Ilkka-Yhtymä Oyj

2005
ANNUAL REPORT

Contents

Annual General Meeting

The Annual General Meeting of Ilkka-Yhtymä Oyj will be held on Thursday, 20 April 2006 at 1 p.m. at Seinäjoen Teknologiakeskus Oy (FRAMI). The address is Kampusranta 9, 60320 Seinäjoki.

Dividend Distribution

The Board of Directors proposes to the AGM that a per-share dividend of EUR 0.60 be paid for 2005. If this proposal is approved, the record date of dividend payment will be 25 April 2006, and the dividend will be paid on 3 May 2006.

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 20 770 6000, fax +358 20 770 6654. Issues relating to shareholder information are handled by Ilkka-Yhtymä Oyj's Financial Service Department, located at Koulukatu 10, FIN-60100 Seinäjoki, telephone +358 6 418 6643.

Financial Information

In 2006, Ilkka-Yhtymä Oyj will publish interim reports as follows: for the period January–March on 2 May 2006, for the period January–June on 24 July 2006, and for the period January–September on 23 October 2006. These will be available both in Finnish and English on our website at www.ilkka-yhtyma.fi and can also be ordered from internet at www.ilkka-yhtyma.fi or from Ilkka-Yhtymä Oyj, Osakerekisteri, P.O.Box 60, FIN-60101 Seinäjoki, telephone +358 6 418 6643.

Stock exchange releases and statements published by Ilkka-Yhtymä Oyj in 2005 are available on the company's website at www.ilkka-yhtyma.fi.

IFRS Financial Statements

The consolidated financial statements presented in Ilkka-Yhtymä Oyj's annual report have been prepared in accordance with the International Financial Reporting Standards, IFRS. Before the adoption of IFRS, the Group's financial reporting was based on the Finnish Accounting Standards, FAS. The Group adopted IFRS on 1 January 2004. The financial statements of the parent company have been prepared in accordance with the Finnish Accounting Standards.

All the figures in the annual report are rounded, so the sum of separate figures may differ from that presented in the report.

Ilkka-Yhtymä Group in brief

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. The Series II shares 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 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.

The Year 2005

Ilkka-Yhtymä Group (IFRS)	2005	2004	Change -%
Net sales (MEUR)	53.9	53.9	0.1
Operating profit (MEUR)	9.5	9.3	2.4
Profit before taxes (MEUR)	12.5	12.0	3.7
Return on investment (ROI) %	28.9	26.6	
Earnings per share (EPS) EUR	0.75	0.76	-1.8
Dividend per share (EUR)	0.60 *)	0.60	
Equity ratio (%)	82.6	77.4	
Gross capital expenditure (MEUR)	6.8	12.5	-45.8
Personnel	410	427	-4.0

*) Board of Directors' proposal

Managing Director's Review

Entering the new century as a strong media company

Newspaper Ilkka, founded in 1906 by Santeri Alkio, declared itself the voice of the Ostrobothnians, and was initially published three times per week. The original location in Vaasa was modest, and the newspaper moved its operations to Seinäjoki only in 1962. Today, the Group operates in both Ostrobothnia and South Ostrobothnia, and in addition to regional, local and city publications, it prints newspapers and special publications, with over half of net sales coming from outside the Group.

Our one-hundred-year history is a testimony to the fact that Ilkka-Yhtymä Group has been able to respond to a changing world while maintaining its vitality. It is also an indication of our customers', employees', shareholders' and other stakeholder groups' long-term trust in, and commitment to, the company and its services.

In moving into a new century we want to continue to satisfy the expectations of various interest groups in accordance with our vision: "Ilkka-Yhtymä is in demand, successful and is a media company that operates in the spirit of the times."

Last year moderately successful for media

Although the growth of Finland's gross domestic product was limited by labour disputes in the forest industry and failed to exceed 1.5%, the economic situation in Ostrobothnia and South Ostrobothnia, our main operating areas, was stable. Domestic consumption grew faster than the national economy, which helped to boost demand in the media sector. Growth in the advertising markets, however, slowed down during the summer. Annual growth in newspaper advertising came to 1.8%, while growth in media advertising as a whole was 3.3%. According to a preliminary report, net sales within the publishing business rose by 3% in Finland. Competition remained intense in the printing business due to overcapacity. According to a preliminary report, net sales in printing and associated activities rose by 4%.

In accordance with our strategy, over the past year we focused on strengthening cross-media and improving journalistic content. We adopted the InDesign folding application, which supported the redesign of the appearance of Ilkka and Pohjalainen. The renovation of our editing system, and its associated training, made possible the wider use of cross-media publishing throughout the Group.

In the spring we introduced the management's new reporting system. We also adjusted our operations to ensure they are in compliance with the new, reformed insider trading guidelines, which came into force at the beginning of 2006.

Growth in the Group's net sales came to a halt as volumes in the printing business fell during the autumn. We could have achieved a higher level of net sales if we had so wished, but to maintain profitability in many cases we withdrew from poorly funded printing projects. We are satisfied with the profitability of our printing operations, since our operating profit remained at the previous year's level due to better productivity. Net sales in publishing grew by 1.5% and profitability developed in a favourable direction.

The profitability of the Group's core businesses remained high as the operating margin rose to 17.7%. The operating environment of the investment business was marked by slight growth in interest rates and the positive development of share prices. Despite the reduction of useable funds, we achieved the goals we set for financial income.

Positive Outlook for our Centenary Year

The outlook for 2006 is bright for our businesses. The prospects for the publishing business are supported by growth in the purchasing power of consumers, and the reform of our region's sales and services. During the spring, the redesign of our internet and mobile services, and our new Arena services, will boost the competitiveness of our cross-media newspapers. The transfer of Talentum's newspaper publications to become customers of I-print at the beginning of the year will encourage us to continue along our chosen path, which is based on long-term service, high quality and guaranteed delivery. New customers will also help boost the volume of our printing business in 2006.

In the future, our strategic challenge is to make full use of both our material and human resources. Therefore, in accordance with our strategy we will invest in product development, for example, and strengthen our personnel resources to boost our competitiveness.

The success of Ilkka-Yhtymä, which celebrates its centenary this year, would not have been possible without a dedicated staff working well together, and a corporate culture based on Ostrobothnian values. I owe huge thanks to our highly motivated staff for their excellent work, which has produced results. I also wish to thank our customers, partners and shareholders for their many years' trust in us and fruitful co-operation.

Matti Korkiatupa
Managing Director

Strategy

Our mission

Ilkka-Yhtymä is a customer-oriented and profitable Ostrobothnian media Group which produces financial and cultural added value for its interest groups. The Group is networked, and participates actively in the development of its industry.

Vision

Ilkka-Yhtymä is in demand, successful and is a media company that operates in the spirit of the times.

The cornerstones of Ilkka-Yhtymä's strategy in 2006-2010

1. Ilkka-Yhtymä is a customer-oriented and cost efficient synergic and networked company.

2. We will focus on our core businesses, publishing and printing cross-media newspapers, and inves tigate opportunities for expansion into other areas of the media industry.

3. We will seek both organic growth, and growth through corporate acquisitions.

4. We will forecast changes in the needs and behaviour of our customers, and adjust the products and services we offer accordingly.

5. We will keep the brand names of our publications separate, but produce shared content and services while taking into consideration our internal needs, the needs of our customers and the network in which we operate.

6. We will invest in product development, and in the well-being and strategically important areas of expertise of our staff.

7. Using various centres of expertise, we will develop our business processes in order to improve our profitability and competitiveness.

8. We will focus our long-term holdings in strategically important targets, and place the greatest emphasis on areas where we can gain the highest expected earnings.

9. The Group has chosen to operate in a networked fashion, which will help to guarantee the profitability and competitiveness of our core businesses.

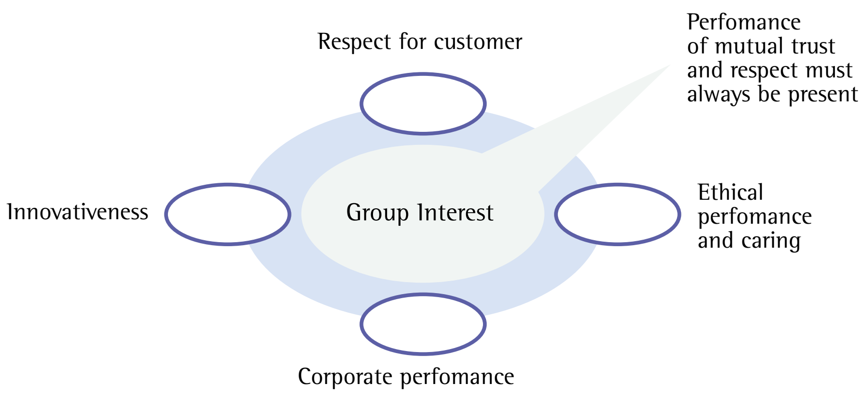
Growth and Profitability

The growth of operational net sales will be at least as great as growth in the purchasing power of domestic consumers. Operational EBITDA and ROI (return on investment) will exceed 20%, ROE (return on equity) 15% and equity ratio 65%.

Ownership and Dividend Policy

We will guarantee the satisfaction of our owners through a good financial result and profit distribution policy.

Ilkka-Yhtymä's value clock



Operating Environment

The General Economic Situation

The economy again saw modest growth in 2005. Industrial production contracted in the early part of the year due to the poor performance of the electronics industry, and the decline became sharper towards the summer due to the labour dispute within the forest industry. The problems caused to domestic paper deliveries were for the most part overcome without significant problems for customers of printing presses. ETLA estimates that the annual growth in Finland's gross domestic product was around 1.5%. Finland's growth rate was near average for the "EU fifteen" group of member states. Economic growth in the rest of the EU continued at a significantly faster rate. Demand for exports from the eurozone was boosted by the weakening of the euro against the US dollar throughout the year.

In Finland, the industrial production volume index for industry as a whole fell during the year by 2.5%. The graphics industry index fell slightly from the previous year. According to ETLA's estimate, the value of total exports grew by 4.5% from the previous year. Consumer prices grew during the entire year by an average of 0.9 percent. Interest rates continued to be low, and helped to boost demand from private consumption. Near the end of the year, the European Central Bank raised its key interest rate by 0.25 percentage points to 2.25%. Unemployment fell slightly, and stood at an average of 8.3%. The employment trend within industry stabilised, while employment grew in the service industries.

Graphics Industry

Media advertising grew at a moderate rate in 2005. According to research commissioned by Mainonnan Neuvottelukunta and performed by TNS Gallup Oy, a total of EUR 1,189 million was spent on media advertising in Finland in 2005, an increase of 3.3% year on year. EUR 575 million was spent on newspaper advertising, an increase of 1.8% from 2004. Advertising in town and free papers grew by 1.6%. Of media marketing, 48.4% comprised newspaper marketing and 5.7% free sheets. Internet advertising grew by 42.1% and represented 3% of total media advertising.

According to an estimate by Statistics Finland, net sales in publishing and printing grew by 3% year on year in 2005.

Publishing

Publishing in Finland

In publishing, net sales for 2005 increased by an estimated three per cent year on year.

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 171, rising to EUR 176 by the beginning of 2006, an increase of 3.0 per cent. The average subscription price for daily papers that come out seven times a week was EUR 188 at the beginning of the period, and EUR 193 by the beginning of 2006. For newspapers that come out less frequently (1-3 days per week) the average subscription price was EUR 52 at the beginning of 2005, and EUR 54 at the beginning of the following year, an increase of 3.4 per cent.

According to an advertisement survey compiled by the Finnish Newspapers Association, total advertising space in its member newspapers came to 495,000 column meters. This figure includes advertisements published in both newspapers and their supplements. Compared with the previous year, this constituted an increase of 1.7 per cent. According to the product category statistics produced by TNS Gallup Oy Adex, colour advertisements accounted for 87 per cent of the total column metres devoted to advertisements. Newspapers' advertising income increased by 1.8 per cent year on year.

The Group's Publishing

Ilkka-Yhtymä's publishing segment is made up of the regional publishing companies Sanomalehti Ilkka Oy and Vaasa Oy, and the local publishing company Pohjanmaan Lähisanomat Oy. Its main products are the cross-media regional newspapers Ilkka and Pohjalainen, and the local newspapers Viiskunta, Härmät, Järviseutu, Suupohjan Sanomat and Jurvan Sanomat. The products also include two free sheets: Vaasan Ikkuna and Etelä-Pohjanmaa, with a combined circulation of around 94,000.

In 2005, net sales in the publishing segment grew from EUR 41,065 thousand to EUR 41,664 thousand on the back of higher orders and advertising income. Net sales of both regional publishing companies, Sanomalehti Ilkka Oy and Vaasa Oy, grew slightly. Net sales of the local publishing company, Pohjanmaan Lähisanomat Oy, remained at the previous year's level. In the publishing segment, the most positive development was in the advertising income of the free sheets Vaasan Ikkuna and Etelä-Pohjanmaa.

The operating profit of the publishing segment remained at the previous year's good level, and was EUR 8,080 thousand, compared with EUR 8,092 thousand a year earlier.

Audited Circulation

Ilkka	55,356
Pohjalainen	30,816
Härmät	3,996
Jurvan Sanomat	2,391
Järviseutu	6,198
Suupohjan Sanomat	4,617
Viiskunta	6,731
Vaasan Ikkuna (distribution)	53,000
Etelä-Pohjanmaa (distribution)	41,500

Sanomalehti Ilkka Oy

Sanomalehti Ilkka Oy publishes the daily regional (South Ostrobothnia) newspaper Ilkka, which was founded in 1906. Ilkka had an audited circulation volume of 55,356 in 2005.

Ilkka is a cross-media, networked newspaper and serves all of its interest groups. Ilkka makes a major contribution to the community of South Ostrobothnia, and has strong values tested by a century of experience.

Sanomalehti Ilkka Oy is involved in a constant dialogue with its interest groups. The company pays special attention to young readers, who will shape the future, including Ilkka's future. As one of the partners in the national Visio program, Ilkka has been in close co-operation for two years with media students from Polytechnics and Universities.

The company works together with Pohjalainen to improve the quality of their regional newspapers. This co-operation enables better use of resources, expertise and improves cost effectiveness. The spirit of a synergistic media Group is shaped by its regional character and community, but efficiency and economic awareness also form part of that spirit.

Preserving the spirit of the newspaper, while maintaining its efficiency and financial focus, are achieved by the work of the Group's process-oriented centres of expertise. In 2005, concrete results in editorial co-operation included joint supplements, and experimental co-operation on crime reporting.

In 2005, Ilkka planned and prepared for the celebrations of the newspaper's centenary in 2006. During its centenary, Ilkka wants to communicate with as many readers as possible. In practice, this means travelling from Vaasa to Seinäjoki and listening to and talking with readers. The newspaper will also publish a special anniversary edition to mark its centenary, and this one-hundred-page publication will be distributed to all households in South Ostrobothnia.

On the eve of its centenary, Ilkka developed a new platform for its internet newspaper together with newspapers from Central Finland, which involved changes in its layout and appearance. A new solution was created using four projects, which allowed the development of an upgraded package of products for our customers, the development of our services as a whole, and improved internal organisation. During the spring of 2006, our Arena services will be supplemented with the new Tapahtuma-Arena and Ura-Arena services.

The staff of Ilkka are prepared for the challenges of the next hundred years through participation in extensive training. They have found that one of the most important areas is learning and mastering working methods in cross-media journalism. Seamless co-operation between Ilkka's editorial and marketing staff is one of the newspaper's most important resources, and sets it apart from others. The editorial and marketing staff work together to achieve common goals. In 2005, this co-operation was maintained, for example, by joint planning seminars.

Sanomalehti Ilkka Oy's outlook for 2006 is moderate. Net sales in 2006 are expected to rise in line with costs. The one-off costs of the centenary year will have some impact on profitability.

Sanomalehti Ilkka Oy (FAS)	2005	2004
Net sales, EUR 1,000	22,976	22,554
Operating profit, EUR 1,000	5,601	5,581
Average no. of employees	89	90
Key figures for Ilkka	**2005**	**2004**
No. of issues	353	354
No. of pages	10,316	10,112
Audited circulation	55,356	55,363

Vaasa Oy

Ilkka-Yhtymä Oyj's Vaasa-based subsidiary Vaasa Oy publishes the regional newspaper Pohjalainen, which was founded 103 years ago, and the free sheet Vaasan Ikkuna. Pohjalainen is a daily newspaper and is mainly distributed in Ostrobothnia. The newspaper is also widely circulated in South Ostrobothnia and Central Ostrobothnia, where it has a long tradition. The newspaper's audited circulation volume is 30,816 and it is the leading newspaper in its region based on the number of readers and subscribers. Pohjalainen also compares well with other newspapers at national level; it has three daily readers per subscribed copy. The free sheet Vaasan Ikkuna is distributed weekly to households in Vaasa and the nearby counties, and has a circulation of 53,000.

The year 2005 was a period of reforms and learning at Vaasa Oy, and seeing things more from the customer's point of view was chosen as its special theme. The newspaper's staff groups also committed themselves to a long-term project, whose aim is to help customers succeed in their own businesses, and to help key readers receive timely, high-quality and reliable information.

The newspaper continued the development of its sales and customer services started in the previous year. During the autumn, Vaasa Oy prepared for the reform of its Internet newspaper which will be carried out in the spring of 2006, and for the expansion of its Arena services to include the new Ura-Arena and Tapahtuma-Arena features. Within editorial work, cross-media communication and layout issues were at the core.

The broad-ranging reader survey carried out in 2004 started a process whose aim is to respond to the wishes of readers as well as possible, and at the same time reach new customer segments. In the spring, Pohjalainen introduced a new reader-oriented Tosi Saturday supplement, which has satisfied our customers according to a survey carried out in the summer. Tosi has managed to reach new readers, and has also achieved the economic goals we set for it. The page redesign carried out in the autumn of 2005 was intended to respond to changes in general reading habits, and prepare the editorial staff for cross-media communication, while the redesign of the newspaper's appearance was intended to increase clarity and reliability, and make it possible for a reader to grasp the day's most important news quickly. Feedback from readers has been mostly positive, and the excellent order campaign during the later part of the year confirms our opinion that the redesign of the newspaper has been as successful as we had hoped.

The redesign of the content and appearance of the free sheet Vaasan Ikkuna in 2004, and the expansion of its circulation, was a successful combination that was positively received by both readers and advertisers. Throughout 2005, the free sheet's advertising income continued its rapid growth which began in the autumn of the previous year.

The early part of the year was a period of growth in the advertising market, but the market levelled off after the summer. The growth of Pohjalainen's national advertising via Kärkimedia Oy continued in line with growth in 2004. Competition remains intense in the media markets, between newspapers, direct marketing and electronic media. Thanks to their co-operation and product revamps, Pohjalainen and Vaasan Ikkuna have managed to strengthen their position in the media markets and among readers.

Vaasa Oy's outlook for 2006 is moderate. There will be no significant changes in the company's cost structure compared with 2005, and profitability is expected to remain at the previous year's level.

Vaasa Oy (FAS)	2005	2004
Net sales, EUR 1,000	14,884	14,711
Operating profit, EUR 1,000	1,660	1,769
Average no. of employees	103	105

Key figures for Pohjalainen	2005	2004
No. of issues	353	354
No. of pages	9,240	9,176
Audited circulation	30,816	31,561

Key figures for Vaasan Ikkuna	2005	2004
No. of issues	47	48
No. of pages	1,180	1,044
Distribution	53,000	52,000

Pohjanmaan Lähisanomat Oy

Pohjanmaan Lähisanomat Oy publishes five subscription-based local newspapers and the free sheet Etelä-Pohjanmaa. The company's profitability has remained good. Positive trends are possible through customer-oriented activities, an emphasis on staff skills, the provision of content that meets subscribers' and advertisers' expectations, and co-operation between the company's newspapers.

In financial terms, 2005 was a better year for Pohjanmaan Lähisanomat Oy than the previous one, despite the advertising revenue windfall from elections that boosted 2004 net sales. This improved financial performance is a result of refinements in customer service, successful balancing between income and costs, and our staff's high level of professional skills.

In order to respond to customers' changing expectations, we have adjusted the page size of our newspapers to tabloid. The last newspaper to adopt the new page format was Härmät in April 2005. The new format holds several indisputable advantages for both our readers and advertisers.

Pohjanmaan Lähisanomat Oy's result is expected to remain at the previous year's level, or to improve slightly. Our profit expectations could be even better, but the populations of most of the areas where the newspapers are distributed are declining, which has a negative impact on both circulation and the purchasing power of the region.

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 customer's 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 latest product that will enhance our cross-media features is a digital edition of all of Pohjanmaan Lähisanomat Oy's newspapers during 2006.

The main circulation area of the Viiskunta paper, issued twice a week, is Alavus and the neighbouring municipalities. The paper's fiftieth anniversary was celebrated with a series of events in November 2005.

Härmät is issued once a week, and its main circulation areas are Alahärmä and Ylihärmä. At the beginning of September, Tuomas Koivuniemi was appointed new Chief Editor of the paper.

Suupohjan Sanomat, published twice a week and established in 1897, is the third-oldest local newspaper in Finland. Its circulation area consists of Kristiinankaupunki, Karijoki and Isojoki. Starting from 1 October 2005, the Chief Editor of Suupohjan Sanomat has been Hannu Siltala, the Chief Editor of Jurvan Sanomat, while the Acting Editor has been Tauno Riihiluoma.

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 paper Pohjalainen. Hannu Siltala, the Chief Editor and Regional Director of Jurvan Sanomat, has since 31 August 2005 served as Chief Editor of Härmät, and since 1 October 2005 as Chief Editor of Suupohjan Sanomat.

Järviseutu, issued once a week, has a circulation area that consists of Alajärvi and its neighbouring municipalities. Etelä-Pohjanmaa is a free sheet which comes out once a week, and is distributed each Wednesday in the Seinäjoki region.

Newspaper Product Development

The product development of cross-media newspapers has continued in co-operation with Arena Partners Oy and the newspapers that own it. As a result of this product development, the internet versions of our newspapers will be redesigned in 2006, and new Arena services will be introduced, which are available in the newspaper, on the Internet and on mobile devices. Mobile services have been organised to correspond to the various sections of the newspaper, and include services to support editorial content, corporate and consumer marketing and distribution.

	No. of issues		No. of pages		Audited circulation	
	2005	2004	2005	2004	2005	2004
Härmät	52	52	804**)	474	3,996	3,996
Jurvan Sanomat	52	52	624	612	2,391	2,418
Järviseutu	52	52	856	952	6,198	6,340
Suupohjan Sanomat	99	101	1,011	1,004	4,617	4,608
Viiskunta	102	102	1,592	1,596	6,731	6,873
Etelä-Pohjanmaa	52	52	1,408	1,342	41,500 *)	41,500 *)

*) distribution **) format changed, tabloid as of 1 April 2005

Pohjanmaan Lähisanomat Oy (FAS)	2005	2004
Net sales, EUR 1,000	3,831	3,826
Operating profit, EUR 1,000	474	472
Average no. of employees	38	38

Printing

Graphics Industry in Finland

In 2005, net sales generated by the printing sector and related companies were approximately 4% higher than in the previous year. According to preliminary data, production volume was slightly higher than in 2004. Nevertheless, the development of the order book, net sales and profitability in the industry were unstable. Towards the end of the year, the order book began to fill again, and the fall in sales prices halted for the most part, or went into reverse. Raw material prices started to increase slightly during the year.

The slight downward trend in the value of exports of printed material continued. The value of exports decreased by 2% from the previous year, while the volume in tons increased by the same amount. This increase in volume was mainly due to the positive development of newspaper exports, while exports of books and printed materials fell. The industry's fixed investments remained at the same level as in the previous year.

The Group's Printing Operations

Ilkka-Yhtymä's printing segment is made up of the printing company I-print Oy.

I-print Oy (FAS)	2005	2004
Net sales, EUR 1,000	22,742	23,024
Operating profit, EUR 1,000	2,442	2,409
Average no. of employees	147	160

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 of its interest groups. The company's main products consist of newspaper 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.

The overcapacity in the graphics industry remained virtually unchanged in Finland and Scandinavia. In 2005, supply and demand continued to be out of balance in the newspaper printing sector, despite the slight additional demand created in the Finnish market by new, free papers. Despite the difficult market situation, I-print Oy's customers remained loyal as in previous years, so their confidence in the quality and dependability of the company's operations remained strong. Profitability remained good but net sales fell somewhat as the company withdrew from some unprofitable printing projects.

Despite the similarly difficult situation in export markets, the proportional share of exported printed products in total net sales grew compared with the previous year. Growth was particularly focused in the challenging Swedish direct marketing market. This success was the result of I-print's guaranteed high quality and dependable operations, both of which ensured customer satisfaction with respect to schedule-critical marketing communications.

The positive trend continued in sheet printing, I-print Oy's other core business. Competition remained intense in this sector of the graphics industry as well, due to excessive total capacity. Specialising in small and medium-sized series, and focusing on the applied digital and offset printing methods used in their production, has brought results – better services and increased customer satisfaction.

Investments were focused on maintenance and improving quality and efficiency. The most important investment concerned automatic alignment for rotation printing machines.

In 2006, we do not expect any significant change in the competitive situation compared with the previous year. The overcapacity in the industry is unlikely to ease in the near term, which will keep competition intense. Despite this, we expect I-print Oy's net sales to increase slightly, and comparative profitability to remain high.

Personnel

A skilled employee will also succeed in the future

Ilkka-Yhtymä Group's personnel administration is guided by a human resources strategy, which includes the development of know-how supporting the Group's strategy, promoting the quest for development and networking, targeting human resources in the right places and in the right amounts, and operating in accordance with our values. Ilkka-Yhtymä Group seeks to be the most attractive employer in the region.

The success of the Ilkka-Yhtymä Group depends on the skills of individuals and the organisation. Our personnel motto is, "A skilled employee will also succeed in the future." The Group's competence areas have been derived from this strategy. The external and internal strategic intent drafted together establishes a shared direction and enhances the smoothness of in-house co-operation. Its centres of expertise help to support the management of skills and the spreading of best practice. During the year under review, editorial boards, marketing departments and sales departments focused on expanding cross-media skills.

Team spirit was strengthened by arranging common training and recreational days for our entire staff. Special themes for 2005 included co-operation and interaction. There was training to improve interactive skills through numerous training events, and the same theme will continue in 2006.

According to working atmosphere studies, our personnel are strongly committed to the company's values and goals. The best results in the study were in commitment to one's job, self development, and the personnel's image of Ilkka-Yhtymä as an employer. Working community activities were developed in line with plans derived from working atmosphere studies, for example by providing all staff with joint training in performance reviews. The aim is to make the purpose and benefits of performance reviews clearer, and to improve the abilities of management and personnel in carrying out these reviews.

The Group's equal opportunities plan was improved by the equal opportunities working group. In addition to the law concerning gender equality, Ilkka-Yhtymä's equal opportunities plan takes into account the personnel's strong desire to enhance equality between the various companies, departments and personnel groups of Ilkka-Yhtymä Group.

Measures to improve the entire staff's physical condition continued in co-operation with Härmän Kuntokeskus.

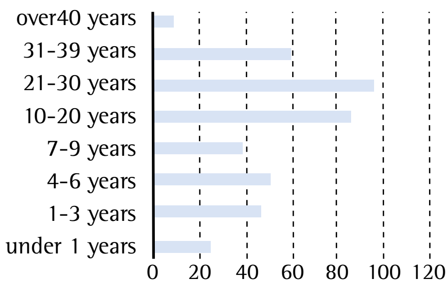
The Group's theme for 2006 will be a leap forward in cross-media skills, and strengthening co-operation. The comprehensive risk management project started in 2005 will continue, and the most important work will be done in 2006. The Group aims to integrate the project into normal business activities. The usefulness of our Balanced Scorecards in leadership will be improved by implementing them at departmental level.

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 2005 totalled an average of 410, and came to 383 at the end of the year.

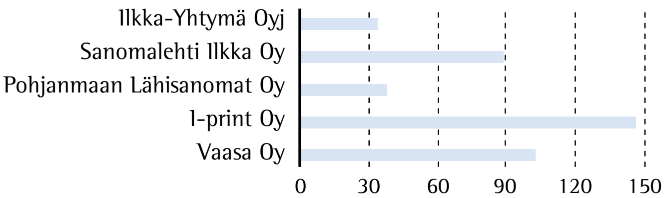
The incentive pay system, which applies to all personnel at Ilkka-Yhtymä, has been in use since 2000. The operating margin of the Group and the company-specific Balanced Scorecard indicators form the basis of the incentive pay scheme. The incentive pay scheme places a holistic emphasis on incentive and management systems, and its purpose is to steer the implementation of annual targets derived from the corporate strategy.

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

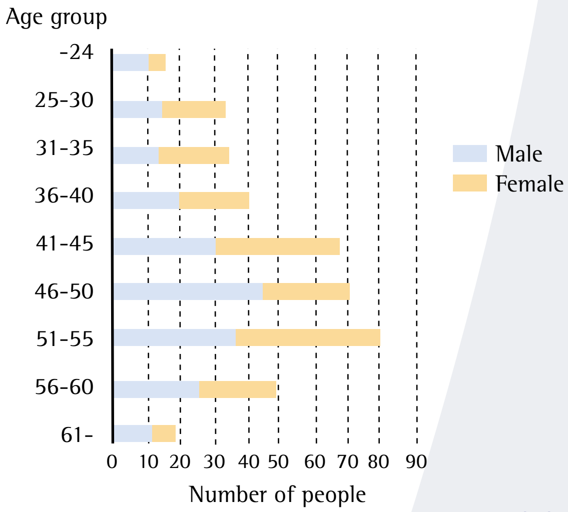
Distribution of years of employment



Personnel by company



Age distribution 31 Jul 2005



Administration

Corporate Governancce

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 and the associated companies Savon Mediat Oy (ca. 25.6 %), Arena Partners Oy (ca. 24.06 %), Väli-Suomen Media Oy (40 %) ja 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.

Illka-Yhtymä Oyj complies with the recommendations on corporate governance of HEX Plc, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industry and Employers which entered into force on 1 July 2004. The company's corporate governance principles, and divergences from the recommendations, are described and updated in more detail on our website at www.ilkka-yhtyma.fi.

The corporate governance of Ilkka-Yhtymä Oyj comprises: The Annual General Meeting which elects the members of the Supervisory Board, the Supervisory Board which elects the members of the Board of Directors, and the CEO who is elected by the Supervisory Board.

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. discharge the Supervisory Board, the Board of Di rectors 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.

Shareholders are invited to the Annual General Meeting by the Notice of Annual General Meeting, which is published in Ilkka and Pohjalainen no sooner than two (2) months and no later than seventeen (17) days before the AGM, usually on three occasions. The Notice of Annual General Meeting and the Proposals of the Supervisory Board to the Annual General Meeting are also published as a Stock Exchange Release and on the website of Ilkka-Yhtymä Oyj. The Annual Report is available from the company's financial services department at least one week before the Regular General Meeting. The Annual Report is also published on the Group's website.

The goal is that all members of the Board of Directors be present at the Annual General Meeting.

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 two times during the year 2005.

The AGM on 11 April 2005 determined Supervisory Board emoluments for 2005 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. Currently, the Board of Directors has five 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 develop ments
- 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 consid eration 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 As sociation, approves the transfer of I series shares to the shareholder register
- considers any other issues presented for the consideration of the CEO or the Chairman of the Board of Directors.

In 2005, the Board of Directors had 15 regular meetings and 2 telephone conferences. The average participation rate of members of the Board of Directors was 91.8 per cent.

There are at least 12 meetings of the Board of Directors each year. Issues considered at meetings include the financial statements and interim reports, and the monthly reports of the group's subsidiaries. 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 23 May 2005 on the Board of Directors of Ilkka-Yhtymä Oyj's emoluments for 2005 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 87,890 (Group) was paid in monthly and meeting fees to the members of the Board of Directors of Ilkka-Yhtymä Oyj in 2005.

The Board's remuneration has never been paid in own shares, nor have the share-based incentive schemes 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 of subsidiaries, appointed unit managers, and chairmen of the centres of expertise report to the Group 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 164,591 in salaries, incentive pay and fringe benefits in 2005. 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 12 months' salary. The CEO must give 6 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 Group Executive Team consists of the CEO of the parent company (in the chair) and the Financial Director, as well as the CEO/Directors of the subsidiaries. The Executive Assistant functions as the secretary of the Group Executive Team. In addition to the aforementioned, the extended Group Executive Team consists of the Chief Editors of the provincial papers, the Marketing Director of the printing company, the Head of HR of the parent company and the Development and Data Administration 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 Balanced Scorecard objectives. In addition, the Extended Group Executive Team may receive performance bonuses based on the profitable growth of the Group.

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. The staff retirement plan is managed through a retirement pension insurance company.

In late 2005 the Group started a comprehensive risk management project, intended to reform the risk management model. Most of this work will take place in 2006.

Insider Administration

Ilkka-Yhtymä Oyj complies with the Helsinki Stock Exchange Insider Guidelines agreed by the Helsinki Stock Exchange, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industry and Employers. In addition, the Group's Board of Directors has ratified Ilkka-Yhtymä Oyj's insider information guidelines, which have been issued to all the company's insiders. Starting from 1 January 2006, the Board of Directors has set the duration of the so-called "closed window" at one (1) month, i.e. statutory insiders may not trade in Ilkka-Yhtymä Oyj shares one month prior to the publication of the financial accounts and interim reports.

In accordance with Insider standard 5.3. regulations of the Securities Market Act, statutory insiders in Ilkka-Yhtymä Oyj include the members of the Board of Directors and the Supervisory Board, the CEO and the auditors. In addition to the above-mentioned statutory insiders, according to a decision by the Board of Directors, permanent public insiders include the members of the Group Executive Team and the members of the Extended Group Executive Team. The company-specific insiders of Ilkka-Yhtymä Oyj include members of the Executive Teams of subsidiaries, and persons from the financial department. When necessary, a project-specific insider register will be maintained concerning large or otherwise significant projects.

The company requires insiders to update the required information as necessary once per year. Insiders are also under obligation to provide notification of changes to information provided earlier within 7 days of the change. The company examines trading by insiders at least once a year using the SIRE system maintained by the Finnish Central Securities Depository Ltd. Information about the holdings of the public insiders of Ilkka-Yhtymä Oyj is available from the SIRE system of the Finnish Central Securities Depository. The address is Urho Kekkosen katu 5 C, Helsinki. The information is also available from the NetSire service of the Finnish Central Securities Depository. Ilkka-Yhtymä Oyj's website has a link to the NetSire service.

Auditing of the Accounts

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

The 2005 AGM of Ilkka-Yhtymä Oyj elected Ernst & Young Oy, Authorised Public Accountants, as auditors, with Tomi Englund, Authorised Public Accountant 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 2005, Ernst & Young Oy received a total of EUR 17,700 for auditing the financial accounts of Ilkka-Yhtymä Group companies, and a total of EUR 19,000 for other auditing.

Supervisory Board

Supervisory Board convened two times during the year. The number of members of the Supervisory Board is 31, two of which are employee representatives.

	Member of the Supervisory Board since	Current term will expire in
Chairman Jaakko Rintala, Lapua, Farmer, Kunnallisneuvos (Finnish honorary title)	1995	2007
Vice Chairman Sari Mutka, Helsinki Student of Economic Sciences FIM Group	2002	2006
Regular Members		
Juha Aho-Pynttäri, Kuortane *) Journalist, Pohjanmaan Lähisanomat Oy	2005	2009
Markku Akonniemi, Töysä Farmer	1985	2009
Timo Aukia, Seinäjoki Managing Director, Timo Aukia Oy	1999	2007
Jari Eklund, Helsinki Investment Director, M.Sc. (Econ), Tapiola General Mutual Insurance Company and Tapiola Mutual Life Assurance Company	1998	2006
Mauri Hietala, Seinäjoki Business Director, City of Seinäjoki	1991	2007
Alpo Joensuu, Kuortane Farmer	1994	2009
Raimo Joronen, Seinäjoki Building Contractor, Rakennusneuvos (Finnish honorary title), E-P:n Pytinki Oy	1986	2006
Ossi Jäkärä, Vaasa Managing Director, Mainostoimisto Interpolar Oy	1990	2006
Tarja Järvi, Ilmajoki *) Media Secretary, Sanomalehti Ilkka Oy	2005	2009
Heikki Järvi-Laturi, Teuva Farmer	2001	2009
Vesa-Pekka Kangaskorpi, Jyväskylä Counsellor of International Affairs, Parliament	2000	2008
Antti Kiviniemi, Jalasjärvi M.Sc. (Agr. & For.) Maanviljelysneuvos (Finnish honorary title), Kiviniemen Broiler Oy	1998	2006
Yrjö Kopra, Helsinki Managing Director, Alexander Corporate Finance Oy	1998	2006

	Member of the Supervisory Board since	Current term will expire in
Martti Koski, Vaasa Managing Director, retired	2001	2009
Mikko Koskinen, Seinäjoki Sales Director, Pohjola-Yhtymä Oyj	1999	2007
Heikki Kuoppamäki, Ähtäri Farmer	1991	2007
Esa Latva-Rasku, Ilmajoki Province Director, Maakuntaneuvos (Finnish honorary title), Etelä-Pohjanmaan Liitto	2001	2009
Juha Mikkilä, Kurikka Business College Graduate, agricultural and forestry entrepreneur	1990	2006
Martti Ojares , Helsinki Viestintäneuvos (Finnish honorary title), retired	2002	2006
Perttu Rinta, Helsinki Managing Director, Kymppivoima Oy and Kymppivoima Myynti Oy	1999	2007
Ari Rinta-Jouppi, Vähäkyrö Managing Director, Rauno Rinta-Jouppi Oy	1999	2007
Jarmo Rinta-Jouppi, Seinäjoki Managing Director, Jarmo Rinta-Jouppi Oy	2004	2008
Matti Ritamäki, Lapua Warehouse keeper, City of Lapua	1994	2008
Kimmo Simberg, Seinäjoki Managing Director, Etelä-Pohjanmaan Osuuskauppa	2004	2008
Pauli Särkijärvi, Evijärvi Farmer	1986	2006
Raija Tikkala, Jurva Office Director, Social Insurance Institution	1995	2007
Jukka Tunkkari, Veteli Field Manager, retired	2001	2009
Marja Vettenranta, Laihia Assistant, University of Vaasa	1997	2009
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

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.
Current term on the Board Directors will expire in 2007.

Confidential Posts:
- 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.

Shareholdings: 38,568 shares
Remunerations in 2005 (Group) EUR 34,540.

Jaakko Aukia,
b. 1939, M.Sc. (Econ.), Yrittäjäneuvos (Finnish honorary title), Kurikka
CEO of Jaakko Aukia Oy
Vice Chairman of the Board of Directors since 1994.
Current term on the Board Directors will expire in 2007.

Confidential Posts:
- Member of Ilkka-Yhtymä Oyj's Board of Directors since1985.
- 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.

Shareholdings: 268,866 shares
Remunerations in 2005 (Group) EUR 27,950.

Lasse Hautala,
b. 1963, B. Agr., MP, Kauhajoki
Member of Parliament
Member of the Board of Directors since 2002
Current term on the Board Directors will expire in 2006.

Confidential Posts:
- 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.

Shareholdings: 1,772 shares
Remunerations in 2005 (Group) EUR 6,000

Auditors

Ernst & Young Oy
Authorised Public Accountants

Tomi Englund
Authorised Public Accountant

Pekka Kiljunen
Authorised Public Accountant

Seppo Paatelainen,
b. 1944, M. Sc. (Agr. & For.), Vuorineuvos (Finnish honorary title), Seinäjoki
CEO of Atria Group Plc and member of the Board of Directors
Member of the Board of Directors since 1995-1998, 1999-
Current term on the Board Directors will expire in 2007.

Confidential Posts:
- 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), Valga Lihatötus (Estonia)
- Member of the Supervisory Board at the following corporations: OKO Osuuspankkien Keskuspankki Oyj, Vaasan Läänin Puhelin Oy

Shareholdings: 1,600 shares
Remunerations in 2005 (Group) EUR 6,400

Tapio Savola,
b. 1959, LL.M., Master of Laws trained on the bench, Lappajärvi
Lawyer at Lakiasiaintoimisto Savola & Savola
Member of Ilkka-Yhtymä Oyj's Board of Directors since 1991
Current term on the Board Directors will expire in 2007.

Confidential Posts:
- Chairman of Pohjanmaan Lähisanomat Oy's Board of Directors since 1999.
- Member of Sanomalehti Ilkka Oy's Board of Directors since 1999.

Shareholdings: 1,024 shares
Remunerations in 2005 (Group) EUR 13,000

Managing Director

Matti Korkiatupa, b. 1955, M.Sc. (Agr. & For.), Seinäjoki
CEO of Ilkka-Yhtymä Oyj since 1999.

Confidential Posts:
Chairman of Arena Partners Oy's Board of Directors 2000 – 2004, still Member of Board of Directors.
Member of the Board of Directors and Vice Chairman of the South Ostrobothnia Chamber of Commerce 2000 –
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.
Member of the Board of Directors of the Finnish Audit Bureau of Circulations 2005 -
Member of the representative body of the Federation of the Finnish Media Industry 2005 –
Chairman of the circulation and distribution department of the Finnish Newspapers Association 2005 –
Member of the delegation of the Central Chamber of Commerce 2000 –
Member of the regional Board of Directors of the Confederation of Finnish Industries 2005 –
Employed earlier as, among other things, Regional Manager at Tapiola Group 1992 – 1998.

Group Executive Team

The Group Executive Team met 11 times in 2005.

Matti Korkiatupa, Ilkka-Yhtymä Oyj, CEO since 1999
Born in 1955, M.Sc. (Agr. & For.)
Chairman of Executive Team
Shareholdings: 4,900 shares

Paula Anttila, Ilkka-Yhtymä Oyj, Financial Director since 1998
Born in 1952, M.Sc. (Econ.)

Confidential Posts:
Secretary of Ilkka-Yhtymä Oyj's Board of Directors
Finnish Newspapers Association: Member of the business development section
Shareholdings: 400 shares

Sauli Harjamäki, Pohjanmaan Lähisanomat Oy, Director since 1990
Born in 1958, B.Sc.(eng.), Bachelor of Business Administration

Confidential Posts:
Member of Yrittävä Suupohja Oy's Board of Directors
Member of the Board of Directors of Etelä-Pohjanmaan Uusyrityskeskus Neuvoa-Antava
Shareholdings: -

Seppo Lahti, I-print Oy, CEO since 2003
Born in 1963, M.Sc. (Eng.)

Confidential Posts:
Finnish Newspapers Association: member of the technology section
Finnish Newspapers Association: member of the printing and materials working group
Shareholdings: -

Päivi Sairo, Vaasa Oy, Director since 2001
Born in 1956, M.Sc. (Econ.)

Confidential Posts:
Finnish Newspapers Association: vice chairman of the advertising and marketing section
Member of Kärkimedia Oy's Board of Directors
Shareholdings: 1,800 shares

Hannu Uusihauta, Sanomalehti Ilkka Oy, Director since 2002
Born in 1956, Business College Graduate
Shareholdings: 1,440 shares

Extended Group Executive Team, in addition to the above

The Extended Group Executive Team met 6 times in 2005.

Kari Hokkanen, Sanomalehti Ilkka Oy, Chief Editor of Ilkka since 1980
Born in 1943, Professor (Finnish honorary title)
Confidential Posts:
Deputy Chairman of Päätoimittajayhdistys
Member of Väli-Suomen Media's Board of Directors
Chairman of the Board of Directors of Keskustan ja Maaseudun Arkistosäätiö
Member of the History Commission of the Centre Party of Finland
Member of Seinäjoki's town council
Chairman of the Centre Party group, the Seinäjoki City Council
Chairman of the County Council of the Regional Council of South Ostrobothnia
Shareholdings: 22,048 shares

Markku Mantila, Vaasa Oy, Chief Editor of Pohjalainen since 2002
Born in 1964, M.Sc. (Pol.)

Confidential Posts:
Member of Väli-Suomen Media Oy's Board of Directors
Finnish Newspapers Association: member of the editorial section
Shareholdings: -

Paula Mahlamäki, Ilkka-Yhtymä Oyj, Head of HR since 1991
Born in 1954, M.Sc. (Econ.)
Shareholdings: 800 shares

Ari Monni, Ilkka-Yhtymä Oyj, Data Administration and Development Manager since 1985
Born in 1958, B.Sc. (Eng.)

Confidential Posts:
Finnish Newspapers Association: member of the technology section
Finnish Newspapers Association: Chairman of the IT and Prepress working group
Finnish Newspapers Association: member of the electronic operations section
Member of the ICT committee of the South Ostrobothnia Chamber of Commerce
ePohjanmaa, regional centre program: Chairman of the telecommunications and ICT area
Member of the steering group of the industry strategy project of the Federation of the Finnish Media Industry, the Federation of the Printing Industry in Finland and Finnish Newspapers Association
Shareholdings: 2,272 shares

Anna-Maija Uitto, I-print Oy, Marketing Manager since 2001
Born in 1952, Correspondent
Shareholdings: -

Financial Statements for 2005

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, Järviseutu, Suupohjan Sanomat, Viiskunta and the free sheets 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 Financial Performance

Consolidated net sales amounted to EUR 53,932 thousand (EUR 53,890 thousand in 2004). Net sales from publishing operations increased by 1.5 per cent, but external net sales from the printing business declined by 4.2 per cent due to the divestment of barely profitable printing operations in order to safeguard profitability. Other operating income totalled EUR 377 thousand (EUR 575 thousand), including approximately EUR 43 thousand of capital gains from the sale of fixed-asset.

The Group's operating expenses for the period totalled EUR 44,788 thousand (EUR 45,171 thousand), decreasing by 0.8 per cent. The operating expenses of the printing business declined due to diminishing volumes. Operating expenses of the publishing operations were up due to subtle growth in net sales and higher cost levels. Personnel costs decreased by 0.6 per cent and other operating expenses decreased by 7.6 per cent year on year. Personnel expenses include staff's profit-sharing remuneration. Depreciation, included in operating expenses, amounted to EUR 3,361 thousand (EUR 3,334 thousand in 2004).

Consolidated operating profit totalled EUR 9,521 thousand (EUR 9,295 thousand), up by 2.4 per cent year-on-year. The operating margin was 17.7 per cent (17.2).

Net financial income came to EUR 1,909 thousand (EUR 2,157 thousand), with a EUR 1,047 thousand (EUR 577 thousand) share of associated companies' results. Pre-tax profit totalled EUR 12,477 thousand (EUR 12,029 thousand). Direct taxes amounted to EUR 2,738 thousand (EUR 2,113 thousand). The Group's net profit for the period totalled EUR 9,739 thousand, descending by 1.8 per cent year on year.

The consolidated balance sheet total was EUR 58,790 thousand (EUR 58,438 thousand).

Earnings per share amounted to EUR 0.75 (EUR 0.76) and equity per share was EUR 3.61 (EUR 3.41). The Board of Directors proposes a per-share dividend of EUR 0.60.

Publishing

The Group's publishing operations segment comprises the publishing companies Sanomalehti Ilkka Oy, Vaasa Oy, and Pohjanmaan Lähisanomat Oy. The segment's net sales for the financial year totalled EUR 41,664 thousand (EUR 41,065 thousand), boosted by growth in both subscriptions and advertising net sales. Net sales of the provincial newspaper companies Sanomalehti Ilkka Oy and Vaasa Oy showed an increase, while those of Pohjanmaan Lähisanomat Oy, a local newspaper company, remained at the previous year's levels. Advertising sales of the free sheets Vaasan Ikkuna and Etelä-Pohjanmaa showed the most favourable development within publishing operations.

Operating profit from publishing operations remained at the previous year's good level, totalling EUR 8,089 thousand (EUR 8,092 thousand).

Printing

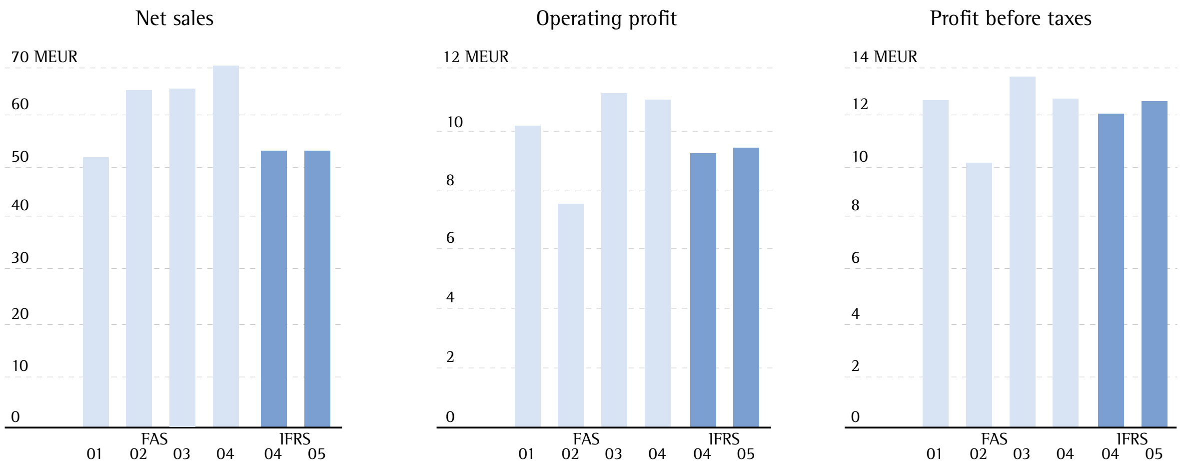
The printing segment comprises the printing house I-print Oy. The segment's net sales fell to EUR 22,725 thousand (EUR 23,025 thousand), due to persistently fierce competition both in the domestic market and in exports.

Operating profit from printing remained healthy, too, totalling EUR 2,492 thousand (EUR 2,448 thousand).

Financial Position and Capital Expenditure

Reported capital expenditure totalled EUR 6,784 thousand, with printing accounting for EUR 616 thousand, and publishing for EUR 315 thousand. In 2005, EUR 207 thousand were spent on real property renovations, and EUR 5,577 thousand on available-for-sale assets.

The Group's liquidity remained solid throughout the year. Current ratio was 1.81 (1.54) at the end of the financial period. Based on the consolidated balance sheet, equity ratio was 82.6 (77.4) per cent.



Ilkka-Yhtymä Oyj

Net sales for the parent company Ilkka-Yhtymä Oyj for the financial period came to EUR 23,985 thousand (EUR 18,595 thousand in 2004). Net sales rose due to securities trading, which generated sales of EUR 21,941 thousand (EUR 16,603 thousand). Other operating income totalled EUR 1,019 thousand (EUR 1,023 thousand).

In the IFRS consolidated financial statements, securities trading is presented as net of financial income and expenses, but in the parent company financial statements the same is presented as gross of net sales and purchases.

The parent company's operating expenses totalled EUR 24,515 thousand (EUR 19,389 thousand). The increase in expenses was mainly due to securities trading. Depreciation, included in operating expenses, amounted to EUR 466 thousand (EUR 404 thousand), while operating profit for the period came to EUR 489 thousand (EUR 229 thousand). Net financial income was EUR 5,206 thousand (EUR 4,010 thousand).

Profit before extraordinary items totalled EUR 5,694 thousand (EUR 4,239 thousand). The parent company's extraordinary items, consisting of Group contributions received, amounted to EUR 9,350 thousand (EUR 8,400 thousand). The decrease in depreciation difference amounted to EUR 107 thousand. Taxes of EUR 2,439 thousand were reported for the parent company, and the net profit was EUR 12,711 thousand (EUR 8,987 thousand).

The balance sheet total decreased from EUR 38,438 thousand to EUR 38,195 thousand.

Corporate Governance

Ilkka-Yhtymä Oyj complies with the corporate governance recommendations for listed companies given 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 is described in more detail and updated on the company's website www.ilkka-yhtyma.fi.

Annual General Meeting, Supervisory Board and Board of Directors

The Annual General Meeting (AGM) of 11 April 2005 approved the financial statements, discharged the members of the Supervisory Board and the Board of Directors as well as the CEO of any liability, and decided to distribute a dividend of EUR 0.60 per share.

The AGM cancelled the authorisation given on 26 April 2004 and 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.

Of the members of the Supervisory Board whose term of service had come to an end, the AGM re-elected the following: Markku Akonniemi, Alpo Joensuu, Heikki Järvi-Laturi, Martti Koski, Esa Latva-Rasku, Juho Tunkkari and Marja Vettenranta. The employee representatives Tarja Järvi and Juha Aho-Pynttäri were elected as new members of the Supervisory Board.

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

At its meeting on 23 May 2005, the Supervisory Board of Ilkka-Yhtymä Oyj re-elected Veikko Heikkilä to the Board of Directors of Ilkka-Yhtymä Oyj. He continues as the Chairman of the Board of Directors. Other members of the Board in 2005 were Jaakko Aukia (Vice Chairman), Lasse Hautala, Seppo Paatelainen and Tapio Savola. Jaakko Rintala will continue as the Chairman of the Supervisory Board.

Dividend Policy

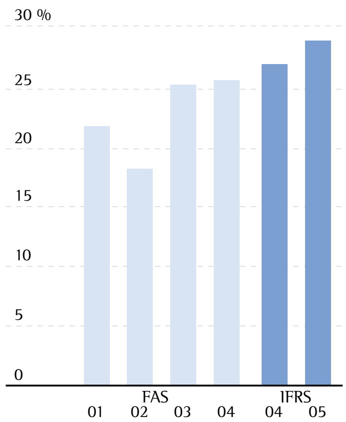
Ilkka-Yhtymä Oyj practices an active dividend policy and aims to distribute at least half of the consolidated annual income as dividend payments, taking into consideration the financing required for a profitable growth and the company's future outlook.

Authorisation of the Board of Directors

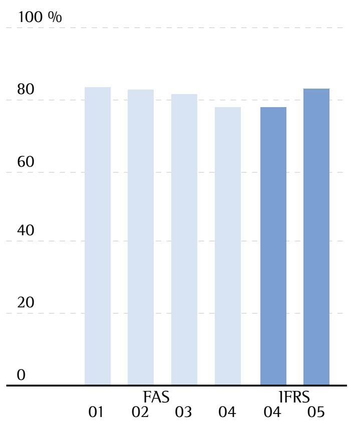
The Annual General Meeting authorised the Board of Directors to decide, within a period of one year of the date of the meeting (if necessary, in deviation from the shareholders' subscription privilege) upon the following issues:

- 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.

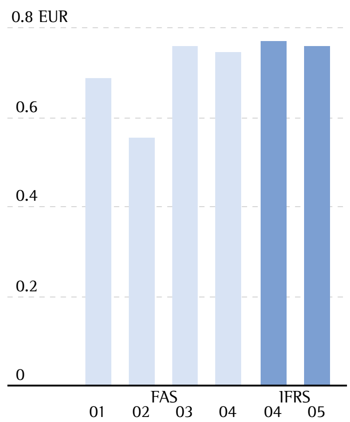
Return of investment (ROI)



Equity ratio



Earning per share (EPS)



The maximum total number of Series II shares issued in connection with one or more rights issues, subscribed on the basis of stock options or transferred as consideration for convertible bonds, shall amount to no more than 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.

Personnel

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

Average number of personnel translated into full-time employment

	2005	2004
Group	410	427
Ilkka-Yhtymä Oyj	34	34

On 31 December 2005, the Group had 383 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.

Quality and Environment

As with the whole graphics industry, Ilkka-Yhtymä Group has a minor impact on the environment. The operating system of the Group's printing company I-print Oy is based on the ISO 9000:2000 standard, and its environmental system on the ISO 4001 standard, but these have not been certified. CTP technology allows for faster turnaround times in production, and better opportunities for maintaining technical quality. At the same time, CTP simplifies and shortens the traditional prepress process, and significantly decreases substances and materials released into the environment.

The company plans the classification, utilisation and handling of side products and waste created during business operations. The aim is to reduce material use, and safely dispose of waste products. Waste paper created during the printing process and printing blocks are recycled. Printing ink waste, plate developing agent waste, solvent waste, and other waste products created during the printing process which are harmful to the environment are delivered to a facility for their treatment. In accordance with legislation on waste products, the company's responsibility for the use of packaging is handled through the packaging industry's environmental register Pakkausalan Ympäristörekisteri PYR Oy. Responsibility for the recycling of waste paper and imported paper is handled through the paper recycling organisation Paperinkeräys Oy.

I-print Oy pays continual attention to reducing its production process's impact on the environment through technical systems and staff incentives.

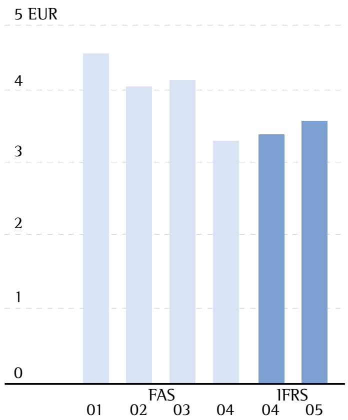
Assessment of Operational Risks and Uncertainties

The Media Industry

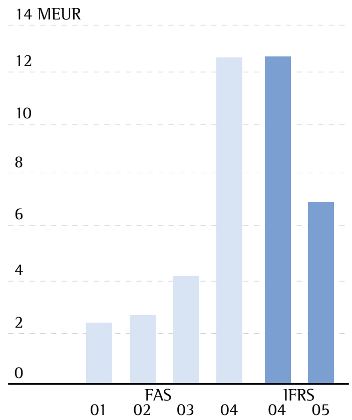
The last decade has been a period of accelerating change in the media industry. The digitalisation of content, new distribution channels for content, and fragmentation have brought new challenges.

More choice is available to consumers and advertisers. To succeed amongst intensifying competition the company must be aware of the media use and behaviour of consumers and advertisers. Our content offering must be in demand, and our products and services must be original and of high quality.

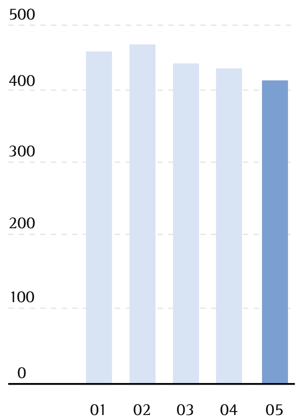
Equity per share



Capital expenditure



Personnel



The Group does not believe there are any particular operational risks affecting its core business; the risks it faces are those normal within the industry, mainly related to trends in media advertising and consumption, and intense competition.

Against intensifying competition, regional and local newspapers benefit from the highlighting of local and community content in their products. A strong bond with readers and high circulation coverage create a competitive advertising medium.

Publishing

In the long term, population trends and the development of the regional economy have an effect on the circulation and advertising revenue of regional and local newspapers. Meanwhile, the diminishing size of households is helping to maintain circulation volumes. A good circulation coverage percentage and a strong bond with readers strengthen a newspaper's ability to compete in advertising markets.

Regular economic cycles have no fundamental effect on the circulation income of regional and local newspapers. Rather, economic cycles and the industry-specific competitive situations and future outlook of advertisers are reflected in the volume of media advertising.

Kärkimedia, jointly owned by a newspaper group, has created a national advertising market which strengthens newspapers' competitive ability across various media. Regional newspapers are less dependent on regional advertisers when they belong to a national advertising chain.

In Southern Finland, newspapers face competition from town and free papers. Regional advertising volumes and other competitive factors have an effect on the entry of new players into the market. Most newspaper Groups, including Ilkka-Yhtymä Group, have decades of experience with their own free sheets, and can leverage this to respond to increased competition created by new players.

As a result of new technology, some classified advertising such as car, home and job advertising, has migrated to the Internet. Ilkka and Pohjalainen are prepared for this change through their Arena services, which have been integrated with the joint newspaper advertising of the Group's regional newspapers.

Graphics Industry

Price competition in the printing industry continues to be intense in Finland. Circulation numbers and advertising volumes have an effect on the number of pages in newspapers, while general economic trends help to determine the use of other advertising material. Exports to the Nordic countries are determined by the current situation in the market. Labour shortages are greater in the metropolitan area than in other parts of the country. Improvements in staff skills and motivation are increasing the quality and productivity of their work, and strengthening the bond between employee and employer.

The company's ability to compete in the future is being improved by increased productivity and high quality. Proof of this is furnished by I-print Oy's three successive victories in the Four Colour competition between newspapers.

The supply of newsprint has been good, and the price trend has been moderate due to overcapacity in the paper industry. Nevertheless, pressure on prices has increased due to modest increases in profitability. We at I-print have prepared for both supply problems and price risks by dividing our purchasing between different suppliers.

Newspaper delivery has been outsourced to Finland Post Group and Suomen Suorajakelu Oy. Price trends are the main risk in our delivery activities.

The management of the company's financial risks is illustrated in section 23 of the notes.

The key figures describing our financial development are presented on page 49.

Events after the Financial Year

After the financial year, I-print Oy took charge of printing of Talentum Oyj's newspaper-format trade journals published in Finland. Otherwise, operations have continued as usual.

Prospects for 2006

Media advertising is expected to show moderate growth in Finland due to increasing consumer spending, while printing volumes are likely to remain almost unchanged and competition will remain tough.

Ilkka-Yhtymä Group expects slight growth in its consolidated net sales as net sales of publishing improve.

Both operating margin and overall financial performance are predicted to remain at 2005's healthy levels. However, securities trading volumes and the price performance of securities investments may affect results.

Consolidated Income Statement, IFRS

(EUR 1,000)	NOTE	1.1.-31.12.2005	1.1.-31.12.2004
NET SALES	1	53,932	53,890
Change in inventories of finished and unfinished products		-43	-32
Other operating income	2	377	575
Materials and services	3	-17,317	-17,092
Employee benefits	4	-17,558	-17,671
Depreciation	5	-3,361	-3,334
Other operating costs	6	-6,509	-7,042
OPERATING PROFIT		9,521	9,295
Financial income and expenses	7	1,909	2,157
Share of associated companies' results	12	1,047	577
PROFIT BEFORE TAXES		12,477	12,029
Income tax	8	-2,738	-2,113
PROFIT FOR THE FINANCIAL PERIOD		9,739	9,917
Earnings per share:			
Earnings per share, undiluted (EUR) *)		0.75	0.76
Average number of shares: -undiluted *)		13,036,296	13,036,296

*) There are no factors diluting the figure.

Consolidated Balance Sheet, IFRS

(EUR 1,000)	NOTE	31.12.2005	31.12.2004
ASSETS			
NON-CURRENT ASSETS			
Intangible rights	9	346	432
Investment properties	11	852	753
Property, plant and equipment	10	21,171	23,361
Shares in associated companies	12	10,046	9,588
Available-for-sale financial assets	13	10,521	5,906
Non-current trade and other receivables	14	39	1,315
Other tangible assets		227	227
NON-CURRENT ASSETS		43,202	41,584
CURRENT ASSETS			
Inventories	16	827	923
Trade and other receivables	17	3,856	4,284
Income tax assets		571	2,651
Financial assets at fair value through profit or loss	18	2,650	5,438
Cash and cash equivalents	19	7,331	3,908
CURRENT ASSETS		15,236	17,205
ASSETS		58,438	58,790
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	20		
Share capital		3,259	3,259
Share premium fund		166	166
Fair value reserve and other reserves		14,161	13,488
Retained earnings		29,418	27,500
SHAREHOLDERS' EQUITY		47,003	44,413
NON-CURRENT LIABILITIES			
Deferred tax liability	15	2,971	3,038
Non-current interest-bearing liabilities	21	63	189
NON-CURRENT LIABILITIES		3,034	3,228
CURRENT LIABILITIES			
Current interest-bearing liabilities	21	126	2,126
Accounts payable and other payables	22	7,484	7,129
Income tax liability		791	1,893
CURRENT LIABILITIES		8,401	11,149
SHAREHOLDERS' EQUITY AND LIABILITIES		58,438	58,790

IFRS = International Financial Reporting Standards

Consolidated cash flow statement

(EUR 1,000)	2005	2004
Cash flow from operations		
Profit for the financial period	9,739	9,917
Adjustments	3,104	2,476
Change in working capital	770	-414
Cash flow from operations before financial items and taxes	**13,613**	**11,978**
Financial income and expenses	3,980	1,432
Direct taxes paid	-2,064	-2,531
Cash flow from operations	**15,529**	**10,879**
Cash flow from investments		
Investments in tangible and intangible assets, net	-1,144	-3,985
Other investments, net	-3,136	-7,993
Repayments of loans receivables	1,277	
Dividends received from investments	757	635
Cash flow from investments	**-2,246**	**-11,344**
Cash flow before financing items	**13,283**	**-464**
Cash flow from financing		
Change in current loans	-2,000	2,000
Change in non-current loans	-126	-126
Dividends paid and other profit distribution	-7,734	-20,523
Cash flow from financing	**-9,860**	**-18,649**
Increase (+) or decrease (-) in financial assets	**3,423**	**-19,113**
Liquid assets at the beginning of the financial period	3,908	23,022
Liquid assets at the end of the financial period	7,331	3,908

Notes to the consolidated cash flow statement:

	2005	2004
Adjustments to profit/loss for the period		
Depreciation and impairment	3,361	3,334
Sales gains (-) and losses (+) on non-current assets	-609	-236
Share of profit (-) or loss (+) of associated companies	-1,047	-577
Unrealised exchange rate gains (-) or losses (+)	-476	-745
Financial income and expenses	-863	-1,413
Income taxes	2,738	2,113
Adjustments to profit/loss for the period total	**3,104**	**2,476**
Change in working capital		
Increase (-)/decrease (+) in inventories	96	87
Increase (-)/decrease (+) in current interest-free operating receivables	405	-701
Increase (+)/decrease (-) in current interest-free liabilities	269	199
Change in working capital total	**770**	**-414**

Changes in consolidated shareholders' equity

(EUR 1,000)

Change in shareholders' equity 1 - 12 / 2004	Share capital	Share premium account	Fair value reserve	Other reserves	Retained earnings	Total
SHAREHOLDERS' EQUITY 31 DEC 2003	3,259	166		13,103	37,971	54,499
Effect of new standards			3,304		470	3,774
ADJUSTED SHAREHOLDERS' EQUITY 1 JAN 2004	3,259	166	3,304	13,103	38,442	58,274
Available-for-sale financial assets						
Gain/loss on fair valuation			191			191
Other changes *)			-4,324			-4,324
Share of deferred taxes			1,214			1,214
Net gains and losses recognised in equity			-2,919			-2,919
Profit for the period					9,917	9,917
Total gains and losses			-2,919		9,917	6,998
Dividend distribution					-20,858	-20,858
TOTAL SHAREHOLDERS' EQUITY 31 DEC 2004	**3,259**	**166**	**385**	**13,103**	**27,500**	**44,413**

*) The changes are due to the reclassification of an available-for-sale financial asset to a share in an associated company.

Change in shareholders' equity 1 - 12 / 2005	Share capital	Share premium account	Fair value reserve	Other reserves	Retained earnings	Total
SHAREHOLDERS' EQUITY 1 JAN 2005	3,259	166	385	13,103	27,500	44,413
Available-for-sale financial assets						
Gain/loss on fair valuation			1,328			1,328
Amount transferred to income statement			-419			-419
Share of deferred taxes			-236			-236
Net gains and losses recognised in equity			672			672
Profit for the period					9,739	9,739
Total gains and losses			672		9,739	10,411
Dividend distribution					-7,822	-7,822
TOTAL SHAREHOLDERS' EQUITY 31 DEC 2005	**3,259**	**166**	**1,057**	**13,103**	**29,418**	**47,003**

Notes to the Consolidated Financial Statements

Key Facts on the Company

Ilkka-Yhtymä Group is a media group which publishes the regional newspapers Ilkka and Pohjalainen, and several local newspapers and two free sheets. In addition, the Group has a printing business. The Group comprises the parent company Ilkka-Yhtymä Oyj and the subsidiaries Sanomalehti Ilkka Oy, Vaasa Oy, Pohjanmaan Lähisanomat Oy, I-print Oy, I-Mediat Oy, Kiinteistö Oy Seinäjoen Koulukatu 10 and Seinäjoen Kassatalo Osakeyhtiö.

The Group's parent company Ilkka-Yhtymä Oyj is a Finnish public limited company domiciled in Seinäjoki, and its registered address is Koulukatu 10, 60100 Seinäjoki. Ilkka-Yhtymä Oyj's shares are listed on the Helsinki Stock Exchange.

A copy of the consolidated financial statements is available from the website www.ilkka-yhtyma.fi or from the head office of the Group's parent company.

Accounting Principles used in the Financial Statements

Accounting Policy

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), and in drafting them the company has complied with the IAS and IFRS standards and SIC and IFRIC interpretations in effect on 31 December 2005, accepted as applicable in the EU.

The Group has adopted the IFRS principles in its accounting in 2005, and in this context has applied the IFRS1 First-Time-Adoption of International Financial Reporting Standards. The date of transition was 1 January 2004.

The consolidated financial statements have been prepared in accordance with the historical cost convention, with the exception of available-for-sale financial assets, as well as financial assets and liabilities recognised at fair value through profit or loss. The financial statements are presented in thousands of euros.

IASB has published the following new standards: IFRS 7 Financial Instruments: Disclosures and the interpretations IFRIC 4, IFRIC 5, IFRIC 6 and IFRIC 7. The Group does not expect the new standards and interpretations to have a significant effect on its results or financial position.

Accounting Policies: the Consolidated Financial Statements

Subsidiaries

Subsidiaries refer to companies in which the Group holds a controlling interest. Said controlling interest arises from the Group owning over half of the subsidiary's votes, or exercising power in some other fashion. The controlling interest implies that the Group has power to govern the entity's financial and operating policies for the purpose of profiting from its operations.

Mutual shareholding in Group companies is eliminated using the acquisition cost method. In accordance with the exemption in IFRS 1, corporate acquisitions prior to the date of transition to IFRS have not been adjusted to comply with IFRS, but have been stated using values in compliance with the Finnish Accounting Standards. The difference between the acquisition cost of subsidiary shares and the shareholders' equity of the subsidiaries on the date of the acquisition is shown as a consolidation difference under assets. This consolidation difference is allocated to land and buildings. Consolidation difference allocated to buildings will be amortised on a straight-line basis over twenty years. All Intra-Group transactions, receivables, liabilities and profits are eliminated in the preparation of the consolidated financial statements.

Associated Companies

Associated companies are companies over which the Group exercises significant influence. Significant influence originates when the Group owns over 20% of the associated company's votes, or the Group has a significant degree of influence over the company through other means, but has no controlling interest. Associated companies are consolidated in the financial statements using the equity method. If the Group's share of the losses of the associated company exceeds the carrying amount, they will not be consolidated unless the Group has made a commitment to fulfil the liabilities of the associated company in question. An investment in an associated company contains the goodwill generated by the acquisition.

Foreign currency items

The consolidated financial statements are presented in euros, which is the parent company's operating and reporting currency.

Receivables and liabilities denominated in foreign currencies were translated into euros using the European Central Bank's average rate quoted on the balance sheet date. Transactions in foreign currencies were translated into euros using the exchange rate in effect on the date of the transaction. Any gains or losses resulting from transactions in foreign currencies, and from the translation of monetary items, are recognised in the income statement. Foreign exchange gains or losses associated with actual business operations are treated as adjusting entries for sales or purchases. Exchange rate gains and losses on foreign-currency investments and cash and cash equivalents are included in financial income and expenses.

Intangible Assets

Research and Development Expenses

The Group does not carry out a significant amount of research and development. Research and development expenses are charged to expenses in the income statement. On the balance sheet date, the Group's balance sheet did not include development expenses that could be capitalised.

Other Intangible Assets

Other intangible assets in the Group's balance sheet comprise software licenses, which are measured at cost and amortised on a straight-line basis over their expected economic lives. The period of amortisation is 3–7 years.

Property, Plant and Equipment

Property, plant and equipment (PPE) are measured at cost less depreciation and any impairment losses.

When one part of PPE is treated as a separate asset, expenses associated with its renovation are capitalised. In other cases, major renovations are included in the assets' carrying amount only if it is probable that the Group will derive additional future economic benefits and that the carrying amount can be measured reliably. Other repair and maintenance expenses are charged to expenses as incurred.

The assets are depreciated over their expected economic life using the straight-line depreciation method. Land is not depreciated. The expected economic lives are as follows:

Buildings	20-40 years
Structures	20 years
Machinery and equipment	3-15 years

The residual value and economic life of an asset are reviewed for each set of financial statements and, if necessary, adjusted to reflect changes in expected financial rewards.

Investment Property

Investment property refers to property which the Group holds for rental yields or capital appreciation. Investment property is initially measured at cost (IAS 40) and its fair value is presented in the notes to the financial statements. The fair value is based on an evaluation by an external professional property valuer, and corresponds to market prices paid for properties in the active market. The fair value measurement is performed on an annual basis.

Inventories

Inventories are measured at the lower of cost or net realisable value. The cost is determined using the FIFO method. The cost of finished or unfinished goods is made up of raw materials, direct labour costs, other direct costs, as well as an appropriate portion of variable production overheads and part of fixed production overheads based on normal capacity. The net realisable value is the estimated sale price obtained in regular business, less the estimated costs of completing the good and selling costs.

Leases

Group as lessee
Leases, in which the risks and rewards associated to the ownership of leased assets remain with the lessor, are classified as operating leases. Payments based on operating leases are recognised as expenses evenly over the lease term.

Group as lessor
Assets leased under operating leases are included in property, plant and equipment. They are depreciated over their economic lives in the same way as the property, plan and equipment used by the Group. Lease income is recognised in the income statement evenly over the lease term.

The Group does not have leases classified as finance leases under IAS 17.

Impairment

At each balance sheet date, the Group assesses whether there is any indication of an impaired asset. Should any such indication exist, the asset's recoverable amount must be calculated.

The impairment loss is recognised in the income statement if the carrying amount of the asset or the cash-generating unit exceeds the recoverable amount. The recoverable amount represents the net selling price of the asset, or a higher, cash-flow-based value in use. In determining the value in use, the net present values of future cash flows are discounted using discount rates which describe the Group's average pre-tax capital cost. The impairment loss is reversed if circumstances change and the recoverable amount of the asset has changed from the date when the impairment loss was recognised. The impairment loss is not be reversed beyond the value that the carrying amount of the asset would have been, had there been no impairment loss. The impairment loss of goodwill is not reversible.

In addition, the recoverable amount of goodwill is assessed on an annual basis, regardless of whether there are indications of impairment. Because the goodwill contained in the carrying value of an investment in an associated company has not been recognised separately, the total carrying value of the investment is tested for impairment by comparing it with the amount recoverable from the asset. The recoverable amount contains the estimated cash flows from the business activity of the asset, and income from the final disposal of the asset.

Employee Benefits

Pensions

The Group's major pension plan is the statutory pension insurance under the Finnish Employees' Pension Act (TEL), which is managed by pension insurance companies. This TEL pension security is classified as a defined contribution plan. In addition, the Group has some supplementary pension schemes with pension insurance companies. Contributions into the defined contribution plan are recognised as expenses for the period during which the contributions are made.

Income Taxes

Tax expense in the income statement includes current tax (taxes based on the taxable profit for the financial year) and deferred tax. The tax based on the taxable profit is calculated using the tax rate currently in force. The amount of the tax for the period is adjusted by any taxes for earlier financial years.

Deferred tax assets and liabilities are calculated on all temporary differences between the carrying amount and taxable value. The greatest temporary differences result from appropriations and the fair value of financial instruments. Deferred taxes are calculated using the tax rates set by the balance sheet date.

Deferred tax assets are recognised to the extent that it appears probable that future taxable profit will be available against which the temporary difference can be utilised.

Revenue Recognition Principles

Goods and Services

Revenue from the sale of goods is recognised when major risks and benefits related to the ownership of goods have been transferred to the buyer. Revenue from services is recognised when the service has been rendered.

Dividends

Dividends are recognised as revenue when shareholders have the right to receive a dividend payment.

Financial Assets and Liabilities

The Group's financial assets are classified as financial assets recognised at fair value through profit or loss, loans and receivables, available-for-sale financial assets, and held-to-maturity investments. Classifying a financial asset is determined by the purpose for which the asset is purchased at time of its purchase. In the case of assets not recognised at their fair value through profit or loss, transaction costs are included in the original carrying value of the financial assets. All purchases and sales of financial assets are recognised on the date of their transaction.

Financial assets at fair value through profit or loss include held-for-trading assets. Assets within this category are measured at fair value, and any fair-value gains or losses are recognised under financial income and expenses in the income statement. Any realised and unrealised gains or losses due to changes in fair value are recognised in the income statement for the period during which they occur. Financial assets held for trading include publicly traded shares.

Held-to-maturity investments are non-derivative financial assets with fixed and determinable payments and fixed maturity, and which the Group has the positive intent and ability to hold to maturity. They are measured at amortised cost. The company held no such investments during the financial year.

Loans and receivables are non-derivative assets with fixed and determinable payments, which are not publicly traded in the active market and which the company does not hold for trading. This category includes the Group's financial assets created by providing money, goods or services directly to the debtor. Initially recognised at cost and subsequently measured at amortised cost, they are included in current and non-current financial assets.

Available-for-sale financial assets are non-derivative assets which specifically belong to this category, or which are not classified under other financial asset categories. Assets within this category are carried at fair value subsequent to their initial recognition, and any changes in their fair value are recognised in the fair value reserve under shareholders' equity. Available-for-sale financial assets consist primarily of listed and unlisted shares. Changes in fair value are transferred from equity to the income statement when the asset is disposed of or it has lost its value to the extent that an impairment loss must be recognised for the asset. Unlisted shares are measured at cost because their fair values are not reliably available.

Cash and cash equivalents comprise cash and bank receivables and other highly liquid investments with short maturity. Cash and cash equivalents include assets with a maximum maturity of three months from the date of purchase. Credit limits are included under current interest-bearing liabilities.

The Group's financial liabilities comprise loans from financial institutions. Financial liabilities are initially measured at fair value, based on the payment received. Financial liabilities include non-current and current liabilities, and can be either interest-bearing or non-interest-bearing in nature.

Management Judgement in Applying the Most Significant Accounting Policies and Other Key Assumptions about Future Risks and Uncertainties

Preparing the financial statements under IFRS requires the company's management to make certain accounting estimates and assumptions, which have an effect on the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses, as well as notes to the financial statements. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates are primarily related to the fair-value measurement of assets and associated companies.

1.Segment information

The Group's business segments form the primary reporting format, based on the Group's internal organisation and internal financial reporting, while geographical segments form the Group's secondary reporting format. Net sales by geographical region are presented according to the location of customers, and assets are presented according to their location.

Intersegment services are accounted for at current market prices.

Segment assets and liabilities include business items which the segment uses in its operations or which can be allocated to the segment on a reasonable basis. Items not allocable to any of the Group's segments include parent company operations, securities trading, tax and financial items and Group items. Investments consist of additions to property, plant and equipment and intangible assets used during more than one financial year.

Business segments:

The Group's business segments consist of cross-media publishing and printing. The publishing segment comprises the publishing companies Sanomalehti Ilkka Oy, Vaasa Oy and Pohjanmaan Lähisanomat Oy. The Group publishes the regional newspapers Ilkka and Pohjalainen and five local newspapers (Härmät, Jurvan Sanomat, Järviseutu, Suupohjan Sanomat and Viiskunta). In addition, the Group publishes two free sheets, Etelä-Pohjanmaa and Vaasan Ikkuna.

The printing segment comprises the sheet and newspaper printing company I-print Oy. The company's net sales are primarily made up of newspaper printing. In addition, its services include various printed materials, page-making and design, and digital printing and large image products. The company has operations in Seinäjoki and Vaasa.

Geographical segments:
Finland
Other Nordic countries

A. Business segments

2005 (EUR 1,000)	Publishing	Printing	Eliminations	Unallocated	Group total
INCOME STATEMENT FIGURES					
External net sales	41,511	12,410		11	53,932
Internal net sales	153	10,315	-12,459	1,991	
Net sales	**41,664**	**22,725**	**-12,459**	**2,002**	**53,932**
Operating profit by segment	8,089	2,492	-1	-1,058	9,521
Operating profit					**9,521**
Financial income and expenses				1,909	1,909
Share of associated companies' results	29			1,018	1,047
Income tax				-2,738	-2,738
Profit for the period					**9,739**
BALANCE SHEET FIGURES					
Assets by segment	8,917	17,122	-749		25,290
Shares in associated companies	465			9,581	10,046
Unallocated assets				23,102	23,102
Assets total	**9,382**	**17,122**	**-749**	32,683	**58,438**
Liabilities by segment	4,793	1,779	-769		5,802
Unallocated liabilities				5,633	5,633
Liabilities total	**4,793**	**1,779**	**-769**	5,633	**11,435**
OTHER FIGURES					
Net sales, supplies	17,861	12,410			30,271
Net sales, services	23,650			11	23,661
Investments	315	616		5,853	6,784
Depreciation	-674	-2,335	-1	-351	-3,361

2004 (EUR 1,000)	Publishing	Printing	Eliminations	Unallocated	Group total
INCOME STATEMENT FIGURES					
External net sales	40,917	12,951		22	53,890
Internal net sales	147	10,074	-12,155	1,934	
Net sales	**41,065**	**23,025**	**-12,155**	1,956	**53,890**
Operating profit by segment	8,092	2,448	171	-1,416	9,295
Operating profit					**9,295**
Financial income and expenses				2,157	2,157
Share of associated companies' results	26			551	577
Income tax				-2,113	-2,113
Profit for the period					**9 917**
BALANCE SHEET FIGURES					
Assets by segment	9,197	19,445	-702		27,940
Shares in associated companies	436			9,153	9,588
Unallocated assets				21,261	21,261
Assets total	**9,633**	**19,445**	**-702**	30,414	**58,790**
Liabilities by segment	4,438	2,136	-730		5,844
Unallocated liabilities				8,532	8,532
Liabilities total	**4,438**	**2,136**	**-730**	8,532	**14,376**
OTHER FIGURES					
Net sales, supplies	17,600	12,951			30,551
Net sales, services	23,317			22	23,339
Investments	3,130	753	-13	8,658	12,528
Depreciation	-617	-2,402	171	-486	-3,334

B. Geographical segments

Net sales	2005	2004
Finland	50,222	51,762
Other Nordic countries	3,711	2,128
Total	53,932	53,890

Assets		
Finland	58,438	58,790
Capital expenditure		
Finland	6,784	12,528

2. Other operating income

	2005	2004
Rent income from investment properties	191	191
Other rent income	89	125
Sales gains on property, plant and equipment	43	239
Other operating income	54	21
Total	377	575

3. Materials and services

	2005	2004
Purchases during the financial period	9,244	9,320
Increase or decrease of stocks	52	55
Materials and supplies	9,297	9,375
External services	8,021	7,717
Materials and services	17,317	17,092

4. Employee benefits

	2005	2004
Salaries and fees	14,208	14,349
Pension costs, defined contribution plans	2,360	2,394
Other personnel costs	990	928
Employee benefits	17,558	17,671

Personnel on average		
Publishing	230	233
Printing	147	160
Unallocated	34	34
Total	410	427

Information on employee benefits covering Group management is presented in section 25.

5. Depreciation

	2005	2004
Intangible rights	179	159
Buildings and constructions	643	631
Investment properties	108	88
Machinery and equipment	2,431	2,455
Depreciation according to plan	3,361	3,334

6. Other operating costs

	2005	2004
Rents	207	369
Costs on premises	950	1,212
Sales and marketing costs	1,789	2,064
Management costs for investment property	65	75
Other costs	3,498	3,322
Other operating costs total	6,509	7,042

7. Financial income and expenses

Financial income	**2005**	**2004**
Dividend yields	1,289	2,830
Non-current interest income from associated companies	39	
Current interest income	151	404
Exchange rate gains		11
Sales gains on assets available for sale	604	61
Sales gains on assets recognised at fair value through profit or loss	402	97
Other financial income	46	25
Unrealised gains on fair valuation	478	745
Financial income total	3,009	4 ,174
Financial expenses		
Interest expenses	-48	-15
Exchange rate losses		-6
Sales losses on assets available for sale	-34	
Sales losses on assets recognised at fair value through profit or loss	-1,011	-1,995
Other financial expenses	-5	
Unrealised losses on fair valuation	-2	
Financial expenses total	-1,100	-2,017
Financial income and expenses total	**1,909**	**2,157**

8. Income taxes

	2005	2004
Income taxes on operations	3,031	2,571
Taxes on previous financial periods	11	-2
Change in deferred tax liabilities and assets	-304	-457
Income taxes	2,738	2,113
Reconciliation		
Profit/loss before taxes	12,477	12,029
Tax calculated at parent company's tax rate	3,244	3,488
Tax expenses in income statement	-2,738	-2,113
Difference	**506**	**1,376**
Difference analysis (net)		
Non-deductible expenses	-25	-11
Tax-exempt income	607	988
Taxes on previous financial period	-11	2
Effect of amended tax rate on deferred taxes at beginning of period (net)		340
Other adjustments	-65	57
Difference analysis (net) total	**506**	**1,376**

9. Intangible assets

Intangible assets 2005	Intangible rights	Other long-term assets	Advances paid	Total
Acquisition cost 1.1.	4,175	2		4,178
Increase	48		44	93
Acquisition cost 31.12	4,224	2	44	4,270
Accumulated depreciation 1.1.	-3,745			-3,745
Depreciation for the financial period	-179			-179
Accumulated depreciation 31.12	-3,924			-3,924
Book value 31.12.2005	**299**	**2**	**44**	**346**

Intangible assets 2004	Intangible rights	Other long-term assets	Advances paid	Total
Acquisition cost 1.1.	3,815	9	91	3,914
Increase	68		203	270
Decrease	-1	-6		-7
Transfers between items	293		-293	
Acquisition cost 31.12.	4,175	2		4,178
Accumulated depreciation 1.1.	-3,586			-3,586
Depreciation for the financial period	-159			-159
Accumulated depreciation 31.12.	-3,745			-3,745
Book value 31.12.2004	**430**	**2**		**432**

10. Property, plant and equipment

Tangible Assets 2005	Land and water areas	Buildings and constructions	Machinery and equipment	Advances paid and work in progress	Total
Acquisition cost 1.1.	935	18,497	38,031		57,464
Increase		15	554	544	1,114
Decrease			-464		-464
Transfers between items		4	200	-410	-207
Acquisition cost 31.12.	935	18,516	38,321	134	57,907
Accumulated depreciation 1.1.		-8,500	-25,603		-34,103
Accumulated depreciation of decrease and transfers			441		441
Depreciation for the financial period		-643	-2,431		-3,074
Accumulated depreciation 31.12.		-9,143	-27,592		-36,735
Book value 31.12.2005	935	9,373	10,729	134	21,171

Tangible Assets 2004	Land and water areas	Buildings and constructions	Machinery and equipment	Advances paid and work in progress	Total
Acquisition cost 1.1.	734	14,816	37,200	1,391	54,142
Increase	4	346	1,162	2,455	3,967
Decrease			-434		-434
Transfers between items	197	3,334	103	-3,847	-212
Acquisition cost 31.12.	935	18,497	38,031		57,464
Accumulated depreciation 1.1.		-7,869	-23,550		-31,419
Accumulated depreciation of decrease and transfers			403		403
Depreciation for the financial period		-631	-2,455		-3,086
Accumulated depreciation 31.12.		-8,500	-25,603		-34,103
Book value 31.12.2004	935	9,998	12,428		23,361

The outstanding undepreciated share of the original costs of machinery and equipment belonging to the Group's property, plant and equipment was EUR 10,169 thousand on 31Dec 2005 (EUR 11,772 thousand on 31 Dec 2004).

11. Investment properties

Investment properties	2005	2004
Acquisition cost 1.1.	1,762	1,550
Transfers between items	207	212
Acquisition cost 31.12.	1,968	1,762
Accumulated depreciation 1.1.	-1,008	-920
Depreciation for the financial period	-108	-88
Accumulated depreciation 31.12.	-1,116	-1,008
Book value 31.12.	**852**	**753**

The fair value of investment properties was EUR 1.5 million in 2005 (EUR 1.5 million in 2004).

12. Shares in associated companies

Shares in associated companies	2005	2004
At the beginning of the financial period	9,588	404
Increase		7,342
Decrease		-51
Transfers between items		1,316
Share of associate profits	1,047	577
Dividends received during the financial period	-590	
At the end of the financial period	**10,046**	**9,588**

Information on the Group's associated companies and their total assets, liabilities, net sales and profit/loss:

2004	Domicile	Assets	Liabilities	Net sales	Profit/ loss	Group ownership %	Unrecognised part of accumulated losses
Arena Partners Oy	Kuopio	1,724	253	1,213	116	24.06	
Savon Mediat Oy *)	Kuopio	43,166	21,595	50,004	4,626	25.64	
Väli-Suomen Media Oy	Jyväskylä	224	148	855	-4	40.00	
Yrittävä Suupohja Oy	Kauhajoki	53	28	366	12	38.46	-6
Total		45,167	22,026	52,438	4,750		-6

*) Assets, liabilities, net sales, profit: 31 December 2004. Savon Mediat Oy became an associated company on 1 July 2004. Six-month earnings are consolidated with the Group.

2005	Domicile	Assets	Liabilities	Net sales	Profit/ loss	Group ownership %	Unrecognised part of accumulated losses
Arena Partners Oy	Kuopio	1,835	264	1,351	117	24.06	
Savon Mediat Oy **)	Kuopio	45,074	22,027	37,543	3,808	25.64	
Väli-Suomen Media Oy	Jyväskylä	251	173	859	2	40.00	
Yrittävä Suupohja Oy	Kauhajoki	63	32	367	7	38.46	-3
Total		47,222	22,496	40,120	3,933		-3

**) Assets and liabilities 30 September 2005, net sales and profit 1 Jan to 30 Sep 2005.

Because the 2005 income statement and balance sheet of Savon Mediat Oy, a Keskisuomalainen Group company, have not yet been published, Savon Mediat Oy has been included in Ilkka-Yhtymä Oyj's financial statements based on figures contained in Keskisuomalainen's previous published interim report. Other associated companies are included in the consolidated financial statements based on data for 31 December 2005.

13. Available-for-sale financial assets

Available-for-sale financial assets include listed and unlisted shares. Listed shares are measured at fair value and any resulting gains or losses are recognised in the fair value reserve under shareholders' equity. Changes in fair value are transferred from shareholders' equity to the income statement when the asset is disposed of or when it has lost its value to the extent that an impairment loss must be recognised for the asset. Unlisted shares are measured at cost because their fair values are not reliably available.

	2005	2004
Publicly listed shares	7,134	2,485
Unlisted shares	3,387	3,421
Available-for-sale financial assets total	10,521	5,906

Unlisted shares divested during the period		
Book value	34	170
Recognised profit/loss	-34	61

14. Non-current trade and other receivables

Non-current receivables from associated companies	**2005**	**2004**
Non-current loan receivables from associated companies	39	1,315
Non-current trade and other receivables total	**39**	**1,315**

Loan receivables from associated companies include a subordinated loan (EUR 39 thousand) and an interest-bearing loan for 2004 (EUR 1,277 thousand). Interest income from the interest-bearing loan is recognised on an accrual basis. The subordinated loan is measured at carrying value in the balance sheet.

15. Deferred tax assets and liabilities

Deferred tax assets and liabilities 2005

Itemisation of deferred tax liabilities	**1.1.2005**	**Recognised through profit and loss**	**Recognised in equity**	**31.12.2005**
Depreciation difference and voluntary provisions	2,688	-296		2,392
Other accrual differences	215	-8		207
Available-for-sale financial assets	135		236	372
Total	3,038	-304	236	2,971

Deferred tax assets and liabilities 2004

Itemisation of deferred tax assets	**1.1.2004**	**Recognised through profit and loss**	**Recognised in equity**	**31.12.2004**
Other accrual differences	31		-31	
Total	31		-31	

Itemisation of deferred tax liabilities	**1.1.2004**	**Recognised through profit and loss**	**Recognised in equity**	**31.12.2004**
Depreciation difference and voluntary provisions	3,187	-499		2,688
Other accrual differences	205	11		215
Available-for-sale financial assets	1,350		-1,214	135
Total	4,741	-488	-1,214	3,038

The Group has EUR 126 thousand in impairment losses, for which it has not recognised deferred tax assets because it is not probable that these impairment losses can be utilised in taxation in the future.

16. Inventories

	2005	2004
Materials and supplies	810	863
Work in progress	17	60
Inventories	827	923

17. Trade and other receivables

	2005	2004
Current receivables from associated companies	36	29
Trade receivables (from others)	3,383	3,789
Other receivables (from others)	81	138
Current accrued income and deferred expenses (from others)	357	328
Trade and other receivables	3,856	4,284

Substantial accrued income items		
Accruals of personnel expenses	97	156
Other items	261	172
Total	357	328

18. Financial assets at fair value through profit or loss

	2005	2004
Shares and holdings (held for trading)	2,650	5,438
Financial assets at fair value through profit or loss	2,650	5,438

Financial assets recognised at fair value through profit or loss include investments held for trading, which are listed shares.

19. Cash and cash equivalents

Liquid assets in consolidated balance sheet and cash flow statement	2005	2004
Cash and cash equivalents	7,331	2,909
Current money market investments		999
Cash and bank deposits	7,331	3,908

20. Notes covering shareholder's equity

Series I	Number of shares	Share capital
1.1.2004/31.12.2004 *)	3,825,832	956,458
31.12.2005	3,825,832	956,458

Seres II	Number of shares	Share capital
1.1.2004/31.12.2004 *)	9,210,464	2,302,616
31.12.2005	9,210,464	2,302,616

Series I and II total	Number of shares	Share capital	Issue premium fund	Total
1.1.2004/31.12.2004 *)	13,036,296	3,259,074	165,583	3,424,657
31.12.2005	13,036,296	3,259,074	165,583	3,424,657

*) The figures for 1 Jan 2004 are adjusted for split. Split (1:4) registered on 12 May 2004

One Series I share entitles its holder to twenty (20) votes at the shareholders' meeting, while one Series II share one (1) vote. Other information on equity is presented in Shares and Shareholders on page 61.

Fair Value Reserve and Other Reserves

Fair value reserve
The fair value reserve contains changes in the fair values of available-for-sale financial assets.

Contingency reserve
The contingency reserve mainly contains share premiums received before 1997.

Loan repayment reserve
The loan repayment reserve consists of the equity reserve of a real estate company that belongs to the Group.

Dividends
Following the balance sheet date, the Board of Directors proposed that a dividend of EUR 0.60 per share be distributed.

	Group		Parent company	
	2005	2004	2005	2004
Calculation of distributable funds				
Retained profits	19,679	17,584	2,001	836
Profit for the financial period	9,739	9,917	12,711	8,987
- share of accumulated depreciation difference booked in equity	-5,661	-6,503		
Total	23,756	20,997	14,712	9,823

21. Interest-bearing liabilities

Non-current interest-bearing liabilities	**2005**	**2004**
Loans from financial institutions	63	189
Non-current interest-bearing liabilities	63	189

Current interest-bearing liabilities		
Loans of financial institutions	126	2,126
Current interest-bearing liabilities	126	2,126

All the interest-bearing liabilities are loans from financial institutions, and their interest expenses are recognised on an accrual basis in the financial statements.

Interest-bearing liabilities have the following maturities:

2006	126
2007	63
Total	189

Unused bank credit limits were EUR 4,168 thousand on 31 December 2005.

22. Accounts payable and other payables

	2005	**2004**
Advances received	1,547	1,413
Accounts payable	1,620	1,368
Payables to associated companies	8	3
Accrued expenses and deferred income	2,602	2,632
Other payables	1,707	1,713
Accounts payable and other payables	7,484	7,129

Substantial accrued expenses and deferred income items		
Accruals of personnel expenses	2,566	2,416
Other items	35	216
Total	2,602	2,632

23. Financial risk management

The Board of Directors determines financial risk management principles, and the parent company's finance department is in charge of all the Group's risk management operations on a centralised basis. The Group is not exposed to any significant financial risks because of its high equity ratio, negative net debt and healthy liquidity.

Currency risk
The Group is not exposed to any significant currency risk because its transactions are mainly denominated in euros.

Interest rate risk
The Group's interest rate risk is low because its interest-bearing liabilities are at very low levels.

Market risk of investment activities
Investments are made through well-known partners with high credit rating. In relation to its operations, the Group is subject to price risks for listed shares due to fluctuations in market prices. The Group's Board of Directors reviews the risk assessment of its investments in shares once a month. The most significant risk concentration relates to Alma Media Corporation shares.

Credit risk
The company receives its subscription payments in advance. Receivables from advertising and printing sales are spread among a wide group of domestic customers. The company keeps customer balances under constant surveillance and reacts to outstanding accounts immediately. If necessary, the company makes provisions for credit risks from foreign customers using credit insurance.

Liquidity risk

The company maintains sufficient liquid assets by using Group accounts and unused bank credit limits, among other things. It invests any extra liquid assets in low-risk, short-term financial instruments such as bank certificates of deposit, and the commercial papers of companies with good credit ratings.

24. Contingent liabilities

Collateral pledged for own commitments	2005	2004
Loans secured with mortgages on company assets		
Loans from financial institutions	189	2,315
Mortgages on real estate	2,017	2,035
Mortgages on company assets	168	505
Mortgages total	2,185	2,540
Collateral pledged on behalf of others		
Guarantees	16	16
Minimum rents payable under non-cancellable leases:		
Due within one year	117	127
Due within more than one but no more than five years	321	127
Total	438	254

25. Related party transactions

Ilkka-Yhtymä Group's related parties include associated companies, members of the Board of Directors, members of the Supervisory Board, the Managing Director and the Group Executive Team.

Group holdings in parent company and subsidiaries are as follows:

Company	Domicile	Shareholding	Proportion of votes
The parent company			
Ilkka-Yhtymä Oyj	Seinäjoki		
I-print Oy	Seinäjoki	100%	100%
Pohjanmaan Lähisanomat Oy	Seinäjoki	100%	100%
Sanomalehti Ilkka Oy	Seinäjoki	100%	100%
Vaasa Oy	Vaasa	100%	100%
I-Mediat Oy	Seinäjoki	100%	100%
Kiinteistö Oy Seinäjoen Koulukatu 10	Seinäjoki	100%	100%
Seinäjoen Kassatalo Osakeyhtiö	Seinäjoki	100%	100%

Information on associated companies can be found in section 12.

The following related party transactions were carried out in 2005:

Sales of goods and services	2005	2004
To associated companies	177	149
To other related parties	890	901
Purchased of good and services		
From associated companies	496	477
From other related parties	63	50
Trade receivables		
From other related parties	53	60

Transactions with related parties are conducted at fair market prices.

Receivables and debts, financial income and expenses from associated companies are described in notes 7, 14, 17 and 22.

Employee benefits to management	**2005**	**2004**
Salaries and other short-term employee benefits	706	680

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

The retirement age of the Managing Director is in line with the current retirement pension scheme. The Managing Director's period of notice from the company is 6 months, and the company will also pay severance pay equalling 12 months' salary. The Managing Director must give six months' notice.

Salaries and fees	**2005**	**2004**
Managing Director and Board Members	349	335
Members of the Supervisory Board	29	24

26. Events after the balance sheet date

The Board of Directors is not aware of any significant events after the balance sheet date that would have had an effect on the calculations in the financial statements.

27. Transition to IFRS

These are Ilkka-Yhtymä Group's first IFRS-compliant financial statements. Before the adoption of IFRS, Ilkka-Yhtymä Group's financial statements were prepared in accordance with the Finnish Accounting Standards (FAS). The date of transition to IFRS was 1 January 2004. Ilkka-Yhtymä Group adopted reporting in accordance with IFRS starting on 1 January 2005.

The reconciliation statements and explanations presented below describe the differences between the IFRS-compliant financial statements and the FAS-compliant ones for 2004, and IFRS on the date of transition, 1 January 2004.

There are no important differences between the IFRS and FAS versions of the cash flow statement.

Reconciliation of shareholders' equity (EUR 1,000)	**31 Dec. 2004**	**1 Jan. 2004**
Equity at year-end (FAS)	43,121	54,499
IAS 39 Measurement of available-for-sale financial assets at fair value	385	3,305
IAS 39 Impairment of available-for-sale financial assets	-126	-126
IAS 39 Impairment of receivables		-77
IFRS 3 Recognition of consolidation difference		172
IFRS 3 Reversal of Group goodwill amortisation	202	
IAS 39 Measurement of financial assets at fair value through profit or loss	831	501
Equity at period-end (IFRS)	44,413	58,274

Reconciliation of profit (EUR 1,000)	**2004**
Net profit FAS	9,480
Effects of transition to IFRS	
IAS 3 Group goodwill	202
IAS 3 Consolidation difference	-172
IAS 39 Securities trading	340
IAS 36 Impairment of receivables	108
IAS 12 Deferred tax	-42
Total IFRS adjustments	436
Net profit under IFRS	**9,917**

CONSOLIDATED BALANCE SHEET (EUR 1,000)	FAS 31 Dec. 2003	IFRS-adjustments	IFRS 1 Jan. 2004	FAS 31 Dec. 2004	IFRS-adjustments	IFRS 31 Dec. 2004	Note
ASSETS							
NON-CURRENT ASSETS							
Intangible assets	486	-158	328	549	-116	432	1
Investment property		630	630		753	753	2
Property, plant and equipment	23,195	-472	22,723	23,998	-637	23,361	3
Shares in associated companies	404		404	9,395	203	9,588	4
Available-for-sales investments	6,038	4,528	10,566	5,512	394	5,906	5
Non-current trade and other receivables	1,424	-108	1,315	1,315		1,315	6
Other tangible assets	231		231	227		227	
Deferred tax assets		31	31				7
TOTAL NON-CURRENT ASSETS	31,778	4,451	36,229	40,987	597	41,584	
ÇURRENT ASSETS							
Inventories	5,667	-4,656	1,011	5,317	-4,393	923	8
Trade and other receivables	22,058	-18,459	3,599	5,283	-999	4,284	9
Income tax assets	4,560		4,560	2,651		2,651	
Financial assets at fair value through profit or loss		5,361	5,361		5,438	5,438	10
Cash and cash equivalents	4,563	18,459	23,022	2,909	999	3,908	11
TOTAL CURRENT ASSETS	36,848	705	37,553	16,161	1,045	17,205	
TOTAL ASSETS	68,626	5,156	73,782	57,147	1,642	58,790	
SHAREHOLDER'S EQUITY AND LIABILITIES							
SHAREHOLDER'S EQUITY							
Share capital	3,259		3,259	3,259		3,259	
Share premiun fund	166		166	166		166	
Fair value reserve and other reverves	13,103	3,304	16,407	13,103	385	13,488	12
Retained earning/loss	37,971	470	38,442	26,593	907	27,500	13
Shareholder's equity held by parent company shareholders	54,499	3,774	58,274	43,121	1,292	44,413	
TOTAL SHAREHOLDER'S EQUITY	54,499	3,774	58,274	43,121	1,292	44,413	
CONSOLIDATION DIFFERENCE	172	-172					14
NON-CURRENT LIABILITIES							
Deferred tax liabilities	3,187	1,554	4,741	2,688	350	3,038	15
Non-current interest-bearing liabilities	315		315	189		189	
TOTAL NON-CURRENT LIABILITIES	3,502	1,554	5,056	2,877	350	3,228	
CURRENT LIABILITIES							
Current interest-bearing liabilities	126		126	2,126		2,126	
Accounts payable and other payables	6,563		6,563	7,129		7,129	
Income tax liabilities	3,763		3,763	1,893		1,893	
TOTAL CURRENT LIABILITIES	10,452		10,452	11,149		11,149	
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES	68,626	5,156	73,782	57,147	1,642	58,790	

CONSOLIDATED INCOME STATEMENT (EUR 1,000)	FAS 1-12/2004	IFRS-adjustments	IFRS 1-12/2004	Note
NET SALES	70,493	-16,603	53,890	16
Increase (+) or decrease (-) in stocks of finished goods	-32		-32	
Other operating income	637	-61	575	17
Materials and services	-32,099	15,007	-17,092	18
Employee benefits	-17,671		-17,671	
Depreciation	-3,162	-172	-3,334	19
Other operating costs	-7,150	108	-7,042	20
OPERATING PROFIT	11,015	-1,721	9,295	
Financial income and expenses	1,313	844	2,157	21
Share of associated companies's results	375	203	577	22
PROFIT BEFORE TAXES	12,703	-674	12,029	
Income taxes	-3,223	1,110	-2,113	23
NET PROFIT	9,480	436	9,917	
NET PROFIT ATTRIBUTABLE TO				
Parent company shareholders	9,480	436	9,917	
Earnings/share, undiluted (EUR), continuing operations	0.73		0.76	
Earnings/share, diluted (EUR), continuing operations	0.73		0.76	
Average number of shares:				
- undiluted	13,036,296		13,036,296	
- diluted	13,036,296		13,036,296	

Notes to the reconciliation of shareholders' equity on 1 January 2004 and 31 December 2004, and the reconciliation of profit for 1 January –31 December 2004.

1.Intangible Assets
The re-classification of assets in the balance sheet to comply with IFRS presentation. In the IFRS balance sheet, renovation costs of rental premises and buildings were re-classified as property, plant and equipment (IAS 16).

2. Investment Property
The re-classification of assets in the balance sheet to comply with IFRS presentation. The Group's investment property previously under property, plant and equipment was re-classified as investment property. In the balance sheet, investment property is measured at cost.

3.Property, Plant and Equipment
The re-classification of assets in the balance sheet to comply with IFRS presentation. Renovation costs of rental premises and buildings previously under intangible assets were re-classified as buildings and structures under property, plant and equipment (IAS 16).

Investment property previously under property, plant and equipment was re-classified as investment property in the balance sheet (IAS 40). The impairment test of property, plant and equipment and intangible assets was carried out in the opening balance sheet, and there was no indication of impairment.

4.Shares in Associated Companies
Reversal of goodwill amortisation.

5.Available-for-sale financial assets
According to FAS, shares under non-current assets are measured at the lower of cost or value. Since 1 January 2004, under IAS 39, shares under non-current assets have been measured at fair value. Nevertheless, unlisted shares are measured at cost, with the exception of shares which have a valid buy or sell option. These shares are measured at the option price. Savon Media Oy shares previously under available-for-sale assets were re-classified as shares in associated companies from 1 July 2004.

6.Non-current Receivables
Impairment of subordinated loans granted (IAS 39).

7.Deferred Tax Assets
Tax assets from impairment of subordinated loans granted (IAS 12).

8.Inventories
The re-classification of inventories to comply with IFRS presentation. Securities under FAS-compliant current assets are re-classified as financial assets carried at fair value through profit and loss (IAS 39), as required by IFRS.

9.Trade and Other Receivables
The re-classification of trade and other receivables in the balance sheet to comply with IFRS presentation. Short-term investments under FAS-based loan receivables were re-classified as cash and cash equivalents (IAS 39) in the IFRS-compliant balance sheet.

10.Financial Assets at Fair Value through Profit or Loss
The re-classification and measurement to comply with IFRS presentation. Securities under FAS-compliant current assets are re-classified as financial assets carried at fair value through profit or loss, as required by IFRS. According to FAS, these securities are measured at the lower of cost or value. Since 1 January 2004, these shares have been measured at fair value in accordance with IAS 39.

11.Cash and Cash Equivalents
The re-classification of cash and cash equivalents to comply with IFRS presentation. In the IFRS balance sheet, cash and cash equivalents contain FAS-based current investments under loan receivables (IAS 39).

12.Fair Value Reserve
The measurement of available-for-sale financial assets at fair value (IAS 39) (Reconciliation of shareholders' equity on page 45).

13. Retained Earnings
The adoption of IFRS standards (Reconciliation of shareholders' equity on page 45)

	1 Jan. 2004	31 Dec. 2004
IAS 39 Impairment of available-for-sale financial assets	-126	-126
IAS 39 Impairment of receivables	-77	
IFRS 3 Recognition of consolidation difference	172	
IFRS 3 Reversal of Group goodwill amortisation		202
IAS 39 Measurement of financial assets at fair value	501	831
Total adjustments	470	907

14. Consolidation Difference
The remaining consolidation difference in the consolidated financial statements is recognised in the retained earnings in the opening IFRS balance sheet (IFRS 3).

15. Deferred Tax Liabilities
Tax liabilities due to IFRS adjustments (IAS 12).

16. Net Sales
Net sales from securities trading were re-classified under financial income and expenses.

17. Other Operating Income
Capital gains on shares under non-current assets were re-classified under financial income and expenses.

18. Materials and Services
Purchases of securities trading were re-classified under financial income and expenses.

19. Depreciation/amortisation
Elimination of consolidation difference.

20. Other Operating Costs
Adjustment of decreases in the value of receivables.

21. Financial income and expenses
The above-mentioned sales and purchases of securities trading were transferred from above the operating profit, and measured at fair value.

22. Share of Associated Companies' Results
Reversal of goodwill amortisation.

23. Income Taxes
The effect of the adjustments on taxes.

Ilkka-Yhtymä Group 2001-2005

Key figures indicating the financial development

	---- IFRS ----		-------------- FAS --------------			
Ilkka-Yhtymä Group	2005	2004	2004	2003	2002	2001
Net sales, MEUR	53.9	53.9	70.5	66.0	65.7	52.6
- change %	0.1	0.9	6.7	0.5	24.9	3.4
Operating profit, MEUR	9.5	9.3	11.0	11.4	7.6	10.2
- % of net sales	17.7	17.2	15.6	17.3	11.6	19.4
Profit before taxes, MEUR	12.5	12.0	12.7	13.7	10.1	12.6
- % of net sales	23.1	22.3	18.0	20.8	15.4	23.9
Result of the financial period, MEUR	9.7	9.9	9.5	9.8	7.2	8.9
- % of net sales	18.1	18.4	13.4	14.8	10.9	16.9
Return on equity (ROE), %	21.3	19.3	19.4	18.2	12.9	15.8
Return on investments (ROI), %	28.9	26.6	25.3	25.2	17.9	21.9
Equity ratio, %	82.6	77.4	77.4	81.0	82.3	83.0
Gearing, % *)	-20.8	-15.8	-11.6			
Gross capital expenditure, MEUR**)	6.8	12.5	12.5	4.1	2.7	2.3
- % of net sales	12.6	23.3	17.8	6.2	4.1	4.4
Balance sheet total, MEUR	58.4	58.8	57.1	68.6	65.7	72.1
Current ratio	1.81	1.54	1.57	3.66	3.80	4.39
Average no. of employees	410	427	427	446	462	459

*) principle of calculation changed FAS 2004
**) Includes investments in tangible and intangible assets and available-for-sale financial assets (shares).

Per-share ratios

Ilkka-Yhtymä Group	----- IFRS ----- 2005	2004	----- FAS ----- 2004	2003	2002	2001
Earnings per share (EPS), EUR	0.75	0.76	0.73	0.75	0.55	0.68
Shareholders' equity per share, EUR	3.61	3.41	3.31	4.18	4.06	4.51
Dividend per share (Series I), EUR	0.60	0.60	0.60	1.60	0.63	1.00
Dividend per share (Series II), EUR	0.60	0.60	0.60	1.60	0.63	1.00
Nominal dividend EUR/share (Series I and Series II)	0.60*)	0.60	0.60	1.60**)	0.63	1.00***)
Dividend per earnings, (Series I), %	80.3	78.9	82.5	213.2	113.4	146.6
Dividend per earnings, (Series II), %	80.3	78.9	82.5	213.2	113.4	146.6
Effective dividend yield (Series I), %	4.8	7.9	7.9	23.2	11.6	17.0
Effective dividend yield (Series II), %	5.5	8.0	8.0	21.8	11.1	19.0
Price per earnings (P/E) (Series I)	16.8	10.0	10.5	9.2	9.8	8.6
Price per earnings (P/E) (Series II)	14.7	9.8	10.3	9.8	10.2	7.7
Adjusted price development of shares						
average price (Series I), EUR	10.74	8.07	8.07	6.84	6.13	6.09
average price (Series II), EUR	9.54	7.68	7.68	6.70	5.65	4.88
lowest price (Series I), EUR	8.15	6.50	6.50	5.50	5.38	5.00
lowest price (Series II), EUR	7.50	6.01	6.01	5.28	4.88	4.25
highest price (Series I), EUR	13.70	9.45	9.45	8.17	7.13	6.52
highest price (Series II), EUR	11.30	8.79	8.79	7.75	6.63	5.50
price at the end of period (Series I), EUR	12.58	7.60	7.60	6.89	5.38	5.88
price at the end of period (Series II), EUR	10.89	7.48	7.48	7.35	5.63	5.25
Market capitalisation, MEUR	148.4	98.0	98.0	94.0	72.4	70.8
Shares traded (Series I), number of shares	75,375	318,646	318,646	40,076	801,072	65,992
- % of total number of shares	2.0	8.3	8.3	1.0	20.9	1.7
Shares traded (Series II), number of shares	1,777,499	6,489,917	6,489,917	1,568,520	3,002,552	103,452
- % of total number of shares	19.3	70.5	70.5	17.0	32.6	1.1
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	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	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 of EUR 0.38
Decision of the Extraordinary General Meeting on 29 July 2002, per-share dividend of EUR 0.62

Figures are split-adjusted.

Formulas for the per-share ratios

The following formulas are used to calculate the Group's financial perfomance:

$$\text{Return on equity (\%) (ROE)} = \frac{\text{Net profit}}{\text{Shareholders' equity (average)}} \times 100$$

$$\text{Return on investment (\%) (ROI)} = \frac{\text{Profit before taxes+ interest and other financial expenses}}{\text{Balance sheet total – non-interest-bearing liabilities (average)}} \times 100$$

$$\text{Equity ratio (\%)} = \frac{\text{Shareholders' equity}}{\text{Balance sheet total – Advances received}} \times 100$$

$$\text{Gearing (\%)} = \frac{\text{Interest-bearing liabilities – cash and cash equivalents – financial assets measured at fair value through profit or loss}}{\text{Shareholders' equity}} \times 100$$

$$\text{Current ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

The following formulas are used to calculate per-share ratios:

$$\text{Earnings per share (EPS)} = \frac{\text{Net profit}}{\text{Adjusted average number of shares during the period}}$$

$$\text{Shareholders' equity per share} = \frac{\text{Shareholders' equity}}{\text{Adjusted number of shares on the balance sheet date}}$$

$$\text{Dividend per share} = \frac{\text{Dividend per share for the period}}{\text{Adjustment factor for share issues taking place after the end of the period}}$$

$$\text{Dividend per earnings (\%)} = \frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$$

$$\text{Effective dividend yield (\%)} = \frac{\text{Dividend per share}}{\text{Adjusted closing share price}} \times 100$$

$$\text{Price/Earnings ratio (P/E)} = \frac{\text{Adjusted closing share price}}{\text{Earnings per share}}$$

$$\text{Adjusted average share price} = \frac{\text{Total turnover of shares, EUR}}{\text{Adjusted number of shares traded}}$$

Market capitalisation = Number of shares x the share's closing price

Parent Company Income Statement, FAS

(EUR 1,000)	NOTE	1.1.-31.12.2005	1.1.-31.12.2004
NET SALES	1	23,985	18,595
Other operating income	2	1,019	1,023
Materials and services	3	-20,710	-15,007
Personnel costs	4	-1,884	-1,845
Depreciation and write-downs	5	-466	-404
Other operating costs	6	-1,455	-2,133
OPERATING PROFIT		489	229
Financial income and expenses	7	5,206	4,010
PROFIT BEFORE EXTRAORDINARY ITEMS		5,694	4,239
Extraordinary items	8	9,350	8,400
PROFIT BEFORE APPROPRIATIONS AND TAXES		15,044	12,639
Appropriations		107	23
Income taxes	9	-2,439	-3,675
PROFIT FOR THE FINANCIAL PERIOD		12,711	8,987

Parent Company Balance Sheet, FAS

(EUR 1,000)		31.12.2005	31.12.2004
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	10	139	201
Tangible assets	10	5,830	6,154
Investments	11	26,528	22,787
NON-CURRENT ASSETS		32,497	29,143
CURRENT ASSETS			
Inventories	12	1,853	4,393
Non-current receivables	13	11	1,288
Current receivables	13	545	3,280
Cash and bank deposits		3,290	334
CURRENT ASSETS		5,699	9,295
ASSETS		38,195	38,438
SHAREHOLDERS' EQUITY AND LIABILITES			
SHAREHOLDERS' EQUITY	14		
Share capital		3,259	3,259
Issue premium fund		166	166
Reserve fund		13,079	13,079
Retained earnings		2,001	836
Profit/loss for the financial period		12,711	8,987
SHAREHOLDERS' EQUITY		31,216	26,326
ACCUMULATED APPROPRIATIONS	15	1,290	1,397
LIABILITIES	16		
Current interest-bearing liabilities		3,244	7,575
Current interest-free liabilities		2,444	3,139
LIABILITIES		5,689	10,714
SHAREHOLDERS' EQUITY AND LIABILITIES		38,195	38,438

FAS = Finnish Accounting Standards

Parent company cash flow statement, FAS

(EUR 1,000)	2005	2004
Cash flow from operations		
Profit for the period under review	12,711	8,987
Adjustments	-12,878	-11,450
Change in working capital	2,839	120
Cash flow from operations before financial items and taxes	**2,673**	**-2,344**
Financial income and expenses	1,087	2,407
Direct taxes paid	-1,519	-1,860
Cash flow from operations	**2,241**	**-1,797**
Cash flow from investments		
Investments in tangible and intangible assets, net	-79	-2,647
Other investments, net	-3,136	-6,489
Loans granted	-246	
Repayments of loans receivable	1,277	
Dividends received from investments	4,660	2,710
Cash flow from investments	**2,475**	**-6,427**
Cash flow before financing items	**4,716**	**-8,224**
Cash flow from financing		
Change in current loans	-4,331	2,162
Change in non-current loans		108
Group contributions received and paid	9,350	8,400
Dividends paid and other profit distribution	-7,778	-20,523
Cash flow from financing	**-2,759**	**-9,852**
Increase (+) or decrease (-) in financial assets	**1,957**	**-18,076**
Liquid assets at the beginning of the financial period	1,333	19,410
Liquid assets at the end of the financial period	3,290	1,333

Notes to the cash flow statement:

	2005	2004
Adjustments to profit/loss for the period		
Depreciation and impairment	466	404
Sales gains (-) and losses (+) on non-current assets	-604	-8
Financial income and expenses	-5,723	-7,098
Income taxes	2,439	3,675
Other adjustments	-9,457	-8,423
Adjustments to profit/loss for the period total	**-12,878**	**-11,450**
Change in working capital		
Increase (-)/decrease (+) in inventories	2,541	263
Increase (-)/decrease (+) in current interest-free operating receivables	-45	-48
Increase (+)/decrease (-) in current interest-free liabilities	344	-95
Change in working capital total	**2,839**	**120**

Notes to the parent company's financial statements

Accounting principles

Ilkka-Yhtymä Oyj's financial statements were prepared in accordance with the Finnish Accounting Standards and other rules and regulations governing the preparation of financial statements (FAS).

Comparability of data

The figures for 2005 are comparable with those of 2004.

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.

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

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.

Extraordinary items

Group contributions are entered in extraordinary items

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

	2005	2004
1. Net sales		
Net sales by operating sector		
Other operations	2,045	1,992
Securities trading	21,941	16,603
Total	23,985	18,595
2. Other operating income		
Sales gains on fixed assets		10
Rent income	1,018	1,013
Total	1,019	1,023
3. Materials and services		
Purchases during the financial period	18,165	14,745
Increase or decrease of stocks	2,541	263
Materials and supplies	20,705	15,007
External charges	5	
Materials and services total	20,710	15,007
4. Personnel costs		
Salaries and fees	1,453	1,443
Pension expenses	318	329
Other personnel costs	113	73
Total	1,884	1,845
Management's salaries and fees		
Managing director	165	158
Members of the Board of Directors		
Heikkilä Veikko	22	20
Aukia Jaakko	12	12
Hautala Lasse	6	6
Paatelainen Seppo	5	5
Savola Tapio	6	6
Members of the Supervisory Board		
Jaakko Rintala, Chairman	15	13
Other members:		

The Members receive EUR 250 for each meeting. The Supervisory Board convened twice during 2005 and three times during 2004.

	2005	2004
Personnel on average during the financial period		
Corparate services	34	34
5. Depreciation according to plan		
Intangible rights	68	51
Other long-term expenses	17	24
Buildings and constructions	273	223
Machinery and equipment	108	105
Total	466	404

6. Other operating expenses

	2005	2004
Costs for premises	642	1,138
Other cost items	813	994
Total	1,455	2,133

7. Financial income and expenses

Financial income

	2005	2004
Dividend (incl. avoir fiscal tax credit)		
From Group companies	3,915	2,937
From associated companies	590	
From others	156	880
Total	4,660	3,816
Interest income from investments in non-current assets		
Interest income from associated companies	39	
Total	39	
Other interest and financial income		
From Group companies	6	3
From others	690	360
Total	696	363
Financial income total	**5,395**	**4,179**

Financial expenses

	2005	2004
Other interest and financial expenses		
To Group companies	151	166
To others	38	3
Total	190	169
Financial expenses total	**190**	**169**
Financial income and expenses total	**5,206**	**4,010**
Interest income total	85	338
Interest expenses total	190	169

8. Extraordinary items

	2005	2004
Extraordinary items	9,350	8,400

Extraordinary items consist of Group contributions received.

9. Income taxes

	2005	2004
Income tax on extraordinary items	2,431	2,436
Income tax on ordinary operations	8	1,239
Total	2,439	3,675

10. Intangible and tangible assets

Intangible assets	Intangible rights	Other long-term assets	Advances paid	Total
Acquisition cost 1.1.2005	863	1,914		2,777
Increase	22		2	23
Acquisition cost 31.12.2005	884	1,914	2	2,800
Accumulated depreciation and impairment				
1.1.2005	693	1,883		2,576
Depreciation for the financial period	68	17		85
Accumulated depreciation 31.12.2005	761	1,900		2,661
Book value 31.12.2005	124	14	2	139
Book value 31.12.2004	170	31		201

Tangible assets	Land areas	Buildings and constructions	Machinery & equipment	Advance paid	Total
Acquisition cost 1.1.2005	496	7,729	5,806		14,030
Increase			47	9	56
Decrease			-71		-71
Transfers between items		4		-4	
Acquisition cost 31.12.2005	496	7,733	5,782	6	14,016
Accumulated depreciation and impairment					
1.1.2005		2,310	5,566		7,876
Accumulated depreciation of decrease and transfers			-71		-71
Depreciation for the financial period		273	108		381
Accumulated depreciation 31.12.2005		2,583	5,603		8,186
Book value 31.12.2005	496	5,150	178	6	5,830
Book value 31.12.2004	496	5,419	239		6,154

Balance sheet value of production machinery and equipment 31.12.2005	104
Balance sheet value of production machinery and equipment 31.12.2004	148

11. Investments

	Shares in Group companies	Shares in associated companies	Other shares and holdings	Other investments	Total
Book value 1.1.2005	8,144	9,089	5,371	184	22,787
Increase			5,577		5,577
Decrease			-1,837		-1,837
Book value 31.12.2005	8,144	9,089	9,111	184	26,528

Difference in market value and book value of publicly quoted securities

Publicly quoted securities entered under investments	**2005**	**2004**
Market value	7,134	2,485
Book value	5,705	1,965
Difference	1,429	520

Companies owned by the parent company

Group companies	Ownership -%
I-Mediat Oy, Seinäjoki	100.0
I-print Oy, Seinäjoki	100.0
Kiinteistö Oy Seinäjoen Koulukatu 10, Seinäjoki	100.0
Seinäjoen Kassatalo Osakeyhtiö, Seinäjoki	100.0
Vaasa Oy, Vaasa	100.0
Sanomalehti Ilkka Oy, Seinäjoki	100.0
Pohjanmaan Lähisanomat Oy, Seinäjoki	100.0

Associated companies	Ownership -%
Arena Partners Oy, Kuopio	24.1
Savon Mediat Oy, Kuopio	25.6
Väli-Suomen Media Oy, Jyväskylä	20.0
Yrittävä Suupohja Oy, Kauhajoki	38.5

12. Inventories

	2005	2004
Other inventories	1,853	4,393
Total	1,853	4,393

Difference in market value and book value of publicly quoted securities

Marketable securities		
Market value	2,650	5,438
Book value	1,853	4,393
Difference	798	1 045

13. Receivables

Non-current receivables

Receivables from associated companies		
Loan receivables	11	1,288
Total	11	1,288
Non-current receivables total	**11**	**1,288**

Subordinate Loans
Non-current loan receivables include EUR 11 thousand of subordinate loans to associated companies (EUR 1,288 thousand in 2004).

Current receivables

Other receivables	14	1,073
Accrued income (from others)	150	2,080

Receivables from Group companies		
Trade receivables	27	30
Loan receivables	309	63
Other receivables	33	30
Total	370	123

	2005	2004
Receivables from associated companies		
Trade receivables	11	4
Total	11	4
Current receivables total	**545**	**3,280**
Substantial accrued income items		
Tax receivables		2,001
Other	150	79
Total	150	2,080

14. Shareholder's equity

Share capital1.1.	3,259	3,259
Share capital 31.12.	3,259	3,259
Issue premium fund 1.1.	166	166
Issue premium fund 31.12.	166	166
Reserve fund 1.1.	13,079	13,079
Reserve fund 31.12.	13,079	13,079
Retained earnings 1.1.	9,823	21,694
Other change in shareholder's equity		
Dividend distribution	-7,822	-20,858
Retained earnings 31.12.	2 001	836
Profit for the financial period	12,711	8,987
Shareholder's equity total	31,216	26,326

Statement of distributable funds 31.12.		
Retained earnings	2,001	836
Profit for the financial period	12,711	8,987
Total	14 ,712	9,823
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.

15. Accumulated appropiations

Accumulated appropriations in Ilkka-Yhtymä Oyj consist of accumulated depreciation difference.

16. Liabilities

Current liabilities	2005	2004
Loans from financial institutions		2,000
Accounts payable	417	70
Other payables	956	912
Accrued expenses and deferred income	1,069	2,147
Payables to Group companies		
Accounts payable	2	10
Other payables	3,244	5,575
Accrued expenses and deferred income	1	1
Total	3,247	5,586
Current liabilities total	**5,689**	**10,714**
Substantial accrued expenses and deferred income items		
Accruals of personnel expenses	271	235
Accruals of income taxes	772	1,853
Other	27	59
Total	1,069	2,147
Interest-free liabilities	2,444	3,139

17. Guarantees and contingent liabilities

Contingent liabilities on behalf of others		
Guarantees	16	16

Shares and shareholders

The share capital of Ilkka-Yhtymä Oyj entered in the trade register was EUR 3,259,074 on 31 December 2005. 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.

Share capital 31 Dec 2005

	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 - 2005

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 1) directed at shareholders of Järviseudun Lehti-Osakeyhtiö, ratio 1:44 Series II		42,416			
	directed at shareholders of Kristiinan Sanomalehti Oy, ratio 1:52 Series II		14,976			
	directed at shareholders of Osakeyhtiö Seinäjoki, ratio 7:2 Series II		29,408			
	Total		86,800	18,248	1,827,235	1/1 1995
13 May-14 June 1996	Right issue with two shares of Series I or II one share of series II à EUR 4.20		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.

Quatation and Trading in Shares

The Series II shares of Ilkka-Yhtymä Oyj have been listed on the Main list of the Helsinki Stock Exchange since 10 June 2002, while the company's Series I shares are listed on the I-list.

The number of Series I shares of Ilkka-Yhtymä Oyj traded on the Investors' List in 2005 was 75,375, which is 2 per cent of series share stock. The trading value of shares was EUR 0.8 million. The number of Series II shares traded on the Main list totalled 1,777,499, which equals 19 per cent of the series share stock. Their trading value was EUR 17.0 million. During the report period, the lowest quotation for Ilkka-Yhtymä Oyj's Series I share was EUR 8.15 and the highest EUR 13.70, while the lowest quotation for a Series II share was EUR 7.50 and the highest EUR 11.30. At period-end closing price, the share capital market value was EUR 149.0 million.

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

31 Dec 2005	Series I	Series II	Shares in total	% of shares
Thominvest Oy		750,000	750,000	5.75 %
Kaleva Mutual Insurance Company		567,208	567,208	4.35 %
Mutual Insurance Company Pension-Fennia		482,500	482,500	3.70 %
The estate of Laakkonen Reino		444,468	444,468	3.41 %
Sampo Life Insurance Company Limited	146,864	293,200	440,064	3.38 %
Aukia Jaakko	168,016	100,850	268,866	2.06 %
Ilmarinen Mutual Pension Insurance Company	90,560	160,000	250,560	1.92 %
Etelä-Pohjanmaan Lehtiseura ry	192,260	52,696	244,956	1.88 %
Keski-Pohjanmaan Kirjapaino Oyj	180,808	41,472	222,280	1.71 %
TS-Yhtymä Oy	35,600	106,560	142,160	1.09 %
Ten major shareholders, total	814,108	2,998,954	3,813,062	29.25 %
Other owners	3,011,724	6,211,510	9,223,234	70.75 %
Total	3,825,832	9,210,464	13,036,296	100.00 %

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

31 Dec 2005	Series I reg.	% of shares	Series II	% of Shares	Shares in total	% of votes
Aukia Jaakko	167,456	4.38 %	100,850	1.09 %	268,306	4.02 %
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 %
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	61,344	1.60 %	63,236	0.69 %	124,580	1.50 %
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	993,368	25.96 %	423,118	4.59 %	1,416,486	23.67 %

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

31 Dec 2005	Series I reg.	Series II	Shares of total	% of shares
Thominvest Oy		750,000	750,000	5.75 %
Kaleva Mutual Insurance Company		567,208	567,208	4.35 %
Mutual Insurance Company Pension-Fennia		482,500	482,500	3.70 %
The estate of Laakkonen Reino		444,468	444,468	3.41 %
Sampo Life Insurance Company Limited		293,200	293,200	2.25 %
Aukia Jaakko	167,456	100,850	268,306	2.06 %
Ilmarinen Mutual Pension Insurance Company	90,560	160,000	250,560	1.92 %
Etelä-Pohjanmaan Lehtiseura Ry	169,420	52,696	222,116	1.70 %
Keski-Pohjanmaan Kirjapaino Oyj	169,380	41,472	210,852	1.62 %
Mutka Heikki	61,344	63,236	124,580	0.96 %
Total	658,160	2,955,630	3,613,790	27.72 %

Book-entry System

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

Management Holdings

On 31 December 2005, the company's Supervisory Board, the Board of Directors and the Managing Director held a total of 864,428 shares, or 6.63 per cent of the entire share capital and 12.53 per cent of the votes.

Taxable Share Value

With respect to taxation in 2005, the taxable value of Ilkka-Yhtymä Oyj's Series I shares was confirmed as EUR 8.54, and the taxable value of Series II shares was EUR 7.67 per share.

Shareholders by number of shares held on 31 Dec 2005 *)

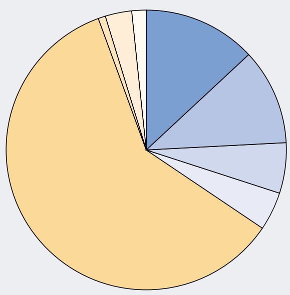
Number of shares, Series I	No. of holdings	% of holdings	No. of shares	% of shares
1 - 200	2,040	54.30	182,751	4.78
201 - 400	673	17.91	199,530	5.22
401 - 2,000	871	23.18	806,806	21.09
2,001 - 4,000	88	2.34	239,272	6.25
4,001 -	85	2.26	1,821,446	47.61
TOTAL	3,757	100.00	3,249,805	84.94
On waiting list			458,531	11.99
In joint account			117,496	3.07
SHARED ISSUED			3,825,832	100.00

Number of shares, Series II	No. of holdings	% of holdings	No. of shares	% of shares
1 - 200	2,301	38.36	220,966	2.40
201 - 400	1,140	19.00	360,049	3.91
401 - 2,000	2,028	33.81	1,897,155	20.60
2,001 - 4,000	312	5.20	884,418	9.60
4,001 -	218	3.63	5,744,968	62.37
TOTAL	5,999	100.00	9,107,556	98.88
In joint account			102,908	1.12
SHARED ISSUED			9,210,464	100.00

*) According to shareholders' register

Distribution of shares according to owner groups

Private companies	12.76 %
Financial institutions and insurance companies	11.04 %
Public-sector organisations	5.94 %
Non-profit organisations	4.52 %
Households	59.90 %
Foreign owners and nominee register	0.62 %
On wainting list	3.52 %
In joint account	1.69 %



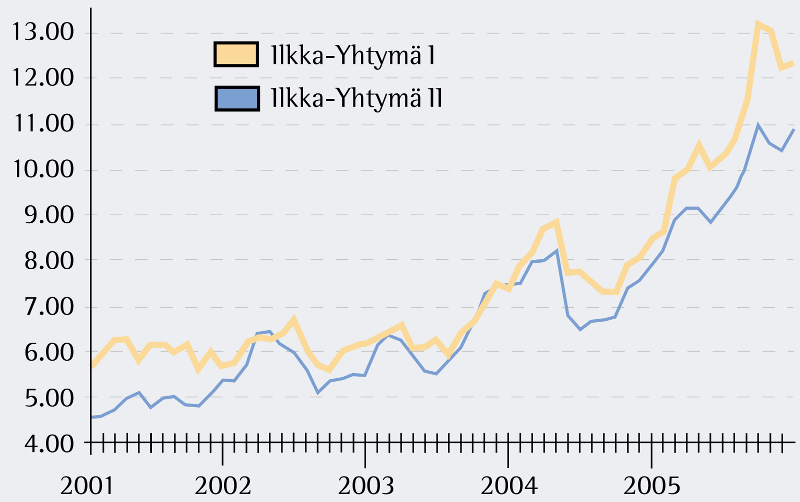
Shareholders by sector 31 Dec 2005 *)

Shareholder category, Series I	No. of holdings	% of holdings	No. of shares	% of shares
Private companies	52	1.38	395,688	10.34
Financial institutions and insurance companies	14	0.37	243,296	6.36
Public-sector organisations	2	0.05	129,184	3.38
Non-profit organisations	83	2.20	284,752	7.44
Households	3,604	95.93	2,196,445	57.41
Foreign owners	2	0.05	440	0.01
TOTAL	3,757	100.00	3,249,805	84.94
On waiting list total			458,531	11.99
In joint account			117,496	3.07
SHARED ISSUED			3,825,832	100.00

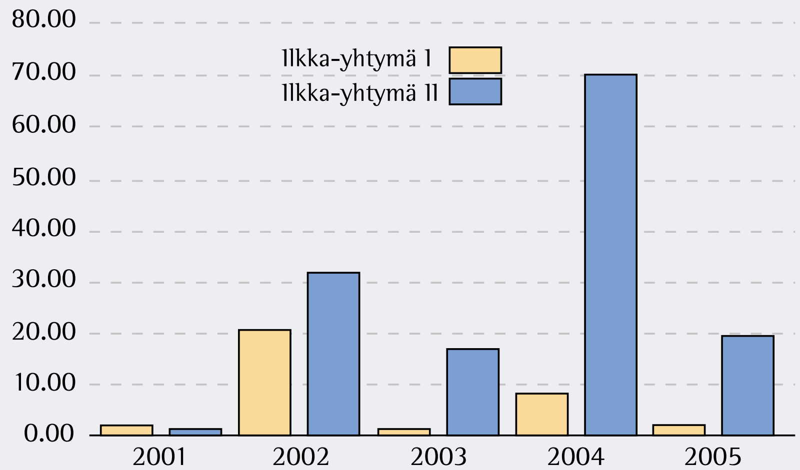
Shareholder category, Series II	No. of holdings	% of holdings	No. of shares	% of shares
Private companies	152	2.53	1,268,364	13.77
Financial institutions and insurance companies	23	0.38	1,196,536	12.99
Public-sector organisations	5	0.08	645,704	7.01
Non-profit organisations	112	1.87	304,553	3.31
Households	5,697	94.97	5,612,241	60.93
Foreign owners	10	0.17	80,158	0.87
TOTAL	5,999	100.00	9,107,556	98.88
In joint account			102,908	1.12
SHARED ISSUED			9,210,464	100.00
Nominee-registered total			50,298	0.55

*) According to shareholders' register

Average share price of Ilkka-Yhtymä Oyj's shares (EUR), 1 Jan 2001 - 31 Dec 2005



Relative exchange of Ilkka-Yhtymä Oyj shares (%) 2001 -2005



Proposal by the Board of Directors on profit distribution

The Group's distributable funds	EUR	23,756,015.87
The parent company's distributable funds		
Undistributed funds from profits from earlier financial periods	EUR	2,000,893.51
The profit for the financial year	EUR	12,711,480.99
Total	EUR	14,712,374.50

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, 20 February 2006

BOARD OF DIRECTORS

Veikko Heikkilä

Jaakko Aukia

Seppo Paatelainen

Tapio Savola

Lasse Hautala

Matti Korkiatupa
toimitusjohtaja

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 21 February 2006.

Seinäjoki, 21 February 2006

Ernst & Young Oy
Authorised Public Accountants

Tomi Englund
Authorised Public Accountant

Pekka Kiljunen
Authorised Public Accountant

Auditor's 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 year 2005. The Board of Directors and the Managing Director have prepared the report of the Board of Directors and the consolidated financial statements in accordance with the International Financial Reporting Standards, as adopted by the EU, and the parent company's financial statements prepared in accordance with prevailing regulations in Finland, which comprises the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements. Based on our audit, we express our opinion on the consolidated financial statements and the parent company's financial statements and corporate governance.

We conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain a reasonable assurance that the financial statements are free of material misstatements. The purpose of our audit of corporate governance is to verify that the Member of the Supervisory Board and the Board of Directors and the Managing Director have complied with the rules of the Finnish Companies Act.

Consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view, as referred to in the International Financial Reporting Standards as adopted by the EU and defined in the Finnish Accounting Act, of the consolidated results of operations as well as of the financial position. The consolidated financial statements can be adopted.

Parent company's financial statements and corporate governance

In our opinion, the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Finnish Accounting Act, of the parent company's result of operations as well as of its financial position. The financial statements can be adopted and the members of the Supervisory Board and Board of Directors as well as the Managing Director can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding profit attributable to shareholders is in compliance with the Companies' Act.

Seinäjoki, 21 February 2006

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 2005, 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: Jari Eklund Helsinki, Raimo Joronen Seinäjoki, Ossi Jäkärä Vaasa, Antti Kiviniemi Jalasjärvi, Yrjö Kopra Helsinki, Juha Mikkilä Kurikka, Sari Mutka Helsinki and Martti Ojares Helsinki and in accordance with Section 5 of the Articles of Association, Särkijärvi Pauli Evijärvi (68 years old in 2006).

Seinäjoki, 1 April 2006

Jaakko Rintala	Matti Korkiatupa
Chairman of the Supervisory Board	Managing Director

Ilkka-Yhtymä's Group Structure

Ilkka-Yhtymä Oyj

Managing Director Matti Korkiatupa
• The Group's parent company

Sanomalehti Ilkka Oy

Managing Director Matti Korkiatupa

Responsible for business operations
Hannu Uusihauta

Regional newspaper: Ilkka

Vaasa Oy

Managing Director Matti Korkiatupa

Responsible for business operations
Päivi Sairo

Regional newspaper: Pohjalainen

Free sheet: Vaasan Ikkuna

I-print Oy

Managing Director Seppo Lahti
• Newspaper printing
• Sheet and digital printing
• Page-making

Locations:
• Seinäjoki • Vaasa

Pohjanmaan Lähisanomat Oy

Managing Director Matti Korkiatupa

Responsible for business operations
Sauli Harjamäki

Local newspapers:
Härmät, Jurvan Sanomat, Järviseutu,
Suupohjan Sanomat, Viiskunta

Free sheet: Etelä-Pohjanmaa

Kiinteistö Oy Seinäjoen Koulukatu 10
Seinäjoen Kassatalo Osakeyhtiö
I-Mediat Oy

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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+358 6 324 9356/subscriptions
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Fax +358 6 557 5914
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www. jarviseutu-lehti.fi

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Fax +358 6 245 4460
Email: firstname.lastname@suupohjansanomat.fi
www. suupohjansanomat.fi

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Fax +358 6 542 1216
Email: firstname.lastname@viiskunta.fi
www. viiskunta.fi

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Tel. +358 6 418 6750

Email: firstname.lastname@iprint.fi
www.iprint.fi

Newspaper plant I-print
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Fax +358 6 418 6766/management

I-print Premedia
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Fax +358 6 418 6797

I-print Vaskiluoto
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