

EKOKEM CORPORATION

Interim Report Q3 / 2015

July-September 2015

Ekokem pursuing its circular economy strategy as planned – shutdowns and the price of electricity and raw materials taxed operating profit

Integration measures initiated after the acquisition made in January have proceeded as planned. Following the introduction of the Finnish environmental Ekokem brand in the Group's other operating countries at the beginning of September, 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.

Construction of Circular Economy Village in Riihimäki is progressing on schedule. In September, an agreement was signed on the distribution in Gasum's gas network of biogas generated by the biorefinery to be built in the village. A joint operation between Gasum and Biotehdas will involve the construction of a biogas upgrading facility in the Ekokem Circular Economy Village located in Riihimäki, and a gas network connection and a gas pipeline section approximately 10 km long.

The quarter in brief:

Financial performance in the quarter ended on 30 September was disappointing. Scheduled maintenance shutdowns in Sweden, Finland and Denmark in September affected performance, as did the shutdown of one rotary kiln in Denmark, which limited production capacity from the end of June until the end of August. As a result, the Group's profitability fell from the comparison period a year earlier. Similarly, the low prices of electricity, district heating and recycled materials eroded profitability. One-off costs related to the planned integration and change projects also taxed the Group's profit.

Ekokem Group key financials Q3/2015 (Q3/2014):

- Net sales increased to EUR 67.1 (47.4) million following the acquisition
- EBITDA amounted to EUR 9.6 (14.4) million, EBITDA margin was 14.3% (30.4%)
- Equity ratio at the end of the reporting period was 37.4% (54.9%)
- Net debt totalled EUR 112.6 (45.3) million

CEO Kaitue: "Our result for the third quarter is disappointing. However, we will continue with our determined efforts to deploy our Nordic circular economy strategy. In October, as part of our Nordic integration scheme, we launched a Group-wide efficiency programme to ensure our long-term competitiveness. Our business focus is on continuous improvement of our profitability and further enhancement of our operations."

Major events after the end of the period

An efficiency programme launched in October, which will be implemented in all business units and support functions in Finland, Denmark and Sweden, is designed to reorganise and streamline operations and to fully leverage the synergy benefits derived from the Nordic mergers and acquisitions.

The programme is expected to generate annual cost savings of approximately EUR 10 million. At least 50% of the savings and all personnel-related savings are expected to be achieved during 2016, 30% in 2017, and 20% from 2018 onwards, as part of the continuous improvement of business operations. As part of the programme, savings programmes affecting personnel were also initiated in all Group countries with the objective of achieving annual cost savings of about EUR 3 million at Group level.

The Market Court overturned a procurement decision made by a procurement pool consisting of municipal waste treatment plants in Southwest Finland, under which Ekokem was awarded a contract to build a waste-to-energy plant in Salo. Ekokem submitted this bid in response to a public call for tender covering municipal waste recovery service procurement over a period of 25 years. In its decision, the Market Court concluded that when organising the public call for tender, 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.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS (IFRS)

000 euros	Note	7–9/2015	7–9/2014	1–9/2015	1–9/2014	2014
Net sales		67 091	47 406	185 683	138 240	200 798
Other operating income		134	185	1 382	810	1 011
Materials and services		-38 515	-21 841	-90 431	-60 985	-87 636
Personnel expenses		-13 733	-7 022	-37 874	-24 291	-34 110
Depreciation and amortisation	1 and 2	-8 828	-5 149	-23 120	-16 699	-23 419
Other operating expenses		-5 412	-4 338	-22 473	-14 039	-21 450
Operating profit		738	9 241	13 167	23 036	35 194
Finance income		138	-21	198	656	1 251
Finance expenses		-491	-547	-2 347	-2 097	-2 507
Finance costs (net)		-353	-567	-2 150	-1 441	-1 256
Profit before income tax		384	8 674	11 017	21 595	33 938
Income tax expense		-82	-1 199	-2 472	-3 965	-7 257
Profit for the period		302	7 475	8 545	17 630	26 681
Attributable to:						
Owners of the parent		160	7 402	8 345	17 489	26 465
Non-controlling interests		142	73	200	141	215

CONSOLIDATED STATEMENT OF PROFIT AND OTHER COMPREHENSIVE INCOME (IFRS)

000 euros	Note	7–9/2015	7–9/2014	1–9/2015	1–9/2014	2014
Profit for the period		302	7 475	8 545	17 630	26 681
Earnings per share attributable to the equity owners of the parent company (EUR per share)						
Basic and diluted		0.05	2.10	2.37	4.97	7.52
Other comprehensive income, net of income tax						
Items that may be reclassified subsequently to profit or loss						
Change in available-for-sale financial assets	4	0	-1	1	15	-175
Currency translation differences		-1 701	82	-867	-1 803	-3 148
Net loss/profit from cash flow hedging	4	-345		-423		
Other comprehensive income for the period, net of tax		-2 046	81	-1 288	-1 788	-3 323
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-1 744	7 556	7 257	15 842	23 358
Attributable to:						
Owners of the parent		-1 886	7 483	7 057	15 707	23 142
Non-controlling interests		142	73	200	141	215

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IFRS)

000 euros	Note	30.9.2015	30.9.2014	31.12.2014
ASSETS				
Non-current assets				
Goodwill		41 164	14 368	14 001
Intangible rights	1	13 529	46	44
Other intangible assets	1	8 836	1 535	1 699
Tangible assets	2	284 574	212 226	214 355
Available-for-sale financial assets	4	693	947	679
Deferred tax asset		7 326	3 525	3 365
Total non-current assets		356 123	232 647	234 142
Current assets				
Inventories		8 565	6 376	5 859
Trade receivables		42 290	28 490	32 870
Tax assets based on taxable income for the period		2 094	1 319	7
Other receivables		7 773	1 171	618
Prepayments and accrued income		5 176	8 143	6 120
Cash and cash equivalents	4	28 370	25 113	30 926
Total current assets		94 268	70 611	76 400
TOTAL ASSETS		450 391	303 258	310 542
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital		5 985	5 985	5 985
Other reserves		2 565	2 565	2 565
Grant reserve		349	349	349
Translation differences		-3 512	-1 300	-2 645
Fair value reserve		-421	190	1
Retained earnings		144 002	129 200	129 200
Net income		8 345	17 489	26 465
Equity attributable to owners of the parent		157 314	154 478	161 921
Non-controlling interests		839	565	639
Total equity		158 152	155 043	162 560
Non-current liabilities				
Borrowings	4	106 151	43 198	35 545
Other non-current liabilities		9 285	10 380	10 142
Deferred tax liability		36 786	16 004	16 267
Provisions	3	36 768	15 384	19 070
Total non-current liabilities		188 989	84 967	81 024
Current liabilities				
Borrowings	4	24 763	15 806	17 763
Advance payments		27 066	20 692	19 968
Trade payables		19 241	10 093	13 023
Tax liabilities based on taxable income for the period		841	2 665	574
Other current liabilities		13 280	4 044	5 031
Accrued liabilities		18 058	9 947	10 599
Total current liabilities		103 249	63 248	66 959
Total liabilities		292 238	148 215	147 982
TOTAL EQUITY AND LIABILITIES		450 391	303 258	310 542

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
Equity at 1.1.2014		5 985	2 565	342	503	176	139 358	148 930	424	149 354
Total comprehensive income										
Profit for the period							17 489	17 489	141	17 630
Other comprehensive income, net of income tax										
Available-for-sale financial assets	4					15		15		15
Currency translation difference					-1 803			-1 803		-1 803
Total comprehensive income for the period					-1 803	15	17 489	15 700	141	15 842
Transactions with owners of the company										
Dividends paid							-10 008	-10 008		-10 008
Scholarships transferred and granted (net)				7			-150	-143		-143
Transactions with owners of the company, total				7			-10 158	-10 151		-10 151
Equity at 30.9.2014		5 985	2 565	349	-1 300	191	146 689	154 479	565	155 044
Equity at 1.1.2015		5 985	2 565	349	-2 645	1	155 665	161 921	639	162 560
Total comprehensive income										
Profit for the period							8 345	8 345	199	8 545
Other comprehensive income, net of income tax										
Available-for-sale financial assets	4					1		2		2
Currency translation difference					-867			-867		-867
Cash flow hedging	4					-423		-423		-423
Total comprehensive income for the period					-867	-422	8 345	7 057	199	7 257
Transactions with owners of the company										
Dividends paid							-11 515	-11 515		-11 515
Scholarships transferred and granted (net)							-150	-150		-150
Transactions with owners of the company, total							-11 665	-11 665		-11 665
Equity at 30.9.2015		5 985	2 565	349	-3 511	-421	152 346	157 314	839	158 152

CONSOLIDATED STATEMENT OF CASH FLOWS

000 euros	1-9/2015	1-9/2014	2014
Cash flows from operating activities			
Operating profit (EBIT) for the period	13 167	23 036	35 194
Adjustments for:			
Depreciation according to plan	23 120	16 699	23 418
Change in provisions	3 768	-755	-265
Operating profit before change in net working capital	40 054	38 981	58 347
Changes in net working capital:			
Increase (-) / decrease (+) in inventories	-122	-1 019	-502
Increase (-) / decrease (+) in trade and other receivables	3 013	4 920	4 925
Increase (+) / decrease (-) in trade payables and other liabilities	4 131	-4 705	-2 591
Change in working capital	7 022	-804	1 832
Interest paid	-1 859	-1 687	-2 131
Dividends received		13	13
Interest received	127	129	192
Income taxes paid	-2 214	-1 602	-5 853
	-3 946	-3 147	-7 779
Net cash generated by operating activities	43 130	35 030	52 400
Cash flows from investing activities			
Purchases of tangible and intangible assets	-14 291	-11 030	-16 611
Investments in subsidiaries less cash and cash equivalents	-92 236		
Proceeds from sale of tangible and intangible assets		30	81
Proceeds from sale of available-for-sale financial assets			264
Net cash used in investing activities	-106 527	-11 000	-16 266
Cash flows from financing activities			
Withdrawal of non-current interest-bearing liabilities	89 775	1 213	1 213
Repayment of non-current interest-bearing liabilities	-17 384	-2 827	-8 234
Repayments of finance lease obligations	-281	-290	-992
Dividends paid	-11 126	-9 760	-9 761
Scholarships paid	-117	-98	-147
Net cash used in financing activities	60 868	-11 762	-17 921
Net increase (+) / decrease (-) in cash and cash equivalents	-2 529	12 268	18 213
Cash and cash equivalents at the end of the period	28 370	25 113	30 926
Exchange gains (+) / losses (-) on cash and cash equivalents	-27	-73	-205
Cash and cash equivalents at the beginning of the period	30 926	12 918	12 918
Net decrease (-) / increase (+) in cash and cash equivalents	-2 529	12 268	18 213

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
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5. Contingent liabilities, contingent assets and commitments
6. Business combinations

1. Intangible assets

1–9/2015

000 euros	Intangible rights	Other intangible assets	Total
Acquisition cost at 1.1.2015	123	5 227	5 350
Business combinations	14 603	7 677	22 281
Additions		274	274
Disposals		-67	-67
Exchange rate differences	-31	-16	-47
Acquisition cost at 30.9.2015	14 696	13 095	27 790
Accumulated amortisation and impairment 1.1.2015	-79	-3 528	-3 607
Amortisation	-1 087	-798	-1 885
Disposals		67	67
Accumulated amortisation and impairment at 30.9.2015	-1 166	-4 259	-5 425
Carrying amount at 30.9.2015	13 529	8 836	22 366

Carrying amount at 1.1.2015

44 1 699 1 743

1–9/2014

000 euros	Intangible rights	Other intangible assets	Total
Acquisition cost at 1.1.2014	123	4 866	4 989
Additions		54	54
Acquisition cost at 30.9.2014	123	4 920	5 043
Accumulated amortisation and impairment 1.1.2014	-69	-2 952	-3 021
Amortisation	-8	-434	-441
Accumulated amortisation and impairment at 30.9.2014	-77	-3 386	-3 462
Carrying amount at 30.9.2014	46	1 535	1 581

Carrying amount 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
Acquisition cost at 31.12.2014	123	5 227	5 350
Accumulated amortisation and impairment 1.1.2014	-69	-2 952	-3 021
Amortisation	-10	-576	-586
Accumulated amortisation and impairment at 31.12.2014	-79	-3 528	-3 607
Carrying amount at 31.12.2014	44	1 699	1 743

Carrying amount at 1.1.2014

54 1 914 1 968

2. Tangible assets

1–9/2015

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		6 607	74 233		406	81 246
Additions		123	2 718	19	13 266	16 126
Disposals		-398	-1 096	-1 564	-2 080	-5 137
Transfers between asset items		467	2 237	277	-2 981	
Effect of discounting to present value				-1 101		-1 101
Exchange rate differences	-1	-45	-340	-7	-3	-396
Acquisition cost 30.9.2015	3 041	76 505	271 911	34 934	15 326	401 717
Accumulated depreciations and impairment 1.1.2015		-25 046	-58 436	-13 143		-96 625
Depreciations		-2 659	-15 756	-3 691		-22 107
Disposals		345	1 057	6		1 408
Exchange rate differences		23	142	15		181
Accumulated depreciations and impairment at 30.9.2015		-27 337	-72 993	-16 813		-117 143
Carrying amount at 30.9.2015	3 041	49 168	198 918	18 120	15 326	284 574
Carrying amount at 1.1.2015	3 042	44 704	135 724	24 166	6 719	214 355

1–9/2014

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	77	168	3 657	6	9 237	13 145
Disposals		-316	-992	-81	-2 467	-3 857
Effect of discounting to present value				1 920		1 920
Exchange rate differences	-17	-640	-3 660	-415	-49	-4 781
Acquisition cost at 30.9.2014	2 967	70 169	191 666	30 109	10 911	305 822
Accumulated depreciations and impairment 1.1.2014		-22 656	-49 034	-10 605		-82 295
Depreciations		-2 496	-11 069	-1 299		-14 863
Exchange rate differences		468	2 805	290		3 562
Accumulated depreciations and impairment at 30.9.2014		-24 684	-57 298	-11 614		-93 596
Carrying amount at 30.9.2014	2 967	45 485	134 368	18 495	10 911	212 226
Carrying amount 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
Acquisition cost at 31.12.2014	3 042	69 750	194 160	37 309	6 719	310 980
Accumulated depreciations and impairment 1.1.2014		-22 656	-49 034	-10 605		-82 295
Depreciations		-3 256	-14 571	-3 050		-20 877
Exchange rate differences		866	5 169	512		6 547
Accumulated depreciations and impairment at 31.12.2014		-25 046	-58 436	-13 143		-96 625
Carrying amount at 31.12.2014	3 042	44 704	135 724	24 166	6 719	214 355
Carrying amount 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	1–9/2015	1–9/2014	2014
Buildings	1 669	1 684	1 654
Machinery and equipment	8 813	10 058	9 794
Carrying amount at the end of period (net)	10 482	11 743	11 448

3. Provisions

1–9/2015

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	278	657	935
Additional provisions from business combinations	17 107	3 591	20 698
Used during the financial year	-2 102	-273	-2 375
Reversals of unused provisions	-660		-660
Effect of discounting to present value	-938		-938
Exchange rate differences	46	-7	39
Balance at 30.9.2015	31 309	5 459	36 768

1–9/2014

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	9	1 455
Used during the financial year	-297	-22	-319
Effect of discounting to present value	1 057		1 057
Exchange rate differences	112		112
Balance at 30.9.2014	13 918	1 466	15 384

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		-607
Effect of discounting to present value	5 080		5 080
Exchange rate differences	57		57
Balance at 31.12.2014	17 577	1 492	19 070

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

30.9.2015

000 euros	FVTPL financial instruments	Available-for-sale financial assets	Financial liabilities recognised at amortised cost	Cash flow hedge instruments	Total carrying amount by balance sheet item	Total fair value	Fair value hierarchy level
Financial assets							
Non-listed equity securities		690			690	690	Level 3
Listed equity securities		3			3	3	Level 1
Cash and cash equivalents					28 370	28 370	
Total financial assets		693			29 063	29 063	
Financial liabilities							
Borrowings			140 979		140 979	140 979	Level 2
Derivatives	950			529	1 479	1 479	Level 2
Total financial liabilities	950		140 979	529	142 458	142 458	

30.9.2014

000 euros	FVTPL financial instruments	Available-for-sale financial assets	Financial liabilities recognised at amortised cost		Total carrying amount by balance sheet item	Total fair value	Fair value hierarchy level
Financial assets							
Non-listed equity securities		677			677	677	Level 3
Listed equity securities		270			270	270	Level 1
Cash and cash equivalents					25 113	25 113	
Total financial assets		947			26 060	26 060	
Financial liabilities							
Borrowings			70 365		70 365	70 365	Level 2
Derivatives	1 355				1 355	1 355	Level 2
Total financial liabilities	1 355		70 365		71 720	71 720	

31.12.2014

000 euros	FVTPL financial instruments	Available-for-sale financial assets	Financial liabilities recognised at amortised cost		Total carrying amount by balance sheet item	Total fair value	Fair value hierarchy level
Financial assets							
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	
Total financial assets		679			31 606	31 606	
Financial liabilities							
Borrowings			64 422		64 422	64 422	Level 2
Derivatives	1 208				1 208	1 208	Level 2
Total financial liabilities	1 208		64 422		65 630	65 630	

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	30.9.2015	30.9.2014	31.12.2014
Not later than 1 year	3 235	2 441	2 756
Later than 1 year and not longer than 5 years	5 912	4 360	5 149
Later than 5 years	5 917	3 463	4 098
Total	15 064	10 264	12 003

Pledged assets

000 euros	30.9.2015	30.9.2014	31.12.2014
On behalf of own commitments	30 765	22 299	22 360
Total	30 765	22 299	22 360

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	30.9.2015	30.9.2014	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
Total	3 103	3 462	3 103

Pending legal actions

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 255,526.99 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
Total consideration transferred	100 549

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
Total identifiable net assets	73 247
Goodwill	27 301
Total	100 549