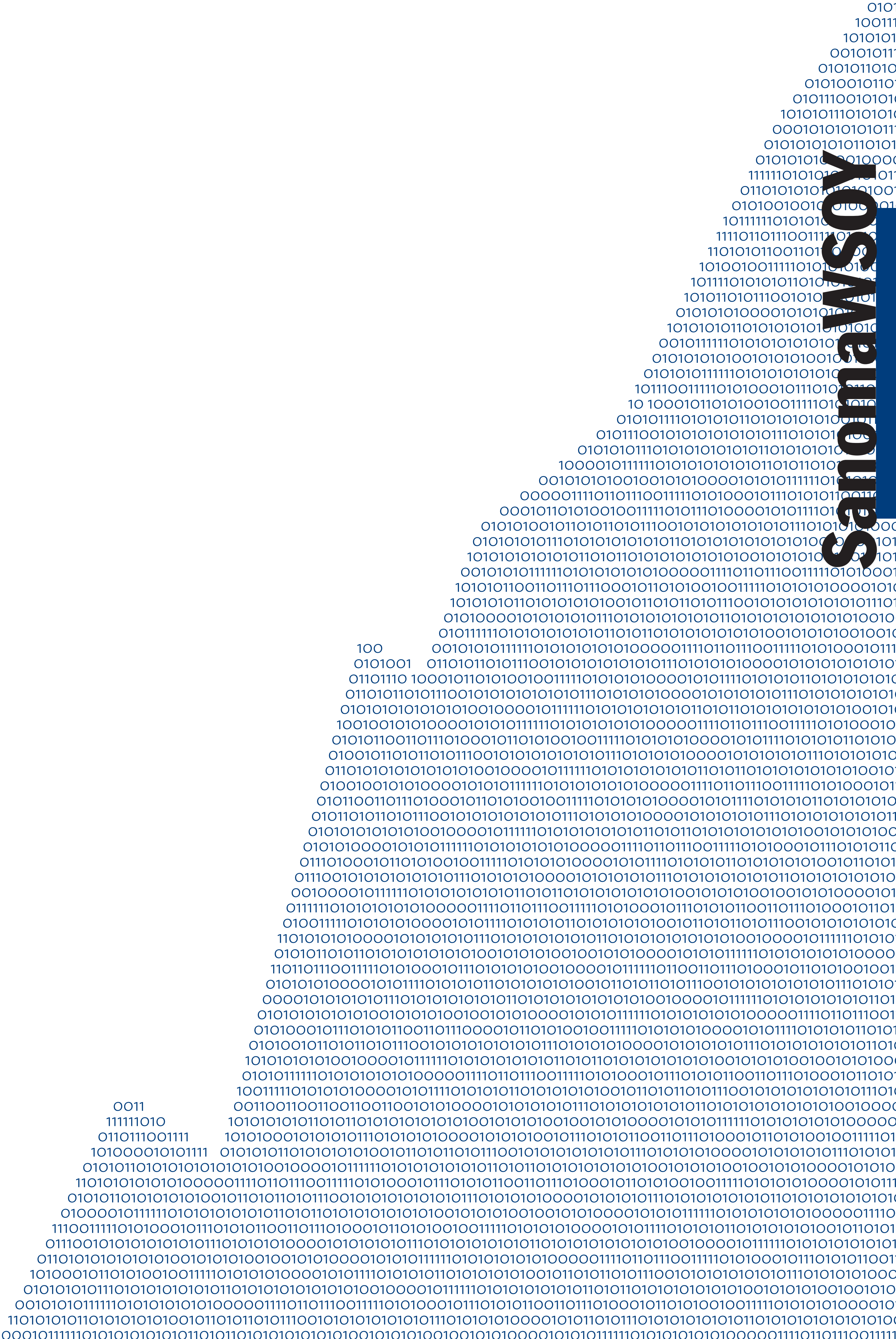
FINANCIAL STATEMENTS FOR 2007



SanomaWSOY

Contents

Key indicators

Key indicators, EUR million	2007	2006	2005	2004	2003, FAS
Net sales	**2 926.3**	2 742.1	2 622.3	2 504.6	2 395.9
Operating profit before depreciation and impairment losses	**493.4**	428.2	431.9	421.7	414.8
% of net sales	**16.9**	15.6	16.5	16.8	17.3
Operating profit	**343.8**	292.5	301.3	296.7	205.2
% of net sales	**11.7**	10.7	11.5	11.8	8.6
Operating profit excluding major non-recurring capital gains	**303.5**	288.2	269.1	270.9	---
% of net sales	**10.4**	10.5	10.3	10.8	---
Result before taxes	**320.4**	276.3	286.0	271.6	163.1
% of net sales	**11.0**	10.1	10.9	10.8	6.8
Result for the period	**246.1**	208.4	228.4	203.8	107.5
% of net sales	**8.4**	7.6	8.7	8.1	4.5
Balance sheet total	**3 192.3**	3 132.2	2 972.5	2 693.6	2 453.0
Capital expenditure	**90.5**	81.9	93.8	71.0	73.9
% of net sales	**3.1**	3.0	3.6	2.8	3.1
Return on equity (ROE), %	**18.6**	17.7	22.3	22.7	11.9
Return on investment (ROI), %	**15.9**	14.3	15.4	18.0	11.4
Equity ratio, %	**45.4**	45.0	41.3	38.6	40.3
Gearing, %	**58.2**	59.2	72.9	81.6	72.9
Interest-bearing liabilities	**881.4**	863.9	928.7	894.8	819.4
Interest-free liabilities	**946.7**	945.5	886.1	812.8	686.1
Net debt	**793.3**	782.4	843.8	804.5	690.6
Average number of employees	**19 587**	18 434	16 885	16 209	17 330
Average number of employees (full-time equivalents)	**16 701**	15 732	14 256	13 651	14 207

Share indicators					
Earnings/share, EUR	**1.47**	1.32	1.45	1.31	0.69
Earnings/share, diluted, EUR *	**1.46**	1.31	1.42	1.26	---
Cash flow from operations/share, EUR	**1.38**	1.63	1.69	1.58	1.65
Equity/share, EUR	**8.27**	7.92	7.27	6.34	6.08
Dividend/share, EUR **	**1.00**	0.95	0.90	0.80	1.00
Dividend payout ratio, % **	**67.9**	72.2	62.0	61.2	144.3
Market capitalisation, EUR million	**3 196.2**	3 521.8	3 121.5	2 632.2	2 554.9
Effective dividend yield, % **, ***	**5.1**	4.4	4.6	4.7	6.0
P/E ratio ***	**13.3**	16.2	13.5	13.2	24.0
Adjusted number of shares at the end of the period ***	**162 822 889**	164 957 053	156 927 582	153 112 152	160 299 428
Adjusted average number of shares ***	**164 827 232**	159 154 715	154 238 909	157 294 911	157 910 683
Lowest share price ***	**18.32**	17.80	17.07	13.70	7.62
Highest share price ***	**24.51**	22.45	21.60	17.77	17.20
Average share price ***	**21.70**	20.19	19.72	15.72	11.77
Share price at the end of the period ***	**19.63**	21.35	19.67	17.19	16.65
Trading volumes ***	**92 576 174**	72 670 001	81 239 652	29 868 290	17 448 032
% of share capital	**56.2**	45.7	52.7	19.0	11.0

* In 2003 diluted earnings per share has been higher than earnings per share, not published.
** Year 2007 proposal of the Board of Directors
*** SanomaWSOY's share series were combined on 7 April 2006. Share indicators of 2003–2005 are based on the old Series B shares. The number of shares in 2003–2005 includes all share classes. More information can be found in Shares and shareholders section of the Financial Statements for 2006.

Net sales by business

EUR million	1–3/ 2007	4–6/ 2007	7–9/ 2007	10–12/ 2007	**1–12/ 2007**	1–3/ 2006	4–6/ 2006	7–9/ 2006	10–12/ 2006	**1–12/ 2006**
Sanoma Magazines										
Sanoma Magazines Netherlands	119.8	136.6	129.2	154.2	**539.8**	116.7	138.7	127.4	148.3	**531.2**
Sanoma Magazines International	65.8	68.5	66.0	83.2	**283.4**	58.1	59.7	57.9	71.9	**247.6**
Sanoma Magazines Belgium	52.5	55.8	48.1	60.1	**216.6**	44.7	48.2	43.8	51.9	**188.6**
Sanoma Magazines Finland	50.1	48.6	48.1	56.0	**202.8**	45.8	47.1	47.3	53.1	**193.2**
Eliminations	-1.2	-1.2	-1.0	-1.2	**-4.6**	-1.2	-1.3	-1.2	-0.9	**-4.7**
Total	287.1	308.2	290.4	352.4	**1 238.1**	264.1	292.3	275.2	324.3	**1 155.9**
Sanoma										
Helsingin Sanomat	72.3	68.0	66.2	72.4	**278.9**	66.8	66.2	62.9	71.4	**267.3**
Ilta-Sanomat	23.6	24.6	22.9	23.6	**94.8**	22.3	23.4	22.8	23.7	**92.2**
Other publishing	24.3	24.7	22.6	25.9	**97.5**	20.9	21.5	20.3	24.8	**87.6**
Others	38.5	38.0	37.0	39.1	**152.6**	37.5	36.5	34.9	36.8	**145.6**
Eliminations	-36.4	-35.5	-34.8	-36.4	**-143.0**	-34.9	-33.7	-32.6	-34.3	**-135.6**
Total	122. 4	119.8	114.0	124.6	**480.8**	112.6	113.8	108.2	122.4	**457.1**
SanomaWSOY Education and Books										
Educational publishing	20.0	78.5	68.7	30.6	**197.7**	15.3	69.7	77.3	25.4	**187.7**
Publishing	26.3	20.8	20.7	29.6	**97.3**	24.2	22.1	19.0	30.7	**96.0**
Others	12.0	11.0	14.2	14.0	**51.1**	10.3	9.7	11.3	12.0	**43.3**
Eliminations	-6.0	-5.4	-6.5	-5.7	**-23.7**	-4.5	-4.3	-4.3	-4.7	**-17.8**
Total	52.2	104.8	97.0	68.5	**322.5**	45.4	97.2	103.3	63.4	**309.2**
SWelcom										
TV and radio	20.1	20.3	16.3	26.5	**83.2**	19.2	21.0	13.4	22.8	**76.5**
Others	15.4	15.3	16.7	16.2	**63.6**	14.3	13.2	14.0	14.6	**56.0**
Eliminations	-0.3	-0.2	-0.2	-0.2	**-0.8**	-0.2	-0.1	-0.2	-0.1	**-0.6**
Total	35.2	35.4	32.8	42.5	**146.0**	33.3	34.1	27.2	37.2	**131.8**
Rautakirja										
Kiosk operations	86.9	99.3	95.5	103.8	**385.5**	82.3	94.4	91.4	101.0	**369.1**
Press distribution	56.2	61.0	61.8	66.5	**245.5**	50.7	57.5	56.6	58.7	**223.6**
Bookstores	29.6	23.1	37.7	50.0	**140.3**	30.2	22.5	37.2	49.0	**138.9**
Entertainment	23.5	22.0	24.0	26.6	**95.9**	20.1	15.7	18.0	28.0	**81.7**
Eliminations	-3.9	-4.0	-4.3	-5.8	**-18.0**	-2.6	-3.2	-3.6	-3.9	**-13.4**
Total	192.4	201.3	214.5	241.1	**849.3**	180.7	186.8	199.6	232.9	**799.9**
Other companies and eliminations	-25.6	-25.1	-30.1	-29.4	**-110.3**	-23.6	-25.1	-25.3	-37.9	**-111.9**
Total	663.7	744.4	718.6	799.6	**2 926.3**	612.5	699.2	688.2	742.2	**2 742.1**

Operating profit by division

EUR million	1–3/ 2007	4–6/ 2007	7–9/ 2007	10–12/ 2007	**1–12/ 2007**	1–3/ 2006	4–6/ 2006	7–9/ 2006	10–12/ 2006	**1–12/ 2006**
Sanoma Magazines	32.1	61.3	30.4	37.2	**160.9**	23.3	35.3	28.2	41.9	**128.8**
Sanoma	19.6	17.3	17.2	13.6	**67.6**	16.1	15.0	15.0	16.5	**62.7**
SanomaWSOY Education and Books	-6.5	29.8	27.9	-6.6	**44.5**	-4.3	33.8	25.6	-7.1	**48.0**
SWelcom	2.9	4.0	3.5	5.4	**15.8**	3.2	4.0	0.4	4.8	**12.5**
Rautakirja	9.0	10.6	13.0	23.1	**55.6**	10.4	8.1	13.7	22.5	**54.7**
Other companies and eliminations	-3.1	10.1	-3.4	-4.3	**-0.7**	-3.1	-3.4	-2.9	-4.7	**-14.1**
Total	54.0	133.0	88.5	68.3	**343.8**	45.6	92.8	80.1	73.9	**292.5**

Income statement by quarter

EUR million	1–3/ 2007	4–6/ 2007	7–9/ 2007	10–12/ 2007	**1–12/ 2007**	1–3/ 2006	4–6/ 2006	7–9/ 2006	10–12/ 2006	**1–12/ 2006**
NET SALES	663.7	744.4	718.6	799.6	**2 926.3**	612.5	699.2	688.2	742.2	**2 742.1**
Other operating income	13.3	49.0	12.4	20.6	**95.2**	15.4	12.8	13.8	15.2	**57.2**
Materials and services	294.9	327.1	323.3	363.5	**1 308.9**	280.9	306.6	322.0	333.8	**1 243.3**
Personnel expenses	158.4	162.2	151.8	174.2	**646.5**	145.6	148.7	142.0	159.1	**595.5**
Other operating expenses	135.0	133.9	130.3	173.5	**572.7**	124.8	129.8	124.3	153.3	**532.2**
Depreciation and impairment losses	34.6	37.3	37.1	40.7	**149.7**	30.9	34.0	33.5	37.3	**135.8**
OPERATING PROFIT	54.0	133.0	88.5	68.3	**343.8**	45.6	92.8	80.1	73.9	**292.5**
Share in result of associated companies	1.8	2.7	2.0	5.9	**12.4**	1.9	2.3	3.4	0.8	**8.4**
Financial items	-7.1	-9.6	-8.7	-10.3	**-35.7**	-6.2	-7.5	-6.1	-4.7	**-24.5**
RESULT BEFORE TAXES	48.6	126.1	81.9	63.8	**320.4**	41.3	87.6	77.4	70.1	**276.3**
Income taxes	-13.7	-30.6	-20.3	-9.7	**-74.4**	-12.4	-25.3	-18.2	-12.1	**-68.0**
RESULT FOR THE PERIOD	34.9	95.5	61.5	54.1	**246.1**	28.9	62.3	59.2	58.0	**208.4**
Attributable to:										
Equity holders of the Parent Company	35.5	95.8	59.7	51.8	**242.8**	32.5	62.2	57.2	57.6	**209.5**
Minority interest	-0.6	-0.3	1.8	2.3	**3.2**	-3.6	0.1	2.0	0.4	**-1.1**

Board of Directors' Report

Key events in 2007

- A record result for SanomaWSOY, also operating profit excluding capital gains was up 5.3% on the previous year.
- Active expansion of the product and service portfolio: during the year, the Group launched 22 magazines, four new TV channels, two radio networks and dozens of online services.
- Educational publishing operations continued to expand.
- Kiosk operations and press distribution expanded in Russia.
- Digital business, including television operations, accounted for 9.5% of net sales.
- The diversified development of the Group's business continues – the objective is to be one of the leading European media companies, with focus on growth and profitability.

Operating environment

According to research institute estimates, the Finnish GDP increased by 4.1%, the Dutch GDP by 3.1% and the Belgian GDP by 2.7% during 2007. In Hungary, the growth rate was 2.0%, in the Czech Republic 5.7% and in Russia 7.2%.

According to research institute estimates, private consumption increased by 3.5% in Finland, 2.0% in the Netherlands and 2.2% in Belgium in 2007. In the Czech Republic, the growth rate was 6.1% and in Russia 12.2%. In Hungary, private consumption was down by 1.9%.

In 2007, media advertising in Finland grew by 6% according to TNS Media Intelligence. Advertising in newspapers increased by 5%, but decreased in free sheets by 1%. Job advertising increased by 18%. Magazine advertising grew by 4% and television advertising by 8%. According to ZenithOptimedia estimates, magazine advertising sales were up by 4% in the Netherlands, but down by 10% in Belgium in 2007. In Hungary, the growth rate was 1% and in the Czech Republic 7%. Expenditure on print media advertising in Russia is estimated to have increased by 24%. The share of magazine advertising sales of all advertising declined somewhat in the Netherlands and Belgium.

According to preliminary information from the Finnish Book Publishers' Association, the sale of books decreased by 1%, while the sale of educational materials remained stable in 2007. The educational material market in Europe is also estimated to have grown by between 1–2%.

According to the Finnish Grocery Trade Association, Finnish grocery sales grew by 4% in January–December 2007.

Net sales

In 2007, SanomaWSOY's net sales increased by 6.7%, totalling EUR 2,926.3 million (2006: EUR 2,742.1 million; 2005: EUR 2,622.3 million). Net sales increased across all divisions due to e.g., strong media sales. Net sales adjusted for changes in the Group structure increased by a total of 5.2%.

Advertising sales accounted for 24% (23%) of the Group's total net sales, with online advertising sales showing particularly strong growth over the year. They accounted for 11% of the Group's total advertising sales. In geographical terms, Finland accounted for 49% (49%) of net sales, with other EU countries accounting for 46% (45%) and other countries for 5% (6%).

Result

In 2007, SanomaWSOY's operating profit increased by 17.5%, totalling EUR 343.8 million (2006: EUR 292.5 million; 2005: EUR 301.3 million) or 11.7% (2006: 10.7%; 2005: 11.5%) of net sales. Operating profit included major non-recurring capital gains of EUR 40.3 (4.3) million mostly from the sale of puzzle magazines and a land area during the second quarter. Operating profit excluding these major non-recurring capital gains was a record EUR 303.5 (288.2) million, a 5.3% growth on the previous year. Sanoma Magazines, Sanoma and SWelcom improved their results. The result of the fourth quarter lagged behind the comparable period of 2006 due to issues such as the timing of marketing investments and costs incurred in connection with reorganisations.

SanomaWSOY's net financial items totalled EUR -35.7 (-24.5) million. Financial income amounted to EUR 9.2 (12.5) million. Financial expenses amounted to EUR 44.9 (37.0) million and primarily comprised of interest costs of EUR 41.4 (32.3) million on interest-bearing liabilities. The general increase in interest rates has increased the Group's interest expenses.

The result before taxes was EUR 320.4 (276.3) million and earnings per share were EUR 1.47 (1.32).

Balance sheet and financial position

On 31 December 2007, the consolidated balance sheet totalled EUR 3,192.3 (3,123.2) million. Cash flow from operations was EUR 227.9 (259.9) million and cash flow per share was EUR 1.38 (1.63). The development of cash flow from operations was impacted by strong fluctuations in working capital as well as higher taxes and interest expenses in comparison to the comparable year, and the growth of receivables and inventories due to expansion of operations.

SanomaWSOY's equity ratio continued to improve, reaching 45.4% (2006: 45.0%; 2005: 41.3%) at the end of the year, while gearing was reduced to 58.2% (59.2%). Equity increased to EUR 1,364.2 (1,322.7) million. A total of EUR 51.6 million of unrestricted equity was spent on the acquisition of treasury shares. Return on equity (ROE) was 18.6% (2006: 17.7%; 2005: 22.3%), and the return on investment (ROI) was 15.9% (14.3%). Interest-bearing liabilities increased to EUR 881.4 (863.9) million and net debt to EUR 793.3 (782.4) million. The net debt/EBITDA ratio was 1.6 (1.8). On 31 December 2007, the Group's cash and cash equivalents totalled EUR 88.1 (81.5) million.

In August 2007, SanomaWSOY replaced the existing short-term bilateral loan agreements with a long-term facility that can be also flexibly utilised to finance possible acquisitions. The new loan facility is a EUR 802 million syndicated five-year credit facility with a group of 12 banks. If necessary, the facility may be renewed for an additional two-year option period. The loan interest rate is Euribor plus a variable margin dependent on the Company's financial status. The initial margin is 0.175%.

SanomaWSOY Corporation does not have any other significant agreements covered by the statutory obligation to disclose. In addition, the Group has, within the scope of normal business operations, agreements containing a standard change-of-control clause.

Investments and acquisitions

In 2007, investments in tangible and intangible assets amounted to EUR 90.5 (81.9) million, and were focused on e.g., website development, ICT systems and the replacement investments. R&D expenditure was recorded at EUR 18.3 million (2006: EUR 11.3 million; 2005: EUR 16.2 million), or 0.6% (2006: 0.4%; 2005: 0.6%) of the net sales.

There were no single major acquisitions in 2007. The Group completed a number of smaller acquisitions discussed in more detail in the division sections of this document. The most significant acquisition in 2006 was the purchase of the Hungarian company Láng Kiadó és Holding.

Events after the review period

On 10 January 2008, Sanoma Magazines sold its Dutch film entertainment distribution company, R.C.V. Entertainment. In 2007, R.C.V. Entertainment had net sales of EUR 34.2 million and made an operating profit of some EUR 5 million. As a result of the sale, the company will record a capital gain amounting to some EUR 23 million in the first quarter of 2008.

Dividend and other profit distributions

On 31 December 2007, SanomaWSOY Corporation's distributable funds were EUR 503.3 million, of which profit for the year made up EUR 266.8 million.

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

- a dividend of EUR 1.00 per share, or in total an estimated EUR 165.7 million, shall be paid
- a sum of EUR 0.5 million shall be transferred to the donation reserve and used at the Board's discretion
- the amount left in shareholders' equity shall be EUR 337.1 million.

In accordance with the AGM's decision, SanomaWSOY paid out a per-share dividend of EUR 0.95 for 2006. The record date for dividend payment was 11 April 2007 and the dividend payment date was 18 April 2007.

SanomaWSOY conducts an active dividend policy and primarily distributes over half of the Group result after taxes in dividends.

Shares and holdings

Trading with SanomaWSOY shares was active in 2007. For more information on SanomaWSOY's shares and shareholders, stock options, treasury shares and management ownership, see the Shares and shareholders section, p. 55–61, as well as Notes 20 and 31. For key indicators, see p. 3.

Personnel

In 2007, the average number of persons employed by the SanomaWSOY Group was 19,587 (2006: 18,434; 2005: 16,885). In full-time equivalents, the number of Group employees averaged 16,701 (2006: 15,732; 2005: 14,256). Sanoma Magazines had an average of 5,623 (5,302) employees, Sanoma 2,716 (2,672), SanomaWSOY Education and Books 2,769 (2,455), SWelcom 501 (437) and Rautakirja 7,886 (7,496). The average number of employees in the Parent Company was 92 (72). The number of employees increased, for example, as a result of acquisitions and investments in new businesses.

The total wages, salaries and fees paid to SanomaWSOY employees in 2007, including the expense recognition of options granted, amounted to EUR 533.0 million (2006: EUR 482.9 million; 2005: EUR 461.8 million).

Management

The AGM of 4 April 2007 confirmed the number of SanomaWSOY's Board members at ten and re-elected those who had reached the end of their term. The Board of Directors of SanomaWSOY consists of: Jaakko Rauramo, Chairman, Sari Baldauf, Vice Chairman, and Robert Castrén, Jane Erkko, Paavo Hohti, Sirkka Hämäläinen-Lindfors, Seppo Kievari, Robin Langenskiöld, Hannu Syrjänen and Sakari Tamminen as members.

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

At the beginning of 2007, the Management Group comprised Hannu Syrjänen (Chairman), Eija Ailasmaa, Jacques Eijkens, Nils Ittonen, Erkki Järvinen, Tapio Kallioja, Mikael Pentikäinen, Kerstin Rinne and Matti Salmi.

SanomaWSOY's management model was renewed in the spring, and since 5 April 2007 the Executive Management Group (EMG) consists of SanomaWSOY's President and CEO Hannu Syrjänen, and the directors of each division: Eija Ailasmaa, President and CEO of Sanoma Magazines; Mikael Pentikäinen, President of Sanoma; Jacques Eijkens, CEO of SanomaWSOY Education and Books; Tapio Kallioja, President of SWelcom; and Erkki Järvinen, President and CEO of Rautakirja. The authorisations and responsibilities of the EMG remained unchanged.

In connection with this change in management model, SanomaWSOY's Board of Directors appointed deputies for SanomaWSOY's senior management: deputy to Hannu Syrjänen is Eija Ailasmaa; deputy to Mikael Pentikäinen is Pekka Soini, President of Helsingin Sanomat; deputy to Jacques Eijkens is Veli-Pekka Elonen, President of WSOY; and deputy to Erkki Järvinen is Hellevi Kekäläinen, CFO of Rautakirja. At the same time, SanomaWSOY established the Corporate Centre to support the Group's divisions.

After the review period on 7 February 2008, the Board of Directors appointed Anu Nissinen as President of SWelcom and a member of the EMG, effective 25 February 2008. SWelcom's long-term President Tapio Kallioja will retire according to his contract of employment on 31 March 2008.

For more information on corporate governance, such as the election of the Board of Directors and provisions of the Articles of Association, see the Corporate governance section of the Financial Statements, p. 73–76.

Board authorisations

The AGM of 4 April 2007 authorised the Board of SanomaWSOY to decide on the acquisition of own shares and an increase in share capital. On 2 August 2007 the Board decided to implement a stock repurchase programme starting on 10 August 2007. The Board decided on the issuance of Stock Option Scheme 2007 on 19 December 2007. For more information on board authorisations, see the Shares and shareholders section of the Financial Statements, p. 55–61.

Risks and risk management

The evaluation of business risks and the opportunities associated with them is part of the daily routine of SanomaWSOY's management. The management must take calculated risks in order to run the Company's business as successfully as possible.

Normal business risks associated with the media industry relate to developments in media advertising and consumer spending. Media advertising is sensitive to economic fluctuations. A quarter of SanomaWSOY's net sales are derived from media advertising. SanomaWSOY's diversified operations in various fields of media in over 20 European countries also balance the effects of market fluctuations. SanomaWSOY's growth areas (magazine publishing, educational publishing, digital business as well as kiosks and press distribution) are not primarily exposed to any political risk.

Rapid technological development, the diversifying use of the internet and changes in consumer preferences affect the future of the media business. At the same time, the supply of digital content services is growing and becoming more focused. Technological development and changes in consumer preferences may also affect the choices of advertisers regarding the communication channels utilised. SanomaWSOY closely monitors technological development and changes in consumer preferences, and collaborates with technology companies to develop new products and services to meet these changes for both its consumer and advertising customers. The strong development of the digital business has also been selected as one of the focus areas in SanomaWSOY's growth strategy. The wide array of products and services offered by the Group reduces the risks posed by technological development and changes in consumer preferences.

In recent years, SanomaWSOY has grown vigorously through acquisitions. As a result, the consolidated balance sheet on 31 December 2007 included about EUR 1.8 billion in goodwill, publishing rights and other intangible assets, most of which resides in the magazine publishing business. Following the adoption of International Financial Reporting Standards (IFRS), goodwill is no longer amortised over its useful life; instead, it is tested for impairment on an annual basis and whenever indicators of impairment arise. Impairment losses on goodwill and other intangible assets for the financial year totalled EUR 1.3 (0.1) million, and there were no indicators of other impairment losses.

The functioning and reliability of a number of ICT systems are integral aspects of the Group's business. SanomaWSOY assessed the severity of the risks associated with ICT systems, specified system protection levels and the required backup systems, and established continuity plans for the Group's critical systems.

SanomaWSOY's business is based on work performed primarily in an office setting with no known significant environmental hazards. As is typical in the graphics industry, SanomaWSOY's environmental impact is low with no known significant environmental risks.

Seasonal fluctuation

Developments in media advertising have an impact on the net sales and results of Sanoma Magazines, Sanoma and SWelcom. Advertising sales are influenced, for example, by the number of newspaper and magazine issues published during each quarter, which varies yearly. Television advertising in Finland is usually strongest in the second and fourth quarters.

A major portion of the net sales and results in publishing and retail, for example, is generated in the last quarter, particularly from Christmas sales, while educational publishing 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, with the first quarter traditionally being the smallest.

Outlook for 2008

In 2008, SanomaWSOY's net sales are projected to grow in line with the previous year. In 2007, Group net sales increased by 6.7%. Operating profit excluding major non-recurring capital gains is expected to continue to improve. In 2007, operating profit excluding capital gains totalled EUR 303.5 million.

The forecast for the development of SanomaWSOY's net sales and operating profit in 2008 is based on both organic growth, and growth based on minor acquisitions. During 2008, SanomaWSOY will continue its strong focus on investing in digital media and strengthening its market positions. In addition to the Group's own business activities and development projects, the growth of net sales and operating profit are naturally also affected by the overall economic development in the Group's operating countries. The most significant short-term uncertainties are related to the growth rate of media advertising and private consumption.

European economies are projected to continue to grow in 2008, but at a slightly slower rate than in 2007. Research institutions predict that GDP will grow by 3.2% in Finland, 1.8% in the Netherlands and 2.2% in Belgium. The growth rate is expected to be 3.0% in Hungary, 4.5% in the Czech Republic and 6.6% in Russia. According to ZenithOptimedia estimates, media advertising in SanomaWSOY's primary market areas in 2008 will grow at a rate faster than that of GDP. In 2008, private consumption is estimated to increase by 3.1% in Finland, 2.2% in the Netherlands, 1.9% in Belgium, 4.4% in the Czech Republic, 0.5% in Hungary and 12.2% in Russia.

Sanoma Magazines

Magazines and online operations

Key indicators, EUR million	2007	2006	Change, %
Net sales	**1 238.1**	1 155.9	7.1
Operating profit	**160.9**	128.8	25.0
% of net sales	**13.0**	11.1	
Operating profit excluding major non-recurring capital gains	**139.7**	126.2	10.7
% of net sales	**11.3**	10.9	
Balance sheet total	**1 937.5**	1 910.0	1.4
Capital expenditure	**20.6**	16.5	24.9
Return on investment (ROI), %	**12.4**	10.8	
Average number of employees	**5 623**	5 302	6.1
Average number of employees (full-time equivalents)	**5 169**	4 848	6.6

- All businesses performing well; operating profit excluding the sales gains was up by 10.7%.
- Online advertising sales outperforming market growth; in total, the Division's online advertising sales grew by 42%.
- Continuous investments in magazine launches and developing online operations; 22 new magazine titles and several online services added to the portfolio during the year.
- Movie distributor R.C.V. divested after the review period.

In 2007, Sanoma Magazines' net sales grew by 7.1%, amounting to EUR 1,238.1 (1,155.9) million. All businesses increased their net sales, with most growth coming from the Russian, Belgian and Hungarian operations, as well as online sales in the Netherlands. Adjusted for changes in the Group structure, the Division's net sales grew by 6.1%. Of the Division's net sales, 16% (16%) came from Finland. The Dutch press distribution company Aldipress has been transferred to Rautakirja as of 1 January 2007, and figures for the comparable year have been adjusted accordingly.

The Division's advertising sales increased by 16% and represented 30% (28%) of net sales. With all businesses developing favourably, most advertising growth came from Sanoma Magazines International and online advertising sales in the Netherlands.

Circulation sales grew by 2% and represented 55% (57%) of Sanoma Magazines' net sales. The increase was mainly the result of improved single copy sales in Belgium and the growth of subscription sales in Finland and Belgium.

Net sales in Sanoma Magazines Netherlands amounted to EUR 539.8 (531.2) million. Both print and online advertising sales increased. In 2007, Sanoma Magazines Netherlands' online advertising grew by 36%. Strong brands like Donald Duck, Libelle and Margriet performed well on the readers' market. Subscription sales developed favourably, but total circulation sales decreased due to decreased single copy sales and partly due to the divestment of puzzle magazines. Sanoma Magazines Netherlands continued to invest in both print and online activities. During the fourth quarter, Sanoma Uitgevers launched a new wellness title Get in Shape. The most significant launch of the year was that of the glossy fashion weekly Grazia in September. In total, Sanoma Magazines Netherlands made three launches during the year. Online operations were mainly developed through acquisitions.

After the review period, Sanoma Magazines Netherlands divested its movie distribution company R.C.V. Entertainment, the largest independent distributor of films in the Benelux countries. The deal was finalised on 10 January 2008. Sanoma Magazines Netherlands also strengthened its core business by acquiring on 1 January 2008 the shares of Mood for Magazines publishing company.

Sanoma Magazines International's net sales grew to EUR 283.4 (247.6) million. Growth mainly came from increased advertising sales. Advertising sales grew in all countries, except in the Czech Republic where they remained at the previous year's level. Most growth came from Russia and from Hungary, where online advertising continues to develop positively. Net sales in Russia grew by 18% and were slightly above EUR 100 million. Sanoma Magazines International's circulation sales increased slightly, but competition in the single copy market is intense in markets such as the Czech Republic and Hungary. Sanoma Magazines International continues to actively develop its print and online portfolio: in the fourth quarter, three new magazines were launched and several online sites were launched or acquired. A total of 17 titles were launched in 2007, among them Grazia, a new weekly glossy for the Russian market together with Mondadori. Seven titles were divested or discontinued.

Net sales in Sanoma Magazines Belgium grew to EUR 216.6 (188.6) million, partly due to new niche publishing operations acquired in September 2006, as well as increased circulation sales. Single copy sales in particular grew. In the comparable year, net sales were negatively influenced by single copy distribution problems at the beginning of the year. Sanoma Magazines Belgium's major magazine launch was Milo, a 40+ women's magazine, in January. Sanoma Magazines also renewed its flagship title Humo and introduced its first mobile content offering, focused on the readers of its women's titles.

Sanoma Magazines Finland's net sales increased to EUR 202.8 (193.2) million, with both advertising and circulation sales contributing to the growth. Subscription sales performed particularly well, thanks to both established titles and the success of recent launches like women's monthly Sara. Sanoma Magazines Finland's titles have succeeded in continuously increasing their circulation, with family and parenting magazines showing the biggest growth percentages. Disney products are also performing well.

The Division's investments in tangible and intangible assets totalled EUR 20.6 (16.5) million and consisted mainly of ICT systems and replacement investments. The most significant acquisition in 2007 was SchoolBANK.nl and its related online sites. In 2006, the Division's most significant acquisitions were those of Kieskeurig.nl, EPN International and Wegener Golf.

Sanoma Magazines' operating profit in 2007 improved significantly, increasing by 25.0% and amounting to EUR 160.9 (128.8) million. The result included EUR 21.2 (2.6) million in major non-recurring capital gains related to the sale of puzzle magazines and other titles. Excluding these sales gains, the Division's operating profit was up by 10.7%, to EUR 139.7 (126.2) million. In the comparable period, an adjustment of EUR 2.0 million related to the acquisition in 2001 and the terms and conditions of the agreement also improved the result.

Sanoma Magazines Netherlands' operating profit improved significantly, mainly due to sales gains. Moderate cost development and the growing share of online operations also improved the result. Sanoma Magazines International's operating profit increased, given the strong sales development. Most growth came from Russia with nearly all other countries improving their results as well. Sanoma Magazines Belgium's result improved markedly due to the growth in single copy sales and the niche publishing activities acquired in September 2006. In the comparable period, single copy distribution problems reduced the result. Sanoma Magazines Finland's result grew mainly due to sales growth and moderate cost development.

Sanoma Magazines is continuing to develop its magazine portfolio and online businesses and invest in growth, which is expected to be most rapid in Russia and the CEE countries.

In 2008, Sanoma Magazines' net sales are estimated to grow and the operating profit excluding major non-recurring capital gains is expected to improve.

Sanoma

Newspapers, online operations and printing

Key indicators, EUR million	2007	2006	Change, %
Net sales	**480.8**	457.1	5.2
Operating profit	**67.6**	62.7	8.0
% of net sales	**14.1**	13.7	
Operating profit excluding major non-recurring capital gains	**67.6**	61.0	10.9
% of net sales	**14.1**	13.3	
Balance sheet total	**445.0**	526.6	-15.5
Capital expenditure	**17.7**	16.5	7.2
Return on investment (ROI), %	**19.7**	17.9	
Average number of employees	**2 716**	2 672	1.6
Average number of employees (full-time equivalents)	**2 411**	2 378	1.4

- The development of the result over the year was good.
- Advertising sales grew faster than the market in 2007.
- Online advertising sales continued to develop strongly; financial daily Taloussanomat focused its resources on online services.

In 2007, Sanoma's net sales grew by 5.2%, totalling EUR 480.8 (457.1) million. All businesses improved their net sales particularly due to the strong growth of advertising sales. The clearest growth was in Helsingin Sanomat and other publishing. Net sales adjusted for changes in the Group structure increased by 4.2%.

The good market situation enabled Sanoma to strengthen its positions: during the year, the Division reported a 7% overall improvement in advertising sales, which accounted for 53% (52%) of net sales. Advertising sales were clearly up in nearly all newspapers and online products. In the fourth quarter, the growth rate slowed down and amounted to 2%. During the year, circulation sales increased by 2% and accounted for 39% (41%) of Sanoma's net sales.

Sanoma's reporting structure was modified in 2007 to better reflect the focus of its operations. The comparable figures for 2006 have been adjusted accordingly. Sanoma's reporting businesses include Helsingin Sanomat, Ilta-Sanomat, other publishing and other operations, which include Sanoma's ICT and printing operations.

The Helsingin Sanomat business unit increased its net sales to EUR 278.9 (267.3) million, mainly resulting from the growth in advertising sales. Job advertising increased by 16% and real estate advertising by 9%. The strongest growth was seen in online advertising, where sales increased by 31%. The circulation revenue of Helsingin Sanomat also increased despite a slight decrease in circulation. Over the past year, Helsingin Sanomat invested heavily in the development of its online services: the Oikotie.fi website launched a new kind of bidding service for home auctions, among others. Sanoma expanded its recruitment expertise by acquiring a majority holding in recruitment system supplier Skillnet, and, after the review period, increased its holding in car dealing systems developer Netwheels Oy to 55%.

The Ilta-Sanomat business unit increased its net sales to EUR 94.8 (92.2) million. The unit's advertising sales were clearly up. Ilta-Sanomat and its online service in particular increased their advertising sales. Circulation sales increased due to the cover price increase at the end of the comparable year. The paper commanded a 57.6% (58.6%) share of the tabloid market. Ilta-Sanomat continued to invest in its online service. Classified advertising and online marketplaces were also developed in both Estonia and Finland: during the year, the company acquired an 85% share in Auto24.ee, a leading online marketplace in Estonia.

Net sales from other publishing increased to EUR 97.5 (87.6) million. The growth in advertising sales was particularly strong in the Sanoma Kaupunkilehdet business unit and Sanoma Lehtimedia. The number of free sheets increased from the comparable year with the acquisition of the Finnish operations of the Metro free sheet in September 2006. Sanoma Digital, a new company focusing on online business, was established on 1 January 2007. During the year, the company acquired and launched a number of new online services for a number of enthusiast markets, including construction, style and cooking. In October, Sanoma Kaupunkilehdet signed a sales co-operation agreement with other players in the industry and opened a joint online service for its free sheets. In November, financial daily Taloussanomat decided to focus its resources online, and the last issue of the printed newspaper came out at the end of December. Taloussanomat.fi and the unit's other online service continued to grow.

Net sales from other operations, mainly comprising internal services, were EUR 152.6 (145.6) million.

In 2007, Sanoma's investments in tangible and intangible assets totalled EUR 17.7 (16.5) million, and consisted mainly of replacement investments and investments in digital business. The most significant acquisition of 2007 was the Auto24.ee marketplace. The most important acquisition of the comparable year was the purchase of the Finnish business of the Metro free sheet.

Sanoma's operating profit increased by 8.0% in 2007, totalling EUR 67.6 (62.7) million. The good development of Helsingin Sanomat in particular was reflected in the result of the Division as a whole. The operating profit of the fourth quarter includes non-recurring items relating to reorganisations. The operating profit for the comparable year included a total of EUR 1.7 million in major non-recurring capital gains. Helsingin Sanomat improved its operating profit clearly due to the growth of advertising sales and long-term rationalisation measures. The result of Ilta-Sanomat was impacted by market share investments in the latter part of the year. The result of other publishing was also slightly down due to one-time costs related to Taloussanomat and investments in Sanoma Digital. Earnings from other operations were up.

Sanoma is seeking growth in new businesses. The rate of growth in media advertising is expected to be more moderate than in 2007.

In 2008, Sanoma's net sales are estimated to increase and operating profit excluding major non-recurring capital gains is expected to improve.

SanomaWSOY Education and Books

Educational publishing, publishing as well as business information and services

Key indicators, EUR million	2007	2006	Change, %
Net sales	**322.5**	309.2	4.3
Operating profit	**44.5**	48.0	-7.3
% of net sales	**13.8**	15.5	
Operating profit excluding major non-recurring capital gains	**44.5**	48.0	-7.3
% of net sales	**13.8**	15.5	
Balance sheet total	**585.0**	598.2	-2.2
Capital expenditure	**7.7**	8.9	-13.5
Return on investment (ROI), %	**10.4**	12.7	
Average number of employees	**2 769**	2 455	12.8
Average number of employees (full-time equivalents)	**2 345**	2 106	11.3

- Good growth in educational publishing continued; e.g. Van In clearly improving its market share in Belgium.
- Strong year for language services: two acquisitions made in the Nordic countries and a sales office opened in St. Petersburg.

SanomaWSOY Education and Books' net sales in 2007 increased by 4.3% and totalled EUR 322.5 (309.2) million. Net sales developed well in the international growth areas, educational publishing and language services. A total of 62% (62%) of the Division's net sales came from outside of Finland. Net sales adjusted for changes in the Group structure decreased by 0.6%.

Educational publishing's net sales amounted to EUR 197.7 (187.7) million. All operations performed well, with most growth coming from Belgium, where Van In gained additional market share through successful launch of new learning systems, as well as from Hungary, where Láng became part of SanomaWSOY Education in June 2006. Net sales in the Netherlands increased slightly compared to the previous year, when a large number of products were renewed due to changes in the Dutch spelling. Malmberg has continued to diversify its operations to include career orientation and educational consultancy to schools. Educational sales in Finland were at the comparable year's level. Net sales in Poland increased slightly.

The Polish educational publisher Nowa Era and its subsidiaries were acquired in June and the necessary antitrust approvals were received at the end of October. The deal is expected to be closed during the first quarter of 2008.

Net sales in publishing totalled EUR 97.3 (96.0) million. Net sales of general literature were behind those of the comparable period. Multivolume books in Finland and the Nordic countries faced a strong decrease in sales, and WSOY sales were also lower than in the previous year, particularly in the fourth quarter. WSOY has begun to strengthen its sales and marketing organisation for general literature.

The growth in publishing came from business information and services, where language services and professional books and materials performed particularly well. The language service provider AAC Global, acquired in February 2006, expanded its operations in March 2007 with the acquisition of Translation Services Noodi in Finland and in June 2007 with the business of language service company The Works, Sweden.

Net sales from other operations, mainly printing, totalled EUR 51.1 (43.3) million.

The Division's investments in tangible and intangible asset totalled EUR 7.7 (8.9) million. They mainly comprised investments in the renovation of office buildings, and ICT investments. The most significant acquisition during the year was that of Translation Services Noodi. In the comparable year, the most significant acquisitions included Hungarian publisher Láng Kiadó és Holding and AAC Global.

In 2007, operating profit in SanomaWSOY Education and Books decreased by 7.3% and was EUR 44.5 (48.0) million. There were no major non-recurring capital gains during the review period or the comparable period. Operating profit in educational publishing was at the comparable year's level. Results improved in all countries, except in Poland, where government tender projects had lower margins than in the comparable year. Operating profit in publishing decreased: business information and services improved its results, due to strong performance in language services, but disappointing results in general literature, as well as in other operations, decreased the Division's operating profit.

SanomaWSOY Education and Books is continuing to develop its three main businesses with the focus on internationalising educational publishing, expanding business information and services in the language services market and maintaining Finnish market leadership in general literature publishing.

In 2008, net sales of SanomaWSOY Education and Books are estimated to increase. Operating profit excluding major non-recurring capital gains, Nowa Era included, is expected to improve clearly.

SWelcom

Television, broadband internet and radio

Key indicators, EUR million	2007	2006	Change, %
Net sales	**146.0**	131.8	10.7
Operating profit	**15.8**	12.5	26.6
% of net sales	**10.8**	9.5	
Operating profit excluding major non-recurring capital gains	**15.8**	12.5	26.6
% of net sales	**10.8**	9.5	
Balance sheet total	**168.2**	158.6	6.0
Capital expenditure	**14.8**	15.2	-2.4
Return on investment (ROI), %	**14.2**	12.3	
Average number of employees	**501**	437	14.6
Average number of employees (full-time equivalents)	**457**	398	14.8

- Television operations expanded; SWelcom added four new TV channels during the year.
- The radio networks have found their audiences – the two networks have a total of over one million weekly listeners.
- Online casual gaming became a new business for SWelcom.

In 2007, SWelcom's net sales increased substantially by 10.7%, totalling EUR 146.0 (131.8) million. The increase in net sales was particularly due to the growth of Welho, as well as the new radio networks and television channels. Net sales adjusted for changes in the Group structure increased by 9.2%. Advertising sales represented 54% (58%) of SWelcom's net sales.

Largely due to the new channels, broadcast operations increased its net sales to EUR 83.2 (76.5) million. The TV channels' combined share of all television advertising declined to 29.3% (31.4%). Nelonen's viewing shares declined due to the fragmentation of viewing across an increasing number of channels. In the fourth quarter, Nelonen's commercial viewing share turned upwards due to strong programming investments. The new TV channel JIM, launched in February, was a success and attracted higher viewing shares than expected.

SWelcom entered the radio business in January 2007 with two commercial radio channels. Radio Rock and Radio Aalto reached a combined total of over one million weekly listeners. Radio Rock reached its target group better than expected right from the start. Radio Rock had an average of 700,000 listeners each week. The network performed extremely well within its target group of 20–44 year-old males. At its best, Radio Aalto reached a weekly listenership of over 400,000 people in the second half of 2007. Radio Aalto has increased its listening share, particularly among female listeners over 25 years of age.

SWelcom expanded its range of services for television viewers. The pay TV movie and series channel KinoTV was launched in September. By December, KinoTV already had 61,000 subscribers. Nelonen also launched its "Hot from the US" Video On Demand (VOD) service that allows viewers to watch episodes of popular television series' on Nelonen's Web TV just a few days after their original broadcast in the United States.

In August, SWelcom became the majority shareholder in the Urheilukanava sports channel and the pay TV sports channel Urheilu+kanava. Urheilukanava broadcasts over 400 live sports events each year and its audience reach is growing. Urheilu+kanava had over 230,000 subscribers at the end of 2007.

Welho's net sales increased due to strong growth in pay TV, broadband subscriptions and the sale of digital set-top boxes. In 2007, Welho's pay TV subscriptions increased by nearly 50% and broadband subscriptions by 15%.

Welho revised its pay TV offering with new channel packages that can be augmented with individual channels. Welho also offers four high definition (HDTV) channels. Welho launched the Welho Play VOD service, which allows Welho broadband subscribers to download films and television programmes onto their computers whenever they want. In addition, Welho launched an IPTV service in the Helsinki metropolitan area, bringing Welho's TV services to customers outside the cable network.

SWelcom expanded its business into online casual gaming. August saw the launch of the Pelikone.fi online game portal, where users can play games for free and also publish their own games. In September, SWelcom acquired Alypaa.com, the biggest online quiz portal in Finland.

In 2007, SWelcom's investments in tangible and intangible assets totalled EUR 14.8 (15.2) million, most of which was allocated to the development of Welho's cable network and services. The most significant acquisition of the year was the purchase of the Urheilukanava channels. There were no major acquisitions during the comparable year.

SWelcom's operating profit improved significantly, by 26.6%, to EUR 15.8 (12.5) million. The increase in operating profit was driven by the good sales development of Welho and Nelonen's improved profitability, due to cost savings.

After the review period on 7 February 2008, SanomaWSOY's Board of Directors appointed Anu Nissinen as the new President of SWelcom, effective 25 February 2008. Tapio Kallioja, President of the Division, will retire according to his contract of employment on 31 March 2008. At the end of January, SWelcom divested the operations of 2ndhead, focusing on corporate digital communications and marketing solutions. The deal will have no significant impact on the Division's earnings.

SWelcom will increasingly focus on providing a wider variety of programming and continue to develop its digital content and media solutions businesses, as well as its online community services.

In 2008, SWelcom's net sales are estimated to increase and operating profit excluding major non-recurring capital gains is expected to improve clearly.

Rautakirja

Kiosks, press distribution, bookstores and entertainment

Key indicators, EUR million	2007	2006	Change, %
Net sales	**849.3**	799.9	6.2
Operating profit	**55.6**	54.7	1.6
% of net sales	**6.5**	6.8	
Operating profit excluding major non-recurring capital gains	**50.7**	54.7	-7.3
% of net sales	**6.0**	6.8	
Balance sheet total	**565.0**	586.9	-3.7
Capital expenditure	**28.4**	23.1	22.7
Return on investment (ROI), %	**20.9**	20.1	
Average number of employees	**7 886**	7 496	5.2
Average number of employees (full-time equivalents)	**6 234**	5 932	5.1

- Net sales grew across all businesses; movie theatres had an excellent year.
- Rautakirja sold its multipurpose arena in Hamburg in October.
- Kiosk operations in Russia are showing good momentum; at the end of the year, Rautakirja had 43 kiosks in Russia.

In 2007, Rautakirja's net sales grew by 6.2%, totalling EUR 849.3 (799.9) million. Net sales increased across all businesses. Growth was particularly strong in kiosk operations, entertainment business and press distribution. Net sales adjusted for changes in the Group structure increased by 5.2%. Of Rautakirja's net sales, 34% (33%) came from outside Finland. The Dutch press distribution company Aldipress was combined with Rautakirja on 1 January 2007. The comparable figures have been adjusted to reflect the inclusion of Aldipress.

Net sales from kiosk operations increased in all countries of operation, rising to EUR 385.5 (369.1) million. Net sales for the comparable period include the net sales of the Pizza Hut restaurant chain, which was divested in June 2006. Traditional kiosk products did well in Finland and the Baltic countries. Finnish R-kiosks developed several new service products, such as the kiosk-based ÄrräExpress pick-up service for parcels.

The first R-kiosks in Moscow opened their doors in June. In October, the press distributor Press Point International and the kiosk operator HDS CIS acquired from Lagardère Services were consolidated in Rautakirja's kiosk and press distribution operations. The combined net sales of the two companies are about EUR 5 million and they have about 180 employees. As a result of the deal, Rautakirja acquired 25 store locations, most of which are in Moscow, and the rest in St. Petersburg, Kazan, Yekaterinburg and Nizhny Novgorod. These stores will be converted into R-kiosks. At the end of the year, Rautakirja already had 43 kiosks in Russia.

The net sales of press distribution rose to EUR 245.5 (223.6) million. Net sales increased in all markets except the Netherlands. The increase was particularly strong in the Baltic countries and Romania. In Finland, press distribution was bolstered by the February acquisition of the point-of-sale (POS) marketing company Printcenter and the weekday cover price increase by quality tabloids. The sales of women's magazines and comics have also clearly increased. The weak performance of the Dutch single copy market was also reflected in the net sales of Aldipress, with distribution volumes decreasing somewhat from the comparable period. In September, a decision was made to rationalise the operations of Aldipress; the company's workforce will be reduced by about one-third in 2008. In December, Rautakirja announced that it is exploring the possibility of co-operating with the Swiss Ringier Group on Romanian press distribution. The October transaction, in which Rautakirja increased its shareholding in the Lithuanian press distributor Impress Teva to 100%, was concluded in January 2008, when it was approved by antitrust officials.

The net sales of bookstores were EUR 140.3 (138.9) million. The net sales of the comparable period included the library business divested in the autumn of 2006. On the whole, the development of the bookstore business was weak, but Suomalainen Kirjakauppa strengthened its market share. Net sales increased strongly in Estonia. During the year, new stores were opened in Pärnu in May and in Rakvere in December.

Net sales from the entertainment business increased clearly in all countries of operation, rising to EUR 95.9 (81.7) million. Driven by summer blockbusters, movie theatres in Finland and the Baltic countries broke all-time box office records in July. Development in the latter part of the year was also strong and in December, Finnish movie theatres again attracted a record number of customers, although there were no such box-office hits as there were in the comparable year. In addition to the good selection of movies, the growth has been particularly boosted by new movie theatres: Finnish operations were expanded significantly in the second half of 2006. In April 2007, the company opened a new multiplex in Kaunas, Lithuania, followed by a multiplex in Lahti, Finland, in November. In October, Rautakirja sold D+J Arena Hamburg GmbH, the company responsible for the multipurpose arena in Hamburg, in line with its stated strategy. The net sales of the company were EUR 12.7 million in 2006.

In 2007, Rautakirja's investments in tangible and intangible assets totalled EUR 28.4 (23.1) million. They focused mainly on business ICT projects, as well as the acquisition of new retail premises and the renovation of existing ones. The most significant acquisitions of the year were Printcenter in Finland, along with Press Point International and HDS CIS in Russia. There were no major acquisitions during the comparable period.

In 2007, Rautakirja's operating profit grew by 1.6%, totalling EUR 55.6 (54.7) million. The operating profit includes a total of EUR 4.9 million in major non-recurring capital gains from the multipurpose arena and real estate sales. The entertainment business significantly improved its operating income, with movie theatres doing extremely well. Operating profit from kiosk operations improved despite the start-up costs of the Russian operations. The operating profit of press distribution was below the comparable period last year, reflecting the non-recurring costs incurred in connection with the rationalisation of Aldipress operations. Operating profit from bookstores declined from the comparable year due to lower Christmas sales and the decrease of subscription sales.

In addition to the home markets of Finland and the Baltic countries, Rautakirja's expansion and development efforts will also focus on the emerging economies of Russia as well as Central Eastern Europe.

In 2008, Rautakirja's net sales are estimated to grow. Operating profit excluding major non-recurring capital gains is expected to improve.

Definitions of key indicators are presented on p. 54.

Board's proposal for distribution of profits and signatures

SanomaWSOY Corporation's distributable earnings at 31 December 2007 total EUR 503,277,265.48, of which the profit for the year is EUR 266,759,038.83.

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

• a dividend of EUR 1.00 per share shall be paid	EUR 165,716,604.00 *
• the following amount shall be transferred to the donation reserve and used at the Board's discretion	EUR 500,000.00
• shareholders' equity shall be set at	EUR 337,060,661.48

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

* The dividend will be paid to shareholders registered with the Shareholder Register maintained by the Nordic Central Securities Depository on the record date set by the Board for payment of the dividend, Friday 4 April 2008. The Board will propose to the Annual General Meeting that the dividend be paid on Friday 11 April 2008.

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

Helsinki, 7 February 2008

Jaakko Rauramo
Chairman

Sari Baldauf
Vice Chairman

Robert Castrén

Jane Erkko

Paavo Hohti

Sirkka Hämäläinen-Lindfors

Seppo Kievari

Robin Langenskiöld

Hannu Syrjänen

Sakari Tamminen

Consolidated income statement

EUR million	Note	1.1–31.12.2007	1.1–31.12.2006
NET SALES		**2 926.3**	2 742.1
Other operating income	4	**95.2**	57.2
Materials and services		**1 308.9**	1 243.3
Personnel expenses	5, 31	**646.5**	595.5
Other operating expenses	6	**572.7**	532.2
Depreciation and impairment losses	10–12	**149.7**	135.8
OPERATING PROFIT		**343.8**	292.5
Share in result of associated companies		**12.4**	8.4
Financial income	7	**9.2**	12.5
Financial expenses	7	**44.9**	37.0
RESULT BEFORE TAXES		**320.4**	276.3
Income taxes	8	**-74.4**	-68.0
RESULT FOR THE PERIOD		**246.1**	208.4
Attributable to:			
Equity holders of the Parent Company		**242.8**	209.5
Minority interest		**3.2**	-1.1
Earnings per share for result attributable to the equity holders of the Parent Company:	9		
Earnings per share, EUR		**1.47**	1.32
Diluted earnings per share, EUR		**1.46**	1.31

Consolidated balance sheet

EUR million	Note	31.12.2007	31.12.2006
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	10	**498.7**	572.3
Investment property	11	**9.5**	10.0
Goodwill	12	**1 432.8**	1 392.7
Other intangible assets	12	**379.6**	368.1
Interest in associated companies	13	**75.2**	68.2
Available-for-sale financial assets	14	**15.9**	16.4
Deferred tax receivables	8	**42.4**	45.2
Trade and other receivables	5, 15	**37.9**	38.4
NON-CURRENT ASSETS, TOTAL		**2 492.1**	2 511.3
CURRENT ASSETS			
Inventories	16	**170.7**	150.1
Income tax receivables		**25.9**	20.1
Trade and other receivables	17	**415.4**	369.2
Available-for-sale financial assets	14	**0.1**	
Cash and cash equivalents	18	**88.1**	81.5
CURRENT ASSETS, TOTAL		**700.2**	620.9
ASSETS, TOTAL		**3 192.3**	3 132.2
EQUITY AND LIABILITIES			
EQUITY	19		
Equity attributable to the equity holders of the Parent Company			
Share capital		**71.3**	70.9
Premium fund		**187.6**	181.0
Treasury shares		**-51.6**	
Other reserves		**0.1**	6.9
Translation differences		**11.4**	17.6
Retained earnings		**1 127.1**	1 029.3
		1 345.9	1 305.7
Minority interest		**18.3**	17.0
EQUITY, TOTAL		**1 364.2**	1 322.7
NON-CURRENT LIABILITIES			
Deferred tax liabilities	8	**103.9**	96.2
Pension obligations	5	**45.2**	57.6
Provisions	21	**8.8**	7.8
Interest-bearing liabilities	22	**328.1**	44.2
Trade and other payables	23	**28.3**	36.0
CURRENT LIABILITIES			
Provisions	21	**7.8**	7.9
Interest-bearing liabilities	22	**553.4**	819.7
Income tax liabilities		**8.4**	28.8
Trade and other payables	23	**744.3**	711.2
LIABILITIES, TOTAL		**1 828.1**	1 809.5
EQUITY AND LIABILITIES, TOTAL		**3 192.3**	3 132.2

Changes in consolidated equity

EUR million	Equity attributable to the equity holders of the Parent Company								
	Share capital	Premium fund	Other reserves	Transaction differences	Treasury shares	Retained earnings	Total	Minority interest	Total
Equity at 1 Jan 2006	**67.5**	**93.7**	**363.8**	**15.9**		**600.5**	**1 141.5**	**16.3**	**1 157.7**
Change in translation differences				1.7			1.7	0.3	2.0
Other items						-0.5	-0.5		-0.5
Items recognised directly in equity, total				1.7		-0.5	1.2	0.3	1.5
Result for the period						209.5	209.5	-1.1	208.4
Total recognised income and expenses				**1.7**		**209.0**	**210.7**	**-0.8**	**209.9**
Directed issue of shares	1.0						1.0		1.0
Conversion of capital notes	2.4	85.5	-1.2				86.7		86.7
Usage of share options	0.1	1.7					1.8		1.8
Expense recognition of options granted						5.4	5.4		5.4
Dividends paid						-141.3	-141.3	-1.4	-142.7
Change in minority interests								3.0	3.0
Other changes			-355.6			355.6			
Equity at 31 Dec 2006	**70.9**	**181.0**	**6.9**	**17.6**		**1 029.3**	**1 305.7**	**17.0**	**1 322.7**
Equity at 1 Jan 2007	**70.9**	**181.0**	**6.9**	**17.6**		**1 029.3**	**1 305.7**	**17.0**	**1 322.7**
Change in translation differences				-6.2			-6.2	0.3	-5.9
Other items						-0.7	-0.7		-0.7
Items recognised directly in equity, total				-6.2		-0.7	-6.9	0.3	-6.6
Result for the period						242.8	242.8	3.2	246.1
Total recognised income and expenses				**-6.2**		**242.1**	**235.9**	**3.5**	**239.4**
Unregistered usage of share options	0.1	2.4					2.6		2.6
Conversion of capital notes	0.0	1.7					1.7		1.7
Acquisition of treasury shares					-51.6		-51.6		-51.6
Usage of share options	0.1	2.5					2.6		2.6
Expense recognition of options granted						5.5	5.5		5.5
Dividends paid						-156.7	-156.7	-2.1	-158.8
Change in minority interests								0.0	0.0
Other changes			-6.9			6.9			
Equity at 31 Dec 2007	**71.3**	**187.6**	**0.1**	**11.4**	**-51.6**	**1 127.1**	**1 345.9**	**18.3**	**1 364.2**

Consolidated cash flow statement

EUR million	1.1–31.12.2007	1.1–31.12.2006
OPERATIONS		
Result for the period	**246.1**	208.4
Adjustments		
Income taxes	**74.4**	68.0
Financial expenses	**44.9**	37.0
Financial income	**-9.2**	-12.5
Share in result of associated companies	**-12.4**	-8.4
Depreciation and impairment losses	**149.7**	135.8
Profit on sales of non-current assets	**-41.3**	-8.2
Other adjustments	**-44.6**	-53.6
Change in working capital		
Change in trade and other receivables	**-38.6**	-27.9
Change in inventories	**-19.0**	2.3
Change in trade and other payables and provisions	**11.9**	30.5
Interest paid	**-38.2**	-34.9
Other financial items	**-1.8**	1.3
Taxes paid	**-93.8**	-77.9
CASH FLOW FROM OPERATIONS	**227.9**	259.9
INVESTMENTS		
Acquisition of tangible and intangible assets	**-88.6**	-81.2
Operations acquired	**-49.1**	-88.5
Associated companies acquired	**-0.6**	-2.5
Acquisition of other holdings	**-0.1**	-0.2
Sales of tangible and intangible assets	**23.8**	11.9
Operations sold	**83.7**	11.5
Associated companies sold	**0.3**	0.3
Sales of other companies	**0.9**	11.9
Loans granted	**-4.4**	-9.5
Repayments of loan receivables	**3.9**	3.4
Sales of short-term investments	**0.0**	0.5
Interest received	**5.5**	4.8
Dividends received	**7.6**	4.6
CASH FLOW FROM INVESTMENTS	**-17.2**	-132.9
CASH FLOW BEFORE FINANCING	**210.7**	127.0
FINANCING		
Proceeds from share subscriptions	**5.2**	2.8
Minority capital investment/repayment of equity	**-0.1**	0.2
Acquistion of treasury shares	**-51.0**	
Change in loans with short maturity	**101.5**	7.1
Drawings of other loans	**295.5**	328.3
Repayments of other loans	**-403.1**	-329.1
Payment of finance lease liabilities	**-2.5**	-2.2
Dividends paid	**-158.8**	-142.7
Donations/other profit sharing	**-0.4**	-0.4
CASH FLOW FROM FINANCING	**-213.7**	-136.0
Change in cash and cash equivalents according to cash flow statement	**-3.0**	-8.9
Effect of exchange rate differences on cash and cash equivalents	**-1.7**	1.1
Net increase(+)/decrease(-) in cash and cash equivalents	**-4.7**	-7.8
Cash and cash equivalents at 1 Jan	**77.1**	84.9
Cash and cash equivalents at 31 Dec	**72.4**	77.1

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

Notes to the consolidated financial statements

1. ACCOUNTING POLICIES

Corporate information

The SanomaWSOY Group's Parent Company, SanomaWSOY Corporation, is a Finnish public limited liability company domiciled in Helsinki. The address of the Parent Company's registered office is Ludviginkatu 6–8, FI-00130 Helsinki. Copies of the consolidated financial statements are available on the Group's website at www.sanomawsoy.com or from the Parent Company's head office. SanomaWSOY comprises the following five divisions: Sanoma Magazines, Sanoma, SanomaWSOY Education and Books, SWelcom and Rautakirja. SanomaWSOY Corporation was created by a combination merger on 1 May 1999.

Overview

SanomaWSOY has prepared its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) while adhering to related standards, effective at 31 December 2007, and interpretations. IFRS refers to the approved standards and their interpretations applicable within the EU under the Finnish Accounting Act and its regulations in accordance with European Union Regulation No. 1606/2002. The SanomaWSOY Group began to apply IFRS to its financial reporting as of 1 January 2005. Notes to the consolidated financial statements are accordant with Finnish Accounting Standards and company law as well.

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

Prepared in accordance with the Finnish Accounting Standards (FAS), the Parent Company's financial statements are shown after the consolidated financial statements.

On 7 February 2008, SanomaWSOY's Board of Directors approved these financial statements to be disclosed.

New and amended standards

SanomaWSOY has applied the following amended standards and interpretations from 1 January 2007 onwards:

- IFRS 7 Financial Instruments: Disclosures. This standard has increased the amount of disclosures of financial statements.
- IAS 1 (amendment) Presentation of Financial Statements – capital presented in financial statements. This amendment has increased the amount of disclosures of financial statements.

The following standards and interpretations had no effect on SanomaWSOY's consolidated financial statements.

- IFRIC 8 Scope of IFRS 2
- IFRIC 9 Reassessment of Embedded Derivatives
- IFRIC 10 Interim Financial Reporting and Impairment

Management judgement in applying the most significant accounting policies and other key sources of estimation uncertainty

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

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

Consolidation principles

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

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

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

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

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

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

Profit for the period attributable to equity holders of the Parent Company and to minority interest is presented in the income statement and equity attributable to minority interest is presented as a separate item in the balance sheet within equity.

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

Foreign currency transactions

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

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

The income statements of foreign subsidiaries have been translated into euro using average exchange rates quoted for the financial period and the balance sheets using the exchange rate quoted on the balance sheet date. Any resulting exchange rate difference is recognised as a translation difference under shareholders' equity.

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

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

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

Inflation accounting does not play any major role for the SanomaWSOY Group.

Segment reporting

The business segments are SanomaWSOY's primary segments; geographical areas are secondary segments. Risks and returns related to products and services in one business segment are different from those of other business segments. In a similar manner, the risks and returns of a geographical segment within an economic environment differ from a segment in other economic environments. Segment reporting is based on management control and internal reporting systems.

Segment reporting is described in more detail in Note 2.

Government grants

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

The nature and extent of government grants are not significant within the SanomaWSOY Group.

Goodwill and other intangible assets

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

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

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

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

The Group has not capitalised any internally generated intangible assets as the Group's development activities do not meet the criteria set for recognising internally generated intangible assets.

The Group recognises the purchase of broadcasting rights to films and TV programmes in intangible assets and their expenditure is recorded as amortisation.

Amortisation periods for intangible assets with finite useful lives are:

• Immaterial rights	3–40 years
• Other intangible assets	3–20 years

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

Impairment testing

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

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

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

Impairment testing is described in more detail in Note 12.

Property, plant and equipment

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

• Buildings and structures	8–50 years
• Machinery and equipment	2–20 years
• Other tangible assets	3–10 years

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

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

Investment property

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

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

Other investments in property and housing companies

Investments in property and housing companies, which are, for the most part, held by SanomaWSOY for its own use, are classified as land or buildings, depending on which has more relevance. Investments in shares are not subject to depreciation. Properties are measured at cost. Major mutual property companies are consolidated using the proportionate consolidation method.

Finance leases

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

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

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

Inventories

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

Financial instruments

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

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

Available-for-sale financial assets are non-derivative assets that are either determined to be available-for-sale or for which other classification is not applicable. These assets are included in non-current assets unless the intention is to hold the investment for less than 12 months from the balance sheet date. All non-current investments held by the Group are classified as available-for-sale and mainly consist of a number of assets not related to business operations. These investments are measured at fair value and any change in fair value is recognised in shareholders' equity if the fair value can be reliably measured. When investments are sold, any change in fair value is derecognised from shareholders' equity and recognised in the income statement. Available-for-sale financial assets do not contain publicly traded investments, and the fair value of these investments cannot be reliably measured. These assets are thus carried at cost and investments do not have any material effect on the consolidated balance sheet.

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

Derivatives and hedge accounting

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

The SanomaWSOY Group does not apply hedge accounting according to the requirements of IAS 39. A more detailed description of the Group's financial risk management principles can be found in Note 26.

Cash and cash equivalents

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

Income taxes

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

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

Provisions

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

Stock options

The SanomaWSOY Group has three stock option schemes in place: the Warrant Scheme 2001, Stock Option Scheme 2004 and Stock Option Scheme 2007.

The Group has applied IFRS 2 as of 1 January 2004. Stock options are measured at fair value on the grant date and charged to personnel expenses by division over the instrument's vesting period. SanomaWSOY uses the Black–Scholes option-pricing model to measure stock option fair values. The fair values are based on the estimated total number of stock options outstanding at the end of respective vesting period. The estimate is adjusted when necessary and the final number of outstanding stock options is taken into account when recording the actual expense at the end of the vesting period.

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

Revenue recognition

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

Research and development expenses

R&D expenses are expensed as incurred.

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

The Group mainly applies a maximum of two-year lead times to its development projects. For instance, a new magazine's launch expenses are only included in development expenses for the first two years.

Pensions

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

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

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

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

New standards and amendments under IFRS

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

- IAS 1 (Revised 2007) Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009). The Group estimates that application of this revised standard will mainly impact on the presentation of income statement and changes in consolidated equity. EU has not yet adopted this revised standard.
- IAS 23 (Revised 2007) Borrowing Costs (effective for annual periods beginning on or after 1 January 2009). The Group estimates that application of this revised standard has no impact on the consolidated financial statements. EU has not yet adopted this revised standard.
- IFRS 8 Operating Segments (effective for annual periods beginning on or after 1 January 2009). The Group estimates that application of this standard will mainly impact on the notes of the consolidated financial statements and on the basis of the preliminary estimation standard does not have an impact on the segment reporting. The standard has been adopted in EU.
- IFRIC 11 IFRS 2 – Group and Treasury Share Transactions (effective for annual periods beginning on or after 1 March 2007). The Group estimates that the new amendment has no impact on the consolidated financial statements. EU has not yet adopted this interpretation.
- IFRIC 13, Customer Loyalty Programmes (effective for annual periods beginning on or after 1 July 2008). The Group estimates that the new amendment has no impact on the consolidated financial statements. EU has not yet adopted this interpretation.
- IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2008). The Group estimates that the new amendment has no impact on the consolidated financial statements. EU has not yet adopted this interpretation.

2. SEGMENT INFORMATION

Business segments

Primary segments of the SanomaWSOY Group are business segments. The business segments comprise the Group's five divisions: Sanoma Magazines, Sanoma, SanomaWSOY Education and Books, SWelcom and Rautakirja.

Sanoma Magazines

Sanoma Magazines is one of Europe's largest consumer magazine publishers, operating in 13 countries. The majority of the Division's 309 magazines comprise concepts and titles of its own, but the portfolio also includes licensed, well-known international titles. In addition to publishing its strong portfolio of magazine brands for various reader communities, Sanoma Magazines is expanding its business to other media platforms, with a strong focus on interactivity. Division's digital know-how is especially strong in the Netherlands and Hungary.

Sanoma

Sanoma is Finland's leading newspaper publisher. In addition to Helsingin Sanomat, the largest daily in the Nordic region, the Division publishes national and regional daily newspapers and free sheets. Sanoma also invests in digital business, which includes Finland's leading classified advertising service, among others. In addition, Sanoma provides its corporate customers with business information, photo agency, news analysis and summary as well as printing services.

SanomaWSOY Education and Books

SanomaWSOY Education and Books is a significant European educational publisher with operations in the Netherlands, Finland, Hungary, Belgium and Poland. The Division is also Finland's leading book publisher and the market leader in general literature and several special publications. In the Nordic countries, SanomaWSOY Education and Books publishes non-fiction and multi-volume books. In addition, the Division offers business information and services.

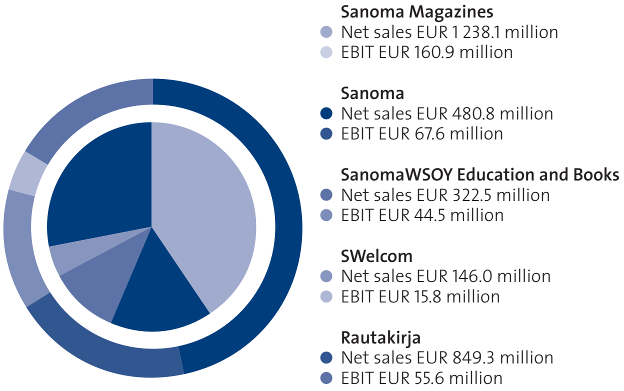
SWelcom

SWelcom is engaged in the field of electronic media. Its television channel Nelonen is Finland's third largest medium in terms of advertising sales. Nelonen Media also comprises the commercial TV channels JIM and Urheilukanava, pay TV channels KinoTV and Urheilu+kanava as well as two radio channels. Welho is the country's largest cable TV company and a major provider of broadband services. In addition, SWelcom develops advanced online services for consumers.

Rautakirja

As a trade and service company, Rautakirja's personnel interact with consumers in over 200 million direct customer transactions each year across seven countries. Rautakirja is the market leader in kiosk operations, press distribution and movie theatres in Finland and the Baltic countries. It also leads the Finnish and Estonian markets for bookstores and the Dutch market for press distribution. In addition, Rautakirja has kiosk and press distribution business in Russian and press distribution in Romanian markets.

Net sales and operating profit by division



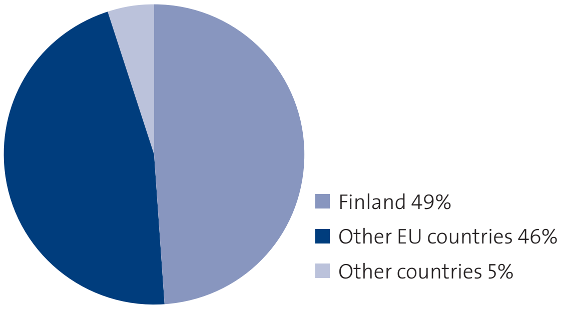
Unallocated/eliminations

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

Geographical segments

The SanomaWSOY Group's geographical segments are reported as secondary segments and comprise Finland, other EU countries and other countries. Segment income is stated by customer location, and assets and investments by location of the assets. Investments in subsidiaries are not allocated to geographical segments. Goodwill is allocated according to location of the target entity.

Net sales by geographical area



Divisions 2007, EUR million	Sanoma Magazines	Sanoma	SanomaWSOY Education and Books	SWelcom	Rautakirja	Unallocated/ eliminations	Consolidated
External net sales	1 235.4	473.4	304.5	142.5	771.3	-0.7	2 926.3
Internal net sales	2.7	7.4	18.0	3.5	78.0	-109.6	
Depreciation and impairment losses	34.2	31.3	10.4	39.5	33.4	0.9	149.7
Operating profit	160.9	67.6	44.5	15.8	55.6	-0.7	343.8
Share in result of associated companies	8.4	0.4	0.1	0.1	3.5	-0.1	12.4
Capital expenditure	20.6	17.7	7.7	14.8	28.4	1.3	90.5
Goodwill	1 054.6	65.1	204.2	24.1	70.8	13.9	1 432.8
Interest in associated companies	67.0	2.2	0.3	0.9	5.7	-1.1	75.2
Total assets	1 906.6	443.8	566.5	157.2	556.3	-438.2	3 192.3
Liabilities	872.6	194.9	237.6	86.5	373.4	63.1	1 828.1
Cash flow from operations	96.6	92.8	22.8	20.8	46.5	-51.6	227.9
Cash flow from investments	19.5	61.3	33.1	-10.6	3.8	-124.3	-17.2
Cash flow from financing	-107.7	-151.8	-115.3	-8.5	-58.7	228.3	-213.7
Average number of employees (full-time equivalents)	5 169	2 411	2 345	457	6 234	86	16 701

Divisions 2006, EUR million	Sanoma Magazines	Sanoma	SanomaWSOY Education and Books	SWelcom	Rautakirja	Unallocated/ eliminations	Consolidated
External net sales	1 152.8	451.3	291.4	128.2	721.1	-2.6	2 742.1
Internal net sales	3.1	5.8	17.8	3.6	78.8	-109.3	
Depreciation and impairment losses	30.8	28.6	8.8	36.9	30.3	0.3	135.8
Operating profit	128.8	62.7	48.0	12.5	54.7	-14.1	292.5
Share in result of associated companies	9.1	0.3	0.1	0.0	-1.0		8.4
Capital expenditure	16.5	16.5	8.9	15.2	23.1	1.7	81.9
Goodwill	1 048.7	54.4	194.2	17.8	63.6	13.9	1 392.7
Interest in associated companies	62.6	2.5	0.2	0.5	2.4	0.0	68.2
Total assets	1 877.7	525.2	590.0	142.6	573.7	-577.0	3 132.2
Liabilities	940.9	195.2	278.8	76.2	369.1	-50.7	1 809.5
Cash flow from operations	99.7	82.5	37.6	22.3	63.5	-45.7	259.9
Cash flow from investments	-287.2	-79.6	-81.8	-18.1	-54.1	388.0	-132.9
Cash flow from financing	105.5	-6.4	52.5	-4.8	-6.1	-276.6	-136.0
Average number of employees (full-time equivalents)	4 848	2 378	2 106	398	5 932	70	15 732

Geographical segments 2007, EUR million	Finland	Other EU countries	Other countries	Eliminations	Consolidated
Net sales	1 430.4	1 343.8	152.2	0.0	2 926.3
Total assets	1 614.1	2 295.8	146.3	-864.0	3 192.3
Capital expenditure	58.9	28.4	3.2	0.0	90.5

Geographical segments 2006, EUR million	Finland	Other EU countries	Other countries	Eliminations	Consolidated
Net sales	1 349.9	1 259.6	132.5	0.0	2 742.1
Total assets	1 686.4	2 245.0	206.4	-1 005.7	3 132.2
Capital expenditure	62.4	18.3	1.3	0.0	81.9

3. ACQUISITIONS AND DISPOSALS

Specification of assets and liabilities acquired at 31 Dec, EUR million	2007	2006
Tangible assets	**1.2**	13.3
Intangible assets	**22.4**	48.1
Other non-current assets	**-2.0**	1.5
Inventories	**2.3**	8.0
Other current assets	**20.7**	28.9
Assets, total	**44.6**	99.8
Non-current liabilities	**-6.9**	-31.1
Current liabilities	**-13.8**	-24.3
Liabilities, total	**-20.6**	-55.4
Minority interest	**0.4**	-2.7
Exchange rate differences and other changes	**1.1**	-5.5
New goodwill from acquisitions	**42.0**	66.0
Acquisition cost	**67.5**	102.3
Change in acquisition liabilities and advance payments	**-10.4**	-0.4
Cash and cash equivalents of operations acquired	**-8.0**	-13.3
Cash flow from operations acquired	**49.1**	88.5

Acquisitions in 2007

In 2007, SanomaWSOY's acquisitions totalled EUR 67.5 million (2006: EUR 102.3 million). The acquisitions during the year were small considering the size of the Group, and the impact of each individual acquisition on the Group assets and liabilities was minor. The acquisition cost of each individual acquisition remained under one per cent of the Group's total balance sheet. The amortisation period of intangible assets recorded on the acquisitions is 3–10 years. The combined effect of the acquisitions since the acquisition date on the Group's net sales amounted to EUR 28.3 million (2006: EUR 74.1 million) and on operating profit EUR 0.3 million (2006: EUR 6.5 million), which includes the amortisation related to the acquisitions. If the acquired entities had been consolidated with the Group's figures from the beginning of the year, the impact on net sales or on operating profit would not have been materially higher than mentioned above.

In February, Rautakirja's press distribution business acquired 100% of Printcenter Oy, which specialises in point-of-sale marketing services and products. The net sales of Printcenter group totalled EUR 12.6 million in 2007, of which EUR 11.2 million was consolidated with Rautakirja after the acquisition. At the time of the acquisition, Printcenter group employed 213 people. The most significant assets and liabilities recorded at the acquisition were contract-based intangible assets, goodwill and deferred tax liabilities. Goodwill is based on the estimated synergies in the logistics and merchandising services of press distribution in Finland.

In March, AAC Global, part of the SanomaWSOY Education and Books division, acquired 100% of Translation Service Noodi Oy. Noodi is a Finnish technical communications service company providing translations, localisation, documentation and corporate communications. After the acquisition, AAC Global transferred all translation and localisation-related businesses in Finland to the acquired company, which operates under the name of AAC Noodi Oy. At the time of the acquisition, Noodi employed 42 people. The company's net sales in 2007 amounted to EUR 9.3 million, of which EUR 8.5 million was consolidated with SanomaWSOY Education and Books after the acquisition. The most significant assets recorded at the acquisition were goodwill. Goodwill represents the capabilities of a well-trained workforce as well as considerable synergies within the sales and marketing operations of language services.

Ilse media, part of the Sanoma Magazines division, acquired 100% of Rosetta Holding B.V. in May. Rosetta manages SchoolBANK.nl, a popular meeting place for former schoolmates in the Netherlands. Apart from SchoolBANK.nl, Rosetta manages the websites DienstMAKKERS.nl and WorkMATES.nl. At the time of the acquisition, Rosetta employed 11 people. The company's net sales in 2007 totalled EUR 4.2 million, of which EUR 2.4 million was consolidated to Sanoma Magazines after the acquisition. The most significant assets and liabilities recorded on the acquisition were intangible assets, goodwill and deferred tax liabilities. Goodwill represents estimated synergies within the sales and marketing of ilse media's online operations.

In August, SWelcom acquired 100% of SportUp Finland Oy. SportUp Finland Oy (currently SWTV Sport Oy) owns 49.9% of the shares of Suomen Urheilutelevisio Oy, of which SWelcom already owned 17.55%. Suomen Urheilutelevisio practises commercial TV business under the names of Urheilukanava and Urheilu+kanava. The channels are national channels focusing on sports. The companies employed 18 people at the time of the acquisition. The combined sales of the acquired companies totalled EUR 8.0 million in 2007, of which EUR 4.4 million was consolidated with SWelcom in August–December. The most significant assets and liabilities recorded on the acquisition were customer-based intangible assets, trademarks, goodwill and deferred tax liabilities. Goodwill represents estimated synergies within the purchase of broadcasting rights, advertising sales, cross promotion and infrastructure of SWelcom's TV operations.

The Ilta-Sanomat business unit, part of the Sanoma division, increased its share holding in Estonian Auto24 to 85% in December. Auto24.ee is the leading market place for used and new cars in Estonia. The company employs 14 people. Net sales of the company amounted to EUR 2.0 million in 2007, of which EUR 0.0 million was consolidated to Sanoma after the acquisition. The most significant assets recorded on the acquisition were technology-based intangible assets, trademark and goodwill. Goodwill is related to expanding the operations to new markets as well as estimated synergies in marketing, call centre operations and other back office functions, among others.

Other acquisitions in 2007 comprised the purchase of the remaining minority of Láng Kiadó és Holding Zrt (acquired in 2006) and smaller acquisitions of Belegger.nl B.V. (the Netherlands), Jok Foe N.V. (Belgium), Websitemaster a.s. (the Czech Republic) and Älypää Oy (Finland), among others.

Acquisitions in 2006

In 2006, SanomaWSOY's acquisitions totalled EUR 102.3 million. The acquisitions during the year were small considering the size of the Group, and the impact of each acquisition on the Group assets and liabilities was minor. The acquisition cost of each individual acquisition remained under one per cent of the Group's total balance sheet. The amortisation period of intangible assets recorded on the acquisitions is 3–40 years. The combined effect of the acquisitions on the Group's net sales amounted to EUR 74.1 million and on operating profit EUR 6.5 million (including amortisation related to the acquisitions).

In March 2006, WSOY acquired a 51% shareholding in AAC Global. At the same time, WSOY agreed to buy the remaining 49% in 2009. AAC Global provides services ranging from language training and translation services to terminology management by company and industry. AAC Global's net sales in 2006 amounted to EUR 14.6 million, of which EUR 12.5 million was consolidated to SanomaWSOY Education and Books after the acquisition. AAC Global employed some 160 people at the end of 2006. The most significant assets recorded on the acquisition were technology-based intangible assets as well as goodwill. Goodwill represents estimated synergies in the WSOYpro business unit, which focuses on business information and services.

SanomaWSOY Education expanded its operations to Hungary by acquiring a 75% - 1 share of the leading Hungarian educational group Láng Kiadó és Holding Zrt (Láng). The group consists of two operational companies: 70.35% of Nemzeti Tankövnykiadó Rt. (NTK), the leading educational publisher in Hungary, and 100% of Perfekt Zrt., one of the leading vocational training companies in Hungary. The companies employed 265 people at the end of 2006. The acquisition was finalised in June. In 2006 full-year net sales of the acquired operations totalled EUR 27.2 million. The share consolidated to SanomaWSOY Education and Books starting from the acquisition amounted to EUR 21.3 million. The most significant assets and liabilities recorded on the acquisition consisted of intangible assets, goodwill and deferred tax liabilities. Goodwill is related to expanding the operations into new markets as well as anticipated synergies within educational publishing.

In July 2006, ilse media, part of Sanoma Magazines, acquired 100% of the Dutch comparison website Kieskeurig.nl. Kieskeurig guides consumers to the best products and the most economical places to buy them. The company generated net sales of EUR 3.5 million in 2006. Of this, the July–December share consolidated to Sanoma Magazines amounted to EUR 1.8 million. The company employed 27 people at the end of 2006. The most significant assets and liabilities recorded on the acquisition were intangible assets, goodwill and deferred tax liabilities. Goodwill represents estimated synergies within online operations of Sanoma Magazines Netherlands.

Sanoma Kaupunkilehdet, part of the Sanoma division, acquired the Finnish operations of the Metro free sheet (Metro Finland). Metro Finland was consolidated to Sanoma as of 1 September 2006. Metro Finland is distributed around Southern Finland and is the fifth most read printed news media in Finland. The September–December net sales consolidated to Sanoma totalled EUR 2.2 million. Metro Finland had 32 employees on average in 2006. The most significant assets recorded on the acquisition were contract-based intangible assets and goodwill. Goodwill represents estimated synergies within the Sanoma Kaupunkilehdet business unit.

Uitgevers Maatschappij, part of Sanoma Magazines, acquired 100% of the Belgian magazine publisher EPN International as of 1 September 2006. EPN International is Belgium's leading niche publisher in the home decoration segment and market leader in the green and hobby segment. The net sales of the company amounted to EUR 13.0 million in 2006. The September–December net sales consolidated to Sanoma Magazines totalled EUR 4.4 million. The company employed 43 people at the end of 2006. The most significant assets and liabilities recorded on the acquisition comprised publishing rights, goodwill and deferred tax liabilities. Goodwill represents estimated synergies within magazine operations in Belgium.

Other acquisitions during the year comprised Wegener Golf, Sandrew Metronome Finland, Aromedia Educatief and LDC Publicaties, among others.

Disposals

The most significant operations divested in 2007 were Dutch puzzle magazines and multipurpose arena in Hamburg. Minor disposals were carried out in 2006. The combined effect of the disposals on the balance sheet is presented below.

Specification of disposed assets and liabilities, EUR million	2007	2006
Non-current assets	**69.2**	1.4
Inventories	**0.8**	0.1
Other current assets	**16.1**	0.1
Assets, total	**86.0**	1.5
Non-current liabilities	**-4.9**	0.0
Current liabilities	**-6.8**	-0.1
Liabilities, total	**-11.6**	-0.1
Minority interest and accumulated translation differences	**0.1**	0.0
Net result from sales of operations	**22.0**	0.1
Sales price	**96.5**	1.5
Change in receivables from sales and advance payments	**-0.4**	10.0
Cash and cash equivalents of disposals	**-12.4**	0.0
Cash flow from disposals	**83.7**	11.5

4. OTHER OPERATING INCOME

Other operating income, EUR million	2007	2006
Capital gains	**43.2**	9.2
Rental income from investment property	**0.6**	0.8
Other rental income	**12.9**	12.3
Other	**38.5**	34.9
Total	**95.2**	57.2

Major capital gains are related to the sale of non-core assets. In addition to those, capital gains include ordinary sales of fixed assets.

5. PERSONNEL EXPENSES

Personnel expenses, EUR million	2007	2006
Wages, salaries and fees	**527.5**	477.4
Expense recognition of granted options	**5.5**	5.4
Pension costs, defined contribution plans	**47.4**	46.5
Pension costs, defined benefit plans	**5.5**	12.1
Other social expenses	**60.6**	54.1
Total	**646.5**	595.5

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

Employee benefits

The SanomaWSOY Group has various schemes for personnel's pension cover. Pension schemes are arranged in accordance with local requirements and legislation. In Finland the statutory pension cover is handled both through Finnish TEL system and pension funds. In addition, some voluntary pension cover has been arranged through pension funds or insurance companies. Pension schemes are described in more detail in accounting policies (Note 1).

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

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

Reconciliation of defined benefit plans

Net defined benefit pension obligations in the balance sheet, EUR million	2007	2006
Present value of funded obligations	**373.0**	351.1
Fair value of plan assets	**-385.5**	-375.8
Deficit(+)/surplus(-) in the plan	**-12.5**	-24.6
Unrecognised actuarial gains(+) and losses(-)	**41.5**	66.9
Unrecognised past service cost	**-2.4**	-2.6
Total	**26.6**	39.7

Pension obligations and pension assets in the balance sheet, EUR million	2007	2006
Pension obligations	**45.2**	57.6
Pension assets	**18.6**	17.9
Net obligation total	**26.6**	39.7

Pension costs recognised in the income statement, EUR million	2007	2006
Current service costs	**10.6**	15.2
Interest cost	**17.7**	17.4
Expected return on plan assets	**-21.7**	-19.3
Actuarial gains(-) and losses(+)	**-3.6**	-2.0
Past service cost	**3.4**	1.4
Effect of curtailments and settlements	**-0.9**	-0.6
Total	**5.5**	12.1

The SanomaWSOY Group's estimated contributions for the defined benefit plans for the year 2008 are EUR 18.3 million.

Actual return on plan assets, EUR million	2007	2006
Expected return on plan assets	**21.7**	19.3
Actuarial gains/losses on plan assets	**-24.5**	-1.5
Total	**-2.8**	17.8

Movements in obligations, EUR million	2007	2006
Obligation at 1 Jan	**351.1**	342.4
Current year service cost	**10.6**	15.2
Interest cost	**17.7**	17.4
Actuarial gains and losses on obligation	**-2.9**	-20.7
Contributions by plan participants	**3.5**	2.7
Past service cost	**3.4**	3.5
Effect of curtailments and settlements	**-0.4**	-0.6
Acquisitions and disposals		0.3
Benefits paid from funds	**-10.0**	-9.0
Obligations at 31 Dec	**373.0**	351.1

Movements in plan assets, EUR million	2007	2006
Fair value of plan assets at 1 Jan	**375.8**	343.5
Expected return on plan assets	**21.7**	19.3
Actuarial gains/losses on plan assets	**-24.5**	-1.5
Contributions to funds by the employer	**17.5**	19.6
Contributions by plan participants	**5.0**	3.5
Acquisitions and disposals		0.1
Benefits paid from funds	**-10.0**	-9.0
Settlements	**0.0**	0.4
Fair value of plan assets at 31 Dec	**385.5**	375.8

Plan assets by major categories, %	2007	2006
Equity instruments	**26.9**	32.8
Bonds and debentures	**58.1**	60.0
Money market instruments	**7.1**	4.7
Properties	**2.7**	1.4
Other items	**5.1**	1.0
Cash	**0.1**	0.0
Total	**100.0**	100.0

Fair value of plan assets include investments in SanomaWSOY shares totalling EUR 19.2 million (2006: EUR 22.3 million). None of the properties, included on the plan assets, are occupied by the Group.

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

Principal actuarial assumptions at 31 Dec	2007	2006
Discount rate, %	**5.0–5.3**	4.5–5.0
Expected return on plan assets, %	**4.0–6.5**	4.0–6.5
Expected future salary increase, %	**3.0–9.0**	2.0–9.0
Expected future pension increases, %	**0.0–2.1**	0.0–2.4
Turnover of personnel, %	**0–20**	0–20
Expected remaining working years of personnel, years	**4–15**	4–24

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

6. OTHER OPERATING EXPENSES

Other operating expenses, EUR million	2007	2006
Losses on sales	**1.9**	1.0
Operating costs of investment property	**0.2**	0.2
Rents	**71.9**	67.6
Advertising and marketing	**207.4**	189.7
Office and IT expenses	**81.2**	76.5
Other	**210.0**	197.2
Total	**572.7**	532.2

Research and development expenditure recorded as expenses amounted to EUR 18.3 million (2006: EUR 11.3 million).

7. FINANCIAL ITEMS

Financial items, EUR million	2007	2006
Dividend income from available-for-sale financial assets	**1.4**	1.4
Interest income from loans and receivables	**5.5**	4.9
Changes in fair values of derivatives, no hedge accounting		0.2
Exchange rate gains	**2.0**	4.1
Other financial income	**0.3**	1.8
Financial income total	**9.2**	12.5
Interest expenses from financial liabilities amortised at cost	**41.4**	32.3
Exchange rate losses	**2.5**	3.3
Other financial losses	**1.0**	1.4
Financial expenses total	**44.9**	37.0
Total	**-35.7**	-24.5

Exchange rate gains and losses included in operating profit, EUR million	2007	2006
Net sales	**-0.3**	-0.1
Other operating income	**-0.1**	0.0
Expenses	**0.4**	0.1
Total	**-0.1**	0.0

8. INCOME TAXES AND DEFERRED TAXES

Income taxes, EUR million	2007	2006
Income taxes on operational income	**68.1**	64.9
Income taxes from previous periods	**-2.0**	0.8
Change in deferred tax due to change in tax rate	**0.1**	0.0
Other change in deferred tax	**8.2**	2.3
Tax expense in the income statement	**74.4**	68.0

Income tax reconciliation against local tax rates, EUR million	2007	2006
Tax calculated at (Finnish) statutory rate	**83.3**	71.8
Effect of different tax rates in the operating countries	**-0.6**	2.5
Tax based on tax rate in each operating country	**82.7**	74.4
Non-taxable income	**-9.8**	-8.2
Non-deductible depreciation and impairment losses	**0.8**	0.0
Other non-deductible expenses	**5.0**	6.0
Deductible depreciation	**-0.6**	-0.9
Utilisation of previously unrecognised tax losses	**-1.9**	-1.6
Tax relating to previous accounting periods	**-2.0**	0.8
Change in deferred tax due to change in tax rate	**0.1**	0.0
Other items	**0.2**	-2.6
Income taxes in the income statement	**74.4**	68.0

Deferred tax receivables and liabilities 2007, EUR million	At 1 Jan	Recorded in the income statement	Operations acquired/sold	Change in tax rate	Translation and other items	At 31 Dec
Deferred tax receivables						
Internal margin in inventories	1.7	0.0				**1.7**
Provisions	1.6	0.4				**2.0**
Tax losses carried forward	19.9	-7.9				**12.0**
Impairment losses on tangible non-current assets	1.9	-0.2				**1.7**
Pension obligations, defined benefit plans	14.9	-2.5			0.0	**12.4**
Other items	5.2	7.4	0.0		0.1	**12.7**
Total	45.2	-2.8	0.0		0.1	**42.4**
Deferred tax liabilities						
Fair value adjustments in acquisitions	47.1	-3.2	3.4	0.1	-1.2	**46.1**
Depreciation difference and other untaxed reserves	32.9	0.5			0.1	**33.6**
Equity component of convertible capital note	0.0	0.0				
Pension assets, defined benefit plans	4.7	0.2			0.0	**4.9**
Other items	11.5	7.9			0.0	**19.4**
Total	96.2	5.4	3.4	0.1	-1.0	**103.9**

Deferred tax receivables and liabilities 2006, EUR million	At 1 Jan	Recorded in the income statement	Operations acquired/sold	Change in tax rate	Translation and other items	At 31 Dec
Deferred tax receivables						
Internal margin in inventories	1.8	0.0				1.7
Provisions	1.6	0.0			0.0	1.6
Tax losses carried forward	24.6	-4.3	0.2	-0.7	0.0	19.9
Impairment losses on tangible non-current assets	2.1	-0.2				1.9
Pension obligations, defined benefit plans	19.1	-1.9	0.0	-1.1	-1.2	14.9
Other items	4.5	0.1	0.3	0.0	0.3	5.2
Total	53.8	-6.4	0.6	-1.8	-0.9	45.2
Deferred tax liabilities						
Fair value adjustments in acquisitions	39.0	-2.2	12.3	-2.1	0.1	47.1
Depreciation difference and other untaxed reserves	32.2	1.2	0.0	0.0	-0.4	32.9
Equity component of convertible capital note	2.1	-2.1				0.0
Derivative contracts recognised at fair value	0.0	0.0				
Pension assets, defined benefit plans	4.3	0.3				4.7
Other items	12.8	-1.3	0.1	0.3	-0.4	11.5
Total	90.4	-4.1	12.4	-1.8	-0.7	96.2

Due to unlikely use of tax benefits in the coming years, deferred tax receivables of EUR 9.9 million (2006: EUR 2.0 million) have not been recorded in the consolidated balance sheet based on management's judgement. These unrecognised receivables relate mainly to tax losses carried forward of subsidiaries.

Deferred tax liability of EUR 2.6 million (2006: EUR 3.0 million) on undistributed retained earnings of subsidiaries has not been recognised in consolidated figures as such distribution is not probable within foreseeable future. These unrecognised deferred tax liabilities are related to earnings, for which tax payment would be realised when distributing dividends.

9. EARNINGS PER SHARE

Earnings per share	2007	2006
Result attributable to the equity holders of the Parent Company, EUR million	**242.8**	209.5
Weighted average number of shares, thousands	**164 827**	159 155
Earnings per share, EUR	**1.47**	1.32

Diluted earnings per share is calculated by adjusting the average number of shares so that option schemes and in 2006 the convertible capital note are taken into account. Options have a diluted effect when the exercise price is lower than the market value of the share. The diluting effect is the number of gratuitous shares, because the received funds from the exercised options do not cover the issue of new shares at their fair values. The fair value of the share is determined as the average market price of the shares during the period. The conversion of the convertible capital note is considered exercised at the beginning of the period and the result for the period of 2006 is adjusted by the interest expenses of the capital note, net of tax.

Diluted earnings per share	2007	2006
Result attributable to the equity holders of the Parent Company, EUR million	**242.8**	209.5
Interest expenses of the capital note, net of tax, EUR million		0.1
Profit used to determine diluted earnings per share, EUR million	**242.8**	209.6
Weighted average number of shares, thousands	**164 827**	159 155
Effect of options, thousands	**1 036**	1 111
Effect of capital note, thousands		151
Diluted average number of shares, thousands	**165 863**	160 417
Diluted earnings per share, EUR	**1.46**	1.31

10. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment 2007, EUR million	**Land and water**	**Buildings and structures**	**Machinery and equipment**	**Other tangible assets**	**Advance payments**	**Total**
Acquisition cost at 1 Jan 2007	40.2	432.8	564.3	83.8	2.3	1 123.4
Increases	0.2	9.1	31.2	13.1	9.9	63.4
Acquisition of operations		0.5	1.6	0.1	0.0	2.2
Decreases	0.0	-2.9	-34.5	-2.2	0.0	-39.6
Disposal of operations	-0.1	-74.4	-16.3	-0.2	0.0	-91.0
Reclassifications	-0.3	-2.2	6.2	4.6	-6.4	1.8
Exchange rate differences	0.0	0.1	-0.2	-0.1	0.0	-0.2
Acquisition cost at 31 Dec 2007	39.9	363.0	552.2	99.2	5.8	1 060.0
Accumulated depreciation and impairment losses at 1 Jan 2007		-114.2	-389.9	-46.9		-551.0
Decreases, disposals and acquisitions		16.3	40.0	2.1		58.4
Depreciation for the period		-14.6	-42.8	-8.2		-65.7
Impairment losses for the period		-0.2	-0.1	0.0		-0.3
Reclassifications		-0.2	0.2	-3.0		-2.9
Exchange rate differences	0.0	0.0	0.2	0.0	0.0	0.2
Accumulated depreciation and impairment losses at 31 Dec 2007	0.0	-112.8	-392.4	-56.0	0.0	-561.3
Carrying amount at 31 Dec 2007	**39.9**	**250.1**	**159.8**	**43.1**	**5.8**	**498.7**

Property, plant and equipment 2006, EUR million	**Land and water**	**Buildings and structures**	**Machinery and equipment**	**Other tangible assets**	**Advance payments**	**Total**
Acquisition cost at 1 Jan 2006	40.1	411.4	555.6	69.4	3.4	1 079.9
Increases	0.3	8.9	36.5	11.0	2.9	59.4
Acquisition of operations	0.0	15.9	5.3	4.0	0.0	25.3
Decreases	-0.2	-1.7	-36.2	-1.2	-0.2	-39.5
Disposal of operations		-2.6	-1.3	-1.1		-5.0
Reclassifications		0.7	3.9	1.8	-3.8	2.6
Exchange rate differences	0.0	0.2	0.4	0.0	0.0	0.6
Acquisition cost at 31 Dec 2006	40.2	432.8	564.2	83.8	2.3	1 123.3
Accumulated depreciation and impairment losses at 1 Jan 2006		-94.8	-379.1	-39.5		-513.4
Decreases, disposals and acquisitions		-3.4	31.1	-0.5		27.2
Depreciation for the period		-14.7	-41.2	-7.0		-62.9
Impairment losses for the period		-0.1	-0.1	0.0		-0.2
Reclassifications		-1.1	-0.3	0.0		-1.4
Exchange rate differences		0.0	-0.3	0.0		-0.3
Accumulated depreciation and impairment losses at 31 Dec 2006		-114.2	-389.9	-46.9		-551.0
Carrying amount at 31 Dec 2006	40.2	318.6	174.3	36.8	2.3	572.3

At the end of the financial period the commitments for acquisitions of tangible assets were EUR 3.1 million (2006: EUR 6.3 million).

Carrying amount of assets leased by finance lease agreements, EUR million	**2007**	2006
Buildings and structures	**30.9**	29.1
Machinery and equipment	**2.2**	2.4
Total	**33.1**	31.5

11. INVESTMENT PROPERTY

Investment property 2007, EUR million	Land and water	Buildings and structures	Total
Acquisition cost at 1 Jan 2007	6.8	9.3	16.0
Decreases	-0.5	-0.3	-0.8
Disposal of operations			
Reclassifications *	0.3		0.3
Acquisition cost at 31 Dec 2007	6.6	8.9	15.6
Accumulated depreciation and impairment losses at 1 Jan 2007		-6.0	-6.0
Decreases			
Depreciation for the period			
Impairment losses for the period			
Accumulated depreciation and impairment losses at 31 Dec 2007		-6.0	-6.0
Carrying amount at 31 Dec 2007	**6.6**	**2.9**	**9.5**
Fair values at 31 Dec 2007	**15.1**	**4.9**	**20.0**

* Reclassifications between investment property and owner-occupied property

Investment property 2006, EUR million	Land and water	Buildings and structures	Total
Acquisition cost at 1 Jan 2006	7.0	11.4	18.4
Decreases	-0.1	-1.1	-1.1
Disposal of operations	-0.2	-1.0	-1.2
Reclassifications			
Acquisition cost at 31 Dec 2006	6.8	9.3	16.0
Accumulated depreciation and impairment losses at 1 Jan 2006		-6.3	-6.3
Decreases		0.3	0.3
Depreciation for the period		0.0	0.0
Impairment losses for the period		-0.1	-0.1
Accumulated depreciation and impairment losses at 31 Dec 2006		-6.0	-6.0
Carrying amount at 31 Dec 2006	6.8	3.2	10.0
Fair values at 31 Dec 2006	30.4	5.1	35.5

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

Operating expenses of investment property, EUR million	2007	2006
Investment property, rental income	**0.1**	0.2
Investment property, no rental income	**0.2**	0.1
Total	**0.3**	0.2

12. INTANGIBLE ASSETS

Intangible assets 2007, EUR million	Goodwill	Immaterial rights	Other intangible assets	Advance payments	Total
Acquisition cost at 1 Jan 2007	1 396.0	696.5	86.4	19.6	2 198.5
Increases		64.2	10.2	4.4	78.8
Acquisition of operations	42.0	22.3	0.0		64.3
Decreases	0.0	-6.0	-12.1	-1.1	-19.2
Disposal of operations	-1.3	-3.0			-4.4
Reclassifications	2.2	3.3	-2.1	-5.9	-2.4
Exchange rate differences	-2.6	-4.0	0.0		-6.7
Acquisition cost at 31 Dec 2007	1 436.3	773.3	82.4	17.0	2 309.0
Accumulated depreciation and impairment losses at 1 Jan 2007	-3.4	-374.0	-60.3	0.0	-437.8
Decreases, disposals and acquisitions		8.0	12.0	1.1	21.2
Depreciation for the period		-72.6	-8.3		-80.9
Impairment losses for the period		-1.3	-1.6	-1.1	-4.0
Reclassifications		0.3	4.2		4.5
Exchange rate differences	-0.1	0.6	0.0		0.5
Accumulated depreciation and impairment losses at 31 Dec 2007	-3.4	-439.1	-54.0	0.0	-496.5
Carrying amount at 31 Dec 2007	**1 432.8**	**334.2**	**28.5**	**16.9**	**1 812.4**

Intangible assets 2006, EUR million	Goodwill	Immaterial rights	Other intangible assets	Advance payments	Total
Acquisition cost at 1 Jan 2006	1 332.5	585.0	81.1	13.6	2 012.2
Increases		69.1	8.9	4.4	82.5
Acquisition of operations	66.0	49.7	1.5		117.2
Decreases	-0.6	-2.4	-5.8		-8.9
Disposal of operations	-1.8				-1.8
Reclassifications		-3.5	0.7	1.6	-1.2
Exchange rate differences	0.0	-1.5	0.0		-1.5
Acquisition cost at 31 Dec 2006	1 396.0	696.5	86.4	19.6	2 198.5
Accumulated depreciation and impairment losses at 1 Jan 2006	-3.2	-308.2	-58.4	0.0	-369.9
Decreases, disposals and acquisitions		-0.7	5.5		4.8
Depreciation for the period		-64.8	-7.5		-72.3
Impairment losses for the period		-0.1	-0.1		-0.3
Reclassifications		-0.2	0.2		0.0
Exchange rate differences	-0.2	0.0	0.0		-0.2
Accumulated depreciation and impairment losses at 31 Dec 2006	-3.4	-374.0	-60.3	0.0	-437.8
Carrying amount at 31 Dec 2006	1 392.7	322.5	26.0	19.5	1 760.8

At the end of the financial period the commitments for acquisitions of intangible assets (film rights included) were EUR 11.3 million (2006: EUR 11.5 million).

Of total intangible assets, the carrying amount of intangible assets with indefinite useful lives is EUR 57.0 million (2006: EUR 57.4 million).

All these assets, mainly publishing rights, are related to the Sanoma Magazines division, and no useful life has been determined. Assets with indefinite useful lives are not amortised according to plan but are subject to annual impairment testing. During the financial year impairment losses for these assets amounted to EUR 0.2 million (2006: EUR 0.1 million).

Goodwill and impairment testing

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

Actual cash flows may differ from the estimated cash flows in case key assumptions vary from the estimates.

Calculations of the value in use cover a five-year period. Cash flow estimates are based on strategic plans in line with current operational structure, which are approved by management, as well as on the assumptions used in the strategic plans on the long-term development of the business environment. Estimates on future growth rates, market positions and profitability levels are the most important key assumptions. Price development of a single cost item has no material impact whereas the estimated development of total costs affects the profitability level, which is one of the key assumptions. Capital expenditure is estimated to be comprised of normal replacements. Foreign exchange rates are based on the euro rates at the time of impairment testing.

The terminal growth rate used in the calculations is based on the management's assessment on long-term growth. The growth rate is estimated by taking into account growth projections by country available at external sources of information as well as the characteristics of each division and cash generating unit. The terminal growth rate used varies from 1% to 5%.

The discount rate applied to the cash flow is based on the Group's weighted average cost of capital, in view of country and business risks.

The discount rate used in impairment testing in 2007 was 7.3% for those cash generating units which mainly operate within the euro zone, and 8.9% for cash generating units which mainly operate outside the euro zone.

Estimates on long-term growth, development of profitability level and discount rate were the key assumptions used in impairment testing of cash generating units with significant carrying amounts of goodwill.

The amount by which the unit's recoverable amount exceeds its carrying amount has been assessed as follows:

- 0–20% exceeds moderately
- 20–50% exceeds clearly
- over 50% exceeds significantly.

Carrying amount in relation to recoverable amount of cash generating units with significant carrying amounts of goodwill 2007	
Sanoma Magazines Netherlands	exceeds clearly
Sanoma Magazines International	exceeds slightly
Educational publishing	exceeds significantly
Sanoma Magazines Belgium	exceeds significantly

As for Sanoma Magazines Netherlands, according to management, a reasonably possible change in a key assumption would not cause the unit's carrying amount to exceed its recoverable amount.

As for Sanoma Magazines International, the most critical key assumption is the development of the profitability level. According to management, the carrying amount exceeds the recoverable amount if the development of profitability remains at approximately 85% of planned profitability. This estimate excludes potential simultaneous changes in other variables.

As for educational publishing, according to management, a reasonably possible change in a key assumption would not cause the unit's carrying amount to exceed its recoverable amount.

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

Goodwill and intangible assets with indefinite useful lives of cash generating units with significant carrying amounts 2007, EUR million	Goodwill	Intangible assets *	Total
Sanoma Magazines Netherlands	744.6	3.8	748.3
Sanoma Magazines International	202.0	50.6	252.6
Educational Publishing	184.3	0.0	184.3
Sanoma Magazines Belgium	107.5	2.6	110.2
Others (9 units)	194.5	0.0	194.5
Total	**1 432.8**	**57.0**	**1 489.8**

* Only intangible assets with indefinite useful lives

13. INTEREST IN ASSOCIATED COMPANIES

Interests in associated companies, EUR million	2007	2006
Carrying amount at 1 Jan	**68.2**	61.0
Share in result	**12.8**	8.4
Dividends	**-6.2**	-3.2
Increases	**0.4**	2.5
Decreases and other changes	**-0.2**	-0.6
Translation differences	**0.1**	0.1
Carrying amount at 31 Dec	**75.2**	68.2

Carrying amount of associated companies includes goodwill of EUR 10.3 million (2006: EUR 10.1 million). No losses in associated companies were recognised in the consolidated figures.

Most significant associated companies 2007, EUR million	Participation of the Group, %	Assets	Liabilities	Net sales	Profit/loss
SANOMA MAGAZINES					
Sanoma Magazines Finland					
Hansaprint * (Printing, Finland)	40.0				
Sanoma Magazines International					
Stratosféra sr.o. (Magazine publishing, the Czech Republic)	30.0	4.1	1.3	12.8	0.9
RAUTAKIRJA					
Jokerit HC ** (Sports activity, Finland)	36.4	42.8	19.2	12.2	-0.9

* Figures for 2007 not available by the date of completing the financial statements of SanomaWSOY
** Figures from financial year 1.5.2006–30.4.2007

Most significant associated companies 2006, EUR million	Participation of the Group, %	Assets	Liabilities	Net sales	Profit/loss
SANOMA MAGAZINES					
Sanoma Magazines Finland					
Hansaprint (Printing, Finland)	40.0	172.5	45.4	227.7	21.9
Sanoma Magazines International					
Stratosféra sr.o. (Magazine publishing, the Czech Republic)	30.0	3.8	1.5	14.3	0.9
RAUTAKIRJA					
Jokerit HC * (Sports activity, Finland)	36.4	43.5	18.9	12.0	-1.1

* Figures from financial year 1.5.2005–30.4.2006

Associated company transactions, EUR million	2007	2006
Sales of goods to associated companies	**0.1**	0.7
Rendering of services to associated companies	**0.7**	0.9
Purchases of goods from associated companies	**28.1**	35.1
Receiving of services from associated companies	**16.1**	17.4
Outstanding receivables and liabilities against associated companies, EUR million	**2007**	2006
Non-current receivables from associated companies	**1.8**	1.8
Current receivables from associated companies	**2.2**	2.2
Non-current liabilities to associated companies	**0.5**	0.8
Current liabilities to associated companies	**1.8**	2.0

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

Other related party transactions with associated companies

In 2007 and 2006, there were no other significant transactions or other related party arrangements with associated companies.

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets, EUR million	2007	2006
Available-for-sale financial assets, non-current	**15.9**	16.4
Available-for-sale financial assets, current	**0.1**	
Total	**16.0**	16.4

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

15. TRADE AND OTHER RECEIVABLES, NON-CURRENT

Trade and other receivables, non-current, EUR million	2007	2006
Loans and receivables		
Trade receivables *	**0.9**	1.1
Loan receivables	**6.3**	8.9
Other receivables	**4.4**	4.2
Accrued income	**7.2**	6.2
Advance payments	**0.5**	0.1
Pension assets **	**18.6**	17.9
Total	**37.9**	38.4
Receivables from associated companies		
Loan receivables	**1.8**	1.8
Advance payments		0.0
Total	**1.8**	1.8

* Trade receivables, see Note 26
** Pension assets, see Note 5

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

16. INVENTORIES

Inventories, EUR million	2007	2006
Materials and supplies	**13.0**	7.6
Work in progress	**35.5**	29.8
Finished products/goods	**120.6**	111.7
Other inventories	**0.5**	0.5
Advance payments	**1.1**	0.6
Total	**170.7**	150.1

EUR 1.5 million (2006: EUR 0.5 million) was recognised as impairments in the financial year. The carrying amount of inventories was written down to reflect its net realisable value.

17. TRADE AND OTHER RECEIVABLES, CURRENT

Trade and other receivables, current, EUR million	2007	2006
Loans and receivables		
Trade receivables *	**292.5**	259.9
Loan receivables	**1.4**	1.5
Other receivables	**44.1**	36.8
Accrued income	**53.8**	49.1
Advance payments	**23.6**	21.9
Total	**415.4**	369.2
Receivables from associated companies		
Trade receivables	**0.9**	1.0
Accrued income	**0.2**	0.1
Loan receivables	**1.1**	1.1
Total	**2.2**	2.2

* Trade receivables, see Note 26

The Group has recognised a total EUR 6.7 million (2006: EUR 8.0 million) credit losses as expenses.

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

Accrued income

Most significant items under accrued income are related to normal business activities and include e.g. agency commissions accruals.

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the balance sheet, EUR million	2007	2006
Cash in hand and at bank	**78.7**	74.5
Deposits	**9.5**	7.0
Total	**88.1**	81.5

Cash and cash equivalents in the cash flow statement, EUR million	2007	2006
Cash and cash equivalents in the balance sheet	**88.1**	81.5
Bank overdrafts	**-15.7**	-4.5
Total	**72.4**	77.1

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

19. EQUITY

Share capital	Number of shares, thousands				EUR million			
	Old A-shares	Current shares *	Treasury shares	Total	Share capital	Premium fund	Treasury shares	Total
At 1 Jan 2006	23 127	133 800		156 928	67.5	93.7		**161.2**
Share issue		2 311		2 311	1.0			**1.0**
Usage of stock-options		192		192	0.1	1.7		**1.8**
Share conversion	-23 127	23 127						
Conversion of capital notes		5 526		5 526	2.4	85.5		**87.9**
At 31 Dec 2006		164 957		164 957	70.9	181.0		**251.9**
Unregistered usage of share options		317		317	0.1	2.4		**2.6**
Usage of stock-options		333		333	0.1	2.5		**2.6**
Acquisition of treasury shares			-2 577	-2 577			-51.6	**-51.6**
Conversion of capital notes		109		109	0.0	1.7		**1.7**
At 31 Dec 2007		**165 717**	**-2 577**	**163 140**	**71.3**	**187.6**	**-51.6**	**207.3**

* SanomaWSOY's share series were combined on 7 April 2006. "Current shares" also includes old Series B shares until 6 April 2006. More information on combination of share series and the directed issue of shares can be found in "Shares and shareholders" of the Financial Statements for 2006.

The maximum number of shares is 840,000,000 in any event, so the maximum amount of share capital cannot exceed EUR 300.0 million (2006: EUR 300.0 million). The shares have no nominal value. The accountable par is EUR 0.43 per share. The shares have been fully paid.

Treasury shares

During the financial period the Group has acquired 2,576,903 shares from stock exchange. The cost of acquired treasury shares was EUR 51.6 million and it is disclosed as a deduction from equity.

Translation differences

Translation differences include those items that have arisen when consolidating foreign companies.

Other reserves

Other reserves includes the equity component of the convertible capital note in 2006.

20. STOCK OPTIONS

SanomaWSOY has three option schemes: Warrant Scheme 2001 issued on the basis of an authorisation received at the Extraordinary General Meeting of 21 August 2001, Stock Option Scheme 2004 issued on the basis of an authorisation received at the AGM of 30 March 2004 and Stock Option Scheme 2007 issued on the basis of an authorisation received at the AGM of 4 April 2007. Stock options are granted to the management of the SanomaWSOY Group by a decision of the Board of Directors.

Warrant Scheme 2001 and Stock Option Scheme 2004

Both schemes comprise a maximum 4,500,000 stock options, each entitling the holder to one SanomaWSOY share. 2001 stock options have been granted in three stages, at the turn of 2001/2002 (2001A stock options), 2002/2003 (2001B) and 2003/2004 (2001C). Correspondingly 2004 stock options have been granted in three stages, at the turn of 2004/2005 (2004A), 2005/2006 (2004B) and 2006/2007 (2004C). In each stock option category a maximum of 1,500,000 stock options could be issued. The exercise price in all three stages of both option schemes is the average price of SanomaWSOY shares as quoted in November–December in each year with an addition of 20%. The annual dividend is deducted from the exercise price. An amount of the exercise price equal to the accountable par of the share (EUR 0.43 in 2007) is recognised in share capital and the rest of the exercise price in share premium reserve.

Trading with 2001A options began on the Main List of the OMX Nordic Exchange Helsinki on 1 November 2004 and both the trading and share subscription ended on 30 November 2007. A total of 609,450 SanomaWSOY shares have been subscribed for with 2001A options. Trading with 2001B options began on 1 November 2005, 2001C options on 1 November 2006 and 2004A options on 1 November 2007. By the end of 2007 a total of 261,926 SanomaWSOY shares have been subscribed for with 2001B options. The non-distributed and returned options are cancelled or given to SanomaWSOY's fully-owned subsidiary Lastannet Oy to be used according to a future decision of the Board of Directors of SanomaWSOY. The non-distributed and returned 2001A, 2001B and 2001C stock options have been cancelled.

Stock Option Scheme 2007

The Stock Option Scheme 2007 comprises a maximum of 1,500,000 stock options, which entitle their holders to subscribe for a maximum total of 1,500,000 new shares or existing shares held by the Company. On 19 December 2007 the Board of Directors of SanomaWSOY Corporation decided to distribute 1,331,450 stock options to 293 senior managers of SanomaWSOY Corporation and its subsidiaries. The remaining 168,550 stock options were given to Lastannet Oy, a fully-owned subsidiary of the Company for possible use at a later stage. The exercise price of 2007 stock option is EUR 24.26 less paid dividends or other distribution of unrestricted equity. The share subscription period for 2007 stock options will be 1 November 2010–30 November 2013. The exercise price is recognised in reserve for invested unrestricted equity.

More specific information on the options is presented on the following tables. Information on the management ownership is presented in Note 31. Changes in ownership of management during the financial year can be found in SanomaWSOY's insider register on the Group's website at www.sanomawsoy.com.

Options Basic information	2001A	2001B	2001C	2004A	2004B	2004C	2007
Maximum number of options	1 500 000	1 500 000	1 500 000	1 500 000	1 500 000	1 500 000	1 500 000
The number of shares exercised by one option	1	1	1	1	1	1	1
Initial exercise price, EUR	12.74	11.50	19.61	19.92	23.25	25.21	24.26
Dividend adjustment	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Exercise price at 31 Dec 2005, EUR *	10.03	9.30	17.81	19.12	23.25	---	---
Exercise price at 31 Dec 2006, EUR *	9.13	8.40	16.91	18.22	22.35	25.21	---
Exercise price at 31 Dec 2007, EUR *	8.18	7.45	15.96	17.27	21.40	24.26	24.26
Beginning of exercise period, date (vesting)	1.11.2004	1.11.2005	1.11.2006	1.11.2007	1.11.2008	1.11.2009	1.11.2010
End of exercise period, date (expiration)	30.11.2007	30.11.2008	30.11.2009	30.11.2010	30.11.2011	30.11.2012	30.11.2013
Remaining expiry time at 31 Dec 2007, years	rendered	0.9	1.9	2.9	3.9	4.9	5.9
Number of persons at 31 Dec 2007	0	68	132	172	190	233	293

* The dividend is deducted from the exercise price annually. The dividend for 2006 was 0.95 per share (record date 11 April 2007).
The dividend for 2005 was 0.90 per share (record date 6 April 2006).

Options Changes in 2007	2001A	2001B	2001C	2004A	2004B	2004C	2007	Total
Granted at 1 Jan	691 000	1 112 100	1 172 500	1 145 600	1 148 300	1 267 100	0	6 536 600
Returned at 1 Jan	76 000	59 400	88 000	41 400	28 200	0	0	293 000
Cancelled at 1 Jan	885 000	447 300	405 100	0	0	0	0	1 737 400
Exercised at 1 Jan	129 346	91 826	0	0	0	0	0	221 172
Outstanding at 1 Jan	485 654	960 874	1 084 500	1 104 200	1 120 100	1 267 100	0	6 022 428
Non-distributed at 1 Jan	0	0	10 400	395 800	379 900	232 900	0	1 019 000
Granted during the period	0	0	0	0	0	13 800	1 331 450	1 345 250
Returned during the period	0	0	0	51 800	56 300	42 000	0	150 100
Cancelled during the period	0	0	0	0	0	0	0	0
Exercised during the period	480 104	170 100	0	0	0	0	0	650 204
Weighted average price of share during the exercise period, EUR *	22.13	21.69	21.69	19.54	---	---	---	---
Expired during the period	5 550	0	0	0	0	0	0	5 550
Granted at 31 Dec	691 000	1 112 100	1 172 500	1 145 600	1 148 300	1 280 900	1 331 450	7 881 850
Returned at 31 Dec	76 000	59 400	88 000	93 200	84 500	42 000	0	443 100
Cancelled at 31 Dec	885 000	447 300	405 100	0	0	0	0	1 737 400
Exercised at 31 Dec	609 450	261 926	0	0	0	0	0	871 376
Outstanding at 31 Dec	0	790 774	1 084 500	1 052 400	1 063 800	1 238 900	1 331 450	6 561 824
Non-distributed at 31 Dec	0	0	10 400	447 600	436 200	261 100	168 550	1 323 850
The number of unvested options at 31 Dec 2007 **	0	0	0	0	1 063 800	1 238 900	1 331 450	3 634 150

* The weighted average price of SanomaWSOY share between January and October 2007 (2001A), during the year 2007 (2001B and 2001C) and between November and December 2007 (2004A).
** Vesting period begins at grant date and ends when exercise period begins.

Determination of fair value

The fair value of stock options has been determined using the Black–Scholes valuation model. The fair value of options has been determined at the grant date and the fair value is recognised as personnel expenses during the vesting period. The grant date is the date of the decision of the Board of Directors. According to IFRS, those options that have been granted before 7 November 2002, have not been recognised as expenses. Accordingly, no fair value of SanomaWSOY 2001A stock options has been calculated. In 2007 a total of EUR 5.5 million has been recorded as expenses (2006: EUR 5.4 million).

Most significant assumptions in Black–Scholes model	2007	2006	Total
Number of granted options	**1 345 250**	1 280 100	7 190 850
Average price of share *	**18.42**	21.34	17.26
Exercise price *	**24.27**	25.18	20.84
Interest rate *	**4.2%**	3.9%	3.6%
Maturity, years *	**6.0**	5.9	5.9
Volatility *, **	**21.0%**	22.8%	26.7%
Probability of returned options *	**6.9%**	6.9%	7.3%
Expected dividends	**---**	---	---
Fair value total, EUR	**4 413 696**	6 219 923	29 856 625

* Figures were calculated as weighted average figures.
** Volatility has been estimated on the basis of historical share price fluctuations by using monthly observations during a period comparable with the lifetime of the option period (SanomaWSOY Corporation was established on 1 May 1999).

Changes in options during the period and the weighted average exercise prices	2007 Number of options	2007 Exercise price, EUR *	2006 Number of options	2006 Exercise price, EUR **
Granted at 1 Jan	6 536 600	16.48	5 256 500	16.45
Outstanding at 1 Jan	6 022 428	16.97	5 000 950	16.64
Granted during the period	1 345 250	24.26	1 280 100	25.18
Returned during the period	150 100	20.77	66 600	20.18
Exercised during the period	650 204	7.99	192 022	8.86
Expired during the period	5 550	8.18	0	---
Granted at 31 Dec	7 881 850	17.81	6 536 600	17.61
Outstanding at 31 Dec	6 561 824	19.28	6 022 428	18.11

* The exercise price at the beginning of the period is the status at 31 Dec 2006. Dividend adjustment has been taken into account during the period and the exercise price is based on the status at 31 Dec 2007.
** The exercise price at the beginning of the period is the status at 31 Dec 2005. Dividend adjustment has been taken into account during the period and the exercise price is based on the status at 31 Dec 2006.

21. PROVISIONS

Changes in provisions, EUR million	Restructuring provisions	Other provisions	Total
At 1 Jan 2007	5.8	9.9	15.7
Translation differences		-0.1	-0.1
Increases	5.6	11.1	16.6
Amounts used	-3.5	-2.1	-5.6
Unused amounts reversed	-1.7	-8.3	-9.9
Other changes		-0.2	-0.2
At 31 Dec 2007	**6.3**	**10.3**	**16.6**

Carrying amounts of provisions, EUR million	2007	2006
Non-current	**8.8**	7.8
Current	**7.8**	7.9
Total	**16.6**	15.7

Provisions are based on best estimates on the balance sheet date. Restructuring provisions are mainly related to normal business restructuring of the Sanoma Magazines division. Other provisions comprise expense provisions for common business activities. Individual provisions are not material at the Group level.

22. INTEREST-BEARING LIABILITIES

Non-current interest-bearing liabilities, EUR million	2007	2006
Non-current financial liabilities amortised at cost		
Loans from financial institutions	**293.5**	9.3
Convertible capital note		
Pension loans	**0.1**	2.8
Finance lease liabilities	**30.6**	29.8
Other liabilities	**3.8**	2.4
Total	**328.1**	44.2
Current financial liabilities amortised at cost		
Loans from financial institutions	**2.5**	372.7
Convertible capital note		2.4
Pension loans	**2.7**	5.3
Commercial papers	**527.8**	426.3
Finance lease liabilities	**3.2**	3.1
Other liabilities	**17.2**	10.0
Total	**553.4**	819.7
Total	**881.4**	863.9

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

Loans from financial institutions

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

The average interest rate for loans, excluding convertible capital note and finance leases, was 4.2% (2006: 3.1%).

Convertible capital note

In accordance with an authorisation granted by the Extraordinary General Meeting of 21 August 2001, SanomaWSOY's Board of Directors decided to make a convertible capital notes issue for subscription by professional investors in Finland.

The loan period run from 31 August 2001 to 4 July 2007. A fixed annual interest of 5.25% was payable on the notes. The loan was repaid in a lump sum on 4 July 2007.

When issued, the loan totalled EUR 200 million. During the conversion period from 6 September 2001 to 20 June 2007, convertible capital notes worth of EUR 149,900,000 were converted into 9,421,615 SanomaWSOY's shares. In addition, SanomaWSOY has redeemed and invalidated 4,944 notes, worth EUR 49,440,000. The repayment of non-converted capital notes, EUR 660,000, took place on the maturity date, i.e. 4 July 2007.

The main terms of the notes are disclosed in Note 22 to the Financial Statements for 2006.

Commercial papers

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

Finance lease liabilities

Finance lease liabilities, EUR million	2007	2006
Total minimum lease payments		
Not more than 1 year	**4.5**	4.3
1–5 years	**17.8**	16.4
More than 5 years	**23.7**	24.5
Total	**46.0**	45.3
Present value of minimum lease payments		
Not more than 1 year	**2.7**	2.5
1–5 years	**12.8**	11.4
More than 5 years	**18.4**	19.0
Total	**33.8**	32.8
Future finance charges	**12.2**	12.4

The most significant items under finance leases are related to premises and leased movie theatre premises of the Rautakirja division.

23. TRADE AND OTHER PAYABLES

Trade and other payables, EUR million	2007	2006
Non-current		
Accrued expenses	**0.9**	1.2
Advances received	**8.0**	12.3
Other financial liabilities amortised at cost	**19.3**	22.5
Total	**28.3**	36.0
Non-current to associated companies		
Other liabilities	**0.5**	0.8
Total	**0.5**	0.8
Current		
Short-term financial liabilities amortised at cost		
Trade payables	**200.4**	204.3
Other liabilities	**78.4**	63.3
Accrued expenses	**283.2**	263.6
Advances received	**182.3**	180.0
Total	**744.3**	711.2
Current to associated companies		
Trade payables	**1.1**	2.0
Other liabilities	**0.7**	0.0
Total	**1.8**	2.0
Total	**772.6**	747.3

Accrued expenses

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

24. CONTINGENT LIABILITIES

Contingent liabilities, EUR million	2007	2006
Contingencies for own commitments		
Mortgages	**20.2**	10.5
Pledges	**5.8**	18.4
Other items	**0.4**	0.4
Total	**26.4**	29.4
Contingencies incurred on behalf of associated companies		
Guarantees	**7.9**	7.9
Total	**7.9**	7.9
Contingencies incurred on behalf of other companies		
Guarantees	**0.1**	0.1
Total	**0.1**	0.1
Other commitments		
Operating lease liabilities (Note 25)	**275.8**	249.1
Royalties	**27.2**	15.9
Other items	**42.9**	47.2
Total	**345.9**	312.2
Total	**380.4**	349.6

Pledges for own commitments included pledged financial assets EUR 1.5 million (2006: EUR 1.6 million). Pledged financial assets are given as a collateral mainly to local post offices for distribution costs.

Contingent liabilities of joint ventures have been included based on the proportionate consolidation method according to ownership percentage. The Group's total contingent liabilities include EUR 7.0 million (2006: EUR 6.9 million) of joint ventures' contingent liabilities.

Disputes and litigations

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

25. OPERATING LEASE LIABILITIES

Non-cancellable minimum lease liabilities by maturity, EUR million	2007	2006
Not later than 1 year	**43.9**	41.6
1–5 years	**127.8**	101.3
Later than 5 years	**104.1**	106.2
Total	**275.8**	249.1

Operating liabilities include both premises and other operating lease liabilities.

Non-cancellable minimum lease payments to be received by maturity, EUR million	2007	2006
Not later than 1 year	**1.8**	1.7
1–5 years	**4.9**	4.0
Later than 5 years	**0.8**	1.4
Total	**7.5**	7.1

Total lease payments to be received include sublease payments of EUR 3.2 million (2006: EUR 3.6 million).

26. FINANCIAL RISK MANAGEMENT

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

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

In its financial risk management, the Group uses various financial instruments whose use, effects and fair values are clearly verifiable.

Consequently, the Group as a whole is exposed to rather low financial risks.

Interest rate risks

The Group's interest rate risks mainly refer to changes in market rates and loan margins associated with the Group's loan portfolio. The Group manages its exposure to interest rate risks by using a mix of fixed-rate and floating-rate loans. Derivatives can also be used for hedging purposes.

Loan portfolio by interest rate, EUR million	2007	2006
Floating-rate loans	**843.2**	723.4
Fixed-rate loans	**38.2**	140.5
Total	**881.4**	863.9

Interest rate sensitivity of floating-rate loans	2007	2006
Value, EUR million	**843.2**	723.4
Average duration, years	**0.4**	0.3
Average rate, %	**4.3**	3.9
Interest sensitivity, EUR million *	**7.2**	

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

Maturity of interest rate period, EUR million

	2008	2009	2010	2011	2012	2013–	Total
Capital	843.8	12.7	5.2	4.8	4.4	10.5	881.4

Currency risks

The bulk of the Group's cash flow from operations is denominated in euros. The non-euro area business operations account for slightly over 10% of consolidated net sales, coming mainly from sales denominated in the Russian rouble, the Hungarian forint and the Czech koruna. Translation risks consist of foreign currency balance sheets in countries mentioned above. The less advanced currency markets in Russia and Eastern Europe restrict hedging opportunities. The Group does not apply specific tools to hedge against economic policy risks associated with business operations. It hedges against material currency risks relevant to its operations. The Group is not currently exposed to any material currency risks due to the relatively high portion of euro in net sales and on the balance sheet.

Liquidity risks

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

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

The Group's financing programmes on 2007, EUR million	Amount of limits	Unused credit lines
Bilateral committed facilities	802.0	512.0
Bilateral uncommitted facilities	300.0	300.0
Commercial paper programmes	800.0	272.2
Current account limits	42.7	27.0

The Group's financing agreements include common covenants relating to the position of creditors, certain key financial indicators and the use of pledges and mortgages, among others.

Financial liabilities, EUR million	2007				2006		
	Capital	Capital with interest	Undrawn from limits	Total	Capital	Undrawn from limits	Total
Loans from financial institutions	311.7	318.5	539.0	857.5	386.5	163.2	549.7
Commercial paper programmes	527.8	537.6		537.6	426.3		426.3
Finance lease liabilities	33.8	33.9		33.9	32.9		32.9
Other interest bearing liabilities	8.1	8.1		8.1	18.3		18.3
Trade payables and other liabilities	298.1	298.1		298.1	290.1		290.1
Total	**1 179.5**	**1 196.2**	**539.0**	**1 735.2**	1 154.1	163.2	1 317.3

Maturity of financial liabilities	2008	2009	2010	2011	2012	2013–	Total
Loans from financial institutions	313.3	4.6	0.1	0.1	0.1	539.3	857.5
Commercial paper programmes	537.6						537.6
Finance lease liabilities	4.5	4.5	4.5	4.5	4.2	11.7	33.9
Other interest bearing liabilities	3.9	1.0	0.7	0.2	0.2	2.1	8.1
Trade payables and other liabilities	281.1	6.3	7.4			3.3	298.1
Total	**1 140.4**	**16.4**	**12.7**	**4.8**	**516.5**	**44.4**	**1 735.2**

Credit risks

SanomaWSOY's credit risks are associated with its business operations. The Group's Treasury Policy specifies credit rating requirements for customers and other counterparties to financial transactions, as well as Group policies related to investments. The SanomaWSOY Group has no major credit risk concentrations because of its wide, global customer base. The Group's operational units assume responsibility for credit risks associated with their businesses.

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

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

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

The aging of trade receivables, EUR million	2007			2006		
	Gross	Impairment	Net	Gross	Impairment	Net
Not due	200.2	0.1	200.1	191.9	0.0	191.9
Past due 1–30 days	61.7	0.3	61.4	36.4	0.7	35.7
Past due 31–120 days	22.1	1.0	21.0	24.7	1.7	23.1
Past due 121–360 days	10.0	2.5	7.5	12.6	4.7	7.9
More than one year	8.4	4.9	3.5	8.0	5.4	2.6
Total	**302.4**	**8.9**	**293.5**	273.6	12.5	261.1

Capital risk management

The Group's long-term objective when managing capital is to maintain capital structure which represents good investment grade. The target level for equity ratio is between 35–45% and for net debt/EBITDA it is less than 3.5. Equity ratio on 31 December 2007 was 45.4% (2006: 45.0%) and net debt/EBITDA 1.6 (2006: 1.8).

Loan instruments are not included with equity in equity ratio calculations.

Net debt, EUR million	2007	2006
Interest-bearing liability	**881.4**	863.9
Cash and cash equivalents	**88.1**	81.5
Total	**793.3**	782.4

SanomaWSOY Corporation does not have an official credit rating.

27. DERIVATIVE INSTRUMENTS

The SanomaWSOY Group had no open derivative contracts at the end of the financial year or previous year.

28. MOST SIGNIFICANT SUBSIDIARIES

Most significant subsidiaries at 31 Dec 2007	Parent Company holding, %	Sub-group's parent company holding, %	Group holding, %
SANOMA MAGAZINES			
Sanoma Magazines B.V., The Netherlands *	100.0		100.0
Independent Media Holding B.V., The Netherlands		100.0	100.0
Aldipress			
B.V. Aldipress, The Netherlands			100.0
Sanoma Magazines Belgium			
Sanoma Magazines Belgium N.V., Belgium		99.9	100.0
JERVI N.V., Belgium		100.0	100.0
N.V. Uitgevers Maatschappij, Belgium			100.0
Sanoma Magazines International			
Sanoma Magazines International B.V., The Netherlands		100.0	100.0
Sanoma Budapest Kiadói Részvénytársaság, Hungary			100.0
Sanoma Hearst Prague B.V., The Netherlands			60.0
Sanoma Hearst Romania s.r.l., Romania			65.0
Sanoma Magazines Praha sr.o., The Czech Republic			100.0
Sanoma Magazines Slovakia sr.o., Slovakia			100.0
OOO United Press, Russia			100.0
Sanoma Magazines Netherlands			
Sanoma Uitgevers B.V., The Netherlands			100.0
ilse Media B.V., The Netherlands			97.6
Jonge Gezinnen B.V., The Netherlands			100.0
Kieskeurig B.V., The Netherlands			97.6
R.C.V. Entertainment B.V., The Netherlands			100.0
Sanoma Men's Magazines B.V., The Netherlands			100.0
Sanoma Magazines Finland			
Sanoma Magazines Finland Oy, Helsinki *	100.0		100.0
Suomen Rakennuslehti Oy, Helsinki		60.0	60.0
SANOMA			
Sanoma Osakeyhtiö, Helsinki *	100.0		100.0
AÜ Autoportaal, Estonia			85.0
Esmerk Oy, Helsinki			90.0
Helsingin Sanomat Oy, Helsinki		100.0	100.0
Ilta-Sanomat Oy, Helsinki		100.0	100.0
Lehtikuva Oy, Helsinki		100.0	100.0
AS Sanoma Baltics, Estonia			100.0
Sanoma Data Oy, Helsinki		100.0	100.0
Sanoma Digital Oy, Helsinki		60.0	100.0
Sanoma Kaupunkilehdet Oy, Helsinki		100.0	100.0
Sanoma Lehtimedia Oy, Anjalankoski		100.0	100.0
Sanomapaino Oy, Helsinki		100.0	100.0
Skillnet Oy, Jyväskylä			51.0
Taloussanomat Oy, Helsinki		90.0	90.0

Most significant subsidiaries at 31 Dec 2007	Parent Company holding, %	Sub-group's parent company holding, %	Group holding, %
SANOMAWSOY EDUCATION AND BOOKS			
Werner Söderström Osakeyhtiö, Helsinki *	100.0		100.0
SW Invest B.V., The Netherlands *	100.0		100.0
AAC Global Oy, Helsinki		51.0	51.0
Bertmark A/S Danmark, Denmark			100.0
Bertmark Norge AS, Norway			100.0
Bertmarks Förlag AB, Sweden			100.0
Láng Kiado és Holding Zrt., Hungary			100.0
L.C.G. Malmberg B.V., The Netherlands			100.0
Nemzeti Tankönyvkiádo Rt, Hungary			70.7
Perfekt Gazdasági Tanácsadó, Oktató és Kiadó Zrt., Hungary			100.0
Suomalainen.com Oy, Helsinki		50.0	100.0
Uitgeverij Van In N.V., Belgium			100.0
Weilin+Göös Oy, Helsinki		100.0	100.0
WS Bookwell Oy, Porvoo		100.0	100.0
WSOY Oppimateriaalit Oy, Helsinki		100.0	100.0
Young Digital Planet S.A., Poland		55.1	55.1
SWELCOM			
SWelcom Oy, Helsinki *	100.0		100.0
SW Television Oy, Helsinki		95.3	95.3
SWTV Sport Oy, Helsinki		100.0	100.0
RAUTAKIRJA			
Rautakirja Oy, Vantaa *	100.0		100.0
Apollo Raamatud AS, Estonia			100.0
Finnkino Oy, Vantaa		100.0	100.0
AS Forum Cinemas, Estonia			100.0
AS Forum Cinemas Home Entertainment, Estonia			85.0
SIA Forum Cinemas, Latvia			90.0
SIA Forum Cinenmas Home Entertainment, Latvia			85.0
UAB Forum Cinemas, Lithuania			90.0
UAB Forum Home Entertainment, Lithuania			85.0
OOO HDS CIS, Russia		100.0	100.0
Hiparion Distribution S.A., Romania		98.8	100.0
UAB Impress Teva, Lithuania		51.0	51.0
AS Lehepunkt, Estonia		100.0	100.0
UAB Lietuvos Spauda Vilniaus Agentura, Lithuania		100.0	100.0
OOO Press Point International, Russia		100.0	100.0
Printcenter Oy, Helsinki		100.0	100.0
OOO R-Kiosk, Russia		70.0	70.0
R Kiosk Eesti AS, Estonia		100.0	100.0
Suomalainen.com Oy, Helsinki		50.0	100.0
Suomalainen Kirjakauppa Oy, Helsinki		100.0	100.0
OOO TK Pressexpo, Russia		99.0	100.0

* Parent company of the sub-group

29. JOINT VENTURES

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

Joint ventures, EUR million	2007	2006
Non-current assets	**11.4**	9.4
Current assets	**60.3**	49.5
Non-current liabilities	**3.6**	3.3
Current liabilities	**41.4**	33.4
Net assets	**26.7**	22.2
Income	**152.5**	121.2
Expenses	**135.8**	108.5
Net result for the period	**16.6**	12.8
Average number of employees (full-time equivalents)	**2 278**	1 900

Most significant joint ventures at 31 Dec 2007	Participation of the Group %
SANOMA MAGAZINES	
Independent Media Holding B.V.	
OOO Alpina Business Books, Russia	50.0
ZAO Business News Media, Russia	33.3
OOO Fashion Press, Russia	50.0
OOO Publishing House Independent Media, Ukraine	50.0
Sanoma Magazines International	
Adria Media Holding GmbH, Austria	50.0
Hearst-Sanoma Budapest Kft, Hungary	50.0
Sanoma Bliasak Bulgaria A.D., Bulgaria	50.0
Sanoma Uitgevers	
AKN CV, the Netherlands	25.0
Sanoma Magazines Finland	
Egmont Kustannus Oy Ab, Tampere	50.0
RAUTAKIRJA	
Narvesen Baltija SIA, Latvia	50.0
SIA Preses Apvieniba, Latvia	49.3
SIA Preses Serviss, Latvia	49.3

30. RELATED PARTY TRANSACTIONS

The SanomaWSOY Group's related parties include subsidiaries, associated companies and joint ventures as well as members of the Board, President and CEO, Presidents of the Divisions and Corporate Centre management. Remuneration for key management is presented in Note 31. Transactions with associated companies are presented in Note 13. Transactions within the SanomaWSOY Group and joint ventures are not presented as related party transactions because they are eliminated in the consolidated figures. Joint ventures have been included using the proportionate consolidation method. The transactions of the other shareholders' of joint ventures are not presented as related party transactions because those shareholders are not considered to be related parties on the basis of the joint control agreement. The most significant subsidiaries are presented in Note 28 and the most significant joint ventures in Note 29. In addition, the SanomaWSOY Group's related parties include pension funds, sickness fund and employees' profit-sharing funds. Besides pension plans, transactions with those parties are not material. Pension funds are described in more detail in accounting policies (Note 1) and pension calculations in Note 5.

The SanomaWSOY Group has no other significant related parties, which indicate related party definitions or with which significant related party transactions exist.

31. MANAGEMENT COMPENSATION, BENEFITS AND OWNERSHIP

Management remuneration and ownership, 2007	Remuneration (EUR 1 000)	Number of shares	Option costs (EUR 1 000)	Number of stock options					
				2001B	2001C	2004A	2004B	2004C	2007
President and CEO									
Hannu Syrjänen	870	23 142			50 000	50 000	50 000	50 000	60 000
Board of Directors									
Jaakko Rauramo, Chairman	78	51 322		80 000	100 000				
Sari Baldauf, Vice Chairman	73	7 000							
Robert Castrén	58	127 845							
Jane Erkko	57	248 213							
Paavo Hohti	59	824							
Sirkka Hämäläinen-Lindfors	61	200							
Seppo Kievari	59	5 000		15 000	20 000				
Robin Langenskiöld	58	12 273 371							
Sakari Tamminen	58	1 200							
Total *	**1 431**		**231**						
Group Management									
Eija Ailasmaa		6 088		15 000	30 000	37 000	37 000	37 000	37 000
Nils Ittonen		50 000		15 000	30 000	30 000	30 000	30 000	30 000
Erkki Järvinen					30 000	37 000	37 000	37 000	37 000
Jacques Eijkens						10 000	10 000	34 000	34 000
Tapio Kallioja		1 600		12 500	30 000	34 000	34 000	34 000	
Mikael Pentikäinen					30 000	37 000	37 000	37 000	37 000
Kerstin Rinne		1 199		15 000	30 000	30 000	30 000	30 000	
Matti Salmi				3 000	30 000	30 000	30 000	30 000	
Total *	**2 794**		**1 168**						

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

Management remuneration and ownership, 2006	Remuneration (EUR 1 000)	Number of shares	Option costs (EUR 1 000)	Number of stock options 2001A	2001B	2001C	2004A	2004B	2004C
President and CEO									
Hannu Syrjänen	772	23 142		50 000	50 000	50 000	50 000	50 000	50 000
Board of Directors									
Jaakko Rauramo, Chairman	1 706	51 372			100 000	100 000			
Sari Baldauf, Vice Chairman	74	7 000							
Robert Castrén	57	127 845							
Jane Erkko	57	248 213							
Paavo Hohti	57	824							
Sirkka Hämäläinen-Lindfors	59	200							
Seppo Kievari	57	5 000		30 000	30 000	20 000			
Robin Langenskiöld	57	12 273 371							
Sakari Tamminen	57	1 200							
Total *	2 951		399						
Group Management									
Eija Ailasmaa		6 088		30 000	30 000	30 000	37 000	37 000	37 000
Nils Ittonen		50 000		30 000	30 000	30 000	30 000	30 000	30 000
Erkki Järvinen						30 000	37 000	37 000	37 000
Jorma Kaimio (until 30 September 2006)		10 000			30 000	30 000	34 000	17 000	
Jacques Eijkens (as of 1 October 2006)							10 000	10 000	34 000
Tapio Kallioja		1 600		30 000	30 000	30 000	34 000	34 000	34 000
Mikael Pentikäinen						30 000	37 000	37 000	37 000
Kerstin Rinne		1 199			30 000	30 000	30 000	30 000	30 000
Matti Salmi					12 000	30 000	30 000	30 000	30 000
Total *	2 478		1 176						

* The figures include the remuneration that has been paid for the duties performed by the persons responsible for them during the period. The remuneration includes fringe benefits. Option costs include costs for the membership period. The Group has no outstanding liabilities or debts to the management.

Changes in ownership of shares and stock options during the financial year can be found in the SanomaWSOY's insider register on the Group's website at www.sanomawsoy.com.

SanomaWSOY's share issues were combined on 7 April 2006. More information can be found in Shares and shareholders section of the Financial Statements for 2006.

Other benefits of the management

Chairman of the Board, Jaakko Rauramo, retired 1 December 2006. According to Hannu Syrjänen's executive contract, Syrjänen will retire at the age of 60, unless otherwise agreed. His pension is some 60% of his pension salary. The period of notice of the President and CEO is six months and severance pay in the case of termination corresponds to 18 months' salary. The severance pay includes a fixed term non-competition clause.

As a rule, the retirement age for the other members of SanomaWSOY's Group Management is mainly 60 years, and their pension is approximately 60% of their pension salary. Their period of notice is six months and severance pay in the case of termination corresponds to 12 months' salary. The severance pay includes a fixed term non-competition clause.

32. EVENTS AFTER THE BALANCE SHEET DATE

SanomaWSOY management does not have knowledge of any significant events for which adjustments for the period would have had any material impact on the financial statements.

On 10 January 2008, Sanoma Magazines sold its Dutch film entertainment distribution company R.C.V. Entertainment. In 2007, R.C.V. Entertainment had net sales of EUR 34.2 million and made an operating profit of some EUR 5 million. As a result of the sale, the company will record a capital gain amounting to some EUR 23 million in the first quarter of 2008.

No other events have arisen after the balance sheet date that would have a significant impact on the Group's financial position.

Definitions of key indicators

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

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

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

Gearing, % = $\dfrac{\text{Interest-bearing liabilities - cash and cash equivalents}}{\text{Equity total}} \times 100$

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

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

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

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

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

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

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

Share information

According to SanomaWSOY's Articles of Association, the Company's minimum share capital is EUR 50,000,000 and the maximum is EUR 300,000,000, within which limits the share capital may be increased or reduced without amendment of the Articles of Association.

On 31 December 2007, SanomaWSOY's registered share capital amounted to EUR 71,121,910.56 and the number of shares was 165,399,792. The accountable par of the SanomaWSOY share is EUR 0.43.

Prior to the share series combination, SanomaWSOY had two share series, Series A (20 votes/share) and Series B (1 vote/share). All shares entitled their holders to equal dividends. In 2006, the AGM of SanomaWSOY decided on the combination of the share series. Following this combination, SanomaWSOY has only one share series, with all shares entitling the holders to equal voting and shareholder rights. Shares in SanomaWSOY or securities entitling one to said shares do not have any redemption or approval clauses, or other transfer restrictions.

Listing of shares and options

SanomaWSOY's share (SWS1V) and the Company's 2001B, 2001C and 2004A stock options are listed on the Main Market of the OMX Nordic Exchange Helsinki (Large Cap, Consumer Discretionary Sector).

SanomaWSOY is included in the Consumer Discretionary sector index of the OMX Nordic Exchange Helsinki, as well as in the OMX Helsinki Cap, OMX Helsinki and OMXH25 indices. In addition, the shares are included in several Dow Jones STOXX indices (e.g., DJ EURO STOXX, DJ EURO STOXX Media, DJ EURO STOXX TMI, DJ STOXX 600, DJ STOXX Global 1800, DJ STOXX NORDIC Select Dividend 20 and DJ STOXX TMI Value). For a complete list of the STOXX indices in which the SanomaWSOY share is included, see www.stoxx.com.

SanomaWSOY has been listed on what is now the OMX Nordic Exchange Helsinki since 1 May 1999. The shares are entered in the book-entry securities system operated by Nordic Central Securities Depository Ltd.

Treasury shares

Under the AGM 2007 authorisation, SanomaWSOY began acquiring its shares on 10 August 2007. At the end of the year, the Company held a total of 2,576,903 SanomaWSOY shares, representing 1.6% of the Company's shares and votes. The total accountable par of the treasury shares was EUR 1,108,068.29. The share buybacks continued after the end of the accounting period. On 7 February 2008, SanomaWSOY's Board decided to cancel all treasury shares held by the Company, a total of 3,136,000 shares, equal to 1.9% of the Company's shares and votes. The cancellation did not affect the Company's share capital. The cancellation was entered into the Trade Register on 18 February 2008.

Board authorisations

The AGM of 4 April 2007 authorised the Board of SanomaWSOY to decide on the acquisition of the Company's shares and an increase in share capital.

Under the authorisation, the Board may decide on the acquisition of own shares with distributable profits until the AGM of 2008. A maximum of 8,200,000 shares may be acquired. These shares will not be acquired in relation to the holdings of existing shareholders. They will be acquired with the Company's unrestricted equity at the market price at the acquisition moment; however, in such a way that the minimum price of a share is the lowest market price in public trading and the maximum price is the highest price noted in public trading during the authorisation period. On 2 August 2007, the Board decided to implement an acquisition programme of own shares, starting on 10 August 2007.

The AGM also authorised the Board to decide, until the AGM of 2010, on the issue of new shares, the transfer of treasury shares and the granting of special rights entitling to shares. The authorisation does not exclude the right of the Board of Directors to decide on a directed share issue. With this authorisation, and as a result of the use of special rights, the Board is authorised to decide on the issuance of a maximum of 82,000,000 new shares and the transfer of a maximum of 5,000,000 treasury shares. In a directed share issue, a maximum of 41,000,000 shares may be issued or transferred. With this authorisation, the Board is authorised to issue a maximum of 5,000,000 stock options as part of an incentive programme within the Company. On 19 December 2007, the Board decided on the issuance of Stock Option Scheme 2007.

Trading codes	SanomaWSOY share	2001B stock options	2001C stock options	2004A stock options
OMX Nordic Exchange Helsinki	SWS1V	SWS1VEW201	SWS1VEW301	SWS1VEW104
Startel	SWS1V	SWS1VEW201	SWS1VEW301	SWS1VEW104
Bloomberg	SWS1V FH	SWS1V201 FH	SWS1V301 FH	SWS1V104 FH
Reuters	SWS1V.HE	SWS1VEW201.HE	SWS1VEW301.HE	SWS1VEW104.HE

Number of shares and options

Number of shares on 31 Dec 2007	
Number of shares on 31 Dec 2007	165 399 792
Adjusted average number of shares	164 827 232
Total number of treasury shares	2 576 903
Number of outstanding shares *	162 822 889
Dilution effect if all stock options issued were converted into shares **	
Number of outstanding shares on 31 December 2007	162 822 889
2001B stock options	790 774
2001C stock options	1 084 500
2004A stock options	1 052 400
2004B stock options	1 063 800
2004C stock options	1 238 900
2007 stock options	1 331 450
Number of outstanding shares, diluted, on 31 December 2007	169 384 713

* Does not include treasury shares held by the Company.
** Provided that all stock options issued are converted into shares.

Shares to be subscribed for on the basis of the stock options issued would account for 3.9% of SanomaWSOY's shares and votes, if all of these stock options were exercised.

Including the non-distributed or returned 2004A, 2004B, 2004C and 2007 stock options held by SanomaWSOY subsidiary Lastannet Oy, the potential combined dilution effect of the stock option schemes on 31 December 2007 would be 7,885,674 shares, accounting for 4.6% of the post-conversion shares and votes.

Stock options

SanomaWSOY has three stock option schemes in place:

- Warrant Scheme 2001, authorised by the EGM on 21 August 2001
- Stock Option Scheme 2004, authorised by the AGM on 30 March 2004
- Stock Option Scheme 2007, authorised by the AGM on 4 April 2007.

The stock option schemes cover all of SanomaWSOY's divisions and the Group's Parent Company. Stock options have been and will be distributed to the management of the SanomaWSOY Group in accordance with the decisions of the Board of Directors. On 31 December 2007, under Warrant Scheme 2001 there were, in total, 1,875,274 stock options outstanding; 138 senior managers at SanomaWSOY held these 2001 options at the end of 2007. The number of outstanding 2004 stock options was 3,355,100, and they were held by 163 senior managers. The number of options outstanding under Stock Option Scheme 2007 was 1,331,450, held by 293 senior managers. The remaining 2001C, 2004A, 2004B, 2004C and 2007 stock options have been allocated to fully-owned SanomaWSOY subsidiary Lastannet Oy, and the SanomaWSOY Board of Directors will decide on their issuance at a later date. The Board of Directors may extend the group of parties entitled to stock options, or decide on the issuance of stock options in connection with corporate transactions or recruitment.

In the event the stock option holder's contract of employment or service terminates before the beginning of the share subscription period, he or she will be required to offer the stock options back to the Company, without receiving compensation for any value increment related to these stock options. However, this does not apply to those whose employment or service contract is rendered no longer effective for reason of retirement or death.

The 2001B and 2001C tranches of Warrant Scheme 2001 and the 2004A tranch of Stock Option Scheme 2004 are listed on the OMX Nordic Exchange Helsinki. The subscription period for 2001A stock options ended on 30 November 2007, and their listing on the OMX Nordic Exchange Helsinki was ended on 23 November 2007. In 2007, there were 650,204 shares subscribed for, in total, through exercise of 480,104 2001A and 170,100 2001B stock options. New shares subscribed for with stock options entitle the subscribers to all shareholder rights from the date of entry of the increase in share capital into the Trade Register.

Information on stock options held by SanomaWSOY's Board of Directors and Group Management can be found in Note 31. A daily update on insider holdings in traded stock options can be found on the Group's website at www.sanomawsoy.com.

More detailed information on the terms and conditions for these schemes (e.g., subscription prices and periods) can be found in Note 20.

Convertible capital note

As authorised by the EGM of 21 August 2001, the Board of Directors decided, on the same date, to issue a convertible capital note of EUR 200 million for subscription by professional investors in Finland. A more detailed description of this loan can be found in Note 22 to the Financial Statements for 2006.

The conversion period for such notes ended on 20 June 2007.

During the conversion period, from 6 September 2001 to 20 June 2007, convertible capital notes worth EUR 149,900,000 were converted into 9,421,615 SanomaWSOY shares. In addition, SanomaWSOY redeemed and invalidated 4,944 notes, worth EUR 49,440,000. The loan matured on 4 July 2007, on which date non-converted capital notes totalling EUR 660,000 were repaid.

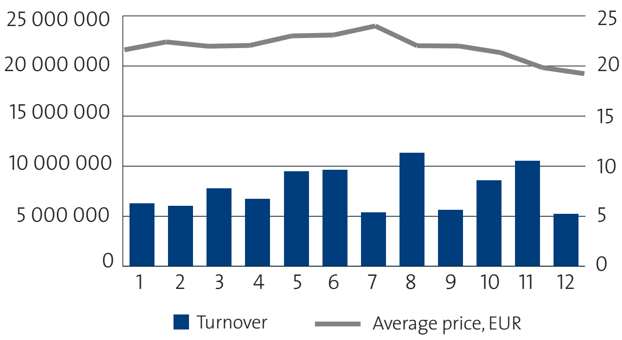
The new shares issued upon conversion of convertible capital notes entitled the holder to dividends as of the beginning of the financial year in which the conversion is effected. Other shareholder rights shall commence when the increase in share capital has been entered into the Trade Register.

Share performance

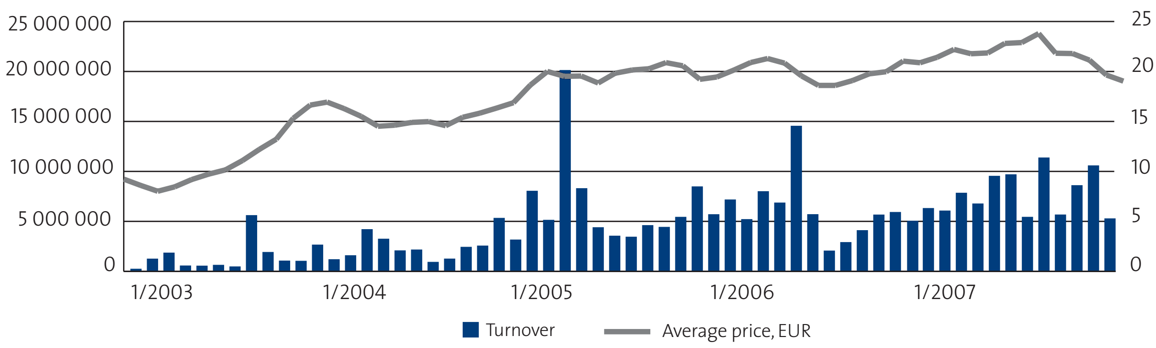
Trading with SanomaWSOY shares was active in 2007. SanomaWSOY's total stock exchange turnover was EUR 2,014.5 (1,474.5) million. The volume for 2006 includes the stock exchange turnover of the interim shares subscribed for in the share issue carried out in the spring of 2006, old Series A and Series B shares, and the turnover of the new combined SanomaWSOY shares that replaced them on 10 April 2006.

The number of SanomaWSOY shares traded totalled 92,576,174 (72,670,001) in 2007. Traded shares accounted for 56% (46%) of the average number of shares in issue during the year. In 2007, the volume-weighted average price of a share was EUR 21.70, with a low of EUR 18.32 and a high of EUR 24.51. On 31 December 2007, SanomaWSOY's market capitalisation was EUR 3,246.8 (EUR 3,521.8) million, with the Company's share closing at EUR 19.63 (EUR 21.35).

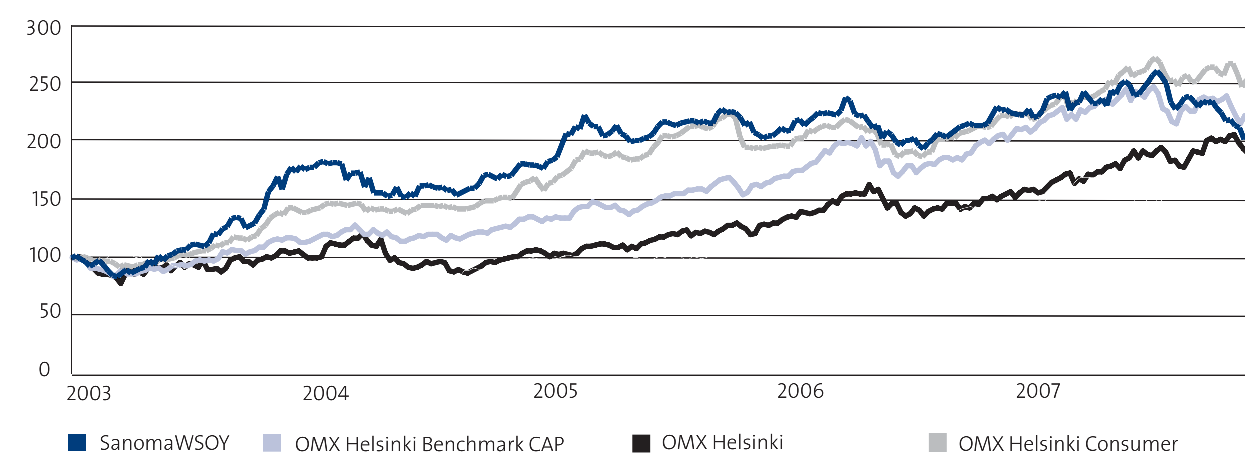
Average share price and turnover 2007



Average share price and turnover 2003–2007

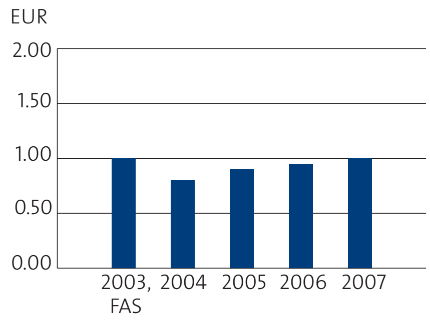


SanomaWSOY share against indices 2003–2007

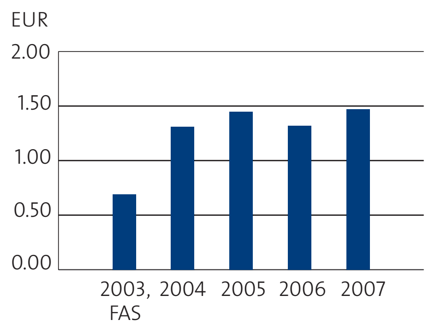


The latest share prices and information on trading can be found on the Group's website.

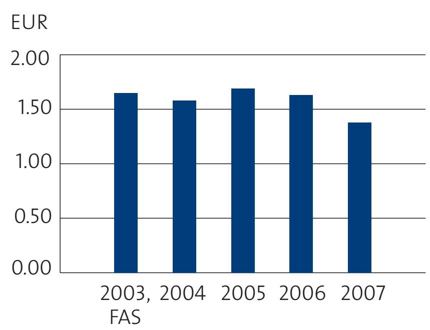
Dividend/share



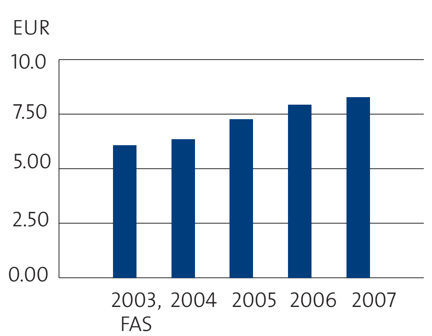
Earnings/share



Cash flow from operations/share



Equity/share



Dividend policy

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

The Board of Directors proposes a dividend of EUR 1.00 (EUR 0.95) per share for 2007.

Shareholders

On 31 December 2007, the Company had 16,503 shareholders, with foreign holdings accounting for 11.4% (10.9%) of all shares and votes.

Shareholder agreements

The Board of Directors is unaware of any effective agreements related to holdings in SanomaWSOY shares and the exercise of voting rights.

Management shareholdings

On 31 December 2007, the combined holdings in the Company shares of members of the Board of Directors, the President and CEO, and the bodies they control (as referred to in Chapter 1, Section 5 of the Finnish Securities Market Act) accounted for 7.70% (7.72%) of all shares and votes. If all outstanding, non-distributed and returned stock options were to be converted into shares through subscriptions and the Board members exercised all of their subscription rights, the combined holdings of the Board members and President and CEO (including the bodies they control) would account for 7.80% of the total post-conversion number of shares and votes, provided that no other changes occur.

More detailed information on the holdings of the Board of Directors and Group Management can be found in Note 31 and on the Group's website.

SanomaWSOY's guidelines on insider trading can be found on page 76 and on the Group's website.

Major changes in shareholdings

There were no major changes in share ownership in 2007, and SanomaWSOY did not issue any flagging announcements.

Major shareholders at 31 December 2007

	Shareholder	Shares, total	Of shares and votes, %
1	**Erkko Aatos**	37 483 619	22.66
	Erkko Aatos	25 680 076	15.53
	Oy Asipex Ab	11 803 543	7.14
2	**Langenskiöld Robin**	12 273 371	7.42
3	**Seppälä Rafaela**	12 273 370	7.42
4	**Helsingin Sanomat Foundation**	6 001 570	3.63
5	**Alfred Kordelin Foundation**	3 765 325	2.28
6	**Ilmarinen Mutual Pension Insurance Company**	3 748 833	2.27
7	**Sampo Life Insurance Company Limited**	3 057 161	1.85
8	**SanomaWSOY Corporation**	2 576 903	1.56
9	**Foundation for Actors' Old-Age Home**	2 249 357	1.36
10	**The WSOY's Literature Foundation**	2 075 000	1.25
11	**The Finnish Literature Society (SKS)**	1 915 318	1.16
12	**Svenska litteratursällskapet i Finland r.f.**	1 840 000	1.11
13	**The Finnish Cultural Foundation**	1 651 000	1.00
14	**OP-Delta Fund**	1 640 995	0.99
15	**Varma Mutual Pension Insurance Company**	1 469 925	0.89
16	**The State Pension Fund**	1 360 000	0.82
17	**Tapiola**	1 349 438	0.82
	Tapiola Mutual Pension Insurance Company	753 308	0.46
	Tapiola General Mutual Insurance Company	354 017	0.21
	Tapiola Mutual Life Assurance Company	161 513	0.10
	Tapiola Corporate Life Insurance Ltd	80 600	0.05
18	**Oy Premiere Holding Ab**	1 310 000	0.79
19	**Fennia**	1 162 000	0.70
	Mutual Insurance Company Pension-Fennia	1 020 000	0.62
	Fennia Life Insurance Company Ltd	142 000	0.09
20	**Kaleva Mutual Insurance Company**	1 130 026	0.68
	Total	100 333 211	60.66
	Nominee registrations, total	16 074 912	9.72

Shareholders are grouped according to the direct holdings of individual shareholders and the shares held by their investment companies and are stated as aggregate amounts and specified by category. The shareholdings of companies belonging to the same group are both stated as aggregate amounts and specified by category.

A list of the major shareholders (updated monthly) can be found on the Group's website.

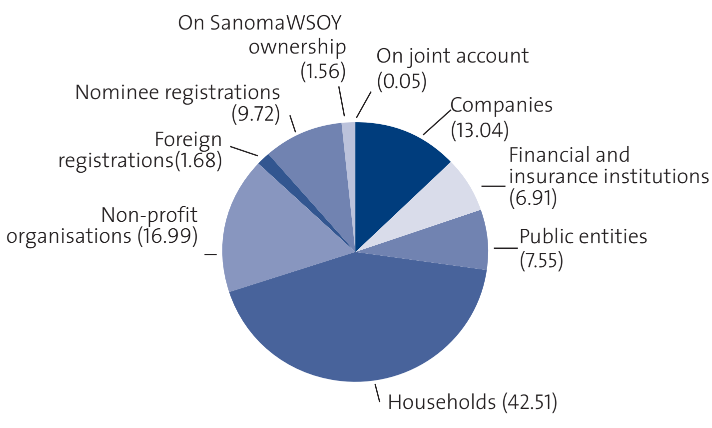
Shareholders by sector at 31 Dec 2007

	Number of shareholders	%	Number of shares	%
Companies	1 007	6.10	21 678 551	13.11
Financial and insurance institutions	94	0.57	27 374 382	16.55
Publich entities	58	0.35	12 488 563	7.55
Households	14 687	89.0	70 309 910	42.51
Non-profit organisations	555	3.36	28 093 187	16.99
Foreign registrations	101	0.61	2 790 749	1.69
Total	**16 502**	**99.99**	**162 735 342**	**98.39**
of which nominee registrations	12	0.07	16 074 912	9.72
On SanomaWSOY ownership	1	0.01	2 576 903	1.56
On joint account			87 547	0.05
Number of shares on the market			165 399 792	100.00

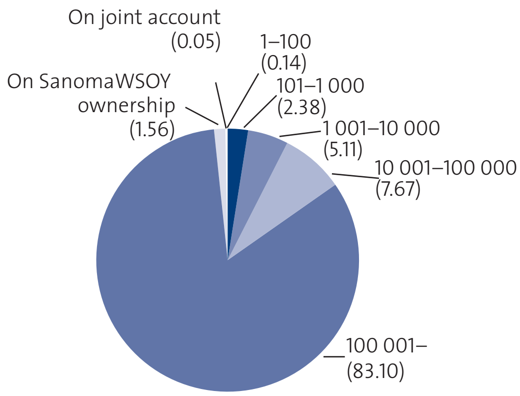
Shareholders by number of shares owned at 31 Dec 2007

Number of shares	Number of shareholders	%	Number of shares	%
1–100	3 690	22.36	233 466	0.14
101–1 000	9 374	56.8	3 936 484	2.38
1 001–10 000	2 901	17.58	8 443 513	5.10
10 001–100 000	430	2.61	12 681 222	7.67
100 001–	107	0.65	137 440 657	83.10
Total	**16 502**	**99.99**	**162 735 342**	**98.39**
On SanomaWSOY ownership	1	0.01	2 576 903	1.56
On joint account			87 547	0.05
Number of shares on the market			165 399 792	100.00

Shareholders by sector (% of shares and votes)



Shareholders by number of shares owned (% of shares and votes)



Changes in the share capital, 2003–2007	Series A shares issued	Series B shares issued	Number of shares, total	Share capital (EUR 1 000)
SanomaWSOY at 31 Dec 2003	**23 220 492**	**137 078 936**	**160 299 428**	**68 929**
Cancellation of treasury shares at 31 Jul 2004 (Tiikerijakelu merger)	23 220 492	129 891 660	153 112 152	65 838
Conversion of Series A shares into Series B shares at 27 Aug 2004	23 209 492	129 902 660	153 112 152	65 838
Conversion of Series A shares into Series B shares at 26 Nov 2004	23 199 492	129 912 660	153 112 152	65 838
SanomaWSOY at 31 Dec 2004	**23 199 492**	**129 912 660**	**153 112 152**	**65 838**
Conversion of convertible capital notes into Series B shares at 29 Apr 2005	23 199 492	129 931 515	153 131 007	65 846
Conversion of convertible capital notes into Series B shares at 25 Apr 2005	23 209 492	129 902 660	153 112 152	65 838
Conversion of Series A shares into Series B shares at 23 Jun 2005	23 127 312	130 003 695	153 131 007	65 846
Conversion of convertible capital notes into Series B shares at 22 Jul 2005	23 127 312	131 842 801	154 970 113	66 637
Conversion of convertible capital notes into Series B shares at 12 Aug 2005	23 127 312	131 897 479	155 024 791	66 661
Conversion of convertible capital notes into Series B shares at 5 Oct 2005	23 127 312	132 588 852	155 716 164	66 958
Conversion of convertible capital notes into Series B shares and subscription for new Series B shares based on stock options at 10 Nov 2005	23 127 312	133 230 069	156 357 381	67 234
Conversion of convertible capital notes into Series B shares and subscription for new Series B shares based on stock options at 23 Dec 2005	23 127 312	133 800 270	156 927 582	67 479
SanomaWSOY at 31 Dec 2005	**23 127 312**	**133 800 270**	**156 927 582**	**67 479**
Subscription for new Series B shares based on stock options at 24 Feb 2006	23 127 312	133 861 370	156 988 682	67 505
Combination of share series at 7 Apr 2006			156 988 682	67 505
Subscription for new shares in the directed issue at 15 May 2006			159 300 143	68 499
Subscription for new shares based on stock options at 31 May 2006			159 360 143	68 525
Subscription for new shares based on stock options at 27 Jun 2006			159 369 643	68 529
Subscription for new shares based on stock options and conversion of convertible capital notes into shares at 14 Aug 2006			160 339 149	68 946
Subscription for new shares based on stock options and conversion of convertible capital notes into shares at 5 Oct 2006			160 789 343	69 139
Subscription for new shares based on stock options and conversion of convertible capital notes into shares at 9 Nov 2006			161 472 632	69 433
Subscription for new shares based on stock options and conversion of convertible capital notes into shares at 21 Dec 2006			164 957 053	70 932
SanomaWSOY at 31 Dec 2006			**164 957 053**	**70 932**
Subscription for new shares based on stock options at 16 Feb 2007			164 960 803	70 933
Conversion of convertible capital notes into shares at 19 Apr 2007			165 008 563	70 954
Conversion of convertible capital notes into shares and subscription for new shares based on stock options at 15 May 2007			165 015 848	70 957
Conversion of convertible capital notes into shares and subscription for new shares based on stock options at 7 Jun 2007			165 218 143	71 044
Conversion of convertible capital notes into shares and subscription for new shares based on stock options at 10 Aug 2007			165 392 292	71 119
Subscription for new shares based on stock options at 4 Oct 2007			165 394 292	71 120
Subscription for new shares based on stock options at 8 Nov 2007			165 399 792	71 122
SanomaWSOY at 31 Dec 2007			**165 399 792**	**71 122**

Parent Company income statement, FAS

EUR million	Note	1.1–31.12.2007	1.1–31.12.2006
Other operating income	2	**4.4**	4.5
Personnel expenses	3	**7.2**	8.1
Depreciation and impairment losses	8–10	**0.9**	0.6
Other operating expenses	4	**11.2**	11.3
OPERATING PROFIT (LOSS)		**-14.9**	-15.5
Financial income and expenses	5	**172.0**	15.7
RESULT BEFORE EXTRAORDINARY ITEMS		**157.1**	0.2
Extraordinary items	6	**99.1**	97.1
RESULT BEFORE APPRORIATIONS AND TAXES		**256.2**	97.2
Appropriations	15	**0.0**	-0.2
Income taxes	7	**10.6**	4.5
RESULT FOR THE YEAR		**266.8**	101.5

Parent Company balance sheet, FAS

EUR million	Note	31.12.2007	31.12.2006
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	8	**3.4**	2.4
Tangible assets	9	**11.0**	10.6
Investments	10	**1 765.9**	1 835.4
NON-CURRENT ASSETS, TOTAL		**1 780.3**	1 848.4
CURRENT ASSETS			
Long-term receivables	11	**0.7**	0.0
Short-term receivables	12	**348.0**	298.5
Securities	13	**1.6**	2.4
Cash and cash equivalents		**17.0**	44.9
CURRENT ASSETS, TOTAL		**367.3**	345.9
ASSETS, TOTAL		**2 147.6**	2 194.2
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	14		
Share capital *		**71.3**	70.9
Premium fund		**171.5**	164.9
Treasury shares		**-51.6**	
Retained earnings		**288.1**	343.7
Profit for the year		**266.8**	101.5
SHAREHOLDERS' EQUITY, TOTAL		**746.0**	681.0
APPROPRIATIONS	15	**0.2**	0.2
LIABILITIES			
Capital note	16		2.4
Non-current liabilities	17	**290.0**	
Current liabilities	18	**1 111.4**	1 510.6
EQUITY AND LIABILITIES, TOTAL		**2 147.6**	2 194.2

* Share subscribed with options in December 2007, totalling EUR 0.1 million, were entered into the Trade Register on 3 January 2008.

Parent Company cash flow statement, FAS

EUR million	1.1–31.12.2007	1.1–31.12.2006
OPERATIONS		
Result for the period	**266.8**	101.5
Adjustments		
Income taxes	**-10.6**	-4.5
Appropriations	**0.0**	0.2
Extraordinary items	**-99.1**	-97.1
Financial income and expenses	**-172.0**	-15.7
Depreciation and decrease in value	**0.9**	0.6
Profit on sales of non-current assets	**-0.4**	-0.9
Change in working capital		
Change in trade and other receivables	**-2.0**	-0.8
Change in trade and other payables, and provisions	**0.0**	0.1
Interest paid	**-60.5**	-43.9
Other financial items	**-0.2**	-0.3
Group contributions	**130.1**	5.3
Dividends received	**195.0**	30.0
Taxes paid	**-38.6**	-18.2
CASH FLOW FROM OPERATIONS	**209.4**	-43.5
INVESTMENTS		
Acquisition of tangible and intangible assets	**-2.0**	-1.8
Acquisition of other holdings	**-0.4**	
Sales of tangible and intangible assets	**0.4**	1.1
Group companies sold		0.6
Associated companies sold		0.2
Repayments of capital		15.8
Sales of liquid investments		0.5
Sales of other investments		1.3
Increase(-)/decrease(+) in loan receivables with short maturity		2.3
Loans granted	**-75.0**	-204.9
Repayments of loan receivables	**106.1**	20.6
Interest received	**39.9**	20.4
CASH FLOW FROM INVESTMENTS	**69.1**	-144.0
CASH FLOW BEFORE FINANCING	**278.5**	-187.5
FINANCING		
Proceeds from share subscriptions	**5.2**	2.8
Purchase of treasury shares	**-51.0**	
Change in loans with short maturity	**64.8**	-20.0
Drawings of other loans	**450.5**	748.2
Repayments of other loans	**-630.8**	-366.2
Dividends paid	**-156.7**	-141.3
Donations/other profit sharing	**-0.4**	-0.4
CASH FLOW FROM FINANCING	**-318.5**	223.1
Change in cash and cash equivalents according to cash flow statement	**-40.0**	35.6
Net increase(+)/decrease(-) in cash and cash equivalents	**-40.0**	35.6
Cash and cash equivalents at 1 Jan	**42.9**	7.3
Cash and cash equivalents at 31 Dec	**2.9**	42.9

Notes to the Parent Company financial statements

1. PARENT COMPANY ACCOUNTING PRINCIPLES

SanomaWSOY Corporation is a Finnish public limited liability company domiciled in Helsinki. It was established as a result of a combination merger on 1 May 1999. SanomaWSOY Corporation's financial statements have been prepared in accordance with the Finnish Accounting Standards (FAS). The consolidated financial statements have been prepared applying the most recent IFRS standards. For the most part, IFRS and FAS principles are coherent for SanomaWSOY Corporation. Accordingly, more detailed information on the key accounting principles can be found in Consolidated Financial Statements: Accounting policies.

The main differences between the Parent Company and Group accounting principles are shown below.

Pensions

Pension arrangements, which under IFRS are classified as defined benefit plans, are not recognised as pension obligations or pension assets in the balance sheet, in accordance with FAS.

Derivative contracts

SanomaWSOY Corporation does not enter derivative contracts at their fair value in the balance sheet, as permitted by the Finnish Accounting Act. Interest income and expenses from derivative contracts, used to manage interest rate risks, are recognised over the term of the contract and are used to adjust the hedged item's interest income or expenses in the income statement. The paid and received premiums of interest rate options are recorded as deferred items and recognised as financial expenses or income over the term of the contract. Interest rate derivatives are used to hedge floating rate loans, in which case derivative contracts are not measured at fair value. The fair value of these contracts is presented in the notes to the financial statements. Unrealised fair value losses are immediately recognised in the income statement and fair value gains are only recorded if realised.

Investments in properties and housing companies

Under FAS, investments in shares of property and housing companies are shown in investments under non-current assets.

Stock options

The fair value and expense effects of stock options have not been recorded in the Parent Company accounts under FAS.

Extraordinary items

The Parent Company extraordinary items mainly include Group contributions received and given. Other extraordinary items are related to internal changes in the Group structure.

2. OTHER OPERATING INCOME

Other operating income, EUR million	2007	2006
Rental income	**0.6**	0.7
Rental income, internal	**1.3**	1.5
Capital gains	**0.4**	1.1
Other	**2.1**	1.1
Total	**4.4**	4.5

3. PERSONNEL EXPENSES

Personnel expenses, EUR million	2007	2006
Wages, salaries and fees	**6.5**	6.9
Pension costs	**0.2**	0.9
Other social expenses	**0.5**	0.3
Total	**7.2**	8.1

Average number of employees (full-time equivalents)	**86**	70

The remuneration to the President and CEO and Board of Directors is presented separately, divided by persons, in Note 31 to the Financial Statements.

4. OTHER OPERATING EXPENSES

Other operating expenses, EUR million	2007	2006
Rents	**2.6**	2.5
Losses on sales	**0.0**	0.3
Other	**8.5**	8.4
Total	**11.2**	11.3

5. FINANCIAL INCOME AND EXPENSES

Financial income and expenses, EUR million	2007	2006
Dividend income		
From Group companies	**195.0**	30.0
From other companies		0.0
Total	**195.0**	30.0
Interest income from investments under non-current assets		
From Group companies	**30.2**	26.3
From other companies	**0.0**	0.0
Total	**30.2**	26.3
Other interest and financial income		
From Group companies	**8.6**	1.4
From other companies	**2.7**	0.7
Exchange rate gains	**0.6**	2.1
Total	**11.9**	4.2
Interest and other financial expenses		
To Group companies	**25.2**	10.9
To other companies	**39.9**	32.0
Exchange rate losses	**0.1**	1.9
Total	**65.2**	44.8
Total	**172.0**	15.7

6. EXTRAORDINARY ITEMS

Extraordinary items, EUR million	2007	2006
Extraordinary income		
Group contributions received	**142.5**	134.9
Other extraordinary income		0.9
Extraordinary expenses		
Group contributions given	**8.6**	4.8
Other extraordinary expenses	**0.0**	0.1
Income taxes on extraordinary items	**-34.8**	-33.8
Total	**99.1**	97.1

Other extraordinary items are related to internal changes in the Group structure.

7. INCOME TAXES

Income taxes, EUR million	2007	2006
Income tax on operational income	**9.8**	8.2
Income taxes from previous periods	**0.8**	-3.7
Total	**10.6**	4.5

8. INTANGIBLE ASSETS

Intangible assets 2007, EUR million	**Intangible assets**	**Other long-term investments**	**Advance payments**	**Total**
Acquisition cost at 1 Jan 2007	0.5	1.5	1.4	3.4
Increases	0.0	0.5	1.0	1.5
Reclassifications	0.6	0.5	-1.0	
Acquisition cost at 31 Dec 2007	1.1	2.5	1.3	4.9
Accumulated depreciation and impairment losses at 1 Jan 2007	-0.3	-0.7		-1.0
Depreciation for the period	-0.2	-0.4		-0.5
Accumulated depreciation and impairment losses at 31 Dec 2007	-0.5	-1.0		-1.6
Book value at 31 Dec 2007	**0.6**	**1.5**	**1.3**	**3.4**

Intangible assets 2006, EUR million	**Intangible assets**	**Other long-term investments**	**Advance payments**	**Total**
Acquisition cost at 1 Jan 2006	0.5	0.9	0.9	2.3
Increases	0.0		1.1	1.1
Reclassifications		0.7	-0.7	
Acquisition cost at 31 Dec 2006	0.5	1.5	1.4	3.4
Accumulated depreciation and impairment losses at 1 Jan 2006	-0.2	-0.5		-0.8
Depreciation for the period	-0.1	-0.1		-0.2
Accumulated depreciation and impairment losses at 31 Dec 2006	-0.3	-0.7		-1.0
Book value at 31 Dec 2006	0.2	0.9	1.4	2.4

9. TANGIBLE ASSETS

Tangible assets 2007, EUR million	Land and water *	Buildings and structures	Machinery and equipment	Other	Total
Acquisition cost at 1 Jan 2007	7.3	1.8	4.1	1.5	14.7
Increases	0.3	0.0	0.4	0.1	0.8
Decreases			-0.2		-0.2
Acquisition cost at 31 Dec 2007	7.7	1.8	4.2	1.6	15.3
Accumulated depreciation and impairment losses at 1 Jan 2007		-1.0	-3.1		-4.1
Decreases			0.1		0.1
Depreciation for the period		0.0	-0.3		-0.4
Accumulated depreciation and impairment losses at 31 Dec 2007		-1.1	-3.3		-4.3
Book value at 31 Dec 2007	**7.7**	**0.8**	**0.9**	**1.6**	**11.0**

* Book value and acquisition cost of land and water at 31 December 2007 include value appreciations totalling EUR 0.5 million.

Tangible assets 2006, EUR million	Land and water *	Buildings and structures	Machinery and equipment	Other	Total
Acquisition cost at 1 Jan 2006	6.1	2.0	3.5	1.5	13.0
Increases	1.4		0.6	0.0	2.0
Decreases	-0.2	-0.1	-0.1		-0.4
Acquisition cost at 31 Dec 2006	7.3	1.8	4.1	1.5	14.7
Accumulated depreciation and impairment losses at 1 Jan 2007		-1.0	-2.8		-3.7
Depreciation for the period		-0.1	-0.3		-0.4
Accumulated depreciation and impairment losses at 31 Dec 2006		-1.0	-3.1		-4.1
Book value at 31 Dec 2006	7.3	0.8	1.0	1.5	10.6

* Book value and acquisition cost of land and water at 31 December 2006 include value appreciations totalling EUR 0.5 million.

10. INVESTMENTS

Investments 2007, EUR million	**Interest in Group companies**	**Receivables from Group companies**	**Interest in associated companies**	**Other shares and holdings**	**Other receivables**	**Total**
Acquisition cost at 1 Jan 2007	1 180.1	643.2	0.9	8.7	3.1	1 835.9
Increases	55.3	2.3		0.0	0.3	57.9
Decreases		-125.8		-0.1	-1.5	-127.4
Acquisition cost at 31 Jan 2007	1 235.4	519.6	0.9	8.6	1.9	1 766.4
Accumulated impairment losses at 1 Jan 2007			-0.6	-0.2		-0.8
Decreases				0.1		0.1
Accumulated impairment losses at 31 Dec 2007			-0.6	-0.2		-0.7
Exchange rate differences		0.2				0.2
Book value at 31 Dec 2007	**1 235.4**	**519.9**	**0.3**	**8.4**	**1.9**	**1 765.9**

Investments 2006, EUR million	**Interest in Group companies**	**Receivables from Group companies**	**Interest in associated companies**	**Other shares and holdings**	**Other receivables**	**Total**
Acquisition cost at 1 Jan 2006	1 201.3	569.4	1.6	10.6	3.5	1 786.3
Increases		73.8				73.8
Decreases	-21.2		-0.7	-2.2	-0.1	-24.2
Reclassifications				0.2	-0.2	
Acquisition cost at 31 Jan 2006	1 180.1	643.2	0.9	8.7	3.1	1 835.9
Accumulated impairment losses at 1 Jan 2006	-0.7		-1.0	-0.9		-2.7
Decreases	0.7		0.5	0.7		1.9
Accumulated impairment losses at 31 Dec 2006			-0.6	-0.2		-0.8
Exchange rate differences		0.3				0.3
Book value at 31 Dec 2006	1 180.1	643.4	0.3	8.4	3.1	1 835.4

11. LONG-TERM RECEIVABLES

Long-term receivables, EUR million	2007	2006
Accrued income	**0.7**	0.0
Total	**0.7**	0.0

12. SHORT-TERM RECEIVABLES

Short-term receivables, EUR million	2007	2006
Trade receivables	**1.2**	1.3
Loan receivables	**186.6**	148.9
Other receivables	**2.5**	1.3
Accrued income *	**157.7**	147.1
Total	**348.0**	298.5
Receivables from Group companies		
Trade receivables	**1.2**	1.2
Loan receivables	**186.6**	148.9
Accrued income	**156.2**	146.8
Total	**344.0**	297.0

* Most significant items under accrued items are the Group contributions and interest income accruals.

13. DIFFERENCE BETWEEN THE REACQUISITION COST AND THE BOOK VALUE OF SECURITIES

Securities, EUR million	2007	2006
Reacquisition cost	**1.6**	2.4
Book value	**1.6**	2.4
Difference	**0.0**	0.0

14. SHAREHOLDERS' EQUITY

Shareholders' equity, EUR million	2007	2006
Restricted equity		
Share capital at 1 Jan	**70.9**	67.5
Increase in share capital	**0.2**	3.5
Unregistered use of stock options	**0.1**	
Share capital at 31 Dec	**71.3**	70.9
Premium fund at 1 Jan	**164.9**	77.6
Increase in share premium	**6.6**	87.2
Premium fund at 31 Dec	**171.5**	164.9
Restricted equity 31 Dec	**242.7**	235.8
Unrestricted equity		
Treasury shares at 1 Jan		
Acquisition of treasury shares	**-51.6**	
Treasury shares at 31 Dec	**-51.6**	
Other reserves at 1 Jan		355.7
Transfer to other funds		-355.7
Other reserves at 31 Dec		
Retained earnings at 1 Jan	**445.2**	129.7
Transfer to other funds		355.7
Dividends	**-156.7**	-141.3
Other changes	**-0.4**	-0.4
Retained earnings at 31 Dec	**288.1**	343.7
Profit (loss) for the year	**266.8**	101.5
Unrestricted equity 31 Dec	**503.3**	445.2
Total	**746.0**	681.0

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

Distributable earnings, EUR million	2007	2006
Other distributable reserves	**-51.6**	
Retained earnings	**288.1**	343.7
Profit (loss) for the year	**266.8**	101.5
Total	**503.3**	445.2

15. APPROPRIATIONS

Appropriations consist of cumulative depreciation differences.

16. CAPITAL NOTE

Capital note, EUR million	2007	2006
Convertible capital note *	**0.0**	2.4
Total	**0.0**	2.4

* Further information on the Parent Company convertible capital note is disclosed in Note 22 to the Financial Statements for 2006.

17. NON-CURRENT LIABILITIES

Non-current liabilities, EUR million	2007	2006
Loans from financial institutions	**290.0**	
Total	**290.0**	

18.CURRENT LIABILITIES

Current liabilities, EUR million	2007	2006
Loans from financial institutions	**26.3**	420.9
Commercial papers	**527.8**	426.3
Trade payables	**1.2**	2.0
Accrued expenses *	**19.6**	24.6
Advances received	**0.0**	0.0
Other liabilities	**536.5**	636.9
Total	**1 111.4**	1 510.6
Liabilities to Group companies		
Trade payables	**0.1**	0.2
Accrued expenses	**8.6**	4.8
Other liabilities	**535.7**	636.3
Total	**544.5**	641.4

* Most significant items under accrued items are related to interest expense accruals, income taxes, accrued personnel expenses and unpaid Group contributions.

19. CONTINGENT LIABILITIES

Contingent liabilities, EUR million	2007	2006
Contingencies incurred on behalf of Group companies		
Guarantees	**93.7**	88.8
Total	**93.7**	88.8
Contingencies incurred on behalf of associated companies		
Guarantees	**7.9**	7.9
Total	**7.9**	7.9
Total	**101.6**	96.7

Nominal values and fair values of the Parent Company derivative contracts are presented in Note 27 to the Financial Statements. All consolidated derivative contracts consist of the Parent Company derivative contracts. The Parent Company had no open derivative contracts at the end of the financial year.

Auditors' report

To the Shareholders of SanomaWSOY Corporation

We have audited the accounting records, the report of the Board of Directors, the financial statements and the administration of SanomaWSOY Corporation for the period of 1 January–31 December 2007. The Board of Directors and the President and CEO have prepared the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, containing the consolidated balance sheet, income statement, cash flow statement, statement on the changes in equity and notes to the financial statements, as well as the report of the Board of Directors and the Parent Company's financial statements, prepared in accordance with prevailing regulations in Finland, containing the Parent Company's balance sheet, income statement, cash flow statement and notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, as well as on the report of the Board of Directors, the Parent Company's financial statements and the administration.

We conducted our audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the report of the Board of Directors and the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the report and in the financial statements, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration is to examine whether the members of the Board of Directors and the President and CEO of the Parent Company have complied with the rules of the Finnish Limited Liability Companies Act.

Consolidated financial statements

In our opinion the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view, as defined in those standards and in the Finnish Accounting Act, of the consolidated results of operations as well as of the financial position.

Parent Company's financial statements, report of the Board of Directors and administration

In our opinion the Parent Company's financial statements have been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The Parent Company's financial statements give a true and fair view of the Parent Company's result of operations and of the financial position.

In our opinion the report of the Board of Directors has been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The report of the Board of Directors is consistent with the consolidated financial statements and the Parent Company's financial statements and gives a true and fair view, as defined in the Finnish Accounting Act, of the result of operations and of the financial position.

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

Helsinki, 25 February 2008

KPMG OY AB

Pekka Pajamo Authorised Public Accountant	Kai Salli Authorised Public Accountant

The SanomaWSOY Group comprises five divisions: Sanoma Magazines, Sanoma, SanomaWSOY Education and Books, SWelcom and Rautakirja. SanomaWSOY Corporation, the Parent Company, is responsible for the Group's strategic control, corporate functions and Group-wide co-operation projects.

Management of the Group and its businesses is based on a clear organisational structure, well-defined areas of authority and responsibility, common planning and reporting systems and policy guidelines. SanomaWSOY's divisions operate within the scope of agreed strategies, goals and principles of operation.

SanomaWSOY adheres to the Corporate Governance Recommendation for Listed Companies issued by OMX Nordic Exchange Helsinki, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industries (EK), with the exception of Recommendation 12 governing the term of Board members. SanomaWSOY's Corporate Governance Principles are available on the Group's website at www.sanomawsoy.com.

Administrative bodies

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

Shareholders' meeting

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

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

Matters decided upon by the AGM include:
- adopting the financial statements
- using the profit shown on the balance sheet
- discharging the Board of Directors and the President and CEO from liability
- determining the number of SanomaWSOY's Board members
- deciding on amendments to the Articles of Association
- electing the Board's Chairman, its Vice Chairman and Board members to replace outgoing members, as well as deciding on Board emoluments
- electing auditors and determining their remuneration.

The SanomaWSOY Board of Directors calls the Shareholders' meeting, prepares matters to be discussed there and implements decisions made therein. Under the Finnish Limited Liability Companies Act, a shareholder may also, in writing to the company's Board of Directors, request that his or her proposal be dealt with by the next Shareholders' meeting.

Board of Directors

In accordance with SanomaWSOY's Articles of Association, the Board of Directors comprises 5–11 members elected by the Shareholders' meeting. In addition, a maximum of two employee representatives may be elected as Board members. The Board meeting constitutes a quorum when more than half of its members are present. In the event of a tied vote, the Chairman shall have the casting vote.

A Board member's term begins at the conclusion of the AGM and ends after the third AGM following his or her election. If a Board member's seat becomes vacant before the end of this three-year term, a new member shall be elected for the remaining portion of the term. In accordance with the Articles of Association, no person over the age of 75, or who will turn 75 during his or her prospective term, may be elected to the Board of Directors.

According to the OMX Nordic Exchange Helsinki's Corporate Governance Recommendation, the term of a Board member should be one year. That of a SanomaWSOY Board member is three years. The Company holds the view that the nature of its business makes it necessary for Board members, in order to familiarise themselves with and commit themselves to the Group's operations, to sit on the Board for a longer term than one year. SanomaWSOY has adopted a practice whereby approximately one third of its Board members are elected every year.

The current Board, elected by the AGM of 4 April 2007, comprises ten members. The term of Robert Castrén, Jane Erkko, Paavo Hohti and Robin Langenskiöld will expire upon the 2008 AGM; that of Jaakko Rauramo, Sari Baldauf and Sakari Tamminen upon the 2009 AGM; and that of Sirkka Hämäläinen-Lindfors, Seppo Kievari and Hannu Syrjänen upon the AGM in 2010. More detailed information on Board members can be found on pages 46–47 of the Annual Report.

In 2007, Jaakko Rauramo was the Chairman of the Board. Of the Board members, Hannu Syrjänen, President and CEO, is employed by the Group. Over half of the Board members (Sari Baldauf, Robert Castrén, Paavo Hohti, Sirkka Hämäläinen-Lindfors, Seppo Kievari and Sakari Tamminen) are non-executive directors independent of the Company and its major shareholders, as stipulated in OMX Nordic Exchange Helsinki's recommendation. Jane Erkko and Robin Langenskiöld are also non-executive directors independent of the Company. Consequently, the majority of the Board members are independent of the Company. Of the Board members, Jaakko Rauramo and Hannu Syrjänen are not directors independent of the Company as stipulated in OMX Nordic Exchange Helsinki's recommendation: Rauramo was in the service of the Company in the three years prior to his membership in the Board and Syrjänen is currently in the service of the Company. Seppo Kievari is independent of the Company according to Board's total estimate.

SanomaWSOY's Board of Directors:

- is, by virtue of the Finnish Limited Liability Companies Act, responsible for the Group's administration and for the appropriate organisation of its operations
- appoints the Group's President and CEO, his or her deputy, divisions' presidents and their deputies, the Parent Company executives who are Executive Management Group members, members of the Corporate Centre Management Group and the Senior Editors-in-Chief of Helsingin Sanomat
- determines their remuneration
- decides on the major strategic direction of the Group and its divisions
- confirms and controls the strategic goals and budgets of the Group and its divisions
- decides on major investments
- confirms the Group's general principles by issuing policy guidelines.

In order to develop its performance, the Board employs a self-assessment process on a regular basis. In 2007, the Board of Directors met eight times, with an average attendance rate of 96%.

Board committees

The Executive Committee prepares matters for discussion at Board meetings, in accordance with the Articles of Association. The Board is authorised to appoint other committees as it deems appropriate. In 2007, SanomaWSOY's Board committees, in addition to the Executive Committee, included the Audit Committee, the Compensation Committee and the Editorial Committee, all of whose policies and responsibilities have been confirmed by the Board of Directors. The committees report regularly to the Board of Directors.

The Executive Committee, which prepares matters to be discussed at Board meetings, comprised Jaakko Rauramo (Chairman), Sari Baldauf (Vice Chairman), and President and CEO Hannu Syrjänen at the end of 2007. It convened six times in 2007, with all members present at all meetings.

The Audit Committee plans, controls and assesses the Group's risk management, financial reporting procedures, independent audit and internal audit work, the reliability of internal control systems, and compliance with SanomaWSOY's Corporate Governance Principles. At the end of 2007, the Audit Committee comprised Sakari Tamminen (Chairman), Robert Castrén (Vice Chairman), Robin Langenskiöld and Sirkka Hämäläinen-Lindfors, all independent of the Company. In 2007, the committee met four times with full attendance.

The Compensation Committee, which is responsible for preparing matters related to management remuneration and the Group's remuneration policy, comprised Sari Baldauf (Chairman), Paavo Hohti (Vice Chairman), Jane Erkko, Seppo Kievari and Jaakko Rauramo, at the end of 2007. In 2007, it convened three times, with an average attendance rate of 93%.

The Editorial Committee has the duty of monitoring the editorial policies of Helsingin Sanomat. It also prepares changes in these policies, the appointment of Senior Editors-in-Chief and any other policy recommendations. At the end of 2007, the Editorial Committee constituted Seppo Kievari (Chairman), Jane Erkko (Vice Chairman), Paavo Hohti and Sirkka Hämäläinen-Lindfors. In 2007, it convened three times, with an average attendance rate of 92%.

Chairman of the Board

The duties of the Chairman of the Board of Directors are mainly governed by the Finnish Limited Liability Companies Act and include, for example:

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

In 2007, Jaakko Rauramo was the Chairman of the Board.

President and CEO

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

The person holding this office is in charge of:

- the management of the Group's daily operations
- preparing matters for discussion at Board meetings (together with the Chairman of the Board of Directors), and presenting these matters to the Board and its committees
- chairing SanomaWSOY's Executive Management Group and the Corporate Centre Management Group
- chairing the Board of Directors of the parent companies of the Company's divisions, unless otherwise agreed.

Hannu Syrjänen acted as SanomaWSOY's President and CEO in 2007.

Group Management

In line with SanomaWSOY's Corporate Governance Principles, the SanomaWSOY *Executive Management Group* prepares matters to be discussed at Board meetings, co-ordinates the Group's management and acts as the highest decision-making body of the divisions.

SanomaWSOY renewed its management model in the spring of 2007. As of 5 April 2007, the Executive Management Group comprises the President and CEO of SanomaWSOY Corporation and the divisions' presidents. The authorisations and responsibilities of the Executive Management Group remained unchanged.

At the same time, SanomaWSOY established the *Corporate Centre* to support the Group's divisions. The Corporate Centre consists of the following main functions: Group Strategic Development, Group Legal Affairs, Group Financial Management, Group Human Resources and Group Communications. Directors of the Corporate Centre report to the SanomaWSOY's President and CEO. The directors of the Corporate Centre comprise the Corporate Centre Management Group, which in 2007 included the President and CEO of the Group and the Senior Vice Presidents for Group Finance and Administration, Group Strategic Planning and Legal Affairs and Group Treasury and Real Estate.

The Executive Management Group and the directors of the Corporate Centre are presented on pages 48–50 of the Annual Report.

Remuneration and incentives

In accordance with the Compensation Committee's proposal, the Board of Directors approves remuneration and benefits payable to the President and CEO and other senior executives. The AGM determines Board emoluments. Senior executives include SanomaWSOY's Board, the President and CEO, members of the Executive Management Group and those in the Corporate Centre Management Group. In 2007, SanomaWSOY's management received a total of EUR 4.2 million (2006: EUR 5.4 million) in remuneration. This amount includes only the remuneration and benefits paid to these persons for their duties during the financial year in question.

An itemised statement on remuneration paid can be found in Note 31. More detailed information on the management's relationships and connections to the SanomaWSOY Group is provided in Note 30.

Board of Directors

Monthly emoluments paid to the SanomaWSOY's Board of Directors in 2007 were as follows:

- Chairman: EUR 6,000
- Vice Chairman: EUR 5,500
- Members: EUR 4,500 and
- a fee of EUR 1,000 per committee meeting.

Board members do not receive meeting fees for attending Board meetings. Board members involved in SanomaWSOY's stock option schemes include Jaakko Rauramo (Chaiman), Hannu Syrjänen (President and CEO) and Seppo Kievari.

Chairman of the Board

In 2007, Jaakko Rauramo, the Board's Chairman, received EUR 78,100 (2006: EUR 1,706,400) in remuneration, bonuses and other benefits. In 2006, these included one-off bonuses related to the termination of his contract. Rauramo retired and his position as the Board's Chairman became part-time on 1 December 2006. Rauramo holds 80,000 2001B stock options and 100,000 2001C stock options.

President and CEO

In 2007, President and CEO Hannu Syrjänen received EUR 870,300 (2006: EUR 772,400) in remuneration, bonuses, and other benefits. According to his executive contract, he will retire at the age of 60, unless it is specifically agreed otherwise and his pension amounts to some 60% of his pension salary. The President and CEO's service is subject to a six-month period of notice, and his severance pay equals 18 months of his salary. If the agreement ends due to a takeover bid, severance pay is equivalent of 30 months salary. The severance pay is subject to a fixed-term non-competition clause. Syrjänen holds 50,000 2001C, 50,000 2004A, 50,000 2004B, 50,000 2004C and 60,000 2007 stock options.

Other management

Other members of SanomaWSOY's Group Management are, for the most part, entitled to retire at the age of 60, their pension being approximately 60% of their pension salary. They are subject to a six-month period of notice, and their severance pay is the equivalent of 12 months salary. The severance pay is accompanied by a fixed-term non-competition clause.

Information on Executive Management Group members' and Corporate Centre Management Group members' shareholdings and stock options can be found in Note 31, and the changes in ownership are presented on the Group's website.

Group incentive schemes

All SanomaWSOY divisions and the Group's Parent Company run incentive schemes designed to encourage employees to achieve business goals and commit themselves to the Company, as well as to reward them for good performance and results. In addition to pay based on their skills, responsibilities and performance, employees may receive one-off bonuses and can be involved in short-term incentive schemes based on an earnings logic specific to each division.

SanomaWSOY's Board of Directors confirms general principles governing the Group's incentive schemes. Incentives are determined by the previous year's performance, the competitive environment, the life cycle of the business, action plans and similar factors. Sanoma and Sanoma Magazines Finland also maintain a personnel profit-sharing fund, annual payments from which are based on yearly operational results.

The Group also has three stock option schemes in place, on which more detailed information can be found in Note 20, and in Shares and shareholders section on p. 56.

Insider regulations

Those included in SanomaWSOY's public insider register comprise, by law, the Chairman of the Board of Directors, other Board members, the President and CEO, his or her deputy, the company auditor, the auditor in charge and the deputy auditor. In accordance with a decision of the SanomaWSOY Board of Directors, the Executive Management Group members, the Corporate Centre Management Group members and the Board secretary are also included in the public insider register, on other grounds.

All persons whose duties require them to regularly receive confidential information that may affect the Company's share value are included in the Company-specific permanent insider register. Such persons include, for example, those responsible for key businesses and persons responsible for financing, treasury operations, legal affairs, research and development and communications, as well as secretaries to senior executives.

SanomaWSOY's Insider Regulations comply with the Insider Guidelines issued by OMX Nordic Exchange Helsinki. Under these regulations, insiders should trade in the company's securities at times when the marketplace has as complete as possible information on circumstances affecting the company's share value.

According to SanomaWSOY's Insider Regulations, an insider may not use inside information in order to obtain material benefit for him- or herself or another party by disposing of or purchasing SanomaWSOY securities * on his or her behalf or that of the other party, or by counselling, directly or indirectly, the other party on trading in said securities, nor disclose inside information to the other party unless this forms part of the normal performance of the insider's job, profession or duties.

Insiders may not trade in SanomaWSOY securities in the 14 days prior to the disclosure of the Group's Interim Report or the Year-End Financial Statements. SanomaWSOY recommends that insiders do not buy or sell the same SanomaWSOY securities within six months and that they time their orders to buy, sell or otherwise perform transactions involving SanomaWSOY securities, if possible, within 28 days following the disclosure of the Company's statutory financial information subject to regular reporting requirements (Year-End Statements and Interim Reports).

Nordic Central Securities Depository Ltd. maintains SanomaWSOY Corporation's insider register. Information on insider holdings and changes therein are updated daily and available on the Group's website at www.sanomawsoy.com.

* SanomaWSOY securities refer to shares in a SanomaWSOY Group company and securities entitling one to said shares pursuant to the Securities Markets Act (convertible bonds, warrants, stock options and bonds with warrants and subscription rights). As defined in the Securities Markets Act, securities entitling one to said shares stand for standardised options and futures referred to in the Act on Trading in Standardised Options and Futures (Section 1, Chapter 10 of the SMA), derivative contracts comparable to these (Section 1 a, Chapter 10 of the SMA) and other derivative contracts (Section 1 b, Chapter 10 of the SMA) whose underlying instruments are the above-mentioned securities and a depository receipt carrying entitlement to securities.

Sensitivity analysis

Personnel, advertising and marketing, and paper make up the bulk of SanomaWSOY's costs. The development of personnel expenses has the greatest single impact on SanomaWSOY's total costs. For example, a 1% change in personnel expenses equates to EUR 6.5 million in total, and a 1% change in paper costs constitutes EUR 1.4 million per annum.

Key factors influencing total costs and net sales are presented in the following table.

Cost item	Cost, EUR million	Of total costs, %	Of net sales, %
Materials and services	1 308.9	48.9	44.7
Paper costs	139.8	5.2	4.8
Other (such as transportation, purchased printing services, and royalty payments)	1 169.1	43.7	40.0
Personnel expenses	646.5	24.1	22.1
Other operating expenses	572.7	21.4	19.6
Advertising and marketing	207.4	7.8	7.1
Rent payments	71.9	2.7	2.5
Office and IT expenses	81.2	3.0	2.8
Other	212.2	7.9	7.3
Depreciation and impairment losses	149.7	5.6	5.1
Total	**2 677.8**	**100.0**	**91.5**

Risk management

The evaluation of business risks and the opportunities associated with them is part of the daily routine of SanomaWSOY's management. The management must take calculated risks in order to ensure that the Company carries out its business as successfully as possible.

The following discussion illustrates the most significant risks for SanomaWSOY, those that could have a negative impact on SanomaWSOY's business activities, operations' performance, or financial status if realised. The risks are divided into those relating to the industry and those that could affect the Group's business.

Risks related to the industry

Economic trends

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 conducts operations and the economic trends of the industry influence SanomaWSOY's business activities and operational performance.

A quarter of SanomaWSOY's net sales is derived from media advertising. SanomaWSOY's diversified operations in various fields of media in over 20 European countries also balance the effects of market fluctuations.

SanomaWSOY's growth areas (magazine publishing, educational publishing, digital business as well as kiosks and press distribution) are not exposed to any significant political risks.

Technological development and changes in consumer preferences

Rapid technological development, the diversifying use of the internet and changes in consumer preferences have an impact on the development of the media sector. At the same time, the supply of digital content services is growing and becoming more focused. Technological development and changes in consumer preferences may also affect the choices of advertisers regarding the communication channels utilised.

SanomaWSOY closely monitors technological development and changes in consumer preferences, and collaborates with technology companies to develop new products and services to meet these changes for both its consumer and advertising customers. Technological development also generates new opportunities for process development and in new digital business activities for multimedia companies such as SanomaWSOY. The strong development of digital media has also been chosen as one of the focus areas in SanomaWSOY's growth strategy.

The wide array of products and services offered by the Group reduces the risks posed by technological development and changes in consumer preferences.

Risks related to the Group's business

Intellectual Property Rights

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

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

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

Information systems

The functioning and reliability of a number of ICT systems are integral aspects of the Group's business. These systems include newspaper and magazine subscription, advertising and delivery systems, as well as various production control and customer relations management systems. Risks related to information systems may arise in connection with the confidentiality, integrity or availability of information. These can be divided into physical risks (fire, sabotage and equipment breakdown) and logical risks (related to data security, employees and software failure).

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

Acquisitions and investments

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

As a result of acquisitions, the consolidated balance sheet on 31 December 2007 included about EUR 1.8 billion in goodwill, publishing rights and other intangible assets, most of which is related to magazine operations. In accordance with the International Financial Reporting Standards (IFRS), instead of goodwill being amortised regularly, it is tested for impairment on an annual basis, or whenever there is any indication of impairment. The impairment losses on goodwill and other tangible assets for 2007 totalled EUR 1.3 million (2006: EUR 0.1 million), and there were no indicators of other impairment losses.

Regarding risks associated with investment decisions, the SanomaWSOY Corporate Governance Principles specify the approval procedures for investments and acquisitions. Various administrative bodies discuss investments when addressing strategies, action plans and budgets. Final investment decisions are made on the basis of specific proposals, in accordance with authorisations governing approval of investments. A proposal for a major investment is submitted for the purpose of decision-making and monitoring, providing information on its grounds and ROI calculations.

Personnel

The Group's successful performance depends on its management and other personnel, and their willingness to develop their competencies, as well as on their skills in developing appealing products and services in accordance with customer needs. Since SanomaWSOY employs numerous professionals, it is estimated that the end of one key person's employment would not have an adverse effect on the Group's result or its ability to carry out its strategy. Recruiting and retaining skilled and motivated staff may become more difficult in the years to come as a result of, e.g., changes in the population's age structure and intensifying competition for personnel resources.

SanomaWSOY is responding to these challenges by continuously improving its employee reward systems, in-house training programmes and opportunities for job rotation, among other things. In an effort to prepare for job market changes due to the ageing population, the Group has implemented, e.g., successor plans.

Exceptional circumstances related to employees or other matters

It is possible that SanomaWSOY's business operations will be affected by labour disputes. These disturbances may be caused by strikes of the Group's own employees or by work stoppages or, for example, labour disputes affecting the Group's suppliers.

Paper used in printed products is the single most important raw material of the Group. Paper purchases accounted for roughly 5% of annual expenses in 2007. The Group's divisions produce a wide variety of prints with diverse paper grades. Despite its centralised paper purchases, SanomaWSOY manages risks associated with raw material availability and prices by buying paper from several suppliers, on the basis of framework agreements valid for about 12 months. Good relations with paper suppliers ensure that the Group also receives paper in special circumstances, such as during the industrial action that affected paper manufacturers in summer 2005.

Financial risks

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

The majority of the Group's business operations are carried out in the euro area, which essentially reduces influence of currency risks. A more detailed description of the Group's financial risk management can be found in Note 26.

Group control mechanisms and internal audit

The SanomaWSOY Board of Directors defines Group goals, responsibilities and control principles, also monitoring methods to manage major, identified risks.

The Group's financial performance is assessed on a monthly basis, using a Group-wide operational planning and reporting system, which includes comments by the divisions' management, the actual income statements, balance sheets and key performance indicators, as well as up-to-date forecasts for the current financial year and the rolling 12 months.

Each year, the Board of Directors elects, from among its members, the Audit Committee, which plans, controls and assesses the Group's risk management, financial reporting procedures, independent audit and internal audit work, the reliability of internal control systems, and compliance with SanomaWSOY's Corporate Governance Principles, in accordance with the policy confirmed by the Board of Directors. All Board members may attend Audit Committee meetings if they so wish.

Internal Audit Services reports directly to SanomaWSOY's President and CEO and co-operates with the Group and division management, the Audit Committee, and the Group's auditors. It is responsible for internal audits involving assessment of the adequacy and efficiency of risk management, internal control and governance processes. The scope of Internal Audit Services covers all of the Group's organisational levels and subsidiaries. The department's operations are steered by SanomaWSOY's Corporate Governance Principles and internal audit policy issued by the Audit Committee. The Audit Committee confirms the annual internal audit plan.

In 2007, KPMG Oy Ab, a firm of Authorised Public Accountants, acted as SanomaWSOY's auditor in charge and received a total of EUR 2.5 million in remuneration, of which the statutory audit accounted for EUR 1.4 million. Other remuneration was paid to auditors for, e.g., circulation audits in countries with no official national circulation audit in place and for consulting services related to matters such as taxation and corporate transactions.

Investing in SanomaWSOY

Annual General Meeting

SanomaWSOY Corporation's Annual General Meeting of Shareholders (AGM) will be held on 1 April 2008 at 2:00 pm (Finnish time) in the Congress Wing of the Helsinki Fair Centre (Messuaukio 1, 00520 Helsinki).

Notice of the AGM

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

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

Attending the AGM

Shareholders owning SanomaWSOY shares on 20 March 2008 are welcome to attend the AGM.

Registration

Shareholders wishing to attend and to use their voting rights are kindly requested to register by 4:15 pm (Finnish time) on 25 March 2008. Registration can be made on the Group's website at www.sanomawsoy.com, via email yhtiokokous@sanomawsoy.fi, by phone +358 105 19 5021 or by fax +358 105 19 5058. Regarding the nominee registered shareholders, the respective regulations are applied.

Shareholders wishing to attend the AGM are requested to register within the time specified in the notice. Shareholders not able to participate in the AGM may appoint an authorised representative or statutory representative. Shareholders are requested to submit possible proxies within the registration time limit to: SanomaWSOY Corporation, Legal Department, P.O. Box 1229, FI-00101 Helsinki, Finland.

Dividend

The Board of Directors proposes to the AGM that a dividend of EUR 1.00 per share should be paid for 2007. All shareholders registered on the Company's list of shareholders on the record date of 4 April 2008 are entitled to a dividend. The shareholders list is maintained by the Nordic Central Securities Depository. In Finland, the dividend payment date will be 11 April 2008. Outside Finland, the actual dividend payment date will be determined by the practices of the intermediary banks transferring the payments.

SanomaWSOY's financial reporting during 2008

The Group's Interim Reports in 2008 will be published:

- Interim Report January–March on 9 May, approximately at 12 pm (Finnish time)
- Interim Report January–June on 31 July, approximately at 11 am (Finnish time)
- Interim Report January–September on 31 October, approximately at 8:30 am (Finnish time).

The Annual Report and Interim Reports are available in Finnish and English. Publications can be viewed online at www.sanomawsoy.com. Printed version of Annual Report can be ordered via email ir@sanomawsoy.fi or by phone +358 105 19 5062.

Shareholders can also order SanomaWSOY's Interim Reports and other releases via email at www.sanomawsoy.com/contacts.

Changes in contact information

The Nordic Central Securities Depository maintains a list of Company shares and shareholders and a list of holders of option rights. Shareholders who wish to make changes to their personal and contact information are kindly asked to contact the Depository directly. SanomaWSOY cannot make the changes listed above.

Stock Exchange and Press Releases 2007

5.1	Rautakirja Acquires Finnish Printcenter
8.2	SanomaWSOY's Year-End Statement 2006
8.2	Notice of Annual General Meeting
8.2	Additional Information to SanomaWSOY's Notice of AGM
16.2	Subscription for SanomaWSOY's Shares with Stock Options
28.2	The List of SanomaWSOY's Releases in 2006
9.3	SanomaWSOY's Annual Report 2006 Published
15.3	Rautakirja to Enter the Russian Market with a Modern Kiosk Concept
4.4	Decisions of SanomaWSOY's Annual General Meeting
5.4	SanomaWSOY Renews Its Management Model
19.4	SanomaWSOY's Convertible Capital Notes Converted into Shares
3.5	Interim Report January–March 2007
15.5	SanomaWSOY's Share Capital Increased
6.6	Sanoma Magazines Intends to Sell Its Dutch Puzzle Magazines
7.6	SanomaWSOY's Share Capital Increased
21.6	Conversion Period for SanomaWSOY's Convertible Capital Notes Has Ended
29.6	Sanoma Magazines Sold Its Puzzle Magazines to Keesing
29.6	SanomaWSOY Sold a Land Area in Vantaa
9.7	SanomaWSOY to Acquire Polish Educational Publisher Nowa Era
2.8	Interim Report January–June 2007
2.8	SanomaWSOY to Start Purchases of Own Shares
2.8	SanomaWSOY Applies for Listing of the 2004A Stock Options on the Helsinki Stock Exchange
9.8	Rautakirja Expands in Russia
10.8	SanomaWSOY's Share Capital Increased
27.8	SanomaWSOY Signs a EUR 802 Million Syndicated Revolving Credit Facility
27.9	SanomaWSOY's Financial Reporting During 2008
4.10	SanomaWSOY's Share Capital Increased
11.10	Sanoma Magazines Considers to Sell Its Movie Distribution Company R.C.V. Entertainment
17.10	SanomaWSOY Applies for Listing of 2004A Stock Options on OMX Nordic Exchange Helsinki
25.10	Rautakirja to Sell Its Multipurpose Arena in Hamburg
31.10	Interim Report January–September 2007
8.11	SanomaWSOY's Share Capital Increased
9.11	Sanoma Magazines Acquires Mood for Magazines
19.12	SanomaWSOY Issues Third Stock Option Scheme
19.12	SanomaWSOY's Publishing Schedule for Interim Report January–March 2008 Has Changed
19.12	Rautakirja Intends to Co-operate with Ringier on Romanian Press Distribution

Press Releases in blue.

Releases can be found on the Group's website at www.sanomawsoy.com.

SanomaWSOY announced on 2 August 2007 that it will begin acquisitions of own shares. The Company has authorised a brokerage company to communicate the acquisitions. Releases related to these share buy-backs can be read on OMX website at www.omxgroup.com/nordicexchange/uutisetjatilastot/porssitiedotteet/.
The authorisation to acquire own shares is valid until the Annual General Meeting of 2008.

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Information about brokerage houses' latest published analysis on SanomaWSOY can be found on the Group's website at www.sanomawsoy.com.

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