PANOSTAJA GROUP'S INTERIM REPORT

February 1, 2014–April 30, 2014 (Q2)

- Net sales increased by 8% and was MEUR 44.8 (MEUR 41.6). The impact of corporate acquisitions on the MEUR 3.2 increase of net sales stood at MEUR 1.2. Net sales increased in seven of the eight segments.
- EBIT improved and was MEUR 2.7 (MEUR 1.0). The MEUR 1.7 increase in EBIT was particularly influenced by improved profit development in the Digital Printing Services, Fittings and Heat Treatment segments. Six out of eight segments achieved better operating profit than in the reference period.
- Profit before taxes was MEUR 2.1 (MEUR 0.2)
- Earnings per share (undiluted) were 0.42 cents (-1.94 cents).
- Operating cash flow improved and was MEUR 2.6 (MEUR 1.0).

November 1, 2013–April 30, 2014 (6 months)

- Net sales for the six-month period increased by 9.6% and were MEUR 87.2 (MEUR 79.6). The MEUR 7.6 growth in net sales was mainly a result of organic growth and the impact of corporate acquisitions carried out in the previous financial period, the impact of which totaled MEUR 3.2. Net sales increased in six of the eight segments.
- EBIT improved and was MEUR 3.6 (MEUR 0.7), growth of MEUR 2.9. EBIT was particularly improved by an improvement in profit in the Fittings and Heat Treatment segments.
- Profit before taxes was MEUR 2.0 (MEUR -0.8)
- Earnings per share (undiluted) were -3.6 cents (-5.6 cents).
- Operating cash flow improved and was MEUR 4.1 (MEUR 2.3).
- The six-month review includes the figures for Vindea Group Oy (the Value-added Logistics segment), which was, in its entirety, removed from Panostaja Group's result from continuing operations for the financial period and the reference period as a result of a corporate transaction as of May 21, 2014. Panostaja recorded a sales profit of about MEUR 5.5 from the transaction.

Result management

Panostaja keeps its result management issued on May 21, 2014 unaltered. The Group's comparable net sales in the 2014 financial period are expected to be 12−17% greater than in the 2013 financial period (MEUR 137.0). The Group's comparable EBIT (MEUR 1.6) is expected to improve significantly in the 2014 financial period. Result management has taken into account the divested businesses of the Takoma segment and the removal of the Value-added Logistics and Supports segments from the Group.

CEO Juha Sarsama: In the entire six-month period and the second quarter, net sales increased and EBIT improved. In the second quarter, net sales increased in seven of the eight segments and EBIT improved in six of the eight segments.

The active development of our ownership continued. Since the review period, we have carried out two significant corporate restructuring measures. We expanded our business into building technology renovation services for detached houses by purchasing a 60% shareholding in Kotisun Oy, and we established a new segment within the Group specializing in building technology renovation for houses. We sold Vindea, the expert in value-added logistics, which we have owned since 2003. During our ownership, Vindea has grown profitably, achieved a strong market position and increased its expertise and number of customer accounts.

It is assumed that the Takoma reorganization measures will be evident during the remainder of the financial period as an improvement in profitability. The impact of actions taken is already evident as a clear increase in the order book.

Even though there has been improvement the general economic situation is still uncertain. Comparisons between EU countries show that Finland's industrial structural challenges are not yet over. The general economic situation and atmosphere has remained challenging, especially 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 for divestments. Our aim is to be an active player on the market for target companies that are in accordance with our strategy.

Key figures Panostaja Group	**6 months**	**6 months**	**Q2**	**Q2**	**12 months**
	11/13-04/14	11/12-04/13	2/14-4/14	2/13-4/13	11/12-10/13
Net sales, MEUR	87.2	79.6	44.8	41.6	167.0
EBIT, MEUR	3.6	0.7	2.7	1.0	3.3
Profit before taxes, MEUR	2.0	-0.8	2.1	0.2	0.4
Earnings per share, undiluted (EUR)	-0.04	-0.06	0.00	-0.02	-0.09
Equity per share (EUR)	0.50	0.48	0.50	0.48	0.59
Operating cash flow (MEUR)	4.1	2.3	2.5	1.0	7.8

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 90,3 and the EBIT was MEUR 0,1.

Key figures by segment

Net sales, MEUR

	6 months	6 months	Q2	Q2	12 months
	11/13-04/14	11/12-04/13	2/14-4/14	2/13-4/13	11/12-10/13
Digital Printing Services	28.8	24.3	15.2	13.4	50.8

Safety	16.6	15.4	8.4	7.8	31.8
Value-added Logistics	14.6	14.2	7.3	7.2	29.9
Takoma	7.3	6.5	3.8	3.5	14.1
Ceiling Materials	5.6	6.0	2.9	3.0	12.8
Fittings	5.7	6.1	3.2	3.1	11.9
Spare Parts for Motor Vehicles	5.1	5.0	2.6	2.5	10.3
Heat Treatment	3.6	2.3	1.6	1.2	5.7
Other	0.0	0.0	0.0	0.0	0.0
Eliminations	-0.1	-0.3	0.0	-0.1	-0.4
Group in total	87.2	79.6	44.8	41.6	167.0

EBIT, MEUR

	6 months	6 months	Q2	Q2	12 months
	11/13-04/14	11/12-04/13	2/14-4/14	2/13-4/13	11/12-10/13
Digital Printing Services	3.3	2.7	2.2	1.7	6.4
Safety	0.3	0.2	0.1	0.4	1.6
Value-added Logistics	0.6	0.4	0.4	0.3	1.7
Takoma	-0.6	-0.9	-0.3	-0.5	-4.1
Ceiling Materials	0.5	0.3	0.4	0.1	0.9
Fittings	0.4	-0.4	0.3	-0.2	-0.2
Spare Parts for Motor Vehicles	0.3	0.3	0.1	0.1	0.8
Heat Treatment	0.2	-0.6	0.0	-0.3	-1.5
Other	-1.3	-1.2	-0.6	-0.6	-2.3
Group in total	3.6	0.7	2.7	1.0	3.3

PRESS CONFERENCE

Panostaja will hold a press conference for analysts, investors and the press on June 4, 2014 from 11:30 am to 12:30 pm at Hotel Scandic Simonkenttä, Bulsa-Freda 1-2, Simonkatu 9, Helsinki.

The interim report, presentations and other investor information are available at: www.panostaja.fi.

Panostaja Oyj

Juha Sarsama
CEO

Further information:
CEO Juha Sarsama, Panostaja Oyj, +358 40 774 2099

Distribution: NASDAQ OMX Helsinki, key media, www.panostaja.fi.

PANOSTAJA GROUP INTERIM REPORT NOVEMBER 1, 2013–APRIL 30, 2014 (6 months)

THE ECONOMIC DEVELOPMENT OF THE PANOSTAJA GROUP

Key figures Panostaja Group	**6 months** 11/13-04/14	**6 months** 11/12-04/13	**Change, %**	**3 months** 2/14-4/14	**3 months** 2/13-4/13	**Change, %**	**12 months** 11/12-10/13
Net sales, MEUR	87.2	79.6	9.6%	44.8	41.6	7.7%	167.0
EBIT, MEUR	3.6	0.7	391.3%	2.7	1.0	180.5%	3.3
Profit before taxes, MEUR	2.0	-0.8	341.0%	2.1	0.2	849.1%	0.4
Earnings per share, undiluted (EUR)	-0.04	-0.06	35.7%	0.00	-0.02	121.1%	-0.09
Equity per share (EUR)	0.50	0.48	4.2%	0.50	0.48	4.2%	0.59
Operating cash flow (MEUR)	4.1	2.3	80.9%	2.6	1.0	164.5%	7.8

FEBRUARY 2014–APRIL 2014

Net sales for the second quarter, February−April, increased by 8% to MEUR 44.8 (MEUR 41.6). Export amounted to MEUR 0.1, or 1.4%, (MEUR 2.4, or 5.8%) of net sales. The increase in net sales was mainly organic.. Of the Group’s eight operational segments, seven exceeded the net sales of the reference year.

EBIT improved and was MEUR 2.7 (MEUR 1.0). The MEUR 1.7 increase in EBIT was particularly influenced by improved profit development in the Digital Printing Services, Fittings and Heat Treatment segments. Six segments achieved better operating profit than in the reference period.

Profit before taxes was MEUR 2.1 (MEUR 0.2) and earnings per share (undiluted) was 0,42 cents (-1.94 cents). Equity per share was EUR 0.50 (EUR 0.48).

Operating cash flow was MEUR 2.6 (MEUR 1.0).

NOVEMBER 2013–APRIL 2014

Net sales for the six-month period increased by 9.6%. Panostaja Group’s net sales during the six-month period were MEUR 87.2 (MEUR 79.6). Export amounted to MEUR 1.6, or 1.8 %, (MEUR 4.5, or 5.2 %) of net sales. Corporate acquisitions realized during the previous financial period affected the MEUR 7.6 increase in net sales by MEUR 3.2.

Of the Group’s eight operational segments, six exceeded the cumulative net sales level of the reference period and seven segments exceeded the EBIT level in the review period.

EBIT totaled MEUR 3.6 (MEUR 0.7). The MEUR 2.9 increase in EBIT was particularly influenced by improved profit development in the Digital Printing Services, Fittings and Heat Treatment segments.

The Group’s net financial expenses for the review period were MEUR -1.3 (MEUR -1.4). The Group's liquidity remained good and operating cash flow was MEUR 4.1 positive.

SEGMENT REVIEW

Key figures by segment

Net sales, MEUR

	6 months	6 months	Change, %	Q2	Q2	Change, %	12 months
	11/13-04/14	11/12-04/13		2/14-4/14	2/13-4/13		11/12-10/13
Digital Printing Services	28.8	24.3	18.4%	15.2	13.4	13.8%	50.8
Safety	16.6	15.4	8.3%	8.4	7.8	7.5%	31.8
Value-added Logistics	14.6	14.2	2.6%	7.3	7.2	1.6%	29.9
Takoma	7.3	6.5	11.5%	3.8	3.5	8.2%	14.1
Ceiling Materials	5.6	6.0	-7.0%	2.9	3.0	-3.8%	12.8
Fittings	5.7	6.1	-7.4%	3.2	3.1	0.2%	11.9
Spare Parts for Motor Vehicles	5.1	5.0	3.1%	2.6	2.5	3.4%	10.3
Heat Treatment	3.6	2.3	56.5%	1.6	1.2	28.7%	5.7
Other	0.0	0.0	-100.0%	0.0	0.0	-100.0%	0.0
Eliminations	-0.1	-0.3	-59.8%	0.0	-0.1	-57.4%	-0.4
Group in total	87.2	79.6	9.6%	44.8	41.6	7.7%	167.0

EBIT, MEUR

	6 months	6 months	Change, %	Q2	Q2	Change, %	12 months
	11/13-04/14	11/12-04/13		2/14-4/14	2/13-4/13		11/12-10/13
Digital Printing Services	3.3	2.7	21.0%	2.2	1.7	34.1%	6.4
Safety	0.3	0.2	35.3%	0.1	0.4	-64.6%	1.6
Value-added Logistics	0.6	0.4	70.0%	0.4	0.3	48.8%	1.7
Takoma	-0.6	-0.9	-34.8%	-0.3	-0.5	-43.0%	-4.1
Ceiling Materials	0.5	0.3	37.8%	0.4	0.1	298.0%	0.9
Fittings	0.4	-0.4	-200.7%	0.3	-0.2	-293.6%	-0.2
Spare Parts for Motor Vehicles	0.3	0.3	-6.7%	0.1	0.1	-12.8%	0.8
Heat Treatment	0.2	-0.6	-138.4%	0.0	-0.3	-111.2%	-1.5
Other	-1.3	-1.2	5.4%	-0.6	-0.6	4.4%	-2.3
Group in total	3.6	0.7	391.3%	2.7	1.0	180.5%	3.3

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, Value-added Logistics, Takoma, Ceiling Materials, Fittings, Spare Parts for Motor Vehicles, Heat Treatment and Other (parent company and associated companies).

Segment comments, November 2013–April 2014

In the six-month period, net sales in the Digital Printing Services segment increased from MEUR 24.3 to MEUR 28.8. EBIT increased from MEUR 2.7 to MEUR 3.3. The increase in net sales is attributable to the acquisition of DMP Group in December 2012 and the acquisition of Eriksen Oy in February 2014. After the review period, it has been decided to merge DMP Digital Media Partners Oy with Kopijyvä Oy. At the same time, the company has decided on a new strategy and name. The company's new name is Grano Oy.

Net sales in the Safety segment increased from MEUR 15.4 to MEUR 16.6, and EBIT improved from MEUR 0.2 to MEUR 0.3. The increase in net sales was due to organic growth in the segment and the acquisition of Lappeenrannan Lukko- ja Varustepalvelu in May 2013. EBIT developed favorably, even though depreciations of product development costs are encumbering EBIT. Several major projects are ongoing in relation to Flexim's new-generation Flexim Safea solution.

Net sales in the Value-added Logistics segment grew from MEUR 14.2 to MEUR 14.6 and EBIT from MEUR 0.4 to MEUR 0.6. Net sales and EBIT developed favorably, even though poor economic conditions prevail for our customers. The company's stock of tenders is also relatively good.

The structure of the Takoma segment changed significantly during the review period. The only unit continuing to operate is Takoma Gears in Parkano. The figures for discontinued operations are presented under 'Discontinued Operations'. Net sales of Takoma's continuing operations improved from MEUR 6.5 to MEUR 7.3. The loss for the segment's continuing operations was reduced from MEUR -0.9 to MEUR -0.6. The order book of the Parkano factory is more than 40% higher than the previous year.. 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 these bankruptcies, the companies in question have been treated as discontinued operations in Panostaja's consolidated financial statements. They incurred a combined loss of MEUR 1.5 in the period under review.

Net sales in the Ceiling Materials segment declined from MEUR 6.0 to MEUR 5.6. The economic situation in construction remains poor and competition in for installation work is fierce. EBIT on the other hand improved from MEUR 0.3 to MEUR 0.5. In spite of the poor economic situation, the segment's result has remained positive.

Net sales in the Fittings segment declined from MEUR 6.1 to MEUR 5.7. The segment's market situation has tightened further and price competition is increasingly evident. EBIT improved over the previous year's MEUR -0.4 to MEUR 0.4. The result for the reference period was encumbered by costs related to the acquisition of Eurohela. The profitability of both operating companies has, however, clearly improved over last year.

Net sales in the Spare Parts for Motor Vehicles segment increased slightly from MEUR 5.0 to MEUR 5.1. With the exception of January, the winter season was commercially poor owing to the mild weather and the caution of consumers. EBIT remained at the level of the previous year and was MEUR 0.3 (MEUR 0.3). The segment expanded in the review period when a new site was opened as planned in Turku in January.

Net sales in the Heat Treatment segment increased from MEUR 2.3 to MEUR 3.6. EBIT improved clearly from MEUR -0.6 to MEUR 0.2. The market situation is calmly active, but the future remains uncertain. In the review period, a significant increase took place in the sales of small heat treatment ovens.

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 -0.3 (MEUR -0.1), which is presented on a separate row in the consolidated income statement.

Personnel

	April 30, 2014	April 30, 2013	Change	October 31, 2013
Average number of employees	1,274	1,275	0%	1,251
Employees at the end of the review period	1,252	1,344	-7%	1,295

Employees in each segment at the end of the review period	April 30, 2014	April 30, 2013	Change	October 31, 2013
Digital Printing Services	499	434	15%	451
Safety	219	208	5%	205
Takoma	88	186	-53%	163
Value-added Logistics	289	287	1%	299
Ceiling Materials	13	16	-19%	15
Spare Parts for Motor Vehicles	41	35	17%	39
Fittings	35	39	-10%	37
Heat Treatment	60	64	-6%	62
Carpentry Industry	0	31		0
Supports	0	16		16
Fasteners	0	20		0
Other	8	8	0%	8
Group in total	1,252	1,344	-7%	1,295

Panostaja's personnel fell. The number of personnel fell compared with one year earlier, mainly as a result of Takoma's discontinued operations. At the end of the review period, Panostaja Group employed a total of 1,252 persons, while the average number of personnel during the period was 1,274. 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 4.1 positive (MEUR 2.3). Liquidity remained good. The Group's liquid assets were MEUR 13.6 (MEUR 8.6) and interest-bearing net liabilities MEUR 38.4 (MEUR 54.0). Gearing ratio fell and was 93.0% (120.5%). The Group's net financial expenses for the review period were MEUR -1.3 (MEUR -1.4), or 1.5% (1.8%) 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 30.1% (30.3%). The return on equity was -5.1% (-12.4%) and the return on investment 7.3% (0.4%).

The Group's gross capital expenditure for the review period were MEUR 3.5 (MEUR 17.1), or 4.0% (23.0%) 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	April 30, 2014	April 30, 2013	October 31, 2013
Interest-bearing liabilities	56.7	66.6	60.1
Interest-bearing receivables	4.7	4.0	3.6

Cash and cash equivalents	13.6	8.6	16.4
Interest-bearing net liabilities	38.4	54.0	40.1
Equity (belonging to the parent company's shareholders as well as minority shareholders)	41.2	44.8	49.1
Gearing ratio, %	93.0	120.5	82.6
Equity ratio, %	30.1	30.3	33.2
Return on equity, %	-5.1	-12.4	-11.7
Return on investment, %	7.3	0.4	0.5

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. Takoma Oyj's subsidiary Tampereen Laatukoneistus Oy filed on December 9, 2013 a business restructuring proceedings application at the District Court of Pirkanmaa. In its meeting on January 14, 2014, the Board of Directors of Tampereen Laatukoneistus Oy stated that, with the current volume, the company cannot fulfil the obligations of the business restructuring proceedings and that it is probable that the business restructuring proceedings cannot improve the profitability of the company and decided to cancel Tampereen Laatukoneistus Oy's business restructuring proceedings application and filed for bankruptcy. On January 14, 2014, the Board of Directors of Hervannan Koneistus Oy, a subsidiary of Takoma Oyj, decided to file for bankruptcy. The Board of Directors of Takoma Systems Oy decided to file for bankruptcy on December 27, 2013.

Takoma Gears Oy, whose business operations have been profitable, remained in the Takoma Group as an operative company. The key creditors expressed their support for Takoma Oyj's and Takoma Gears Oy's business restructuring proceedings applications.

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%.

SHARE PRICE DEVELOPMENT AND SHARE OWNERSHIP

Panostaja Oyj's share closing rate fluctuated between EUR 0.72 (lowest quotation) and EUR 0.75 (highest quotation) during the second quarter. During the period under review, a total of 1,061,351 shares were exchanged, which amounts to 2.1 % of the share capital. The April share closing rate was EUR 0.75. The market value of the company's share capital at the end of April 2014 was MEUR 38.8 (MEUR 37.3). At the end of April 2014, the company had 3,540 shares (3,775).

Development of share exchange	2Q/2014	2Q/2013	1–2Q/2014	1–2Q/2013
Shares exchanged, 1,000 pcs	1,061	413	3,787	2,064
% of share capital	2.1	0.8	7.4	4.0

Share	**April 30, 2014**	**April 30, 2013**	**October 31, 2013**
Shares in total, 1,000 pcs	51,733	51,733	51,733
Own shares, 1,000 pcs	459	525	491
Closing rate	0.75	0.72	0.80

Market value (MEUR)	38.8	37.3	41.4
Shareholders	3,540	3,775	3,743

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 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 compensation 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 compensation 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 price in public trade arranged by NASDAQ OMX Helsinki Oy on the date of acquisition 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 474,517 individual shares (at the beginning of financial period: 490,956). The number of the company's own shares corresponded to 0.9% 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, and a total of 16,000 shares on March 11, 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.

EVENTS AFTER THE REVIEW PERIOD

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. Panostaja recorded a sales profit of about MEUR 5.5 from the transaction.

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.

MARKET PROSPECTS

The general economic situation and atmosphere has remained uncertain. The demand for companies operating on the domestic market has evened out 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. The situation on the financial markets for the SME sector has improved and finance is available for good projects. The protractedness of the crisis in Ukraine, caution with credit issue and the structural challenges of the Finnish economy are, however, significant risks to overall economic development. On the corporate acquisition market, activity has increased and this will offer opportunities both for new acquisitions and for divestments.

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 was published in the 2013 annual report. Financial risks are discussed in greater detail in the Notes to the 2013 financial statements.

Market risks, general: General market risks are mainly tied to the uncertainty resulting from Finland's economic situation, export industry competitiveness and the change it has caused, as well as their potential impact on achieving the goals set for the various segments. The weakening in financial market liquidity 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, particularly in segments serving the technology sector, 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 crisis in Ukraine has no direct impact on Panostaja Group, as the Group companies have no receivables from/projects ongoing in Ukraine. The possible protraction of the crisis in Ukraine may negatively affect demand on the domestic Finnish market and thereby the improvement in 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. In the current financial period, 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 six-month 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. The restructuring proceedings of Takoma Oyj and Takoma Gears Oy may have an impact on business, depending on the reactions of customers and suppliers. In order to reduce the negative impact and safeguard undisturbed operations, Takoma has been in contact with both customers and suppliers and has discussed the situation of each company and the reasons for it with different interest groups. According to customer and supplier feedback received, confidence in Takoma's ability to supply is returning. Takoma's interim report has been prepared on the assumption that business will continue. This will require that admission to the business restructuring process is granted, additional finance is acquired, loan periods are extended, and the profitability of operations is improved. Changes concerning Takoma may cause needs for one-time write-downs. Takoma's failure to safeguard the continuity of operations is not expected to cause changes to Panostaja Groups operating conditions.

OUTLOOK FOR THE 2014 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 segments will be made in order to maximize shareholder value. Active development of shareholder value, the effective allocation of capital and finance opportunities create a solid foundation for operational expansion. The need for ownership arrangements 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 the forecastability of the technology industry 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 continuation of operations of Takoma will require that the business restructuring process is carried out, the restructuring program is confirmed, loan periods are extended, and the profitability of operations is improved. Takoma's failure to safeguard the continuity of operations does not cause changes to Panostaja Group's operating conditions.

Panostaja keeps its result management issued on May 21, 2014 unaltered. The Group's comparable net sales in the 2014 financial period are expected to be 12−17% greater than in the 2013 financial period (MEUR 137.0). The Group's comparable EBIT (MEUR 1.6) is expected to improve significantly in the 2014 financial period. Result management has taken into account the divested businesses of the Takoma segment and the removal of the Value-added Logistics and Supports segments from the Group.

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.

The information in the interim report has not been audited.

INCOME STATEMENT

(EUR 1,000)	02/14-04/14 3 months	02/13-04/13 3 months	11/13-04/14 6 months	11/12-04/13 6 months	2013 12 months
Net sales	44,805	41,595	87,209	79,603	166,951
Other operating income	217	250	687	430	1,281
Costs in total	40,814	39,136	81,309	76,214	155,757
Depreciations, amortizations and impairment	1,488	1,739	2,965	3,082	9,191
Operating profit	2,720	970	3,622	737	3,284
Financial income and expenses	-618	-736	-1,335	-1,450	-2,787
Share of associated company profits	5	-12	-296	-113	-110
Profit before taxes	2,107	222	1,991	-826	387
Income taxes	-815	-502	-1,729	-1,001	-1,376
Profit/loss from continuing operations	1,293	-280	262	-1,827	-989
Profit/loss from discontinued operations	o	167	38	232	740

Profit/loss from discontinued operations	-193	-562	-1,460	-1,183	-5,271
Profit/loss for the financial period	1,100	-675	-1,160	-2,778	-5,520
Attributable to					
shareholders of the parent company	215	-995	-1,827	-2,888	-4,628
minority shareholders	886	320	667	110	-892
Earnings per share from continuing operations EUR, undiluted	0.004	-0.016	-0.018	-0.046	-0.040
Earnings per share from continuing operations EUR, diluted	0.004	-0.016	-0.018	-0.046	-0.040
Earnings per share from discontinued operations EUR, undiluted	0.000	-0.004	-0.017	-0.010	-0.050
Earnings per share from discontinued operations EUR, diluted	0.000	-0.004	-0.017	-0.010	-0.050
Earnings per share on continuing and discontinued operations EUR, undiluted	0.004	-0.019	-0.036	-0.056	-0.090
Earnings per share on continuing and discontinued operations EUR, diluted	0.004	-0.019	-0.036	-0.056	-0.090

EXTENSIVE INCOME STATEMENT

Items of the extensive income statement	1,100	-675	-1,160	-2,778	-5,520
Translation differences	-49	10	-49	10	103
Extensive income statement for the period	1,051	-665	-1,209	-2,768	-5,417
Attributable to					
shareholders of the parent company	166	-985	-1,876	-2,878	-4,525
minority shareholders	886	320	667	110	-892

BALANCE SHEET	April 30, 2014	April 30, 2013	October 31, 2013
(EUR 1,000)			
ASSETS			
Non-current assets			
Goodwill	42,477	43,785	41,929
Other intangible assets	8,439	9,833	8,079
Property, plant and equipment	10,278	19,537	15,153
Interests in associated companies	3,652	3,710	3,714
Other non-current assets	12,323	13,351	12,769
Non-current assets total	77,168	90,216	81,644
Current assets			
Stocks	15,366	20,051	15,437

Trade receivables and other non-interest-bearing receivables	31,095	29,627	30,834
Short-term investments	6,400	0	8,400
Cash and cash equivalents	7,181	8,632	7,970
Current assets total	60,042	58,310	62,641
Held-for-sale non-current asset items			4,348
Assets in total	137,210	148,526	148,633
EQUITY AND LIABILITIES			
Equity attributable to parent company shareholders			
Share capital	5,569	5,569	5,569
Share premium account	4,646	4,646	4,646
Invested unrestricted equity fund	14,538	14,486	14,508
Equity convertible loan	7,390		7,390
Translation difference	-125	-57	-73
Retained earnings	-6,447	-51	-1,979
Total	25,571	24,594	30,061
Minority interest	15,661	20,216	19,016
Equity total	41,232	44,810	49,077
Liabilities			
Deferred tax liabilities	1,216	2,301	1,672
Equity convertible subordinated loan	14,623	14,489	14,556
Non-current liabilities	31,485	39,451	28,046
Current liabilities	48,654	47,476	55,282
Liabilities total	95,978	103,717	99,556
Equity and liabilities in total	137,210	148,526	148,633

CASH FLOW STATEMENT (EUR 1,000)	04/2014	04/2013	2013
Operating net cash flow	4,123	2,279	7,780
Investment net cash flow	-4,330	-12,311	-25,452

Loans drawn	6,064	18,839	33,077
Loans repaid	-7,298	-9,389	-21,543
Share issue			5,102
Disposal of own shares	12	22	46
Dividends paid and capital repayments	-1,577	-3,156	-3,156
Finance net cash flow	-2,799	6,316	13,526
Change in cash flows	-3,006	-3,716	-4,146

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR 1,000)	Share capital	Share premium account	Invested unrestricted equity fund	Translation differences	Profit funds	Equity convertible loan	Minority shareholders' interest	Total
Equity	**5,569**	**4,646**	**16,523**	**-66**	**1,981**		**1,652**	**45,173**
November 1, 2012								
Profit for the financial period					-2,888		110	-2,778
Profit and costs recorded during the financial period, total					-2,888		110	-2,778
Dividends paid							-1,116	-1,116
Repayment of capital			-2,040					-2,040
Share subscription								
Share issue								
Disposal of own shares			3					3
Reward scheme								
Translation differences				10				10
Changes in minority interest					856		4,703	5,559
Other changes in equity, total			-2,037	10	856		3,586	2,415
Equity								
April 30, 2013	**5,569**	**4,646**	**14,486**	**-56**	**-51**		**20,216**	**44,810**
Equity								
November 1, 2013	**5,569**	**4,646**	**14,508**	**-73**	**-1,979**	**7,390**	**19,016**	**49,077**
Profit for the financial period					-1,828		668	-1,160

Profit and costs recorded during the financial period, total					-1,828		668	-1,160
Dividends paid							-1,537	-1,537
Repayment of capital								
Equity convertible loan								
Disposal of own shares			24					24
Reward scheme			6					6
Translation differences				-49				-49
Changes in minority interest					-2,640		-2,486	-5,126
Adjustment of errors in previous financial period								
Other changes in equity, total			30	-49	-2,640		-4,023	-6,682
Equity	**5,569**	**4,646**	**14,538**	**-122**	**-6,447**	**7,390**	**15,661**	**41,232**
April 30, 2014								

KEY FIGURES

	04/2014	04/2013	10/2013
Equity per share (EUR)	0.50	0.48	0.59
Earnings per share, diluted (EUR)	-0.04	-0.06	-0.09
Earnings per share, undiluted (EUR)	-0.04	-0.06	-0.09
Earnings per share, diluted, taking the hybrid loan into account (EUR), EUR	-0.04		
Average number of shares during financial period, 1,000 pcs.	51,197	51,194	51,211
Number of shares at end of financial period, 1,000 pcs.	51,733	51,733	51,733
Share issues/CL exchanges during financial period, 1,000 pcs.	0	0	0
Number of shares, 1,000, diluted	58,015	58,013	58,029
Return on equity,%	-5.1	-12.3	-11.7
Return on investment,%	7.3	0.4	0.5
Gross capital expenditure			
To permanent assets (MEUR)	3.5	17.1	21.2
% of net sales	4.0	22.9	12.7
Interest-bearing liabilities	56.7	66.6	60.1
Equity ratio (%)	30.1	30.3	33.2
Average number of employees	1,274	1,275	1,251

GROUP DEVELOPMENT BY QUARTER

(MEUR)	Q2/14	Q1/14	Q4/13	Q3/13	Q2/13	Q1/13	Q4/12
Net sales	44.8	42.4	46.8	40.6	41.6	38.0	39.8
Other operating income	0.2	0.2	0.6	0.2	0.2	0.2	0.5
Costs in total	-40.8	-40.1	-42.7	-36.7	-39.1	-37.1	-36.7
Depreciations, amortizations and impairment	-1.5	-1.5	-2.0	-4.1	-1.7	-1.3	-3.6
EBIT	2.7	0.9	2.6	-0.1	1.0	-0.2	0.0
Finance items	-0.6	-0.7	-0.7	-0.6	-0.8	-0.7	-1.5
Share of associated company profits	0.0	-0.3	-0.2	0.2	0.0	-0.1	-0.1
Profit before taxes	2.1	0.1	1.8	-0.5	0.2	-1.0	-1.6
Taxes	-0.9	-0.9	0.4	-0.8	-0.5	-0.5	-1.5
Profit from continuing operations	1.3	-1.0	2.1	-1.3	-0.3	-1.5	-3.2
Profit/loss from discontinued operations	-0.2	0.0	0.3	0.1	0.2	0.1	0.1
Profit/loss from discontinued operations	-1.3	-1.3	-3.4	-0.7	-0.6	-0.6	
Profit for the financial period	1.1	-2.3	-1.0	-1.8	-0.7	-2.1	-3.1
Minority interest	0.9	-0.2	-0.6	-0.4	0.3	-0.2	-0.3
Parent company shareholder interest	0.2	-2.1	-0.4	-1.4	-1.0	-1.9	-2.8

GUARANTEES GIVEN

(EUR 1,000)	04/2014	04/2013	2013
Guarantees given on behalf of Group companies			
Enterprise mortgages	39,677	44,211	41,449
Pledges given	75,537	78,892	72,939
Other liabilities	3,549	1,545	2,950
Other rental agreements			
In one year	8,612	8,419	9,227
In over one year but within five years maximum	15,891	17,120	16,854
In over five years	1,810	2,233	2,438
Total	26,313	27,772	28,519

SEGMENT INFORMATION

NET SALES	11/13-04/14	11/12-04/13	Change

(EUR 1,000)

Digital Printing Services	28,807	24,323	4,484
Safety	16,638	15,368	1,270
Value-added Logistics	14,621	14,246	375
Takoma	7,293	6,539	754
Ceiling Materials	5,558	5,979	-421
Fittings	5,685	6,142	-457
Spare Parts for Motor Vehicles	5,114	4,958	156
Heat Treatment	3,616	2,311	1,306
Other	0	42	-42
Eliminations	-123	-305	183
Group in total	87,209	79,603	7,607

OPERATING PROFIT
(EUR 1,000)

Digital Printing Services	3,273	2,705	568
Safety	271	201	71
Value-added Logistics	620	365	255
Takoma	-611	-937	326
Ceiling Materials	467	339	128
Fittings	383	-380	763
Spare Parts for Motor Vehicles	265	284	-19
Heat Treatment	238	-621	859
Other	-1,285	-1,219	-66
Group in total	3,622	737	2,885

SEGMENT INFORMATION BY QUARTER

	2Q/14	1Q/14	4Q/13	3Q/13	2Q/13	1Q/13	4Q/12
Digital Printing Services	15.2	13.6	14.2	12.3	13.4	10.9	9.5
Safety	8.4	8.3	9.5	7.0	7.8	7.6	8.0
Value-added Logistics	7.3	7.3	8.1	7.6	7.2	7.1	7.2
Takoma	3.8	3.5	4.0	3.6	3.5	3.1	7.0
Ceiling Materials	2.9	2.7	3.2	3.5	3.0	3.0	0.0
Fittings	3.2	2.5	3.0	2.8	3.1	3.0	2.5
Spare Parts for Motor Vehicles	2.6	2.6	2.7	2.6	2.5	2.5	2.9
Heat Treatment	1.6	2.0	2.1	1.3	1.2	1.1	1.8
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Eliminations	0.0	-0.1	0.0	-0.1	-0.1	-0.2	0.9
Group in total	44.8	42.4	46.8	40.6	41.6	38.0	39.8

Operating profit (MEUR)	2Q/14	1Q/14	4Q/13	3Q/13	2Q/13	1Q/13	4Q/12
Digital Printing Services	2.2	1.0	1.9	1.7	1.7	1.0	1.9
Safety	0.1	0.1	1.0	0.4	0.4	-0.2	0.5
Value-added Logistics	0.4	0.2	0.8	0.5	0.3	0.1	0.6
Takoma	-0.3	-0.3	-0.3	-2.9	-0.5	-0.5	-2.9
Ceiling Materials	0.4	0.1	0.2	0.3	0.1	0.2	0.0
Fittings	0.3	0.1	0.0	0.2	-0.2	-0.2	0.1
Spare Parts for Motor Vehicles	0.1	0.2	0.2	0.3	0.1	0.2	0.5
Heat Treatment	0.0	0.2	-0.7	-0.1	-0.3	-0.3	0.2
Other	-0.6	-0.7	-0.5	-0.6	-0.6	-0.6	-0.8
Group in total	2.7	0.9	2.6	-0.1	1.0	-0.2	0.0

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. Kopijyvä Oy & DMP-Digital Media Partners Oy (Digital Printing Services) form 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 with an entrepreneur-driven business model. KotiSun Oy (Building Technology Renovation) is Finland’s leading company in service water and heating network building technology renovations for detached houses.