

Ilkka-Yhtymä Oyj Stock Exchange Release 22 October 2007, at 11:12 a.m.

#### ILKKA-YHTYMÄ OYJ'S INTERIM REPORT FOR Q3/2007

The Ilkka-Yhtymä Group's consolidated net sales for the report period totalled EUR 40.1 million (EUR 38.7 million). Net sales increased by 3.4 per cent on the previous year. Consolidated operating profit grew by 26.6 per cent, attaining EUR 9.0 million (EUR 7.1 million). Pre-tax profits amounted to EUR 15.1 million (EUR 9.0 million). Earnings per share were EUR 0.82 (EUR 0.50) and shareholders' equity per share EUR 4.26 (EUR 3.22).

Ilkka Yhtymä Oyj's interim report has been prepared in compliance with the recognition and measurement principles of IFRS but not in compliance with all IAS 34 requirements. In preparing this interim report, the same standards have been used as when preparing the previous financial statements.

#### Net Sales and Profit Performance

The Group's consolidated net sales increased during January-September by 3.4 per cent year-on-year, amounting to EUR 40.1 million (EUR 38.7 million in 2006). Third-quarter net sales grew by 3.0 per cent. In the January-September period, external net sales from publishing grew by 3.9 per cent and, during the third quarter, by 3.4 per cent. This growth was due to the favourable advertisement sales of the period under review. External net sales from printing increased by 1.5 per cent during January-September and by 1.1 per cent in the third quarter. Other operating income for January-September totalled EUR 0.4 million (EUR 0.3 million).

Operating expenses for January-September amounted to EUR 31.5 million (EUR 31.9 million), down by 1.3 per cent year-on-year. Both personnel expenses and other operating expenses decreased. Third-quarter operating expenses decreased by 0.5 per cent. Depreciation included in the operating expenses for the period amounted to EUR 2.4 million (EUR 2.5 million).

Consolidated operating profit came to EUR 9.0 million (EUR 7.1 million), accounting for 22.5 per cent (18.4 per cent) of net sales. Third-quarter operating profit amounted to EUR 3.0 million (EUR 2.6 million), accounting for 23.8 per cent (21.0 per cent) of net sales. The operating profit of both publishing and printing increased. Net financial income for January-September came to EUR 6.1 million (EUR 0.5 million), of which financial assets at fair value through profit or loss contributed EUR 0.4 million (EUR 0.1 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 0.1 million (EUR 1.4 million). Pre-tax profits amounted to EUR 15.1 million (EUR 9.0 million). Tax totals EUR 3.1 million (EUR 1.7 million) and the profit for the report period EUR 12.0 million (EUR 7.3 million).

#### Balance Sheet and Financial Position

The consolidated balance sheet total was EUR 78.4 million (EUR 69.3 million) and shareholders' equity EUR 62.4 million (EUR 47.2 million). The fair value reserve has grown by EUR 6.6 million in a year and EUR 2.8 million since the beginning of 2007. The consolidated balance sheet does not contain interest-bearing liabilities (EUR 8.6 million, year-on-year). Equity ratio was 84.0 per cent (72.2 per cent) and liquid assets were EUR 14.0 million (EUR 2.9 million).

Reported cash flow from business operations totalled EUR 8.4 million (EUR 8.1 million), while that from investments was EUR 10.2 million (EUR -13.2 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-September was 48,642, which represents 1.1 per cent of series share stock. The trading value of the shares was EUR 0.6 million. The number of Series II shares traded totalled 2,227,644, which equals 21.5 per cent of the series share stock. Their trading value was EUR 25.3 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 10.16 and the highest EUR 12.29. At the period-end closing price, the share capital market value was EUR 161.6 million.

## Flagging announcements

Due to a share purchase completed on 7 May 2007, Thominvest Oy's holding in 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 additional 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, Vähäkyrö; Jaakko Rintala, Lapua; Raija Tikkala, 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 to 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, a member of the Board of Directors since 1986, and Vice Chairman Jaakko Aukia, a 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 was 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.

The ca. 1,000 shares acquired by Ilkka Yhtymä during the tender offer period do not have a significant impact on Ilkka Yhtymä's results or VLP's operations.

Risks and Risk Management

No major near-term risks are foreseen in the group's publishing and printing operations, providing an agreement is reached in the collective labour agreement negotiations. The operating risks are described in more detail in the Annual Report for 2006.

Events after the report period

Ilkka Yhtymä Oyj began participating in a new advertisement sales organisation for free sheets. Eight publishers of free sheets have founded a company that sells advertising space and distributes material to a total of 24 free sheets. Ilkka-Yhtymä Group publishes the free sheets Etelä-Pohjanmaa and Vaasan Ikkuna.

Outlook for the Year-End

Unless a major industrial dispute occurs, due to the favourable economic situation and buoyant consumer purchasing power, it is predicted that media advertising will increase in Finland for the remainder of the year, while printing volumes are likely to remain almost unchanged and competition will remain tough.

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

Operating profit and proportional profitability should increase from their 2006 levels, despite the increase in pay levels during the fourth quarter and increasing delivery costs due to earlier delivery. The profit for the entire financial year is expected to fall, since the financial income 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. The year-end profit will be affected by

developments in the trade in securities and possible capital gains on available-for-sale assets.

GROUP INCOME STATEMENT (EUR 1,000)	7-9/2007	7-9/2006	Change	1-9/2007	1-9/2006	Change	1-12/2006
NET SALES	12 811	12 434	3 %	40 058	38 736	3 %	52 670
Change in inventories of finished and unfinished products	3	-19	-118 %	20	11	76 %	2
Other operating income	100	88	14 %	427	274	56 %	448
Materials and services	-3 811	-3 740	2 %	-11 977	-11 737	2 %	-15 834
Employee benefits	-3 909	-3 973	-2 %	-12 490	-12 730	-2 %	-17 494
Depreciation	-784	-814	-4 %	-2 382	-2 451	-3 %	-3 265
Other operating costs	-1 364	-1 366	0 %	-4 648	-4 986	-7 %	-6 825
OPERATING PROFIT	3 046	2 610	17 %	9 009	7 117	27 %	9 703
Financial income and expenses	361	167	116 %	6 064	470	1189 %	8 002
Share of associated companies' profit	32	915	-96 %	57	1 447	-96 %	1 831
PROFIT BEFORE TAXES	3 439	3 692	-7 %	15 130	9 034	67 %	19 535
Income tax	-876	-728	20 %	-3 089	-1 722	79 %	-2 431
PROFIT FOR THE PERIOD UNDER REVIEW	2 563	2 964	-14 %	12 041	7 312	65 %	17 104

#### SEGMENT INFORMATION

Group net sales (EUR 1,000)	7-9/2007	7-9/2006	Change	1-9/2007	1-9/2006	Change	1-12/2006
Publishing	10 574	10 225	3 %	32 630	31 350	4 %	42 614
Printing	4 845	4 664	4 %	15 370	15 258	1 %	20 569
Non-allocated	538	515	5 %	1 620	1 556	4 %	2 072
Net sales between segments	-3 147	-2 969	6 %	-9 563	-9 429	1 %	-12 586
Total	12 811	12 434	3 %	40 058	38 736	3 %	52 670
Group operating profit (EUR 1,000)	7-9/2007	7-9/2006	Change	1-9/2007	1-9/2006	Change	1-12/2006
Publishing	2 244	2 130	5 %	7 051	5 741	23 %	8 100
Printing	936	636	47 %	2 691	2 272	18 %	2 819
Non-allocated	-134	-156	-14 %	-733	-895	-18 %	-1 215
Operating profit between segments				-1	-1	0 %	-1
Total	3 046	2 610	17 %	9 009	7 117	27 %	9 703

## GROUP BALANCE SHEET (EUR 1,000)

	9/2007	9/2006	Change	12/2006
ASSETS				
NON-CURRENT ASSETS				
Intangible rights	413	471	-12 %	500
Investment property	672	775	-13 %	749
Property, plant and equipment	18 109	20 052	-10 %	19 706
Shares in associated companies	515	10 889	-95 %	458
Available-for-sale assets	33 663	24 172	39 %	35 558
Non-current trade and other receivables	39	39		39
Other tangible assets	214	214		214
TOTAL NON-CURRENT ASSETS	53 624	56 612	-5 %	57 224
CURRENT ASSETS				
Inventories	951	825	15 %	890
Trade and other receivables	4 979	4 217	18 %	3 602
Income tax assets	1 338	2 033	-34 %	435
Financial assets at fair value through profit or loss	3 559	2 734	30 %	1 687
Cash and cash equivalents	13 982	2 913	380 %	14 626
TOTAL CURRENT ASSETS	24 809	12 723	95 %	21 240
TOTAL ASSETS	78 433	69 335	13 %	78 463
SHAREHOLDERS' EQUITY AND LIABILITIES				
SHAREHOLDER'S EQUITY				
Share capital	3 666	3 666		3 666
Fair value reserve and other reserves	21 218	14 595	45 %	18 402
Retained earnings	37 542	28 908	30 %	38 700
SHAREHOLDER'S EQUITY	62 426	47 169	32 %	60 768
NON-CURRENT LIABILITIES				
Deferred tax liability	4 886	2 956	65 %	4 101
Non-current interest-bearing liabilities		6 063	-100 %	6 000
NON-CURRENT LIABILITIES	4 886	9 019	-46 %	10 101
CURRENT LIABILITIES				
Current interest-bearing liabilities		2 563	-100 %	63
Accounts payable and other payables	8 775	8 871	-1 %	7 528
Income tax liability	2 346	1 713	37 %	2
CURRENT LIABILITIES	11 121	13 147	-15 %	7 594
SHAREHOLDERS' EQUITY AND LIABILITIES TOTAL	78 433	69 335	13 %	78 463

## GROUP CASH FLOW STATEMENT (EUR 1,000)

1-9/ 2007	1-9/ 2006	1-12/ 2006
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CASH FLOW FROM OPERATIONS			
Profit for the period under review	12 041	7 312	17 104
Adjustments	-775	2 255	-4 174
Change in working capital	454	1 202	132
CASH FLOW FROM OPERATIONS			
BEFORE FINANCE AND TAXES	11 720	10 769	13 062
Financial income and expenses	-1 476	-184	1 263
Direct taxes paid	-1 854	-2 515	-3 528
CASH FLOW FROM OPERATIONS	8 391	8 071	10 797
CASH FLOW FROM INVESTMENTS			
Investments in tangible and intangible assets, net	-494	-1 357	-1 795
Sold and acquired associated companies			18 198
Other investments, net	9 002	-12 775	-18 983
Dividends received from investments	1 737	967	968
CASH FLOW FROM INVESTMENTS	10 245	-13 165	-1 612
CASH FLOW BEFORE FINANCING ITEMS			
	18 636	-5 094	9 185
CASH FLOW FROM FINANCING			
Change in current loans	-63	2 437	
Change in non-current loans	-6 000	6 000	5 874
Dividends paid and other profit distribution	-13 216	-7 761	-7 764
CASH FLOW FROM FINANCING	-19 279	675	-1 890
INCREASE (+) OR DECREASE (-)			
IN FINANCIAL ASSETS	-644	-4 418	7 295
Liquid assets at the beginning of the financial period			
	14 626	7 331	7 331
Liquid assets at the end of the financial period			
	13 982	2 913	14 626
GROUP KEY FIGURES			
	9/2007	9/2006	12/2006
Earnings/share (EUR)	0.82	0.50	1.17
Shareholders' equity/share (EUR)	4.26	3.22	4.14
Average number of personnel	393	405	399
Investments (EUR 1 000) *)	1 848	15 815	22 529
Interest-bearing debt (EUR 1 000)	-	8 626	6 063
Equity ratio, %	84.0	72.2	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.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (EUR 1,000)

Change in shareholders' equity 1-9/2006	Share capital	Share issue premium	Fair value reserve	Other reserves	Retained earnings	Total
SHAREHOLDERS' EQUITY 1.1.2006 Available-for-sale financial assets:	3 259	166	1 057	13 103	29 418	47 003
Net fair value gains and reclassified and reported in net profit			913			913
Share of deferred taxes			-237			-237
Transfers between items	407	-166		-242		
Net fair value gains added to shareholders' equity	407	-166	676	-242		676
Net profit/loss					7 312	7 312
Total profits and losses	407	-166	676	-242	7 312	7 988
Dividend distribution					-7 822	-7 822
SHAREHOLDERS' EQUITY TOTAL 9/2006	3 666		1 733	12 862	28 908	47 169

Change in shareholders' equity 1-9/2007	Share capital	Share issue premium	Fair value reserve	Other reserves	Retained earnings	Total
SHAREHOLDERS' EQUITY 1.1.2007 Available-for-sale financial assets:	3 666		5 540	12 862	38 700	60 768
Net fair value gains and reclassified and reported in net profit			3 806			3 806
Share of deferred taxes			-990			-990
Net fair value gains added to shareholders' equity			2 816			2 816
Net profit/loss					12 041	12 041
Total profits and losses			2 816		12 041	14 857
Dividend distribution					-13 199	-13 199

SHAREHOLDERS' EQUITY TOTAL 9/ 2007	3 666	8 357	12 862	37 542	62 426
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GROUP CONTINGENT LIABILITIES (EUR 1,000)

	9/2007	9/2006	12/2006
Collateral pledged for own commitments			
Mortgages on company assets	168	168	168
Mortgages on real estate	4 017	4 017	4 017
On behalf of others			
Guarantees	16	16	16

The figures have not been audited.

Seinäjoki, 22 October 2007

ILKKA-YHTYMÄ OYJ

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