



POSTI GROUP CORPORATION INTERIM REPORT, JANUARY–JUNE 2015
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Posti Group's net sales hit by the weak market situation – growth in parcel services

Posti Group Corporation Interim Report Q2/2015

April–June 2015

- The Group's net sales decreased by 12.0% and amounted to EUR 406.3 (461.9) million in April–June.
- Net sales decreased by 5.3% in Postal Services, by 18.5% in Parcel and Logistics Services and by 27.1% in Itella Russia, and increased by 0.5% in OpusCapita. Measured in local currency, Itella Russia's net sales decreased by 10.4%.
- The operating result before non-recurring items declined to loss-making territory and amounted to EUR -6.8 (2.9) million, or -1.7% (0.6%) of net sales.
- The operating result before non-recurring items remained largely unchanged at EUR 4.8 (4.7) million in Postal Services and declined to EUR -2.1 (-1.2) million in Parcel and Logistics Services, to EUR -2.0 (-0.1) million in Itella Russia, and to EUR 2.1 (4.7) million in OpusCapita.
- The operating result for the period was improved by non-recurring items in the amount of EUR +34.7 (-5.0) million. The most significant item was a real estate sale, on April 22, 2015, where Posti Group sold and leased back its postal centers in Tampere, Kuopio and Oulu, as well as its warehouse in Tuusula.
- The operating result for the second quarter showed a profit of EUR 27.9 (-2.1) million, or 6.9% (-0.4%) of net sales.
- In June, the Board of Directors of Posti Group approved the company's strategic goals for 2015–2017.
- On April 30, 2015, Posti Group sold its road freight operations in Sweden, Norway and Denmark, as well as its international freight business in Finland, to the Danish company NTG Nordic Transport Group.
- Posti launched a renewal of its retail network. Going forward, Posti will operate 21 postal outlets of its own, and negotiations began in June concerning transfer of services at 77 outlets to partners.
- On April 30, 2015, OpusCapita acquired the Swedish companies Kredithanterarna and Svenska Fakturaköp.
- Patrik Sallner was appointed CEO of OpusCapita. Sallner will take up his post as CEO on October 5, 2015.

January–June 2015

- The Group's net sales decreased by 9.6% and amounted to EUR 842.2 (931.9) million in January–June. Mail delivery volumes continued to decline as expected. The Group divested its international freight operations in order to improve profitability. In Finland and Russia, the situation in the logistics market remained weak. The ruble depreciated by 34% compared to the previous year. Parcel services volume grew by 5%.
- Net sales decreased by 3.0% in Postal Services, by 14.5% in Parcel and Logistics Services and by 30.1% in Itella Russia, and increased by 0.5% in OpusCapita. Measured in local currency, Itella Russia's net sales decreased by 5.9%.
- The operating result before non-recurring items decreased and amounted to EUR 13.7 (20.5) million, or 1.6% (2.2%) of net sales. The operating result before non-recurring items improved to EUR 25.9 (21.5) million in Postal Services and to EUR -1.1 (-2.3) million in

Parcel and Logistics Services. The operating result before non-recurring items declined to EUR -2.9 (-2.3) million in Itella Russia and to EUR 6.8 (11.5) million in OpusCapita.

- Non-recurring items recognized during the period totaled EUR +34.7 (-18.3) million.
- The operating result for January–June was EUR 48.4 (2.2) million, or 5.8% (0.2%) of net sales.
- Cash flow from operating activities was EUR 33.3 (43.9) million.
- The name of the company was changed to Posti Group Corporation on January 1, 2015. From January 1, 2015, the names of the business groups are: Postal Services, Parcel and Logistics Services, Itella Russia and OpusCapita. Since the beginning of 2015, Posti Group Corporation's result is reported on the basis of the new business groups.

Key figures of Posti Group

	4-6	4-6	1-6	1-6	1-12
	2015	2014	2015	2014	2014
Net sales, EUR million	406.3	461.9	842.2	931.9	1,858.7
Operating result (non-IFRS), EUR million*	-6.8	2.9	13.7	20.5	50.8
Operating result (non-IFRS), %*	-1.7	0.6	1.6	2.2	2.7
Operating result (EBIT), EUR million	27.9	-2.1	48.4	2.2	5.8
Operating result (EBIT), %	6.9	-0.4	5.8	0.2	0.3
Result before taxes, EUR million	22.8	-4.1	44.2	-2.1	-4.6
Result for the period, EUR million	17.0	-3.8	32.8	0.2	-4.4
Return on equity (12 months), %			4.4	2.2	-0.7
Return on invested capital (12 months), %			5.8	1.8	1.0
Equity ratio, %			48.0	47.3	45.9
Gearing, %			7.9	18.8	17.2
Gross capital expenditure, EUR million	15.5	18.1	32.0	30.9	57.5
Average number of employees			22,691	25,311	24,617
*) Non-IFRS = excluding non-recurring items					

Heikki Malinen, President and CEO:

"Posti Group faced a very difficult business environment at the start of the year, and the second quarter failed to bring the hoped-for improvement in the market situation. Economic growth in Finland has been non-existent, which has been reflected in a continued decline in the market for logistics services. The development of consumer purchasing power has been subdued and the digitization of communication has reduced mail volumes, particularly with respect to 1st class letters. The development of the Group's net sales and result was unsatisfactory under difficult circumstances in the second quarter.

However, there were also some positives during the period. In Postal Services and Parcel and Logistics Services, the operating result before non-recurring items for January–June improved year-on-year. Another positive signal was the substantial growth in the volume of parcel services.



The situation in the Group's Russian operations weakened significantly in the second quarter as a result of the Russian economic crisis and a decrease in consumer purchasing power. After the sharp peak in end consumption at the end of last year, volumes in warehouse logistics decreased during the spring. In our estimate, a recovery in demand may not be seen in 2015.

As part of Posti Group's strategy, the sale of the Scandinavian road transport business and international freight business in Finland was successfully completed. The net sales of Parcel and Logistics Services decreased as a result of the transaction.

In OpusCapita, which specialises in automation and software services for financial management, cloud services and e-invoicing services saw positive growth. The company is making a strong investment in new growth businesses. Profitability was also eroded by declining volumes in the traditional printing business in all countries of operation. OpusCapita is an important part of Posti Group and subject to positive growth expectations.

Posti Group's operating result in January–June improved significantly from the corresponding period in 2014 and amounted to EUR 48.4 million. The result includes a non-recurring profit on a transaction concluded by Posti on the sale and leaseback of five properties.

Posti is currently undergoing a significant multi-year structural transformation. Restructuring measures implemented in summer 2015 included rearranging the domestic terminal network and launching the renewal of Posti's retail network. It will take some time before the impacts of these changes and other restructuring measures are reflected in the result.

In June, we announced our new strategy, with the primary objectives of renewing Posti to make it a customer-oriented first-class service company and pursuing profitable growth in new services. As society becomes increasingly digital and traditional mail delivery diminishes, Posti faces a turning point at which the Finnish Postal Act must be amended to ensure the availability of postal services throughout the country.

We have systematically improved the efficiency of our operations. We are improving the customer experience, productivity and our competitiveness by taking advantage of new technology. The growth of e-commerce and digitization also offer Posti new growth opportunities. We will pursue synergies by focusing on home services, meal deliveries and food logistics, which allow us to leverage Posti's nationwide distribution network."

APPENDICES

Posti Group's Interim Report in full

FURTHER INFORMATION

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Posti Group is your first choice in postal, logistics and e-commerce services. We manage the flow of commerce and everyday life in 11 countries. Our net sales in 2014 amounted to EUR 1,859 million. We employ approximately 23,000 professionals who serve our customers in Finland under the name Posti and in other countries under the name Itella. www.posti.com.

Interim Report for January–June 2015

Market situation and business environment

The overall economic situation remained weak in Finland, which was reflected as lower mail and freight volumes. The market situation in Russia remained unstable. The Russian ruble appreciated early in 2015, but depreciated again in the second quarter. The closing rate of the ruble was down 34% year-on-year.

The steep decline in the volumes of addressed letter items continued at -7% (-9%). The decline was particularly steep in first-class letters. Newspaper delivery volumes, however, declined significantly more than in the previous year, -31% (-8%), which was partly the result of the expiration of early-morning delivery agreements in 2014. The decline in magazine delivery volumes was on a par with the previous year at -10% (-10%).

Posti's parcel services volume grew by 5% year-on-year. Posti delivered 16.3 million parcels in January–June.

OpusCapita's cloud services and e-invoicing services continued to see positive growth. Volumes declined in the printing business. Continuous service business operations made up 94% of OpusCapita's net sales. OpusCapita transmitted a total of 276 million transactions in January–June. The total transaction volume includes printed letters, mailed paper letters and electronic transactions. The electronic transaction volume grew to 96 million transactions, which represents 35% of OpusCapita's total transaction volume.

Strategic goals for 2015–2017

In June, the Board of Directors of Posti Group specified the company's strategic goals for 2015–2017. They are aimed at Posti's renewal and profitable growth in new services. Posti aims to be the number one choice for its customers as the provider of postal and logistics services in 2018. The most important financial target for Posti is to maintain good profitability.

Posti Group Corporation's financial targets are as follows:

- Operating profit percentage exceeds 5%
- Return on invested capital is at least 10%
- Gearing does not exceed 35%
- More than 10% of the Group's net sales comes from new business areas in 2018.

Profit performance and net sales in April–June

The Group's net sales in April–June amounted to EUR 406.3 (461.9) million. Net sales decreased by 12.0%. In local currencies, the decline in net sales was 10.3%.

Net sales decreased in Postal Services, Parcel and Logistics Services and Itella Russia, and grew in OpusCapita.

The operating result before non-recurring items was EUR -6.8 (2.9) million, or -1.7% (0.6%) of net sales. The operating result before non-recurring items remained largely unchanged in Postal Services, and declined in Parcel and Logistics Services, Itella Russia and OpusCapita.

The operating result for the period was improved by non-recurring items in the amount of EUR +34.7 (-5.0) million. The most significant item was a real estate sale, on April 22, 2015, where Posti Group sold and leased back its postal centers in Tampere, Kuopio and Oulu, as well as its warehouse in Tuusula. The transaction price was EUR 120 million. The non-recurring items of the business groups are described in more detail below, in connection with the results analysis specific to each business group.

The operating result was EUR 27.9 (-2.1) million, or 6.9% (-0.4%) of net sales. The operating result before taxes was EUR 22.8 (-4,1) million.

As of the beginning of 2015, services that fall under the universal service obligation exist both in Postal Services and Parcel and Logistics Services. Operations under the universal service obligation amounted to EUR 29.5 (28.8) million, which was 7.2% of the entire Group's net sales.

Profit performance and net sales in January–June

The Group's net sales in January–June amounted to EUR 842.2 (931.9) million. Net sales decreased by 9.6%. In local currencies, the decline in net sales was 7.2%.

Net sales decreased in Postal Services, Parcel and Logistics Services and Itella Russia, and grew in OpusCapita. Net sales declined by 4.1% in Finland and by 28.8% in other countries. The decrease in net sales was particularly attributable to the divestment of international freight operations and the substantial year-on-year depreciation of the ruble. International operations accounted for 17.6% (22.4%) of net sales.

The operating result before non-recurring items was EUR 13.7 (20.5) million, or 1.6% (2.2%) of net sales.

Non-recurring items recognized during the period totaled EUR -34.7 (18.3) million.

The operating result was EUR 48.4 (2.2) million, or 5.8% (0.2%) of net sales.

The Group's net financial costs amounted to EUR 4.3 (4.3) million.

The Group's operating result for the period was EUR 32.8 (0.2) million.

Return on equity stood at 4.4% (2.2%).

Performance improvement program

The Group has a performance improvement program for 2015–2016 underway, aiming at EUR 75 million in cost savings. The aims include achieving synergy benefits through the consolidation of production, improving the efficiency of Posti's retail network and ICT function, achieving savings in sourcing, and simplifying the product portfolio. More than one third of the savings target was achieved by the end of June.

Cooperation negotiations commenced on January 26, 2015, in the service delivery of OpusCapita's Finance and Accounting Outsourcing unit led to the dismissal of nine employees in total. Posti's warehousing services commenced cooperation negotiations on March 3, 2015, concerning 59 people in total. The negotiations led to the dismissal of 10 employees.

Cooperation negotiations concerning the personnel of the Group's own retail outlets in relation to the renewal of the retail network commenced on April 28, 2015. Negotiations were completed on June 16, 2015 and the need for layoffs was determined to be 319 employees.

Cooperation negotiations commenced by OpusCapita on May 21, 2015, regarding the restructuring of the Finnish digitizing production unit of Customer Service & Operations were concluded on June 16, 2015. The outcome of the negotiations was that the need for personnel reductions is at most 15 permanent employees.

Cooperation negotiations commenced in Operations on June 3, 2015, concerning the freight terminal network. The negotiations are estimated to last until the start of August and the need for personnel reductions is at most 50 permanent employees.

Postal Services

April–June

The Postal Services business group's net sales in April–June decreased by 5.3% and amounted to EUR 177.6 (187.6) million. The decline of the delivery product volume continued. Net sales was increased by growth in shipments to Russia from Chinese e-commerce operators.

The business group's operating result before non-recurring items remained largely unchanged from the previous year at EUR 4.8 (4.7) million. No non-recurring items were recognized during the period (0.0). The decline of the delivery product volume continued as expected, but the result remained at the previous year's level due to improvements in operational efficiency and the postage fee increases that took effect at the beginning of 2015.

The operating result remained on a par with the previous year at EUR 4.8 (4.7) million.

January–June

The Postal Services business group's net sales in January–June declined by 3.0% and amounted to EUR 373.4 (384.9) million. The decline of the delivery product volume continued. Net sales was increased by growth in shipments to Russia from Chinese e-commerce operators. Addressed direct marketing continued to decline. The volumes of unaddressed deliveries are increasing as a result of Postinen, which was launched in March. Since the beginning of March, households have received advertisements and other unaddressed items in a separate wrapped bundle twice a week.

The business group's operating result before non-recurring items improved to EUR 25.9 (21.5) million. Non-recurring income recognized during the period totaled EUR 0.2 (0.0) million. The result was boosted by improvements in operational efficiency and the increases in postage fees that took effect at the beginning of 2015.

The operating result improved to EUR 26.0 (21.5) million.

In January–June, the delivery volumes of postal items developed as follows compared with the corresponding period in 2014:

- Addressed letters, -7% (-9%)
- Unaddressed direct marketing, -1% (-27%)
- Newspapers, -31% (-8%)
- Magazines, -10% (-10%)
- Electronic letters, +5% (+5%)

The decline in the volumes of addressed letter items was slightly less steep than in the previous year at -7% (-9%). Newspaper delivery volumes, however, declined significantly more than in the previous year, -31% (-8%), which was partly the result of the expiration of early-morning delivery agreements in 2014. The decline in magazine delivery volumes was on a par with the previous year.

The number of Netposti users had increased to 612,000 – or by 9% year-on-year – by the end of June. Netposti is an electronic mailbox provided by Posti.

Parcel and Logistics Services

April–June

The Parcel and Logistics Services business group's net sales decreased by 18.5% and amounted to EUR 148.8 (182.6) million in April–June. Net sales were reduced by the sale of Scandinavian and international freight operations, which was finalized during the second quarter. In domestic freight, the total volume of the national market continued to decline, which had a negative effect on net sales. In addition, the share of net sales represented by fuel surcharges declined year-on-year due to fuel prices remaining at a lower level. The net sales of the warehousing business decreased from the previous year due to a decline in processing volumes as well as fill rates. Net sales were reduced by the general economic situation.

The business group's operating result before non-recurring items decreased to EUR -2.1 (-1.2) million, which was mainly due to the divestment of international freight operations. Non-recurring expenses recognized during the period totaled EUR 11.7 (0.9) million.

The business group's operating result decreased to EUR -13.7 (-2.1) million. The result was weakened by non-recurring expenses arising from the restructuring of Posti's retail network and the sale of the Scandinavian and international freight operations.

Volumes in parcel services developed favorably in the second quarter. Posti delivered a total of eight million parcels in April–June. Parcel services volume grew by 4.6% year-on-year.

On April 15, 2015, Posti Group Corporation signed an agreement to sell its road freight operations in Sweden, Norway and Denmark, as well as its international freight business in Finland, to the Danish company NTG Nordic Transport Group. The transaction was completed on April 30, 2015, and it had a one-off negative impact on the Group's result and cash flow in the second quarter.

On April 23, 2015, Posti announced it will renew its service network. As part of the renewal, Posti will expand its network by approximately 100 new service points and transfer services at 77 of its own postal outlets to be managed by partners. Going forward, Posti will operate 21 postal outlets of its own.

January–June

The Parcel and Logistics Services business group's net sales decreased by 14.5% and amounted to EUR 310.6 (363.5) million in January–June.

Net sales decreased particularly strongly in Scandinavia and international freight. After last year, the Group has divested part of its Scandinavian business operations and its international freight operations in Finland. In domestic freight, the total volume of the national market continued to decline, which had a negative effect on net sales. In addition, the share of net sales represented by fuel surcharges declined due to lower fuel prices. The net sales of the warehousing business declined from the previous year.

In parcel services, net sales grew on the strength of positive development in volume. Posti delivered a total of 16.3 million parcels in January–June. The use of parcel points increased during the first half of the year, with the number of parcels growing by 50% year-on-year. Posti's parcel services grew by 5% (1%) year-on-year.

The business group's operating result before non-recurring items improved to EUR -1.1 (-2.3) million. The improvement in the result is attributable to the higher demand for parcel services as well as the effects of warehouse consolidation and efficiency improvement measures implemented in supply chain solutions. In Scandinavia, the result still showed a loss. Non-recurring expenses recognized during the period totaled EUR 13.6 (1.1) million.

The business group's operating result decreased to EUR -14.7 (-3.3) million.

Posti had 1,411 service points at the end of June. After 19 new parcel points were taken into use in January–June, their number totaled 478 at the end of the second quarter. The Group plans to open 100 new service points to increase the total number from 1,400 to 1,500.

Itella Russia

April–June

Measured in local currency, Itella Russia's net sales decreased by 10.4% in April–June. Euro-denominated net sales decreased by 27.1% to EUR 31.1 (42.7) million. The decrease in net sales was due to the weak overall economic situation, which was reflected in lower warehousing, processing and transport volumes.

The business group's operating result before non-recurring items was EUR -2.0 (-0.1) million. The operating result was EUR -2.2 (-0.2) million. The decrease in the operating result was attributable to lower volumes as well as the development of the ruble exchange rate and the currency basis of lease expenses. Operational efficiency was improved, particularly in warehousing.

January–June

Measured in local currency, Itella Russia's net sales decreased by 5.9% in January–June. The decrease in net sales was due to weak demand for transport services and low processing volumes in warehousing operations. The second quarter was weaker than the first. The current expectation is that volumes will remain low until the end of the year.

By June 30, 2015, the closing rate of the Russian ruble had declined by 34.4% year-on-year. Euro-denominated net sales decreased by 30.1% to EUR 58.8 (84.2) million.

The business group's operating result before non-recurring items was EUR -2.9 (-2.3) million. The decrease in the operating result was attributable to lower volumes as well as the development of the ruble exchange rate and the currency basis of lease expenses.

Warehouse processing volumes declined significantly due to the weak overall economic situation. The weak economic situation was also reflected in warehouse fill rates. The average warehouse fill rate declined in Moscow in the second quarter compared to the first quarter, but improved substantially in other areas. The average warehouse fill rate in January–June was 81.5% in Moscow and 79.4% in other areas. Transport volumes declined due to the weak economic situation and lower cross-border trade.

The operating result declined to EUR -3.2 (-2.4) million.

Itella Russia's investments amounted to EUR 1.0 (0.9) million.

OpusCapita

April–June

OpusCapita's net sales grew by 0.5% in April–June and amounted to EUR 65.2 (64.9) million.

Non-recurring items recognized during the period totaled EUR 0.1 (1.3) million. The operating result before non-recurring items declined to EUR 2.1 (4.7) million.

The decline in the operating result was attributable to a 14% decline in volumes in the traditional printing business in all countries of operation. The result of the outsourcing business was reduced by overlapping personnel expenses during periods of transition. Investments in development programs related to supply chain financing solutions, artificial intelligence, robotics and internationalization increased. Expenses allocated to the preparation of acquisitions were also higher than in the corresponding period last year.

The operating result declined to EUR 2.0 (3.4) million.

On April 30, 2015, OpusCapita acquired the Swedish companies Kredithanterarna and Svenska Fakturaköp. The acquisitions see OpusCapita further strengthen its offering in Order-to-Cash management. The acquired companies bring strong industry expertise from the Swedish market to OpusCapita by cash management solutions.

January–June

OpusCapita's net sales grew by 0.5% in January–June and amounted to EUR 132.7 (132.1) million.

Continuous service business operations made up 94% of OpusCapita's net sales. This includes multi-channel invoicing and invoice management solutions for paper and electronic invoices, as well as software maintenance fees, and regularly invoiced outsourcing services. OpusCapita transmitted a total of 276 million transactions in January–June. The total transaction volume includes printed letters, mailed paper letters and electronic transactions. The electronic transaction volume grew to 96 million transactions, which represents 35% of OpusCapita's total transaction volume.

Non-recurring items recognized during the period totaled EUR 0.9 (1.8) million. The operating result before non-recurring items declined to EUR 6.8 (11.5) million.

The operating result declined to EUR 5.9 (9.7) million.

Patrik Sallner was appointed as OpusCapita's CEO effective from October 5, 2015.

OpusCapita announced it will cease operations in Slovakia by the end of September 2015.

OpusCapita's investments amounted to EUR 3.9 (3.0) million. The investments were related to development projects, both for customers and the company's own processes, as well as licenses.

Key Figures for Business Groups (EUR million)	4-6/2015	4-6/2014	Change	1-6/2015	1-6/2014	Change
Net sales						
Postal Services	177.6	187.6	-5.3%	373.4	384.9	-3.0%
Parcel and Logistics Services	148.8	182.6	-18.5%	310.6	363.5	-14.5%
Itella Russia	31.1	42.7	-27.1%	58.8	84.2	-30.1%
OpusCapita	65.2	64.9	0.5%	132.7	132.1	0.5%
Other operations	1.9	11.4	-83.0%	4.7	23.0	-79.6%
Intra-Group sales	-18.4	-27.3		-38.1	-55.6	
Posti Group	406.3	461.9	-12.0%	842.2	931.9	-9.6%
Operating result (non-IFRS)*						
Postal Services	4.8	4.7	3.6%	25.9	21.5	20.0%
Parcel and Logistics Services	-2.1	-1.2	-	-1.1	-2.3	-
Itella Russia	-2.0	-0.1	-	-2.9	-2.3	-
OpusCapita	2.1	4.7	-54.2%	6.8	11.5	-40.5%
Other operations	-9.7	-5.1	-	-15.0	-8.0	-
Posti Group	-6.8	2.9	-	13.7	20.5	-33.1%
Operating result (EBIT)						
Postal Services	4.8	4.7	3.6%	26.0	21.5	20.9%
Parcel and Logistics Services	-13.7	-2.1	-	-14.7	-3.3	-

Itella Russia	-2.2	-0.2	-	-3.2	-2.4	-
OpusCapita	2.0	3.4	-39.4%	5.9	9.7	-39.0%
Other operations	36.9	-7.8	-	34.3	-23.3	-
Posti Group	27.9	-2.1	-	48.4	2.2	2101.2%
Operating result (non-IFRS), %*						
Postal Services	2.7%	2.5%		6.9%	5.6%	
Parcel and Logistics Services	-1.4%	-0.7%		-0.3%	-0.6%	
Itella Russia	-6.5%	-0.2%		-4.9%	-2.7%	
OpusCapita	3.3%	7.2%		5.2%	8.7%	
Posti Group	-1.7%	0.6%		1.6%	2.2%	
Operating result (EBIT), %						
Postal Services	2.7%	2.5%		7.0%	5.6%	
Parcel and Logistics Services	-9.2%	-1.1%		-4.7%	-0.9%	
Itella Russia	-7.0%	-0.4%		-5.4%	-2.8%	
OpusCapita	3.1%	5.2%		4.5%	7.4%	
Posti Group	6.9%	-0.4%		5.8%	0.2%	

*) Non-IFRS = excluding non-recurring items

Financial position and investments

The consolidated cash flow from operating activities before capital expenditure was EUR 33.3 (43.9) million.

Capital expenditure amounted to EUR 28.5 (24.0) million. The Group invested in vehicles, production projects and parcel points in January–June. Investments were also made in terminal improvement projects and the transport fleet.

Proceeds from sale of property, plant and equipment totaled EUR 121.9 million. The most significant item was a real estate sale on April 22, 2015, where Posti Group sold and leased back its postal centers in Tampere, Kuopio and Oulu, warehouse in Tuusula as well as the freight terminal in Pirkkala that is estimated to be completed in late 2016.

At the end of June, liquid assets totaled EUR 223.1 (167.7) million, and undrawn committed credit facilities amounted to EUR 150.0 (150.0) million. The Group's interest-bearing liabilities were EUR 292.6 (294.7) million. The equity ratio was 48.0% (47.3%), and gearing was 7.9% (18.8%).

Employees

At the end of June, the Group employed 23,702 (26,588) people. The Group's average number of personnel was 22,691 (25,311). At the end of June, a total of 4,760 (5,376) employees worked outside Finland. The number of employees working in Finland was 18,942 (21,212).

Personnel distribution was as follows:

Postal Services	80 (102)
Parcel and Logistics Services	1,567 (2,082)
Itella Russia	2,615 (3,135)
OpusCapita	2,239 (2,141)
Other functions (Operations and Group functions)	17,201 (19,128)

Other functions includes both Group functions and employees in Operations. Employees in Operations were transferred to other functions effective on January 1, 2015.

The Group's personnel expenses decreased by EUR 37.9 million, or by 8.7% year-on-year. Personnel expenses included restructuring costs in the amount of EUR 8.0 (13.1) million. Excluding restructuring costs, personnel expenses declined by 7.8% year-on-year.

In January 2014, Posti launched the Uusi polku (New path) program, which offers not only financial support, but also training and support for job seeking, retraining or starting a business. By the end of June 2015, 1,097 employees had applied for the program and 717 had been approved.

Changes in corporate structure

On April 30, 2015, Posti Group sold KH Fur Oy as part of selling its international freight business to the Danish company NTG Nordic Transport Group.

On April 30, 2015, OpusCapita Group Ltd acquired Kredithanterarna i Stockholm AB and Svenska Fakturaköp AB.

Events after the review period

Vice President of the Operations unit Yrjö Eskola (M.Sc., Tech.), was appointed as a member of the Posti Group Corporation Executive Board as of July 1, 2015.

Patrik Sallner was appointed as OpusCapita's CEO effective from October 5, 2015.

Business risks

The business risks are described in the Group's 2014 Financial Statements. Certain specifications have been made to the risks thereafter in relation to the announcement of Posti's strategy in June 2015.

Key strategic risks were related to the decline in postal delivery volumes, which progressed more rapidly than expected, as well as the economic recession and other changes related to markets or the business environment that were unexpected or more extensive than anticipated. Other strategic risks are related to Posti's competitive ability, Posti's ability to implement its strategy and develop new business models and its corporate culture, as well as regulation by the authorities. Operational risks are primarily related to profitability, the renewal of ICT operations, and business interruptions and other disruptions.

In 2014, the Finnish Government issued a postal delivery license to three of Posti's competitors, but these competitors have not yet started their operations. The issued postal licenses allow for competition in addressed deliveries. In Posti's view, issuing the postal licenses with one-day delivery obligation reduces Posti's opportunities to profitably provide services that fall under the

universal service obligation in accordance with the Finnish Postal Act. For this reason, the decision increases the need for efficiency measures.

Continued economic recession may have an impact on the activities of companies and consumers and, consequently, on the volumes of products transported by Posti and demand for warehousing services both in Finland and abroad. Turbulent exchange rates and financial markets and any related disturbances may also pose a risk to the Group's business operations.

Significant market risks include the digitization of postal services at a more rapid rate than expected and other unanticipated changes in this area, such as an unexpectedly fast decline in the volumes of letters, magazines, and newspapers. Posti strives to develop its operations continuously to minimize this risk.

Rigid cost structures slow the improvement of profitability, particularly in production operations in Finland, where the universal service obligation also limits the potential for enhanced efficiency. As volumes decline, the economic recession further complicates efforts to maintain profitability.

In logistics, unexpected changes related to domestic transport and to increasing international competition and the ensuing decline in volumes in the Nordic countries are also seen as risks.

Any delays in the management of acquisitions and the integration of the acquired businesses and their operations into the Group cause direct financial losses and pose a strategic risk that limits business development. Our goal is to ensure successful integration through careful monitoring.

In Russia, the development of the economic, social, legislative and other areas of the business environment may pose a strategic market risk for Posti. From the Group's point of view, Russia also involves significant financial risks: the fluctuation and depreciation of the ruble and declining demand affect shareholders' equity through changes in the value of capital employed in Russia.

In accordance with the Group's financial policy, equity investments in subsidiaries are not hedged. Ruble hedging costs remain high, and the Group has discontinued the hedging of the parent company's ruble-denominated receivables for the time being. The hedging of local transaction risk in Russia has also been reduced due to the high hedging costs.

Posti's investments in Russia are substantial and continue to grow gradually in accordance with the Group's vision. Our risk management measures include the continuous monitoring of developments and trends, the increasing monitoring of critical processes and solid establishment in the Russian market through our own companies, employees and effective networking. We seek to prevent reputation risks from materializing through enhanced internal auditing, separate local compliance operations, continuous risk assessment and regular compliance training for employees.

OpusCapita's capacity to develop the outsourcing of financial processes and the related processes during a period of rapid growth involves a strategic risk for OpusCapita. At the same time, it is essential to ensure profitability in outsourcing business operations. Financial management software is being increasingly offered as cloud services. This involves the risk of whether OpusCapita is able to develop its operations and service offering quickly enough. With the volume of paper-based transactions decreasing, and that of electronic transactions increasing rapidly, along with competition, it is evident that the average price of transactions will decline more than the volume of business operations will grow. This calls for continuous improvement in cost-efficiency.

The protection and development of key production and warehouse facilities and the continuity of the ICT infrastructure are critical in the management of operational risks related to loss and interruption.

If materialized, in a fire, for example, such risks could result in substantial losses of customer accounts and value for Posti.

Other significant business disruption risks are related to the vulnerability of information security, networks and the production infrastructure. These risks concern both operations and the corporate image.

Posti's contract customers have filed a claim with the Helsinki District Court for the refund of paid value added taxes totaling approximately EUR 101 million. The District Court issued a ruling in the company's favor in summer 2011. The Helsinki Court of Appeal overruled the District Court's decision and returned the case to the District Court, with the proceedings starting in 2012. A decision on the matter is expected in early fall 2015. The company considers the customers' claims entirely unfounded.

The existing collective agreement concluded with the Finnish Post and Logistics Union PAU will expire in October 2015. The agreement covers a significant proportion of Posti's employees in Finland. Any protraction of the negotiations concerning the renewal of this pivotal agreement may have an impact on Posti's operations.

Outlook for the rest of the year

The Group's business is characterized by seasonality. Net sales and operating profit in the business groups are not accrued evenly over the year. In postal services and consumer parcels, the first and fourth quarters, in particular, are typically strong, while the second and third quarters are weaker in comparison. The first quarter of 2015 was stronger than usual with respect to seasonal factors.

The development of exchange rates, especially the ruble exchange rate, may affect the Group's net sales, result and balance sheet.

Comparable net sales in euros for 2015 are expected to decrease significantly compared to 2014. The Group's operating result before non-recurring items is expected to decline. The operating result for 2015 will continue to include significant non-recurring items. There is significant uncertainty related to the development prospects of the result achieved in Russia.

Investments are expected to increase from 2014.

Helsinki, July 16, 2015

Posti Group Corporation
Board of Directors

APPENDICES

Key figures of Posti Group
Consolidated income statement and consolidated statement of comprehensive income
Consolidated balance sheet
Consolidated cash flow statement
Consolidated statement of changes in equity
Notes to the Interim Report

Interim Report for January-June 2015

Key figures of Posti Group

	4-6 2015	4-6 2014	1-6 2015	1-6 2014	1-12 2014
Net sales, MEUR	406,3	461,9	842,2	931,9	1 858,7
Operating result (non-IFRS), MEUR *)	-6,8	2,9	13,7	20,5	50,8
Operating result (non-IFRS), % *)	-1,7	0,6	1,6	2,2	2,7
Operating result (EBIT), MEUR	27,9	-2,1	48,4	2,2	5,8
Operating result (EBIT), %	6,9	-0,4	5,8	0,2	0,3
Result before taxes, MEUR	22,8	-4,1	44,2	-2,1	-4,6
Result for the period, MEUR	17,0	-3,8	32,8	0,2	-4,4
Return on equity (12 months), %			4,4	2,2	-0,7
Return on invested capital (12 months), %			5,8	1,8	1,0
Equity ratio, %			48,0	47,3	45,9
Gearing, %			7,9	18,8	17,2
Gross capital expenditure, MEUR	15,5	18,1	32,0	30,9	57,5
Employees on average			22 691	25 311	24 617

*) Non-IFRS = excluding non-recurring items, see note 2.

Consolidated Income Statement

EUR million	4-6 2015	4-6 2014	1-6 2015	1-6 2014	1-12 2014
Net sales	406,3	461,9	842,2	931,9	1 858,7
Other operating income	51,4	2,5	55,5	5,2	12,6
Materials and services	108,2	130,6	222,2	259,4	526,7
Employee benefits	204,5	214,2	397,4	435,3	847,8
Depreciation and amortisation	20,5	21,6	41,3	43,0	86,0
Impairment losses	0,0	0,0	1,1	0,0	4,4
Other operating expenses	96,6	100,0	187,2	197,1	400,5
Operating profit (EBIT)	27,9	-2,1	48,4	2,2	5,8
% of net sales	6,9 %	-0,4 %	5,8 %	0,2 %	0,3 %
Financial income and expenses	-5,1	-2,1	-4,3	-4,3	-10,4
Result before income tax	22,8	-4,1	44,2	-2,1	-4,6
% of net sales	5,6 %	-0,9 %	5,2 %	-0,2 %	-0,2 %
Income tax	-5,8	0,3	-11,3	2,2	0,2
Result for the financial period	17,0	-3,8	32,8	0,2	-4,4
% of net sales	4,2 %	-0,8 %	3,9 %	0,0 %	-0,2 %

Consolidated Statement of Comprehensive Income

Result for the financial period	17,0	-3,8	32,8	0,2	-4,4
Other comprehensive income					
Items that may be reclassified to profit or loss in subsequent periods:					
Available-for-sale financial assets	-0,1	-0,5	-0,1	0,0	0,3
Change in fair value of cash flow hedges	0,1	-	0,1	-	-
Translation differences	0,2	8,6	20,3	-5,7	-73,3
Tax effect	0,0	0,1	0,0	0,0	-0,1
Items that will not be reclassified to profit or loss in subsequent periods:					
Actuarial gains and losses	1,9	-0,6	1,4	-1,8	-5,4
Tax effect	-0,4	0,1	-0,3	0,4	1,1
Comprehensive income for the financial period	18,8	3,9	54,3	-7,0	-81,9

Consolidated Statement of Financial Position

EUR million	30 June 2015	30 June 2014	31 Dec 2014
Non-current assets			
Goodwill	186,5	179,7	183,1
Other intangible assets	58,2	64,3	59,4
Investment property	10,7	12,0	11,0
Property, plant and equipment	458,0	613,2	516,4
Other non-current investments	5,8	5,8	5,9
Non-current receivables	81,6	11,7	10,5
Deferred tax assets	22,3	27,9	16,0
Total non-current assets	823,2	914,5	802,2
Current assets			
Inventories	4,3	6,5	5,1
Trade and other receivables	259,3	302,9	268,5
Income tax receivables	1,7	8,9	1,7
Financial assets available-for-sale	0,2	0,7	0,3
Financial assets held to maturity	20,0	5,0	12,0
Financial assets at fair value through profit or loss	129,3	97,4	88,0
Cash and cash equivalents	93,8	70,8	98,7
Total current assets	508,7	492,2	474,3
Non-current assets classified as held for sale	15,1	0,0	14,7
Total assets	1 347,0	1 406,7	1 291,3
Equity			
Share capital	70,0	70,0	70,0
Contingency reserve	142,7	142,7	142,7
Fair value reserve	0,2	-0,1	0,2
Translation differences	-74,3	-27,0	-94,6
Retained earnings	489,6	463,0	455,6
Total equity	628,2	648,7	573,8
Non-current liabilities			
Deferred tax liabilities	30,3	40,1	31,6
Non-current interest-bearing loans	280,7	285,4	283,5
Other non-current liabilities	11,6	11,6	11,4
Non-current provisions	18,9	12,3	12,6
Defined benefit pension plan liabilities	14,8	12,7	16,3
Total non-current liabilities	356,3	362,0	355,4
Current liabilities			
Current interest-bearing loans	11,9	9,3	12,0
Trade payables and other liabilities	326,5	362,8	343,9
Income tax payables	18,8	8,1	0,3
Current provisions	5,3	15,7	6,0
Total current liabilities	362,6	396,0	362,1
Total liabilities	718,8	758,0	717,5
Total equity and liabilities	1 347,0	1 406,7	1 291,3

Consolidated Cash Flow Statement

EUR million	1-6 2015	1-6 2014	1-12 2014
Result for the financial period	32,8	0,2	-4,4
Adjustments to cash flow	12,4	45,4	91,7
Change in net working capital	-11,0	9,1	21,3
Cash flow before financial items and income tax	34,3	54,7	108,6
Financial items (net)	0,9	-0,6	-10,5
Income tax paid	-1,8	-10,2	-4,9
Cash flow from operating activities	33,3	43,9	93,2
Purchase of intangible assets	-8,8	-3,6	-11,4
Purchase of property, plant and equipment	-19,7	-20,4	-31,5
Proceeds from sale of intangible and tangible assets	121,9	0,1	1,9
Business acquisitions	-3,5	-	-3,6
Proceeds from sale of subsidiaries and business divestments less cash and cash equivalents	-0,4	-	0,7
Financial assets at fair value through profit or loss	-43,7	-10,6	0,2
Financial assets held to maturity	-83,0	-5,0	-12,0
Cash flow from other investments	2,9	3,4	9,5
Cash flow from investing activities	-34,3	-36,1	-46,3
Change in loans (net)	0,3	-12,4	-12,3
Payments of finance lease liabilities	-5,8	-4,8	-10,9
Cash flow from financing activities	-5,6	-17,2	-23,2
Change in cash and cash equivalents	-6,6	-9,4	23,7
Cash and cash equivalents at the beginning of the period	98,7	81,0	81,0
Effect of changes in exchange rates	1,6	-0,7	-5,9
Cash and cash equivalents at the end of the period	93,8	70,8	98,7

Consolidated Statement of Changes in Equity

EUR million	Share capital	Contingency reserve	Fair value reserve	Translation differences	Retained earnings	Total equity
Equity 1 January 2014	70,0	142,7	0,0	-21,3	464,4	655,8
Comprehensive income						
Result for the financial period					0,2	0,2
Other items of Comprehensive income:						
Change in fair value reserve			0,0			0,0
Change in translation differences				-5,7		-5,7
Actuarial gains and losses					-1,5	-1,5
Comprehensive income for the financial period			0,0	-5,7	-1,3	-7,0
Equity 30 June 2014	70,0	142,7	-0,1	-27,0	463,1	648,7
Equity 1 January 2015	70,0	142,7	0,2	-94,6	455,6	573,8
Comprehensive income						
Result for the financial period					32,8	32,8
Other items of Comprehensive income:						
Change in fair value reserve			0,1			0,1
Change in translation differences				20,3		20,3
Actuarial gains and losses					1,2	1,2
Comprehensive income for the financial period			0,1	20,3	34,0	54,3
Equity 30 June 2015	70,0	142,7	0,2	-74,3	489,6	628,2

Notes

1. Accounting Principles

The interim report has been prepared in accordance with IAS 34 'Interim Financial Reporting' applying the same accounting principles as those used in financial statements for 2014 with the exception of the below described changes in segment reporting. The Group has applied the currently valid IFRS standards and interpretations in the preparation of this interim report. The figures shown have been rounded, which is why the sum total of individual figures may differ from totals presented. The interim report is unaudited. The amendments to IFRS standards effective as of 1 January 2015 had no impact on this interim report.

Changes in segment reporting

From January 1, 2015, Posti Group operates under a new organisational structure. The business groups are Postal Services, Parcel and Logistics Services, Itella Russia and OpusCapita. Consequently, Posti Group reports segment information according to the new organisational structure. Previously reported segments Itella Mail Communications and Itella Logistics ceased to be reported and were replaced with new segments Postal Services and Parcel and Logistics Services. Comparative financial information of the new segments for the financial year 2014 has been published in Q1 2015 interim report.

2. Segment Information

EUR million	4-6 2015	4-6 2014	1-6 2015	1-6 2014	1-12 2014
Net sales by business segment					
Postal Services	177,6	187,6	373,4	384,9	769,0
inter-segment sales	-13,5	-12,4	-27,3	-25,8	-51,3
Parcel and Logistics Services	148,8	182,6	310,6	363,5	722,7
inter-segment sales	-0,1	-0,2	-0,2	-0,4	-0,9
Itella Russia	31,1	42,7	58,8	84,2	172,0
inter-segment sales	0,0	-0,2	-0,1	-0,2	-0,4
OpusCapita	65,2	64,9	132,7	132,1	259,6
inter-segment sales	-2,8	-3,2	-5,9	-6,5	-12,8
Other operations	1,9	11,4	4,7	23,0	48,6
inter-segment sales	-2,0	-11,3	-4,7	-22,7	-47,9
Total eliminations	-18,4	-27,3	-38,1	-55,6	-113,3
Total	406,3	461,9	842,2	931,9	1 858,7
Operating result by business segment (non-IFRS) *)					
Postal Services	4,8	4,7	25,9	21,5	66,0
Parcel and Logistics Services	-2,1	-1,2	-1,1	-2,3	-21,7
Itella Russia	-2,0	-0,1	-2,9	-2,3	2,5
OpusCapita	2,1	4,7	6,8	11,5	20,0
Other operations	-9,7	-5,1	-15,0	-8,0	-16,0
Total	-6,8	2,9	13,7	20,5	50,8
Non-recurring items by business segment					
Postal Services	0,0	0,0	-0,2	0,0	-0,1
Parcel and Logistics Services	11,7	0,9	13,6	1,1	12,5
Itella Russia	0,2	0,1	0,3	0,1	0,1
OpusCapita	0,1	1,3	0,9	1,8	7,3
Other operations	-46,7	2,7	-49,3	15,3	25,2
Total	-34,7	5,0	-34,7	18,3	45,0

Operating result (EBIT) by business segment

Postal Services	4,8	4,7	26,0	21,5	66,1
Parcel and Logistics Services	-13,7	-2,1	-14,7	-3,3	-34,2
Itella Russia	-2,2	-0,2	-3,2	-2,4	2,4
OpusCapita	2,0	3,4	5,9	9,7	12,7
Other operations	36,9	-7,8	34,3	-23,3	-41,2
Total	27,9	-2,1	48,4	2,2	5,8

Financial income and expenses

Financial income and expenses	-5,1	-2,1	-4,3	-4,3	-10,4
Result for the financial period	17,0	-3,8	32,8	0,2	-4,4

EUR million

30 June **30 June** **31 Dec**
2015 **2014** **2014**

Assets

Postal Services	310,9	398,9	390,8
Parcel and Logistics Services	311,9	358,6	321,4
Itella Russia	163,6	243,7	149,4
OpusCapita	178,4	169,2	171,5
Non-current assets classified as held for sale	15,1	-	14,7
Other operations and unallocated	376,3	246,3	248,2
Eliminations	-9,3	-10,1	-4,7
Total	1 347,0	1 406,7	1 291,3

Liabilities

Postal Services	169,4	172,6	165,4
Parcel and Logistics Services	123,8	151,0	143,7
Itella Russia	18,0	41,4	22,2
OpusCapita	44,5	37,7	42,1
Other operations and unallocated	372,4	365,3	348,7
Eliminations	-9,3	-10,1	-4,7
Total	718,8	758,0	717,5

Personnel at end of the period

Postal Services	80	102	106
Parcel and Logistics Services	1 567	2 082	1 902
Itella Russia	2 615	3 135	2 920
OpusCapita	2 239	2 141	2 292
Other operations	17 201	19 128	16 069
Total	23 702	26 588	23 289

*) Non-IFRS = excluding non-recurring items

3. Acquired businesses and business divestments

Acquired businesses 2015

Posti Group's subsidiary, OpusCapita Group Oy, acquired Swedish companies Kredithanterarna and Svenska Fakturaköp on 30th April, 2015. The acquisitions enable OpusCapita to further broaden its offer of Order-to-Cash-products by cash management solutions. The companies add OpusCapita thorough knowledge of the Swedish market in their business segment.

The acquisition cost was EUR 5.8 million, of which the contingent earn-out component reconized in long-term liabilities is EUR 1.4 million. The expenses of the consultation and valuation services related to the preparatory phases of the transaction are recognized under other operating expenses.

Goodwill arising from the acquisition, totaling EUR 3.6 million, is generated by the substantial synergies in Order-to-Cash services and the possibilities to enter other Nordic markets. Had the acquired business been combined in the consolidated financial statements as of the beginning of the 2015, the Group's net sales in 2015 would have been EUR 1.0 million higher and its results would have increased by EUR 0.2 million.

Analysis of net assets acquired

Effect on assets

EUR million	Fair value
Intangible assets	2,5
Property, plant and equipment	0,0
Receivables	1,0
Cash and cash equivalents	0,4
Effect on assets	4,0

Effect on liabilities

EUR million	
Deferred tax liability	0,5
Non-current liabilities	0,4
Trade payables and other liabilities	0,8
Effect on liabilities	1,7
Net assets acquired	2,2

Components of acquisition cost

EUR million	
Cash consideration	4,4
Earn-out consideration (estimated)	1,4
Total cost of acquisition	5,8
Fair value of net assets acquired	2,2
Goodwill	3,6

Cash flow effect of the acquisition

EUR million	
Purchase price paid in cash	4,4
Cash and cash equivalents of the acquired subsidiary	0,4
Cash flow	-4,0

Business divestments in 2015

Posti Group divested its road freight business in Sweden, Norway and Denmark as well as its international freight operations in Finland to Danish Nordic Transport Group (NTG) on 30th April, 2015. Also the shares of a subsidiary KH Fur Oy were sold. The divestment had one-off negative impact on Group's second quarter result and cash flows.

4. Net sales by geographical location

EUR million	4-6 2015	4-6 2014	1-6 2015	1-6 2014	1-12 2014
Finland	306,0	339,2	641,0	682,3	1 358,8
Scandinavia	38,5	54,3	83,0	110,1	211,5
Russia	31,0	42,5	58,7	84,0	171,8
Other countries	30,8	25,9	59,5	55,5	116,5
Total	406,3	461,9	842,2	931,9	1 858,7

5. Changes in property, plant and equipment

EUR million	30 June 2015	30 June 2014	31 Dec 2014
Carrying amount on 1 January	516,4	625,5	625,5
Additions	23,2	27,3	46,3
Disposals and transfers between items	-65,6	-0,8	-66,9
Depreciation and impairment	-33,1	-34,3	-68,4
Translation differences	17,2	-4,5	-20,1
Carrying amount at the end of the period	458,0	613,2	516,4

6. Fair values of interest-bearing loans

EUR million	Carrying amount 30 June 2015	Fair value 30 June 2015	Carrying amount 30 June 2014	Fair value 30 June 2014	Carrying amount 31 Dec 2014	Fair value 31 Dec 2014
Non-current interest-bearing loans						
Bonds	250,4	260,8	251,9	265,4	251,3	263,6
Finance lease liabilities	29,8	29,8	33,3	33,3	32,1	32,1
Other interest-bearing loans	0,6	0,6	0,1	0,1	0,1	0,1
Total	280,7	291,1	285,4	298,9	283,5	295,9
Current interest-bearing loans						
Loans from financial institutions	0,0	0,0	-	-	0,0	0,0
Finance lease liabilities	11,8	11,8	9,4	9,4	11,8	11,8
Other	0,0	0,0	0,0	0,0	0,2	0,2
Total	11,9	11,9	9,3	9,3	12,0	12,0

7. Fair value hierarchy of financial assets and liabilities measured at fair value

EUR million	Total	Level 1	Level 2	Level 3
30 June 2015				
Financial assets measured at fair value				
Non-current receivables				
Derivative contracts				
Interest rate derivatives, hedge accounting	2,9		2,9	
Trade and other receivables				
Derivative contracts				
Currency forward contracts, hedge accounting	0,1		0,1	
Financial assets at fair value through profit and loss				
Money market investments	138,3		138,3	
Bonds	47,5	37,6	9,8	
Derivative contracts				
Currency derivatives, non-hedge accounting	0,1		0,1	
Available-for-sale financial assets				
Equity fund investments	0,2			0,2
Total	189,2	37,6	151,3	0,2

Financial liabilities measured at fair value

Trade payables and other liabilities				
Derivative contracts				
Currency derivatives, non-hedge accounting	0,0		0,0	
Electricity derivatives, non-hedge accounting	0,9	0,9		
Total	0,9	0,9	0,0	

EUR million	Total	Level 1	Level 2	Level 3
31 Dec 2014				
Financial assets measured at fair value				
Non-current receivables				
Derivative contracts				
Interest rate derivatives, hedge accounting	3,9		3,9	
Financial assets at fair value through profit and loss				
Money market investments	104,3		104,3	
Bonds	41,7	32,0	9,7	
Derivative contracts				
Currency derivatives, non-hedge accounting	2,2		2,2	
Electricity derivatives, non-hedge accounting	0,0	0,0		
Available-for-sale financial assets				
Equity fund investments	0,3			0,3
Total	152,3	32,0	120,1	0,3

Financial liabilities measured at fair value

Trade payables and other liabilities				
Derivative contracts				
Currency derivatives, non-hedge accounting	0,2		0,2	
Electricity derivatives, non-hedge accounting	0,6	0,6		
Total	0,9	0,6	0,2	-

No transfers between the fair value hierarchy levels have been made during the reporting periods. The Group identifies and recognizes transfers between different levels as the transaction is exercised or at the moment when the parameters change materially.

Hierarchy levels:

Level 1: Fair values are based on the quoted prices of identical asset groups or liabilities in active markets.

Level 2: Fair values are, to a significant degree, based on data other than quoted prices included in level 1, but on data that can be either directly or indirectly verified for the asset group or liability in question. To determine the fair value of these instruments, the Group uses generally accepted valuation models that are, to a significant degree, based on verifiable market data.

Level 3: Fair values are based on data regarding the asset group or liability that is not based on verifiable market data.

Investments in money markets instruments are measured at fair value by employing the market interest rate curves on the reporting date. The fair values of investments in bonds are based on the quoted market prices on the reporting date (Level 1) or a price based on observable market information (Level 2). The measurement of equity funds relies on valuations delivered by external investment managers, based on the general valuation techniques used by Asset Managers. The fair value of currency forward contracts is calculated by measuring forward contracts against the forward rates on the reporting date. The fair values of interest rate swaps are calculated by discounting the forecast cash flows of the contracts with the market interest rate curves on the reporting date. The fair values of electricity derivatives are based on the quoted market price on the reporting date.

Reconciliation of financial assets measured at fair value in accordance with level 3

EUR million	Available-for-sale equity fund investments
2015	
Carrying amount on 1 January	0,3
Total profits and losses	
In income statement	
Available-for-sale financial assets	-
In other comprehensive income	
Available-for-sale financial assets	-0,1
Acquisitions	-
Exercises	-
Carrying amount on 30 June	0,2

Total profits and losses recorded on assets held at the end of the reporting period

In financial income and expenses	-
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8. Contingent liabilities

EUR million	30 June 2015	30 June 2014	31 Dec 2014
Pledges for own behalf	13,1	14,6	12,2
Lease commitments	352,1	273,9	263,8

Posti Group has received claims from its contract customers to refund the value added taxes they have paid amounting to a total of EUR 101 million. The ruling by the Helsinki District Court in summer 2011 was positive to Posti Group. The decision was however nullified by the Helsinki Court of Appeal and returned to the district court where the proceedings began in 2012. Posti Group considers the customers' claims to be unfounded in their entirety.

Derivative contracts			
EUR million	30 June 2015	30 June 2014	31 Dec 2014
Currency derivatives			
Non-hedge accounting			
Fair value	0,1	0,1	1,9
Nominal value	31,8	63,1	47,9
Hedge accounting			
Fair value	0,1	0,0	-
Nominal value	2,6	12,4	-
Interest rate derivatives			
Hedge accounting			
Fair value	2,9	4,6	3,9
Nominal value	70,0	70,0	70,0
Electricity derivatives			
Non-hedge accounting			
Fair value	-0,9	-0,9	-0,6
Nominal value	3,7	5,0	4,1
9. Foreign exchange rates			
	1-6 2015	1-6 2014	1-12 2014
Average rate			
RUB	64,6024	48,0204	51,0154
SEK	9,3422	8,9455	9,0966
NOK	8,6442	8,2761	8,3553
	30 June 2015	30 June 2014	31 Dec 2014
Closing rate			
RUB	62,3550	46,3779	72,3370
SEK	9,2150	9,1762	9,3930
NOK	8,7910	8,4035	9,0420