Sanoma's Interim Report 1 January – 30 June 2012:

Solid second quarter in challenging market conditions

Second quarter

- Net sales amounted to EUR 646.5 million (2011: EUR 592.6 million). Adjusted for changes in the Group structure, Sanoma's net sales decreased by 1.7%.
- Operating profit excluding non-recurring items was EUR 104.2 million (2011: EUR 65.6 million).
- The non-recurring items amounted to EUR -5.7 million (2011: EUR 51.1 million).
- Earnings per share were EUR 0.83 (2011: EUR 0.60). Earnings per share excluding non-recurring items were EUR 0.40 (2011: EUR 0.29).
- Cash flow from operations was EUR 18.8 million (2011: EUR 3.5 million).
- Full year outlook revised: net sales to be at the previous year's level or grow slightly (previously 'to grow slightly'). Operating profit margin, excluding non-recurring items, to be around 10% of net sales (no change). EPS excluding non-recurring items to be somewhat below previous year (previously 'to grow').

First half

- Net sales amounted to EUR 1,190.1 million (2011: EUR 1,122.8 million). Adjusted for changes in the Group structure, Sanoma's net sales decreased by 1.1%.
- Operating profit excluding non-recurring items was EUR 120.1 million (2011: EUR 91.9 million).
- The non-recurring items amounted to EUR -5.7 million (2011: EUR 52.0 million).
- Earnings per share were EUR 0.72 (2011: EUR 0.71). Earnings per share excluding non-recurring items were EUR 0.39 (2011: EUR 0.40).
- Cash flow from operations was EUR -3.1 million (2011: EUR 22.2 million).

KEY INDICATORS * EUR million	**4–6/ 2012**	**4–6/ 2011**	**Change %**	**1–6/ 2012**	**1–6/ 2011**	**Change %**	**1–12/ 2011**
Net sales	**646.5**	592.6	9.1	**1,190.1**	1,122.8	6.0	2,378.1
Operating profit excluding non-recurring items	**104.2**	65.6	58.9	**120.1**	91.9	30.7	224.1
% of net sales	**16.1**	11.1		**10.1**	8.2		9.4
Operating profit	**98.5**	116.7	-15.6	**114.4**	143.9	-20.5	172.6
Result for the period from continuing operations	**59.0**	92.9	-36.5	**41.3**	111.3	-62.9	78.6
Result for the period ***	**137.6**	97.5	41.1	**121.0**	116.0	4.3	86.0
Capital expenditure **				**25.3**	45.6	-44.6	76.2
% of net sales				**2.1**	4.1		3.2
Equity ratio, % ***				**40.1**	44.1		37.0
Net gearing, % ***				**93.3**	74.7		105.7
Number of employees at the end of the period (FTE)				**10,799**	11,383	-5.1	10,960
Average number of employees (FTE)				**11,020**	11,893	-7.3	11,607
Earnings/share, EUR, continuing operations	**0.35**	0.57	-39.4	**0.23**	0.68	-66.4	0.47
Earnings/share, EUR ***	**0.83**	0.60	38.4	**0.72**	0.71	0.9	0.52
Cash flow from operations/share, EUR ***	**0.12**	0.02		**-0.02**	0.14		1.68

* Key indicators contain only continuing operations. On 5 March 2012 Sanoma announced that it had signed an agreement to sell its kiosk operations in Finland, Estonia and Lithuania as well as its press distribution operations in Estonia and Lithuania. According to International Financial Reporting Standards (IFRS), any material divestment that represents a separate major line of business shall be classified as a discontinued operation. Hence, Sanoma classified these operations to be divested as discontinued operations for the 2012 reporting. The discontinued operations are eliminated from the Consolidated Income Statement and only the result for the period of these discontinued operations is presented as a separate item after the result for the continuing operations. Accordingly, the Consolidated Income Statement for 2011 has been restated. The restated 2011 figures are unaudited.
** Including finance leases.
*** Includes continuing and discontinued operations.

Harri-Pekka Kaukonen, President and CEO

"We are encouraged that our operational performance was solid in the second quarter despite challenging market conditions. The learning business unit delivered better than expected results, although mainly due to the timing shift between quarters. All other operations performed broadly in line with our expectations.

Advertising markets are weakening and consumer confidence levels are declining in our largest operating countries. This has forced us to take a more cautious view for the remainder of the year and we have therefore revised our outlook for 2012.

We will speed up the transformation of our business in accordance with our set priorities. Furthermore, we will continue to address our cost base and ways of working. These actions will strategically reposition Sanoma for the future and counteract the impact of the challenging economic climate and depressed advertising markets and ensure better profitability.

During the last months we have continued to invest and made multiple acquisitions and divestments that strengthen our focus on consumer media and learning, enabling new consumer revenues, advertising solutions and learning solutions.

In addition, we are pleased that we successfully syndicated and signed in early July a new five year EUR 600 million syndicated revolving credit facility replacing the existing EUR 802 million facility. This new facility together with the successful inaugural EUR 400 million bond issue earlier this year secures the base of our funding for the coming years."

Outlook for 2012 (revised)

For 2012, Sanoma expects its net sales to be at the previous year's level or grow slightly (previously 'to grow slightly'). The operating profit margin, excluding non-recurring items, is estimated to be around 10% of net sales (no change). Earnings per share excluding non-recurring items are estimated to be somewhat below previous year (previously 'to grow').

Sanoma's net sales and result are affected by the underlying environment, particularly by the development of advertising markets in the Group's countries of operation. The 2012 outlook is based on the assumption that the advertising markets in the Group's main operating countries will vary from slightly to somewhat decreasing (previously 'from stable to slightly decreasing'), as the economic uncertainty continues.

Net sales

Second quarter

In April–June, Sanoma's net sales increased by 9.1% and amounted to EUR 646.5 million (2011: EUR 592.6 million). The growth came mainly from the acquired TV and print operations in the Netherlands and Belgium as well as the learning business unit. Currency translations did not have a material effect on the second quarter sales. When adjusted for changes in the Group structure, net sales decreased by 1.7%.

Circulation sales grew by 0.4%. Subscription sales increased by 5.7%, mainly as a result of the consolidation of Dutch print operations, while single copy sales decreased by 6.4%.

Advertising sales increased by 34.0%, mostly due to acquired TV operations in the Netherlands and Belgium as well and the Group's online operations. Online advertising sales increased by 9.5%.

The TV acquisitions also impacted Sanoma's digital sales, which grew by 95.5% to EUR 154.7 million (2011: EUR 79.1 million) in the second quarter and accounted for 23.9% (2011: 13.4%) of the Group's net sales. Sanoma's online sales, excluding linear TV and radio, grew by 17.8% to EUR 59.6 million (2011: EUR 50.6 million) and accounted for 9.2% (2011: 8.5%) of the Group's net sales.

By country, the Netherlands accounted for 41.3% (2011: 30.2%), Finland for 35.9% (2011: 45.1%) and Belgium for 10.3% (2011: 10.0%) of the cumulative Group's net sales. Net sales from other EU countries totalled 9.0% (2011: 11.0%) and non-EU countries accounted for 3.5% (2011: 3.8%).

By type of sales, advertising sales accounted for 36.3% (2011: 29.5%), subscription sales for 18.5% (2011: 19.1%), single copy sales for 12.9% (2011: 15.0%), learning for 16.9% (2011: 14.8%) and other sales for 15.4% (2011: 21.6%) of the cumulative Group's net sales. Other sales include mainly Finnish press distribution and marketing services, language and translation services, custom publishing, event marketing, and other literature and print sales as well as two months of business information services (Esmerk).

First half

In January–June, Sanoma's net sales increased by 6.0% and amounted to EUR 1,190.1 million (2011: EUR 1,122.8 million). The growth came mainly from the acquired TV and print operations in the Netherlands and Belgium as well as learning business unit. Currency translations did not have a material effect on the first half sales. When adjusted for changes in the Group structure, net sales decreased by 1.1%.

The TV acquisitions also impacted Sanoma's digital sales, which grew by 94.4% to EUR 287.5 million (2011: EUR 147.9 million) and accounted for 24.2% (2011: 13.2%) of the Group's net sales. Sanoma's online sales, excluding linear TV and radio, grew by 20.9% to EUR 115.8 million (2011: EUR 95.8 million) and accounted for 9.7% (2011: 8.5%) of the Group's net sales.

By country, the Netherlands accounted for 38.8% (2011: 28.1%), Finland for 37.6% (2011: 46.5%) and Belgium for 10.5% (2011: 9.9%) of the cumulative Group's net sales. Net sales from other EU countries totalled 9.2% (2011: 11.5%) and non-EU countries accounted for 3.9% (2011: 4.0%).

Result

Second quarter

Sanoma's operating profit excluding non-recurring items in April–June increased by 58.9% and totalled EUR 104.2 million (2011: EUR 65.6 million). The increase is due to acquired operations in Media and timing shift in the learning business. The net effect from structural changes is about EUR 21 million. Operating profit excluding non-recurring items amounted to 16.1% (2011: 11.1%) of net sales. Currency translations did not have a material effect on the second quarter result.

The Group's total operating expenses, excluding non-recurring items and investments in TV programming and prepublication rights, decreased by 3.8%, mainly as a result of declined fixed expenses. Paper costs decreased by 4.1%, whereas employee benefit expenses increased by 2.8% and advertising and marketing expenses decreased by 1.3%. At the end of June the Group had 161 fewer employees than at the end of 2011, corresponding to a decrease of 1.5%. The decrease in the number of personnel is mostly attributable to divestments.

In April–June, the non-recurring items from continuing operations were EUR -5.7 million (2011: EUR 51.1 million) and including discontinued operations EUR 72.4 million (2011: EUR 48.7 million).

As a part of streamlining operations and ensuring competitive cost levels, pension and severance packages were offered to employees during the second half of 2011. As a result of these measures 225 employees will leave the company during 2012 in addition to the 33 employees that already left the company in 2011. Related to this, EUR 21.4 million of non-recurring restructuring expenses were recorded in 2011.

NON-RECURRING ITEMS EUR million	4-6/ 2012	4-6/ 2011	1-6/ 2012	1-6/ 2011	1-12/ 2011
Media					
Gain on sale (Humo and Desert Fishes)		9.1		9.1	9.1
Impairment of goodwill and intangible assets (Russia & CEE)					-53.4
Write down of Jok Foe Group (Belgium)					-1.6
Restructuring expenses	**-2.6**		**-2.6**		-9.8
Impairment of intangible assets (The Netherlands)					-3.4
News					
Restructuring expenses					-9.2
Learning					
Gain on sale (Esmerk)	**5.7**		**5.7**		
Impairment of goodwill (Language services)	**-7.5**		**-7.5**		-24.1
Sale of LDC				0.9	0.9
Impairment of intangible assets					-2.9
Restructuring expenses	**-2.6**	-1.7	**-2.6**	-1.7	-2.8
Trade					
Gains on sales (real estates)	**1.3**		**1.3**		
Loss on sale (Suomalainen Kirjakauppa)					-10.8
Write-down of real estates					-1.2
Impairment (Bookstores)					-0.8
Gain on sale (movie operations)		51.5		51.5	51.4
Loss on sale (Romanian operations)		-8.0		-8.0	-8.0
Loss on sale (Russian operations)		-0.8		-0.8	-0.8
Gain on sale (Narvesen)					5.3
Other companies					
Gains on sales (real estates)		1.0		1.0	12.1
Restructuring expenses					-1.5
NON-RECURRING ITEMS IN OPERATING PROFIT	**-5.7**	51.1	**-5.7**	52.0	-51.5
Loss on sales (DNA)	**-2.0**		**-19.3**		
Impairment of share in Hungarian associated company	**-1.2**		**-1.2**		
Impairment of share in associated company Hansaprint					-4.0
NON-RECURRING ITEMS IN RESULTS IN ASSOCIATED COMPANIES	**-3.2**		**-20.5**		-4.0
Gain on sales (Kiosk operations and Baltic bookstores and press distribution)	**78.1**		**78.1**		
Write-down of real estates					-1.9
Restructuring expenses		-2.4		-2.4	-2.8
NON-RECURRING ITEMS IN DISCONTINUED OPERATIONS	**78.1**	-2.4	**78.1**	-2.4	-4.7

Sanoma’s second quarter result included EUR -3.4 million (2011: EUR -0.1 million) loss from associated companies. The loss includes an impairment of an associated company in Hungary of EUR -1.2 million and a non-recurring transaction cost of EUR -2.0 million related to the divestment of DNA (2011: EUR 0.0 million).

Sanoma’s net financial items totalled EUR -14.3 million (2011: EUR -5.2 million). Financial income amounted to EUR 4.9 million (2011: EUR 1.4 million), of which EUR 2.7 million were exchange rate gains (2011: EUR 0.8 million). Financial expenses amounted to EUR -19.1 million (2011: EUR -6.6 million), of which EUR -2.4 million were exchange rate losses (2011: EUR -1.0 million). Following the increased leverage, interest expenses amounted to EUR -13.5 million (2011: EUR -4.3 million).

Profit before taxes amounted to EUR 80.8 million (2011: EUR 111.3 million) in the second quarter. In the comparable quarter the profit includes capital gains from sales of operations.

Earnings per share were EUR 0.83 (2011: EUR 0.60) of which EUR 0.35 (2011: EUR 0.57) relates to continuing operations and EUR 0.48 (2011: EUR 0.03) to discontinued operations. Earnings per share excluding non-recurring items were EUR 0.40 (2011: EUR 0.29).

First half

Sanoma's operating profit excluding non-recurring items in January–June increased by 30.7% and totalled EUR 120.1 million (2011: EUR 91.9 million). The increase is mainly due to structural changes. The net effect from structural changes is about EUR 27 million. Operating profit excluding non-recurring items amounted to 10.1% (2011: 8.2%) of net sales. Currency translations did not have a material effect on the result of the first half of 2012.

Sanoma's net financial items totalled EUR -28.0 million (2011: EUR -7.6 million). Financial income amounted to EUR 11.9 million (2011: EUR 3.6 million), of which EUR 8.7 million were exchange rate gains (2011: EUR 1.7 million). Financial expenses amounted to EUR -39.8 million (2011: EUR -11.3 million), of which EUR -9.8 million were exchange rate losses (2011: EUR -1.9 million). Following the increased leverage, interest expenses amounted to EUR -25.2 million (2011: EUR -7.7 million).

Profit before taxes amounted to EUR 66.7 million (2011: EUR 138.0 million). In the comparable period the profit includes capital gains from the sales of operations.

Earnings per share were EUR 0.72 (2011: EUR 0.71) of which EUR 0.23 (2011: EUR 0.68) relates to continuing operations and EUR 0.49 (2011: EUR 0.03) to discontinued operations. Earnings per share excluding non-recurring items were EUR 0.39 (2011: EUR 0.40).

Balance sheet and financial position

At the end of June 2012, Sanoma's consolidated balance sheet totalled EUR 4,079.5 million (2011: EUR 3,186.7 million). In the first half of 2012, the Group's cash flow from operations was EUR -3.1 million (2011: EUR 22.2 million). Cash flow from operations per share was EUR -0.02 (2011: EUR 0.14). Cash flow was weakened by, higher paid interest and volatility of net working capital between quarters.

Sanoma's equity ratio was 40.1% (2011: 44.1%) at the end of June 2012. Equity totalled EUR 1,561.5 million (2011: EUR 1,328.9 million). The book value per share was EUR 7.91 (2011: EUR 8.13). Following the acquisition of SBS operations in the Netherlands and Belgium, interest-bearing liabilities increased and at the end of the June 2012 totalled EUR 1,540.7 million (2011: EUR 1,046.2 million). Interest-bearing net debt was EUR 1,456.6 million (2011: EUR 993.0 million).

On 13 March 2012, Sanoma Corporation issued its first ever corporate bond, a EUR 400 million five-year Senior Unsecured Eurobond, under investment grade documentation without any financial covenants. The bond pays a fixed coupon of 5.000% and had an issue price of 99.413, equivalent to a yield of 5.136%.

Investments, acquisitions and divestments in 2012

In January–June, investments in tangible and intangible assets, including finance leases, amounted to EUR 25.3 million (2011: EUR 45.6 million). Investments were mainly related to ICT, systems as well as replacements and renovation. In the comparable period, the renewal of the long-term rental agreements of the divested movie operations accounted for about one third of the total investments. Sanoma's business acquisitions totalled EUR 7.8 million (2011: EUR 16.6 million).

In March, Sanoma sold its entire 21.11% shareholding in Finnish telecommunications group DNA Ltd and received a EUR 181.5 million cash consideration for the shareholding. As a result of the transaction, Sanoma recognised a non-tax-deductible non-recurring capital loss of EUR -19.3 million in the first half of 2012.

In April, Sanoma divested its book logistics company Porvoon Kirjakeskus.

In May, Sanoma sold its kiosk operations in Finland, Estonia and Lithuania as well as its press distribution operations in Estonia and Lithuania, including the Rautakirja trade mark, as well as its bookstore operations in Estonia. As a result, Sanoma recognised a non-taxable non-recurring capital gain of EUR 78.1 million in the second quarter of 2012. According to International Financial Reporting Standards (IFRS), any material divestment that represents a separate major line of business shall be classified as a discontinued operation. Hence, Sanoma classified these operations to be divested as discontinued operations for the 2012 reporting. The discontinued operations are eliminated from the Consolidated Income Statement and only the result for the period of these discontinued operations is presented as a separate item after the result for the continuing operations. Accordingly, the Consolidated Income Statement for 2011 has been restated. The restated 2011 figures are unaudited.

In May, Sanoma Media acquired online retail group Read & View in the Netherlands. The result of the company has been consolidated to Sanoma from the beginning of May 2012.

In June, Sanoma sold its business information services company Esmerk Oy. As a result of the transaction, Sanoma recognised in the second quarter of 2012 a non-taxable non-recurring capital gain of EUR 5.7 million.

In June, Sanoma Learning acquired and closed the acquisition of the testing and examination company Bureau ICE. The result of the company will be consolidated to Sanoma from the beginning of Q3 2012.

In June, Sanoma sold its total ownership in Esan Kirjapaino Oy to Keskisuomalainen Oyj. Shares represent 14.7% of the total voting shares of Esan Kirjapaino Oy and 19.2% of the total number of shares. The transaction is conditional upon Esan Kirjapaino or its shareholders not using their redemption right stipulated in the Articles of Association of Esan Kirjapaino and upon the consent of the Board of Directors of Esan Kirjapaino to the transfer of shares. Redemption and consent procedures are expected to be completed by the end of August 2012.

Significant events after the end of second quarter 2012

On 2 July, Nelonen Media, part of Sanoma Media Finland, extended its portfolio of radio stations, currently based on Radio Aalto and Radio Rock, by purchasing Radio SuomiPOP, Groove FM and Metro FM. The results of the acquired operations will be consolidated to Sanoma from the beginning of Q3 2012.

On 4 July, Sanoma Media Belgium acquired and closed the acquisition of Communication Agency HeadOffice. HeadOffice is a relationship marketing agency that is specialised in (online) direct marketing, customer magazines, brand activation, content marketing and loyalty. The result of the new company will be consolidated to Sanoma from the beginning of Q3 2012.

On 6 July, Sanoma announced a new EUR 600 million Revolving Credit Facility with a five-year maturity. The margin depends on the leverage of the borrower, the initial margin being 1.5% over Euribor. The new facility is replacing the existing EUR 802 million syndicated revolving credit facility.

MEDIA

The Media segment includes magazine, TV, radio and online businesses in 12 European countries and comprises four strategic business units: Sanoma Media Netherlands, Sanoma Media Finland, Sanoma Media Belgium and Sanoma Media Russia & CEE.

- Underlying macro-economic uncertainty impacts overall advertising markets that adversely affect the Media segment.
- Sanoma signed a five-year agreement covering the TV rights to the Finnish top professional ice hockey league from the 2013-2014 season onwards. The new agreement is a great example of multi-channel offering that Sanoma is able to provide. The deal will give the company an access to a wealth of unique additional content, aiming to leverage Sanoma's extensive range of media and services to make the most of this material.
- In May, Sanoma Media acquired online retail group Read & View in the Netherlands.

Key indicators EUR million	**4–6/ 2012**	**4–6/ 2011**	**Change %**	**1–6/ 2012**	**1–6/ 2011**	**Change %**	**1–12/ 2011**
Net sales	**402.7**	323.7	24.4	**768.5**	614.8	25.0	1,415.8
The Netherlands	**208.1**	130.6	59.3	**379.7**	235.9	60.9	642.0
Finland	**76.7**	79.4	-3.4	**154.1**	153.5	0.3	309.7
Russia & CEE	**50.1**	54.3	-7.8	**99.1**	105.7	-6.3	213.1
Belgium	**54.6**	48.7	12.0	**111.4**	98.8	12.7	209.1
Other businesses and eliminations	**13.3**	10.7	24.8	**24.3**	20.9	16.4	41.8
Operating profit excluding non-recurring items *	**55.0**	37.9	45.4	**81.8**	60.6	35.0	151.1
% of net sales	**13.7**	11.7		**10.7**	9.9		10.7
Operating profit	**52.4**	47.0	11.7	**79.2**	69.7	13.7	92.0
Capital expenditure				**12.8**	11.3	12.9	22.7
Number of employees at the end of the period (FTE)				**5,978**	5,449	9.7	5,844
Average number of employees (FTE)				**5,996**	5,394	11.2	5,624

* In 2012, the non-recurring items included in the second quarter EUR -2.6 million restructuring expenses. In 2011, the non-recurring items included in the second quarter a EUR 9.1 million gain on sale of Humo and Desert Fishes, in the third quarter a EUR -3.4 million impairment of intangible assets in the Netherlands and a EUR -53.4 million impairment of goodwill and intangible assets in Russia & CEE, and in the fourth quarter EUR -9.8 million restructuring expenses and a EUR -1.6 million write-down of Jok Foe Group.

Operational indicators *	**1–6/**	**1–6/**
Magazines	**2012**	**2011**
Number of magazines published	**278**	280
Magazine copies sold, thousands	**168,509**	161,075
Advertising pages sold	**23,667**	23,260
Finnish TV operations		
TV channels' share of TV advertising	**34.2%**	33.3%
TV channels' national commercial viewing share (10-44 years)	**33.5%**	35.2%
TV channels' national viewing share	**15.2%**	14.8%
Dutch TV operations		
TV channels' share of TV advertising	**27.5%**	30.2%
TV channels' national viewing share (20-49 years)	**20.0%**	23.1%

* Including joint ventures

Second quarter

Net sales in Media grew by 24.4% to EUR 402.7 million (2011: EUR 323.7 million) in April–June following the consolidation of acquired SBS TV and print operations. Adjusted for structural changes, net sales declined by 4.6%.

The segment's advertising sales grew by 55.3% and represented 45.2% (2011: 36.2%) of the second quarter net sales. Online advertising sales increased by 11.6%.

The segment's print circulation sales increased by 1.5% and represented 39.3% (2011: 48.2%) of the second quarter net sales. The increase in subscription sales, mainly as a result of the consolidated Dutch print operations, more than offset the decrease in single copy sales.

The consolidation of TV operations and growing online advertising sales increased the segment's digital sales. In total, digital sales grew by 123.9% compared to the comparable quarter and represented 31.5% (2011: 17.5%) of the segment's total net sales.

In Media Netherlands, net sales grew by 59.3%. Most of this growth came from the acquired TV and print operations, part of Sanoma Media Netherlands since 1 August 2011. In total, advertising sales grew significantly following the consolidation of the TV operations, and represented 48.4% (2011: 29.5%) of the Dutch net sales. Sanoma estimates that the TV advertising market in the Netherlands decreased around 5% in April–June. The football European Championship broadcasted by public TV channels adversely affected viewing shares of SBS in June, which resulted in a lower viewing share compared to Q1 2012. Online advertising sales, excluding acquired operations, continued to increase clearly. Sanoma estimates that the Dutch market for consumer magazine advertising decreased around 19% in April–June, while Sanoma Media Netherlands' print advertising net sales declined significantly in the second quarter. Magazine operations' sales, including the acquired operation, increased somewhat driven by subscription sales. Single copy sales decreased slightly compared to the comparable quarter. Circulation sales represented 39.7% (2011: 58.1%) of the Dutch net sales. The declining trends in the readers market continued.

In Media Finland, net sales decreased by 3.4% in the second quarter, due to somewhat decreasing advertising sales. According to TNS Gallup Adex, the TV advertising market in Finland decreased by 3.4% in the second quarter compared to the comparable quarter. The magazine advertising market decreased by 6.0%. In total, advertising sales of the Finnish operations represented 45.8% (2011: 47.3%) of net sales in the second quarter. Circulation sales were at the comparable quarter's level, as subscription sales were at the comparable period's level and single copy sales increased slightly, and represented 41.6% (2011: 40.1%) of the Finnish net sales.

Net sales in Media Belgium increased by 12.0% due to acquired operations. Magazine operations' sales decreased significantly, as both advertising and circulation sales declined, due to negative consumer confidence and decline in print advertising spending. Sanoma estimates that the magazine advertising market in Belgium decreased around 8% in April-June. Sanoma Media Belgium retained its market position in a decreasing readers market. Sanoma estimates that, the TV advertising market in Belgium declined by around 11% in April-June. Sanoma's TV operations in Belgium continued to grow and its net advertising market share improved to 33.0% (2011: 31.1%). In total, advertising sales represented 34.4% (2011: 26.3%) and circulation sales 49.1% (2011: 58.7%) of the net sales in Belgium, respectively.

There have been a number of structural changes in Sanoma Media Belgium. The reported figures include 51% of the weekly magazine Humo until May 2011. In connection with the SBS acquisition, the remaining holding in Humo was transferred to De Vijver.

Since the Belgian competition authorities approved a joint control structure of De Vijver on 1 September 2011, Sanoma's 33% share in De Vijver Media (which includes 100% of Humo, the acquired TV operations as well as the TV productions operations of Woestijnvis) is proportionally consolidated line-by-line as of this approval.

In Media Russia and the CEE countries, net sales decreased by 7.8%, of which more than half is explained by negative currency translation effects. The advertising markets continue to be adversely affected by the Euro area economic uncertainty in all markets, especially in Hungary and Czech Republic. However, advertising markets in Russia and the Ukraine showed favourable developments. Advertising sales in the Russia and CEE business unit decreased slightly compared to the comparable quarter. In total, advertising sales represented 54.4% (2011: 52.2%) of net sales in the Russia and CEE strategic business unit. Following the declining market trends and the regional pressure on consumer purchasing power, single copy and subscription sales continued to come down in most countries. Circulation sales decreased therefore clearly, and represented 33.9% (2011: 36.1%) of the strategic business unit's net sales. The magazine portfolio, Internet services and local organisations are continuously optimised according to the market situation.

Operating profit excluding non-recurring items in the Media segment in April–June increased by 45.4% to EUR 55.0 million (2011: EUR 37.9 million), mainly due to acquired operations. In the Netherlands, the consolidation of the new operations offset the weakened underlying print results in the second quarter. In Finland, the operating profit increased as the magazine operations improved its profitability. In Belgium, the operating profit improved somewhat due to structural changes. In Russia and CEE countries, the operating profit declined significantly, mainly as a result of lower net sales. Non-recurring items included in the operating profit totalled EUR -2.6 (2011: EUR 9.1 million) related to restructuring. In the comparable year, non-recurring items included a gain on the sale of assets.

Media's investments in tangible and intangible assets totalled EUR 7.0 million (2011: EUR 5.1 million) and consisted partly of ICT investments.

NEWS

The News segment includes the Sanoma News strategic business unit, Finland's leading player in newspaper publishing and online media.

- Underlying macro-economic uncertainty impacts the advertising market, particularly printed recruitment advertising, which adversely affects the News segment.
- Subscription sales continued to decrease driven by the VAT introduction from the beginning of the year. - The effects of the on-going efficiency improvements are not yet offsetting the negative impact from lower net sales.
- Daily newspaper Helsingin Sanomat will fundamentally renew its format including the change from broadsheet to tabloid as of 8 January 2013.

Key indicators EUR million	**4–6/ 2012**	**4–6/ 2011**	**Change %**	**1–6/ 2012**	**1–6/ 2011**	**Change %**	**1–12/ 2011**
Net sales	**106.8**	112.2	-4.8	**216.8**	220.6	-1.7	435.8
Helsingin Sanomat	**56.2**	61.2	-8.1	**115.5**	122.4	-5.6	238.5
Ilta-Sanomat	**22.0**	22.2	-0.6	**43.2**	41.2	4.9	84.4
Other publishing	**24.3**	25.0	-2.5	**49.5**	48.7	1.7	97.0
Other businesses and eliminations	**4.3**	3.9	8.5	**8.5**	8.3	2.9	15.9
Operating profit excluding non-recurring items *	**5.1**	9.9	-48.8	**14.0**	22.8	-38.8	49.4
% of net sales	**4.8**	8.8		**6.4**	10.3		11.3
Operating profit	**5.1**	9.9	-48.8	**14.0**	22.8	-38.8	40.2
Capital expenditure				**5.2**	8.6	-39.6	16.9
Number of employees at the end of the period (FTE)				**2,213**	2,199	0.6	2,025
Average number of employees (FTE)				**2,069**	2,052	0.8	2,061

* In 2012, the operating profit did not include any non-recurring items. In 2011, the non-recurring items included in the fourth quarter EUR -9.2 million restructuring expenses.

Operational indicators Online services, unique visitors, weekly	**4–6/ 2012**	**4–6/ 2011**
Iltasanomat.fi	**2,300,487**	2,057,019
HS.fi	**1,450,810**	1,386,682
Huuto.net	**466,305**	458,303
Oikotie.fi	**529,057**	397,674
Taloussanomat.fi	**656,190**	576,076

Circulation	**1–12/ 2011**	**1–12/ 2010**
Helsingin Sanomat	**365,994**	383,361
Ilta-Sanomat	**143,321**	150,351

Second quarter

In April–June, net sales in News decreased by 4.8% to EUR 106.8 (2011: EUR 112.2 million) of which one fourth can be explained by the parliamentary elections. Adjusted for structural changes, sales decreased by 5.4%.

Print circulation sales decreased slightly, as single copy sales were at the comparable quarter’s level and subscription sales decreased slightly driven by the VAT introduction from the beginning of the year. Circulation sales accounted for 41.8% (2011: 40.9%) of the segment’s net sales.

Advertising sales decreased clearly due to adverse market conditions. The slight growth in online advertising sales was not able to offset the decline in print advertising. Advertising sales represented 49.6% (2011: 52.2%) of the net sales in News in the second quarter.

According to TNS Gallup Adex, newspaper advertising in the Finnish market decreased by 13.4% in the second quarter compared to the comparable quarter. Online advertising sales included in the statistics was up by 1.4%.

Total online sales increased by 6.7%. Online sales consisting mostly of advertising, but also increasingly services and content, represented 13.2% (2011: 11.8%) of the segment’s net sales.

The net sales of the Helsingin Sanomat business unit decreased by 8.1%. The underlying macro-economic uncertainty affected recruitment advertising sales in particular. In addition, the parliamentary elections of 2011 impacted positively on the comparable quarter’s sales. Accordingly, advertising sales decreased clearly and represented 52.6% (2011: 56.1%) of the business unit's net sales. Subscription sales decreased slightly driven by the VAT introduction from the beginning of the year. The multichannel use of Helsingin Sanomat continued to grow, expanding the reach of the Helsingin Sanomat product family.

The Ilta-Sanomat business unit’s net sales decreased by 0.6%. Advertising sales were at comparable quarter’s level and represented 31.6% (2011: 31.7%) of the business unit's net sales. Circulation sales were at the comparable period’s level. The total volume of the Finnish print tabloid market has decreased somewhat in the last 12 months. Ilta-Sanomat continued to strengthen its market leadership and the market share is 58.6% (2011: 58.2%) of the tabloid newsstand market for the rolling 12-month period.

Net sales from other publishing operations decreased by 2.5%, as net sales of free sheets and regional newspapers continued to decline.

In April–June, News' operating profit excluding non-recurring items decreased by 48.8% to EUR 5.1 million. The effects of the on-going efficiency improvements did not offset lower net sales. News’ operating profit did not include any (2011: EUR 0.0 million) non-recurring items.

News’ investments in tangible and intangible assets totalled EUR 2.6 million (2011: EUR 5.1 million), and consisted mainly of investments in online business, ICT and replacement investment in printing.

LEARNING

The Learning segment consists of Sanoma's learning business and other businesses, which includes language services and book printing operations. Sanoma Learning is a leading European provider of learning materials and solutions in print and digital format.

- In October 2011, Sanoma completed the acquisition of the Finnish educational publisher Tammi Learning, which is fully integrated into the Finnish operations and the Swedish educational publisher Sanoma Utbildning (formerly Bonnier Utbildning). Finnish general literature publisher WSOY was divested early October 2011.
- In April 2012, Sanoma divested its book logistics company Porvoon Kirjakeskus. In 2011, Kirjakeskus' net sales were EUR 10.1 million and EBIT excluding non-recurring items was EUR 1.9 million.
- In June 2012, Sanoma divested the Esmerk business information services operations. In 2011, Esmerk's net sales were EUR 10.6 million and EBIT excluding non-recurring items was EUR 1.0 million.
- In June 2012, Sanoma acquired the testing and examination company Bureau ICE. The result of the company will be consolidated to Sanoma from the beginning of Q3 2012.

Key indicators EUR million	**4–6/ 2012**	**4–6/ 2011**	**Change %**	**1–6/ 2012**	**1–6/ 2011**	**Change %**	**1–12/ 2011**
Net sales	**120.8**	108.6	11.3	**174.2**	169.2	2.9	343.1
Learning	**109.3**	87.4	25.1	**143.5**	121.7	17.9	256.6
Other businesses	**12.5**	22.6	-44.8	**33.5**	50.7	-33.9	91.7
Eliminations	**-1.0**	-1.5	30.0	**-2.8**	-3.1	11.7	-5.3
Operating profit excluding non-recurring items *	**45.9**	29.0	58.2	**32.0**	22.9	39.5	45.5
% of net sales	**38.0**	26.7		**18.3**	13.5		13.3
Operating profit	**41.5**	27.3	52.0	**27.6**	22.1	24.7	16.6
Capital expenditure				**3.9**	4.4	-12.4	11.5
Number of employees at the end of the period (FTE)				**2,139**	2,627	-18.6	2,489
Average number of employees (FTE)				**2,363**	2,636	-10.3	2,583

* In 2012, the non-recurring items included in the second quarter EUR 5.7 million gain on sales of Esmerk, EUR -7.5 million impairment of goodwill and EUR -2.6 million restructuring expenses. 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 the second quarter EUR -1.7 million restructuring expenses and in the third quarter EUR -1.0 million restructuring expenses and a EUR -24.1 million impairment of goodwill. In the fourth quarter, the non-recurring items included EUR -2.9 million write-down of intangible assets.

Second quarter

In April–June, net sales in the Learning segment increased by 11.3% to EUR 120.8 million (2011: EUR 108.6 million), mainly related to timing between quarters and structural changes. Adjusted for structural changes, net sales increased by 12.4%.

The 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.

Net sales in the learning business increased by 25.1%, mainly as a result of timing differences between quarters and acquisitions made in October 2011. In all countries the market conditions remained stable.

Net sales in other businesses, which included language services and business information operations, declined by 44.8% mainly as a result of structural changes.

Book logistics company Porvoon Kirjakeskus was divested in April 2012 and it is no longer included in Learning's figures from the beginning of April 2012.

Business information service provider Esmerk was divested in June 2012 and it is no longer included in Learning's figures from the beginning of June 2012.

Finnish general literature publisher WSOY was divested in early October 2011 and it is no longer included in Learning's figures from the fourth quarter of 2011.

The learning business has strong seasonality within the year and timing differences between quarters, the first and fourth quarter being typically loss-making.

Operating profit excluding non-recurring items in the Learning segment increased by 58.2% to EUR 45.9 million (2011: EUR 29.0 million). The increase is mainly due to timing differences between quarters of which approximately EUR 8 million relates to a timing shift from the first quarter to the second quarter and some EUR 6 million relates to an estimated shift from the second half of the year to the second quarter. Non-recurring items included in the operating profit totalled EUR -4.4 million (2011: EUR -1.7 million) related to impairment, restructuring and the gain on the sale of Esmerk. In the comparable period, non-recurring items related to restructuring expenses.

Learning's investments in tangible and intangible assets totalled EUR 1.5 million (2011: EUR 2.4 million). They comprised mainly investment in ICT.

TRADE

The Trade segment includes Sanoma's press distribution and marketing services in Finland.

- In May, Sanoma sold its kiosk operations in Finland, Estonia and Lithuania, its press distribution operations in Estonia and Lithuania, including the Rautakirja trade mark, as well as its bookstore operations in Estonia. As a result, Sanoma recognised a non-taxable non-recurring capital gain of EUR 78.1 million in the second quarter of 2012.
- According to International Financial Reporting Standards (IFRS), any material divestment that represents a separate major line of business shall be classified as a discontinued operation. Hence, Sanoma classified these operations to be divested as discontinued operations for the 2012 reporting. The discontinued operations are eliminated from the Consolidated Income Statement and only the result for the period of these discontinued operations is presented as a separate item after the result for the continuing operations. Accordingly, the Consolidated Income Statement for 2011 has been restated. The restated 2011 figures are unaudited.

Key indicators EUR million	**4–6/ 2012**	**4–6/ 2011**	**Change %**	**1–6/ 2012**	**1–6/ 2011**	**Change %**	**1–12/ 2011**
Net sales	**23.7**	59.1	-60.0	**47.3**	140.9	-66.4	228.7
Kiosk operations		6.9			13.6		20.9
Trade services	**23.0**	27.3	-15.6	**44.2**	56.1	-21.1	103.6
Bookstores	**0.6**	18.8	-96.6	**3.1**	43.6	-92.9	77.0
Movie operations		6.5			28.4		28.4
Eliminations	**0.0**	-0.5		**0.0**	-0.8		-1.2
Operating profit excluding non-recurring items *	**1.9**	-2.9		**1.6**	0.4		3.8
% of net sales	**8.1**	-4.9		**3.4**	0.3		1.7
Operating profit	**3.2**	39.8	-91.9	**2.9**	43.1	-93.3	38.9
Capital expenditure				**2.2**	20.4	-89.4	23.1
Number of employees at the end of the period (FTE)				**244**	921	-73.6	424
Average number of employees (FTE)				**381**	1,633	-76.7	1,158

* In 2012, the non-recurring items included in the second quarter a EUR 1.3 million gain on sale of real estates. In 2011, the non-recurring items included in the second quarter a EUR -0.8 million loss on sale of Russian operations, a EUR -8.0 million loss on sale of Romanian operations and a 51.4 million gain on sale of movie operations. In the third quarter the non-recurring items included a EUR -10.8 million loss on sale of Suomalainen Kirjakauppa, a EUR -1.2 million write-down of real estates and a EUR -0.8 million impairment in bookstores. In the fourth quarter, the non-recurring items included a EUR 5.3 million gain on sale of Narvesen.

Operational indicators	**1–6/ 2012**	**1–6/ 2011**
Customer volume in bookstores, thousands	**275**	2,972
Number of copies sold (press distribution), thousands	**47,548**	71,603

Second quarter

In April–June, Trade's net sales decreased by 60.0%, due to divestments of operations. Net sales adjusted for structural changes decreased by 14.4%.

Kiosk operations in Finland, Estonia and Lithuania as well as Trade’s press distribution operations in Estonia and Lithuania divested in May 2012, are treated as discontinued operations for the 2012 reporting and they are not included in Trade’s 2012 figures. Consequently, the 2011 figures have been restated accordingly.

Bookstore operations in Finland were divested at the end of September 2011 and they are no longer included in Trade’s figures from the fourth quarter of 2011.

Movie operations were divested at the end of April 2011 and they are no longer included in Trade’s figures from May 2011.

Trade's operating profit excluding non-recurring items increased to EUR 1.9 million in April–June mainly due to structural changes. Non-recurring items included in the operating profit totalled EUR 1.3 million (2011: EUR 42.7 million) related to divestments. In the comparable year, non-recurring items included gains and losses on the sale of assets.

Trade’s investments in tangible and intangible assets totalled EUR -1.1 million (2011: EUR -2.1 million) related to general maintenance.

THE GROUP

Dividend

The Annual General Meeting on 3 April 2012 decided to pay a dividend of EUR 0.60 (2011: EUR 1.10) per share. The dividends were paid on 17 April 2012 in Finland.

Shares and holdings

In January–June, 68,801,434 (2011: 44,082,703) Sanoma shares were traded on the NASDAQ OMX Helsinki. Traded shares accounted for some 42% (2011: 27%) of the average number of shares. Sanoma’s NASDAQ OMX Helsinki stock exchange turnover was EUR 584.5 million (2011: EUR 653.5 million).

During the first six months, the volume-weighted average price of a Sanoma share was EUR 8.48, with a low of EUR 5.79 and a high of EUR 11.70. At the end of June 2012, Sanoma’s market capitalisation was EUR 1.1 billion (2011: EUR 2.1 billion), with Sanoma’s share closing at EUR 6.95 (2011: EUR 12.78). Sanoma had 30,967 shareholders at the end of June, with foreign holdings accounting for 7.7% (2011: 7.2%) of all shares and votes. At the end of June 2012, Sanoma had 162,812,093 shares.

On 29 May 2012, Sanoma received flagging notifications pursuant to Chapter 2 Section 9 of the Finnish Securities Markets Act concerning shares in Sanoma Corporation. Aatos Erkko's estate has announced that the ownership of shares in Sanoma Corporation held by the estate (directly and indirectly via Asipex Oy) on 29 May 2012 will transfer to the Jane and Aatos Erkko Foundation after the estate inventory has been concluded and the testamentary disposition has been executed. Following this, the shares held by the estate in Sanoma Corporation will decrease from the current 37,483,619 shares, to zero, i.e. 0.0000 per cent of all shares and votes in Sanoma Corporation. The holding of Jane and Aatos Erkko Foundation of the shares and voting rights of Sanoma Corporation will increase by the corresponding amount, thus exceeding 20 per cent of all shares and votes in Sanoma Corporation.

Board of Directors, auditors and management

The AGM held on 3 April 2012 confirmed the number of Sanoma's Board members as 10. Board members Annet Aris, Jaakko Rauramo and Sakari Tamminen were re-elected as members of 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 as the auditor of the company, with Virpi Halonen, Authorised Public Accountant, as Auditor in Charge.

Sanoma's new organisational model was announced on 5 August 2011. From the end of June 2012, the Executive Management Group (EMG) comprises: Harri-Pekka Kaukonen (President and CEO of the Sanoma Group, chairman of the EMG), Jacqueline Cuthbert (CHRO), Jacques Eijkens (CEO, Sanoma Learning), Heike Rosener (CEO, Sanoma Media Russia & CEE; acting member), Kim Ignatius (CFO), John Martin (Chief Digital Officer, CDO), Dick Molman (CEO, Sanoma Media Netherlands), Anu Nissinen (CEO, Sanoma Media Finland), Pekka Soini (CEO, Sanoma News) and Aimé Van Hecke (CEO, Sanoma Media Belgium).

Board authorisations

The AGM held on 3 April 2012 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 2013 and terminates the corresponding authorisation granted by the AGM on 5 April 2011. The Board of Directors did not exercise its right under this authorisation during the second 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 the 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. Under this authorisation, the Board decided on 20 December 2011 on the issuance of Stock Option Scheme 2011 and on 22 December 2010 on the issuance of Stock Option Scheme 2010.

Seasonal fluctuation

The net sales and results 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 the Netherlands, Finland and Belgium is usually strongest in the second and fourth quarters.

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

Seasonal business fluctuations influence the Group's net sales and operating profit, the second 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 on-going digitisation process. Sanoma has prepared action plans in all its strategic business units 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, general economic conditions and economic trends of the industry influence Sanoma's business activities and operational performance.

Sanoma’s financial risks include interest rate and currency risks, liquidity risk and credit risk. Other risks include risks related to equity, impairment and the availability of capital. On the Group level, the most significant risks relate to liquidity risk and changes in exchange rates and interest rates.

As a result of the SBS acquisition, Sanoma’s consolidated balance sheet includes about EUR 3.0 billion in goodwill, publishing rights and other intangible assets. Most of this is related to magazine and TV operations. In accordance with IFRS, instead of goodwill being amortised regularly, it is tested for impairment on an annual basis, or whenever there is any indication of impairment. Major changes in business fundamentals could lead to impairment.

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 30 June 2012. 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. This Interim Report is unaudited.

CONSOLIDATED INCOME STATEMENT
EUR million

CONTINUING OPERATIONS	**4–6/ 2012**	**4–6/ 2011**	**1–6/ 2012**	**1–6/ 2011**	**1–12/ 2011**
NET SALES	**646.5**	592.6	**1,190.1**	1,122.8	2,378.1
Other operating income	**19.4**	70.0	**28.0**	77.0	116.5
Materials and services	**212.2**	217.3	**402.1**	422.8	858.2
Employee benefit expenses	**156.4**	152.1	**312.6**	300.2	611.7
Other operating expenses	**118.2**	136.6	**240.6**	255.2	541.3
Share of results in associated companies		-0.1		-0.1	-1.2
Depreciation, amortisation and impairment losses	**80.6**	39.8	**148.3**	77.5	309.5
OPERATING PROFIT	**98.5**	116.7	**114.4**	143.9	172.6
Share of results in associated companies	**-3.4**	-0.1	**-19.8**	1.8	-3.7
Financial income	**4.9**	1.4	**11.9**	3.6	13.9
Financial expenses	**19.1**	6.6	**39.8**	11.3	46.6
RESULT BEFORE TAXES	**80.8**	111.3	**66.7**	138.0	136.3
Income taxes	**-21.8**	-18.4	**-25.4**	-26.7	-57.7
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS	**59.0**	92.9	**41.3**	111.3	78.6
DISCONTINUED OPERATIONS					
Result for the period from discontinued operations	**78.6**	4.6	**79.7**	4.7	7.4
RESULT FOR THE PERIOD	**137.6**	97.5	**121.0**	116.0	86.0
Result from continuing operations attributable to:					
Equity holders of the Parent Company	**56.3**	92.9	**37.4**	111.4	77.0
Non-controlling interests	**2.7**	-0.1	**3.9**	-0.1	1.5
Result attributable to:					
Equity holders of the Parent Company	**135.0**	97.5	**117.2**	116.1	84.5
Non-controlling interests	**2.6**	-0.1	**3.8**	-0.1	1.5
Earnings per share for result attributable to the equity holders of the Parent company:					
Earnings per share, EUR, continuing operations	**0.35**	0.57	**0.23**	0.68	0.47
Diluted earnings per share, EUR, continuing operations	**0.35**	0.57	**0.23**	0.68	0.47
Earnings per share, EUR, discontinued operations	**0.48**	0.03	**0.49**	0.03	0.05
Diluted earnings per share, EUR, discontinued operations	**0.48**	0.03	**0.49**	0.03	0.05
Earnings per share, EUR	**0.83**	0.60	**0.72**	0.71	0.52
Diluted earnings per share, EUR	**0.83**	0.60	**0.72**	0.71	0.52

STATEMENT OF COMPREHENSIVE INCOME

EUR million	4–6/ 2012	4–6/ 2011	1–6/ 2012	1–6/ 2011	1–12/ 2011
Result for the period	**137.6**	97.5	**121.0**	116.0	86.0
Other comprehensive income:					
Change in translation differences	**-6.8**	0.5	**15.7**	6.5	-25.6
Cash flow hedges	**-1.1**	-0.9	**-2.3**	0.8	-11.7
Income tax related to cash flow hedges	**0.3**	0.2	**0.6**	-0.2	2.9
Other comprehensive income for the period, net of tax	**-7.7**	-0.2	**13.9**	7.1	-34.4
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**129.9**	97.2	**134.9**	123.1	51.6
Total comprehensive income attributable to:					
Equity holders of the Parent Company	**127.3**	97.3	**131.1**	123.2	50.1
Non-controlling interests	**2.6**	-0.1	**3.8**	-0.1	1.5

CONSOLIDATED BALANCE SHEET EUR million	30.6.2012	30.6.2011	31.12.2011
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	**288.7**	363.7	343.6
Investment property	**4.8**	8.6	5.8
Goodwill	**2,303.8**	1,418.5	2,316.2
Other intangible assets	**709.3**	417.2	709.8
Interests in associated companies	**17.4**	290.6	219.3
Available-for-sale financial assets	**15.4**	15.9	15.4
Deferred tax receivables	**39.1**	37.6	29.9
Trade and other receivables	**61.0**	38.2	44.3
NON-CURRENT ASSETS, TOTAL	**3,439.6**	2,590.3	3,684.3
CURRENT ASSETS			
Inventories	**81.7**	128.1	96.8
Income tax receivables	**25.9**	19.7	12.5
Trade and other receivables	**447.9**	394.8	418.4
Available-for-sale financial assets	**0.3**	0.6	0.3
Cash and cash equivalents	**84.1**	53.2	116.0
CURRENT ASSETS, TOTAL	**640.0**	596.4	644.0
ASSETS, TOTAL	**4,079.5**	3,186.7	4,328.3
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**	203.3	203.3
Other reserves	**-10.4**	0.8	-8.7
Other equity	**1,024.0**	1,048.7	988.0
	1,288.1	1,324.0	1,253.9
Non-controlling interests	**273.3**	4.9	270.3
EQUITY, TOTAL	**1,561.5**	1,328.9	1,524.2
NON-CURRENT LIABILITIES			
Deferred tax liabilities	**146.2**	93.2	146.1
Pension obligations	**16.8**	25.1	17.2
Provisions	**6.3**	9.0	6.3
Interest-bearing liabilities	**1,218.4**	600.4	1,101.2
Trade and other payables	**41.8**	17.4	38.9
NON-CURRENT LIABILITIES, TOTAL	**1,429.5**	745.0	1,309.7
CURRENT LIABILITIES			
Provisions	**12.7**	12.3	15.3
Interest-bearing liabilities	**322.3**	445.9	626.0
Income tax liabilities	**33.6**	28.1	27.4
Trade and other payables	**719.9**	626.5	825.8
CURRENT LIABILITIES, TOTAL	**1,088.5**	1,112.8	1,494.5
LIABILITIES, TOTAL	**2,518.1**	1,857.8	2,804.1
EQUITY AND LIABILITIES, TOTAL	**4,079.5**	3,186.7	4,328.3

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 2011	**71.3**	**203.3**	**0.2**	**1,096.5**	**1,371.2**	**4.8**	**1,376.0**
Expense recognition of options granted				2.1	2.1		2.1
Dividends paid				-179.1	-179.1	-0.3	-179.4
Change in non-controlling interests				6.6	6.6	0.5	7.2
Comprehensive income for the period			0.6	122.5	123.2	-0.1	123.1
Equity at 30 June 2011	**71.3**	**203.3**	**0.8**	**1,048.7**	**1,324.0**	**4.9**	**1,328.9**
Equity at 1 Jan 2012	**71.3**	**203.3**	**-8.7**	**988.0**	**1,253.9**	**270.3**	**1,524.2**
Expense recognition of options granted				1.4	1.4		1.4
Dividends paid				-97.7	-97.7	-0.3	-98.0
Change in non-controlling interests				-0.6	-0.6	-0.4	-1.0
Comprehensive income for the period			-1.8	132.8	131.1	3.8	134.9
Equity at 30 June 2012	**71.3**	**203.3**	**-10.4**	**1,024.0**	**1,288.1**	**273.3**	**1,561.5**

INCOME STATEMENT BY QUARTER
EUR million

CONTINUING OPERATIONS	1–3/ 2012	4–6/ 2012	1–3/ 2011	4–6/ 2011	7–9/ 2011	10–12/ 2011	1–12/ 2011
NET SALES	543.6	**646.5**	530.2	592.6	627.4	627.9	2,378.1
Other operating income	8.6	**19.4**	7.0	70.0	10.4	29.1	116.5
Materials and services	190.0	**212.2**	205.5	217.3	228.4	207.0	858.2
Employee benefit expenses	156.2	**156.4**	148.1	152.1	142.6	168.8	611.7
Other operating expenses	122.4	**118.2**	118.7	136.6	139.0	147.1	541.3
Share of results in associated companies				-0.1	-1.1		-1.2
Depreciation, amortisation and impairment losses	67.6	**80.6**	37.7	39.8	143.9	88.1	309.5
OPERATING PROFIT	15.9	**98.5**	27.2	116.7	-17.2	46.0	172.6
Share of results in associated companies	-16.4	**-3.4**	1.9	-0.1	-3.2	-2.2	-3.7
Financial income	7.0	**4.9**	2.3	1.4	1.0	9.3	13.9
Financial expenses	20.7	**19.1**	4.7	6.6	13.1	22.2	46.6
RESULT BEFORE TAXES	-14.1	**80.8**	26.7	111.3	-32.5	30.8	136.3
Income taxes	-3.6	**-21.8**	-8.3	-18.4	-21.3	-9.7	-57.7
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS	-17.8	**59.0**	18.4	92.9	-53.8	21.1	78.6
DISCONTINUED OPERATIONS							
Result for the period from discontinued operations	1.2	**78.6**	0.1	4.6	-0.5	3.3	7.4
RESULT FOR THE PERIOD	-16.6	**137.6**	18.5	97.5	-54.4	24.4	86.0
Result from continuing operations attributable to:							
Equity holders of the Parent Company	-19.0	**56.3**	18.4	92.9	-49.2	14.9	77.0
Non-controlling interests	1.2	**2.7**	0.0	-0.1	-4.6	6.2	1.5
Result attributable to:							
Equity holders of the Parent Company	-17.8	**135.0**	18.5	97.5	-49.7	18.1	84.5
Non-controlling interests	1.2	**2.6**	0.0	-0.1	-4.6	6.2	1.5
Earnings per share for result attributable to the equity holders of the Parent company:							
Earnings per share, EUR, continuing operations	-0.12	**0.35**	0.11	0.57	-0.30	0.09	0.47
Diluted earnings per share, EUR, continuing operations	-0.12	**0.35**	0.11	0.57	-0.30	0.09	0.47
Earnings per share, EUR, discontinued operations	0.01	**0.48**	0.00	0.03	0.00	0.02	0.05
Diluted earnings per share, EUR, discontinued operations	0.01	**0.48**	0.00	0.03	0.00	0.02	0.05
Earnings per share, EUR	-0.11	**0.83**	0.11	0.60	-0.31	0.11	0.52
Diluted earnings per share, EUR	-0.11	**0.83**	0.11	0.60	-0.31	0.11	0.52

CONSOLIDATED CASH FLOW STATEMENT **EUR million**	**1–6/ 2012**	**1–6/ 2011**	**1–12/ 2011**
OPERATIONS			
Result for the period	**121.0**	116.0	86.0
Adjustments			
Income taxes	**26.0**	26.6	58.1
Financial expenses	**39.8**	11.3	49.1
Financial income	**-11.8**	-3.6	-13.9
Share of results in associated companies	**19.8**	-1.8	4.9
Depreciation, amortisation and impairment losses	**150.9**	81.7	319.7
Gains/losses on sales of non-current assets	**-85.5**	-52.5	-56.8
Other adjustments	**-103.2**	-34.6	-116.9
Change in working capital			
Change in trade and other receivables	**-52.1**	-24.9	0.8
Change in inventories	**-12.3**	-9.0	0.4
Change in trade and other payables, and provisions	**-36.3**	-38.1	49.0
Interest paid	**-21.2**	-6.6	-23.6
Other financial items	**-4.5**	-5.3	-17.4
Taxes paid	**-33.7**	-37.0	-65.5
CASH FLOW FROM OPERATIONS	**-3.1**	22.2	273.8
INVESTMENTS			
Acquisition of tangible and intangible assets	**-29.7**	-34.9	-70.8
Operations acquired	**-21.8**	-41.0	-1,350.2
Sales of tangible and intangible assets	**6.8**	4.4	14.0
Operations sold	**295.4**	67.4	74.0
Loans granted	**-1.0**	-7.8	-8.7
Repayments of loan receivables	**8.7**	17.8	246.3
Sales of short-term investments	**0.0**	-0.3	0.0
Interest received	**1.8**	0.8	3.2
Dividends received	**5.0**	13.3	14.9
CASH FLOW FROM INVESTMENTS	**265.1**	19.7	-1,077.4
CASH FLOW BEFORE FINANCING	**262.0**	41.9	-803.6
FINANCING			
Proceeds from share subscriptions			0.0
Minority capital investment/repayment of equity			264.0
Change in loans with short maturity	**-106.0**	-28.5	-183.5
Drawings of other loans	**507.3**	210.1	1,042.7
Repayments of other loans	**-616.7**	-66.0	-84.5
Payment of finance lease liabilities	**-0.4**	-1.4	-2.0
Dividends paid	**-98.0**	-179.4	-179.7
Donations/other profit sharing			0.0
CASH FLOW FROM FINANCING	**-313.9**	-65.2	857.1
CHANGE IN CASH AND CASH EQUIVALENTS ACCORDING TO CASH FLOW STATEMENT	**-51.9**	-23.3	53.6
Effect of exchange rate differences on cash and cash equivalents	**0.9**	0.0	-1.1
NET CHANGE IN CASH AND CASH EQUIVALENTS	**-51.0**	-23.4	52.4
Cash and cash equivalents at the beginning of the period	**93.5**	41.1	41.1
Cash and cash equivalents at the end of the period	**42.6**	17.7	93.5

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

NET SALES BY BUSINESS UNIT

EUR million	1–3/ 2012	4–6/ 2012	1–3/ 2011	4–6/ 2011	7–9/ 2011	10–12/ 2011	1–12/ 2011
MEDIA							
The Netherlands	171.6	**208.1**	105.3	130.6	174.0	232.2	642.0
Finland	77.4	**76.7**	74.2	79.4	70.0	86.2	309.7
Russia & CEE	49.0	**50.1**	51.4	54.3	50.8	56.7	213.1
Belgium	56.8	**54.6**	50.1	48.7	48.4	61.9	209.1
Other businesses and eliminations	11.0	**13.3**	10.2	10.7	12.3	8.6	41.8
TOTAL	365.8	**402.7**	291.1	323.7	355.5	445.6	1,415.8
NEWS							
Helsingin Sanomat	59.3	**56.2**	61.2	61.2	55.3	60.8	238.5
Ilta-Sanomat	21.2	**22.0**	19.1	22.2	21.6	21.6	84.4
Other publishing	25.2	**24.3**	23.7	25.0	22.9	25.4	97.0
Other businesses and eliminations	4.3	**4.3**	4.4	3.9	3.4	4.2	15.9
TOTAL	110.0	**106.8**	108.4	112.2	103.2	112.0	435.8
LEARNING							
Learning	34.2	**109.3**	34.3	87.4	100.2	34.7	256.6
Other businesses	21.0	**12.5**	28.0	22.6	22.4	18.7	91.7
Eliminations	-1.7	**-1.0**	-1.7	-1.5	-1.4	-0.8	-5.3
TOTAL	53.4	**120.8**	60.7	108.6	121.2	52.7	343.1
TRADE							
Kiosk operations			6.7	6.9	7.3	0.0	20.9
Trade services	21.2	**23.0**	28.8	27.3	24.4	23.2	103.6
Bookstores	2.5	**0.6**	24.8	18.8	29.7	3.7	77.0
Movie operations			21.9	6.5	0.0	0.0	28.4
Eliminations	0.0	**0.0**	-0.3	-0.5	-0.4	0.0	-1.2
TOTAL	23.7	**23.7**	81.8	59.1	61.0	26.9	228.7
Other companies and eliminations	-9.3	**-7.5**	-11.7	-11.0	-13.5	-9.3	-45.4
CONTINUING OPERATIONS	543.6	**646.5**	530.2	592.6	627.4	627.9	2,378.1

OPERATING PROFIT BY SEGMENT

EUR million	1–3/ 2012	4–6/ 2012	1–3/ 2011	4–6/ 2011	7–9/ 2011	10–12/ 2011	1–12/ 2011
Media	26.8	**52.4**	22.7	47.0	-31.0	53.2	92.0
News	8.9	**5.1**	12.9	9.9	12.5	4.9	40.2
Learning	-13.9	**41.5**	-5.2	27.3	17.3	-22.7	16.6
Trade	-0.3	**3.2**	3.3	39.8	-8.1	3.9	38.9
Other companies and eliminations	-5.5	**-3.8**	-6.5	-7.4	-7.9	6.7	-15.1
CONTINUING OPERATIONS	15.9	**98.5**	27.2	116.7	-17.2	46.0	172.6

OPERATING PROFIT EXCLUDING NON-RECURRING ITEMS BY SEGMENT

EUR million	1–3/ 2012	4–6/ 2012	1–3/ 2011	4–6/ 2011	7–9/ 2011	10–12/ 2011	1–12/ 2011
Media	26.8	**55.0**	22.7	37.9	25.8	64.6	151.1
News	8.9	**5.1**	12.9	9.9	12.5	14.1	49.4
Learning	-13.9	**45.9**	-6.1	29.0	42.4	-19.7	45.5
Trade	-0.3	**1.9**	3.3	-2.9	4.8	-1.4	3.8
Other companies and eliminations	-5.5	**-3.8**	-6.5	-8.4	-7.9	-2.9	-25.7
CONTINUING OPERATIONS	15.9	**104.2**	26.3	65.6	77.6	54.7	224.1

SEGMENT INFORMATION

The continuing operations of the Group include four reportable segments: Media, News, Learning and Trade. The segmentation is based on business model and product differences. Media, operating in 12 countries, is responsible for magazines and TV operations. Sanoma News is responsible for newspapers in Finland. Both segments also have a great variety of online and mobile services. Learning's business is mainly B2B business. In 2012, Trade segment includes the Trade services in Finland, the bookstore operations in Estonia, and the real estate and administration operations of the segment. The figures of Trade segment in 2011 include also the operations that were divested during 2011. 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 segments 1.1–30.6.2012

EUR million	Media	News	Lear-ning	Trade	Unallo-cated/ elimi-nations	Continuing operations
External net sales	767.1	216.3	173.0	33.3	-0.1	1,189.5
Internal net sales	1.3	0.6	1.2	14.1	-16.7	0.5
NET SALES, TOTAL	768.5	216.8	174.2	47.3	-16.8	1,190.1
OPERATING PROFIT	79.2	14.0	27.6	2.9	-9.3	114.4
Share of results in associated companies	-20.7	0.3	-0.1	0.8		-19.8
Financial income					11.9	11.9
Financial expenses					39.8	39.8
RESULT BEFORE TAXES						66.7
SEGMENT ASSETS	2,834.7	318.3	631.4	74.0	56.6	3,915.1

Sanoma segments 1.1–30.6.2011

EUR million	Media	News	Lear-ning	Trade	Unallo-cated/ elimi-nations	Continuing operations
External net sales	612.8	219.5	163.8	126.2	-0.1	1,122.3
Internal net sales	2.0	1.1	5.4	14.7	-22.7	0.5
NET SALES, TOTAL	614.8	220.6	169.2	140.9	-22.7	1,122.8
OPERATING PROFIT	69.7	22.8	22.1	43.1	-13.8	143.9
Share of results in associated companies	2.6	0.5	0.0	-1.3		1.8
Financial income					3.6	3.6
Financial expenses					11.3	11.3
RESULT BEFORE TAXES						138.0
SEGMENT ASSETS	1,830.4	318.7	596.9	153.0	71.1	2,970.1

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	30.6.2012	30.6.2011	31.12.2011
Carrying amount at the beginning of the period	**343.6**	429.3	429.3
Increases	**15.2**	35.2	52.9
Acquisition of operations	**0.1**	0.1	7.0
Decreases	**-4.3**	-1.7	-2.2
Disposal of operations	**-44.9**	-72.1	-86.9
Depreciation for the period	**-21.7**	-26.6	-50.5
Impairment losses for the period	**-0.1**	0.1	-3.9
Exchange rate differences and other changes	**0.8**	-0.5	-2.1
Carrying amount at the end of the period	**288.7**	363.7	343.6

The Group had no commitments for acquisition of tangible assets at the end of the reporting period or in the comparative period.
Changes in property, plant and equipment include continued and discontinued operations.
At the end of the reporting period, the commitments for acquisitions of intangible assets (film and TV broadcasting rights included) were EUR 239.9 million (2011: EUR 16.1 million).

EFFECT OF ACQUISITIONS ON THE CONSOLIDATED BALANCE SHEET

EUR million	1–6/ 2012	1–12/ 2011
Acquisition costs	**7.8**	1,415.2
Fair value of acquired net assets	**-1.0**	433.2
Goodwill	**8.8**	982.0

CONTINGENT LIABILITIES

EUR million	30.6.2012	30.6.2011	31.12.2011
Contingencies for own commitments			
Mortgages	**9.7**	20.5	9.7
Pledges	**2.4**	1.6	2.5
Other items	**45.7**	0.5	0.3
TOTAL	**57.8**	22.7	12.5
Contingencies incurred on behalf of other companies			
Guarantees		0.0	
TOTAL		0.0	
Other contingencies			
Operating lease liabilities	**148.3**	210.2	196.1
Royalties	**18.0**	18.9	19.8
Other items	**48.9**	30.9	51.3
TOTAL	**215.2**	260.0	267.2
TOTAL	**273.0**	282.7	279.7

DERIVATIVE INSTRUMENTS

EUR million

Fair values	30.6.2012	30.6.2011	31.12.2011
Interest rate derivatives			
Interest rate swaps	**-15.0**	0.6	-11.5
Currency derivatives			
Forward contracts	**2.6**		0.6

KEY EXCHANGE RATES

Average rate	1–6/ 2012	1–6/ 2011	1–12/ 2011
EUR/CZK (Czech Koruna)	25.25	24.47	24.64
EUR/HUF (Hungarian Forint)	295.47	269.39	280.46
EUR/PLN (Polish Zloty)	4.25	3.97	4.13
EUR/RUB (Russian Rouble)	40.20	40.45	41.02
EUR/SEK (Swedish Crown)	8.88	8.93	9.00

Closing rate	30.6.2012	30.6.2011	31.12.2011
EUR/CZK (Czech Koruna)	25.64	24.35	25.79
EUR/HUF (Hungarian Forint)	287.77	266.11	314.58
EUR/PLN (Polish Zloty)	4.25	3.99	4.46
EUR/RUB (Russian Rouble)	41.37	40.40	41.77
EUR/SEK (Swedish Crown)	8.77	9.17	8.91

Press Conference

A press and analyst meeting will be held in English by President and CEO Harri-Pekka Kaukonen and CFO Kim Ignatius today at 11:00 Finnish time (CET+1) at Nelonen studio, Pursimiehenkatu 26 C (third floor), Helsinki. A webcast of the event can be viewed at Sanoma.com either live or later on as on demand. If you want to ask questions during the webcast, please join the conference call by dialling +44 (0)20 7162 0077 (Europe) or +1 334 323 6201 (US) and quote the conference code 918916.

Sanoma’s 3Q12 Interim Report will be published on Wednesday, 31 October, at approximately 8:30 Finnish time (CET+1).

Sanoma Corporation

Kim Ignatius
Chief Financial Officer

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Sanoma.com

Sanoma inspires, informs and connects. As a diversified media group, we bring information, experiences, education and entertainment to millions of people every day. We make sure that quality content and interesting products and services are easily available and meet the demands of our readers, viewers and listeners. We offer a challenging and interesting working environment for around 11,000 people in some 20 countries throughout Europe. In 2011, the Group’s restated net sales totalled EUR 2.4 billion.