

PIHLAJALINNA: INTERIM REPORT 1 JANUARY – 31 MARCH 2015 (3 months)**BRIEF LOOK AT JANUARY–MARCH:**

- Revenues EUR 47.9 million (EUR 31.5 million) – an increase of 52%
- Operating profit EUR 1.3 million (EUR 1.9 million) – a decrease of 35%
- Operating profit amounted to 2.6% of revenue (6.1%)
- Net cash flow from operating activities EUR 6.9 million (EUR 1.7 million)
- Gross Investments during the quarter EUR 14.1 million (EUR 6.1 million)
- Average number of personnel during the quarter 2,087 (1,477)
- Earnings per share EUR 0.03 (EUR 0.07)
- City of Jämsä selected Pihlajalinna as the provider of healthcare and social care services, which will be transferred as of 1 September 2015 to a joint venture established by the city and Pihlajalinna.
- Pihlajalinna was also selected as the healthcare and social care services partner of Kuusiokunnat (Kuortane, Ähtäri, Alavus) as of 1 January 2016, and of Soini as of 1 January 2017.

Mikko Wirén, CEO of Pihlajalinna:

The Finnish healthcare and social care reform, which had been prepared for a long time, could not be enacted in the first quarter of 2015 due to constitutional problems, and was postponed until the parliamentary election was held and a new government was in place. The challenging situation in municipalities' finances has offered Pihlajalinna the opportunity to further develop its service provision for the public sector. Owing to the uncertain situation with healthcare and social care legislation, several municipalities held a public tender for the outsourcing of their healthcare and social care services. Pihlajalinna participated in three tendering processes (Jämsä, Kuusiokunnat and Soini together, and Pieksämäki), winning all three. Contracts were concluded with Kuusiokunnat and Soini and the City of Jämsä. The City Council of Pieksämäki, however, decided that the city will provide its services itself. Parkano's healthcare and social care services have been provided by Pihlajalinna from the beginning of 2015.

Pihlajalinna enjoyed strong revenue performance compared with the same period a year earlier. Revenue increased by 52% to EUR 47.9 million. The majority of this came through organic growth, such as the start of service provision under the Parkano healthcare and social care outsourcing contract. Profitability during the quarter under review was weaker than corresponding period in the previous year. Profit performance was affected by ICT system and other development projects that are crucial for future large municipal outsourcing contracts, increase in administrative resources and new unit openings in the private sector. Pihlajalinna continues to focus on strengthening its market position in accordance with its strategy.

CONSOLIDATED REVENUE AND OPERATING PROFIT**January–March**

Pihlajalinna's revenues during the quarter ended 31 March 2015 amounted to EUR 47.9 million, an increase of EUR 16.4 million, or 52 per cent, over the revenue of EUR 31.5 million during the corresponding period ended 31 March 2014. M&A transactions accounted for about EUR 5.7 million of the growth in revenue. Organic growth amounted to about EUR 10.7 million, including the new healthcare and social care services outsourcings.

The Group's materials and services represented 38.1% (32.9%) of consolidated revenue, or EUR 18.2 million (EUR 10.4 million). The Group's employee benefit expenses represented 44.5% (45.4%) of consolidated revenue, or EUR 21.3 million (EUR 14.3 million). Other operating expenses totalled EUR 5.5 million (EUR 3.8 million). Operating expenses represented 11.4% of revenue (11.9%).

Depreciation and amortisation for the quarter totalled EUR 1.8 million (EUR 1.3 million). Amortisation of intangible assets during the quarter was EUR 0.7 million (EUR 0.6 million), of which the amortisation of the intangible assets separate from goodwill, allocated from the costs of business combinations at the date of acquisition, totalled EUR 0.6 million (EUR 0.4 million). Depreciation of property, plant and equipment totalled EUR 1.1 million (EUR 0.7 million).

Pihlajalinna's operating profit for the quarter ended 31 March 2015 amounted to EUR 1.3 million, a decrease of EUR 0.7 million, or 35 per cent, over the operating profit of EUR 1.9 million during the corresponding period ended 31 March 2014. Operating profit represented 2.6 per cent of revenue in the period under review, compared with 6.1 per cent during the corresponding period ended 31 March 2014.

The decline in operating profit was due to the reinforcement of the Group's operative management and administration, the introduction of long-planned scalable ICT infrastructure and weaker than expected results of the new private clinics opened during the period under review. The increases in available resources and significant development projects are crucial for strengthening the Group for future growth. The new healthcare and social care outsourcings had a positive effect on operating profit during the quarter under review.

Consolidated operating profit excluding non-recurring items was EUR 1.3 million (EUR 1.9 million). Non-recurring items burdening operating profit totalled EUR 0.1 million during the period under review and consisted of expenses related to the future Initial Public Offering.

KEY FIGURES	Jan-Mar 2015	Jan-Mar 2014	change, %	2014
	3 months	3 months		12 months
Revenue, EUR million	47.9	31.5	52	148.9
EBITDA, EUR million	3.0	3.2	-6	11.8
EBITDA, %	6.3%	10.2%	-38	7.9%
Operating profit (EBIT), EUR million	1.3	1.9	-35	6.0
Operating profit, %	2.6%	6.1%	-57	4.0%
Profit before tax, EUR million	0.6	1.5	-61	2.9
Earnings per share, EUR	0.03	0.07	-57	0.11

REVENUE AND OPERATING PROFIT BY SEGMENTS

Private Clinics and Specialised Care (L & E)

The Private Clinics and Specialised Care segment's revenues during the quarter under review amounted to EUR 29.9 million, an increase of EUR 12.5 million, or 72 per cent, over the revenue of EUR 17.4 million during the corresponding period ended 31 March 2014.

The Surgical Services and Public Specialised Care service area's external revenue grew by EUR 8.1 million quarter-on-quarter due to, among other factors, the outsourcing contract from Parkano and the expansion of Mänttä-Vilppula's contract. M&A transactions accounted for about EUR 5.4 million of the growth in

the Private Clinics and Specialised Care segment's revenue. The most significant M&A transactions were the acquisition of Laser Tilkka Oy's shares in the previous financial year and the acquisition of UPM Corporation's occupational healthcare unit.

The segment also strengthened its Dental Care service area during the period under review by acquiring the entire share capital of Suomen Keinojuuriklinikka Oy (consolidated as of 1 March 2015) and the entire share capital of Wiisuri Oy (consolidated as of 1 February 2015).

The Private Clinics and Specialised Care segment's operating profit during the quarter under review amounted to EUR 1.6 million, a decrease of EUR 0.1 million, or 7 per cent, over the operating profit of EUR 1.7 million during the corresponding period ended 31 March 2014. The reinforcement of the Group's operative management and administration and the introduction of scalable IT infrastructure were reflected in the segment's profitability. In addition, the weaker profitability was due to low capacity utilisation rates in the Occupational Healthcare service area and the lower than expected profitability of the new units in the Dental Care service area. Operating profit for the period was positively affected by volume growth in the Surgical Services and Public Specialised Care service area and the Private Clinics service area.

Primary and Social Care (P&S)

The Primary and Social Care segment's revenues during the quarter under review amounted to EUR 18.5 million, an increase of EUR 4.1 million, or 29 per cent, over the revenue of EUR 14.4 million during the corresponding period ended 31 March 2014. The growth was mainly due to the start of the Parkano healthcare and social care services outsourcing contract on 1 January 2015.

The Primary and Social Care segment's operating profit during the period under review amounted to EUR 0.0 million, a decrease of EUR 0.4 million, or 109 per cent, over the revenue of EUR 0.4 million during the corresponding period ended 31 March 2014. The decrease in profitability was due to a partial decline in the Care Services service area's capacity utilisation rates, the reinforcement of the Group's operative management and administration and the introduction of scalable IT infrastructure. The start of the Parkano outsourcing contract had a positive effect on the segment's operating profit.

At the end of the period under review, Pihlajalinna strengthened the Care Services service area by acquiring three care homes in Southwest Finland on 31 March 2015 (Hoitokoti Matinkartano Oy, Hoitokoti Setälänpiha Oy and Raison Oiva Oy).

PERFORMANCE OF THE SEGMENTS

	L&E			P&S		
	Q1/2015	Q1/2014	change, %	Q1/2015	Q1/2014	change, %
Revenue, EUR million	29.9	17.4	72	18.5	14.4	29
Operating profit, EUR million	1.6	1.7	-7	0.0	0.4	-109
Operating profit, %	5.2%	9.6%		-0.2%	2.8%	

FINANCIAL ITEMS AND PROFIT FOR THE PERIOD

The Group's net financial expenses totalled EUR -0.7 million (EUR -0.5 million). The increase in financial expenses was due to an increase in interest-bearing liabilities in the summer of 2014, when the Group carried out an extensive restructuring and refinancing arrangement.

Pihlajalinna's profit before tax for the period under review amounted to EUR 0.6 million, a decrease of EUR 0.9 million, or 61 per cent, over the profit of EUR 1.5 million in the comparative period ended 31 March 2014.

The Group's taxes totalled EUR 0.0 million (EUR -0.3 million). Profit for the period under review totalled EUR 0.6 million (EUR 1.1 million). Earnings per share were EUR 0.03 (EUR 0.07). The comparative figure presented is the earnings per share of Pihlajalinna Terveys Oy in Q1/2014, which is an adjusted like-for-like figure that reflects the terms and conditions of the directed share issue carried out in July 2014.

THE GROUP'S FINANCIAL POSITION

At the end of the period under review, the Pihlajalinna Group's total statement of financial position was EUR 147.6 million (EUR 114.3 million). Consolidated cash and cash equivalents stood at EUR 11.2 million (EUR 12.0 million).

The Group's net cash flow from operating activities during the period under review amounted to EUR 6.9 million (EUR 1.7 million). A total of EUR 4.2 million in working capital was released (EUR 1.3 million tied up).

Net cash flow from investing activities totalled EUR -4.2 million (EUR -3.0 million). The impact of the acquisitions of subsidiaries on net cash flow in the period under review was EUR -10.2 million (EUR 0.6 million). Investments in property, plant and equipment and intangible assets during the period under review totalled EUR -3.3 million (EUR -0.8 million), and proceeds from the disposal of property, plant and equipment totalled EUR 9.0 million (EUR 0.0 million).

Net cash flow from financing activities totalled EUR -2.5 million (EUR 1.9 million). Net cash flow from financing activities includes EUR 4.3 million (EUR 0.0 million) in loan drawdowns and EUR 6.4 million (EUR 0.8 million) in loan repayments, including repayments of finance lease liabilities and changes to a cheque account limit.

The Group's equity ratio was 8.1% (38.2%). The decrease in the equity ratio was due to the extensive restructuring arrangement and refinancing arrangement carried out during the summer of 2014.

Interest-bearing liabilities, excluding the contingent considerations measured at fair value, amounted to EUR 80.7 million (EUR 40.4 million), of which current liabilities accounted for EUR 5.9 million (EUR 6.2 million). Return on capital employed in the financial year was 5.5% (9.5%), and return on equity was 22.8% (11.2%).

The Group's key loan covenants are reported to the financiers on a quarterly basis. If the Group breaches the loan covenant terms, the creditors may accelerate the repayment of the loans. The loan covenant terms were fulfilled at 31 March 2015. The loan margins, however, were temporarily raised by 0.5 percentage points due to the acquisition of the care homes in Southwest Finland. This increase in the loan margins is valid from 1 April 2015 until the Company's potential stock exchange listing.

More information on Pihlajalinna's financial risks and loan covenants is presented in the financial statements for 2014.

CAPITAL EXPENDITURE

Capital Expenditure in the period under review totalled EUR 14.1 million (EUR 6.1 million). The Company's gross investments in property, plant and equipment

and intangible assets, which consisted of normal additional and replacement investments required for growth, amounted to EUR 1.7 million (EUR 1.1 million) during the period under review. Capital Expenditure related to the opening of new units totalled EUR 1.6 million (EUR 0.1 million). Gross investments in tangible and intangible assets attributable to M&A transactions, including goodwill, totalled EUR 10.8 million (EUR 5.0 million).

The Group's investment commitments are related to the opening of a new private clinic in Jyväskylä, the opening of a new occupational healthcare clinic in Vantaa, the renovation of the business location in Pietarsaari, IT system development projects for financial and human resources administration and the procurement of new imaging systems. In total, these investment commitments amount to about EUR 1.5 million.

PERSONNEL

The Group's personnel numbered 2,087 on average (1,477) during the period under review, an increase of 41%. At the end of the period under review, the number of personnel stood at 2,261 (1,466). The number of Group personnel grew by over 200 employees due to M&A transactions during the review period. The other increase in personnel is attributed to the Group's organic growth, including new healthcare and social care outsourcing contracts. The Group's employee benefit expenses totalled EUR 21.3 million (EUR 14.3 million), an increase of 49%.

M&A TRANSACTIONS

The Group expanded through several M&A transactions during the period under review. Pihlajalinna signed an agreement for acquiring the entire share capital of Suomen Keinojuuriklinikka in February 2015. As a result of this acquisition, Suomen Keinojuuriklinikka became a part of the nationwide Dextra chain from the beginning of March. In January 2015, Dextra opened a new dental clinic on the 7th floor of the Stockmann department store in Helsinki, while Suomen Keinojuuriklinikka is located beside the Stockmann department store in Tapiola in Espoo.

The Group strengthened its oral healthcare business also in Jyväskylä by acquiring Wiisuri Oy's entire share capital in early February 2015.

The arbitration process concerning the MediLappi Oy share transaction was concluded on 19 February 2015. The transaction price confirmed in the arbitration process was EUR 0.2 million higher than the management's estimate in the 2014 financial statements.

The operations of Pietarsaaren Medicenter Oy were consolidated from the beginning of February 2015.

Pihlajalinna acquired three care homes in Southwest Finland on 31 March 2015: Hoitokoti Matinkartano Oy, Hoitokoti Setälänpäiä Oy and Raison Oiva Oy. In conjunction with the transaction, the care homes were renamed Ikipihlaja Matinkartano, Ikipihlaja Setälänpäiä and Ikipihlaja Oiva, respectively. The care homes have places for a total of 130 customers. In addition to senior citizens, their customer base includes war invalids, substance abuse patients and patients in mental health rehabilitation. In total, the companies employ about 102 people. Kalle Junnila will maintain his position as Managing Director.

The total costs of the business combinations in the review period was EUR 16.0 million. EUR 15.6 million of this total was paid in cash, while EUR 0.2 million was recorded as a current transaction price liability. The acquisitions generated a total of EUR 8.5 million in goodwill. The business combinations were financed by drawing down EUR 4.3 million in new non-current loans from the

Group's credit limit, and with advance payments of EUR 9.1 million from the sale of care premises owned by the Group.

MANAGEMENT CHANGES

Joni Aaltonen was appointed Chief Operating Officer (COO) of the Pihlajalinna Group as of 14 April 2015. He had previously served as the Group's Chief Financial Officer (CFO). Aaltonen reports directly to the Group CEO, Mikko Wirén. In his new position, Aaltonen is responsible for the Group's strategic development and M&A transactions and for monitoring the profitability of business operations. The Group's procurement unit will also report to him.

Virpi Holmqvist was appointed Chief Financial Officer (CFO) of the Pihlajalinna Group as of 14 April 2015. Holmqvist is responsible for managing the Group's financial administration function and developing its processes. Holmqvist reports directly to the Group CEO, Mikko Wirén. She previously served on the management team of Attendo Finland Group beginning from 2008, initially as Financial Director and for the last two years as Director of Outsourced Social and Health Care Services.

MANAGEMENT TEAM

The Pihlajalinna Group's management team has seven members: Mikko Wirén, CEO, Leena Niemistö, Deputy CEO and Director of the Private Clinics and Specialised Care segment, Joni Aaltonen, Chief Operating Officer, Juha Rautio, Director of the Primary and Social Care segment, Virpi Holmqvist, Chief Financial Officer, Terhi Kivinen, Senior Vice President Communications and Marketing, and Kimmo Saarinen, Medical Director.

SHARES AND SHARE CAPITAL

At the end of the period under review, Pihlajalinna Oy's share capital amounted to EUR 2,500 and the total number of shares outstanding was 13,398,860. The Company has one share series, with each share entitling its holder to one vote at a general meeting of the Company. All shares vest their holders with equal rights to dividends and other distribution of the Company's assets. The Company's Articles of Association include a redemption clause. At the end of the period under review, the Company had 172 (151) shareholders. The Company does not hold any treasury shares.

At the end of the review period, the funds managed by Sentica Partners Oy, namely Sentica BuyOut III Ky and Sentica BuyOut III Co-Investment Ky, held a total of 50.3 per cent of the Company's shares. CEO Mikko Wirén and his related parties held a total of 11.6 per cent of the Company's shares, LähiTapiola held a total of 10.2 per cent through LähiTapiola General Mutual Insurance Company and LähiTapiola Mutual Life Insurance Company, and Deputy CEO and member of the Board Leena Niemistö held 6.2 per cent.

RESOLUTIONS OF THE ANNUAL GENERAL MEETING

Pihlajalinna's Annual General Meeting held on 12 March 2015 adopted the financial statements and the Board of Directors' report for 1 January 2014 - 31 December 2014, and resolved that no dividend will be paid for the 2014 financial year. The Annual General Meeting discharged the members of the Board and the CEO from liability.

Aarne Aktan, Heikki Dunder, Leena Niemistö, Veli-Matti Qvintus, Marjatta Rytömaa and Mika Uotila were re-elected, and Jari Sundström was elected as a new member, to Pihlajalinna Oy's Board of Directors, which has seven members.

The Board held its organisation meeting on 23 March 2015, electing from amongst its number Mika Uotila as Chairman. In addition, the Board decided at the meeting that the Audit Committee and the Nomination and Remuneration Committee will continue with their previous compositions.

The Board decided to keep its compensation unchanged, with each Board member being paid a monthly remuneration of EUR 1,000. In addition, a meeting fee of EUR 1,000 will be paid for each Board meeting to all members who are present, and a meeting fee of EUR 500 for each committee meeting to all members who are present.

The firm of authorised public accountants KPMG Oy, with Frans Kärki, APA, as the principal auditor, were elected as the Company's auditors.

AUTHORISATIONS OF THE BOARD OF DIRECTORS

On the basis of a resolution by the Annual General Meeting held on 12 March 2015, Pihlajalinna's Board of Directors has an authorisation to decide on a share issue and on a rights issue. The authorisation is valid for two months from the resolution (until 12 May 2015).

A maximum total of 100,000 new shares may be issued on the basis of the authorisation. The Board of Directors decides on the terms and conditions of any issues of shares or rights entitling to shares.

RISKS AND SHORT-TERM UNCERTAINTIES IN BUSINESS OPERATIONS

As the population ages and the structures of health care services change, social policies may have a material impact on the private health care sector's business environment both in the short and long term. New policies may impact business opportunities in the future, particularly with respect to the availability of skilled expert personnel.

In addition to the aforementioned factors, the Pihlajalinna Group's long-term operational risks and uncertainties concern the continuity of key existing customer relationships and contracts and the financial impacts of new commitments and contracts, which are continuously increasing in value. The competitive situation in the Pihlajalinna Group's business areas is estimated to remain unchanged.

More information on Pihlajalinna's risks and risk management is presented in the financial statements for 2014.

EVENTS AFTER THE END OF THE REVIEW PERIOD

Pihlajalinna financed its acquisition of the care homes in Southwest Finland (Hoitokoti Matinkartano Oy, Hoitokoti Setälänpiha Oy and Raison Oiva Oy) by selling its own care home properties. Pihlajalinna received the majority of the cash consideration as an advance payment on 31 March 2015. The remainder of the sales price, or EUR 200,000, is contingent. The properties' ownership and control rights were transferred from Pihlajalinna to Special Investment Fund eQ Hoivakiinteistöt on the execution date of 1 April 2015. For this reason, Pihlajalinna's statement of financial position at 31 March 2015 includes a non-interest-bearing current liability of approximately EUR 9.1 million (advance payments received).

Pihlajalinna has leased back the divested properties for its own use as of 1 April 2015 under lease agreements classified as finance leases. The lease term is 15 years. The Company also recorded a total of about EUR 1.5 million in capital gains on the sale, which will be recognised as revenue over the lease

term on a straight-line basis. The rents paid under the new lease agreements are based on market pricing.

Pihlajalinna redeemed the non-controlling interests in its subsidiary Dextra Suunterveydenhoito Oy on 1 April 2015. Thereafter the Group's ownership is 100 per cent.

The Group renegotiated its financing agreement on 22 April 2015. The financing agreement was amended with respect to covenants applicable following a potential listing, releasing the Group from the Cash Flow Cover and Capital Expenditure covenants. Moreover, following a potential listing, the Group will be released from the restrictions on its dividend payout, certain premature loan repayments required under the loan agreement, such as excess cash flow and disposal proceeds repayments, and certain disclosure obligations. The condition for the amendments is that, following the listing, the leverage ratio in accordance with the loan agreement is below 3.00.

The Supreme Administrative Court rejected the City of Mänttä-Vilppula's and Pihlajalinna Terveys Oy's appeals in the case concerning the decision on the outsourcing of the city's healthcare and social care services and the appeal filed against the decision. The Market Court had issued a ruling in which it stated that the City of Mänttä-Vilppula's outsourcing decision had violated the Act on Public Contracts. The appeal to the Market Court had been filed last summer by Attendo, which had participated in and lost the public tender for the same healthcare and social care services outsourcing contract. Pihlajalinna accepts the Supreme Administrative Court's ruling and awaits the City of Mänttä-Vilppula's final decision on the matter.

According to the Mayor of Mänttä-Vilppula, Esa Sirviö, the city accepts the Supreme Administrative Court's ruling and will not appeal against it.

The City Councils of Parkano and Mänttä-Vilppula and the City Council of Kihniö have already unanimously approved the establishment of a healthcare and social care joint cooperation area in February 2015, with Parkano designated as the responsible municipality. In practice, the provision of healthcare and social care services in Kihniö will start in late spring 2015.

Following the Supreme Administrative Court's ruling, the City of Mänttä-Vilppula will examine the implementation of the decision on the establishment of the joint cooperation area in the next few weeks. If Mänttä-Vilppula's healthcare and social care services are to be provided through the joint cooperation area in the future, the responsibility for their provision will rest with Parkano. In this case, Mänttä-Vilppula will no longer need a complete outsourcing agreement with any private healthcare and social care services providers. If the joint cooperation area is established as planned, it would also fulfil the requirements of the act on the reform of the municipal and service structure (*Laki kunta- ja palvelurakenne uudistuksesta* 169/2007).

According to Sirviö, the City of Mänttä-Vilppula will decide on the future of its healthcare and social care services on the basis of the Supreme Administrative Court's ruling. In its decision-making, the city will consider several significant changes that have taken place in the operating environment during the legal process.

OUTLOOK FOR THE 2015 FINANCIAL YEAR

The Pihlajalinna Group has a wide range of business operations and its financial success is not materially dependent on economic cycles. In 2015, business volumes are estimated to grow especially due to healthcare and social care outsourcing projects.

ACCOUNTING POLICIES

This Interim Report has been prepared in accordance with IAS 34 (Interim Financial Reporting) and in compliance with the same accounting policies and methods used in the preparation of the consolidated financial statements for 2014. All of the figures presented in the condensed financial statements and the notes have been rounded, due to which the actual total of individual figures may differ from the total presented.

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the valuation of the reported assets and liabilities and contingent assets and liabilities on the statement of financial position, and the recognition of the amount of income and expenses. Although the estimates are based on the management's best knowledge of current events and actions, actual results may differ from the estimates.

In the 2014 financial year, the Pihlajalinna Group carried out an extensive restructuring and refinancing arrangement. Prior to the restructuring arrangement, the Group's parent company was Pihlajalinna Terveys Oy (former Pihlajalinna Oy, business ID 2303024-5). The Group's new parent company, Pihlajalinna Oy (former Sorbuscast Oy, business ID 2617455-1), was registered on 29 April 2014. In July 2014, Pihlajalinna Oy carried out a directed share issue for the holders of Series A shares in Pihlajalinna Terveys Oy, who exchanged their shares for new shares in Pihlajalinna Oy. As a result of the share swap, Pihlajalinna Oy holds the entire share capital of Pihlajalinna Terveys Oy, and the parties that held a stake in Pihlajalinna Terveys Oy prior to the restructuring became shareholders of Pihlajalinna Oy.

The information presented in this January-March 2015 interim report is unaudited, whereas the information presented for the comparative period is audited.

CONDENSED FINANCIAL STATEMENTS AND NOTES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million

	Jan.-Mar. 2015 3 months	Jan.-Mar. 2014 3 months	change, %	2014 12 months
Revenue	47.9	31.5	52	148.9
Other operating income	0.1	0.2	-10	0.9
Materials and services	-18.2	-10.4	76	-58.7
Employee benefit expenses	-21.3	-14.3	49	-62.2
Other operating expenses	-5.5	-3.8	45	-17.1
EBITDA	3.0	3.2	-6	11.8
Depreciation, amortisation and impairment	-1.8	-1.3	37	-5.8
Operating profit (EBIT)	1.3	1.9	-35	6.0
Financial income	0.0	0.0	72	0.1
Financial expenses	-0.7	-0.5	49	-3.2
Profit before tax	0.6	1.5	-61	2.9
Income taxes	0.0	-0.3	-109	-1.0
Profit for the period *	0.6	1.1	-47	1.9
Total comprehensive income for the period	0.6	1.1	-47	1.9
Total comprehensive income for the period attributable:				
To the owners of the parent	0.4	1.0	-58	1.5
To non-controlling interests	0.2	0.2	19	0.4
Earnings per share calculated on the basis of the profit for the period attributable to owners of the parent (EUR)				
Basic and diluted	0.03	0.07		0.11

* The Group has not had any other comprehensive income.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
EUR million

	Share capital	Reserve for invested unrestrict- ed equity	Retaine d earnings	Non- controllin g interests	Total equit y
Total equity, 1 Jan. 2014	0.0	31.0	6.2	1.1	38.3
Profit for the period			1.0	0.2	1.1
Total comprehensive income for the period			1.0	0.2	1.1
Share issue		3.7			3.7
Repayment of capital Transactions with the owners of the parent		3.7		-0.5	-0.5
Total				-0.5	3.7
Changes in non-controlling Interests				0.0	0.0
Total equity, 31 Mar. 2014	0.0	34.7	7.1	0.8	42.6
 Total equity, 1 Jan. 2015	 0.0	 5.1	 4.3	 1.0	 10.4
Profit for the period			0.4	0.2	0.6
Total comprehensive income for the period			0.4	0.2	0.6
Total equity, 31 Mar. 2015	0.0	5.1	4.7	1.2	11.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION				
EUR million				
	Mar. 2015	Mar. 2014	change, %	Dec. 2014
ASSETS				
Non-current assets				
Property, plant and equipment	37.7	26.4	43	35.3
Goodwill	64.8	48.9	33	56.2
Other intangible assets	11.2	8.4	33	9.7
Interests in associates	0.0	0.2	-96	0.0
Available-for-sale financial assets	0.1	0.1	9	0.1
Other receivables	1.7	0.1	2644	1.6
Deferred tax assets	1.4	1.0	42	1.1
Total non-current assets	116.9	85.0	38	104.2
Current assets				
Inventories	1.6	0.8	97	1.3
Trade receivables and other receivables	17.8	15.8	13	14.1
Current tax assets	0.2	0.8	-79	0.1
Cash and cash equivalents	11.2	12.0	-6	11.0
Total current assets	30.8	29.3	5	26.5
Total assets	147.6	114.3	29	130.7
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	0.0	0.0	0	0.0
Reserve for invested unrestricted equity	5.1	34.7	-85	5.1
Retained earnings	4.3	6.2	-31	2.8
Result for the review period	0.4	1.0	-58	1.5
	9.8	41.8	-77	9.4
Non-controlling interests	1.2	0.8	55	1.0
Total equity	11.0	42.6	-74	10.4
Non-current liabilities				
Deferred tax liabilities	4.4	3.6	20	4.1
Financial liabilities	77.7	35.0	122	73.6
Other non-current liabilities	0.9	0.9	-3	0.8
Total non-current liabilities	82.9	39.5	110	78.5
Current liabilities				
Trade and other payables	44.5	23.5	89	26.5
Current tax liabilities	1.1	2.0	-47	0.9
Financial liabilities	8.2	6.7	23	14.2
Total current liabilities	53.7	32.2	67	41.8
Total liabilities	136.7	71.7	91	120.3
Total equity and liabilities	147.6	114.3	29	130.7

**CONSOLIDATED STATEMENT OF CASH
FLOWS**

EUR million

	1 Jan. - 31 Mar. 2015	1 Jan. - 31 Mar. 2014	change, %	1 Jan. - 31 Dec. 2014
Cash flow from operating activities				
Cash receipts from sales	49.1	30.4		145.6
Cash receipts from other operating income	0.1	0.1		0.7
Operating expenses paid	-42.1	-28.6		-135.6
Operating cash flow before financial items and taxes	7.1	1.9	276	10.7
Interest received	0.0	0.0		0.1
Taxes paid	-0.1	-0.2		-1.4
Net cash flow from operating activities	6.9	1.7	301	9.4
Cash flow from investing activities:				
Investments in property, plant and equipment and intangible assets	-3.3	-0.8		-10.4
Proceeds from disposal of property, plant and equipment and intangible assets and prepayments	9.0	0.0		0.0
Changes in other investments	0.4	0.0		0.0
Changes in loan receivables	-0.1	-2.2		-1.3
Acquisition of subsidiaries less cash and cash equivalents at date of acquisition	-10.2	0.6		-5.1
Disposal of subsidiaries less cash and cash equivalents	0.0	-0.6		-0.6
Net cash flow from investing activities	-4.2	-3.0	39	-17.5
Cash flow from financing activities:				
Proceeds from issuing shares	0.0	3.7		3.7
Repayment of capital	0.0	0.0		-29.6
Proceeds from borrowings	4.3	0.0		69.7
Repayment of borrowings	-6.2	-0.7		-29.2
Repayment of finance lease liabilities	-0.2	-0.1		-0.6
Interest paid	-0.5	-0.3		-2.4
Dividends paid and other profit distribution	0.0	-0.5		-3.8
Net cash flow from financing activities	-2.5	1.9	-231	7.7
Changes in cash and cash equivalents	0.2	0.7		-0.4
Cash at the beginning of the financial period	11.0	11.3		11.3
Cash at the end of the financial	11.2	12.0		11.0

period

OPERATING SEGMENTS

EUR million

	Jan.-Mar. 2015 3 months	Jan.-Mar. 2014 3 months	change, %	2014 12 months
Revenue				
L&E	29.9	17.4	72	92.9
P&S	18.5	14.4	29	57.9
Unallocated	0.0	0.0		0.0
Eliminations	-0.6	-0.3		-1.9
Total	47.9	31.5	52	148.9
EBITDA				
L&E	3.1	2.7	16	11.2
P&S	0.2	0.7	-71	2.8
Unallocated	-0.3	-0.1	74	-2.2
Total	3.0	3.2	-6	11.8
EBITDA, % of revenue				
L&E	10.3%	15.2%	-33	12.1%
P&S	1.1%	4.9%	-77	4.8%
Operating profit				
L&E	1.6	1.7	-7	6.3
P&S	0.0	0.4	-109	1.9
Unallocated	-0.3	-0.2	68	-2.2
Total	1.3	1.9	-35	6.0
Operating profit, % of revenue				
L&E	5.2%	9.6%	-46	6.7%
P&S	-0.2%	2.8%	-107	3.3%
Reconciliation	Jan.-Mar. 2015	Jan.-Mar. 2014	change, %	2014
Revenue				
Operating segments' revenue	48.5	31.9	52	150.8
Elimination of inter-segment revenue	-0.6	-0.3	68	-1.9
Total consolidated revenue	47.9	31.5	52	148.9
EBITDA				
Operating segments' EBITDA	3.3	3.4	-3	8.2
Items unallocated to the segments	-0.3	-0.1	74	-2.2
Consolidated EBITDA	3.0	3.2	-6	6.0
Operating profit				
Operating segments' operating profit	1.5	2.1	-27	8.2
Items unallocated to the segments	-0.3	-0.2	68	-2.2

Consolidated operating profit	1.3	1.9	-35	6.0
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CONTINGENT LIABILITIES AND COMMITMENTS

EUR million

	31 Mar. 2015	31 Mar. 2014	31 Dec. 2014
Collateral given on own behalf			
Pledged collateral notes	520.6	65.0	416.6
Properties	4.6	1.7	4.6
Other shares	2.5	0.4	2.5
Bank accounts and other receivables	4.4	0.4	5.1
Collateral given on behalf of associates			
Other contingent liabilities	2.2	2.0	2.3
Other contingent liabilities			
Lease commitments	24.1	8.6	15.9
Value added tax (VAT) adjustment liability on property investments	0.1	0.0	0.1

TOTAL BUSINESS COMBINATIONS

Acquisitions during Q1 2015

The following information on business combinations is presented consolidated, since the acquisitions are not individually material:

EUR million	Q1/2015
Consideration transferred	
Cash	15.6
Current transaction price liability	0.5
Total cost of combinations	16.0

At the date of acquisition, the values of assets acquired and liabilities assumed were as follows:

EUR million	Q1/2015
Property, plant and equipment	0.6
Intangible assets	1.7
Inventories	0.2
Non-current receivables	0.0
Trade receivables and other receivables	1.3
Cash and cash equivalents	5.4
Total assets	9.3
Deferred tax liability	-0.3
Financial liabilities	-0.1
Other liabilities	-1.3
Total liabilities	-1.8

Net assets	7.5
Goodwill generated in the acquisition	
Consideration transferred	16.0
Net identifiable assets of acquiree	-7.5
Goodwill	8.5
Transaction price paid in cash	15.6
Cash and cash equivalents of acquiree	-5.4
Effect on cash flow	10.1

The acquisition-related expenses, a total of EUR 100,000, have been recorded under other operating expenses.

The revenues and results from the business combinations since the dates of acquisition (total revenues EUR 817,000 and total operating profit EUR 35,000 (FAS)), are included in the consolidated statement of comprehensive income. Had the business combinations during the financial year been consolidated since the beginning of the 2015 reporting period, consolidated revenues would have amounted to EUR 50,620,000 and operating profit for the period would have amounted to EUR 1,310,000.

RELATED PARTY TRANSACTIONS

EUR million

	Q1/2015	Q1/2014	2014
Key management personnel			
Rents paid	0.35	0.10	0.60
Services procured	0,09		
Payments received			0.44
Receivables		0.27	0.12
Trade payables	0.16		0.00
Other related parties			
Services procured	0.03	0.00	0.11
Trade payables	0.00		0.01
Associates			
Services procured	0.08		0.22
Trade payables			0.06
Loan receivables	1.40		1.34

On 1 January 2015, MWW Yhtiö and Pihlajalinna Terveys signed an agreement on the procurement of healthcare professionals' services by Pihlajalinna (staffing agreement). The agreement is valid until further notice.

KEY FIGURES

	Mar. 2015	Mar. 2014	change, %	Dec. 2014
Revenue, EUR million	47.9	31.5	52	148.9
EBITDA, EUR million	3.0	3.2	-6	11.8
EBITDA, %	6.3%	10.2%	-38	7.9%
Operating profit (EBIT), EUR million	1.3	1.9	-35	6.0
Operating profit, %	2.6%	6.1%	-57	4.0%
Net financial expenses, EUR million	-0.7	-0.5	49	-3.1
Net financial expenses, % of revenue	-1.4%	-1.4%	-2	-2.1%
Profit before tax, EUR million	0.6	1.5	-61	2.9
Profit before tax, % of revenue	1.2%	4.7%	-74	1.9%
Income taxes	0.0	-0.3	-109	-1.0
Profit for the period	0.6	1.1	-47	1.9
Interest-bearing net debt, EUR million	69.0	27.9	147	71.1
Interest-bearing net debt, % of revenue	36.0%	22.2%	62	47.7%
Return on equity (ROE), %	22.8	11.2	104	7.7
Return on capital employed (ROCE), %	5.5	9.5	-42	7.1
Gearing, %	629.4	65.6	859	686.3
Equity ratio, %	8.1	38.2	-79	8.0
Gross investments, EUR million	14.1	6.1	130	28.3
Gross investments, % of revenue	29.5	19.5	51	19.0
Personnel at the end of the period	2,261	1,466	54	1,714
Average number of personnel	2,087	1,477	41	1,619
Earnings per share, EUR	0.03	0.07	-57	0.11
Equity per share, EUR	0.73	3.12	-77	0.7

QUARTERLY INFORMATION**EUR million**

	Q1/15	Q4/14	Q3/14	Q2/14	Q1/14
STATEMENT OF COMPREHENSIVE INCOME					
Revenue	47.9	51.9	32.6	32.8	31.5
Other operating income	0.1	0.3	0.1	0.3	0.2
Materials and services	-18.2	-27.5	-9.8	-11.0	-10.4
Employee benefit expenses	-21.3	-17.5	-14.8	-15.6	-14.3
Other operating expenses	-5.5	-4.2	-5.5	-3.6	-3.8
EBITDA	3.0	3.0	2.6	3.0	3.2
Depreciation, amortisation and impairment	-1.8	-1.6	-1.5	-1.4	-1.3
Operating profit (EBIT)	1.3	1.4	1.1	1.6	1.9
Financial income	0.0	0.0	0.0	0.0	0.0
Financial expenses	-0.7	-0.7	-0.9	-1.2	-0.5
Profit before tax	0.6	0.7	0.2	0.4	1.5
Income taxes	0.0	-0.2	-0.3	-0.1	-0.3
Profit for the period	0.6	0.5	-0.1	0.3	1.1
Personnel at the end of the period	2,261	1,714	1,688	1,649	1,466

Tampere, 4 May 2015

Pihlajalinna Oy's Board of Directors

For further information, please contact: Mikko Wirén, CEO, tel. +358 50 3220 927 and Virpi Holmqvist, CFO, tel. +358 40 537 6133.

**CALCULATION OF KEY
FIGURES**

Return on equity (ROE), %	$\frac{\text{Profit for the period} \times 100}{\text{Equity (average)}}$
Return on capital employed (ROCE), %	$\frac{\text{Profit before taxes} + \text{interest and other financial expenses}}{\text{Total statement of financial position- non-interest-bearing liabilities (average)}}$
Gearing, %	$\frac{\text{Interest-bearing net debt} \times 100}{\text{Equity}}$
Equity ratio, %	$\frac{\text{Equity} \times 100\%}{\text{Total statement of financial position- prepayments received}}$
Earnings per share (EPS), EUR	$\frac{\text{Profit for the period attributable to owners of the parent}}{\text{Average number of shares during the period}}$
Equity per share, EUR	$\frac{\text{Equity attributable to owners of the parent}}{\text{Number of shares at period end}}$
EBITDA	Operating result + depreciation, amortisation and impairment
EBITDA, %	$\frac{\text{EBITDA} \times 100}{\text{Revenue}}$