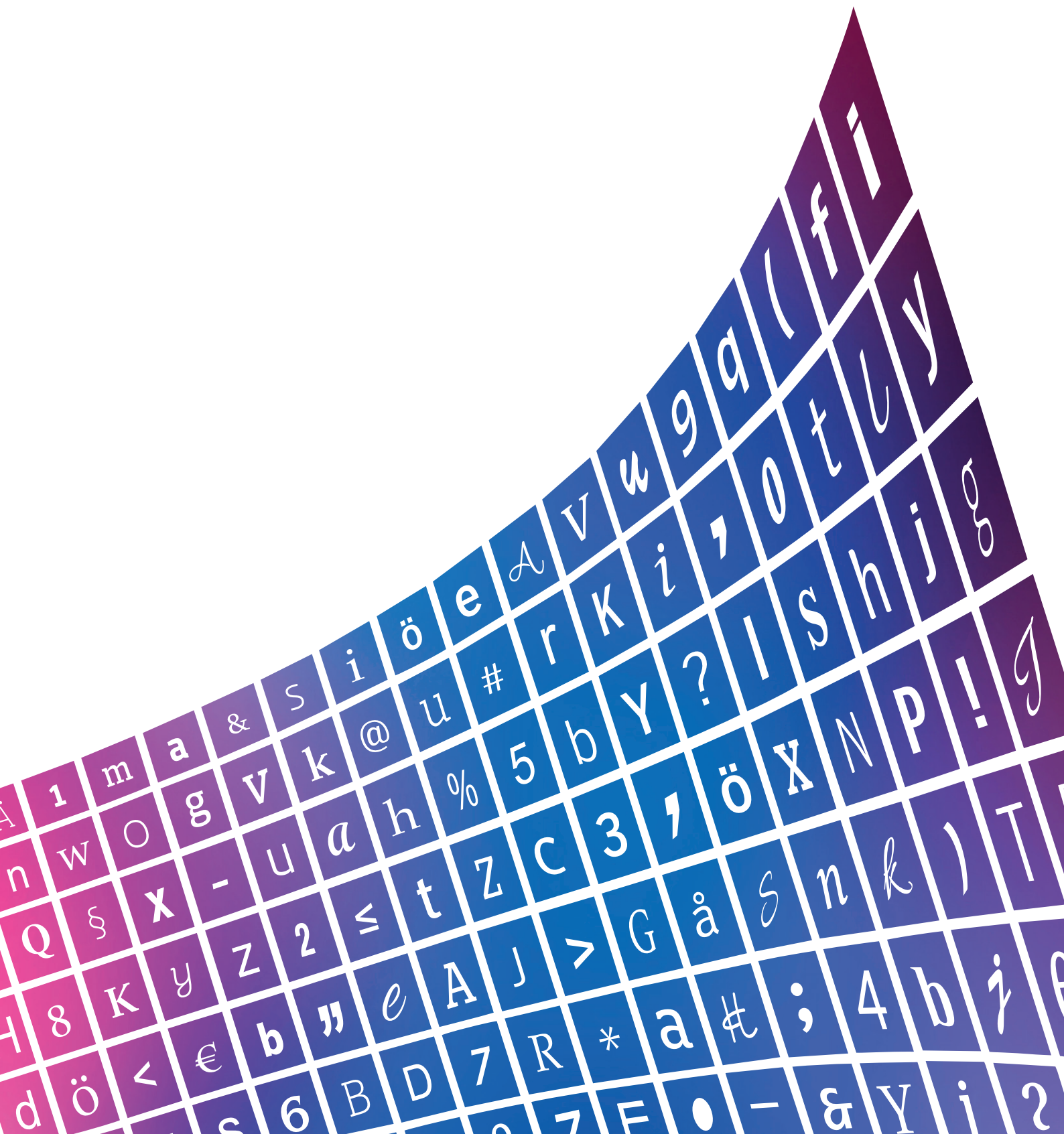




ILKKA-YHTYMÄ

Interim Report

1 Jan.-30 Sep. 2015



# Ilkka-Yhtymä Oyj's Interim Report

## 1 January–30 September 2015

### JANUARY-SEPTEMBER 2015

- Net sales: EUR 30,460 thousand (EUR 30,838 thousand)
- Operating profit: EUR 7,699 thousand (EUR 6,337 thousand)
- Operating profit excluding Alma Media Corporation and the other associated companies amounted to EUR 4,630 thousand (EUR 3,165 thousand)
- Operating profit totalled 25.3% of net sales, or 15.2% (10.3%) excluding Alma Media and other associated companies
- The operating profit for the period includes a non-recurring capital gain of EUR 1,421 thousand. The comparable operating profit, excluding associated companies and the non-recurring capital gain, was EUR 3,209 thousand (EUR 3,165 thousand) and operating margin 10.5% (10.3%).
- Pre-tax profits: EUR 6,923 thousand (EUR 7,556 thousand)
- Earnings per share: EUR 0.24 (EUR 0.26)
- Equity ratio 52.6% (46.6%)

### JULY-SEPTEMBER 2015

- Net sales: EUR 9,748 thousand (EUR 9,918 thousand)
- Operating profit: EUR 3,658 thousand (EUR 2,622 thousand)
- Operating profit excluding Alma Media Corporation and the other associated companies amounted to EUR 2,682 thousand (EUR 1,285 thousand)
- Operating profit totalled 37.5% of net sales, or 27.5% (13.0%) excluding Alma Media and other associated companies
- The operating profit for the period includes a non-recurring capital gain of EUR 1,421 thousand. The comparable operating profit, excluding associated companies and the non-recurring capital gain, was EUR 1,261 thousand (EUR 1,285 thousand) and operating margin 12.9% (13.0%).
- Pre-tax profits: EUR 2,782 thousand (EUR 4,038 thousand)
- Earnings per share: EUR 0.10 (EUR 0.14)

### NET SALES AND PROFIT PERFORMANCE

The Group's consolidated net sales for January-September showed a 1.2% decline. Net sales came to EUR 30,460 thousand (EUR 30,838 thousand). External net sales from the publishing business fell by 2.8%. Advertising revenues fell by 5.1% and circulation revenues by 1.9%. External net sales from the printing business increased by 9.5%. Circulation income accounted for 46% of consolidated net sales, while advertising income and printing income represented 39% and 14%, respectively.

For Q3, net sales decreased by 1.7% and totalled EUR 9,748 thousand (EUR 9,918 thousand). External net sales from the publishing business fell by 4.2%. Advertising revenues fell by 9.9% and circulation revenues fell by 1.4%. External net sales from the printing business increased by 16%. Circulation income accounted for 49% of consolidated net sales, while advertising income and printing income represented 35% and 14%, respectively.

Other operating income in January-September totalled EUR 1,722 thousand (EUR 300 thousand) and in July-September EUR 1,493 thousand (EUR 83 thousand). The other operating income for the third quarter includes a non-recurring capital gain of EUR 1,421 thousand. Ilkka-Yhtymä Oyj announced on 6 July 2015 that it would sell the shares of one of its property companies, Seinäjoen Kassatalo Oy. The deal was closed on 30 September 2015.

Operating expenses for January-September amounted to EUR 27,555 thousand (EUR 27,976 thousand), down by 1.5% year on year. For July-September, operating expenses amounted to EUR 8,567 thousand (EUR 8,719 thousand), down 1.7%. For January-September, expenses arising from materials and services increased by 0.3%. Personnel expenses decreased by 2.5%. Other operating costs increased by 1.4%. Depreciation contracted by 13.1%.

The share of the associated companies' result for January-September was EUR 3,068 thousand (EUR 3,173 thousand). Consolidated operating profit amounted to EUR 7,699 thousand (EUR 6,337 thousand), up by 21.5% year-on-year. The Group's operating margin was 25.3% (20.6%). Operating profit excluding Alma Media Corporation and the other associated companies amounted to EUR 4,630 thousand (EUR 3,165 thousand), representing 15.2% (10.3%) of net sales. The operating profit for the period includes a non-recurring capital gain of EUR 1,421 thousand. The comparable operating profit, excluding associated companies and the non-recurring capital gain, was EUR 3,209 thousand (EUR 3,165 thousand) and operating margin 10.5% (10.3%). Operating profit from publishing grew by EUR 28 thousand, and operating profit from printing fell by EUR 117 thousand.

For July-September, the share of the associated companies' result was EUR 976 thousand (EUR 1,337 thousand). Consolidated operating profit amounted to EUR 3,658 thousand (EUR 2,622 thousand), up by 39.5% year-on-year. The Group's operating margin was 37.5% (26.4%) in July-September. Operating profit excluding Alma Media Corporation and the other associated companies amounted to EUR 2,682 thousand (EUR 1,285 thousand), representing 27.5% (13.0%) of net sales. The operating profit for the period includes a non-recurring capital gain of EUR 1,421 thousand. The comparable operating profit, excluding associated companies and the non-recurring capital gain, was EUR 1,261 thousand (EUR 1,285 thousand) and operating margin 12.9% (13.0%). For the third quarter, operating profit from publishing fell by EUR 102 thousand, and operating profit from printing fell by EUR 9 thousand.

Net financial expenses for January-September amounted to EUR 775 thousand (net financial income in the corresponding period of the previous year EUR 1,219 thousand). Interest expenses excluding the fair value change in derivatives hedging them totalled EUR 1,004 thousand (EUR 1,296 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-September 2015, the change in the market value of these interest rate swaps amounted to EUR 13 thousand (EUR -133 thousand). Net gain/loss on shares held for trading was EUR -44 thousand (EUR -128 thousand). Financial income for January-September 2014 includes a capital gain of EUR 2 million from the sale of Anvia Oyj's shares.

Net financial expenses for July-September amounted to EUR 876 thousand (net financial income in the corresponding period of the previous year EUR 1,416 thousand). For the third quarter, interest expenses excluding the fair value change in derivatives hedging them totalled EUR 341 thousand (EUR 417 thousand). In July-

September 2015, the change in the market value of interest rate swaps was EUR -393 thousand (EUR -117 thousand). Net gain/loss on shares held for trading was EUR -156 thousand (EUR -71 thousand). Financial income for July-September 2014 includes a capital gain of EUR 2 million from the sale of Anvia Oyj's shares.

Pre-tax profits for January-September totalled EUR 6,923 thousand (EUR 7,556 thousand). Direct taxes amounted to EUR 647 thousand (EUR 766 thousand), and the Group's net profit for the period totalled EUR 6,276 thousand (EUR 6,790 thousand). The Group's net profit for the third quarter totalled EUR 2,510 thousand (EUR 3,512 thousand).

## BALANCE SHEET AND FINANCING

The consolidated balance sheet total came to EUR 134,113 thousand (EUR 138,143 thousand), with EUR 68,348 thousand (EUR 62,265 thousand) of equity. On the reporting date of 30 September 2015, the balance sheet value of the holding in the associated company Alma Media Corporation was EUR 104,949 thousand and the market value of the shares was EUR 58,022 thousand. According to the management's estimate, write-down in this holding is unnecessary.

Interest-bearing liabilities totalled EUR 54,588 thousand (EUR 64,023 thousand). The equity ratio was 52.6% (46.6%), and shareholders' equity per share was EUR 2.66 (EUR 2.43). The increase in financial assets for the period totalled EUR 2,964 thousand (EUR 10,486 thousand), with liquid assets at the end of the period totalling EUR 8,497 thousand (EUR 12,466 thousand).

Cash flow from operations for the period came to EUR 3,761 thousand (EUR 3,456 thousand). Cash flow from investments totalled EUR 4,102 thousand (EUR 11,938 thousand), including capital repayment from Alma Media Corporation in the amount of EUR 2,699 thousand (EUR 2,249 thousand in the comparison period). Cash flow from investments for the period includes EUR 1,651 thousand of proceeds from the sale of property company Seinäjoen Kassatalo Oy's shares. Cash flow from investments for January-September 2014 includes EUR 9,462 thousand of proceeds from the sale of Anvia Oyj's shares.

## ILKKA-YHTYMÄ OYJ AND POSTI OY SIGNED AN AGREEMENT FOR NEWSPAPER DELIVERIES IN SOUTH OSTROBOTHNIA AND VAASA

Ilkka-Yhtymä Oyj and Posti Oy announced on 12 May 2015 that they had agreed to continue their collaboration on newspaper deliveries for several years, and that they would specify the contract over the course of the year. The final agreement, signed on 20 August 2015, 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 303 (317) 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 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. Previously Orpana was 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

## ALMA MEDIA OYJ, AN ASSOCIATED COMPANY OF ILKKA-YHTYMÄ OYJ, ANNOUNCED AN EXCHANGE OFFER TO TALENTUM'S SHAREHOLDERS, RECOMMENDED BY TALENTUM'S BOARD OF DIRECTORS

Alma Media Corporation and Talentum Corporation agreed on the combination of their businesses under a combination agreement entered into on 28 September 2015.

Pursuant to the agreement, the combination will be implemented by Alma Media offering to acquire all of Talentum's issued and outstanding shares and securities entitling to shares which are not owned by Talentum or its subsidiaries. Prior to the exchange offer, Alma Media holds, directly or indirectly, 32.14% of Talentum's shares.

In the exchange offer, Alma Media offers 0.25 new Alma Media shares as share consideration and EUR 0.70 as cash consideration for each Talentum share. The offer also concerns options entitling

to shares. The structure of the offer gives Talentum's shareholders the possibility to receive cash consideration for their shares while continuing as shareholders in the company combining the businesses of Alma Media and Talentum.

## 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-September, 71,200 series-I shares of Ilkka-Yhtymä Oyj were traded, accounting for 1.7% of the total number of series-I shares. The total value of the shares exchanged was EUR 204 thousand. In total, 1,899,733 series-II shares were traded, corresponding to 8.9% of the total number of series II shares. The total value of the shares traded was EUR 4,280 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 54,130 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% of the company's total shares and 36.05% 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.

## 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 beginning of the year, media advertising declined 3.5% in Finland (Source: TNS Ad Intelligence). 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 non-recurring items and 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	7-9/2015	7-9/2014	Change	1-9/2015	1-9/2014	Change	1-12/2014
<b>NET SALES</b>	<b>9 748</b>	9 918	-2 %	<b>30 460</b>	30 838	-1 %	41 802
Change in inventories of finished and unfinished products	7	3	162 %	3	2	-75 %	-3
Other operating income	1 493	83	1694 %	1 722	300	473 %	454
Materials and services	-3 269	-3 296	-1 %	-10 027	-9 996	0 %	-13 379
Employee benefits	-3 704	-3 758	-1 %	-12 402	-12 722	-3 %	-16 782
Depreciation	-409	-461	-11 %	-1 243	-1 430	-13 %	-1 856
Other operating costs	-1 184	-1 204	-2 %	-3 884	-3 829	1 %	-5 302
Share of associated companies' profit	976	1 337	-27 %	3 068	3 173	-3 %	4 318
<b>OPERATING PROFIT/ LOSS</b>	<b>3 658</b>	2 622	40 %	<b>7 699</b>	6 337	21 %	9 251
Financial income and expenses	-876	1 416	-162 %	-775	1 219	-164 %	883
<b>PROFIT/ LOSS BEFORE TAX</b>	<b>2 782</b>	4 038	-31 %	<b>6 923</b>	7 556	-8 %	10 133
Income tax	-272	-526	-48 %	-647	-766	-16 %	-1 063
<b>PROFIT/ LOSS FOR THE PERIOD UNDER REVIEW</b>	<b>2 510</b>	3 512	-29 %	<b>6 276</b>	6 790	-8 %	9 070
Earnings per share, undiluted (EUR) *)	0.10	0.14	-29 %	0.24	0.26	-8 %	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	7-9/2015	7-9/2014	Change	1-9/2015	1-9/2014	Change	1-12/2014
<b>PROFIT/ LOSS FOR THE PERIOD UNDER REVIEW</b>	<b>2 510</b>	3 512	-29 %	<b>6 276</b>	6 790	-8 %	9 070
<b>Other comprehensive income:</b>							
Items that may be reclassified subsequently to profit or loss:							
Available-for-sale assets							
Measured at fair value	-1	-14	96 %	3	-26	112 %	-24
Transferred to the income statement		124	-100 %	-8	126	-107 %	126
Share of associated companies' other comprehensive income	-57	87	-165 %	162	-130	225 %	-173
Income tax related to components of other comprehensive income	0	-22	101 %	3	-20	116 %	-20
Other comprehensive income, net of tax	-57	176	-133 %	160	-50	423 %	-91
<b>Total comprehensive income for the period</b>	<b>2 452</b>	3 688	-34 %	<b>6 436</b>	6 740	-5 %	8 979

## SEGMENT INFORMATION

EUR 1,000	7-9/2015	7-9/2014	Change	1-9/2015	1-9/2014	Change	1-12/2014
<b>NET SALES BY SEGMENT</b>							
Publishing							
External	8 345	8 708	-4 %	26 092	26 848	-3 %	36 330
Inter-segments	18	17	8 %	72	63	14 %	83
<b>Publishing total</b>	<b>8 363</b>	<b>8 725</b>	<b>-4 %</b>	<b>26 164</b>	<b>26 912</b>	<b>-3 %</b>	<b>36 413</b>
Printing							
External	1 403	1 210	16 %	4 368	3 990	9 %	5 472
Inter-segments	1 538	1 675	-8 %	4 688	5 064	-7 %	6 861
<b>Printing total</b>	<b>2 941</b>	<b>2 885</b>	<b>2 %</b>	<b>9 056</b>	<b>9 053</b>	<b>0 %</b>	<b>12 333</b>
Non-allocated							
Inter-segments	545	560	-3 %	1 645	1 680	-2 %	2 231
<b>Non-allocated total</b>	<b>545</b>	<b>560</b>	<b>-3 %</b>	<b>1 645</b>	<b>1 680</b>	<b>-2 %</b>	<b>2 231</b>
Elimination	-2 101	-2 252	-7 %	-6 405	-6 807	-6 %	-9 175
<b>Group net sales total</b>	<b>9 748</b>	<b>9 918</b>	<b>-2 %</b>	<b>30 460</b>	<b>30 838</b>	<b>-1 %</b>	<b>41 802</b>
<b>EUR 1,000</b>	<b>7-9/2015</b>	<b>7-9/2014</b>	<b>Change</b>	<b>1-9/2015</b>	<b>1-9/2014</b>	<b>Change</b>	<b>1-12/2014</b>
<b>OPERATING PROFIT/ LOSS BY SEGMENT</b>							
Publishing	728	830	-12 %	2 278	2 250	1 %	3 481
Printing	443	452	-2 %	1 075	1 192	-10 %	1 749
Associated companies	976	1 337	-27 %	3 068	3 173	-3 %	4 318
Non-allocated *)	1 510	3	50032 %	1 277	-278	560 %	-297
<b>Group operating profit/ loss total</b>	<b>3 658</b>	<b>2 622</b>	<b>40 %</b>	<b>7 699</b>	<b>6 337</b>	<b>21 %</b>	<b>9 251</b>

\*) Q3/2015: Non-allocated includes non-recurring capital gain of EUR 1,421 thousand.

EUR 1,000	9/2015	9/2014	Change	12/2014
<b>ASSETS BY SEGMENT</b>				
Publishing	12 134	15 157	-20 %	8 826
Printing	9 757	9 783	0 %	8 674
Non-allocated	112 222	113 202	-1 %	113 036
<b>Group assets total</b>	<b>134 113</b>	<b>138 143</b>	<b>-3 %</b>	<b>130 536</b>

## CONSOLIDATED BALANCE SHEET

EUR 1,000	9/2015	9/2014	Change	12/2014
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Intangible rights	674	606	11 %	629
Goodwill	314	314	0 %	314
Investment properties	63	156	-60 %	147
Property, plant and equipment	9 052	10 521	-14 %	10 230
Shares in associated companies	105 826	104 207	2 %	105 310
Available-for-sale financial asset	2 921	2 952	-1 %	2 953
Non-current trade and other receivables	567	567	0 %	567
Other tangible assets	214	214	0 %	214
<b>Non-current assets</b>	<b>119 632</b>	<b>119 537</b>	<b>0 %</b>	<b>120 364</b>
<b>CURRENT ASSETS</b>				
Inventories	590	547	8 %	523
Trade and other receivables	3 693	4 059	-9 %	2 876
Income tax assets	706	442	60 %	150
Financial assets at fair value through profit or loss	996	1 092	-9 %	1 089
Cash and cash equivalents	8 497	12 466	-32 %	5 534
<b>Current assets</b>	<b>14 482</b>	<b>18 605</b>	<b>-22 %</b>	<b>10 172</b>
<b>ASSETS</b>	<b>134 113</b>	<b>138 143</b>	<b>-3 %</b>	<b>130 536</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
<b>SHAREHOLDERS' EQUITY</b>				
Share capital	6 416	6 416	0 %	6 416
Invested unrestricted equity fund and other reserves	48 690	48 715	0 %	48 716
Retained earnings	13 242	7 133	86 %	9 371
<b>Shareholders' equity</b>	<b>68 348</b>	<b>62 265</b>	<b>10 %</b>	<b>64 503</b>
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liability	208	145	43 %	178
Non-current interest-bearing liabilities	54 579	61 654	-11 %	54 549
Non-current interest-free liabilities	75	88	-15 %	75
<b>Non-current liabilities</b>	<b>54 861</b>	<b>61 887</b>	<b>-11 %</b>	<b>54 801</b>
<b>CURRENT LIABILITIES</b>				
Current interest-bearing liabilities	9	2 369	-100 %	2 387
Accounts payable and other payables	10 222	11 032	-7 %	8 340
Income tax liability	672	590	14 %	504
<b>Current liabilities</b>	<b>10 904</b>	<b>13 991</b>	<b>-22 %</b>	<b>11 232</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>134 113</b>	<b>138 143</b>	<b>-3 %</b>	<b>130 536</b>

## CONSOLIDATED CASH FLOW STATEMENT

EUR 1,000	1-9/2015	1-9/2014	1-12/2014
<b>CASH FLOW FROM OPERATIONS</b>			
Profit/ loss for the period under review	6 276	6 790	9 070
Adjustments	-1 839	-2 244	-2 334
Change in working capital	853	548	-486
<b>Cash flow from operations before finance and taxes</b>	<b>5 289</b>	<b>5 094</b>	<b>6 250</b>
Interest paid	-601	-807	-1 649
Interest received	40	22	31
Dividends received	66	55	55
Other financial items	-33	-33	-45
Direct taxes paid	-1 000	-874	-932
<b>Cash flow from operations</b>	<b>3 761</b>	<b>3 456</b>	<b>3 710</b>
<b>CASH FLOW FROM INVESTMENTS</b>			
Investments in tangible and intangible assets, net	-406	-254	-352
Disposal of subsidiaries	1 651		
Capital repayment received	2 699	2 249	2 249
Other investments		-29	-29
Proceeds from sale of other investments	67	10 056	10 056
Granted loans		-567	-567
Dividends received from investments	92	484	484
<b>Cash flow from investments</b>	<b>4 102</b>	<b>11 938</b>	<b>11 841</b>
<b>Cash flow before financing items</b>	<b>7 864</b>	<b>15 395</b>	<b>15 551</b>
<b>CASH FLOW FROM FINANCING</b>			
Change in current loans	-2 353	-2 361	-3 561
Change in non-current loans			-5 889
Dividends paid and other profit distribution	-2 547	-2 548	-2 548
<b>Cash flow from financing</b>	<b>-4 900</b>	<b>-4 909</b>	<b>-11 998</b>
<b>Increase(+) or decrease (-) in financial assets</b>	<b>2 964</b>	<b>10 486</b>	<b>3 553</b>
LIQUID ASSETS AT THE BEGINNING OF THE FINANCIAL PERIOD	5 534	1 980	1 980
LIQUID ASSETS AT THE END OF THE FINANCIAL PERIOD	8 497	12 466	5 534

## GROUP KEY FIGURES

	9/2015	9/2014	12/2014
Earnings/share (EUR)	0.24	0.26	0.35
Shareholders' equity/share (EUR)	2.66	2.43	2.51
Average number of personnel	303	317	311
Investments (EUR 1,000 *)	383	315	464
Interest-bearing debt (EUR 1,000)	54 588	64 023	56 936
Equity ratio, %	52.6	46.6	50.2
Net gearing, %	66.0	81.1	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
<b>CHANGE IN SHAREHOLDERS' EQUITY</b>						
<b>1-9/2014</b>						
<b>Shareholders' equity 1.1.</b>	6 416	113	48 498	24	3 040	58 091
Comprehensive income for the period		80			6 660	6 740
Dividend distribution					-2 567	-2 567
<b>SHAREHOLDERS' EQUITY TOTAL 9/2014</b>	<b>6 416</b>	<b>193</b>	<b>48 498</b>	<b>24</b>	<b>7 133</b>	<b>62 265</b>

EUR 1,000	Share capital	Fair value reserve	Invested unrestricted equity fund	Other reserves	Retained earnings	Total
<b>CHANGE IN SHAREHOLDERS' EQUITY</b>						
<b>1-9/2015</b>						
<b>Shareholders' equity 1.1.</b>	6 416	194	48 498	24	9 371	64 503
Comprehensive income for the period		-2			6 438	6 436
Dividend distribution					-2 567	-2 567
Changes in ownership interests in subsidiaries				-24		-24
<b>SHAREHOLDERS' EQUITY TOTAL 9/2015</b>	<b>6 416</b>	<b>192</b>	<b>48 498</b>		<b>13 242</b>	<b>68 348</b>

## GROUP CONTINGENT LIABILITIES

EUR 1,000	9/2015	9/2014	12/2014
<b>COLLATERAL PLEDGED FOR OWN COMMITMENTS</b>			
Mortgages on company assets	1 245	1 245	1 245
Mortgages on real estate	8 801	8 801	8 801
Pledged shares	47 369	56 733	50 491
<b>CONTINGENT LIABILITIES ON BEHALF OF ASSOCIATED COMPANY</b>			
Guarantees	3 961	4 010	3 961

## CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR 1,000	1-9/2015	1-9/2014	Change	1-12/2014
<b>Carrying amount at the beginning of the financial period</b>	<b>10 230</b>	11 459	-11 %	11 459
Increase	285	224	27 %	294
Decrease	-261	-4	6 368 %	-4
Depreciation for the financial period	-1 055	-1 157	-9 %	-1 519
Transfers between items	-147			
<b>Carrying amount at the end of the financial period</b>	<b>9 052</b>	10 521	-14 %	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	1-9/2015	1-9/2014	1-12/2014
<b>SALES OF GOODS AND SERVICES</b>			
To associated companies	187	194	256
To other related parties	625	625	837
<b>PURCHASES OF GOODS AND SERVICES</b>			
From associated companies	194	328	335
From other related parties	2	4	4
<b>NON-CURRENT LOAN RECEIVABLES FROM ASSOCIATED COMPANIES</b>			
	567	567	567
<b>TRADE AND OTHER RECEIVABLES</b>			
From associated companies	35	31	53
From other related parties	69	31	16
<b>ACCOUNTS PAYABLE</b>			
To associated companies	21	57	8

Transactions with related parties are conducted at fair market prices.

EUR 1,000	1-9/2015	1-9/2014	1-12/2014
<b>EMPLOYEE BENEFITS TO MANAGEMENT</b>			
Salaries and other short-term employee benefits	751	782	1 005

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.

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

EUR 1,000	9/2015	Fair value at end of period		
		Level 1	Level 2	Level 3
<b>Assets measured at fair value</b>				
Financial assets at fair value through profit or loss	996	996		
Available-for-sale financial assets	1 501		1 501	
<b>Total</b>	<b>2 497</b>	<b>996</b>	<b>1 501</b>	
<b>Liabilities measured at fair value</b>				
Interest rate swaps	1 791		1 791	
<b>Total</b>	<b>1 791</b>		<b>1 791</b>	

EUR 1,000	9/2014	Fair value at end of period		
		Level 1	Level 2	Level 3
<b>Assets measured at fair value</b>				
Financial assets at fair value through profit or loss	1 092	1 092		
Available-for-sale financial assets	1 532		1 532	
<b>Total</b>	<b>2 623</b>	<b>1 092</b>	<b>1 532</b>	
<b>Liabilities measured at fair value</b>				
Interest rate swaps	1 834		1 834	
<b>Total</b>	<b>1 834</b>		<b>1 834</b>	

Available-for-sale assets also include EUR 1,420 thousand for unlisted shares (EUR 1,420 thousand in 9/2014), 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



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