

Q1

1.1–31.3.2005

INTERIM REPORT

SanomaWSOY

KEY INDICATORS, € million	31.3.2005	31.3.2004	Change, %	31.12.2004
Net sales	582.1	568.6	2.4	2 491.1
Operating profit	48.9	45.1	8.4	294.0
% of net sales	8.4	7.9		11.8
Balance sheet total	2 930.8	2 448.0	19.7	2 689.2
Gross investments	254.0	21.3	1 092.0	281.6
% of net sales	43.6	3.7		11.3
Equity ratio, %	36.8	35.0		38.7
Gearing, %	99.1	81.9		82.1
Interest-bearing liabilities	1 061.3	715.1	48.4	894.8
Net debt	1 001.7	659.9	51.8	809.1
Personnel under employment contract, average	16 149	15 653	3.2	16 207
Personnel, average (full-time equivalents)	13 626	13 260	2.8	13 652
Earnings/share, €	0.22	0.17	30.3	1.31
Earnings/share, diluted, €	0.22	0.17	28.1	1.26
Cash flow from operations/share, €	0.13	0.20	-38.7	1.54
Equity/share, € *)	6.56	5.17	26.8	6.34
Market capitalisation	2 959.7	2 218.8	33.4	2 632.2

*) Excluding minority interests

TARGETS AND KEY EVENTS

International expansion of SanomaWSOY Group's magazine operations continued in the review period. In January, Sanoma Magazines acquired the leading Russian magazine publisher, Independent Media Holding, and at the same time gained a firm foothold in Ukraine. The deal was closed and Independent Media consolidated with Sanoma Magazines International at the beginning of March. Operations began in Serbia and Montenegro in February. The first magazine launch by the company was Elle in April.

The divisions continued to invest in developing business and strengthening market positions. WSOY particularly focused on sharing best practices and making use of synergy benefits in its new educational publishing business.

The Sanoma Kaupunkilehdet business unit for free sheets continued to grow. After the review period, SanomaWSOY entered into the radio business when Helsingin Sanomat acquired the operations of a local radio station Radio Helsinki. The deal will strengthen the cross media strategy and the position of Helsingin Sanomat in the Helsinki metropolitan area.

Rautakirja continued both to expand internationally and to focus on core businesses. The units for press distribution in Romania and Lithuania were consolidated with Rautakirja in the first quarter, and the restaurant operations were sold in January.

SWelcom continued to improve its profitability.

Profitability, internationalisation, growth, and development are SanomaWSOY's key strategic objectives. The Group's financial targets have been redefined. SanomaWSOY's strategic target is to increase net sales faster than the growth of GDP in the operating countries. The Group's strategic operating profit target is 12%. The target is based on the assumption that the development of the operational environment remains stable. Previously, the operational profit target was set at 9%. SanomaWSOY reports according to the IFRS standards as of 1 January 2005. IFRS reporting will improve the Group's operating profit margin by some 2.5 percentage points.

NET SALES

SanomaWSOY's net sales grew by 2.4% in January–March, and amounted to EUR 582.1 (568.6) million. After adjustment for changes in Group structure, net sales grew by 0.7%. Advertising sales represented 21% (20%) of the Group's total net sales.

RESULT

SanomaWSOY's operating profit increased by 8.4% in the first quarter and amounted to EUR 48.9 (45.1) million. Operating profit was 8.4% (7.9%) of net sales. It increased in all divisions except WSOY, where seasonal

fluctuation at the new businesses affected the first quarter result. The most substantial non-recurring gains on the sales of assets totalled EUR 4.0 (0.0) million. Operating profit excluding these gains remained at the previous year's level.

The Group's net financial items amounted to EUR -6.1 (-0.6) million. Financial income totalled EUR 2.6 (9.6) million. In 2004, SanomaWSOY divested its share portfolio. There was no corresponding financial income in the review period. Financial expenses amounted to EUR 8.8 (10.1) million. The majority of financial expenses consisted of interest expenses on interest-bearing liabilities totalling EUR 7.6 (8.4) million.

Result before taxes was at the previous year's level, reaching EUR 46.0 (46.2) million. The Group's taxes decreased as a result of decrease in tax rates in the Netherlands and Finland, among others. Earnings per share grew to EUR 0.22 (0.17).

The Group's cash flow from operations decreased to EUR 19.2 (31.3) million, mainly due to seasonal fluctuation in WSOY's new businesses. Cash flow from operations per share was EUR 0.13 (0.20).

BALANCE SHEET AND FINANCIAL POSITION

The consolidated balance sheet totalled EUR 2,930.8 (2,448.0) million at the end of March. The Group's financial position remained good. The equity ratio was 36.8% (35.0%) and gearing 99.1% (81.9%). Shareholders' equity grew to EUR 1,010.9 (805.3) million because the decision on dividend payment was made in the second quarter of 2005. The investments made in the first quarter were financed by existing credit facilities. Interest-bearing liabilities increased to EUR 1,061.3 (715.1) million mainly due to acquisitions and net debt to EUR 1,001.7 (659.9) million.

Liquidities amounted to EUR 59.6 (55.2) million at the end of March.

INVESTMENTS

In January–March 2005, SanomaWSOY invested EUR 254.0 (21.3) million. The largest investments were Sanoma Magazines' acquisition of Independent Media and the transfer of JHC Arena Holding and its multi-purpose arena in Hamburg to Rautakirja's ownership. EUR 154.7 million was recorded as investment in Independent Media. Investment in the multi-purpose arena in Hamburg increased Rautakirja's balance sheet by EUR 76.5 million. R&D expenditure recorded as expenses totalled EUR 4.3 (3.8) million.

OPERATING ENVIRONMENT

In Finland, media advertising grew in January–March 2005 by 6% according to TNS Gallup Adex. Newspaper

ACCOUNTING PRINCIPLES

SanomaWSOY reports according to the IFRS standards as of 1 January 2005. Further information on the impact of the new accounting principles is given in the Stock Exchange Release published by the Group on 27 April 2005. The release is available at www.sanomawsoy.fi. The first Financial Statements according to the IFRS will be published for 2005.

SEASONAL FLUCTUATION

About one fifth of SanomaWSOY's net sales are derived from advertising sales. Media advertising reacts quickly to changes in economic cycles. Development in media advertising has an impact on the net sales and result of Sanoma Magazines, Sanoma, and SWelcom. Advertising sales, among others, are influenced by the newspaper and magazine issues published during a quarter,

which varies yearly. TV advertising in Finland is usually strongest in the second and fourth quarters.

A major part of net sales and the result in publishing and trade, among others, is accrued in the last quarter, particularly from Christmas sales. Increased consumer demand before Christmas also increases media advertising. In educational publishing, net sales and result are mainly accrued in the second and third quarters. Seasonal fluctuation in publishing also has an impact on printing.

SanomaWSOY operates in 20 European countries, across a wide variety of media sectors. Thus the Group's result is independent of the development of any specific geographic area or business. Nevertheless, seasonal fluctuation in businesses influences net sales and operating profit, and traditionally makes the first quarter the weakest and the last the strongest of the quarters.

advertising increased by 6% and job advertising by 12%. Advertising in magazines grew by 1% and on television by 7%. According to advance information, magazine advertising remained stable in the Netherlands. Magazine advertising began to decline in Belgium, but grew slightly in Hungary. In January–March, the retail trade in Finland was at the previous year's level according to the Finnish Food Marketing Association.

ADMINISTRATION

SanomaWSOY's Annual General Meeting of 12 April 2005 re-elected Robert Castrén, Jane Erkko, Paavo Hohti, and Robin Langenskiöld as members of the Board. Chairman Jaakko Rauramo, Sari Baldauf, who was elected as Vice Chairman, and members Sirka Hämäläinen, Seppo Kievari, Hannu Syrjänen, and Sakari Tamminen continued on the Board.

DIVIDEND

In line with the decision of the AGM, SanomaWSOY distributed a dividend of EUR 0.80 (1.00) per share for 2004. The record date for dividend payment was 15 April 2005 and the dividend was paid on 22 April 2005.

SHARES

Trading in SanomaWSOY shares grew significantly in the January–March period. The turnover of shares totalled EUR 638.6 (110.2) million. Most of the shares traded were Series B, of which some 33 million were traded. In the review period, the average price of Series A shares was EUR 19.23 with a low of EUR 16.85 and a high of EUR 22.10. Series B shares were traded at an average price of EUR 19.20 and the price varied between EUR 17.07 and EUR 20.90. SanomaWSOY's market capitalisation at the end of March was EUR 2,959.7 (2,218.8) million and the Company did not own any of its shares.

The conversion period of SanomaWSOY's convertible capital note began on 2 January 2002. The conversion price is EUR 15.91. SanomaWSOY has redeemed and invalidated a total of 4,944 debentures. Redeemed debentures are invalidated every six months.

In January–March, a total of 15 debentures were converted to 9,427 Series B shares. The increase of share capital was registered on 29 April 2005 and trading in the new shares began on the Main List of the Helsinki Stock Exchange on 2 May 2005. After the conversion, the nominal value of the loan totalled EUR 150.4 million. SanomaWSOY's share capital was EUR 65,842,278.97. The number of Series B shares on the market was 129,922,087 and the number of Series A shares was 23,199,492.

AUTHORISATIONS OF THE BOARD

The AGM of 12 April 2005 authorised SanomaWSOY's 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 bonds loans and/or option rights. The new shares issued shall be of Series B, and their aggregate number may not exceed 30,622,430 shares. The total increase of share capital may not exceed EUR 13,167,644.90. The authorisation excludes the personnel incentives.

The AGM also authorised the Board to decide, within one year of the AGM, to acquire the Company's own Series A and B shares. The acquisition will be made by using distributable funds. The aggregate book counter-value of the shares or the total votes conferred by such shares after the acquisition may not exceed 5% of the share capital or of the total votes of the Company. The shares will be acquired in the existing proportion of the different share classes.

OUTLOOK FOR 2005

The economy in Europe will continue to grow in 2005. Research institutions estimate that GDP will grow in the Netherlands by some 1%, in Belgium by 2.5%, and in Finland by over 3%. Growth in Hungary is estimated to be slightly less than 4%, in the Czech Republic over 4%, and in Russia 6%. Media advertising traditionally reacts quickly to the development of GDP.

SanomaWSOY's net sales are expected to grow by some 6% in 2005. The operating profit excluding non-recurring gains on the sales of assets is expected to be at least at the previous year's level. In 2004, operating profit included some EUR 26 million of the non-recurring gains on the sales of assets.

NET SALES BY BUSINESS

€ million	1-3/2005	1-3/2004	4-6/2004	7-9/2004	10-12/2004	1-12/2004
Sanoma Magazines						
Sanoma Uitgevers	117.8	119.3	130.3	125.3	153.9	528.8
Sanoma Magazines Belgium	47.3	47.5	49.6	44.5	44.4	186.0
Sanoma Magazines Finland	41.4	43.1	43.0	40.9	47.8	174.8
Sanoma Magazines International	39.7	31.6	36.0	31.9	38.8	138.3
Aldipress	28.0	26.2	28.7	29.6	31.2	115.7
Eliminations	-14.7	-14.1	-14.8	-16.4	-14.5	-59.8
Total	259.5	253.7	272.6	255.8	301.7	1 083.7
Sanoma						
Helsingin Sanomat	64.6	63.1	63.0	60.3	68.0	254.4
Ilta-Sanomat	22.1	22.1	24.9	24.2	23.9	95.2
Sanoma Lehtimedia	11.7	11.2	12.2	11.3	13.1	47.9
Others	42.2	35.0	36.8	36.4	39.6	147.7
Eliminations	-32.0	-27.3	-27.3	-26.8	-28.7	-110.0
Total	108.6	104.1	109.6	105.5	116.0	435.2
WSOY						
Educational publishing	12.8	4.0	19.8	12.8	52.4	89.0
Publishing	23.4	27.6	18.0	18.3	25.7	89.7
Printing	13.9	15.2	13.6	14.6	15.6	59.0
Diaries	0.8	1.3	2.2	11.8	15.0	30.3
Others	1.3	1.2	1.2	1.3	1.4	5.1
Eliminations	-3.9	-6.6	-6.2	-5.4	-1.0	-19.1
Total	48.3	42.8	48.6	53.4	109.1	253.9
SWelcom						
Nelonen	17.2	15.9	18.2	13.2	20.2	67.6
Others	13.0	13.6	12.3	12.4	13.0	51.2
Eliminations	-0.4	-0.3	-0.3	-0.3	-0.3	-1.3
Total	29.8	29.2	30.1	25.4	32.8	117.5
Rautakirja						
Kiosk operations	81.9	81.7	88.5	89.5	92.5	352.3
Press distribution	22.7	19.0	20.6	19.9	20.0	79.5
Bookstores	27.9	27.6	20.8	34.0	47.3	129.7
Entertainment	16.2	14.5	11.6	13.9	16.8	56.8
Others	2.5	12.2	14.2	14.6	11.8	52.8
Eliminations	-2.6	-2.7	-3.0	-2.6	-3.0	-11.3
Total	148.6	152.4	152.6	169.2	185.5	659.7
Other companies and eliminations	-12.5	-13.6	-12.0	-15.6	-17.8	-59.0
Total	582.1	568.6	601.5	593.7	727.3	2 491.1

OPERATING PROFIT BY DIVISION

€ million	1-3/2005	1-3/2004	4-6/2004	7-9/2004	10-12/2004	1-12/2004
Sanoma Magazines	25.5	23.9	44.6	26.1	42.4	137.1
Sanoma	13.9	11.3	13.2	23.9	22.5	70.8
WSOY	-7.1	1.1	5.7	9.4	12.9	29.1
SWelcom	2.7	0.9	3.4	1.5	3.8	9.6
Rautakirja	13.8	8.5	7.0	13.3	18.4	47.2
Other companies and eliminations	0.0	-0.7	-0.4	-1.3	2.7	0.3
Total	48.9	45.1	73.5	72.8	102.7	294.0

SANOMA MAGAZINES

Magazine publishing and distribution

KEY INDICATORS, € million	31.3.2005	31.3.2004	Change, %	31.12.2004
Net sales	259.5	253.7	2.3	1 083.7
Operating profit	25.5	23.9	6.5	137.1
% of net sales	9.8	9.4		12.6
Balance sheet total	1 622.3	1 522.5	6.6	1 589.8
Gross investments	159.5	3.7	4 191.8	20.0
Personnel under employment contract, average	4 774	4 503	6.0	4 522
Personnel, average (full-time equivalents)	4 247	3 959	7.3	3 992

OPERATIONAL INDICATORS, 1.1-31.3.	2005	2004
Number of copies sold (press distribution / Aldipress), thousands	27 476	28 661
Number of magazines published	274	231
Magazine copies sold, thousands	103 901	102 527
Number of advertising pages sold	11 296	10 189

Sanoma Magazines is one of the five largest magazine publishers in Europe. The Division publishes some 275 titles in 12 countries: Belgium, Bulgaria, Croatia, the Czech Republic, Finland, Hungary, the Netherlands, Romania, Russia, Serbia and Montenegro, Slovakia, and Ukraine. Aldipress is the leading magazine distributor in the Netherlands.

Sanoma Magazines' net sales in the January-March period increased to EUR 259.5 (253.7) million. Sanoma Uitgevers' net sales decreased to EUR 117.8 (119.3) million and Sanoma Magazines Finland's to EUR 41.4 (43.1) million. Net sales at Sanoma Magazines Belgium were stable at EUR 47.3 (47.5) million. Sanoma Magazines International's net sales increased in almost all operating countries and totalled EUR 39.7 (31.6) million. Independent Media, with operations in Russia and Ukraine, was consolidated with Sanoma Magazines International as of 1 March 2005. Due to new products, net sales at Aldipress grew to EUR 28.0 (26.2) million. After adjustment for changes in Group structure, the Division's net sales were at the previous year's level.

Sanoma Magazines' advertising sales increased by 7% in the January-March period mainly due to the new operations. Sanoma Uitgevers continued to suffer from the tough competition in the Dutch advertising market and the weak consumption trend. In Sanoma Magazines Belgium, niche publishing and special formulas were especially successful. In Sanoma Magazines Finland, the advertising sales decreased in general magazines. Also, due to the timing differences, the number of issues published in 2005 was lower than in the comparable period. In Sanoma Magazines International,

advertising sales increased in all countries except for the Czech Republic where sales were stable despite the continued difficult market situation. Advertising sales accounted for some 20% (19%) of the Division's total net sales.

The Division's circulation sales increased by 1% and represented some 60% (61%) of total net sales. Circulation sales at Sanoma Uitgevers and Sanoma Magazines Finland remained stable. Circulation sales in Sanoma Magazines Belgium were at the previous year's level. Sanoma Magazines International's circulation sales developed very well. Sales in the Czech Republic remained stable, despite continued strong competition. Circulation sales increased especially in Hungary, Bulgaria, and Croatia.

Despite continuous investments in product portfolio and also in magazines launched in 2004, Sanoma Magazines' operating profit grew to EUR 25.5 (23.9) million, mainly due to lower operational costs and timing of expenses. Sanoma Uitgevers' profitability remained good and its result was at the previous year's level. Sanoma Magazines Belgium and Sanoma Magazines International improved their results whereas Sanoma Magazines Finland posted a slightly lower result due to decreased sales. Result at Aldipress improved slightly.

In 2005, Sanoma Magazines' net sales are estimated to grow. Operating profit including Independent Media is expected to remain to some extent below that of 2004 due to continuing investments in future growth and expansion into new markets. In addition, it is uncertain what is happening in the Dutch magazine advertising market.

SANOMA

Newspaper publishing and printing

KEY INDICATORS, € million	31.3.2005	31.3.2004	Change, %	31.12.2004
Net sales	108.6	104.1	4.3	435.2
Operating profit	13.9	11.3	23.3	70.8
% of net sales	12.8	10.8		16.3
Balance sheet total	459.1	437.2	5.0	474.5
Gross investments	6.6	9.4	-29.6	24.9
Personnel under employment contract, average	2 730	2 661	2.6	2 746
Personnel, average (full-time equivalents)	2 313	2 301	0.5	2 389

OPERATIONAL INDICATORS, 1.1-31.3.	2005	2004	2003
Helsingin Sanomat			
Weekday circulation, copies *)		424 598	429 244
Sunday circulation, copies *)		492 385	500 269
Advertising volume (column metres)	10 088	10 052	
Ilta-Sanomat			
Circulation, copies *)		201 281	198 693
Advertising volume (column metres)	1 551	1 377	
Taloussanomat			
Circulation, copies *)		39 229	34 784
Advertising volume (column metres)	545	570	

*) Audited circulation figures 1.1-31.12.

Sanoma publishes and prints Finland's leading newspapers, Helsingin Sanomat and Ilta-Sanomat. Sanoma's titles also include the dailies Etelä-Saimaa, Kymen Sanomat, and Kouvolan Sanomat among others, the business daily Taloussanomat, the free sheet Uutislehti 100, the sports and betting weekly IS Veikkaaja, the free-ad publication Keltainen Pörssi as well as free sheets and local papers in Southern Finland.

Sanoma's net sales amounted to EUR 108.6 (104.1) million in January-March. Net sales grew in almost all business units. Helsingin Sanomat's net sales increased to EUR 64.6 (63.1) million. Ilta-Sanomat's (previously: IS Business Unit) net sales, EUR 22.1 (22.1) million remained at the previous year's level. Sanoma Lehtimedia's net sales grew to EUR 11.7 (11.2) million. As a result of the reorganisation at the beginning of the year, Lehtimedia's printing operations were centralised under Sanomapaino and the Division's ICT operations under Sanoma Data.

In January-March, there were three newspaper issues fewer than in the comparable period, which affected both advertising and circulation sales.

Advertising sales grew by 9% in the first quarter and accounted for 50% (48%) of Sanoma's net sales. Advertising sales grew in all Business Units. Job advertising in Helsingin Sanomat grew by 10%. Significant growth was generated by the new business unit for free sheets, Sanoma Kaupunkilehdet.

Circulation sales decreased by 1% and accounted for 43% (44%) of the Division's net sales. Circulation of Helsingin Sanomat decreased slightly compared to the previous year, and so did that of Ilta-Sanomat, whose market share in the tabloid market was 60.4% (62.0%). As for regional papers, the circulation increased slightly.

Sanoma's operating profit increased to EUR 13.9 (11.3) million, due to growth in advertising sales and continued moderate cost development. Operating profit improved particularly in Helsingin Sanomat.

In March, Sanoma centralised its business-to-business services, Taloussanomat Oy, the Esmerk group and Lehtikuva Oy, in a new Sanoma Business Services business unit. Sanoma Kaupunkilehti announced that the first regional issue of the free sheet Kaupunkilehti Kymppi is to come out in April in Eastern Helsinki. After the review period, Uutislehti 100 signed agreements with regard to distributing the sheet on about 600 buses as well as on trams and at metro stations in Helsinki.

Sanoma strengthened Helsingin Sanomat's cross media strategy and the paper's position in the Helsinki

metropolitan area by acquiring the local radio station Radio Helsinki after the review period. The deal is subject to Government approval for the transfer of license.

Growth in media advertising is expected to continue in 2005. Sanoma's advertising sales are expected to grow at least in line with this general trend. The Division's net sales are expected to grow. Comparable operating profit is estimated to be at least at the previous year's level.

users of Welho Broadband are the most satisfied with their service in Finland, for the second time. In March, HTV was the first cable TV company in Finland to provide internet-based VoIP voice services, to complement their range of digital TV and broadband services.

SWelcom's operating profit continued to develop well, reaching EUR 2.7 (0.9) million. Net sales were improved by growth in Nelonen's sales and allocation

of major programme investments mainly to the following quarters.

In 2005, SWelcom's net sales are expected to grow. In addition to Nelonen's advertising sales, SWelcom's result is influenced by overall price development in broadband services. Operating profit is estimated to remain at the previous year's level.

WSOY

Educational publishing, publishing, printing, and diaries

KEY INDICATORS, € million	31.3.2005	31.3.2004	Change, %	31.12.2004
Net sales	48.3	42.8	12.8	253.9
Operating profit	-7.1	1.1		29.1
% of net sales	-14.6	2.6		11.5
Balance sheet total	478.3	212.2	125.4	486.1
Gross investments	2.1	2.9	-25.6	204.7
Personnel under employment contract, average	2 368	1 799	31.6	2 188
Personnel, average (full-time equivalents)	2 185	1 697	28.8	2 025
OPERATIONAL INDICATORS, 1.1–31.3. *)	2005	2004		
Number of new titles published				
Books	192	161		
Electronic products	24	23		
Number of reprints published				
Books	210	245		
Electronic products	28	51		
Books printed, millions	4.8	5.3		
Paper consumption, tonnes	4 221	4 056		

*) Units in Finland

WSOY is Finland's largest book publisher and a significant European educational publisher. WSOY is also one of the largest book printers and the leading diary publisher in the Nordic region.

WSOY's net sales totalled EUR 48.3 (42.8) million in the first quarter. Net sales increased particularly due to the acquisition of Malmberg Investments in July 2004. After closing the deal, WSOY's educational publishing units in Finland, the Netherlands, Belgium, and Poland were reorganised under a new educational publishing business. Previously, educational publishing was reported as part of publishing. After adjustment for changes in Group structure, net sales declined by 7.4%.

Net sales in educational publishing reached EUR 12.8 (4.0) million. Net sales developed according to plan in the first quarter. Sharing best practices and benefiting from synergies in printing, ICT, and content production in particular, have started well. The majority of orders and sales of educational materials traditionally come in the second and third quarters. Advance orders show positive development.

Net sales in publishing decreased to EUR 23.4 (27.6) million. This development was partly influenced by the publishing schedule of books. Both multi-volume

books of Weilin+Göös and business-to-business books were postponed to the second quarter. Development in general literature remained strong. Readers took an interest especially in children and juvenile books and translated fiction. In the review period, sales to bookstores grew by almost 5% but sales through book clubs fell slightly from the previous year due to decreased number of members.

Net sales in printing totalled EUR 13.9 (15.2) million. Growth of the digital printer Dark continued to be strong but the book printer WS Bookwell fell clearly below the level of the strong previous year. Net sales of diaries amounted to EUR 0.8 (1.3) million.

WSOY's operating result for January–March amounted to EUR -7.1 (1.1) million. The result was particularly influenced by new operations in the Netherlands and Belgium, where result is mainly accrued in the second and third quarters. Also, development in sales of other businesses affected the result.

WSOY's net sales and operating profit for 2005 are expected to grow significantly, due to the international expansion of educational publishing, among others. The development is also expected to be positive in the other businesses.

RAUTAKIRJA

Kiosk operations, press distribution, bookstores, and entertainment

KEY INDICATORS, € million	31.3.2005	31.3.2004	Change, %	31.12.2004
Net sales	148.6	152.4	-2.5	659.7
Operating profit	13.8	8.5	61.7	47.2
% of net sales	9.3	5.6		7.1
Balance sheet total	438.9	347.0	26.5	369.2
Gross investments	83.9	2.5	3 219.9	18.0
Personnel under employment contract, average	5 793	6 192	-6.4	6 261
Personnel, average (full-time equivalents)	4 439	4 842	-8.3	4 795
OPERATIONAL INDICATORS, 1.1–31.3. *)	2005	2004		
Customer volume in kiosk operations, thousands	27 477	28 561		
Customer volume in bookstore operations, thousands	1 690	1 474		
Customer volume in movie theatres, thousands	948	1 005		
Number of copies sold (press distribution), thousands	31 073	30 921		

*) Units in Finland

Rautakirja is the market leader in all its operations in Finland: kiosk operations, press distribution, bookstores, and movie theatres. In the Baltic countries, it is the market leader in press distribution and movie theatres. Press distribution has extended to Romania and kiosk operations to the Czech Republic.

Rautakirja's net sales decreased to EUR 148.6 (152.4) million in the first quarter. Net sales decreased in Finland as Rautakirja divested its restaurant operations and sold its highway service area operations to Neste Marketing in December 2004. Net sales increased in the Baltic countries and the Czech Republic. Finland accounted for 85% (90%) of net sales. After adjustment for changes in Group structure, the Division's net sales increased by slightly less than 1%.

Kiosk operations generated net sales of EUR 81.9 (81.7) million. Net sales declined slightly in Finland but grew in the other countries. The first kiosks in Finland started to use the new cash register system in February. The aim is to introduce the system in all R-kiosks by the end of 2005.

Net sales from press distribution grew to EUR 22.7 (19.0) million. Growth was mainly due to consolidation of operations in Lithuania and Romania, acquired at the end of 2004. In Finland, newsstand sales of magazines grew slightly.

Net sales from bookstores amounted to EUR 27.9 (27.6) million. Net sales grew in Finland but declined slightly in Estonia. In Finland, sales of non-fiction and paperbacks developed favourably. Sales of children and juvenile books fell short of the previous year's success boosted by Harry Potter. At the beginning of the year, Suomalainen Kirjakauppa launched a customer loyalty programme. By the end of March, the number of registered loyal customers amounted to 58,000.

The entertainment business comprises movie theatres in Finland and the Baltic countries, and a multi-purpose arena in Hamburg. Net sales amounted to EUR 16.2 (14.5) million in January–March. Movie theatres' net sales declined in Finland, Estonia, and Lithuania since, at the beginning of the year, few box-office movies were shown. Net sales were boosted by the acquisition of V&K Holding, a video wholesaler operating in the Baltic countries, in April 2004, and the multi-purpose arena in Hamburg, acquired in February 2005. In the first quarter, Finnkino signed lease agreements for multiplex movie theatres in Oulu and Lahti. Construction work starts in spring 2005 and will be finished by the end of 2006.

Net sales from other operations, EUR 2.5 (12.2) million, include highway service areas in January only, whereas in 2004, they were part of Rautakirja for the full year. Highway service areas were transferred to Neste Marketing by the end of January.

Rautakirja's operating profit increased to EUR 13.8 (8.5) million, mainly as a result of the gain on the sale of restaurant operations. Rautakirja's most significant non-recurring gains on the sales of assets amounted to EUR 4.0 (0.0) million in January–March. Operating profit grew in kiosk operations, press distribution, and bookstores. Also, the new multi-purpose arena boosted net sales. Movie theatres fell slightly short of the previous year's figures.

Competition will continue to be challenging in retail but Rautakirja's heavy investments in ICT, business concepts, and personnel development will also secure success in 2005. Comparable net sales are expected to grow, particularly outside Finland, and operating profit is expected to improve.

SWELCOM

Electronic media

KEY INDICATORS, € million	31.3.2005	31.3.2004	Change, %	31.12.2004
Net sales	29.8	29.2	2.1	117.5
Operating profit	2.7	0.9	207.2	9.6
% of net sales	9.1	3.0		8.2
Balance sheet total	142.5	141.0	1.0	135.0
Gross investments	2.2	2.4	-7.5	10.7
Personnel under employment contract, average	415	426	-2.7	415
Personnel, average (full-time equivalents)	377	388	-2.8	378
OPERATIONAL INDICATORS, 1.1–31.3.	2005	2004		
Nelonen's share of Finnish TV advertising	29.7%	29.3%		
Nelonen's daily coverage	44%	45%		
Nelonen's national commercial viewing share	22.0%	23.4%		
Nelonen's national viewing share	11.1%	12.0%		
Number of connected households, thousands (31.3.)	284	265		
Number of pay TV subscriptions, thousands (31.3.)	36	34		
Number of broadband internet connections, thousands (31.3.)	56	46		

SWelcom's unit, TV channel Nelonen, is Finland's third most important advertising medium. HTV (Helsinki Television) is the country's biggest cable TV company.

SWelcom's net sales grew to EUR 29.8 (29.2) million in January–March. After adjustment for changes in Group structure, net sales grew by 5.2%. The figures for the comparable period included Måndag, sold in April 2004. Advertising sales totalled 58% (55%) of the Division's net sales.

Nelonen's net sales increased to EUR 17.2 (15.9) million. Nelonen's advertising sales and its share in

TV advertising grew compared to the first quarter of 2004. Unlike in 2004, Nelonen's most important programme launches took place in April, and these are estimated to increase both viewing and market shares. After the review period, Nelonen acquired the broadcasting rights for Finnish National Ice Hockey League for 2005–2008, in co-operation with Canal+. Canal+ is part of the Nordic pay TV company C More Entertainment AB.

Growth in HTV's net sales slowed down as consumer prices for broadband internet services decreased markedly at the end of 2004. According to TNS Gallup,

GROUP INCOME STATEMENT

€ million	1-3/2005	1-3/2004	Change, %	1-12/2004
Net sales	582.1	568.6	2.4	2 491.1
Other operating income	14.5	14.9	-3.1	81.7
Materials and services	263.6	256.4	2.8	1 133.4
Personnel expenses	143.0	135.9	5.2	554.2
Other operating expenses	111.7	115.4	-3.2	466.2
Depreciation and impairment losses	29.4	30.7	-4.2	125.0
Operating profit	48.9	45.1	8.4	294.0
Share of result of associated companies	3.3	1.6	100.2	6.5
Financial items	-6.1	-0.6	964.2	-28.9
Result before taxes	46.0	46.2	-0.3	271.6
Income tax	-12.0	-19.8	-39.3	-67.8
Result for the period (total)	34.0	26.4	29.0	203.8
Minority interests	0.4	0.0	1 003.6	-3.8
Net result for the period	34.4	26.4	30.3	200.0

GROUP INCOME STATEMENT BY QUARTER

€ million	1-3/2005	1-3/2004	4-6/2004	7-9/2004	10-12/2004	1-12/2004
Net sales	582.1	568.6	601.5	593.7	727.3	2 491.1
Other operating income	14.5	14.9	16.7	19.5	30.6	81.7
Materials and services	263.6	256.4	267.2	280.7	329.2	1 133.4
Personnel expenses	143.0	135.9	137.4	126.3	154.5	554.2
Other operating expenses	111.7	115.4	109.8	106.1	134.8	466.2
Depreciation and impairment losses	29.4	30.7	30.2	27.3	36.8	125.0
Operating profit	48.9	45.1	73.5	72.8	102.7	294.0
Share of result of associated companies	3.3	1.6	2.8	0.9	1.2	6.5
Financial items	-6.1	-0.6	-5.2	-8.0	-15.1	-28.9
Result before taxes	46.0	46.2	71.0	65.7	88.7	271.6
Income tax	-12.0	-19.8	-13.6	-20.1	-14.4	-67.8
Result for the period (total)	34.0	26.4	57.4	45.7	74.3	203.8
Minority interests	0.4	0.0	-0.9	-0.1	-2.8	-3.8
Net result for the period	34.4	26.4	56.5	45.6	71.5	200.0

GROUP BALANCE SHEET

€ million	31.3.2005	31.3.2004	Change, %	31.12.2004
ASSETS				
Non-current assets				
Tangible assets	569.0	504.7	12.7	496.7
Investment property	25.9	42.5	-39.0	32.1
Goodwill	1 317.6	1 085.9	21.3	1 246.6
Other intangible assets	282.0	138.6	103.5	190.2
Interest in associated companies	63.7	65.8	-3.2	58.5
Investments	21.9	34.9	-37.2	21.2
Deferred tax receivables	61.9	65.1	-4.8	61.4
Receivables	40.9	60.2	-32.0	49.7
Non-current assets, total	2 383.0	1 997.6	19.3	2 156.3
Current assets				
Inventories	148.1	102.1	45.0	144.2
Receivables	340.1	293.1	16.1	303.0
Liquidities	59.6	55.2	8.0	85.8
Current assets, total	547.8	450.4	21.6	532.9
Assets, total	2 930.8	2 448.0	19.7	2 689.2
EQUITY AND LIABILITIES				
EQUITY				
Share capital	65.8	68.9	-4.5	65.8
Other equity	938.3	723.0	29.8	904.9
Minority interest	1 004.2	791.9	26.8	970.7
Equity, total	1 010.9	805.3	25.5	986.0
Long-term liabilities				
Deferred tax liabilities	101.3	66.0	53.3	81.4
Pension liabilities	60.6	46.9	29.2	59.6
Provisions	16.6	20.9	-20.6	15.4
Interest-bearing liabilities	362.2	444.8	-18.6	382.5
Other liabilities	30.1	31.1	-3.4	23.4
Current liabilities				
Provisions	13.7	2.3	496.9	12.9
Interest-bearing liabilities	699.1	270.3	158.7	512.3
Other liabilities	636.4	760.3	-16.3	615.7
Liabilities, total	1 919.9	1 642.7	16.9	1 703.2
Equity and liabilities, total	2 930.8	2 448.0	19.7	2 689.2

GROUP CASH FLOW STATEMENT

€ million	1-3/2005	1-3/2004	Change, %	1-12/2004
Operating profit	48.9	45.1	8.4	294.0
Adjustments to operating profit	11.8	18.0	-34.5	56.1
Change in working capital	-27.9	-18.5	50.6	10.9
Financial items and taxes	-13.6	-13.2	2.8	-124.5
Cash flow from operations	19.2	31.3	-38.7	236.5
Cash flow from investments	-138.2	7.5	-55.4	-55.4
Cash flow before financing	-119.0	38.9	181.1	181.1
Cash flow from financing	92.5	-119.3	-231.8	-231.8
Change in liquidities according to the cash flow statement	-26.4	-80.5	-67.1	-50.7
Exchange rate differences under liquidities	0.2	6.9	-96.5	7.7
Net increase (+)/decrease (-) in liquidities	-26.2	-73.6	-64.4	-43.0
Liquidities according to the balance sheet at 1 Jan.	85.8	128.8	-33.4	128.8
Liquidities according to the balance sheet at 31 March / 31 Dec.	59.6	55.2	7.9	85.8

CONTINGENT LIABILITIES

€ million	31.3.2005	31.3.2004	Change, %	31.12.2004
Contingent liabilities for own commitments				
Mortgages	6.6	30.4	-78.2	7.7
Pledges	15.2	13.3	14.0	15.2
Others	0.1	0.7	-91.9	0.3
Total	21.9	44.4	-50.7	23.2
Contingencies given on behalf of associated companies				
Guarantees	13.6	15.9	-14.6	15.4
Contingencies given on behalf of other companies				
Guarantees	1.1	18.2	-93.8	18.1
Operating lease liabilities				
Premises	231.1	217.8	6.1	218.1
Others	47.0	33.8	39.1	48.0
Total	278.1	251.6	10.5	266.1
Other liabilities	91.2	96.2	-5.2	94.6
Contingent liabilities total	405.9	426.3	-4.8	417.4

NOMINAL VALUE OF OPEN DERIVATIVE CONTRACTS

€ million	31.3.2005	31.3.2004	Change, %	31.12.2004
Interest rate derivatives				
Options				
Purchased	100.0	340.0	-70.6	100.0
Written	54.8	254.8	-78.5	54.8
Interest rate swaps	20.0	210.0	-90.5	20.0
Total	174.8	804.8	-78.3	174.8
Currency derivatives				
Forward contracts	5.6	12.3	-54.7	13.5
Options				
Purchased				33.0
Written				33.0
Total	5.6	12.3	-54.7	79.6
Total	180.3	817.1	-77.9	254.3

MARKET VALUE OF OPEN DERIVATIVE CONTRACTS

€ million	31.3.2005	31.3.2004	Change, %	31.12.2004
Interest rate derivatives				
Options				
Purchased	0.0	0.3	-89.1	0.1
Written	-0.6	-3.1	-81.8	-0.6
Interest rate swaps	-0.1	-0.5	-77.1	-0.1
Total	-0.6	-3.2	-80.4	-0.6
Currency derivatives				
Forward contracts	-0.0	-0.1	-63.7	0.1
Options				
Purchased				0.0
Written				-1.0
Total	-0.0	-0.1	-63.7	-0.9
Total	-0.7	-3.3	-79.8	-1.5

Derivative contracts have been recorded to balance sheet as per 1.1.2005. Comparative data 2004 has been presented according to FAS principles.

CHANGES IN EQUITY

€ million	Share capital	Other equity	Minority interest	Total
Equity 1.1.2004	68.9	847.1	11.7	927.7
Granted options / expenses		0.8		0.8
Change in translation differences		2.5	0.0	2.5
Profit for the period		26.4	0.0	26.4
Dividends		-153.1	-0.2	-153.4
Change in minority interests			2.0	2.0
Other changes		-0.7	0.0	-0.7
Equity 31.3.2004	68.9	723.0	13.4	805.3
Equity 31.12.2004	65.8	904.9	15.3	986.0
Impact of implementing IAS 32 and IAS 39, derivatives		-1.2		-1.2
Impact of implementing IAS 32 and IAS 39, convertible bond		-0.9		-0.9
Equity 1.1.2005, adjusted	65.8	902.8	15.3	983.9
Share issue	0.0	0.1		0.1
Granted options / expenses		1.2		1.2
Change in translation differences		-0.1	0.0	-0.1
Profit for the period		34.4	-0.4	34.0
Dividends			0.0	0.0
Change in minority interests			-8.2	-8.2
Other changes		-0.1		-0.1
Equity 31.3.2005	65.8	938.3	6.7	1 010.9

RECONCILIATION OF THE NET RESULT FOR THE PERIOD

€ million	1-3/2004	1-12/2004
NET RESULT FOR THE PERIOD ACCORDING TO FAS	9.8	134.1
Impacts of the transition to IFRS		
Amortisation of goodwill and intangible assets		19.1
Pensions		-0.5
Deferred taxes		-1.2
Stock options		-0.8
Valuation of inventories		1.9
Connection fees		-0.5
Provisions		-0.2
Interest of equity loan		-0.2
Finance leases		-0.1
Other adjustments		-1.0
Adjustments total		16.6
NET RESULT FOR THE PERIOD ACCORDING TO IFRS	26.4	200.0

RECONCILIATION OF THE EQUITY

€ million	1.1.2004	31.3.2004	31.12.2004
EQUITY ACCORDING TO FAS	1 102.9	961.3	1 075.2
Impacts of the transition to IFRS			
Capital notes	-169.6	-169.2	-155.8
Minority interests	11.7	13.4	15.3
Amortisation of goodwill and intangible assets		19.1	82.1
Pensions		-14.5	-15.0
Deferred taxes		-12.6	-13.8
Valuation of inventories		6.6	8.5
Connection fees		-7.7	-8.2
Provisions		12.8	12.6
Interest of equity loan		-4.1	-4.3
Finance leases		0.4	0.3
Other adjustments		1.8	0.7
Adjustments total	-175.2	-156.0	-89.2
EQUITY ACCORDING TO IFRS	927.7	805.3	986.0

The figures are unaudited.