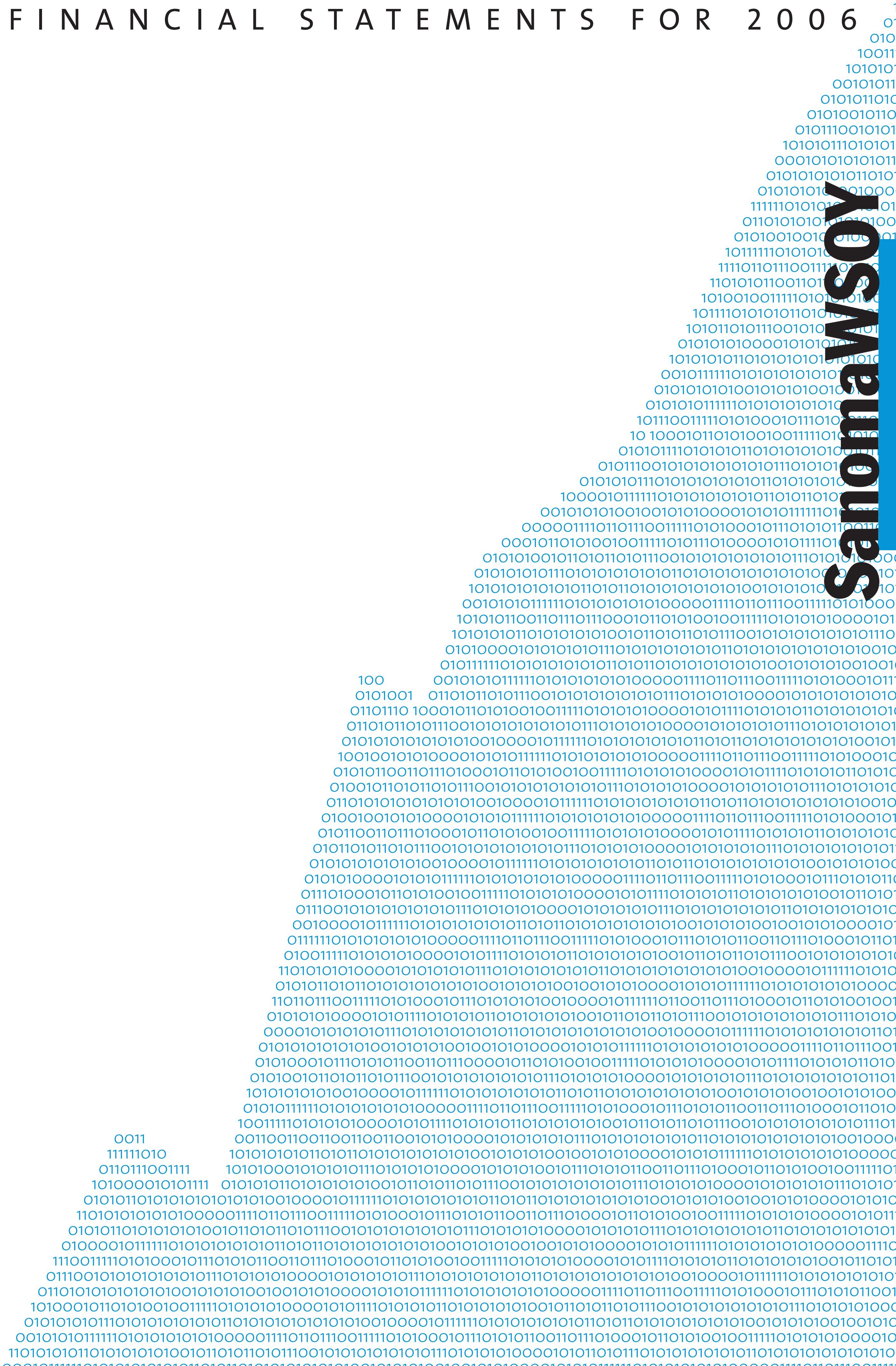
FINANCIAL STATEMENTS FOR 2006

SanomaWSOY



Contents

Key indicators

Key indicators, EUR million	2006	2005	2004	2003, FAS	2002, FAS
Net sales	**2 742.1**	2 622.3	2 504.6	2 395.9	2 357.8
Operating profit before depreciation and impairment losses	**428.2**	431.9	421.7	414.8	346.4
% of net sales	**15.6**	16.5	16.8	17.3	14.7
Operating profit	**292.5**	301.3	296.7	205.2	134.4
% of net sales	**10.7**	11.5	11.8	8.6	5.7
Operating profit excluding major non-recurring capital gains	**288.2**	269.1	270.9	---	---
% of net sales	**10.5**	10.3	10.8	---	---
Result before taxes	**276.3**	286.0	271.6	163.1	112.7
% of net sales	**10.1**	10.9	10.8	6.8	4.8
Result for the period	**208.4**	228.4	203.8	107.5	48.5
% of net sales	**7.6**	8.7	8.1	4.5	2.1
Balance sheet total	**3 132.2**	2 972.5	2 693.6	2 453.0	2 592.5
Capital expenditure *	**81.9**	93.8	71.0	73.9	96.1
% of net sales	**3.0**	3.6	2.8	3.1	4.1
Return on equity (ROE), %	**17.7**	22.3	22.7	11.9	4.7
Return on investment (ROI), %	**14.3**	15.4	18.0	11.4	7.9
Equity ratio, %	**45.0**	41.3	38.6	40.3	36.9
Gearing, %	**59.2**	72.9	81.6	72.9	96.1
Interest-bearing liabilities	**863.9**	928.7	894.8	819.4	1 006.2
Interest-free liabilities	**945.5**	886.1	812.8	686.1	666.8
Net debt	**782.4**	843.8	804.5	690.6	883.8
Personnel under employment contract, average	**18 434**	16 885	16 209	17 330	18 657
Personnel, average (full-time equivalents)	**15 732**	14 256	13 651	14 207	15 210
Share-related indicators					
Earnings/share, EUR	**1.32**	1.45	1.31	0.69	0.22
Earnings/share, diluted, EUR **	**1.31**	1.42	1.26	---	---
Cash flow from operations/share, EUR	**1.63**	1.69	1.58	1.65	1.33
Equity/share, EUR	**7.92**	7.27	6.34	6.08	5.70
Dividend/share, EUR ***	**0.95**	0.90	0.80	1.00	0.40
Dividend/result, % ***	**72.2**	62.0	61.2	144.3	178.0
Market capitalisation, EUR million	**3 521.8**	3 121.5	2 632.2	2 554.9	1 319.1
Effective dividend yield, % ***, ****	**4.4**	4.6	4.7	6.0	4.2
P/E ratio ****	**16.2**	13.5	13.2	24.0	42.0
Adjusted number of shares at the end of the period ****	**164 957 053**	156 927 582	153 112 152	160 299 428	145 521 596
Adjusted average number of shares ****	**159 154 715**	154 238 909	157 294 911	157 910 683	145 521 596
Lowest share price ****	**17.80**	17.07	13.70	7.62	8.66
Highest share price ****	**22.45**	21.60	17.77	17.20	13.63
Average share price ****	**20.19**	19.72	15.72	11.77	11.29
Share price at the end of the period ****	**21.35**	19.67	17.19	16.65	9.44
Trading volumes ****	**72 670 001**	81 239 652	29 868 290	17 448 032	6 412 570
% of share capital	**45.7**	52.7	19.0	11.0	4.4

* Definition of capital expenditure has been changed in 2006. Comparative data has been adjusted accordingly.

** In 2002–2003 diluted earnings per share has been higher than earnings per share, not published

*** Year 2006 proposal of the Board of Directors

**** SanomaWSOY's share series were combined on April 7, 2006. Share-related indicators of 2002–2005 are based on the old Series B shares. The number of shares in 2002–2005 includes all share classes. More information can be found in "Shares and shareholders" in the Financial Statements.

Net sales by business

EUR million	1–3/ 2006	4–6/ 2006	7–9/ 2006	10–12/ 2006	**1–12/ 2006**	1–3/ 2005	4–6/ 2005	7–9/ 2005	10–12/ 2005	**1–12/ 2005**
Sanoma Magazines										
Sanoma Magazines Netherlands	116.7	138.7	127.4	148.3	**531.2**	117.8	134.7	123.4	165.4	**541.2**
Sanoma Magazines International	58.1	59.7	57.9	71.9	**247.6**	39.7	53.1	50.8	68.8	**212.4**
Sanoma Magazines Belgium	44.7	48.2	43.8	51.9	**188.6**	47.3	46.0	43.1	48.0	**184.4**
Sanoma Magazines Finland	45.8	47.1	47.3	53.1	**193.2**	41.4	46.5	43.9	52.6	**184.3**
Aldipress	26.4	29.8	30.0	29.4	**115.6**	28.0	29.8	29.0	31.7	**118.6**
Eliminations	-13.4	-14.2	-15.1	-14.6	**-57.3**	-14.7	-14.3	-15.2	-14.9	**-59.0**
Total	278.2	309.2	291.4	340.1	**1 218.9**	259.5	295.8	275.0	351.6	**1 181.9**
Sanoma										
Helsingin Sanomat	66.8	66.2	62.9	71.4	**267.3**	64.6	66.2	61.6	68.6	**261.1**
Ilta-Sanomat	22.3	23.4	22.8	23.7	**92.2**	22.1	24.2	24.5	22.9	**93.7**
Sanoma Lehtimedia	11.0	11.6	10.9	12.3	**45.9**	11.7	12.7	11.3	12.3	**48.0**
Others	47.4	46.4	44.2	49.4	**187.3**	42.2	44.1	42.0	47.0	**175.2**
Eliminations	-34.9	-33.7	-32.6	-34.3	**-135.6**	-32.0	-32.8	-31.6	-35.2	**-131.6**
Total	112.6	113.8	108.2	122.4	**457.1**	108.6	114.4	107.8	115.6	**446.4**
SanomaWSOY Education and Books										
Educational publishing	15.3	69.7	77.3	25.4	**187.7**	12.8	61.3	47.8	29.3	**151.2**
Publishing	24.1	22.0	19.0	30.7	**95.9**	23.4	19.9	16.2	27.7	**87.2**
Others	10.3	9.7	11.3	12.1	**43.4**	16.0	17.4	27.4	12.3	**73.0**
Eliminations	-4.4	-4.3	-4.3	-4.8	**-17.8**	-3.9	-4.7	-4.3	-4.1	**-17.1**
Total	45.4	97.2	103.3	63.4	**309.2**	48.3	93.9	87.0	65.2	**294.4**
SWelcom										
Nelonen	19.2	21.0	13.4	22.8	**76.5**	17.2	18.9	13.9	21.6	**71.5**
Others	14.3	13.2	14.0	14.6	**56.0**	13.0	12.6	12.9	14.2	**52.6**
Eliminations	-0.2	-0.1	-0.2	-0.1	**-0.6**	-0.4	-0.3	-0.4	-0.5	**-1.6**
Total	33.3	34.1	27.2	37.2	**131.8**	29.8	31.1	26.3	35.3	**122.5**
Rautakirja										
Kiosk operations	82.3	94.4	91.4	101.0	**369.1**	81.9	86.7	85.6	91.7	**345.8**
Press distribution	24.4	27.7	26.6	29.3	**108.0**	22.7	24.4	25.6	25.8	**98.5**
Bookstores	30.2	22.5	37.2	49.0	**138.9**	27.9	22.6	35.8	49.1	**135.3**
Entertainment	20.1	15.7	18.0	28.0	**81.7**	16.2	13.7	14.1	21.1	**65.0**
Others	0.0	0.0	0.0	0.0	**0.0**	2.5	0.0	0.0	0.0	**2.6**
Eliminations	-2.6	-3.2	-3.6	-3.9	**-13.4**	-2.6	-2.9	-2.5	-3.3	**-11.3**
Total	154.3	157.0	169.6	203.4	**684.3**	148.6	144.5	158.5	184.4	**635.9**
Other companies and eliminations	-11.3	-12.2	-11.5	-24.3	**-59.3**	-12.5	-12.2	-17.0	-17.1	**-58.8**
Total	612.5	699.2	688.2	742.2	**2 742.1**	582.1	667.5	637.7	735.0	**2 622.3**

Operating profit by division

EUR million	1–3/ 2006	4–6/ 2006	7–9/ 2006	10–12/ 2006	**1–12/ 2006**	1–3/ 2005	4–6/ 2005	7–9/ 2005	10–12/ 2005	**1–12/ 2005**
Sanoma Magazines	23.5	37.1	29.3	42.3	**132.2**	25.5	40.3	23.9	39.4	**129.1**
Sanoma	16.1	15.0	15.0	16.5	**62.7**	13.9	16.6	16.4	12.2	**59.1**
SanomaWSOY Education and Books	-4.3	33.8	25.6	-7.1	**48.0**	-7.1	28.1	30.1	4.7	**55.8**
SWelcom	3.2	4.0	0.4	4.8	**12.5**	2.7	2.1	1.0	3.8	**9.6**
Rautakirja	10.1	6.3	12.6	22.2	**51.3**	13.8	4.0	10.3	23.0	**51.2**
Other companies and eliminations	-3.1	-3.4	-2.9	-4.7	**-14.1**	0.0	-1.9	1.8	-3.5	**-3.5**
Total	45.6	92.8	80.1	73.9	**292.5**	48.9	89.2	83.5	79.6	**301.3**

Income statement by quarter

EUR million	1–3/ 2006	4–6/ 2006	7–9/ 2006	10–12/ 2006	**1–12/ 2006**	1–3/ 2005	4–6/ 2005	7–9/ 2005	10–12/ 2005	**1–12/ 2005**
NET SALES	612.5	699.2	688.2	742.2	**2 742.1**	582.1	667.5	637.7	735.0	**2 622.3**
Other operating income	15.4	12.8	13.8	15.2	**57.2**	14.5	12.5	28.1	25.6	**80.7**
Materials and services	280.9	306.6	322.0	333.8	**1 243.3**	263.6	284.7	292.2	337.4	**1 177.8**
Personnel expenses	145.6	148.7	142.0	159.1	**595.5**	143.0	147.3	137.2	147.2	**574.7**
Other operating expenses	124.8	129.8	124.3	153.3	**532.2**	111.7	125.8	124.1	157.0	**518.6**
Depreciation and impairment losses	30.9	34.0	33.5	37.3	**135.8**	29.4	33.0	28.8	39.4	**130.6**
OPERATING PROFIT	45.6	92.8	80.1	73.9	**292.5**	48.9	89.2	83.5	79.6	**301.3**
Share of result of associated companies	1.9	2.3	3.4	0.8	**8.4**	3.3	2.5	3.2	0.8	**9.8**
Financial items	-6.2	-7.5	-6.1	-4.7	**-24.5**	-6.1	-8.6	-4.6	-5.8	**-25.1**
RESULT BEFORE TAXES	41.3	87.6	77.4	70.1	**276.3**	46.0	83.1	82.2	74.7	**286.0**
Income taxes	-12.4	-25.3	-18.2	-12.1	**-68.0**	-12.0	-28.7	-15.8	-1.1	**-57.6**
RESULT FOR THE PERIOD	28.9	62.3	59.2	58.0	**208.4**	34.0	54.4	66.4	73.6	**228.4**
Attributable to:										
Equity holders of the Parent Company	32.5	62.2	57.2	57.6	**209.5**	34.4	52.2	66.3	71.1	**224.0**
Minority interest	-3.6	0.1	2.0	0.4	**-1.1**	-0.4	2.2	0.1	2.5	**4.4**

Board of Directors' Report

Key events in 2006

- In 2006, Sanoma Magazines launched a total of 15 magazines, the most significant of which was Gloria, a women's weekly launched in Russia in May
- The acquisition of EPN International, a Belgian home and decoration magazine publisher, and the Dutch publisher Wegener Golf improved Sanoma Magazines' position in niche publishing
- The acquisition of a majority share in Láng Kiadó és Holding, the leading Hungarian educational publishing and training company, strengthened SanomaWSOY's educational publishing business
- Investments in digital media continued, e.g. with the acquisition of the product and price comparison website Kieskeurig.nl in the Netherlands and the establishment of Sanoma Digital in Finland
- The acquisition of the Finnish operations of the Metro free sheet broadened Sanoma's free sheet portfolio
- All of Rautakirja's businesses continued to grow
- Television channel Nelonen and Welho's broadband and cable TV services also succeeded well and SanomaWSOY was granted two new commercial radio licences
- Strategic focus areas were revised:
  - The expansion of the magazine, educational publishing, and press distribution operations will be continued particularly in Russia and Central Eastern Europe
  - Further growth is actively being sought also from digital media
  - Our goal continues to be market leadership in the areas in which we operate
  - Our target is to increase net sales at a rate faster than the GDP growth in our primary market areas and to increase the profitability of our current businesses
  - The strategic operating profit target is 12%.

Operating environment

According to research institute estimates, the Finnish GDP increased by 5.9% in 2006, the Dutch GDP by 2.9%, and Belgian GDP by 2.6%. Growth was faster in CEE countries with the estimated GDP growth in Hungary at 3.9%, in the Czech Republic 6.2%, and in Russia 6.6%.

According to research institute estimates, private consumption increased by 4.0% in Finland and by 2.4% in Belgium in 2006. In the Netherlands and Hungary the growth rate was 1.9% and in the Czech Republic 3.7%. In Russia, private consumption surged by 14%.

In 2006, media advertising in Finland grew by about 3% according to TNS Gallup Adex. Advertising in newspapers increased by 2.5% and in free sheets by 2%. Job advertising increased by almost 18%, while magazine advertising grew by 3% and television advertising by 5%. According to ZenithOptimedia estimates, magazine advertising increased in the Netherlands by 3% and Belgium by 2% in 2006. In Hungary, the growth rate was 9% and in the Czech Republic 10%. Expenditure on print media advertising in Russia is estimated to have increased by 18%. The share of magazine advertising of all advertising declined somewhat in the Netherlands and Belgium.

According to preliminary information from the Finnish Book Publishers Association, the sales of books in 2006 grew by 1% and educational materials by 2%. The educational books market is also estimated to have grown slightly in the Netherlands and Belgium.

According to the Finnish Food Marketing Association, Finnish sales of daily consumer goods were up by 4% in 2006.

Net sales

In 2006, SanomaWSOY's net sales increased by 4.6%, totalling EUR 2,742.1 (2005: 2,622.3; 2004: 2,504.6) million. Net sales increased in all divisions with particularly strong growth in the Russian magazine operations and educational publishing business. Net sales adjusted for changes in the Group structure increased by 2.8%.

Advertising sales accounted for 23% (22%) of the Group's total net sales. In geographical terms, Finland accounted for 49% (51%) of net sales with the other EU countries accounting for 45% (45%), and other countries for 6% (4%).

Result

In 2006, the Group's operating profit was EUR 292.5 (2005: 301.3; 2004: 296.7) million or 10.7% (2005: 11.5%; 2004: 11.8%) of net sales. The operating profit included major non-recurring capital gains of EUR 4.3 (32.2) million. Operating profit excluding the non-recurring capital gains was an all-time high, EUR 288.2 (269.1) million. The growth from the previous year was 7%. The greatest result improvements were recorded by SanomaWSOY Education and Books, Rautakirja, and SWelcom.

SanomaWSOY's result for 2006 was affected by the realisation of real estate investments in 2005. The result for the comparable period included a total of EUR 5.8 million in major non-recurring capital gains from the sale of real estate. Divesting the real estate investments has decreased the Parent Company's other earnings due to the loss of rental revenue.

SanomaWSOY's net financial items totalled EUR -24.5 (-25.1) million. Financial income amounted to EUR 12.5 (10.6) million. Financial expenses amounted to EUR 37.0 (35.7) million and comprised primarily interest costs of EUR 32.3 (30.3) million on interest-bearing liabilities.

The result before taxes was EUR 276.3 (286.0) million and earnings per share were EUR 1.32 (1.45).

Balance sheet and financial position

Acquisitions strengthened the consolidated balance sheet, which amounted to EUR 3,132.2 (2,972.5) million on December 31, 2006. Cash flow from operations was EUR 259.9 (260.9) million. Cash flow from operations per share was EUR 1.63 (1.69).

SanomaWSOY's equity ratio improved during the review period, rising to 45.0% (2005: 41.3%; 2004: 38.6%), while gearing was reduced to 59.2% (72.9%). Equity increased to EUR 1,322.7 (1,157.7) million. Return on equity (ROE) was 17.7% (2005: 22.3%; 2004: 22.7%) and return on investment (ROI) 14.3% (15.4%). The conversion of stock options and convertible capital notes into shares, for example, has served to increase shareholders' equity and the equity ratio. Interest-bearing liabilities decreased to EUR 863.9 (928.7) million and net debt to EUR 782.4 (843.8) million. Net debt to EBITDA ratio was 1.8 (2.0). On December 31, 2006, the Group's cash and cash equivalents totalled EUR 81.5 (84.9) million.

Investments and acquisitions

In 2006, investments in tangible and intangible assets amounted to EUR 81.9 (93.8) million, and were focused on, e.g. website development, IT systems, and the replacement of existing assets. R&D expenditure was recorded at EUR 11.3 (16.2) million.

The most significant acquisition in 2006 was the purchase of the Hungarian Láng Kiadó és Holding. The most significant acquisition in the comparable year was Independent Media, a magazine publisher operating in Russia and Ukraine.

Administration

The AGM of April 3, 2006 confirmed the number of SanomaWSOY's Board members at ten. Those who had reached the end of their term of office were re-elected, and 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.

The Executive Management Group in 2006 comprised Hannu Syrjänen (Chairman), Eija Ailasmaa, Jacques Eijkens (from October 1, 2006), Nils Ittonen, Erkki Järvinen, Jorma Kaimio (until September 30, 2006), Tapio Kallioja, Mikael Pentikäinen, Kerstin Rinne, and Matti Salmi.

Prior to the AGM of April 3, 2006, SanomaWSOY was audited by chartered accountants PricewaterhouseCoopers Oy with Johanna Perälä, Authorised Public Accountant, as the Auditor in Charge, and Pekka Nikula, Authorised Public Accountant. The Annual General Meeting elected Pekka Pajamo, Authorised Public Accountant, and Sixten Nyman, Authorised Public Accountant, as his deputy and KPMG Oy Ab with Kai Salli, Authorised Public Accountant, as Auditor in Charge as the auditors of the Company.

Personnel

In 2006, the average number of personnel in the SanomaWSOY Group was 18,434 (2005: 16,885; 2004: 16,209) employees. In full-time equivalents, the number of Group employees averaged 15,732 (2005: 14,256; 2004: 13,651). Sanoma Magazines had an average of 5,584 (5,275) employees, Sanoma 2,672 (2,782), SanomaWSOY Education and Books 2,455 (2,311), SWelcom 437 (425), and Rautakirja 7,214 (6,023). The average number of employees in the Parent Company was 72 (70). Sanoma Magazines, SanomaWSOY Education and Books, and Rautakirja reported an increase in the number of employees as a result of acquisitions.

The total wages, salaries, and fees paid to SanomaWSOY employees in 2006, including expenses related to granted options, amounted to EUR 482.9 (2005: 461.8; 2004: 444.6) million.

Dividend

In accordance with the AGM's decision, SanomaWSOY paid out a per-share dividend of EUR 0.90 (0.80) for 2005. The record date for dividend payment was April 6, 2006 and the dividend payment date was April 19, 2006. The Board of Directors propose a dividend of EUR 0.95 (0.90) per share for 2006.

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

Risks and risk management

The Group is prepared to take controlled risks in order to take full advantage of business opportunities.

Normal business risks associated with the media industry relate to developments in media advertising and private consumption. Media advertising is sensitive to economic fluctuations. However, only about one-fifth of SanomaWSOY's net sales come from media advertising. In addition, SanomaWSOY's extensive operations in versatile fields of media in over 20 European countries balance the effects of market fluctuations. SanomaWSOY's international business areas (magazine publishing, educational publishing, digital media, and press distribution) are not primarily exposed to any political risk.

Fast technological development and changes in consumer preferences have an impact on the development of media sector. SanomaWSOY actively monitors technological development and changes in consumer preferences and develops new products and services to meet these changes for both its consumer and advertising customers. The Group's extensive product and service range diminishes the risks arising from technological development and changes in consumer preferences.

In recent years, SanomaWSOY has grown vigorously through acquisitions. As a result of acquisitions, the consolidated balance sheet on December 31, 2006 includes about EUR 1.7 billion in goodwill, publishing rights, and other intangible assets related to acquired businesses most of which is related to magazine operations. In accordance with the International Financial Reporting Standards (IFRS), instead of regularly amortising goodwill, it is tested for impairment on an annual basis, or whenever there is any indication of impairment. Impairment losses for 2006 totalled EUR 0.1 (1.8) million and there was no indication of other impairment losses.

With regard to SanomaWSOY's business operations, the functioning and reliability of several different information systems are essential. SanomaWSOY has carried out an assessment on the risks related to information systems and determined the protection levels for the systems. It has also drawn up separate continuity plans for the systems critical to the Group.

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, e.g., 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 fluctuations in the Group businesses influence net sales and operating profit with the first quarter traditionally showing the weakest and the second and fourth quarter the strongest performance.

Outlook for 2007

In 2007, SanomaWSOY's net sales are estimated to increase more than in the previous year, and operating profit excluding major non-recurring capital gains is expected to improve. In 2006, operating profit excluding major non-recurring capital gains totalled EUR 288.2 million.

The forecast of the development of SanomaWSOY's net sales and operating profit in 2007 is based on both organic growth and growth based on minor acquisitions. During 2007, SanomaWSOY will continue to invest strongly 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 also affected e.g. by growth in media markets and private consumption in the Group's operating countries.

European economies are estimated to grow in 2007, albeit at a slower rate than in 2006. Research firms predict that GDP will grow by 2.6% in the Netherlands, 2.2% in Belgium, and 3.0% in Finland. The growth rate is expected to be 2.6% in Hungary, 5.0% in the Czech Republic, and 5.9% in Russia. According to ZenithOptimedia estimates, media advertising in SanomaWSOY's primary market areas in 2007 will grow at a rate faster than that of GDP. In 2007, private consumption is estimated to increase by 3.3% in Finland, 2.3% in the Netherlands, 2.2% in Belgium, 3.9% in the Czech Republic, and 13.6% in Russia. In Hungary, private consumption is expected to decrease by 0.5%.

Sanoma Magazines

Magazine publishing

Key indicators EUR million	2006	2005	Change, %
Net sales	**1 218.9**	1 181.9	3.1
Operating profit	**132.2**	129.1	2.4
% of net sales	**10.8**	10.9	
Operating profit excluding major non-recurring capital gains	**129.6**	129.1	0.4
% of net sales	**10.6**	10.9	
Balance sheet total	**1 984.8**	1 752.9	13.2
Capital expenditure	**17.5**	36.6	-52.1
Return on investment (ROI), %	**10.9**	11.8	
Personnel under employment contract, average	**5 584**	5 275	5,9
Personnel, average (full-time equivalents)	**5 095**	4 716	8,0

In 2006, Sanoma Magazines' net sales increased to EUR 1,218.9 (1,181.9) million mainly due to growth in Russia, Finland, and online operations. The Division's net sales grew by 0.8%, when adjusted for changes in the Group structure. Of the Division's net sales, 16% (15%) came from Finland.

Advertising sales, representing 26% (24%) of Sanoma Magazines' net sales, increased by 11% compared to the previous year, mainly due to new operations in Russia as well as the increased online advertising sales in the Netherlands.

Circulation sales increased by 1%, despite the challenging single copy market in the Netherlands, and accounted for 55% (56%) of the Division's total net sales.

Net sales in Sanoma Magazines Netherlands decreased to EUR 531.2 (541.2) million mainly due to a trend in declining single copy sales and discontinuation of some titles. Subscription sales decreased slightly, and thus the total circulation sales in Sanoma Magazines Netherlands decreased, even though the restyling of e.g. women's weekly magazines Libelle and Margriet were well received on the readers market. Advertising sales, representing 22% (20%) of the Business' net sales, increased due to the strong growth of online advertising. In 2006, online advertising grew by 55%, and represents almost one third of Sanoma Magazines Netherlands' advertising sales.

Net sales at Sanoma Magazines International grew in all operating countries and increased to EUR 247.6 (212.4) million, mainly as a result of new operations in Russia and Ukraine: the net sales of Independent Media grew by some 20% in 2006 and totalled EUR 90.2 million. Advertising sales increased significantly and totalled 48% (45%) of Sanoma Magazines International's net sales. Most growth came from the Russian operations, which were consolidated with the Group as of March 2005. Advertising sales also developed well in Bulgaria, Hungary, Ukraine, and the Adriatic region (Croatia, Serbia, and Slovenia), where the joint venture between Sanoma Magazines International, Gruner + Jahr, and Styria began in August. Circulation sales also increased, mainly due to the positive development in Russia, Bulgaria, Romania, and the Adriatic region. Sanoma Magazines International launched a total of five major magazines during the year, the most important being the launch of the Russian women's weekly Gloria in May.

Sanoma Magazines Belgium's net sales increased to EUR 188.6 (184.4) million due to growth in niche publishing, partly attributable to the acquisition of EPN International, focusing on home and decoration titles, in September. In Belgium, the advertising market continues to experience pressure, but the advertising sales of Sanoma Magazines Belgium, representing 30% (29%) of net sales, increased due to growth in the niche publishing segment. Circulation sales increased due to the acquisition of EPN. Single copy sales remained stable and subscription sales increased. The distribution problems at the beginning of 2006 are now solved.

Sanoma Magazines Finland's net sales grew to EUR 193.2 (184.3) million, due to increased circulation and advertising sales. Especially women's and juvenile magazines developed strongly and e.g. the weekly Aku Ankka (Donald Duck) reached a record circulation. Single copy sales decreased slightly, but subscription sales continued their strong performance. Advertising sales totalled 15% (16%) of the Business' net sales. Sanoma Magazines Finland launched one major magazine in 2006; Sara, a new 40+ magazine was introduced to the market in October.

Net sales at Aldipress amounted to EUR 115.6 (118.6) million following the continuous challenging situation in the Dutch single copy market. As part of centralising the press distribution operations in SanomaWSOY, Aldipress was transferred to Rautakirja as of January 1, 2007.

Sanoma Magazines' operating profit was EUR 132.2 (129.1) million. An adjustment of EUR 2.4 million related to the acquisition in 2001 and the terms and conditions of the agreement improved the result. Operating profit also includes major non-recurring capital gains of EUR 2.6 million from Sanoma Magazines Finland's divestment of the shares in Suomen Asiakastieto.

Sanoma Magazines Netherlands' operating profit decreased mainly due to pressure in single copy sales. Sanoma Magazines International's results decreased due to heavy investments in new magazine launches. In 2006, the effect of new launches on Sanoma Magazines International's result was over EUR 6 million. Sanoma Magazines Finland's operating profit increased as a result of good sales development and the capital gain. Distribution problems at the beginning of the year and the pressure on the advertising market decreased Sanoma Magazines Belgium's results. Sanoma Magazines Belgium has changed distribution partner, and both Sanoma Magazines Belgium and the ex-distributor have filed a claim related to the partner change to the court of arbitration. The potential indemnifications are not estimated to have a material effect on SanomaWSOY's result. Aldipress' results improved.

Sanoma Magazines' investments in tangible and intangible assets totalled EUR 17.5 (36.6) million in 2006, and were mainly related to ICT systems and replacement investments. The most significant acquisitions in 2006 were those of Kieskeurig.nl, EPN International, and Wegener Golf. The most significant acquisition in 2005 was Russian Independent Media.

In 2006, Sanoma Magazines continued to invest in online businesses: ilse media acquired a leading Dutch product and price comparison website Kieskeurig.nl and other acquisitions were made e.g. in the Czech Republic. Other activities of the Division included e.g. the launch of websites dedicated to health and well-being in Finland, Belgium, and Hungary.

Sanoma Magazines continues to develop its online businesses and invest in growth, which is expected to be fastest in Russia and CEE countries. Intense competition both in advertising and readers markets in the Netherlands is expected to continue, with growth being strongest in the online market, where Sanoma Magazines already has a strong position.

In 2007, Sanoma Magazines' net sales are estimated to grow, and operating profit excluding major non-recurring capital gains is expected to improve.

Sanoma

Newspaper publishing and printing

Key indicators **EUR million**	**2006**	2005	Change, %
Net sales	**457.1**	446.4	2.4
Operating profit	**62.7**	59.1	6.0
% of net sales	**13.7**	13.2	
Operating profit excluding major non-recurring capital gains	**61.0**	58.1	4.9
% of net sales	**13.3**	13.0	
Balance sheet total	**526.6**	471.6	11.7
Capital expenditure	**16.5**	21.9	-24.7
Return on investment (ROI), %	**17.9**	17.8	
Personnel under employment contract, average	**2 672**	2 782	-4.0
Personnel, average (full-time equivalents)	**2 378**	2 388	-0.4

In 2006, Sanoma's net sales increased to EUR 457.1 (446.4) million. The net sales were particularly strengthened by the increase in the advertising sales of Sanoma Kaupunkilehdet and Helsingin Sanomat, and the good development of the online business.

Sanoma's advertising sales increased by 5% during the year, and accounted for 52% (51%) of net sales. The main sources of growth were the Sanoma Kaupunkilehdet and Helsingin Sanomat business units. Online advertising sales increased significantly during the year, with a total growth of 42%.

The Division's circulation sales decreased by 1.5%, and accounted for 41% (42%) of net sales. Subscription sales were slightly up, but the weak demand for quality tabloids and the declining circulation of Ilta-Sanomat affected newsstand sales. Despite a slight decrease in circulation, the readership of Sanoma's newspapers remained at the previous year's level. However, strong growth in the number of online users has substantially increased the overall readership of the papers.

The Helsingin Sanomat business unit increased its net sales to EUR 267.3 (261.1) million, resulting from growth in both advertising and circulation sales. Online advertising sales growth was particularly strong. Job advertising increased by 14%. Despite a slight decrease in circulation, Helsingin Sanomat´s circulation sales increased slightly.

The Ilta-Sanomat business unit posted net sales of EUR 92.2 (93.7) million. Advertising sales have grown considerably. The decline of newsstand sales decreased circulation sales, although the cover price increase in October boosted the circulation sales in the fourth quarter from the comparable period. The Finnish quality tabloid market declined by 2%. Ilta-Sanomat commanded a 58.6% (60.3%) share of the tabloid market.

Sanoma Lehtimedia's net sales decreased to EUR 45.9 (48.0) million with the divestment of the business operations of Etelä-Karjalan Jakelu to Finland Post on September 1, 2005, and the transfer of the Kaupunkilehti Seiska and Lappeenrantalainen free sheets to the Sanoma Kaupunkilehdet business unit at the beginning of 2006. The transfer of the sheets decreased the advertising sales of the business unit. Circulation sales increased.

Sanoma's operating profit was EUR 62.7 (59.1) million. Major non-recurring capital gains amounted to EUR 1.7 (1.0) million, comprising the gain from the sale of Aina Group Oyj shares divested by Sanoma Lehtimedia in February 2006. Both Helsingin Sanomat and Sanoma Lehtimedia significantly improved their operating profits, while the earnings of Ilta-Sanomat were eroded by a decline in newsstand sales. Of Sanoma's other business units, Sanoma Business Services and the Sanomapaino printing plant, developed positively. The Division invested substantially in the development of free sheets.

In 2006, Sanoma's investments in tangible and intangible assets totalled EUR 16.5 (21.9) million, and consisted mainly of replacement investments and investments on website development. The year's most important acquisition was the purchase of the Finnish operations of the Metro free sheet. The most significant acquisition in 2005 had been the purchase of the Huuto.Net online auction site.

During the year, Sanoma invested heavily in the development of its online business, and strengthened its market position. In November, the Division announced the launch of a new company, Sanoma Digital, as of January 1, 2007. The company will focus on online business in Finland and in the Baltic countries. The company is jointly owned by Sanoma, Sanoma Magazines Finland, and SWelcom. The majority of the shares are owned by Sanoma. Meanwhile, the financial daily Taloussanomat re-designed its online services in October, and managed to increase its visitor numbers significantly. Taloussanomat also increased its share of the media markets of financial dailies.

Sanoma also continued to develop its free sheet portfolio with the acquisition of the Finnish business of the Metro newspaper in September. In addition, several free sheets were revamped during the year.

Sanoma looks for growth e.g. from new businesses. Also the favourable development of media advertising is expected to continue and the single copy sales are expected to increase.

In 2007, 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	**2006**	2005	Change, %
Net sales	**309.2**	294.4	5.0
Operating profit	**48.0**	55.8	-13.9
% of net sales	**15.5**	19.0	
Operating profit excluding major non-recurring capital gains	**48.0**	39.3	22.2
% of net sales	**15.5**	13.4	
Balance sheet total	**598.2**	485.1	23.3
Capital expenditure	**8.9**	8.1	9.4
Return on investment (ROI), %	**12.7**	15.1	
Personnel under employment contract, average	**2 455**	2 311	6.2
Personnel, average (full-time equivalents)	**2 106**	2 123	-0.8

In 2006, SanomaWSOY Education and Books (formerly WSOY) recorded net sales of EUR 309.2 (294.4) million. The growth came from increased sales of educational publishing and acquisitions in Hungary, the Netherlands, and Finland. In late 2005, the calendar business and part of printing operations were divested. Net sales adjusted for changes in the Group structure increased by 3.8%. 62% (55%) of the Division's net sales came from outside Finland.

Educational publishing performed well in 2006. Net sales grew in all operating countries and increased to EUR 187.7 (151.2) million. In June, the Hungarian competition authorities approved the acquisition of educational publisher Láng Kiadó és Holding. In the Netherlands, sales increased, most notably in primary education. Malmberg expanded into career and study orientation and consultancy through the acquisitions of Aromedia Educatief in August and LDC Publicaties in September, and became the leading operator in this field in the Netherlands. Net sales of Van In in Belgium grew in both the Flemish and Walloon markets. In Finland, sales of upper secondary school materials grew, boosted by the curricula reforms. Net sales of Young Digital Planet (YDP), focusing on eLearning products, increased.

In publishing, net sales grew to EUR 95.9 (87.2) million. The main contributor to growth was the acquisition of language services provider AAC Global in February, which increased the net sales WSOYpro, focusing on business information and services. Although Finnish fiction sold well in 2006, the Christmas sales important to publishers did not reach the previous year's figures, and sales to bookstores and other retail outlets decreased by 5%. Sales through WSOY book clubs decreased slightly.

Net sales from other operations were EUR 43.4 (73.0) million and derived mainly from book printing, which developed favourably. The net sales of 2005 include the divested printing operations and the calendar business.

The Division's operating profit for 2006 was EUR 48.0 (55.8) million. Operating profit excluding major non-recurring capital gains developed well and increased by 22%, due to the good performance of educational publishing as well as to acquisitions in Hungary, the Netherlands, and Finland. In 2005, the operating profit included major non-recurring capital gains of EUR 16.5 million.

The Division's investments in tangible and intangible assets in 2006 totalled EUR 8.9 (8.1) million and consisted mainly of replacement investments, the renovation of the office building in Helsinki, and ICT investments. The most significant acquisitions in 2006 included publisher Láng Kiadó és Holding and AAC Global. There were no significant acquisitions in 2005.

The Division's structure was refined in September. SanomaWSOY Education and Books now comprises three main businesses: educational publishing, general literature publishing, as well as business information and services. As of October 1, 2006, the Division is headed by Jacques Eijkens with Veli-Pekka Elonen as his deputy. Eijkens is a member of SanomaWSOY's Executive Management Group and also continues as CEO of the educational publishing business, SanomaWSOY Education. As President of WSOY since October 1, 2006, Elonen is responsible for publishing and other operations. Jorma Kaimio, the former head of the Division, retired on September 30, 2006.

In 2007, net sales of SanomaWSOY Education and Books are estimated to increase, and operating profit excluding major non-recurring capital gains is expected to improve.

SWelcom

Electronic media

Key indicators EUR million	**2006**	2005	Change, %
Net sales	**131.8**	122.5	7.6
Operating profit	**12.5**	9.6	30.2
% of net sales	**9.5**	7.8	
Operating profit excluding major non-recurring capital gains	**12.5**	9.6	30.2
% of net sales	**9.5**	7.8	
Balance sheet total	**158.6**	143.5	10.5
Capital expenditure	**15.2**	10.1	50.9
Return on investment (ROI), %	**12.3**	9.7	
Personnel under employment contract, average	**437**	425	3.0
Personnel, average (full-time equivalents)	**398**	385	3.6

In 2006, SWelcom's net sales increased substantially to EUR 131.8 (122.5) million due to the growth of Nelonen and Welho. SWelcom divested Werne, a company specialised in providing technical production services for TV and audio content delivery, in September 2006. Net sales adjusted for changes in the Group structure increased by 9.3%. Advertising sales represented 58% (58%) of SWelcom's net sales.

Nelonen's net sales increased significantly to EUR 76.5 (71.5) million. The channel's share of the television advertising market increased to 31.4% (31.0%). In 2006, Nelonen focused particularly on high-quality foreign series. The channel's commercial viewing share increased in all age groups.

Nelonen expanded its Web TV services by being the first TV channel in Finland to offer its viewers the opportunity to watch episodes in advance. Nelonen also offered its viewers the opportunity to participate in content production: viewer-produced video clips were featured in Web TV, and also in the entertainment programme shown on regular television.

Welho's net sales increased given strong growth in pay TV, broadband subscriptions, and the sale of digital set-top boxes. In 2006, Welho's broadband and pay TV subscriptions increased by about 30%, and the number of households connected to the cable network passed the 300,000 mark. In the second half of the year, the number of digital television channels available on the Welho network exceeded 100, and Welho was the first service provider in Finland to launch a High-Definition Television or HDTV service.

Welho opened the first ten wireless LAN access points, or Welho hotspots, in the Helsinki city centre, and in 2007, the number of Welho hotspots in the Helsinki metropolitan area is expected to reach 100. Hotspots enable wireless broadband internet access within the coverage area. Welho also launched a PCTV service, which will assist companies and public authorities in the transition to digital television.

SWelcom's operating profit improved significantly to EUR 12.5 (9.6) million due to strong growth in sales. Both Nelonen and Welho improved their operating profits.

In 2006, SWelcom's investments in tangible and intangible assets totalled EUR 15.2 (10.1) million, most of which was allocated to the development of Welho's cable network and services. There were no major acquisitions in 2006 or 2005.

After the review period, in January 2007, SWelcom entered the radio business. Radio Aalto is a channel targeting early adaptors in larger cities, while Radio Rock focuses on rock music and its associated phenomena. The coverage areas of the two new radio channels include most of Finland. Meanwhile, the new commercial television channel JIM is due to launch in February 2007.

SWelcom will increasingly focus on providing a wider variety of programming. The Finnish Government granted SWelcom a license for a nationwide digital pay TV channel that would focus on television series and movies. This channel will be launched in autumn 2007.

SWelcom's net sales are estimated to increase further in 2007, and its operating profit excluding major non-recurring capital gains is expected to increase slightly despite substantial development investments.

Rautakirja

Kioks operations, press distribution, bookstores, and entertainment

Key indicators EUR million	2006	2005	Change, %
Net sales	**684.3**	635.9	7.6
Operating profit	**51.3**	51.2	0.2
% of net sales	**7.5**	8.0	
Operating profit excluding major non-recurring capital gains	**51.3**	42.3	21.3
% of net sales	**7.5**	6.6	
Balance sheet total	**474.4**	397.0	19.5
Capital expenditure	**22.1**	16.6	33.4
Return on investment (ROI), %	**20.7**	20.9	
Personnel under employment contract, average	**7 214**	6 023	19.8
Personnel, average (full-time equivalents)	**5 684**	4 577	24.2

Rautakirja's net sales grew to EUR 684.3 (635.9) million in 2006, with all businesses improving their net sales. Net sales increased in all countries of operation. About 23% (18%) of Rautakirja's net sales came from outside Finland. Net sales adjusted for changes in the Group structure increased by 5.7%.

The net sales of kiosk operations increased in all countries of operation, rising to EUR 369.1 (345.8) million. The net sales in the comparable period included kiosk operations in the Czech Republic, which were divested in late 2005. Lietuvos Spauda's chain of over 500 kiosks was consolidated with Rautakirja's kiosk operations at the beginning of 2006, and the Pizza Hut restaurant chain was divested in June. The sales of traditional kiosk products in particular have grown. In 2006, customer volume increased in all countries of operation with the exception of Lithuania. The introduction of a new point-of-sale system to the Finnish R-kiosks has enabled them to add new kinds of products, such as the sale and collection of various transport and event tickets, to their inventory.

The net sales of press distribution rose to EUR 108.0 (98.5) million. Net sales increased in the Baltic countries, Romania and Russia, but decreased slightly in Finland. The Finnish quality tabloid cover price increase in October–November had a positive impact on press distribution. In spring 2006, Rautakirja restructured its operations in the Baltic countries by transferring the kiosk chain's Lithuanian press distribution customers to its Lithuanian press distribution subsidiary, and by transferring the wholesale operations and logistics of its Estonian bookstore chain to a press distributor. The Dutch press distribution company Aldipress, formerly part of the Sanoma Magazines division, was transferred to Rautakirja's press distribution business on January 1, 2007.

In 2006, bookstore net sales increased to EUR 138.9 (135.3) million. Net sales grew in both Estonia and Finland. Both Finnish Suomalainen Kirjakauppa and the Estonian Apollo Raamatud chain opened two new outlets. In Finland, particularly the sales of educational books and consumer stationery products have grown well. The increase in net sales was also due to, e.g., the increased number of outlets and successful marketing initiatives that increased the company's market share in both of its operating countries. Sales during the Christmas season sales, always an important time for bookstores, increased both in Finland and Estonia. The online bookstore increased its sales substantially.

The entertainment business comprises movie theatres in Finland and in the Baltic countries, and a multi-purpose arena in Hamburg. The Business' net sales increased in all countries of operation, rising to EUR 81.7 (65.0) million. For movie theatres, 2006 was the best year to date. Blockbuster films attracted record audiences and customer volumes were up significantly. Movie theatre operations expanded in Finland: Finnkino acquired the movie theatres of Sandrew Metronome Finland, opened two new multiplexes, and signed a distribution agreement with United International Pictures for the theatrical distribution rights of UIP films. In Estonia, a new movie theatre was opened in Narva.

In 2006, Rautakirja's investments in tangible and intangible assets totalled EUR 22.1 (16.6) million, and focused mainly on business ICT projects, as well as the acquisition of new retail premises, and the renovation of existing ones. There were no major acquisitions during the review period. The most important acquisitions in 2005 were the purchases of press distribution companies in Romania and Russia, and the purchase of a kiosk chain in Lithuania.

Rautakirja's operating profit was EUR 51.3 (51.2) million. Operating profit excluding major non-recurring capital gains increased significantly as profits of the comparable year included EUR 8.9 million in capital gains from the divestment of restaurant operations and the Czech kiosk operations. Net sales grew across all businesses. The operating profit of kiosk operations was improved due to increased sales and customer numbers. Good results reported by Baltic press distributors bolstered the operating profit in press distribution. Bookstores also improved their earnings. The strong growth of movie audiences in all countries of operation substantially improved the result of the entertainment business.

Rautakirja will continue to ensure its expansion and success through continuous development, internationalisation, and acquisitions, with Russia and the emerging CEE economies serving as the target countries for expansion. The transfer of the Dutch press distribution company Aldipress to Rautakirja will clearly increase the importance of international business within Rautakirja, and enable more effective dissemination of best practices.

In 2007, Rautakirja's net sales are estimated to grow, and operating profit excluding major non-recurring capital gains is expected to be at the previous year's level. These estimates incorporate the effect of Aldipress transferred from Sanoma Magazines to Rautakirja on January 1, 2007.

Board's proposal for application of profits and signatures

SanomaWSOY Corporation's distributable funds for 2006 total EUR 445,229,964.68, of which the profit for the year is EUR 101,548,332.30.

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

- a dividend of EUR 0.95 per share shall be paid — EUR 156,709,200.35
- the following sum shall be transferred to the donation reserve and used at the Board's discretion — EUR 450,000.00
- shareholders' equity shall be set at — EUR 288,070,764.33

No significant 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 Finnish Central Securities Depository on the record date set by the Board for payment of the dividend, Wednesday April 11, 2007. The Board will propose to the Annual General Meeting that the dividend be paid on Wednesday April 18, 2007.

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

Helsinki, February 8, 2007

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	1.1–31.12.2006	1.1–31.12.2005
NET SALES		**2 742.1**	2 622.3
Other operating income	4	**57.2**	80.7
Materials and services		**1 243.3**	1 177.8
Personnel expenses	5, 31	**595.5**	574.7
Other operating expenses	6	**532.2**	518.6
Depreciation and impairment losses	10–12	**135.8**	130.6
OPERATING PROFIT		**292.5**	301.3
Share of result of associated companies		**8.4**	9.8
Financial income	7	**12.5**	10.6
Financial expenses	7	**37.0**	35.7
RESULT BEFORE TAXES		**276.3**	286.0
Income taxes	8	**-68.0**	-57.6
RESULT FOR THE PERIOD		**208.4**	228.4
Attributable to:			
Equity holders of the Parent Company		**209.5**	224.0
Minority interest		**-1.1**	4.4
Earnings per share for result attributable to the equity holders of the Parent Company:	9		
Earnings per share, EUR		**1.32**	1.45
Diluted earnings per share, EUR		**1.31**	1.42

Consolidated balance sheet

EUR million	Note	31.12.2006	31.12.2005
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	10	**572.3**	566.5
Investment property	11	**10.0**	12.1
Goodwill	12	**1 392.7**	1 329.3
Other intangible assets	12	**368.1**	313.0
Interest in associated companies	13	**68.2**	61.0
Available-for-sale financial assets	14	**16.4**	22.8
Deferred tax receivables	8	**45.2**	53.8
Trade and other receivables	5, 15	**38.4**	37.7
NON-CURRENT ASSETS, TOTAL		**2 511.3**	2 396.1
CURRENT ASSETS			
Inventories	16	**150.1**	144.0
Income tax receivables		**20.1**	16.8
Trade and other receivables	17	**369.2**	330.2
Available-for-sale financial assets	14		0.5
Cash and cash equivalents	18	**81.5**	84.9
CURRENT ASSETS, TOTAL		**620.9**	576.4
ASSETS, TOTAL		**3 132.2**	2 972.5
EQUITY AND LIABILITIES			
EQUITY	19		
Equity attributable to the equity holders of the Parent Company			
Share capital		**70.9**	67.5
Premium fund		**181.0**	93.7
Other reserves		**6.9**	363.8
Translation differences		**17.6**	15.9
Retained earnings		**1 029.3**	600.5
		1 305.7	1 141.5
Minority interest		**17.0**	16.3
EQUITY, TOTAL		**1 322.7**	1 157.7
NON-CURRENT LIABILITIES			
Deferred taxes	8	**96.2**	90.4
Pension obligations	5	**57.6**	64.8
Provisions	21	**7.8**	12.3
Interest-bearing liabilities	22	**44.2**	132.0
Trade and other payables	23	**36.0**	26.0
CURRENT LIABILITIES			
Provisions	21	**7.9**	9.9
Interest-bearing liabilities	22	**819.7**	796.8
Income tax liabilities		**28.8**	37.5
Trade and other payables	23	**711.2**	645.2
LIABILITIES, TOTAL		**1 809.5**	1 814.8
EQUITY AND LIABILITIES, TOTAL		**3 132.2**	2 972.5

Changes in consolidated equity

EUR million	Equity attributable to the equity holders of the Parent Company							
	Share capital	Premium fund	Other reserves	Translation differences	Retained earnings	Total	Minority interest	Equity, total
Equity at Dec. 31, 2004	**65.8**	**34.9**	**369.4**	**5.8**	**494.8**	**970.7**	**15.3**	**986.0**
Impact of implementing IAS 32 and 39, derivatives					-1.2	-1.2		-1.2
Impact of implementing IAS 32 and 39, convertible capital note			10.1		-11.0	-0.9		-0.9
Jubilee provisions *					-1.3	-1.3		-1.3
Equity at Jan. 1, 2005, adjusted	**65.8**	**34.9**	**379.5**	**5.8**	**481.4**	**967.3**	**15.3**	**982.6**
Translation differences recognised in income statement on disposal of operations				-1.3		-1.3		-1.3
Change in translation differences				11.4		11.4	0.3	11.7
Other items					-0.6	-0.6		-0.6
Items recognised directly in equity, total				10.1	-0.6	9.5	0.3	9.7
Result for the period					224.0	224.0	4.4	228.4
Total recognised income and expenses				**10.1**	**223.3**	**233.4**	**4.7**	**238.1**
Conversion of capital notes	1.6	58.6	-2.0			58.3		58.3
Usage of share options	0.0	0.3				0.3		0.3
Expense recognition of granted options					4.6	4.6		4.6
Dividends paid					-122.5	-122.5	-0.2	-122.7
Change in minority interests							-3.4	-3.4
Other changes			-13.7		13.7			
Equity at Dec. 31, 2005	**67.5**	**93.7**	**363.8**	**15.9**	**600.5**	**1 141.5**	**16.3**	**1 157.7**
Equity at Jan. 1, 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 granted options					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 Dec. 31, 2006	**70.9**	**181.0**	**6.9**	**17.6**	**1 029.3**	**1 305.7**	**17.0**	**1 322.7**

* Accounting practice related to jubilee provisions has been specified in two operating countries.

Consolidated cash flow statement

EUR million	1.1–31.12.2006	1.1–31.12.2005
OPERATIONS		
Result for the period	**208.4**	228.4
Adjustments		
Income taxes	**68.0**	57.6
Financial expenses	**37.0**	35.7
Financial income	**-12.5**	-10.6
Share of result of associated companies	**-8.4**	-9.8
Depreciation and impairment losses	**135.8**	130.6
Profit on sales of non-current assets	**-8.2**	-37.6
Other adjustments	**-53.6**	-44.7
Change in working capital		
Change in trade and other receivables	**-27.9**	-13.2
Change in inventories	**2.3**	-7.4
Change in trade and other payables, and provisions	**30.5**	22.5
Interest paid	**-34.9**	-30.3
Other financial items	**1.3**	-1.0
Taxes paid	**-77.9**	-59.3
CASH FLOW FROM OPERATIONS	**259.9**	260.9
INVESTMENTS		
Acquisition of tangible and intangible assets	**-81.2**	-90.0
Operations acquired	**-88.5**	-154.8
Associated companies acquired	**-2.5**	-1.3
Acquisition of other holdings	**-0.2**	-1.1
Sales of tangible and intangible assets	**11.9**	29.3
Operations sold	**11.5**	37.6
Associated companies sold	**0.3**	0.0
Sales of other companies	**11.9**	0.7
Loans granted	**-9.5**	-11.0
Repayments of loan receivables	**3.4**	19.3
Sales of short-term investments	**0.5**	0.0
Interest received	**4.8**	3.6
Dividends received	**4.6**	3.0
CASH FLOW FROM INVESTMENTS	**-132.9**	-164.7
CASH FLOW BEFORE FINANCING	**127.0**	96.2
FINANCING		
Proceeds from share subscriptions	**2.8**	0.3
Minority capital investment/repayment of equity	**0.2**	-8.5
Change in loans with short maturity	**7.1**	135.4
Drawings of other loans	**328.3**	367.3
Repayments of other loans	**-329.1**	-463.7
Payment of finance lease liabilities	**-2.2**	-1.5
Dividends paid	**-142.7**	-122.7
Donations/other profit sharing	**-0.4**	-0.4
CASH FLOW FROM FINANCING	**-136.0**	-93.8
Change in cash and cash equivalents according to the cash flow statement	**-8.9**	2.4
Exchange rate differences under cash and cash equivalents	**1.1**	-1.1
Net increase(+)/decrease(-) in cash and cash equivalents	**-7.8**	1.3
Cash and cash equivalents at Jan. 1	**84.9**	83.6
Cash and cash equivalents at Dec. 31	**77.1**	84.9

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 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.fi or from the Parent Company's head office. SanomaWSOY, the leading media Group in the Nordic region, comprises the following five divisions: Sanoma Magazines, Sanoma, SanomaWSOY Education and Books, SWelcom, and Rautakirja. SanomaWSOY Corporation was created by a combination merger on May 1, 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 December 31, 2006, 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 January 1, 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 policies.

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

On February 8, 2007, 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 as per January 1, 2006 onwards:

- IAS 19 (Amendment), Employee Benefits (effective from January 1, 2006). The amendment of this standard has no effect on the income statement and balance sheet of consolidated financial statements. This amendment has increased the amounts of disclosures of financial statements.
- IAS 21 (Amendment), Net Investment in a Foreign Operation (effective from January 1, 2006). The amendment of this standard has no effect on the consolidated financial statements.
- IFRIC 4, Determining Whether an Arrangement Contains a Lease (effective from January 1, 2006). Interpretation has no effect on the consolidated financial statements.

All the other standards, which became effective during 2006, had no effect on SanomaWSOY's consolidated financial statements:

- IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions
- IAS 39 (Amendment), The Fair Value Option
- IAS 39 and IFRS 4 (Amendment), Financial Guarantee
- IFRS 1 (Amendment), First-time Adoption of IFRS
- IFRS 6, Exploration for and Evaluation of Mineral Resources
- IFRS 6 (Amendment), Exploration for and Evaluation of Mineral Resources
- IFRIC 5, Rights to Interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- IFRIC 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
- IFRIC 7, Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflatory Economies

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 e.g., the estimated useful lives for tangible and intangible assets. In addition, management judgement is used i.a. when determining the valuation of deferred taxes as well as pension assets and pension obligations. Although these estimates are based on the management's best knowledge of current events and actions, actual results may ultimately differ from these estimates.

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

Consolidation principles

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

The consolidated financial statements include 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 from January 1, 2004, are measured at fair value on the date of acquisition, but acquisitions prior to that date have not been adjusted retrospectively. On the date of acquisition, the acquisition cost is allocated to the assets and liabilities of the acquired business by recognising them at their fair value.

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

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

Profit 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 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 January 1, 2004 are recognised in retained earnings, as permitted by IFRS 1.

As of January 1, 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 January 1, 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 i.a. expected future synergies resulting from acquisitions.

Goodwill is no longer amortised according to plan but it is 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 2–40 years
- Other intangible assets 3–10 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 impairments. Those cash generating units (CGU) for which goodwill has been allocated are tested at least once a year. Intangible assets with an indefinite useful life are also tested annually.

The test assesses the asset's recoverable amount, which is the higher of either the asset's net selling prices 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 7–40 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.

Interest costs on borrowings in order to finance the construction are not capitalised.

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 i.a. 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, the fair value of which 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.

A more detailed description of the convertible capital note issued in 2001 can be found in Note 22.

Derivatives and hedge accounting

Derivatives are initially recognised at cost and subsequently measured at their fair value. The Group concludes derivative contracts to control its risk profile for hedging purposes, mainly applying to interest rate risks. However, the SanomaWSOY Group does not apply hedge accounting according to the requirements of IAS 39. 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. 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 3 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 two stock option schemes in place: the Warrant Scheme 2001 and the Stock Option Scheme 2004. Each stock option entitles its holder to subscribe for one SanomaWSOY share.

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 time 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. Pension 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 January 1, 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.

- IFRS 7, Financial Instruments: Disclosures (effective for annual periods beginning on or after January 1, 2007). The Group estimates that application of this standard mainly has impact on the notes of the consolidated financial statements.
- IFRS 8, Operating Segments (effective for annual periods beginning on or after January 1, 2009). The Group estimates that application of this standard mainly has 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.
- IAS 1 (Amendment), Presentation of Financial Statements – capital presented in financial statements (effective for annual periods beginning on or after January 1, 2007). The Group estimates that application of this standard has no material impact and mainly affects the notes to the consolidated financial statements.
- IFRIC 8, Scope of IFRS 2 (effective for annual periods beginning on or after May 1, 2006). The Group estimates that the new amendment has no impact on the consolidated financial statements.
- IFRIC 9, Reassessment of Embeded Derivatives (effective for annual periods beginning on or after June 1, 2006). The Group estimates that the new amendment has no impact on the consolidated financial statements.
- IFRIC 10, Interim Financial Reporting and Impairment (effective for annual periods beginning on or after November 1, 2006). The Group estimates that the new amendment has no impact on the consolidated financial statements.
- IFRIC 11, IFRS 2 – Group and Treasury Share Transactions (effective for annual periods beginning on or after March 1, 2007). The Group estimates that the new amendment has no impact on the consolidated financial statements.
- IFRIC 12, Service Concession Arrangements (effective for annual periods beginning on or after January 1, 2008). The Group estimates that the new amendment has no impact on the consolidated financial statements.

2. SEGMENT INFORMATION

Business segments

Primary segments of the SanomaWSOY Group are business segments. The business segments comprise 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 307 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. 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 subscription-based daily in the Nordic region, the Division publishes national and regional daily newspapers, local papers, and free sheets. Sanoma also invests in digital business, and its services include Finland's leading classified advertising service, among others. Sanoma provides its corporate customers with business information, photo agency, and news analysis and summary 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.

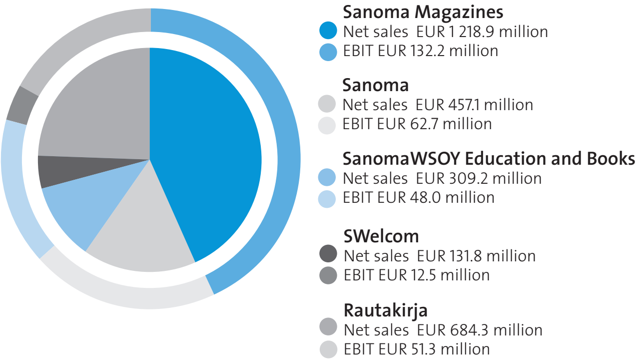
SWelcom

SWelcom is engaged in the field of electronic media. Its television channel Nelonen is Finland's third largest medium in terms of advertising sales, while Welho is the country's largest cable TV company and a major provider of broadband services. In addition, SWelcom has entered the radio business with two commercial radio channels. SWelcom also comprises the digital service provider 2ndhead and a new commercial TV channel, JIM, beginning on February 2007.

Rautakirja

As a trade and service company, Rautakirja's personnel interacts 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 in the Baltic countries. Moreover, it leads the Finnish and Estonian markets for bookstores, and from the beginning of 2007 also the Dutch market for press distribution. The press distribution business has further expanded into the Russian and Romanian markets.

Net sales and operating profit by division



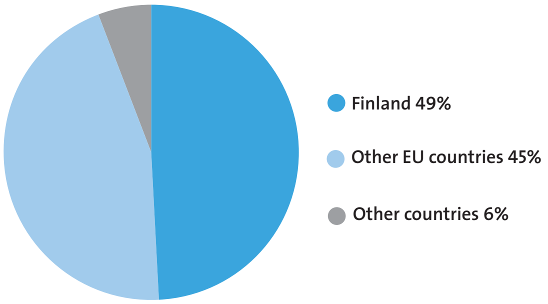
Unallocated/eliminations

In addition to the Group eliminations column, unallocated/eliminations includes SanomaWSOY Corporation and real estate companies, and 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 2006, EUR million	Sanoma Magazines	Sanoma	SanomaWSOY Education and Books	SWelcom	Rautakirja	Unallocated/ eliminations	Consolidated
External net sales	1 215.8	451.3	291.4	128.2	658.1	-2.6	2 742.1
Internal net sales	3.1	5.8	17.8	3.6	26.2	-56.6	
Depreciation and impairment losses	33.7	28.6	8.8	36.9	27.4	0.3	135.8
Operating profit	132.2	62.7	48.0	12.5	51.3	-14.1	292.5
Share of result of associated companies	9.1	0.3	0.1	0.0	-1.0		8.4
Capital expenditure	17.5	16.5	8.9	15.2	22.1	1.7	81.9
Goodwill	1 077.6	54.4	194.2	17.8	34.7	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	1 952.1	525.2	590.0	142.6	461.7	-539.3	3 132.2
Liabilities	1 009.6	195.2	278.8	76.2	262.7	-13.0	1 809.5
Cash flow from operations	99.0	82.5	37.6	22.3	64.4	-45.9	259.9
Cash flow from investments	-51.8	-13.7	-43.9	-11.8	-4.9	-6.8	-132.9
Cash flow from financing	104.9	-6.4	52.5	-4.8	-5.4	-276.6	-136.0
Personnel, average (full-time equivalents)	5 095	2 378	2 106	398	5 684	70	15 732

Divisions 2005, EUR million	Sanoma Magazines	Sanoma	SanomaWSOY Education and Books	SWelcom	Rautakirja	Unallocated/ eliminations	Consolidated
External net sales	1 179.8	440.9	275.5	119.0	609.0	-1.9	2 622.3
Internal net sales	2.1	5.5	18.9	3.5	27.0	-56.9	
Depreciation and impairment losses	28.7	28.2	11.6	36.6	24.8	0.7	130.6
Operating profit	129.1	59.1	55.8	9.6	51.2	-3.5	301.3
Share of result of associated companies	10.4	0.2	0.0	-0.2	-0.7		9.8
Capital expenditure	36.6	21.9	8.1	10.1	16.6	0.6	93.8
Goodwill	1 062.4	45.9	158.4	17.8	30.8	13.9	1 329.3
Interest in associated companies	55.1	1.9	0.1	0.5	3.4		61.0
Total assets	1 714.4	469.3	477.1	123.5	391.2	-202.9	2 972.5
Liabilities	813.5	146.6	196.2	74.3	200.5	383.7	1 814.8
Cash flow from operations	101.0	74.2	45.0	12.2	64.0	-35.6	260.9
Cash flow from investments	-156.9	-13.4	16.3	-9.9	-11.7	10.8	-164.7
Cash flow from financing	-31.2	-81.2	-31.7	0.1	-117.8	168.0	-93.8
Personnel, average (full-time equivalents)	4 716	2 388	2 123	385	4 577	67	14 256

Geographical segments 2006, EUR million	Finland	Other EU countries	Other countries	Eliminations	Consolidated
Net sales	1 349.9	1 239.4	152.8	0.0	2 742.1
Total assets	1 686.4	2 297.9	153.6	-1 005.7	3 132.2
Capital expenditure	62.4	17.6	1.9	0.0	81.9

Geographical segments 2005, EUR million	Finland	Other EU countries	Other countries	Eliminations	Consolidated
Net sales	1 334.7	1 171.1	116.4	0.0	2 622.3
Total assets	1 396.5	1 871.6	232.8	-528.4	2 972.5
Capital expenditure	58.5	31.3	4.0	0.0	93.8

3. ACQUISITIONS AND DISPOSALS

Specification of acquired assets and liabilities at Dec. 31, EUR million	2006	2005
Tangible assets	**13.3**	81.7
Intangible assets	**48.1**	97.0
Other non-current assets	**1.5**	3.1
Inventories	**8.0**	3.6
Other current assets	**28.9**	37.1
Assets, total	**99.8**	222.5
Non-current liabilities	**-31.1**	-33.8
Current liabilities	**-24.3**	-98.9
Liabilities, total	**-55.4**	-132.8
Minority interest	**-2.7**	-0.4
Exchange rate differences and other changes	**-5.5**	-4.0
New goodwill from acquisitions	**66.0**	82.3
Acquisition cost	**102.3**	167.8
Change in acquisition liabilities and advance payments	**-0.4**	-0.4
Cash and cash equivalents of operations acquired	**-13.3**	-12.5
Cash flow from operations acquired	**88.5**	154.8

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 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 employs some 160 people. 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 employ 265 people. 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.

ilse media, part of Sanoma Magazines, acquired 100% of the Dutch comparison website Kieskeurig.nl in July. Kieskeurig.nl 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 employs 27 people. 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 Sanoma division, acquired the Finnish operations of the Metro free sheet (Metro Finland). Metro Finland was consolidated to Sanoma as of Septermber 1, 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 has 32 employees on average. 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 September 1, 2006. EPN International is Belgium's leading niche publisher in the home and 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 employs 43 people. 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.

Acquisitions in 2005

SanomaWSOY's most significant acquisition in 2005 was the purchase of Independent Media Holding B.V. in January. Independent Media is the leading magazine publisher in Russia with operations mainly in Russia and Ukraine. The acquired entities were consolidated with SanomaWSOY figures as of March 1, 2005. Some of the entities are joint ventures. SanomaWSOY's consolidated share of Independent Media's net sales in March–December 2005 amounted to EUR 64.3 million and of operating profit to EUR 7.0 million. Operating profit includes amortisation of publishing rights. Due to different accounting principles applied by Independent Media before the acquisition, pro forma information for full year 2005 is impracticable. In 2005, other acquisitions than Independent Media were not material considering the size of the Group. For a few small acquisitions, which were completed in the latter part of the year, the initial accounting in the financial statements was provisional.

It has been assessed whether the useful life of the publishing rights recognised on the acquisition of Independent Media is definite or indefinite. For the majority of the publishing rights a definite useful life can be determined and these assets are amortised accordingly. The amortisation period is 2–23 years based on the expected useful lives. The total amount of publishing rights includes also assets for which a definite useful life cannot be determined. These assets with indefinite useful lives are not amortised regularly but tested annually for impairment. The table below illustrates the effect of the Independent Media acquisition on the balance sheet.

Specification of acquired net assets, Independent Media, EUR million	Fair value	Carrying amounts in acquired unit
Tangible assets	0.6	0.6
Publishing rights	91.8	
Other intangible assets	0.0	0.0
Other non-current assets	4.7	4.7
Inventories	0.5	0.5
Other current assets	24.5	24.5
Assets, total	122.1	30.4
Deferred tax liabilities	-22.0	0.0
Other non-current liabilities	-3.8	-3.8
Current liabilities	-14.1	-14.1
Liabilities, total	-39.9	-17.9
Minority interest	0.0	0.0
Net assets	**82.2**	**12.4**
Acquisition cost	147.8	
Goodwill	65.6	
Purchase price paid in cash	146.8	
Costs attributable to the acquisition	1.0	
Cash and cash equivalents of acquired unit	-8.9	
Cash flow from the acquisition	**138.9**	

Disposals

Minor disposals were carried out in 2006. In 2005 the most significant operations divested were Ajasto Group (diaries), Lönnberg Painot (printing), and CZ Retail (Czech kiosk operations). The combined effect of the disposals on the balance sheet is presented below.

Specification of disposed assets and liabilities, EUR million	2006	2005
Non-current assets	**1.4**	26.0
Inventories	**0.1**	11.2
Other current assets	**0.1**	21.2
Assets, total	**1.5**	58.4
Non-current liabilities	**0.0**	-4.8
Current liabilities	**-0.1**	-30.8
Liabilities, total	**-0.1**	-35.6
Minority interest and accumulated translation differences	**0.0**	-0.7
Net result from sales of operations	**0.1**	27.8
Sales price	**1.5**	49.9
Change in receivables from sales and advance payments	**10.0**	-9.9
Cash and cash equivalents of disposals	**0.0**	-2.4
Cash flow from disposals	**11.5**	37.6

4. OTHER OPERATING INCOME

Other operating income, EUR million	2006	2005
Capital gains	**9.2**	38.1
Rental income from investment property	**0.8**	2.1
Other rental income	**12.3**	12.2
Other	**34.9**	28.3
Total	**57.2**	80.7

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	2006	2005
Wages, salaries, and fees	**477.4**	457.2
Expense recognition of granted options	**5.4**	4.6
Pension costs, defined contribution plans	**46.5**	44.2
Pension costs, defined benefit plans	**12.1**	19.3
Other social expenses	**54.1**	49.3
Total	**595.5**	574.7

Wages, salaries, and other compensations for key management have been 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. Pension schemes are described in more detail in accounting policies (Note 1).

Defined benefit plans exist both in and outside Finland. All defined benefit plans are arranged via pension funds. The actuarial calculations for 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	2006	2005
Present value of unfunded pension obligations		0.9
Present value of funded obligations	351.1	341.5
Fair value of plan assets	-375.8	-343.5
Deficit(+)/surplus(-) in the plan	-24.6	-1.1
Unrecognised actuarial gains(+) and losses(-)	66.9	49.7
Unrecognised past service cost	-2.6	-0.5
Total	39.7	48.1

Pension obligations and pension assets in the balance sheet, EUR million	2006	2005
Pension obligations	57.6	64.8
Pension assets	17.9	16.7
Net obligation total	39.7	48.1

Pension costs recognised in the income statement, EUR million	2006	2005
Current service costs	15.2	21.9
Interest cost	17.4	17.4
Expected return on plan assets	-19.3	-18.1
Actuarial gains(-) and losses(+)	-2.0	0.0
Past service cost	1.4	0.9
Effect of curtailments and settlements	-0.6	-2.8
Total	12.1	19.3

The SanomaWSOY Group's estimated contributions for the defined benefit plans for the next year (2007) are EUR 20.1 million.

Actual return on plan assets, EUR million	2006	2005
Expected return on plan assets	19.3	18.1
Actuarial gains/losses on plan assets	-1.5	22.6
Total	17.8	40.8

Movements in obligations, EUR million	2006	2005
Obligation at Jan. 1	342.4	348.1
Current year service cost	15.2	21.9
Interest cost	17.4	17.4
Actuarial gains and losses on obligation	-20.7	-35.2
Contributions by plan participants	2.7	3.1
Past service cost	3.5	1.9
Effect of curtailments and settlements	-0.6	-3.5
Acquisitions and disposals	0.3	
Benefits paid from funds	-9.0	-11.3
Obligations at Dec. 31	351.1	342.4

Movements in plan assets, EUR million	2006	2005
Fair value of plan assets at Jan. 1	343.5	301.9
Expected return on plan assets	19.3	18.1
Actuarial gains/losses on plan assets	-1.5	22.6
Contributions to funds by the employer	19.6	9.5
Contributions by plan participants	3.5	3.1
Acquisitions and disposals	0.1	
Benefits paid from funds	-9.0	-11.3
Settlements	0.4	-0.6
Fair value of plan assets at Dec. 31	375.8	343.5

Plan assets by major categories, %	2006	2005
Equity instruments	32.8	32.4
Bonds and debentures	60.0	58.3
Money market instruments	4.7	5.4
Properties	1.4	2.8
Other items	1.0	1.1
Cash	0.0	0.0
Total	100.0	100.0

Fair value of plan assets include investments in SanomaWSOY shares total EUR 10.9 million (2005: EUR 10.1 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	2006	2005
Present value of unfunded pension obligations		0.9
Present value of funded obligations	351.1	341.5
Fair value of plan assets	-375.8	-343.5
Deficit(+)/surplus(-) in the plan	**-24.6**	-1.1
Experience adjustments to obligations	18.7	30.9
Experience adjustments to plan assets	-0.8	15.6

Principal actuarial assumptions at Dec. 31	2006	2005
Discount rate, %	4.5–5.0	4.5–5.0
Expected return on plan assets, %	4.0–6.5	4.0–6.5
Expected future salary increase, %	2.0–9.0	2.0–9.0
Expected future pension increases, %	0.0–2.4	0.0–2.4
Turnover of personnel, %	0–20	0–10
Expected remaining working years of personnel, years	4–24	4–25

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	2006	2005
Losses on sales	1.0	0.5
Operating costs of investment property	0.2	1.1
Rents	67.6	66.4
Advertising and marketing	189.7	182.2
Office and IT expenses	76.5	73.6
Other	197.2	194.8
Total	**532.2**	518.6

Research and development expenditure recorded as expenses amounted to EUR 11.3 million (2005: EUR 16.2 million).

7. FINANCIAL ITEMS

Financial items, EUR million	2006	2005
Dividend income	1.4	1.4
Interest income	4.9	3.7
Changes in fair values of derivatives, no hedge accounting	0.2	1.3
Exchange rate gains	4.1	3.1
Other financial income	1.8	1.1
Financial income total	**12.5**	10.6
Interest expenses	32.3	30.3
Sales losses of available-for-sale financial assets		0.0
Exchange rate losses	3.3	2.7
Other financial losses	1.4	2.6
Financial expenses total	**37.0**	35.7
Total	**-24.5**	-25.1

Exchange rate gains and losses included in operating profit, EUR million	2006	2005
Net sales	-0.1	-0.1
Other operating income	0.0	0.0
Expenses	0.1	0.0
Total	**0.0**	-0.1

8. INCOME TAXES AND DEFERRED TAXES

Income taxes, EUR million	2006	2005
Taxes on operational income for the financial year	64.9	71.3
Income taxes from previous periods	0.8	-6.5
Change in deferred tax due to change in tax rate	0.0	-0.2
Other change in deferred tax	2.3	-7.0
Tax expense in the income statement	**68.0**	57.6

Income tax reconciliation against local tax rates, EUR million	2006	2005
Tax calculated at (Finnish) statutory rate	71.8	74.4
Effect of different tax rates in the operating countries	2.5	2.6
Tax based on tax rate in each operating country	74.4	77.0
Non-taxable income	-8.2	-10.6
Non-deductible depreciation and impairment losses	0.0	0.6
Other non-deductible expenses	6.0	4.5
Deductible depreciation	-0.9	-1.4
Non-recorded deferred tax receivables on losses	-1.6	-0.3
Tax relating to previous accounting periods	0.8	-6.5
Change in deferred tax due to change in tax rate	0.0	-0.2
Other items	-2.6	-5.5
Income taxes in the income statement	**68.0**	57.6

Deferred tax receivables and liabilities 2006, EUR million	At Jan. 1	Recorded in the income statement	Operations acquired/sold	Change in tax rate	Translation and other items	At Dec. 31
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 of 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**

Deferred tax receivables and liabilities 2005, EUR million	At Jan. 1	Recorded in the income statement	Operations acquired/sold	Change in tax rate	Translation and other items	At Dec. 31
Deferred tax receivables						
Internal margin in inventories	1.9	0.0			-0.1	1.8
Provisions	1.6	0.0			0.1	1.6
Tax losses carried forward	32.0	-7.3		-0.1	0.1	24.6
Impairment losses of tangible non-current assets	3.3	-1.3				2.1
Pension obligations, defined benefit plans	18.6	2.5		-1.0	-1.0	19.1
Other items	5.0	-1.4	1.2	0.0	-0.2	4.5
Total	62.3	-7.5	1.2	-1.1	-1.2	53.8
Deferred tax liabilities						
Fair value adjustments in acquisitions	16.1	-1.2	23.0	-0.9	2.0	39.0
Depreciation difference and other untaxed reserves	32.8	-0.1	-1.3	0.0	0.7	32.2
Equity component of convertible capital note	2.6	-0.5				2.1
Derivative contracts recognised at fair value	0.0	0.0				0.0
Pension assets, defined benefit plans	5.4	-0.1			-1.0	4.3
Other items	27.1	-12.6	-0.3	-0.3	-1.1	12.8
Total	84.0	-14.4	21.5	-1.3	0.6	90.4

Due to unlikely use of tax benefits in the coming years, deferred tax receivables of EUR 2.0 million (2005: EUR 3.7 million) have not been recorded in the consolidated balance sheet according to management's judgement. These unrecognised receivables relate mainly to tax losses carried forward of subsidiaries.

Deferred tax liability of EUR 3.0 million (2005: EUR 1.5 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 liabilities are related to earnings, for which tax payment would be realised when distributing dividends.

9. EARNINGS PER SHARE

Earnings per share	2006	2005
Result attributable to the equity holders of the Parent Company, EUR million	**209.5**	224.0
Weighted average number of shares, thousands	**159 155**	154 239
Earnings per share, EUR	**1.32**	1.45

Diluted earnings per share is calculated by adjusting the average number of shares so that both the convertible capital note and option schemes 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 is adjusted by the interest expenses of the capital note, net of tax.

Diluted earnings per share	2006	2005
Result attributable to the equity holders of the Parent Company, EUR million	**209.5**	224.0
Interest expenses of the capital note, net of tax, EUR million	**0.1**	4.6
Profit used to determine diluted earnings per share, EUR million	**209.6**	228.6
Weighted average number of shares, thousands	**159 155**	154 239
Effect of options, thousands	**1 111**	984
Effect of capital note, thousands	**151**	5 677
Diluted average number of shares, thousands	**160 417**	160 900
Diluted earnings per share, EUR	**1.31**	1.42

10. PROPERTY, PLANT, AND EQUIPMENT

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 Jan. 1, 2006	40.1	411.7	562.8	69.4	3.4	1 087.4
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 Dec. 31, 2006	40.2	433.1	571.4	83.8	2.3	1 130.8
Accumulated depreciation and impairment losses at Jan. 1, 2006		-95.2	-386.3	-39.5		-520.9
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	0.0	-0.3	0.0	0.0	-0.3
Accumulated depreciation and impairment losses at Dec. 31, 2006	0.0	-114.5	-397.1	-46.9	0.0	-558.5
Carrying amount at Dec. 31, 2006	**40.2**	**318.6**	**174.3**	**36.8**	**2.3**	**572.3**

Property, plant, and equipment 2005, EUR million	**Land and water**	**Buildings and structures**	**Machinery and equipment**	**Other tangible assets**	**Advance payments**	**Total**
Acquisition cost at Jan. 1, 2005	41.8	322.0	593.0	64.5	2.4	1 023.5
Increases		19.1	37.6	6.2	4.7	67.6
Acquisition of operations	0.1	74.6	21.0	1.0		96.7
Decreases	-1.4	-4.7	-47.2	-1.6	-0.1	-55.0
Disposal of operations	-0.4	-7.1	-44.3	-1.9	-0.2	-54.0
Reclassifications		7.7	2.3	1.1	-3.4	7.7
Exchange rate differences	0.0	0.1	0.5	0.2	0.0	0.8
Acquisition cost at Dec. 31, 2005	40.1	411.7	562.8	69.4	3.4	1 087.4
Accumulated depreciation and impairment losses at Jan. 1, 2005	-0.7	-82.4	-410.0	-33.8		-526.8
Decreases, disposals, and acquisitions	0.7	2.0	67.3	0.8		70.9
Depreciation for the period		-13.2	-43.4	-5.6		-62.2
Impairment losses for the period			-0.1	0.0		-0.1
Reclassifications		-1.6	0.3	-0.9		-2.2
Exchange rate differences		0.0	-0.4	-0.1		-0.4
Accumulated depreciation and impairment losses at Dec. 31, 2005		-95.2	-386.3	-39.5		-520.9
Carrying amount at Dec. 31, 2005	40.1	316.5	176.6	29.9	3.4	566.5

The carrying amount of land and water includes value appreciations in 2006 totalling EUR 3.6 million (2005: EUR 3.6 million) and buildings and structures totalling EUR 3.7 million (2005: EUR 3.9 million).

At the end of the financial period the commitments for acquisitions of tangible assets were EUR 6.3 million (2005: EUR 7.8 million).

Carrying amount of assets leased by finance lease agreements, EUR million	**2006**	2005
Buildings and structures	**29.1**	21.7
Machinery and equipment	**2.4**	2.6
Total	**31.5**	24.3

11. INVESTMENT PROPERTY

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

Investment property 2005, EUR million	**Land and water**	**Buildings and structures**	**Total**
Acquisition cost at Jan. 1, 2005	11.4	28.3	39.8
Decreases	-4.4	-12.0	-16.4
Reclassifications *		-4.9	-4.9
Acquisition cost at Dec. 31, 2005	7.0	11.4	18.4
Accumulated depreciation and impairment losses at Jan. 1, 2005		-7.6	-7.6
Decreases		2.5	2.5
Depreciation for the period		-0.2	-0.2
Impairment losses for the period		-0.9	-0.9
Accumulated depreciation and impairment losses at Dec. 31, 2005		-6.3	-6.3
Carrying amount at Dec. 31, 2005	7.0	5.1	12.1
Fair values at Dec. 31, 2005	26.9	6.9	33.8

* Reclassifications between investment property and owner-occupied property

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	**2006**	2005
Investment property that generates rental income	**0.2**	1.0
Investment property, no rental income	**0.1**	0.1
Total	**0.2**	1.1

12. INTANGIBLE ASSETS

Intangible assets 2006, EUR million	Goodwill	Immaterial rights	Other intangible assets	Advance payments	Total
Acquisition cost at Jan. 1, 2006	1 332.5	585.1	82.5	13.6	2 013.7
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					
Reclassifications		-3.5	0.7	1.6	-1.2
Exchange rate differences	0.0	-1.5	0.0		-1.5
Acquisition cost at Dec. 31, 2006	1 397.8	696.7	87.8	19.6	2 201.8
Accumulated depreciation and impairment losses at Jan. 1, 2006	-3.2	-308.4	-59.8	0.0	-371.4
Decreases, disposals, and acquisitions	-1.8	-0.7	5.5		3.1
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 Dec. 31, 2006	-5.1	-374.2	-61.7	0.0	-441.0
Carrying amount at Dec. 31, 2006	**1 392.7**	**322.5**	**26.0**	**19.5**	**1 760.8**

Intangible assets 2005, EUR million	Goodwill	Immaterial rights	Other intangible assets	Advance payments	Total
Acquisition cost at Jan. 1, 2005	1 254.3	417.7	83.4	9.5	1 764.8
Increases		73.0	12.1	3.2	88.3
Acquisition of operations	82.3	93.2	0.2		175.8
Decreases	-14.5	-4.0	-10.4	0.0	-28.8
Disposal of operations	-9.5	-2.6	-0.3		-12.4
Reclassifications		-2.0	-2.5	0.8	-3.6
Exchange rate differences	3.0	9.8	0.0		12.8
Acquisition cost at Dec. 31, 2005	1 315.7	585.1	82.5	13.6	1 996.9
Accumulated depreciation and impairment losses at Jan. 1, 2005	-1.5	-255.9	-64.4	0.0	-321.8
Decreases, disposals, and acquisitions	16.8	6.3	8.2		31.4
Depreciation for the period		-58.6	-6.7		-65.3
Impairment losses for the period	-1.7	-0.1	-0.1		-1.9
Reclassifications	0.0	-0.2	3.2		3.1
Exchange rate differences	0.0	0.0	0.0		0.0
Accumulated depreciation and impairment losses at Dec. 31, 2005	13.6	-308.4	-59.8	0.0	-354.6
Carrying amount at Dec. 31, 2005	1 329.3	276.8	22.7	13.6	1 642.3

At the end of the financial period the commitments for acquisitions of intangible assets (film rights included) were EUR 11.5 million (2005: EUR 23.5 million).

Of total intangible assets, the carrying amount of intangible assets with indefinite useful lives is EUR 57.4 million (2005: EUR 66.4 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 0.1 million (2005: EUR 0.0 million). In addition, during the financial year some of these assets were reassessed and a definite lifetime was determined and consequently amortisation according to plan was started.

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.

The value in use calculations 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. The 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 2006 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 2006	
Sanoma Magazines Netherlands	exceeds clearly
Sanoma Magazines International	exceeds moderately
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 at Dec. 31, 2006, EUR million	Goodwill	Intangible assets *	Total
Sanoma Magazines Netherlands	738.4	3.8	742.2
Sanoma Magazines International	204.0	51.0	255.0
Educational publishing	183.6		183.6
Sanoma Magazines Belgium	105.7	2.6	108.3
Others (10 units)	161.0		161.0
Total	**1 392.7**	**57.4**	**1 450.1**

* Only intangible assets with indefinite useful lives

13. INTEREST IN ASSOCIATED COMPANIES

Interest in associated companies, EUR million	2006	2005
Carrying amount at Jan. 1	**61.0**	49.5
Share of result	**8.4**	9.8
Dividends	**-3.2**	-1.6
Increases	**2.5**	3.2
Decreases and other changes	**-0.6**	-0.1
Translation differences	**0.1**	0.2
Carrying amount at Dec. 31	**68.2**	61.0

Carrying amount of associated companies includes goodwill of EUR 10.1 million (2005: EUR 8.3 million). No losses in associated companies not recognised in the consolidated figures exist.

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				
Sanoma Magazines International					
Stratosféra sr.o. * (Magazine publishing, the Czech Republic)	30.0				
RAUTAKIRJA					
Jokerit HC ** (Sports activity, Finland)	36.4	43.5	18.9	12.0	-1.1

* Figures for 2006 not available by the date of completing the financial statements of SanomaWSOY
** Figures from financial year 1.5.2005–30.4.2006

Most significant associated companies 2005, EUR million	Participation of the Group, %	Assets	Liabilities	Net sales	Profit/loss
SANOMA MAGAZINES					
Sanoma Magazines Finland					
Hansaprint (Printing, Finland)	40.0	170.2	61.4	208.4	22.7
Sanoma Magazines International					
Stratosféra sr.o. (Magazine publishing, the Czech Republic)	30.0	4.2	2.3	16.0	0.7
RAUTAKIRJA					
Jokerit HC * (Sports activity, Finland)	36.4	44.3	19.0	23.3	4.9

* Figures from financial year 1.5.2004–30.4.2005

Associated company transactions, EUR million	2006	2005
Sales of goods to associated companies	**0.7**	5.7
Rendering of services to associated companies	**0.9**	0.8
Purchases of goods from associated companies	**35.1**	36.2
Receiving of services from associated companies	**17.4**	17.5
Outstanding receivables and liabilities against associated companies, EUR million	**2006**	2005
Non-current receivables from associated companies	**1.8**	1.7
Current receivables from associated companies	**2.2**	2.0
Non-current liabilities to associated companies	**0.8**	0.8
Current liabilities to associated companies	**2.0**	2.2

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 2006 and 2005, 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	2006	2005
Available-for-sale financial assets, non-current	**16.4**	22.8
Available-for-sale financial assets, current		0.5
Total	**16.4**	23.2

Available-for-sale financial assets mainly include investments to shares. These assets are non-listed shares for which fair values cannot be reliably measured. Assets are valued at cost less potential impairment losses.

15. TRADE AND OTHER RECEIVABLES, NON-CURRENT

Trade and other receivables, non-current, EUR million	2006	2005
Trade receivables	**1.1**	1.3
Accrued income	**6.2**	5.9
Loan receivables	**8.9**	9.6
Advance payments	**0.1**	0.5
Pension assets *	**17.9**	16.7
Other receivables	**4.2**	3.6
Total	**38.3**	37.7
Receivables from associated companies		
Loan receivables	**1.8**	1.7
Advance payments	**0.0**	
Total	**1.8**	1.7
* 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 receivables on repayment plans determined in advance. No major concentration of credit risks are involved and the carrying amounts best implicate the amount that will be collected.

16. INVENTORIES

Inventories, EUR million	2006	2005
Materials and supplies	**7.6**	8.3
Work in progress	**29.8**	28.1
Finished products/goods	**111.7**	106.4
Other inventories	**0.5**	0.9
Advance payments	**0.6**	0.4
Total	**150.1**	144.0

EUR 0.5 million (2005: EUR 1.1 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	2006	2005
Trade receivables	**259.9**	219.9
Accrued income	**49.1**	58.7
Loan receivables	**1.5**	4.2
Advance payments	**21.9**	26.1
Derivatives		0.0
Other receivables	**36.8**	21.4
Total	**369.2**	330.2
Receivables from associated companies		
Trade receivables	**1.0**	0.5
Accrued income	**0.1**	0.1
Loan receivables	**1.1**	1.4
Total	**2.2**	2.0

The Group has recognised a total of EUR 5.2 million (2005: EUR 3.0 million) credit losses as expenses.

The fair values of receivables do not significantly differ from the carrying amounts of receivables. No major concentration of credit risks are involved and the carrying amounts best implicate the amount that will be collected.

Accrued income

Accrued income mainly consists of items related to normal business activities and include i.a. agency commissions accruals.

Derivatives

Derivatives include derivative instruments, which are valued at fair values in the balance sheet. The SanomaWSOY Group had no open derivative contracts at the end of the financial year. The fair values of comparative data derivatives are presented in Note 27.

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the balance sheet, EUR million	2006	2005
Cash in hand and at bank	**74.5**	78.6
Deposits	**7.0**	6.4
Total	**81.5**	84.9

Cash and cash equivalents in the cash flow statement, EUR million	2006	2005
Cash and cash equivalents in balance sheet	**81.5**	84.9
Bank overdrafts	**-4.5**	0.0
Total	**77.1**	84.9

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

19. EQUITY

Share capital and premium fund, EUR million	Number of shares, thousands					
	Old A-shares	Current shares *	Total	Share capital	Premium fund	Total
At Jan. 1, 2005	23 199	129 913	153 112	65.8	34.9	100.7
Usage of stock-options		29	29	0.0	0.3	0.3
Share conversion	-72	72				
Conversion of capital notes		3 786	3 786	1.6	58.6	60.2
At Dec. 31, 2005	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 Dec. 31, 2006		**164 957**	**164 957**	**70.9**	**181.0**	**251.9**

* SanomaWSOY's share series were combined on April 7, 2006. "Current shares" include old Series B shares until April 6, 2006. More information on Combination of Share Series and the Directed Issue of Shares can be found in "Shares and shareholders" in the Financial Statements.

The maximum number of shares is 840 million in any event, so the maximum amount of share capital cannot exceed EUR 300.0 million (2005: the maximum number of Series A shares was 120 million and Series B shares 720 million, so the maximum amount of share capital could not exceed EUR 300.0 million). The shares have no nominal value. The equivalent carrying amount is EUR 0.43 per share. The shares have been fully paid. The Group had no treasury shares at the end of the financial year.

Translation differences

Translation differences include those items that have arisen when consolidating foreign companies. Translation differences also include items arising from the Group's intercompany loans, which are classified as net investments to foreign subsidiary.

Other reserves

Other reserves includes the equity component of the convertible capital note. The convertible capital note is further explained in Note 22.

20. STOCK OPTIONS

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

Both schemes comprise a maximum 4,500,000 stock options, each entitling the holder to one SanomaWSOY share. The 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, the 2004 stock options have been granted in three stages, at the turn of 2004/2005 (2004A), 2005/2006 (2004B), and 2006/2007 (2004C). A maximum of 1,500,000 stock options could be issued in each stock option category. The exercise price in all three stages of both options schemes is the average price of SanomaWSOY shares as quoted in November–December each year with an addition of 20% (before 2006 Series B share). Each year the dividend is deducted from the exercise price. Trading with 2001A options began on the Main List of the Helsinki Stock Exchange on November 1, 2004, 2001B options on November 1, 2005, and 2001C options on November 1, 2006.

The non-distributed and returned options are invalidated 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 invalidated.

More specific information on the options is presented below. 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.fi.

Options	**Warrant Scheme 2001**			**Stock Option Scheme 2004**		
Basic information	**2001A**	**2001B**	**2001C**	**2004A**	**2004B**	**2004C**
Maximum number of options	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
Initial exercise price, EUR	12.74	11.50	19.61	19.92	23.25	25.21
Dividend adjustment	Yes	Yes	Yes	Yes	Yes	Yes
Exercise price at Dec. 31, 2003, EUR *	11.83	11.10	19.61	---	---	---
Exercise price at Dec. 31, 2004, EUR *	10.83	10.10	18.61	19.92	---	---
Exercise price at Dec. 31, 2005, EUR *	10.03	9.30	17.81	19.12	23.25	---
Exercise price at Dec. 31, 2006, EUR *	9.13	8.40	16.91	18.22	22.35	25.21
Beginning of exercise period, date (vesting)	1.11.2004	1.11.2005	1.11.2006	1.11.2007	1.11.2008	1.11.2009
End of exercise period, date (expiration)	30.11.2007	30.11.2008	30.11.2009	30.11.2010	30.11.2011	30.11.2012
Remaining expiry time at Dec. 31, 2006, years	0.9	1.9	2.9	3.9	4.9	5.9
Number of persons at Dec. 31, 2006	29	95	155	194	205	238

* The dividend is deducted from the exercise price annually . The dividend for 2005 was 0.90 per share (record date April 6, 2006). The dividend for 2004 was 0.80 per share (record date April 15, 2005). The dividend for 2003 was 1.00 per share (record date April 2, 2004).

Options Changes in 2006	Warrant Scheme 2001 2001A	 2001B	 2001C	Stock Option Scheme 2004 2004A	 2004B	 2004C	 Total
Granted at Jan. 1	691 000	1 112 100	1 172 500	1 145 600	1 135 300	0	5 256 500
Returned at Jan. 1.	76 000	59 400	77 600	13 400	0	0	226 400
Invalidated at Jan. 1	885 000	447 300	405 100	0	0	0	1 737 400
Exercised at Jan. 1	7 300	21 850	0	0	0	0	29 150
Outstanding at Jan. 1	607 700	1 030 850	1 094 900	1 132 200	1 135 300	0	5 000 950
Non-distributed at Jan. 1	0	0	0	367 800	364 700	1 500 000	2 232 500
Granted during the period	0	0	0	0	13 000	1 267 100	1 280 100
Returned during the period	0	0	10 400	28 000	28 200	0	66 600
Invalidated during the period	0	0	0	0	0	0	0
Exercised during the period	122 046	69 976	0	0	0	0	192 022
Weighted average price of share during the exercise period, EUR	20,19 *	20,19 *	21,00 **	---	---	---	---
Expired during the period	0	0	0	0	0	0	0
Granted at Dec. 31	691 000	1 112 100	1 172 500	1 145 600	1 148 300	1 267 100	6 536 600
Returned at Dec. 31	76 000	59 400	88 000	41 400	28 200	0	293 000
Invalidated at Dec. 31	885 000	447 300	405 100	0	0	0	1 737 400
Exercised at Dec. 31	129 346	91 826	0	0	0	0	221 172
Outstanding at Dec. 31	485 654	960 874	1 084 500	1 104 200	1 120 100	1 267 100	6 022 428
Non-distributed at Dec. 31	0	0	10 400	395 800	379 900	232 900	1 019 000
Number of unvested options at Dec. 31, 2006***	0	0	0	1 104 200	1 120 100	1 267 100	3 491 400

* The weighted average price of SanomaWSOY old Series B share and current SanomaWSOY share in 2006.
** The weighted average price of SanomaWSOY share in November and December 2006.
*** 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 November 7, 2002, have not been recognised as expenses. Accordingly, no fair value of SanomaWSOY 2001A stock options has been calculated. In 2006 a total of EUR 5.4 million has been recorded as expenses (2005: EUR 4.6 million).

Most significant assumptions in Black–Scholes model	2006	Total
Number of granted options	1 280 100	5 845 600
Average price of share *	21.3	17.0
Exercise price *	25.18	20.06
Interest rate *	3.9%	3.5%
Maturity, years *	5.9	5.9
Volatility *, **	22.8%	28.0%
Probability of returned options *	6.9%	6.9%
Expected dividends	---	---
Fair value total, EUR	6 219 923	25 572 525

* Figures 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 created on May 1, 1999)

Changes in options during the period and the weighted average exercise prices	**2006**		2005	
	Number of options	**Exercise price ***	Number of options	Exercise price **
Granted at Jan. 1	5 256 500	16.45	4 117 700	15.44
Outstanding at Jan. 1	5 000 950	16.64	3 991 100	15.48
Granted during the period	1 280 100	25.18	1 138 800	23.24
Returned during the period	66 600	20.18	99 800	15.44
Exercised during the period	192 022	8.86	29 150	9.48
Expired during the period	0	---	0	---
Granted at Dec. 31	6 536 600	17.61	5 256 500	16.45
Outstanding at Dec. 31	6 022 428	18.11	5 000 950	16.64

* The exercise price at the beginning of the period is the status at Dec. 31, 2005. Dividend adjustment has been taken into account during the period and the exercise price is based on the status at Dec. 31, 2006.
** The exercise price at the beginning of the period is the status at Dec. 31, 2004. Dividend adjustment has been taken into account during the period and the exercise price is based on the status at Dec. 31, 2005.

21. PROVISIONS

Changes in provisions, EUR million	Restructuring provisions	Other provisions	Total
At Jan. 1, 2006	7.8	14.4	22.2
Translation differences		0.0	0.0
Increases	3.2	10.9	14.2
Amounts used	-4.5	-7.4	-11.9
Unused amounts reversed	-0.7	-8.1	-8.7
At Dec. 31, 2006	**5.8**	**9.9**	**15.7**

Carrying amounts of provisions, EUR million	2006	2005
Non-current	**7.8**	12.3
Current	**7.9**	9.9
Total	**15.7**	22.2

Provisions are based on best estimates on the balance sheet date. Restructuring provisions are mainly related to normal business restructuring of Sanoma Magazines Division in former years. 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	2006	2005
Non-current		
Loans from financial institutions	**9.3**	5.2
Convertible capital note		89.1
Pension loans	**2.8**	8.1
Finance lease liabilities	**29.8**	22.9
Other liabilities	**2.4**	6.7
Total	**44.2**	132.0
Current		
Loans from financial institutions	**372.7**	367.9
Convertible capital note	**2.4**	
Pension loans	**5.3**	5.3
Commercial papers	**426.3**	419.1
Finance lease liabilities	**3.1**	1.8
Other liabilities	**10.0**	2.6
Total	**819.7**	796.8
Total	**863.9**	928.7

Except for the convertible capital note, the fair values of interest-bearing liabilities do not differ significantly from the carrying amounts.

Loans from financial institutions

Loans from financial institutions mainly consist of bilateral facilities for which maturity is under 2 years. 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 3.1% (2005: 2.3%).

Repayment schedule of long-term liabilities, EUR million	2006	2005
Not later than 1 year	**0.5**	13.8
1–2 years	**5.4**	93.2
2–3 years	**5.8**	1.9
3–4 years	**6.5**	1.6
Later than 4 years	**25.9**	21.5
Total	**44.2**	132.0

Convertible capital note

A convertible capital note was issued by the Parent Company on August 31, 2001 and trading with the notes on the Helsinki Stock Exchange Main List began on September 6, 2001. In line with the terms of Section 12 of the Finnish Companies Act, the capital note is considered equity loan.

The main terms of the notes:

1. A fixed annual interest of 5.25% is paid on the notes. Interest is payable annually in the event that the sum concerned can be used for distribution of the profits in line with the confirmed balance sheet of the Company and the Group for the latest financial year.
2. Subscribers are allowed to convert the original amount of subordinated notes into a maximum of 12,570,710 SanomaWSOY Corporation Series B shares (after the combination of share series into Company share). The Board has determined that the imputed conversion price of one share shall be EUR 15.91, representing a premium of 30% to the trading-weighted price of the Series B share on the Helsinki Stock Exchange between July 20, 2001 and August 8, 2001. The period for conversion began on January 2, 2002 and will end on June 20, 2007. Conversion can be effected between January 2 and November 30 annually.
3. The loan period extends to July 4, 2007, when the notes shall be repaid in total, on condition that the shareholders' equity and other non-distributable items contained in the Company's and Group's balance sheet for the last full financial period are fully covered. Under the terms of the notes, SanomaWSOY is entitled, as of September 1, 2004, to repay in advance the capital of the notes in full at a rate of 100% together with interest that has accrued by the payment date, on condition that all the relevant terms of the notes specified in the prospectus are complied with.
4. In the event of the Company being dissolved or being declared bankrupt, payment of the principal, interest, and other considerations related to the notes can only be made after other creditors have received due payment.

According to IFRS, the capital note has been divided into liability and equity components in accordance with the nature of a compound instrument. The SanomaWSOY Group has applied IAS 32 and 39 standards as of January 1, 2005 onwards, when the separation has been made. The initial liability component of the capital note has been determined by recognising the loan at fair value using the market interest rate of comparable risk-free loan at issue date in addition to the Group's risk premium. The equity component has been determined as the difference between the received funds and the fair value of the liability. The equity component has been recorded under other reserves in equity. The deferred taxes arising from the recognition have been recorded January 1, 2005 directly to equity. After the initial recognition, the capital note is valued at amortised cost using the effective interest rate method. The effective interest rate of the capital note is 6.9%.

During the financial year, a total 8,792 notes of the loan were converted into 5,525,988 shares. The remaining loan capital is EUR 2.4 million.

The SanomaWSOY capital note is quoted on the Helsinki Stock Exchange, but the markets are non-liquid and no reliable fair value on the basis of trading transactions can be determined. Fair value at the balance sheet date has been estimated by the SanomaWSOY Group, taking note of the time gap after the quotes and the changes in the share price. The best estimate of the fair value at the balance sheet date is some 120% (2005: some 120%). The total fair value at December 31, 2006 is some EUR 2.9 million (2005: some EUR 108 million) as a proposition of the carrying amount of the capital note.

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 insignificant influence.

Finance lease liabilities, EUR million	2006	2005
Total minimum lease payments		
Not later than 1 year	**4.3**	3.0
1–5 years	**16.4**	11.1
Later than 5 years	**24.5**	19.9
Total	**45.3**	34.0
Present value of minimum lease payments		
Not later than 1 year	**2.5**	1.8
1–5 years	**11.4**	7.1
Later than 5 years	**19.0**	15.8
Total	**32.8**	24.7
Future finance charges	**12.4**	9.4

The most significant items under finance leases are related to premises of Sanoma Magazines Division and leased movie theatre premises of Rautakirja Division.

23. TRADE AND OTHER PAYABLES

Trade and other payables, EUR million	2006	2005
Non-current		
Accrued expenses	**1.2**	1.7
Advances received	**12.3**	13.8
Other liabilities	**22.5**	10.5
Total	**36.0**	26.0
Non-current to associated companies		
Other liabilities	**0.8**	0.8
Total	**0.8**	0.8
Current		
Trade payables	**204.3**	190.6
Accrued expenses	**263.6**	242.3
Advances received	**180.0**	155.0
Derivatives		0.2
Other liabilities	**63.3**	57.3
Total	**711.2**	645.2
Current to associated companies		
Trade payables	**2.0**	1.9
Accrued expenses	**0.0**	
Other liabilities	**0.0**	0.3
Total	**2.0**	2.2
Total	**747.3**	671.3

Accrued expenses

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

Derivatives

Derivatives include derivative instruments, which are valued at fair values in the balance sheet. The SanomaWSOY Group had no open derivative contracts at the end of the financial year. The fair values of comparative data derivatives are presented in Note 27.

24. CONTINGENT LIABILITIES

Contingent liabilities, EUR million	2006	2005
Contingencies for own commitments		
Mortgages	**10.5**	7.3
Pledges	**18.4**	10.8
Other items	**0.4**	1.6
Total	**29.4**	19.8
Contingencies given on behalf of associated companies		
Guarantees	**7.9**	7.9
Total	**7.9**	7.9
Contingencies given on behalf of other companies		
Guarantees	**0.1**	0.2
Total	**0.1**	0.2
Other commitments		
Operating lease liabilities (Note 25)	**249.1**	225.6
Royalties	**15.9**	19.2
Other items	**47.2**	49.6
Total	**312.2**	294.4
Total	**349.6**	322.2

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 6.9 million (2005: EUR 5.2 million) of joint ventures' contingent liabilities.

Disputes and litigations

The SanomaWSOY Group has no major disputes or litigations ongoing. The Group companies are involved in incidental disputes or litigations common to their business, but in the view of the Group's management the outcome of such disputes will not have a material effect on the Group's financial position or the result of operations.

25. OPERATING LEASE LIABILITIES

Non-cancellable minimum lease liabilities by maturity, EUR million	2006	2005
Not later than 1 year	**41.6**	52.8
1–5 years	**101.3**	129.8
Later than 5 years	**106.2**	42.9
Total	**249.1**	225.6

Operating liabilities include both premises and other operating lease liabilities.

Non-cancellable minimum lease payments to be received by maturity, EUR million	2006	2005
Not later than 1 year	**1.7**	2.4
1–5 years	**4.0**	3.5
Later than 5 years	**1.4**	3.0
Total	**7.1**	8.9

Total lease payments to be received include sublease payments of EUR 3.6 million (2005: EUR 4.4 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 financial 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 cooperating closely 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, as well as using derivatives for hedging purposes.

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

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. 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.

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, 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 financial 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.

As of December 31, 2006, the Group's financing programmes and unused credit lines were as follows:

- Bilateral committed facilities of EUR 495 million, EUR 125 million of which were unused
- Bilateral uncommitted facilities of EUR 300 million, all of which were unused
- Commercial paper programmes of EUR 600 million, EUR 174 million of which were unused
- Current account limits of EUR 43 million, EUR 38 million of which were unused

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.

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.

27. DERIVATIVE INSTRUMENTS

Nominal values, EUR million	2006	2005
Interest rate derivatives		
Options		
Purchased		100.0
Written		54.8
Total		154.8
Total		154.8

Fair values, EUR million	2006	2005
Interest rate derivatives		
Options		
Purchased		0.0
Written		-0.2
Total		-0.2
Total		-0.2

Derivative contracts are recorded in the balance sheet. The SanomaWSOY Group had no open derivative contracts at the end of the financial year.

28. MOST SIGNIFICANT SUBSIDIARIES

Most significant subsidiaries at Dec. 31, 2006	Participation of the Parent Company, %	Participation of the sub-group's parent company, %	Participation of the Group, %
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
Euro Publi Net International N.V., Belgium			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 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 Uitgevers			
Sanoma Uitgevers B.V., the Netherlands			100.0
ilse media groep B.V., the Netherlands			96.3
Jonge Gezinnen B.V., the Netherlands			100.0
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

Most significant subsidiaries at Dec. 31, 2006	Participation of the Parent Company, %	Participation of the sub-group's parent company, %	Participation of the Group, %
SANOMA			
Sanoma Osakeyhtiö, Helsinki *	100.0		100.0
AS Infesto, Estonia			100.0
Esmerk Limited, the United Kingdom			90.0
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
Sanoma Data Oy, Helsinki		100.0	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
Taloussanomat Oy, Helsinki		90.0	90.0
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			75.0
L.C.G. Malmberg B.V., the Netherlands			100.0
SanomaWSOY Education B.V., the Netherlands			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 Poland S.A., Poland		55.1	55.1
SWELCOM			
SWelcom Oy, Helsinki *	100.0		100.0
SW Television Oy, Helsinki		95.3	95.3
RAUTAKIRJA			
Rautakirja Oy, Vantaa *	100.0		100.0
Apollo Raamatud AS, Estonia			100.0
D+J Arena Hamburg GmbH, Germany			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 Cinemas Home Entertainment, Latvia			85.0
UAB Forum Cinemas, Lithuania			90.0
UAB Forum Cinemas Home Entertainment, Lithuania			85.0
Hiparion Distribution S.A., Romania		97.8	99.0
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
R Kiosk Eesti AS, Estonia		100.0	100.0
Suomalainen Kirjakauppa Oy, Helsinki		100.0	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 have been presented in the following table as consolidated with proportionate ownership. Personnel figures include the total figure for the companies.

Joint ventures, EUR million	2006	2005
Non-current assets	**9.4**	5.6
Current assets	**49.5**	37.9
Non-current liabilities	**3.3**	3.6
Current liabilities	**33.4**	22.7
Net assets	**22.2**	17.2
Income	**121.2**	101.3
Expenses	**108.5**	88.1
Net result for the period	**12.8**	13.2
Personnel, average (full-time equivalents)	**2 172**	1 643

Most significant joint ventures at Dec. 31, 2006	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 other members of the Management Group. Remuneration for key management is presented in Note 31. Transactions with associated companies are presented in Note 13. Transactions with subsidiaries and joint ventures are not presented as related party transactions because they are eliminated in the consolidated figures. Joint ventures have been included as 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 companies, which indicate related party definitions or with which significant related party transactions exist.

31. MANAGEMENT COMPENSATION, BENEFITS, AND OWNERSHIP

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**						
Executive Management Group									
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 September 30, 2006)		10 000			30 000	30 000	34 000	17 000	
Jacques Eijkens (as of October 1, 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**						

* 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, 2005	Remuneration (EUR 1 000)	Number of shares Series A shares	Series B shares	Option costs (EUR 1 000)	Number of stock options 2001A	2001B	2001C	2004A	2004B	2004C
President and CEO										
Hannu Syrjänen	819		23 142		50 000	50 000	50 000	50 000	50 000	
Board of Directors										
Jaakko Rauramo, Chairman	992	2 452	48 694			100 000	100 000			
Sari Baldauf, Vice Chairman (as of April 12, 2005)	65		7 000							
Robert Castrén	53	7 040	12 832							
Jane Erkko	52	43 808	200 024							
Paavo Hohti (Vice Chairman until April 11, 2005)	54		824							
Sirkka Hämäläinen-Lindfors	53									
Seppo Kievari	52		5 000		30 000	30 000	20 000			
Robin Langenskiöld	53	1 119 604	6 577 712							
Sakari Tamminen	53		700							
Total *	**2 246**			**523**						
Management Group										
Eija Ailasmaa		80	6 000		30 000	30 000	30 000	37 000	37 000	
Nils Ittonen			50 000		30 000	30 000	30 000	30 000	30 000	
Erkki Järvinen						30 000	30 000	37 000	37 000	
Jorma Kaimio			14 480		10 000	30 000	30 000	34 000	17 000	
Tapio Kallioja			1 600		30 000	30 000	30 000	34 000	34 000	
Mikael Pentikäinen							30 000	37 000	37 000	
Kerstin Rinne			1 199			30 000	30 000	30 000	30 000	
Matti Salmi						12 000	30 000	30 000	30 000	
Total *	**2 868**			**1 020**						

* 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.

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.fi.

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

Other benefits of the management

Chairman of the Board, Jaakko Rauramo, retired December 1, 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.

The retirement age for the other members of SanomaWSOY's Executive Management Group 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. No such event that would have a significant impact on the Group's financial position has arisen since the balance sheet date.

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 investments (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 / result, % $= \dfrac{\text{Dividend / share}}{\text{Result / share}} \times 100$

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 $= \dfrac{\text{Share price on the last trading day of the year}}{\text{Result / share}}$

Shares and shareholders

Share information

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

On December 31, 2006, SanomaWSOY's registered share capital amounted to EUR 70,931,532.79 and the number of shares was 164,957,053.

The SanomaWSOY share and the stock options from the Company's Warrant Scheme 2001 are listed on the Nordic List of the Helsinki Stock Exchange, in the Consumer Discretionary sector. Each SanomaWSOY share has one vote and all shares entitle their holders to equal shareholder rights. The book-counter value of the SanomaWSOY share is EUR 0.43.

SanomaWSOY share (SWS1V) is included in the Consumer Discretionary sector index (based on GICS) of the Helsinki Stock Exchange, as well as in OMX Helsinki Cap, OMX Helsinki, and OMXH25 Open indices. In addition, the shares are included in Dow Jones STOXX indices (600, Small 200, and media sector).

SanomaWSOY share has been listed on the Helsinki Stock Exchange since May 1, 1999. The shares are entered in the book-entry securities system operated by the Finnish Central Securities Depository Ltd. On December 31, 2006, the Company had 16,782 shareholders, with foreign holdings accounting for 10.89% (8.97%) of all shares and votes. The Company did not hold any treasury shares at the end of 2006.

Combination of share series and a directed issue of shares

The Annual General Meeting of April 3, 2006 decided on the combination of SanomaWSOY's share series, on a related directed issue to the holders of Series A shares, and on amendments to the Articles of Association.

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 dividend. Following the combination, SanomaWSOY has only one share series and all the shares entitle their holders to equal voting and shareholder rights.

The combination of share series was facilitated through amending the Articles of Association to remove e.g. the voting differences between share classes. On April 7, 2006, the new Articles of Association were entered into the Trade Register and SanomaWSOY Series A and B shares were combined into one share series in the book-entry securities system. Trading with the new share began on the Helsinki Stock Exchange on April 10, 2006.

In order to compensate for the decrease in the voting rights of Series A shareholders, the Company's share capital was increased by directing a share issue at holders of Series A shares. Each holder of Series A shares was entitled to receive one subscription right for every Series A share held. The holder of subscription rights was entitled to subscribe for one new share per each ten subscription rights held. The subscription period for new shares was from April 11 to May 10, 2006.

The subscription rights were publicly traded on the Main List of Helsinki Stock Exchange from April 11 to May 3, 2006. The new shares subscribed for in the share issue were traded as interim shares under "SanomaWSOY Uudet" from May 11, 2006. The new shares were combined with ordinary shares in the book-entry securities system on May 17, 2006 and trading with the combined share began on the Helsinki Stock Exchange on May 18, 2006 under the code SWS1V.

A total of 2,311,461 new shares were issued at a book counter-value of EUR 0.43 per share. As a result, the Company's share capital increased by EUR 993,928.23.

Trading codes	SanomaWSOY share	2001A stock options	2001B stock options	2001C stock options
Helsingin Pörssi	SWS1V	SWS1VEW101	SWS1VEW201	SWS1VEW301
Startel	SWS1V	SWS1VEW101	SWS1VEW201	SWS1VEW301
Bloomberg	SWS1V FH	SWS1V101 FH	SWS1V201 FH	SWS1V301 FH
Reuters	SWS1V.HE	SWS1VEW101.HE	SWS1EW201.HE	SWS1EW301.HE

Number of shares

Number of shares	
Number of shares at Dec. 31, 2006	164 957 053
Average issue-adjusted number of shares	159 154 715
Dilution effect if all capital notes and issued stock options were converted into shares *	
Number of outstanding shares at Dec. 31, 2006	164 957 053
Convertible capital note 2001	150 849
2001A stock options	485 654
2001B stock options	960 874
2001C stock options	1 084 500
2004A stock options	1 104 200
2004B stock options	1 120 100
2004C stock options	1 267 100
Number of outstanding shares, diluted, at Dec. 31, 2006	171 130 330
* Provided that all convertible capital notes and issued stock options are converted into shares.	

If all of the issued stock options were exercised and the remaining capital notes were converted into shares, shares to be subscribed on the basis of the issued stock options and convertible capital notes would account for 3.6% of SanomaWSOY shares and votes.

Including the non-distributed or returned 2004A, 2004B, and 2004C stock options held by SanomaWSOY's subsidiary Lastannet Oy, the potential combined dilution effect of the stock option schemes and the convertible capital notes on December 31, 2006 would be 7,192,277 shares, accounting for 4.2% of the total number of post-conversion shares and votes.

Major changes in shareholdings

In 2006, one of SanomaWSOY's largest shareholders, the estate of Patricia Seppälä, was dissolved. The estate's shareholdings were equally distributed between the parties to the estate, Robin Langenskiöld and Rafaela Seppälä, resulting in their shares of the Company's share capital and votes exceeding one twentieth (1/20).

SanomaWSOY also issued a flagging announcement with regard to changes in the proportional holdings of Aatos Erkko and the bodies he controls, as well as the Alfred Kordelin Foundation, and the Finnish Cultural Foundation due to the combination of share series and the directed issue of shares. Aatos Erkko's combined share of SanomaWSOY's votes decreased below one fourth (1/4), and his personal share of votes decreased below one fifth (1/5). The Alfred Kordelin Foundation's and the Finnish Cultural Foundation's share of the Company votes decreased below one twentieth (1/20).

Board authorisations

The AGM of April 3, 2006 authorised the Board to decide, within one year of the AGM, on an increase in share capital by one or more rights issues, issuance of one or more convertible capital notes and/or option rights. The new shares issued shall be Series B or similar, and their aggregate number may not exceed 31,397,736 shares. The total increase in SanomaWSOY's share capital may not exceed EUR 13,501,026.48. According to the Board's proposal, this authorisation excludes the employee incentives.

The Board did not exercise the authorisation in 2006. At the end of the review period, the Board had no authorisation to purchase or dispose SanomaWSOY shares.

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 December 31, 2006, the combined holdings in the Company shares owned by members of the Board of Directors, President and CEO, and by the bodies they control as referred to in Chapter 1, Section 5 of the Finnish Securities Market Act, accounted for 7.72% (5.13%) of all shares and votes. If all convertible capital notes as well as the outstanding, non-distributed, and returned stock options are converted into shares through subscriptions and the Board members exercise all their subscription rights, the combined holdings by the Board members and President and CEO (including the bodies they control) would account for 7.74% of the total, post-conversion number of shares and votes, provided that no other changes will occur.

More detailed information on shareholdings of the Board of Directors and the Executive Management Group can be found in Note 31, and on the Group's website at www.sanomawsoy.fi.

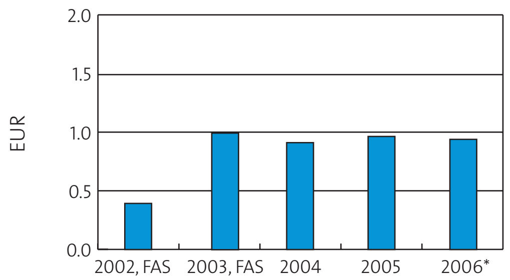
SanomaWSOY's guidelines on insider trading can be found on page 72 and on the Group's website.

Dividend policy

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

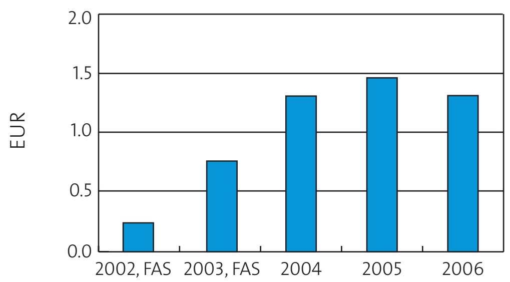
The Board of Directors proposes a dividend of EUR 0.95 (0.90) per share for 2006.

Dividend/share

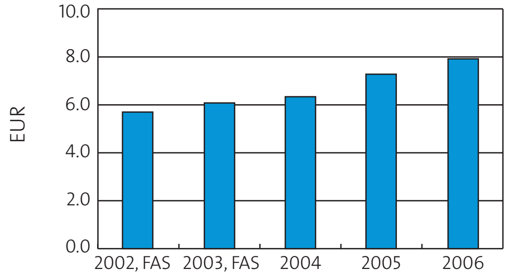


* Proposal of the Board Of Directors to the AGM

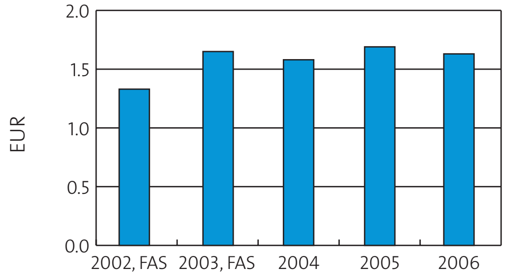
Earnings/share



Equity/share



Cash flow from operations/share



Stock options

SanomaWSOY has two stock option schemes in place: the Warrant Scheme 2001 authorised by the EGM on August 21, 2001 and the Stock Option Scheme 2004 authorised by the AGM on March 30, 2004.

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

The stock option schemes cover all of SanomaWSOY's divisions. The stock options have been distributed to management of the SanomaWSOY Group in accordance with the decisions of the Board of Directors. The stock options in Warrant Scheme 2001 are listed on the Helsinki Stock Exchange. On December 31, 2006, under the Warrant Scheme 2001 a total of 2,531,028 stock options were outstanding. 163 SanomaWSOY's senior managers held these 2001 options at the end of 2006. The number of stock options outstanding under the Stock Option Scheme 2004 was 3,491,400 and they were held by 277 senior managers. The remaining 2004A, 2004B, and 2004C stock options have been allocated to SanomaWSOY's fully-owned subsidiary, Lastannet Oy, and SanomaWSOY's 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 prior to the beginning of a share subscription period, she/he will be required to offer her/his stock options back to the Company, without compensating her/him for any value increment related to these stock options. However, this does not apply to those whose employment or service contract is no longer effective due to retirement or death.

All three tranches of the Warrant Scheme 2001 are listed on the Helsinki Stock Exchange. In 2006, a total of 192,022 shares were subscribed using 122,046 2001A stock options and 69,976 2001B stock options. New shares subscribed with stock options entitle their subscribers to all shareholder rights from the date the increase in share capital is entered into the Trade Register.

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

Convertible capital loan

As authorised by the EGM on August 21, 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.

In 2006, a total of 8,792 notes were converted into 5,525,988 shares. Following the conversions, the outstanding loan totalled EUR 2.4 million at the year-end.

The conversion period for the loan runs annually from January 2 to November 30. In 2007, the conversion period ends on June 20, as the loan shall be repaid in a bullet payment on July 4, 2007. The conversion price of a share is EUR 15.91. A fixed annual interest of 5.25% is payable on the notes. The interest is paid annually on July 4, and the last interest is paid at maturity.

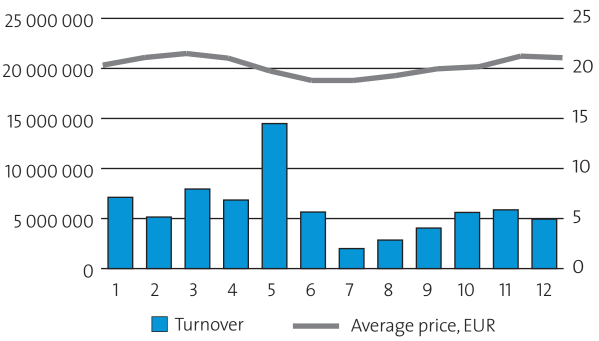
SanomaWSOY's convertible capital notes converted into the new shares entitle their holders to a dividend for the first time in the financial year during which the conversion has taken place. Other shareholder rights commence from the date on which the increase in share capital has been entered into the Trade Register.

Share performance

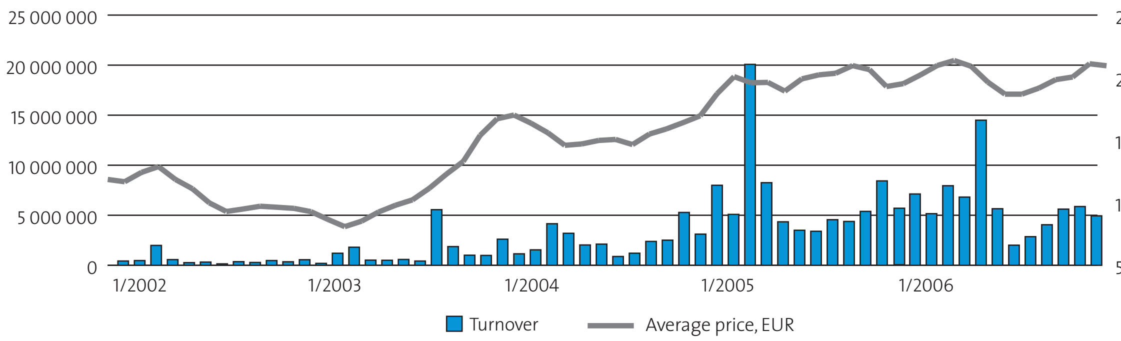
Trading with SanomaWSOY shares was active in 2006. SanomaWSOY's total stock exchange turnover was EUR 1,474.5 (1,591.7) million. The volume for the comparable period includes the stock exchange turnover of old Series A and B shares. The 2006 volume includes the stock exchange turnover of the interim shares subscribed for in the share issue, old Series A and B shares, as well as the turnover of the new combined SanomaWSOY share that replaced them on April 10, 2006.

The number of SanomaWSOY shares traded totalled 72,670,001 (81,239,652) in 2006. Traded shares accounted for 46% (53%) of the year's average number of shares. The share price averaged EUR 20.19, with a low of EUR 17.80 and a high of EUR 22.45. On December 31, 2006, SanomaWSOY's market capitalisation was EUR 3,521.8 (3,121.5) million, with the Company's share closing at EUR 21.35 (19.67).

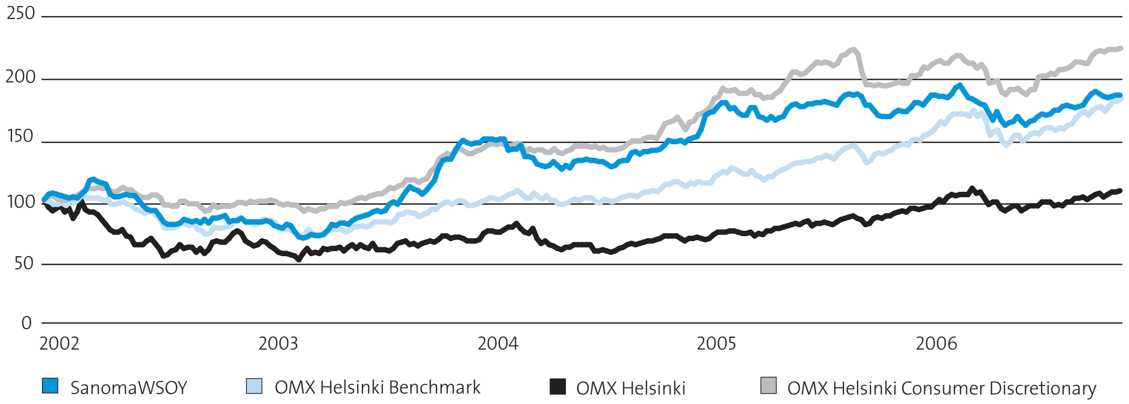
Average share price and turnover 2006



Average share price and turnover 2002–2006



SanomaWSOY share compared to indices 2002–2006



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

Major shareholders at Dec. 31, 2006

	Shareholder	Shares, total	% of shares and votes
1	**Aatos Erkko**	37 483 619	22.72
	Aatos Erkko	25 680 076	15.57
	Oy Asipex Ab	11 803 543	7.16
2	**Robin Langenskiöld**	12 273 371	7.44
3	**Rafaela Seppälä**	12 273 370	7.44
4	**The Helsingin Sanomat Foundation**	6 151 570	3.73
5	**The Alfred Kordelin Foundation**	4 135 825	2.51
6	**Ilmarinen Mutual Pension Insurance Company**	3 881 145	2.35
7	**Sampo Life Insurance Company Limited**	3 057 161	1.85
8	**The Foundation for Actor's Old-Age Home**	2 249 357	1.36
9	**The WSOY's Literature Foundation**	2 110 000	1.28
10	**The Finnish Literature Society**	1 915 318	1.16
11	**The Finnish Cultural Foundation**	1 883 851	1.14
12	**Varma Mutual Pension Insurance Company**	1 835 925	1.11
13	**Oy Karl Fazer Ab**	1 775 322	1.08
14	**Svenska litteratursällskapet i Finland r.f.**	1 755 707	1.06
15	**Tapiola Group**	1 621 309	0.98
	Tapiola Mutual Pension Insurance Company	753 308	0.48
	Tapiola General Mutual Insurance Company	484 017	0.31
	Tapiola Mutual Life Assurance Company	285 384	0.18
	Tapiola Corporate Life Insurance Ltd	98 600	0.06
16	**Fennia Group**	1 510 262	0.92
	Mutual Insurance Company Pension-Fennia	1 396 262	0.85
	Fennia Life Insurance Company Ltd	114 000	0.07
17	**The State Pension Fund**	1 380 000	0.84
18	**OP Delta Mutual Fund**	1 315 995	0.80
19	**Oy Premiere Holding Oy**	1 310 000	0.79
20	**Kaleva Mutual Insurance Company**	1 142 742	0.69
	20 largest, total	101 061 849	61.25
	Nominee registrations, total	15 157 009	9.19

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

The monthly updated list of major shareholders can be found on the Group's web site at www.sanomawsoy.fi.

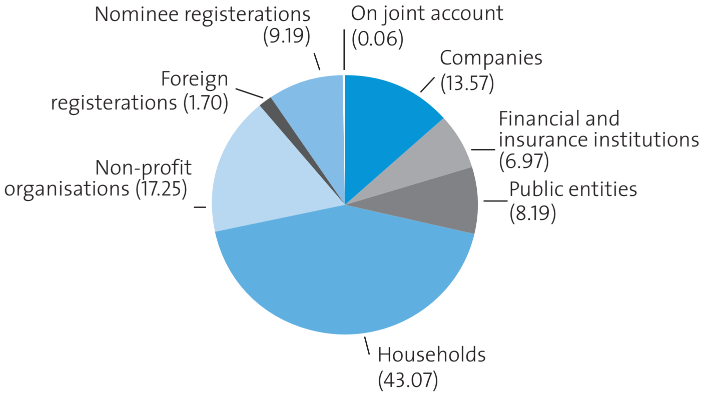
Shareholders by sector at Dec. 31, 2006

	Number of shareholders	%	Number of shares	%
Companies	1 075	6.41	22 463 580	13.62
Financial and insurance institutions	106	0.63	26 586 476	16.12
Public entities	59	0.35	13 513 407	8.19
Households	14 915	88.88	71 042 109	43.07
Non-profit organisations	521	3.11	28 455 124	17.25
Foreign registerations	106	0.63	2 803 913	1.70
Total	**16 782**	**100.00**	**164 864 609**	**99.94**
of which nominee registrations	12	9.19		
On joint account			92 444	0.06
Number of shares on the market			164 957 053	100.00

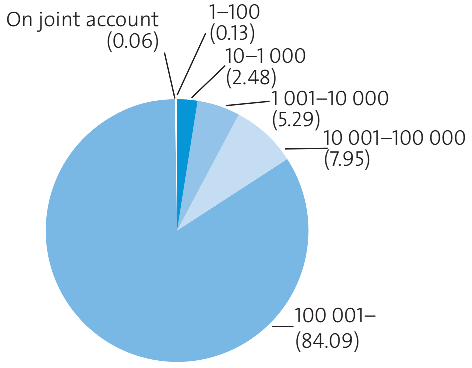
Shareholders by number of shares owned at Dec. 31, 2006

Number of shares	Number of shareholders	%	Number of shares	%
1–100	3 513	20.9	219 833	0.13
101–1 000	9 725	57.9	4 091 081	2.48
1 001–10 000	2 976	17.7	8 723 625	5.29
10 001–100 000	458	2.7	13 115 141	7.95
100 001–	110	0.7	138 714 929	84.09
Total	**16 782**	**100.0**	**164 864 609**	**99.94**
On joint account			92 444	0.06
Number of shares on the market			164 957 053	100.00

Shareholders by sectors (% of shares and votes)



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



Share capital

Changes in the share capital 2002–2006	Issued Series A shares	Issued Series B shares	Number of shares, total	Share capital (EUR 1,000)
SanomaWSOY at Dec. 31, 2002	**23 220 492**	**122 301 104**	**145 521 596**	**62 574**
Issue of new Series B shares at Mar. 1, 2003 (Rautakirja merger)	23 220 492	155 851 954	179 072 446	77 001
Invalidation of treasury shares at Apr. 30, 2003 (Rautakirja merger)	23 220 492	137 078 936	160 299 428	68 929
SanomaWSOY at Dec. 31, 2003	**23 220 492**	**137 078 936**	**160 299 428**	**68 929**
Invalidation of treasury shares at Jul. 30, 2004 (Tiikerijakelu merger)	23 220 492	129 891 660	153 112 152	65 838
Conversion of Series A shares into Series B shares at Aug. 27, 2004	23 209 492	129 902 660	153 112 152	65 838
Conversion of Series A shares into Series B shares at Nov. 26, 2004	23 199 492	129 912 660	153 112 152	65 838
SanomaWSOY at Dec. 31, 2004	**23 199 492**	**129 912 660**	**153 112 152**	**65 838**
Conversion of convertible capital notes into Series B shares at Apr. 29, 2005	23 199 492	129 922 087	153 121 579	65 842
Conversion of convertible capital notes into Series B shares at May. 25, 2005	23 199 492	129 931 515	153 131 007	65 846
Conversion of Series A shares into Series B shares at Jun. 23, 2005	23 127 312	130 003 695	153 131 007	65 846
Conversion of convertible capital notes into Series B shares at Jul. 22, 2005	23 127 312	131 842 801	154 970 113	66 637
Conversion of convertible capital notes into Series B shares at Aug. 12, 2005	23 127 312	131 897 479	155 024 791	66 661
Conversion of convertible capital notes into Series B shares at Oct. 5, 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 Nov. 10, 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 Dec. 23, 2005	23 127 312	133 800 270	156 927 582	67 479
SanomaWSOY at Dec. 31, 2005	**23 127 312**	**133 800 270**	**156 927 582**	**67 479**
Subscription for new Series B shares based on stock options at Feb 24, 2006	23 127 312	133 861 370	156 988 682	67 505
Combination of shares series at Apr. 7, 2006			156 988 682	67 505
Subscription for new share in the directed issue at May 17, 2006			159 300 143	68 499
Subscription for new shares based on stock options at May 31, 2006			159 360 143	68 525
Subscription for new shares based on stock options at Jun. 27, 2006			159 369 643	68 529
Subscription for new shares based on stock options and conversion of convertible capital notes into shares at Aug. 14, 2006			160 339 149	68 946
Subscription for new shares based on stock options and conversion of convertible capital notes into shares at Oct. 5, 2006			160 789 343	69 139
Subscription for new shares based on stock options and conversion of convertible capital notes into shares at Nov. 9, 2006			161 472 632	69 433
Subscription for new shares based on stock options and conversion of convertible capital notes into shares at Dec. 21, 2006			164 957 053	70 932
SanomaWSOY at Dec. 31, 2006			**164 957 053**	**70 932**

Parent Company income statement, FAS

EUR million	Note	1.1–31.12.2006	1.1–31.12.2005
Other operating income	2	**4.5**	7.1
Personnel expenses	3	**8.1**	7.3
Depreciation and decrease in value	8–10	**0.6**	0.7
Other operating expenses	4	**11.3**	11.0
OPERATING PROFIT (LOSS)		**-15.5**	-11.9
Financial income and expenses	5	**15.7**	5.3
PROFIT (LOSS) BEFORE EXTRAORDINARY ITEMS		**0.2**	-6.7
Extraordinary items	6	**97.1**	76.0
PROFIT (LOSS) AFTER EXTRAORDINARY ITEMS		**97.2**	69.4
Appropriations	15	**-0.2**	0.5
Income taxes	7	**4.5**	6.2
PROFIT (LOSS) FOR THE YEAR		**101.5**	76.1

Parent Company balance sheet, FAS

EUR million	Note	31.12.2006	31.12.2005
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	8	**2.4**	1.5
Tangible assets	9	**10.6**	9.3
Investments	10	**1 835.4**	1 783.9
NON-CURRENT ASSETS, TOTAL		**1 848.4**	1 794.7
CURRENT ASSETS			
Long-term receivables	11	**0.0**	0.5
Short-term receivables	12	**298.5**	52.0
Securities	13	**2.4**	3.4
Cash and cash equivalents		**44.9**	4.4
CURRENT ASSETS, TOTAL		**345.9**	60.3
ASSETS, TOTAL		**2 194.2**	1 855.0
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	14		
Share capital		**70.9**	67.5
Premium fund		**164.9**	77.6
Other reserves			355.7
Retained earnings		**343.7**	53.6
Profit (loss) for the year		**101.5**	76.1
SHAREHOLDERS' EQUITY, TOTAL		**681.0**	630.5
APPROPRIATIONS	15	**0.2**	0.0
LIABILITIES			
Capital note	16	**2.4**	90.3
Current liabilities	17	**1 510.6**	1 134.2
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL		**2 194.2**	1 855.0

Parent Company cash flow statement, FAS

EUR million	1.1–31.12.2006	1.1–31.12.2005
OPERATIONS		
Result for the period	**101.5**	76.1
Adjustments		
Income taxes	**-4.5**	-6.2
Appropriations	**0.2**	-0.5
Extraordinary items	**-97.1**	-76.0
Financial income and expenses	**-15.7**	-5.3
Depreciation and decrease in value	**0.6**	0.7
Profit on sales of non-current assets	**-0.9**	-1.7
Change in working capital		
Change in trade and other receivables	**-0.8**	-0.3
Change in trade and other payables, and provisions	**0.1**	-1.2
Interest paid	**-43.9**	-35.9
Other financial items	**-0.3**	-0.3
Group contributions	**5.3**	158.3
Dividends received	**30.0**	17.8
Taxes paid	**-18.2**	-13.6
CASH FLOW FROM OPERATIONS	**-43.5**	111.9
INVESTMENTS		
Acquisition of tangible and intangible assets	**-1.8**	-1.5
Acquisition of other holdings		0.0
Sales of tangible and intangible assets	**1.1**	7.4
Group companies sold	**0.6**	
Associated companies sold	**0.2**	1.3
Repayments of capital	**15.8**	
Sales of liquid investments	**0.5**	
Sales of other investments	**1.3**	4.5
Increase(-)/decrease(+) in loan receivables with short maturity	**-108.4**	8.8
Long-term loans granted	**-87.4**	-117.3
Repayments of long-term loan receivables	**13.8**	30.9
Interest received	**20.4**	23.7
CASH FLOW FROM INVESTMENTS	**-144.0**	-42.2
CASH FLOW BEFORE FINANCING	**-187.5**	69.7
FINANCING		
Proceeds from share subscriptions	**2.8**	0.3
Change in loans with short maturity	**-20.0**	41.2
Drawings of other loans	**748.2**	459.8
Repayments of other loans	**-366.2**	-438.0
Dividends paid	**-141.3**	-122.5
Donations/other profit sharing	**-0.4**	-0.4
CASH FLOW FROM FINANCING	**223.1**	-59.5
Change in cash and cash equivalents according to the cash flow statement	**35.6**	10.2
Cash and cash equivalents received in merger with subsidiary		1.3
Net increase(+)/decrease(-) in cash and cash equivalents	**35.6**	11.4
Cash and cash equivalents at Jan. 1	**7.3**	-4.1
Cash and cash equivalents at Dec. 31	**42.9**	7.3

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

Notes to the Parent Company financial statements

1. PARENT COMPANY ACCOUNTING PRINCIPLES

SanomaWSOY Corporation is a Finnish public limited company domiciled in Helsinki. It was established as a result of a combination merger on May 1, 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.

Convertible bond (convertible capital note)

The convertible bond issued by the Parent Company in 2001 is a capital note as referred to in the Companies Act. In the FAS-compliant financial statements, interest on the loan is accounted for on the basis of the interest under the loan terms and conditions, and the loan is presented as separate item in liabilities.

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	2006	2005
Rental income	**0.7**	2.1
Rental income, internal	**1.5**	1.8
Capital gains	**1.1**	2.6
Other	**1.1**	0.6
Total	**4.5**	7.1

3. PERSONNEL EXPENSES

Personnel expenses, EUR million	2006	2005
Wages, salaries, and fees	**6.9**	6.3
Pension expenses	**0.9**	0.8
Other social expenses	**0.3**	0.2
Total	**8.1**	7.3

Personnel, average (full-time equivalents)	**70**	67

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

4. OTHER OPERATING EXPENSES

Other operating expenses, EUR million	2006	2005
Rents	**2.5**	3.7
Losses on sales	**0.3**	0.9
Other	**8.4**	6.4
Total	**11.3**	11.0

5. FINANCIAL INCOME AND EXPENSES

Financial income and expenses, EUR million	2006	2005
Dividend income		
From Group companies	**30.0**	17.8
From other companies	**0.0**	0.0
Total	**30.0**	17.8
Interest income from investments under non-current assets		
From Group companies	**26.3**	23.2
From other companies	**0.0**	0.0
Total	**26.3**	23.2
Other interest and financial income		
From Group companies	**1.4**	0.5
From other companies	**0.7**	1.2
Exchange rate gains	**2.1**	0.4
Total	**4.2**	2.2
Decrease in value of investments		
Investments under non-current assets		0.5
Total		0.5
Interest and other financial expenses		
To Group companies	**10.9**	6.4
To other companies	**32.0**	30.5
Exchange rate losses	**1.9**	0.5
Total	**44.8**	37.4
Total	**15.7**	5.3

6. EXTRAORDINARY ITEMS

Extraordinary items, EUR million	2006	2005
Extraordinary income		
Group contributions received	**134.9**	91.4
Other extraordinary income	**0.9**	14.4
Extraordinary expenses		
Group contributions given	**4.8**	
Other extraordinary expenses	**0.1**	5.9
Income taxes on extraordinary items	**-33.8**	-23.8
Total	**97.1**	76.0

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

7. INCOME TAXES

Income taxes, EUR million	2006	2005
Taxes on operational income for the financial year	**8.2**	6.7
Income taxes from previous periods	**-3.7**	-0.5
Total	**4.5**	6.2

8. INTANGIBLE ASSETS

Intangible assets 2006, EUR million	**Intangible assets**	**Other long-term investments**	**Advance payments**	**Total**
Acquisition cost at Jan. 1, 2006	0.6	2.3	0.9	3.8
Increases	0.0		1.1	1.1
Reclassifications		0.7	-0.7	
Acquisition cost at Dec. 31, 2006	0.7	2.9	1.4	4.9
Accumulated depreciation and decrease in value at Jan. 1, 2006	-0.4	-1.9		-2.3
Depreciation for the period	-0.1	-0.1		-0.2
Accumulated depreciation and decrease in value at Dec. 31, 2006	-0.5	-2.1		-2.5
Book value at Dec 31, 2006	**0.2**	**0.9**	**1.4**	**2.4**

Intangible assets 2005, EUR million	**Intangible assets**	**Other long-term investments**	**Advance payments**	**Total**
Acquisition cost at Jan. 1, 2005	0.6	2.2		2.7
Increases	0.1	0.1	0.9	1.1
Decreases	0.0	0.0		0.0
Acquisition cost at Dec. 31, 2005	0.6	2.3	0.9	3.8
Accumulated depreciation and decrease in value at Jan. 1, 2005	-0.2	-1.8		-2.1
Depreciation for the period	-0.1	-0.1		-0.2
Accumulated depreciation and decrease in value at Dec. 31, 2005	-0.4	-1.9		-2.3
Book value at Dec 31, 2005	0.3	0.3	0.9	1.5

9. TANGIBLE ASSETS

Tangible assets 2006, EUR million	**Land and water ***	**Buildings and structures**	**Machinery and equipment**	**Other**	**Total**
Acquisition cost at Jan. 1, 2006	6.1	3.4	10.7	1.5	21.7
Increases	1.4		0.6	0.0	2.0
Decreases	-0.2	-0.1	-0.1		-0.4
Acquisition cost at Dec. 31, 2006	7.3	3.3	11.3	1.5	23.3
Accumulated depreciation and decrease in value at Jan. 1, 2006		-2.4	-10.0		-12.4
Decreases					
Depreciation for the period		-0.1	-0.3		-0.4
Accumulated depreciation and decrease in value at Dec. 31, 2006		-2.4	-10.3		-12.7
Book value at Dec 31, 2006	**7.3**	**0.8**	**1.0**	**1.5**	**10.6**

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

Tangible assets 2005, EUR million	**Land and water ***	**Buildings and structures**	**Machinery and equipment**	**Other**	**Total**
Acquisition cost at Jan. 1, 2005	11.8	4.4	10.5	1.4	28.1
Increases		0.0	0.3	0.0	0.4
Decreases	-5.7	-1.0	-0.1		-6.8
Acquisition cost at Dec. 31, 2005	6.1	3.4	10.7	1.5	21.7
Accumulated depreciation and decrease in value at Jan. 1, 2005	-0.7	-2.7	-9.5		-13.0
Decreases	0.7	0.4			1.1
Depreciation for the period		-0.1	-0.4		-0.5
Accumulated depreciation and decrease in value at Dec. 31, 2005		-2.4	-10.0		-12.4
Book value at Dec 31, 2005	6.1	1.0	0.7	1.5	9.3

* Book value and acquisition cost of land and water at Dec. 31, 2005 include value appreciations totalling EUR 0.5 million

10. INVESTMENTS

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 Jan. 1, 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 Dec. 31, 2006	1 180.1	643.2	0.9	8.7	3.1	1 835.9
Accumulated decrease in value at Jan. 1, 2006	-0.7		-1.0	-0.9		-2.7
Decreases	0.7		0.5	0.7		1.9
Accumulated decrease in value at Dec. 31, 2006			-0.6	-0.2		-0.8
Exchange rate differences		0.3				0.3
Book value at Dec 31, 2006	**1 180.1**	**643.4**	**0.3**	**8.4**	**3.1**	**1 835.4**

Investments 2005, EUR million	**Interest in Group companies**	**Receivables from Group companies**	**Interest in associated companies**	**Other shares and holdings**	**Other receivables**	**Total**
Acquisition cost at Jan. 1, 2005	1 241.4	482.6	3.3	19.2	3.9	1 750.4
Increases		86.8				86.8
Decreases	-40.2		-1.7	-8.6	-0.4	-50.9
Acquisition cost at Dec. 31, 2005	1 201.3	569.4	1.6	10.6	3.5	1 786.3
Accumulated decrease in value at Jan. 1, 2005	-1.6		-0.8	-5.4		-7.8
Decreases	1.0		0.1	4.5		5.6
Decrease in value for the period	-0.2		-0.3	-0.0		-0.5
Accumulated decrease in value at Dec. 31, 2005	-0.7		-1.0	-0.9		-2.7
Exchange rate differences		0.3				0.3
Book value at Dec 31, 2005	1 200.5	569.7	0.6	9.7	3.5	1 783.9

11. LONG-TERM RECEIVABLES

Long-term receivables, EUR million	2006	2005
Accrued income	0.0	0.5
Total	0.0	0.5

12. SHORT-TERM RECEIVABLES

Short-term receivables, EUR million	2006	2005
Trade receivables	1.3	0.3
Accrued income *	147.1	10.2
Loan receivables	148.9	40.5
Other receivables	1.3	1.0
Total	298.5	52.0
Receivables from Group companies		
Trade receivables	1.2	0.2
Accrued income	146.8	9.5
Loan receivables	148.9	40.5
Total	297.0	50.3

* Most significant items of 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	2006	2005
Reacquisition cost	2.4	3.4
Book value	2.4	3.4
Difference	0.0	0.0

14. SHAREHOLDERS' EQUITY

Shareholders' equity, EUR million	2006	2005
Restricted equity		
Share capital at Jan. 1	67.5	65.8
Increase in share capital	3.5	1.6
Share capital at Dec. 31	70.9	67.5
Premium fund at Jan. 1	77.6	18.8
Increase in share premium	87.2	58.9
Premium fund at Dec. 31	164.9	77.6
Restricted equity 31.12	235.8	145.1
Unrestricted equity		
Other reserves at Jan. 1	355.7	355.7
Transfer to other funds	-355.7	
Other reserves at Dec. 31		355.7
Retained earnings at Jan. 1	129.7	176.4
Transfer to other funds	355.7	
Dividends	-141.3	-122.5
Other changes	-0.4	-0.4
Retained earnings at Dec. 31	343.7	53.6
Profit (loss) for the year	101.5	76.1
Unrestricted equity 31.12	445.2	485.3
Total	681.0	630.5

Further information on share capital is presented in Note 19 to the consolidated financial statements.

Distributable earnings, EUR million	2006	2005
Other distributable reserves		355.7
Retained earnings	343.7	53.6
Profit (loss) for the year	101.5	76.1
Total	445.2	485.3

15. APPROPRIATIONS

Appropriations consist of cumulative depreciation differences.

16. CAPITAL NOTE

Capital note, EUR million	2006	2005
Convertible capital note *	**2.4**	90.3
Total	**2.4**	90.3

* Further information on share capital and the Parent Company convertible capital note is presented in Note 22 to the consolidated financial statements.

17. CURRENT LIABILITIES

Current liabilities, EUR million	2006	2005
Loans from financial institutions	**420.9**	436.7
Commercial papers	**426.3**	419.1
Trade payables	**2.0**	1.7
Accrued expenses *	**24.6**	11.2
Advances received	**0.0**	0.0
Other liabilities	**636.9**	265.5
Total	**1 510.6**	1 134.2
Liabilities to Group companies		
Trade payables	**0.2**	0.2
Accrued expenses	**4.8**	0.0
Other liabilities	**636.3**	264.9
Total	**641.4**	265.1

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

18. CONTINGENT LIABILITIES

Contingent liabilities, EUR million	2006	2005
Contingencies given on behalf of Group companies		
Guarantees	**88.8**	89.2
Total	**88.8**	89.2
Contingencies given on behalf of associated companies		
Guarantees	**7.9**	7.9
Total	**7.9**	7.9
Total	**96.7**	97.1

Nominal values and fair values of the Parent Company derivative contracts have been presented in the notes to the consolidated financial statements, Note 27. All consolidated derivative figures 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 January 1–December 31, 2006. 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 Companies Act.

Consolidated financial statements

In our opinion the consolidated financial statements, prepared in accordance with International Financial Reporting Standards (IFRS) 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 the distributable funds is in compliance with the Companies Act.

Helsinki, March 1, 2007

KPMG OY AB

Pekka Pajamo Authorised Public Accountant	Kai Salli Authorised Public Accountant

Corporate governance

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, administration, finance, asset management, and Group-wide cooperation projects.

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

SanomaWSOY adheres to the Corporate Governance Recommendation for Listed Companies issued by the Helsinki Stock Exchange (HSE), 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.fi.

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 the time stipulated by the Board of Directors. Notice of the Shareholders' meeting is published in at least one widely circulated newspaper, to be determined by the Board, not earlier than six weeks and no later than 17 days prior to the meeting.

Matters decided upon by the AGM include:

- adopting the financial statements
- distributing dividends
- discharging the Board of Directors and the President and CEO from liability
- determining the number of SanomaWSOY's Board members
- electing the Board Chairman, Vice Chairman, and Board members to replace outgoing members as well as deciding on Board emoluments
- electing auditors and determining their remuneration.

SanomaWSOY's Board of Directors summons the Shareholders' meeting, prepares matters to be discussed therein, and implements decisions made by the Shareholders' meeting. Under the Finnish Companies Act, a shareholder may also request in writing to the company's Board of Directors that her/his proposal be discussed at 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 fulfils a quorum when more than half of the Board members are present. In the case of an equal vote, the Chairman holds a casting vote.

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

According to HSE's Corporate Governance Recommendation, the term of a Board member should be one year. The term of SanomaWSOY's Board member is three years as 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 April 3, 2006, comprises ten members. The term of Sirkka Hämäläinen-Lindfors, Seppo Kievari, and Hannu Syrjänen will expire upon the AGM 2007; that of Robert Castrén, Jane Erkko, Paavo Hohti, and Robin Langenskiöld upon the AGM 2008; and that of Jaakko Rauramo, Sari Baldauf, and Sakari Tamminen upon the AGM 2009.

More detailed information on Board members can be found on pages 46–47 of the Annual Report.

In 2006, the Chairman of the Board was Jaakko Rauramo, who retired on December 1, 2006 and became the Board's part-time Chairman. Of the Board members, Hannu Syrjänen, President and CEO, is employed by the Group. Half of the Board members (Sari Baldauf, Robert Castrén, Paavo Hohti, Sirkka Hämäläinen-Lindfors, and Sakari Tamminen) are non-executive directors independent of the company and its major shareholders, as stipulated in HSE'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.

SanomaWSOY's Board of Directors:

- is, by virtue of the Companies Act, responsible for the Group administration and organising the Group management
- appoints the Group President and CEO, her/his deputy, divisions' presidents and their deputies, the Parent Company executives who are Executive Management Group members, and the Senior Editors-in-Chief of Helsingin Sanomat and Ilta-Sanomat
- determines their remuneration.

In order to develop its performance, the Board employs a self-assessment process on a regular basis. In 2006, the Board of Directors met ten times, with an average attendance rate of 98%.

Board committees

The Executive Committee prepares matters to be discussed at Board meetings, in accordance with the Articles of Association. The Board is authorised to appoint other committees that it deems appropriate. In 2006, SanomaWSOY's Board committees, in addition to the

Executive Committee, included the Audit Committee, the Compensation Committee, and the Editorial Committee, whose policies and responsibilities have been confirmed by the Board of Directors.

The Executive Committee, which prepares matters to be discussed at Board meetings, comprised Jaakko Rauramo (Chairman), Sari Baldauf (Vice Chairman), as well as President and CEO Hannu Syrjänen at the end of 2006. It convened seven times during the year, with all members present at the meetings.

The Audit Committee plans, controls, and assesses the Group risk management, financial reporting procedures, audit and internal audit work, the reliability of internal control systems, and compliance with SanomaWSOY's Corporate Governance Principles. At the end of 2006, the Audit Committee comprised Sakari Tamminen (Chairman), Robert Castrén (Vice Chairman), Robin Langenskiöld, and Sirkka Hämäläinen-Lindfors, all independent of the Company. In 2006, 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, and Seppo Kievari, at the end of 2006. During the year, it convened twice with full attendance.

The Editorial Committee has the duty of monitoring the editorial policies of the Group's major newspapers. It also prepares changes in these policies and the appointments of Senior Editors-in-Chief. At the end of 2006, the Editorial Committee comprised Seppo Kievari (Chairman), Jane Erkko (Vice Chairman), Paavo Hohti, and Sirkka Hämäläinen-Lindfors. In 2006, it convened twice, with full attendance.

Chairman of the Board

The duties of the Chairman of the Board of Directors are mainly governed by the Finnish Companies Act and include e.g.:

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

Jaakko Rauramo acted as SanomaWSOY's full-time Chairman until December 1, 2006, when his position became part-time. The previous duties related to the daily business management were assigned to the President and CEO as of January 1, 2006.

President and CEO

The duties of the President and CEO are also governed primarily by the Finnish 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. He is in charge of:

- the management of the Group's daily operations
- preparing matters to be discussed at Board meetings, and presenting these matters to the Board and its Committees
- chairing SanomaWSOY's Executive Management Group.

Hannu Syrjänen acted as SanomaWSOY's President and CEO in 2006.

Executive Management Group

SanomaWSOY defined the duties of its management group effective October 1, 2006. In line with SanomaWSOY's Corporate Governance Principles, SanomaWSOY Executive Management Group prepares matters to be discussed at Board meetings, coordinates Group management, and acts as the highest decision making body of the divisions. The Executive Management Group comprises the President and CEO of SanomaWSOY Corporation, divisions' presidents, and other executives specifically appointed.

The Executive Management Group is presented on pages 48–49 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. In 2006, SanomaWSOY's management received a total of EUR 5.4 million (2005: EUR 5.1 million) in remuneration.

The individuals entitled to this remuneration include SanomaWSOY's Board, the President and CEO, the divisions' presidents, as well as other members of the Executive Management Group. This amount includes only the remuneration and benefits paid to these persons for their duties during the financial year.

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 can be found in Note 30.

Board of Directors

Monthly emoluments paid to SanomaWSOY's Board of Directors in 2006 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 Board meetings. Board members involved in SanomaWSOY's stock option schemes include Chairman Jaakko Rauramo, President and CEO Hannu Syrjänen, and Seppo Kievari.

Chairman of the Board

In 2006, Jaakko Rauramo, the Board's Chairman, received EUR 1,706,400 (2005: EUR 992,300) in remuneration, bonuses, and other benefits. These included one-off bonuses related to the termination of his contract. Rauramo retired and his position became part-time on December 1, 2006. Rauramo holds 100,000 2001B stock options and 100,000 2001C stock options.

President and CEO

In 2006, President and CEO Hannu Syrjänen received EUR 772,400 (2005: EUR 818,600) in remuneration, bonuses, and other benefits. According to his executive contract, he will retire at the age of 60, unless specifically agreed otherwise and his pension amounts to some 60% of his pension salary. The President and CEO is subject to a six-month period of notice and his severance pay equals his 18-month salary. The severance pay includes a fixed-term non-competition clause. Syrjänen holds 50,000 2001A, 50,000 2001B, 50,000 2001C, 50,000 2004A, 50,000 2004B, and 50,000 2004C stock options.

Other management

Other members of SanomaWSOY's Executive Management Group are mainly 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 equals their 12-month salary. The severance pay includes a fixed-term non-competition clause. Information on Executive Management Group members' shareholdings and stock options can be found in Note 31 and the changes in ownership are presented on the Groups' website.

Group incentive schemes

All SanomaWSOY's divisions run incentive schemes designed to encourage employees to achieve business goals, commit themselves to the company, and 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 earnings logic specific to each division.

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

The Group also has two stock option schemes in place, on which more detailed information can be found in Note 20, and in "Shares and shareholders" on page 53.

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, her/his deputy, the company auditor, the auditor in charge, and the deputy auditor. Based on a decision made by SanomaWSOY's Board of Directors, the Executive Management Group members and the Board secretary are also included in the public insider register on other criteria.

SanomaWSOY's Insider Regulations comply with the Insider Guidelines issued by the HSE. According to these regulations, insiders should trade in company securities at the time 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 her-/himself or another party by disposing of or purchasing SanomaWSOY securities * on her/his or the other party's behalf, or by counselling, directly or indirectly, the other party on trading in said security, 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 a SanomaWSOY security for 14 days prior to the disclosure of the Group's Interim Report, or for 28 days prior to the disclosure of 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 transact 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).

The Finnish 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.fi. SanomaWSOY complies with the Securities Markets Act effective since July 1, 2005. The amended insider guidelines did not lead to any changes in the Group's statutory insiders.

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

Risks and risk management

Risks related to the industry

Economic trends

Normal business risks associated with the media industry relate to the developments in media advertising and private consumption. Media advertising is sensitive to economic fluctuations. Therefore, the general economic conditions of the Group's operating countries and the economic trends of the industry influence SanomaWSOY's business activities and operational performance.

Only about one-fifth of SanomaWSOY's net sales come from media advertising. In addition, SanomaWSOY's extensive operations in versatile fields of media in over 20 European countries balance the effects of market fluctuations.

SanomaWSOY's growth areas (magazine publishing, educational publishing, digital media, and press distribution) are not primarily exposed to any political risks.

Technological development and changes in consumer preferences

Fast technological development and changes in consumer preferences have an impact on the development of media sector. For example, the transmission of electronic media (television, data, speech, messages, and partly radio) is increasingly transferring to the internet. 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 actively monitors technological development and changes in consumer preferences and develops new products and services to meet these changes for both its consumer and advertising customers. Technological development also generates new opportunities in the process development and new digital business activities for multimedia companies, such as SanomaWSOY. Strong development of digital media has also been chosen as one of the focus areas in SanomaWSOY's growth strategy.

The Group's extensive product and service range diminishes the risks arising from technological development and changes in consumer preferences.

Risks related to the Group's business

Intellectual property rights

Key intellectual property rights with respect to SanomaWSOY's products and services are the copyrights, publishing rights, trademarks, business names, domains, know-how, and also eBusiness related patents and utility models, which are owned and licensed by the Group.

The acquisition, management, and exploitation of intellectual property rights involve risks with respect to 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 according to its Group-wide intellectual property rights (IPR) policy and procedures. Due to the appropriate protection, no materials risks relate to Group's intellectual property rights.

Information systems

With regard to SanomaWSOY's business operations, the functioning and reliability of several different information systems are essential. These systems include newspaper and magazine subscription, advertising, and delivery systems, as well as various production control and customer relations management systems. The risks related to information systems may be related to the confidentiality, integrity or availability of information. They may be divided into physical risks (fire, sabotage, equipment breakdown) and logical risks (related to data security, employees, software failure).

SanomaWSOY has carried out an assessment on the risks related to information systems and determined the protection levels for the systems. It has also drawn up 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 that the Group becomes affected by partially new market and operational environment related risks in countries in which SanomaWSOY has not previously had any significant operations. The acquisitions also include risks related to integration of the new business, retention of key personnel, and achieving the set operational targets.

As a result of acquisitions, the consolidated balance sheet on December 31, 2006 includes about EUR 1.7 billion in goodwill, publishing rights, and other intangible assets related to acquired businesses most of which is related to magazine operations. In accordance with the International Financial Reporting Standards (IFRS), instead of regularly amortising goodwill, it is tested for impairment on an annual basis, or whenever there is any indication of impairment. Impairment losses for 2006 totalled EUR 0.1 (1.8) million and there was no indication of other impairment losses.

Regarding risks associated with investment decisions, SanomaWSOY's Corporate Governance Principles define 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, their willingness to develop their competencies, as well as on their skills in developing appealing products and services in accordance with customer needs. Though SanomaWSOY employs numerous professionals, it is estimated that ending of employment of one key person would not have an adverse effect on the Group's results or its ability to carry out its strategy. Recruiting and retaining skilled and motivated staff may become more difficult in the years to come due to, e.g., changes in the population age structure and intensifying competition in 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 ageing population, the Group has implemented 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 account for roughly 6% of annual Group expenses. 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, based on framework agreements valid for about twelve months. Good relations with paper suppliers ensure that the Group also receives paper in special circumstances, such as during the industrial action affecting paper manufacturers in summer 2005.

Financial risks

SanomaWSOY is exposed to interest rate, currency, liquidity, and credit risks. The SanomaWSOY Group has a strong, steady, and predictable cash flow, which substantially reduces financial risks. SanomaWSOY manages its long-term financial risk by maintaining a financial structure equivalent to a good credit rating with the aim of ensuring sources of low-cost financing. 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

SanomaWSOY's Board of Directors defines Group goals, responsibilities, and control principles, as well as monitors methods to manage major, identified risks.

The Group's financial performance is monitored 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.

The Board of Directors annually elects, from among its members, the Audit Committee, which plans, controls, and assesses the Group risk management, financial reporting procedures, 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 cooperates with the Group and division management, the Audit Committee, and the Group's auditors. It is responsible for internal audits involving assessing the adequacy and efficiency of risk management, internal control, and governance processes. The scope of the 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 2006, KPMG Oy Ab, a firm of Authorised Public Accountants, acted as SanomaWSOY's auditor in charge and received a total of EUR 1.4 million in remuneration, of which the statutory audit accounted for EUR 1.1 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 e.g. taxation and corporate transactions.

Annual General Meeting

SanomaWSOY Corporation's Annual General Meeting of Shareholders (AGM) will be held on Wednesday April 4, 2007 at 2:00 pm (Finnish time) in the Congress Wing of the Helsinki Fair Centre (Messuaukio 1, 00520 Helsinki).

Shareholders wishing to attend are kindly requested to register by 4:15 pm (Finnish time) on March 28, 2007. Registration can be made by phone +358 105 19 5021, fax +358 105 19 5058, or via email yhtiokokous@sanomawsoy.fi. Alternatively, shareholders can register for the meeting by completing a form on the Group's website at www.sanomawsoy.fi.

Dividend for 2006

The Board of Directors proposes to the AGM that a dividend of EUR 0.95 per share should be paid for 2006. All shareholders registered on the Company's list of shareholders on the record date of April 11, 2007 are entitled to a dividend. The shareholders list is maintained by the Finnish Central Securities Depository. In Finland, the dividend payment date will be April 18, 2007. Outside Finland, the actual dividend payment date will be determined by the practices of the intermediary banks transferring the payments.

Attending the AGM

Shareholders owning SanomaWSOY shares on March 23, 2007, are welcome to attend 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 is also published as a Stock Exchange Release and the notice and the Board proposals are on the Group's website.

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.

Shareholder's rights in the AGM

A shareholder is entitled to voting rights at the AGM if she/he has registered to the meeting by 4:15 pm (Finnish time) on March 28, 2007. Regarding the nominee registered shareholders, the respective regulations are applied.

Each share carries one (1) vote, and each attendee can vote with the total number of votes she/he is representing at the meeting.

In accordance with the Finnish Company legislation, a shareholder is entitled to propose a matter, as stipulated by law, to be discussed and decided on at the Shareholders' meeting. This proposition must be made in written to the Board of Directors of the Company in good time so that it can be included in the meeting notice prior to publication.

List of shares and shareholders

The Finnish Central Securities Depository maintains a list of Company shares and shareholders. Shareholders who wish to make changes to their personal and contact information are kindly asked to contact the Depository directly.

SanomaWSOY's financial reporting during 2007

The Group's Interim Reports will be published on May 3 and August 2 at approximately 11:30 am Finnish time, and October 31 at approximately 8:30 am Finnish time.

The Annual Report and Interim Reports are available in Finnish and English. Publications can be viewed at www.sanomawsoy.fi, and can be ordered in print via email ir@sanomawsoy.fi, by phone +358 105 19 5062 or by fax +358 105 19 5068.

Shareholders can also order SanomaWSOY's Interim Reports and other releases at www.sanomawsoy.fi.

Releases 2006

Stock Exchange Releases, Releases, and Stock Exchange Announcements *

17.1	Christina von Wackerbarth Finalises her Assignment at Sanoma Uitgevers
8.2	SanomaWSOY Sold its Holding in Aina Group
9.2	Year-End Statement 2005
9.2	SanomaWSOY Posts Again All-Time High Results
15.2	WSOY to Acquire AAC Global
24.2	Subscription for SanomaWSOY's Series B Shares with Stock Options
3.3	Flagging Announcement – Patricia Seppälä's Estate to be Distributed
9.3	Notice of Annual General Meeting
9.3	Combination of SanomaWSOY Share Series - Additional Information to the Board's Proposal to the AGM
14.3	WSOY Acquires the Leading Hungarian Educational Publishing and Training Group
3.4	Decisions of Annual General Meeting
3.4	Flagging Announcement – Changes in SanomaWSOY's Ownership due to Combination of Share Series and The Directed Issue of Shares
4.4	SanomaWSOY to Publish a Prospectus on the Combination of Share Series and the Directed Issue of Shares
24.4	Dick Molman Appointed President of Sanoma Magazines' Dutch Business
4.5	Interim Report Q1
4.5	SanomaWSOY Continued International Expansion
4.5	SanomaWSOY Supplements the Prospectus on the Combination of Share Series and the Directed Issue
15.5	Results of SanomaWSOY's Directed Share Issue
31.5	Subscription for SanomaWSOY's Shares with Stock Options
31.5	SanomaWSOY Received Three Commercial Radio Licences
21.6	Veli-Pekka Elonen Appointed President of WSOY
27.6	Subscription for SanomaWSOY's Shares with Stock Options
6.7	ilse media Acquires Comparison Website Kieskeurig.nl
3.8	Interim Report Q2
3.8	SanomaWSOY Strengthened its Market Position in the First Half of 2006
11.8	Sanoma Acquires the Free Sheet Metro
14.8	Subscription for SanomaWSOY's Shares with Stock Options and Convertible Capital Notes Conversion
15.8	SWelcom to Sell Werne's Business to Acting Management
11.9	Sanoma Magazines Acquires a Belgian EPN International
18.9	SanomaWSOY's Operations in Russia Growing
25.9	SanomaWSOY Refines its Structure
5.10	Subscription for SanomaWSOY's Shares with Stock Options and Convertible Capital Notes Conversion
25.10	SanomaWSOY Applies for Listing of the 2001C Warrants on the Helsinki Stock Exchange
1.11	Interim Report Q3
1.11	SanomaWSOY Achieved Good Results
1.11	SanomaWSOY to Develop Its Online Business Operations
1.11	Financial Reporting during 2007
9.11	Subscription for SanomaWSOY's Shares with Stock Options and Convertible Capital Notes Conversion
11.12	SanomaWSOY to Refine its Press Distribution Organization
15.12	SanomaWSOY to Give the Last Block of 2004 Stock Options
21.12	Subscription for SanomaWSOY's Shares with Stock Options and Convertible Capital Notes Conversion

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

Brokerage houses providing analyses of SanomaWSOY

The following brokerage houses have published analyses about SanomaWSOY during 2006:

ABN Amro

Veikko Valli
tel. +44 20 7678 0587
fax +44 20 7678 5837
www.abnamro.com

Carnegie Investment Bank AB, Finland branch

Tuomas Ratilainen
tel. +358 9 6187 1235
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www.carnegie.fi

Crédit Agricole Cheuvreux Nordic AB

Niklas Kristoffersson
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www.cheuvreux.com

Deutsche Bank AG, Helsinki Branch

Pontus Grönlund
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fax +358 9 2525 2585
www.db.com

eQ Bank Ltd

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Evli Bank Plc

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Goldman Sachs International

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www.mandatum.fi

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SEB Enskilda

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Standard & Poor's

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

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SanomaWSOY

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