

**PANOSTAJA GROUP FINANCIAL STATEMENT BULLETIN****November 1, 2013–October 31, 2014 (12 months)**

- Net sales increased by 13% and stood at MEUR 154.8 (MEUR 137.0).
- EBIT improved and was MEUR 10.2 (MEUR 1.6).
- The result for the financial period was MEUR 8.2 (MEUR -5.5).
- Operating cash flow improved and was MEUR 11.4 (MEUR 7.8).

**Proposal for the distribution of profits:**

The Board of Directors proposes to the Annual General Meeting that EUR 0.04 per share in capital repayment be paid for the financial period that has ended.

At its meeting on December 11, 2014, Panostaja Oyj's Board of Directors specified the policy on the distribution of profits – the newly specified policy is as follows: Distribution of profits reflects the development of the Group's result in the long term, and the primary aim is to ensure the continuity of the Group's investment activity, after which it will be possible to distribute at least half of the annual consolidated profit targeted at the parent company shareholders, either as dividends, capital repayments or the repurchase of shares.

**Outlook for the 2015 financial period:**

The Group's net sales and EBIT in the 2015 financial period are expected to be at the same level as in the 2014 financial period (net sales MEUR 154.8 and EBIT MEUR 10.2).

**CEO Juha Sarsama: Good development in a difficult market situation**

Our overall growth development and profit development in the financial period were good. Our net sales increased by 13%, and our EBIT improved by MEUR 8.6.

We actively developed our ownerships: We expanded into the consumer business and founded within the Group a new segments specializing in building technology renovation for houses. KotiSun has a well-developed service model, and the company has grown fast into the leading company in its field in Finland. We sold value-added logistics expert Vindea, for which we recorded a sales profit of MEUR 5.5. Panostaja owned Vindea from 2003, and under Panostaja's ownership Vindea achieved a strong market position, increased its know-how and number of customers, obtained new resources, and expanded with new openings. The reorganization proceedings of Takoma Oyj and Takoma Gears Oy ended, and the reorganization program was confirmed, which gives an opportunity to develop the operations of Takoma Gears Oy. Takoma proceeded more quickly than planned. Net sales from Takoma's continuing operations grew, and the EBIT from continuing operations decreased.

The Finnish economic situation continues to be uncertain. The effects of the Ukraine crisis and the economic sanctions imposed on Russia have increased uncertainty in the economic development of Europe. The general economic situation and atmosphere has remained challenging, which is especially reflected in the construction- and export industry-related segments.

On the corporate acquisitions market, activity has increased and this will offer Panostaja opportunities both for new acquisitions and later, as economic forecastability improves, for divestments. The position of Panostaja's business segments in their fields of operation has improved and is expected to continue to do so.

#### **August 1, 2014–October 31, 2014 (Q4)**

- Net sales increased by 14% and stood at MEUR 44.1 (MEUR 38.7). The impact of corporate acquisitions on the MEUR 5.4 increase of net sales stood at MEUR 5.6. Net sales increased in three of the eight segments.
- EBIT improved and was MEUR 4.4 (MEUR 1.8). Growth of MEUR 2.6 in EBIT is attributable to the acquisition of the Building Technology Renovation segment and good profit development in the Digital Printing Services, Takoma and Heat Treatment segments. Five of the eight segments achieved better EBIT than in the reference period.
- Profit before taxes was MEUR 3.5 (MEUR 1.0)
- The result for the review period was MEUR 2.4 (MEUR -1.0).
- Earnings per share (undiluted) were 1.6 cents (-1.0 cents).
- Operating cash flow improved and was MEUR 6.2 (MEUR 3.1).
- The reorganization proceedings of Takoma Oyj and Takoma Gears Oy ended and the reorganization program was confirmed.

#### **November 1, 2013–October 31, 2014 (12 months)**

- Net sales for the review period increased by 13% and were MEUR 154.8 (MEUR 137.0). The MEUR 17.8 growth in net sales was a result of organic growth and the impact of corporate acquisitions carried out in the previous and current financial period, the impact of which totaled MEUR 12.9. Net sales increased in five of the eight segments.
- EBIT improved and was MEUR 10.2 (MEUR 1.6). Growth was MEUR 8.6. EBIT particularly benefited from an improvement in profit in the Takoma, Fittings and Heat Treatment segments. The reference period includes Takoma segment's goodwill write-down amounting to MEUR 2.3. Five segments exceeded the level of EBIT in the reference period.
- Profit before taxes was MEUR 6.8 (MEUR -1.3)
- The result for the financial period was MEUR 8.2 (MEUR -5.5).
- Earnings per share (undiluted) were 9.4 cents (-9.5 cents).
- Operating cash flow improved and was MEUR 11.4 (MEUR 7.8).

| Key figures Panostaja Group         | 12 months       | 12                        | Q4             | Q4             |
|-------------------------------------|-----------------|---------------------------|----------------|----------------|
|                                     | 11/13-<br>10/14 | months<br>11/12-<br>10/13 | 8/14-<br>10/14 | 8/13-<br>10/13 |
| Net sales, MEUR                     | 154.8           | 137.0                     | 44.1           | 38.7           |
| EBIT, MEUR                          | 10.2            | 1.6                       | 4.4            | 1.8            |
| Profit before taxes, MEUR           | 6.8             | -1.3                      | 3.5            | 1.0            |
| Earnings per share, undiluted (EUR) | 0.09            | -0.10                     | 0.02           | -0.01          |
| Equity per share (EUR)              | 0.62            | 0.59                      | 0.62           | 0.59           |
| Operating cash flow (MEUR)          | 11.4            | 7.8                       | 6.2            | 3.1            |

The income statement for operations discontinued during the reference period has been separated from the income statement for continuing operations and the result for them is presented in accordance with the IFRS standards on row 'Earnings from discontinued operations'. Prior to separating discontinued and sold operations from continuing operations in the income statement, the consolidated net sales for the reference period were MEUR 179.6 and the EBIT was MEUR -0.4.

### Key figures by segment

#### Net sales, MEUR

|                                | 12                        | 12 months       | Q4             | Q4             |
|--------------------------------|---------------------------|-----------------|----------------|----------------|
|                                | months<br>11/13-<br>10/14 | 11/12-<br>10/13 | 8/14-<br>10/14 | 8/13-<br>10/13 |
| Digital Printing Services      | 57.8                      | 50.8            | 15.8           | 14.2           |
| Safety                         | 33.7                      | 31.8            | 9.3            | 9.5            |
| Takoma                         | 15.3                      | 14.1            | 4.6            | 4.0            |
| Ceiling Materials              | 11.0                      | 12.8            | 2.6            | 3.2            |
| Fittings                       | 10.9                      | 11.9            | 2.6            | 3.0            |
| Spare parts for Motor Vehicles | 10.8                      | 10.3            | 2.9            | 2.7            |
| Building Technology Renovation | 8.8                       |                 | 4.9            |                |
| Heat Treatment                 | 6.8                       | 5.7             | 1.6            | 2.1            |
| Others                         | 0.0                       | 0.0             | 0.0            | 0.0            |
| Eliminations                   | -0.3                      | -0.4            | -0.1           | 0.0            |
| Group in total                 | 154.8                     | 137.0           | 44.1           | 38.7           |

**EBIT, MEUR**

|                                   | 12 months       | 12 months       | Q4             | Q4             |
|-----------------------------------|-----------------|-----------------|----------------|----------------|
|                                   | 11/13-<br>10/14 | 11/12-<br>10/13 | 8/14-<br>10/14 | 8/13-<br>10/13 |
| Digital Printing Services         | 7.1             | 6.4             | 2.6            | 1.9            |
| Safety                            | 2.1             | 1.6             | 1.0            | 1.0            |
| Takoma                            | -0.4            | -4.1            | 0.2            | -0.3           |
| Ceiling Materials                 | 0.5             | 0.9             | 0.0            | 0.2            |
| Fittings                          | 0.8             | -0.2            | 0.3            | 0.0            |
| Spare parts for Motor<br>Vehicles | 0.7             | 0.8             | 0.2            | 0.2            |
| Building Technology<br>Renovation | 1.1             |                 | 0.6            |                |
| Heat Treatment                    | 0.2             | -1.5            | -0.1           | -0.7           |
| Others                            | -2.1            | -2.3            | -0.4           | -0.5           |
| Group in total                    | 10.2            | 1.6             | 4.4            | 1.8            |

**PRESS CONFERENCE**

Panostaja will hold a press conference for analysts, investors and the press on December 12, 2014 from 11:30 am to 12:30 pm at Hotel Scandic Simonkenttä, Balsa-Freda 1-2, Simonkatu 9, Helsinki.

The financial statement bulletin, presentations and other investor information are available at :  
[www.panostaja.fi](http://www.panostaja.fi).

Panostaja Oyj

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**PANOSTAJA GROUP REPORT FINANCIAL STATEMENT BULLETIN November 1, 2013–October 31, 2014**

**THE ECONOMIC DEVELOPMENT OF THE PANOSTAJA GROUP**

|  | 12<br>mont<br>hs | 12<br>month<br>s | Change, % | 3<br>mont<br>hs | 3<br>month<br>s | Change, % |
|--|------------------|------------------|-----------|-----------------|-----------------|-----------|
| <b>Key figures<br/>Panostaja Group</b> | 11/13-<br>10/14  | 11/12-<br>10/13  |           | 8/14-<br>10/14  | 8/13-<br>10/13  |           |
| Net sales, MEUR                        | 154.8            | 137.0            | 13.0%     | 44.1            | 38.7            | 14.1%     |
| EBIT, MEUR                             | 10.2             | 1.6              | 541.3%    | 4.4             | 1.8             | 144.1%    |
| Profit before taxes, MEUR              | 6.8              | -1.3             | 638.6%    | 3.5             | 1.0             | 256.0%    |
| Earnings per share, undiluted (EUR)    | 0.09             | -0.10            |           | 0.02            | -0.01           |           |
| Equity per share (EUR)                 | 0.62             | 0.59             | 5.1%      | 0.62            | 0.59            | 5.1%      |
| Operating cash flow (MEUR)             | 11.4             | 7.8              | 46.4%     | 6.2             | 3.1             | 103.2%    |

**AUGUST 2014–OCTOBER 2014**

In the fourth quarter, net sales increased by 14% and stood at MEUR 44.1 (MEUR 38.7). Export amounted to MEUR 2.4, or 5.5%, (MEUR 1.5, or 3.9%) of net sales. The impact of corporate acquisitions on the MEUR 5.4 increase in net sales stood at MEUR 5.6. Of the Group's eight business segments, three exceeded the net sales level of the reference period.

EBIT improved and was MEUR 4.4 (MEUR 1.8). The MEUR 2.6 growth in EBIT is attributable to the acquisition of the Building Technology Renovation segment and good profit development in the Digital Printing Services, Takoma and Heat Treatment segments. Five of the eight segments achieved better EBIT than in the reference period.

Profit before taxes was MEUR 3.5 (MEUR 1.0) Earnings per share (undiluted) were 1.6 cents (-1.0 cents). Equity per share was EUR 0.62 (EUR 0.59).

Operating cash flow was MEUR 6.2 (MEUR 3.1).

**NOVEMBER 2013–OCTOBER 2014**

Net sales for the review period increased by 13% and were MEUR 154.8 (MEUR 137.0). The MEUR 17.8 growth in net sales was mainly a result of organic growth and the impact of corporate acquisitions carried out in the previous and present financial period, the effect of which totaled MEUR 12.9.

Of the Group's eight operational segments, five exceeded the cumulative net sales level of the reference period,

EBIT improved and was MEUR 10.2 (MEUR 1.6). Growth was MEUR 8.6. EBIT particularly benefited from an improvement in profit in the Takoma, Fittings and Heat Treatment segments. The reference period includes Takoma segment's goodwill write-down amounting to MEUR 2.3. Five segments exceeded the level of EBIT in the reference period.

Profit before taxes was MEUR 6.8 (MEUR -1.3) Earnings per share (undiluted) were 9.4 cents (-9.5 cents). Equity per share was EUR 0.62 (EUR 0.59).

The Group's net financial expenses for the review period were MEUR -3.3 (MEUR -2.7). The Group's liquidity remained good and operating cash flow was MEUR 11.4 positive.

## SEGMENT REVIEW

### Key figures by segment

#### Net sales, MEUR

|                                   | 12 months       | 12 months       | Change,<br>% | Q4             | Q4             | Change,<br>% |
|-----------------------------------|-----------------|-----------------|--------------|----------------|----------------|--------------|
|                                   | 11/13-<br>10/14 | 11/12-<br>10/13 |              | 8/14-<br>10/14 | 8/13-<br>10/13 |              |
| Digital Printing Services         | 57.8            | 50.8            | 13.8%        | 15.8           | 14.2           | 11.3%        |
| Safety                            | 33.7            | 31.8            | 5.8%         | 9.3            | 9.5            | -1.8%        |
| Takoma                            | 15.3            | 14.1            | 8.4%         | 4.6            | 4.0            | 14.2%        |
| Ceiling Materials                 | 11.0            | 12.8            | -13.9%       | 2.6            | 3.2            | -21.4%       |
| Fittings                          | 10.9            | 11.9            | -8.4%        | 2.6            | 3.0            | -11.9%       |
| Spare parts for Motor<br>Vehicles | 10.8            | 10.3            | 4.8%         | 2.9            | 2.7            | 9.2%         |
| Building Technology<br>Renovation | 8.8             |                 |              | 4.9            |                |              |
| Heat Treatment                    | 6.8             | 5.7             | 19.0%        | 1.6            | 2.1            | -25.1%       |
| Others                            | 0.0             | 0.0             |              | 0.0            | 0.0            |              |
| Eliminations                      | -0.3            | -0.4            |              | -0.1           | 0.0            |              |
| <b>Group in total</b>             | <b>154.8</b>    | <b>137.0</b>    | <b>13.0%</b> | <b>44.1</b>    | <b>38.7</b>    | <b>14.1%</b> |

#### EBIT, MEUR

|                                   | 12<br>months    | 12<br>months    | Change, % | Q4             | Q4             | Change, % |
|-----------------------------------|-----------------|-----------------|-----------|----------------|----------------|-----------|
|                                   | 11/13-<br>10/14 | 11/12-<br>10/13 |           | 8/14-<br>10/14 | 8/13-<br>10/13 |           |
| Digital Printing Services         | 7.1             | 6.4             | 12.5%     | 2.6            | 1.9            | 33.8%     |
| Safety                            | 2.1             | 1.6             | 34.2%     | 1.0            | 1.0            | -1.2%     |
| Takoma                            | -0.4            | -4.1            | 91.1%     | 0.2            | -0.3           | 179.1%    |
| Ceiling Materials                 | 0.5             | 0.9             | -37.7%    | 0.0            | 0.2            | -103.2%   |
| Fittings                          | 0.8             | -0.2            | 638.4%    | 0.3            | 0.0            | 4,013.9%  |
| Spare parts for Motor<br>Vehicles | 0.7             | 0.8             | -12.1%    | 0.2            | 0.2            | 10.7%     |

|                                |      |      |        |      |      |        |
|--------------------------------|------|------|--------|------|------|--------|
| Building Technology Renovation | 1.1  |      |        | 0.6  |      |        |
| Heat Treatment                 | 0.2  | -1.5 | 116.2% | -0.1 | -0.7 | 92.1%  |
| Others                         | -2.1 | -2.3 | 7.0%   | -0.4 | -0.5 | 13.7%  |
| Group in total                 | 10.2 | 1.6  | 541.3% | 4.4  | 1.8  | 144.1% |

The income statement for operations discontinued during the reference period has been separated from the income statement for continuing operations and the result for them is presented in accordance with the IFRS standards on row 'Earnings from discontinued operations'.

Panostaja Group's business operations for the period under review are reported in nine segments: Digital Printing Services, Safety, Takoma, Ceiling Materials, Fittings, Spare Parts for Motor Vehicles, Building Technology Renovation, Heat Treatment and Other (parent company and associated companies).

### Segment comments, November 2013–October 2014

The net sales of the Digital Printing Services segment grew 14%, from MEUR 50.8 to MEUR 57.8. A significant proportion of growth is attributable to the acquisition of the DMP companies in December 2012 and the Eriksen printing business in February 2014. The segment's EBIT improved from MEUR 6.4 to MEUR 7.1. Consumption of print paper and CAD paper has continued to fall. Owing to the poor general economic situation, price competition has also intensified and is exerting pressure on profitability. On the other hand, in a weak market situation customers seek efficiency in their operations, which creates new opportunities. In spite of tightening competition, however, the segment was able to maintain good development of net sales and EBIT. At the end of the financial period, the segment employed 497 (451) staff.

The growth of the net sales of the Safety segment was 6%. Net sales grew from MEUR 31.8 to MEUR 33.7. EBIT improved from MEUR 1.6 to MEUR 2.1. The market situation in the sector is difficult, and customers are cautious in their investment decisions. In spite of all this, the development of net sales has been positive. In the review period, the new-generation Flexim Safea solution was launched, as well as solutions conceptualized around it, and it has been positively received by customers. Flexim Safea has also interested completely new target groups, which have not previously been Flexim users. At the end of the financial period, the segment employed 249 (205) staff.

The reorganization proceedings of Takoma Oyj and Takoma Gears Oy began on January 17, 2014, and the reorganization program was confirmed at Pirkanmaa District Court on September 30, 2014. The repayment schedule of the reorganization debts was prolonged and the debt structure was lightened in the reorganization program. The confirmation of the reorganization program provides an opportunity to develop the operations of Takoma Gears Oy. In the period under review, Tampereen LaatuKoneistus Oy, Hervannan Koneistus Oy and Takoma Systems Oy filed for bankruptcy. As a result of the bankruptcy, the companies in question have been treated as discontinued operations in Panostaja's consolidated financial statements. Net sales of Takoma's continuing operations improved from MEUR 14.1 to MEUR 15.3. The loss for the segment's continuing operations was reduced from MEUR -4.1 to MEUR -0.4. The loss for the reference period includes MEUR 2.3 in goodwill write-down. During the reorganization proceedings, the cost structure of Takoma has been adjusted to meet the demand situation. At the same time, the orders received and order book have developed favorably. The figures for discontinued operations are presented in 'discontinued operations', and they incurred a combined loss of MEUR 0.8 in the period under review. At the end of the financial period, the segment employed 92 (163) staff.

In the financial period, net sales in the Ceiling Materials segment decreased from MEUR 12.8 to MEUR 11.0 owing to the difficult market situation in construction. EBIT weakened from MEUR 0.9 to MEUR 0.5. Economic conditions in construction are poor and competition for projects is fierce, which is also directly reflected in customer demand. The unfavorable development of net sales has been softened by cost adaptation. Despite the difficult situation in construction, the development of the segment has remained on a reasonable level. At the end of the financial period, the segment employed 13 (15) staff.

Net sales in the Fittings segment declined from MEUR 11.9 to MEUR 10.9. The segment's market situation is difficult, and bankruptcies, corporate reorganizations and liquidity problems among customer companies have increased. EBIT for the review period, however, improved from MEUR -0.2 to MEUR 0.8, which can be attributed to costs arising from restructuring in the reference period, as well as to companies adapting their operations and significant operational streamlining. At the end of the financial period, the segment employed 33 (37) staff.

Net sales in the Spare Parts for Motor Vehicles segment grew 5% from last year's MEUR 10.3 to MEUR 10.8. EBIT dropped slightly from last year's MEUR 0.8 to MEUR 0.7. Since the weakening that took place in late winter, however, the market situation has remained steady. Customer demand is on as low a level as in normal economic conditions, which has cut growth for KL-varaosat. During the financial period, the company has actively implemented measures necessary to develop business in line with the company's strategy. At the end of the financial period, the segment employed 47 (39) staff.

The Building Technology Renovation segment was created when Panostaja acquired a 60% share in KotiSun Oy in May 2014. The company offers consumers conceptualized service water and heating network renovations as a turnkey service. KotiSun has grown rapidly into the largest and best-known company in its sector in Finland. Building Technology Renovation is a new segment, so there is no comparative data on it. The segment's net sales totaled MEUR 8.8 and EBIT MEUR 1.1 (May 1, 2014–October 31, 2014). The figures of the segment have been consolidated into Panostaja Group as of May 1, 2014. At the end of the financial period, the segment employed 113 staff.

Net sales of the Heat Treatment segment improved 19% in the review period, from MEUR 5.7 to MEUR 6.8. EBIT improved from MEUR -1.5 to MEUR 0.2. The result of the reference period is burdened by an amortization entry of MEUR 0.9 in product development projects. The improvement in net sales and EBIT was attributable to improved customer demand, both in the furnace business and at energy-sector sites. At the end of the financial period, the segment employed 59 (62) staff.

There were no significant changes in the net sales of the Other segment. In the review period, two associated companies, Ecosir Group Oy and Spectra Yhtiöt Oy, issued reports to the parent company. The profit/loss of the reported associated companies in the review period was MEUR -0,1 (MEUR -0,1), which is presented on a separate row in the consolidated income statement.

## Personnel

|   | October<br>31, 2014 | October<br>31, 2013 | Change |
|---|---------------------|---------------------|--------|
| Average number of employees               | 1,204               | 1,251               | -4%    |
| Employees at the end of the review period | 1,112               | 1,295               | -14%   |

| Employees in each segment at the end of the review period | October<br>31, 2014 | October<br>31, 2013 | Change |
|---|---------------------|---------------------|--------|
| Digital Printing Services                                 | 497                 | 451                 | 10%    |
| Safety  | 249                 | 205                 | 21%    |
| Takoma  | 92                  | 163                 | -44%   |
| Value-added Logistics                                     |                     | 299                 |        |
| Ceilings  | 13                  | 15                  | -13%   |
| Fittings  | 33                  | 37                  | -15%   |
| Spare parts for Motor Vehicles                            | 47                  | 39                  | 27%    |
| Building Technology Renovation                            | 113                 |                     |        |
| Heat Treatment  | 59                  | 62                  | -5%    |
| Supports  |                     | 16                  |        |
| Others  | 9                   | 8                   | 13%    |



|                |       |       |      |
|----------------|-------|-------|------|
| Group in total | 1,112 | 1,295 | -14% |
|----------------|-------|-------|------|

The number of personnel employed by Panostaja fell compared with one year earlier, mainly as a result of the sale of the Value-added Logistics segment. The discontinued operations of Takoma also contributed to the reduction in personnel. On the other hand, during the review period the new Building Technology Renovation segment was established. At the end of the review period, Panostaja Group employed a total of 1,112 persons, while the average number of personnel during the period was 1,204. During the review period, Panostaja continued to develop its personnel in line with its strategy.

## INVESTMENTS AND FINANCE

Operating cash flow improved and was MEUR 11.4 (MEUR 7.8). Liquidity remained good. The Group's liquid assets were MEUR 18.6 (MEUR 16.4) and interest-bearing net liabilities MEUR 35.0 (MEUR 40.1). Gearing ratio fell and was 73.7% (82.6%). The Group's net financial expenses for the review period were MEUR -3.3 (MEUR -2.7), or 2.1% (2.0%) of net sales.

Panostaja Oyj's convertible subordinated loan amounted to MEUR 15 of the net liabilities (MEUR 15.0). The Group's equity ratio at the end of the review period was 33.3% (33.2%). Return on equity improved significantly and was 17.1% (-11.7%). Return on investment improved significantly to 15.4% (3.7%).

The Group's gross capital expenditure for the review period were MEUR 19.9 (MEUR 20.1), or 12.9% (15.5%) of net sales. In the reference period, investments were mainly targeted at corporate acquisitions.

In May 2013, Panostaja Oyj issued a domestic hybrid loan of MEUR 7.5 (equity debenture loan). The loan was issued on May 27, 2013. It will strengthen the company's solvency and financial position. The hybrid loan has been processed in accordance with the IFRS standards as an equity loan and is shown on the balance sheet in the equity group.

Financial position:

| MEUR  | October<br>31, 2014 | October<br>31, 2013 |
|---|---------------------|---------------------|
| Interest-bearing liabilities  | 58.1                | 60.1                |
| Interest-bearing receivables  | 4.5                 | 3.6                 |
| Cash and cash equivalents   | 18.6                | 16.4                |
| Interest-bearing net liabilities  | 35.0                | 40.1                |
| Equity (belonging to the parent company's shareholders<br>as well as minority shareholders) | 47.5                | 49.1                |
| Gearing ratio, %  | 73.7                | 82.6                |
| Equity ratio, %   | 33.3                | 33.2                |
| Return on equity, %   | 17.1                | -11.7               |
| Return on investment, %   | 15.4                | 3.7                 |

## GROUP STRUCTURE CHANGES

Panostaja Oyj announced on December 3, 2013 that it had sold 80% of the share capital of Kannake Oy, a company manufacturing and selling supports. As a result of the transaction, Panostaja divested its Supports segment.

In the period under review, Tampereen LaatuKoneistus Oy, Hervannan Koneistus Oy and Takoma Systems Oy filed for bankruptcy. On June 5, 2014, Takoma Oyj and Takoma Gears Oy submitted their proposals for corporate restructuring programs to Pirkanmaa District Court. The District Court confirmed the programs on September 30, 2014.

On April 10, 2014, Panostaja Oyj announced an arrangement, the end result of which was that Panostaja Group's shareholding in the parent company of the Digital Printing Services segment, Digiprint Finland Oy, increased to 64.6%. Previously, the shareholding was 56.4%.

On May 7, 2014, Panostaja Oyj announced that it had bought a 60% shareholding in KotiSun Oy, a company offering service water and heating network renovation services. As a result of the transaction, Panostaja expanded its business operations and established within the Group a new business area specializing in building technology renovation for houses.

On May 21, 2014, Panostaja Oyj announced that, together with the owners of Vindea Group Oy, it had signed a deed for the sale of its entire shareholding in Vindea Group Oy to Suomen Transval Group Oy. Vindea Group Oy was a subsidiary 54.22%-owned by Panostaja and, as a result of the transaction, the company's entire share capital in Vindea Group Oy was transferred to the buyer. As a result of the transaction, Panostaja divested the Value-added Logistics segment.

In October, Panostaja Oyj acquired the entire minority shareholding in Heatmasters Group Oy. Previously, the shareholding was 80%.

## SHARE PRICE DEVELOPMENT AND SHARE OWNERSHIP

Panostaja Oyj's share closing rate fluctuated between EUR 0.70 (lowest quotation) and EUR 0.86 (highest quotation) during the fourth quarter. During the period under review, a total of 2,230,452 shares were exchanged, which amounts to 4.4% of the share capital. The October 2014 share closing rate was EUR 0.82. The market value of the company's share capital at the end of October 2014 was MEUR 42.4 (MEUR 41.4). At the end of October 2014, the company had 3,493 shareholders (3,743).

| Development of share exchange | 4Q/2014 | 4Q/2013 | 1-4Q/2014 | 1-4Q/2013 |
|-------------------------------|---------|---------|-----------|-----------|
| Shares exchanged, 1,000 pcs   | 2,230   | 1,276   | 7,908     | 3,815     |
| % of share capital            | 4.4     | 2.5     | 15.4      | 7.4       |

| Share                      | October 31, 2014 | October 31, 2013 |
|----------------------------|------------------|------------------|
| Shares in total, 1,000 pcs | 51,733           | 51,733           |
| Own shares, 1,000 pcs      | 429              | 491              |
| Closing rate               | 0.82             | 0.77             |
| Market value (MEUR)        | 42.4             | 41.4             |
| Shareholders               | 3,493            | 3,743            |

10 largest shareholders (pcs) October 31,      October 31,

|  | 2014      | 2013      |
|--|-----------|-----------|
| Treindex Oy                            | 5,679,200 | 3,400,000 |
| Koskenkorva Matti                      | 4,300,000 | 6,000,000 |
| Mutual Pension Insurance Company Etera | 4,259,000 | 4,259,000 |
| Koskenkorva Maija                      | 3,729,542 | 3,821,742 |
| Mutual Insurance Company Fennia        | 3,468,576 | 3,468,576 |
| Koskenkorva Mauno                      | 1,640,769 | 1,640,769 |
| Koskenkorva Mikko                      | 1,245,139 | 1,245,139 |
| Johtopanostus Oy                       | 1,030,000 | 1,030,000 |
| Malo Hanna                             | 982,207   | 982,207   |
| Kumpu Minna                            | 982,170   | 982,170   |

On December 16, 2013, Panostaja Oyj received a notification of change in holding in the company pursuant to Section 2(9) of the Securities Markets Act. Matti Koskenkorva's share of Panostaja Oyj's total number of voting shares was below 10%. Matti Koskenkorva's share on the record date was 4,300,000 shares, 8.31% of Panostaja Oyj's share capital and voting shares.

On December 16, 2013, Panostaja Oyj received a notification of change in holding in the company pursuant to Section 2(9) of the Securities Markets Act. Treindex Oy's share of Panostaja Oyj's total number of voting shares exceeded 10%. On the reporting date, Treindex's share was 5,192,200 shares, 10.04% of Panostaja Oyj's share capital and voting shares.

## ADMINISTRATION AND GENERAL MEETING

Panostaja Oyj's Annual General Meeting was held on January 29, 2014 in Tampere. Jukka Ala-Mello, Mikko Koskenkorva, Eero Eriksson, Antero Virtanen and Jukka Terhonen were re-elected to Panostaja Oyj's Board of Directors. Hannu Tarkkonen was elected as new member of the Board. In the Board's organizing meeting held immediately after the General Meeting, Jukka Ala-Mello was elected Chairman of the Board and Eero Eriksson as Vice Chairman. Authorized Public Accountant Markku Launis and Authorized Public Accountants PricewaterhouseCoopers Oy were selected as general chartered accountants, with Authorized Public Accountant Janne Rajalahti as the responsible public accountant.

The annual general meeting confirmed the financial statements presented and the consolidated financial statements for the financial period November 1, 2012–October 31, 2013 and decided that no dividend or capital repayment be distributed.

In addition, the Annual Meeting authorized the Board to decide, at its discretion, on the potential distribution of assets to shareholders, the company's financial status permitting, as distribution of assets from the invested unrestricted equity fund. The maximum distribution of assets performed on the basis of this authorization totals EUR 5,200,000. The authorization includes the right of the Board to decide on all other terms and conditions relating to the said asset distribution. The authorization will remain valid until the end of the next Annual General Meeting.

In addition, the Annual General Meeting granted exemption from liability to the members of the Board and to the CEO. It was decided at the General Meeting that the Chairman of the Board be paid EUR 40,000 as an annual fee for the term that begins at the end of the Meeting and ends at the end of the 2015 Annual General Meeting, and that the other members of the Board be paid an annual fee of EUR 20,000. It was

further resolved at the General Meeting that approximately 40% of the compensation remitted to the members of the Board be paid on the basis of the share issue authorization given to the Board, by issuing company shares to each Board member if the Board member does not own more than one percent of the company's shares on the date of the General Meeting. If the holding of a Board member on the date of the General Meeting is over one percent of all company shares, the compensation will be paid in full in monetary form.

The Annual General Meeting also authorized the Board of Directors to decide on the acquisition of the company's own shares, so that the shares will be acquired in one or more installments and, based on this authorization, a maximum of 5,100,000 shares can be acquired, which corresponds to about 9.86% of all the company's shares. By virtue of the authorization, the company's own shares may be obtained using unrestricted equity only.

The company's own shares may be acquired at the date-of-acquisition price in public trade arranged by NASDAQ OMX Helsinki Oy or otherwise at the prevailing market price. The Board of Directors will decide how the company's own shares are to be acquired. The company's own shares may be acquired not following the proportion of ownership of the shareholders (directed acquisition). The authorization remains valid until July 29, 2015.

The Board of Directors has not used the authorization granted by the Annual Meeting to acquire the company's own shares during the review period.

## **SHARE CAPITAL AND THE COMPANY'S OWN SHARES**

At the close of the review period, Panostaja Oyj's share capital was EUR 5,568,681.60. The total number of shares is 51,733,110.

The total number of shares held by the company at the end of the review period was 429,058 individual shares (at the beginning of financial period: 490,956). The number of the company's own shares corresponded to 0.8% of the number of shares and votes at the end of the entire review period.

In accordance with the decisions by the General Meeting on January 29, 2013 and by the Board, Panostaja Oyj relinquished a total of 16,439 individual shares as meeting compensation to the members of the Board on December 16, 2013, a total of 16,000 shares on March 11, 2014 and a total of 14,459 shares on June 5, 2014, and a total of 15,000 shares on September 4, 2014.

## **EQUITY CONVERTIBLE SUBORDINATED LOAN AND HYBRID LOAN**

At the end of the review period, EUR 15,000,000 of the 2011 convertible subordinated loan remained. The interest on the loan is 6.5% and the loan period February 7, 2011–April 1, 2016. The original share exchange rate is EUR 2.20, and the loan shares may be exchanged for no more than 6,818,181 company shares. The total number of loan shares is 300, and they are available for public trade on the Nasdaq OMX Helsinki stock exchange. The share exchange rate will be entered into the company's invested unrestricted equity fund.

On May 27, 2013, the Group issued an equity convertible subordinated loan to the value of MEUR 7.5. The equity convertible subordinated loan has not maturity date, but the Group is entitled, but not obliged, to redeem the loan within four years. Based on the contract, the annual interest is 9.75%. Interest is only paid if the company decides to distribute dividends. If dividends are not distributed, the Group will decide separately on the payment of interest. In the consolidated financial statements, the loan is classified as equity and interest is presented as dividend. The Board of Directors of Panostaja Oyj decided to pay the hybrid loan interest amounting to MEUR 0.7, which was paid on May 27, 2014.

## **BOARD PROPOSAL ON THE DISTRIBUTION OF PROFITS**

The Board of Directors proposes to the Annual General meeting that shareholders be paid EUR 0.04 per share as repayment of capital from the invested unrestricted equity fund.

The Board also proposes that the General Meeting authorize the Board of Directors to decide, at its discretion, on the potential distribution of assets to shareholders, should the company's financial status permit this, either as dividends or as repayment of capital from the invested unrestricted equity fund. The maximum distribution of assets performed on the basis of this authorization totals no more than EUR 4.700.000.

It is proposed that the authorization include the right of the Board to decide on all other terms and conditions relating to the said asset distribution. It is also proposed that the authorization remain valid until the start of the next Annual General Meeting.

Panostaja Oyj's Annual General Meeting will be held on February 5, 2015 in Tampere.

## **EVENTS AFTER THE REVIEW PERIOD**

There are no major events to report.

## MARKET PROSPECTS

The general economic situation and atmosphere has remained uncertain owing to the situations in Russia and Ukraine. The demand for companies operating on the domestic market is low and domestic consumer demand is not expected to recover in the near future. The position of Panostaja's business segments in their fields of operation has improved and is expected to continue to do so. Although the financial situation of companies in the SME sector is generally tightening due to increasing regulation, finance is, however, available for good projects. The protraction of the crises in Russia and Ukraine and the structural challenges of the Finnish economy are a significant risk to general economic development in 2015. Activity in the corporate acquisitions market has increased and continues to offer opportunities both for new acquisitions and for divestments when forecastability in the economy later improves.

## MOST SIGNIFICANT NEAR-FUTURE BUSINESS RISKS AND RISK MANAGEMENT

Risk management is part of the Panostaja Group's management and monitoring systems Panostaja aims to identify and monitor changes in the business environment and general market situation of its segments, to react to them and to utilize the business opportunities that they present. Risk is classified as factors that may endanger or impede Panostaja or the business segments owned by it from achieving strategic objectives, improvement in profit and the financial position or business continuity, or that may otherwise cause significant consequences for Panostaja, its owners, segments, personnel or other stakeholder groups. A more detailed report on Panostaja's risk management policy and the most significant risks will be published later in the 2014 annual report. Financial risks are discussed in greater detail in the Notes to the 2014 Financial Statements.

**Market risks, general:** General market risks are mainly tied to the uncertainty resulting from Finland's economic situation and change caused by the crises in Russia and Ukraine, as well as their potential impact on achieving the goals set for the various segments. The change in the financial markets and the tightening on credit issue may hamper the realization of corporate acquisitions and the availability of finance for working capital.

Panostaja has prepared for a weak financial market situation in the SME sector and for a continued quiet period in the corporate acquisitions market by taking out a MEUR 7.5 hybrid loan in May 2013. This hybrid loan will enable Panostaja to make, in line with the company's strategy and investment criteria, new complementary acquisitions and to give more temporal room for maneuver for possible divestments.

**Market risks, operating fields of the segments:** The instability of the overall economic situation has led to a decline in customer demand as well as the postponement of investments, which may result in a need for consolidated goodwill write-downs. Economic prospects in the fields of the existing segments are strongly tied to the prospects of customer enterprises. Expectations for the financial situation are still characterized by uncertainty and poor forecastability. In the various segments of Panostaja Group, the prospects still vary from cautiously positive to neutral. Panostaja regularly assesses the risks for each segment and, based on the updated risk assessment, takes the necessary remedial action.

**Strategic risks:** Panostaja represents the Finnish SME sector extensively. Net sales are divided into five different sectors whose cyclical nature varies. The Group's business structure partially evens out economic fluctuations. In spite of this, general and sector-specific market risks can, however, affect the Group's result and financial development. In the business segments, the expected market situation is taken into account by adapting production and costs to market demand and by safeguarding the financial position. In changes in the global economy, Panostaja also sees opportunities to improve its market position, for example through corporate acquisitions. The crises in Russia and Ukraine do not have direct effects on Panostaja Group, but their protraction is negatively affecting demand on the domestic Finnish market and thereby the development of Panostaja's profit and financial position.

**Financial risks:** As a consequence of its operations, the Group is exposed to many financial risks. The aim of risk management is to limit the adverse effects of changes in financial markets on the result and financial

development of the Group. The Group's revenue and operative cash flows are mainly independent of fluctuations in market interest rates. The interest risk of the Group mainly constitutes borrowing, which is spread over variable and fixed-interest loans. Some of the business segments use interest rate swaps and interest rate ceiling agreements. The Group mainly operates in the eurozone and so is only exposed to foreign exchange risks resulting from changes in exchange rates to a slight degree. Credit loss risks continue to represent a significant uncertainty factor in some of the segments. This risk is increased by the tightness of credit issue to SMEs.

**Corporate acquisitions:**

Panostaja actively seeks SMEs and endeavors to increase and create value, through organic growth, corporate acquisitions and correctly-timed divestments. The market still provides sufficient opportunities for corporate acquisitions, and Panostaja Group aims to implement its growth strategy by means of controlled acquisitions in current segments, but new potential segments are also being actively studied. Preparation for divestments is being continued as part of the ownership strategies of segments. Risks related to corporate acquisitions are managed by investing carefully according to specific investment criteria, as well as through efficient integration processes. Panostaja Group has specified harmonized guidelines and a corporate acquisitions process for the preparation and implementation of corporate acquisitions.

**Non-life risks:** Non-life risks are managed in Panostaja Group through insurance and Group guidelines, which set policy for the different areas.

**Operative risks:** During the 2014 financial period, the management of operative risks has particularly focused on business concerning Takoma. On January 17, 2014, business restructuring proceedings began at Takoma Oyj and Takoma Gears Oy. In the period under review, Tampereen LaatuKoneistus Oy, Hervannan Koneistus Oy and Takoma Systems Oy filed for bankruptcy. As a result of the bankruptcy, the companies in question have been treated as discontinued operations in Panostaja's consolidated financial statements. Takoma's financial statements have been prepared on the assumption that business will continue. On June 5, 2014, Takoma Oyj and Takoma Gears Oy submitted their proposals for corporate restructuring programs to Pirkanmaa District Court. Pirkanmaa District Court confirmed the reorganization programs on September 30, 2014. The repayment schedule of the reorganization debts was prolonged and the debt structure was lightened in the reorganization program. The confirmation of the reorganization program provides an opportunity to develop the operations of Takoma Gears Oy.

Changes concerning Takoma may also in future cause needs for one-time write-downs. Takoma's failure to implement the reorganization program is not expected to cause changes to Panostaja Group's operating conditions.

## **OUTLOOK FOR THE 2015 FINANCIAL PERIOD**

In accordance with its business strategy, Panostaja Group focuses on increasing shareholder value in the segments owned by the Group. The development of shareholder value will be constantly monitored as part of a changing operating environment, and decisions on the development or divestment of business areas will be made in order to maximize the shareholder value.

Active development of shareholder value, the effective allocation of capital and finance opportunities create a solid foundation for operational expansion. The need to exploit ownership arrangements and growth opportunities in SMEs enables both expansion into new segments and growth in existing ones.

Economic prospects in the fields of the existing segments are strongly tied to the prospects of customer enterprises. Expectations for the financial situation are still characterized by uncertainty and poor forecastability. In the various segments of Panostaja Group, the prospects still vary from cautiously positive to neutral. The challenges in forecastability or weakening prospects may create a need for consolidated goodwill write-downs. The prospects for new construction remain poor.

The market still provides sufficient opportunities for corporate acquisitions, and Panostaja Group aims to implement its growth strategy by means of controlled corporate acquisitions in current segments, but new potential segments are also being actively studied. Preparation for divestments is being continued as part of the ownership strategies of segments.

The confirmation of Takoma's reorganization program at Pirkanmaa District Court on September 30, 2014, the extension of the repayment schedule for reorganization debts related to the confirmation and the lightening of the debt structure give the opportunity to develop the operations of Takoma Gears Oy in the 2015 financial period. Takoma's failure to implement the reorganization program is not expected to cause changes to Panostaja Group's operating conditions.

The Group's net sales and EBIT in the 2015 financial period are expected to be at the same level as in the 2014 financial period (net sales MEUR 154.8 and EBIT MEUR 10.2).

Panostaja Oyj  
Board of Directors  
For further information, contact CEO Juha Sarsama: tel. +358 40 774 2099.

Panostaja Oyj  
Juha Sarsama  
CEO

All forecasts and assessments presented in this interim report bulletin are based on the current outlook of the Group and the views of the management of the various business areas with regard to the state of the economy and its development. The results attained may be substantially different.

## **ACCOUNTING PRINCIPLES**

This financial statement bulletin has been prepared in compliance with the IFRS accounting and valuation principle based on the IAS 34 standard.

The financial statement bulletin is unaudited.



## INCOME STATEMENT

|  | 08/14-<br>10/14<br>3<br>months | 08/13-<br>10/13<br>3<br>months | 11/13-<br>10/14<br>12<br>months | 11/12-<br>10/13<br>12<br>months |
|--|--------------------------------|--------------------------------|---------------------------------|---------------------------------|
| (EUR 1,000)  |                                |                                |                                 |                                 |
| Net sales  | 44,144                         | 38,697                         | 154,802                         | 137,044                         |
| Other operating income   | 295                            | 641                            | 1,560                           | 1,276                           |
| Costs in total   | 40,027                         | 37,530                         | 146,193                         | 136,735                         |
| Depreciations, amortizations and impairment                    | 1,465                          | 1,849                          | 5,408                           | 8,554                           |
| Operating profit   | 4,412                          | 1,808                          | 10,169                          | 1,586                           |
| Financial income and expenses                                  | -1,133                         | -651                           | -3,255                          | -2,734                          |
| Share of associated company profits                            | 175                            | -186                           | -137                            | -110                            |
| Profit before taxes  | 3,455                          | 970                            | 6,778                           | -1,259                          |
| Income taxes   | -1,600                         | 581                            | -3,763                          | -968                            |
| Profit/loss from continuing operations                         | 1,855                          | 1,552                          | 3,015                           | -2,226                          |
| Profit/loss from discontinued operations                       | -85                            | 923                            | 6,052                           | 1,977                           |
| Profit/loss from discontinued operations                       | 627                            | -3,433                         | -834                            | -5,271                          |
| Profit/loss for the financial period                           | 2,396                          | -958                           | 8,234                           | -5,520                          |
| Attributable to  |                                |                                |                                 |                                 |
| shareholders of the parent company                             | 953                            | -376                           | 5,385                           | -4,628                          |
| minority shareholders  | 1,444                          | -582                           | 2,849                           | -892                            |
| Earnings per share from continuing operations                  |                                |                                |                                 |                                 |
| EUR, undiluted   | 0.010                          | 0.014                          | -0.014                          | -0.069                          |
| Earnings per share from continuing operations                  |                                |                                |                                 |                                 |
| EUR, diluted   | 0.010                          | 0.014                          | -0.014                          | -0.069                          |
| Earnings per share from discontinued operations                |                                |                                |                                 |                                 |
| EUR, undiluted   | 0.006                          | -0.024                         | 0.108                           | -0.026                          |
| Earnings per share from discontinued operations                |                                |                                |                                 |                                 |
| operations EUR, diluted  | 0.005                          | -0.024                         | 0.095                           | -0.026                          |
| Earnings per share from continuing and discontinued operations |                                |                                |                                 |                                 |
| EUR, undiluted   | 0.016                          | -0.010                         | 0.094                           | -0.095                          |
| Earnings per share from continuing and discontinued operations |                                |                                |                                 |                                 |
| operations EUR, diluted  | 0.016                          | -0.010                         | 0.094                           | -0.095                          |

## EXTENSIVE INCOME STATEMENT

|   |       |      |       |        |
|---|-------|------|-------|--------|
| Items of the extensive income statement   | 2,396 | -958 | 8,234 | -5,520 |
| Translation differences                   | 0     | 0    | -79   | -7     |
| Extensive income statement for the period | 2,396 | -958 | 8,155 | -5,527 |
| Attributable to                           |       |      |       |        |
| shareholders of the parent company        | 953   | -376 | 5,306 | -4,635 |
| minority shareholders                     | 1,444 | -582 | 2,849 | -892   |

## BALANCE SHEET

October 31,  
2014

October 31,  
2013

(EUR 1,000)

### ASSETS

#### Non-current assets

|                                   |        |        |
|-----------------------------------|--------|--------|
| Goodwill                          | 49,692 | 41,929 |
| Other intangible assets           | 8,707  | 8,079  |
| Property, plant and equipment     | 9,129  | 15,153 |
| Interests in associated companies | 3,611  | 3,714  |
| Other non-current assets          | 10,643 | 12,769 |
| Non-current assets total          | 81,781 | 81,644 |

#### Current assets

|  |        |        |
|--|--------|--------|
| Stocks   | 14,932 | 15,437 |
| Trade receivables and other non-interest-bearing receivables | 27,461 | 30,834 |
| Short-term investments                                       | 9,490  | 8,400  |
| Cash and cash equivalents                                    | 9,146  | 7,970  |
| Current assets total   | 61,029 | 62,641 |

|                                       |   |       |
|---------------------------------------|---|-------|
| Held-for-sale non-current asset items | 0 | 4,348 |
|---------------------------------------|---|-------|

|                        |                |                |
|------------------------|----------------|----------------|
| <b>Assets in total</b> | <b>142,810</b> | <b>148,633</b> |
|------------------------|----------------|----------------|

### EQUITY AND LIABILITIES

Equity attributable to parent company shareholders

|  |                |                |
|--|----------------|----------------|
| Share capital                          | 5,569          | 5,569          |
| Share premium account                  | 4,646          | 4,646          |
| Invested unrestricted equity fund      | 14,569         | 14,508         |
| Equity convertible loan                | 7,390          | 7,390          |
| Translation difference                 | -152           | -73            |
| Retained earnings                      | 94             | -1,979         |
| Total                                  | 32,116         | 30,061         |
| Minority interest                      | 15,378         | 19,016         |
| Equity total                           | 47,494         | 49,077         |
| Liabilities                            |                |                |
| Deferred tax liabilities               | 996            | 1,672          |
| Equity convertible subordinated loan   | 14,691         | 14,556         |
| Non-current liabilities                | 34,399         | 28,046         |
| Current liabilities                    | 45,231         | 55,282         |
| Liabilities total                      | 95,316         | 99,556         |
| <b>Equity and liabilities in total</b> | <b>142,810</b> | <b>148,633</b> |

| CASH FLOW STATEMENT<br>(EUR 1,000)                          | 11/2013-<br>10/2014 | 11/2012-<br>10/2013 |
|---|---------------------|---------------------|
| Business operations   |                     |                     |
| Profit/loss for the financial period                        | 8,234               | -5,520              |
| Adjustments:  |                     |                     |
| Depreciations   | 5,408               | 10,481              |
| Financial income and costs                                  | 3,255               | 3,220               |
| Share of associated company profits                         | 137                 | 110                 |
| Taxes   | 3,763               | 2,569               |
| Sales profits and losses from property, plant and equipment | -6,381              | -1,828              |
| Other earnings and expenses with no payment attached        | 1,665               | 1,765               |
| Operating cash flow before change in working capital        | 16,080              | 10,798              |
| Change in working capital                                   |                     |                     |
| Change in non-interest-bearing receivables                  | 707                 | -1,781              |
| Change in non-interest-bearing liabilities                  | 909                 | 2,919               |
| Change in stocks  | 6                   | 1,768               |
| Change in working capital                                   | 1,622               | 2,906               |

|  |         |         |
|--|---------|---------|
| Operating cash flow before financial items and taxes                             | 17 702  | 13 704  |
| Financial items and taxes:   |         |         |
| Interest paid  | -3,941  | -3,111  |
| Interest received  | 262     | 325     |
| Taxes paid   | -2,630  | -3,138  |
| Financial items and taxes  | -6,309  | -5,924  |
| <hr/>  |         |         |
| Operating net cash flow  | 11,393  | 7,780   |
| Investments  |         |         |
| Investments in intangible and tangible assets                                    | -5,356  | -5,766  |
| Sales of intangible and tangible assets  | 2,195   | 2,060   |
| Acquisition of subsidiaries with time-of-acquisition liquid assets deducted      | -14,349 | -15,482 |
| Sale of subsidiaries with time-of-sale liquid assets deducted                    | 9,881   | 2,258   |
| Sale of associated companies   | -235    | 0       |
| Financial assets acquired and sold entered at fair value through profit and loss | -1,000  | -8,400  |
| Capital gains from sales of other shares   | 13      | 6       |
| Loans receivable and repayments granted  | -409    | -128    |
| <hr/>  |         |         |
| Investment net cash flow   | -9,260  | -25,452 |
| Finance  |         |         |
| Share issue  | 1,224   | 5,102   |
| Hybrid loan  | 0       | 7,500   |
| Loans drawn  | 13,638  | 25,577  |
| Loans repaid   | -14,502 | -21,543 |
| Disposal of own shares   | 48      | 46      |
| Dividends paid   | -1,577  | -3,156  |
| <hr/>  |         |         |
| Finance net cash flow  | -1,169  | 13,527  |
| Change in liquid assets  | 965     | -4,146  |
| Liquid assets at the beginning of the period                                     | 8,193   | 12,347  |
| Effect of exchange rates   | -12     | -8      |
| <hr/>  |         |         |
| Liquid assets at the end of the period   | 9,146   | 8,193   |

Liquid assets in the reference year at the end of the period include liquid assets from the Supports segment classified as assets held for sale.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| (EUR 1,000)  | Share capital | Share premium account | Invested unrestrictede equity fund | Translation differences | Profit funds  | Other funds  | Minority shareholders' interest | Total         |
|--|---------------|-----------------------|------------------------------------|-------------------------|---------------|--------------|---------------------------------|---------------|
| <b>Equity</b>  | <b>5,569</b>  | <b>4,646</b>          | <b>16,523</b>                      | <b>-66</b>              | <b>1,981</b>  |              | <b>1,652</b>                    | <b>45,173</b> |
| <b>November 1, 2012</b>                                      |               |                       |                                    |                         |               |              |                                 |               |
| Profit for the financial period                              |               |                       |                                    |                         | -4,628        |              | -892                            | -5,520        |
| Profit and costs recorded during the financial period, total |               |                       |                                    |                         | -4,628        |              | -892                            | -5,520        |
| Dividends paid   |               |                       |                                    |                         |               |              | -1 116                          | -1,116        |
| Equity convertible loan                                      |               |                       |                                    |                         |               | 7,390        |                                 | 7,390         |
| Repayment of capital   |               |                       | -2,040                             |                         |               |              |                                 | -2,040        |
| Share subscription   |               |                       |                                    |                         |               |              |                                 |               |
| Share issue  |               |                       |                                    |                         |               |              |                                 |               |
| Disposal of own shares                                       |               |                       | 38                                 |                         |               |              |                                 | 13            |
| Reward scheme  |               |                       | 13                                 |                         |               |              |                                 |               |
| Translation differences                                      |               |                       |                                    | -7                      | 7             |              |                                 | 0             |
| Other changes  |               |                       |                                    |                         |               |              |                                 |               |
| Changes in minority interest                                 |               |                       |                                    |                         | 661           |              | 4,505                           | 5,166         |
| Other changes in equity, total                               |               |                       | -2,015                             | -7                      | 868           | 7,390        | 3,388                           | 9,424         |
| <b>Equity</b>  |               |                       |                                    |                         |               |              |                                 |               |
| <b>October 31, 2013</b>                                      | <b>5,569</b>  | <b>4,646</b>          | <b>14,508</b>                      | <b>-73</b>              | <b>-1,979</b> | <b>7,390</b> | <b>19,016</b>                   | <b>49,077</b> |
| <b>Equity</b>  |               |                       |                                    |                         |               |              |                                 |               |
| <b>November 1, 2013</b>                                      | <b>5,569</b>  | <b>4,646</b>          | <b>14,508</b>                      | <b>-73</b>              | <b>-1,979</b> | <b>7,390</b> | <b>19,016</b>                   | <b>49,077</b> |
| Profit for the financial period                              |               |                       |                                    |                         | 5,385         |              | 2,849                           | 8,234         |
| Profit and costs recorded during the financial period, total |               |                       |                                    |                         | 5,385         |              | 2,849                           | 8,234         |

|                                     |              |              |               |             |           |              |               |               |
|-------------------------------------|--------------|--------------|---------------|-------------|-----------|--------------|---------------|---------------|
| Dividends paid                      |              |              |               |             |           |              | -1,577        | -1,577        |
| Repayment of capital                |              |              |               |             |           |              |               |               |
| Interest on equity convertible loan |              |              |               |             | -731      |              |               | -731          |
| Disposal of own shares              | 48           |              |               |             |           |              |               | 48            |
| Reward scheme                       | 13           |              |               |             |           |              |               | 13            |
| Translation differences             |              | -79          | 14            |             |           |              |               | -49           |
| Changes in minority interest        |              |              |               |             | -2,594    |              | -4,910        | -7,504        |
| Other changes in equity, total      | 61           | -79          | -3,311        |             |           |              | -6,487        | -9,906        |
| <b>Equity</b>                       | <b>5,569</b> | <b>4,646</b> | <b>14,569</b> | <b>-152</b> | <b>95</b> | <b>7,390</b> | <b>15,378</b> | <b>47,494</b> |
| <b>October 31, 2014</b>             |              |              |               |             |           |              |               |               |

## KEY FIGURES

|   | 10/2014 | 10/2013 |
|---|---------|---------|
| Equity per share (EUR)  | 0.62    | 0.59    |
| Earnings per share, undiluted (EUR)                           | 0.09    | -0.10   |
| Earnings per share, diluted (EUR)                             | 0.09    | -0.10   |
| Average number of shares during financial period, 1,000 pcs.  | 51,284  | 51,211  |
| Number of shares at end of financial period, 1,000 pcs.       | 51,733  | 51,733  |
| Share issues/CL exchanges during financial period, 1,000 pcs. | 0       | 0       |
| Number of shares, 1,000, diluted                              | 58,102  | 58,029  |
| Return on equity,%  | 17.1    | -11.7   |
| Return on investment,%  | 15.4    | 3.7     |
| Gross capital expenditure                                     |         |         |
| To permanent assets (MEUR)                                    | 19.9    | 20.1    |
| % of net sales  | 12.9    | 15.5    |
| Interest-bearing liabilities                                  | 58.1    | 60.1    |
| Equity ratio (%)  | 33.3    | 33.2    |
| Average number of employees                                   | 1,204   | 1,251   |

## GROUP DEVELOPMENT BY QUARTER

| (MEUR)                                      | Q4/14 | Q3/14 | Q2/14 | Q1/14 | Q4/13 | Q3/13 | Q2/13 |
|---|-------|-------|-------|-------|-------|-------|-------|
| Net sales                                   | 44.1  | 38.1  | 37.5  | 35.1  | 38.7  | 33.0  | 34.4  |
| Other operating income                      | 0.3   | 0.6   | 0.2   | 0.5   | 0.6   | 0.2   | 0.2   |
| Costs in total                              | 40.0  | 35.9  | 35.4  | 34.8  | 37.5  | 33.8  | 34.0  |
| Depreciations, amortizations and impairment | 1.5   | 1.3   | 1.3   | 1.3   | 1.8   | 3.9   | 1.6   |
| EBIT  | 4.4   | 2.8   | 2.3   | 0.7   | 1.8   | -0.6  | 0.7   |
| Finance items                               | -1.1  | -0.8  | -0.6  | -0.7  | -0.7  | -0.7  | -0.7  |
| Share of associated company profits         | 0.2   | 0.0   | 0.0   | -0.3  | -0.2  | 0.2   | 0.0   |
| Profit before taxes                         | 3.5   | 1.9   | 1.7   | -0.3  | 1.0   | -1.1  | 0.0   |
| Taxes                                       | -1.6  | -0.5  | -0.7  | -0.9  | 0.6   | -0.6  | -0.4  |
| Profit from continuing operations           | 1.9   | 1.4   | 1.0   | -1.2  | 1.6   | -1.7  | -0.5  |
| Profit/loss from discontinued operations    | -0.1  | 5.6   | 0.3   | 0.2   | 0.9   | 0.6   | 0.4   |
| Profit/loss from discontinued operations    | 0.6   | 0.0   | -0.2  | -1.3  | -3.4  | -0.7  | -0.6  |
| Profit for the financial period             | 2.4   | 7.0   | 1.1   | -2.3  | -1.0  | -1.8  | -0.7  |
| Minority interest                           | 1.4   | 0.7   | 0.9   | -0.2  | -0.6  | -0.4  | 0.3   |
| Parent company shareholder interest         | 1.0   | 6.3   | 0.2   | -2.0  | -0.4  | -1.4  | -1.0  |

## GUARANTEES GIVEN

| (EUR 1,000)                                    | 2014   | 2013   |
|--|--------|--------|
| Guarantees given on behalf of Group companies  |        |        |
| Enterprise mortgages                           | 44,277 | 41,449 |
| Pledges given                                  | 67,947 | 72,939 |
| Other liabilities                              | 4,562  | 2,950  |
| Other rental agreements                        |        |        |
| In one year                                    | 6,238  | 9,227  |
| In over one year but within five years maximum | 13,320 | 16,854 |
| In over five years                             | 2,006  | 2,438  |
| Total  | 21,564 | 28,519 |

## SEGMENT INFORMATION

| NET SALES                      | 11/13-10/14 | 11/12-10/13 | Change |
|--------------------------------|-------------|-------------|--------|
| (EUR 1,000)                    |             |             |        |
| Digital Printing Services      | 57,795      | 50,777      | 7,017  |
| Safety                         | 33,671      | 31,831      | 1,839  |
| Takoma                         | 15,339      | 14,149      | 1,190  |
| Ceiling Materials              | 10,989      | 12,760      | -1,772 |
| Fittings                       | 10,912      | 11,909      | -997   |
| Spare parts for Motor Vehicles | 10,768      | 10,274      | 494    |
| Building Technology Renovation | 8,758       | 0           | 8,758  |
| Heat Treatment                 | 6,832       | 5,744       | 1,089  |
| Others                         | 0           | 34          | -34    |
| Eliminations                   | -262        | -434        | 172    |
| Group in total                 | 154,802     | 137,044     | 17,757 |

## OPERATING PROFIT

(EUR 1,000)

|                                |        |        |       |
|--------------------------------|--------|--------|-------|
| Digital Printing Services      | 7,146  | 6,351  | 795   |
| Safety                         | 2,113  | 1,574  | 539   |
| Takoma                         | -365   | -4,106 | 3,740 |
| Ceiling Materials              | 544    | 873    | -329  |
| Fittings                       | 818    | -152   | 970   |
| Spare parts for Motor Vehicles | 714    | 813    | -98   |
| Building Technology Renovation | 1,099  | 0      | 1,099 |
| Heat Treatment                 | 239    | -1,469 | 1,708 |
| Others                         | -2,138 | -2,298 | 160   |
| Group in total                 | 10,169 | 1,586  | 8,584 |

## ASSETS

## LIABILITIES

(EUR 1,000)

|                                | October 31, 2014 | October 31, 2013 | October 31, 2014 | October 31, 2013 |
|--------------------------------|------------------|------------------|------------------|------------------|
| Digital Printing Services      | 45,051           | 42,782           | 21,519           | 18,810           |
| Safety                         | 20,551           | 19,657           | 17,377           | 17,372           |
| Takoma                         | 13,292           | 20,058           | 13,048           | 18,033           |
| Ceiling Materials              | 4,879            | 5,718            | 2,735            | 3,615            |
| Fittings                       | 10,538           | 10,772           | 8,000            | 8,584            |
| Spare parts for Motor Vehicles | 4,423            | 4,462            | 3,173            | 3,566            |
| Building Technology Renovation | 16,414           | 0                | 12,791           | 0                |



|                |         |         |        |        |
|----------------|---------|---------|--------|--------|
| Heat Treatment | 4,269   | 4,906   | 1,854  | 2,817  |
| Others         | 31,073  | 46,955  | 22,499 | 33,437 |
| Eliminations   | -7,681  | -6,677  | -7,681 | -6,677 |
| Group in total | 142,810 | 148,633 | 95,316 | 99,556 |

## SEGMENT INFORMATION BY QUARTER

| Net sales, MEUR                   | 4Q/14 | 3Q/14 | 2Q/14 | 1Q/14 | 4Q/13 | 3Q/13 | 2Q/13 |
|-----------------------------------|-------|-------|-------|-------|-------|-------|-------|
| Digital Printing Services         | 15.8  | 13.2  | 15.2  | 13.6  | 14.2  | 12.3  | 13.4  |
| Safety                            | 9.3   | 7.7   | 8.4   | 8.3   | 9.5   | 7.0   | 7.8   |
| Takoma                            | 4.6   | 3.5   | 3.8   | 3.5   | 4.0   | 3.6   | 3.5   |
| Ceiling Materials                 | 2.6   | 2.9   | 2.9   | 2.7   | 3.2   | 3.5   | 3.0   |
| Fittings                          | 2.6   | 2.6   | 3.2   | 2.5   | 3.0   | 2.8   | 3.1   |
| Spare parts for Motor Vehicles    | 2.9   | 2.7   | 2.6   | 2.6   | 2.7   | 2.6   | 2.5   |
| Building Technology<br>Renovation | 4.9   | 3.9   | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   |
| Heat Treatment                    | 1.6   | 1.6   | 1.6   | 2.0   | 2.1   | 1.3   | 1.2   |
| Others                            | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   |
| Eliminations                      | -0.1  | -0.1  | 0.0   | -0.1  | 0.0   | -0.1  | -0.1  |
| Group in total                    | 44.1  | 38.1  | 37.5  | 35.1  | 38.7  | 33.0  | 34.4  |

| Operating profit (MEUR)           | 4Q/14 | 3Q/14 | 2Q/14 | 1Q/14 | 4Q/13 | 3Q/13 | 2Q/13 |
|-----------------------------------|-------|-------|-------|-------|-------|-------|-------|
| Digital Printing Services         | 2.6   | 1.3   | 2.2   | 1.0   | 1.9   | 1.7   | 1.7   |
| Safety                            | 1.0   | 0.9   | 0.1   | 0.1   | 1.0   | 0.4   | 0.4   |
| Takoma                            | 0.2   | 0.0   | -0.3  | -0.3  | -0.3  | -2.9  | -0.5  |
| Ceiling Materials                 | 0.0   | 0.1   | 0.4   | 0.1   | 0.2   | 0.3   | 0.1   |
| Fittings                          | 0.3   | 0.2   | 0.3   | 0.1   | 0.0   | 0.2   | -0.2  |
| Spare parts for Motor Vehicles    | 0.2   | 0.2   | 0.1   | 0.2   | 0.2   | 0.3   | 0.1   |
| Building Technology<br>Renovation | 0.6   | 0.5   | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   |
| Heat Treatment                    | -0.1  | 0.1   | 0.0   | 0.2   | -0.7  | -0.1  | -0.3  |
| Others                            | -0.4  | -0.4  | -0.6  | -0.7  | -0.5  | -0.6  | -0.6  |
| Group in total                    | 4.4   | 2.8   | 2.3   | 0.7   | 1.8   | -0.6  | 0.7   |

Panostaja is an investment company developing Finnish SMEs in the role of an active majority shareholder. The company aims to be the most sought-after partner for business owners selling their companies as well as for the best managers and investors. Together with its partners, Panostaja increases the Group's shareholder value and creates Finnish success stories.

Panostaja has eight segments engaging in business operations. Flexim Security Oy (Safety) is a specialist in security technology and services, locking, door automation and access control products and solutions. Heatmasters Group (Heat Treatment) offers thermal treatment services of metals in Finland and internationally, and produces, develops and markets heat treatment technology. KL-Varaosat (Spare Parts for Motor Vehicles) is an importer, wholesale dealer and retailer of original spare parts and supplies for Mercedes Benz and BMW cars. Grano Oy (Digital Printing Services) forms Finland's largest company offering digital printing services and publication and production services. Suomen Helakeskus Oy (Fittings) is

a major wholesaler of construction and furniture fittings in Finland. Selog Oy (Ceiling Materials) is a specialty supplier and wholesaler of ceiling materials. Takoma Oyj (Takoma) is a listed machine shop group. KotiSun Oy (Building Technology Renovation) is Finland's leading company in service water and heating network building technology renovations for detached houses.