

Taaleritehdas Interim Report for 1 January – 30 June 2015

Turnover increased by 78.4% and equity ratio improved to 43.4%

Taaleritehdas Group 1 January – 30 June 2015

- The Group's turnover for the period amounted to EUR 30.0 million, up by 78.4% (1–6/2014: EUR 16.8 million)
- The Group's operating profit was EUR 39.1 million (1–6 2014: EUR 2.9 million). It includes EUR 28.6 million of negative goodwill from Garantia recognised as income, up by 1237 %
- The Group's operating profit excluding the Garantia acquisition was EUR 11.8 million
- Income from wealth management amounted to EUR 19.0 million, up by 15.6% (1–6 2014: EUR 16.5 million).
- Income from financing business amounted to EUR 7.7 million.
- On June 30, the Group's assets under management were EUR 3.9 billion, showing an increase of 18.1% (6/2014: EUR 3.3 billion).

KEY FIGURES	1–6/2015	1–6/2014	1–12/2014	1–12/2014
	IFRS	IFRS	IFRS	FAS
Turnover, EUR million	30.0	16.8	53.6	41.5
Operating profit, EUR million	39.1	2.9	20.8	7.6
Adjusted* operating profit, EUR million	11.8	2.9	308%	20.8
Profit for the period, EUR million	37.2	2.0	16.5	4.8
Operating profit/turnover, %	130.6	17.4	38.9	18.2
Adjusted* operating profit/turnover, %	39.5	17.4	38.9	18.2
Profit for the period/turnover, %	124	12.1	30.8	11.7
Adjusted* return on equity, %	30.8	17.7	54.5	11.7
Personnel on average	177	142	153	153
Managed assets, EUR billion	3.9	3.3	3.4	3.4

* excluding the recognition of EUR 28.6 million of negative goodwill from Garantia as income and the non-recurring EUR 1.3 million expenses related to the acquisition.

Taaleritehdas in brief

Taaleritehdas is a group listed on the First North Finland marketplace on the Helsinki Stock Exchange maintained by NASDAQ OMX Helsinki. Taaleritehdas offers wealth management and financing services to institutional investors, companies and private individuals. Taaleritehdas Group consists of the parent company Taaleritehdas Plc and four operational subsidiaries: Garantia Insurance Company Ltd, Taaleritehdas Wealth Management Ltd and its subsidiaries, Taaleritehdas Private Equity Funds Group and Taaleritehdas' investment company Taaleritehdas Investment Factory Ltd. In addition, Taaleritehdas has the associated company Fellow Finance Oy, which provides peer-to-peer lending services. The Group employs over 180 people. Its offices are located in Helsinki, Tampere, Turku, Pori, Oulu, Istanbul and Nairobi. On 30 June 2015, Taaleritehdas had assets under management of EUR 3.9 billion and 3,000 wealth management clients. The entire Group's base of direct and indirect customers totals 27,900 customer

accounts. The operations of Taaleritehdas are supervised by the Finnish Financial Supervisory Authority. For more information about Taaleritehdas Group, see the company website at www.taaleritehdas.fi/EN.

CEO Juhani Elomaa

In line with its mission, Taaleritehdas Group continues to advance Finnish capital markets and ownership in particular. 'Ownership is for everyone' is at the core of the Taaleritehdas philosophy. Our goal is to combine investment and ownership through wealth management services provided to a continuously expanding client base.

The past six months were very active period for Taaleritehdas. Taaleritehdas arranged a successful share issue to finance the acquisition of the share capital of Garantia Insurance Company Ltd. The acquisition was carried out in March. Garantia is now 100% owned by Taaleritehdas. A new Board and a new Managing Director were appointed for Garantia. In addition, new key persons were recruited for the company to strengthen operations. In May, Taaleritehdas reorganised its financing company operations by selling the share capital of its financing company Lainaamo as share exchange and, at the same time, investing new capital in the peer-to-peer lending company Fellow Finance Oy. Fellow Finance aims to rapidly become an international player. The above transactions promote Taaleritehdas Group's opportunities to operate in the capital markets in the field of direct financing.

As Taaleritehdas is preparing to move on the main list, we adopted the international IFRS accounting standards as of 1 January 2015. Taaleritehdas continued to grow strongly with a turnover increase of 78% year-on-year. Assets under management increased by 18.1% to over EUR 3.9 billion. The equity ratio improved significantly to 43.4% from 24.8% at the end of 2014. In particular, the equity ratio improved as a result of the transaction in which Taaleritehdas sold half of the shares it held in Finsilva Plc. The number of shareholders has continued to grow, and Taaleritehdas now has approximately 1,600 shareholders.

The business of Taaleritehdas is organised into two business segments: wealth management and financing. Taaleritehdas Group's objectives are the following: continue being a growth company, expand from wealth management into financing, strongly increase customer base and go international step by step. We are ready to leap forward.

Taaleritehdas Group Semi-Annual Report for 1 January – 30 June 2015

Operating environment

From the perspective of market movements, the first half of the year was clearly split in two. Until early April, market interest rates decreased, risk premiums narrowed, the euro weakened and stock markets in the Eurozone yielded a better return compared with other market areas. Everyone agreed: Securities purchases by the European Central Bank will lead to lower interest rates and a weaker euro. This will support economic growth and the development of relatively affordable Eurozone stock markets. In mid-April, investors started to freak out. Lending money to Germany for nine years with a negative interest rate no longer seemed a sensible solution. Interest rates rose sharply, Eurozone shares stopped yielding excess return and risk premiums started to increase.

After April, the development of different investment categories has remained very heterogenous, without a clear direction. The possible exit of Greece from the Eurozone continued to be a relevant topic at the turn of June/July. This rocked share prices in the Eurozone in particular. Other investment categories developed calmly. The sharp decline of the Chinese stock markets and the intervention of the government in trading contributed to increased insecurity. The problems of China and expectations on interest rate increases by the Fed have increased price fluctuation and restricted the development of risk investments during the summer months.

In Finland, economic development remained weak. Industrial production and export declined compared with last year and the unemployment rate increased. Confidence of businesses and households in economic development is still low, but the outlook for construction industry improved and fewer companies went bankrupt. Moreover, demand for home loans by households increased and companies' investment plans picked up slightly.

Important events during the period

The first half of the year was eventful for Taaleritehdas. At the end of 2014, Taaleritehdas Plc undertook to purchase the entire share capital of Garantia Insurance Company Ltd, and the transaction was carried out in the first quarter of 2015. Following the transaction, Garantia became a fully-owned subsidiary of Taaleritehdas Plc. The acquisition was partly financed with a directed share issue to the public, carried out in March. A total of EUR 23.2 million were collected through the share issue.

After the Garantia acquisition, it was decided to adopt the international financial reporting standards (IFRS) as of 1 January 2015. In the second quarter of the year, it was decided to sell half of the shares held by the Group in Finsilva Plc and the Group's shareholding in Lainaamo Oy. At the end of the period, the Group's equity ratio increased to 43.4%. In connection with selling the shares in Lainaamo, the company decided to invest in the peer-to-peer lending service company Fellow Finance, which aims to become an international player in this field.

Turnover and performance trend of Taaleritehdas

The Group's turnover according to IFRS, i.e., the income from investment services, increased by 78,4% to EUR 30.0 million (EUR 16.8 million in the corresponding period in 2014). On 13 March 2015, Taaleritehdas Plc acquired the entire share capital of Garantia Insurance Company Ltd. Garantia's turnover for 1 April 2015 – 30 June 2015, totalling EUR 7.7 million, is included as part of Taaleritehdas Group's turnover. Exits

from private equity projects (EUR 2.4 million) and dividend yield (EUR 2.7 million) contributed to the positive development of the Group's turnover. Negative goodwill of EUR 28.6 and expenses of EUR 1.3 million were recognised in the Group's result from the acquisition of Garantia Insurance Company. Operating profit for the period excluding the non-recurring items related to the Garantia acquisition stood at EUR 11.8 million (EUR 2.9 million), result for the period was EUR 37.2 million (EUR 2.0 million) and total comprehensive income for the period was EUR 32.9 million (EUR 2.1 million), including fair value changes in the Garantia investment portfolio.

Taaleritehdas believes in increasing direct financing and digitalisation. After the acquisition of Garantia, Taaleritehdas has reorganised its operations. Taaleritehdas is organised into two business segments: wealth management and financing. Operations not included in these segments are presented under 'Other operations', which includes the parent company Taaleritehdas Plc's Group administration and the Group's own investments. In May 2015, Taaleritehdas sold its shares in Lainaamo Oy. Therefore, Lainaamo is presented separately in the income statement under Discontinued operations.

Group	1-6/2015	1-6/2014	1-12/2014
	IFRS	IFRS	IFRS
Turnover	30.0	16.8	53.6
Operating profit or loss	39.1	2.9	20.8
Adjusted operating profit or loss	11.8	2.9	20.8
- as percentage of turnover	39.5%	17.4%	38.9%
Profit for the period	37.2	2.0	16.5
- as percentage of turnover	124.0%	12.1%	30.8%
- adjusted percentage of turnover	33.0%	12.1%	30.8%
Undiluted result/share, EUR	1.35	0.08	0.61
Adjusted undiluted result/share, EUR	0.35	0.08	0.61
Return on equity, % (ROE)	116.1	17.7	54.5
Adjusted return on equity, % (ROE)	30.8	17.7	54.5
Adjusted return on equity at current values (ROE), %	17.4	17.8	54.5
Return on assets, % (ROA)	48.11	3.2	18.2
Adjusted return on assets, % (ROA)	12.8	3.20	18.2
Cost/income ratio	64.8%	82.6%	61%
P/E	5.8	62.1	10.4
Average number of personnel during the period	177	143	153

Wealth Management

The Wealth Management segment consists of the investment firm Taaleritehdas Wealth Management Ltd and its subsidiaries and the Taaleritehdas Private Equity Funds Ltd Group. Taaleritehdas Private Equity Funds Ltd has an operating licence granted by the Finnish Financial Supervisory Authority authorising it to act as an alternative investment fund manager.

Taaleritehdas offers comprehensive wealth management services for affluent private individuals and organisational clients. The comprehensive wealth management service includes, for example, allocation investment, investment based on information benefits, individual wealth management, private equity

investment funds, ETF wealth management, structured products and brokerage services. Taaleritehdas' goal is to combine private capital, ideas and Finnish entrepreneurship. Taaleritehdas' private equity funds enable investment in objects and business operations that would otherwise be inaccessible to individual investors.

Taaleritehdas has implemented the following private equity investments: Taaleritehdas' Housing Funds I-VI, Taaleritehdas' Wind Factory I-II, Taaleritehdas' Linnainmaankulma Real Estate Fund, Taaleritehdas' Oaktree Feeder Fund, Taaleritehdas' Biofactory, Taaleritehdas' Forest I-III, Taaleritehdas' Africa and, as a new project during the period, Taaleritehdas' Plot Fund. In 2014, Taaleritehdas exited Taaleritehdas' Housing Funds I, III and V.

Income from wealth management business increased by 15.6% during the review period to EUR 19.0 million, compared with EUR 16.5 million during the corresponding period in 2014. Wealth management commissions increased to EUR 15.7 million (EUR 14.2 million), growth of 10.2%. Return-based commissions decreased by 55.4% to EUR 1.0 million (EUR 2.2 million). Other income increased to EUR 2.4 million (EUR 0.0 million). Operating profit from wealth management increased by 42.7% to EUR 6.4 million (EUR 4.5 million).

Wealth management continued to focus on the growth of business operations. The average number of personnel during the period was 128 (113). Basic business operations continued to grow steadily. However, return-based commissions decreased clearly. Other income increased strongly during the period. Other income consists of exits from projects developed by Private Equity Funds. Following the amendment of Turkish securities market legislation in 2014, the Turkish subsidiary was capitalised by EUR 0.8 million in the first part of 2015.

Wealth Management's assets under management increased by 15.4% year-on-year to EUR 3.8 billion (EUR 3.3 billion in 2014). Net subscriptions to our own investment funds totalled EUR 26 million during the period (82), and assets under management amounted to EUR 889 million (750), up by 18.5%. Assets under management in our own private equity funds increased by 32.9% to EUR 481 million (EUR 362 million). Assets under discretionary asset management increased by 36.7% to EUR 1,269 million (EUR 928 million), while other managed assets decreased by 8.5% to EUR 1,168 million (EUR 1,277 million).

Wealth Management, EUR million	1–6/2015	1–6/2014	Change, %	1–12/2014
Wealth management commissions	15.7	14.2	10.2%	30.0
Return-based commissions	1.0	2.2	-55.4%	5.9
Other operating income	2.4	0.0	5017.9%	2.9
Total	19.0	16.5	15.6%	38.8
Operating profit	6.4	4.5	42.7%	9.7
Average number of personnel	128	113	13.3%	120

	30 June 2015	30 June 2014	Change, %	31 December 2014
Assets under management, EUR million	3,808	3,317	14.8%	3,440
– Investment funds	889	750	18.5%	774
– Private equity funds	482	362	33.0%	401
– Discretionary asset management	1,269	928	36.7%	1,132
– Other	1,168	1,277	-8.5%	1,133

Financing business

The Financing segment includes Garantia Insurance Company Ltd starting from 31 March 2015 and Taaleritehdas' associated company Fellow Finance Oy starting from 26 May 2015. Taaleritehdas group's stake in Fellow Finance is 38,4 %.

Garantia is an insurance company specialising in credit guarantees. It promotes the availability of funding and more efficient use of capital by providing guarantee services to companies and households in Finland. Garantia's main products include loan guarantees, residential mortgage guarantees and commercial bonds.

A new board and managing director were appointed for Garantia Insurance Company Ltd on 31 March 2015. Hannu Tonteri (MSc. in econ.), Juhani Elomaa, Timo Hukka, Jukka Ohls, Antti Suhonen and Tomi Yli-Kyyry were appointed as Board members. Mr Tonteri was appointed as the Chairman of the Board. The new Board of Garantia Insurance Company appointed Vesa Aho (M.Sc. in econ.) as the new Managing Director of Garantia. Previously, Mr Aho has worked as CFO and member of the Executive Board of Pohjola Bank Ltd.

Fellow Finance provides peer-to-peer lending services. Its income consists of commission income from mediating loans between borrowers and investors.

The most significant income items of the Financing segment are guarantee insurance premiums and investment income. The most significant risks are credit risk in guarantee business and market risk in investment operations. In the first half of the year, IFRS turnover was EUR 7.7 million and operating profit EUR 34.3 million. These figures include Garantia Insurance Company's income starting from 1 April 2015. Garantia's investment operations produced a break-even result for the Group measured at fair value. The result for the period included EUR 27.3 million of non-recurring items resulting from the acquisition of the Garantia Insurance Company Ltd.

Financing, EUR million	1–6/2015
External turnover, EUR million	7.7
Operating profit, EUR million	34.3
Fair value of investment assets, EUR million	114.6
Average number of personnel	13

GARANTIA

Starting from 1 April 2015, Garantia’s result is consolidated into the income statement of Taaleritehdas Group in accordance with IFRS. The information presented in this chapter are provided in order to illustrate the monitoring of Garantia’s business performance throughout the half-year period compared with the corresponding period in 2014.

Garantia’s result in accordance with Finnish accounting principles improved, due to the good performance of investment activities, and the result before taxes for January–June 2015 was EUR 6.6 million (2.8). Earned premiums decreased by 12% year-on-year. The balance on technical account was good. The claims ratio was 6.4% (1.3%) and combined ratio 56.6% (44.2).

Investment return at current value from the second quarter of 2015 was good, due to exceptionally good return performance in the stock markets. Investment return at current value was 3.7% (4.2). Net investment return recognised in the result amounted to EUR 6.9 million (2.9). On 30 June 2015, investment assets totalled EUR 115 million (113). Fixed income investments accounted for 84% (76) and investment in shares for 16% (24) of the investment stock. The weight of investment in shares was decreased during the period. Most of the fixed income investments are in investment grade senior loans. The modified duration of fixed income investments was 2.6 (2.7).

On 19 June, Standard & Poor’s affirmed its ‘A-’ rating on Garantia. The company’s risk carrying capacity is strong.

Financial result and key figures, FAS

EUR million	1–6/2015	1–6/2014	Change, %	1–12/2014
Earned premiums	4.8	5.5	-12%	11.1
Claims incurred	-0.3	-0.1	335%	-0.4
Operating expenses	-2.4	-2.3	3%	-4.6
Balance on technical account before change to equalisation provision	2.1	3.1	-31%	6.0
Change to equalisation provision	-2.4	-3.2	-24%	-6.1
Balance on technical account	-0.3	-0.1	201%	-0.1
Investment income and expenses	6.9	2.9	138%	5.3
Earnings before tax	6.6	2.8	135%	5.3
Direct taxes	-1.3	-0.6	137%	-1.0
Profit/loss for the period	5.2	2.2	135%	4.2
Combined ratio, %	56.6	44.2		45.7
Claims ratio, %	6.4	1.3		3.7
Expense ratio, %	50.2	42.9		42.0
Return on investments at fair values, %	3.7	4.2		7.1
Risk carrying capacity, %	1,011	951		909
Number of personnel	25	25		25

FELLOW FINANCE

The peer-to-peer lending service company Fellow Finance Oy became an associated company of Taaleritehdas on 26 May 2015. Taaleritehdas owns 38,4 % of the shares of Fellow Finance. On the same occasion, Fellow Finance purchased the entire share capital of Lainaamo Ltd from Taaleritehdas and Lainaamo's other shareholders.

The portfolio of loans mediated and granted by Fellow Finance group companies increased to EUR 37.5 million. The loan volume increased by 36% from the beginning of January. In June, Fellow Finance was Finland's largest peer-to-peer lending service provider. The Group has served more than 88,000 clients, of whom approximately 18% have received a loan through the service. The number of peer-to-peer lending investors tripled during spring 2015.

Fellow Finance made a profit, and loans mediated by the Group are expected to continue to increase strongly in the latter half of the year. Fellow Finance will continue to develop its peer-to-peer lending services. At the same time, the company is preparing to go international.

Other operations

Other operations include Taaleritehdas Plc's Group administration functions that support the segments, as well as investments from the Group's own balance sheet that are carried out through Taaleritehdas Investment Factory Ltd.

Investment Factory

Taaleritehdas' investment firm Investment Factory invests in unlisted companies from its own balance sheet. Investment Factory aims to make longer-term investments creating value through ownership for Taaleritehdas or investments made with clients.

Investment Factory's largest investment, carried out through Taaleritehdas Forest Fund II limited partnership, was the holding of 39.5% of shares in Finsilva Plc at the beginning of the period. Finsilva's forests are located in the Äänekoski region in Central Finland, and the holding acquired corresponds to 53,000 hectares of forest. Finsilva Plc's business includes forestry and timber trade. Taaleritehdas Forest Fund II limited partnership and Metsäliitto Osuuskunta, the largest shareholder in Finsilva Plc, together sold a holding of approximately 30.13% in Finsilva to Dasos Capital Ltd during the period. The holding of Taaleritehdas Forest Fund II limited partnership dropped from 39.5% to approximately 19.8%. The transaction had no effect on the financial result of Taaleritehdas Group in the review period in 2015, as the Group had valued its Finsilva stake at fair value in the financial statements for 2014, corresponding to the realised sales price. The transaction had a significant effect on the Group's equity ratio, which increased from 24.8% at the beginning of the year to 43.8% at the end of June.

Investment Factory's income varies in accordance with changes in the value of its investments and possible exits from investments. Thus, there can be great variation in Investment Factory's income and financial result between financial periods.

Other operations, EUR million	1–6/2015	1–6/2014	Change, %	1–12/2014
Turnover	2.7	0.3	693.4%	15.4
Operating profit	2.7	2.3	18.5%	14.1
Fair value of investments, EUR million	48.4	65.8	-26.5%	79.2
Personnel	29	22	32.7%	26

Discontinued operations

Taaleritehdas Plc sold its holding in the subsidiary Lainaamo Ltd in May 2015. The financing company Lainaamo Ltd's product portfolio includes consumer loans to households, corporate loans to SMEs, investment loans and Takaamo's rental deposits. Its loan portfolio increased from EUR 15.6 million at the beginning of the year to approximately EUR 20 million. An assessment of the overall situation of clients, risk management and automated processes are at the core of all operations. Lainaamo's turnover increased by 57.6% to EUR 1.6 million during the period (EUR 1.0 million).

Discontinued – Lainaamo Ltd	1–6/2015	1–6/2014	Change, %	1–12/2014
External turnover, EUR million	1.6	1.0	57.6%	2.8
Operating profit, EUR million	-0.3	-0.3	6.6%	-0.2
Loan portfolio, EUR million	0	9.6	-100.0%	15.4
Average number of personnel	7	7	0.0%	7

Decisions of General Meetings

An Extraordinary General Meeting was held on 12 February 2015. It decided on increasing the number of shares through a free share issue and authorised the Board of Directors to decide on issuing new shares in order to finance the acquisition of the share capital of Garantia Insurance Company Ltd.

The General Meeting decided that the number of the company's shares be increased by issuing new shares to shareholders in proportion to their current holdings without consideration so that three (3) Series A shares be issued for each Series A share and three (3) Series B shares for each Series B share. It was decided to issue a total of 12,290,112 new Series A shares and 6,588,903 new Series B shares. Thus, following the free share issue, the company has a total of 16,386,816 Series A shares and a total of 8,785,204 Series B shares.

The General Meeting decided to authorise the Board of Directors to decide on issuing new shares. Under the authorisation, a maximum total of 3,200,000 new Series B shares may be issued. The Board of Directors was authorised to decide on the terms and conditions of the share issue, including the bases of determining the subscription price of the share issues and their final subscription price, and on approving share subscriptions, allocating the issued new shares and the final number of shares to be issued. The Board's authorisation included the right to deviate from shareholders' pre-emptive rights, provided that there is a weighty financial reason from the part of the company for it. The authorisation is valid for five years from the resolution of the General Meeting, and it revokes the share issue authorisation granted on 7 March 2013.

The Annual General Meeting was held on 20 March 2015. It decided to adopt the financial statements for 2014 and grant the Board of Directors and the CEO discharge from liability for 2014. The AGM decided to distribute EUR 0.09 per share as dividends, for a total of EUR 2,263,555.80. Peter Fagernäs, Esa Kiiskinen, Juha Laaksonen, Pertti Laine and Vesa Puttonen were re-elected as members of the Board. Peter Fagernäs was re-elected as the Chairman of the Board, and Juha Laaksonen was elected as Vice Chairman. Ernst & Young Oy, Authorised Public Accountants, was re-elected as the company's auditor, with Ulla Nykky, Authorised Public Accountant, as appointed auditor.

The Annual General Meeting also authorised the Board of Directors to decide on the acquisition of the company's own shares with funds included in the company's unrestricted equity on the following terms and conditions:

- Shares may be acquired to develop the company's capital structure, to finance or implement corporate acquisitions, investments or other arrangements included in the company's business, to be used as part of the company's incentive scheme or to be invalidated, if this is considered necessary with regard to the company or shareholders.
- Shares may be acquired in one or several instalments at most to a total number of 1,400,000 Series A shares and 600,000 Series B shares.
- The minimum consideration to be paid for the shares is EUR 1 and the maximum consideration EUR 30 per share.
- The Board of Directors has the right to acquire shares otherwise than in proportion to the shareholders' shareholdings and decide on the order of acquisition of the shares.
- The Board of Directors shall decide on the other terms and conditions of the acquisition of the company's own shares.

- The authorisation is valid for 18 months from the date of the decision at the General Meeting, and it revokes the authorisation to acquire the company's own shares granted by the Annual General Meeting of 4 April 2014.

Shares and share capital

At the beginning of the period, the company had 4,096,704 Series A shares and 2,196,301 Series B shares. On 16 February 2015, the company's Board of Directors decided on a free share issue, in which one share entitled to three new shares without consideration. A total of 21,400 shares were invalidated on 20 February 2015. In a share issue directed to the public, 3,200,000 new Series B shares were subscribed, and they were given similar rights with Series B shares on 24 March 2015. On 23 April 2015, the Board of Directors decided on converting Series A shares into Series B shares. Based on the authorisation granted by the General Meeting, the company's Board of Directors decided on 20 March 2015 on the acquisition of a total of 45,000 of the company's shares on 21 April 2015. At the end of the period, the company had 14,068,016 Series A shares and 14,282,604 Series B shares. The company's share capital is EUR 125,000.00.

Taaleritehdas' shareholders and treasury shares

The number of Taaleritehdas' shareholders has more than doubled compared with the corresponding period in 2014, totalling 1,606 at the end of the period (593). On 30 June 2015, the company held 45,000 Series A shares (5,250). On 30 June 2015, the ten largest shareholders in the company were the following:

Ten largest shareholders on 30 June 2015	percentage of shares	percentage of votes
OY HERMITAGE AB	8.83	15.89
VEIKKO LAINE OY	8.57	15.86
ELOMAA JUHANI	6.36	12.22
BERLING CAPITAL OY	6.64	10.53
HAAPARINNE KARRI	5.30	11.02
CAPERCAILLIE CAPITAL OY	2.46	2.80
LAMPINEN PETRI	1.89	2.02
KINNUNEN ARTO	1.09	1.90
KOSKELAINEN JAANA	0.77	1.36
MATHUR RANJIT	1.42	1.32

Personnel

The average number of the Group's full-time personnel during the period was 167 (128). The Wealth Management segment had 124 full-time employees (104) and the Financing segment 13 employees (-). The Other operations segment had an average of 24 (20) employees. Of the personnel, 96 per cent were employed in Finland and four per cent abroad.

Taaleritehdas Group's personnel costs during the period amounted to EUR 10.0 million (EUR 8.1 million from 1 January to 30 June 2014). Compared with the previous year, personnel costs increased due to Garantia's personnel costs of EUR 1.0 million for 1 April – 30 June 2015 and bonuses of EUR 0.5 million recorded for synthetic option rights.

Balance sheet, capital adequacy and own funds

As a result of the acquisition of Garantia Insurance Company, Taaleritehdas Group became a financial and insurance conglomerate in accordance with the Finnish Act on the Supervision of Financial and Insurance Conglomerates. The Group's capital adequacy will be reported in accordance with the Act on the Supervision of Financial and Insurance Conglomerates after the decision by the Finnish Financial Supervisory Authority. The Act is based on Directive 2002/87/EC of the European Parliament and of the Council on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate. A specific risk and balance sheet management working group has been established for risk and balance sheet management in the Group. It reports to the Group Executive Management Team and the Board of Directors on a regular basis.

Taaleritehdas Group, which engages in investment services, calculates its Common Equity Tier (CET1) and capital adequacy ratio in accordance with the EU Capital Requirements Regulation (CRR, EU 575/2013) On 30 June 2015, Taaleritehdas Group's capital adequacy ratio was 22.2% (30.3%), while the minimum requirement of regulation is 8%. Taaleritehdas Group's objective for Common Equity Tier 1 is a minimum of 12%. The result for the financial period has been included in Common Equity Tier as specially permitted by the Finnish Financial Supervisory Authority. Minority interests have not been taken into account in Common Equity Tier starting from 1 January 2014. The entire acquisition price of Garantia Insurance Company Ltd has been subtracted from total capital as a financial investment. The Group's Common Equity Tier before deductions amounted to EUR 94.5 million (EUR 21.3 million) and after deductions to EUR 30.6 million (EUR 18.4 million). Risk-weighted assets increased in connection with the adoption of IFRS, at which point Taaleritehdas Group's holding in Finsilva is consolidated into Taaleritehdas Group. Risk-weighted assets decreased in the second quarter of the year as a result of the selling of Lainamo Ltd and the decreased holding in Finsilva.

The capital adequacy requirements set for investment service companies were tightened through the Basel III regulation. The new EU Capital Requirements Directive and Regulation (CRD4/CRR) became effective on 1 January 2014 to implement the Basel III regulation in stages in 2014–2019. In its capital adequacy calculation, Taaleritehdas applies the standard approach (credit risk capital requirement) and the basic approach (operational risk capital requirement).

ASSETS, EUR 1,000	CRR 30 June 2015	CRR 31 December 2014
Common Equity Tier before deductions	94,492	27,262
Deductions from Common Equity Tier		
Intangible assets	1,777	2,196
Minority interests	945	1,536
Dividend proposal	-	2,264
Current value reserve	4,294	
Financial investments	61,142	
Other deductions		51
Total deductions from Common Equity Tier	63,864	6,047
Common Equity Tier (CET1)	30,628	21,215
Tier I capital (T1 = CET1 + AT1)	30,628	21,215
Total capital (TC = T1 + T2)	30,628	21,215
Risk-weighted items, total	138,253	84,175
from which the share of credit risk	90,986	49,863
from which the share of operational risk	47,267	34,313
Common Equity Tier (CET1) in relation to risk-weighted items (%)	22.2%	25.2%
Tier I capital (T1) in relation to risk-weighted items (%)	22.2%	25.2%
Total capital (TC) in relation to risk-weighted items (%)	22.2%	25.2%

The Group's balance sheet total was EUR 207.8 million at the end of the period (EUR 101.2 million) and EUR 152.9 million at the end of 2014. The Group's equity totalled EUR 90.2 million on 30 June 2015 (23.4), being EUR 37.9 million on 31 December 2014. Taaleritehdas Plc has a bond scheme of EUR 30 million, with two bonds issued in 2014. The bonds are quoted on the First North Bond Market Finland marketplace of the Helsinki Stock Exchange, and Taaleritehdas has more than 300 debt investors.

Taaleritehdas Group's equity ratio was 43.4% at the end of the period (23.1 %), and the modified equity ratio was 43.4% (25.6%).

Group	30 June 2015	30 June 2014	31 December 2014
	IFRS	IFRS	IFRS
Equity ratio, %	43.4%	23.1%	24.8%
Equity/share	3.18	0.93	1.50
Closing price of Series B share, EUR	7.90	4.94	6.36
Market capitalisation, EUR million	224	124	160

Significant risks and short-term uncertainties

The most significant single risk for the Group is the dependence of operating income and guarantees granted on changes in the external operating environment. In loan guarantees, the annual claims volume may vary considerably depending on reasons such as the state of the economy. During an economic downturn and at the beginning of the subsequent upturn, claims are often several times higher compared with better economic times. In most cases, some of the claims paid can be recovered, but the delay between a claim payment and the recovery may be very long, up to many years. In practice, the company's entire insurance exposure consists of Finnish risks. The credit risk for an individual industry of the loan guarantee exposure is kept reasonable by avoiding excess concentration on certain industries.

The result of the Wealth Management segment is affected by the development of assets under management, which depends on the development of the capital markets. The performance trend is also affected by the realisation of commission income tied to the success of investment activities. On the other hand, management fees of private equity funds are based on long-term agreements that generate a steady cash flow. Wealth Management may recognise other income depending on exits from projects taking place in private equity funds.

Market risk and liquidity risk are risks related to Taaleritehdas' own investment activities. Market risk has the greatest influence on investments. Investment income may vary greatly within a year and between years.

Events after the period

As part of the internationalisation of Taaleritehdas, the company has transferred three investment funds to be managed in Luxemburg, starting from 17 August 2015. In the field of direct financing, we are preparing to launch operations in other countries.

Future outlook

The rest of the year will be very interesting for investors. Economic development in China, recovery of the Eurozone and interest rate increases by the Fed will continue to be current topics. The sharp decrease in raw material prices and the underperformance of Developing stock markets compared with western markets are approaching a culmination point. This may open good investment opportunities for long-term investors as early as the third quarter of the year. We still have a positive view of the general development of stock markets, but differences in return will certainly remain high. For investors, it is not essential whether the investment portfolio contains five per cent more or less of share investments. What is important is to keep the number of large risk clusters within asset categories as low as possible.

The economic environment will continue to be challenging. Wealth Management is responsible for the growth and stability of business. Through private equity funds, we aim to find new growth opportunities to complement traditional Wealth Management.

Taaleritehdas long-term financial objectives are: equity ratio over 30%, operating profit over 15%. Taaleritehdas group aims to pay a competitive dividend taken into account the financial and economical state of the company.

Despite the challenging economic environment, we aim for controlled profitable growth and expect that the company's financial objectives will be met in year 2015.

Helsinki, 20 August 2015

Board of Directors

The semi-annual report is unaudited.

The financial statements bulletin for 2015 will be published on 25 February 2016.

Additional information:

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CONSOLIDATED INCOME STATEMENT

EUR 1,000	1-6/2015	1-6/2014	1-12/2014
Fee and commission income	15 770	15 489	33 378
Net income from credit guarantees	7 745	-	-
Net gains or net losses on trading in securities and foreign currencies	953	891	15 978
Income from equity investments	2 631	-5	11
Interest income	476	366	1 285
Other operating income	2 379	46	2 913
INCOME FROM INVESTMENT SERVICES	29 954	16 788	53 565
Fee and commission expense	-1 984	-2 301	-5 682
Interest expense	-1 485	-34	-1 240
Administrative expenses			
Staff costs	-9 761	-7 868	-16 085
Other administrative expenses	-2 486	-2 168	-5 319
Negative goodwill	28 567	-	-
Depreciation, amortisation and impairment of tangible and intangible assets	-381	-145	-545
Other operating expenses	-3 310	-1 343	-3 865
Share of associates' profit or loss	12	-2	-2
OPERATING PROFIT	39 127	2 927	20 827
Income tax expense	-1 653	-633	-4 309
Results of continuing operations	37 474	2 294	16 518
Discontinued operations			
Results of discontinued operations	-316	-259	-29
PROFIT FOR THE PERIOD	37 158	2 036	16 489

CONSOLIDATED BALANCE SHEET

Assets	30.6.2015	30.6.2014	31.12.2014
Loans and advances to credit institutions	23 543	11 293	31 536
Loans and advances to the public and general government	9 244	15 318	21 671
Shares and units	46 038	1 418	4 326
Participating interests	2 712	64 673	79 175
Receivables from credit guarantees	114 487	-	-
Receivables from credit guarantees	5 473	-	-
Investments	109 015	-	-
Intangible assets	2 144	2 520	2 377
Goodwill on consolidation	572	727	727
Other intangible assets	1 573	1 793	1 650
Tangible assets	606	536	556
Other assets	4 282	2 302	6 945
Accrued income and prepayments	4 545	3 016	6 179
Deferred tax assets	160	135	159
	207 761	101 210	152 923

Liabilities	30.6.2015	30.6.2014	31.12.2014
LIABILITIES	117 564	77 837	115 056
Liabilities to credit institutions	14 936	-	-
Liabilities to the public	30 250	60 500	70 500
Debt securities issued to the public	29 829	9 769	29 794
Credit guarantee liabilities	12 893	-	-
Other liabilities	2 055	1 993	2 771
Accrued expenses and deferred income	10 036	5 552	9 362
Deferred tax	17 565	0	2 628
EQUITY	90 197	23 373	37 868
Share capital	125	125	125
Non-restricted reserves	37 512	14 638	14 638
Fair value reserve	-4 161	0	0
Translation difference	-133	15	20
Retained earnings or loss	19 279	6 244	6 220
Profit or loss for the period	36 630	2 001	15 418
Non-controlling interest	945	350	1 447
	207 761	101 210	152 923