



ANNUAL
REPORT
2015

OTAVA
GROUP



JUBILEE YEAR 2015

Otava Publishing Company Ltd celebrated 125 years in business, and it was 200 years since the Renqvist-Reenpää family began publishing. In 1815 Henrik Renqvist, a priest, published his first work. In 1892 Henrik's grandson, Alvar Renqvist, began managing Otava. In his hands, Otava became a major publisher and his five sons ensured that the company's success story continued. The sixth generation of Reenpääs is currently employed by the company and actively involved in the Group's Board of Directors.



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Commitment creates success

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ast year we had cause to celebrate two significant milestones. Otava Publishing Company Ltd celebrated its 125th birthday, and it was 200 years since the Renqvist-Reenpää family began publishing. 1815 saw the release of Henrik Renqvist's first publication, "Yxi Sangen Merkillinen Historia Jumalan Hengen Suuresta Armotyöstä kolmen Judan tytärlapsu-kaisen tykönä". Last March, we were guided through the history of the family by Juhani Salokantele's book, "Hengen paloa ja painettua sanaa".

The celebratory mood within the Group was dampened by the harsh reality of everyday business in the sector. Net sales of published books and magazines declined for the fifth consecutive year. In this operating environment, it has been difficult to adapt and safeguard profitability.

HOWEVER, OTAVA GROUP has coped well with the difficult changes in the sector, particularly with its general literature, educational materials and magazines. The Group's net sales remained near the same level as in the previous year, decreasing by only one per cent to EUR 292.5 million.

New companies were acquired by the Group: the music book publisher F-Kustannus, the practical non-fiction publisher Moreeni, and the customer communications companies MCI Press and Alma 360. These new companies will increase the Group's net sales by a total of approximately EUR 20 million, of which Alma 360 accounts for EUR 17 million. The Alma 360 business complements our customer communications expertise and makes our customer communications company the market leader.

The Group's operating profit of EUR 27.8 million (EUR 31.6 million) and income of EUR 20.7 million (EUR 23.6 million) remained good. The equity ratio rose to 77.6%. The Group's personnel were paid bonuses for the good results.

Otava Group has performed well under pressure, but the decline in net sales in our sector is expected to continue. This development will accelerate structural changes in the sector. We are well prepared for them. The Group will be able to make major acquisitions.

THIS YEAR we expect Otava Group's net sales to increase further and earnings to remain good. There are several reasons for this: the Group has good control over the book-publishing value chain. This value chain includes Kirjavälitys and Suomalainen Kirjakauppa. Publishing magazines and educational materials continues to be a profitable business. Our online business company, NettiX, is expanding and is hammering out a good result.

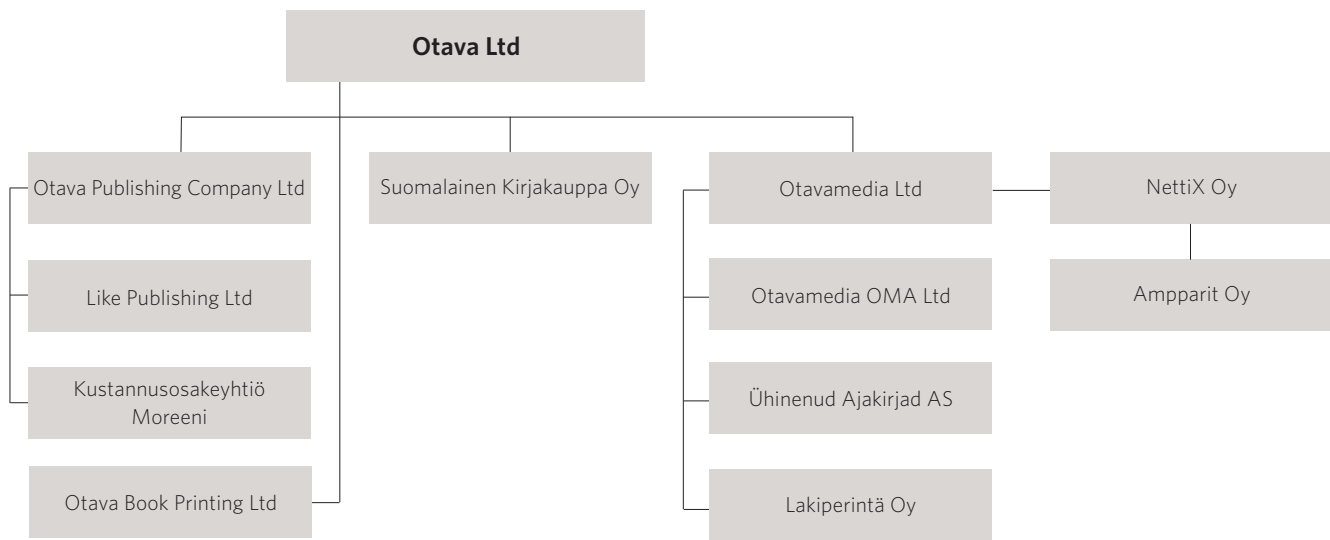
The positive trend in net sales was also reinforced by earlier acquisitions.

The long history of Otava and the Reenpää family as active operators in the sector is an indication that the Group is not simply chasing short-term gains. The owners and the personnel remain committed to the objectives of long-term success. The basis of this commitment is our belief that reading will retain its status as a foundation block for Finnish well-being and success.

Henrik Ehnrooth
Chairman of the Board

A black and white photograph of a middle-aged man with glasses, wearing a dark suit, white shirt, and patterned tie. He is smiling slightly and holding a bright red folder or book against his chest with both hands. The background is a plain, light blue-grey color.

”The positive trend in net sales was also reinforced by earlier acquisitions.”



Otava is the largest company in its core business areas in Finland

THE GROUP'S four business areas are book publishing (Books), book sales (Trade), magazine publishing (Magazines) and New Business Functions. The company was established in 1890 with the founding of Otava Publishing Company Ltd, which commenced printing operations in 1908 and magazine publishing in 1916 (Suomen Kuvalehti).

Otava was a founding member of Otavamedia Ltd (1934, previously known as United Magazines Ltd) and the Great Finnish Book Club (1969). The Group expanded its online business with the acquisition of NettiX Oy in 2006 and Ampparit Oy in 2012. In 2011, Otava Ltd acquired the entire stock of Suomalainen Kirjakauppa Oy.

The Group's parent company is Otava Ltd. The Group is a private, independent, impartial and financially sound media corporation.

Books.

The principal company of the Books division is Otava Publishing Company. The company publishes Finnish-language fiction, non-fiction and educational material.

Like Publishing Ltd has been a part of the division since the beginning of 2006. Otava acquired a majority stake in Kustannusosakeyhtiö Moreeni in 2014 and the entire stock of F-Kustannus Oy in 2015. Otava Group is the largest book publisher in Finland.

Otava Book Printing Ltd is a modern, diverse printing house and book-binding company that produces books for a number of publishers in Finland and abroad. The company's printing house operates in Keuruu.

Trade.

Suomalainen Kirjakauppa Oy is engaged in the retail sales of books. The company has a network of 58 book stores. The store network covers all of Finland. It is the largest player in the field and also has an online book shop, suomalaisen.com.

Magazines.

The Group's Magazines division comprises Otavamedia Ltd and its subsidiaries, which publish magazines, periodicals and customer magazines and run book clubs. Otavamedia is the largest company in all of these

sectors in Finland. Otavamedia's customer communications offices are located in Helsinki and Turku. In 2015, the customer communications operations expanded significantly when Otavamedia Ltd acquired the entire stock of MCI Press Oy and when MCI Press Oy acquired the entire stock of Alma 360 Oy at the end of the year.

The book club activities are undertaken under the Great Finnish Book Club brand. Book club activities expanded in 2015 when Otavamedia Ltd acquired the book club operations of Bonnier Books Finland Ltd.

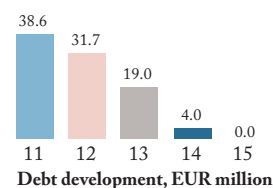
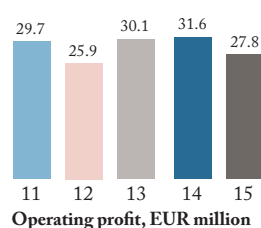
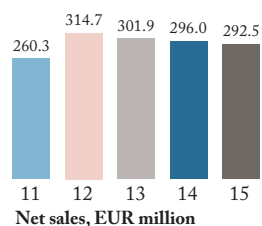
Otavamedia has a subsidiary in Estonia (Ühinened Ajakirjad AS), which focuses on the magazine business.

New Business Functions.

The Group's New Business Functions comprise NettiX Oy, which was acquired in 2006, and Ampparit Oy, which was acquired in 2012. NettiX Oy's numerous websites serve as electronic marketplaces, the best known of which are nettiauto.com and nettivene.com. Ampparit Oy maintains the ampparit.com news site and sells media monitoring services.

2015

KEY FIGURES



GROUP INCOME STATEMENT	2015		2014		2013		2012		2011	
	EUR million	%	EUR million	%	EUR million	%	EUR million	%	EUR million	%
Net sales	292.5		296.0		301.9		314.7		260.3	100.0
EBITA	31.1	10.6	37.1	12.6	32.4	10.7	26.6	8.5	35.7	13.7
Depreciation of goodwill and business acquisition costs	3.8	1.3	5.8	2.0	2.8	0.9	1.2	0.4	3.5	1.3
Operating profit	27.8	9.5	31.6	10.7	30.1	10.0	25.9	8.2	29.7	11.4
Profit before taxes	27.7	9.5	31.3	10.6	29.6	9.8	25.0	8.0	28.5	10.9
Profit for the financial year	20.7	7.1	23.6	8.0	22.0	7.3	18.5	5.9	20.5	7.9
Cash flow from operations	31.9	10.9	36.3	12.3	32.1	10.6	26.4	8.4	28.9	11.1
BALANCE SHEET AND PROFITABILITY										
Capital expenditure	15.8		5.9		13.5		10.4		14.8	
Shareholders' equity	177.5		165.6		150.3		134.6		121.9	
Non-current liabilities	0.0		2.0		13.7		13.0		24.7	
Current liabilities	72.3		69.1		62.9		81.6		82.4	
Equity ratio %	77.6		77.1		72.8		64.8		59.4	
Return on investment (ROI) %	16.0		18.6		18.0		15.9		19.4	
Return on equity (ROE) %	12.1		15.0		15.5		14.6		17.5	
Group personnel (average)	1079		1082		1178		1249		1010	
BOOKS										
Net sales	54.5		51.5		55.5		58.4		57.5	
EBITA	7.2	13.2	5.8	11.3	6.3	11.3	8.9	15.1	9.4	16.4
Operating volumes:										
New titles published	712		597		666		722		677	
New editions	1120		1011		1019		1345		1217	
Books sold, million	4.6		4.4		5.0		5.4		5.5	
Books printed, million	5.9		5.4		6.2		7.9		7.6	
TRADE *)										
Net sales	107.9		106.7		106.3		106.5		105.6	
EBITA	4.5	4.1	4.2	3.9	2.4	2.2	-1.9	-1.8	-1.4	-1.4
Operating volumes:										
Number of customers, million	5.9		5.8		5.7		6.0		6.1	
Books sold, million	4.4		4.6		5.1		4.7		4.5	
MAGAZINES										
Net sales	131.1		138.8		144.7		155.5		164.5	
EBITA	17.6	13.4	22.7	16.4	19.0	13.1	16.8	10.8	20.5	12.5
Operating volumes:										
Number of magazines and periodicals**)	213		111		107		108		131	
Annual magazines sales, million **)	34		35		35		40		44	
Books sold (Great Finnish Book Club), million	0.8		1.0		1.1		1.2		1.3	
NEW BUSINESS FUNCTIONS										
Net sales	13.9		13.2		11.2		10.0		7.5	
EBITA	7.3	52.9	7.4	55.9	6.3	55.8	5.5	54.7	3.5	47.3

*) The figures for 2011 represent 12 months (included in the consolidation with Otava as from 1 October 2011)
 **) General-circulation, customer and online magazines

2015

books

The book sector celebrated the year of the book in 2015. More than 900 events were organised during the year in 83 locations around Finland.

The printing house ended a difficult run of years by slightly increasing its sales.

Otava was the first Finnish company to make digital examinations available to high schools.

Mauri Kunnas' "Kesä Koiramäessä" was the best selling children's book last year. There were seven books by Kunnas in the top 20.

Sofi Oksanen went on a tour entitled "Norma" in collaboration with the Women's Bank and Suomalainen Kirjakauppa. Thousands of readers were present in dozens of tour destinations.

Children's writer and coding activist Linda Liukas wrote the world's first programming fairytale for children, known as "Hello Ruby".

The primary school mathematics series, "Tuhattaituri", became the most widely used primary school educational material in the Nordic countries. The background to this is a transaction completed two years ago to license the work in Sweden.

Sales of general literature began to increase after years of decline. The strong development in sales of books for children and youths is particularly pleasing.

Overall shop sales and results developed positively. The number of loyal customers increased, as did the amount purchased by loyal customers.

Suomalainen Kirjakauppa received an award in January 2016: it was named Finland's most exciting workplace among Corporate Spirit's customer group.

We have succeeded in expanding our appealing product range in areas such as handicrafts. Sales of goods continued to increase.

trade

The work atmosphere improved even further - overall satisfaction in working at the book stores increased to a score of 8.79.

We have continued to develop concept stores. During the financial period, ten stores were revamped. By the end of the year, there were a total of 41 new concept stores.

Preparations were stepped up to address forthcoming changes in the market for educational materials by transitioning to a centralised model for ordering and complementing textbooks.



Otava Group Agency

The high quality of children's picture books in Finland has charmed foreign publishers.

OTAVA PUBLISHING LTD is a bold, principled publisher whose current roster of authors includes leading writers from Finland and abroad, much-loved storytellers and promising young authors. Otava also publishes pedagogically approved learning materials written by Finnish teachers and authors. Enthusiasm and commitment to high quality, as well as tradition and new ideas, walk hand in hand in our Art Nouveau style granite building in the heart of Helsinki.

Otava Group Agency (OGA) was founded 2006 and it sells foreign rights to fiction, illustrated and narrative non-fiction, and children's and young adult's titles from Otava Publishing Company and LIKE Publishing. We sell translation rights worldwide, directly and through sub-agents in selected markets, for authors and titles in all genres.

2015 WAS SUCCESSFUL for Otava Group Agency. In 2014, Finland was designated the Guest of Honour at The Frankfurt Book Fair, the world's leading event for the publishing and media industries. This was the country's most high-profile cultural export event ever, and its beneficial effects were clearly visible in the following year. Interest in Finnish literature remained strong amongst publishing professionals from all around the world.

THE HIGH VISUAL AND TEXTUAL quality of children's picture books in Finland has charmed foreign publishers. In

2015 OGA was involved in the Shanghai International Children's Book Fair. The Finnish Literature Exchange (FILI) and Finnish publishers are focusing on children's books in Asia and in English-speaking countries. Chinese publishers are very interested in Finnish children's books, especially picture books. Among others Mauri Kunnas, Aino Havukainen, Sami Toivonen, Ninka Reittu and Marika Majjala have a Chinese publisher.

OGA's most important customers are Chinese and Korean publishers. For example Ninka Reittu's picture books on Messi and the Mystery Cat (Messi ja Mysteeri) and Veera Salmi's Mauri and the Dumb Phone (Mauri ja vähä-älypuhelin) have found foreign publishers in Korea. Global rights to Nora and Pirkko-Liisa Surojegin's Untu and the Secret of the Heart of Winter (Untu ja sydäntalven salaisuus) in English were sold to Floris Books (UK).

ON THE ADULT FICTION SIDE, Scandinavia is known for its strong crime titles. However, in Finnish literature, it is not just crime that attracts foreign readers and publishers. There is plenty of strong literary fiction that has been translated into foreign languages. Riikka Pulkkinen, who is an astonishing literary talent, and Antti Tuuri, one of the major contemporary Finnish writers, have both been widely acknowledged abroad. They both have work translated into around twenty languages.

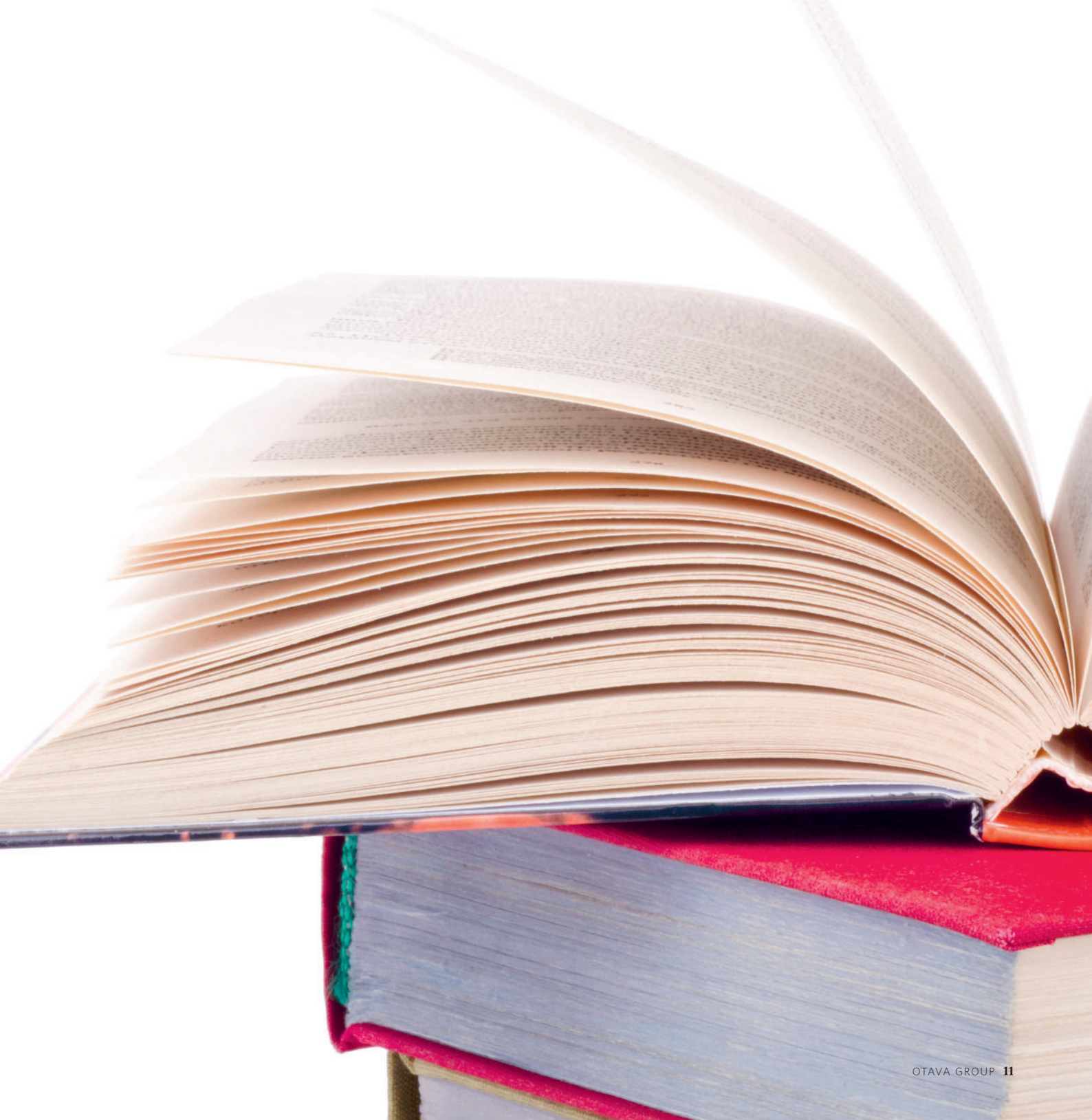
OF OUR CRIME AUTHORS, Kati Hiekkapelto is the new international star from

the North. She has charmed international publishers and readers with her Anna Fekete series, set in the icy latitudes of the Arctic Circle. Her novels have found foreign publishers in a dozen countries so far. In the UK, her debut work, The Hummingbird, was nominated for the Petrona Award in 2015 (Best Scandinavian Crime Novel of the Year). In 2015, a fresh new voice, the Finnish-Swedish writer, Kai Erik (real name Kaj Korkea-aho), made his international breakthrough with the literary mystery novel, The Evil Book.

OGA's team

- Minna Castrén, Publishing Director, General Publishing
- Leenastiina Kakko, Foreign Rights Manager (Fiction)
- Katja Kaulio, Foreign Rights Manager (Children's books, Young Adults)
- Teuvo Sankila, Publishing Director, Educational Publishing
- Jouko Ruokosenmäki, Producer (Comics)
- Milla Palovaara, Producer (Playrights), on job alternation leave 1 March-30 October 2016 her replacement is Katri-Elina Heikkinen until 30 October 2016.
- Maarit Pyötsiä (Producer)

Chinese publishers are
very interested in
Finnish children's books.



Board of Directors

CHAIRMAN >



Henrik Ehrnrooth
SINCE 1988

MEMBERS >



Olli Reenpää,
Vice Chairman
SINCE 1968



Jorma Ollila,
Vice Chairman
SINCE 1996



Ero Broman
SINCE 2007



Heikki Lehtonen
SINCE 1991



Alexander Lindholm
SINCE 2008

DEPUTY MEMBERS >



Pasi Vainio
SINCE 2010



Minna Castrén
SINCE 2011



Timo Kopra
SINCE 2012

SECRETARY OF THE BOARD >



Pekka Harju
SINCE 2013



Ora Lyytikäinen
SINCE 2006

Review by the Board of Directors

Business environment

The downturn continued and the economic climate in Finland deteriorated further. Gross domestic product did not increase. There are some signs of growth in exports but not of overall economic growth. Unemployment remained high, ending the year at over 9%. Interest rates and inflation remained low. Investment figures have not begun to recover properly since the 2008 financial crisis. According to preliminary figures, retail sales decreased by more than 3% year-on-year, but Christmas sales increased by more than 1%. Online sales continued to grow, taking a share of approximately 15% of all retail sales, but more than half of all online orders are placed with overseas stores.

The trend in the communications sector followed that of the economy in general. Book sales were down on the previous year, both in general literature and educational materials. Media sales decreased by almost 3% and magazine media sales by almost 15% year-on-year. The magazine sales market contracted in parallel with a decrease in circulation and it is now difficult to sell magazines to new customers. Online businesses continued to increase their share of the communications market but growth has decelerated. There is now a market in Finland for digital magazines and books, but their share of the overall market is still small.

Development of the Group's business

Otava Group's net sales decreased by 1%. Otava Group's business result for the year was good in view of the general economic situation. The result and relative profitability remained good, due to timely enhancement and adjustment measures as well as changes in the company's operating procedures.

Group organisation and structure

By and large, the Group's organisation remained unchanged, but there were some changes to the company's structure.

Otava Publishing Company acquired the entire stock of F-Kustannus Oy in Feb-

Key figures for the Group:

Group	2015	2014	2013
Net sales, EUR million	292.5	296.0	301.9
Operating profit, EUR million	31.1	37.1	32.4
Operating profit margin %	10.6	12.6	10.7
Return on investment (ROI) %	16.0	18.6	18.0
Return on equity (ROE) %	12.1	15.0	15.5
Equity ratio %	77.6	77.1	72.8

ruary. A subsidiary merger was executed to merge F-Kustannus Oy into its parent company on 31 December 2015. In December, Otava Publishing Company subscribed to a 24.8% stake in Ubiikki Oy as part of a directed share issue.

In transactions carried out in March and September, Otavamedia Ltd acquired the entire stock of MCI Press Oy. In conjunction with this, Otavamedia Ltd sold the entire stock of Deco Media Oy to MCI Press Oy and executed a business transaction to transfer its customer communications business to MCI Press Oy. The new business entity became Otavamedia Group's customer communications business unit. In October, the entire stock of Alma 360 Oy was acquired for this unit. The business entity was simplified by merging Deco Media Oy into MCI Press Oy on 31 December 2015 and changing MCI Press Oy's name to Otavamedia OMA Ltd in January 2016. Alma 360 Oy will be merged into Otavamedia OMA Ltd on 30 April 2016.

In September, Otavamedia acquired the book club business of Bonnier Books Finland Ltd.

In September, NettiX Oy acquired a 35% minority stake in Ampparit Oy in accordance with the shareholders' agreement. A decision has been made to spin off part of Otavamedia Ltd into Otava New Businesses Ltd, and this will take place on 31 May 2016. NettiX Oy will become a subsidiary of Otava New Businesses Ltd. Following the spin-off the legal structure of the New Businesses business area will correspond to the reported business entity.

Books

Net sales totalled EUR 54.5 (51.5)

million, up by 6% year-on-year. Operating profit was EUR 7.2 (5.8) million, or 13.1% (11.3%) of net sales. The net sales of Otava Publishing Company increased and the result improved. The net sales of Otava Book Printing Ltd increased and the result improved thanks to the reorganisation of operations. Like Publishing Ltd's net sales increased and the result improved from the previous year.

Trade

Suomalainen Kirjakauppa Oy's net sales were EUR 107.9 (106.7) million, representing growth of 1%. Operating profit improved in comparison with the previous year thanks to increased sales and more efficient product management. During the year under review, the number of revamped concept stores increased to 41, and the company increased its market share.

Magazines

The magazine division's net sales totalled EUR 131.1 (138.8) million, down by 6% year-on-year. Magazine subscription sales and media sales both fell from the previous year. Operating profit was EUR 17.6 (22.7) million, or 13.4% (16.4%) of net sales. Profitability remained good despite the decrease in net sales thanks to measures that were taken to enhance efficiency and restructure operations. The net sales of the book club business decreased but its result improved in comparison with the previous year. Otavamedia Ltd's result remained good. The net sales of the customer communications business increased and the result improved due to acquisitions. Sales at the Estonian subsidiary, Ühinend Aja-kirjad AS, increased but operating profit weakened slightly.

New Business Functions

During the financial period, New Business Functions comprised Netix Oy and Amparit Oy. The business area continued to grow briskly (+5%) and relative profitability remained high.

Balance sheet, investments and financial position

In 2015, no material changes took place in the balance sheet structure or the balance sheet total. The Group's equity ratio improved, ending the year at 77.6% (77.1%).

The Group's gross capital expenditure was EUR 15.9 (5.9) million. The most significant investments were made in company acquisitions, store revamping and computer software.

The Group's financial position and liquidity remained good. Loans from financial institutions were paid off in full during the financial period. In addition to cash reserves and accounts with credit facilities, the Group's liquidity has been secured using short-term credit limits. The Group's cash flow from operations totalled EUR 31.9 (36.3) million. Net financial expenses were EUR 0.0 (0.3) million, representing 0.0% (0.1%) of net sales.

Risks

The Group has a well-established position in the book and magazine markets, which have remained relatively stable year-on-year.

Annual estimates of the Group's overall book sales have not differed significantly from realised sales figures. The Group's companies use a time-based, title-specific obsolescence procedure, which keeps the risk of obsolete book stocks very low.

The Group's magazine subscribers are long-term customers, who mainly pay for their subscriptions in advance. As a rule, agreements in the customer magazine market are made for at least twelve months. Fluctuations in the media sales market may be bigger, but the sector accounts for a smaller share of net sales than magazine sales.

The price trend of goods and services needed by the Group is very easy to predict. The Group has signed long-term agreements to make provisions for paper price fluctuations.

The Group has invested in online businesses related to its core operations in

Board's proposal to the AGM

The parent company's distributable funds are EUR 138,327 thousand, of which profit for the financial year made up EUR 21,756 thousand. The Board proposes to the Annual General Meeting that the distributable funds be used as follows:

EUR 4.50 per share will be distributed as dividend	8,753 EUR thousand
to be left as equity	129,574 EUR thousand
	138,327 EUR thousand

No material changes have taken place in the financial position of the company since the end of the financial period. The liquidity of the company is good and, in the Board of Directors' view, the proposed dividends will not compromise the solvency of the company.

Personnel

In the reporting year, the Group's personnel numbers were as follows:

Group	2015	2014	2013
Average number of personnel	1,079	1,082	1,178
Salaries and remuneration (EUR thousand)	50,170	51,297	51,784

The Group has had an incentive scheme in place for the entire personnel since 2002. Performance incentives will be paid to the personnel for results that have exceeded the targets set for each company using the earnings generated in 2015, altogether worth EUR 1.8 million.

order to secure growth as sales of printed products are decreasing and do not show any sign of improving.

Based on the above, the risks related to the Group's operations are minor. A strong cash flow and high equity ratio safeguard the continuity of the Group's operations in the case of market disturbances or other risk situations. Risks have also been hedged with property and business interruption insurance policies.

Decisions taken by the Annual General Meeting

The Annual General Meeting held on 19 March 2015 elected Olli Reenpää, Henrik Ehnrooth, Jorma Ollila, Eero Broman, Heikki Lehtonen and Alexander Lindholm as members of the Board of Directors. Pasi Vainio, Minna Castrén, Timo Kopra and Pekka Harju were elected as deputy members. Henrik Ehnrooth was elected as the Chairman. Ora Lyytikäinen served as Secretary of the Board. Kari Miettinen, Authorised Public Accountant, was re-elected as chief auditor, and Oy Audicon Ab, Authorised Public Accountants, as deputy auditor. The Annual General Meeting decided to distribute a dividend of EUR 4.50 per share, or EUR 8.8 million in total.

Furthermore, the Annual General Meeting decided to authorise the Board to pur-

chase up to 15% of the company's own shares using non-restricted equity. The authorisation is valid until the following Annual General Meeting.

Shares

The company has 1,945,085 shares. The shares have no nominal value. Each share entitles the holder to one vote at the shareholders' meeting. The transfer of shares is subject to a redemption clause in the Articles of Association.

Outlook for the current year

Otava Group expects 2016 to be another challenging year. There are no positive signs for the Finnish economy, so the operating environment will remain difficult. It is difficult to forecast the effect of curriculum reform on sales of educational materials. Magazine subscriptions, which constitute a substantial part of the Group's net sales and profit, have become more difficult to sell. It is difficult to increase net sales in the print media sector in any case. It is essential to develop new business functions, despite the fact that sales of electronic books and magazines have been low and sales have grown more slowly than anticipated. Enhancement measures and new procedures will help to maintain the Group's result, which is currently good.

Consolidated Income Statement

	2015	2014
1.1.–31.12. EUR million		
NET SALES	292.5	296.0
Change in inventories of finished goods and in work in progress	0.3	-1.1
Production for own use	1.0	0.9
Other operating income	3.9	4.0
Materials and services	-121.1	-118.3
Personnel expenses	-62.5	-63.2
Depreciation and impairment	-11.2	-12.7
Other operating expenses	-75.6	-74.2
Share of results of associated companies	0.4	0.3
	-270.0	-268.2
OPERATING PROFIT	27.8	31.6
Financial income and expenses	0.0	-0.3
PROFIT BEFORE TAXES	27.7	31.3
Income taxes	-6.9	-7.5
Minority interest	-0.1	-0.2
PROFIT FOR THE FINANCIAL YEAR	20.7	23.6

Consolidated Cash Flow Statement

EUR million	2015	2014
Cash flow from business operations	32.8	42.8
Investments	-15.8	-5.3
Cash flow before financing	17.1	37.5
Financing	-12.8	-21.8
Changes in liquid assets	4.3	15.7
Liquid assets at 31 December	36.4	32.1

Consolidated Balance Sheet

31.12. EUR million	2015	2014
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	89.4	85.9
Tangible assets	62.0	63.4
Long-term financial assets	8.4	7.0
Total non-current assets	159.8	156.3
CURRENT ASSETS		
Inventories	28.8	28.7
Short-term receivables	25.7	21.0
Cash and bank balances	36.4	32.1
Total current assets	90.8	81.9
TOTAL ASSETS	250.6	238.2
EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share capital	8.9	8.9
Share premium fund	25.0	25.0
Reserve for invested non-restricted equity	2.3	2.3
Retained earnings	120.6	105.8
Profit for the financial year	20.7	23.6
Total equity	177.5	165.6
Minority interest	0.1	0.6
LIABILITIES		
Long-term liabilities	0.7	2.8
Short-term liabilities	72.3	69.1
Total liabilities	73.0	72.0
TOTAL EQUITY AND LIABILITIES	250.6	238.2

Auditor's report

TO THE ANNUAL GENERAL MEETING OF OTAVA LTD. I have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Otava Ltd for the year ended 31 December 2015. The financial statements comprise the consolidated balance sheet, income statement and cash flow statement and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

RESPONSIBILITY OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR. The Board of Directors and the Managing Director are responsible for the preparation of financial statements and report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

AUDITOR'S RESPONSIBILITY. My responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on my audit. The Auditing Act requires that I comply with the requirements of professional ethics. I conducted my audit in accordance with good auditing practice in Finland. Good auditing practice requires that I plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

OPINION. In my opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, 12 February 2016

Kari Miettinen
Authorised Public Accountant

Group organisation 1 January 2016



* Member of the Group's management team

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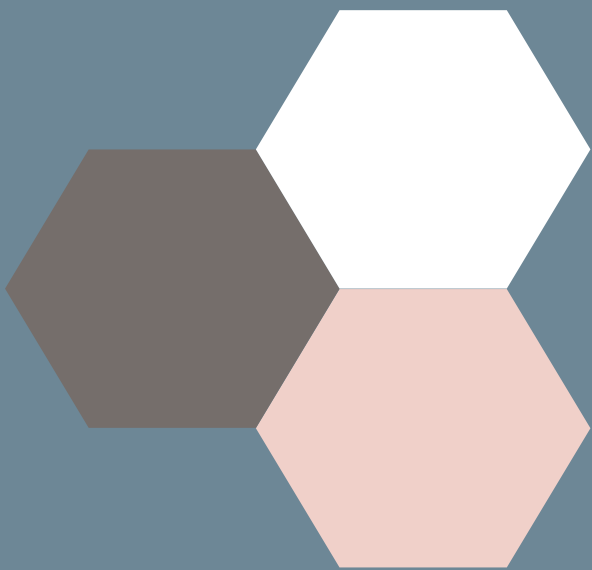
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