Ekokem Group

FINANCIAL STATEMENTS 2015

EKOKEM
Saving natural resources

CONTENTS

REPORT BY THE BOARD OF DIRECTORS FOR 2015

GROUP'S FINANCIAL PERFORMANCE IN 2015

Ekokem's net sales totalled EUR 258.3 million in 2015 (year 2014: EUR 200.8 million). Approximately 45 per cent of net sales originated from business area Detoxification, approximately 30 per cent from business area Recycling and Energy, and the remaining approximately 25 per cent from business area Environmental Construction. Ekokem's net sales consist of revenues from selling various kinds of environmental and waste management services (approximately 82 per cent of net sales in 2015) as well as revenues from selling electricity, thermal energy and recycled raw materials (approximately 18 per cent of net sales).

Net sales grew by 29 per cent compared to the previous year. This was mostly due to the acquisition of the Danish environmental management services company NORD. Without the impact of the NORD acquisition, net sales grew by 5 per cent. In 2015, approximately 63 per cent of Ekokem's net sales were attributable to operations in Finland, approximately 19 per cent to operations in Denmark, and approximately 18 per cent to operations in Sweden.

Ekokem's earnings before interest, taxes, depreciation and amortisation (EBITDA) was EUR 54.6 million in 2015 (EUR 58.6 million), and the EBITDA margin was 21.1 per cent (29.2%). The reasons for the decline in profitability included, among others, a decline of the market prices of energy and raw materials sold, the costs associated with the acquisition in Denmark and the resulting integration process (EUR 2.4 million in total), as well as periodic downtime at Ekokem's production plants. Expenses incurred from the efficiency programme launched in the autumn of 2015 also affected profitability. Successful sales especially in the field of environmental construction had a positive impact on Ekokem's business.

Adjusted EBITDA[1] amounted to EUR 56.6 million, i.e. 21.9 per cent of net sales, in 2015. Adjusted EBITDA is presented to enhance comparability, as the adjustment items – termination benefits resulting from the efficiency programme (EUR 1.5 million) and closure costs (EUR 0.5 million) – are not considered to have incurred as part of normal business operations.

The efficiency programme was launched in response to the decline in profitability and the increasingly challenging market conditions, and its aim is to achieve a total of EUR 10 million of annual savings by the end of the year 2018.

Ekokem's operating profit decreased considerably, to EUR 17.4 million (EUR 35.2 million). In addition to the decline in profitability, this was due to the considerable increase in depreciation and amortisation resulting from the acquisition in Denmark in particular. Operating profit was also affected by the impairment losses and write-offs of fixed assets during the last quarter of the year, which totalled EUR 3.0 million. The write-offs related to an extensive review of assets carried out in connection with the efficiency programme launched in the autumn.

Profit for the period decreased to EUR 9.7 million (EUR 26.7 million) and earnings per share to EUR 2.74 (EUR 7.52) due to lower profitability of the business, the aforementioned cost items, and increased depreciation and amortisation resulting from the acquisition. Adjusted profit for the period[1] amounted to EUR 13.7 million and adjusted earnings per share[1] to EUR 3.87.

[1] The adjusted EBITDA, adjusted profit for the period, and adjusted earnings per share in 2015 are presented to enhance comparability as the adjusting items are not considered to have incurred as part of normal business operations. The adjustment items consist of the following: termination benefits resulting from the efficiency programme (EUR 1.5 million) and closure costs (EUR 0.5 million) as part of operating expenses, as well as impairment losses and write-offs of fixed assets (EUR 3.0 million). After tax, the net amount of adjustments to the profit for the period is EUR 4.0 million.

KEY FIGURES (EUR MILLION)

Ekokem Group	2015	2014	2013
Net sales	258.3	200.8	195.2
EBITDA	54.6	58.6	51.7
% of net sales	21.1%	29.2%	26.5%
Operating profit	17.4	35.2	29.6
% of net sales	6.8%	17.5%	15.2%
Profit for the period	9.7	26.7	23.4
Earnings per share, EUR	2.74	7.52	6.62
Dividend per share, EUR	2.00*	3.20	2.80
Return on capital employed, %	6.9%	16.2%	14.7%
Interest-bearing net debt	106.7	33.5	60.2
Equity ratio, %	38.9%	56.6%	53.6%
Net gearing ratio, %	66.3%	20.6%	40.3%
Net cash flow from operating activities	59.9	52.4	34.4
Investments	117.0	16.6	22.0
Average number of personnel	677	465	479

*The Board of Directors' proposal to the Annual General Meeting

Formulas for the calculation of the key figures are presented on page 10. The total number of Ekokem's shares is 3,520,800 for all periods presented.

CASH FLOW, INVESTMENTS AND FINANCING

The Group's net cash flow from operations in 2015 was very strong at EUR 59.9 million (EUR 52.4 million). Investments in 2015 totalled EUR 117.0 million (EUR 16.6 million). The biggest investments of the year were the acquisition of the Danish company NORD and investments relating to the construction of the Eco Refinery and the Plastics Refinery in the Circular Economy Village in Riihimäki, Finland.

At the end of 2015, the Group's interest-bearing net debt totalled EUR 106.7 million (EUR 33.5 million). In connection with the NORD acquisition, Ekokem raised debt amounting to EUR 90 million from a new credit arrangements that mature in 2020. The loan agreements include financial covenants concerning the Group's financial performance and capital structure. The loans also include normal terms and conditions that, for example, restrict provision of guarantees as well as handing over or selling assets. The average maturity of the non-current borrowings is 3.4 (2.1) years.

The Group's cash and cash equivalents amounted to EUR 29.0 million at the end of 2015 (EUR 30.9 million). The equity ratio stood at 38.9 per cent (56.6%) and net gearing ratio at 66.3 per cent (20.6%). The ratio of interest-bearing net debt to EBITDA (net debt / EBITDA) was 2.0 (0.6).

MARKET DEVELOPMENTS

The economic uncertainty continued in 2015 and affected Ekokem Group's operating environment throughout the year. The sustained low prices of electricity, district heating and recycled materials had a negative impact on profitability. Mid-year, the international market for hazardous waste turned more challenging than expected, which resulted temporarily in low capacity utilisation during the summer of 2015. Industrial activity in Ekokem's most important customer industries has nevertheless remained at a healthy level in all market areas. The environmental construction market strengthened during 2015.

In order to fuel operational growth over the coming years, Ekokem will be focusing on developing recycling technology and expanding the service portfolio.

KEY EVENTS DURING THE FINANCIAL YEAR

Acquisition of the Danish environmental management company NORD

On 29 January 2015, Ekokem acquired the shares of the Danish environmental management company Duke Infrastructure Holding Aps ("NORD"). Before the acquisition, in 2014, the net sales of NORD group amounted to EUR 60 million, and the number of personnel to about 200. NORD, currently known as Ekokem A/S, has facilities in six locations in Denmark, and its high-temperature incineration plant for hazardous waste, located in Nyborg, is one of the biggest in Europe. The acquired companies have been included in Ekokem's consolidated figures since 1 February 2015. The integration process focused particularly in creating an operating model that would streamline Ekokem's internal processes, enhance customer service capability on our home market, the Nordic Countries, and enable future business growth. Integration of the acquired business operations to Group functions was completed by the end of 2015.

New agreements and projects

In February 2015, Ekokem won the tender process concerning remediation of the Häpesuo landfill in Nokia, Finland. The value of the landfill remediation contract is approximately five million euros. The contract is part of a EUR 10-million totality, which, in addition to remediation, includes a contract worth approximately five million euros on the disposal of contaminated soil and waste. The remediation work was launched in March and it will continue until the end of November 2016.

In May 2015, Boliden Harjavalta Oy and Ekokem signed an agreement on the construction of a final disposal site for process waste in Harjavalta, Finland. During construction, approximately 16 hectares of base structure for a final disposal site for copper smelter slag and 1.6 hectares of base structure for a final disposal site for granulated nickel slag will be prepared. The total value of these projects amounts to some EUR 13 million.

Successful completion of the Syria project

The cooperation between Ekokem and the Organisation for the Prohibition of Chemical Weapons (OPCW) relating to the treatment of hazardous waste resulting from the disposal of Syria's chemical weapons was successfully completed at Riihimäki in July 2015. The cooperation began when OPCW selected Ekokem for the task in February 2014 on the basis of a tender process. In accordance with the cooperation agreement, a total of some 6,000 tonnes of waste was treated at Riihimäki. The treatment process was completed without any problems, and ahead of schedule.

New CEO and Group Management Board

Karri Kaitue, Licentiate of Laws, became Ekokem's new CEO on 3 August 2015, after the former CEO Timo Piekkari left the position. Kaitue has versatile international business experience, having served as, for example, Deputy Chief Executive Officer of Outokumpu Oyj (2005–2011).

Ekokem restructured its organisational model and in the same connection appointed a new Group Management Board as of 10 December 2015. The new Group Management Board members are Karri Kaitue, CEO; Markus Melkko, CFO; Jani Lösönen, SVP Commercial; Hanna Masala, SVP Strategy, IR and Communications (as of 1 February 2016); Mari Puoskari, SVP New Business Ventures; Kosti Rautiainen, SVP Operations; as well as Hilppa Rautpalo, SVP Legal, HR and Risk Management.

Adoption of the Ekokem brand in Sweden and Denmark

Ekokem is known as one of the leading Finnish environmental companies. Following the adoption of the Group's common brand Ekokem at the beginning of September across all countries in which Ekokem operates, the Swedish environmental management company Sakab, acquired in June 2012, and the Danish environmental management company NORD, acquired in January 2015, were renamed Ekokem AB and Ekokem A/S, respectively, on 1 September 2015.

Circular Economy Village

The construction of the Circular Economy Village at Ekokem's plant area in Riihimäki progressed as planned. The Circular Economy Village will consist of Ekokem's Eco Refinery and Plastics Refinery, and Biotehdas Oy's biorefinery. After its expected completion in the summer of 2016, the Circular Economy Village will enable increasingly efficient recycling of municipal waste. Ekokem's share of the value of total investments in the Circular Economy Village will amount to EUR 25 million. In September, an agreement was signed on the distribution of biogas generated by the biorefinery to be built in the village in Gasum's gas network.

The efficiency programme

On 9 October 2015, Ekokem launched an efficiency programme to ensure long-term competitiveness. The purpose of the programme is to reorganise and streamline operations, and to fully leverage the synergy benefits derived from the Group's acquisitions in the Nordic Countries.

The programme aims to generate annual cost savings of approximately EUR 10 million. At least 50% of the savings (including all personnel-related savings) are expected to materialise in the Group's financial results during 2016, and the remaining 30% in 2017 and 20% from 2018 onwards, as part of the continuous improvement of business operations, once the programme has been fully implemented. The savings programmes affecting personnel launched by Ekokem as part of the programme have been completed in all countries where Ekokem operates. The negotiations concerned all Group employees, a total of some 700 people. In total, the number of employees was reduced by 58 people, 44 of which were redundancies and 14 other arrangements, such as terminations of fixed-term contracts and retirements.

The restructuring caused one-off costs amounting to approximately EUR 1.5 million, which burdened the operating profit of the last quarter of 2015. The measures did bring the targeted annual savings of EUR 3 million, which will materialise in the Group's financial results during 2016.

In connection with the launch of the efficiency programme, a more extensive review of assets was also carried out, as a result of which a total of EUR 3 million were recorded as impairment losses and write-offs of property, plant and equipment. The biggest item among them was the write-down in the value of Jepua production plant, which was defined as an asset held for sale.

Recovery of municipal waste in South-west Finland:

In November 2014, Ekokem won the contract for the recovery of municipal waste sorted at source in South-west Finland at the waste-to-energy plant to be built in Salo in a public call for tenders. However, in November 2015 the Market Court overturned the procurement decision made by the procurement pool consisting of waste management companies of South-west Finland. In its decision, the Market Court concluded that when organising the public call for tenders, the procurement pool had failed to comply with the legal rules concerning public procurement. The Court also ordered the procurement pool to organise a new call for tenders for the recovery of municipal waste. The procurement pool submitted an appeal against the Market Court decision at the Supreme Administrative Court, pending a decision.

Establishment of Ekokem Norway AS

In December 2015, Ekokem Norway AS, a new company fully owned by Ekokem Corporation, was established in Norway. By establishing a local company, Ekokem aims to provide better service to Ekokem's current and new customers in Norway.

ORDER BOOK AND PRODUCTION

Short-term technical maintenance shutdowns of Ekokem's rotary kilns intended for treatment of hazardous waste located in Finland, Sweden and Denmark had a negative impact on performance, as did the shutdown of a unit in Denmark for limiting production from June until the end of August. The grate furnace plants intended for treatment of normal operated at full capacity in 2015 in accordance with the targets set. The environmental construction business developed favourably during the year.

SHARES AND SHAREHOLDERS

Ekokem Corporation's share capital consists of series A and series B shares. The number of shares for both series is 1,760,400, totaling 3,520,800. Series A shares grant 20 votes and series B shares grant one vote at the Annual General Meeting. All shares afford equal rights to the distribution of dividends and the company's assets. Series A shares can be converted into series B shares at the shareholder's request. The company's shares are included in the book-entry securities register maintained by Euroclear Finland Ltd. Ekokem has not issued any options or other instruments entitling a holder to receive shares.

On 31 December 2015, the ownership of Ekokem was divided as follows: the State of Finland 34.1 per cent, municipalities and municipal corporations 32.1 per cent, and industry and commerce and private investors 33.8 per cent. At the end of the year, Ekokem had a total of 414 shareholders registered in the shareholder register. Ekokem is not aware of any shareholders' agreements between the company's shareholders.

At the end of 2015, members of Ekokem's Board of Directors and Group Management Board owned 0.1 per cent of the total share capital.

GROUP STRUCTURE

Ekokem Corporation is the parent company of Ekokem Group. The structure of the group consisting of the parent company and its subsidiaries is as follows:

Parent company	Name	Holding
Ekokem Corporation	Ekokem-Palvelu Oy	100%
Ekokem Corporation	Ekopartnerit Turku Oy	51%
Ekokem Corporation	Duke Infrastructure Holding ApS	100%
Ekokem Corporation	Puhosvoima Oy	100%
Ekokem Corporation	Ekokem Norway AS	100%
Ekokem Corporation	Ekokem Sweden Holding AB	100%
Ekokem Sweden Holding AB	Ekokem AB	100%
Duke Infrastructure Holding ApS	Duke Infrastructure A/S	100%
Duke Infrastructure A/S	Ekokem OW A/S	100%
Duke Infrastructure A/S	Ekokem A/S	100%
Ekokem A/S	Nordgroup Waste Management AB	100%

ENVIRONMENT, HEALTH AND SAFETY

Ekokem seeks to operate in compliance with the terms of its environmental permits and without exceeding the limit values specified for emissions or causing damage to the environment. Environmental emissions from Ekokem Group's operations complied, in all material respects, with the regulations at all production plants. Ekokem recorded two instances where flue gas emissions exceeded permit limits in 2015 (9 in 2014). Concentration and load limits for wastewater discharges were exceeded on a total of 18 (9) occasions. No serious environmental incidents giving rise to liability for damages occurred at Ekokem's production plants in 2015. Ekokem invested almost EUR 2 million in a flue gas treatment system in Riihimäki.

Ekokem Group has set a common goal of zero accidents for all Ekokem employees and contractors. Success in meeting the goal is measured per procedure and per injury as well as annually on the basis of the combined accident frequency of Ekokem and its partners. In 2015, Ekokem personnel were involved in 11 (5) lost-time accidents. Partners were involved in 11 (10) lost-time accidents. One serious accident occurred in 2015, when an employee was seriously injured in an explosion at Ekokem's oily water treatment plant in Fredericia, Denmark, in March.

In 2015, a new centralised EHSQ organisation, focusing on environmental, health, safety and quality issues, was established at the Group level. The Group's occupational safety operations were also redefined in their entirety by summarising five security rules for employees and partners. For improved occupational safety, more than 100 concrete changes that enhance occupational safety were made on the basis of observations, introducing such measures as improved uniform protective clothing and, in Finland, a new introductory e-learning tool for own employees and contractors was piloted. In addition, standardised Safety Talk observation rounds and accident investigation and information methods were launched in all countries where Ekokem operates.

The percentage of absences due to illness was 3.0 per cent (2.7%) in Finland, 3.0 per cent (2.5%) in Sweden and 3.5 per cent in Denmark.

RESEARCH AND DEVELOPMENT

Ekokem's R&D expenditure totalled EUR 3,7 million (EUR 3.1 million), representing 1.4 per cent (1.6%) of net sales.

In 2015, the focus of R&D activities was on developing processes that promote the circular economy strategy. R&D targeted particularly the development of business-oriented customer solutions within selected focus areas (chemical industry, forest industry, mining industry and metal industry) in close collaboration with the Group's business units and sales.

Between 1995 and 2015, the Ekokem Environmental scholarship fund, founded in 1994, has annually granted scholarships with a total value of EUR 1,587,045. In 2015, a total of EUR 150,000 were granted in scholarships for public research projects with relevance to environmental development.

PERSONNEL

The average number of personnel employed by Ekokem Group was 677 (465) in 2015. At the end of 2015, the number of employees was 656 (455). Of these employees, 317 (324) worked in Finland, 148 (131) in Sweden, 190 in Denmark, and one in Norway. Salaries and benefits paid by Ekokem Group totalled EUR 40.8 million in 2015 (EUR 26.0 million).

In the development of personnel, special attention has been paid to supporting the employees in the change situations resulting from integration measures and the efficiency programme. The focus areas have been the change management and implementation, and the coping with impact of change on personnel and operations. In change situations, employees have also been supported by providing coaching and support of outside experts.

KEY EVENTS AFTER THE REPORTING PERIOD

REVIEW OF THE CAPITAL STRUCTURE LAUNCHED BY EKOKEM'S BOARD OF DIRECTORS

Ekokem announced on 17 February 2016 that the company's Board of Directors had initiated a capital structure assessment, as part of which the company also considers the possibility of listing on the Nasdaq Helsinki Oy's main list. The decisions on the implementation and timing of potential initial public offering (IPO) will be made on a later date, but it would take place earliest during the second half of 2016. The four largest shareholders of the company (the State of Finland, the Association of Finnish Local and Regional Authorities, Ilmarinen Mutual Pension Insurance Company and Helsinki Region Environmental Services Authority HSY, which together own 81% of the company's shares and votes) have expressed their support for the capital structure assessment.

COLLECTION AND RECOVERY OF PLASTIC CONSUMER PACKAGING BEGAN

Collection of plastic consumer packaging began across Finland at the beginning of 2016, with Suomen Uusiomuovi Oy (SUM, Finnish Plastics Recycling Ltd), producers' community owned by the plastic packaging industry, acting as the party responsible. On the basis of an agreement between Ekokem and SUM, the collected packaging is delivered to Ekokem, and plastic waste from various sources is refined into recycled high-quality materials for the industry at Ekokem's Plastic Refinery. Ekokem received the first plastic consumer packaging in January 2016. The Plastic Refinery will become part of the Circular Economy Village Ekokem is building in Riihimäki. It is expected to become operational during the summer of 2016.

RISK MANAGEMENT

Risk management is a key part of Ekokem's management system. Ekokem assesses strategic, operative, administrative, financial and potential damage-related risks as part of its continuous operations. The Group complies with the risk management policy adopted by the Board of Directors. In accordance with its risk management policy, Ekokem strives to minimise any risks related to occupational safety or the environment in its operations. Risk management seeks to ensure the achievement of the strategic targets for the company's business operations, uninterrupted operations, as well as securing safety and no harm for environment.

The company performs risk assessments in connection with major investments. In 2015, risk assessments were made on the investment in the Circular Economy Village and the investment plan related to the Salo waste-to-energy plant. The following inspections and reviews are conducted regularly and on an annual basis: insurance company reviews, inspections by the health and chemical authorities, workplace assessments by occupational health care, industrial hygiene measurements, and biomonitoring sampling, the purpose of which is to investigate potential exposure to harmful substances and to ensure that no such exposures have occurred.

From Ekokem's perspective, significant risks include potential problems in the usability of production plants; recruitment and retaining of competent employees meeting the company's changing needs; risks related to corporate acquisitions and investments; price risks related to energy and recycled products sold; and risks related to the market environment, such as potential disadvantageous changes in legislation or in the demand-supply balance on the market. The Group conducted an assessment of key risks after the end of the reporting period, on the first quarter of 2016.

Companies belonging to Ekokem Group mainly operate in their domestic markets in Finland, Sweden and Denmark. In foreign trade, almost all invoices are denominated in euros, Swedish krona and Danish krone, and receivables are secured with guarantees. The Group's activities expose it to a variety of financial risks, such as the market risk (including foreign exchange risk and interest risk), credit risk, and liquidity risk, for the management of which various measures are taken. The Group uses derivative financial instruments to hedge interest rate exposure. For more information on the Group's financial risks and their management, see note 23 in the notes to the consolidated financial statements.

TRIALS AND ARBITRATION PROCEDURES

During reporting period 2015, the Group's Danish subsidiary Ekokem A/S (formerly known as "Nordgroup AS") was involved in arbitration related to commercial waste management service agreement with a customer. The arbitration ended at a decision taken on 11 May 2015 and confirmed by the court of arbitration, according to which the customer paid EUR 5.5 million to Ekokem A/S on 19 May 2015. The decision had no financial impact on Ekokem, because in accordance with the agreement concerning acquisition of NORD, the consequences were directly transferred to the former owner of the company.

In addition, during the 2015 reporting period, Group companies participated in certain minor disputes related to the Group's business operations. In the opinion of Ekokem's management, the resolution of these disputes will not have a material impact on the Group's financial position.

BOARD OF DIRECTORS, COMPANY MANAGEMENT AND AUDITING

Corporate governance has been organised between the company's General Meeting, Board of Directors and CEO in accordance with the Limited Liability Companies Act and Ekokem Corporation's Articles of Association. The General Meeting is the company's highest decision-making body. The Annual General Meeting appoints the Board of Directors for a term extending until the end of the following Annual General Meeting, and the company's auditors. Ekokem has a Nomination Board consisting of shareholders, established by the General Meeting and tasked with seeking competent candidates for the Board of Directors and preparing proposals regarding the selection and remuneration of Board members for the General Meeting on an annual basis. In 2015, the members of the Nomination Committee were Eero Heliövaara (State of Finland), Timo Leivo (Association of Finnish Local and Regional Authorities), Timo Ritakallio and, as from 1 December 2015, Mikko Mursula (Ilmarinen Mutual Pension Insurance Company), and Raimo Inkinen (Helsinki Region Environmental Services Authority HSY).

Ekokem's Annual General Meeting was held in Helsinki on 24 April 2015. The Annual General Meeting adopted the company's financial statements for the financial year of 1 January – 31 December 2014 and discharged the Board of Directors and the CEO from liability. The Annual General Meeting decided, according to the Board of Directors' proposal, to pay a total of EUR 11.3 million in dividends, i.e. EUR 3.20 per share. In accordance with the shareholders' Nomination Board's proposal, the Annual General Meeting decided to appoint six members to the Board of Directors. Juha Vanhainen, Leena Karessuo, Pia Björk, Karri Kaitue, Jukka Ohtola and Tiina Tuomela were re-appointed as members of the Board of Directors as per the Nomination Board's proposal. The Annual General Meeting appointed Juha Vanhainen as chairman of the Board of Directors and Leena Karessuo as vice-chairman. Karri Kaitue became Ekokem's CEO on 3 August 2015, at which time he resigned from the Board.

In accordance with the Board of Directors' proposal, the AGM also decided that the Company's domicile, as defined in the Articles of Association, is Helsinki. In accordance with the Board of Directors' proposal, the Annual General Meeting decided to change Sections 1 and 10 of the Articles of Association to reflect the change of domicile.

During 2015 reporting period, Ekokem's Board of Directors convened 18 times (10 times in 2014), with an attendance rate of 95 per cent (99%).

The Board of Directors has two committees: the HR and Remuneration Committee as well as the Audit Committee. The chairman of the HR and Remuneration Committee was Maija-Liisa Friman (until 24 April 2015), and its members were Leena Karessuo and Juha Vanhainen (chairman as of 24 April 2015). The chairman of the Audit Committee was Pia Björk and its members were Jukka Ohtola, Tiina Tuomela and Karri Kaitue (until 31 July 2015).

In accordance with the Board of Directors' proposal, the Annual General Meeting appointed Authorised Public Accountants PricewaterhouseCoopers Oy as Ekokem's auditor with Markku Launis, Authorised Public Accountant, as the principal auditor.

BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFITS

Ekokem Group's profit for the reporting period totalled EUR 13.6 million (EUR 18.9), retained earnings were EUR 80.9 million and distributable equity were EUR 104.5 million. The Board proposes a dividend of EUR 7,041,600, or EUR 2.00 per A and EUR 2.00 per B share, to be paid from retained earnings.

In accordance with the Board's proposal, the dividend will be paid on shares entered in the Shareholder Register on the record date, 3 May 2016, maintained by Euroclear Finland Ltd, and the dividend will be paid on 11 May 2016, EUR 150,000 of the retained earnings are to be transferred to Ekokem Corporation's environmental scholarship fund for the purpose of granting scholarships, and the profit for the period is to be transferred to the retained earnings account.

OUTLOOK

The landfill ban on organic waste that entered into force at the beginning of 2016 will have a positive impact on recycling and recovery of material flows for energy use in Finland, offering new business opportunities for expert companies like Ekokem. At the European level, the waste flows from Great Britain to continental Europe keep the outlook for the demand of waste treatment services stable, and we expect the utilisation rate at our primary production plants to remain good.

Ekokem's net sales are expected to grow in 2016. According to the company's view the prerequisites for its business are good and supported by, among others, the expected positive impact from the efficiency measures carried out in autumn 2015 as well as the expected completion of the Circular Economy Village investment, although the pressure from low prices of oil and energy will continue. No costs are expected to be incurred during 2016 from the integration measures relating to the acquisition carried out in 2015, or from the measures relating to the efficiency programme initiated in autumn 2015. Additional costs are expected to be recorded during 2016 relating to the capital structure assessment initiated by the company, which are also expected to weigh the reported profit.

Ekokem will continue to develop its operations and to actively explore different opportunities for expanding its business primarily in the Nordic countries. The aim is to ensure a sufficiently extensive service portfolio to enable Ekokem to act as a comprehensive partner in waste management for its industrial clients.

FORMULAS FOR THE CALCULATION OF KEY FIGURES

EBITDA	=	Operating profit + depreciation, amortisation and impairment losses	
Earnings per share, €	=	Profit for the period attributable to owners of the Company / Weighted average number of shares during reporting period	
Dividend per share, €	=	Dividend distribution / Number of outstanding shares at reporting date	
Interest-bearing net debt	=	Non-current borrowings + current borrowings - cash and cash equivalents	
Return on equity, %	=	Profit for the period / Total equity (average at beginning and end of the period)	x 100
Return on capital employed, %	=	Profit before income tax + Finance costs / Total equity + non-current and current borrowings (average at beginning and end of the period)	x 100
Equity ratio, %	=	Total equity / Total assets - advanced received	x 100
Net gearing ratio, %	=	Interest-bearing net debt / Total equity	x 100
Personnel on average	=	Total number of personnel at the end of each month divided by the number of months	
Investments	=	Investments in intangible assets and tangible assets and business acquisitions	

CONSOLIDATED INCOME STATEMENT

000 euros	Note	2015	2014	2013
Revenue	5	258 312	200 798	195 176
Other operating income	6	1 127	1 011	842
Materials and services	7	−127 470	−87 636	−87 450
Employee benefit expenses	8	−51 808	−35 417	−36 756
Other operating expenses	9	−25 573	−20 143	−20 077
Depreciation, amortisation and impairment losses	14,15	−37 142	−23 419	−22 116
OPERATING PROFIT		**17 446**	**35 194**	**29 619**
Finance income	10	359	1 251	1 654
Finance costs	10	−3 812	−2 507	−2 790
Finance costs, net		−3 453	−1 256	−1 136
Profit before income tax		**13 993**	**33 938**	**28 483**
Income tax expense	11	−4 250	−7 257	−5 070
PROFIT FOR THE PERIOD		**9 743**	**26 681**	**23 413**
Attributable to:				
Owners of the Company		9 641	26 465	23 296
Non-controlling interests		102	215	117
Earnings per share for profit attributable to the equity owners of the Company (EUR per share)				
Basic and diluted earnings per share	12	2.74	7.52	6.62

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

000 euros	Note	2015	2014	2013
PROFIT FOR THE PERIOD		**9 743**	**26 681**	**23 413**
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX				
Items that may be reclassified to income statement:				
Change in the fair value of equity investments	23	1	−175	55
Translation differences		717	−3 148	−1 019
Cash flow hedges, net		−579		
Other comprehensive income for the period, net of tax		139	-3 323	-964
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**9 882**	**23 358**	**22 449**
Attributable to:				
Owners of the company		9 780	23 142	22 332
Non-controlling interests		102	215	117

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

000 euros	Note	31 Dec 2015	31 Dec 2014	31 Dec 2013
ASSETS				
Non-current assets				
Goodwill	13	28 297	14 001	15 274
Other intangible assets	14	7 371	1 743	1 968
Property, plant and equipment	15	307 027	214 355	217 100
Equity investments	16	693	679	928
Total non-current assets		**343 389**	**230 777**	**235 270**
Current assets				
Inventories	17	8 578	5 859	5 357
Trade receivables		40 874	32 870	32 869
Income tax receivables		1 992	7	979
Other receivables		4 113	618	5 356
Prepayments and accrued income	5	3 947	6 120	7 131
Cash and cash equivalents	18	29 042	30 926	12 918
Total current assets		**88 546**	**76 400**	**64 611**
Assets held for sale	19	8 501		
TOTAL ASSETS		**440 436**	**307 177**	**299 881**
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	20	5 985	5 985	5 985
Other reserves	20	2 565	2 565	2 565
Scholarship reserve	20	349	349	342
Translation differences	20	−1 928	−2 645	503
Fair value reserve	20	−577	1	176
Retained earnings	20	144 249	129 200	116 062
Profit for the period	20	9 641	26 465	23 296
Equity attributable to owners of the Company		**160 283**	**161 921**	**148 929**
Non-controlling interests		643	639	424
Total equity		**160 926**	**162 560**	**149 353**
Non-current liabilities				
Borrowings	23	102 395	45 687	63 858
Deferred tax liabilities	21	31 467	12 902	12 241
Provisions	22	33 877	19 070	13 080
Total non-current liabilities		**167 739**	**77 659**	**89 179**
Current liabilities				
Borrowings	23	25 152	18 735	9 352
Deferred revenue	5	26 572	19 016	19 913
Trade payables	23	22 144	13 023	11 552
Income tax liabilities		4 185	574	788
Prepayments and other current liabilities	23	7 516	5 586	9 453
Accrued liabilities	5	16 285	10 024	10 291
Provisions	22	1 007		
Total current liabilities		**102 860**	**66 959**	**61 348**
Total liabilities		**270 598**	**144 617**	**150 528**
Liabilities directly associated with assets held for sale	19	8 911		
TOTAL EQUITY AND LIABILITIES		**440 436**	**307 177**	**299 881**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

000 euros	Share capital	Other reserves	Scholarship reserve	Translation differences	Fair value reserve	Retained earnings	Total	Non-controlling interests	Total equity
	Equity attributable to owners of the Company								
Equity at 1 Jan 2013	**5 985**	**2 565**	**305**	**1 522**	**121**	**124 662**	**135 160**	**307**	**135 467**
Comprehensive income									
Profit for the period						23 296	23 296	117	23 413
Other comprehensive income for the year, net of income tax									
Equity investments					55		55		55
Translation differences				−1 019			−1 019		−1 019
Total comprehensive income for the period				**−1 019**	**55**	**23 296**	**22 332**	**117**	**22 449**
Transactions with owners									
Dividend distribution						−8 450	−8 450		−8 450
Scholarships transferred and granted (net)			37			−150	−113		−113
Transactions with owners, total			**37**			**−8 600**	**−8 563**		**−8 563**
EQUITY AT 31 DEC 2013	**5 985**	**2 565**	**342**	**503**	**176**	**139 358**	**148 929**	**424**	**149 353**
Equity at 1 Jan 2014	**5 985**	**2 565**	**342**	**503**	**176**	**139 358**	**148 929**	**424**	**149 353**
Comprehensive income									
Profit for the period						26 465	26 465	215	26 681
Other comprehensive income for the year, net of income tax									
Equity investments					−175		−175		−175
Translation differences				−3 148			−3 148		−3 148
Total comprehensive income for the period				−3 148	−175	26 465	23 143	215	23 358
Transactions with owners									
Dividend distribution						−10 008	−10 008		−10 008
Scholarships transferred and granted (net)			7			−150	−143		−143
Transactions with owners, total			7			−10 158	−10 151		−10 151
EQUITY AT 31 DEC 2014	**5 985**	**2 565**	**349**	**−2 645**	**1**	**155 665**	**161 921**	**639**	**162 560**
Equity at 1 Jan 2015	**5 985**	**2 565**	**349**	**−2 645**	**1**	**155 665**	**161 921**	**639**	**162 560**
Comprehensive income									
Profit for the period						9 641	9 641	102	9 743
Other comprehensive income for the year, net of income tax									
Equity investments					1		1		1
Translation differences				717			717		717
Cash flow hedges					−579		−579		−579
Total comprehensive income for the period				**717**	**−578**	**9 641**	**9 780**	**102**	**9 882**
Transactions with owners									
Dividend distribution						−11 267	−11 267	−98	−11 365
Scholarships transferred and granted (net)						−150	−150		−150
Transactions with owners, total						−11 417	−11 417	−98	−11 515
EQUITY AT 31 DEC 2015	**5 985**	**2 565**	**349**	**−1 928**	**−577**	**153 890**	**160 283**	**643**	**160 926**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

000 euros	Note	2015	2014	2013
Cash flows from operating activities				
Profit before income tax		13 993	33 938	28 483
Adjustments for:				
Depreciation, amortisation and impairment losses	14, 15	37 142	23 418	22 116
Unrealised exchange rate gains and losses		118	−528	−702
Other revenues and costs non cash affected		-127	−265	1 346
Finance income and costs		3 335	1 784	1 838
Cash flows before change in working capital		54 460	58 347	53 082
Changes in net working capital:				
Increase (-) / decrease (+) in inventories		−389	−502	−478
Increase (-) / decrease (+) in trade and other receivables		7 811	4 925	−10 978
Increase (+) / decrease (-) in trade payables and other liabilities		5 471	−2 591	3 286
Change in working capital		12 893	1 832	−8 170
Interest paid		−2 296	−2 131	−2 826
Dividends received			13	12
Interest received		246	192	234
Income taxes paid		−5 359	−5 853	−7 917
		−7 410	−7 779	−10 497
NET CASH FROM OPERATING ACTIVITIES		**59 944**	**52 400**	**34 415**
Cash flows from investing activities				
Payments for property, plant and equipment		−24 098	−16 611	−22 016
Payment for acquisition of subsidiaries, net cash acquired	3	−92 969		
Proceeds from sale of property, plant and equipment		87	81	486
Proceeds from sale of equity investments			264	0
NET CASH USED IN INVESTING ACTIVITIES		**−116 980**	**−16 266**	**−21 530**
Cash flows from financing activities				
Proceeds from borrowings		89 684	1 213	1 787
Repayment of borrowings		−22 468	−8 234	−7 937
Finance lease payments		−817	−992	−814
Dividends paid		−11 235	−9 761	−8 356
Scholarships paid		−122	−147	−123
NET CASH FROM FINANCING ACTIVITIES		**55 042**	**−17 921**	**−15 443**
CHANGE IN CASH AND CASH EQUIVALENTS		**−1 994**	**18 213**	**−2 558**
Cash and cash equivalents at the beginning of the period		30 926	12 918	15 627
Change in cash and cash equivalents		−1 994	18 213	−2 558
Effect on exchange rate gains (+) / losses (-) on cash and cash equivalents		110	−205	−151
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**29 042**	**30 926**	**12 918**

The accompanying notes are an integral part of these consolidated financial statements.

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1. GENERAL

Ekokem Group ("Ekokem", "the Group") is a Nordic circular economy company providing environmental management and material efficiency services. We offer recycling, recovery and final disposal solutions as well as soil remediation and environmental construction services. In addition, we sell energy and recycled materials as a by-product of our operations. We operate in Finland, Sweden, Denmark and Norway.

Our goals are saving natural resources and promoting the circular economy.

The Group's parent company is Ekokem Corporation ("the Company"). The parent company is domiciled in Helsinki, Finland (business ID: 0350017-4) and its registered address is Kuulojankatu 1, 11120 Riihimäki, Finland. A copy of the consolidated financial statements can be obtained from the above mentioned address.

2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

Ekokem's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The notes to our consolidated financial statements comply also with the requirements of the Finnish accounting and corporate legislation.

Ekokem's financial statements are prepared on historical cost basis with the exception of available-for sale financial assets and derivative financial instruments, which are measured at fair value. Ekokem's consolidated financial statements are prepared on a going concern basis.

Ekokem presents its financial statements in thousands of euros which is our parent company's functional currency. In preparing 2015 IFRS financial statements, certain financial information for prior years have been reclassified in order for the information to be consistent and comparable with year 2015 presentation.

Ekokem's Board of Directors authorized these consolidated financial statements for issue at its meeting on March 30, 2016 and these consolidated financial statements are presented for our annual general meeting for approval on April 29, 2016.

CONSOLIDATION AND ACQUISITIONS

Ekokem's consolidated financial statements comprise the financial statements of the parent and all entities it controls (its subsidiaries). Control exists where the Group is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the entity.

We consolidate our subsidiaries from the date on which we obtain control and deconsolidate from the date that control ceases. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

We apply the acquisition method of accounting to account for the purchase of subsidiaries. Purchase consideration is measured at fair value and all of our acquisitions have comprised of cash considerations. Transaction costs related to the acquisitions are charged to the income statement as incurred and presented under other operating expenses.

Identifiable assets and liabilities and contingent liabilities assumed, with limited exceptions, are recognized at fair value at the acquisition date and goodwill is the resulting difference between the purchase consideration and the fair valued acquired net assets.

In situations, where the initial accounting for an acquisition is incomplete by the end of the reporting period, Ekokem reports provisional amounts and adjusts them during the measurement period once the fair value allocation process is finalized.

REVENUE RECOGNITION

Revenue represents the fair value of consideration received or receivable, excluding sales taxes and discounts, for services provided and energy, recycled materials and goods sold (e.g. waste bins and containers) in the normal course of business.

Revenue for waste treatment services is recognized over time, when the underlying treatment is performed and our performance obligation is satisfied. Waste treatment services comprise mainly processing and transporting multiple waste types, like non-hazardous and hazardous waste or contaminated soils. Services are generally charged on a per-ton basis of waste processed based on contracted prices for receiving waste and the subsequent obligation for safely treating the waste.

Revenue from sales of recycled materials arising from the waste treatment processes are recognized when the title, risks and rewards have passed to the buyer, generally at delivery. Revenue from sale of energy generated from waste treatment furnaces and kilns is recognized based on the volumes of energy produced, billed at contracted prices, generally on per-MWh-basis.

Revenue from environmental construction projects, comprising of contracts such as design and construction of landfill sites and soil remediation and decommissioning projects, is recognized by reference to the stage of completion of the underlying construction work.

FOREIGN CURRENCIES

Functional and presentation currency

Items included in the financial statements of each of Ekokem's group entities are measured using the entity's functional currency. Ekokem's consolidated financial statements are presented in EUR, which is our parent company's functional and presentation currency.

Foreign currency transactions and foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. At each balance sheet date:

- Monetary items denominated in foreign currencies are translated at the balance sheet exchange rates and resulting gains and losses are recognized in the income statement for the period to which they relate
- Non-monetary assets and liabilities are measured at the historical cost applicable at the date of transaction.

The income statement and balance sheet items of our foreign operations that have a functional currency different from our presentation currency are translated into euros as follows:

- Assets and liabilities are translated using the closing rate at the balance sheet date
- Income and expenses are translated at average exchange rates, and
- All resulting exchange differences are recognized in other comprehensive income as translation adjustment.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income as translation adjustment.

LEASING

Ekokem as the lessee

Ekokem holds various assets such as land areas, buildings, office premises, vehicles and machinery and equipment under lease contracts. Lease contracts are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to Ekokem. Assets held under finance leases are initially recognized as assets at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation. The interest element of the lease payment is recognized in the income statement over the period of the lease.

All other leases are treated as operating leases. Payments made under operating leases are recognized as an expense on a straight-line basis over the lease term. Landfill sites and treatment areas leased are treated as operating leases. Obligations to cover the leased landfills are capitalized and recognized in the income statement over the useful life of the asset.

Ekokem as the lessor

Ekokem recognizes lease income on a straight-line basis over the lease term arising from leases of land and property subleases which are classified as operating leases.

GOVERNMENT GRANTS

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and Ekokem will comply with the attached conditions. Ekokem recognizes grants received either in the income statement as other operating income to match them with the costs that they are intended to compensate or as a deduction of the acquisition cost of a purchase of a fixed asset.

EMPLOYEE BENEFITS

Ekokem recognizes the cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care) in the period in which the service is rendered. These benefit costs are not discounted.

Incentive plans and bonuses are recognized as a liability and expense when the employee has met the performance conditions and Ekokem is obliged to make such payments.

Ekokem operates various post-employment schemes which are all categorized as defined contribution plans. Payments to defined contribution retirement benefit plans (including state-plans) are charged as an expense when employees have rendered service entitling them to the contributions.

Termination benefits are recognized as a liability at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognizes any related restructuring costs. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

TAXATION

Income tax expense for the year comprises current and deferred tax. Tax items are recognized in the income statement, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Current tax is calculated on the basis of tax rates that have been enacted or substantively enacted at the balance sheet date. Our management periodically evaluates tax items subject to interpretation and establishes provisions on individual tax items where in the judgement of management the position is uncertain.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities in the financial statements and their tax bases. Deferred tax liabilities are generally recognized for all taxable temporary differences except if they arise from the initial recognition of goodwill. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

TANGIBLE AND INTANGIBLE ASSETS

Ekokem's tangible assets comprise of real estate, buildings, waste to energy plants, high temperature incineration plants (including their ancillary process equipment), and other equipment such as vehicles and machinery and equipment used in providing waste treatment, energy generation, recycling and environmental construction services. We measure tangible assets at cost less accumulated depreciation and any impairment losses. Cost includes the original purchase price of the asset and costs attributable bringing the asset to its working condition for its intended use. Depreciation begins when the asset is available for use and depreciation is recognized on a straight-line basis over the estimated useful lives with the exception of landfill sites. The estimated useful lives are reviewed and adjusted if appropriate at each balance sheet date.

Landfill sites and treatment areas are recognized initially at fair value (acquisition cost) and subsequently at cost less accumulated depreciation and any impairment losses. Annual amortization of the landfill sites reflects void space annual consumption. Landfill site development costs including engineering works and the discounted cost of the obligation to cover landfills are capitalized as part of the acquisition cost. Treatment areas are depreciated over the estimated useful life based on their usage.

An intangible asset is recognized when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

Assets are derecognized on disposal, or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition of an asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in the income statement when the asset is derecognized.

Average depreciation periods per asset group are the following:

Customer relationships	15 years
Intangible rights (e.g. patents, licenses and contractual assets)	5–9 years
Landfill sites	Void space consumption
Treatment areas	10 years
Buildings and constructions	7–30 years
Plants and facilities	5–25 years
Vehicles and other process related transportation equipment	5–25 years
Other machinery and equipment	5–25 years

All of our non-financial assets other than goodwill are subject to annual amortization and depreciation and we test them for impairment whenever events or changes in circumstances indicate that the balance sheet carrying amount may not be recoverable. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. For impairment assessment, we group assets at the lowest level for which there are separately identifiable cash flows. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Any impairments are charged to the income statement immediately. Intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Impaired assets, other than goodwill, are reviewed for possible reversals periodically.

Goodwill

The key decisions to run Ekokem's business operations are currently made based on group level data. This is evident based on both our management structure and the information provided on a regular basis to the Chief Executive Officer – who we consider as our Chief Operating Decision Maker. Accordingly, we have concluded that Ekokem as a whole constitutes a single operating and reportable segment.

Ekokem tests goodwill for impairment annually on a group of cash-generating unit level. Any impairment is charged immediately to the income statement and is not reversed in a subsequent period. For the purpose of impairment tests, goodwill is allocated to those groups of CGUs which we expect to benefit from the acquisitions. We have considered the three business units of Ekokem as the CGU groups and goodwill is allocated to each one of them: Detoxification, Recycling & Energy, and Environmental Construction. This also represents the lowest level at which we monitor goodwill. Details of goodwill impairment testing are provided in note 13. More information on the assumptions and estimates used in the goodwill impairment testing is provided under the section Critical accounting judgements and key sources of estimation uncertainty.

Our goodwill has mainly arisen from acquisitions of Nordgroup in 2015 and Sakab in 2012. See note 3 for details on the Nordgroup acquisition.

Research and development costs

Research activity expense is recognized as in the period in which it is incurred. An internally-generated intangible asset arising from development is recognized, if completing the asset is considered technically feasible, there is intention and adequate technical, financial and other resources available to complete the asset and ability to use it, future economic benefits are probable and we can measure development expenses reliably. If the recognition criteria are not met, internally-generated intangible asset development costs are charged to the income statement in the period in which they are incurred. We report research and development costs based on the nature of the costs under materials and services and personnel costs.

INVENTORIES

Our inventories comprise recycled materials and waste bins and containers sold in the ordinary course of business and consumable spare parts for process equipment. Inventories are stated at the lower of cost and net realizable value measured on a first-in-first-out basis.

ASSETS CLASSIFIED AS HELD FOR SALE

Assets classified as held for sale are measured at the lower of carrying amount and the fair value less costs to sell.

PROVISIONS

Provisions for restructuring costs, onerous contracts, and legal claims are recognized when Ekokem has a present legal or constructive obligation as a result of past events, it is probable that a cash outflow will be required to settle the obligation and we can estimate the amount reliably. Provisions are not recognized for any estimated future operating losses. The unwinding of the discount to present value is included as interest expense within finance cost.

October 2015 Ekokem launched an efficiency program to ensure long-term competitiveness. The efficiency program aims at reorganize and streamline operations and to fully leverage the synergy benefits derived from the Nordic mergers and acquisitions. Accordingly, Ekokem recognized a provision in the fourth quarter of 2015 once the detailed restructuring plan had been announced to the personnel affected by the plan.

Ekokem recognizes a provision for future warranty costs. Ekokem assesses periodically the sufficiency of warranty provisions, based on both realized costs and estimated future costs.

Ekokem's waste treatment services that include the use of landfill sites and treatment areas result in different types of environmental related obligations: obligation to cover landfills and aftercare obligations and clean-up obligations of contaminated land areas which are recognized as provisions in the balance sheet. These industry specifics provisions are classified as non-current items on the balance sheet as Ekokem's obligation is not expected to be realized during the next 12 months.

Obligation to cover landfills and clean-up obligation for contaminated land areas

Ekokem has obligation to cover landfills and clean-up obligations for contaminated land areas based on local environmental protection regulation of our operating countries.

Provisions are determined based on the surface area of the landfill site, remaining land area to be landscaped or otherwise cleaned-up, and the unit cost of conducting the coverage and clean-up activities in the future. The estimated expenditures are then discounted to net present value using an appropriate interest rate as the discount rate.

Aftercare and monitoring obligation

Ekokem has recognized aftercare provisions based on local environmental protection regulation of the operating countries, which typically stipulate landfill permit holders requirement to take into account potential danger or harm to health or the environment posed by a landfill site for a period of at least 30 (up to 60) years after the coverage procedures of the site. The aftercare and monitoring provision is determined on the basis of estimated costs for the period, estimated number of years of filling the landfill (void space usage) and the number of years that Ekokem has operated in the landfill site. The estimated expenditures are then discounted to net present value using an appropriate interest rate as the discount rate.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are generally recognized at the settlement date and they are initially measured at fair value including any directly attributable transaction costs with the exception of transaction costs related to financial assets and financial liabilities at fair value through profit or loss, "FVTPL" which are recognized immediately as expenses in the income statement.

Financial assets

Our financial assets are classified into the following specified categories: fair value through profit and loss financial assets ("FVTPL") comprising generally of derivatives that are not hedge accounted for, available-for-sale ("AFS") financial assets comprising of minor equity investments and receivables which are trade receivables originated in the normal course of business.

Our FVTPL assets are recognized at the trade date and fair valued at each balance sheet date with changes in fair value recognized in the income statement under finance income or finance costs.

Our AFS financial assets comprise mainly of investments in unquoted shares and we fair value them at each balance sheet date with changes in fair value recognized through other comprehensive income under revaluation reserve. Any dividends we receive on these investments are recognized under dividend income within financial income in the income statement. We assess impairment for our AFS assets periodically and in situations where there is a significant decline in the fair value of the security below cost or the fair value has been below cost for a prolonged time, we recognize an impairment loss and recognize any cumulative losses from the revaluation reserve to the income statement.

Trade receivables are measured initially at fair value and subsequently at amortized cost less any accumulated impairment losses. We assess impairment on our receivables on a periodic basis and establish any provision on an individual receivable basis. The main indicators we follow as impairment assessment triggers are delayed payments, generic economic sentiment within the industry and potential restructuring of the customer.

Cash and cash equivalents comprise cash on hand and demand deposits.

Financial liabilities

Financial liabilities are initially recognized at fair value and subsequently at amortized cost, using the effective interest method with the exception of liabilities at FVTPL. Any difference between the proceeds received (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings as part of the amortized cost. Financial liabilities are derecognized when the liability is settled, cancelled or it expires. Gains and losses at derecognition are recognized through the income statement.

Ekokem's financial liabilities at FVTPL include derivatives that are not designated and effective as hedging instruments and are initially recognized at fair value and subsequent gains or losses arising on fair value changes are recognized in the income statement.

Hedge accounting

Ekokem has designated certain interest rate derivatives as hedges of changes in cash flows attributable to designated benchmark rate with a recognized interest-bearing borrowing. Ekokem documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking the hedging transaction. Ekokem also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the income statement within financial income or expense. Amounts accumulated in equity are reclassified to the income statement in the periods when the hedged interest cash flow affects the profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognized in the income statement within interest expense.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized in the income statement when the forecasted transaction is ultimately recognized in the income statement.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of Ekokem's accounting policies management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and any affected future period.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- Environmental provisions
- Goodwill impairment testing
- Recoverability of deferred tax assets
- Acquisitions

Environmental provisions related to obligation to cover landfills, aftercare and monitoring obligations of landfill sites and clean-up obligations of treatment areas

Provisions for landfills and treatment areas in use by Ekokem are determined based on the net present value (NPV) of Ekokem's total estimated unavoidable coverage, aftercare, monitoring and clean-up costs. The estimates are based on the expenses incurred for similar activities in the current reporting period taking into account the effect of inflation, cost-base development and discounting. Assumptions are also used in assessing the time periods for which the coverage and clean-up costs are incurred and the aftercare and monitoring obligations are realized. Estimates of the amounts of provisions recognized are based on current legal and constructive requirements, technology and price levels. Because actual outflows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are regularly reviewed and adjusted to take into account of any such changes. The discount rate applied is reviewed annually.

Provisions recognized for future costs related to obligation to cover landfills, aftercare and monitoring obligations of landfills amounted to EUR 24.6 million at December 31, 2015 (EUR 17.6 million at December 31, 2014 and EUR 11.6 million at December 31, 2013). See note 22 for more information on the provisions.

Goodwill impairment testing

Determining whether goodwill is impaired requires an estimation of the value in use of the groups of cash-generating units to which goodwill has been allocated for impairment testing. The value in use calculation requires management to estimate future cash flows expected to arise from the group of cash-generating units and a suitable discount rate in order to calculate present value. The most significant assumptions in goodwill impairment testing comprise of budgeted gross margin levels, determination of the discount rate (WACC), the period of projected cash flows and long-term growth rate used.

The carrying amount of goodwill at December 31, 2015 was EUR 28.3 million (December 31, 2014: EUR 14.0 million and December 31, 2013: EUR 15.3 million).

Recoverability of deferred tax assets

Management judgement is required in assessing whether deferred tax assets and certain deferred tax liabilities are recognized on the balance sheet. Deferred tax assets are recognized only where it is considered probable that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. Estimates of these future cash flows are dependent on the management's estimates that relate among others to the amount of future net sales, operating costs, finance costs and taxes. The Group's ability to generate taxable income depend also factors related to general economy, finance, competitiveness and regulations that the Group is unable to control. These estimates and assumptions are subject to risk and uncertainty, hence it is possible that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognized on the balance sheet and the amount of temporary differences. Deferred tax assets that comprise mainly unutilized tax loss carryforwards, provisions and non-deductible expenses that can be deducted from the following years' taxable income, amounted to EUR 8.5 million at December 31, 2015 (December 31, 2014: EUR 5.2 million, December 31, 2013; EUR 5.1 million).

Acquisitions

Net assets acquired through acquisitions are measured at fair value. The consideration exceeding the value of assets acquired is recognized as goodwill. The measurement of fair value of the assets is based on estimated market value of similar assets (tangible assets), estimate of expected cash flows (intangible assets such as customer relationships) or estimate of payments required to fulfil an obligation (such as aftercare provisions or obligations related to lease agreements).

Active markets, where fair values for assets and liabilities are available, exist only seldom for the acquired net assets. Therefore the valuation exercise, which is based on repurchase value, expected cash flows or estimated payments, requires management judgement and assumptions. Management believes that the estimates and assumptions used are sufficiently reliable for determining fair values. More information on the measurement of fair value of the assets acquired and liabilities assumed through acquisitions is presented in note 3, Acquisitions.

NEW AND AMENDED STANDARDS ADOPTED BY EKOKEM

Starting from 1 January 2015, Ekokem has adopted the following new standards and amendments:

- IFRIC 21 Levies. This interpretation relates to IAS 37 Provisions, contingent liabilities and contingent assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event. The interpretation addresses what the obligating event is that gives rise to the payment of a levy and when a liability should be recognized.
- Amendments to IAS 19 Defined benefit plans: Employee Contributions.
- The annual improvements cycles 2010–2012 and 2011–2013 included various amendments and clarifications to IFRSs.

These amendments and clarifications did not have a material impact on Ekokem's consolidated financial statements.

NEW AND AMENDED STANDARDS NOT YET ADOPTED BY EKOKEM

Certain new accounting standards have been published that are not mandatory for 31 December 2015 reporting period and which have not been early adopted by Ekokem. Management's assessment of the impact of these new standards is set out below.

IFRS 9 Financial Instruments and subsequent amendments (effective from 1 January 2018). IFRS 9 will replace the existing guidance in IAS 39 Financial instruments: Recognition and measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. Based on the initial assessment, it is expected that the impact of the new classification and measurement rules will not have significant impact on Ekokem's financial reporting. The new rules for measuring impairment on financial assets will change Ekokem's credit loss measurement but this impact has not been quantified yet. The changes in the hedge accounting rules are not expected to result in significant changes in Ekokem's hedge accounting model. The standard is not yet endorsed by the EU.

IFRS 15 Revenue from contracts with customers (effective from 1 January 2018). IFRS 15 replaces existing revenue recognition guidance in IAS 18 Revenue, IAS 11 Construction contracts, and related interpretations. IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. Based on the initial impact assessment, it is expected that the new standard will result in changes in the timing of revenue recognition related to certain products due to revised rules for revenue recognition under percentage of completion method. However, as the assessment is ongoing, it is not possible to estimate the size of the impact yet. The new standard also requires more fragmented revenue recognition due to the requirement to recognize revenue separately for each distinct performance obligation. It is possible that this may change the timing of revenue recognition but it is not yet possible to estimate the overall impact of this change. The standard is not yet endorsed by the EU.

IASB published new leasing standard IFRS 16 in January 2016. The standard will be effective from 1 January 2019. According to preliminary evaluation, Ekokem expects the new standard to have an impact to its financial statements. Landfill sites, office and real estate rental agreements and machinery and equipment used in the operations currently classified as operating leases will be recognized as right to use -assets and leasing liabilities in the balance sheet. Currently future operating lease payments are presented as off-balance sheet items in the notes (note 26) as operating lease commitments. The standard is not yet endorsed by the EU.

There are no other standards that are not yet effective and that would be expected to have a material impact on Ekokem's financial statements.

3. BUSINESS COMBINATIONS

On 29 January 2015 Ekokem acquired all shares in Duke Infrastructure Holding APS ("Nordgroup") from Hertog Infrastructure B.V whose controlling parent company was EQT Infrastructure Limited, domiciled in the island of Guernsay. The purchase consideration was paid in cash and was financed with two separate bank loans and cash and cash equivalents.

Nordgroup is a Danish environmental management company. Nordgroup's three business areas are hazardous waste processing, treatment of oily waters and clean-up projects.

The acquisition will enable Ekokem's growth in the Nordic countries as a company focused on circular economy generating added value to its customers by improving material and energy efficiency and seeking new recycling opportunities. Nordgroup will strengthen Ekokem's water treatment technology and expertise. Goodwill of EUR 14.0 million arising from the acquisition is attributable to the workforce of the acquired business, synergy benefits and the growth of the market.   Goodwill is not deductible for tax purposes.

The acquisition-related costs of EUR 0.8 million have been expensed in the consolidated income statement for the year ended 31 December 2014 and EUR 0.7 million in the first quarter of 2015. These costs are included in other operating expenses in the consolidated income statement.

The acquired business has been consolidated in the Ekokem's consolidated financial statements from the acquisition date. Details of the purchase consideration, the net assets acquired and goodwill for the Nordgroup acquisition are as follows:

Purchase considerations (000 euros)	
Cash paid	95 141
Indemnification liability	5 408
TOTAL PURCHASE CONSIDERATION	**100 549**

Net assets acquired	**Fair value**
Tangible assets	114 256
Intangible assets: customer relationships	6 292
Equity investments	14
Inventories	2 584
Trade receivables	15 504
Accrued income and other receivables	1 993
Cash and cash equivalents	8 312
Deferred tax liabilities	−18 644
Borrowings	−4 670
Provisions	−20 698
Prepayments	−6 852
Trade payables	−2 166
Accruals, deferred income and other current liabilities	−6 422
Tax liabilities based on taxable income for the period	−2 985
Net assets acquired	**86 519**
Goodwill	**14 030**
TOTAL	**100 549**

INDEMNIFICATION LIABILITY

The collectability of the accounts receivable balance of EUR 10.5 million from Nordgroup's single customer was uncertain as receivables relate to the contract and additional billing under dispute. The dispute was brought for the arbitration court for settlement by the customer and Nordgroup. Ekokem and the seller agreed that the seller is responsible for settling the dispute and will also receive economic benefits or pay for economic losses which might result from associated solution to the dispute. Ekokem recognized a corresponding liability measured at fair value in regards to the receivable under dispute. The liability is accounted for as part of the consideration transferred for the business combination. The dispute was settled by the court of arbitration at the end of reporting period. Customer has paid to Nordgroup EUR 5.5 million pursuant to the court decision and the liability is released against the receivable.

TRADE RECEIVABLES

The fair value of trade receivables amounts to EUR 15.5 million. Trade receivables do not include significant uncollectible balances.

PROVISIONS

The fair value of the acquiree's provisions of EUR 20.7 million consists of liabilities relating to the aftercare obligation of the Klintholm landfill amounting to EUR 11.3 million, restoration obligations relating to leased sites amounting to EUR 5.8 million and liabilities relating to Klintholm landfill lease agreement amounting to EUR 3.6 million.

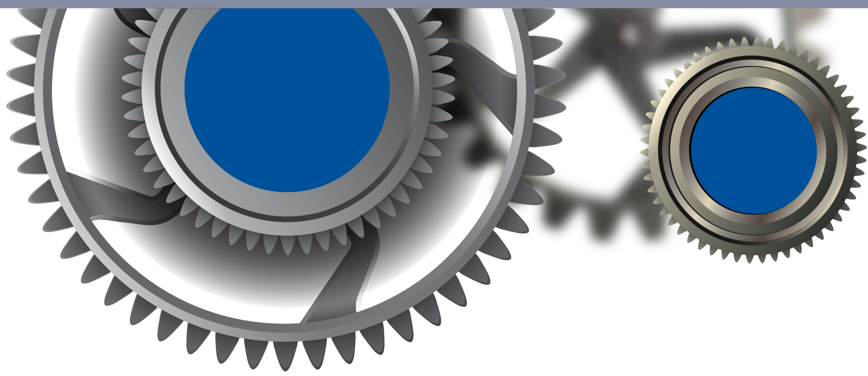
The remaining leasing period for the lease agreement on Klintholm landfill is 19 years and according to the current plan Nordgroup will not utilize the landfill within the remaining leasing period. If the Ekokem determines to reopen the landfill, the obligation relating to the lease agreement may significantly decrease. Obligation to aftercare Klintholm landfill site is estimated to last 60 years. The provision for an obligation to restore the contaminated land and clean the leased sites includes 7 separate cancellable lease agreements for which the average remaining lease period is estimated to be 20 years. Provision relating to restoration obligation of contaminated land includes management estimates of the remediation needs and the associated costs.

Nordgroup contribution to Ekokem's consolidated income statement for year 2015

Nordgroup's net sales included in the consolidated statement of comprehensive income from the acquisition date amounts to EUR 49.2 million. The profit for the year 2015 generated by Norgroup amounts to EUR 0.8 million.

PURCHASE CONSIDERATION – CASH OUTFLOW

Purchase consideration (000 euros)	
Cash paid	101 281
Less: Cash acquired	−8 312
NET OUTFLOW OF CASH - INVESTING ACTIVITIES	**92 969**



4. OPERATING SEGMENTS

The Chief Executive Officer is the chief operating decision maker at the Ekokem group level. Ekokem's business operations and results are reported under a single reportable operating segment. Ekokem has not aggregated operating segments and therefore a single reportable segment is the Ekokem group. The Chief Executive Officer evaluates the profitability of the group based on EBITDA measure (earning before financial items, taxes, depreciations and amortisations).

Net sales by geographical area

000 euros	2015	2014	2013
Finland	163 909	159 128	147 924
Sweden	45 205	41 670	47 252
Denmark	49 198		
TOTAL REVENUE	**258 312**	**200 798**	**195 176**

Net sales by geographical areas are presented based on the country where waste treatment solutions and services are produced.

Non-current assets by geographical area

000 euros	2015	2014	2013
Finland	166 314	181 088	181 555
Sweden	51 034	49 689	53 715
Denmark	126 041		
TOTAL NON-CURRENT ASSETS	**343 389**	**230 777**	**235 270**

Non-current assets by geographical area are disclosed based on the location of the assets.

EBITDA

The reconciliation of the group's operating profit to the EBITDA measure is shown in the table below:

000 euros	2015	2014	2013
Operating profit	17 446	35 194	29 619
Depreciation, amortisation and impairment losses	37 142	23 419	22 116
EBITDA	**54 588**	**58 613**	**51 735**

The profitability measure used in Ekokem's management reporting is EBITDA. Management believes that EBITDA measure provides meaningful supplemental information to both management and investors reading its financial statements by excluding items that may not be indicative of Company's operating results or cash flows.

EBITDA measure is not an accounting measure defined under IFRS and therefore it should not be viewed in isolation or as a substitute to the equivalent IFRS measure. EBITDA measure should not be considered as an alternative to (a) operating profit or net profit/loss for the period as a measure of operating performance, (b) cash flows from operating, investing or financing activities as a measure of the Company's ability to meet its cash needs or (c) any other measures of performance or liquidity under IFRS.

5. CONSTRUCTION CONTRACTS AND DEFERRED REVENUE

CONSTRUCTION CONTRACTS

Ekokem's construction contracts consist of environmental construction services, planning and construction projects on landfill sites as well as soil remediation and decomissioning projects.

Contract revenue recognized as net sales from projects accounted for by using the percentage of completion method is presented below:

000 euros	2015	2014	2013
Contract revenue	32 756	21 787	18 509

Net position of each construction contract is presented either an asset or a liability on the balance sheet. An asset is recognized if project costs incurred plus recognised profits (less recognised losses) exceeds progress billings, and vice versa, a liability is recognized.

The net position of construction contracts in progress is as follows:

000 euros	2015	2014	2013
The amount due from customers for contract work as an asset (Prepayments and accrued income)	3 697	2 131	2 319
The amount due to customers for contract work as a liability (Accrued liabilities)	2 841	1 007	247
NET POSITION	**855**	**1 123**	**2 072**

MEASUREMENT OF CONTRACT REVENUE AND COSTS

The contract revenue recognized in each reporting period is determined by using percentage of completion method. Stage of completion is determined based on the actual costs incurred to date as a proportion of the total estimated costs to complete each contract. In determination the stage of completion such contract costs incurred that relate to future activity are excluded. If the procedures described above do not lead to the correct outcome, alternatively a volume based (squares, cubes, tonnes) accounting (the actual amount/estimated total amount) can be used.

DEFERRED REVENUE

Deferred revenue consist of waste treatment services invoiced in advance for the waste received from the customers and for which the waste treatment services has not been performed at the reporting date. Revenue relating to future service performance has not been recognized and is presented as a liability in the balance sheet.

6. OTHER OPERATING INCOME

000 euros	2015	2014	2013
Gain on sales of tangible assets	81	323	136
Government grants	149	276	325
Rental income	220	147	173
Insurance compensations	465		
Other	213	265	208
TOTAL	**1 127**	**1 011**	**842**

Gain on sales of tangible assets consist mainly of gains on sale of equipment no longer used by the business. Rental income comprise rental income received by our Finnish business operations for leased land areas and properties. The insurance compensation of EUR 0.5 million relates to the Ekokem's compensation from the explosion accident in Riihimäki in 2014.

7. MATERIALS AND SERVICES

000 euros	2015	2014	2013
Change in inventories	−550	−676	−133
Purchases during the year	45 240	25 383	21 354
External services	82 780	62 929	66 229
MATERIALS AND SERVICES TOTAL	**127 470**	**87 636**	**87 450**

Ekokem's most significant operating expenses except for personnel expenses, which are disclosed below, comprise purchases, external services and charges. Ekokem's purchases consist mainly of process and construction materials as well as maintenance materials for waste treatment plants. External services mainly comprise subcontracting services for logistics and environmental construction as well as purchased services relating to the maintenance of the waste treatment plants.

8. PERSONNEL EXPENSES

Personnel remuneration is based on a fixed salary and bonuses determined in accordance with personal targets. In addition, certain employees have a company car benefit, phone benefit and internet connection at home.

Ekokem's pension plans are classified as defined contribution plans. Under defined contribution plans insurance contributions are paid to an insurance company and are recognized as an expense in the period in which they are incurred. Defined contribution plans have no other payment obligations.

000 euros	2015	2014	2013
Wages and salaries	40 816	25 989	26 962
Pensions – defined contribution plans	5 588	4 245	4 283
Other statutory employer costs	3 820	3 875	4 188
Other voluntary personnel expenses	1 585	1 307	1 323
TOTAL PERSONNEL EXPENSES	**51 808**	**35 417**	**36 756**

The average number of the Group's employees is as follows:

Number of employees	2015	2014	2013
White-collar	431	304	307
Blue-collar	246	161	172
TOTAL	**677**	**465**	**479**

9. OTHER OPERATING EXPENSES

000 euros	2015	2014	2013
Rental expenses	5 192	3 614	3 337
Credit losses	408	65	86
Office and administrative expenses	4 545	3 025	2 545
Real estate expenses	3 563	3 010	3 476
External services	11 448	6 837	6 778
Travelling expenses	3 094	2 460	2 356
Marketing and entertainment expenses	1 211	594	833
Net change in environmental and loss provisions	−3 969	564	699
Change in warranty provision	80	−26	−34
TOTAL OTHER OPERATING EXPENSES	**25 573**	**20 143**	**20 077**

Rental expenses consist mainly of rents for leased office premises and rental expenses for leased machinery and equipment. Rental agreements are either cancellable or or 2–30 year fixed term contracts.

The change in environmental and loss provisions is disclosed in note 22 and the change in the discount rate of environmental provision is included in this line item when related fixed asset is fully depreciated

Auditors' fees

000 euros	2015	2014	2013
Statutory audit	69	47	56
Other services	326	13	48
TOTAL	**395**	**60**	**104**

10. FINANCE INCOME AND EXPENSES

000 euros	2015	2014	2013
Interest income and other finance income	359	1 251	1 654
Interest expenses and other finance expenses	−3 812	−2 507	−2 790
NET FINANCE COSTS	**−3 453**	**−1 256**	**−1 136**

Interest income and other finance income include:

000 euros	2015	2014	2013
Gain on sale of equity investments		231	0
Net gains from derivatives (hedge accounting not applied)		0	671
Dividend income	0	14	12
Interest income	44	156	234
Foreign exchange gains	314	850	737
TOTAL	**359**	**1 251**	**1 654**

Interest expenses and other finance expenses include:

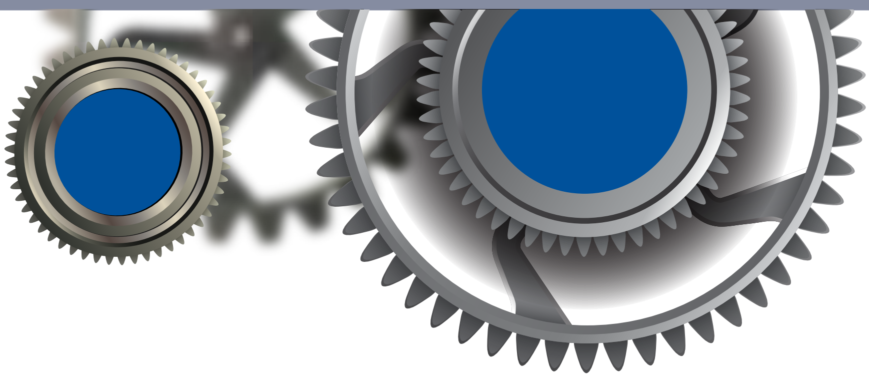
000 euros	2015	2014	2013
Net losses from derivatives (hedge accounting not applied)	−187	−535	0
Interest expenses	−2 262	−1 785	−2 606
Other finance expenses	−602	−82	−96
Foreign exchange losses	−761	−106	−88
TOTAL	**−3 812**	**−2 507**	**−2 790**

11. INCOME TAXES

000 euros	2015	2014	2013
Current tax expense	4 309	6 494	4 934
Change in deferred taxes	−59	763	136
TOTAL TAXES	**4 250**	**7 257**	**5 070**

Reconciliation of income tax expense for the year to profit before taxes:

000 euros	2015	2014	2013
Profit before tax	13 993	33 938	28 483
Income tax expense calculated at rate 20% (2014: 20%, 2013: 24.5%)	2 799	6 788	6 978
Difference between Finnish and foreign tax rates	38	123	−62
Change in parent company tax rates			−1 829
Non-deductible expenses and tax-exempt profits	194	210	18
Other	1 220	136	−35
INCOME TAXES RECOGNISED IN PROFIT AND LOSS	**4 250**	**7 257**	**5 070**



12. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity owners of the Company by the weighted average number of shares outstanding during the year. Ekokem has not had any commitments in 2015, 2014 and 2013, which would have had a dilutive impact on earnings per share

000 euros	2015	2014	2013
Profit for the period attributable to the equity owners of the Company	9 641	26 465	23 296
Weighted average number of shares during reporting period, shares	3 520 800	3 520 800	3 520 800
Earnings per share, basic and diluted, euros	2.74	7.52	6.62

13. GOODWILL

GOODWILL IMPAIRMENT TESTING

Ekokem assesses goodwill impairment based on value in use of those groups of cash generating units, for which goodwill has been allocated. Management assesses business performance on Ekokem Group level. Business units comprising of our service areas, form the basis for cash flows generated by Ekokem's customers. Management estimates that the synergy benefits created by the acquisitions relate to the business units, and accordingly management has allocated goodwill to these business units, across the country borders for goodwill impairment testing purposes.

Before 2015 business was managed on the basis of country organization and goodwill was allocated for impairment testing purposes to the geographical areas at that time, i.e. Finland and Sweden. Along with the organizational change in 2015, the country organizations were integrated into a group level matrix organization, after which management Ekokem's business is managed at Group level. The composition of the groups of cash generating units of Ekokem changed as a result of the change in the organization structure. Accordingly, management reallocated goodwill to those groups of cash generating units affected by the change. Reallocation was performed based on relative values of the groups of cash generating units. The organizational change and the following goodwill reallocation did not result in a goodwill impairment charge.

The preparation of value in use calculations requires management's estimates on forecasted cash flows of the groups of cash generating units and the use of an appropriate discount rate in order to calculate the present value of the recoverable amount.

For goodwill impairment testing purposes the goodwill is allocated to the groups of cash generating units, i.e. Ekokem's three business units, as follows in 2015:

000 euros	2015
Detoxification	21 583
Recycling and energy	5 221
Environmental construction	1 493
GOODWILL AT 31 DECEMBER	**28 297**

Changes in Ekokem's goodwill during the financial years are presented in the following table:

000 euros	2015	2014	2013
Opening book value	14 001	15 274	15 040
Additions during the period due to business acquisitions	14 030	0	250
Exchange differences	267	−1 273	−16
CLOSING BOOK VALUE 31 DEC	**28 297**	**14 001**	**15 274**

Financial year 2015

The calculation of value in use in 2015 is based on the following management's key estimates:

The cash flows used in the calculations are based on past experience, budget for year 2016 approved by the board of directors and a five year business plan. The key assumptions used in the value in use calculations are revenue and gross margin estimates.

Terminal growth rates after the five year forecast period by business unit are the following:

Detoxification	1.5%
Recycling and energy	2.0%
Environmental construction	2.0%

The terminal growth rate reflects both the expected average growth rate and the effect of inflation, by business unit.

Pre-tax discount rate is used to discount the forecasted cash flows. The discount rate is based on weighted average cost of capital (WACC).

The pre-tax discount rates used by business unit are the following:

Detoxification	7.95%
Recycling and energy	7.82%
Environmental construction	7.87%

The weighted average cost of capital (WACC) is determined by business unit based on the following:

- Risk free rate: The average yield of 30 year government bonds of Finland, Sweden and Denmark as of 31 December 2015, weighted by country specific revenues.

- Cost of debt (pre-tax) of a peer group and a market risk premium from a public source.

- Market based beta of a peer group (beta depicts the sensitivity of value changes of the testing unit compared to the value changes of the business sector).

Goodwill impairment losses have not been incurred in 2015, 2014 or 2013. No reasonable expected change in the key assumptions would result in the recognition of an impairment loss.

Financial years 2014 and 2013

In 2014 and 2013 goodwill was tested on a country level, as described above in connection with the organizational change. Before the Nordgroup acquisition in 2015, Ekokem's goodwill amount was insignificant and a majority of it, EUR 13.6 million in year 2014 (2013: EUR 14.9 million) was related to the operations in Sweden and only EUR 0.4 million to the operations in Finland. The cash flows used in the calculations were based on following year's budget approved by the board of directors and a three year business plan, and the cash flows for the last two years were extrapolated by using a 5.0% growth rate. The discount rate of the calculation for Sweden was 5.35% in year 2014 and 7.64% in year 2013, and the terminal growth rate was 2% in both years

14. INTANGIBLE ASSETS

000 euros	Customer relationship	Other intangible assets	Total
Acquisition cost at 1 Jan 2015		5 350	5 350
Business combinations	6 292	34	6 326
Additions		12	12
Transfers between asset items		289	289
Disposals		−67	−67
Exchange differences	−16	0	−16
Acquisition cost at 31 Dec 2015	**6 277**	**5 617**	**11 893**
Accumulated amortization and impairment 1 Jan 2015		−3 607	−3 607
Amortization	−384	−599	−983
Disposals		67	67
Accumulated amortization and impairment at 31 Dec 2015	**−384**	**−4 139**	**−4 522**
CARRYING AMOUNT AT 31 DEC 2015	**5 893**	**1 478**	**7 371**
Acquisition cost at 1 Jan 2014		4 989	4 989
Additions		361	361
Acquisition cost at 31 Dec 2014		**5 350**	**5 350**
Accumulated amortization and impairment 1 Jan 2014		−3 021	−3 021
Amortization		−586	−586
Accumulated amortization and impairment at 31 Dec 2014		**−3 607**	**−3 607**
CARRYING AMOUNT AT 31 DEC 2014		**1 743**	**1 743**
Acquisition cost at 1 Jan 2013		5 442	5 442
Additions		108	108
Disposals		−561	−561
Acquisition cost at 31 Dec 2013		**4 989**	**4 989**
Accumulated amortization and impairment 1 Jan 2013		−2 360	−2 360
Amortization		−661	−661
Accumulated amortization and impairment at 31 Dec 2013		**−3 021**	**−3 021**
CARRYING AMOUNT AT 31 DEC 2013		**1 968**	**1 968**

Ekokem acquired Nordgroup in 2015. In connection with the acquisition, customer relationships were identified relating to both hazardous waste and oily water treatment services. The customer relationships were fair valued at the acquisition date. The amortization periods for customer relationships are typically long in this industry and the amortization period was determined for 15 years.

15. TANGIBLE ASSETS

000 euros	Land	Landfills and treatment areas	Buildings	Machinery and equipment	Prepayments and assets under construction	Total
Acquisition cost at 1 Jan 2015	3 042	37 309	69 750	194 160	6 719	310 980
Business combinations			6 607	107 208	406	114 221
Additions		213	250	5 189	21 916	27 569
Disposals		−985	−530	−10 433	−3 174	−15 121
Transfers between asset items		3 151	1 686	6 319	−11 445	−289
Write-downs			−330	−2 163	−1	−2 493
Effect of discounting to present value		−1 243				−1 243
Exchange differences	12	202	402	2 228	31	2 874
Acquisition cost at 31 Dec 2015	**3 054**	**38 647**	**77 836**	**302 508**	**14 453**	**436 497**
Accumulated depreciation and impairment 1 Jan 2015		−13 143	−25 046	−58 436		−96 625
Depreciations		−5 574	−3 698	−24 526		−33 798
Disposals		6	475	2 489		2 970
Write-downs			33	207		240
Exchange differences			−320	−1 938		−2 257
Accumulated depreciation and impairment at 31 Dec 2015		**−18 711**	**−28 555**	**−82 204**		**−129 470**
CARRYING AMOUNT AT 31 DEC 2015	**3 053**	**19 936**	**49 281**	**220 304**	**14 453**	**307 027**
Acquisition cost at 1 Jan 2014	2 907	28 679	70 958	192 661	4 190	299 395
Additions	166	4 371	467	9 555	14 706	29 265
Disposals		−82	−517	−1 491	−12 089	−14 179
Effect of discounting to present value		5 092				5 092
Exchange differences	−31	−751	−1 158	−6 565	−88	−8 593
Acquisition cost at 31 Dec 2014	**3 042**	**37 309**	**69 750**	**194 160**	**6 719**	**310 980**
Accumulated depreciation and impairment 1 Jan 2014		−10 605	−22 656	−49 034		−82 295
Depreciations		−3 050	−3 726	−16 057		−22 833
Accumulated depreciation on disposals			470	1 486		1 956
Exchange differences		512	866	5 169		6 547
Accumulated depreciation and impairment at 31 Dec 2014		**−13 143**	**−25 046**	**−58 436**		**−96 625**
CARRYING AMOUNT AT 31 DEC 2014	**3 042**	**24 166**	**44 704**	**135 724**	**6 719**	**214 355**
Acquisition cost at 1 Jan 2013	2 772	27 108	69 329	175 076	8 820	283 105
Additions	218	3 906	3 112	24 134	18 718	50 088
Disposals	−72		−822	−2 816	−23 287	−26 997
Effect of discounting to present value		−1 937				−1 937
Exchange differences	−11	−398	−661	−3 733	−61	−4 864
Acquisition cost at 31 Dec 2013	**2 907**	**28 679**	**70 958**	**192 661**	**4 190**	**299 395**
Accumulated depreciations and impairment 1 Jan 2013		−8 530	−19 716	−36 286		−64 532
Depreciations		−2 371	−3 420	−15 664		−21 455
Exchange differences		296	480	2 916		3 692
Accumulated depreciation and impairment at 31 Dec 2013		**−10 605**	**−22 656**	**−49 034**		**−82 295**
CARRYING AMOUNT AT 31 DEC 2013	**2 907**	**18 074**	**48 302**	**143 627**	**4 190**	**217 100**

Ekokem owns landfills and treatment centres in use in Finland and in Sweden.

The Ekokem's most significant capital expenditures are as follows:

- Investments relating to the Eco Refinery and Plastic Refinery in the Ekokem Circular Economy Village located in Riihimäki in 2015 (EUR 11.4 million included wholly in Prepayments and assets under construction)
- Acquisition of Nordgroup in 2015 (see note 3 for more information)
- A separator plant in Juvanmalmi, Espoo and machinery and equipment purchases for the Riihimäki power plant in 2014
- The eco-power plant in Jepua under finance lease agreement and heat pumps that were installed in Riihimäki in 2013.

Finance lease agreements

The Group leases buildings and constructions, machinery and equipment and other property and premises, plants and equipment under financial lease agreements. Tangible assets include the following assets acquired through finance lease agreements:

000 euros	31 Dec 2015	31 Dec 2014	31 Dec 2013
Buildings	1 593	1 654	1 715
Machinery and equipment	571	9 794	10 434
NET CARRYING AMOUNT	**2 163**	**11 448**	**12 149**

The most significant change between years 2015 and 2014 relates to the eco-power plant in Jepua. Jepua is classified as an asset held for sale in the consolidated balance sheet as at 31 December 2015 and the details of Jepua are provided in note 19.

16. EQUITY INVESTMENTS

000 euros	2015	2014	2013
Carrying amount 1 January	679	928	869
Business combinations	14		
Disposals		−248	0
Change in value	1	0	60
Exchange rate difference	0		
CARRYING AMOUNT 31 DECEMBER	**693**	**679**	**928**

Ekokem's equity investments comprise mainly of non-listed equity securities measured at fair value.

17. INVENTORIES

000 euros	31 Dec 2015	31 Dec 2014	31 Dec 2013
Materials and supplies	4 583	4 158	4 403
Work in progress recycled materials	168	301	166
Recycled materials and finished goods	3 826	1 400	788
TOTAL INVENTORIES	**8 578**	**5 859**	**5 357**

No material inventory write-downs have been recognised for inventories.

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and in banks.

19. ASSETS CLASSIFIED AS HELD FOR SALE

In October 2015 Ekokem launched an efficiency program to ensure long-term competitiveness. As part of the efficiency program, an extensive review of assets was carried out and as a result the Company began to actively seek a buyer to the eco-power plant in Jepua. Jepua power plant was considered to be outside the core business operations and therefore all assets and liabilities attributable to it have been classified as held for sale in the consolidated balance sheet as of 31 December 2015. Balance sheets for comparable periods have not been reclassified

Jepua eco-power plant assets and liabilities classified as held for sale as of 31 December 2015 are as follows:

000 euros	2015
Assets classified as held for sale	
Tangible assets	8 205
Trade receivables	268
Inventories	28
TOTAL ASSETS CLASSIFIED AS HELD FOR SALE	**8 501**
Liabilities directly associated with assets classified as held for sale	
Trade payables	235
Borrowings	8 194
Other liabilities	313
Provisions	170
TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	**8 911**

Assets classified as held for sale attributable to the eco-power plant in Jepua are measured at fair value less costs to sell in the 2015 financial statements. As a result of the fair value measurement, an impairment loss of EUR 2.2 million was recognized on buildings and machinery and equipment. The impairment loss is included in depreciation, amortization and impairment losses in the income statement.

20. SHAREHOLDER'S EQUITY

Shareholder's equity consists of share capital, other reserves, scolarship reserve, translation differences, fair value reserve and retained earnings.

SHARE CAPITAL

Share capital of Ekokem Corporation consists of A series and B series shares. The number of shares for both series has been 1,760,400 shares, totaling to 3,520,800 shares for all periods presented and the share capital amounted to 5,985,360 euros. In accordance with the Articles of Association, each A series share carries 20 votes and falls within the scope of the consent clause of Article 9. Each B series share carries one vote. An A series share can be converted into a B series share at the shareholder's request. All shares afford equal rights to the distribution of dividends and to the Company's net assets. The Company's shares are included in the book-entry securities register maintained by Euroclear Finland Ltd. The company's shares are listed on Privanet Pankkiriilike Oy.

OTHER RESERVES

Other reserves (reserve fund) are restricted equity under the old Finnish Companies Act (734/1978).

SCHOLARSHIP RESERVE

The scholarship reserve includes environmental scholarship fund that was established in 1994. Ekokem Corporation has granted annual scholarships worth a total of EUR 1.6 million during 1995–2015 for public research projects with relevance to the development of the environmental industry as a whole.

TRANSLATION DIFFERENCES

The foreign currency translation differences arise from the translation of foreign subsidiaries' financial statements.

FAIR VALUE RESERVE

The fair value reserve consist of accumulated fair value changes on equity investments and interest rate derivatives for which hedge accounting is applied.

21. DEFERRED TAX ASSETS AND LIABILITIES

000 euros	1 Jan 2015	Business acquisitions	Charged to income statement	Charged to other comprehensive income	Translation differences	31 Dec 2015
Deferred tax asssets:						
Deferred revenue	2 514		-1 035			1 479
Derivatives	242		-69	145		318
Finance leases	38		-25			13
Provisions	1 765	4 680	-531		-12	5 903
Tax losses carried forward	114		218			332
Tangible assets	500		-83			417
Total deferred tax assets:	5 173	4 680	-1 526	145	-12	8 461
Offset against deferred tax liabilities	-5 173	-4 680	1 526	-145	12	-8 461
NET DEFERRED TAX ASSETS	**0**	**0**	**0**	**0**	**0**	**0**
Deferred tax liabilities:						
Deferred revenue	352		-352			0
Derivatives	274		-274			0
Finance leases	17		-17			0
Provisions	2		-2			0
Customer relationships		1 384	-81		-3	1 300
Tangible assets	17 430	21 940	-763		21	38 628
Total deferred tax liabilities:	18 075	23 324	-1 489		18	39 928
Offset against deferred tax assets	-5 173	-4 680	1 526	-145	12	-8 461
NET DEFERRED TAX LIABILITIES	**12 902**	**18 644**	**37**	**-145**	**30**	**31 467**

000 euros	1 Jan 2014	Charged to income statement	Charged to other comprehensive income	Translation differences	31 Dec 2014
Deferred tax asssets					
Deferred revenue	2 608	-94			2 514
Derivatives	135	107			242
Finance leases	32	6			38
Provisions	1 422	343			1 765
Tax losses carried forward	322	-208			114
Tangible assets	584	-84			500
Total deferred tax assets:	5 103	70			5 173
Offset against deferred tax liabilities	-5 103	-70			-5 173
NET DEFERRED TAX ASSETS	**0**	**0**			**0**
Deferred tax liabilities:					
Deferred revenue	272	80			352
Derivatives	191	126	-43		274
Finance leases	15	2			17
Provisions		2			2
Tangible assets	16 866	623		-59	17 430
Total deferred tax liabilities:	17 344	833	-43	-59	18 075
Offset against deferred tax assets	-5 103	-70			-5 173
NET DEFERRED TAX LIABILITIES	**12 241**	**763**	**-43**	**-59**	**12 902**

	1 Jan 2013	Charged to income statement	Charged to other comprehensive income	Translation differences	31 Dec 2013
Deferred tax asssets:					
Deferred revenue	3 282	-674			2 608
Derivatives	329	-194			135
Finance leases	28	4			32
Provisions	1 006	416			1 422
Tax losses carried forward	605	-283			322
Tangible assets	819	-235			584
Total deferred tax assets:	6 069	-966			5 103
Offset against deferred tax liabilities	-6 069	966			-5 103
NET DEFERRED TAX ASSETS	**0**	**0**			**0**
Deferred tax liabilities:					
Deferred revenue	590	-318			272
Derivatives	39	152			191
Finance leases	4	11			15
Tangible assets	17 474	-674		66	16 866
Total deferred tax liabilities:	18 107	-829		66	17 344
Offset against deferred tax assets	-6 069	966			-5 103
NET DEFERRED TAX LIABILITIES	**-12 038**	**-137**		**-66**	**-12 241**

Deferred tax assets and liabilities have been determined using the corporate income tax rate of the specific country.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

22. PROVISIONS

31 December 2015 **000 euros**	**Environmental provisions**	**Restructuring provisions**	**Other provisions**	**Total**
Provisions at 1 Jan 2015	17 577		1 492	19 069
Additions	464	1 007	720	2 191
Additional provisions from business combinations	17 107		3 582	20 689
Used during the financial year	-1 597		-370	-1 967
Reversals of unused provisions	-660		-1 268	-1 928
Effect of discounting to present value	-3 300		12	-3 288
Exchange differences	102		15	117
PROVISIONS AT 31 DEC 2015	**29 692**	**1 007**	**4 184**	**34 883**
Non-current provisions	29 692		4 184	33 876
Current provisions		1 007		1 007
Provisions at 31 Dec 2015	29 692	1 007	4 184	34 883

31 December 2014 **000 euros**	**Environmental provisions**	**Other provisions**	**Total**
Provisions at 1 Jan 2014	11 601	1 479	13 080
Additions	1 446	13	1 459
Used during the financial year	-607		-607
Effect of discounting to present value	5 080		5 080
Exchange differences	57		57
PROVISIONS AT 31 DEC 2014	**17 577**	**1 492**	**19 070**

All provisions in 2014 are non-current provisions.

31 December 2013 **000 euros**	**Environmental provisions**	**Other provisions**	**Total**
Provisions at 1 Jan 2013	12 089	554	12 643
Additions	2 187	925	3 112
Used during the financial year	-735		-735
Effect of discounting to present value	-1 883		-1 883
Exchange difference	-57		-57
PROVISIONS AT 31 DEC 2013	**11 601**	**1 479**	**13 080**

All provisions in 2013 are non-current provisions.

The provisions by countries are as follows:

31 Dec 2015 **000 euros**	**Finland**	**Sweden**	**Denmark**	**Total**
Environmental provisions				
Obligation to cover landfills, aftercare and monitoring obligations	10 068	5 432	9 116	24 617
Clean-up obligations for land areas			5 076	5 076
Restructuring provisions	846		161	1 007
Other provisions	304	470	3 410	4 184
	11 217	**5 903**	**17 763**	**34 883**

31 Dec 2014 000 euros	Finland	Sweden	Total
Environmental provisions			
Obligation to cover landfills and aftercare and monitoring obligations	11 172	6 405	17 577
Other provisions	1 492		1 492
	12 665	**6 405**	**19 070**

31 Dec 2013 000 euros	Finland	Sweden	Total
Environmental provisions			
Obligation to cover landfills and aftercare and monitoring obligations	7 835	3 766	11 601
Other provisions	1 479		1 479
	9 313	**3 766**	**13 080**

Environmental obligations consist of obligation to cover landfills and aftercare activities for the landfills owned or leased by the Group as well as soil remediation obligations relating to the leased land areas. The most significant environmental obligation is the aftercare obligation of EUR 9.1 million for Klintholm landfill in Denmark transferred on 29 January 2015 to Ekokem as part of the Nordgroup acquisition. More information on Nordqroup acquisition and obligations related to Klintholm landfill transferred in connection with the acquisition is presented in note 3.

Restructuring provisions are short term employment termination costs made as part of the efficiency program consisting of severance pays, holiday allowances and employer's voluntary benefit contribution package costs.

Other provisions as of 31 December 2015 consist of liabilities relating to Danish Klintholm landfill lease agreement (EUR 3.1 million) and mainly warranty provisions. Other provisions as of 31 December 2014 and 2013 include minor warranty provisions and loss provisions on construction projects.

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

FAIR VALUE MEASUREMENTS OF FINANCIAL ASSETS AND LIABILITIES

The note below presents information of financial instruments including their fair values and measurement categories. For financial reporting purposes, financial instruments carried at fair value are categorized by their valuation method into hierarchy levels 1, 2 or 3 based on the lowest level input that is significant to the entire measurement.

• Level 1 financial instruments are based on quoted market prices in active markets at the balance sheet date and the quoted market price is the bid price. These include investments in listed equity securities.

• Level 2 financial instruments that are not quoted in active market is measured by using valuation techniques. These valuation techniques incorporates for the most part observable market data and includes as little as possible on entity's own data. If all significant inputs are observable, the instrument is included in level 2. These include for example interest rate swaps.

• Inputs used to measure fair value of level 3 financial instruments are not based on observable data. These include for example non-quoted equity securities.

31 December

000 euros	Fair value 2015	Fair value 2014	Fair value 2013	Fair value hierarchy	Measurement principle
Financial assets					Non-quoted equity securities are measured at fair value by using present value technique that incorporates entity's risk premium and growth rate of the peer group.
Equity investments					
Non-quoted	690	677	677	Level 3	
Quoted	3	3	251	Level 1	Fair value is based on quoted market price at the reporting date.
Financial liabilities					The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on available yield curves at the reporting date including the credit risk of contract counterparties.
Derivatives (interest rate swaps)	1 590	1 208	673	Level 2	

Ekokem's other financing items include trade and other receivables, financial liabilities and trade and other payables. These items are measured at amortized cost.

The carrying amounts of trade receivables and trade payables equals their fair values due to the effect of discounting not being material considering the maturity and nature of these receivables. Trade receivables are usually due within 14-60 days and therefore classified as current assets.

Fair value hierarchy level of financial liabilities is 2 and their carrying amounts and fair values are as follows:

000 euros	Carrying amount 2015	Fair value 2015	Carrying amount 2014	Fair value 2014	Carrying amount 2013	Fair value 2013
Interest-bearing debt	135 741	131 576	64 422	64 422	73 210	73 210

The fair value of interest-bearing debt is based on discounted cash flows method. The discount rate used corresponds to the rate available to the Group for similar borrowings at the reporting date. The interest rate includes a risk-free rate and a company's risk premium.

RISK MANAGEMENT

Ekokem's Board of Directors annually approve the Risk Management Policy, which sets the objective, principles and division of responsibilities for risk management activities within the Group as well as defines the overall risk management process.

The Audit Committee is responsible for risk oversight within the Group. Group Risk Management is led by the General Counsel as the Compliance Officer, who reports to the CEO, and is responsible for assessing and reporting the Group's consolidated risk exposure to the Board of Directors, Group Management Team and Audit Committee. The risk management process consists of identification of risks, assessment of risk, responding to risk and mitigating risk. Risks are primarily identified and assessed by business operations in accordance with Group instructions and models and every function is also responsible for responding to risks by taking appropriate actions.

The Group's activities expose it to a variety of financial risks, which are mitigated by CFO: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group uses derivative financial instruments to hedge interest rate exposure.

CAPITAL AND LIQUIDITY RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of net debt (interest-bearing debt including non-current and current borrowings and borrowings directly associated with assets classified as held for sale less cash and cash equivalents) and total equity (equity attributable to owners of the Company plus non-controlling interest).

The capital structure is monitored by the Group's management. The Group does not have a target range for the gearing ratio that it aims to maintain. Availability of capital to fund continuing growth is one of the targets of capital management activities

The purpose of Ekokem's liquidity risk management is to ensure that the Group has continuously sufficient cash to meet operational needs. The Group Management monitors rolling cash flow forecasts of the Group's liquidity requirements. Cash flow forecasts are prepared at the operating entity level and aggregated by Group's finance department. The Group's liquidity management principles also include forecasting of cash flows in each major currency and assessment of adequacy of liquidity in terms of the cash flows and monitoring liquidity ratio based on the balance sheet and maintaining debt financing plans.

The following table presents the Ekokem's capital structure (interest bearing net debt and total equity) and the net debt ratio.

000 euros	31 Dec 2015	31 Dec 2014	31 Dec 2013
Non-current borrowings			
Loans from financial institutions	100 509	35 545	52 682
Finance lease liabilities	1 887	10 142	11 176
TOTAL	**102 395**	**45 687**	**63 858**
Current borrowings			
Loans from financial institutions	24 850	17 763	8 365
Finance lease liabilities	303	972	987
TOTAL	**25 152**	**18 735**	**9 352**
Finance lease liabilities associated with assets classified as held for sale	8 194		
TOTAL INTEREST-BEARING DEBT	**135 741**	**64 422**	**73 210**
Cash and cash equivalents	−29 042	−30 926	−12 918
INTEREST-BEARING NET DEBT	**106 699**	**33 495**	**60 292**
Equity	160 926	162 560	149 353
NET DEBT TO EQUITY (NET GEARING)	**66%**	**21%**	**40%**

At the end of 2015 the Group's net debt amounted to EUR 106.7 million (2014: EUR 33.5 million and 2013: EUR 60.3 million). During the year 2015 Ekokem raised EUR 90 million debt relating to the acquisition of Nordgroup within the financial arrangement which matures in 2020 and prepaid existing debt according to payment schedule. Ekokem's loan agreements include financial covenants relating to Group's financial performance and capital structure. Other covenants in borrowings are standard clauses, which restrict among other things providing collaterals and disposing assets. Ekokem Corporation has sufficient headroom with respect to the covenant levels in the loan agreements. The average maturity of non-current loans is 3.4 years in 2015 (2014: 2.1 years and 2013: 3.4 years).

The maturities of group's financial liabilities

The amounts disclosed in the following table are undiscounted contractual cash flows of the Group's financial liabilities in each maturity bucket.

31 December 2015

000 euros	Carrying amount	Cash flows	Less than 1 year	1–2 years	2–5 years	More than 5 years
Loans from financial institutions	125 358	130 405	26 561	31 968	71 876	
Derivative liabilities	1 590	1 590	686	596	309	
Finance lease liabilities	2 189	2 189	300	428	272	1 189
Finance lease liabilities associated with assets classified as held for sale	8 194	8 693	563	561	2 782	4 786
Trade payables and other current payables	28 069	28 069	28 069			
TOTAL	**165 400**	**170 947**	**56 179**	**33 553**	**75 239**	**5 975**

31 December 2014

000 euros	Carrying amount	Cash flows	Less than 1 year	1–2 years	2–5 years	More than 5 years
Loans from financial institutions	53 308	54 571	18 131	26 920	9 520	
Derivative liabilities	1 208	1 212	474	628	110	
Finance lease liabilities	11 114	11 114	972	751	1 271	8 120
Trade payables and other current payables	17 401	17 401	17 401			
TOTAL	**83 031**	**84 298**	**36 978**	**28 299**	**10 901**	**8 120**

31 December 2013

000 euros	Carrying amount	Cash flows	Less than 1 year	1–2 years	2–5 years	More than 5 years
Loans from financial institutions	61 047	63 457	9 330	22 996	31 131	
Derivative liabilities	673	680	445	408	−173	
Finance lease liabilities	12 163	12 163	909	972	2 028	8 114
Trade payables and other current payables	20 332	20 332	20 332			
TOTAL	**94 215**	**96 632**	**31 016**	**24 376**	**32 986**	**8 114**

FOREIGN CURRENCY RISK MANAGEMENT

Besides operating in Finland, Ekokem Group operates also in the Nordic countries, and is therefore exposed to transaction risks resulting from its foreign currency exposures, primarily to Swedish krona (SEK) and Danish krone (DKK) and also to Euro as regards to its Danish and Swedish subsidiaries. Foreign currency risks arise from commercial transactions and monetary items in the balance sheet. Foreign currency exposures of Ekokem Group are insignificant and they consist of short term receivables and liabilities and also insignificant amounts of foreign currency denominated loans and deposits. The sensitivity to exchange rates changes in financial items of the net positions of these foreign currency denominated items is insignificant, and therefore a separate sensitivity analysis is not presented.

INTEREST RATE RISK MANAGEMENT

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk. Based on the various scenarios, the group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. At the end of 2015 the Group's interest-bearing liabilities amounted to EUR 135.7 million (2014: EUR 64.4 million and 2013: EUR 73.1 million) of which 4.8 per cent (2014: 18.3% and 2013: 23.7%) are SEK-denominated borrowings. The average interest rate on the loan portfolio was 1.4 per cent (2014: 2.4% and 2013: 2.5%) and the hedged ratio was 99 per cent (2014: 95% ja 2013: 95%).

CREDIT RISK MANAGEMENT

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with financial institutions as well as from Ekokem's outstanding trade receivables with customers.

Credit risk is managed on group basis. Ekokem evaluates the creditworthiness of the counterparty prior to committing any transaction, taking into account its financial position, credit history and other factors. The recoverable amount of receivables and the credit quality of customers are monitored by the management on a regular basis. The aim is to secure the accounts receivables from the export clients by using credit insurances or advance payments, which are executed if the counterparty breaches the contractual terms.

Ekokem does not have significant credit risk exposures with regards to individual customers or geographical areas. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings. The Group did not have significant receivables overdue at the end of the reporting period.

The following table presents ageing analysis of trade receivables in the reported periods:

000 euros	31 Dec 2015	31 Dec 2014	31 Dec 2013
Undue trade receivables	38 653	29 792	29 403
Overdue trade receivables			
Less than 3 months	2 287	2 548	2 803
Over 3 months	−66	530	663
Total overdue trade receivables	2 221	3 078	3 466
TOTAL TRADE RECEIVABLES	**40 874**	**32 870**	**32 869**

The trade receivables above include overdue receivables at the end of reporting period, against which no provisions are held or no losses are recognized as there have not been any significant changes in the creditworthiness and repayment is considered probable. There has not been material recognized credit losses on trade receivables in 2015, 2014 and 2013.

24. SUBSIDIARIES

Name of subsidiary	Nature of the company	Domicile and country	Proportion of group ownership and share of votes, (%) at 31 December 2015
Ekokem-Palvelu Oy	Operative	Riihimäki, Finland	100%
Ekopartnerit Turku Oy	Operative	Turku, Finland	51%
Puhosvoima Oy	Non-active	Kitee, Finland	100%
Ekokem Sweden Holding AB	Holding company	Kumla, Sweden	100%
Ekokem AB	Operative	Kumla, Sweden	100%
Duke Infrastructure Holding ApS	Holding company	Nyborg, Denmark	100%
Duke Infrastructure A/S	Holding company	Nyborg, Denmark	100%
Ekokem A/S	Operative	Nyborg, Denmark	100%
Ekokem OW A/S	Operative	Esbjerg, Denmark	100%
Nordgroup Waste Management AB	Non-active	Alingsås, Sweden	100%
Ekokem Norway AS	Operative	Stavanger, Norway	100%

25. RELATED PARTY TRANSACTIONS

Related parties of the Group consist of the parent company Ekokem Corporation and other group companies disclosed in the note 24. Related parties comprise also key management personnel, their close family members and entities controlled them. State of Finland with the ownership of 34% of Ekokem Corporation's shares has significant influence over the Company and is also a related party to the Group.

Balances and transactions between the parent and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

Business transactions with related parties such as other government related companies, are made on arm's length basis. Ekokem did not have significant business transactions with the key management personnel or their related parties. Ekokem has business relations with government related entities. During the reporting periods presented, the Group did not carry out any business transactions that are individually or collectively significant quantitatively or qualitatively.

Key management personnel compensation

Key management personnel consist of members of the Group Management Team including the Chief Executive Officer and the Board of Directors.

Key management personnel compensation is as follows:

000 euros	2015	2014	2013
CEO			
Salaries, remunerations and other short-term employee benefits			
Karri Kaitue, starting 3 August 2015	145		
Timo Piekkari, until 31 July 2015	371	317	691
Pension expenses – defined contribution plans			
Karri Kaitue, starting 3 August 2015	26		
Timo Piekkari, until 31 July 2015	62	52	113
TOTAL	**605**	**369**	**803**

Other member of the Group Management Team

Salaries, remunerations and other short-term employee benefits	1 203	961	675
Pension expenses - defined contribution plans	219	170	119
TOTAL	**1 422**	**1 130**	**794**

Board of Directors

000 euros	2015	2014	2013
Chairman, Juha Vanhainen, stating 24 April 2015	28		
Chairman, Maija-Liisa Friman, until 24 April 2015	18	35	34
Debuty Chairman, Leena Karessuo	31	24	21
Pia Björk	28	20	19
Jukka Ohtola, starting 26 April 2013	28	20	13
Tiina Tuomela, starting 25 April 2014	26	14	
Juha Vanhainen, from 25 April 2014 to 24 April 2015	10	15	
Karri Kaitue, from 25 April 2014 to 31 July 2015	15	15	
Jorma Haavisto, until 25 April 2014		6	20
Timo Kärkkäinen, until 25 April 2014		6	19
Raimo Inkinen, from 26 April 2013 to 25 April 2014		6	13
Matti Hilli, until 26 April 2013			6
Helena Säteri, until 26 April 2013			6
TOTAL	**184**	**159**	**149**
TOTAL KEY MANAGEMENT COMPENSATION	**2 210**	**1 659**	**1 746**

The Group's CEO is entitled to a statutory pension and retirement age is determined within the framework of the statutory pension scheme. CEO's retirement age is 65 years in accordance with the current legislation. Termination period for the CEO's employment contract is 6 months and he is entitled to compensation during that period. In addition, if the Company terminates the contract, CEO is entitled to compensation corresponding to a maximum of 12 months' salary under certain conditions.

26. CONTINGENT LIABILITIES, CONTINGENT ASSETS AND COMMITMENTS

LEASING LIABILITIES

The Group has leased land, buildings, office premises and vehicles, as well as office furniture and equipment with operating lease arrangements.
Minimum lease payments payable based on the non-cancellable operating lease agreements.

000 euros	31 Dec 2015	31 Dec 2014	31 Dec 2013
Within one year	3 478	2 756	2 543
Between one and five years	6 047	5 149	4 840
After five years	5 754	4 098	3 924
TOTAL	**15 278**	**12 003**	**11 307**

Pledged assets

000 euros	31 Dec 2015	31 Dec 2014	31 Dec 2013
On behalf of own commitments	29 388	22 360	17 640
TOTAL	**29 388**	**22 360**	**17 640**

VAT liabilities

VAT liabilities of the Group relate to refund relating to buildings in accordance with Section 33 of the (Finnish) Value Added Tax Act.

000 euros	31 Dec 2015	31 Dec 2014	31 Dec 2013
2008–2017	150	225	300
2009–2018	16	21	26
2010–2019	50	60	70
2011–2020	79	95	111
2012–2021	1 748	2 040	2 331
2013–2022	496	567	624
2014–2023	85	95	0
2015–2024	377		
TOTAL	**3 001**	**3 103**	**3 462**

Litigation

In a letter dated 24 February 2014, the bankruptcy estate of L&T Recoil Oy has presented a recovery claim against Ekokem Corporation and demanded a payment of EUR 296 thousand to be made to the estate. The estate deems that certain payments made by the bankruptcy debtor to Ekokem between 27 December 2013 and 27 March 2014 (so-called “critical period”), with a total amount of EUR 296 thousand, should be recovered to the estate in accordance with the Finnish Act on Recovery to Bankruptcy Estate.

Ekokem has contested the estate’s claim in its entirety. The payments subject to the recovery claim are made under an agreement and the payments are ordinary and recurrent. The payments made in total do not amount to a considerable amount when compared to the gross assets of the bankruptcy estate. Further, the current understanding of Ekokem is that an individual payment of EUR 40 thousand, which may be included in the estate’s claim, cannot be recovered under the premises set out in the estate’s claim. Irrespective of the above mentioned, the total amount of the payments received by Ekokem during the critical period do not in any case constitute a considerable amount as set out in Section 10 of the Recovery Act. The payments are based on an agreement regarding delivery of rerefined oil, dated 3 December 2012, between Ekokem and the bankruptcy debtor, and such payments ordinary and recurrent payments, as set out in Section 10 of the Recovery Act, cannot be subject to recovery. For this reason no provision is recognized on the Group’s balance sheet due to this litigation.

27. EVENTS AFTER THE REPORTING PERIOD

CAPITAL STRUCTURE ASSESSMENT INITIATED BY EKOKEM’S BOARD OF DIRECTORS

Ekokem announced on 17 February 2016 that the company’s Board of Directors had initiated a capital structure assessment, as part of which the company also considers the possibility of listing on the Nasdaq Helsinki Oy’s main list. The decisions on the implementation and timing of potential initial public offering (IPO) will be made on a later date, but it would take place earliest during the second half of 2016.

COLLECTION AND RECOVERY OF PLASTIC CONSUMER PACKAGING BEGAN

Collection of plastic consumer packaging began across Finland at the beginning of 2016, with Suomen Uusiomuovi Oy (SUM, Finnish Plastics Recycling Ltd), producers’ community owned by the plastic packaging industry, acting as the party responsible. On the basis of an agreement between Ekokem and SUM, the collected packaging is delivered to Ekokem, and plastic waste from various sources is refined into recycled high-quality materials for the industry at Ekokem’s Plastic Refinery. Ekokem received the first plastic consumer packaging in January 2016. The Plastic Refinery will become part of the Circular Economy Village Ekokem is building in Riihimäki. It is expected to become operational during the summer of 2016.

MANAGEMENT COMPENSATION PLAN

In its meeting in 17 December 2015, the Board of Directors approved a long-term incentive plan (including 13 persons) for the years 2016-2018, effective from January 2016, which is based on the performance of earnings per share and which has cumulative revenues and return on capital employed (ROCE-%) as evaluation criteria. The Board of Directors also approved a short-term incentive plan for the year 2016, which has gross margin (EBITDA) and safety, environmental and personal objectives as evaluation criteria.

EKOKEM CORPORATION INCOME STATEMENT

000 euros	Note		1 JAN– 31 DEC 2015		1 JAN– 31 DEC 2014
Revenue	(1)		107 549		114 885
Change in inventories of finished products and work in progress			28		264
Own-account production			2 537		3 089
Other operating income	(2)		4 617		2 039
Raw materials and services					
Raw materials and consumables					
Purchases during the financial period		-16 301		-17 874	
Change in inventories		433		-70	
External services		-37 181		-36 460	
Personnel expenses	(3)				
Wages and salaries		-15 685		-14 046	
Social security expenses					
Pension expenses		-2 760		-2 531	
Other social security expenses		-874		-792	
Depreciation according to plan	(4)	-12 945		-13 559	
Other operating expenses	(5)	-17 600		-13 042	
Change in destruction commitment	(6)			434	
Change in aftercare provisions	(7)	-90	-103 003	-5	-97 945
OPERATING PROFIT			**11 728**		**22 331**
Finance income and costs					
Dividend income from Group companies		3 808			
Income from other fixed asset investments (from Others)		0		244	
Other interest and finance incomes					
From Group companies		6		18	
From Others		202		772	
Interest and other finance costs					
To Group companies		-84		-13	
Interest and other finance costs to Others		-3 215	716	-1 733	-711
Profit before extraordinary items			12 444		21 620
Extraordinary items					
Group contribution			7 200		8 000
Profit before appropriations and taxes			19 644		29 620
Appropriations					
Increase in depreciation difference	(8)		-3 539		-5 977
Income taxes	(9)		-2 539		-4 727
PROFIT FOR THE FINANCIAL PERIOD			**13 567**		**18 916**

EKOKEM CORPORATION BALANCE SHEET

ASSETS

000 euros	Note	31.12.2015		31.12.2014	
NON-CURRENT ASSETS					
Intangible assets	(10)				
Other capitalised long-term expenditure			677		990
Tangible assets	(10)				
Land		1 798		1 798	
Buildings and structures		33 527		35 174	
Machinery and equipment		97 242		99 983	
Other tangible assets		1 851		2 310	
Prepayments and assets under construction		11 902	146 321	1 689	140 954
Investments	(11)				
Holdings in Group companies		156 614		54 223	
Other shares and similar rights of ownership		676	157 290	676	54 899
CURRENT ASSETS					
Inventories					
Raw materials and consumables		2 693		2 545	
Work in progress		168		301	
Finished products		974	3 835	813	3 658
Non-current receivables					
Amounts owed by Group companies			125		250
Current receivables					
Trade receivables		16 002		18 650	
Amounts owed by Group companies					
Trade receivables		2 850		504	
Group contribution receivable		7 200		8 000	
Other receivables		25		24	
Prepayments and accrued income	(12)	2 310	28 387	3 135	30 313
Cash and cash equivalents			7 937		21 707
			344 571		**252 771**

EKOKEM CORPORATION BALANCE SHEET

SHAREHOLDER´S EQUITY AND LIABILITIES

000 euros	Note	31.12.2015		31.12.2014	
SHAREHOLDERS' EQUITY	**(13)**				
Share capital		5 985		5 985	
Legal reserve		2 565		2 565	
Other reserves					
Environmental scholarship fund		349		349	
Reserve for invested unrestricted equity		10 033		10 033	
Retained earnings		80 905		73 406	
Profit for the financial period		**13 567**	**113 405**	**18 916**	**111 254**
APPROPRIATIONS					
Depreciation difference			67 221		63 682
PROVISIONS	**(7)**				
Aftercare provisions		1 496		1 406	
Other provisions			1 496	140	1 546
LIABILITIES					
Non-current					
Loans from financial institutions			100 825		35 545
Current					
Loans from financial institutions		24 849		17 763	
Advances received		6 925		138	
Trade payables		10 100		7 710	
Amounts owed to Group companies					
Trade payables		1 281		1 103	
Other liabilities		10 500		1 695	
Other liabilities		2 678		3 285	
Accruals and deferred income	(14)	5 292		4 163	
Destruction commitment	(6)		61 625	4 886	40 744
			344 571		**252 771**

EKOKEM CORPORATION CASH FLOW STATEMENT

000 euros	1 JAN–31 DEC 2015	1 JAN–31 DEC 2014
Cash flow from operations		
Operating profit	11 728	22 331
Adjustments on operating profit	14 618	13 142
Change in working capital	5 629	112
Interest and payments paid	-2 651	-1 802
Dividends received	3 808	13
Interest received	184	302
Taxes paid	-4 714	-3 609
CASH FLOW FROM OPERATIONS	**28 601**	**30 490**
Cash flow from investments		
Investments in tangible and intangible assets	-17 915	-5 142
Gains on the divestment of tangible and intangible assets	73	81
Subsidiary shares purchased	-102 391	-66
Capital gains from sale of shares		264
CASH FLOW FROM INVESTMENTS	**-120 233**	**-4 864**
Cash flow before financing	-91 632	25 626
Cash flow from financing		
Decrease in current receivables		215
Decrease in non-current receivables	125	250
Withdrawals of current loans	8 805	1 648
Withdrawals of non-current loans	90 000	
Repayment of non-current loans	-17 810	-7 152
Dividends paid	-11 137	-9 761
Scholarships paid	-122	-147
Group contribution received	8 000	3 000
CASH FLOW FROM FINANCING	**77 861**	**-11 948**
Change in cash and cash equivalents	-13 770	13 678
Cash and cash equivalents 1 Jan	21 707	8 029
CASH AND CASH EQUIVALENTS 31 DEC	**7 937**	**21 707**

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

PRINCIPLES FOR PREPARING FINANCIAL STATEMENTS

Ekokem Corporation is the parent company of the Ekokem Group. Receivables and liabilities denominated in foreign currency have been translated into euros at the rates quoted on the closing date. In the balance sheet, inventories are valued at their variable costs of purchase and manufacture or the lower probable net realisable value or replacement value. In year 2014 the destruction commitment consists of the average sale price of non-treated waste on the closing date less the average sale cost. Since 2015 net sales from waste treatment services is recognized over time, when treatment is performed. R&D expenditure is recognised during the financial period in which it is incurred.

1. REVENUE BY MARKET AREA	2015	2014
Domestic sales	102 146	108 366
Export sales	5 403	6 519
TOTAL	**107 549**	**114 885**

2. OTHER OPERATING INCOME		
Gain on sales of tangible assets	73	81
Costs charged to Group companies	3 945	1 831
Insurance compensations	465	
Tekes (Finnish Funding Agency for Technology and Innovation) and the Ministry of the Employment and Economy	73	88
Rental income	22	20
Other	39	19
TOTAL	**4 617**	**2 039**

3. PERSONNEL		
AVERAGE NUMBER OF PERSONNEL		
Employed by the parent company		
White-collar employees	168	154
Blue-collar employees	91	91
TOTAL	**259**	**245**

BOARD OF DIRECTORS AND CEO		
Salaries and remuneration paid to the members of the Board of Directors and the Chief Executive Officer		
	866	476

4. DEPRECIATION

Tangible assets follow a straight-line depreciation plan drawn up in advance in accordance with the Group's standard principles.

Depreciations are booked according to predetermined depreciation plan.

Depreciation periods are based on the expected economic life of assets and are as follows:

	Depreciation period, years
Intangible rights	10
Other capitalised long-term expenditures	5–10
Buildings and structures	7–30
Machinery and equipment	
Production machinery and equipment	7–25
Other machinery and equipment	5–7
Other tangible assets	5–10

DEPRECIATION ACCORDING TO PLAN	2015	2014
Other capitalised long-term expenditures	445	470
Buildings and structures	2 218	2 540
Machinery and equipment	9 824	10 054
Other tangible assets	458	496
TOTAL	**12 945**	**13 559**

5. OTHER OPERATING EXPENSES		
Leasing and other rental expenses	3 943	3 060
Credit losses	41	70
Personnel expenses	1 155	1 257
Office and administrative expenses	2 704	1 864
Real estate expenses	1 837	2 050
External services	6 278	3 344
Travelling expenses	1 048	993
Marketing and entertainment expenses	594	403
TOTAL	**17 600**	**13 042**

5. AUDITOR'S FEES		
PricewaterhouseCoopers Oy, Authorised Public Accountants		
Audit	25	21
Opinions	4	1
Tax consultancy	19	
Other services	192	5
TOTAL	**239**	**28**

6. CHANGE IN DESTRUCTION COMMITMENT/ ACCRUALS AND DEFERRED INCOME		
Destruction commitment 1 Jan	4 886	5 320
Change during the financial period	-4 886	-434
Destruction commitment 31 Dec	0	4 886

7. PROVISIONS		
Aftercare provisions 1 Jan	1 406	1 401
Change during the financial period	90	5
Aftercare provisions 31 Dec	1 496	1 406
Aftercare provisions are made for the aftercare and monitoring costs of the landfill site managed by the company.		
Other provisions 1 Jan	140	100
Change during the financial period	-140	40
Other provisions 31 Dec	0	140
Other provisions for 2014 comprise damages resulting from broken equipment.		

8. APPROPRIATIONS

	2015	2014
Depreciation difference 1 Jan	63 682	57 705
Increase in depreciation difference during the financial period	3 539	5 977
ACCUMULATED DEPRECIATION DIFFERENCE 31 DEC	**67 221**	**63 682**

9. TAXES

Income tax on extraordinary items	1 440	1 600
Income tax on ordinary business operations	1 099	3 127
INCOME TAXES	**2 539**	**4 727**

10. INTANGIBLE AND TANGIBLE ASSETS

Other capitalised long-term expenditure		
Acquisition cost 1 Jan	3 987	3 910
Additions	132	77
Disposals	-67	
Acquisition cost 31 Dec	4 052	3 987
Accumulated amortization according to plan 1 Jan	-2 998	-2 528
Disposals and transfers	67	
Amortization for the financial period	-445	-470
Accumulated amortization 31 Dec	-3 375	-2 998
CARRYING AMOUNT 31 DEC	**677**	**990**

Land		
Acquisition cost 1 Jan and 31 Dec	1 798	1 798

Buildings and structures		
Acquisition cost 1 Jan	57 767	57 882
Additions	571	84
Disposals		-199
Acquisition cost 31 Dec	58 339	57 767
Accumulated depreciation according to plan 1 Jan	-22 593	-20 252
Disposals and transfers		199
Depreciation for the financial period	-2 218	-2 540
Accumulated depreciation 31 Dec	-24 812	-22 593
CARRYING AMOUNT 31 DEC	**33 527**	**35 174**

Machinery and equipment	**2015**	**2014**
Acquisition cost 1 Jan	152 392	148 433
Additions	7 083	4 123
Disposals	-616	-164
Acquisition cost 31 Dec	158 858	152 392
Accumulated depreciation according to plan 1 Jan	-52 408	-42 519
Disposals and transfers	616	164
Depreciation for the financial period	-9 824	-10 054
Accumulated depreciation 31 Dec	-61 616	-52 408
CARRYING AMOUNT 31 DEC	**97 242**	**99 983**

Other tangible assets		
Acquisition cost 1 Jan	5 468	5 438
Additions	-6	30
Acquisition cost 31 Dec	5 462	5 468
Accumulated depreciation according to plan 1 Jan	-3 159	-2 663
Disposals and transfers	6	
Depreciation for the financial period	-458	-496
Accumulated depreciation 31 Dec	-3 611	-3 159
CARRYING AMOUNT 31 DEC	**1 851**	**2 310**

CARRYING AMOUNT OF PRODUCTION MACHINERY AND EQUIPMENT	**90 835**	**95 271**

Prepayments and assets under construction		
Carrying amount 1 Jan	1 689	788
Additions	17 203	4 835
Disposals and transfers	-6 990	-3 934
CARRYING AMOUNT 31 DEC	**11 902**	**1 689**

11. INVESTMENTS

Shares in Group companies	2015	2014
Acquisition cost 1 Jan	54 223	54 157
Additions	102 391	66
Disposals		
Acquisition cost 31 Dec	156 614	54 223
Other shares		
Acquisition cost 1 Jan	676	709
Disposals		-33
Acquisition cost 31 Dec	676	676

GROUP COMPANIES		
Ekokem-Palvelu Oy, Riihimäki	100%	100%
Ekopartnerit Turku Oy, Turku	51%	51%
Puhosvoima Oy, Kitee	100%	100%
Ekokem Sweden Holding AB, Sweden	100%	100%
Ekokem AB, Sweden	100%	100%
Duke Infrastructure Holding Aps, Denmark	100%	
Duke Infrastructure A/S, Denmark	100%	
Ekokem A/S, Denmark	100%	
Nordgroup Waste Management AB, Sweden	100%	
Ekokem OW A/S, Denmark	100%	
Ekokem Norway AS, Norway	100%	

12. SIGNIFICANT ITEMS INCLUDED IN PREPAYMENTS AND ACCRUED INCOME

Uninvoiced waste received	286	2 030
NORD acquisition costs		831
Deferred tax assets	1 787	
Other	238	275
TOTAL	**2 310**	**3 136**

13. EQUITY

	2015	2014
Share capital 1 Jan and 31 Dec	5 985	5 985
Legal reserve 1 Jan and 31 Dec	2 565	2 565
Environmental scholarship fund 1 Jan	**349**	**342**
Transfer from retained earnings	150	150
Scholarships granted	-150	-148
Refund to the fund		4
Environmental scholarship fund 31 Dec	349	349
Reserve for invested unrestricted equity	10 033	10 033
Retained earnings 1 Jan	**92 322**	**83 414**
Dividend distribution	-11 267	-9 858
Transfer to the environmental scholarship fund	-150	-150
Profit for the financial period	13 567	18 916
Retained earnings 31 Dec	94 472	92 322
Shareholders’ equity 31 Dec	**113 405**	**111 254**
Restricted equity	8 899	8 899
Unrestricted equity	104 506	102 355
Shareholders' equity 31 Dec	113 405	111 254

Distributable assets 31 Dec		
Retained earnings	80 905	73 406
Profit for the financial period	13 567	18 916
Reserve for invested unrestricted equity	10 033	10 033
TOTAL	**104 506**	**102 355**

14. SIGNIFICANT ITEMS INCLUDED IN ACCRUALS AND DEFERRED INCOME

Holiday pay and unpaid wages and salaries, including social security expenses	3 985	3 543
Tax liabilities		383
Loans accrued interest expenses	547	98
Other	760	138
TOTAL	**5 292**	**4 163**

15. OTHER NOTES

15. OTHER NOTES	2015	2014
PLEDGED ASSETS AND CONTINGENT LIABILITIES		
Securities for own commitments	10 950	9 961
Other contingent liabilities		
Guarantees on behalf of Group companies	9 966	10 637
Leasing liabilities		
Falling due in one year	1 789	1 654
Falling due later	12 313	13 212
TOTAL	**14 102**	**14 867**
Rental liabilities		
Falling due in one year	555	579
Falling due later	511	450
TOTAL	**1 065**	**1 028**
VAT liabilities		
Obligation to refund relating to buildings in accordance with Section 33 of the Value Added Tax Act.		
2008–2017	113	169
2009–2018	15	20
2010–2019	2	3
2011–2020	13	16
2012–2021	1 713	1 999
2013–2022	238	272
2014–2023	14	15
2015–2024	91	
TOTAL	**2 199**	**2 494**

ENVIRONMENTAL PROTECTION COSTS	2015	2014
Operating and maintenance costs		
Air pollution control	2 401	2 634
Waste management	3 871	5 667
Water treatment	279	194
Total	6 550	8 495
In the profit and loss, these costs are included in the items ‘Raw materials and consumables’ and ‘Other expenses’.		
Provisions		
Aftercare provisions relating to disposal sites	88	4
Specified in more detail under Note 7.		
Investments	194	120
TOTAL	**6 833**	**8 619**

SIGNATURES FOR THE REPORT OF THE BOARD OF DIRECTORS AND THE FINANCIAL STATEMENTS

Ekokem Corporation

Helsinki, 30 March 2016

Board of Directors

Juha Vanhainen
Chair

Pia Björk

Leena Karessuo

Jukka-Pekka Ohtola

Tiina Tuomela

Managing Director

Karri Kaitue

AUDITORS´NOTE

Our Auditors´s Report was submitted today

Helsinki, 13 April 2016

PricewaterhouseCoopers Oy
Authorised Public Accountants

Markku Launis
Authorised Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of Ekokem Corporation

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Ekokem Corporation for the year ended 31 December, 2015. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, 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 consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the 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

Our 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 our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we 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 whether they 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 judgment, 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the Company's Financial Statements and the Report of the Board of Directors

In our 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.

Other Opinions

We support that the financial statements and the consolidated financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit shown in the balance sheet is in compliance with the Limited Liability Companies Act. We support that the Members of the Board of Directors and the Managing Director of the parent company should be discharged from liability for the financial period audited by us.

Helsinki April 13, 2016

PricewaterhouseCoopers Oy

Authorised Public Accountants

Markku Launis

Authorised Public Accountant

CORPORATE GOVERNANCE PRINCIPLES

Ekokem Group complies with good corporate governance practice in accordance with the Finnish Limited Liability Companies Act, the company's Articles of Association, and the Corporate Governance principles set forth in the Corporate Governance guidelines approved by Ekokem Corporation's Board of Directors. In addition to the statutory requirements, the Ekokem Group also complies with the Corporate Governance recommendation for unlisted companies issued by the Finland Chamber of Commerce. The operating principles set forth in the recommendation are described in the Board of Directors' rules of procedure and the operating policies approved by the Board. Ekokem Corporation and its subsidiaries implement the strategy approved by Ekokem Corporation's Board of Directors.

The company's administration is divided between the Annual General Meeting, the Board of Directors and its two committees, and the Managing Director. Ekokem Corporation's Group Management Board assists the Managing Director in both managing the company and achieving its strategic and operative targets. Ekokem Corporation has one auditor selected by the Annual General Meeting.

ANNUAL GENERAL MEETING

At General Meetings, shareholders exercise their decision-making authority in accordance with the Finnish Limited Liability Companies Act. Shareholders either attend General Meetings in person or act through a representative. Each Series A share carries 20 votes and each Series B share carries 1 vote at the General Meeting of Shareholders. At the Annual General Meeting (AGM), shareholders decide on, among other things, the adoption of the Financial Statements (including the Consolidated Financial Statements), the disposal of the profit shown in the balance sheet, the payment and value of dividends, discharging the Managing Director and the members of the Board of Directors from liability, the election of the Board of Directors and auditor, and what remuneration they should receive.

According to the Articles of Association, the AGM must be held once a year by the end of June. The AGM must be convened in writing, no sooner than three months and no later than three weeks before the meeting. Anyway, the invitation to the AGM must be sent no later than nine days before the record date referred to in Chapter 4 Section 2 Subsection 2 of the Limited Liability Companies Act. The AGM decides on any mandatory items contained in the Limited Liabilities Companies Act and Articles of Association, and elects the Board of Directors and auditor in accordance with the Articles of Association.

The 2015 AGM was held on 24 April 2015. The meeting was attended by 31 shareholders, who represented a total of 2,915,710 shares and 30,591,015 votes. The Meeting adopted the 2014 consolidated income statement and balance sheet, and discharged the Managing Director and the members of the Board of Directors from liability for 2014. In accordance with the Board of Directors' proposal, the AGM decided that the Company's domicile, as defined in the Articles of Association, is Helsinki. In accordance with the Board of Directors' proposal, the AGM decided to change Sections 1 and 10 of the Articles of Association to reflect the change of domicile. The AGM also approved the Board of Directors' proposal for the distribution of profit, according to which a dividend of EUR 3.20 per share was paid for 2014. The AGM also elected the members of the Board of Directors, decided on their remuneration, and selected an auditor.

NOMINATION COMMITTEE

Ekokem's shareholders have a Nomination Committee, a committee established by the AGM and tasked with seeking competent candidates for the Board of Directors and preparing proposals dealing with the selection and remuneration of Board members for the AGM on an annual basis. In accordance with the situation on the first business day of September, the Nomination Committee consists of the representatives appointed by the four largest shareholders. The chairman of the Board of Directors functions as an expert member in the committee. The Nomination Committee's rules of procedure are approved by the AGM.

In 2015, the members of the Nomination Committee were Eero Heliövaara (State of Finland), Timo Leivo (Association of Finnish Local and Regional Authorities), Timo Ritakallio and as from 1 December 2015 Mikko Mursula (Ilmarinen Mutual Pension Insurance Company), and Raimo Inkinen (Helsinki Region Environmental Services Authority HSY).

In 2015, the Nomination Committee convened three times at the invitation of the largest shareholder. The Nomination Committee made a proposal on remuneration for members of the Board of Directors on 27 February 2015 and on the election of the Board members on 31 March 2015.

BOARD OF DIRECTORS

The Board of Directors is responsible for the appropriate arrangement of Ekokem Group's administration and operations in accordance with applicable legislation and regulations, and the guidelines issued by the AGM and contained in Ekokem Corporation's Articles of Association. The Board of Directors is also responsible for Ekokem Corporation's strategy, and for steering and supervising its business operations.

The Board of Directors decides on the company's key operating principles, confirms the company's annual budget, approves the financial statements and interim reports, decides on significant investments and the divestment of assets, confirms the company's values and operating principles and monitors their implementation, appoints the Managing Director and the Managing Director's immediate subordinates and decides on their remuneration, confirms the Group Management Board and the highest tier of the company's organisational and operational structure, and defines the company's dividend policy, on whose basis a proposal will be made to the AGM. The Board of Directors' tasks and responsibilities are defined in detail in the rules of procedure approved by the Board of Directors.

According to the Articles of Association, the company's Board of Directors shall have at least three and no more than seven members. Board members are elected for a term of one year. All Board members are independent of the company.

On 24 April 2015, the Annual General Meeting decided to elect six members to the Board of Directors: Chair Juha Vanhainen, M.Sc. (Tech.); Vice Chair Leena Karessuo, Licentiate of Laws; Pia Björk, M.Sc. (Econ.); Jukka Ohtola, M. Sc. (Econ.); Karri Kaitue, Licentiate of Laws; and Tiina Tuomela, M.Sc. (Tech.).

Member of the Board of Directors Karri Kaitue began acting as Ekokem's CEO on 3 August 2015, at which time he resigned from the Board.

Remuneration and attendance at Board meetings

A total of EUR 184,100 was paid to the chair and members of the Board in 2015.

(000 euros) Name	Fee	Attendance rate
Juha Vanhainen, chairman (as of 24 April)	27.7	94.4
Maija-Liisa Friman, chairman (until 24 April)	18.0	100.0
Leena Karessuo, vice chairman	31.0	100.0
Pia Björk	27.9	100.0
Jukka Ohtola, as of 26 April 2013	27.9	100.0
Tiina Tuomela, as of 26 April 2014	26.4	83.3
Juha Vanhainen, from 25 April 2014 to 24 April 2015	9.8	94.4
Karri Kaitue, from 25 April 2014 to 31 July 2015	15.4	81.8
TOTAL/AVERAGE	**184.1**	**95.0**

THE BOARD OF DIRECTORS

The Board of Directors convenes as many times as is necessary. The chair of the Board ensures that the Board convenes whenever necessary and at least five times a year. The meeting is quorate when over half of the members elected by the Annual General Meeting are present. The Board of Directors draws up an action plan for itself for the period between Annual General Meetings. In addition to a meeting schedule, this action plan includes the most important matters to be discussed at each meeting. The Board makes an annual evaluation of its own efficacy. The Board of Directors convened 18 times in 2015 with an attendance rate of 95 per cent.

The members of the Board of Directors are presented on pages 58–59.

Board committees

The Board of Directors elects an Audit Committee and an HR and Remuneration Committee from among its members for the term of one year. The Board of Directors has approved rules of procedure for both committees, defining their tasks and responsibilities. The chair of each committee decides on the number and schedule of its meetings together with the committee members. Both committees regularly report the content of its meetings to the Board of Directors, and supplies the Board with the minutes of each meeting. At a minimum, the report includes a summary of the tasks assigned to the committee and how they were handled.

HR and Remuneration Committee

The HR and Remuneration Committee handles preliminary work for important appointments in operative management, and also makes a proposal to the Board of Directors concerning bonus and incentive schemes for key personnel. Accordingly, the Committee prepares proposals for the Board of Directors concerning the appointment of the Managing Director and members of the Management Board, including the terms and conditions of their service and employment contracts, and also supervises and evaluates their performance.

In 2015, the chair of the HR and Remuneration Committee was Maija-Liisa Friman (until 24 April 2015), and its members were Leena Karessuo and Juha Vanhainen (chair as of 24 April 2015). The General Counsel and HR Manager acts as secretary for the committee and the Managing Director as presenter. The committee met seven times, with an attendance rate of 100 per cent.

Audit Committee

The Audit Committee supervises the company's finances, financial reporting, risk management, and internal audit. It also assists the Board of Directors in monitoring the company's financial position, supervising financial reporting, and evaluating the internal audit. The committee also prepares a proposal for the selection of the company's auditor, maintains contact with the auditor, and checks all of the auditor's reports about the company and its subsidiaries, and judges whether the company is adhering to legislation and regulations.

In 2015, chair of the Audit Committee was Pia Björk and its members were Karri Kaitue (until 31 July 2015), Jukka Ohtola and Tiina Tuomela. The CFO acts as the committee's secretary and presenter. The General Counsel and Managing Director attend meetings when necessary. The Audit Committee convened eight times, with an attendance rate of 100 per cent.

THE MANAGING DIRECTOR OF THE PARENT COMPANY

The Managing Director manages the company's business operations in accordance with the Limited Liability Companies Act and the instructions given by the company's Board of Directors. The Board of Directors appoints the Managing Director and evaluates his/her performance on an annual basis, and decides on his/her remuneration on the basis of a proposal made by the HR and Remuneration Committee. In addition to a monthly salary and fringe benefits, the Managing Director may receive an annual performance-based bonus and long-term remuneration (see The Managing Director and GMB's remuneration). The Managing Director is entitled to a statutory pension, and his/her retirement age is defined by the statutory pension contribution scheme (TyEL). Under the currently applicable legislation, the Managing Director's retirement age is 65 years. The period of notice of the Managing Director's service contract is six months, and s/he is entitled to a salary for the notice period. In addition, in the event the company terminates the Managing Director's service contract, the Managing Director is entitled to severance pay equalling a maximum of 12 month's full salary.

GROUP MANAGEMENT BOARD

Ekokem's Group Management Board (GMB) assists the Managing Director in managing the company, and attaining its strategic and operative targets. The GMB convenes regularly, on average twice a month. The members of the GMB are presented on pages 60–61.

REWARD SCHEMES

The Board of Directors decides on remuneration and incentive schemes for the company's management and key personnel on the basis of a proposal from the HR and Remuneration Committee.

The Managing Director and GMB's remuneration

The table below shows the salary, fringe benefits and performance-based incentives paid to Ekokem's Managing Director (Timo Piekkari until 31 July 2015 and Karri Kaitue as of 1 August 2015) in 2015 and 2014:

Timo Piekkari	2015	2014
Salary	175 545	279 096
Fringe benefits	7 262	13 589
Short-term performance-based incentive scheme, 2014	115 190	24 605
Long-term performance-based incentive scheme, 2013–2015	73 051	
TOTAL	371 048	317 290

Karri Kaitue	2015
Salary	143 875
Fringe benefits	1 225
Short-term performance-based incentive scheme, 2014	0
TOTAL	145 100

Managing Director Karri Kaitue owned 1,000 Series A and 1,500 Series B Ekokem shares on 31 December 2015.

The Group Management Board's salaries and fringe benefits totalled EUR 1,202,847 (960,709).

The short-term performance-based bonuses paid to the senior management in 2015 were based on the achievement of the short-term performance target (EBIT) and successfully meeting personal targets in 2015.

The performance-based bonuses paid in accordance with the company's long-term incentive scheme 2013–2015 were based on economic value added (EVA), and meeting of safety and environmental targets.

Short-term and long-term incentive schemes

In 2015, the maximum amount payable under the short-term incentive scheme was 40 per cent of annual salary for Ekokem Corporation's Managing Director, and 2–3 months' salary for other members of the Group Management Board.

In 2013–2015 and 2014–2016, the long-term incentive scheme's targets are: 2013–2015 economic value added (EVA), safety, and the environment; 2014–2016 return on capital employed (ROCE), safety, and the environment.

In its meeting on 17 December 2015, the Board of Directors adopted the long-term incentive scheme for 2016–2018 (13 people under the scheme) with effect from 1 January 2016, which is tied to the development of earnings per share, with the cumulative net sales and the return on capital employed in percentages (ROCE-%) as criteria, and the short-term incentive scheme for 2016, with EBITDA, and meeting of safety, environmental and personal targets as criteria.

The long-term scheme's cost impact in 2015 amounted to approximately EUR 0.1 million (0.2).

RISK MANAGEMENT AND INTERNAL AUDITING

Risk management

Risk management seeks to ensure uninterrupted operations, environmental safety, and the achievement of the strategic targets for the company's business operations. The Group strives to avoid taking any risks related to occupational safety or the environment in its operations. The Board of Directors approves risk management principles and policies and conducts an assessment of risk management from a corporate governance perspective. The General Counsel heads risk management and its processes with the assistance of the Group Management Board. The General Counsel acts as the company's compliance officer, tasked with:

- following the development of legislation, official guidelines and regulations, and any changes therein;
- informing the company management and other personnel of such changes;
- drafting and maintaining the internal policies, guidelines, the code of ethics and other operational principles applicable to the company's personnel in collaboration with the company management; and
- supervising compliance with such regulations, guidelines and orders.

The General Counsel participates in the company's business activities, and, considering the extent of the company's operations, compliance activity has not been separated from other business activities conducted by the company. In his/her role, the General Counsel reports to the CEO.

The line organisation is responsible for ensuring the effectiveness of risk management methods, and supervises their operational execution. Two extensive risk assessments were made during the year: the assessment related to the investment planned on Salo waste-to-energy plant and the risk assessment related to the investment in the Circular Economy Village. No internal audits were performed during the year. In February 2016, after the end of the financial year, an internal audit was conducted at Ekokem A/S, during which assessments were made on the success rate of the integration process and compliance with the guidelines issued by the Group.

Internal audit

Ekokem Group's internal audit is an independent function whose task is to create added value for the company and improve its operations. The internal audit helps the organisation to assess and improve risk management, financial supervision and administrative processes. The General Counsel executes internal audits in accordance with the Audit Committee's instructions and reports to the Board of Directors' Audit Committee.

Auditor

At the Annual General Meeting, the company's shareholders annually select an auditor, which must be a firm of authorised auditors approved by the Finland Chamber of Commerce. The auditor's term of office ends at the conclusion of the next Annual General Meeting. In 2015, the Authorised Public Accountants PricewaterhouseCoopers Oy was re-appointed as auditor for Ekokem Corporation with Authorised Public Accountant Markku Launis as Chief Auditor.

The auditor's fees for 2015 were EUR 69 thousand (47). Other services acquired from the audit firm totalled EUR 326 thousand (13). These services included tax consultation and a variety of subsidy application checks.

BOARD OF DIRECTORS

JUHA VANHAINEN
Chairman of the Board

Born 1961, M.Sc. (Technology)
Apetit Oyj, CEO 2015–
Member of Ekokem's Board of Directors 2004–
Member of the Human Resources and
Remuneration Committee of Ekokem's Board of Directors 2015–

Work experience
Stora Enso Oyj, Executive Vice President 2007–2015
Stora Enso Oyj, various manager and director positions 1990–2007

Other board memberships
Elintarviketeollisuusliitto ry (ETL), Board member and
Member of the Executive Committee
Board member of several companies of Apetit Group

LEENA KARESSUO
Vice-Chairman of the Board

Born 1950, Licentiate of Laws
Retired in March 2015
Association of Finnish Local and Regional Authorities, Manager,
regions and communities until February 2015
Member of Ekokem's Board of Directors 2006–
Vice-Chairman of Ekokem's Board of Directors 2012–
Member of Ekokem's Human Resources and
Remuneration Committee of Ekokem Board of Directors

Work experience
Association of Finnish Local and Regional Authorities, Senior Counsel,
Manager, Regions and Communities, Chief of the Technology and
Environment Unit, Communal, Technological and Environmental Director
1993–2013

PIA BJÖRK

Born 1957, M. Sc. (Econ.)
Bright Group Oy, CFO 2011–
Member of Ekokem's Board of Directors 2008–
Chairman of the Audit Committee Ekokem Board of Directors

Work experience
Etteplan Oyj, VP, Operations Development and M&A, VP Corporate Planning 2001–2011
Uponor Oyj, VP, Strategic Planning and HSE 2000–2001
Uponor Group, business controller, VP, Finance & Administration 1988–1999
Uponor Oy Ecopipe, Financial Manager 1986–1988

Other board memberships
Finrail Oy, Board member

JUKKA OHTOLA

Born 1967, M. Sc. (Econ.), CEFA
Prime Minister's Office, Government Ownership Steering Department, Ministerial Adviser Member of Ekokem's Board of Directors 2013–
Member of the Audit Committee of Ekokem's Board of Directors

Work experience
Ministry of Industry and Commerce, Ownership Policy Unit, Senior Inspector 1998–2007
Ministry of Industry and Commerce, State Enterprises Group, Senior Inspector 1997–1998
Various positions in the finance industry 1994–1996

Other board memberships
Kemijoki Oy, Board member, Member of the Salary Working Group
Meritaito Oy, Board member, Member of the Finance and Audit Committee

TIINA TUOMELA

Born 1966, M.Sc. (Technology), MBA
Fortum Corporation, Executive Vice President, Generation Division
Member of Ekokem's Board of Directors 2014–, Member of the Audit Committee of Ekokem's Board of Directors

Work experience
Fortum Corporation, Nuclear and Thermal Power Division, Executive Vice President 2014–2016
Fortum Corporation, Power Division, Vice President, Finance 2009–2014
Fortum Corporation, Generation Business Unit, Vice President 2005–2009
Fortum Corporation, Generation Europe, Business Controller 2003–2005
IVO Energy Ltd, Business Controller 2000–2003
Imatran Voima Oy, Power Generation International, Investment Manager 1997-2000

Other board memberships
Forsmarks Kraftgrupp AB, Board member 2014–
Teollisuuden Voima Oy, Board member 2010–, Chairman of the Audit Committee 2012–
Board member of several companies of Fortum Group

GROUP MANAGEMENT BOARD

Karri Kaitue

Born 1964, Licentiate of Laws
CEO

In Ekokem Group's service since 2015

Jani Lösönen

Born 1976, M.Sc. (Technology)
SVP Commercial

In Ekokem Group's service since 2013
Member of the Ekokem Group Management Team since 2013

Markus Melkko

Born 1975, M.Sc. (Technology),
Bachelor of Science (Economics)
Chief Financial Officer

In Ekokem Group's service since 2015
Member of the Ekokem Group Management Team since 2015

Mari Puoskari

Born 1979, M.Sc. (Technology)
SVP New Business Ventures

In Ekokem Group's service since 2014
Member of the Ekokem Group Management Team since 2014

Kosti Rautiainen

Born 1977, M.Sc. (Technology)
SVP Operations

In Ekokem Group's service since 2015
Member of the Ekokem Group Management Team since 2015

Hilppa Rautpalo

Born 1974, LL.M.
SVP Legal and HR

In Ekokem Group's service since 2013
Member of the Ekokem Group Management Team since 2014

Hanna Masala

Born 1976, M.Sc. (Economics)
SVP Strategy and Communications

In Ekokem Group's service since 2016
Member of the Ekokem Group Management Team since 2016

Ekokem Group's Extended Group Management Team consists of Group Management Board members plus the following members:

VP Business Unit Recycling and Energy Tero Holländer

VP Business Unit Environmental Construction Antti Kaartokallio

VP Sales Tero Svinhufvud

VP Supply Chain Management Kalle Saarimaa

EHQS Director Hanna Eriksen

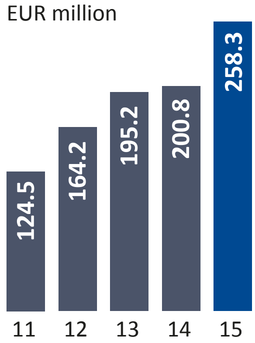
HR Development Director Ellen Frier

Administrative Managing Director Denmark Thomas Agergaard

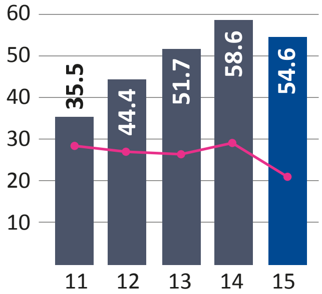
CORPORATE GOVERNANCE

KEY FIGURES

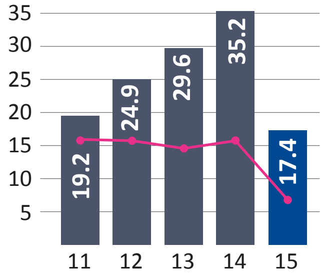
Net sales
EUR million



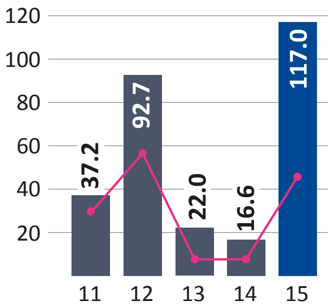
EBITDA
EUR million — of net sales



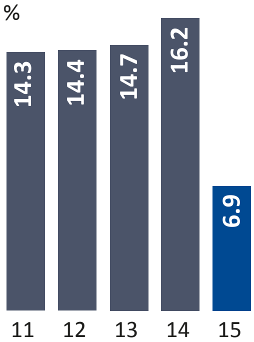
Operating profit
EUR million, — %



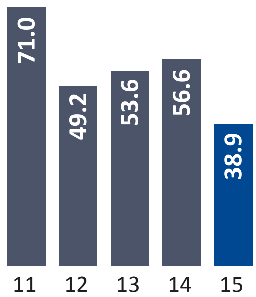
Investments
EUR million, — %



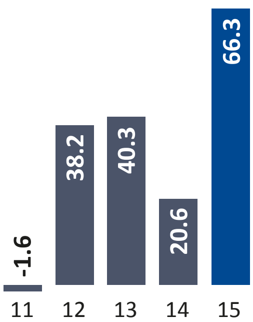
Return on invested capital
%



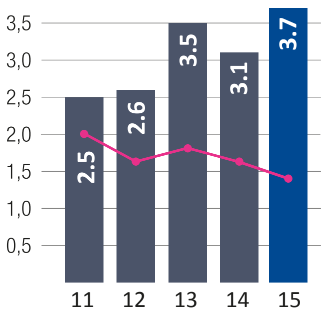
Equity ratio
%



Net Gearing
%



R&D expenditure
EUR million, — %



* The numbers for 2013, 2014 and 2015 have been calculated according to IFRS. They are not fully comparable with the previous years.