



ILKKA-YHTYMÄ

Annual Report

2015



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PHOTOS: The archives of Ilkka-Yhtymä, Jaakko Romu, Matti Hautalahti (I-print | plus), Seinäjäki City Theatre

DESIGN/LAYOUT: Mirja Pajula (I-print | plus)

PRINTED BY: I-print Oy

The year of development



THE ECONOMIC CONDITIONS in Finland continued to be challenging in 2015. The year began on a positive note in terms of net sales and profitability, but the end of the year was weaker due to a drop in advertising sales.

In accordance with our content strategy, part of our digital content that was previously free for consumers was turned into paid-for content, and we also launched a new content and news video production service subject to a charge. The joint content-creation company of twelve provincial newspapers, Lännen Media Oy, proved its value in its first year of operation. The feedback provided by both customers and editorial departments on the collaboration was positive.

Our largest strategic project aimed at significantly raising the service level of the newspapers by including digital subscriptions in all paper subscriptions. The service level improved particularly for customers who live in sparsely populated areas or travel frequently, due to the possibility to read the papers anywhere, anytime. In delivery, we continued our cooperation with Posti by signing a new multi-year contract. The contract is largely based on joint deliveries and productivity generated by the volumes of postal items included in these.

We reformed our B2B sales to support the service offering and sales of our new multi-channel advertising network. We offer a wide range of advertising solutions consisting of services provided by us and our associated companies or other partners, in order to boost our customers' marketing and sales.

During the autumn, we updated our business areas and management system. Our businesses include provincial newspapers and free sheets, local newspapers, and printing and communications services. These are backed up by the publishing company's and the parent company's support services, together with the digital services provided by our associated companies.

IN THE ONGOING YEAR, we will improve customer service by means of a newspaper revamp based on the existing format of our provincial papers, and by enhancing the usability of the digital services. Our personnel policy will focus on motivation and encouragement, along with the development of employee skills in the transforming newspaper sector.

Although personnel and other costs will rise only slightly, the weak outlook for net sales calls for increasing productivity in all parts of the company.

The combination of our associated company Alma Media Corporation and Talentum Corporation inspires faith in the Finnish media's ability to transform itself and continue to prosper well into the future.

On behalf of Ilkka-Yhtymä, which celebrates its 110th anniversary this year, I wish our employees, owners and all partners a happy year. Thank you for your excellent cooperation.

Matti Korkiatupa
Managing Director

Dear shareholder,

THE YEAR 2015 saw perhaps one of the most significant changes in the Group's provincial newspapers since their foundation.

The newspaper brands Ilkka and Pohjalainen began their transformation from newspapers to comprehensive services. The first step - the inclusion of paid digital content in the print subscription - was well received by readers. The number of users registered for the digital service that have subscriptions increased substantially in a few months, proving that traditional newspaper brands also appeal to people in digital format.

The work to develop the consumer services continues. In the future, loyal subscribers will have access to even better content in multiple channels, and to other new digital products, adding significant value to their daily lives.

The advertising network solutions launched for advertisers during the year also worked well from the beginning, improving the company's competitive position in an otherwise negative market environment. The broad reach of the Group's traditional media in the regions in which we operate, coupled with our expertise in regional digital advertising, provided advertisers with an attractive tool for managing media visibility.

THE ENTIRE GROUP is rapidly changing from a traditional newspaper corporation into a business providing a wide range of services in the media sector. Future subscribers will no longer subscribe to a newspaper; they will subscribe to a continuously updated comprehensive service delivered through multiple channels. Similarly, advertisers will no longer buy newspaper advertisements; they will buy high-impact, measurable campaigns implemented across multiple media.

This change is imperative if we wish to build ever closer relationships with the people and companies in our region. Although we are strongly rooted in Ostrobothnia, the regional category in the media contest no longer exists. Our competitors are world-class players, and we must be able to offer attractive services in order to succeed in the market.

I wish to thank you sincerely for showing confidence in Ilkka-Yhtymä as an investment. We at Ilkka-Yhtymä want to continue driving improvements within the company in order to demonstrate that we deserve your trust.

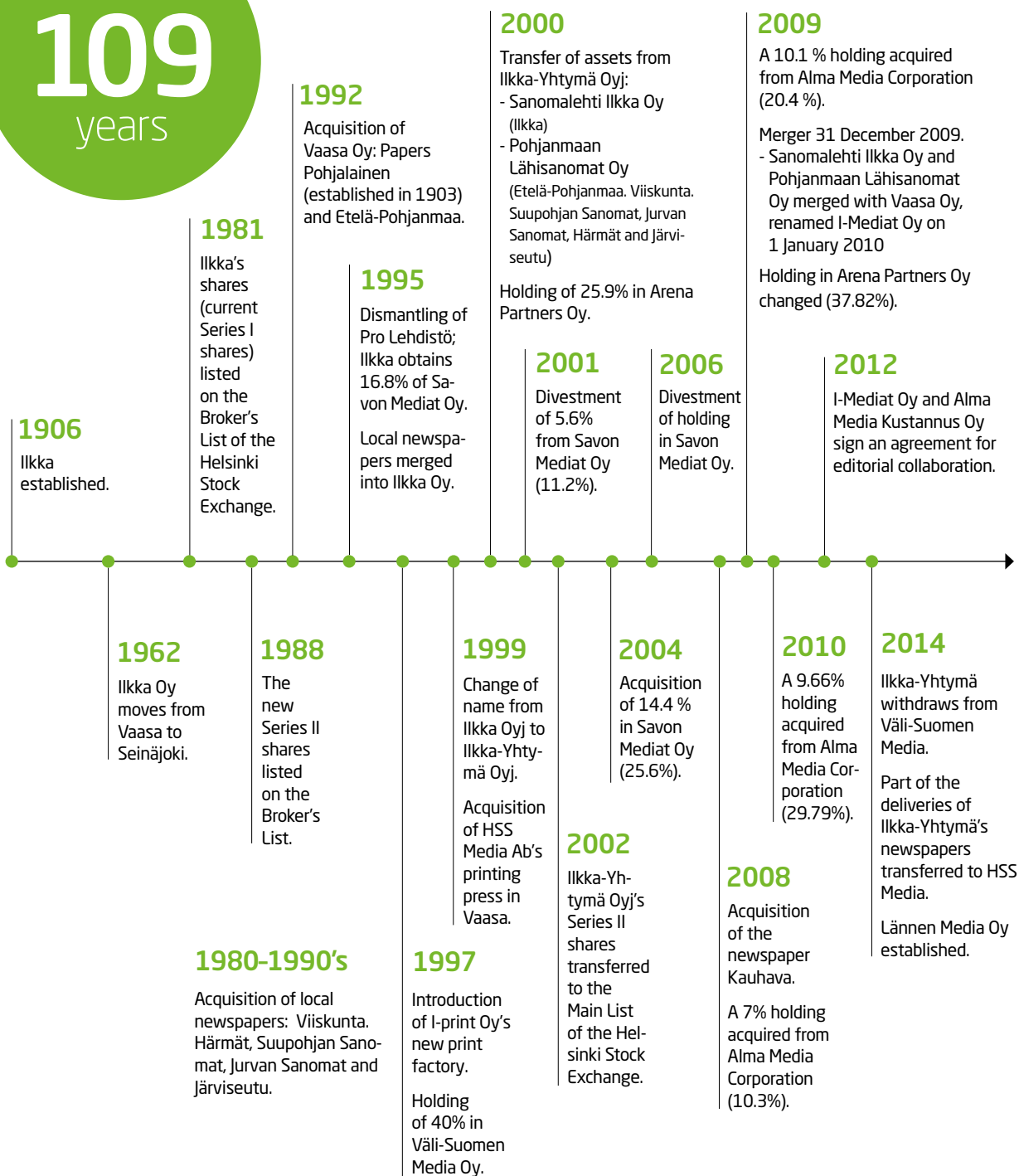
Timo Aukia

Chairman of the Board of Directors

”The entire Group is rapidly changing from a traditional newspaper corporation into a business providing a wide range of services in the media sector.



109
years



Ilkka-Yhtymä Group in Brief

ILKKA-YHTYMÄ GROUP is a media group comprising the parent company Ilkka-Yhtymä Oyj, the publishing company I-Mediat Oy and the printing house I-print Oy. The Group also includes property company and Alma Media Corporation, Arena Partners Oy and Yrittävä Suupohja Oy as associated companies.

The Series I shares of Ilkka-Yhtymä Oyj have been listed on the Helsinki Stock Exchange since 1981. The Series II shares have been listed since their issue in 1988 and, on 10 June 2002, they were listed on the Main List of the Helsinki Stock Exchange. At present, the Series II shares of Ilkka-Yhtymä Oyj are listed on the Nasdaq Helsinki List, Consumer Services sector, the company's market value being classified as Small Cap. The Series I shares are listed on the Pre List.

The parent company is responsible for the Group's management, strategic planning and development of strategies together with its subsidiaries. Ilkka-Yhtymä Oyj offers its subsidiaries services ranging from financial and investment services to human relations, development and information management and property maintenance services.

ILKKA-YHTYMÄ

Ilkka-Yhtymä Oyj

PUBLISHING

I-Mediat Oy

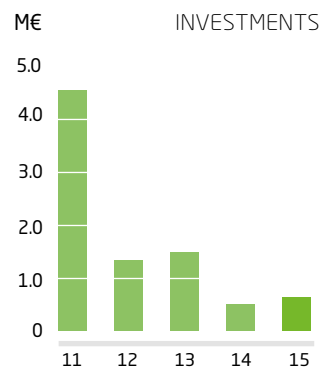
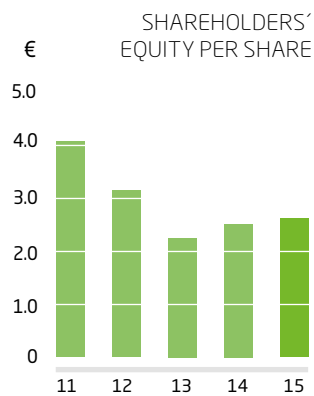
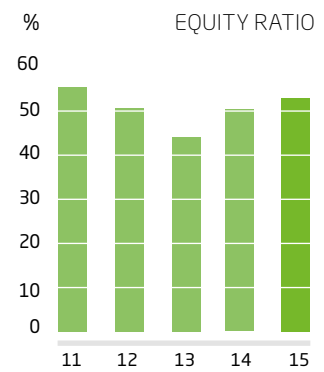
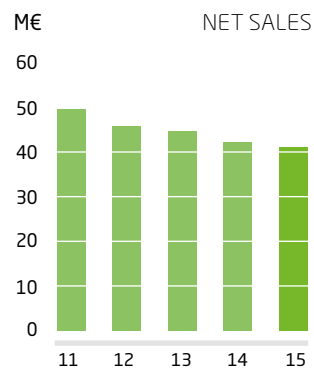
PRINTING

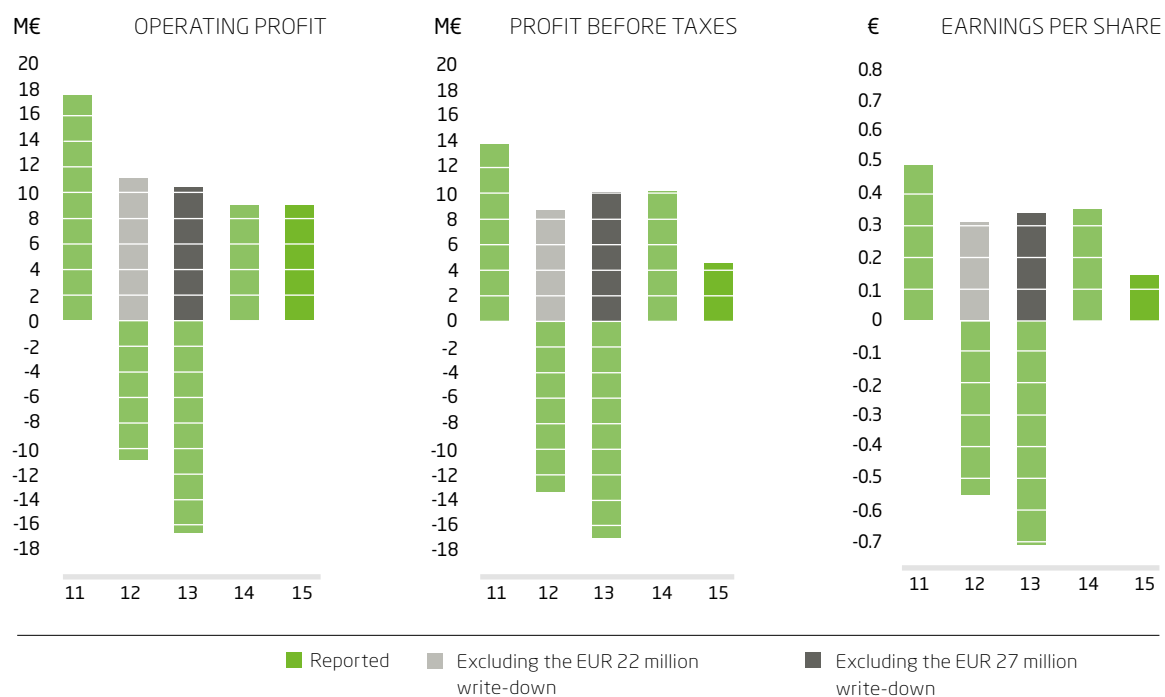
I-print Oy

PROPERTY COMPANYKiinteistö Oy
Seinäjoen Koulukatu 10**ASSOCIATED COMPANIES**Alma Media Oyj
Arena Partners Oy
Yrittävä Suupohja Oy

41.2

NET SALES, M€





Equity ratio remained good

52.9%

Net gearing declined to

67.6%

ILKKA-YHTYMÄ GROUP (IFRS)	2015	2014	Change-%
Net sales, MEUR	41.2	41.8	-1.5
Operating profit/ loss, MEUR	9.0	9.3	-2.7
Profit/ loss before tax, MEUR	4.5	10.1	-55.8
Return on investment (ROI), %	4.8	9.7	
Earnings per share (EPS), EUR	0.14	0.35	-60.2
Dividend per share, EUR	0.10 *)	0.10	
Equity ratio, %	52.9	50.2	
Net gearing, %	67.6	78.0	
Gross capital expenditure, MEUR	0.6	0.5	25.9
Personnel	299	311	-3.9

*) Board of Directors' proposal

Our Mission

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

Vision

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

Values

We respect
We are innovative
We succeed
We care

Strategy

THE CORNERSTONES OF ILKKA-YHTYMÄ'S STRATEGY IN 2016-2017

1. Ilkka-Yhtymä is a customer-driven and cost-effective communications company with networked operations.
2. We will focus on our core businesses, publishing and printing cross-media newspapers, and investigate opportunities for expansion into other business areas.
3. We will seek to grow both organically and through our associate companies.
4. We will keep our newspaper brands apart while providing common content and services, taking the needs of customers and network partners into account.
5. We will invest in product development, and in the well-being and strategically important areas of expertise of our staff.

GROWTH AND PROFITABILITY

The growth target for operating net sales will correspond to at least the level of growth occurring in domestic consumers' purchasing power. Other objectives: ROI (return on investment) 10%, ROE (return on equity) 15% and equity ratio minimum 40%.

OWNERSHIP AND DIVIDEND POLICY

Ilkka-Yhtymä Oyj practises an active dividend policy and aims to distribute at least half of its consolidated annual income as dividend payments. However, dividend distribution is affected not only by the earnings trend, but also by the Group's financial standing, the financing required for profitable growth and the company's future outlook and development needs.

Information to Shareholders

ANNUAL GENERAL MEETING

The Annual General Meeting of Ilkka-Yhtymä Oyj will be held on Wednesday, 20 April 2016 at 3 p.m. at the Auditorium of Frami Oy (Frami B). The address is Kampusranta 9 B, FIN-60320 Seinäjoki.

DIVIDEND DISTRIBUTION

The Board of Directors proposes to the AGM that a per-share dividend of EUR 0.10 be paid for 2015. If this proposal is approved, the record date of dividend payment will be 22 April 2016, and the dividend will be paid on 29 April 2016. 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 is maintained by Euroclear Finland Oy, telephone +358 20 770 6000. Issues relating to shareholder information are handled by Ilkka-Yhtymä Oyj's Financial Service Department, located at Koulukatu 10, FIN-60100 Seinäjoki, telephone +358 6 247 7127.

FINANCIAL INFORMATION

In 2016, Ilkka-Yhtymä Oyj will publish interim reports as follows: for the period January-March on 9 May 2016, for the period January-June on 8 August 2016, and for the period January-September on 7 November 2016. These will be available both in Finnish and English on our website at www.ilkka-yhtyma.fi. Stock exchange releases and statements published by Ilkka-Yhtymä Oyj in 2015 are available on the company's website at www.ilkka-yhtyma.fi.

IFRS FINANCIAL STATEMENTS

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

2016

ILKKA-YHTYMÄ OYJ'S AGM

20 April 2016
at 3 p.m.

INTERIM REPORTS

January-March

9 May 2016

INTERIM REPORTS

January-June

8 August 2016

INTERIM REPORTS

January-September

7 November 2016

ILKKA-YHTYMA.FI

Corporate responsibility

THE GROUP is strongly committed to its home region. In many respects, this is reflected in the operations of the Group and its various parts.

RESPONSIBILITY is crystallised in the Group's values, mission and vision. Ilkka-Yhtymä is an Ostrobothnian communications company with customer-driven, reliable and networked operations. It actively contributes to the sector's development and generates economic and cultural added value for its stakeholders. Reliability and ethical conduct form the basis of journalism. We fulfil our key responsibility as advocates of the region and regional players. By participating in cultural and sports events, both large and small, within its circulation areas, the Group promotes the region's sense of community and, thereby, takes responsibility for general well-being.

THE GROUP develops the region by participating in chamber of commerce activities and those of entrepre-

neurial organisations, as well as in joint marketing of the region. It also supports the region's universities and other higher education institutions through donations and, via cooperation agreements, promotes voluntary civic activities. The Group's newspapers maintain links with the region's schools, supporting institutions from day-care centres to universities in their media education and in the inclusion of newspapers in educational activities.

THE GROUP'S ambition to develop the region can also be seen in its objective of building a competitive and modern communications infrastructure. Development of electronic communications and electronic services is an integral part of these efforts. The Nordic Ecolabel awarded to I-print Oy is further proof of the Group's responsibility. Printed products bearing this label are among the best in class in terms of their environmental impact. Moreover, the newspaper delivery services provided by Posti are carbon-neutral. ♦

FINANCIAL ADDED VALUE FOR STAKEHOLDERS



Skilled employees will always succeed

THE DAILY PROVISION of our Group's products and services and their continuous development would be impossible without our skilled and motivated personnel. We offer work-related coaching and training and on-the-job learning to develop competencies that support our strategy. We promote internal job rotation, career development, skills development and networking. Our objective is to have the most competent personnel in the industry, now and in the future.

WE HAVE revised our management system in order to support our development in the dynamic business environment. The Group now comprises three business units. Within the publishing company, Director Marko Orpana assumed responsibility for the provincial newspapers and free sheets business and internal support services, Sauli Harjamäki continues as the Director in charge of I-Mediat Oy's local newspapers business and newspaper deliveries, and Seppo Lahti as the Managing Director of our printing house I-print Oy.

AS PART of the reform, responsibility for the digital business and its development, previously a separate unit, was incorporated into our publishing business. Clarifying responsibilities and bringing decision-making closer to our customers and employees enables more agile operations.

THE INCREASINGLY digital operations and declining volumes forced us to adapt our working methods and reduce our workforce in 2015. The publishing company cut seven jobs and laid off advertisement production employees for up to three weeks. At I-print Oy's newspaper print shop, employees were laid off for up to five weeks.

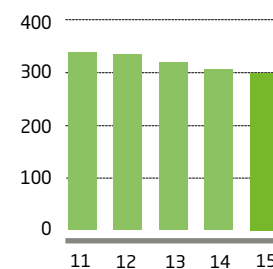
In the midst of these changes, we are investing in the well-being of our employees. In our employee survey, change management, rewarding and appreciation were highlighted as key areas for improvement. In 2016, we will focus on developing supervisory work, adopting a full range of reward options and improving the feeling of appreciation by means of better interaction and flow of information.

We have also begun to gather ideas and proposals, with the intention of creating new, improved practices and processes. In this way, we can enhance our daily work together and even come up with the seeds of a new business. ♦

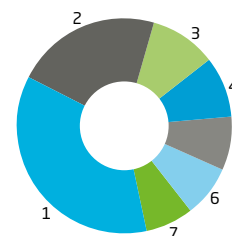
AVERAGE NUMBER OF ALL EMPLOYEES

331

AVERAGE NUMBER OF FTE EMPLOYEES



STAFF BROKEN DOWN BY FUNCTION



1. Editorial unit	36 %
2. Production company	22 %
3. Local newspapers	10 %
4. I-Mediat, internal support services	9 %
5. Consumer marketing	8 %
6. Corporate services	8 %
7. Corporate marketing	7 %

GENERAL ECONOMIC TRENDS

ACCORDING TO the Bank of Finland forecast of 10 December 2015, the Finnish GDP was expected to shrink by approximately 0.1% in 2015. Driven by domestic demand, GDP is expected to grow in 2016, but only slowly, by 0.7%. Private consumption is estimated to have increased by 0.5% in 2015. The projected growth for private consumption in 2016 is in the region of 0.6 per cent.

According to Statistics Finland, the inflation rate was -0.2% in December. The consumer survey of Statistics Finland shows that consumers' confidence in Finland's economy strengthened in January 2016.

According to Statistics Finland, the unemployment rate for 2015 was 9.4%, while the figure for 2014 was 8.7%. The preliminary estimate is that the average increase in wage earners' income levels was 1.2% from the previous year, while real earnings rose by 1.4%.

DEVELOPMENT OF THE OPERATING REGION

SOUTH OSTROBOTHNIA is known for its entrepreneurial spirit, fertile land and diverse cultural activities. The region's strength is the location of Seinäjoki, the central city, at a logistics hub. The strongest clusters are the food industry, the metal and technology industry, and the wood and furniture industry. South Ostrobothnia is a food region, where innovations related to food systems and the bioeconomy have major potential. In the food industry, regional investments made by major companies have contributed to a positive mood.

Challenges include internationalisation, raising the educational level and preparing for a change in the age structure. As the population ages, smooth changes of ownership become increasingly important every year. Business density in South Ostrobothnia is one of the highest in Finland, but the majority of the enterprises are micro or small businesses. Growth orientation is an important goal for companies of all sizes, to enable the creation of new jobs. South Ostrobothnian enterprises should also step up their investments in research and development. According to a survey of small and medium-sized enterprises conducted in the spring of 2016, the outlook in South Ostrobothnia is more positive than in the autumn of 2015.

OSTROBOTHNIA is known as Finland's most industrialised region, Vaasa is home to export-oriented large-scale industry, and the subcontracting networks also provide jobs elsewhere in the region. The energy cluster in the Vaasa region is the largest of its kind in the Nordic countries. In Ostrobothnia, the key activities are those related to the energy cluster: energy production; the manufacture of metal products, machinery and equipment, and electrical appliances; and their servicing and repair. Additionally, the cluster's engineering and design companies are continuously gaining in importance. Investments made in this cluster also bring employment to the construction sector. Demand related to energy savings and increased efficiency will grow globally at an accelerating pace, so the outlook for the region's energy cluster is excellent, although the current recession has slowed growth and the low price of oil has temporarily reduced the need for newer technologies. According to a survey of small and medium-sized enterprises conducted in the spring of 2016, the outlook in Ostrobothnia is slightly more positive than last autumn. ♦

Development of the media sector in Finland

ACCORDING TO a survey conducted by TNS Gallup Oy in cooperation with the Finnish Advertising Council, media advertising decreased by 2.1% in 2015. Advertising in newspapers fell by 7.5%, while advertising in free sheets increased by 1.2%. Newspapers and free sheets accounted for 30.6% and 5.6% of media advertising, respectively. Web media advertising saw an increase of 6.8%, representing a 24.8% share of media advertising.

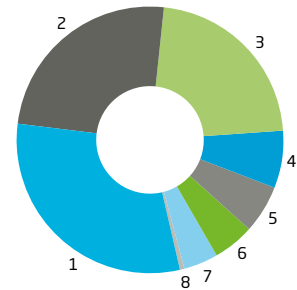
Money spent in 2015 on media advertising in Finland totalled EUR 1,155 million. Money spent on advertising in printed newspapers came to EUR 354 million. Print media accounted for 43.4% of media advertising, i.e. EUR 501.3 million.

Finns still pay for newspaper content, both in print and digital format. According to the National Readership Survey, 57% of respondents buy or subscribe to printed newspapers, and 76% of Finns have a positive attitude to advertising in newspapers. Newspaper advertisements are viewed much more positively than advertisements in digital or mobile media.

The strong position of printed newspapers in the daily lives of Finns is also demonstrated by the results of circulation audits for 2014. The total circulation of newspapers amounted to 2,241,276 in 2014, meaning that the gross reach was more than 80% in proportion to the number of households. The total circulation of daily newspapers was 1,226,596, and that of local newspapers 652,603.

For digital newspapers, the total circulation grew by around 9% in 2014 in terms of comparable figures, while the circulation of printed newspapers fell by a little under 6% in terms of comparable figures. The growth in digital subscriptions is one proof of consumers' willingness to pay for edited online content. ♦

MEDIA ADVERTISING
BREAKDOWN 2015



1. Newspapers	30.6 %
3. Online media	24.8 %
2. Television	22.1 %
4. Magazines	7.1 %
5. Free sheets, delivered and take away	5.6 %
6. Radio	5.1 %
7. Outdoor advertising	4.2 %
8. Movies	0.4 %
	100 %

The Graphic Industry in Finland

IT IS ESTIMATED that the volume of printing and the related services declined by 6-7% in 2015. Meanwhile, the value of printed material exports decreased by an estimated 1%.

According to the Business Tendency Survey published by the Confederation of Finnish Industries (EK) in February 2016, economic conditions in the printing sector remain modest. Almost all companies in the industry describe

their outlook as weak.

The production volume decreased across the board towards the end of 2015, and is expected to keep falling in the coming months. Order backlogs are still small, and the number of employees is projected to decrease further. Additionally, sales prices are expected to trend downwards. However, profitability is predicted to remain roughly unchanged. ♦



Marko Orpana, Business Director, Provincial Newspapers and Free Sheets, I-Mediat Oy.



Sauli Harjamäki, Business Director, Local Newspapers, I-Mediat Oy.

The most comprehensive and reliable media in Ostrobothnia

IN 2015, development activities focused on the competitiveness of our deliveries and multi-channel advertising services.

THE ADVERTISING network of I-Mediat, designed for corporate customers, enables us to better meet the increasingly diverse advertising needs of our customers. The services of the advertising network are built around our provincial newspapers Ilkka and Pohjalainen and our two free sheets and five local newspapers. These are complemented by our own multi-channel solutions and the digital solutions provided by our associated companies.

OUR AGILE OPERATIONS in the dynamic media sector are supported by our management system, which was revised in early September. Responsibility for the digital business and its development, previously a separate unit, was incorporated into our publishing business. This brought decision-making closer to our customers and employees, allowing us to more effectively allocate and use our resources.

IN AUGUST, we signed a new multi-year agreement for newspaper deliveries with Posti, effective from 2016. The agreement will ensure the best possible service level and cost-efficiency for the provincial and local newspapers in both population centres and sparsely populated areas. The solution is based on the current delivery model, which we have developed together since 2007. The model makes use of the joint delivery of newspapers and other postal items.

OUR PROVINCIAL newspapers introduced bundled digital services for consumers in the autumn, following our local newspapers, which launched them in early 2015. All our newspaper subscriptions now include both the printed and the digital facsimile edition. This improves the availability of our newspapers particularly in sparsely populated areas. We have also defined a strategy for paid

content. We have limited the amount of advertiser-funded digital content, which is free to consumers, by turning part of it into paid content, which can be accessed only by subscribers.

THE STUDY into the adoption of a tabloid format in our provincial newspapers was completed. We decided to keep the broadsheet format and revamp the appearance of the newspapers. The reforms will be implemented in 2016 as part of the Group's 110th anniversary activities. The appearance of our five local newspapers was updated in early 2015.

Our multi-channel newspapers and their transforming digital services will maintain their respective brands and reinforce a customer-driven sense of community in their regions. The joint

editorial function of our provincial newspapers creates regional content for multiple channels, as well as using materials provided by Lännen Media and STT.

OUR PRINTING COMPANY I-print Oy prepares for the volume and format needs of our printed newspapers by reserving enough printing and production capacity. Our print shops, which serve customers all over the country, continuously develop both digital printing solutions and services. One example is the marketing logistics service of our printing house.

Our communications agency I-print | plus produces channel-independent content for corporate and organisational communications for both the public and private sectors across Finland.



Seppo Lahti, Managing Director, I-print Oy.

KEY FIGURES

I-MEDIAT OY

NET SALES, EUR 1 000



OPERATING PROFIT, EUR 1 000



AVERAGE NO. OF EMPLOYEES



I-PRINT OY

NET SALES, EUR 1 000



OPERATING PROFIT, EUR 1 000



AVERAGE NO. OF EMPLOYEES



● 2015 ● 2014

CIRCULATION

Audited total circulation in 2015

Ilkka	45 046
Pohjalainen	20 076
Komiati	5 905
Viiskunta	5 165
Järviseutu	4 787
Suupohjan Sanomat	3 646
Jurvan Sanomat	1 935
Vaasan Ikkuna *)	55 600
Etelä-Pohjanmaa *)	52 000

*) distribution

COLLABORATION

ILKKA-YHTYMÄ works in collaboration with an extensive partner network, developing multi-channel communications services that help us bring prosperity to the region.



CREATIVE dialogue

SEINÄJOKI CITY THEATRE – selected as Theatre of the Year 2015 – believes in itself and the importance of quality in everything it does.

Seinäjoki City Theatre operates in the middle of a region that loves theatre – the same region in which the provincial newspaper Ilkka is published. It is, therefore, natural that these two are important partners for each other.

“Ilkka’s marketing people take good care of our theatre. They actively come up with ideas that keep us, as advertisers, in step with the times both in print and online. We also regularly brainstorm new things together,” says **Marjo Tamminen**, Sales and Marketing Manager of the City Theatre.

She is excited about marketing that involves genuine collaboration. A good example is a karaoke play based on the songs of Paula Koivuniemi, a popular Finnish singer. Ilkka and the City Theatre invited karaoke singers from the region to take part in



Joint campaigns enliven the region's cultural landscape.

a competition in which the first prize was appearing at the premiere of the play. The competitors could be voted for at ilkka.fi.

According to Tamminen, many joint marketing campaigns have been implemented and are currently being planned. Actors have been seen in Ilkka's advertisements, and Ilkka has attracted more people to the theatre by providing benefits to readers. The dialogue also works well with the editorial department: it is important to both parties that culture is thriving in the regional centre.

IN RECENT YEARS, Seinäjoki City Theatre has won international acclaim for its performances. Selected as Theatre of the Year 2015, the institution also gained fame for its play *Myötätunto* (Compassion), which received the Performance of the Year award.

"We have had, and will continue to have, a wide range of productions, something for all ages. We are also going to increase our cooperation with local partners.

"The theatre's values are continuous improvement, competence and high quality. These are also matters that we value in our partners," Tamminen continues.

The City Theatre's future looks promising. It has the city's strong support, and the employees are fully involved and enthusiastic about their work.

In the autumn, Christian Lindroos - the theatre's artistic director since the beginning of the year - will bring to the stage the Broadway musical *La Cage aux Folles* (The Birdcage), which is expected to be a big hit.

"We are an attractive theatre, and it's easy for us to get top theatre-makers to perform in our productions," Tamminen says contentedly.



Large stocks provide A COMPETITIVE EDGE

LÄHDESMÄKI OY, the number one home decor business in the Ostrobothnian economic areas, has achieved its position through hard work and bold moves.

Lähdesmäki Oy's Managing Director, **Tuomas Lähdesmäki**, says that their competitive advantage is definitely their warehouse, which greatly exceeds that of any of their competitors.

"We have 3,500 square metres of warehouse space full of furniture, which ensures quick delivery. If you buy a sofa somewhere else, you'll have to wait for it for weeks, whereas we can deliver it to you within a few days - or even on the same day."

Lähdesmäki, who expanded to the web a few years ago, guarantees that in the furniture business, brick-and-mortar shops will not disappear. A website is an important tool for displaying items and attracting customers, but they want to test sofas, beds and other furniture before buying them.

The Ilmajoki shop is visited daily by customers who live within a radius of over 100 kilometres. Ilkka and Pohjalainen have been an important marketing channel for years, and the company has also begun to advertise in the web service.

LÄHDESMÄKI SEES subscription newspapers as a reliable advertising medium and praises the collaboration, which seems to improve every year.

"A great example is the Housing Fair to be held in Seinäjoki in the summer of 2016, where we will contribute to five homes. Ilkka will be strongly involved in the event, so our collaboration will be more extensive than ever."

Managing Director Lähdesmäki is satisfied with the company's prospects. The family business relies on the power of a wide selection, competitive pricing and competent staff.

"We have managed to build good relationships with key industry suppliers. We also complement the selection by having our own collections made at various factories, and by importing home decor products from all over the world.

"Although business in general is slow in this sector, we recorded a healthy profit in 2015. It is proof of the power of collaboration and entrepreneurial courage," he continues.

In March 2016, Lähdesmäki Oy will open a new full-selection furniture shop, covering 2,300 square metres, in Vaasa, where the company was founded 44 years ago by Raimo Lähdesmäki. It will be one of the biggest projects in the company's history. The provincial newspaper Pohjalainen will play a key role in informing customers about the new shop.

"We are confident that this grand shop, which will be opened in the best location in the city, will be a success. With this new shop, the number of our employees will increase to twenty," Lähdesmäki says.

In the furniture business, provincial newspapers are reliable and cooperative partners.



EVERYDAY partnership

OSTROBOTHNIA'S LEADING *ICT solutions provider wants to be a part of the daily lives of its customers. Anvia provides comprehensive services for both communications and entertainment.*

Finland's fourth largest telecommunications operator Anvia offers modern, high-quality communications, ICT management and security solutions for consumers and businesses. For its own communications, the company uses Ilkka-Yhtymä's services.

"We advertise in print and online, and I-print prints our special offer leaflets. Besides Pohjalainen and Ilkka, we often advertise in free sheets. Through Epari and Ikkuna we can reach, for example, students, who are our new potential customers," says Anvia's Communications Director **Tiina Nieminen**.

The content of Anvia's special offers leaflet, published several times a year and delivered to homes as direct mail, was recently made more informative. Special offers are still there, of course, but factual content,



Collaboration ensures that every local resident is part of the information society.

such as user guidance and articles about product tests, has been added.

Niemenen feels that print and web are both great advertising media that support and complement each other. By using different tools, the company can reach a wider range of customers and reinforce the corporate message.

OVER THE COURSE of a decade, the former Vaasan Läänin Puhelin Oy has grown into Finland's fourth largest telecommunications operator and a major employer in its home region. Anvia is seeking to add volume to its business through acquisitions and new services in national and international markets. New opportunities are created by the Securi and entertainment business, along with solutions for

digitalisation and remote services.

Anvia, which has around 700 employees, will continue to increase its efficiency by focusing on its core operations, i.e. data communications, communications, entertainment and security. Ostrobothnia's leading ICT solutions provider wants to make sure that rural areas are also genuinely included in the information society.

Niemenen believes that the dialogue between Anvia and Ilkka-Yhtymä works well because the companies largely operate in the same geographical area and have shared Ostrobothnian values.

"Our companies understand each other and are important to this region. We at Anvia provide the connections, while Ilkka-Yhtymä provides the content. Together we can ensure that every local resident is part of the information society," Niemenen declares.

Effective COMMUNICATIONS

WHO IS close to you? Lakeuden Omaishoitajat ry, an association of family carers, wants to spark discussion about caring for family members.

An estimated 350,000 people are helped daily by close relatives, so that they can manage at home. The most burdensome form of care, in which the carer is present 24 hours a day, is given by around 60,000 Finns. Lakeuden Omaishoitajat ry promotes the position of such families in South Ostrobothnia by providing information and training and by developing collaboration between social and health care professionals and family carers.

The association thinks it is important that people recognise the role of family care in their lives. **Anne-Maria Halmesmäki**, Development Planner for a project aimed at providing professional support and guidance to family carers, says they had a vision of an exhibition that tells stories through multiple channels. They turned to the communications agency I-print | plus in order to make their idea of a photo exhibition a reality.

"We wanted to show what family carers' days are like by introducing four different families, and thereby increase people's awareness of this important issue. There are many Finns who do not realise that they are family carers. Help is available if you know where you can get it."

I-print | plus put together a travelling photo exhibition, which has been on display in South Ostrobothnian municipalities for a little over a year. The stories were also recorded on video to complement the photos on the exhibition website at www.likella.fi. Additionally, the website tells the stories in writing.

THE MOST RECENT issue of the association's Likellä magazine, produced and printed by I-print, contained articles about two of the family carers and how their situation has changed in six months.

Kimmo's story, for example, gave a slightly different face to family carers: a rough-looking man can also become the carer of a loved one. It is all about love, care and commitment.

Kimmo visits his mother Sävvy, diagnosed with Alzheimer's, several times a day, and has been admired for his ability to cope with it all. People have marvelled at how he can take care of his mother when he also has a job, family and hobbies.

"If I can do it, so can other men," Kimmo says encouragingly.

Halmesmäki has been pleased with the feedback received on the touring exhibition and other communications materials. She has seen herself that even a small association can achieve great things in order to further a good cause.

"By using the right kind of communications, we managed to get to Switzerland to tell about our work at an international conference on family care."

Family caring, which is present in the lives of hundreds of thousands of Finns, was highlighted in a multi-channel campaign.



FINANCIAL STATEMENTS

GROUP STRUCTURE

The Ilkka-Yhtymä Group is a media group that consists of the parent company Ilkka-Yhtymä Oyj, the publishing company I-Mediat Oy, as well as the printing company I-print Oy. The Group also includes property company, Kiinteistö Oy Seinäjoen Koulukatu 10. In the financial year 2015 Ilkka-Yhtymä Oyj sold the shares of one of its property companies, Seinäjoen Kassatalo Oy. On 31 December 2015, Pohjalaismediat Oy was merged with Ilkka-Yhtymä Oyj. Our main products are the regional newspapers Ilkka and Pohjalainen, five local newspapers (Viiskunta, Komiat, Järvisetu, Suupohjan Sanomat and Jurvan Sanomat), two free sheets (Vaasan Ikkuna and Etelä-Pohjanmaa), including the online and mobile services of these papers, and I-print Oy's printing and communications services.

The associated companies included in our consolidated financial statements are Alma Media Corporation, Arena Partners Oy and Yrittävä Suupohja Oy.

CONSOLIDATED NET SALES AND PROFIT PERFORMANCE

Consolidated net sales decreased by 1.5%, amounting to EUR 41,172 thousand (EUR 41,802 thousand in 2014). External net sales from publishing operations decreased by 3.3%. Advertising revenues fell by 6.5% and circulation revenues by 1.8%. External net sales from the printing business increased by 10.5%. Circulation income accounted for 46% of consolidated net sales, while advertising income and printing income represented 39% and 15%, respectively.

Other operating income totalled EUR 1,763 thousand (EUR 454 thousand). The other operating income for the financial year, includes a non-recurring capital gain of EUR 1,421 thousand. Ilkka-Yhtymä Oyj sold the shares of one of its property companies, Seinäjoen Kassatalo Oy. The deal was closed on 30 September 2015.

The Group operating expenses for the financial year amounted to EUR 36,950 thousand (EUR 37,319 thousand), down by 1.0% year-on-year. Expenses arising from materials and services increased by 0.3%. Personnel expenses decreased by 1.4%. Other operating costs increased by 0.5%. Depreciation contracted by 10.9%.

The share of the associated companies' result was EUR 3,012 thousand (EUR 4,318 thousand). Consolidated operating profit amounted to EUR 8,998 thousand (EUR 9,251 thousand), down by 2.7% year-on-year. The Group's operating margin was 21.9% (22.1%). Operating profit excluding Alma Media Corporation and the other associated companies amounted to EUR 5,986 thousand (EUR 4,933 thousand), representing 14.5% (11.8%) of net sales. The operating profit for the financial year includes a non-recurring capital gain of EUR 1,421 thousand. The comparable operating profit, excluding associated companies and the non-recurring capital gain, was EUR 4,565 thousand (EUR 4,933 thousand) and operating margin 11.1% (11.8%).

Net financial expenses amounted to EUR 4,519 thousand (net financial income in the corresponding period of the previous year EUR 883 thousand). As a result of the dilution of ownership in the associated company Alma Media Corporation, a non-recurring loss of EUR 3,533 thousand was recorded in financial expenses in the consolidated financial statements. This entry has no impact on cash flow. In November 2015, Alma Media Corporation made an exchange offer to Talentum's shareholders. In accordance with the offer, Alma Media gave 0.25 new Alma Media shares as share consideration and EUR 0.70 as cash consideration for each Talentum share. After the completion of the exchange offer, Ilkka-Yhtymä Oyj's holding in Alma Media Corporation decreased from 29.79% to 27.30%. Ilkka-Yhtymä Oyj is the largest shareholder of Alma Media Corporation.

As an associated company, Alma Media is consolidated using the equity method.

Interest expenses excluding the fair value change in derivatives hedging them totalled EUR 1,308 thousand (EUR 1,678 thousand). In order to hedge against interest rate risk, the company has transformed some of its floating-rate liabilities into fixed-rate liabilities, by means of interest rate swaps. Given that the Group does not apply hedge accounting, unrealised changes in the market value of the interest rate swaps are recognised through profit or loss. The change in the market value of these interest rate swaps amounted to EUR -3 thousand (in 2014, EUR -102 thousand). Net gain/loss on shares held for trading was EUR 46 thousand (EUR -130 thousand). Financial income for 2014 includes a capital gain of EUR 2 million from the sale of Anvia Oyj's shares.

Profit before tax totalled EUR 4,479 thousand (EUR 10,133 thousand). Direct taxes amounted to EUR 872 thousand (EUR 1,063 thousand), and consolidated profit for the period totalled EUR 3,607 thousand (EUR 9,070 thousand). Earnings per share amounted to EUR 0.14 (EUR 0.35).

CONSOLIDATED BALANCE SHEET AND FINANCING

The consolidated balance sheet total came to EUR 127,181 thousand (EUR 130,536 thousand), with EUR 66,035 thousand (EUR 64,503 thousand) of equity. On the reporting date of 31 December 2015, the balance sheet value of the holding in the associated company Alma Media Corporation was EUR 101,760 thousand and the market value of the shares was EUR 67,468 thousand. According to the management's estimate, write-down in this holding is unnecessary.

At the end of the 2015 financial year, interest-bearing liabilities totalled EUR

52,229 thousand (EUR 56,936 thousand on 31 December 2014), and their average maturity was 3 years 2 months (3 years 11 months on 31 December 2014).

In order to hedge against interest rate risk, the company has transformed some of its floating-rate liabilities into fixed-rate liabilities, by means of interest rate swaps. Presently, some 58% of the loans in the company's total loan portfolio have a fixed rate and some 42% a floating rate. These hedging measures included, the average interest rate for interest-bearing liabilities on 31 December 2015 came to 2.16% (2.50%).

As at 31 December 2015, the impact of floating-rate interest-bearing liabilities on profit before taxes would have amounted to -/+ EUR 220 thousand over the next 12 months, if the interest level increases or decreases by one percentage point. Of interest-bearing liabilities existing during the 12 months following the financial year, a total of EUR 20,250 thousand will fall due for payment.

Group net gearing was 67.6% (78.0%) at the end of the financial period. Equity ratio was 52.9% (50.2%) and shareholders' equity per share stood at EUR 2.57 (EUR 2.51). The increase in financial assets for the period totalled EUR 967 thousand (EUR 3,553 thousand), with liquid assets at the end of the period totalling EUR 6,500 thousand (EUR 5,534 thousand).

For the financial year, cash flow from operations came to EUR 4,201 thousand (EUR 3,710 thousand). Cash flow from investments totalled EUR 4,019 thousand (EUR 11,841 thousand), including capital repayment from Alma Media Corporation in the amount of EUR 2,699 thousand (EUR 2,249 thousand in the comparison period). Cash flow from investments for the financial year includes EUR 1,748 thousand of proceeds from the sale of property company's shares. Cash flow from investments for 2014 in-

cludes EUR 9,462 thousand of proceeds from the sale of Anvia Oyj's shares.

PUBLISHING

The Group's publishing segment comprises the publishing company I-Mediat Oy. During the year, net sales from publishing totalled EUR 35,218 thousand (EUR 36,413 thousand). Net sales from the publishing business decreased by 3.3%. The decrease in net sales from the publishing business was mainly caused by a weaker advertising market. Advertising revenues fell by 6.5% and circulation revenues by 1.8%. Operating profit from publishing decreased by 7.0% year-on-year, to EUR 3,238 thousand (EUR 3,481 thousand).

In the current uncertain economic climate and competitive environment, forecasting net sales in the newspaper business involves major uncertainties. Media advertising in Finland is expected to remain roughly at the previous year's level and newspaper circulation income is forecast to decline slightly. Net sales of I-Mediat Oy are expected to remain almost the same as in the previous year.

PRINTING

The printing segment comprises the printing house I-print Oy. Net sales for the printing business, EUR 12,321 thousand (EUR 12,333 thousand), were almost unchanged from the previous year. External net sales from the printing business increased by EUR 576 thousand (10.5%). Operating profit from printing decreased by 11.7% year-on-year, to EUR 1,543 thousand (EUR 1,749 thousand).

Within the printing business, the market situation in Finland is expected to remain difficult in 2016. The overcapacity in the graphics sector will continue, while printing volumes will decrease further. The rise in raw material and energy costs is expected to be moderate. I-print Oy's net sales are projected to fall slightly.

ASSOCIATED COMPANIES

Ilkka-Yhtymä Group's associated companies are Alma Media Corporation (27.30%), Arena Partners Oy (37.82%) and Yrittävä Suupohja Oy (38.46%).

Alma Media focuses on publishing operations and digital consumer and corporate services. Its high-profile newspapers are Aamulehti, Iltalehti and Kauppalehti. In November 2015, Alma Media Corporation made an exchange offer to Talentum's shareholders, of whom around 95% accepted the offer.

Arena Partners Oy is a digital business development and production company jointly owned by five provincial newspaper companies. Arena Partners owns a 35% share of Alma Mediapartners Oy, which is Alma Media's housing sales, vehicle and consumer advertising marketplace company operating in Finland. The Arena Partners Group also includes the subsidiary Arena Interactive Oy (65%), focusing on mobile services, the recruitment agency Uranus Oy (100%) and Adfore Technologies Oy (34%).

Yrittävä Suupohja Oy publishes Suupohjan Seutu, a free sheet distributed in the Suupohja region.

ILKKA-YHTYMÄ OYJ AND POSTI OY SIGNED AN AGREEMENT FOR NEWSPAPER DELIVERIES IN SOUTH OSTROBOTHNIA AND VAASA

Ilkka-Yhtymä Oyj and Posti Oy announced on 12 May 2015 that they had agreed to continue their collaboration on newspaper deliveries for several years, and that they would specify the contract over the course of the year. The final agreement, signed on 20 August 2015, will ensure the best possible service level and cost-efficiency for the provincial and local newspapers in both population centres and sparsely populated areas.

The solution is based on the current delivery model, developed together by the

parties since 2007. The delivery model will make partial use of the joint delivery of newspapers and other postal items.

RESEARCH AND DEVELOPMENT EXPENSES

In the Group's publishing business, product development for multiple channels has been carried out with Arena Partners Oy, Lännen Media Oy and their shareholding newspapers as well as the Next Media programme of Finnmedia (Federation of the Finnish Media Industry). The focus in product development is on customer-driven multi-channel services related to news reporting, transactions and communities. With regard to the Group's printing business, the focus was on the development of value-added services and products.

CAPITAL EXPENDITURE

Reported capital expenditure for the year totalled EUR 584 thousand, with printing accounting for EUR 120 thousand and publishing for EUR 272 thousand.

GOVERNANCE PRINCIPLES

In the financial year 2015 Ilkka-Yhtymä Oyj complied with the Finnish Corporate Governance Code for listed companies that was issued by the Securities Market Association on 15 June 2010 and which came into force on 1 October 2010. Ilkka-Yhtymä Oyj's Corporate Governance Code is detailed and maintained on the Ilkka-Yhtymä website at www.ilkka-yhtyma.fi, under Sijoittajat - Hallinnointi (Finnish web address only). The Corporate Governance Statement can be found under this section on the website.

ANNUAL GENERAL MEETING, SUPERVISORY BOARD AND BOARD OF DIRECTORS

On 22 April 2015, the Annual General Meeting (AGM) of Ilkka-Yhtymä Oyj approved the financial statements, discharged the members of the Supervisory Board and the Board of Directors and the Managing Director from liability and

decided that a per-share dividend of EUR 0.10 be paid for the year 2014.

The number of members on the Supervisory Board for 2015 was confirmed to be 24. Of the Supervisory Board members whose term had come to an end, the following were re-elected for the term ending in 2019: Lasse Hautala, Satu Heikkilä, Perttu Rinta, Ari Rinta-Jouppi, Minna Sillanpää and Jorma Vierula.

At the Annual General Meeting it was decided to maintain the payments made to the Chairman of the Supervisory Board and the board members at their current level: the Chairman will receive a retainer of EUR 1,500 per month and a fee of EUR 400 per meeting, and the board members will be paid a fee of EUR 400 per meeting attended. The board members' travel expenses are reimbursed in accordance with the current maximum level specified by the tax authorities.

Ernst & Young Oy, Authorised Public Accountants, was elected as the auditor, with Authorised Public Accountant, MSc(Econ.) Harri Pärssinen as the principal auditor. It was decided that the auditors would be reimbursed per the invoice.

The AGM authorised the Board of Directors to decide upon a share issue and/or granting stock options and/or other special rights and upon their conditions. The maximum number of Series II shares issued under the authorisation is 7,700,000, corresponding to around 30% of the company's total shares and 36.05% of Series II shares at present. This authorisation includes the right to issue shares and/or stock options and/or other special rights as distinct from the shareholders' pre-emptive rights, under conditions prescribed by law, and the right to decide upon a free issue to the company itself. The authorisation is valid for five years from the date of the AGM's decision.

The AGM authorised the Board of Directors to decide upon a donation to be put toward charitable causes or similar, totalling, at maximum, EUR 50,000, as well as to decide upon the recipients, purposes of use, schedules and other terms of these donations.

At its meeting on 4 May 2015, the Supervisory Board re-elected Markku Hautanen and Tapio Savola to the Board of Directors of Ilkka-Yhtymä Oyj when their terms of service had come to an end. Lasse Hautala will continue as chairman of the Supervisory Board, while Perttu Rinta will continue as vice-chairman.

At its membership meeting, the Board of Directors re-elected Timo Aukia as its chairman, while Esa Lager will continue as vice-chairman. The Board of Directors of Ilkka-Yhtymä Oyj now has the following membership: chairman Timo Aukia, vice-chairman Esa Lager, members Markku Hautanen, Sari Mutka, Tapio Savola, and Riitta Viitala.

DIVIDEND

The Board of Directors proposes to the Annual General Meeting of 20 April 2016 that a per-share dividend of EUR 0.10 be paid for the financial year 2015, representing a total dividend payment of EUR 2,566,520.80. Dividends will be distributed to those who are listed on the record day, 22 April 2016, as shareholders in the Ilkka-Yhtymä Oyj's list of shareholders, maintained at Euroclear Finland Oy. Dividend payments are issued on 29 April 2016. On 31 December 2015, the parent company's distributable funds amounted to EUR 55,343,303.48.

Ilkka-Yhtymä Oyj practises an active dividend policy and aims to distribute at least half of its consolidated annual income as dividend payments. However, dividend distribution is affected not only by the earnings trend, but also by the Group's financial standing, the financing required for profitable growth and the

company's future outlook and development needs.

AUTHORISATION OF THE BOARD OF DIRECTORS

On 22 April 2015, the Annual General Meeting authorised the Board of Directors to decide upon a share issue and/or granting stock options and/or other special rights and upon their conditions.

The maximum number of Series II shares issued under the authorisation is 7,700,000, corresponding to around 30% of the company's total shares and 36.05% of Series II shares at present.

This authorisation includes the right to issue shares and/or stock options and/or other special rights as distinct from the shareholders' pre-emptive rights, under conditions prescribed by law, and the right to decide upon a free issue to the company itself.

The authorisation is valid for five years from the date of the AGM's decision.

On 4 November 2010, Ilkka-Yhtymä Oyj purchased 7,250,000 shares in Alma Media Corporation from Oy Herttaässä Ab. From the share purchase price, EUR 30 million was paid in cash. In addition, Ilkka-Yhtymä decided to issue freely negotiable convertible bonds, with a value of EUR 20.0 million, to the seller. The bond issue decision taken by Ilkka-Yhtymä's Board of Directors is based on the authorisation granted to it by the AGM on 19 April 2010.

In addition to this, the company has not issued any option rights or other special rights.

The Board of Directors is not authorised to acquire or sell company's own shares.

SHARES

At the end of 2015, the company's share capital totalled EUR 6,416,302. The num-

ber of shares was 25,665,208, of which 4,304,061 were Series I shares (20 votes per share) and 21,361,147 were Series II shares (1 vote per share). Shares of both series entitle the holders to the same dividend.

According to the Articles of Association, a single shareholder at a General Meeting may not use more than one twentieth (1/20) of the entire number of votes represented in a 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.

Further information on the shares, shareholders and holding structure of Ilkka-Yhtymä Oyj can be found in the Section Shares and Shareholders, pp. 73-78.

Per-share ratios are presented on page 62.

PERSONNEL

In the year under review, the Group had, on average, 331 employees with employment contracts, the corresponding figure for the parent company being 24. On 31 December 2015, the Group had 290 full-time employees, whereas the parent company had 22.

The average number of employees (full-time equivalents)

	2015	2014	2013
Group	299	311	321
Ilkka-Yhtymä Oyj	23	24	24

Salaries and fees, thousands of euros

	2015	2014	2013
Group	13,547	13,760	13,935
Ilkka-Yhtymä Oyj	1,565	1,626	1,600

Ilkka-Yhtymä Group's entire personnel has been covered by an incentive scheme since 2000. According to the

Articles of Association, Ilkka-Yhtymä Oyj's Supervisory Board must include two employee representatives.

On 30 January 2015, Ilkka-Yhtymä Group announced that the Group's publishing company I-Mediat Oy and the printing house I-print Oy will start cooperation negotiations. The negotiations mainly concerned provincial newspapers' technical production and media sales personnel and the personnel of the printing press. The purpose of the negotiations was to adjust the operations and the amount of personnel to the requirements of increasingly digital operations and reducing volumes.

As a result of the negotiations, I-Mediat Oy cut seven jobs and laid off advertisement production employees temporarily. At I-print Oy's newspaper printing house, employees were also temporarily laid off.

Ilkka-Yhtymä announced on 17 June 2015 that it would clarify operational responsibilities at its publishing company I-Mediat Oy and complement the Group Executive Team as of 1 September 2015. The matrix organisation and governance model, which have been in use since 2010, was changed into a business-driven management system, which will better meet the requirements of the increasingly digital business environment.

Marko Orpana, MSc (Econ.), was appointed as the director in charge of I-Mediat Oy's provincial newspaper and free sheet business and internal support services. Previously Orpana was the director in charge of I-Mediat Oy's web and mobile business. Sauli Harjamäki, DSc (Econ.), will continue as the director in charge of I-Mediat Oy's local newspaper business and newspaper delivery. They were both appointed as members to the Group Executive Team.

In December, Ilkka-Yhtymä Oyj's Board of Directors appointed Annika Tuovinen,

MSocSc, to succeed Paula Mahlamäki as the Group's HR Director. Tuovinen will take up her post at the beginning of March 2016. The HR Director is a member of the Group Executive Team.

In accordance with Ilkka-Yhtymä's management system, the joint editorial function of the provincial newspapers is managed by a management team, which is alternately chaired by the Editors-in-Chief of Ilkka and Pohjalainen. The chairman of the editorial function's management team is also a member of the Group Executive Team. Since January 2016, the post has been held by the Editor-in-Chief of Pohjalainen, Toni Viljanmaa (MA).

QUALITY AND ENVIRONMENT

As with the whole graphics industry, Ilkka-Yhtymä Group has a minor impact on the environment.

The company plans the classification, utilisation and handling of side products and waste created during business operations. The aim is to reduce the consumption of materials and safely dispose of waste. Waste paper created during the printing process and printing blocks is recycled. Printing ink waste, plate developing agent waste, solvent waste, and other waste products created during the printing process which are harmful to the environment are delivered to a facility for their treatment.

In accordance with legislation on waste products, the company's responsibility for the use of packaging is handled through Finnish Packaging Recycling RINKI Ltd. Responsibility for the recycling of waste paper and imported paper is handled through the paper recycling organisation Paperinkeräys Oy.

Since 2012, I-print Oy has had the right to use the Nordic Ecolabel (the Swan). Printed products bearing this label are among the best in class in terms of

their environmental impact. Most of the products printed by I-print Oy bear the Swan Label.

Deliveries of Ilkka-Yhtymä's provincial and local papers, made by Posti Group Oyj, have been 100% carbon neutral since 1 February 2011 (Itella Oyj press release on 1 Feb. 2011).

ESTIMATED OPERATING RISKS AND UNCERTAINTIES

The Risk Management Policy of Ilkka-Yhtymä Group is approved by the Board of Directors and is part of the Group's management system, also approved by the Board. The Risk Management Policy includes a written document and descriptions of key risks and the related management measures defined in separate risk databases. For identified key risks, risk management responsibilities have been defined by profit centre, by subsidiary and at Group level, and those assigned as being responsible have the capabilities required for risk management tasks. The Group's risk management procedures are consistent and known by the staff participating in holistic risk management.

Ilkka-Yhtymä's most significant short-term risks are still related to the development of media advertising, as well as circulation and printing volumes. In a weak economic climate, these risks affect the entire sector. In the longer term, there is a risk of a decrease in circulation and advertising volumes, if consumers choose to switch to competitors' alternative digital services. Through its holding in Alma Media stock, the company is also exposed to risks related to Alma Media's profit-making capacity, dividend policy and the price development of its shares.

Communications industry

The company estimates that the Group's core operations only involve risks normally associated with the industry operating in a changing business environment.

Such industry risks are mainly related to the development of media advertising and content consumption, since more and more alternatives are being offered to consumers and advertisers. A prolonged weak economic situation and a slow recovery will have a negative impact on the consumption of media products and services. Competition in the industry is being affected by the digitalisation of content and advertising, the emergence of new distribution channels, growth in advertiser-funded digital content, changes in media use and ways of spending time, as well as by the new operating methods and the actors these are enabling.

Publishing

In the long term, regional demographic and economic developments will have an impact on provincial and local newspapers' circulation and advertising income. A healthy circulation coverage percentage, a competitive contact price and strong relationships with readers are enhancing provincial and local newspapers' competitiveness in the advertising market. The strong growth seen in the volumes of online and mobile users has extended the overall reach of provincial newspapers.

In general, ordinary economic cycles have not had a major impact on local or provincial newspapers' circulation income. On the other hand, media advertising volumes reflect changes in economic cycles, competitive situations and the outlook of advertisers' own industries. Media sales took a downturn in spring 2012, and the trend still continued in 2015.

Economic cycles, the regional development of the advertising market and other competitive conditions all have an influence on the rate of market entry and exit of new media, such as free sheets and digital services. Like most other newspaper groups, Ilkka-Yhtymä has years of experience of its own free sheets and digital services. The comprehensive regional advertising network formed by these,

coupled with local customer relationships, give the Group a competitive edge.

Due to the consumer behaviour enabled by new technology, some classified advertisements, such as car, housing and job advertisements, have shifted online. In response to this development, Ilkka and Pohjalainen are engaged in collaboration with Arena Partners and Alma Mediapartners. Ilkka-Yhtymä's associated companies Alma Media Corporation and Arena Partners Oy own the Etuovi.com, Vuokraovi.com and Autotalli.com services, which enable us to provide our customers with the best services in these sectors. New players in the market include for instance international search engine companies.

In order to face the challenges posed by changing reading habits among consumers and the growing volumes of digital content available free of charge, Ilkka-Yhtymä Group is providing its provincial newspapers' premium online and mobile services for the benefit of the region's consumers. In line with the allied Arena Partners' strategy, the aim is for these services to become the leading place for digital news, services, transactions and commerce for consumers, communities and companies in our operating provinces.

Graphics

Fierce price competition continues in the Finnish printing sector. Developments in circulation and advertising volumes are reflected in the numbers of pages in newspapers, and the use of other advertising media is affected by their price competitiveness and general economic trends.

The availability of newsprint has been good and price developments in recent years have been moderate. Pricing pressures may increase in the future, since the paper industry's capacity cuts were intended to safeguard future profitability.

I-print Oy has prepared for both availability and price risks by spreading purchases among suppliers and through joint procurement with other actors within the industry.

Newspaper distribution has been outsourced to Posti and HSS Media. The short-term risks in delivery operations mainly concern price and service level developments. These risks depend on the diminishing volumes, pay development of deliverers, competition between delivery companies and the reform of the Postal Services Act. In the longer term, the availability of distribution services as well as the related price risks will increase.

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

The key figures describing our financial development are presented on page 62.

OUTLOOK FOR 2016

In the current uncertain economic climate and competitive environment, forecasting net sales in the newspaper business involves major uncertainties. Media advertising in Finland is expected to remain roughly at the previous year's level and newspaper circulation income is forecast to decline slightly. Printing business volumes are expected to decline further.

The net sales of Ilkka-Yhtymä Group are estimated to remain almost at the 2015 level. Operating profit from the Group's own operations, excluding non-recurring items and the share of Alma Media's and other associated companies' results, is expected to fall slightly.

The associated company Alma Media Corporation (Group ownership 27.30%) will have a significant impact on Group operating profit and profit.

Financial Statements for 2015

Consolidated Income Statement, IFRS

EUR 1,000	NOTE	1.1.-31.12.2015	1.1.-31.12.2014
NET SALES	1	41 172	41 802
Change in inventories of finished and unfinished products		1	-3
Other operating income	2	1 763	454
Materials and services	3	-13 418	-13 379
Employee benefits	4	-16 548	-16 782
Depreciation	5	-1 653	-1 856
Other operating costs	6	-5 331	-5 302
Share of associated companies' results	12	3 012	4 318
OPERATING PROFIT/LOSS		8 998	9 251
Financial income and expenses *)	7	-4 519	883
PROFIT/LOSS BEFORE TAXES		4 479	10 133
Income tax	8	-872	-1 063
PROFIT/LOSS FOR THE FINANCIAL PERIOD		3 607	9 070
Earnings per share, undiluted (EUR) **)		0.14	0.35
The undiluted share average **)		25 665 208	25 665 208

*) As a result of the dilution of ownership in the associated company Alma Media Corporation, a non-recurring loss of EUR 3,533 thousand was recorded in the financial expenses for 2015.

**) There are no factors diluting the figure.

Consolidated Statement of Comprehensive Income

EUR 1,000	1.1.-31.12.2015	1.1.-31.12.2014
PROFIT/LOSS FOR THE PERIOD UNDER REVIEW	3 607	9 070
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Available-for-sale assets		
Measured at fair value	4	-24
Transferred to the income statement	-8	126
Share of associated companies' other comprehensive income	517	-173
Income tax related to components of other comprehensive income	3	-20
Other comprehensive income, net of tax	516	-91
Total comprehensive income for the period	4 123	8 979

Consolidated Balance Sheet, IFRS

EUR 1,000	NOTE	31.12.2015	31.12.2014
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	9	674	629
Goodwill	9	314	314
Investment properties	11	63	147
Property, plant and equipment	10	8 825	10 230
Shares in associated companies	12	102 608	105 310
Available-for-sale financial assets	13	2 922	2 953
Non-current trade and other receivables	14	567	567
Other tangible assets		214	214
Non-current assets		116 188	120 364
CURRENT ASSETS			
Inventories	15	614	523
Trade and other receivables	16	2 787	2 876
Income tax assets		36	150
Financial assets at fair value through profit or loss	17	1 057	1 089
Cash and cash equivalents	18	6 500	5 534
Current assets		10 993	10 172
ASSETS		127 181	130 536
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital		6 416	6 416
Invested unrestricted equity fund and other reserves		48 691	48 716
Retained earnings		10 928	9 371
Shareholders' equity	19	66 035	64 503
NON-CURRENT LIABILITIES			
Deferred tax liability	20	194	178
Non-current interest-bearing liabilities	21	31 943	54 549
Non-current interest-free liabilities		61	75
Non-current liabilities		32 199	54 801
CURRENT LIABILITIES			
Current interest-bearing liabilities	21	20 286	2 387
Accounts payable and other payables	22	8 309	8 340
Income tax liability		352	504
Current liabilities		28 947	11 232
SHAREHOLDERS' EQUITY AND LIABILITIES		127 181	130 536

IFRS=International Financial Reporting Standards

Consolidated Cash Flow Statement, IFRS

EUR 1,000	2015	2014
CASH FLOW FROM OPERATIONS		
Profit/loss for the financial period	3 607	9 070
Adjustments	2 592	-2 334
Change in working capital	62	-486
Cash flow from operations before financial items and taxes	6 262	6 250
Interests paid	-1 255	-1 649
Interests received	50	31
Dividends received	66	55
Other financial items	-33	-45
Direct taxes paid	-889	-932
Cash flow from operations	4 201	3 710
CASH FLOW FROM INVESTMENTS		
Investments in tangible and intangible assets, net	-590	-352
Disposal of subsidiaries	1 748	
Capital repayment received	2 699	2 249
Other investments		-29
Proceeds from sale of other investments	68	10 056
Granted loans		-567
Dividends received from investments	95	484
Cash flow from investments	4 019	11 841
Cash flow before financing items	8 220	15 551
CASH FLOW FROM FINANCING		
Change in current loans	-2 353	-3 561
Change in non-current loans	-2 353	-5 889
Dividends paid and other profit distribution	-2 547	-2 548
Cash flow from financing	-7 253	-11 998
Increase (+) or decrease (-) in financial assets	967	3 553
LIQUID ASSETS AT THE BEGINNING OF THE FINANCIAL PERIOD	5 534	1 980
LIQUID ASSETS AT THE END OF THE FINANCIAL PERIOD	6 500	5 534
NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT:		
ADJUSTMENTS TO PROFIT/LOSS FOR THE PERIOD		
Depreciation	1 653	1 856
Sales gains (-) and losses (+) on non-current assets	-1 440	-52
Share of profit (-) or loss (+) of associated companies	-3 012	-4 318
Unrealised fair-value gains (-) or losses (+)	18	271
Financial income and expenses	4 500	-1 154
Income taxes	872	1 063
Adjustments to profit/loss for the period total	2 592	-2 334
CHANGE IN WORKING CAPITAL		
Increase (-) /decrease (+) in inventories	-91	-40
Increase (-) /decrease (+) in current interest-free operating receivables	92	12
Increase (+) /decrease (-) in current interest-free liabilities	61	-459
Change in working capital total	62	-486

Changes in Consolidated Shareholders' Equity

EUR 1,000	Share capital	Fair value reserve	Invested unrestricted equity fund	Other reserves	Retained earnings	Total
CHANGE IN SHAREHOLDERS' EQUITY 1-12/2014						
SHAREHOLDERS' EQUITY 1.1.	6 416	113	48 498	24	3 040	58 091
Comprehensive income for the period		82			8 897	8 979
Dividend distribution					-2 567	-2 567
SHAREHOLDERS' EQUITY TOTAL 31 DEC 2014	6 416	194	48 498	24	9 371	64 503

EUR 1,000	Share capital	Fair value reserve	Invested unrestricted equity fund	Other reserves	Retained earnings	Total
CHANGE IN SHAREHOLDERS' EQUITY 1-12/2015						
SHAREHOLDERS' EQUITY 1.1.	6 416	194	48 498	24	9 371	64 503
Comprehensive income for the period		-1			4 124	4 123
Dividend distribution					-2 567	-2 567
Changes in ownership interests in subsidiaries				-24		-24
SHAREHOLDERS' EQUITY TOTAL 31 DEC 2015	6 416	193	48 498		10 928	66 035

Notes to the Consolidated Financial Statements

KEY FACTS ON THE COMPANY

Ilkka-Yhtymä Group is a media group which publishes the provincial newspapers Ilkka and Pohjalainen, and several local newspapers and two free sheets. In addition, the Group has a printing business. The Group comprises the parent company Ilkka-Yhtymä Oy and the subsidiaries I-Mediat Oy, I-print Oy and the property company Kiinteistö Oy Seinäjoen Koulukatu 10. In the financial year 2015 Ilkka-Yhtymä Oy sold the shares of one of its property companies, Seinäjoen Kassatalo Oy. The deal was closed on 30 September 2015. On 31 December 2015, Pohjalaismediat Oy was merged with Ilkka-Yhtymä Oy.

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

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

Ilkka-Yhtymä Oy's Board of Directors approved the financial statements for publication at its meeting on 22 February 2016. According to the Finnish Companies Act, shareholders have the opportunity to accept or reject the financial statements at the General Meeting held after their publication. The General Meeting may also decide to revise the financial statements.

ACCOUNTING PRINCIPLES USED IN THE FINANCIAL STATEMENTS**ACCOUNTING POLICY**

The consolidated financial statements were prepared in accordance with the recognition and measurement principles of the International Financial

Reporting Standards (IFRS) applicable within the EU, to comply with the IAS and IFRS standards and SIC and IFRIC interpretations in effect on 31 December 2014.

The consolidated financial statements have been prepared under the historical cost convention, except for available-for-sales financial assets at fair value and financial assets stated at fair value through profit or loss. The financial statements are presented in thousands of euros.

The IASB has released the following new or revised standards and interpretations that may have a future impact on the Group's financial statements. The Group will apply these standards and interpretations, starting from their respective effective dates or, if an effective date is not the first day of a financial year, from the beginning of the financial year following the effective date.

- IFRS 9 *Financial Instruments* (effective for annual periods beginning on or after 1 January 2018). The new standard will replace the current standard IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 will change the classification and measurement of financial assets. The classification depends on the entity's business model and the contractual cash flow characteristics. The standard presents a new model of impairment based on defining expected credit losses. The classification and measurement of financial liabilities will, in large part, correspond to the current requirements under IAS 39. The new hedge accounting model will introduce new effectiveness criteria and expand the quantity of eligible hedged items. The standard has not yet been endorsed by the EU. Our view is that the standard will have no material impact on the consolidated financial statements.

- IFRS 15 *Revenue from Contracts with Customers* (effective for annual periods beginning on or after 1 January 2018). The new standard replaces the current IAS 11 and IAS 18 standards and the related interpretations. The standard includes a five-step model for revenue recognition. Revenue is recognised when control of the goods or services sold is passed to the customer. The revenue recognition model contains much more detailed guidelines than the current standards IAS 11 and IAS 18. Disclosure requirements will also be significantly expanded. The standard has not yet been endorsed by the EU. The Group has identified the areas of the standard that may have an impact on the Group, and will continue to more thoroughly assess the effects.
- Annual improvements to IFRS and IFRIC interpretations (Annual Improvements 2012–2014, effective for annual periods beginning on or after 1 January 2016). The changes apply to the following standards: IFRS 5, IFRS 7, IAS 19 and IAS 34.

ACCOUNTING POLICIES: THE CONSOLIDATED FINANCIAL STATEMENTS

SUBSIDIARIES

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

Mutual shareholding between Group companies has been eliminated using the acquisition cost method. All Intra-Group transactions, receivables, liabilities, margins and distribution of profit have been eliminated in the

preparation of the consolidated financial statements.

ASSOCIATED COMPANIES

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

Any impairment of Ilkka-Yhtymä's holding in associated companies is monitored in accordance with the IAS 28 Investments in Associates standard. Should any signs of impairment be detected, the holding's book value will be tested by comparing it to the recoverable amount from the holding, which is the value in use, or fair value excluding expenditure from the sale, whichever is the higher. Should such testing indicate impairment, this will be stated through profit or loss at the time of reporting in question. Should this impairment later reverse, the previously stated loss will be restored through profit or loss. With regard to the holding in Alma Media, factors affecting the assessment of signs of impairment and implementation of testing include financial profit-making capacity, changes in the market environment, dividend policy, and share price development.

In Group reporting, the share of associated companies' results is included

in operating profit. In the cash flow statement, dividend income is included in cash flow from operations and capital repayment in cash flow from investments. The associated companies are closely related to the Group's publishing business, and, acting in its role as the owner, the Group participates in the development of their operations.

FOREIGN CURRENCY ITEMS

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

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

INTANGIBLE ASSETS

Research and Development Expenses

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

Other Intangible Assets

Other intangible assets in the Group's

FINANCIAL STATEMENTS

balance sheet comprise software licenses, which are measured at cost and amortised on a straight-line basis over their expected economic lives. The period of amortisation is 3-10 years. The Group has no intangible assets with unlimited economic life.

Goodwill

Goodwill represents the excess of the acquisition cost over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired business at the time of acquisition. Goodwill is allocated to cash-generating units and tested annually for impairment. Goodwill is valued at cost less any impairment losses.

PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

The residual value and economic life of an asset are reviewed for each set of financial statements and, if necessary,

adjusted to reflect changes in expected financial rewards.

INVESTMENT PROPERTY

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

INVENTORIES

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

LEASES

Group as lessee

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

The Group has a finance lease that transfers the risks and rewards of ownership to the lessee. An asset acquired by means of a finance lease is recognised on the balance sheet at the date of commencement of the lease at the lower of fair value or the present value of minimum lease payments. An asset

under a finance lease is depreciated over the shorter of its useful life or the lease term. Lease obligations are included in interest-bearing liabilities.

Group as lessor

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

IMPAIRMENT

At each balance sheet date, the Group assesses whether there is any indication of an impaired asset. Should any such indication exist, the asset's recoverable amount must be calculated. In addition, the recoverable amount of goodwill is assessed on an annual basis, regardless of whether there are indications of impairment.

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

EMPLOYEE BENEFITS

Pensions

The Group's major pension plan is the

statutory pension insurance under the Finnish Employment Pension Scheme (TyEL), which is managed by pension insurance companies. This TyEL pension security is classified as a defined contribution plan. In addition, the Group has taken out certain supplementary group and individual pension plans with insurance companies. These supplementary pension insurance plans are considered defined contribution plans, since the company's payment obligation to the insurance companies is limited to the annually paid contribution and the company has not committed to accruing a pension security of a certain magnitude for the insured. Contributions into the defined contribution plan are recognised as expenses for the period during which the contributions are made.

INCOME TAXES

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

Deferred tax assets and liabilities are calculated on all temporary differences between the carrying amount and taxable value. The greatest temporary differences result from appropriations and the fair value of financial instruments. Deferred taxes are calculated using the tax rates set by the balance sheet date. Deferred tax assets and liabilities are presented in net values in the balance sheet, whenever they concern the same tax recipient.

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

The impact of a tax rate change is recognised in profit or loss.

REVENUE RECOGNITION PRINCIPLES

Payments in circulation sales are received in advance and their recognition is spread over the subscription period. An advertisement sale is recognised when the service has been rendered. Printing products are recognised when the significant risks and rewards related to the ownership of goods have been transferred to the buyer. In calculating net sales, sales revenue are adjusted by discounts granted, indirect taxes and exchange rate differences associated with sales.

Lease income, presented under other operating income, is recognised evenly over the lease term.

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

FINANCIAL ASSETS AND LIABILITIES

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

Financial assets at fair value through profit or loss include held-for-trading assets. With respect to shares held for trading, the net values of any unrealised fair-value gains or losses, dividend income and any capital gains or losses are recognised under financial income and expenses in the

income statement. Financial assets held for trading include listed shares which prices have been specified in the active market.

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

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

Available-for-sale financial assets are non-derivative assets which specifically belong to this category, or which are not classified under other financial asset categories. Assets within this category are carried at fair value subsequent to their initial recognition, and any changes in their fair value are recognised in the fair value reserve under shareholders' equity. Available-for-sale financial assets consist primarily of unlisted shares. Changes in fair value are transferred from equity to the income statement when the asset is disposed of or it has lost its value to the extent that an impairment loss must be recognised for the asset. Unlisted shares for which no reliable fair value was available are measured at cost.

Cash and cash equivalents comprise cash and bank receivables and other highly liquid investments with short maturity. Cash and cash equivalents include assets with a maximum matu-

urity of three months from the date of purchase. Credit limits are included under current interest-bearing liabilities.

The Group's financial liabilities mainly comprise accounts payable and loans from financial institutions. Financial liabilities are initially measured at fair value, which is the monetary amount received less expenses directly incurring from the liability. After initial recognition, liabilities are carried at amortised cost. Financial liabilities include non-current and current liabilities, and can be either interest-bearing or non interest-bearing in nature.

IMPAIRMENTS OF FINANCIAL ASSETS

At every closing date, the Group evaluates on a case-by-case basis whether there is objective evidence indicating impairment in the value of either a single item or a group of financial assets. A substantial or long-term decline in the value of share investments below their acquisition cost indicates the impairment of available-for-sale shares. Factors that may trigger impairment include any financial difficulties experienced by the other party and any fall in market value substantially under the acquisition cost or lasting for more than 12 months. If there is evidence of impairment, the loss accumulated in the fair value reserve is transferred into the income statement.

MANAGEMENT JUDGEMENT IN APPLYING THE MOST SIGNIFICANT ACCOUNTING POLICIES AND OTHER KEY ASSUMPTIONS ABOUT FUTURE RISKS AND UNCERTAINTIES

Above, we have presented solutions based on the management's judgement and concerning the selection and application of accounting policies in the financial statements.

Preparing the financial statements requires the company's management to make estimates and assumptions

concerning the future, but the actual results may differ from the estimates and assumptions which are based on historical experience and other reasonable assumptions. Furthermore, the application of accounting principles requires the use of judgment.

The Group's major assumptions about the future and the uncertainties concerning estimates on the balance sheet date that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next financial year are factored in the assessment of the impairment of intangible and tangible assets and available-for-sale investments and shares in associated companies. Any indications of impairment are evaluated on a regular basis, as stated above in the description of accounting policies. The carrying amounts of tangible and intangible assets, available-for-sale financial assets and holdings in associated companies on the balance sheet date are presented in the notes to the financial statements, under Notes 9, 10, 12 and 13.

1. OPERATING SEGMENTS

The Group comprises three reportable segments. These operating segments are based on the Group's organisational structure and internal financial reporting. The Group's reportable segments consist of cross-media publishing and printing and the associated companies.

The publishing segment comprises the publishing company I-Mediat Oy. The Group publishes the provincial papers, Ilkka and Pohjalainen, five local papers (Jurvan Sanomat, Järvisetu, Komiat, Suupohjan Sanomat and Viiskunta) and two free sheets, Etelä-Pohjanmaa and Vaasan Ikkuna. Segment profit comprises circulation income and advertising income.

The printing segment comprises the printing house I-print Oy. The company's net sales are primarily made up of newspaper printing. In addition, its services include various printed materials, page-making and design, and digital printing and content design.

In the financial statements, associated companies are presented under their own segment. The associated companies included in our consolidated financial statements are Alma Media Corporation, Arena Partners Oy and Yrittävä Suupohja Oy. The associated companies are closely related to the Group's publishing business, and, acting in its role as the owner, the Group participates in the development of their operations.

Within the Group, the profits of these segments represent the level of operating profit.

Segment assets and liabilities are business items used by the segment in its operations. Non-allocated items includes Group services, securities trading, tax and financing items, and items shared by the company. Investments comprise material fixed assets and intangible assets, used over more than one financial year, as well as additions of available-for-sale shares and shares in associated companies. Pricing between the segments is market-based.

OPERATING SEGMENTS

2015 (EUR 1,000)	Publishing	Printing	Associated companies	Unallocated	Eliminations	Group total
INCOME STATEMENT FIGURES						
External net sales	35 123	6 048				41 172
Internal net sales	95	6 273		2 199	-8 567	
Net sales	35 218	12 321		2 200	-8 567	41 172
Depreciation	-316	-1 025		-312		-1 653
Share of associated companies' results			3 012			3 012
Operating profit/loss	3 238	1 543	3 012	1 205		8 998
Financial income and expenses *)				-4 519		-4 519
Income tax				-872		-872
Profit/loss for the period						3 607
ASSETS						
Assets by segment	9 882	9 257		108 042		127 181
Shares in associated companies			102 608			102 608
LIABILITIES						
Liabilities by segment	6 585	1 699		52 862		61 146
INVESTMENTS	272	120		192		584
Products and services, external net sales						
Circulation income						18 738
Advertisement income						16 049
Printing income						6 048
Other income						337

The divergence between the total net sales of the reportable segments and those of the Group is due to Group eliminations. The divergence between the total operating profit of the reportable segments and that of the Group is primarily due to the unallocated operating profit of the parent company functions.

*) As a result of the dilution of ownership in the associated company Alma Media Corporation, a non-recurring loss of EUR 3,533 thousand was recorded in the financial expenses for 2015.

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2014 (EUR 1,000)	Publishing	Printing	Associated companies	Unallocated	Eliminations	Group total
INCOME STATEMENT FIGURES						
External net sales	36 330	5 472				41 802
Internal net sales	83	6 861		2 231	-9 175	
Net sales	36 413	12 333		2 231	-9 175	41 802
Depreciation	-409	-1 070		-377		-1 856
Share of associated companies' results			4 318			4 318
Operating profit/loss	3 481	1 749	4 318	-297		9 251
Financial income and expenses				883		883
Income tax				-1 063		-1 063
Profit/loss for the period						9 070
ASSETS						
Assets by segment	8 826	8 674		113 036		130 536
Shares in associated companies			105 310			105 310
LIABILITIES						
Liabilities by segment	5 623	1 100		59 310		66 033
INVESTMENTS	181	85		198		464
Products and services, external net sales						
Circulation income						19 074
Advertisement income						17 162
Printing income						5 472
Other income						94

The divergence between the total net sales of the reportable segments and those of the Group is due to Group eliminations. The divergence between the total operating profit of the reportable segments and that of the Group is primarily due to the unallocated operating loss of the parent company functions.

GEOGRAPHICAL INFORMATION

EUR 1,000	2015	2014
NET SALES		
Finland	41 093	41 733
Foreign countries	79	69
Total	41 172	41 802
NON-CURRENT ASSETS		
Finland	112 699	116 843

2. OTHER OPERATING INCOME

EUR 1,000	2015	2014
Rent income from investment properties	172	266
Other rent income	64	60
Sales gains on property, plant and equipment	19	52
Sales gains on other investments	1 421	
Other operating income	87	76
Total	1 763	454

3. MATERIALS AND SERVICES

EUR 1,000	2015	2014
Purchases during the financial period	3 636	3 648
Increase or decrease of stocks	-89	-43
Materials and supplies	3 546	3 605
External charges	9 871	9 774
Materials and services	13 418	13 379

4. EMPLOYEE BENEFITS

EUR 1,000	2015	2014
Salaries and fees	13 547	13 760
Pension costs, defined contribution plans	2 322	2 360
Other personnel costs	679	662
Employee benefits	16 548	16 782

PERSONNEL ON AVERAGE

Publishing	212	219
Printing	65	68
Unallocated	23	24
Total	299	311

Information on employee benefits covering Group management is presented in section 26.

5. DEPRECIATION

EUR 1,000	2015	2014
Intangible rights	232	301
Buildings and constructions	395	442
Investment properties	14	36
Machinery and equipment	1 012	1 077
Depreciation according to plan	1 653	1 856

6. OTHER OPERATING COSTS

EUR 1,000	2015	2014
Rents	72	97
Costs for premises	972	955
Production machinery costs	358	218
Telecommunications, office and information technology cost	1 459	1 534
Sales and marketing costs	1 207	1 262
Other costs	1 264	1 236
Other operating costs total	5 331	5 302

AUDIT FEES

Statutory audit	57	60
Other fees	8	14
Total	65	74

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7. FINANCIAL INCOME AND EXPENSES

EUR 1,000	2015	2014
FINANCIAL INCOME		
Dividend yields on available-for-sale financial assets	95	484
Sales gains on available-for-sale financial assets	54	2 152
Net gains on held-for-trading financial assets	46	
Interest income from loans, receivables and bank accounts	56	53
Other financial income	87	108
Financial income total	339	2 797
FINANCIAL EXPENSES		
Sales loss on available-for-sale financial assets	-14	-3
Dilution of ownership in the associated company	-3 533	
Net loss on held-for-trading financial assets		-130
Interest expenses on financial liabilities measured at amortised cost	-1 308	-1 678
Unrealised change in the market value of the interest rate swaps	-3	-102
Financial expenses total	-4 857	-1 914
Financial income and expenses total	-4 519	883

8. INCOME TAXES

EUR 1,000	2015	2014
Income taxes on operations	853	1 134
Taxes on previous financial periods		-12
Change in deferred tax liabilities and assets	19	-59
Income taxes	872	1 063
Reconciliation		
Profit/loss before taxes	4 479	10 133
Tax calculated at parent company's tax rate	896	2 027
Tax expenses in income statement	-872	-1 063
Difference	24	963
Difference analysis (net)		
Non-deductible expenses	-713	-14
Tax-exempt income	134	107
Share of associated companies' results	602	864
Taxes on previous financial periods		12
Other items		-6
Difference analysis (net) total	24	963

9. INTANGIBLE ASSETS AND GOODWILL

EUR 1,000	Intangible rights	Other intangible assets	Advances paid	Goodwill	Total
INTANGIBLE ASSETS 2015					
Acquisition cost 1.1.	5 387	2	41	314	5 745
Increase	68		89		157
Transfers between items	12		109		121
Acquisition cost 31.12.	5 467	2	238	314	6 022
Accumulated depreciation 1.1.	-4 801				-4 801
Depreciation for the financial period	-232				-232
Accumulated depreciation 31.12.	-5 033				-5 033
BOOK VALUE 31.12.2015	434	2	238	314	989

EUR 1,000	Intangible rights	Other intangible assets	Advances paid	Goodwill	Total
INTANGIBLE ASSETS 2014					
Acquisition cost 1.1.	5 912	2	61	314	6 290
Increase	116		25		141
Decrease	-686				-686
Transfers between items	45		-45		
Acquisition cost 31.12.	5 387	2	41	314	5 745
Accumulated depreciation 1.1.	-5 186				-5 186
Accumulated depreciation of decrease and transfers	686				686
Depreciation for the financial period	-301				-301
Accumulated depreciation 31.12.	-4 801				-4 801
BOOK VALUE 31.12.2014	586	2	41	314	943

Goodwill of EUR 314 thousand has been allocated to the cash-generating unit of the Komiat weekly paper, which is part of the Publishing segment. In impairment testing, recoverable amounts were defined based on the value in use. Cash flow estimates are based on the next financial year's budget approved by the management, after which the growth factor applied is 0%. The discount rate used is 10.17%. According to the management's estimate, write-down in goodwill is unnecessary.

10. PROPERTY, PLANT AND EQUIPMENT

EUR 1,000	Land areas	Buildings and constructions	Machinery and equipment	Advances paid and work in progress	Total
TANGIBLE ASSETS 2015					
Acquisition cost 1.1.	891	19 465	40 751	40	61 147
Increase		13	263	134	410
Decrease	-293	-1 556	-70		-1 918
Transfers between items			53	-174	-121
Acquisition cost 31.12.	599	17 922	40 997		59 518
Accumulated depreciation 1.1.		-13 553	-37 364		-50 918
Accumulated depreciation of decrease and transfers		1 570	62		1 632
Depreciation for the financial period		-395	-1 012		-1 408
Accumulated depreciation 31.12.		-12 379	-38 314		-50 693
BOOK VALUE 31.12.2015	599	5 543	2 683		8 825

EUR 1,000	Land areas	Buildings and constructions	Machinery and equipment	Advances paid and work in progress	Total
TANGIBLE ASSETS 2014					
Acquisition cost 1.1.	891	19 458	40 602		60 951
Increase		7	247	40	294
Decrease			-98		-98
Acquisition cost 31.12.	891	19 465	40 751	40	61 147
Accumulated depreciation 1.1.		-13 111	-36 381		-49 493
Accumulated depreciation of decrease and transfers			94		94
Depreciation for the financial period		-442	-1 077		-1 519
Accumulated depreciation 31.12.		-13 553	-37 364		-50 918
BOOK VALUE 31.12.2014	891	5 911	3 387	40	10 230

The balance sheet value of production machinery and equipment belonging to the Group's property, plant and equipment was EUR 2,418 thousand on 31 Dec 2015 (EUR 3,067 thousand on 31 Dec 2014).

11. INVESTMENT PROPERTIES

EUR 1,000	2015	2014
INVESTMENT PROPERTIES		
Acquisition cost 1.1.	2 042	2 042
Decrease	-1 111	
Acquisition cost 31.12.	931	2 042
Accumulated depreciation 1.1.	-1 895	-1 860
Accumulated depreciation of decrease and transfers	1 040	
Depreciation for the financial period	-14	-36
Accumulated depreciation 31.12.	-869	-1 895
BOOK VALUE 31.12.	63	147

Investment property is measured at cost less depreciation and any impairment losses (IAS 40) and its fair value is presented in the notes to the financial statements. The Group has categorised its investment property to be within Level 3 of the fair value hierarchy. Fair value is based on a detailed appraisal report prepared by an external authorised property valuer.

Ilkka-Yhtymä Oyj announced on 6 July 2015 that it would sell the shares of one of its property companies, Seinäjoen Kassatalo Oy. The deal was closed on 30 September 2015.

On the balance sheet date of 31 December 2015, the fair value of the investment property owned by Ilkka-Yhtymä was EUR 1.2 million (on 31 December 2014, the fair values of the investment properties amounted to EUR 2.8 million).

For investment property, the property valuer has used the sales comparison approach and the income capitalisation approach as measurement methods. The value is made up of the value of the permitted building volume, from which the building demolition costs and the compensation specified in the land use agreement are deducted, and the rent of the building until the date of demolition, from which the rent of land and property tax are deducted. The investment property in question is located in the Jouppi area in Seinäjoki. The local detailed plan for the area has been altered. This alteration will change the current industrial block area in the old local detailed plan, into part of a commercial building block area allowing a large retail unit to be located in the area (KM block area). If Ilkka-Yhtymä Oyj sells its property, it is required by the land use agreement to pay development compensation of EUR 750,000 from the sale price to the City of Seinäjoki, in accordance with section 91 a of the Land Use and Building Act. An appeal made against the amendment to the local detailed plan was rejected by the Supreme Administrative Court on 1 November 2011, and the local detailed plan became effective on 9 November 2011.

12. SHARES IN ASSOCIATED COMPANIES

EUR 1,000	2015	2014
SHARES IN ASSOCIATED COMPANIES		
At the beginning of the financial period	105 310	103 492
Increase	17	
Decrease		-34
Group adjustment related to a divestment		-29
Share of associated companies' results	3 012	4 318
Capital repayment received	-2 699	-2 249
Dividends received	-16	-16
Share of associated companies' other comprehensive income	517	-173
Dilution of ownership in the associated company	-3 533	
At the end of the financial period	102 608	105 310

In November 2015, Alma Media Corporation, an associated company of Ilkka-Yhtymä Oyj, made an exchange offer to Talentum's shareholders, of whom around 95% accepted the offer. In accordance with the offer, Alma Media gave 0.25 new Alma Media shares as share consideration and EUR 0.70 as cash consideration for each Talentum share. After the completion of the exchange offer, Ilkka-Yhtymä Oyj's holding in Alma Media Corporation decreased from 29.79% to 27.30%. Alma Media continues to be an associated company of the Group, and it is consolidated using the equity method. As a result of the dilution of ownership, a non-recurring loss of EUR 3,533 thousand was recorded in financial expenses in the consolidated financial statements. This entry has no impact on cash flow.

On the balance sheet date of 31 December 2015, the balance sheet value of the holding in the associated company Alma Media Corporation was EUR 101.8 million (EUR 104.5 million on 31 Dec. 2014) and the shares' market value came to EUR 67.5 million (EUR 61.8 million on 31 Dec. 2014). According to the management's estimate, write-down in this holding is unnecessary. Of the holdings in associated companies, EUR 55.1 million (market value) were used as collateral for loans on 31 December 2015 (EUR 50.5 million on 31 Dec. 2014).

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INFORMATION ON THE GROUP'S ASSOCIATED COMPANIES:

2014 (EUR 1,000)	Domicile	Group's share of profit/ loss	Group's share of other comprehensive income	Balance sheet value on the consolidated balance sheet	Group holding %
Alma Media Corporation	Helsinki	4 232	-173	104 485	29.792
Arena Partners Oy	Kuopio	50		751	37.823
Väli-Suomen Media Oy 1)	Jyväskylä	19			
Yrittävä Suupohja Oy	Kauhajoki	17		74	38.46
Total		4 318	-173	105 310	

2015 (EUR 1,000)	Domicile	Group's share of profit/ loss	Group's share of other comprehensive income	Balance sheet value on the consolidated balance sheet	Group holding %
Alma Media Corporation	Helsinki	2 973	517	101 760	27.303
Arena Partners Oy	Kuopio	25		777	37.823
Yrittävä Suupohja Oy	Kauhajoki	13		71	38.46
Total		3 012	517	102 608	

1) Our holding in Väli-Suomen Media Oy was sold in June 2014.

SUMMARY OF FINANCIAL INFORMATION FOR MATERIAL ASSOCIATED COMPANIES:

EUR 1,000	Alma Media Corporation		Arena Partners Oy	
	2015	2014	2015	2014
Current assets	53 764	41 162	1 936	1 707
Non-current assets	274 471	214 976	15 834	15 147
Current liabilities	120 132	71 608	4 053	887
Non-current liabilities	79 366	80 861	10 850	13 235
Net sales	291 509	295 395	3 957	3 430
Profit/loss for the financial period 2)	9 935	14 205	67	131
Other comprehensive income 2)	1 951	-580		
Dividends and capital repayments received from associated company during the period	2 699	2 249		
Reconciliation between the associated company's financial information and the balance sheet value recognised by the Group:				
Associated company's net assets 3)	111 527	88 494	2 591	2 524
Group holding %	27.303	29.792	37.823	37.823
Group's share of net assets	30 450	26 364	980	955
Goodwill	129 258	129 258	-204	-204
Other adjustments 4)	-49 169	-51 138		
Dilution of ownership 5)	-8 779			
Associated companies' balance sheet value on the consolidated balance sheet	101 760	104 485	777	751

2) Proportion attributable to the owners of the parent company.

3) Proportion attributable to the owners of the parent company, including Ilkka-Yhtymä Group's share (EUR 5,217 thousand) of Alma Media's invested unrestricted equity fund, which increased as a result of the combination of Alma Media and Talentum.

4) Other adjustments includes EUR 49,000 thousand of impairment.

5) Decrease in balance sheet value due to the dilution of ownership as a result of the combination of Alma Media and Talentum.

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets include unlisted shares. Unlisted shares are measured at fair value in cases where reliable fair value was available. Fair value has been defined based on market prices of sales of corresponding shares. Fair value changes are transferred from equity to the consolidated income statement, when the financial asset is sold or when its value has impaired in a manner requiring the recognition of an impairment loss.

EUR 1,000	2015	2014
Unlisted shares	2 922	2 953
Available-for-sale financial assets total	2 922	2 953

Holdings in unlisted shares primarily comprised holdings in Keski-Pohjanmaan Kirjapaino and real estate companies.

14. NON-CURRENT TRADE AND OTHER RECEIVABLES

EUR 1,000	2015	2014
Non-current loan receivables from associated companies (loans and receivables)	567	567
Non-current trade and other receivables	567	567

Non-current trade and other receivables consist of a subordinated loan granted to an associated company that is subject to sections 12(1) and 12(2) of the Limited Liability Companies Act. The subordinated loan is recorded at book value on the balance sheet.

15. INVENTORIES

EUR 1,000	2015	2014
Materials and supplies	582	493
Work in progress	32	30
Inventories	614	523

16. TRADE AND OTHER RECEIVABLES

EUR 1,000	2015	2014
Current receivables from associated companies (loans and receivables)	68	53
Trade receivables (loans and receivables) *)	2 306	2 346
Current accrued income and deferred expenses	412	478
Trade and other receivables	2 787	2 876
Substantial accrued income items		
Accruals of personnel expenses	58	158
Other items	354	319
Total	412	478
*) Trade receivables according to age		
Undue	1 856	2 046
Overdue		
under 30 days	328	169
30-60 days	28	17
over 60 days	94	114
Total	2 306	2 346

During the financial year, the Group entered credit losses of EUR 19 thousand for trade receivables (in 2014, EUR 56 thousand).

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17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

EUR 1,000	2015	2014
Shares and holdings (held for trading)	1 057	1 089
Financial assets at fair value through profit or loss	1 057	1 089

Financial assets recognised at fair value through profit or loss include investments held for trading, which are listed shares, which prices have been specified in the active market.

18. CASH AND CASH EQUIVALENTS

EUR 1,000	2015	2014
Liquid assets in consolidated balance sheet and cash flow statement		
Cash and cash equivalents	6 500	5 534
Cash and cash equivalents	6 500	5 534

19. NOTES COVERING SHAREHOLDERS' EQUITY

Series I	Number of shares	Share capital (EUR 1,000)
31.12.2013/ 31.12.2014	4 304 061	1 076
31.12.2015	4 304 061	1 076
Series II	Number of shares	Share capital (EUR 1,000)
31.12.2013/ 31.12.2014	21 361 147	5 340
31.12.2015	21 361 147	5 340
Series I and II total	Number of shares	Share capital (EUR 1,000)
31.12.2013/ 31.12.2014	25 665 208	6 416
31.12.2015	25 665 208	6 416

One Series I share entitles its holder to twenty (20) votes at the shareholders' meeting, while one Series II share one (1) vote. Other information on equity is presented in Shares and Shareholders on page 73.

EUR 1,000	2015	2014
INVESTED UNRESTRICTED EQUITY FUND AND OTHER RESERVES		
Fair value reserve	193	194
Invested unrestricted equity fund	48 498	48 498
Loan repayment reserve		24
Invested unrestricted equity fund and other reserves	48 691	48 716

Invested unrestricted equity fund

The invested unrestricted equity fund includes other equity related investments and share subscription prices to the extent that they are not, expressly designated for recording under share capital.

Other reserves:

Fair value reserve

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

Loan repayment reserve

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

Dividends

Following the balance sheet date, the Board of Directors proposed that a dividend of EUR 0.10 per share be distributed.

20. DEFERRED TAX ASSETS AND LIABILITIES

DEFERRED TAX IN 2015:

EUR 1,000	1.1.2015	Recognised through profit and loss	Recognised in equity	31.12.2015
Deferred tax assets				
Derivative financial instruments	361	1		361
Total	361	1		361
Deferred tax liabilities				
Depreciation difference and voluntary provisions	431	7		438
Other accrual differences	35	13		48
Available-for-sale financial assets	73		-3	70
Total	539	20	-3	555
Net deferred tax liabilities in balance sheet	178	19	-3	194

DEFERRED TAX IN 2014:

EUR 1,000	1.1.2014	Recognised through profit and loss	Recognised in equity	31.12.2014
Deferred tax assets				
Derivative financial instruments	340	20		361
Total	340	20		361
Deferred tax liabilities				
Depreciation difference and voluntary provisions	479	-48		431
Other accrual differences	25	10		35
Available-for-sale financial assets	52		20	73
Total	556	-38	20	539
Net deferred tax liabilities in balance sheet	216	-59	20	178

The Group has EUR 104 thousand in impairment losses, for which it has not recognised deferred tax assets because it is not probable that these impairment losses can be utilised in taxation in the future.

21. INTEREST-BEARING LIABILITIES

EUR 1,000	2015	2014
NON-CURRENT INTEREST-BEARING LIABILITIES		
Loans from financial institutions (financial liabilities measured at amortised cost)	31 762	34 365
Convertible bond (financial liabilities measured at amortised cost)		19 967
Finance lease liabilities (financial liabilities measured at amortised cost)	182	217
Non-current interest-bearing liabilities	31 943	54 549
CURRENT INTEREST-BEARING LIABILITIES		
Convertible bond (financial liabilities measured at amortised cost)	20 000	
Loans from financial institutions (financial liabilities measured at amortised cost)	250	2 353
Finance lease liabilities (financial liabilities measured at amortised cost)	36	34
Current interest-bearing liabilities	20 286	2 387

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The Group has both fixed-rate and floating-rate interest-bearing loans. The Group initiated hedging against interest-rate risk towards the end of the financial year 2010. This hedging strategy is intended to ensure that approximately 50% of interest-bearing liabilities are tied to a fixed rate. In order to attain this target, interest rate swaps have been used. The hedging measures included, 58% of loans had a fixed rate on the balance sheet date, while 42% had a floating rate. The average interest rate for loans on 31 December 2015 came to 2.16% (2.50% on 31 Dec. 2014).

On the balance sheet date of 31 December 2015, credit limits totalled EUR 13 million, none of which had been drawn by 31 December 2015. On 31 December 2014, credit limits totalled EUR 13 million, none of which had been drawn.

Convertible Bonds

During the financial year 2010, Ilkka-Yhtymä issued convertible bonds with a face value of EUR 20.0 million, the interest rate being 12-month euribor + 2% and the maturity six years. The bonds are convertible into a maximum of 2,835,000 new Series II shares of Ilkka-Yhtymä or shares in the possession of the company, so that half of the bonds can be converted as of 2 January 2012 into 1,417,500 shares and the other half as of 1 November 2014 into 1,417,500 shares. The conversion price per share, rounded up, is EUR 7.05. The conversion price of shares will be recorded in the company's invested unrestricted equity fund. Dividends paid and other distribution of funds by Ilkka-Yhtymä prior to bond conversion will be compensated by lowering the conversion price. If the aggregate conversion price of a convertible bond is below its face value due to a lowered conversion price, at its own discretion the company will pay for the difference either in cash or in shares. If, in the conversion of bonds, the company decides to issue new shares, the number of the company's shares may increase by a maximum of 2,835,000 Series II shares. Any new shares of Ilkka-Yhtymä issued in conversion will represent a maximum of 9.9% of the company's shares and 2.6% of votes following conversion.

On the date of issue, the convertible bonds were recognised entirely in financial liabilities, since on that date the fair value of the debt component equalled the face value of the convertible bonds. The fair value of the debt component is the net present value of the bond's cash flows discounted by the market rate. The market rate used is the interest rate of a comparable liability without a conversion right and was defined by third parties.

22. ACCOUNTS PAYABLE AND OTHER PAYABLES

EUR 1,000	2015	2014
Advances received	2 241	2 110
Accounts payable (financial liability measured at cost)	1 008	1 025
Liabilities to associated companies (financial liabilities measured at cost)	24	8
Interest rate swaps (financial liability measured at fair value through profit or loss)	1 806	1 803
Accrued expenses and deferred income	2 339	2 375
Other payables	892	1 020
Accounts payable and other payables	8 309	8 340
Substantial accrued expenses and deferred income items		
Accruals of personnel expenses	2 150	2 207
Other items	189	167
Total	2 339	2 375

23. FINANCIAL RISK MANAGEMENT

The Board of Directors defines the principles of financial risk management. Risk management measures are attended to on a centralised basis by the finance department of the Group's parent company. The parent company is responsible for the Group's financing on a centralised basis. The Group is exposed to interest-rate risk and risk associated with share prices.

Foreign exchange risk

The Group's foreign exchange risk is not material, as business transactions are primarily carried out in euros.

Interest rate risk

The Group's interest-rate risk consists of changes in market interest rates applied in the loan portfolio. The company follows an interest-rate management policy confirmed by the Board of Directors. With respect to interest-rate risk management, the goal is to reduce the volatility of interest expenses in order to keep interest expenses, and the associated risk that they will grow, at an acceptable level. Interest-rate risk is managed by selecting both fixed and floating interest rates in loans, and using interest-rate fixing periods. If necessary, in order to hedge against interest-rate risk, the company can rely on interest rate swaps.

The company's loan arrangements involve ordinary collaterals and no special covenants.

On 31 December 2015, the Group's interest-bearing liabilities totalled EUR 52.2 million (EUR 56.9 million on 31 Dec. 2014), including EUR 20.0 million in the form of convertible bonds. At the end of the 2015 financial year, the average maturity of the interest-bearing liabilities was 3 years 2 months (3 years 11 months on 31 December 2014).

In order to hedge against interest rate risk, the company has transformed some of its floating-rate liabilities to a fixed rate, by means of interest rate swaps. Presently, some 58% of the loans in the company's total loan portfolio have a fixed rate and some 42% a floating rate. Under the loan terms, finance providers may review loan margins at agreed intervals. At the end of the 2015 financial year, these loans amounted to EUR 22.6 million.

As at 31 December 2015, the impact of floating-rate interest-bearing liabilities on profit before taxes would have amounted to +/- EUR 220 thousand over the next 12 months, if the interest level increases or decreases by one percentage point.

Market risk of investment activities

Investments are made through well-known partners with high credit rating. In relation to its operations, the Group is subject to price risks for listed shares due to fluctuations in market prices. The Group's Board of Directors has defined the boundary conditions for its investments in shares and reviews the related risk assessment.

Investment sensitivity analysis

The annual change of the OMX Helsinki Cap Index was 11.72%. At the end of 2015, the market value of the Group's financial assets recognised at fair value through profit or loss was EUR 1,057 thousand (EUR 1,089 thousand in 2014). Changes in the value of financial assets recognised at fair value through profit or loss affect earnings after tax. If the market prices of shares went up or down by 10% and other factors remained the same, the change in the income statement would be +/- EUR 85 thousand.

FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

EUR 1,000	31.12.2015	Fair value at end of period		
		Level 1	Level 1	Level 3
Assets measured at fair value				
Financial assets at fair value through profit or loss	1 057	1 057		
Available-for-sale financial assets	1 502		1 502	
Total	2 559	1 057	1 502	
Liabilities measured at fair value				
Interest rate swaps	1 806		1 806	
Total	1 806		1 806	

EUR 1,000	31.12.2014	Fair value at end of period		
		Level 1	Level 2	Level 3
Assets measured at fair value				
Financial assets at fair value through profit or loss	1 089	1 089		
Available-for-sale financial assets	1 533		1 533	
Total	2 623	1 089	1 533	
Liabilities measured at fair value				
Interest rate swaps	1 803		1 803	
Total	1 803		1 803	

Available-for-sale assets also include EUR 1,420 thousand (EUR 1,420 thousand in 2014) for unlisted shares, which are measured at cost since no reliable fair value was available for them.

At Level 1 of the hierarchy, fair value is based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

At Level 2, the instruments' fair value is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

At Level 3, the instruments' fair value is based on inputs for the asset or liability that are not based on observable market data.

Credit risk

The company receives its subscription payments in advance. Receivables from advertising and printing sales are spread among a wide group of domestic customers. The company keeps customer balances under constant surveillance and reacts to outstanding accounts immediately. The maximum exposure of the Group's credit risk corresponds to the carrying amount of the above-mentioned financial asset classes at the end of the financial year (Notes 13, 16, 17 and 18).

Liquidity risk

The Group evaluates and continuously monitors the amount of financing required in its operations. The Group seeks to maintain the availability and flexibility of financing by means of credit limit. At the end of the financial year, the Group's cash and cash equivalents amounted to EUR 6.5 million (EUR 5.5 million on 31 Dec. 2014). Unused credit limits totalled EUR 13 million on 31 December 2015 (EUR 13 million on 31 Dec. 2014). The terms and conditions of debt contain no covenants. As collateral for liabilities, the Group has granted share pledges as well as real estate and corporate mortgages, which are presented under Note 25.

The maturities of interest-bearing liabilities are presented in the table below. The figures have not been discounted.

31.12.2015 (EUR 1,000)	Carrying amount	Cash flow	Less than 1 year	1-2 years	2-5 years	Over 5 years
Repayment	52 012	52 012	20 250	3 353	10 059	18 350
Payment of interest *)		3 815	1 091	693	1 616	414
Total	52 012	55 827	21 341	4 046	11 675	18 764

31.12.2014 (EUR 1,000)	Carrying amount	Cash flow	Less than 1 year	1-2 years	2-5 years	Over 5 years
Repayment	56 684	56 718	2 353	22 603	10 059	21 703
Payment of interest *)		5 548	1 357	1 223	2 007	961
Total	56 684	62 266	3 710	23 826	12 066	22 664

*) Cash flows from interest rate swaps are included in payment of interest.

24. LEASES

GROUP AS LESSEE

Minimum rents payable under non-cancellable operating leases:

EUR 1,000	2015	2014
Due within one year	35	21
Due within more than one but no more than five years	62	
Total	97	21

GROUP AS LESSOR

Minimum rents receivable under non-cancellable operating leases:

EUR 1,000	2015	2014
Due within one year		80
Due within more than one but no more than five years		239
Total		318

Leases are tied to the cost-of-living index.

FINANCE LEASE

Gross finance lease liabilities - maturity of minimum lease payments

EUR 1,000	2015	2014
Due within one year	44	44
Due within more than one but no more than five years	178	178
Due within more than five years	22	67
Total	244	289

Finance lease liabilities - present value of minimum lease payments

EUR 1,000	2015	2014
Due within one year	36	34
Due within more than one but no more than five years	160	153
Due within more than five years	22	64
Total	217	252
Financial expenses accruing in the future	27	37

25. CONTINGENT LIABILITIES

EUR 1,000	2015	2014
COLLATERAL PLEDGED FOR OWN COMMITMENTS		
Loans secured with mortgages		
Loans from financial institutions	32 012	36 718
Total	32 012	36 718
Unused credit limits	13 000	13 000
Mortgages on real estate	8 801	8 801
Mortgages on company assets	1 245	1 245
Mortgages total	10 045	10 045
Pledged shares	55 081	50 491
CONTINGENT LIABILITIES ON BEHALF OF ASSOCIATED COMPANY		
Guarantees	3 961	3 961

Other liabilities

The Group is required to adjust the VAT deductions made on real estate investments conducted in 2008 and in 2010, should taxable use of the real estate be reduced during the adjustment period. The maximum amount of this liability is presented in the table below.

Year of completion of the investment	EUR 1,000
2008	11
2010	25
Total	36

26. RELATED PARTY TRANSACTIONS

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

Parent company ownership in the Group's subsidiaries is as follows:

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

Information on associated companies can be found in section 12.

The following related party transactions were carried out:

EUR 1,000	2015	2014
SALES OF GOODS AND SERVICES		
To associated companies	258	256
To other related parties	921	837
PURCHASES OF GOODS AND SERVICES		
To associated companies	256	335
To other related parties	37	4

EUR 1,000	2015	2014
TRADE RECEIVABLES		
From other related parties	75	16

Transactions with related parties are conducted at fair market prices.
Receivables and debts from associated companies are described in notes 14,16 and 22.

EUR 1,000	2015	2014
EMPLOYEE BENEFITS TO MANAGEMENT		
Salaries and other short-term employee benefits	1 026	1 005

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

EUR 1,000	2015	2014
SALARIES AND FEES		
Managing Directors and Board Members	577	576
Members of the Supervisory Board	36	39

Managing Director Matti Korkiatupa's salary and benefits for the accounting period totalled EUR 314 thousand. Korkiatupa's statutory accrued pension costs amounted to EUR 48 thousand. The Managing Director's pension plan is in compliance with employment pension legislation. Pension contributions worth EUR 53 thousand were paid for the Managing Director to the voluntary, contribution-based group pension insurance. The Managing Director's retirement age is in line with the current retirement pension scheme. In the case of dismissal by the company, the Managing Director's period of notice is six months before the age of 63, in addition to which the company will pay severance pay equalling an 18 months' salary. In the event of a merger or other business reorganisation, the severance pay will correspond to a 24 months' salary. The Managing Director must give six months' notice.

The statutory accrued pension costs of the members of the Board of Directors and the Chairman of the Supervisory Board amounted to EUR 28 thousand.

27. CAPITAL MANAGEMENT

The objective of the Group's capital management is to ensure normal operating conditions and to accumulate long-term shareholder value. The capital structure is influenced, for instance, by the distribution of dividends. Ilkka-Yhtymä Oyj pursues an active dividend policy and aims to distribute at least half of the Group's annual results in dividends. However, dividend distribution is affected not only by the earnings trend, but also by the Group's financial standing, the financing required for profitable growth and the company's future outlook and development needs.

The Group's net interest-bearing liabilities amounted to EUR 44.7 million at the end of 2015. With a target equity ratio of 40% defined by the Board of Directors, the Group's equity ratio in 2015 was 52.9% (50.2%).

EUR 1,000	2015	2014
THE GROUP'S NET LIABILITIES		
Interest-bearing liabilities	52 229	56 936
Cash and cash equivalents	6 500	5 534
Financial assets at fair value through profit or loss	1 057	1 089
Net liabilities	44 672	50 313
Shareholder's equity	66 035	64 503
Net gearing	67.6 %	78.0 %

28. EVENTS AFTER THE BALANCE SHEET DATE

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

Key figures on financial performance

ILKKA-YHTYMÄ GROUP	2015	2014	2013
Net sales, MEUR	41.2	41.8	44.9
-change %	-1.5	-6.9	-2.7
Operating profit/loss, MEUR	9.0	9.3	-16.6
-% of net sales	21.9	22.1	-37.0
Profit/loss before tax, MEUR	4.5	10.1	-17.0
-% of net sales	10.9	24.2	-37.8
Profit/loss for the financial period, MEUR	3.6	9.1	-18.2
-% of net sales	8.8	21.7	-40.5
Return on equity (ROE), %	5.5	14.8	-26.2
Return on investment (ROI), % *)	4.8	9.7	-11.6
Equity ratio, %	52.9	50.2	44.2
Net gearing, %	67.6	78.0	108.7
Gross capital expenditure, MEUR **)	0.6	0.5	1.4
-% of net sales	1.4	1.1	3.2
Balance sheet total, MEUR	127.2	130.5	133.8
Current ratio	0.38	0.91	0.45
Average no. of employees	299	311	321

*) Excludes unrealised gains/losses on interest rate swaps.

**) Includes investments in tangible and intangible assets and shares in associated companies and in available-for-sale financial assets.

Per-share ratios

ILKKA-YHTYMÄ GROUP	2015	2014	2013
Earnings per share (EPS), EUR	0.14	0.35	-0.71
Cash flow from operations per share, EUR	0.16	0.14	0.33
Shareholders' equity per share, EUR	2.57	2.51	2.26
Dividend per share (Series I), EUR *)	0.10	0.10	0.10
Dividend per share (Series II), EUR *)	0.10	0.10	0.10
Dividend per earnings (Series I), %	71.2	28.3	neg.
Dividend per earnings (Series II), %	71.2	28.3	neg.
Effective dividend yield (Series I), %	4.0	3.3	2.1
Effective dividend yield (Series II), %	4.9	5.2	3.5
Price per earnings (P/E) (Series I)	17.6	8.5	neg.
Price per earnings (P/E) (Series II)	14.4	5.4	neg.
Price development of shares			
average price (Series I), EUR	2.63	2.94	5.24
average price (Series II), EUR	2.15	2.28	3.39
lowest price (Series I), EUR	2.17	2.11	4.36
lowest price (Series II), EUR	1.92	1.83	2.76
highest price (Series I), EUR	3.49	4.98	7.95
highest price (Series II), EUR	2.68	3.05	5.19
price at the end of period (Series I), EUR	2.47	3.00	4.69
price at the end of period (Series II), EUR	2.03	1.91	2.89
Market capitalisation, MEUR	54.0	53.7	81.9
Shares traded (Series I), number of shares	129 096	238 632	52 945
- % of total number of shares	3.0	5.5	1.2
Shares traded (Series II), number of shares	3 393 977	3 320 092	2 059 508
- % of total number of shares	15.9	15.5	9.6
Average number of shares during the financial period	25 665 208	25 665 208	25 665 208
Number of shares at the end on the financial period	25 665 208	25 665 208	25 665 208

*) 2015: Proposal of the Board of Directors

Calculation principles of key figures and ratios

THE FOLLOWING FORMULAS ARE USED TO CALCULATE THE GROUP'S FINANCIAL PERFORMANCE:

Return on equity (%) (ROE)	=	$\frac{\text{Net profit}}{\text{Shareholders' equity (average)}} \times 100$
Return on investment (%) (ROI)	=	$\frac{\text{Profit before taxes+ interest and other financial expenses}}{\text{Balance sheet total - non-interest-bearing liabilities (average)}} \times 100$
Equity ratio (%)	=	$\frac{\text{Shareholders' equity}}{\text{Balance sheet total - Advances received}} \times 100$
Net gearing (%)	=	$\frac{\text{Interest-bearing liabilities - cash and cash equivalents - financial assets measured at fair value through profit or loss}}{\text{Shareholders' equity}} \times 100$
Current ratio	=	$\frac{\text{Current assets}}{\text{Current liabilities}}$

THE FOLLOWING FORMULAS ARE USED TO CALCULATE PER-SHARE RATIOS:

Earnings per share (EPS)	=	$\frac{\text{Net profit}}{\text{Average number of shares during the period}}$
Cash flow from operations per share	=	$\frac{\text{Cash flow from operations}}{\text{Average number of shares during the period}}$
Shareholders' equity per share	=	$\frac{\text{Shareholders' equity}}{\text{Number of shares on the balance sheet date}}$
Dividend per share	=	Dividend per share approved by the Annual General Meeting. With respect to 2015, the Board of Directors' proposal to the Annual General Meeting for a dividend.
Dividend per earnings (%)	=	$\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$
Effective dividend yield (%)	=	$\frac{\text{Dividend per share}}{\text{Closing share price}} \times 100$
Price/Earnings ratio (P/E)	=	$\frac{\text{Closing share price}}{\text{Earnings per share}}$
Adjusted average share price	=	$\frac{\text{Total turnover of shares, EUR}}{\text{Shares traded, number of shares}}$
Market capitalisation	=	Number of shares x the share's closing price

Parent Company Income Statement, FAS

EUR 1,000	NOTE	1.1.-31.12.2015	1.1.-31.12.2014
NET SALES	1	2 298	2 297
Other operating income	2	1 485	1 169
Material and services	3	-54	-176
Personnel costs	4	-1 924	-2 011
Depreciation	5	-294	-336
Other operating costs	6	-1 537	-1 670
OPERATING PROFIT/ LOSS		-26	-727
Financial income and expenses	7	-1 178	348
PROFIT/ LOSS BEFORE EXTRAORDINARY ITEMS		-1 204	-379
Extraordinary items	8	4 700	5 000
PROFIT/ LOSS AFTER EXTRAORDINARY ITEMS		3 496	4 621
Appropriations		57	67
Income taxes	9	-681	-876
PROFIT/ LOSS FOR THE FINANCIAL PERIOD		2 872	3 812

Parent Company Balance Sheet, FAS

EUR 1,000	NOTE	31.12.2015	31.12.2014
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	10	227	112
Tangible assets	10	3 649	3 886
Investments	11	113 383	117 643
NON-CURRENT ASSETS		117 259	121 641
CURRENT ASSETS			
Inventories	12	962	1 017
Non-current receivables	13	567	567
Current receivables	13	2 162	714
Cash and bank deposits		3 818	2 897
CURRENT ASSETS		7 510	5 196
ASSETS		124 770	126 837
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital		6 416	6 416
Other reserves		48 498	48 498
Retained earnings		3 973	2 728
Profit/ loss for the financial period		2 872	3 812
SHAREHOLDERS' EQUITY	14	61 760	61 454
ACCUMULATED APPROPRIATIONS	15	700	757
LIABILITIES			
Non-current interest-bearing liabilities		31 762	54 331
Current interest-bearing liabilities		27 753	7 230
Current interest-free liabilities		2 796	3 065
LIABILITIES	16	62 310	64 627
SHAREHOLDERS' EQUITY AND LIABILITIES		124 770	126 837

FAS=Finnish Accounting Standards

Parent Company Cash Flow Statement, FAS

EUR 1,000	2015	2014
CASH FLOW FROM OPERATIONS		
Profit/ loss for the period under review	2 872	3 812
Adjustments	-3 043	-4 223
Change in working capital	2	233
Cash flow from operations before financial items and taxes	-169	-179
Interest paid	-1 338	-1 720
Interest received	40	16
Dividends received	16	16
Other financial items	-17	
Direct taxes paid	-862	-633
Cash flow from operations	-2 331	-2 500
CASH FLOW FROM INVESTMENTS		
Investments in tangible and intangible assets, net	-193	-125
Disposal of subsidiaries	1 535	
Capital repayment received	2 699	2 249
Other investments		-25
Proceeds from sale of other investments	445	8 888
Granted loans		-567
Addition(-)/ deduction(+) of cash equivalents		150
Dividends received from investments	93	443
Cash flow from investments	4 579	11 012
Cash flow before financing items	2 248	8 513
CASH FLOW FROM FINANCING		
Change in current loans	273	-3 252
Change in non-current loans	-2 353	-5 889
Group contributions received and paid	3 300	5 600
Dividends paid and other profit distribution	-2 547	-2 548
Cash flow from financing	-1 327	-6 089
Increase (+) or decrease (-) in financial assets	921	2 424
LIQUID ASSETS AT THE BEGINNING OF THE FINANCIAL PERIOD	2 897	473
LIQUID ASSETS AT THE END OF THE FINANCIAL PERIOD	3 818	2 897
NOTES TO THE CASH FLOW STATEMENT:		
ADJUSTMENTS TO PROFIT/ LOSS FOR THE PERIOD		
Depreciation	294	336
Sales gains (-) and losses (+) on non-current assets	-439	-21
Unrealised fair-value gains (-) or losses (+)	3	102
Financial income and expenses	1 175	-451
Income taxes	681	876
Other adjustments	-4 757	-5 067
Adjustments to profit/ loss for the period total	-3 043	-4 223
CHANGE IN WORKING CAPITAL		
Increase (-)/ decrease (+) in inventories	54	176
Increase (-)/ decrease (+) in current interest-free operating receivables	-42	42
Increase (+)/ decrease (-) in current interest-free liabilities	-11	14
Change in working capital total	2	233

Notes to the Parent Company's Financial Statements

ACCOUNTING PRINCIPLES

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

COMPARABILITY OF DATA

The figures for 2015 are comparable with those of 2014.

SECURITIES TRADING

In the parent company financial statements securities trading is presented as gross of net sales and purchases.

INVENTORIES

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

FIXED ASSETS AND DEPRECIATION

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

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

PERIODISATION OF PENSION EXPENSES

Employee pension schemes are arranged through insurance companies.

ITEMS IN FOREIGN CURRENCIES

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

EXTRAORDINARY ITEMS

Group contributions are entered in extraordinary items.

Notes to the Income Statement and the Balance Sheet

EUR 1,000	2015	2014
1. NET SALES		
Net sales by operating sector		
Other operations	2 219	2 258
Securities trading	79	39
Total	2 298	2 297
2. OTHER OPERATING INCOME		
Sales gains on fixed assets	439	21
Rent income	1 046	1 144
Other		4
Total	1 485	1 169
3. MATERIALS AND SERVICES		
Increase or decrease of stocks	54	176
Materials and supplies total	54	176
Materials and services total	54	176
4. PERSONNEL COSTS		
Salaries and fees	1 565	1 626
Pension expenses	305	326
Other personnel costs	54	59
Total	1 924	2 011
MANAGEMENT'S SALARIES AND FEES		
Managing Director	306	301
Members of the Board of Directors		
Paatelainen Seppo (until 5 May 2014)		13
Aukia Timo	34	31
Lager Esa	22	22
Hautanen Markku (since 5 May 2014)	18	12
Mutka Sari	18	19
Savola Tapio	18	19
Viitala Riitta	18	19
Members of the Supervisory Board		
Hautala Lasse, Chairman	22	23
Other members		
The members receive EUR 400 for each meeting (EUR 400 in 2014).		
The Supervisory Board convened twice during 2015 and 2014.		
Managing Director Matti Korkiatupa's salary and benefits for the accounting period totalled EUR 306 thousand. Korkiatupa's statutory accrued pension costs amounted to EUR 47 thousand. The Managing Director's pension plan is in compliance with employment pension legislation. Pension contributions worth EUR 53 thousand were paid for the Managing Director to the voluntary, contribution-based group pension insurance. The statutory accrued pension costs of the members of the Board of Directors and the Chairman of the Supervisory Board amounted to EUR 24 thousand.		
Personnel on average during the financial period		
Corporate services	23	24

FINANCIAL STATEMENTS

EUR 1,000	2015	2014
5. DEPRECIATION ACCORDING TO PLAN		
Intangible rights	41	43
Buildings and constructions	149	166
Machinery and equipment	104	128
Total	294	336
6. OTHER OPERATING EXPENSES		
Costs for premises	629	681
Other cost items	908	989
Total	1 537	1 670
Audit fees		
Statutory audits	39	43
Other fees	8	14
Total	48	58
7. FINANCIAL INCOME AND EXPENSES		
FINANCIAL INCOME		
DIVIDEND YIELDS		
From Group companies	16	16
From others	93	443
Total	109	459
Interest income from non-current investments		
Interest income from associated companies	28	22
Total	28	22
OTHER INTEREST AND FINANCIAL INCOME		
From Group companies	18	15
From others	87	1 843
Total	105	1 858
Financial income total	241	2 338
FINANCIAL EXPENSES		
Impairment for non-current investments		
Impairment for shares in Group companies		-151
Total		-151
OTHER INTEREST AND FINANCIAL EXPENSES		
To Group companies	-83	-71
To others	-1 333	-1 666
Total	-1 417	-1 737
Unrealised change in the market value of the interest rate swaps	-3	-102
Financial expenses total	-1 419	-1 990
FINANCIAL INCOME AND EXPENSES TOTAL	-1 178	348
Interest income total	46	38
Interest expenses total	-1 381	-1 737

EUR 1,000	2015	2014
8. EXTRAORDINARY ITEMS		
Extraordinary income	4 700	5 000
Extraordinary items consist of Group contributions received.		
9. INCOME TAXES		
Income tax on extraordinary items	940	1 000
Income tax on ordinary operations	-259	-111
Taxes on previous financial periods		-13
Total	681	876

10. INTANGIBLE AND TANGIBLE ASSETS

EUR 1,000	Intangible rights	Other longterm assets	Advances-paid	Total
INTANGIBLE ASSETS				
Acquisition cost 1.1.2015	1 161	1 960		3 121
Increase	29		5	35
Decrease		-392		-392
Transfers between items			121	121
Acquisition cost 31.12.2015	1 190	1 568	126	2 885
Accumulated depreciation and impairment 1.1.2015	1 057	1 952		3 009
Accumulated depreciation of decrease and transfers		-392		-392
Depreciation for the financial period	41			41
Accumulated depreciation 31.12.2015	1 098	1 559		2 657
BOOK VALUE 31.12.2015	92	9	126	227
BOOK VALUE 31.12.2014	104	9		112

EUR 1,000	Land areas	Buildings and constructions	Machinery & equipment	Advances-paid	Total
TANGIBLE ASSETS					
Acquisition cost 1.1.2015	452	7 270	6 333	40	14 095
Increase		13	45	81	140
Decrease			-29		-29
Transfers between items				-121	-121
Acquisition cost 31.12.2015	452	7 283	6 349		14 084
Accumulated depreciation and impairment 1.1.2015		4 110	6 099		10 209
Accumulated depreciation of decrease and transfers			-27		-27
Depreciation for the financial period		149	104		253
Accumulated depreciation 31.12.2015		4 259	6 177		10 435
BOOK VALUE 31.12.2015	452	3 024	173		3 649
BOOK VALUE 31.12.2014	452	3 160	234	40	3 886
Balance sheet value of production machinery and equipment 31.12.2015			101		
Balance sheet value of production machinery and equipment 31.12.2014			124		

11. INVESTMENTS

EUR 1,000	Shares in Group companies	Shares in Associated companies	Other shares and holdings	Other investments	Total
Book value 1.1.2015	9 583	105 100	2 791	170	117 643
Increase		17			17
Decrease	-1 535		-43		-1 578
Capital repayment		-2 699			-2 699
BOOK VALUE 31.12.2015	8 048	102 419	2 748	170	113 383

EUR 1,000	2015	2014
DIFFERENCE IN MARKET VALUE AND BOOK VALUE OF PUBLICLY QUOTED SECURITIES		
Publicly quoted securities entered under investments		
Market value	67 468	61 845
Book value	101 974	104 655
Difference	-34 506	-42 810

Companies owned by the parent company	ownership %
GROUP COMPANIES	
I-Mediat Oy, Seinäjoki	100.0
I-print Oy, Seinäjoki	100.0
Kiinteistö Oy Seinäjoen Koulukatu 10, Seinäjoki	100.0
ASSOCIATED COMPANIES	
Alma Media Corporation, Helsinki	27.3
Arena Partners Oy, Kuopio	37.8
Yrittävä Suupohja Oy, Kauhajoki	38.5

12. INVENTORIES

EUR 1,000	2015	2014
Inventories	962	1 017
Total	962	1 017
DIFFERENCE IN MARKET VALUE AND BOOK VALUE OF PUBLICLY QUOTED SECURITIES		
Marketable securities		
Market value	1 057	1 089
Book value	962	1 017
Difference	94	73

13. RECEIVABLES

EUR 1,000	2015	2014
NON-CURRENT RECEIVABLES		
Receivables from associated companies		
Loan receivables	567	567
Total	567	567
NON-CURRENT RECEIVABLES TOTAL	567	567
Subordinate loans		
Non-current receivables consist of subordinate loan to associated company.		
Current receivables		
Accrued income (from others)	103	73
Receivables from Group companies		
Trade receivables	328	317
Other receivables	1 702	302
Total	2 031	619
Receivables from associated companies		
Interest receivables	29	22
Total	29	22
CURRENT RECEIVABLES TOTAL	2 162	714
Substantial accrued income items		
Accruals of personnel expenses	20	17
Other	83	56
Total	103	73

14. SHAREHOLDERS' EQUITY

Share capital 1.1.	6 416	6 416
Share capital 31.12.	6 416	6 416
Invested unrestricted equity fund 1.1	48 498	48 498
Invested unrestricted equity fund 31.12.	48 498	48 498
Retained earnings 1.1.	6 540	5 294
Dividend distribution	-2 567	-2 567
Retained earnings 31.12.	3 973	2 728
Profit/ loss for the financial period	2 872	3 812
Shareholders' equity total	61 760	61 454
STATEMENT OF DISTRIBUTABLE FUNDS 31.12.		
Retained earnings	3 973	2 728
Profit for the financial period	2 872	3 812
Invested unrestricted equity fund	48 498	48 498
Total	55 343	55 038
Breakdown of the Parent Company's share capital by share type:		
Series I (20 votes/share)	1 076	1 076
Series II (1 vote/share)	5 340	5 340
Total	6 416	6 416

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

15. ACCUMULATED APPROPRIATIONS

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

16. LIABILITIES

EUR 1,000	2015	2014
NON-CURRENT LIABILITIES		
Loans from financial institutions	31 762	34 365
Convertible bond		19 967
Total	31 762	54 331
NON-CURRENT LIABILITIES	31 762	54 331
LIABILITIES THAT MATURE IN MORE THAN FIVE YEARS		
Loans from financial institutions	18 350	21 703
Total	18 350	21 703
CURRENT LIABILITIES		
Loans from financial institutions	250	2 353
Convertible bond	20 000	
Accounts payable	114	137
Accrued expenses and deferred income	660	839
Other payables	1 990	2 046
Payables to Group companies		
Accounts payable	32	43
Other payables	7 503	4 877
Total	7 535	4 920
CURRENT LIABILITIES	30 549	10 295
Substantial accrued expenses and deferred income items		
Accruals of personnel expenses	226	224
Accruals of interest expenses	114	105
Accruals of income taxes	317	498
Other	3	12
Total	660	839
Interest-free liabilities	2 796	3 065

17. GUARANTEES AND CONTINGENT LIABILITIES**COLLATERAL PLEDGED FOR OWN COMMITMENTS****Loans secured with mortgages**

Loans from financial institutions	32 012	36 718
Total	32 012	36 718
Unused credit limits	13 000	13 000
Mortgages on real estate	4 672	4 672
Pledged shares	83 236	85 441
Contingent liabilities on behalf of associated company		
Guarantees	3 961	3 961

ON 31 DECEMBER 2015, the share capital of Ilkka-Yhtymä Oyj entered in the Finnish Trade Register totalled EUR 6,416,302, the number of shares being 25,665,208. 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.

According to the Articles of Association, a single shareholder at a General Meeting may not use more than one twentieth (1/20) of the entire number of votes represented in a meeting.

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

SHARE CAPITAL 31 DEC 2015

	Share capital EUR	Number of shares	% of share capital	% of votes
Series I	1 076 015	4 304 061	16.8	80.1
Series II	5 340 287	21 361 147	83.2	19.9
Total	6 416 302	25 665 208	100.0	100.0

QUOTATION AND TRADING IN SHARES

The Series I shares of Ilkka-Yhtymä Oyj were listed on the Helsinki Stock Exchange in 1981 and have remained listed ever since. The Series II shares have been listed since their issue in 1988, and on 10 June 2002 they were transferred from the I List of the Helsinki Stock Exchange to the Main List. At present, the Series II shares of Ilkka-Yhtymä Oyj are listed on the Nasdaq Helsinki List, in the Consumer Services sector, the company's market value being classified as Small Cap. The Series I shares are listed on the Pre List.

The number of Series I shares of Ilkka-Yhtymä Oyj traded in 2015 was 129,096, which represents 3.0% of the series share stock. The total value of the shares exchanged was EUR 339 thousand. In total, 3,393,977 series-II shares were traded, corresponding to 15.9% of the total number of series II shares. The total value of the shares traded was EUR 7,283 thousand. The lowest price at which series-I shares of Ilkka-Yhtymä Oyj were traded during the period under review was EUR 2.17, and the highest per-share price was EUR 3.49. The lowest price at which series-II shares were traded was EUR 1.92 and the highest EUR 2.68. The market value of the share capital at the closing rate for the reporting period was EUR 53,994 thousand.

FINANCIAL STATEMENTS

MAJOR SHAREHOLDERS BY SHARES OWNED ACCORDING TO THE REGISTER OF OWNERS (ALL SHARES)

31 Dec 2015	Series I	Series II	Shares in total	% of shares.
Pohjois-Karjalan Kirjapaino Oyj	99	2 613 125	2 613 224	10.18 %
Keskisuomalainen Oyj		1 537 199	1 537 199	5.99 %
Keski-Pohjanmaan Kirjapaino Oyj	203 409	599 245	802 654	3.13 %
Oy Herttaässä Ab	44 246	603 782	648 028	2.52 %
Ilmarinen Mutual Pension Insurance Company	101 880	504 517	606 397	2.36 %
Mandatum Life Unit-Linked		524 764	524 764	2.04 %
Elo Mutual Pension Insurance Company	92 924	419 693	512 617	2.00 %
Etelä-Pohjanmaan Lehtiseura ry	216 229	265 917	482 146	1.88 %
Lako Mika	91 697	238 386	330 083	1.29 %
TS-Yhtymä Oy	40 050	239 829	279 879	1.09 %
LocalTapiola General Mutual Insurance Company	144 450	108 336	252 786	0.98 %
Aukia Jaakko	5 220	229 985	235 205	0.92 %
Mutka Heikki	69 512	158 891	228 403	0.89 %
Aukia Kari	86 349	113 694	200 043	0.78 %
E-P:n Osuuskauppa	111 864	84 024	195 888	0.76 %
Rinta-Jouppi Jarmo	85 530	110 052	195 582	0.76 %
Aukia Timo	89 482	90 245	179 727	0.70 %
Keskinen Martti		172 541	172 541	0.67 %
SV-Turkis Oy	69 410	85 267	154 677	0.60 %
Rinta-Jouppi Ari	48 555	91 539	140 094	0.55 %
20 major shareholders, total *)	1 500 906	8 791 031	10 291 937	40.10 %
Nominee-registered		386 470	386 470	1.51 %
Other owners	2 803 155	12 183 646	14 986 801	58.39 %
Total	4 304 061	21 361 147	25 665 208	100.00 %

*) Nominee-registered are not included.

MAJOR SHAREHOLDERS BY NUMBER OF VOTES ACCORDING TO THE SHAREHOLDERS' REGISTER (registered shares)

31 Dec 2015	Series I reg.	% of shares	Series II	% of shares	Shares in total	% of votes
Keski-Pohjanmaan Kirjapaino Oyj	190 552	4.43 %	599 245	2.81 %	789 797	4.10 %
Etelä-Pohjanmaan Lehtiseura ry	201 588	4.68 %	265 917	1.24 %	467 505	4.00 %
Pohjois-Karjalan Kirjapaino Oyj	99	0.00 %	2 613 125	12.23 %	2 613 224	2.43 %
Ilmarinen Mutual Pension Insurance Company	101 880	2.37 %	504 517	2.36 %	606 397	2.37 %
E-P:n Osuuskauppa	111 864	2.60 %	84 024	0.39 %	195 888	2.16 %
LocalTapiola General Mutual Insurance Company	107 190	2.49 %	108 336	0.51 %	215 526	2.10 %
Elo Mutual Pension Insurance Company	85 695	1.99 %	419 693	1.96 %	505 388	1.99 %
Lako Mika	91 697	2.13 %	238 386	1.12 %	330 083	1.93 %
Aukia Timo	89 482	2.08 %	90 245	0.42 %	179 727	1.75 %
Rinta-Jouppi Jarmo	85 224	1.98 %	110 052	0.52 %	195 276	1.69 %
Mutka Heikki	69 512	1.62 %	158 891	0.74 %	228 403	1.44 %
Keskisuomalainen Oyj			1 537 199	7.20 %	1 537 199	1.43 %
Etelä-Pohjanmaan Osuuspankki	73 350	1.70 %	60 445	0.28 %	133 795	1.42 %
SV-Turkis Oy	66 999	1.56 %	85 267	0.40 %	152 266	1.33 %
Tolonen Hannele	68 453	1.59 %	14 500	0.07 %	82 953	1.29 %
Mikkilä Juha	61 890	1.44 %	35 886	0.17 %	97 776	1.19 %
Kyrönmaan Osuuspankki	55 134	1.28 %	42 924	0.20 %	98 058	1.07 %
Järvi-Laturi Heikki	50 629	1.18 %	83 971	0.39 %	134 600	1.02 %
Oy Herttaässä Ab	22 952	0.53 %	603 782	2.83 %	626 734	0.99 %
Rinta-Jouppi Ari	48 555	1.13 %	91 539	0.43 %	140 094	0.99 %
Total	1 582 745	36.77 %	7 747 944	36.27 %	9 330 689	36.67 %

MAJOR SHAREHOLDERS BY SHARES OWNED ACCORDING TO THE SHAREHOLDERS' REGISTER (registered shares)

31 Dec 2015	Series I reg.	Series II	Shares in total	% of shares
Pohjois-Karjalan Kirjapaino Oyj	99	2 613 125	2 613 224	10.18 %
Keskisuomalainen Oyj		1 537 199	1 537 199	5.99 %
Keski-Pohjanmaan Kirjapaino Oyj	190 552	599 245	789 797	3.08 %
Oy Herttaässä Ab	22 952	603 782	626 734	2.44 %
Ilmarinen Mutual Pension Insurance Company	101 880	504 517	606 397	2.36 %
Mandatum Life Unit-Linked		524 764	524 764	2.04 %
Elo Mutual Pension Insurance Company	85 695	419 693	505 388	1.97 %
Etelä-Pohjanmaan Lehtiseura ry	201 588	265 917	467 505	1.82 %
Lako Mika	91 697	238 386	330 083	1.29 %
TS-Yhtymä Oy	9 000	239 829	248 829	0.97 %
Aukia Jaakko	5 220	229 985	235 205	0.92 %
Mutka Heikki	69 512	158 891	228 403	0.89 %
LocalTapiola General Mutual Insurance Company	107 190	108 336	215 526	0.84 %
E-P:n Osuuskauppa	111 864	84 024	195 888	0.76 %
Rinta-Jouppi Jarmo	85 224	110 052	195 276	0.76 %
Aukia Timo	89 482	90 245	179 727	0.70 %
Keskinen Martti		172 541	172 541	0.67 %
Aukia Kari	40 397	113 694	154 091	0.60 %
SV-Turkis Oy	66 999	85 267	152 266	0.59 %
Rinta-Jouppi Ari	48 555	91 539	140 094	0.55 %
Total	1 327 906	8 791 031	10 118 937	39.43 %

Nominee-registered are not included.

FINANCIAL STATEMENTS

BOOK-ENTRY SYSTEM

Ilkka-Yhtymä Oyj's shares are included in the book-entry system. The notification date for the transfer to the book-entry system was 7 June 1995. A shareholder list of the company's shares and their holders is maintained at Euroclear Finland Oy.

MANAGEMENT HOLDINGS

On 31 December 2015, the company's Supervisory Board, the Board of Directors and the Managing Director held a total of 1,317,333 shares, or 5.13% of the entire share capital and 9.95% of the votes.

SHAREHOLDERS BY NUMBER OF SHARES HELD ON 31 DEC 2015 *)

Number of shares, Series I	No. of holdings	% of holdings	No. of shares	% of shares
1 - 200	1 799	52.01	160 371	3.73
201 - 400	599	17.32	172 797	4.01
401 - 2 000	857	24.78	761 095	17.68
2 001 - 4 000	99	2.86	262 094	6.09
4 001 -	105	3.04	2 461 512	57.19
TOTAL	3 459	100.00	3 817 869	88.70
On waiting list			375 889	8.73
In joint account			110 303	2.56
SHARES ISSUED			4 304 061	100.00

Number of shares, Series II	No. of holdings	% of holdings	No. of shares	% of shares
1 - 200	2 101	28.09	208 513	0.98
201 - 400	1 182	15.80	358 336	1.68
401 - 2 000	2 964	39.63	2 828 372	13.24
2 001 - 4 000	627	8.38	1 764 119	8.26
4 001 -	606	8.10	16 096 737	75.36
TOTAL	7 480	100.00	21 256 077	99.51
In joint account			105 070	0.49
SHARES ISSUED			21 361 147	100.00

*) According to shareholders' register

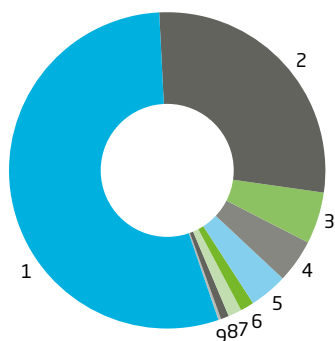
SHAREHOLDERS BY SECTOR 31 DEC 2015 *)

Shareholder category, Series I	No. of holdings	% of holdings	No. of shares	% of shares
Private companies	54	1.56	508 639	11.82
Financial institutions and insurance companies	9	0.26	277 594	6.45
Public-sector organisations	3	0.09	188 142	4.37
Non-profit organisations	69	1.99	338 088	7.86
Households	3 323	96.07	2 505 091	58.20
Foreign owners	1	0.03	315	0.01
TOTAL	3 459	100.00	3 817 869	88.70
On waiting list total			375 889	8.73
In joint account			110 303	2.56
SHARES ISSUED			4 304 061	100.00

Shareholder category, Series II	No. of holdings	% of holdings	No. of shares	% of shares
Private companies	194	2.59	6 762 798	31.66
Financial institutions and insurance companies	18	0.24	1 036 175	4.85
Public-sector organisations	5	0.07	933 705	4.37
Non-profit organisations	107	1.43	646 412	3.03
Households	7 144	95.51	11 480 489	53.74
Foreign owners	6	0.08	10 028	0.05
Nominee-registered	6	0.08	386 470	1.81
TOTAL	7 480	100.00	21 256 077	99.51
In joint account			105 070	0.49
SHARES ISSUED			21 361 147	100.00

*) According to shareholders' register

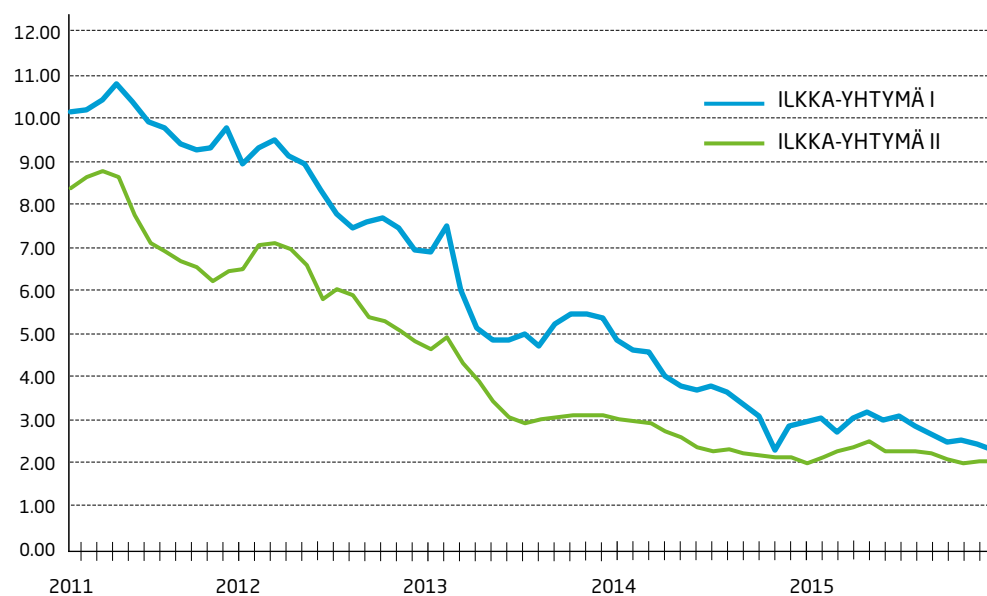
SHAREHOLDERS BY SECTOR 31 DEC 2015, SERIES I AND SERIES II



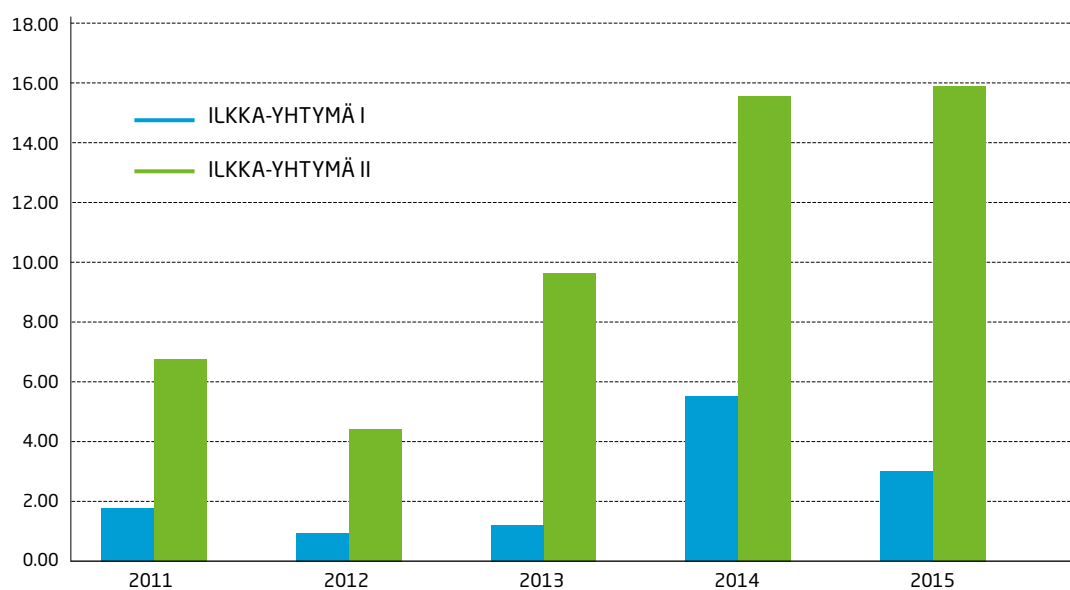
1. Households 54.5 %
2. Private companies..... 28.3 %
3. Financial institutions and insurance companies 5.1 %
4. Public-sector organisations..... 4.4 %
5. Non-profit organisations 3.8 %
6. Nominee-registered 1.5 %
7. On waiting list 1.5 %
8. In joint account 0.8 %
9. Foreign owners 0.04 %

FINANCIAL STATEMENTS

AVERAGE SHARE PRICE OF ILKKA-YHTYMÄ OYJ'S SHARES (EUR) 1 JAN 2011-31 DEC 2015



ILKKA-YHTYMÄ OYJ'S SHARES TRADED AS A PERCENTAGE OF TOTAL SHARES ISSUED (%) 2011-2015



PROPOSAL BY THE BOARD OF DIRECTORS ON PROFIT DISTRIBUTION

The parent company's distributable funds:

Retained earnings	EUR 3,973,351.71
The result for the financial year	EUR 2,872,200.69
Invested unrestricted equity fund	EUR 48,497,751.08
Total	EUR 55,343,303.48

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 0.10 be distributed, i.e. a total dividend payment of EUR 2,566,520.80.

No substantial changes have taken place in the company's financial position since the end of the financial year. In the view of the Board of Directors, the proposed dividends do not jeopardise the company's liquidity

Seinäjoki, 22 February 2016

BOARD OF DIRECTORS

Timo Aukia	Esa Lager
Markku Hautanen	Sari Mutka
Tapio Savola	Riitta Viitala

Matti Korkiatupa
Managing Director

A report on the audit has been issued today.

Seinäjoki, 24 February 2016

Ernst & Young Oy
Authorised Public Accountants

Harri Pärssinen
Authorised Public Accountant

**TO THE ANNUAL GENERAL MEETING OF
ILKKA-YHTYMÄ OYJ**

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Ilkka-Yhtymä Oyj for the financial year 1 January–31 December 2015. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

**RESPONSIBILITY OF THE BOARD OF
DIRECTORS AND THE MANAGING DIRECTOR**

The Board of Directors and the Managing Director are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the parent company's financial statements and the report of the Board of Directors in accordance with laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the parent company's Supervisory Board and Board of Directors and the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or whether they have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the finan-

cial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**OPINION ON THE CONSOLIDATED
FINANCIAL STATEMENTS**

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

**OPINION ON THE COMPANY'S FINANCIAL
STATEMENTS AND THE REPORT OF THE BOARD
OF DIRECTORS**

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Seinäjoki, 24 February 2016

Ernst & Young Oy
Authorised Public Accountants

Harri Pärssinen, Authorised Public Accountant

Supervisory Board's Statement

Having examined the company's and the consolidated balance sheets and income statements for 2015, and after reviewing the Auditor's Report, the Supervisory Board declares that it approves the Board of Directors' Report, the Financial Statements and the proposal for the allocation of the distributable funds.

On this occasion, Supervisory Board also notifies that the terms of office of the following members of the Supervisory Board are about to expire: Vesa-Pekka Kangaskorpi, Jarmo Rinta-Jouppi, Kimmo Simberg and Jyrki Viitala. In addition, Perttu Rinta has informed the company that he will resign from the Supervisory Board.

Seinäjoki, 14 March 2016

Lasse Hautala
Chairman of the Supervisory Board

Matti Korkiatupa
Managing Director

ADMINISTRATION

Corporate Governance

STRUCTURE OF THE ILKKA-YHTYMÄ GROUP

Ilkka-Yhtymä Group is a media group comprising the parent company Ilkka-Yhtymä Oyj, the publishing company I-Mediat Oy and the printing house I-print Oy. The Group also includes property company, Kiinteistö Oy Seinäjoen Koulukatu 10 and Alma Media Corporation (27.3%), Arena Partners Oy (ca. 37.8%) and Yrittävä Suupohja Oy (38.5%) as associated companies.

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

In the financial year 2015 Ilkka-Yhtymä Oyj complied with the Finnish Corporate Governance Code for listed companies that was issued by the Securities Market Association on 15 June 2010 and which came into force on 1 October 2010. Any divergences from these recommendations have been listed separately.

Ilkka-Yhtymä Oyj operates a two-tier administrative model. The Annual General Meeting elects the members of the Supervisory Board and the Supervisory Board elects the members of the Board of Directors.

THE ANNUAL GENERAL MEETING

The Annual General Meeting is held yearly before the end of June. According to Ilkka-Yhtymä Oyj's Articles of Association, the Supervisory Board summons the AGM and makes statements on issues to be presented at the meeting. Ilkka-Yhtymä Oyj usually holds its AGM in March or April.

The following issues are discussed at the AGM:

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

The company has one auditor, which must be an Authorised Public Accountant firm approved by the Central Chamber of Commerce. The auditor is appointed for a year at a time.

Shareholders are summoned to a General Meeting no more than three months (3) and no less than three (3) weeks prior to the General Meeting, with a notice of the General Meeting for shareholders, published in a newspaper published by the company or its subsidiary, as well as in the form of a stock exchange release and on the corporate website. However, the notice of the General Meeting is published a minimum of nine (9) days prior to the matching date of the General Meeting. The Annual Report is published on the Group's website no later than three (3) weeks prior to the AGM. Additionally, the Annual Report is available in print from Ilkka-Yhtymä Oyj's financial services department no later than one week prior to the AGM. An English version

of Ilkka-Yhtymä Oyj's Annual Report is not available in print format.

If a shareholder wishes to present an issue to the AGM, he or she must present it in writing to the Supervisory Board in sufficient time that it may be included in the Notice of Annual General Meeting. All shareholders who, on the record date separately announced by the company, were registered in the Shareholders Register maintained by Euroclear Finland Oy are entitled to attend the AGM. Those shareholders wishing to attend the AGM must register in advance by the final date given in the Notice of Annual General Meeting, which can be no earlier than ten (10) days prior to the meeting.

According to the Articles of Association, a single shareholder at a General Meeting may not use more than one twentieth (1/20) of the entire number of votes represented in a meeting. The goal is that all members of the Board of Directors be present at the Annual General Meeting.

Deviation from Finnish Corporate Governance Recommendations 4 and 11:

No director candidatures are published in the notice of general meeting since the members of the Board of Directors are elected by the Supervisory Board (Section 7 of the Articles of Association). For the same reason, first-time candidates will not necessarily participate in the general meeting.

SUPERVISORY BOARD

According to Ilkka-Yhtymä Oyj's Articles of Association, the Company has a Supervisory Board with a minimum of twenty (20) and a maximum of thirty (30) members, two of which must be employees of the Group. The members of the Supervisory Board are elected at the AGM for a term of

office of four (4) years at a time, beginning immediately after their election.

The duties of the Supervisory Board include supervising the company's management and the way it conducts its business, electing and discharging the members of the company's Board of Directors and determining their remuneration, calling meetings of the AGM, and issuing statements on issues presented to the AGM. The Supervisory Board appoints a four-person Compensation and Nomination Committee, which comprises the Chairmen and Deputy Chairmen of the Supervisory Board and the Board of Directors of Ilkka-Yhtymä Oyj, and the HR Director, who acts as secretary.

Deviation from Finnish Corporate Governance Recommendation 8: Ilkka-Yhtymä has a so-called two-tier management model. The general meeting elects the members of the Supervisory Board, while the Supervisory Board elects the Board of Directors. Due to the nature of the publishing sector, interaction with the circulation area and other owners is of great importance. This interaction is enabled through the Supervisory Board, which allows the Board of Directors to be small and efficient.

The Supervisory Board convened twice during 2015. Average attendance at meetings was 72%. The Chairman and members of Ilkka-Yhtymä Oyj's Supervisory Board were paid a total of EUR 36,400 in monthly and meeting fees.

The AGM on 22 April 2015 determined Supervisory Board emoluments for 2015 as follows:

- Chairman's fee EUR 1,500/month plus the standard meeting fee of EUR 400/meeting.
- Meeting fee for members - EUR 400/meeting

BOARD OF DIRECTORS

According to the Articles of Association, the duties of the Supervisory Board of Ilkka-Yhtymä Oyj include electing and dismissing members of the company's Board of Directors and determining

their remuneration. At the first meeting of the Supervisory Board following the AGM, members are elected to replace those whose membership of the Board is about to expire.

The Board of Directors comprises a minimum of four (4) and a maximum of six (6) members. Currently, the Board of Directors has six members. Board members are elected for a term of four (4) years.

Deviation from Finnish Corporate Governance Recommendation 8:

The AGM does not elect the members of the Board of Directors, as according to Ilkka Yhtymä Oyj's Articles of Association, the company's Supervisory Board is responsible for electing and discharging the members of the Board of Directors and for determining their remuneration. An election to replace the Board's outgoing members is held at the Supervisory Board's first meeting after the AGM.

Deviation from Finnish Corporate Governance Recommendation 10:

Under the Articles of Association, the members of the Board of Directors are elected for a term of four (4) years. In view of the continuity of operations and the regional dimension, term of office is set to exceed one year.

Deviation from Finnish Corporate Governance Recommendation 11:

Proposed candidates for the Board of Directors are not included in the Notice of Annual General Meeting, as the members of the Board of Directors are chosen by the Supervisory Board, which meets after the AGM.

Deviation from Finnish Corporate Governance Recommendation 12:

Under the Articles of Association, the members of the Board are elected by the Supervisory Board meeting held subsequent to the Annual General Meeting. The Articles of Association do not specify a special order of appointment of the directors.

According to the Articles of Association, the tasks of the Board of Directors

include supervising the company's management and the way it conducts its business, appointing and discharging the Managing Director and the Managing Director's immediate subordinates, ensuring that decisions of General Meetings and the Supervisory Board are implemented, supervising the company's finances and accounting, and granting and revoking procuration.

The Chairman of the Supervisory Board has the right to participate in Board meetings and present his opinion.

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

- confirms its own standing order, which is reviewed annually
- considers and approves the Group's strategy, ensures that it remains abreast of the latest developments, approves corporate annual plans, budgets and the staff incentive scheme on the basis of the strategy, and supervises their implementation
- confirms the basic structure of the group's organisation and the group's values
- goes through the main risks related to the companies' operations on an annual basis alongside its consideration of the corporate strategy
- considers and approves the interim reports, the Board of Directors' Report and the financial statements
- meets with the auditors once a year
- defines the company's profit-distribution policy (including the dividend policy)
- appoints the Group Executive Team and the Extended Group Executive Team, together with the members of the business units' management teams, as proposed by the Managing Director
- decides on exceptionally broad issues which do not form part of the everyday operative management of the company
- based on approval clause of §3 of the Articles of Association, approves the transfer of series I shares to the shareholder register
- considers any other issues the Managing Director and the Chairman

ADMINISTRATION

of the Board of Directors believe warrant their attention.

The Board of Directors of Ilkka-Yhtymä Oyj has analysed the independence of its members. On the basis of the evaluation, it was stated that the entire Board of Directors is independent of the company and of the significant shareholder as defined by the Finnish Corporate Governance Code. The Board is as follows: Timo Aukia, Chairman; Esa Lager, Vice Chairman; and members Markku Hautanen, Sari Mutka, Tapio Savola and Riitta Viitala.

In 2015, the Board of Directors held 14 meetings, including 2 teleconferences with an average participation of 97.6%. The Board of Directors conducts an internal self-assessment of its activities and working methods once a year.

There are at least 12 meetings of the Board of Directors each year. Issues considered at meetings include the financial statements and interim reports, and the monthly reports of the group's and group's subsidiaries. The Board of Directors convenes at least once a year for a strategy meeting, and confirms the plan of action and budget for the following year, at which time it also confirms investments for the coming year. Taking into consideration the size of the group and its field of business, it is fairly easy for members of the Board of Directors to develop an overall-view of the company's structure, business operations and markets.

The Managing Director functions as rapporteur at Board meetings and, if necessary, other members of the company's management can function as additional rapporteurs on the Managing Director's invitation, with regard to their expert tasks. The majority of the members of the subsidiary companies' Boards of Directors are members of the Board of Directors of the parent company.

The Supervisory Board decided at its meeting on 4 May 2015 on the Board of Directors of Ilkka-Yhtymä Oyj's emoluments for 2015 as follows:

- The Chairman's remuneration is EUR 2,500/month plus the standard fee of EUR 400/meeting.
- Vice Chairman's remuneration is EUR 1,500/month plus the standard fee of EUR 400/meeting.
- Remuneration for members is EUR 1200/month plus the standard fee of EUR 400/meeting.

A total of EUR 153,200 (Group) was paid in monthly and meeting fees to the members of the Board of Directors of Ilkka-Yhtymä Oyj in 2015. The Board's remuneration has never been paid in own shares, nor have the share-based incentive schemes used for rewarding the members of Board of Directors.

COMPENSATION AND NOMINATION COMMITTEE

The Supervisory Board and Board of Directors have appointed a four-person Compensation and Nomination Committee to handle certain preparatory tasks. The Committee, which is set by the Supervisory Board, comprises the Chairmen and Deputy Chairmen of the Supervisory Board and the Board of Directors of Ilkka-Yhtymä Oyj, and the HR Director, who acts as secretary. The Compensation and Nomination Committee meets at least twice a year, or as required. The Committee met three times in 2015. Remuneration for members is EUR 400/meeting. Remuneration is not paid if the meeting is on the same day that the meeting of the Board of Directors and/or Supervisory Board. Average attendance at meetings was 83%.

Deviation from Finnish Corporate Governance Recommendation 22:

The Board of Directors does not elect the members of the Compensation and Nomination Committee, since the company has a Supervisory Board which appoints said committee.

The Compensation and Nomination Committee prepares and presents the following for consideration and approval by the relevant body:

- To the Annual General Meeting: new members to be elected to the Supervisory Board to replace the outgoing members

- To the Supervisory Board: new members to be elected to the Board of Directors to replace the outgoing members
- Chairmen of the Supervisory Board and Board of Directors
- Compensation for the Chairmen and members of the Supervisory Board and Board of Directors
- Members and compensation of the Boards of Directors of Group subsidiaries
- The profit-related incentive scheme for Group personnel
- The salary and other benefits of the Group's Managing Director and his immediate subordinates
- The written contract of the Managing Director of Ilkka-Yhtymä Oyj
- The performance-related incentive scheme for the extended Group Executive Team
- The choice of auditors and deputy auditors

No other committees have been appointed.

GOVERNING BODY IN CHARGE OF AUDIT COMMITTEE DUTIES

Deviation from the Finnish Corporate Governance recommendation 24, 25, 26, 27:

Ilkka-Yhtymä has not established an audit committee. Considering the company's business sector, home market-orientation and the extensiveness of its operations, the Board has been deemed as having the opportunity to familiarise itself with the matters relating to finance and control while also managing communications with the auditors.

Ilkka-Yhtymä does not appoint an audit committee; the Board of Directors of the company is in charge of the related duties. On an annual basis, decisions of greater scope are taken alongside the Authorised Public Accountant, which the Authorised Public Accountant then analyses and reports to the Chairman of the Board of Directors and the Managing Director. The essential sections of the report are discussed at Board of Directors' meetings.

MANAGING DIRECTOR

The Managing Director of Ilkka-Yhtymä Oyj is also the Managing Director of the Group and is responsible for the operations of the entire Group in line with the aims and instructions issued and approved by its Board of Directors. As the Managing Director of Ilkka-Yhtymä Oyj, the Managing Director of the group is in charge of the company's day-to-day administration and the achievement of its goals, as well as preparing issues in line with instructions issued by the Board of Directors. The following report to the Group Managing Director: the Managing Director of I-print Oy, the Business Directors of I-Mediat Oy, the Editors-in-Chief of the provincial newspapers - regarding the content policies of the editorial functions - and persons in charge of the parent company's support services. The Group Managing Director is assisted by the Group Executive Team, proposed by the Managing Director and appointed by the Group's Board of Directors.

The Managing Director and the Group's extended Executive Team are covered by the Group's general profit-related incentive scheme. The profit-related bonus is based on the target gross margin approved by the Board of Directors and company-specific scorecard targets.

The Managing Director and the Group's extended Executive Team are also covered by a performance-related incentive scheme, annually determined by the Board. The performance-related bonus depends on attaining operational targets, set by the Board for each financial year and supporting both a short- and long-term strategy of profitable growth. The potential bonus is paid into the voluntary, defined-contribution group pension plan. In this voluntary plan, the retirement age is defined at 60 years, at which time the payment of pension contributions will end. The pension is determined based on the amount of pension savings accrued by the date on which the pension begins. Under the terms and conditions of the group pension plan for the Managing Director and Executive Team members,

the insured is entitled to a vested pension i.e. paid-up pension insurance corresponding to the pension savings accrued by the end of the employment contract. This vested pension includes old-age pension after the retirement age, as well as disability and life cover. The retirement age of the Managing Director and the Group's extended Executive Team has not been agreed.

The maximum amount of bonuses is a sum equalling 4 months' salary. The Group applies no incentive scheme based on rewarding the management with the company's own shares.

The terms and conditions of the Managing Director's employment are defined in a written executive contract. The Managing Director's retirement age will be determined by the prevailing old-age pension system. In the case of dismissal by the company, the Managing Director's period of notice is 6 months before the age of 63, in addition to which the company will pay severance pay equalling 18 months' salary. Severance pay equals 24 months' salary in the event of a merger or other business reorganisation. In the case of resignation, the Managing Director's period of notice is 6 months.

In 2015, Managing Director Matti Korkiatupa was paid a total of EUR 313,929 in salary and fringe benefits and EUR 52,857 in pension contributions to a voluntary defined-contribution group pension plan.

GROUP EXECUTIVE TEAM

The Group Executive Team supports the Managing Director in steering and developing the group's business in pursuit of the strategic goals presented by the team and approved by the Board of Directors. In accordance with the Group's management system amended on 1 September 2015, the Group Executive Team consists of the parent company's Managing Director in the role of Chairman, the Financial Director and the HR Director, the Managing Director of I-print Oy, the Business Director of Provincial Newspapers and Free Sheets, the Business Director of Local

Newspapers, and the Chairman of the management team of the publishing company I-Mediat Oy's editorial function (alternately the Editor-in-Chief of Ilkka or Pohjalainen). The Group Executive Assistant serves as the secretary to the Executive Team. In addition to the above, the Group's extended Executive Team includes the Director in charge of provincial papers consumer marketing and sales; the Director in charge of provincial papers corporate marketing and sales; Editor-in-Chief of Ilkka or Pohjalainen; and the parent company's Data Administration Director. The duties of the Group's Executive Team are determined in the operating instructions, approved by the Board of Directors.

The Group Executive Team falls under the Group's incentive scheme. Incentive bonuses are based on the target gross margin approved by the Board of Directors and company-specific Balanced Scorecard objectives. Moreover the Group's extended Executive Team is covered by an incentive scheme, annually determined by the Board of Directors.

In 2015, the Group's Executive Team convened 11 times, including 5 occasions involving the Group's extended Executive Team.

INTERNAL CONTROL, RISK MANAGEMENT AND INTERNAL AUDITORS

Internal control is implemented according to the operating instructions and principles prepared by the management and approved by the Board of Directors. The Group monitors the attainment of objectives using the agreed reporting systems. In its meetings, the Board of Directors considers, for instance, the financial statements, interim reports and the Group's and subsidiaries' monthly reports. At least once a year, the Board of Directors also holds a strategy meeting. The Board of Directors confirms business plans and investments for the following year. Considering the Group's size and business sector, it is relatively easy for Board members to gain an overall view of the company's structure,

ADMINISTRATION

business, markets and level of internal control.

The Board of Directors has approved the Risk Management Policy of Ilkka-Yhtymä, which includes all essential items for implementing comprehensive risk management. The Risk Management Policy serves as the foundation for all of the Group's risk management documentation and its practical implementation, and is part of the Group's management system approved by the Board of Directors. Supporting a jointly agreed vision and the strategy derived thereof, the policy contributes to ensuring that the long-term business goals are achieved, enabling Ilkka-Yhtymä to be an attractive and successful communications group embracing the spirit of our times.

The Risk Management Policy includes a written document and descriptions of key risks and the related management measures defined in separate risk databases. For identified key risks, risk management responsibilities have been defined by function, by profit centre, by subsidiary and at Group level, and those assigned as being responsible thereof have the capabilities required for risk management tasks. The Group's risk management procedures are consistent and known to the staff participating in holistic risk management.

Considering the nature and extent of Ilkka-Yhtymä Oyj's business, the Group does not sustain a separate internal audit department, but this fact is taken into account in the auditors' audit plan. Every year, the company agrees with the audit firm on the closer assessment of larger entities and on reporting the audit findings to the company's Managing Director and the Chairman of the Board of Directors. Subsequently, the Board of Directors will review the report's most important sections.

INSIDER ADMINISTRATION

In accordance with Insider standard 12.3. regulations of the Securities Market Act, statutory insiders in Ilkka-Yhtymä Oyj include the members of the Board of Directors and the Supervisory Board, the Managing

Director and the auditors. In addition to the above-mentioned statutory insiders, according to a decision by the Board of Directors, permanent public insiders include the members of the Group Executive Team and the members of the Extended Group Executive Team. The company-specific insiders of Ilkka-Yhtymä Oyj include the members of the business units' management teams; some members of certain functions' and profit centres' management teams; the management's assistant at the parent company; and some employees from the Group's financial department. When necessary, a project-specific insider register will be maintained concerning large or otherwise significant projects. The Group's Financial Director is responsible for insider administration.

Ilkka-Yhtymä Oyj complies with the Guidelines for Insiders adopted by the Nasdaq Helsinki, the Central Chamber of Commerce and the Confederation of Finnish Industries EK. In addition, the Board of Directors has adopted insider information guidelines for Ilkka-Yhtymä Oyj. These guidelines have been distributed to all of the company's insiders, together with a guide for insiders published by the Finnish Foundation for Share Promotion. Starting from 1 January 2009, the Board of Directors has set the duration of the so-called "closed window" at four (4) weeks, i.e. insiders may not trade in Ilkka-Yhtymä Oyj shares four weeks prior to the publication of the financial accounts and interim reports.

Insiders are obliged to inform the keeper of Ilkka-Yhtymä Oyj's insider register (Management Assistant Petra Rintala) of any changes in the information recorded in the register within seven (7) days. The register keeper also annually sends the insiders extracts of the information in the register for verification. The company examines trading by insiders at least once a year.

Information on the holdings of the public insiders of Ilkka-Yhtymä Oyj is available on our website at www.ilkka-yhtyma.fi. The information contained in Ilkka-Yhtymä's insider register

is also available at the service desk of Euroclear Finland Oy, Urho Kekkosen katu 5 C, 8th floor, FI-00100 Helsinki.

In 2016, the closed window periods are set at 25 January–22 February 2016 for the publication of the financial statements bulletin for 2015 and, for the interim reports for 2016, 11 April–9 May 2016, 11 July–8 August 2016 and 10 October–7 November 2016. The corresponding periods for 2015 were 19 January–16 February 2015 for the publication of the financial statements bulletin for 2014 and, for the interim reports for 2015, 6 April–4 May 2015, 6 July–3 August 2015 and 5 October–2 November 2015.

AUDITING OF THE ACCOUNTS

The company has one auditor, which must be an Authorised Public Accountant firm approved by the Central Chamber of Commerce.

The 2015 AGM of Ilkka-Yhtymä Oyj elected Ernst & Young Oy, Authorised Public Accountants, as the auditor, with Harri Pärssinen, Authorised Public Accountant, as the principal auditor. The supervisory audit was performed by Ernst & Young Oy, Authorised Public Accountants.

In 2015, for the auditing of Ilkka-Yhtymä Group's companies, the following fees were paid to Ernst & Young Oy: EUR 57 thousand for auditing and EUR 8 thousand for other services.

COMMUNICATIONS

The Managing Director of Ilkka-Yhtymä Oyj is responsible for Group's external communications. The Ilkka-Yhtymä Group's investor and media relations are handled by the Group's financial administration department under the direction of the Managing Director. The Group's financial administration department is also responsible for online investor information and stock exchange bulletins.

SHAREHOLDERS' AGREEMENTS

Ilkka-Yhtymä Oyj is not aware of any shareholders' agreements regarding the company.

Supervisory Board

The Supervisory Board convened twice during the year. In 2015, its number of members was 24, including two employee representatives.

	Member of the Supervisory Board since	Current term will expire in		Member of the Supervisory Board since	Current term will expire in
Chairman					
Lasse Hautala, Kauhajoki Member of Parliament	2010	2019	Ari Rinta-Jouppi, Vähäkyrö Managing Director, Rinta-Joupin Autoliike Oy	1999	2019
Vice Chairman			Jarmo Rinta-Jouppi, Seinäjoki Managing Director, Jarmo Rinta-Jouppi Oy	2004	2016
Perttu Rinta, Helsinki Managing Director, Suur-Savon Sähkö Oy	1999	2019	Minna Sillanpää, Seinäjoki Managing Director, The Regional Organization of Enterprises in South Ostrobothnia	2011	2019
Markku Akonniemi, Töysä Farmer	1985	2017	Kimmo Simberg, Seinäjoki Managing Director, Etelä-Pohjanmaan Osuuskauppa	2004	2016
Kari Aukia, Vaasa Entrepreneur, Kari Aukia Oy	2006	2018	Sami Talso, Mustasaari Managing Director, Talso Oy	2008	2018
Sami Eerola, Nurmo Agricultural entrepreneur	2008	2018	Marja Vettenranta, Laihia Study Coordinator, University of Vaasa	1997	2017
Jari Eklund, Helsinki Group Director, member of the Board of Directors, LocalTapiola General Mutual Insurance Company	1998	2018	Jorma Vierula, Seinäjoki Regional Director, Finnish Forest Centre	2011	2019
Terhi Ekola*, Vaasa Journalist, I-Mediat Oy	2013	2017	Jyrki Viitala, Seinäjoki Managing Director, Seinäjoen Käyttöauto Oy	2000	2016
Juhani Hautamäki, Ylivieska Chairman of the Board of Directors, Keski-Pohjanmaan Kirjapaino Oyj	2009	2017	Niina Vuolio*, Seinäjoki Service Advisor, I-Mediat Oy	2013	2017
Satu Heikkilä, Helsinki Communications and Marketing Director, Kamux Oy	2010	2019	*) Employee representative Employees are represented on the Supervisory Board of Ilkka-Yhtymä Oy.		
Heikki Järvi-Laturi, Teuva Farmer, entrepreneur	2001	2017	Remunerations in 2015: For the Chairman, EUR 1,500 per month and a standard fee of EUR 400 per meeting. For each member, a standard fee of EUR 400 per meeting.		
Vesa-Pekka Kangaskorpi, Jyväskylä Managing Director, Keskisuomalainen Oyj	2000	2016			
Johanna Kankaanpää, Ähtäri Chairman of the Board, MTK in South Ostrobothnia	2008	2018			
Yrjö Kopra, Helsinki Managing Director, Alexander Corporate Finance Oy	1998	2018			
Petri Latva-Rasku, Tampere Entrepreneur, Quha Oy	2007	2017			
Juha Mikkilä, Kurikka Business College Graduate, agricultural and forestry entrepreneur	1990	2018			



The Board of Directors of Ilkka-Yhtymä Oyj 2015: Markku Hautanen, Esa Lager, Timo Aukia, Sari Mutka, Riitta Viitala and Tapio Savola.

Board of Directors

	Member of the Board of Directors since	Expiry of current term
Timo Aukia, Managing Director, Tampere, Chairman of the Board of Directors	2007	2016
Esa Lager, M.Sc. (Econ.), LL.M., Kauniainen, Vice Chairman of the Board of Directors	2011	2018
Markku Hautanen, Managing Director, Seinäjoki	2014	2019
Sari Mutka, Development Manager, Kauniainen	2007	2017
Tapio Savola, Master of Laws trained on the bench, Lappajärvi	1991	2019
Riitta Viitala, Ph.D. (Econ.), Professor, Vaasa	2010	2018

TIMO AUKIA**Chairman of the Board of Directors since 5 May 2014**

Born in 1973, M.Sc. (Econ.), Managing Director, Tampere
Ilkka-Yhtymä Oyj, Vice Chairman of the Board of Directors 2007-2014, current term ending in 2016.

Ilkka-Yhtymä Oyj, member of the Supervisory Board, 1999-2007

Board of Directors membership in the following Group subsidiaries:

- I-Mediat Oy, Chairman since 2014, (Vice Chairman of the Board 2010-2014)
- I-print Oy, since 2007

Board of Directors membership in the following companies:

- Alma Media Corporation, 2011-2014

Managing Director of Timo Aukia Oy since 1999
Managing Director of Jaakko Aukia Oy since 2012

Shareholdings: 179,727 shares
Emoluments in 2015 (Group): EUR 46,000

ESA LAGER**Vice Chairman of the Board of Directors since 5 May 2014**

Born in 1959, M.Sc. (Econ.), LL.M., Kauniainen
Ilkka-Yhtymä Oyj, member of the Board of Directors since 2011, current term ending in 2018.

Board of Directors membership in the following Group subsidiaries:

- I-Mediat Oy, since 2011

Board of Directors membership in the following companies:

- Finnish Industry Investment Ltd., Chairman since 5/2015, member of Board of Directors 3/2014-5/2015
- Sato Corporation, Chairman since 3/2015, Vice Chairman of the Board 3/2014-3/2015
- Olvi Oy, Vice Chairman since 2002
- Terrafame Ltd., since 8/2015
- Alma Media Corporation since 3/2014
- Fennovoima Ltd, since 4/2014
- Subsidiaries of Outokumpu Group until the end of 2013

Previously Chief Financial Officer (CFO) at Outokumpu Oyj 2005-2013 and deputy to the CEO at Outokumpu Oyj 2011-2013

Shareholdings: 8,000 shares
Emoluments in 2015 (Group): EUR 34,000

MARKKU HAUTANEN

Born in 1960, M.Sc. (Econ.), Managing Director, Seinäjoki
Ilkka-Yhtymä Oyj, member of the Board of Directors since 5/2014, current term ending in 2019.

Board of Directors membership in the following Group subsidiaries:

- I-Mediat Oy, since 2014

Board of Directors membership in the following companies:

- Härmämedi Oy, since 2012
- Härmän Kuntoutus Oy, since 2011

Currently Managing Director of Skaala Group

Shareholdings: -

Emoluments in 2015 (Group): EUR 18,400

SARI MUTKA

Born in 1968, M.Sc. (Econ.), Development Manager, Kauniainen
Ilkka-Yhtymä Oyj, member of the Board of Directors since 2007, current term ending in 2017.

Ilkka-Yhtymä Oyj, member of the Supervisory Board, 2002-2007

Board of Directors membership in the following Group subsidiaries:

- I-Mediat Oy, since 2010

Development Manager at Uusimaa's ELY centre since 2012

Previously Business Consultant at Uusimaa's ELY centre 2009-2011 and Financial Administration employee at FIM Oy, 2004-2008

Shareholdings: 96,287 shares

Emoluments in 2015 (Group): EUR 18,400

TAPIO SAVOLA

Born in 1959, LL.M., Master of Laws trained on the bench, Lappajärvi
Ilkka-Yhtymä Oyj, member of the Board of Directors since 1991, current term ending in 2019.

Board of Directors membership in the following Group subsidiaries:

- I-Mediat Oy since 2010

Board of Directors membership in the following companies:

- Keski-Pohjanmaan Kirjapaino Oyj since 2009
- Keski-Pohjanmaan Viestintäyhtymä Oy since 2009

Currently Lawyer at Lakiasiaintoimisto Savola & Savola

Shareholdings: 4,073 shares

Emoluments in 2015 (Group): EUR 18,400

RIITTA VIITALA

Born in 1959, Ph.D. (Econ.), Professor, Vaasa
Ilkka-Yhtymä Oyj, member of the Board of Directors since 2010, current term ending in 2018.

Board of Directors membership in the following Group subsidiaries:

- I-Mediat Oy, since 2010

Board of Directors membership in the following companies:

- Vacon Oyj, 2008-2015
- Ostrobothnia Chamber of Commerce, Vaasa Department, since 2009

Currently Professor at Department of Management, University of Vaasa.

Shareholdings: -

Emoluments in 2015 (Group): EUR 18,000

**Managing Director
MATTI KORKIATUPA**

Born in 1955, M.Sc. (Agr. & For.), Seinäjoki
Managing Director of Ilkka-Yhtymä Oyj since 1999

Board of Directors membership in the following Group subsidiaries:

- I-print Oy, Chairman since 2007, member of the Board of Directors since 1999

Main positions of trust:

- Arena Partners Oy, Chairman 2000-2004 and since 2010, member of Board of Directors since 2000
- Alma Mediapartners Oy, member of the Board of Directors since 2010
- Lännen Media Oy, member of the Board of Directors since 2014
- Finnish Newspaper Association, member of the Board since 2000, Chairman 2011-2013,
- Anvia Oy, member of the Board of Directors, 2007-2014
- Board member at WAN-IFRA, 2009-2014
- Confederation of Finnish Industries, Chairman of Regional Board, 2011-2014, member 2005-2014
- Chairman of the Committee on Trade and Industry of South Ostrobothnia Chamber of Commerce

Previously, for instance, Regional Manager at Tapiola Group, 1992-1998.

Auditors

Ernst & Young Oy,
Authorised Public Accountants
Harri Pärssinen,
Authorised Public Accountant



The Group Executive Team of Ilkka-Yhtymä Group 2015: Sauli Harjamäki, Olli Pirhonen, Seppo Lahti, Paula Mahlamäki, Satu Takala, Matti Korkiatupa and Marko Orpana.

Group Executive Team

The Group Executive Team convened 11 times in 2015.

MATTI KORKIATUPA

Ilkka-Yhtymä Oy, Managing Director since 1999
Born in 1955, M.Sc. (Agr. & For.)
Chairman of the Group Executive Team

Shareholdings: 12,521 shares

OLLI PIIRHONEN

Ilkka-Yhtymä Oy, Financial Director 3/2014–
Born in 1970, M.Sc. (Econ.)
Ilkka-Yhtymä Oy, secretary of the Board of Directors
Ilkka-Yhtymä Oy, deputy to the Managing Director since 2015

Previous experience includes:

- Group Controller at Atria Plc, 2007–2014 and Finance Manager, for instance, at Atria Group, 1998–2007

Shareholdings: -

SAULI HARJAMÄKI

I-Mediat Oy, Business Director of Local Newspapers since 1990
Born in 1958, D.Sc. (Econ.)

Main positions of trust:

- KaupunkiPlus Oy, member of the Board of Directors since 2008
- Yrittävä Suupohja Oy, member of the Board of Directors since 1992
- Etelä-Pohjanmaan Uusyrityskeskus Neuvoa-Antava, member of the Board of Directors since 1999

Previous experience includes:

- Pohjanmaan Paikallistelevio Oy, Managing Director, 1991–2002
- Sento Oy Högfors, Regional Director, 1988–1990

Shareholdings: -

SEPPO LAHTI

I-print Oy, Managing Director since 2003
Born in 1963, M.Sc. (Eng.)

Previous experience includes:

- Oy Metsäbotnia Ab, Customer Service Manager, Brand Manager and Technical Support Manager, 1995-2003
- Veitsiluoto Oy, R&D engineer, 1989-1994

Shareholdings: -

PAULA MAHLAMÄKI

Ilkka-Yhtymä Oy, HR Director (Head of HR) since 1991
Born in 1954, M.Sc. (Econ.)
Ilkka-Yhtymä Oy, deputy to the Managing Director 3-12/2014

Previous experience includes:

- Era-Pak Ky, Office Manager, 1979-1990

Shareholdings: 2,075 shares

MARKO ORPANA

I-Mediat Oy, Business Director of provincial newspapers and free sheets since 1 September 2015. Previously Director in charge of web and mobile business operations 2007-8/2015
Born in 1971, M.Sc. (Econ.)

Main positions of trust:

- Kärkimedia Oy, member of the Board since 5/2015
- Rauhala Yhtiöt Oy, member of the Board since 2012
- Arena Partners, Chairman of the e-Business Group, since 2009

Previous experience includes:

- Itella Information, Sales and Marketing Director, Finland, 2003-2007

Shareholdings: 500 shares

SATU TAKALA

I-Mediat Oy, Editor-in-Chief of Ilkka since 8/2012, the Chairman of the editorial function's Executive Team and member of the Group Executive Team 9/2013-2015
Born in 1973, M.A., Forestry Engineer

Main positions of trust:

- Väli-Suomen Media Oy, member of the Board, 2012-2014

Previous experience includes:

- Managing Editor of the shared editorial unit of Ilkka and Pohjalainen 2010-2012
- Managing Director of Väli-Suomen Media Oy and Producer for Sunnuntaisuomalainen 2007-2010
- Editor for Ilkka 2000-2007

Shareholdings: -

Extended Group Executive Team

(in addition to the aforementioned)

The Extended Group Executive Team convened 5 times in 2015.

ARI MONNI

Ilkka-Yhtymä Oy, Data Administration Director (Data Administration and Development Manager) since 1994
Born in 1958, B.Sc. (Eng.)

Main positions of trust:

- Arena Interactive Oy, member of the Board since 2007
- South Ostrobothnia Chamber of Commerce, member of the ICT Committee since 2005
- Centre for Economic Development, Transport and the Environment of western Finland, ICT-committee of preparedness in Ostrobothnia, member since 2009
- LocalTapiola Ostrobothnia, member of the Board of Directors since 2013

Previous experience includes:

- Oy Seinäjoki (the paper Etelä-Pohjanmaa), Managing Director in addition to his regular duties, 1993-1994
- Vaasa Oy Seinäjoen Kirjapaino, Print shop Manager, 1987-1994
- Vaasa Oy Kirjapaino, Production Manager, 1985-1987

Shareholdings: 167 shares

HANNU UUSIHAUTA

I-Mediat Oy, Director in charge of the provincial newspapers' and free sheets' corporate marketing and sales since 9/2015
Director in charge of the provincial newspapers' and free sheets' corporate marketing and of coordinating Ilkka's operations 2010-8/2015
Director in charge of Sanomalehti Ilkka Oy's business operations 2002-2009
Born in 1956, Business College Graduate

Previous experience includes:

- If P&C Insurance Company Ltd, Sales Director, 2001-2002
- Sampo-Leonia/Sampo Bank, Regional Director, 2000-2001
- Sampo Insurance Company Ltd, Office Director, 1988-2000
- Sampo Mutual Insurance Company Ltd, Office Manager, 1980-1988

Shareholdings: -

PÄIVI SAIRO

I-Mediat Oy, Director in charge of the provincial newspapers' consumer marketing and sales since 9/2015
Director in charge of the provincial newspapers' consumer marketing and sales and of coordinating Pohjalainen's operations 2010-8/2015
Director in charge of Vaasa Oy's business operations 2001-2009
Born in 1956, M.Sc. (Econ.)

Main positions of trust:

- NLC Vaasa Oy, member of the Board since 2012
- Ostrobothnia Chamber of Commerce, member of the Industry Committee since 2010

Previous experience includes:

- Nordea, Bank Manager, 1986-2000

Shareholdings: 4,221 shares

TONI VILJANMAA

I-Mediat Oy, Editor-in-Chief of Pohjalainen since 2/2014, the Chairman of the editorial function's Executive Team and member of the Group Executive Team since 2016
Born in 1976, M.A.

Previous experience includes:

- Politics reporter for Alma Regional Media's Helsinki-based shared editorial department, 2008-2013
- Chief Editor of Tyrvään Sanomat, 2005-2008
- Posts at the Ministry for Foreign Affairs of Finland, for instance at Europe Information, 2003-2004

Shareholdings: -

THE GROUP'S PARENT COMPANY



ILKKA-YHTYMÄ

Ilkka-Yhtymä Oyj

Managing Director Matti Korkiatupa

I-MEDIAT OY

Managing Director Matti Korkiatupa

PROVINCIAL PAPERS AND FREE SHEETS

Business Director Marko Orpana

Corporate Marketing: Director Hannu Uusihauta

Consumer Marketing: Director Päivi Sairo

Provincial Papers

Ilkka

Chief Editor

Satu Takala

Pohjalainen

Chief Editor

Toni Viljanmaa

Free Sheets

Etelä-Pohjanmaa, Vaasan Ikkuna

LOCAL NEWSPAPERS

Business Director Sauli Harjamäki

Jurvan Sanomat, Järviseutu,

Komiat, Suupohjan Sanomat, Viiskunta

I-PRINT OY

Managing Director Seppo Lahti

Newspaper printing, Printing house,
Communications agency I-print | plus

Kiinteistö Oy Seinäjoen Koulukatu 10

THE PARENT COMPANY PROVIDES THE SUBSIDIARIES WITH:

Financial and investment services: Olli Pirhonen, Financial Director

HR services: Paula Mahlamäki, Human Resources Director

Development and data management services: Ari Monni, Data Administration Director

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Suupohjan Sanomat

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**I-print | plus
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ILKKA-YHTYMÄ

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