

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.