



Ilkka-Yhtymä Oyj

2005

INTERIM REPORT

1. Jan.–30 Jun.

Ilkka-Yhtymä Oyj's Interim Report

I January – 30 June 2005

The Group's Interim Report has been prepared in compliance with the International Financial Reporting Standards (IFRS), under the standards valid at the end of the report period. Detailed information on the effects of IFRS-transition was provided in the bulletin published by the company on 15 April 2005, available on Ilkka-Yhtymä Oyj's website (in Finnish) at www.ilkka-yhtyma.fi.

Financial Results

The Group's consolidated net sales increased during January - June by 6.4 per cent year-on-year, amounting to EUR 27.6 million (EUR 26.0 million in 2004). External net sales from publishing increased by EUR 0.6 million and that from the printing business by EUR 1.0 million due to favourable development in export sales. Other operating income totalled EUR 0.2 million (EUR 0.4 million). The figure for the previous year includes EUR 0.2 million of capital gains from assets.

Operating expenses for January - June amounted to EUR 21.2 million (EUR 20.3 million), increasing by 4.3 per cent year-on-year mostly due to the increasing volume of printing business sales. Depreciation for the period amounted to EUR 1.7 million (EUR 1.6 million).

Consolidated operating profit came to EUR 5.0 million (EUR 4.5 million), accounting for 17.9 per cent (17.2 per cent) of net sales. Net financial income came to EUR 2.0 million (EUR 1.3 million), of which available-for-sale financial assets contributed EUR 0.8 million (EUR 0.6 million) and financial assets at fair value through profit or loss EUR 0.9 million (EUR 0.4 million) to corporate performance. Pre-tax profits were EUR 6.9 million (EUR 5.8 million). Tax totals EUR 1.5 million and the profit for the report period EUR 5.4 million (EUR 4.8 million). The consolidated balance sheet total was EUR 58.0 million (EUR 69.8 million).

Share Performance

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

In January - June, 43,409 Ilkka-Yhtymä Oyj's Series I shares were traded on the I-list, which accounts for 1.1 per cent of the series share stock. The trading value of shares was EUR 0.4 million. The number of Series II shares traded on the Main List totalled 1,081,223, which equals 11.7 per cent of the series share stock. Their trading value was EUR 9.7 million. During the report period, the lowest quotation for Ilkka Yhtymä Oyj's Series I share was EUR

8.15 and the highest EUR 12.0, while the lowest quotation for a Series II share was EUR 7.50 and the highest EUR 9.51. At period-end closing price, the share capital market value was EUR 125.3 million.

Corporate Governance

Ilkka-Yhtymä Oyj complies with recommendations on corporate governance issued in 2003 by OMX Exchanges Ltd, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industry and Employers. The corporate governance principles are available on Ilkka-Yhtymä Oyj's website at www.ilkka-yhtyma.fi.

Administration and The Annual General Meeting

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

The AGM cancelled the authorisation given on 26 April 2004 and authorised the Board of Directors to decide, within twelve months from the date of the meeting, on increasing share capital as opposed to the shareholders' subscription privileges, if required, by a maximum of EUR 651,793 and/or issuing convertible bonds and/or stock options.

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

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

At its meeting on 23 May 2005, the Supervisory Board of Ilkka-Yhtymä Oyj re-elected Veikko Heikkilä to the Board of Directors of Ilkka-Yhtymä Oyj. He continues as the Chairman of the Board of Directors. Jaakko Rintala will continue as the Chairman of the Supervisory Board.

Group income statement (1000 eur)

	4-6/2005	4-6/2004	Change	1-6/2005	1-6/2004	Change	1-12/2004
Net sales	14 294	13 526	6 %	27 617	25 964	6 %	53 890
Other operating income	84	144	-42 %	182	406	-55 %	575
Expenses	-10 805	-10 395	4 %	-21 164	-20 288	4 %	-41 837
Depreciation	-845	-823	3 %	-1 681	-1 627	3 %	-3 334
Operating profit	2 728	2 452	11 %	4 954	4 455	11 %	9 295
Financial income and expenses	693	662	5 %	1 991	1 306	52 %	2 735
Profit before taxes	3 421	3 114	10 %	6 945	5 762	21 %	12 029
Taxes	840	255	229 %	1 497	961	56 %	2 113
Profit for the period under review	2 580	2 859	-10 %	5 448	4 800	14 %	9 917

Segment information

Group net sales (1000 eur)	4-6/2005	4-6/2004	Change	1-6/2005	1-6/2004	Change	1-12/2004
Publishing	10 817	10 506	3 %	20 827	20 175	3 %	41 065
Printing	6 129	5 547	10 %	11 942	10 761	11 %	23 025
Non-allocated	499	500	0 %	996	988	1 %	1 956
Net sales between segments	-3 151	-3 027	4 %	-6 148	-5 961	3 %	-12 155
Total	14 294	13 526	6 %	27 617	25 964	6 %	53 890

Group operating profit (1000 eur)	4-6/2005	4-6/2004	Change	1-6/2005	1-6/2004	Change	1-12/2004
Publishing	2 302	2 253	2 %	4 215	3 943	7 %	8 092
Printing	752	597	26 %	1 327	1 201	11 %	2 448
Non-allocated	-325	-440	26 %	-588	-775	24 %	-1 416
Operating profit between segments		43	-101 %	-1	86	-101 %	171
Total	2 728	2 452	11 %	4 954	4 455	11 %	9 295

Group balance sheet (1000 eur)

	6/2005	6/2004	Change	12/2004
Assets				
Intangible assets	382	487	-22 %	432
Tangible assets	22 670	24 302	-7 %	23 361
Investments	10 649	12 720	-16 %	6 887
Investments in associates	9 252	380	2332 %	9 588
Inventories	939	921	2 %	923
Receivables	7 056	11 838	-40 %	8 251
Other financial assets at fair value through profit or loss	1 184	5 292	-78 %	5 438
Cash and cash equivalents	5 842	13 908	-58 %	3 908
Assets Total	57 973	69 849	-17 %	58 790
Liabilities and shareholders' equity				
Shareholders' equity	42 073	50 183	-16 %	44 413
Non-current liabilities	3 048	4 943	-38 %	3 228
Current liabilities	12 852	14 723	-13 %	11 149
Liabilities Total	57 973	69 849	-17 %	58 790

Group cash flow statement (1000 eur)

	1-6/2005	1-6/2004	1-12/2004
Cash flow from operations			
Profit for the period under review	5 448	4 800	9 917
Adjustments	1 155	1 059	2 476
Change in working capital	1 769	1 425	-414
Cash flow from operations before finance and taxes	8 373	7 284	11 978
Financial income and expenses	5 864	769	1 432
Direct taxes paid	-593	-479	-2 531
Cash flow from operations	13 643	7 574	10 879
Cash flow from investments			
Investments in tangible and intangible assets, net	-884	-3 327	-3 985
Other investments, net	-3 740	-853	-7 993
Dividends received from investments	747	399	635
Cash flow from investments	-3 877	-3 781	-11 344
Cash flow before financing items	9 766	3 793	-464
Cash flow from financing			
Change in current loans	-63	-63	2 000
Change in non-current loans			-126
Dividends paid and other profit distribution	-7 770	-12 844	-20 523
Cash flow from financing	-7 833	-12 907	-18 649
Increase(+) or decrease (-) in financial assets	1 934	-9 114	-19 113
Liquid assets at the beginning of the financial period	3 908	23 022	23 022
Liquid assets at the end of the financial period	5 842	13 908	3 908

Group key figures

	6/2005	6/2004	12/2004
Earnings/share (eur)	0.42	0.37	0.76
Shareholders' equity/share (eur)	3.23	3.85	3.41
Average number of personnel	410	428	427
Investments (1 000 eur) *)	919	3 573	4 226
Interest-bearing debt (1 000 eur)	2 252	378	2 315
Equity ratio, %	78.6	76.7	77.4

*) Tangible and intangible assets

Taxes included in the income statement are taxes corresponding to the result for the period under review.

The deferred tax liability in voluntary provisions and depreciation difference has been taken into account when calculating the ratios.

Statement of changes in shareholders' equity, IFRS (1000 eur)

Change in shareholders' equity 1-6/2004	Share capital	Share issue premium	Revaluation reserve	Other reserves	Retained earnings	Total
SHAREHOLDERS' EQUITY 1.1.	3 259	166	3 304	13 103	38 442	58 274
Investments available for sale						
Profit/loss of fair value revaluation and amount transferred to income statement			205			205
Deferred taxes' share of period movements			-59			-59
Net profits/losses recognised directly to shareholders' equity			145			145
Profit/loss for the period					4 800	4 800
Total profits and losses			145		4 800	4 945
Dividend distribution					-13 036	-13 036
SHAREHOLDERS' EQUITY TOTAL 06/2004	3 259	166	3 449	13 103	30 205	50 183
Change in shareholders' equity 1-6/2005						
SHAREHOLDERS' EQUITY 1.1.	3 259	166	385	13 103	27 500	44 413
Investments available for sale						
Profit/loss of fair value revaluation and amount transferred to income statement			45			45
Deferred taxes' share of period movements			-12			-12
Net profits/losses recognised directly to shareholders' equity			33			33
Profit/loss for the period					5 448	5 448
Total profits and losses			33		5 448	5 481
Dividend distribution					-7 822	-7 822
SHAREHOLDERS' EQUITY TOTAL 06/2005	3 259	166	418	13 103	25 127	42 073

Group contingent liabilities (1000 eur)

	6/2005	6/2004	12/2004
For company assets			
Mortgages on company assets	505	505	505
Mortgages on real estate	1 867		1 867
Other guarantees			
Mortgages on real estate	168	168	168
On behalf of others			
Guarantees	16	145	16

The figures have not been audited.

Outlook for the Year-End

The estimated growth in media advertising in Finland will have a positive impact on the net sales of the publishing business. Printing business volumes will probably remain unchanged, with profitability hampered by fierce competition in the industry and cost development.

The net sales from Ilkka-Yhtymä Group's core business, publishing and printing, should grow moderately. Operating profit of the core business as a percentage of net sales is predicted to remain at 2004's healthy levels, with overall financial performance almost matching that of 2004.

Key Changes in Reporting Principles (IFRS/FAS)

Financial statements are prepared in compliance with the FAS-based accounting principles, adjusted to comply with IFRS principles. The effects of transition to IFRS-compliant reporting are analysed in more detail in our stock exchange release issued on 15 April 2005: Ilkka-Yhtymä's preliminary IFRS opening balance sheet and comparative figures for 2004.

Key changes in accounting principles for 2005 are as follows:

Financial assets and financial liabilities

The Group's cash and cash equivalents are classified as financial assets at fair value through profit or loss, loans and other receivables and also as available-for-sale financial assets. Financial assets held for trading (trading assets) are classified under financial assets at fair value through profit or loss.

The items in this category are measured at fair value and the value gains and losses are recognised in the income statement under financial income and expenses.

Financial assets not held for trading as well as loans and other receivables are classified under available-for-sale financial assets. The items in this category are measured at fair value and the value gains and losses are recognised in fair value and other reserves under shareholders' equity. Changes in fair value will be transferred from shareholders' equity to the income statement, when the asset is disposed of or it has lost its value to the extent that an impairment loss should be recognised for the asset. However, unquoted shares are measured at cost.

Financial assets included in loans and other receivables are measured at amortized cost.

Seinäjoki, July 2005

ILKKA-YHTYMÄ OYJ

Board of Directors

Matti Korkiatupa
CEO



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