



Ilkka-Yhtymä Oyj



2006

**INTERIM REPORT
1 Jan. – 31 Mar.**

Ilkka-Yhtymä Oyj's Interim Report

I January – 31 March 2006

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 decreased during January-March by 3.2 per cent year-on-year, amounting to EUR 12.9 million (EUR 13.3 million in 2005). External net sales from publishing increased by EUR 0.4 million and that from the printing business decreased by EUR 0.8 million. Other operating income totalled EUR 0.1 million (EUR 0.1 million).

Operating expenses for January-March amounted to EUR 10.1 million (EUR 10.4 million), decreasing by 2.4 per cent year-on-year. Depreciation for the period amounted to EUR 0.8 million (EUR 0.8 million).

Consolidated operating profit came to EUR 2.1 million (EUR 2.2 million), accounting for 16.0 per cent (16.7 per cent) of net sales. Net financial income came to EUR 0.9 million (EUR 1.3 million), of which financial assets at fair value through profit or loss contributed EUR 0.3 million (EUR 0.6 million) to corporate performance. Pre-tax profits were EUR 2.9 million (EUR 3.5 million). Tax totals EUR 0.5 million and the profit for the report period EUR 2.5 million (EUR 2.9 million).

Balance Sheet and Financial Position

The consolidated balance sheet total was EUR 69.8 million (EUR 68.5 million) and shareholders' equity was EUR 49.8 million (EUR 47.3 million). The fair value reserve has grown by EUR 1.0 million year-on-year and by EUR 0.3 million as of the beginning of 2006. Interest-bearing liabilities totalled EUR 4.2 million (EUR 2.3 million). Equity ratio stood at 78.6 per cent (76.3 per cent) and liquid assets were EUR 5.3 million (EUR 7.9 million).

Reported cash flow from business operations totalled EUR 2.1 million (EUR 3.0 million), while that from investments was EUR -8.2 million (EUR 1.0 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.

In January-March, 18,444 Ilkka-Yhtymä Oyj's Series I shares were traded on the I-list, which accounts for 0.5 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 to-

totalled 1,210,651, which equals 13.1 per cent of the series share stock. Their trading value was EUR 14.8 million. During the report period, the lowest quotation for Ilkka Yhtymä Oyj's Series I share was EUR 13.00 and the highest EUR 15.00, while the lowest quotation for a Series II share was EUR 10.95 and the highest EUR 13.60. At period-end closing price, the share capital market value was EUR 174.4 million.

Events after the Report Period

The Annual General Meeting (AGM) of 20 April 2006 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 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.

The AGM decided to increase the company's share capital by means of a bonus issue of shares from EUR 3,259,074 to EUR 3,666,458.25 by transferring the sum of EUR 165,583.05 from the share premium fund and EUR 241,801.20 from the reserve fund to the share capital.

Under the bonus issue, one (1) new Series I share was issued for eight (8) existing Series I shares and one (1) new Series II share for eight (8) existing Series II shares, i.e. a total of 478,229 new Series I shares at a nominal value of 0.25 euros per share and 1,151,308 new Series II shares at a nominal value of 0.25 euros per share. After the bonus issue, the new share total is 14,665,833 (4,304,061 Series I shares and 10,361,772 Series II shares).

The share capital increase was entered in the Trade Register on 25 April 2006. The new shares have been traded in the Helsinki Stock Exchange together with the old shares since 26 April 2006.

Of the members of the Supervisory Board whose term of service had come to an end, the AGM re-elected the following: Jari Eklund Helsinki, Ossi Jäkärä Vaasa, Yrjö Kopra Helsinki, Juha Mikkilä Kurikka and Sari Mutka Helsinki. Kari Aukia Vaasa, Mari Kiviniemi Helsinki and Sakari Kivisaari Helsinki were elected as new members of the Supervisory Board.

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 Win-

qvist-Ilkka, Authorised Public Accountant, were elected as deputy auditors.

After the report period, Ilkka-Yhtymä Oyj acquired

more shares in Alma Media Corporation and presently holds approx. 2.7 million such shares, corresponding to approx. 3.6 per cent of Alma Media's entire share capital.

Group income statement

(1000 eur)	1-3/2006	1-3/2005	Change	1-12/2005
Net sales	12 894	13 323	-3 %	53 932
Other operating income	87	98	-11 %	377
Expenses	-10 108	-10 359	-2 %	-41 427
Depreciation	-814	-835	-3 %	-3 361
Operating profit	2 060	2 226	-7 %	9 521
Financial income and expenses	885	1 298	-32 %	2 956
Profit before taxes	2 945	3 524	-16 %	12 477
Taxes	-465	-656	-29 %	-2 738
Profit for the period under review	2 480	2 868	-14 %	9 739

Segment information

Group net sales (1000 eur)	1-3/2006	1-3/2005	Change	1-12/2005
Publishing	10 394	10 011	4 %	41 664
Printing	5 207	5 813	-10 %	22 725
Non-allocated	516	496	4 %	2 002
Net sales between segments	-3 223	-2 997	8 %	-12 459
Total	12 894	13 323	-3 %	53 932
Group operating profit (1000 eur)	1-3/2006	1-3/2005	Change	1-12/2005
Publishing	1 600	1 913	-16 %	8 089
Printing	795	575	38 %	2 492
Non-allocated	-334	-262	27 %	-1 058
Operating profit between segments				-1
Total	2 060	2 226	-7 %	9 521

Group balance sheet

(1000 eur)	3/2006	3/2005	Change	12/2005
Assets				
Intangible assets	394	472	-17 %	346
Tangible assets	20 855	22 827	-9 %	21 171
Investments	19 906	5 859	240 %	11 600
Investments in associates	10 348	9 806	6 %	10 046
Inventories	760	886	-14 %	827
Receivables	8 682	14 057	-38 %	4 466
Financial assets at fair value through profit or loss	3 556	6 679	-47 %	2 650
Cash and cash equivalents	5 256	7 888	-33 %	7 331
Assets Total	69 756	68 474	2 %	58 438
Liabilities and shareholders' equity				
Shareholders' equity	49 795	47 262	5 %	47 003
Non-current liabilities	3 111	3 247	-4 %	3 034
Current liabilities	16 850	17 965	-6 %	8 401
Liabilities Total	69 756	68 474	2 %	58 438

Group cash flow statement

(1000 eur)	1-3/2006	1-3/2005	1-12/2005
Cash flow from operations			
Profit for the period under review	2 480	2 868	9 739
Adjustments	394	173	3 104
Change in working capital	3 992	3 169	770
Cash flow from operations before finance and taxes	6 866	6 210	13 613
Financial income and expenses	-3 679	-2 548	3 980
Direct taxes paid	-1 058	-678	-2 064
Cash flow from operations	2 129	2 983	15 529
Cash flow from investments			
Investments in tangible and intangible assets, net	-514	-296	-1 144
Other investments, net	-7 916	1 246	-3 136
Repayments of loan receivables			1 277
Dividends received from investments	228	74	757
Cash flow from investments	-8 202	1 023	-2 246
Cash flow before financing items	-6 072	4 006	13 283
Cash flow from financing			
Change in current loans	4 000		-2 000
Change in non-current loans			-126
Dividends paid and other profit distribution	-3	-27	-7 734
Cash flow from financing	3 997	-27	-9 860
Increase(+) or decrease (-) in financial assets	-2 075	3 979	3 423
Liquid assets at the beginning of the financial period	7 331	3 908	3 908
Liquid assets at the end of the financial period	5 256	7 888	7 331

Since Q1/2005, an item in financial income under year 2005's cash flow from operations has been transferred under cash flow from investments as other investments, net.

Group key figures

	3/2006	3/2005	12/2005
Earnings/share (eur)	0.19	0.22	0.75
Shareholders' equity/share (eur)	3.82	3.63	3.61
Average number of personnel	386	401	410
Investments (1 000 eur) *)	8 430	322	6 784
Interest-bearing debt (1 000 eur)	4 189	2 315	189
Equity ratio, %	78.6	76.3	82.6

*) 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 (1000 eur)

Change in shareholders' equity 1-3/2005	Share capital	Share issue premium	Fair value reserve	Other reserves	Retained earnings	Total
SHAREHOLDERS' EQUITY 1.1.	3 259	166	385	13 103	27 500	44 413
Available-for-sale financial assets						
Net fair value gains and reclassified and reported in net profit			-26			-26
Share of deferred taxes			7			7
Net fair value gains added to shareholders' equity			-19			-19
Net profit/ loss					2 868	2 868
SHAREHOLDERS' EQUITY TOTAL 03/2005	3 259	166	366	13 103	30 368	47 262
Change in shareholders' equity 1-3/2006	Share capital	Share issue premium	Fair value reserve	Other reserves	Retained earnings	Total
SHAREHOLDERS' EQUITY 1.1.	3 259	166	1 057	13 103	29 418	47 003
Available-for-sale financial assets						
Net fair value gains and reclassified and reported in net profit			421			421
Share of deferred taxes			-109			-109
Net fair value gains added to shareholders' equity			312			312
Net profit/ loss					2 480	2 480
SHAREHOLDERS' EQUITY TOTAL 03/2006	3 259	166	1 369	13 103	31 898	49 795

Group contingent liabilities

(1000 eur)	3/2006	3/2005	12/2005
Collateral pledged for own commitments			
Mortgages on company assets	168	505	168
Mortgages on real estate	2 017	2 035	2 017
On behalf of others			
Guarantees	16	16	16

The figures have not been audited.

Outlook for the Year-End

Media advertising is expected to show moderate growth in Finland due to increasing consumer spending, 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 as net sales of publishing im-

prove unless significant changes take place in media advertising.

Operating profit as a percentage of net sales is predicted to remain at 2005's healthy levels, but net financial income may affect the overall financial performance for 2006.

Seinäjoki, 2 May 2006

ILKKA-YHTYMÄ OYJ

Board of Directors

Matti Korkiatupa
CEO



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