

eQ PLC

STOCK EXCHANGE RELEASE

16 August 2013, at 8:30 a.m.

eQ PLC'S INTERIM REPORT 1 JANUARY TO 30 JUNE 2013

April to June 2013 in brief

- In the second quarter of the year, the Group's net revenue totalled EUR 4.1 million (EUR 2.5 million from 1 April to 30 June 2012).
  - The Group's net fee and commission income totalled EUR 3.9 million (EUR 2.5 million).
  - The Group's net investment income from own investment operations was EUR 0.2 million (EUR 0.0 million).
- The Group's operating profit was EUR 1.1 million (EUR 0.4 million).
- Earnings per share were EUR 0.02 (EUR 0.01).

January to June 2013 in brief

- During the period under review, the Group's net revenue totalled EUR 9.8 million (EUR 6.0 million from 1 Jan. to 30 June 2012).
  - The Group's net fee and commission income totalled EUR 7.4 million (EUR 5.0 million).
  - The Group's net investment income from own investment operations was EUR 2.5 million (EUR 1.0 million).
- The Group's operating profit was EUR 3.2 million (EUR 1.3 million).
- Earnings per share were EUR 0.06 (EUR 0.03).
- The assets under management totalled EUR 6.3 billion (EUR 6.3 billion on 31 Dec. 2012) at the end of the period.
- The interim report contains the Iccapital asset management companies acquired during the financial year 2012 from 20 November 2012. The comparison figures presented in the interim report are therefore not comparable.

Key ratios	4-6/ 2013	4-6/ 2012	Change %	1-6/ 2013	1-6/ 2012	Change %	1-12/ 2012
Net revenue, EUR million	4.1	2.5	61%	9.8	6.0	64%	16.3
Operating profit, EUR million	1.1	0.4	197%	3.2	1.3	155%	4.7
Profit before taxes, EUR million	1.0	0.4	188%	3.2	1.3	149%	4.6
Profit for the period, EUR million	0.7	0.2	250%	2.2	1.0	124%	3.4
Earnings per share, EUR	0.02	0.01	100%	0.06	0.03	100%	0.10
Equity per share, EUR	1.95	2.05	-5%	1.95	2.05	-5%	2.03
Interest-bearing liabilities, EUR million	0.0	0.0	0%	0.0	0.0	0%	4.0
Liquid assets and interest-bearing receivables, EUR million	5.9	6.0	-2%	5.9	6.0	-2%	10.7
Assets under management, EUR billion	6.3	3.6	75%	6.3	3.6	75%	6.3

Janne Larma, CEO

The first months of the year were a good period for investors in general. In May and June, uncertainty increased and share prices fell temporarily, but turned up again during the summer. The strong trend of the equity market has contributed to the development of mutual funds registered in Finland. Net subscriptions in them totalled about EUR 2.3 billion in the first six months, and the fund capital was EUR 68.3 billion at the end of June.

The assets managed by eQ totalled EUR 6.3 billion at the end of the period under review, and we are the largest asset manager in Finland that is independent of bank groups. Our funds have succeeded well as compared with their comparison indices. Among our spearhead products, I would like to mention the eQ Emerging Markets Dividend Fund, which had a fund capital of EUR 126.1 million at the end of July, and the eQ Care Fund. The capital of the eQ Care Fund was EUR 31.2 million and the end of July, and its investment capacity exceeded EUR 60 million.

In the first half of the year, the Group's fee and commission income and profit increased from the previous year. The net revenue of the Asset Management segment has increased to EUR 6.7 million from last year's EUR 4.2 million, which is mainly due to the acquisition of Icecapital's asset management business. The segment's operating profit was EUR 1.7 million, almost double last year's figure. The result of the Corporate Finance segment was positive and almost at the same level as a year ago. There were more assignments than last year, but it continues to be very challenging to complete transactions. The Investments segment made once more a good result with an operating profit of EUR 2.3 million. The net cash flow from investments was EUR 4.8 million during the period.

The balance sheet of the Group is in excellent shape. At the end of June, the balance sheet contained no interest-bearing liabilities, and the liquid assets and interest-bearing receivables totalled EUR 5.9 million. The balance sheet value of the private equity investments was EUR 35.8 million.

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According to the new Securities Markets Act, which came into force at the beginning of 2013, a company is no longer liable to present an outlook in its interim reports and financial statements release. eQ has decided to give up its previous practice of issuing an outlook in its interim reports. In future, an outlook will be presented in the financial statements release and in the report by the Board of Directors, as required by the Finnish Accounting Act.

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eQ's interim report for the period 1 January to 30 June 2013 is enclosed to this release and it will also be available on the company website at [www.eQ.fi](http://www.eQ.fi).

Additional information: Janne Larma, CEO, tel. +358 40 500 4366

Distribution: NASDAQ OMX Helsinki, [www.eQ.fi](http://www.eQ.fi)

eQ Group is a Finnish listed company specialising in asset management and corporate finance business. eQ Asset Management offers a wide range of asset management services (including private equity funds) for institutions and individuals. The assets managed by the Group total approximately EUR 6.3 billion. Advium Corporate Finance Ltd, which is part of the Group, offers services related to mergers and acquisitions, real estate transactions and equity capital markets.

More information about the Group is available on our website at [www.eQ.fi](http://www.eQ.fi).

## eQ PLC'S INTERIM REPORT 1 JANUARY TO 30 JUNE 2013

### Result of operations 1 April to 30 June 2013

- In the second quarter of the year, the Group's net revenue totalled EUR 4.1 million (EUR 2.5 million from 1 April to 30 June 2012).
  - The Group's net fee and commission income totalled EUR 3.9 million (EUR 2.5 million).
  - The Group's net investment income from own investment operations was EUR 0.2 million (EUR 0.0 million).
- The Group's operating profit was EUR 1.1 million (EUR 0.4 million).
- Consolidated earnings after taxes were EUR 0.7 million (EUR 0.2 million).
- Earnings per share were EUR 0.02 (EUR 0.01).

### Result of operations and financial position 1 January to 30 June 2013

- During the period under review, the Group's net revenue totalled EUR 9.8 million (EUR 6.0 million from 1 Jan. to 30 June 2012).
  - The Group's net fee and commission income totalled EUR 7.4 million (EUR 5.0 million).
  - The Group's net investment income from own investment operations was EUR 2.5 million (EUR 1.0 million).
- The Group's operating profit was EUR 3.2 million (EUR 1.3 million).
- Consolidated earnings after taxes were EUR 2.2 million (EUR 1.0 million).
- Earnings per share were EUR 0.06 (EUR 0.03).
- Equity per share was EUR 1.95 (EUR 2.03 on 31 Dec. 2012).
- The assets under management totalled EUR 6.3 billion (EUR 6.3 billion on 31 Dec. 2012) at the end of the period.
- The interim report contains the Icecapital asset management companies acquired during the financial year 2012 from 20 November 2012. The comparison figures presented in the interim report are therefore not comparable.

### Operating environment

The first half of 2013 up to May and June was a period of strong share price development, and even bond yields continued to be surprisingly good. The emerging bond and equity markets were, however, an exception to this trend, as their yield has been clearly lower than that of other markets during the entire six-month period. Investors transferred capital from emerging markets to above all the US, which resulted in falling share prices and increasing interest rates in emerging markets.

As summer drew closer, market sentiment changed clearly, however. One reason for this has surely been normal profit-taking after a strong price increase. In addition, the Fed indicated that it considers cutting down stimulating measures, and the market feared that growth in China would stagnate. These factors clearly deteriorated the market sentiment and led to a fall in the equity market in June. The bond market showed nervousness even earlier, and a major correction began already in May.

The debt crisis of the euro states has continued despite the fact that the ECB and IMF have promised active support for stabilising the market even in future. The states struck by the crisis also experienced political turbulence during the spring and, in addition, Cyprus experienced an acute bank crisis. The problems of the euro zone no longer led to any major nervousness in the market, however, as attention was concentrated more to the situation in the US and China. The national economy of the US continued to grow moderately during the first half of the year, and especially the recovery of the housing market was positively received by the market. In Finland, the economy has developed poorly in the first six months of the year. The consumers' trust is still undermined by personnel reductions and the fear for higher unemployment rates, which can be seen in lower consumption figures. The Finnish construction business also shows clear signs of deterioration.

### *Equity market*

The US equity market reached once more all-time highs in the first half of 2013, and the S&P 500 TR Net Index rose by no less than 13.8 per cent (calculated in euros by 15.5%). The major part of the rise took place in the first quarter. Company profits in the US have been better than anticipated, which, together with macro-economic data, has improved the investors' trust in the equity market. The MSCI World TR Net Index, which describes equities globally, rose by 10.9 per cent in the first quarter. In the second quarter, the growth almost ended, the growth of the first six months being 10.0 per cent. The rapid rise of Finnish shares in the first months of the year came to an end later in the spring, and the OMX Hex Cap yield index rose by 5.7 per cent from January to June. The Stoxx 600 TR Net Index describing European shares rose by 4.1 per cent during the same period. On the other hand, capital has been transferred from the equity markets of emerging economies to above all the US equity market. During late spring, this was reflected on the MSCI Emerging Market TR Net Index describing emerging markets, which showed a fall of 8.1 per cent.

### *Bond market*

Bond yields remained quite good until May, but the second quarter of 2013, and above all its latter part, was dominated by the Fed's announcement of a possible cut in bond-buying already in the autumn. The talk about the cuts raised the interest rate of the 10-year US treasury notes from their low at the beginning of May to about 2.6 per cent at their highest. At the same time, the interest rate of the corresponding German government bond rose by seven tenths to 1.8 per cent. The spreads in rates between corporate and government bonds also started to increase after the Fed' announcement, as for corporate bonds by 0.2 percentage points and as for high yield loans by almost one percentage point. In the emerging bond market, the spreads also increased clearly, in addition to which currencies fell strongly on the average.

Higher interest rates were also reflected on the second-quarter yields of different bond classes. Bonds of emerging states, and above all those quoted in local currencies, suffered the most with a fall of about 10 per cent in the quarter, while the bonds of western countries showed a better result. The yields of both government bonds and corporate bonds were round -0.5 per cent in the second quarter, but the good yield of high-yield bonds in April helped to keep their yields positive by about 0.5 per cent in the second quarter. Compared with the beginning of the year, western corporate bonds and government bonds have given a zero yield or a few tenths on the positive side, while emerging markets clearly show a negative development.

### *Finnish market for mutual funds*

The assets managed by mutual funds operating in the Finnish market continued to grow during the first half of the year. The net subscriptions in the funds totalled over EUR 2 billion. The total assets managed by the mutual funds rose to EUR 68.3 billion at the end of June (EUR 66.0 billion on 31 December 2012), even though the assets under management were somewhat higher at the end of March (EUR 68.6 billion). During the first half of 2013, new assets were above all invested in equity funds and short-term fixed-income funds, while assets were transferred from asset allocation funds. New investment in equity funds were primarily allocated to the US, Japan and Scandinavia. Net subscriptions in Finnish equity funds were negative during the period, however. Especially much capital flew from equity funds in emerging markets. Among fixed-income funds, the assets under management increased somewhat in funds that make investments in government bonds, but corporate bond funds lost plenty of capital due to the uncertain market development.

### *Private equity market*

In the second quarter, 284 corporate acquisitions took place in the European private equity market. At quarterly level, this figure was the lowest in two years. The value of the transactions grew, instead, to almost EUR 24 billion thanks to some large corporate acquisitions (company value exceeding EUR 1 billion). Among markets, the German market was the most active, followed by the UK. The buyer was typically some other private equity investor, while industrial investors still remained cautions (Source: unquote: Private Equity Barometer).

## Major events during the period under review

In connection with the acquisition of Icecapital's asset management operations in 2012, business transfers were carried out at the beginning of 2013, whereby the business operations of Icecapital Asset Management Ltd were transferred to eQ Asset Management Ltd and those of Icecapital Fund Management Company Ltd to eQ Fund Management Company Ltd. After these business transfers, Icecapital Asset Management Ltd was merged with eQ Asset Management Ltd and Icecapital Fund Management Company Ltd with eQ Fund Management Company Ltd in the spring of 2013.

The Amanda V East private equity fund managed by eQ held its final close on 31 January 2013 on EUR 50.0 million. The fund makes investments in growth and buyout private equity funds, which make investments in small and mid-sized unlisted companies in Russia, CIS, CEE and SEE countries.

The Board of Directors of eQ Plc received a letter of resignation from Eero Heliövaara on 14 February 2013. The reason for Heliövaara's resignation was his appointment as Director General of the Government Ownership Steering Department as of 1 March 2013.

The Board of Directors of eQ Plc decided on 14 February 2013, based on the authorisation by the Annual General Meeting of eQ held on 13 March 2012, to carry out a share issue against payment directed to certain key persons of the eQ Group. Through the share issue, a total of 145 000 new shares in the company were offered for subscription to key persons. The key persons sold their minority shareholdings in eQ Financial Products Ltd (previously Icecapital Financial Products Ltd), which is part of the eQ Group, and in connection with the sale of the minority shareholdings, the purpose of the directed share issue is to enhance the key persons' commitment to the company.

On 14 February 2013, eQ Plc's Board of Directors decided to issue to Veli-Pekka Heikkinen 200 000 option rights in accordance with eQ Plc's option scheme 2010. Veli-Pekka Heikkinen, D.Sc. (Econ.) was appointed Head of Portfolio Management at eQ Asset Management Ltd on 14 February 2013.

The Annual General Meeting of eQ Plc was held on 26 March 2013. The decisions of the AGM are presented in a separate chapter below.

## Group net sales and result development

The comparison information of the interim report is not comparable, as Icecapital Asset Management Ltd and its subsidiaries, which were acquired on 19 November 2012, have been consolidated with the Group from the acquisition date.

The consolidated net revenue totalled EUR 9.8 million (EUR 6.0 million from 1 Jan. to 31 June 2012). Fee and commission income increased from the comparison period due to the acquisition of Icecapital Asset Management Ltd. The Group's net fee and commission income rose to EUR 7.4 million (EUR 5.0 million). The income from own investment operations also increased from the comparison period, and the net investment income was EUR 2.5 million (EUR 1.0 million), including a write-down of EUR 0.6 million (EUR 0.0 million) with an impact on the second quarter result. The Group's expenses and depreciation totalled EUR 6.6 million (EUR 4.7 million). Personnel expenses were EUR 3.6 million (EUR 2.5 million), other administrative expenses totalled EUR 1.2 million (EUR 1.0 million) and the other operating expenses were EUR 1.1 million (EUR 0.7 million). Depreciation was EUR 0.6 million (EUR 0.6 million), including EUR 0.5 million (EUR 0.5 million) in depreciation of customer agreements allocated to intangible assets in connection with corporate acquisitions.

The Group's operating profit was EUR 3.2 million (EUR 1.3 million). The increase from the comparison period is due to the increase in net investment income and the results of the companies acquired in 2012. The profit for the period was EUR 2.2 million (EUR 1.0 million).

## Business Areas

### *Asset Management*

eQ Asset Management offers versatile asset management services to both institutions and individuals. The Asset Management segment consists of the investment firm eQ Asset Management Ltd and its subsidiaries, the most important of which is eQ Fund Management Company Ltd. eQ Financial Products Ltd (previously Icecapital Financial Products Ltd), which offers structured investment products, was merged with eQ Asset Management Ltd in the second quarter. In addition, Icecapital Asset Management Ltd was merged with eQ Asset Management Ltd and Icecapital Fund Management Company Ltd with eQ Fund Management Company Ltd as a result of the business transfers that took place at the beginning of the year. The Asset Management segment also has offices in Sweden, Denmark and Norway.

The aim of the Asset Management operations is to offer our clients good investment yields, innovative solutions and excellent customer service. We are able to offer an extremely wide and international range of investment solutions, through both our own organisation and our international partners.

The business operations of eQ Asset Management were expanded considerably in 2012, as eQ acquired Icecapital's asset management business. During the first months of 2013, the domestic fund selection has been combined, and at the moment eQ Asset Management can offer 34 funds registered in Finland. In connection with the integration, the company launched at the beginning of March a system project the aim of which is to introduce a new, unified and functionally efficient system platform. During the period under review, the value calculation and unit holder registers of all funds managed by eQ Fund Management Company were already transferred to the new system. The aim is to introduce all parts of the system by the end of this year.

The joining of eQ's and Icecapital's asset management business will consolidate the portfolio management organisation markedly, and in 2013, we can offer our clients an even wider range of mutual funds and asset management services of a higher quality.

In the second quarter, the assets managed by eQ Asset Management fell somewhat. At the end of the period, the assets under management totalled EUR 6 303 million, which is at the same level as at the beginning of the year (EUR 6 294 million on 31 Dec. 2012, EUR 6 517 on 31 March 2013). During the quarter, the fall was influenced by the fall of market values and allocation changes in international index funds. At the end of the period under review, the assets managed by mutual funds registered in Finland totalled EUR 1 056 million (EUR 1 056 million on 31 Dec. 2012). Mutual funds managed by international partners and other assets covered by asset management operations totalled EUR 2 611 million (EUR 2 587 million). The assets managed under private equity funds and asset management totalled EUR 2 637 million (EUR 2 651 million). EUR 1 311 million (EUR 1 283 million) of these assets were covered by the reporting service.

eQ Emerging Markets Dividend, which makes investments in dividend stock in emerging markets, continued to gather a considerable amount of new capital, and at the end of June, the fund's assets already exceeded EUR 125 million.

In September 2012, eQ Asset Management Ltd acquired 50 per cent of the share capital of Finnreit Fund Management Company Ltd, and as a result of this, the non-UCITS fund eQ Care was launched. This is the first opportunity in Finland to make investments in domestic care properties and, consequently, obtain stable annual income from rents through the fund's profit distribution. The operations of the fund have begun well, and its yield was 6.1 per cent in the first half of the year. The fund accepts subscriptions four times a year, and at the end of June, the new subscriptions exceeded EUR 19 million. The overall investment capacity of the eQ Care Fund thus increased to more than EUR 60 million.

In the second quarter, eQ Asset Management agreed with a Finnish institutional investor on a EUR 30 million investment programme in European private equity funds. In addition, eQ is launching a new fund called eQ PE North VI, which will make investments in private equity funds that make investments in small and mid-sized companies in Northern Europe.

The net revenue of the Asset Management segment increased by 66 per cent and the operating profit by no less than 121 per cent on the second quarter of 2012, mainly due to the acquisition of Icecapital. The corresponding figures for the first six months are 59 and 87 per cent. We assess that net synergy benefits exceeding EUR 2 million at annual level will be realised as previously announced. The number of personnel in the segment was 59 at the end of the period.

Asset Management	4-6/ 2013	4-6/ 2012	Change %	1-6/ 2013	1-6/ 2012	Change %	1-12/ 2012
Net revenue, EUR million	3.5	2.1	66%	6.7	4.2	59%	9.0
Operating profit, EUR million	1.2	0.5	121%	1.7	0.9	87%	0.9
Assets under management, EUR billion	6.3	3.6	75%	6.3	3.6	75%	6.3
Personnel	59	44	34%	59	44	34%	81

The result of Icecapital Asset Management companies has been consolidated with the income statement of eQ Group and the Asset Management segment from 20 November 2012.

### Corporate Finance

In the Corporate Finance segment, Advium Corporate Finance acts as advisor in mergers and acquisitions, larger real estate transactions and equity capital markets.

The general economic situation in Finland and elsewhere has continued to be uncertain, and the M&A market can still be described as slow. The number of acquisition processes continues to be reasonable, in both the traditional M&A and real estate transaction market.

In the second quarter of the year, Advium acted as advisor in several, still on-going projects. Advium acted as financial advisor as the Finnish Ministry of Employment and the Economy arranged financing for the TUI ships to be built at STX Finland's Turku docks. In addition, Advium acted as advisor for the seller, as Dextra Oy sold its medical centre property in Munkkivuori, Helsinki to Fennia Life insurance company.

The number of personnel in the Corporate Finance segment remained unaltered during the period under review and was 13 at the end of June.

It is typical of corporate finance business that success fees have a considerable impact on invoicing, due to which the result may vary considerably from quarter to quarter.

Corporate Finance	4-6/ 2013	4-6/ 2012	Change %	1-6/ 2013	1-6/ 2012	Change %	1-12/ 2012
Net revenue, EUR million	0.5	0.5	-11%	0.9	1.0	-9%	2.6
Operating profit, EUR million	0.1	0.2	-47%	0.1	0.2	-50%	0.7
Personnel	13	12	8%	13	12	8%	13

### Investments

The business operations of the Investments segment consist of private equity fund investments made from eQ Group's own balance sheet. Additional information on the investments of the Group can be found on the company website at [www.eQ.fi](http://www.eQ.fi).

During the period under review, the net revenue of the Investments segment totalled EUR 2.3 million (EUR 0.8 million from 1 Jan. to 30 June 2012). At the end of the period, the fair value of the private equity fund investments was EUR 35.8 million (EUR 45.1 million on 30 June 2012). As for private equity fund

investments, the amount of the remaining investment commitments was EUR 10.3 million (EUR 12.8 million). The investment objects returned capital for EUR 3.3 million (EUR 1.9 million) and distributed a profit of EUR 3.0 million (EUR 1.0 million) during the period. Capital calls totalled EUR 1.5 million (EUR 2.0 million). The net cash flow from the investments during the period was consequently EUR 4.8 million (EUR 0.8 million). A write-down of EUR 0.6 million (EUR 0.0) was recorded in the second quarter.

The largest exits in the second quarter of 2013 were:

- The exit of the Montagu III Fund from a company called ADB to PAI Partners, another private equity investor. The French company is the world leader in providing lighting solutions for airfields. The exit generated a cash flow of EUR 0.4 million to eQ.
- The exit of the Montagu III Fund from Unifeeder to another private equity investor Nordic Capital. The Danish company Unifeeder offers logistics services. The exit generated a cash flow of EUR 0.7 million to eQ.

As for the income from own investment operations, eQ Group's net revenue is recognised for eQ in different quarters due to factors independent of the company.

Investments	4-6/ 2013	4-6/ 2012	Change %	1-6/ 2013	1-6/ 2012	Change %	1-12/ 2012
Net revenue, EUR million	0.1	-0.1	212%	2.3	0.8	194%	4.7
Operating profit, EUR million	0.1	-0.1	212%	2.3	0.8	194%	4.7
Fair value of investments, EUR million	35.8	45.1	-21%	35.8	45.1	-21%	38.7
Investment commitments, EUR million	10.3	12.8	-20%	10.3	12.8	-20%	10.8
Personnel	1	1	0%	1	1	0%	1

eQ has made a decision that it will only make new investments in funds managed by eQ in future.

#### Balance sheet

At the end of the period under review, the consolidated balance sheet total was EUR 76.2 million (EUR 84.3 million on 31 Dec. 2012). At the end of the period, eQ Plc's shareholders' equity was EUR 71.1 million (EUR 73.6 million). During the period, the shareholders' equity was influenced by the profit for the period of EUR 2.2 million, the change in the fair value reserve of EUR -0.4 million, a directed share issue of EUR 0.3 million and the dividend distribution of EUR -4.4 million. The changes are specified in detail in the tables attached to this release.

In the first quarter, eQ paid an additional sales price in connection with the deal on Icecapital Asset Management Ltd concluded in November 2012. The additional sales price based on the acquired net assets was EUR 0.2 million. This sum was allocated to goodwill in intangible assets.

At the end of the period, liquid assets and interest-bearing receivables totalled EUR 5.9 million (EUR 10.7 million). In order to safeguard the availability of financing, the Group has access to a credit limit of EUR 6.0 million. At the end of the period, the Group had no interest-bearing liabilities (EUR 4.0 million). At the end of the period, interest-free long-term debt was EUR 0.9 million (EUR 0.9 million) and interest-free short-term debt EUR 4.2 million (EUR 5.8 million). eQ's equity to assets ratio was 93.3% (87.3%).

#### Shares and share capital

The Board of Directors of eQ Plc decided on 14 February 2013, based on the authorisation by the Annual General Meeting of eQ held on 13 March 2012, to carry out a share issue against payment directed to

certain key persons of the Group. In the share issue, a total of 145 000 new shares in the company were offered for subscription to key persons deviating from the shareholders' pre-emptive subscription right.

The subscription price was EUR 2.01 per share. The volume-weighted average price of the company's share on NASDAQ OMX Helsinki Ltd for the period of 20 consecutive trading days before the Board meeting that decided on the personnel issue was EUR 2.23 per share. Thus the discount in the issue was EUR 0.22 for each share i.e. 10 per cent. The entire subscription price of the new shares was entered into eQ's reserve for invested unrestricted equity. A subscriber has no right to assign the subscribed shares before 14 February 2014, and if the subscription exceeds 20 000 shares, not before 14 February 2016.

Based on the share issue, the number of eQ shares grew from 36 297 198 to 36 442 198 shares. The shares were entered in the Trade Register on 28 February 2013. The share capital did not change as a result of the share issue. The share capital was EUR 11 383 873 on 30 June 2013.

#### Own shares

eQ Plc held no own shares at the end of the period on 30 June 2013.

#### Shareholders

On 11 March 2013, eQ Plc issued a flagging notification, according to which Ulkomarkkinat Oy announced that it had acquired shares in an amount that exceeded the 10 per cent flagging threshold.

##### *Ten major shareholders on 30 June 2013*

	Share of shares and votes, %
Fennogens Investments S.A.	15.90
Chilla Capital S.A.	12.05
Ulkomarkkinat Oy	10.07
Veikko Laine Oy	10.06
Oy Hermitage Ab	6.30
Mandatum Life Insurance Company	5.63
Oy Cevante Ab	3.89
Teamet Oy	3.29
Fazer Jan Peter	2.92
Linnalex Ab	2.42

On 30 June 2013, eQ Plc had 3 264 shareholders.

#### Option scheme 2010

At the end of the period, eQ Plc had one option scheme. The option scheme is intended as part of the incentive and commitment system of the Group's key employees.

On 14 February 2013, eQ Plc's Board of Directors decided to issue to Veli-Pekka Heikkinen 200 000 option rights in accordance with eQ Plc's option scheme 2010 (50 000 2010B options, 50 000 2010C options, 50 000 2010D options and 50 000 2010E options). Veli-Pekka Heikkinen, D.Sc. (Econ.), was appointed Head of Portfolio Management at eQ Asset Management Ltd on 14 February 2013.

At the end of the period under review, altogether 1 700 000 options had been allocated. Based on the authorisation given to the Board on 14 April 2010 by the Annual General Meeting, there were 30 000 options still available for allocation at the end of the period. The terms and conditions of the option scheme have been published in a stock exchange release of 18 August 2010, and they can be found in their entirety on the company website at [www.eQ.fi](http://www.eQ.fi).

#### Decisions by the Annual General Meeting

eQ Plc's Annual General Meeting (AGM), held on Tuesday 26 March 2013 in Helsinki, decided on the following:

##### *Confirmation of the financial statements*

eQ Plc's AGM confirmed the financial statements of the company, which included the consolidated financial statements, the report by the Board of Directors and the Auditors' Report for the financial year 2012.

##### *Decision in respect of the result shown on the balance sheet*

The AGM confirmed the proposal by the Board of Directors that a dividend of EUR 0.12 per share be paid. The dividend was paid to shareholders who, on the record date for the dividend payment, i.e. 2 April 2013, were recorded in the shareholder register held by Euroclear Finland Ltd. The dividend was paid on 9 April 2013.

##### *Discharge from liability to the Board of Directors and the CEO*

The AGM decided to grant discharge from liability to the Board of Directors and the CEO.

##### *Number of directors, appointment of directors and the remuneration of the directors*

According to the decision of the AGM, five members shall be elected to eQ Plc's Board of Directors. Christina Dahlblom, Georg Ehrnrooth, Ole Johansson, and Jussi Seppälä were re-elected to the Board and Nicolas Berner was elected as new member. The term of office of the directors will end at the close of the next Annual General Meeting. The AGM decided that the directors would receive remuneration as follows: the Chairman of the Board will receive EUR 3 300 and the other directors EUR 1 800 per month. Travel and lodging costs will be compensated in accordance with the company's expense policy. The Board elected Ole Johansson Chairman of the Board at its constituent meeting held immediately after the AGM.

##### *Auditors and auditors' compensation*

Ernst & Young Oy, a corporation of authorised public accountants, will continue as auditor of the company, and Ulla Nykky, APA, will act as Lead Auditor. It was decided to compensate the auditors according to an invoice approved by eQ Plc.

##### *Authorising the Board of Directors to decide on the repurchase of the company's own shares*

The AGM authorised the Board of Directors to decide on the repurchase of no more than 1 000 000 own shares, which can be repurchased otherwise than in proportion to the shareholdings of the shareholders with assets from the company's unrestricted equity at the market price in public trading on NASDAQ OMX Helsinki at the time of purchase. The number of shares corresponded to approximately 2.76 per cent of all shares in the company. Own shares may be repurchased in order to develop the company's capital structure, to finance or carry out acquisitions or other business transactions, or to be used as part of the company's incentive schemes. For said purposes, the repurchased shares may be held, cancelled or transferred further. The Board of Directors shall decide on other matters related to the repurchase of own

shares. The authorisation cancels all previous authorisations to repurchase the company's own shares and is effective until the next AGM.

*Authorising the Board of Directors to decide on the issuance of shares as well as the issuance of special rights entitling to shares*

The AGM authorised the Board of Directors to decide on a share issue or share issues and/or the issuance of special rights entitling to shares referred to in Chapter 10 Section 1 of the Limited Liability Companies Act, comprising a maximum total of 5 000 000 new shares. The amount of the authorisation corresponded to approximately 13.76 per cent of all shares in the company. The authorisation is to be used in order to finance or carry out potential acquisitions or other business transactions, to strengthen the balance sheet and the financial position of the company, to carry out the company's incentive schemes or to any other purposes decided by the Board. Based on the authorisation, the Board shall decide on all matters related to the issuance of shares and special rights entitling to shares referred to in Chapter 10 Section 1 of the Limited Liability Companies Act, including the recipients of the shares or the special rights entitling to shares and the amount of the consideration to be paid. Therefore, based on the authorisation, shares or special rights entitling to shares may also be issued to certain persons, i.e. in deviation from the shareholders' pre-emptive rights as described in said Act. A share issue may also be executed without payment in accordance with the preconditions set out in the Limited Liability Companies Act. The authorisation cancels all previous corresponding authorisations and is effective until the next AGM.

#### Personnel and organisation

At the end of the period, the number of Group personnel was 81 (103 on 31 December 2012). The Asset Management segment had 59 (81) employees, the Corporate Finance segment 13 (13) employees and the Investments segment 1 (1) employee. Group administration had 8 (8) employees. The personnel of the Asset Management segment comprise six persons with fixed-term employment. Of the personnel, 77 persons (99) worked in Finland and 4 persons (4) in other Scandinavian countries.

As a result of the co-determination negotiations concerning the entire personnel conducted by eQ Plc's subsidiaries eQ Asset Management Ltd, eQ Fund Management Company Ltd, Icecapital Asset Management Ltd and Icecapital Fund Management Company Ltd in November 2012, the company agreed with 18 persons on the termination of their employment at the beginning of 2013. The aim of the plan handled during the negotiations was to remove overlapping functions generated through the acquisition of Icecapital Asset Management Ltd and its subsidiaries and to improve the Group's competitiveness by adapting costs.

The overall salaries paid to the employees of eQ Group during the period under review totalled EUR 3.6 million (EUR 2.5 million from 1 Jan. to 30 June 2012). The comparison figure does not comprise the salaries of the Icecapital Asset Management companies acquired on 19 November 2012. The figures are, therefore, not comparable.

#### Major risks and short-term uncertainties

The result of the Asset Management segment depends on the development of the assets under management, which is highly dependent of the development of the capital market. On the other hand, the management fees of private equity funds are based on long-term agreements that produce a stable cash flow.

Success fees, which depend on the number of mergers and acquisitions and real estate transactions, have a considerable impact on the result of the Corporate Finance segment. These vary considerably within one year and are dependent on economic trends.

The risks associated with eQ Group's own investment operations are the market risk, currency risk and liquidity risk. Among these, the market risk has the greatest impact on investments. The company's own investments are well diversified, which means that the impact of one investment in a company, made by one

individual fund, on the yield of the investments is often small. The income from eQ Group's own investment operations is recognised for eQ in different quarters due to factors independent of the company, depending on the exits from private equity funds. The income from investment operations may vary considerably from quarter to quarter.

#### Events after the financial period

In the Investments segment, private equity funds in which eQ has made investments have announced exits that have not been realised during the period under review. If the announced exits will be carried out according to plan, the cash flow from the exits that eQ will receive after the period under review, in the third or fourth quarter of 2013, is estimated to be about EUR 2.7 million, of which the estimated distribution of profits accounts for about EUR 1.2 million.

eQ Plc  
Board of Directors

## TABLES

### Principles for drawing up the report

This interim report has been prepared in accordance with the IFRS standards and the IAS 34 Interim Financial Reporting standard approved by the EU.

From the beginning of the financial period 2013, the Group has changed the manner of presenting the Group's IFRS income statement and balance sheet in a manner allowed by IFRS. From the beginning of 2013, the Group presents the income statement and balance sheet in the manner commonly used by investment firms. The manner of presentation was changed, as the main emphasis of the Group's business lies on investment firm operations. The comparison figures of the interim report have been regrouped according to the new manner of presentation. The change in the manner of presentation does not have any impact on the figures presented now or earlier, as the changes only relate to the way of grouping income statement and balance sheet items. When preparing the interim report, eQ has applied the same principles as in the financial statements for the year 2012, and the calculation formulas of the key ratios have been presented in the financial statements.

As for the net investment income from own investment operations, eQ Group's net sales are recognised for eQ in different quarters due to factors independent of the company.

The interim report has not been audited.

### CONSOLIDATED INCOME STATEMENT, EUR 1 000

	4–6/13	4–6/12	1–6/13	1–6/12	1–12/12
Fee and commission income	3 956	2 572	7 529	5 080	11 435
Net income from foreign exchange dealing	-14	-	-9	-	4
Interest income	4	2	8	13	30
Net income from available-for-sale financial assets	211	1	2 462	969	5 080
Operating income, total	4 158	2 574	9 990	6 062	16 548
Fee and commission expenses	-69	-42	-135	-83	-179
Interest expenses	-21	-8	-54	-15	-74
<b>NET REVENUE</b>	<b>4 067</b>	<b>2 525</b>	<b>9 801</b>	<b>5 964</b>	<b>16 295</b>
Administrative expenses					
Personnel expenses	-1 615	-1 098	-3 639	-2 453	-6 509
Other administrative expenses	-570	-447	-1 236	-962	-1 952
Depreciation on tangible and intangible assets	-313	-303	-626	-605	-1 246
Other operating expenses	-516	-323	-1 061	-672	-1 920
<b>OPERATING PROFIT (LOSS)</b>	<b>1 053</b>	<b>354</b>	<b>3 239</b>	<b>1 272</b>	<b>4 668</b>
Share of associated companies' results	-35	-	-70	-	-35
<b>PROFIT BEFORE TAXES</b>	<b>1 018</b>	<b>354</b>	<b>3 168</b>	<b>1 272</b>	<b>4 632</b>
Income tax	-283	-129	-971	-290	-1 247
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>735</b>	<b>225</b>	<b>2 197</b>	<b>982</b>	<b>3 386</b>

	4-6/13	4-6/12	1-6/13	1-6/12	1-12/12
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>					
Other comprehensive income: Items that may be reclassified subsequently to the income statement:					
Available-for-sale financial assets, net	1 278	1 892	-389	1 810	-938
Translation differences	-8	-	4	-	-5
Other comprehensive income after taxes	1 270	1 892	-385	1 810	-943
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>2 005</b>	<b>2 117</b>	<b>1 813</b>	<b>2 791</b>	<b>2 443</b>
Profit for the period attributable to:					
Equity holders of the parent company	743	225	2 233	982	3 364
Non-controlling interests	-7	-	-36	-	22
Comprehensive income for the period attributable to:					
Equity holders of the parent company	2 013	2 117	1 849	2 791	2 421
Non-controlling interests	-7	-	-36	-	22
Earnings per share calculated from the profit of equity holders of the parent company:					
Earnings per average share, EUR	0.02	0.01	0.06	0.03	0.10
Diluted earnings per average share, EUR	0.02	0.01	0.06	0.03	0.10

#### CONSOLIDATED BALANCE SHEET, EUR 1 000

	30 June 2013	30 June 2012	31 Dec. 2012
<b>ASSETS</b>			
Liquid assets	15	33	33
Claims on credit institutions	4 619	5 935	9 356
Claims on the public and public sector entities	1 300	-	1 336
Available-for-sale financial assets			
Financial securities	50	98	50
Private equity investments	35 810	45 080	38 691
Shares in associated companies	294	-	365
Intangible assets	28 981	18 731	29 174
Tangible assets	120	135	138
Other assets	2 062	1 142	3 634

	30 June 2013	30 June 2012	31 Dec. 2012
Accruals and prepaid expenditure	1 654	321	1 196
Income tax receivables	705	477	289
Deferred tax assets	608	72	57
<b>TOTAL ASSETS</b>	<b>76 217</b>	<b>72 024</b>	<b>84 319</b>
	30 June 2013	30 June 2012	31 Dec. 2012
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Liabilities to credit institutions	-	-	4 000
Other liabilities	1 737	960	2 680
Accruals and deferred income	1 764	794	3 076
Income tax liabilities	722	166	84
Deferred tax liabilities	893	1 588	875
<b>TOTAL LIABILITIES</b>	<b>5 115</b>	<b>3 508</b>	<b>10 715</b>
<b>EQUITY</b>			
Attributable to equity holders of the parent company:			
Share capital	11 384	11 384	11 384
Fair value reserve	-1 873	1 264	-1 484
Translation difference	-1		-5
Reserve for invested unrestricted equity	52 167	46 631	51 875
Retained earnings	7 512	8 256	8 394
Profit (loss) for the period	2 233	982	3 364
Attributable to non-controlling interests	-320	-	77
<b>TOTAL EQUITY</b>	<b>71 102</b>	<b>68 516</b>	<b>73 604</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>76 217</b>	<b>72 024</b>	<b>84 319</b>

CONSOLIDATED CASH FLOW STATEMENT, EUR 1 000

	1-6/2013	1-6/2012
<b>CASH FLOW FROM OPERATIONS</b>		
Operating profit	3 239	1 272
Depreciation and write-downs	626	605
Financial income and expenses	46	2
Transactions with no related payment transactions	165	37
Available-for-sale investments, change	1 824	-148
Change in working capital		
Business receivables, increase (-) / decrease (+)	1 015	-206
Interest-free debt, increase (+) / decrease (-)	-2 221	-1 352
Total change in working capital	-1 206	-1 558
Cash flow from operations before financial items and taxes	4 694	210
Interests received	8	13
Interests paid	-54	-15
Taxes	-1 055	-781
<b>CASH FLOW FROM OPERATIONS</b>	<b>3 593</b>	<b>-574</b>
<b>CASH FLOW FROM INVESTMENTS</b>		
Acquisition of subsidiaries excluding acquired cash		
Investments in intangible and tangible assets	-229	-1
<b>CASH FLOW FROM INVESTMENTS</b>	<b>-229</b>	<b>-1</b>
<b>CASH FLOW FROM FINANCING</b>		
Dividends paid	-4 411	-3 996
Income from share issue	291	-
Repayment of loans	-4 000	-
<b>CASH FLOW FROM FINANCING</b>	<b>-8 119</b>	<b>-3 996</b>
<b>INCREASE/DECREASE IN LIQUID ASSETS</b>	<b>-4 755</b>	<b>-4 571</b>
Liquid assets on 1 Jan.	9 389	10 540
Liquid assets on 30 June	4 635	5 969

## CHANGE IN CONSOLIDATED SHAREHOLDERS' EQUITY, EUR 1 000

Equity attributable to equity holders of the parent company

	Share capital	Reserve for invested unrestricted equity	Fair value reserve	Translation differences		Share capital	Reserve for invested unrestricted equity	Fair value reserve
Shareholders' equity on 1 Jan. 2012	11 384	46 631	-546	-	12 215	69 684	-	69 684
Comprehensive income			1 810			1 810		1 810
Profit (loss) for the period					982	982		982
Other comprehensive income Available-for-sale financial assets								
Total comprehensive income			1 810		982	2 791		2 791
Dividend distribution					-3 996	-3 996		-3 996
Other changes					-9	-9		-9
Options granted					46	46		46
Shareholders' equity on 30 June 2012	11 384	46 631	1 264	-	9 238	68 516	-	68 516
Shareholders' equity on 1 Jan. 2013	11 384	51 875	-1 484	-5	11 758	73 528	77	73 604
Comprehensive income								
Profit (loss) for the period					2 233	2 233	-36	2 197
Other comprehensive income Available-for-sale financial assets			-389			-389		-389
Translation differences				4		4		4
Total comprehensive income			-389	4	2 233	1 849	-36	1 813
Dividend distribution					-4 411	-4 411		-4 411
Share issue		291				291		291
Options granted					165	165		165
Other changes					0	0		0
Changes in subsidiary holdings							-361	-361
Shareholders' equity on 30 June 2013	11 384	52 167	-1 873	-1	9 745	71 422	-320	71 102

FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES, EUR 1000

	30 June 2013		30 June 2012		31 Dec. 2012	
	Fair value	Book value	Fair value	Book value	Fair value	Book value
<b>Financial assets</b>						
<b>Available-for-sale financial assets</b>						
Private equity investments	35 810	35 810	45 080	45 080	38 691	38 691
Financial securities	50	50	98	98	50	50
Loan receivables	1 300	1 300	-	-	1 336	1 336
Accounts receivable and other receivables	4 420	4 420	1 940	1 940	5 119	5 119
Liquid assets	4 635	4 635	5 969	5 969	9 389	9 389
<b>Total</b>	<b>46 214</b>	<b>46 214</b>	<b>53 086</b>	<b>53 086</b>	<b>54 586</b>	<b>54 586</b>
<b>Financial liabilities</b>						
Liabilities to credit institutions	-	-	-	-	4 000	4 000
Accounts payable and other liabilities	4 222	4 222	1 920	1 920	5 840	5 840
<b>Total</b>	<b>4 222</b>	<b>4 222</b>	<b>1 920</b>	<b>1 920</b>	<b>9 840</b>	<b>9 840</b>

The table shows the fair values and book values of financial assets and liabilities per balance sheet item.

The original book value of accounts receivable and accounts payable corresponds to their fair value, as the impact of discounting is not essential with regard to the maturity of the receivables and liabilities.

Value of financial instruments across the three levels of the fair value hierarchy

	30 June 2013	
	Fair value	Level 3
<b>Available-for-sale financial assets</b>		
Private equity investments	35 810	35 810
Financial securities	50	50
<b>Total</b>	<b>35 860</b>	<b>35 860</b>

Level 3 reconciliation

Available-for-sale financial assets	Private equity investments	Financial securities	Total
	Opening balance 1 January	38 691	
Calls	1 467	-	1 467
Returns	-3 284	-	-3 284
Impairment loss	-550	-	-550
Change in fair value	-515	-	-515
Closing balance 30 June	35 810	50	35 860

The fair values of level 3 instruments are based on the value of the fund according to the management company of the fund and their use in widely used valuation models.

Private equity investments are valued in accordance with a practice widely used in the sector, International Private Equity and Venture Capital Guidelines.

The impairment losses of private equity investments are based on the management's assessment, as described in the principles for preparing the financial statements.

During the period under review, no transfers took place between the levels of the fair value hierarchy.

#### SEGMENT INFORMATION, EUR 1 000

4-6/13	Asset Management	Corporate Finance	Investments	Other	Eliminations	Group total
External income, net	3 405	466	211	-14	-	4 067
Income from other segments, net	100		-100	19	-19	
Net revenue	3 505	466	111	5	-19	4 067
Operating profit	1 194	92	111	-344	-	1 053
Share of associated companies' result	-35	-	-	-	-	-35
Profit for the period	1 159	92	111	-628	-	735
4-6/12	Asset Management	Corporate Finance	Investments	Other	Eliminations	Group total
External income, net	2 006	524	1	-6	-	2 525
Income from other segments, net	100		-100	18	-18	
Net revenue	2 106	524	-99	12	-18	2 525
Operating profit	541	173	-99	-261	-	354
Profit for the period	541	173	-99	-390	-	225

1-6/13	Asset Management	Corporate Finance	Investments	Other	Eliminations	Group total
External income, net	6 503	884	2 462	-47	-	9 801
Income from other segments, net	200		-200	38	-38	
Net revenue	6 703	884	2 262	-10	-38	9 801
Operating profit	1 688	113	2 262	-825	-	3 239
Share of associated companies' result	-70	-	-	-	-	-70
Profit for the period	1 618	113	2 262	-1 796	-	2 197
1-6/12	Asset Management	Corporate Finance	Investments	Other	Eliminations	Group total
External income, net	4 024	972	969	-2	-	5 964
Income from other segments, net	200		-200	37	-37	
Net revenue	4 224	972	769	34	-37	5 964
Operating profit	905	225	769	-627	-	1 272
Profit for the period	905	225	769	-918	-	982
1-12/12	Asset Management	Corporate Finance	Investments	Other	Eliminations	Group total
External income, net	8 625	2 635	5 080	-44		16 295
Income from other segments, net	400	-	-400	73	-73	-
Net revenue	9 025	2 635	4 680	29	-73	16 295
Operating profit	912	725	4 680	-1 648		4 668
Share of associated companies' result	-35	-	-	-		-35
Profit for the period	876	725	4 680	-2 895		3 386

The income of the Asset Management segment from other segments comprises the management fee income from eQ Group's own investments in private equity funds. The corresponding expenses are allocated to the Investments segment, to the net revenue. Under the item Other, income from other segments comprises the administrative services produced by Group administration to other segments, and external net income comprises the undivided interest income and expenses. The line operating profit under item Other presents the undivided personnel, administration and other expenses allocated to Group administration. In addition to the above, the taxes not distributed to the segments have been presented on line profit for the period, under the item Other.

The highest operative decision-making body does not follow assets and liabilities at segment level, due to which the Group's assets and liabilities are not presented as divided between the segments.

## CONSOLIDATED KEY RATIOS

	30 June 2013	30 June 2012	31 Dec. 2012
Profit (loss) for the period to the equity holders of the parent company (EUR 1 000)	2 233	982	3 386
Earnings per average share, EUR	0.06	0.03	0.10
Diluted earnings per average share, EUR	0.06	0.03	0.10
Equity per share, EUR	1.95	2.05	2.03
Equity per average share, EUR *)	1.95	2.06	2.21
Return on investment, ROI % p.a.	6.1	2.9	4.7
Return on equity, ROE % p.a.	6.1	2.8	4.7
Equity to assets ratio, %	93.3	95.1	87.3
Share price at the end of the period, EUR	2.15	1.67	2.00
Number of personnel at the end of the period	81	64	103
Private equity investments to equity ratio, %	50.4	65.8	52.6
Private equity investments and remaining commitments to equity ratio, %	64.8	84.5	67.1

\*) Weighted average number of shares outstanding.

## RELATED PARTY TRANSACTIONS

Open balances with key persons belonging to the company management

On 4 September 2012, eQ Plc's Board decided to grant an interest-bearing loan in the amount of EUR 1.3 million to a company wholly owned by Mikko Koskimies, who had been appointed Managing Director of eQ Asset Management Ltd and member of eQ Group's Management Team for financing a purchase of shares in eQ Plc as part of the management's long-term incentive scheme. On 30 June 2013, EUR 1.3 million of this loan was an open receivable.

The acquired shares in eQ Plc function as security for the loan. The interest rate of the loan is market-based. The entire loan will be repaid within five years at the latest. The company wholly owned by Koskimies has the right to repay the loan prematurely at any time. The transfer of the eQ shares owned by the company is restricted for three years during the duration of the scheme.

Transactions with related parties and receivables from related parties, EUR 1 000

Associated companies - Finnreit Fund Management Company Ltd

	1-6/13	1-6/12
Sales	55	-
Receivables	27	-

## REMAINING COMMITMENTS

On 30 June 2013, eQ's remaining commitments in private equity funds totalled EUR 10.3 million (EUR 12.8 million on 30 June 2012). Other commitments at the end of the period under review totalled EUR 0.8 million (EUR 1.3 million on 30 June 2012).