



Annual Report 2015



AHLSTRÖM CAPITAL

Contents

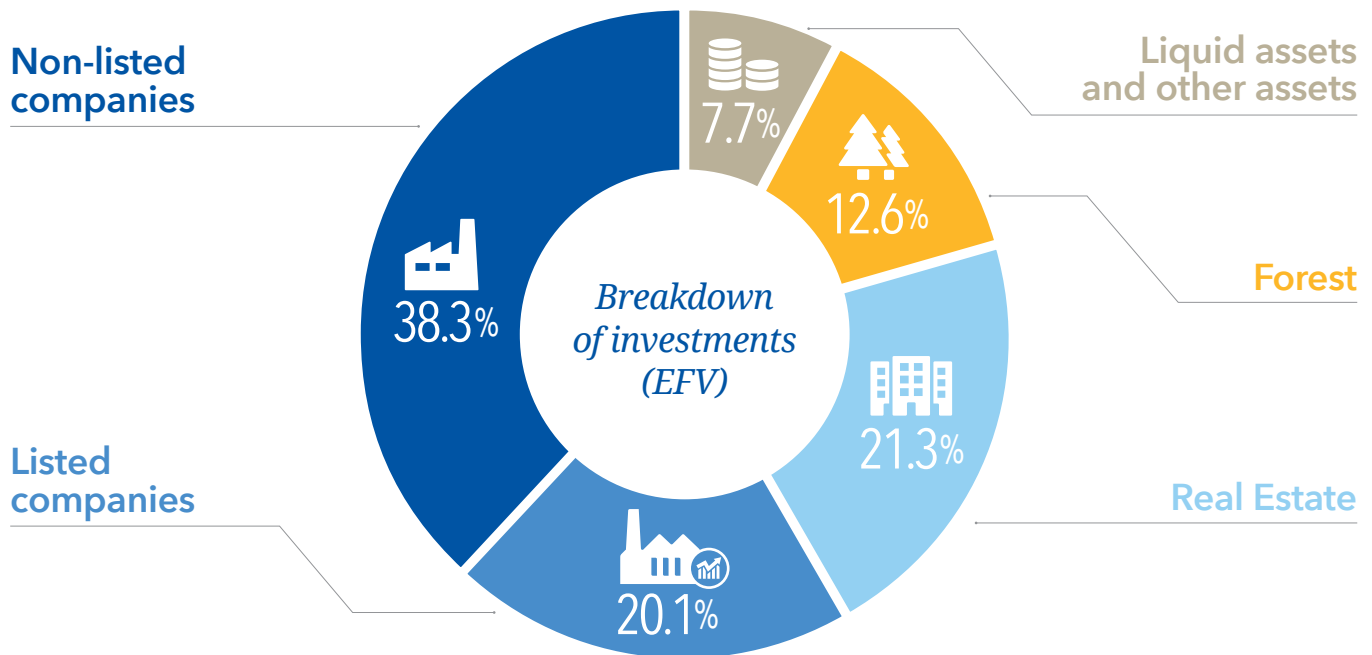
3	Ahlström Capital in brief
5	Year 2015 in brief
7	CEO's review
9	Strategy and investments
13	Industrial investments
	15 Ahlstrom Corporation
	17 Munksjö Oyj
	19 Suominen Corporation
	21 ÅR Packaging Group AB
	23 Destia Group Oyj
	25 Enics AG
	27 Cleantech companies
29	Real estate investments
35	Responsibility
39	Corporate governance
	43 Board of Directors
	45 Personnel
47	Financial statements 2015
115	Shares and shareholders
115	Information for shareholders

Ahlström Capital in brief

AHLSTRÖM CAPITAL is a family-owned investment company that focuses its investment activity in industry and real estate. Ahlström Capital is one of the largest and most significant investment companies in Finland with a history of more than 160 years. Ahlström Capital creates long-term shareholder

value by actively developing its portfolio. Ahlström Capital's industrial investments include substantial holdings in the listed companies Ahlstrom Corporation, Munksjö Oyj and Suominen Corporation as well as direct investments in non-listed companies Destia Group Oyj, Enics AG and ÅR Packaging Group AB. In addition

to industrial investments, Ahlström Capital has considerable real estate and forest holdings. At year-end 2015 Ahlström Capital Group's balance sheet totaled 1.3 billion euros and the annual net sales of the Group was 1.5 billion euros.



Forest

AHLSTRÖM CAPITAL'S FOREST HOLDINGS reside mainly in Western Finland in the Satakunta region, and in Central and Eastern Finland. Ahlström Capital is one of the largest private forest owners in Finland.

32,000

Hectares of forests in total

106.3

External fair value of forests, M€

Real estate

AHLSTRÖM CAPITAL'S REAL ESTATE PORTFOLIO includes office properties in Helsinki and some industrial, commercial and residential properties in Southern Finland.

206,000 m²

Of real estate area in total

179.1

External fair value of real estate, M€



Listed companies

AHLSTROM

AHLSTROM is a high performance fiber-based materials company, the products of which are used in everyday applications such as filters, medical fabrics, life science and diagnostics, wall-coverings and food packaging.

11.0%

*Ahlström Capital's
shareholding*

1,074.7

*Net sales 2015,
M€*



Made by Munksjö

MUNKSJÖ is one of the world's largest specialty paper companies. The company produces specialty papers, which are central elements in the design and manufacturing processes of its customers.

14.5%

*Ahlström Capital's
shareholding*

1,130.7

*Net sales 2015,
M€*

Suominen

SUOMINEN is the global market leader in nonwovens for wipes. The company manufactures nonwovens as roll goods for wipes as well as for medical and hygiene products.

26.8%

*Ahlström Capital's
shareholding*

444.0

*Net sales 2015,
M€*



Non-listed companies

ARPACKAGING

AR PACKAGING is one of Europe's leading companies in the packaging sector. Its core markets are in the folding carton and the flexible packaging in Europe.

65.0%

*Ahlström Capital's
shareholding*

513.5

*Net sales 2015,
M€*

DESTIA

DESTIA is a Finnish infrastructure and construction service company. The company builds, maintains and designs traffic routes, industrial and traffic environments, as well as complete living environments.

100%

*Ahlström Capital's
shareholding*

462.8

*Net sales 2015,
M€*

ENICS

ENICS is one of the leading electronics manufacturing service providers of industrial electronics. Enics operates in the fields of transportation, building automation, energy, industrial automation and instrumentation to optimize its customers' value chains and improving their competitiveness.

99.0%

*Ahlström Capital's
shareholding*

505.3

*Net sales 2015,
M€*

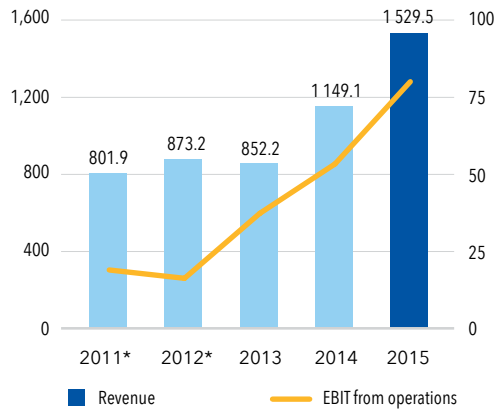


Year 2015 in brief

- » **IN 2015, THE TOTAL REVENUE** of Ahlström Capital Group amounted to EUR 1.5 billion. At year-end 2015, the external fair value of Ahlström Capital's portfolio was EUR 743.7 million. The value increase during 2015 was 21.4 percent.
- » **THE GROUP'S MAIN INVESTMENT** during the year was AR Packaging's acquisition of the European packaging operations of MeadWestvaco Corporation signed in January 2015 and finalized in April 2015.
- » **IN THE FIRST QUARTER OF 2015**, Ahlström Capital sold the remaining shares of its holding in Outokumpu. Prior to the sale, Ahlström Capital's ownership was 3.1 percent.
- » **DURING THE YEAR**, Ahlström Capital slightly increased its holding in Munksjö, from 11.05 percent to 14.49 percent.
- » **IN 2015 AHLSTRÖM CAPITAL** succeeded in preparations for the real estate project in Kasarmikatu 21 and the construction phase can start in spring 2016.
- » **AHLSTRÖM CAPITAL OY APPOINTED** Hans Sohlström as its new President and CEO. Sohlström assumed his new position on February 1, 2016.

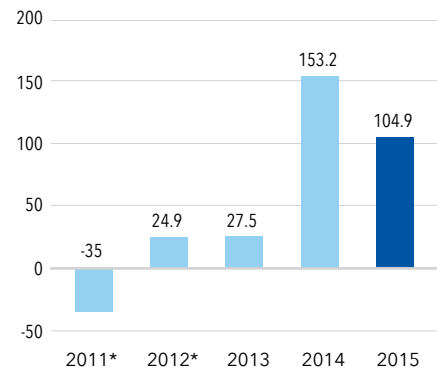
“ *Operational result improved significantly in 2015* ”

REVENUE AND EBIT FROM OPERATIONS, M€



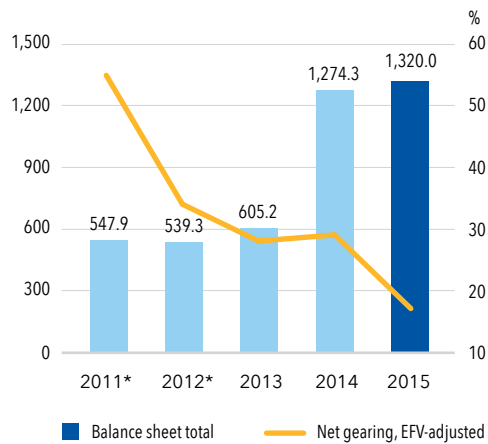
* 2011-2012 figures are according to FAS

NET RESULT, M€



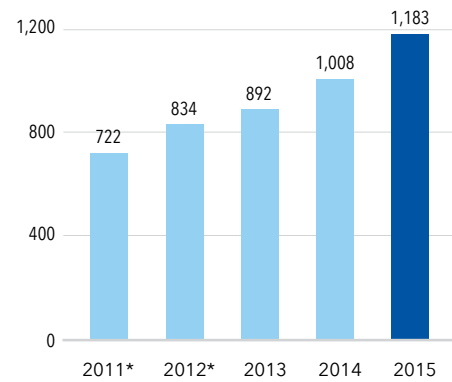
* 2011-2012 figures are according to FAS

BALANCE SHEET TOTAL, M€ AND NET GEARING, EFV-ADJUSTED



* 2011-2012 figures are according to FAS

EXTERNAL FAIR VALUE (EFV) PER SHARE, €



* 2011-2012 figures are according to FAS

Balance sheet total

1,320

M€

External fair value (EFV) of the portfolio

743.7

M€



Strong results in 2015

➤ 2015 was a year of strong performance and active portfolio development for Ahlström Capital. Our revenue, operational profitability and external fair value increased. Our performance was positively impacted by AR Packaging's acquisition of MeadWestvaco's European tobacco and general packaging operations and the divestment of our Outokumpu shares.

IN 2015, **AHLSTRÖM CAPITAL** Group's net sales totaled 1.5 billion euros, which is an all-time high for Ahlström Capital, and was driven by growth in AR Packaging, Enics and Destia. The net result for the group was EUR 105 million and the balance sheet total exceeded 1.3 billion euros at the end of 2015. We fulfilled our mission of increasing shareholder value as our external fair value improved by over 20 percent. We were also able to of-

fer increasing cash returns to our shareholders. For the Annual General Meeting of Shareholders 2016, the Board proposes a dividend of 42 euros per share, the dividend yield being 3.6% of the external fair value.

Our target is to actively develop our portfolio and constantly monitor the market for new investment opportunities as well as generate growth for our existing portfolio companies through add-on

investments. In 2015 we focused on developing our current portfolio companies with good results. We will continue to explore new and possible add-on opportunities also in 2016.

CHANGES IN OUR PORTFOLIO

IN THE BEGINNING OF 2015, AR Packaging acquired the European tobacco and general packaging operations of MeadWestvaco. The turnover of the acquired

operations was 154 million euros. The acquisition and subsequent integration had a positive impact on AR Packaging's results already in 2015. AR Packaging's net sales and operating profit excluding non-recurring items rose to a new record high. We are very pleased with AR Packaging's development and transformation over the years, and consider AR Packaging a good example of value creation for our shareholders through active management.

In addition to AR Packaging's add-on acquisition, we increased our holding in Munksjö. During the second and third quarter, our holding of 11.1 percent grew to 14.5 percent. On the other hand, we sold our remaining holding in Outokumpu during the first quarter of 2015. The sale reduced our risk exposure in equity markets as well as improved our result and strengthened our financial position.

During 2015, the development of global economy continued divergent. Global growth decreased during 2015 compared to 2014, as positive development in some advanced economies, such as the US, was not enough to offset the negative effect of the developing and emerging markets. Our portfolio companies performed fairly despite the turbulent market development and economic uncertainty. Enics' revenue increased to over 500 million euros for the first time and Destia was also able to increase its revenue and order stock despite the competitive market situation.

The development of our real estate portfolio continued actively in 2015. We started the Kasarmikatu 21 real estate project in Helsinki together with our partners, with the intention to erect a new high class office building on the site. We also continued balancing our real estate portfolio by divesting a significant portion of our residential real estate as planned. In the future, our main focus will be on larger properties.

FOCUSING ON ACTIVE OWNERSHIP

CONTINUOUS AND ACTIVE portfolio company development is the core of Ahlström Capital's strategy. It is also important to develop our internal practices to support our flexible and agile way of working, and

during 2015 we have continued to refine and improve our internal operations.

I would like to extend my deepest gratitude to the entire Ahlström Capital team, including everyone in our portfolio companies, for all the good work in 2015. We are keenly aware that the operational performance of our portfolio companies set the basis for Ahlström Capital's

performance. I also want to thank our shareholders and Board for the trust and commitment they showed again in 2015. Together we have moved Ahlström Capital forward and we will continue doing so in 2016.

Jacob af Forselles

acting CEO until January 31, 2016



Solid foundation for future development

ON FEBRUARY 1, 2016, HANS SOHLSTRÖM assumed the position of President and CEO of Ahlström Capital. "Ahlström Capital is a unique investment company. It has strong industrial expertise, a devoted team of experts and as an undisputed asset, the impressive heritage of the Ahlström family. In addition, Ahlström Capital has significant financial resources on which to build and further develop the portfolio of industrial as well as real estate investments. This is what Ahlström Capital is about, and I am most enthusiastic about and privileged for being a part of the Group," says Hans Sohlström.

"Ahlström Capital has an excellent starting point for year 2016: our company performed well in 2015 and is on a good level in pursuing further growth possibilities. We will continue to create value for our shareholders through active and responsible ownership in the portfolio companies. Our balance sheet enables new investments, which we also aim to pursue during 2016," he continues.

Hans Sohlström
CEO



“ Value creation is reached through active ownership in our portfolio companies.”



A family-owned
investment
company
with industrial focus

» Ahlström Capital's mission is to create long-term shareholder value by actively developing its investments and acting as a professional, responsible owner with a relatively long investment horizon. Ahlström Capital is one of the leading family-owned private investors in Finland with strong industrial expertise, long entrepreneurial heritage as well as substantial financial resources.



AHLSTRÖM CAPITAL OFFERS stable and competitive annual cash returns to its shareholders by creating long-term shareholder value. Value building is achieved by actively developing the industrial portfolio companies and the real estate investments and by continuously looking for new investments. Ahlström Capital aims at having a balanced and diversified portfolio by allocating assets across different asset classes, industries and companies in order to reduce volatility and keep expected returns and risk levels in line with its investment strategy.

Ahlström Capital's investment process can be divided into three steps: investment, ownership and exit. In addition to specific ongoing portfolio company development processes, Ahlström Capital also strives to continuously develop its own practices to support its flexible and agile way of working.

Ahlström Capital invests primarily in listed and non-listed industrial companies, as well as in commercial real estate and forest assets. Ahlström Capital invests in companies based in the Nordic region with either local or global focus

that follow Nordic corporate governance principles. The portfolio companies are established companies with strong cash flow and identified growth potential. Ahlström Capital actively supports international growth of its portfolio companies. All in all, Ahlström Capital invests with carefully weighed risk assessment and has typically a relatively long investment horizon.

AHLSTRÖM CAPITAL INVESTS both in majority and minority positions but with the aim to gain substantial influence or control in the company's decision-making. Ahlström Capital creates value in the portfolio companies through strong industrial and financial expertise, active participation in

the Board of Directors and through active dialogue with portfolio company management. The purpose is to build long-lasting and dynamic businesses that are able to successfully pursue growth and internationalization opportunities.

As one of the leading privately held investment companies in Finland, Ahlström Capital's key advantages lie in its capability of being an active and responsible owner with excellent internal and external expertise and financial resources, helping the portfolio companies in carrying out change and agile decision making, even in fast changing situations. In addition, Ahlström Capital has its roots in the strong history and entrepreneurial traditions of the Ahlström family - one of the most significant industrial families in Finland with over 160 years' heritage.



Ahlström Capital's EFV showed an impressive increase of 21.4 percent from 2014.

INVESTMENTS IN DIFFERENT ASSET CLASSES

AHLSTRÖM CAPITAL INVESTS in several asset classes. Industrial investments include holdings in listed and non-listed companies. In addition, Ahlström Capital manages a cleantech fund that has investments in growth stage companies in the clean-

tech industry. Real estate investments consist of commercial real estate and forest assets. Ahlström Capital's investment capital also includes liquid assets, which mainly consist of short-term money market instruments.

INDUSTRIAL INVESTMENTS

IN JANUARY 2015, Ahlström Capital's portfolio company AR Packaging acquired the European tobacco and general packaging operations of MeadWestvaco. The acquisition was completed in April. In the first quarter, Ahlström Capital divested its remaining 3.1 percent holding in Outokumpu. The investment in the Mint Capital II fund was divested in May. During the second and third quarter, Ahlström Capital increased its holding in Munksjö from 11.05 percent to 14.49 percent.

At the end of 2015, Ahlström Capital's industrial investments included listed companies Ahlstrom Corporation, Munksjö Oyj and Suominen Corporation as well as non-listed companies ÅR Packaging Group AB, Destia Group Oyj and Enics AG. In addition, Ahlström Capital's cleantech fund AC Cleantech Growth Fund I focuses on developing its holdings in Ripasso Energy AB and Scandinavian Biogas Fuels International AB.

REAL ESTATE INVESTMENTS

AHLSTRÖM CAPITAL'S real estate investments mainly consist of the Eteläesplanadi 14 property and some residential, industrial and commercial properties in Southern Finland. In June 2015, Helsinki City Council approved Ahlström Capital's and its

partner's purchase of the Kasarmikatu 21 site in Helsinki. The plan is to demolish the current building and to erect a new office building on the site. The construction work will start in spring 2016 and the building is estimated to be completed by the end of 2017. The project will be conducted in collaboration with Ahlström Capital, YIT and HGR Property Partners.

During 2015, Ahlström Capital's real estate portfolio development and divestments continued according to plan in Finland and in Romania. Moreover, Ahlström Capital continued to substantially reduce the number of residential properties in its portfolio.

In addition to real estate investments, Ahlström Capital has a long tradition in sustainable forest business with 32,000 hectares of forest holdings. Ahlström Capital's forest holdings reside mainly in Western Finland in the Satakunta region and in Central and Eastern Finland, making Ahlström Capital one of the largest private forest owners in Finland.

Ahlström Capital also manages the Noormarkku and Kauttua works, where the roots of the Ahlström heritage reside.

EVALUATING NEW INVESTMENT OPPORTUNITIES

AHLSTRÖM CAPITAL CONTINUOUSLY screens for new and interesting investment opportunities. Ahlström Capital invests primarily in listed and non-listed companies in industry, service and trade sectors and real estate across the Nordic region. New equity investments are approximately in the range of EUR 50-100 million.

Ahlström Capital's external fair value

EXTERNAL FAIR VALUE is the most relevant long-term performance indicator for an investment company like Ahlström Capital, and the most accurate way of measuring and monitoring the development of the portfolio's value.

The external fair value of Ahlström Capital can be defined as the aggregate market value of the company's assets net of liabilities. Ahlström Capital complies with generally accepted valuation methods when valuing its holdings. Listed holdings are valued as per latest market value while non-listed investments are valued according to International Private Equity and Venture Capital Valuation (IPEV) guidelines. Real estate holdings are valued externally in accordance with European Public Real Estate Association's (EPRA) guidelines and IFRS values are applied to forest and other holdings. The EFV of an investment is realized upon exit, and then the balance sheet value of the holding converges with its EFV.

AT YEAR-END 2015, the total external fair value Ahlström Capital's portfolio amounted to EUR 743.7 million (634.0). Taking into account the dividends of EUR 25.2 million paid in 2015, the dividend adjusted value increased 21.4 percent. The increase was mainly due to value increases in the industrial investments. The external fair value per share was EUR 1,183 as of December 31, 2015.

Of the total external fair value, investments in listed companies represented 20.1 percent, non-listed companies 38.3 percent, real estate 21.3 percent, forest assets 12.6 percent, and cash and liquid assets 7.7 percent.

AHLSTRÖM CAPITAL'S MAIN INDUSTRIAL INVESTMENTS ON DECEMBER 31, 2015

Portfolio company	Products/Services	Net sales, EUR million	Holding, %
Listed companies			
Ahlstrom	Fiber-based materials	1,074.7	11.0
Munksjö	Specialty papers	1,130.7	14.5
Suominen	Nonwovens for wipes	444.0	26.8
Non-listed companies			
AR Packaging	Paperboard and flexible packaging	513.5	65.0
Destia	Infrastructure and construction services	462.8	100.0
Enics	Electronics manufacturing services	505.3	99.0



“ *In 2015, Ahlström Capital increased its holding in Munksjö and sold its remaining share in Outokumpu.* ”



Industrial investments

» Ahlström Capital's industrial investments include substantial holdings in listed companies Ahlstrom Corporation, Munksjö Oyj and Suominen Corporation. In addition, the portfolio includes direct holdings in non-listed companies ÅR Packaging Group AB, Destia Group Oyj and Enics AG, as well as a fund investment in AC Cleantech Growth Fund I, an investment fund managed by Ahlström Capital.



Innovative product offering for consumer and industrial applications

>> Ahlstrom provides innovative fiber-based materials with a function in everyday life. The company's materials enable the required functionality and sustainability of the end products, which are used in a large variety of everyday consumer and industrial applications.

AHLSTROM CREATES VALUE by using unique know-how in combining both natural and synthetic raw materials with chemistry to produce differentiated products customized to local markets. Products for a clean and healthy environment consist of applications such as filters, medical gowns and drapes, diagnostics, wallcoverings, as well as beverage and food packaging. The majority of Ahlstrom's fibers come from renewable sources in order to minimize the products' environmental impact over the whole life-cycle.

AHLSTROM HAS A LEADING global market position in its two business areas, Filtration & Performance and Specialties. Ahlstrom's product offering is supported by global trends such as growing global population, increased demand for greener and resource-efficient materials, emerging needs in healthcare, changes in demographics, urbanization and scarcity of resources. The group's main markets in terms of net sales are Europe (47%), North America (30%),

Asia-Pacific (16%) and South America (5%).

AHLSTROM CONTINUED launching new products in 2015 to drive growth and improve the sales mix and profit margins. New products were launched within the Advanced Filtration and Food business units, including sustainable and compostable single-use coffee filters and lids in Europe and Canada. Ahlstrom's long-term strategic target was to generate 20 percent of net sales from new products.

AHLSTROM'S YEAR 2015

IN 2015, AHLSTROM'S NET SALES were EUR 1,074.7 million (1,001.1). However, comparable net sales at constant currencies declined by 0.7% from the previous year. The operating profit excluding non-recurring items improved from the comparable period, increasing by 66 percent to EUR 47.5 million (28.6). The negative impact on Ahlstrom's net sales was due to the slowdown in some of Ahlstrom's key markets, most visible in the Filtration business area, that affected the company during

the last two quarters of 2015. Ahlstrom's improved profitability was achieved through continued optimization of the current product portfolio and enhanced pricing in addition to cost savings.

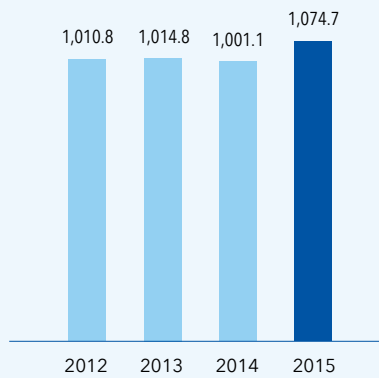
- FOUNDED:** 1851
- DOMICILE:** Helsinki, Finland
- INDUSTRY:** High performance fiber-based materials company
- OPERATING COUNTRIES:** 22
- PERSONNEL:** 3,300
- NET SALES IN 2015:** EUR 1,074.7 million
- MARKET CAP AS OF DEC. 31, 2015:** EUR 336.8 million
- IN AHLSTRÖM CAPITAL'S PORTFOLIO SINCE:** 2014
- AHLSTRÖM CAPITAL'S OWNERSHIP:** 11.0%

AHLSTROM'S SHARE PRICE IN 2015, €





AHLSTRÖM - NET SALES 2012-2015, M€
(CONTINUING OPERATIONS)

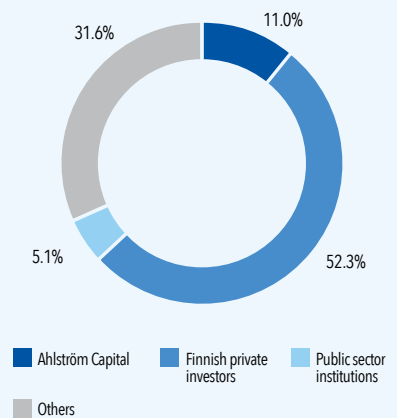


PERSONNEL

3,300



AHLSTRÖM - OWNERSHIP 2015





Focus on profitability target, full year result affected by higher raw material prices

>> Munksjö is a world-leading manufacturer of advanced paper products developed with intelligent paper technology. Value is created by developing customer specific and innovative products and functionality in areas ranging from flooring, kitchens and furnishings to release papers, consumer-friendly packaging and energy transmission in an environmentally friendly way.

MUNKSJÖ, a specialty paper company with sales to more than 70 countries, has four business areas: Decor (32% of net sales in 2015), Release Liners (38%), Industrial Applications (15%) and Graphics & Packaging (15%). Munksjö's specialty pulp and specialty papers are used in several industrial applications and consumer products such as decor, release, electrotechnical and graphic and industrial paper. Munksjö operates in seven countries in Europe, South America and Asia.

Munksjö is a leader in many of its product segments and aims to grow sustainably both organically as well as through strategic initiatives. Global megatrends, such as a growing and ageing population, urbanization, growing mobility, increased environmental awareness and resource scarcity drive the long-term demand of Munksjö's products. The transition to a more sustainable society also has a natural impact on the long-term demand, as awareness of environment and resource scarcity increases.

MUNKSJÖ'S TARGET of new products, announced at the end of 2015, is 15 percent of net sales, calculated as an average over the past three years. During 2015, Munksjö launched 14 new products, including Acti-V® XB within release papers and Secure Abrasive within abrasive backing papers.

AHLSTRÖM CAPITAL INCREASED its holding in Munksjö during the second and third quarter of 2015 to 14.49 percent from its previous holding of 11.05 percent.

MUNKSJÖ'S YEAR 2015

MUNKSJÖ'S NET SALES were EUR 1,130.7 million in 2015 (1,137.3 million) and EBITDA adjusted for non-recurring items was EUR 93.6 million (105.0 million). Munksjö's profitability was affected by higher raw material costs, especially driven by pulp prices. Munksjö implemented price increases in their two largest business areas in order to compensate for the total effect of the increased raw material costs.

FOUNDED: Munksjö started its operations in 1862. Munksjö Oyj was formed in 2013, when the combination of Munksjö AB and Ahlstrom's Label and Processing business area was completed.

DOMICILE: Helsinki, Finland

INDUSTRY: Specialty paper company

OPERATING COUNTRIES: 7

PERSONNEL: 2,900

NET SALES IN 2015: EUR 1,130.7 million

MARKET CAP AS OF DEC. 31, 2015: EUR 436.5 million*

IN AHLSTRÖM CAPITAL'S PORTFOLIO SINCE: 2014

AHLSTRÖM CAPITAL'S OWNERSHIP: 14.5%

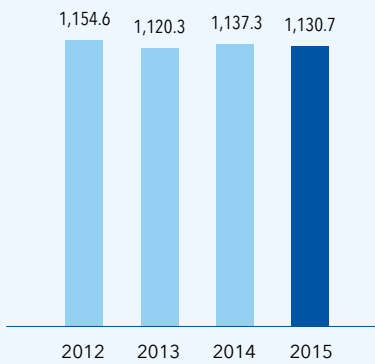
MUNKSJÖ'S SHARE PRICE IN 2015, €



* Adjusted with holding of own shares



**MUNKSJÖ - PRO FORMA* NET SALES
2012-2015, M€**

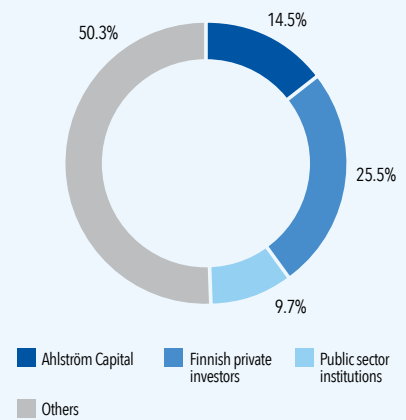


PERSONNEL

2,900



MUNKSJÖ - OWNERSHIP 2015



* Includes LP Europe and Coated Specialities from 1 January 2012. As the combination was completed during 2013, the pro forma information is only consolidated until the fourth quarter 2013. From the first quarter 2014 the reported figure is used.



Suominen's net sales and operating profit improved in 2015

>> Suominen is a globally leading manufacturer of nonwovens for wiping, hygiene and medical applications. End products, such as wet wipes, diapers and wound dressings made of nonwovens, bring added value to the daily lives of consumers and professional users around the world.

THE TWO BUSINESS AREAS of Suominen are Convenience and Care. Convenience offers nonwovens mainly for a range of wiping applications and represents around 93 percent of the total net sales. Care serves medical and hygiene markets, accounting for around 7 percent of the total net sales.

Suominen operates in Europe, North America and South America, and is the world's largest manufacturer of nonwovens used in wiping products. Demand for nonwovens grows on average 5 percent annually as there are several megatrends that increase demand in the nonwovens market. Among these are the increasing and aging of the population, growing consciousness of health and the rise of the middle class as the most important consumer group.

WITH ITS STRATEGY FOR 2015-2017, Suominen aims for substantial growth that exceeds the industry average and a transforma-

tion in the product portfolio. During 2015, Suominen's investment in a new wetlaid line at the Bethune plant in US progressed as planned. The company also introduced new products to its FIBRELLA® line that is a range of nonwovens made for medical applications. In addition, Suominen decided to extend its growth investment program for the strategic period of 2015-2017 to approximately EUR 60 million due to the promising growth prospects in the high value added nonwovens.

IN JANUARY 2016 Suominen rose from Small Cap to Mid Cap in Nasdaq Helsinki Stock Exchange, where the company's shares are listed.

SUOMINEN'S YEAR 2015

IN 2015, SUOMINEN'S NET SALES were EUR 444.0 million (401.8 million) and its operating profit excluding non-recurring items increased by almost 16 percent to EUR 31.2 million. Net sales growth and profitability

improvement were driven by the strengthening of the US dollar against the euro.

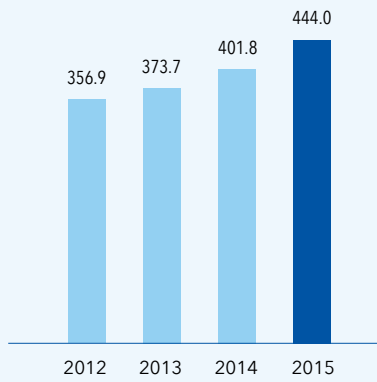
- FOUNDED:** J.W. Suominen established in 1898
- DOMICILE:** Helsinki, Finland
- INDUSTRY:** Nonwovens manufacturing company
- OPERATING COUNTRIES:** 6
- PERSONNEL:** 640
- NET SALES IN 2015:** EUR 444.0 million
- MARKET CAP AS OF DEC. 31, 2015:** EUR 311.9 million
- IN AHLSTRÖM CAPITAL'S PORTFOLIO SINCE:** 2014
- AHLSTRÖM CAPITAL'S OWNERSHIP:** 26.8%

SUOMINEN'S SHARE PRICE IN 2015, €





SUOMINEN - NET SALES
2012-2015, M€

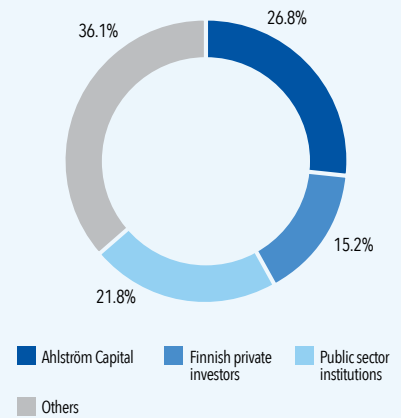


PERSONNEL

640



SUOMINEN - OWNERSHIP 2015





Strong growth in revenues and operating profit after successful acquisition

>> AR Packaging is one of Europe’s leading companies in the packaging sector, specialized in folding carton and flexible packaging. Highlight of the year 2015 was the acquisition of MeadWestvaco’s European tobacco and general packaging operations.

AR **PACKAGING** has three divisions: Barrier packaging, Branded products and Food packaging, which create fit-for-purpose solutions in a wide range of consumer market segments with focus on innovation and sustainability.

The folding carton packaging market in Europe is expected to grow. Drivers include consumers preferring paper and cardboard packaging for sustainability and cost-effectiveness reasons, and the increased need for single packs. The trend of take-away food also supports AR Packaging’s growth.

FOR AR PACKAGING, the landmark of the year 2015 was the acquisition of MeadWestvaco Corporation’s European tobacco and general packaging operations. The business acquired has been part of AR Packaging since May 2015

and showed a very positive development during 2015, contributing EUR 105.7 million in AR Packaging’s net sales. AR Packaging financed the acquisition with existing cash, by issuing a EUR 35 million subsequent bond and with a EUR 15 million junior unsecured loan.

The acquisition demonstrated AR Packaging’s determination to be a significant long-term packaging supplier, with the intention to be a key driver of the ongoing consolidation process in the European packaging industry. It fits very well in AR Packaging’s strategy of repositioning its operations to high-margin segments and of further strengthening its relations with key consumer goods customers.

AR PACKAGING’S YEAR 2015

THANKS TO THE ACQUISITION, AR Packaging’s net sales rose to a new high of EUR 513.5 million (404.3). Operating profit exclud-

ing non-recurring items totaled EUR 44.8 million (27.4), showing an increase of 63 percent.

FOUNDED: AR Packaging formed in 2011

DOMICILE: Lund, Sweden

INDUSTRY: Folding carton and flexible packaging

OPERATING COUNTRIES: 9

PERSONNEL: 2,200

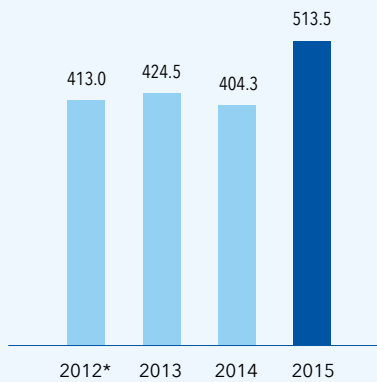
NET SALES 2015: EUR 513.5 million

IN AHLSTRÖM CAPITAL’S PORTFOLIO SINCE: A&R Carton since 2000; AR Packaging since 2011 after A&R Carton and Flextrus joined forces

AHLSTRÖM CAPITAL’S OWNERSHIP: 65.0%



AR PACKAGING – NET SALES
2012–2015, M€



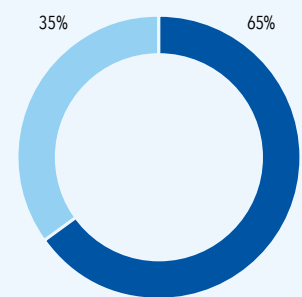
* Excluding divested beverage packaging business.

PERSONNEL

2,200



AR PACKAGING – OWNERSHIP 2015*



Ahlström Capital Accent Equity 2008

* 5% option plan for the management



Under challenging market conditions Destia's order book strengthened

➤➤ Destia is an infrastructure and construction service company operating in Finland. The company builds, maintains and designs traffic routes, industrial and traffic environments as well as complete living environments. Destia's customer base includes business and industrial companies, government agencies, cities and municipalities.

DESTIA'S SERVICES COVER the entire infrastructure lifecycle services, from comprehensive overground operations to subterranean construction, and it is a leading operator in its field in Finland.

The main long-term force affecting Destia's operations is the general development of economy, which impacts the demand, funding and competition of public and private sector infrastructure projects. Megatrends such as continuing urbanization, climate change and emphasis on questions of responsibility, especially safety and environmental issues, as well as the aging of the population provide growth opportunities to Destia.

IN 2015, DESTIA WAS SELECTED as one of the main contractors for the approximately EUR 100 million apron extension project at Helsinki Airport. The apron extension is part of the major development project to strengthen the airport's leading position as a transfer hub. The project is Des-

tia's first alliance model based project whereby the customer, designers and contractors work jointly in the execution of the project.

DESTIA SOLD its survey, drilling and laboratory services to Mitta Oy, a Finnish company specialized in land survey, measurement and laser beaming services. The divestment clarified Destia's business portfolio. In line with its business strategy, the company concentrates on improving its core business and growing in selected business areas. The transaction was completed at year-end 2015, and it had a positive impact on Destia's operating profit in 2015.

DESTIA'S YEAR 2015

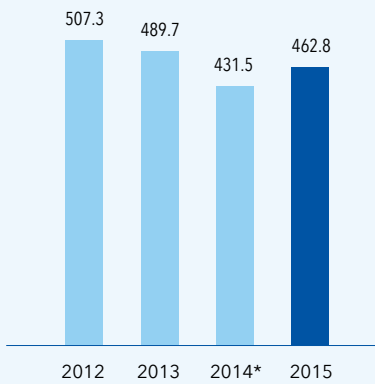
THE BUSINESS ENVIRONMENT in the infrastructure sector remained highly competitive and at year-end 2015, the market situation was still challenging. Despite the tough business climate, Destia managed to grow its net sales and create a strong order book.

DESTIA'S NET SALES totaled EUR 462.8 million (431.5 million) and operating profit EUR 12.9 million (15.1). At year-end the order book was strong, standing at EUR 717.4 million (628.2). The order book showed increase in the volume of private sector orders, in accordance with the company's strategy.

FOUNDED: 2008 (before that the Finnish Road Enterprise)
DOMICILE: Vantaa, Finland
INDUSTRY: Infrastructure and construction service company
OPERATING COUNTRIES: 1
PERSONNEL: 1,500
NET SALES IN 2015: EUR 462.8 million
IN AHLSTRÖM CAPITAL'S PORTFOLIO SINCE: 2014
AHLSTRÖM CAPITAL'S OWNERSHIP: 100.0%



**DESTIA - NET SALES
2012-2015, M€**



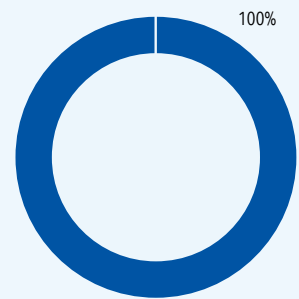
* The ownership of Destia was transferred to Ahlström Capital on July 1, 2014

PERSONNEL

1,500



DESTIA - OWNERSHIP 2015



Ahlström Capital



Strong growth in industrial electronics

>> Enics is one of the world's largest and most innovative electronics manufacturing service providers focused on industrial electronics. Enics serves its customers in the fields of transportation, building automation, energy, industrial automation and instrumentation, to optimize its customers' value chains and improving their competitiveness.

E NICS PROVIDES entire lifecycle electronics manufacturing services, ranging from prototyping and full-scale manufacturing to sourcing, supply chain management and repair and maintenance. Enics has eight production plants in Europe and Asia, with almost 50 years of experience in electronics manufacturing services. Strong focus and commitment to industrial electronics and customer satisfaction are cornerstones of Enics' strategy and future success.

THERE ARE SEVERAL megatrends that drive growth in the professional industrial electronics industry. Urbanization and new cities, growing and aging population as well as a shift towards a healthier and more comfortable lifestyle are

trends affecting people's living environment and their needs. In addition, safer, smarter and environmentally friendlier infrastructure and technology is continuously being created. All these trends increase the need for electronics manufacturing services and strengthen Enics' aim to improve the quality of life.

ENICS' YEAR 2015

ENICS' NET SALES INCREASED to EUR 505.3 million (451.1) and the company's operating profit was EUR 18.1 million (19.6). 2015 was a good year in terms of growth, and net sales grew well; profitability was challenged by material costs not developing as expected, mostly due to strengthening USD. Also, in some areas, productivity improvement was lower than

expected. Improving profitability, continuation of growth, productivity and flexibility improvement as well as profit and cash flow generation are in Enics' focus for the year 2016.

FOUNDED: 2004

DOMICILE: Zürich, Switzerland

INDUSTRY: Electronics manufacturing service provider

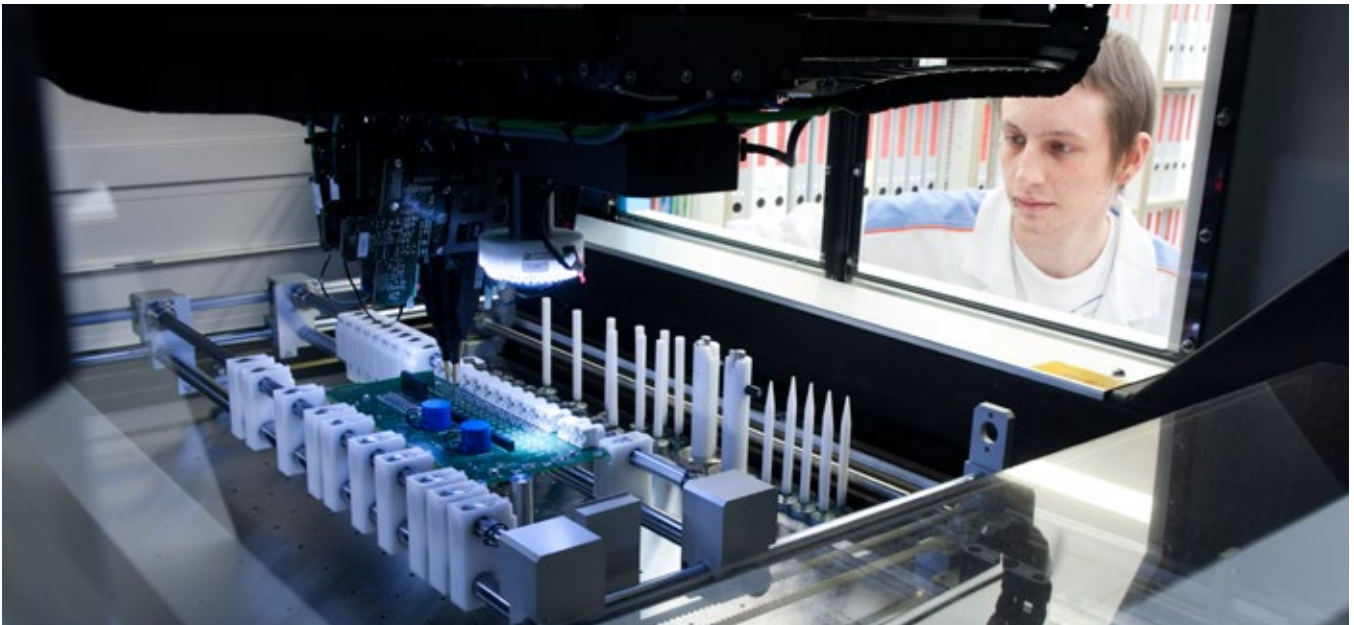
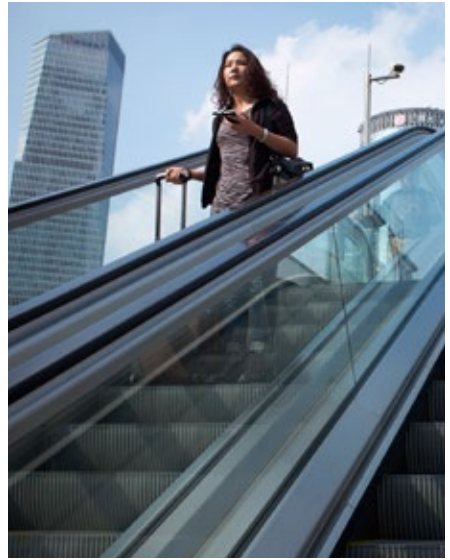
OPERATING COUNTRIES: 6

PERSONNEL: 3,100

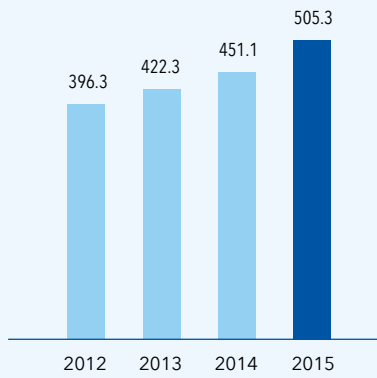
NET SALES IN 2015: EUR 505.3 million

IN AHLSTRÖM CAPITAL'S PORTFOLIO SINCE: 2004

AHLSTRÖM CAPITAL'S OWNERSHIP: 99.0%



ENICS - NET SALES
2012-2015, M€

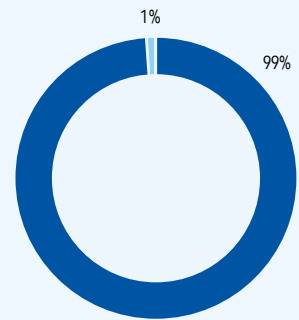


PERSONNEL

3,100



ENICS - OWNERSHIP 2015



Ahlström Capital Personnel

Development continues in Ahlström Capital's cleantech companies

>> Ahlström Capital continues to develop its cleantech portfolio companies with main focus on Scandinavian Biogas Fuels International AB, a company producing renewable energy from nearly all kinds of organic waste, and Ripasso Energy AB, a company engineering technology to convert solar energy into electrical energy. The portfolio also includes Frangible Safety Posts Ltd., a company focusing on the passive traffic safety market.

ESTABLISHED IN 2010, the AC Cleantech Growth Fund I Ky invests in interesting companies in the cleantech industry. In addition to Ahlström Capital, Varma, Sitra and Stiftelsen för Åbo Akademi have also invested in the fund. The funds raised are fully invested. Ahlström Capital's ownership in the fund is 29 percent, and it is consolidated as an associate in the Ahlström Capital Group.

Ahlström Capital's target is to develop the cleantech portfolio companies and their businesses until their products are ready to be commercialized.

POTENTIAL FOR NEW PROJECTS

SCANDINAVIAN BIOGAS, one of the largest private biogas producers in Sweden, produces renewable energy efficiently from organic waste. The company focuses on industrial level production and possesses leading expertise in the design and operation of biogas plants, achieving con-

sistently high levels of biogas production generated through resource and energy efficient processes. The company's method for large-scale biogas production is one of the most efficient in the world. The fund, managed by Ahlström Capital, has a 32.8 percent shareholding in Scandinavian Biogas.

2015 WAS THE FIRST YEAR of Scandinavian Biogas' new expansion strategy with the new project in Sofielund, Stockholm, starting to deliver biogas to customers. Other ongoing expansion projects also proceeded as planned and at year-end 2015, the pipeline for new potential projects is positive. The growth fundamentals are good for biogas production based on zero emissions, strong political support and the waste to energy nature of the business. In the last years Scandinavian Biogas has emerged as a market leader in Sweden, and the next step for the company is to expand its footprint in the other Nordic countries.

HEADING FOR COMMERCIALIZATION

RIPASSO ENERGY is a Swedish company founded in 2008 that engineers technology to convert solar energy into electrical energy efficiently and affordably using a stirling power converter.

Ripasso Energy is determined to become one of the major global players in providing cost efficient and reliable products for electricity generation. The fund, managed by Ahlström Capital, has a 68 percent shareholding in Ripasso Energy.

DURING 2015, Ripasso Energy has worked hard on getting the company's first commercial orders. The pipe-line of business opportunities is good and the company is hoping to start first deliveries shortly. Based on the yield and potential to provide decentralized power production solutions at affordable cost, there are business opportunities to be sized for the company.

“*Scandinavian Biogas produces renewable energy from organic waste.*”



“*Ahlström Capital invests in the rare newbuild project in Helsinki CBD.*”





Real estate investments

»» Ahlström Capital's real estate investments consist of properties and forest holdings that balance out the risks associated with the investment portfolio and provide more steady returns. Ahlström Capital actively develops its properties and looks for new investment possibilities.

Active and responsible owner also in real estate and forest investments

➤ Ahlström Capital's real estate investments include commercial real estate and forest holdings located mainly in Finland. The Group's real estate strategy aims for active development and holding of premium properties while monitoring the market for new investment opportunities. In addition to property holding, forestry is also an important part of Ahlström Capital's investment activities.

AHLSTRÖM CAPITAL'S REAL ESTATE portfolio includes the Eteläesplanadi 14 property in Helsinki and some industrial, commercial and residential properties in Southern Finland. During 2015, Ahlström Capital entered into a preliminary agreement to acquire the Kasarmikatu 21 site for the purpose of building a new office building at the site. In addition to the commercial properties, Ahlström Capital holds the historically significant Noormarkku and Kauttua works in the Satakunta region. The heritage real estate assets of the Ahlström family are significant landmarks of the Finnish industrial and cultural history.

AHLSTRÖM CAPITAL'S REAL ESTATE and forest holdings are managed together with A. Ahlström Kiinteistöt Oy, a subsidiary of Ahlström Capital Oy.

Both properties and forestry have an important role in Ahlström Capital's overall investment activities as they balance out the risks associated with other

investment classes while offering steadier returns. At year-end 2015 the external fair value of Ahlström Capital's real estate portfolio was EUR 179.1 million, accounting for 21.3 percent of Ahlström Capital's total investments. Ahlström Capital actively develops its real estate portfolio and constantly monitors the real estate market in Finland, and to some extent also in the Nordic countries, for new investment possibilities.

REAL ESTATE MARKET CONTINUED TO BE CHALLENGING

THE REAL ESTATE MARKET remained competitive in Europe during 2015. The Finnish real estate market is relatively small and continued to be challenging. The property market in Finland has attracted many foreign players in recent years and the activity of foreign investors continued to increase in 2015, especially in Helsinki. The new foreign investors in the market originate mainly from other Nordic countries but also from the U.S. and France, for example.

KASARMIKATU PROPERTY STRENGTHENING AHLSTRÖM CAPITAL'S REAL ESTATE INVESTMENTS

IN JUNE 2015, Helsinki City Council approved Ahlström Capital's and its partner's purchase of the Kasarmikatu 21 site in Helsinki. The plan is to demolish the current building and to erect a new office building on the site.

The Kasarmikatu project is unique in many ways. Usually old office buildings in Helsinki are rebuilt only on the inside, and quite often they are converted into apartments. It is also rare to demolish a building in the city center of Helsinki. The main tenant of the new building has already been secured. In addition to the office space, there will also be a space for a restaurant at the ground floor of the building.

The construction work will start in spring 2016 and the new building is estimated to be completed by the end of 2017. The project will be conducted in collaboration with Ahlström Capital, YIT



and HGR Property Partners. The property is built according to the requirements of LEED Platinum certification for the green buildings, which is the highest rate when measuring building sustainability.

ETELÄESPLANADI PROPERTY FULLY LEASED OUT

THE ETELÄESPLANADI PROPERTY, also representing Ahlström Capital's long-term investments, was fully leased out throughout 2015. There were no major changes in tenants and the business continued its stable performance.

RENTAL PROPERTIES CONTINUED TO BE REDUCED

IN 2015, AHLSTRÖM CAPITAL further reduced the number of rental properties in its portfolio. At the end of 2015, the Group had 355 rental agreements, down from 1,200 in 2013.

Ahlström Capital is engaged in the Lahden Kulmala real estate project in Lahti. The renovated apartments and business

premises were handed over by the contractor in June, and over half of the new apartments have been sold. About half of the rental spaces were rented at the end of 2015, even in the challenging rental market, which is mostly due to the general economic situation.

DIVESTMENTS CONTINUED AS PLANNED

AHLSTRÖM CAPITAL'S REAL ESTATE divestments continued according to plan in Finland and in Romania during 2015. The divestments will continue also during 2016. The last apartments at Vuorimiehenkatu 5 in Helsinki and the last three apartment buildings in Kotka were sold, as well as the shares of Asunto Oy Iittalan Kiinteistö.

The renovation of the Lönnrotinkatu property was finalized during 2015 and all the remaining apartments were sold.

Work on the properties in Bragadiru, Romania, progressed on schedule. All apartments in the four previously completed houses have been sold and con-

“
Ahlström Capital continued to develop its portfolio and constantly looks for new high-quality investments.”

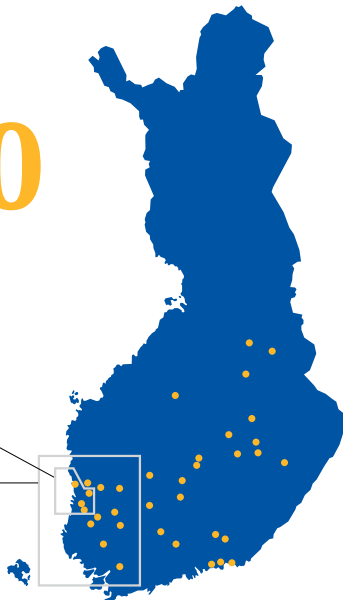
struction of the fifth building was completed in June 2015. Ahlström Capital sold its share for the second housing project in Romania to its local partner together with the ground and building under construction for the sixth and last part of the first project.

Forests
32,000
hectares in total

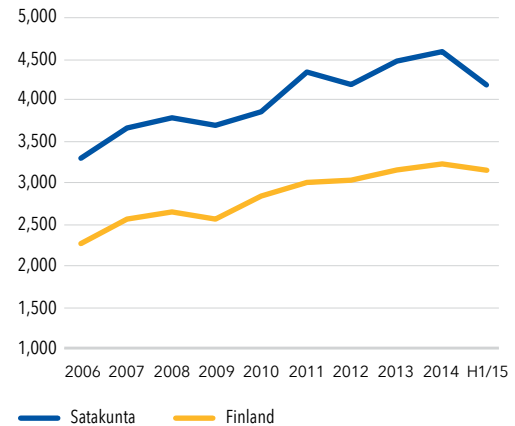
Heritage areas
16,300 hectares

Other Western
Finland
10,700 hectares

Rest of Finland
5,500 hectares



AVERAGE PRICE FOR FOREST LAND IN SATAKUNTA AND FINLAND, €/ha



LONG TRADITIONS IN SUSTAINABLE FOREST BUSINESS

AHLSTRÖM CAPITAL'S forest investments reside mainly in Western Finland in the Satakunta region, and in Central and Eastern Finland. Today, Ahlström Capital has some 32,000 hectares of forest holdings, making the company one of the largest private forest owners in Finland. There were no major changes in Ahlström Capital's forest areas during 2015. At year-end 2015 the external fair value of forests owned by Ahlström Capital was EUR 106.3 million, representing 12.6 percent of Ahlström Capital's total investment portfolio.

AHLSTRÖM CAPITAL'S combined net sales from the forest business was EUR 6.5 million in 2015. In 2015, logging of the timber proceeded as planned. During the year Ahlström Capital delivered 29,000 m³ of wood in standing sales, 95,300 m³ in delivery sales and 16,800 m³ as energy wood. Targets of Ahlström Capital's forest business are to increase the share of delivery sales in its forest business and to generate a return of 5 percent annually.

RESPONSIBILITY FOR FOREST BIODIVERSITY

AHLSTRÖM CAPITAL'S forest holdings are managed by A. Ahlström Kiinteistö Oy in an ecologically, socially and economically sustainable way with the best known forestry methods. Ahlström Capital holds an international certification of Programme for the Endorsement of Forest Certification (PEFC). The expansion of the income base and the vitality of the forests are also focus areas in Ahlström Capital's forest holdings.

MAINTAINING FOREST BIODIVERSITY has an important part in Ahlström Capital's forest business. Wood production is the

foundation of forestry, and regular silvicultural measures are used to ensure maximum wood production. At the same time, the maintenance of forest biodiversity, the multipurpose use of forests and the cultural values generated by the forests' long usage in history are taken into account. These different ways of using forests are balanced and support each other.

MARKET DEVELOPMENT REMAINED STABLE

THE PRODUCTION, EXPORT AND EXPORT PRICES of Finnish forest industry products remained quite stable in 2015, decreasing a little from the previous year. The production of sawn wood decreased a few percent compared to the previous year and the export prices of sawn wood also declined slightly. The outlook for sawn wood exports remains stable. In 2015, pulp production and pulp exports remained close to the level of 2014 and the export prices of pulp products are also on a good level. In paper industry, the production volumes and export prices continued to decrease, as did wood prices, by a few percent during 2015.



Ahlström Capital's real estate investments include both real estate and forest holdings.



AHLSTRÖM CAPITAL USING ITS NEW FOREST INFORMATION SYSTEM

AHLSTRÖM CAPITAL IMPLEMENTED a new forest information system in 2014. The system provides more information on Ahlström Capital's forests as well as on the size and location of wood stocks. The system also enables real-time connection with Ahlström Capital's subcontractors and supports its strategy in increasing delivery sales in the forest business. Ahlström Capital aims to constantly develop the system and will next focus on improving the stock monitoring.

RENEWABLE ENERGY SOLUTIONS

FINLAND IS COMMITTED to increasing the use of renewable energy sources to 27 percent by 2030, in accordance with the EU's goal. This also affects the usage of wood as an energy source even though it is largely dependent on how the Finnish government supports different energy forms.

AHLSTRÖM CAPITAL BELIEVES in growing usage of renewable energy sources in the future. This is why Ahlström Capital is

planning a wind energy production site in some of its land areas. The project has progressed to the zoning phase.

IN 2015, AHLSTRÖM CAPITAL started to investigate a possibility of peat production in its four swamp lands of 180 hectares in the Satakunta region. Applications for environmental permits have been submitted during 2015 for three swamp areas, and Ahlström Capital was already granted one permit. Ahlström Capital is considering whether to rent or sell the areas or to take part in the production. If peat production is started, all necessary measures will be taken to minimize the impacts on the water system and the environment.

PLANS TO RESTORE SWAMP AREAS

DURING 2015, AHLSTRÖM CAPITAL started to plan reconstituting some swamp areas to their natural state in their forests in Noormarkku. During the 20th century, many small water systems were dried to increase the arable land and at the same time, valuable water and wetland areas were lost by the species needing them. The first area is

planned to be restored in winter 2016. In addition, Ahlström Capital is participating in reviving the fish populations in its water streams in Noormarkunjoki and Pohjajoki.

HISTORICAL AND IDYLIC WORKS IN THE SATAKUNTA REGION

AHLSTRÖM CAPITAL'S two historical works, The Noormarkku and Kauttua works in the Satakunta region, serve guests with first-class restaurant, meeting and accommodation services. The Group has systematically maintained the works and made extensive repairs and renovations. For that uncompromising work, A. Ahlström Kiinteistöt Oy was awarded the Satakunta-medal by The Regional Council of Satakunta in 2015. The prize was awarded for the valuable work on the preservation of cultural-historical Noormarkku and Kauttua works. The works are significant tourist attractions in the Satakunta area. A. Ahlström Kiinteistöt Oy was also awarded the Teollisuusperintöpalkinto in November 2015 for its sawmill museum and Voyage exhibition that covers the Ahlström companies' fascinating history of over 160 years.



“ For Ahlström Capital, responsibility means investing with a long-term horizon and making investments that create value over time.



Responsibility
throughout
Ahlström Capital
Group

» Operating and investing in a responsible way is business as usual for Ahlström Capital and its portfolio companies.



MANAGING AND DEVELOPING Ahlström Capital Group's business and activities in a responsible way is something Ahlström Capital is seriously committed to. Ahlström Capital's mission is to create consistent long-term shareholder value by making high quality investments and managing and developing assets actively and responsibly.

For Ahlström Capital, responsibility means investing with a long-term horizon and making investments that create value over time. Ahlström Capital screens new investment opportunities carefully from a responsibility perspective. This way, Ahlström Capital aims to continue the fam-

ily's long history and legacy as well as to increase the company's value for future generations.

AHLSTRÖM CAPITAL also expects that responsibility is embedded in the operations of its portfolio companies. All portfolio companies are committed to environmental, social and economic responsibility and open dialogue with stakeholders.

ACTIVE STAKEHOLDER DIALOGUE

AHLSTRÖM CAPITAL is having an ongoing and open dialogue with its stakeholders. The most important stakeholders are shareholders, employees, portfolio com-

panies and their stakeholders, such as suppliers and customers, and other business partners, including banks, advisors, and different authorities.

During 2015, Ahlström Capital decided to examine what responsibility means in Ahlström Capital's own operations and how portfolio companies define responsible ownership and manage their own responsibility. The aim was to further develop an open and supportive dialogue and continue to enhance the responsibility work within the Group.

The work included internal stakeholder interviews as well as portfolio company interviews. Stakeholder feedback will sup-

Examples of Ahlström Capital's responsibility

INDUSTRIAL INVESTMENTS	REAL ESTATE INVESTMENTS	FOREST INVESTMENTS AND RENEWABLE ENERGY SOLUTIONS	THE AHLSTRÖM FAMILY'S VALUES AND LEGACY
<ul style="list-style-type: none"> >> Careful analysis of possible investment opportunities and making responsible investments <hr/> >> Active board participation and co-operation with the portfolio companies <hr/> >> Developing the portfolio companies in a responsible and sustainable way with a long investment horizon 	<ul style="list-style-type: none"> >> Operating based on different certificates, for example LEED <hr/> >> Property lifecycle thinking and using materials and technical solutions that endure <hr/> >> Choosing business partners carefully and analyzing their responsibility 	<ul style="list-style-type: none"> >> Sustainable forest harvesting and maintaining forest biodiversity <hr/> >> Managing forests according to PEFC forest certification objectives <hr/> >> Researching renewable energy projects, such as wind energy and peat production 	<ul style="list-style-type: none"> >> Acting in accordance with the Ahlström Family's values <hr/> >> Maintaining the Noormarkku and Kauttua works, part of the Finnish industrial and cultural history <hr/> >> Donations to different charities and foundations

port the Group's future responsibility work and stakeholder dialogue.

EMPHASIS ON ECONOMIC, SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

AHLSTRÖM CAPITAL GROUP understands responsibility through the traditional trisection focusing on economic, social and environmental responsibility.

In the Group's own operations, economic responsibility means ensuring Ahlström Capital's profitability in order to build long-term value for shareholders, other stakeholders and for the society as a whole. Ahlström Capital's profitability is essential in developing its portfolio companies responsibly as it ensures their continuous development, even in economically challenging times.

SOCIAL RESPONSIBILITY means ensuring the safety and well-being of Ahlström Capital's employees, choosing the business

partners and portfolio companies that conduct their business in an ethical way and acting in accordance with the Ahlström family's values.

FOR AHLSTRÖM CAPITAL, environmental responsibility means, among other things, operating in a way that minimizes the environmental impacts, researching renewable energy solutions, maintaining forest biodiversity and acting responsibly in forest harvesting.

The above-mentioned focus areas naturally affect and support each other. For example, investments in cleantech companies offer commercial opportunities through solving environmental challenges.

AHLSTRÖM CAPITAL AS A RESPONSIBLE OWNER

FOR AHLSTRÖM CAPITAL'S portfolio companies, Ahlström Capital's ownership is a

guarantee that the portfolio companies are managed and developed in a responsible manner. According to the interviews with the portfolio companies, Ahlström Capital is a persistent long-term owner, who supports and develops the companies, even in challenging times. Ahlström Capital is also described as a solvent and trustworthy owner that has strong industrial knowledge and motivation to develop the business together with the portfolio companies.

FOR THE PORTFOLIO COMPANIES, Ahlström Capital's responsible ownership is visible through active board participation and guidance, and the portfolio companies also value Ahlström Capital's long-term investment horizon. The portfolio companies feel that Ahlström Capital consistently supports them in improving their responsibility and expect this kind of support also in the future.



“ *In 2015, the focus of corporate governance was on risk management development.* ”



Corporate governance

AHLSTRÖM CAPITAL OY (hereinafter “Ahlström Capital” or the “company”) is a private limited company registered in Finland. The company is committed to good corporate governance practices in accordance with the Finnish Limited Liability Companies Act, the company’s Articles of Association and the principles of the Corporate Governance Code for Finnish listed companies. The Finnish Corporate Governance Code is available at www.cgfinland.fi/en/. The company adheres to insider guidelines approved by the Board of Directors of the company. The company maintains its project-specific insider registers in the SIRE system of Euroclear Finland Ltd.

The parent company of the Ahlström Capital Group (the “Group”) is Ahlström Capital Oy, the administrative and executive bodies of which are the General Meeting of Shareholders, Board of Direc-

tors, the Board’s Audit Committee, Nomination Committee and Compensation Committee, the President as well as the Management Team.

Ahlström Capital is responsible for the development of the Group’s business, handles the Group’s financial reporting, provides Group and associate companies with services relating to risk management, finance, legal affairs and governance and advises them in strategic and investment matters.

THE GROUP CONSISTS of several independent companies, subgroups and separate associates. Decisions concerning the operations of these are taken by their own decision-making bodies. The company exercises its ownership through representatives that its Board annually proposes to the decision-making bodies of the company’s subsidiaries and associates.

The company's shares are incorporated in the Finnish book-entry system maintained by Euroclear Finland Ltd. Ahlström Capital has its registered office in Helsinki, Finland.

The company provides information to shareholders, employees, and the public on a regular basis. The company's website www.ahlstromcapital.com also provides information about the company and its operations.

GENERAL MEETING OF SHAREHOLDERS

THE HIGHEST decision-making body of Ahlström Capital Oy is the General Meeting of Shareholders. The Annual General Meeting decides on the number of members on the Board of Directors and elects the Board members, as well as decides on the fees payable to Board members and auditors. In addition, the General Meeting of Shareholders has exclusive authority over matters such as amending the Articles of Association, adopting the financial statements, deciding on the distribution of profits, deciding on releasing the Board and President from liability and electing auditors.

According to the Articles of Association, the notice of a general meeting is delivered to shareholders by registered mail or published in the Official Gazette no earlier than two months and no later than one week prior to the general meeting's record date. To participate in a general meeting, shareholders must submit advance notification by no later than the date indicated in the notice, which day may not be earlier than 10 days prior to the meeting. The general meetings shall be held in the domicile of the company or in Noormarkku, City of Pori.

In 2015, the Annual General Meeting was held on March 24 in Helsinki.

BOARD OF DIRECTORS

ACCORDING TO the Articles of Association, the Board has no fewer than five and no more than seven ordinary members. The members are elected in the Annual General Meeting of Shareholders for a term ending at the close of the next An-

nual General Meeting. The Board elects a Chairman and, if it deems necessary, a Vice Chairman from among its members.

The Board represents the owners of the company. The duties and responsibilities of the Board are based on the Finnish Limited Liability Companies Act and other applicable legislation, as well as on the Articles of Association and the rules of procedure adopted by the Board. The Board has general jurisdiction over all company affairs which under law or the Articles of Association are not specifically to be decided or implemented by other bodies.

IN COOPERATION with the President, the Board attends to internal supervision, which also includes risk management. Risk management is mainly carried out in the subsidiaries and associates, that is, in potential sources of risk. The Board confirms the company's and the Group's general targets and strategy, and approves the annual plan.

The Board of Directors can decide on establishing new committees for the purpose of preparing the matters for which the Board is responsible. The committee members are elected by the Board annually after the General Meeting of Shareholders. In 2015, the Board had a Nomination and Compensation Committee until March 24. On April 29, the Board decided to establish a separate Compensation Committee as well as an Audit Committee. A Nomination Committee was established on October 26. The Board has confirmed the tasks and duties of the committees.

According to the rules of procedure, the Board members must be independent of the company's and the Group's management and employees as well as of competitors, significant contracting parties and Ahlström Capital's direct investment targets. A Board member does not represent any single shareholder or shareholder group.

During the period January 1 to March 24, the Board of Directors was composed as follows: Chairman Stig Gustavson, Thomas Ahlström, Mats Danielsson, Kaj

Hedvall, Jouko Oksanen, Malin Persson and Peter Seligson. The Annual General Meeting of Shareholders held on March 24 elected Thomas Ahlström, Mats Danielsson, Stig Gustavson, Mikael Lilius, Jouko Oksanen, Malin Persson and Peter Seligson as Board members. At its constituent meeting, the Board elected Mikael Lilius as the Chairman and Stig Gustavson as Vice Chairman. The Board has both genders represented.

ALL BOARD MEMBERS are independent of Ahlström Capital. The members are independent of the major shareholders except Thomas Ahlström, who is Managing Director of Antti Ahlström Perilliset Oy.

In 2015, the Board held 15 meetings. The average attendance rate of its members was 96 percent.

The Board conducts annually a self-assessment study; this was done also in 2015.

AUDIT COMMITTEE

THE AUDIT COMMITTEE assists the Board in ensuring that Ahlström Capital's accounting and financial management are appropriately supervised and that the company has appropriate systems of risk management and internal control. It is also the Audit Committee's duty to monitor questions related to Ahlström Capital Oy's external fair value (EFV).

THE AUDIT COMMITTEE was established on April 29. In 2015, the Audit Committee was chaired by Mats Danielsson with Thomas Ahlström and Jouko Oksanen as members. The Audit Committee convened four times in 2015. The average attendance rate of its members was 100 percent. Yearly, the auditor shall be present in at least two Audit Committee meetings.

NOMINATION AND COMPENSATION COMMITTEE (UNTIL MARCH 24)

DURING THE PERIOD January 1 to March 24, the Nomination and Compensation Committee was chaired by Stig Gustavson with Thomas Ahlström and Jouko Oksanen as its members. The Committee held four

meetings (attendance rate 100 percent). In 2015, the Board decided to establish separate committees for compensation and nomination matters.

COMPENSATION COMMITTEE

THE COMPENSATION COMMITTEE prepares, evaluates and advises the Board on matters related to the remuneration of the President and CEO as well as other senior management; equity-based plans and incentive plans; succession planning; principles of remuneration policies, as well as compensation development internationally within businesses relevant for Ahlström Capital Oy. The committee has a chairman and two members, appointed annually by the Board.

The Compensation Committee was established on April 29. In 2015, the Compensation Committee convened once with Mikael Lilius as chairman and Stig Gustavson and Peter Seligson as members (attendance rate 100 percent).

NOMINATION COMMITTEE

THE ROLE OF THE NOMINATION COMMITTEE is to prepare proposals on the remuneration of the members of the Board of Directors, the Board committees and the Nomination Committee; prepare a proposal on the number of the members of the Board of Directors as well as the members of the Board; and to seek for prospective successors for the Board members.

The Nomination Committee was established on October 26. In 2015, the Nomination Committee was chaired by Mikael Lilius with Robin Ahlström, Thomas Ahlström and Mats Danielsson as members. Robin Ahlström is not a member of the Board of Ahlström Capital Oy and represents the shareholders in the Nomination Committee. In 2015, the Nomination Committee had three meetings (attendance rate 100 percent).

PRESIDENT

AHLSTRÖM CAPITAL'S PRESIDENT is appointed by the Board. The President plans and manages the company's and Group's business operations and bears responsi-

bility for the company's and Group's operational administration in compliance with the instructions and decisions of the Board. He supervises and manages the analysis and appraisal of prospective investments, and the development and divestment of holdings.

The company's President Panu Routila, M.Sc. (Econ.), announced his resignation in July 2015. Routila left his position on November 1, 2015 and Jacob af Forselles, Chief Investment Officer, was nominated as Acting CEO of the company. The Board of Directors appointed Hans Sohlström, M.Sc. (Eng.), M.Sc. (Econ.) as new President and CEO. Sohlström assumed his position on February 1, 2016.

The terms and conditions of the position of President are defined in a written contract confirmed by the Board. Should the contract be terminated on Ahlström Capital's initiative, the severance pay is equivalent to twelve months' salary. Hans Sohlström has the right to retire at the age of 63.

MANAGEMENT TEAM

THE MANAGEMENT TEAM was established in 2015. The role of the Management Team is to assist the President in preparing strategic issues, in coordinating the company's operations and in preparing and implementing operative matters that are significant in nature. The Management Team prepares issues to be considered and decided by the Board.

At year-end 2015, the Management Team was chaired by Jacob af Forselles (Acting CEO) with Sebastian Burmeister (CFO), Ulla Palmunen (General Counsel) and Tero Telaranta (Director, Industrial Investments) as members.

PERSONNEL

AT YEAR-END 2015, the company had thirteen employees. They assist the President, actively monitor and develop the company's operations in accordance with the objectives set, handle reporting, and prepare decisions on investments and divestments for discussion by the Management Team and the Boards of the com-

pany and the company's associates and subsidiaries.

SALARIES AND REMUNERATIONS

THE ANNUAL GENERAL MEETING decides on the remuneration of Board members. In compliance with the resolution of the Annual General Meeting of 2015, the Chairman receives an annual remuneration of EUR 100,000 and the members EUR 40,000. No separate meeting fees are paid for board meetings. For each committee meeting except the meetings of the Nomination Committee, a fee of EUR 800 is paid.

THE BOARD DECIDES on the President's salary and benefits and confirms the salaries, incentives and benefits of other members of the management. The Management Team members are entitled to an additional pension scheme after being a Management Team member for one year. The company's employees are entitled to incentives according to the company's incentive policy. Incentives are based on the company's value development.

AUDIT

THE AUDITORS supply the company's shareholders with the statutory auditor's report as part of the annual financial statements. They also report on their observations to the company's Board.

The Annual General Meeting of 2015 elected KPMG Oy Ab as the company's new auditor, with Virpi Halonen, Authorized Public Accountant, as the auditor in charge.

The Group's auditing fees in 2015 were EUR 688 thousand (887). In addition, the auditor was paid EUR 437 thousand for services not related to the audit (455).



Board of Directors as of 31 December 2015

Mikael Lilius

Chairman of the Board 24 March 2015-
Chairman of the Compensation Committee 29 April 2015-
Chairman of the Nomination Committee 26 October 2015-

b. 1949, B.Sc. (Econ.)

Primary working experience

Fortum Corporation, CEO, 2000-2009
Gambro AB, CEO, 1998-2000
Incentive AB, CEO, 1991-1998
KF Industri AB, CEO 1989-1991
Huhtamäki Oyj, President of the Packaging Division, 1986-1989

Key positions of trust

Chairman of the Board: Metso Corporation, Wärtsilä Corporation
Member of the Board: Evli Bank Plc
Supervisory Board member: Ab Kelonia Oy

Stig Gustavson

Vice Chairman of the Board 24 March 2015-
Chairman of the Board 30 August 2011-24 March 2015
Board member 31 March 2011-
Chairman of the Nomination and Compensation Committee 30 August 2011-24 March 2015
Member of the Compensation Committee 29 April 2015-

b. 1945, M.Sc. (Eng.), Dr.Tech. (hon.)

Primary working experience

KCI Konecranes Plc, President and CEO, 1994-2005
KONE Cranes division, President, 1988-1994
KONE Corporation, various executive positions 1982-1988.
Prior to 1982, various executive positions in major Finnish corporations

Key positions of trust

Chairman of the Board: Konecranes Plc, Suomi Gas Distribution Oy
Vice Chairman of the Board: Mercantile Oy Ab
Member of the Board: Outokumpu Oyj, IK Investment Partner Funds
Supervisory Board member: Varma Mutual Pension Insurance Company
Senior Advisor: IK Investment Partners

Jouko Oksanen

Board member 30 June 2001-
Member of the Nomination and Compensation Committee 29 August 2005-24 March 2015
Member of the Audit Committee 29 April 2015-

b. 1951, M.Sc. (Econ.)

Primary working experience

Varma Mutual Pension Insurance Company, CFO, CRO, 1998-2012

Pension Varma, CFO, CIO, 1990-1998
Fazer Music Inc., CFO 1984-1990
EMI Finland Oy, CFO 1980-1984

Key positions of trust

Chairman of the Board: F-Musiikki Oy, Kyllikki and Uolevi Lehikoinen Foundation, Finnish National Theatre Actors' Pension Fund, Hilda and Aapo Pihlajamäki Foundation
Vice Chairman of the Board: The Finnish Diabetes Research Foundation
Member of the Board: HYKS Clinical Services, If Skadeförsäkring AB (publ.), Stevco Oy, Serious Games Finland Oy

Thomas Ahlström

Board member 22 August 2013-
Member of the Nomination and Compensation Committee 28 June 2012-24 March 2015



From left to right: Mikael Lilius, Stig Gustavson, Jouko Oksanen, Thomas Ahlström, Malin Persson, Peter Seligson and Mats Danielsson

Member of the Audit Committee 29 April 2015-
Member of the Nomination Committee 26 October 2015-

b. 1958, M. Sc. (Econ.)

Primary working experience

Antti Ahlström Perilliset Oy, Managing Director 2011-
Helmi Capital Ltd., Founder 2007-2011
SEB 1991-2007: various senior executive positions in London and Helsinki, including Managing Director, SEB Merchant Banking, Finland
Scandinavian Bank plc, London 1985-1990

Key positions of trust

Member of the Board: Ursviken Holding Oy

Malin Persson

Board member 26 March 2014-

b. 1968, M.Sc. (Eng.)

Primary working experience

Accuracy AB, CEO, 2012-
Chalmers University of Technology Foundation, President and CEO, 2013-2014
Volvo Technology Corporation, President and CEO, 2007-2011
AB Volvo, Vice President, Corporate Strategy and Business Development, 2000-2007
Volvo Transport Corporation, Vice President, Business & Logistics Development, 1995-2000

Key positions of trust

Board member: Becker Industrial Coatings Ltd, Getinge AB, Hexatronic AB, HEXPOL AB, Konecranes Plc, Kongsberg Automotive AB, Magnora AB, Mekonomen AB, Mobile Climate Control Group Holding AB, Ricardo Plc

Peter Seligson

Board member 22 August 2013-
Member of the Compensation Committee 29 April 2015-

b. 1964, Lic. oec. (HSG)

Primary working experience

Seligson & Co Oyj, Partner, 1997-
Alfred Berg Finland, Managing Director, 1991-1997
Arctos Securities, Head of Sales and Trading, 1987-1991

Key positions of trust

Chairman of the Board: Aurajoki Oy, Broadius Partners Ltd, Herculia Oy Ab, Munksjö Oyj
Board member: Seligson & Co Oyj

Other positions of trust: Skatte- och Företagsekonomiska Stiftelsen, Chairman; Folkhälsan, Member

Mats Danielsson

Board member 7 November 2011-
Chairman of the Audit Committee 29 April 2015-
Member of the Nomination Committee 26 October 2015-

b. 1969, M.Sc. (Econ.)

Primary working experience

Paulig Ltd, CFO, 2010-
Martela Corporation, CFO, 2007-2010
Axfood AB, Group Business Controller, 2001-2007
Delphi Finanz AG, Managing Director, 1999-2001
Wärtsilä Corporation, Controller, 1995-1999

Key positions of trust

Member of the Advisory Council: Nordea Bank Finland



From left to right: Jacob af Forselles, Henrik Mikander, Tero Telaranta, Ulla Palmunen, Albert van der Zee, Sandra Sandholm, Mikael Lilius and Johanna Raehalme.

Personnel as of 31 December 2015

Jacob af Forselles

b. 1973, M.Sc. (Econ.), LL.M
Chief Investment Officer
Acting CEO November 2015-
January 2016

Henrik Mikander

b. 1949, MBA
Investment Director

Tero Telaranta

b. 1971, M.Sc. (Eng.), M.Sc.
(Econ.)
Director, Industrial
investments

Ulla Palmunen

b. 1974, LL.M
General Counsel

Albert van der Zee

b. 1959
General Manager,
Netherlands

Sandra Sandholm

b. 1988, LL.M, M.Sc. (Econ.)
Assistant Legal Counsel

Mikael Lilius

b. 1983, M.Sc. (Econ.)
Investment Analyst

Johanna Raehalme

b. 1983, M.Sc. (Econ.)
Investment Analyst

Helena Staffans

b. 1956, B.Sc.
Executive Assistant to CEO

Sebastian Burmeister

b. 1975, M.Sc. (Econ.)
Chief Financial Officer

Suvi Uoti

b. 1987, BBA
Assistant



From left to right: Helena Staffans, Sebastian Burmeister, Suvi Uoti, Andreas Ahlström, Emmi Kjerin, Hans Sohlström, Olli Valtonen and Anna Eklund.

Andreas Ahlström

b. 1976, M.Sc. (Econ.)
Investment Manager

Emmi Kjerin

b. 1984, Bachelor of
Hospitality Management
Assistant

Olli Valtonen

b. 1978, M.Sc. (Eng.)
Director, Group Control &
Services

Anna Eklund

b. 1980, Bachelor of
Hospitality Management
Receptionist

Hans Sohlström

b. 1964, M.Sc. (Eng.), M.Sc.
(Econ.)
President and CEO as of 1
February 2016

Primary working experience

Rettig Group Ltd, President
and CEO, 2012-2015
UPM-Kymmene Corporation,
Executive Vice President,
2004-2012
UPM-Kymmene Corporation,
Vice President, Sales &
Marketing, 1998-2004

United Paper Mills Ltd, Mill
Director, 1994-1998
Stracel SA, Marketing
Manager, 1990-1994

Key positions of trust

Board member: Rettig Group
Ltd
Member of the Advisory
Council: Nordea Bank Finland
Vice Chairman of the Board:
German-Finnish Chamber of
Commerce





2015

Financial statements

Contents

- 49** Report of the Board of Directors
- 54** Key figures
- 55** Financial statements
 - 55 Consolidated Statement of Income
 - 56 Consolidated Statement of Comprehensive Income
 - 57 Consolidated Statement of Financial Position
 - 58 Consolidated Statement of Cash Flows
 - 59 Consolidated Statement of Changes in Equity
 - 60 Notes to the consolidated financial statements
 - 106 Income statement, parent company
 - 107 Balance sheet, parent company
 - 108 Statement of cash flows, parent company
 - 109 Notes to the financial statements, parent company
- 113** Auditor's report
- 114** Proposal for the distribution of profits
- 115** Shares and shareholders
- 115** Information for shareholders

Report of the Board of Directors

AHLSTRÖM CAPITAL is a private investment company. The company invests in industrial companies and real estate assets. Ahlström Capital is an active, professional, ambitious and responsible owner that develops its assets to create long-term shareholder value.

In 2015, the total revenue of Ahlström Capital Group amounted to EUR 1.5 billion (1.1), the balance sheet total was EUR 1.3 billion (1.3), and the Group employed on average 6,828 people (6,329).

The company strives for an average annual increase in external fair value of 6-10 percent over time. A continuous value increase requires an active turnover of portfolio assets. The targeted dividend yield is three to five percent of the external fair value.

EXTERNAL FAIR VALUE (EFV) OF AHLSTRÖM CAPITAL'S SHARE

FOR AN INVESTMENT COMPANY like Ahlström Capital, the development of the external fair value of the company's share is the most relevant long-term performance indicator and the most accurate way of measuring and monitoring the development of the value of investments. The External Fair Value (EFV) can be defined as the aggregate market value of the company's assets net of liabilities. When valuing its holdings, Ahlström Capital complies with generally accepted valuation methods, including the International

Private Equity and Venture (IPEV) Capital Valuation Guidelines for non-listed investments, the Best Practices Recommendations of the European Public Real Estate Association (EPRA) for real estate, IFRS for forest, and market quotes for listed shares. The EFV of an investment is realized upon exit, and then the balance sheet value of the holding converges with its EFV.

AT YEAR-END 2015, the total external fair value of Ahlström Capital's portfolio was EUR 743.7 million (634.0). The value increase in 2015 was 21.4 percent (15.5), including the dividends paid and donations made during the period, in total EUR 26.2 million (13.9). At the end of 2015, the external fair value of Ahlström Capital Oy's share was EUR 1,182.57 (1,008.14).

INVESTMENTS AND PORTFOLIO DEVELOPMENT

AFTER A VERY ACTIVE year 2014, Ahlström Capital continued in 2015 to execute its investment strategy with no major changes. During the year, Ahlström Capital actively evaluated several new investment opportunities. The group's main investment during the year was AR Packaging's acquisition of the European packaging operations of MeadWestvaco Corporation. Development of the real estate portfolio continued by selling real estate outside of the investment strategy and by developing targets within the investment scope.

At year-end, the listed shares represented 20.1 percent (24.2), non-listed shares 38.3 percent (32.5), real estate 21.3 percent (22.6), forests 12.6 percent (13.3) and liquid and other assets 7.7 percent (7.4) of the external fair value.

INVESTMENTS

AR PACKAGING ANNOUNCED in January 2015 the acquisition of the European packaging operations of MeadWestvaco Corporation. The acquisition totaling EUR 75.2 million was completed on April 30, 2015.

During the year, Ahlström Capital slightly increased its holding in Munksjö, from 11.05 percent to 14.49 percent.

Ahlström Capital together with a co-investment partner founded Kiinteistö Oy Kasarmikatu 21 for the development of a new office building on the Kasarmikatu 21 site.

EXITS

IN THE FIRST QUARTER of 2015, Ahlström Capital sold the remaining shares of its holding in Outokumpu. Prior to the sale, Ahlström Capital's ownership was 3.1 percent.

Ahlström Capital also divested its holding in Mint Capital II fund.

LISTED COMPANIES

Ahlstrom (10.98% shareholding)

AHLSTROM, HEADQUARTERED in Helsinki, Finland, is a high performance fiber-based materials company, partnering with lead-

ing businesses around the world to help them stay ahead. The company aims to grow with a product offering for a clean and healthy environment. Ahlstrom's materials are used in everyday applications, such as filters, medical fabrics, life science and diagnostics, wall coverings and food packaging. Ahlstrom has around 3,300 employees in 22 countries on four continents. The company is listed on NASDAQ OMX Helsinki and had a market cap of EUR 336.8 million (327.6) at the year-end 2015.

IN 2015, AHLSTROM'S NET SALES increased by 7.4% from the comparable period to EUR 1,074.7 million (1,001.1). However, comparable net sales at constant currencies declined by 0.7% from the previous year. The negative impact on Ahlstrom's net sales was due to the slowdown in some of Ahlstrom's key markets, most visible in the Filtration business area, that affected the company during the last two quarters of 2015. Ahlstrom's operating profit excluding non-recurring items was EUR 47.5 million (28.6), operating margin being 4.4 percent (2.9). Non-recurring items affecting the operating profit totaled EUR -25.6 million (-32.3). The most significant non-recurring items were impairment losses of EUR 17.2 million related to non-current assets in Ahlstrom Osnabrück GmbH, part of the Building and Energy business area, and to a production line at the Chirnside plant in the U.K., part of the Food and Medical business area. In addition, one of the most significant non-recurring items was restructuring costs of EUR 2.1 million related to product development operations in Asia. Profit before taxes was EUR 22.6 million (-9.4), including a EUR 20.3 million capital gain booked from the sale of Munksjö Oyj shares.

THE BOARD OF DIRECTORS of Ahlstrom proposes to the Annual General Meeting that a dividend totaling EUR 0.31 per share be paid for the financial year 2015.

Ahlstrom expects net sales in 2016 to be in the range of EUR 950-1,050 million. The operating profit margin excluding non-recurring items is expected to be 4.2-5.2%.

Munksjö (14.49% shareholding)

MUNKSJÖ is one of the world's largest specialty paper companies, headquartered in Helsinki, Finland. The company produces specialty papers, which are central elements in the design and manufacturing processes of its customers. The company's unique product offering includes, for example, decor paper, release paper, electrotechnical paper, abrasive backings, graphic and industrial paper and interleaving paper. The different types of paper are used in several industrial applications and consumer-driven products, including those within the furniture and interior design industry, and they are also used to develop a more sustainable system for energy distribution. Munksjö has around 2,900 employees, 15 production facilities and a global service organization. The company is listed on NASDAQ OMX Helsinki and Stockholm and had a market cap of EUR 436.5 million (457.0) at the year-end 2015.

IN 2015, MUNKSJÖ'S net sales were EUR 1,130.7 million (1,137.3). EBITDA adjusted for non-recurring items decreased to EUR 93.6 million (105.0) due to higher raw material costs and the adjusted EBITDA margin was 8.3 percent (9.2). Munksjö's operating result adjusted for non-recurring items was EUR 40.0 million (51.0). Operating result was EUR 32.7 million (45.4) and net result EUR 22.8 million (7.7).

DURING 2015, the price difference between short and long fibre pulp reached historically low levels. Munksjö has been bridging the profitability gap resulting from the spread by implementing price increases in its two largest business areas. The implemented price increases had an expected full effect from the beginning of the fourth quarter, but they are on an annual basis not yet compensating for the total effect of the increased raw material costs. Munksjö will close the gap for the remaining volumes within the European paper business unit of Release Liners during the first quarter of 2016, as already negotiated terms take effect.

The Board of Directors of Munksjö Oyj proposes that the Annual General Meeting decide to pay funds from the reserve for invested non-restricted equity as a return of equity, the amount of return being EUR 0.30 per share.

The demand outlook in 2016 for Munksjö's specialty paper products is expected to remain stable and reflect the seasonal pattern.

Suominen (26.83% shareholding)

SUOMINEN IS THE GLOBAL market leader in nonwovens for wipes, headquartered in Helsinki, Finland. The company manufactures nonwovens as roll goods for wipes as well as for medical and hygiene products. The end products made of Suominen's nonwovens include wet wipes, feminine care products, and swabs, for instance. The company employs approximately 600 people in Europe and the Americas, and is listed on NASDAQ OMX Helsinki. The market cap of Suominen amounted to EUR 311.9 million (200.8) at year-end 2015.

In 2015, Suominen's net sales grew by 10.5% from the comparable period to EUR 444.0 million (401.8). Operating profit excluding non-recurring items amounted to EUR 31.2 million (26.9), increasing by 16% from the comparable period. The positive development in net sales and operating profit was mainly influenced by the strengthening of the US dollar compared to the euro. Profit for the financial year from continuing operations was EUR 17.0 million (10.2).

THE BOARD OF DIRECTORS of Suominen proposes to the Annual General Meeting that a dividend totaling EUR 0.02 per share be paid for the financial year 2015.

In September 2015, Suominen announced that it will extend its growth investment program to approximately EUR 60 million. Earlier, the company had estimated that it will spend EUR 30-50 million in growth investments during the strategic period of 2015-2017.

Suominen expects that for the full year 2016, its net sales and operating profit excluding non-recurring items will improve from year 2015.

NON-LISTED COMPANIES

AR Packaging (65.0% shareholding)

AR PACKAGING is one of Europe's leading companies in the packaging sector, the company's core markets being in the folding carton and flexible packaging in Europe. The company is headquartered in Lund, Sweden and employs over 2,200 employees in 17 factories in 9 countries.

AR Packaging signed in January 2015 an agreement to acquire the European packaging operations of MeadWestvaco (MWV). The transaction was finalized in April 2015. The acquisition included the Branded Products and other consumer goods packaging operations of the company. The acquisition further strengthened AR Packaging's position on the total European folding carton scene. AR Packaging financed the acquisition fully with existing cash, by issuing a EUR 35 million subsequent bond and with a EUR 15 million junior unsecured loan.

In 2015, AR Packaging's revenue amounted to EUR 513.5 million (404.3), of which the acquisition of the European packaging operations of MWV accounted for EUR 105.7 million and operating profit excluding non-recurring items to EUR 44.8 million (27.4). Profit for the financial year was EUR 20.0 million. AR Packaging's operating profit developed well during 2015 as a result of successful strategy implementation.

Destia (100% shareholding)

DESTIA IS A FINNISH infrastructure and construction service company headquartered in Vantaa. The company builds, maintains and designs traffic routes, industrial and traffic environments, as well as complete living environments. Destia's services cover the whole spectrum, from comprehensive overground operations to subterranean construction.

In 2015, Destia's revenue totaled EUR 462.8 million (431.5). Under the challenging market situation, the company managed to increase its revenue compared to the previous year. Operating profit was 12.9 million (15.1). Profitability weakened compared to the year 2014 due to some individual unsuccessful projects. The result for the financial year was EUR 6.7 mil-

lion (10.5). The order book developed positively and stood at the end of the year at EUR 717.4 million (628.2).

At the end of 2015, Destia completed the business transaction of selling its survey, drilling and laboratory services to Mitta Oy. Destia's operating profit is improved by the gain on this transaction as well as the gain on the sale of some real estate assets.

IN 2015, THE CONTINUING weakening of the Finnish economy affected the business environment in the infrastructure and construction sector as a whole. In this challenging market situation, competition for projects was fierce and level of prices quoted exceptionally low.

In 2016, the business environment in the infrastructure field and the whole construction sector remains challenging and the competition for projects continues to be fierce. Destia's order book and the measures taken to improve customer work and project management provide a solid foundation for maintaining good profitability and cash flow.

Enics (99.0% shareholding)

ENICS IS ONE of the leading electronics manufacturing service providers of industrial electronics. The company is headquartered in Zürich, Switzerland. Enics serves its customers in the fields of transportation, building automation, energy, industrial automation and instrumentation to optimize its customers' value chains and improve their competitiveness.

The company's revenue in 2015 amounted to EUR 505.3 million (451.1) and operating profit to EUR 18.1 million (19.9). 2015 was a good year in terms of growth and net sales grew well; profitability was challenged by material costs not developing as expected mostly due to the strengthening of the US dollar. Also, in some areas, productivity improvement was lower than expected.

Improving profitability, continuation of growth, productivity and flexibility improvement as well as profit and cash flow generation are in focus for the year 2016. Strong focus and commitment for industrial electronics and customer satisfaction

are cornerstones of Enics' strategy and future success, enabling growth even in the challenging market situation by winning additional business from both existing and new customers.

CLEANTECH PORTFOLIO

ESTABLISHED IN 2010, the AC Cleantech Growth Fund I Ky invests in interesting companies in the cleantech industry. In addition to Ahlström Capital, Varma, Sitra and Stiftelsen för Åbo Akademi have also invested in the fund. The funds raised are fully invested. Ahlström Capital's ownership in the fund is 29 percent, and it is consolidated as an associate in the Ahlström Capital Group.

The cleantech portfolio currently comprises Ripasso Energy AB, Scandinavian Biogas Fuels International AB and Frangible Safety Posts Ltd. During 2015, the development of the cleantech portfolio companies continued with the main focus on Ripasso Energy AB and Scandinavian Biogas Fuels International AB. No new investments were made during 2015.

REAL ESTATE

AHLSTRÖM CAPITAL'S real estate investments consist mainly of the Eteläesplanadi property as well as residential, industrial and commercial properties in Southern Finland. Since the beginning of 2013, several housing companies or apartment houses have been sold and, consequently, the number of rental agreements in Ahlström Capital's portfolio has reduced from 1,228 to 355 by the end of 2015.

In the city of Lahti, Ahlström Capital is engaged in the Lahden Kulmala real estate project. The renovated apartments and business premises in the functionalist building were handed over by the contractor in June 2015. At the year-end, 59% of the new apartments had been sold. The rental market for retail space remained challenging in 2015, mostly due to the general economic situation.

The Eteläesplanadi property in Helsinki was fully leased out throughout the year 2015, and the business continued as before. The renovation of the Lönnrotinkatu property, also in Helsinki, was finalized. All

of the remaining apartments were sold by the end of the year. As part of the final arrangement with the construction company, Ahlström Capital acquired the 50% participation of its development partner in the project.

THE DEVELOPMENT of the Kasarmikatu 21 property in Helsinki continued. The final approval for the purchase of the site was received in June 2015 and the exemption order from the zoning plan was obtained in November. The plan is to demolish the current building and to erect a new office building on the site. The construction work is estimated to begin in the spring 2016 and be completed by the end of 2017.

Work on the properties in Bragadiru, Romania, progressed on schedule during the year. All of the apartments in the four previously completed houses have been sold. Construction of the fifth building was completed in June 2015 and construction of the sixth building has been started. In the second half of 2015, Ahlström Capital sold the site and the building under construction of the sixth and last building of the first project to its local partner. In addition, Ahlström Capital sold its share in a second housing project in Romania to its local partner and thereby Ahlström Capital has exited its ownership in the Romanian property development projects.

FORESTS

AHLSTRÖM CAPITAL'S forest investments are mainly located in Western Finland in the Satakunta region, and in Central and Eastern Finland. Today, Ahlström Capital has some 32,000 hectares of forest holdings. In 2015, logging of the timber proceeded as planned. During the year Ahlström Capital delivered 29,000 m³ of wood in standing sales, 95,300 m³ in delivery sales and 16,800 m³ as energy wood.

GROUP STRUCTURE

AHLSTRÖM CAPITAL GROUP consists of the parent company Ahlström Capital Oy, domiciled in Finland, and 83 subsidiaries in 19 countries. The industrial investments in both listed and non-listed com-

panies are now mainly concentrated in the Netherlands under Ahlstrom Capital B.V. Through the structure, the Group can efficiently arrange financing and risks between investments in an international environment. A Finnish holding company AC Infra Oy manages the Destia investment. Except for the property at Eteläesplanadi, real estate investments are held by AC Real Estate B.V. and A. Ahlström Kiinteistöt Oy. Ahlström Konsernipalvelut Oy provides accounting, IT and HR services for some group companies. Suominen Corporation, Ahlstrom Corporation and Munksjö Oyj are associated companies in the Group. AC Cleantech Management Oy is the management company for AC Cleantech Growth Fund I Ky. The cleantech fund and the legal group that it constitutes are consolidated as an associated company.

GROUP EARNINGS IN 2015

THE FIGURES FOR 2014 and 2015 are not fully comparable due to significant changes in the Group during these years. Vacon was an associated company until Q3 2014, and A. Ahlström Kiinteistöt Oy with its subsidiaries was consolidated in the Group's figures from June 2014 and Destia from Q3 2014. AR Packaging Group has consolidated the business acquired from MWV starting from May 2015.

THE REVENUE of the Ahlström Capital Group was EUR 1,529.5 million (1,149.1), of which the EMS business accounted for EUR 505.3 million (451.1), the packaging business for EUR 513.5 million (404.3), the infrastructure and construction services for EUR 462.8 million (261.8), the real estate business for EUR 39.6 million (27.9), forest business for EUR 6.5 million (2.9), and other businesses for EUR 1.8 million (1.1). Other operating income amounted to EUR 95.9 million (145.8), mainly consisting of capital gains associated with exits. Ahlström Capital's share of the results of its associates was EUR 6.5 million (0.6).

THE OPERATING PROFIT (EBIT) of the Ahlström Capital Group amounted to EUR

151.3 million (186.6), of which EBIT from operations was EUR 79.7 million (53.1).

Return on capital employed was 17.1 percent (29.5). Financial income was EUR 11.7 million (6.5). Financial expenses totaled EUR 35.1 million (26.6). The administrative costs of the parent company Ahlström Capital Oy and holding companies amounted to EUR 12.4 million (11.0) in the reporting period, representing an average of 1.7 percent (1.7) of the EFV of the Group's stock. Pre-tax profit was EUR 127.9 million (166.5). Taxes recorded for the period were EUR 16.5 million (7.2). The Group's net profit attributable for the equity holders of the parent company was EUR 104.9 million (153.2).

FINANCIAL POSITION AND FINANCING

AHLSTRÖM CAPITAL'S financial position remained strong throughout the year due to the sale of shares in Outokumpu and also thanks to improved operating result and cash flow. At the end of the year, consolidated shareholders' equity was EUR 593.3 million (541.5). The equity ratio at the end of the year was 46 percent (44) and the EFV-adjusted net gearing stood at 17 percent (29). The company's return on equity (ROE) was 20 percent (44). At the end of December 2015, the interest-bearing liabilities amounted to EUR 313.7 million (339.4) and liquid assets to 185.5 (152.4). The Group had EUR 128.2 million (187.0) in net debt. The guarantees issued by Ahlström Capital Oy on behalf of its subsidiaries or portfolio companies totaled EUR 4.0 million on December 31, 2015 (16.8). Net cash flow from operating activities (cash flow after net financial income, taxes paid and change in net working capital) was EUR 100.0 million (71.6). EUR 123.1 million (240.5) was spent on investments in non-current assets and on new investments, and EUR 113.4 million (180.9) was received from the sale of non-current assets and other investments. Net cash flow from financing activities was EUR -55.9 million (38.2). Based on the Annual General Meeting's decision, the company paid for 628,876 shares a dividend of EUR 40.00 per share, totaling EUR

25,155,040.00. The dividend yield was 4.0% of the external fair value.

ACCOUNTING PRINCIPLES

AHLSTRÖM CAPITAL'S consolidated financial statements for 2015 are prepared in accordance with the International Financial Reporting Standards (IFRS).

RISK MANAGEMENT

TO MANAGE ITS RISKS, Ahlström Capital evaluates its risk position annually and maintains a quarterly risk quantification exercise related to its assets. The most recent risk position evaluation highlighted five focus areas for ongoing monitoring and development: weaker economic development and failure to reach targets; reduced ability to execute investments and exits as planned; higher interest rates, tighter financial conditions and financial risks resulting in a lower value for Ahlström Capital's assets; reputational, environmental, governance and regulatory risks; and human resource related risks.

TO MITIGATE the five key risks identified above, Ahlström Capital applies the following approaches to the identified areas: general agility in actions (quality in planning, monitoring and reporting; a balanced and reasonably allocated asset portfolio); flexible exit rules (minding our track record; own organization supplemented with a good external network); a diversified portfolio; diversified banking contacts and good reputation in the bond market; a strong balance sheet with moderate leverage; Ahlström Capital's guidelines with controls and rigid monitoring; and organizational development.

In addition to these self-performed risk analyses and monitoring, Ahlström Capital promotes and monitors internal risk management practices in each of its subsidiaries. To limit its risks, ring fencing is generally applied to its subsidiaries' liabilities, and Ahlström Capital participates in all financing negotiations of the Group companies. The company has utilized its listed share assets as collateral for financing facilities, with the resulting risk of margin calls depending on the development of the share values in question.

Ahlström Capital monitors the share and collateral value developments related to these financing facilities closely in order to manage its margin call risk. These facilities are used mainly as complementary financing, not as a last resort, in order to achieve a cost efficient overall financing structure.

RESEARCH AND DEVELOPMENT

AHLSTRÖM CAPITAL'S industrial portfolio companies have product development and other R&D functions of their own, but there is no such function at the Group level.

PERSONNEL, ADMINISTRATION, AND AUDITORS

THE AHLSTRÖM CAPITAL GROUP had an average of 6,828 employees during the period (6,329). Wages, salaries and fees paid amounted to EUR 283.0 million (216.1). At the end of the year, the parent company's personnel numbered 13.

During the year, the Board of Directors of Ahlström Capital Oy has consisted of Mikael Lilius (Chairman, from April), Thomas Ahlström, Mats Danielsson, Stig Gustavson (Chairman until April and vice-Chairman as of April), Kaj Hedvall (until April), Jouko Oksanen, Malin Persson, and Peter Seligson.

AHLSTRÖM CAPITAL OY'S President and CEO Panu Routila left his position on November 1, 2015. As of the same date Chief Investment Officer Jacob af Forselles was appointed Acting CEO. On December 18, 2015 Ahlström Capital Oy appointed Hans Sohlström as its new President and CEO starting from February 1, 2016. Until then, Jacob af Forselles continued as the Acting CEO. The Board of Directors appreciates Panu Routila's successful eight years of managing the company.

The auditor was the auditing firm KPMG Oy Ab, with Virpi Halonen, Authorized Public Accountant, as the auditor in charge.

The Board of Directors of Ahlström Capital established three new committees: Audit Committee, Compensation Committee and Nomination Committee, and nominated Mats Danielsson (chair-

man), Thomas Ahlström, and Jouko Oksanen as members of the Audit Committee, Mikael Lilius (chairman), Stig Gustavson, and Peter Seligson as members of the Compensation Committee and Mikael Lilius (chairman), Robin Ahlström, Thomas Ahlström, and Mats Danielsson as members of the Nomination Committee.

COURT PROCEEDINGS AND DISPUTES

AHLSTRÖM CAPITAL OY is a plaintiff in the case concerning the price cartel that existed in the Finnish timber market between 1997 and 2004. Preparations for the legal proceedings at the District Court of Helsinki continue.

The dispute with Savcor Group Oy regarding a debt is coming to an end. In the Netherlands the legal proceedings have ended in favor of Ahlstrom Capital B.V. In Finland the reorganization of Savcor Group Oy is soon completed.

SHAREHOLDERS

AT THE END OF 2015 Ahlström Capital Oy had 238 (235) shareholders. The largest individual shareholder is Antti Ahlström Perilliset Oy (6.1%). No other shareholder holds more than 5% of the shares.

EVENTS AFTER THE REPORTING PERIOD

AHLSTRÖM CAPITAL OY appointed Hans Sohlström as its new President and CEO. Sohlström assumed his new position on February 1, 2016.

AR Packaging has appointed a financial advisor to evaluate strategic alternatives, with a focus on a potential public listing on Nasdaq Stockholm. No decision has yet been made and the company will inform the market if and when any such decisions are made.

OUTLOOK FOR 2016

WE EXPECT THE COMPARABLE operative result of our businesses, excluding structural changes, to remain on the same level as last year.

PROPOSAL FOR THE DISTRIBUTION OF PROFITS

THE BOARD OF DIRECTORS proposes that a dividend of 42.00 euros per share be paid for 2015.

Key figures

MEUR	IFRS			FAS ⁽²⁾		
	2015	2014	2013 ⁽¹⁾	2013	2012	2011
Revenue	1,529.5	1,149.1	852.2	861.0	873.2	801.9
Operating profit	151.3	186.6	52.5	38.1	37.7	-2.2
Profit for the period	104.9	153.2	27.5	25.3	24.9	-35.0

	IFRS			FAS ⁽²⁾		
	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
External Fair Value, EFV, EUR million	743.7	634.0	339.4	339.4	301.1	260.6
Equity ratio	46%	44%	35%	39%	36%	31%
Net gearing	22%	35%	45%	33%	53%	86%
Net gearing, EFV adjusted	17%	29%	28%	20%	34%	55%
Return on Capital Employed (ROCE)	17.1%	29.5%	14.9%	11.6%	11.0%	-0.5%
Return on Equity (ROE)	19.6%	44.0%	15.0%	14.4%	16.0%	-21.6%
Net debt, EUR million	128.2	187.0	93.5	68.9	103.9	143.9
Equity per share, EUR	885.80	816.64	506.58	509.61	468.84	391.33
External Fair Value per share, EUR	1,182.57	1,008.14	940.29	940.29	834.16	721.92
Earnings per share, EUR	166.87	243.65	76.26	70.21	68.95	-96.94
Dividend per share, EUR ⁽³⁾	42.00	40.00	34.08	34.08	20.85	12.50

1) Continuing operations

2) 2011-2012 figures are according to FAS and thus non-comparable to IFRS figures of 2013-2015.

3) The 2015 figure is based on proposal by the board, 2013 amount consists of dividend of 28.20 eur/share for 360,191 shares and extra dividend of 5.88 eur/share for 628,876 shares.

Formulas for key figures

Net debt	Interest bearing liabilities - Cash and cash equivalents
Equity ratio	$\frac{\text{Total equity}}{\text{Total assets - Advances received}}$
Net gearing	$\frac{\text{Interest bearing liabilities - Cash and cash equivalents}}{\text{Total equity}}$
Net gearing, EFV adjusted	$\frac{\text{Interest bearing liabilities - Cash and cash equivalents}}{\text{External Fair Value}}$
Earnings per share	$\frac{\text{Profit for the period - Non-controlling interest}}{\text{Number of shares at the end of fiscal year}}$
Equity per share	$\frac{\text{Equity attributable to equity shareholders of the parent company}}{\text{Number of shares at the end of fiscal year}}$
External Fair Value per share	$\frac{\text{External Fair Value}}{\text{Number of shares at the end of fiscal year}}$
Return on Capital Employed	$\frac{\text{Operating profit + Interest and other financial income}}{\text{Total assets - Non-interest bearing liabilities (annual average)}}$
Return on Equity	$\frac{\text{Profit for the period}}{\text{Total equity (annual average)}}$

➤ Consolidated Statement of Income

TEUR	Note	2015	2014
Revenue	8	1,529,480	1,149,052
Other operating income	9	95,932	145,830
Materials and services	11	-983,159	-711,435
Depreciation, amortisation and impairment	22, 26	-47,603	-34,094
Personnel expenses	17	-283,045	-216,067
Other operating expenses	12	-166,816	-147,280
		-1,384,690	-963,045
Share in results of associated companies	27	6,497	614
Operating profit		151,288	186,621
Financial income	15	11,696	6,487
Financial expenses	16	-35,083	-26,617
Profit before tax		127,901	166,491
Income taxes	20	-16,455	-7,248
Profit for the period		111,446	159,243
Profit for the period attributable to:			
Equity holders of the parent		104,940	153,227
Non-controlling interests		6,506	6,016
		111,446	159,243

➤ Consolidated Statement of Comprehensive Income

TEUR	Note	2015	2014
Profit for the period		111,446	159,243
Other comprehensive income			
Other comprehensive income not to be reclassified to statement of income in subsequent periods:			
Remeasurement gains (losses) on defined benefit plans		-2,543	-5,647
Income tax relating to items not to be reclassified to statement of income		571	1,061
Share of other comprehensive income of associates		-206	-2,293
		-2,178	-6,878
Other comprehensive income to be reclassified to statement of income in subsequent periods:			
Exchange differences on translation of foreign operations		3,175	331
		3,175	331
Available-for-sale financial assets - net change in fair value		27,391	75,411
Available-for-sale financial assets - reclassified to statement of income		-61,788	-39,235
Income tax relating to items to be reclassified to statement of income		589	-952
		-33,808	35,224
Cash flow hedges - net change in fair value		446	-3,220
Cash flow hedges - reclassified to statement of income		698	0
Income tax relating to items to be reclassified to statement of income		-229	644
		915	-2,576
Share of other comprehensive income of associates		-3,149	1,567
		-3,149	1,567
Net other comprehensive income to be reclassified to statement of income in subsequent periods		-32,867	34,546
Other comprehensive income for the period, net of tax	34	-35,045	27,668
Total comprehensive income for the period, net of tax		76,401	186,911
Total comprehensive income attributable to:			
Equity holders of the parent		69,369	182,464
Non-controlling interests		7,033	4,447
		76,401	186,911

➤ Consolidated Statement of Financial Position

TEUR	Note	December 31, 2015	December 31, 2014
Assets			
Non-current assets			
Goodwill	22, 23	98,100	98,020
Other intangible assets	22	13,468	9,966
Property, plant and equipment	26	229,428	195,552
Investment property	24	153,424	149,475
Biological assets	25	93,257	92,982
Investments in associates and a joint venture	27	134,986	120,923
Non-current financial assets	31	14,570	78,720
Non-current receivables	31	4,627	2,918
Deferred tax assets	21	30,249	29,296
		772,107	777,852
Current assets			
Inventories	28	169,527	171,964
Trade and other receivables	29	190,091	170,534
Tax receivable, income tax		2,746	1,527
Cash and cash equivalents	30	185,488	152,425
		547,852	496,451
Total assets		1,319,960	1,274,303
Equity and liabilities			
Equity attributable to equity shareholders of the parent company			
Share capital	34	38,771	38,771
Share premium		12,774	12,774
Unrestricted equity reserve		104,336	104,336
Other reserves		742	34,357
Translation differences		537	-645
Retained earnings		399,896	323,970
		557,057	513,563
Equity attributable to equity of non-controlling interests		36,288	27,911
Total equity		593,346	541,474
Non-current liabilities			
Interest-bearing loans and borrowings	31	254,043	252,892
Net employee defined benefit liabilities	19	43,922	36,620
Provisions	35	22,818	21,410
Deferred tax liabilities	21	40,208	36,258
Other liabilities	31	5,069	2,665
		366,061	349,844
Current liabilities			
Interest-bearing loans and borrowings	31	59,637	86,527
Trade and other payables	36	291,081	276,245
Provisions	35	6,864	15,645
Tax liability, income tax		2,972	4,568
		360,554	382,985
Total liabilities		726,614	732,829
Total equity and liabilities		1,319,960	1,274,303

➤ Consolidated Statement of Cash Flows

TEUR	Note	2015	2014
Operating activities			
Profit for the period		111,446	159,243
Adjustments:			
Depreciation and impairment		47,603	34,094
Gains and losses on disposal of fixed assets and other non-current assets		-77,998	-137,874
Share in results of associated companies		-6,497	-614
Change in fair value of investment properties and biological assets		-10,892	-2,096
Unrealised foreign exchange gains and losses		-792	1,565
Financial income and expenses		23,841	19,063
Income taxes		16,455	7,248
Other adjustments		37	
Change in working capital:			
Change in trade and other receivables		4,409	-311
Change in inventories		21,822	-341
Change in trade and other payables		2,033	18,019
Change in provisions		-5,910	-2,192
Interest paid		-15,414	-15,770
Dividends received		3,647	2,230
Interest received		286	944
Other financing items		-317	-5,196
Income taxes paid		-13,719	-6,449
Net cash flow from operating activities		100,040	71,563
Investing activities			
Acquisition of subsidiaries, net of cash acquired	6	-70,677	-98,549
Sale of subsidiaries reduced by cash or cash equivalents		2,472	7,616
Investment in associated companies		-15,596	-57,128
Sale of associated companies		3,514	108,164
Purchase of financial investments		-417	-46,665
Sale of financial investments		96,568	63,276
Investments in tangible assets and intangible assets		-36,788	-38,162
Sale of tangible and intangible assets		10,825	1,836
Loans granted		-3,383	-2,796
Repayment for loan assets		2,691	719
Net cash flow used in investing activities		-10,791	-61,689
Financing activities			
Loan withdrawals		116,791	150,451
Loan repayments		-139,081	-95,655
Purchasing shares from non-controlling interests		-1,208	-5,863
Finance lease payments		-7,283	3,139
Dividends paid		-25,155	-13,876
Net cash flow used in (from) financing activities		-55,936	38,196
Net increase in cash and cash equivalents		33,313	48,070
Cash and cash equivalents on January 1		152,425	103,565
Net foreign exchange difference		-250	790
Cash and cash equivalents on December 31	30	185,488	152,425

➤ Consolidated Statement of Changes in Equity

TEUR	Equity attributable to equity shareholders of the parent company										
	Share capital	Share premium	Unrestricted equity reserve	Available-for-sale reserve	Cash flow hedge reserve	Legal reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
January 1, 2015	38,771	12,774	104,336	35,105	-3,051	2,303	-645	323,970	513,563	27,911	541,474
Profit for the period								104,940	104,940	6,506	111,446
Other comprehensive income				-35,671	1,196		1,182	-2,279	-35,572	527	-35,045
Total comprehensive income				-35,671	1,196		1,182	102,661	69,369	7,033	76,401
Dividends paid								-25,155	-25,155		-25,155
Change in non-controlling interests								-928	-928	662	-266
Other changes						860		-653	208	683	891
December 31, 2015	38,771	12,774	104,336	-566	-1,855	3,163	537	399,895	557,057	36,288	593,346

TEUR	Equity attributable to equity shareholders of the parent company										
	Share capital	Share premium	Unrestricted equity reserve	Available-for-sale reserve	Cash flow hedge reserve	Legal reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
January 1, 2014	36,092	12,774		-1,128	-462	3,055	-1,485	133,987	182,833	27,238	210,071
Profit for the period								153,227	153,227	6,016	159,243
Other comprehensive income				36,233	-2,589		840	-5,247	29,237	-1,569	27,668
Total comprehensive income				36,233	-2,589		840	147,980	182,464	4,447	186,911
Issue of share capital	2,679							-2,679			
Dividends								-13,876	-13,876		-13,876
Business combinations			104,336					64,214	168,550		168,550
Other changes						-752		-5,656	-6,408	-3,774	-10,182
December 31, 2014	38,771	12,774	104,336	35,105	-3,051	2,303	-645	323,970	513,563	27,911	541,474

»» Notes to the Consolidated Financial Statements

1. Corporate information

Ahlström Capital is a family-owned investment company, founded in 2001. The company invests in listed and non-listed companies, real estate and forest assets. Ahlström Capital is an active and responsible owner who develops the portfolio companies to create long-term shareholder value (see Note 33). Ahlström Capital Oy is domiciled in Finland. The registered address is Eteläesplanadi 14, Helsinki.

The consolidated financial statements of Ahlström Capital Oy (parent company) and its subsidiaries (collectively, the Group) for the year ended December 31, 2015 were authorised for issue in accordance with a resolution of the Board of Directors on February 17, 2016. Under the Finnish Limited Liability Companies Act, shareholders may approve or reject the financial statements at the General Meeting held following their publication. The General Meeting may also take the decision to amend the financial statements.

The consolidated financial statements are available at www.ahlstromcapital.com and at the parent company's head office at Eteläesplanadi 14, Helsinki.

Information on the Group's structure is provided in Note 5. Information on other related party relationships of the Group is provided in Note 38.

2. Basis of preparation, consolidation and significant accounting policies

2.1 Basis of preparation

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) by applying IAS and IFRS standards and their SIC and IFRIC interpretations, which were in force as at December 31, 2015. International Financial Reporting Standards refer to the standards, and their interpretations, approved for application in the EU in accordance with the procedures stipulated in the EU's regulation (EC) No. 1606/2002 and embodied in Finnish accounting legislation and the statutes enacted under it. The notes to the consolidated financial statements also comply with the Finnish accounting and corporate legislation.

The financial statements for the year ended December 31, 2014 were the first the Group prepared in accordance with IFRS.

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties, derivative financial instruments, available-for-sale (AFS) financial assets, contingent consideration and standing forest that

have been measured at their fair value. The Group's consolidated financial statements are presented in euro (EUR), which is also the parent company's functional currency. All values are rounded to the nearest thousand (TEUR), except when otherwise indicated.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as per December 31, 2015. Control is achieved when the Group is exposed, 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 investee. Usually the control is formed when an entity holds 50% (or more) of the voting rights. Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the

» Notes to the Consolidated Financial Statements

Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interests;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 Summary of significant accounting policies

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is the aggregate of the consideration transferred at the fair value of the acquisition date and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as per the acquisition date.

If the business combination is achieved in stages, the previously held equity interest is remeasured at the fair value of its acquisition date and any resulting gain or loss is recognised in statement of income.

Any contingent consideration (additional purchase price) related to the combination of businesses is measured at fair value on the date of acquisition. It is classified either as a liability or equity. Contingent consideration classified as a liability is measured at fair value on the last day of each reporting period, and

the resulting loss or gain is recognised in statement of comprehensive income. Contingent consideration classified as equity is not remeasured.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of the net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the disposed operation and the portion of the cash-generating unit retained.

Ahlström Capital applied IFRS for the first time for the year ended December 31, 2014 and used the exemption for full retrospective application of IFRS 3, meaning that transactions taken place subsequent to January 1, 2013 are measured in accordance with IFRS 3.

Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the right to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Ahlström Capital's strategy for investments in listed companies is to have between 10-30% direct interest in the company and always have its representative or representatives participate in the board of directors, nomination committee, and actively exercise any other shareholder rights to maximise the value of the investment and it is generally a prerequisite for entering into any investment for Ahlström Capital. Through this involvement, Ahlström Capital views that in certain occasions it holds significant influence over

the listed companies, even in situations where direct ownership is less than 20%.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement which exists only when decisions about the relevant activities require unanimous consent of the parties' distribution control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investments in its associates and joint ventures are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of the net assets of the associate or joint venture as of the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of income reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of results of an associate and a joint venture is shown on the face of the statement of income within operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as those of the Group. Associated and joint venture companies report to the Group according to IFRS accounting principles. If and when necessary, the adjustments are done at the Group level when preparing the Group's financial reports.

At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group tests the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss as 'share of profit of an associate and a joint venture' in the statement of income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in a normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in a normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current. The fair values of derivative financial instruments not included in hedge accounting are presented as current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Fair value measurement

The Group measures financial instruments, such as derivatives and non-financial assets such as investment properties, at their fair value at each reporting date.

Fair value is the price that would be received when selling an asset or paid when transferring a liability in an orderly transaction between market participants at the measurement date. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure the fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

» Notes to the Consolidated Financial Statements

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether shifts have occurred between Levels in the hierarchy by reassessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The specific recognition criteria described below must also be met before revenue is recognised.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

The revenue of long-term projects is recognised as such with reference to the stage of completion, when the final financial result for the project can be estimated reliably. The stage of completion is determined for each project as the share of the costs incurred from the work carried out by the review date compared with the total costs estimated for the project. Expenditure that relates to a project still not entered as income is recognised as long-term projects in progress under inventories. If the expenditure incurred and recognised gains exceed the amount invoiced for the project, the difference is shown under trade and other receivables in the statement of financial position. If the expenditure incurred and recognised gains are less than what is invoiced for the project, the difference is shown under trade payables and other debt. When the end financial result of a long-term project cannot be reliably assessed, the project expenditure is

recognised in the same period in which it is incurred, and the revenue from the project is only recognised up to the amount where a sum of money equivalent to the expenditure incurred is available. If it is probable that the overall expenditure incurred in completing the project will exceed total income from it, the expected loss is entered as a direct cost.

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of income due to its operating nature.

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as available-for-sale financial assets, interest income is recorded using the effective interest rate (EIR). Interest income is included in finance income in the statement of income.

Revenue concerning dividends is recognised when the Group's right to receive the payment is established, generally when shareholders approve the dividend.

Government grants

Government or other grants are recognized as income on a systematic basis over the periods necessary to match them with the related costs which they are intended to compensate. Investment grants related to acquisitions of property, plant and equipment and intangible assets are deducted from the cost of the asset in question in the statement of financial position and recognized as income on a systematic basis over the useful life of the asset in the form of reduced depreciation expense.

Income taxes

Taxes shown in the consolidated statement of income include income taxes to be paid on the basis of local tax legislations, tax adjustments from previous years as well as the effect of the annual change in the deferred tax liability and deferred tax assets. Deferred tax liabilities and deferred tax assets are calculated on temporary differences arising between the tax basis and the book value of assets and liabilities. Deferred tax is not recognised for non-deductible goodwill on initial recognition and temporary differences in investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. The main temporary differences arise from unused tax losses, intangible assets, property, plant and equipment, biological assets, investment properties, provisions, defined benefit pension plans, inter-company inventory margin and fair valuation of derivative financial instruments. A deferred tax asset is recognised to the extent that it is probable that it can be utilised.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income. Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of income. Each reporting date the Group evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Foreign currencies

The Group's consolidated financial statements are presented in euro, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange rul-

ing at the one day prior to the reporting date. Foreign currency differences of monetary items are recognised in statement of income with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to statement of income. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in the fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or statement of income are also recognised in other comprehensive income or statement of income, respectively).

Foreign operations

The assets and liabilities of foreign operations are translated into euro at the rate of exchange ruling at the one day prior to the reporting date and their statement of income are translated at average rates of reporting period. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, accumulated translation differences relating to the component of other comprehensive income are recognised in the statement of income.

Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Classifications held for sale requires that the following criteria are met; the sale is highly probable, the asset is available for immediate sale in its present condition subject to usual and customary terms, the management is committed to the sale and the sale is expected to be completed within one year from the date of classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets

» Notes to the Consolidated Financial Statements

and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of income.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. All other repair and maintenance costs are recognised in statement of income as incurred. Grants received are reported as a reduction of costs. The property, plant and equipment of acquired subsidiaries are measured at their fair value at the acquisition date. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

- Buildings 25-50 years
- Heavy machinery 10-20 years
- Other machinery 3-10 years

Land is not depreciated, as its useful life is considered as infinite. The estimated useful lives and the residual values are reviewed at least at the end of each financial year, and if they differ significantly from previous estimates, depreciation periods are adjusted accordingly. Depreciation of property, plant and equipment is stopped when an item is classified as held for sale.

A gain or loss arising from the sale of property, plant and equipment is recognised in other operating income or other operating expenses in the statement of income.

Leases

Leases related to property, plant and equipment in which all material rewards and risks of ownership have been transferred to Group are classified as finance lease. When the Group is the lessee, finance leases are recognised at the commencement of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Finance leases are arrangements that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group. Lease payments are apportioned between finance charges and reduc-

tion of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of income.

The leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

The lease agreements that are not fulfilling the criteria of financial leases are dealt as operating leases. Operating lease payments are recognised as an operating expense in the statement of income on a straight-line basis over the lease term.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to finalise for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur.

Biological assets

The Group divides all its forest assets into growing forests, which are recognised as biological assets at their fair value less costs to sell, and land, also recognised at fair value but reported in investment properties. Gains or losses arising from changes in the fair values of biological assets are included in profit or loss in the period in which they arise, including the corresponding tax effect.

There are no existing active markets for forest assets as large as the Group's. Therefore, the valuation is made by using the discounted future cash flows. The cash flows are based on Group's forest management and harvesting plan and are calculated for a period of 80 years which is the estimated harvesting cycle for the Group's forests. Discount rate used for valuation is weighted average cost of capital calculated for forests. Discount rate is reviewed at the reporting date. Estimated sales prices and silvicultural costs are forecasted based on current sales prices and cost levels as the starting point.

Investment properties

Investment properties are measured their fair value which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect.

Instead, the investment properties that are under construction are measured at costs until they are finished and their fair

value is reliably measurable. After the investment properties under construction are finished, they are reclassified as investment properties.

Fair values of the individually significant investment properties are determined based on an annual evaluation performed by an accredited external independent valuer. The fair values of the Group's other investment properties are based on discounted cash flow projections on estimated future cash flows.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of income in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either definite or indefinite. Intangible assets with definite lives are amortised on a straight-line basis over the useful economic life (3-5 years) and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a definite useful life are reviewed at least annually.

Other intangible assets, e.g. customer relationships, acquired in business combinations are recorded at fair value at the acquisition date. These intangible assets have a definite useful life and are carried at cost less accumulated straight-line amortization over the expected life of the intangible asset.

A gain or loss arising from the sale of intangible assets is recognised in other operating income or other operating expenses in the statement of income.

Intangible assets with indefinite useful lives are not amortised, and are tested for impairment at least annually and whenever there is an indication that the intangible asset may be impaired, either individually or at the cash-generating unit level.

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset;
- the ability to measure reliably the expenditure during development; and
- the ability to use the intangible asset generated.

Following the initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when the development is finalised and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

Financial assets

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value. If financial assets are not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are included in the initial carrying amount.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives

» Notes to the Consolidated Financial Statements

are classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance items (negative or positive net changes in fair value) in the statement of income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of income. The losses arising from impairment are recognised in the statement of income in finance costs for loans and in cost of sales or other operating expenses for receivables.

This category generally applies to trade and other receivables. Trade receivables are recognised at their anticipated realisable value, which is the original invoiced amount less an estimated valuation allowance for impairment. Trade receivables are measured individually. Credit losses are expensed immediately when indication exists that the Group is not able to collect its trade receivables according to initial agreements. Trade receivables may be sold to other lending institutions.

Available-for-sale financial assets

Available-for-sale (AFS) financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial investments are measured at fair value with unrealised gains or losses recognised in other comprehensive income and credited in the AFS reserve. Accumulated gains or losses are reclassified from the AFS reserve to the statement of income as other operating income/expenses if the investment is sold or as financial expenses (impairment loss) if the investment is impaired.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecog-

nised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For AFS financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. The Group determines that if the investment, which has to pass the materiality threshold, has impaired continuously for longer than 12 months, impairment loss has to be recognised. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of income – is removed from OCI and recognised in the statement of income. Impairment losses on equity investments are

not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI. If the AFS investment is sold, then the fair value recognised in OCI are recognised in the statement of income.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of income.

If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of income, the impairment loss is reversed through the statement of income.

Financial liabilities

The Group's financial liabilities are classified as financial liabilities at fair value through profit and loss, trade and other payables, loans and borrowings including bank overdrafts, or as derivatives designated as hedging instruments.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities recognised at fair value through the statement of income

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments that are not designated as hedging instruments in hedge relationships as defined by IAS 39.

Gains or losses on liabilities held for trading are recognised in the statement of income as well as realised and unrealised gains and losses arising from changes in fair value of derivatives.

Financial liabilities recognised at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs

that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of income.

This category generally applies to interest-bearing loans and borrowings. For more information, see Note 31.

Financial guarantee contracts issued by the Group are contracts that require a payment to be made to compensate the holder for a loss it incurs because the specified debtor fails to make a payment when due under the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognising the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of income.

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value at the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as cash flow hedges:

- when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability; or
- a highly probable forecast transaction; or
- the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the

» Notes to the Consolidated Financial Statements

Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk concerned and how the entity will assess the effectiveness of changes in the fair value of the hedging instrument in offsetting the exposure to changes in the hedged items or cash flows attributable to the hedged risk.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of income as other operating expenses.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised based on their nature either in the operating income and expense or as financial income and expense.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- raw materials: purchase cost on a first in, first out basis or weighted-average cost method basis; and
- finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Properties that are built and held for sale in the ordinary course of business are reported and recognised in inventories and measured at the lower of cost or net realisable value.

Impairment of non-financial assets

The Group assesses, at each reporting date whether there is an indication of an asset being impaired. If any indication is shown, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of income in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the recoverable amount of the asset or CGU. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

The following assets have specific characteristics for impairment testing:

- Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.
- Intangible assets with indefinite useful lives are tested for impairment when circumstances indicate that the carrying value may be impaired.

Cash and current deposits

Cash and current deposits in the statement of financial position comprise cash at banks and on hand and current deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and current deposits.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of income net of any reimbursement.

Provisions for warranty-related costs are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Restructuring provisions are recognised only when the recognition criteria for provisions are fulfilled. The Group has a constructive obligation when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline. Furthermore, the employees affected have been notified of the plan's main features.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is

used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities

Contingent liabilities are present obligations that have arisen from past events, such as rental agreements, possible defaults of deliveries in the ordinary course of business for which the Group has guarantee commitments and sales of accounts receivable under factoring agreements. Contingent liabilities are not recognised in the statement of financial position because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations. However, since it cannot be precluded that an outflow of resources embodying economic benefits can be required to settle the obligations, the Group discloses the possible contingencies separately.

Pensions and other post-employment benefits

The Group operates a defined benefit pension plans in some European countries, which requires contributions to be made to a separately administered fund. Most of the pension benefit plans in the Group are defined contribution plans (DCP) by nature. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Under defined benefit plans (DBP), a liability recognised in the statement of financial position equals the net of the present value of the defined benefit obligation less the fair value of the plan assets at the closing of the annual accounts. Actuarial gains and losses are recognised in the consolidated statement of comprehensive income as remeasurement items when they occur. Remeasurement recorded in other comprehensive income is not recycled. Past service cost is recognised in the statement of income in the period of plan amendment. Net-interest is calculated by applying the discount rate to the net defined liability or asset. The Group presents service cost, past-service cost, gains and losses on curtailments and settlements and net interest expense or income as employee benefit expense.

Independent actuaries calculate the defined benefit obligation by applying the Projected Unit Credit Method (PUCM).

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding net interest (not applicable to the Group) and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings

»» Notes to the Consolidated Financial Statements

through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Group recognises restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under cost of sales, administration expenses and selling and distribution expenses in the consolidated statement of income (by function):

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- net interest expense or income.

Share-based payments

Share-based payments are arrangements between the entity and another party that entitles the other party to receive cash or other assets of the entity for amounts that are based on the price of equity instruments of the entity or another Group entity, or equity instruments of the entity or another Group entity, provided the specified vesting conditions, if any are met. See Note 18 for further information.

3. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires Management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group's accounting policies, Management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are mentioned further in this document.

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur. The areas where judgements, assumptions and estimates are most significant to the Group and which may affect the financial statements if changed are described below.

Fair valuation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the profit or loss. Fair values are based on several different valuation methods. Largest individual assets are based on external valuation reports which utilise a mix of income and market approaches, while the smaller units are valued in-house, mainly by the income approach but also using market prices where appropriate. See note 24 for more details.

Biological assets

The Group's assessment is that no relevant market prices are available that can be used to value forest holdings as extensive as those held by Ahlström Capital. The valuation is therefore made by calculating the present value of future expected cash flows from the growing forests. The most material estimates are related to future harvesting plans, changes in pulpwood and timber prices and discount rate used. Note 25 provides a sensitivity analysis for the valuation of changes in these estimates.

Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date on which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 18.

Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and

timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits. Further details on taxes are disclosed in Note 20.

Pension benefits

The cost of defined benefit pension plans and other post-employment benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, changes in health care costs, inflation, future salary increases, retirement rates, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The mortality rate is based on publicly available mortality tables for the specific countries. Future salary increases and pension increases are based on expected future inflation rates for the respective countries. Further details about the assumptions used, including a sensitivity analysis, are given in Note 19.

Fair value measurement of financial assets and liabilities

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 32 for further disclosures.

Long-term projects

As described in the revenue recognition policies, the revenue and costs of a long-term project are recognised as income and expenses on the basis of the stage of completion, once the outcome of the project can be reliably estimated. Recognition associated with the stage of completion is based on estimates of expected income and expenses of the project and reliable measurement of project progress. If estimates of the project's outcome change, the recognised income and profit/loss are amended in the period in which the change is first known about and can be estimated for the first time. Any loss expected from a projects is directly recognised as an expense. See Note 10 for more details.

Goodwill impairment testing

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in this circumstance is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

The goodwill impairment tests are performed annually. Key assumptions used in value in use calculations are that the value in use is sensitive to discount rates and growth rates used to extrapolate cash flows beyond the forecast period. In addition, customary valuation methods such as peer group valuation are used to support valuation of companies. Discount rates represent the current market assessment of the risks specific to each cash-generating-unit taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). Growth rate estimates are based on perceived long-term economic growth prospects, based on recorded historic average growth rates of the advanced econo-

»» Notes to the Consolidated Financial Statements

mies, which are generally roughly 2% per annum. Growth rates used are from external valuation reports and align with the above description. See note 23 for more details.

Segment information

IFRS applies to both the separate or individual financial statements of an entity and the consolidated financial statements of a group to provide information to the users of financial statements so that they can objectively evaluate the entity's business operations and the nature and the effects of the economic operational environment. IFRS 8 has to be applied if the entity's or group's debt or equity instruments are traded in a public market, or that files, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in the public market.

Disclosing segment information is not mandatory for Ahlström Capital Group hence the parent, Ahlström Capital Oy, does not have any publicly traded equity or debt instruments. Therefore Ahlström Capital Group elects not to disclose segment information in its consolidated financial statements. Voluntary, non-segment information will be disclosed instead.

External Fair Value (EFV) of the share

The primary objective of the Group's capital management is to maximise the shareholder value, meaning the External Fair Value of the share. The External Fair Value (EFV) of the share represents the expected market value of the asset in question that would be received in an orderly transaction between market participants, subtracting assumed transaction costs and other related liabilities. In effect, this means that the EFV of Ahlström Capital's share is the sum of the EFVs of the underlying net assets within Ahlström Capital Group. In order to determine the EFV of Ahlström Capital's share, the EFV of the underlying assets is appraised at each measurement date. See capital management in note 33 for more information.

4. IFRS amendments

New and amended standards applied in financial year ended

The Group has applied as from January 1, 2015 the following new and amended standards that have come into effect.

- Amendments to IAS 19 *Employee Benefits - Defined Benefit Plans: Employee Contributions* (effective for financial years beginning on or after July 1, 2014): The amendments clarify the accounting treatment under IAS 19 in respect of defined benefit plans that involve contributions from employees or

third parties towards the cost of benefits. The amendments are not assessed to have an impact on Group's consolidated financial statements.

- *Annual Improvements to IFRSs (2011-2013 cycle and 2010-2012 cycle)* (effective for financial years beginning on or after July 1, 2014): The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The amendments cover in total four (2011-2013 cycle) and seven (2010-2012 cycle) standards. Their impacts vary standard by standard but are not significant.

Adoption of new and amended standards and interpretations applicable in future financial years

The Group has not yet adopted the following new and amended standards and interpretations already issued by the IASB. The Group will adopt them as of the effective date or, if the date is other than the first day of the financial year, from the beginning of the subsequent financial year.

- Amendment to IAS 1 *Presentation of Financial Statements: Disclosure Initiative** (effective for financial years beginning on or after January 1, 2016). The amendments are designed to encourage companies to apply judgement in determining what information to disclose in the financial statements. For example, the amendments clarify the application of the materiality concept and judgement when determining where and in what order information is presented in the financial disclosures. The interpretation had no significant impact on Group's consolidated financial statements.
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation** (effective for financial years beginning on or after January 1, 2016): The amendments clarify IAS 16 and IAS 38 that revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in limited circumstances to amortise intangible assets. The amendments will have no impact on Group's consolidated financial statements.
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture - Bearer Plants* (effective for financial years beginning on or after January 1, 2016): These amendments require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment and included in the scope of IAS 16, instead of IAS 41. These amendments will have no impact on Group's consolidated financial statements.

- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures: Investment Entities: Applying the Consolidation Exception* (the amendments can be applied immediately; mandatory for financial years beginning on or after January 1, 2016): The narrow-scope amendments to IFRS 10, IFRS 12 and IAS 28 clarify the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the Standards. The amendments will not have an impact on Group's consolidated financial statements.
- Amendments to IFRS 11 *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations* (effective for financial years beginning on or after January 1, 2016): The amendments add new guidance to IFRS 11 on how to account for the acquisition of an interest in a joint operation that constitutes a business, i.e. business combination accounting is required to be applied. The amendments are not assessed to have an impact on Group's consolidated financial statements.
- Amendments to IAS 27 *Separate Financial Statements - Equity Method in Separate Financial Statements** (effective for financial years beginning on or after January 1, 2016): The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendments will not have an impact on Group's consolidated financial statements.
- New IFRS 14 *Regulatory Deferral Accounts** (effective for financial years beginning on or after January 1, 2016): IFRS 14 is first specific IFRS guidance on accounting for the effects of rate regulation. It is an interim standard. IFRS 14 allows first-time adopters of IFRS, whose activities are subject to rate-regulation, to continue using previous GAAP ("grandfathering") while the IASB completes its comprehensive project in this area. IFRS 14 is an optional standard. The new standard will not have an impact on Group's consolidated financial statements.
- *Annual Improvements to IFRSs (2012-2014 cycle)** (effective for financial years beginning on or after January 1, 2016): The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The amendments cover in four standards. Their impacts vary standard by standard but are not significant.
- New IFRS 15 *Revenue from Contracts with Customers** (effective for financial years beginning on or after January 1, 2018): IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*. Under IFRS 15 an entity shall recognise revenue in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The recognition model includes clearly more detailed instructions than the currently valid IAS 11 *Construction Contracts* and IAS 18 *Revenue*. The Group is currently assessing the impact of IFRS 15.
- New IFRS 9 *Financial Instruments** (effective for financial years beginning on or after January 1, 2018): IFRS 9 replaces 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. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Group is assessing the impact of IFRS 9.

* Not yet endorsed for use by the European Union as of December 31, 2015.

» Notes to the Consolidated Financial Statements

5. Group information

Information about subsidiaries and associated companies

The consolidated financial statements of the Group include:

Name	Country of incorporation	Activities	% equity interest	
			2015	2014
A. Ahlström Kiinteistöt Oy	Finland	Real Estate	100	100
A. Ahlström Rakennus Oy	Finland	Holding	100	100
Ahlström Pihlava Oy	Finland	Holding	100	100
Asunto Oy Varkauden Kommilanranta	Finland	Real Estate	100	100
Keskinäinen Kiinteistöosakeyhtiö Uudenmaankatu 24	Finland	Real Estate	100	100
Kiinteistö Oy Egantti	Finland	Real Estate	100	100
Kiinteistö Oy Hämeenlinnan Taipaleentie 6	Finland	Real Estate	100	100
Kiinteistö Oy Lahden Kulmala	Finland	Real Estate	100	100
Kiinteistö Oy Riihimäen Lasi	Finland	Real Estate	100	100
Morpac Oy	Finland	Real Estate	100	100
Rauman MO-Kiinteistö Oy	Finland	Real Estate	100	100
Kymiring Oy	Finland	Holding	19	19
Ahlström Konsernipalvelut Oy	Finland	Holding	100	100
AC Cleantech Management Oy	Finland	Holding	100	100
AC Verwaltungs-GmbH	Germany	Holding	100	100
AC Infra Oy	Finland	Holding	100	100
Destia Group Oyj	Finland	Holding	100	100
Destia Oy	Finland	Holding	100	100
Destia Rail Oy	Finland	Production and sales	100	100
Finnroad Oy	Finland	Production and sales	100	100
Destia International Oy	Finland	Production and sales	100	100
Zetasora Oy	Finland	Production and sales	100	100
Destia Nesta Oy	Finland	Production and sales	100	100
Destia Eesti AS	Estonia	Production and sales	100	100
Turgel Grupp AS	Estonia	Production and sales	100	100
Destia Sverige AB	Sweden	Production and sales	100	100

Name	Country of incorporation	Activities	% equity interest	
			2015	2014
Ahlstrom Capital B.V.	Netherlands	Holding	100	100
ACPack B.V.	Netherlands	Holding	100	100
ÅR Packaging Group AB	Sweden	Holding	65	64
Å&R Carton AB	Sweden	Holding	100	100
A&R Carton A/S	Norway	Sales	100	100
A&R Carton NA Inc.	United States	Sales	100	100
Å&R Carton Lund AB	Sweden	Production	100	100
CC Pack AB	Sweden	Production	100	100
A&R Carton Ltd	United Kingdom	Sales	100	100
A&R Carton SA	France	Holding	100	100
A&R Carton CdF SA	France	Production	100	100
A&R Carton Beteiligungen GmbH	Germany	Holding	100	100
A&R Carton GmbH	Germany	Production	100	100
A&R Carton Oy	Finland	Production	100	100
A&R Carton Holding GmbH	Germany	Holding	100	100
ZAO A&R Carton Kuban	Russia	Production	100	100
A&R Carton AS	Estonia	Production	100	100
SP Containers Ltd	United Kingdom	Production	73	73
Flextrus Group AB	Sweden	Holding	100	100
Flextrus AB	Sweden	Production	100	100
Flextrus Halmstad AB	Sweden	Production	100	100
Flextrus Ltd	United Kingdom	Production	100	100
A&R Carton Austria GmbH	Austria	Holding	100	100
A&R Carton Graz GmbH	Austria	Production	100	-
AR Carton Krakow sp z.o.o.	Poland	Production	100	-
A&R Carton Russia Holding GmbH	Austria	Holding	100	-
AR Carton Moscow LLC	Russia	Production	100	-
DutchCo Alpha Holding B.V.	Netherlands	Holding	100	100
Ahlstrom Capital Solar PVT Ltd	India	Holding	100	100
DutchCo Delta Holding B.V.	Netherlands	Holding	100	100
AC Invest Two B.V.	Netherlands	Holding	100	100
AC Invest Five B.V.	Netherlands	Holding	100	100
AC Invest Six B.V.	Netherlands	Holding	100	100
AC Invest Seven B.V.	Netherlands	Holding	100	100
AC Kinnistute AS	Estonia	Holding	100	100
ACEMS B.V.	Netherlands	Holding	100	100
Enics AG	Switzerland	Holding	99	99
Enics Eesti AS	Estonia	Production and sales	100	100
Enics Electronics (Beijing) Ltd.	China	Production and sales	100	100
Enics Electronics (Suzhou) Ltd.	China	Production and sales	100	100
Enics Finland Oy	Finland	Production and sales	100	100
Enics Hong Kong Ltd.	China	Production and sales	100	100
Enics Schweiz AG	Switzerland	Production and sales	100	100
Enics Slovakia s.r.o.	Slovakia	Production and sales	100	100
Enics Sweden AB	Sweden	Production and sales	100	100
AC Real Estate B.V.	Netherlands	Holding	100	100
Waspel Real Estate A.S.	Turkey	Real Estate	100	100
AC Bucharest Real Estate Holding B.V.	Netherlands	Real Estate	100	100
BDY Invest S.R.L	Romania	Real Estate	100	100
Rakennus Oy Kivipalatsi	Finland	Holding	100	50
Helsinki Real Estate Holding B.V.	Netherlands	Holding	67	-
Kasarmi Real Estate Holding B.V. (earlier Kazerne Real Estate Holding B.V.)	Netherlands	Real Estate	100	100
Kasarmikatu Holding Oy	Finland	Real Estate	100	-
Kiinteistö Oy Kasarmikatu 21	Finland	Real Estate	100	-

» Notes to the Consolidated Financial Statements

Associated companies	Country	Activities	% equity interest	
			2015	2014
Ahlstrom Corporation	Finland	Production	11	11
AC Cleantech Growth Fund I Ky	Finland	Holding	29	29
Munksjö Oyj	Finland	Production	14	11
Suominen Corporation	Finland	Production	27	27

Divestments, liquidations, mergers	Country	2015
Asunto Oy Iittalan Kiinteistö	Finland	Sold
Asunto Oy Karhulan Karhunkatu 14	Finland	Sold
Asunto Oy Kotkan Eskolantie 12-14	Finland	Sold
Asunto-osakeyhtiö Varkauden Riittulanmäentie 5-9	Finland	Sold
Asunto-osakeyhtiö Vuorimiehenkatu 5	Finland	Sold
As Oy Helsingin Kivipalatsi	Finland	Sold
West Residential Park S.R.L	Romania	Sold
AC Invest Three B.V.	Netherlands	Liquidated
AC Invest Four B.V.	Netherlands	Liquidated
EMI Corp SA	Belgium	Liquidated
A&R Carton Frankfurt GmbH	Germany	Merged
CC Pack Holding AB	Sweden	Merged
Combi Craft AB	Sweden	Merged

6. Business combinations and acquisitions

Acquisitions in 2015

On April 30, 2015 the AR Packaging Group acquired 100% of the share capital of the European tobacco, chocolate confectionary and general packaging operations from MeadWestvaco Corporation for EUR 75,166 thousand and obtained control. The consideration was paid in cash. The acquired operation includes three plants in Graz (Austria), Krakow (Poland) and Moscow (Russia), and certain additional carton business and related machinery in Svitavy (Czech Republic) which will be operated under the A&R Carton brand. The acquisition is a good fit to AR Packaging's existing operations and it provides strong growth opportunities.

The acquisition is expected to yield substantial synergies related to the market position, purchasing opportunities, manufacturing rationalization and administration costs cutting. The net sales included in the consolidated statement of income since April 30, 2015 contributed by the acquired operation was EUR 105,666 thousand. The acquired business contributed with an operational net profit of EUR 10,546 thousand for the same period.

Had the operations been consolidated from January 1, 2015, the consolidated statement of income would show pro-forma net sales of EUR 561 million and operating profit of around EUR 40 million for AR Packaging Group and pro-forma net sales of EUR 1,577 million and operating profit of around EUR 144 million for Ahlström Capital Group.

Assets acquired and liabilities assumed in 2015

Cash flow from acquisition:

TEUR

Consideration paid in cash	75,166
Cash and cash equivalents of the acquired companies	-4,489
Total cash flow from acquisition	70,677

The fair values of the identifiable assets and liabilities as at the date of acquisition were:

TEUR

Assets

Intangible assets, customer relationship	2,600
Property, plant and equipment	41,156
Inventories	17,788
Trade and other receivables	31,559
Cash and cash equivalents	4,489
	<hr/> 97,592

Liabilities

Trade and other payables	21,071
Deferred tax liabilities	1,355
	<hr/> 22,426

Total identifiable net assets at fair value

75,166

Acquisition-related costs

Acquisition-related costs, consultancy fees for due diligence, of EUR 1,682 thousand have been charged to other operating expenses in the consolidated statement of income.

Acquired receivables

The fair value of trade receivables is EUR 24,116 thousand. The gross contractual amount for trade receivables is EUR 24,157 thousand, of which EUR 41 thousand is provided for as uncertain.

Customer relationships

The fair value of customer relationships was EUR 2,599 thousand at the acquisition date. These costs have been included in other intangible assets.

The PPA is to be considered final with regards to the consideration transferred, as the final cash settlement related to working capital adjustments etc. of EUR 8,836 thousand has been paid.

Acquisitions in 2014

Shareholders in the companies controlled by the Ahlström family Antti Ahlström Perilliset Oy, A. Ahlström Osakeyhtiö and Ahlström Capital Oy decided on the General Meetings held on August 22, 2013 to restructure the ownership so that the management and development of the family's financial and industrial assets are centralised in Ahlström Capital Oy. As the first step in the process, the real estate and forest business of A. Ahlström Osakeyhtiö was transferred to its new subsidiary, A. Ahlström Kiinteistöt Oy on September 30, 2013. On May 28, 2014, Antti Ahlström Perilliset Oy was demerged, whereby Ahlström Capital

received Perilliset's shares in A. Ahlström Osakeyhtiö, Ahlstrom Corporation and Munksjö Oyj, and issued in consideration 111,070 new shares in Ahlström Capital. Antti Ahlström Perilliset Oy was liquidated in the process, and a new Antti Ahlström Perilliset Oy was formed. This new company will focus mainly on ownership-related issues. As the final step, A. Ahlström Osakeyhtiö was merged with Ahlström Capital Oy on May 30, 2014, whereby Ahlström Capital issued 170,914 new shares in Ahlström Capital Oy. A. Ahlström Kiinteistöt Oy became a subsidiary of Ahlström Capital Oy, and consequently, Ahlström Capital's portfolio came to include substantial real estate and forest assets. Total impact of above mentioned arrangements on profit or loss has been EUR 314 thousand. A. Ahlström Kiinteistöt subgroup's revenue after business combination is EUR 10,258 thousand and loss for the period is EUR -2,022 thousand.

On July 1, 2014, Destia Group Oyj acquired through a share transaction Destia Oy's entire share capital. Destia is a Finnish infrastructure and construction service company, building, maintaining and designing traffic routes, traffic and industrial environments as well as complete living environments. Destias services cover the whole spectrum, from comprehensive overground operations to subterranean construction. Destia Oy and its subsidiaries mainly operate in Finland.

The transaction was financed by issuing a EUR 65 million bond on June 19, 2014. The operating profit for the financial year is encumbered by the EUR 2.2 million costs, and the result for the financial year is encumbered by the EUR 4.7 million costs, which relate to the acquisition and financial arrangements of Destia's shares. The acquisition cost calculation is final, and the entire amount of the acquisition cost that exceeds the sum to-

» Notes to the Consolidated Financial Statements

tal of net assets is goodwill. Goodwill stands at EUR 83 million. The impact of the acquisition on the Group's revenue was EUR 261,780 thousand and profit for the period EUR 5,487 thousand.

If the acquisition had been made on January 1, 2014 the additional impact on the Group's revenue would have been EUR 169,715 thousand and loss for the period EUR -362 thousand.

Assets acquired and liabilities assumed in 2014

The fair values of the identifiable assets and liabilities as at the date of acquisition were:

TEUR	Fair value recognised on acquisition		
	A. Ahlström Kiinteistöt Group	Antti Ahlström Perilliset Oy	Destia Oy
Assets			
Intangible assets	504		4,107
Investment properties	91,159		
Biological assets	92,038		
Property, plant and equipment	22,699		54,145
Investment in Group companies		2,072	
Investment in associates	732	53,701	
Available-for-sale financial assets	10,940		
Inventories	2,175		22,187
Loan receivables	5,000		
Trade and other receivables	8,830		59,421
Deferred tax assets	5,095		1,814
Cash and cash equivalents	1,534		50,477
	240,706	55,773	192,151
Liabilities			
Financial liabilities	75,230		7,467
Trade and other payables	3,999		99,784
Provisions	5,693		17,492
Deferred tax liability	24,927		553
Capital repayment to the State of Finland			42,048
	109,849		167,344
Total identifiable net assets at fair value	130,857	55,773	24,807
Non-controlling interest measured at fair value			
Goodwill arising on acquisition			83,154
Purchased equity			24,807
Purchase consideration transferred			107,961
Issued equity	130,857	55,773	

7. Non-controlling interest

Financial information of subsidiaries that have material non-controlling interests is provided below:

Name	Country of incorporation and operation	2015	2014
ÅR Packaging Group AB	Sweden, Lund	35%	36%
TEUR		2015	2014
Accumulated balances of material non-controlling interest		35,725	29,382
Profit allocated to material non-controlling interest		7,712	4,032

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of comprehensive income

TEUR	2015	2014
Revenue	513,517	404,330
Cost of sales	-283,348	-223,594
Administrative expenses	-193,563	-154,987
Finance costs	-9,910	-9,806
Profit before tax	26,696	15,943
Income tax	-6,712	-342
Profit for the year from continuing operations	19,984	15,601
Total comprehensive income for the period	21,528	10,917
Attributable to non-controlling interests	7,712	4,032

Summarised statement of financial position

TEUR	December 31, 2015	December 31, 2014
Inventories and cash and bank balances (current)	128,676	83,908
Other current assets	75,204	63,381
Property, plant and equipment and other non-current financial assets	104,508	76,586
Other non-current assets	60,303	55,740
Trade and other payables (current)	92,836	67,936
Other current liabilities	4,227	13,736
Interest-bearing loans and borrowings and deferred tax	170,320	118,533
Total equity	101,308	79,410
Attributable to equity holders of parent	65,583	50,028
Non-controlling interest	35,725	29,382

Summarised cash flow information

TEUR	2015	2014
Net cash from operating activities	67,008	32,947
Net cash used in investing activities	-81,991	-10,372
Net cash used in (from) financing activities	40,201	-11,530
Net change in cash and cash equivalents	25,218	11,045

Due to the arrangements between the shareholders Ahlström Capital's holding in ÅR Packaging Group AB increased from 64% to 65% in 2015.

In 2015 Ahlström Capital acquired 50% of the shares of Rakennus Oy Kivipalatsi and increased its holding to 100%.

» Notes to the Consolidated Financial Statements

8. Revenue

TEUR	2015	2014
Revenue	1,489,869	1,121,174
Rental income	13,893	10,566
Revenue from properties built for sale	25,719	17,312
	1,529,480	1,149,052

Distribution of revenue by area

TEUR	2015	2014
Finland	596,297	383,382
Other Europe	811,282	675,418
Rest of the world	121,901	90,252
	1,529,480	1,149,052

Distribution of revenue by business

TEUR	2015	2014
Packaging	513,517	404,330
Electronics manufacturing services (EMS)	505,332	451,074
Infrastructure and construction	462,758	261,780
Real estate	39,611	27,897
Forestry	6,469	2,883
Others	1,794	1,088
	1,529,480	1,149,052

In 2015 AR Packaging acquired the European packaging operations of MeadWestvaco. The revenue of acquired operations is included in packaging from May. In 2014 Destia is included in infrastructure and construction from July. A. Ahlström Kiinteistö Group's revenue is included in the revenue of real estate, forestry and other businesses from June 2014.

9. Other operating income

Other operating income figures also include the available-for-sale (AFS) incomes.

TEUR	2015	2014
Gain on sale of investments	3,764	94,606
Gain on sale of other tangible and intangible assets	6,244	2,368
Gain on sale of available-for-sale financial assets	68,455	41,484
Change in fair value of investment properties and biological assets	10,892	2,096
Other	6,577	5,277
	95,932	145,830

10. Construction contracts in progress

Revenue from long-term construction contracts is recognised in accordance with the percentage of completion method when the outcome of the contract can be estimated reliably. Majority of construction contracts in progress arise from Destia. In addition, there are some minor projects recognized on percentage of completion basis in Enics. In 2014 Destia was consolidated starting from July.

Construction contracts in progress are presented in the statement of income and statement of financial position as follows:

TEUR	2015	2014
Statement of income		
Revenue recognised under the percentage of completion method	421,012	234,032
Statement of financial position		
Aggregate amount of costs incurred and profits recognised (less recognised losses)	745,732	233,203
Advance payments received for unfinished projects	30,300	30,471

Revenue Recognition

Destia

Revenue and earnings from project business of infrastructure and construction services are mainly recognized on percentage of completion basis. Destia's business is to build, maintain and design traffic routes, industrial and traffic environments, as well as complete living environments. Services cover the whole spectrum, from comprehensive over spectrum, from comprehensive overground operations to subterranean construction.

Enics

Revenue and earnings from certain Engineering contracts are recognized on percentage of completion basis when the outcome of the project can be reliably measured. The outcome of the project can be measured reliably, when total contract revenues, costs and earnings as well as the progress of the project can be measured reliably and it is probable that the economic benefits associated with the project will flow to the Group.

11. Materials and services

TEUR	2015	2014
Change in inventories of finished goods and work in progress	-24,261	5,305
Purchases during financial year	-692,940	-583,399
Change in material inventories	426	-247
External services	-266,384	-133,094
	-983,159	-711,435

12. Other operating expenses

TEUR	2015	2014
Rental expenses	-22,574	-16,900
External services	-12,018	-7,819
Other expense items	-132,224	-122,561
	-166,816	-147,280

Other expense items mainly consists of cargo, energy, travelling, marketing, leased manpower, IT and maintenance and machinery repairment costs.

Auditor's fee

TEUR	2015	2014
Audit fee	-688	-887
Other services	-437	-455
	-1,125	-1,342

13. Research and development costs

Research and development costs include the information on the AR Packaging and Destia. Development costs that are not eligible for capitalisation have been expensed in the periods incurred. The research and development costs are mainly related to personnel costs.

The AR Packaging's packaging business research and development concentrates on the development of barrier packaging solutions. In Destia the research and development costs consists of method and fleet development in order to improve productivity and safety.

Research and development costs on the statement of income:

TEUR	2015	2014
AR Packaging	-1,611	-1,352
Destia	-934	-482

14. Government grants

Government grants in the statement of income are mainly related to export compensation, employment related items and credit insurance from Government. In 2015 the capitalised government grants is related to planning a new motorsport center. There are no unfulfilled conditions or contingencies attached to these grants.

TEUR	2015	2014
Received during the year and recognised in the statement of income	86	95
Received during the year and recognised in the statement of financial position	300	
	386	95

15. Financial income

TEUR	2015	2014
Interest income	1,188	754
Dividends	32	268
Foreign exchange gain	10,410	3,129
Other financial income	2	2,336
Net gain on financial instruments at fair value through statement of income	64	
	11,696	6,487

Net gain on financial instruments at fair value through statement of income relates to derivatives that did not qualify for hedge accounting.

16. Financial expenses

TEUR	2015	2014
Interest expenses from financial liabilities	-17,616	-15,476
Interest expenses from financial leasing contracts	-757	-822
Foreign exchange loss	-11,261	-3,795
Other financial expenses	-5,448	-6,271
Net loss on financial instruments at fair value through statement of income		-253
	-35,083	-26,617

Net loss on financial instruments at fair value through statement of income relates to derivatives that did not qualify for hedge accounting.

17. Employee benefits and number of employees

TEUR	2015	2014
Wages and salaries and other remunerations	-219,615	-167,697
Pension costs	-20,077	-15,611
Post-employment benefits other than pensions	-11	-7
Other wage-related costs	-43,342	-32,751
Total employee benefits expense	-283,045	-216,066

TEUR	2015	2014
Managing Director's salaries	-1,016	-566
of which variable compensation	-600	-191
Share-based payment benefits for Managing Director*		-1,822
Remunerations to Board members	-382	-284

Note: Salaries and other benefits for Managing Director and remunerations to Board members refer to the parent company only.

* Expense effect in the Group has been divided between the years 2012-2014. Expense in 2014 was EUR 306 thousand.

Average number of personnel	2015	2014
Salaried	2,442	2,236
Blue-collar	4,385	4,093
	6,828	6,329

Long-term incentive program in Ahlström Capital Oy

The Board of Directors (the Board) of Ahlström Capital Oy (the Company) has decided to implement a long-term incentive program (the LTI) for the management of the Company.

The purpose of the LTI is to align the objectives of the shareholders and the management, in order to increase the value of the Company in the long-term, to commit the management to the Company's long-term business goals and guarantee competitive and comparative total compensation to the management.

The Company's LTI includes three consecutive and overlapping three-year performance periods: 2015-2017, 2016-2018 and 2017-2019. The Board decides the required performance criterion, the participants and amount of reward separately for each performance period.

For the performance period 2015-2017 the approved key earning criteria is based on the development of the external fair value (EFV) of the Ahlström Capital Oy's share. The reward of the first performance period is capped at 133% of participant's

annual salary and is payable in two instalments, 50% during Q1/2018 and 50% during Q3/2018.

Long-term incentive program in Destia Group Oyj

On October 30, 2014, Destia Group Oyj's Board of Directors decided on a new personnel long-term incentive scheme for 2014-2018. The purpose of the scheme is to commit certain key persons to the company and offer them a competitive reward scheme. The Board of Directors decides on the long-term incentive scheme and the persons covered by it. The scheme covers some 75 persons. The earnings period is 2014-2018, and the earnings criterion is the value increase of the company. The criteria for the long-term incentive scheme are the same for all people belonging to the scheme. These criteria apply to the whole Group and differ from the bonus scheme criteria. Remuneration accumulated in the earnings period will be paid in cash no later than in 2019.

In 2015 Ahlström Capital Group implemented a synthetic option plan for the Chairman of the Board of Directors of Destia Group Oyj.

The effect of the above mentioned LTI programs in Ahlström Capital Group's employee benefits expense in 2015 was EUR 2.6 million and related liability at the end of 2015 EUR 3.7 million.

18. Share-based payments

In Ahlström Capital Group there are share-based payment plans in use in Enics.

The following table illustrates the general terms of the share-based payment plans.

Number of options	2015	2014
Outstanding on January 1	22,157	14,089
Granted during the year	88,500	17,000
Exercised during the year		-6,297
Purchased from participants		-2,635
Outstanding on December 31	110,657	22,157
Exercisable on December 31	110,657	22,157

Option plan 2010

The option plan was changed in 2014. Part of the granted options were settled in cash with certain participants during 2014. Regarding the remaining granted options under the amended option plan 2010, amendment agreements have been executed. These options can be settled in cash after December 31, 2020.

Option Plan 2015 (Enics Share Awards Plan)

The Group has a new option plan for certain management and key employees effective from January 1, 2015. The option awards are granted to participants free of charge. The company has the possibility to purchase the options from participants at Fair Market Value minus deemed strike price on December 31, 2018. Participants are entitled to cash compensation of Fair Market Value minus deemed strike price on December 31, 2020 for all unvested options. The options can also vest earlier should there be significant changes in company's ownership. The deemed strike price can be determined by the Board of Directors and will be adjusted in proportion of materia capital injections or capital distribution during the vesting period. At the grant date the deemed strike price was EUR 80.39.

A liability EUR 1,781 thousand (1,801) for the granted options has been recognized to full extent. Expenses recognised during 2015 has been EUR 160 thousand and from year 2014 EUR 992 thousand. During the year 2015 no options (2014: 6,297) have been converted to shares.

Share based incentives in AR Packaging

In 2015 AR Packaging established a new long term incentive program for key management of the group. This program consists of totally 500,000 warrants, all of which have been issued and subscribed for. The subscription price is EUR 0.74 with a strike price of EUR 20.00 for each warrant. The duration of program is until December 2020. If all warrants are converted into shares it will mean a dilution of around 5% of the total numbers of shares.

19. Pension and other post-employment benefit plans

Net employee defined benefit liability

TEUR	2015	2014
Finland	4,107	4,439
Germany	27,896	29,170
Austria	5,626	
Switzerland	4,688	1,551
Other countries	1,605	1,460
	43,922	36,620

Most of the pension benefit plans in the Group are defined contribution plans (DCP) by nature. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund

does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Certain pension benefit plans are defined benefit plans (DBP), whereby a liability recognised in the statement of financial position equals the net of the present value of the defined benefit obligation less the fair value of the plan assets at the statement of financial position date. Actuarial gains and losses are recognised in the other comprehensive income as remeasurement items when they occur.

Remeasurement recorded in other comprehensive income is not recycled. Past service cost is recognised in the statement of income in the period of plan amendment. Net-interest is calculated by applying the discount rate to the net defined liability or asset. The Group presents service cost, past-service cost, gains and losses on curtailments and settlements and net interest expense or income as employee benefit expense.

Major part of the defined benefit pension plans relates to AR Packaging and are unfunded.

Changes in the defined benefit obligation and fair value of the plan assets

TEUR	2015	2014
Carrying amount on January 1	36,620	29,964
Business combination	5,739	830
Reclassification from provision	1,590	
Cost charged to statement of income		
Service cost of current period	1,528	1,217
Net interest expense	813	912
Service cost of past periods	-2,081	
Plan settlement		-177
Jubilee plans	182	270
Remeasurement gains/losses in other comprehensive income		
Actuarial gains/losses	2,503	5,963
Benefits paid	-3,146	-2,402
Exchange difference	174	44
Carrying amount on December 31	43,922	36,620

The expected benefit payments for the following financial year are EUR 3,185 thousand (2,508).

The main actuarial assumptions are specified below*

	2015	2014
Discount rate	2.3%	2.2%
Future salary increases	2.5%	2.2%
Future pension increases	1.7%	1.7%
Life expectation for pensioners at the age of 65 years	21 years	20.9 years

» Notes to the Consolidated Financial Statements

The sensitivity of the overall pension liability to changes in the most significant weighted assumptions are*

	2015		2014	
	Change in assumption %	Impact on net pension provision TEUR	Change in assumption %	Impact on net pension provision TEUR
Discount rate	+/- 0.5	+/- 1,798	2	1,978
Future salary increases	+/- 0.5	+/- 157	2	-165
Future pension increases	+/- 0.5	+/- 1,823	1	-1,542
	Years	TEUR	Years	TEUR
Life expectation for pensioners at the age of 65	+/- 1	+/- 1,279	-1	-1,304

* The main actuarial assumptions and sensitivity analysis calculated above covers 64% (Germany) of the total amount of the reported defined benefit plan liability in 2015 (Germany 80% in 2014).

20. Income tax

The major components of income tax for the years ended 2015 and 2014

TEUR	2015	2014
Consolidated statement of income		
Current income tax		
Current tax expense	-10,761	-10,524
Taxes from previous years	260	-215
Deferred tax		
Change in deferred taxes	-5,954	3,491
Income tax expense reported in the statement of income	-16,455	-7,248
Consolidated statement of other comprehensive income		
Deferred tax related to items recognised in OCI during the year		
Unrealised gain/loss on available-for-sale financial assets	589	-952
Actuarial gain/loss on defined benefit plan	571	1,061
Unrealised gain/loss on hedging	-229	644
Income tax charged to other comprehensive income	932	753

Reconciliation of tax expense and the accounting profit multiplied by Finland's domestic tax rate

TEUR	2015	2014
Profit before tax	127,901	166,491
Tax calculated using Finnish tax rates (20%, 2014: 20%)	-25,580	-33,298
Difference between Finnish and foreign tax rates	-5,603	-4,585
Non-taxable income	13,934	27,846
Non-deductible expenses	-2,813	-3,190
Utilisation of previously unrecognised tax losses	3,235	6,407
Adjustments of previous years current income tax	260	-128
Other	112	-300
Effective income tax (12.9%, 2014: 4.4%)	-16,455	-7,248
Total income tax for the period	-16,455	-7,248

21. Deferred tax

Change in deferred tax assets during 2015

TEUR	Statement of financial position on December 31, 2014	Recognised in the statement of income	In other comprehensive income	Business combination	Translation difference	Statement of financial position on December 31, 2015
Unused tax losses	12,374	-1,886		822	72	11,382
Pension benefits	4,902	-774	571	1,353	18	6,070
Provisions	1,733	-31				1,702
Inventories internal margin	59	-15				44
Available-for-sale financial assets	57	-57				
Investment properties	4,236	-564				3,672
Derivative financial instruments	760		-229			531
Other	5,175	1,192		281	199	6,847
	29,296	-2,135	342	2,456	289	30,249

Change in deferred tax liabilities during 2015

TEUR	Statement of financial position on December 31, 2014	Recognised in the statement of income	In other comprehensive income	Business combination	Translation difference	Statement of financial position on December 31, 2015
Intangible assets and property, plant and equipment	5,860	-237			743	6,367
Available-for-sale financial assets	304		-274			30
Investment properties	7,113	1,892				9,005
Biological assets	18,597	-27				18,570
Other	4,384	2,190	-296	690	-733	6,235
	36,258	3,819	-571	690	11	40,208

Change in deferred tax assets during 2014

TEUR	Statement of financial position on December 31, 2013	Recognised in the statement of income	In other comprehensive income	Business combination	Translation difference	Statement of financial position on December 31, 2014
Unused tax losses	7,701	4,712			-153	12,260
Pension benefits	3,060	279	1,439	166	6	4,950
Provisions	83	39				122
Inventories internal margin	51	8				59
Available-for-sale financial assets	328		-271			57
Investment properties		-266		4,502		4,236
Derivative financial instruments	116	-8	227	425		760
Other	4,525	281		1,815	231	6,852
	15,864	5,045	1,395	6,908	84	29,296

Change in deferred tax liabilities during 2014

TEUR	Statement of financial position on December 31, 2013	Recognised in the statement of income	In other comprehensive income	Business combination	Translation difference	Statement of financial position on December 31, 2014
Intangible assets and property, plant and equipment	3,446	1,148		593	90	5,277
Available-for-sale financial assets	-4	7	2	299		304
Investment properties		96		5,768		5,864
Biological assets		189		18,408		18,597
Other	5,538	501		286	-109	6,216
	8,980	1,941	2	25,354	-19	36,258

» Notes to the Consolidated Financial Statements

Deferred tax, reflected in the statement of financial position as follows

TEUR	2015	2014
Deferred tax assets	30,249	29,296
Deferred tax liabilities	40,208	36,258
Deferred tax assets (liabilities), net	-9,959	-6,962

On December 31, 2015 Ahlström Capital Group had tax loss carry forwards of EUR 135.7 million in total of which EUR 118.0 million has no expiration period. Regarding losses amounting to

EUR 83.5 million no deferred tax asset was recognized due to the uncertainty of utilization of these tax loss carry forwards.

22. Intangible assets

TEUR	Goodwill	Intangible rights	Other intangible assets	Advances paid	Total
Acquisition cost					
On January 1, 2015	98,020	27,079	11,081	673	136,853
Additions		377	894	239	1,511
Disposals	-618	-269	-484	-1	-1,372
Business combinations		1	2,599		2,600
Reclassification		3,155	102	-310	2,947
Exchange differences	698	2,185	215	24	3,121
On December 31, 2015	98,100	32,528	14,407	625	145,660
Accumulated amortisation and impairment					
On January 1, 2015		-20,768	-8,101		-28,869
Amortisation for the year		-2,660	-701		-3,361
Disposals		245	484		729
Exchange differences		-1,842	-155		-1,997
Impairment			-585		-585
On December 31, 2015		-25,037	-9,057		-34,094
Net book value					
On December 31, 2015	98,100	7,492	5,350	625	111,567
Acquisition cost					
On January 1, 2014	15,840	22,695	11,310	373	50,218
Additions		691	333	373	1,397
Business combinations	83,154	2,371		160	85,685
Disposals		-439	-348		-787
Reclassification		1,384	191	-252	1,323
Exchange differences	-974	377	-405	19	-983
On December 31, 2014	98,020	27,079	11,081	673	136,853
Accumulated amortisation and impairment					
On January 1, 2014		-18,768	-7,768		-26,536
Amortisation for the year		-1,934	-743		-2,677
Disposals		264	157		421
Exchange differences		-330	253		-77
On December 31, 2014		-20,768	-8,101		-28,869
Net book value					
On December 31, 2014	98,020	6,311	2,980	673	107,984

23. Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to the three cash generating units (CGU) below, which are also operating and reportable segments for impairment testing:

- AR Packaging
- Destia
- Enics

Carrying amount of goodwill allocated to each of the CGUs:

TEUR	AR Packaging		Destia		Enics		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Goodwill	14,214	13,886	82,829	83,154	1,057	980	98,100	98,020

The Group performed its annual impairment test in December 2015.

Key assumptions used in value in use calculations

The calculation of value in use is sensitive to discount rates and growth rates used to extrapolate cash flows beyond the forecast period.

Discount rates - Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Industrial-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

WACC rates are based on external valuation reports. The discount rates used were the following: Enics 13.0%, AR Packaging Group 9.6% and Destia 9.9%.

Growth rate estimates - Rates are based on perceived long term economic growth prospects, which are based on recorded historic average growth rates of the advanced economies, which are generally roughly 2% per annum. Our companies are expected to grow organically, generally in tandem with the economy. Growth rates used are from external valuation reports and align with the above description.

Sensitivity to changes in assumptions

Sensitivity analysis on AR Packaging with a 0% long term growth will not imply a writedown; higher growth rates imply increased values in use. Similarly higher discount rates will yield a writedown need only at unrealistically high levels.

Sensitivity analysis on Enics with a 0% long term growth rate will not imply a writedown; higher growth rates imply increased values in use. Similarly higher discount rates will yield a writedown need only at unrealistically high levels.

Sensitivity analysis on Destia with a 0% long term growth will not imply a writedown; higher growth rates imply increased values in use. Similarly higher discount rates will yield a writedown need only at unrealistically high levels.

24. Investment properties

TEUR	2015	2014
On January 1	149,475	62,848
Additions	49	185
Business combinations		91,159
Disposals	-7,162	-5,868
Reclassification	201	
Change in fair value	10,861	1,152
On December 31	153,424	149,475

The Group's investment properties consist of lands and buildings that are held to earn rentals or capital appreciation or both. Properties that are used in production or supply of goods or services or for administrative purposes are reported according to IAS 16. Ahlström Capital Group has chosen a fair value model to measure investment property.

» Notes to the Consolidated Financial Statements

The property in Eteläesplanadi 14 is included in the investment properties. A small part of this property is used as Ahlström Capital Oy's premises. The Management has deemed such own use to be minimal, and therefore the entire property has been recognised as an investment property and measured at fair value.

On December 31, 2015, the fair values of the properties are mostly based on valuations performed by independent authorized appraisers, covering 80% of the total value of investment properties. The rest of the fair value measurements are based mainly on the income approach using the discounted cash flow calculation. In the internal discounted cash flow calculations, the reference information, e.g., the discount rate, are derived from external sources to the extent possible.

A. Ahlström Kiinteistöt Group has started significant renovation work in Lahti in 2014. Last part of the premises will be finished in 2016 after agreeing lease agreements. In the 2015 Financial Statements, Kiinteistö Oy Lahden Kulmala's property is reported according to IAS 16 as property, plant and equipment. After renovation, Kiinteistö Oy Lahden Kulmala's property is valued at fair value and reclassified as investment property. In the 2015 Financial Statements Asunto Oy Lahden Kulmala's storage premises, which are essential part of the premises of Kiinteistö Oy Lahden Kulmala, are valued at fair value and reclassified to investment properties. The apartments of Asunto Oy Lahden Kulmala are for sale and reported according to IAS 2 as inventories.

TEUR	2015	2014
Rental income derived from investment properties	12,698	10,079
Direct operating expenses generating rental income	-3,547	-3,429
Profit arising from investment properties carried out at fair value	9,151	6,650

Specification by use of the investment properties

TEUR	Office properties	Factory properties	Other properties	Unbuild land
On January 1, 2015	73,500	39,541	15,302	21,133
Change in fair value	12,900	-121	-1,429	-489
Additions			1	48
Disposals		-2,000	-4,433	-728
Reclassification			201	
On December 31, 2015	86,400	37,420	9,642	19,963

TEUR	Office properties	Factory properties	Other properties	Unbuild land
On January 1, 2014	62,848			
Change in fair value	1,592		-8	-432
Business combinations	9,000	39,541	21,135	21,484
Additions	60		8	117
Disposals			-5,833	-36
On December 31, 2014	73,500	39,541	15,302	21,133

Sensitivity analysis

A sensitivity analysis for the value of investment properties was made to find out the uncertainties in future development. The lease agreements are examined by change in yield rate. The primary yield rate varies and the rate is defined separately for the properties. The sensitivity analysis is based on valuations performed by independent authorized appraisers and it covers approximately 75% of the total value of Investment Properties.

The sensitivity analysis results are as follows:

TEUR	2015
Yield -1 percentage point	144,100
Yield +/-0 percentage point	118,300
Yield +1 percentage point	102,000

Approximately 80% of Group's investment properties have been utilised as collateral for own commitments. Commitments are disclosed in note 37.

25. Biological Assets

The Group's biological assets consist of standing forest. Forest assets are approximately 32 000 hectares. The total volume of standing timber stock in the company's forests is about 5.0 million m³. In 2015 the harvested amount was approximately 124,300 m³ (55,000 from June to December 2014).

The valuation for forests assets is made by using the discounted future cash flows that are based on the Group's forest management and harvesting plan. These plans are calculated for a period of 80 years which is an estimated harvesting cycle for the Group's forests. The discount rate used for valuation is 5% real

weighted-average-cost-of-capital (WACC). The cashflows are calculated without inflation. The WACC incorporates the capital structure of the forest owning company as well as the cost of different financing types. The timber prices and operational costs are assumed to be constant in the long run. The timber prices used are 10-year averages and also the operational costs are based on average prices. There has been no significant changes in price and cost levels. The changes in fair value are recognised in the statement of income.

The change in the value of the growing forests

TEUR	2015	2014
On January 1	92,982	
Business combination		92,038
Additions	408	
Disposals	-164	
Change due to harvesting	-3,814	-1,739
Change in fair value	3,845	2,683
On December 31	93,257	92,982

The land of forest areas is reported as investment property according to IAS 40 (Note 24). The value of forest land is in 2015 EUR 13,444 thousand (13,365). The value of standing forest and forest land in 2015 is the total of EUR 106,701 thousand (106,347).

A sensitivity analysis for the value of standing forest was made to find out the uncertainties in future development. The results show that changes in timber prices and discount rates have a major effect on the value of forest assets. Changes in operational costs have a minor effect. The sensitivity analysis results are as follows:

2015 TEUR	Discount rate		
	4%	5%	6%
Timber prices -10%	97,605	82,171	70,907
Timber prices +10%	124,377	104,568	90,112
Stable prices and costs	110,991	93,257	80,510
Costs -10%	113,449	95,403	82,232
Costs +10%	108,533	91,336	78,787

2014 TEUR	Discount rate		
	4%	5%	6%
Timber prices -10%	96,547	81,790	70,864
Timber prices +10%	123,065	104,074	90,025
Stable prices and costs	109,857	92,982	80,495
Costs -10%	112,225	94,921	82,122
Costs +10%	107,387	90,942	78,768

Approximately 30% of Group's forest assets have been utilised as collateral. Commitments are disclosed in note 37.

» Notes to the Consolidated Financial Statements

26. Property, plant and equipment

TEUR	Land and water areas	Buildings and constructions	Buildings and constructions finance lease	Machinery and equipment	Machinery and equipment finance lease	Other tangible assets	Advances paid and construction in progress	Total
Acquisition cost								
On January 1, 2015	15,684	41,036	13,248	280,144	74,368	26,821	13,118	464,420
Additions	341	348	54	16,485	5,815	1,301	17,054	41,398
Disposals	-3,501	-248		-9,403	-4,176	-104	-103	-17,535
Business combination	10,574	11,094		19,056		397	35	41,156
Reclassification		17,932	-12,559	12,189	714	645	-14,560	-83,968
Exchange differences	11	865		8,091	626	25	295	9,912
On December 31, 2015	23,110	71,026	743	326,562	77,346	29,087	15,840	543,713
Accumulated depreciation and impairment								
On January 1, 2015	-3,700	-14,109	-11,571	-183,032	-52,931	-3,525		-268,868
Depreciation for the year		-3,663	-219	-25,906	-7,419	-1,464		-38,671
Impairment	-38			-4,947				-4,985
Disposals	3,452	106		5,605	4,035	79		13,277
Reclassification		-14,383	11,465	-6,431	2,233	-256		-7,372
Exchange differences	-8	-805		-6,565	-263	-25		-7,666
On December 31, 2015	-294	-32,854	-325	-221,277	-54,344	-5,191		-314,285
Net book value								
On December 31, 2015	22,816	38,172	417	105,286	23,002	23,896	15,840	229,428
Acquisition cost								
On January 1, 2014	6,912	23,152	12,741	247,428	65,075	4,132	4,279	363,719
Additions	3,200	5,816	52	9,346	10,879	2,839	20,847	52,979
Disposals	-3,123	-8,758	-189	-4,280	-676	-327	-3,989	-21,342
Business combination	8,337	18,469	644	27,918		19,367	4,122	78,857
Reclassification to Investment properties	403	220		-30			590	1,183
Reclassification		1,832		2,637		810	-12,691	-7,412
Exchange differences	-44	305		-2,875	-910		-40	-3,564
On December 31, 2014	15,684	41,036	13,248	280,144	74,368	26,821	13,118	464,420
Accumulated depreciation and impairment								
On January 1, 2014	-3,691	-11,701	-11,371	-176,074	-43,731	-3,186		-249,754
Depreciation for the year		-2,232	-390	-19,820	-6,786	-658		-29,886
Impairment	-32	-1,500						-1,532
Disposals	9	1,502	190	5,925	-2,884	319		5,061
Reclassification		111		4,536				4,647
Exchange differences	14	-289		2,401	470			2,596
On December 31, 2014	-3,700	-14,109	-11,571	-183,032	-52,931	-3,525		-268,868
Net book value								
On December 31, 2014	11,984	26,927	1,677	97,112	21,437	23,296	13,118	195,552

27. Investment in associated companies and a joint venture

Ahlström Capital's strategy for investments in listed companies is to have between 10-30% direct interest in the company and always have its representative or representatives participate in the Board of Directors, nomination committee, and actively exercise any other shareholder rights to maximise the value of the investment and it is generally a prerequisite for entering into any investment for Ahlström Capital. Through this involvement, Ahlström Capital views that in certain occasions it holds significant influence over the listed companies, even in situations where direct ownership is less than 20%.

At the end of the 2015 the Group has a notable 10.98% interest in Ahlstrom Corporation. Ahlstrom is a high performance fiber-based materials company, partnering with leading business around the world to help them stay ahead.

At the end of the 2015 the Group has a notable 14.49% interest in Munksjö Oyj. Munksjö is an international specialty paper company. Munksjö produces select specialty papers which are central elements in the design and manufacturing processes for customers. The unique product offering includes, for example, decor paper, release paper, electrotech-

nical paper, abrasive backings, graphic and industrial paper and interleaving paper. The different types of paper are used in several industrial applications and consumer driven products, including those within the furniture and interior design industry and they are also used to develop a more sustainable system for energy distribution.

At the end of the 2015 the Group has a 26.83% interest in Suominen Corporation. Suominen is a globally leading supplier of nonwovens for wiping, hygiene and medical applications.

The Group has a 29% interest in the AC Cleantech Growth Fund. The Cleantech fund invests in clean technology companies allowing them to industrialise and commercialise their operations and develop their processes.

At the end of the 2014 the Group had a 50% interest in West Residential Park S.R.L, a residential building company in Bucharest, Romania. The carrying amount of the investment was EUR 500 thousand. The shares of West Residential Park S.R.L. were sold in December 2015. Group' share of the profit/loss for the 2015 was EUR -461 thousand (-120).

At the end of the 2014 the Group had a 29.5% interest in Asunto-osakeyhtiö Vuorimiehenkatu 5, a mutual apartment house company. All the remaining shares were sold during the year 2015.

Summarised financial information for associates

Summarised statement of income

TEUR	Ahlstrom		Munksjö		Suominen		AC Cleantech Growth Fund	
	2015	2014	2015	2014	2015	2014	2015	2014
Revenue	1,074,700	1,001,100	1,130,700	1,137,300	444,000	401,800	110	30
Operating profit/loss	21,900	-3,700	32,700	45,400	32,000	25,900	-1,095	-404
Profit/loss for the period from continuing operations	8,600	-10,300	22,800	7,700	17,000	10,200	-1,947	-2,599
Profit/loss for the period from discontinued operations		7,500				-5,200		
Profit/loss for the period	8,600	-2,700	22,800	7,700	17,000	5,000	-1,947	-2,599
Other comprehensive income								
Items that will not be reclassified to profit or loss	-2,600	-15,900	600	-4,200		-200		
Items that may be reclassified subsequently to profit or loss	-9,900	26,800	-19,900	-8,500	-1,500	7,600		
Total comprehensive income for the period	-4,000	8,100	3,500	-5,000	18,500	12,400		
Group's share of the profit/loss for the period	468	-2,509	2,874	130	4,570	1,301	-953	-754
Group's share of the other comprehensive income	-1,385	325	-2,377	-1,422	407	216		

» Notes to the Consolidated Financial Statements

Summarised statement of financial position

TEUR	Ahlstrom		Munksjö		Suominen		AC Cleantech Growth Fund	
	2015	2014	2015	2014	2015	2014	2015	2014
Current assets	318,500	321,900	415,200	384,900	149,585	129,979	1,377	2,819
Non-current assets	519,200	599,300	758,200	794,600	142,165	134,633	33,671	33,606
Current liabilities	308,400	353,100	306,500	334,000	59,889	63,689	2,603	2,876
Non-current liabilities	230,000	247,900	465,600	431,900	106,144	92,185	1,052	436
Equity	299,300	320,200	401,300	413,600	125,717	108,738	31,393	33,113
Carrying amount of the investment	36,348	38,734	50,410	36,476	42,627	38,658	5,601	6,555
Interest held	10.98%	10.91%	14.49%	11.05%	26.83%	27.32%	29.00%	29.00%
Fair value of the investment	37,118	35,741	63,610	50,489	83,978	54,857		
Dividend received	1,527		1,410		677			

The impact of the hybrid bonds of Suominen Corporation and Ahlstrom Corporation have been considered. In 2014 Ahlstrom Corporation sold shares in Suominen Corporation to AC Invest Two B.V., a company within the Ahlström Capital Group. A non-recurring gain booking related to this transaction has been eliminated. There is a profit claw back clause on sales gain from the 66,666,666 shares in Suominen Corporation held by AC Invest Two B.V. valid until October 7, 2016.

In 2015 Ahlstrom Corporation sold shares in Munksjö Oyj to AC Invest Five B.V., a company within the Ahlström Capital Group. A non-recurring gain bookings related to these two transactions have been eliminated.

Changes in investments in associates

TEUR	2015	2014
On January 1	120,923	29,397
Translation difference	-3	
Share of profit/loss	6,497	614
Share of other comprehensive income items	-3,355	-726
Dividends	-3,615	
Additions	15,596	116,295
Disposals	-850	-24,657
Reclassifications	-207	
On December 31	134,986	120,923

Interest in a joint venture

In 2014 the Group had a 50% interest in EmiCorp SA, a joint venture with domicile in Belgium. The company was dormant and had no activities, and the carrying amount corresponded to the cost of acquisition. In 2015 EmiCorp SA was liquidated.

28. Inventories

TEUR	2015	2014
Raw materials	97,365	92,976
Work in progress	24,889	42,799
Finished goods	47,156	36,169
Advance payments for inventories	118	21
Total inventories at the lower of cost and net realisable value	169,527	171,964

Inventories include also properties build for sale of total value EUR 2,146 thousand in 2015 (7,589).

In 2015, EUR 4,696 thousand (4,729) impairment for obsolete inventories has been recognised in the consolidated statement of income.

29. Trade and other receivables

TEUR	2015	2014
Trade receivables	149,384	124,651
Other receivables	9,801	12,249
Loan receivables	3,775	3,830
Accrued receivables	26,710	26,801
Derivatives	421	3,004
	190,091	170,534

Trade receivables are non-interest-bearing and are generally on terms of 30 to 90 days. Some of the Group companies have internal credit policies and credit insurance is in use, also some

receivables are sold on a non-recourse basis. See Note 35 for additional information.

Individually impaired

TEUR	2015	2014
On January 1	1,207	517
Addition of provisions for expected losses	647	867
Realised losses	-137	-35
Unused amounts reversed	-1,043	-141
Translation difference to opening balance	12	
Other changes	35	-1
On December 31	721	1,207

Ageing analysis of trade receivables

TEUR	2015	2014
Neither past due nor impaired	137,660	111,380
Past due but not impaired		
< 30 days	9,324	9,605
30-60 days	1,366	2,616
61-90 days	255	346
> 90 days	778	704
	149,384	124,651

30. Cash and cash equivalents

TEUR	2015	2014
Cash and cash equivalents	185,488	152,425
	185,488	152,425

» Notes to the Consolidated Financial Statements

31. Financial assets and liabilities

2015 TEUR	At cost	At amortised cost	At fair value through statement of income	At fair value through OCI	Total carrying amount
Non-current financial assets					
Available-for-sale financial assets	6,933			4,425	11,358
Loan receivables and financial assets					
Interest-bearing		7,551			7,551
Other receivables	87	200			287
Current financial assets					
Trade and other receivables	185,895				185,895
Loan receivables and financial assets					
Interest-bearing		2,369			2,369
Non-interest-bearing	1,406				1,406
Derivatives			421		421
Cash and cash equivalents	185,488				185,488
	379,809	10,120	421	4,425	394,775
Non-current financial liabilities					
Interest-bearing loans and borrowings					
Bonds		177,685			177,685
Loans from financial institutions		57,539			57,539
Obligations under finance lease contracts		12,187			12,187
Other liabilities		5,302			5,302
Derivatives				2,655	2,655
Other financial liabilities	3,745				3,745
Current financial liabilities					
Interest-bearing loans and borrowings					
Loans from financial institutions		29,651			29,651
Bank overdrafts		5,192			5,192
Obligations under finance lease contracts		3,949			3,949
Other liabilities		20,845			20,845
Derivatives			342		342
Trade and other payables	290,739				290,739
	294,484	312,350	342	2,655	609,831

2014 TEUR	At cost	At amortised cost	At fair value through statement of income	At fair value through OCI	Total carrying amount
Non-current financial assets					
Available-for-sale financial assets	6,016			69,492	75,508
Loan receivables and financial assets					
Interest-bearing		3,551			3,551
Non-interest-bearing	793				793
Interest-bearing from associates		1,107			1,107
Other receivables	679				679
Current financial assets					
Trade and other receivables	163,701				163,701
Loan receivables and financial assets					
Interest-bearing		2,895			2,895
Non-interest-bearing	915				915
Interest-bearing from associates		20			20
Derivatives			3,004		3,004
Cash and cash equivalents	152,425				152,425
	324,529	7,573	3,004	69,492	404,598
Non-current financial liabilities					
Interest-bearing loans and borrowings					
Bonds		141,929			141,929
Loans from financial institutions		72,250			72,250
Obligations under finance lease contracts		13,187			13,187
Other liabilities		24,393			24,393
Derivatives				3,798	3,798
Current financial liabilities					
Interest-bearing loans and borrowings					
Loans from financial institutions		53,640			53,640
Bank overdrafts		17,892			17,892
Obligations under finance lease contracts		4,232			4,232
Other liabilities		10,763			10,763
Derivatives			2,603		2,603
Trade and other payables	273,641				273,641
	273,641	338,286	2,603	3,798	618,328

32. Fair values and fair value measurement

2015 TEUR	Carrying amount	Fair Value Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Investment property					
Office property	86,400			86,400	86,400
Factory properties	37,420			37,420	37,420
Other properties	9,642			9,642	9,642
Unbuild land	19,963			19,963	19,963
Biological assets	93,257			93,257	93,257
Available-for-sale financial assets					
Quoted equity shares	621	621			621
Unquoted equity shares	10,737			10,737	10,737
Derivatives not designated as hedges	421	17	404		421
Assets for which fair values are disclosed					
Loan receivables	11,326			11,326	11,326
	269,787	638	404	268,745	269,787
Liabilities measured at fair value					
Derivative financial liabilities	2,655		2,655		2,655
Derivatives not designated as hedges	342	144	198		342
Liabilities for which fair values are disclosed					
Interest-bearing loans and borrowings					
Floating rate borrowings	156,102	36,597	118,802	3,705	159,104
Fixed rate borrowings	134,920		78,477	56,443	134,920
Bank overdrafts	5,192		809	4,383	5,192
Obligations under finance lease contracts	16,136		2,959	13,177	16,136
	315,347	36,741	203,900	77,708	318,349
2014					
TEUR	Carrying amount	Fair Value Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Investment property					
Office property	73,500			73,500	73,500
Factory properties	39,541			39,541	39,541
Other properties	15,302			15,302	15,302
Unbuild land	21,133			21,133	21,133
Biological assets	92,982			92,982	92,982
Available-for-sale financial assets					
Quoted equity shares	62,981	62,981			62,981
Unquoted equity shares	12,527			12,527	12,527
Derivatives not designated as hedges	3,004		3,004		3,004
Assets for which fair values are disclosed					
Loan receivables	9,281			9,281	9,281
	330,251	62,981	3,004	264,266	330,251
Liabilities measured at fair value					
Derivative financial liabilities	3,798		3,798		3,798
Derivatives not designated as hedges	2,603	17	2,586		2,603
Liabilities for which fair values are disclosed					
Interest-bearing loans and borrowings					
Floating rate borrowings	169,841		87,320	83,445	170,765
Fixed rate borrowings	133,131		65,000	70,410	135,410
Bank overdrafts	17,893		1,981	15,911	17,892
Obligations under finance lease contracts	17,420		6,046	12,822	18,868
	344,686	17	166,731	182,588	349,336

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Unquoted AFS assets that are not reliably measured are recognised at cost and reported at level 3.

Reconciliation of fair value measurement of available-for-sale financial assets in unquoted equity shares

TEUR	2015	2014
On January 1	12,527	2,029
Remeasurement recognised in OCI	-1,451	100
Business combination		9,860
Additions	856	937
Disposals	-1,400	-25
Impairment	-2	-374
Reclassification	207	
On December 31	10,737	12,527

33. Financial risk management

The Group is exposed through its operations to different types of financial risks. The overall objective of financial risk management is to minimise the unfavourable effects of financial market fluctuations. The Groups treasury policy defines the way to manage Groups finance related issues and risks related to it. Treasury policy sets the guidelines for group companies. Each portfolio company has its own treasury policy that focuses more detailed in companys own business specific issues.

Financial market risk cannot be eliminated through diversification, though it can be hedged against. The portfolio companies of Ahlström Capital Group are responsible for managing operational risks, following the guidelines set at group level. Ahlström Capital Oy has the main responsibility in strategic-level decision making.

Financing risk

The Group's financing risks related to the availability of necessary credit are seen as minor in the current environment. To maintain this position, Ahlström Capital strives to uphold a good reputation among market participants. This objective includes management of the Group companies' financial structure and financing negotiations, in order to maintain healthy statement of income conditions throughout the Group. The ability to cover financing costs is monitored across the group and supported by the avoidance of excess indebtedness and leverage.

Ahlström Capital Group has utilised its real estate, forest and share assets as collateral for financing facilities. Utilisation of listed shares contains the risk of margin calls depending on the development of the share values in question. Ahlström Capital Oy as parent company monitors the share and collateral value developments related to these financing facilities closely in order to manage its margin call risk. Diversity in Groups assets reduces the risk of insufficient collaterals for sufficient financing facilities.

Market risk

Ahlström Capital Group has a relatively limited exposure to exchange rate risks, as the overwhelming majority of its businesses operate with the Euro. Around 80% of the Groups revenue is in euro. There is some exposure to other major currencies in portfolio companies such as the US dollar, the Swedish krona or the Chinese yuan renminbi, which may result limited fluctuations in the euro value of any such cash flows.

The table below shows the Groups currency position in trade receivables and payables and in cash and cash equivalents, loan receivables and payables in Groups major currencies. In this table hedging against FX risks is not included. The portfolio companies utilise hedging against currency risks. Hedging is made individually in portfolio companies taken into account each companys own net position in different currencies. Since the currency forward hedging is used in portfolio companies the impact of changing currency rates is reduced also in group level.

» Notes to the Consolidated Financial Statements

Net position in 2015

Asset (+), Liability (-)

Closing rates December 31, 2015	USD	GBP	SEK	CHF	CNY	RUB		
Closing rate against euro	1.0926	0.7380	9.1878	1.0814	7.0910	79.7540		
Euro appreciates + 10%	1.2140	0.8200	10.2087	1.2016	7.8789	88.6156		
Euro appreciates - 10%	0.9933	0.6709	8.3525	0.9831	6.4464	72.5036		
TEUR								
Trade receivables and payables							Total	Net effect
Euro appreciates + 10%	-15,532	3,271	-7,454	-1,829	3,514	890	-17,140	1,904
Stable	-17,257	3,634	-8,282	-2,033	3,904	989	-19,044	
Euro appreciates - 10%	-18,983	3,998	-9,110	-2,236	4,295	1,088	-20,949	-1,904
Loan receivables and payables, cash and cash equivalents								
Euro appreciates + 10%	6,695	748	1,519	-1,407	5,026	4,587	17,168	-1,908
Stable	7,438	832	1,688	-1,564	5,584	5,097	19,075	
Euro appreciates - 10%	8,182	915	1,857	-1,720	6,143	5,606	20,983	1,908
Net position including above items								
Euro appreciates + 10%	-8,837	4,019	-5,934	-3,237	8,540	5,477	28	-3
Stable	-9,819	4,466	-6,594	-3,597	9,489	6,086	31	
Euro appreciates - 10%	-10,801	4,912	-7,253	-3,956	10,438	6,695	34	3

Interest rate risk is seen as low in the current environment of prolonged central bank assistance to the economy. This period of ultra-low interest rates is however expected to end eventually, which would result in higher financing costs to the Group. To manage the Group's interest rate risk, leverage across the Group is kept at a moderate level and policy is to utilize hedging against interest rate risk. At the year end Ahlström Capital Group has one non-hedged bond with floating interest rate. The sensitivity analysis shows that the interest rate change by 1% +/- would affect around EUR 1,494 thousand change in Groups interest costs from which non-hedged bond affects around 77%.

The Ahlström Capital Group utilises hedging against FX risks and interest rate risks. Speculative trading for profit without underlying exposure is not allowed. The Group also manages its currency and interest rate risks by diversifying its holdings to several different asset classes. Major fluctuations of share prices may result in margin calls related to financing facilities utilizing Ahlström Capital Groups listed share assets as collateral.

Credit risk

The risk of credit losses due to third parties' inability to service their liabilities towards the Group is not a significant risk at the Group level, due to the relatively small amount of receivables from others. Ahlström Capital Oy is responsible for managing credit risk of the financial instruments and transactions on a Group level. The main principle is that the financial institution's

credit rating is to be checked and approved before entering into an agreement or transaction. Ahlström Capital maintains a counterparty list and separate rules and principles are in force when investing excess liquidity.

At subsidiary level the receivables risk can be considerable, with significant variations in the amount and age structure of receivables between companies. Subsidiaries manage credit risk by their credit policies. Analysing the new and existing business relationships and investigating the creditworthiness regularly are common to real estate business, forest business as well as portfolio companies own specific business. Subsidiaries have different ways to manage the credit risk depending the type of the business. E.g. limitations for the outstanding credits and terms are used, credit insurances have been applied and prepayments and collaterals are asked when needed.

Liquidity risk

The Group's liquidity risk is managed by the maintenance of several potential financing facilities, backed by the Group's assets and supplemented by a considerable amount of assets that may be quickly turned to cash if necessary (e.g. listed shares). The individual Group companies also maintain financing facilities that may be utilised if the need arises, and may additionally be supported by the parent company if necessary. Existing facilities include committed revolving credit facilities EUR 98 million which unused EUR 79 million.

The maturity profile of the Group's financial liabilities based on contractual undiscounted payments

2015

TEUR	< 1 year	2-3 years	4-5 years	> 5 years	Total
Interest-bearing loans and borrowings	60,492	180,140	72,305	23	312,960
Other financial liabilities	142,702	9,008	3,223	797	155,729
Trade and other payables	152,989				152,989
Derivatives	1,477	1,090	10		2,577
	357,660	190,238	75,538	821	624,256

2014

TEUR	< 1 year	2-3 years	4-5 years	> 5 years	Total
Interest-bearing loans and borrowings	91,532	76,801	189,897	3,674	361,903
Other financial liabilities	133,161				133,161
Trade and other payables	141,575				141,575
Derivatives	4,031	1,617	438	74	6,160
	370,299	78,418	190,335	3,748	642,799

Collateral

Ahlström Capital Group utilises real estates, forests and shares as collateral for its financing. Severe value declines may result in margin calls regarding the collateralised assets in question. The risk of margin calls is seen as minimal, and is constantly monitored. These facilities are used mainly as complementary financing, not as last resort, to achieve a cost efficient overall financing structure. In addition, the subsidiaries have utilised a variety of real estate and forest assets, and share pledges as collateral for their own generally ring-fenced financing arrangements.

Derivatives designated as hedging instruments

TEUR	Fair values		Nominal amounts	
	2015	2014	2015	2014
Liabilities				
Interest rate swaps	2,655	3,798	106,850	110,700

At the time of a new investment or refinancing, non-current loans relating to the investments are partly or fully hedged over the planned investment period. Interest rate derivatives are used to hedge against interest rate changes.

Derivatives not designated as hedging instruments

TEUR	Fair values		Nominal amounts	
	2015	2014	2015	2014
Assets				
Foreign currency forward contracts	421	3,004	32,328	29,015
Liabilities				
Foreign currency forward contracts	84	2,324	7,691	10,825
Interest rate swaps	60	17	16,875	4,945
Commodity derivatives	198	262	603	792

Ahlström Capital Group has no master netting agreements under ISDA to report.

Capital management

For the purpose of the Group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent.

The primary objective of the Group's capital management is to maximise the shareholder value, meaning the External Fair Value of the share. The External Fair Value (EFV) of the share represents the expected market value of the asset in question that would be received in an orderly transaction between market participants, subtracting assumed transaction costs and other related liabilities. In effect, this means that the EFV of Ahlström Capital's share is the sum of the EFVs of the underlying assets within Ahlström Capital Group less the relevant liabilities in the parent company.

» Notes to the Consolidated Financial Statements

In order to determine the EFV of Ahlström Capital's share, the EFV of the underlying assets is appraised at each measurement date. Listed shares are measured at the market rate and other assets mainly at the carrying amount.

Regarding investments in non-listed shares, Ahlström Capital's valuation policies comply with the IPEV guidelines (International Private Equity and Venture Capital Valuation Guidelines), according to which external fair value is a price at which the ownership of an investment could be transferred between market parties on the reporting date. Regarding the investments in real estate, Ahlström Capital's valuation policies comply with the EPRA guidelines (European Public Real Estate Association).

In order to achieve this overall objective, the Group's capital management, amongst other things, aims at ensuring that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. To manage the financial risk, the financing of subsidiaries and sub-groups are, to the extent possible, financed as ring-fenced entities without recourse on other entities. There are financial covenants on the outstanding loans and corporate bonds which are tested both as incurrence tests and maintenance basis. The levels are generally agreed in advance with sufficient headroom to the plans combined with preagreed remedy mechanisms. These are closely monitored. Breach of these covenants would in some cases limit the companies' ability to finance their operations or permit the creditor to call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowings in the current period.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a specific gearing ratio, EFV adjusted net gearing, which is net debt divided by the EFV (External Fair Value) of the assets. The Group's target is to keep this ratio between 40 to 60%. In net debt, the Group includes current and non-current interest-bearing loans and borrowings, less cash and current deposits.

Capital structure

TEUR	2015	2014
Non-current interest-bearing loans and borrowings (Note 31)	254,043	252,892
Current interest-bearing loans and borrowings (Note 31)	59,637	86,527
Less: cash and short-term deposits (Note 30)	-185,488	-152,425
Net debt	128,192	186,994
External Fair Value	743,690	633,996
Shareholders equity (incl. non-controlling interest)	592,404	541,474
EFV adjusted net gearing	17%	29%
Net gearing (IFRS / Book value based)	22%	35%

34. Share capital and reserves

TEUR	Amount of shares	Share capital	Share premium	Unrestricted equity reserve	Legal reserve	Total
On January 1, 2014	360,919	36,092	12,774		3,055	51,921
Share issue	267,957	2,679				2,679
Other changes					-752	-752
Business combination				104,336		104,336
On December 31, 2014	628,876	38,771	12,774	104,336	2,303	158,184
Other changes					860	860
On December 31, 2015	628,876	38,771	12,774	104,336	3,163	159,044

OCI, net of tax

The disaggregation of changes of OCI by each type of reserve in equity

On December 31, 2015 TEUR	Available-for-sale-reserve	Cash flow hedge reserve	Foreign currency translation reserve	Retained earnings	Non-controlling interests	Total
Exchange differences			2,750		425	3,175
Available-for-sale financial assets - net change in fair value	27,665					27,665
Available-for-sale financial assets - reclassified to statement of income	-61,473					-61,473
Cash flow hedges - net change in fair value		357				357
Cash flow hedges - reclassified to statement of income		558				558
Remeasurement gains (losses) on defined benefit plans				-2,074	102	-1,972
Share of other comprehensive income of associates	-1,863	282	-1,568	-206		-3,355
	-35,671	1,196	1,182	-2,279	527	-35,045

On December 31, 2014 TEUR	Available-for-sale-reserve	Cash flow hedge reserve	Foreign currency translation reserve	Retained earnings	Non-controlling interests	Total
Exchange differences			612		-288	324
Available-for-sale financial assets - net change in fair value	74,460					74,460
Available-for-sale financial assets - reclassified to statement of income	-39,235					-39,235
Cash flow hedges - net change in fair value		-2,576				-2,576
Cash flow hedges - reclassified to statement of income						
Remeasurement gains (losses) on defined benefit plans				-3,297	-1,281	-4,578
Share of other comprehensive income of associates	1,008	-13	228	-1,950		-727
	36,233	-2,589	840	-5,247	-1,569	27,668

The total shareholders' equity consists of share capital, share premium, unrestricted equity reserve, legal reserve, available for sale reserve, cash flow hedge reserve, foreign currency translation reserve and retained earnings. The share premium account includes the value of shares in excess of the accounting par value of the shares. As a result of the ownership reorganisation in Ahlström Capital, A. Ahlström Osakeyhtiö and Antti Ahlström Perilliset Oy, unrestricted equity reserve increased in 2014. Legal reserves consist of amounts created from retained earnings due

to specific legislation in certain countries as well as the impact from granting options in Enics and warranties in AR Packaging. Available-for-sale reserve include changes in the fair values of available-for-sale instruments. Cash flow hedge reserve include changes in the fair values of derivative financial instruments used to hedge operational cash flows. Foreign currency translation reserve includes the differences resulting from the translation of foreign subsidiaries.

35. Provisions

TEUR	Warranty provision	Restructuring provision	Onerous contracts	Environmental liabilities	Other liabilities	Total
On January 1, 2014	1,305	1,487	2		1,206	4,000
Exchange differences	10	-22			-4	-16
Business combination	9,125			8,022	6,040	23,187
Arising during the year	1,839	16		1,000	8,583	11,438
Utilised	-328	-998		-14	-1,411	-2,751
Unused amounts reversed	-1,281		-2	-116	-148	-1,547
Reclassifications	-170	-200			370	
Effect of discounting	238			2,507		2,745
On December 31, 2014	10,738	283		11,399	14,636	37,056
Exchange differences	51	3			-20	34
Arising during the year	1,255			70	5,044	6,369
Utilised	-731	-221		-239	-8,893	-10,084
Unused amounts reversed	-1,643	-39		-2	-658	-2,342
Reclassifications	-5,685			1,585	2,510	-1,590
Effect of discounting	20			219		239
On December 31, 2015	4,005	26		13,033	12,618	29,681
Non-current, on December 31, 2014	4,168	39		11,047	6,156	21,410
Current, on December 31, 2014	6,570	244		352	8,480	15,646
Non-current, on December 31, 2015	3,104			12,798	6,916	22,818
Current, on December 31, 2015	901	26		235	5,702	6,864

Warranty provision

Warranty provisions have been made to cover any obligations during the warranty period of contractual agreements. They are based on experiences from previous years.

Restructuring provision

Provision relates to cost for personnel affected and notified by structural changes in the Group.

Environmental provisions

The Group has land areas that is obligated to restore to their original condition. The present value of estimated landscaping costs has been activated to the acquisition cost of the areas and presented as a provision. In addition, the Group has a provision for cleaning a contaminated land area, made for cleaning the former asphalt plant.

Other liabilities

Other provisions include dispute and litigation provisions, project loss provisions and other provisions.

36. Trade and other payables

TEUR	2015	2014
Trade payables	152,932	141,577
Other payables	58,754	54,391
Accrued liabilities	79,053	77,674
Derivatives	342	2,603
	291,081	276,244

37. Commitments and contingencies

Operating lease commitments – Group as lessee

The Group leases various manufacturing/office premises, machinery and vehicles under operating leases.

Future minimum rentals payable under non-cancellable operating leases

TEUR	2015	2014
Within 1 year	8,358	17,078
Between 1 and 5 years	10,921	30,090
More than 5 years	2,098	12,440
	21,377	59,608

Commitments and contingencies on own behalf

TEUR	2015	2014
Secured loans		
Loans from financial institutions	90,390	144,487
Bonds	114,350	79,075
Pledged assets		
Real estate mortgages	144,308	184,866
Pledged shares	89,583	159,480
Other pledged assets	36,610	
Pledged securities	29,670	68,544
Guarantees	167,992	136,078

Approximately 80% of Group's investment properties (note 24) and 30% of biological assets (note 25) have been utilised as collateral for own debts and reported as real estate mortgages in commitments.

Ahlström Capital Group has a contingent VAT liability on real estate investments EUR 5,530 (6,713) thousand on December 31, 2015.

As founder shareholder Ahlström Capital Group has certain commitments according to Finnish act of Housing Transactions. Provisions have been made to cover the commitments.

There is a profit claw back clause on sales gain from the 66,666,666 shares in Suominen Oyj held by AC Invest Two B.V. valid until October 7, 2016.

Commitments on behalf of others

Ahlström Capital Group has guarantees given on behalf of others EUR 1,185 (575) thousand on December 31, 2015.

38. Related party transactions

The Group's related parties includes Ahlström Capital's Board of directors and committee, its CEO (until October 31, 2015) and Acting CEO (since November 1, 2015), subsidiaries and associated companies and also Antti Ahlström Perilliset Oy, which holds a significant influence in Ahlström Capital Oy. The transactions with associated companies are listed in a separate note 27. Also loan transaction with associated companies in 2014 are dealt with in the note 31.

In August 2013, the shareholders of the companies controlled by the Ahlström family, Antti Ahlström Perilliset Oy, A. Ahlström Osakeyhtiö and Ahlström Capital Oy, decided to reorganise the ownership so that management and development of the Ahlström family's financial and industrial assets would be concentrated in Ahlström Capital Oy. As the first step in the process the real estate and forest business of A. Ahlström Osakeyhtiö was transferred to its new subsidiary, A. Ahlström Kiinteistöt Oy on September 30, 2013. On May 28, 2014 Antti Ahlström Perilliset Oy was demerged, whereby Ahlström Capital received Perilliset's shares in A. Ahlström Osakeyhtiö, Ahlstrom Corporation and Munksjö Oyj, and issued in consideration 111,070 new shares in Ahlström Capital. Antti Ahlström Perilliset Oy was liquidated in the process, and a new Antti Ahlström Perilliset Oy was formed. This new company will focus mainly on ownership-related issues. As the final step, A. Ahlström Osakeyhtiö was merged with Ahlström Capital Oy on May 30, 2014, whereby Ahlström Capital issued 170,914 new shares. A. Ahlström Kiinteistöt Oy became a subsidiary of Ahlström Capital Oy, and, as the result, Ahlström Capital's portfolio came to include substantial real estate and forest assets. The exchange rates applied in the restructuring process were the following: in exchange for each Antti Ahlström Perilliset share, 0.59606 shares in Ahlström Capital Oy were given, and in exchange for each A. Ahlström Osakeyhtiö

» Notes to the Consolidated Financial Statements

share, 0.55899 shares in Ahlström Capital Oy were given. Following the transactions, the number of shares in Ahlström Capital Oy increased from 360,919 to 628,876, while the issued share capital increased from EUR 36,091,900 to EUR 38,771,470.

In October 2014 Ahlström Capital utilised its option to acquire 66,666,666 shares in Suominen Corporation from Ahlstrom Corporation, representing 26.89% of the shares in Suominen Cor-

poration. As a result of the transaction, Ahlström Capital became the largest shareholder with 27.32% ownership. There is a profit claw back clause on sales gain from the 66,666,666 shares in Suominen Corporation held by AC Invest Two B.V. valid until October 7, 2016.

Salaries for Managing Director and remunerations to Board members are listed in note 17.

Business transactions with the associated companies and entities with significant influence over the group

TEUR	2015	2014
Sales to the entity with significant influence over the group	101	26
Payables to the entity with significant influence over the group		150
Loan receivables from the associated companies		1,127

Compensation of personnel belonging to the related party of the group

TEUR	2015	2014
Wages and other short-term employee benefits	1,398	1,041
Post-employment benefits	192	105
Share-based payment benefits for Managing Director		1,822
Total compensation paid to key management personnel	1,590	2,968

The amounts disclosed in the table are those recognised as an expense during the reporting period related to personnel belonging to the related party of the Group.

39. Events after the reporting period

Ahlström Capital Oy appointed Hans Sohlström as its new President and CEO. Sohlström assumed his new position on February 1, 2016.

AR Packaging has appointed a financial advisor to evaluate strategic alternatives, with a focus on a potential public listing

on Nasdaq Stockholm. No decision has yet been made and the company will inform the market if and when any such decisions are made.

>> Income Statement, Parent Company

TEUR	Note	2015	2014
Net Sales	1	5,845	5,135
Other operating income	2	215	21,024
Personnel costs	3	-4,279	-3,455
Depreciation, amortisation and reduction in value	7	-1,450	-1,453
Other operating expense		-5,412	-5,816
Operating profit / loss		-5,081	15,435
Financing income and expenses	5		
Interest and other financing income		56,061	38,037
Impairments		-14,608	
Interest and other financing expenses		-2,079	-1,408
		39,374	36,629
Result before extraordinary items		34,293	52,064
Extraordinary items	6	8,658	-332
Result before appropriations and taxes		42,951	51,732
Appropriations			
Change in depreciation difference		-162	-211
Income taxes		0	0
Net result for the period		42,789	51,521

» Balance Sheet, Parent company

TEUR	Note	December 31, 2015	December 31, 2014
Assets			
Non-current assets			
Intangible assets	7		
Intangible rights		3,452	3,917
		3,452	3,917
Tangible assets	7		
Land and water areas		26,254	26,254
Buildings and constructions		26,646	27,153
Machinery and equipment		884	955
Other tangible assets		70	70
Advances paid and construction in progress			389
		53,854	54,821
Investments	8		
Holdings in Group companies		211,267	210,927
Other shares		10,366	15,069
		221,633	225,996
Total non-current assets		278,939	284,734
Current assets			
Long-term receivables			
Notes receivable from Group companies	14	28,217	29,614
Notes receivable		393	339
		28,610	29,953
Short-term receivables			
Accounts receivable		89	192
Receivables from Group companies	14	12,055	6,381
Notes receivable		336	495
Other receivables		22	144
Prepaid expenses and accrued income	9	230	120
		12,732	7,332
Cash and bank		34,514	37,238
Total current assets		75,856	74,523
Total assets		354,795	359,257
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	10	38,771	38,771
Capital in excess of par value		12,774	12,774
Retained earnings		138,005	111,638
Reserve for invested non-restricted equity		104,336	104,336
Net result for the period		42,789	51,521
		336,675	319,040
Accumulated appropriations			
Depreciation difference		1,570	1,408
		1,570	1,408
Provisions	12	932	926
Liabilities			
Long-term liabilities			
Loans from financial institutions		5,000	29,000
Accrued expenses and deferred income	13	926	
		5,926	29,000
Short-term liabilities			
Loans from financial institutions		7,000	
Accounts payable		216	281
Liabilities to Group companies	14	30	5,602
Other liabilities		338	822
Accrued expenses and deferred income	13	2,108	2,178
		9,692	8,883
Total liabilities		15,618	37,883
Total shareholders' equity and liabilities		354,795	359,257

» Statement of Cash Flows, Parent Company

TEUR	2015	2014
Cash flow from operating activities		
Operating profit / loss	-5,081	15,435
Depreciation, amortisation and impairment	1,450	1,453
Other adjustments	117	-19,297
Cash flow from operations before change in net working capital	-3,514	-2,409
Change in net working capital		
Increase (-) / decrease (+) of short-term receivables	-1,466	2,247
Decrease (-) of short-term non-interest-bearing debts	-257	-1,169
Cash flow from operating activities before financing items and taxes	-5,237	-1,331
Interest and other financing income	55,297	36,102
Interest and other financing expenses	-1,644	-998
Net cash flow from operating activities	48,416	33,773
Cash flow from investing activities		
Capital expenditure	-22	-386
Other investments	-3,494	-58,794
Proceeds from sales of non-current assets	2,095	70,360
Change in notes receivable and other receivables	-2,242	-19,000
Net cash flow used in investing activities	-3,663	-7,820
Cash flow from financing activities		
Change in long-term debt	-17,000	17,000
Change in short-term debt	-5,322	-36,523
Dividends paid	-25,155	-13,876
Other changes		-334
Net cash flow used in financing activities	-47,477	-33,733
Change in cash and financial investments	-2,724	-7,780
Cash and financial investments at beginning of period	37,238	45,018
Cash and financial investments at end of period	34,514	37,238

» Notes to the financial statements, Parent company

Accounting principles

The financial statements of the parent company Ahlström Capital Oy have been prepared in accordance with the Finnish Accounting Act and other regulations in force in Finland. They comply with the European Union directives on financial statements and good accounting practices.

The financial statements are presented in euro and are prepared under the historic cost convention.

Ahlström Capital Oy was formed when A. Ahlström Osakeyhtiö demerged into three companies on June 30, 2001. The official financial statements for 2015 have been prepared for the fifteenth financial year of the company, spanning the period from January 1, 2015 to December 31, 2015.

No changes were made to the accounting policies in the accounting period.

Revenue recognition

Income from the sale of goods and services is recognised as revenue when the goods are delivered or the services rendered. Net sales are shown net of indirect taxes and discounts. Translation differences attributable to sales are reported as part of net sales.

Items denominated in foreign currency

In the financial statements, receivables and liabilities denominated in foreign currency are translated into euros at the functional currency spot rate of exchange ruling at the one day prior to the reporting date. Translation differences in receivables and liabilities are recognised in profit or loss. Exchange differences attributable to sales are reported as part of net sales. Exchange differences arising from translation of accounts payable are shown as adjustment items under purchase expenses (annual costs or capitalisations).

Exchange differences arising from translation of financial items are shown as financial income or financial expenses.

Pension costs

In Finland, the statutory pension liability and supplementary pension benefits are funded through insurance policies and recognised in accordance with actuarial calculations. Pension insurance premiums and changes in pension liabilities are recognised in profit or loss.

Derivative instruments

The fair value of liabilities arising from the derivative agreements that have been made in order to hedge currency risks and interest rate risks and the par value of hedged benefits of liabilities have been reported in the notes to the financial statements.

Inventories

Inventories are stated at the lower of cost or market.

Investments

Investments that are intended to generate income for more than one accounting period are recognised in non-current assets at cost.

Securities included in the financial assets are stated at the lower of cost or market.

Non-current assets

Non-current assets are disclosed at original cost in the balance sheet, less accumulated depreciation and amortisation.

Depreciation and amortisation is calculated from the original cost or revaluated amounts of non-current assets using the straight-line method over the useful lives of assets.

The estimated useful lives are as follows:

Buildings	25-40 years
Heavy machinery	10-20 years
Other machinery and equipment	3-10 years
Intangible assets	3-5 years

Land and water areas are not depreciated.

Leasing

Payments of operating leases and financial leases are recognised as rental expenses. Leased assets are not shown on the balance sheet as fixed assets, and future lease payments are not shown as liabilities. The notes to the financial statements show the liabilities arising from currently valid leases.

Taxes

Income taxes consist of taxes paid and payable on taxable income for the most recent and previous accounting periods in accordance with local tax laws.

Extraordinary items

Non-recurring, material revenue and expense items not related to normal business operations are disclosed as extraordinary items in the income statement.

1. Net Sales

Distribution of net sales by country

TEUR	2015	2014
Finland	4,887	4,486
Netherlands	958	649
	5,845	5,135

Distribution of net sales by business

TEUR	2015	2014
Real estate	4,394	4,101
Others	1,451	1,034
	5,845	5,135

2. Other operating income

TEUR	2015	2014
Gain on sale of non-current assets		20,872
Others	215	152
	215	152

3. Personnel costs

TEUR	2015	2014
Wages and salaries	3,370	2,870
Pension costs	766	518
Other wage related costs	143	67
	4,279	3,455
Salaries for managing director of which bonuses	1,016 600	566 191
Remunerations to Board members	382	284

4. Average number of personnel

	2015	2014
Salaried	14	14

5. Financing income and expenses

Financing income

TEUR	2015	2014
Dividend income from others	19	18
Dividend income from Group companies	52,500	36,000
Interest and financing income from Group companies	3,500	2,014
Interest and financing income from others	42	5
	56,061	38,037

Financing expenses

TEUR	2015	2014
Impairments		
Impairment on investments from associates	-4,608	
Impairment on investments from Group companies	-10,000	
Interest and financing expenses to Group companies	-67	-158
Interest and financing expenses to others		
Interest expenses	-1,400	-921
Other financing expenses	-612	-329
	-16,687	-1,408
Total financing income and expenses	39,374	36,629

6. Extraordinary income and expenses

TEUR	2015	2014
Gain / loss on liquidation		2
Group contribution, received	8,658	
Group contribution, given		-334
	8,658	-332

» Notes to the financial statements, Parent company

7. Intangible and tangible assets

2015 TEUR	Intangible rights	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Advances paid and construction in progress
Acquisition cost on Jan. 1	4,853	26,254	35,958	2,268	70	389
Increases			22			
Decreases						-4
Reclassification between classes			385			-385
Acquisition cost on Dec. 31	4,853	26,254	36,365	2,268	70	
Accumulated depreciation and amortization on Jan. 1	936		8,805	1,313		
Depreciation and amortisation for the period	465		914	71		
Accumulated depreciation and amortization on Dec. 31	1,401		9,719	1,384		
Book value on December 31, 2015	3,452	26,254	26,646	884	70	

2014 TEUR	Intangible rights	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Advances paid and construction in progress
Acquisition cost on Jan. 1	4,853	26,254	35,899	2,268	69	64
Increases			59		1	384
Decreases						-59
Acquisition cost on Dec. 31	4,853	26,254	35,958	2,268	70	389
Accumulated depreciation and amortization on Jan. 1	471		7,891	1,239		
Depreciation and amortisation for the period	465		914	74		
Accumulated depreciation and amortization on Dec. 31	936		8,805	1,313		
Book value on December 31, 2014	3,917	26,254	27,153	955	70	389

8. Long-term investments

2015 TEUR	Holdings in Group companies	Other shares
Book value on Jan. 1	210,927	15,069
Increases	10,340	
Decreases		-95
Impairments	-10,000	-4,608
Book value on Dec. 31	211,267	10,366
2014 TEUR	Holdings in Group companies	Other stock and shares
Book value on Jan. 1	93,986	17,853
Increases	131,963	
Decreases	-15,022	-2,784
Book value on Dec. 31	210,927	15,069

9. Prepaid expenses and accrued income

TEUR	2015	2014
Short-term		
Accrued interest income	23	18
Periodisation of costs	14	40
Other	193	62
	230	120

10. Shareholders' equity

TEUR	2014	2013
Restricted shareholders' equity		
Shareholders' equity on Jan. 1	38,771	36,092
Increase of shareholders' equity		2,679
Shareholders' equity on Dec. 31	38,771	38,771
Capital in excess of par value on Jan. 1		
Capital in excess of par value on Jan. 1	12,774	12,774
Capital in excess of par value on Dec. 31	12,774	12,774
Tied-up shareholders' equity, total	51,545	51,545
Non-restricted shareholders' equity		
Profit from previous financial years on Jan. 1	163,160	128,192
Distribution of profits	-25,155	-13,876
Reserve for invested non-restricted equity	104,336	104,336
Other changes		-2,678
Profit from previous financial years on Dec. 31	242,341	215,974
Net profit for the period	42,789	51,521
Non-restricted shareholders' equity, total	285,130	267,495
Shareholders' equity, total	336,675	319,040

11. Share capital on Dec. 31, 2015

	Number of shares	EUR
1 vote / share, with redemption clause	628,876	38,771,470

12. Provisions

TEUR	2015	2014
Personnel costs	932	926

13. Accrued expenses and deferred income

TEUR	2015	2014
Long-term		
Personnel costs	926	
Short-term		
Personnel costs	1,372	1,855
Interest expense	732	257
Other	4	66
	3,034	2,178

14. Receivables from and liabilities to Group companies

Receivables from group companies

TEUR	2015	2014
Notes receivable	29,787	34,214
Accounts receivable	1,827	267
Prepaid expenses and accrued income	8,658	1,514
	40,272	35,995

Liabilities to group companies

TEUR	2015	2014
Other short-term liabilities	30	5,352
Prepaid expenses and accrued income		250
	30	5,602

15. Collaterals

TEUR	2015	2014
For own liabilities		
Loans from financial institutions	12,000	29,000
Amount of mortgages and pledges	62,000	62,000

16. Contingent liabilities

TEUR	2015	2014
Leasing and rental commitments		
Current portion	59	88
Non-current portion	79	4
	138	92
Commitments on behalf of Group companies	3,993	3,750
Contingent liabilities for Real Estate investment's VAT	1,240	1,623
Investment commitments	145	145
Other contingent liabilities		
Derivatives		
Interest derivatives		
Fair value		-698
Nominal value of the underlying asset or liability		27,000

>> Auditor's report

To the Annual General Meeting of Ahlström Capital Oy

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Ahlström Capital Oy for the year ended 31 January, 2015. The financial statements comprise the consolidated statement of financial position, 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 President and CEO

The Board of Directors and the President and CEO 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 President and CEO 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 President and CEO are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's 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 the adoption of the financial statements. The proposal by the Board of Directors regarding the treatment of distributable funds is in compliance with the Limited Liability Companies Act. We support that the Board of Directors of the parent company and the President and CEO be discharged from liability for the financial period audited by us.

Helsinki, February 17, 2016

KPMG Oy Ab

Virpi Halonen
Authorized Public Accountant

➤ Proposal for the Distribution of Profits

According to the parent company's balance sheet as at December 31, 2015, the retained earnings and net result for the accounting period are:

	EUR
Retained earnings	242,339,330.89
Net profit for the period	42,789,416.46
Total distributable funds	285,128,747.35

The Board of Directors proposes that
a dividend of EUR 42.00 per share be paid on the 628,876 shares 26,412,792.00
and the remainder be retained.

Helsinki, February 17, 2016

	Mikael Lilius Chairman of the Board	
Stig Gustavson Vice-Chairman of the Board		Thomas Ahlström
Mats Danielsson		Jouko Oksanen
Malin Persson	Hans Sohlström President and CEO	Peter Seligson

Shares and shareholders

SHARES AND SHARE CAPITAL

AHLSTRÖM CAPITAL'S registered share capital on December 31, 2015 was EUR 38,771,470. The company has one series of shares. Each share entitles the holder to one vote in the general meeting of shareholders.

The Articles of Association include a redemption clause as defined in Chapter 3, section 7 of the Limited Liability Companies Act.

SHAREHOLDINGS

AT THE END OF 2015, Ahlström Capital had 238 shareholders. More information on shareholders is presented in the Report of the Board of Directors.

SHAREHOLDINGS OF THE BOARD OF DIRECTORS

ON DECEMBER 31, 2015 members of the Board of Directors held 7,939 shares in Ahlström Capital Oy, which represents 1.26 per cent of the shares and voting rights.

SHAREHOLDERS BY GROUP ON DECEMBER 31, 2015*

	Number of shares	Percentage of capital stock
Companies	40,140	6.4
Financial and insurance institutions	3,750	0.6
Public sector entities and mutual pension insurance companies	23,490	3.7
Households	461,210	73.3
Non-profit organisations	5,168	0.8
Foreign owners	94,938	15.1
Others	180	0.0
Total	628,876	100.0

DISTRIBUTION OF SHAREHOLDINGS ON DECEMBER 31, 2015*

Number of shares	Number of shareholders	Percentage of shareholders	Number of shares and votes	Percentage of capital stock	Average number of shares held
1-100	70	29.4	2,080	0.3	30
101-500	31	13.0	8,388	1.3	271
501-1000	30	12.6	21,872	3.5	729
1001-5000	67	28.2	163,551	26.0	2,441
5001-10000	25	10.5	174,039	27.7	6,962
10001-	15	6.3	258,766	41.1	17,251
Total	238	100.0	628,696	100.0	2,642

*On December 31, 2015, the number of issued shares was 628,876, of which 180 shares were on the waiting list or joint accounts.

Information for shareholders

ANNUAL GENERAL MEETING

AHLSTRÖM CAPITAL OY'S Annual General Meeting of Shareholders will be held in Helsinki at Eteläesplanadi 14 on Thursday, April 7, 2016 at 5:00 p.m. The Notice of the Annual General Meeting has been published in the Official Gazette No. 29/March 11, 2016.

FINANCIAL INFORMATION

AHLSTRÖM CAPITAL'S Annual Report 2015 is published in Finnish, Swedish and English and it is available on the company's website at ahlstromcapital.com.

In 2016, the company will inform the shareholders about the development of its performance on a quarterly basis.

The company's annual report 2016 is estimated to be published in March 2017.

Certain statements herein are not based on historical facts, including, without limitation, those regarding expectations for market growth and development, returns, and profitability. Phrases containing expressions such as "believes", "expects", "anticipates" or "foresees" are forward-looking statements. Since these are based on forecasts, estimates, and projections, they involve an element of risk and uncertainty, which may cause actual results to differ from those expressed in such expectations and statements.

Concept and realization: Hill+Knowlton Strategies

Information on listed companies is based on publicly available sources.

Photos on pages 7-8 and 43-47 Tomi Parkkonen, on pages 5, 9-11, 34-37 and 39 Tiina Rajala.

Heritage counts...



AHLSTRÖM CAPITAL

AHLSTRÖM CAPITAL OY
Eteläesplanadi 14
P.O.Box 169
FI-00131 Helsinki
Telephone +358 10 888 18
Fax +358 10 888 4769

www.ahlstromcapital.com