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Annual General Meeting

The Annual General Meeting of Ilkka-Yhtymä Oyj will be held on Monday, 26 April 2004 at 3 p.m. at Ilkka-Yhtymä Oyj's head office in Seinäjoki. The address is Koulukatu 10, entrance D.

Dividend Distribution

The Board of Directors proposes to the AGM that a per-share dividend of EUR 4.00 be paid for 2003. If this proposal is approved, the record date of dividend payment will be 29 April 2004, and the dividend will be paid on 6 May 2004.

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

Ilkka-Yhtymä Oyj's share information has been maintained by the Finnish Central Securities Depository Ltd., telephone +358 (0)9 616 671, fax +358 (0)9 6166 7368. Issues relating to shareholder information are handled by Ilkka-Yhtymä Oyj's Financial Service Department, located at Koulukatu 10, FIN-60100 Seinäjoki, telephone +358 (0)6 418 6643.

Financial Information

In 2004, Ilkka-Yhtymä Oyj will publish interim reports as follows: for the period January–March on 27 April 2004, for the period January–June on 27 July 2004, and for the period January–September on 26 October 2004. These will be available both in Finnish and English on our website at www.ilkka-yhtyma.fi and can also be ordered from Ilkka-Yhtymä Oyj, Osake-rekisteri, P.O. Box 60, FIN-60101 Seinäjoki, telephone +358 (0)6 418 6643, or by e-mail: tuula.karki@ilkka-yhtyma.fi.



Vaasa Oy 100 years



Economic and Business Reviews

General economic development remained weak during 2003, suffering from the overall unpredictability of the global economic development. According to forecasts by The Research Institute of the Finnish Economy (ETLA), Finland's GDP grew slightly, by 1.3 per cent, while standing at well below one per cent in the rest of the EU. Expectations of a more vigorous growth remained unrealised. Although the second half of the year brought some positive news of the US economy, it remains to be seen whether it will last and for how long. Export demand in the Euro area was

weakened by a stronger euro against the dollar.

In Finland, the total manufacturing volume index for January-November grew by less than one per cent, while the index for the graphics industry fell by almost one per cent. The value of total exports in January-November fell by 3 per cent year on year. Changes in consumer prices for the year averaged 0.9 per cent, while interest rates remained low, upholding domestic demand. Employment took a slight downturn.

Graphic Industry

During the first three quarters of 2003, net sales in publishing and printing fell by 0.2 per cent year on year. Salaries and wages paid by companies during the same period fell by almost one per cent.

Publishing

In publishing, net sales for 2003 increased by an estimated three per cent year on year, the publishing of books, newspapers and periodicals showing a similar growth. The volume index of Statistics Finland's publishing arm for January-November grew by 0.7 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 160, rising to EUR 165 by the beginning of 2004, an increase of 3.2 per cent. The average subscription price for daily papers that come out seven times a week was EUR 180 at the beginning of the period, and EUR 183 by the beginning of 2004. For newspapers that come out less frequently (1-3 days per week) the average subscription price was EUR 48 at the beginning of 2003, and EUR 50 at the beginning of the following year, an increase of 3.8 per cent.

According to an advertisement survey compiled by the Finnish Newspapers Association, total advertising space in its member newspapers came to 469,100 column metres. This figure includes

advertisements published in both newspapers and their supplements. Compared with the previous year, this constituted an increase of 0.1 per cent, (advertising space in 2002 decreased by 2.3 per cent). According to the product category statistics produced by Suomen Gallup Group Oy, colour advertisements accounted for 87 per cent of the total column metres devoted to advertisements. Newspapers' advertising income increased by 2.2 per cent year on year.

Graphics Industry

In 2003, net sales generated by the printing business and related companies serving the sector was approximately 4 per cent lower than in the previous year. In addition to volumes, the price level also decreased during the year. Cost development eased the situation as the prices for paper were at a significantly lower level than during the previous year. Reductions in wages and salaries continued in the industry, with a drop of approximately 3 per cent.

The downward trend in the export of printed material continued, its value decreasing at a rate of over 10 per cent. The decrease in volumes was less substantial as the strong euro and the drop in export prices affected the change of value in the major export markets. According to Statistics Finland, the volume index for January-November for the printing and other related industries fell by 2.6 per cent year on year. Fixed investments decreased by 15 per cent.



Managing Director's Review

After two years of decline, the volume of advertising grew slightly in Finland during 2003. The value of media advertising grew by 2.3 per cent year on year. Of the growth in newspaper advertising, almost half, or approximately 1 per cent, consisted of general election advertising. According to a preliminary report, net sales of the publishing business rose by 3 per cent across the country. The decline in the net sales of the printing business and related companies serving the sector that began at year-end 2001 continued, with a fall of approximately 4 per cent year on year.

The strategy of Ilkka-Yhtymä is based on a vision of a successful communications group. The cornerstones of the strategy consist of a strict focus on the publishing and printing of multi-channel newspapers, customer-driven and cost-efficient operations, and a motivated and skilled personnel.

In line with our customer strategy, we developed our core process operations in collaboration with our customers and suppliers during the year. Our aim is to produce cost-efficient and customer-driven service processes from the point of view of both the customer and the supplier.

To make use of the possibilities of multi-channel newspapers in the future, at year-end we purchased copyrights from the Group's journalists, and during 2004, we will invest in the development of editorial and lay-out systems. The network of Arena-Partners' papers expanded at the end of the year by five new regional newspapers. The partner network now comprises 13 regional newspapers, with the total circulation exceeding 520,000. This co-operation enables cost-efficient and, from the customers' point of view, versatile and regional coverage of web and mobile services connected to newspapers.

In the summer of 2003, Seppo Lahti, M.Sc. (Eng.), was appointed as the new CEO of I-print Oy. In the autumn, the company discontinued the eurotabloid printing rotation, and our local newspapers began to use the tabloid page size. I-print Oy was again successful in the four-colour competition arranged by the Finnish Newspaper Association, where Ilkka, published by the

company, won first price, and Pohjalainen was ranked third. The printing company is also celebrating its victory in the international Xeikon Diamond Award product development competition.

During the jubilee year, profits grew while net sales remained the same

During Vaasa Oy's centenary, Group net sales grew by 0.5 per cent, while net sales of its publishing arm increased by 4 per cent. Circulation income grew by 2 per cent and advertising income by 6 per cent. The growth in advertising income was fuelled by the region's new shopping centres and intensified advertising efforts. We can be content with the development in the publishing business as all our publishing houses have improved their results.

Net sales of I-print Oy, which is responsible for the Group's printing business, fell by 17 per cent, due to the intensifying competition caused by an increase in domestic capacity coupled with the stronger euro that contracted exports. The decrease in net sales was offset by the parent company's increase in securities trading by over 40 per cent.

Despite the decline in net sales, the Group's publishing and printing businesses' operating profit rose by 5 per cent during the financial year. The Group's total operating profit grew by 51 per cent, due to securities trading and capital gains on the sale of Janton Oyj shares.



In Expectation of Economic Growth

Due to wage settlements, tax adjustments and low inflation, the current year will see a considerable growth in consumer purchasing power. However, the recovery in the export industry is hindered by the strengthening euro. As advertising spending increases, prospects for the publishing industry look promising, but maintaining profitability in the printing business will present a challenge for the entire industry. The volume of securities trading will depend on available assets and the market situation of the present year.

In order to implement our multi-channel newspaper strategy, this spring we will introduce onto the market the rejuvenated electronic Arena services, developed for classified advertisements, in co-operation with the other AP newspapers. In line with our customer strategy, we will continue to develop services and related processes for our readers, advertisers and printing customers in co-operation with our customers. Our aim is to create deep-rooted customer partnerships and to operate in networks that will help us to cost-efficiently develop our communications services.

At the centenary party for Vaasa Oy's personnel, we announced the decision to build new premises for Vaasa Oy. The office that is being built by the Group for Vaasa Oy is located in downtown Vaasa and will be in service from the beginning of the summer.

This new office offers the staff of Pohjalainen and Vaasan Ikkuna modern facilities designed for the production of a multi-channel newspaper.

In addition to good facilities and production equipment, we need skilled and motivated personnel. Developing employee skills and fitness for work is a continuous process at Ilkka-Yhtymä and one which our employees and supervisory team have adopted commendably according to work climate surveys.

Thank You for Your Trust

In two years, the number of Ilkka-Yhtymä Oyj's shareholders has grown by over one thousand, now amounting to 5,232. I would like to extend my warmest thanks to both new and old shareholders for your trust, and to our customers and partners for fruitful collaboration, as well as to our entire workforce for a successful performance bearing the hallmark of the entrepreneurial spirit throughout 2003.

Matti Korkiatupa
Managing Director



I-print Oy at Tangomarkkinat



Ilkka-Yhtymä Group

The Ilkka-Yhtymä Group is a media group that consists of the parent company Ilkka-Yhtymä Oy, 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 a few associated companies.

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

2003 in brief

	2003	2002	Muutos-%
Ilkka-Yhtymä Group			
Net sales, MEUR	66.0	65.7	0.5
Operating profit, MEUR	11.4	7.6	50.6
Profit before extraordinary items, MEUR	13.7	10.1	35.5
Return on invest (ROI), %	25.2	17.9	
Earnings per share (EPS), EUR	3.00	2.20	36.4
Dividend per share, EUR	4.00 *)	2.50	60.0
Equity ratio, %	81.0	82.3	
Gross investments, MEUR	4.1	2.7	51.7
Personnel	446	462	-3.5

*) Board of Directors' proposal

Ilkka-Yhtymä Oy

Ilkka-Yhtymä Oy is the parent company of the Ilkka-Yhtymä Group. Its Series II shares quoted on the Helsinki Exchanges transferred from the I list to the Main List as of 10 June 2002, while Series I shares continue to be listed on the I list.

The parent company is responsible for developing Group strategies together with the subsidiary companies. Ilkka-Yhtymä Oy offers financing, investment, personnel, development, data management and property services to its subsidiaries. Research Services is a new support service, which was founded by the parent company in late autumn 2003 and which offers research services to support the operations of the Group and its subsidiaries.

In 2005, Ilkka-Yhtymä Oy will adopt accounting principles which comply with the IFRS standard.

The project for adopting IFRS began in 2002. This project has included analysing the current accounting principles and the effects of these standards on accounting principles and on the opening balance sheet as of the beginning of 2004. The project also includes upgrading the Group's financial reporting software to meet the requirements of IAS/IFRS. An expert from the authorised public accountant firm has participated in the project.

Ilkka-Yhtymä Oy	2003	2002
Net sales, EUR 1,000	14,456	10,623
Operating profit/ Operating loss EUR 1,000	2,690	-972
Average no. of employees	32	31



Hannu Uusihauta, Director

Sanomalehti Ilkka Oy

Sanomalehti Ilkka Oy publishes the daily regional (South Ostrobothnia) newspaper Ilkka, which was founded in 1906. The audited circulation volume of Ilkka in 2003 was 55,375, and the number of readers rose to 147,000 (National Readership Survey 2003), showing an increase of 2,000 readers in comparison with the results of earlier, comparable surveys.

The aim is to produce a journalistically high-quality regional paper that serves readers and advertisers, the appeal and interesting content of which covers all sections of reporting on a global level, both nationally and regionally.

During the financial year, 11 special issues were produced in co-operation with Marketing and the editorial team. Regional visibility was emphasised by releasing eight regional issues, which all received encouraging feedback. Young readers continue to receive special consideration. The newspaper's interactive feature has been highlighted by the involvement of readers in the making of the newspaper, for example, by launching various editorial competitions and introducing the Suoraa Puhetta (Direct Talking) section. This development in content was enabled by, among other things, an increase in the number of editorial pages compared with the previous year.

Together with four other newspapers from Central Finland, Ilkka also produces a Sunday supplement, Sunnuntaisuomalainen; these newspapers also have a joint news editor in Helsinki. Co-operation in Central Finland has strengthened Ilkka's position as a significant national media player.

Ilkka's mobile and WWW services are produced by Arena Partners Oy, a company owned by Ilkka-Yhtymä Oyj and ten other newspaper companies. The online version has developed into a good complementary service to the traditional newspaper. Online supply has been extended and the degree of usage has increased steadily. During 2003, preparations were made for the Arena services which will be implemented during the ongoing year.

A considerable additional investment in the development of the newspaper became feasible when Ilkka-Yhtymä recruited a Research Manager in late autumn, the services of whom supports the customer and the newspaper's own business operations.

Sanomalehti Ilkka's net sales in 2003 amounted to EUR 21,557 thousand, an increase of 5.6 per cent year on year. Subscription income grew by 3 per cent from the previous year, while advertising income rose by 8.1 per cent, which is significantly more than the average national growth in media advertising.

During the current financial year, we expect Ilkka's net sales to increase slightly and the results to almost reach the favourable level of 2003, enabled by customer-driven, stable operations with a long-term view in internal processes. Meeting the goals also requires the success of southern Ostrobothnia in the competition for consumer buying behaviour that exists between provinces. If the development continues as at present, it is estimated that the circulation volume will stand at the level of 2003.

Sanomalehti Ilkka Oy	2003	2002
Net sales, EUR 1,000	21,557	20,405
Operating profit, EUR 1,000	5,050	4,253
Average no. of employees	88	90
Key figures for Ilkka	2003	2002
No. of issues	353	354
No. of pages	10,034	9,858
Audited circulation	55,375	55,734



Päivi Sairo, Director

Vaasa Oy

Vaasa Oy is a publishing house based in Vaasa. Its main product is the newspaper Pohjalainen, established in 1903, with an audited circulation volume of 32,600 in 2003. The company also publishes the town paper Vaasan Ikkuna, established in 1983, which is distributed once a week in Vaasa and urban areas within the municipality of Mustasaari, with a circulation of approximately 36,000. Pohjalainen is a politically independent number one newspaper in Ostrobothnia, and a snappy alternative in South and Mid Ostrobothnia. Pohjalainen aims at being a regionally strong general paper, providing fast, accurate, innovative and explanatory journalism. The paper has 107,000 daily readers (National Readership Survey autumn 2003).

Together with four other newspapers from Central Finland, Pohjalainen produces a Sunday supplement, Sunnuntaisuomalainen; these newspapers also have a joint news editor in Helsinki. The co-operation in Central Finland has strengthened Pohjalainen's position as a significant national media player. Pohjalainen's mobile and WWW services are produced by Arena Partners Oy, a company owned by Ilkka-Yhtymä Oyj and ten other newspaper companies. The online version has developed into a good complementary service to the traditional newspaper. Online supply has been extended and the degree of usage has steadily increased. The online version of the paper has been subject to a charge since the beginning of 2003, and the number of subscribers is showing growing figures in a satisfactory manner.

Last year was Pohjalainen's 100th year of operation. In honour of the jubilee year, the historical work on Pohjalainen, titled Ankarat käskyt kohtalon ("severe orders of fate") and written by Professor Raimo Salokangas, was published. The jubilee year saw numerous different events and happenings, which aimed at further strengthening the interaction between the newspaper and its readers. The comprehensive distribution of the jubilee issue in the circulation area on 24 February 2003 provided a festive look into the newspaper's and region's history over the past 100 years. The regionally-produced special issues depicted the people and life in the provinces. The greatest effort during the jubilee year was the Iso Haloo tour, which visited 38 summer events that took place in the newspaper's circulation area.

No significant changes took place in the company's operating environment, with no major changes in population in the circulation area. The changes in all provinces in Ostrobothnia are characterised by a concentration into large urban areas. Compared with the rest of the country, unemployment in the provinces is at a low level. The

market situation of newspaper advertising developed favourably towards the year-end, due to the development of new shopping centres. The decision on alleviating car taxes speeded up car sales, which has been reflected in a strong increase in advertising volumes. However, growth in direct marketing continues to intensify competition in the advertising market.

Net sales of Vaasa Oy in 2003 met the set targets. The results were favourably affected by Pohjalainen's jubilee issue (which was published in honour of the newspaper's 100th anniversary), as well as the regional issues, the general election and the favourable development in the Vaasa business region's trade.

Profitability is expected to improve slightly during 2004, and advertising income is projected to increase to some extent. The regional issues will be published in the same circulation volumes as last year, and the circulation volumes of Pohjalainen are expected to remain at the current level. In May 2004, Vaasa Oy will move into its new offices, which are now under construction. The year will see the development of operating models connected to the newspaper's multi-channel features; the upgrading of advertisement, payment, lay-out and graphics processing software; and the development of employee skills and service operations.

Vaasa Oy	2003	2002
Net sales, EUR 1,000	13,908	13,488
Operating profit, EUR 1,000	986	916
Average no. of employees	107	109
Key figures for Pohjalainen	2003	2002
No. of issues	353	353
No. of pages	8,922	8,868
Audited circulation	32,600	32,975
Key figures for Vaasan Ikkuna	2003	2002
No. of issues	47	48
No. of pages	964	1,072
Distribution	36,000	34,500



Sauli Harjamäki, Director

Pohjanmaan Lähisanomiat Oy

Pohjanmaan Lähisanomiat Oy publishes five subscription-based local newspapers and one town paper. The newspapers' circulation areas still consist mainly of regions undergoing heavy emigration, which makes increasing the circulation volume particularly difficult. However, with the company's improved profitability, it has every prospect of guaranteeing this favourable development in the future by focusing on customer-driven operations, the personnel's core skills, successful and effective marketing, and producing a newspaper with an editorial line that meets the expectations of its subscribers.

In financial terms, 2003 was better for Pohjanmaan Lähisanomiat Oy than the previous year. The basis for the improved financial situation was a successful balancing of the income and expenses development. The Järviseuutu newspaper became a weekly publication as of the beginning of 2003. The first year has inspired confidence and the results are expected to continue to improve in the future.

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

Pohjanmaan Lähisanomiat Oy's newspapers

As with all newspapers, one of the most important focal points of future operations is the ability to respond to customers' evolving and changing needs and expectations. We will continue to shape and diversify the content and layout of our newspapers. During 2003, alongside our other online services, we launched a joint online newspaper comprising all our regional papers. We will continue to enhance the versatility of our online services alongside the printed newspapers.

The main circulation area of the Viiskunta paper is Alavus and the neighbouring municipalities. The newspaper comes out twice a week and its format was changed into tabloid form as of 1 January 2004. At the same time, the area of responsibility of our unit in Alavus expanded significantly as page design shifted in-house from I-print Oy.

Härmät comes out once a week, and its main circulation areas are Alahärmä and Ylihärmä. During the current year, the present Chief Editor Pauli Koivusalo will retire. The newspaper will adopt the new page size by the end of 2004.

	No. of issues		No. of pages		Audited circulation	
	2003	2002	2003	2002	2003	2002
Härmät	51	52	448	444	4,027	4,045
Jurvan Sanomat	52	53	604	596	2,461	2,472
Järviseuutu	53	101	524	854	6,513	6,610
Suupohjan Sanomat	101	102	984	976	4,676	4,785
Viiskunta	101	102	914	1,018	7,205	7,343
Etelä-Pohjanmaa	53	50	1,324	1,352	*) 41,000	*) 40,000

*) distribution



Suupohjan Sanomat, published twice a week and established in 1897, is the oldest Finnish newspaper in the province and the third-oldest local newspaper in the entire country. Its circulation area consists of Kristiinankaupunki, Karijoki and Isojoki. Since autumn 2003, the paper has been published in tabloid size.

Jurvan Sanomat, which comes out once a week, is a local paper with a circulation area consisting of Jurva and Teuva and the neighbouring villages of Ilmajoki. The paper editorially assists the regional paper Ilkka. As with Suupohjan Sanomat, its format changed in the autumn of 2003.

Järviseutu, which now comes out once a week, has a circulation area that consists of Alajärvi and its neighbouring municipalities. The altered circulation frequency corresponds to what it was in the 1980s. As with Viiskunta, the new and smaller page size was introduced for Järviseutu at the beginning of 2004.

Since the beginning of 2002, the evening paper Etelä-Pohjanmaa has come out as a free paper (town paper) once a week. As a consequence of the change, the individual result of Etelä-Pohjanmaa has improved, which has enabled the publication of an editorially high-quality free paper. However, the largest challenge still remains, i.e. to establish the paper's position in the media field of southern Ostrobothnia.

Pohjanmaan Lähisanomat Oy	2003	2002
Net sales, EUR 1,000	3,660	3,713
Operating profit, EUR 1,000	282	242
Average no. of employees	36	35



Seppo Lahti, Managing Director

I-print Oy

I-print Oy is a production company owned by the Ilkka-Yhtymä Group, its business being to provide services for its customer newspapers, in addition to printing the Group's newspapers. I-print runs production operations in Seinäjoki and Vaasa and has a sales and service outlet in Helsinki.

I-print Oy's main task is to produce printed material and services that support its customers' success, the company being characterised by unique, versatile, innovative and profitable operations.

Competition intensified on domestic coldset markets, and prices continued to fall as new printing capacity was put into use around mid-year. However, despite the intensifying competition and pressures to keep costs down, we have managed to maintain and develop a good quality and service level. Because I-print Oy holds a considerable position and reputation among the largest and most efficient printing houses in the country, it has succeeded in maintaining its market position. Export trade decreased, due mainly to the weakening Norwegian kroner against the euro, and competitiveness was also weak in Sweden, due to the low market price. The sheet printing business was hit by smaller series volumes and fiercer local competition.

The Internet-assisted print management and ordering system, "Painotyöhotelli", has won popularity in the market, and customer

feedback has been extremely positive. As a result, sales through Painotyöhotelli continued an upward trend.

The largest investments during 2003 were the new batch binders, which ensure an undisturbed production flow in the rotation after-treatment and registration automation. One of the smaller rotation printing presses was equipped with a four-colour tower, which enables a higher number of four-colour pages. The other of the two small rotations, i.e. the printing press of the eurotabloid format, was taken off the production line in mid-November, and all products printed on it were successfully transferred to the other machines.

With the market situation remaining tough in the printing business, no significant growth is expected in 2004. Net sales and relative profitability of I-print Oy is expected to weaken over the previous year.

I-print Oy	2003	2002
Net sales, EUR 1,000	24,577	29,597
Operating profit, EUR 1,000	2,159	2,877
Average no. of employees	182	198



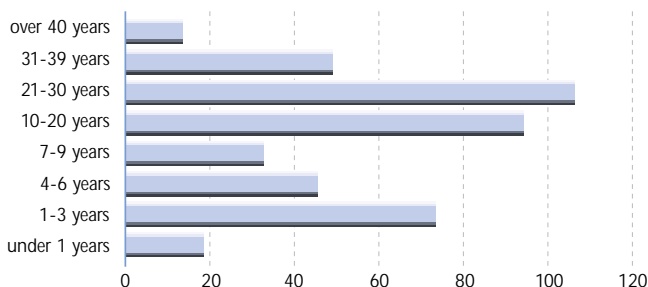
Personnel

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

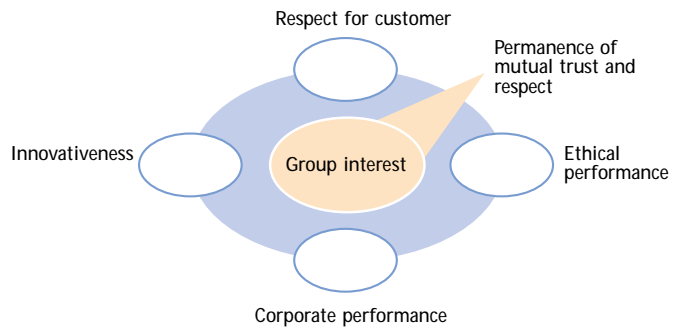
The success of the Ilkka-Yhtymä Group depends on the skills of the individuals and the organisation. Our personnel motto is "A skilled employee will also succeed in the future". The competence areas derived from the strategy include management skills, customer relationship management, journalistic skills, financial administration competence, interpersonal skills and communication know-how, as well as technical process skills. Of the management skills, the following were particularly emphasised: HR management, project management and executive team work. In line with our HR policy, each employee is entitled to at least one high-quality performance appraisal per year. Managerial performance appraisal skills were enhanced during various training sessions. The team spirit is strengthened by arranging common training and recreational days. Interpersonal skills form a special theme during 2003 and 2004 as they, together with communication skills, will be increasingly important in future communications between individuals and organisations.

Another aim of the HR strategy is to maintain employee well-being. The fitness improvement programme launched in 2000 continues and will be further developed in co-operation with Härmän Kuntokeskus. Approximately half of the personnel has participated in the programme.

Distribution of years of employment



Ilkka-Yhtymä's Value Clock

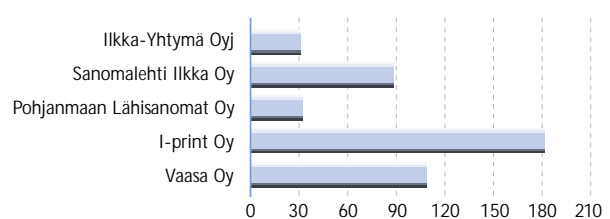


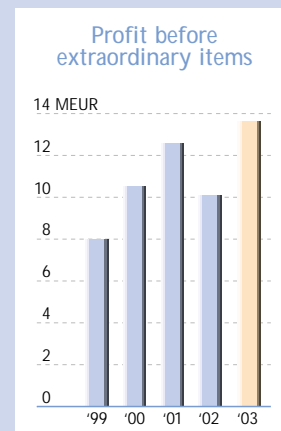
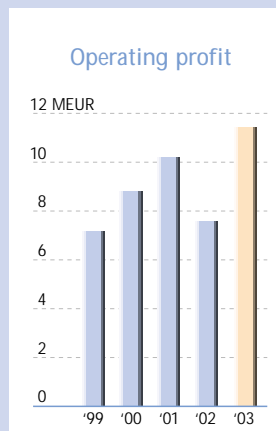
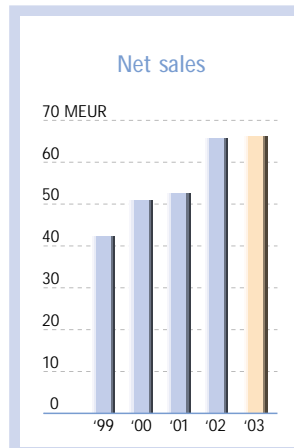
The incentive pay system, which applies to all personnel at Ilkka-Yhtymä, was implemented in 2000. The gross margin of the Group and, as of 2003, the company-specific Balanced Scorecard indicators, form the basis for the incentive pay scheme. The incentive pay steers the implementation of the annual targets derived from the strategy.

In the autumn of 2003, Ilkka-Yhtymä conducted a work climate survey. The high response rate, which exceeded 72 per cent, signals the staff's high motivation to participate in the development of their working community, and the results of the survey depict very well the entire personnel's opinions concerning their work climate. The overall index on a scale from 1 to 6 was 4.34, which is pretty good. According to the survey, employees have adopted the company's values, are committed to them and incorporate them into their everyday work.

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

Personnel by company





Financial Statements for 2003 Board of Directors' Report

Group Structure

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

The consolidated financial statements include the results of the associated companies Arena Partners Oy, Kristinestads Förlags Ab, Väli-Suomen Media Oy and Yrittävä Suupohja Oy. A voluntary liquidation is in progress at Kristinestads Förlags Ab.

Group Financial Performance

Consolidated net sales grew slightly year on year, amounting to EUR 66,036 thousand (EUR 65,685 thousand in 2002) and including an increase of 1 per cent. Consolidated net sales, excluding trade in securities, fell by 6 per cent. Net sales from publishing operations grew by 4 per cent, but external net sales from the printing business decreased by 25 per cent due to intensifying competition and the strength of the euro. Net sales from trade in securities soared by EUR 3,746 thousand. Other operating income totalled EUR 2,815 thousand (EUR 433 thousand), including approximately EUR 2,300 thousand of capital gains from the sale of Janton Oyj's fixed-asset shares.

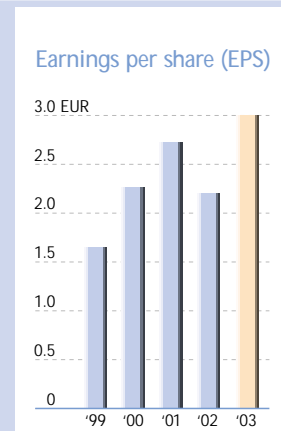
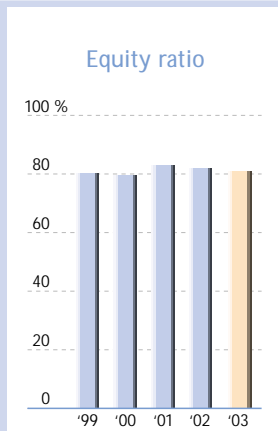
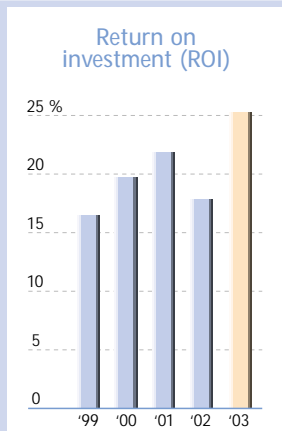
The Group's operating expenses for the period totalled EUR 54,318 thousand (EUR 55,092 thousand), decreasing by 1 per cent. The operating expenses of the printing business decreased due to diminishing volumes but, correspondingly, the operating expenses of securities trading and the publishing business rose as net sales grew. Staffing costs increased by 1.3 per cent, while other operating expenses remained at the previous year's level. Staffing expenses include staff's profit-sharing remuneration and the purchase of free copyrights from journalists. Depreciation amounted to EUR 3,108 thousand (EUR 3,438 thousand in 2002).

Consolidated operating profit was EUR 11,425 thousand (EUR 7,588 thousand), an increase of 51 per cent year on year. The operating margin was 17.3 per cent (11.6). The increase in operating profit and operating margin was mainly due to capital gains from the sale of fixed-asset shares and securities trading. Operating profit and relative operating profit of the Group's core businesses, publishing and printing, also grew slightly.

Net financial income amounted to EUR 2,314 thousand (EUR 2,554 thousand), including dividends from the divested Janton Oyj shares. Pre-tax profit totalled EUR 13,739 thousand (EUR 10,142 thousand). Direct taxes amounted to EUR 3,956 thousand. The Group's net profit for the period totalled EUR 9,783 thousand, up by 36 per cent year on year.

The consolidated balance sheet total grew from EUR 65,718 thousand to EUR 68,626 thousand.

Earnings per share amounted to EUR 3.00 (EUR 2.20) and equity per share was EUR 16.72 (EUR 16.25). The Board of Directors proposes a per-share dividend of EUR 4.00.



Iikka-Yhtymä Oyj

Iikka Yhtymä Oyj's net sales for the financial period rose to EUR 14,456 thousand (EUR 10,623 thousand in 2002) due to securities trading, which generated net sales of EUR 12,618 thousand (EUR 8,872 thousand). Other operating income totalled EUR 3,429 thousand (EUR 1,058 thousand), including approximately EUR 2,300 thousand of capital gains from the sale of Janton Oyj's shares.

The parent company's operating expenses totalled EUR 14,844 thousand (EUR 12,266 thousand). The increase in expenses was mainly due to securities trading. Depreciation amounted to EUR 352 thousand (EUR 386 thousand), while operating profit for the period came to EUR 2,690 thousand (operating loss of EUR 972 thousand). Operating profit is improved by capital gains from the sale of fixed-asset shares and securities trading. Net financial income was EUR 9,396 thousand (EUR 5,899 thousand). The increase in financial income was due to dividend payments by subsidiaries.

Profit before extraordinary items totalled EUR 12,086 thousand (EUR 4,928 thousand). Parent company's extraordinary items, consisting of Group contributions received, amounted to EUR 5,400 thousand (EUR 7,800 thousand). The decrease in depreciation difference amounted to EUR 185 thousand. Taxes of EUR 5,125 thousand were reported for the parent company, and the net profit was EUR 12,546 thousand (EUR 9,200 thousand).

The parent-company balance sheet total grew from EUR 46,713 thousand to EUR 49,456 thousand.

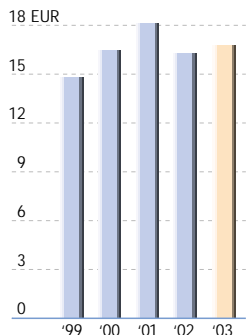
Subsidiaries

Sanomalehti Iikka Oy publishes the newspaper Iikka. The company's reported net sales for the financial period reached EUR 21,557 thousand, which is 5.6 per cent higher than in the previous year. Other operating income totalled EUR 110 thousand. The company's operating expenses increased by 2.5 per cent, to EUR 16,470 thousand. Depreciation reported for the period totalled EUR 146 thousand. Operating profit for the period totalled EUR 5,050 thousand and operating margin reached 23.4 per cent.

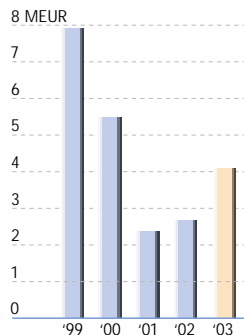
In addition to Pohjalainen, Vaasa Oy published a town paper, Vaasan Ikkuna. The company's reported net sales reached EUR 13,908 thousand, which is 3.1 per cent higher than in the previous year. Other operating income totalled EUR 47 thousand. The company's operating expenses increased by 3.0 per cent, to EUR 12,782 thousand. Depreciation reported for the period totalled EUR 188 thousand. Operating profit for the financial year was EUR 986 thousand and operating margin was 7.1 per cent.

Pohjanmaan Lähisanomat Oy is a publisher of five local newspapers and one town paper. The company's reported net sales reached EUR 3,660 thousand, down by 1.4 per cent on a year earlier. Other operating income totalled EUR 42 thousand. Operating expenses decreased by 2.5 per cent, to EUR 3,379 thousand. Depreciation reported for the period totalled EUR 42 thousand. Operating profit for the financial year was EUR 282 thousand and operating margin was 7.7 per cent.

Equity per share



Capital expenditure



Audited circulation

Ilkka	55,375
Pohjalainen	32,600
Härnät	4,027
Jurvan Sanomat	2,461
Järviseu	6,513
Suupohjan Sanomat	4,676
Viiskunta	7,205
Vaasan Ikkuna (distribution)	36,000
Etelä-Pohjanmaa (distribution)	41,000

The reported net sales of I-print Oy, the sheet and newspaper printing company, totalled EUR 24,577 thousand, which is 17.0 per cent less than in the previous year. Other operating income totalled EUR 45 thousand. The company's operating expenses decreased by 17.3 per cent, to EUR 20,020 thousand. Depreciation reported for the period totalled EUR 2,443 thousand. Operating profit for the financial year was EUR 2,159 thousand and operating margin was 8.8 per cent.

The subsidiaries Kiinteistö Oy Seinäjoen Koulukatu 10 and Seinäjoen Kassatalo Osakeyhtiö are property companies. I-Mediat Oy is not engaged in business operations. The combined net sales of these companies totalled EUR 296 thousand.

Online business and services

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

In order to realise the multi-channel feature, both regional papers are prepared to implement the new and expanded Arena services during the spring of 2004. The services contain classified advertisements and service indexes, which will operate both online and in mobile devices. The production of multi-channel journalistic content will become easier due to editorial system developments and free copyrights during the current year.

Annual General Meeting, Supervisory Board and Board of Directors

The Annual General Meeting (AGM) of 7 April 2003 approved the financial statements, discharged the members of the Supervisory Board and the Board of Directors as well as the Managing Director of any liability, and decided to distribute a dividend of EUR 2.50 per share.

The AGM cancelled the authorisation given on 11 April 2002 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.

Lasse Hautala, whose term of office was due to end in 2004, resigned from the Supervisory Board prior to the Annual General Meeting. Of the members of the Supervisory Board whose term of service had come to an end, the AGM re-elected the following members: Timo Aukia, Mauri Hietala, Mikko Koskinen, Heikki Kuoppamäki, Perttu Rinta, Ari Rinta-Jouppi, Jaakko Rintala and Raija Tikkala.

Ernst & Young Oy, Authorised Public Accountants, with Risto Järvinen, Authorised Public Accountant, and Pekka Kiljunen, Authorised Public Accountant, were elected as regular auditors. Tapio Ali-Tolppa, Authorised Public Accountant, and Päivi Virtanen, Authorised Public Accountant, were elected as deputy auditors.

The Supervisory Board of Ilkka-Yhtymä Oyj re-elected Seppo Paatelainen and Tapio Savola to the Board of Directors of Ilkka-Yhtymä Oyj. Veikko Heikkilä continues as the Chairman of the Board of Directors. Jaakko Rintala will continue as the Chairman of the Supervisory Board.

The Board of Directors of I-print Oy, a subsidiary of Ilkka-Yhtymä Oyj, appointed Seppo Lahti, M.Sc.(Eng), as the new CEO of the company. He previously worked as Technical Customer Service Manager at Oy Metsä-Botnia Ab and joined I-print Oy on 1 June 2003.

Shares and Shareholders

The share capital of Ilkka-Yhtymä Oyj entered in the trade register was EUR 3,259,074 on 31 December 2003. The share capital is divided into 3,259,074 shares, each with a nominal value of EUR 1. 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 950,000 and no more than 3,360,000, and the number of Series II shares shall be no less than 2,050,000 and no more than 8,640,000.

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

The transfer of Series I shares is restricted by an approval clause.

According to this clause, Series I shares cannot be transferred to another holder without the approval of the Board of Directors.

Flagging Announcements

On 21 October 2003, the combined ownership in Ilkka-Yhtymä Oyj of Tapiola General Mutual Insurance Company, Tapiola Mutual Life Assurance Company and Tapiola Corporate Life Insurance Company Ltd decreased to less than 5 per cent, totalling 4.90 per cent of the shares and 3.59 per cent of the votes.

On 31 October 2003, Arnedo Oy's (subsidiary of SanomaWSOY) holding in Ilkka-Yhtymä Oy decreased to less than 20 per cent, totalling 19.98 per cent of the shares and 6.29 per cent of the votes.

Quotation and Trading in Shares

The Series II shares of Ilkka-Yhtymä Oyj were listed on the main listing 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 total number of Series I shares traded on the Investors' Listing

Share capital 31 Dec 2003

	Share capital EUR	Number of shares	% of share capital	% of votes
Series I	956,458	956,458	29.3	89.3
Series II	2,302,616	2,302,616	70.7	10.7
Total	3,259,074	3,259,074	100.0	100.0

Increases of share capital 1995 - 2003

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 Järvisseudun Lehti-Osakeyhtiö ratio 1:44 Series II		10,604			
	directed at shareholders of Kristiinan Sanomalehti Oy ratio 1:52 Series II		3,744			
	directed at shareholders of Osakeyhtiö Seinäjoki ratio 7:2 Series II		7,352			
	Total		21,700	18,248	1,827,236	1/1 1995
13 May -14 June 1996	Rights issue with two shares of Series I or II one share of Series II à EUR 4.20		1,086,224	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.

in 2003 was 10,019. Their trading value was EUR 274 thousand. The total number of Series II shares traded on the main listing was 392,130. Their trading value was EUR 10,507 thousand. The lowest quotation for a Series I share of Ilkka-Yhtymä Oyj during the report period was EUR 22.00 and the highest EUR 32.69. The lowest quotation for a Series II share was EUR 21.11 and the highest EUR 30.98. The total market capitalisation of the Group's share capital on the closing date of the accounts was EUR 94.0 million.

Book-entry System

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

Dividend Policy

Ilkka-Yhtymä Oyj practices an active dividend policy and aims to distribute at least half of the consolidated annual income as dividend payments, taking into consideration the financing required for a profitable growth and the company's future outlook. However, the distribution of dividends for the financial period ending 31 December 2003, proposed by the Board of Directors, amounts to 133.3 per cent of the consolidated annual income. The Board attributes the exceptionally high dividend per share for 2003 to capital gains from the sale of fixed-asset shares in 2003 and the company's healthy financial situation.

Management Holdings

On 31 December 2003, the company's Supervisory Board, the Board of Directors and the Managing Director held a total of 169,543 shares, or 5.20 per cent of the entire share capital and 11.11 per cent of the votes.

Guidelines for Insiders

Ilkka-Yhtymä Oyj has adopted the Guidelines for Insiders issued by the Helsinki Exchanges.

Authorisation of the Board of Directors

The Annual General Meeting cancelled the previous authorisation given to the Board of Directors on 11 April 2002, and authorised the Board of Directors to decide, within a period of one year of the date of the meeting (if necessary, in deviation from the shareholders' subscription privilege) upon the following issues:

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

The maximum total number of Series II shares issued in connection with one or more rights issues, subscribed on the basis of stock options or transferred as consideration for convertible bonds, shall amount to no more than EUR 651,793.

Shareholders' privileges to subscribe shares, stock options and convertible bonds may only be deviated from if the purpose is to improve the company's competitive position, enhance its potential for strategic development, finance a company or business acquisition, establish a partnership, or if there are some other compelling financial reason.

This privilege may not be deviated from for the benefit of a person or corporation with an interest in the company.

As distinct from the shareholders' subscription privilege, a share issue cannot cover more than one-fifth of the company's share capital and the number of shares equivalent to the total number of votes registered at the time when authorisation was granted at the AGM.

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

The company has not issued stock options or convertible bonds.

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

Taxable Share Value

With respect to taxation in 2003, the taxable value of Ilkka-Yhtymä Oyj's Series I shares was confirmed as EUR 21.84, and the taxable value of Series II shares was EUR 20.58 per share.

Personnel

The Group had an average of 491 employees during the period, the corresponding figure for the parent company being 35.

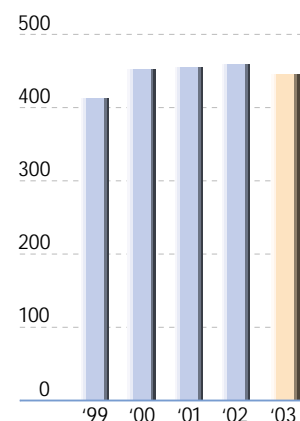
Average number of personnel translated into full-time employment

	2003	2002
Group	446	462
Ilkka-Yhtymä Oyj	32	31

On 31 December 2003, the Group had 426 full-time employees, whereas the parent company had 32.

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

Personnel



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

	Series I	Series II	Shares in total	% of shares
31 Dec 2003				
Arnedo Oy	36,716	596,482	633,198	19.43 %
Tapiola Mutual Pension Insurance Company	9,656	104,922	114,578	3.52 %
Laakkonen Reino		109,144	109,144	3.35 %
Tapiola General Mutual Insurance Company	32,100	72,154	104,254	3.20 %
Ilmarinen Mutual Pension Insurance Company	22,640	40,000	62,640	1.92 %
Keski-Pohjanmaan Kirjapaino Oyj	45,202	10,368	55,570	1.71 %
Etelä-Pohjanmaan Lehtiseura Ry	43,975	10,154	54,129	1.66 %
Aukia Jaakko	42,004	8,960	50,964	1.56 %
Mutka Heikki	16,471	21,759	38,230	1.17 %
TS-Yhtymä	8,900	26,640	35,540	1.09 %
Ten major shareholders, total	257,664	1,000,583	1,258,247	38.61 %
Other owners	698,794	1,302,033	2,000,827	61.39 %
Total	956,458	2,302,616	3,259,074	100.00 %

Capital Expenditure

Reported capital expenditure amounted to EUR 4,083 thousand, of which EUR 1,389 thousand consisted of investments in facilities for Vaasa Oy and EUR 1,503 thousand of purchases of fixed-asset shares. Investment in replacement machinery and equipment for the printing business totalled EUR 605 thousand. Other investments consisted of investments in software purchases and investments in replacement machinery and equipment for other operations.

Financial Position

The Group's liquidity remained solid throughout the year. Current ratio was 3.66 (3.80) at the end of the financial period. Based on the consolidated balance sheet, equity ratio was 81.0 (82.3) per cent.

IAS/IFRS Reporting

In 2005, Ilkka-Yhtymä Oyj will adopt accounting principles complying to the IFRS standard.

The IFRS transfer project was launched in 2002. As the project has progressed, the current accounting principles and the effects of the standards on accounting principles as well as the amendment effects on the balance sheet as of the beginning of 2004 have been charted. Simultaneously, the IAS/IFRS consolidated reporting software has been renewed. An expert from the auditing community has participated in the project.

Events After the Financial Period

At the beginning of February, I-print's Premedia section entered into joint discussions, based on the Act on Joint Discussions, which may lead to job losses. The reason for these discussions is a structural change that has taken place over an extended period of time and which has led to customers' material arriving at the printing houses in a near-finished condition, requiring less preparatory work before going to print.

Prospects for 2004

Private consumption is estimated to develop favourably in Finland in 2004. The disposable income of consumers will grow due to the growing wage solutions, low inflation and interest-rate level, and reduced taxes. The growth in the export industry will slow down as a result of subdued demand within the euro area and a weakening competitiveness due to the strong euro, with negative repercussions on the employment situation.

The consolidated net sales of the core business of Ilkka-Yhtymä, i.e. publishing and printing, is estimated to remain at the same level as the previous year, despite intensified competition in printing business. Net sales from the publishing business are expected to grow slightly, unless significant changes take place in the economic development of the circulation areas of the Group's newspapers. The Group's total net sales are expected to remain almost unchanged, providing that securities trading continues at the same level as 2003.

The relative operating profit of the Group's core businesses is estimated to decrease slightly. The results for the full financial year are estimated to fall due to the capital gains from the sale of Janton Oyj's fixed-asset shares, dividends in 2003 and a slight fall in the profitability of the Group's core business.

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

31 Dec 2003	Series I reg.	% of shares	Series II	% of shares	Shares in total	% of votes
Keski-Pohjanmaan Kirjapaino Oyj	42,345	4.43 %	10,368	0.45 %	52,713	4.00 %
Etelä-Pohjanmaan Lehtiseura Ry	42,355	4.43 %	10,154	0.44 %	52,509	4.00 %
Aukia Jaakko	41,864	4.38 %	8,960	0.39 %	50,824	3.95 %
Arnedo Oy			596,482	25.90 %	596,482	2.78 %
Tapiola General Mutual Insurance Company	23,820	2.49 %	72,154	3.13 %	95,974	2.56 %
Ilmarinen Mutual Pension Insurance Company	22,640	2.37 %	40,000	1.74 %	62,640	2.30 %
E-P:n Osuuskauppa	18,192	1.90 %	16	0.00 %	18,208	1.70 %
Mutka Heikki	16,471	1.72 %	21,759	0.94 %	38,230	1.64 %
Etelä-Pohjanmaan Osuuspankki	16,278	1.70 %			16,278	1.52 %
Tapiola Mutual Pension Insurance Company	9,656	1.01 %	104,922	4.56 %	114,578	1.39 %
Total	233,621	24.43 %	864,815	37.56 %	1,098,436	25.84 %

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

31 Dec 2003	Series I reg.	Series II	Shares in total	% of shares
Arnedo Oy		596,482	596,482	18.30 %
Tapiola Mutual Pension Insurance Company	9,656	104,922	114,578	3.52 %
Laakkonen Reino		109,144	109,144	3.35 %
Tapiola General Mutual Insurance Company	23,820	72,154	95,974	2.94 %
Ilmarinen Mutual Pension Insurance Company	22,640	40,000	62,640	1.92 %
Keski-Pohjanmaan Kirjapaino Oyj	42,345	10,368	52,713	1.62 %
Etelä-Pohjanmaan Lehtiseura Ry	42,355	10,154	52,509	1.61 %
Aukia Jaakko	41,864	8,960	50,824	1.56 %
Mutka Heikki	16,471	21,759	38,230	1.17 %
Laakkonen Mikko	1,020	31,880	32,900	1.01 %
Total	200,171	1,005,823	1,205,994	37.00 %

Shareholders by numbers of shares held on 31 Dec 2003 *)

Number of shares, Series I	No. of holdings	% of holdings	No. of shares	% of shares
1 - 50	2,004	53.89	45,771	4.79
51-100	663	17.83	48,729	5.09
101-500	878	23.61	205,922	21.53
501-1000	87	2.34	59,297	6.20
1001-	87	2.34	456,307	47.71
TOTAL	3,719	100.00	816,026	85.32
On waiting list total			108,308	11.32
In joint account			32,124	3.36
SHARES ISSUED			956,458	100.00

Number of shares, Series II	No. of holdings	% of holdings	No. of shares	% of shares
1 - 50	1,871	38.06	42,044	1.83
51-100	999	20.32	78,567	3.41
101-500	1,610	32.75	378,010	16.42
501-1000	264	5.37	188,720	8.20
1001-	172	3.50	1,588,110	68.97
TOTAL	4,916	100.00	2,275,451	98.82
On waiting list total				
In joint account			27,165	1.18
SHARES ISSUED			2,302,616	100.00

*) According to shareholders' register

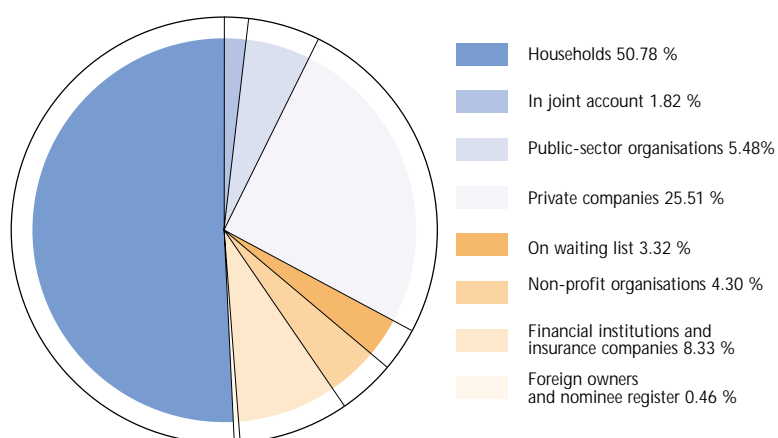
Shareholders by sector 31 Dec 2003 *)

Shareholder category, Series I	No. of holdings	% of holdings	No. of shares	% of shares
Private companies	52	1.40	104,086	10.88
Financial institutions and insurance companies	15	0.40	62,558	6.54
Public-sector organisations	2	0.05	32,296	3.38
Non-profit organisations	81	2.18	70,679	7.39
Households	3,567	95.91	546,297	57.12
Foreign owners	2	0.05	110	0.01
TOTAL	3,719	100.00	816,026	85.32
On waiting list total			108,308	11.32
In joint account			32,124	3.36
SHARES ISSUED			956,458	100.00
Nominee registered total				

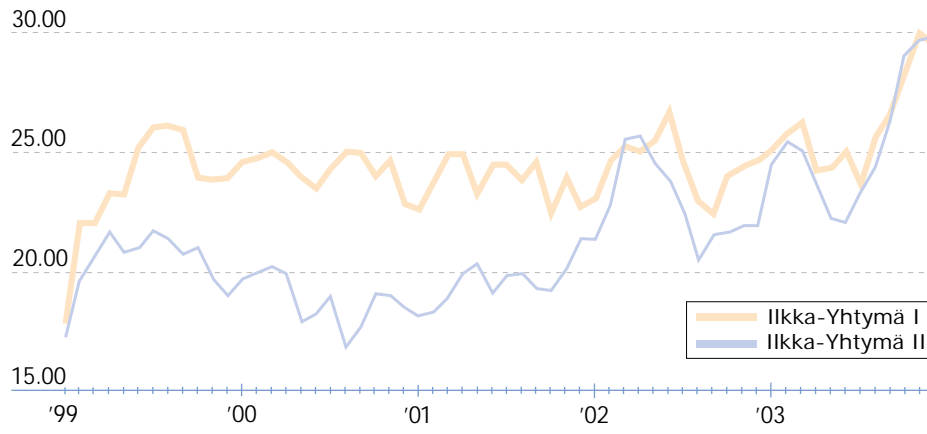
Shareholder category, Series II	No. of holdings	% of holdings	No. of shares	% of shares
Private companies	111	2.26	727,333	31.59
Financial institutions and insurance companies	23	0.47	208,822	9.07
Public-sector organisations	6	0.12	146,218	6.35
Non-profit organisations	102	2.08	69,575	3.02
Households	4,670	95.02	1,108,773	48.15
Foreign owners and nominee register	3	0.06	14,730	0.64
TOTAL	4,915	100.00	2,275,451	98.82
In joint account			27,165	1.18
SHARES ISSUED			2,302,616	100.00
Nominee registered total			14,290	0.62

*) According to shareholders' register

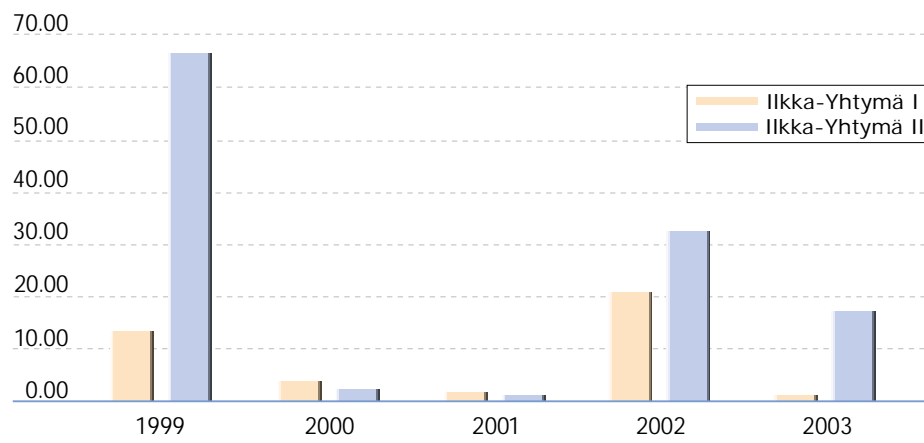
Distribution of shares according to owner groups



Average share price of Ilkka-Yhtymä Oyj's shares (EUR), 1 Jan 1999 -31 Dec 2003



Relative exchange of Ilkka-Yhtymä Oyj shares (%) 1999 – 2003



Key figures and ratios

Ilkka-Yhtymä Group	2003	2002	2001	2000	1999
Net sales, MEUR	66.0	65.7	52.6	50.9	42.3
- change %	0.5	24.9	3.4	20.2	1.6
Operating profit, MEUR	11.4	7.6	10.2	8.9	7.1
- % of net sales	17.3	11.6	19.4	17.5	16.8
Profit before extraordinary items, MEUR	13.7	10.1	12.6	10.5	8.0
- % of net sales	20.8	15.4	23.9	20.7	18.8
Profit before taxes, MEUR	13.7	10.1	12.6	10.5	8.0
- % of net sales	20.8	15.4	23.9	20.7	18.8
Result of the financial period, MEUR	9.8	7.2	8.9	7.4	5.4
- % of net sales	14.8	10.9	16.9	14.6	12.8
Return on investment (ROE), %	18.2	12.9	15.8	14.5	11.6
Return on investment (ROI), %	25.2	17.9	21.9	19.8	16.4
Equity ratio, %	81.0	82.3	83.0	79.9	80.1
Gearing, %	-7.6	-5.6	-0.1	-1.3	3.0
Gross capital expenditure, MEUR	4.1	2.7	2.3	5.5	7.9
- % of net sales	6.2	4.1	4.4	10.9	18.7
Balance sheet total, MEUR	68.6	65.7	72.1	68.3	61.7
Current ratio	3.66	3.80	4.39	3.29	3.41
Average no. of employees	446	462	459	452	413

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

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

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

* Not including taxes on extraordinary items.

Per-share ratios

Ilkka-Yhtymä Group	2003	2002	2001	2000	1999
Earnings per share (EPS), EUR	3.00	2.20	2.73	2.28	1.66
Shareholders' equity per share, EUR	16.72	16.25	18.04	16.45	14.91
Dividend per share (Series I), EUR	4.00	2.50	4.00	1.14	0.82
Dividend per share (Series II), EUR	4.00	2.50	4.00	1.14	0.82
Nominal dividend EUR/share (Series I and Series II)	4.00 *)	2.50	4.00 **)	1.14	0.82
Dividend per earnings, (Series I), %	133.3	113.4	146.6	50.1	49.7
Dividend per earnings, (Series II), %	133.3	113.4	146.6	50.1	49.7
Effective dividend yield (Series I), %	14.5	11.6	17.0	5.7	3.4
Effective dividend yield (Series II), %	13.6	11.1	19.0	6.1	4.2
Price per earnings (P/E) (Series I)	9.2	9.8	8.6	8.8	14.5
Price per earnings (P/E) (Series II)	9.8	10.2	7.7	8.3	11.9
Adjusted price development of shares					
average price (Series I), EUR	27.37	24.53	24.34	24.75	24.53
average price (Series II), EUR	26.80	22.59	19.51	19.20	20.42
lowest price (Series I), EUR	22.00	21.50	20.00	20.00	17.00
lowest price (Series II), EUR	21.11	19.50	17.00	16.50	16.50
highest price (Series I), EUR	32.69	28.50	26.09	26.00	28.00
highest price (Series II), EUR	30.98	26.50	22.00	21.50	23.10
price at end of period (Series I), EUR	27.54	21.50	23.50	20.00	24.00
price at end of period (Series II), EUR	29.40	22.50	21.00	18.80	19.70
Market capitalisation, MEUR	94.0	72.4	70.8	62.4	68.3
Shares traded (Series I), number of shares	10,019	200,268	16,498	37,928	124,828
- % of total number of shares	1.0	20.9	1.7	4.0	13.1
Shares traded (Series II), number of shares	392,130	750,638	25,863	52,581	1,532,978
- % of total number of shares	17.0	32.6	1.1	2.3	66.6
Weighted average of adjusted numbers of shares during the financial period	3,259,074	3,259,074	3,259,074	3,259,074	3,259,074
Adjusted number of shares at the end of the financial period	3,259,074	3,259,074	3,259,074	3,259,074	3,259,074

*) Proposal of the Board of Directors

***) Decision of the AGM on 11 April 2002, per-share dividend of EUR 1.50

Decision of the Extraordinary General Meeting on 29 July 2002, per-share dividend of EUR 2.50

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

Per share ratios have been calculated using the following formulas:

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

* Not including taxes on extraordinary items.

Consolidated Income Statement

	1 Jan - 31 Dec 2003 1,000 EUR	1 Jan - 31 Dec 2002 1,000 EUR
Net sales	66,036	65,685
Increase (+) or decrease (-) in stocks of finished products	32	47
Other operating income	2,815	433
Materials and supplies		
Purchases during the financial period	22,831	23,223
Increase (-) or decrease (+) of stocks (+)	-933	-704
External charges	7,487	7,871
Materials and services total	29,386	30,390
Salaries and fees	14,371	14,188
Pension expenses	2,466	2,412
Other personnel costs	936	949
Personnel costs total	17,773	17,549
Depreciation according to plan	3,108	3,438
Other operating costs	7,192	7,200
Operating profit	11,425	7,588
Financial income and expenses:		
Income from holdings in associated companies	15	-13
Income from other long-term investments	1,672	1,591
Other interest and financial income	643	952
Depreciation on investments in securities held as financial fixed assets		54
Interest and other financing expenses	-17	-30
Financing income and expenses total	2,314	2,554
Profit before taxes	13,739	10,142
Income tax	-4,181	-3,143
Change in deferred tax liability	225	186
Profit for the financial period	9,783	7,185

Consolidated Cash Flow Statement

	1 Jan - 31 Dec 2003 1,000 EUR	1 Jan - 31 Dec 2002 1,000 EUR
Cash flow from operations		
Profit before extraordinary items	13,739	10,142
Adjustments	-3,899	-673
Change in working capital	-323	447
Financial income and expenses	3,974	1,613
Direct taxes paid	-2,382	-5,092
Cash flow from operations	11,109	6,437
Cash flow from investments		
Investments in tangible and intangible assets, net	-2,546	-1,703
Other investments, net	4,400	-816
Dividends received from investments	1,187	1,130
Cash flow from investments	3,042	-1,389
Cash flow before financing items	14,151	5,048
Cash flow from financing		
Change in non-current loans	-126	-126
Change in current receivables	21	26
Change in non-current receivables	6,867	6,867
Dividends paid and other profit distribution	-8,038	-12,824
Cash flow from financing	-8,143	-6,057
Increase (+) or decrease (-) in financial assets	6,008	-1,009
Liquid assets at the beginning of the financial period	17,015	18,025
Liquid assets at the end of the financial period	23,024	17,015

Consolidated Balance Sheet

	31 Dec 2003 1,000 EUR	31 Dec 2002 1,000 EUR
ASSETS		
FIXED AND OTHER LONG-TERM ASSETS		
Intangible assets		
Intangible rights	229	274
Other long-term assets	166	227
Advances paid	91	35
	486	537
Tangible assets		
Land and water areas	821	858
Buildings and constructions	7,333	7,979
Machinery and equipment	13,650	14,976
Advances paid and construction in progress	1,391	127
	23,195	23,940
Investments		
Shares in associated companies	404	389
Other shares and holdings	6,038	7,778
Other investments	231	537
	6,673	8,704
CURRENT ASSETS		
Inventories		
Materials and supplies	918	1,096
Work in progress	93	60
Other inventories	4,656	3,545
	5,667	4,701
Receivables		
Non-current		
Receivables from associated companies	39	39
Loan receivables	1,385	1,385
	1,424	1,424
Current		
Account receivables	3,246	3,979
Receivables from associated companies	4	23
Loan receivables	18,459	13,516
Other receivables	105	63
Accrued income	4,805	5,310
	26,619	22,891
Cash and bank deposits	4,563	3,521
ASSETS TOTAL	68,626	65,718

	31 Dec 2003 1,000 EUR	31 Dec 2002 1,000 EUR
LIABILITIES AND SHAREHOLDERS' EQUITY		
SHAREHOLDERS' EQUITY		
Share capital	3,259	3,259
Issue premium fund	166	166
Revaluation reserve		30
Reserve fund	13,079	13,079
Redemption fund	24	24
Retained earnings	28,188	29,210
Profit for the financial period	9,783	7,185
	54,499	52,953
GROUP RESERVE	172	345
LIABILITIES		
Deferred tax liability	3,187	3,412
Non-current		
Loans from financial institutions	315	441
	315	441
Current		
Loans from financial institutions	126	126
Advances received	1,302	1,369
Accounts payable	1,171	1,397
Payables to associated companies		5
Other payables	5,070	3,020
Accrued expenses and deferred income	2,784	2,650
	10,452	8,567
LIABILITIES TOTAL	68,626	65,718

Parent Company Income Statement

	1 Jan - 31 Dec 2003 1,000 EUR	1 Jan - 31 Dec 2002 1,000 EUR
Net sales	14,456	10,623
Other operating income	3,429	1,058
Material and supplies		
Purchase during the financial period	12,535	9,976
Increase (-) or decrease (+) of stocks	-1,111	-953
Material and services total	11,424	9,023
Salaries and fees	1,271	1,147
Pension expenses	307	236
Other personnel costs	61	54
Personnel costs total	1,639	1,437
Depreciation according to plan	352	386
Other operating costs	1,781	1,806
Operating profit	2,690	-972
Financial income and expenses		
Income from holdings in Group companies	7,307	3,620
Income from other long-term investments		
From others	1,658	1,578
Other interest and financial income		
From Group companies	164	264
From others	578	866
Depreciation on investments in securities held as financial fixed assets		54
Interest and other financing expenses		
To Group companies	-311	-481
To others	-1	-1
Financial income and expenses total	9,396	5,899
Profit before extraordinary items	12,086	4,928
Extraordinary items		
Extraordinary income	5,400	7,800
Extraordinary items total	5,400	7,800
Profit before appropriations and taxes	17,486	12,728
Appropriations		
Increase (-) or decrease (+) in depreciation difference	185	233
Appropriations total	185	233
Income taxes	-5,125	-3,761
Profit for the financial period	12,546	9,200

Parent Company Cash Flow Statement

1 Jan - 31 Dec 2003
1,000 EUR

1 Jan - 31 Dec 2002
1,000 EUR

Cash flow from operations		
Profit before extraordinary items	12,086	4,928
Adjustments	-13,703	-7,025
Change in working capital	-1,170	-780
Financial income and expenses	3,794	1,357
Direct taxes paid	-1,671	-1,963
Cash flow from operations	-664	-3,483
Cash flow from investments		
Investments in tangible and intangible assets, net	-1,608	-137
Other investments, net	4,358	-816
Investments in subsidiary company	-3,600	
Dividends received from investments	6,366	3,690
Cash flow from investments	5,516	2,737
Cash flow before financing items	4,852	-745
Cash flow from financing		
Change in current loans	-3,046	-3,845
Change in current receivables	3,575	-2,168
Change in non-current receivables	3,046	8,867
Group contributions received and paid	5,400	7,800
Dividends paid and other profit distribution	-8,038	-12,824
Cash flow from financing	937	-2,171
Increase (+) or decrease (-) in financial assets	5,789	-2,917
Liquid assets at the beginning of the financial period	13,621	16,537
Liquid assets at the end of the financial period	19,410	13,621

Parent Company Balance Sheet

	31 Dec 2003 1,000 EUR	31 Dec 2002 1,000 EUR
ASSETS		
FIXED AND OTHER LONG-TERM ASSETS		
Intangible assets		
Intangible rights	93	86
Other long-term assets	56	94
Advances paid	79	35
	228	215
Tangible assets		
Land and water areas	295	332
Buildings and constructions	1,962	2,169
Machinery and equipment	238	224
Advances paid and construction in progress	1,389	15
	3,883	2,740
Investments		
Shares in Group companies	9,884	6,284
Shares in associated companies	487	487
Other shares and holdings	5,738	7,435
Other investments	182	483
	16,291	14,689
CURRENT ASSETS		
Inventories		
Other inventories	4,656	3,545
	4,656	3,545
Receivables		
Non-current		
Receivables from Group companies		3,046
Receivables from associated companies	11	11
Loan receivables	1,385	1,385
	1,396	4,442
Current Accounts receivable		
Sales receivables		1
Receivables from Group companies	169	3,735
Loan receivables	18,459	13,510
Other receivables	95	
Accrued income	3,327	3,709
	22,050	20,956
Cash and bank deposits	950	127
ASSETS TOTAL	49,456	46,713

	31 Dec 2003 1,000 EUR	31 Dec 2002 1,000 EUR
LIABILITIES AND SHAREHOLDERS' EQUITY		
SHAREHOLDERS' EQUITY		
Share capital	3,259	3,259
Issue premium fund	166	166
Revaluation reserve		30
Reserve fund	13,079	13,079
Retained earnings	9,148	8,158
Profit for the financial period	12,546	9,200
	38,198	33,892
ACCUMULATED APPROPRIATIONS		
Depreciation difference	1,420	1,605
LIABILITIES		
Current liabilities		
Accounts payable	232	90
Payables to Group companies	5,498	8,556
Other payables	3,873	2,288
Accrued expenses and deferred income	235	283
	9,838	11,217
LIABILITIES TOTAL	49,456	46,713

Accounting Principles

Group

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

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

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

The consolidated financial statements include the associated companies Arena Partners Oy, Kristinestads Förlags Ab, Väli-Suomen Media Oy and Yrittävä Suupohja Oy. The associated companies' financial statements were included in the consolidated financial statements using the equity method. A voluntary liquidation is in progress at Kristinestads Förlags Ab.

Comparability of Figures

The figures for 2003 are comparable with those of 2002.

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 during the period. Other fixed assets were valued at the original acquisition cost less depreciation according to plan. Depreciation according to plan was calculated as straight-line depreciation from the original acquisition price of fixed assets on the basis of the economic life of the assets, using uniform principles for all Group companies. The depreciation periods for different assets are as follows:

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

Periodisation of Pension Expenses

Employee pension schemes are arranged through insurance companies.

Items in Foreign Currencies

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

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

	Group		Parent Company	
	2003	2002	2003	2002
1. Net sales				
Net sales by operating sector				
Publishing	39,125	37,605		
Graphics	24,577	29,597		
Renting	296	408		
Other sales	1,839	1,751	1,839	1,751
Securities trading	12,618	8,872	12,618	8,872
Internal sales	-12,419	-12,548		
Total	66,036	65,685	14,456	10,623
Net sales by market area				
Finland	63,803	59,643	14,456	10,623
Other Nordic countries	2,233	5,931		
Other countries		111		
Total	66,036	65,685	14,456	10,623
2. Other operating income				
Capital gains on fixed assets	2,450	36	2,408	26
Rent income	352	356	1,021	1,031
Other	13	41		
Total	2,815	433	3,429	1,058
3. Average number of personnel during the financial period by operating sector				
Publishing	232	234		
Graphics	182	198		
Business services	32	31	32	31
Total	446	462	32	31
4. Management's salaries and fees				
Managing Director and Board Members	301	309	188	175
Members of the Supervisory Board	16	18	16	18
Total	318	327	204	193
5. Depreciation according to plan				
Intangible rights	151	281	49	38
Consolidated goodwill		112		
Group reserve	-172	-172		
Other long-term expenses	57	102	39	79
Buildings and constructions	607	622	152	153
Machinery and equipment	2,465	2,493	111	117
Total	3,108	3,438	352	386

	2003	Group 2002	Parent Company 2003	Parent Company 2002	
6. Group operating profit by operating sector					
Publishing	6,318	5,412			
Graphics	2,159	2,877			
Rentals	151	276			
Other sales	1,497	-820			
Securities trading	1,194	-152			
Eliminations	107	-6			
Total	11,425	7,588			
7. Total amount of dividend yields and interest income and expenses					
Dividend yields	1,187	1,130	6,366	3,690	
Interest income	618	925	717	1,103	
Interest expenses	17	31	312	482	
8. Extraordinary items					
Extraordinary income			5,400	7,800	
The Parent Company's extraordinary items consist of Group contributions received.					
9. Income taxes					
Income tax on extraordinary items			1,566	2,262	
Income tax on ordinary operations	4,175	3,121	3,560	1,500	
Income tax from previous financial periods	6	22	-1	-1	
Change in deferred tax liability	-225	-186			
Total	3,956	2,957	5,125	3,761	
Deferred tax liability due to revaluations (not included in the balance sheet)		89		89	
10. Intangible and tangible assets					
Group Intangible assets	Intangible rights	Group goodwill	Other long-term assets	Advances paid	Total
Acquisition cost 1 Jan 2003	3,709	5,855	2,190	35	11,789
Increase	106			91	197
Decrease			-5	-35	-40
Acquisition cost 31 Dec 2003	3,815	5,855	2,185	91	11,946
Accumulated depreciation and write-downs 1 Jan 2003	3,435	5,855	1,963		11,252
Depreciation for the financial period	151		57		208
Accumulated depreciation 31 Dec 2003	3,586	5,855	2,019		11,460
Book value 31 Dec 2003	229		166	91	486

Group Tangible assets	Land areas	Buildings and constructions	Machinery and equipment	Advances paid	Total
Acquisition cost 1 Jan 2003	858	14,354	36,171	127	51,510
Increase		17	1 144	1,389	2,550
Decrease	-37	-271	-112	-125	-544
Acquisition cost 31 Dec 2003	821	14,100	37,203	1,391	53,516
Accumulated depreciation and write-downs 1 Jan 2003		6,375	21,195		27,569
Accumulated depreciation of decrease and transfers		-215	-106		-321
Depreciation for the financial period		607	2,465		3,072
Accumulated depreciation 31 Dec 2003		6,767	23,553		30,320
Book value 31 Dec 2003	821	7,333	13,650	1,391	23,195
Balance sheet value of machinery and equipment 31 Dec 2003			13,066		

Parent Company Intangible assets	Intangible rights	Other long- term assets	Advances paid	Total
Acquisition cost 1 Jan 2003	678	1,914	35	2,628
Increase	57		79	137
Decrease			-35	-35
Acquisition cost 31 Dec 2003	735	1,914	79	2,729
Accumulated depreciation and write-downs 1 Jan 2003	592	1,820		2,413
Depreciation for the financial period	49	39		88
Accumulated depreciation 31 Dec 2003	642	1,859		2,501
Book value 31 Dec 2003	93	56	79	228

Parent Company Tangible assets	Land areas	Buildings and constructions	Machinery and equipment	Advances paid	Total
Acquisition cost 1 Jan 2003	332	4,319	5,624	15	10,290
Increase			125	1,389	1,514
Decrease	-37	-271	-51	-15	-373
Acquisition cost 31 Dec 2003	295	4,048	5,699	1,389	11,431
Accumulated depreciation and write-downs 1 Jan 2003		2,149	5,401		7,550
Accumulated depreciation of decrease and transfers		-215	-51		-266
Depreciation for the financial period		152	111		263
Accumulated depreciation 31 Dec 2003		2,086	5,461		7,547
Book value 31 Dec 2003	295	1,962	238	1,389	3,883
Balance sheet value of machinery and equipment 31 Dec 2003			178		

11. Revaluation

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

12. Investments

Group	Shares in associated companies	Other shares and holdings	Other investments	Total
Book value 1 Jan 2003	389	7,778	537	8,704
Increase	15	1,250	274	1,539
Decrease		-3,528	-41	-3,570
Transfers between items		539	-539	
Book value 31 Dec 2003	404	6,038	231	6,673

Parent Company	Shares in Group companies	Shares in associated companies	Other shares and holdings	Other investments	Total
Book value 1 Jan 2003	6,284	487	7,435	483	14,689
Increase	3,600		1,250	274	5,124
Decrease			-3,486	-36	-3,522
Transfers between items			539	-539	
Book value 31 Dec 2003	9,884	487	5,738	182	16,291

	2003	Group 2002	Parent Company 2003	Parent Company 2002
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13. Difference in market value and book value of publically quoted securities

Publically quoted securities entered under investments

Market value	1,611	4,625	1,611	4,625
Book value	1,282	3,611	1,282	3,611
Difference	330	1,014	330	1,014

Marketable securities

Market value	5,357	3,714	5,357	3,714
Book value	4,656	3,545	4,656	3,545
Difference	701	169	701	169

14. Companies owned by the Group and the Parent Company

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

Associated companies	Group ownership %	Parent company ownership %
Arena Partners Oy, Kuopio	27.8	27.8
Kristinestads Förlags Ab, Kristiinankaupunki	38.8	
Väli-Suomen Media Oy, Jyväskylä	40.0	20.0
Yrittävä Suupohja Oy, Kauhajoki	38.5	38.5

A voluntary liquidation is in progress at Kristinestads Förlags Ab.

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

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

	2003	Group 2002	Parent Company 2003	Parent Company 2002
15. Receivables				
Non-current receivables				
Receivables from Group companies				
Loan receivables				3,046
				3,046
Receivables from associated companies				
Loan receivables	39	39	11	11
	39	39	11	11
Subordinate loans				
The Group's non-current loan receivables include EUR 1,419,426 of subordinated loans, and those of the Parent Company include EUR 1,391,675 of subordinated loans.				
Of these, the Group figures include subordinated loans of EUR 38,683 to associated companies, whereas the corresponding figure for the Parent Company is EUR 10,932.				
Current receivables				
Receivables from Group companies				
Account receivables			28	19
Loan receivables			140	3,699
Other receivables				17
			169	3,735
Receivables from associated companies				
Account receivables	4	23		
	4	23		
Substantial accrued income items				
Tax receivables	4,560	3,275	3,267	1,939
Interest receivables	48	1,757	45	1,753
Other	197	278	15	17
	4,805	5,310	3,327	3,709

	2003	Group 2002	Parent Company 2003	Parent Company 2002
16. Shareholders' equity				
Share capital 1 Jan	3,259	3,259	3,259	3,259
Share capital 31 Dec	3,259	3,259	3,259	3,259
Issue premium fund 1 Jan	166	166	166	166
Issue premium fund 31 Dec	166	166	166	166
Revaluation reserve 1 Jan	30	30	30	30
Decrease	-30		-30	
Revaluation reserve 31 Dec		30		30
Reserve fund 1 Jan	13,079	13,079	13,079	13,079
Reserve fund 31 Dec	13,079	13,079	13,079	13,079
Redemption reserve 1 Jan	24	24		
Redemption reserve 31 Dec	24	24		
Retained earnings 1 Jan	36,395	42,246	17,358	21,194
Other change in shareholders' equity	-59		-62	
Dividend distribution	-8,148	-13,036	-8,148	-13,036
Retained earnings 31 Dec	28,188	29,210	9,148	8,158
Profit for the financial period	9,783	7,185	12,546	9,200
Shareholders' equity total	54,499	52,953	38,198	33,892
Statement of distributable funds 31 Dec				
Retained earnings	28,188	29,210	9,148	8,158
Profit for the financial period	9,783	7,185	12,546	9,200
- share of depreciation difference entered in shareholders' equity	-6,656	-7,206		
Total	31,316	29,188	21,694	17,358
Breakdown of the Parent Company's share capital by share type:				
Series I (20 votes/share), nominal value EUR 1/share			956	956
Series II (1 vote/share), nominal value EUR 1/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.

	2003	Group 2002	Parent Company 2003	Parent Company 2002
17. Deferred tax liability				
Deferred tax liability in the consolidated financial statements is based on the accumulation of appropriations as follows:				
Appropriations				
Depreciation difference	10,989	11,765		
	<u>10,989</u>	<u>11,765</u>		
Deferred tax liability				
Of appropriations	3,187	3,412		
	<u>3,187</u>	<u>3,412</u>		
18. Liabilities				
Current liabilities				
Payables to Group companies				
Accounts payable			8	17
Other payables			5,490	8,536
Accrued expenses and deferred income				3
			<u>5,498</u>	<u>8,556</u>
Payables to associated companies				
Accounts payable		5		
		<u>5</u>		
Substantial accrued expenses and deferred income items				
Holiday pay including social security contributions	2,030	2,017	196	182
Other	754	633	39	101
	<u>2,784</u>	<u>2,650</u>	<u>235</u>	<u>283</u>
Interest-free liabilities	13,513	11,853	4,348	2,681
19. Guarantees and contingent liabilities				
Loans secured with mortgages on company assets				
Loans from financial institutions	441	568		
Mortgages on company assets	1,245	1,245		
Other guarantees				
Pledged real estate mortgages	168	168		
Contingent liabilities on behalf of others				
Guarantees	145	818	145	818

Proposal by the Board of Directors on Profit Distribution

The Group's distributable funds	EUR	31,315,690.18
The parent company's distributable funds		
Undistributed funds from profits from earlier financial periods	EUR	9,147,756.54
The profit for the financial year	EUR	12,546,242.20
Total	EUR	21,693,998.74

The Board of Directors proposes to the Annual General Meeting that the profit for the financial year be entered in retained earnings and that a per-share dividend of EUR 4.00 be paid, totalling 3,259,074 shares, or amounting to EUR 13,036,296.00.

Seinäjoki, 13 February 2004

BOARD OF DIRECTORS

Veikko Heikkilä

Jaakko Aukia

Seppo Paatelainen

Tapio Savola

Lasse Hautala

Matti Korkiatupa
Managing Director

The financial statements have been prepared in accordance with generally accepted accounting principles. We issued our report on the audit we conducted, on this day 16 February 2004.

Seinäjoki, 16 February 2004

Ernst & Young Oy
Authorised Public Accountants

Risto Järvinen
Authorised Public Accountant

Pekka Kiljunen
Authorised Public Accountant

Auditors' Report

To the shareholders of Ilkka-Yhtymä Oyj

We have audited the accounts, the financial statements and the corporate governance of Ilkka-Yhtymä Oyj for the financial period 1 January–31 December 2003. The financial statements prepared by the Board of Directors and the Managing Director include the report of the Board of Directors, and the consolidated and parent company income statements, balance sheets and notes to the financial statements. Based on our audit we submit our opinion on these financial statements and the company's corporate governance.

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

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

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

Seinäjoki, 16 February 2004

Ernst & Young Oy
Authorised Public Accountants

Risto Järvinen
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 2003, 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: Esko Ala-Äijälä, Seinäjoki, Vesa-Pekka Kangaskorpi, Jyväskylä, Simo Luoma, Seinäjoki, Aarno Puumala, Lehtimäki, Matti Ritamäki, Lapua, and Jyrki Viitala, Seinäjoki.

Seinäjoki, 1 March 2004

Jaakko Rintala
Chairman of
the Supervisory Board

Matti Korkiatupa
Managing Director

Administration

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 Company or of another company owned by it.

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).

In addition to the duties stipulated in the Articles of Association, the Supervisory Board is responsible for, electing and dismissing members of the Board of Directors and determine their emoluments, electing and dismissing the Managing Director of the company and the Chief Editor of Ilkka, summon the General Meetings, and preparing the issues presented to the General Meeting, and appointing a Salary Committee consisting of four members, and issuing a report on the financial statements and the auditors' report.

The Supervisory Board convened twice during the year.

	Member of the Supervisory Board since	Current term will expire in		Member of the Supervisory Board since	Current term will expire in
Jaakko Rintala, Lapua Chairman	1995	2007	Heikki Kuoppamäki, Ähtäri	1991	2007
Aarno Puumala, Lehtimäki Vice Chairman	1974	2004	Esa Latva-Rasku, Ilmajoki	2001	2005
Markku Akonniemi, Töysä	1995	2005	Simo Luoma, Seinäjoki	1984	2004
Esko Ala-Äijälä, Seinäjoki	1998	2004	Juha Mikkilä, Kurikka	1990	2006
Timo Aukia, Seinäjoki	1999	2007	Sari Mutka, Helsinki	2002	2006
Jari Eklund, Helsinki	1998	2006	Seppo Nurmi, Vaasa *)	2001	2005
Mauri Hietala, Seinäjoki	1991	2007	Martti Ojares, Helsinki	2002	2006
Alpo Joensuu, Kuortane	1994	2005	Perttu Rinta, Helsinki	1999	2007
Raimo Joronen, Seinäjoki	1986	2006	Ari Rinta-Jouppi, Vähäkyrö	1999	2007
Ossi Jäkärä, Vaasa	1990	2006	Matti Ritamäki, Lapua	1994	2004
Heikki Järvi-Laturi, Teuva	2001	2005	Pauli Särkijärvi, Evijärvi	1986	2006
Vesa-Pekka Kangaskorpi, Jyväskylä	2000	2004	Arto Takalampi, Nurmo *)	2002	2005
Antti Kiviniemi, Jalasjärvi	1998	2006	Raija Tikkala, Jurva	1995	2007
Yrjö Kopra, Helsinki	1998	2006	Jukka Tunkkari, Veteli	2001	2005
Martti Koski, Vaasa	2001	2005	Marja Vettenranta, Laihia	1997	2005
Mikko Koskinen, Seinäjoki	1999	2007	Jyrki Viitala, Seinäjoki	2000	2004

*) Employee representative



Ilkka-Yhtymä Oyj's Board of Directors, from the left Jaakko Aukia, Veikko Heikkilä, Lasse Hautala, Seppo Paatelainen and Tapio Savola.

Board of Directors

The Board of Directors comprises a minimum of four (4) and a maximum of five (5) members. Board members are elected for a term of four (4) years. The retirement age of members of the Board of Directors is sixty-eight (68) and their terms of office end, regardless of the length of the remaining period of office, at the first meeting of the Supervisory Board after the AGM during the calendar year at which the member in question reaches sixty-eight (68).

The Board of Directors convened 13 times during the year.

Veikko Heikkilä, b. 1939, B.Agr., Kunnallisneuvos (Finnish honorary title), Chairman of the Board of Directors

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

Jaakko Aukia, b. 1939, M.Sc. (Econ.), Yrittäjäneuvos (Finnish honorary title), Vice Chairman of the Board of Directors

- CEO of Jaakko Aukia Oy since 1967.
- Member of Ilkka-Yhtymä Oyj's Board of Directors since 1985. Vice Chairman since 1994.
- 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.

Lasse Hautala, b. 1963, B.Agr., MP

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

Seppo Paatelainen, b. 1944, M.Sc. (Agr. & For.), Vuorineuvos (Finnish honorary title)

- CEO and member of the Board of Directors of Atria Yhtymä Oyj since 1991.
- Member of Ilkka-Yhtymä Oyj's Board of Directors 1994-1998, re-elected in 1999.
- Member of Vaasa Oy's Board of Directors 1995-1998, re-elected in 2000.
- Member of Sanomalehti Ilkka Oy's Board of Directors since 1999.
- Chairman of the Board of Directors at the following corporations: A-Logistiikka Oy, Evijärven Peruna Oy, Liha ja Säilyke Oy, Lithells AB (Sweden), UAB Vilniaus Mesa (Lithuania)
- Member of the Supervisory Board at the following corporations: Tapiola General Mutual Insurance Company, OKO Bank Oyj, Vaasan Läänin Puhelin Oy.

Tapio Savola, b. 1959, Master of Laws trained on the bench

- Lawyer at Lakiasiaintoimisto Savola & Savola
- Member of Ilkka-Yhtymä Oyj's Board of Directors since 1991.
- Chairman of Pohjanmaan Lähisanomat Oy's Board of Directors since 1999.
- Member of Sanomalehti Ilkka Oy's Board of Directors since 1999.

	Member of the Board since	Current term will expire in
Veikko Heikkilä, Kunnallisneuvos (Finnish honorary title), Alavus Chairman	1986	2005
Jaakko Aukia, Yrittäjäneuvos (Finnish honorary title), Kurikka Vice Chairman	1985	2004
Lasse Hautala, MP, Kauhajoki	2002	2006
Seppo Paatelainen, Vuorineuvos (Finnish honorary title), CEO, Seinäjoki	1999	2007
Tapio Savola, Master of Laws trained on the bench, Lappajärvi	1991	2007

Managing Director

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

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

Group Executive Team

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

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

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

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

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

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

The Group Executive Team convenes 10-13 times a year.

Auditors during the financial year 2003

Principal auditors

Ernst & Young Oy, Authorised Public Accountants, the main responsible accountant being Risto Järvinen, Honorary Counsellor, Lic.Sc. (Econ. & Bus. Adm.), Authorised Public Accountant, Helsinki

Pekka Kiljunen, Authorised Public Accountant

Deputy auditors

Tapio Ali-Tolppa, Authorised Public Accountant
Päivi Virtanen, Authorised Public Accountant

Controlling audit

Ernst & Young Oy, Authorised Public Accountants

Ilkka-Yhtymä's Group Structure



- The parent company provides the subsidiaries with:
- financial and investment services, Paula Anttila, Financial Director
 - HR services, Paula Mahlamäki, Human Resources Manager
 - development and data management services, Ari Monni, Chief Information Officer
 - real-estate services, Heikki Lehtola, Construction Engineer
 - R&D services, Merja Paunikallio, Research Manager

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