



Ilkka - Yhtymä Oy

INTERIM REPORT
1 Jan. - 30 Jun.

008



The Interim Report of Ilkka-Yhtymä Oyj for H1/2008

The Group's consolidated net sales for the report period totalled EUR 27.6 million (EUR 27.2 million), up by 1.4 per cent year-on-year. The figures for the 2007 reference period included advertising for the Parliamentary Elections, impacting on the comparability of the figures. Consolidated operating profit came to EUR 5.4 million (EUR 6.0 million). Pre-tax profits amounted to EUR 12.0 million (EUR 11.7 million) and net profit for the period EUR 10.9 million (EUR 9.5 million). Earnings per share were EUR 0.74 (EUR 0.65) and shareholders' equity per share EUR 3.38 (EUR 3.98).

NET SALES AND DEVELOPMENT OF RESULTS

The Group's consolidated net sales increased during January-June by 1.4 per cent year-on-year, amounting to EUR 27.6 million (EUR 27.2 million in H1/2007). Net sales for Q2 increased by 3.0 per cent. In the January-June period, external net sales from publishing grew by 1.8 per cent during H1 and, during the second quarter, by 3.1 per cent. In the January-June period, external net sales from the printing business remained at the previous year's level. April-June saw a 2.6 per cent increase in external net sales from the printing business. Other operating income for January-June totalled EUR 0.4 million (EUR 0.3 million).

Operating expenses for January-June amounted to EUR 22.7 million (EUR 21.6 million), up by 4.8 per cent year-on-year. This increase was mainly in staff costs and other business costs. Staff costs increased partially due to investment in e-business and the Vaasa Housing Fair. Costs increased by 5.0 per cent during the second quarter. Depreciation included in the operating expenses for the period amounted to EUR 1.4 million (EUR 1.6 million).

Consolidated operating profit for the report period came to EUR 5.4 million (EUR 6.0 million), accounting for 19.5 per cent (21.9 per cent) of net sales. The operating profit for publishing remained at the previous year's level, but that of the printing business decreased, partially due to the transfer of the layout operations of the Ilkka and Etelä-Pohjanmaa newspapers from printing to publishing. Operating profit for the second quarter came to EUR 2.6 million (EUR 2.9 million), accounting for 18.4 per cent (20.7 per cent) of net sales.

In March, Ilkka-Yhtymä Oyj purchased 5,255,200 shares of Alma Media Corporation at a purchase price of EUR 51.8 million. Following the purchase, Ilkka-Yhtymä Oyj's shareholding in Alma Media Corporation increased from 3.3 per cent to 10.3 per cent. Ilkka-Yhtymä Oyj shall endeavour to act as a long-term owner in Alma Media and participate in the development of its future operations.

Net financial income for January-June amounted to EUR 6.6 million (EUR 5.7 million), financial assets at fair value through profit or loss accounting for EUR -0.4 million (EUR 0.3 million) and available-for-sale assets for EUR 7.2 million (EUR 5.0 million). Gains from available-for-sale financial assets for the report period include EUR 6.9 million (EUR 1.6 million) in dividend income from Alma Media Corporation. Gains from available-for-sale financial assets for H1/2007 include EUR 3.2 million in capital gains from sales of Alma Media Corporation shares.

The share of associated companies' profit totalled EUR 0.04 million (EUR 0.02 million). Pre-tax profits amounted to EUR 12.0 million (EUR 11.7 million). Tax totalled EUR 1.1 million (EUR 2.2 million) and the profit for the report period EUR 10.9 million (EUR 9.5 million).

BALANCE SHEET AND FINANCING

The consolidated balance sheet total came to EUR 109.4 million (EUR 74.2 million), with EUR 49.6 million (EUR 58.3 million) of equity. Acquisitions of tangible assets totalled EUR 2.2 million (EUR 0.5 million) and reductions EUR 0.07 million (EUR 0.03 million). The fair value reserve decreased by EUR 9.1 million year-on-year and by EUR

10.5 million from the beginning of 2008. The amount of interest-bearing liabilities at the end of the report period amounted to EUR 46.0 million (EUR 0.0 million). Equity ratio was 47.5 per cent (83.5 per cent). Liquid assets totalled EUR 3.7 million (EUR 13.4 million).

The cash flow of operations for the report period totalled EUR 7.9 million (EUR 7.5 million), while the investment cash flow came to EUR -48.1 million (EUR 10.4 million).

POHJANMAAN LÄHISANOMAT ACQUIRES THE BUSINESS OF THE KAUHAVA NEWSPAPER

On 31 May 2008, Pohjanmaan Lähisanomat Oy, part of the Ilkka-Yhtymä Group, purchased the business operations of the Kauhava newspaper. The prospective merging of the municipalities of Kauhava, Alahärmä, Ylihärmä and Korttesjärvi at the beginning of next year had a significant influence on the realisation of the deal. Three local newspapers are currently published in the area of the future City of Kauhava: Kauhava, Härmät and Järvisseudun Sanomat.

The goal is that, through the acquisition, the Härmät and Kauhava newspapers published by Pohjanmaan Lähisanomat Oy will be merged into a single newspaper from the beginning of next year. Both the selling and purchasing parties consider a strong local newspaper to be important, servicing the needs of the people and advertisers of the entire future city and facilitating the building of a common identity throughout the region.

The entire business operations of the Kauhava newspaper were transferred to Pohjanmaan Lähisanomat through the deal. The newspaper's five staff were transferred to Pohjanmaan Lähisanomat under their current terms of employment.

SHARES

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. As of 2 October 2006, the Series II shares have been listed on the OMX Nordic List, Consumer Discretionary sector, the company's market value being classified as Mid Cap. The Series I shares are listed on the Pre List.

During January-June, 191,897 Series I shares of Ilkka-Yhtymä Oyj were traded, comprising 4.5 per cent of the total number of Series I shares. The total value of the exchanged shares was EUR 2.4 million. A total of 1,365,431 series II shares were traded, comprising 13.2 per cent of the total number of Series II shares. The total value of traded shares was EUR 15.2 million. The lowest price at which Series I shares of Ilkka-Yhtymä Oyj were traded during the report period was EUR 10.75, and the highest EUR 13.45. The lowest price at which Series II shares were traded was EUR 9.99 and the highest EUR 12.40. The market value of the share capital at the closing rate of the report period was EUR 162.5 million.

RISKS AND RISK MANAGEMENT

No major near-term risks are evident in the publishing and printing businesses, provided that a satisfying conclusion is reached in the journalists' collective bargaining for the period beginning 1 October 2008. The Union of Journalists in Finland has terminated the collective labour agreement covering the press terms of employment so that its validity will end on 30 September 2008. Collective bargaining on a new agreement will begin in August-September. Business risks are discussed in more detail in the Annual Report for 2007.

The Group has EUR 46 million of interest-bearing loans, EUR 40 million of which are long-term. Some of the loans are fixed-rate, some variable-rate.

The market value of publicly quoted available-for-sale financial assets on 30 June 2008 was EUR 67.8 million. Were this value to change by 5 per cent, the change in equity would equal EUR 2.5 million.

CORPORATE GOVERNANCE AND THE ANNUAL GENERAL MEETING

On 14 April 2008, the Annual General Meeting 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 1.00 shall be paid for the year 2007.

The number of members on the Supervisory Board for 2008 was confirmed to be 28. The following new members were elected onto the Supervisory Board to replace members who resigned mid-term for the rest of their terms: Anne Katajamäki, Seinäjoki (term ends in 2011), Sami Talso, Mustasaari (2010), Sami Eerola, Nurmo (2010) and Johanna Kankaanpää, Ähtäri (2010). Of the Supervisory Board members whose term had come to an end, the following were re-elected for the term ending in 2012: Vesa-Pekka Kangaskorpi, Jyväskylä, Jarmo Rinta-Jouppi, Seinäjoki, Matti Ritämäki, Lapua, Kimmo Simberg, Seinäjoki and Jyrki Viitala, Seinäjoki.

Ernst & Young Oy, Authorised Public Accountants was elected the auditor, with Authorised Public Accountants Tomi Englund and Pekka Kiljunen as the main auditor. Authorised Public Accountants Päivi Virtanen and Johanna Winqvist-Ilkka were elected deputy auditors.

The AGM decided to amend Sections 5(1), 7 and 9(1) of the Articles of Association. The minimum number of Supervisory Board Members

was amended to 20 and maximum number to 30 in Section 5(1) of the Articles of Association, while Sections 7 and 9(1) were amended to conform to the new Limited Liability Companies Act, i.e. the Board of Directors will elect the Managing Director.

On 26 May 2008, the Supervisory Board re-elected Timo Aukia, whose term had come to an end, to the Board of Directors of Ilkka-Yhtymä Oyj. Heikki Kuoppamäki was elected as the Chairman of the Supervisory Board, while Perttu Rinta will continue as Vice Chairman. At its membership meeting, the Board of Directors re-elected Seppo Paatelainen as its Chairman, while Timo Aukia will continue as its Vice Chairman.

OUTLOOK FOR 2008

Growth in media advertisement is anticipated to decelerate in Finland over the rest of the year, due to the general economic situation. Printing business volumes are likely to stay almost unchanged and competition will remain tough.

The net sales of Ilkka-Yhtymä group are anticipated to grow slightly alongside publishing net sales. Operating profit and operating profit as a percentage of net sales are forecast to decrease slightly from the healthy levels of 2007, unless major changes occur in external circumstances during the rest of 2008.

The profit for the entire financial year will be affected by the increase in interest expenses as well as securities trading volumes and the price performance of securities investments. The profit for the entire financial year is anticipated to improve slightly compared to 2007.

Summary of Financial Statements and Notes

GROUP INCOME STATEMENT

(EUR 1000)	4-6/2008	4-6/2007	Change	1-6/2008	1-6/2007	Change	1-12/2007
NET SALES	14 209	13 791	3 %	27 632	27 247	1 %	54 885
Change in inventories of finished and unfinished products	-4	8	-150 %	-1	16	-106 %	12
Other operating income	109	200	-45 %	403	327	23 %	560
Materials and services	-4 303	-4 233	2 %	-8 318	-8 165	2 %	-16 514
Employee benefits	-4 700	-4 333	8 %	-9 360	-8 581	9 %	-17 415
Depreciation	-712	-791	-10 %	-1 417	-1 598	-11 %	-3 141
Other operating costs	-1 983	-1 781	11 %	-3 565	-3 284	9 %	-6 597
OPERATING PROFIT	2 616	2 861	-9 %	5 375	5 963	-10 %	11 790
Financial income and expenses	-177	362	-149 %	6 553	5 703	15 %	5 570
Share of associated companies' results	33	10	245 %	42	25	72 %	28
PROFIT BEFORE TAXES	2 473	3 233	-24 %	11 971	11 691	2 %	17 388
Income tax	-492	-705	-30 %	-1 113	-2 213	-50 %	-3 689
PROFIT FOR THE PERIOD UNDER REVIEW	1 981	2 528	-22 %	10 858	9 478	15 %	13 699
Earnings per share, undiluted (EUR) *)	0.14	0.17	-22 %	0.74	0.65	15 %	0.93

*) There are no factor diluting the figure.

SEGMENT INFORMATION

(EUR 1000)	4-6/2008	4-6/2007	Change	1-6/2008	1-6/2007	Change	1-12/2007
GROUP NET SALES							
Publishing	11 361	11 088	2 %	22 381	22 057	1 %	44 428
Printing	5 243	5 388	-3 %	9 940	10 525	-6 %	21 169
Non-allocated	690	538	28 %	1 378	1 081	27 %	2 150
Net sales between segments	-3 086	-3 223	-4 %	-6 067	-6 416	-5 %	-12 862
Total	14 209	13 791	3 %	27 632	27 247	1 %	54 885
GROUP OPERATING PROFIT							
Publishing	2 378	2 408	-1 %	4 807	4 808	0 %	9 507
Printing	763	890	-14 %	1 370	1 755	-22 %	3 475
Non-allocated	-524	-437	20 %	-801	-599	34 %	-1 190
Operating profit between segments				-1	-1		-1
Total	2 616	2 861	-9 %	5 375	5 963	-10 %	11 790

GROUP BALANCE SHEET

(EUR 1000)	6/2008	6/2007	Change	12/2007
ASSETS				
NON-CURRENT ASSETS				
Intangible rights	723	432	67 %	439
Goodwill	314			
Investment properties	589	698	-16 %	646
Property, plant and equipment	20 395	18 692	9 %	19 537
Shares in associated companies	528	483	9 %	486
Available-for-sale financial assets	73 069	31 538	132 %	34 666
Non-current trade and other receivables	39	39		39
Other tangible assets	214	214		214
Deferred tax asset	815			
Non-current assets	96 685	52 095	86 %	56 027
CURRENT ASSETS				
Inventories	793	889	-11 %	714
Trade and other receivables	4 910	4 453	10 %	3 997
Income tax assets	1 700	778	119 %	31
Financial assets at fair value through profit or loss	1 611	2 544	-37 %	4 345
Cash and cash equivalents	3 683	13 402	-73 %	12 396
Current assets	12 696	22 066	-42 %	21 482
ASSETS	109 381	74 161	47 %	77 509

SHAREHOLDERS' EQUITY AND LIABILITIES

SHAREHOLDERS' EQUITY				
Share capital	3 666	3 666		3 666
Fair value reserve and other reserves	10 543	19 666	-46 %	21 041
Retained earnings	35 392	34 979	1 %	39 199
Shareholders' equity	49 601	58 311	-15 %	63 907
NON-CURRENT LIABILITIES				
Deferred tax liability	1 702	4 432	-62 %	4 692
Non-current interest-bearing liabilities	40 022			
Non-current liabilities	41 724	4 432	841 %	4 692
CURRENT LIABILITIES				
Current interest-bearing liabilities	5 978			
Accounts payable and other payables	10 590	9 835	8 %	7 903
Income tax liability	1 488	1 582	-6 %	1 008
Current liabilities	18 056	11 418	58 %	8 911
SHAREHOLDERS' EQUITY AND LIABILITIES	109 381	74 161	47 %	77 509

GROUP CASH FLOW STATEMENT

(EUR 1000)	1-6/2008	1-6/2007	1-12/2007
CASH FLOW FROM OPERATIONS			
Profit for the period under review	10 858	9 478	13 699
Adjustments	-4 410	-2 029	1 109
Change in working capital	1 674	1 397	257
Cash flow from operations before finance and taxes	8 122	8 846	15 065
Financial income and expenses	2 215	-258	-2 206
Direct taxes paid	-2 418	-1 089	-2 617
Cash flow from operations	7 919	7 498	10 242
CASH FLOW FROM INVESTMENTS			
Investments in tangible and intangible assets, net	-2 603	-352	-2 685
Other investments, net	-52 588	9 029	7 759
Dividends received from investments	7 129	1 734	1 738
Cash flow from investments	-48 062	10 411	6 813
Cash flow before financing items	-40 144	17 909	17 055
CASH FLOW FROM FINANCING			
Change in current loans	5 978	-63	-63
Change in non-current loans	40 022	-6 000	-6 000
Dividends paid and other profit distribution	-14 569	-13 070	-13 221
Cash flow from financing	31 431	-19 133	-19 285
Increase(+) or decrease (-) in financial assets	-8 713	-1 224	-2 230
LIQUID ASSETS AT THE BEGINNING OF THE FINANCIAL PERIOD	12 396	14 626	14 626
LIQUID ASSETS AT THE END OF THE FINANCIAL PERIOD	3 683	13 402	12 396

GROUP KEY FIGURES

	6/2008	6/2007	12/2007
Earnings/share (EUR)	0.74	0.65	0.93
Shareholders' equity/share (EUR)	3.38	3.98	4.36
Average number of personnel	387	383	388
Investments (EUR 1 000) *)	55 476	1 661	5 283
Interest-bearing debt (EUR 1 000)	46 000	-	-
Equity ratio, %	47.5	83.5	84.2

*) Investment in tangible and intangible assets and available-for-sale assets (shares).

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(EUR 1000)	Share capital	Fair value reserve	Other-reserves	Retained earnings	Total
CHANGE IN SHAREHOLDERS' EQUITY 1-6/2007					
SHAREHOLDERS' EQUITY 1.1.	3 666	5 540	12 862	38 700	60 768
Available-for-sale financial assets					
Gain/loss on fair valuation		4 102			4 102
Amount transferred to income statement		-2 394			-2 394
Share of deferred taxes		-444			-444
Net gains and losses recognised in equity		1 264			1 264
Profit for the period				9 478	9 478
Total profits and losses		1 264		9 478	10 742
Dividend distribution				-13 199	-13 199
SHAREHOLDERS' EQUITY TOTAL 06/2007	3 666	6 804	12 862	34 979	58 311

(EUR 1000)	Share capital	Fair value reserve	Other-reserves	Retained earnings	Total
CHANGE IN SHAREHOLDERS' EQUITY 1-6/2008					
SHAREHOLDERS' EQUITY 1.1.	3 666	8 179	12 862	39 199	63 907
Available-for-sale financial assets					
Gain/loss on fair valuation		-14 186			-14 186
Share of deferred taxes		3 688			3 688
Net gains and losses recognised in equity		-10 498			-10 498
Profit for the period				10 858	10 858
Total profits and losses		-10 498		10 858	360
Dividend distribution				-14 666	-14 666
SHAREHOLDERS' EQUITY TOTAL 06/2008	3 666	-2 319	12 862	35 392	49 601

GROUP CONTINGENT LIABILITIES

(EUR 1000)	6/2008	6/2007	12/2007
COLLATERAL PLEDGED FOR OWN COMMITMENTS			
Mortgages on company assets	1 245	168	168
Mortgages on real estate	7 201	4 017	4 017
Pledged shares	45 300		
ON BEHALF OF OTHERS			
Guarantees		16	16

RELATED PARTY TRANSACTIONS

The following related party transactions were carried out:

(EUR 1000)	6/2008	6/2007	12/2007
SALES OF GOODS AND SERVICES			
To associated companies	108	90	206
To other related parties	433	439	934
PURCHASES OF GOODS AND SERVICES			
From associated companies	246	267	491
From other related parties		18	44
NON-CURRENT TRADE AND OTHER RECEIVABLES			
Loan receivables from associated companies	39	39	39
TRADE RECEIVABLES			
From associated companies	14	13	9
From other related parties	62	56	63
ACCOUNTS PAYABLE			
To associated companies	2	25	3

Transactions with related parties are conducted at fair market prices.

(EUR 1000)	6/2008	6/2007	12/2007
EMPLOYEE BENEFITS TO MANAGEMENT			
Salaries and other short-term employee benefits	449	420	796

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.

ACQUIRED BUSINESSES

On 31 May 2008, Pohjanmaan Lähisanomat Oy, part of the Ilkka-Yhtymä Group, purchased the business operations of the Kauhava newspaper. EUR 476 thousand was paid in cash for the acquisition, with EUR 124 thousand in liabilities assumed, resulting in a total purchase price of EUR 600 thousand. The goodwill value of EUR 314 thousand is based on expected synergy benefits. The most significant synergy benefit will be achieved through the merger of the Kauhava and Härmät newspapers in the beginning of 2009.

The values of the acquired assets and assumed liabilities on the date of acquisition were as follows:

(EUR 1000)	Fair values
Cash payment	476
Acquired assets:	
Tangible assets	5
Publication rights	280
Non-interest-bearing liabilities	-124
Total net assets	162
Goodwill value	314

The accounting for the acquired business is preliminary.

This interim report, issued by Ilkka-Yhtymä Group, was prepared in accordance with the requirements of the IAS 34 Interim Financial Reporting standard. The drafting principles used in the preparation of this interim report were the same as those used for the previous financial statements. The figures herein have not been audited.

Seinäjoki 18 July 2008

ILKKA-YHTYMÄ OYJ

Board of Directors

Matti Korkiatupa
Managing Director