ILKKA-YHTYMÄ

Interim Report

1 Jan. – 31 Mar. 2010

Ilkka-Yhtymä Oyj's Interim Report for Q1/2010

- Net sales: EUR 11.1 million (EUR 12.0 million), down 7.5%
- Operating profit: EUR 2.5 million (EUR 1.8 million), up 39.3%
- Operating profit excluding Alma Media Corporation and the other associated companies amounted to EUR 1.3 million (EUR 1.8 million), a drop of 29.7%
- Operating profit totalled 22.7% of net sales; 11.4% excluding Alma Media and other associated companies (15.0%)
- Pre-tax profits: EUR 2.6 million (EUR 3.8 million), down 30.9%
- Earnings per share: EUR 0.09 (EUR 0.18)
- Increase in financial assets EUR 8.6 million (EUR 6.3 million)

NET SALES AND PROFIT PERFORMANCE

The Group's consolidated net sales for January-March showed a 7.5% decline. Net sales came to EUR 11.1 million (EUR 12.0 million in the corresponding period of the previous year). External net sales from the publishing business grew by 1.9%. Advertising revenues grew by 3.8%, while circulation revenues fell by 0.1%. External net sales from the printing business fell by 46.1% due, for instance, to the termination of HSS Media Oy's printing contract on 31 December 2009 and the decline in printing prices. Circulation income accounted for 42% of consolidated net sales, while advertising income and printing income represented 45% and 11%, respectively. Other operating income in January-March totalled EUR 0.1 million (EUR 0.1 million).

Operating expenses for January-March amounted to EUR 10.0 million (EUR 10.3 million), down by 3.5% year on year. Expenses from materials and services decreased by 15.4 per cent due to the decline in printing volumes and the falling prices of printing materials. Depreciation decreased by 3.8 per cent. 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 EUR 0.6 million in personnel costs for Q1/2009 and, for Q1/2010, a reduction in personnel costs of some EUR 0.1 million.

The share of the associated companies' result was EUR 1.3 million (EUR 0.01 million). Consolidated operating profit amounted to EUR 2.5 million (EUR 1.8 million), up by 39.3 per cent year-on-year. The Group's operating margin was 22.7 per cent (15.1%). Operating profit excluding Alma Media Corporation and the other associated companies amounted to EUR 1.3 million (EUR 1.8 million), representing 11.4% (15.0%) of net sales. Operating profit from publishing grew by EUR 0.03 million. Operating profit from printing decreased by EUR 0.4 million, due to a reduction in volumes and the transfer of advertisement production to the publishing segment, as well as the costs for closing down the operations of the Vaasa printing unit.

Net financial income for January-March amounted to EUR 0.1 million (EUR 2.0 million), with financial assets at fair value through profit or loss accounting for EUR 0.1 million (a negative EUR 0.1 million). Financial income for Q1/2009 includes EUR 2.3 million in dividend income from Alma Media Corporation. On 10 August 2009, Ilkka-Yhtymä's holding in Alma Media Corporation increased and the latter became the former's associated company, as a result of which the dividends received (EUR 6.1 million for Q1/2010) have been eliminated in the Consolidated Income Statement (IFRS).

Pre-tax profits totalled EUR 2.6 million (EUR 3.8 million). Direct taxes amounted to EUR 0.3 million (EUR 0.4 million), and the Group's net profit for the period totalled EUR 2.3 million (EUR 3.4 million).

BALANCE SHEET AND FINANCING

The consolidated balance sheet total came to EUR 154.6 million (EUR 85.2 million), with EUR 102.6 million (EUR 28.7 million) 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. On the reporting date of 31 March 2010, the market value of the shares in Alma Media Corporation exceeded their value reported in the consolidated balance sheet. 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.

Interest-bearing liabilities at the end of the period totalled EUR 37.7 million (EUR 41.6 million). Equity ratio was at 69.3 per cent (36.4%) and shareholders' equity per share stood at EUR 4.00 (EUR 1.48). The increase in financial assets for the period totalled EUR 8.6 million (EUR 6.3 million), with liquid assets at the end of the period totalling EUR 15.3 million (EUR 8.6 million).

Cash flow from operations for the period came to EUR 2.9 million (EUR 6.3 million). Cash flow from investments totalled EUR 5.8 million (EUR 2.0 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 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.

In January–March, 9,028 series-I shares of Ilkka-Yhtymä Oyj were traded, accounting for 0.2 per cent of the total number of series-I shares. The total value of the shares exchanged was EUR 0.1 million. In total, 1,310,798 series-II shares were traded, corresponding to 6.1 per cent of the total number of series II shares. The total value of the shares traded was EUR 8.6 million. The lowest price at which series-I shares of Ilkka-Yhtymä Oyj were traded during the period under review was EUR 8.46, and the highest per-share price was EUR 10.21. The lowest price at which series-II shares were traded was EUR 6.05 and the highest EUR 7.13. The market value of the share capital at the closing rate for the reporting period was EUR 192.1 million.

RISKS AND RISK MANAGEMENT

The impacts of the recession on media advertising as well as circulation and printing volumes in 2010 continue to be difficult to predict. Ilkka-Yhtymä's most significant short-term risks are related to the development of media advertising as well as circulation and printing volumes, which affect the industry in general. Other business risks are discussed in more detail in the 2009 Annual Report.

The Group has EUR 37.7 million in interest-bearing loans, EUR 33.2 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 2010, the interest on 24% of these loans was fixed-rate and that on 76% of them floating-rate. The loans' maturity ranges from four to six years. On the reporting date of 31 March 2010, the impact of the floating-rate liabilities on profit before taxes would have amounted to EUR -/+ 0.3 million had the interest level increased or decreased by a percentage point.

ILKKA-YHTYMÄ VENTURES INTO NATIONAL CLASSIFIED ADVERTISEMENTS BUSINESS

Arena Partners Ltd, an associated company in which Ilkka-Yhtymä Oyj has a 38% stake, and Alma Media Corporation will begin comprehensive cooperation in the national classified advertising business. This cooperation will involve Arena Partners buying a 35% share of Alma Media's home sales, vehicle and consumer advertising marketplace company. Simultaneously, Alma Media will purchase a 35% share of Arena Interactive, a subsidiary of Arena Partners specialising in mobile services. The cooperation is subject to approval by the Finnish Competition Authority.

The joint venture, Marketplaces, includes Alma Media's Etuovi.com, Autotalli.com and Mikko.fi classified services.

The regional newspapers of Ilkka-Yhtymä (Ilkka and Pohjalainen), Arena Partners' other papers and Alma Media's papers will enter a cooperation agreement on using Alma's marketplace services in their respective regions. 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.

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

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

Total net sales for 2009 of the services to be transferred to the new Marketplaces company from Alma Media Interactive Oy came to EUR 16.9 million. Arena Interactive Oy's net sales in 2009 totalled EUR 1 million.

EVENTS AFTER THE REPORT PERIOD

ANNUAL GENERAL MEETING DECISIONS

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 the year 2009. The dividend will be paid on 29 April 2010 and the record date of dividend payment is 22 April 2010.

The number of members on the Supervisory Board for 2010 was confirmed to be 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 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 AGM approved the Board of Directors' proposal on amending the Articles of Association. Certain changes resulting from amendments to the 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 include 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, will be amended as follows: "The summons to a General Meeting must be delivered to shareholders no more than three months (3) 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 will be 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 will be 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 per cent of the company's total shares and 36.05 per cent 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.

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

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 per cent of the share capital and 1.4236 per cent of the voting rights.

OUTLOOK FOR 2010

The recession's impacts in 2010 on media advertising, and circulation and printing volumes, continue to be difficult to predict. Media advertising in Finland is forecast to begin slow growth towards the end of the year. In spite of consumer caution, newspapers' circulation income is expected to remain at almost the previous year's level due to price increases. Printing business volumes have contracted permanently as media advertisers reduce the number of pages ordered. In addition, the recession has caused certain printing customers to exit the market.

Net sales for Ilkka-Yhtymä Group are expected to contract slightly as the net sales of the printing business decrease. Net sales for the publishing business, on the other hand, are forecast to increase slightly.

Group operating profit from Ilkka-Yhtymä's own operations and operating profit as a percentage of net sales, excluding the share of Alma Media Corporation's and other associated companies' profit, are expected to decrease to some extent from their 2009 levels. In addition, the year's results will depend on interest-rate trends, any trading in securities and the price performance of securities investments. Furthermore, the associated company Alma Media Corporation (20.4% stake in it) will have a significant impact on Group operating profit and profit.

In the current economic climate, major uncertainties remain, related to the predictability of both net sales and operating 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.

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 interim report.
- Improvements on IFRS standards (April 2009). These changes will, for the most part, become effective in 2010. Several minor changes have no bearing on the interim report.
- IFRIC 17 Distributions of Non-Cash Assets to Owners. The interpretation has no impact on the interim report.

In other respects, the interim report was compiled in compliance with the same accounting principles as the previous financial reports. The principles and formulae for the calculation of the indicators, presented on page 57 of the 2009 annual report, remain unchanged.

The figures in the interim report have been presented unaudited.

CONSOLIDATED INCOME STATEMENT

EUR 1000	1-3/2010	1-3/2009	Change	1-12/2009
NET SALES	**11 100**	12 005	-8 %	48 811
Change in inventories of finished and unfinished products	**-1**	15	-108 %	-10
Other operating income	**123**	94	31 %	369
Materials and services	**-3 307**	-3 910	-15 %	-15 211
Employee benefits	**-4 376**	-4 144	6 %	-16 940
Depreciation	**-777**	-808	-4 %	-3 411
Other operating costs	**-1 498**	-1 455	3 %	-6 145
Share of associated companies' profit	**1 258**	13	9455 %	3 019
OPERATING PROFIT	**2 521**	1 810	39 %	10 482
Financial income and expenses	**91**	1 973	-95 %	3 013
PROFIT BEFORE TAXES	**2 613**	3 783	-31 %	13 495
Income tax	**-316**	-374	-15 %	-1 995
PROFIT FOR THE PERIOD UNDER REVIEW	**2 297**	3 409	-33 %	11 500
Earnings per share, undiluted (EUR) *)	**0.09**	0.18	-49 %	0.55
The undiluted share average, adjusted for the share issue (to the nearest thousand)*	25 665	19 308		20 997

*) There are no factor diluting the figure.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1000	1-3/2010	1-3/2009	Change	1-12/2009
PROFIT FOR THE PERIOD UNDER REVIEW	**2 297**	3 409	-33 %	11 500
Other comprehensive income:				
Available-for-sale assets		2 161	-100 %	
Share of associated companies' other comprehensive income	**48**			195
Income tax related to components of other comprehensive income				
Other comprehensive income, net of tax	**48**	2 161	-98 %	195
Total comprehensive income for the period	**2 344**	5 570	-58 %	11 695

For Q1/2009, no deferred tax asset was recorded related to Alma Media's shares (10.3% holding exceeding one year).

SEGMENT INFORMATION

EUR 1000	1-3/2010	1-3/2009	Change	1-12/2009
GROUP NET SALES				
Publishing	**9 873**	9 662	2 %	39 826
Printing	**3 162**	4 520	-30 %	18 032
Non-allocated	**487**	755	-35 %	3 016
Net sales between segments	**-2 423**	-2 933	-17 %	-12 064
Group net sales total	**11 100**	12 005	-8 %	48 811

EUR 1000	1-3/2010	1-3/2009	Change	1-12/2009
GROUP OPERATING PROFIT				
Publishing	**1 369**	1 337	2 %	5 582
Printing	**44**	492	-91 %	2 615
Non-allocated	**1 108**	-19	6057 %	2 285
Group operating profit total	**2 521**	1 810	39 %	10 482

CONSOLIDATED BALANCE SHEET

EUR 1000	3/2010	3/2009	Change	12/2009
ASSETS				
NON-CURRENT ASSETS				
Intangible rights	**1 154**	699	65 %	1 198
Goodwill	**314**	314		314
Investment properties	**470**	504	-7 %	496
Property, plant and equipment	**16 687**	19 139	-13 %	17 218
Shares in associated companies	**104 385**	547	18996 %	109 167
Available-for-sale financial assets	**5 732**	45 500	-87 %	5 566
Non-current trade and other receivables	**30**	39	-22 %	58
Other tangible assets	**214**	213		214
Non-current assets	**128 986**	66 956	93 %	134 232
CURRENT ASSETS				
Inventories	**554**	880	-37 %	622
Trade and other receivables	**6 196**	5 952	4 %	2 862
Income tax assets	**689**	876	-21 %	224
Financial assets at fair value through profit or loss	**2 856**	1 897	51 %	2 472
Cash and cash equivalents	**15 296**	8 598	78 %	6 648
Current assets	**25 590**	18 203	41 %	12 828
ASSETS	**154 576**	85 159	82 %	147 060
SHAREHOLDERS' EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
Share capital	**6 416**	3 666	75 %	6 416
Fair value reserve and other reserves	**48 522**	-16 486	394 %	48 522
Retained earnings	**47 704**	41 473	15 %	45 359
Shareholders' equity	**102 642**	28 653	258 %	100 298
NON-CURRENT LIABILITIES				
Deferred tax liability	**1 437**	1 692	-15 %	1 505
Non-current interest-bearing liabilities	**33 204**	37 749	-12 %	33 204
Non-current liabilities	**34 641**	39 442	-12 %	34 709
CURRENT LIABILITIES				
Current interest-bearing liabilities	**4 545**	3 858	18 %	4 545
Accounts payable and other payables	**12 049**	12 729	-5 %	7 160
Income tax liability	**698**	477	46 %	347
Current liabilities	**17 292**	17 064	1 %	12 053
SHAREHOLDERS' EQUITY AND LIABILITIES	**154 576**	85 159	82 %	147 060

CONSOLIDATED CASH FLOW STATEMENT

EUR 1000	1-3/2010	1-3/2009	1-12/2009
CASH FLOW FROM OPERATIONS			
Profit for the period under review	**2 297**	3 409	11 500
Adjustments	**-261**	-804	-634
Change in working capital	**1 650**	2 328	571
Cash flow from operations before finance and taxes	**3 686**	4 933	11 438
Financial income and expenses	**-320**	312	-116
Direct taxes paid	**-498**	1 045	-242
Cash flow from operations	**2 869**	6 289	11 081
CASH FLOW FROM INVESTMENTS			
Investments in tangible and intangible assets, net	**-170**	-303	-1 470
Acquisition of shares in associated companies			-35 701
Other investments, net	**-166**	-23	-459
Granted loans			-19
Repayments of loan receivables	**28**		
Dividends received from investments	**6 088**	2 316	2 704
Cash flow from investments	**5 779**	1 990	-34 945
Cash flow before financing items	**8 648**	8 279	-23 865
CASH FLOW FROM FINANCING			
Share issue			38 410
Change in current loans		-2 000	-1 313
Change in non-current loans			-4 545
Dividends paid and other profit distribution		-2	-4 360
Cash flow from financing		-2 002	28 193
Increase(+) or decrease (-) in financial assets	**8 647**	6 277	4 328
LIQUID ASSETS AT THE BEGINNING OF THE FINANCIAL PERIOD	**6 648**	2 321	2 321
LIQUID ASSETS AT THE END OF THE FINANCIAL PERIOD	**15 296**	8 598	6 648

GROUP KEY FIGURES

	3/2010	3/2009	12/2009
Earnings/share (EUR)	**0.09**	0.18	0.55
Shareholders' equity/share (EUR)	**4.00**	1.48	3.91
Average number of personnel	**338**	372	366
Investments (EUR 1 000) *)	**745**	114	37 427
Interest-bearing debt (EUR 1 000)	**37 749**	41 607	37 749
Equity ratio, %	**69.3**	36.4	69.0
Adjusted average number of shares during the period	**25 665 208**	19 307 920	20 997 391
Adjusted number of shares on the balance sheet date	**25 665 208**	19 307 920	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 1000	Share capital	Fair value reserve	Invested unrestricted equity fund	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**

EUR 1000	Share capital	Fair value reserve	Invested unrestricted equity fund	Other reserves	Retained earnings	Total
CHANGE IN SHAREHOLDERS' EQUITY 1-3/2010						
Shareholders' equity 1.1.	6 416		48 498	24	45 359	100 298
Comprehensive income for the period					2 344	2 344
SHAREHOLDERS' EQUITY TOTAL 03/2010	**6 416**		**48 498**	**24**	**47 704**	**102 642**

GROUP CONTINGENT LIABILITIES

EUR 1000	3/2010	3/2009	12/2009
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	**38 258**	27 485	39 309

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.

Seinäjoki, 3 May 2010

ILKKA-YHTYMÄ OYJ

Board of Directors

Matti Korkiatupa
Managing Director

ILKKA-YHTYMÄ

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