Financial statements for 2009

Sanoma

Contents

Key indicators

Key indicators, EUR million	**2009**	2008	2007	2006	2005
Net sales	**2 767.9**	3 030.1	2 926.3	2 742.1	2 622.3
Operating profit before depreciation, amortisation and impairment losses	**362.4**	468.3	493.4	428.2	431.9
% OF NET SALES	**13.1**	15.5	16.9	15.6	16.5
Operating profit excluding non-recurring items	**229.5**	295.7	305.2	288.2	269.1
% OF NET SALES	**8.3**	9.8	10.4	10.5	10.3
Non-recurring items	**-34.1**	-59.3	38.6	4.3	32.2
Operating profit	**195.4**	236.3	343.8	292.5	301.3
% OF NET SALES	**7.1**	7.8	11.7	10.7	11.5
Result before taxes	**161.4**	190.3	320.4	276.3	286.0
% OF NET SALES	**5.8**	6.3	11.0	10.1	10.9
Result for the period	**107.1**	120.8	246.1	208.4	228.4
% OF NET SALES	**3.9**	4.0	8.4	7.6	8.7
Balance sheet total	**3 106.3**	3 278.7	3 192.3	3 132.2	2 972.5
Capital expenditure	**83.4**	109.9	90.5	81.9	93.8
% OF NET SALES	**3.0**	3.6	3.1	3.0	3.6
Return on equity (ROE), %	**9.2**	9.1	18.6	17.7	22.3
Return on investment (ROI), %	**8.9**	10.7	15.9	14.3	15.4
Equity ratio, %	**41.4**	40.0	45.4	45.0	41.3
Net gearing, %	**79.4**	78.5	58.2	59.2	72.9
Interest-bearing liabilities	**1 017.7**	1 082.6	881.4	863.9	928.7
Non-interest-bearing liabilities	**882.0**	959.0	946.7	945.5	886.1
Interest-bearing net debt	**958.1**	971.6	793.3	782.4	843.8
Average number of employees (full-time equivalents)	**17 343**	18 168	16 701	15 732	14 256
Number of emplyees at the end of the period (full-time equivalents)	**16 723**	18 453	16 730	16 074	13 902
Share indicators					
Earnings/share, EUR	**0.66**	0.72	1.47	1.32	1.45
Earnings/share, diluted, EUR	**0.66**	0.72	1.46	1.31	1.42
Cash flow from operations/share, EUR	**1.50**	1.56	1.38	1.63	1.69
Equity/share, EUR	**7.36**	7.59	8.27	7.92	7.27
Dividend/share, EUR *	**0.80**	0.90	1.00	0.95	0.90
Dividend payout ratio, % *	**122.0**	125.1	67.9	72.2	62.0
Market capitalisation, EUR million ***	**2 536.5**	1 479.7	3 196.2	3 521.8	3 121.5
Effective dividend yield, % *, **	**5.1**	9.8	5.1	4.4	4.6
P/E ratio **	**24.0**	12.8	13.3	16.2	13.5
Adjusted number of shares at the end of the period **, ***	**161 816 894**	160 665 651	162 822 889	164 957 053	156 927 582
Adjusted average number of shares **, ***	**160 968 774**	160 900 511	164 827 232	159 154 715	154 238 909
Lowest share price **	**8.02**	8.31	18.32	17.80	17.07
Highest share price **	**15.80**	19.87	24.51	22.45	21.60
Average share price **	**11.45**	14.84	21.70	20.19	19.72
Share price at the end of the period **	**15.76**	9.21	19.63	21.35	19.67
Trading volumes, shares **	**72 078 344**	100 271 123	92 576 174	72 670 001	81 239 652
% OF SHARES	**44.8**	62.3	56.2	45.7	52.7

* Year 2009 proposal of the Board of Directors
** Sanoma's share series were combined on 7 April 2006. Share indicators of 2005 are based on the old Series B shares. The number of shares in 2005 includes all share classes. More information can be found in "Shares and shareholders" of the Financial Statements for 2006.
*** The number of shares in 2009 includes 873,236 interim shares registered on 7 January 2010. Market capitalisation is calculated based on shares registered by 31 December 2009. The number of shares does not include treasury shares.

Net sales by business

EUR million	1–3/ 2009	4–6/ 2009	7–9/ 2009	10–12/ 2009	**1–12/ 2009**	1–3/ 2008	4–6/ 2008	7–9/ 2008	10–12/ 2008	**1–12/ 2008**
Sanoma Magazines										
Sanoma Magazines Netherlands	110.6	123.2	120.7	138.6	**493.2**	111.7	135.2	124.8	143.9	**515.7**
Sanoma Magazines International	50.9	53.2	48.8	58.5	**211.3**	70.1	76.8	77.4	82.4	**306.7**
Sanoma Magazines Belgium	51.3	52.6	50.8	57.5	**212.3**	54.2	55.5	53.7	59.8	**223.2**
Sanoma Magazines Finland	50.3	48.0	46.9	53.5	**198.8**	50.7	51.9	49.1	53.9	**205.6**
Eliminations	-1.0	-1.2	-1.2	-1.0	**-4.3**	-1.3	-0.9	-1.0	-1.1	**-4.3**
Total	262.1	275.9	266.1	307.1	**1 111.2**	285.5	318.5	304.0	338.9	**1 246.8**
Sanoma News										
Helsingin Sanomat	61.7	58.3	56.2	64.1	**240.3**	74.1	71.2	65.6	68.6	**279.5**
Ilta-Sanomat	18.4	19.8	19.6	20.3	**78.2**	19.7	21.2	19.9	19.6	**80.4**
Other publishing	22.9	23.8	21.3	23.8	**91.8**	24.7	25.6	24.2	26.4	**100.9**
Other businesses	36.2	35.9	34.9	36.6	**143.7**	37.9	37.5	36.5	38.2	**150.1**
Eliminations	-31.7	-30.8	-30.8	-31.9	**-125.2**	-35.5	-34.5	-32.7	-33.5	**-136.2**
Total	107.7	107.1	101.2	112.9	**428.9**	120.8	121.1	113.5	119.2	**474.7**
Sanoma Entertainment										
TV and radio	23.5	23.6	17.4	23.6	**88.1**	22.6	24.5	18.0	23.8	**88.9**
Other businesses	17.3	17.4	17.8	18.0	**70.4**	18.0	16.7	16.8	17.9	**69.4**
Eliminations	-0.5	-0.3	-0.2	-0.4	**-1.4**	-0.1	-0.3	-0.1	-0.6	**-1.1**
Total	40.3	40.6	35.0	41.1	**157.1**	40.5	40.9	34.7	41.0	**157.1**
Sanoma Learning & Literature										
Learning	30.6	81.6	94.3	32.7	**239.1**	27.8	87.5	105.9	52.2	**273.3**
Language services	8.3	6.2	6.7	6.3	**27.5**	6.2	5.8	7.5	9.3	**28.8**
Literature and other businesses	24.6	17.0	19.3	28.0	**88.9**	27.8	20.4	23.3	29.7	**101.2**
Eliminations	-2.6	-2.8	-2.7	-2.3	**-10.4**	-3.4	-3.2	-3.5	-3.2	**-13.3**
Total	60.8	101.9	117.6	64.7	**345.1**	58.3	110.5	133.2	88.0	**390.0**
Sanoma Trade										
Kiosk operations	91.1	106.6	100.7	112.6	**410.9**	94.6	102.5	103.8	108.6	**409.4**
Trade services	49.6	55.5	58.1	59.1	**222.2**	58.2	60.2	61.8	61.3	**241.5**
Bookstores	27.3	19.7	31.8	44.5	**123.3**	31.0	24.0	36.9	47.3	**139.2**
Movie operations	23.6	18.0	22.7	23.6	**88.0**	24.4	19.4	23.8	26.7	**94.3**
Eliminations	-3.8	-4.0	-4.1	-4.6	**-16.6**	-5.5	-3.0	-4.8	-4.5	**-17.8**
Total	187.7	195.7	209.2	235.3	**827.8**	202.7	203.2	221.4	239.3	**866.6**
Other companies and eliminations	-22.7	-24.1	-28.0	-27.5	**-102.3**	-24.8	-24.4	-28.2	-27.9	**-105.2**
Total	636.0	697.2	701.1	733.6	**2 767.9**	683.1	769.8	778.6	798.7	**3 030.1**

Operating profit by division

EUR million	1–3/ 2009	4–6/ 2009	7–9/ 2009	10–12/ 2009	**1–12/ 2009**	1–3/ 2008	4–6/ 2008	7–9/ 2008	10–12/ 2008	**1–12/ 2008**
Sanoma Magazines	15.5	30.2	23.1	27.4	**96.3**	48.2	46.6	31.6	-40.6	**85.7**
Sanoma News	6.0	3.5	11.8	10.8	**32.2**	17.9	14.7	15.2	9.4	**57.3**
Sanoma Entertainment	6.1	6.9	3.8	3.9	**20.7**	4.0	6.3	2.8	4.1	**17.3**
Sanoma Learning & Literature	-6.9	25.1	33.1	-12.8	**38.5**	-4.3	26.4	36.3	-12.7	**45.6**
Sanoma Trade	3.8	3.8	9.7	6.7	**24.0**	9.9	7.4	13.0	14.7	**45.1**
Other companies and eliminations	-3.7	-4.3	-4.4	-3.7	**-16.2**	-3.0	-2.9	-5.0	-3.7	**-14.6**
Total	20.9	65.1	77.1	32.3	**195.4**	72.7	98.5	94.0	-28.8	**236.3**

Income statement by quarter

EUR million	1–3/ 2009	4–6/ 2009	7–9/ 2009	10–12/ 2009	**1–12/ 2009**	1–3/ 2008	4–6/ 2008	7–9/ 2008	10–12/ 2008	**1–12/ 2008**
Net sales	636.0	697.2	701.1	733.6	**2 767.9**	683.1	769.8	778.6	798.7	**3 030.1**
Other operating income	14.1	19.4	13.3	17.9	**64.6**	38.1	17.7	14.8	26.5	**97.1**
Materials and services	286.4	304.8	315.0	332.2	**1 238.5**	309.4	333.4	352.0	372.6	**1 367.4**
Employee benefit expenses	176.2	174.8	160.5	184.0	**695.5**	172.2	177.5	167.8	185.2	**702.8**
Other operating expenses	128.2	129.0	122.1	156.8	**536.2**	131.1	141.5	141.9	174.3	**588.8**
Depreciation, amortisation and impairment losses	38.4	42.8	39.8	46.0	**167.0**	35.8	36.6	37.7	121.9	**231.9**
Operating profit	20.9	65.1	77.1	32.3	**195.4**	72.7	98.5	94.0	-28.8	**236.3**
Share of results in associated companies	0.3	-0.6	-2.0	-1.6	**-3.9**	3.0	1.6	0.4	-0.1	**4.9**
Financial income	6.7	8.8	4.1	2.8	**22.5**	3.5	3.1	6.1	6.2	**18.9**
Financial expenses	17.0	12.3	12.0	11.3	**52.6**	12.7	14.5	15.3	27.4	**69.9**
Result before taxes	10.9	61.1	67.2	22.3	**161.4**	66.5	88.7	85.2	-50.1	**190.3**
Income taxes	-3.2	-17.4	-20.0	-13.7	**-54.3**	-12.2	-23.4	-24.1	-9.8	**-69.4**
Result for the period	7.7	43.7	47.2	8.6	**107.1**	54.4	65.3	61.1	-59.9	**120.8**
Result attributable to:										
Equity holders of the Parent Company	8.3	43.3	47.6	6.4	**105.6**	54.5	64.4	59.0	-62.2	**115.7**
Non-controlling interests	-0.6	0.3	-0.3	2.2	**1.6**	-0.2	0.9	2.1	2.3	**5.1**
Earnings per share for result attributable to the equity holders of the Parent Company:										
Earnings per share, EUR	0.05	0.27	0.30	0.04	**0.66**	0.34	0.40	0.37	-0.39	**0.72**
Diluted earnings per share, EUR	0.05	0.27	0.30	0.04	**0.66**	0.34	0.40	0.37	-0.39	**0.72**

Board of Directors' Report

- The Sanoma Group's net sales in 2009 totalled EUR 2,767.9 million (2008: EUR 3,030.1 million), 8.7% less than in the comparable year.
- Operating profit excluding non-recurring items was EUR 229.5 million (2008: EUR 295.7 million) in 2009. Non-recurring items totalled EUR -34.1 million (2008: EUR -59.3 million).
- In the fourth quarter, the Group net sales were EUR 733.6 million (2008: EUR 798.7 million). Operating profit excluding non-recurring items improved to EUR 49.3 million (2008: EUR 49.0 million).
- Fourth quarter earnings per share were EUR 0.04 (2008: EUR -0.39). Earnings per share for 2009 were EUR 0.66 (2008: EUR 0.72).
- Cash flow from operations in 2009 totalled EUR 241.8 million (2008: EUR 250.3 million). Cash flow per share was EUR 1.50 (2008: EUR 1.56)
- The proposed dividend is EUR 0.80 per share.

Outlook for 2010

In 2010, Sanoma's net sales are expected to grow. The operating profit excluding non-recurring items is estimated to improve slightly. In the comparable year 2009, operating profit excluding non-recurring items was EUR 229.5 million.

The outlook of Sanoma's net sales and operating profit in 2010 is affected by the development of advertising and private consumption in the Group's countries of operation. The current outlook is based on the assumption that the advertising markets in the Group's operating countries are stable. The efficiency improvements executed in 2009 will continue to have effects on Group's results in 2010.

Net sales

In 2009, Sanoma's net sales amounted to EUR 2,767.9 million (2008: EUR 3,030.1 million; 2007: EUR 2,926.3 million), 8.7% less than in the comparable year. Excluding the effect of exchange rate changes, net sales would have been 7.0% lower than in the comparable year. Adjusted for changes in the Group structure, net sales in 2009 decreased by 9.1%. Net sales were at the comparable year's level in Sanoma Entertainment. Net sales were down in other divisions, with advertising sales in particular being affected by the general economic situation.

Advertising sales decreased clearly and accounted for 21% (2008: 25%) of the Group's total net sales. Online advertising sales, however, remained stable in Sanoma Magazines and Sanoma News with Sanoma Entertainment even reporting growth. The Group's subscription sales grew slightly. Single copy sales across the Group fell somewhat, mostly in magazines in Russia and CEE countries. In geographical terms, Finland accounted for 51% (2008: 49%) of net sales, with other EU countries accounting for 46% (2008: 46%) and non-EU countries for 3% (2008: 5%).

Result

Sanoma's operating profit excluding non-recurring items in 2009 was EUR 229.5 million (2008: EUR 295.7 million) or 8.3% (2008: 9.8%) of net sales. The operating profit excluding non-recurring items in 2009 was 22.4% less than in the comparable year. The operating profit included a total of EUR -34.1 million (2008: EUR -59.3 million) in non-recurring items. These non-recurring expenses are related to restructuring of operations in several divisions. In the comparable year, non-recurring items consisted of capital gains from divestments, as well as write-downs of goodwill, immaterial rights and inventories as well as costs associated with the restructuring of the multi-volume book publishing business.

The Group's operating profit was EUR 195.4 million (2008: EUR 236.3 million; 2007: EUR 343.8 million) or 7.1% (2008: 7.8%; 2007: 11.7%) of net sales. Operating profit grew in Sanoma Entertainment, where all business units developed favourably. In other divisions, operating profit decreased mainly as a result of lower sales and restructuring expenses.

Sanoma's net financial items totalled EUR -30.1 million (2008: EUR -51.0 million). Financial income amounted to EUR 22.5 million (2008: EUR 18.9 million), of which exchange rate gains were EUR 15.0 million (2008: EUR 6.0 million). Financial expenses amounted to EUR 52.6 million (2008: EUR 69.9 million). Interest expenses amounted to EUR 25.3 million (2008: EUR 56.3 million) and exchange rate losses to EUR 16.2 million (2008: EUR 12.0 million). The refined financing structure and lower reference rates clearly decreased the Group's interest expenses in 2009. Financial expenses also included a write-down of the shares in the e-commerce company Fruugo, amounting to EUR 5.0 million and a write-down of loan receivables totalling EUR 3.5 million connected with a divestment in 2005.

The result before taxes was EUR 161.4 million (2008: EUR 190.3 million). Sanoma's effective tax rate was clearly lower than in the comparable year. Earnings per share in 2009 were EUR 0.66 (2008: EUR 0.72). The result for the period totalled EUR 107.1 million (2008: EUR 120.8 million).

Efficiency improvements

In 2009, Sanoma completed a large number of efficiency improvement programmes to strengthen its competitive position as well as safeguard profitability and cash flows. The non-recurring costs of the restructuring measures in 2009 amount to EUR 34.1 million (2008: EUR 91.3 million).

Sanoma News redesigned its editorial and marketing processes to increase co-operation between print and online operations. Sanoma Magazines Belgium decided to focus more on its key titles and strengthening relationships with its readers. Sanoma Magazines Netherlands has gathered all its print operations under Sanoma Uitgevers and all online operations under Sanoma Digital The Netherlands. The Dutch direct marketing organisation was closed down since direct marketing has become less important as a marketing channel. In Estonia, Sanoma Trade is reorganising its businesses. This reorganisation aims to ensure its competitiveness in the future, improve the efficiency of operations, and more importantly, enhance co-operation in marketing and business development. In Sanoma Learning & Literature, restructuring in multi-volume book publishing was finalised. The integration of operations in language services continues.

In addition to these larger programmes, Sanoma also reduced personnel and carried out short-term cost-saving programmes in several other business units either as a result of the weakened economic outlook or related to restructuring initiated by changing business needs in, for example, Russia, the Czech Republic and Finland. In 2009, the Group reduced its total expenses excluding non-recurring items by 7.9% with both cost of sales and other operating expenses decreasing more than the net sales. At the end of December, Sanoma had over 1,700 employees (FTE) less than at the year-end 2008, corresponding to a reduction of 9.4% in work force. Personnel costs, excluding the non-recurring items, were down by 4.5% from the 2008 level. The effects of personnel reductions of Sanoma News and Sanoma Magazines Belgium, for example, will become more visible during the first half of 2010.

Balance sheet and financial position

At the end of the year, the consolidated balance sheet totalled EUR 3,106.3 million (2008: EUR 3,278.7 million). Sanoma successfully maintained a good cash flow and the Group's cash flow from operations in 2009 totalled EUR 241.8 million (2008: EUR 250.3 million). Cash flow per share was EUR 1.50 (2008: EUR 1.56). The weaker operational result was offset by effective working capital management and clearly lower financial items and taxes paid.

There were no significant changes in the Group's financial position during the year. At the end of December, Sanoma's equity ratio was 41.4% (2008: 40.0%). Net gearing increased to 79.4% (2008: 78.5%). Equity totalled EUR 1,206.6 million (2008: EUR 1,237.1 million). Return on equity (ROE) was 9.2% (2008: 9.1%; 2007: 18.6%), and the return on investment (ROI) was 8.9% (2008: 10.7%). Interest-bearing liabilities decreased to EUR 1,017.7 million (2008: EUR 1,082.6 million) and interest-bearing net debt to EUR 958.1 million (2008: EUR 971.6 million). At the end of December, the Group's cash and cash equivalents totalled EUR 59.7 million (2008: EUR 110.9 million). Sanoma's net debt/EBITDA ratio was 2.6 at the end of 2009, in line with the Group's target to keep the ratio below 3.5.

Sanoma's financial position is stable. The existing credit facilities, such as the syndicated, long-term credit facility of EUR 802 million, cover all Sanoma's financing needs and Sanoma has no need for material refinance in the near future. Sanoma Corporation does not have any other significant agreements covered by the statutory obligation to disclose. The Group has, within the scope of normal business operations, agreements or agreements as a whole containing a standard change-of-control clause.

Investments, acquisitions and divestments

Investments in tangible and intangible assets totalled EUR 83.4 million (2008: EUR 109.9 million) in 2009, and consisted mainly of ICT systems as well as replacement investments and renovations. Sanoma has a policy to keep the annual capital expenditure, excluding M&A, below EUR 100 million. Sanoma's business acquisitions in 2009 totalled EUR 6.7 million (2008: EUR 190.7 million). R&D expenditure was recorded at EUR 1.5 million (2008: EUR 4.1 million; 2007: EUR 4.1 million) or 0.1% (2008: 0.1%; 2007: 0.1%) of net sales. R&D expenditure does not include costs related to launches of new products and services or renewal of existing ones, which are considered normal portfolio management and incurred as costs.

There were no significant transactions during the year. In the comparable year, Sanoma Magazines divested the Dutch movie distribution company R.C.V. Entertainment and a capital gain of EUR 23.5 million was recorded for the transaction. On 11 March 2008, Sanoma Learning & Literature completed its acquisition of the Polish educational publisher Nowa Era.

SANOMA MAGAZINES

Sanoma Magazines, operating in 13 European countries, is a leading publisher of magazines and has a strong presence in digital media. The company actively reaches out to an audience of 290 million consumers at every life stage, and aims to strengthen its market leader positions in each of the markets it operates in.

Key indicators, EUR million	1–12/ 2009	1–12/ 2008
Net sales	**1 111.2**	1 246.8
Operating profit excluding non-recurring items	**113.4**	138.9
% OF NET SALES	**10.2**	11.1
Operating profit	**96.3**	85.7
Capital expenditure	**24.4**	26.8
Return on investment (ROI), %	**7.9**	7.2
Number of employees at the end of the period (full-time equivalents)	**5 191**	5 900
Average number of employees (full-time equivalents)	**5 452**	5 731

- Sanoma Magazines' strong brands were able to outperform market development in its key markets.
- Sanoma Magazines improved its result in the fourth quarter with EBIT excluding non-recurring items being 6.4% higher than in the comparable period.
- The full-year result was strongly affected by the decreasing advertising sales, in particular in Sanoma Magazines International.

Sanoma Magazines' net sales in 2009 amounted to EUR 1,111.2 million (2008: EUR 1,246.8 million), 10.9% less than in the comparable year. The general economic situation affected sales in all operating countries with Sanoma Magazines International's net sales being impacted the most. The Division's net sales adjusted for changes in the Group structure were down by 11.3%. Of the Division's net sales, 18% (2008: 16%) came from Finland. In October–December, the Division's net sales decreased by 9.4% to EUR 307.1 million (2008: EUR 338.9 million) with advertising sales in the Netherlands, Belgium and Finland showing slight improvement during the last months of the year.

The Division's advertising sales decreased by 23% in 2009 and represented 29% (2008: 33%) of net sales. The economic downturn hit advertising revenues in all markets, in particular Sanoma Magazines International's advertising sales. The Division's online advertising sales were at the comparable year's level.

Sanoma Magazines' circulation sales decreased by 3% and represented 60% (2008: 55%) of the Division's net sales. Subscription sales increased slightly in 2009 due to good development in the Netherlands, Belgium and Finland. Single copy sales declined, mostly in the CEE countries.

Sanoma Magazines Netherlands' net sales amounted to EUR 493.2 million (2008: EUR 515.7 million), due to weaker print advertising sales than in 2008. According to Nielsen Media Research, the consumer magazine advertising market in the Netherlands decreased by 16% in 2009. However, with its strong brands Sanoma Magazines Netherlands was able to outperform the market development both in print and online advertising and increase its market share. New assets, acquired in the second half of 2008, contributed to Sanoma Magazines Netherlands' online advertising growth of 6%. In total, advertising sales represented 27% (2008: 29%) of Sanoma Magazines Netherlands' net sales. Sanoma Magazines Netherlands also improved its market position in the readers' market. Its circulation revenues were at the comparable year's level, even though some titles were discontinued during the year. Subscription sales in particular developed positively with increased sales of core brands offsetting the changes in the portfolio. During the year, Sanoma Magazines Netherlands closed down or sold 11 magazines, and launched two magazines as well as nine online services.

Sanoma Magazines International's net sales were EUR 211.3 million (2008: EUR 306.7 million). The economic downturn affected sales strongly in all countries. The reported net sales were also substantially impacted by negative translation effects, especially of the Russian rouble and Hungarian forint. Advertising sales, representing 49% (2008: 56%) of Sanoma Magazines International's net sales, decreased especially in Russia, Hungary and Ukraine. Sanoma Magazines International reacted quickly to changing market conditions at the beginning of the year and discontinued 21 unprofitable magazine titles, which also lowered advertising sales, in particular in the Czech Republic. Circulation sales were clearly below the comparable year. This is also partly attributable to the reduced number of magazines published and, in some cases, the number of issues. The publication frequency of various titles has been adjusted in order to save costs. Sanoma Magazines International launched one magazine in 2009 and strengthened its leading position in the Hungarian online market through the acquisition of the comparison site *Olcsobbat.hu*. Sanoma Magazines International also improved its market share in Romania and is now the leading magazine publisher in the country.

Net sales at Sanoma Magazines Belgium totalled EUR 212.3 million (2008: EUR 223.2 million). In the readers' market, Sanoma Magazines Belgium outperformed the market development. Its circulation sales grew slightly due to increased subscription sales. In line with the market development, advertising sales were below the comparable period and represented 25% (2008: 27%) of net sales. During the year, Sanoma Magazines Belgium renewed its strategy and started to redesign its organisation to better use the opportunities of the changing media environment.

Sanoma Magazines Finland's net sales amounted to EUR 198.8 million (2008: EUR 205.6 million). Circulation sales in Finland held up well but advertising sales were down from the comparable year. According to TNS Gallup Adex, advertising in consumer magazines in Finland decreased by 21% in 2009 and the volume of the single copy market for magazines by 7%. Advertising sales represented 13% (2008: 15%) of Sanoma Magazines Finland's net sales. Sanoma Magazines Finland outperformed the market development both in advertising and the readers' market and has increased its market shares. In particular the key titles, such as the women's weekly *Me Naiset* and the glossy *Gloria* together with its brand extensions increased their readership.

Sanoma Magazines' investments in tangible and intangible assets totalled EUR 24.4 million (2008: EUR 26.8 million) and consisted mainly of ICT investments. The most significant acquisition in 2009 was that of Hungarian SELKO Kft, which operates the comparison site *Olcsobbat.hu*. In the comparable year, the major acquisitions were the majority shareholding in magazine publisher Mood for Magazines and the acquisitions of Netinfo and European Autotrader.

Sanoma Magazines' operating profit excluding non-recurring items in 2009 was EUR 113.4 million (2008: EUR 138.9 million), a decrease of 18.4% from the comparable year. Decreasing advertising sales affected results in all businesses, in particular in Sanoma Magazines International and also in Sanoma Magazines Netherlands. Operating profit improved slightly in Finland. Non-recurring items totalled EUR -17.1 million (2008: EUR -53.2 million) and were related to restructuring in Sanoma Magazines Belgium and the direct marketing organisation in the Netherlands. In the comparable year, the non-recurring items consisted of a recognition of impairment and write-downs totalling EUR 83.7 million and capital gains of EUR 30.5 million related to the divestments of R.C.V. Entertainment and some online assets. Operating profit in 2009 amounted to EUR 96.3 million (2008: EUR 85.7 million). The Division initiated several programmes to improve the profitability of its business units and in October–December, Sanoma Magazines improved its operating profit excluding non-recurring items by 6.4% to EUR 38.4 million (2008: EUR 36.1 million).

Sanoma Magazines continues to develop its magazine portfolio with a special focus on its key titles in each operating country. Sanoma Magazines is investing in strengthening its market positions, and wants to become stronger in digital media. The growth in digital operations can be done by leveraging existing assets and will be speeded up by organisational changes made in 2009. At the same time Sanoma Magazines continues to strongly focus on improving efficiency and saving costs.

In 2010, Sanoma Magazines' net sales are expected to grow slightly and it is estimated that operating profit excluding non-recurring items will be at the previous year's level.

SANOMA NEWS

Sanoma News is the leading newspaper publisher in Finland and its printed and digital products have a strong presence in the lives of Finns. In addition to Helsingin Sanomat, the largest daily in the Nordic region, Sanoma News publishes other national and regional newspapers and it is also one of the most significant digital media players in Finland.

Key indicators, EUR million	1–12/ 2009	1–12/ 2008
Net sales	**428.9**	474.7
Operating profit excluding non-recurring items	**40.6**	57.3
% OF NET SALES	**9.5**	12.1
Operating profit	**32.2**	57.3
Capital expenditure	**10.6**	19.6
Return on investment (ROI), %	**12.1**	19.2
Number of employees at the end of the period (full-time equivalents)	**2 306**	2 449
Average number of employees (full-time equivalents)	**2 399**	2 491

- Sanoma News improved its result in the fourth quarter and posted 14.5% higher EBIT than in the comparable period. Total savings of over EUR 30 million were achieved during 2009.
- In 2009, the tabloid Ilta-Sanomat was able to reverse its market share development. Online visitors and advertising sales continued to grow significantly.
- The total reach of Helsingin Sanomat is at an all-time-high due to increasing print readership and growing online audience.
- After the review period, Sanoma News focused its operations by divesting picture agency Lehtikuva.

Sanoma News' net sales in 2009 totalled EUR 428.9 million (2008: EUR 474.7 million), a decrease of 9.7% from the comparable year. Most of the decrease came from the Helsingin Sanomat business unit, where advertising sales declined significantly. Adjusted for changes in the Group structure, net sales decreased by 10.1%. In October–December, some improvement was seen in advertising and single copy sales. The Division's net sales were down by 5.4%, clearly less than in the previous quarters, and amounted to EUR 112.9 million (2008: EUR 119.2 million).

The advertising market in Finland in 2009 was significantly below the comparable year. The last months of the year showed small positive signs, but according to TNS Gallup Adex, newspaper advertising in Finland decreased by 22% in January–December. Job advertising in Finland decreased by 51% and real estate advertising by 35%. Advertising in free sheets was down by 19%. Online advertising included in the statistics also decreased by 4%.

Sanoma News' advertising sales followed the general advertising environment, and decreased by 22% during the year, with print classified advertising in particular affecting sales. However, November and December sales showed clear progress. The Division's online advertising sales performed clearly better than the market and were almost at the comparable year's level. Advertising sales represented 45% (2008: 53%) of the Division's net sales in 2009.

The Finnish tabloid market has been affected by structural migration to online and declined by 6% in 2009. However, the decrease in circulation of *Ilta-Sanomat* has slowed down markedly with the fourth quarter showing a level close to the comparable year. With the amount of online visitors increasing constantly, the total reach of Sanoma News improved during the year. The Division's circulation sales grew by 3% with both subscription and single copy sales increasing. Circulation sales accounted for 44% (2008: 38%) of the Division's net sales.

The Helsingin Sanomat business unit's net sales totalled EUR 240.3 million (2008: EUR 279.5 million). Circulation sales increased from the comparable year due to new hybrid subscription models combining print and digital products and increases in subscription prices. In November, the renewed daily newspaper was launched and the renewed product and promotional measures offset the circulation decrease. This positive development is expected to continue in 2010. The number of readers of the *Helsingin Sanomat* daily newspaper increased according to the latest National Readership Survey. Together with its growing online audience, the total reach of *Helsingin Sanomat* is at an all-time high. Advertising sales of the business unit were strongly affected by the overall economic situation. Job advertising in the daily print edition of *Helsingin Sanomat* was 52% lower than in 2008 and real estate advertising 53%. In total, advertising sales represented 53% (2008: 62%) of the business unit's net sales.

Net sales of the Ilta-Sanomat business unit were almost at the comparable year's level and amounted to EUR 78.2 million (2008: EUR 80.4 million). Ilta-Sanomat had a 57.1% (2008: 57.1%) share of the tabloid market. The development of the newsstand market in the last quarter of 2009 was considerably better than in January–September. The positive signs in circulation development together with the content revamp in 2008, and successful marketing efforts in 2009 enabled *Ilta-Sanomat* to reverse its market share development. Online advertising sales of the business unit were 28% above the comparable year. However, the print advertising sales declined and in total, advertising sales represented 24% (2008: 31%) of the business unit's net sales in 2009.

Net sales from other publishing decreased to EUR 91.8 million (2008: EUR 100.9 million) due to lower advertising revenues in regional papers in particular. However, the circulation sales of regional papers grew and the number of readers of *Etelä-Saimaa* increased markedly. In the Sanoma Kaupunkilehdet business unit for free sheets net sales decreased due to the merging of the *Metro* and *Uutislehti 100* titles in autumn 2008. In 2009, Sanoma Kaupunkilehdet gained market share. The Sanoma Digital Finland business unit's net sales were at the comparable year's level and its advertising sales outperformed the market, in particular in the second half of the year.

After the review period, Sanoma News decided to sell the picture agency Lehtikuva to the Finnish News Agency (STT). The purchase price will be partly paid by means of a share issue directed at Sanoma News. Following the transaction, Sanoma News' holding in STT will increase from 23.1% to 34.3%. The deal is subject to the approval by STT's Annual General Meeting and is expected to be closed at the end of February. Sanoma News will book a non-recurring gain of some millions on the sale in its 2010 results.

Net sales from other businesses, mainly comprising internal billing, were EUR 143.7 million (2008: EUR 150.1 million). Net sales decreased due to fewer internal printing jobs. External printing services developed well and grew by 17% from the comparable year.

In 2009, Sanoma News' investments in tangible and intangible assets totalled EUR 10.6 million (2008: EUR 19.6 million), and consisted mainly of investments in digital business and the reader-customer management system. There were no significant acquisitions in 2009. The most significant transaction of the comparable year was the acquisition of a majority holding in Suorakanava.

In 2009, Sanoma News' operating profit excluding non-recurring items was EUR 40.6 million (2008: EUR 57.3 million), 29.2% less than in the comparable year. The non-recurring items included in the operating profit totalled EUR -8.4 million (2008: EUR 0.0 million) and consisted of expenses related to the efficiency programme. Operating profit including the non-recurring items totalled EUR 32.2 million (2008: EUR 57.3 million). Efficiency improvements and cost-savings offset partly the effects of decreased advertising sales, but operating profits were below the comparable year in all reported businesses, except in the Ilta-Sanomat business unit where the result improved. The effects of the efficiency improvements became more visible towards the end of the year and in October–December Sanoma News' operating profit excluding non-recurring items increased by 14.5% to EUR 10.8 million (2008: EUR 9.4 million).

Sanoma News will continue the planned development of its printed products and digital services. The company has also decided to invest in a new reader-customer management system to support, among other actions, product development opportunities for newspapers in the multimedia environment. In 2010 the media advertising market continues to be challenging and structural changes in the market continue. Sanoma News will therefore continue its efforts to reshape its organisation, adapt its operations to the lower revenue level and find new revenue sources.

In 2010, Sanoma News' net sales are expected to be at the previous year's level and operating profit excluding non-recurring items is estimated to improve slightly.

SANOMA ENTERTAINMENT

Sanoma Entertainment offers entertaining experiences on television, radio and online. Sanoma Entertainment's business units include Nelonen Media, which focuses on broadcast operations, and Welho, Finland's largest cable television operator. The Division's newest business unit is Sanoma Games, which concentrates on online casual gaming.

Key indicators, EUR million	1–12/ 2009	1–12/ 2008
Net sales	**157.1**	157.1
Operating profit excluding non-recurring items	**20.7**	17.3
% OF NET SALES	**13.2**	11.0
Operating profit	**20.7**	17.3
Capital expenditure	**9.3**	13.5
Return on investment (ROI), %	**18.3**	15.8
Number of employees at the end of the period (full-time equivalents)	**458**	488
Average number of employees (full-time equivalents)	**469**	482

- Sanoma Entertainment's operating profit in 2009 grew by 20% with all businesses improving their results.
- Nelonen Media's viewing and listening shares developed positively. In the fourth quarter, the TV channels' commercial viewing grew by four percentage points in its main target group.
- Welho increased the number of both its broadband and pay TV subscribers.
- Nelonen Sport Pro, Finland's most diversified sports channel was launched in February 2010.

Sanoma Entertainment's net sales in 2009 were at the comparable year's level and amounted to EUR 157.1 million (2008: EUR 157.1 million). In addition, net sales adjusted for changes in the Group structure remained stable. Advertising sales accounted for 49% (2008: 52%) of Sanoma Entertainment's net sales. In October–December, net sales were EUR 41.1 million (2008: EUR 41.0 million).

Broadcast operation's net sales totalled EUR 88.1 million (2008: EUR 88.9 million), while the Finnish TV advertising market shrank by 12% in 2009 according to TNS Gallup Adex. Nelonen Media's multichannel strategy in TV operations has resulted in the increase of its market share to 32.6% (2008: 29.5%). New targeted TV channels, national radio stations and online TV all increased their advertising sales.

Nelonen Media's lifestyle channel Liv, launched in February 2009, started broadcasts on the terrestrial network in December, which will further improve the good viewing shares the channel achieved during 2009. Other TV channels also posted good viewing shares and Nelonen Media's commercial viewing share in 2009 reached 33.7% in the target group of 10–44 year olds. In the fourth quarter, the viewing share grew by four percentage points. The online TV service *Ruutu.fi*, launched in June 2009, has rapidly become very popular. In December, Nelonen Media announced that it will launch new sports channels in February 2010. The pay TV channel Nelonen Sport Pro will be a co-operation with Viasat.

According to the Association of Finnish Broadcasters, national radio advertising decreased by 1% in 2009. Nelonen Media increased its share of national radio advertising to 14%. The repositioning of Radio Aalto in August increased the channel's weekly listeners significantly. Radio Aalto is now reaching its target group well. Radio Rock has also improved its listening share and increased its advertising sales.

Net sales from other operations were EUR 70.4 million (2008: EUR 69.4 million) and include cable and broadband operator Welho and Sanoma Games, the Division's emerging online gaming business unit. Welho's fast and easy-to-use broadband services together with rewarded customer service were the key to increasing the number of fixed broadband subscribers in 2009. For the fourth year in a row, Welho received the most points in the customer satisfaction survey for the Finnish broadband operators.

Welho has also actively marketed its pay TV services. This, together with the September launch of Welho Mix, a pay TV channel package offering extensive customisation, enabled Welho to grow its customer base in the fourth quarter. In December, Welho started 3DTV test distribution among the first players in the world. Sanoma Games expanded internationally by launching a fantasy sports game with the Swedish Hockey League Elitserien in October. Online gaming is one of the spearheads of the Group's online strategy.

Sanoma Entertainment's investments in tangible and intangible assets totalled EUR 9.3 million (2008: EUR 13.5 million), most of which was allocated to the development of Welho's cable network and services. There were no major acquisitions in 2009 or the comparable year.

Sanoma Entertainment's operating profit increased by 19.8% in 2009, totalling EUR 20.7 million (2008: EUR 17.3 million). The operating profit did not include non-recurring items. Operating profit improved both in broadcasting and other operations. The increase was driven by lower expenses in general and cost-saving measures. In October–December, Sanoma Entertainment invested in increasing customer base and viewing shares for the future and as a result, the operating profit amounted to EUR 3.9 million (2008: EUR 4.1 million), 4.0% less than in the comparable period.

Sanoma Entertainment focuses on developing its television and broadband services as well as its online gaming operations. In addition, Sanoma Entertainment continuously refines its processes and service offering to better meet the needs of its customers and to improve its efficiency.

In 2010, Sanoma Entertainment's net sales and operating profit excluding non-recurring items are expected to be at the previous year's level.

SANOMA LEARNING & LITERATURE

Sanoma Learning & Literature, operating in 10 countries, is a leading European provider of learning materials and solutions in print and digital format. The Division has growing international language service operations and is also the leading general literature publisher in Finland.

Key indicators, EUR million	1–12/ 2009	1–12/ 2008
Net sales	**345.1**	390.0
Operating profit excluding non-recurring items	**43.5**	53.2
% OF NET SALES	**12.6**	13.6
Operating profit	**38.5**	45.6
Capital expenditure	**13.1**	15.6
Return on investment (ROI), %	**7.2**	9.6
Number of employees at the end of the period (full-time equivalents)	**2 745**	2 908
Average number of employees (full-time equivalents)	**2 780**	2 737

- Learning performed well in 2009, with market positions strengthening in Belgium and Poland.
- Sales of language services and training were clearly affected by the economic environment.
- Finnish multi-volume book publishing was restructured in December and new printing activities were combined in January 2010.
- Sanoma Learning & Literature improved its result in the fourth quarter from the comparable period's level.

Sanoma Learning & Literature's net sales in 2009 amounted to EUR 345.1 million (2008: EUR 390.0 million), a decrease of 11.5% from the comparable year, coming mainly from the negative translation effect of the Polish zloty and the Hungarian forint and the effect of incidental government tenders in Young Digital Planet's (YDP) e-learning sales in 2008. Net sales adjusted for changes in the Group structure decreased by 13.7%. A total of 62% (2008: 62%) of the Division's net sales came from outside Finland. In October–December, the Division's net sales were EUR 64.7 million (2008: EUR 88.0 million), a decrease of 26.5% mainly due to decreasing sales of language services and a decrease in the number of projects through government tenders in the sales of YDP compared to 2008.

Net sales in learning totalled EUR 239.1 million (2008: EUR 273.3 million). In the Netherlands net sales were somewhat below the comparable year's level due to the divestment of the consumer business and the effects of the downturn in the economy on adjacent business. Net sales in Finland decreased due to the economic situation affecting the sales of business training and books. The sales of learning materials and solutions grew in 2009, although upper secondary sales were under pressure because of increasing re-use of textbooks. Net sales grew clearly in Belgium, where Van In's learning materials and solutions were successful in all segments, in particular new products in primary education sold well. Nowa Era in Poland was very successful in the material reform and has improved its market share significantly in secondary education and posted increased net sales. In Hungary, the sales of learning materials and solutions were at the comparable year's level, but total net sales were impacted by a severe decrease of sales in the business training segment. YDP's sales in 2008 were characterised by incidental government tenders. In 2009 YDP sales were lower but consisted mostly of export sales of own products.

Net sales in language services were EUR 27.5 million (2008: EUR 28.8 million). Sales of language services have been strongly affected by the general economic situation. The decrease in net sales was partly offset by the new operations acquired in 2008. The language service business unit has reviewed its processes in 2009 and is now focusing on integrating its country organisations in order to build an efficient and distinctive language service provider in the Nordic market.

Net sales in literature and other businesses were EUR 88.9 million (2008: EUR 101.2 million). In Finland, the general literature market in 2009 continued to slow down, but WSOY performed relatively well in the market. Net sales in multi-volume and year-book publishing are markedly lower than in the comparable year. The Division downscaled its Nordic multi-volume operations in 2008 and the Finnish organisation in 2009. Sales were down in book printing, where the market has had considerable overcapacity. WS Bookwell reinforced its position by acquiring the assets and business of Gummerus Printing in December, consolidating its operations and downscaling personnel at the beginning of 2010.

Sanoma Learning & Literature's investments in tangible and intangible assets totalled EUR 13.1 million (2008: EUR 15.6 million). They comprised ICT investments, among others. The most significant transactions were the acquisition of the Belgian Wees Wegwijs, specialised in publishing road safety books, and the acquisition of the Finnish book printer Gummerus Printing. In the comparable year, the most significant acquisitions included that of the Polish educational publisher Nowa Era and the Swedish language service provider Interverbum.

The Division's operating profit excluding non-recurring items in 2009 amounted to EUR 43.5 million (2008: EUR 53.2 million), 18.3% less than in the comparable year. Currency fluctuations and the result decrease in language service operations, where the economic downturn has affected sales considerably, explain most of the decrease in the Division's result. In addition to negative exchange rate developments, operating profit in learning was affected by the negative impact of the consolidation of Nowa Era's seasonal losses in the first quarter. The operational result of learning was up in most countries. The result in literature and other businesses improved. Cost-savings partly offset the effect that lower sales have had on profits. The non-recurring items totalled EUR -5.0 million (2008: EUR -7.6 million) and were related to the restructuring of unprofitable units both in 2009 and in 2008. Operating profit including non-recurring items totalled EUR 38.5 million (2008: EUR 45.6 million). In October–December, the Division's operating loss excluding non-recurring items was EUR 10.4 million (2008: EUR 11.6 million), 10.5% less than in the comparable period. The improvement came from increased efficiency in learning as well as in literature and other businesses.

Sanoma Learning & Literature continues to focus on further internationalising its learning business, expanding language services and maintaining market leadership in Finnish general literature publishing. At the same time, the Division will continue to restructure its operations. Customers are increasingly looking at customised solutions both in learning and language services. Sanoma Learning & Literature is well positioned to offer these and can gain efficiency from developing platforms to be used in several markets.

In 2010, it is estimated that the net sales and operating profit excluding non-recurring items of Sanoma Learning & Literature will increase somewhat from the previous year's level.

SANOMA TRADE

Retail specialist Sanoma Trade's strengths are a thorough understanding of customers' needs and solid concepts. Sanoma Trade serves its customers in 230 million annual sales contacts at kiosks, bookstores and movie theatres. Operating in eight countries, trade services (previously press distribution) is a strong link between publishers and retailers.

Key indicators, EUR million	1–12/ 2009	1–12/ 2008
Net sales	**827.8**	866.6
Operating profit excluding non-recurring items	**27.6**	45.1
% OF NET SALES	**3.3**	5.2
Operating profit	**24.0**	45.1
Capital expenditure	**25.5**	33.8
Return on investment (ROI), %	**8.2**	16.5
Number of employees at the end of the period (full-time equivalents)	**5 943**	6 626
Average number of employees (full-time equivalents)	**6 164**	6 633

- Movie operations had another record breaking year in Finland: movie admissions increased by 4.3% to over 5 million visits and box-office revenues reached an all-time high.
- The results in business in Finland and in the Netherlands were at the comparable year's level despite difficult market conditions.
- The Baltic as well as the Russian and Romanian businesses were strongly affected by the recession.

Sanoma Trade's net sales in 2009 totalled EUR 827.8 million (2008: EUR 866.6 million, 4.5% less than in the comparable year. Net sales of kiosk operations were at the comparable year's level. Most of the decrease in the Division's net sales came from trade services and bookstores. Net sales adjusted for changes in the Group structure decreased by 4.3%. Of Sanoma Trade's net sales, 32% (2008: 33%) came from outside Finland. In October–December, the Division's net sales were down by only 1.7% and totalled EUR 235.3 million (2008: EUR 239.3 million), with kiosk sales growing from the comparable period.

Net sales from kiosk operations amounted to EUR 410.9 million (2008: EUR 409.4 million). Kiosk sales in Finland were in line with the 2008 level. Net sales increased by 16% in Lithuania. Sales in the new operations in Romania also grew. In Estonia, Latvia and Russia, kiosk sales were down. During the year, Sanoma Trade closed down over 100 loss-making kiosks, mostly in Latvia and Lithuania. In Finland, the first pilot stores testing a number of new R-kiosk concepts were launched in November. In Russia, Sanoma Trade has decided to focus its kiosk operations on the Moscow region.

Net sales from trade services were EUR 222.2 million (2008: EUR 241.5 million). With all European markets faced with declines in press distribution volumes, net sales in the Division's trade services developed satisfactorily and outperformed the markets in many countries. In Finland, the sales of tabloids showed some positive signs at the end of the year. In the Netherlands, newsstand sales began to grow in the second half of 2009. Cumulatively, however, press distribution volumes and net sales were down. In the Baltic markets, cover prices rose due to VAT increases, which also affected volumes negatively. In the fourth quarter, contracts for distributing new products were signed in Finland and Lithuania.

Net sales from bookstores were EUR 123.3 million (2008: EUR 139.2 million). Net sales of the comparable year included the subscription business divested in May 2008. In Finland, Christmas book sales developed positively and sales of fiction, paperbacks in particular, grew during the year. However, the total book market was sluggish and net sales from bookstores decreased both in Finland and Estonia. In Estonia, two new bookstores were opened in the fourth quarter.

Net sales from movie operations totalled EUR 88.0 million (2008: EUR 94.3 million). In Finland, 2009 was the second record year in a row with over 5 million movie admissions and net sales increased. Alternative content, 3D movies, easy-to-use online ticket service and the multiplex theatre concept clearly attract customers. The constant supply of interesting movies has evened out differences between quarters. The economic downturn and lower private consumption affected movie sales in the Baltic countries and net sales decreased in Latvia in particular.

Sanoma Trade's investments in tangible and intangible assets totalled EUR 25.5 million (2008: EUR 33.8 million), and focused mainly on ICT projects, 3D digital equipment as well as on the expansion of the dispatch centre. There were no major acquisitions in 2009. In the comparable year, the most important acquisitions included minority shares in the Latvian movie theatre operator Forum Cinemas and Lithuanian press distributor Impress Teva, and the acquisition of the Russian kiosk chain KP Rosnitza.

Sanoma Trade's operating profit excluding non-recurring items in 2009 amounted to EUR 27.6 million (2008: EUR 45.1 million), a decrease of 38.8% coming from the foreign operations. The non-recurring items included in the operating profit totalled EUR -3.6 million (2008: EUR 0.0 million) and consisted of restructuring costs in Russia, Latvia and Lithuania. The operating profit decreased in all businesses due to lower sales and earlier investments in new markets. The results in businesses in Finland and the Netherlands were at the previous year's level. Operating profit including non-recurring items totalled EUR 24.0 million (2008: EUR 45.1 million). In October–December, the Division's operating profit excluding non-recurring items was down by 30.3% and totalled EUR 10.3 million (2008: EUR 14.7 million). The fourth quarter's development is the result of Sanoma Trade's intensive cost-saving programmes in all businesses and the improved sales in Finnish kiosk operations and bookstores.

Sanoma Trade continues to develop its concepts, particularly its kiosk and bookstore concepts. Efficient chain management as well as a product and service offering that caters to the needs of customers are key success factors in all markets and will ensure the competitiveness of Sanoma Trade. With its 230 million annual customer contacts, Sanoma Trade gains valuable consumer insight and has good possibilities to develop its product and service offering.

In 2010, Sanoma Trade's net sales are expected to increase slightly and operating profit excluding non-recurring items to improve clearly from the previous year's level.

Personnel

In 2009, the average number of persons employed by the Sanoma Group was 20,625 (2008: 21,329; 2007: 19,587). In full-time equivalents, the number of Group employees at the end of the year was 16,723 (2008: 18,453; 2007: 16,730). The number of employees decreased due to restructuring measures in different divisions. Some of the arrangements will continue to have an impact on personnel numbers in 2010. In full-time equivalents, Sanoma Magazines had 5,191 (2008: 5,900) employees at the end of 2009, Sanoma News 2,306 (2008: 2,449), Sanoma Entertainment 458 (2008: 488), Sanoma Learning & Literature 2,745 (2008: 2,908) and Sanoma Trade 5,943 (2008: 6,626). The number of employees in the Parent Company was 79 (2008: 81).

The total employee benefits to Sanoma employees in 2009, including the expense recognition of options granted, amounted to EUR 563.0 million (2008: EUR 575.5 million; 2007: EUR 533.0 million).

Dividend

On 31 December 2009, Sanoma Corporation's distributable funds were EUR 668.8 million, of which profit for the year made up EUR 145.0 million.

The Board of Directors proposes to the Annual General Meeting that:
- A dividend of EUR 0.80 per share, or in total an estimated EUR 129.5 million, shall be paid
- A sum of EUR 0.5 million shall be transferred to the donation reserve and used at the Board's discretion
- The amount left in equity shall be EUR 538.9 million.

In accordance with the Annual General Meeting's decision, Sanoma paid out a per-share dividend of EUR 0.90 for 2008. Sanoma conducts an active dividend policy and primarily distributes over half of the Group result after taxes in dividends.

Shares and holdings

In 2009, traded shares accounted for 45% (2008: 62%) of the average number of Sanoma's shares for the year.
➥For more information on Sanoma's shares and shareholders, stock options, treasury shares and management ownership, see the Shares and shareholders section of the Financial Statements, p. 59–65, as well as Notes 20 and 31 of the Financial Statements. For key indicators, see p. 3 of the Financial Statements.

Board of Directors, auditors and management

The AGM of 1 April 2009 confirmed the number of Sanoma's Board members at ten. Board members Jaakko Rauramo and Sakari Tamminen were re-elected, and Annet Aris was elected to the Board as a new member. The Board of Directors of Sanoma consists of the following: Jaakko Rauramo, Chairman; Sakari Tamminen, Vice Chairman; and Annet Aris, Robert Castrén, Jane Erkko, Paavo Hohti, Sirkka Hämäläinen-Lindfors, Seppo Kievari, Rafaela Seppälä and Hannu Syrjänen as members.

The AGM re-appointed Pekka Pajamo, APA, and Sixten Nyman, APA, as his deputy, and chartered accountants KPMG Oy Ab, with Kai Salli, APA, acting as the Auditor in Charge, as the auditors of the Company.

During the year, two new members joined Sanoma's Executive Management Group (EMG). Timo Mänty was appointed President and CEO of the Sanoma Trade division and a member of the EMG as of 1 January 2009 and Chief Strategy Officer Sven Heistermann was appointed a member of the EMG as of 1 October 2009. At the end of 2009, the EMG comprised Hannu Syrjänen (Chairman), Eija Ailasmaa, Jacques Eijkens, Sven Heistermann, Kim Ignatius, Timo Mänty, Anu Nissinen and Mikael Pentikäinen.

Board authorisations

The AGM of 1 April 2009 authorised the Board of Sanoma to decide on the repurchase of a maximum 16,000,000 of the Company's own shares with the Company's unrestricted shareholders' equity. The authorisation is effective until 30 June 2010. The Board did not use this authorisation in 2009. The Board also had the authorisation to increase the share capital of the Company granted by the AGM of 4 April 2007. Under this authorisation, the Board decided on 18 December 2009 on the issuance of Stock Option Scheme 2009.
➥For more information on board authorisations, see the Shares and shareholders section of the Financial Statements, p. 59–65.

Seasonal fluctuation

The net sales and result of Sanoma Magazines, Sanoma News and Sanoma Entertainment are particularly affected by the development of advertising. Advertising sales are influenced, for example, by the number of newspaper and magazine issues published during each quarter, which varies annually. Television advertising in Finland is usually strongest in the second and fourth quarters.

Learning accrues most of its net sales and results during the second and third quarters.

A major portion of the net sales and results in retail are, on the other hand, generated in the last quarter, particularly from Christmas sales. Of course, the number of shopping days and, for example, the distribution of holidays over different quarters impacts the retail sales between quarters.

Seasonal business fluctuations influence the Group's net sales and operating profit, with the first quarter traditionally being clearly the smallest.

Significant risks and uncertainty factors

While executing strategy, Sanoma and its divisions and subsidiaries are exposed to numerous risks and risk taking opportunities. Managing business risks and the opportunities associated with them is a core element in the daily responsibilities of Sanoma's management.
➥The most significant risks and uncertainty factors Sanoma is facing are described in the Financial Statements, p. 76–77, together with the main principles of risk management.

Many of the identified risks relate to changes in customer preferences. Ongoing digitisation has been the driving force behind these changes for some time, and Sanoma has identified action plans in all its divisions on how to respond to this challenge.

Normal business risks associated with the industry relate to developments in media advertising and consumer spending. Media advertising is sensitive to economic fluctuations. Therefore, the general economic conditions of the countries in which the Group operates and the economic trends of the industry influence Sanoma's business activities and operational performance.

Consolidated income statement

EUR million	Note	1.1–31.12.2009	1.1–31.12.2008
Net sales	3	**2 767.9**	3 030.1
Other operating income	4	**64.6**	97.1
Materials and services		**1 238.5**	1 367.4
Employee benefit expenses	5, 31	**695.5**	702.8
Other operating expenses	6	**536.2**	588.8
Depreciation, amortisation and impairment losses	10–12	**167.0**	231.9
Operating profit		**195.4**	236.3
Share of results in associated companies		**-3.9**	4.9
Financial income	7	**22.5**	18.9
Financial expenses	7	**52.6**	69.9
Result before taxes		**161.4**	190.3
Income taxes	8	**-54.3**	-69.4
Result for the period		**107.1**	120.8
Result attributable to:			
Equity holders of the Parent Company		**105.6**	115.7
Non-controlling interests		**1.6**	5.1
Earnings per share for result attributable to the equity holders of the Parent Company:	9		
Earnings per share, EUR		**0.66**	0.72
Diluted earnings per share, EUR		**0.66**	0.72

Statement of comprehensive income

EUR million	1.1–31.12.2009	1.1–31.12.2008
Result for the period	**107.1**	120.8
Other comprehensive income:		
Change in translation differences	**-5.0**	-39.1
Total comprehensive income for the period	**102.1**	81.7
Total comprehensive income attributable to:		
Equity holders of the Parent Company	**100.5**	77.5
Non-controlling interests	**1.6**	4.2

Consolidated balance sheet

EUR million	Note	31.12.2009	31.12.2008
ASSETS			
Non-current assets			
Tangible assets	10	**484.2**	510.4
Investment property	11	**9.4**	10.2
Goodwill	12	**1 488.9**	1 491.6
Other intangible assets	12	**399.3**	379.7
Interests in associated companies	13	**63.5**	69.9
Available-for-sale financial assets	14	**15.7**	20.6
Deferred tax receivables	8	**30.1**	36.6
Trade and other receivables	5, 15	**31.4**	41.0
Non-current assets, total		**2 522.3**	2 560.0
Current assets			
Inventories	16	**141.6**	173.2
Income tax receivables		**19.3**	24.9
Trade and other receivables	17	**362.9**	409.1
Available-for-sale financial assets	14	**0.5**	0.5
Cash and cash equivalents	18	**59.7**	110.9
Current assets, total		**584.0**	718.7
ASSETS, TOTAL		**3 106.3**	3 278.7
EQUITY AND LIABILITIES			
Equity	19		
Equity attributable to the equity holders of the Parent Company			
Share capital		**71.3**	71.3
Treasury shares			-37.5
Fund for invested unrestricted equity		**188.8**	192.7
Translation differences		**-30.2**	-25.2
Retained earnings		**961.4**	1 018.9
		1 191.2	1 220.1
Non-controlling interests		**15.4**	17.0
Equity, total		**1 206.6**	1 237.1
Non-current liabilities			
Deferred tax liabilities	8	**101.2**	106.2
Pension obligations	5	**29.9**	37.9
Provisions	21	**10.7**	6.0
Interest-bearing liabilities	22	**541.6**	449.0
Trade and other payables	23	**28.2**	34.6
Current liabilities			
Provisions	21	**23.8**	10.9
Interest-bearing liabilities	22	**476.1**	633.6
Income tax liabilities		**16.9**	11.7
Trade and other payables	23	**671.3**	751.7
Liabilities, total		**1 899.7**	2 041.6
EQUITY AND LIABILITIES, TOTAL		**3 106.3**	3 278.7

Changes in consolidated equity

EUR million	Equity attributable to the equity holders of the Parent Company									
	Share capital	Premium fund	Treasury shares	Fund for invested unrestricted equity	Other reserves	Translation differences	Retained earnings	Total	Non-controlling interests	Equity, total
Equity at 1 Jan 2008	**71.3**	**187.6**	**-51.6**		**0.1**	**11.4**	**1 127.1**	**1 345.9**	**18.3**	**1 364.2**
Share subcription with options	0.0	0.0		5.1				5.1		5.1
Acquisition of treasury shares			-47.6					-47.6		-47.6
Cancellation of treasury shares			61.6				-61.6			
Expense recognition of options granted							5.0	5.0		5.0
Dividends paid							-160.8	-160.8	-3.5	-164.3
Change in non-controlling interests							-3.1	-3.1	-2.1	-5.2
Donations							-1.7	-1.7		-1.7
Transfer of premium fund		-187.6		187.6						
Other changes					-0.1		0.1			
Total comprehensive income for the year						-36.6	114.1	77.5	4.2	81.7
Equity at 31 Dec 2008	**71.3**		**-37.5**	**192.7**		**-25.2**	**1 018.9**	**1 220.1**	**17.0**	**1 237.1**
Equity at 1 Jan 2009	**71.3**		**-37.5**	**192.7**		**-25.2**	**1 018.9**	**1 220.1**	**17.0**	**1 237.1**
Share subscription with options				12.3				12.3		12.3
Cancellation of treasury shares			37.5				-37.5			
Expense recognition of options granted							3.8	3.8		3.8
Dividends paid							-144.9	-144.9	-1.2	-146.2
Change in non-controlling interests									-2.0	-2.0
Donations							-0.5	-0.5		-0.5
Transfer from fund				-16.1			16.1			
Total comprehensive income for the year						-5.1	105.6	100.5	1.6	102.1
Equity at 31 Dec 2009	**71.3**			**188.8**		**-30.2**	**961.4**	**1 191.2**	**15.4**	**1 206.6**

Consolidated cash flow statement

EUR million	Note	1.1–31.12.2009	1.1–31.12.2008
Operations			
Result for the period		107.1	120.8
Adjustments			
Income taxes		54.3	69.4
Financial expenses	7	52.6	69.9
Financial income	7	-22.5	-18.9
Share of results in associated companies		3.9	-4.9
Depreciation, amortisation and impairment losses		167.0	231.9
Gains/losses on sales of non-current assets		-2.4	-34.2
Other adjustments		-56.4	-40.1
Change in working capital			
Change in trade and other receivables		47.4	-18.5
Change in inventories		5.6	-0.5
Change in trade and other payables, and provisions		-36.9	3.6
Interest paid		-34.6	-53.4
Other financial items		-2.0	-4.5
Taxes paid		-41.4	-70.2
Cash flow from operations		241.8	250.3
Investments			
Acquisition of tangible and intangible assets		-80.2	-113.3
Operations acquired	2	-26.7	-157.0
Associated companies acquired		-0.1	-0.2
Acquisition of other holdings		-0.3	-5.1
Sales of tangible and intangible assets		5.4	12.7
Operations sold	2	0.3	46.0
Associated companies sold		0.0	0.7
Sales of other companies		0.1	2.5
Loans granted		-0.9	-19.8
Repayments of loan receivables		3.3	8.8
Sales of short-term investments		0.0	0.5
Interest received		4.8	7.4
Dividends received		4.3	7.5
Cash flow from investments		-89.9	-209.3
Cash flow before financing		151.9	41.1
Financing			
Proceeds from share subscriptions		12.3	5.1
Minority capital investment/repayment of equity			1.0
Purchase of treasury shares			-48.2
Change in loans with short maturity		-42.6	-53.8
Drawings of other loans		399.7	525.1
Repayments of other loans		-460.0	-264.6
Payment of finance lease liabilities		-3.5	-2.8
Dividends paid		-146.2	-164.3
Donations/other profit sharing		-0.5	-0.5
Cash flow from financing		-240.8	-3.1
Change in cash and cash equivalents according to cash flow statement		-88.9	38.0
Effect of exchange rate differences on cash and cash equivalents		0.0	0.1
Net increase(+)/decrease(-) in cash and cash equivalents		-88.9	38.1
Cash and cash equivalents at 1 Jan		110.5	72.4
Cash and cash equivalents at 31 Dec	18	21.6	110.5

Cash and cash equivalents in the cash flow statement include cash and cash equivalents less bank overdrafts.

Notes to the consolidated financial statements

Accounting policies for consolidated financial statements

CORPORATE INFORMATION

Sanoma Group's five divisions operate in versatile fields of media. Sanoma Magazines is one of the leading European magazine publishers, Sanoma News is the leading newspaper publisher in Finland, Sanoma Entertainment is engaged in the field of electronic media, Sanoma Learning & Literature is a significant European provider of learning materials and solutions and Finland's largest book publisher, and Sanoma Trade is the market leader in kiosk operations and press distribution in Finland and the Baltic countries. Sanoma has operations in over 20 countries.

The Sanoma Group's Parent Company, Sanoma Corporation, is a Finnish public limited liability company domiciled in Helsinki. The address of the Parent Company's registered office is Ludviginkatu 6–8, FI-00130 Helsinki.

On 11 February 2010, Sanoma's Board of Directors approved these financial statements to be disclosed. In accordance with the Finnish Companies Act, the shareholders can either adopt or reject the financial statements in the Annual General Meeting held after the disclosure. The AGM can also resolve to amend the financial statements.

Copies of the consolidated financial statements are available at Sanoma.com or from the Parent Company's head office.

BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Sanoma has prepared its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) while adhering to related IAS and IFRS standards, effective at 31 December 2009, as well as SIC and IFRIC interpretations. IFRS refers to the approved standards and their interpretations applicable within the EU under the Finnish Accounting Act and its regulations in accordance with European Union Regulation No. 1606/2002. The notes to the consolidated financial statements are in accordance with Finnish Accounting Standards and company law.

Financial statements are presented in millions of euros, based on historical cost conventions unless otherwise stated in the accounting policies.

NEW AND AMENDED STANDARDS

The Group has applied the following new standards, interpretations and amendments to standards and interpretations as of 1 January 2009:

- The revised IAS 1 Presentation of financial statements. The amendment mainly affected presentation of the statement of comprehensive income and the statement showing the changes in equity as well as the terminology used in the financial statements.
- Amendments to IFRS 7 Financial Instruments: Disclosures – Improving disclosures about financial instruments. According to the amendment, the financial assets at fair values shall be classified to three categories. The impact of this amendment is minor.
- IFRS 8 Operating segments. The standard provides that segment information shall be based on the company's internal reporting delivered to the management of the company. The adoption of IFRS 8 had no impact on the Group's operating segments. The adoption of the standard mainly affected the information to be disclosed on the Group's geographical areas.
- The revised IAS 23 Borrowing costs. The revised standard requires, that borrowing costs that are directly attributable to the acquisition of a qualifying asset such as a production plant, shall be included to the cost of that asset. The Group did not acquire any qualifying assets in 2009 or 2008. The Group has recognised borrowing costs as expense during the period incurred.
- Improvements to IFRS (May 2008). This annual procedure comprises several minor revisions to standards which are collected and processed together once in a year. These changes handle a total of 34 standards. These amendments do not have material influence on the Group's financial statements.

In addition to the changes listed above some other amendments to standards and IFRIC interpretations became effective in 2009, but they did not have any impact on the Group's financial statement.

CHANGES IN ACCOUNTING PRINCIPLES

Sanoma Learning & Literature has started to capitalise prepublication costs of learning materials and solutions to intangible assets as of 1 January 2009. Prepublication assets are amortised within their useful lives. Previously, the principle was to include prepublication expenses in acquisition cost of inventory. In cash flow statement the increase in prepublication costs is not included in capital expenditure but in cash flow from operations. The change in accounting policy does not have material impact on Sanoma's income statement or balance sheet.

MANAGEMENT JUDGEMENT IN APPLYING THE MOST SIGNIFICANT ACCOUNTING POLICIES AND OTHER KEY SOURCES OF ESTIMATION UNCERTAINTY

Preparing the financial statements in accordance with IFRS requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. During the preparation of the financial statements, such estimates were used when making calculations for impairment testing of goodwill, allocating acquisition cost and determining the estimated useful lives for tangible and intangible assets, for example. In addition, management judgement is used when determining the valuation of deferred taxes as well as pension assets and pension obligations. Although these estimates are based on the management's best knowledge of current events and actions, actual results may ultimately differ from these estimates.

Impairment testing is illustrated later in the accounting policies and notes to the financial statements. Other uncertainties related to management judgement are presented, if necessary, in the notes in question.

CONSOLIDATION PRINCIPLES

The consolidated financial statements have been prepared by consolidating the Parent Company's and its subsidiaries' income statements, balance sheets and notes to the financial statements. Prior to consolidation, the Group companies' financial statements were adjusted to ensure consistency with the Group's accounting policies.

The consolidated financial statements include Sanoma Corporation and companies in which the Parent Company has, directly or indirectly, an interest of more than 50% of voting rights, or over which it otherwise has control. Intra-group shareholdings are eliminated using the acquisition cost method. In cases where the Group is committed to increasing ownership in a subsidiary, the consolidation has taken the ownership into account in accordance with the obligation.

Companies acquired during the financial year are included in the consolidated financial statements from the date of their acquisition, or from the date on which control was transferred to the Group, and divested subsidiaries are included in the consolidated income statement until the date on which said control ceased.

Sanoma uses the acquisition cost method when accounting for acquisitions. Acquisitions carried out after 1 January 2004 are measured at fair value on the date of acquisition, but acquisitions prior to that date have not been adjusted retrospectively. On the date of acquisition, the acquisition cost is allocated to the assets and liabilities of the acquired business by recognising them at their fair value.

Associated companies are entities in which the Group has significant influence. Significant influence is based on a holding of over 20% of the voting rights or otherwise obtaining significant influence but not control over the entity. Associated companies are accounted for using the equity method. The Group's share of the associated companies' result is disclosed separately after operating profit. The balance sheet value of associated companies includes the goodwill originated from acquisitions.

Joint ventures controlled jointly by the Group with one or several other owners are accounted for using the line-by-line proportionate consolidation method.

Profit or loss for the period attributable to equity holders of the Parent Company and to non-controlling interests is presented in the income statement. The statement of comprehensive income shows the total comprehensive income attributable to the equity holders of the Parent Company and to non-controlling interests. Amount of equity attributable to equity holders of the Parent Company and to non-controlling interests is presented as a separate item in the balance sheet within equity.

Intra-group transactions, receivables and liabilities, intra-group margins and distribution of profits within the Group are eliminated in the consolidated financial statements.

FOREIGN CURRENCY ITEMS

Items of each subsidiary are recognised using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that subsidiary (the functional currency). The consolidated financial statements are presented in euro, which is the Parent Company's functional and presentation currency.

Foreign currency transactions of the Group entities are translated to the functional currency at the exchange rate quoted on the transaction date. Assets and liabilities on the balance sheet date are translated into the functional currency at the exchange rate prevailing on the balance sheet date. Any exchange rate differences related to business operations are recognised as adjustments to sales and purchases. Exchange rate differences resulting from the translation of interest-bearing assets and liabilities denominated in foreign currencies are recognised in financial income and expenses.

The income and expense items in the income statement and in the statement of comprehensive income of the non-euro Group entities (subsidiaries, associated companies and joint ventures) have been translated into euro using the average exchange rates quoted for the financial period and balance sheets using the exchange rate quoted on the balance sheet date. The profit for the period being translated into euro by different currency rates in the income statement and balance sheet results in translation difference in equity. The change in translation difference is recognised in other comprehensive income.

Exchange rate differences resulting from the translation of foreign subsidiaries' and associated companies' balance sheets are recognised under shareholders' equity. When a foreign entity is sold, cumulative translation differences are recognised in the income statement as part of the capital gain or loss.

Translation differences recorded before 1 January 2004 are recognised in retained earnings, as permitted by IFRS 1.

As of 1 January 2004, the goodwill and fair value adjustments arising on an acquisition are presented as assets and liabilities of the acquired entity and are translated into euro using the exchange rate prevailing on the balance sheet date. Goodwill and fair value adjustments related to acquisitions prior to 1 January 2004 are recognised in euro.

During the reporting year or preceding financial year, the Group did not have subsidiaries in countries with hyperinflation.

GOVERNMENT GRANTS

Grants from the government or other similar public entities are recognised in the income statement on a systematic basis over the period necessary to match them with the costs they are intended to compensate. Government grants related to the purchase of property, plant and equipment are recognised as a reduction of the asset's book value and credited to the income statement over the asset's useful life.

➥More information on government grants can be found in Note 4.

GOODWILL AND OTHER INTANGIBLE ASSETS

Acquired subsidiaries are consolidated using the acquisition cost method, whereby the acquisition cost is allocated to the acquired assets and liabilities at their fair value on the date of acquisition. Goodwill represents the excess of the acquisition cost over the fair value of the acquired company's net assets. Goodwill reflects e.g. expected future synergies resulting from acquisitions.

Goodwill is not amortised according to plan but it is annually tested for impairment.

Intangible assets acquired in a business combination must be recognised separately from goodwill if the assets fulfil the criteria set for these assets – i.e., they are identifiable, or based on contractual or other legal rights – and if their fair value can be reliably measured. Intangible assets are initially measured at cost and amortised over the asset's expected useful life.

Intangible assets, for which the expected useful lives cannot be determined, are not amortised according to plan but are subject to an annual impairment testing. Although expected useful lives can principally be determined for intangible rights, the useful life cannot be determined for some publishing rights. With regard to the acquisition of new assets, the Group assesses the expected useful life of the intangible right, for example, in light of historical data and market position, and determines the useful life on the basis of the best knowledge available on the assessment date.

The Group recognises the cost of broadcasting rights to TV programmes in intangible assets and their expenditure is recorded as amortisation. The prepublication costs of learning materials and solutions are recognized in intangible assets and amortized within useful lives.

Amortisation periods for intangible assets with finite useful lives are:

- Immaterial rights 2–40 years
- Other intangible assets 3–20 years

Goodwill and other intangible assets are described in more detail in Note 12.

IMPAIRMENT TESTING

The carrying amounts of assets are reviewed whenever there is any indication of impairment. Those cash generating units (CGU) for which goodwill has been allocated are tested for impairment at least once a year. Intangible assets with indefinite useful lives are also tested annually.

The test assesses the asset's recoverable amount, which is the higher of either the asset's net selling price or value in use based on future cash flows. Impairment tests are principally carried out on a cash flow basis by determining the present value of estimated future cash flows and allocating it to the Group's cash generating units.

Previously recognised impairment losses of assets are reversed if this arises from a change in the assumptions used to calculate the recoverable amount. However, impairment losses are not reversed beyond the amount the asset had before recognising impairment losses. Impairment losses recognised for goodwill are not reversed under any circumstances.

Impairment testing is described in more detail in Note 12.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and any impairment losses. The depreciation periods of PPE are based on the estimated useful lives and are:

- Buildings and structures 10–50 years
- Machinery and equipment 2–20 years
- Other tangible assets 3–10 years

Lease premises' renovation expenses are treated as other tangible assets in the balance sheet.

Major renovations are only included in the assets' carrying amount if it is probable that the Group will derive additional future economic benefits and that the carrying amount can be reliably measured. Ordinary repairs and maintenance costs are expensed as incurred.

INVESTMENT PROPERTY

Properties are classified as investment property if the Group mainly holds the property to earn rental yields or for capital appreciation. Investment property is initially measured at cost and presented as a separate item in the balance sheet. Investment properties include buildings, land and investment in shares of property and housing companies not in Sanoma's own use. Based on their nature, such shareholdings are divided into land or buildings.

The fair value of investment properties is presented in the notes to the financial statements. Fair values are determined by using the productive value method or on the basis of similar property deals carried out in the market, and they correspond to the properties' market value. The risk of productive value method takes into account among others the term of lease period, other conditions of lease contract, the location of premises and the nature of re-rentability as well as the development of environment and area planning. The fair values of investment property are not principally based on the valuations of external certified real estate agents but, when necessary, the views of real estate agents are used to support the Group's own judgement. Investment in shares consists of a number of small properties whose fair value the Group determines internally using the productive value method.

OTHER INVESTMENTS IN PROPERTY AND HOUSING COMPANIES

Investments in property and housing companies that are, for the most part, held by Sanoma for its own use, are classified as land or buildings, depending on which has more relevance. Properties are measured at cost. Major mutual property companies are consolidated using the proportionate consolidation method.

LEASES

Leases of property, plant and equipment, where the Group substantially has all the rewards and risks of ownership, are classified as finance leases and capitalised as assets and liabilities for the lease period. Finance leases are recorded at the commencement of the lease period based on the estimated present value of the underlying minimum lease payments. The assets are depreciated during the lease term and lease payments are recognised as interest expenses and repayment of financial lease liabilities.

The Group has no leases classified as finance leases in which a Group company is a lessor.

Operating leases are charged to other operating expenses and the total future minimum lease payments are presented as off-balance-sheet liabilities in the notes to the financial statements.

INVENTORIES

Inventories are stated at the lower of cost or net realisable value, using the average cost method. The cost of finished goods and work in progress includes the purchase price, direct production wages, other direct production costs and fixed production overheads to their substantial extent. Net realisable value is the estimated selling price, received as part of the normal course of business, less estimated costs necessary to complete the product and make the sale.

FINANCIAL INSTRUMENTS

Financial instruments are classified in accordance with IAS 39. The Group holds loans and other receivables, available-for-sale financial assets and financial liabilities at amortised cost.

LOANS AND OTHER RECEIVABLES are assets with a fixed or definite series of payments. These assets are unlisted and not held for trading. Assets are measured at amortised cost. Receivables are presented as current or non-current financial assets. Trade receivables are carried at the expected realisable value. An impairment of trade receivables is recorded when there is justified evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

AVAILABLE-FOR-SALE FINANCIAL ASSETS are non-derivative assets that are either determined to be available-for-sale or for which other classification is not applicable. These assets are included in non-current assets unless the intention is to hold the investment for less than 12 months from the balance sheet date. All non-current investments held by the Group are classified as available-for-sale and mainly consist of a number of assets not related to business operations. These investments are measured at fair value and any change in fair value is recognised in other comprehensive income if the fair value can be reliably measured. When investments are sold, any change in fair value is derecognised from shareholders' equity and recognised in the income statement.

Available-for-sale financial assets do not contain publicly traded investments, and the fair value of these investments cannot be reliably measured. These assets are thus carried at cost, investments do not have any material effect on the consolidated balance sheet.

FINANCIAL LIABILITIES are borrowings that are stated at amortised cost using the effective interest rate method. Financial liabilities comprise both non-current and current liabilities.

DERIVATIVES AND HEDGE ACCOUNTING

Sanoma can use derivative instruments, such as forward contracts and interest rate swaps, in order to hedge against fluctuations in exchange rates and interest rates. During the financial years 2009 and 2008, the Group did not have any derivatives in use.

Derivatives are initially recognised at cost and subsequently measured at their fair value. Changes in the fair value of derivatives are recognised as financial items in the income statement. Derivative contracts are shown in other current receivables and liabilities in the balance sheet.

The Sanoma Group does not apply hedge accounting according to the requirements of IAS 39.

➥A more detailed description of the Group's financial risk management principles can be found in Note 26.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include bank accounts and short-term deposits with a maturity of less than three months. Bank overdrafts are shown under short-term liabilities in the balance sheet.

INCOME TAXES

The income tax charge presented in the income statement is based on taxable profit for the financial period, adjustments for previous periods' taxes and changes in deferred taxes. Taxable profit for the period is based on the tax rate effective in each country.

Deferred tax assets and liabilities are recorded on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts, using tax rates enacted on the balance sheet date. Changes in the tax rate are recorded as changes in deferred tax in the income statement. Deferred tax assets are recognised to the extent that it appears probable that future taxable profit will be available against which the deductible temporary difference can be utilised. No deferred tax liability on undistributed retained earnings of subsidiaries has been recognised in that respect as such distribution is not probable within the foreseeable future. The most significant temporary differences relate to depreciation differences, defined benefit pension plans, subsidiaries' tax losses carried forward and the fair valuation of assets when acquiring businesses.

PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of this obligation can be made.

A restructuring provision is recognised when the Group has prepared a detailed restructuring plan and started to implement that plan or announced the matter.

A provision for return of goods sold is set up based on previous experience.

STOCK OPTIONS

The Sanoma Group has applied IFRS 2 Share-based payments to all options schemes, in which the options have been granted after 7 November 2002 and not vested prior to 1 January 2005.

Stock options are measured at fair value on the grant date and charged to personnel expenses by division over the instrument's vesting period. Sanoma uses the Black–Scholes option-pricing model to measure stock option fair values. The fair values are based on the estimated total number of stock options outstanding at the end of respective vesting period. The estimate is adjusted when necessary and the final number of outstanding stock options is taken into account when recording the actual expense at the end of the vesting period.

➥Note 20 provides a more detailed description of the treatment and number of stock options.

REVENUE RECOGNITION

Revenue from the sale of goods is recognised when the risks and rewards related to goods ownership have been transferred to the buyer and the seller no longer has possession of, and control over, the goods. Sales of goods subject to subscription (magazines/newspapers) are recognised as revenue at the time of their delivery to customers. Sales of services are recognised once the service has been rendered. Net sales derive from sales net of discounts granted, indirect taxes and sales-related exchange rate differences. Net sales generated by commission sales include commissions. Delivery of books and papers from other than Sanoma publishers to retailer is treated as commission sales and only the commission fee is recognised in net sales.

RESEARCH AND DEVELOPMENT EXPENSES

R&D expenses are expensed as incurred.

R&D expenditure refers to costs charged to expenses that the company incurs with the aim of developing new products or services for sale, or fundamentally improving the features of its existing products or services, as well as extending its business. R&D expenses are mainly incurred before the company begins to make use of the new product/service for commercial or profitable purposes.

PENSIONS

The Group's pension schemes in different countries are arranged in accordance with local requirements and legislation. Pension schemes are classified into two categories: defined contribution plans and defined benefit plans. In addition to TEL insurance policies (based on the Finnish Employees' Pensions Act), the Group also has pension funds in Finland responsible for the statutory pension cover for certain Group companies, as well as for supplementary pension schemes. The Group's foreign units employ both defined benefit and defined contribution schemes, and the related pension cover is managed by both pension funds and insurance companies.

Contributions under defined contribution plans are expensed as incurred, and once they are paid to insurance companies the Group has no obligation to pay further contributions.

The present value of the Sanoma Group's obligation of defined benefit plans is determined separately for each scheme using the projected unit credit method. Within the defined benefit plan, pension obligations or pension assets represent the present value of future pension payments less the fair value of the plan assets and net of unrecognised actuarial gains or losses as well as potential past service cost. The present value of the defined benefit obligation is determined by using discount interest rates that are based on high-quality corporate bonds or government bonds. Pension expenses under the defined benefit plan are recognised as expenses for the remaining working lives of the employees within the plan based on the calculations of authorised actuaries.

Actuarial gains or losses are recognised in the income statement for the remaining average period of employment to the extent they exceed 10% of the greater of the present value of the pension obligations within the defined benefit plan, and the fair value of the plan assets. The Group has applied the exemption permitted by IFRS 1, whereby all accumulated actuarial gains or losses are recognised in the IFRS transition balance sheet as per 1 January 2004.

NEW STANDARDS AND AMENDMENTS UNDER IFRS

IASB and IFRIC have issued the following standards and interpretations, but they are not yet effective and the Group has not applied these requirements before the effective date.

- IFRS 3 (Revised 2008) Business Combinations (effective for annual periods beginning on or after 1 July 2009). The Group estimates that the adoption of the revised standard will have an impact on the amount of goodwill from acquisitions and results on disposing businesses. The standard is estimated to also have an impact on profit and loss in those periods in which new business is acquired, the deferred purchase price is paid or additional shares are acquired. According to the transitional provisions of the standard, business combinations for which the acquisition date is before the adoption of the standard, are not adjusted.
- IAS 27 (Amended 2008) Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009). The amended standard requires the effects of all transactions with a non-controlling interest to be recorded in equity if the control remains with the parent company. The amendment also specifies that a share of the loss for period can also be allocated to non-controlling interest when the losses exceed the amount of invested capital by the non-controlling parties.
- IAS 39 (Amended 2008) Financial Instruments: Recognition and Measurement – Eligible hedged items (effective for annual periods beginning on or after 1 July 2009). The amendment relates to hedge accounting and the Group estimates that it has no impact on the consolidated financial statements.
- IFRIC 17 Distributions of Non-cash Assets to Owners (effective for annual periods beginning on or after 1 July 2009). The Group estimates this interpretation to have no effect on the Group's future financial statements.
- IFRIC 18 Transfer of Assets from Customers (effective for annual periods beginning on or after 1 July 2009). This interpretation will have no effect on the Group's future financial statements.
- Improvements to IFRS (April 2008). Most of the changes are effective for annual periods beginning on or after 1 January 2010. This annual procedure comprises several minor changes and technical revisions to standards. The Group estimates that these amendments do not have material influence on the Group's financial statements. The EU has not yet adopted these amendments.
- IFRS 2 (Amended 2009) Share-based Payments – Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2010). The Group estimates that these amendments do not have material influence on the Group's financial statements. The amendment of the standard has not yet been adopted in the EU.
- IAS 32 (Amended 2008) Financial Instruments: Presentation- Classification of Rights Issues (effective for annual periods beginning on or after 1 January 2010).

1. Operating segments

The operating segments of the Sanoma Group comprise the Group's five divisions: Sanoma Magazines, Sanoma News, Sanoma Entertainment, Sanoma Learning & Literature and Sanoma Trade. The segmentation is based on business model and product differences. The media business, based on advertising and circulation sales, is divided into three segments: Sanoma Magazines is responsible for magazines, Sanoma News for newspapers and Sanoma Entertainment for TV and broadband business. Sanoma Learning & Literature's business is mainly b-2-b business. Sanoma Trade, on the other hand, operates on a retail business model.

The adoption of IFRS 8 has not changed reportable segments because also the segment information the Group has presented earlier has been based on internal management reporting.

SANOMA MAGAZINES

Sanoma Magazines is one of Europe's largest consumer magazine publishers, operating in 13 countries. The majority of the Division's 295 magazines comprise concepts and titles of its own, but the portfolio also includes licensed, well-known international titles. In addition to publishing its strong portfolio of magazine brands, Sanoma Magazines is rapidly expanding its business to digital media platforms. Sanoma Magazines is a leading online player and content provider in the Netherlands, Hungary and Bulgaria.

SANOMA NEWS

Sanoma News is the leading newspaper publisher in Finland, and its printed and digital products have a strong presence in the lives of Finns. In addition to *Helsingin Sanomat*, the largest daily in the Nordic region, the Division publishes other national and regional daily newspapers and free sheets. Sanoma News is one of the most significant digital media players in Finland and its services include Finland's leading classified advertising service, among others. In addition, Sanoma News provides its corporate customers with business information, news analysis and summary as well as printing services.

SANOMA ENTERTAINMENT

Sanoma Entertainment offers entertaining experiences on television, radio and online. Sanoma Entertainment's business units include Nelonen Media, which focuses on broadcast operations, and Welho, Finland's largest cable television operator. The Division's newest business unit is Sanoma Games, which concentrates on online casual gaming.

SANOMA LEARNING & LITERATURE

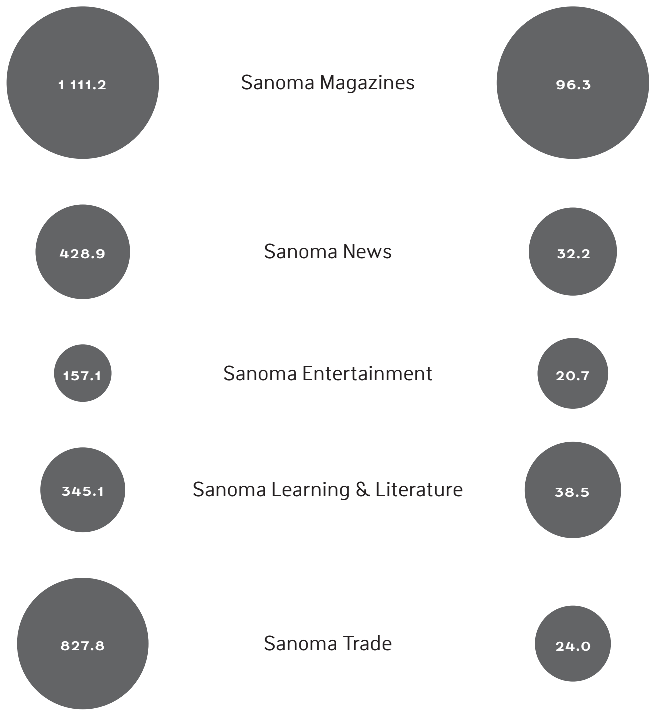
Sanoma Learning & Literature, operating in 10 countries, is a leading provider of learning materials and solutions in print and digital format in Europe. The Division has growing international language service operations and is also the leading general literature publisher in Finland.

SANOMA TRADE

Sanoma Trade is a retail specialist with operations in eight countries. The Division's strengths are a thorough understanding of the customer's needs and solid concepts. Sanoma Trade serves its customers in 230 million annual sales contacts in kiosks, bookstores and movie theatres. The Division's trade services is a strong link between publishers and retailers.

NET SALES 2009
EUR million

OPERATING PROFIT 2009
EUR million



UNALLOCATED/ELIMINATIONS

In addition to the Group eliminations, unallocated/eliminations column includes Sanoma Corporation and real estate companies as well as items not allocated to segments.

Divisions 2009, EUR million	Sanoma Magazines	Sanoma News	Sanoma Entertainment	Sanoma Learning & Literature	Sanoma Trade	Unallocated/ eliminations	Consolidated
External net sales	1 108.8	420.5	155.5	329.9	753.3	-0.2	2 767.9
Internal net sales	2.4	8.4	1.6	15.3	74.5	-102.1	
Net sales	1 111.2	428.9	157.1	345.1	827.8	-102.3	2 767.9
Depreciation, amortisation and impairment losses	31.2	33.5	47.2	27.9	26.0	1.1	167.0
Operating profit	96.3	32.2	20.7	38.5	24.0	-16.2	195.4
Share of results in associated companies	-4.4	0.2		-0.1	0.4		-3.9
Financial income						22.5	22.5
Financial expenses						52.6	52.6
Profit before taxes							161.4
Capital expenditure	24.4	10.6	9.3	13.1	25.5	0.5	83.4
Goodwill	1 022.7	75.8	24.7	277.3	74.4	14.0	1 488.9
Interests in associated companies	55.1	1.4	0.0	0.8	6.1		63.5
Segment assets	1 519.1	345.4	125.0	550.4	439.1	3.8	2 982.7
Other assets						123.6	123.6
Total assets							3 106.3
Segment liabilities	386.1	115.0	38.8	95.6	269.0	-140.6	763.8
Other liabilities						1 135.9	1 135.9
Total liabilities							1 899.7
Cash flow from operations	79.1	65.5	25.7	36.2	43.3	-8.1	241.8
Average number of employees (full-time equivalents)	5 452	2 399	469	2 780	6 164	79	17 343

Divisions 2008, EUR million	Sanoma Magazines	Sanoma News	Sanoma Entertainment	Sanoma Learning & Literature	Sanoma Trade	Unallocated/ eliminations	Consolidated
External net sales	1 243.8	467.2	155.5	372.8	790.9	0.0	3 030.1
Internal net sales	3.1	7.5	1.6	17.2	75.8	-105.2	
Net sales	1 246.8	474.7	157.1	390.0	866.6	-105.2	3 030.1
Depreciation, amortisation and impairment losses	111.7	30.3	42.9	13.4	32.5	1.2	231.9
Operating profit	85.7	57.3	17.3	45.6	45.1	-14.6	236.3
Share of results in associated companies	4.5	0.2	0.0	0.0	0.4	-0.1	4.9
Financial income						18.9	18.9
Financial expenses						69.9	69.9
Profit before taxes							190.3
Capital expenditure	26.8	19.6	13.5	15.6	33.8	0.5	109.9
Goodwill	1 031.6	73.7	24.6	272.0	75.8	13.8	1 491.6
Interests in associated companies	61.7	1.5	0.0	0.7	6.0		69.9
Segment assets	1 576.8	373.6	135.2	552.4	449.3	3.1	3 090.5
Other assets						188.1	188.1
Total assets							3 278.7
Segment liabilities	430.7	147.7	41.4	107.5	276.4	-162.6	841.1
Other liabilities						1 200.5	1 200.5
Total liabilities							2 041.6
Cash flow from operations	102.9	84.4	19.7	46.4	42.4	-45.4	250.3
Average number of employees (full-time equivalents)	5 731	2 491	482	2 737	6 633	94	18 168

The accounting policies for segment reporting do not differ from the Group's accounting policies and have not changed due to adoption of IFRS 8. The decisions concerning assessing the performance of operating segments and allocating resources to the segments are based on segments' operating profit. The Group's Executive Management Group acts as the chief operating decision maker. The Group has not aggregated operating segments to form the above mentioned reportable segments. Segment assets do not include cash and cash equivalents, interest-bearing receivables and tax receivables. Segment liabilities do not include interest-bearing liabilities and tax liabilities. Capital expenditure includes investments in tangible and intangible assets. Transactions between segments are based on market prices.

Information about geographical areas 2009, EUR million	Finland	The Netherlands	Other EU countries	Non-EU countries	Eliminations	Consolidated
External net sales	1 423.2	625.1	634.7	84.9	0.0	2 767.9
Non-current assets	715.0	1 164.4	464.7	122.6	0.0	2 466.6

Information about geographical areas 2008, EUR million	Finland	The Netherlands	Other EU countries	Non-EU countries	Eliminations	Consolidated
External net sales	1 500.9	654.7	728.3	146.3	0.0	3 030.1
Non-current assets	744.2	1 149.3	466.1	129.6	0.0	2 489.1

External net sales and non-current assets are reported based on where the company is domiciled. Non-current assets do not include financial instruments, deferred tax receivables and assets related to defined benefit plans.

The Group's revenues from transactions with any single external customer do not amount to 10% or more of the Group's net sales.

2. Acquisitions and divestments

Impact of business acquisitions on Group's assets and liabilities, EUR million	2009	2008
Tangible assets	**1.0**	6.9
Intangible assets	**1.1**	72.2
Other non-current assets	**0.1**	-2.6
Inventories	**0.7**	4.1
Other current assets	**0.9**	28.0
Assets, total	**3.9**	108.5
Non-current liabilities	**-0.3**	-33.6
Current liabilities	**-2.4**	-20.6
Liabilities, total	**-2.6**	-54.2
Non-controlling interests	**-1.6**	6.0
Exchange rate differences and other changes		-12.9
Acquisition cost	**6.7**	190.7
New goodwill from acquisitions (net)	**3.9**	143.4
Negative goodwill in income statement	**-0.9**	
Change in goodwill	**4.8**	143.4
Decrease (+) / increase (-) in acquisition liabilities	**20.1**	-22.4
Cash and cash equivalents of operations acquired	**-0.1**	-11.3
Cash flow from operations acquired	**26.7**	157.0

ACQUISITIONS IN 2009

The aggregate acquisition cost of the businesses consolidated to the Sanoma Group in 2009 was EUR 6.7 million, which includes the EUR 1.3 million spent on buyout of non-controlling interests. The acquired net assets at fair value were EUR 1.3 million and decrease in non-controlling interests EUR 1.6 million. As a result of the acquisitions, EUR 4.8 million was recognised in goodwill. The impact of the acquired business operations on the Group's net sales and operating profit was not material. The contingent purchase prices from acquisitions from previous years were adjusted downwards by EUR 3.7 million, which decreased goodwill by the same amount. The purchase price liabilities of acquisitions from previous years were amortised by a total of EUR 20.1 million in 2009.

In January, Van In, a learning material provider in the Sanoma Learning & Literature division acquired Wees Wegijs, a publisher specialised in the publication of road safety books in Belgium. The company employs seven persons. The acquisition comprised three companies, and all of their shares were acquired by Van In.

In September, Sanoma Budapest (part of Sanoma Magazines) acquired all the shares in the Hungarian company Selko Kft, which runs the comparison site *Olcsobbat.hu.* Selko Kft employs five persons.

In December 2009, WS Bookwell from Sanoma Learning & Literature purchased book printing operations through a business transfer from Gummerus Oy. The restructuring plans that had been started in Gummerus before its closing concerned the 90 persons that moved to WS Bookwell as part of the transaction. The acquisition price will be paid by a targeted share issue, by which Gummerus Oy will receive a 20% stake in WS Bookwell.

ACQUISITIONS IN 2008

In 2008, Sanoma Group's acquisitions totalled EUR 190.7 million. The largest single transaction, amounting to EUR 62.5 million, was the acquisition of the Polish educational publisher Nowa Era in March. The acquisition cost of each individual acquisition remained under one percent of the Group's total balance sheet, and their combined impact on the Group assets and liabilities was minor. The combined effect of the acquisitions on the Group's net sales since the acquisition date amounted to EUR 101.9 million and on operating profit EUR 13.1 million in 2008. If the acquired entities had been consolidated with the Group's figures from the beginning of the year, the impact on net sales or on operating profit would not have been materially higher than mentioned above.

The acquisition costs of new businesses in the Sanoma Magazines division amounted to EUR 94.0 million, and the goodwill recorded on the acquisitions amounted to EUR 48.8 million. Goodwill consists of functional and commercial synergies.

Sanoma Uitgevers, part of the Sanoma Magazines division, increased its share in the Dutch magazine publisher Mood for Magazines by 53% in January. In connection with the acquisition of Mood for Magazines, the company recorded a goodwill of EUR 16.7 million. Before the 53% increase in the ownership, Mood for Magazines was consolidated into the Group result as an associated company. In 2008, the net sales of Mood for Magazines amounted to EUR 16.5 million.

In July, Sanoma Magazines International acquired an 82% share in Net Info.BG AD, Bulgaria's leading internet company. Furthermore, Sanoma Magazines International has agreed to purchase the 18% minority share by the year 2011. Netinfo has been consolidated with the Group according to a 100% ownership share as of 1 July 2008. The company's acquisition cost, EUR 28.6 million, exceeded the fair value of the net assets acquired by EUR 14.9 million, and this amount was recorded in the Group balance sheet as goodwill. The immaterial rights that were indentified in the acquisition, consist of four separate online sites. EUR 13.3 million of the acquisition cost was allocated to these immaterial rights. In July–December 2008, the net sales of Netinfo amounted to EUR 1.6 million. At the end of the year, after a significant worsening of the market situation, an impairment loss of EUR 13.3 million, was recognised on Netinfo's immaterial rights.

In August, Sanoma Uitgevers acquired 100% of European Auto Trader B.V., a publisher of car magazines in the Benelux countries. The company's website *Autotrader.nl* is one of the largest sites for second-hand cars in the Netherlands. The acquisition cost of European Auto Trader was EUR 24.6 million, and a goodwill of EUR 10.0 million was recorded in connection with the transaction. In August–December 2008, the net sales of the company amounted to EUR 4.2 million.

In June, Sanoma Magazines International acquired OOO Lux Media, a Russian magazine publisher, whose financial statements have been consolidated with the Group financial statement according to a 100% ownership as of 1 June 2008. Some EUR 4 million acquisition costs corresponding to an ownership share of 100% were recorded.

Other acquisitions of lower acquisition cost by the Sanoma Magazines division included, e.g., the purchase of two home and decoration websites, *Leadz.nl* and *Woonwebsite.nl*, as well as purchase of a minority share in the Dutch gaming site Insidegamer B.V. The company expanded in Croatia by taking over 100% of the shares of the wedding magazine publisher Damjana Vjencanja d.o.o., and in Serbia by acquiring the parenting magazine publisher Mama Media d.o.o. The latter two companies were merged with Adria Media.

The acquisitions of the Sanoma News division totalled EUR 14.4 million, and a corresponding increase in goodwill amounted to EUR 8.6 million. Goodwill from Suorakanava's acquisition consists of the expected synergies with existing online services.

In June, Sanoma News acquired a majority holding in Suorakanava Oy, the leading Finnish provider of online services for home builders and remodelers. The company's best known website is *Rakentaja.fi*. Suorakanava has been consolidated with the Group according to a 100% ownership share. In June–December 2008, the net sales of Suorakanava amounted to EUR 1.8 million. In addition, Sanoma News increased its holding in Netwheels Oy from 20.1% to 55.8%.

Sanoma Learning & Literature recorded new business acquisition costs of a total of EUR 75.1 million. After the allocation of acquisition costs, the remaining goodwill was EUR 78.3 million. Goodwill consists mainly of the knowledge of Polish educational market and knowhow of the personnel related to the acquisition of Nowa Era.

In early March, Sanoma Learning & Literature finalised its acquisition of the Polish educational publisher Nowa Era. The acquisition cost was recorded at EUR 62.5 million. Nowa Era employs some 400 people, and in March–December its net sales were EUR 44.5 million.

In August, Sanoma Learning & Literature expanded its language services business through the acquisition of the Swedish translation, localisation and language training company Interverbum AB, Interverbum Localisation AB and Interverbum UK Ltd. In August–December 2008, the combined net sales of the companies were EUR 4.1 million, and they had an average total of about 60 employees. At year end, Sanoma Learning & Literature purchased the remaining 25% minority share in the Hungarian educational publisher Nemzeti Tankönyvkiadó Rt (NTK).

Other 2008 acquisitions of lower cost included the kiosk company KP Roznitsa in the Rostov region in Southern Russia by Sanoma Trade. Minority buyouts were carried out in the Lithuanian Press distributor UAB Impress Teva and in the movie operator SIA Forum Cinemas in Latvia.

DIVESTMENTS

In 2009, there were no significant divestments. The aggregate sales price of divested operations amounted to EUR 0.4 million. In July, Sanoma Digital The Netherlands (former ilse Media), part of the Sanoma Magazines division, divested the business operations of Welke Gidsen. In October, Sanoma Magazines International sold its 50% shareholding in the Russian Alpina Business Books.

In January 2008, Sanoma Magazines sold all the shares in the Dutch distributor R.C.V. Entertainment. The Group recognised a gain of EUR 23.5 million on the sale. In December, Sanoma Magazines International sold its 65% holding in the Hungarian online auction site Sanoma Payback Komunikáción and recorded a gain of EUR 7.0 million on this transaction.

Impact of business divestments on Group's assets and liabilities, EUR million	2009	2008
Non-current assets	**0.5**	30.7
Inventories	**0.6**	0.1
Other current assets	**1.0**	9.7
Assets, total	**2.1**	40.6
Non-current liabilities	**-0.1**	-0.1
Current liabilities	**-1.2**	-24.1
Liabilities, total	**-1.3**	-24.2
Non-controlling interests and accumulated translation differences		0.5
Net result from sales of operations	**-0.5**	30.3
Sales price	**0.4**	47.2
Change in receivables from sales and advance payments	**0.0**	0.0
Cash and cash equivalents of disposals	**0.0**	-1.2
Cash flow from disposals	**0.3**	46.0

3. Net sales

Distribution of net sales between goods and services, EUR million	2009	2008
Sales of goods	**1 654.1**	1 739.2
Sales of services	**1 113.8**	1 291.0
Total	**2 767.9**	3 030.1

Sales of goods include sales of magazines, newspapers and books as well as sales of kiosk products.

Sales of services consist of advertising sales in magazines, newspapers, TV, radio and online as well as sales of online marketplaces. Sales of services include also press distribution sales, sales of movie operations, training and language services, viewing and user fees of cable network operations, information services and sales of picture agency. In addition, sales of services include user fees for e-learning solutions and databases.

4. Other operating income

Other operating income, EUR million	2009	2008
Capital gains	3.4	36.2
Rental income from investment property	0.8	0.6
Other rental income	13.4	13.6
Other	47.0	46.6
Total	**64.6**	97.1

The most significant capital gains were related to the sale of non-core assets. In addition, capital gains included ordinary sales of fixed assets.

Government grants booked through profit and loss amounted to EUR 0.7 million (2008: EUR 5.0 million).

5. Employee benefit expenses

Emplyee benefit expenses, EUR million	2009	2008
Wages, salaries and fees	559.3	570.6
Expense recognition of granted options	3.8	5.0
Pension costs, defined contribution plans	58.5	54.5
Pension costs, defined benefit plans	15.5	7.4
Other social expenses	58.4	65.3
Total	**695.5**	702.8

Wages, salaries and other compensations for key management are presented in Note 31. Share-based payments are described in Note 20.

EMPLOYEE BENEFITS

The Sanoma Group has various schemes for personnel's pension cover. Pension schemes are arranged in accordance with local requirements and legislation. In Finland, the statutory pension cover is handled both through Finnish TEL system and pension funds. In addition, some voluntary pension cover has been arranged through pension funds or insurance companies.

Pension schemes are described in more detail in accounting policies.

Defined benefit plans exist both in and outside Finland. The actuarial calculations for the Group's defined benefit pension plans have been prepared by external actuaries. In addition to pension plans, the Sanoma Group has no other defined benefit plans.

The reconciliation of net pension obligations and break-down of pension costs are presented in the following tables. In addition, the most significant actuarial assumptions are presented.

RECONCILIATION OF DEFINED BENEFIT PLANS

Net defined benefit pension obligations in the balance sheet, EUR million	2009	2008
Present value of funded obligations	436.0	397.7
Fair value of plan assets	-428.0	-358.0
Deficit(+)/surplus(-) in the plan	8.0	39.7
Unrecognised actuarial gains(+) and losses(-)	3.4	-24.8
Unrecognised past service cost	-2.0	-2.4
Total	**9.4**	12.6

Pension obligations and pension assets in the balance sheet, EUR million	2009	2008
Pension obligations	29.9	37.9
Pension assets	20.5	25.3
Net obligation total	**9.4**	12.6

Pension costs recognised in the income statement, EUR million	2009	2008
Current service costs	11.0	11.6
Interest cost	21.2	20.0
Expected return on plan assets	-20.8	-23.7
Actuarial gains(-) and losses(+)	1.0	-1.6
Past service cost	3.8	1.9
Effect of curtailments and settlements	-0.7	-0.8
Total	**15.5**	7.4

The Sanoma Group's estimated contributions to the defined benefit plans for 2010 are about EUR 16.3 million.

Actual return on plan assets, EUR million	2009	2008
Expected return on plan assets	20.8	23.7
Actuarial gains/losses on plan assets	39.4	-62.8
Total	**60.2**	-39.1

Movements in obligations, EUR million	2009	2008
Obligation at 1 Jan	**397.7**	373.0
Current year service cost	**11.0**	11.6
Interest cost	**21.2**	20.0
Actuarial gains and losses on obligation	**9.1**	6.2
Contributions by plan participants	**3.6**	2.4
Past service cost	**3.8**	1.9
Effect of curtailments and settlements	**2.7**	-4.7
Acquisitions and disposals	**0.4**	
Benefits paid from funds	**-13.5**	-12.7
Obligations at 31 Dec	**436.0**	397.7

Movements in plan assets, EUR million	2009	2008
Fair value of plan assets at 1 Jan	**358.0**	385.5
Expected return on plan assets	**20.8**	23.7
Actuarial gains/losses on plan assets	**39.4**	-62.8
Contributions to funds by the employer	**17.2**	18.4
Contributions by plan participants	**6.0**	5.9
Benefits paid from funds	**-13.5**	-12.7
Settlements	**0.2**	-0.1
Fair value of plan assets at 31 Dec	**428.0**	358.0

Plan assets by major categories, %	2009	2008
Equity instruments	**27.0**	23.1
Bonds and debentures	**65.8**	58.6
Money market instruments	**0.5**	1.4
Properties	**1.8**	2.2
Other items	**4.4**	14.4
Cash	**0.5**	0.3
Total	**100.0**	100.0

Fair value of plan assets included investments in Sanoma shares totalling EUR 10.2 million (2008: EUR 9.0 million). None of the properties included on the plan assets are occupied by the Group.

Principal actuarial assumptions at 31 Dec	2009	2008
Discount rate, %	5.3–5.3	5.3–5.3
Expected return on plan assets, %	4.0–6.5	4.0–6.5
Expected future salary increase, %	2.5–9.0	2.0–9.0
Expected future pension increases, %	1.5–2.1	1.3–3.0
Turnover of personnel, %	0–20	3–20
Expected remaining working years of personnel, years	3–21	3–22

The expected return on plan assets is set at the long-term rate estimated to be earned based on the long-term investment strategy of each pension fund and the various classes of the invested funds. For each asset class, a long-term asset return assumption is developed taking into account the long-term level of risk of the asset and historical returns of the asset class. A weighted average expected long-term rate is developed based on long-term returns for each asset class and the target asset allocation of the plan.

The amounts for the current and previous annual periods, EUR million	2009	2008	2007	2006	2005
Present value of unfunded pension obligations					0.9
Present value of funded obligations	**436.0**	397.7	373.0	351.1	341.5
Fair value of plan assets	**-428.0**	-358.0	-385.5	-375.8	-343.5
Deficit(+)/surplus(-) in the plan	**8.0**	39.7	-12.5	-24.6	-1.1
Experience adjustments to obligations	**8.8**	-4.2	3.6	18.7	30.9
Experience adjustments to plan assets	**33.0**	-64.8	-24.6	-0.8	15.6

6. Other operating expenses

Other operating expenses, EUR million	2009	2008
Losses on sales	**1.0**	1.9
Operating costs of investment property	**0.2**	0.2
Rents	**82.1**	80.4
Advertising and marketing	**157.7**	201.4
Office and ICT expenses	**83.8**	85.7
Other	**211.3**	219.1
Total	536.2	588.8

Research and development expenditure recorded as expenses amounted to EUR 1.5 million (2008: EUR 4.1 million).

Audit fees, EUR million	2009	2008
Statutory audit	**1.5**	1.4
Certificates and statements	**0.2**	0.2
Tax counselling	**0.0**	0.0
Other services	**0.6**	1.1
Total	2.3	2.8

In 2009, KPMG Oy Ab, a firm of Authorised Public Accountants, acted as Sanoma's auditor. Other services were paid to auditors for, e.g. circulation audits in countries with no official national circulation audit in place and for consulting services related to matters such as corporate transactions.

7. Financial items

Financial items, EUR million	2009	2008
Dividend income from available-for-sale financial assets	**1.6**	1.8
Interest income from loans and receivables	**4.4**	7.8
Exchange rate gains	**15.0**	6.0
Other financial income	**1.5**	3.3
Financial income total	22.5	18.9
Interest expenses from financial liabilities amortised at cost	**25.3**	56.3
Impairment losses on available-for-sale financial assets	**5.2**	
Impairment losses on loans and receivables	**3.5**	
Exchange rate losses	**16.2**	12.0
Other financial losses	**2.4**	1.6
Financial expenses total	52.6	69.9
Total	-30.1	-51.0

Exchange rate gains and losses included in operating profit, EUR million	2009	2008
Net sales	**-0.1**	0.0
Other operating income	**-0.6**	1.6
Expenses	**-0.7**	-1.4
Total	-1.4	0.2

8. Income taxes and deferred taxes

Income taxes, EUR million	2009	2008
Income taxes on operational income	**53.7**	68.0
Income taxes from previous periods	**-1.5**	1.2
Change in deferred tax due to change in tax rate	**0.8**	-2.7
Other change in deferred tax	**1.3**	2.9
Tax expense in the income statement	**54.3**	69.4

Income tax reconciliation against local tax rates, EUR million	2009	2008
Tax calculated at (Finnish) statutory rate	**42.0**	49.5
Effect of different tax rates in the operating countries	**-1.2**	-0.9
Tax based on tax rate in each operating country	**40.8**	48.5
Non-taxable income	**-2.3**	-17.4
Non-deductible amortisation and impairment losses	**1.7**	16.2
Other non-deductible expenses	**11.6**	21.6
Deductible amortisation	**-1.2**	-1.1
Loss for the period for which a deferred tax receivable has not been recorded	**7.3**	3.7
Adjustment to deferred tax receivables from previously non-recorded taxable losses	**-3.4**	-0.8
Other taxes	**0.6**	
Tax relating to previous accounting periods	**-1.5**	1.2
Change in deferred tax due to change in tax rate	**0.8**	-2.7
Other items		0.0
Income taxes in the income statement	**54.3**	69.4

Deferred tax receivables and liabilities 2009, EUR million	At 1 Jan	Recorded in the income statement	Operations acquired/sold	Change in tax rate	Translation and other items	At 31 Dec
Deferred tax receivables						
Internal margin in inventories	1.5	-0.1				1.4
Provisions	1.9	0.7	0.4		0.1	3.1
Tax losses carried forward	7.1	-4.1		0.0	0.5	3.5
Impairment losses on tangible non-current assets	1.6	0.0	0.0		0.0	1.6
Pension obligations, defined benefit plans	10.7	-1.8	0.1			9.0
Other items	14.0	-1.6	0.0		-0.9	11.6
Total	36.6	-6.8	0.5	0.0	-0.3	30.1
Deferred tax liabilities						
Fair value adjustments in acquisitions	45.5	-3.5	0.2		0.9	43.1
Depreciation difference and other untaxed reserves	33.1	-1.5		0.8	0.0	32.3
Pension assets, defined benefit plans	6.6	-1.2				5.5
Other items	21.0	0.7	0.0	0.1	-1.5	20.3
Total	106.2	-5.5	0.2	0.8	-0.6	101.2

Deferred tax receivables and liabilities 2008, EUR million	At 1 Jan	Recorded in the income statement	Operations acquired/sold	Change in tax rate	Translation and other items	At 31 Dec
Deferred tax receivables						
Internal margin in inventories	1.7	-0.3				1.5
Provisions	2.0	0.1	0.4		-0.6	1.9
Tax losses carried forward	12.0	-6.1	0.7		0.5	7.1
Impairment losses on tangible non-current assets	1.7	-0.1				1.6
Pension obligations, defined benefit plans	12.4	-1.7				10.7
Other items	12.7	2.0	0.1	-0.3	-0.4	14.0
Total	42.4	-6.1	1.1	-0.3	-0.5	36.6
Deferred tax liabilities						
Fair value adjustments in acquisitions	46.1	-6.5	10.9	-3.0	-1.9	45.5
Depreciation difference and other untaxed reserves	33.6	-0.2	0.0		-0.3	33.1
Pension assets, defined benefit plans	4.9	1.8				6.6
Other items	19.4	1.7	0.0	0.1	-0.2	21.0
Total	103.9	-3.2	10.9	-3.0	-2.5	106.2

Due to unlikely use of tax benefits in the coming years, deferred tax receivables of EUR 8.1 million (2008: EUR 3.9 million) have not been recorded in the consolidated balance sheet based on management's judgement. These unrecognised receivables related mainly to tax losses carried forward of subsidiaries.

Deferred tax liability of EUR 4.5 million (2008: EUR 4.2 million) on undistributed retained earnings of subsidiaries has not been recognised in consolidated figures as such distribution is not probable within foreseeable future. These unrecognised deferred tax liabilities were related to earnings, for which tax payment would be realised when distributing dividends.

9. Earnings per share

Earnings per share	2009	2008
Result attributable to the equity holders of the Parent Company, EUR million	**105.6**	115.7
Weighted average number of shares, thousands	**160 969**	160 901
Earnings per share, EUR	**0.66**	0.72

Diluted earnings per share is calculated by adjusting the weighted average number of shares so that option schemes are taken into account. Options have a dilution effect when the exercise price is lower than the market value of the share. The dilution effect is the number of gratuitous shares, because the received funds from the exercised options do not cover the issue of new shares at their fair values. The fair value of the share is determined as the average market price of the shares during the period.

Diluted earnings per share	2009	2008
Profit used to determine diluted earnings per share, EUR million	**105.6**	115.7
Weighted average number of shares, thousands	**160 969**	160 901
Effect of options, thousands	**11**	8
Diluted average number of shares, thousands	**160 980**	160 909
Diluted earnings per share, EUR	**0.66**	0.72

10. Property, plant and equipment

Property, plant and equipment 2009, EUR million	Land and water	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments	Total
Acquisition cost at 1 Jan	40.6	378.2	586.0	116.7	1.4	1 122.8
Increases	0.0	4.2	29.7	11.0	1.1	46.0
Acquisition of operations			1.1	0.0		1.1
Decreases	-0.2	-2.7	-33.1	-9.7	-0.2	-45.9
Disposal of operations			-0.1	0.0	0.0	-0.1
Reclassifications		0.0	1.5	0.1	-1.3	0.3
Exchange rate differences	0.0	0.0	-0.3	-0.1	0.0	-0.5
Acquisition cost at 31 Dec	40.4	379.7	584.7	117.9	1.0	1 123.7
Accumulated depreciation and impairment losses at 1 Jan		-125.7	-419.2	-67.4		-612.4
Decreases, disposals and acquisitions		2.3	31.1	9.5		43.0
Depreciation for the period		-12.8	-44.6	-11.1		-68.5
Impairment losses for the period			-1.6	-0.1		-1.6
Reclassifications			0.4	-0.3		0.0
Exchange rate differences		0.0	0.1	0.0		0.1
Accumulated depreciation and impairment losses at 31 Dec		-136.2	-433.8	-69.4		-639.5
Carrying amount at 31 Dec 2009	**40.4**	**243.5**	**150.8**	**48.5**	**1.0**	**484.2**

Property, plant and equipment 2008, EUR million	Land and water	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments	Total
Acquisition cost at 1 Jan	39.9	363.0	552.2	99.2	5.8	1 060.0
Increases	0.4	13.3	49.3	15.8	2.4	81.3
Acquisition of operations	0.5	4.4	4.4	3.1	0.1	12.4
Decreases		-2.1	-20.3	-1.8	-0.3	-24.5
Disposal of operations		-0.1	-1.6			-1.7
Reclassifications		0.4	4.6	1.6	-6.5	0.0
Exchange rate differences	-0.1	-0.7	-2.7	-1.3	0.0	-4.8
Acquisition cost at 31 Dec	40.6	378.2	586.0	116.7	1.4	1 122.8
Accumulated depreciation and impairment losses at 1 Jan		-112.8	-392.4	-56.1		-561.3
Decreases, disposals and acquisitions		-0.6	15.7	-1.2		13.9
Depreciation for the period		-12.6	-43.6	-10.2		-66.4
Impairment losses for the period			-0.7			-0.7
Reclassifications		0.3	0.0	-0.7		-0.4
Exchange rate differences		0.1	1.7	0.7		2.5
Accumulated depreciation and impairment losses at 31 Dec		-125.7	-419.2	-67.4		-612.4
Carrying amount at 31 Dec 2008	40.6	252.5	166.7	49.2	1.4	510.4

The Group had no commitments for acquisition of tangible assets at the end of the financial year or previous year.

Carrying amount of assets leased by finance lease agreements, EUR million	2009	2008
Buildings and structures	**33.0**	36.5
Machinery and equipment	**1.9**	2.2
Total	**34.9**	38.7

11. Investment property

Investment property 2009, EUR million	Land and water	Buildings and structures	Total
Acquisition cost at 1 Jan	6.6	9.3	15.8
Decreases	0.0	-0.3	-0.3
Reclassifications		-0.5	-0.5
Exchange rate differences	0.0	0.0	0.0
Acquisition cost at 31 Dec	6.6	8.4	15.0
Accumulated depreciation and impairment losses at 1 Jan		-5.6	-5.6
Decreases		0.0	0.0
Accumulated depreciation and impairment losses at 31 Dec		-5.6	-5.6
Carrying amount at 31 Dec 2009	**6.6**	**2.8**	**9.4**
Fair values at 31 Dec 2009	**15.2**	**3.9**	**19.1**

Investment property 2008, EUR million	Land and water	Buildings and structures	Total
Acquisition cost at 1 Jan	6.6	8.9	15.6
Acquisition of operations	0.6	0.6	1.2
Decreases	-0.5	-0.2	-0.7
Exchange rate differences	-0.1	-0.1	-0.2
Acquisition cost at 31 Dec	6.6	9.3	15.8
Accumulated depreciation and impairment losses at 1 Jan		-6.0	-6.0
Decreases		0.4	0.4
Accumulated depreciation and impairment losses at 31 Dec		-5.6	-5.6
Carrying amount at 31 Dec 2008	6.6	3.6	10.2
Fair values at 31 Dec 2008	14.4	5.3	19.7

The fair values of investment property have been determined by using either the productive value method or using the information on equal real estate business transactions in the market. No outside valuator has been used when determining the fair values.

The investment properties include a land area of some 45 hectares in the City of Vantaa, Village of Keimola (Finland). This land area is located in the old motor stadium, most of which has been allocated for residential use in the disposition plan prepared by the City of Vantaa in the 2000's. Sanoma Corporation acquired the land area in the 1980's as a potential site for production facilities.

The city plan draft prepared by the City of Vantaa was completed in the autumn of 2008, and the Vantaa City Council approved the plan on 19 January 2009. An appeal has been filed regarding the confirmed plan, and the matter is pending in the Helsinki Administrative Court. Once the city plan has become legally valid, Sanoma Corporation shall convey to the City of Vantaa residential zoned land in the said area in compensation for civil engineering costs. The size of the land area to be conveyed equals 50% of the residential building rights permitted to the land held by the Company.

The Company estimates that the approval of the city plan will significantly increase the fair market value of the land area in Keimola in the future.

Investment property consists of land and water areas and premises that are not in company's own use and are owned through shares in property companies. Neither of these assets are depreciated or amortised according to a plan.

Operating expenses of investment property, EUR million	2009	2008
Investment property, rental income	**0.2**	0.1
Investment property, no rental income	**0.0**	0.1
Total	**0.2**	0.2

12. Intangible assets

Intangible assets 2009, EUR million	Goodwill	Immaterial rights	Other intangible assets	Advance payments	Total
Acquisition cost at 1 Jan	1 556.5	730.3	102.2	22.0	2 411.0
Increases		51.7	34.8	9.1	95.7
Acquisition of operations	0.5	1.1			1.6
Decreases	0.0	-29.0	-4.3	0.0	-33.3
Disposal of operations	-0.5				-0.5
Reclassifications		1.1	53.5	-4.8	49.8
Exchange rate differences	-2.3	-4.4	0.3		-6.4
Acquisition cost at 31 Dec	1 554.3	750.7	186.6	26.4	2 517.9
Accumulated amortisation and impairment losses at 1 Jan	-64.9	-408.4	-66.4	0.0	-539.7
Decreases, disposals and acquisitions	0.0	25.6	4.4		29.9
Amortisation for the period		-64.8	-27.3		-92.2
Impairment losses for the period	-0.7	-1.0	-3.7		-5.5
Reversals of impairment losses		0.9			0.9
Reclassifications	0.0	-0.2	-24.0		-24.1
Exchange rate differences	0.2	0.9	-0.1		1.0
Accumulated amortisation and impairment losses at 31 Dec	-65.4	-447.1	-117.2	0.0	-629.7
Carrying amount at 31 Dec 2009	**1 488.9**	**303.6**	**69.3**	**26.3**	**1 888.1**

Intangible assets 2008, EUR million	Goodwill	Immaterial rights	Other intangible assets	Advance payments	Total
Acquisition cost at 1 Jan	1 436.3	773.3	82.4	17.0	2 309.0
Increases		54.6	14.3	4.6	73.5
Acquisition of operations	143.4	74.6	5.4		223.3
Decreases	-1.4	-2.5	-0.7	-1.5	-6.1
Disposal of operations	-1.0	-147.3			-148.3
Reclassifications		-3.8	1.4	1.9	-0.4
Exchange rate differences	-20.7	-18.7	-0.6		-39.9
Acquisition cost at 31 Dec	1 556.5	730.3	102.2	22.0	2 411.0
Accumulated amortisation and impairment losses at 1 Jan	-3.4	-439.1	-54.0	0.0	-496.5
Decreases, disposals and acquisitions	0.0	118.4	-2.6		115.9
Amortisation for the period		-70.5	-10.2		-80.7
Impairment losses for the period	-61.8	-22.0	-0.3		-84.1
Reclassifications		0.4	0.1		0.5
Exchange rate differences	0.4	4.4	0.5		5.3
Accumulated amortisation and impairment losses at 31 Dec	-64.9	-408.4	-66.4	0.0	-539.7
Carrying amount at 31 Dec 2008	1 491.6	321.9	35.8	22.0	1 871.3

Impairment losses of goodwill for the period amounted to EUR 0.7 million (2008: EUR 61.8 million).

At the end of the financial period the commitments for acquisitions of immaterial rights (film rights included) were EUR 16.3 million (2008: EUR 16.5 million).

Of total immaterial rights, the carrying amount of intangible assets with indefinite useful lives was EUR 46.5 million (2008: EUR 47.0 million). All these intangible assets, mainly publishing rights, are related to the Sanoma Magazines division, and no useful life has been determined. Assets with indefinite useful lives are not amortised according to plan but are subject to annual impairment testing. During the financial year, impairment losses for the immaterial rights with indefinite useful lives amounted to EUR 1.0 million (2008: EUR 6.2 million) and reversals of impairment losses to EUR 0.9 million (2008: EUR 0.0 million).

GOODWILL AND IMPAIRMENT TESTING

Impairment testing of assets is carried out on a cash flow basis by determining the present value of future cash flows (value in use) and allocating it to the Group's cash generating units (CGUs).

Calculations of the value in use cover a five-year period. Cash flow estimates are based on strategic plans which are in line with the current operational structure and approved by management, as well as on the assumptions used in the strategic plans on the long-term development of the business environment. Actual cash flows may differ from the estimated cash flows in cases when the realisation of the key assumptions deviate from the estimated.

The most important key assumptions in the calculations include estimates on future long-term growth rates, market positions and profitability levels, as well as on the discount rate. Assumptions about market position and profitability level are based on the assessment of divisional and Group management on the development of the competitive environment and competitive position of each cash generating unit, as well as on the impacts of ongoing efficiency improvements. Price development of a single cost item has no material impact, whereas the estimated development of total costs affects the profitability level. Assessments are based on medium-term strategic plans and estimates which are made annually in each business unit and the assumptions of which are approved by Executive Management Group and Board in a separate process.

The terminal growth rate used in the calculations is based on the management's assessment on long-term growth. The growth rate is estimated by taking into account growth projections by market available at external sources of information as well as the characteristics of each division and cash generating unit. The terminal growth rates used in calculations of cash generating units containing significant goodwill were in the reporting and comparable period as follows:

The terminal growth rate used in calculation of the value in use in cash generating units containing significant goodwill	2009	2008
Sanoma Magazines Netherlands	**1.0%**	0.4%
Sanoma Magazines International *	**5.0%**	5.0%
Learning	**2.0%**	2.5%
Sanoma Magazines Belgium	**1.0%**	1.0%

* Sanoma Magazines International is responsible for Sanoma Group's magazine and digital media business in Central Eastern Europe and Russia. The higher terminal growth rate used in the impairment testing of Sanoma Magazines International is based on higher long-term market growth, GDP growth and inflation expectations in Central Eastern Europe and Russia compared to Western markets.

The applied discount rate is based on the Group's weighted average cost of capital, taking into account the risks related to the business portfolio of the Group. The discount rate used in impairment testing in the reporting period was 7.3% (2008: 7.3%) for those cash generating units which mainly operate within the euro zone, and 8.7% (2008: 8.7%) for cash generating units which mainly operate outside the euro zone.

In impairment test calculations capital expenditure is assumed to comprise normal replacement investments and foreign exchange rates are based on euro rates at the time of testing.

Carrying amounts of goodwill and intangible assets with indefinite useful life of most important cash generating units in terms of goodwill, 2009, EUR million	Goodwill	Intangible assets *	Total
Sanoma Magazines Netherlands	**766.9**	**0.0**	**766.9**
Sanoma Magazines International	**147.7**	**40.1**	**187.8**
Learning	**248.2**	**0.0**	**248.2**
Sanoma Magazines Belgium	**107.5**	**2.6**	**110.1**
Significant cash generating units containing goodwill, total	**1 270.3**	**42.7**	**1 313.0**
Other cash generating units (10 units)	**218.6**	**3.8**	**222.4**
Cash generating units, total	**1 488.9**	**46.5**	**1 535.4**

* Only intangible assets with indefinite useful lives

Carrying amounts of goodwill and intangible assets with indefinite useful life of most important cash generating units in terms of goodwill, 2008, EUR million	Goodwill	Intangible assets *	Total
Sanoma Magazines Netherlands	770.4	3.6	774.0
Sanoma Magazines International	153.1	40.9	194.0
Learning	244.6	0.0	244.6
Sanoma Magazines Belgium	107.5	2.6	110.1
Significant cash generating units containing goodwill, total	1 275.6	47.0	1 322.7
Other cash generating units (10 units)	216.0	0.0	216.0
Cash generating units, total	1 491.6	47.0	1 538.7

* Only intangible assets with indefinite useful lives

The amount by which the unit's value in use exceeds its carrying amount has been assessed as 0%, 1%–5%, 6%–10%, 11%–20%, 21%–50% or over 50% and is presented for each cash generating unit in the following table:

Excess of value in use in relation to carrying amount of most important cash generating units in terms of goodwilll	2009	2008
Sanoma Magazines Netherlands	**11%–20%**	21%–50%
Sanoma Magazines International	**21%–50%**	0%
Learning	**21%–50%**	over 50%
Sanoma Magazines Belgium	**over 50%**	over 50%

For Sanoma Magazines Netherlands, the most critical key assumptions are the development of profitability and discount rate. The profitability level in the estimate period has been adjusted downwards from the comparable year's estimates due to the impact of the ongoing economic recession. According to the management, the carrying amount of Sanoma Magazines Netherlands exceeds the value in use if EBITDA reaches 89% of the planned level annually or if the discount rate increases to 8.1%. These estimates exclude potential simultaneous changes in other variables.

In the current market situation, the most critical key assumptions for Sanoma Magazines International are the development of profitability and discount rate. The profitability of the unit is assumed to improve compared to the estimates made in the comparable year due to ongoing efficiency improvements and market recovery. According to the management, the carrying amount of Sanoma Magazines International exceeds the value in use if EBITDA reaches 82% of the planned level annually or if the discount rate increases to 9.7%. These estimates exclude potential simultaneous changes in other variables. In the comparable year, Sanoma Magazines International recorded a total of EUR 78.6 million in impairment losses on goodwill and immaterial rights due to deteriorated short-term views of the market.

More information can be found in note 12 of the Financial Statements 2008.

As for learning, the management estimates that a reasonably possible change in a key assumption would not cause the unit's carrying amount to exceed its value in use.

As for Sanoma Magazines Belgium, the management estimates that a reasonably possible change in a key assumption would not cause the unit's carrying amount to exceed its value in use.

13. Interests in associated companies

Interests in associated companies, EUR million	2009	2008
Carrying amount at 1 Jan	**69.9**	75.2
Share of results	**-3.9**	4.9
Dividends	**-2.8**	-5.7
Increases	**0.1**	0.2
Decreases and other changes	**0.0**	-4.6
Translation differences	**0.1**	-0.1
Carrying amount at 31 Dec	**63.5**	69.9

Carrying amount of associated companies included EUR 6.6 million (2008: EUR 6.6 million) of goodwill. No losses in associated companies were recognised in the consolidated figures.

Most significant associated companies 2009, EUR million	Participation of the Group, %	Assets	Liabilities	Net sales	Profit/loss
SANOMA MAGAZINES					
Sanoma Magazines Finland					
Hansaprint * (Printing, Finland)	40.0	132.9	15.2	112.1	-11.9
Sanoma Magazines International					
Stratosféra sr.o. * (Magazine publishing, the Czech Republic)	30.0	3.2	1.6	10.4	-0.2
SANOMA TRADE					
Jokerit HC ** (Sports activity, Finland)	36.4	43.6	21.0	14.6	-0.7

* Figures for 2009 are not audited
** Figures from financial year 1.5.2008–30.4.2009

Most significant associated companies 2008, EUR million	Participation of the Group, %	Assets	Liabilities	Net sales	Profit/loss
SANOMA MAGAZINES					
Sanoma Magazines Finland					
Hansaprint (Printing, Finland)	40.0	159.2	24.1	186.1	8.3
Sanoma Magazines International					
Stratosféra sr.o. (Magazine publishing, the Czech Republic)	30.0	3.9	1.8	14.2	1.6
SANOMA TRADE					
Jokerit HC * (Sports activity, Finland)	36.4	42.2	19.0	14.3	-0.4

* Figures from financial year 1.5.2007–30.4.2008

Associated company transactions, EUR million	2009	2008
Sales of goods to associated companies	**0.0**	0.0
Rendering of services to associated companies	**0.4**	0.5
Purchases of goods from associated companies	**23.5**	26.6
Receiving of services from associated companies	**12.6**	13.7

Outstanding receivables and liabilities against associated companies, EUR million	2009	2008
Non-current receivables from associated companies	**1.5**	1.5
Current receivables from associated companies	**1.0**	0.2
Current liabilities to associated companies	**2.1**	3.4

Sales of goods and rendering of services to associated companies are based on the Group's effective market prices, and interest on loans is based on market interest rates. Long-term receivables mainly included loan receivables.

OTHER RELATED PARTY TRANSACTIONS WITH ASSOCIATED COMPANIES

In 2009 and 2008, there were no other significant transactions or other related party arrangements with associated companies.

14. Available-for-sale financial assets

Available-for-sale financial assets, EUR million	2009	2008
Available-for-sale financial assets, non-current	**15.7**	20.6
Available-for-sale financial assets, current	**0.5**	0.5
Total	**16.2**	21.1

Available-for-sale financial assets mainly included investments in shares, and the Group does not intend to sell these assets. These assets were non-listed shares for which fair values could not be reliably defined. Assets have been valued at cost less potential impairment losses.

In September 2009, an impairment of the shares in the e-commerce company Fruugo amounting to EUR 5.0 million was made. The impairment was included in the Group's financial expenses.

15. Trade and other receivables, non-current

Trade and other receivables, non-current, EUR million	2009	2008
Loans and receivables		
Trade receivables *	**0.9**	1.0
Loan receivables	**3.7**	3.8
Other receivables	**0.6**	4.1
Accrued income	**5.2**	6.7
Advance payments	**0.5**	0.0
Pension assets **	**20.5**	25.3
Total	**31.4**	41.0
Receivables from associated companies		
Loan receivables	**1.5**	1.5
Total	**1.5**	1.5

* Trade receivables, see Note 26

** Pension assets, see Note 5

The fair values of receivables do not significantly differ from the carrying amounts of receivables. The interests on loan receivables are based on the market interest rates and on predetermined repayment plans.

16. Inventories

Inventories, EUR million	2009	2008
Materials and supplies	**14.7**	12.4
Work in progress	**11.8**	39.9
Finished products/goods	**113.2**	119.1
Other inventories	**0.7**	0.7
Advance payments	**1.2**	1.0
Total	**141.6**	173.2

EUR 1.9 million (2008: EUR 8.9 million) was recognised as impairment in the financial year. The carrying amount of inventories was written down to reflect its net realisable value.

17. Trade and other receivables, current

Trade and other receivables, current, EUR million	2009	2008
Loans and receivables		
Trade receivables *	**251.7**	295.6
Loan receivables	**0.4**	1.0
Other receivables	**27.7**	29.6
Accrued income	**65.8**	60.8
Advance payments	**17.3**	22.1
Total	**362.9**	409.1
Receivables from associated companies		
Trade receivables	**0.7**	0.1
Accrued income		0.1
Loan receivables	**0.2**	0.0
Total	**1.0**	0.2

* Trade receivables, see Note 26

The Group has recognised a total of EUR 13.0 million (2008: EUR 10.4 million) credit losses on trade receivables.

The fair values of receivables did not significantly differ from the carrying amounts of receivables.

ACCRUED INCOME

Most significant items under accrued income were related to normal business activities and included, e.g., accruals for delivered newspapers and magazines.

18. Cash and cash equivalents

Cash and cash equivalents in the balance sheet, EUR million	2009	2008
Cash in hand and at bank	**52.0**	95.3
Deposits	**7.7**	15.6
Total	**59.7**	110.9

Deposits include over-night deposits and money market deposits with maturity under 3 months. Average maturity is very short and the fair values do not differ significantly from the carrying amounts.

Cash and cash equivalents in the cash flow statement, EUR million	2009	2008
Cash and cash equivalents in the balance sheet	**59.7**	110.9
Bank overdrafts	**-38.1**	-0.5
Total	**21.6**	110.5

Cash and cash equivalents in the cash flow statement include cash and cash equivalents less bank overdrafts.

19. Equity

	Number of shares, thousands			Share capital and funds, EUR million				
	All shares	Treasury shares	Total	Share capital	Premium fund	Treasury shares	Fund for invested unrestricted equity	Total
At 1 Jan 2008	165 717	-2 577	163 140	71.3	187.6	-51.6		207.3
Share subscription with options	510		510	0.0	0.0		5.1	5.1
Acquisition of treasury shares		-2 984	-2 984			-47.6		-47.6
Invalidation of shares	-3 136	3 136				61.6		61.6
Transfer between funds					-187.6		187.6	
At 31 Dec 2008	163 091	-2 425	160 666	71.3		-37.5	192.7	226.4
Share subscription with options*	1 151		1 151				12.3	12.3
Invalidation of shares	-2 425	2 425				37.5		37.5
Transfer between funds							-16.1	-16.1
At 31 Dec 2009	**161 817**		**161 817**	**71.3**			**188.8**	**260.1**

* Includes 873,236 shares registered on 7 January 2010

The maximum amount of share capital cannot exceed EUR 300.0 million (2008: EUR 300.0 million). The shares have no nominal value and no accountable par is in use. The shares have been fully paid.

TREASURY SHARES

Sanoma cancelled its 2,425,000 treasury shares in February 2009. At the balance sheet date the Group did not hold any treasury shares.

TRANSLATION DIFFERENCES

Translation differences include those items that have arisen in converting the financial statements of foreign group companies from their operational currencies into euros.

FUND FOR INVESTED UNRESTRICTED EQUITY

Fund for invested unrestricted equity includes other equity related investments and that part of share subscription price which is not recognised to share capital according to some specific decision. According to the AGM decision on 1 April 2008, all subscription prices from share subscriptions based on the Group's option plans will be recognised as invested unrestricted equity.

According to the AGM decision on 1 April 2008, the Company's premium fund was reduced in 2008 by transferring all the funds in the premium fund on the AGM date to the Company's fund for invested unrestricted equity. The reduction in the premium fund was taken into effect without compensation, and it did not have any effect on the number of the Company shares, rights carried by the shares, the proportional ownership of the Company, or in the terms and conditions of the Company's stock option schemes.

20. Stock options

Sanoma had five option schemes during the financial year 2009: Warrant Scheme 2001 issued on the basis of an authorisation received at the EGM of 21 August 2001, Stock Option Scheme 2004 issued on the basis of an authorisation received at the AGM of 30 March 2004 and Stock Option Schemes 2007, 2008 and 2009 issued on the basis of an authorisation received at the AGM of 4 April 2007. Stock options are granted to the management of the Sanoma Group by a decision of the Board of Directors. More specific information on the options is presented in the following tables.

Information on the management ownership is presented in Note 31. Changes in ownership of management during the financial year can be found in Sanoma's insider register at Sanoma.com.

WARRANT SCHEME 2001 AND STOCK OPTION SCHEME 2004

Both schemes comprise a maximum 4,500,000 stock options, each entitling the holder to one Sanoma share. 2001 stock options have been granted in three stages: at the turn of 2001/2002 (2001A stock options), 2002/2003 (2001B) and 2003/2004 (2001C). Correspondingly, 2004 stock options have been granted in three stages: at the turn of 2004/2005 (2004A stock options), 2005/2006 (2004B) and 2006/2007 (2004C). In each stock option category a maximum of 1,500,000 stock options could be issued. The exercise price in all three stages of both option schemes is the average price of Sanoma shares as quoted in November–December of each year with an addition of 20%. The annual dividend is deducted from the exercise price. In accordance with the decision of the AGM of 1 April 2008, the exercise price is recognised in its entirety in fund for invested unrestricted equity.

Trading with 2001B options began on the Main List of the NASDAQ OMX Helsinki on 1 November 2005 and both the trading and share subscription ended on 30 November 2008. A total of 1,049,980 Sanoma shares were subscribed with 2001B options. Trading with 2001C options began on the Main List of the NASDAQ OMX Helsinki on 1 November 2006 and both the trading and share subscription ended on 30 November 2009. A total of 873,236 Sanoma shares were subscribed with 2001C options. Trading with 2004A options began on the Main List of the NASDAQ OMX Helsinki on 1 November 2007, with 2004B options on 1 November 2008, and with 2004C options on 1 November 2009. The non-distributed and returned options are cancelled or given to Sanoma's fully-owned subsidiary Lastannet Oy to be used according to a future decision of the Board of Directors of Sanoma. The non-distributed and returned 2001A, 2001B and 2001C stock options have been cancelled.

STOCK OPTION SCHEME 2007

The Stock Option Scheme 2007 comprises a maximum of 1,500,000 stock options, which entitle their holders to subscribe for a maximum total of 1,500,000 new or existing shares held by the Company. The original exercise price of 2007 stock options on 19 December 2007, the date of adoption of the option scheme, was EUR 24.26. The annual dividend or other distribution of unrestricted equity is deducted from the exercise price. Thus, the exercise price of a share subscribed for on the basis of a stock option was EUR 22.36 on 31 December 2009. The share subscription period for 2007 stock options will be 1 November 2010 –30 November 2013. The exercise price is recognised in fund for invested unrestricted equity.

Options

Basic information	2001B	2001C	2004A	2004B	2004C	2007	2008	2009
Maximum number of options	1 500 000	1 500 000	1 500 000	1 500 000	1 500 000	1 500 000	1 700 000	1 800 000
The number of shares exercised by one option	1	1	1	1	1	1	1	1
Initial exercise price, EUR	11.50	19.61	19.92	23.25	25.21	24.26	12.25	17.41
Dividend adjustment	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Exercise price at 31 Dec 2005, EUR *	9.30	17.81	19.12	23.25	---	---	---	---
Exercise price at 31 Dec 2006, EUR *	8.40	16.91	18.22	22.35	25.21	---	---	---
Exercise price at 31 Dec 2007, EUR *	7.45	15.96	17.27	21.40	24.26	24.26	---	---
Exercise price at 31 Dec 2008, EUR *	6.45	14.96	16.27	20.40	23.26	23.26	12.25	---
Exercise price at 31 Dec 2009, EUR *		14.06	15.37	19.50	22.36	22.36	11.35	17.41
Beginning of exercise period, date (vesting)	1.11.2005	1.11.2006	1.11.2007	1.11.2008	1.11.2009	1.11.2010	1.11.2011	1.11.2012
End of exercise period, date (expiration)	30.11.2008	30.11.2009	30.11.2010	30.11.2011	30.11.2012	30.11.2013	30.11.2014	30.11.2015
Remaining expiry time at 31 Dec 2009, years	Rendered	Rendered	0.9	1.9	2.9	3.9	4.9	5.9
Number of persons at 31 Dec 2009	0	0	159	175	207	244	283	297

* The dividend is deducted from the exercise price annually. The dividend for 2008 was EUR 0.90 per share (record date 6 April 2009). The dividend for 2007 was EUR 1.00 per share (record date 4 April 2008).

STOCK OPTION SCHEME 2008

The Stock Option Scheme 2008 comprises a maximum of 1,700,000 stock options, which entitle their holders to subscribe for a maximum total of 1,700,000 new or existing shares held by the Company. On 19 December 2008 the Board of Directors of Sanoma Corporation decided to distribute 1,335,750 stock options to 287 executives and managers of Sanoma Corporation and its subsidiaries. The remaining 364,250 stock options were given to Lastannet Oy, a fully-owned subsidiary of the Company for possible use at a later stage. The exercise price of a 2008 stock option is the volume-weighted average price of a Sanoma share as quoted by NASDAQ OMX Helsinki between 1 November–31 December 2008 with the addition of 20%. Thus, the exercise price of a stock option was originally EUR 12.25. Paid dividends or other distribution of unrestricted equity is deducted from the exercise price. The share subscription period for 2008 stock options will be 1 November 2011–30 November 2014. The exercise price is recognised in fund for invested unrestricted equity.

STOCK OPTION SCHEME 2009

The Stock Option Scheme 2009 comprises a maximum of 1,800,000 stock options, which entitle their holders to subscribe for a maximum total of 1,800,000 new or existing shares held by the Company. On 18 December 2009 the Board of Directors of Sanoma Corporation decided to distribute 1,395,400 stock options to 297 executives and managers of Sanoma Corporation and its subsidiaries. The remaining 404,600 stock options were given to Lastannet Oy, a fully-owned subsidiary of the Company for possible use at a later stage. An obligation to own Company shares is included in the distribution of stock options to the President and CEO, members of the Executive Management Group and the senior managers as defined by the Board of Directors. The exercise price of a 2009 stock option is the volume-weighted average price of a Sanoma share as quoted by NASDAQ OMX Helsinki between 1 November–31 December 2009 with the addition of 20%. Thus, the exercise price of a stock option was EUR 17.41 on 31 December 2009. Paid dividends or other distribution of unrestricted equity is deducted from the exercise price. The share subscription period for 2009 stock options will be 1 November 2012–30 November 2015. The exercise price is recognised in fund for invested unrestricted equity.

Options

Changes in 2009	2001B	2001C	2004A	2004B	2004C	2007	2008	2009	Total
Granted at 1 Jan	1 112 100	1 172 500	1 165 600	1 168 300	1 300 900	1 371 450	1 335 750	0	8 626 600
Returned at 1 Jan	59 400	88 000	93 200	140 600	119 400	138 400	0	0	639 000
Cancelled at 1 Jan	450 020	405 100	0	0	0	0	0	0	855 120
Exercised at 1 Jan	1 049 980	0	0	0	0	0	0	0	1 049 980
Outstanding at 1 Jan	0	1 084 500	1 072 400	1 027 700	1 181 500	1 233 050	1 335 750	0	6 934 900
Non-distributed at 1 Jan	0	10 400	427 600	472 300	318 500	266 950	364 250	0	1 860 000
Granted during the period						9 000	22 500	1 395 400	1 426 900
Returned during the period					34 300	70 400	54 300		159 000
Cancelled during the period									0
Exercised during the period		873 236							873 236
Weighted average price of share during the exercise period, EUR *		11.23	11.40	11.40	14.51	---	---	---	---
Expired during the period		221 664							221 664
Granted at 31 Dec	1 112 100	1 172 500	1 165 600	1 168 300	1 300 900	1 380 450	1 358 250	1 395 400	10 053 500
Returned at 31 Dec	59 400	88 000	93 200	140 600	153 700	208 800	54 300	0	798 000
Cancelled at 31 Dec	450 020	405 100	0	0	0	0	0	0	855 120
Exercised at 31 Dec	1 049 980	873 236	0	0	0	0	0	0	1 923 216
Outstanding at 31 Dec	0	0	1 072 400	1 027 700	1 147 200	1 171 650	1 303 950	1 395 400	7 118 300
Non-distributed at 31 Dec	0	0	427 600	472 300	352 800	328 350	396 050	404 600	2 381 700
The number of unvested options at 31 Dec 2009 **	0	0	0	0	0	1 171 650	1 303 950	1 395 400	3 871 000

* The weighted average price of Sanoma share between January and November 2009 (2001C), during the year 2009 (2004A and 2004B) and between November and December 2009 (2004C).
** Vesting period begins at grant date and ends when exercise period begins.

DETERMINATION OF FAIR VALUE

The fair value of stock options has been determined using the Black–Scholes valuation model. The fair value of options is determined at the grant date and the fair value is recognised as personnel expenses during the vesting period. The grant date is the date of the decision of the Board of Directors. According to IFRS, those options that have been granted before 7 November 2002, have not been recognised as expenses. In 2009, a total of EUR 3.8 million has been recorded as expenses (2008: EUR 5.0 million).

Most significant assumptions in Black–Scholes model	2009	2008
Number of granted options	**1 426 900**	1 435 750
Average price of share *	**15.66**	9.52
Exercise price *	**17.35**	12.88
Interest rate *	**2.9%**	3.1%
Maturity, years *	**5.9**	5.8
Volatility *, **	**23.3%**	23.2%
Probability of returned options *	**10.0%**	6.7%
Expected dividends	**---**	---
Fair value total, EUR	**4 985 493**	2 213 885

* Figures were calculated as weighted average figures.
** Volatility has been estimated on the basis of historical share price fluctuations by using monthly observations during a period comparable with the lifetime of the option period.

Changes in options during the period and the weighted average exercise prices	2009		2008	
	Number of options	Exercise price, EUR *	Number of options	Exercise price, EUR **
Granted at 1 Jan	7 514 500	18.48	7 190 850	18.90
Outstanding at 1 Jan	6 934 900	18.34	6 561 824	19.44
Granted during the period	1 426 900	17.35	1 435 750	12.89
Returned during the period	159 000	18.60	271 900	22.67
Exercised during the period	873 236	14.06	788 054	6.45
Expired during the period	221 664	14.06	2 720	0.00
Granted at 31 Dec	8 941 400	17.54	8 626 600	17.06
Outstanding at 31 Dec	7 118 300	17.91	6 934 900	18.49

* The exercise price at the beginning of the period is the status at 31 Dec 2008. Dividend adjustment has been taken into account during the period and the exercise price is based on the status at 31 Dec 2009.
** The exercise price at the beginning of the period is the status at 31 Dec 2007. Dividend adjustment has been taken into account during the period and the exercise price is based on the status at 31 Dec 2008.

21. Provisions

Changes in provisions, EUR million	Restructuring provisions	Other provisions	Total
At 1 Jan 2009	8.2	8.7	16.8
Translation differences	0.0	-0.2	-0.2
Acquisition of operations	1.6	0.0	1.6
Increases	19.2	7.5	26.7
Amounts used	-5.9	-1.7	-7.6
Unused amounts reversed	-0.6	-2.4	-3.0
Other changes		0.0	0.0
At 31 Dec 2009	**22.5**	**12.0**	**34.4**

Carrying amounts of provisions, EUR million	2009	2008
Non-current	**10.7**	6.0
Current	**23.8**	10.9
Total	**34.4**	16.8

Provisions were based on best estimates on the balance sheet date. Restructuring provisions were mainly related to business restructuring of the Sanoma Magazines division, the most significant being the restructuring plan started in Sanoma Magazines Belgium during the reporting period. Other provisions comprised a claim in dispute, a provision for the risk of product returns and a provision related to treatment of VAT. Cancellation of provisions was due to re-evaluating realised expenses. Individual provisions were not material at the Group level.

22. Interest-bearing liabilities

Interest-bearing liabilities, EUR million	2009	2008
Non-current financial liabilities at amortised cost		
Loans from financial institutions	**497.5**	409.4
Pension loans	**2.2**	0.2
Finance lease liabilities	**32.1**	35.5
Other liabilities	**9.9**	3.9
Total	**541.6**	449.0
Current financial liabilities at amortised cost		
Loans from financial institutions	**0.5**	152.4
Commercial papers	**431.8**	474.4
Finance lease liabilities	**4.0**	3.7
Other liabilities	**39.9**	3.0
Total	**476.1**	633.6
Total	**1 017.7**	1 082.6

The fair values of interest-bearing liabilities did not differ significantly from the carrying amounts.

LOANS FROM FINANCIAL INSTITUTIONS

The Group's loans from financial institutions mainly consisted of syndicated revolving credit facility and bilateral facilities granted by banks. The portion of the loans, of which the repayment plan is not defined in advance, is presented in its entirety in non-current liabilities. Loans are valued at nominal values. The transaction costs of facilities were not significant when considering the amortised cost and were mainly recognised as expenses during the loan period.

The average interest rate for loans, excluding finance leases, was 1.4% (2008: 4.6%).

COMMERCIAL PAPERS

Sanoma Corporation has domestic and foreign commercial paper programmes, which are used to arrange the short-term financing. Commercial papers are valued at amortised cost and transaction costs are recognised directly as expenses due to the insignificant influence.

FINANCE LEASE LIABILITIES

Finance lease liabilities, EUR million	2009	2008
Total minimum lease payments		
Not more than 1 year	**5.6**	5.5
1–5 years	**18.5**	21.0
More than 5 years	**24.4**	27.7
Total	**48.4**	54.3
Present value of minimum lease payments		
Not more than 1 year	**3.4**	3.3
1–5 years	**14.0**	15.0
More than 5 years	**18.7**	20.9
Total	**36.0**	39.2
Future finance charges	**12.4**	15.1

The most significant items under finance leases were related to premises and leased movie theatre premises of the Sanoma Trade division.

23. Trade and other payables

Trade and other payables, EUR million	2009	2008
Non-current		
Accrued expenses	**3.3**	7.2
Advances received	**4.4**	6.0
Other financial liabilities at amortised cost	**20.5**	21.4
Total	**28.2**	34.6
Current		
Current financial liabilities at amortised cost		
Trade payables	**164.8**	193.9
Other liabilities	**69.4**	97.2
Accrued expenses	**252.9**	277.9
Advances received	**184.1**	182.7
Total	**671.3**	751.7
Current to associated companies		
Trade payables	**2.1**	3.4
Other liabilities	**0.0**	0.0
Total	**2.1**	3.4
Total	**699.5**	786.3

ACCRUED EXPENSES

Accrued expenses mainly consisted of accrued personnel expenses, royalty liabilities and accruals related to common business activities.

24. Contingent liabilities

Contingent liabilities, EUR million	2009	2008
Contingencies for own commitments		
Mortgages	**22.8**	23.7
Pledges	**6.8**	6.0
Other items	**0.4**	0.4
Total	**30.0**	30.1
Contingencies incurred on behalf of associated companies		
Guarantees	**10.5**	10.5
Total	**10.5**	10.5
Contingencies incurred on behalf of other companies		
Guarantees	**0.1**	0.2
Total	**0.1**	0.2
Other commitments		
Operating lease liabilities (Note 25)	**255.4**	263.8
Royalties	**18.9**	23.6
Other items	**27.7**	38.1
Total	**302.0**	325.5
Total	**342.5**	366.2

Pledges for own commitments included EUR 1.4 million (2008: EUR 1.4 million) pledged financial assets. Pledged financial assets are given as a collateral to local post offices in the Netherlands for distribution costs.

Contingent liabilities of joint ventures have been included based on the proportionate consolidation method according to ownership percentage. The Group's total contingent liabilities included EUR 4.9 million (2008: EUR 5.4 million) of joint ventures' contingent liabilities.

DISPUTES AND LITIGATIONS

The Sanoma Group had no major ongoing litigation or administrative proceedings during the financial year or previous year. The Group is periodically involved in incidental litigation or administrative proceedings primarily arising in the normal course of our business. Sanoma feels that its gross liability, if any, under any pending or existing incidental litigation or administrative proceedings would not materially affect the Group's financial position or results of operations.

25. Operating lease liabilities

Non-cancellable minimum lease liabilities by maturity, EUR million	2009	2008
Not later than 1 year	**60.9**	57.9
1–5 years	**144.8**	146.1
Later than 5 years	**49.8**	59.8
Total	**255.4**	263.8

Operating lease liabilities include both premises and other operating lease liabilities.

Non-cancellable minimum lease payments to be received by maturity, EUR million	2009	2008
Not later than 1 year	**2.9**	2.3
1–5 years	**3.4**	4.5
Later than 5 years	**0.2**	0.1
Total	**6.5**	6.9

Total minimum lease payments to be received included sublease payments of EUR 2.0 million (2008: EUR 2.5 million).

26. Financial risk management

The Group Treasury unit is responsible for managing Sanoma's treasury on a centralised basis. Operating as a counterparty to the Group divisions, the unit is responsible for the management of external financing, liquidity and external hedging operations. The centralisation of treasury operations is aimed at ensuring external financing on flexible and favourable terms, optimised cash management, cost-effectiveness and efficient financial risk management. Sanoma is exposed to interest rate, currency, liquidity and credit risks. Its risk management aims to hedge the Group against material risks. Sanoma's Board of Directors has approved the unit's guidelines in the Group's Treasury Policy.

The Sanoma Group has a strong, steady and predictable cash flow, which substantially reduces liquidity risks. The Group manages its long-term financial risks by maintaining a financial structure equivalent to a good credit rating with the aim of ensuring sources of low-cost financing. Meeting this aim is based on co-operating closely within the Group, operating with several banks and actively monitoring developments in the financial market.

The Group may mitigate financial risks with various financial instruments whose use, effects and fair values are clearly verifiable.

The Group as a whole is exposed to rather low financial risks.

The Sanoma Group had no financial instruments in place to manage its financial risk during the financial year or previous year.

INTEREST RATE RISKS

The Group's interest rate risks mainly refer to changes in market rates and loan margins associated with the Group's loan portfolio. The Group may manage its exposure to interest rate risks by using a mix of fixed-rate and floating-rate loans. In addition, interest rate derivatives can be used.

Loan portfolio by interest rate, EUR million	2009	2008
Floating-rate loans	**978.8**	1 042.2
Fixed-rate loans	**38.9**	40.4
Total	**1 017.7**	1 082.6

Interest rate sensitivity of floating-rate loans	2009	2008
Value, EUR million	**978.8**	1 042.2
Average duration, years	**0.1**	0.2
Average rate, %	**0.8**	5.1
Interest sensitivity, EUR million *	**8.9**	8.6

* Interest rate sensitivity is calculated by assuming a one per cent increase in interest rates. The sensitivity represents effect on profit before taxes.

CURRENCY RISKS

The bulk of the Group's cash flow from operations is denominated in euro. The non-euro pegged area business operations account for about 12% (2008: 15%) of consolidated net sales, coming mainly from sales denominated in the Russian rouble, the Hungarian forint, Polish zloty and the Czech koruna. Translation risks consist of foreign currency balance sheets in the countries mentioned above. Based on 31 December 2009 figures, if all reporting currencies within the Group weakened by 10% against the euro and other involved variables remained constant, then the Group equity would decrease by EUR 17.7 million. If all reporting currencies strengthened against the euro by 10%, then the Group equity would increase by EUR 21.6 million. Under the same conditions a 10% weakening of all currencies would have a negative impact of EUR 1.7 million on Group EBIT, whereas a 10% strengthening would effect Group EBIT positively by EUR 2.1 million.The less advanced currency markets in Russia and Central Eastern Europe restrict hedging opportunities. The Group does not apply specific tools to hedge against economic policy risks associated with business operations. It hedges against material currency risks relevant to its operations. The Group is not currently exposed to any material currency risks concerning operational business due to the relatively high portion of euros in net sales and on the balance sheet. A significant change of exchange rates in Eastern Europe and Russia may, however, have an effect on the goodwill of the businesses in the areas in question.

LIQUIDITY RISKS

Liquidity risks are associated with debt servicing, investment financing and working capital adequacy. Sanoma aims to minimise its liquidity risks by ensuring sufficient income financing and maintaining adequate credit limits and asset reserves as well as running balanced loan repayment programmes extending over a number of calendar years. Liquidity risks are monitored daily, based on a two-week forecast, and monthly on a 12-month rolling forecast.

In line with the Sanoma Group's Treasury Policy, the Group's cash reserves must account for a minimum of 10% of net sales predicted for the next 12 months. The cash reserves include liquidities and unused credit lines.

The Group's financing programmes on 2009, EUR million	Amount of limits	Unused credit lines
Bilateral committed facilities	1 027.0	537.0
Bilateral uncommitted facilities	275.0	275.0
Commercial paper programmes	1 100.0	668.2
Current account limits	62.0	23.9

Out of EUR 1,027 million of committed facilities, EUR 150 million is maturing in 2010, EUR 75 million is maturing in 2011, EUR 140 million is maturing in 2012 and EUR 662 million is maturing in 2013. EUR 75 million of the uncommitted facilities is expiring in 2010. The Group's financing agreements include common covenants relating to the position of creditors, certain key financial indicators and the use of pledges and mortgages, among others.

Financial liabilities, EUR million	2009				2008			
	Capital	Capital with interest	Undrawn from limits	Total	Capital	Capital with interest	Undrawn from limits	Total
Loans from financial institutions	498.0	498.6	560.9	1 059.5	561.8	569.8	444.2	1 014.0
Commercial paper programmes	431.8	432.7		432.7	474.4	478.4		478.4
Finance lease liabilities	36.0	36.2		36.2	39.2	39.4		39.4
Other interest-bearing liabilities	52.0	52.1		52.1	7.2	7.2		7.2
Trade payables and other liabilities	254.7	254.7		254.7	312.5	312.5		312.5
Total	**1 272.5**	**1 274.3**	**560.9**	**1 835.2**	1 395.1	1 407.3	444.2	1 851.5

Maturity of financial liabilities, EUR million	2010	2011	2012	2013	2014	2015–	Total
Loans from financial institutions	494.1	0.2	0.2	0.2	0.2	3.7	498.6
Commercial paper programmes	432.7						432.7
Finance lease liabilities	5.7	5.4	5.0	5.0	3.2	11.9	36.2
Other interest-bearing liabilities	39.0	0.1	0.1	1.4	9.1	2.4	52.1
Trade payables and other liabilities	238.4	2.8	1.9	1.3	1.3	9.0	254.7
Total	**1 209.9**	**8.5**	**7.2**	**7.9**	**13.8**	**27.0**	**1 274.3**

CREDIT RISKS

Sanoma's credit risks are associated with its business operations. The Group's Treasury Policy specifies credit rating requirements for customers and other counterparties to financial transactions, as well as Group policies related to investments. Sanoma´s diversified operations in over 20 European countries mitigate significantly the credit risk concentrations and neither an individual customer nor a group of customers is material in the Group. The Group's operational units assume responsibility for credit risks associated with their businesses.

The carrying amounts best implicate the amount that will be collected. The aging of trade receivables is presented in the following table.

The aging of trade receivables, EUR million	2009			2008		
	Gross	Impairment	Net	Gross	Impairment	Net
Not due	178.4	-0.1	178.3	187.0	0.0	187.0
Past due 1–30 days	43.9	-0.6	43.2	51.3	-0.2	51.0
Past due 31–120 days	24.5	-2.9	21.6	43.1	-1.5	41.6
Past due 121–360 days	11.4	-4.7	6.6	17.5	-4.4	13.1
More than one year	11.5	-8.6	2.9	8.2	-4.3	3.9
Total	**269.6**	**-17.0**	**252.6**	307.1	-10.5	296.6

Collaterals are required from customers in franchising agreements and in certain cases, such as advertising receivables as well as cable TV and broadband agreements.

For trade receivables and other receivables, see Notes 15 and 17.

CAPITAL RISK MANAGEMENT

The Group's long-term objective when managing capital is to maintain capital structure which represents good investment grade. The target level for equity ratio is between 35–45% and for net debt/EBITDA it is less than 3.5. In 2009, equity ratio was 41.4% (2008: 40.0%) and net debt/EBITDA 2.6 (2008: 2.1).

Net debt, EUR million	2009	2008
Interest-bearing liability	**1 017.7**	1 082.6
Cash and cash equivalents	**59.7**	110.9
Total	**958.1**	971.6

The Sanoma Group does not have an official credit rating.

27. Derivative instruments

The Sanoma Group had no derivative contracts during the financial year or previous year.

28. Most significant subsidiaries

Most significant subsidiaries at 31 Dec 2009	Parent Company holding, %	Sub-group's parent company holding, %	Group holding, %
SANOMA MAGAZINES			
Sanoma Magazines B.V., The Netherlands *	100.0		100.0
Independent Media Holding B.V., The Netherlands		100.0	100.0
Aldipress			
B.V. Aldipress, The Netherlands			100.0
Sanoma Magazines Belgium			
Sanoma Magazines Belgium N.V., Belgium		100.0	100.0
JERVI N.V., Belgium		100.0	100.0
Sanoma Magazines International			
Sanoma Magazines International B.V., The Netherlands		100.0	100.0
Independent Media B.V., The Netherlands			100.0
LLC Lux Media, Russia			100.0
Net Info.BG AD, Bulgaria			82.0
Sanoma Budapest Kiadói Részvénytársaság, 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
OOO United Press, Russia			100.0
Websitemaster a.s, The Czech Republic			100.0
Sanoma Magazines Netherlands			
Sanoma Uitgevers B.V., The Netherlands			100.0
Insidegamer B.V., The Netherlands			100.0
Kieskeurig B.V., The Netherlands			100.0
Leadz B.V., The Netherlands			100.0
Mood for Magazines B.V., The Netherlands			100.0
Sanoma Digital The Netherlands B.V., The Netherlands			100.0
Sanoma Men's Magazines B.V., The Netherlands			100.0
Sanoma Magazines Finland			
Sanoma Magazines Finland Ltd, Helsinki *	100.0		100.0
Suomen Rakennuslehti Oy, Helsinki		60.0	60.0
SANOMA NEWS			
Sanoma News Ltd., Helsinki *	100.0		100.0
AÜ Autoportaal, Estonia		65.0	85.0
Esmerk Oy, Helsinki			100.0
Lehtikanta Oy, Kouvola			100.0
Lehtikuva Oy, Helsinki		100.0	100.0
Netwheels Oy, Helsinki		55.8	55.8
Oikotie Oy, Helsinki		100.0	100.0
AS Sanoma Baltics, Estonia		100.0	100.0
Sanoma Data Oy, Helsinki		100.0	100.0
Sanoma Lehtimedia Oy, Anjalankoski		100.0	100.0
Sanomapaino Oy, Helsinki		100.0	100.0
Skillnet Oy, Jyväskylä		100.0	100.0
Suorakanava Oy, Pori		71.0	71.0
Taloussanomat Oy, Helsinki		100.0	100.0

Most significant subsidiaries at 31 Dec 2009	Parent Company holding, %	Sub-group's parent company holding, %	Group holding, %
SANOMA ENTERTAINMENT			
Sanoma Entertainment Ltd, Helsinki *	100.0		100.0
Sanoma Television Ltd, Helsinki		95.3	95.3
Suomen Urheilutelevisio Oy, Helsinki		100.0	100.0
SANOMA LEARNING & LITERATURE			
Werner Söderström Ltd, Helsinki *	100.0		100.0
Sanoma Invest B.V., The Netherlands *	100.0		100.0
AAC Global AB, Sweden			99.8
AAC Global Oy, Helsinki		99.8	99.8
AAC Global UK Ltd, Great Britain			99.8
L.C.G. Malmberg B.V., The Netherlands			100.0
Nemzeti Tankönyvkiádo Rt, Hungary			99.9
Nowa Era Sp. z.o.o., Poland		100.0	100.0
NTK-Perfekt Zrt, Hungary		100.0	100.0
Perfekt Gazdasági Tanácsadó, Oktató és Kiadó Zrt., Hungary			100.0
Tankönyvmester Kft, Hungary			100.0
Uitgeverij Van In N.V., Belgium			100.0
Vulcan SP. z.o.o., Poland			100.0
Weilin+Göös Oy, Helsinki		100.0	100.0
WS Bookwell Oy, Porvoo		100.0	100.0
WSOYpro Oy, Helsinki		100.0	100.0
Young Digital Planet S.A., Poland		55.1	55.1
SANOMA TRADE			
Rautakirja Ltd, Vantaa *	100.0		100.0
Apollo Raamatud AS, Estonia		100.0	100.0
Finnkino Oy, Vantaa		100.0	100.0
AS Forum Cinemas, Estonia			100.0
AS Forum Cinemas Home Entertainment, Estonia		100.0	100.0
Forum Cinemas Ltd, Ukraina			90.0
SIA Forum Cinemas, Latvia			100.0
SIA Forum Cinemas Home Entertainment, Latvia			100.0
UAB Forum Cinemas, Lithuania			90.0
UAB Forum Cinemas Home Entertainment, Lithuania			100.0
OOO HDS CIS, Russia		100.0	100.0
Hiparion Distribution S.A., Romania		99.9	100.0
UAB Impress Teva, Lithuania		100.0	100.0
OOO KP Roznitsa, Russia		100.0	100.0
AS Lehepunkt, Estonia		100.0	100.0
AB Lietuvos Spauda, Lithuania			90.7
UAB Lietuvos Spaudos Vilniaus Agentura, Lithuania		100.0	100.0
OOO Press Point International, Russia		100.0	100.0
Printcenter Oy, Helsinki		100.0	100.0
OOO R-Kiosk, Russia		70.0	70.0
R Kiosk Eesti AS, Estonia		100.0	100.0
R-Kiosk Romania S.A., Romania		99.0	100.0
Suomalainen.com Oy, Helsinki			100.0
Suomalainen Kirjakauppa Oy, Helsinki		100.0	100.0
OOO TK Pressexpo, Russia		99.0	100.0

* Parent company of the sub-group

29. Joint ventures

Joint ventures have been consolidated using the proportionate consolidation method. Aggregate assets, liabilities, net sales and net result are presented in the following table as consolidated with proportionate ownership. Personnel figures include the total figure for the companies.

Joint ventures, EUR million	2009	2008
Non-current assets	**11.7**	13.4
Current assets	**48.1**	57.5
Non-current liabilities	**3.6**	4.6
Current liabilities	**35.8**	39.9
Net assets	**20.4**	26.5
Income	**121.4**	160.9
Expenses	**116.6**	144.6
Net result for the period	**4.8**	16.3
Average number of employees (full-time equivalents)	**2 555**	2 993

Most significant joint ventures at 31 Dec 2009	Participation of the Group, %
SANOMA MAGAZINES	
Independent Media Holding B.V.	
ZAO Business News Media, Russia	33.3
OOO Fashion Press, Russia	50.0
OOO Publishing House Independent Media, Ukraine	50.0
Sanoma Magazines International	
Adria Media Holding GmbH, Austria	50.0
Hearst-Sanoma Budapest Kft, Hungary	50.0
Sanoma Bliasak Bulgaria A.D., Bulgaria	50.0
Magyar Elöfizetöi Kft., Hungary	30.0
Sanoma Uitgevers	
AKN CV, the Netherlands	25.0
Sanoma Magazines Finland	
Egmont Kustannus Oy Ab, Tampere	50.0
SANOMA TRADE	
Narvesen Baltija SIA, Latvia	50.0
SIA Preses Apvieniba, Latvia	49.3
SIA Preses Serviss, Latvia	49.3

30. Related party transactions

The Sanoma Group's related parties include subsidiaries, associated companies and joint ventures as well as members of the Board, President and CEO, Presidents of the divisions and Corporate Centre management.

Remuneration for key management is presented in Note 31. Transactions with associated companies are presented in Note 13. Transactions within the Sanoma Group and joint ventures are not presented as related party transactions because they are eliminated in the consolidated figures. Joint ventures have been included using the proportionate consolidation method. The transactions of the other shareholders' of joint ventures are not presented as related party transactions because those shareholders are not considered to be related parties on the basis of the joint control agreement. The most significant subsidiaries are presented in Note 28 and the most significant joint ventures in Note 29. In addition, the Sanoma Group's related parties include pension funds, sickness fund and employees' profit-sharing funds. Besides pension plans, transactions with those parties are not material. Pension funds are described in more detail in accounting policies and pension calculations in Note 5.

The Sanoma Group had no other significant related parties, which indicate related party definitions or with which significant related party transactions exist during the financial year.

31. Management compensation, benefits and ownership

Management remuneration and ownership, 2009	Remuneration (EUR 1 000)	Number of shares	Option costs (EUR 1000)	Number of stock options 2004A	2004B	2004C	2007	2008	2009
President and CEO									
Hannu Syrjänen	786	23 142		50 000	50 000	50 000	60 000	60 000	60 000
Board of Directors									
Jaakko Rauramo, Chairman	111	131 302							
Sakari Tamminen (Vice Chairman as of 1 April 2009)	80	1 200							
Sari Baldauf, Vice Chairman (until 1 April 2009)	22	7 000							
Annet Aris (as of 1 April 2009)	50								
Robert Castrén	71	127 845							
Jane Erkko	75	248 213							
Paavo Hohti	75	824							
Sirkka Hämäläinen-Lindfors	77	1 500							
Seppo Kievari	75	10 000							
Rafaela Seppälä	70	11 673 370							
Total *	**1 491**		**157**						
Executive Management Group									
Eija Ailasmaa		21 088		37 000	37 000	37 000	37 000	40 000	40 000
Jacques Eijkens				10 000	10 000	34 000	34 000	34 000	34 000
Sven Heistermann (as of 1 October 2009)							10 000	10 000	20 000
Kim Ignatius				20 000	20 000	20 000	30 000	30 000	30 000
Timo Mänty				12 000	12 000	12 000	12 000	25 000	34 000
Anu Nissinen		280		6 000	6 000	7 000	30 000	30 000	30 000
Mikael Pentikäinen				37 000	37 000	37 000	37 000	34 000	34 000
Total *	**2 022**		**492**						

* Figures include the remuneration that has been paid for assignments handled by those persons during the period. Remuneration includes fringe benefits. Option costs include costs during membership. The Group had no outstanding receivables or loans from the management.

Management remuneration and ownership, 2008	Remuneration (EUR 1 000)	Number of shares	Option costs (EUR 1000)	Number of stock options					
				2001C	2004A	2004B	2004C	2007	2008
President and CEO									
Hannu Syrjänen	948	23 142		50 000	50 000	50 000	50 000	60 000	60 000
Board of Directors									
Jaakko Rauramo, Chairman	107	131 302		100 000					
Sari Baldauf, Vice Chairman	87	7 000							
Robert Castrén	68	127 845							
Jane Erkko	67	248 213							
Paavo Hohti	68	824							
Sirkka Hämäläinen-Lindfors	68	700							
Seppo Kievari	68	10 000		20 000					
Robin Langenskiöld (until 1 April 2008)	15	12 273 371							
Rafaela Seppälä (as of 1 April 2008)	54	11 673 370							
Sakari Tamminen	68	1 200							
Total *	**1 616**		**207**						
Executive Management Group									
Eija Ailasmaa		21 088		30 000	37 000	37 000	37 000	37 000	40 000
Jacques Eijkens					10 000	10 000	34 000	34 000	34 000
Kim Ignatius (as of 1 August 2008)					20 000	20 000	20 000	30 000	30 000
Erkki Järvinen				30 000	37 000	37 000	37 000	37 000	
Tapio Kallioja (until 31 March 2008)		1 600		30 000	34 000	34 000	34 000		
Anu Nissinen (as of 25 February 2008)		280			6 000	6 000	7 000	30 000	30 000
Mikael Pentikäinen				30 000	37 000	37 000	37 000	37 000	34 000
Total *	**2 240**		**695**						

* Figures include the remuneration that has been paid for assignments handled by those persons during the period. Remuneration includes fringe benefits. Option costs include costs during membership. The Group had no outstanding receivables or loans from the management.

The remuneration and benefits payable to the President and CEO and Executive Management Group (EMG) members are approved by the Board of Directors of Sanoma, in accordance with the Human Resources Committee's proposal. In addition, they receive bonuses according to the short-term incentive plan approved each year by the Board of Directors. The maximum bonus for the President and CEO is 7 month's total salary, and for other EMG members it is 5–6 months' total salary.

President and CEO and EMG members are part of the Sanoma's stock option schemes. The stock options are part of the Group's incentive and commitment programme and are distributed by the Sanoma Board of Directors.

➥Details on President and CEO's and EMG members' holdings can be found daily in the Insiders section at Sanoma.com.

OTHER BENEFITS OF THE MANAGEMENT

The period of notice of the President and CEO is six months (either from the President or the Company), and his severance payment equals 18 month's salary in addition to the salary for the notice period, unless the agreement is terminated because of gross negligence of the President and CEO. If the agreement ends due to a takeover bid, the severance payment is equivalent to 30 months' salary. The severance payment is subject to a fixed-term non-competition clause.

According to his executive contract, Syrjänen will retire at the age of 60, unless specifically agreed otherwise, and his pension benefits amount to some 60% of his average salary from the last ten full calendar years. The retirement age of other EMG members is 60–62 years and their pension benefits amount to 60% of their average salary from the last ten full calendar years.

32. Events after the balance sheet date

In January, Sanoma announced that it is to sell 100% of the shares of Lehtikuva Oy, a picture agency within the Sanoma News division, to the Finnish News Agency (STT). STT will pay the purchase price partly in cash and partly by means of a share issue directed at Sanoma News. Following the transaction, Sanoma News' total holding in STT will increase from 23.1% to 34.3%. The net sales of Lehtikuva totalled EUR 6.8 million in 2008. The transaction is expected to be finalised during the first quarter of 2010.

The statutory employer-employee negotiations concerning the Jyväskylä facility of printing house WS Bookwell, a company within the Sanoma Learning & Literature division, began on 8 December 2009 and ended on 19 January 2010. The negotiations resulted in the termination of employment of 89 members of staff. Some production of small print runs of books and the Finnish sales office will remain in Jyväskylä. The production of large print runs will be transferred to other WS Bookwell facilities.

The management of Sanoma has not become aware of any other major events after the balance sheet date that would have resulted in major adjustments to the figures in the financial reports.

Definitions of key indicators

Return on equity (ROE), % = $\frac{\text{Result for the period}}{\text{Equity total (average of monthly balances)}} \times 100$

Return on investment (ROI), % = $\frac{\text{Result before taxes + interest and other financial expenses}}{\text{Balance sheet total - non-interest-bearing liabilities (average of monthly balances)}} \times 100$

Equity ratio, % = $\frac{\text{Equity total}}{\text{Balance sheet total - advances received}} \times 100$

Net gearing, % = $\frac{\text{Interest-bearing liabilities - cash and cash equivalents}}{\text{Equity total}} \times 100$

Earnings/share (EPS) = $\frac{\text{Result for the period attributable to the equity holders of the Parent Company}}{\text{Adjusted average number of shares on the market}}$

Cash flow/share = $\frac{\text{Cash flow from operations}}{\text{Adjusted average number of shares on the market}}$

Equity/share = $\frac{\text{Equity attributable to the equity holders of the Parent Company}}{\text{Adjusted number of shares on the market at the balance sheet date}}$

Dividend payout ratio, % = $\frac{\text{Dividend/share}}{\text{Result/share}} \times 100$

Market capitalisation = Number of shares on the market at the balance sheet date x share price on the last trading day of the year

Effective dividend yield, % = $\frac{\text{Dividend/share}}{\text{Share price on the last trading day of the year}} \times 100$

P/E ratio = $\frac{\text{Share price on the last trading day of the year}}{\text{Result/share}}$

Interest-bearing net debt = Interest-bearing liabilities - cash and cash equivalents

Shares and shareholders

BASIC SHARE INFORMATION

According to Sanoma's Articles of Association, the Company's minimum share capital is EUR 50,000,000 and the maximum share capital EUR 300,000,000. The share capital may be increased or decreased within these limits without amending the Articles of Association.

At the end of 2009, Sanoma's registered share capital was EUR 71,258,986.82 and the number of shares was 161,816,894 including the 873,236 interim shares registered on 7 January 2010.

Sanoma has one series of shares, with all shares producing equal voting rights and other shareholder rights. The shares have no redemption and consent clauses or any other transfer restrictions.

LISTING OF SHARE AND OPTIONS

The Sanoma share (SAA1V) and the Company's 2004A, 2004B and 2004C options are listed on NASDAQ OMX Helsinki in the Consumer Discretionary sector.

The Sanoma share is included in the Consumer Discretionary sector index of NASDAQ OMX Helsinki, as well as in the OMX Helsinki Cap, OMX Helsinki and OMXH25 indexes. In addition, the share is included in several Dow Jones STOXX indexes, including Total Market Index, Media, Nordic, Global and 600.

➥A complete list of the STOXX indexes where the Sanoma share is included can be viewed at Stoxx.com.

The Sanoma share has been listed since 1 May 1999. The Company's shares belong to the book-entry securities system of Euroclear Finland Ltd.

TREASURY SHARES

On 10 February 2009, the Board of Directors of Sanoma decided to cancel all treasury shares held by the Company and acquired during 2008. The cancellation did not affect the Company's share capital. Sanoma did not hold any treasury shares at the end of 2009.

BOARD AUTHORISATIONS

The AGM held on 1 April 2009 authorised the Board to decide on the repurchase of a maximum of 16,000,000 Company's own shares. The authorisation is effective until 30 June 2010. The shares will be repurchased with the Company's unrestricted shareholders' equity, and the repurchases will reduce funds available for distribution of profits. The shares will be repurchased to develop the Company's capital structure, carry out potential corporate acquisitions or other business arrangements, or to be transferred for other purposes, retained as treasury shares, or cancelled. The shares can be repurchased either through a tender offer made to all shareholders on equal terms, or in other proportion than that of the current shareholders at the market price of the repurchase moment on the NASDAQ OMX Helsinki Ltd. The Board of Directors did not exercise its right under this authorisation during 2009.

In addition, the Board holds a valid authorisation to increase the share capital. According to the authorisation issued by the AGM on 4 April 2007, the Board may decide, until the AGM of 2010, on the issue of new shares, the transfer of treasury shares and the granting of special rights entitling to shares. The authorisation does not exclude the right of the Board of Directors to decide on a directed share issue. With this authorisation, and as a result of the use of special rights, the Board is authorised to decide on the issuance of a maximum of 82,000,000 new shares and the transfer of a maximum of 5,000,000 treasury shares. In a directed share issue, a maximum of 41,000,000 shares may be issued or transferred. With this authorisation, the Board is authorised to issue a maximum of 5,000,000 stock options as part of an incentive programme within the Company. Under the authorisation, the Board decided on 18 December 2009 on the issuance of Stock Option Scheme 2009.

Trading codes	Shares	2004A stock options	2004B stock options	2004C stock options
NASDAQ OMX Helsinki	SAA1V	SAA1VEW104	SAA1VEW204	SAA1VEW304
Startel	SAA1V	SAA1VEW104	SAA1VEW204	SAA1VEW304
Bloomberg	SAA1V FH	SAA1V104 FH	SAA1V204 FH	SAA1V304 FH
Reuters	SAA1V.HE	SAA1VEW104.HE	SAA1VEW204.HE	SAA1VEW304.HE

NUMBER OF SHARES AND OPTIONS

Number of shares at 31 Dec 2009	
Number of registered shares	160 943 658
Number of unregistered interim shares *	873 236
Number at 31 Dec 2009 *	161 816 894
Average number of shares, adjusted for share issues	160 968 774
Number of shares plus stock options **	
Number of outstanding shares at 31 Dec 2009	161 816 894
2004A stock options	1 072 400
2004B stock options	1 027 700
2004C stock options	1 147 200
2007 stock options	1 171 650
2008 stock options	1 303 950
2009 stock options	1 395 400
Number of outstanding shares plus options	168 935 194

* Interim shares were registered at 7.1.2010.
** Provided that all issued options are converted into shares.

The shares to be subscribed for on the basis of the options issued would represent 4.2% of all Sanoma shares and votes after the conversion if all outstanding stock options were exercised.

Including the non-distributed or returned 2004A, 2004B, 2004C, 2007, 2008 and 2009 stock options, the potential combined dilution effect of the stock option schemes on 31 December 2009 would be 9,500,000 shares, accounting for 5.6% of the post-conversion shares and votes.

STOCK OPTIONS

Sanoma has four option schemes in place:
- Stock Option Scheme 2004, authorised by the AGM of 30 March 2004
- Stock Option Scheme 2007, authorised by the AGM of 4 April 2007
- Stock Option Scheme 2008, authorised by the AGM of 4 April 2007
- Stock Option Scheme 2009, authorised by the AGM of 4 April 2007

The stock option schemes cover all of Sanoma's divisions and the Group's Parent Company. Stock options have been and will be distributed to executives and managers of the Sanoma Group in accordance with the decisions of the Board of Directors. At the end of 2009, a total of 3,247,300 stock options were outstanding of Stock Option Scheme 2004, and they were held by 236 executives and managers at Sanoma. A total of 1,171,650 stock options were outstanding of Stock Option Scheme 2007, and they have been distributed to a total of 236 executives and managers at Sanoma. A total of 1,303,950 stock options have been distributed under Stock Option Scheme 2008 to a total of 280 executives and managers at Sanoma. A total of 1,395,400 stock options have been distributed under Stock Option Scheme 2009 to a total of 297 executives and managers at Sanoma. The remaining 2004A, 2004B, 2004C, 2007, 2008 and 2009 stock options have been allocated to fully-owned Sanoma subsidiary Lastannet Oy, and the Sanoma Board of Directors will decide on their issuance at a later date.

The Board of Directors may extend the group of parties entitled to stock options, or decide on the issuance of stock options in connection with corporate transactions or recruitment. In the event the stock option holder's contract of employment or service terminates before the beginning of the share subscription period, he or she will be required to offer the stock options back to the Company, without receiving compensation for any value increment related to these stock options. However, this does not apply to those whose employment or service contract is rendered no longer effective for reason of retirement or death.

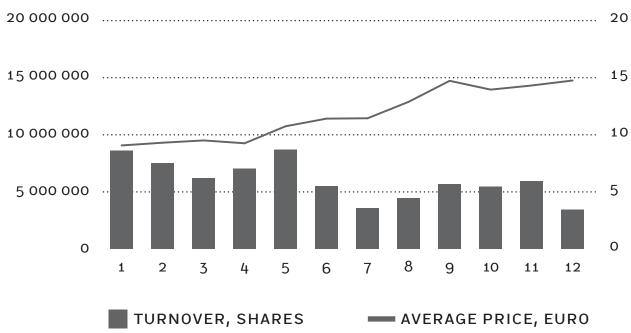
The 2004A, 2004B and 2004C stock options of Stock Option Scheme 2004 are listed on NASDAQ OMX Helsinki. The subscription period of 2001C stock options ended on 30 November 2009, and their listing on NASDAQ OMX Helsinki ended on 23 November 2009. A total of 873,236 shares were subscribed using 2001C stock options. New shares subscribed for with stock options entitle the subscribers to all shareholder rights from the date of entry of the increase in share capital into the Trade Register.

Information on stock options held by Sanoma's Board of Directors and Group Management can be found in Note 31. A daily update on insider holdings in traded stock options can be found at Sanoma.com. More detailed information on the terms and conditions for these schemes (e.g., subscription prices and periods) can be found in Note 20.

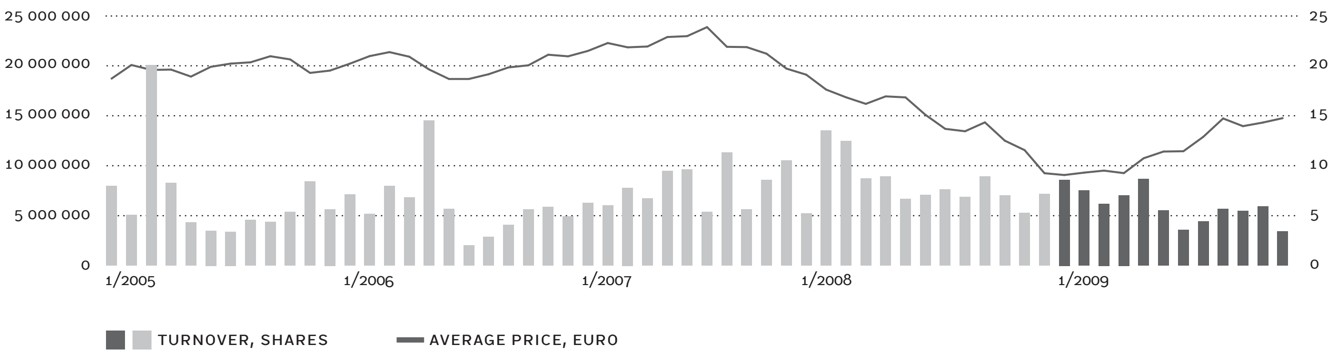
SHARE PERFORMANCE

The number of Sanoma shares traded totalled 72,078,344 (2008: 100,271,123) in 2009. Traded shares accounted for 45% (2008: 62%) of the average number of shares for the year. Sanoma's total stock exchange turnover was EUR 821.6 million (2008: EUR 1,500.2 million). In 2009, the volume-weighted average price of a Sanoma share was EUR 11.45, with a low of EUR 8.02 and a high of EUR 15.80. At the end of the year, Sanoma's market capitalisation was EUR 2,536.5 million (2008: EUR 1,479.7 million), with Sanoma's share closing at EUR 15.76 (2008: EUR 9.21).
Regularly updated prices of Sanoma shares are available at Sanoma.com.

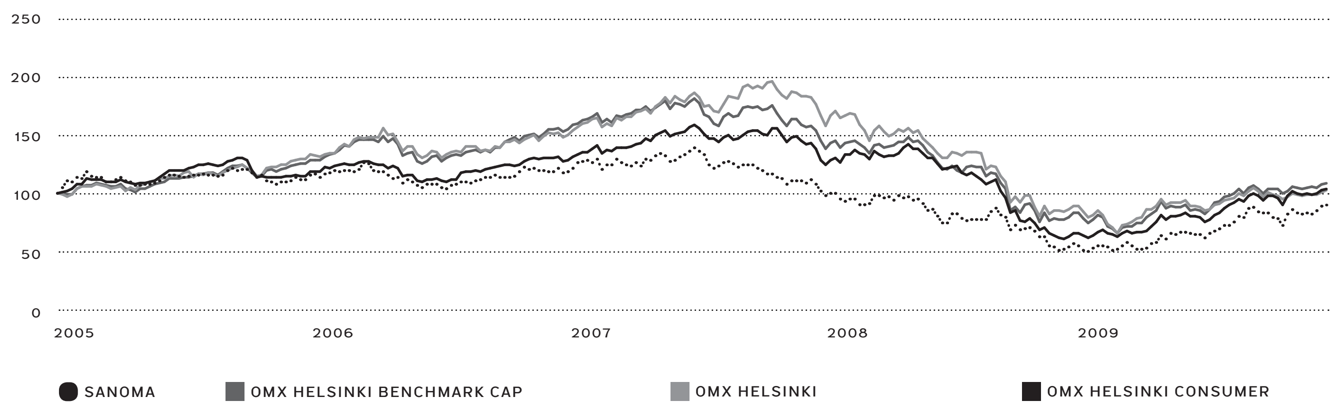
AVERAGE SHARE PRICE AND TURNOVER 2009



AVERAGE SHARE PRICE AND TURNOVER 2005–2009 *

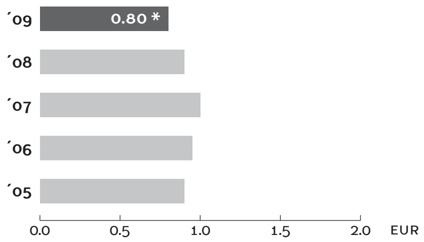


SANOMA SHARE AGAINST INDEXES *



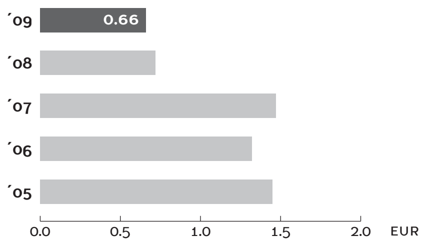
* Prior to spring 2006, Sanoma had two share series. The graph includes the development of Series B shares during that period.
Regularly updated prices of Sanoma shares are available at Sanoma.com.

DIVIDEND/SHARE

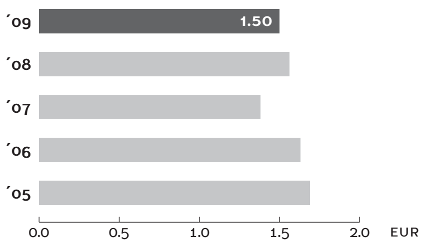


* Proposal of the Board of Directors to the AGM

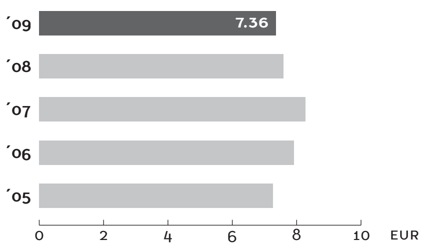
EARNINGS/SHARE



CASH FLOW/SHARE



EQUITY/SHARE



DIVIDEND POLICY

Sanoma follows an active dividend policy and primarily pays out over half of the Group's result after taxes in the form of dividends.

The Board of Directors proposes a dividend of EUR 0.80 (2008: EUR 0.90) per share for 2009.

SHAREHOLDERS

On 31 December 2009, the company had 21,045 shareholders, with foreign holdings accounting for 10.4% (2008: 10.9%) of all shares and votes.

SHAREHOLDER AGREEMENTS

The Board of Directors is not aware of any effective agreements related to holdings in Sanoma shares and the exercise of voting rights.

MANAGEMENT SHAREHOLDINGS

On 31 December 2009, the combined holdings in the Company shares of members of the Board of Directors, the President and CEO, and the bodies they control (as referred to in Chapter 1, section 5 of the Finnish Securities Market Act) accounted for 7.59% (2008: 7.49%) of all shares and votes. If all outstanding, non-distributed and returned stock options were to be converted into shares through subscriptions and the Board members exercised all of their subscription rights, the combined holdings of the Board members and President and CEO (including the bodies they control) would account for 7.36% of the total post-conversion number of shares and votes, provided that no other changes occur.

More detailed information on stock options held by Sanoma's Board of Directors and Group Management can be found in Note 31 and at Sanoma.com. Sanoma's guidelines on insider trading can be found at Sanoma.com.

MAJOR CHANGES IN SHAREHOLDINGS

There were no major changes in share ownership in 2009, and Sanoma did not issue any flagging announcements.

MAJOR SHAREHOLDERS AT 31 DECEMBER 2009

	Shareholder	Shares, total	Of shares and votes, %
1	**Erkko Aatos**	37 483 619	23.29
	Erkko Aatos	25 680 076	15.96
	Oy Asipex Ab	11 803 543	7.33
2	**Langenskiöld Robin**	12 273 371	7.63
3	**Seppälä Rafaela**	11 673 370	7.25
4	**Helsingin Sanomat Foundation**	5 701 570	3.54
5	**Holding Manutas Oy**	4 760 000	2.96
6	**Alfred Kordelin Foundation**	3 415 325	2.12
7	**Ilmarinen Mutual Pension Insurance Company**	3 240 795	2.01
8	**Varma Mutual Pension Insurance Company**	2 526 925	1.57
9	**Foundation for Actors' Old-Age Home**	2 249 357	1.40
10	**Svenska litteratursällskapet i Finland r.f.**	2 190 000	1.36
11	**The State Pension Fund**	2 150 000	1.34
12	**The WSOY Literature Foundation**	2 075 000	1.29
13	**OP-Delta Fund**	1 928 989	1.20
14	**The Finnish Literature Society (SKS)**	1 915 318	1.19
15	**The Finnish Cultural Foundation**	1 654 690	1.03
16	**Aubouin Lorna**	1 268 970	0.79
17	**Noyer Alex**	1 268 965	0.79
18	**Oy Karl Fazer Ab**	875 322	0.54
19	**Security Trading Oy**	825 000	0.51
20	**Mandatum Life Insurance Company Limited**	809 506	0.50
	Total	**100 286 092**	**85.6**
	Nominee registrations, total	12 882 396	8.00

The shareholdings have not been grouped, with the exception of shares held by Aatos Erkko and Asipex Oy, a company under his control.
A list of the major shareholders (updated monthly) can be found at Sanoma.com.

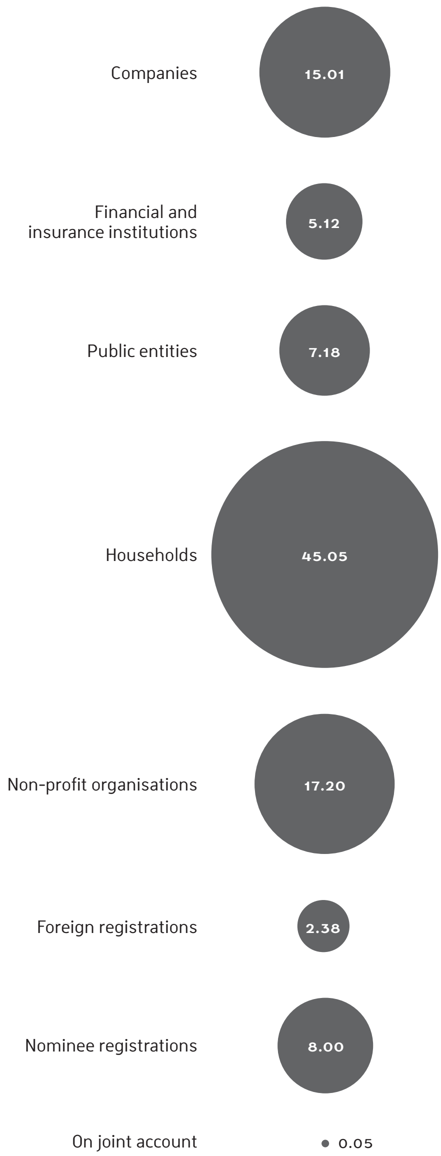
SHAREHOLDERS BY SECTOR AT 31 DECEMBER 2009

Sector	Number of shareholders	%	Number of shares	%
Companies	1 298	6.17	24 165 201	15.01
Financial and insurance institutions	98	0.47	8 239 576	5.12
Public entities	50	0.24	11 549 008	7.18
Households	18 895	89.78	72 503 045	45.05
Non-profit organisations	580	2.76	27 685 035	17.20
Foreign registrations	111	0.53	3 832 892	2.38
Nominee registrations	13	0.06	12 882 396	8.00
Total	**21 045**	**100.00**	**160 857 153**	**99.95**
On joint account			86 505	0.05
Number of shares on the market			**160 943 658**	**100.00**

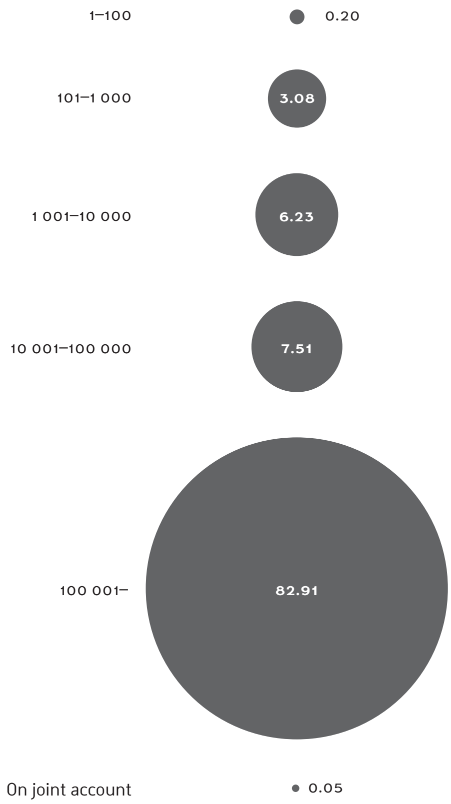
SHAREHOLDERS BY NUMBER OF SHARES HELD AT 31 DECEMBER 2009

Number of shares	Number of shareholders	%	Number of shares	%
1–100	5 071	24.10	327 811	0.20
101–1 000	11 929	56.68	4 960 260	3.08
1 001–10 000	3 523	16.74	10 029 952	6.23
10 001–100 000	420	2.00	12 093 914	7.51
100 001–	102	0.48	133 445 216	82.91
Total	**21 045**	**100.00**	**160 857 153**	**99.95**
On joint account			86 505	0.05
Number of shares on the market			**160 943 658**	**100.00**

SHAREHOLDERS BY SECTOR (% OF SHARES AND VOTES)



SHAREHOLDERS BY NUMBER OF SHARES (% OF SHARES AND VOTES)



Parent Company income statement, FAS

EUR million	1.1–31.12.2009	1.1–31.12.2008
Other operating income	**4.8**	14.7
Personnel expenses	**5.0**	11.9
Depreciation and impairment losses	**1.2**	1.3
Other operating expenses	**10.3**	13.6
Operating profit (loss)	**-11.7**	-12.1
Financial income and expenses	**85.0**	106.9
Result before extraordinary items	73.2	94.8
Extraordinary items	**69.1**	80.6
Result before approriations and taxes	**142.3**	175.4
Appropriations	**0.0**	-0.1
Income taxes	**2.7**	11.9
Result for the year	**145.0**	187.2

Parent Company balance sheet, FAS

EUR million	31.12.2009	31.12.2008
ASSETS		
Non-current assets		
Intangible assets	2.2	3.0
Tangible assets	9.0	9.2
Investments	1 773.5	1 779.1
Non-current assets, total	1 784.6	1 791.2
Current assets		
Long-term receivables	1.0	1.3
Short-term receivables	462.5	499.0
Securities	0.3	0.1
Cash and cash equivalents	34.1	49.1
Current assets, total	497.9	549.5
ASSETS, TOTAL	2 282.5	2 340.7
EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	71.3	71.3
Treasury shares		-37.5
Fund for invested unrestricted equity	188.8	176.6
Retained earnings	335.0	330.7
Profit for the year	145.0	187.2
Shareholders' equity, total	740.1	728.2
Appropriations	0.3	0.3
Provisions	0.7	3.6
Liabilities		
Non-current liabilities	490.0	400.0
Current liabilities	1 051.4	1 208.6
EQUITY AND LIABILITIES, TOTAL	2 282.5	2 340.7

Parent Company cash flow statement, FAS

EUR million	1.1–31.12.2009	1.1–31.12.2008
Operations		
Result for the period	145.0	187.2
Adjustments		
Income taxes	-2.7	-11.9
Appropriations	-0.0	0.1
Extraordinary items	-69.1	-80.6
Financial income and expenses	-85.0	-106.9
Depreciation and decrease in value	1.2	1.3
Profit on sales of non-current assets	-0.0	-1.5
Profit of mergers		-7.3
Change in working capital		
Change in trade and other receivables	-6.6	0.0
Change in trade and other payables, and provisions	-6.2	3.3
Interest paid	-36.2	-74.6
Other financial items	-2.0	-2.5
Group contributions	108.9	133.9
Dividends received	85.0	134.8
Taxes paid	-3.1	-25.6
Cash flow from operations	129.3	149.7
Investments		
Acquisition of tangible and intangible assets	-0.3	-0.7
Acquisition of other holdings	-0.2	-5.1
Sales of tangible and intangible assets	0.2	2.2
Associated companies sold	0.0	
Sales of other investments		2.4
Increase(-)/decrease(+) in loan receivables with short maturity	-0.8	
Loans granted	-152.0	-251.0
Repayments of loan receivables	149.5	63.5
Interest received	41.5	50.2
Cash flow from investments	38.0	-138.5
Cash flow before financing	167.3	11.2
Financing		
Proceeds from share subscriptions	12.3	5.1
Purchase of treasury shares		-48.2
Change in loans with short maturity	3.0	-43.4
Drawings of other loans	498.3	655.4
Repayments of other loans	-549.9	-373.0
Dividends paid	-144.8	-160.8
Donations/other profit sharing	-0.5	-0.5
Cash flow from financing	-181.6	34.6
Change in cash and cash equivalents according to cash flow statement	-14.3	45.9
Net increase(+)/decrease(-) in cash and cash equivalents	-14.3	45.9
Cash and cash equivalents at 1 Jan	48.7	2.9
Cash and cash equivalents at 31 Dec	34.4	48.7

Parent Company shareholders' equity

Shareholders' equity, EUR million	2009	2008
Restricted equity		
Share capital at 1 Jan	71.3	71.3
Share capital at 31 Dec	71.3	71.3
Premium fund at 1 Jan		171.5
Transfer from fund		-171.5
Premium fund at 31 Dec		
Restricted equity 31 Dec	**71.3**	71.3
Unrestricted equity		
Treasury shares at 1 Jan	-37.5	-51.6
Purchase of treasury shares		-47.6
Divestment of treasury shares	37.5	61.6
Treasury shares at 31 Dec		-37.5
Fund for invested unrestricted equity at 1 Jan	176.6	
Transfer to other funds		174.8
Share issue, options	12.3	1.8
Fund for invested unrestricted equity at 31 Dec	188.8	176.6
Retained earnings at 1 Jan	517.9	554.8
Dividends	-144.8	-160.8
Cancellation of treasury shares	-37.5	-61.6
Other changes	-0.5	-1.7
Retained earnings at 31 Dec	335.0	330.7
Profit (loss) for the year	145.0	187.2
Unrestricted equity 31 Dec	**668.8**	656.9
Total	**740.1**	728.2

Further information on share capital is presented in Note 19 to the Financial Statements.

Distributable earnings, EUR million	2009	2008
Treasury shares		-37.5
Fund for invested unrestricted equity	188.8	176.6
Retained earnings	335.0	330.7
Profit (loss) for the year	145.0	187.2
Total	**668.8**	656.9

Parent Company contingent liabilities

Contingent liabilities, EUR million	2009	2008
Contingencies incurred on behalf of Group companies		
Guarantees	**101.1**	107.8
Total	**101.1**	107.8
Contingencies incurred on behalf of associated companies		
Guarantees	**10.5**	10.5
Total	**10.5**	10.5
Total	**111.5**	118.2

Sanoma Corporation had no derivative contracts during the financial year or the previous year.

Board's proposal for distribution of profits and signatures

At 31 December 2009, Sanoma Corporation's distributable earnings total EUR 668,843,833.72, of which the profit for the year is EUR 145,016,807.65.

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

• a dividend of EUR 0.80 per share shall be paid	EUR 129,453,515.20 *
• the following amount shall be transferred to the donation reserve and used at the Board's discretion	EUR 500,000.00
• shareholders' equity shall be set at	EUR 538,890,318.52

No essential changes have taken place in the financial status of the Company after the financial year. The Company's liquidity is good and according to the Board of Directors the proposed dividend will not compromise the Company's liquidity.

* The dividend will be paid to shareholders registered with the Shareholder Register maintained by the Euroclear Finland Oy on the record date set by the Board for payment of the dividend, Tuesday 13 April 2010. The Board will propose to the Annual General Meeting that the dividend will be paid on Tuesday 20 April 2010.

Signatures to the Financial Statements and the Board of Directors' Report

Helsinki, 11 February 2010

Jaakko Rauramo
Chairman

Sakari Tamminen
Vice Chairman

Annet Aris

Robert Castrén

Jane Erkko

Paavo Hohti

Sirkka Hämäläinen-Lindfors

Seppo Kievari

Rafaela Seppälä

Hannu Syrjänen

Auditors' report

TO THE ANNUAL GENERAL MEETING OF SANOMA CORPORATION

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Sanoma Corporation for the year ended on 31 December 2009. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and notes to the consolidated financial statements, as well as the Parent Company's balance sheet, income statement, cash flow statement and notes to the financial statements.

The Responsibility of the Board of Directors and the President and CEO

The Board of Directors and the President and CEO are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the Parent Company's financial statements and the report of the Board of Directors in accordance with laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the President and CEO shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditors' Responsibility

Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the Parent Company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the Board of Directors of the Parent Company and the President and CEO have complied with the Finnish Limited Liability Companies Act.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements or of the report of the Board of Directors, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements and the report of the Board of Directors in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

The audit was performed in accordance with good auditing practice in Finland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the Group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the Company's Financial Statements and the Report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the Parent Company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Opinion on the discharge from liability and disposal of distributable funds

The consolidated financial statements and the Parent Company's financial statements can be adopted and the members of the Board of Directors and the President and CEO of the Parent Company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the disposal of distributable funds is in compliance with the Finnish Limited Liability Companies Act.

Helsinki, 11 February 2010

KPMG OY AB

Pekka Pajamo
Authorised Public Accountant

Kai Salli
Authorised Public Accountant

Corporate Governance Statement

Sanoma adheres to the Finnish Corporate Governance Code issued by the Securities Market Association in 2008, with the exception of Recommendation 10 governing the term of Board members.

Sanoma's Corporate Governance Principles are approved by the Board of Directors of Sanoma.

➥The Finnish Corporate Governance Code is available at Cgcode.fi.

ADMINISTRATIVE BODIES

Sanoma's administrative bodies comprise the Shareholders meeting, the Board of Directors and its Committees and the President and CEO.

Shareholders meeting

The Shareholders meeting is the highest decision-making body in Sanoma, convening at least once a year in accordance with the Articles of Association of Sanoma.

The Annual General Meeting (AGM) convenes within six months from the end of the financial year at a time determined by the Board of Directors. Notice of the Shareholders meeting is published in at least one widely circulated newspaper as specified by the Board of Directors, no earlier than three months and no later than 17 days prior to the meeting.

The Sanoma Board of Directors convenes the Shareholders meeting, prepares matters to be resolved there and implements decisions made therein.

Matters decided upon by the AGM include:

- adopting the financial statements
- using the profit shown on the balance sheet
- discharging the members of the Board of Directors and the President and CEO from liability
- determining the number of Sanoma's Board members
- electing the Board's Chairman, its Vice Chairman and Board members to replace outgoing members, as well as deciding on Board remuneration
- electing auditors and determining their remuneration.

The AGM may also resolve such matters as fall within its competence under the Finnish Limited Liability Companies Act, such as:

- amendments to the Articles of Association
- issuing of new shares and option rights
- repurchasing of the company's shares.

➥Detailed information about General Meetings is available at Sanoma.com in the General Meetings section.

Board of Directors

Sanoma's Board of Directors is, by virtue of the Finnish Limited Liability Companies Act, responsible for the Group's administration and for the appropriate organisation of its operations as well as appropriate arrangement of the control of the company accounts and finances.

According to the Corporate Governance Principles of Sanoma, the Board of Directors:

- appoints the President and CEO of Sanoma, his or her deputy, divisions' presidents and their deputies, the Parent Company executives who are Executive Management Group members, Senior Executives of the Corporate Centre Management and the Senior Editor-in-Chief of Helsingin Sanomat
- determines their remuneration
- decides on the major strategic direction of the Group and its divisions
- confirms and controls the strategic goals and operational plans of the Group and its divisions
- decides on major investments
- confirms the Group's general principles by issuing policy guidelines.

In order to develop its performance, the Board of Directors employs an assessment process on a regular basis.

The current Board of Directors, elected by the AGM of 1 April 2009, comprises ten members:

- Jaakko Rauramo (Chairman), born 1941, M.Sc. (Tech.). Term ends in AGM 2012.
- Sakari Tamminen (Vice Chairman), born 1953, M.Sc. (Econ.). President of Rautaruukki Corporation. Term ends in AGM 2012.
- Annet Aris, born 1958, M.Sc. Land planning and operations research, MBA. Adjunct Professor of Strategy and Management at INSEAD and a Visiting Professor at a variety of European universities. Term ends in AGM 2012.
- Robert Castrén, born 1957, B.Sc. (Econ.). Sales Director at UPM-Kymmene Corporation. Term ends in AGM 2011.
- Jane Erkko, born 1936. Term ends in AGM 2011.
- Paavo Hohti, born 1944, Ph.D. Managing Director of the Council of Finnish Foundations. Term ends in AGM 2011.
- Sirkka Hämäläinen-Lindfors, born 1939, D.Sc. (Econ.). Term ends in AGM 2010.
- Seppo Kievari, born 1943. Term ends in AGM 2010.
- Rafaela Seppälä, born 1954, M.Sc. (Journalism). Term ends in AGM 2011.
- Hannu Syrjänen, born 1951, B.Sc. (Econ.), Master of Law. President and CEO of Sanoma Corporation. Term ends in AGM 2010.

In 2009, the Board of Directors had ten meetings, with an average attendance rate of 99%.

According to the Finnish Corporate Governance Code, the term of a Board member should be one year. Instead, the term of a Sanoma Board member is three years, as the Company holds the view that the nature of its business makes it necessary for Board members to sit on the Board of Directors for a longer term than one year in order to familiarise themselves with and commit themselves to the Group's operations. In accordance with the Articles of Association, Sanoma has adopted a practice whereby approximately one-third of its Board members are elected every year.

More information about the members of the Board of Directors and their holdings in the Company is available at Sanoma.com in the Board of Directors and Insiders sections.

Over one half of the members of the Board of Directors (Annet Aris, Robert Castrén, Paavo Hohti, Sirkka Hämäläinen-Lindfors, Seppo Kievari and Sakari Tamminen) are non-executive directors and independent both of the Company and its major shareholders, as stipulated in the Finnish Corporate Governance Code. Jane Erkko and Rafaela Seppälä are also non-executive directors and independent of the Company. Consequently, the majority of the members of the Board of Directors are independent of the Company.

DUTIES AND COMPOSITION OF THE BOARD COMMITTEES

In accordance with its Articles of Association, Sanoma has an Executive Committee that prepares proposals for matters to be decided or noted by the Board of Directors.

The Board is authorised to establish committees as it deems appropriate. In addition to the Executive Committee described above, committees include the Audit Committee, the Human Resources Committee and the Editorial Committee. The respective charters have been approved by the Board of Directors. The committees report regularly to the Board of Directors.

THE EXECUTIVE COMMITTEE prepares matters to be discussed at the Board of Directors' meetings. The composition of the Committee is set in the Articles of Association, and in 2009 it comprised Jaakko Rauramo (Chairman), Sakari Tamminen (Vice Chairman) and Hannu Syrjänen (President and CEO). The Committee convened six times, with all members present at all meetings.

THE AUDIT COMMITTEE is established by the Board of Directors to assist the Board in fulfilling its oversight responsibilities for matters pertaining to financial reporting and control, risk management as well as to external auditing, and the internal audit activity in accordance with guidelines approved by the Board of Directors, the Finnish Corporate Governance Code and applicable laws and regulations. All members of the Board of Directors may attend the meetings of the Audit Committee, if they so wish. In 2009, the Audit Committee comprised Sirkka Hämäläinen-Lindfors (Chairman), Robert Castrén (Vice Chairman) and Rafaela Seppälä, all independent of the Company. The Committee met five times with an average attendance rate of 94%.

THE HUMAN RESOURCES COMMITTEE is responsible for preparing matters related to the compensation of the Chairman of the Board of Directors, President and CEO, and certain executive positions as determined by the Board of Directors ("Senior Executives"), evaluation of the performance of the President and CEO and Senior Executives, Group compensation policies, Human Resources Policies and Practices, succession plans for President and CEO and Senior Executives, and other duties and responsibilities as may be assigned to the Committee from time to time by the Board of Directors and/or Chairman of the Board of Directors. In addition, the Committee discusses the composition of the Board of Directors and succession in the Board of Directors. In 2009, the Committee comprised Jaakko Rauramo (Chairman), Paavo Hohti (Vice Chairman), Jane Erkko and Seppo Kievari and convened three times during the year, with all members present at the meetings.

THE EDITORIAL COMMITTEE has the duty of monitoring the editorial policy of Helsingin Sanomat. The Committee is responsible for preparing editorial policy related matters of principle and any amendments thereof, the appointment of Senior Editors-in-Chief and any other policy recommendations. In 2009, the Editorial Committee constituted Seppo Kievari (Chairman), Jane Erkko (Vice Chairman), Paavo Hohti and Sirkka Hämäläinen-Lindfors. The Committee convened five times, with all members present at the meetings.

DUTIES OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

The duties of the Chairman of the Board of Directors are mainly governed by the Finnish Limited Liability Companies Act or determined in the Corporate Governance Principles of Sanoma, and include, for example:

- ensuring that the Board of Directors, in its duties, follows general corporate governance principles
- developing the work methods of the Board of Directors
- organising evaluation of the Board of Directors' activities
- supervising the strategy process
- preparing matters to be discussed at the Board meetings, in co-operation with the President and CEO
- chairing the meetings of the Board of Directors and the Executive Committee

Jaakko Rauramo is the part-time Chairman of the Board.

Rauramo's curriculum vitae and information on his shareholdings can be found at Sanoma.com in the Board of Directors and Insiders sections.

Duties of the President and CEO

The duties of the President and CEO of Sanoma are governed primarily by the Finnish Limited Liability Companies Act. The President and CEO assumes independent responsibility for the Group's daily operations, in line with strategic goals and operational plans approved by the Board of Directors and in accordance with general principles confirmed by the Board of Directors.

The person holding this office is in charge of:

- seeing that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner
- managing the Group's daily operations in line with the strategic guidelines and goals as well as operational plans approved by the Board of Directors and in accordance with general principles confirmed by the Board of Directors
- preparing decision proposal and matters for discussion for the Board of Directors meetings (together with the Chairman of the Board of Directors), and presenting these matters and the agenda to the Board of Directors and its Committees
- chairing Sanoma's Executive Management Group
- chairing the Boards of Directors of the divisions, unless otherwise specifically agreed.

The President and CEO may take extraordinary or wide-ranging action only under a separate authorisation from the Board of Directors or when the time delay involved in waiting for a decision of the Board of Directors would cause substantial loss to Sanoma.

Hannu Syrjänen is Sanoma's President and CEO.

Syrjänen's curriculum vitae and information on his shareholdings can be found at Sanoma.com in the Board of Directors and Insiders sections.

MAIN FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS PERTAINING TO THE FINANCIAL REPORTING PROCESS

Control environment

The Sanoma Group comprises parent company Sanoma Corporation and five divisions: Sanoma Magazines, Sanoma News, Sanoma Entertainment, Sanoma Learning & Literature and Sanoma Trade.

Management of the Group and its businesses is based on a clear organisational structure, well-defined areas of authority and responsibility, common planning and reporting systems, and policy guidelines. The Sanoma Board of Directors approves all Group-wide policy guidelines including governance related policies such as Sanoma's Corporate Governance Principles, the Principles of Business Conduct and the Group Risk Management Policy.

Sanoma's divisions operate within the scope of strategic goals and financial targets, Sanoma's Corporate Governance Principles and policy guidelines. In addition, the daily operations of the personnel are governed by Sanoma's values.

In line with Sanoma's Corporate Governance Principles, the Sanoma Executive Management Group co-ordinates the Group's management and acts as the Division Board, the highest decision-making body of the divisions except for Sanoma Magazines, where an Executive Board is in place to act as the Division Board. The Sanoma Executive Management Group comprises the President and CEO of Sanoma Group, the CFO of Sanoma Group, the CSO of Sanoma Group and the division presidents. Monitoring the financial performance, the execution of agreed actions and development plans, as well as control and management systems fall within the scope of matters addressed by the Sanoma Executive Management Group.

The Sanoma Corporate Centre is responsible for carrying out Sanoma's statutory duties as a publicly listed company under, for example, the Finnish Securities Market Act, for managing investor relations, centralised treasury activities, as well as Group's compliance with applicable laws and regulations. In addition, the Corporate Centre supports the President and CEO in the management of the Group's daily operations and provides support and guidance to the divisions in areas such as finance and administration, legal affairs, strategic development, treasury, real estate, human resources and communications.

Risk assessment and control activities

The Board of Directors is responsible for approving and setting Sanoma's Risk Management Policy and for overseeing the effectiveness of risk management.

Sanoma's Risk Management Policy describes the scope, objectives, processes as well as roles and responsibilities of various corporate bodies. The Group's risk management system is integrated into the management, strategic planning and internal control processes. A risk framework is used for identifying and assessing risks, as well as for defining risk management activities.

The Executive Management Group is responsible for defining risk management strategies and procedures, and setting risk management priorities.

The Audit Committee regularly reviews and monitors the implementation of the Risk Management Policy.

Managing business risks and the opportunities associated with them is a core element in the daily operational responsibilities of Sanoma's management. Risk taking is an essential part of a competitive business. While executing strategy, Sanoma and its divisions and subsidiaries are exposed to numerous risks and risk taking opportunities.

In Sanoma's risk model, risks are divided into four main categories. The four risk categories are defined below.

Risk categories and risk mitigation are described further in the Risk Management section of the Financial Statements, p. 76-77.

STRATEGIC RISKS

Strategic risks include risks related to changing customer needs, preferences or behaviour, changes in the competitive situation, risks related to suppliers or operating countries as well as laws and regulations.

OPERATIONAL RISKS

Operational risks include risks related to the quality of products and services, customer satisfaction, ability and readiness to change, ICT, integration of new operations, human resources and knowledge management. Also risks related to intellectual property rights, governance models, either unintentional or wilful noncompliance as well as risks related to accounting information and financial planning and reporting are operational risks.

FINANCIAL RISKS

Financial risks include interest rate and currency risks as well as risks related to equity, counterparties and availability of capital.

HAZARD RISKS

Hazard risks include business interruption and risks related to health and safety issues or environmental issues.

Divisions and businesses identify, measure, report and manage the risks related to their operations. Risk coordinators of the Group and the divisions co-ordinate the risk management activities within divisions and at Group level and produce a periodical risk report for the Executive Management Group.

Sanoma has a Group-wide risk reporting process for assessment of significant risks. Risk assessment is linked to Group's strategic objectives and planning process. Risks are naturally assessed also in different stages of decision-making and their probability of occurrence. Key risks and their control activities are reported to the Board twice a year.

Sanoma's internal control targets are based on risk assessments. In 2009, internal controls were assessed in key locations of the Group. The results of these reviews are taken into account in the further development of the Group internal control framework. Group internal control policies describe the main principles of internal controls.

The Group Finance and Control function prepares guidelines of the control points for the divisions, both for transactions and for periodic controls. Periodic controls are linked to the monthly and annual reporting process and include reconciliations and analyses to ensure the correctness of financial reporting. These control activities on both the Parent Company and divisional level seek to ensure that potential deviations and errors are prevented, discovered and corrected. Internal control systems cover the whole financial reporting process.

Group policies and operational guidelines are available at the Group intranet in their full. In addition, business units may have their own instructions within the set policies and operational guidelines. These instructions are available in respective intranets.

There is a channel in place to report breaches of Principles of Business Conduct or thereto related policies or laws. Any person who notices breaches of the Principles of Business Conduct or thereto related policies or laws may safely report them as indicated in the Principles.

Monitoring of financial reporting process

The Group's financial performance is monitored on a monthly basis using a Group-wide operational planning and reporting system, which includes divisions' management letters, the actualised income statements, balance sheets and key performance indicators, as well as estimates for the current financial year and the rolling 12 months.

In addition, business reviews between Group and division management are held quarterly. In addition to the division's financial performance, also issues such as changes in the operating environment, structure and rolling estimates are discussed in these meetings. The quarterly business reviews also have a role in the process of ensuring that the continuous risk assessment and internal controls are functioning properly.

Claims against Sanoma are monitored by Group Legal Affairs through a process called Legal Representation Letters covering claims over EUR 200,000 (or resulting in a potential negative effect of over EUR 200,000, such as in precedent claims) whether by a governmental body, partner, agreement counterpart, personnel or some other party.

The Group Internal Audit function reports directly to Sanoma's President and CEO, and to the Audit Committee of the Board of Directors. It co-operates with the Group and division managements as well as with the Group's statutory auditors. It is responsible for internal audits involving assessment of the adequacy and efficiency of risk management, internal control and governance processes. The scope of Group Internal Audit covers all organisational levels and businesses. The operations of the function are steered by Sanoma's Corporate Governance Principles and the Internal Audit Policy, which was revised and approved by Board of Directors in 2009. The Audit Committee confirms the internal audit plan periodically.

The Audit Committee, in order to assist the Board of Directors in its responsibilities, prepares, controls and assesses matters related to the Group's risk management, financial reporting procedures, independent audit and internal audit work, the reliability of internal control systems, and compliance with Sanoma's Corporate Governance Principles.

In 2009, Pekka Pajamo, Authorised Public Accountant, and KPMG Oy Ab, represented by Kai Salli, Authorised Public Accountant, acted as Sanoma's statutory auditors. The statutory audit included acquiring evidence of accuracy of the accounts and other issues presented in the Financial Statements and evaluating the applied accounting principles, material prediction of the management and the material related to the Financial Statements as a whole. The aim of auditing the administration was to explore that the activities of Sanoma's responsible management were in compliance with the applicable law.

Risk management

While executing strategy, Sanoma and its divisions and subsidiaries are exposed to numerous risks and risk taking opportunities. Managing business risks and the opportunities associated with them is a core element in the daily responsibilities of Sanoma's management.

Sanoma's Risk Management Policy describes the scope, objectives, processes as well as roles and responsibilities of various corporate bodies.

The Board of Directors is responsible for approving and setting Sanoma's Risk Management Policy and for overseeing the effectiveness of risk management. The Audit Committee regularly reviews and monitors the implementation of the Risk Management Policy. The Executive Management Group is responsible for defining risk management strategies and procedures, and setting risk management priorities.

Divisions and businesses identify, measure, report and manage the risks related to their operations. Risk coordinators of the Group and the divisions co-ordinate the risk management activities within divisions and at Group level and produce a periodical risk report for the Executive Management Group. Key risks and their control activities are reported to the Board twice a year.

The Group's risk management system is integrated into the management, strategic planning and internal control processes. A risk framework is used for identifying and assessing risks, as well as for defining risk management activities.

Group internal control systems, as well as internal audit and external audit activities are presented in more detail in the Corporate Governance Statement on p. 72-75 and at Sanoma.com.

Normal business risks associated with the industry relate to developments in media advertising and consumer spending. Media advertising is sensitive to economic fluctuations. Therefore, the general economic conditions of the countries in which the Group operates and the economic trends of the industry influence Sanoma's business activities and operational performance.

Around a quarter of Sanoma's net sales is derived from media advertising and some 50% from consumers as single copy or subscription sales or from retail. Rapid changes in media advertising and consumer confidence will affect the Group's results. Newspaper and TV advertising react fastest to changes in media advertising expenditure. Sanoma's diversified operations in various fields of media in over 20 European countries balance the effects of market fluctuations.

In Sanoma's risk model, risks are divided into four main categories. The four risk categories are defined below. The most significant risks for Sanoma, those that could have a negative impact on Sanoma's business activities, operations' performance, or financial status if realised are also illustrated.

STRATEGIC RISKS

Strategic risks include risks related to changing customer needs, preferences or behaviour, changes in the competitive situation, risks related to suppliers or operating countries as well as laws and regulations. Risks related to corporate transactions and the Group's business models, technology and innovations are also included in strategic risks.

Changes in customer preferences

Many of the identified risks relate to changes in customer preferences. Ongoing digitisation has been the driving force behind these changes for some time, and Sanoma has identified action plans in all its divisions on how to respond to this challenge.

With regard to changing customer preferences and digitisation, new entrants might be able to better utilise these changes and therefore gain market share from Sanoma's established businesses. To further enhance Sanoma's capability to respond to these challenges, the Group is working on introducing a new innovation management system in 2010. It will provide further focus to the Group's innovation efforts and provide the right tools and incentive systems to foster more ambitious organic growth.

This will complement existing practices of close monitoring of technological advancement and changes in customer preferences, and collaborating with a network of partners when developing new products and services. Technological advancement generates new opportunities for process development and new digital business activities for multimedia companies such as Sanoma. Online operations are one of the focus areas in Sanoma's growth strategy. In selected online domains, Sanoma introduced cross-divisional innovation teams in 2009 and will further advance this collaboration in 2010.

Acquisitions

Sanoma has grown vigorously through acquisitions. Acquisitions may include a risk of the Group becoming affected by partial new market and operational environment risks in countries in which Sanoma has not previously had significant operations. The acquisitions also include risks related to integration of the new business, retention of key personnel and achieving the targets set for operations.

Regarding risks associated with investment decisions, the Sanoma Corporate Governance Principles specify the approval procedures for investments and acquisitions. The Group's M&A Investment Policy defines the general principles of mergers and acquisitions. Various administrative bodies discuss investments when addressing strategies as well as action and operational plans. Final investment decisions are made on the basis of specific proposals, in accordance with authorisations governing approval of investments. A proposal for a major investment is submitted for the purpose of decision-making and monitoring, providing information on its grounds and ROI calculations. There is also a procedure for follow-up of acquisitions.

OPERATIONAL RISKS

Operational risks include risks related to the quality of products and services, customer satisfaction, ability and readiness to change, ICT, integration of new operations, human resources and knowledge management. Also risks related to intellectual property rights, governance models, either unintentional or wilful noncompliance as well as risks related to accounting information and financial planning and reporting, are operational risks.

Operational risks related to product and service quality and customer satisfaction vary by division. At Group level, the most significant risks relate to HR issues, change readiness and ICT.

Human resources

The Group's successful performance depends on its management and other personnel, and their willingness to develop their competencies, as well as on their skills in developing appealing products and services in accordance with customer needs. Since Sanoma employs numerous professionals, it is estimated that the end of one key person's employment would not have an adverse effect on the Group's result or its ability to carry out its strategy.

Recruiting and retaining skilled and motivated personnel may become more difficult in years to come as a result of various factors, including changes in the age structure of the population and intensifying competition for personnel resources. Sanoma is responding to these challenges by continuously improving, among other things, its employee reward systems, in-house training programmes and opportunities for job rotation. In 2009, the focus of Group-wide training programmes shifted more towards leadership training. In an effort to prepare for job market changes due to the ageing population, the Group has implemented successor plans.

ICT systems

Functioning and reliable ICT systems are integral aspects of the Group's business. These systems include newspaper and magazine subscription, advertising and delivery systems, as well as various production control and customer relations management systems. Risks related to information systems may arise in connection with the confidentiality, integrity or availability of information. These can be divided into physical risks (fire, sabotage and equipment breakdown) and logical risks (related to data security, employees and software failure). It is highly important that the Group succeeds in renewal projects of its critical, integrated systems, such as subscription systems.

Sanoma has carried out an assessment of the risks related to ICT systems and specified the system protection levels and the required backup systems. It has also established separate continuity plans for the systems critical to the Group.

Intellectual Property Rights

Key Intellectual Property Rights (IPRs) with regard to Sanoma's products and services are the copyrights, publishing rights, trademarks, business names, domains, know-how, and e-business-related patents and utility models owned and licensed by the Group.

The acquisition, management and exploitation of Intellectual Property Rights involve risks associated with the continuity of rights and their insufficient protection or outside violations. The risk of unauthorised use of Intellectual Property Rights increases with the digitisation of media.

Sanoma manages these rights in accordance with the Group-wide Intellectual Property Rights policy and procedures. Because of the application of appropriate protection, no material risks arise in relation to the Group's Intellectual Property Rights.

FINANCIAL RISKS

Financial risks include interest rate and currency risks as well as risks related to equity, counterparties and availability of capital.

Sanoma has a strong, steady and predictable cash flow, which substantially reduces liquidity risks. Sanoma manages its long-term financial risks by maintaining a financial structure equivalent to a good credit rating, with the aim of ensuring sources of low cost financing. Meeting this aim is based on close co-operation within the Group, operating with several banks and actively monitoring developments in the financial market. The Group mainly operates in the euro area, which essentially reduces the influence of currency risks.

A more detailed description of the Group's financial risk management can be found in Note 26.

As a result of acquisitions, the consolidated balance sheet on 31 December 2009 included about EUR 1.9 billion in goodwill, publishing rights and other intangible assets, most of which is related to magazine operations. In accordance with the International Financial Reporting Standards (IFRS), instead of goodwill being amortised regularly, it is tested for impairment on an annual basis, or whenever there is any indication of impairment. The impairment losses on goodwill and other intangible assets for 2009 totalled EUR 0.9 million (2008: EUR 83.8 million), and there were no indicators of other impairment losses.

HAZARD RISKS

Hazard risks include business interruption and risks related to health and safety issues or environmental issues. Hazard risks can be mitigated through process management and operational policies (on issues such as health and safety and the environment) as well as through contingency planning and insurance.

Investing in Sanoma

ANNUAL GENERAL MEETING

Sanoma Corporation's Annual General Meeting of Shareholders (AGM) will be held on 8 April 2010 at 2:00 pm (Finnish time) in the Congress Wing of the Helsinki Exhibition and Convention Centre (Messuaukio 1, 00520 Helsinki).

Notice of the AGM

Notice of the AGM is published in at least one widely circulated newspaper. The meeting agenda is included in the notice. Notice of the meeting and the Board proposals are also published as a Stock Exchange Release and on the Group's website.

In accordance with the Finnish Limited Liability Companies Act, a shareholder shall have the right to have a matter falling within the competence of the General Meeting dealt with by the General Meeting if the shareholder so demands in writing from the Board of Directors well in advance of the meeting, so that the matter can be mentioned in the notice.

Attending the AGM

Shareholders whose holding is registered in the list of shareholders, maintained by Euroclear Finland Ltd, on 25 March 2010 are welcome to attend the AGM.

Registration

Shareholders wishing to attend and to use their voting rights are kindly requested to register by 4:15 pm (Finnish time) on Tuesday, 30 March 2010. Registration can be made at Sanoma.com, by phone +358 105 19 5021 or by fax +358 105 19 5058.

The holder of nominee registered shares is requested to ask, in good time, his/her asset manager to provide the necessary instructions for registration in the shareholder register, for issuing proxies and for registration for the AGM. The account operator of the asset manager must register the holder of nominee registered shares wishing to attend the AGM in the Company's temporary shareholder register no later than on 1 April 2010.

Shareholders wishing to attend the AGM are requested to register within the time specified in the notice. Shareholders not able to participate in the AGM may appoint an authorised representative or statutory representative. Shareholders are requested to submit possible proxies within the registration time limit to:

Sanoma Corporation
AGM
P.O. BOX 1229
00101 Helsinki, Finland

DIVIDEND

The Board of Directors proposes to the AGM that a dividend of EUR 0.80 per share should be paid for 2009. All shareholders registered on the Company's list of shareholders (maintained by Euroclear Finland Ltd) on the record date of 13 April 2010 are entitled to the dividend decided by the AGM. In Finland, the dividend payment date will be 20 April 2010. Outside Finland, the actual dividend payment date will be determined by the practices of the intermediary banks transferring the payments.

SANOMA'S FINANCIAL REPORTING DURING 2010

The Group's Interim Reports in 2010 will be published:

- Interim Report January–March on Wednesday 5 May, approximately at 11 am (Finnish time)
- Interim Report January–June on Friday 6 August, approximately at 8:30 am (Finnish time)
- Interim Report January–September on Wednesday 3 November, approximately at 11 am (Finnish time)

The Annual Report and Interim Reports are available in Finnish and English. Publications can be viewed online at Sanoma.com. A print version of the Annual Report can be ordered or cancelled by phone +358 105 19 5062 or via email communications@sanoma.com.

Shareholders can also order or cancel emails of Sanoma's Interim Reports and other releases at Sanoma.com.

Silent period

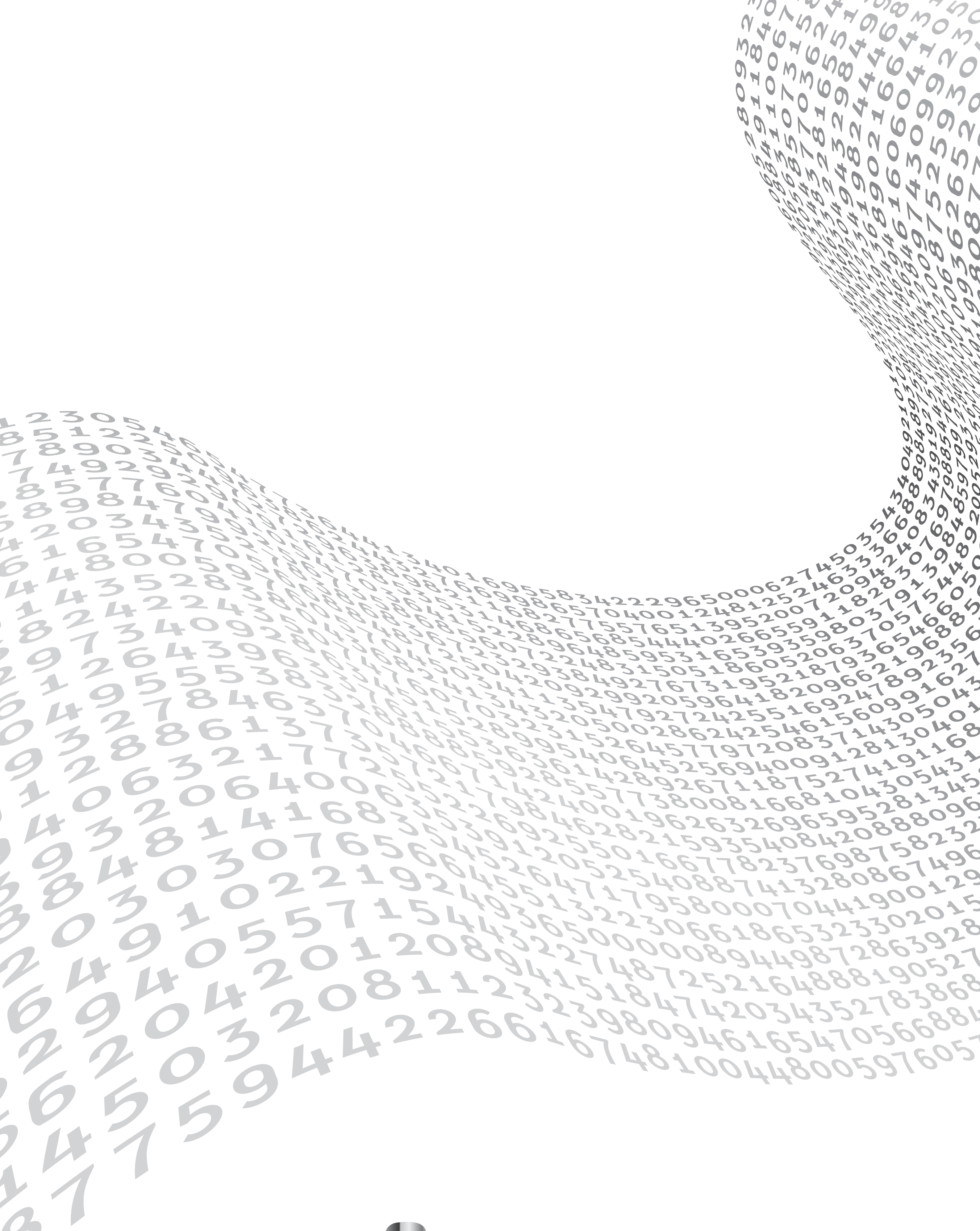
Sanoma's silent period starts three weeks prior to publishing of its interim financials or annual financial results. Sanoma will not comment on its business or meet with capital market representatives during that period.

CHANGES IN CONTACT INFORMATION

Euroclear Finland Ltd maintains a list of Company shares and shareholders and a list of holders of option rights. Shareholders and holders of option rights who wish to make changes to their personal and contact information are kindly asked to contact their own account operator directly. Sanoma cannot make these changes.

ASSESSMENTS REGARDING SANOMA AS AN INVESTMENT OBJECT

According to information held by Sanoma, at least the following analysts publish investor analyses of the company: Carnegie Investment Bank, Crédit Agricole Cheuvreux, Danske Markets, Deutsche Bank, Evli Bank, Exane BNP Paribas, E. Öhman J:or Securities, FIM, Handelsbanken Capital Markets, Nordea, Pohjola Bank, SEB Enskilda, Standard & Poor's Equity Reseach, Swedbank and Ålandsbanken. Sanoma does not accept any responsibility for the views or opinions expressed by the analysts.
The analysts' contact details can be viewed on the Investors page at Sanoma.com.



Sanoma

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