Annual Report 2011

ILKKA-YHTYMÄ

Contents

Desing/layout: I-print | plus **Photos:** Jaakko Kuivamäki **Printed by:** I-print Oy

“Consumers’ environmental awareness and corporate responsibility are gaining more emphasis.”

A Year of Stabilisation

THANKS TO GOOD ECONOMIC GROWTH, Finland's Parliamentary elections and new customer relationships in printing, our net sales and profitability developed favourably early in the year. The economic situation, however, began to deteriorate during the summer, which slowed the growth of our net sales in the latter half of the year. Advertising in Finland began developing negatively in the final quarter and newspaper circulation volumes were in a slight decline throughout the year.

In 2011, the focuses of the three-year development programme carried out between 2009 and 2011 were on consolidating our revised functions and management models, further developing our multi-channel services and preparing for future changes in the media environment.

PREDICTING CUSTOMER NEEDS and consumer behaviour will probably be one of the toughest challenges facing media companies in the coming years. The consumer behaviours of different customer groups are diverging more clearly from one another. On the other hand, the multi-channel needs of corporate customers for advertising, communications and printing will increasingly require us to implement Group-specific solution models, for which we will need services provided by our network partners, in addition to our own service selection.

The new editing system introduced in the previous year created a good foundation for renewed, more extensive online services. In 2012, we will renew our online facsimile edition functions. Content cooperation was standardised between provincial newspaper companies, and classified services provided by Alma Mediapartners were well-received by our customers.

CONSUMERS' ENVIRONMENTAL AWARENESS and corporate responsibility are gaining more emphasis. Newsprint is an almost completely recyclable product, printing requires little energy and Ilkka-Yhtymä's distributions by Itella Corporation are completely carbon neutral.

AS FOR PERSONNEL, one of the biggest challenges is to meet the competence requirements of the future media environment. Based on the results of personnel surveys, we initiated leadership coaching for supervisors and a dialogue on values involving the entire personnel, with the aim of developing management and mutual interaction.

OUR HOLDING IN ALMA MEDIA CORPORATION has significantly strengthened our profits. Cash flow from business operations increased on the previous year thanks to dividends paid by Alma Media and earlier invoicing of newspapers for 2012.

In a weakened economic situation, Finland's GDP is forecast to grow slowly during the current year. The newspaper sector will also be burdened by the 9% value-added tax on income from subscriptions, which entered into force at the start of 2012, and increases in personnel and distribution costs. These factors will have a negative impact on the trend in media companies' net sales and profitability, creating pressures to increase productivity in all functions.

I would like to thank all of our employees for their successful work, and our customers and members of the administration for their fruitful co-operation.

Matti Korkiatupa
Managing Director

Ilkka-Yhtymä Group in Brief

ILKKA-YHTYMÄ GROUP is a media group comprising the parent company Ilkka-Yhtymä Oyj, the publishing company I-Mediat Oy and the printing house I-print Oy. The Group also includes two property companies and Alma Media Corporation, Arena Partners Oy, Väli-Suomen Media Oy and Yrittävä Suupohja Oy as associated companies.

The Series I shares of Ilkka-Yhtymä Oyj have been listed on the Helsinki Stock Exchange since 1981. The Series II shares have been listed since their issue in 1988 and, on 10 June 2002, they were listed on the Main List of the Helsinki Stock Exchange. At present, the Series II shares of Ilkka-Yhtymä Oyj are listed on the NASDAQ OMX Helsinki List, Consumer Services sector, the company's market value being classified as Mid Cap. The Series I shares are listed on the Pre List.

The parent company is responsible for the Group's management, strategic planning and development of strategies together with its subsidiaries. Ilkka-Yhtymä Oyj offers its subsidiaries services ranging from financial and investment services to human relations, development and information management and property maintenance services.

CORPORATE RESPONSIBILITY has been the cornerstone and driving force behind Ilkka-Yhtymä's operations throughout the firm's more than century-long history. Journalistic publishing independent of external pressure lies at the core of its operations. The Group is also strongly committed to its home region. In many respects, this is reflected in the operations of the Group and its various parts. The Group aims to develop the region by participating in chamber of commerce activities and those of entrepreneurial organisations, as well as in joint marketing of the region. It also supports the region's universities and other higher education institutions through donations and, via cooperation agreements, promotes voluntary civic activities, particularly youth work, in associations and organisations. The Group's newspapers also maintain links with schools, with the aim of supporting regional institutions – from day-care centres all the way to universities – in their media education and use of newspapers in teaching.

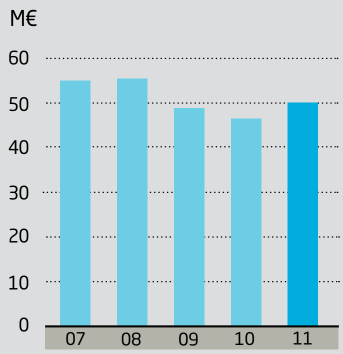
The Group's ambition to develop the region can also be seen in its objective of building a competitive and modern communications infrastructure. Development of electronic communications and electronic services is an integral part of these efforts. Ilkka-Yhtymä also highlights the regional perspective in organisational activities within the sector. The Group is an active member of the Finnish Newspapers Association, the Federation of the Finnish Media Industry and Graafinen Teollisuus ry (the Finnish graphic industry association).

Responsibility is also crystallised in the Group's values, mission and vision. Ilkka-Yhtymä is an Ostrobothnian communications company with customer-driven, profitable and networked operations. It actively contributes to the sector's development and generates economic and cultural added value for its stakeholders. By participating in cultural and sports events, both large and small, within its circulation areas, the Group promotes the region's sense of community and, thereby, takes responsibility for general well-being.

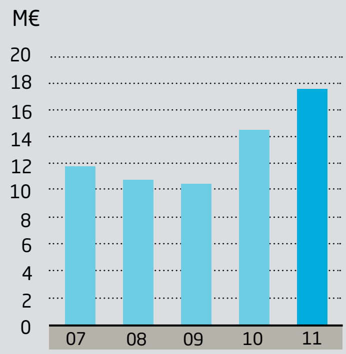
ILKKA-YHTYMÄ GROUP (IFRS)	2011	2010	Change -%
Net sales, MEUR	**50.0**	46.5	7.4
Operating profit, MEUR	**17.6**	14.5	21.5
Profit before taxes, MEUR	**13.8**	14.7	-6.1
Return on investment (ROI), %	**9.6**	9.6	
Earnings per share (EPS), EUR	**0.49**	0.50	-8.3
Dividend per share, EUR	**0.40 *)**	0.50	
Equity ratio, %	**55.5**	53.8	
Gross capital expenditure, MEUR	**4.4**	53.5	-91.8
Personnel	**341**	343	-0.6

*) Board of Directors' proposal

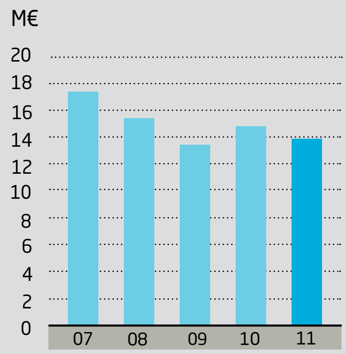
NET SALES



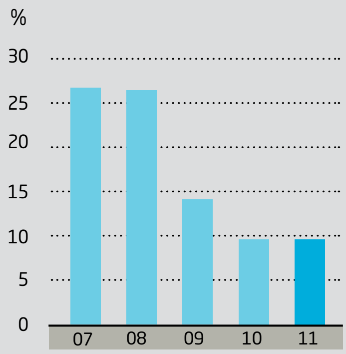
OPERATING PROFIT



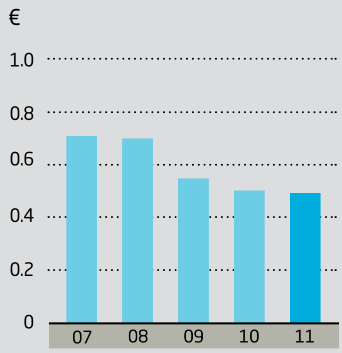
PROFIT BEFORE TAXES



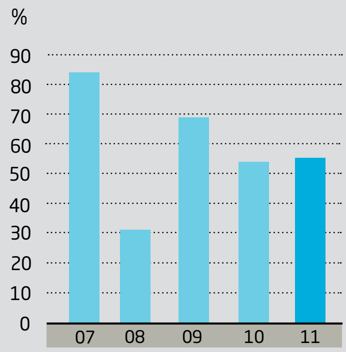
RETURN ON INVESTMENT (ROI) %



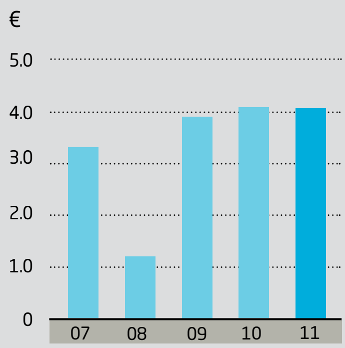
EARNINGS PER SHARE



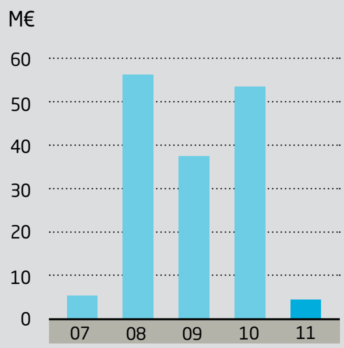
EQUITY RATIO



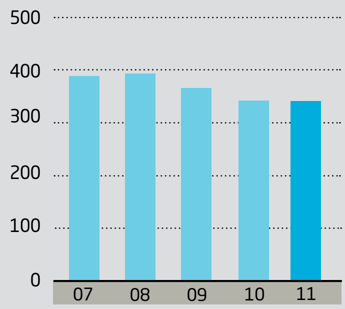
EQUITY PER SHARE



CAPITAL EXPENDITURE



PERSONNEL



From Ilkka to Ilkka-Yhtymä Group

1906 Ilkka established.

1962 Ilkka Oy moves from Vaasa to Seinäjoki.

1981 Ilkka's shares (current Series I shares) listed on the Broker's List of the Helsinki Stock Exchange.

1988 The new Series II shares listed on the Broker's List.

1992 Acquisition of Vaasa Oy:
Papers Pohjalainen (established in 1903) and Etelä-Pohjanmaa.

1980–1990
Acquisition of local newspapers:
Viiskunta, Härmät, Suupohjan Sanomat, Jurvan Sanomat and Järviseutu.

1995 Dismantling of Pro Lehdistö;
Ilkka obtains 16.8% of Savon Mediat Oy.

Local newspapers merged into Ilkka Oy.

1997 Introduction of I-print Oy's new print factory.

Holding of 40% in Väli-Suomen Media Oy.

1999 Change of name from Ilkka Oyj to Ilkka-Yhtymä Oyj.

Acquisition of HSS Media Ab's printing press in Vaasa.

2000 Transfer of assets from Ilkka-Yhtymä Oyj:
- Sanomalehti Ilkka Oy (Ilkka)
- Pohjanmaan Lähisanomat Oy
(Etelä-Pohjanmaa, Viiskunta, Suupohjan Sanomat, Jurvan Sanomat, Härmät and Järviseutu.)

Holding of 25.9% in Arena Partners Oy.

2001 Divestment of 5.6% from Savon Mediat Oy (11.2%).

2002 Ilkka-Yhtymä Oyj's Series II shares transferred to the Main List of the Helsinki Stock Exchange.

2004 Acquisition of 14.4 % in Savon Mediat Oy (25.6%).

2006 Divestment of holding from Savon Mediat Oy.

2008 Acquisition of the newspaper Kauhava

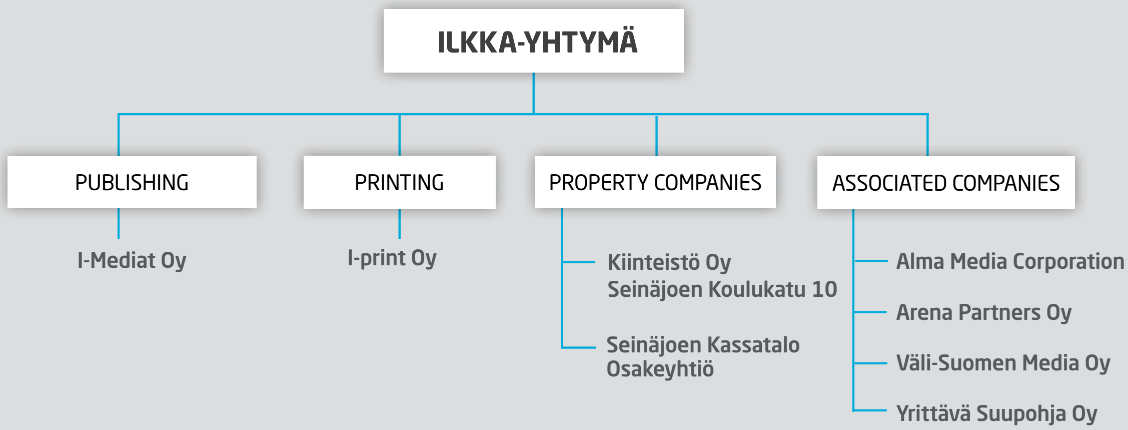
A 7% holding acquired from Alma Media Corporation (10.3%)

2009 A 10.1 % holding acquired from Alma Media Corporation (20.4 %).

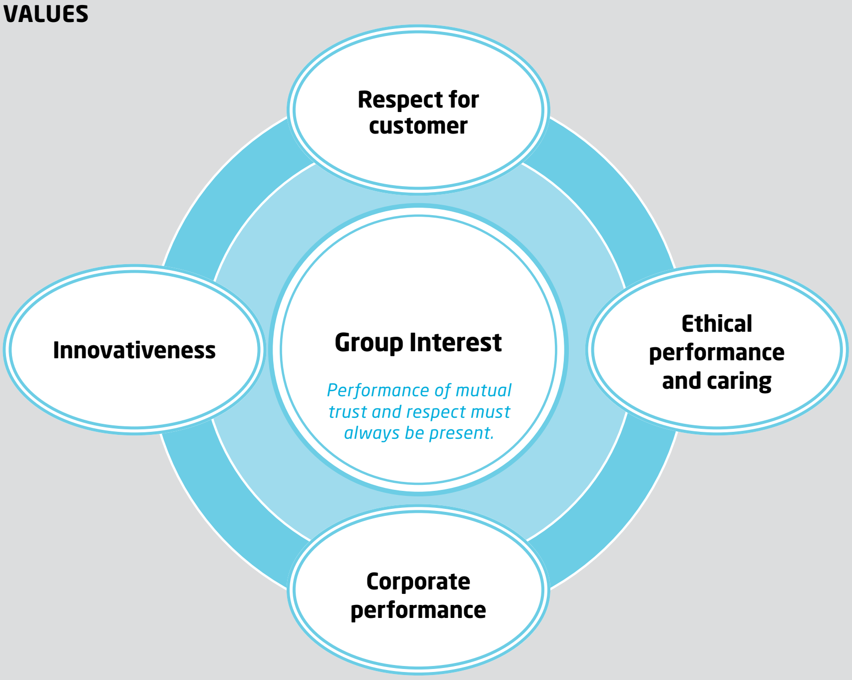
Merger 31 December 2009. Sanomalehti Ilkka Oy and Pohjanmaan Lähisanomat Oy merged with Vaasa Oy, renamed I-Mediat Oy on 1 January 2010.

Holding in Arena Partners Oy changed (37.82%).

2010 A 9.66% holding acquired from Alma Media Corporation (29.79%).



ILKKA-YHTYMÄ´S VALUES



The Cornerstones of Ilkka-Yhtymä's Strategy in 2011-2013

1. Ilkka-Yhtymä is a customer-oriented and cost-efficient company operating on a network-basis.
2. We will focus on our core businesses, publishing and printing cross-media newspapers, and investigate opportunities for expansion into other areas of the media industry.
3. We will seek both organic growth, and growth through corporate acquisitions.
4. We will keep the brand names of our publications separate, but produce shared content and services while taking into consideration our internal needs, the needs of our customers and the network in which we operate.
5. We will invest in product development, and in the well-being and strategically important areas of expertise of our staff.
6. Our functions steer and develop our business processes in pursuit of improving our profitability and competitiveness.
7. We allocate our long-term investments to strategic targets, focusing on potential industry restructuring.

OUR MISSION

Ilkka-Yhtymä is a customer-oriented and profitable Ostrobothnian media Group which produces financial and cultural added value for its interest groups. The Group is networked, and participates actively in the development of its industry.

VISION

Ilkka-Yhtymä is in demand, successful and **is a media group that operates in the spirit of the times**.

GROWTH AND PROFITABILITY

The growth target for operating net sales will correspond to at least the level of growth occurring in domestic consumers' purchasing power. Other objectives: ROI (return on investment) 10%, ROE (return on equity) 15% and equity ratio minimum 40%.

OWNERSHIP AND DIVIDEND POLICY

We will guarantee the satisfaction of our owners through a good financial result and profit distribution policy. Ilkka-Yhtymä Oyj practices an active dividend policy and aims to distribute at least half of its consolidated annual income as dividend payments, taking into consideration the financing required for profitable growth and the company's future outlook.

GROUP STRUCTURE

THE GROUP´S PARENT COMPANY

ILKKA-YHTYMÄ

Ilkka-Yhtymä Oyj

Managing Director Matti Korkiatupa

I-MEDIAT OY

Managing Director Matti Korkiatupa

PROVINCIAL PAPERS

ILKKA
Chief Editor
Matti Kalliokoski

POHJALAINEN
Chief Editor
Kalle Heiskanen

FREE SHEETS

Etelä-Pohjanmaa, Vaasan Ikkuna

LOCAL NEWSPAPERS

Jurvan Sanomat, Järviseutu, Komiat, Suupohjan Sanomat, Viiskunta

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Corporate Marketing: Hannu Uusihauta, Director
Consumer Marketing: Päivi Sairo, Director
Web and Mobile Business: Marko Orpana, Director
Local newspapers: Sauli Harjamäki, Director

I-PRINT OY

Managing Director Seppo Lahti

Newspaper printing, sheet- and digital printing, the Communications Acency I-print | plus

Kiinteistö Oy Seinäjoen Koulukatu 10
Seinäjoen Kassatalo Osakeyhtiö
Pohjalaismediat Oy

THE PARENT COMPANY PROVIDES THE SUBSIDIARIES WITH:
Financial and investment services, Paula Anttila, Financial Director | HR services, Paula Mahlamäki, Human Resources Manager
Development and data management services, Ari Monni, Data Administration and Development Manager
Real-estate services, Heikki Lehtola, Construction Engineer

Information to Shareholders

ANNUAL GENERAL MEETING

The Annual General Meeting of Ilkka-Yhtymä Oyj will be held on Thursday, 19 April 2012 at 3 p.m. at Seinäjoen teknologiakeskus Oy (FRAMI). The address is Kampusranta 9 B, FIN-60320 Seinäjoki.

DIVIDEND DISTRIBUTION

The Board of Directors proposes to the AGM that a per-share dividend of EUR 0.40 be paid for 2011. If this proposal is approved, the record date of dividend payment will be 24 April 2012, and the dividend will be paid on 2 May 2012.

Shareholders whose shares have not been entered in the book-entry system by the record date will be paid the dividend once their shares have been entered.

SHARE REGISTER

Ilkka-Yhtymä Oyj's share information is maintained by Euroclear Finland Oy, telephone +358 20 770 6000, fax +358 20 770 6658. Issues relating to shareholder information are handled by Ilkka-Yhtymä Oyj's Financial Service Department, located at Koulukatu 10, FIN-60100 Seinäjoki, telephone +358 6 247 7249.

FINANCIAL INFORMATION

In 2012, Ilkka-Yhtymä Oyj will publish interim reports as follows: for the period January–March on 7 May 2012, for the period January–June on 6 August 2012, and for the period January–September on 5 November 2012. These will be available both in Finnish and English on our website at www.ilkka-yhtyma.fi and can also be ordered from internet at www.ilkka-yhtyma.fi under Sijoittajat – Materiaalit - Materiaalitilaus (Finnish web address only) or by calling +358 6 247 7125.

Stock exchange releases and statements published by Ilkka-Yhtymä Oyj in 2011 are available on the company's website at www.ilkka-yhtyma.fi.

IFRS FINANCIAL STATEMENTS

The consolidated financial statements presented in Ilkka-Yhtymä Oyj's annual report have been prepared in accordance with the International Financial Reporting Standards, IFRS. Before the adoption of IFRS, the Group's financial reporting was based on the Finnish Accounting Standards, FAS. The Group adopted IFRS on 1 January 2004. The financial statements of the parent company have been prepared in accordance with the Finnish Accounting Standards.

All the figures in the annual report are rounded, so the sum of separate figures may differ from that presented in the report.

ILKKA-YHTYMÄ OYJ'S AGM
19 April 2012 at 3 p.m.

INTERIM REPORTS
January-March on 7 May 2012
January-June on 6 August 2012
January-September on 5 November 2012

Ilkka-Yhtymä Oyj's website
www.ilkka-yhtyma.fi

Business environment

GENERAL ECONOMIC TRENDS

IN ITS ECONOMIC BULLETIN of 20 December 2011, the Ministry of Finance estimated GDP growth in Finland to have attained 2.6% in 2011, and forecast growth of 0.4% for 2012. It is also possible that the economy will sink into a recession during the current year. According to Statistics Finland, the inflation rate decreased to 2.9% in December and averaged 3.4% for 2011.

The January consumer survey by Statistics Finland reported that consumer confidence began to cautiously improve in January. In 2011, private consumption is estimated to have grown almost 3.5%. In 2012, uncertainty and the weak development of real earnings will slow down the growth of private consumption, which will remain at about 0.5%.

Unemployment began to fall in 2011. The annual average unemployment rate for 2011 was 7.8%, while the figure for 2010 was 8.4%. Employment also improved slightly.

According to Statistics Finland's preliminary estimates, the average increase in wage earners' income levels was 2.7% from the previous year, while real earnings fell by 0.6%.

DEVELOPMENT OF THE OPERATING REGION

THE OUTLOOK FOR SOUTH OSTROBOTHNIA is cautiously positive, although estimates are affected by general uncertainty about economic development. In the metal and wood product industry, the situation is fair, but differences between companies have increased. An improvement is expected in the spring and investments made in the food industry will create new jobs.

Alongside shopping centre projects, growth in housing construction and renovation is having a positive effect on the construction industry's prospects. Expectations are cautious within commerce and services, profitability trends varying greatly from one company to another. New investments by major retail trade operators will increase commercial supply and the demand for labour in the region.

At the end of December 2011, unemployed job seekers accounted for 8.6% of the workforce. Unemployment is expected to take a turn for the better, albeit a very moderate one. (Ministry of Employment and the Economy, 9 March 2012)

OSTROBOTHNIA'S STRENGTH lies in its thriving industrial base. Large-scale, export-oriented industry can be found in Vaasa, Kokkola and Pietarsaari, while subcontracting networks also provide jobs elsewhere in the province. The Vaasa region's energy sector is the largest of its kind in the Nordic countries.

Key companies in the energy cluster have strong order backlogs, and new investments are expected. The situation in the chemical industry and metal processing is stable. In commerce and services, major investments are planned, mainly for the Vaasa, Kokkola and Pietarsaari regions.

At the end of 2011, unemployed job seekers accounted for 7.0% of the workforce. The employment trend is expected to remain positive in the future, but long-term unemployment is a serious problem. (Ministry of Employment and the Economy, 9 March 2012) ◆

Development of the media sector in Finland

ACCORDING TO A SURVEY conducted by TNS Gallup Oy and commissioned by the Finnish Advertising Council, media advertising increased by 3.7% in 2011. Advertising in newspapers increased by 3.5%, while advertising in free sheets grew by 5.3%. Newspapers and free sheets accounted for 36.0% and 5.5% of media advertising, respectively. Web media advertising saw an increase of 8.2%, representing a 15.8% share of media advertising.

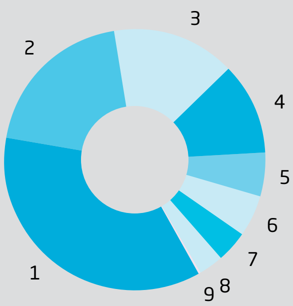
MONEY SPENT in 2011 on media advertising in Finland totalled EUR 1,395 million. Newspapers retained their position as Finland's leading advertising media. Money spent on advertising in printed newspapers came to EUR 502.6 million. Print media accounted for 56.5% of media advertising, i.e. EUR 787.5 million.

The average Finn continues to read two print newspapers. The number of visitors to the online services of most newspapers continued to grow, increasing the overall reach of newspapers to 92%.

IN THE NEWSPAPER SECTOR, 2012 will be marked by the development of printed papers, as well as a growing focus on building digital business on the web, tablets and smartphones. In addition to advertising income, growth will also be seen in subscription income from these forms of publication.

In 2010, the total circulation for printed newspapers was 2,813,457 copies, decreasing by 2.6% year-on-year. Of newspapers' total circulation, 7-day newspapers represent slightly over half. Circulation of daily newspapers, i.e. newspapers issued 4 to 7 times a week, fell by 3.1%. For local and other newspapers issued 1 to 3 times a week, circulation declined by 0.1%. ◆

MEDIA ADVERTISING BREAKDOWN 2011



1. Newspapers	36.0 %
2. Television	20.3 %
3. Online media	15.8 %
4. Magazines	11.2 %
5. Free sheets, delivered and take away	5.5 %
6. Radio	4.1 %
7. Printed directories	3.7 %
8. Outdoor advertising	3.1 %
9. Movies	0.2 %
	100 %

Stronger brands through content development

In addition to a strong focus on regional news, readers were provided with useful information related to their everyday lives. Thematic supplements dealing with seasonal topics and regional events were also published.

I-MEDIAT OY is Ilkka-Yhtymä Oyj's wholly-owned subsidiary, publishing the multi-channel provincial papers Ilkka and Pohjalainen, as well as five local papers and two free sheets. Ilkka, established in 1906, is the number one newspaper in South Ostrobothnia, while Pohjalainen, established in 1903, is the leading Finnish-language newspaper in the province of Ostrobothnia.

The local newspapers Viiskunta, Komiat, Järviseutu, Suupohjan Sanomat and Jurvan Sanomat have their circulation areas in the Finnish-speaking South Ostrobothnia and the coast of Ostrobothnia. The company's local newspapers are unrivalled among the media in their main circulation areas. The aggregate circulation of the two free sheets, Vaasan Ikkuna and Etelä-Pohjanmaa, exceeds 96,000 copies.

Together with the editorial and marketing units, I-Mediat Oy's web and mobile business unit bears responsibility for the development of the Group's multi-channel media operations.

EDITORIAL COLLABORATION between Ilkka and Pohjalainen generated excellent results for the readers of both papers. The papers now contain more material created in their respective areas and with their own readers in mind. This has resulted in great success in the tough competition for circulation and readership. Co-operation has also improved opportunities to put together commercially successful thematic supplements.

In 2011, the most visible result of editorial collaboration with newspapers outside the Group was the thematic pages published every weekday. They mainly contain useful information on daily living and hobbies. Surveys have shown that these pages have been positively received by readers.

Responsibility, which is fundamental to credibility, has been taken into consideration in several ways, in the work of editorial staff. In Ilkka-Yhtymä's provincial newspapers, journalistic and commercial supervision have been separated, so that the editor-in-chief, who oversees the content, is responsible for the budget but not for business results. Editorial staff alone have decision-making power over journalistic content.

On the legislative level, editorial staff are governed by the Freedom of Speech Act, as well as regulations on privacy protection and libel cases. Legal responsibility for the contents of a print newspaper and its online services lies with the editor-in-chief, who has a personal deputy. If neither of them can be contacted, responsibility for a decision to publish is defined on the basis of supervisory relationships.

Particular attention has recently been paid to issues related to electronic channels. In addition to the responsibilities set out in the Freedom of Speech Act, an amendment made to the Criminal Code in early June 2011 increased the responsibility of an internet forum administrator for forum content. Newspapers, Ilkka and Pohjalainen included, have made a voluntary commitment to comply with the Guidelines for Journalists, an industry code of ethics that is stricter than the law. Compliance with these guidelines is controlled by the Council for Mass Media, on the basis of complaints submitted to it. In addition, Ilkka and Pohjalainen have their own internal guidelines, which are more stringent than industry guidelines. For example, from spring 2011 onwards, anyone wishing to comment on a news item has been required to register and verify their identity, and to write under their own name.

ILKKA EDITORIAL STAFF went to great lengths to produce an even more solid newspaper. In addition to a strong focus on regional news, readers were provided with useful information related to their everyday lives. Thematic supplements dealing with seasonal topics and regional events were also published.

"Our efforts were rewarded by our readers. The decline in our circulation was one of the smallest for a daily newspaper in the whole country. The National Readership Survey even measured an increase in Ilkka's readership. Once again, we ranked one position higher when compared with other newspapers," says Editor-in-Chief **Matti Kalliokoski** contentedly.

News published by Ilkka during the year was dominated by issues important to South Ostrobothnia. The future of higher education and transport connections within the province are particular issues that constantly arise.

"As a provincial newspaper, Ilkka is a strong advocate for the region. Our readers expect us to be vigilant and trustworthy in following and commenting on what is going on. The exceptional interdependence between the newspaper, its readers and the entire province sets a tough obligation, but it is also a huge asset in the face of ever-intensifying media competition," notes Kalliokoski.

Development projects under way in the newspaper are related to both core competences in journalistic work and internal editorial processes. Investments in digital development will also increase.

Audited circulation	2011	2010
Ilkka	52 651	53 768
Pohjalainen	24 692	25 517
Vaasan Ikkuna *)	52 338	52 338
Etelä-Pohjanmaa *)	44 500	44 500
Jurvan Sanomat	2 152	2 256
Järviseutu	5 314	5 472
Komiat	6 510	6 696
Suupohjan Sanomat	4 092	4 174
Viiskunta	5 987	6 091

*) distribution

"Mummy, look at this animal."

Santeri Ritari from Laihia found lots to see when the consumer marketing unit organised a family day for continuous subscribers at the Ähtäri Zoo on 17 September 2011.

"A brochure accompanying a regional newspaper gives a huge boost to trade-fair marketing."

Sami Yli-Huumo, Managing Director,
Etelä-Pohjanmaan Pytinki Oy,
customer of I-Mediat Oy

DECEMBER 2011 saw the culmination of Pohjalainen's role as the voice of the province, when an electric railway from Seinäjoki to Vaasa – the result of years of lobbying – was opened and the first green Pendolino train glided into Vaasa station. Editor-in-Chief **Kalle Heiskanen** says that prosperity in the circulation area is also beneficial to Pohjalainen.

"We will continue to fight this battle, with the aim of getting the railway upgraded in order to achieve faster train connections to the rest of Finland."

In the area of content development, Pohjalainen's year went as planned. Feedback from readers was mostly positive. Pohjalainen reported actively on the parliamentary elections, with a balanced perspective. Panel discussions between candidates of various parties, held on Pohjalainen's premises, attracted large audiences time after time.

Pohjalainen is a multifaceted general-interest newspaper. Its contents are being moved towards segmentation, with the aim of reaching smaller groups who have not necessarily felt that there is anything in the paper for them.

"However, the core must remain intact, so we hope that, despite all the changes, our long-term subscribers have felt that the paper delivered to them has been as familiar and interesting as before," Heiskanen emphasises.

With ever-growing competition, reliability is an important success factor for regional newspapers, Pohjalainen included.

"Freedom of speech is a central principle in our society, but it is increasingly important to remember the responsibility that comes with it. Pohjalainen also bears this responsibility when acting as a watchdog of government. Our key journalistic principles are based on the Guidelines for Journalists," says Editor-in-Chief Heiskanen.

FOR LOCAL NEWSPAPERS, the year was good, considering the general economic climate. In 2012, however, market conditions will be very challenging and difficult to predict for all of the Group's local newspapers.

The Group publishes the following local papers: Viiskunta, Komiat, Suupohjan Sanomat, Järviseutu and Jurvan Sanomat. Their total circulation is approximately 24,000 copies and their circulation areas are located within those of the Group's regional newspapers.

Director **Sauli Harjamäki** says that key focus areas in all local newspapers include investment in employee skills, a strong focus on multi-channel product development, and effective marketing.

"Special attention will be paid to the development of multiple channels and the resulting improved ability to meet the changing needs and expectations of customers. Co-operation between the newspapers will be further enhanced. Contents will be diversified and visual identities will be developed continuously."

The papers' circulation has continued to fall only slightly and no sudden change seems likely. Harjamäki stresses that retaining a wide circulation is only possible if the newspapers continue to implement a policy of balanced journalism with a strong local angle.

THE CONSUMER MARKETING function includes newspaper sales, consumer advertisements, customer service and marketing support for papers.

The decline in the circulation of traditional print newspapers has been moderate. Ilkka's circulation totalled 52,651 copies (FABC audit 2011) and Pohjalainen's circulation 24,692 copies (FABC audit 2011). According to Director **Päivi Sairo**, the decline has been slightly smaller than on average in the country. Ilkka's circulation, in particular, has been fairly steady.

Cancellations remained at the same level as in previous years. Falling circulation is explained by the small size of younger age groups and a new kind of reading behaviour. Although the regional hubs, Seinäjoki and Vaasa, have positive net migration rates, the increasing number of multilingual residents is reducing the need to subscribe for Finnish newspapers.

"The decision, taken in November, to levy value-added tax on subscription income, served to show how committed the current readership is to their newspaper. A substantial proportion of them used the opportunity to pay subscription fees, falling due in early 2012, without VAT at the end of 2011."

Earnings from consumer advertisements improved slightly. The upgrading of the circulation system enhanced the efficiency of customer service. Privacy protection and principles for good marketing play an important role in consumer marketing, Sairo adds.

"The final price is always clearly stated in our advertisements."

"The work of the marketing support unit attained full speed in 2011. The unit has strengthened the visual identity of the brands and developed them in the direction we have chosen, in a controlled manner."

According to Sairo, the consumer marketing loyalty programme will be further developed in 2012. Benefits and events designed for loyal customers have been well received by readers.

"In 2011, our loyal customer events were attended by some 9,000 people. These events were mainly targeted at families with children. We want to contribute to a wide offering of local events and culture," Sairo says.

In 2012, consumer marketing will be moved towards a more targeted and segmented approach. The Group will also strengthen the marketing of services provided by various units, so that customers receive several services through a one-stop shop.

IN CORPORATE MARKETING, the growth of provincial papers' media sales exceeded the national average in 2011. The economic uncertainty dominating the latter part of the year had a smaller average impact on sales than elsewhere in Finland. Nationally, advertising increased by 3.7% in newspapers and by 5.3% in free sheets and pick-up newspapers.

According to **Hannu Uusihauta**, director in charge of corporate marketing, advertisement income from provincial newspapers and free sheets published by I-Mediat attained growth of over 5%.

Successful network collaboration continued in 2011. Supplements containing event information, inserted between provincial newspapers, were produced for various stakeholders, such as tango festival Tangomarkkinat and fair organiser Pytinki.

Uusihauta wishes to highlight the National Business Fair held in Seinäjoki in October, in which Ilkka was strongly involved. Provincial newspapers and free sheets also provide support for local culture and sports activities. Pohjalainen is a significant partner for football club Vaasan Palloseura and ice hockey team Vaasan Sport, for instance.

Collaboration between the provincial newspapers in the areas of commercial supplements and themes increased during the year and became an established part of operations. The focus has been on the identification of customer needs, while customer service has been developed through the creation of products and product packages for print and the internet. Uusihauta says that internal operations have also been honed and that employee skills have been improved to respond to ever-evolving challenges.

"We are now offering Group-wide advertising. This means that we can sell a range of service packages, making use of the Group's broad selection," Uusihauta adds.

In corporate marketing, ethical responsibility is reflected in the fair and equal treatment of all customers. It is also ensured that qualitative measurements and other analyses are carried out by external experts.

"Our brands are strong and inspire great confidence. This also contributes to the credibility of commercial content," Uusihauta states.

THE WEB AND MOBILE business developed strongly in 2011: net sales grew far more briskly than the market. In addition, the online publication system was upgraded and the web services of local newspapers were strengthened.

Marko Orpana, director in charge of the web and mobile business, says that the unit provides a regional portal that includes not only news, but also a large number of other services.

"We are a powerful online player in regional communications, as well as nationally. Our offering is not limited to online newspapers; this is a comprehensive web service," Orpana specifies.

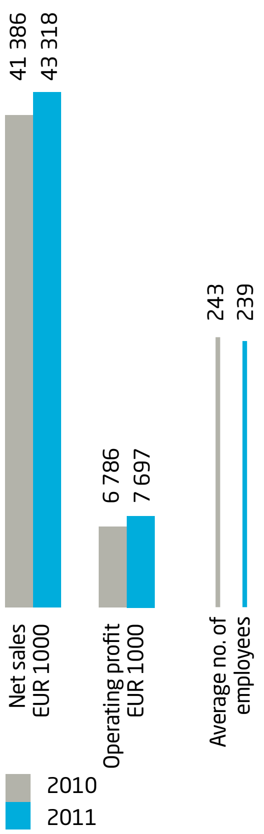
The web and mobile business has networked with several partners, in order to provide services such as Etuovi.com, Autotalli.com, Elixir, ice hockey site, football site and the new health-related Terve24 service. The unit trains local small and medium-sized enterprises to operate in the knowledge society through, for example, the Palvelut.fi service concept. It is an online service that contains up-to-date information provided by local companies on their own services.

"We want to be an electronic marketing consultant for SMEs. We also work continuously with local schools, by offering work placements for students in this field," Orpana says.

The growth in visitor numbers to the Ilkka and Pohjalainen websites has been promising. Ilkka's online services are visited by 60,000 unique browsers every week and Pohjalainen's site by 40,000 users.

"The next step forward will be the development of marketing related to online stores in

KEY FIGURES



2012, both regionally and locally. We will be actively involved in this," Orpana states.

THE GROUP has made continuous efforts to improve newspaper deliveries. All delivery services for the Group's subscription newspapers have been purchased from Itella Oyj since 1982.

In autumn 2006, an agreement was signed for the service level of newspaper deliveries regarding the times of both early-morning and day-time deliveries. It was agreed that deliveries of letters and newspapers would be made by 12 noon throughout South Ostrobothnia. In smaller locations, early-morning and day-time deliveries were combined.

Deliveries of Ilkka-Yhtymä's provincial and local papers have been 100% carbon neutral since 1 February 2011 (Itella Oyj press release on 1 Feb. 2011). ◆

"Thanks to online banners advertising specific properties, demand for homes increased."

Anne Tukia, head of rental operations, Oy Vaasan Asumisoikeus Ab, customer of I-Mediat Oy's web and mobile business unit

The Graphic Industry in Finland

IT IS ESTIMATED that aggregate net sales from printing and the related services decreased by some 4% in 2011. Meanwhile, the export of printed material took an upward turn, with an increase of around 6%.

According to the Business Tendency Survey published by the Confederation of Finnish Industries (EK) on 8 February 2012, business trends for printing companies remained weak at the end of the year. Growth in production turned into a moderate decline, and a slight reduction was seen in the number of employees. Order backlogs remain below average and capacity utilisation is low. Profitability also decreased somewhat in early winter.

THE OUTLOOK for the coming months is not very promising and very few companies are expecting conditions to improve. New orders are projected to arrive at a slower rate than before, and the fall in both production volumes and staff numbers is estimated to continue.

"The format of the 'Matkaan' customer paper was revised to mark VR's 150th anniversary. A paper the size of a magazine is easy to take onto a train as reading material."

Mika Heijari, Editor-in-Chief,
VR's Communications Manager,
customer of I-print Oy

“ ’Tahto’ magazine markets Seinäjoki, through creative and dynamic personal stories.”

Tuula Lahti, Marketing Manager, Seinäjoki Region Business Service Centre, customer of the Communications Agency I-print | plus

Promising Growth in Printing Operations

For I-print Oy, 2011 was very brisk compared to the previous year. Presswork volumes and the numbers of pages in newspapers and magazines increased, and new, noteworthy customers were acquired.

I-PRINT OY'S main products include newspaper rotation, sheet printing and digital printing products as well as communications agency services. 2011 saw a clear improvement year-on-year for this Seinäjoki-based enterprise. Managing Director **Seppo Lahti** says that the early part of the year under review was excellent compared to the year before, on account of presswork ordered for the parliamentary elections. In the latter half of the year, the market declined noticeably as uncertainty increased globally.

NEWSPAPER PRINTING OPERATIONS were characterised by new customer relationships and a sharp rise in volumes. New product and service concepts also provided a boost. Due to a lack of the required preconditions for competing abroad, exports in the newspaper printing business continued at a minor level, as during previous years.

Net sales for sheet and digital printing remained roughly the same year-on-year. The good conditions in the first half worsened considerably towards the year-end. Investments in new electronic and other value-added services were continued, which was also reflected in positive customer feedback.

THE COMMUNICATIONS AGENCY I-print | plus serves various organisations in their provision of informative stakeholder communications. Over the course of just a few years, I-print | plus has managed to grow its operations substantially. Its product and service offering has expanded to cover B2B communications, ranging from full revamps of organisational identities and the provision of electronic solutions, all the way to harnessing the opportunities provided by social media. In addition, I-print | plus offers comprehensive training and consulting services in communications, both in the home province and nationwide.

MANAGING DIRECTOR Lahti predicts that the market situation in 2012 will be more challenging than the previous year. The general uncertainty surrounding the economy will also impact corporate customers' media investments. Finland still has overcapacity in printing and the related operations, which will pose major challenges to the profitability of operations. Energy and raw materials expenses are expected to develop moderately. Net sales of I-print Oy are expected to remain almost at the same level as before.

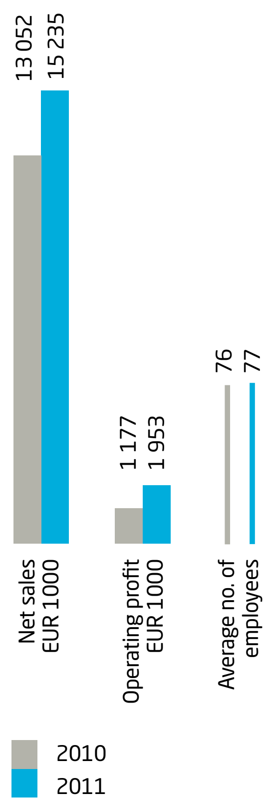
IN 2012, I-print Oy will apply for Nordic Ecolabel certification for its printing operations.

"The Nordic Ecolabel assures customers that the printing house's production processes meet strict environmental criteria for the use of materials and energy and waste treatment. The ecolabel also shows our strong commitment to responsible environmental activities," Lahti says.

As usual in the graphic sector, I-print Oy's own operations have only minor environmental effects. This is because the main raw materials – paper, plates and packaging materials – are recyclable. By-products and waste generated as a result of production operations are sorted, reused and treated systematically, with the aim of reducing the consumption of materials and safely disposing of waste. Printing ink waste, plate developer waste, solvent waste and other harmful waste from the printing process is transported to a treatment plant for hazardous waste.

"In accordance with legislation on waste products, the company's responsibility for the use of packaging is handled through the packaging industry's environmental register, Pakkausalan Ympäristörekisteri (PYR Oy). Responsibility for the recycling of waste paper and imported paper is handled through the paper recycling organisation Paperinkeräys Oy," Lahti adds. ◆

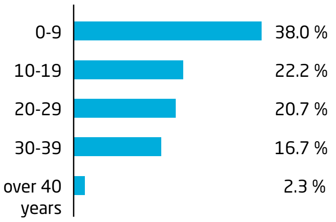
KEY FIGURES



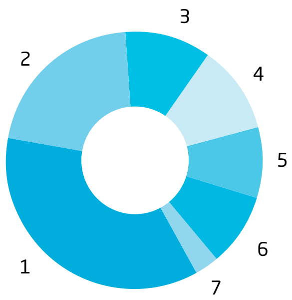
Continued success through skilled employees

Ilkka-Yhtymä is a regionally significant employer that provides work for almost 400 people in the provinces of South Ostrobothnia and Ostrobothnia, in ten locations.

BREAKDOWN OF YEARS OF SERVICE

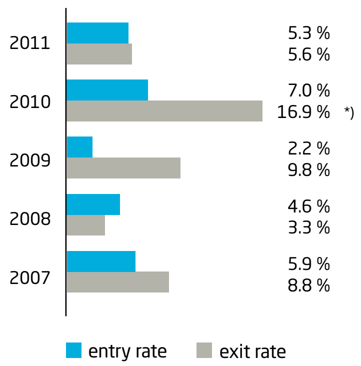


STAFF BROKEN DOWN BY FUNCTION



1.	Editorial unit	35 %
2.	Production company	22 %
3.	Corporate marketing	11 %
4.	Local newspapers	11 %
5.	Consumer marketing	10 %
6.	Corporate services	8 %
7.	Web and mobile operations	3 %
		100 %

ENTRY AND EXIT RATES FOR THE ENTIRE GROUP 2007-2011



*) *The exceptionally high exit rate for 2010 was due to the closure of I-print Oy's Vaskiluoto plant and the agreed voluntary pension arrangements.*

FROM THE PERSPECTIVE of values-based leadership, the Group forms a coherent entity that aims to maintain and strengthen a shared corporate culture and operating guidelines, despite its several locations and brands. On the basis of feedback from the personnel survey, discussion was initiated with employees regarding the Group's existing values. A value process launched late in the year will serve to enhance employee well-being, and all employees will be involved in its implementation. According to Head of HR **Paula Mahlamäki**, the purpose of the value process is that employees are heard when Ilkka-Yhtymä's values are reviewed.

"It is our intention to inspire general discussion about values within the organisation and use the results to further develop our corporate culture, employee well-being and management practices. All employees had a chance to respond to a value survey at the end of the year, on the basis of which we will continue our development efforts in early 2012."

Major new investments were made in employee well-being projects in 2011. After a couple of years' break, all employees were given the opportunity to take part in fitness improvement programmes focusing on physical and mental well-being. In addition to the gym located on the Vaasa premises, there is now a similar gym in the production company's facilities in Seinäjoki.

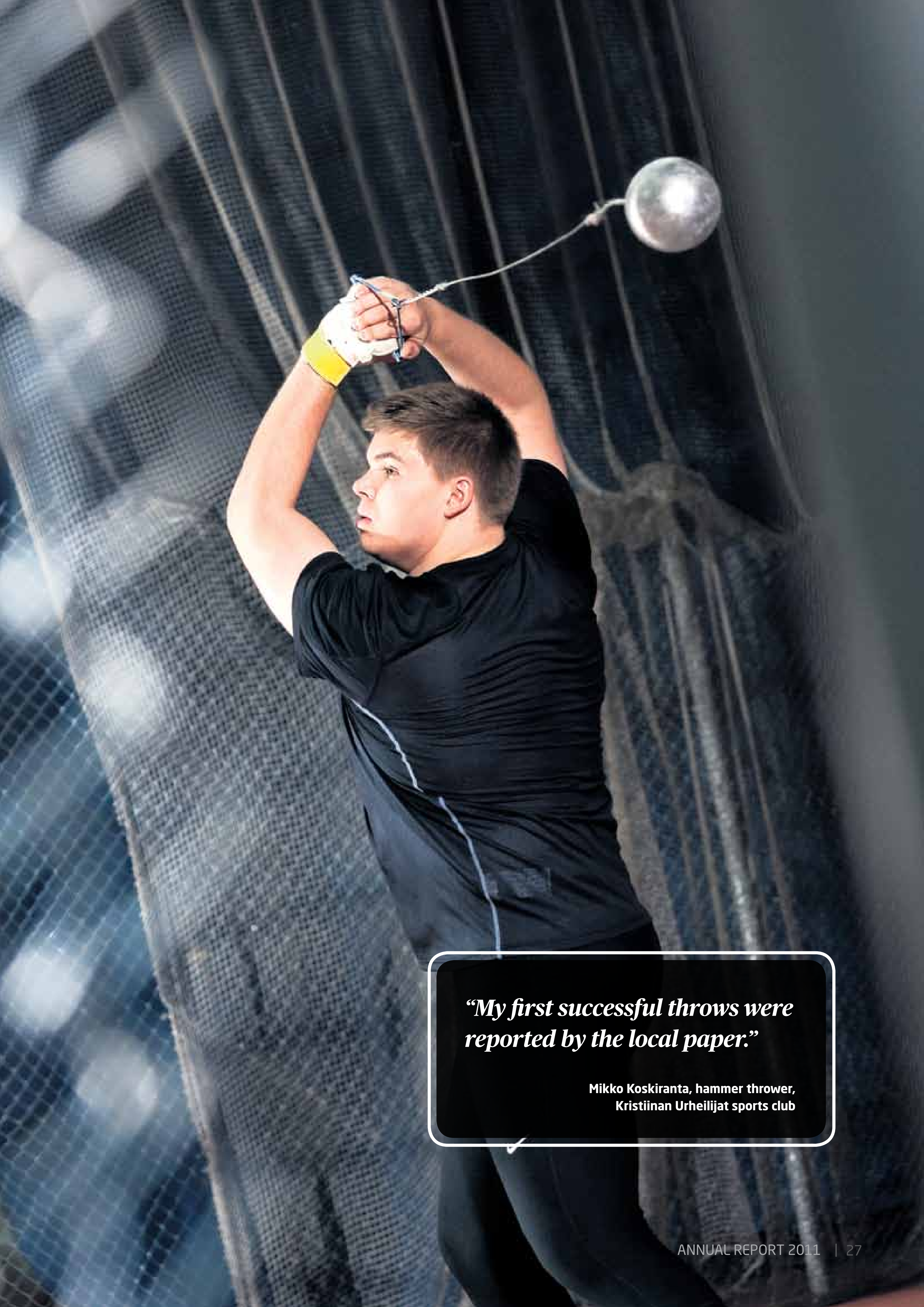
Good results, obtained from the participation of the production company I-print Oy in a national employee well-being project of the Finnish Institute of Occupational Health, proved the importance of successful co-operation between the workplace and occupational health services.

"As a responsible employer, we take care of our employees' well-being. It is a good sign that our employees stay with us for a long time. This provides proof of their valuable commitment to the Group and their work," notes Mahlamäki.

IN TRAINING, the focus was on the development of function-specific core competences and personal professional skills. Since the media sector is changing, an emphasis was also placed on training designed to build a foundation for skills needed in the future. Managerial training was continued with co-operation partners, with the aim of ensuring leadership that supports employees in becoming motivated and succeeding in their work. Our human resources concept – "A skilled employee will also succeed in the future" – will become even more meaningful as the media environment continues to evolve.

Function-based management, launched in 2010, was clarified in the year under review through changes implemented in the provincial newspapers' consumer and corporate marketing units. As part of holistic risk management, risks associated with key persons and key duties are assessed annually, followed by implementation of the related management measures. The greatest risks are associated with ensuring continued, trouble-free operations.

All employees are covered by an incentive scheme confirmed annually by the Board of Directors. ◆



“My first successful throws were reported by the local paper.”

Mikko Koskiranta, hammer thrower, Kristiinan Urheilijat sports club

Report by the Board of Directors

GROUP STRUCTURE

The Ilkka-Yhtymä Group is a media group that consists of the parent company Ilkka-Yhtymä Oyj, the publishing company I-Mediat Oy as well as the printing company I-print Oy. The Group also includes two property companies, Kiinteistö Oy Seinäjoen Koulukatu 10 and Seinäjoen Kassatalo Osakeyhtiö, as well as Pohjalaismediat Oy. Our main products are the regional newspapers Ilkka and Pohjalainen, five local newspapers (Viiskunta, Komiat, Järviseutu, Suupohjan Sanomat and Jurvan Sanomat), two free sheets, Vaasan Ikkuna and Etelä-Pohjanmaa, as well as the online and mobile services of these papers, and the printing products and services of I-print Oy.

The associated companies included in our consolidated financial statements are Alma Media Corporation, Arena Partners Oy, Väli-Suomen Media Oy and Yrittävä Suupohja Oy.

CONSOLIDATED NET SALES AND PROFIT PERFORMANCE

Consolidated net sales increased by 7.4%, amounting to EUR 49,952 thousand (EUR 46,530 thousand in 2010). External net sales from publishing operations increased by 4.8%. Advertising revenues grew by 5.2%, and circulation revenues grew by 1.6%. External net sales from the printing business increased by 27.6%. The higher net sales from publishing resulted from a recovery in advertising volumes, due to, for example, election advertising early in the year. The growth in net sales for the printing business came as a result of new customers, recovering volumes and price increases due to printing materials. Circulation income accounted for 39% of consolidated net sales, while advertising income and printing income represented 46% and 13%, respectively. Other operating income totalled EUR 435 thousand (EUR 429 thousand).

The Group operating expenses for the financial year amounted to EUR 41,468 thousand (EUR 39,813 thousand), up by 4.2% year-on-year. Expenses arising from materials and services increased by 13.1%, particularly due to growth in printing volumes as well as a rise in the prices of printing materials and distribution. Personnel expenses increased by 0.5%.

The share of the associated companies' result was EUR 8,659 thousand (EUR 7,337 thousand). Consolidated operating profit amounted to EUR 17,590 thousand (EUR 14,479 thousand), up by 21.5% year-on-year. The Group's operating margin was 35.2% (31.1%). Operating profit excluding Alma Media Corporation and the other associated companies amounted to EUR 8,931 thousand (EUR 7,142 thousand), representing 17.9% (15.3%) of net sales. Operating profit from publishing grew by EUR 911 thousand, and operating profit from printing grew by EUR 775 thousand. The considerable rise in operating profit from printing was due to higher volumes, a modest rise in costs early in the year and the fact that the first quarter last year included costs for ceasing operation of the Vaasa printing unit.

Net financial expenses amounted to EUR 3,817 thousand (net financial income for the 2010 financial year: EUR 192 thousand). Net gain/loss on shares held for trading was EUR -949 thousand (EUR 495 thousand). Interest expenses excluding the fair value change in derivatives hedging them totalled EUR 2,544 thousand (EUR 1,062 thousand). In order to hedge against interest rate risk, on 21 December 2010 the company transformed some of its floating-rate liabilities into fixed-rate liabilities, by means of interest rate swaps. Given that the Group does not apply hedge accounting, unrealised changes in the market value of the interest rate swaps are recognised through profit or loss. For the 2011 financial year, the market value of these interest rate swaps fell by EUR 1,398 thousand.

Pre-tax profits totalled EUR 13,773 thousand (EUR 14,670 thousand). Direct taxes amounted to EUR 1,098 thousand (EUR 1,779 thousand). The Group's net profit for the period totalled EUR 12,675 thousand (EUR 12,892 thousand), with earnings per share standing at EUR 0.49 (EUR 0.50).

CONSOLIDATED BALANCE SHEET AND FINANCING

The consolidated balance sheet total came to EUR 196,998 thousand (EUR 197,035 thousand), with EUR 104,440 thousand (EUR 105,030 thousand) of equity. On the reporting date of 31 December 2011, the balance sheet value of the holding in the associated company, Alma Media Corporation, was EUR 153.7 million and the market value of the shares was EUR 138.1 million. According to the management's estimate, write-down in this holding is unnecessary.

At the end of the financial year, interest-bearing liabilities totalled EUR 76,467 thousand (EUR 83,011 thousand on 31 December 2010). Loan maturities of the company's interest-bearing liabilities range from 2 to 9 years. EUR 3.6 million in interest-bearing loans were repaid in July on an accelerated basis. EUR 2.4 million of said amount was for loan repayments originally scheduled for 2012. In order to safeguard its long-term financing, Ilkka-Yhtymä has renewed the EUR 15.5 million bullet loan originally maturing in 2013, to 2018.

In order to hedge against interest rate risk, on 21 December 2010 the company transformed some of its floating-rate liabilities to a fixed rate, by means of interest rate swaps. While 3% of the company's interest-bearing liabilities had been tied to a fixed rate, some 40% of floating-rate interest-bearing liabilities were transformed to a fixed rate through interest rate hedges. Presently, some 42% of the loans in the company's total loan portfolio have a fixed rate and some 58% a floating rate. These hedging measures included, the average interest rate for interest-bearing liabilities on 31 December 2011 came to 3.19%. The loan providers of the EUR 30 million loans taken out at the end of the 2010 financial year have the opportunity to adjust the loan margin five years after the loans have been drawn.

As at 31 December 2011, the impact of floating-rate interest-bearing liabilities on profit before taxes would have amounted to -/+ EUR 442 thousand over the next 12 months, if the interest level increases or decreases by one percentage point. Of interest-bearing liabilities existing during the 12 months following the financial year, a total of EUR 3,999 thousand will fall due for payment.

With regard to liquidity, the year-end current ratio stood at 0.86 (0.88). Group gearing was at 60.9% (72.9%) at the end of the financial period. Equity ratio was at 55.5% (53.8%) and shareholders' equity per share stood at EUR 4.07 (EUR 4.09). Cash and cash equivalents amounted to EUR 10,926 thousand (EUR 3,047 thousand). Cash flow from operations totalled EUR 31,171 thousand (EUR 12,652 thousand). Cash flow from operations for 2011 included, among others, the dividend of EUR 15,742 thousand (EUR 6,088 thousand in 2010) paid by Alma Media and subscriptions invoiced in advance by the provincial papers that normally would have been invoiced in Q1/2012. Around 80% of the value of this advance invoicing was recognised in cash flow in December 2011. Cash flow from investments totalled EUR –3,633 thousand (EUR -32,607 thousand). In 2010, cash flow from investments included investments in Alma Media Corporations shares. During the financial year 2010, a significant event not affecting the cash flow involved the issue of convertible bonds. The aggregate value of these bonds was EUR 20 million, which forms part of the cost of Alma Media's shares.

PUBLISHING

The Group's publishing segment comprises the publishing company I-Mediat Oy. During the year, net sales from publishing totalled EUR 43,318 thousand (EUR 41,386 thousand). Net sales from the publishing business grew by 4.7%. Advertising revenues grew by 5.2% and circulation revenues grew by 1.6%. Net sales for both provincial papers belonging to the publishing segment, Ilkka and Pohjalainen, and for local newspapers increased. Aggregate net sales for free sheets remained at the previous year's level. Operating profit from publishing increased by 13.4% year-on-year, to EUR 7,697 thousand (EUR 6,786 thousand).

Due to Finland's weak and uncertain economic situation, it is difficult to forecast media income in 2012. Media advertising is estimated to grow mildly, while circulation income is expected to decrease as a result of the introduction of a value-added tax. Net sales of I-Mediat Oy are expected to remain almost at the same level as before.

PRINTING

The printing segment comprises the printing house I-print Oy. The segment's net sales amounted to EUR 15,235 thousand (EUR 13,052 thousand). Net sales grew by 16.7% year-on-year. External net sales from the printing business increased by EUR 1,458 thousand (27.6%,). The growth in net sales came as a result of new customers, recovering volumes and price increases due to printing materials. Operating profit from printing increased by EUR 775 thousand year-on-year, to EUR 1,953 thousand (EUR 1,177 thousand). The considerable rise in operating profit from printing was due to higher volumes, a modest rise in costs early in the year and the fact that the first quarter last year included costs for ceasing operation of the Vaasa printing unit.

Within the printing business, the 2012 market situation is expected to be more challenging than that of the previous year. The general uncertainty surrounding the economy will also impact corporate customers' media investments. Finland still has overcapacity in printing and the related operations, which will pose major challenges to the profitability of operations. Energy and raw materials expenses are expected to develop moderately. Net sales of I-print Oy are expected to remain almost at the same level as before.

ASSOCIATED COMPANIES

Ilkka-Yhtymä Oyj's associated companies are Alma Media Corporation (29.79%), Arena Partners Oy (37.82%), Väli-Suomen Media Oy (40%) and Yrittävä Suupohja Oy (38.46%). Alma Media focuses on publishing operations and digital consumer and corporate services. Its high-profile newspapers are Aamulehti, Iltalehti and Kauppalehti. Arena Partners Oy is an electronic business development and production company jointly owned by five provincial newspaper companies. Arena Partners owns a 35% share of Alma Mediapartners Oy, which is Alma Media's housing sales, vehicle and consumer advertising marketplace company operating in Finland.

On 9 September 2011, Arena Interactive Oy acquired the entire capital stock of Steam Communications Oy. Arena Interactive Oy is owned by Ilkka-Yhtymä Oyj's associated companies Arena Partners Oy and Alma Media Corporation, which hold 65% and 35% of its shares, respectively. Both Arena Interactive and Steam Communications specialise in the development and production of mobile services, and message communication.

On 4 October 2011, Arena Partners Oy acquired 36.16% of Uranus Konsultointi Oy. Uranus is engaged in two business sectors: matching experts with employers (www.uranus.fi) and managing the recruitment process (www.laura.fi). Uranus is also a member of the world's leading international electronic recruitment network, The Network (www.the-network.com), providing its services in Finland.

Väli-Suomen Media Oy produces, among other things, a joint Sunday publication for six newspapers (Ilkka, Karjalainen, Keskisuomalainen, Pohjalainen, Savon Sanomat and Etelä-Suomen Sanomat) called Sunnuntaisuomalainen. Yrittävä Suupohja Oy publishes Suupohjan Seutu, a free sheet distributed in the Suupohja region.

In 2011, the share of the associated companies' result was EUR 8,659 thousand (EUR 7,337 thousand).

RESEARCH AND DEVELOPMENT EXPENSES

The Group's publishing business has carried out multi-channel product development in cooperation with Arena Partners' associated papers. Product development has been focused on customer-oriented services relating to news reporting, transactions and communities. With regard to the Group's printing business, development activities focused on the development of value-added web-based services and products. Additional human resources were allocated to the development of commercial content design.

CAPITAL EXPENDITURE

Reported capital expenditure for the year totalled EUR 4,414 thousand, with printing accounting for EUR 227 thousand and publishing for EUR 601 thousand. In 2011, a total of EUR 3,477 thousand was invested in available-for-sale shares.

GOVERNANCE PRINCIPLES

Ilkka-Yhtymä Oyj adheres to the Finnish Corporate Governance Code for listed companies, issued by the Securities Market Association on 15 June 2010 and having entered into force on 1 October 2010. Ilkka-Yhtymä Oyj's Corporate Governance Code is detailed and maintained on the Ilkka-Yhtymä website at www.ilkka-yhtymä.fi, under Sijoittajat – Hallinnointi (Finnish web address only). The Corporate Governance Statement can be found under this section on the website.

ANNUAL GENERAL MEETING, SUPERVISORY BOARD AND BOARD OF DIRECTORS

On 14 April 2011, the Annual General Meeting (AGM) of Ilkka-Yhtymä Oyj approved the financial statements, discharged the members of the Supervisory Board and the Board of Directors and the Managing Director from liability and decided that a per-share dividend of EUR 0.50 be paid for the year 2010.

The number of members on the Supervisory Board for 2011 was confirmed to be 25. Of the Supervisory Board members whose term had come to an end, the following were re-elected for the term ending in 2015: Lasse Hautala (Kauhajoki), Perttu Rinta (Mikkeli), Satu Heikkilä (Helsinki), Ari Rinta-Jouppi (Vähäkyrö) and Raija Tikkala (Jurva). Minna Sillanpää (Seinäjoki) and Jorma Vierula (Seinäjoki) were elected as new members of the Supervisory Board for the term ending in 2015.

The AGM decided to raise the remuneration of the Chairman and members of the Supervisory Board. The Chairman of the Supervisory Board will be paid a monthly fee of EUR 1,500 and a meeting fee of EUR 400, while other members will be paid EUR 400 per meeting. The board members' travel expenses are reimbursed in accordance with the current maximum level specified by the tax authorities.

Ernst & Young Oy, Authorised Public Accountants, was elected as the auditor, with Authorised Public Accountant Tomi Englund as the principal auditor. It was decided that the auditors would be reimbursed per the invoice.

The AGM approved the Board of Directors' proposal on amending the Articles of Association. The amendments include the following:
(i) that Section 5(2), concerning the retirement age of a Supervisory Board member, be removed;
(ii) that Section 8(1) be amended by removing the regulations concerning the retirement age of a member of the Board of Directors and by increasing the maximum number of Board members to six (6), and Section 8(3), concerning the quorum for the Board of Directors, be removed; and
(iii) that Section 11(2), concerning shareholders' initiatives to the General Meeting, be removed.

The AGM authorised the Board of Directors to decide upon a donation to be put toward charitable causes or similar, totalling, at maximum, EUR 50,000, as well as to decide upon the recipients, purposes of use, schedules and other terms of these donations.

The proposal by Osakesäästäjien Keskusliitto ry (Shareholders' Association) and Kari Karpoff to eliminate the Supervisory Board was not approved.

On 2 May 2011, the Supervisory Board re-elected Seppo Paatelainen and Tapio Savola, whose term had come to an end, to the Board of Directors of Ilkka-Yhtymä Oyj. Lasse Hautala will continue as chairman of the Supervisory Board, while Perttu Rinta will continue as vice-chairman. At its membership meeting, the Board of Directors re-elected Seppo Paatelainen as its chairman, while Timo Aukia will continue as vice-chairman.

At its meeting on 7 November 2011, the Supervisory Board decided to increase the number of members on the Board of Directors of Ilkka-Yhtymä Oyj to six (6). Esa Lager, M.Sc.(Econ.), LL.M., was elected as a new member to the Board of Directors of Ilkka-Yhtymä Oyj.

DIVIDEND

The Board of Directors proposes to the Annual General Meeting of 19 April 2012 that a per-share dividend of EUR 0.40 be paid for the financial year 2011, representing a total dividend payment of EUR 10,266,083.20. The Group will distribute 81.0% of its profit in dividends. Dividends will be distributed to those who are listed on the matching day, 24 April 2012, as shareholders in the Ilkka-Yhtymä Group's list of shareholders, maintained at Euroclear Finland Oy. Dividend payments are issued on 2 May 2012. On 31 December 2011, the parent company's free capital amounted to EUR 93,937,033.69.

Ilkka-Yhtymä Oyj practices an active dividend policy and aims to distribute at least half of its consolidated annual income as dividend payments, taking into consideration the financing required for profitable growth and the company's future outlook.

AUTHORISATION OF THE BOARD OF DIRECTORS

On 19 April 2010, the Annual General Meeting authorised the Board of Directors to decide upon a share issue and/or granting stock options and/or other special rights and upon their conditions.

The maximum number of Series II shares issued is 7,700,000, corresponding to around 30% of the company's total shares and 36.05% of Series II shares at present.

This authorisation includes the right to issue shares and/or stock options, and/or other special rights, as distinct from the shareholders' pre-emptive rights, under conditions prescribed by law, and the right to decide upon a free issue to the company itself.

The authorisation is valid for five years from the date of the AGM's decision.

On 4 November 2010, Ilkka-Yhtymä Oyj purchased 7,250,000 shares in Alma Media Corporation from Oy Herttaässä Ab. From the share purchase price, EUR 30 million was paid in cash. In addition, Ilkka-Yhtymä decided to issue freely negotiable convertible bonds, with a value of EUR 20.0 million, to the seller. The bonds issue decision taken by Ilkka-Yhtymä's Board of Directors is based on the authorisation granted to it by the AGM on 19 April 2010.

In addition to this, the company has not issued any option rights or other special rights.

The Board of Directors is not authorised to acquire or sell company's own shares.

SHARES

At the end of 2011, the company's share capital totalled EUR 6,416,302. The number of shares was 25,665,208, of which 4,304,061 were Series I shares (20 votes per share) and 21,361,147 were Series II shares (1 vote per share). Shares of both series entitle the holders to the same dividend.

According to the Articles of Association, a single shareholder at a General Meeting may not use more than one twentieth (1/20) of the entire number of votes represented in a meeting.

The transfer of Series I shares is restricted by an approval clause. According to this clause, Series I shares cannot be transferred to another holder without the approval of the Board of Directors.

Further information on the shares, shareholders and holding structure of Ilkka-Yhtymä Oyj can be found in the Section Shares and Shareholders, pp. 71–76.

Per-share ratios are presented on page 60.

PERSONNEL

The Group had an average of 382 employees during the period, the corresponding figure for the parent company being 26.

Average number of personnel translated into full-time employment

	2011	2010	2009
Group	341	343	366
Ilkka-Yhtymä Oyj	25	24	36

Salaries and fees, thousands of euros

	2011	2010	2009
Group	14 145	14 082	13 766
Ilkka-Yhtymä Oyj	1 473	1 379	1 824

On 31 December 2011, the Group had 333 full-time employees, whereas the parent company had 25.

Since 2000, Ilkka-Yhtymä Group's entire personnel has been covered by an incentive scheme, with the exception of 2009 when the scheme was not in use.

The Articles of Association provide for two employee representatives to serve on the Supervisory Board of Ilkka-Yhtymä Oyj.

QUALITY AND ENVIRONMENT

As with the whole graphics industry, Ilkka-Yhtymä Group has a minor impact on the environment.

The company plans the classification, utilisation and handling of side products and waste created during business operations. Waste paper created during the printing process and printing blocks are recycled. Printing ink waste, plate developing agent waste, solvent waste, and other waste products created during the printing process which are harmful to the environment are delivered to a facility for their treatment.

In accordance with legislation on waste products, the company's responsibility for the use of packaging is handled through the packaging industry's environmental register Pakkausalan Ympäristörekisteri PYR Oy. Responsibility for the recycling of waste paper and imported paper is handled through the paper recycling organisation Paperinkeräys Oy.

In 2012, I-print Oy will apply for Nordic Ecolabel certification for its printing operations.

Deliveries of Ilkka-Yhtymä's provincial and local papers, made by Itella Oyj, have been 100% carbon neutral since 1 February 2011 (Itella Oyj press release on 1 Feb. 2011).

ESTIMATED OPERATING RISKS AND UNCERTAINTIES

The Risk Management Policy of Ilkka-Yhtymä Group is approved by the Board of Directors and is part of the Group's management system, also approved by the Board. The Risk Management Policy includes a written document and descriptions of key risks and the related management measures defined in separate risk databases. For identified key risks, risk management responsibilities have been defined by profit centre, by subsidiary and at Group level, and those assigned as being responsible have the capabilities required for risk management tasks. The Group's risk management procedures are consistent and known by the staff participating in holistic risk management.

Ilkka-Yhtymä's most significant short-term risks are related to the development of media advertising and printing volumes, which apply to the entire sector. A long-term risk in the sector lies in the potential decrease in circulation volumes, if consumers transfer to using electronic devices for reading newspapers. At this point, it is difficult to evaluate the impacts of the 9 per cent value-added tax, imposed on newspapers' subscription fees at the start of 2012, on circulation and printing volumes. Through its holding in Alma Media stock, the company is also exposed to risks related to Alma Media's profit-making capacity, dividend policy and the price development of its share, as well as risks resulting from the development of Alma Media's ownership structure.

Communications industry

According to the company's estimates, risks attendant on the Group's core business are those normally associated with the sector. Such industry risks are mainly associated with the development of media advertising and media consumption, since more and more alternatives are being offered to consumers and advertisers. A prolonged weak economic situation and a slow recovery may have a negative impact on the consumption of media products and services. Competition in the industry is being affected by the digitalisation of content, the emergence of new distribution channels, growth in freely available content, changes in media use and ways of spending time, as well as the new operating methods and actors these are enabling.

Publishing

In the long term, regional demographic and economic developments will have an impact on provincial and local newspapers' circulation and advertising income. On the other hand, the current reduction underway in the average number of individuals in households will maintain circulation figures. A healthy circulation coverage percentage, a competitive contact price and strong relationships with readers are enhancing provincial and local newspapers' competitiveness in the advertising market. Provincial papers' overall reach has increased as a result of steep growth in the number of online media visitors.

In general, ordinary economic cycles have not had a major impact on local or provincial newspapers' circulation income. On the other hand, media advertising volumes reflect changes in economic cycles, competitive situations and the outlook of advertisers' own industries. Media sales took an upward turn in the autumn of 2010 and continued to grow modestly until the autumn of 2011.

The market entry and exit of new media, such as new free sheets, depends on economic cycles, regional volumes of the advertisement market and the competitive environment. Most newspaper groups, including Ilkka-Yhtymä Group, have decades of experience with respect to their free sheets, the high quality and local customer relationships of which provide a competitive edge.

Due to the consumer behaviour enabled by new technology, some classified advertisements, such as car, housing and job advertisements, have shifted online. In response to this development, Ilkka and Pohjalainen are engaged in collaboration with Arena Partners. Arena Partners Oy has acquired a 35% holding in the Etuovi.com, Vuokraovi.com and Autotalli.com services displaying housing and car advertisements. This will enable us to provide the sector's best services to customers. New players in the markets include international search engine companies.

In order to face the challenges posed by changing reading habits among young people and growing volumes of content available free of charge on the Internet, Ilkka-Yhtymä Group is providing its provincial newspapers' premium online services for the benefit of the region's consumers. In line with the allied Arena Partners' strategy, our online services aim at becoming the leading site for electronic news, services, transactions and commerce for consumers, communities and companies in our operating provinces.

Graphics

The aggressive price competition in Finland's printing sector is continuing. Developments in circulation and advertising volumes are reflected in the numbers of pages in newspapers, while general economic trends are affecting the use of other advertising media. Exports to the Nordic countries are dependent not only on market conditions, but also on the development of exchange rates.

The availability of newsprint has been good and price developments in recent years have been moderate, even declining, in spite of large annual pricing fluctuations and the fact that the paper industry has downsized its capacity. Pricing pressures are increasing, since the paper industry's capacity cuts were intended to safeguard future profitability. Similarly, there is potential for an increase in pricing fluctuations as the paper industry strives to achieve shorter delivery agreements than before. I-print Oy has prepared for both supply and price risks, by attempting to divide its purchasing between several suppliers.

Newspaper delivery has been outsourced to Itella Oyj and Suomen Suorajakelu Oy. Risks in delivery operations concern price developments. The price risk depends on the availability of deliverers, competition between delivery companies and the reform of the Postal Services Act.

The management of the company's financial risks is illustrated in section 22 of the notes.

The key figures describing our financial development are presented on page 60.

EVENTS AFTER THE FINANCIAL YEAR

Matti Kalliokoski, Chief Editor of the Ilkka provincial paper, which is published by I-Mediat Oy, one of the Ilkka-Yhtymä Group's companies, has announced that he will join the Helsingin Sanomat newspaper as from 1 August 2012. Later in the autumn he will be appointed as Helsingin Sanomat's Senior Editorial Writer. Kalliokoski has served as Ilkka's Chief Editor and Executive Chief

Editor since 2007. The Board of Directors of I-Mediat Oy has begun preparations for filling his position.

In connection with the introduction of Ilkka-Yhtymä's new management system in 2010, it was agreed that the joint editorial unit of the provincial papers will be led by a management team, the chairmanship of which will alternate between the Chief Editors of Ilkka and Pohjalainen. The Chairman of the editorial unit management team is also a member of the Group's Executive Team. As from January 2012, Kalle Heiskanen, Chief Editor of Pohjalainen, became the Chairman of the editorial unit management team and, consequently, a member of the Group's Executive Team.

PROSPECTS FOR 2012

In the current economic climate, major uncertainties are associated with the predictability of both net sales and operating profit. Media advertising is forecast to grow slightly in Finland. Due to consumer caution, VAT on circulation revenues and media competition, newspapers' circulation revenues are predicted to decrease. Printing business volumes have declined permanently in Finland and the prospects for growth in the sector have deteriorated.

The net sales of Ilkka-Yhtymä Group are estimated to remain almost at the 2011 level.

Group operating profit from Ilkka-Yhtymä's own operations, and operating profit as a percentage of net sales, excluding the share of Alma Media's and other associated companies' results, are expected to decrease from the 2011 level due to cost developments. In addition, the year's results will depend on interest-rate trends and the price performance of securities investments.

The associated company Alma Media Corporation (Group ownership 29.79%) will have a significant impact on Group operating profit and profit.

Financial Statements for 2011

Consolidated Income Statement, IFRS

EUR 1,000	NOTE	1.1.-31.12.2011	1.1.-31.12.2010
NET SALES	1	**49 952**	46 530
Change in inventories of finished and unfinished products		**12**	-5
Other operating income	2	**435**	429
Materials and services	3	**-14 830**	-13 108
Employee benefits	4	**-17 275**	-17 183
Depreciation	5	**-3 098**	-3 182
Other operating costs	6	**-6 265**	-6 341
Share of associated companies' results	12	**8 659**	7 337
OPERATING PROFIT		**17 590**	14 479
Financial income and expenses	7	**-3 817**	192
PROFIT BEFORE TAXES		**13 773**	14 670
Income tax	8	**-1 098**	-1 779
PROFIT FOR THE FINANCIAL PERIOD		**12 675**	12 892
Earnings per share, undiluted (EUR) *)		**0.49**	0.50
The undiluted share average, adjusted for the share issue *)		**25 665**	25 665

*) There are no factors diluting the figure.

Consolidated Statement of Comprehensive Income

EUR 1,000	1.1.-31.12.2011	1.1.-31.12.2010
PROFIT FOR THE PERIOD UNDER REVIEW	**12 675**	12 892
Other comprehensive income:		
Available-for-sale assets	**-517**	682
Share of associated companies' other comprehensive income	**-53**	344
Income tax related to components of other comprehensive income	**138**	-203
Other comprehensive income, net of tax	**-432**	824
Total comprehensive income for the period	**12 243**	13 715

Consolidated Balance Sheet, IFRS

EUR 1,000	NOTE	31.12.2011	31.12.2010
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	9	**1 120**	1 284
Goodwill	9	**314**	314
Investment properties	11	**295**	390
Property, plant and equipment	10	**13 481**	15 150
Shares in associated companies	12	**154 097**	161 248
Available-for-sale financial assets	13	**10 714**	7 754
Other tangible assets		**214**	214
Non-current assets		**180 236**	186 354
CURRENT ASSETS			
Inventories	14	**602**	757
Trade and other receivables	15	**3 079**	3 322
Income tax assets		**254**	144
Financial assets at fair value through profit or loss	16	**1 902**	3 412
Cash and cash equivalents	17	**10 926**	3 047
Current assets		**16 762**	10 681
ASSETS		**196 998**	197 035
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital		**6 416**	6 416
Fair value reserve and other reserves		**48 623**	49 002
Retained earnings		**49 401**	49 612
Shareholders' equity	18	**104 440**	105 030
NON-CURRENT LIABILITIES			
Deferred tax liability	19	**532**	1 443
Non-current interest-bearing liabilities	20	**72 438**	78 465
Non-current interest-free liabilities		**115**	
Non-current liabilities		**73 085**	79 909
CURRENT LIABILITIES			
Current interest-bearing liabilities	20	**4 029**	4 545
Accounts payable and other payables	21	**15 383**	7 368
Income tax liability		**61**	183
Current liabilities		**19 473**	12 096
SHAREHOLDERS' EQUITY AND LIABILITIES		**196 998**	197 035

IFRS=International Financial Reporting Standards

Consolidated Cash Flow Statement, IFRS

EUR 1,000	2011	2010
CASH FLOW FROM OPERATIONS		
Profit for the financial period	12 675	12 892
Adjustments	-683	-2 586
Change in working capital	7 395	-364
Cash flow from operations before financial items and taxes	**19 387**	**9 942**
Interest paid	-2 491	-844
Interest received	102	63
Dividends received	15 955	6 368
Other financial items	322	-750
Direct taxes paid	-2 104	-2 128
Cash flow from operations	**31 171**	**12 652**
CASH FLOW FROM INVESTMENTS		
Investments in tangible and intangible assets, net	-785	-916
Acquisition of shares in associated companies		-30 487
Other investments, net	-3 477	-1 509
Repayments of loan receivables		58
Dividends received from investments	628	247
Cash flow from investments	**-3 633**	**-32 607**
Cash flow before financing items	**27 538**	**-19 955**
CASH FLOW FROM FINANCING		
Change in current loans	-6 930	
Change in non-current loans		25 261
Dividends paid and other profit distribution	-12 728	-8 908
Cash flow from financing	**-19 658**	**16 353**
Increase (+) or decrease (-) in financial assets	**7 879**	**-3 602**
LIQUID ASSETS AT THE BEGINNING OF THE FINANCIAL PERIOD	3 047	6 648
LIQUID ASSETS AT THE END OF THE FINANCIAL PERIOD	10 926	3 047

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT:

ADJUSTMENTS TO PROFIT FOR THE PERIOD		
Depreciation and impairment	3 098	3 182
Sales gains (-) and losses (+) on non-current assets	-37	-15
Share of profit (-) or loss (+) of associated companies	-8 659	-7 337
Unrealised exchange rate gains (-) or losses (+)	2 541	-252
Other income and expense, non-cash		-452
Financial income and expenses	1 276	509
Income taxes	1 098	1 779
Adjustments to profit for the period total	**-683**	**-2 586**
CHANGE IN WORKING CAPITAL		
Increase (-)/decrease (+) in inventories	155	-135
Increase (-)/decrease (+) in current interest-free operating receivables	241	-459
Increase (+)/decrease (-) in current interest-free liabilities	6 999	230
Change in working capital total	**7 395**	**-364**

During the financial year 2010, a significant event not affecting the cash flow involved the issue of convertible bonds. The aggregate value of these bonds was EUR 20 million, which forms part of the cost of Alma Media's shares.

Consolidated Statement of Changes in Equity

EUR 1,000	Share capital	Fair value reserve	Invested unrestricted equity fund	Other reserves	Retained earnings	Total
CHANGE IN SHAREHOLDERS' EQUITY 1-12/2010						
SHAREHOLDERS' EQUITY 1.1.	6 416		48 498	24	45 359	100 298
Comprehensive income for the period		480			13 236	13 715
Dividend distribution					-8 983	-8 983
SHAREHOLDERS' EQUITY TOTAL 31 DEC 2010	**6 416**	**480**	**48 498**	**24**	**49 612**	**105 030**

EUR 1,000	Share capital	Fair value reserve	Invested unrestricted equity fund	Other reserves	Retained earnings	Total
CHANGE IN SHAREHOLDERS' EQUITY 1-12/2011						
SHAREHOLDERS' EQUITY 1.1.	6 416	480	48 498	24	49 612	105 030
Comprehensive income for the period		-378			12 621	12 243
Dividend distribution					-12 833	-12 833
SHAREHOLDERS' EQUITY TOTAL 31 DEC 2011	**6 416**	**101**	**48 498**	**24**	**49 401**	**104 440**

Notes to the Consolidated Financial Statements

KEY FACTS ON THE COMPANY

Ilkka-Yhtymä Group is a media group which publishes the regional newspapers Ilkka and Pohjalainen, and several local newspapers and two free sheets. In addition, the Group has a printing business. The Group comprises the parent company Ilkka-Yhtymä Oyj and the subsidiaries I-Mediat Oy, I-print Oy, Kiinteistö Oy Seinäjoen Koulukatu 10, Seinäjoen Kassatalo Osakeyhtiö and Pohjalaismediat Oy.

The Group's parent company Ilkka-Yhtymä Oyj is a Finnish public limited company domiciled in Seinäjoki, and its registered address is Koulukatu 10, 60100 Seinäjoki. Ilkka-Yhtymä Oyj's shares are listed on the NASDAQ OMX Helsinki List.

A copy of the consolidated financial statements is available from the website www.ilkka-yhtyma.fi or from the head office of the Group's parent company.

Ilkka-Yhtymä Oyj's Board of Directors approved the financial statements for publication at its meeting on 22 February 2011. According to the Finnish Companies Act, shareholders have the opportunity to accept or reject the financial statements at the General Meeting held after their publication. The General Meeting may also decide to revise the financial statements.

ACCOUNTING PRINCIPLES USED IN THE FINANCIAL STATEMENTS

ACCOUNTING POLICY

The consolidated financial statements were prepared in accordance with the recognition and measurement principles of the International Financial Reporting Standards (IFRS) applicable within the EU, to comply with the IAS and IFRS standards and SIC and IFRIC interpretations in effect on 31 December 2011.

The consolidated financial statements have been prepared under the historical cost convention, except for available-for-sales financial assets at fair value and financial assets stated at fair value through profit or loss. The financial statements are presented in thousands of euros.

Since 1 January 2011, the Group has complied with the following new or updated standards and interpretations:

- IAS 24 *Related Party Disclosures* – the revised standard. This revision clarifies and simplifies the definition of a related party, in particular with regard to the parties' significant influence and joint control. The revision has no impact on the financial statements.
- IFRS 32 *Financial instruments: Presentation – Classification of Rights Issues*. The amendment concerns the classification of share issues, options and subscription rights denominated in foreign currencies. In the future, share issues, options and subscription rights may, under certain conditions, be classified as equity rather than derivative instruments, as previously. This amendment has no impact on the financial statements.
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*. The interpretation addresses certain situations (sometimes referred to as 'debt for equity swaps') where an entity renegotiates the terms of a financial liability and issues an equity instrument to a creditor of the entity to extinguish all or part of the financial liability. Such swaps are primarily considered as repayment of debt. The difference between the carrying amount of the financial liability (or part) extinguished and the fair value of the equity instruments issued is recognised in profit or loss. This interpretation has no impact on the financial statements.
- *Annual improvements to IFRS and IFRIC* (5/2010). These improvements will chiefly enter into force in 2011. Several minor changes made have no bearing on the financial statements.

The IASB has released the following new or revised standards and interpretations that may have a future impact on the Group's financial statements. The Group will apply these standards and interpretations, starting from their respective effective dates or, if an effective date is not the first day of a financial year, from the beginning of the financial year following the effective date.

- IFRS 7 *Financial Instruments:* Disclosures (annual periods beginning on or after 1 July 2012). This amendment adds transparency to the disclosure of transfer transactions of financial assets and will provide users with a better understanding of the risks involved in these transfers, and of the effects of such risks on the entity's financial position, particularly with regard to securitisation of financial assets. The amendment has been accepted for application in the EU.
- IAS 12 *Income Taxes* (annual periods beginning on or after 1 January 2012). IAS 12 previously required an entity to assess what proportion of the carrying amount of an asset measured at fair value can be recovered from continued use (e.g. rental income) and what proportion through sale. According to the amendment, it will be presumed that the carrying amount of certain assets measured at fair value can be entirely recovered through the sale. This presumption is applicable to deferred taxes on investment properties; property, plant and equipment; and intangible assets measured using the fair value model or the revaluation model. The amendment has not

yet been accepted for application in the EU.

- IAS 1 *Presentation of Financial Statements* (annual periods beginning on or after 1 July 2012). The key change is the requirement for separate presentation of items of other comprehensive income, depending on whether they can be reclassified to profit or loss in the future if certain conditions are met. The amendment has not yet been accepted for application in the EU.
- IAS 19 *Employee Benefits* (annual periods beginning on or after 1 January 2013). These amendments mean that, in the future, all actuarial gains and losses must be recognised immediately in other comprehensive income. In other words, the 'corridor approach' will be removed and finance costs will be determined on the basis of the net amount of funds transferred to reserves. It is estimated that this amendment will have no impact on future financial statements. The amendment has not yet been accepted for application in the EU.
- IFRS 9 *Financial Instruments* (effective date to be confirmed). IFRS 9 is the first phase of a larger project aimed at replacing IAS 39 with a new standard. Financial assets are divided into two main classifications: those measured at amortised cost and those measured at fair value. The classification depends on the entity's business model and the contractual cash flow characteristics. The requirements for impairment and hedge accounting contained in IAS 39 will remain effective. According to the new standard, the recognition and measurement of financial liabilities should remain unchanged, with the exception of financial liabilities to which the fair value option is applied. The standard has not yet been accepted for application in the EU.
- IFRS 10 *Consolidated Financial Statements* (annual periods beginning on or after 1 January 2013). In line with existing principles, the standard establishes control as the key factor for determining whether or not an entity is consolidated. In addition, the standard provides additional guidelines for defining control in situations where this is difficult to assess. The preliminary estimate is that the standard will not alter the Group structure. The standard has not yet been accepted for application in the EU.
- IFRS 11 *Joint Arrangements* (annual periods beginning on or after 1 January 2013). In accounting for joint arrangements, the standard emphasises the rights and obligations arising from the arrangements, rather than their legal form (as do the current regulations). In addition, the standard requires joint ventures to be accounted for using the equity method and prohibits the use of proportionate consolidation. The preliminary estimate is that the standard will not alter the Group structure. The standard has not yet been accepted for application in the EU.
- IFRS 12 *Disclosure of Interests in Other Entities* (annual periods beginning on or after 1 January 2013). The standard brings together all existing disclosure requirements related to interests in other entities, including associates, joint arrangements, special purpose entities and other, off-balance-sheet entities. The standard is expected to increase the number of disclosures. The standard has not yet been accepted for application in the EU.
- *IFRS 13 Fair Value Measurement* (annual periods beginning on or after 1 January 2013). The standard increases consistency and comparability by providing an exact definition of fair value and by combining requirements for fair value measurement and the necessary disclosures within the same standard. The requirements do not extend the use of the fair value model, but they do provide guidance on how it should be applied when its use is allowed, or is required by another standard. The standard will increase the number of disclosures. The standard has not yet been accepted for application in the EU.

ACCOUNTING POLICIES: THE CONSOLIDATED FINANCIAL STATEMENTS

SUBSIDIARIES

Subsidiaries refer to companies in which the Group holds a controlling interest. Said controlling interest arises from the Group owning over half of the subsidiary's votes, or exercising power in some other fashion. The controlling interest implies that the Group has power to govern the entity's financial and operating policies for the purpose of profiting from its operations.

Mutual shareholding between Group companies has been eliminated using the acquisition cost method. All Intra-Group transactions, receivables, liabilities, margins and distribution of profit have been eliminated in the preparation of the consolidated financial statements.

ASSOCIATED COMPANIES

Associated companies are companies over which the Group exercises significant influence. Significant influence originates when the Group owns over 20% of the associated company's votes, or the Group has a significant degree of influence over the company through other means, but has no controlling interest. Associated companies are consolidated in the financial statements using the equity method. If the Group's share of the losses of the associated company exceeds the carrying amount, they will not be consolidated unless the Group has made a commitment to fulfil the liabilities of the associated company in question. An investment in an associated company contains the goodwill generated by the acquisition.

Any impairment of Ilkka-Yhtymä's holding in associated companies is monitored in accordance with the IAS

28 Investments in Associates standard. Should any signs of impairment be detected, the holding's book value will be tested by comparing it to the recoverable amount from the holding, which is the value in use, or fair value excluding expenditure from the sale, whichever is the higher. Should such testing indicate impairment, this will be stated through profit or loss at the time of reporting in question. Should this impairment later reverse, the previously stated loss will be restored through profit or loss. With regard to the holding in Alma Media, factors affecting the assessment of signs of impairment and implementation of testing include financial profit-making capacity, changes in the market environment, dividend policy, and share price development.

In Group reporting, the share of associated companies' results is included in operating profit, while dividend income is included in cash flow from operations in the cash flow statement. The associated companies are closely related to the Group's publishing business, and, acting in its role as the owner, the Group participates in the development of their operations.

FOREIGN CURRENCY ITEMS

The consolidated financial statements are presented in euros, which is the parent company's operating and reporting currency.

Monetary items denominated in foreign currencies (financial assets and liabilities) were translated into euros using the European Central Bank's average rate quoted on the balance sheet date. Non-monetary items and transactions in foreign currencies were translated into euros using the exchange rate in effect on the date of the transaction. Any gains or losses resulting from transactions in foreign currencies, and from the translation of monetary items, are recognised in the income statement. Foreign exchange gains or losses associated with actual business operations are treated as adjusting entries for sales or purchases. Exchange rate gains and losses on foreign-currency investments and cash and cash equivalents are included in financial income and expenses.

INTANGIBLE ASSETS

Research and Development Expenses

The Group does not carry out a significant amount of research and development. Research and development expenses are charged to expenses in the income statement. On the balance sheet date, the Group's balance sheet did not include development expenses that could be capitalised.

Other Intangible Assets

Other intangible assets in the Group's balance sheet comprise software licenses, which are measured at cost and amortised on a straight-line basis over their expected economic lives. The period of amortisation is 3–10 years. The Group has no intangible assets with unlimited economic life.

Goodwill

Goodwill represents the excess of the acquisition cost over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired business at the time of acquisition. Goodwill is allocated to cash-generating units and tested annually for impairment. Goodwill is valued at cost less any impairment losses.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment (PPE) are measured at cost less depreciation and any impairment losses.

When one part of PPE is treated as a separate asset, expenses associated with its renovation are capitalised. In other cases, major renovations are included in the assets' carrying amount only if it is probable that the Group will derive additional future economic benefits and that the carrying amount can be measured reliably. Other repair and maintenance expenses are charged to expenses as incurred.

The assets are depreciated over their expected economic life using the straight-line depreciation method. Land is not depreciated. The expected economic lives are as follows:

Buildings	20-40 years
Structures	20 years
Machinery and equipment	3-15 years

The residual value and economic life of an asset are reviewed for each set of financial statements and, if necessary, adjusted to reflect changes in expected financial rewards.

INVESTMENT PROPERTY

Investment property refers to property which the Group holds for rental yields or capital appreciation. Investment property is measured at cost less depreciation and any impairment losses (IAS 40) and its fair value is presented in the notes to the financial statements. The fair value is based on an evaluation by an external professional property valuer, and corresponds to market prices paid for properties in the active market. The fair value measurement is performed on an annual basis.

INVENTORIES

Inventories are measured at the lower of cost or net realisable value. The cost is determined using the FIFO method.

The cost of finished or unfinished goods is made up of raw materials, direct labour costs, other direct costs, as well as an appropriate portion of variable production overheads and part of fixed production overheads based on normal capacity. The net realisable value is the estimated sale price obtained in regular business, less the estimated costs of completing the good and selling costs.

LEASES

Group as lessee

Leases, in which the risks and rewards associated to the ownership of leased assets remain with the lessor, are classified as operating leases. Payments based on operating leases are recognised as expenses evenly over the lease term.

The Group has a finance lease that transfers the risks and rewards of ownership to the lessee. An asset acquired by means of a finance lease is recognised on the balance sheet at the date of commencement of the lease at the lower of fair value or the present value of minimum lease payments. An asset under a finance lease is depreciated over the shorter of its useful life or the lease term. Lease obligations are included in interest-bearing liabilities.

Group as lessor

Assets leased under operating leases are included in property, plant and equipment. They are depreciated over their economic lives in the same way as the property, plant and equipment used by the Group. Lease income is recognised in the income statement evenly over the lease term.

IMPAIRMENT

At each balance sheet date, the Group assesses whether there is any indication of an impaired asset. Should any such indication exist, the asset's recoverable amount must be calculated. In addition, the recoverable amount of goodwill is assessed on an annual basis, regardless of whether there are indications of impairment.

The impairment loss is recognised in the income statement if the carrying amount of the asset or the cash-generating unit exceeds the recoverable amount. The recoverable amount represents the net selling price of the asset, or a higher, cash-flow-based value in use. In determining the value in use, the net present values of future cash flows are discounted using discount rates which describe the Group's average pre-tax capital cost, adjusted by industry risk. The impairment loss is reversed if circumstances change and the recoverable amount of the asset has changed from the date when the impairment loss was recognised. The impairment loss is not be reversed beyond the value that the carrying amount of the asset would have been, had there been no impairment loss. The impairment loss of goodwill is not reversible.

EMPLOYEE BENEFITS

Pensions

The Group's major pension plan is the statutory pension insurance under the Finnish Employment Pension Scheme (TyEL), which is managed by pension insurance companies. This TyEL pension security is classified as a defined contribution plan. In addition, the Group has taken out certain supplementary group and individual pension plans with insurance companies. These supplementary pension insurance plans are considered defined contribution plans, since the company's payment obligation to the insurance companies is limited to the annually paid contribution and the company has not committed to accruing a pension security of a certain magnitude for the insured. Contributions into the defined contribution plan are recognised as expenses for the period during which the contributions are made.

INCOME TAXES

Tax expense in the income statement includes current tax (taxes based on the taxable profit for the financial year) and deferred tax. The tax based on the taxable profit is calculated using the tax rate currently in force. The amount of the tax for the period is adjusted by any taxes for earlier financial years.

Deferred tax assets and liabilities are calculated on all temporary differences between the carrying amount and taxable value. The greatest temporary differences result from appropriations and the fair value of financial instruments. Deferred taxes are calculated using the tax rates set by the balance sheet date. Deferred tax assets and liabilities are presented in net values in the balance sheet, whenever they concern the same tax recipient.

Deferred tax assets are recognised to the extent that it appears probable that future taxable profit will be available against which the temporary difference can be utilised.

The impact of a tax rate change is recognised in profit or loss.

REVENUE RECOGNITION PRINCIPLES

Payments in circulation sales are received in advance and their recognition is spread over the subscription period. An advertisement sale is recognised when the service has been rendered. Printing products are recognised when the significant risks and rewards related to the ownership of goods have been transferred to the buyer. In calculating net sales, sales revenue are adjusted by discounts granted, indirect taxes and exchange rate differences associated with sales.

Lease income, presented under other operating income, is recognised evenly over the lease term.

Dividends are recognised as revenue when shareholders have the right to receive a dividend payment.

FINANCIAL ASSETS AND LIABILITIES

The Group's financial assets are classified as financial assets recognised at fair value through profit or loss, loans and receivables, available-for-sale financial assets, and held-to-maturity investments. Classifying a financial asset is determined by the purpose for which the asset is purchased at time of its purchase. In the case of assets not recognised at their fair value through profit or loss, transaction costs are included in the original carrying value of the financial assets. All purchases and sales of financial assets are recognised on the date of their transaction.

Financial assets at fair value through profit or loss include held-for-trading assets. With respect to shares held for trading, the net values of any unrealised fair-value gains or losses, dividend income and any capital gains or losses are recognised under financial income and expenses in the income statement. Financial assets held for trading include listed shares which prices have been specified in the active market.

Held-to-maturity investments are non-derivative financial assets with fixed and determinable payments and fixed maturity, and which the Group has the positive intent and ability to hold to maturity. They are measured at amortised cost. The Group had no such items during the reporting period.

Loans and receivables are non-derivative assets with fixed and determinable payments, which are not publicly traded in the active market and which the company does not hold for trading. This category includes the Group's financial assets created by providing money, goods or services directly to the debtor. Initially recognised at cost and subsequently measured at amortised cost, they are included in current and non-current financial assets.

Available-for-sale financial assets are non-derivative assets which specifically belong to this category, or which are not classified under other financial asset categories. Assets within this category are carried at fair value subsequent to their initial recognition, and any changes in their fair value are recognised in the fair value reserve under shareholders' equity. Available-for-sale financial assets consist primarily of unlisted shares. Changes in fair value are transferred from equity to the income statement when the asset is disposed of or it has lost its value to the extent that an impairment loss must be recognised for the asset. Unlisted shares for which no reliable fair value was available are measured at cost.

Cash and cash equivalents comprise cash and bank receivables and other highly liquid investments with short maturity. Cash and cash equivalents include assets with a maximum maturity of three months from the date of purchase. Credit limits are included under current interest-bearing liabilities.

The Group's financial liabilities mainly comprise accounts payable and loans from financial institutions. Financial liabilities are initially measured at fair value, which is the monetary amount received less expenses directly incurring from the liability. After initial recognition, liabilities are carried at amortised cost. Financial liabilities include non-current and current liabilities, and can be either interest-bearing or non interest-bearing in nature.

IMPAIRMENTS OF FINANCIAL ASSETS

At every closing date, the Group evaluates on a case-by-case basis whether there is objective evidence indicating impairment in the value of either a single item or a group of financial assets. A substantial or long-term decline in the value of share investments below their acquisition cost indicates the impairment of available-for-sale shares. Factors that may trigger impairment include any financial difficulties experienced by the other party and any fall in market value substantially under the acquisition cost or lasting for more than 12 months. If there is evidence of impairment, the loss accumulated in the fair value reserve is transferred into the income statement.

MANAGEMENT JUDGEMENT IN APPLYING THE MOST SIGNIFICANT ACCOUNTING POLICIES AND OTHER KEY ASSUMPTIONS ABOUT FUTURE RISKS AND UNCERTAINTIES

Above, we have presented solutions based on the management's judgement and concerning the selection and application of accounting policies in the financial statements.

Preparing the financial statements requires the company's management to make estimates and assumptions concerning the future, but the actual results may differ from the estimates and assumptions which are based on historical experience and other reasonable assumptions. Furthermore, the application of accounting principles requires the use of judgment.

The Group's major assumptions about the future and the uncertainties concerning estimates on the balance sheet date that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next financial year are factored in the assessment of the impairment of intangible and tangible assets and available-for-sale investments and shares in associated companies. Any indications of impairment are evaluated on a regular basis, as stated above in the description of accounting policies. The carrying amounts of tangible and intangible assets, available-for-sale financial assets and holdings in associated companies on the balance sheet date are presented in the notes to the financial statements, under Notes 9, 10, 12 and 13.

1. OPERATING SEGMENTS

The Group comprises three reportable segments. These operating segments are based on the Group's organisational structure and internal financial reporting. The Group's reportable segments consist of cross-media publishing and printing and the associated companies.

The publishing segment comprises the publishing company I-Mediat Oy. The Group publishes the provincial papers, Ilkka and Pohjalainen, five local papers (Jurvan Sanomat, Järviseutu, Komiat, Suupohjan Sanomat and Viiskunta) and two free sheets, Etelä-Pohjanmaa and Vaasan Ikkuna. Segment profit comprises circulation income and advertising income.

The printing segment comprises the printing house I-print Oy. The company's net sales are primarily made up of newspaper printing. In addition, its services include various printed materials, page-making and design, and digital printing and content design. The company operates in Seinäjoki. Operations in the Vaasa printing unit were discontinued on 31 December 2009.

In the financial statements, associated companies are presented under their own segment. The associated companies included in our consolidated financial statements are Alma Media Corporation, Arena Partners Oy, Väli-Suomen Media Oy and Yrittävä Suupohja Oy. The associated companies are closely related to the Group's publishing business, and, acting in its role as the owner, the Group participates in the development of their operations.

Within the Group, the profits of these segments represent the level of operating profit.

Segment assets and liabilities are business items used by the segment in its operations. Non-allocated items includes Group services, securities trading, tax and financing items, and items shared by the company. Investments comprise material fixed assets and intangible assets, used over more than one financial year, as well as additions of available-for-sale shares and shares in associated companies. Pricing between the segments is market-based.

OPERATING SEGMENTS

2011 (EUR 1,000)	Publishing	Printing	Associated companies	Un-allocated	Elimi-nations	Group total
INCOME STATEMENT FIGURES						
External net sales	43 217	6 734		2		49 952
Internal net sales	101	8 501		2 000	-10 603	
Net sales	**43 318**	**15 235**		**2 002**	**-10 603**	**49 952**
Depreciation	-475	-2 108		-516		-3 098
Share of associated companies' results			8 659			8 659
Operating profit	**7 697**	**1 953**	**8 659**	**-719**		**17 590**
Financial income and expenses				-3 817		-3 817
Income tax				-1 098		-1 098
Profit for the period						**12 675**
ASSETS						
Assets by segment	15 630	10 912		170 456		196 998
Shares in associated companies	17		154 080			154 097
LIABILITIES						
Liabilities by segment	12 160	1 309		84 732		92 558
INVESTMENTS	601	227		3 586		4 414
Products and services, external net sales						
Circulation income						19 502
Advertisement income						22 832
Printing income						6 734
Other income						884

The divergence between the total net sales of the reportable segments and those of the Group is due to Group eliminations. The divergence between the total operating profit of the reportable segments and that of the Group is primarily due to the operating loss of the parent company functions.

OPERATING SEGMENTS

2010 (EUR 1,000)	Publishing	Printing	Associated companies	Un-allocated	Elimi-nations	Group total
INCOME STATEMENT FIGURES						
External net sales	41 252	5 276		2		46 530
Internal net sales	134	7 776		1 940	-9 850	
Net sales	**41 386**	**13 052**		**1 942**	**-9 850**	**46 530**
Depreciation	-448	-2 168		-566		-3 182
Share of associated companies' results			7 337			7 337
Net sales	**6 786**	**1 177**	**7 337**	**-821**		**14 479**
Financial income and expenses				192		192
Income tax				-1 779		-1 779
Profit for the period						**12 892**
ASSETS						
Assets by segment	10 318	12 336		174 381		197 035
Shares in associated companies	17		161 231			161 248
LIABILITIES						
Liabilities by segment	5 619	1 654		84 732		92 005
INVESTMENTS	567	719	50 487	1 749		53 522
Products and services, external net sales						
Circulation income						19 202
Advertisement income						21 704
Printing income						5 276
Other income						349

The divergence between the total net sales of the reportable segments and those of the Group is due to Group eliminations. The divergence between the total operating profit of the reportable segments and that of the Group is primarily due to the operating loss of the parent company functions.

GEOGRAPHICAL INFORMATION

EUR 1,000	2011	2010
NET SALES		
Finland	49 946	46 436
Other Europe	7	94
Total	**49 952**	**46 530**
NON-CURRENT ASSETS		
Finland	169 522	178 600

2. OTHER OPERATING INCOME

EUR 1,000	2011	2010
Rent income from investment properties	247	241
Other rent income	120	96
Sales gains on property, plant and equipment	37	29
Other operating income	30	64
Total	**435**	**429**

3. MATERIALS AND SERVICES

EUR 1,000	2011	2010
Purchases during the financial period	4 661	3 930
Increase or decrease of stocks	166	-139
Materials and supplies	4 827	3 791
External charges	10 003	9 317
Materials and services	**14 830**	**13 108**

4. EMPLOYEE BENEFITS

EUR 1,000	2011	2010
Salaries and fees	14 145	14 082
Pension costs, defined contribution plans	2 422	2 395
Other personnel costs	709	705
Employee benefits	**17 275**	**17 183**
PERSONNEL ON AVERAGE		
Publishing	239	243
Printing	77	76
Unallocated	25	24
Total	**341**	**343**

Information on employee benefits covering Group management is presented in section 25.

5. DEPRECIATION

EUR 1,000	2011	2010
Intangible rights	421	356
Buildings and constructions	565	608
Investment properties	95	106
Machinery and equipment	2 017	2 111
Depreciation according to plan	**3 098**	**3 182**

6. OTHER OPERATING COSTS

EUR 1,000	2011	2010
Rents	129	109
Costs for premises	1 041	1 114
Production machinery costs	409	442
Telecommunications, office and information technology cost	1 365	1 324
Sales and marketing costs	1 690	1 567
Other costs	1 630	1 785
Other operating costs total	**6 265**	**6 341**
AUDIT FEES		
Statutory audit	37	38
Certificates and statements		1
Tax counselling	7	3
Other fees	15	29
Total	**59**	**71**

7. FINANCIAL INCOME AND EXPENSES

EUR 1,000	2011	2010
FINANCIAL INCOME		
Dividend yields on available-for-sale financial assets	628	247
Net gains on held-for-trading financial assets		495
Interest income from loans, receivables and bank accounts	101	63
Other financial income	345	452
Financial income total	**1 074**	**1 257**
FINANCIAL EXPENSES		
Sales loss on available-for-sale financial assets		-3
Net loss on held-for-trading financial assets	-949	
Interest expenses on financial liabilities measured at amortised cost	-2 544	-1 062
Unrealised change in the market value of the interest rate swaps	-1 398	
Financial expenses total	**-4 891**	**-1 065**
Financial income and expenses total	**-3 817**	**192**

8. INCOME TAXES

EUR 1,000	2011	2010
Income taxes on operations	1 872	2 043
Change in deferred tax liabilities and assets	-774	-265
Income taxes	**1 098**	**1 779**
Reconciliation		
Profit before taxes	13 773	14 670
Tax calculated at parent company's tax rate	3 581	3 814
Tax expenses in income statement	-1 098	-1 779
Difference	**2 483**	**2 036**
Difference analysis (net)		
Non-deductible expenses	-12	-9
Tax-exempt income	215	137
Share of associated companies' results	2 251	1 908
The impact of a tax rate change	29	
Difference analysis (net) total	**2 483**	**2 036**

9. INTANGIBLE ASSETS AND GOODWILL

EUR 1,000	Intangible rights	Other Intangible assets	Advances paid	Goodwill	Total
INTANGIBLE ASSETS 2011					
Acquisition cost 1.1.	5 076	2	223	314	5 617
Increase	141		115		257
Decrease	-11				-11
Transfers between items	339		-339		
Acquisition cost 31.12.	5 546	2		314	5 863
Accumulated depreciation 1.1.	-4 019				-4 019
Accumulated depreciation of decrease and transfers	11				11
Depreciation for the financial period	-421				-421
Accumulated depreciation 31.12.	-4 429				-4 429
BOOK VALUE 31.12.2011	**1 117**	**2**		**314**	**1 434**

EUR 1,000	Intangible rights	Other Intangible assets	Advances paid	Goodwill	Total
INTANGIBLE ASSETS 2010					
Acquisition cost 1.1.	4 814	2	49	314	5 180
Increase	232		210		443
Decrease	-6				-6
Transfers between items	36		-36		
Acquisition cost 31.12.	5 076	2	223	314	5 617
Accumulated depreciation 1.1.	-3 667				-3 667
Accumulated depreciation of decrease and transfers	4				4
Depreciation for the financial period	-356				-356
Accumulated depreciation 31.12.	-4 019				-4 019
BOOK VALUE 31.12.2010	**1 058**	**2**	**223**	**314**	**1 598**

Goodwill of EUR 314 thousand has been allocated to the cash-generating unit of the Komiat weekly paper, which is part of the Publishing segment. In impairment testing, recoverable amounts were defined based on the value in use. Cash flow estimates are based on the next financial year's budget approved by the management, after which the growth factor applied is 0%. The discount rate used is 11%. Any reasonably possible change in the key assumptions used in testing would not cause the carrying amounts to exceed their recoverable amounts.

10. PROPERTY, PLANT AND EQUIPMENT

EUR 1,000	Land areas	Buildings and constructions	Machinery and equipment	Advances paid and work in progress	Total
TANGIBLE ASSETS 2011					
Acquisition cost 1.1.	934	19 295	38 576	91	58 896
Increase		420	600	23	1 042
Decrease	-43	-478	-260		-781
Transfers between items			114	-114	
Acquisition cost 31.12.	891	19 237	39 029		59 157
Accumulated depreciation 1.1.		-11 874	-31 873		-43 746
Accumulated depreciation of decrease and transfers		407	246		653
Depreciation for the financial period		-565	-2 017		-2 582
Accumulated depreciation 31.12.		-12 032	-33 644		-45 676
BOOK VALUE 31.12.2011	**891**	**7 204**	**5 386**		**13 481**

EUR 1,000	Land areas	Buildings and constructions	Machinery and equipment	Advances paid and work in progress	Total
TANGIBLE ASSETS 2010					
Acquisition cost 1.1.	934	18 927	40 415	305	60 581
Increase		86	367	602	1 055
Decrease		-26	-2 714		-2 740
Transfers between items		308	508	-815	
Acquisition cost 31.12.	934	19 295	38 576	91	58 896
Accumulated depreciation 1.1.		-11 292	-32 071		-43 363
Accumulated depreciation of decrease and transfers		26	2 309		2 335
Depreciation for the financial period		-608	-2 111		-2 719
Accumulated depreciation 31.12.		-11 874	-31 873		-43 746
BOOK VALUE 31.12.2010	**934**	**7 421**	**6 703**	**91**	**15 150**

The outstanding undepreciated share of the original costs of machinery and equipment belonging to the Group's property, plant and equipment was EUR 4,850 thousand on 31 Dec 2011 (EUR 6,343 thousand on 31 Dec 2010).

11. INVESTMENT PROPERTIES

EUR 1,000	2011	2010
INVESTMENT PROPERTIES		
Acquisition cost 1.1.	2 042	2 042
Acquisition cost 31.12.	2 042	2 042
Accumulated depreciation 1.1.	-1 652	-1 546
Depreciation for the financial period	-95	-106
Accumulated depreciation 31.12.	-1747	-1 652
BOOK VALUE 31.12.	**295**	**390**

The fair value of investment properties was EUR 2.2 million in 2011 (EUR 2.2 million in 2010).

Ilkka-Yhtymä Oyj owns a property in the district of Jouppi in Seinäjoki, where an amendment has been made to the local detailed plan. This amendment will change the current industrial block area in the old local detailed plan, into part of a commercial building block area allowing a large retail unit to be located in the area (KM block area). If Ilkka-Yhtymä Oyj sells its property, it is required by the land use agreement to pay development compensation of EUR 750,000 from the sale price to the City of Seinäjoki, in accordance with Section 91 a of the Land Use and Building Act. An appeal made against the amendment to the local detailed plan was rejected by the Supreme Administrative Court on 1 November 2011, and the local detailed plan became effective on 9 November 2011.

12. SHARES IN ASSOCIATED COMPANIES

EUR 1,000	2011	2010
SHARES IN ASSOCIATED COMPANIES		
At the beginning of the financial period	161 248	109 167
Increase		50 487
Share of associated companies' results	8 659	7 337
Dividends received	-15 756	-6 088
Share of associated companies' other comprehensive income	-53	344
At the end of the financial period	**154 097**	**161 248**
Goodwill included in the book value of associated companies:	129 075	129 075

On 4 November 2010, Ilkka-Yhtymä Oyj purchased a total of 7,250,000 shares in Alma Media Corporation, increasing its holding by 9.66%. The purchase price of EUR 50 million was paid in cash and using new convertible bonds issued by Ilkka-Yhtymä Oyj. This share transaction increased Alma Media Corporation's goodwill by some EUR 40 million. Following the transaction, Ilkka-Yhtymä holds a total of 22,489,186 shares or 29.79% of Alma Media. This share purchase is a further step in the implementation of Ilkka-Yhtymä's growth strategy. Ilkka-Yhtymä's objective is to be a long-term owner of Alma Media, while participating in the development of the company's future operations.

On the balance sheet date of 31 December 2011, the balance sheet value of the holding in the associated company Alma Media Corporation was EUR 153.7 million (EUR 160.8 million on 31 Dec. 2010) and the shares' market value came to EUR 138.1 million (EUR 186.2 million on 31 Dec. 2010). Of the holdings in associated companies, EUR 81.3 million (market value) were used as collateral for loans on 31 December 2011 (EUR 109.7 million on 31 Dec. 2010).

Information on the Group's associated companies and their total assets, liabilities, net sales and profit/loss:

EUR 1,000	Domicile	Assets	Liabilities	Net sales	Profit/ loss	Group ownership %
2010						
Alma Media Corporation	Helsinki	184 508	69 734	311 372	33 177	29.96
Arena Partners Oy	Kuopio	14 005	12 307	1 763	-136	37.82
Väli-Suomen Media Oy	Jyväskylä	364	259	846	5	40.00
Yrittävä Suupohja Oy	Kauhajoki	197	61	552	77	38.46
Total		**199 074**	**82 361**	**314 533**	**33 123**	

EUR 1,000	Domicile	Assets	Liabilities	Net sales	Profit/ loss	Group ownership %
2011						
Alma Media Corporation	Helsinki	197 968	101 224	316 240	30 816	29.76
Arena Partners Oy	Kuopio	19 762	17 239	2 176	-404	37.82
Väli-Suomen Media Oy	Jyväskylä	257	153	870	-1	40.00
Yrittävä Suupohja Oy	Kauhajoki	202	47	537	54	38.46
Total		**218 189**	**118 663**	**319 822**	**30 465**	

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets include unlisted shares. Unlisted shares are measured at fair value in cases where reliable fair value was available. Fair value has been defined based on market prices of sales of corresponding shares. Fair value changes are transferred from equity to the consolidated income statement, when the financial asset is sold or when its value has impaired in a manner requiring the recognition of an impairment loss.

EUR 1,000	2011	2010
Unlisted shares	10 714	7 754
Available-for-sale financial assets total	**10 714**	**7 754**

Holdings in unlisted shares primarily comprised holdings in Anvia and Keski-Pohjanmaan Kirjapaino and real estate companies.

14. INVENTORIES

EUR 1,000	2011	2010
Materials and supplies	575	741
Work in progress	27	16
Inventories	**602**	**757**

15. TRADE AND OTHER RECEIVABLES

EUR 1,000	2011	2010
Current receivables from associated companies (loans and receivables)	18	53
Trade receivables (loans and receivables) *)	2 719	2 889
Other receivables (loans and receivables)		1
Current accrued income and deferred expenses	342	379
Trade and other receivables	**3 079**	**3 322**
Substantial accrued income items		
Accruals of personnel expenses		126
Other items	342	253
Total	**342**	**379**
***) Trade receivables according to age**		
Undue	2 213	2 478
Overdue		
under 30 days	369	293
30-60 days	43	33
over 60 days	93	85
Total	**2 719**	**2 889**

During the financial year, the Group entered credit losses of EUR 24 thousand for trade receivables (in 2010, EUR 22 thousand).

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

EUR 1,000	2011	2010
Shares and holdings (held for trading)	1 902	3 412
Financial assets at fair value through profit or loss	**1 902**	**3 412**

Financial assets recognised at fair value through profit or loss include investments held for trading, which are listed shares, which prices have been specified in the active market.

17. CASH AND CASH EQUIVALENTS

EUR 1,000	2011	2010
Liquid assets in consolidated balance sheet and cash flow statement		
Cash and cash equivalents	10 926	3 047
Cash and cash equivalents	**10 926**	**3 047**

18. NOTES COVERING SHAREHOLDERS'EQUITY

Series I	Number of shares	Share capital 1000 eur
31.12.2009/ 31.12.2010	4 304 061	1 076
31.12.2011	4 304 061	1 076

Series II	Number of shares	Share capital 1000 eur
31.12.2009/ 31.12.2010	21 361 147	5 340
31.12.2011	21 361 147	5 340

Series I and II total	Number of shares	Share capital 1000 eur
31.12.2009/ 31.12.2010	25 665 208	6 416
31.12.2011	25 665 208	6 416

One Series I share entitles its holder to twenty (20) votes at the shareholders' meeting, while one Series II share one (1) vote. Other information on equity is presented in Shares and Shareholders on page 71.

1000 eur	2011	2010
FAIR VALUE RESERVE AND OTHER RESERVES		
Fair value reserve	101	480
Invested unrestricted equity fund	48 498	48 498
Loan repayment reserve	24	24
Fair value reserve and other reserves	**48 623**	**49 002**

Fair value reserve

The fair value reserve contains changes in the fair values of available-for-sale financial assets.

Other reserves:

Invested unrestricted equity fund

The invested unrestricted equity fund includes other equity related investments and share subscription prices to the extent that they are not, expressly designated for recording under share capital.

Loan repayment reserve

The loan repayment reserve consists of the equity reserve of a real estate company that belongs to the Group.

Dividends

Following the balance sheet date, the Board of Directors proposed that a dividend of EUR 0.40 per share be distributed.

19. DEFERRED TAX ASSETS AND LIABILITIES

DEFERRED TAX IN 2011:

EUR 1,000	1.1.2011	Recognised through profit and loss	Recognised in equity	31.12.2011
Deferred tax assets				
Derivative financial intruments	30	341		371
Total	**30**	**341**		**371**
Deferred tax liabilities				
Depreciation difference and voluntary provisions	1 181	-348		833
Other accrual differences	90	-85		5
Available-for-sale financial assets	203		-138	64
Total	**1 474**	**-433**	**-138**	**903**
Net deferred tax liabilities in balance sheet	**1 443**	**-774**	**-138**	**532**

DEFERRED TAX IN 2010:

EUR 1,000	1.1.2010	Recognised through profit and loss	Recognised in equity	31.12.2010
Deferred tax assets				
Derivative financial intruments		30		30
Total		**30**		**30**
Deferred tax liabilities				
Depreciation difference and voluntary provisions	1 462	-281		1 181
Other accrual differences	43	47		90
Available-for-sale financial assets			203	203
Total	**1 505**	**-234**	**203**	**1 474**
Net deferred tax liabilities in balance sheet	**1 505**	**-265**	**203**	**1 443**

The Group has EUR 126 thousand in impairment losses, for which it has not recognised deferred tax assets because it is not probable that these impairment losses can be utilised in taxation in the future.

20. INTEREST-BEARING LIABILITIES

EUR 1,000	2011	2010
NON-CURRENT INTEREST-BEARING LIABILITIES		
Loans from financial institutions (financial liabilities measured at amortised cost)	49 623	53 846
Pension loans (financial liabilities measured at amortised cost)	2 652	4 812
Convertible bond (financial liabilities measured at amortised cost)	19 847	19 807
Finance lease liabilities	316	
Non-current interest-bearing liabilities	**72 438**	**78 465**
CURRENT INTEREST-BEARING LIABILITIES		
Loans from financial institutions (financial liabilities measured at amortised cost)	1 838	2 385
Pension loans (financial liabilities measured at amortised cost)	2 161	2 161
Finance lease liabilities	30	
Current interest-bearing liabilities	**4 029**	**4 545**

The Group has both fixed-rate and floating-rate interest-bearing loans. The Group initiated hedging against interest-rate risk towards the end of the financial year 2010. This hedging strategy is intended to ensure that approximately 50% of interest-bearing liabilities are tied to a fixed rate. In order to attain this target, interest derivatives have been used. The hedging measures included, 42% of loans had a fixed rate on the balance sheet date, while 58% had a floating rate. The average interest rate for loans on 31 December 2011 came to 3.19% (2.91% on 31 Dec. 2010).

On the balance sheet date of 31 December 2011, credit limits totalled EUR 13 million, none of which had been drawn by 31 December 2011. On 31 December 2010, credit limits totalled EUR 13 million, none of which had been drawn.

Convertible Bonds

During the financial year 2010, Ilkka-Yhtymä issued convertible bonds with a face value of EUR 20.0 million, the interest rate being 12-month euribor + 2% and the maturity six years. The bonds are convertible into a maximum of 2,835,000 new Series II shares of Ilkka-Yhtymä or shares in the possession of the company, so that half of the bonds can be converted as of 2 January 2012 into 1,417,500 shares and the other half as of 1 November 2014 into 1,417,500 shares. The conversion price per share, rounded up, is EUR 7.05. The conversion price of shares will be recorded in the company's invested unrestricted equity fund. Dividends paid and other distribution of funds by Ilkka-Yhtymä prior to bond conversion will be compensated by lowering the conversion price. If the aggregate conversion price of a convertible bond is below its face value due to a lowered conversion price, at its own discretion the company will pay for the difference either in cash or in shares. If, in the conversion of bonds, the company decides to issue new shares, the number of the company's shares may increase by a maximum of 2,835,000 Series II shares. Any new shares of Ilkka-Yhtymä issued in conversion will represent a maximum of 9.9% of the company's shares and 2.6% of votes following conversion.

On the date of issue, the convertible bonds were recognised entirely in financial liabilities, since on that date the fair value of the debt component equalled the face value of the convertible bonds. The fair value of the debt component is the net present value of the bond's cash flows discounted by the market rate. The market rate used is the interest rate of a comparable liability without a conversion right and was defined by third parties.

21. ACCOUNTS PAYABLE AND OTHER PAYABLES

EUR 1,000	2011	2010
Advances received	8 778	1 987
Accounts payable (financial liability measured at cost)	1 180	1 155
Liabilities to associated companies (financial liabilities measured at cost)	9	11
Interest rate swaps		
(financial liability measured at cost)	1 514	
Accrued expenses and deferred income	2 871	2 928
Other payables	1 030	1 287
Accounts payable and other payables	**15 383**	**7 368**
Substantial accrued expenses and deferred income items		
Accruals of personnel expenses	2 478	2 470
Other items	393	458
Total	**2 871**	**2 928**

22. FINANCIAL RISK MANAGEMENT

The Board of Directors defines the principles of financial risk management. Risk management measures are attended to on a centralised basis by the finance department of the Group's parent company. The parent company is responsible for the Group's financing on a centralised basis. The Group is exposed to interest-rate risk and risk associated with share prices.

Foreign exchange risk

The Group's foreign exchange risk is not material, as business transactions are primarily carried out in euros.

Interest rate risk

The Group's interest-rate risk consists of changes in market interest rates applied in the loan portfolio. The company follows an interest-rate management policy confirmed by the Board of Directors. With respect to interest-rate risk management, the goal is to reduce the volatility of interest expenses in order to keep interest expenses, and the associated risk that they will grow, at an acceptable level. Interest-rate risk is managed by selecting both fixed and floating interest rates in loans, and using interest-rate fixing periods. If necessary, in order to hedge against interest-rate risk, the company can rely on interest rate swaps, interest rate options and their combinations.

The company's loan arrangements involve ordinary collaterals and no special covenants.

On 31 December 2011, the Group's interest-bearing liabilities totalled EUR 76.5 million (EUR 83.0 million on 31 Dec. 2010), including EUR 20.0 million in the form of convertible bonds. Loan maturities of the company's interest-bearing liabilities range from 2 to 9 years. EUR 3.6 million in interest-bearing loans were repaid in July on an accelerated basis. EUR 2.4 million of said amount was for loan repayments originally scheduled for 2012. In order to safeguard its long-term financing, Ilkka-Yhtymä has renewed the EUR 15.5 million bullet loan originally maturing in 2013, to 2018.

In order to hedge against interest rate risk, on 21 December 2010 the company transformed some of its floating-rate liabilities to a fixed rate, by means of interest rate swaps. While 3% of the company's interest-bearing liabilities had been tied to a fixed rate, some 40% of floating-rate interest-bearing liabilities were transformed to a fixed rate through interest rate hedges. Presently, some 42% of the loans in the company's total loan portfolio have a fixed rate and some 58% a floating rate. The loan providers of the EUR 30 million loans taken out at the end of the 2010 financial year have the opportunity to adjust the loan margin five years after the loans have been drawn.

As at 31 December 2011, the impact of floating-rate interest-bearing liabilities on profit before taxes would have amounted to -/+ EUR 442 thousand over the next 12 months, if the interest level increases or decreases by one percentage point.

Market risk of investment activities

Investments are made through well-known partners with high credit rating. In relation to its operations, the Group is subject to price risks for listed shares due to fluctuations in market prices. The Group's Board of Directors has defined the boundary conditions for its investments in shares and reviews the related risk assessment once a month.

Sensitivity analysis of investment activities

The table below depicts price risks for investments. In 2011, the annual change in OMXHCAP was -28.0 per cent. The table below shows the price risks for investments in cases where, with all other variables remaining constant, the shares' going prices increase or decrease by 10 per cent. Changes in the value of financial assets at fair value through profit or loss will affect the result after taxes. On 31 December 2011, the market value of financial assets at fair value through profit or loss totalled EUR 1,902 thousand (EUR 3,412 thousand in 2010).

2011 (EUR 1,000)	Changes in profit or loss
Change 10 %	144

Fair value hierarchy of financial assets and financial liabilities measured at fair value

		Fair value at end of period		
	31.12.2011	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value				
Financial assets at fair value through profit or loss	1 902	1 902		
Available-for-sale financial assets	9 219		9 219	
Total	**11 121**	**1 902**	**9 219**	
Liabilities measured at fair value				
Interest rate swaps	1 514		1 514	
Total	**1 514**		**1 514**	

		Fair value at end of period		
	31.12.2010	**Level 1**	**Level2**	**Level 3**
Assets measured at fair value				
Financial assets at fair value through profit or loss	3 412	3 412		
Available-for-sale financial assets	6 259		6 259	
Total	**9 672**	**3 412**	**6 259**	
Liabilities measured at fair value				
Interest rate swaps	130		130	
Total	**130**		**130**	

Available-for-sale assets also include EUR 1.495 thousand (EUR 1.495 thousand in 2010) for unlisted shares, which are measured at cost since no reliable fair value was available for them.

At Level 1 of the hierarchy, fair value is based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

At Level 2, the instruments' fair value is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

At Level 3, the instruments' fair value is based on inputs for the asset or liability that are not based on observable market data.

Credit risk

The company receives its subscription payments in advance. Receivables from advertising and printing sales are spread among a wide group of domestic customers. The company keeps customer balances under constant surveillance and reacts to outstanding accounts immediately. The maximum exposure of the Group's credit risk corresponds to the carrying amount of the above-mentioned financial asset classes at the end of the financial year (Notes 13, 15, 16 and 17).

Liquidity risk

The Group evaluates and continuously monitors the amount of financing required in its operations. The Group seeks to maintain the availability and flexibility of financing by means of credit limit. At the end of the financial year, the Group's cash and cash equivalents amounted to EUR 10.9 million (EUR 3.0 million on 31 Dec. 2010). Unused credit limits totalled EUR 13 million on 31 December 2011 (EUR 13 million on 31 Dec. 2010). The terms and conditions of debt contain no covenants. As collateral for liabilities, the Group has granted share pledges as well as real estate and corporate mortgages, which are presented under Note 24.

The maturities of interest-bearing liabilities are presented in the table below. The figures have not been discounted.

31.12.2011 (EUR 1,000)	Carrying amount	Cash flow	Less than 1 year	1-2 years	2-5 years	Over 5 years
Repayment	76 121	76 274	3 999	7 534	35 785	28 956
Payment of interest *)		12 363	2 578	2 377	5 870	1 538
Total	**76 121**	**88 637**	**6 577**	**9 911**	**41 655**	**30 494**

31.12.2010 (EUR 1,000)	Carrying amount	Cash flow	Less than 1 year	1-2 years	2-5 years	Over 5 years
Repayment	83 011	83 204	4 545	6 384	35 143	37 132
Payment of interest *)		12 857	2 559	2 373	5 812	2 112
Total	**83 011**	**96 061**	**7 105**	**8 757**	**40 955**	**39 244**

*) Cash flows from interest rate swaps are included in payment of interest.

23. LEASES

GROUP AS LESSEE

Minimum rents payable under non-cancellable operating leases:

EUR 1,000	2011	2010
Due within one year	48	46
Due within more than one but no more than five years	116	158
Total	**164**	**204**

GROUP AS LESSOR

Minimum rents receivable under non-cancellable operating leases:

EUR 1,000	2011	2010
Due within one year	110	106
Due within more than one but no more than five years	321	343
Due within more than five years	152	220
Total	**583**	**668**

Leases are tied to the cost-of-living index.

FINANCE LEASE

Gross finance lease liabilities - maturity of minimum lease payments

EUR 1,000	2011
Due within one year	44
Due within more than one but no more than five years	178
Due within more than five years	200
Total	**422**

Finance lease liabilities - present value of minimum lease payments

EUR 1,000	2011
Due within one year	30
Due within more than one but no more than five years	135
Due within more than five years	182
Total	**347**
Financial expenses accruing in the future	**75**

24. CONTINGENT LIABILITIES

EUR 1,000	2011	2010
COLLATERAL PLEDGED FOR OWN COMMITMENTS		
Loans secured with mortgages		
Loans from financial institutions	51 462	56 231
Pension loans	4 812	6 973
Total	**56 274**	**63 204**
Unused credit limits	13 000	13 000
Mortgages on real estate	8 801	8 801
Mortgages on company assets	1 245	1 245
Mortgages total	**10 045**	**10 045**
Pledged shares	81 332	109 679
CONTINGENT LIABILITIES ON BEHALF OF ASSOCIATED COMPANY		
Guarantees	2 767	2 458

Other liabilities

The Group is required to adjust the VAT deductions made on real estate investments conducted in 2008 and in 2010, should taxable use of the real estate be reduced during the adjustment period. The maximum amount of this liability is presented in the table below.

Year of completion of the investment	EUR 1,000
2008	38
2010	49
Total	**87**

25. RELATED PARTY TRANSACTIONS

Ilkka-Yhtymä Group's related parties include associated companies, members of the Board of Directors, members of the Supervisory Board, the Managing Director and the Group Executive Team.

Parent company ownership in the Group's subsidiaries is as follows:

Company	Domicile	Shareholding	Proportion of votes
The parent company Ilkka-Yhtymä Oyj	Seinäjoki		
I-Mediat Oy	Seinäjoki	100 %	100 %
I-print Oy	Seinäjoki	100 %	100 %
Pohjalaismediat Oy	Seinäjoki	100 %	100 %
Kiinteistö Oy Seinäjoen Koulukatu 10	Seinäjoki	100 %	100 %
Seinäjoen Kassatalo Osakeyhtiö	Seinäjoki	100 %	100 %

Information on associated companies can be found in section 12.

The following related party transactions were carried out:

EUR 1,000	2011	2010
SALES OF GOODS AND SERVICES		
To associated companies	322	322
To other related parties	935	909
PURCHASES OF GOODS AND SERVICES		
From associated companies	530	532
From other related parties	56	13
TRADE RECEIVABLES		
From other related parties	55	53

Transactions with related parties are conducted at fair market prices.
Receivables and debts from associated companies are described in notes 15 and 21.

EUR 1,000	2011	2010
EMPLOYEE BENEFITS TO MANAGEMENT		
Salaries and other short-term employee benefits	831	744

Management comprises the Board of Directors, Supervisory Board, Managing Director and Group Executive Team. The stated figures based on the cash method do not differ significantly from those based on the accrual method.

The retirement age of the Managing Director is in line with the current retirement pension scheme. In the case of dismissal by the company, the Managing Director's period of notice is 6 months before the age of 63, in addition to which the company will pay severance pay equalling 18 months' salary. The severance pay will equal 24 months' salary in the event of a merger or other business reorganisation. The Managing Director must give six months' notice.

EUR 1,000	2011	2010
SALARIES AND FEES		
Managing Directors and Board Members	469	429
Members of the Supervisory Board	41	31

26. CAPITAL MANAGEMENT

The objective of the Group's capital management is to ensure normal operating conditions and to accumulate long-term shareholder value. The capital structure is influenced, for instance, by the distribution of dividends. Ilkka-Yhtymä Oyj pursues an active dividend policy and aims to distribute at least half of the Group's annual results in dividends. However, the distribution of dividends takes account of financing required for profitable growth and the company's future outlook.

The Group's net interest-bearing liabilities amounted to EUR 63.6 million at the end of 2011. With a target equity ratio of 40 per cent defined by the Board of Directors, the Group's equity ratio in 2011 reached 55.5 per cent (53.8%).

EUR 1,000	2011	2010
THE GROUP'S NET LIABILITIES		
Interest-bearing liabilities	76 467	83 011
Cash and cash equivalents	10 926	3 047
Financial assets at fair value through profit or loss	1 902	3 412
Net liabilities	**63 639**	**76 552**
Shareholder's equity	104 440	105 030
Gearing	60.9 %	72.9 %

27. EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors is not aware of any significant events after the balance sheet date that would have had an effect on the calculations in the financial statements.

Ilkka-Yhtymä Group 2009-2011

Key figures on financial performance

ILKKA-YHTYMÄ GROUP	2011	2010	2009
Net sales, MEUR	50.0	46.5	48.8
-change %	7.4	-4.7	-11.9
Operating profit, MEUR	17.6	14.5	10.5
-% of net sales	35.2	31.1	21.5
Profit before taxes, MEUR	13.8	14.7	13.5
-% of net sales	27.6	31.5	27.6
Result of the financial period, MEUR	12.7	12.9	11.5
-% of net sales	25.4	27.7	23.6
Return on equity (ROE), %	12.1	12.6	18.6
Return on investment (ROI), %	9.6	9.6	14.1
Equity ratio, %	55.5	53.8	69.0
Gearing, %	60.9	72.9	28.5
Gross capital expenditure, MEUR *)	4.4	53.5	37.4
-% of net sales	8.8	115.0	76.7
Balance sheet total, MEUR	197.0	197.0	147.1
Current ratio	0.86	0.88	1.06
Average no. of employees	341	343	366

*) Includes investments in tangible and intangible assets and shares in associated companies and in available-for-sale financial assets.

Per-share ratios

ILKKA-YHTYMÄ GROUP	2011	2010	2009
Earnings per share (EPS), EUR	0.49	0.50	0.55
Cash flow from operations per share, EUR	1.21	0.49	0.53
Shareholders' equity per share, EUR	4.07	4.09	3.91
Dividend per share (Series I), EUR *)	0.40	0.50	0.35
Dividend per share (Series II), EUR *)	0.40	0.50	0.35
Dividend per earnings (Series I), %	81.0	99.5	63.9
Dividend per earnings (Series II), %	81.0	99.5	63.9
Effective dividend yield (Series I), %	4.4	5.1	3.9
Effective dividend yield (Series II), %	6.1	6.1	5.7
Price per earnings (P/E) (Series I)	18.2	19.7	16.4
Price per earnings (P/E) (Series II)	13.4	16.3	11.2
Adjusted price development of shares			
average price (Series I), EUR	9.84	8.69	7.07
average price (Series II), EUR	7.65	6.76	5.73
lowest price (Series I), EUR	8.50	7.50	5.60
lowest price (Series II), EUR	5.95	6.05	5.03
highest price (Series I), EUR	11.69	10.89	10.00
highest price (Series II), EUR	8.99	9.24	8.75
price at the end of period (Series I), EUR	9.00	9.90	9.00
price at the end of period (Series II), EUR	6.60	8.19	6.15
Market capitalisation, MEUR	179.7	217.6	170.1
Shares traded (Series I), number of shares	76 617	54 719	61 968
- % of total number of shares	1.8	1.3	1.4
Shares traded (Series II), number of shares	1 446 992	4 486 320	2 659 985
- % of total number of shares	6.8	21.0	20.0
Weighted average of adjusted number of shares during the financial period	25 665 208	25 665 208	20 997 391
Adjusted number of shares at the end of the financial period	25 665 208	25 665 208	25 665 208

*) 2011: Proposal of the Board of Directors

Calculation principles of key figures

THE FOLLOWING FORMULAS ARE USED TO CALCULATE THE GROUP'S FINANCIAL PERFORMANCE:

Return on equity (%) (ROE)

$$= \frac{\text{Net profit}}{\text{Shareholders' equity (average)}} \times 100$$

Return on investment (%) (ROI)

$$= \frac{\text{Profit before taxes+ interest and other financial expenses}}{\text{Balance sheet total - non-interest-bearing liabilities (average)}} \times 100$$

Equity ratio (%)

$$= \frac{\text{Shareholders' equity}}{\text{Balance sheet total - Advances received}} \times 100$$

Gearing (%)

$$= \frac{\text{Interest-bearing liabilities - cash and cash equivalents - financial assets measured at fair value through profit or loss}}{\text{Shareholders' equity}} \times 100$$

Current ratio

$$= \frac{\text{Current assets}}{\text{Current liabilities}}$$

THE FOLLOWING FORMULAS ARE USED TO CALCULATE PER-SHARE RATIOS:

Earnings per share (EPS)

$$= \frac{\text{Net profit}}{\text{Adjusted average number of shares during the period}}$$

Cash flow from operations per share

$$= \frac{\text{Cash flow from operations}}{\text{Adjusted average number of shares during the period}}$$

Shareholders' equity per share

$$= \frac{\text{Shareholders' equity}}{\text{Adjusted number of shares on the balance sheet date}}$$

Dividend per share

$$= \frac{\text{Dividend per share for the period}}{\text{Adjustment factor for share issues taking place after the end of the period}}$$

Dividend per earnings (%)

$$= \frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$$

Effective dividend yield (%)

$$= \frac{\text{Dividend per share}}{\text{Adjusted closing share price}} \times 100$$

Price/Earnings ratio (P/E)

$$= \frac{\text{Adjusted closing share price}}{\text{Earnings per share}}$$

Adjusted average share price

$$= \frac{\text{Total turnover of shares, EUR}}{\text{Average adjusted trading in shares}}$$

Market capitalisation = Number of shares x the share's closing price

Parent Company Income Statement, FAS

EUR 1,000	NOTE	1.1.-31.12.2011	1.1.-31.12.2010
NET SALES	1	**2 748**	3 800
Other operating income	2	**1 286**	1 163
Material and services	3	**-1 445**	-1 490
Personnel costs	4	**-1 873**	-1 740
Depreciation and write-downs	5	**-459**	-504
Other operating costs	6	**-1 788**	-1 899
OPERATING PROFIT		**-1 531**	-671
Financial income and expenses	7	**15 224**	6 589
PROFIT BEFORE EXTRAORDINARY ITEMS		**13 693**	5 919
Extraordinary items	8	**9 200**	7 000
PROFIT AFTER EXTRAORDINARY ITEMS		**22 893**	12 919
Appropriations		**75**	129
Income taxes	9	**-1 393**	-1 459
PROFIT FOR THE FINANCIAL PERIOD		**21 575**	11 589

Parent Company Balance Sheet, FAS

EUR 1,000	NOTE	31.12.2011	31.12.2010
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	10	**162**	265
Tangible assets	10	**4 479**	4 711
Investments	11	**174 625**	171 278
NON-CURRENT ASSETS		**179 267**	176 255
CURRENT ASSETS			
Inventories	12	**1 861**	3 146
Current receivables	13	**504**	961
Cash and bank deposits		**1 777**	87
CURRENT ASSETS		**4 143**	4 194
ASSETS		**183 409**	180 449
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital		**6 416**	6 416
Other reserves		**48 498**	48 498
Retained earnings		**23 864**	25 108
Profit for the financial period		**21 575**	11 589
SHAREHOLDERS' EQUITY	14	**100 353**	91 611
ACCUMULATED APPROPRIATIONS	15	**769**	844
LIABILITIES			
Non-current interest-bearing liabilities		**72 122**	78 465
Current interest-bearing liabilities		**7 506**	8 077
Current interest-free liabilities		**2 660**	1 452
LIABILITIES	16	**82 287**	87 994
SHAREHOLDERS' EQUITY AND LIABILITIES		**183 409**	180 449

FAS=Finnish Accounting Standards

Parent Company Cash Flow Statement, FAS

EUR 1,000	2011	2010
CASH FLOW FROM OPERATIONS		
Profit for the period under review	21 575	11 589
Adjustments	-22 795	-12 036
Change in working capital	1 373	-1 160
Cash flow from operations before financial items and taxes	**153**	**-1 608**
Interest paid	-2 574	-943
Interest received	72	15
Dividends received	18 256	6 368
Other financial items	-19	-23
Direct taxes paid	-1 190	-1 421
Cash flow from operations	**14 698**	**2 389**
CASH FLOW FROM INVESTMENTS		
Investments in tangible and intangible assets, net	-70	-118
Sold and acquired associated companies		-30 487
Other investments, net	-3 347	-1 509
Granted loans		-1 003
Repayment of loans receivable	100	1 048
Addition(-)/ deduction(+) of cash equivalents	-76	
Dividends received from investments	569	1 200
Cash flow from investments	**-2 825**	**-30 868**
Cash flow before financing items	**11 873**	**-28 480**
CASH FLOW FROM FINANCING		
Change in current loans	-6 955	1 632
Change in non-current loans		25 261
Group contributions received and paid	9 500	8 081
Dividends paid and other profit distribution	-12 728	-8 908
Cash flow from financing	**-10 183**	**26 066**
Increase (+) or decrease (-) in financial assets	**1 690**	**-2 413**
LIQUID ASSETS AT THE BEGINNING OF THE FINANCIAL PERIOD	**87**	**2 501**
LIQUID ASSETS AT THE END OF THE FINANCIAL PERIOD	**1 777**	**87**

NOTES TO THE CASH FLOW STATEMENT:

	2011	2010
ADJUSTMENTS TO PROFIT FOR THE PERIOD		
Depreciation and impairment	459	504
Sales gains (-) and losses (+) on non-current assets	-148	2
Unrealised exchange rate gains (-) or losses (+)	1 398	
Other income and expense, non-cash		-452
Financial income and expenses	-16 622	-6 421
Income taxes	1 393	1 459
Other adjustments	-9 275	-7 129
Adjustments to profit for the period total	**-22 795**	**-12 036**
CHANGE IN WORKING CAPITAL		
Increase (-)/ decrease (+) in inventories	1 285	-791
Increase (-)/ decrease (+) in current interest-free operating receivables	-11	-339
Increase (+)/ decrease (-) in current interest-free liabilities	99	-30
Change in working capital total	**1 373**	**-1 160**

Notes to the Parent Company's Financial Statements

ACCOUNTING PRINCIPLES

Ilkka-Yhtymä Oyj's financial statements were prepared in accordance with the Finnish Accounting Standards and other rules and regulations governing the preparation of financial statements (FAS).

COMPARABILITY OF DATA

The figures for 2011 are comparable with those of 2010.

SECURITIES TRADING

In the parent company financial statements securities trading is presented as gross of net sales and purchases.

INVENTORIES

Inventories were valued either at acquisition cost or probable sales value, whichever was the lowest. Marketable securities were valued at their direct acquisition cost, average closing price or probable sales price, whichever was the lowest.

FIXED ASSETS AND DEPRECIATION

Revaluations included in balance sheet values of buildings and land were reversed in 2003. Other fixed assets were valued at the original acquisition cost less depreciation according to plan. Depreciation according to plan was calculated as straight-line depreciation from the original acquisition price of fixed assets on the basis of the economic life of the assets. The depreciation periods for different assets are as follows:

Intangible rights and other long-term assets	3-10 years
Buildings	20-40 years
Structures	20 years
Machinery and equipment	3-15 years

PERIODISATION OF PENSION EXPENSES

Employee pension schemes are arranged through insurance companies.

ITEMS IN FOREIGN CURRENCIES

Receivables and debts in foreign currencies were converted to euros according to the average exchange rate of the European Central Bank on the closing date of the financial statements.

EXTRAORDINARY ITEMS

Group contributions are entered in extraordinary items.

Notes to the Income Statement and the Balance Sheet

EUR 1,000	2011	2010
1. NET SALES		
Net sales by operating sector		
Other operations	2 024	1 964
Securities trading	723	1 836
Total	**2 748**	**3 800**
2. OTHER OPERATING INCOME		
Sales gains on fixed assets	148	
Rent income	1 137	1 138
Other	1	24
Total	**1 286**	**1 163**
3. MATERIALS AND SERVICES		
Purchases during the financial period	160	2 278
Increase or decrease of stocks	1 285	-791
Materials and supplies total	1 444	1 487
External charges	1	3
Materials and services total	**1 445**	**1 490**
4. PERSONNEL COSTS		
Salaries and fees	1 473	1 379
Pension expenses	347	312
Other personnel costs	52	49
Total	**1 873**	**1 740**
MANAGEMENT'S SALARIES AND FEES		
Managing Director	246	225
Members of the Board of Directors		
Paatelainen Seppo	33	30
Aukia Timo	21	18
Lager Esa	1	
Mutka Sari	11	9
Savola Tapio	11	9
Viitala Riitta	10	5
Hautala Lasse *)		3
*) was elected member of the Supervisory Board on 19 April 2010		
Members of the Supervisory Board		
Hautala Lasse, Chairman, as of 24 May 2010	21	11
Kuoppamäki Heikki, Chairman, until 19 April 2010		7
Other members		
The members receive EUR 400 for each meeting.		
(EUR 350 in 2010).		
The Supervisory Board convened three times during 2011.		
During 2010 Supervisory Board convened twice.		
Personnel on average during the financial period		
Corporate services	25	24

EUR 1,000	2011	2010
5. DEPRECIATION ACCORDING TO PLAN		
Intangible rights	113	119
Other long-term expenses	10	10
Buildings and constructions	212	262
Machinery and equipment	124	113
Total	**459**	**504**
6. OTHER OPERATING EXPENSES		
Costs for premises	746	809
Other cost items	1 041	1 090
Total	**1 788**	**1 899**
Audit fees		
Statutory audit	26	24
Certificates and statements		1
Tax counselling	7	3
Other fees	15	29
Total	**47**	**57**
7. FINANCIAL INCOME AND EXPENSES		
FINANCIAL INCOME		
DIVIDEND YIELDS		
From Group companies	2 500	1 000
From associated companies	15 756	6 088
From others	569	200
Total	**18 825**	**7 288**
LONG-TERM INTEREST INCOME ON INVESTM. IN NON-CURRENT ASSETS		
Interest income from associates		1
OTHER INTEREST AND FINANCIAL INCOME		
From Group companies	6	13
From others	408	454
Total	**415**	**467**
Financial income total	**19 239**	**7 755**
FINANCIAL EXPENSES		
OTHER INTEREST AND FINANCIAL EXPENSES		
To group companies	82	101
To others	2 535	1 064
Total	**2 617**	**1 165**
Unrealised change in the market value of the interest rate swaps	**1 398**	
Financial expenses total	**4 015**	**1 165**
FINANCIAL INCOME AND EXPENSES TOTAL	**15 224**	**6 589**
Interest income total	70	16
Interest expenses total	2 598	1 140
8. EXTRAORDINARY ITEMS		
Extraordinary income	9 200	7 000

Extraordinary items consist of Group contributions received.

9. INCOME TAXES

Income tax on extraordinary items	2 392	1 820
Income tax on ordinary operations	-999	-361
Total	**1 393**	**1 459**

10. INTANGIBLE AND TANGIBLE ASSETS

EUR 1,000	Intangible rights	Other longterm assets	Total
INTANGIBLE ASSETS			
Acquisition cost 1.1.2011	1 001	1 964	2 965
Increase	24		24
Decrease		-4	-4
Acquisition cost 31.12.2011	1 025	1 960	2 985
Accumulated depreciation and impairment 1.1.2011	771	1 929	2 700
Depreciation for the financial period	113	10	123
Accumulated depreciation 31.12.2011	884	1 939	2 823
BOOK VALUE 31.12.2011	**141**	**21**	**162**
BOOK VALUE 31.12.2010	**230**	**35**	**265**

EUR 1,000	Land areas	Buildings and constructions	Machinery & equipment	Advances paid	Total
TANGIBLE ASSETS					
Acquisition cost 1.1.2011	495	7 655	6 014	82	14 246
Increase		54	161		215
Decrease	-43	-474	-39		-556
Transfers between items			82	-82	
Acquisition cost 31.12.2011	452	7 234	6 218		13 905
Accumulated depreciation and impairment 1.1.2011		3 755	5 779		9 535
Accumulated depreciation of decrease and transfers		-407	-39		-445
Depreciation for the financial period		212	124		336
Accumulated depreciation 31.12.2011		3 561	5 864		9 426
BOOK VALUE 31.12.2011	**452**	**3 673**	**354**		**4 479**
BOOK VALUE 31.12.2010	**495**	**3 899**	**235**	**82**	**4 711**

Balance sheet value of production machinery and equipment 31.12.2011	257
Balance sheet value of production machinery and equipment 31.12.2010	193

11. INVESTMENTS

EUR 1,000	Shares in Group companies	Shares in associated companies	Other shares and holdings	Other investments	Total
Book value 1.1.2011	8 144	156 366	6 599	170	171 278
Increase			3 347		3 347
BOOK VALUE 31.12.2011	**8 144**	**156 366**	**9 946**	**170**	**174 625**

EUR 1,000	2011	2010
DIFFERENCE IN MARKET VALUE AND BOOK VALUE OF PUBLICLY QUOTED SECURITIES		
Publicly quoted securities entered under investments		
Market value	138 084	186 210
Book value	155 904	155 904
Difference	**-17 820**	**30 306**

Companies owned by the parent company	Ownership %
GROUP COMPANIES	
I-Mediat Oy, Seinäjoki	100.0
I-print Oy, Seinäjoki	100.0
Kiinteistö Oy Seinäjoen Koulukatu 10, Seinäjoki	100.0
Seinäjoen Kassatalo Osakeyhtiö, Seinäjoki	100.0
Pohjalaismediat Oy, Seinäjoki	100.0
ASSOCIATED COMPANIES	
Alma Media Corporation, Helsinki	29.79
Arena Partners Oy, Kuopio	37.8
Väli-Suomen Media Oy, Jyväskylä	20.0
Yrittävä Suupohja Oy, Kauhajoki	38.5

12. INVENTORIES

Inventories	1 861	3 146
Total	**1 861**	**3 146**
DIFFERENCE IN MARKET VALUE AND BOOK VALUE OF PUBLICLY QUOTED SECURITIES		
Marketable securities		
Market value	1 902	3 412
Book value	1 861	3 146
Difference	**41**	**267**

EUR 1,000	2011	2010
13. RECEIVABLES		
CURRENT RECEIVABLES		
Trade receivables	9	12
Accrued income (from others)	119	234
RECEIVABLES FROM GROUP COMPANIES		
Trade receivables	299	315
Loan receivables	76	100
Other receivables		300
Total	**375**	**715**
RECEIVABLES FROM ASSOCIATED COMPANIES		
Trade receivables		1
Total		1
CURRENT RECEIVABLES TOTAL	**504**	**961**
SUBSTANTIAL ACCRUED INCOME ITEMS		
Tax receivables		143
Other	119	91
Total	**119**	**234**

14. SHAREHOLDERS' EQUITY

	2011	2010
Share capital 1.1.	6 416	6 416
Share capital 31.12.	6 416	6 416
Invested unrestricted equity fund 1.1.	48 498	48 498
Invested unrestricted equity fund 31.12.	48 498	48 498
Retained earnings 1.1.	36 697	34 091
Dividend distribution	-12 833	-8 983
Retained earnings 31.12.	23 864	25 108
Profit for the financial period	21 575	11 589
Shareholders' equity total	**100 353**	**91 611**
STATEMENT OF DISTRIBUTABLE FUNDS 31.12.		
Retained earnings	23 864	25 108
Profit for the financial period	21 575	11 589
Invested unrestricted equity fund	48 498	48 498
Total	**93 937**	**85 195**
Breakdown of the Parent Company's share capital by share type:		
Series I (20 votes/share)	1 076	1 076
Series II (1 vote/share)	5 340	5 340
Total	**6 416**	**6 416**

The transfer of Series I shares is restricted by an approval clause. According to the clause, Series I shares cannot be transferred without the approval of the Board of Directors.

EUR 1,000	2011	2010

15. ACCUMULATED APPROPRIATIONS

Accumulated appropriations in Ilkka-Yhtymä Oyj consist of accumulated depreciation difference.

16. LIABILITIES

EUR 1,000	2011	2010
NON-CURRENT LIABILITIES		
Loans from financial institutions	49 623	53 846
Pension loans	2 652	4 812
Convertible bond	19 847	19 807
Total	**72 122**	**78 465**
NON-CURRENT LIABILITIES	**72 122**	**78 465**
LIABILITIES THAT MATURE IN MORE THAN FIVE YEARS		
Loans from financial institutions	28 956	17 132
Convertible bond		20 000
Total	**28 956**	**37 132**
CURRENT LIABILITIES		
Loans from financial institutions	1 838	2 385
Pension loans	2 161	2 161
Accounts payable	154	222
Accrued expenses and deferred income	598	656
Other payables	1 862	532
Payables to Group companies		
Accounts payable	44	39
Other payables	3 508	3 534
Total	**3 552**	**3 573**
CURRENT LIABILITIES	**10 165**	**9 529**
SUBSTANTIAL ACCRUED EXPENSES AND DEFERRED INCOME ITEMS		
Accruals of personnel expenses	244	237
Accruals of Interest expenses	255	268
Accruals of income taxes	61	
Other	39	151
Total	**598**	**656**
Interest-free liabilities	**2 660**	**1 452**

17. GUARANTEES AND CONTINGENT LIABILITIES

EUR 1,000	2011	2010
COLLATERAL PLEDGED FOR OWN COMMITMENTS		
Loans secured with mortgages		
Loans from financial institutions	51 462	56 231
Pension loans	4 812	6 973
Total	**56 274**	**63 204**
Unused credit limits	13 000	13 000
Mortgages on real estate	4 672	4 672
Pledged shares	102 797	102 797
Contingent liabilities on behalf of associated company		
Guarantees	2 767	2 458

Shares and Shareholders

On 31 December 2011, the share capital of Ilkka-Yhtymä Oyj entered in the Finnish Trade Register totalled EUR 6,416,302, the number of shares being 25,665,208. The shares are divided into two series. Series I shares and Series II shares differ in such a way that each Series I share entitles the holder to twenty (20) votes at the AGM, while a Series II share entitles the holder to one (1) vote. Shares of both series entitle the holders to the same dividend.

According to the Articles of Association, a single shareholder at a General Meeting may not use more than one twentieth (1/20) of the entire number of votes represented in a meeting.

The transfer of Series I shares is restricted by an approval clause. According to this clause, Series I shares cannot be transferred to another holder without the approval of the Board of Directors.

SHARE CAPITAL 31 DEC 2011

	Share capital EUR	Number of shares	% of share capital	% of votes
Series I	1 076 015	4 304 061	16.8	80.1
Series II	5 340 287	21 361 147	83.2	19.9
Total	6 416 302	25 665 208	100.0	100.0

INCREASES OF SHARE CAPITAL 1995–2011

Subscription period	Terms of subscription	Series I no. of shares	Series II no. of shares	Increase of share capital EUR	New share capital EUR
29 Dec 1995	Private placing, merger contribution *) directed at shareholders of Järviseudun Lehti-Osakeyhtiö, ratio 1:198 Series II		47 718		
	directed at shareholders of Kristiinan Sanomalehti Oy, ratio 1:234 Series II		16 848		
	directed at shareholders of Osakeyhtiö Seinäjoki, ratio 7:9 Series II		33 084		
	Total		97 650	18 248	1 827 235
13 May-14 June 1996	Right issue with two shares of Series I or II one share of series II á EUR 4.20		4 888 008	913 449	2 740 684
14 May 1999	Increase of share capital by means of a bonus issue by increasing nominal share value			518 390	3 259 074
25 April 2006	Increase of share capital by means of a bonus issue of shares, ratio 8:1	478 229	1 151 308	407 384	3 666 458
7 September-25 September 2009	Right issue with four shares of Series I or II three shares of series II á EUR 3.63		10 999 375	2 749 844	6 416 302

*) The distribution of merger contribution began in January 1996.

QUOTATION AND TRADING IN SHARES

The Series I shares of Ilkka-Yhtymä Oyj were listed on the Helsinki Stock Exchange in 1981 and have remained listed ever since. The Series II shares have been listed since their issue in 1988, and on 10 June 2002 they were transferred from the I List of the Helsinki Stock Exchange to the Main List. At present, the Series II shares of Ilkka-Yhtymä Oyj are listed on the NASDAQ OMX Helsinki List, in the Consumer Services sector, the company's market value being classified as Mid Cap. The Series I shares are listed on the Pre List.

The number of Series I shares of Ilkka-Yhtymä Oyj traded in 2011 was 76,617, which represents 1.8% of series share stock. The trading value of shares was EUR 0.8 million. The number of Series II shares traded totalled 1,446,992, which equals 6.8% of the series share stock. Their trading value was EUR 11.1 million. During the report period, the lowest quotation for Ilkka-Yhtymä Oyj's Series I share was EUR 8.50 and the highest EUR 11.69, while the lowest quotation for a Series II share was EUR 5.95 and the highest EUR 8.99. At the period-end closing price, the share capital market value was EUR 179.7 million.

FLAGGING ANNOUNCEMENTS

As a result of a share purchase completed on 10 June 2011, Pohjois-Karjalan Kirjapaino Oyj's holding in Ilkka-Yhtymä Oyj's share capital exceeded 10%. Holding increased to 10.0039% of the share capital and 2.3914% of the voting rights.

MAJOR SHAREHOLDERS BY SHARES OWNED ACCORDING TO THE REGISTER OF OWNERS (all shares)

31 Dec 2011	Series I	Series II	Shares in total	% of shares
Pohjois-Karjalan Kirjapaino Oy	99	2 577 423	2 577 522	10.04 %
Keskisuomalainen Oyj		1 537 199	1 537 199	5.99 %
Keski-Pohjanmaan Kirjapaino Oyj	203 409	599 245	802 654	3.13 %
Ilmarinen Mutual Pension Insurance Company	101 880	504 517	606 397	2.36 %
Mandatum Life Insurance Company Limited		525 649	525 649	2.05 %
Etelä-Pohjanmaan Lehtiseura ry	216 229	265 917	482 146	1.88 %
Mutual Insurance Company Pension-Fennia		400 000	400 000	1.56 %
Oy Herttaässä Ab	24 057	299 515	323 572	1.26 %
Lako Helena		310 286	310 286	1.21 %
TS-Yhtymä Oy	40 050	239 829	279 879	1.09 %
Tapiola General Mutural Insurance Company	144 450	108 336	252 786	0.98 %
Aukia Jaakko	131 288	100 000	231 288	0.90 %
Mutka Heikki	69 512	135 391	204 903	0.80 %
E-P:n Osuuskauppa	111 864	84 024	195 888	0.76 %
Rinta-Jouppi Jarmo	85 530	110 052	195 582	0.76 %
Keskinen Martti		192 541	192 541	0.75 %
Järvi-Laturi Heikki	41 490	121 576	163 066	0.64 %
Tapiola Mutual Pension Insurance Company	92 924	69 693	162 617	0.63 %
Aukia Kari	47 159	113 694	160 853	0.63 %
Aukia Timo	50 292	90 245	140 537	0.55 %
20 major shareholders, total	1 360 233	8 385 132	9 745 365	37.97 %
Nominee-registered		154 634	154 634	0.60 %
Other owners	2 943 828	12 821 381	15 765 209	61.43 %
Total	4 304 061	21 361 147	25 665 208	100.00 %

MAJOR SHAREHOLDERS BY NUMBER OF VOTES ACCORDING TO THE SHAREHOLDERS' REGISTER (registered shares)

31 Dec 2011	Series I reg.	% of shares	Series II	% of shares	Shares in total	% of votes
Keski-Pohjanmaan Kirjapaino Oyj	190 552	4.43 %	599 245	2.81 %	789 797	4.10 %
Etelä-Pohjanmaan Lehtiseura ry	201 588	4.68 %	265 917	1.24 %	467 505	4.00 %
Aukia Jaakko	125 018	2.90 %	100 000	0.47 %	225 018	2.42 %
Pohjois-Karjalan Kirjapaino Oyj	99	0.00 %	2 577 423	12.07 %	2 577 522	2.40 %
Ilmarinen Mutual Pension Insurance Company	101 880	2.37 %	504 517	2.36 %	606 397	2.37 %
E-P:n Osuuskauppa	111 864	2.60 %	84 024	0.39 %	195 888	2.16 %
Tapiola General Mutual Insurance Company	107 190	2.49 %	108 336	0.51 %	215 526	2.10 %
Rinta-Jouppi Jarmo	85 224	1.98 %	110 052	0.52 %	195 276	1.69 %
Tapiola Mutual Pension Insurance Company	85 695	1.99 %	69 693	0.33 %	155 388	1.66 %
Keskisuomalainen Oyj			1 537 199	7.20 %	1 537 199	1.43 %
Mutka Heikki	69 512	1.62 %	135 391	0.63 %	204 903	1.42 %
Etelä-Pohjanmaan Osuuspankki	73 350	1.70 %	55 014	0.26 %	128 364	1.42 %
SV-Turkis Oy	64 194	1.49 %	58 022	0.27 %	122 216	1.25 %
Kyrönmaan Osuuspankki	55 134	1.28 %	42 924	0.20 %	98 058	1.07 %
Aukia Timo	50 292	1.17 %	90 245	0.42 %	140 537	1.02 %
Rinta-Jouppi Ari	48 555	1.13 %	91 539	0.43 %	140 094	0.99 %
Mikkilä Juha	49 981	1.16 %	31 450	0.15 %	81 431	0.96 %
Järvi-Laturi Heikki	41 490	0.96 %	121 576	0.57 %	163 066	0.89 %
Aukia Kari	40 397	0.94 %	113 694	0.53 %	154 091	0.86 %
Heikkilä Veikko	33 264	0.77 %	68 569	0.32 %	101 833	0.68 %
Total	1 535 279	35.67 %	6 764 830	31.67 %	8 300 109	34.87 %

MAJOR SHAREHOLDERS BY SHARES OWNED ACCORDING TO THE SHAREHOLDERS' REGISTER (registered shares)

31 Dec 2011	Series I reg.	Series II	Shares in total	% of shares
Pohjois-Karjalan Kirjapaino Oyj	99	2 577 423	2 577 522	10.04 %
Keskisuomalainen Oyj		1 537 199	1 537 199	5.99 %
Keski-Pohjanmaan Kirjapaino Oyj	190 552	599 245	789 797	3.08 %
Ilmarinen Mutual Pension Insurance Company	101 880	504 517	606 397	2.36 %
Mandatum Life Insurance Company Limited		525 649	525 649	2.05 %
Etelä-Pohjanmaan Lehtiseura ry	201 588	265 917	467 505	1.82 %
Mutual Insurance Company Pension-Fennia		400 000	400 000	1.56 %
Oy Herttaässä Ab	18 454	299 515	317 969	1.24 %
Lako Helena		310 286	310 286	1.21 %
TS-Yhtymä Oy	9 000	239 829	248 829	0.97 %
Aukia Jaakko	125 018	100 000	225 018	0.88 %
Tapiola General Mutural Insurance Company	107 190	108 336	215 526	0.84 %
Mutka Heikki	69 512	135 391	204 903	0.80 %
E-P:n Osuuskauppa	111 864	84 024	195 888	0.76 %
Rinta-Jouppi Jarmo	85 224	110 052	195 276	0.76 %
Keskinen Martti		192 541	192 541	0.75 %
Järvi-Laturi Heikki	41 490	121 576	163 066	0.64 %
Tapiola Mutual Pension Insurance Company	85 695	69 693	155 388	0.61 %
Aukia Kari	40 397	113 694	154 091	0.60 %
Aukia Timo	50 292	90 245	140 537	0.55 %
Total	1 238 255	8 385 132	9 623 387	37.50 %

BOOK-ENTRY SYSTEM

Ilkka-Yhtymä Oyj's shares are included in the book-entry system. The notification date for the transfer to the book-entry system was 7 June 1995. A shareholder list of the company's shares and their holders is maintained at Euroclear Finland Oy.

MANAGEMENT HOLDINGS

On 31 December 2011, the company's Supervisory Board, the Board of Directors and the Managing Director held a total of 1,245,218 shares, or 4.85 per cent of the entire share capital and 8.13 per cent of the votes.

SHAREHOLDERS BY NUMBER OF SHARES HELD ON 31 DEC 2011 *)

Number of shares, Series I	No. of holdings	% of holdings	No. of shares	% of shares
1 - 200	1 928	51.90	174 273	4.05
201 - 400	643	17.31	185 107	4.30
401 - 2 000	934	25.14	828 748	19.26
2 001 - 4 000	106	2.85	278 693	6.48
4 001 -	104	2.80	2 398 346	55.72
TOTAL	3 715	100.00	3 865 167	89.80
On waiting list			324 859	7.55
In joint account			114 035	2.65
SHARES ISSUED			4 304 061	100.00

Number of shares, Series II	No. of holdings	% of holdings	No. of shares	% of shares
1 - 200	2 370	27.97	247 510	1.16
201 - 400	1 322	15.60	401 281	1.88
401 - 2 000	3 422	40.38	3 270 414	15.31
2 001 - 4 000	717	8.46	2 022 451	9.47
4 001 -	643	7.59	15 312 411	71.68
TOTAL	8 474	100.00	21 254 067	99.50
In joint account			107 080	0.50
SHARES ISSUED			21 361 147	100.00

*) According to shareholders' register

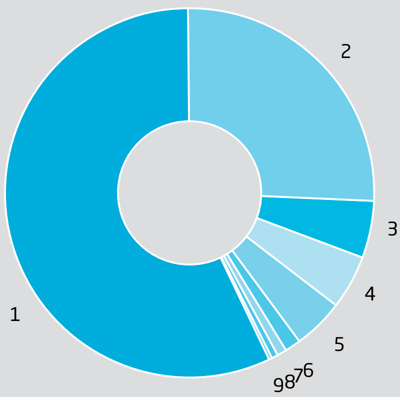
SHAREHOLDERS BY SECTOR 31 DEC 2011 *)

Shareholder category, Series I	No. of holdings	% of holdings	No. of shares	% of shares
Private companies	53	1.43	529 388	12.30
Financial institutions and insurance companies	10	0.27	278 044	6.46
Public-sector organisations	3	0.08	188 142	4.37
Non-profit organisations	78	2.10	346 074	8.04
Households	3 570	96.10	2 523 204	58.62
Foreign owners	1	0.03	315	0.01
TOTAL	3 715	100.00	3 865 167	89.80
On waiting list total			324 859	7.55
In joint account			114 035	2.65
SHARES ISSUED			4 304 061	100.00

Shareholder category, Series II	No. of holdings	% of holdings	No. of shares	% shares
Private companies	224	2.64	6 145 362	28.77
Financial institutions and insurance companies	22	0.26	940 149	4.40
Public-sector organisations	8	0.09	986 105	4.62
Non-profit organisations	133	1.57	889 175	4.16
Households	8 073	95.27	12 124 820	56.76
Foreign owners	9	0.11	13 822	0.06
Nominee-registered	5	0.06	154 634	0.72
TOTAL	8 474	100.00	21 254 067	99.50
In joint account			107 080	0.50
SHARES ISSUED			21 361 147	100.00

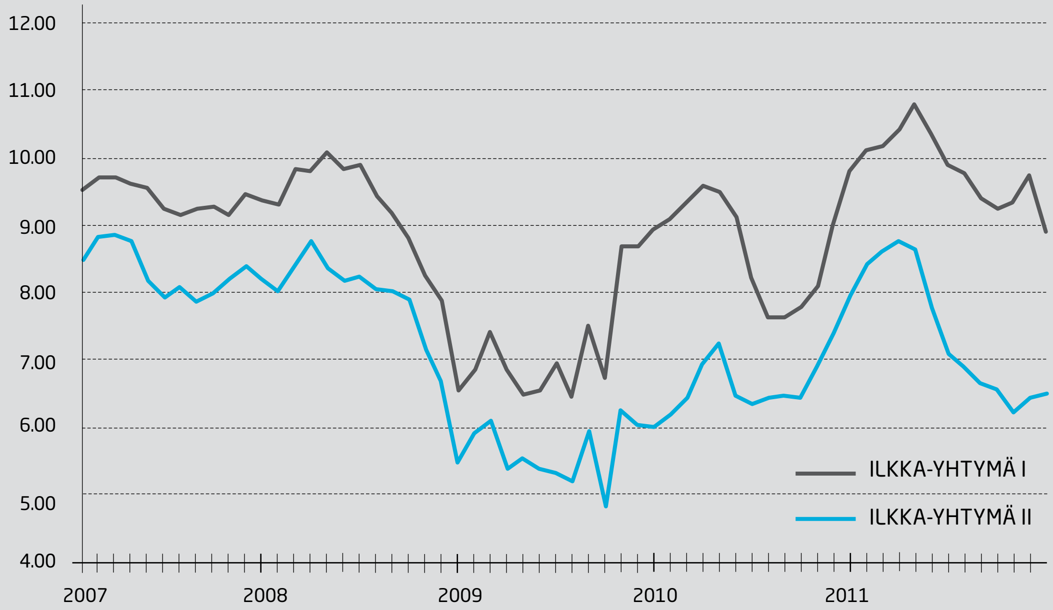
*) According to shareholders' register

SHAREHOLDERS BY SECTOR 31 DEC 2011, SERIES I AND SERIES II

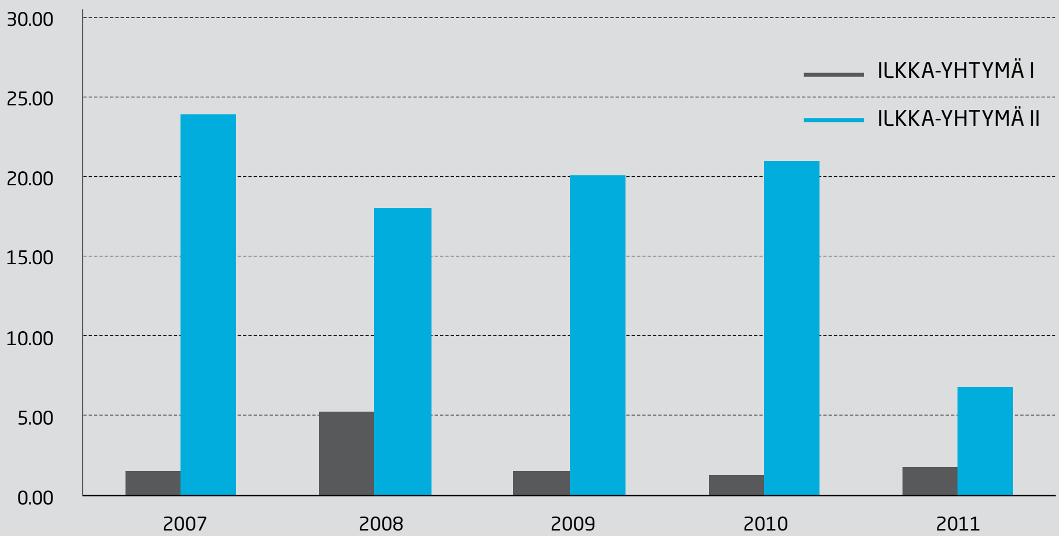


1. Households .... 57.1 %
2. Private companies .... 26.0 %
3. Non-profit organisations .... 4.8 %
4. Financial institutions and insurance companies .... 4.7 %
5. Public-sector organisations .... 4.6 %
6. On waiting list .... 1.3 %
7. In joint account .... 0.9 %
8. Nominee-registered .... 0.6 %
9. Foreing owners .... 0.1 %

ADJUSTED AVARAGE SHARE PRICE OF ILKKA-YHTYMÄ OYJ´S SHARES (EUR) 1 JAN 2007-31 DEC 2011



ILKKA-YHTYMÄ OYJ´S SHARES TRADED AS A PERCENTAGE OF TOTAL SHARES ISSUED (%) 2007-2011



Signatures of the Board of Directors' Report and Financial Statements

PROPOSAL BY THE BOARD OF DIRECTORS ON PROFIT DISTRIBUTION

The parent company's distributable funds:		
Retained earnings	EUR	23,864,167.70
The profit for the financial year	EUR	21,575,114.91
Invested unrestricted equity fund	EUR	48,497,751.08
Total	**EUR**	**93,937,033.69**

The Board of Directors proposes to the Annual General Meeting that the profit for the financial year be entered in retained earnings and that a per share dividend of EUR 0.40 be distributed, i.e. a total dividend payment of EUR 10.266.083,20.

No substantial changes have taken place in the company's financial position after the end of the financial year. In the view of the Board of Directors, the proposed dividends do not jeopardise the company's liquidity.

Seinäjoki, 20 February 2012

BOARD OF DIRECTORS

Seppo Paatelainen	Timo Aukia
Esa Lager	Sari Mutka
Tapio Savola	Riitta Viitala

Matti Korkiatupa
Managing Director

A report on the audit has been issued today.

Seinäjoki, 22 February 2012

Ernst & Young Oy
Authorised Public Accountants

Tomi Englund
Authorised Public Accountant

Auditors' Report

TO THE ANNUAL GENERAL MEETING OF ILKKA-YHTYMÄ OYJ

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Ilkka-Yhtymä Oyj for the financial year 1 January - 31 December 2011. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

RESPONSIBILITY OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the parent company's Supervisory Board and Board of Directors and the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or whether they have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

OPINION ON THE COMPANY'S FINANCIAL STATEMENTS AND THE REPORT OF THE BOARD OF DIRECTORS

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

Seinäjoki, 22 February 2012

Ernst & Young Oy
Authorised Public Accountants

Tomi Englund, Authorised Public Accountant

Supervisory Board's Statement

Having examined the company's and the consolidated balance sheets and income statements for 2011, and after reviewing the Auditor's Report, the Supervisory Board declares that it approves the Board of Directors' Report, the Financial Statements and the proposal for the allocation of the distributable retained profit. On this occasion, Supervisory Board also notifies that the terms of office of the following members of the Supervisory Board are about to expire: Vesa-Pekka Kangaskorpi, Jarmo Rinta-Jouppi, Kimmo Simberg and Jyrki Viitala. One of the two employee representatives on the Supervisory Board, Seija Peitso, has announced her resignation from this position as of 6 March 2012. She will enter the services of another company.

Seinäjoki, 5 March 2012

Lasse Hautala
Chairman of the Supervisory Board

Matti Korkiatupa
Managing Director

ADMINISTRATION

Corporate Governance

STRUCTURE OF THE ILKKA-YHTYMÄ GROUP

Ilkka-Yhtymä Group is a media group comprising the parent company Ilkka-Yhtymä Oyj, the publishing company I-Mediat Oy and the printing house I-print Oy. The Group also includes two property companies and Alma Media Corporation (29.79%), Arena Partners Oy (ca. 37.8%), Väli-Suomen Media Oy (40%) and Yrittävä Suupohja Oy (38.5%) as associated companies.

Ilkka-Yhtymä Oyj is a limited company, which in terms of decision-making and administration adheres to the Finnish Companies Act, other regulations concerning quoted companies, its Articles of Association, and the recommendations and guidelines issued by NASDAQ OMX Helsinki Oy.

Ilkka-Yhtymä Oyj complies with the Finnish Corporate Governance Code for listed companies that was issued by the Securities Market Association on 15 June 2010 and which came into force on 1 October 2010. Any divergences from these recommendations have been listed separately.

Ilkka-Yhtymä Oyj operates a two-tier administrative model. The Annual General Meeting elects the members of the Supervisory Board and the Supervisory Board elects the members of the Board of Directors.

THE ANNUAL GENERAL MEETING

The Annual General Meeting is held yearly before the end of June. According to Ilkka-Yhtymä Oyj's Articles of Association, the Supervisory Board summons the AGM and makes statements on issues to be presented at the meeting. Ilkka-Yhtymä Oyj usually holds its AGM in March or April.

The following issues are discussed at the AGM:

1. the Board of Directors' Report, including the financial statements for the previous financial year, as well as the auditor's report
2. adoption of the financial statements
3. discharge the Supervisory Board, the Board of Directors and the Managing Director from liability
4. measures warranted by the profit or loss recorded on the adopted balance sheet
5. determining the remuneration of the members of the Supervisory Board and the auditors
6. electing members of the Supervisory Board replacing those whose terms as members are about to expire and electing the auditors
7. other issues mentioned in the invitation to the meeting.

In addition, the AGM elects one auditor, which must be an Authorised Public Accountant firm approved by the Central Chamber of Commerce.

Shareholders are summoned to a General Meeting no more than three months (3) and no less than three (3) weeks prior to the General Meeting, with a notice of the General Meeting for shareholders, published in a newspaper published by the company or its subsidiary, as well as in the form of a stock exchange release and on the corporate website. However, the notice of the General Meeting is published a minimum of nine (9) days prior to the matching date of the General Meeting. The Annual Report is available from Ilkka-Yhtymä Oyj's financial services department no later than one week prior to the AGM, and is also available on the Group's website.

If a shareholder wishes to present an issue to the AGM, he or she must present it in writing to the Supervisory Board in sufficient time that it may be included in the Notice of Annual General Meeting. All shareholders who, on the record date separately announced by the company, were registered in the Shareholders Register maintained by Euroclear Finland Oy are entitled to attend the AGM. Those shareholders wishing to attend the AGM must register in advance by the final date given in the Notice of Annual General Meeting, which can be no earlier than ten (10) days prior to the meeting.

According to the Articles of Association, a single shareholder at a General Meeting may not use more than one twentieth (1/20) of the entire number of votes represented in a meeting. The goal is that all members of the Board of Directors be present at the Annual General Meeting.

Deviation from Finnish Corporate Governance
Recommendations 4 and 11:
No director candidatures are published in the notice of general meeting since the members of the Board of Directors are elected by the Supervisory Board (Section 7 of the Articles of Association). For the same reason, first-time candidates will not necessarily participate in the general meeting.

SUPERVISORY BOARD

According to Ilkka-Yhtymä Oyj's Articles of Association, the Company has a Supervisory Board with a minimum of twenty-eight (20) and a maximum of forty (30) members, two of which must be employees of the Group. The members of the Supervisory Board are elected at the AGM for a term of office of four (4) years at a time, beginning immediately after their election.

The duties of the Supervisory Board include supervising the company's management and the way it conducts its business, electing and discharging the members of the company's Board of Directors and determining their remuneration, calling meetings of the AGM, and issuing statements on issues presented to the AGM. The Supervisory Board appoints a four-person Compensation and Nomination Committee, which comprises the Chairmen and Deputy Chairmen of the Supervisory Board and the Board of Directors of Ilkka-Yhtymä Oyj, and the Head of HR, who acts as secretary.

Deviation from Finnish Corporate Governance
Recommendation 8:
Ilkka-Yhtymä has a so-called two-tier management model. The general meeting elects the members of the Supervisory Board, while the Supervisory Board elects the Board of Directors. Due to the nature of the publishing sector, interaction with the circulation area and other owners is of great importance. This interaction is enabled through the Supervisory Board, which allows the Board of Directors to be small and efficient.

The Supervisory Board convened three times during 2011. Average attendance at meetings was 70%. The Chairman and members of Ilkka-Yhtymä Oyj's Supervisory Board were paid a total of EUR 41,250 in monthly and meeting fees.

The AGM on 14 April 2011 determined Supervisory Board emoluments for 2011 as follows:

- Chairman's fee EUR 1,500/month plus the standard meeting fee of EUR 400/meeting.
- Meeting fee for members – EUR 400/meeting

BOARD OF DIRECTORS

According to the Articles of Association, the duties of the Supervisory Board of Ilkka-Yhtymä Oyj include electing and dismissing members of the company's Board of Directors and determining their remuneration. At the first meeting of the Supervisory Board following the AGM, members are elected to replace those whose membership of the Board is about to expire.

The Board of Directors comprises a minimum of four (4) and a maximum of six (6) members. Currently, the Board of Directors has six members. Board members are elected for a term of four (4) years.

Deviation from Finnish Corporate Governance
Recommendation 8:
The AGM does not elect the members of the Board of Directors, as according to Ilkka Yhtymä Oyj's Articles of Association, the company's Supervisory Board is responsible for electing and discharging the members of the Board of Directors and for determining their remuneration. An election to replace the Board's outgoing members is held at the Supervisory Board's first meeting after the AGM.

Deviation from Finnish Corporate Governance
Recommendation 10:
Under the Articles of Association, the members of the Board of Directors are elected for a term of four (4) years. In view of the continuity of operations and the regional dimension, a director's term of office is set to exceed one year.

Deviation from Finnish Corporate Governance
Recommendation 11:
Proposed candidates for the Board of Directors are not included in the Notice of Annual General Meeting, as the members of the Board of Directors are chosen by the Supervisory Board, which meets after the AGM.

Deviation from Finnish Corporate Governance
Recommendation 12:
Under the Articles of Association, the members of the Board are elected by the Supervisory Board meeting held subsequent to the Annual General Meeting. The Articles of Association do not specify a special order of appointment of the directors.

According to the Articles of Association, the tasks of the Board of Directors include supervising the company's management and the way it conducts its business, appointing and discharging the Managing Director and the Managing Director's immediate subordinates, ensuring that decisions of General Meetings and the Supervisory Board are implemented, supervising the company's finances and accounting, and granting and revoking procuration.

The Chairman of the Supervisory Board has the right to participate in Board meetings and present his opinion.

According to the standing order, the Board of Directors executes the following, inter alia:

- confirms its own standing order, which is reviewed annually
- considers and approves the Group's strategy, ensures that it remains abreast of the latest developments, approves corporate annual plans, budgets and the staff incentive scheme on the basis of the strategy, and supervises their implementation
- confirms the basic structure of the group's organisation and the group's values
- goes through the main risks related to the companies' operations on an annual basis alongside its consideration of the corporate strategy
- considers and approves the interim reports, the Board of Directors' Report and the financial statements
- meets with the auditors once a year
- defines the company's profit-distribution policy (including the dividend policy)
- appoints the Group Executive Team and the Extended Group Executive Team and the members of the functions' Executive Teams as proposed by the Managing Director
- decides on exceptionally broad issues which do not form part of the everyday operative management of the company
- based on approval clause of §3 of the Articles of Association, approves the transfer of series I shares to the shareholder register
- considers any other issues the Managing Director and the Chairman of the Board of Directors believe warrant their attention.

The Board of Directors of Ilkka-Yhtymä Oyj has analysed the independence of its members. On the basis of this analysis, all the members of the Board of Directors (Chairman Seppo Paatelainen, Deputy Chairman Timo Aukia and members Esa Lager (member as from 7 November 2011), Sari Mutka, Tapio Savola and Riitta Viitala) were declared independent of both the company and, in accordance with the Corporate Governance recommendations, of its major shareholders.

In 2011, the Board of Directors held 12 meetings and 2 teleconferences with an average participation of 97.2%. The Board of Directors conducts an internal self-assessment of its activities and working methods once a year.

There are at least 12 meetings of the Board of Directors each year. Issues considered at meetings include the financial statements and interim reports, and the monthly reports of the group's and group's subsidiaries. The Board of Directors convenes at least once a year for a strategy meeting, and confirms the plan of action and budget for the following year, at which time it also confirms investments for the coming year. Taking into consideration the size of the group and its field of business, it is fairly easy for members of the Board of Directors to develop an overall-view of the company's structure, business operations and markets.

The Managing Director functions as rapporteur at Board meetings and, if necessary, other members of the company's management can function as additional rapporteurs on the Managing Director's invitation, with regard to their expert tasks. The majority of the members of the subsidiary companies' Boards of Directors are members of the Board of Directors of the parent company.

The Supervisory Board decided at its meeting on 2 May 2011 on the Board of Directors of Ilkka-Yhtymä Oyj's emoluments for 2011 as follows:

- The Chairman's remuneration is EUR 2,500/month plus the standard fee of EUR 400/meeting.
- Vice Chairman's remuneration is EUR 1,500/month plus the standard fee of EUR 400/meeting.
- Remuneration for members is EUR 600/month plus the standard fee of EUR 400/meeting.

A total of EUR 110,063.64 (Group) was paid in monthly and meeting fees to the members of the Board of Directors of Ilkka-Yhtymä Oyj in 2009.The Board's remuneration has never been paid in own shares, nor have the share-based incentive schemes used for rewarding the members of Board of Directors.

COMPENSATION AND NOMINATION COMMITTEE

The Supervisory Board and Board of Directors have appointed a four-person Compensation and Nomination Committee to handle certain preparatory tasks. The Committee, which is set by the Supervisory Board, comprises the Chairmen and Deputy Chairmen of the Supervisory Board and the Board of Directors of Ilkka-Yhtymä Oyj, and the Head of HR, who acts as secretary. The Compensation and Nomination Committee meets at least twice a year, or as required. The Committee met four times in 2011. Remuneration for members is EUR 400/meeting. Remuneration is not paid if the meeting is on the same day that the meeting of the Board of Directors and/or Supervisory Board. Average attendance at meetings was 100%.

Deviation from Finnish Corporate Governance
Recommendation 22:
The Board of Directors does not elect the members of the Compensation and Nomination Committee, since the company has a Supervisory Board which appoints said committee.

The Compensation and Nomination Committee prepares and presents the following for consideration and approval by the relevant body:

- Chairmen and compensation of members of the Supervisory Board and Board of Directors
- Members and compensation of the Boards of Directors of Group subsidiaries
- The profit-related incentive scheme for Group personnel
- The salary and other benefits of the Group's Managing Director and his immediate subordinates
- The written contract of the Managing Director of Ilkka-Yhtymä Oyj
- The performance-related incentive scheme for the extended Group Executive Team
- The choice of auditors and deputy auditors

The Committee makes suggestions to the Annual General Meeting for candidates to replace outgoing members of the Supervisory Board, and also makes suggestions to the Supervisory Board for candidates to replace outgoing members of the Board of Directors.

No other committees have been appointed.

GOVERNING BODY IN CHARGE OF AUDIT COMMITTEE DUTIES

Deviation from the Finnish Corporate Governance
recommendations 24, 25, 26, 27:
Ilkka-Yhtymä has not established an audit committee. Considering the company's business sector, home market-orientation and the extensiveness of its operations, the Board has been deemed as having the opportunity to familiarise itself with the matters relating to finance and control while also managing communications with the auditors.

Ilkka-Yhtymä does not appoint an audit committee; the Board of Directors of the company is in charge of the related duties. On an annual basis, decisions of greater scope are taken alongside the Authorised Public Accountant, which the Authorised Public Accountant then analyses and reports to the Chairman of the Board of Directors and the Managing Director. The essential sections of the report are discussed at Board of Directors' meetings.

MANAGING DIRECTOR

The Managing Director of Ilkka-Yhtymä Oyj is also the Managing Director of the Group and is responsible for the operations of the entire Group in line with the aims and instructions issued and approved by its Board of Directors. As the Managing Director of Ilkka-Yhtymä Oyj, the Managing Director of the group is in charge of the company's day-to-day administration and the achievement of its goals, as well as preparing issues in line with instructions issued by the Board of Directors. The

Managing Director of the subsidiary, function managers as well as appointed persons in charge of units report to the Group Managing Director. The Group Managing Director is assisted by the Group Executive Team, proposed by the Managing Director and appointed by the Group's Board of Directors.

The Managing Director and the Group's extended Executive Team are covered by the Group's general profit-related incentive scheme. The profit-related bonus is based on the target gross margin approved by the Board of Directors and company-specific scorecard targets.

The Managing Director and the Group's extended Executive Team are also covered by a performance-related incentive scheme, annually determined by the Board. The performance-related bonus depends on attaining operational targets, set by the Board for each financial year and supporting both a short- and long-term strategy of profitable growth. The potential bonus is paid into the voluntary, defined-contribution group pension plan. In this voluntary plan, the retirement age is defined at 60 years, at which time the payment of pension contributions will end. The pension is determined based on the amount of pension savings accrued by the date on which the pension begins. Under the terms and conditions of the group pension plan for the Managing Director and Executive Team members, the insured is entitled to a vested pension i.e. paid-up pension insurance corresponding to the pension savings accrued by the end of the employment contract. This vested pension includes old-age pension after the retirement age, as well as disability and life cover. The retirement age of the Managing Director and the Group's extended Executive Team has not been agreed.

The maximum amount of bonuses is a sum equalling 4 months' salary. The Group applies no incentive scheme based on rewarding the management with the company's own shares.

The terms and conditions of the Managing Director's employment are defined in a written executive contract. The Managing Director's retirement age will be determined by the prevailing old-age pension system. In the case of dismissal by the company, the Managing Director's period of notice is 6 months before the age of 63, in addition to which the company will pay severance pay equalling 18 months' salary. Severance pay equals 24 months' salary in the event of a merger or other business reorganisation. In the case of resignation, the Managing Director's period of notice is 6 months.

In 2011, the Managing Director Matti Korkiatupa was paid a total of EUR 254,533 in salary and fringe benefits and EUR 50,451 in pension contributions.

GROUP EXECUTIVE TEAM

The Group Executive Team supports the Managing Director in steering and developing the group's business in pursuit of the strategic goals presented by the team and approved by the Board of Directors. The actual Group Executive Team comprises the parent company's Managing Director in the role of Chairman, the Financial Director and Head of HR, the Managing Director of I-print Oy, and the Chairman of the I-Mediat Oy editorial function's Executive Team (alternately the Editor-in-Chief of Ilkka or Pohjalainen). The Group Executive Assistant serves as the secretary to the Executive Team. In addition to the above, the Group's extended Executive Team includes the Director in charge of provincial papers consumer marketing; the Director in charge of provincial papers corporate marketing; Editor-in-Chief of Ilkka or Pohjalainen; the Director of web and mobile operations; the Local Newspaper Director, the Head of Marketing for the Printing House; and the parent company's Development and Data Administration Manager. The duties of the Group's Executive Team are determined in the operating instructions, approved by the Board of Directors.

The Group Executive Team falls under the Group's incentive scheme. Incentive bonuses are based on the target gross margin approved by the Board of Directors and company-specific Balanced Scorecard objectives. Moreover the Group's extended Executive Team is covered by an incentive scheme, annually determined by the Board of Directors.

In 2011, the Group's Executive Team convened 11 times, including 5 occasions involving the Group's extended Executive Team. The subsidiaries have their own Executive Teams, meetings of which are attended by the Managing Director of the parent company.

INTERNAL CONTROL, RISK MANAGEMENT AND INTERNAL AUDITORS

Internal control is implemented according to the operating instructions and principles prepared by the management and approved by the Board of Directors. The Group monitors the attainment of objectives using the agreed reporting systems. In its meetings, the Board of Directors consider, for instance, the financial statements, interim reports and the Group's and subsidiaries' monthly reports. At least once a year, the Board of Directors also holds a strategy meeting. The Board of Directors confirms investments for the following year. Considering the Group's size and business sector, it is relatively easy for Board members to gain an overall view of the company's structure, business, markets and level of internal control.

The Board of Directors has approved the Risk Management Policy of Ilkka-Yhtymä, which includes all essential items for implementing comprehensive risk management. The Risk Management Policy serves as the foundation for all of the Group's risk management documentation and its practical implementation, and is part of the Group's management system approved by the Board of Directors. Supporting a jointly agreed vision and the strategy derived thereof, the policy contributes to ensuring that the long-term business goals are achieved, enabling Ilkka-Yhtymä to be an attractive and successful communications group embracing the spirit of our times.

The Risk Management Policy includes a written document and descriptions of key risks and the related management measures defined in separate risk databases. For identified key risks, risk management responsibilities have been defined by function, by profit centre, by subsidiary and at Group level, and those assigned as being responsible thereof have the capabilities required for risk management tasks. The

Group's risk management procedures are consistent and known to the staff participating in holistic risk management.

Considering the nature and extent of Ilkka-Yhtymä Oyj's business, the Group does not sustain a separate internal audit department, but this fact is taken into account in the auditors' audit plan. Every year, the company agrees with the audit firm on the closer assessment of larger entities and on reporting the audit findings to the company's Managing Director and the Chairman of the Board of Directors. Subsequently, the Board of Directors will review the report's most important sections.

INSIDER ADMINISTRATION

In accordance with Insider standard 5.3. regulations of the Securities Market Act, statutory insiders in Ilkka-Yhtymä Oyj include the members of the Board of Directors and the Supervisory Board, the Managing Director and the auditors. In addition to the above-mentioned statutory insiders, according to a decision by the Board of Directors, permanent public insiders include the members of the Group Executive Team and the members of the Extended Group Executive Team. The company-specific insiders of Ilkka-Yhtymä Oyj include the members of the subsidiaries' Boards of Directors; members of the subsidiaries' Executive Teams; some members of certain functions' and profit centres' Executive Teams; the Executive Assistant at the parent company; and employees from the Group's financial department. When necessary, a project-specific insider register will be maintained concerning large or otherwise significant projects. The Group's Financial Director is responsible for insider administration.

Ilkka-Yhtymä Oyj complies with the Guidelines for Insiders adopted by the NASDAQ OMX Helsinki Ltd., the Central Chamber of Commerce and the Confederation of Finnish Industries EK. In addition, the Group's Board of Directors has ratified Ilkka-Yhtymä Oyj's insider information guidelines, which have been issued to all the company's insiders. Starting from 1 January 2009, the Board of Directors has set the duration of the so-called "closed window" at four (4) weeks, i.e. insiders may not trade in Ilkka-Yhtymä Oyj shares four weeks prior to the publication of the financial accounts and interim reports.

Insiders are obliged to notify Ilkka-Yhtymä Oyj's financial administration department of any changes in the details held in the insider register within seven (7) days of the change. Once a year, the company's financial administration department will also send insiders a printout of their details for verification. The company examines trading by insiders at least once a year.

Information on the holdings of the public insiders of Ilkka-Yhtymä Oyj is available on our website at www.ilkka-yhtyma.fi. The information contained in Ilkka-Yhtymä's insider register is also available at the service desk of Euroclear Finland Oy, Urho Kekkosen katu 5 C, 8th floor, FI-00100 Helsinki.

In 2011, the closed window periods were set at 25 January–22 February 2011 for the publication of the financial statements bulletin for 2010 and, for the interim reports for 2011, 4 April–2 May 2011, 4 July–1 August 2011 and 10 October –7 November 2011. The corresponding periods for 2012 are 23 January–20 February 2012 for the publication of the financial statements bulletin for 2011 and, for the interim reports for 2012, 9 April–7 May 2012, 9 July–6 August 2012 and 8 October –5 November 2012.

AUDITING OF THE ACCOUNTS

The company has one auditor, which must be an Authorised Public Accountant firm approved by the Central Chamber of Commerce. The 2011 AGM of Ilkka-Yhtymä Oyj elected Ernst & Young Oy, Authorised Public Accountants, as the auditor, with Tomi Englund, Authorised Public Accountant, as the principal auditor. The supervisory audit was performed by Ernst & Young Oy, Authorised Public Accountants.

In 2011, for the auditing of Ilkka-Yhtymä Group's companies, the following fees were paid to Ernst & Young Oy: EUR 37 thousand for auditing; EUR 0.2 thousand for certificates and statements, EUR 7 thousand for tax consultancy and EUR 15 thousand for other services.

COMMUNICATIONS

The Managing Director of Ilkka-Yhtymä Oyj is responsible for Group's external communications. The Ilkka-Yhtymä Group's investor and media relations are handled by the Group's financial administration department under the direction of the Managing Director. The Group's financial administration department is also responsible for online investor information and stock exchange bulletins.

SHAREHOLDER CONTRACTS

Ilkka-Yhtymä Oyj has a shareholder contract on the ownership and operations of Arena Partner Oy and Väli-Suomen Media Oy.

Supervisory Board

The Supervisory Board convened three times during the year. In 2011, its number of members was 25, including two employee representatives.

	Member of the Supervisory Board since	Current term will expire in
Chairman Lasse Hautala, Kauhajoki Member of Parliament	2010	2015
Vice Chairman Perttu Rinta, Mikkeli Managing Director, Suur-Savon Sähkö Oy	1999	2015
Markku Akonniemi, Töysä Farmer	1985	2013
Kari Aukia, Vaasa Entrepreneur, Kari Aukia Oy	2006	2014
Sami Eerola, Nurmo Agricultural entrepreneur	2008	2014
Jari Eklund, Helsinki Director, Tapiola General Mutual Insurance Company and Tapiola Mutual Life Assurance Company	1998	2014
Juhani Hautamäki, Ylivieska Managing Director, Bet-Ker Oy	2009	2013
Satu Heikkilä, Helsinki	2010	2015
Heikki Järvi-Laturi, Teuva Farmer	2001	2013
Vesa-Pekka Kangaskorpi, Jyväskylä Managing Director, Keskisuomalainen Oyj	2000	2012
Johanna Kankaanpää, Ähtäri Chairman of the Board, MTK in South Ostrobothnia	2008	2014
Yrjö Kopra, Helsinki Managing Director, Alexander Corporate Finance Oy	1998	2014
Petri Latva-Rasku, Tampere Project Manager, Nokia Oyj	2007	2013
Juha Mikkilä, Kurikka Business College Graduate, agricultural and forestry entrepreneur	1990	2014

	Member of the Supervisory Board since	Current term will expire in
Seija Peitso, Seinäjoki *) Accounting Assistant, Ilkka-Yhtymä Oyj	2009	2013
Ari Rinta-Jouppi, Vähäkyrö Managing Director, Rauno Rinta-Jouppi Oy	1999	2015
Jarmo Rinta-Jouppi, Seinäjoki Managing Director, Jarmo Rinta-Jouppi Oy	2004	2012
Minna Sillanpää, Seinäjoki Managing Director, The Regional Organization of Enterprises in South Ostrobothnia	2011	2015
Kimmo Simberg, Seinäjoki Managing Director, Etelä-Pohjanmaan Osuuskauppa	2004	2012
Petri Taipale, Seinäjoki *) Maintenance Technician, I-print Oy	2009	2013
Sami Talso, Mustasaari Managing Director, Talso Oy	2008	2014
Raija Tikkala, Jurva Office Director, Social Insurance Institution	1995	2015
Marja Vettenranta, Laihia Study Coordinator, University of Vaasa	1997	2013
Jorma Vierula, Seinäjoki Acting Regional Director, Finnish Forestry Centre, Regional Unit for South and Central Ostrobothnia	2011	2015
Jyrki Viitala, Seinäjoki Managing Director, Seinäjoen Käyttöauto Oy	2000	2012

*) Employee representative
Employees are represented on the Supervisory Board of Ilkka-Yhtymä Oyj.

Remunerations in 2011:
For the Chairman, EUR 1,500 per month and a standard fee of EUR 400 per meeting.
For each member, a standard fee of EUR 400 per meeting.

Board of Directors

SEPPO PAATELAINEN
b. 1944, Suonenjoki
M.Sc. (Agr. & For.)
Ilkka-Yhtymä Oyj, Chairman of the Board of Directors since 2007
Shareholdings: 13,125 shares

SARI MUTKA
b. 1968, Kauniainen
M.Sc. (Econ.),
Development Manager,
Ilkka-Yhtymä Oyj, member of the Board of Directors since 2007.
Shareholdings: 81,287 shares

TIMO AUKIA
b. 1973, Tampere
M.Sc. (Econ.), Managing Director
Ilkka-Yhtymä Oyj, Vice Chairman of the Board of Directors since 2007
Shareholdings: 140,537 shares

TAPIO SAVOLA
b. 1959, Lappajärvi
LL.M., Master of Laws trained on the bench, Ilkka-Yhtymä Oyj, member of the Board of Directors since 1991.
Shareholdings: 4,073 shares

ESA LAGER
b. 1959, Kauniainen,
M.Sc. (Econ.), LL.M.,
Chief Financial Officer
Ilkka-Yhtymä Oyj,
member of the Board of Directors
since 7 November 2011
Shareholdings: 8,000 shares

RIITTA VIITALA
b. 1959, Vaasa
PhD (Econ.), Professor,
Ilkka-Yhtymä Oyj, member of the Board of Directors
since 2010
Shareholdings: -

AUDITORS
Ernst & Young Oy
Authorised Public Accountants
Tomi Englund,
Authorised Public Accountant

Chairman of the Board of Directors
SEPPO PAATELAINEN

Born in 1944, M.Sc. (Agr. & For.), Vuorineuvos (Finnish honorary title), Suonenjoki
Ilkka-Yhtymä Oyj, Chairman of the Board of Directors since 2007, current term ending in 2015

Ilkka-Yhtymä Oyj, member of the Board of Directors, 1994–1998 and 1999-2007

Board of Directors membership in the following Group subsidiaries:
- I-Mediat Oy (form. Vaasa Oy) 1995–1998, 2000- 2009, Chairman since 2010
- Sanomalehti Ilkka Oy, 1999–2007, Chairman 2007–2009
- I-print Oy, since 2007

Board of Directors membership in the following companies:
- Kesko Oyj since 2006, Vice Chairman since 2009
- Alma Media Corporation, member of the Board of Directors and Vice Chairman of the Board 2009-2011, Chairman since 2011
- Finavia Corporation, Chairman of the Board 2010-2011
- Seinäjoki Region Business Service Centre, Chairman of the Board of Managers since 2009–

Previously, for instance, Managing Director and member of the Board of Directors at Atria Yhtymä Oyj, 1991–2006

Shareholdings: 13,125 shares
Emoluments in 2011 (Group): EUR 44,900

Vice Chairman of the Board of Directors
TIMO AUKIA

Born in 1973, M.Sc. (Econ.),
Managing Director, Tampere
Ilkka-Yhtymä Oyj, Vice Chairman of the Board of Directors since 2007, current term ending in 2012.

Ilkka-Yhtymä Oyj, member of the Supervisory Board, 1999-2007

Board of Directors membership in the following Group subsidiaries:
- I-Mediat Oy (form. Vaasa Oy), Chairman of the Board 2007-2009, Vice Chairman since 2010
- I-print Oy, since 2007
- Sanomalehti Ilkka Oy 2007-2009
- Pohjanmaan Lähisanomat Oy 2001-2007

Board of Directors membership in the following companies:
- Alma Media Corporation since 2011

Managing Director of Timo Aukia Oy since 1999
Managing Director of Jaakko Aukia Oy since 2012

Shareholdings: 140,537 shares
Emoluments in 2011 (Group): EUR 32,900

ESA LAGER

Born in 1959, M.Sc. (Econ.), LL.M., Chief Financial Officer, Kauniainen

Ilkka-Yhtymä Oyj, member of the Board of Directors since 7 November 2011, current term ending in 2014.

Board of Directors membership in the following Group subsidiaries:
- I-Mediat Oy, since 19 December 2011

Board of Directors membership in the following companies:
- Olvi Oyj, Vice Chairman since 2002
- Subsidiaries of Outokumpu Group

Chief Financial Officer (CFO) at Outokumpu Oyj since 2005
Outokumpu Oyj, deputy to the CEO since 2011

Shareholdings: 8,000 shares
Emoluments in 2011 (Group): EUR 1,464

SARI MUTKA

Born in 1968, M.Sc. (Econ.), Development Manager, Kauniainen
Ilkka-Yhtymä Oyj, member of the Board of Directors since 2007, current term ending in 2013.

Ilkka-Yhtymä Oyj, member of the Supervisory Board, 2002–2007

Board of Directors membership in the following Group subsidiaries:
- I-Mediat Oy, since 2010
- Sanomalehti Ilkka Oy, 2007–2009

Previously Financial Administration employee at FIM Oyj, 2004-2008
Business Consultant at Uusimaa's ELY centre 2009–2011
Development Manager at Uusimaa's ELY centre since 2012

Shareholdings: 81,287 shares
Emoluments in 2011 (Group): EUR 10,500

TAPIO SAVOLA

Born in 1959, LL.M., Master of Laws trained on the bench, Lappajärvi
Ilkka-Yhtymä Oyj, member of the Board of Directors since 1991, current term ending in 2015.

Board of Directors membership in the following Group subsidiaries:
- I-Mediat Oy since 2010
- Pohjanmaan Lähisanomat Oy, Chairman of the Board of Directors, 1999-2009
- Sanomalehti Ilkka Oy, 1999–2009

Board of Directors membership in the following companies:
- Keski-Pohjanmaan Kirjapaino Oyj since 2009
- Keski-Pohjanmaan Viestintäyhtymä Oy since 2009

Currently Lawyer at Lakiasiaintoimisto Savola & Savola

Shareholdings: 4,073 shares
Emoluments in 2011 (Group): EUR 10,500

RIITTA VIITALA

Born in 1959, PhD (Econ.), Professor, Vaasa
Ilkka-Yhtymä Oyj, member of the Board of Directors since 2010, current term ending in 2014.

Board of Directors membership in the following Group subsidiaries:
- I-Mediat Oy, since 2010
- Vaasa Oy, 2007–2009

Board of Directors membership in the following companies:
- Vacon Oyj, since 2008
- Vaasan Sähkö Oyj, since 2005
- Ostrobothnia Chamber of Commerce, Vaasa Department, since 2010

Currently Head of Department, Department of Management, University of Vaasa.

Shareholdings: -
Emoluments in 2011 (Group): EUR 9,800

Managing Director
MATTI KORKIATUPA

Born in 1955, M.Sc. (Agr. & For.), Seinäjoki
Managing Director of Ilkka-Yhtymä Oyj since 1999

Board of Directors membership in the following Group subsidiaries:
- Vaasa Oy, Vice Chairman of the Board of Directors, 2007–2009
- Pohjanmaan Lähisanomat Oy, 2007–2009
- I-print Oy, member of the Board of Directors since 1999; Chairman since 2007

Board of Directors membership in the following companies:
- Arena Partners Oy, member of Board of Directors since 2000, Vice Chairman 2006-2010, Chairman 2000–2004 and since 2010
- Anvia Oyj, member of the Board of Directors, since 2007
- Alma Mediapartners Oy, member of the Board of Directors since 2010

Other positions of trust
- Finnish Newspaper Association, member of the Board since 2000, Second Vice Chairman 2009-2010, Chairman since 2011
- Board member at WAN-IFRA since 2009
- Confederation of Finnish Industries, member of Regional Board since 2005, Chairman since 2011
- South Ostrobothnia Chamber of Commerce, member and Vice Chairman of the Board of Directors, 2000-2007, Chairman 2008-2010, member of the Board of Directors 2010-2011
- Delegation of the Central Chamber of Commerce, member 2000-2010
- Finnish Newspaper Association, Distribution Section, Chairman 2008-2010
- Finnish Newspaper Association, Circulation and Distribution Section, Chairman, 2005-2007

Previously, for instance, Regional Manager at Tapiola Group, 1992–1998.

Member of the Board of Directors	Member of the Board of Directors since	Expiry of current term
Seppo Paatelainen, M.Sc. (Agr. & For.), Suonenjoki, Chairman	1999	2015
Timo Aukia, Managing Director, Tampere, Vice Chairman	2007	2012
Esa Lager, Chief Financial Officer, Kauniainen	2011	2014
Sari Mutka, Development Manager, Kauniainen	2007	2013
Tapio Savola, Master of Laws trained on the bench, Lappajärvi	1991	2015
Riitta Viitala, PhD (econ.), Professor, Vaasa	2010	2014

Group Executive Team

The Group Executive Team convened 11 times in 2011.

MATTI KORKIATUPA
Ilkka-Yhtymä Oyj, Managing Director since 1999
Born in 1955, M.Sc. (Agr. & For.)
Chairman of the Group Executive Team
Shareholdings: 12,521 shares

PAULA ANTTILA
Ilkka-Yhtymä Oyj, Financial Director since 1998
Born in 1952, M.Sc. (Econ.)

- Ilkka-Yhtymä Oyj, deputy to the Managing Director
- Ilkka-Yhtymä Oyj, secretary of the Board of Directors

Previous experience includes:
- Alko Ltd, Koskenkorva plant / Primalco Oy, grain industry, Financial Manager, 1983-1998

Shareholdings: 1,319 shares

MATTI KALLIOKOSKI
I-Mediat Oy, the Chairman of the editorial function's Executive Team 2010-2011, Editor-in-Chief of Ilkka since 2008
Born in 1970, M.Sc. (Pol.)

- Sanoma School of Journalism
- Väli-Suomen Media Oy, member of the Board of Directors since 2008, Chairman since 2011
- Keskipohjanmaa Foundation, member of the Board since 1994
- Finnish Newspaper Association, Chairman of the Young Readers Section 2008-2011
- Finnish Newspapers Association, member of the New Online and Print Reader Relationships group since 2011
- The Rural Culture Foundation, Chairman since 2006
- University Association of South Ostrobothnia, member of the Board since 2007, Chairman since 2011

Previous experience includes:
- Keskipohjanmaa, Chief Editor, 2004
- Helsinki Institute for Information Technology, researcher, 2002-2003
- Office of the President of the Finnish Republic, Special Adviser, 1998-2000
- Nokia Telecommunications, Planner 1996-1998
- The Finnish Institute of International Affairs, Chief Editor, 1994-1995

Shareholdings: 1,400 shares

SEPPO LAHTI
I-print Oy
Managing Director since 2003
Born in 1963, M.Sc. (Eng.)

Previous experience includes:
- Oy Metsäbotnia Ab, Customer Service Manager, Brand Manager and Technical Support Manager, 1995-2003
- Veitsiluoto Oy, R&D engineer, 1989-1994

Shareholdings: -

PAULA MAHLAMÄKI
Ilkka-Yhtymä Oyj, Head of HR since 1991
Born in 1954, M.Sc. (Econ.)

- Finnish Newspaper Association, member of the Services Section 2008-2011

Previous experience includes:
- Era-Pak Ky, Office Manager, 1979-1990

Shareholdings: 2,075 shares

Extended Group Executive Team (in addition to the aforementioned)

The Extended Group Executive Team convened 5 times in 2011.

SAULI HARJAMÄKI

I-Mediat Oy, Director in charge of Local Newspapers since 1990
Born in 1958, M.Sc. (Econ.), Bachelor of Business Administration, B.Sc. (Eng.)

- Yrittävä Suupohja Oy, member of the Board of Directors since 1992
- Etelä-Pohjanmaan Uusyrityskeskus Neuvoa-Antava, member of the Board of Directors since 1999
- KaupunkiPlus Oy, member of the Board since 2008

Previous experience includes:
- Pohjanmaan Paikallistelevisio Oy, Managing Director, 1991–2002
- Sento Oy Högfors, Regional Director, 1988–1990

Shareholdings: -

KALLE HEISKANEN

I-Mediat Oy, Editor-in-Chief of Pohjalainen since 2010
Born in 1950

Previous experience includes:
- Turun Sanomat, 3rd Chief Editor, and Head of the Editorial Staff of the Helsinki office of Turun Sanomat and Väli-Suomen Media 2006-2010
- Managing Editor at the Helsinki office of Turun Sanomat and Aamulehti 2001-2006
- YLE TV News, Editor for Economic and Business News, Head of Business News, Brussels correspondent 1989-2001
- Head of the Editorial Staff of the Helsinki office of Turun Sanomat and Savon Sanomat 1986-1989
- Helsingin Sanomat, Parliament Editor, Editor for Economic and Business News, 1977-1986

Shareholdings: -

ARI MONNI

Ilkka-Yhtymä Oyj, Data Administration and Development Manager since 1994
Born in 1958, B.Sc. (Eng.)

- Arena Interactive Oy, member of the Board since 2007, Vice Chairman since 2009
- South Ostrobothnia Chamber of Commerce, member of the ICT Committee since 2005
- Centre for Economic Development, Transport and the Environment of western Finland, ICT-committee of preparedness in Ostrobothnia, member since 2009

Previous experience includes:
- Vaasa Oy Seinäjoen Kirjapaino, Print shop Manager, 1987–1994
- Oy Seinäjoki (the paper Etelä-Pohjanmaa), Managing Director in addition to his regular duties, 1993–1994
- Vaasa Oy Kirjapaino, Production Manager, 1985–1987

Shareholdings: 4,972 shares

MARKO ORPANA

I-Mediat Oy, Director in charge of web and mobile business operations since 2007
Born in 1971, M.Sc. (Econ.)

- Arena Partners, Chairman of the e-Business Group, since 2009
- Finnish Newspapers Association, member of the Newspapers Are a Growth Sector group since 2011.

Previous experience includes:
- Itella Information, Sales and Marketing Director, Finland, 2003-2007

Shareholdings: 500 shares

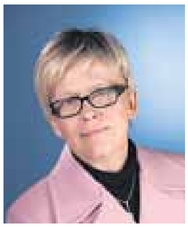
PÄIVI SAIRO

I-Mediat Oy, Director in charge of the provincial newspapers' consumer marketing and of coordinating Pohjalainen's operations since 2010, Director in charge of Vaasa Oy's business operations 2001–2009
Born in 1956, M.Sc. (Econ.)

- Finnish Newspaper Association, member of the Editorial Section 2008-2011

Previous experience includes:
- Nordea, Bank Manager, 1986-2000

Shareholdings: 4,221 shares



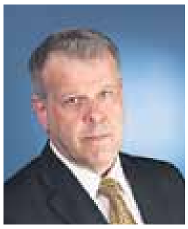
ANNA-MAIJA UITTO

I-print Oy, Marketing Manager since 2001
Born in 1952, Correspondent

- Etelä-Pohjanmaan Messut Oy, member of the Board of Directors since 2003, Vice Chairman since 2009

Previous experience includes:
- Etelä-Pohjanmaan Messut Oy, Managing Director 1999 - 2000
- South Ostrobothnia Chamber of Commerce, Assistant Director 1995 -1999
- Kurikan Ammattioppilaitos, secretary for international affairs 1991 - 1995
- Entrepreneur, 1985-1991
- Teelikamenten Oy, Export Manager, 1982–1984

Shareholdings: 500 shares



HANNU UUSIHAUTA

I-Mediat Oy, Director in charge of the provincial newspapers' corporate marketing and of coordinating Ilkka's operations since 2010, Director in charge of Sanomalehti Ilkka Oy's business operations 2002–2009
Born in 1956, Business College Graduate

- Arena Partners, Chairman of the Marketing Section 2007-2010
- Kärkimedia Oy, member of the Board since 2008

Previous experience includes:
- If P&C Insurance Company Ltd, Sales Director, 2001-2002
- Sampo-Leonia/Sampo Bank, Regional Director, 2000–2001
- Sampo Insurance Company Ltd, Office Director, 1988–2000
- Sampo Mutual Insurance Company Ltd, Office Manager, 1980-1988

Shareholdings: -

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