Ilkka-Yhtymä Oyj Financial Statements Bulletin, 16 February 2009, at 2 p.m.

THE ILKKA-YHTYMÄ GROUP'S FINANCIAL STATEMENTS FOR 2008

FINANCIAL YEAR 2008

- Net sales: EUR 55,384 thousand (EUR 54,885 thousand in 2007), up 0.9%
- Operating profit: EUR 10,728 thousand (EUR 11,790 thousand), down 9.0%
- Operating profit 19.4% of net sales (21.5%)
- Pre-tax profits: EUR 15,616 thousand (EUR 17,388 thousand), down 10.2%
- Earnings per share: EUR 0.92 (EUR 0.93)
- The Board of Directors proposes a per share dividend of EUR 0.30
- The Board of Directors will also propose that the Annual General Meeting authorise, according to Chapter 13, Section 6, Paragraph 2 of the Finnish Limited Liability Companies Act, the Board to decide upon an additional dividend of no more than EUR 0.20 per share.

Q4/2008

- Net sales: EUR 14,442 thousand (EUR 14,827 thousand), down 2.6%
- Operating profit: EUR 2,612 thousand (EUR 2,781 thousand), down 6.1%
- Operating profit 18.1% of net sales (18.8%)
- Pre-tax profits: EUR 1,504 thousand (EUR 2,258 thousand), down 33.4%
- Earnings per share: EUR 0.08 (EUR 0.11)

MATTI KORKIATUPA, MANAGING DIRECTOR:

"Economic trends, which have long favoured the media industry, took a downturn in 2008 due to the global financial and economic crisis. Consumers' increased purchasing power and their confidence in their own finances maintained the growth of private consumption, visible in a positive way in media advertising. Early-autumn signs of recession and ever-gloomier economic trends late in the year had a strong impact on of consumer confidence. This rapidly reduced volumes in media advertising which, however, still achieved the previous year's level. Newspaper advertising decreased by 2.8%, particularly due to declining job, housing and car sales advertising towards the end of the year.

Regional newspapers and free sheets continue to play a strong role among the various types of media. However, traditional papers must meet the challenges posed by changing consumer behaviour, new technologies and the new competitors whose market entry such new technologies are enabling. In response, we have continued to invest in the development of multi-channel journalistic and commercial content, in accordance with our various paper groups' roles.

We have targeted our investments in online services, reforming our papers and improving the service capability of I-print. The online services of our provincial papers, Ilkka and Pohjalainen, have more than doubled their number of visitors thanks to more attractive content and new services. Moreover, the new collective labour agreement covering journalists will enable a much deeper and more extensive multi-channel approach in the future. During the autumn, the Group introduced a joint weekend supplement, Muru, for our provincial papers and during the summer acquired the paper Kauhava, which was merged with the paper Härmät to form the new paper Komiat at the turn of the year. We have extended our newspaper rotation to meet the capacity needs of the provincial papers' supplements. With respect to I-print's sheet printing, we invested in a new sheet and digital printing press and in the development of addressed direct campaign services.

In order to raise productivity, we have developed our operational processes by centre of expertise. We aim at networked, multi-channel publishing operations based on increasing co-operation within the Group and within various co-operation networks. Our HR development efforts have been dedicated to promoting multi-channel competencies and improving the capabilities of our salespeople.

During the autumn, our entire staff attended training on how to prepare for change.

In terms of investment levels, the current year proved challenging. Subsequent to the favourable trends prevailing during the first two quarters, stock prices saw an intense downswing towards the end of the year. However, despite negative share price trends and higher interest expenses, the Group’s financial income remained at a sound level due to dividend income from fixed asset shares.

Our focus in 2009 is on young readers and enhancing our sales operations. We will dedicate special efforts to multi-channel leisure time, entertainment and utility services provided by other parties. Content and marketing co-operation between the Group's various paper groups will be intensified and our co-operation networks should enable us to increase content sharing.

In our operating region, the economic outlook for the year has clearly weakened following the recession. Although the unemployment figures have begun to rise, unemployment is still below the national average. However, the market situation is threatened by consumers’ lack of confidence in the development of their own finances, and companies’ cost structures being burdened by higher personnel costs. For investment activities, the outlook also appears highly challenging.”

BUSINESS ENVIRONMENT

In its Economic Bulletin of 18 December 2008, the Ministry of Finance estimates the growth of Finland’s GDP in 2008 at approximately 1.5 per cent. In addition, the weak year-end caused export growth to remain at a couple of per cent too. The inflation rate attained 3.5 per cent in December, while the average inflation rate for 2008 stood at 4.1 per cent. Inflation increased mainly due to more expensive food and housing. In December, the rise in consumer prices was chiefly curbed by lower prices of fuels, private cars, consumer electronics and computer hardware.

In 2009, output will fall and unemployment will rise. In December 2008, According to the Labour Force Survey conducted by Statistics Finland, the number of employed was 7,000 higher than a year ago, with the employment rate at 69.5 per cent, and the number of the unemployed up by 3,000 from the previous year, with the unemployment rate at 6.1 per cent.

Although exports and private investments are declining, households’ purchasing power will grow strongly this year due to tax cuts, a slowing inflation rate and relatively high salary increases. As unemployment and uncertainty increases, however, the rise in consumption will remain smaller than the rise in incomes. Households' consumption is estimated to have increased in 2008 by approximately 2.5 per cent, and is expected to slow down in 2009 by one percentage point.

According to the consumer survey published by Statistics Finland in January, the consumer confidence indicator in Q4/2008 was at –3.7, which is 17 points lower than the long-term average.

In South Ostrobothnia, a marked decline occurred during the year’s last quarter, deteriorating consumers’ confidence in the development of their own finances. Compared with the rest of Finland, the province has enjoyed brighter unemployment figures due to a focus on domestic markets and its minor share of exports. Extensive lay-offs have not occurred to the same extent as elsewhere in the country, since large-scale industry is playing a minor role in the region while industrial SMEs represent major employers. The population of the province remained nearly unchanged. Seinäjoki was selected as the location for the headquarters of the Centre for business and industry, transport and the environment of South Ostrobothnia and Ostrobothnia (ELY).

Furthermore, transport projects of great importance to the province saw progress in national policy decisions.

In the province of Ostrobothnia, consumers’ confidence began to fall towards the end of the year after having long been at a high level. This was due, among other developments, to the closure of the pulp mill in Kaskinen and lay-offs in the boat industry of Pietarsaari. However, the outlook for the region’s driver, the energy industry, is still fairly reasonable. Indeed, industry related to the development and application of new energy technologies is still emerging and creating new jobs, but uncertainty in the future is making industrial recruiters cautious. Strong retail construction in Ostrobothnia continues, close to the centre of Vaasa. Moreover, Vaasa has been selected to host a new Regional administrative agency of the State.

The province’s population grew slightly in 2008 and its positive population trends are anticipated to continue, particularly in the Vaasa region.

According to a survey commissioned by Mainonnan Neuvottelukunta and conducted by TNS Gallup Oy, media advertising in Finland grew by 1.8 per cent in 2008. Advertising decreased by 2.8 per cent in newspapers and in free sheets by 2.8 per cent. Newspapers and free sheets accounted for 40.3 per cent and 5.5 per cent of media advertising, respectively. The number of newspaper subscribers saw a moderate reduction in 2008, as in previous years, while the number of visitors and readers of the papers’ online services multiplied. Media market trends in 2009 are difficult to forecast. Threats external to the industry include general economic trends and unemployment, as well as potentially significant decreases in private consumption, classified advertisements and media advertising. However, the Government’s stimulus package for the economy should maintain consumers’ purchasing power and private consumption at an appropriate level.

GROUP STRUCTURE

The Ilkka-Yhtymä Group comprises the parent company Ilkka-Yhtymä Oyj, and the publishing companies Sanomalehti Ilkka Oy, Vaasa Oy and Pohjanmaan Lähisanomat Oy. The Group also includes the sheet and newspaper printing company I-print Oy, the real estate companies Kiinteistö Oy Seinäjoen Koulukatu 10 and Seinäjoen Kassatalo Osakeyhtiö, and I-Mediat Oy. The main products of the Group’s publishing business companies are the newspapers Ilkka and Pohjalainen. Other publications include the local newspapers Jurvan Sanomat, Järviseutu, Komiat, Suupohjan Sanomat, Viiskunta and the free sheets Etelä-Pohjanmaa and Vaasan Ikkuna.

The consolidated financial statements include the results of the associated companies Arena Partners Oy, Väli-Suomen Media Oy and Yrittävä Suupohja Oy.

CONSOLIDATED NET SALES AND PROFIT PERFORMANCE

Consolidated net sales grew by 0.9 per cent, to EUR 55,384 thousand (EUR 54,885 thousand in 2007). External net sales from publishing operations increased by EUR 277 thousand (0.6%) and external net sales from the printing business increased by EUR 224 thousand (2.1%). Circulation income accounted for 34 per cent of consolidated net sales, while advertisement income and printing income represented 45 per cent and 20 per cent, respectively. Other operating income totalled EUR 626 thousand (EUR 560 thousand), including EUR 213 thousand in capital gains on fixed assets.

The Group's expenses for the financial year totalled EUR 45,281 thousand (EUR 43,655 thousand), an increase of 3.7 per cent. Expenses incurred for materials and services increased by 3.4 per cent, while the Group’s personnel costs increased by 3.5 per cent. Other operating costs, including one-off items, increased by 9.5 per cent from the previous year. Depreciation, included in expenses for the year, decreased by 5.7 per cent.

Consolidated operating profit for the year amounted to EUR 10,728 thousand (EUR 11,790 thousand), down by 9.0 per cent from the previous year. The Group’s operating margin was 19.4 per cent (21.5%).

Net financial income came to EUR 4,840 thousand (EUR 5,570 thousand), financial assets at fair value through profit or loss accounting for EUR -1,115 thousand (EUR -254 thousand) and available-for-sale financial assets for EUR 7,171 thousand (EUR 5,040 thousand). Gains from available-for-sale financial assets during the year include EUR 6,947 thousand (EUR 1,738 thousand) in dividend income from Alma Media Oyj. The corresponding figure for 2007 included capital gains (EUR 3,224 thousand) from sales of Alma Media Oyj’s shares.

The share of the associated companies’ result was EUR 48 thousand (EUR 28 thousand). Pre-tax profits totalled EUR 15,616 thousand (EUR 17,388 thousand). Direct taxes amounted to EUR 2,086 thousand (EUR 3,689 thousand). The Group's net profit for the period totalled EUR 13,530 thousand (EUR 13,699 thousand), with earnings per share standing at EUR 0.92 (EUR 0.93).

Q4 NET SALES AND PROFIT PERFORMANCE

In Q4/2008, consolidated net sales totalled EUR 14,442 thousand (EUR 14,827 thousand), down by 2.6 per cent. Net sales decreased for both the publishing and printing operations.

In Q4, the Group's expenses totalled EUR 11,958 thousand (EUR 12,179 thousand), while operating profit stood at EUR 2,612 thousand (EUR 2,781 thousand).

Net financial income came to EUR -1,088 thousand (EUR -494 thousand). Higher financial expenses were due to, for instance, interest expenses. The associated companies’ impact on profit and loss totalled EUR -21 thousand (EUR -29 thousand).

Pre-tax profits in Q4 totalled EUR 1,504 thousand (EUR 2,258 thousand).

CONSOLIDATED BALANCE SHEET AND FINANCING

The consolidated balance sheet total stood at EUR 76,328 thousand (EUR 77,509 thousand), while shareholders’ equity amounted to EUR 23,083 thousand (EUR 63,907 thousand). During the year, the fair value reserve decreased by EUR 39,688 thousand. Fair value reserve amounted to EUR -31,509 thousand at the end of the financial year, due to the fall in the value of Alma Media shares. The number of Alma Media’s shares held is 7,718,991; their purchase price totalling EUR 69,718 thousand and value at the balance sheet date at EUR 38,209 thousand. Equity ratio was at 30.9 per cent (84.2%) and shareholders’ equity per share stood at EUR 1.57 (EUR 4.36). Interest-bearing liabilities at year-end totalled EUR 43,607 thousand (EUR 0.0 thousand).

With regard to liquidity, the year-end current ratio stood at 0.79 (2.41). Cash and cash equivalents amounted to EUR 2,321 thousand (EUR 12,396 thousand). Cash flow from operations totalled EUR 9,355 thousand (EUR 10,242 thousand) during the year. Cash flow from investments (EUR -48,598 thousand) includes also investments in Alma Media Oyj’s shares. In 2007, cash flow from investments came to EUR 6,813 thousand, chiefly consisting of capital gains from sales of Alma Media Oyj’s shares.

PUBLISHING

The Group’s publishing operations segment comprises the publishing companies Sanomalehti Ilkka Oy, Vaasa Oy and Pohjanmaan Lähisanomat Oy. During the year, net sales from publishing totalled EUR 44,649 thousand (EUR 44,428 thousand). For the two provincial newspaper companies within the publishing segment, Sanomalehti Ilkka Oy and Vaasa Oy, net sales showed a slight decrease. Pohjanmaan Lähisanomat Oy, a local newspaper company, increased its net sales as a result of election advertising and the integration of the paper Kauhava with the company in the beginning of June 2008. Pohjanmaan Lähisanomat Oy acquired the business operations of the paper Kauhava on 31 May 2008. As of 2009, the papers Härmät and Kauhava published by Pohjanmaan Lähisanomat Oy were merged into the paper Komiat.

Operating profit from publishing declined by 1.6 per cent year on year, to EUR 9,354 thousand (EUR 9,507 thousand).

Predicting the outlook for the publishing operations of Ilkka-Yhtymä in 2009 is a difficult task. Notwithstanding, it is anticipated that regional media sales will reduce from the levels of 2008 and the national sales by Kärkimedia Oy are expected to fall.

PRINTING

The printing segment comprises the printing house I-print Oy. The segment’s net sales amounted to EUR 20,181 thousand (EUR 21,169 thousand), down by approximately 4.7 per cent from the previous year due to the transfer of the layout of the papers Ilkka and Etelä-Pohjanmaa from printing activities to publishing operations as of 1 January 2008. External net sales from printing increased by EUR 224 thousand (2.1%).

Operating profit from printing decreased by 25.6 per cent year on year, to EUR 2,584 thousand (EUR 3,475 thousand). In part, the lower operating profit was also caused by the transfer of the layout of Ilkka and Etelä-Pohjanmaa to the publishing segment.

Printing market conditions are expected to remain tough in 2009, as in previous years, and volumes are anticipated to fall as the numbers of pages are cut.

RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses for 2008 totalled EUR 138 thousand. Our R&D has been customer-oriented, generating local and national services related to news reporting, transactions, communities and leisure time.

CAPITAL EXPENDITURE

Reported capital expenditure for the year totalled EUR 56,348 thousand, with printing accounting for EUR 2,547 thousand and publishing for EUR 959 thousand. A total of EUR 52,594 thousand were invested in available-for-sale financial assets in 2008. In March, Ilkka-Yhtymä Oyj purchased a total of 5,255,200 shares in Alma Media Oyj, for EUR 51.8 million. Following the purchase, Ilkka-Yhtymä Oyj’s holding in Alma Media Oyj increased from 3.3 per cent to 10.3 per cent. Ilkka-Yhtymä Oyj’s objective as a long-term owner of Alma Media is to participate in the development of the company’s future operations and to prepare for potential industry restructuring.

ANNUAL GENERAL MEETING, SUPERVISORY BOARD AND BOARD OF DIRECTORS

On 14 April 2008, 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 1.00 shall be paid for the year 2007.

The number of members on the Supervisory Board for 2008 was confirmed to be 28. The following new members were elected onto the Supervisory Board to replace members who resigned mid-term for the rest of their terms: Anne Katajamäki, Seinäjoki (term ends in 2011), Sami Talso, Mustasaari (2010), Sami Eerola, Nurmo (2010) and Johanna Kankaanpää, Ähtäri (2010). Of the Supervisory Board members whose term had come to an end, the following were re-elected for the term ending in 2012: Vesa-Pekka Kangaskorpi, Jyväskylä, Jarmo Rinta-Jouppi, Seinäjoki, Matti Ritamäki, Lapua, Kimmo Simberg, Seinäjoki and Jyrki Viitala, Seinäjoki.

Ernst & Young Oy, Authorised Public Accountants, was elected the auditor, with Authorised Public Accountants Tomi Englund and Pekka Kiljunen as the main auditor. Authorised Public Accountants Päivi Virtanen and Johanna Winqvist-Ilkka were elected deputy auditors.

The AGM decided to amend Sections 5(1), 7 and 9(1) of the Articles of Association. The minimum number of Supervisory Board Members was amended to 20 and the maximum number to 30 in Section 5(1) of the Articles of Association, while Sections 7 and 9(1) were amended to conform to the new Limited Liability Companies Act, i.e. the Board of Directors will elect the Managing Director.

On 26 May 2008, the Supervisory Board re-elected Timo Aukia, whose term had come to an end, to the Board of Directors of Ilkka-Yhtymä Oyj. Heikki Kuoppamäki was elected as the Chairman of the Supervisory Board, while Perttu Rinta will continue as Vice Chairman. At its membership meeting, the Board of Directors re-elected Seppo Paatelainen as its Chairman, while Timo Aukia will continue as its Vice Chairman.

SHARE PERFORMANCE

At the end of 2008, the company’s share capital totalled EUR 3,666,458. The number of shares was 14,665,833, of which 4,304,061 were Series I shares (20 votes per share) and 10,361,772 were Series II shares (1 vote per share). Shares of both series entitle the holders to the same dividend. The nominal value of the company share is EUR 0.25.

According to the Articles of Association, no-one at a General Meeting may use, on behalf of him/herself or by proxy, a total number of votes exceeding one-twentieth (1/20) of the number of votes presented at the 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.

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 number of Series I shares of Ilkka-Yhtymä Oyj traded in 2008 was 225,819, which is 5.2 per cent of series share stock. The trading value of shares was EUR 2.8 million. The number of Series II shares traded totalled 1,872,260, which equals 18.1 per cent of the series share stock. Their trading value was EUR 20.0 million. During the report period, the lowest quotation for Ilkka-Yhtymä Oyj’s Series I share was EUR 8.22 and the highest EUR 13.45, while the lowest quotation for a Series II share was EUR 7.00 and the highest EUR 12.40. At the period-end closing price, the share capital market value was EUR 111.3 million.

The Board of Directors has an effective authorisation to decide upon a share issue and/or granting stock options and/or other special rights and upon their conditions. This effective authorisation has not been exercised. The Board of Directors is not authorised to acquire or sell company’s own shares.

PERSONNEL

The Group had an average of 438 employees during the period (437 in 2007), while the average number of personnel translated into full-time employment was 393 (388).

On 31 December 2008, the Group had 374 full-time employees (377).

Since 2000, Ilkka-Yhtymä Group’s entire personnel has been covered by an incentive scheme.

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

ESTIMATED OPERATING RISKS AND UNCERTAINTIES

Communications 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. Competition in the industry is being affected by the digitalisation of content, the emergence of new distribution channels, growth in freely available content, changes in media use and ways of spending time as well as the new operating methods and actors these are enabling.

Publishing

In 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. In the face of intensifying competition, the strength of provincial and local papers lies in their emphasis on local issues and community spirit. A healthy circulation coverage percentage, a competitive contact price and strong relationships with readers are enhancing newspapers’ competitiveness in the advertising market. The 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 as well as competitive situations and the outlook of advertisers’ own industries. The impacts of the current, general economic recession on newspapers’ media sales, circulation income or profit is difficult to estimate at this point. However, both rapid and long-term measures to enhance business are used in order to counteract such impacts.

The market entry 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, and local customer relationships.

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.

The top three media advertiser industries – the retail trade, motor vehicles and food – account for nearly half of media sales volumes and even minor changes occurring in their use of media will affect the financial performance of publishing companies. In particular, their increasing use of the Internet and unaddressed direct advertising may reshape the use and priorities of advertising channels in the long term.

As a result of new technologies, part of some classified advertisements, such as car, housing and job advertisements, have shifted online. In response to this development, Ilkka and Pohjalainen provide Arena services, integrated with their provincial newspapers' common newspaper advertising. New players in the markets include national and regional search engine companies.

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 material. Exports to the Nordic countries and Russia are dependent not only on market conditions but also on the development of exchange rates.

The availability of newsprint has been good and price developments have been moderate in spite of the fact that the paper industry has downsized its capacity. Such capacity cuts are intended to safeguard future profitability, and will most probably entail increased pricing pressures. I-print Oy has prepared for both supply and price risks by dividing its purchasing between several suppliers.

Newspaper delivery has been outsourced to Itella Oyj and Suomen Suorajakelu Oy. Risks in delivery operations include price developments and the availability of deliverers in the future.

Financial risks

In terms of financial risks, the Group is mainly exposed to interest-rate risk and risk associated with share prices. On 31 December 2008, the Group's interest-bearing liabilities totalled EUR 43.6 million. Interest-rate risk is managed by agreeing on both fixed and floating interest rates in loans. On the balance sheet date, fixed-rate loans accounted for 24 per cent and floating-rate loans for 76 per cent of the Group's loans. Loan maturities range from 5 to 7 years. In its operations, the Group is exposed to price risks arising from the volatility of market prices of quoted shares. The most important exposure concerns Alma Media Oyj's shares. In order to ensure the availability and flexibility of financing, the Group has available credit limits totalling EUR 13 million, of which EUR 2 million was in use on 31 December 2008.

PROPOSAL BY THE BOARD OF DIRECTORS ON PROFIT DISTRIBUTION

Board of Directors will propose to the Annual General Meeting of 27 April 2009 that a dividend of EUR 0.30 per share be paid for the 2008 financial year, representing a total dividend payment of EUR 4,399,749.90. The Group distributes

32.5 per cent of its profit in dividends. Dividends are paid to shareholders who are entered in Ilkka-Yhtymä Oyj's shareholder register maintained by the Euroclear Finland Oy no later than the record date, 30 April 2009. The payment date is 8 May 2008. On 31 December 2008, the parent company’s non-restricted equity totalled EUR 24,118,323.38.

In addition, the Board of Directors proposes that, in accordance with Chapter 13, Section 6, Paragraph 2 of the Finnish Limited Liability Companies Act, the Annual General Meeting authorise the Board to decide upon the distribution of additional dividend on the following conditions:
- according to the authorisation, the Board may decide upon distributing additional dividend in a manner that limits the amount of additional dividend distributed on the basis of the authorization to 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
- it is proposed that the authorisation include a right to the Board of Directors to decide upon all other conditions pertaining to the distribution of the dividend
- it is proposed that the authorisation be valid until the next ordinary annual general meeting of shareholders.

For 2007, based on a decision by the AGM, Ilkka-Yhtymä Oyj distributed a per share dividend of EUR 1.00.

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.

PROSPECTS FOR 2009

Forecasting the impacts of the global financial crisis and the real economy recession on media advertising and circulation and printing volumes in 2009 is very difficult.

It is estimated that 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 should decrease as the recession cuts demand for publishing and printing.

Operating profit and operating profit as a percentage of net sales are anticipated to decline from the levels in 2008 in spite of the initiated enhancement 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.

In the current financial situation, major uncertainties are associated with the predictability of both net sales and operating profit.

SUMMARY OF AND NOTES TO THE FINANCIAL STATEMENTS

GROUP INCOME STATEMENT (EUR	10-12/ 2008	10-12/ 2007	Change	1-12/ 2008	1-12/ 2007	Change

1,000)

NET SALES	14 442	14 827	-3 %	55 384	54 885	1 %
Change in inventories of finished and unfinished products	-10	-7	33 %	-1	12	-108 %
Other operating income	128	133	-4 %	626	560	12 %
Materials and services	-4 619	-4 538	2 %	-17 082	-16 514	3 %
Employee benefits	-4 557	-4 925	-7 %	-18 016	-17 415	3 %
Depreciation	-820	-759	8 %	-2 961	-3 141	-6 %
Other operating costs	-1 953	-1 949	0 %	-7 221	-6 597	9 %
OPERATING PROFIT	2 612	2 781	-6 %	10 728	11 790	-9 %
Financial income and expenses	-1 088	-494	120 %	4 840	5 570	-13 %
Share of associated companies’ profit	-21	-29	-30 %	48	28	72 %
PROFIT BEFORE TAXES	1 504	2 258	-33 %	15 616	17 388	-10 %
Income tax	-403	-600	-33 %	-2 086	-3 689	-43 %
PROFIT FOR THE PERIOD UNDER REVIEW	1 101	1 658	-34 %	13 530	13 699	-1 %
Earnings per share, undiluted (EUR)*)	0.08	0.11	-34 %	0.92	0.93	-1 %

*) There are no factor diluting the figure.

SEGMENT INFORMATION

Group net sales (EUR 1,000)	10-12/ 2008	10-12/ 2007	Change	1-12/ 2008	1-12/ 2007	Change
Publishing	11 435	11 797	-3 %	44 649	44 428	0 %
Printing	5 412	5 799	-7 %	20 181	21 169	-5 %
Non-allocated	709	530	34 %	2 773	2 150	29 %
Net sales between segments	-3 112	-3 299	-6 %	-12 219	-12 862	-5 %
Total	14 442	14 827	-3 %	55 384	54 885	1 %

Group operating profit (EUR 1,000)	10-12/ 2008	10-12/ 2007	Change	1-12/ 2008	1-12/ 2007	Change
Publishing	2 330	2 456	-5 %	9 354	9 507	-2 %
Printing	504	783	-36 %	2 584	3 475	-26 %
Non-allocated	-222	-457	-51 %	-1 208	-1 190	1 %
Operating profit between segments				-1	-1	0 %
Total	2 612	2 781	-6 %	10 728	11 790	-9 %

GROUP BALANCE SHEET (EUR 1,000)	12/2008	12/2007	Change
ASSETS			
NON-CURRENT ASSETS			
Intangible rights	723	439	65 %
Goodwill	314		
Investment property	531	646	-18 %
Property, plant and equipment	19 805	19 537	1 %
Shares in associated companies	533	486	10 %
Available-for-sale assets	43 316	34 666	25 %
Non-current trade and other receivables	39	39	0 %
Other tangible assets	213	214	0 %
TOTAL NON-CURRENT ASSETS	65 476	56 027	17 %
CURRENT ASSETS			
Inventories	930	714	30 %
Trade and other receivables	3 287	3 997	-18 %
Income tax assets	2 030	31	6467 %
Financial assets at fair value through profit or loss	2 285	4 345	-47 %
Cash and cash equivalents	2 321	12 396	-81 %
TOTAL CURRENT ASSETS	10 852	21 482	-49 %
TOTAL ASSETS	76 328	77 509	-2 %
SHAREHOLDERS’ EQUITY AND LIABILITIES			
SHAREHOLDER’S EQUITY			
Share capital	3 666	3 666	0 %
Fair value reserve and other reserves	-18 647	21 041	-189 %
Retained earnings	38 064	39 199	-3 %
SHAREHOLDER’S EQUITY	23 083	63 907	-64 %
NON-CURRENT LIABILITIES			
Deferred tax liability	1 758	4 692	-63 %
Non-current interest-bearing liabilities	37 749		
NON-CURRENT LIABILITIES	39 508	4 692	742 %
CURRENT LIABILITIES			
Current interest-bearing liabilities	5 858		
Accounts payable and other payables	7 734	7 903	-2 %
Income tax liability	146	1 008	-85 %
CURRENT LIABILITIES	13 738	8 911	54 %
SHAREHOLDERS’ EQUITY AND LIABILITIES TOTAL	76 328	77 509	-2 %

GROUP CASH FLOW STATEMENT (EUR 1,000)

	1-12/ 2008	1-12/ 2007
CASH FLOW FROM OPERATIONS		
Profit for the period under review	13 530	13 699
Adjustments	-181	1 109
Change in working capital	-126	257
CASH FLOW FROM OPERATIONS BEFORE FINANCE AND TAXES	13 223	15 065
Financial income and expenses	1 138	-2 206
Direct taxes paid	-5 006	-2 617
CASH FLOW FROM OPERATIONS	9 355	10 242
CASH FLOW FROM INVESTMENTS		
Investments in tangible and intangible assets, net	-3 242	-2 685
Other investments, net	-52 593	7 759
Dividends received from investments	7 237	1 738
CASH FLOW FROM INVESTMENTS	-48 598	6 813
CASH FLOW BEFORE FINANCING ITEMS	-39 243	17 055
CASH FLOW FROM FINANCING		
Change in current loans	2 000	-63
Change in non-current loans	41 607	-6 000
Dividends paid and other profit distribution	-14 440	-13 221
CASH FLOW FROM FINANCING	29 167	-19 285
INCREASE (+) OR DECREASE (-)IN FINANCIAL ASSETS	-10 075	-2 230
Liquid assets at the beginning of the financial period	12 396	14 626
Liquid assets at the end of the financial period	2 321	12 396

GROUP KEY FIGURES 2007-2008

Key figures indicating financial development

	2008	2007
Net sales, Meur	55.4	54.9
- change %	0.9	4.2
Operating profit, Meur	10.7	11.8
- % of net sales	19.4	21.5
Profit before taxes, Meur	15.6	17.4
- % of net sales	28.2	31.7
Result for the financial period, Meur	13.5	13.7
- % of net sales	24.4	25.0
Return on equity (ROE), %	31.1	22.0
Return on investment (ROI), %	26.4	26.7
Equity ratio, %	30.9	84.2

Gearing, %	169.0	-26.2
Gross capital expenditure, Meur *)	56.3	5.3
- % of net sales	101.7	9.6
Balance sheet total, Meur	76.3	77.5
Current ratio	0.79	2.41
Average no. of employees	393	388

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

Per-share ratios	2008	2007
Earnings per share (EPS), eur	0.92	0.93
Cash flow from operations per share, eur	0.64	0.70
Shareholders' equity per share, eur	1.57	4.36
Dividend per share (Series I), eur	0.30	1.00
Dividend per share (Series II), eur	0.30	1.00
Nominal dividend eur/share (Series I and Series II)	0.30 *)	1.00
Dividend per earnings (Series I), %	32.5	107.1
Dividend per earnings (Series II), %	32.5	107.1
Effective dividend yield (Series I), %	3.5	8.1
Effective dividend yield (Series II), %	4.2	9.2
Price per earnings (P/E) (Series I)	9.2	13.2
Price per earnings (P/E) (Series II)	7.8	11.6
Adjusted price development of shares		
average price (Series I), eur	12.32	12.09
average price (Series II), eur	10.66	11.30
lowest price (Series I), eur	8.22	10.37
lowest price (Series II), eur	7.00	10.16
highest price (Series I), eur	13.45	13.07
highest price (Series II), eur	12.40	12.29
price at end of period (Series I), eur	8.50	12.35
price at end of period (Series II), eur	7.21	10.85
Market capitalisation, Meur	111.3	165.6
Shares traded (Series I), number of shares	225 819	62 919
- % of total number of shares	5.2	1.5
Shares traded (Series II), number of shares	1 872 260	2 476 619
- % of total number of shares	18.1	23.9
Weighted average of adjusted numbers of shares during the financial period	14 665 833	14 665 833
Adjusted number of shares at the end of the financial period	14 665 833	14 665 833

*) Proposal of the Board of Directors

CONSOLIDATED NET SALES AND PROFIT BY QUARTER (EUR 1,000)

	Q1/ 2008	Q2/ 2008	Q3/ 2008	Q4/ 2008
NET SALES	13 423	14 209	13 309	14 442
OPERATING PROFIT	2 759	2 616	2 741	2 612
PROFIT FOR THE PERIOD UNDER REVIEW	8 877	1 981	1 571	1 101

	Q1/ 2007	Q2/ 2007	Q3/ 2007	Q4/ 2007
NET SALES	13 456	13 791	12 811	14 827
OPERATING PROFIT	3 102	2 861	3 046	2 781
PROFIT FOR THE PERIOD UNDER REVIEW	6 950	2 528	2 563	1 658

CHANGES IN CONSOLIDATED SHAREHOLDERS’ EQUITY (EUR 1,000)

Change in shareholders’ equity 1-12/2007	Share capital	Fair value reserve	Other reserves	Retained earnings	Total
SHAREHOLDERS’ EQUITY 1.1.	3 666	5 540	12 862	38 700	60 768
Available-for-sale financial assets:					
Gain/loss on fair valuation		5 960			5 960
Amount transferred to income statement		-2 394			-2 394
Share of deferred taxes		-927			-927
Net gains and losses recognised in equity		2 639			2 639
Profit for the period				13 699	13 699
Total gains and losses		2 639		13 699	16 338
Dividend distribution				-13 199	-13 199
TOTAL SHAREHOLDERS’ EQUITY 12/2007	3 666	8 179	12 862	39 199	63 907

Change in shareholders’ equity 1-12/2008	Share capital	Fair value reserve	Other reserves	Retained earnings	Total
SHAREHOLDERS’ EQUITY 1.1.	3 666	8 179	12 862	39 199	63 907
Available-for-sale financial assets:					
Gain/loss on fair valuation		-42 411			-42 411
Amount transferred to income statement		-151			-151
Share of deferred taxes		2 874			2 874

Net gains and losses recognised in equity		-39 688			-39 688
Profit for the period				13 530	13 530
Total gains and losses		-39 688		13 530	-26 158
Dividend distribution				-14 666	-14 666
TOTAL SHAREHOLDERS' EQUITY 12/2008	3 666	-31 509	12 862	38 064	23 083

GROUP CONTINGENT LIABILITIES (EUR 1,000)

	12/2008	12/2007
Collateral pledged for own commitments		
Mortgages on company assets	1 245	168
Mortgages on real estate	8 801	4 017
Pledged shares	26 013	
On behalf of others		
Guarantees		16

Official circulation volumes of newspapers

Ilkka	54 668
Pohjalainen	27 757
Härmät	3 860
Jurvan Sanomat	2 306
Järviseutu	5 786
Suupohjan Sanomat	4 317
Viiskunta	6 344
Kauhava (2007)	4 182
Vaasan Ikkuna (delivery)	52 338
Etelä-Pohjanmaa (delivery)	44 500

This financial statements bulletin, issued by Ilkka-Yhtymä Group, was prepared in accordance with the recognition and measurement principles of the International Financial Reporting Standards (IFRS), excluding some requirements of IAS 34.

The consolidated financial statements were prepared in accordance with the recognition and measurement principles of the International Financial Reporting Standards (IFRS), to comply with the IAS and IFRS standards and SIC and IFRIC interpretations in effect on 31 December 2008.

The Group has not adopted new standards during the financial year 2008. The interpretations which entered into force during the financial year, IFRIC 11 *IFRS 2 – Group and Treasury Shares Transactions*, IFRIC 12 *Service Concession Arrangements*, IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset Minimum*

Funding Requirements and their Interaction, bear no significance with regard to the accounting principles observed in the consolidated financial statements.

The above accounts are unaudited.

PROPOSALS TO THE ANNUAL GENERAL MEETING

Board of Directors will propose to the Annual General Meeting on 27 April 2009 that a dividend of EUR 0.30 per share be paid for the 2008 financial year, representing a total dividend payment of EUR 4,399,749.90. The Group distributes 32.5 per cent of its profit in dividends. Dividends are paid to shareholders who are entered in Ilkka-Yhtymä Oyj's shareholder register maintained by the Euroclear Finland Oy no later than the record date, 30 April 2009. The payment date is 8 May 2008. On 31 December 2008, the parent company’s non-restricted equity totalled EUR 24,118,323.38.

In addition, the Board of Directors proposes that, in accordance with Chapter 13, Section 6, Paragraph 2 of the Finnish Limited Liability Companies Act, the Annual General Meeting authorise the Board to decide upon the distribution of additional dividend on the following conditions:
- according to the authorisation, the Board may decide upon distributing additional dividend in a manner that limits the amount of additional dividend distributed on the basis of the authorization to 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
- it is proposed that the authorisation include a right to the Board of Directors to decide upon all other conditions pertaining to the distribution of the dividend
- it is proposed that the authorisation be valid until the next ordinary annual general meeting of shareholders.

Seinäjoki, 16 February 2009

ILKKA-YHTYMÄ OYJ

Board of Directors

Matti Korkiatupa
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