100,000 2001C warrants entitling him to 200,000 SanomaWSOY Series B shares. Hannu Syrjänen has 50,000 2001A warrants, 50,000 2001B warrants and 50,000 2001C warrants entitling him to 150,000 SanomaWSOY Series B shares. Seppo Kievari has 30,000 2001A warrants, 30,000 2001B warrants and 20,000 2001C warrants entitling him to 80,000 SanomaWSOY Series B shares.

If all the notes under the convertible capital notes issue (excluding the notes redeemed by the company in 2003) and the 2001A, 2001B and 2001C warrants are subscribed to, and Hannu Syrjänen, Jaakko Rauramo and Seppo Kievari exercise all their subscription rights, the holdings of the Board of Directors and the President & COO (and the bodies they control) of all shares after conversion would be 4.89% and 5.00% of votes, provided, that there are no other changes in holdings.

Shareholder agreement

The shareholder agreement signed by the main shareholders of the companies involved in the 1999 merger, expired on 14 May 2003. The Board of Directors is unaware of any agreements associated with ownership of the company shares or the use of votes.

Dividend policy

SanomaWSOY pursues an active dividend policy, based on the principle of distributing at least one-third of the Group's cash flow from operations in the form of a dividend. The Board of Directors proposes a dividend of EUR 1.00 (0.40) per share for 2003.

Impact of the Rautakirja merger on the shares

Rautakirja was merged into SanomaWSOY on 1 March 2003. Before, Rautakirja was 57%-owned by SanomaWSOY. In the merger, SanomaWSOY issued 33,550,850 SanomaWSOY Series B shares, of which 18,773,018 were issued to SanomaWSOY subsidiaries Sanoma Corporation and Werner Söderström Corporation as merger consideration. The shares issued to subsidiaries were invalidated on 30 April 2003 by decision of the AGM. Shareholders external to SanomaWSOY Group received a total of 14,777,832 Series B shares as merger consideration.

Insider trade restrictions

SanomaWSOY's insiders pursuant to the law include the President & COO, the Chairman & CEO, the members of the Board, the President & COO's deputy, the company auditor, the auditor in charge, and the deputy auditor. Under a decision by SanomaWSOY's Board of Directors, the public insider register also includes the members of the Manage-

ment Group, the Secretary to the Board, and the Secretary to the Management Group. In addition, persons subject to a disclosure requirement under the Financial Supervision Authority's regulation (No. S/264/99) guidelines are also included in the insider list.

A SanomaWSOY insider is not allowed to commission sales, purchases, or other transactions involving SanomaWSOY securities *) if he or she has access to insider information. Insiders may not buy or sell SanomaWSOY securities within a two-week period prior to the publishing of the Company's interim reports and year-end statements.

SanomaWSOY recommends that insiders do not commission sales, purchases or other transactions of SanomaWSOY securities except within a two-week period after publication of the Company's statutory financial information (year-end statement and interim reports). In addition, SanomaWSOY recommends that insiders do not buy or sell the same SanomaWSOY securities within a period of six months.

*) SanomaWSOY Securities refer to shares in a company belonging to the SanomaWSOY Group as well as securities giving entitlement to such shares pursuant to the Securities Markets Act (convertible bonds, warrants, option rights, option loans, and subscription rights). Securities giving entitlement to such shares means, as the Securities Markets defines, the options and forwards referred to in the Act on Trading in Standardized Options and futures, derivative contracts equivalent to them and other derivative contracts (SMA, Chapter 10) for which the above-mentioned securities as well as a depositary receipt carrying entitlement to securities serve as underlying assets.

Shareownership

Principal shareholders as of 31 Dec. 2003

Shareholder	Number of shares			%	Votes	%
	Series A	Series B	Total			
1 Aatos Erkko	6 480 816	36 354 720	42 835 536	26.72	165 971 040	27.59
Aatos Erkko	5 125 832	26 041 660	31 167 492	19.44	128 558 300	21.37
Oy Asipex Ab	1 354 984	10 313 060	11 668 044	7.28	37 412 740	6.22
2 Patricia Seppälä's estate	2 317 876	10 378 524	12 696 400	7.92	56 736 044	9.43
3 Robin Langenskiöld	1 119 604	6 577 712	7 697 316	4.80	28 969 792	4.82
4 Rafaela Seppälä	1 119 600	6 577 716	7 697 316	4.80	28 969 716	4.82
5 Tiikerijakelu Oy (treasury shares)		7 187 276	7 187 276	4.48	7 187 276	1.19
6 Alfred Kordelinin Foundation	1 801 332	3 217 634	5 018 966	3.13	39 244 274	6.52
7 Helsingin Sanomat Centennial Foundation	915 932	4 086 796	5 002 728	3.12	22 405 436	3.72
8 Pohjola Group	326 100	4 388 280	4 714 380	2.94	10 910 280	1.81
Pohjola Non-Life Insurance Company Ltd	326 100	1 714 000	2 040 100	1.27	8 236 000	1.37
Pohjola Group plc		2 674 280	2 674 280	1.67	2 674 280	0.44
9 Ilmarinen Mutual Pension Insurance Company	720 544	3 972 012	4 692 556	2.93	18 382 892	3.06
10 Oy Karl Fazer Ab		3 577 642	3 577 642	2.23	3 577 642	0.59
11 Suomi Group		2 828 750	2 828 750	1.77	2 828 750	0.47
Suomi Mutual Life Assurance Company		1 729 000	1 729 000	1.08	1 729 000	0.29
Suomi Insurance Company Ltd		1 099 750	1 099 750	0.69	1 099 750	0.18
12 The Finnish Cultural Foundation	1 848 956	737 049	2 586 005	1.61	37 716 169	6.27
13 Tapiola Group	86 344	2 181 769	2 268 113	1.41	3 908 649	0.65
Tapiola General Mutual Insurance Company	44 924	1 019 997	1 064 921	0.66	1 918 477	0.32
Tapiola Mutual Pension Insurance Company	41 420	753 308	794 728	0.50	1 581 708	0.26
Tapiola Mutual Life Assurance Company		309 864	309 864	0.19	309 864	0.05
Tapiola Corporate Life Insurance Company Ltd		98 600	98 600	0.06	98 600	0.02
14 Foundation for Actor's Old-Age Home	386 248	1 824 484	2 210 732	1.38	9 549 444	1.59
15 Sampo Group	436 226	1 634 991	2 071 217	1.29	10 359 511	1.72
Sampo Life Insurance Company Limited	436 226	1 634 991	2 071 217	1.29	10 359 511	1.72
16 WSOY's Literature Foundation	1 338 300	687 037	2 025 337	1.26	27 453 037	4.56
17 Finnish Literature Society	264 000	1 624 918	1 888 918	1.18	6 904 918	1.15
18 The State Pension Fund		1 511 000	1 511 000	0.94	1 511 000	0.25
19 Päivälehti Archives Foundation	345 992	676 656	1 022 648	0.64	7 596 496	1.26
20 Lorna Aubouin	87 056	873 208	960 264	0.60	2 614 328	0.43
Total	19 594 926	100 898 174	120 493 100	75.15	492 796 694	81.92
Nominee registrations, total	70 828	3 415 827	3 486 655	2.18	4 832 387	0.80

Shareholders are grouped according to the direct holdings of individual shareholders and the shares held by their investment companies are stated as aggregate amounts and specified by category. The shareholdings of companies belonging to the same group are stated both as aggregate amounts and specified by category.

A list of principal shareholders, updated monthly, can be found at www.sanomawsoy.fi.

Shareholders by sectors as of 31 Dec. 2003

	Number of shareholders		Number of shares		Number of votes	
		%		%		%
Publicly listed companies	13	0.15	82 919	0.05	83 869	0.01
Private companies	444	5.09	26 285 574	16.40	56 807 896	9.44
Financial and insurance companies	76	0.87	15 380 084	9.59	31 371 586	5.22
Public corporations	64	0.74	13 159 335	8.21	32 660 327	5.43
Non-profit organisations	246	2.83	24 446 832	15.25	172 300 614	28.65
Households	7 814	89.74	77 167 575	48.14	302 449 929	50.28
Foreign shareholders (registered)	50	0.57	190 962	0.12	677 324	0.11
Nominee registrations	8	0.09	3 486 655	2.18	4 832 387	0.80
Total	8 715	100.00	160 199 936	99.94	601 183 932	99.95
On joint account			99 492	0.06	304 844	0.05
Number of shares on the market			160 299 428	100.00	601 488 776	100.00

Shareholders by number of shares owned as of 31 Dec. 2003

Number of shares	Number of shareholders		Number of shares		Number of votes	
		%		%		%
1–100	1 700	19.51	102 172	0.06	529 938	0.09
101–1 000	4 621	53.02	1 899 249	1.18	5 295 195	0.88
1 001–10 000	1 939	22.25	5 634 725	3.52	14 155 712	2.35
10 001–100 000	370	4.25	10 207 219	6.37	28 534 182	4.74
100 001–1 000 000	62	0.71	21 083 476	13.15	60 702 048	10.09
1 000 001–	23	0.26	121 273 095	75.65	491 966 857	81.79
Total	8 715	100.00	160 199 936	99.94	601 183 932	99.95
On joint account			99 492	0.06	304 844	0.05
Number of shares on the market			160 299 428	100.00	601 488 776	100.00

Auditors' report

To the shareholders of SanomaWSOY Corporation

We have audited the accounting, the financial statements and the corporate governance of SanomaWSOY Corporation for the period from 1 January 2003 to 31 December 2003. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the President. Based on our audit we express an opinion on these financial statements and on corporate governance.

We have conducted our audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting

principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. The purpose of the audit of corporate governance is to examine that the members of the Board of Directors and the President have legally complied with the rules of the Companies Act.

In our opinion the financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company's result of operations as well as of the financial position. The financial statements with the consolidated financial statements can be adopted and the members of the Board of Directors and the President of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors concerning the distributable assets is in compliance with the Companies Act.

Helsinki, 5 March 2004

PricewaterhouseCoopers Oy
Authorised Public Accountants

Johanna Perälä
Authorised Public Accountant

Pekka Nikula
Authorised Public Accountant

Investing in SanomaWSOY

Annual General Meeting

SanomaWSOY's Annual General Meeting of Shareholders (AGM) will be held on 30 March 2004 at 2.00 p.m. Finnish time at the Congress Wing of Helsinki Fair Centre (Messuaukio 1, 00520 Helsinki). Shareholders wishing to attend are requested to register by 4.15 p.m. Finnish time on Tuesday, 23 March 2004, tel. +358 105 19 5021, fax +358 105 19 5058, or e-mail, yhtiokokous@sanomawsoy.fi.

Dividend for 2003

The Board of Directors proposes to the AGM that a dividend of EUR 1.00 per share should be paid for 2003. All shareholders registered on the Company's list of shareholders maintained by the Finnish Central Securities Depository on the record date of 2 April 2004 are entitled to a dividend payment. The dividend payment date in Finland will be 13 April 2004.

Shareholder's rights in AGM

Shareholders, who own SanomaWSOY's shares on 19 March 2004, can attend the AGM.

A shareholder will have voting rights at the AGM if he/she has registered to the meeting by 4.15 p.m. Finnish time on Tuesday, 23 March 2004. Regarding shares in the book-entry system the regulations according them are applied.

Each series A share carries 20 (twenty) votes and each series B share carries one (1) vote at the shareholders meeting. However, no shareholder has more than one fifth of the total amount of votes represented at the meeting.

List of shares and shareholders

The Finnish Central Securities Depository (tel. +358 800 180 500) maintains a list of Company shares and holders of Company shares. Shareholders who wish to make changes to their personal and contact information are requested to contact the Depository directly.

SanomaWSOY's financial reporting during 2004

The Group's Interim Reports will be published on 7 May, 10 August, and 8 November at around 11.30 a.m. Finnish time.

The Annual Report and Interim Reports are available in Finnish and English. Publications can be consulted at www.sanomawsoy.fi and can be ordered via the Internet (ir@sanomawsoy.fi) or by phone on +358 105 19 5062 or fax on +358 105 19 5068.

Shareholders can also order SanomaWSOY's releases via email at www.sanomawsoy.fi/contacts/subscribe.asp.

The following companies have published analyses of SanomaWSOY:

Alfred Berg ABN Amro
tel. +358 9 228 321
fax +358 9 228 32 283
www.alfredberg.fi

BNP Paribas Equities
tel. +33 1 4014 0842
fax +33 1 4014 0770
www.bnpparibas.com

Carnegie Investment Bank AB,
Finland Branch
tel. +358 9 6187 1235
fax +358 9 6187 1239
www.carnegie.fi

Cazenove & Co. Ltd
tel. +44 207 155 8215
fax +44 207 155 9000
www.cazenove.com

Conventum Securities Ltd
tel. +358 9 231 231
fax +358 9 2312 3335
www.conventum.fi

Deutsche Bank
tel. +44 207 545 3805
fax +44 207 545 8307
www.db.com

Enskilda Securities AB,
Helsinki Branch
tel. +358 9 6162 8900
fax +358 9 6162 8769
www.enskilda.se

Evli Bank Plc
tel. +358 9 476 690
fax +358 9 4766 9350
www.evli.com

FIM Securities Ltd
tel. +358 9 613 4600
fax +358 9 6134 6226
www.fim.com

Goldman Sachs International
tel. +44 207 552 9366
fax +44 207 552 7279
www.gs.com

Handelsbanken Capital Markets
tel. +46 8 701 5116
fax +46 8 611 1180
www.handelsbanken.se

Mandatum Stockbrokers Ltd
tel. +358 10 236 10
fax +358 9 651 093
www.mandatum.fi

Nordea Securities Oyj
tel. +358 9 1651
fax +358 9 1655 9710
www.nordeasecurities.com

Opstock Ltd
tel. +358 9 404 65
fax +358 9 404 2703
www.opstock.fi

