



Ilkka-Yhtymä Oyj

2004
INTERIM REPORT *Jan.-Jun.*

Ilkka-Yhtymä Oyj's Interim Report I January – 30 June 2004

Financial results

The Group's net sales increased during January-June by 6 per cent year-on-year, amounting to EUR 38 million (EUR 35.8 million in 2003). This was attributable to a growth in the net sales of securities trading. External net sales from the graphics businesses fell by EUR 1.9 million due to the intensifying competition caused by an increase in domestic capacity coupled with the stronger euro that contracted exports. Net sales from trading in securities grew by EUR 3.6 million, and net sales from publishing operations EUR 0.5 million. Other operating income totalled EUR 0.4 million, including capital gains of EUR 0.2 million on fixed assets.

January-June operating expenses of EUR 32.7 million (EUR 31.3 million) grew by 4.3 per cent on a year earlier, due to securities trading. Operating expenses of publishing and graphics businesses however fell mainly due to lower volumes of graphics businesses. Depreciation reported for the period totalled EUR 1.5 million (EUR 1.6 million).

Consolidated operating profit came to EUR 5.8 million (EUR 4.7 million), which is 15.1 per cent of net sales. Operating profit of the Group's core businesses was EUR 4.3 million (EUR 4.2 million), and those of securities trading EUR 1.2 million (EUR 0.5 million). Net financial income amounted to EUR 1.1 million (EUR 2.0 million). Pre-tax profits were EUR 6.9 million (EUR 6.7 million). Direct taxes for the period amounted to EUR 2.0 million. Net profits for the period totalled EUR 4.9 million (EUR 4.8 million). The consolidated balance sheet total was EUR 64.6 million (EUR 67.6 million).

Capital expenditure

The Group's gross capital expenditure for the period January to June totalled EUR 4.5 million. The most significant investment was the new offices for Pohjalainen in Vaasa, the construction of which Ilkka-Yhtymä Oyj has ordered. The facilities were ready for use at the beginning of the summer.

Financial position

The Group's liquidity remained solid. Its equity ratio was 77.1 per cent (78.2 per cent).

Shares

The Series II shares of Ilkka-Yhtymä Oyj are listed on the main list of the Helsinki Exchanges as of 10 June 2002. The company's Series I shares are listed on the I listing of the Helsinki Exchanges. The Se-

ries I and II shares of Ilkka-Yhtymä Oyj have been traded splitted as of 13 May 2004. The number of shares after the split is fourfold in both series compared to the figure before.

The number of Series I shares of Ilkka-Yhtymä Oyj traded on the Investors' List during the period January to June was 16,079 (split-adjusted 55,610), which is 1.5 per cent of series share stock. Their trading value was EUR 0.5 million. The number of Series II shares traded on the main list was 949,624 (split-adjusted 3,220,573), which equals to 35 per cent of the series share stock. Their trading value was EUR 25.3 million. During the period under review, the lowest quotation for a Series I share of Ilkka-Yhtymä Oyj was EUR 6.50 and the highest EUR 9.25 (without split-adjustment EUR 37). The lowest quotation for a Series II share was EUR 6.01 and the highest EUR 8.47 (without split-adjustment EUR 33.89).

At the end of the review period the share capital had a market value of EUR 91.4 million.

Administration and The Annual General Meeting

The Annual General Meeting (AGM) of 26 April 2004 approved the financial statements, discharged the members of the Supervisory Board and the Board of Directors as well as the Managing Director of any liability, and decided to distribute a dividend of EUR 4.00 per share.

The AGM authorised the Board of Directors to decide, within twelve months from the date of the meeting, to increase share capital as opposed to the shareholders' subscription privileges, if required, by a maximum of EUR 651,793 and/or to issue convertible bonds and/or stock options.

The AGM decided to alter Article 2 of the Articles of Association. The AGM decided also that, in order to increase the number of company shares (split shares), the nominal value of the share, EUR 1.00, will be divided by four, resulting in a new nominal value of EUR 0.25 per share, the number of shares totalling 13,036,296. The number of Series I and II shares after the split is fourfold in both series compared to the figure before.

Of the members of the Supervisory Board whose terms of service had come to an end, the AGM re-elected the following members: Vesa-Pekka Kan-

gaskorpi, Aarno Puumala, Matti Ritämäki and Jyrki Viitala. Jarmo Rinta-Jouppi and Kimmo Simberg 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 regular

auditors. Päivi Virtanen, Authorised Public Accountant, and Johanna Winqvist-Ilkka, Authorised Public Accountant, were elected as deputy auditors.

At its meeting on 24 May 2004, The Supervisory Board of Ilkka-Yhtymä Oyj re-elected Jaakko Aukia to the board of Directors of Ilkka-Yhtymä Oyj. Veikko Heikkilä continues as the Chairman of the Board of Directors. Jaakko Rintala will continue as the Chairman of the Supervisory Board.

Group net sales by operating sector (1000 EUR)

	Jan.-Jun. 2004	Jan.-Jun. 2003	Change	Jan.-Dec. 2003
Publishing	20,186	19,683	3 %	39,125
Graphics sector	10,761	12,712	-15 %	24,577
Rentals	406	144	181 %	296
Other sales	1,007	915	10 %	1,839
Securities trading	12,082	8,493	42 %	12,618
Internal sales	-6,396	-6,171	4 %	-12,419
Total	38,046	35,776	6 %	66,036

Group net sales by market area (1000 EUR)

	Jan.-Jun. 2004	Jan.-Jun. 2003	Change	Jan.-Dec. 2003
Finland	37,270	34,539	8 %	63,803
Other Nordic countries	775	1,237	-37 %	2,233
Total	38,046	35,776	6 %	66,036

Group income statement (1000 EUR)

	Jan.-Jun. 2004	Jan.-Jun. 2003	Change	Jan.-Dec. 2003
Net sales	38,046	35,776	6 %	66,036
Other operating income	406	210	94 %	2,815
Expences	31,156	29,742	5 %	54,318
Depreciation	1,541	1,556	-1 %	3,108
Operating profit	5,755	4,688	23 %	11,425
Financial income and expences	1,112	2,014	-45 %	2,314
Profit before taxes	6,867	6,702	2 %	13,739
Taxes	-1,961	-1,939	1 %	-3,956
Profit for the period under review	4,906	4,763	3 %	9,783

Group operating profit by operating sector (1000 EUR)

	Jan.-Jun. 2004	Jan.-Jun. 2003	Change	Jan.-Dec. 2003
Publishing	3,764	3,305	14 %	6,318
Graphics sector	1,186	1,204	-1 %	2,159
Rentals	325	68	375 %	151
Other sales	-799	-407	96 %	1,497
Securities trading	1,218	464	162 %	1,194
Inter-group transactions	61	54	13 %	107
Total	5,755	4,688	23 %	11,425

Group balance sheet (1000 EUR)

	30 Jun. 2004	30 Jun. 2003	Change	31 Dec. 2003
Assets				
Intangible assets	622	477	31 %	486
Tangible assets	24,976	23,068	8 %	23,195
Investments	7,559	9,379	-19 %	6,673
Inventories	5,629	5,536	2 %	5,667
Receivables	25,126	26,338	-5 %	28,042
Cash and bank deposits	694	2,753	-75 %	4,563
Assets total	64,606	67,550	-4 %	68,626
Liabilities and shareholder's equity				
Shareholders' equity	46,369	49,572	-6 %	54,499
Group reserve	86	258	-67 %	172
Deferred tax liability	3,113	3,285	-5 %	3,187
Non-current liabilities	315	441	-29 %	315
Current liabilities	14,723	13,993	5 %	10,452
Liabilities total	64,606	67,550	-4 %	68,626

Group cash flow statement (1000 EUR)

	Jan.-Jun. 2004	Jan.-Jun. 2003	Jan.-Dec. 2003
Cash flow from operations			
Profit before extraordinary items	6,867	6,702	13,739
Adjustments	-2,354	-2,368	-3,899
Change in working capital	1,371	1,525	-323
Financial income and expences	2,165	1,499	3,974
Direct taxes paid	-479	-158	-2,382
Cash flow from operations	7,570	7,200	11,109
Cash flow from investments			
Investments in tangible and intangible assets, net	-3,326	-694	-2,546
Other investments, net	-853	-672	4,400
Dividends received from investments	399	1,187	1,187
Cash flow from investments	-3,781	-179	3,042
Cash flow before financing items	3,789	7,021	14,151
Cash flow from financing			
Change in current loans	-63	-63	
Change in non-current loans			-126
Change in current receivables		21	21
Change in non-current receivables	4		
Dividends paid and other profit distribution	-12,844	-8,028	-8,038
Cash flow from financing	-12,903	-8,069	-8,143
Increase (+) or decrease (-) in financial assets	-9,113	-1,048	6,008
Liquid assets at the beginning of the financial period	23,024	17,015	17,015
Liquid assets at the end of the financial period	13,910	15,967	23,024

Group key figures

	30 Jun. 2004	30 Jun. 2003	31 Dec. 2003
Earnings/share (EUR) *)	0.38	0,37	0.75
Shareholders' equity/share (EUR) *)	3.56	3,80	4.18
Average number of personnel	428	444	446
Investments (1000 EUR)	4,469	1,402	4,083
Interest-bearing debt (1000 EUR)	378	505	441
Equity ratio, %	77.1	78.2	81.0

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

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

*) 2003 figures per share split-adjusted

Group contingent liabilities (1 000 EUR)

	30 Jun. 2004	30 Jun. 2003	31 Dec. 2003
For own debt			
Mortgages on company assets	505	1,245	1,245
Other liabilities			
Mortgages on real estates	168	168	168
For others			
Guarantees	145	818	145

The figures have not been audited.

Events after Q2/2004

Ilkka-Yhtymä Oyj acquired 14.5 per cent (7,229 shares) of Savon Mediat Oy's stock in a purchase made on July 1, 2004. The total purchase price came to around EUR 7.3 million, which will be adjusted by the change in equity between Savon Mediat Oy's consolidated financial statements of December 31, 2000, and the interim consolidated financial statements prepared on June 30, 2004. As a result of this acquisition, Ilkka-Yhtymä Oyj's holdings in Savon Mediat Oy increased from 11.2 per cent to 25.6 per cent. Savon Mediat Oy is a subsidiary of Keski-suomalainen Oyj. Savon Mediat publishes Savon Sanomat, and, through its subsidiaries, Iisalmen Sanomat, Warkauden Lehti, and several local newspapers in the Kuopio, Iisalmi, and Pieksämäki-Varkaus market areas.

Savon Mediat Oy becoming an associated company of Ilkka-Yhtymä Oyj enables the further develop-

ment of the cooperation between newspaper houses operating in the Väli-Suomi region on the basis of the ownership arrangement concluded on November 22, 2001. Ilkka-Yhtymä Oyj considers cooperation between newspaper houses to be important in preparing for future challenges in the operating environment and the field.

Ilkka-Yhtymä Oyj used the minority shareholders' primary preemptive right to subscribe to Savon Mediat Oy shares, as per the agreement concerning the ownership of Savon Mediat Oy. In accordance with the agreement, Sanoma Osakeyhtiö offered its 14.5 per cent share in Savon Mediat Oy to other minority shareholders (TS Yhtymä Oy and Ilkka-Yhtymä Oyj), and Ilkka-Yhtymä Oyj decided to use its preemptive right.

Outlook for the year-end

Private consumption is estimated to develop favourably in Finland in 2004, which should increase consumer-targeted advertising. The growth in the export industry will slow down as a result of subdued demand and a weakening competitiveness in the export industry.

Consolidated net sales of the core businesses of Ilkka-Yhtymä, i.e. publishing and printing, are estimated to decrease slightly on the year before, due to intensified competition in the printing industry. Net sales from the publishing businesses are expected to increase slightly, unless significant changes take

place in the economic development of the circulation areas of the Group's newspapers. The Group's total net sales are expected to remain almost unchanged compared to year 2003.

The relative operating profit of the Group's core businesses is estimated to remain almost at the same level as the previous year. The results for the full financial year are estimated to fall due to the capital gains from the sale of Janton Oyj's fixed-asset shares and dividends in 2003. The results for the Group's core businesses are estimated to remain unchanged in comparison to year 2003.

Seinäjoki, July 2004

ILKKA-YHTYMÄ OYJ

Board of Directors

Matti Korkiatupa
Managing Director



Ilkka - Yhtymä Oyj

*Koulukatu 10, P.O. BOX 60, FIN-60101 SEINÄJOKI, Tel. +358 6 418 6555
www.ilkka-yhtyma.fi*