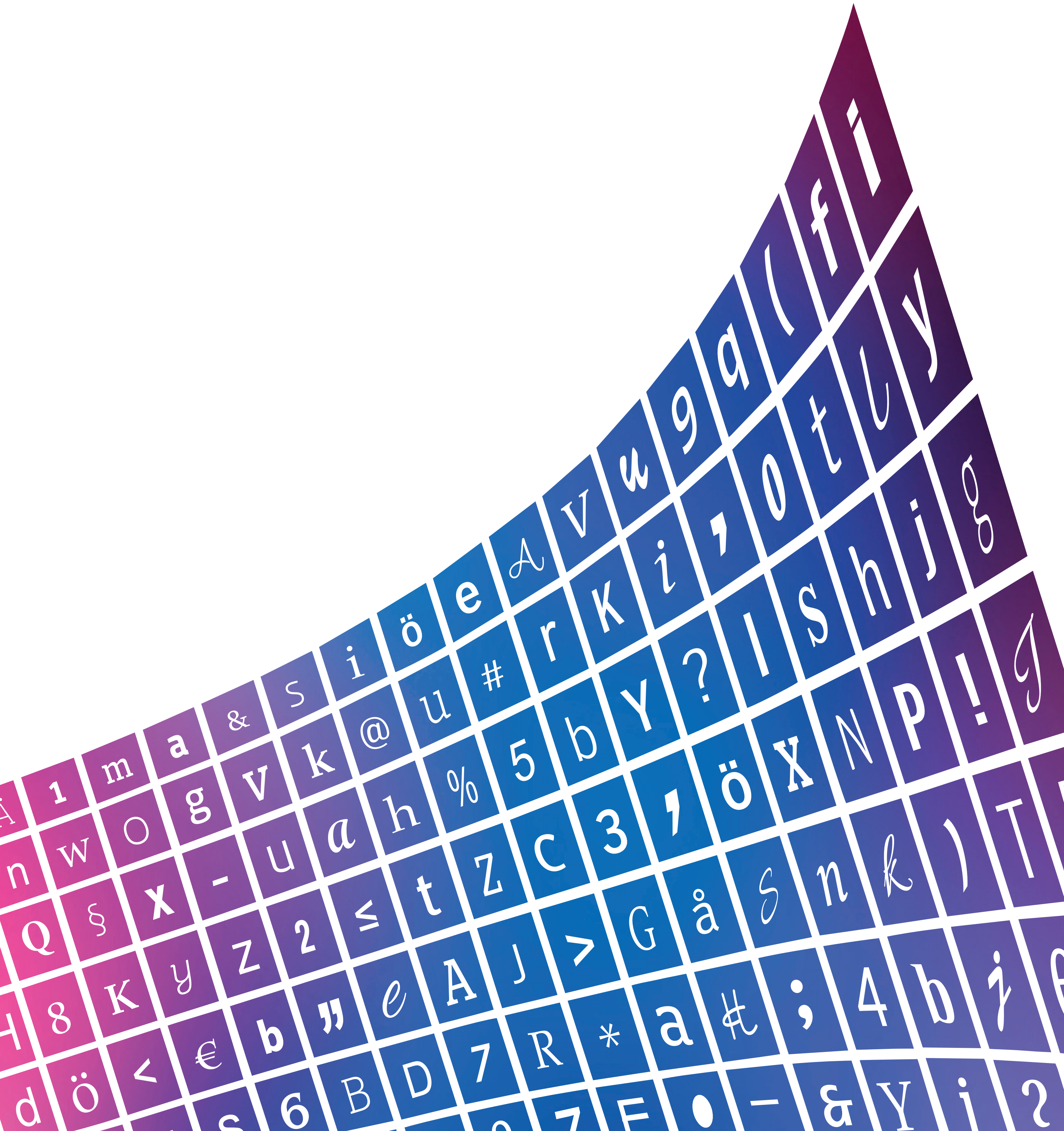
ILKKA-YHTYMÄ

# Interim Report

**1 Jan.-30 Jun. 2015**



# Ilkka-Yhtymä Oyj´s Interim Report 1 January–30 June 2015

**JANUARY-JUNE 2015**

- Net sales: EUR 20,712 thousand (EUR 20,921 thousand)
- Operating profit: EUR 4,040 thousand (EUR 3,716 thousand)
- Operating profit excluding Alma Media Corporation and the other associated companies amounted to EUR 1,948 thousand (EUR 1,880 thousand)
- Operating profit totalled 19.5% of net sales, or 9.4% (9.0%) excluding Alma Media and other associated companies
- Pre-tax profits: EUR 4,141 thousand (EUR 3,518 thousand)
- Earnings per share: EUR 0.15 (EUR 0.13)
- Eguity ratio 51.5% (45.0%)

**APRIL-JUNE 2015**

- Net sales: EUR 10,634 thousand (EUR 10,777 thousand)
- Operating profit: EUR 2,969 thousand (EUR 2,523 thousand)
- Operating profit excluding Alma Media Corporation and the other associated companies amounted to EUR 1,268 thousand (EUR 1,214 thousand)
- Operating profit totalled 27.9% of net sales, or 11.9% (11.3%) excluding Alma Media and other associated companies
- Pre-tax profits: EUR 3,266 thousand (EUR 2,807 thousand)
- Earnings per share: EUR 0.12 (EUR 0.10)

**NET SALES AND PROFIT PERFORMANCE**

The Group's consolidated net sales for January–June showed a 1.0% decline. Net sales came to EUR 20,712 thousand (EUR 20,921 thousand). External net sales from the publishing business fell by 2.2%. Advertising revenues fell by 3.0% and circulation revenues by 2.2%. External net sales from the printing business increased by 6.7%. Circulation income accounted for 45% of consolidated net sales, while advertising income and printing income represented 40% and 14%, respectively.

For Q2, net sales decreased by 1.3% and totalled EUR 10,634 thousand (EUR 10,777 thousand). External net sales from the publishing business fell by 1.6%. Advertising revenues fell by 3.0% and circulation revenues fell by 1.9%. External net sales from the printing business increased by 0.3%. Circulation income accounted for 43% of consolidated net sales, while advertising income and printing income represented 42% and 14%, respectively.

Other operating income in January–June totalled EUR 228 thousand (EUR 217 thousand) and in April–June EUR 74 thousand (EUR 102 thousand).

Operating expenses for January–June amounted to EUR 18,988 thousand (EUR 19,257 thousand), down by 1.4% year on year. For April–June, operating expenses amounted to EUR 9,424 thousand (EUR 9,666 thousand), down 2.5%. For January–June, expenses arising from materials and services increased by 0.9%. Personnel expenses decreased by 3.0%. Other operating costs increased by 2.9%. Depreciation contracted by 14.0%.

The share of the associated companies' result for January–June was EUR 2,092 thousand (EUR 1,836 thousand). Consolidated operating profit amounted to EUR 4,040 thousand (EUR 3,716 thousand), up by 8.7 per cent year-on-year. The Group's operating margin was 19.5 per cent (17.8%). Operating profit excluding Alma Media Corporation and the other associated companies amounted to EUR 1,948 thousand (EUR 1,880 thousand), representing 9.4% (9.0%) of net sales.  Operating profit from publishing grew by EUR 130 thousand, and operating profit from printing fell by EUR 108 thousand.

For April–June, the share of the associated companies' result was EUR 1,701 thousand (EUR 1,309 thousand). Consolidated operating profit amounted to EUR 2,969 thousand (EUR 2,523 thousand), up by 17.7 per cent year-on-year. The Group's operating margin was 27.9% (23.4%) in April–June. Operating profit excluding Alma Media Corporation and the other associated companies amounted to EUR 1,268 thousand (EUR 1,214 thousand), representing 11.9% (11.3%) of net sales. For the second quarter, operating profit from publishing grew by EUR 74 thousand, and operating profit from printing fell by EUR 8 thousand.

Net financial income for January–June amounted to EUR 100 thousand (net financial expenses in the corresponding period of the previous year EUR 198 thousand). Interest expenses excluding the fair value change in derivatives hedging them totalled EUR 663 thousand (EUR 879 thousand). In order to hedge against interest rate risk, the company has transformed some of its floating-rate liabilities into fixed-rate liabilities, by means of interest rate swaps. Given that the Group does not apply hedge accounting, unrealised changes in the market value of the interest rate swaps are recognised through profit or loss. In January–June 2015, the change in the market value of these interest rate swaps amounted to EUR 405 thousand (EUR -17 thousand). Net gain/loss on shares held for trading was EUR 112 thousand (EUR -57 thousand).

Net financial income for April–June amounted to EUR 296 thousand (EUR 284 thousand). For the second quarter, interest expenses excluding the fair value change in derivatives hedging them totalled EUR 314 thousand (EUR 445 thousand). In April–June 2015, the change in the market value of interest rate swaps was EUR 450 thousand (EUR -24 thousand). Net gain/loss on shares held for trading was EUR -87 thousand (EUR 1 thousand).

Pre-tax profits for January-June totalled EUR 4,141 thousand (EUR 3,518 thousand). Direct taxes amounted to EUR 375 thousand (EUR 241 thousand), and the Group's net profit for the period totalled EUR 3,766 thousand (EUR 3,277 thousand). The Group's net profit for the second quarter totalled EUR 2,982 thousand (EUR 2,603 thousand).

## BALANCE SHEET AND FINANCING

The consolidated balance sheet total came to EUR 132,839 thousand (EUR 134,945 thousand), with EUR 65,920 thousand (EUR 58,576 thousand) of equity. On the reporting date of 30 June 2015, the balance sheet value of the holding in the associated company Alma Media Corporation was EUR 104,094 thousand and the market value of the shares was EUR 71,291 thousand. According to the management's estimate, write-down in this holding is unnecessary.

Interest-bearing liabilities totalled EUR 54,586 thousand (EUR 64,022 thousand). The equity ratio was 51.5 per cent (45.0%), and shareholders' equity per share was EUR 2.57 (EUR 2.28). The increase in financial assets for the period totalled EUR 1,300 thousand (EUR 345 thousand), with liquid assets at the end of the period totalling EUR 6,834 thousand (EUR 2,325 thousand).

Cash flow from operations for the period came to EUR 3,340 thousand (EUR 2,662 thousand). Cash flow from investments totalled EUR 2,485 thousand (EUR 2,592 thousand), including capital repayment from Alma Media Corporation in the amount of EUR 2,699 thousand (EUR 2,249 thousand in the comparison period).

## ILKKA-YHTYMÄ OYJ AND POSTI OY CONTINUE CO-OPERATION ON NEWSPAPER DELIVERY IN SOUTH OSTROBOTHNIA AND VAASA

Ilkka-Yhtymä Oyj and Posti Oy announced on 12 May 2015 that they would continue co-operation on newspaper delivery in South Ostrobothnia and Vaasa. The parties negotiated a solution to continue co-operation for several years. The deal will ensure the best possible service level and cost-efficiency for the provincial and local newspapers in both population centres and sparsely populated areas.

The solution is based on the current delivery model, developed together by the parties since 2007. The delivery model will make partial use of the joint delivery of newspapers and other postal items.

## PERSONNEL

The Group had an average of 299 (312) employees during the period.

On 30 January 2015, Ilkka-Yhtymä Group announced that the Group's publishing company I-Mediat Oy and the printing house I-print Oy will start cooperation negotiations. The negotiations mainly concerned provincial newspapers' technical production and media sales personnel and the personnel of the printing press. The purpose of the negotiations was to adjust the operations and the amount of personnel to the requirements of increasingly digital operations and reducing volumes.

As a result of the negotiations, I-Mediat Oy will cut seven posts and lay off its advertisement production personnel for a maximum of three weeks. I-print Oy will lay off its printing press personnel for a maximum of five weeks.

Ilkka-Yhtymä announced on 17 June 2015 that it would clarify operational responsibilities at its publishing company I-Mediat Oy and complement the Group Executive Team as of 1 September 2015. The matrix organisation and governance model, which have been in use since 2010, will be changed into a business-driven management system, which will better meet the requirements of the increasingly digital business environment.

Marko Orpana, MSc (Econ.), was appointed as the director in charge of I-Mediat Oy's provincial newspaper and free sheet business and internal support services. Orpana is currently the director in charge of I-Mediat Oy's web and mobile business. Sauli Harjamäki, DSc (Econ.), will continue as the director in charge of I-Mediat Oy's local newspaper business and newspaper delivery. They were both appointed as members to the Group Executive Team.

As of 1 September 2015, the Group Executive Team will be as follows:
- Matti Korkiatupa, Managing Director
- Olli Pirhonen, Financial Director and deputy to the Managing Director
- Marko Orpana, Business Director, Provincial Newspapers and Free Sheets
- Sauli Harjamäki, Business Director, Local Newspapers
- Satu Takala, Chair of the editorial management team and Editor-in-Chief of the newspaper Ilkka
- Seppo Lahti, Managing Director of I-print Oy
- Paula Mahlamäki, Head of HR

In addition to the aforementioned, the following people will continue as members of the Extended Group Executive Team:
- Päivi Sairo, Director in charge of the provincial newspapers' consumer marketing and sales
- Hannu Uusihauta, Director in charge of the provincial newspapers' and free sheets' corporate marketing and sales
- Toni Viljanmaa, Editor-in-Chief of Pohjalainen
- Ari Monni, Data Administration and Development Manager

## SHARE PERFORMANCE

The Series I shares of Ilkka-Yhtymä Oyj were listed on the Helsinki Stock Exchange in 1981 and have remained listed ever since. The Series II shares have been listed since their issue in 1988, and on 10 June 2002 they were transferred from the I List of the Helsinki Stock Exchange to the Main List. At present, the Series II shares of Ilkka-Yhtymä Oyj are listed on the Nasdaq Helsinki List, in the Consumer Services sector, the company's market value being classified as Small Cap. The Series I shares are listed on the Pre List.

In January–June, 48,249 series-I shares of Ilkka-Yhtymä Oyj were traded, accounting for 1.1 per cent of the total number of series-I shares. The total value of the shares exchanged was EUR 143 thousand. In total, 1,480,297 series-II shares were traded, corresponding to 6.9 per cent of the total number of series II shares. The total value of the shares traded was EUR 3,369 thousand. The lowest price at which series-I shares of Ilkka-Yhtymä Oyj were traded during the period under review was EUR 2.20, and the highest per-share price was EUR 3.49.

The lowest price at which series-II shares were traded was EUR 1.92 and the highest EUR 2.68. The market value of the share capital at the closing rate for the reporting period was EUR 64,401 thousand.

## RISKS AND RISK MANAGEMENT

In the current economic climate, uncertainties are associated with the predictability of both net sales and operating profit. Ilkka-Yhtymä's most significant short-term risks are related to the development of media advertising, in particular, as well as circulation and printing volumes, which affect the industry in general. The risks in the industry are due to its digitalisation and the continuing poor economic conditions. Other risks associated with the Group's own operations and its holding in associated company Alma Media Corporation are described in more detail in the Annual Report 2014.

The Group's major financial risks include credit risk of the Group's operative business, the risk associated with the price of shares held for trading, the risk of changes in market interest rates applied to the loan portfolio and liquidity risk. In order to hedge against interest rate risk, the company has transformed some of its floating-rate liabilities to a fixed rate, by means of interest rate swaps. Given that the Group does not apply hedge accounting, changes in the market value of the interest rate swap are recognised through profit and loss. Other financial risks are discussed in more detail in the 2014 Annual Report.

## CORPORATE GOVERNANCE AND THE ANNUAL GENERAL MEETING

On 22 April 2015, the Annual General Meeting (AGM) 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 0.10 be paid for the year 2014.

The number of members on the Supervisory Board for 2015 was confirmed to be 24. Of the Supervisory Board members whose term had come to an end, the following were re-elected for the term ending in 2019: Lasse Hautala, Satu Heikkilä, Perttu Rinta, Ari Rinta-Jouppi, Minna Sillanpää and Jorma Vierula.

At the Annual General Meeting it was decided to maintain the payments made to the Chairman of the Supervisory Board and the board members at their current level: the Chairman will receive a retainer of EUR 1,500 per month and a fee of EUR 400 per meeting, and the board members will be paid a fee of EUR 400 per meeting attended. The board members' travel expenses are reimbursed in accordance with the current maximum level specified by the tax authorities.

Ernst & Young Oy, Authorised Public Accountants, was elected as the auditor, with Authorised Public Accountant, M.Sc.(Econ.) Harri Pärssinen as the principal auditor. It was decided that the auditors would be reimbursed per the invoice.

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 under the authorisation is 7,700,000, corresponding to around 30 per cent of the company's total shares and 36.05 per cent of Series II shares at present. This 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 five years from the date of the AGM's decision.

The AGM authorised the Board of Directors to decide upon a donation to be put toward charitable causes or similar, totalling, at maximum, EUR 50,000, as well as to decide upon the recipients, purposes of use, schedules and other terms of these donations.

At its meeting on 4 May 2015, the Supervisory Board re-elected Markku Hautanen and Tapio Savola to the Board of Directors of Ilkka-Yhtymä Oyj when their terms of service had come to an end. Lasse Hautala will continue as chairman of the Supervisory Board, while Perttu Rinta will continue as vice-chairman.

At its membership meeting, the Board of Directors re-elected Timo Aukia as its chairman, while Esa Lager will continue as vice-chairman. The Board of Directors of Ilkka-Yhtymä Oyj now has the following membership: chairman Timo Aukia, vice-chairman Esa Lager, members Markku Hautanen, Sari Mutka, Tapio Savola, and Riitta Viitala.

## EVENTS AFTER THE REPORT PERIOD

Ilkka-Yhtymä Oyj announced on 6 July 2015 that it would sell the shares of one of its property companies, Seinäjoen Kassatalo Oy.

Ilkka-Yhtymä Oyj and Nordio Oy have agreed on a transaction in the shares of Seinäjoen Kassatalo Oy. The deal will be closed by 30 September 2015. Ilkka-Yhtymä Group will record a capital gain of around EUR 1 million for the transaction in the third quarter. The exact amount will be known when the deal is completed.

## OUTLOOK FOR 2015

In the current economic climate, forecasting net sales in the media sector and, in particular, media advertising spending involves still major uncertainties. In the first half of the year, media advertising declined by more than 3% in Finland (Source: TNS Ad Intelligence), and media advertising for the full year is no longer expected to remain at the previous year's level. Due to caution among consumers as well as competition in the media market, newspaper circulation income is forecast to decline. Printing business volumes have shrunk in Finland and the trend is expected to continue in 2015.

The net sales of Ilkka-Yhtymä Group are estimated to remain almost at the 2014 level. Due to the weaker-than-expected trend in advertising income, Ilkka-Yhtymä Group's operating profit from its own operations, excluding the share of Alma Media's and other associated companies' results, are estimated to decline somewhat from the 2014 level.

The associated company Alma Media Corporation (Group ownership 29.79%) will have a significant impact on Group operating profit and profit.

# Summary of Financial Statements and Notes

**DRAFTING PRINCIPLES**

Ilkka-Yhtymä Group's interim report was prepared in accordance with the requirements of the IAS 34 Interim Financial Reporting standard.

The interim report has been prepared according to the same principles as the 2014 financial statements. The principles and formulae for the calculation of the indicators, presented on page 63 of the 2014 annual report, remain unchanged.

All the figures in the interim report are rounded, so the sum of separate figures may differ from that presented in the report.

The figures in the interim report have been presented unaudited.

## CONSOLIDATED INCOME STATEMENT

| EUR 1,000 | 4-6/2015 | 4-6/2014 | Change | 1-6/2015 | 1-6/2014 | Change | 1-12/2014 |
|---|---|---|---|---|---|---|---|
| **NET SALES** | **10 634** | 10 777 | -1 % | **20 712** | 20 921 | -1 % | 41 802 |
| Change in inventories of finished and unfinished products | **-16** | 1 | -1 537 % | **-4** | -1 | -356 % | -3 |
| Other operating income | **74** | 102 | -27 % | **228** | 217 | 5 % | 454 |
| Materials and services | **-3 365** | -3 484 | -3 % | **-6 757** | -6 700 | 1 % | -13 379 |
| Employee benefits | **-4 318** | -4 453 | -3 % | **-8 697** | -8 963 | -3 % | -16 782 |
| Depreciation | **-413** | -480 | -14 % | **-833** | -969 | -14 % | -1 856 |
| Other operating costs | **-1 328** | -1 249 | 6 % | **-2 700** | -2 625 | 3 % | -5 302 |
| Share of associated companies' profit | **1 701** | 1 309 | 30 % | **2 092** | 1 836 | 14 % | 4 318 |
| **OPERATING PROFIT/ LOSS** | **2 969** | 2 523 | 18 % | **4 040** | 3 716 | 9 % | 9 251 |
| Financial income and expenses | **296** | 284 | 4 % | **100** | -198 | 151 % | 883 |
| **PROFIT/ LOSS BEFORE TAX** | **3 266** | 2 807 | 16 % | **4 141** | 3 518 | 18 % | 10 133 |
| Income tax | **-284** | -204 | 39 % | **-375** | -241 | 56 % | -1 063 |
| **PROFIT/ LOSS FOR THE PERIOD UNDER REVIEW** | **2 982** | 2 603 | 15 % | **3 766** | 3 277 | 15 % | 9 070 |
| Earnings per share, undiluted (EUR) *) | **0.12** | 0.10 | 15 % | **0.15** | 0.13 | 15 % | 0.35 |
| The undiluted share average (to the nearest thousand) *) | **25 665** | 25 665 | | **25 665** | 25 665 | | 25 665 |

*) There are no factor diluting the figure.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| EUR 1,000 | 4-6/2015 | 4-6/2014 | Change | 1-6/2015 | 1-6/2014 | Change | 1-12/2014 |
|---|---|---|---|---|---|---|---|
| **PROFIT/ LOSS FOR THE PERIOD UNDER REVIEW** | **2 982** | 2 603 | 15 % | **3 766** | 3 277 | 15 % | 9 070 |
| **Other comprehensive income:** Items that may be reclassified subsequently to profit or loss: Available-for-sale assets | | | | | | | |
| Measured at fair value | **2** | -13 | 114 % | **4** | -12 | 129 % | -24 |
| Transferred to the income statement | **-19** | | | **-8** | 2 | -507 % | 126 |
| Share of associated companies' other comprehensive income | **116** | -205 | 157 % | **219** | -217 | 201 % | -173 |
| Income tax related to components of other comprehensive income | **4** | 3 | 37 % | **3** | 2 | 53 % | -20 |
| Other comprehensive income, net of tax | **102** | -215 | 147 % | **217** | -225 | 196 % | -91 |
| **Total comprehensive income for the period** | **3 084** | 2 387 | 29 % | **3 984** | 3 052 | 31 % | 8 979 |

## SEGMENT INFORMATION

| EUR 1,000 | 4-6/2015 | 4-6/2014 | Change | 1-6/2015 | 1-6/2014 | Change | 1-12/2014 |
|---|---|---|---|---|---|---|---|
| **NET SALES BY SEGMENT** | | | | | | | |
| Publishing | | | | | | | |
| External | **9 119** | 9 265 | -2 % | **17 747** | 18 140 | -2 % | 36 330 |
| Inter-segments | **24** | 22 | 10 % | **53** | 46 | 16 % | 83 |
| **Publishing total** | **9 142** | 9 287 | -2 % | **17 801** | 18 187 | -2 % | 36 413 |
| Printing | | | | | | | |
| External | **1 516** | 1 512 | | **2 965** | 2 780 | 7 % | 5 472 |
| Inter-segments | **1 575** | 1 702 | -7 % | **3 150** | 3 389 | -7 % | 6 861 |
| **Printing total** | **3 091** | 3 214 | -4 % | **6 115** | 6 169 | -1 % | 12 333 |
| Non-allocated | | | | | | | |
| Inter-segments | **546** | 560 | -2 % | **1 100** | 1 120 | -2 % | 2 231 |
| **Non-allocated total** | **546** | 560 | -2 % | **1 100** | 1 120 | -2 % | 2 231 |
| Elimination | **-2 145** | -2 284 | -6 % | **-4 304** | -4 555 | -6 % | -9 175 |
| **Group net sales total** | **10 634** | 10 777 | -1 % | **20 712** | 20 921 | -1 % | 41 802 |

| EUR 1,000 | 4-6/2015 | 4-6/2014 | Change | 1-6/2015 | 1-6/2014 | Change | 1-12/2014 |
|---|---|---|---|---|---|---|---|
| **OPERATING PROFIT/ LOSS BY SEGMENT** | | | | | | | |
| Publishing | **996** | 921 | 8 % | **1 550** | 1 420 | 9 % | 3 481 |
| Printing | **402** | 410 | -2 % | **632** | 740 | -15 % | 1 749 |
| Associated companies | **1 701** | 1 309 | 30 % | **2 092** | 1 836 | 14 % | 4 318 |
| Non-allocated | **-129** | -117 | -10 % | **-233** | -281 | 17 % | -297 |
| **Group operating profit/ loss total** | **2 969** | 2 523 | 18 % | **4 040** | 3 716 | 9 % | 9 251 |

| EUR 1,000 | 6/2015 | 6/2014 | Change | 12/2014 |
|---|---|---|---|---|
| **ASSETS BY SEGMENT** | | | | |
| Publishing | **13 233** | 12 800 | 3 % | 8 826 |
| Printing | **9 396** | 9 186 | 2 % | 8 674 |
| Non-allocated | **110 210** | 112 959 | -2 % | 113 036 |
| **Group assets total** | **132 839** | 134 945 | -2 % | 130 536 |

## CONSOLIDATED BALANCE SHEET

| EUR 1,000 | 6/2015 | 6/2014 | Change | 12/2014 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **NON-CURRENT ASSETS** | | | | |
| Intangible rights | **588** | 646 | -9 % | 629 |
| Goodwill | **314** | 314 | | 314 |
| Investment properties | **138** | 164 | -16 % | 147 |
| Property, plant and equipment | **9 772** | 10 829 | -10 % | 10 230 |
| Shares in associated companies | **104 906** | 102 783 | 2 % | 105 310 |
| Available-for-sale financial asset | **2 922** | 10 284 | -72 % | 2 953 |
| Non-current trade and other receivables | **567** | 567 | | 567 |
| Other tangible assets | **214** | 214 | | 214 |
| **Non-current assets** | **119 422** | 125 803 | -5 % | 120 364 |
| **CURRENT ASSETS** | | | | |
| Inventories | **511** | 543 | -6 % | 523 |
| Trade and other receivables | **4 248** | 4 530 | -6 % | 2 876 |
| Income tax assets | **673** | 582 | 16 % | 150 |
| Financial assets at fair value through profit or loss | **1 151** | 1 162 | -1 % | 1 089 |
| Cash and cash equivalents | **6 834** | 2 325 | 194 % | 5 534 |
| **Current assets** | **13 417** | 9 143 | 47 % | 10 172 |
| ASSETS | **132 839** | 134 945 | -2 % | 130 536 |
| **SHAREHOLDERS' EQUITY AND LIABILITIES** | | | | |
| **SHAREHOLDERS' EQUITY** | | | | |
| Share capital | **6 416** | 6 416 | | 6 416 |
| Invested unrestricted equity fund and other reserves | **48 715** | 48 626 | | 48 716 |
| Retained earnings | **10 789** | 3 534 | 205 % | 9 371 |
| **Shareholders' equity** | **65 920** | 58 576 | 13 % | 64 503 |
| **NON-CURRENT LIABILITIES** | | | | |
| Deferred tax liability | **205** | 169 | 21 % | 178 |
| Non-current interest-bearing liabilities | **54 569** | 61 644 | -11 % | 54 549 |
| Non-current interest-free liabilities | **75** | 88 | -15 % | 75 |
| **Non-current liabilities** | **54 848** | 61 902 | -11 % | 54 801 |
| **CURRENT LIABILITIES** | | | | |
| Current interest-bearing liabilities | **17** | 2 378 | -99 % | 2 387 |
| Accounts payable and other payables | **11 579** | 11 772 | -2 % | 8 340 |
| Income tax liability | **474** | 317 | 49 % | 504 |
| **Current liabilities** | **12 070** | 14 467 | -17 % | 11 232 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | **132 839** | 134 945 | -2 % | 130 536 |

## CONSOLIDATED CASH FLOW STATEMENT

| EUR 1,000 | 1-6/2015 | 1-6/2014 | 1-12/2014 |
|---|---|---|---|
| **CASH FLOW FROM OPERATIONS** | | | |
| Profit/ loss for the period under review | **3 766** | 3 277 | 9 070 |
| Adjustments | **-995** | -474 | -2 334 |
| Change in working capital | **1 801** | 1 128 | -486 |
| **Cash flow from operations before finance and taxes** | **4 573** | 3 931 | 6 250 |
| Interest paid | **-414** | -603 | -1 649 |
| Interest received | **35** | 15 | 31 |
| Dividends received | **66** | 55 | 55 |
| Other financial items | **-22** | -22 | -45 |
| Direct taxes paid | **-898** | -714 | -932 |
| **Cash flow from operations** | **3 340** | 2 662 | 3 710 |
| **CASH FLOW FROM INVESTMENTS** | | | |
| Investments in tangible and intangible assets, net | **-373** | -153 | -352 |
| Capital repayment received | **2 699** | 2 249 | 2 249 |
| Other investments | | -14 | -29 |
| Proceeds from sale of other investments | **68** | 594 | 10 056 |
| Granted loans | | -567 | -567 |
| Dividends received from investments | **92** | 484 | 484 |
| **Cash flow from investments** | **2 485** | 2 592 | 11 841 |
| **Cash flow before financing items** | **5 825** | 5 254 | 15 551 |
| **CASH FLOW FROM FINANCING** | | | |
| Change in current loans | **-2 353** | -2 361 | -3 561 |
| Change in non-current loans | | | -5 889 |
| Dividends paid and other profit distribution | **-2 171** | -2 548 | -2 548 |
| **Cash flow from financing** | **-4 524** | -4 909 | -11 998 |
| **Increase(+) or decrease (-) in financial assets** | **1 300** | 345 | 3 553 |
| LIQUID ASSETS AT THE BEGINNING OF THE FINANCIAL PERIOD | **5 534** | 1 980 | 1 980 |
| LIQUID ASSETS AT THE END OF THE FINANCIAL PERIOD | **6 834** | 2 325 | 5 534 |

## GROUP KEY FIGURES

| | 6/2015 | 6/2014 | 12/2014 |
|---|---|---|---|
| Earnings/share (EUR) | **0.15** | 0.13 | 0.35 |
| Shareholders' equity/share (EUR) | **2.57** | 2.28 | 2.51 |
| Average number of personnel | **299** | 312 | 311 |
| Investments (EUR 1,000) *) | **327** | 197 | 464 |
| Interest-bearing debt (EUR 1,000) | **54 586** | 64 022 | 56 936 |
| Equity ratio, % | **51.5** | 45.0 | 50.2 |
| Net gearing, % | **70.7** | 103.3 | 78.0 |
| Average number of shares during the financial period | **25 665 208** | 25 665 208 | 25 665 208 |
| Number of shares at the end on the financial period | **25 665 208** | 25 665 208 | 25 665 208 |

*) Includes investments in tangible and intangible assets and shares in associated companies and in available-for-sale financial assets. Taxes included in the income statement are taxes corresponding to the profit for the period under review.

## STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

| EUR 1,000 | Share capital | Fair value reserve | Invested unrestricted equity fund | Other reserves | Retained earnings | Total |
|---|---|---|---|---|---|---|
| **CHANGE IN SHAREHOLDERS' EQUITY 1-6/2014** | | | | | | |
| **Shareholders' equity 1.1.** | 6 416 | 113 | 48 498 | 24 | 3 040 | 58 091 |
| Comprehensive income for the period | | -8 | | | 3 060 | 3 052 |
| Dividend distribution | | | | | -2 567 | -2 567 |
| SHAREHOLDERS' EQUITY TOTAL 6/2014 | **6 416** | **104** | **48 498** | **24** | **3 534** | **58 576** |

| EUR 1,000 | Share capital | Fair value reserve | Invested unrestricted equity fund | Other reserves | Retained earnings | Total |
|---|---|---|---|---|---|---|
| **CHANGE IN SHAREHOLDERS' EQUITY 1-6/2015** | | | | | | |
| **Shareholders' equity 1.1.** | 6 416 | 194 | 48 498 | 24 | 9 371 | 64 503 |
| Comprehensive income for the period | | -2 | | | 3 985 | 3 984 |
| Dividend distribution | | | | | -2 567 | -2 567 |
| SHAREHOLDERS' EQUITY TOTAL 6/2015 | **6 416** | **193** | **48 498** | **24** | **10 789** | **65 920** |

## GROUP CONTINGENT LIABILITIES

| EUR 1,000 | 6/2015 | 6/2014 | 12/2014 |
|---|---|---|---|
| **COLLATERAL PLEDGED FOR OWN COMMITMENTS** | | | |
| Mortgages on company assets | **1 245** | 1 245 | 1 245 |
| Mortgages on real estate | **8 801** | 8 801 | 8 801 |
| Pledged shares | **58 202** | 49 756 | 50 491 |
| **CONTINGENT LIABILITIES ON BEHALF OF ASSOCIATED COMPANY** | | | |
| Guarantees | **3 961** | 4 010 | 3 961 |

## CHANGES IN PROPERTY, PLANT AND EQUIPMENT

| EUR 1,000 | 1-6/2015 | 1-6/2014 | Change | 1-12/2014 |
|---|---|---|---|---|
| **Carrying amount at the beginning of the financial period** | **10 230** | 11 459 | -11 % | 11 459 |
| Increase | **250** | 160 | 56 % | 294 |
| Decrease | **-1** | -4 | -75 % | -4 |
| Depreciation for the financial period | **-707** | -785 | -10 % | -1 519 |
| **Carrying amount at the end of the financial period** | **9 772** | 10 829 | -10 % | 10 230 |

## RELATED PARTY TRANSACTIONS

Ilkka-Yhtymä Group's related parties include associated companies, members of the Board of Directors, members of the Supervisory Board, the Managing Director and the Group Executive Team.

**The following related party transactions were carried out:**

| EUR 1,000 | 1-6/2015 | 1-6/2014 | 1-12/2014 |
|---|---|---|---|
| **SALES OF GOODS AND SERVICES** | | | |
| To associated companies | **128** | 129 | 256 |
| To other related parties | **427** | 417 | 837 |
| **PURCHASES OF GOODS AND SERVICES** | | | |
| From associated companies | **130** | 228 | 335 |
| From other related parties | **2** | 3 | 4 |
| **NON-CURRENT LOAN RECEIVABLES FROM ASSOCIATED COMPANIES** | **567** | 567 | 567 |
| **TRADE AND OTHER RECEIVABLES** | | | |
| From associated companies | **40** | 23 | 53 |
| From other related parties | **30** | 62 | 16 |
| **ACCOUNTS PAYABLE** | | | |
| To associated companies | **7** | 63 | 8 |

Transactions with related parties are conducted at fair market prices.

| EUR 1,000 | 1-6/2015 | 1-6/2014 | 1-12/2014 |
|---|---|---|---|
| **EMPLOYEE BENEFITS TO MANAGEMENT** | | | |
| Salaries and other short-term employee benefits | **503** | 550 | 1 005 |

The management comprises the Board of Directors, Supervisory Board, Managing Director and Group Executive Team. The figures stated on the basis of the cash method do not differ significantly from those based on the accrual method

## FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

| | | Fair value at end of period | | |
|---|---|---|---|---|
| **EUR 1,000** | **6/2015** | **Level 1** | **Level 2** | **Level 2** |
| **Assets measured at fair value** | | | | |
| Financial assets at fair value through profit or loss | 1 151 | 1 151 | | |
| Available-for-sale financial assets | 1 502 | | 1 502 | |
| **Total** | **2 653** | **1 151** | **1 502** | |
| **Liabilities measured at fair value** | | | | |
| Interest rate swaps | 1 398 | | 1 398 | |
| **Total** | **1 398** | | **1 398** | |

| | | Fair value at end of period | | |
|---|---|---|---|---|
| **EUR 1,000** | **6/2014** | **Level 1** | **Level 2** | **Level 2** |
| **Assets measured at fair value** | | | | |
| Financial assets at fair value through profit or loss | 1 162 | 1 162 | | |
| Available-for-sale financial assets | 8 864 | | 8 864 | |
| **Total** | **10 026** | **1 162** | **8 864** | |
| **Liabilities measured at fair value** | | | | |
| Interest rate swaps | 1 718 | | 1 718 | |
| **Total** | **1 718** | | **1 718** | |

Available-for-sale assets also include EUR 1,420 thousand for unlisted shares (EUR 1,420 thousand in 6/2014), which are measured at cost since no reliable fair value was available for them.

At Level 1 of the hierarchy, fair value is based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

At Level 2, the instruments' fair value is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

At Level 3, the instruments' fair value is based on inputs for the asset or liability that are not based on observable market data.

### GENERAL STATEMENT

This report contains certain statements that are estimates based on the management's best knowledge at the time they were made. For this reason, they involve a certain amount of inherent risk and uncertainty. The estimates may change in the event of significant changes in general economic and business conditions.

ILKKA-YHTYMÄ OYJ

Board of Directors

Matti Korkiatupa
Managing Director

ILKKA-YHTYMÄ

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