Annual Report 2010

ILKKA-YHTYMÄ

Contents

Design/layout: I-print | plus, **Photos:** The archives of Ilkka, Pohjalainen and I-print Oy, Tomi Kosonen and Jaakko Kuivamäki **Printed by:** I-print Oy

A Year of Reforms

DUE TO THE CHALLENGING BUSINESS ENVIRONMENT, our net sales contracted last year. Publishing operations increased as advertising recovered towards the year-end, but circulation volumes remained under pressure. Our printing operations contracted, with the conclusion of the printing contract with HSS-Media.

Our development programme, launched in 2009, aims to safeguard the competitiveness of our products and services. The programme will focus on organisational and management reforms, more efficient practices and the related supporting systems, network development and renewal, and ensuring that our staff are development-oriented and motivated.

I-MEDIAT OY, the result of a merger between publishing companies, began operating at the turn of the year. I-print Oy, in turn, centralised its operations in Seinäjoki at the beginning of 2010. In our customer work, we underline our papers' and I-print's brands. For steering internal processes, the Group adopted a new, function-based management system. Within this new structure, our functions include content design, marketing, printing and multi-channel distribution. Operating under the management of these functions is a shared editorial department for provincial papers, alongside joint customer service and marketing support, delivery, advertisement production and research operations. A new editing system was adopted for all papers, and the modernisation of provincial papers' visual identities was finalised early in the summer. Later in the summer, a project was launched for the reform of our online services. This reform will lend support to our strategic policies for the expansion of our multichannel papers' online services.

In our customer work, we underline our papers' and I-print's brands.

IN CONTENT DESIGN, we began using shared international news pages produced jointly by provincial papers. We also began editorial collaboration with the newspapers Kaleva and Keskipohjanmaa. Our collaboration with Arena Partners, specialising in online and mobile business, was expanded through joint ventures with Alma Media. For our customers, this collaboration made Etuovi.com and Autotalli.com, the leading Finnish services in housing and car advertisements, available.

In order to ensure our readiness in the face of our changing media environment, we participate in the eReading project by Finnmedia (the Federation of the Finnish Media Industry). This project involves an evaluation of the suitability of e-reading devices as a delivery channel for newspapers, and of the related new earning opportunities. In response to the challenges of new operating and working practices, we have implemented an HR development programme and staff training conducted in Ilkka Academy.

BY INCREASING OUR ALMA MEDIA HOLDING through a share purchase towards the end of the year, we reduced our regional dependency and markedly reinforced the Group's profit-making potential. In spite of growth in borrowed capital, the Group's cash flow from operations developed positively and our equity ratio remained above 50%.

For 2011, we predict that both net sales and operating profit from our publishing and printing businesses will increase, in spite of the sector's challenging cost developments. The greatest cost pressures relate to developments in newsprint and delivery prices.

I would like to express my thanks to the entire personnel for its fine performance in the midst of change. I would also like to thank our customers and administration representatives for their support on our journey towards achieving our vision, of becoming a media group operating in the spirit of our times.

Matti Korkiatupa
Managing Director

Ilkka-Yhtymä Group in Brief

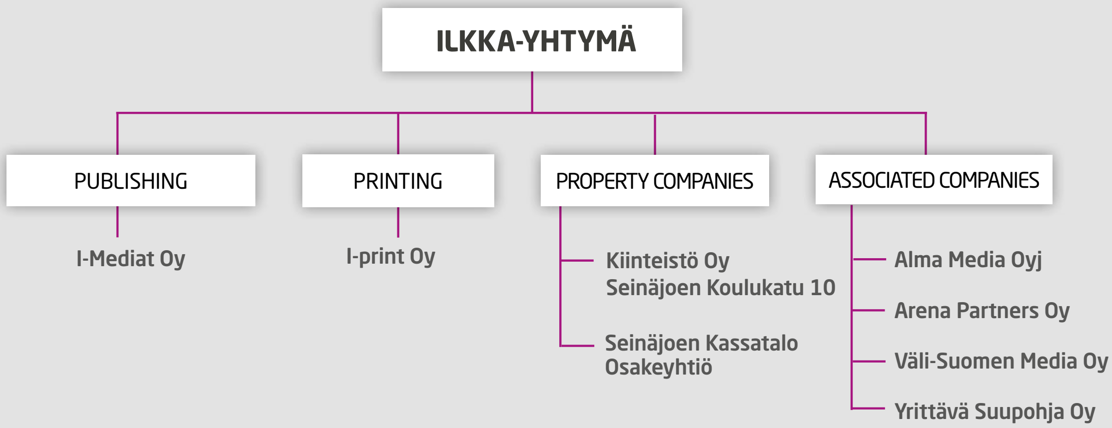
ILKKA-YHTYMÄ GROUP is a media group comprising the parent company Ilkka-Yhtymä Oyj, the publishing company I-Mediat Oy and the printing house I-print Oy. The Group also includes two property companies and Alma Media Oyj, Arena Partners Oy, Väli-Suomen Media Oy and Yrittävä Suupohja Oy as associated companies.

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 Discretionary sector, the company's market value being classified as Mid Cap. The Series I shares are listed on the Pre List.

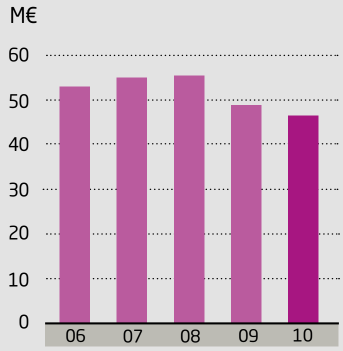
The parent company is responsible for the Group's management, strategic planning and development of strategies together with its subsidiaries. Ilkka-Yhtymä Oyj offers its subsidiaries services ranging from financial and investment services to human relations, development and information management and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

ILKKA-YHTYMÄ GROUP (IFRS)	2010	2009	Change-%
Net sales, MEUR	**46.5**	48.8	-4.7
Operating profit, MEUR	**14.5**	10.5	38.1
Profit before taxes, MEUR	**14.7**	13.5	8.7
Return on investment (ROI), %	**9.6**	14.1	
Earnings per share (EPS), EUR	**0.50**	0.55	-8.3
Dividend per share, EUR	**0.50 *)**	0.35	
Equity ratio, %	**53.8**	69.0	
Gross capital expenditure, MEUR	**53.5**	37.4	43.0
Personnel	**343**	366	-6.3

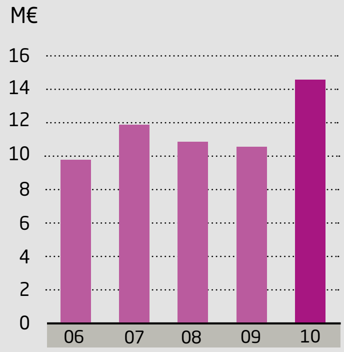
*) Board of Directors´ proposal



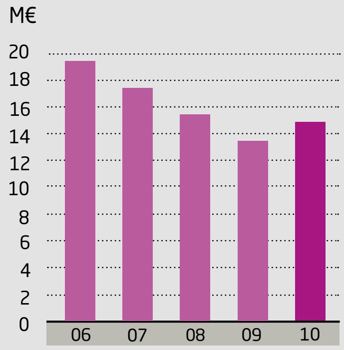
NET SALES



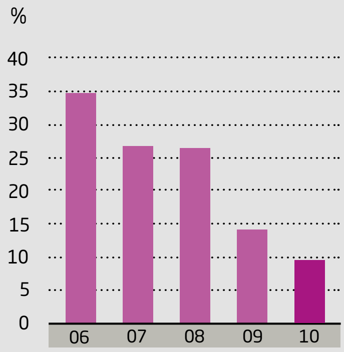
OPERATING PROFIT



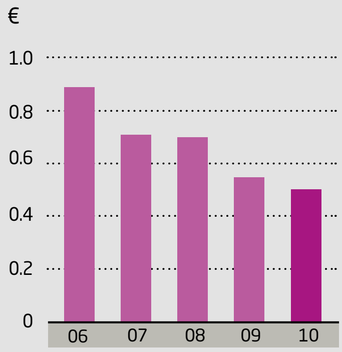
PROFIT BEFORE TAXES



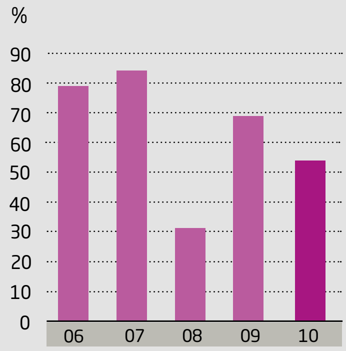
RETURN ON INVESTMENT (ROI) %



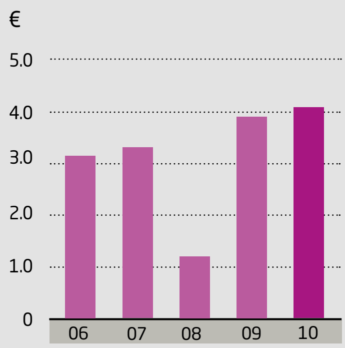
EARNINGS PER SHARE



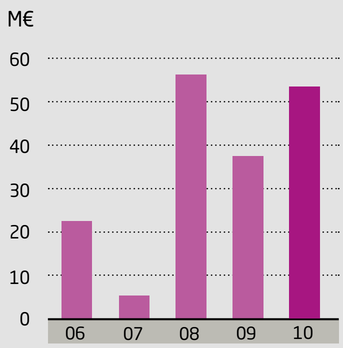
EQUITY RATIO



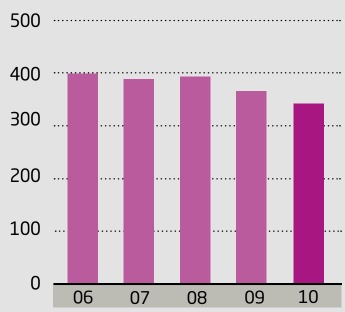
EQUITY PER SHARE



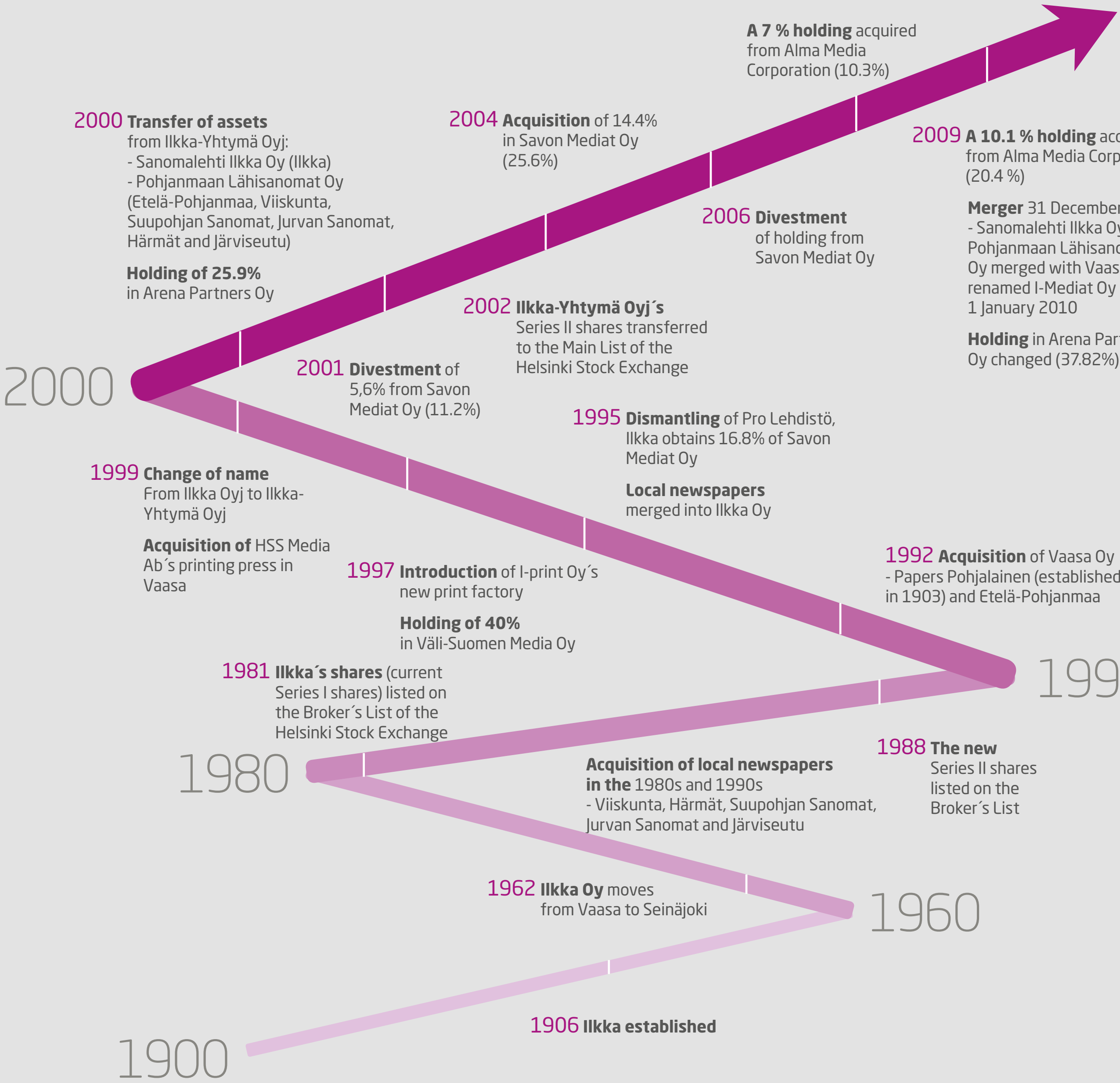
INVESTMENTS



PERSONNEL



Ilkka-Yhtymä´s Centenary



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

Acquisition of local newspapers in the 1980s and 1990s
- Viiskunta, Härmät, Suupohjan Sanomat, Jurvan Sanomat and Järviseutu

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

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%)

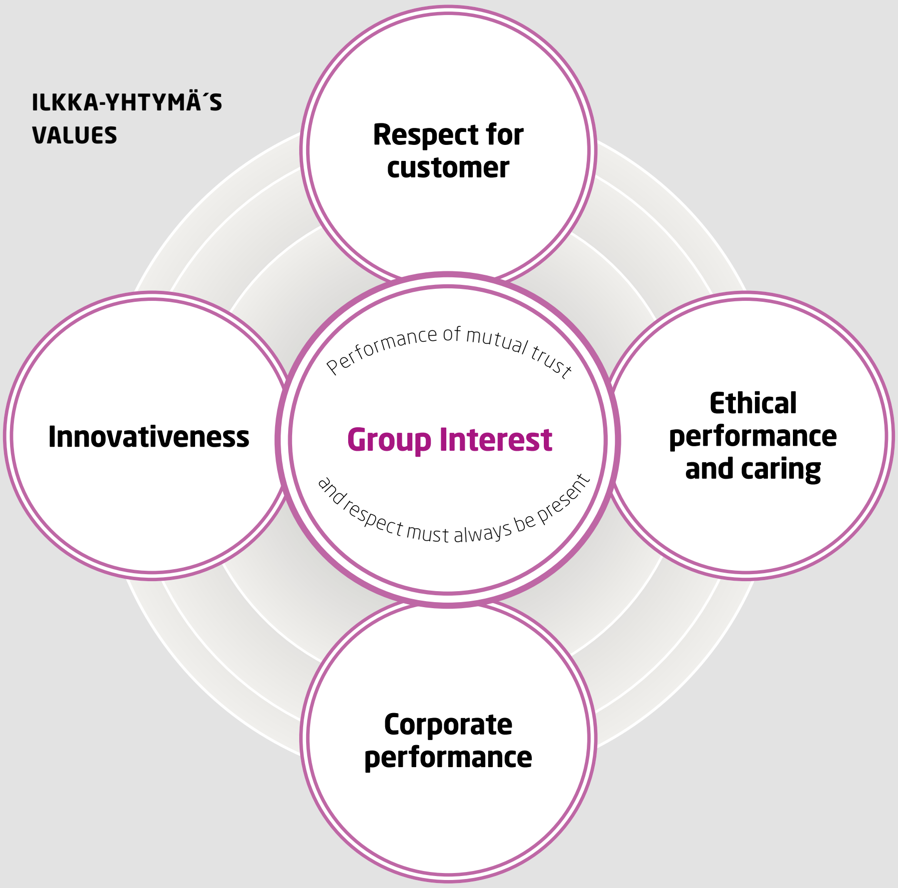
2009 A 10.1 % holding acquired from Alma Media Corporation (20.4 %)

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 (29.96%)

ILKKA-YHTYMÄ´S VALUES



The Cornerstones of Ilkka-Yhtymä's Strategy in 2011-2012

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 Board of Directors updated the strategic objectives on 7 March 2011: 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) will exceed 10%, ROE (return on equity) 15% and equity ratio 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

ILKKA

Chief Editor Matti Kalliokoski
Responsible for business operations Hannu Uusihauta
Free sheet: Etelä-Pohjanmaa

POHJALAINEN

Chief Editor Kalle Heiskanen
Responsible for business operations Päivi Sairo
Free sheet: Vaasan Ikkuna

LOCAL NEWSPAPERS

Responsible for business operations Sauli Harjamäki
Local newspapers: Jurvan Sanomat, Järviseutu,
Komiat, Suupohjan Sanomat, Viiskunta

I-PRINT OY

Managing Director Seppo Lahti

Newspaper printing, sheet- and digital printing,
page-making, media agency

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 Monday, 14 April 2011 at 3 p.m. at Frami. The address is Kampusranta 9, FIN-60320 Seinäjoki.

DIVIDEND DISTRIBUTION

The Board of Directors proposes to the AGM that a per-share dividend of EUR 0.50 be paid for 2010. If this proposal is approved, the record date of dividend payment will be 19 April 2011, and the dividend will be paid on 28 April 2011.

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 2011, Ilkka-Yhtymä Oyj will publish interim reports as follows: for the period January–March on 2 May 2011, for the period January–June on 1 August 2011, and for the period January–September on 7 November 2011. 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 2010 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

14 April 2011 at 3 p.m.

INTERIM REPORTS
January–March on 2 May 2011
January–June on 1 August 2011
January–September on 7 November 2011

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

Business environment

GENERAL ECONOMIC TRENDS

IN ITS ECONOMIC BULLETIN of 20 December 2010, the Ministry of Finance estimated GDP growth in Finland to have attained 3.2% in 2010, and forecast growth of 2.9% for 2011. According to Statistics Finland, the inflation rate was 2.9% in December and averaged 1.2% for 2010.

The January consumer survey by Statistics Finland reported consumer confidence as somewhat stronger than in the previous year and the long-term average. Considering the current economic cycle, household consumption has been robust. In 2010, private consumption is estimated to have grown 2.8%. In 2011, consumption growth is likely to remain at around 2%, due to a deceleration in real earnings growth.

Employment developed more positively than expected, and the employment rate decreased only slightly, from 8.2% in 2009 to 8.4% in 2010.

According to Statistics Finland's preliminary estimates, the average increase in wage earners' income levels rose by 2.6% from the previous year, while real earnings grew by 1.3%. The income level is forecast to develop fairly modestly over the next two years.

DEVELOPMENT OF THE OPERATING REGION

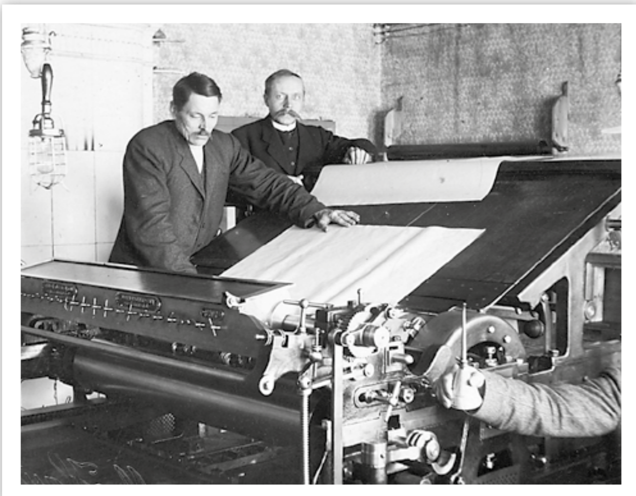
IN THE PROVINCE OF SOUTH OSTROBOTHNIA, the economy and employment are recovering from the shock caused by the financial crisis. The future outlook for enterprises operating in various sectors has improved. In the metal and wood product industry, order volumes have begun to grow slightly. The increase in housing construction and renovation, as well as the building of the eastern by-pass road in Seinäjoki, are having a positive effect on the construction industry's future. Commerce and services have reasonable prospects. Car sales, too, are enjoying an upturn. The logistical position of the regional hub continues to improve, with the Oulu-Seinäjoki railway track underway and the electrification of the Vaasa–Seinäjoki track in its preparation phase.

The number of unemployed job seekers at the end of December was 20% lower than a year earlier. This positive turn with respect to the employment outlook has been relatively rapid. (Ministry of Employment and the Economy, 3 March 2011)

IN THE PROVINCE OF OSTROBOTHNIA, the economic trends were positive, particularly during the most recent months, notwithstanding, for example, the fact that Wärtsilä's factory in Vaasa and Componenta's factory in Pietarsaari are about to outsource some of their production to Asia and Turkey. As regards industry, the Energy Cluster's sectors have bullish prospects in Ostrobothnia and, in machinery and metal manufacturing, new orders are increasing. For many boat builders, the current situation is positive. Various construction projects are underway in the region, including electrification of the railway track in Ostrobothnia, road projects, a harbour extension and industrial construction. In commerce, the situation is stable; large retail chains have plans and site reservations for building new retail premises.

By December, the overall unemployment rate had decreased by 19% from the previous year. Towards the end of the year, unemployment saw a proportionally greater decrease than in the whole country. (Ministry of Employment and the Economy, 3 March 2011) ◆

› Ilkka's composing room employees in the 1930s.



›› New printing press in the 1930s.

Development of the media sector in Finland

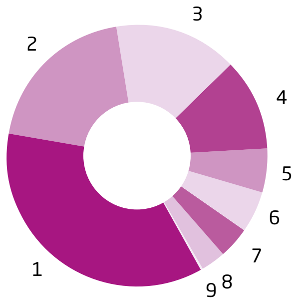
ACCORDING TO A SURVEY conducted by TNS Gallup Oy and commissioned by the Finnish Advertising Council, money spent in 2010 on media advertising in Finland totalled EUR 1346.9 million, an increase of 4.8% on 2009. A total of EUR 486 million was expended on newspaper advertising. Advertising in newspapers increased by 2.4%, while advertising in free sheets and pick-up newspapers grew by 8.1%. Newspapers and free sheets / pick-up newspapers accounted for 36.1% and 5.4% of media advertising, respectively. Web media advertising saw an increase of 14.7%, representing a 15.3-per cent share of media advertising.

In 2009, the total circulation for printed newspapers was almost three million copies, decreasing by 2.7% 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 3.3%. For local and other newspapers issued 1 to 3 times a week, circulation declined by 1.4%.

IN 2011, the media market is expected to see growth, although certain economic uncertainties are still germane to this estimate. Changes in media advertising are sector-specific, reflecting both fluctuations of consumer demand and differences in provinces' financial development. Threats within the media sector include developments in costs and price competition. A large number of SMEs operate in the sector, in traditional and new media. Growth pressures, however, are driving integration and consolidation is expected. Threats external to the sector include general economic trends and unemployment, possibly leading to a decrease in private consumption and investments in media marketing.

IN ALL LIKELIHOOD, the reader and customer loyalty of regional newspapers will remain high. The impact of normal business cycle changes on the circulation income of local and regional newspapers has usually been moderate. Regionality is an integral part of Finnish newspaper journalism, and globalisation only serves to emphasise the role of regional newspapers as the preferred media of the readers and businesses in their circulation area. In the face of intensifying competition, the strength of provincial and local papers lies in their emphasis on local issues and community values. A close relationship with readers and high circulation coverage creates a competitive advertising media.◆

MEDIA ADVERTISING BREAKDOWN 2010



1. Newspapers	36.1 %
2. Television	19.7 %
3. Online media	15.3 %
4. Magazines	11.4 %
5. Free sheets, delivered and take away	5.4 %
6. Printed directories	5.1 %
7. Radio	3.9 %
8. Outdoor advertising	2.9 %
9. Movies	0.2 %
	100 %

‹ Equipment dominated the interior of the Vaasa newspaper's printing house.

Collaboration Strengthened Multi-Channel Brands

In the beginning of 2010, Ilkka-Yhtymä reorganised its publishing operations into one company and introduced a function-based management system. Hence, the year was characterised by a new type of collaboration. The roles of various paper brands – the newspapers Ilkka and Pohjalainen, local papers and free sheets – were emphasised in their respective areas of circulation.

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 Osthrobothnia, while Pohjalainen, established in 1903, is the leading Finnish-language newspaper in the province of Osthrobothnia.

The local newspapers Viiskunta, Komiat, Järviseutu, Suupohjan Sanomat and Jurvan Sanomat have their circulation areas in the Finnish-speaking South Osthrobothnia and the coast of Osthrobothnia. The company's local newspapers are unrivalled among the media in their main circulation areas. 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 online and mobile business unit bear responsibility for the development of the Group's multi-channel media operations.

Ilkka is one of the strongest provincial papers.

COLLABORATION BETWEEN EDITORIAL UNITS took a historic leap in the beginning of 2010, as the editorial units of Ilkka and Pohjalainen merged. These newspaper brands have continued independently, under the leadership of their respective Chief Editors. The content of each newspaper is planned and realised to address the individual newspaper's readers. The visual identities of both newspapers were modernised in 2010. A shared editorial unit is a logical step in the intensification of collaboration initi-

ated in 2008. Consequently, Ilkka and Pohjalainen are presently underpinned by an up-to-date and highly competitive editorial unit.

ILKKA'S EDITORIAL UNIT continued to enjoy a strong link with its readers. "In retaining circulation volumes, Ilkka has performed better than other provincial papers. This shows that the editorial unit is plugged into the lives of its readers", says **Matti Kalliokoski**, Ilkka's Chief Editor.

The editorial unit underwent many internal changes during the year.

"Regardless of this, each morning we issued a paper with a strong provincial character. The online service steadily gained in popularity too."

The newspaper's structure and visual identity were reformed in June. In surveys, readers gave a high score to the new Ilkka. A straightforward, fresh and consistent appearance has contributed to sales both of subscriptions and advertisements.

"What counts, in the end, is the newspaper's content. Ilkka is one of the strongest provincial papers and a full-service newspaper aimed at those living in South Ostrobothnia. It reports news important to these people in particular, giving space to their opinions and speaking for them beyond the province."

In 2011, the reforms will focus on the core of newspaper-making – the development of content. Development projects are also underway in order to prepare for new electronic means of publishing.

Pohjalainen is the leading regional newspaper in the Vaasa area.

THE EDITORIAL UNIT OF POHJALAINEN underwent a major transformation, but prevailed through its strong professionalism. **Kalle Heiskanen**, Chief Editor, affirms that a huge effort was involved in launching the new, shared editorial unit, reforming the newspaper's visual identity and shifting to a pre-modelled layout, all within a single year.

"I am so proud of this team. Pohjalainen has retained its position as the leading regional newspaper in the Vaasa area, while also reasserting itself as Osthrobothnia's provincial newspaper," asserts Heiskanen.

The Chief Editor emphasises that the paper is now playing an even stronger role as the voice of the region. It eagerly takes a stand on issues viewed as driving the region's well-being, such as education, industry, the business environment and, in

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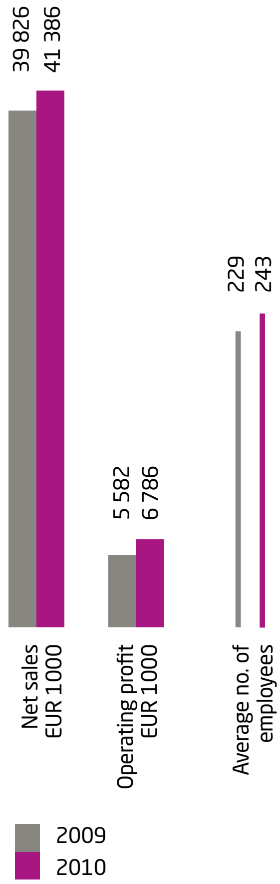
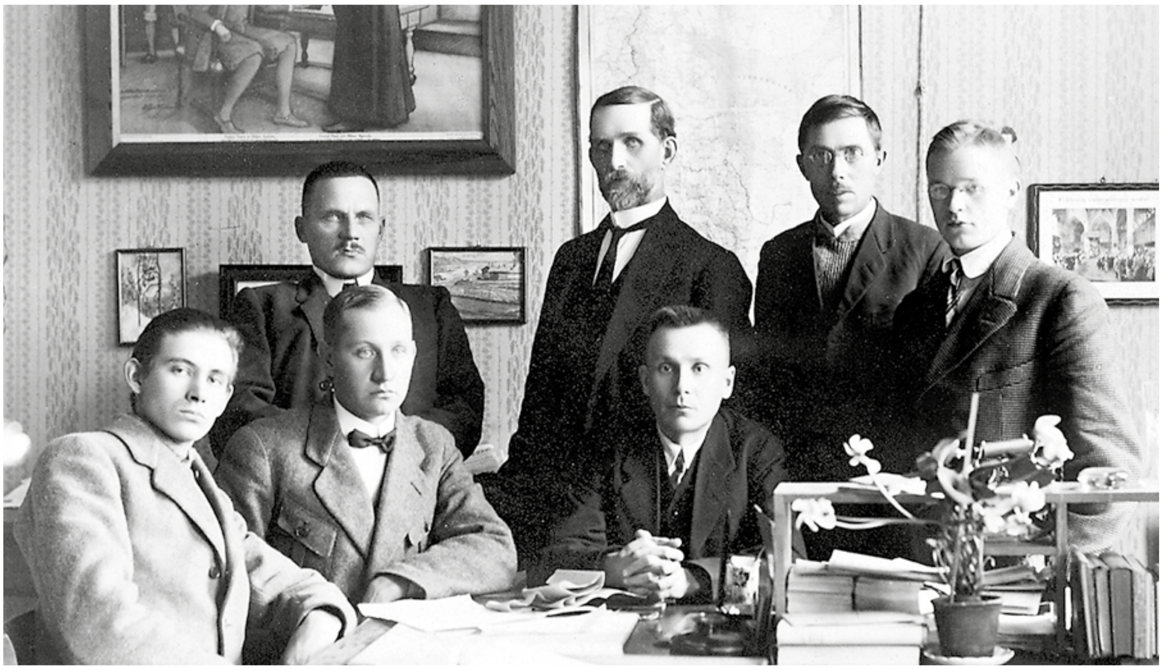
KEY FIGURES



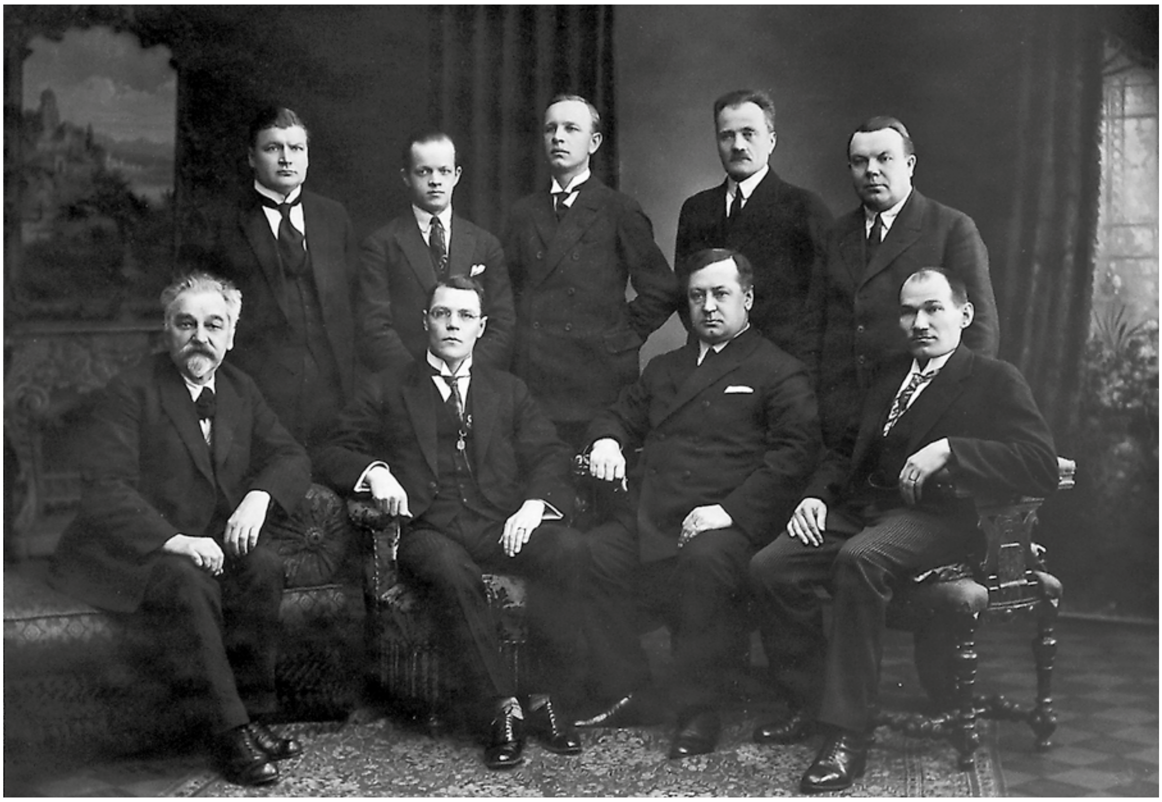
‹‹‹ *Hand compositors Voitto Perälä and Jorma Latva assembling metal letters and symbols on a composing stick.*

‹‹ *Liisa Karjalainen at a monotype composing machine.*

‹ *Sauli Paulaharju preparing a matrix in order to cast a plate for the front page of the Vaasa newspaper.*



› *Ilkka's editorial staff in the 1920s. Hannes Teppo, (sitting, from left) Eino Salmelainen, Antti Haapala, Kustaa Harju, (in the back, from left) Santeri Alkio, Juhani Ahtiluoto and Aarne Mattila.*



› *Vaasa's editorial staff in 1928. In the front row, from the left: O.E. Könni, Kosti Könni, J. O. Ikola and U.A. Lanamäki. In the back row, from the left: Lenni Laakso, Eino Auer, Hugo Valpas, Kaarlo Saarnivaara and T. J. Korpela.*

particular, the joys and sorrows of ordinary people.

Following major reforms, the priority in 2011 will be developing newspaper and online content.

FOR LOCAL NEWSPAPERS, 2010 proved challenging, but their financial performance was relatively good over the final months of the year.

"The new, shared editing system adopted by the Group was rolled out in all of our local newspapers", explains **Sauli Harjamäki**, director in charge of local newspapers. In addition to this reform, several staff changes due to retirement posed a major challenge to local newspapers' operations.

Circulation figures continued their slight decline. The total circulation of our local newspapers came to 24,689 copies, according to a circulation audit conducted on January 2011 by the Finnish Audit Bureau of Circulations (FABC audit 2010).

THE CONSUMER MARKETING function includes newspaper sales, consumer advertisements, customer service and marketing support for papers. The year 2010 was financially challenging in terms of circulation figures.

At 53,768 copies at the end of the year (FABC audit 2010), Ilkka's circulation was successfully kept at the previous year's level. Pohjalainen's circulation decreased to some extent, to 25,517 copies at the year-end (FABC audit 2010). The volume of consumer advertisements remained at the previous year's level. A very positive signal, according to **Päivi Sairo**, director in charge of consumer marketing, is the fact that over 80% of current subscription customers are loyal, long-term subscribers who highly appreciate the contents of their paper and prefer the printed format as a distribution channel.

The growth of provincial papers' media sales exceeded the national average.

"The shared customer service unit established at the beginning of 2010 has helped us to provide even higher-quality service to our customers. We also launched a customer programme, which has enabled us to provide many monetarily valuable subscriber benefits, as well as interesting reader and subscriber competitions," states Sairo.

The number of visitors to Ilkka and Pohjalainen's online services continued to grow in 2011. The development of online services follows the Group's strategy, focusing on the creation of a provincial online meeting place which offers provincially relevant information, including news and other types of information.

IN CORPORATE MARKETING function, the growth of provincial papers' media sales exceeded the national average in 2010. Nationally, advertising increased by 2.4% in newspapers and by 8.1% 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 managed to attain growth of 6.9%.

"Together with generally positive economic trends, successful and high-performance media sales enabled growth significantly above the national average. With reader coverage remaining high, our newspapers' retained their position as a strong advertising media", explains Uusihauta. Our long-term coaching programme for media sales people continued during the year.

Media sales of online marketing products grew at a markedly faster rate than the average market growth, attaining 50.4%. Sales focused on multi-channel solution sales i.e. offering customers advertisement solutions which combine the opportunities of newspapers, online services and mobile channels. ◆

Audited circulation	2010	2009
Ilkka	53 768	54 055
Pohjalainen	25 517	26 670
Vaasan Ikkuna	52 338 *)	52 338
Etelä-Pohjanmaa	44 500 *)	44 500
Jurvan Sanomat	2 256	2 298
Järviseutu	5 472	5 689
Komiat	6 696	7 158
Suupohjan Sanomat	4 174	4 239
Viiskunta	6 091	6 186

*) distribution

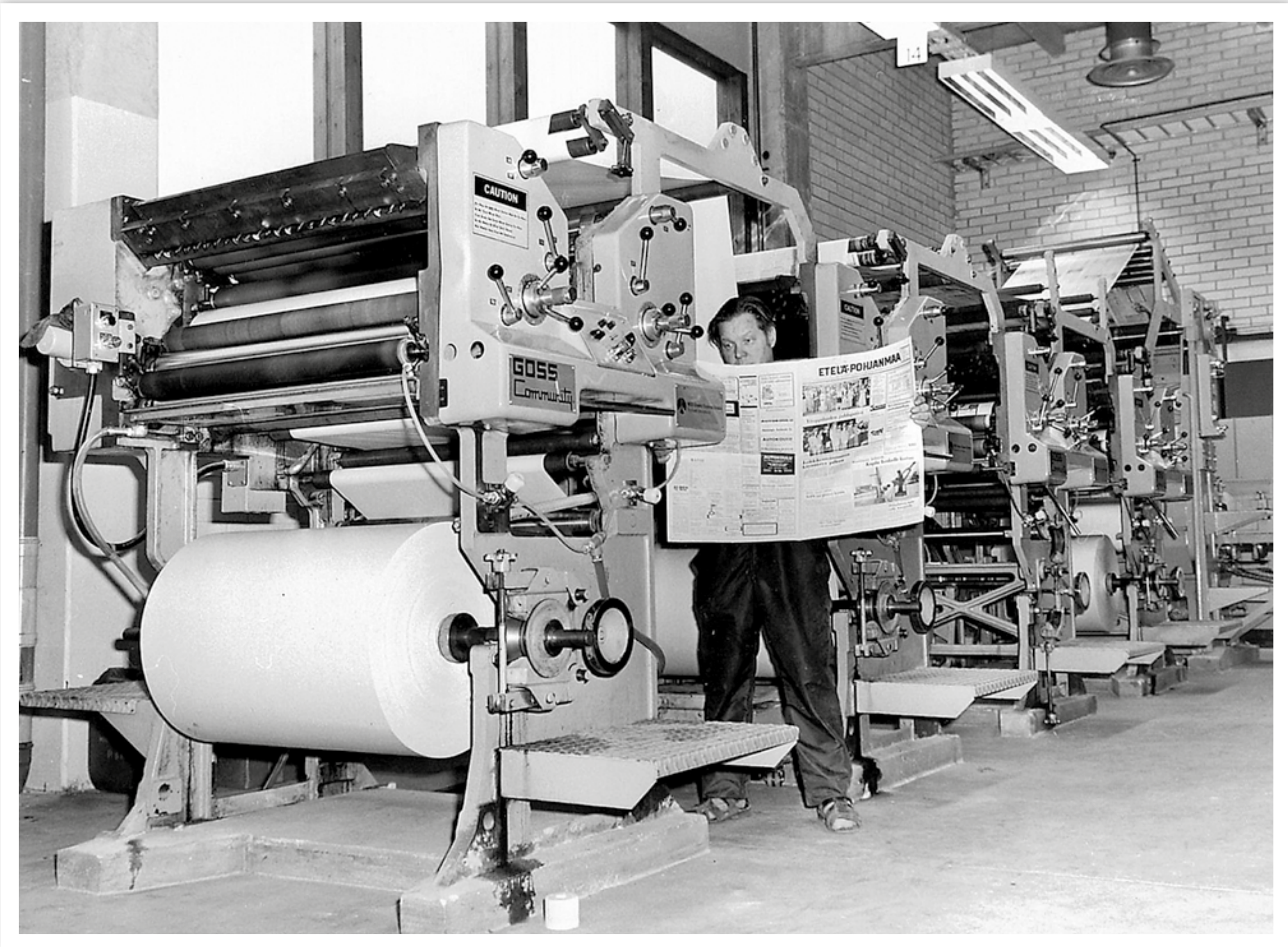
The number of visitors to online services continued to grow.

The Graphic Industry in Finland

IT IS ESTIMATED that aggregate net sales from printing and the related services decreased by some 6% in 2010. The export value of printed material in 2010 remained at the previous year's level.

According to the Business Tendency Survey published by the Confederation of Finnish Industries EK on 3 February 2011, business trends for printing companies are still substantially weaker than normal. While order backlogs remain notably low, production increased towards the end of the year. However, capacity utilisation is low, with more than half of the companies having free capacity. Sales prices decreased somewhat.

THE OUTLOOK for the coming months is cautiously positive and the business cycle should show some improvement during the early part of the year. While production is expected to rise, sales prices are forecast to continue declining. ◆



› *Printer Toivo Laurinen and the new Goss printing press in the 1980s.*

Printing Business Improved Towards the Year End

Competition in newspaper, sheet and digital printing remained tough and in some cases even intensified. Late in the financial year, however, the markets showed a moderate revival.

I-PRINT OY'S main products include newspaper rotation, sheet printing and digital printing products as well as media agency services. In 2010, this Seinäjoki-based company continued to make heavy weather in a media market shrinking since late 2008. Presswork volumes and the numbers of pages in newspapers and magazines were lower than previously, while the production of some publications and printed advertising products ended.

WITH RESPECT TO NEWSPAPER PRINTING, I-print's Vaskiluoto printing shop located in Vaasa was shut down in December 2009, due to the failure to achieve the desired negotiation results over the continuation of the long-term printing contract with HSS Media Ab. The Vaskiluoto printing press was transferred to Seinäjoki at the beginning of 2010, to a very tight schedule. However, as **Seppo Lahti**, Managing Director, points out, production and delivery were ensured without difficulty.

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 rose year-on-year, due in particular to high sales volumes towards the end of the year. Investments in electronic and other value-added services continued.

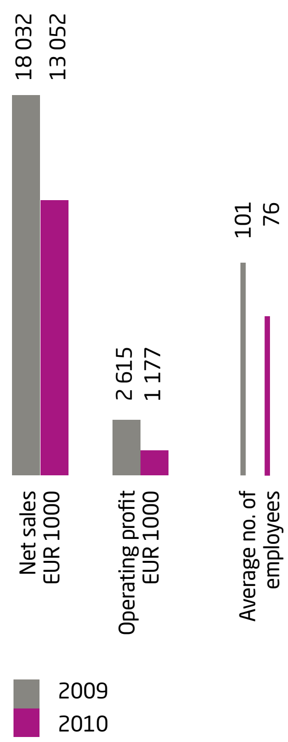
THE MEDIA AGENCY I-print | plus serves various organisations in their provision of informative stakeholder communications. In a couple of years, I-print | plus has managed to grow its operations substantially. Its product and service offering expanded to cover B2B communications ranging from full revamps 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.

Investments in electronic and other value-added services continued.

AT THE BEGINNING of the report year, I-print Oy's printing surface production for advertisement production in Ilkka was transferred to another subsidiary of Ilkka-Yhtymä, I-Mediat Oy. The combined effect of terminating HSS Media Ab's printing contract and transferring Ilkka's advertisement production to I-Mediat Oy led to a substantial drop in I-print Oy's net sales. Investments during the year were minor, mainly comprising replacement investments.

Managing Director Lahti predicts that the market situation in 2011 will remain difficult. While the upward trend in the economy will probably continue, corporate customers' media investments will be characterised by uncertainty. Finland still has overcapacity in printing and the related operations. With energy and raw material prices rising simultaneously, this will pose considerable operational challenges. However, thanks to new customer relationships, I-print Oy's net sales are expected to show a modest increase year-on-year. ◆

KEY FIGURES



› Ilkka's composing room in the 1970s. Text processor Juhani Asunmaa in front.

›› Page maker Jorma Salovaara aligning Ilkka's text columns.

››› Reprographic employee Matti Ylisaari at the Seinäjoki Print Shop.

›››› Secretary Kirsti Lundell transcribing a dictation.

››››› Mailing of the paper Etelä-Pohjanmaa at Seinäjoki Print Shop.

Personnel the Key to Success

For Ilkka-Yhtymä's personnel, 2010 was a year of major changes. The training focus was on developing employee competencies.

THE SPRING OF 2009 saw the announcement of a development programme which, as of the beginning of 2010, led to the publishing business' reorganisation into a single company and a shift to function-based management. This organisational change offers employees new opportunities to develop their competences through job rotation. For provincial papers in particular, the reform meant closer collaboration across municipal boundaries.

As a result of negotiations under the Act on Co-operation within Undertakings, the number of staff in I-print's Vaskiluoto print factory and in I-Mediat Oy's page-making was reduced by 15 persons. Furthermore, a retirement arrangement determined within the framework of the development programme was realised in the early summer, concerning 21 persons.

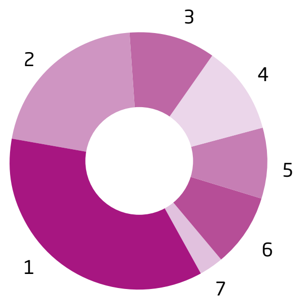
Ilkka-Yhtymä is presently characterised by a motivational spirit of collaboration and development.

COACHING ORGANISED in Ilkka Academy continued to focus on the development of personnel competences. Priorities in 2010 included improving project work capabilities and enhancing skills in modern information management.

Due to the reorganisation conducted, the Group concentrated on developing its internal practices in 2010. Priorities in 2011 include the development of function-specific core competences and personal professional skills. Creating a solid foundation for future media skills is an important part of professional skills. Supporting successful and motivated work will be the theme of coaching organised for line managers, to begin shortly.

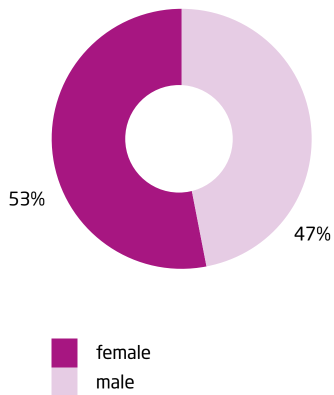
Ilkka-Yhtymä is presently characterised by a motivational spirit of collaboration and development. ◆

STAFF BROKEN DOWN BY FUNCTION

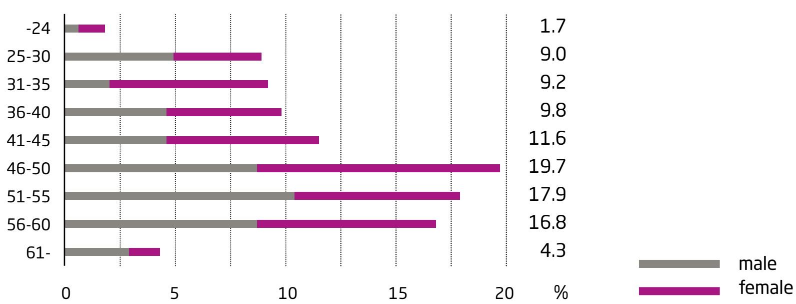


1. Editorial unit	36%
2. Production company	21%
3. Corporate marketing	11%
4. Local newspapers	11%
5. Consumer marketing	9%
6. Corporate services	9%
7. Web and mobile operations	3%
	100 %

STAFF BROKEN DOWN BY GENDER



GROUP'S AGE DISTRIBUTION AS PERCENTAGE OF ENTIRE STAFF



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 decreased by 4.7%, amounting to EUR 46,530 thousand (EUR 48,811 thousand in 2009). External net sales from publishing operations increased by 4.0%. Advertising revenues grew by 6.9%, and circulation revenues grew by 0.6%. External net sales from the printing business decreased by 42.3%, partly due to the termination of HSS Media Oy's printing contract on 31 December 2009 and the fall in printing prices. Circulation income accounted for 41% of consolidated net sales, while advertising income and printing income represented 47% and 11%, respectively. Other operating income totalled EUR 429 thousand (EUR 369 thousand).

The Group operating expenses for the financial year amounted to EUR 39,813 thousand (EUR 41,707 thousand), down by 4.5% year on year. Expenses from materials and services decreased due to the decline in printing volumes and the falling prices of printing materials. As a result of co-determination negotiations conducted in Ilkka-Yhtymä Group in March 2009, arrangements concerning holiday pay were negotiated with the staff. This resulted in cost savings of approximately EUR 1 million in personnel costs for 2009. With respect to Q1/2010, the arrangement reduced personnel costs by approximately EUR 0.1 million.

The share of the associated companies' result was EUR 7,337 thousand (EUR 3,019 thousand). Consolidated operating profit amounted to EUR 14,479 thousand (EUR 10,482 thousand), up by 38.1% year-on-year. The Group's operating margin was 31.1% (21.5%). Operating profit excluding Alma Media Corporation and the other associated companies amounted to EUR 7,142 thousand (EUR 7,463 thousand), representing 15.3% (15.3%) of net sales. Operating profit from publishing grew by EUR 1,204 thousand. Operating profit from printing decreased by EUR 1,437 thousand, due to a reduction in volumes and the transfer of advertisement production to the publishing segment, as well as the costs of closing down the operations of the Vaasa printing unit during Q1.

Net financial income came to EUR 192 thousand (EUR 3,013 thousand), financial assets at fair value through profit or loss accounting for EUR 495 thousand (EUR 992 thousand). Net financial income figures for 2009 included EUR 2,316 thousand in dividend yields from Alma Media Corporation. Interest expenses amounted to EUR 1,062 thousand (EUR 964 thousand).

Pre-tax profits totalled EUR 14,670 thousand (EUR 13,495 thousand). Direct taxes amounted to EUR 1,779 thousand (EUR 1,995 thousand). The Group's net profit for the period totalled EUR 12,892 thousand (EUR 11,500 thousand), with earnings per share standing at EUR 0.50 (EUR 0.55).

CONSOLIDATED BALANCE SHEET AND FINANCING

The consolidated balance sheet total came to EUR 197,035 thousand (EUR 147,060 thousand), with EUR 105,030 thousand (EUR 100,298 thousand) of equity. Following a share purchase on 10 August 2009, Ilkka-Yhtymä's holding in Alma Media changed, resulting in the latter becoming an associated company. Following this the valuation loss (EUR 31.5 million) on available-for-sale shares assigned in the fair value reserve under shareholders' equity was transferred to shares in associated companies, not recognised through profit or loss. Thereafter, shares in associated companies were reported at cost and shareholders' equity was increased by the amount transferred. In order to repay the temporary debt financing used for the purchase of shares in Alma Media Corporation and to strengthen the Company's capital structure, Ilkka-Yhtymä Oyj executed a share issue in September 2009, which raised approximately EUR 38.4 million, excluding the expenses entailed by the issue.

On 4 November 2010, Ilkka-Yhtymä Oyj purchased 7,250,000 shares in Alma Media Corporation from Oy Herttaässä Ab. The purchase price of EUR 50.0 million was paid in cash and with new, freely negotiable convertible bonds issued by Ilkka-Yhtymä Oyj. 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.

The cash share of the purchase price totalled EUR 30.0 million. The convertible bonds' aggregate value is EUR 20 million, the interest rate is 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.

In Alma Media, following the conducted share purchase Ilkka-Yhtymä holds a total of 22,489,186 shares, representing 29.96% of Alma Media's shares. 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 reporting date of 31 December 2010, the balance sheet value of the holding in the associated company, Alma Media Corporation, was EUR 160.8 million and the market value of the shares was EUR 186.2 million.

At the end of the financial year, interest-bearing liabilities totalled EUR 83,011 thousand (EUR 37,749 thousand on 31 December 2009). In November 2010, in order to finance the purchase of Alma Media shares on 4 November 2010, the company raised EUR 50 million in loans, of which EUR 20 million were in the form of convertible bonds. Loan maturities of the company's interest-bearing liabilities, including a EUR 15.5 million bullet loan to be renewed in 2013, range from 2 to 10 years. In order to hedge against interest rate risk, in late 2010 the company transformed some of its floating-rate liabilities to a fixed rate, by means of interest rate swaps. While 8% of the company's interest-bearing liabilities had been tied to a fixed rate, some 39% of floating-rate interest-bearing liabilities were transformed to a fixed rate through interest rate hedges. Presently, some 45% of the loans in the company's total loan portfolio have a fixed rate and some 55% a floating rate. These hedging measures included, the average interest rate for interest-bearing liabilities on 31 December 2010 came to 2.91%. At EUR 30 million, the loan providers have the opportunity to adjust the loan margin from five years after raising the loans. As at 31 December 2010, the impact of floating-rate interest-bearing liabilities on profit before taxes would have amounted to -/+ EUR 460 thousand over the next 12 months, had the interest level increased or decreased by one percentage point.

Of interest-bearing liabilities existing during the 12 months following the financial year, a total of EUR 4,545 thousand will fall due for payment.

With regard to liquidity, the year-end current ratio stood at 0.88 (1.06). Group gearing was at 72.9% (28.5%) at the end of the financial period. Equity ratio was at 53.8% (69.0%) and shareholders' equity per share stood at EUR 4.09 (EUR 3.91). Cash and cash equivalents amounted to EUR 3,047 thousand (EUR 6,648 thousand). Cash flow from operations totalled EUR 12,652 thousand (EUR 11,081 thousand). Cash flow from investments EUR -32,607 thousand (EUR -34,945 thousand) includes investments in Alma Media Oyj's shares. During the financial year, 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 41,386 thousand (EUR 39,826 thousand). Net sales from the publishing business grew by 4.0%. Advertising revenues grew by 6.9% and circulation revenues grew by 0.6%. Net sales for both provincial papers belonging to the publishing segment, Ilkka and Pohjalainen, and for free sheets increased. Aggregate net sales for local newspapers remained at the previous year's level. Operating profit from publishing increased by 21.6% year on year, to EUR 6,786 thousand (EUR 5,582 thousand).

It is difficult to predict how the slow recovery of the global economy will affect media revenue in Finland in 2011. While media advertising is expected to grow slightly, circulation income from newspapers should remain at the previous year's level, due to consumer caution and media competition.

Some growth is expected in the net sales of Ilkka-Yhtymä's publishing business.

PRINTING

The printing segment comprises the printing house I-print Oy. The segment's net sales amounted to EUR 13,052 thousand (EUR 18,032 thousand). Net sales were down by 27.6% year-on-year. External net sales from the printing business decreased by EUR 3,875 thousand (42.3%,) partly due to the termination of HSS Media Oy's printing contract on 31 December 2009 and the fall in printing prices. Operating profit from printing decreased by EUR 1,437 thousand year-on-year, to EUR 1,177 thousand (EUR 2,615 thousand), due to a reduction in volumes and the transfer of advertisement production to the publishing segment, as well as the costs of closing down the operations of the Vaasa printing unit during Q1.

Within the printing business, the 2011 market situation is expected to remain extremely difficult. While the upward trend in the economy will probably continue, corporate customers' investments in media will be characterised by uncertainty. Finland still has overcapacity in printing and the related operations. With raw material and energy prices rising simultaneously, this will pose considerable operational challenges. However, I-print Oy's net sales are expected to show a modest increase year-on-year as a result of new customer relationships.

ASSOCIATED COMPANIES

In 2010, the share of the associated companies' result was EUR 7,337 thousand (EUR 3,019 thousand). As a result of a share purchase on 10 August 2009, Ilkka-Yhtymä's holding in Alma Media Corporation became a holding in an associated company. Dividend income of EUR 2,316 thousand from Alma Media Corporation during 2009 is included in financial income. The share of the associated company's result has been consolidated since the transaction date.

In March 2010, Ilkka-Yhtymä announced that Arena Partners Oy, an associated company in which Ilkka-Yhtymä Oyj has a 38% stake, will begin comprehensive cooperation with Alma Media Corporation in the national classified advertising business. On 26 August 2010, Arena Partners and Alma Media closed the deals related to the cooperation arrangement approved by the Finnish Competition Authority (FCA) on 14 July 2010. The FCA's decision included no conditions.

Arena Partners purchased a 35% share of Alma Mediapartners Oy, Alma Media's home sales, vehicle and consumer advertising marketplace operation. On the same occasion, Alma Media purchased a 35% share of Arena Interactive, Arena Partners' subsidiary specialising in the development of mobile solutions. These share purchases were conducted on 1 September 2010. The arrangement included no personnel implications for the target companies.

The cooperation between Arena Partners Oy and Alma Mediapartners Oy is a strategic element in the customer-oriented development of Ilkka-Yhtymä's online and mobile services. The goal of this ownership-based cooperation is to improve the service offering provided for regional customers of Ilkka-Yhtymä's provincial newspapers (Ilkka and Pohjalainen) and to venture into the national classified advertisement business. With this new arrangement, customer responsibilities will become mainly regional. The joint venture company will have centralised responsibility for product development, technology, brands and national sales. The joint venture involves Alma Media's Etuovi.com, Vuokraovi.com, Autotalli.com and Mikko.fi. Total net sales of these services came to EUR 16.9 million in 2009. Arena Interactive Oy's net sales in 2009 totalled EUR 1 million.

Arena Interactive Oy, jointly owned by Arena Partners Ltd and Alma Media Corporation, will continue operating as an independent developer of mobile solutions and a service provider in the media sector.

The new cooperation will have only a minor short-term effect on Ilkka-Yhtymä's key financial figures.

RESEARCH AND DEVELOPMENT EXPENSES

Within the Group's publishing business, our R&D has been customer-oriented, generating local and national services related to news reporting, transactions, communities and leisure time. With regard to the Group's printing business, development activities continued to focus 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 53,522 thousand, with printing accounting for EUR 719 thousand and publishing for EUR 567 thousand. In 2010, a total of EUR 52,024 thousand was invested in available-for-sale and associated company shares. On 4 November 2010, Ilkka-Yhtymä Oyj purchased a total of 7,250,000 shares in Alma Media Corporation. The purchase price of these shares was paid in cash and with new, freely negotiable convertible bonds issued by Ilkka-Yhtymä Oyj. The cash share of the purchase price totalled EUR 30.0 million. In addition, Ilkka-Yhtymä decided to issue convertible bonds with a value of EUR 20 million to the seller. Following the purchase, Ilkka-Yhtymä Oyj's holding in Alma Media Corporation increased from 20.3% to 29.96%.

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.

CORPORATE GOVERNANCE AND SHAREHOLDERS' MEETING

On 19 April 2010, the Annual General Meeting 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 0.35 be paid for 2009.

The number of members on the Supervisory Board for 2010 was confirmed as 26. Of the Supervisory Board members whose term had come to an end, the following were re-elected for the term ending in 2014: Kari Aukia, Vaasa, Sami Eerola, Nurmo, Jari Eklund, Helsinki, Johanna Kankaanpää, Ähtäri, Yrjö Kopra, Helsinki, Juha Mikkilä, Kurikka and Sami Talso, Mustasaari. Lasse Hautala, Kauhajoki, was elected to replace a Supervisory Board member whose term was expiring under Article 5 of the Articles of Association (68 years in 2010), until the end of the term in question (ending in 2011). Lasse Hautala left Ilkka-Yhtymä's Board of Directors on 19 April 2010. Satu Heikkilä, Helsinki, was elected to replace a Supervisory Board member who resigned during the term of office, until the end of the term in question (ending in 2011).

At the Annual General Meeting, the decision was taken to maintain the payments made to the Chairman of the Supervisory Board and the board members at their current level: the Chairman will receive a retainer of EUR 1,000 per month and a fee of EUR 350 per meeting, and the board members will be paid a fee of EUR 350 per meeting attended. 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 the auditor, with Authorised Public Accountants Tomi Englund and Marja Huhtala as the main auditors. Authorised Public Accountants Päivi Virtanen and Johanna Winqvist-Ilkka were elected deputy auditors. It was decided that the auditors would be reimbursed as per the invoice.

The AGM approved the Board of Directors' proposal on amending the Articles of Association. According to the proposal certain changes resulting from amendments to the Limited Liability Companies Act, as well as some other, primarily technical, changes were made to the Articles of Association. The current sections 2, 4, 6, 10, 11, 14, 16 and 17 of the Articles of Association were amended and section 13 was removed, resulting in some changes to section numbers.

The amendments included the following:

- The relinquishment of the minimum and maximum amounts of share capital and shares, and relinquishment of the nominal value of share (section 2).
- The first paragraph of section 11, concerning the time of the summons to the General Meeting, was amended as follows: "The summons to a General Meeting must be delivered to shareholders no more than three (3) months and no less than three (3) weeks prior to the General Meeting, through the publication of a notice in a newspaper published by the company or its subsidiary, and on the corporate website. The summons to a General Meeting must, however, be published a minimum of nine (9) days prior to the matching date of the General Meeting."
- The current section 14 on a single shareholder's number of votes was amended as follows: "At a General Meeting, a single shareholder may not use more than one twentieth (1/20) of the entire number of votes represented in a meeting."
- The number of auditors was reduced to one (current section 17).

The AGM 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.

The AGM authorised the Board of Directors to decide in 2010 upon a donation, totalling a maximum of EUR 100,000, to be made towards charitable or similar causes, and authorised the Board of Directors to decide upon the recipients, purposes of use and other terms of these donations. At the end of 2010, Ilkka-Yhtymä Oyj donated a total of EUR 100,000 in support of university education and research projects in its own operating area. Donations were made to the University of Vaasa (EUR 50,000) and Etelä-Pohjanmaan korkeakoulusäätiö (University Foundation of South Ostrobothnia, EUR 50,000).

The proposal by Osakesäästäjien Keskusliitto ry (Shareholders Association) to wind up the Supervisory Board was not approved in the AGM.

In its meeting of 24 May 2010, the Supervisory Board elected Professor Riitta Viitala as new member to the Board of Directors of Ilkka-Yhtymä Oyj. Lasse Hautala was elected Chairman of the Supervisory Board while Perttu Rinta will continue as its 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.

DIVIDEND

The Board of Directors proposes to the Annual General Meeting of 14 April 2011 that a per-share dividend of EUR 0.50 be paid for the financial year 2010, representing a total dividend payment of EUR 12,832,604.00. The Group distributes 99.5% of its profit in dividends. Dividends will be distributed to those who are listed on the matching day, 19 April 2011, as shareholders in the Ilkka-Yhtymä Group's list of shareholders, maintained at Euroclear Finland Oy. Dividend payments are issued on 28 April 2011. On 31 December 2010, the parent company's free capital amounted to EUR 85,194,522.78.

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 principal terms of the convertible bonds have been described above, under Consolidated balance sheet and financing. 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 2010, 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. 63-68.

Per-share ratios are presented on page 52.

PERSONNEL

The Group had an average of 388 employees during the period, the corresponding figure for the parent company being 27.

Average number of personnel translated into full-time employment

	2010	2009	2008
Group	343	366	393
Ilkka-Yhtymä Oyj	24	36	36

Salaries and fees, thousands of euros

	2010	2009	2008
Group	14 082	13 766	14 788
Ilkka-Yhtymä Oyj	1 379	1 824	1 846

On 31 December 2010, the Group had 333 full-time employees, whereas the parent company had 24.

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.

Ilkka-Yhtymä Group's publishing company I-Mediat Oy held cooperation negotiations mainly concerning I-Mediat Oy's technical production and information management personnel working in the editorial offices of provincial papers. These negotiations began on 17 May 2010 and ended on 7 June 2010.

The subject of the negotiations was the changes taking place in the editorial process related to newspapers and the increase in internal and external cooperation. As a result of these negotiations, staff numbers will be reduced by eight. These personnel effects should materialise in full during 2011.

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.

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, applying to the entire sector. Through its holding in Alma Media stock, the company will also be 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. 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.

The Media Industry

According to the company's estimates, the Group's core business does not involve special business risks, but only risks normally associated with the industry. 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. The recession's prolongation and the 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.

In the face of intensifying competition, the strength of provincial and local papers lies in their emphasis on local issues and community spirit. A close relationship with readers, high circulation coverage and competitive contact prices form the basis of a competitive advertising media.

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 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. The exceptionally steep downturn in the general economy has reduced newspapers' media sales by a fifth. Media sales took an upward turn in the autumn of 2010. They are expected to continue growing modestly in 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. Since most newspaper groups, such as Ilkka-Yhtymä Group, have decades' of experience with respect to their free sheets, they can prepare for this changing competitive environment by focusing on high quality, local customer relationships.

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 Etuovi.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 the 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.

In recent years, the availability of newsprint has been good and price developments have been moderate or even downward, in spite of the paper industry's downsizing its capacity in order to safeguard future profitability. Such capacity cuts are expected to increase pricing pressures. 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 23 of the notes.

The key figures describing our financial development are presented on page 38.

PROSPECTS FOR 2011

It is difficult to predict how the slow recovery of the global economy will affect media advertising, as well as circulation and printing volumes, in 2011. Media advertising is forecast to grow slightly in Finland. Due to consumer caution and media competition, newspapers' circulation income is predicted to remain at the previous year's level. Printing business volumes have reduced permanently in Finland, but there are cautiously positive signs of growth in the sector.

Some growth is forecast for the net sales of Ilkka-Yhtymä's printing and publishing business.

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 increase from the 2010 level. In addition, the year's results will depend on interest-rate trends, any trading in securities and the price performance of securities investments.

The associated company Alma Media Corporation (29.96%) will have a significant impact on Group operating profit and profit.

In the current economic climate, several uncertainty factors remain, related to the predictability of both net sales and operating profit.

Financial Statements for 2010

Consolidated Income Statement, IFRS

EUR 1,000	NOTE	1.1.-31.12.2010	1.1.-31.12.2009
NET SALES	1	**46 530**	48 811
Change in inventories of finished and unfinished products		**-5**	-10
Other operating income	2	**429**	369
Materials and services	3	**-13 108**	-15 211
Employee benefits	4	**-17 183**	-16 940
Depreciation	5	**-3 182**	-3 411
Other operating costs	6	**-6 341**	-6 145
Share of associated companies' results	12	**7 337**	3 019
OPERATING PROFIT		**14 479**	10 482
Financial income and expenses	7	**192**	3 013
PROFIT BEFORE TAXES		**14 670**	13 495
Income tax	8	**-1 779**	-1 995
PROFIT FOR THE FINANCIAL PERIOD		**12 892**	11 500
Earnings per share, undiluted (EUR) *)		**0.50**	0.55
The undiluted share average, adjusted for the share issue *)		25 665 208	20 997 391

*) There are no factors diluting the figure.

Consolidated Statement of Comprehensive Income

EUR 1,000	1.1.-31.12.2010	1.1.-31.12.2009
PROFIT FOR THE PERIOD UNDER REVIEW	**12 892**	11 500
Other comprehensive income:		
Available-for-sale assets	**682**	
Share of associated companies' other comprehensive income	**344**	195
Income tax related to components of other comprehensive income	**-203**	
Other comprehensive income, net of tax	**824**	195
Total comprehensive income for the period	**13 715**	11 695

Consolidated Balance Sheet, IFRS

EUR 1,000	NOTE	31.12.2010	31.12.2009
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	9	**1 284**	1 198
Goodwill	9	**314**	314
Investment properties	11	**390**	496
Property, plant and equipment	10	**15 150**	17 218
Shares in associated companies	12	**161 248**	109 167
Available-for-sale financial assets	13	**7 754**	5 566
Non-current trade and other receivables	14		58
Other tangible assets		**214**	214
Non-current assets		**186 354**	134 232
CURRENT ASSETS			
Inventories	15	**757**	622
Trade and other receivables	16	**3 322**	2 862
Income tax assets		**144**	224
Financial assets at fair value through profit or loss	17	**3 412**	2 472
Cash and cash equivalents	18	**3 047**	6 648
Current assets		**10 681**	12 828
ASSETS		**197 035**	147 060
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital		**6 416**	6 416
Fair value reserve and other reserves		**49 002**	48 522
Retained earnings		**49 612**	45 359
Shareholders' equity	19	**105 030**	100 298
NON-CURRENT LIABILITIES			
Deferred tax liability	20	**1 443**	1 505
Non-current interest-bearing liabilities	21	**78 465**	33 204
Non-current liabilities		**79 909**	34 709
CURRENT LIABILITIES			
Current interest-bearing liabilities	21	**4 545**	4 545
Accounts payable and other payables	22	**7 368**	7 160
Income tax liability		**183**	347
Current liabilities		**12 096**	12 053
SHAREHOLDERS' EQUITY AND LIABILITIES		**197 035**	147 060

IFRS=International Financial Reporting Standards

Consolidated Cash Flow Statement, IFRS

EUR 1,000	2010	2009
CASH FLOW FROM OPERATIONS		
Profit for the financial period	12 892	11 500
Adjustments	-2 586	-634
Change in working capital	-364	571
Cash flow from operations before financial items and taxes	**9 942**	**11 438**
Interest paid	-844	-969
Interest received	63	79
Dividends received	6 368	156
Other financial items	-750	619
Direct taxes paid	-2 128	-242
Cash flow from operations	**12 652**	**11 081**
CASH FLOW FROM INVESTMENTS		
Investments in tangible and intangible assets, net	-916	-1 470
Acquisition of shares in associated companies	-30 487	-35 701
Other investments, net	-1 509	-459
Granted loans		-19
Repayments of loan receivables	58	
Dividends received from investments	247	2 704
Cash flow from investments	**-32 607**	**-34 945**
Cash flow before financing items	**-19 955**	**-23 865**
CASH FLOW FROM FINANCING		
Share issue		38 410
Change in current loans		-1 313
Change in non-current loans	25 261	-4 545
Dividends paid and other profit distribution	-8 908	-4 360
Cash flow from financing	**16 353**	**28 193**
Increase (+) or decrease (-) in financial assets	**-3 602**	**4 328**
LIQUID ASSETS AT THE BEGINNING OF THE FINANCIAL PERIOD	6 648	2 321
LIQUID ASSETS AT THE END OF THE FINANCIAL PERIOD	3 047	6 648

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT:

	2010	2009
ADJUSTMENTS TO PROFIT FOR THE PERIOD		
Depreciation and impairment	3 182	3 411
Sales gains (-) and losses (+) on non-current assets	-15	-7
Share of profit (-) or loss (+) of associated companies	-7 337	-3 019
Unrealised exchange rate gains (-) or losses (+)	-252	-716
Other income and expense, non-cash	-452	-206
Financial income and expenses	509	-2 091
Income taxes	1 779	1 995
Adjustments to profit for the period total	**-2 586**	**-634**
CHANGE IN WORKING CAPITAL		
Increase (-)/decrease (+) in inventories	-135	309
Increase (-)/decrease (+) in current interest-free operating receivables	-459	421
Increase (+)/decrease (-) in current interest-free liabilities	230	-158
Change in working capital total	**-364**	**571**

During the financial year, 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.

Dividends on operations during the financial year 2010 include EUR 6,088 thousand in dividends from associated companies.

Changes in Consolidated Shareholders' Equity

EUR 1,000	Share capital	Fair value reserve	Invested unrestricted equity fund	Other reserves	Retained earnings	Total
CHANGE IN SHAREHOLDERS' EQUITY 1-12/2009						
SHAREHOLDERS' EQUITY 1.1.	3 666	-31 509		12 862	38 064	23 083
Transfers between items			12 837	-12 837		
Transfer to shares in associated companies		31 509				31 509
Comprehensive income for the period					11 695	11 695
Dividend distribution					-4 400	-4 400
Rights issue	2 750					2 750
Share premium			35 660			35 660
SHAREHOLDERS' EQUITY TOTAL 31 DEC 2009	**6 416**		**48 498**	**24**	**45 359**	**100 298**

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**

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 2010.

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 2010, the Group has complied with the following new or updated standards and interpretations:

- *IFRS 3 Business combinations and IAS 27 Consolidated and Separate Financial Statements.* These changes will have an impact should the Group acquire controlling interests or make changes to its subsidiaries' interests (acquisitions or relinquishments). The change has no impact on the financial statements.
- *Improvements on IFRS standards* (April 2009). For the most part, these changes became effective in 2010. Several minor changes have no bearing on the financial statements.
- *IFRIC 17 Distributions of Non-Cash Assets to Owners.* The interpretation has no impact on the financial statements.

The IASB has released the following new or revised standards and interpretations that have been approved by the EU and that may have an impact on the Group's financial statements in the subsequent financial years:

- *IAS 24 Related Party Disclosures.* The revised standard will be adopted for the financial year 2011. 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 should have no impact on the notes to the financial statements.
- *IFRS 32 Financial instruments: Presentation – Classification of Rights Issues.* This amendment will be adopted for the financial year 2011. 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 can, under certain conditions, be classified as equity rather than derivative instruments, as previously. This amendment will have no impact on the future financial statements.
- *IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments.* This interpretation will be adopted for the financial year 2011. 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 fair value of the financial liability's carrying amount and of the equity instrument is recognised in profit or loss. It is estimated that this interpretation will have no impact on future 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.

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.

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.

The Group does not have leases classified as finance leases under IAS 17.

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.

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 2010 financial statements, associated companies are presented under their own segment. Comparative data from 2009 segment information has been adjusted according to the new presentation method. 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

2010 (EUR 1,000)	Publishing	Printing	Associated companies	Un-allocated	Eliminations	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
Operating profit	**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.

2009 (EUR 1,000)	Publishing	Printing	Associated companies	Un-allocated	Eliminations	Group total
INCOME STATEMENT FIGURES						
External net sales	39 655	9 151		5		48 811
Internal net sales	171	8 881		3 011	-12 064	
Net sales	**39 826**	**18 032**		**3 016**	**-12 064**	**48 811**
Depreciation	-356	-2 464		-591		-3 411
Share of associated companies' results			3 019			3 019
Operating profit	**5 582**	**2 615**	**3 019**	**-734**		**10 482**
Financial income and expenses				3 013		3 013
Income tax				-1 995		-1 995
Profit for the period						**11 500**
ASSETS						
Assets by segment	8 648	14 871		123 540		147 060
Shares in associated companies	17		109 150			109 167
LIABILITIES						
Liabilities by segment	4 670	3 091		39 002		46 762
INVESTMENTS	538	425	35 701	763		37 427
Products and services, external net sales						
Circulation income						19 083
Advertisement income						20 298
Printing income						9 151
Other income						279

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	2010	2009
NET SALES		
Finland	46 436	48 545
Other Europe	94	266
Total	**46 530**	**48 811**
NON-CURRENT ASSETS		
Finland	178 600	128 609

2. OTHER OPERATING INCOME

EUR 1,000	2010	2009
Rent income from investment properties	241	227
Other rent income	96	106
Sales gains on property, plant and equipment	29	8
Other operating income	64	29
Total	**429**	**369**

3. MATERIALS AND SERVICES

EUR 1,000	2010	2009
Purchases during the financial period	3 930	5 532
Increase or decrease of stocks	-139	299
Materials and supplies	3 791	5 831
External charges	9 317	9 380
Materials and services	**13 108**	**15 211**

4. EMPLOYEE BENEFITS

EUR 1,000	2010	2009
Salaries and fees	14 082	13 766
Pension costs, defined contribution plans	2 395	2 514
Other personnel costs	705	660
Employee benefits	**17 183**	**16 940**
PERSONNEL ON AVERAGE		
Publishing	243	229
Printing	76	101
Unallocated	24	37
Total	**343**	**366**

Information on employee benefits covering Group management is presented in section 26.

5. DEPRECIATION

EUR 1,000	2010	2009
Intangible rights	356	248
Buildings and constructions	608	603
Investment properties	106	109
Machinery and equipment	2 111	2 451
Depreciation according to plan	**3 182**	**3 411**

6. OTHER OPERATING COSTS

EUR 1,000	2010	2009
Rents	109	255
Costs for premises	1 114	1 035
Production machinery costs	442	286
Telecommunications, office and information technology cost	1 324	1 512
Sales and marketing costs	1 567	1 493
Other costs	1 783	1 562
Other operating costs total	**6 341**	**6 145**
AUDIT FEES		
Statutory audit	38	32
Certificates and statements	1	77
Tax counselling	3	5
Other fees	29	14
Total	**71**	**129**

7. FINANCIAL INCOME AND EXPENSES

EUR 1,000	2010	2009
FINANCIAL INCOME		
Dividend yields on available-for-sale financial assets	247	2 704
Net gains on held-for-trading financial assets	495	992
Interest income from loans, receivables and bank accounts	63	76
Other financial income	452	206
Financial income total	**1 257**	**3 977**
FINANCIAL EXPENSES		
Sales loss on available-for-sale financial assets	-3	
Interest expenses on financial liabilities measured at amortised cost	-1 062	-964
Financial expenses total	**-1 065**	**-964**
Financial income and expenses total	**192**	**3 013**

8. INCOME TAXES

EUR 1,000	2010	2009
Income taxes on operations	2 043	2 247
Taxes on previous financial periods		1
Change in deferred tax liabilities and assets	-265	-253
Income taxes	**1 779**	**1 995**
Reconciliation		
Profit before taxes	14 670	13 495
Tax calculated at parent company’s tax rate	3 814	3 509
Tax expenses in income statement	-1 779	-1 995
Difference	**2 036**	**1 514**
Difference analysis (net)		
Non-deductible expenses	-9	-14
Tax-exempt income	137	743
Share of associated companies’ results	1 908	785
Taxes on previous financial periods		-1
Difference analysis (net) total	**2 036**	**1 514**

9. INTANGIBLE ASSETS AND GOODWILL

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**

EUR 1,000	Intangible rights	Other intangible assets	Advances paid	Goodwill	Total
INTANGIBLE ASSETS 2009					
Acquisition cost 1.1.	4 987	2	13	314	5 317
Increase	610		113		723
Decrease	-861				-861
Transfers between items	77		-77		
Acquisition cost 31.12.	4 814	2	49	314	5 180
Accumulated depreciation 1.1.	-4 279				-4 279
Accumulated depreciation of decrease and transfers	861				861
Depreciation for the financial period	-248				-248
Accumulated depreciation 31.12.	-3 667				-3 667
BOOK VALUE 31.12.2009	**1 147**	**2**	**49**	**314**	**1 513**

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 9%. 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 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**

EUR 1,000	Land areas	Buildings and constructions	Machinery and equipment	Advances paid and work in progress	Total
TANGIBLE ASSETS 2009					
Acquisition cost 1.1.	934	18 987	43 181		63 102
Increase		1	141	388	530
Decrease			-2 990		-2 990
Transfers between items		-61	83	-83	-61
Acquisition cost 31.12.	934	18 927	40 415	305	60 581
Accumulated depreciation 1.1.		-10 689	-32 608		-43 297
Accumulated depreciation of decrease and transfers			2 988		2 988
Depreciation for the financial period		-603	-2 451		-3 054
Accumulated depreciation 31.12.		-11 292	-32 071		-43 363
BOOK VALUE 31.12.2009	**934**	**7 635**	**8 344**	**305**	**17 218**

The outstanding undepreciated share of the original costs of machinery and equipment belonging to the Group's property, plant and equipment was EUR 6.343 thousand on 31 Dec 2010 (EUR 7,950 thousand on 31 Dec 2009).

11. INVESTMENT PROPERTIES

EUR 1,000	2010	2009
INVESTMENT PROPERTIES		
Acquisition cost 1.1.	2 042	1 968
Increase		13
Transfers between items		61
Acquisition cost 31.12.	2 042	2 042
Accumulated depreciation 1.1.	-1 546	-1 437
Depreciation for the financial period	-106	-109
Accumulated depreciation 31.12.	-1 652	-1 546
BOOK VALUE 31.12.	**390**	**496**

The fair value of investment properties was EUR 2.2 million in 2010 (EUR 2.2 million in 2009).

Ilkka-Yhtymä Oyj owns a property in the district of Jouppi in Seinäjoki, where an amendment to the local detailed plan is pending. This amendment would change the current industrial block area in the valid local detailed plan into part of a commercial building block area allowing a large retail unit (KM block area) to be located in the 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 against the local detailed plan amendment has been filed with the Supreme Administrative Court. If the amendment does not take legal effect, neither party will be entitled to subsequent compensation from the other.

12. SHARES IN ASSOCIATED COMPANIES

EUR 1,000	2010	2009
SHARES IN ASSOCIATED COMPANIES		
At the beginning of the financial period	109 167	533
Increase	50 487	35 701
Transfers between items *)		69 718
Share of associated companies' results	7 337	3 019
Dividends received	-6 088	
Share of associated companies' other comprehensive income	344	195
At the end of the financial period	**161 248**	**109 167**
Goodwill included in the book value of associated companies:	129 075	88 849

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 29.96% 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 2010, the balance sheet value of the holding in the associated company Alma Media Corporation was EUR 160.8 million (EUR 108.4 million on 31 Dec. 2009) and the shares' market value came to EUR 186.2 million (EUR 113.8 million on 31 Dec. 2009). Of the holdings in associated companies, EUR 109.7 million (market value) were used as collateral for loans on 31 December 2010 (EUR 39.3 million on 31 Dec. 2009).

*) Through a stock purchase, Ilkka-Yhtymä's holding in Alma Media Corporation became a holding in an associated company on 10 August 2009. Ilkka-Yhtymä's previous holding in Alma Media has been transferred from Available-for-sale financial assets to Shares in associated companies, and the impairment loss on available-for-sale shares included in the fair value reserve under shareholders' equity at the start of the financial year (EUR 31,509 thousand) has been transferred to the shares in associated companies with no impact on profit and loss, after which Ilkka-Yhtymä's previous holding in Alma Media Corporation is recorded at the acquisition price in the consolidated balance sheet (EUR 69,718 thousand).

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 %
2009						
Alma Media Oyj	Helsinki	155 461	59 508	307 837	29 328	20.40
Arena Partners Oy	Kuopio	1 919	414	1 914	-50	37.82
Väli-Suomen Media Oy	Jyväskylä	210	110	883	4	40.00
Yrittävä Suupohja Oy	Kauhajoki	130	72	519	13	38.46
Total		**157 720**	**60 103**	**311 153**	**29 295**	

EUR 1,000	Domicile	Assets	Liabilities	Net sales	Profit/ loss	Group ownership %
2010						
Alma Media Oyj	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**	

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	2010	2009
Unlisted shares	7 754	5 566
Available-for-sale financial assets total	**7 754**	**5 566**

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

14. NON-CURRENT TRADE AND OTHER RECEIVABLES

EUR 1,000	2010	2009
Non-current loan receivables (loans and receivables)		30
Non-current loan receivables from associated companies (loans and receivables)		28
Non-current trade and other receivables total		**58**

Non-current trade and other receivables comprised provided subordinated loans. Subordinated loans are recorded at book value on the consolidated balance sheet.

15. INVENTORIES

EUR 1,000	2010	2009
Materials and supplies	741	602
Work in progress	16	20
Inventories	**757**	**622**

16. TRADE AND OTHER RECEIVABLES

EUR 1,000	2010	2009
Current receivables from associated companies (loans and receivables)	53	16
Trade receivables (loans and receivables) *)	2 889	2 576
Other receivables (loans and receivables)	1	5
Current accrued income and deferred expenses	379	266
Trade and other receivables	**3 322**	**2 862**
Substantial accrued income items		
Accruals of personnel expenses	126	104
Other items	253	162
Total	**379**	**266**
***) Trade receivables according to age**		
Undue	2 478	2 242
Overdue		
Under 30 days	293	235
30-60 days	33	38
Over 60 days	85	60
Total	**2 889**	**2 576**

During the financial year, the Group entered credit losses of EUR 22 thousand for trade receivables (in 2009, EUR 64 thousand).

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

EUR 1,000	2010	2009
Shares and holdings (held for trading)	3 412	2 472
Financial assets at fair value through profit or loss	**3 412**	**2 472**

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.

18. CASH AND CASH EQUIVALENTS

EUR 1000	2010	2009
Liquid assets in consolidated balance sheet and cash flow statement		
Cash and cash equivalents	3 047	6 648
Cash and cash equivalents	**3 047**	**6 648**

19. NOTES COVERING SHAREHOLDERS'EQUITY

Series I	Number of shares	Share capital EUR 1,000
31.12.2008	4 304 061	1 076
31.12.2009	4 304 061	1 076
31.12.2010	4 304 061	1 076

Series II	Number of shares	Share capital EUR 1,000
31.12.2008	10 361 772	2 590
Share issue (registered on 6 October 2009)	10 999 375	2 750
31.12.2009	21 361 147	5 340
31.12.2010	21 361 147	5 340

Series I and II total	Number of shares	Share capital EUR 1,000
31.12.2008	14 665 833	3 666
Share issue (registered on 6 October 2009)	10 999 375	2 750
31.12.2009	25 665 208	6 416
31.12.2010	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 63.

EUR 1,000	2010	2009
FAIR VALUE RESERVE AND OTHER RESERVES		
Fair value reserve	480	
Invested unrestricted equity fund	48 498	48 498
Loan repayment reserve	24	24
Fair value reserve and other reserves	**49 002**	**48 522**

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.

During the financial year 2009, Ilkka-Yhtymä Oyj carried out a share issue which raised EUR 38,410 thousand, excluding the expenses entailed by the issue. Regarding the recognition of gains raised with the share issue, the portion corresponding to share nominal value, i.e. EUR 0.25, is recorded in share capital and the portion exceeding nominal value, i.e. EUR 3.38, is reported under invested unrestricted equity fund.

On 27 April 2009, the Annual General Meeting decided that the Group's 31 December 2008 reserve fund would be reduced by EUR 12,837,354.95. The reduction amount of the reserve fund was transferred to the invested unrestricted equity fund in September 2009.

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 0.50 per share be distributed.

20. DEFERRED TAX ASSETS AND LIABILITIES

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**

DEFERRED TAX IN 2009:

EUR 1,000	1.1.2009	Recognised through profit and loss	31.12.2009
Deferred tax liabilities			
Depreciation difference and voluntary provisions	1 740	-278	1 462
Other accrual differences	19	25	43
Total	**1 758**	**-253**	**1 505**

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.

21. INTEREST-BEARING LIABILITIES

EUR 1,000	2010	2009
NON-CURRENT INTEREST-BEARING LIABILITIES		
Loans from financial institutions (financial liabilities measured at amortised cost)	53 846	26 231
Pension loans (financial liabilities measured at amortised cost)	4 812	6 973
Convertible bond (financial liabilities measured at amortised cost)	19 807	
Non-current interest-bearing liabilities	**78 465**	**33 204**
CURRENT INTEREST-BEARING LIABILITIES		
Loans from financial institutions (financial liabilities measured at amortised cost)	2 385	2 385
Pension loans (financial liabilities measured at amortised cost)	2 161	2 161
Current interest-bearing liabilities	**4 545**	**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. 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, 45% of loans had a fixed rate on the balance sheet date, while 55% had a floating rate. The average interest rate for loans on 31 December 2010 came to 2.91% (1.94% on 31 Dec. 2009).

On the balance sheet date of 31 December 2010, credit limits totalled EUR 13 million, none of which had been drawn by 31 December 2010. On 31 December 2009, credit limits totalled EUR 13 million, none of which had been drawn.

Convertible Bonds

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.

22. ACCOUNTS PAYABLE AND OTHER PAYABLES

EUR 1,000	2010	2009
Advances received	1 987	1 745
Accounts payable (financial liability measured at cost)	1 155	1 349
Liabilities to associated companies (financial liabilities measured at cost)	11	2
Accrued expenses and deferred income	2 928	2 408
Other payables	1 287	1 657
Accounts payable and other payables	**7 368**	**7 160**
Substantial accrued expenses and deferred income items		
Accruals of personnel expenses	2 470	2 150
Other items	458	258
Total	**2 928**	**2 408**

23. 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, risk associated with share prices and a risk related to the refinancing of the bullet loan maturing in 2013.

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 2010, the Group's interest-bearing liabilities totalled EUR 83.0 million (EUR 37.7 million on 31 Dec.

2009), including EUR 20.0 million in the form of convertible bonds. Loan maturities of the company's interest-bearing liabilities, including a EUR 15.5 million bullet loan to be renewed in 2013, range from 2 to 10 years. 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 8% of the company's interest-bearing liabilities had been tied to a fixed rate, some 39% of floating-rate interest-bearing liabilities were transformed to a fixed rate through interest rate hedges. Presently, some 45% of the loans in the company's total loan portfolio have a fixed rate and some 55% a floating rate. At EUR 30 million, the loan providers have the opportunity to adjust the loan margin from five years after raising the loans. As at 31 December 2010, the impact of floating-rate interest-bearing liabilities on profit before taxes would have amounted to -/+ EUR 460 thousand over the next 12 months, had the interest level increased or decreased 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 2010, the annual change in OMXHCAP was 24.8 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 2010, the market value of financial assets at fair value through profit or loss totalled EUR 3,412 thousand (EUR 2,472 thousand in 2009).

2010 (EUR 1,000)	Changes in profit or loss
Change 10 %	253

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

		Fair value at end of period		
	31.12.2010	Level 1	Level 2	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 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, 14, 16, 17 and 18).

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 3.0 million (EUR 6.6 million on 31 Dec. 2009). Unused credit limits totalled EUR 13 million on 31 December 2010 (EUR 13 million on 31 Dec. 2009). 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 25.

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

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**

31.12.2009 (EUR 1,000)	Carrying amount	Cash flow	Less than 1 year	1-2 years	2-5 years	over 5 years
Repayment	37 749	37 749	4 545	6 930	25 881	393
Payment of interest		1 967	671	552	728	15
Total	**37 749**	**39 716**	**5 216**	**7 482**	**26 609**	**408**

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

24. OPERATING LEASES

Group as lessee

Minimum rents payable under non-cancellable leases:

EUR 1,000	2010	2009
Due within one year	46	41
Due within more than one but no more than five years	158	164
Total	**204**	**205**

Group as lessor

Minimum rents receivable under non-cancellable leases:

EUR 1,000	2010	2009
Due within one year	106	118
Due within more than one but no more than five years	343	369
Due within more than five years	220	288
Total	**668**	**775**

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

25. CONTINGENT LIABILITIES

EUR 1,000	2010	2009
COLLATERAL PLEDGED FOR OWN COMMITMENTS		
Loans secured with mortgages		
Loans from financial institutions	56 231	28 615
Pension loans	6 973	9 134
Total	**63 204**	**37 749**
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	109 679	39 309
CONTINGENT LIABILITIES ON BEHALF OF ASSOCIATED COMPANY		
Guarantees	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	44
2010	55
Total	**99**

26. 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	2010	2009
SALES OF GOODS AND SERVICES		
To associated companies	322	239
To other related parties	909	711
PURCHASES OF GOODS AND SERVICES		
From associated companies	532	560
From other related parties	13	2
TRADE RECEIVABLES		
From other related parties	53	52

Transactions with related parties are conducted at fair market prices.
Receivables and debts from associated companies are described in notes 14, 16 and 22.

EUR 1,000	2010	2009
EMPLOYEE BENEFITS TO MANAGEMENT		
Salaries and other short-term employee benefits	744	837

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	2010	2009
SALARIES AND FEES		
Managing Directors and Board Members	429	432
Members of the Supervisory Board	31	41

27. 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 76.6 million at the end of 2010. With a target equity ratio of 40 per cent defined by the Board of Directors, the Group's equity ratio in 2010 reached 53.8 per cent (69.0%).

EUR 1,000	2010	2009
THE GROUP'S NET LIABILITIES		
Interest-bearing liabilities	83 011	37 749
Cash and cash equivalents	3 047	6 648
Financial assets at fair value through profit or loss	3 412	2 472
Net liabilities	**76 552**	**28 629**
Shareholder's equity	105 030	100 298
Gearing	72.9 %	28.5 %

28. 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 2008-2010

Key figures on financial performance

ILKKA-YHTYMÄ GROUP	2010	2009	2008
Net sales, MEUR	46.5	48.8	55.4
- change %	-4.7	-11.9	0.9
Operating profit, MEUR	14.5	10.5	10.8
- % of net sales	31.1	21.5	19.5
Profit before taxes, MEUR	14.7	13.5	15.6
- % of net sales	31.5	27.6	28.2
Profit of the financial period, MEUR	12.9	11.5	13.5
- % of net sales	27.7	23.6	24.4
Return on equity (ROE), %	12.6	18.6	31.1
Return on investment (ROI), %	9.6	14.1	26.4
Equity ratio, %	53.8	69.0	30.9
Gearing, %	72.9	28.5	169.0
Gross capital expenditure, MEUR *)	53.5	37.4	56.3
- % net sales	115.0	76.7	101.7
Balance sheet total, MEUR	197.0	147.1	76.3
Current ratio	0.88	1.06	0.79
Average no. of employees	343	366	393

*) 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	2010	2009	2008
Earnings per share (EPS), EUR	0.50	0.55	0.70
Cash flow from operations per share, EUR	0.49	0.53	0.48
Shareholders' equity per share, EUR	4.09	3.91	1.20
Dividend per share (Series I), EUR *)	0.50	0.35	0.23
Dividend per share (Series II), EUR *)	0.50	0.35	0.23
Dividend per earnings (Series I), %	99.5	63.9	33.4
Dividend per earnings (Series II), %	99.5	63.9	32.2
Effective dividend yield (Series I), %	5.1	3.9	3.5
Effective dividend yield (Series II), %	6.1	5.7	4.2
Price per earnings (P/E) (Series I)	19.7	16.4	9.5
Price per earnings (P/E) (Series II)	16.3	11.2	7.7
Adjusted price development of shares			
average price (Series I), EUR	8.69	7.07	9.60
average price (Series II), EUR	6.76	5.73	8.01
lowest price (Series I), EUR	7.50	5.60	6.41
lowest price (Series II), EUR	6.05	5.03	5.26
highest price (Series I), EUR	10.89	10.00	10.49
highest price (Series II), EUR	9.24	8.75	9.32
price at the end of period (Series I), EUR	9.90	9.00	6.63
price at the end of period (Series II), EUR	8.19	6.15	5.42
Market capitalisation, MEUR	217.6	170.1	111.3
Shares traded (Series I), number of shares	54 719	61 968	225 819
- % of total number of shares	1.3	1.4	5.2
Shares traded (Series II), number of shares	4 486 320	2 659 985	1 872 260
- % of total number of shares	21.0	20.0	18.1
Weighted average of adjusted number of shares during the financial period	25 665 208	20 997 391	19 307 920
Adjusted number of shares at the end of the financial period	25 665 208	25 665 208	19 307 920

*) 2010: Proposal of the Board of Directors

Calculation principles of key figures and ratios

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.-31.12.2010	1.1.-31.12.2009
NET SALES	1	**3 800**	**3 941**
Other operating income	2	1 163	1 101
Material and services	3	-1 490	-181
Personnel costs	4	-1 740	-2 371
Depreciation and write-downs	5	-504	-496
Other operating costs	6	-1 899	-1 971
OPERATING PROFIT		**-671**	**23**
Financial income and expenses	7	6 589	9 028
PROFIT BEFORE EXTRAORDINARY ITEMS		**5 919**	**9 051**
Extraordinary items	8	7 000	6 725
PROFIT AFTER EXTRAORDINARY ITEMS		**12 919**	**15 776**
Appropriations		129	83
Income taxes	9	-1 459	-1 487
PROFIT FOR THE FINANCIAL PERIOD		**11 589**	**14 372**

Parent Company Balance Sheet, FAS

EUR 1,000	NOTE	31.12.2010	31.12.2009
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	10	265	357
Tangible assets	10	4 711	4 912
Invetsments	11	171 278	119 285
Non-current assets		**176 255**	**124 554**
CURRENT ASSETS			
Inventories	12	3 146	2 354
Non-current receivables	13		15
Current receivables	13	961	1 771
Cash and bank deposits		87	2 501
Current assets		**4 194**	**6 641**
ASSETS		**180 449**	**131 194**
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital		6 416	6 416
Other reserves		48 498	48 498
Retained earnings		25 108	19 719
Profit for the financial period		11 589	14 372
Shareholders' equity	14	**91 611**	**89 005**
ACCUMULATED APPROPRIATIONS	15	**844**	**973**
LIABILITIES			
Non-current interest-bearing liabilities		78 465	33 204
Current interest-bearing liabilities		8 077	6 445
Current interest-free liabilities		1 452	1 568
Liabilities	16	**87 994**	**41 217**
SHAREHOLDERS' EQUITY AND LIABILITIES		**180 449**	**131 194**

FAS=Finnish Accounting Standards

Parent Company Cash Flow Statement, FAS

EUR 1,000	2010	2009
CASH FLOW FROM OPERATIONS		
Profit for the period under review	11 589	14 372
Adjustments	-12 036	-13 860
Change in working capital	-1 160	-20
Cash flow from operations before financial items and taxes	**-1 608**	**493**
Interest paid	-943	-1 235
Interest received	15	45
Dividends received	6 368	156
Other financial items	-23	-31
Direct taxes paid	-1 421	-642
Cash flow from operations	**2 389**	**-1 213**
CASH FLOW FROM INVESTMENTS		
Investments in tangible and intangible assets, net	-118	-285
Acquisition of shares in associated companies	-30 487	-35 701
Other investments, net	-1 509	-459
Granted loans	-1 003	-4
Repayment of loans receivable	1 048	47
Dividends received from investments	1 200	9 843
Cash flow from investments	**-30 868**	**-26 559**
Cash flow before financing items	**-28 480**	**-27 772**
CASH FLOW FROM FINANCING		
Share issue		38 410
Change in current loans	1 632	-4 894
Change in non-current loans	25 261	-4 545
Group contributions received and paid	8 081	5 344
Dividends paid and other profit distribution	-8 908	-4 360
Cash flow from financing	**26 066**	**29 955**
Increase (+) or decrease (-) in financial assets	**-2 413**	**2 183**
LIQUID ASSETS AT THE BEGINNING OF THE FINANCIAL PERIOD	**2 501**	**318**
LIQUID ASSETS AT THE END OF THE FINANCIAL PERIOD	**87**	**2 501**

NOTES TO THE CASH FLOW STATEMENT:

	2010	2009
ADJUSTMENTS TO PROFIT FOR THE PERIOD		
Depreciation and impairment	504	496
Sales gains (-) and losses (+) on non-current assets	2	-6
Other income and expense, non-cash	-452	-206
Financial income and expenses	-6 421	-8 822
Income taxes	1 459	1 487
Other adjustments	-7 129	-6 808
Adjustments to profit for the period total	**-12 036**	**-13 860**
CHANGE IN WORKING CAPITAL		
Increase (-)/ decrease (+) in inventories	-791	-123
Increase (-)/ decrease (+) in current interest-free operating receivables	-339	67
Increase (+)/ decrease (-) in current interest-free liabilities	-30	36
Change in working capital total	**-1 160**	**-20**

Dividends on operations during the financial year 2010 include EUR 6,088 thousand in dividends from associated companies.

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 2010 are comparable with those of 2009.

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	2010	2009
1. NET SALES		
Net sales by operating sector		
Other operations	1 964	3 036
Securities trading	1 836	905
Total	**3 800**	**3 941**
2. OTHER OPERATING INCOME		
Sales gains on fixed assets		6
Rent income	1 138	1 094
Other	24	1
Total	**1 163**	**1 101**
3. MATERIALS AND SERVICES		
Purchases during the financial period	2 278	98
Increase or decrease of stocks	-791	-123
Materials and supplies total	1 487	-25
External charges	3	206
Materials and services total	**1 490**	**181**
4. PERSONNEL COSTS		
Salaries and fees	1 379	1 824
Pension expenses	312	450
Other personnel costs	49	96
Total	**1 740**	**2 371**
MANAGEMENT'S SALARIES AND FEES		
Managing Director	225	213
Members of the Board of Directors		
Paatelainen Seppo	30	30
Aukia Timo	18	18
Mutka Sari	9	9
Savola Tapio	9	10
Viitala Riitta	5	
Hautala Lasse *)	3	10
*) was elected member of the Supervisory Board on 19 April 2010		
Members of the Supervisory Board		
Hautala Lasse, Chairman, as of 24 May 2010	11	
Kuoppamäki Heikki, Chairman until 19 April 2010	7	19
Other members		
The members receive EUR 350 for each meeting.		
The Supervisory Board convened twice during 2010.		
During 2009 Supervisory Board convened three times.		
Personnel on average during the financial period		
Corporate services	24	36

EUR 1,000	2010	2009
5. DEPRECIATION ACCORDING TO PLAN		
Intangible rights	119	112
Other longterm assets	10	10
Buildings and constructions	262	269
Machinery and equipment	113	105
Total	**504**	**496**
6. OTHER OPERATING EXPENSES		
Costs for premises	809	592
Other cost items	1 090	1 379
Total	**1 899**	**1 971**
Audit fees		
Statutory audit	24	27
Certificates and statements	1	77
Tax counselling	3	4
Other fees	29	14
Total	**57**	**123**
7. FINANCIAL INCOME AND EXPENSES		
FINANCIAL INCOME		
DIVIDEND YIELDS		
From Group companies	1 000	7 363
From associated companies	6 088	
From others	200	2 636
Total	**7 288**	**9 999**
LONG-TERM INTEREST INCOME ON INVESTM. IN NON-CURRENT ASSETS		
Interest income from associates	1	7
OTHER INTEREST AND FINANCIAL INCOME		
From Group companies	13	34
From others	454	207
Total	**467**	**241**
Financial income total	**7 755**	**10 247**
FINANCIAL EXPENSES		
OTHER INTEREST AND FINANCIAL EXPENSES		
To group companies	101	257
To others	1 064	962
Total	**1 165**	**1 219**
Financial expenses total	**1 165**	**1 219**
FINANCIAL INCOME AND EXPENSES TOTAL	**6 589**	**9 028**
Interest income total	16	41
Interest expenses total	1 140	1 188
8. EXTRAORDINARY ITEMS		
Extraordinary income	7 000	6 725
Extraordinary items consist of Group contributions received.		
9. INCOME TAXES		
Income tax on extraordinary items	1 820	1 749
Income tax on ordinary operations	-361	-262
Total	**1 459**	**1 487**

10. INTANGIBLE AND TANGIBLE ASSETS

EUR 1,000	Intangible rights	Other longterm assets	Total
INTANGIBLE ASSETS			
Acquisition cost 1.1.2010	963	1 964	2 927
Increase	38		38
Acquisition cost 31.12.2010	1 001	1 964	2 965
Accumulated depreciation and impairment 1.1.2010	652	1 919	2 571
Depreciation for the financial period	119	10	129
Accumulated depreciation 31.12.2010	771	1 929	2 700
BOOK VALUE 31.12.2010	230	35	265
BOOK VALUE 31.12.2009	311	45	357

EUR 1,000	Land areas	Buildings and constructions	Machinery and equipment	Advances paid	Total
TANGIBLE ASSETS					
Acquisition cost 1.1.2010	495	7 627	5 956		14 077
Increase		11	64	99	174
Decrease			-6		-6
Transfers between items		18		-18	
Acquisition cost 31.12.2010	495	7 655	6 014	82	14 246
Accumulated depreciation and impairment 1.1.2010		3 493	5 672		9 165
Accumulated depreciation of decrease and transfers			-6		-6
Depreciation for the financial period		262	113		375
Accumulated depreciation 31.12.2010		3 755	5 779		9 535
BOOK VALUE 31.12.2010	495	3 899	235	82	4 711
BOOK VALUE 31.12.2009	495	4 133	284		4 912

Balance sheet value of production machinery and equipment 31.12.2010	193
Balance sheet value of production machinery and equipment 31.12.2009	231

11. INVESTMENTS

EUR 1,000	Shares in Group companies	Shares in associated companies	Shares in shares and holdings	Other invest-ments	Total
Book value 1.1.2010	8 144	105 879	5 092	170	119 285
Increase		50 487	1 537		52 024
Decrease			-31		-31
BOOK VALUE 31.12.2010	**8 144**	**156 366**	**6 599**	**170**	**171 278**

EUR 1,000	2010	2009
DIFFERENCE IN MARKET VALUE AND BOOK VALUE OF PUBLICLY QUOTED SECURITIES		
Publicly quoted securities entered under investments		
Market value	186 210	113 838
Book value	155 904	105 417
Difference	**30 306**	**8 421**

	Ownership %
COMPANIES OWNED BY THE PARENT COMPANY	
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 Oyj, Helsinki	29.96
Arena Partners Oy, Kuopio	37.8
Väli-Suomen Media Oy, Jyväskylä	20.0
Yrittävä Suupohja Oy, Kauhajoki	38.5

12. INVENTORIES

Inventories	3 146	2 354
Total	**3 146**	**2 354**
DIFFERENCE IN MARKET VALUE AND BOOK VALUE OF PUBLICLY QUOTED SECURITIES		
Marketable securities		
Market value	3 412	2 472
Book value	3 146	2 354
Difference	**267**	**117**

13. RECEIVABLES

NON-CURRENT RECEIVABLES		
Non-current loan receivables		15
NON-CURRENT RECEIVABLES TOTAL		**15**

Subordinate loans

Non-current receivables comprised provided subordinated loans.

EUR 1,000	2010	2009
CURRENT RECEIVABLES		
Trade receivables	12	2
Accrued income (from others)	234	215
RECEIVABLES FROM GROUP COMPANIES		
Trade receivables	315	36
Loan receivables	100	131
Accrued income		5
Other receivables	300	1 381
Total	**715**	**1 553**
RECEIVABLES FROM ASSOCIATED COMPANIES		
Trade receivables	1	1
Total	**1**	**1**
CURRENT RECEIVABLES TOTAL	**961**	**1 771**
SUBSTANTIAL ACCRUED INCOME ITEMS		
Tax receivables	143	180
Other	91	40
Total	**234**	**220**

14. SHAREHOLDERS' EQUITY

Share capital 1.1.	6 416	3 666
Rights issue		2 750
Share capital 31.12.	6 416	6 416
Invested unrestricted equity fund 1.1.	48 498	
Share issue		35 660
Reduction of the reserve fund		12 837
Invested unrestricted equity fund 31.12.	48 498	48 498
Reserve fund 1.1.		12 837
Reduction of the reserve fund		-12 837
Reserve fund 31.12.		
Retained earnings 1.1.	34 091	24 118
Dividend distribution	-8 983	-4 400
Retained earnings 31.12.	25 108	19 719
Profit for the financial period	11 589	14 372
Shareholders' equity total	**91 611**	**89 005**
STATEMENT OF DISTRIBUTABLE FUNDS 31.12.		
Retained earnings	25 108	19 719
Profit for the financial period	11 589	14 372
Invested unrestricted equity fund	48 498	48 498
Total	**85 195**	**82 589**
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	2010	2009

15. ACCUMULATED APPROPRIATIONS

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

16. LIABILITIES

EUR 1,000	2010	2009
NON-CURRENT LIABILITIES		
Loans from financial institutions	53 846	26 231
Pension loans	4 812	6 973
Convertible bond	19 807	
Total	**78 465**	**33 204**
NON-CURRENT LIABILITIES	**78 465**	**33 204**
LIABILITIES THAT MATURE IN MORE THAN FIVE YEARS		
Loans from financial institutions	17 132	1 192
Pension loans		393
Convertible bond	20 000	
Total	**37 132**	**1 585**
CURRENT LIABILITIES		
Loans from financial institutions	2 385	2 385
Pension loans	2 161	2 161
Accounts payable	222	126
Accrued expenses and deferred income	656	427
Other payables	532	1 005
Payables to Group companies		
Accounts payable	39	6
Other payables	3 534	1 900
Total	**3 573**	**1 907**
Payables to associated companies		
Accounts payable		2
Total		**2**
CURRENT LIABILITIES	**9 529**	**8 013**
SUBSTANTIAL ACCRUED EXPENSES AND DEFERRED INCOME ITEMS		
Accruals of personnel expenses	237	322
Accruals of Interest expenses	268	73
Other	151	32
Total	**656**	**427**
Interest-free liabilities	1 452	1 568

17. GUARANTEES AND CONTINGENT LIABILITIES

EUR 1,000	2010	2009
COLLATERAL PLEDGED FOR OWN COMMITMENTS		
Loans secured with mortgages		
Loans from financial institutions	56 231	28 615
Pension loans	6 973	9 134
Total	**63 204**	**37 749**
Unused credit limits	13 000	13 000
Mortgages on real estate	4 672	4 672
Pledged shares	102 797	51 867
Contingent liabilities on behalf of associated company		
Guarantees	2 458	

Shares and Shareholders

On 31 December 2010, 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 2010

	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 - 2010

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 been listed ever since. 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, in the Consumer Discretionary 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 2010 was 54,719, which represents 1.3% of series share stock. The trading value of shares was EUR 0.5 million. The number of Series II shares traded totalled 4,486,320, which equals 21.0% of the series share stock. Their trading value was EUR 30.3 million. During the report period, the lowest quotation for Ilkka-Yhtymä Oyj's Series I share was EUR 7.50 and the highest EUR 10.89, while the lowest quotation for a Series II share was EUR 6.05 and the highest EUR 9.24. At the period-end closing price, the share capital market value was EUR 217.6 million.

FLAGGING ANNOUNCEMENTS

As a result of a share purchase completed on 19 April 2010, Pohjois-Karjalan Kirjapaino Oyj's holding in Ilkka-Yhtymä Oyj's share capital increased to 5.9524% of the share capital and 1.4236% of the voting rights.

On 5 November 2010, Ilkka-Yhtymä received a disclosure notification stating that, in the case of the realisation of an arrangement, Oy Herttaässä Ab's holding in Ilkka-Yhtymä Oyj's share capital would exceed the 5% notification threshold. The trigger for the disclosure notification is as follows: an arrangement which, when effected, will result in exceeding the notification threshold of 5% calculated from the total number of shares, as referred to in Chapter 2(9) of the Securities Markets Act.

On 11 November 2010, Ilkka-Yhtymä received a disclosure notification stating that, in the case of the realisation of an arrangement, Oy Herttaässä Ab's holding in Ilkka-Yhtymä Oyj's share capital would exceed the 10% notification threshold. The trigger for the disclosure notification is as follows: an arrangement which, when effected, will result in exceeding the notification threshold of 10% calculated from the total number of shares, as referred to in Chapter 2(9) of the Securities Markets Act.

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

31 Dec 2010	Series I	Series II	Shares in total	% of shares
Pohjois-Karjalan Kirjapaino Oyj	99	2 494 679	2 494 778	9.72 %
Keskisuomalainen Oyj		1 487 199	1 487 199	5.79 %
Keski-Pohjanmaan Kirjapaino Oyj	203 409	599 245	802 654	3.13 %
Mandatum Life Insurance Company Limited		513 080	513 080	2.00 %
Ilmarinen Mutual Pension Insurance Company	101 880	410 748	512 628	2.00 %
Etelä-Pohjanmaan Lehtiseura ry	216 229	265 917	482 146	1.88 %
Mutual Insurance Company Pension-Fennia		400 000	400 000	1.56 %
Lako Helena		307 815	307 815	1.20 %
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	125 018	114 854	239 872	0.93 %
Mutka Heikki	69 512	135 391	204 903	0.80 %
E-P:n Osuuskauppa	111 864	84 024	195 888	0.76 %
Keskinen Martti		188 041	188 041	0.73 %
Rinta-Jouppi Jarmo	80 306	90 052	170 358	0.66 %
Järvi-Laturi Heikki	41 190	124 576	165 766	0.65 %
Tapiola Mutual Pension Insurance Company	92 924	69 693	162 617	0.63 %
Aukia Kari	42 397	113 694	156 091	0.61 %
Mutual Fund Evli Select		143 769	143 769	0.56 %
Rinta-Jouppi Ari	48 555	91 539	140 094	0.55 %
20 major shareholders, total	1 317 883	7 982 481	9 300 364	36.24 %
Nominee-registered		145 410	145 410	0.57 %
Other owners	2 986 178	13 233 256	16 219 434	63.20 %
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 2010	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 %	114 854	0.54 %	239 872	2.43 %
Pohjois-Karjalan Kirjapaino Oyj	99	0.00 %	2 494 679	11.68 %	2 494 778	2.32 %
Ilmarinen Mutual Pension Insurance Company	101 880	2.37 %	410 748	1.92 %	512 628	2.28 %
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 %
Tapiola Mutual Pension Insurance Company	85 695	1.99 %	69 693	0.33 %	155 388	1.66 %
Rinta-Jouppi Jarmo	80 000	1.86 %	90 052	0.42 %	170 052	1.57 %
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 %
Keskisuomalainen Oyj			1 487 199	6.96 %	1 487 199	1.38 %
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 %
Mikkilä Juha	52 558	1.22 %	34 361	0.16 %	86 919	1.01 %
Rinta-Jouppi Ari	48 555	1.13 %	91 539	0.43 %	140 094	0.99 %
Aukia Timo	45 530	1.06 %	90 245	0.42 %	135 775	0.93 %
Järvi-Laturi Heikki	41 190	0.96 %	124 576	0.58 %	165 766	0.88 %
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	1 527 570	35.49 %	6 539 082	30.61 %	8 066 652	34.52 %

MAJOR SHAREHOLDERS BY SHARE CAPITAL ACCORDING TO THE SHAREHOLDERS' REGISTER (registered shares)

31 Dec 2010	Series I reg.	Series II	Shares in total	% of shares
Pohjois-Karjalan Kirjapaino Oyj	99	2 494 679	2 494 778	9.72 %
Keskisuomalainen Oyj		1 487 199	1 487 199	5.79 %
Keski-Pohjanmaan Kirjapaino Oyj	190 552	599 245	789 797	3.08 %
Mandatum Life Insurance Company Limited		513 080	513 080	2.00 %
Ilmarinen Mutual Pension Insurance Company	101 880	410 748	512 628	2.00 %
Etelä-Pohjanmaan Lehtiseura ry	201 588	265 917	467 505	1.82 %
Mutual Insurance Company Pension-Fennia		400 000	400 000	1.56 %
Lako Helena		307 815	307 815	1.20 %
TS-Yhtymä Oy	9 000	239 829	248 829	0.97 %
Aukia Jaakko	125 018	114 854	239 872	0.93 %
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 %
Keskinen Martti		188 041	188 041	0.73 %
Rinta-Jouppi Jarmo	80 000	90 052	170 052	0.66 %
Järvi-Laturi Heikki	41 190	124 576	165 766	0.65 %
Tapiola Mutual Pension Insurance Company	85 695	69 693	155 388	0.61 %
Aukia Kari	40 397	113 694	154 091	0.60 %
Mutual Fund Evli Select		143 769	143 769	0.56 %
Rinta-Jouppi Ari	48 555	91 539	140 094	0.55 %
Total	1 212 540	7 982 481	9 195 021	35.83%

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 2010, the company's Supervisory Board, the Board of Directors and the Managing Director held a total of 1,225,761 shares, or 4.78 per cent of the entire share capital and 7.99 per cent of the votes.

SHAREHOLDERS BY NUMBER OF SHARES HELD ON 31 DEC 2010 *)

Number of shares, Series I	No. of holdings	% of holdings	No. of shares	% of shares
1 - 200	1 905	51.28	173 338	4.03
201 - 400	644	17.34	185 324	4.31
401 - 2 000	951	25.60	850 224	19.75
2 001 - 4 000	110	2.96	287 703	6.68
4 001 -	105	2.83	2 375 372	55.19
TOTAL	3 715	100.00	3 871 961	89.96
On waiting list			314 348	7.30
In joint account			117 752	2.74
SHARES ISSUED			4 304 061	100.00

Number of shares, Series II	No. of holdings	% of holdings	No. of shares	% of shares
1 - 200	2 309	26.69	242 293	1.13
201 - 400	1 393	16.10	424 834	1.99
401 - 2 000	3 538	40.90	3 380 410	15.83
2 001 - 4 000	756	8.74	2 138 620	10.01
4 001 -	655	7.57	15 066 416	70.53
TOTAL	8 651	100.00	21 252 573	99.49
In joint account			108 574	0.51
SHARES ISSUED			21 361 147	100.00

*) According to shareholders' register

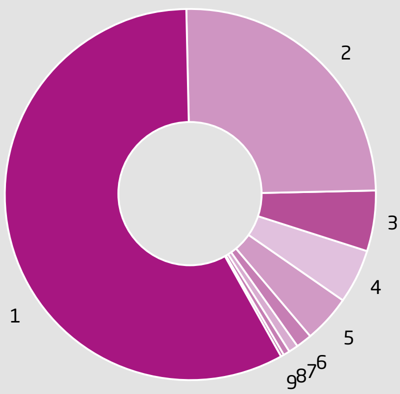
SHAREHOLDERS BY SECTOR 31 DEC 2010 *)

Shareholder category, Series I	No. of holdings	% of holdings	No. of shares	% of shares
Private companies	51	1.37	492 760	11.45
Financial institutions and insurance companies	11	0.30	273 868	6.36
Public-sector organisations	3	0.08	188 142	4.37
Non-profit organisations	80	2.15	347 325	8.07
Households	3 568	96.04	2 569 371	59.70
Foreign owners	2	0.05	495	0.01
TOTAL	3 715	100.00	3 871 961	89.96
On waiting list total			314 348	7.30
In joint account			117 752	2.74
SHARES ISSUED			4 304 061	100.00

Shareholder category, Series II	No. of holdings	% of holdings	No. of shares	% of shares
Private companies	248	2.87	5 936 317	27.79
Financial institutions and insurance companies	22	0.25	1 047 188	4.90
Public-sector organisations	7	0.08	890 336	4.17
Non-profit organisations	137	1.58	903 067	4.23
Households	8 221	95.03	12 296 274	57.56
Foreign owners	11	0.13	33 981	0.16
Nominee-registered	5	0.06	145 410	0.68
TOTAL	8 651	100.00	21 252 573	99.49
In joint account			108 574	0.51
SHARES ISSUED			21 361 147	100.00

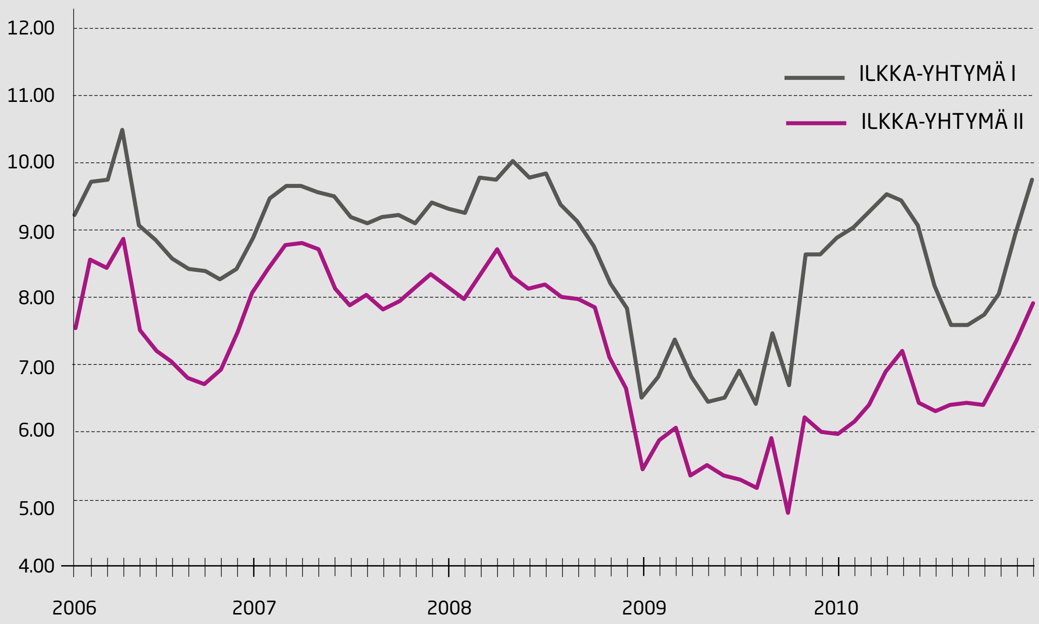
*) According to shareholders' register

SHAREHOLDERS BY SECTOR 31 DEC 2010, SERIES I AND SERIES II

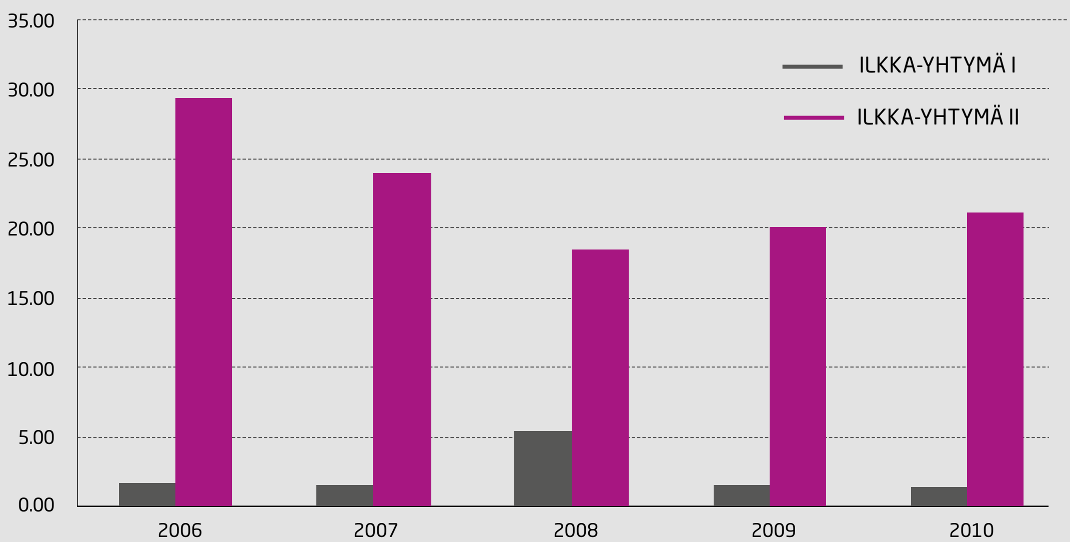


1. Households .... 57.9 %
2. Private companies .... 25.0 %
3. Financial institutions and insurance companies .... 5.1 %
4. Non-profit organisations .... 4.9 %
5. Public-sector organisations .... 4.2 %
6. On waiting list .... 1.2 %
7. In joint account .... 0.9 %
8. Nominee-registered .... 0.6 %
9. Foreign owners .... 0.1 %

ADJUSTED AVERAGE SHARE PRICE OF ILKKA-YHTYMÄ OYJ'S SHARES (EUR) 1 JAN 2006- 31 DEC 2010



ILKKA-YHTYMÄ OYJ'S SHARES TRADED AS A PERCENTAGE OF TOTAL SHARES ISSUED (%) 2006 - 2010



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 25,108,044.82
The profit for the financial year	EUR 11,588,727.68
Invested unrestricted equity fund	EUR 48,497,751.08
Total	**EUR 85,194,522.78**

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 0.50 be distributed, i.e. a total dividend payment of EUR 12,832,604.00.

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, 22 February 2011

BOARD OF DIRECTORS

Seppo Paatelainen
Timo Aukia

Sari Mutka
Tapio Savola

Riitta Viitala
Matti Korkiatupa
Managing Director

A report on the audit has been issued today.

Seinäjoki, 24 February 2011

Ernst & Young Oy
Authorised Public Accountants

Tomi Englund
Authorised Public Accountant

Marja Huhtala
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 2010. 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 24 February 2011

Ernst & Young Oy
Authorised Public Accountants

Tomi Englund
Authorised Public Accountant

Marja Huhtala KHT
Authorised Public Accountant

Supervisory Board's Statement

Having examined the company's and the consolidated balance sheets and income statements for 2010, 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: Lasse Hautala, Perttu Rinta, Satu Heikkilä, Mauri Hietala, Mikko Koskinen, Ari Rinta-Jouppi, Raija Tikkala and Jaakko Rintala.

Seinäjoki, 7 March 2011

Lasse Hautala	Matti Korkiatupa
Chairman of the Supervisory Board	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 Oyj (29.96%), 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 retirement age of a member of the Supervisory Board is sixty-eight (68). The terms of office of members of the Supervisory Board end, regardless of the length of the remaining period of office, at the AGM of the year during which the member in question turns sixty-eight (68).

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 twice during 2010. Average attendance at meetings was 74%. The Chairman and members of Ilkka-Yhtymä Oyj's Supervisory Board were paid a total of EUR 31,200 in monthly and meeting fees.

The AGM on 19 April 2010 determined Supervisory Board emoluments for 2010 as follows:
- Chairman's fee EUR 1,000/month plus the standard meeting fee of EUR 350/meeting.
- Meeting fee for members – EUR 350/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 five (5) members. Currently, the Board of Directors has five members. Board members are elected for a term of four (4) years. The retirement age of members of the Board of Directors is sixty-eight (68) and their terms of office end, regardless of the length of the remaining period of office, at the first meeting of the Supervisory Board after the AGM during the calendar year at which the member in question reaches sixty-eight (68).

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 Lasse Hautala (member until 19 April 2010), Sari Mutka, Tapio Savola and Riitta Viitala (member as from 24 May 2010) were declared independent of both the company and, in accordance with the Corporate Governance recommendations, of its major shareholders.

In 2010, the Board of Directors held 17 meetings and 4 teleconferences with an average participation of 96.1%. 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 24 May 2010 on the Board of Directors of Ilkka-Yhtymä Oyj's emoluments for 2010 as follows:

- The Chairman's remuneration is EUR 2,000/month plus the standard fee of EUR 350/meeting.
- Vice Chairman's remuneration is EUR 1,000/month plus the standard fee of EUR 350/meeting.
- Remuneration for members is EUR 300/month plus the standard fee of EUR 350/meeting.

A total of EUR 98,590 (Group) was paid in monthly and meeting fees to the members of the Board of Directors of Ilkka-Yhtymä Oyj in 2010.

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 three times in 2010. Remuneration for members is EUR 350/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 auditor and deputy auditor

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 recommendation 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 2010, the Managing Director Matti Korkiatupa was paid a total of EUR 233,277 in salary and fringe benefits and EUR 49,269 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 (Editor-in-Chief of Ilkka). The 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 corporate marketing and the Ilkka profit centre's business operations; the Director in charge of consumer marketing and the Pohjalainen profit centre's business operations; Editor-in-Chief of 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 2010, the Group's Executive Team convened 12 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 2010, the closed window periods were set at 27 January–24 February 2010 for the publication of the financial statements bulletin for 2009 and, for the interim reports for 2010, 5 April–3 May 2010, 5 July–2 August 2010 and 4 October –1 November 2010. The corresponding periods for 2011 are 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.

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 2010 AGM of Ilkka-Yhtymä Oyj elected Ernst & Young Oy, Authorised Public Accountants, as auditors, with Tomi Englund, Authorised Public Accountant and Marja Huhtala, Authorised Public Accountant, as regular auditors. Päivi Virtanen, Authorised Public Accountant, and Johanna Winqvist-Ilkka, Authorised Public Accountant were elected as deputy auditors. The supervisory audit was performed by Ernst & Young Oy, Authorised Public Accountants.

In 2010, for the auditing of Ilkka-Yhtymä Group's companies, the following fees were paid to Ernst & Young Oy: EUR 38 thousand for auditing; EUR 1 thousand for certificates and statements, EUR 3 thousand for tax consultancy and EUR 29 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 twice during the year. In 2010, its number of members was 26, including two employee representatives.

	Member of the Supervisory Board since	Current term will expire in
Chairman (as of 24 May 2010) Lasse Hautala, Kauhajoki Member of Parliament	2010	2011
Chairman (until 19 April 2010) Heikki Kuoppamäki, Ähtäri Farmer	1991	2010
Vice Chairman Perttu Rinta, Mikkeli Managing Director, Suur-Savon Sähkö Oy	1999	2011
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 Marketing Director, Suomen Terveystalo Oy	2010	2011
Mauri Hietala, Seinäjoki Kanslianeuvos (Finnish honorary title)	1991	2011
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
Mikko Koskinen, Seinäjoki Sales Director, Pohjola Group plc	1999	2011

	Member of the Supervisory Board since	Current term will expire in
Petri Latva-Rasku, Tampere Project Manager, Nokia Oyj	2007	2013
Juha Mikkilä, Kurikka Business College Graduate, agricultural and forestry entrepreneur	1990	2014
Seija Peitso, Seinäjoki *) Accounting Assistant, Ilkka-Yhtymä Oyj	2009	2013
Ari Rinta-Jouppi, Vähäkyrö Managing Director, Rauno Rinta-Jouppi Oy	1999	2011
Jarmo Rinta-Jouppi, Seinäjoki Managing Director, Jarmo Rinta-Jouppi Oy	2004	2012
Jaakko Rintala, Lapua, Farmer, Kunnallisneuvos (Finnish honorary title)	1995	2011
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	2011
Marja Vettenranta, Laihia Study Coordinator, University of Vaasa	1997	2013
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 2010:
For the Chairman, EUR 1,000 per month and a standard fee of EUR 350 per meeting.
For each member, a standard fee of EUR 350 per meeting.

Board of Directors

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

SARI MUTKA
b. 1968, Helsinki
M.Sc. (Econ.),
Business Consultant,
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: 135,775 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: 2,016 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
Marja Huhtala,
Authorised Public Accountant

Chairman of the Board of Directors
SEPPO PAATELAINEN
Born in 1944, M.Sc. (Agr. & For.), Vuorineuvos (Finnish honorary title), Seinäjoki
Ilkka-Yhtymä Oyj, Chairman of the Board of Directors since 2007, current term ending in 2011

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 Oyj, Vice Chairman of the Board, since 2009
- Finavia Corporation, Chairman of the Board since 2010
- 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 2010 (Group): EUR 41,600

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

Managing Director of Timo Aukia Oy since 1999

Shareholdings: 135,775 shares
Emoluments in 2010 (Group): EUR 29,950

SARI MUTKA
Born in 1968, M.Sc. (Econ.), Business Consultant, Helsinki
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 since 2009

Shareholdings: 81,287 shares
Emoluments in 2010 (Group): EUR 9,200

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 2011.

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: 2,016 shares
Emoluments in 2010 (Group): EUR 9,200

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 2010 (Group): EUR 5,690

LASSE HAUTALA,
Born in 1963, B.Agr., Member of Parliament, Kauhajoki
Ilkka-Yhtymä Oyj, member of the Board of Directors 2002-2010, current term ended on 19 April 2010. On that date, Hautala became a member of the Supervisory Board and, on 24 May 2010, its Chairman.

Ilkka-Yhtymä Oyj, member of the Supervisory Board 2000-2003 and since 2010

Shareholdings: 2,884 shares
Emoluments in 2010 (Group): EUR 2,950

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; Chairman 2000-2004 and since 2010; Vice Chairman 2006-2010
- 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 since 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.), Seinäjoki, Chairman	1999	2011
Timo Aukia, Managing Director, Tampere, Vice Chairman	2007	2012
Sari Mutka, Business Consultant, Helsinki	2007	2013
Tapio Savola, Master of Laws trained on the bench, Lappajärvi	1991	2011
Riitta Viitala, PhD (econ.), Professor, Vaasa	2010	2014
Lasse Hautala, Member of Parliament, Kauhajoki	2002	2010 *)

*) was elected member of the Supervisory Board on 19 April 2010

Group Executive Team

The Group Executive Team convened 12 times in 2010.

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 for 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 since 2010, 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
- Keskipohjanmaa Foundation, member of the Board since 1994
- Finnish Newspaper Association, Chairman of the Young Readers Section since 2008
- Union of Rural Education and Culture, Chairman since 2004
- The Rural Culture Foundation, Chairman since 2006
- The Society for Progressive Research, Chairman since 2006
- University Association of South Ostrobothnia, member of the Board since 2007

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 since 2008

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 2010.

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

- 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
- Sento Oy Högfors, Marketing Manager, 1987–1988
- Kymi Strömberg Oy, sales engineer, 1983–1987

Shareholdings: -

KALLE HEISKANEN
I-Mediat Oy, Editor-in-Chief of Pohjalainen as from 1 February 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

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

Shareholdings: 500 shares

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

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

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
- Telikamenten Oy, Export Manager, 1982–1984

Shareholdings: 500 shares

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

- Arena Partners, Chairman of the Marketing Section since 2007
- 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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