



ILKKA-YHTYMÄ

Interim Report

1 Jan. - 31 Mar. 2009

Ilkka-Yhtymä Oyj's Interim Report for Q1/2009

- Net sales: EUR 12.0 million (EUR 13.4 million), down 10.6%
- Operating profit: EUR 1.8 million (EUR 2.8 million), down 34.9%
- Operating profit 15.0% of net sales (20.6%)
- Pre-tax profits: EUR 3.8 million (EUR 9.5 million), down 60.2%
- Earnings per share: EUR 0.23 (EUR 0.61)

NET SALES AND DEVELOPMENT OF RESULTS

The Group's consolidated net sales for January-March fell by 10.6%. The net sales were EUR 12.0 million (EUR 13.4 million in the corresponding period of the previous year). External net sales from the publishing business fell by 12.3%. Advertising revenues fell by 21.1% and circulation revenues grew by 1.5%. External net sales from the printing business fell by 3.0%. Circulation income accounted for 39% of consolidated net sales, while advertising income and printing income represented 40% and 20% respectively. Other operating income in January-March totalled EUR 0.1 million (EUR 0.3 million).

Operating expenses for January-March amounted to EUR 10.3 million (EUR 11.0 million), down by 5.9% year-on-year. Not counting depreciation included in the operating expenses, all other expenses were reduced. As a result of co-determination negotiations conducted in Ilkka-Yhtymä Group in March, arrangements concerning holiday pay were negotiated with the staff. The arrangements are expected to bring savings of approximately EUR 1 million in the next 12 months, with a single cost reduction of EUR 0.6 million being recorded in the personnel costs during Q1.

Consolidated operating profit amounted to EUR 1.8 million (EUR 2.8 million), which represents 15.0% (20.6%) of the net sales. The operating profit from publishing activities fell by EUR 0.9 million, and from printing activities by EUR 0.1 million.

Net financial income in Q1 came to EUR 2.0 million (EUR 6.7 million). Financial assets at fair value through profit or loss accounted for EUR -0.1 million (EUR -0.3 million) and available-for-sale financial assets for EUR 2.3 million (EUR 6.9 million). Gains from available-for-sale financial assets during the period include EUR 2.3 million (EUR 6.9 million) in dividend income from Alma Media Oyj.

The share of the associated companies' result was EUR 0.01 million (EUR 0.01 million). Pre-tax profits totalled EUR 3.8 million (EUR 9.5 million). Direct taxes amounted to EUR 0.4 million (EUR 0.6 million) and the Group's net profit for the period totalled EUR 3.4 million (EUR 8.9 million).

BALANCE SHEET AND FINANCING

The consolidated balance sheet total came to EUR 85.2 million (EUR 119.0 million), with EUR 28.7 million (EUR 61.7 million) of equity. The fair value reserve decreased by EUR 26.4 million year-on-year. At the start of 2009 the value of the fair value reserve had risen by EUR 2.2 million, due to the rise in the value of Alma Media shares. The number of Alma Media's shares held by Ilkka-Yhtymä Group is 7,718,991. Their purchase price totalled EUR 69.7 million and the value at the end of March 2009 was EUR 40.4 million. The

amount of interest-bearing liabilities at the end of the report period amounted to EUR 41.6 million (EUR 41.7 million). Equity ratio was 36.4 per cent (54.8 per cent). Liquid assets totalled EUR 8.6 million (EUR 11.9 million).

The cash flow of operations for the report period totalled EUR 6.3 million (EUR 4.2 million), while the investment cash flow came to EUR 2.0 million (EUR -46.3 million).

SHARES

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.

During January-March, 8,996 Series I shares of Ilkka-Yhtymä Oyj were traded, comprising 0.2 per cent of the total number of Series I shares. The total value of the exchanged shares was EUR 0.1 million. A total of 85,566 series II shares were traded, comprising 0.8 per cent of the total number of Series II shares. The total value of traded shares was EUR 0.7 million. The lowest price at which Series I shares of Ilkka-Yhtymä Oyj were traded during the report period was EUR 8.20, and the highest EUR 11.49. The lowest price at which Series II shares were traded was EUR 6.80 and the highest EUR 8.56. The market value of the share capital at the closing rate of the report period was EUR 107.8 million.

RISKS AND RISK MANAGEMENT

The general economic uncertainty and recession continue to affect the volumes in the media advertising and printing business compared to the previous year. Other than the likely fall in media advertising, no other significant risks are predicted in the near future in the publishing and printing business. Other business risks are discussed in more detail in the Annual Report for 2008.

The Group has EUR 41.6 million of interest-bearing loans, EUR 37.7 million of which are long-term. The interest rate risk is controlled by taking out both fixed-rate and floating-rate loans. On 31 March 2009 the interest on 25% of the loans was fixed rate and 75% floating rate. Their maturity ranges from five to seven years. A change of one percentage point in the interest level would affect the Group's financial expenses by EUR 0.3 million.

The market value of publicly quoted available-for-sale financial assets on 31 March 2009 was EUR 40.4 million. Were this value to change by 20 per cent, the change in equity would equal EUR 8.1 million.

POHJALAINEN'S CHIEF EDITOR

Pohjalainen's Chief Editor Markku Mantila took up the position of Chief

Editor at Kaleva in March 2009. Arno Aho­snie­mi (31), M.Soc.Sc., from Brussels, was appointed as the new Editor-in-Chief of Pohjalainen. Arno Aho­snie­mi will join Vaasa Oy in June 2009.

PERSONNEL

The Group had an average of 372 (376) employees during the period.

Owing to the changed market situation, employee co-determination negotiations have been conducted within Ilkka-Yhtymä Group due to reduced volumes in advertising sales and the printing business. These negotiations started on 12 March 2009 and were concluded on 2 April 2009.

The negotiations resulted in an arrangement concerning holiday pay, which was agreed with the staff. The negotiations conducted in the Group's sheet and newsprint company, I-print Oy, resulted in an arrangement over holiday pay and the redundancy of six employees due to production reasons. These arrangements are expected to bring cost savings of approximately EUR 1 million in the next 12 months, the majority of which is recorded in the Q1 results.

A development plan was launched in the spring of 2009 to prepare Ilkka-Yhtymä Group for the worsening market situation caused by the extended recession. The Group's operations will be developed in order to ensure the competitiveness and profitability of multi-channel newspapers and the printing business.

ANNUAL GENERAL MEETING DECISIONS

On 27 April 2009, the Annual General Meeting of Ilkka-Yhtymä Oy 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 0.30 shall be paid for the year 2008. The dividend will be paid on 5 May 2009 and the record date of dividend payment is 30 April 2009.

In accordance with Chapter 13, Section 6, Paragraph 2 of the Finnish Limited Liability Companies Act, the Annual General Meeting authorised the Board to decide upon the distribution of additional dividend of a maximum of EUR 0.20 per share. The total dividend for the 2008 financial year based on the authorisation may be no more than EUR 0.50 per share. The authorisation includes a right to the Board of Directors to decide upon all other conditions pertaining to the distribution of the dividend. The authorisation will be valid until the next ordinary annual general meeting of shareholders.

The number of members on the Supervisory Board for 2009 was confirmed to be 27. Of the Supervisory Board members whose term had come to an end, the following were re-elected for the term ending in 2013: Markku Akonniemi, Töysä, Alpo Joensuu, Kuortane, Heikki Järvi-Laturi, Teuva, Petri Latva-Rasku, Tampere and Marja Vettenranta, Laihia. Juhani Hautamäki, Ylivieska and the employee representatives Petri Taipale, Seinäjoki and Seija Peitso, Seinäjoki were elected as new members of the Supervisory Board.

At the Annual General Meeting it was decided 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 auditor. 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 Annual General Meeting decided that the Group's 31 December 2008 reserve fund is to be reduced by EUR 12,837,354.95. The reduced amount will be transferred into invested non-restricted equity fund. After the reduction, the reserve fund will amount to zero. The reduction of the reserve fund requires a notice and registration procedure as per Chapter 14, Paragraphs 3-5 of the Finnish Limited Liability Companies Act.

THE PRINTING CONTRACT OF ILKKA-YHTYMÄ GROUP AND HSS MEDIA TO EXPIRE IN 2010

Following a notification by HSS Media, the long-term printing contract between Ilkka-Yhtymä Group's I-print Oy and HSS Media will expire in 2010. HSS Media's notification states that the printing of its newspapers will transfer to a joint venture between Keski-Pohjanmaan Kirjapaino Oyj and HSS Media. The new printing establishment will be located in Kokkola and will start operations after the middle of 2010, as per the participants' notification.

I-print Oy and HSS Media have a long-standing printing contract that started on 1 January 2000. The notice period of the contract is 6 months. The newspapers of HSS Media are printed predominantly at I-print's printing press in Vaasa. The share of HSS Media's newspapers in I-print Oy's net sales has been around 10% annually.

OUTLOOK FOR 2009

Forecasting the impacts of the global financial crises and the economic recession on media advertising and circulation and printing volumes in 2009 continues to be difficult.

In 2009, media advertising will reduce in Finland as a result of the recession. In spite of consumers' wariness, newspapers' circulation income is predicted to enjoy slight growth due to price increases.

Printing volumes will fall as reduced media advertising cuts the numbers of pages. Alongside reduced printing volumes, the competition will become even more intense.

The net sales of Ilkka-Yhtymä Group will decrease as the recession cuts demand for publishing and printing.

Operating profit and operating profit as a percentage of net sales are estimated to drop significantly despite the rationalisation measures. The year's results will depend on the operating profit, and the dividend income from available-for-sale financial assets, interest-rate trends, trading in securities and the price performance of securities investments. The result for the whole year will be significantly weaker compared to 2008.

SUMMARY OF FINANCIAL STATEMENTS AND NOTES

GROUP INCOME STATEMENT

| (EUR 1000) | 1-3/2009 | 1-3/2008 | Change | 1-12/2008 |
|--|---------------|----------|--------|-----------|
| NET SALES | 12 005 | 13 423 | -11 % | 55 384 |
| Change in inventories of finished and unfinished products | 15 | 3 | 400 % | -1 |
| Other operating income | 94 | 294 | -68 % | 626 |
| Materials and services | -3 910 | -4 015 | -3 % | -17 082 |
| Employee benefits | -4 144 | -4 660 | -11 % | -18 016 |
| Depreciation | -808 | -705 | 15 % | -2 961 |
| Other operating costs | -1 455 | -1 582 | -8 % | -7 221 |
| OPERATING PROFIT | 1 797 | 2 759 | -35 % | 10 728 |
| Financial income and expenses | 1 973 | 6 730 | -71 % | 4 840 |
| Share of associated companies' results | 13 | 9 | 43 % | 48 |
| PROFIT BEFORE TAXES | 3 783 | 9 499 | -60 % | 15 616 |
| Income tax | -374 | -622 | -40 % | -2 086 |
| PROFIT FOR THE PERIOD UNDER REVIEW | 3 409 | 8 877 | -62 % | 13 530 |
| Earnings per share, undiluted (EUR) *) | 0.23 | 0.61 | -62 % | 0.92 |
| *) There are no factor diluting the figure. | | | | |
| OTHER COMPREHENSIVE INCOME: | | | | |
| Available-for-sale assets | 2 161 | -14 971 | -114 % | -42 562 |
| Income tax related to components of other comprehensive income | | 3 893 | -100 % | 2 874 |
| Other comprehensive income, net of tax | 2 161 | -11 079 | -120 % | -39 688 |
| Total comprehensive income for the period | 5 570 | -2 202 | -353 % | -26 158 |

Shares in Alma Media, 10.3% owned for longer than one year; a tax claim has not been recorded for the period.

SEGMENT INFORMATION

| (EUR 1000) | 1-3/2009 | 1-3/2008 | Change | 1-12/2008 |
|----------------------------|---------------|----------|--------|-----------|
| GROUP NET SALES | | | | |
| Publishing | 9 662 | 11 020 | -12 % | 44 648 |
| Printing | 4 520 | 4 697 | -4 % | 20 181 |
| Non-allocated | 755 | 688 | 10 % | 2 774 |
| Net sales between segments | -2 933 | -2 981 | -2 % | -12 219 |
| Total | 12 005 | 13 423 | -11 % | 55 384 |

| (EUR 1000) | 1-3/2009 | 1-3/2008 | Change | 1-12/2008 |
|-------------------------------|--------------|----------|--------|-----------|
| GROUP OPERATING PROFIT | | | | |
| Publishing | 1 337 | 2 262 | -41 % | 8 976 |
| Printing | 492 | 603 | -18 % | 2 580 |
| Non-allocated | -32 | -107 | -70 % | -827 |
| Total | 1 797 | 2 759 | -35 % | 10 728 |

GROUP BALANCE SHEET

| (EUR 1000) | 3/2009 | 3/2008 | Change | 12/2008 |
|---|---------------|----------------|---------------|---------------|
| ASSETS | | | | |
| NON-CURRENT ASSETS | | | | |
| Intangible rights | 699 | 463 | 51 % | 723 |
| Goodwill | 314 | | | 314 |
| Investment properties | 504 | 621 | -19 % | 531 |
| Property, plant and equipment | 19 139 | 20 304 | -6 % | 19 805 |
| Shares in associated companies | 547 | 495 | 10 % | 533 |
| Available-for-sale financial assets | 45 500 | 71 681 | -37 % | 43 316 |
| Non-current trade and other receivables | 39 | 39 | | 39 |
| Other tangible assets | 213 | 214 | 0 % | 213 |
| Deferred tax asset | | 1 019 | | |
| Non-current assets | 66 956 | 94 836 | -29 % | 65 476 |
| CURRENT ASSETS | | | | |
| Inventories | 880 | 718 | 23 % | 930 |
| Trade and other receivables | 5 952 | 6 952 | -14 % | 3 287 |
| Income tax assets | 876 | 786 | 11 % | 2 030 |
| Financial assets at fair value through profit or loss | 1 897 | 3 767 | -50 % | 2 285 |
| Cash and cash equivalents | 8 598 | 11 942 | -28 % | 2 321 |
| Current assets | 18 203 | 24 165 | -25 % | 10 852 |
| ASSETS | 85 159 | 119 000 | -28 % | 76 328 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | | |
| SHAREHOLDERS' EQUITY | | | | |
| Share capital | 3 666 | 3 666 | | 3 666 |
| Fair value reserve and other reserves | -16 486 | 9 962 | -265 % | -18 647 |
| Retained earnings | 41 473 | 48 076 | -14 % | 38 064 |
| Shareholders' equity | 28 653 | 61 705 | -54 % | 23 083 |
| NON-CURRENT LIABILITIES | | | | |
| Deferred tax liability | 1 692 | 1 771 | -4 % | 1 758 |
| Non-current interest-bearing liabilities | 37 749 | | | 37 749 |
| Non-current liabilities | 39 442 | 1 771 | 2127 % | 39 508 |
| CURRENT LIABILITIES | | | | |
| Current interest-bearing liabilities | 3 858 | 41 700 | -91 % | 5 858 |
| Accounts payable and other payables | 12 729 | 12 109 | 5 % | 7 734 |
| Income tax liability | 477 | 1 715 | -72 % | 146 |
| Current liabilities | 17 064 | 55 525 | -69 % | 13 738 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | 85 159 | 119 000 | -28 % | 76 328 |

GROUP CASH FLOW STATEMENT

| (EUR 1000) | 1-3/2009 | 1-3/2008 | 1-12/2008 |
|---|---------------|----------------|----------------|
| CASH FLOW FROM OPERATIONS | | | |
| Profit for the period under review | 3 409 | 8 877 | 13 530 |
| Adjustments | -804 | -5 621 | -181 |
| Change in working capital | 2 328 | 2 026 | -126 |
| Cash flow from operations before finance and taxes | 4 933 | 5 282 | 13 223 |
| Financial income and expenses | 312 | -415 | 1 138 |
| Direct taxes paid | 1 045 | -717 | -5 006 |
| Cash flow from operations | 6 289 | 4 151 | 9 355 |
| CASH FLOW FROM INVESTMENTS | | | |
| Investments in tangible and intangible assets, net | -303 | -1 264 | -3 242 |
| Other investments, net | -23 | -51 985 | -52 593 |
| Dividends received from investments | 2 316 | 6 948 | 7 237 |
| Cash flow from investments | 1 990 | -46 300 | -48 598 |
| Cash flow before financing items | 8 279 | -42 149 | -39 243 |
| CASH FLOW FROM FINANCING | | | |
| Change in current loans | -2 000 | 41 700 | 2 000 |
| Change in non-current loans | | | 41 607 |
| Dividends paid and other profit distribution | -2 | -4 | -14 440 |
| Cash flow from financing | -2 002 | 41 696 | 29 167 |
| Increase(+) or decrease (-) in financial assets | 6 277 | -454 | -10 075 |
| LIQUID ASSETS AT THE BEGINNING OF THE FINANCIAL PERIOD | 2 321 | 12 396 | 12 396 |
| LIQUID ASSETS AT THE END OF THE FINANCIAL PERIOD | 8 598 | 11 942 | 2 321 |

GROUP KEY FIGURES

| | 3/2009 | 3/2008 | 12/2008 |
|----------------------------------|--------|--------|---------|
| Earnings/share (EUR) | 0.23 | 0.61 | 0.92 |
| Shareholders' equity/share (EUR) | 1.95 | 4.21 | 1.57 |
| Average number of personnel | 372 | 376 | 393 |
| Investments (EUR 1000) *) | 114 | 53 530 | 56 348 |
| Interest-bearing debt (EUR 1000) | 41 607 | 41 700 | 43 607 |
| Equity ratio, % | 36.4 | 54.8 | 30.9 |

*) Investment in tangible and intangible assets and available-for-sale assets (shares).

Taxes included in the income statement are taxes corresponding to the result for the period under review.

GROUP CONTINGENT LIABILITIES

| (EUR 1000) | 3/2009 | 3/2008 | 12/2008 |
|---|--------|--------|---------|
| COLLATERAL PLEDGED FOR OWN COMMITMENTS | | | |
| Mortgages on company assets | 1 245 | | 1 245 |
| Mortgages on real estate | 8 801 | 4 017 | 8 801 |
| Pledged shares | 27 485 | 44 669 | 26 013 |
| ON BEHALF OF OTHERS | | | |
| Guarantees | | 16 | |

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| (EUR 1000) | Share capital | Fair value reserve | Other reserves | Retained earnings | Total |
|--|---------------|--------------------|----------------|-------------------|---------------|
| CHANGE IN SHAREHOLDERS' EQUITY 1-3/2008 | | | | | |
| SHAREHOLDERS' EQUITY 1.1. | 3 666 | 8 179 | 12 862 | 39 199 | 63 907 |
| Comprehensive income for the period | | -11 079 | | 8 877 | -2 202 |
| SHAREHOLDERS' EQUITY TOTAL 03/2008 | 3 666 | -2 900 | 12 862 | 48 076 | 61 705 |

| (EUR 1000) | Share capital | Fair value reserve | Other reserves | Retained earnings | Total |
|--|---------------|--------------------|----------------|-------------------|---------------|
| CHANGE IN SHAREHOLDERS' EQUITY 1-3/2009 | | | | | |
| SHAREHOLDERS' EQUITY 1.1. | 3 666 | -31 509 | 12 862 | 38 064 | 23 083 |
| Comprehensive income for the period | | 2 161 | | 3 409 | 5 570 |
| SHAREHOLDERS' EQUITY TOTAL 03/2009 | 3 666 | -29 348 | 12 862 | 41 473 | 28 653 |

REPORTING

Ilkka-Yhtymä Group's interim report has been prepared in compliance with the recognition and measurement principles of IFRS but not in compliance with all IAS 34 requirements.

The Group has since 1 January 2009 complied with the following new or updated standards:

- IFRS 8 Operating segments. The Group's operating segments continue to be Publishing and Printing. From 1 January 2009, assets allocated to segments and associated income was changed to correspond with the internal reporting, as per IFRS 8. Following the change, certain properties will no longer be allocated to operating segments; instead, they are allocated to the non-allocated group. In other respects items allocated to segments correspond with the financial statements for 2008. The 2008 reference data for segment information has been corrected to meet the new accounting principles.
- IAS 1 Presentation of financial statements. The changes will have

an impact on the way the income statement and the changes in shareholders' equity have been presented.

- IAS 23 Borrowing costs. The change has no impact on the interim report.

In other respects, the interim report was compiled by the same accounting principles as the previous financial reports. The principles and formulae for calculating the indicators remain unchanged, and they have been presented on page 63 of the 2008 annual report.

The figures in the interim report have been presented unaudited.

GENERAL STATEMENT

This report contains certain statements that are estimates based on the management's best knowledge at the time they were made. For this reason they contain a certain amount of risk and uncertainty. The estimates may change in the event of significant changes in the general economic and business conditions.

Seinäjäki, 5 May 2009

ILKKA-YHTYMÄ OYJ

Board of Directors

Matti Korkiatupa
Managing Director



ILKKA-YHTYMÄ

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