Interim Report 1 Jan.-31 Mar.

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ILKKA-YHTYMÄ

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Ilkka-Yhtymä Oyj´s Interim Report for Q1/2013

- Net sales: EUR 11.0 million (EUR 11.8 million)
- Operating profit: EUR 2.3 million (EUR 3.4 million)
- Operating profit excluding Alma Media Corporation and the other associated companies amounted to EUR 0.9 million (EUR 1.6 million)
- Operating profit totalled 20.6% of net sales, or 7.8% excluding Alma Media and other associated companies (13.4%)
- Pre-tax profits: EUR 2.1 million (EUR 2.7 million)
- Earnings per share: EUR 0.08 (EUR 0.10)

NET SALES AND PROFIT PERFORMANCE

The Group's consolidated net sales for January–March showed a 6.6% decline. Net sales came to EUR 11.0 million (EUR 11.8 million in the corresponding period of the previous year). External net sales from the publishing business fell by 8.6%. Advertising revenues fell by 14.9% and circulation revenues fell by 1.9%. The decrease in net sales from the publishing business was caused by a weaker advertising market. External net sales from the printing business increased by 7.3%. Circulation income accounted for 44% of consolidated net sales, while advertising income and printing income represented 42% and 15%, respectively. Other operating income in January–March totalled EUR 0.1 million (EUR 0.1 million).

Operating expenses for January–March amounted to EUR 10.2 million (EUR 10.3 million), down by 0.8% year on year. Expenses arising from materials and services increased by 0.9%. Personnel expenses decreased by 0.2%. The national collective agreement for journalists expired on 30 April 2013, and the negotiations remain unresolved. Other operating costs increased by 8.8%. Depreciation contracted by 30.9%.

The share of the associated companies' result was EUR 1.4 million (EUR 1.8 million). Consolidated operating profit amounted to EUR 2.3 million (EUR 3.4 million), down by 33.3 per cent year-on-year. The Group's operating margin was 20.6 per cent (28.8%). Operating profit excluding Alma Media Corporation and the other associated companies amounted to EUR 0.9 million (EUR 1.6 million), representing 7.8% (13.4%) of net sales. Operating profit from publishing fell by EUR 0.6 million, while operating profit from printing remained roughly the same in euro terms as in the previous year.

Net financial expenses for January-March amounted to EUR 0.2 million (EUR 0.7 million). Net gain/loss on shares held for trading was EUR -0.01 million (EUR 0.2 million). Interest expenses excluding the fair value change in derivatives hedging them totalled EUR 0.4 million (EUR 0.6 million). In order to hedge against interest rate risk, in 2010 the company transformed some of its floating-rate liabilities into fixed-rate liabilities, by means of interest rate swaps. Given that the Group does not apply hedge accounting, unrealised changes in the market value of the interest rate swaps are recognised through profit or loss. In January–March 2013, the market value of these interest rate swaps grew by EUR 0.2 million (in January–March 2012, the market value fell by EUR 0.3 million).

Pre-tax profits totalled EUR 2.1 million (EUR 2.7 million). Direct taxes amounted to EUR 0.2 million (EUR 0.2 million), and the Group's net profit for the period totalled EUR 1.9 million (EUR 2.4 million).

BALANCE SHEET AND FINANCING

The consolidated balance sheet total came to EUR 169.6 million (EUR 199.5 million), with EUR 82.6 million (EUR 107.0 million) of equity. On the reporting date of 31 March 2013, the balance sheet value of the holding in the associated company Alma Media Corporation was EUR 126.7 million and the market value of the shares was EUR 83.2 million. According to the management's estimate, write-down in this holding is unnecessary.

Interest-bearing liabilities totalled EUR 70.6 million (EUR 76.5 million). The equity ratio was 50.7 per cent (55.6%), and shareholders' equity per share stood at EUR 3.22 (EUR 4.17). The increase in financial assets for the period totalled EUR 5.8 million (EUR 6.0 million), with liquid assets at the end of the period totalling EUR 8.1 million (EUR 16.9 million).

Cash flow from operations for the period came to EUR 5.9 million (EUR 6.1 million). This includes EUR 3.6 million (EUR -2.9 million) from the Group's own operations as well as EUR 2.2 million (EUR 9.0 million) of dividend income from Alma Media Corporation. Due to VAT changes, subscription fees for the Group's provincial newspapers were exceptionally invoiced in the amount of EUR 6.6 million in December 2011. Cash flow from investments totalled EUR -0.1 million (EUR -0.1 million).

SHARE PERFORMANCE

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

In January–March, 12,695 series-I shares of Ilkka-Yhtymä Oyj were traded, accounting for 0.3 per cent of the total number of series-I shares. The total value of the shares exchanged was EUR 0.1 million. In total, 553,634 series-II shares were traded, corresponding to 2.6 per cent of the total number of series II shares. The total value of the shares traded was EUR 2.3 million. The lowest price at which series-I shares of Ilkka-Yhtymä Oyj were traded during the period under review was EUR 4.95, and the highest per-share price was EUR 7.95. The lowest price at which series-II shares were traded was EUR 3.61 and the highest EUR 5.19. The market value of the share capital at the closing rate for the reporting period was EUR 102.1 million.

RISKS AND RISK MANAGEMENT

In the current economic climate, major uncertainties are associated with the predictability of both net sales and operating profit. Ilkka-Yhtymä's most significant short-term risks are related to the development of media advertising, in particular, as well as circulation and printing volumes, which affect the industry in general. Other risks associated with the Group's own operations and its holding in associated company Alma Media Corporation are described in more detail in the Annual Report 2012.

The Group's major financial risks include credit risk of the Group's operative business, the risk associated with the price of shares held for trading, liquidity risk and the risk of changes in market interest rates applied to the loan portfolio. 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. Given that the Group does not apply hedge accounting, changes in the market value of the interest rate swap are recognised through profit and loss. Other financial risks are discussed in more detail in the 2012 Annual Report.

EVENTS AFTER THE REPORT PERIOD

ANNUAL GENERAL MEETING DECISIONS

On 18 April 2013, the Annual General Meeting (AGM) of Ilkka-Yhtymä Oyj approved the financial statements, discharged the members of the Supervisory Board and the Board of Directors and the Managing Director from liability and decided that a per-share dividend of EUR 0.15 be paid for the year 2012.

The number of members on the Supervisory Board for 2013 was confirmed to be 25. Of the Supervisory Board members whose term had come to an end, the following were re-elected for the term ending in 2017: Markku Akonniemi (Töysä), Juhani Hautamäki (Ylivieska), Heikki Järvi-Laturi (Teuva), Petri Latva-Rasku (Tampere) ja Marja Vettenranta (Laihia). The employee representatives Terhi Ekola (Vaasa) and Niina Vuolio (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 1,500 per month and a fee of EUR 400 per meeting, and the board members will be paid a fee of EUR 400 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 as the auditor, with Authorised Public Accountant, M.Sc. (Econ.) Harri Pärssinen as the principal auditor. It was decided that the auditors would be reimbursed per the invoice.

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

OUTLOOK FOR 2013

In the current economic climate, forecasting net sales in the media sector and, in particular, media advertising spending involves major uncertainties. Due to consumer caution, VAT on circulation revenues and media competition, newspapers' circulation revenues are predicted to decrease. Printing business volumes have declined permanently in Finland and the prospects for growth in the sector are weak.

Advertising in Finland was weaker than expected in the first quarter.

The net sales of Ilkka-Yhtymä Group are estimated to decline from the 2012 level.

Group operating profit from Ilkka-Yhtymä's own operations, and operating profit as a percentage of net sales, excluding the share of Alma Media's and other associated companies' results, are expected to decline clearly from the 2012 level. In addition, the year's results will depend on interest-rate trends and the price performance of securities investments.

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

SUMMARY OF FINANCIAL STATEMENTS AND NOTES

DRAFTING PRINCIPLES

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 interim report has been prepared according to the same principles as the 2012 financial statements. New or revised IFRS standards and IFRIC interpretations that become effective in 2013 have also been complied with, as specified in the 2012 financial statements. These changes have not affected the reported figures. The principles and formulae for the calculation of the indicators, presented on page 61 of the 2012 annual report, remain unchanged.

The figures in the interim report have been presented unaudited.

CONSOLIDATED INCOME STATEMENT

EUR 1,000	1-3/2013	1-3/2012	Change	1-12/2012
NET SALES	**10 987**	11 763	-7 %	46 158
Change in inventories of finished and unfinished products	**5**	11	-54 %	
Other operating income	**93**	109	-15 %	437
Materials and services	**-3 608**	-3 575	1 %	-13 980
Employee benefits	**-4 560**	-4 570		-17 824
Depreciation	**-524**	-758	-31 %	-2 918
Other operating costs	**-1 532**	-1 407	9 %	-5 966
Share of associated companies' profit *)	**1 397**	1 813	-23 %	-16 774
OPERATING PROFIT/ LOSS	**2 258**	3 385	-33 %	-10 868
Financial income and expenses	**-162**	-730	78 %	-2 550
PROFIT/ LOSS BEFORE TAXES	**2 097**	2 655	-21 %	-13 418
Income tax	**-170**	-206	-18 %	-669
PROFIT/ LOSS FOR THE PERIOD UNDER REVIEW	**1 927**	2 449	-21 %	-14 087
Earnings per share, undiluted (EUR) **)	**0.08**	0.10	-21 %	-0.55
The undiluted share average (to the nearest thousand) **)	**25 665**	25 665		25 665

*) 1-12/2012: Includes the EUR 22 million non-recurring write-down on the holding in the associated company Alma Media Corporation.
**) There are no factor diluting the figure.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000	1-3/2013	1-3/2012	Change	1-12/2012
PROFIT/ LOSS FOR THE PERIOD UNDER REVIEW	**1 927**	2 449	-21 %	-14 087
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Available-for-sale assets	**2**			-3
Share of associated companies' other comprehensive income	**85**	158	-46 %	100
Income tax related to components of other comprehensive income				1
Other comprehensive income, net of tax	**86**	158	-45 %	98
Total comprehensive income for the period	**2 013**	2 607	-23 %	-13 989

SEGMENT INFORMATION

EUR 1,000	1-3/2013	1-3/2012	Change	1-12/2012
GROUP NET SALES				
Publishing	**9 425**	10 304	-9 %	40 528
Printing	**3 372**	3 524	-4 %	13 710
Non-allocated	**567**	534	6 %	2 139
Net sales between segments	**-2 377**	-2 599	-9 %	-10 219
Group net sales total	**10 987**	11 763	-7 %	46 158

EUR 1,000	1-3/2013	1-3/2012	Change	1-12/2012
GROUP OPERATING PROFIT/ LOSS				
Publishing	**778**	1 356	-43 %	5 046
Printing	**317**	342	-7 %	1 379
Associated companies	**1 397**	1 813	-23 %	-16 774
Non-allocated	**-234**	-126	-86 %	-519
Group operating profit/ loss total	**2 258**	3 385	-33 %	-10 868

CONSOLIDATED BALANCE SHEET

EUR 1,000	3/2013	3/2012	Change	12/2012
ASSETS				
NON-CURRENT ASSETS				
Intangible rights	**981**	1 052	-7 %	1 008
Goodwil	**314**	314		314
Investment properties	**220**	277	-20 %	233
Property, plant and equipment	**11 926**	12 918	-8 %	11 862
Shares in associated companies	**128 029**	147 072	-13 %	128 796
Available-for-sale financial assets	**10 682**	10 747	-1 %	10 723
Other tangible assets	**214**	214		214
Non-current assets	**152 367**	172 594	-12 %	153 151
CURRENT ASSETS				
Inventories	**577**	614	-6 %	647
Trade and other receivables	**6 422**	6 556	-2 %	2 950
Income tax assets	**510**	762	-33 %	118
Financial assets at fair value through profit or loss	**1 672**	2 067	-19 %	1 695
Cash and cash equivalents	**8 060**	16 898	-52 %	2 263
Current assets	**17 241**	26 897	-36 %	7 673
ASSETS	**169 609**	199 491	-15 %	160 823
SHAREHOLDERS' EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
Share capital	**6 416**	6 416		6 416
Invested unrestricted equity fund and other reserves	**48 622**	48 623		48 621
Retained earnings	**27 541**	52 008	-47 %	25 529
Shareholders' equity	**82 579**	107 047	-23 %	80 567
NON-CURRENT LIABILITIES				
Deferred tax liability	**54**	392	-86 %	23
Non-current interest-bearing liabilities	**66 349**	72 448	-8 %	63 954
Non-current interest-free liabilities	**102**	115	-12 %	102
Non-current liabilities	**66 504**	72 956	-9 %	64 079
CURRENT LIABILITIES				
Current interest-bearing liabilities	**4 241**	4 022	5 %	6 633
Accounts payable and other payables	**15 929**	15 041	6 %	9 390
Income tax liability	**355**	425	-17 %	155
Current liabilities	**20 525**	19 488	5 %	16 177
SHAREHOLDERS' EQUITY AND LIABILITIES	**169 609**	199 491	-15 %	160 823

CONSOLIDATED CASH FLOW STATEMENT

EUR 1,000	1-3/2013	1-3/2012	1-12/2012
CASH FLOW FROM OPERATIONS			
Profit/ loss for the period under review	**1 927**	2 449	-14 087
Adjustments	**-546**	-131	22 867
Change in working capital	**2 813**	-4 474	-6 732
Cash flow from operations before finance and taxes	**4 194**	-2 156	2 048
Interest paid	**-224**	-244	-2 235
Interest received	**7**	12	46
Dividends received	**2 257**	9 004	9 117
Other financial items	**-12**	-14	-53
Direct taxes paid	**-331**	-489	-947
Cash flow from operations	**5 890**	6 111	7 976
CASH FLOW FROM INVESTMENTS			
Investments in tangible and intangible assets, net	**-204**	-106	-1 083
Other investments, net	**97**	-33	-16
Dividends received from investments	**15**		529
Cash flow from investments	**-92**	-139	-570
Cash flow before financing items	**5 798**	5 972	7 406
CASH FLOW FROM FINANCING			
Change in current loans			-3 925
Change in non-current loans			-1 964
Dividends paid and other profit distribution		-1	-10 180
Cash flow from financing		-1	-16 069
Increase(+) or decrease (-) in financial assets	**5 797**	5 972	-8 663
LIQUID ASSETS AT THE BEGINNING OF THE FINANCIAL PERIOD	**2 263**	10 926	10 926
LIQUID ASSETS AT THE END OF THE FINANCIAL PERIOD	**8 060**	16 898	2 263

GROUP KEY FIGURES

	3/2013	3/2012	12/2012
Earnings/share (EUR)	**0.08**	0.10	-0.55
Shareholders' equity/share (EUR)	**3.22**	4.17	3.14
Average number of personnel	**320**	325	336
Investments (EUR 1,000) *)	**561**	141	1 311
Interest-bearing debt (EUR 1,000)	**70 590**	76 470	70 587
Equity ratio, %	**50.7**	55.6	50.7
Average number of shares during the financial period	**25 665 208**	25 665 208	25 665 208
Number of shares at the end on the financial period	**25 665 208**	25 665 208	25 665 208

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

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

STATEMENT OF 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 1-3/2012						
Shareholders' equity 1.1.	6 416	101	48 498	24	49 401	104 440
Comprehensive income for the period					2 607	2 607
SHAREHOLDERS' EQUITY TOTAL 3/2012	**6 416**	**101**	**48 498**	**24**	**52 008**	**107 047**

EUR 1,000	Share capital	Fair value reserve	Invested unrestricted equity fund	Other reserves	Retained earnings	Total
CHANGE IN SHAREHOLDERS' EQUITY 1-3/2013						
Shareholders' equity 1.1.	6 416	99	48 498	24	25 529	80 567
Comprehensive income for the period		1			2 011	2 013
SHAREHOLDERS' EQUITY TOTAL 3/2013	**6 416**	**100**	**48 498**	**24**	**27 541**	**82 579**

GROUP CONTINGENT LIABILITIES

EUR 1,000	3/2013	3/2012	12/2012
COLLATERAL PLEDGED FOR OWN COMMITMENTS			
Mortgages on company assets	**1 245**	1 245	1 245
Mortgages on real estate	**8 801**	8 801	8 801
Pledged shares	**53 451**	70 735	65 730
CONTINGENT LIABILITIES ON BEHALF OF ASSOCIATED COMPANY			
Guarantees	**4 096**	4 182	4 096

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR 1,000	1-3/2013	1-3/2012	Change	1-12/2012
Carrying amount at the beginning of the financial period	**11 862**	13 481	-12 %	13 481
Increase	**484**	75	542 %	838
Depreciation for the financial period	**-420**	-638	-34 %	-2 456
Carrying amount at the end of the financial period	**11 926**	12 918	-8 %	11 862

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.

The following related party transactions were carried out:

EUR 1,000	3/2013	3/2012	12/2012
SALES OF GOODS AND SERVICES			
To associated companies	**55**	66	288
To other related parties	**213**	201	823
PURCHASES OF GOODS AND SERVICES			
From associated companies	**136**	128	463
From other related parties			5
TRADE RECEIVABLES			
From associated companies	**14**	30	13
From other related parties	**77**	108	47
ACCOUNTS PAYABLE			
To associated companies	**15**	19	4

Transactions with related parties are conducted at fair market prices.

EUR 1,000	3/2013	3/2012	12/2012
EMPLOYEE BENEFITS TO MANAGEMENT			
Salaries and other short-term employee benefits	**247**	222	936

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

FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

		Fair value at end of period		
EUR 1,000	**3/2013**	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value				
Financial assets at fair value through profit or loss	1 672	1 672		
Available-for-sale financial assets	9 243		9 243	
Total	**10 915**	**1 672**	**9 243**	
Liabilities measured at fair value				
Interest rate swaps	2 199		2 199	
Total	**2 199**		**2 199**	

Available-for-sale assets also include EUR 1,439 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.

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 involve a certain amount of inherent risk and uncertainty. The estimates may change in the event of significant changes in general economic and business conditions.

ILKKA-YHTYMÄ OYJ

Board of Directors

Matti Korkiatupa
Managing Director

ILKKA-YHTYMÄ

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