



Ilkka-Yhtymä Oyj

2005

INTERIM REPORT
1. Jan.–31 Mar. 2005

Ilkka-Yhtymä Oyj's Interim Report

I January – 31 March 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-March by 7.1 per cent year-on-year, amounting to EUR 13.3 million (EUR 12.4 million in 2004). External net sales from publishing increased by EUR 0.3 million and that from the printing business by EUR 0.5 million. Other operating income totalled EUR 0.1 million (EUR 0.3 million). The figure for the previous year includes EUR 0.2 million of capital gains from assets.

Operating expenses for January-March amounted to EUR 10.4 million (EUR 9.9 million), increasing by 4.7 per cent year-on-year mostly due to the increasing volume of printing business sales. Depreciation for the period amounted to EUR 0.8 million (EUR 0.8 million).

Consolidated operating profit came to EUR 2.2 million (EUR 2.0 million), accounting for 16.7 per cent (16.1 per cent) of net sales. Net financial income came to EUR 1.3 million (EUR 0.6 million), of which available-for-sale financial assets contributed EUR 0.3 million and financial assets at fair value through profit or loss EUR 0.6 million (EUR 0.4 million) to corporate performance. Pre-tax profits were EUR 3.5 million (EUR 2.6 million). Tax totals EUR 0.7 million and the profit for the report period EUR 2.9 million (EUR 1.9 million). The consolidated balance sheet total was EUR 68.4 million (EUR 81.9 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. Ilkka Yhtymä Oyj's Series I and II shares have been traded split as of 13 May 2004. Since that date the number of shares in both series has been fourfold in comparison with the previous number.

In January-March, 28,611 Ilkka-Yhtymä Oyj's Series I shares were traded on the I-list, which accounts for 0.7 per cent of the series share stock. The trading value of shares was EUR 0.3 million. The number of Series II shares traded on the Main List totalled 488,113, which equals 5.3 per cent of the se-

ries share stock. Their trading value was EUR 4.3 million. During the report period, the lowest quotation for Ilkka Yhtymä Oyj's Series I share was EUR 8.15 and the highest EUR 11.0, while the lowest quotation for a Series II share was EUR 7.50 and the highest EUR 9.50. At period-end closing price, the share capital market value was EUR 129.2 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.

Events after the Report Period

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.

Group income statement (1000 eur)

	Jan - Mar 2005	Jan - Mar 2004	Change	Jan - Dec 2004
Net sales	13,323	12,438	7 %	53,890
Other operating income	98	263	-63 %	575
Expenses	10,359	9,894	5 %	41,837
Depreciation	835	804	4 %	3,334
Operating profit	2,226	2,003	11 %	9,295
Financial income and expenses	1,298	644	101 %	2,735
Profit before taxes	3,524	2,648	33 %	12,029
Taxes	-656	-706	-7 %	-2,113
Profit for the period under review	2,868	1,941	48 %	9,917

Segment information

Group net sales (1000 eur)	Jan - Mar 2005	Jan - Mar 2004	Change	Jan - Dec 2004
Publishing	10,011	9,670	4 %	41,065
Printing	5,813	5,214	11 %	23,025
Non-allocated	496	488	2 %	1,956
Net sales between segments	-2,997	-2,933	2 %	-12,155
Total	13,323	12,438	7 %	53,890

Group operating profit (1000 eur)	Jan - Mar 2005	Jan - Mar 2004	Change	Jan - Dec 2004
Publishing	1,913	1,690	13 %	8,092
Printing	575	604	-5 %	2,448
Non-allocated	-262	-334	21 %	-1,416
Operating profit between segments		43	-101 %	171
Total	2,226	2,003	11 %	9,295

Group balance sheet (1000 eur)

	31 Mar 2005	31 Mar 2004	Change	31 Dec 2004
Assets				
Intangible assets	472	379	25 %	432
Tangible assets	22,827	23,639	-3 %	23,361
Investments	5,859	11,693	-50 %	6,887
Investments in associates	9,806	368	2566 %	9,588
Inventories	886	1,113	-20 %	923
Receivables	14,057	12,504	12 %	8,251
Other financial assets at fair value through profit or loss	6,679	5,437	23 %	5,438
Cash and cash equivalents	7,888	26,728	-70 %	3,908
Assets Total	68,474	81,861	-16 %	58,790
Liabilities and shareholders' equity				
Shareholders' equity	47,262	60,372	-22 %	44,413
Non-current liabilities	3,247	4,967	-35 %	3,228
Current liabilities	17,965	16,522	9 %	11,149
Liabilities Total	68,474	81,861	-16 %	58,790

Group cash flow statement (1 000 EUR)

	Jan - Mar 2005	Jan - Mar 2004	Jan - Dec 2004
Cash flow from operations			
Profit for the period under review	2,868	1,941	9,917
Adjustments	173	694	2,476
Change in working capital	3,169	2,404	-414
Cash flow from operations before finance and taxes	6,210	5,039	11,978
Financial income and expenses	-2,281	289	1,432
Direct taxes paid	-678	-24	-2,531
Cash flow from operations	3,251	5,305	10,879
Cash flow from investments			
Investments in tangible and intangible assets, net	-296	-1,591	-3,985
Other investments, net	978	-3	-7,993
Dividends received from investments	74		635
Cash flow from investments	755	-1,593	-11,344
Cash flow before financing items	4,006	3,711	-464
Cash flow from financing			
Change in current loans			2,000
Change in non-current loans			-126
Dividends paid and other profit distribution	-27	-5	-20,523
Cash flow from financing	-27	-5	-18,649
Increase(+) or decrease (-) in financial assets	3,979	3,707	-19,113
Liquid assets at the beginning of the financial period	3,908	23,022	23,022
Liquid assets at the beginning of the financial period	7,888	26,728	3,908

Group key figures

	31 Mar 2005	31 Mar 2004	31 Dec 2004
	EUR	EUR	EUR
Earnings/share (eur) *)	0.22	0.15	0.76
Shareholders' equity/share (eur) *)	3.63	4.63	3.41
Average number of personnel	401	422	427
Investments (1 000 eur) **)	322	1,756	4,226
Interest-bearing debt (1 000 eur)	2,315	441	2,315
Equity ratio, %	76.3	80.1	77.4

*) Figures per share split-adjusted

**) 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)

	Share capital	Share issue premium	Revaluation reserve	Other reserves	Retained earnings	Total
Change in shareholders' equity 1-3/2004						
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			221			221
Deferred taxes' share of period movements			-64			-64
Net profits/losses recognised directly to shareholders' equity			157			157
Profit/loss for the period					1,941	1,941
SHEREHOLDERS' EQUITY						
TOTAL 03/2004	3,259	166	3,461	13,103	40,383	60,372
Change in shareholders' equity 1-3/2005						
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			-26			-26
Deferred taxes' share of period movements			7			7
Net profits/losses recognised directly to shareholders' equity			-19			-19
Profit/loss for the period					2,868	2,868
SHEREHOLDERS' EQUITY						
TOTAL 03/2004	3,259	166	366	13,103	30,368	47,262

Group contingent liabilities (1000 EUR)

	31 Mar 2005	31 Mar 2004	31 Dec 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 four per cent 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. Stock price trends are hard to forecast for the remaining part of the year.

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, unless the fair value trends of quoted shares, which affect financial income, change essentially.

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, April 2005

ILKKA-YHTYMÄ OYJ

Board of Directors

Matti Korkiatupa
CEO



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