

Ekokem Corporation's  
Interim report  
January-June 2015

## **Ekokem Group's Nordic Circular Economy strategy progresses well.**

Ekokem acquired in January 2015 a Danish environmental management company NORD. The integration of Danish operations to Ekokem Group progresses as anticipated.

The construction of Circular Economy Village at Riihimäki progresses as planned. Once finished by end of 2016, the Circular Economy Village, consisting of an eco-refinery, plastics refinery and a bio refinery, will enable more efficient recycling of household and municipal waste. Ekokem investments into Circular Economy Village will amount to some EUR 25 million.

Ekokem hosted a seminar "Towards Circular Economy" in June. In the seminar the group granted in total EUR 150 000 for 7 different environmental and waste management research projects supporting circular economy.

### **2nd Quarter 2015 summarised:**

The Group profitability remained at a good level during Q2. The low prices of electricity, district heat and recycled materials have impacted the profitability during the first half of the year. Additionally Group profit is impacted by one-off items related to NORD acquisition transaction and integration.

Ekokem Group key financials Q2/2015 (Q2/2014):

- Net sales increased to EUR 62.5 million (44.7)
- EBITDA amounted to EUR 9.4 million (7.7), EBITDA margin was 15.0% (17.2%)
- Equity ratio at the end of period was 38.6% (54.4%)
- Net debt was EUR 121.6 million (52.3)

The Ekokem Group Board of Directors chose LL.Lic. Karri Kaitue as the new CEO of Ekokem Group. He started in the position on August 3<sup>rd</sup>, 2015 and at same date gave up his position in the Board of Directors. CEO Kaitue: "I am grateful for this opportunity to start working for the circular economy strategy together with our committed and skilled personnel. Our journey towards the leading Nordic circular economy company took a big step with NORD acquisition. Operative focus has been on integration, which has progressed as planned. Unfortunately the international markets for hazardous waste have been challenging and has led to low capacity utilization over the summer."

Ekokem, Boliden Harjavalta Oy and Ekokem-Palvelu Oy signed an agreement for constructing final disposal areas for Boliden process waste. The value of the projects amount to some EUR 13 million and are planned to be finalized by end of 2016.

### **Major events after the end of the period**

The co-operation between the Organisation for the Prohibition of Chemical Weapons (OPCW) and Ekokem Group related to the treatment and disposal of hazardous waste generated in the destruction of the chemical weapons program in Syria was successfully finalized in July as planned. In accordance with the co-operation agreement Ekokem treated and disposed of in total some 6000 tonnes of waste.

### **Outlook:**

Market outlook for international hazardous waste volumes may continue more challenging than anticipated.

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS (IFRS)

000 euros	Note	4–6/2015	4–6/2014	1–6/2015	1–6/2014	2014
Net sales		62 499	44 691	117 923	90 835	200 798
Other operating income		1 347	231	1 846	625	1 011
Materials and services		-31 541	-23 007	-51 917	-39 144	-87 636
Personnel expenses		-13 168	-8 681	-24 141	-17 269	-34 110
Depreciation and amortisation	1 and 2	-7 479	-5 803	-14 291	-11 550	-23 419
Other operating expenses		-9 776	-5 566	-16 990	-9 701	-21 450
<b>Operating profit</b>		<b>1 883</b>	<b>1 864</b>	<b>12 429</b>	<b>13 795</b>	<b>35 194</b>
Finance income		42	448	60	677	1 251
Finance expenses		-658	-736	-1 856	-1 551	-2 507
Finance costs (net)		-616	-288	-1 796	-874	-1 256
<b>Profit before income tax</b>		<b>1 267</b>	<b>1 577</b>	<b>10 633</b>	<b>12 921</b>	<b>33 938</b>
Income tax expense		-409	-338	-2 390	-2 766	-7 257
<b>PROFIT FOR THE PERIOD</b>		<b>858</b>	<b>1 238</b>	<b>8 243</b>	<b>10 155</b>	<b>26 681</b>

Attributable to:

Owners of the parent		798	1 180	8 185	10 087	26 465
Non-controlling interests		60	58	58	69	215

## CONSOLIDATED STATEMENT OF PROFIT AND OTHER COMPREHENSIVE INCOME (IFRS)

000 euros	Note	4–6/2015	4–6/2014	1–6/2015	1–6/2014	2014
<b>Profit for the period</b>		<b>858</b>	<b>1 238</b>	<b>8 243</b>	<b>10 155</b>	<b>26 681</b>
<b>Earnings per share attributable to the equity owners of the parent company (EUR per share)</b>						
Basic and diluted		0.23	0.34	2.32	2.86	7.52
<b>Other comprehensive income, net of income tax</b>						
<b>Items that may be reclassified subsequently to profit or loss:</b>						
Change in available-for-sale financial assets	4	0	4	1	16	-175
Currency translation differences		602	-914	834	-1 885	-3 148
Net loss/profit from cash flow hedging	4	403		-78		
Other comprehensive income for the period, net of tax		1 005	-910	757	-1 869	-3 323
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>1 863</b>	<b>329</b>	<b>9 001</b>	<b>8 286</b>	<b>23 358</b>

Attributable to:

Owners of the parent		1 803	271	8 943	8 217	23 142
Non-controlling interests		60	58	58	69	215

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

000 euros	Note	30.6.2015	30.6.2014	31.12.2014
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill		41 505	14 323	14 001
Intangible rights	1	13 936	49	44
Other intangible assets	1	8 843	1 657	1 699
Tangible assets	2	286 162	209 515	214 355
Available-for-sale financial assets	4	693	949	679
Deferred tax asset		6 641	3 574	3 365
<b>Total non-current assets</b>		<b>357 779</b>	<b>230 067</b>	<b>234 142</b>
<b>Current assets</b>				
Inventories		8 589	5 556	5 859
Trade receivables		40 287	27 279	32 870
Tax assets based on taxable income for the period		142	925	7
Other receivables		2 236	1 281	618
Prepayments and accrued income		7 222	8 793	6 120
Cash and cash equivalents	4	21 910	18 282	30 926
<b>Total current assets</b>		<b>80 386</b>	<b>62 116</b>	<b>76 400</b>
<b>TOTAL ASSETS</b>		<b>438 165</b>	<b>292 183</b>	<b>310 542</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to owners of the parent</b>				
Share capital		5 985	5 985	5 985
Other reserves		2 565	2 565	2 565
Grant reserve		349	349	349
Translation differences		-1 811	-1 385	-2 645
Fair value reserve		-76	192	1
Retained earnings		144 001	129 200	129 200
Net income		8 185	10 087	26 465
<b>Equity attributable to owners of the parent</b>		<b>159 198</b>	<b>146 992</b>	<b>161 921</b>
Non-controlling interests		697	492	639
<b>Total equity</b>		<b>159 895</b>	<b>147 485</b>	<b>162 560</b>
<b>Non-current liabilities</b>				
Borrowings	4	113 089	43 166	35 545
Other non-current liabilities		9 767	10 618	10 142
Deferred tax liability		35 356	15 822	16 267
Provisions	3	35 892	12 888	19 070
<b>Total non-current liabilities</b>		<b>194 104</b>	<b>82 494</b>	<b>81 024</b>
<b>Current liabilities</b>				
Borrowings	4	19 763	15 800	17 763
Advance payments		24 362	20 887	19 968
Trade payables		15 089	8 214	13 023
Tax liabilities based on taxable income for the period		3 154	1 641	574
Other current liabilities		8 748	4 615	5 031
Accrued liabilities		13 049	11 048	10 599
<b>Total current liabilities</b>		<b>84 166</b>	<b>62 204</b>	<b>66 959</b>
<b>Total liabilities</b>		<b>278 270</b>	<b>144 698</b>	<b>147 982</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>438 165</b>	<b>292 183</b>	<b>310 542</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

000 euros	Note	Share capital	Other reserves	Grant reserve	Translation differences	Fair value reserve	Retained earnings	Total	Non-controlling interests	Total equity
<b>Balance at 1.1.2014</b>		<b>5 985</b>	<b>2 565</b>	<b>342</b>	<b>503</b>	<b>176</b>	<b>139 358</b>	<b>148 930</b>	<b>424</b>	<b>149 354</b>
<b>Comprehensive income</b>										
Profit for the period							10 087	10 087	69	10 155
Other comprehensive income, net of income tax										
Available-for-sale financial assets	4					16		16		16
Currency translation difference					-1 888			-1 888		-1 888
<b>Total comprehensive income for the period</b>					<b>-1 888</b>	<b>16</b>	<b>10 087</b>	<b>8 214</b>	<b>69</b>	<b>8 283</b>
<b>Transactions with owners</b>										
Dividends paid							-10 008	-10 008		-10 008
Scholarships transferred and granted (net)				7			-150	-143		-143
<b>Transactions with owners, total</b>				<b>7</b>			<b>-10 158</b>	<b>-10 151</b>		<b>-10 151</b>
<b>Balance at 30.6.2014</b>		<b>5 985</b>	<b>2 565</b>	<b>349</b>	<b>-1 385</b>	<b>192</b>	<b>139 286</b>	<b>146 993</b>	<b>492</b>	<b>147 485</b>
<b>Balance at 1.1.2015</b>		<b>5 985</b>	<b>2 565</b>	<b>349</b>	<b>-2 645</b>	<b>1</b>	<b>155 665</b>	<b>161 921</b>	<b>639</b>	<b>162 560</b>
<b>Comprehensive income</b>										
Profit for the period							8 185	8 185	58	8 243
Other comprehensive income, net of income tax										
Available-for-sale financial assets	4					1		1		1
Currency translation difference					834			834		834
Cash flow hedging	4					-78		-78		-78
<b>Total comprehensive income for the period</b>					<b>834</b>	<b>-77</b>	<b>8 185</b>	<b>8 943</b>	<b>58</b>	<b>9 001</b>
<b>Transactions with owners</b>										
Dividends paid							-11 515	-11 515		-11 515
Scholarships transferred and granted (net)							-150	-150		-150
<b>Transactions with owners, total</b>							<b>-11 665</b>	<b>-11 665</b>		<b>-11 665</b>
<b>Balance at 30.6.2015</b>		<b>5 985</b>	<b>2 565</b>	<b>349</b>	<b>-1 811</b>	<b>-76</b>	<b>152 186</b>	<b>159 199</b>	<b>697</b>	<b>159 896</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

000 euros	1–6/2015	1–6/2014	2014
<b>Cash flows from operating activities</b>			
Operating profit (EBIT) for the period	12 429	13 795	35 194
Adjustments for:			
Depreciation according to plan	14 291	11 550	23 418
Change in provisions	-652	-129	-265
Operating profit before change in net working capital	26 068	25 216	58 347
Changes in net working capital:			
Increase (-) / decrease (+) in inventories	-152	-199	-502
Increase (-) / decrease (+) in trade and other receivables	6 279	6 340	4 925
Increase (+) / decrease (-) in trade payables and other liabilities	-1 560	-7 745	-2 591
Change in working capital	4 567	-1 604	1 832
Interest paid	-1 294	-1 055	-2 131
Dividends received		13	13
Interest received	48	105	192
Income taxes paid	-1 538	-736	-5 853
	-2 784	-1 672	-7 779
<b>Net cash generated by operating activities</b>	<b>27 851</b>	<b>21 941</b>	<b>52 400</b>
<b>Cash flows from investing activities</b>			
Purchases of tangible and intangible assets	-7 977	-4 825	-16 611
Investments in subsidiaries less cash and cash equivalents	-92 236		0
Proceeds from sale of tangible and intangible assets		30	81
Proceeds from sale of available-for-sale financial assets			264
<b>Net cash used in investing activities</b>	<b>-100 213</b>	<b>-4 795</b>	<b>-16 266</b>
<b>Cash flows from financing activities</b>			
Withdrawal of non-current interest-bearing liabilities	89 775	1 213	1 213
Repayment of non-current interest-bearing liabilities	-15 051	-2 827	-8 234
Repayments of finance lease obligations	-239	-251	-992
Dividends paid	-11 125	-9 754	-9 761
Scholarships paid	-110	-83	-147
<b>Net cash used in financing activities</b>	<b>63 250</b>	<b>-11 701</b>	<b>-17 921</b>
<b>Net decrease (-) / increase (+) in cash and cash equivalents</b>	<b>-9 112</b>	<b>5 444</b>	<b>18 213</b>
Cash and cash equivalents at the end of the period	21 910	18 282	30 926
Exchange gains (+) / losses (-) on cash and cash equivalents	96	-80	-205
Cash and cash equivalents at the beginning of the period	30 926	12 918	12 918
<b>Net decrease (-) / increase (+) in cash and cash equivalents</b>	<b>-9 112</b>	<b>5 444</b>	<b>18 213</b>

## **Accounting principles**

This (unaudited) interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the accounting principles presented in the Group's 2014 Financial Statements. Income taxes are based on an estimated average tax rate that is expected for the financial year.

## **Notes to the Interim Report**

1. Intangible assets
2. Tangible assets
3. Provisions
4. Financial instruments – carrying amounts and fair values
5. Contingent liabilities, contingent assets and commitments
6. Business combinations
7. Events after the reporting period

## 1. Intangible assets

1–6/2015

000 euros	Intangible rights	Other intangible assets	Total
Acquisition cost at 1.1.2015	123	5 227	5 350
Business combinations	14 603	7 644	22 247
Additions		6	6
Effect of foreign currency exchange differences	-32	-17	-49
<b>Acquisition cost at 30.6.2015</b>	<b>14 694</b>	<b>12 860</b>	<b>27 554</b>
Accumulated amortisation and impairment			
1.1.2015	-79	-3 528	-3 607
Amortisation	-680	-490	-1 170
<b>Accumulated amortisation and impairment at 30.6.2015</b>	<b>-759</b>	<b>-4 018</b>	<b>-4 777</b>
<b>Balance at 30.6.2015</b>	<b>13 936</b>	<b>8 842</b>	<b>22 778</b>
Balance at 1.1.2015	44	1 699	1 743

1–6/2014

000 euros	Intangible rights	Other intangible assets	Total
Acquisition cost at 1.1.2014	123	4 866	4 989
Additions		33	33
<b>Acquisition cost at 30.6.2014</b>	<b>123</b>	<b>4 899</b>	<b>5 022</b>
Accumulated amortisation and impairment			
1.1.2014	-69	-2 952	-3 021
Amortisation	-5	-291	-296
<b>Accumulated amortisation and impairment at 30.6.2014</b>	<b>-74</b>	<b>-3 243</b>	<b>-3 317</b>
<b>Balance at 30.6.2014</b>	<b>49</b>	<b>1 657</b>	<b>1 706</b>
Balance at 1.1.2014	54	1 914	1 968



2014

000 euros	Intangible rights	Other intangible assets	Total
Acquisition cost at 1.1.2014	123	4 866	4 989
Additions		361	361
<b>Acquisition cost at 31.12.2014</b>	<b>123</b>	<b>5 227</b>	<b>5 350</b>
Accumulated amortisation and impairment			
1.1.2014	-69	-2 952	-3 021
Amortisation	-10	-576	-586
<b>Accumulated amortisation and impairment at 31.12.2014</b>	<b>-79</b>	<b>-3 528</b>	<b>-3 607</b>
<b>Balance at 31.12.2014</b>	<b>44</b>	<b>1 699</b>	<b>1 743</b>
Balance at 1.1.2014	54	1 914	1 968

## 2. Tangible assets

1–6/2015

000 euros	Land	Buildings	Machinery and equipment	Other tangible assets	Prepayments and assets under construction	Total
Acquisition cost at 1.1.2015	3 042	69 750	194 160	37 309	6 719	310 980
Business combinations		6 641	74 234		406	81 281
Additions		405	3 022	19	6 166	9 613
Disposals		-406	-341	-1 657	-2 780	-5 184
Effect of discounting to present value				-1 738		-1 738
Exchange rate differences	10	350	1 995	85	28	2 470
<b>Acquisition cost 30.6.2015</b>	<b>3 052</b>	<b>76 740</b>	<b>273 071</b>	<b>34 018</b>	<b>10 539</b>	<b>397 421</b>
Accumulated depreciations and impairment 1.1.2015		-25 046	-58 436	-13 143		-96 625
Depreciations		-1 459	-9 566	-1 497		-12 521
Exchange rate differences		-279	-1 673	-161		-2 112
<b>Accumulated depreciations and impairment at 30.6.2015</b>		<b>-26 783</b>	<b>-69 675</b>	<b>-14 801</b>		<b>-111 259</b>
<b>Balance at 30.6.2015</b>	<b>3 052</b>	<b>49 957</b>	<b>203 397</b>	<b>19 217</b>	<b>10 539</b>	<b>286 162</b>
Balance at 1.1.2015	3 042	44 704	135 724	24 166	6 719	214 355

1–6/2014

000 euros	Land	Buildings	Machinery and equipment	Other tangible assets	Prepayments and assets under constructions	Total
Acquisition cost at 1.1.2014	2 907	70 958	192 661	28 679	4 190	299 395
Additions	74	27	1 709	6	5 095	6 911
Disposals		-315	-452		-1 350	-2 117
Effect of discounting to present value				-642		-642
Exchange rate differences	-19	-704	-3 991	-457	26	-5 145
<b>Acquisition cost at 30.6.2014</b>	<b>2 962</b>	<b>69 965</b>	<b>189 927</b>	<b>27 586</b>	<b>7 961</b>	<b>298 402</b>
Accumulated depreciations and impairment 1.1.2014		-22 656	-49 034	-10 605		-82 295
Depreciations		-1 601	-7 530	-1 345		-10 476
Exchange rate differences		514	3 051	319		3 884
<b>Accumulated depreciations and impairment at 30.6.2014</b>		<b>-23 743</b>	<b>-53 513</b>	<b>-11 631</b>		<b>-88 887</b>
<b>Balance at 30.6.2014</b>	<b>2 962</b>	<b>46 223</b>	<b>136 414</b>	<b>15 955</b>	<b>7 961</b>	<b>209 515</b>
Balance at 1.1.2014	2 907	48 302	143 627	18 074	4 190	217 100

2014

000 euros	Land	Buildings	Machinery and equipment	Other tangible assets	Prepayments and assets under construction	Total
Acquisition cost at 1.1.2014	2 907	70 958	192 661	28 679	4 190	299 395
Additions	166	467	9 555	4 371	14 706	29 265
Disposals		-517	-1 491	-82	-12 089	-14 179
Effect of discounting to present value				5 092		5 092
Exchange rate differences	-31	-1 158	-6 565	-751	-88	-8 593
<b>Acquisition cost at 31.12.2014</b>	<b>3 042</b>	<b>69 750</b>	<b>194 160</b>	<b>37 309</b>	<b>6 719</b>	<b>310 980</b>
Accumulated depreciations and impairment 1.1.2014	0	-22 656	-49 034	-10 605	0	-82 295
Depreciations		-3 256	-14 571	-3 050		-20 877
Exchange rate differences		866	5 169	512		6 547
<b>Accumulated depreciations and impairment at 31.12.2014</b>		<b>-25 046</b>	<b>-58 436</b>	<b>-13 143</b>		<b>-96 625</b>
<b>Balance at 31.12.2014</b>	<b>3 042</b>	<b>44 704</b>	<b>135 724</b>	<b>24 166</b>	<b>6 719</b>	<b>214 355</b>
Balance at 1.1.2014	2 907	48 302	143 627	18 074	4 190	217 100

The Group leases buildings and constructions, machinery and equipment and other property, plant and equipment under finance lease agreements. Tangible assets includes the following amounts where the Group is a lessee under a finance lease:

000 euros	1–6/2015	1–6/2014	2014
Buildings	1 623	1 684	1 654
Machinery and equipment	9 216	10 058	9 794
<b>Net book amount</b>	<b>10 839</b>	<b>11 743</b>	<b>11 448</b>

### 3. Provisions

1–6/2015

000 euros	Environmental provisions	Other provisions	Total
Balance at 1.1.2015	17 577	1 492	19 069
Additional provisions and increases in existing provisions	399	8	407
Additional provisions from business combinations	17 107	3 591	20 698
Used during the financial year	-2 288	-252	-2 540
Reversals of unused provisions	-660		-660
Effect of discounting to present value	-1 120		-1 120
Exchange rate differences	46	-8	38
<b>Balance at 30.6.2015</b>	<b>31 061</b>	<b>4 831</b>	<b>35 892</b>

1–6/2014

000 euros	Environmental provisions	Other provisions	Total
Balance at 1.1.2014	11 601	1 479	13 080
Additional provisions and increases in existing provisions		9	9
Used during the financial year	-297		-297
Effect of discounting to present value	67		67
Exchange rate differences	28		28
<b>Balance at 30.6.2014</b>	<b>11 399</b>	<b>1 488</b>	<b>12 887</b>

2014

000 euros	Environmental provisions	Other provisions	Total
Balance at 1.1.2014	11 601	1 479	13 080
Additional provisions and increases in existing provisions	1 446	13	1 459
Used during the financial year	-607	0	-607
Effect of discounting to present value	5 080	0	5 080
Exchange rate differences	57	0	57
<b>Balance at 31.12.2014</b>	<b>17 577</b>	<b>1 492</b>	<b>19 069</b>

The Group's provisions are classified as non-current as most of the provisions require a considerable amount of judgement and use of estimates. In most cases, determining an accurate amount of the provided liabilities to be settled within twelve months after the reporting period would not meet the qualitative characteristics of useful financial information under IFRS.

Environmental provisions consists of the decommissioning and aftercare activities to be performed in the Group's various landfill sites. The majority of the environmental provisions will be used significantly later (up to 50 years) compared to the point of initial recognition of the provision.

Other provisions include liabilities regarding expected losses of construction projects, guarantee related expenses and other liabilities that are not expected to be settled in the Group's normal operating cycle.

#### 4. Financial Instruments - Carrying amounts and fair values

30.6.2015

##### Financial assets

000 euros	FVTPL financial instruments	Available-for-sale financial investments	Loans and receivables	Total carrying amounts by balance sheet item	Total fair value	Fair value hierarchy level
Non-listed equity securities		690		690	690	Level 3
Listed equity securities		3		3	3	Level 1
Cash and cash equivalents				21 910	21 910	
<b>Total financial assets</b>		<b>693</b>		<b>22 603</b>	<b>22 603</b>	

##### Financial liabilities

000 euros	FVTPL financial instruments	Amortised cost	Cash flow hedge instruments	Total carrying amounts by balance sheet item	Total fair value	Fair value hierarchy level
Borrowings		143 498		143 498	143 498	Level 2
Derivatives	1 017		97	1 114	1 114	Level 2
<b>Total financial liabilities</b>	<b>1 017</b>	<b>143 498</b>	<b>97</b>	<b>144 612</b>	<b>144 612</b>	

30.6.2014

##### Financial assets

000 euros	FVTPL financial instruments	Available-for-sale financial investments	Loans and receivables	Total carrying amounts by balance sheet item	Total fair value	Fair value hierarchy level
Non-listed equity securities		677		677	677	Level 3
Listed equity securities		272		272	272	Level 1
Cash and cash equivalents				18 282	18 282	
<b>Total financial assets</b>		<b>949</b>		<b>19 231</b>	<b>19 231</b>	

##### Financial liabilities

000 euros	FVTPL financial instruments	Amortised cost	Cash flow hedge instruments	Total carrying amounts by balance sheet item	Total fair value	Fair value hierarchy level
Borrowings		70 573		70 573	70 573	Level 2
Derivatives	1 219			1 219	1 219	Level 2
<b>Total financial liabilities</b>	<b>1 219</b>	<b>70 573</b>		<b>71 792</b>	<b>71 792</b>	

31.12.2014

Financial assets

000 euros	FVTPL financial instruments	Available-for-sale financial investments	Loans and receivables	Total carrying amounts by balance sheet item	Total fair value	Fair value hierarchy level
Non-listed equity securities		677		677	677	Level 3
Listed equity securities		3		3	3	Level 1
Cash and cash equivalents				30 926	30 926	
<b>Total financial assets</b>		<b>680</b>		<b>31 606</b>	<b>31 606</b>	

Financial liabilities

000 euros	FVTPL financial instruments	Amortised cost	Cash flow hedge instruments	Total carrying amounts by balance sheet item	Total fair value	Fair value hierarchy level
Borrowings		64 422		64 422	64 422	Level 2
Derivatives	1 208			1 208	1 208	Level 2
<b>Total financial liabilities</b>	<b>1 208</b>	<b>64 422</b>		<b>65 630</b>	<b>65 630</b>	

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

There were no transfers between Level 1 and 2 in the periods.

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

## 5. 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	30.6.2015	30.6.2014	31.12.2014
Not later than 1 year	3 055	2 434	2 756
Later than 1 year and not longer than 5 years	8 685	4 407	5 149
Later than 5 years	3 729	2 640	4 098
<b>Total</b>	<b>15 468</b>	<b>9 481</b>	<b>12 003</b>

### Pledged assets

000 euros	30.6.2015	30.6.2014	31.12.2014
On behalf of own commitments	32 204	21 564	22 360
	<b>32 204</b>	<b>21 564</b>	<b>22 360</b>

### 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	30.6.2015	30.6.2014	31.12.2014
2008-2017	225	300	225
2009-2018	21	26	21
2010-2019	60	70	60
2011-2020	95	111	95
2012-2021	2 040	2 331	2 040
2013-2022	567	624	567
2014-2023	95		95
<b>Total</b>	<b>3 103</b>	<b>3 462</b>	<b>3 103</b>

### Litigation

In a letter dated 24 February 2015, the bankruptcy estate of L&T Recoil Oy has presented a recovery claim against Ekokem Corporation and demanded a payment of 295 525,99 euros 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 295 525,99 euros, 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 40,000.00 euros, 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.

## 6. Business combinations

On 29 January 2015, Ekokem Group 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 Guernsey. The acquisition was financed both with two separate bank loans and cash at hand and in banks.

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

The acquisition will enable Ekokem Group's growth in the Nordic countries as a company focused on circular economy generating added value to its customers through better material and energy efficiency and new recycling opportunities. Nordgroup will strengthen Ekokem Group's water treatment technology and expertise, among other things. The acquisition is expected to have a positive effect on Ekokem Group's Operating profit from 2015 onwards.

The acquisition-related costs of EUR 831 thousand have been charged to the consolidated income statement for the year ended 31 December 2014 and EUR 671 thousand on the first quarter 2015. These costs are included in line item other operating expenses of the consolidated income statement. The initial accounting for the acquisition is incomplete at the date of these financial statements.

The acquired businesses have been included in the consolidated financial statements as of 1 February 2015. The purchase price allocation has been based on the acquired company's balance sheet on 31 January 2015, which has been prepared in accordance with IFRS in all substantial respects. A preliminary, IFRS 3 compliant consideration is shown below.

### Consideration on 29 January 2015

Cash	95 141
Contingent consideration arrangements	5 408
<b>Total consideration transferred</b>	<b>100 549</b>

Preliminary amounts recognised for acquired assets and liabilities	Fair value
Tangible assets	81 281
Intangible assets	22 247
Available-for-sale financial assets	14
Inventories	2 584
Trade receivables	15 504
Accrued income and other receivables	1 993
Cash and cash equivalents	8 312
Deferred tax liabilities	-14 895
Loans	-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
<b>Total identifiable net assets</b>	<b>73 247</b>
<b>Goodwill</b>	<b>27 301</b>
<b>Total</b>	<b>100 549</b>



## **7. Events after the end of the reporting period**

Mr Karri Kaitue (LL. Lic.) has started as the CEO of the Ekokem Group the 3rd of August 2015.  
No other significant events.