Sanoma's Interim Report 1 Jan–31 March 2011:

Transforming Sanoma for the future

- Net sales in the first quarter amounted to EUR 610.2 million (2010: EUR 637.9 million). Adjusted for changes in the Group structure, Sanoma's net sales were at the comparable period's level.
- Operating profit excluding non-recurring items was EUR 26.4 million (2010: EUR 35.6 million). The decrease was mostly due to divestment of operations in 2010. The non-recurring items in the first quarter amounted to EUR 0.9 million (2010: EUR 4.8 million).
- Earnings per share were EUR 0.11 (2010: EUR 0.16)
- Cash flow from operations amounted to EUR 18.7 million (2010: EUR 38.0 million).
- As a result of the acquisition of SBS TV assets, the Sanoma Group's net sales are expected to increase somewhat and operating profit excluding non-recurring items is expected to improve slightly in 2011.

KEY INDICATORS EUR million	**1–3/ 2011**	**1–3/ 2010**	**Change %**	**1–12/ 2010**
Net sales	**610.2**	637.9	-4.3	2,761.2
Operating profit excluding non-recurring items	**26.4**	35.6	-25.9	245.4
% of net sales	**4.3**	5.6		8.9
Operating profit	**27.3**	40.4	-32.5	392.7
Result for the period	**18.5**	24.1	-23.1	297.3
Capital expenditure *	**33.1**	16.6	99.8	85.7
% of net sales	**5.4**	2.6		3.1
Equity ratio, %	**46.5**	42.7		45.7
Net gearing, %	**63.0**	74.4		63.8
Number of employees at the end of the period (FTE)	**15,277**	16,293	-6.2	15,405
Average number of employees (FTE)	**15,129**	16,357	-7.5	16,016
Earnings/share, EUR	**0.11**	0.16	-28.8	1.85
Cash flow from operations/share, EUR	**0.12**	0.23	-50.9	1.69

* Including finance leases

Harri-Pekka Kaukonen, President and CEO

"Sanoma is emphasising organic growth and focused operations. Looking back at the first months of 2011, we have made significant progress in reshaping our portfolio.

Most notable was the acquisition of the Dutch and Belgium TV activities. Other important transactions involved the acquisition of learning operations in Finland and Sweden as well as the divestments of movie operations, Romanian kiosk and press distribution operations and Finnish general literature operations. These are all in line with our strategy to focus on consumer media and learning.

Adding TV to our portfolio in the Netherlands and Belgium considerably improves our positions in these countries. Along with our strong portfolio of brands, extensive content know-how in our magazine business and high-class digital operations, the SBS TV activities and the creative programming expertise from our partners are excellent building blocks for offering new services and solutions across media, both for consumers and advertisers.

By combining our media assets in new and innovative ways, we position ourselves to play a significant role in the new media market."

Outlook for 2011

As a result of the acquisition of SBS TV activities, the Sanoma Group's net sales are expected to increase somewhat and operating profit excluding non-recurring items is expected to improve slightly in 2011. In 2010, operating profit excluding non-recurring items was EUR 245.4 million.

Sanoma's net sales and operating profit in 2011 are 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 main operating countries will grow somewhat in 2011.

Net sales

In the first quarter of 2011, Sanoma's net sales decreased by 4% and amounted to EUR 610.2 million (2010: EUR 637.9 million). Net sales grew in the Sanoma Learning and Literature division. Structural changes affected divisional net sales in Sanoma Media and Sanoma News. Sanoma Trade's net sales decreased. Currency translations did not have a material effect on the first quarter sales. Adjusted for changes in the Group structure, net sales were at the previous year's level.

The print circulation sales were slightly below the comparable quarter. Both subscription sales and single copy sales decreased slightly, mainly due to timing differences and the divestment of Humo.

Advertising sales grew from the low levels of the comparable quarter: Sanoma's advertising sales grew by 6% in January–March and accounted for 25% (2010: 23%) of the total net sales. Online advertising sales increased clearly, by 13%.

Sanoma has a target to double the 2008 level of its consumer online sales, consisting mostly of online advertising, by 2012. In the first quarter of 2011, consumer online sales grew by 4% to EUR 37.5 million (2010: EUR 36.0 million). Total digital sales, which also include items such as e-learning, grew by 8%, and amounted to 11% (2010: 10%) of net sales.

By country, Finland accounted for 53% (2010: 54%) of the cumulative net sales and the Netherlands 22% (2010: 21%). Net sales from other EU countries totalled 21% (2010: 22%) and non-EU countries accounted for 4% (2010: 3%).

Result

Sanoma's operating profit excluding non-recurring items in January–March decreased by 26% and totalled EUR 26.4 million (2010: EUR 35.6 million). The result improved significantly in the Sanoma News division due to increased advertising sales. Sanoma Media's result was lower mainly due to structural changes. The result also weakened in Sanoma Learning & Literature and Sanoma Trade. Operating profit excluding non-recurring items was 4.3% (2010: 5.6%) of net sales. Currency translations did not have a material effect on the first quarter result.

In the first quarter, the Group's total expenses came down by 4%, with fixed costs decreasing by 2%. Paper costs were 5% below the comparable quarter, but are expected to increase during the coming quarters. Employee benefit expenses decreased by 3%. The Group had some 1,200 employees less than at the end of March 2010, corresponding to a decrease of 8%. From the year-end, the number of personnel has decreased by 6%.

In January–March, the operating profit included EUR 0.9 million (2010: EUR 4.8 million) in non-recurring items related to divestment of non-core operations in learning.

NON-RECURRING ITEMS EUR million	1-3 / 2011	1-3 / 2010	1-12 / 2010
Media			
Restructuring expenses (The Netherlands)			-3.3
Impairment of intangible assets (The Netherlands)			-6.3
Impairment of intangible assets (The CEE countries)			-1.0
Gain on sale of Humo			2.6
Gain on sale of Welho (Finland)			179.0
Impairment of goodwill in the Dutch press distribution			-28.9
News			
Gain on sale of Lehtikuva		6.0	6.0
Gain on sales of Sanoma Lehtimedia's local papers			2.9
Learning & Literature			
Sale of LDC	**0.9**		
Loss on sale of Bertmark Norge		-1.2	-1.1
Restructuring expenses			-2.3
Impairment of a Dutch non-core entity			-2.1
Trade			
Loss on sale of Russian operations			-2.6
Restructuring expenses			-1.0
Sanoma Corporation			
Gains on the sales of real estates			5.4
NON-RECURRING ITEMS IN OPERATING PROFIT	**0.9**	4.8	147.3
Impairment of share in associated company Hansaprint			-22.1
NON-RECURRING ITEMS IN RESULTS IN ASSOCIATED COMPANIES			-22.1

Sanoma's first quarter result included EUR 1.9 million (2010: EUR -2.4 million) of profits from associated companies. The most significant associated companies include DNA, Hansaprint, Stratosféra, Jokerit HC and Desert Fishes, of which DNA and Desert Fishes were not included in Sanoma's figures in the comparable period.

In January–March, Sanoma's net financial items totalled EUR -2.4 million (2010: EUR -3.9 million). Financial income amounted to EUR 2.2 million (2010: EUR 2.2 million), of which exchange rate gains were EUR 0.9 million (2010: EUR 1.5 million). Financial expenses amounted to EUR 4.7 million (2010: EUR 6.0 million). Following the increase in interest rates, interest expenses amounted to EUR 3.3 million (2010: EUR 3.1 million) and exchange rate losses to EUR 0.9 million (2010: EUR 2.7 million).

The result before taxes amounted to EUR 26.7 million in the first quarter (2010: EUR 34.1 million). The effective tax rate was 30.8% (2010: 29.3%). Earnings per share were EUR 0.11 (2010: EUR 0.16).

Balance sheet and financial position

At the end of March, Sanoma's consolidated balance sheet totalled EUR 3,220.2 million (2010: EUR 3,137.5 million). In the first quarter, the Group's cash flow from operations amounted to EUR 18.7 million (2010: EUR 38.0 million). Cash flow from operations per share was EUR 0.12 (2010: EUR 0.23). In addition to the lower result, cash flow was weakened by higher investments in broadcasting rights, timing of tax payments and volatility of net working capital between quarters in the learning business.

Sanoma's financial position continued to strengthen in January–March. The equity ratio was 46.5% (2010: 42.7%) at the end of March. Equity totalled EUR 1,402.9 million (2010: EUR 1,251.7 million). Interest-bearing liabilities continued to decrease and totalled EUR 949.4 million (2010: EUR 991.4 million) and interest-bearing net debt was EUR 884.4 million (2010: EUR 931.3 million). The Group's net debt always increases in the second quarter when dividends are paid. Sanoma's net debt/EBITDA ratio was 1.5 at the end of March.

Investments, acquisitions and divestments

Investments in tangible and intangible assets, including finance leases, amounted to EUR 33.1 million (2010: EUR 16.6 million) in January–March 2011. Investments were mainly related to ICT systems as well as replacements and renovations. Sanoma has a policy to keep annual capital expenditure, excluding M&A, below EUR 100 million. Sanoma's business acquisitions in the first quarter totalled EUR 0.5 million (2010: EUR 7.8 million).

To support its growth objectives and nurture innovation within the Group, Sanoma has launched an internal Growth Fund. The funding for the first four growth projects amounted to EUR 1.0 million. Each project supported by the Growth Fund will be offered a budget to develop the concept, an internal mentor, as well as external coaching to enhance the project's chances of success.

In March, Sanoma sold its movie operations in Finland and the Baltic countries to the Swedish private equity company Ratos AB. In 2010, net sales of movie operations were EUR 88.6 million and operating profit EUR 8.4 million. The enterprise value of the transaction was EUR 116.0 million, and the transaction was finalised at the end of April. Consequently, Sanoma will record a non-recurring capital gain of approximately EUR 50 million in its second quarter result.

Events after the review period

On 8 April, Sanoma announced that it will sell its press distribution and kiosk operations in Romania. Net sales (2010) of these operations amounted to some EUR 23 million. Also the remaining kiosk operations in Russia were divested at the beginning of April. Sanoma will record non-recurring costs of some EUR 9 million from these transactions in its second quarter result.

On 20 April, Sanoma agreed to acquire the SBS free-to-air TV assets in the Netherlands and Belgium from ProSiebenSat.1 together with Talpa Media in the Netherlands and Corelio and Wouter Vandenhaute & Eric Watté in Belgium. The enterprise value of the transaction is EUR 1,225 million. The Dutch acquisition is subject to the approval of the Netherlands Competition Authority (NMa). The entire transaction is estimated to be finalised during the summer. The net sales of the acquired companies totalled EUR 404 million in 2010 and their operating profit was some EUR 110 million (pro forma, unaudited). Sanoma's share of the new operations will be reported in the Sanoma Media division.

Sanoma will finance its equity investment of EUR 566 million related to the SBS acquisition with new debt. As a result of the transaction, the consolidated net debt of Sanoma, including the equity investment and additional consolidated debt, is estimated to increase by some EUR 900 million to EUR 1.9 billion. The transaction does not affect the financing costs of Sanoma's existing credit facilities.

On 29 April, Sanoma announced that it will acquire the Finnish educational publisher Tammi Learning and the Swedish educational publisher Bonnier Utbildning from the Swedish media company Bonnier. At the same, Sanoma will divest its Finnish general literature publisher WSOY to Bonnier. The divestment is subject to the approval of the Finnish competition authorities. The transaction is expected to be closed during the autumn.

SANOMA MEDIA

Sanoma Media, operating in 12 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.

- Finnish TV operations continued to grow clearly.
- Russian advertising sales have seen a strong recovery.
- After the review period, Sanoma acquired the SBS TV activities in the Netherlands and Belgium

Key indicators EUR million	**1–3/ 2011**	**1–3/ 2010**	**Change %**	**1–12/ 2010**
Net sales	**291.1**	312.1	-6.7	1,299.6
The Netherlands	**105.3**	107.4	-2.0	490.4
Finland	**74.2**	92.6	-19.9	339.3
The CEE countries	**51.4**	48.7	5.5	214.9
Belgium	**50.1**	53.5	-6.4	208.3
Other businesses and eliminations	**10.2**	9.9	3.4	46.7
Operating profit excluding non-recurring items *	**22.7**	31.2	-27.1	145.8
% of net sales	**7.8**	10.0		11.2
Operating profit	**22.7**	31.2	-27.1	287.9
Capital expenditure	**6.3**	6.0	4.1	25.2
Number of employees at the end of the period (FTE)	**5,384**	5,779	-6.8	5,419
Average number of employees (FTE)	**5,353**	5,796	-7.7	5,602

* In 2011, the operating profit did not include any non-recurring items. In 2010, the non-recurring items included in the second quarter a EUR 2.6 million gain from selling 49% of the Humo magazine and a EUR 179.0 million gain on the sale of the cable TV operator Welho, in the third quarter a EUR 28.9 million impairment of goodwill in the Dutch press distribution and a EUR 6.3 million impairment of intangible assets in the Dutch media business and in the fourth quarter EUR 3.3 million restructuring expenses in the Netherlands and a EUR 1.0 impairment of intangible assets in the CEE countries.

Operational indicators *	**1–3/ 2011**	**1–3/ 2010**
Number of magazines published	**273**	286
Magazine copies sold, thousands	**81,623**	86,457
Advertising pages sold	**10,221**	11,368
TV channels' share of Finnish TV advertising	**32.2%**	34.2%
TV channels' national commercial viewing share	**35.3%**	30.2%
TV channels' national viewing share	**14.7%**	14.1%

* Including joint ventures

First quarter net sales

Sanoma Media’s net sales in January–March decreased by 7%. Adjusted for changes in the Division structure, sales grew by 1%.

The Division's advertising sales grew by 4% and represented 34% (2010: 31%) of the first quarter net sales. Advertising sales grew in Finland and CEE countries. Sanoma Media’s online advertising sales grew clearly, in particular due to the good development in the Netherlands, Finland and some of the CEE countries.

Sanoma Media’s print circulation sales decreased slightly and represented 53% (2010: 52%) of the Division's net sales. Subscription sales decreased somewhat but single copy sales were at the comparable quarter’s level.

The good development of online advertising sales and the increased digital content sales boosted the Division’s digital sales. In total, these sales grew by 9% in the first quarter and represented 17% (2010: 15%) of the Division’s net sales.

Developments in the businesses

In the Netherlands, net sales were 2% below the comparable quarter due to a decrease in singly copy sales. Subscription and advertising sales remained stable. The market for consumer magazine advertising in the Netherlands grew 4% in January–March and Sanoma Media Netherlands strengthened its market position. Advertising sales represented 28% (2010: 28%) of the Dutch net sales. According to the 2010 circulation statistics, circulation volume in the Netherlands has decreased clearly. Sanoma Media Netherlands' market share remained stable.

In Finland, net sales decreased clearly due to divestment of cable TV business in 2010. In magazines, there were fewer issues published in the first quarter than in the comparable period. This timing issue affected both magazine advertising and circulation sales negatively. According to the circulation statistics for 2010, Sanoma Magazines Finland's main titles have strengthened their position and the company remains the clear market leader in Finland. The consumer magazine advertising market in Finland decreased by 5% while TV advertising increased by 12% in the first three months. Sanoma's broadcasting operations grew. Advertising sales continued to increase clearly, with targeted theme channels and online TV performing extremely well. In total, advertising sales increased and represented 42% (2010: 31%) of Finnish net sales.

In the CEE countries, Sanoma Media's net sales grew by 6% following the strong recovery of Russian advertising sales. The advertising market continued to improve also in Hungary and Bulgaria, but the general economic environment and the outlook for advertising sales is still weak in many CEE countries. Advertising sales represented 50% (2010: 47%) of the first quarter sales in the CEE countries. The single copy markets continued to decline in the CEE countries, except for Russia and Bulgaria. Also Sanoma Media's circulation sales decreased, with both single copy sales and subscription sales being slightly lower than in the comparable quarter.

Net sales in Belgium decreased by 6%. This is fully due to the Humo divestment in May 2010, which affected both advertising and circulation sales. Adjusted for the structural changes, net sales grew slightly. Advertising sales represented 26% (2010: 26%) of net sales in Belgium. The long-term circulation trends also show a slight decrease in the number of copies sold in Belgium, mostly offset by price increases. Sanoma Media has strengthened its market position in the Belgian readers market.

After the review period, Sanoma announced that it will acquire, together with partners, the free-to-air TV activities of SBS in the Netherlands and Belgium. In 2011, the new operations will increase Sanoma Media's net sales, but its result will be burdened by costs related to the transaction.

First quarter operating profit

Sanoma Media's operating profit excluding non-recurring items in January–March decreased by 27%, due to structural changes in Finland and Belgium. In the Netherlands, the result was in line with the comparable quarter. In Finland, the good operational result of TV operations did not fully compensate the effects of the cable TV divestment and lower operating profit of magazines, which resulted from decreased sales due to timing differences. In the CEE countries, the result improved.

Sanoma Media's outlook

Sanoma Media has a strong portfolio of media brands in magazines, in online and mobile media, and in radio and television. Being at the forefront of the changing of the media landscape allows Sanoma Media to generate revenues by bringing new a kind of offering to consumers, and connecting them with advertisers in new and better way.

Following the SBS transaction, Sanoma Media's net sales are estimated to increase significantly and operating profit excluding non-recurring items is expected to increase slightly.

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.

- Sanoma News improved its operating profit significantly.
- Oikotie is now the leading online recruitment site in Finland.
- Helsingin Sanomat and Ilta-Sanomat mobile news services are the two most popular mobile services in Finland.

Key indicators EUR million	**1–3/ 2011**	**1–3/ 2010**	**Change %**	**1–12/ 2010**
Net sales	**108.4**	109.4	-0.9	437.6
Helsingin Sanomat	**61.2**	59.1	3.6	235.4
Ilta-Sanomat	**19.1**	19.9	-4.1	83.3
Other publishing	**23.7**	25.3	-6.4	99.5
Other businesses and eliminations	**4.4**	5.0	-13.3	19.4
Operating profit excluding non-recurring items *	**12.9**	9.6	33.8	47.2
% of net sales	**11.9**	8.8		10.8
Operating profit	**12.9**	15.6	-17.6	56.1
Capital expenditure	**3.5**	2.8	25.5	14.0
Number of employees at the end of the period (FTE)	**2,003**	2,168	-7.6	2,016
Average number of employees (FTE)	**1,993**	2,190	-9.0	2,176

* In 2011, the operating profit did not include any non-recurring items. In 2010, the non-recurring items included in the first quarter a EUR 6.0 million gain on the sale of Lehtikuva and in the fourth quarter a EUR 2.9 million gain on the sale of Sanoma Lehtimedia's local papers.

Operational indicators	**1–3/ 2011**	**1–3/ 2010**
Online services, unique visitors, weekly		
Iltasanomat.fi	**1,957,740**	1,523,279
HS.fi	**1,360,404**	1,027,315
Huuto.net	**518,631**	435,948
Oikotie.fi	**437,796**	378,116
Taloussanomat.fi	**595,955**	531,382
	1–12/	**1–12/**
Audited circulation	**2010**	**2009**
Helsingin Sanomat	**383,361**	397,838
Ilta-Sanomat	**150,351**	152,948

First quarter net sales

Sanoma News' net sales in January–March were at the previous year’s level. Adjusted for changes in the Division structure, sales grew by 2%.

The Division’s print circulation sales were almost at the comparable period’s level. Both the single copy and subscription volumes continued the long-term decreasing trend, but Sanoma News was able to compensate this almost fully with price increases and new products. Circulation sales accounted for 42% (2010: 43%) of the Division's net sales.

Sanoma News’ advertising sales grew by 7%, with print advertising sales increasing by 3% and online advertising by 26%. In particular recruitment advertising in the online classified service Oikotie performed well. According to TNS Gallup Adex, newspaper advertising in Finnish market grew by 4% in the first three months, while online advertising included in the statistics grew by 32%. Advertising sales represented 50% (2010: 47%) of the Division's net sales in the first quarter.

In total, the Division's digital sales, including both online advertising sales and digital content sales, represented 12% (2010: 12%) of the Division's net sales.

Developments in the businesses

The net sales of the Helsingin Sanomat business unit grew by 4%. Classified advertising in the daily print edition of Helsingin Sanomat grew significantly, recruitment advertising in particular. Advertising sales represented 55% (2010: 54%) of the business unit's net sales. The mobile HS.fi service is the most popular mobile service in Finland. The HS iPad edition has now been downloaded on 18,000 devices.

The Ilta-Sanomat business unit's net sales decreased by 4%. The total volume of the Finnish tabloid market decreased by 8% during the last 12 months. Ilta-Sanomat now commands a 58.0% (2010: 57.1%) share of the tabloid newsstand market. Ilta-Sanomat has developed an efficient method of producing print supplements which enable a more versatile use of the single copy channel, and published six special supplements in the first quarter. Advertising sales, representing 27% (2010: 25%) of the business unit's net sales, were at the previous year's level.

Net sales from other publishing operations decreased by 6% due to several divestments of operations in 2010. Sanoma News is focusing a significant amount of resources to its digital operations. In January, Sanoma Digital Finland acquired a daily deal business Offerium.fi.

First quarter operating profit

In January–March, Sanoma News' operating profit excluding non-recurring items improved by 34% mainly due to advertising sales development and good cost control. Operating profit increased clearly in the Helsingin Sanomat business unit due to advertising sales growing from the low levels of the comparable period. Ilta-Sanomat's result decreased. Despite the structural changes, the result improved significantly in other publishing, thanks to increased online advertising sales. The operating profit did not include any non-recurring items in the first quarter (2010: EUR 6.0 million).

Sanoma News' outlook

Sanoma News aims to strengthen its multichannel approach both when creating journalistic content as well as when serving its advertisers. The Division will increase its share of digital operations and create new sources of revenues through development of the product and service portfolio both in print and online. Strengthening market share both in the media market and in the readers market remains a key priority for Sanoma News.

In 2011, Sanoma News' net sales are estimated to be at the previous year's level due to the divestments made in 2010 and operating profit excluding non-recurring items is expected to improve slightly.

SANOMA LEARNING & LITERATURE

Sanoma Learning & Literature, operating in 14 countries, is a leading European provider of learning materials and solutions in print and digital format. The Division also has growing international business information and language service operations.

- Net sales grew in learning and language services, mainly due to changes between quarters.
- After the review period, Sanoma announced that it will acquire Bonnier's Finnish and Swedish learning operations and divest its general literature operations to Bonnier.

Key indicators EUR million	**1–3/ 2011**	**1–3/ 2010**	**Change %**	**1–12/ 2010**
Net sales	**60.7**	58.2	4.2	350.1
Learning	**34.3**	29.9	14.6	249.3
Language services	**8.7**	6.9	25.4	27.1
Literature and other businesses	**20.1**	23.6	-15.0	83.6
Eliminations	**-2.4**	-2.3	-5.8	-9.9
Operating profit excluding non-recurring items *	**-6.1**	-5.2	-16.8	52.6
% of net sales	**-10.0**	-9.0		15.0
Operating profit	**-5.2**	-6.4	19.1	47.1
Capital expenditure	**2.0**	2.9	-28.7	14.9
Number of employees at the end of the period (FTE)	**2,623**	2,637	-0.5	2,656
Average number of employees (FTE)	**2,628**	2,689	-2.2	2,629

* In 2011, the non-recurring items included in the first quarter a EUR 0.9 million non-recurring income related to sale of LDC. In 2010, the non-recurring items included in the first quarter a EUR 1.1 million loss on the sale of Bertmark Norge and in the second quarter EUR 1.3 million, in the third quarter EUR 0.2 million and in the fourth quarter EUR 0.8 million restructuring expenses and in the fourth quarter a EUR 2.1 million impairment of a Dutch non-core entity.

First quarter net sales

Sanoma Learning & Literature's net sales in January–March increased by 4%, also adjusted for changes in the Division structure.

Learning business has by nature an annual cycle and strong seasonality. It accrues most of its net sales and results during the second and third quarters. Changes between quarters can be significant and often explain most of the changes from the comparable period.

Developments in the businesses

Net sales in learning increased by 15%, mainly due to sales in the Netherlands and Poland materialising earlier than in the comparable year. Net sales were stable in the other countries. The first quarter is fairly small in the learning business, and there were no major changes in the business environment. In the Netherlands, some non-core operations were divested in March.

Net sales in language services increased significantly due to new operations: the business information and media monitoring service provider Esmerk has been included in the figures since September 2010, and its sales have developed positively. Net sales of AAC Global were behind the comparable quarter. AAC Global will launch a new language service platform in the second quarter, which is expected to improve sales.

Net sales in literature and other businesses decreased by 15%. Sales of general literature started slowly due to lack of bestsellers in the first quarter catalogue.

After the review period, Sanoma announced that it will acquire the Finnish educational publisher Tammi Learning and the Swedish educational publisher Bonnier Utbildning from the Swedish media company Bonnier. At the same, Sanoma will divest its Finnish general literature publisher WSOY to Bonnier. The divestment is subject to the approval of the Finnish competition authorities. The transaction is expected to be closed during the autumn.

First quarter operating profit

The Division's operating result excluding non-recurring items in January–March was 17% lower than in the comparable period. Increased sales improved the operating result of learning. The result in language services and literature and other businesses was weaker than in the comparable quarter. The non-recurring items included in the operating profit amounted to EUR 0.9 million (2010: EUR 1.2 million) and were related to the divestment of non-core operations.

Sanoma Learning & Literature's outlook

Sanoma Learning & Literature's customers are increasingly looking for comprehensive solutions both in learning and language services. The Division will continue its transformation in order to offer the most appealing solutions, create value for the customer by applying new technologies and gain efficiency through developing concepts and platforms to be used in several markets. At the same time, the Division is looking for growth through further internationalisation of its learning and language services businesses.

Following the transaction with Bonnier, the net sales of Sanoma Learning & Literature in 2011 are estimated to be at the previous year's level and operating profit excluding non-recurring items is expected to decrease somewhat. Learning business has a strong seasonality within the year, the first and fourth quarter being typically loss-making. For general literature, on the other hand, the fourth quarter is typically the strongest one. Due to this seasonality, this transaction will lower Sanoma Learning & Literature's fourth quarter result in 2011.

SANOMA TRADE

Operating in four countries, retail specialist Sanoma Trade's strengths lie in its solid concepts and thorough understanding of customers' needs. Sanoma Trade serves its customers in 190 million annual sales contacts at kiosks and bookstores. Sanoma Trade's trade services business unit is a strong link between publishers and retailers.

- Concept development and its roll-out in kiosks and bookstores continues.
- Sanoma Trade divested its Romanian kiosk and trade services operations after the review period.

Key indicators EUR million	**1–3 / 2011**	**1–3 / 2010**	**Change %**	**1–12 / 2010**
Net sales	**161.8**	170.2	-5.0	726.3
Kiosk operations	**85.3**	91.9	-7.2	398.4
Trade services	**32.4**	30.3	7.1	131.3
Bookstores	**24.8**	26.0	-4.7	120.6
Movie operations	**21.9**	25.4	-13.9	90.0
Eliminations	**-2.6**	-3.4	22.5	-14.0
Operating profit excluding non-recurring items *	**3.3**	3.7	-9.4	19.1
% of net sales	**2.1**	2.2		2.6
Operating profit	**3.3**	3.7	-9.4	15.5
Capital expenditure **	**20.7**	4.7	342.7	29.7
Number of employees at the end of the period (FTE)	**5,089**	5,625	-9.5	5,149
Average number of employees (FTE)	**4,980**	5,601	-11.1	5,486

* In 2011, the operating profit did not include any non-recurring items. In 2010, the non-recurring items included in the third quarter EUR 1.0 million restructuring expenses and in the fourth quarter a EUR 2.6 million loss on sale of Russian operations.
** Including finance leases

Operational indicators Thousands	**1–3 / 2011**	**1–3 / 2010**
Number of kiosk outlets	**1,421**	1,539
Customer volume in kiosk operations	**40,608**	43,787
Customer volume in bookstores	**1,859**	1,718
Customer volume in movie theatres	**2,586**	2,907
Number of copies sold (press distribution)	**54,211**	65,206

First quarter net sales

Sanoma Trade's net sales in January–March decreased by 5%. Net sales adjusted for changes in the Division structure decreased by 4%.

Developments in the businesses

Net sales from kiosk operations were down by 7%. Net sales grew in Estonia, but decreased in other countries. The concept development of the kiosk chain continues. In Finland, there are now 56 kiosks with the new concept. Sales in these outlets continue to develop positively. The service offering was widened with a new ‘pay-a-bill’ service, which enables customers to pay their invoices in an R-kiosk at a more advantageous price than in a bank.

After the review period, the remaining Russian kiosk operations were divested on 1 April 2011, and the Romanian kiosk and trade services operations were divested on 8 April. Sanoma Trade will record non-recurring costs of some EUR 9 million from these transactions in its second quarter result.

Net sales from trade services grew by 7%, partly due to improved sales of in-store merchandising and logistics services in Finland. Net sales were stable in Latvia and Lithuania, but decreased in Estonia.

Net sales from bookstores decreased by 5%. In Finland, the sales of stationery, paperbacks and office supplies in particular all developed well, but the lack of interesting titles clearly lowered the sales of fiction. Concept development continued with the opening of the second new bookstore in March in Helsinki. Sales development has been very positive during the first month.

Net sales from movie operations decreased by 14%. The lack of big blockbuster movies affected sales in all markets, which was partly compensated by the higher average ticket price and improved sales of cinema advertising. The divestment of movie operations, announced in March, was finalised on 29 April, when all necessary approvals from the competition authorities were received.

First quarter operating profit

Sanoma Trade's operating profit excluding non-recurring items in January–March decreased by 9%. The result improved in trade services, but was below the comparable period in other businesses. In order to improve its efficiency, Sanoma Trade has initiated statutory employer–employee negotiations in its Finnish kiosk and bookstore operations as well as in trade services.

Sanoma Trade’s outlook

Continuous development of its product and service offering, based on the consumer insight gained from its 190 million annual customer contacts, is a key success factor for Sanoma Trade. Sanoma Trade continues to focus its resources on improving its concepts and better catering for the needs of its customers. The new kiosk and bookstore concepts continue to be rolled out in 2011, and the service offering of trade services will be expanded.

Following the divestment of the movie operations and the Romanian operations, Sanoma Trade's net sales in 2011 are estimated to decrease clearly but operating profit excluding non-recurring items is expected to be at the previous year’s level.

THE GROUP

Dividend

The Annual General Meeting on 5 April 2011 decided to pay a dividend of EUR 1.10 (2010: EUR 0.80) per share. The dividends were paid on 15 April 2011 in Finland. Sanoma conducts an active dividend policy and primarily distributes over half of the Group result for the period in dividends.

Shares and holdings

In January–March, 19,248,278 (2010: 14,018,438) Sanoma shares were traded on the NASDAQ OMX Helsinki. Traded shares accounted for 9% (2010: 9%) of the average number of shares. Sanoma’s total stock exchange turnover was EUR 314.5 million (2010: EUR 218.5 million).

During the first quarter, the volume-weighted average price of a Sanoma share was EUR 16.33, with a low of EUR 15.25 and a high of EUR 17.79. At the end of March, Sanoma’s market capitalisation was EUR 2.6 billion (2010: EUR 2.7 billion), with Sanoma’s share closing at EUR 15.97 (2010: EUR 16.40). The Company had 26,505 shareholders at the end of March, with foreign holdings accounting for 9.1% (2010: 11.4%) of all shares and votes. There were no major changes in share ownership during the first quarter and Sanoma did not issue any flagging announcements. At the end of March, Sanoma had 162,810,593 shares.

Board of Directors, auditors and management

The AGM held on 5 April 2011 confirmed the number of Sanoma’s Board members at ten. Board members Jane Erkko and Rafaela Seppälä were re-elected, and Nancy McKinstry and Kai Öistämö were elected as new members to the Board. The Board of Directors of Sanoma consists of Jaakko Rauramo (Chairman), Sakari Tamminen (Vice Chairman), and Annet Aris, Jane Erkko, Antti Herlin, Sirkka Hämäläinen-Lindfors, Seppo Kievari, Nancy McKinstry, Rafaela Seppälä and Kai Öistämö as members.

The AGM appointed chartered accountants KPMG Oy Ab, with Pekka Pajamo, Authorised Public Accountant, as Auditor in Charge, as the auditor of the Company.

On 24 March, the Board appointed Jacqueline Cuthbert as Chief Human Resources Officer of the Sanoma Group and a member of Sanoma's Executive Management Group as of 1 July 2011. There were no other changes in the Group management in the first quarter. The EMG comprised Harri-Pekka Kaukonen (chairman), Eija Ailasmaa, Jacques Eijkens, Sven Heistermann, Kim Ignatius and Pekka Soini.

Board authorisations

The AGM held on 5 April 2011 authorised the Board to decide on the repurchase of a maximum of 16,000,000 of the Company's own shares, accounting for 9.8% of total voting rights that the maximum number of own shares covered by the authorisation would provide entitlement to. This authorisation is effective until 30 June 2012 and terminates the corresponding authorisation granted by the AGM on 8 April 2010. The Board of Directors did not exercise its right under this authorisation during the first quarter.

The Board also has a valid authorisation from the AGM held on 8 April 2010 to decide on an issuance of a maximum of 82,000,000 new shares and a transfer of a maximum of 5,000,000 treasury shares, together accounting for 35.5% of total voting rights that the maximum number of own shares covered by the authorisation would provide entitlement to. The authorisation will be valid until 30 June 2013. The Board did not use this authorisation during the first quarter.

Seasonal fluctuation

The net sales and result of media businesses are particularly affected by the development of advertising. Advertising sales are influenced, for example, by the number of newspaper and magazine issues published 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 one for both.

Significant risks and uncertainty factors

The most significant risks and uncertainty factors Sanoma currently faces are described in the Financial Statements and on the Group’s website at Sanoma.com, together with the Group’s main principles of risk management. Many of the identified risks relate to changes in customer preferences. The driving force behind these changes is the ongoing digitisation. 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.

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.

Sanoma’s financial risks include interest rate and currency risks as well as risks related to liquidity, counterparties, impairment and availability of capital. At Group level, the most significant risks are changes to interest rates, and refinancing risks.

INTERIM REPORT (UNAUDITED)

Accounting policies

The Sanoma Group has prepared its Interim Report in accordance with IAS 34 'Interim Financial Reporting' while adhering to related IFRS standards and interpretations applicable within the EU on 31 March 2011. The accounting policies of the Interim Report and the definitions of key indicators are presented on the Sanoma website at Sanoma.com. All figures have been rounded and consequently the sum of individual figures can deviate from the presented sum figure. Key figures have been calculated using exact figures. This Interim Report is unaudited.

CONSOLIDATED INCOME STATEMENT

EUR million	1–3/ 2011	1–3/ 2010	1–12/ 2010
NET SALES	**610.2**	637.9	2,761.2
Other operating income	**12.8**	20.4	258.8
Materials and services	**263.5**	279.0	1,207.4
Employee benefit expenses	**164.0**	169.1	668.6
Other operating expenses	**128.4**	128.9	554.2
Depreciation, amortisation and impairment losses	**39.8**	40.8	197.1
OPERATING PROFIT	**27.3**	40.4	392.7
Share of results in associated companies	**1.9**	-2.4	-23.9
Financial income	**2.2**	2.2	11.1
Financial expenses	**4.7**	6.0	23.8
RESULT BEFORE TAXES	**26.7**	34.1	356.0
Income taxes	**-8.2**	-10.0	-58.6
RESULT FOR THE PERIOD	**18.5**	24.1	297.3
Result attributable to:			
Equity holders of the Parent Company	**18.6**	25.9	299.6
Non-controlling interests	**0.0**	-1.8	-2.3
Earnings per share for result attributable to the equity holders of the Parent company:			
Earnings per share, EUR	**0.11**	0.16	1.85
Diluted earnings per share, EUR	**0.11**	0.16	1.85

STATEMENT OF COMPREHENSIVE INCOME

EUR million	1–3/ 2011	1–3/ 2010	1–12/ 2010
Result for the period	**18.5**	24.1	297.3
Other comprehensive income:			
Change in translation differences	**6.0**	20.3	9.8
Cash flow hedges	**1.8**		0.2
Income tax related to cash flow hedges	**-0.5**		-0.1
Other comprehensive income for the period, net of tax	**7.3**	20.3	10.0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**25.8**	44.4	307.3
Total comprehensive income attributable to:			
Equity holders of the Parent Company	**25.9**	45.8	309.6
Non-controlling interests	**0.0**	-1.4	-2.3

Sanoma

CONSOLIDATED BALANCE SHEET

EUR million	**31.3.2011**	**31.3.2010**	**31.12.2010**
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	**367.7**	470.2	429.3
Investment property	**8.6**	9.3	8.7
Goodwill	**1,438.2**	1,499.8	1,447.5
Other intangible assets	**406.2**	417.5	403.2
Interests in associated companies	**238.6**	60.8	248.7
Available-for-sale financial assets	**15.9**	15.8	15.8
Deferred tax receivables	**34.3**	33.3	34.8
Trade and other receivables	**28.4**	30.9	28.3
NON-CURRENT ASSETS, TOTAL	**2,537.9**	2,537.7	2,616.3
CURRENT ASSETS			
Inventories	**118.7**	139.4	122.8
Income tax receivables	**19.5**	20.5	8.6
Trade and other receivables	**370.6**	379.3	391.0
Available-for-sale financial assets	**0.3**	0.5	0.3
Cash and cash equivalents	**61.2**	60.1	64.0
CURRENT ASSETS, TOTAL	**570.5**	599.8	586.8
Assets classified as held for sale	**111.9**		
ASSETS, TOTAL	**3,220.2**	3,137.5	3,203.0
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to the equity holders of the Parent Company			
Share capital	**71.3**	71.3	71.3
Fund for invested unrestricted equity	**203.3**	188.8	203.3
Other reserves	**1.5**		0.2
Other equity	**1,122.1**	976.7	1,096.5
	1,398.1	1,236.8	1,371.2
Non-controlling interests	**4.8**	14.9	4.8
EQUITY, TOTAL	**1,402.9**	1,251.7	1,376.0
NON-CURRENT LIABILITIES			
Deferred tax liabilities	**92.0**	103.2	94.2
Pension obligations	**26.1**	30.0	26.7
Provisions	**7.1**	9.7	7.3
Interest-bearing liabilities	**412.8**	550.9	472.5
Trade and other payables	**20.0**	28.4	19.9
NON-CURRENT LIABILITIES, TOTAL	**557.9**	722.2	620.5

CURRENT LIABILITIES			
Provisions	**10.8**	15.8	15.6
Interest-bearing liabilities	**499.2**	440.5	469.4
Income tax liabilities	**29.5**	22.5	22.1
Trade and other payables	**651.2**	684.8	699.4
CURRENT LIABILITIES, TOTAL	**1,190.7**	1,163.6	1,206.5
Liabilities related to assets held for sale	**68.7**		
LIABILITIES, TOTAL	**1,817.3**	1,885.8	1,827.0
EQUITY AND LIABILITIES, TOTAL	**3,220.2**	3,137.5	3,203.0

The assets and liabilities of a disposal group classified as held for sale are presented separately from other assets and liabilities in the balance sheet. The disposal group consists of Movie operations, Romanian press distribution and kiosk operations and the Russian kiosk company KP Roznitsa. These operations are part of the Sanoma Trade division.

CHANGES IN CONSOLIDATED EQUITY
EUR million

	Equity attributable to the equity holders of the Parent Company						
	Share capital	**Fund for invested unrestricted equity**	**Other reserves**	**Other equity**	**Total**	**Non-controlling interests**	**Equity, total**
Equity at 1 Jan 2010	**71.3**	**188.8**		**931.1**	**1,191.2**	**15.4**	**1,206.6**
Expense recognition of options granted				0.9	0.9		0.9
Dividends paid						-0.1	-0.1
Change in non-controlling interests				-1.1	-1.1	1.0	-0.1
Comprehensive income for the period				45.8	45.8	-1.4	44.4
Equity at 31 March 2010	**71.3**	**188.8**		**976.7**	**1,236.8**	**14.9**	**1,251.7**
Equity at 1 Jan 2011	**71.3**	**203.3**	**0.2**	**1,096.5**	**1,371.2**	**4.8**	**1,376.0**
Expense recognition of options granted				0.9	0.9		0.9
Change in non-controlling interests				0.1	0.1		0.1
Comprehensive income for the period			1.3	24.6	25.9	0.0	25.8
Equity at 31 March 2011	**71.3**	**203.3**	**1.5**	**1,122.1**	**1,398.1**	**4.8**	**1,402.9**

INCOME STATEMENT BY QUARTER

EUR million	1–3/ 2011	1–3/ 2010	4–6/ 2010	7–9/ 2010	10–12/ 2010	1–12/ 2010
NET SALES	**610.2**	637.9	715.4	690.6	717.3	2,761.2
Other operating income	**12.8**	20.4	197.3	20.9	20.3	258.8
Materials and services	**263.5**	279.0	307.3	300.7	320.4	1,207.4
Employee benefit expenses	**164.0**	169.1	172.3	151.9	175.3	668.6
Other operating expenses	**128.4**	128.9	132.4	124.2	168.7	554.2
Depreciation, amortisation and impairment losses	**39.8**	40.8	39.6	70.7	45.9	197.1
OPERATING PROFIT	**27.3**	40.4	261.0	63.9	27.4	392.7
Share of results in associated companies	**1.9**	-2.4	1.7	0.8	-24.0	-23.9
Financial income	**2.2**	2.2	2.5	4.0	2.4	11.1
Financial expenses	**4.7**	6.0	6.2	5.0	6.6	23.8
RESULT BEFORE TAXES	**26.7**	34.1	259.0	63.7	-0.8	356.0
Income taxes	**-8.2**	-10.0	-23.8	-24.6	-0.2	-58.6
RESULT FOR THE PERIOD	**18.5**	24.1	235.1	39.1	-1.0	297.3
Result attributable to:						
Equity holders of the Parent Company	**18.6**	25.9	235.4	39.2	-0.9	299.6
Non-controlling interests	**0.0**	-1.8	-0.2	-0.1	-0.1	-2.3
Earnings per share for result attributable to the equity holders of the Parent company:						
Earnings per share, EUR	**0.11**	0.16	1.45	0.24	-0.01	1.85
Diluted earnings per share, EUR	**0.11**	0.16	1.45	0.24	-0.01	1.85

CONSOLIDATED CASH FLOW STATEMENT **EUR million**	**1–3 / 2011**	**1–3 / 2010**	**1–12 / 2010**
OPERATIONS			
Result for the period	**18.5**	24.1	297.3
Adjustments			
Income taxes	**8.2**	10.0	58.6
Financial expenses	**4.7**	6.0	23.8
Financial income	**-2.2**	-2.2	-11.1
Share of results in associated companies	**-1.9**	2.4	23.9
Depreciation, amortisation and impairment losses	**39.8**	40.8	197.1
Gains/losses on sales of non-current assets	**1.0**	-6.1	-195.2
Other adjustments	**-19.6**	-11.5	-55.1
Change in working capital			
Change in trade and other receivables	**7.8**	-11.1	-41.1
Change in inventories	**0.3**	-1.0	9.5
Change in trade and other payables, and provisions	**-20.7**	-1.3	36.8
Interest paid	**-3.6**	-2.9	-13.7
Other financial items	**0.9**	-0.6	-3.2
Taxes paid	**-14.5**	-8.7	-53.9
CASH FLOW FROM OPERATIONS	**18.7**	38.0	273.8
INVESTMENTS			
Acquisition of tangible and intangible assets	**-18.4**	-16.9	-81.8
Operations acquired	**-3.8**	-6.7	-49.5
Sales of tangible and intangible assets	**1.7**	3.7	17.8
Operations sold	**0.2**	6.1	30.8
Loans granted	**-1.8**	-1.0	-0.8
Repayments of loan receivables	**0.8**	0.7	3.5
Sales of short-term investments			0.2
Interest received	**0.4**	0.5	2.7
Dividends received	**11.0**	0.1	3.9
CASH FLOW FROM INVESTMENTS	**-9.9**	-13.5	-73.1
CASH FLOW BEFORE FINANCING	**8.8**	24.4	200.8
FINANCING			
Proceeds from share subscriptions			14.5
Minority capital investment/repayment of equity			1.6
Change in loans with short maturity	**45.2**	-25.3	4.2
Drawings of other loans	**1.1**	52.1	287.7
Repayments of other loans	**-40.8**	-40.4	-355.8
Payment of finance lease liabilities	**-0.9**	-0.9	-3.7
Dividends paid		-0.1	-131.3
Donations/other profit sharing			-0.5
CASH FLOW FROM FINANCING	**4.5**	-14.6	-183.3
CHANGE IN CASH AND CASH EQUIVALENTS			
ACCORDING TO CASH FLOW STATEMENT	**13.4**	9.8	17.5
Effect of exchange rate differences on cash and cash equivalents	**0.5**	2.3	2.1
NET CHANGE IN CASH AND CASH EQUIVALENTS	**13.8**	12.1	19.5
Cash and cash equivalents at the beginning of the period	**41.1**	21.6	21.6
Cash and cash equivalents at the end of the period	**54.9**	33.7	41.1

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

NET SALES BY BUSINESS

EUR million	1–3 / 2011	1–3 / 2010	4–6 / 2010	7–9 / 2010	10–12 / 2010	1–12 / 2010
SANOMA MEDIA						
The Netherlands	**105.3**	107.4	128.0	118.8	136.1	490.4
Finland	**74.2**	92.6	91.7	67.5	87.4	339.3
The CEE countries	**51.4**	48.7	54.3	51.0	60.9	214.9
Belgium	**50.1**	53.5	52.3	48.7	53.8	208.3
Other businesses and eliminations	**10.2**	9.9	13.0	11.5	12.4	46.7
TOTAL	**291.1**	312.1	339.4	297.5	350.6	1,299.6
SANOMA NEWS						
Helsingin Sanomat	**61.2**	59.1	56.7	55.5	64.1	235.4
Ilta-Sanomat	**19.1**	19.9	20.7	21.1	21.6	83.3
Other publishing	**23.7**	25.3	25.6	23.5	25.0	99.5
Other businesses and eliminations	**4.4**	5.0	5.5	4.6	4.2	19.4
TOTAL	**108.4**	109.4	108.5	104.8	114.9	437.6
SANOMA LEARNING & LITERATURE						
Learning	**34.3**	29.9	85.0	100.6	33.7	249.3
Language services	**8.7**	6.9	6.2	5.2	8.9	27.1
Literature and other businesses	**20.1**	23.6	17.2	18.0	24.8	83.6
Eliminations	**-2.4**	-2.3	-2.9	-2.5	-2.2	-9.9
TOTAL	**60.7**	58.2	105.5	121.2	65.1	350.1
SANOMA TRADE						
Kiosk operations	**85.3**	91.9	104.9	99.2	102.4	398.4
Trade services	**32.4**	30.3	33.8	32.7	34.5	131.3
Bookstores	**24.8**	26.0	19.9	31.6	43.2	120.6
Movie operations	**21.9**	25.4	19.9	20.7	23.9	90.0
Eliminations	**-2.6**	-3.4	-4.0	-3.1	-3.5	-14.0
TOTAL	**161.8**	170.2	174.4	181.1	200.5	726.3
Other companies and eliminations	**-11.7**	-12.0	-12.5	-14.1	-13.8	-52.4
TOTAL	**610.2**	637.9	715.4	690.6	717.3	2,761.2

OPERATING PROFIT BY DIVISION

EUR million	1–3 / 2011	1–3 / 2010	4–6 / 2010	7–9 / 2010	10–12 / 2010	1–12 / 2010
Sanoma Media	**22.7**	31.2	229.3	-4.2	31.6	287.9
Sanoma News	**12.9**	15.6	8.9	15.7	15.9	56.1
Sanoma Learning & Literature	**-5.2**	-6.4	25.1	45.5	-17.2	47.1
Sanoma Trade	**3.3**	3.7	2.4	6.4	3.0	15.5
Other companies and eliminations	**-6.5**	-3.7	-4.7	0.5	-6.1	-13.9
TOTAL	**27.3**	40.4	261.0	63.9	27.4	392.7

OPERATING PROFIT EXCLUDING NON-RECURRING ITEMS BY DIVISION

EUR million	1–3/ 2011	1–3/ 2010	4–6/ 2010	7–9/ 2010	10–12/ 2010	1–12/ 2010
Sanoma Media	**22.7**	31.2	47.3	31.0	36.3	145.8
Sanoma News	**12.9**	9.6	8.9	15.7	13.0	47.2
Sanoma Learning & Literature	**-6.1**	-5.2	26.4	45.7	-14.4	52.6
Sanoma Trade	**3.3**	3.7	2.4	7.4	5.6	19.1
Other companies and eliminations	**-6.5**	-3.7	-4.7	-4.9	-6.1	-19.3
TOTAL	**26.4**	35.6	80.3	94.9	34.5	245.4

SEGMENT INFORMATION

The operating segments of the Sanoma Group comprise four divisions in 2011: Sanoma Media, Sanoma News, 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 two segments: Sanoma Media, operating in 12 countries, is responsible for magazines and TV operations and Sanoma News for newspapers in Finland. Both divisions also have a great variety of online and mobile services. Sanoma Learning & Literature's business is mainly B2B business. Sanoma Trade, on the other hand, operates on a retail business model. In addition to the Group eliminations column unallocated/eliminations includes Sanoma Corporation and real estate companies as well as items not allocated to segments.

Segment assets do not include cash and cash equivalents, interest-bearing receivables and tax receivables. Transactions between segments are based on market prices.

Sanoma Divisions 1.1–31.3.2011

EUR million	Media	News	Lear-ning & Lite-rature	Trade	Unallo-cated/ elimi-nations	Con-soli-dated
External net sales	290.1	107.7	57.7	154.9	-0.2	610.2
Internal net sales	1.0	0.6	3.0	6.9	-11.5	
NET SALES, TOTAL	291.1	108.4	60.7	161.8	-11.7	610.2
OPERATING PROFIT	22.7	12.9	-5.2	3.3	-6.5	27.3
Share of results in associated companies	1.7	0.0	0.0	0.2		1.9
Financial income					2.2	2.2
Financial expenses					4.7	4.7
RESULT BEFORE TAXES						26.7
SEGMENT ASSETS	1,808.1	320.8	569.8	346.8	40.3	3,085.7

Sanoma Divisions 1.1–31.3.2010

EUR million	Media	News	Lear-ning & Lite-rature	Trade	Unallo-cated / elimi-nations	Con-soli-dated
External net sales	310.9	107.4	55.1	164.3	0.2	637.9
Internal net sales	1.2	2.0	3.1	5.9	-12.3	
NET SALES, TOTAL	312.1	109.4	58.2	170.2	-12.0	637.9
OPERATING PROFIT	31.2	15.6	-6.4	3.7	-3.7	40.4
Share of results in associated companies	-2.5	0.1		0.0		-2.4
Financial income					2.2	2.2
Financial expenses					6.0	6.0
RESULT BEFORE TAXES						34.1
SEGMENT ASSETS	1,729.7	339.2	571.2	332.0	36.0	3,008.0

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	31.3.2011	31.3.2010	31.12.2010
Carrying amount at the beginning of the period	**429.3**	484.2	484.2
Increases	**27.1**	8.8	50.7
Acquisition of operations		0.0	0.4
Decreases	**-1.3**	-1.2	-5.4
Disposal of operations		-0.3	-31.8
Depreciation for the period	**-14.0**	-16.6	-61.8
Impairment losses for the period	**0.1**	0.0	-1.0
Exchange rate differences and other changes	**0.4**	-4.7	-6.1
Carrying amount at the end of the period	**441.6**	470.2	429.3

The Group had no commitments for acquisition of tangible assets at the end of the reporting period or in the comparative period.

EFFECT OF ACQUISITIONS ON THE CONSOLIDATED BALANCE SHEET

EUR million	1–3 / 2011	1–12 / 2010
Acquisition costs	**0.5**	**37.1**
Fair value of acquired net assets	**0.1**	**14.5**
Recognised in equity		**-18.7**
Recognised in income statement	**0.0**	**-0.5**
Goodwill	**0.4**	**3.5**
Negative goodwill in income statement		
Change in goodwill	**0.4**	**3.5**

CONTINGENT LIABILITIES

EUR million	31.3.2011	31.3.2010	31.12.2010
Contingencies for own commitments			
Mortgages	**20.5**	23.2	20.6
Pledges	**1.6**	6.7	6.7
Other items	**0.3**	0.0	0.6
TOTAL	**22.4**	29.9	27.8
Contingencies incurred on behalf of associated companies			
Guarantees	**10.5**	10.5	10.5
TOTAL	**10.5**	10.5	10.5
Contingencies incurred on behalf of other companies			
Guarantees	**0.0**	0.4	0.0
TOTAL	**0.0**	0.4	0.0
Other contingencies			
Operating lease liabilities	**235.2**	270.5	249.1
Royalties	**19.6**	18.0	23.5
Other items	**28.4**	31.6	26.9
TOTAL	**283.2**	320.2	299.5
TOTAL	**316.0**	360.9	337.8

DERIVATIVE INSTRUMENTS

EUR million

Fair values	31.3.2011	31.3.2010	31.12.2010
Interest rate derivatives			
Interest rate swaps	**1.5**		**0.1**

KEY EXCHANGE RATES

Average rate	1–3 / 2011	1–3 / 2010	1–12 / 2010
EUR/CZK (Czech Koruna)	24.55	26.03	25.36
EUR/HUF (Hungarian Forint)	272.06	269.31	276.04
EUR/PLN (Polish Zloty)	3.97	4.00	4.01
EUR/RUB (Russian Rouble)	40.45	41.48	40.45
EUR/SEK (Swedish Crown)	8.88	9.98	9.55

Closing rate	31.3.2011	31.3.2010	31.12.2010
EUR/CZK (Czech Koruna)	24.54	25.44	25.06
EUR/HUF (Hungarian Forint)	265.72	265.75	277.95
EUR/PLN (Polish Zloty)	4.01	3.87	3.98
EUR/RUB (Russian Rouble)	40.29	39.70	40.82
EUR/SEK (Swedish Crown)	8.93	9.71	8.97

Press Conference

Press and analyst meeting will be held in English by President and CEO Harri-Pekka Kaukonen and CFO Kim Ignatius at 13.30 am at Sanomatalo, Töölönlahdenkatu 2, Helsinki. Webcast of the event can be viewed at Sanoma.com either live or later on as on demand. Questions to the presenters can be asked also by phone during the meeting. To join the conference call, please dial +44 (0)20 7162 0125 (Europe) or +1 334 323 6203 (US) and quote the conference code 894295. The presentation material of the press and analyst meeting will be available on Sanoma's website when the press and analyst meeting has started.

Sanoma's 2Q11 Interim Report will be published on 5 August 2011 at approximately 8:30 am Finnish time.

Sanoma Corporation

Kim Ignatius
Chief Financial Officer

Additional information: Sanoma's Investor Relations, Kare Laukkanen, tel. +358 105 19 5064 and Anna Tuominen, tel. +358 105 19 5066 or ir@sanoma.com

Sanoma.com