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Annual General Meeting

The Annual General Meeting of Ilkka-Yhtymä Oyj will be held on Monday, 11 April 2005 at 3 p.m. at Ilkka-Yhtymä Oyj's head office in Seinäjoki. The address is Koulukatu 10, entrance D.

Dividend Distribution

The Board of Directors proposes to the AGM that a per-share dividend of EUR 0.60 be paid for 2004. If this proposal is approved, the record date of dividend payment will be 14 April 2005, and the dividend will be paid on 21 April 2005.

Shareholders whose shares have not been entered in the book-entry system by the record date will be paid the dividend once their shares have been entered.

Share Register

Since Ilkka-Yhtymä Oyj shares were transferred to the book-entry system, the company's share information has been maintained by the Finnish Central Securities Depository Ltd., telephone +358 (0) 9 686 200, fax +358 (0) 9 6862 0658. Issues relating to shareholder information are handled by Ilkka-Yhtymä Oyj's Financial Service Department, located at Koulukatu 10, FIN-60100 Seinäjoki, telephone +358 (0) 6 418 6643.

Financial Information

In 2005, Ilkka-Yhtymä Oyj will publish interim reports as follows: for the period January–March on 26 April 2005, for the period January–June on 26 July 2005, and for the period January–September on 25 October 2005. These will be available both in Finnish and English on our website at www.ilkkayhtyma.fi and can also be ordered from internet at www.ilkkayhtyma.fi or from Ilkka-Yhtymä Oyj, Osakerekisteri, P.O.Box 60, FIN-60101 Seinäjoki, telephone +358 (0)6 418 6643.



Managing Director's Review

Finland's gross domestic product in 2004 grew by over 3.5 per cent due to private consumption and investments. However, public investments remained modest, while growth in exports was slowed down by weakening price competition due to the strong euro. The economy, employment levels and population of the provinces of South Ostrobothnia and Ostrobothnia saw favourable trends, having a positive impact on our business operations.

Started in 2003, growth in the volume of media advertising continued. Growth in newspaper advertising, 5.3 per cent, was raised by the local elections in autumn. According to a preliminary report, net sales of the publishing business rose by 6 per cent in Finland. However, it was the third sequential year when net

sales in the printing business and in related companies serving the sector reduced. In 2004 net sales in the printing business declined by 2 per cent due to intensifying price competition.

Ownership within the newspaper business underwent vigorous change following a few quiet years. Sanoma Osakeyhtiö relinquished its ownership of both Savon Mediat Oy and Ilkka-Yhtymä Oyj and Keski-Uusimaa Oy acquired Janton Oy's town newspapers. Alma Media Oyj received a public bid at the end of December, which became void when Alma Media Oyj decided to surrender its broadcasting operations. The most significant bid to acquire a press was that of Talentum Oyj for the government-owned Edita Oyj, which fell through owing to the withdrawal of the purchaser.

Investment levels were influenced by discussions on domestic tax reform and the threats posed by globalisation. From the point of view of securities trading, the year was positive as a result of exchange rate trends and abundant dividends.

Multi-Channel Newspaper Strategy Specified

During the year, we specified Ilkka-Yhtymä's vision and strategy. The publication and printing of multi-channel newspapers, customer-oriented and cost-efficient operations, as well as motivated and skilled personnel, form the cornerstones of the vision and strategy of our successful communications group. In order to implement our strategy across the board, we have emphasised the training of both management and staff, and have implemented core process-specific skill centres in order to enhance our operations.

In the autumn, we introduced the Arena Services, technically implemented and reformed by Arena-Partners Oy, which operate alongside network and mobile terminals. These complement our newspapers' service provision and are instrumental in the implementation of our multi-channel newspaper strategy.

In the summer, Savon Mediat Oy became an associated company of Ilkka-Yhtymä Oyj, following our purchase of shares in the company formerly held by Sanoma Osakeyhtiö. This new arrangement consolidated our ownership of Savon Mediat Oy and created a stable framework for developing co-operation between central Finnish newspaper companies.

The new office building built by Ilkka-Yhtymä for Vaasa Oy comprised another major investment. This transfer to the company's own facilities designed for the production of multi-channel newspapers will result in cost-savings and greater efficiency for both Pohjalainen and the town paper Vaasan Ikkuna.

Core Businesses and Net Sales Grew

Group net sales grew by 6.7 per cent amounting to EUR 70.5 million. Net sales from publishing operations increased by 4.6 per cent while circulation income grew by 2.1 per cent and advertising income by 6.6 per cent. The growth in advertising income was fuelled by growth in both local and nation-wide advertising. We can be content with the development in the publishing business as all our publishing houses have improved their results.

Net sales of I-print Oy, responsible for the Group's printing business, amounted to EUR 23.0 million, dropping by 6.3 per cent year on year. Despite intensifying price competition, I-print Oy achieved its rather challenging performance targets.

Operating profit of the Group's core businesses was improved clearly year on year. Net sales from trading in securities, EUR 16.6 million, and operating profit, EUR 1.6 million, exceeded the level of the year before.

Positive Outlook for 2005

The near-term outlook of the publishing business is bright. Due to growth in domestic demand, media advertising should increase by 4 per cent in 2005. However, the prospects for the printing business remain less upbeat. Volumes will probably remain unchanged, with profitability hampered by growing expenditure on raw materials and personnel. As for trading in securities, the forthcoming year looks bleak since there are no clear prospects of new business.

In 2005, our operating business will focus on the joint production of web services and journalistic content, networking and the development of distribution operations. We will also invest in a new business opportunities analysis and an update of our risk management plan. To achieve success in these development projects, our staff must be skilled and motivated.

Many Thanks for a Profitable Year!

I would like to extend my warmest thanks to our customers, partners and owners for their trust and fruitful co-operation, as well as our entire personnel for their successful, entrepreneurial performance.

Matti Korkiatupa
Managing Director





Economic and Business Reviews

General economic development remained modest during 2004, due to the overall unpredictability of global economic trends. Risks arose in the form of supply shortages in the U.S. economy, the weak dollar and expensive oil. Growth in Asia was strong, particularly in China, while growth in Russia and the new EU member states clearly outperformed that of EMU countries. According to forecasts by The Research Institute of the Finnish Economy (ETLA), the growth of Finland's GDP rose to three per cent, compared to slightly below two per cent for the rest of the EU. Demand for eurozone exports continued to be weakened by the euro's appreciation against the dollar.

In Finland, the total manufacturing volume grew by 4.2 per cent during the year while the index for the graphics industry increased over 2 per cent year on year. The value of total exports in January–October grew by 2 per cent year on year. Changes in consumer prices for the year averaged no more than 0.2 per cent. Interest rates remained low, upholding domestic demand. Development in employment was weak across the entire economy.

Graphic Industry

Advertising volumes and value continued to grow during the year. According to research commissioned by Mainonnan Neuvottelukunta and performed by TNS Gallup Oy, a total of EUR 1,150 million was spent on media advertising in Finland in 2004, an increase of 6.5 per cent year on year. In 2004, newspaper

advertising enjoyed a 5.7 per cent increase in expenditure, while the equivalent figure for town and free papers was 8.4 per cent. Of media marketing, 49.2 per cent comprised of newspaper advertising and 5.6 per cent of town papers. Outside media marketing, the value of direct marketing amounted to EUR 511 million, an increase of 1.6 per cent compared to the previous year.

According to estimate established by Statistics Finland, during the first three quarters of 2004, net sales in publishing and printing grew by 4 per cent year on year. Salaries and wages paid by companies during the same period grew by almost 5 per cent.

Publishing

In publishing, net sales for 2004 increased by an estimated six per cent year on year, seeing growth in all sectors. It seems that book publishing has increased the most. According to Statistics Finland, the volume index indicator for publishing grew by 3.8 per cent.

At the beginning of the year, the subscription price of daily papers (4–7 days per week) that are members of the Finnish Newspapers Association averaged EUR 164, rising to EUR 171 by the beginning of 2005, an increase of 3.9 per cent. The average subscription price for daily papers that come out seven times a week was EUR 183 at the beginning of the period, and EUR 188 by the beginning of 2005. For newspapers that come out less frequently (1–3 days per week) the average subscription price was EUR 50 at the beginning of 2004, and EUR 52 at the beginning of the following year, an increase of 3.6 per cent.

According to an advertisement survey compiled by the Finnish Newspapers Association, total advertising space in its member newspapers came to 488,000 column meters. This figure includes advertisements published in both newspapers and their supplements. Compared with the previous year, this constituted an increase of 5.1 per cent. According to the product category statistics produced by TNS Gallup Oy Adex, colour advertisements accounted for 84 per cent of the total column metres devoted to advertisements. Newspapers' advertising income increased by 5.3 per cent year on year.

Graphics Industry

In 2004, net sales generated by the printing business and related companies serving the sector was approximately 2 per cent lower than in the previous year. Industrial output grew by 0.1 per cent, but price levels dropped. Cost development made it easier for companies to adjust to demand while paper prices remained stable or dropped below the previous year's level.

The downward trend in exports of printed material continued, their overall value decreasing by four per cent while volumes grew by slightly over six. Exports to the Nordic countries and Great Britain grew in particular, while fixed investments decreased by approximately 15 per cent.

Ilkka-Yhtymä Group

The Ilkka-Yhtymä Group is a media group that consists of the parent company Ilkka-Yhtymä Oyj, the publishing companies Sanomalehti Ilkka Oy, Vaasa Oy and Pohjanmaan Lähisanomat Oy, as well as the printing company I-print Oy. The Group also includes two property companies and Arena Partners Oy, Savon Mediat Oy, Väli-Suomen Media Oy and Yrittävä Suupohja Oy as associated companies.

The shares of the parent company Ilkka-Yhtymä Oyj have been quoted on the Helsinki Exchanges since 1981, while the Series II shares have been quoted since they were issued in 1988.

2004 in brief

Ilkka-Yhtymä Group	2004	2003	Change %
Net sales, MEUR	70.5	66.0	6.7
Operating profit, MEUR	11.0	11.4	-3.6
Profit before extraordinary items, MEUR	12.7	13.7	-7.5
Return on investment (ROI), %	25.3	25.2	
Earnings per share (EPS), EUR	0.73	0.75	-2.7
Dividend per share, EUR	0.60 *)	1.60	-62.5
Equity ratio, %	77.4	81.0	
Gross investments, MEUR	12.5	4.1	206.8
Personnel	427	446	-4.3

*) Board of Directors' proposal

Ilkka-Yhtymä Oyj

Ilkka-Yhtymä Oyj is a parent company of the Ilkka-Yhtymä Group. Its Series II shares are listed on the main list of the Helsinki Exchanges and Series I shares on the I listing of the Helsinki Exchanges.

The parent company is responsible for developing Group strategies together with the subsidiary companies. Ilkka-Yhtymä Oyj offers financing, investment, personnel, research, development, data management and property services to its subsidiaries.

Ilkka-Yhtymä Oyj will adopt IFRS-compliant financial statements as of 2005. During the year

analysing of the current accounting principles and the effects of these standards on accounting principles has continued. At the same time the Group's financial reporting software for accounting and financial accounting has upgraded to comply with the requirements of different accounting practices.

Ilkka-Yhtymä Oyj	2004	2003
Net sales, 1,000 EUR	18,595	14,456
Operating profit, 1,000 EUR	229	2,690
Average no. of employees	34	32



12 theme-based issues and six regional issues were produced in 2004 in co-operation with editorial staff and marketing. Co-operation with other newspapers in central Finland ensures that our publications rival the national press in terms of their content. Together with four other newspapers from central Finland, Ilkka produces a Sunday supplement, *Sunnuntaisuomalainen*; these newspapers also have a joint news editor in Helsinki.

The multi-channel feature is visible in the newspaper's versatile operations, including a web paper, and web and mobile services. Electronic channels' role will increase in the future, based on the constantly growing number of services and readers on the web. Arena Partners Oy, in which Ilkka-Yhtymä Group is an active shareholder, is responsible for the technical implementation of Ilkka's mobile and web services. The launch of the renewed Arena Services in the autumn of 2004 was the outcome of a joint effort.

The research services provided by Ilkka-Yhtymä, and their utilisation, have been integrated with Sanomalehti Ilkka Oy's daily activities, strengthening the group's business and that of its customers in the face of intensifying competition.

Sanomalehti Ilkka's financial results during the year under review exceeded the budgeted figures in all areas, net sales amounting to EUR 22,554 thousand, an increase of 4.6 per cent on the year before. 2005 will be a major year for Ilkka, while the group will prepare for its 100th anniversary in 2006. Meanwhile, consumer customer services and the related product range will form the focus for projects during 2005. Ilkka's journalistic content and quality will be developed by increasing the number of editorial pages, while its financial performance will be maintained at around its current level through active sales and an emphasis on marketing and tight cost management. However, the basis for the concern's overall performance will be the success of the province, which Ilkka aims to promote. Under the current circumstances, Ilkka's circulation should remain at 2004's level.

Sanomalehti Ilkka Oy

Sanomalehti Ilkka Oy publishes the daily regional (South Ostrobothnia) newspaper Ilkka, which was founded in 1906. Ilkka is a multi-channel newspaper, with an audited circulation volume in 2004 of 55,363 and 143,000 daily readers (National Readership Survey, autumn 2004). As a regional newspaper, Ilkka is the nation's most frequently home ordered local newspaper (83 per cent) and the most often read at home (86 per cent), guaranteeing its readers and advertisers broad, reliable and efficient daily distribution (National Readership Survey, 2003-2004).

Strong, commonly accepted values guide the operations of Sanomalehti Ilkka both in the editorial and marketing sense: respect for the customer, motivation to improve performance, obtaining results, ethical conduct and a caring approach.

Ilkka seeks to serve the entire province and all reader groups. In addition to regular news reporting,

Sanomalehti Ilkka Oy	2004	2003
Net sales, 1,000 EUR	22,554	21,557
Operating profit, 1,000 EUR	5,581	5,050
Average no. of employees	90	88
Key figures for Ilkka	2004	2003
No. of issues	354	353
No. of pages	10,112	10,034
Audited circulation	55,363	55,375

Vaasa Oy

Vaasa Oy is a publishing house based in Vaasa. Its main product is the newspaper Pohjalainen, established in 1903, with an audited circulation volume of 31,561 in 2004. The company also publishes the town paper Vaasan Ikkuna, which is distributed once a week in Vaasa and urban areas within the municipality of Mustasaari and Kyrönmaa, with a circulation of approximately 52,000.

Measured in terms of its readership and subscribers, newspaper Pohjalainen is the number one Finnish language newspaper within its home region. It is a pluralistic, politically independent general newspaper, providing reliable, up-to-the-minute, accurate, innovative and explanatory journalism.

The paper has 98,000 daily readers (National Readership Survey, autumn 2004), who value Pohjalainen, awarding it a grade of 7.8, which is among the top scores in the country. According to its readers, Pohjalainen is close to its readership, being reliable, modern, versatile, adaptive and rich in terms of content (Reader Survey, 2004).

Pohjalainen's partnership with Väli-Suomen Media generates 4-5 pages of reading on a weekly basis in the form of the Sunday supplement, Sunnuntai-suomalainen. Four other provincial newspapers from central Finland participate in this partnership and share editorial staff based in Helsinki.

The town paper, Vaasan Ikkuna, underwent reforms in June due to the appointment of a new Chief Editor, both content and layout being changed in line with the needs of advertising customers. Ikkuna's advertising revenues increased in 2004 29.8 per cent due to reforms and expanded distribution.

Pohjalainen's web service contains more than 80 per cent of the material found in the printed newspaper. The eCustomer channel's product range has constantly expanded, including new features such as the possibility to submit illustrated readers' announcements through the Internet and text announcements via mobile phone. The multi-channel feature also includes circulation marketing and electronic service and announcement products offered to corporate customers. In addition to corporate contact information, the Arena Services include accommodation, vehicle and consumer announcements.

Last year was an important milestone in the history of Vaasa Oy. For more than 80 years, the company has operated from its facilities on Pitkätie, but in May, the cherished dream of a new office was finally realised with Vaasa Oy moving into a modern newspaper building constructed by Ilkka Yhtymä Oyj in downtown Vaasa.

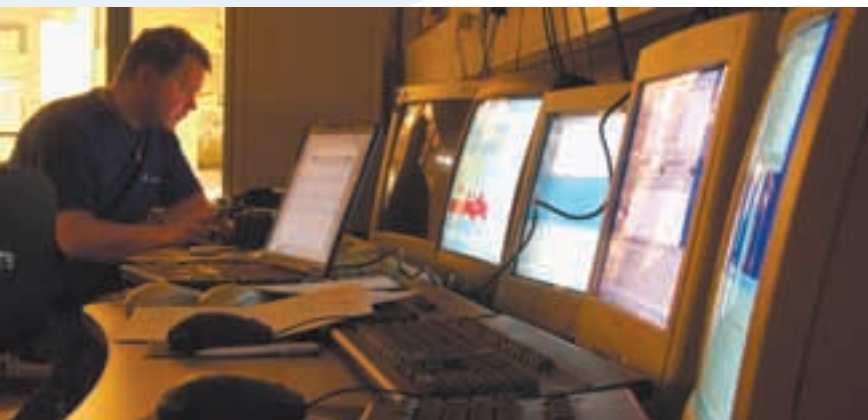
Vaasa Oy's profit for 2004 exceeded forecasts, boosted by general growth in media advertising, favourable trends in the Vaasa region's economy, increased competition amongst retail dealers and the national economic rebound. National chain advertising mediated through Kärkimedia Oy also increased. Although competition in the Vaasa region's advertising



markets is tough, the company has been able to maintain its market position. A moderate increase in costs and greater operational efficiency also had a favourable impact on results.

Profitability is expected to remain at least on the same level as 2004, and since no major outlet networks should be established within the Vaasa region, advertising volumes should remain at the same healthy levels. Advertising volumes by customers on the company's websites are expected to increase, while more extensive marketing of the smoothly functioning Arena Service represents an investment option. Pohjalainen's circulation will probably see no increase.

Vaasa Oy	2004	2003
Net sales, 1,000 EUR	14,711	13,908
Operating profit, 1,000 EUR	1,769	986
Average no. of employees	105	107
Key figures for Pohjalainen	2004	2003
No. of issues	354	353
No. of pages	9,176	8,922
Audited circulation	31,561	32,600
Key figures for Vaasan Ikkuna	2004	2003
No. of issues	48	47
No. of pages	1,064	964
Distribution	52,000	36,000



Pohjanmaan Lähisanomat Oy

Pohjanmaan Lähisanomat Oy	2004	2003
Net sales, 1,000 EUR	3,826	3,660
Operating profit, 1,000 EUR	572	282
Average no. of employees	38	36

Pohjanmaan Lähisanomat Oy publishes five subscription-based local newspapers and one town paper. Demographic trends in the newspapers' circulation areas have been mainly negative, impacting on circulation in particular. However, the company's profitability has improved and positive trends are possible through customer-oriented activities and an emphasis on staff skills, as well as through the provision of content that meets subscribers' and advertisers' expectations.

In financial terms, 2004 was a better year for Pohjanmaan Lähisanomat Oy than the previous one, due to CRM activities, successful balancing in income and cost development, as well as excellent staff skills. An advertising revenue windfall from the municipal elections also boosted the financial results.

In order to respond to customers' changing expectations, we have adjusted the page size of our newspapers to tabloid. Only Härmät is still published in the size of a broadsheet until the end of March 2005, when its format will also be adjusted to correspond to that of our other local papers. The new format holds several indisputable advantages for both our readers and advertisers.

	No. of issues		No. of pages		Audited circulation	
	2004	2003	2004	2003	2004	2003
Härmät	52	51	474	448	3,996	4,027
Jurvan Sanomat	52	52	612	604	2,418	2,461
Järviseutu	52	53	952	**)524	6,340	6,513
Suupohjan Sanomat	101	101	1,004	984	4,608	4,676
Viiskunta	102	101	1,596	**)914	6,873	7,205
Etelä-Pohjanmaa	52	53	1,342	1,324	*) 41,500	*) 41,000

*) distribution **) format adjusted in 2004

Pohjanmaan Lähisanomat Oy's Newspapers

As with all newspapers, one of the most important focal points of future operations is the ability to respond to customers' evolving and changing needs and expectations. Co-operation between the newspapers will be intensified, and their content and layout will be further renewed and diversified. We will continue to enhance the versatility of our online services alongside the printed version of the newspaper.

The main circulation area of the Viiskunta paper, coming out twice a week, is Alavus and the neighbouring municipalities. In the beginning of the year its area of responsibility expanded as page design shifted in-house from I-print Oy.

Härmät comes out once a week, and its main circulation areas are Alahärmä and Ylihärmä. At the beginning of September, Hannu Siltala was appointed new Chief Editor of the paper. He also continues in the position of Chief Editor and Regional Manager of Jurvan Sanomat. Tuomas Koivuniemi was appointed Chief Journalist.

Suupohjan Sanomat, published twice a week and established in 1897, is the oldest Finnish newspaper in the province and the third-oldest local newspaper in the entire country. Its circulation area consists of Kristiinankaupunki, Karijoki and Isojoki.

Jurvan Sanomat, which comes out once a week, is a local paper with a circulation area consisting of Jurva and the neighbouring villages of Teuva and Ilmajoki. The paper editorially assists the regional paper Ilkka.

Järviseutu, which comes out once a week, has a circulation area that consists of Alajärvi and its neighbouring municipalities. The paper came out twice a week until the end of 2002. The altered circulation frequency corresponds to what it was in the 1980s.

The evening paper Etelä-Pohjanmaa comes out once a week as a free paper (town paper). As a consequence of the change to town paper in 2002, the individual result of Etelä-Pohjanmaa has improved yearly. Due to improved financial results, the publication of a quality free paper has become possible, and as of the beginning of 2004, there has been an increase in the number of editorial staff.

I-print Oy

I-print Oy is a production company owned by the Ilkka-Yhtymä Group. Its main task is to produce printed material and services that support its customers' success and add economic value to all its interest groups. The company's main products consist of cold-set and printing house products. Its versatile product and service range is supplemented by page-making and design services as well as digital printing and large image products. I-print operates from Seinäjoki and Vaasa.

2004 was characterised by fierce competition in the graphic industry. However, I-print enjoyed a favourable trend throughout the year. Despite intensifying competition and pressure to minimise costs, the high service quality characteristic of I-print was managed to maintain and which has made a huge contribution to the performance of core business. Customer feedback continued to be very positive both in terms of products and service levels.

Exports to Scandinavia remained on almost the same level as the previous year, despite the weakening of the Norwegian kroner against the euro, especially during the early part of the year. Price levels in Sweden's coldset markets remained extremely low due to tough competition, but our high level of service and product quality generated additional sales. In sum, our exports' share of net sales remained at the same level.

Order volumes and also net sales for printing production grew in comparison with the previous year. The reduction in printing series and intensifying competition formed the main trends for the business area in 2004. As in previous years, sales through Painotyöhotelli, our Internet-based print management and ordering system, developed favourably. Furthermore, I-print fulfilled its promises in terms of customer-oriented, tailor-made product and service development, generating an increase in net sales.



Major investments were directed at printing house sheet-fed machines and finishing equipment. In terms of newspaper production, we focused on ensuring undisturbed production through replacement investments, resulting in flawless delivery reliability. Through upgraded production management software, we aim at faster and more efficient customer service throughout the production process, from tendering all the way to invoicing.

The market situation will remain tough in 2005, with no significant growth in the graphic business expected in Scandinavia, but we forecast that I-print's net sales will slightly increase. Comparative profitability will remain at around 2004's level.

I-print Oy	2004	2003
Net sales, 1,000 EUR	23,024	24,577
Operating profit, 1,000 EUR	2,410	2,159
Average no. of employees	160	182



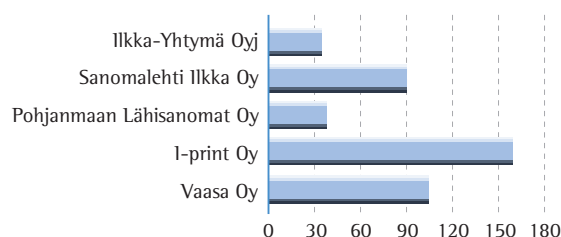
Personnel

The human resources strategy of the Ilkka-Yhtymä Group includes the development of know-how that supports the Group's strategy, with the aim of attaining the best knowledge, promoting the quest for development and networking, as well as being the most attractive employer in region.

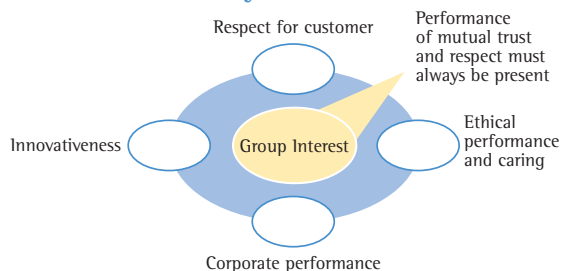
The success of the Ilkka-Yhtymä Group depends on the skills of the individuals and the organisation. Our personnel motto is "A skilled employee will also succeed in the future". The competence areas derived from the strategy include management skills, customer relationship management, journalistic skills, financial administration competence, interpersonal skills and communication know-how, as well as technical process skills. During the year under review, a major strategy coaching programme was implemented throughout the group, involving the active participation of 10 per cent of personnel. Our jointly prepared external and internal strategic intent defined our shared direction and enhanced the smoothness of internal co-operation. In editorial boards, we focused on expanding our multi-channel skills, and our research service model, implemented at the end of 2003 in corporate services, was further developed, becoming embedded in our business operations.

Team spirit was strengthened by arranging common training and recreational days for our entire staff. Special themes for 2004 included the effectiveness of the working community, strategy-related induction sessions and interactive skills.

Personnel by company



Ilkka Yhtymä's value clock



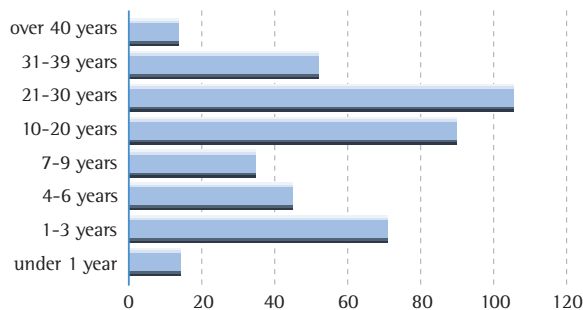
Working community activities were developed in line with plans derived from working atmosphere studies, while know-how is managed on the basis of strategy-oriented skills surveys. Measures to improve the entire staff's physical condition continued in co-operation with Härmän Kuntokeskus. The theme for 2005 will be co-operation and product development.

The average number of staff during the year under review decreased due to production cut-backs, mainly in I-print Oy. Full-time equivalents in 2004 totalled an average of 427, and came to 403 at the end of the year.

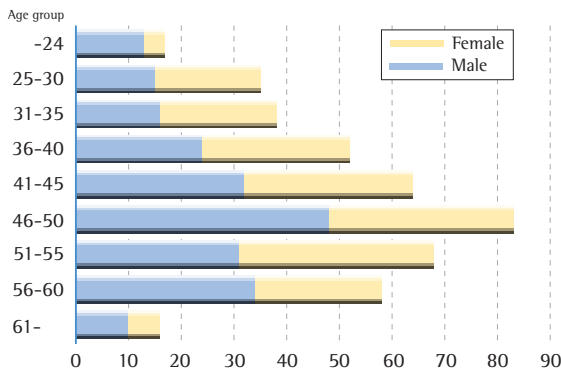
The incentive pay system, which applies to all personnel at Ilkka-Yhtymä, has been in use since 2000. The gross margin of the Group and the company-specific Balance Scorecard indicators, form the basis for the incentive pay scheme. The incentive pay steers the implementation of the annual targets derived from the strategy.

Personnel are involved in the company's administration through two representatives on the Supervisory Board.

Distribution of years of employment



Age distribution 31 Jul 2004



Administration

Corporate Governance

Structure of the Ilkka-Yhtymä Group

Ilkka-Yhtymä Group is a media group that consists of the parent company Ilkka-Yhtymä Oyj, the publishing companies Sanomalehti Ilkka Oy, Vaasa Oy and Pohjanmaan Lähisanomat Oy, as well as the printing company I-print Oy. The Group also includes two property companies Kiinteistö Oy Seinäjoen Koulukatu 10 and Seinäjoen Kassatalo Osakeyhtiö, I-Mediat Oy and the associated companies Savon Mediat Oy (ca. 25.6 %), Arena Partners Oy (ca. 24.06 %), Väli-Suomen Media Oy (40 %) and Yrittävä Suupohja Oy (38.5 %).

Ilkka-Yhtymä Oyj is a limited company, which in terms of decision-making and administration, adheres to the Finnish Companies Act, other regulations concerning quoted companies and its Articles of Association.

The governing bodies of Ilkka-Yhtymä Oyj comprise the Supervisory Board, the Board of Directors and the CEO.

Ilkka-Yhtymä Oyj complies with recommendations on corporate governance issued in 2003 by HEX Plc, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industry and Employers. The company's corporate governance principles are described and updated in more detail on our website at www.ilkka-yhtyma.fi.

The Annual General Meeting

The Annual General Meeting is held yearly before the end of June. According to Ilkka-Yhtymä Oyj's Articles of Association, the Supervisory Board summons the AGM and prepares the issues presented at the meeting.

The following issues are discussed at the AGM:

1. the annual report, including the financial statements for the previous financial year, as well as the auditor's report
2. adoption of the financial statements
3. discharging the Supervisory Board, the Board of Directors and the CEO from liability
4. measures warranted by the profit or loss recorded on the adopted balance sheet
5. determining the remuneration of the members of the Supervisory Board and the auditors
6. electing members of the Supervisory Board replacing those whose terms as members are about to expire and electing the auditors
7. other issues mentioned in the invitation to the meeting.

In addition, the AGM elects two regular and two deputy auditors for one-year terms.

Supervisory Board

According to Ilkka-Yhtymä Oyj's Articles of Association, the Company has a Supervisory Board with a minimum of twenty-eight (28) and a maximum of forty (40) members, two of which must be employees of the Group.

The members of the Supervisory Board are elected at the AGM for a term of office of four (4) years at a time, beginning immediately after their election. Each year, the term of office of no more than one quarter of the Board members shall expire. The retirement age of a member of the Supervisory Board is sixty-eight (68). The terms of office of members of the Supervisory Board end, regardless of the length of the remaining period of office, at the AGM of the year during which the member in question turns sixty-eight (68).

The duties of the Supervisory Board include supervising the company's management and the way it conducts its business, electing and discharging the members of the company's Board of Directors, setting their remuneration, appointing and discharging the CEO of the company and Ilkka's Chief Editor, determining their salaries, calling meetings of the AGM, issuing a report on the financial statements and the auditor's report and other issues presented to the AGM, preparing issues to be discussed at the AGM, appointing a salary committee comprising four members: the Chairmen and Deputy Chairmen of the Supervisory Board and Boards of Directors of Ilkka-Yhtymä Oyj, and the Head of HR, who acts as secretary to the committee.

The Supervisory Board convened three times during the year 2004.

The AGM on 26 April 2004 determined Supervisory Board emoluments for 2004 as follows:

Chairman's fee EUR 600/month plus the standard meeting fee of EUR 250/meeting.

Meeting fee for members – EUR 250/meeting.

Board of Directors

According to the Articles of Association, the duties of the Supervisory Board of Ilkka-Yhtymä Oyj include electing and dismissing members of the company's Board of Directors and determining their remuneration. At the first meeting of the Supervisory Board following the AGM, members are elected to replace those whose membership of the Board is about to expire.

The Board of Directors comprises a minimum of four (4) and a maximum of five (5) members. Board members are elected for a term of four (4) years. The retirement age of members of the Board of Directors

is sixty-eight (68) and their terms of office end, regardless of the length of the remaining period of office, at the first meeting of the Supervisory Board after the AGM during the calendar year at which the member in question reaches sixty-eight (68).

According to the Articles of Association the tasks of the Board of Directors, in line with the instructions issued by the Supervisory Board, include supervising the company's management and the way it conducts its business, employing and discharging other staff required for the company and determining their salaries, ensuring that decisions of the AGM and the Supervisory Board are implemented, supervising the company's finances and accounting, drawing up the annual report, drawing up proposals to the Supervisory Board on the distribution of the annual profit, and granting and revoking procuration.

According to the standing order, the Board of Directors executes the following, inter alia:

- confirms its own standing order, which is reviewed annually
- considers and approves the group's strategy and ensures that it remains abreast of the latest developments
- confirms the basic structure of the group's organisation and the group's values
- on the basis of the strategy, approves corporate annual plans, budgets and the staff incentive scheme, and supervises their implementation
- goes through the main risks related to the companies' operations on an annual basis alongside its consideration of the corporate strategy
- considers and approves the interim reports, the annual report and the financial statements
- meets with the auditors once a year
- defines the company's dividend policy
- decides on exceptionally broad issues which do not form part of the everyday operative management of the company
- based on approval clause of §3 of the Articles of Association, approves the transfer of Series I shares to the shareholder register
- considers any other issues presented for the consideration of the CEO or the Chairman of the Board of Directors.

The Board of Directors convened 18 times during the year, while the average participation rate of members of the Board of Directors was 94.4 per cent.

Issues considered at meetings of the Board of Directors include the financial statements and interim reports, and the monthly reports of the group's subsidiaries. Furthermore, the Board of Directors convenes at least once a year for a strategy meeting, and confirms the plan of action and budget for the following year, at which time it also confirms investments for the coming year. Taking into consideration the size of the group and its field of business, it is fairly easy for members of the Board of Directors to develop an overall-view of the company's structure, business operations and markets.

The CEO and Financial Director or, if necessary, the CEOs/Directors of the subsidiary companies or specially invited persons, function as rapporteurs at Board meetings. The majority of the members of the subsidiary companies' Boards of Directors are members of the Board of Directors of the parent company.

The Supervisory Board decided at its meeting on 24 May 2004 on the Board of Directors of Ilkka-Yhtymä Oyj's emoluments for 2004 as follows:

- The Chairman's remuneration is EUR 1,450/month plus the standard fee of EUR 300/meeting.
- Vice Chairman's remuneration is EUR 700/month plus the standard fee of EUR 300/meeting.
- Remuneration for members is EUR 200/month plus the standard fee of EUR 300/meeting.

A total of EUR 83,980 (Group) was paid in monthly and meeting fees to the members of the Board of Directors of Ilkka-Yhtymä Oyj in 2004.

The Board's remuneration has never been paid in own shares, nor have the share-based incentive schemes been used for rewarding the members of Board of Directors.

CEO

According to the Articles of Association, the Supervisory Board employs and discharges the company's CEO.

The CEO of Ilkka-Yhtymä Oyj is also the CEO of the group and is responsible for the operations of the entire group in line with the aims and instructions issued and approved by its Board of Directors. As the CEO of Ilkka-Yhtymä Oyj, the CEO of the group is in charge of the company's day-to-day administration and the achievement of its goals, as well as preparing issues in line with instructions issued by the Board of Directors. The CEO/Directors, appointed unit managers and leaders associated with core processes within the subsidiaries report to the CEO. The CEO is assisted by the Group Executive Team, appointed by the group's Board of Directors based on a proposal from the CEO.

Matti Korkiatupa, CEO, received a total of EUR 157,888 in salaries, incentive pay and fringe benefits in 2004. The CEO falls within the scope of the group's general incentive scheme. Incentive bonuses are based on the target gross margin approved by the Board of Directors and company-specific scorecard objectives. The company does not apply an incentive scheme based upon management-held shares.

The retirement age of the CEO is in line with the retirement pension scheme in force. The CEO's period of notice from the company is 6 months, in addition to which the company will pay severance pay equalling six months' salary. The CEO must give three months' notice.

Group Executive Team

The Group Executive Team supports the CEO in steering and developing the group's business in pursuit of the strategic goals presented by the team and approved by the Board of Directors. The team itself consists of the CEO of the parent company (in the Chair) and the Financial Director, who acts as secretary, as well as the CEO/Directors of the subsidiaries. In addition to the aforementioned, the extended Group Executive Team consists of the Chief Editors of the provincial papers, the Marketing Manager of the printing company, the Head of HR of the parent company and the Data Administration and Development Manager. The tasks of the Group Executive Team are defined in a directive approved by the Board of Directors.

The Group Executive Team falls under the Group's incentive scheme. Incentive bonuses are based on the target gross margin approved by the Board of Directors and company-specific scorecard objectives.

The subsidiaries have their own Executive Teams, meetings of which are attended by the CEO of the parent company.

Internal Control, Risk Management and Internal Auditors

The Board of Directors of Ilkka-Yhtymä Oyj confirms the corporate strategy, which takes account of business risks and their management. The Board also confirms the group's and subsidiaries' directives, which serve as risk management tools.

The group's planning and steering system includes among others the annual strategic process, the plans of action and their follow-up. The follow-up consists among others of a report on the financial results and other key figures, as well as forecasts carried out at least three times a year. The corporation's financial performance and risks are monitored on a monthly basis by the Board of Directors and the Group Executive Team.

Ilkka-Yhtymä Oyj does not employ internal auditors, but the Board of Directors has appointed an internal auditor from among its members, and the auditing plan takes the absence of an internal auditing procedure into consideration.

The appropriate insurance policies have been taken out against property, interruption and liability risks.

Insider Administration

Statutory insiders in Ilkka-Yhtymä Oyj include the members of the Board of Directors and the Supervisory Board, the CEO and the auditors. Designated insiders include the members of the Group Executive Team and the members of the Extended Group Executive Team.

On 8 May 2000, the Board of Directors of Ilkka-Yhtymä Oyj resolved that the company be subject to the Insider Guidelines confirmed by the Helsinki Exchanges on 28 October 1999, which entered into force on 1 March 2000. The duration of the so-called "closed window" has been set at 14 days, i.e. permanent insiders may not trade in Ilkka-Yhtymä Oyj shares 14 days prior to the publication of the financial accounts and interim report.

Insiders are under an obligation to provide immediate notification of changes to entries in the insider register by contacting Ilkka-Yhtymä Oyj's financial services department. Furthermore, the financial services department sends insiders an extract from the insider register twice a year, requiring them to update the list as necessary. The Finnish Central Securities Depository Ltd upholds Ilkka-Yhtymä Oyj's insider register.

Ilkka-Yhtymä Oyj's website (www.ilkka-yhtyma.fi) contains a list of insiders and their holdings. This list is updated once a month.

Auditing of the Accounts

In line with the Articles of Association, Ilkka-Yhtymä Oyj has two regular and two deputy auditors.

The 2004 AGM of Ilkka-Yhtymä Oyj elected Ernst & Young Oy, Authorised Public Accountants, as auditors, with Tomi Englund, Authorised Public Accountant, M.Sc. (Econ.), LL.M. and Pekka Kiljunen, Authorised Public Accountant, as regular auditors. Päivi Virtanen, Authorised Public Accountant, and Johanna Winqvist-Ilkka, Authorised Public Accountant were elected as deputy auditors. The supervisory audit was performed by Ernst & Young Oy, Authorised Public Accountants.

In 2004, Ernst & Young Oy received a total of EUR 26,234 for auditing the financial accounts of Ilkka-Yhtymä Group companies, and a total of EUR 32,083 for other auditing.

Supervisory Board

Supervisory Board convened three times during the year. The number of members of the Supervisory Board is 32, two of which are employee representatives.

	Member of the Supervisory Board since	Current term will expire in		Member of the Supervisory Board since	Current term will expire in
Chairman			Esa Latva-Rasku, Ilmajoki	2001	2005
Jaakko Rintala, Lapua, Farmer, Kunnallisneuvos (Finnish honorary title)	1995	2007	Province Director, Maakuntaneuvos (Finnish honorary title), Etelä-Pohjanmaan Liitto		
Vice Chairman			Juha Mikkilä, Kurikka	1990	2006
Aarno Puumala, Lehtimäki, Municipal Director, retired	1974	2005	Farmer		
Regular Members			Sari Mutka, Helsinki	2002	2006
Markku Akonniemi, Töysä Farmer	1985	2005	Student of Economic Sciences		
Timo Aukia, Seinäjoki Managing Director, Timo Aukia Oy	1999	2007	Seppo Nurmi, Vaasa *) Economic Correspondent, Vaasa Oy	2001	2005
Jari Eklund, Helsinki	1998	2006	Martti Ojares, Helsinki	2002	2006
Investment Director, M.Sc. (Econ.), Tapiola General Mutual Insurance Company and Tapiola Mutual Life Assurance Company			Viestintäneuvos (Finnish honorary title), retired		
Mauri Hietala, Seinäjoki Business Director, City of Seinäjoki	1991	2007	Perttu Rinta, Helsinki	1999	2007
Alpo Joensuu, Kuortane Farmer	1994	2005	Managing Director, Kymppivoima Oy and Kymppivoima Myynti Oy		
Raimo Joronen, Seinäjoki Building Contractor, Rakennusneuvos (Finnish honorary title), E-P:n Pytinki Oy	1986	2006	Ari Rinta-Jouppi, Vähäkyrö Managing Director, Rauno Rinta-Jouppi Oy	1999	2007
Ossi Jäkärä, Vaasa Managing Director, Mainostoimisto Interpolar Oy	1990	2006	Jarmo Rinta-Jouppi, Seinäjoki Managing Director, Jarmo Rinta-Jouppi Oy	2004	2008
Heikki Järvi-Laturi, Teuva Farmer	2001	2005	Matti Ritämäki, Lapua Warehouse keeper, City of Lapua	1994	2008
Vesa-Pekka Kangaskorpi, Jyväskylä Counsellor of International Affairs, Parliament	2000	2008	Kimmo Simberg, Seinäjoki Managing Director, Etelä-Pohjanmaan Osuuskauppa	2004	2008
Antti Kiviniemi, Jalasjärvi M.Sc. (Agr. & For.) Maanviljelysneuvos (Finnish honorary title), Kiviniemen Broiler Oy	1998	2006	Pauli Särkijärvi, Evijärvi Farmer	1986	2006
Yrjö Kopra, Helsinki Managing Director, Alexander Corporate Finance Oy	1998	2006	Arto Takalampi, Nurmo*) Economic Correspondent, Sanomalehti Ilkka Oy	2002	2005
Martti Koski, Vaasa Managing Director, retired	2001	2005	Raija Tikkala, Jurva Office Director, Social Insurance Institution	1995	2007
Mikko Koskinen, Seinäjoki Sales Director, Pohjola-Yhtymä Oyj	1999	2007	Jukka Tunkkari, Veteli Field Manager, retired	2001	2005
Heikki Kuoppamäki, Ähtäri Farmer	1991	2007	Marja Vettenranta, Laihia Assistant, University of Vaasa	1997	2005
			Jyrki Viitala, Seinäjoki Managing Director, Seinäjoen Käyttöauto Oy	2000	2008

*) Employee representative. Employees are represented on the Supervisory Board of Ilkka-Yhtymä Oyj.

Board of Directors

	Member of the Board since	Current term will expire in
Veikko Heikkilä, Kunnallisneuvos (Finnish honorary title), Alavus Chairman	1986	2005
Jaakko Aukia, yrittäjäneuvos, (Finnish honorary title), Kurikka, Vice Chairman	1985	2007
Lasse Hautala, MP, Kauhajoki	2002	2006
Seppo Paatelainen, Vuorineuvos (Finnish honorary title), CEO, Seinäjoki	1999	2007
Tapio Savola, Master of Laws trained on the bench, Lappajärvi	1991	2007

Managing Director

Matti Korkiatupa, b. 1955, M.Sc. (Agr. & For.), Seinäjoki

- CEO of Ilkka-Yhtymä Oyj since 1999.
- Chairman of Arena Partners Oy's Board of Directors 2000 – 2004, still Member of Board of Directors.
- Member of I-print Oy's Board of Directors since 1999.
- Member of Keskipohjanmaan Viestintä Oy's Board of Directors since 1999.
- Member of Finnish Newspapers Association's Board of Directors since 2000.
- Member of Savon Mediat Oy's Board of Directors since 2002.
- Member of Sofor Oy's Board of Directors since 2003.
- Employed earlier as, among other things, Regional Manager at Tapiola Group 1992 – 1998.

Group Executive Team

Matti Korkiatupa, M.Sc. (Agr. & For.), CEO of Ilkka-Yhtymä Oyj, Chairman of Executive Team.

Paula Anttila, M.Sc. (Econ.), Financial Director of Ilkka-Yhtymä Oyj, Secretary of Executive Team.

Sauli Harjamäki, B.Sc. (Eng.), Bachelor of Business Administration, Director of Pohjanmaan Lähisanomat Oy.

Seppo Lahti, M.Sc. (Eng.), CEO of I-print Oy.

Päivi Sairo, M.Sc. (Econ.), Director of Vaasa Oy.

Hannu Uusihauta, Business College Graduate, Director of Sanomalehti Ilkka Oy.

The Group Executive Team convened 11 times a year.

Extended Group Executive Team

In addition to the above

Kari Hokkanen, Professor, Chief Editor of Ilkka, Sanomalehti Ilkka Oy

Markku Mantila, M.Sc. (Pol.), Chief Editor of Pohjalainen, Vaasa Oy

Paula Mahlamäki, M.Sc. (Econ.), Head of HR of Ilkka-Yhtymä Oyj

Ari Monni, B.Sc. (Eng.), Ilkka-Yhtymä Oyj, Data Administration and Development Manager

Anna-Maija Uitto, Correspondent, I-print Oy, Marketing Manager

The extended Group Executive Team convened 5 times during the year.

Board of Directors

There are five members in the Board of Directors.

Veikko Heikkilä, b. 1939,

B.Agr., Kunnallisneuvos (Finnish honorary title), Alavus
Chairman of the Board of Directors since 1994.

- Member of Ilkka-Yhtymä Oyj's Board of Directors since 1986.
- Member of Vaasa Oy's Board of Directors since 1995.
- Chairman of the Board of Directors of Sanomalehti Ilkka Oy since 1999.
- Member of Pohjanmaan Lähisanomat Oy's Board of Directors since 1999.
- Chairman of I-print Oy's Board of Directors since 1994.
- Member of Keski-Pohjanmaan Kirjapaino Oyj's Board of Directors since 1997.
- Member of Savon Mediat Oy's Board of Directors 1997 – 2001.
- Member of Iisalmen Sanomat Oy's Board of Directors 1998 – 2001.
- Member of Executive Board of Etelä-Pohjanmaan metsäkeskus 1976 – 2003 and Chairman 1987 – 2003.

Remunerations in 2004 (Group) EUR 32,680



Jaakko Aukia, b. 1939,

M.Sc. (Econ.), Yrittäjäneuvos (Finnish honorary title), Kurikka

Vice Chairman of the Board of Directors since 1994.

- CEO of Jaakko Aukia Oy since 1967.
- Member of Ilkka-Yhtymä Oyj's Board of Directors since 1985.
- Vice Chairman of Vaasa Oy's Board of Directors since 1992. Chairman since 1994.
- Member of Sanomalehti Ilkka Oy's Board of Directors since 1999.
- Vice Chairman of I-print Oy's Board of Directors since 1994.

Remunerations in 2004 (Group) EUR 26,300



Lasse Hautala, b. 1963,

B.Agr., MP, Kauhajoki

- Member of Parliament since 2003.
- Member of Ilkka-Yhtymä Oyj's Board of Directors since 2002.
- Member of Sanomalehti Ilkka Oy's Board of Directors since 2002.
- Member of Ilkka-Yhtymä Oyj's Supervisory Board 2000 – 2003.
- Assistant to member of European Parliament 1996 – 2001.
- Member of Fortum Oyj's Supervisory Board since 2004.

Remunerations in 2004 (Group) EUR 6,000



Seppo Paatelainen, b. 1944,

M.Sc. (Agr. & For.), Vuorineuvos (Finnish honorary title), Seinäjoki

- CEO and member of the Board of Directors of Atria Yhtymä Oyj since 1991.
 - Member of Ilkka-Yhtymä Oyj's Board of Directors 1994 – 1998, re-elected in 1999.
 - Member of Vaasa Oy's Board of Directors 1995 – 1998, re-elected in 2000.
 - Member of Sanomalehti Ilkka Oy's Board of Directors since 1999.
 - Vice Member of Savon Mediat Oy's Board of Directors since 2004.
 - Chairman of the Board of Directors at the following corporations:
A-Logistiikka Oy, Evijärven Peruna Oy, Liha ja Säilyke Oy, Lithells AB (Sweden), UAB Vilniaus Mesa (Lithuania)
 - Member of the Supervisory Board at the following corporations: OKO Osuuspankkien Keskuspankki Oyj, Vaasan Läänin Puhelin Oy
- Remunerations in 2004 (Group) EUR 6,450

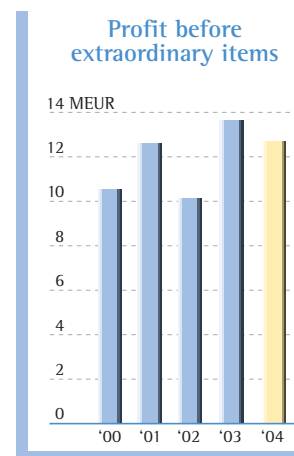
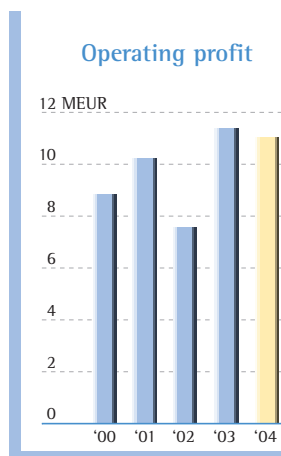
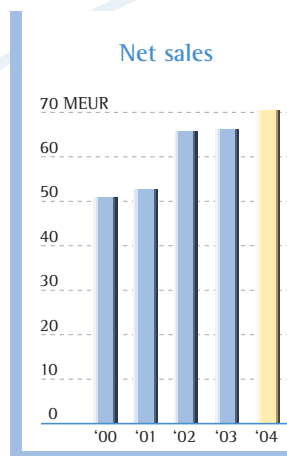


Tapio Savola, b. 1959,

LL.M., Master of Laws trained on the bench, Lappajärvi

- Lawyer at Lakiasiantainmisto Savola & Savola.
 - Member of Ilkka-Yhtymä Oyj's Board of Directors since 1991.
 - Chairman of Pohjanmaan Lähisanomat Oy's Board of Directors since 1999.
 - Member of Sanomalehti Ilkka Oy's Board of Directors since 1999.
- Remunerations in 2004 (Group) EUR 12,550





Financial Statements for 2004

Board of Directors' Report

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 companies involved in the publishing business are the newspapers Ilkka and Pohjalainen. Other publications include the local newspapers Härmät, Jurvan Sanomat, Järviseuutu, Suupohjan Sanomat, Viiskunta and the town papers Etelä-Pohjanmaa and Vaasan Ikkuna.

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

Group

Consolidated net sales grew year on year 6.7 per cent. Net sales amounted to EUR 70,493 thousand (EUR 66,036 thousand in 2003). The growth was due to securities trading and publishing business. Consolidated net sales, excluding trade in securities, increased by 0.9 per cent. Net sales from publishing operations increased by 4.6 per cent, but external net sales from the printing business declined by 10.4 per cent owing to competition remaining fierce. Net sales from trade in securities soared by EUR 3,985 thousand. Other operating income totalled EUR 637 thousand (EUR 2,815 thousand), including approximately EUR 300 thousand of capital gains from the sale of fixed-assets.

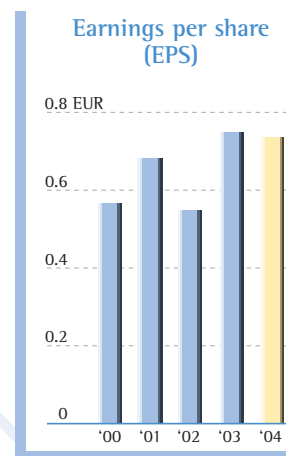
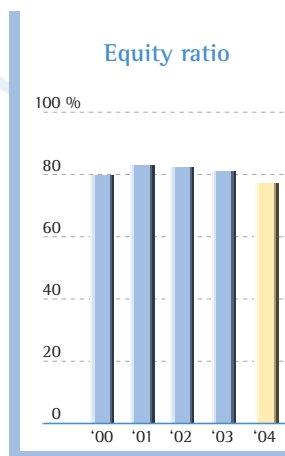
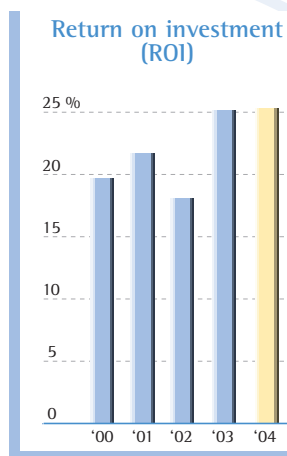
The Group's operating expenses for the period totalled EUR 60,082 thousand (EUR 57,458 thousand), increasing by 4.6 per cent. The operating expenses of the printing business decreased due to diminishing volumes but, correspondingly, the operating expenses of securities trading and the publishing business rose as net sales grew. Personnel costs decreased by 0.6 per cent and other operating expenses decreased by 0.6 per cent year on year. Personnel expenses include staff's profit-sharing remuneration. Depreciation, included in operating expenses, amounted to EUR 3,162 thousand (EUR 3,108 thousand in 2003).

Consolidated operating profit was EUR 11,015 thousand (EUR 11,425 thousand), a decrease of 3.6 per cent year on year. The operating margin was 15.6 per cent (17.3). Capital gains from the sale of fixed-asset shares improved the operating profit and operating margin for previous financial period by approximately EUR 2,300 thousand. Operating profit of the Group's core businesses, publishing and printing, grew by 14.6 per cent and relative operating profit was 17.1 per cent (15.1 per cent in 2003).

Net financial income amounted to EUR 1,688 thousand (EUR 2,314 thousand). Pre-tax profit totalled EUR 12,703 thousand (EUR 13,739 thousand). Direct taxes amounted to EUR 3,223 thousand. The Group's net profit for the period totalled EUR 9,480 thousand, falling by 3.1 per cent year on year.

The consolidated balance sheet total was EUR 57,147 thousand (EUR 68,626 thousand).

Earnings per share amounted to EUR 0.73 (EUR 0.75) and equity per share was EUR 3.31 (EUR 4.18). The Board of Directors proposes a per-share dividend of EUR 0.60.



Ilkka-Yhtymä Oyj

Ilkka-Yhtymä Oyj's net sales for the financial period rose to EUR 18,595 thousand (EUR 14,456 thousand in 2003) due to securities trading, which generated net sales of EUR 16,603 thousand (EUR 12,618 thousand). Other operating income totalled EUR 1,023 thousand (EUR 3,429 thousand).

The parent company's operating expenses totalled EUR 19,389 thousand (EUR 15,195 thousand). The increase in expenses was mainly due to securities trading. Depreciation, included in operating expenses, amounted to EUR 404 thousand (EUR 352 thousand), while operating profit for the period came to EUR 229 thousand (EUR 2,690 thousand). Operating profit for the previous financial period was improved by capital gains of approximately EUR 2,300 thousand from the sale of fixed-asset shares. Net financial income was EUR 4,010 thousand (EUR 9,396 thousand).

Profit before extraordinary items totalled EUR 4,239 thousand (EUR 12,086 thousand). Parent company's extraordinary items, consisting of Group contributions received, amounted to EUR 8,400 thousand (EUR 5,400 thousand). The decrease in depreciation difference amounted to EUR 23 thousand. Taxes of EUR 3,675 thousand were reported for the parent company, and the net profit was EUR 8,987 thousand (EUR 12,546 thousand).

The balance sheet total decreased from EUR 49,456 thousand to EUR 38,438 thousand.

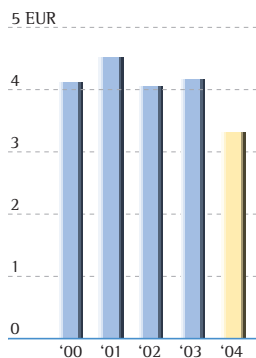
Subsidiaries

Sanomalehti Ilkka Oy publishes the regional newspaper Ilkka. The company's reported net sales for the financial period reached EUR 22,554 thousand, which is 4.6 per cent higher than in the previous year. Other operating income totalled EUR 100 thousand. The company's operating expenses increased by 2.8 per cent, to EUR 17,074 thousand. Depreciation, included in operating expenses, reported for the period totalled EUR 183 thousand. Operating profit for the period totalled EUR 5,581 thousand and operating margin reached 24.7 per cent.

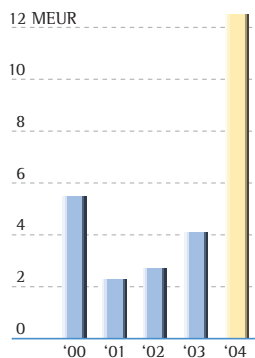
In addition to Pohjalainen, Vaasa Oy publishes a town paper, Vaasan Ikkuna. The company's reported net sales reached EUR 14,711 thousand, which is 5.8 per cent higher than in the previous year. Other operating income totalled EUR 103 thousand. The company's operating expenses increased by 0.6 per cent, to EUR 13,045 thousand. Depreciation reported for the period totalled EUR 203 thousand. Operating profit for the financial year was EUR 1,769 thousand and operating margin was 12.0 per cent.

Pohjanmaan Lähisanomat Oy is a publisher of five local newspapers and one town paper. The company's reported net sales reached EUR 3,826 thousand, up by 4.5 per cent on a year earlier. Other operating income totalled EUR 20 thousand. Operating expenses decreased by 1.3 per cent, to EUR 3,375 thousand. Depreciation reported for the period totalled EUR 46 thousand. Operating profit for the financial year was

Equity per share



Capital expenditure



Audited circulation

Ilkka	55,363
Pohjalainen	31,561
Härmät	3,996
Jurvan Sanomat	2,418
Järvisetu	6,340
Suupohjan Sanomat	4,608
Viiskunta	6,873
Vaasan Ikkuna (distribution)	52,000
Etelä-Pohjanmaa (distribution)	41,500

EUR 472 thousand and operating margin was 12.3 per cent.

The reported net sales of I-print Oy, the sheet and newspaper printing company, totalled EUR 23,025 thousand, which is 6.3 per cent less than in the previous year. Other operating income totalled EUR 230 thousand. The company's operating expenses decreased by 7.5 per cent, to EUR 20,813 thousand. Depreciation reported for the period totalled EUR 2,380 thousand. Operating profit for the financial year was EUR 2,410 thousand and operating margin was 10.5 per cent.

The subsidiaries Kiinteistö Oy Seinäjoen Koulukatu 10 and Seinäjoen Kassatalo Osakeyhtiö are property companies. I-Mediat Oy is not engaged in business operations. The combined net sales of these companies totalled EUR 569 thousand.

Online Business and Services

Ilkka-Yhtymä develops online and mobile services in co-operation with Arena Partners Oy and the other newspapers that own Arena Partners Oy. The aim of the co-operation is to speed up the development of the Group's newspapers' online advertisement and content services, and conducting business online.

In order to shift to multi-channel service provision, both provincial papers introduced the reformed Arena Services, accessible through mobile phones and computers connected to the Internet. The production of multi-channel journalistic content has become easier due to distribution system upgrades and copyright-free material.

Annual General Meeting, Supervisory Board and Board of Directors

The Annual General Meeting (AGM) of 26 April 2004 approved the financial statements, discharged the members of the Supervisory Board and the Board of Directors as well as the Managing Director of any liability, and decided to distribute a dividend of EUR 4.00 per share (split-adjusted EUR 1.00 per share).

The AGM authorised the Board of Directors to decide, within twelve months from the date of the meeting, on increasing share capital as opposed to the shareholders' subscription privileges, if required, by a maximum of EUR 651,793 and/or issuing convertible bonds and/or stock options.

The AGM decided to alter Article 2 of the Articles of Association. The AGM decided also that, in order to increase the number of company shares (split shares), the nominal value of the share, EUR 1.00, will be divided by four, resulting in a new nominal value of EUR 0.25 per share, the number of shares totalling 13,036,296. The number of Series I and II shares after the split is fourfold in both series compared to the figure before.

Of the members of the Supervisory Board whose terms of service had come to an end, the AGM re-

elected the following members: Vesa-Pekka Kangaskorpi, Aarno Puumala, Matti Ritamäki and Jyrki Viitala. Jarmo Rinta-Jouppi and Kimmo Simberg were elected as new members of the Supervisory Board.

Ernst & Young Oy, Authorised Public Accountants with Tomi Englund, Authorised Public Accountant, M.Sc. (Econ.), LL.M. and Pekka Kiljunen, Authorised Public Accountant, were elected as regular auditors. Päivi Virtanen, Authorised Public Accountant, and Johanna Winqvist-Ilkka, Authorised Public Accountant were elected as deputy auditors.

At its meeting on 24 May 2004, The Supervisory Board of Ilkka-Yhtymä Oyj re-elected Jaakko Aukia to the Board of Directors of Ilkka-Yhtymä Oyj. Veikko Heikkilä continues as the Chairman of the Board of Directors. Jaakko Rintala will continue as the Chairman of the Supervisory Board.

The Extraordinary General Meeting of 10 December 2004 decided, in addition to dividend of EUR 1.00 per share decided in the AGM of 26 April 2004, to distribute an additional dividend of EUR 0.60 per share, i.e. EUR 7,821,777.60, based on year 2003 confirmed balance sheet.

Shares and Shareholders

The share capital of Ilkka-Yhtymä Oyj entered in the trade register was EUR 3,259,074 on 31 December 2004. The share capital is divided into 13,036,296 shares, each with a nominal value of EUR 0.25. The shares are divided into two series. Series I shares and Series II shares differ in such a way that each Series I share entitles the holder to twenty (20) votes at the AGM, while a Series II share entitles the holder to one (1) vote. Shares of both series entitle the holders to the same dividend.

In accordance with the Articles of Association, the minimum share capital shall be no less than EUR 3 million and the maximum no more than EUR 12 million, within which limits the share capital may be increased or decreased without altering the Articles of Association. Company shares are divided into Series I and II shares in such a way that the number of Series I shares shall be no less than 3,800,000 and no more than 13,440,000, and the number of Series II shares shall be no less than 8,200,000 and no more than 34,560,000.

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.

Flagging Announcements

On 12 November 2004, Arnedo Oy's (subsidiary of SanomaWSOY) holding in Ilkka-Yhtymä Oyj decreased to less than 15 per cent. Arnedo Oy no longer owns Ilkka-Yhtymä Oyj shares.

On 15 November 2004, Thominvest Oy's holding in Ilkka-Yhtymä Oyj increased to more than 5 per cent, totalling 5.75 per cent of the shares and 0.875 per cent of the votes.

Quotation and Trading in Shares

The Series II shares of Ilkka-Yhtymä Oyj are listed on the main list of the Helsinki Exchanges as of 10 June 2002. The company's Series I shares are listed on the I listing of the Helsinki Exchanges. The Series I and II shares of Ilkka-Yhtymä Oyj have been traded splitted as of 13 May 2004. The number of shares after the split is fourfold in both series compared to the figure before.

The number of Series I shares of Ilkka-Yhtymä Oyj traded on the Investors' List in 2004 was 318,646 (without split-adjustment 279,115), which is 8 per cent

Share capital 31 Dec 2004

	Share capital EUR	Number of shares	% of share capital	% of votes
Series I	956,458	3,825,832	29.3	89.3
Series II	2,302,616	9,210,464	70.7	10.7
Total	3,259,074	13,036,296	100.0	100.0

Increases of share capital 1995 - 2004

Subscription period	Terms of subscription	Series I no. of shares	Series II no. of shares	Increase of share capital EUR	New share capital EUR	Dividend right
29 Dec 1995	Private placing, merger contribution directed at 1) shareholders of Järvisseudun Lehti-Osakeyhtiö ratio 1:44 Series II directed at shareholders of Kristiinan Sanomalehti Oy ratio 1:52 Series II directed at shareholders of Osakeyhtiö Seinäjoki ratio 7:2 Series II Total		42,416 14,976 29,408 86,800	18,248	1,827,235	1/1 1995
13 May -14 June 1996	Rights issue with two shares of Series I or II one share of Series II á 4.20 EUR		4,344,896	913,449	2,740,684	1/1 1996
14 May 1999	Increase of share capital by means of a scrip issue by increasing nominal share value			518,390	3,259,074	

1) The distribution of merger contribution began in January 1996.

of series share stock. Their trading value was EUR 2.6 million. The number of Series II shares traded on the main list was 6,489,917 (without split-adjustment 4,218,968), which equals to 70 per cent on series share stock. Their trading value was EUR 49.8 million. During the period under review, the lowest quotation for a Series I share of Ilkka-Yhtymä Oyj was EUR 6.50 and the highest EUR 9.45 (without split-adjustment EUR 37.80). The lowest quotation for a Series II share was EUR 6.01 and the highest EUR 8.79 (without split-adjustment EUR 35.16). At the end of the review period the share capital had a market value of EUR 98.1 million.

Book-entry System

As of 7 June 1995, Ilkka-Yhtymä Oyj shares have been registered in the book-entry system. The shareholders' register is maintained by the Finnish Central Securities Depository Ltd.

Dividend Policy

Ilkka-Yhtymä Oyj practices an active dividend policy and aims to distribute at least half of the consolidated annual income as dividend payments, taking into consideration the financing required for a profitable growth and the company's future outlook.

Management Holdings

On 31 December 2004, the company's Supervisory Board, the Board of Directors and the Managing Director held a total of 771,768 shares, or 5.92 per cent of the entire share capital and 12.05 per cent of the votes.

Guidelines for Insiders

Ilkka-Yhtymä Oyj uses the insider guidelines approved by the Helsinki Exchanges. Insiders and their holdings are listed on Ilkka-Yhtymä Oyj's website at www.ilkka-yhtyma.fi.

Authorisation of the Board of Directors

The Annual General Meeting authorised the Board of Directors to decide, within a period of one year of the date of the meeting (if necessary, in deviation from the shareholders' subscription privilege) upon the following issues:

- increasing the share capital by one or more rights issues, and/or
- purchasing convertible bonds and/or issuing stock options, and
- all terms pertaining to the subscription of shares as well as the terms of loans, and the conversion and/or subscription of shares, insofar as such terms were not defined by the authorisation.

The maximum total number of Series II shares issued in connection with one or more rights issues, sub-

scribed on the basis of stock options or transferred as consideration for convertible bonds, shall amount to no more than 651,793 shares (after split 2,607,172), i.e. to a total maximum nominal value of EUR 651,793.

An exception to the shareholders' privilege to subscribe for shares, stock options and convertible bonds can be made only if the purpose is to improve the company's competitive position, enhance its strategic development potential, finance a corporate or a business acquisition, organise inter-company co-operation, or if there are other compelling financial reasons.

An exception to the shareholders' subscription privilege cannot be made for the benefit of a person or a corporation with an interest in the company.

As distinct from the shareholders' subscription privilege, a share issue may apply to a maximum of one-fifth of the company's share capital and combined voting rights registered at the time when the Annual General Meeting granted the authorisation and when the Board of Directors decided on the increase of share capital.

Shares and/or stock options and/or convertible bonds can also be subscribed against a non-cash contribution, or under other specific terms.

The company has not issued stock options or convertible bonds.

The Board of Directors does not have the authority to buy or transfer the company's own shares.

Taxable Share Value

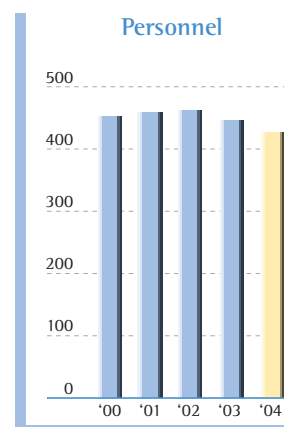
With respect to taxation in 2004, the taxable value of Ilkka-Yhtymä Oyj's Series I shares was confirmed as EUR 5.53, and the taxable value of Series II shares was EUR 5.18 per share.

Personnel

The Group had an average of 457 employees during the period, the corresponding figure for the parent company being 37.

On 31 December 2004, the Group had 403 full-time employees, whereas the parent company had 33.

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



Major shareholders by share capital owned according to the register of owners (all shares)

31 Dec 2004	Series I	Series II	Shares in total	% of shares
Thominvest Oy		750,000	750,000	5.75 %
Sampo Life Insurance Company Ltd.	146,864	504,900	651,764	5.00 %
Kaleva General Mutual Insurance Company		607,508	607,508	4.66 %
Eläke-Fennia General Mutual Insurance Company		450,000	450,000	3.45 %
Laakkonen Reino		410,768	410,768	3.15 %
Ilmarinen Mutual Pension Insurance Company	90,560	160,000	250,560	1.92 %
Etelä-Pohjanmaan Lehtiseura Ry	185,900	52,696	238,596	1.83 %
Aukia Jaakko	168,016	62,620	230,636	1.77 %
Keski-Pohjanmaan Kirjapaino Oyj	180,808	41,472	222,280	1.71 %
Nordea Bank Finland Plc., nominee-registered		190,052	190,052	1.46 %
Ten major shareholders, total	772,148	3,230,016	4,002,164	30.70 %
Other owners	3,053,684	5,980,448	9,034,132	69.30 %
Total	3,825,832	9,210,464	13,036,296	100.00 %

Average number of personnel translated into full-time employment

	2004	2003
Group	427	446
Ilkka-Yhtymä Oyj	34	32

Capital Expenditure

Reported capital expenditure amounted to EUR 12,528 thousand. The main investments were the purchase of Savon Mediat Oy shares for EUR 7,342 thousand, office facilities built for Vaasa Oy (EUR 2,493 thousand), and other purchases of fixed asset shares (EUR 960 thousand). Replacement investments in machinery and equipment for printing business came to EUR 753 thousand. Other investments consisted of software purchases and replacement investments in machinery and equipment for other operations.

Financial Position

The Group's liquidity remained solid throughout the year. Current ratio was 1.57 (3.66) at the end of the financial period. Based on the consolidated balance sheet, equity ratio was 77.4 (81.0) per cent.

IAS/IFRS Reporting

Started in 2002, the IFRS transition project has progressed as planned. In 2004, the training of accountancy staff continued, and reporting system was renewed to comply with the requirements of two accounting practices.

On 1 January 2005, Ilkka-Yhtymä Oyj will adopt IFRS-compliant accounting standards. The company will prepare the IFRS opening balance sheet for 1

January 2004 – the date of transition to IFRS – and will publish it before the first Interim Report for 2005. Interim Reports for 2005 will apply IFRS principles.

Factors affecting shareholders' equity in the opening IFRS balance include, for example, the evaluation of fixed assets at the fair value for the sum exceeding the acquisition cost, and the evaluation of other shares at the fair value. Various balance sheet items will also be re-categorised on the opening balance sheet and there will be changes to imputed tax.

In the IFRS-based income statement, trading in securities will be presented as a net sum in financial income and expenses, which will reduce total net sales in comparison with the current format. Overall performance for the financial year will be affected, among other things, by the evaluation of fixed-asset securities at the current share value in excess of the acquisition cost, and imputed taxes related to evaluation differences.

Events After the Financial Period

Following the end of the period reported, operations continued as usual.

Prospects for 2005

While private consumption in Finland should improve in 2005, media advertising should grow by 4 per cent. Graphics business volumes will probably remain unchanged, with profitability hampered by growing expenditure on raw materials and personnel. Financial performance in graphics sector is threatened by a difficult labour market vis-à-vis journalists and the paper industry. The outlook for securities trading is insecure.

Major shareholders by number of votes according to the shareholders' register (registered shares)

31 Dec 2004	Series I reg.	% of shares	Series II	% of shares	Shares in total	% of votes
Etelä-Pohjanmaan Lehtiseura Ry	169,420	4.43 %	52,696	0.57 %	222,116	4.01 %
Keski-Pohjanmaan Kirjapaino Oyj	169,380	4.43 %	41,472	0.45 %	210,852	4.00 %
Aukia Jaakko	167,456	4.38 %	62,620	0.68 %	230,076	3.98 %
Ilmarinen Mutual Pension Insurance Company	90,560	2.37 %	160,000	1.74 %	250,560	2.30 %
Tapiola General Mutual Insurance Company	95,280	2.49 %			95,280	2.22 %
E-P:n Osuuskauppa	72,768	1.90 %	64	0.00 %	72,832	1.70 %
Etelä-Pohjanmaan Osuuspankki	65,112	1.70 %			65,112	1.52 %
Mutka Heikki	58,684	1.53 %	62,236	0.68 %	120,920	1.44 %
SV-Turkis Oy	53,040	1.39 %	4,000	0.04 %	57,040	1.24 %
Kyrönmaan Osuuspankki	49,008	1.28 %	800	0.01 %	49,808	1.14 %
Total	990,708	25.90 %	383,888	4.17 %	1,374,596	23.56 %

Major shareholders by share capital according to the shareholders' register (registered shares)

31 Dec 2004	Series I reg.	Series II	Shares in total	% of shares
Thominvest Oy		750,000	750,000	5.75 %
Kaleva General Mutual Insurance Company		607,508	607,508	4.66 %
Sampo Life Insurance Company Ltd.		504,900	504,900	3.87 %
Eläke-Fennia General Mutual Insurance Company		450,000	450,000	3.45 %
Laakkonen Reino		410,768	410,768	3.15 %
Ilmarinen Mutual Pension Insurance Company	90,560	160,000	250,560	1.92 %
Aukia Jaakko	167,456	62,620	230,076	1.76 %
Etelä-Pohjanmaan Lehtiseura Ry	169,420	52,696	222,116	1.70 %
Keski-Pohjanmaan Kirjapaino Oyj	169,380	41,472	210,852	1.62 %
Nordea Bank Finland Plc., nominee-registered		190,052	190,052	1.46 %
Total	596,816	3,230,016	3,826,832	29.36 %

Moderate growth is forecast for Ilkka-Yhtymä Group's core business, publishing and printing but consolidated net sales should decline, due to reduced securities trading volumes.

Operating profit as a percentage of net sales in core business is predicted to remain at 2004's healthy levels, with overall financial performance matching that of 2004, despite the downturn in securities trading.

Shareholders by number of shares held on 31 Dec 2004 *)

Number of shares, Series I	No. of holdings	% of holdings	No. of shares	% of shares
1 - 200	2,035	54.24	183,671	4.80
201 - 400	672	17.91	198,118	5.18
401 - 2,000	870	23.19	808,830	21.14
2,001 - 4,000	89	2.37	241,036	6.30
4,001 -	86	2.29	1,799,168	47.03
TOTAL	3,752	100.00	3,230,823	84.45
On waiting list total			473,729	12.38
In joint account			121,280	3.17
SHARES ISSUED			3,825,832	100.00

Number of shares, Series II	No. of holdings	% of holdings	No. of shares	% of shares
1 - 200	2,114	37.27	196,929	2.14
201 - 400	1,134	19.99	358,720	3.89
401 - 2,000	1,888	33.29	1,769,833	19.22
2,001 - 4,000	325	5.73	933,126	10.13
4,001 -	211	3.72	5,847,092	63.48
TOTAL	5,672	100.00	9,105,700	98.86
On waiting list total				
In joint account			104,764	1.14
SHARES ISSUED			9,210,464	100.00

*) According to shareholders' register

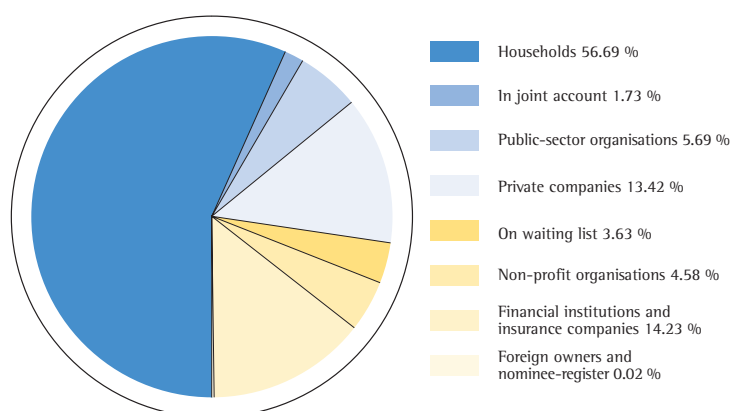
Shareholders by sector 31 Dec 2004 *)

Shareholder category, Series I	No. of holdings	% of holdings	No. of shares	% of shares
Private companies	52	1.39	402,384	10.52
Financial institutions and insurance companies	13	0.35	242,896	6.35
Public-sector organisations	2	0.05	129,184	3.38
Non-profit organisations	84	2.24	283,936	7.42
Households	3,599	95.92	2,171,983	56.77
Foreign owners	2	0.05	440	0.01
TOTAL	3,752	100.00	3,230,823	84.45
On waiting list total			473,729	12.38
In joint account			121,280	3.17
SHARES ISSUED			3,825,832	100.00
Nominee-registered total				

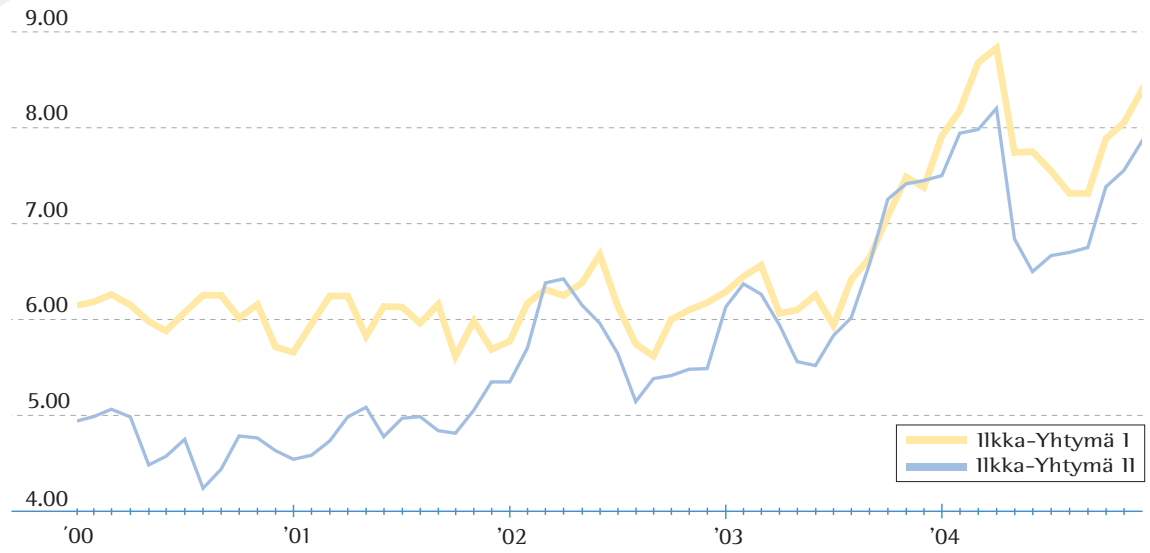
Shareholder category, Series II	No. of holdings	% of holdings	No. of shares	% of shares
Private companies	137	2.42	1,346,608	14.62
Financial institutions and insurance companies	20	0.35	1,409,976	15.31
Public-sector organisations	5	0.09	613,184	6.66
Non-profit organisations	108	1.91	312,615	3.39
Households	5,393	95.13	5,218,915	56.66
Foreign owners and nominee register	6	0.11	204,402	2.22
TOTAL	5,669	100.00	9,105,700	98.86
In joint account			104,764	1.14
SHARES ISSUED			9,210,464	100.00
Nominee-registered total			201,992	2.19

*) According to shareholders' register

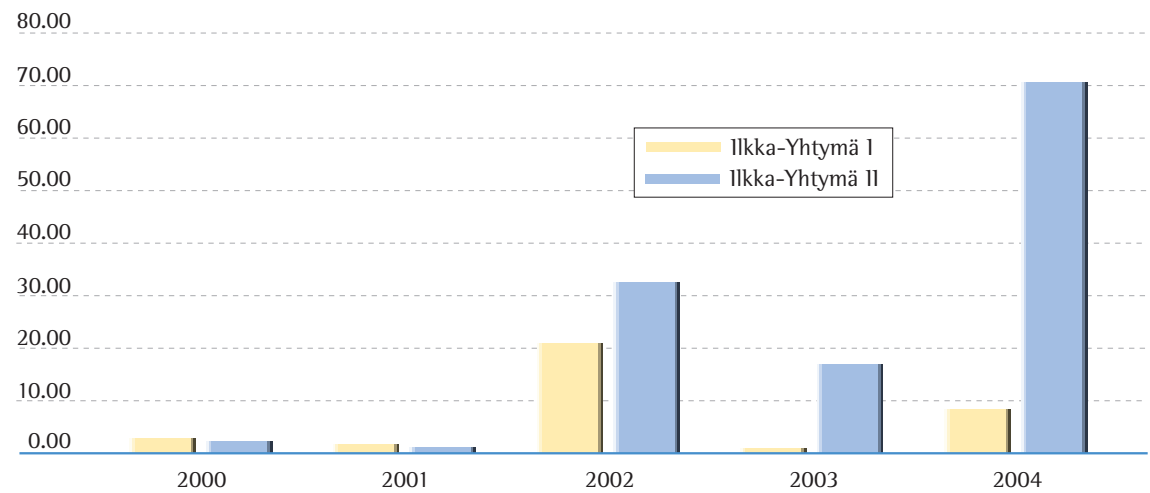
Distribution of shares according to owner groups



Average share price of Ilkka-Yhtymä Oyj's shares (EUR), 1 Jan 2000 - 31 Dec 2004



Relative exchange of Ilkka-Yhtymä Oyj shares (%) 2000-2004



Key figures indicating the financial development

Ilkka-Yhtymä Group	2004	2003	2002	2001	2000
Net sales, MEUR	70.5	66.0	65.7	52.6	50.9
- change %	6.7	0.5	24.9	3.4	20.2
Operating profit, MEUR	11.0	11.4	7.6	10.2	8.9
- % of net sales	15.6	17.3	11.6	19.4	17.5
Profit before extraordinary items, MEUR	12.7	13.7	10.1	12.6	10.5
- % of net sales	18.0	20.8	15.4	23.9	20.7
Profit before taxes, MEUR	12.7	13.7	10.1	12.6	10.5
- % of net sales	18.0	20.8	15.4	23.9	20.7
Result of the financial period, MEUR	9.5	9.8	7.2	8.9	7.4
- % of net sales	13.4	14.8	10.9	16.9	14.6
Return on equity (ROE), %	19.4	18.2	12.9	15.8	14.5
Return on investment (ROI), %	25.3	25.2	17.9	21.9	19.8
Equity ratio, %	77.4	81.0	82.3	83.0	79.9
Gearing, %	-1.4	-7.6	-5.6	-0.1	-1.3
Gross capital expenditure, MEUR	12.5	4.1	2.7	2.3	5.5
- % of net sales	17.8	6.2	4.1	4.4	10.9
Balance sheet total, MEUR	57.1	68.6	65.7	72.1	68.3
Current ratio	1.57	3.66	3.80	4.39	3.29
Average no. of employees	427	446	462	459	452

The deferred tax liability included in voluntary provisions and the depreciation difference have been taken into account in the calculation of the key figures.

Key figures indicating the financial development of the Group have been calculated using the following formulas:

Return on equity % (ROE)	=	$\frac{\text{Profit before extraordinary items- taxes for the financial period}^* \pm \text{change in deferred tax liability}}{\text{Shareholders' equity} + \text{minority interest} + \text{voluntary provisions and depreciation difference; deferred tax liability (average) eliminated}}$	x	100
Return on investment % (ROI)	=	$\frac{\text{Profit before extraordinary items} + \text{interest and other financial expenses}}{\text{Balance sheet total} - \text{non-interest bearing liabilities (average)}}$	x	100
Equity ratio (%)	=	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{voluntary provisions and depreciation difference; deferred tax liability eliminated}}{\text{Balance sheet total} - \text{advances received}}$	x	100
Gearing (%)	=	$\frac{\text{Interest-bearing liabilities} - \text{cash at bank and in hand} - \text{financial securities}}{\text{Shareholders' equity} + \text{minority interest}}$	x	100
Current ratio	=	$\frac{\text{Current assets}}{\text{Current liabilities}}$		

* Not including taxes on extraordinary items.

Per share ratios

Ilkka-Yhtymä Group	2004	2003	2002	2001	2000
Earnings per share (EPS), EUR	0.73	0.75	0.55	0.68	0.57
Shareholders' equity per share, EUR	3.31	4.18	4.06	4.51	4.11
Dividend per share (Series I), EUR	0.60	1.60	0.63	1.00	0.29
Dividend per share (Series II), EUR	0.60	1.60	0.63	1.00	0.29
Nominal dividend EUR/share (Series I and Series II)	0.60 *)	1.60 **)	0.63	1.00 ***)	0.29
Dividend per earnings, (Series I), %	82.5	213.2	113.4	146.6	50.1
Dividend per earnings, (Series II), %	82.5	213.2	113.4	146.6	50.1
Effective dividend yield (Series I), %	7.9	23.2	11.6	17.0	5.7
Effective dividend yield (Series II), %	8.0	21.8	11.1	19.0	6.1
Price per earnings (P/E) (Series I)	10.5	9.2	9.8	8.6	8.8
Price per earnings (P/E) (Series II)	10.3	9.8	10.2	7.7	8.3
Adjusted price development of shares					
average price (Series I), EUR	8.07	6.84	6.13	6.09	6.19
average price (Series II), EUR	7.68	6.70	5.65	4.88	4.80
lowest price (Series I), EUR	6.50	5.50	5.38	5.00	5.00
lowest price (Series II), EUR	6.01	5.28	4.88	4.25	4.12
highest price (Series I), EUR	9.45	8.17	7.13	6.52	6.50
highest price (Series II), EUR	8.79	7.75	6.63	5.50	5.37
price at end of period (Series I), EUR	7.60	6.89	5.38	5.88	5.00
price at end of period (Series II), EUR	7.48	7.35	5.63	5.25	4.70
Market capitalisation, MEUR	98.0	94.0	72.4	70.8	62.4
Shares traded (Series I), number of shares	318,646	40,076	801,072	65,992	151,712
- % of total number of shares	8.3	1.0	20.9	1.7	4.0
Shares traded (Series II), number of shares	6,489,917	1,568,520	3,002,552	103,452	210,324
- % of total number of shares	70.5	17.0	32.6	1.1	2.3
Weighted average of adjusted numbers of shares during the financial period	13,036,296	13,036,296	13,036,296	13,036,296	13,036,296
Adjusted number of shares at the end of the financial period	13,036,296	13,036,296	13,036,296	13,036,296	13,036,296

*) Proposal of the Board of Directors

***) Decision of the AGM on 26 April 2004, per-share dividend of EUR 1.00

Decision of the Extraordinary General Meeting on 10 December 2004, per-share dividend of EUR 0.60

***) Decision of the AGM on 11 April 2002, per-share dividend EUR 0.38

Decision of the Extraordinary General Meeting on 29 July 2002, per-share dividend of EUR 0.62

The deferred tax liability included in voluntary provisions and the depreciation difference have been taken into account in the calculation of indicators.

Figures are split-adjusted

Per share ratios have been calculated using the following formulas:

Earnings per share (EPS)	=	$\frac{\text{Profit before extraordinary items} \\ - \text{ taxes for the financial period} * \text{ +/- change in} \\ \text{deferred tax liability +/- minority interest}}{\text{Adjusted average number of shares} \\ \text{during the period}}$	
Shareholders' equity per share	=	$\frac{\text{Shareholders' equity + voluntary provisions and} \\ \text{depreciation difference less deferred tax liability} \\ \text{and minority interest}}{\text{Adjusted number of shares on the date} \\ \text{of closing the accounts}}$	
Dividend per share	=	$\frac{\text{Dividend per share for the financial period}}{\text{Adjustment factor for share issues taking place} \\ \text{after the end of the financial period}}$	
Dividend per earnings (%)	=	$\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$	
Effective dividend yield (%)	=	$\frac{\text{Dividend per share}}{\text{Adjusted closing share price}} \times 100$	
Price/Earnings ratio (P/E)	=	$\frac{\text{Adjusted closing share price}}{\text{Earnings per share}}$	
Adjusted average share price	=	$\frac{\text{Total turnover of shares, EUR}}{\text{Adjusted number of shares traded}}$	
Market capitalisation	=	Number of shares x the share price on the closing date	

* Not including taxes on extraordinary items.

Consolidated Income Statement

	1 Jan -31 Dec 2004 1,000 EUR	1 Jan -31 Dec 2003 1,000 EUR
Net sales	70,493	66,036
Increase (+) or decrease (-) in stocks of finished products	-32	32
Other operating income	637	2,815
Materials and supplies		
Purchases during the financial period	24,065	22,831
Increase (-) or decrease (+) of stocks	318	-933
External charges	7,717	7,487
Materials and services total	32,099	29,386
Salaries and fees	14,349	14,371
Pension expenses	2,394	2,466
Other personnel costs	928	936
Personnel costs total	17,671	17,773
Depreciation according to plan	3,162	3,108
Other operating costs	7,150	7,192
Operating profit	11,015	11,425
Financial income and expenses		
Income from holdings in associated companies	375	15
Income from other long-term investments	894	1,672
Other interest and financial income	440	643
Interest and other financing expenses	-21	-17
Financial income and expenses total	1,688	2,314
Profit before taxes	12,703	13,739
Income tax	-3,722	-4,181
Change in deferred tax liability	499	225
Profit for the financial period	9,480	9,783

Consolidated Cash Flow Statement

	1 Jan -31 Dec 2004 1,000 EUR	1 Jan -31 Dec 2003 1,000 EUR
Cash flow from operations		
Profit before extraordinary items	12,703	13,739
Adjustments	-1,912	-3,899
Change in working capital	-126	-323
Financial income and expenses	2,634	3,974
Direct taxes paid	-2,531	-2,382
Cash flow from operations	10,769	11,109
Cash flow from investments		
Investments in tangible and intangible assets, net	-3,985	-2,546
Other investments, net	-7,993	4,400
Dividends received from investments	635	1,187
Cash flow from investments	-11,344	3,042
Cash flow before financing items	-575	14,151
Cash flow from financing		
Change in current loans	2,000	
Change in non-current loans	-126	-126
Change in current receivables		21
Change in non-current receivables	108	
Dividends paid and other profit distribution	-20,523	-8,038
Cash flow from financing	-18,541	-8,143
Increase (+) or decrease (-) in financial assets	-19,115	6,008
Liquid assets at the beginning of the financial period	23,024	17,015
Liquid assets at the end of the financial period	3,908	23,024

Consolidated Balance Sheet

	31 Dec 2004 1,000 EUR	31 Dec 2003 1,000 EUR
ASSETS		
FIXED AND OTHER LONG-TERM ASSETS		
Intangible assets		
Intangible rights	430	229
Other long-term assets	119	166
Advances paid		91
	549	486
Tangible assets		
Land and water areas	1,022	821
Buildings and constructions	10,548	7,333
Machinery and equipment	12,428	13,650
Advances paid and construction in progress		1,391
	23,998	23,195
Investments		
Shares in associated companies	9,385	404
Other shares and holdings	5,512	6,038
Other investments	227	231
	15,124	6,673
CURRENT ASSETS		
Inventories		
Materials and supplies	863	918
Work in progress	60	93
Other inventories	4,393	4,656
	5,317	5,667
Receivables		
Non-current		
Receivables from associated companies	1,315	39
Loan receivables		1,385
	1,315	1,424
Current		
Account receivables	3,789	3,246
Receivables from associated companies	29	4
Loan receivables	999	18,459
Other receivables	138	105
Accrued income	2,979	4,805
	7,935	26,619
Cash and bank deposits	2,909	4,563
ASSETS TOTAL	57,147	68,626

	31 Dec 2004 1,000 EUR	31 Dec 2003 1,000 EUR
LIABILITIES AND SHAREHOLDERS' EQUITY		
SHAREHOLDERS' EQUITY		
Share capital	3,259	3,259
Issue premium fund	166	166
Reserve fund	13,079	13,079
Redemption fund	24	24
Retained earnings	17,113	28,188
Profit for the financial period	9,480	9,783
	<u>43,121</u>	<u>54,499</u>
GROUP RESERVE		172
LIABILITIES		
Deferred tax liability	2,688	3,187
Non-current		
Loans from financial institutions	189	315
	<u>189</u>	<u>315</u>
Current		
Loans from financial institutions	2,126	126
Advances received	1,413	1,302
Accounts payable	1,368	1,171
Payables to associated companies	3	
Other payables	3,607	5,070
Accrued expenses and deferred income	2,632	2,784
	<u>11,149</u>	<u>10,452</u>
LIABILITIES TOTAL	57,147	68,626

Parent Company Income Statement

	1 Jan -31 Dec 2004 1,000 EUR	1 Jan -31 Dec 2003 1,000 EUR
Net sales	18,595	14,456
Other operating income	1,023	3,429
Materials and supplies		
Purchases during the financial period	14,745	12,535
Increase (-) or decrease (+) of stocks	263	-1,111
Materials and services total	15,007	11,424
Salaries and fees	1,443	1,271
Pension expenses	329	307
Other personnel costs	73	61
Personnel costs total	1,845	1,639
Depreciation according to plan	404	352
Other operating costs	2,133	1,781
Operating profit	229	2,690
Financial income and expenses		
Income from holdings in Group companies	2,937	7,307
Income from other long-term investments		
From others	880	1,658
Other interest and financial income		
From Group companies	3	164
From others	360	578
Interest and other financing expenses		
To Group companies	-166	-311
To others	-3	-1
Financial income and expenses total	4,010	9,396
Profit before extraordinary items	4,239	12,086
Extraordinary items		
Extraordinary income	8,400	5,400
Extraordinary items total	8,400	5,400
Profit before appropriations and taxes	12 639	17,486
Appropriations		
Increase (-) or decrease (+) in depreciation difference	23	185
Appropriations total	23	185
Income taxes	-3,675	-5,125
Profit for the financial period	8,987	12,546

Parent Company Cash Flow Statement

	1 Jan -31 Dec 2004 1,000 EUR	1 Jan -31 Dec 2003 1,000 EUR
Cash flow from operations		
Profit before extraordinary items	4,239	12,086
Adjustments	-6,702	-13,703
Change in working capital	116	-1,170
Financial income and expenses	2,409	3,794
Direct taxes paid	-1,860	-1,671
Cash flow from operations	-1,798	-664
Cash flow from investments		
Investments in tangible and intangible assets, net	-2,647	-1,608
Other investments, net	-6,489	4,358
Investments in subsidiary company		-3,600
Dividends received from investments	2,710	6,366
Cash flow from investments	-6,427	5,516
Cash flow before financing items	-8,224	4,852
Cash flow from financing		
Change in current loans	2,086	-3,046
Change in current receivables	77	3,575
Change in non-current receivables	108	3,046
Group contributions received and paid	8,400	5,400
Dividends paid and other profit distribution	-20,523	-8,038
Cash flow from financing	-9,852	937
Increase (+) or decrease (-) in financial assets	-18,077	5,789
Liquid assets at the beginning of the financial period	19,410	13,621
Liquid assets at the end of the financial period	1,333	19,410

Parent Company Balance Sheet

	31 Dec 2004 1,000 EUR	31 Dec 2003 1,000 EUR
ASSETS		
FIXED AND OTHER LONG-TERM ASSETS		
Intangible assets		
Intangible rights	170	93
Other long-term assets	31	56
Advances paid		79
	201	228
Tangible assets		
Land and water areas	496	295
Buildings and constructions	5,419	1,962
Machinery and equipment	239	238
Advances paid and construction in progress		1,389
	6,154	3,883
Investments		
Shares in Group companies	8,144	9,884
Shares in associated companies	9,089	487
Other shares and holdings	5,371	5,738
Other investments	184	182
	22,787	16,291
CURRENT ASSETS		
Inventories		
Other inventories	4,393	4,656
	4,393	4,656
Receivables		
Non-current		
Receivables from associated companies	1,288	11
Loan receivables		1,385
	1,288	1,396
Current		
Receivables from associated companies	123	169
Receivables from Group companies	4	
Loan receivables	999	18,459
Other receivables	74	95
Accrued income	2,080	3,327
	3,280	22,050
Cash and bank deposits	334	950
ASSETS TOTAL	38,438	49,456

	31 Dec 2004 1,000 EUR	31 Dec 2003 1,000 EUR
LIABILITIES AND SHAREHOLDERS' EQUITY		
SHAREHOLDERS' EQUITY		
Share capital	3,259	3,259
Issue premium fund	166	166
Reserve fund	13,079	13,079
Retained earnings	836	9,148
Profit for the financial period	8,987	12,546
	<u>26,326</u>	<u>38,198</u>
ACCUMULATED APPROPRIATIONS		
Depreciation difference	1,397	1,420
LIABILITIES		
Current		
Loans from financial institutions	2,000	
Accounts payable	70	232
Payables to Group companies	5,586	5,498
Other payables	2,764	3,873
Accrued expenses and deferred income	294	235
	<u>10,714</u>	<u>9,838</u>
LIABILITIES TOTAL	38,438	49,456

Accounting Principles

Group

The parent company, Ilkka-Yhtymä Oyj, and its subsidiaries Sanomalehti Ilkka Oy, Vaasa Oy, Pohjanmaan Lähisanomat Oy, I-print Oy, I-Mediat Oy, Kiinteistö Oy Seinäjoen Koulukatu 10 and Seinäjoen Kassatalo Osakeyhtiö form a Group.

Mutual shareholding in Group companies was eliminated using the acquisition cost method. The difference at the time of acquisition between the share price and the shareholders' equity of the subsidiaries is presented as consolidated assets, depreciated using the straight-line method over ten years, since the newspapers' publishing rights are not generally included in balance sheet values. Consolidated assets are also allocated to land and buildings, and in the latter case they are depreciated as straight-line depreciation over twenty years.

Inter-company receivables and payables, sales and purchases and other income and expenses between group companies were eliminated.

The consolidated financial statements include the associated companies Arena Partners Oy, Savon Mediat Oy, Väli-Suomen Media Oy and Yrittävä Suupohja Oy. The associated companies' financial statements were included in the consolidated financial statements using the equity method.

Comparability of Figures

The figures for 2004 are comparable with those of 2003.

Inventories

Inventories were valued either at acquisition cost or probable sales value, whichever was the lowest. Marketable securities were valued at their direct acquisition cost, average closing price or probable sales price, whichever was the lowest.

Fixed Assets and Depreciation

Revaluations included in balance sheet values of buildings and land were reversed in 2003. Other fixed assets were valued at the original acquisition cost less depreciation according to plan. Depreciation according to plan was calculated as straight-line depreciation from the original acquisition price of fixed assets on the basis of the economic life of the assets, using uniform principles for all Group companies. The depreciation periods for different assets are as follows:

Intangible rights and other long-term assets	3-10 years
Buildings	20-40 years
Structures	20 years
Machinery and equipment	3-15 years
Group goodwill	5-10 years

Periodisation of Pension Expenses

Employee pension schemes are arranged through insurance companies.

Items in Foreign Currencies

Receivables and debts in foreign currencies were converted to euros according to the average exchange rate of the European Central Bank on the closing date of the financial statements.

Notes to the Income Statement and the Balance Sheet (EUR 1,000)

	Group		Parent Company	
	2004	2003	2004	2003
1. Net sales				
Net sales by operating sector				
Publishing	41,091	39,125		
Graphics	23,025	24,577		
Other sales	2,561	2,135	1,992	1,839
Securities trading	16,603	12,618	16,603	12,618
Internal sales	-12,786	-12,419		
Total	70,493	66,036	18,595	14,456
Net sales by market area				
Finland	68,365	63,803	18,595	14,456
Other Nordic countries	2,128	2,233		
Total	70,493	66,036	18,595	14,456
2. Other operating income				
Capital gains on fixed assets	300	2,450	10	2,408
Rent income	315	352	1,013	1,021
Other	21	13		
Total	637	2,815	1,023	3,429
3. Average number of personnel during the financial period by operating sector				
Publishing	233	232		
Graphics	160	182		
Business services	34	32	34	32
Total	427	446	34	32
4. Management's salaries and fees				
Managing Director and Board Members	335	301	210	188
Members of the Supervisory Board	24	16	24	16
Total	359	318	235	204
5. Depreciation according to plan				
Intangible rights	159	151	51	49
Group reserve	-172	-172		
Other long-term expenses	42	57	24	39
Buildings and constructions	677	607	223	152
Machinery and equipment	2,455	2,465	105	111
Total	3,162	3,108	404	352

	Group		Parent Company		
	2004	2003	2004	2003	
6. Group operating profit by operating sector					
Publishing	7,821	6,318			
Graphics	2,410	2,159			
Other sales	-950	1,648			
Securities trading	1,595	1,194			
Eliminations	138	107			
Total	11,015	11,425			
7. Total amount of dividend yields and interest income and expenses					
Dividend yields	635	1,187	2,710	6,366	
Interest income	404	618	338	717	
Interest expenses	15	17	169	312	
8. Extraordinary items					
Extraordinary income			8,400	5,400	
The Parent Company's extraordinary items consist of Group contributions received.					
9. Income taxes					
Income tax on extraordinary items			2,436	1,566	
Income tax on ordinary operations	3,724	4,175	1,239	3,560	
Income tax from previous financial periods	-2	6		-1	
Change in deferred tax liability	-499	-225			
Total	3,223	3,956	3,675	5,125	
10. Intangible and tangible assets					
Group Intangible assets	Intangible rights	Group goodwill	Other long-term assets	Advances paid	Total
Acquisition cost 1 Jan 2004	3,815	5,855	2,185	91	11,946
Increase	68			203	270
Decrease	-1		-6		-7
Transfers between items	293			-293	
Acquisition cost 31 Dec 2004	4,175	5,855	2,179		12,209
Accumulated depreciation and write-downs 1 Jan 2004	3,586	5,855	2,019		11,460
Depreciation for the financial period	159		42		201
Accumulated depreciation 31 Dec 2004	3,745	5,855	2,061		11,661
Book value 31 Dec 2004	430		119		549

Group Tangible assets	Land areas	Buildings and constructions	Machinery and equipment	Advances paid	Total
Acquisition cost 1 Jan 2004	821	14,100	37,203	1,391	53,516
Increase	4	346	1,162	2,455	3,967
Decrease			-434	-3,847	-4,281
Transfers between items	197	3,546	103		3,847
Acquisition cost 31 Dec 2004	1,022	17,992	38,034		57,048
Accumulated depreciation and write-downs 1 Jan 2004		6,767	23,553		30,320
Accumulated depreciation of decrease and transfers			-403		-403
Depreciation for the financial period		677	2,455		3,133
Accumulated depreciation 31 Dec 2004		7,444	25,606		33,050
Book value 31 Dec 2004	1,022	10,548	12,428		23,998
Balance sheet value of production machinery and equipment 1 Jan 2004			13,066		
Balance sheet value of production machinery and equipment 31 Dec 2004			11,772		

Parent Company Intangible assets	Intangible rights	Other long- term assets	Advances paid	Total
Acquisition cost 1 Jan 2004	735	1,914	79	2,729
Increase	18		30	48
Transfers between items	110		-110	
Acquisition cost 31 Dec 2004	863	1,914		2,777
Accumulated depreciation and write-downs 1 Jan 2004	642	1,859		2,501
Depreciation for the financial period	51	24		75
Accumulated depreciation 31 Dec 2004	693	1,883		2,576
Book value 31 Dec 2004	170	31		201

Parent Company Tangible assets	Land areas	Buildings and constructions	Machinery and equipment	Advances paid	Total
Acquisition cost 1 Jan 2004	295	4,048	5,699	1,389	11,431
Increase	4	346	107	2,143	2,600
Transfers between items	197	3,334		-3,532	
Acquisition cost 31 Dec 2004	496	7,729	5,806		14,030
Accumulated depreciation and write-downs 1 Jan 2004		2,086	5,461		7,547
Depreciation for the financial period		223	105		329
Accumulated depreciation 31 Dec 2004		2,310	5,566		7,876
Book value 31 Dec 2004	496	5,419	239		6,154
Balance sheet value of production machinery and equipment 1 Jan 2004			178		
Balance sheet value of production machinery and equipment 31 Dec 2004			148		

11. Revaluation

Revaluations included in the balance sheet values of Group and Parent Company land areas and buildings and constructions were reversed in 2003.

12. Investments

Group	Shares in associated companies	Other shares and holdings	Other investments	Total
Book value 1 Jan 2004	404	6,038	231	6,673
Increase	7,717	960	2	8,678
Decrease	-51	-170	-5	-227
Transfers between items	1,316	-1,316		
Book value 31 Dec 2004	9,385	5,512	227	15,124

Parent Company	Shares in Group companies	Shares in associated companies	Other shares and holdings	Other investments	Total
Book value 1 Jan 2004	9,884	487	5,738	182	16,291
Increase		7,342	958	2	8,301
Decrease	-1,740	-57	-8		-1,805
Transfers between items		1,316	-1,316		
Book value 31 Dec 2004	8,144	9,089	5,371	184	22,787

13. Difference in market value and book value of publicly quoted securities

Publicly quoted securities entered under investments

	2004	Group 2003	Parent Company 2004	Parent Company 2003
Market value	2,485	1,611	2,485	1,611
Book value	1,965	1,282	1,965	1,282
Difference	520	330	520	330

Marketable securities

Market value	5,438	5,357	5,438	5,357
Book value	4,393	4,656	4,393	4,656
Difference	1,045	701	1,045	701

14. Companies owned by the Group and the Parent Company

Group Companies	Group ownership %	Parent company ownership %
I-Mediat Oy, Seinäjoki	100.0	100.0
I-print Oy, Seinäjoki	100.0	100.0
Kiinteistö Oy Seinäjoen Koulukatu 10, Seinäjoki	100.0	100.0
Seinäjoen Kassatalo Osakeyhtiö, Seinäjoki	100.0	100.0
Vaasa Oy, Vaasa	100.0	100.0
Sanomalehti Ilkka Oy, Seinäjoki	100.0	100.0
Pohjanmaan Lähisanomat Oy, Seinäjoki	100.0	100.0
Associated companies	Group ownership %	Parent company ownership %
Arena Partners Oy, Kuopio	24.1	24.1
Savon Mediat Oy, Kuopio	25.6	25.6
Väli-Suomen Media Oy, Jyväskylä	40.0	20.0
Yrittävä Suupohja Oy, Kauhajoki	38.5	38.5

The financial statements of all associated companies have been included in the consolidated financial statements using the equity method.

The financial statements of all subsidiary companies are included in the consolidated financial statements.

	Group		Parent Company	
	2004	2003	2004	2003
15. Receivables				
Non-current receivables				
Receivables from associated companies				
Loan receivables	1,315	39	1,288	11
	<u>1,315</u>	<u>39</u>	<u>1,288</u>	<u>11</u>
Subordinate loans				
The Group's non-current loan receivables include EUR 1,315,452 of subordinated loans to associated companies, and those of the Parent Company include EUR 1,287,701 of subordinated loans.				
Current receivables				
Receivables from Group companies				
Account receivables			30	28
Loan receivables			63	140
Other receivables			30	
			<u>123</u>	<u>169</u>
Receivables from associated companies				
Account receivables	29	4	4	
	<u>29</u>	<u>4</u>	<u>4</u>	
Substantial accrued income items				
Tax receivables	2,651	4,560	2,001	3,267
Interest receivables	29	48	27	45
Other	298	197	52	15
	<u>2,979</u>	<u>4,805</u>	<u>2,080</u>	<u>3,327</u>

	Group		Parent Company	
	2004	2003	2004	2003
16. Shareholders' equity				
Share capital 1 Jan	3,259	3,259	3,259	3,259
Share capital 31 Dec	3,259	3,259	3,259	3,259
Issue premium fund 1 Jan	166	166	166	166
Issue premium fund 31 Dec	166	166	166	166
Revaluation reserve 1 Jan		30		30
Decrease		-30		-30
Revaluation reserve 31 Dec				
Reserve fund 1 Jan	13,079	13,079	13,079	13,079
Reserve fund 31 Dec	13,079	13,079	13,079	13,079
Redemption reserve 1 Jan	24	24		
Redemption reserve 31 Dec	24	24		
Retained earnings 1 Jan	37,971	36,395	21,694	17,358
Other change in shareholders' equity		-59		-62
Dividend distribution	-20,858	-8,148	-20,858	-8,148
Retained earnings 31 Dec	17,113	28,188	836	9,148
Profit for the financial period	9,480	9,783	8,987	12,546
Shareholders' equity total	43,121	54,499	26,326	38,198
Statement of distributable funds 31 Dec				
Retained earnings	17,113	28,188	836	9,148
Profit for the financial period	9,480	9,783	8,987	12,546
- share of depreciation difference entered in shareholders' equity	-6,503	-6,656		
Total	20,090	31,316	9,823	21,694
Breakdown of the Parent Company's share capital by share type:				
Series I (20 votes/share), nominal value EUR 0.25/share			956	956
Series II (1 vote/share), nominal value EUR 0.25/share			2,303	2,303
Total			3,259	3,259

The transfer of Series I shares is restricted by an approval clause. According to the clause, Series I shares cannot be transferred without the approval of the Board of Directors.

	Group		Parent Company	
	2004	2003	2004	2003
17. Deferred tax liability				
Deferred tax liability in the consolidated financial statements is based on the accumulation of appropriations as follows:				
Appropriations				
Depreciation difference	10,338	10,989		
	<u>10,338</u>	<u>10,989</u>		
Deferred tax liability				
Of appropriations	2,688	3,187		
	<u>2,688</u>	<u>3,187</u>		
Tax base	26 %	29 %		
18. Liabilities				
Current liabilities				
Payables to Group companies				
Accounts payable			10	8
Other payables			5,575	5,490
Accrued expenses and deferred income			1	
			<u>5,586</u>	<u>5,498</u>
Payables to associated companies				
Accounts payable	3			
	<u>3</u>			
Substantial accrued expenses and deferred income items				
Holiday pay including social security contributions	2,010	2,030	216	196
Other	622	754	79	39
	<u>2,632</u>	<u>2,784</u>	<u>294</u>	<u>235</u>
Interest-free liabilities	11,710	13,513	3,139	4,348
19. Guarantees and contingent liabilities				
Loans secured with mortgages on company assets				
Loans from financial institutions	2,315	441	2,000	
Mortgages on company assets	505	1,245		
Mortgages on real estate	<u>1,867</u>			
Mortgages total	2,371	1,245		
Other guarantees				
Mortgages on real estate	168	168		
Contingent liabilities on behalf of others				
Guarantees	16	145	16	145

Proposal by the Board of Directors on profit distribution

The Group's distributable funds	EUR	20,090,109.42
The Parent Company's distributable funds		
Undistributed funds from profits from earlier financial periods	EUR	835,925.14
The profit for the financial year	EUR	8,986,745.97
Total	EUR	9,822,671.11

The Board of Directors proposes to the Annual General Meeting that a per-share dividend of EUR 0.60 be paid on 13,036,296 shares, i.e. a total of EUR 7,821,777.60 and that the rest of the profit be left on the profit funds account.

Seinäjoki, 21 February 2005

BOARD OF DIRECTORS

Veikko Heikkilä	Jaakko Aukia
Seppo Paatelainen	Tapio Savola
Lasse Hautala	Matti Korkiatupa Managing Director

The financial statements have been prepared in accordance with generally accepted accounting principles. We issued our report on the audit we conducted, on this day 22 February 2005.

Seinäjoki, 22 February 2005

Ernst & Young Oy
Authorised Public Accountants

Tomi Englund Authorised Public Accountant	Pekka Kiljunen Authorised Public Accountant
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Auditors' Report

To the Shareholders of Ilkka-Yhtymä Oyj

We have audited the accounts, the financial statements and the corporate governance of Ilkka-Yhtymä Oyj for the financial period 1 January – 31 December 2004. The financial statements prepared by the Board of Directors and the Managing Director include the report of the Board of Directors, and the consolidated and parent company income statements, balance sheets and notes to the financial statements. Based on our audit we submit our opinion on these financial statements and the company's corporate governance.

We conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance of whether the financial statements are free of material misstatements. The purpose of our audit of corporate governance is to verify that the Members

of the Supervisory Board and of the Board of Directors, and the Managing Director, have complied with the rules of the Finnish Companies Act.

In our opinion, the financial statements were prepared in accordance with the Finnish Accounting Act and other rules and regulations relevant to the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company's operations, and their financial position. The accounts together with the consolidated financial statements can be adopted and the members of the Supervisory Board and of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period we have audited. The Board's proposal for the treatment of distributable retained profit is in accordance with the Companies Act.

Seinäjoki, 22 February 2005

Ernst & Young Oy
Authorised Public Accountants

Tomi Englund
Authorised Public Accountant

Pekka Kiljunen
Authorised Public Accountant

Supervisory Board's Statement

Having examined the company's and the consolidated balance sheets and income statements for 2004, and after reviewing the auditor's report, the Supervisory Board has announced that it approves the report by the Board of Directors and the included proposal for the allocation of the distributable retained profit. At the same time, the Supervisory Board notifies that the terms of office of the following members of

the Supervisory Board are next in line to expire: Markku Akonniemi Töysä, Alpo Joensuu Kuortane, Heikki Järvi-Laturi Teuva, Martti Koski Vaasa, Esa Latva-Rasku Ilmajoki, Juho Tunkkari Veteli and Marja Vettenranta Laihia and according to §5 of the Articles of Association Aarno Puumala Lehtimäki (68 years in 2005), and also the employee representatives Seppo Nurmi and Arto Takalampi.

Seinäjoki, 7 March 2005

Jaakko Rintala
Chairman of
the Supervisory Board

Matti Korkiatupa
Managing Director

Ilkka-Yhtymä's Group Structure



- The parent company provides the subsidiaries with:
- Financial and investment services, Paula Anttila, Financial Director
 - HR services, Paula Mahlamäki, Human Resources Manager
 - Development and data management services, Ari Monni, Data Administration and Development Manager
 - Real-estate services, Heikki Lehtola, Construction Engineer
 - R&D services, Merja Paunikallio, Research Manager

Ilkka-Yhtymä Group Contact Information:

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