



*Ilkka - Yhtymä Oy*



*2007*

INTERIM REPORT  
1 Jan. - 30 Jun.

# Ilkka-Yhtymä Oyj's Interim Report | January – 30 June 2007

The Ilkka-Yhtymä Group's consolidated net sales for the report period totalled EUR 27.2 million (EUR 26.3 million). Net sales increased by 3.6 per cent on the previous year. Consolidated operating profit grew by 32.3 per cent, attaining EUR 6.0 million (EUR 4.5 million). Pre-tax profits amounted to EUR 11.7 million (EUR 5.3 million). Earnings per share were EUR 0.65 (EUR 0.30) and shareholders' equity per share EUR 3.98 (EUR 2.91).

The Group's Interim Report has been prepared in compliance with the International Financial Reporting Standards (IFRS). The Group transferred to IFRS reporting on 1 January 2005 and prepared its first financial statements in line with IFRS for the financial year 2005.

## Net Sales and Profit Performance

The Group's consolidated net sales increased during January–June by 3.6 per cent year-on-year, amounting to EUR 27.2 million (EUR 26.3 million in 2006). Second-quarter net sales grew by 2.9 per cent. In the January–June period, external net sales from publishing grew by 4.4 per cent and, during the second quarter, by 3.3 per cent. The increase in net sales from publishing was mainly influenced by advertising for the parliamentary election early in the year. During the first half and the second quarter, external net sales from printing remained at the level of the previous year. Other operating income for January–June totalled EUR 0.3 million (EUR 0.2 million).

Operating expenses for January–June amounted to EUR 21.6 million (EUR 22.0 million), down by 1.7 per cent year-on-year. This decrease mainly occurred in other operating expenses which, in the comparison year 2006, included non-recurring centenary expenses. Personnel expenses also decreased slightly. Second-quarter operating expenses decreased by 0.6 per cent. Depreciation included in the operating expenses for the period amounted to EUR 1.6 million (EUR 1.6 million).

Consolidated operating profit came to EUR 6.0 million (EUR 4.5 million), accounting for 21.9 per cent (17.1 per cent) of net sales. Second-quarter operating profit amounted to EUR 2.9 million (EUR 2.4 million), accounting for 20.7 per cent (18.2 per cent) of net sales. Operating profit from publishing increased by EUR 1.2 million due to the increase in net sales and decrease in expenses. Operating profit from printing also saw a slight increase. Net financial income for January–June came to EUR 5.7 million (EUR 0.3 million), of which financial assets at fair value through profit or loss contributed EUR 0.3 million (EUR 0.0 million) and available-for-sale assets EUR 5.0 million (EUR 0.3 million). The Group divested part of its holding in Alma Media Oyj in February, and the capital gains (EUR 3.2 million) are included in gains from available-for-sale financial assets. Dividends from available-for-sale financial assets amounted to EUR 1.7 million (EUR

0.3 million). The share of associated companies' profit totalled EUR 0.02 million (EUR 0.5 million). Pre-tax profits amounted to EUR 11.7 million (EUR 5.3 million). Tax totals EUR 2.2 million (EUR 1.0 million) and the profit for the report period EUR 9.5 million (EUR 4.3 million).

## Balance Sheet and Financial Position

The consolidated balance sheet total was EUR 74.2 million (EUR 67.4 million) and shareholders' equity EUR 58.3 million (EUR 42.6 million). The fair value reserve has grown by EUR 6.6 million in a year and EUR 1.3 million since the beginning of 2007. The consolidated balance sheet does not contain interest-bearing liabilities (EUR 11.1 million, year-on-year). Equity ratio was 83.5 per cent (67.7 per cent) and liquid assets were EUR 13.4 million (EUR 3.0 million).

Reported cash flow from business operations totalled EUR 7.5 million (EUR 6.7 million), while that from investments was EUR 10.4 million (EUR – 14.2 million).

## Quotation and Trading in 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 quoted on the OMX Nordic Exchange, Consumer Discretionary sector, the company's market value being classified as Mid Cap. The Series I shares are quoted on the Pre List.

The number of Series I shares of Ilkka-Yhtymä Oyj traded in January–June was 32,176, which is 0.7 per cent of series share stock. The trading value of shares was EUR 0.4 million. The number of Series II shares traded totalled 1,889,632, which equals 18.2 per cent of the series share stock. Their trading value was EUR 21.7 million. During the report period, the lowest quotation for Ilkka-Yhtymä Oyj's Series I share was EUR 10.37 and the highest EUR 13.07, while the lowest quotation for a Series II share was EUR 10.40 and the highest EUR 12.29. At the period-end closing price, the share capital market value was EUR 161.3 million.

## Flagging announcements

Due to share purchase completed on 7 May 2007, Thominvest Oy's holding of Ilkka-Yhtymä Oyj's share capital fell below 5 per cent to 4.59 per cent of share capital and 0.699 per cent of voting rights.

## Administration and The Annual General Meeting

The Annual General Meeting (AGM) of 16 April 2007 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 per share dividend of EUR 0.60 for 2006, together with an addi-

tional payment of EUR 0.30 per share due to capital gains from the sale of Savon Mediat Oy's shares, i.e. a total dividend payment of EUR 0.90 per share.

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 is 4,300,000, corresponding to 29.32 per cent of the company's current shares.

The 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 three years from the date of the decision of the AGM.

Of the members of the Supervisory Board whose term of service had come to an end, the AGM re-elected the following, for the term ending in 2011: Timo Aukia, Tampere; Mauri Hietala, Seinäjoki; Mikko Koskinen, Seinäjoki; Heikki Kuoppamäki, Ähtäri; Perttu Rinta, Helsinki; Ari Rinta-Jouppi, Vähäkylä; Jaakko Rintala, Lapua; Raija Tikka, Jurva. Additionally, Petri Latva-Rasku, Tampere, was elected as a new member for the term ending in 2009.

Ernst & Young Oy, Authorised Public Accountants, with Tomi Englund, Authorised Public Accountant 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.

In its meeting of 21 May 2007, the Supervisory Board elected two new members to the Board of Directors of Ilkka-Yhtymä Oyj. The new members are Sari Mutka, Financial Administration employee, and Timo Aukia, Managing Director, M.Sc.(Econ.). Both Seppo Paatelainen, Vuorineuvos (Finnish

honorary title), and Tapio Savola, Master of Laws trained on the bench, were re-elected in the Board of Directors before the expiry of their terms of office.

Under the article concerning age in the Articles of Association, both Ilkka-Yhtymä Oyj's Chairman Veikko Heikkilä, member of the Board of Directors since 1986, and Vice Chairman Jaakko Aukia, member since 1985, left the Board.

Jaakko Rintala will continue as Chairman of the Supervisory Board, while Perttu Rinta, Managing Director, was elected as its Vice Chairman. At its membership meeting, the Board of Directors elected Seppo Paatelainen as its Chairman and Timo Aukia as its Vice Chairman.

### Tender Offer for the Shares of Vaasan Läänin Puhelin Oy

Ilkka-Yhtymä Oyj published a stock exchange release on 24 April 2007, according to which Ilkka-Yhtymä Oyj made a tender offer for the shares of Vaasan Läänin Puhelin Oy (VLP). The tender offer period was 15-25 May 2007, and the tender offer price per share amounted to EUR 1,450.

The objective of the tender offer is to develop co-operation between the companies and to strengthen the position of Ilkka-Yhtymä Oyj as an Ostrobothnian public limited company publishing multi-channel newspapers. Since the significance of online distribution channels will increase in the future, Ilkka-Yhtymä Oyj considers it important that the main shareholder of Vaasan Läänin Puhelin Oy remain in the province.

Ilkka-Yhtymä's purchase of less than a thousand VLP shares during the tender period resulted in a less than 5 per cent holding in VLP. Ilkka-Yhtymä thus became the largest shareholder of Vaasan Läänin Puhelin Oy in its operating region. However, the holding will not have major effects in Ilkka-Yhtymä's profit performance nor the operations of Vaasan Läänin Puhelin Oy.

Group income statement (EUR 1000)	4-6/2007	4-6/2006	Change	1-6/2007	1-6/2006	Change	1-12/2006
<b>Net sales</b>	<b>13 791</b>	13 407	3 %	<b>27 247</b>	26 302	4 %	52 670
Change in inventories of finished and unfinished products	8	23	-66 %	16	30	-46 %	2
Other operating income	200	99	103 %	327	186	76 %	448
Materials and services	-4 233	-4 064	4 %	-8 165	-7 997	2 %	-15 834
Employee benefits	-4 333	-4 435	-2 %	-8 581	-8 758	-2 %	-17 494
Depreciation	-791	-823	-4 %	-1 598	-1 637	-2 %	-3 265
Other operating costs	-1 781	-1 761	1 %	-3 284	-3 620	-9 %	-6 825
<b>Operating profit</b>	<b>2 861</b>	2 447	17 %	<b>5 963</b>	4 507	32 %	9 703
Financial income and expenses	362	-280	230 %	5 703	303	1782 %	8 002
Share of associated companies' results	10	230	-96 %	25	532	-95 %	1 831
<b>Profit before taxes</b>	<b>3 233</b>	2 397	35 %	<b>11 691</b>	5 342	119 %	19 535
Income tax	-705	-529	33 %	-2 213	-994	123 %	-2 431
<b>Profit for the period under review</b>	<b>2 528</b>	1 868	35 %	<b>9 478</b>	4 348	118 %	17 104

## Segment information

<b>Group net sales</b> (EUR 1000)	<b>4-6/2007</b>	4-6/2006	Change	<b>1-6/2007</b>	1-6/2006	Change	1-12/2006
Publishing	<b>11 088</b>	10 732	3 %	<b>22 057</b>	21 126	4 %	42 614
Printing	<b>5 388</b>	5 387	0 %	<b>10 525</b>	10 594	-1 %	20 569
Non-allocated	<b>538</b>	525	2 %	<b>1 081</b>	1 041	4 %	2 072
Net sales between segments	<b>-3 223</b>	-3 237	0 %	<b>-6 416</b>	-6 460	-1 %	-12 586
<b>Total</b>	<b>13 791</b>	13 407	3 %	<b>27 247</b>	26 302	4 %	52 670
<b>Group operating profit</b> (EUR 1000)	<b>4-6/2007</b>	4-6/2006	Change	<b>1-6/2007</b>	1-6/2006	Change	1-12/2006
Publishing	<b>2 408</b>	2 011	20 %	<b>4 808</b>	3 611	33 %	8 100
Printing	<b>890</b>	841	6 %	<b>1 755</b>	1 635	7 %	2 819
Non-allocated	<b>-437</b>	-406	8 %	<b>-599</b>	-739	-19 %	-1 215
Operating profit between segments				<b>-1</b>	-1	0 %	-1
<b>Total</b>	<b>2 861</b>	2 447	17 %	<b>5 963</b>	4 507	32 %	9 703

<b>Group balance sheet</b> (EUR 1000)	<b>6/2007</b>	6/2006	Change	12/2006
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible rights	<b>432</b>	436	-1 %	500
Investment properties	<b>698</b>	802	-13 %	749
Property, plant and equipment	<b>18 692</b>	20 514	-9 %	19 706
Shares in associated companies	<b>483</b>	9 946	-95 %	458
Available-for-sale financial assets	<b>31 538</b>	23 478	34 %	35 558
Non-current trade and other receivables	<b>39</b>	39		39
Other tangible assets	<b>214</b>	236	-9 %	214
<b>Non-current assets</b>	<b>52 095</b>	55 449	-6 %	57 224
<b>Current assets</b>				
Inventories	<b>889</b>	830	7 %	890
Trade and other receivables	<b>4 453</b>	4 214	6 %	3 602
Income tax assets	<b>778</b>	1 254	-38 %	435
Financial assets at fair value through profit or loss	<b>2 544</b>	2 633	-3 %	1 687
Cash and cash equivalents	<b>13 402</b>	3 043	340 %	14 626
<b>Current assets</b>	<b>22 066</b>	11 974	84 %	21 240
<b>Assets</b>	<b>74 161</b>	67 423	10 %	78 463
<b>Shareholders' equity and liabilities</b>				
<b>Shareholders' equity</b>				
Share capital	<b>3 666</b>	3 666		3 666
Fair value reserve and other reserves	<b>19 666</b>	13 022	51 %	18 402
Retained earnings	<b>34 979</b>	25 944	35 %	38 700
<b>Shareholders' equity</b>	<b>58 311</b>	42 633	37 %	60 768
<b>Non-current liabilities</b>				
Deferred tax liability	<b>4 432</b>	2 474	79 %	4 101
Non-current interest-bearing liabilities		6 063	-100 %	6 000
<b>Non-current liabilities</b>	<b>4 432</b>	8 537	-48 %	10 101
<b>Current liabilities</b>				
Current interest-bearing liabilities		5 063	-100 %	63
Accounts payable and other payables	<b>9 835</b>	10 041	-2 %	7 528
Income tax liability	<b>1 582</b>	1 150	38 %	2
<b>Current liabilities</b>	<b>11 418</b>	16 253	-30 %	7 594
<b>Shareholders' equity and liabilities</b>	<b>74 161</b>	67 423	10 %	78 463

<b>Group cash flow statement (EUR 1000)</b>	<b>1-6/2007</b>	<b>1-6/2006</b>	<b>1-12/2006</b>
<b>Cash flow from operations</b>			
Profit for the period under review	9 478	4 348	17 104
Adjustments	-2 029	1 780	-4 174
Change in working capital	1 397	2 027	132
<b>Cash flow from operations before finance and taxes</b>	<b>8 846</b>	<b>8 155</b>	<b>13 062</b>
Financial income and expenses	-258	37	1 263
Direct taxes paid	-1 089	-1 500	-3 528
<b>Cash flow from operations</b>	<b>7 498</b>	<b>6 692</b>	<b>10 797</b>
<b>Cash flow from investments</b>			
Investments in tangible and intangible assets, net	-352	-1 003	-1 795
Sold and acquired associated companies			18 198
Other investments, net	9 029	-14 177	-18 983
Dividends received from investments	1 734	958	968
<b>Cash flow from investments</b>	<b>10 411</b>	<b>-14 222</b>	<b>-1 612</b>
<b>Cash flow before financing items</b>	<b>17 909</b>	<b>-7 530</b>	<b>9 185</b>
<b>Cash flow from financing</b>			
Change in current loans	-63	4 937	
Change in non-current loans	-6 000	6 000	5 874
Dividends paid and other profit distribution	-13 070	-7 695	-7 764
<b>Cash flow from financing</b>	<b>-19 133</b>	<b>3 242</b>	<b>-1 890</b>
<b>Increase(+) or decrease (-) in financial assets</b>	<b>-1 224</b>	<b>-4 288</b>	<b>7 295</b>
Liquid assets at the beginning of the financial period	14 626	7 331	7 331
Liquid assets at the end of the financial period	13 402	3 043	14 626

<b>Group key figures</b>	<b>6/2007</b>	<b>6/2006</b>	<b>12/2006</b>
Earnings/share (EUR)	0.65	0.30	1.17
Shareholders' equity/share (EUR)	3.98	2.91	4.14
Average number of personnel	383	396	399
Investments (EUR 1 000) *)	1 661	15 196	22 529
Interest-bearing debt (EUR 1 000)	-	11 126	6 063
Equity ratio, %	83.5	67.7	79.0

\*) 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.

<b>Group contingent liabilities (EUR 1000)</b>	<b>6/2007</b>	<b>6/2006</b>	<b>12/2006</b>
<b>Collateral pledged for own commitments</b>			
Mortgages on company assets	168	168	168
Mortgages on real estate	4 017	4 017	4 017
<b>On behalf of others</b>			
Guarantees	16	16	16

<b>Statement of changes in shareholders' equity (EUR 1000)</b>						
<b>Change in shareholders' equity 1-6/2006</b>	<b>Share capital</b>	<b>Share issue premium</b>	<b>Fair value reserve</b>	<b>Other reserves</b>	<b>Retained earnings</b>	<b>Total</b>
<b>SHAREHOLDERS' EQUITY 1.1.</b>	3 259	166	1 057	13 103	29 418	47 003
<b>Available-for-sale financial assets</b>						
Net fair value gains and reclassified and reported in net profit			-1 212			-1 212
Share of deferred taxes			315			315
Transfers between items	407	-166		-242		
<b>Net fair value gains added to shareholders' equity</b>	407	-166	-897	-242		-897
Net profit/ loss					4 348	4 348
<b>Total profits and losses</b>	407	-166	-897	-242	4 348	3 451
Dividend distribution					-7 822	-7 822
<b>SHAREHOLDERS' EQUITY TOTAL 06/2006</b>	3 666		161	12 862	25 944	42 633
<b>Change in shareholders' equity 1-6/2007</b>	<b>Share capital</b>	<b>Share issue premium</b>	<b>Fair value reserve</b>	<b>Other reserves</b>	<b>Retained earnings</b>	<b>Total</b>
<b>SHAREHOLDERS' EQUITY 1.1.</b>	3 666		5 540	12 862	38 700	60 768
<b>Available-for-sale financial assets</b>						
Net fair value gains and reclassified and reported in net profit			1 708			1 708
Share of deferred taxes			-444			-444
<b>Net fair value gains added to shareholders' equity</b>			1 264			1 264
Net profit/ loss					9 478	9 478
<b>Total profits and losses</b>			1 264		9 478	10 742
Dividend distribution					-13 199	-13 199
<b>SHAREHOLDERS' EQUITY TOTAL 06/2007</b>	3 666		6 804	12 862	34 979	58 311

The figures have not been audited.

### Outlook for the Year-End

Growth in media advertising in Finland is expected to decelerate from the first half of the year, since the figures for the first quarter contained, to a marked extent, election advertising. Printing business volumes are likely to remain almost unchanged and competition will remain tough throughout the year.

Ilkka-Yhtymä Group expects slight growth in its consolidated net sales for the year as net sales for publishing improve.

Operating profit and operating profit as a percent-

age of net sales are expected to increase from the levels of 2006. The profit for the entire financial year is expected to fall, since the financial income in the last quarter of the comparison year 2006 includes significant non-recurring capital gains from the sale of an associated company and the proportion of the sold associated company's result entered in the books for that year. Profit for the remainder of the year will be affected by securities trading volumes and the price performance of securities investments as well as potential capital gains or losses from available-for-sale assets.

Seinäjäki, 23 July 2007

ILKKA-YHTYMÄ OYJ

Board of Directors

Matti Korkiatupa  
Managing Director