ALTIA

— YOUR 1ST CHOICE —

2015

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS 2015

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_Altia – Sha the best momen

Altia is the leading wine and spirits company offering quality brands in the Nordic and Baltic countries. Altia produces, distributes, markets, sells, imports and exports alcoholic beverages in these markets.

Altia's own brands such as **Koskenkorva, Larsen, Renault, Blossa, Chill Out, Valhalla, Xanté and O.P. Anderson** have a strong market position and many of them a long heritage to cherish.

Altia's partner brands represent both local and international brands from all over the world, such as **Jack Daniel's, Pasqua, Faustino, Fresita, Drostdy-Hof, Codorniú, Nederburg** and **Tarapacá.**

Altia serves its customers, partners and consumers close to markets with its wide production, sales and logistics set-up in the Nordic and Baltic countries.

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Key ratios of the Group	*2015*	*2014*	*2013*
Net sales, EUR million	**380.7**	426.3	475.8
Operating profit (loss), EUR million	**25.3**	-18.6	0.7
(% of net sales)	**6.6**	-4.4	0.1
Operating profit (loss) excluding non-recurring items, EUR million	**23.6**	17.9	17.4
(% of net sales)	**6.2**	4.2	3.7
Result before taxes, EUR million	**26.3**	-20.4	-3.8
(% of net sales)	**6.9**	-4.8	-0.8
Profit (loss) for the period, EUR million	**21.0**	-18.1	-3.1
(% of net sales)	**5.5**	-4.3	-0.6
Total assets, EUR million	**466.7**	501.5	577.7
Return on equity (ROE), %	**13.7**	-11.2	-1.6
Return on invested capital (ROI), %	**8.6**	-4.0	0.9
Return on capital employed, exluding non-recurring items (ROCE), %	**8.1**	5.5	4.9
Equity ratio, %	**36.6**	28.7	29.2
Gearing, %	**12.0**	34.2	65.4
Number of personnel on average	**879**	987	1 074

_CEO's *review*

The development of Altia's business in 2015 was in line with expectations in spite of the continued challenging market environment. The measures implemented in accordance with the strategy announced in September 2014 are producing good results, and our profitability has improved significantly from the previous year. As expected, our net sales decreased from the previous year. This was particularly attributable to the changes we made to our product portfolio in line with our strategy, as well as the lower volume of contract manufacturing services. Despite the decline in the net sales, our operating profit excluding non-recurring items grew by EUR 5.7 million year-on-year, to EUR 23.6 million (6.2% of net sales). Much of the credit for this achievement belongs to our skilled personnel who have made a strong contribution to the development of Altia's business.

In line with our objectives, our focus in 2015 was on strengthening our own core brands, developing our cooperation with partners and investing in product development. With respect to our core brands, during the reporting period we engaged in a renewal of the Renault and Larsen cognac brands with promising results. We also began the renewal of the Koskenkorva Vodka brand, which we will launch in summer 2016. The market situation in the Nordic countries is challenging, particularly for spirits. Nevertheless, our major spirit brands have maintained, and partly strengthened, their position in the declining market.

I am pleased with the development of Altia's capacity for innovation. We introduced several new product innovations to our markets in 2015, and our new listings were higher than ever before. In the partner business we carried out successful product launches and new initiatives with various key partners. We will continue to develop the partner business further with the help of our new partner business organisation that began operating at the start of 2016.

Our Koskenkorva plant operated at nearly full capacity throughout 2015, and we hit a new record in barley consumption. The new bioenergy power plant built at the Koskenkorva plant began operating at full capacity in January 2015. In its first full year of operations, the bioenergy power plant reduced the Koskenkorva plant's carbon dioxide emissions by approximately 35 percent. We also took important steps forward in improving our production efficiency. We have reduced costs, accelerated inventory turnover, increased flexibility and further improved quality at our plants. Our contract manufacturing in Svendborg, Denmark was discontinued as planned in summer 2015. Production flexibility at the Tabasalu plant in Estonia improved further with the completion of an investment to expand the tank area.

We have continued the integration of our business operations and supply chain in Cognac, France. During the year, we transferred cognac bottling operations from subcontractors to our own plant, increased the plant's capacity, and harmonised processes. The Cognac integration project was completed during the year.

Competent personnel is one of Altia's key competitive advantages. We renewed our organisation at the start of the current strategy period, and we particularly focused on the development of leadership and management during the reporting period. The results of our personnel survey conducted in late 2015 were encouraging, as the results showed an improvement in all areas compared to the beginning of the year. We will continue our efforts to increase the engagement and motivation of our personnel.

In 2016, our objective is still improving the profitability. We will continue to focus on our own core brands and key partners in close cooperation with our customers. At the same time, we will prepare for our new strategy period starting in 2017. The new strategy will be announced in 2016.

I would like to take this opportunity to thank our customers, as well as our partners and everyone at Altia for their contribution and commitment to Altia's development in 2015.

Pekka Tennilä
CEO

Board of Directors' report for the period 1 January - 31 December 2015

Altia achieved a clear improvement in profitability and again established a strong financial position after implementing significant restructuring measures and refocusing its strategy over the past two years.

In line with the strategy, Altia focused in 2015 on pricing, purchasing, supply chain efficiency and fixed costs. The efficiency improvement measures saw operating profit excluding non-recurring items increase significantly, to EUR 23.6 (17.9) million. Operating profit excluding non-recurring items improved by two percentage points to 6.2% of net sales. Operating profit increased to EUR 25.3 (-18.6) million. The balance sheet was also significantly strengthened. Return on capital employed (ROCE) improved to 8.1% (5.5%), gearing was 12.0% (34.2%) and equity ratio was 36.6% (28.7%).

The Group's net sales totalled EUR 380.7 million, which is 10.7 % lower than in the comparison period (EUR 426.3 million). The market environment remained difficult and exchange rates also had a negative impact on net sales. The decrease in net sales was partly attributable to earlier decisions made by the Group. Streamlining the product portfolio in line with the strategy and discontinuation of contract manufacturing at Altia's plant in Denmark had a significant impact on net sales but, in terms of operational efficiency and development, they had a positive impact on profitability.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 10,428,400 be distributed for the financial year 2015 (2014: EUR 0).

Altia Group's 2015 financial statements are prepared in accordance with IFRS. Comparative information is based on corresponding figures for 2014, unless otherwise stated (figures in brackets).

OPERATING ENVIRONMENT 2015

Consumers in the Nordic alcohol retail monopoly markets (Finland, Sweden and Norway) continued to favour lighter beverages with lower alcohol content. The sales of spirits have declined for a long time but, in 2015, the rate of the decline slowed down and the market even turned to growth in some markets. In the case of wines, the slowing down of sales growth and turn towards a decline – which was already seen in certain markets in 2014 – continued.

The Nordic markets for alcohol continue to be characterised by substantial cross-border trade between Finland and Estonia, Denmark and Germany, and Sweden and Germany, due to considerable price differences between these countries. The importance of Estonia as a purchasing location for alcoholic beverages consumed by Finns turned to a decline according to statistics published by the National Institute for Health and Welfare in October 2015. According to Altia's estimate, the main reason for the decline is the stricter instructions on passenger imports that took effect in the beginning of July 2014, as well as increased inspections by the Finnish Customs as a result of these instructions. Increases in alcohol taxation in Estonia have also balanced the price differences between the two countries to some extent. The cross-border trade between Denmark, Sweden and Germany is also estimated to have declined slightly.

In the monopoly markets, unclear legislation is slowing down consumers' shift to buying alcohol online. Nevertheless, e-commerce alcohol sales continue to grow, with the focus being on price-sensitive consumers and those looking for special products. In open markets – especially Denmark – e-commerce alcohol sales are seeing strong growth, both as part of the selection offered by traditional retailers' stores and on specialised alcohol retail websites.

The following table illustrates the trends in the total sales of alcoholic beverages in Finland, Sweden and Norway. The figures are based on the sales volumes by litre published by the monopolies (Alko, Systembolaget and Vinmonopolet).

Development of total sales of alcoholic beverages in the monopoly markets (% change compared to the previous year)	2015 %	2014 %
Finland. total sales	**-2.8**	-2.6
Spirits	**-3.1**	-4.6
Wine	**-2.5**	-1.2
Sweden. total sales	**0.1**	0.5
Spirits	**2.2**	-2.9
Wine	**-0.1**	0.0
Norway. total sales	**-0.8**	0.6
Spirits	**-0.6**	-2.0
Wine	**-1.3**	0.5

In **Finland,** in spirits, especially the sales volumes of spirits/vodka, brandy and cognac as well as liqueur were significantly lower compared to the previous year. In wines, red, white and fortified wines showed decline from the previous year, while the sales of rosé and sparkling wines continued to increase.

In **Sweden,** the growth in the sales of spirits was particularly attributable to the increased sales of whisky, rum, liqueur and gin. In wines, especially the sales of fortified wine and red wine declined, while the sales of sparkling wine continued to see strong growth. The increase in the sales of rosé wine seen in previous years stalled and product segment declined.

In **Norway,** the decline in the sales of spirits was sharpest for cognac and brandy. Among wines, white wine sales declined the most, while the sales of sparkling wine continued to grow significantly.

According to Altia's own estimates, the overall market changes in Estonia, Latvia and Denmark were not significant.

FINANCIAL PERFORMANCE

Altia Group's net sales totalled EUR 380.7 million, which is EUR 45.6 million (10.7%) less compared to the previous year (EUR 426.3 million). The decrease in net sales was partly attributable to the market environment, but it was also due to strategic changes to the product portfolio and lower volumes in contract services. Changes in exchange rates also had a negative effect on net sales.

Other operating income was EUR 10.0 (8.0) million, with the non-recurring items amounting to EUR 2.7 (0.5) million. Other operating income also included income of EUR 3.4 (3.6) million mainly from the sales of steam, energy, water and carbon dioxide, as well as rental income of EUR 0.7 (0.8) million.

Employee benefit expenses totalled EUR 54.7 (65.2) million, including EUR 42.7 (50.9) million in wages and salaries. Employee benefit expenses in the reporting period included an accrual for annual bonuses in the amount of EUR 3.6 (1.4) million.

Other operating expenses amounted to EUR 79.1 (84.1) million. During the financial year, the expense recognised for obsolete items and write-downs on inventory in the Group companies totalled EUR 2.4 (5.6) million.

Operating profit excluding non-recurring items increased by EUR 5.7 million year-on-year and amounted to EUR 23.6 (17.9) million. The operating profit margin excluding non-recurring items was 6.2% (4.2%).

The non-recurring items included in the operating profit for the reporting period and the comparison period were as follows:

EUR million	2015	2014
Operating profit excluding non-recurring items	**23.6**	17.9
Restructuring costs	**-1.0**	-5.5
Impairment losses	-	-31.4
Sales of assets	**2.7**	0.5
Total non-recurring items	**1.7**	-36.4
Operating profit (loss)	**25.3**	-18.6

Operating profit (loss) was EUR 25.3 (-18.6) million. The operating profit margin was 6.6% (-4.4%).

The sales of assets reported as non-recurring items comprised sales gains from the non-core assets, real estate and movable property. The restructuring expenses related to non-recurring employee benefit expenses as well as strategic changes to the product portfolio and resulting write-downs on inventory, which were completed in 2015.

The sales of assets reported as non-recurring items in the comparison period comprised gains from the sale of land areas. The restructuring expenses in the comparison period were related to strategic changes to the product portfolio and resulting write-downs on inventory, as well as non-recurring employee benefit expenses recognised following statutory co-operation negotiations. Significant impairment losses were recognised on goodwill and other intangible assets allocated, which relate to the new strategy and changes in expectations of future cash flows.

Net financial expenses decreased to EUR 2.8 (5.1) million, primarily due to the lower effective interest rate and a reduction in interest-bearing debt. The Group's share of profits in joint ventures and associated companies amounted to EUR 3.8 (3.2) million.

Taxes for the reporting period were EUR 5.2 (-2.3) million, which corresponds to an effective tax rate of 20.0% (11.2%). More detailed information on Altia's tax footprint is provided in the separate Responsibility Report.

The profit for the financial year showed a significant improvement and amounted to EUR 21.0 (-18.1) million.

Altia has defined benefit pension plans for supplementary pensions, and their assumptions with respect to inflation and interest rates were updated at the end of the reporting period. The remeasurement of pension plans had an effect of EUR 5.8 (-1.4) million on comprehensive income and equity.

FINANCING, LIQUIDITY AND BALANCE SHEET

Net cash flow from operating activities totalled EUR 34.8 million (comparable amount in 2014: EUR 17.1 million). The amount of receivables sold at the end of the reporting period was at EUR 91.4 (101.7) million.

Altia repaid loans from financial institutions according to plan during the reporting period, by a total of EUR 60.2 million. The new EUR 30 million loan from a financial institution withdrawn in April 2015 is a non-current loan which matures in April 2020. The Group had no issued commercial papers at the end of the reporting period (2014: EUR 13.0 million). The Group's liquidity reserve comprises a revolving credit facility of EUR 60.0 million as well as overdraft facilities of EUR 20.0 million. Both were unused on 31 December 2015. Altia Group's liquidity position was good throughout the reporting period.

The Group's interest-bearing net debt amounted to EUR 20.4 (49.3) million at year-end, and gearing was 12.0% (34.2%). Equity ratio was 36.6% (28.7%).

The consolidated balance sheet total decreased to EUR 466.7 (501.5) million. This was primarily due to the amortisation of loans and the reduction of pension liability.

CAPITAL EXPENDITURE (INVESTMENTS)

Gross capital expenditure totalled EUR 11.3 (16.7) million.

Capital expenditure during the reporting period was primarily related to the modernisation of the old power plant at the Koskenkorva plant as well as the improvement of operating efficiency at the Rajamäki plant. Gross capital expenditure in the comparison period was primarily related to the construction of the bioenergy power plant in Koskenkorva.

PRODUCTION

In 2015, the Rajamäki alcoholic beverages plant produced 64.4 (65.7) million litres of spirits and wine, while the Tabasalu plant in Estonia produced 5.0 (5.0) million litres. The Svendborg plant in Denmark produced 3.4 (8.1) million litres of alcoholic beverages. Contract manufacturing in Svendborg was discontinued according to plan in the second quarter of the year.

The Koskenkorva plant used 190.7 (190.6) million kilos of Finnish barley to produce 22.6 (23.8) million kilos of grain spirit, 55.3 (54.6) million kilos of starch and 60.3 (62.5) million kilos of feed.

The Koskenkorva plant operated at nearly full capacity throughout the year and reached a new record in the use of barley.

Altia's production plant in Cognac, France, implemented significant changes to the processing of liquids and the bottling plant. The changes made it possible to transfer the previously outsourced bottling operations to the plant's own facilities during the fourth quarter.

RESEARCH AND DEVELOPMENT ACTIVITIES

The Group's research and development expenditure amounted to EUR 3.4 (4.1) million and was related to the product development of alcoholic beverages.

STRATEGY

In September 2014, Altia announced its new strategy which extends to the end of 2016. The focus of the strategy is on improving the business operations, competitiveness and profitability. In accordance with the strategy, during the reporting period the company focused on strengthening its core brands and partnerships, value creation, sales channel development and the continuous improvement of efficiency. Improving profitability was the primary objective for 2015.

The focus on core brands and partnerships was reflected in Altia's marketing and product development activities in 2015. The company has continued to clarify its product portfolio and reduce the number of brands for its own products as well as partner brands.

Value creation is an important strategic objective for Altia. It is pursued by means such as continuous product development, pricing and packaging design. During the reporting period, Altia launched premium and limited edition products. The company also launched new kinds of packages and product sizes to meet various consumer and customer needs. One of Altia's strategic objectives is to build and develop first-class sales channels. The consolidation of sales organisations, which was implemented at the start of the strategy period, has produced good results in all of Altia's operating countries. Altia has also developed and harmonised its processes to serve its customers more smoothly and with higher quality. The company has also invested in marketing within retail locations in those markets where it is possible.

The company continued its efforts to improve efficiency in 2015. Altia has been active in implementing measures to increase inventory turnover and production efficiency. Expenses have been reduced, for example, by increasing the efficiency of the supply chain and support functions.

In addition to alcoholic beverages, industrial products – starch, feed and technical ethanols – are an important part of Altia's product range. Together with the alcohol business, they improve the efficiency of Altia's raw material use and the utilisation of production and logistics capacity. The Koskenkorva bioenergy power plant, which began full-scale operations in January 2015, supports the increasingly sustainable manufacturing of Altia's products and further improves the efficiency of raw material use.

The company will announce its new long-term strategy in 2016.

GROUP MANAGEMENT

In 2015, Altia Group's Executive Management Team comprised of:

Mr. Pekka Tennilä, CEO
Mr. Michael Bech-Jansen, SVP, Commercial Operations
Mr. Janne Halttunen, SVP, Partner Brands, from 1 September 2015
Mr. Matti Piri, CFO
Mr. Hannu Tuominen, SVP, Industrial Services and Supply Chain
Ms. Sanna Hokkanen, SVP, HR and Communications, until 31 July 2015
Mr. Søren Qvist, SVP, Partner Brands, until 31 August 2015

PERSONNEL

In 2015, Altia Group employed on average 879 (987) persons. On 31 December 2015, Altia Group employed 842 (949) persons, of whom 470 (498) were employed in Finland, 131 (155) in Sweden, 40 (78) in Denmark, 31 (42) in Norway, 60 (65) in Latvia, 84 (87) in Estonia, and 26 (24) in France.

The reduction in personnel was primarily due to the completion of the efficiency improvement programme initiated in the previous autumn in Finland, Sweden, Norway, Denmark, Estonia and Latvia, as well as the discontinuation of contract manufacturing in Svendborg, Denmark.

Altia conducted its annual personnel survey in early 2015. Based on the results, communications on strategy and business development were highlighted as one key objective related to personnel. Communication has been improved in various ways, including regular CEO reviews. Local communications were also an important focus area. The Rajamäki plant, for example, held quarterly reviews by the CEO to which the employees were invited, and the senior management has also organised monthly events in the various departments of the plant.

The development of managerial work has been another key focus area. Altia organised management training at the Group level and the local level in 2015.

A follow-up survey conducted late in the year showed improved results in all key areas.

INCENTIVE PROGRAMMES

Altia's salaried and senior salaried employees and management participate in the annual performance bonus program of Altia Group. The potential annual bonus is based on both the Group's and its business units' targets approved by the Board of Directors, as well as on personal targets. Bonuses are paid either once a year or more frequently as an annual bonus or sales bonus. Workers participate in a production bonus system. The production bonuses are based on the targets of each production unit.

The profit for the period includes a performance bonus accrual amounting to EUR 3.6 (1.4) million. Based on the profit for 2014, annual performance bonuses amounting to EUR 1.3 million, including social expenses, were paid in 2015. No annual performance bonuses were paid during the comparison period. Sales commissions totalling EUR 0.4 (0.1) million were paid in 2015. Production bonuses totalling EUR 0.5 (0.2) million were included in the result for the period.

HEALTH, SAFETY AND ENVIRONMENT

Altia's health and safety management system has been certified in accordance with OHSAS 18801:2007. The certificate covers the Koskenkorva plant, the Rajamäki alcoholic beverage plant, and the technical ethanol business operations, as well as the the head office operations in Helsinki.

The purpose of the system is to reduce the rate of absence caused by sickness and accidents. To achieve the objectives, measures to be taken during the year were defined for different locations. Specific action programs have also been prepared for the plants and logistics centers not covered by the certification.

The accident frequency and sickness absence rates are monitored in all of Altia's operating countries, with the exception of France. In 2015, the sickness absence rate was 3.0% (3.0%). The accident frequency (the number of accidents per one million working hours) for accidents requiring at least one day of absence was 12 (12 in 2014). There were no fatal work-related accidents in 2015 (2014: 0).

Altia's key environmental impacts are related to the operations of the Koskenkorva distillery and the alcoholic beverage plants in Rajamäki and Tabasalu. Environmental management systems at the Koskenkorva plant, the Rajamäki alcoholic beverage plant, the technical ethanol unit and the Helsinki head office have been certified in accordance with the ISO 14001 standard. The Tabasalu plant complies with applicable Estonian environmental laws and regulations. Environmental systems are developed by means of regular internal and external audits. Energy and environmental considerations are taken into account in planning and executing production processes and investments in production.

The most significant environmental impacts of Altia's Koskenkorva plant and its plants in Rajamäki and Tabasalu consist of energy consumption, water consumption, waste water and waste generation. Environmental impacts are mitigated by annually determined measures, the effectiveness of which is monitored by means of environmental indicators. An environmental risk assessment was conducted in late 2015 for the Rajamäki plant.

Based on the assessment, a proactive plan was prepared to support the prevention of potential environmental incidents and emissions.

Energy saving measures are a major development area for Altia both in terms of profitability and environmental responsibility. Altia is committed to reducing its energy consumption by 9% in Finland by year-end 2016, using 2005 as the baseline, based on the voluntary energy efficiency agreement of the Confederation of Finnish Industries and the State of Finland. Altia's actual reduction in energy consumption compared to 2005 was 17.0% in the reporting period.

Altia began energy reviews at the Koskenkorva plant and the Rajamäki alcoholic beverage plant in late 2014. The energy reviews were completed in late 2015. The reviews were carried out according to instructions. They provided information on the plants' energy consumption profiles and helped to identify opportunities for the cost-efficient reduction of energy consumption.

Water consumption relative to production volume decreased at all of Altia's plants in 2015. Protecting groundwater and soil is important to Altia, as clean groundwater is a key raw material for producing alcoholic beverages. Altia protects its groundwater intake plants in many ways, including owning land in groundwater areas, restricting construction in the areas, and participating in establishing conservation areas.

Altia seeks to decrease waste volume by reducing the amount of disposed packaging material. The waste generated at Altia's plants is almost fully utilized as material or energy. The average waste reutilisation rate for Rajamäki, Koskenkorva and Tabasalu plants was 98.4% in 2015.

Altia increases the efficiency of its logistics by combining the volumes of Altia's own products and its partners' products as well as by operating close to customers.

Altia is a significant buyer of domestic barley in Finland. In 2015, the company purchased nearly 191 million kilos of barley for the Koskenkorva distillery, which represents approximately 15% of Finland's total barley harvest. Approximately 80% of the barley purchased by Altia is produced by contract farmers, and the barley used by the company is 100% sourced in Finland. Altia encourages its contract farmers to optimise the efficiency of their operations and use production inputs sensibly, for example, as part of Altia joining the BSAG commitment aimed at protecting the Baltic Sea.

The Koskenkorva bioenergy power plant, which began full-scale operations in January 2015, uses barley husk as its primary fuel. The new bioenergy power plant has already reduced carbon dioxide emissions and increased fuel self-sufficiency. In its first full year of operations, the bioenergy power plant reduced the Koskenkorva plant's carbon dioxide emissions by approximately 35 percent. The plant's fuel self-sufficiency increased from 20 % to 46 % during 2015.

Altia publishes annually a separate Responsibility Report which contains more detailed information on the current status and development of Altia's health, safety and environment matters.

SIGNIFICANT RISKS AND UNCERTAINTIES AND RISK MANAGEMENT

There have been no significant changes in near future risks of Altia Group's operations compared to the risks disclosed in the financial statements of 2014.

The Group's risk management aims to identify, assess and manage the significant external and internal uncertainties which could threaten the implementation of the strategy as well as achievement of the objectives. The Board of Directors regularly assesses the Group's financial, operational and strategic risks.

The most significant uncertainties in Altia Group's operations relate to the overall economic development and its impacts on consumption, as well as to alcohol taxes and the effects of legislation on consumer behaviour. Surprising and unanticipated production and delivery problems constitute the significant short-term operational risks, as well as rapid and significant changes in raw material prices, especially in respect of barley. Financial risks comprise currency risk, interest rate risk, liquidity risk and credit risk. These risks are hedged against in accordance with the principles defined in the Group Risk Management Policy. A more detailed presentation of the Group's risks and risk management principles is included in the notes to the consolidated financial statements in the section Financial Risk Management, and in the Corporate Governance Statement.

GROUP STRUCTURE

No material changes took place in the Group structure in 2015.

SHARES

Altia Plc's shares comprise A and L series shares. At the end of the financial year 2015, there were 35,960,000 A shares and 25,003 L shares. All shares carry equal voting and financial rights. All L shares are held by the company.

Altia Plc is fully owned by the State of Finland.

FINANCIAL PERFORMANCE OF PARENT

The net sales of the parent company totalled EUR 198.5 (200.6) million. Operating profit was EUR 8.0 (-25.4) million. The result for the comparison period included an impairment loss amounting to EUR 32.2 million, recognised on the shares in the Norwegian and Latvian subsidiaries.

The parent company's net financial income was EUR 5.7 (28.4) million. Financial income in the comparison period included dividends from subsidiaries amounting to EUR 31.0 million. Profit for the period amounted to EUR 8.4 (1.8) million.

ANNUAL GENERAL MEETING, BOARD OF DIRECTORS AND AUDITORS

The Annual General Meeting of Altia Plc was held on 10 April 2015. The Annual General Meeting approved the company's and the Group's financial statements for the financial year 2014. The members of the Board of Directors and the CEO were discharged from liability for the financial year 1 January – 31 December 2014. The Annual General Meeting adopted the proposal of the Board of Directors not to distribute a dividend.

Authorised public accountants KPMG Oy Ab was appointed as Altia Plc's auditor, with Jari Härmälä, APA, as the principal auditor.

The Annual General Meeting appointed the following members to the Board of Directors:

Ms. Sanna Suvanto-Harsaae, Chairman, B.Sc. (Business Administration)
Ms. Annikka Hurme, Vice Chairman, CEO
Mr. Kim Henriksson, member, Corporate Finance Advisor
Ms. Minna Huhtaniska, member, General Counsel
Mr. Jarmo Kilpelä, member, Senior Financial Counsellor
Mr. Kasper Madsen, member, COO

In the constitutive meeting held after the Annual General Meeting, the Board of Directors appointed Sanna Suvanto-Harsaae as Chairman of the Human Resources Committee (prev. Remuneration Committee), with Annikka Hurme and Jarmo Kilpelä as members. Kim Henriksson was appointed Chairman of the Audit Committee, with Minna Huhtaniska and Sanna Suvanto-Harsaae as members. The Board also evaluated the dependence of its members. All the Board members are deemed independent from the company.

Board member Jarmo Kilpelä is employed by the Finnish Government Ownership Steering Department in the Prime Minister's Office. Other members of the Board are independent from the company's shareholder.

BOARD OF DIRECTORS' PROPOSAL ON DIVIDEND DISTRIBUTION

According to the financial statements on 31 December 2015, the parent company's distributable funds amount to EUR 101,040,194.60, including profit for the period of EUR 8,419,060.78.

There have been no significant changes to the parent company's financial position after the end of the financial year. The company's liquidity is good and the proposed dividend distribution does not risk the solvency according to the view of the Board of Directors.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.29 per share be paid for the financial year 2015, totalling EUR 10,428,400.

EVENTS AFTER THE REPORTING PERIOD

Ms. Kirsi Lehtola has been appointed SVP Human Resources, and as a member of the Executive Management Team. She will take up her position on 1 April 2016.

MARKET OUTLOOK

The development of the Group's business operations and profitability are affected by factors such as the market situation and competitive environment, economic outlook, passenger import and changes in the alcohol taxation. The uncertainty in the eurozone and changes in customers' buying behaviour are continuing. There is still significant uncertainty related to the development of consumer demand. Sales in the sector are seasonal, with net sales and operating profit generally being significantly higher in the fourth quarter of the year compared to other quarters. Raw material prices and currencies are expected to remain volatile.

OUTLOOK FOR THE YEAR 2016

The decline in net sales of alcoholic beverages is expected to be smaller than in 2015. Altia group net sales will also be affected by the discontinued contract manufacturing at the Svendborg site. Assuming market conditions do not deteriorate, operating profit excluding non-recurring items and relative profitability are expected to further improve from the year 2015.

Helsinki, 3 March 2016

Altia Plc
Board of Directors

_Consolidated financial statements

Consolidated financial statements

(IFRS)

2015

Consolidated statement of comprehensive income (IFRS)

EUR million	NOTE	1 Jan - 31 Dec 2015	1 Jan - 31 Dec 2014
NET SALES		**380.7**	426.3
Other operating income	1)	**10.0**	8.0
Change in inventories of finished goods and work in progress		**-0.6**	-7.0
Materials and services		**-216.6**	-247.7
Employee benefit expenses	2)	**-54.7**	-65.2
Depreciation. amortisation and impairment	3)	**-14.4**	-49.0
Other operating expenses	4)	**-79.1**	-84.1
		-364.9	-445.9
OPERATING PROFIT (LOSS)		**25.3**	-18.6
Non-recurring items	6)	**-1.7**	36.4
OPERATING PROFIT EXCLUDING NON-RECURRING ITEMS		**23.6**	17.9
Financial income	7)	**0.8**	4.2
Financial expenses	8)	**-3.6**	-9.3
Share of profit in associated companies and joint ventures		**3.8**	3.2
PROFIT (LOSS) BEFORE TAXES		**26.3**	-20.4PR
Income taxes	9)	**-5.2**	2.3
PROFIT (LOSS) FOR THE PERIOD		**21.0**	-18.1
OTHER COMPREHENSIVE INCOME:			
Items that will never be reclassified to profit or loss			
Remeasurements of defined benefit liability plans		**5.8**	-1.4
Related tax		**-1.2**	0.3
Total		**4.6**	-1.2
Items that may be reclassified to profit or loss			
Cash flow hedges		**-0.0**	2.1
Share of other comprehensive income in associated companies and joint ventures		**-0.1**	0.0
Foreign currency translation differences		**1.5**	-7.4
Other changes		**0.0**	0.1
Related tax	9)	**0.0**	-0.4
Total		**1.5**	-5.6
Other comprehensive income for the period, net of tax		**6.1**	-6.8
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**27.1**	-24.9
Profit (loss) for the period attributable to			
Shareholders of the parent company		**21.0**	-18.1
		21.0	-18.1
Total comprehensive income attributable to			
Shareholders of the parent company		**27.1**	-24.9
		27.1	-24.9
Earnings per share based on profit (loss) attributable to the shareholders of the parent company (in euros) (basic/diluted):	10)	**0.58**	-0.50

Consolidated statement of financial position (IFRS)

EUR million	NOTE	31 Dec 2015	31 Dec 2014
ASSETS			
Non-current assets			
Goodwill	11)	**84.4**	83.3
Other intangible assets	11)	**40.7**	44.7
Property, plant and equipment	12)	**74.6**	73.8
Investment property	13)	**0.0**	0.0
Investments in associated companies and joint ventures	14)	**14.9**	12.1
Available-for-sale financial assets	15)	**0.8**	0.8
Other receivables	16)	**0.5**	0.6
Deferred tax assets	17)	**10.7**	13.9
Total non-current assets		**226.5**	229.2
Current assets			
Inventories	18)	**101.2**	103.7
Trade receivables and other receivables	19)	**59.1**	74.9
Current tax assets		**3.5**	2.5
Other financial assets	20)	**0.1**	0.1
Cash and cash equivalents	21)	**76.3**	91.1
Total current assets		**240.2**	272.3
TOTAL ASSETS		**466.7**	501.5
EQUITY AND LIABILITIES			
Share capital		**60.5**	60.5
Share premium fund		**0.0**	0.0
Hedging reserve		**-1.6**	-1.5
Translation differences		**-9.6**	-10.1
Retained earnings		**121.7**	95.0
Equity attributable to shareholders of the parent company	22)	**171.0**	143.9
Total equity		**171.0**	143.9
Non-current liabilities			
Deferred tax liabilities	17)	**23.2**	23.3
Interest-bearing financial liabilities	23)	**88.4**	66.3
Pension obligations	24)	**21.6**	27.3
Other liabilities	25)	**4.9**	4.9
Total non-current liabilities		**138.1**	121.8
Current liabilities			
Interest-bearing financial liabilities	23)	**8.3**	74.0
Trade payables and other payables	25)	**147.0**	160.1
Current tax liabilities		**2.4**	1.6
Total current liabilities		**157.6**	235.7
Total liabilities		**295.7**	357.6
TOTAL EQUITY AND LIABILITIES		**466.7**	501.5

Consolidated statement of cash flows (IFRS)

EUR million	1 Jan - 31 Dec 2015	1 Jan - 31 Dec 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sales	**390.9**	478.5
Proceeds from other operating income	**7.3**	7.4
Payments for other operating expenses	**-356.8**	-403.9
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE FINANCIAL ITEMS AND TAXES	**41.4**	82.0
Interests paid and payments for other financial expenses	**-3.7**	-10.0
Interests received from operating activities	**1.1**	4.1
Income taxes paid	**-3.9**	-1.2
NET CASH FLOW FROM OPERATING ACTIVITIES (A) *	**34.8**	74.8
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and intangible assets	**-11.3**	-14.7
Proceeds from sale of property, plant and equipment and intangible assets	**1.0**	0.6
Proceeds from sale other investments	**1.7**	-
Adjustment for acquisition of subsidiaries	**-**	-2.0
Repayment of loan receivables	**0.2**	5.1
Dividends received	**1.0**	0.7
NET CASH FLOW USED IN INVESTING ACTIVITIES (B)	**-7.4**	-10.2
CASH FLOWS FROM FINANCING ACTIVITIES		
Changes in commercial paper program	**-13.0**	-31.0
Repayment of current borrowings	**-60.2**	-7.5
Proceeds from non-current borrowings	**30.0**	-
Repayment of non-current borrowings	**-**	-7.9
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	**-43.2**	-46.4
INCREASE+ / DECREASE- (A+B+C) IN CASH AND CASH EQUIVALENTS	**-15.8**	18.2
CASH AND CASH EQUIVALENTS AT 1 JAN	**91.1**	76.1
Effect of exchange rate fluctuations on cash held	**1.0**	-3.3
CASH AND CASH EQUIVALENTS AT 31 DEC	**76.3**	91.1
CASH AND CASH EQUIVALENTS		
Cash at hand and in bank	**73.9**	90.6
Cash equivalents	**2.4**	0.5
Total cash and cash equivalents	**76.3**	91.1

Consolidated statement of changes in equity (IFRS)

Equity attributable to shareholders of the parent company EUR million	Share capital	Share pemium	Hedging reserve	Trans-lation diffe-rences	Trea-sury shares	Retained earnings	Total	Total equity
Equity at 1 January 2014	60.5	0.0	-3.2	-1.2	-0.1	112.8	168.8	168.8
Total comprehensive income								
Result for the period	-	-	-	-	-	-18.1	-18.1	-18.1
Other comprehensive income (net of tax)								
Cash flow hedges	-	-	1.7	-	-	-	1.7	1.7
Foreign currency translation differences	-	-	-	-8.9	-	1.5	-7.4	-7.4
Remeasurements of defined benefit liability plans	-	-	-	-	-	-1.2	-1.2	-1.2
Other changes	-	-	-	-	-	0.1	0.1	0.1
Total comprehensive income for the period	-	-	1.7	-8.9	-	-17.7	-24.9	-24.9
Equity at 31 December 2014	60.5	0.0	-1.5	-10.1	-0.1	95.1	143.9	143.9
Equity at 1 January 2015	**60.5**	**0.0**	**-1.5**	**-10.1**	**-0.1**	**95.1**	**143.9**	**143.9**
Total comprehensive income								
Result for the period	-	-	-	-	-	**21.0**	**21.0**	**21.0**
Other comprehensive income (net of tax)								
Cash flow hedges	-	-	**-0.0**	-	-	-	**-0.0**	**-0.0**
Foreign currency translation differences	-	-	-	**0.5**	-	**1.0**	**1.5**	**1.5**
Remeasurements of defined benefit liability plans	-	-	-	-	-	**4.6**	**4.6**	**4.6**
Other changes	-	-	-	-	-	**-0.0**	**-0.0**	**-0.0**
Total comprehensive income for the period	-	-	**-0.0**	**0.5**	-	**26.6**	**27.1**	**27.1**
Equity at 31 December 2015	**60.5**	**0.0**	**-1.6**	**-9.6**	**-0.1**	**121.7**	**171.0**	**171.0**

_Notes to the consolidated financial statements

CORPORATE INFORMATION

Altia Plc is an international alcoholic beverage service company that operates in the Nordic countries, Estonia, Latvia and France producing, marketing, selling and distributing both own and partner brands. The company distils barley spirit from domestic barley for the basis of its beverages. The production plants are located in Finland and Estonia, and aging and production of cognac in France. Altia has high-quality brands of its own and international brands. In addition, the company represents international brands from all over the world.

Altia's customers include alcohol retail monopolies, alcoholic beverage wholesale outlets, restaurants, grocery stores, travel trade and importers in the export markets. The company is owned by the State of Finland.

Altia Plc is the parent company of Altia Group, domiciled in Helsinki, Finland. The registered address of the parent company is Porkkalankatu 22, FI-00101 Helsinki, Finland. Copies of the consolidated financial statements are available online at www.altiacorporation.com or at the Group administration at Porkkalankatu 22, FI-00101 Helsinki, Finland.

Altia Plc's Board of Directors has approved these financial statements for publication in its meeting on 3 March 2016. According to the Finnish Limited Liability Companies Act, shareholders have the right to approve or reject the financial statements in the Annual General Meeting held after the publication of the financial statements. The Annual General Meeting also has the right to make a decision to amend the financial statements.

ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

BASIS OF PREPARATION

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) complying with the IAS and IFRS standards as well as the SIC and IFRIC interpretations in force on 31 December 2015. In the Finnish Accounting Act and ordinances based on the provisions of the Act, IFRS refers to the standards and to their interpretations adopted in accordance with the procedures laid down in EU regulation (EC) No 1606/2002. Notes to the consolidated financial statements also comply with the requirements of the Finnish Accounting Act and Limited Liability Companies Act, which supplement the IFRS regulations.

The consolidated financial statements are prepared on a historical cost basis, unless otherwise stated in the accounting policies. The consolidated financial statements are presented in thousands of euros (annual report in millions of euros). The figures are rounded up or down, due to which the sums of figures may deviate from the sum totals presented. Key figures are calculated using precise/unrounded figures. In the financial statements, a figure of EUR 0.0 million indicates that the absolute value of the figure is less than EUR 50,000. If the figure is EUR 0, it is shown as a hyphen.

Altia has applied the following new and amended IFRS standards and interpretations from the beginning of 2015:

- Amendments to IAS 19 Employee Benefits - Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 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.
- Annual Improvements to IFRSs, 2011–2013 cycle and 2010–2012 cycle (effective for annual periods beginning on or after 1 July 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 they are not considered significant.

The amendments have had no significant impact on Altia's result for the financial year, financial position or the presentation of the financial statements.

PRINCIPLES OF CONSOLIDATION

SUBSIDIARIES

The consolidated financial statements include the parent company, Altia Plc, and those subsidiaries, in which the parent company exercises control. The Group controls an entity when it 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.

All business combinations are accounted for by using the acquisition method. The consideration transferred and the identifiable assets acquired and liabilities assumed in the acquired company are measured at fair value at the acquisition date. All acquisition-related costs, with the exception of costs to issue debt or equity securities, are expensed. The consideration transferred does not include any transactions accounted for separately from the acquisition. Any contingent consideration is recognised at fair value at the acquisition date and it is classified as either liability or equity. Contingent consideration classified as a liability is measured at fair value at each reporting date and any resulting gain or loss is recognised in profit or loss. Any share of non-controlling interests in an acquiree is measured at either fair value or based on a proportional share of the identifiable net assets in the acquiree. The basis of measurement is determined separately for each acquisition.

The financial statements of acquired subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group transactions, receivables, liabilities and unrealised gains, as well as the distribution of profits within the Group are eliminated in preparing the consolidated financial statements. Unrealised losses are not eliminated if the loss in question results from impairment. The allocation of profit or loss and comprehensive income for the period attributable to the shareholders of the parent company and to non-controlling interests is disclosed in the statement of comprehensive income. Total comprehensive income is attributed to the owners of the parent company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Non-controlling interests are presented as a separate item within equity. Changes in the ownership interest in a subsidiary are accounted for as equity transactions if the parent company retains control over the subsidiary. In a business combination achieved in stages, the previously held equity interest is measured at fair value and any resulting gain or loss is recognised in profit or loss. If the Group loses control over a subsidiary, any investment retained is measured at fair value at the date of losing control and the resulting gain or loss is recognised in profit or loss. The Group had no non-controlling interests at the end of the reporting or comparison period. The acquisitions that occurred before 1 January 2010 are accounted for according to the standards effective at that time.

ASSOCIATED COMPANIES AND JOINT ARRANGEMENTS

Associated companies are all entities over which the Group has significant influence, generally accompanying a shareholding of over 20% of the voting rights, or in which the Group otherwise has significant influence but not control. Altia has an investment in an associated company Palpa Lasi Ltd, in which Altia owns 25.5%.

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint arrangement is either a joint operation or a joint venture. Altia has an interest in Roal Ltd, in which the Group owns 50% and has rights to the net assets of the company based on the contractual relationship. The interest in Roal Ltd is accounted for as a joint venture.

Associated companies and joint ventures are consolidated by using the equity method. Under the equity method, the investment is initially recognised at cost and subsequently adjusted with the change in the net assets of the investee after the acquisition date, consistent with the ownership interest of the investor. The investor recognises its share of the profit or loss in the investee in profit or loss.

Unrealised gains generated in transactions between the Group and its associated companies or joint ventures are eliminated based on the Group's share of ownership. An investment in an associated company and a joint venture includes goodwill arisen on acquisition. The Group's share in the associated company's or joint venture's profit and loss for the period is separately disclosed after operating profit or loss. The Group's share in changes in the associated company's or joint venture's other comprehensive income is recognised in consolidated other comprehensive income. If the Group's share in the associated company's or joint venture's loss exceeds the carrying amount of the investment, the investment is recognised at zero value in the consolidated statement of financial position and the loss exceeding the carrying amount is not consolidated, unless the Group has committed to fulfil the company's obligations.

SEGMENT REPORTING

IFRS 8 Operating Segments does not require unlisted companies to disclose segment information. The Board of Directors of Altia Plc decided at the end of 2014 that the company will not disclose information specific to operating segments.

FOREIGN CURRENCY ITEMS

The consolidated financial statements are presented in euro, which is the functional and presentation currency of the parent company. Transactions in foreign currencies are translated to euro at average foreign exchange rates published by the European Central Bank on banking days. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to euro at the average exchange rates prevailing at that date. Foreign currency differences arising on translation are recognised in profit or loss. Foreign exchange gains and losses related to purchases and sales are recognised in the respective items and included in operating profit. Foreign currency gains and losses arising from loans denominated in foreign currencies are recognised in financial income and expenses.

Income and expenses for the statements of comprehensive income of foreign subsidiaries that operate outside the eurozone are translated using the average rates of the European Central Bank's exchange rates at the end of the month. The statements of financial position of foreign subsidiaries are translated using the average exchange rates ruling at the reporting date. Foreign currency differences arising on the translation of profit or loss for the period with different exchange rates in the statement of comprehensive income and in the statement of financial position are recognised in other comprehensive income and included in translation differences in equity. Changes in translation differences are recognised in other comprehensive income.

In the consolidated financial statements, exchange rate differences arising from the translation of foreign currency denominated loans to foreign subsidiaries, which form a part of net investments in foreign companies, are recognised in other comprehensive income and included in translation differences within equity.

Translation differences arising from elimination of the cost of foreign subsidiaries and from translation of the foreign subsidiaries' post-acquisition profits and losses are recognised in other comprehensive income and presented as a separate item within equity. Goodwill and the fair value adjustments to the carrying amounts of assets and liabilities of foreign units arising on acquisition are accounted for as assets and liabilities of the respective foreign units, which are translated to euro at the exchange rates prevailing at the reporting date. If these foreign units are entirely or partly disposed of, related exchange rate differences are recognised in profit or loss as part of the gain or loss on disposal.

GOODWILL

Goodwill arising on the acquisition of a subsidiary is recognised as the excess of the aggregate of the consideration transferred, the amount of non-controlling interests and any previously held equity interest in the acquiree, over the Group's share of the fair value of the net assets acquired. The goodwill arisen on the acquisitions occurred before 2010 is determined in accordance with the IFRSs effective at that time. Goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but is tested annually for impairment. For the purpose of impairment testing, goodwill is allocated to the groups of cash-generating units that are expected to benefit from the business combinations in which the goodwill was generated. Goodwill related to associated companies and joint ventures is included in the carrying amounts of the respective investments.

OTHER INTANGIBLE ASSETS

Intangible assets are carried at historical cost less accumulated amortisation and impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over the estimated useful life of the asset in question.

The estimated useful lives of intangible assets are as follows:

Customer relationships	12 years
Supplier relationships	10 years
IT software	3 years
Other intangible assets	5 - 15 years

Recognition of amortisation on an intangible asset is discontinued when the asset is no longer in use or classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Expenditure on research activities is recognised in profit or loss in the period in which it is incurred. The Group has no projects related to the development activities of new products or processes qualifying for the identifiability and other criteria regarding capitalisation included in IAS 38 Intangible Assets.

Accounting for emission allowances is described below in section Government grants and assistance.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at historical cost less accumulated depreciation and impairment losses. If parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items. The subsequent costs related to the items of property, plant and equipment are capitalised only if the future economic benefits exceed the originally assessed standard of performance. All other expenditure is recognised as an expense as incurred. The borrowing costs directly attributable to the acquisition or construction of a qualifying asset are capitalised as a part of the cost of that asset when it is probable that they will generate future economic benefits and the costs can be measured reliably. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Investment properties are properties held by the Group in order to earn rental income or for capital appreciation. Investment properties are measured at cost less accumulated depreciation and impairment losses. Fair values of investment properties are determined based on a valuation carried out by an external property valuer.

Depreciation is recognised on a straight-line basis over the estimated useful lives of items of property, plant and equipment.

The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	20–40 years
Machinery and equipment	10 years
Vehicles	5 years
IT hardware	3 years

The estimated useful lives and residual values are reviewed at each financial year-end, and if they differ substantially from the previous estimates, the depreciation periods are adjusted accordingly. Depreciation of an item of property, plant and equipment is discontinued if the item is classified as being held for sale in accordance with IFRS 5.

Gains and losses on the disposal of property, plant and equipment are included in other operating income or expenses.

INVENTORIES

Inventories are measured at the lower of cost and net realisable value. Self-manufactured products are measured at standard prices, except cognac products, which are measured at weighted average cost. Fixed production costs are allocated to the cost of own production.

Raw materials, supplies and trading goods are measured at weighted average cost. Semi-finished products are measured at weighted average cost, except semi-finished products produced in Estonia, which are measured at standard prices. Repacked trading goods are measured at standard cost in repacking plant.

The cost of finished products and work in progress includes raw materials, direct labour costs, other direct costs as well as an allocable proportion of variable procurement and production costs and fixed overheads in case of finished products, determined based on normal operating capacity.

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

FINANCIAL ASSETS

The Group's financial assets are classified as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. Classification is made upon initial recognition based on the purpose of use of the asset. The basis of classification is reassessed at each reporting date.

All purchases and sales of financial instruments are recognised on the trade date, which is the date when the Group commits to purchase or sell a financial instrument. Financial assets are recognised in the statement of financial position at original cost which equals their fair value at the acquisition date. If the asset in question is not measured at fair value through profit or loss, transaction costs are included in the original cost of the financial asset.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or the Group transfers substantially all the risks and rewards related to the financial asset outside the Group.

Financial assets are included in non-current items of the statement of financial position when their maturity is over 12 months, excluding derivative instruments, which are always recognised in the current items of the statement of financial position.

FINANCIAL ASSETS RECOGNISED AT FAIR VALUE THROUGH PROFIT OR LOSS

This category includes financial assets held for trading purposes or otherwise designated as financial assets recognised at fair value through profit or loss by Altia Group. Derivative instruments held for hedging purposes, but not qualifying for the criteria of hedge accounting, are classified in this category. Items in this category are initially recognised at fair value and subsequently measured at the fair value of each reporting date, which is the market bid price at the end of the reporting period determined based on public price quotations in active markets. Realised and unrealised gains and losses arising from changes in fair values are recognised in profit or loss in financial items in the period in which they are incurred if they relate to hedging of financial items. If derivative instruments relate to hedging of commercial items (foreign currency denominated purchases and sales), the realised and unrealised gains and losses are recognised in profit or loss and included in operating profit.

LOANS AND RECEIVABLES

Loans and receivables arise when money, goods or services are delivered to a debtor, and they are included in current or non-current financial assets in accordance with their maturity. In Altia, non-current receivables include loan receivables and other receivables with the maturity of over one year. Current receivables include trade receivables as well as cash and cash equivalents presented under current financial assets. Receivables are measured at amortised cost when the related payments are fixed or determinable and the instruments are not quoted in financial markets. The exchange rate differences of intra-group foreign currency denominated receivables are presented within financial items in the foreign exchange differences of the Loans and receivables category.

Sold trade receivables are derecognised from the statement of financial position as soon as the receivable is sold and the price of the receivable has been received. The costs related to the sold receivables are recognised in Other financial expenses.

Trade receivables are carried at original invoiced amount less any impairment losses. The assessment of doubtful receivables and need to recognise an impairment loss is based on objective evidence of potential non-recovery of a single asset. Examples of this kind of evidence resulting in impairment include significant financial difficulties of the debtor, likelihood that the debtor will enter bankruptcy or other financial reorganisation as well as the notable and continuous neglect of payment due dates. An impairment loss is recognised immediately in profit or loss.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are non-derivative financial assets which are either designated in this category or not classified in any other category of financial assets. These are included in non-current assets, unless they are intended to be held less than 12 months from the end of the reporting period, in which case they are included in current assets. The Group's non-current financial assets comprise unquoted shares.

Financial assets in this category are measured at fair value determined by using quoted market prices and rates at the end of the reporting period. The Group's available-for-sale financial assets are unquoted shares for which fair values cannot be reliably measured, and they are measured at the lower of original cost and probable value. Their carrying amounts correspond to their fair values at the reporting date. The Group estimates at each reporting date whether there is objective evidence of impairment of an available-for-sale financial asset. Impairment losses for which there is objective evidence are immediately recognised in profit or loss. For example, a significant or long-term decrease in fair value below the original cost of an asset can be regarded as objective evidence of impairment.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at hand, cash in bank as well as other highly liquid investments with maturities of three months or less on the acquisition date. Used Group overdrafts are included in current interest-bearing financial liabilities.

FINANCIAL LIABILITIES

Financial liabilities are classified as financial liabilities at fair value through profit or loss and financial liabilities at amortised cost. Financial liabilities are initially measured at fair value and recognised net of transaction costs, with the exception of items measured at fair value through profit or loss. A financial liability is classified as current, unless the Group has an unconditional right to defer the settlement of the liability for at least 12 months after the end of the reporting period, with the exception of derivative instruments that are always recognised in current items in the statement of financial position. A financial liability (or a part of it) is not derecognised until the obligation specified in the contract is discharged or cancelled or expires.

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial liabilities at fair value through profit or loss include derivatives held for hedging purposes but not qualifying for hedge accounting. Financial liabilities in this category are measured at fair value at the reporting date, which is determined based on price quotations in active markets. Realised and unrealised gains or losses arising from the changes in fair values are recognised through profit or loss in the financial items as incurred.

FINANCIAL LIABILITIES AT AMORTISED COST

This category includes the Group's external loans from financial institutions, commercial paper loans as well as trade payables. These financial liabilities are measured at amortised cost using the effective interest method. When loans are paid off or refinanced, the related unamortized arrangement fees are recognised in financial expenses.

The exchange rate differences arising from foreign currency denominated loans from financial institutions are disclosed under financial items. The exchange rate differences of intra-group foreign currency denominated loans are presented within financial items in the foreign exchange differences of the category Financial liabilities at amortised cost.

In addition, Altia has a revolving credit facility line and the related arrangement fee is amortised on a straight-line basis in other financial expenses during the term of the facility.

DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING

Derivatives are included in financial assets and liabilities at fair value through profit or loss when they do not meet the criteria of hedge accounting pursuant to IAS 39. These derivatives are recognised at fair value on the trade date and they are subsequently measured at fair value at the reporting date.

WHEN HEDGE ACCOUNTING IS NOT APPLIED

The accounting for gains and losses arising from fair value measurement is dependent on the purpose of use of the derivative. In Altia, the changes in the fair values of derivative instruments are immediately recognised in profit or loss in operating profit if the derivative in question is related to hedging of commercial cash flows (purchases and sales) and hedge accounting is not applied. The fair value changes of other derivative instruments are immediately recognised in profit or loss in financial items if hedge accounting is not applied. Derivatives, to which hedge accounting is not applied, are acquired to minimise the profit and/or cash flow effects related to business operations or financing.

WHEN HEDGE ACCOUNTING IS APPLIED

In Altia, cash flow hedging is applied to part of the interest rate, foreign currency and electricity derivatives based on case-by-case assessment. In cash flow hedging, the Group is hedging against changes in cash flows related to a specific asset or liability recognised in the statement of financial position or to a highly probable future business transaction. Hedge accounting is a method of accounting with the purpose to allocate one or several hedging instruments so that their fair value changes offset in full or partly the changes in fair value or cash flow arising from the hedged risk in profit or loss during the period, for which the hedge is designated. In the beginning of the hedging arrangement, Altia documents the relationship between each hedging instrument and hedged item, as well as the objectives of risk management and the strategy in engaging in hedging. The effectiveness of hedging instruments is tested both prospectively and retrospectively. Effectiveness means the ability of a hedging instrument to offset the changes in the fair value of the hedged item or changes in the cash flows of the hedged transaction attributable to the hedged risk. The hedging relationship is regarded to be highly effective if the realised results of the hedging instrument offset the changes in the cash flows of the hedged item by 80–125 percent. Hedge accounting is discontinued when the criteria for hedge accounting are no longer met.

The gains and losses arising from fair value changes of derivative contracts, to which hedge accounting is applied, are presented in congruence with the hedged item. The effective portion of the unrealised changes in the fair value of derivatives designated and qualifying as cash flow hedges are recognised in other comprehensive income and presented in the hedging reserve in equity. The ineffective portion is immediately recognised in profit or loss. The cumulative gain or loss in equity on derivative instruments related to commercial items is recognised in profit or loss as an adjustment to purchases or sales simultaneously with the hedged item in the period in which the hedged item affects profit or loss. When a hedging instrument designated as a cash flow hedge expires, is sold or no longer meets the criteria of hedge accounting, the gain or loss accumulated in equity is recognised through profit or loss.

Change in the premium on forward contracts and time value of options is always recognised through profit or loss. Thus hedge accounting is not applied to these items, even if hedge accounting is applied to the derivative instrument in question. Realised gain or loss on electricity derivatives is included in operating profit in electricity procurement expenses.

FAIR VALUE MEASUREMENT

The fair values of interest rate derivatives are calculated by discounting the future contractual cash flows at the measurement date. The fair values of foreign exchange derivatives are determined by using the market prices at the end of the reporting period. The fair values obtained from the financial markets are used in measuring commodity derivative instruments.

Financial assets and financial liabilities measured at fair value are divided into three levels of fair value hierarchy for presentation purposes. The levels of fair value hierarchy reflect the significance of inputs used in determining the fair values. In level one, fair values are based on public quotations of identical financial instruments. In level two, the inputs used in determining the fair values are based on quoted market rates and prices observable for the asset or liability in question directly (i.e. price) or indirectly on discounted future cash flows. In level three, the fair values of assets and liabilities are based on inputs that are not based on observable market data for all significant variables, and instead are, to a significant extent, based on management estimates and their use in generally accepted measurement models. The reported fair value level is based on the lowest level of input information that is significant in determining the fair value.

PROVISIONS

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the obligation can be reliably estimated. The amount recognised as provision is the management's best estimate of the costs required to settle the existing obligation at the end of the reporting period. If part of the obligation may potentially be compensated by a third party, the compensation is recognised as a separate asset when it is virtually certain that the compensation will be received.

A provision for restructuring is recognised when a detailed restructuring plan has been prepared, and the implementation of the plan has either been commenced or the plan has been announced to those who are affected.

GOVERNMENT GRANTS AND ASSISTANCE

Government grants, for example grants received from the State, are recognised in profit or loss in the same period in which the related expenses are recognised. Grants that compensate the Group for the acquisition of property, plant and equipment are deducted from the carrying amount of the asset in question. Depreciation on such an asset is determined based on the carrying amount adjusted with the grant received.

The Group participates in the European Union emission trading scheme, where it has been granted a certain number of carbon dioxide emission allowances for a certain period of time, free of charge. Altia Plc discloses its carbon dioxide emission allowances granted free of charge on net basis. Following from this, the Group does not recognise in the statement of financial position the granted emission allowances, nor the obligation to deliver allowances corresponding to the realised emissions. The Group does not recognise income or expenses arising from emission allowances through profit or loss when the emission allowances granted are sufficient to cover the obligation to deliver allowances corresponding to the amount of emissions made. If the realised emissions exceed the granted emission allowances, the obligation arising from the excess emissions is recognised at fair value as a liability in the statement of financial position at the reporting date. If the realised emissions fall below the granted emission allowances, the difference is not recognised in the statement of financial position but it is disclosed in the notes to the financial statements, measured at fair value.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

At each reporting date, the carrying amounts of the Group's assets are assessed to determine whether there is any objective evidence of impairment. If any such evidence of impairment emerges, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is immediately recognised in profit or loss. The estimated useful life of the asset in question is also reassessed when an impairment loss is recognised. Irrespective of whether there is any evidence of impairment, the recoverable amounts of the following items are estimated annually: goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use. The need for recognising an impairment loss is assessed at cash-generating unit level; that is, at the lowest unit level with separate, essentially independent cash flows. Goodwill is allocated to those cash-generating units which are expected to benefit from the business combinations.

The recoverable amount is the higher of fair value less costs of disposal and value in use. The value in use is calculated based on estimated future net cash flows generated by the asset or cash-generating unit discounted to their present value. In Altia Group, the recoverable amount has been determined based on value in use.

The impairment loss is reversed if there has been a positive change in the estimates used to determine the recoverable amount of the asset or cash-generating unit. Impairment losses are only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised. An impairment loss on goodwill is never reversed.

LEASES

Lease contracts of property, plant and equipment, in which Altia assumes substantially all the risks and rewards of ownership are classified as finance leases. An asset leased through a finance lease is recognised in property, plant and equipment based on its nature and measured at the lower of its fair value and present value of the minimum lease payments at the inception of the lease term. The respective finance lease liabilities, less finance charges, are included in other non-current interest-bearing financial liabilities. An asset acquired through a finance lease is depreciated over the shorter of the asset's useful life and the lease term.

Leases where the lessor retains the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognised as expenses on a straight-line basis over the lease term.

EMPLOYEE BENEFITS

PENSION PLANS

The Group companies in different countries operate various pension plans in accordance with the local conditions and practices. These pension plans are classified as either defined contribution plans or defined benefit plans.

Contributions to defined contribution pension plans are recognised through profit or loss in the periods during which the services are rendered by the employees. The Group has no legal or constructive obligation to make additional payments if the party receiving the payments is not able to perform the pension benefits in question. All other plans that do not meet these conditions are classified as defined benefit plans.

Defined benefit plans are financed with payments to pension insurance companies. The obligation in respect of defined benefit pension plans is calculated using the projected unit credit method separately for each plan. Pension expenses are recognised in periods during which services are rendered by employees participating the plan according to actuarial calculations prepared by qualified actuaries. The amount recognised as a defined benefit liability or asset comprises the net total of the following items: the present value of the defined benefit obligation and the fair value of the plan assets. The discount rate used to determine the present value of the defined benefit obligation is the yield on high quality corporate or government bonds with a similar maturity to that of the pension obligation.

Current service cost and the net interest on net defined benefit liability is recognised in profit or loss. The pension expense is disclosed under the employee benefit expenses and the net interest is disclosed under financial items. Items arising from the remeasurement of net defined benefit liability are recognised in other comprehensive income during the period in which they occur.

Past service cost is expensed at the earlier of the following dates: when the plan amendment or curtailment occurs or when the entity recognises related restructuring costs or termination benefits.

INCOME TAX

The Group's income tax expense recognised through profit or loss comprises current tax based on taxable income for the period, any adjustments to tax payable in respect of previous periods and deferred taxes. Current income tax based on taxable income is calculated according to the local tax regulations of each Group company.

Tax effects related to transactions or other events recognised in profit or loss are recognised in profit or loss. If the taxes relate to items of other comprehensive income or transactions or other events recognised directly in equity, income taxes are recognised within the respective items. The Group's share of profit or loss in joint ventures and associated companies is reported as calculated from the net profit and thus including the income tax effect.

Deferred tax assets and liabilities are principally recognised for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The most significant temporary differences arise from property, plant and equipment and intangible assets, carry forward of unused tax losses and provisions. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax liabilities are recognised in full. Deferred taxes are calculated using tax rates enacted or substantively enacted at the end of the reporting period.

REVENUE RECOGNITION

Revenue from the sale of products is recognised after the significant risks and rewards of ownership of the sold products have been transferred to the buyer, and the Group retains neither a managerial involvement to the degree usually associated with ownership nor effective control of those goods. Usually this means that revenue is recognised upon delivery of goods in accordance with agreed terms of delivery.

OPERATING PROFIT

The Group has defined operating profit as follows: operating profit is the net amount consisting of net sales and other operating income less purchases of materials and services adjusted with changes in the inventory of finished goods and work in progress and the cost of production for own use, employee benefit expenses, depreciation, amortisation and impairment losses, and other operating expenses. Foreign currency gains and losses related to normal business operations are included in operating profit; otherwise they are included in financial income and expenses.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets (or disposal groups) and assets and liabilities related to discontinued operations are classified as for sale if they are expected to be recovered primarily through sale rather than through continuing use. Classification as 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. Non-current assets held for sale and assets related to discontinued operations are principally measured at the lower of carrying amount and fair value less the costs to sell, and the recognition of depreciation and amortisation is discontinued.

A discontinued operation is a separate major line of business or geographic area of operations that has been disposed of or classified as for sale. Profit of discontinued operations is presented separately in the statement of comprehensive income.

Non-current assets classified as held for sale, disposal groups, items related to non-current assets held for sale and recognised in other comprehensive income, as well as liabilities included in disposal groups are presented in the statement of financial position separately from other items. The Group had no such items at the end of the reporting or comparison period.

ACCOUNTING POLICIES REQUIRING MANAGEMENT JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing the financial statements, the Group management makes judgements concerning the selection and application of accounting policies. This particularly applies to cases in which the valid IFRS standards allow for alternative methods of recognition, measurement or presentation.

The most significant area in which the management has exercised judgement is related to impairment testing, as the preparation of the calculations requires estimates regarding the future.

Estimates made in the preparation of the financial statements, and the underlying assumptions, are based on the management's best knowledge on the closing date of the reporting period, and they are based on historical experience and other factors assumed to reflect the most accurate view of the measurement of assets and liabilities. Consequently, the realised results can differ from these estimates. Critical future assumptions and estimation uncertainties at the reporting date, which pose a significant risk of resulting in material changes in the carrying amounts of assets and liabilities within the next financial year, include the following:

IMPAIRMENT TESTING

In the Group, goodwill, intangible assets with indefinite useful lives and intangible assets that are not yet available for use are tested annually for impairment and indication of impairment is assessed according to the accounting policies presented above. The recoverable amounts of cash-generating units are determined using calculations based on their value in use. The preparation of these calculations requires estimates regarding the future. Further information on the sensitivity of the recoverable amounts to changes in the underlying assumptions is disclosed in note 11 Intangible assets.

EMPLOYEE BENEFITS

Measurement of defined benefit pension obligation and plan assets is based on the actuarial assumptions made by management. These include e.g. the discount rate used in calculating the present value of the obligation, future salary and pension level, expected return on plan assets and the turnover of personnel included in the plan. Changes in the actuarial assumptions, as well as differences between expected and realised values result in actuarial gains and losses. Further information is disclosed in note 24 Non-current employee benefit obligations.

DEFERRED TAXES

Deferred tax assets are recognised for carry forward of unused tax losses and for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which they can be utilised. The recognised amounts of deferred tax assets are based on management's assessment of future taxable income. Changes in tax legislation can also affect the estimates made by the management. Further information is disclosed in note 17 Deferred tax assets and liabilities.

NON-RECURRING ITEMS AFFECTING COMPARABILITY

Significant restructuring costs and impairment losses and their reversals, significant gains and losses related to sales and acquisitions of business operations and items of property, plant and equipment are presented as non-recurring items.

ADOPTION OF NEW OR AMENDED IFRS STANDARDS AND INTERPRETATIONS APPLICABLE IN FUTURE REPORTING PERIODS

Altia 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 of each standard and interpretation or, if the date is other than the first day of the reporting period, from the beginning of the subsequent reporting period.

* = not yet endorsed for use in the European Union as of 31 December 2015

- Amendment to IAS 1 Presentation of Financial Statements: Disclosure Initiative (effective for annual periods beginning on or after 1 January 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 Group is still determining the impacts of the standard.
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation* (effective for annual periods beginning on or after 1 January 2016): The amendments clarify IAS 16 and IAS 38. Revenue-based methods cannot be used to depreciate property, plant and equipment and may only be used in limited circumstances to amortise intangible assets. The amendments are not assessed to have an impact on Altia's consolidated financial statements.
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective for annual periods beginning on or after 1 January 2016): The amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments are not assessed to have a material impact on Altia's consolidated financial statements.
- Amendments to IFRS 11 Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations* (effective for annual periods beginning on or after 1 January 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 a material impact on Altia's consolidated financial statements.
- Annual Improvements to IFRSs, 2012–2014 cycle (effective for annual periods beginning on or after 1 January 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 four standards. Their impacts vary standard by standard but they are not considered significant.
- New IFRS 15 Revenue from Contracts with Customers* (effective for annual periods beginning on or after 1 January 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 Group is still determining the impacts of the standard.
- IFRS 9 Financial Instruments* (effective for annual periods beginning on or after 1 January 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. The standard also includes new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The impact of the new standard is estimated to mainly consist of the expansion of notes to the financial statements concerning financial instruments.

Other forthcoming amendments to IFRS standards and IFRIC interpretations that the Group is aware of are not assessed to have a material impact on Altia's consolidated financial statements.

1. *Other operating income*

EUR million	2015	2014
Gains on sale of property, plant and equipment and intangible assets	**1.0**	0.6
Gains on sale of available-for-sale financial assets	**1.7**	-
Rental income	**0.7**	0.8
Income from sale of energy, water, steam and carbon dioxide	**3.4**	3.6
Other income	**3.2**	3.0
Total	**10.0**	8.0

2. *Employee benefit expenses*

EUR million	2015	2014
Wages and salaries	**42.7**	50.9
Pension expenses		
Defined contribution plans	**6.0**	7.2
Defined benefit plans	**0.4**	-0.0
Other social expenses	**5.6**	7.2
Total	**54.7**	65.2

Average number of personnel during the period		
Workers	**360**	405
Clerical employees	**519**	582
Total	**879**	987

More information on the Group's pension plans is presented in Note 24 Non-current employee benefit obligations. Information on management remuneration is presented in Note 28 Related party transactions.

3. *Depreciation, amortisation and impairment*

EUR million	2015	2014
Depreciation and amortisation by asset categories		
Intangible assets		
Intangible rights	**5.4**	8.4
Other intangible assets	**0.2**	0.2
Total	**5.6**	8.7
Property, plant and equipment		
Buildings	**3.0**	2.8
Machinery and equipment	**5.2**	5.5
Machinery and equipment, acquired through finance leases	**0.5**	0.6
Other tangible assets	**0.0**	0.0
Total	**8.8**	8.9
Impairment losses by asset categories		
Goodwill	-	23.2
Intangible rights	-	8.2
Total impairment losses	-	31.4

The impairment losses of the comparison period relate to acquisition of partner business in Norway 10 years ago and write down of trade marks.

4. *Other operating expenses*

EUR million	2015	2014
Losses on sales and disposals of property, plant and equipment and intangible assets	**0.5**	0.2
Rental expenses	**7.0**	7.9
Marketing expenses	**16.5**	16.5
Travel and representation expenses	**3.2**	3.8
Outsourcing services	**7.8**	8.0
Repair and maintenance expenses	**8.2**	9.0
Cars and transport services	**0.9**	1.3
Energy expenses	**10.3**	10.5
ICT expenses	**4.7**	4.4
Variable sales expenses	**11.9**	13.3
Other expenses	**8.2**	9.4
Total	**79.1**	84.1
Auditor's fees		
Audit fees	**0.3**	0.4
Tax consultation	**0.2**	0.1
Other fees	**0.0**	0.1
Total	**0.4**	0.6

5. Research and development expenditure

Research and development expenditure amounting to EUR 3.4 million has been recognised in profit or loss (EUR 4.1 million in 2014).

6. Non-recurring items

EUR million	2015	2014
Operating profit excluding non-recurring items	**23.6**	17.9
Restructuring costs	**-1.0**	-5.5
Impairment loss	**-**	-31.4
Sales of assets	**2.7**	0.5
Total non-recurring items	**1.7**	-36.4
Operating profit (loss)	**25.3**	-18.6

7. Financial income

EUR million	2015	2014
Interest income		
Financial assets at fair value through profit or loss	**0.1**	0.2
Loans and receivables	**0.1**	0.4
Available-for-sale financial assets	**0.0**	0.1
Derivatives under hedge accounting	**0.0**	0.2
Total interest income	**0.3**	0.8
Foreign exchange gains		
Financial assets at fair value through profit or loss	**0.1**	2.3
Loans and receivables	**0.3**	1.0
Total foreign exchange gains	**0.4**	3.3
Dividend income		
Available-for-sale financial assets	**0.1**	0.0
Total dividend income	**0.1**	0.0
Total financial income	**0.8**	4.2

Foreign exchange differences arising from trade receivables and trade payables amounting to EUR 0.0 (-0.6) million and from currency derivatives amounting to EUR 0.7 (0.9) million are included in operating profit.

8. Financial expenses

EUR million	2015	2014
Interest expenses		
Financial liabilities at fair value through profit or loss	**0.1**	0.2
Financial liabilities at amortised cost	**1.6**	2.1
Derivatives under hedge accounting	**0.7**	1.9
Other interest expenses, pension liability	**0.5**	0.9
Other interest expenses, pension liability	**2.8**	5.1
Foreign exchange losses		
Financial assets at fair value through profit or loss	**0.1**	1.7
Loans and receivables	**0.2**	0.7
Total foreign exchange losses	**0.2**	2.5
Other financial expenses		
Other financial expenses	**0.7**	2.1
Ineffective portion of commodity derivatives under hedge accounting	**0.2**	0.1
Other commodity derivatives	**-0.3**	-0.4
Total other financial expenses	**0.6**	1.8
Total financial expenses	**3.6**	9.3

Interest expenses include finance lease related interest expenses amounting to EUR 0.1 (0.1) million.

9. *Income taxes*

EUR million	2015	2014
Current income tax expense	**3.3**	1.8
Adjustments to taxes for prior periods	**0.4**	0.2
Deferred taxes:		
Origination and reversal of temporary differences	**1.5**	-4.3
Impact of changes in tax rates	**-0.0**	0.0
Total	5.2	-2.3

The reconciliation of the tax expense recognised in profit or loss and the tax expense calculated using Altia Group's domestic corporate tax rate (20.0%):

EUR million	2015	2014
Result before taxes	**26.3**	-20.4
Income tax using the parent company's tax rate	**5.3**	-4.1
Effect of tax rates of subsidiaries in foreign jurisdictions	**-0.0**	-2.3
Tax-exempt income	**-0.0**	-0.2
Non-deductible expenses	**0.2**	0.3
Impairment of goodwill	**-**	6.1
Utilisation of previously unrecognised tax losses	**-0.0**	-0.0
Adjustments to taxes for prior periods	**0.4**	0.2
Share of profit in associated companies and joint ventures, net of tax	**-0.8**	-0.6
Effect of changes in tax rates	**-0.0**	0.0
Tax arising on dividends	**-**	0.2
Current period losses for which no deferred tax asset was recognised	**0.5**	0.1
Deferred taxes from losses and temporary differences not recognised in earlier periods	**-0.3**	-1.9
Tax expense in profit or loss	5.2	-2.3

Income tax recognised in other comprehensive income 2015

EUR million	Before tax	Tax	Net of tax
Cash flow hedges	**-0.0**	**0.0**	**-0.0**
Share of other comprehensive income in associated companies and joint ventures	**-0.1**	**-**	**-0.1**
Translation differences	**1.5**	**-**	**1.5**
Remeasurements of defined benefit liability	**5.8**	**-1.2**	**4.6**
Other changes	**0.0**	**-**	**0.0**
Total	7.3	-1.2	6.1

Income tax recognised in other comprehensive income 2014

EUR million	Before tax	Tax	Net of tax
Cash flow hedges	2.1	-0.4	1.7
Share of other comprehensive income in associated companies and joint ventures	0.0	-	0.0
Translation differences	-7.4	-	-7.4
Remeasurements of defined benefit liability	-1.4	0.3	-1.2
Other changes	0.1	-	0.1
Total	-6.6	-0.1	-6.8

10. *Earnings per share*

Earnings per share is calculated by dividing the result for the period attributable to the shareholders of the parent company by the weighted average number of shares during the reporting period.

	2015	2014
Result attributable to the shareholders of the parent company, EUR million	**21.0**	-18.1
Weighted average number of shares (1,000 pcs)	**35.985**	35.985
Basic and diluted earnings per share (EUR)	**0.58**	-0.50

11. *Intangible assets*

EUR million	Intangible rights	Other intangible assets	Pre-payments	Goodwill	Total
Acquisition cost at 1 January 2015	**137.8**	**11.0**	**1.5**	**150.5**	**300.8**
Additions	**0.1**	**0.0**	**1.2**	**-**	**1.2**
Disposals	**-0.0**	**-**	**-**	**-**	**-0.0**
Effect of movement in exchange rates	**0.6**	**-0.0**	**-**	**-6.3**	**-5.7**
Transfers between items	**1.7**	**0.0**	**-1.8**	**-**	**-0.1**
Acquisition cost at 31 December 2015	**140.2**	**11.1**	**0.9**	**144.2**	**296.3**
Accumulated amortisation and impairment losses at 1 January 2015	**-95.4**	**-10.2**	**-**	**-67.2**	**-172.8**
Amortisation	**-5.4**	**-0.2**	**-**	**-**	**-5.7**
Accumulated amortisation on disposals and transfers	**0.0**	**-**	**-**	**-**	**0.0**
Effect of movement in exchange rates	**-0.2**	**0.0**	**-**	**7.4**	**7.2**
Accumulated amortisation and impairment losses at 31 December 2015	**-101.0**	**-10.4**	**-**	**-59.8**	**-171.2**
Carrying amount at 1 January 2015	**42.4**	**0.9**	**1.5**	**83.3**	**128.0**
Carrying amount at 31 December 2015	**39.1**	**0.7**	**0.9**	**84.4**	**125.0**
Acquisition cost at 1 January 2014	142.7	11.0	1.0	156.4	311.2
Additions	0.1	-	1.2	-	1.4
Acquisition of subsidiaries	-	-	-	2.0	2.0
Disposals	-0.3	-0.1	-	-	-0.3
Effect of movement in exchange rates	-5.5	-0.0	-0.0	-7.9	-13.4
Transfers between items	0.7	0.1	-0.8	-	0.0
Acquisition cost at 31 December 2014	137.8	11.0	1.5	150.5	300.8
Accumulated amortisation and impairment losses at 1 January 2014	-83.2	-10.0	-	-49.0	-142.1
Amortisation	-8.2	-0.2	-	-	-8.5
Impairment losses	-8.1	-	-	-23.2	-31.2
Accumulated amortisation on disposals and transfers	0.1	0.1	-	-	0.1
Effect of movement in exchange rates	4.0	0.0	-	5.0	9.0
Accumulated amortisation and impairment losses at 31 December 2014	**-95.4**	**-10.2**	**-**	**-67.2**	**-172.8**
Carrying amount at 1 January 2014	59.5	1.0	1.0	107.4	169.0
Carrying amount at 31 December 2014	42.4	0.9	1.5	83.3	128.0

Impairment testing of goodwill

For impairment testing purposes, the Group's goodwill has been allocated to cash generating units (CGU). Total carrying amount of goodwill was EUR 84.4 million (83.3) million at the end of the period.

Goodwill allocated to the Group's cash-generating units is tested for impairment by comparing their carrying amount to their recoverable amount annually or in case any evidence is detected that carrying amount of goodwill may not be fully recoverable. Annual impairment testing was carried out at 31 October 2015. The company did not hold any other intangible assets with indefinite useful life besides goodwill at the time of the testing.

Annual impairment testing did not indicate any need to recognize impairment losses. In the comparison year, EUR 23.3 million impairment losses were recognized.

The market-specific WACC estimates were updated for the testing at 31 October 2015 based on market-specific references. Management makes assumptions regarding the development of other variables than WACC based on internal and external views of the industry's history and future. The forecast period applied for the calculations covers five years. Beyond that the cash flow projections are extrapolated using a constant market-specific growth rate estimate. The weighted average costs of capital used as discount rates for the cash flow estimates was 6.1 % (5.2 %) in Finland, 6.0 % (5.0 %) in Norway, 6.4 % (5.1 %) in Sweden, 5.9 % (5.1 %) in Denmark, 7.5 % (6.8 %) in Estonia, 8.1 % (7.3 %) in Latvia and 6.1 % (5.2 %) in France. WACC is country-specific.

The cash flow estimates are based on the latest plan until year 2020. The cash flows projections for future periods are extrapolated by using an annual 1 % growth rate estimate. According to management these growth rate estimates reflect the development of the business over the forecast period.

Sensitivity analyses

If Markets Finland business cash generating unit's operating profit, as a percentage of net sales, decreased by 13.3 percentage points and simultaneously WACC increased by 8.9 percentage points, the carrying amount would equal the recoverable amount.

If Markets Sweden business cash generating unit's operating profit, as a percentage of net sales, decreased by 7.2 percentage points and simultaneously WACC increased by 4.0 percentage points, the carrying amount would equal the recoverable amount.

If Other Markets business cash generating unit's operating profit, as a percentage of net sales, decreased by 2.0 percentage points and simultaneously WACC increased by 1.5 percentage points, the carrying amount would equal the recoverable amount.

12. *Property, plant and equipment*

EUR million	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Prepayments and assets under construction	Total
Acquisition cost at 1 January 2015	**4.8**	**110.8**	**156.2**	**0.8**	**13.9**	**286.4**
Additions	**-**	**0.7**	**1.2**	**0.0**	**8.3**	**10.1**
Disposals	**-0.0**	**-0.4**	**-14.2**	**-**	**-**	**-14.7**
Effect of movement in exchange rates	**-0.0**	**-0.0**	**0.0**	**0.0**	**-**	**-0.0**
Transfers between items	**-**	**5.4**	**13.8**	**0.0**	**-19.1**	**0.1**
Acquisition cost at 31 December 2015	**4.8**	**116.4**	**156.9**	**0.8**	**3.0**	**281.9**
Accumulated depreciation and impairment losses at 1 January 2015	**-1.8**	**-80.5**	**-130.2**	**-0.1**	**-**	**-212.6**
Depreciation	**-**	**-3.0**	**-5.7**	**-0.0**	**-**	**-8.8**
Accumulated depreciation on disposals and transfers	**-**	**0.4**	**13.7**	**-**	**-**	**14.1**
Effect of movement in exchange rates	**0.0**	**0.0**	**0.0**	**-**	**-**	**0.0**
Accumulated depreciation and impairment losses at 31 December 2015	**-1.8**	**-83.2**	**-122.2**	**-0.1**	**-**	**-207.3**
Carrying amount at 1 January 2015	**3.0**	**30.2**	**26.0**	**0.6**	**13.9**	**73.8**
Carrying amount at 31 December 2015	**3.0**	**33.2**	**34.7**	**0.7**	**3.0**	**74.6**
Acquisition cost at 1 January 2014	4.2	108.4	155.4	0.6	9.3	278.0
Additions	0.0	0.2	1.6	-	11.2	13.0
Disposals	0.0	-0.5	-3.9	-	-	-4.3
Effect of movement in exchange rates	0.0	-0.0	-0.4	0.0	-	-0.4
Transfers between items	0.5	2.6	3.4	0.1	-6.6	-0.0
Acquisition cost at 31 December 2014	4.7	110.8	156.2	0.8	13.9	286.4
Accumulated depreciation and impairment losses at 1 January 2014	-1.8	-78.1	-127.8	-0.1	-	-207.7
Depreciation	-	-2.8	-6.1	-0.0	-	-8.9
Accumulated depreciation on disposals and transfers	-	0.3	3.4	-	-	3.8
Effect of movement in exchange rates	-0.0	-0.0	0.2	-	-	0.2
Accumulated depreciation and impairment losses at 31 December 2014	**-1.8**	**-80.5**	**-130.2**	**-0.1**	**-**	**-212.6**
Carrying amount at 1 January 2014	2.5	30.3	27.7	0.5	9.3	70.3
Carrying amount at 31 December 2014	3.0	30.2	26.0	0.6	13.9	73.8

Commitments related to uncomplete capital expenditure at the end of the comparison year amounted to EUR 2.3 million.

Finance leases:

Property, plant and equipment include assets acquired under finance lease as follows:

EUR million	2015	2014
Machinery and equipment		
Acquisition cost at 31 December	**7.3**	7.2
Accumulated depreciation at 31 December	**-5.8**	-5.4
Carrying amount at 31 December	**1.5**	1.8

Fortum Lämpö Oy has built at its own cost a steam power plant in Altia's plant area in Rajamäki. According to the agreement, Altia is obliged to acquire the plant at the end of the agreement period at 31 December 2017, or if the agreement is terminated. Altia pays Fortum annually for the plant as energy costs for a period of 15 years after which the right of ownership is transferred to Altia. The useful life of the asset is 15 years.

Borrowing costs during construction

The capitalized borrowing costs related to the plant construction started in 2013 and completed in 2015. The capitalized borrowing costs amounted to EUR 0.0 million during the financial year 2015 (EUR 0.1 million during financial year 2014.)

13. *Investment property*

EUR million	2015	2014
Acquisition cost at 1 January	**0.0**	-
Additions	**-**	0.0
At 31 December	**0.0**	0.0
Fair value	**2.8**	2.8

Altia measures investment properties based on the cost model.

14. *Associated companies and joint ventures*

The Group has a 50% investment in a joint venture, Roal Ltd (domiciled in Finland), which engages in the enzyme business. The joint venture's other owner is ABF Overseas Ltd. The Group has a 25.53% ownership in Palpa Lasi Oy (domiciled in Finland), which engages in the recycling and re-use of glass beverage packages. Both companies are consolidated by using the equity method.

Investments in associated companies and joint ventures:

EUR million	2015	2014
At 1 January	**12.1**	9.5
Share of profit for the period	**3.8**	3.2
Dividends received	**-0.9**	-0.7
Other changes	**-0.1**	0.0
At 31 December	**14.9**	12.1

Financial summary of associated companies and joint ventures:

EUR million	2015	2014
Assets	**72.5**	54.0
Liabilities	**46.3**	33.1
Net assets	**26.2**	20.9
Net sales	**73.4**	70.0
Profit for the period	**7.3**	5.8

15. *Available-for-sale financial assets*

EUR million	2015	2014
Unquoted shares	**0.8**	0.8

16. *Other receivables (non-current)*

EUR million	2015	2014
Capital loan receivable	**0.5**	0.6

17. *Deferred tax assets and liabilities*

EUR million	1 Jan 2015	Recognised in profit or loss	Recognised in other comprehensive income	Exchange rate differences	31 Dec 2015
Change in deferred tax assets and liabilities during 2015:					
Deferred tax assets:					
Tax losses	**1.9**	**-0.7**	-	**-0.0**	**1.1**
Fixed assets	**4.7**	**-0.5**	-	**-0.0**	**4.2**
Pension benefits	**5.6**	**0.0**	**-1.2**	**-0.0**	**4.4**
Internal margin of inventories	**0.1**	**0.0**	-	**-0.0**	**0.1**
Recognised in hedging reserve	**0.4**	-	**-0.0**	-	**0.4**
Other temporary differences	**1.2**	**-0.6**	-	**0.0**	**0.5**
Total	13.9	-1.9	-1.2	-0.0	10.7
Deferred tax liabilities:					
Depreciation in excess of plan and voluntary provisions	**3.3**	**1.2**	-	**-0.0**	**4.5**
Recognised in hedging reserve	**0.1**	-	**-0.1**	**-0.0**	**0.0**
Fair value allocation on acquisitions	**5.7**	**-0.6**	-	**0.1**	**5.2**
Other temporary differences	**14.2**	**-0.9**	-	**0.1**	**13.5**
Total	23.3	-0.3	-0.1	0.2	23.2

EUR million	1 Jan 2014	Recognised in profit or loss	Recognised in other comprehensive income	Exchange rate differences	31 Dec 2014
Change in deferred tax assets and liabilities during 2014:					
Deferred tax assets:					
Tax losses	0.6	1.3	-	0.0	1.9
Fixed assets	-	4.7	-	-0.0	4.7
Pension benefits	5.3	0.0	0.3	-0.1	5.6
Internal margin of inventories	0.0	0.0	-	-0.0	0.1
Recognised in hedging reserve	0.8	-	-0.4	-0.0	0.4
Other temporary differences	0.4	0.8	0.0	-0.0	1.2
Total	7.2	6.9	-0.1	-0.1	13.9
Deferred tax liabilities:					
Depreciation in excess of plan and voluntary provisions	3.7	-0.4	-	0.0	3.3
Recognised in hedging reserve	0.0	-	0.1	0.0	0.1
Fair value allocation on acquisitions	8.5	-2.4	-	-0.3	5.7
Other temporary differences	9.2	5.4	-	-0.3	14.2
Total	21.3	2.6	0.1	-0.6	23.3

No deferred tax liability has been recognised for the undistributed profits of foreign subsidiaries, as such earnings can be distributed without any tax consequences.

At 31 December 2015, the Group had EUR 7.2 million of unused tax losses for which no deferred tax asset was recognised. At 31 December 2014, the Group had EUR 5.7 million of unused tax losses for which no deferred tax asset was recognised.

18. *Inventories*

EUR million	2015	2014
Materials and supplies	**54.2**	53.8
Work in progress	**13.7**	13.2
Finished goods	**14.1**	15.2
Goods	**18.9**	21.3
Advance payments	**0.3**	0.2
Total	**101.2**	103.7

Write-downs of inventories amounting to EUR 2.4 (5.6) million were recognised in the Group companies during the reporting period.

19. *Trade receivables and other receivables (current)*

EUR million	2015	2014
Trade receivables		
Associated companies and joint ventures	**0.2**	0.1
Other trade receivables	**53.1**	67.5
Accrued income	**2.2**	2.4
Receivables on derivative instruments	**0.5**	0.7
Other receivables	**3.2**	4.1
Total	**59.1**	74.9

At the end of the reporting period the sold trade receivables amounted to EUR 91.4 (101.7) million.

Ageing analysis of trade receivables

EUR million	2015	Impairment losses	Net 2015
Trade receivables not past due	**47.6**	**-**	**47.6**
Trade receivables past due 1-30 days	**3.7**	**-**	**3.7**
Trade receivables past due 31-60 days	**1.4**	**-**	**1.4**
Trade receivables past due 61-90 days	**0.0**	**-**	**0.0**
Trade receivables past due over 90 days	**1.6**	**-1.2**	**0.5**
Total	**54.5**	**-1.2**	**53.3**

EUR million	2014	Impairment losses	Net 2014
Trade receivables not past due	58.8	-	58.8
Trade receivables past due 1-30 days	5.3	-	5.3
Trade receivables past due 31-60 days	2.4	-	2.4
Trade receivables past due 61-90 days	0.4	-	0.4
Trade receivables past due over 90 days	2.6	-1.1	1.5
Unallocated customer payments	-0.7	-	-0.7
Total	68.8	-1.1	67.7

The impairment losses recognised on trade receivables during the reporting period amounted to EUR 0.1 (0.4) million.

20. *Other financial assets*

EUR million	2015	2014
Pledged deposits	**0.1**	0.1
Available-for-sale financial assets 31 December	0.1	0.1

21. *Cash and cash equivalents*

EUR million	2015	2014
Cash at hand and in bank	**73.9**	90.6
Cash equivalents	**2.4**	0.5
Total	76.3	91.1

22. *Equity*

Share capital Share capital consists of A and L share series. At the end of the reporting period 2015 there were 35,960,000 A shares and 25,003 L shares. All shares have the same voting and financial rights.

The following reserves are included in equity:

Share premium fund Portion of payments received for share subscriptions were recognised in the share premium reserve in accordance with the terms and conditions of the share issue before the new Limited Liability Companies Act (21 July 2006/624) entered into force.

Hedging reserve The hedging reserve includes the fair value changes of derivative instruments used for cash flow hedging for effective hedges.

Translation differences Translation differences comprise all foreign exchange differences arising from the translation of the foreign subsidiaries' financial statements, as well as from the translation of goodwill and the fair value adjustments to assets and liabilities arisen from the acquisition of these companies. The Group's translation differences amounted to negative EUR 9.6 million at 31 December 2015 (negative EUR 10.1 million in 2014).

23. *Interest-bearing financial liabilities*

EUR million	2015	2014
Non-current		
Loans from financial institutions	**87.2**	64.7
Finance lease liabilities	**1.2**	1.6
Total	88.4	66.3
Current		
Loans from financial institutions	**7.5**	60.2
Commercial papers	-	13.0
Finance lease liabilities	**0.8**	0.8
Total	8.3	74.0

Interest-bearing non-current loans from financial institutions are measured at amortised cost using the effective interest method.

Group's interest-bearing financial liabilities mature as follows:

2015 EUR million	2016	2017	2018	2019	2020
Loans from financial institutions and commercial papers (nominal value)	**7.5**	**7.5**	**50.0**	**-**	**30.0**
Finance lease liabilities	**0.7**	**0.7**	**0.7**	**0.1**	**-**
Total	8.2	8.2	50.7	0.1	30.0

2014 EUR million	2015	2016	2017	2018	2019	2020
Loans from financial institutions and commercial papers (nominal value)	73.2	7.5	7.5	50.0	-	-
Finance lease liabilities	0.7	0.9	1.0	-	-	-
Total	73.9	8.4	8.5	50.0	-	-

Group's non-current interest-bearing financial liabilities by currency are as follows (EUR million):

EUR million	2015	2014
EUR	**88.4**	66.3

The weighted average effective interest rates of the Group's liabilities at 31 December (p.a.):

	2015	2014
Loans from financial institutions and commercial papers, EUR	**1.5 %**	2.4 %

The weighted average interest rates of the Group's finance lease liabilities at 31 December:

	2015	2014
Finance lease liabilities	**2.6 %**	3.0 %

Group's current interest-bearing financial liabilities by currency are as follows (EUR million):

EUR million	2015	2014
EUR	**8.3**	74.0

Group's finance lease liabilities mature as follows:

EUR million	2015	2014
Total amount of minimum lease payments		
Less than one year	**0.7**	0.7
More than one and less than five years	**1.6**	2.0
Total minimum lease payments	2.3	2.7
Present value of minimum lease payments		
Less than one year	**0.8**	0.8
More than one and less than five years	**1.2**	1.6
Total present value of minimum lease payments	2.0	2.4
Future finance charges	**-0.2**	-0.2
Total finance lease liabilities	2.0	2.4

24. Non-current employee benefit obligations

PENSION OBLIGATIONS

The Group operates various pension plans in accordance with local conditions and practices in different countries. In the Finnish companies, statutory pension obligations (TyEL) are arranged through insurance companies, when the TyEL plan is a defined contribution plan. The defined contribution plans are applied also in other countries and the foreign subsidiaries manage their pension plans in accordance with local legislation and established practice.

The Group has defined benefit pension plans for supplementary pension in Finland, Norway and France. In Finland the defined benefit pension plans are arranged through pension insurance companies. In defined benefit pension plans, the amount of the pension benefit at retirement is calculated on the basis of salary, years of service and life expectancy. The Finnish supplementary pensions mainly concern pensions already begun and paid-up policies, for which the company's obligation is mainly limited to costs related to the increases in index. The Norwegian and French pension plans cover only few employees, thus the related pension liabilities are not material for the Group.

Defined benefit pension liability in the statement of financial position:

EUR million	2015	2014
Present value of unfunded obligations	**1.4**	2.2
Present value of funded obligations	**93.9**	111.7
Fair value of plan assets	**-74.0**	-87.0
Taxes, Norway	**0.2**	0.3
Net pension liability in the statement of financial position	21.6	27.3

Defined benefit pension expense in profit or loss:

EUR million	2015	2014
Current service cost	**-0.4**	-0.4
Net interest	**-0.5**	-0.9
Tax effect, Norway	**-0.0**	-0.0
Pension expenses recognized in profit or loss	-0.8	-1.2

Items of other comprehensive income:

	2015	2014
Remeasurements		
Return on plan assets, excluding interest income and interest expense	**-9.4**	14.4
Gain (loss) related to changes in demographic assumptions	**2.1**	-
Gain (loss) related to changes in financial assumptions	**8.4**	-18.6
Experience adjustment - gain (loss)	**4.6**	3.4
Indexation reserve change	**-**	-0.6
Tax effect, Norway	**0.1**	-0.0
Total comprehensive income	5.8	-1.4

Changes in pension obligation and fair value of plan assets in the statement of financial position:

Present value of the obligation, EUR million	2015	2014
Obligation at 1 January	**114.3**	101.5
Service cost	**0.4**	0.4
Interest cost	**1.9**	3.2
Benefits paid	**-5.7**	-5.9
Exchange differences	**-0.4**	-0.5
Remeasurement gains (–) and losses (+)	**-15.1**	15.2
Effect of settlement of obligation	**-**	-
Tax effect, Norway	**0.2**	0.3
Obligation at 31 December	95.6	114.3

Fair value of plan assets, EUR million	2015	2014
Fair value of plan assets at 1 January	**87.0**	75.3
Interest income	**1.4**	2.4
Contributions paid by employer to the plan	**0.5**	0.8
Return on plan assets, excluding items recognized in interest expense	**-9.4**	14.4
Benefits paid	**-5.6**	-5.8
Fair value of plan assets at 31 December	74.0	87.0

It is not possible to provide a breakdown of the plan assets by asset classes, since the part of the accumulated obligation paid to pension insurance companies is considered an asset. The asset is the responsibility of the insurance company and forms a part of their investment capital, which is why a breakdown by asset class cannot be determined.

The Group estimates that the contributions to the defined benefit pension plans will amount to EUR 0,3 million in 2016.

Reconciliation of net liability:

EUR million	2015	2014
Pension liability at 1 January	**27.3**	26.3
Pension expenses recognised in profit or loss	**0.8**	1.2
Remeasurements	**-5.8**	0.8
Contributions paid by employer to the plan	**-0.5**	-0.8
Benefits paid	**-0.1**	-0.0
Tax effects, Norway	**-0.1**	0.0
Exchange differences	**-0.1**	-0.2
Pension liability at 31 December	21.6	27.3

Significant actuarial assumptions:

	2015	2014
Finland		
Discount rate	**2.1 %**	1.7 %
Future pension growth	**1.8 %**	2.0 %
Future salary growth	**2.8 %**	3.3 %
Insurance companies' reimbursement assumption	**0.0 %**	0.0 %
Norway		
Discount rate	**1.5 %**	1.5 %
Future pension growth	**2.0 %**	2.0 %
Future salary growth	**3.8 %**	3.8 %

The weighted average duration of the obligation is 14,4 years.

Sensitivity analysis, impact on defined benefit obligation and plan assets

2015 Assumption	Change in assumption	Change in obligation EUR million	Change in plan assets EUR million	Change in obligation, %	Change in plan assets, %
Discount rate	**+0.5%**	**-5.1**	**-4.2**	**-5.4 %**	**-5.8 %**
Growth rate of pensions	**+0.5%**	**5.6**	**0.0**	**6.0 %**	**0.0 %**
Growth rate of salaries	**+0.5%**	**0.2**	**0.0**	**0.3 %**	**0.0 %**
Change in mortality rate	**1 year in life expectancy**	**3.7**	**2.5**	**4.0 %**	**3.5 %**
Insurance companies' reimbursement	**+0.5%**	**0.0**	**4.0**	**0.0 %**	**5.5 %**

2014 Assumption	Change in assumption	Change in obligation EUR million	Change in plan assets EUR million	Change in obligation, %	Change in plan assets, %
Discount rate	+0.5%	-6.5	-5.1	-5.7 %	-5.8 %
Growth rate of pensions	+0.5%	7.1	0.0	6.3 %	0.0 %
Growth rate of salaries	+0.5%	0.3	0.0	0.3 %	0.0 %
Change in mortality rate	1 year in life expectancy	4.6	2.1	4.0 %	2.5 %
Insurance companies' reimbursement	+0.5%	0.0	4.2	0.0 %	4.9 %

There are no material risks related to the defined benefit plans of the Group since the obligations are insured. The risk is mainly related to the financing the pension index. Rise in the pension index increases the liability amount in the company.

Changes in discount rate impact both the pension obligation and the plan assets, so the risk relates to the net liability.

25. *Trade payables and other payables*

EUR million	2015	2014
Current		
Trade payables	**28.9**	26.1
Accruals for wages and salaries and social security contributions	**4.1**	5.8
Other accrued expenses	**16.4**	22.6
Derivative liabilities	**2.6**	2.8
Excise tax	**58.4**	62.1
VAT liability	**27.9**	30.9
Other liabilities	**8.6**	9.9
Total	**147.0**	160.1
Non-current		
Other liabilities	**4.9**	4.9

26. *Fair values of financial assets and liabilities*

The following table presents the fair values and the carrying amounts in the consolidated statement of financial position for each financial instrument by classes:

2015 EUR million	Note	Derivatives, hedge accounting	Financial assets/ liabilities at fair value through profit or loss	Loans and receivables	Available-for- sale financial assets	Financial liabilities at amortised cost	Carrying amounts of items in the statement of financial position	Fair value
Financial assets								
Non-current financial assets								
Unquoted shares	15.	-	-	-	0.8	-	0.8	0.8
Loan receivables	16.	-	-	0.5	-	-	0.5	0.5
Current financial assets								
Trade and other receivables	19.	-	-	55.1	-	-	55.1	55.1
Derivative instruments / Forward exchange contracts	19.	0.4	0.0	-	-	-	0.5	0.5
Cash and cash equivalents	21.	-	-	76.3	-	-	76.3	76.3
Total		0.4	0.0	131.8	0.8	-	133.1	133.1
Financial liabilities								
Non-current financial liabilities								
Interest-bearing liabilities	23.	-	-	-	-	88.4	88.4	88.4
Current financial liabilities								
Interest-bearing liabilities	23.	-	-	-	-	8.3	8.3	8.3
Trade and other payables	25.	-	-	-	-	29.9	29.9	29.9
Trade and other payables/Derivative instruments								
Interest rate derivatives	25.	1.5	-	-	-	-	1.5	1.5
Forward exchange contracts	25.	0.2	0.0	-	-	-	0.3	0.3
Commodity derivatives	25.	0.6	0.2	-	-	-	0.8	0.8
Total		2.4	0.2	-	-	126.6	129.2	129.2

2014 EUR million	Note	Derivatives, hedge accounting	Financial assets/ liabilities at fair value through profit or loss	Loans and receivables	Available-for- sale financial assets	Financial liabilities at amortised cost	Carrying amounts of items in the statement of financial position	Fair value
Financial assets								
Non-current financial assets								
Unquoted shares	15.	-	-	-	0.8	-	0.8	0.8
Loan receivables	16.	-	-	0.6	-	-	0.6	0.6
Current financial assets								
Trade and other receivables	19.	-	-	69.3	-	-	69.3	69.3
Derivative instruments / Forward exchange contracts	19.	0.5	0.2	-	-	-	0.7	0.7
Cash and cash equivalents	21.	-	-	91.1	-	-	91.1	91.1
Total		0.5	0.2	161.0	0.8	-	162.5	162.5
Financial liabilities								
Non-current financial liabilities								
Interest-bearing liabilities	23.	-	-	-	-	66.3	66.3	66.3
Current financial liabilities								
Interest-bearing liabilities	23.	-	-	-	-	74.0	74.0	74.0
Trade and other payables	25.	-	-	-	-	27.3	27.3	27.3
Trade and other payables/Derivative instruments								
Interest rate derivatives	25.	2.1	-	-	-	-	2.1	2.1
Forward exchange contracts	25.	0.1	0.0	-	-	-	0.1	0.1
Commodity derivatives	25.	0.4	0.3	-	-	-	0.6	0.6
Total		2.5	0.3	-	-	167.7	170.4	170.4

Nominal values of derivative instruments

EUR million	2015	2014
Derivative instruments designated for cash flow hedging		
Interest rate derivatives	**20.0**	100.0
Forward exchange contracts	**30.6**	14.5
Commodity derivatives, electricity	**3.6**	3.6
	0.1 TWh	0.1 TWh
Derivative instruments, non-hedge accounting		
Forward exchange contracts	**8.4**	3.7
Commodity derivatives, electricity	**-**	0.8

The table below presents the classification of financial instruments. The classification allows for the relative reliability of the fair values to be assessed. Fair values of the other financial assets and financial liabilities categorized in level 2 equal their value in the statement of financial position.

Financial assets, fair value

EUR million	2015	2014
LEVEL 2		
Financial assets at fair value through profit or loss		
Forward exchange contracts	**0.0**	0.2
Derivatives, hedge accounting		
Forward exchange contracts	**0.4**	0.5
LEVEL 3		
Available-for-sale financial assets		
Unquoted shares	**0.8**	0.8

Financial liabilities, fair value

EUR million	2015	2014
LEVEL 2		
Financial liabilities at fair value through profit or loss		
Forward exchange contracts	**0.0**	0.0
Commodity derivatives	**0.2**	0.3
Derivatives, hedge accounting		
Forward exchange contracts	**0.2**	0.1
Interest rate derivatives	**1.5**	2.1
Commodity derivatives	**0.6**	0.4

Positive and negative fair values of unrealised derivatives and their net amount are presented below. The master netting agreements in respect of derivatives do not meet the criteria for offsetting in the statement of financial position owing to legally enforceable right not existing currently.

Net positions 2015

EUR million	Fair value, gross	Fair value under netting arrangements	Fair value, net
Derivative assets	0.5	-0.1	0.4
Derivative liabilities	1.8	-0.1	1.7

Net positions 2014

EUR million	Fair value, gross	Fair value under netting arrangements	Fair value, net
Derivative assets	0.7	-0.7	0.0
Derivative liabilities	2.1	-0.7	1.5

EQUITY INSTRUMENTS

Available-for-sale financial assets include non-current investments in unquoted shares. Unquoted equity instruments are measured at cost since their fair values can not be reliably determined.

DERIVATIVE INSTRUMENTS

The fair values of forward exchange contracts are determined by using the market prices at the reporting date. The discounted future cash flow technique is used to determine the fair values of interest rate swaps. The fair values equal the amounts that the Group would have to pay or it would receive from the termination of the derivative contract at the measurement date. The Group applies hedge accounting in accordance with IAS 39 to part of the foreign exchange and interest rate derivatives, in which case, the effective portion of the fair value change is recognised in other comprehensive income and presented within equity in the hedging reserve.

Altia uses electricity derivatives to manage the price risk of electricity. The Group applies IAS 39 hedge accounting to electricity derivatives, in which case, the effective portion of the fair value change is recognised in other comprehensive income and presented within equity in the hedging reserve.

LOANS FROM FINANCIAL INSTITUTIONS AND COMMERCIAL PAPERS

The fair values of loans from financial institutions and commercial paper loans are determined based on future cash flows discounted with market interest rate at the reporting date adjusted for Altia's credit risk premium. At the reporting date, the carrying amounts of the loans are considered to equal their fair values because of the exceptionally low level of market interest rates.

FINANCE LEASE LIABILITIES

The fair values of finance lease liabilities are based on discounted future cash flows. The discount rate is the corresponding interest rate on similar lease contracts.

TRADE AND OTHER PAYABLES OR RECEIVABLES

Due to short maturity, the fair values of trade and other current payables and receivables are assumed to equal their carrying amounts.

27. Collaterals, commitments and contingent assets and liabilities

Collaterals and commitments

EUR million	2015	2014
Collaterals given on behalf of Group companies		
Mortgages	**18.5**	18.5
Guarantees	**8.5**	9.0
Total collaterals	**27.0**	27.5
Other commitments		
Operating lease obligations		
Less than one year	**6.6**	5.7
Between one and five years	**12.8**	11.3
More than five years	**4.9**	3.4
Total operating lease obligations	**24.3**	20.4
Other commitments	**25.5**	22.8
Total commitments	**49.8**	43.2
Total collaterals and commitments	**76.8**	**70.6**

Assets not recognised in the statement of financial position

Emission allowances, kilotons	2015	2014
Emission allowances received	**28.5**	29.0
Excess emission allowances from the previous period	**39.6**	51.4
Adjustments related to prior year's estimates	**-0.0**	-0.1
Realised emissions	**-30.7**	-40.7
Emission allowances at 31 December	**37.4**	**39.6**

EUR million		
Fair value of emission allowances at 31 December	**0.3**	0.3

The emission allowances received during year 2015 and the realised emissions are estimates, which will be adjusted during spring 2016. Altia continues to operate within the emission trading system for the trading period 2013-2020.

28. Related party transactions

RELATED PARTY TRANSACTIONS

The parties are considered to be related if one party can control, use joint control or have significant influence over decision-making relating to the financial and business operations of another party. The relationships between the parent company of the Group and subsidiaries are presented in Note 29 Group Companies.

Related parties also include the Board of Directors, the CEO, the members of the Executive Management Team and their family members, as well as the State of Finland which owns 100% of the shares in Altia. Transactions with those organisations in which the ownership of the State of Finland is over 50 % are treated as related party transactions.

Management remuneration include benefits to the CEO and to the members of the Executive Management Team. No monetary loans have been granted to the CEO or the members of the Board of Directors, nor any collaterals or commitments granted on their behalf.

The following transactions have taken place with related parties:

Number of companies included in related parties; customers 9 (9) and suppliers 10 (9).

a) Sales of goods and services

EUR million	2015	2014
Sales of goods		
Other companies considered related parties	**339.6**	338.6
Associated companies and joint ventures	**2.8**	2.8
Sales of services		
Other companies considered related parties	**0.0**	-
Total	**342.4**	341.5

b) Purchases of goods and services

EUR million	2015	2014
Purchases of goods		
Other companies considered related parties	**3.7**	4.4
Purchases of services		
Other companies considered related parties	**1.6**	1.7
Associated companies and joint ventures	**2.7**	3.3
Total	8.1	9.5

c) Outstanding balances from sales and purchases of goods and services

EUR million	2015	2014
Sales of goods and services		
Other companies considered related parties	**2.9**	4.3
Associated companies and joint ventures	**0.2**	0.1
Purchases of goods and services		
Other companies considered related parties	**0.4**	0.1
Associated companies and joint ventures	**0.3**	-

Liabilities to and receivables from associated companies and joint ventures are presented in the related notes (Note 19. Trade and other receivables (current) and Note 25. Trade payables and other payables).

d) Management remuneration

EUR million	2015	2014
Salaries and other short-term employee benefits (CEO of the parent company)	**0.3**	0.3
Performance bonus and the bonuses from long-term incentive plan	**0.0**	-
Total	**0.4**	0.3
Members and deputy members of the Board of Directors	**0.2**	0.2
Employee benefits of other members of the Executive Management Team		
Salaries and other short-term employee benefits	**1.4**	1.4

The retirement age of the CEO of the parent company is 63 years.
The Group had no expenses arisen from the voluntary pension plans during financial period 2015 (EUR 0.1 million during financial period 2014).

29. *Group companies*

Altia Plc had 23 fully owned subsidiaries at the end of the reporting period (24 subsidiaries at 31 December 2014).

During the reporting period Päronkonjak i Sverige AB merged into Altia Sweden AB.

	Parent company's share of ownership (%)	Group's share of ownership (%)	Country of incorporation
SUBSIDIARIES			
A-Beverages Oy	100.00	100.00	Finland
Altia Eesti AS	100.00	100.00	Estonia
Altia Denmark A/S	100.00	100.00	Denmark
Altia Holding Sweden AB	100.00	100.00	Sweden
SIA Altia Latvia	100.00	100.00	Latvia
Altia Norway AS	100.00	100.00	Norway
Altia Sweden AB	-	100.00	Sweden
Altia Sweden Services AB	-	100.00	Sweden
Alpha Beverages Oy	100.00	100.00	Finland
Best Buys International AS	100.00	100.00	Norway
BevCo AB	-	100.00	Sweden
Bibendum AB	-	100.00	Sweden
Bibendum AS	100.00	100.00	Norway
ExCellar Oy	100.00	100.00	Finland
Harald Zetterström oy/ab	100.00	100.00	Finland
Interbev AS	100.00	100.00	Norway
Larsen SAS	100.00	100.00	France
Philipson & Söderberg AB	-	100.00	Sweden
Prime Wines Oy	100.00	100.00	Finland
Premium Wines AS	100.00	100.00	Norway
Ström AS	100.00	100.00	Norway
Vinuversum AB	-	100.00	Sweden
Oy Wennerco Ab	100.00	100.00	Finland
ASSOCIATED COMPANIES AND JOINT VENTURES			
Roal Oy	50.00	50.00	Finland
Palpa Lasi Oy	25.53	25.53	Finland

30. *Financial risk management*

FINANCIAL RISK MANAGEMENT PRINCIPLES

The aim of financial risk management is to ensure the Group's financial stability and availability of sufficient financing options in different market situations. In addition, the aim is to support the business operations to identify business-related financial risks and their management, and to hedge against material financial risks.

The Group is exposed to various market risks. Changes in these risks affect the company's assets, liabilities and anticipated transactions. The risks are caused by changes in interest rates, currencies and commodity market prices. Selected derivative instruments can be used to manage the risks resulting from these market risks. Altia mainly hedges against risks that impact the Group's cash flow, and, if deemed appropriate, also certain foreign currency denominated items in the statement of financial position. Derivatives are solely used to hedging against the above-mentioned risks. The principles of IAS 39 hedge accounting are applied to certain interest rate, foreign exchange as well as electricity derivatives. Financial risk management is executed as part of the Group's risk management, according to the Risk Management Principles approved by the Board of Directors. Altia's principles aiming towards financial, credit and operational continuity form the basis for financial risk management.

RISK MANAGEMENT PROCESS

Special process features related to financing are described below in connection with the descriptions of market, liquidity and credit risks. The financial risk exposure is regularly reported to the Audit Committee and Altia's Board of Directors. The most significant principle decisions concerning risk management are made by the company's Board of Directors.

As part of the financial risk management principles, Altia's Board has approved a list of financial instruments, in which the accepted instruments, their purpose and the person who decides on their use have been specified for different types of financial risks.

FINANCIAL RISK MANAGEMENT ORGANISATION

The Group management receives regular reports on financial matters. On a case-by-case basis, the Board of Directors processes all substantial financial matters, such as the Group's internal and external loan arrangements.

Tasks and responsibilities regarding Altia's financial operations and financial risk management are described in the financial risk management principles. The Group Treasury is responsible for the centralised financial operations and their management, securing financing, identifying risks and, if required, executing hedging transactions with external counterparties. The business units and subsidiaries are responsible for managing the risks associated with their own operations and forecasting cash flows.

Risk concentrations

Altia carefully analyses the financial risks and risk concentrations related to its operations. Risk concentrations identified as a result of this assessment are described in connection with the descriptions of market and credit risks.

MARKET RISK

Altia defines market risk as a risk where the fair values of financial instruments or future cash flows fluctuate as a result of changes in market prices. The most significant market risks for the Group are currency risk, interest rate risk and price risks.

1. CURRENCY RISK

Altia is exposed to currency risks resulting from export and import, intra-group trade across borders, as well as internal loans and investments in foreign subsidiaries. The objective of the Group's currency risk management is to limit the uncertainties associated with foreign exchange rates and their effect on the Group's profit, cash flows and statement of financial position.

Transaction risk

Transaction risk is caused by foreign currency denominated items in the statement of financial position and future cash flows: import, export and capital flows. Transaction risk management aims to hedge the Group's profit against the effects of changes in foreign exchange rates.

The objective is to hedge 60-80% of highly probable commercial cash flows. The average hedging ratio has remained at the target level. Hedging transactions are executed with forward exchange contracts or options during the following 12 months, predominantly following the pricing periods of customers. Altia may apply cash flow hedge accounting to foreign exchange derivatives. Intra-group loan arrangements are hedged at most by 100% and hedge accounting is not applied to these arrangements.

In the table below, the Group's net currency position is presented by currency pairs: functional currency - transaction currency. The net currency risk has been taken into account in the table if the transaction currency is other than the company's functional currency.

TABLE 1. The Group's net currency position at 31 December

EUR million The net currency position resulting from the financial instruments in accordance with IFRS 7	2015	2014
EUR-SEK	**-14.7**	-5.9
EUR-USD	**4.7**	3.5
EUR-AUD	**2.1**	1.3
SEK-EUR	**4.4**	-0.3
NOK-EUR	**-0.4**	1.6

EUR million The Group's net currency position at 31 December including also the hedged commercial cash flows	2015	2014
EUR-SEK	**-0.2**	0.5
EUR-USD	**0.3**	-0.2
EUR-AUD	**0.1**	0.1
SEK-EUR	**-2.6**	-1.3
NOK-EUR	**-1.0**	-0,6

The currency position resulting from the financial instruments in accordance with IFRS 7 consists of trade receivables, trade payables, cash and cash equivalents, the Group's internal and external loans and derivative instruments. Forecasted commercial cash flows are also taken into account in the Group's net currency position and accounted for in amounts corresponding to those of the derivatives aligned to them.

Translation risk

Translation risk is mainly caused by the parent company's foreign currency denominated net investments in foreign subsidiaries, which cause a translation difference in equity in the Group's statement of financial position upon consolidation. The Group Treasury regularly analyses the translation risk and reports any material issues to the management. The most significant net investments are denominated in the Swedish and Norwegian kroner. The translation risk has not been hedged.

2. INTEREST RATE RISK

The objective of interest rate risk management is to minimise the impact of fluctuations arising from interest rate changes on the Group's profit. At 31 December 2015 the loans were divided as follows:

- The EUR 15.0 million portion of the loan matures in equal instalments during December 2016 – 2017. The interest rate on the loan has been fixed on three-month market rate. These interest payments are not hedged.
- The EUR 50 million portion of the loan matures in December 2018. The interest rate on the loan is based on three-month market rate. Altia has hedged these interest payments to fixed interest rate by using an interest rate derivative amounting to EUR 20 million. Hedge accounting principles is applied to this interest rate derivative. The hedge has been regarded as effective.
- A loan of EUR 30 million was drawn in April 2015 with five years maturity. Prepayments are allowed before the final due date. The interest rate on the loan has been fixed on three –month market rate. Currently these interest payments are not hedged.

The maximum amount under Altia's domestic commercial paper program is EUR 100 million. The nominal amount of the issued commercial papers amounted to EUR 0 at 31 December 2015 (EUR 13.0 million at 31 December 2014).

Altia's frame agreement for trade receivables sales amounts to maximum EUR 145 million. The sold trade receivables are derecognised at the time of trade with no obligation to repurchase. The related costs are recognized in other financial expenses. The trade receivables are current receivables and there is no hedging in place for the related interest rate risk. The amount of the sold trade receivables was EUR 91.4 million at 31 December 2015 (EUR 101.7 million at 31 December 2014).

3. PRICE RISK ASSOCIATED WITH COMMODITIES

Barley

In 2015, Altia used approximately 190.7 million kilos of Finnish barley to produce ethanol and starch. The availability of high-quality domestic starch barley is ensured with contract cultivation and cooperation with grain handling companies. The market price of barley fluctuates significantly year by year as a result of various factors that affect the Finnish barley supply and demand and is therefore considered a significant risk for Altia. The price risk has not been hedged with derivative instruments.

Electricity

Strong increase in the market price of electricity is a significant risk for Altia. The risk is managed by following Altia's principles for electricity procurement. The procurement policy determines the hedging limits, within which the electricity price risk is hedged. The hedges are done with OTC-derivatives of Nasdaq OMX Oslo ASA. The hedging service for electricity procurement has been outsourced.

At the end of 2015, the hedging ratio for deliveries for the next 12 months was 80.7% (82.4% in 2014), in line with the set targets. In 2015, the average hedging ratio was 79.3%.

Cash flow hedge accounting in accordance with IAS 39 is applied to the hedges against electricity price risk, and hedge effectiveness is tested quarterly. The ineffective portion, EUR 0.2 million (EUR 0.1 million in 2014), is recognised within financial costs at the end of 2015.

Altia purchases its electricity straight from the Nord Pool Spot markets as a delivery tied to the spot price of the Finnish price area.

4. SENSITIVITY TO MARKET RISKS

The following table describes the sensitivity of the Group's profit before taxes and equity to changes in electricity prices, foreign exchange rates and interest rates. When Altia applies hedge accounting, the sensitivity is directed at equity. When hedge accounting is not applied, the sensitivity is presented as a potential impact on profit or loss.

The sensitivity to foreign exchange rate changes is calculated from the net currency position resulting from financial instruments. The effect of increase in market rates on the Group's profit is determined from net interest expenses taking into account derivative contracts. The effect on equity is calculated taking into account the changes in the market values of the interest rate swap.

TABLE 2. Sensitivity analyses

EUR million Sensitivity of financial instruments to market risks (before taxes) in accordance with IFRS 7	2015		2014	
	Income Statement	**Equity**	Income Statement	Equity
+/-10% electricity	**+/-0.1**	**+/-0.2**	+/-0.2	+/-0.2
+/-10% change in EUR/NOK exchange rate	**+/-0.0**		+/-0.1	
+/-10% change in EUR/SEK exchange rate	**+/-1.9**		+/-0.6	
+/-10% change in EUR/USD exchange rate	**-/+0.5**		-/+0.3	
+/-10% change in EUR/AUD exchange rate	**-/+0.2**		-/+0.1	
+1%-points parallel shift in interest rates	**-0.8**	**+1.3**	-1.1	+1.5

LIQUIDITY RISK

In order to manage the liquidity risk, Altia continuously maintains sufficient liquidity reserves, which at the end of 2015 comprised Group's EUR 20 million overdraft facility and a EUR 60 million revolving credit facility line. The revolving credit facility line matures in December 2018. More detailed information on the Group's external loans is provided in the interest rate risk section.

TABLE 3. Liquidity reserves

EUR million Cash and cash equivalents and unused committed credit limits	**2015**	2014
Cash and cash equivalents	**76.3**	91.1
Overdraft facilities	**20.0**	20.0
Revolving credit line	**60.0**	60.0
Total	**156.3**	171.1

TABLE 4. Maturities of financial liabilities

Maturities of financial liabilities 2015

EUR million Contractual payments on financial liabilities	Carrying Value	CASH FLOWS 2016			CASH FLOWS 2017			CASH FLOWS 2018 -		
		Fixed rate	Variable rate	Re-payment	Fixed rate	Variable rate	Re-payment	Fixed rate	Variable rate	Re-payment
Non-derivative:										
Loans from financial institutions	-98.1	-	-0.8	-7.5	-	-0.7	-7.5	-	-1.6	-80.0
Finance lease liabilities	2.3	-	-	0.7	-	-	0.7	-	-	0.8
Trade payables	-28.9	-	-	-28.9	-	-	-	-	-	-
Derivative:										
Currency derivatives, hedge accounting										
Inflow	30.5	-	-	30.5	-	-	-	-	-	-
Outflow	-30.2	-	-	-30.2	-	-	-	-	-	-
Currency derivatives, non-hedge accounting										
Inflow	8.4	-	-	8.4	-	-	-	-	-	-
Outflow	-8.4	-	-	-8.4	-	-	-	-	-	-
Interest rate derivatives, hedge accounting	-1.5	-0.2	-	-	-0.2	-	-	-1.1	-	-
Commodity derivatives, hedge accounting	-0.8	-	-	-0.5	-	-	-0.2	-	-	-0.2
Total	-126.8	-0.2	-0.8	-35.9	-0.2	-0.7	-7.0	-1.1	-1.6	-79.4

Maturities of financial liabilities 2014

EUR million Contractual payments on financial liabilities	Carrying Value	CASH FLOWS 2015			CASH FLOWS 2016			CASH FLOWS 2017 -		
		Fixed rate	Variable rate	Re-payment	Fixed rate	Variable rate	Re-payment	Fixed rate	Variable rate	Re-payment
Non-derivative:										
Loans from financial institutions	-128.8	-	-0.8	-60.3	-	-0.9	-7.5	-	-1.8	-57.5
Commercial papers	-13.0	-	-0.1	-13.0	-	-	-	-	-	-
Finance lease liabilities	-2.1	-	-	-0.5	-	-	-0.6	-	-	-1.0
Trade payables	-26.1	-	-	-26.1	-	-	-	-	-	-
Derivative:										
Currency derivatives, hedge accounting										
Inflow	14.6	-	-	14.6	-	-	-	-	-	-
Outflow	-14.1	-	-	-14.1	-	-	-	-	-	-
Currency derivatives, non-hedge accounting										
Inflow	3.7	-	-	3.7	-	-	-	-	-	-
Outflow	-3.5	-	-	-3.5	-	-	-	-	-	-
Interest rate derivatives, hedge accounting	-2.1	-0.6	-	-	-0.2	-	-	-1.3	-	-
Commodity derivatives, hedge accounting	-0.6	-	-	-0.4	-	-	-0.2	-	-	-0.1
Total	-172.0	-0.6	-0.8	-99.6	-0.2	-0.9	-8.3	-1.3	-1.8	-58.5

CREDIT RISK

The objective of Altia's credit risk management is to minimise the losses if one of the Group's counterparties fails to meet its obligations. The principles of credit risk management are described in the Group's credit policy.

Credit risks are caused by a counterparty not fulfilling its contractual payment obligations or the counterparty's credit rating changing in a manner that affects the market value of the financial instruments it has issued.

The maximum amount of credit risk is equal to the carrying amount of the Group's financial assets. No significant risk concentrations relate to trade receivables. The aim is to minimise credit risks by active credit management and by taking into account customers' credit rating when determining the payment term of invoices.

Capital management

The target of Altia's capital management is to secure an effective capital structure that offers the company a continuous access to the capital markets despite the volatility of the industry. Although Altia does not have a public rating, the company aims to obtain a capital structure comparable to that of other companies in the industry that have investment rating. The Board of Directors monitors the Group's capital structure regularly.

Altia monitors its capital based on gearing (the ratio of interest-bearing net liabilities to equity). Interest-bearing net liabilities consist of the loans less cash and cash equivalents. The current level of gearing is distinctly lower than the limit determined in the Group's loan terms.

During the business cycle, the company's net gearing is likely to fluctuate, and the goal is to retain a sufficiently strong capital structure to secure the Group's financing needs. Gearing at 31 December 2015 and 31 December 2014 were as follows:

TABLE 5. Gearing as of 31 December

EUR million	2015	2014
Interest-bearing liabilities	**96.7**	140.3
Cash and cash equivalents	**76.3**	91.1
Interest-bearing net liabilities	**20.4**	49.3
Total equity	**171.0**	143.9
Gearing 31 December	**12.0 %**	34.2 %

31. *Events after the reporting period*

Ms. Kirsi Lehtola has been appointed SVP Human Resources and as a member of the Executive Management Team. She will take up her position on 1 April 2016.

Key ratios of the group

EUR million	2015	2014	2013
Net sales	**380.7**	426.3	475.8
Operating profit (loss)	**25.3**	-18.6	0.7
(% of net sales)	**6.6**	-4.4	0.1
Operating profit excluding non-recurring items	**23.6**	17.9	17.4
(% of net sales)	**6.2**	4.2	3.7
Net financial items	**-2.8**	-5.1	-5.9
(% of net sales)	**-0.7**	-1.2	-1.2
Profit (loss) before taxes	**26.3**	-20.4	-3.8
(% of net sales)	**6.9**	-4.8	-0.8
Profit (loss) for the period	**21.0**	-18.1	-3.1
(% of net sales)	**5.5**	-4.3	-0.6
Cash and cash equivalents	**76.3**	91.1	76.1
Total assets	**466.7**	501.5	577.7
Total equity	**171.0**	143.9	168.8
Deferred tax liability	**23.2**	23.3	21.3
Interest-bearing liabilities	**96.7**	140.3	186.5
Non-interest-bearing liabilities (incl. deferred tax liability)	**199.0**	217.2	222.3
Invested capital	**267.7**	284.2	355.2
Return on equity (ROE), %	**13.7**	-11.2	-1.6
Return on invested capital (ROI), %	**8.6**	-4.0	0.9
Return on capital employed excluding non-recurring items (ROCE), %	**8.1**	5.5	4.9
Equity ratio, %	**36.6**	28.7	29.2
Gearing, %	**12.0**	34.2	65.4
Net cash flow from operating activities	**34.8**	74.8	84.5
Number of personnel on average	**879**	987	1 074
Earnings/share (EUR)	**0.58**	-0.50	-0.09
Equity/share (EUR)	**4.75**	4.00	4.69
Dividend/share (EUR)	**0.29***	-	-
Number of shares	**35,985,003**	35,985,003	35,985,003

* proposed

Formulas for calculation of key ratios

Cash and cash equivalents	=		Cash at hand and in bank + financial securities
Invested capital	=		Total assets - non-interest-bearing liabilities - deferred tax liability - provisions
Return on equity, (ROE) %	=	100 x	Profit (loss) for the period / Total equity average for 12 months
Return on invested capital, (ROI) %	=	100 x	Profit (loss) for the period + interest expenses / Total equity + interest-bearing liabilities average for 12 months
Return on capital employed excluding non-recurring items, (ROCE) %	=		Operating profit excluding non-recurring items / Invested capital average for 12 months
Equity ratio, %	=	100 x	Total equity / Total assets - advances received
Gearing, %	=	100 x	Interest-bearing liabilities - cash and cash equivalents / Total equity
Earnings/share	=		Profit (loss) for the period attributable to the shareholders of the parent company / Share-issue adjusted average number of shares during the period
Equity/share	=		Equity attributable to the shareholders of the parent company / Share-issue adjusted number of shares at the end of period
Dividend/share	=		Dividend distribution for period / Number of shares (basic) at the end of period

_*Parent company financial statements*

Parent company's income statement (FAS)

EUR million	NOTE	1 Jan - 31 Dec 2015	1 Jan - 31 Dec 2014
NET SALES	1)	**198.5**	200.6
Increase (+) / decrease (–) in inventories of finished goods and work in progress		**-0.4**	-4.7
Other operating income	2)	**18.6**	15.9
Materials and services			
Raw materials, consumables and goods			
Purchases during the period		**-121.5**	-116.0
Change in inventories		**3.8**	-1.0
External services		**-0.3**	-0.7
Total materials and services		**-118.0**	-115.8
Personnel expenses			
Wages and salaries		**-24.9**	-25.5
Indirect employee expenses			
Pension expenses		**-4.9**	-5.3
Other indirect employee expenses		**-1.3**	-1.3
Total personnel expenses		**-31.1**	-32.1
Depreciation, amortisation and impairment losses			
Depreciation and amortisation according to plan		**-10.8**	-10.6
Impairment loss on non-current assets		**-**	-33.2
Total depreciation, amortisation and impairment losses		**-10.8**	-43.8
Other operating expenses	4)	**-48.8**	-45.6
OPERATING PROFIT (LOSS)		8.0	-25.4
Financial income and expenses	5)		
Income from Group companies		**6.1**	31.0
Income from participating interests		**0.9**	0.7
Income from other investments held as non-current assets			
From others		**0.1**	0.0
Other interest and financial income			
From Group companies		**1.1**	1.4
From others than Group companies		**0.5**	3.8
Interest and other financial expenses			
To Group companies (–)		**-0.2**	-1.1
To others than Group companies (–)		**-2.7**	-7.5
Total financial income and expenses		**5.7**	28.4
PROFIT BEFORE EXTRAORDINARY ITEMS		13.7	3.0
Extraordinary items	6)		
Extraordinary expenses		**-**	-0.2
PROFIT BEFORE APPROPRIATIONS AND TAXES		13.7	2.8
Appropriations	7)		
Depreciation difference increase (–) /decrease (+)		**-4.8**	-0.1
Income taxes	8)		
Current period taxes (–)		**-0.7**	-0.4
Deferred taxes (–)		**0.5**	-0.6
Other direct taxes (–)		**-0.2**	-0.0
PROFIT FOR THE PERIOD		8.4	1.8

Parent company's balance sheet (FAS)

EUR million	NOTE	31 Dec 2015	31 Dec 2014
ASSETS			
NON-CURRENT ASSETS	9)		
Intangible assets			
Intangible rights		**8.8**	9.2
Other capitalised long-term expenditure		**14.4**	16.3
Prepayments		**0.9**	1.4
Intangible assets total		**24.1**	26.9
Tangible assets			
Land and water areas		**2.5**	2.5
Buildings and structures		**25.5**	22.8
Machinery and equipment		**27.5**	19.1
Other tangible assets		**0.5**	0.5
Prepayments and assets under construction		**2.9**	13.3
Tangible assets total		**58.8**	58.2
Investments			
Holdings in Group companies		**196.4**	190.3
Participating interests		**8.0**	8.0
Other shares and investments		**0.8**	0.8
Investments total		**205.3**	199.1
TOTAL NON-CURRENT ASSETS		288.1	284.2
CURRENT ASSETS			
Inventories	10)		
Materials and supplies		**21.7**	18.0
Work in progress		**13.5**	13.0
Finished goods		**9.1**	10.0
Advance payments		**0.1**	-
Inventories total		**44.4**	40.9
Non-current receivables	11)		
Receivables from Group companies		**34.2**	34.2
Deferred tax assets		**0.9**	0.4
Other receivables		**0.5**	0.6
Non-current receivables total		**35.5**	35.2
Current receivables	12)		
Trade receivables		**17.0**	20.7
Receivables from Group companies		**13.9**	13.5
Receivables from participating interest undertakings		**0.2**	0.1
Accrued income and prepaid expenses		**1.7**	3.2
Current receivables total		**32.8**	37.6
Cash at hand and in banks		**72.1**	87.1
TOTAL CURRENT ASSETS		184.7	200.8
TOTAL ASSETS		472.8	485.0

Parent company's balance sheet (FAS)

EUR million	NOTE	31 Dec 2015	31 Dec 2014
EQUITY AND LIABILITIES			
EQUITY	**14)**		
Share capital		**60.5**	60.5
Other reserves			
Hedging reserve		**-1.5**	-1.7
Retained earnings		**92.6**	90.9
Profit for the period		**8.4**	1.8
TOTAL EQUITY		160.0	151.4
APPROPRIATIONS	15)		
Depreciation difference		**21.3**	16.4
LIABILITIES			
Non-current	**16)**		
Loans from financial institutions		**87.5**	65.0
Liabilities to Group companies		**3.3**	2.2
Other liabilities		**4.9**	4.9
Non-current liabilities total		**95.7**	72.1
Current			
Loans from financial institutions		**7.5**	60.2
Commercial papers		**-**	13.0
Trade payables		**12.1**	11.3
Liabilities to Group companies	**17)**	**117.6**	99.5
Other liabilities		**41.4**	43.4
Accrued expenses and deferred income	**18)**	**17.2**	17.6
Current liabilities total		**195.8**	245.1
TOTAL LIABILITIES		291.6	317.2
TOTAL EQUITY AND LIABILITIES		472.8	485.0

Parent company's statement of cash flows (FAS)

EUR million	1 Jan-31 Dec 2015	1 Jan-31 Dec 2014
CASH FLOW FROM OPERATING ACTIVITIES		
Proceeds from sales	**199.0**	203.5
Proceeds from other operating income	**16.7**	13.7
Payments for other operating expenses (–)	**-200.3**	-188.9
Cash flow from operating activities before financial items and taxes	**15.5**	28.2
Interests paid and payments for other financial expenses (-)	**-3.4**	-9.1
Interests received from operating activities	**2.0**	5.6
Income taxes paid (-)	**-1.1**	-0.1
Cash flow before extraordinary items	**13.0**	24.6
Cash flow from extraordinary operating activities (net) (+/-)	**-0.2**	-
CASH FLOW FROM OPERATING ACTIVITIES	**12.8**	24.6
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisitions of tangible and intangible assets (–)	**-9.1**	-30.8
Proceeds from sale of tangible and intangible assets	**0.3**	0.1
Acquisitions of other investments (–)	**-0.1**	-2.0
Repayment of loan receivables	**0.1**	5.1
Proceeds from sale of other investments	**1.7**	1.0
Dividends received	**1.0**	31.8
CASH FLOW FROM INVESTING ACTIVITIES	**-6.1**	5.2
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of commercial paper program	**-13.0**	-31.0
Proceeds from current borrowings	**20.5**	19.2
Repayment of current loan receivables	**-**	6.4
Repayment of current borrowings (–)	**-60.2**	-11.0
Proceeds from non-current borrowings	**31.1**	-
Repayment of non-current loan receivables	**-**	22.9
Repayment of non-current borrowings (–)	**-**	-21.1
CASH FLOW FROM FINANCING ACTIVITIES	**-21.7**	-14.5
CHANGE IN CASH AND CASH EQUIVALENTS, INCREASE (+) / DECREASE (–)	**-15.0**	15.3
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**87.1**	71.8
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**72.1**	87.1

Notes to the parent company's financial statements

Accounting policies for the parent company's financial statements

The financial statements of the parent company are prepared in accordance with the Finnish accounting legislation. Altia Group's financial statements are prepared following the International Financial Reporting Standards (IFRS), and the parent company follows the Group's accounting policies when possible. Accounting policies that differ from the Group's accounting policies are presented below. Otherwise the Group's accounting policies are applied.

Pension plans

The pension plans of the parent company are arranged through pension insurance companies. Pension expenses are accrued to correspond to the performance-based salaries in the financial statements.

Cash Pool

The Group has applied the so called cash pool arrangement, which enables efficient management of the parent company's and subsidiaries' cash and cash equivalents.

Leases

All lease payments are recognised as rental expenses.

Valuation of financial instruments

Financial instuments are measured at fair value. The fair values of the financial instuments are determined by using the market prices on the closing date of the reporting period.

Hedge accounting

The company applies hedge accounting when the change in fair value is recognised in the hedging reserve under equity.

Research and development expenditure

Research and development expenditure is recognised as an annual expense as incurred.

Financial securities

Fair value changes of available-for-sale financial assets and quoted shares are recognised in the parent company.

Sale of trade receivables

The sold receivables are derecognised when the receivable has been sold and the sales price for it has been received. The related costs are recognized in other financial expenses.

Foreign exchange derivatives

The external foreign exchange transactions are performed centrally by the parent company which executes internal foreign exchange transactions with the Group companies.

Non-current liabilities

Interest expense accruals and entries in respect of the principals when applying the effective interest rate method in the consolidated financial statements are adjusted to comply with the Finnish accounting legislation.

Extraordinary items

Material items unrelated to business operations are recognised in extraordinary items.

Income taxes

The Group's accounting policies are applied to income taxes whenever possible according to the Finnish Accounting Standards.

Foreign currency denominated items

Foreign currency denominated receivables and liabilities are translated to Finnish currency at the rates of the closing date of the reporting period.

Accounting of production-related costs in income statement has been changed during year 2015. The figures of the comparison year have been revised accordingly. The impact on Other operating income was EUR - 8,295 thousand, on Materials and services EUR + 22,924 thousand and on Other operating expenses EUR - 13,999 thousand.

1. *Net sales*

Net sales by business areas

EUR million	2015	2014
Altia Brands	**99.6**	98.8
Industrial services	**96.3**	98.8
Other	**2.6**	3.0
Total	198.5	200.6

Net sales by geographic areas

EUR million	2015	2014
Finland	**151.6**	157.2
Europe	**45.4**	42.5
Rest of the world	**1.5**	1.0
Total	198.5	200.6

2. *Other operating income*

EUR million	2015	2014
Rental income	**0.7**	0.8
Income from energy sales	**3.4**	3.6
Proceeds from disposals of non-current assets	**1.9**	1.0
Service income	**10.3**	6.6
Other income	**2.4**	4.0
Total	18.6	15.9

3. *Notes related to personnel*

EUR million	2015	2014
The average number of personnel during the reporting period		
Workers	**226**	243
Clerical employees	**236**	257
Total	462	500
Fringe benefits (taxable value)	**0.7**	1.0
Management remuneration		
CEO	**0.3**	0.3
Board members	**0.2**	0.2

Pension commitments of the Board and CEO

The retirement age of the CEO of the company is 63 years.

4. *Other operating expenses*

EUR million	2015	2014
Rental expenses	**3.3**	3.3
Marketing expenses	**5.5**	4.8
Energy expenses	**9.8**	9.7
Travel and representation expenses	**1.1**	1.2
Repair and maintenance expenses	**7.3**	7.6
IT expenses	**4.3**	3.9
Outsourcing services	**4.5**	4.3
Variable sales expenses	**4.3**	4.4
Other expenses	**8.7**	6.3
Total	48.8	45.6

Auditor's fees

Audit fees	**0.1**	0.1
Tax consultation	**0.1**	0.1
Other fees	**0.0**	0.0
Total	0.2	0.2

Environmental expenses

The company’s environmental expenses did not have a significant impact on the profit for the period and on the financial position.

5. *Financial income and expenses*

EUR million	2015	2014
Dividend income		
From Group companies	**6.1**	31.0
From participating interest undertakings	**0.9**	0.7
From others	**0.1**	0.0
Total dividend income	7.1	31.8
Interest income		
From Group companies	**1.1**	1.4
From others	**0.3**	0.8
Total interest income	1.3	2.3
Other financial income		
From others	**0.2**	3.0
Total financial income	8.6	37.0
Interest expenses		
To Group companies	**0.2**	0.8
To others	**2.1**	3.9
Total interest expenses	2.3	4.7
Other financial expenses		
To Group companies	**0.0**	0.4
To others	**0.6**	3.6
Total other financial expenses	0.6	4.0
Total financial expenses	2.9	8.6
Total financial income and expenses	5.7	28.4

The following items are included in financial items of the income statement from fair value hedges:		
Other financial income		
Fair value changes of derivatives	**0.0**	0.0
Other financial expenses		
Fair value changes of derivatives	**0.2**	0.3

6. *Extraordinary items*

EUR million	2015	2014
Extraordinary expenses / group contribution	-	0.2

7. *Appropriations*

EUR million	2015	2014
Difference between depreciations according to plan and depreciations made in taxation		
Intangible rights	**0.0**	-0.2
Other long-term expenditure	**-0.2**	-0.0
Buildings and structures	**0.1**	0.4
Machinery and equipment	**-4.5**	-0.2
Other tangible assets	**-0.3**	-0.0
Total	-4.8	-0.1

8. *Income taxes*

EUR million	2015	2014
Income taxes from current period	**-0.7**	-0.4
Income taxes from previous periods	**-0.2**	-0.0
Change in deferred tax assets	**0.5**	-0.6
Total	-0.4	-1.0

9. *Specification of non-current assets*

EUR million	2015	2014
INTANGIBLE ASSETS		
Intangible rights		
Acquisition cost at 1 January	**21.2**	18.6
Additions	**0.4**	2.2
Disposals	**-0.0**	-0.0
Transfers between items	**1.3**	0.4
Acquisition cost at 31 December	**22.9**	21.2
Accumulated amortisation at 1 January	**-12.0**	-9.2
Accumulated amortisation on disposals and transfers	**0.0**	0.0
Amortisation for the period	**-2.1**	-2.9
Accumulated amortisation at 31 December	**-14.1**	-12.0
Carrying amount at 31 December	8.8	9.2
Goodwill		
Acquisition cost at 1 January	**17.6**	17.6
Acquisition cost at 31 December	**17.6**	17.6
Accumulated amortisation at 1 January	**-17.6**	-17.6
Accumulated amortisation at 31 December	**-17.6**	-17.6
Carrying amount at 31 December	-	-
Other long-term expenditure		
Acquisition cost at 1 January	**28.1**	10.8
Additions	**0.0**	17.3
Acquisition cost at 31 December	**28.1**	28.1
Accumulated amortisation at 1 January	**-11.8**	-9.8
Amortisation for the period	**-1.9**	-1.9
Accumulated amortisation at 31 December	**-13.7**	-11.8
Carrying amount at 31 December	14.4	16.3
Prepayments in intangible assets		
Acquisition cost at 1 January	**1.4**	0.9
Additions	**0.8**	0.9
Transfers between items	**-1.4**	-0.4
Carrying amount at 31 December	0.9	1.4

EUR million	2015	2014
TANGIBLE ASSETS		
Land and water areas		
Acquisition cost at 1 January	**2.5**	2.5
Disposals	**-0.0**	-0.0
Carrying amount at 31 December	2.5	2.5
Buildings and structures		
Acquisition cost at 1 January	**90.1**	89.0
Additions	**0.6**	1.3
Transfers between items	**4.7**	0.9
Disposals	**-0.2**	-1.2
Acquisition cost at 31 December	**95.3**	90.1
Accumulated depreciation at 1 January	**-67.3**	-65.6
Accumulated depreciation on disposals and transfers	**0.1**	0.7
Depreciation for the period	**-2.6**	-2.4
Accumulated depreciation at 31 December	**-69.8**	-67.3
Carrying amount at 31 December	25.5	22.8
Machinery and equipment		
Acquisition cost at 1 January	**126.0**	125.4
Additions	**4.4**	1.9
Disposals	**-3.0**	-3.3
Transfers between items	**8.5**	2.1
Acquisition cost at 31 December	**136.0**	126.0
Accumulated depreciation at 1 January	**-106.9**	-105.7
Accumulated depreciation on disposals and transfers	**2.5**	3.2
Depreciation for the period	**-4.1**	-4.4
Accumulated depreciation at 31 December	**-108.5**	-106.9
Carrying amount at 31 December	27.5	19.1
Other tangible assets		
Acquisition cost at 1 January	**0.5**	0.5
Acquisition cost at 31 December	**0.5**	0.5
Carrying amount at 31 December	0.5	0.5
Prepayments and assets under construction		
Acquisition cost at 1 January	**13.3**	8.7
Additions	**2.8**	7.5
Transfers between items	**-13.2**	-3.0
Carrying amount at 31 December	2.9	13.3
Carrying amount of machinery and equipment used in production at 31 December	**25.8**	17.1

EUR million	2015	2014
INVESTMENTS		
Holdings in Group companies		
Acquisition cost at 1 January	**339.7**	330.3
Additions	**6.2**	9.5
Disposals	**-**	-0.1
Acquisition cost at 31 December	**345.8**	339.7
Accumulated impairment at 1 January	**-149.4**	-117.2
Impairment	**-**	-32.2
Accumulated impairment at 31 December	**-149.4**	-149.4
Carrying amount at 31 December	196.4	190.3
Participating interests		
Acquisition cost at 1 January	**8.0**	8.0
Carrying amount at 31 December	8.0	8.0
Other shares and investments		
Acquisition cost at 1 January	**0.8**	0.8
Disposals	**-0.0**	-0.0
Carrying amount at 31 December	0.8	0.8

10. *Inventory*

There is no significant difference between the repurchase price and cost of inventories.

11. *Non-current receivables*

EUR million	2015	2014
Receivables from Group companies		
Loan receivables	**34.2**	34.2
Deferred tax assets		
Recognized in hedging reserve	**0.4**	0.4
Fixed assets deferred depreciations	**0.5**	-
	0.9	0.4
Other receivables		
Capital loan receivable	**0.5**	0.6
Total non-current receivables	35.5	35.2

12. *Current receivables*

EUR million	2015	2014
Receivables from Group companies		
Trade receivables	**7.0**	3.9
Cash Pool receivables	**0.4**	2.9
Other receivables	**5.3**	5.9
Derivatives	**0.1**	0.0
Accrued income and prepaid expenses	**1.2**	0.9
Total	13.9	13.5
Receivables from participating interest undertakings		
Trade receivables	**0.2**	0.1
Total	0.2	0.1
Receivables from others		
Trade receivables *)	**17.0**	20.7
Accrued income and prepaid expenses	**1.7**	3.2
Total	18.6	23.9
Total current receivables	32.8	37.6
Significant items in accrued income and prepaid expenses		
Derivatives	**0.5**	0.7
Taxes	**0.3**	-
Others	**0.9**	2.5
Total	**1.7**	3.2

*) Does not include the sold trade receivables

13. *Disclosures on fair values (financial securities)*

	Fair value 31 Dec 2015	Changes in the fair value recognised in the income statement	Changes in the fair value recog-nised in fair value reserve
Derivative instruments			
Interest rate derivatives	**-1.5**	**-**	**-1.5**
Foreign exchange derivatives	**0.3**	**0.0**	**0.2**
Commodity derivatives	**-0.8**	**-0.2**	**-0.6**
Total	-2.1	-0.2	-1.9

	Fair value 31 Dec 2014	Changes in the fair value recognised in the income statement	Changes in the fair value recog-nised in fair value reserve
Derivative instruments			
Interest rate derivatives	-2.1	-	-2.1
Foreign exchange derivatives	0.3	0.0	0.2
Commodity derivatives	-0.6	-0.3	-0.3
Total	-2.5	-0.3	-2.2

14. *Equity*

EUR million	2015	2014
Restricted equity		
Share capital at 1 January	**60.5**	60.5
Share capital at 31 December	**60.5**	60.5
Hedging reserve at 1 January	**-1.7**	-3.1
Additions and disposals	**0.2**	1.4
Hedging reserve at 31 December	**-1.5**	-1.7
Total restricted equity	59.0	58.8
Unrestricted equity		
Retained earnings at 1 January	**92.6**	90.9
Profit for the period	**8.4**	1.8
Total unrestricted equity	101.0	92.6
Total equity	160.0	151.4

Distributable unrestricted equity

Calculation of distributable equity

	31 Dec 2015	31 Dec 2014
Retained earnings	**92.6**	90.9
Profit for the period	**8.4**	1.8
Total distributable unrestricted equity	**101.0**	92.6

Distribution of the company's share capital:

A series shares pcs	**35,960,000**	35,960,000
L series shares pcs	**25,003**	25,003

L series shares are currently held by the company.

15. *Appropriations*

EUR million	2015	2014
Depreciation difference		
Intangible rights	**1.7**	1.6
Other long-term expenditure	**0.2**	0.2
Buildings and structures	**5.2**	5.2
Machinery and equipment	**14.2**	9.8
Other tangible assets	**-0.1**	-0.3
Total	21.3	16.4

16. *Liabilities*

EUR million	2015	2014
Non-current		
Loans from financial institutions	**87.5**	65.0
Liabilities to Group companies	**3.3**	2.2
Other liabilities	**4.9**	4.9
Total	95.7	72.1

17. *Liabilities to Group companies*

EUR million	2015	2014
Trade payables	**1.2**	0.4
Cash Pool liabilities	**108.4**	90.4
Derivative instruments	**0.0**	0.4
Other accrued expenses	**7.9**	8.4
Total	117.6	99.5

18. *Accrued expenses and deferred income*

EUR million	2015	2014
Significant items under accrued expenses:		
Holiday pay and other wages and salaries	**6.4**	6.1
Contract discount	**0.3**	0.3
Procurement expenses and other accrued expenses	**7.7**	8.0
Supplementary pension liability	**0.1**	0.2
Taxes	**-**	0.1
Derivative instruments	**2.6**	2.8
Total	17.2	17.6

19. Collaterals and commitments

EUR million	2015	2014
Collaterals given on behalf of the Group companies		
Mortgages	**18.5**	18.5
Guarantees	**8.5**	9.0
Total collaterals	27.0	27.5
Commitments and other contingencies		
Operating and finance lease obligations		
Not later than one year	**0.6**	0.4
Later than one year	**1.0**	0.2
Total	1.6	0.7
Lease obligations		
Not later than one year	**2.3**	1.5
Later than one year	**4.2**	1.2
Total	6.5	2.8
Other obligations		
Not later than one year	**6.8**	6.7
Total	6.8	6.7
Total commitments	14.9	10.1
Total collaterals and commitments	42.0	37.6

EUR million	2015	2014
Derivative contracts		
Electricity derivatives		
Fair value	**-0.8**	-0.6
Nominal value	**3.6**	4.4
Amount (TWh)	**0.1**	0.1
Group's external forward exchange contracts		
Fair value	**0.2**	0.6
Nominal value	**39.0**	18.1
Group's internal forward exchange contracts		
Fair value	**0.0**	-0.4
Nominal value	**14.9**	15.1
Interest rate derivatives		
Fair value	**-1.5**	-2.1
Nominal value	**20.0**	100.0

Emission allowances (kilotons)	2015	2014
Emission allowances received	**28.5**	29.0
Excess emission allowances from the previous year	**39.6**	51.4
Adjustments related to prior year's estimates	**-0.0**	-0.0
Realised emissions	**-30.7**	-40.7
Emission allowances at 31 December	37.4	39.6
Fair value of the remaining emission allowances	**0.3**	0.3

The received emission allowances and the realised emission of the year 2015 are estimates which will be adjusted during spring 2016 if necessary. Altia continues to operate within the emission trading system for the trading period 2013-2020.

_Board of Directors' proposal for the distribution of profits

According to the balance sheet at 31 December 2015, Altia Plc's distributable earnings amount to EUR 101,040,194.60 including profit for the period of EUR 8,419,060.78.

No significant changes have taken place in the financial position of the parent company since the end of the financial period. The liquidity of the company is good and the proposed dividend does not, in the view of the Board of Directors, risk the solvency of the company.

The Board of Directors proposes to the Annual General Meeting a dividend of EUR 0.29 per share to be distributed, totalling EUR 10,428,400.

Signatures to the Board of Directors' Report and to the financial statements

Helsinki, 3 March 2016

Sanna Suvanto-Harsaae
Chairman

Annikka Hurme Kim Henriksson Minna Huhtaniska

Kasper Madsen Jarmo Kilpelä

Pekka Tennilä
CEO

_Auditor's report

To the Annual General Meeting of Altia Plc

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Altia Plc for the year ended 31 December, 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 MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or 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 Members of the Board of Directors of the parent company and the Managing Director be discharged from liability for the financial period audited by us.

Helsinki, March 3, 2016
KPMG Oy Ab

Jari Härmälä
Authorized Public Accountant

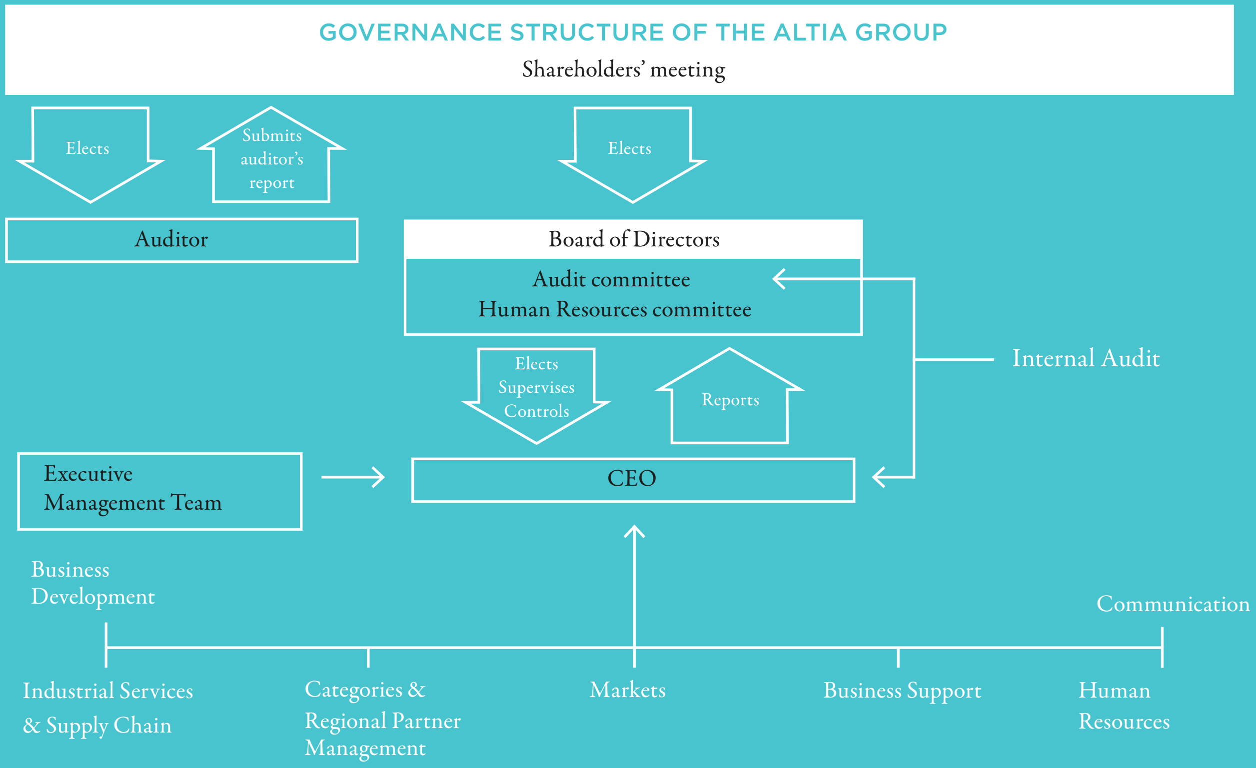
_Corporate governance statement 2015

This Corporate Governance Statement has been prepared in accordance with Recommendation 54 of the Finnish Corporate Governance Code 2010. This Statement is not part of the Report of the Board of Directors. Altia Plc (hereinafter "Altia" or the "company") complies with the provisions of its Articles of Association and the Finnish Companies Act. Altia also complies with the provisions and principles of the government resolution of 3 November 2011 on state ownership policy, and the statement by the cabinet committee on economic policy of 13 August 2012 regarding the remuneration of executive management and key individuals.

Altia is fully owned by the State of Finland. The Ownership Steering Department in the Prime Minister's Office is responsible for ownership steering and oversight of the company. Altia's head office is located in Helsinki, Finland.

In accordance with the government resolution of 3 November 2011 on state ownership policy, Altia complies with the Finnish Corporate Governance Code 2010, with certain deviations. Deviations from the Corporate Governance Code are based on the facts that the company has one owner, the company's shares are not listed and the company has no share-based compensation or incentive schemes. The company deviates from the following recommendations of the Corporate Governance Code: Recommendation 1 (information on general meetings to shareholders), Recommendation 3 (attendance of the board of directors, managing director and auditor at a general meeting), Recommendation 4 (attendance of a prospective director at a general meeting), Recommendation 11 (informing the shareholders of director candidates), Recommendation 51 (the company's insider administration), and Recommendation 55 (disclosing information on the company website due to the above-mentioned deviations). The information required by the Finnish Corporate Governance Code is, with the above exceptions, also available on the company's website www.altiacorporation.com. An unofficial English translation of the Finnish Corporate Governance Code 2010 is available at www.cgfinland.fi.

Altia prepares its consolidated financial statements in accordance with the IFRS reporting standards. The Report of the Board of Directors and the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and the guidelines and statements of the Accounting Board. The auditor's report covers the Report of the Board of Directors, the consolidated financial statements, including the parent company's financial statements.



GOVERNING BODIES

The management of the company is the responsibility of the General Meeting of Shareholders, the Board of Directors and the CEO. Their duties are mainly laid down in the Finnish Companies Act. The management and administration of the company are also based on the decisions of the General Meeting of Shareholders and the company.

GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders is the ultimate decision-making authority of the company. At the General Meeting of Shareholders, the shareholder exercises its powers in accordance with the Companies Act and the Articles of Association. The General Meeting of Shareholders decides on matters that under the Companies Act and the Articles of Association are within its purview. A General Meeting of Shareholders is convened by the Board of Directors. Pursuant to the Articles of Association, the Annual General Meeting is held annually within six months from the end of the previous financial year on a date determined by the Board of Directors. An Extraordinary Meeting of Shareholders may be convened in the manner provided for in the Companies Act. Matters on which the Annual General Meeting decides include the adoption of the financial statements, the distribution of profits, discharging liable parties from liability, and the election of the chairman, vice chairman and other members of the Board of Directors, and the auditor, as well as their remuneration. Decisions to amend the Articles of Association are also taken by a General Meeting of Shareholders.

THE BOARD OF DIRECTORS

The Board of Directors is responsible for the administration of the company and the appropriate organization of its operations. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances. The Board of Directors makes decisions on the strategy, investments, organization and financial affairs of the company. The Board of Directors also ensures that good corporate governance is complied with throughout the Altia Group. The Board of Directors has approved the Corporate Governance principles of the Altia Group.

The members of the Board of Directors are elected by the General Meeting of Shareholders. According to the Articles of Association, the Board of Directors consists of no less than one and no more than five members in addition the chairman and vice chairman. The General Meeting of Shareholders elects the chairman, the vice chairman and the other members of the Board of Directors for a term expiring at the end of the next Annual General Meeting following their election. The biographical details of the members of the Board of Directors are presented on the company's website.

The Board of Directors have adopted the rules of procedure of the Board of Directors, which sets fort the procedures and working principles of the Board of Directors, as well as the most important tasks and issues considered and approved by the Board of Directors. Accordingly, the Board of Directors' responsibilities include approving the company's strategy, financial targets, budgets, major investments and risk management principles. The Board appoints and dismisses the company's CEO. The Board of Directors considers and decides on all significant matters concerning the operations of the Altia Group and the business areas. The Board of Directors has also approved the rules of procedure of the Audit Committee and Human Resources Committee (prev. Remuneration Committee). The Board of Directors convenes in accordance with a timetable agreed in advance and also as required. In addition to making decisions, the Board of Directors also receives during its meetings current information on the operations, finances and risks of the Group. Board meetings are also attended by the CEO, the CFO and the General Counsel (who acts as secretary to the Board). Members of the Executive Management Team and other representatives of the company attend Board meetings at the invitation of the Board of Directors. Minutes are kept of all meetings.

THE BOARD OF DIRECTORS 2015-2016

The Annual General Meeting of Altia held on 10 April 2015 confirmed that the Board of Directors of Altia shall have six members and elected the following persons as members of the Board of Directors:

- Ms. Sanna Suvanto-Harsaae, chairman, b. 1966, B.Sc. (Business Administration)
- Ms. Annikka Hurme, vice chairman, b. 1964, M.Sc. (Food Sciences), CEO
- Mr. Kim Henriksson, b. 1968, M.Sc. (Econ.),
- Ms. Minna Huhtaniska, b.1974, Master of Laws (LL.M.), M.Sc. (Econ.), General Counsel Corporate Finance Advisor
- Mr. Jarmo Kilpelä, b. 1957, M.Sc. (Econ.), Senior Financial Counsellor
- Mr. Kasper Madsen, b.1961, BSc (Econ.), BSc (Chemistry), Master Brewer

All members of the Board of Directors are independent of the company. Board member Jarmo Kilpelä holds an office with the Ownership Steering Department of the Prime Minister's Office. All other members of the Board of Directors are independent of the shareholder of the company. The Board of Directors of Altia convened eleven times in 2015. The average attendance rate of the members of the Board of Directors was 91.3 %. The Board of Directors conducts annually a self-assessment of its activities and working practice.

BOARD COMMITTEES

The Board of Directors of Altia has two board committees, the Audit Committee and the Human Resources Committee (prev. Remuneration Committee). The Committees do not have independent decision-making powers in relation to matters falling within the competence of the Board of Directors. The Committees are preparatory bodies that assist the the Board of Directors by preparing and submitting proposals to the Board of Directors on matters within their purview. The Board of Directors has approved the rules of procedure of the Committees. The Committees report to the Board of Directors at regular intervals.

In its constitutive meeting, the Board of Directors appoints annually, from among its members, the members and chairman of the Audit Committee and the Human Resources Committee.

In addition to the Audit Committee and Human Resources Committee, the Board of Directors may appoint ad hoc committees for preparing specific matters. Such committees do not have Board-approved rules of procedure and the Board of Directors do not release information on their term, composition, number of meetings or the members' attendance rates. The Committees report to the Board of Directors at regular intervals.

AUDIT COMMITTEE

The task of the Audit Committee is to assist the Board of Directors by reviewing and preparing topics relating to control of the company's operations and financial reporting and submitting proposals to the Board of Directors on to such topics.

The Audit Committee's duties include monitoring the financial affairs and financial reporting of the company, monitoring the process for the reporting of the financial statements, reviewing the interim reports and financial statements and present them for approval by the Board of Directors, monitor the audit proper of the financial statements and consolidated financial statements, and monitor the effectiveness of internal controls, internal audit and risk management systems. In addition, the duties of the Audit Committee include preparatory work on the decision on electing the auditor, the evaluation of the independence of the auditor, particularly the provision of related services to the company and carrying out other tasks assigned to it by the Board of Directors.

The Audit Committee consist of at least three members. In 2015, the Audit Committee convened eight times and the average attendance rate of the Committee members' was 95.8%. As of 29 April 2015, the Chairman of the Audit Committee is Mr. Kim Henriksson and the other members are Ms. Minna Huhtaniska and Ms. Sanna Suvanto-Harsaae.

HUMAN RESOURCES COMMITTEE

The Human Resources Committee assists the Board of Directors by reviewing and preparing management and personnel remuneration policies and issues related to management appointments, and making proposals on such matters to the Board of Directors. The Committee's responsibilities include reviewing, evaluating and making proposals on the remuneration structure and incentive schemes of management and the personnel of the Altia Group; monitoring the effectiveness of these systems to ensure that incentive schemes of the management promote achievement of the company's short term and long term goals and are based on personal performance; reviewing and preparing other matters relating to the remuneration of management and personnel, and submitting proposals on these to the Board; and considering and preparing appointments of top management to be decided by the Board. In addition, based on the proposal of the CEO, the Human Resources Committee proposes to the Board of Directors the appointment of members of the Executive Management Team and their remuneration, and evaluates the performance of the CEO and the members of the Executive Management Team and proposes to the Board of Directors their annual remuneration and other incentives. The Human Resources Committee has at least three members.

In 2015, the Human Resources Committee convened four times and the attendance rate of the Committee's members was 100%. As of 29 April 2015, the Chairman of the Human Resources Committee is Ms. Sanna Suvanto-Harsaae and the other members are Ms. Annikka Hurme and Mr. Jarmo Kilpelä.

CHIEF EXECUTIVE OFFICER

The Board of Directors of Altia appoints and dismisses the Chief Executive Officer (CEO), and decides on the terms of the CEO's employment. The terms and conditions of the CEO's employment are specified in a written service contract. Mr Pekka Tennilä (b. 1969), M. Sc. (Business Management) serves as the CEO of Altia Plc.

The CEO is responsible for managing, supervising and controlling the business operations of the company. The CEO is responsible for the day to day executive management of the company in accordance with the instructions and orders given by the Board of Directors. In addition, the CEO also ensures that the accounts of the company comply with Finnish law and that its financial affairs have been arranged in a reliable manner. The CEO shall provide the Board of Directors and its members with the information necessary for the performance of the duties of the Board of Directors. The CEO prepares issues for decision by the Board of Directors, develops the company in line with the targets agreed upon with the Board and ensures proper implementation of the decisions of the Board of Directors. The CEO is also responsible for ensuring that the company operates in compliance with laws and regulations. The CEO is not a member of the Board of Directors, but attends the meetings of the Board of Directors and has the right to speak at the meeting, unless the Board of Directors decides otherwise with regard to a particular subject matter.

EXECUTIVE MANAGEMENT TEAM

In 2015, the Executive Management Team of the Altia Group consist, in addition to the CEO of Altia as chairman, of the Senior Vice Presidents of Commercial Operations, Partner Brands, Industrial Services & Supply Chain and Human Resources as well as the Chief Financial Officer (CFO), who all reported to the CEO. The Executive Management Team meets regularly to address matters concerning the entire Group.

The Group Management Team is not a decision-making body. It assists the CEO in the implementation of Group strategy and in operational management. The Executive Management Team is responsible for managing the company's core business operations as a whole, which requires planning of various development processes, Group principles and Group practices, as well as monitoring the development of financial matters and Group business plans. The Executive Management Team convenes on average monthly and minutes are kept of all meetings.

In 2015, the Executive Management Team of Altia consisted of the following members:

- Mr. Pekka Tennilä, CEO
- Mr. Michael Bech-Jansen, SVP Commercial Operations
- Mr. Janne Halttunen, SVP Partner Brands (as of 1 September 2015)
- Mr. Matti Piri, CFO
- Mr. Hannu Tuominen, SVP Industrial Services & Supply Chain
- Ms. Sanna Hokkanen, SVP Human Resources & Communications (until 31 July 2015)
- Mr. Søren Qvist, SVP Partner Brands (until 31 August 2015)

CONTROL

INTERNAL AUDIT

As of 1 January 2015, Altia has its own internal auditor in charge of internal audit. The internal auditor reports to the CEO and the Audit Committee. Internal audit monitors and evaluates the operation of processes as well as the appropriateness of internal controls and the financial administration of the company in an independent manner. It reports its observations to the CEO, and Audit Committee. The audit areas and audit plan of the internal audit are decided annually by the Audit Committee. Internal audit is implemented in accordance with the charter of the internal audit approved by the Board of Directors.

EXTERNAL AUDIT

According to the Articles of Association, the company has one auditor elected by the General Meeting of Shareholders. The auditor must be a firm of authorized public accountants. The auditor is elected annually by the Annual General Meeting for a term that expires at the end of the next Annual General Meeting following the election. The task of the auditor is to audit the consolidated financial statements, the financial statements of the parent company, the accounting of the

Group and the parent company and the administration of the parent company. The company's auditor submits the auditors' report to the shareholders in connection with the annual financial statements, as required by law, and submits regular reports on its observations to the Audit Committee of the Board of Directors. KPMG Oy AB, a firm of authorized public accountants, is Altia's auditor, with Jari Härmälä, APA, as the principal auditor. The fees for the audit proper paid to KPMG in 2015 totaled EUR 261 thousand. In addition, EUR 173 thousand was paid for other consultation provided to Group companies.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS CONNECTED WITH FINANCIAL REPORTING

INTERNAL CONTROL SYSTEMS CONNECTED WITH FINANCIAL REPORTING

Supervisory measures are instructions and guidelines that help to ensure the proper management of all functions. The measures cover all Group levels and functions and information systems play an important role in them. Information systems are of vital importance for effective internal supervision.

The performance of the Group is monitored in the Executive Management Team with monthly reports as well as in the monthly operational reviews of the business areas. The financial situation of the Group is also monitored in the meetings of the Audit Committee and the Board of Directors. The Audit Committee and the Board of Directors review the interim reports and financial statements. Monitoring of the monthly reports also ensures the effectiveness of the internal supervision. Each business area must ensure effective supervision of its own operations as part of Group-level internal supervision. The business areas and the Group Finance organization are responsible for the evaluation of the processes covering financial reporting.

RISK MANAGEMENT

Risk management consists of actions that aim to identify and assess significant external and internal uncertainties which could threaten the implementation of the strategy as well as accomplishment of the objectives. The most significant uncertainties in Altia Group's operations are related to the development of the general financial situation and its impact on consumption as well as the impact of alcohol taxation and changes in legal regulation on consumer behavior. Financial risks comprise currency risk, interest risk, liquidity risk and credit risk. These risks are hedged against in accordance with the principles defined in the Group Risk Management Policy. The development of a comprehensive risk management system for risks related to strategy, operations, financing and hazards was continued in 2015. The goal is especially to integrate operations management and risk management, and develop contingency and mitigations plans. Special emphasis is put on preventive actions and their development. Preparations have been made for acting in crisis situation and for crisis communication.

Altia's business areas are responsible for the risks involved in their operations, for preventing damages caused by the risks or for hedging against the risks. Risk management in Altia Group is part of the everyday operations as well as the operative planning and management process, which is led by the Group's finance function under the CFO. As part of the reporting and planning process, risk management identifies risks of the business areas, which are assessed based on their impact and likelihood. Furthermore, measures to manage the risks as well as tasks and responsibilities associated with the risks are determined. The aim is to minimize identified risks where possible. Treasury is responsible for the insurance programs covering the whole Group. The scope of the insurances is assessed, among others, in the context of risk analysis.

_Remuneration statement 2015

Altia Plc ("Altia") is fully owned by the State of Finland. Altia complies, with certain deviations, with the Finnish Corporate Governance Code as provided by the Government Resolution on State Ownership Policy given on 3 November 2011. This Remuneration Statement is published in accordance with Recommendation 47 of the Finnish Corporate Governance Code 2010.

Altia complies with the statement by the cabinet committee on economic policy of 13 August 2012 regarding the remuneration of executive management and key individuals.

I. REMUNERATION AND OTHER BENEFITS OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE DECISION-MAKING PROCESS

The Annual General Meeting decides annually on the remuneration payable to members of the Board of Directors for their term of office.

The Annual General Meeting of Altia held on 10 April 2015 decided that the chairman of the Board of Directors shall receive a monthly fee of 2,750 euros, the vice chairman a monthly fee of 1,800 euros and the other members of the Board of Directors a monthly fee of 1,450 euros. The Annual General Meeting also approved an attendance fee for meetings of the Board of Directors and its Committees. The attendance fees are 600 euros per meeting for Board members residing in Finland and 1,200 euros per meeting for Board members residing abroad.

The members of the Board of Directors are not included in the company's incentive schemes. The company has not granted any loans to members of the Board of Directors, nor given guarantees on their behalf. The total fees paid to the members of the Board of Directors in 2015 are presented below:

Altia Plc Board of Directors 2015 – attendance and fees (in euros):

	BOARD	Attendance fees	HUMAN RESOURCES COMMITTEE	Attendance fees	AUDIT COMMITTEE	Attendance fees	Monthly fees total	**Fees total**
	Attendance		Attendance		Attendance			
CHAIRMAN								
Matti Tikkakoski *until 10 Apr 2015*	3/3	1800	2/2	1200	2/2	1200	11000	**15200**
Sanna Suvanto-Harsaae *as of 10 Apr 2015*	11/11	11400	2/2	2400	6/6	7200	29100	**50100**
VICE CHAIRMAN								
Catarina Fagerholm *until 10 Apr 2015*	3/3	1800			2/2	1200	7200	**10200**
Annikka Hurme *as of 10 Apr 2015*	9/11	5400	4/4	2400			20550	**28350**
MEMBERS								
Mikael Aro *until 10 Apr 2015*	3/3	1800					5800	**7600**
Kim Henriksson *as of 10 Apr 2015*	8/8	9600			6/6	7200	13050	**29850**
Minna Huhtaniska	10/11	6000			7/8	4200	17400	**27600**
Jarmo Kilpelä	10/11	6000	4/4	2400			17400	**25800**
Kasper Madsen *as of 10 Apr 2015*	6/8	7200					13050	**20250**
	91.3 %	51000	100 %	8400	95.83 %	21000	134550	**214950**

II. ALTIA'S MAIN PRINCIPLES OF REMUNERATION, INCENTIVE SCHEMES AND DECISION-MAKING PROCESS

DECISION-MAKING PROCESS AND MAIN PRINCIPLES OF REMUNERATION

Altia's Board of Directors decides annually on Altia's principles of remuneration, the basis and targets for performance bonuses as well as their maximum amounts. The Board of Directors also evaluates annually the performance of the CEO and the members of the Executive Management Team, as well as decides on the total remuneration of the CEO and the members of the Executive Management Team, taking into account the recommendations of the Human Resources Committee.

The Human Resources Committee, which is established by the Board of Directors, has the duty to assist the Board of Directors by reviewing and preparing management and personnel remuneration policies and issues related to management appointments, and make proposals on such matters to the Board of Directors. The Committee's responsibilities include reviewing, evaluating and making proposals on the remuneration structure and incentive schemes of management and the personnel of the Altia Group, monitoring the effectiveness of these systems to ensure that incentive schemes of the management promote achievement of the company's short term and long-term goals and are based on personal performance.

INCENTIVE SCHEMES

ANNUAL INCENTIVE PLAN

Altia's salaried personnel, senior salaried personnel and management are part of an annual incentive plan. The annual incentive is based on operational targets of the Group and the business units as well as personal targets. The incentive is paid annually or more frequently as an annual bonus or sales bonus. The purpose of the incentive plan is to support the implementation of Altia's strategy and reward the personnel for excellent personal performance and for achieving the Group's and its business units' financial objectives. Workers are part of a production bonus system. Production bonuses are based on set targets for each production unit.

The potential annual bonus is based on budgeted operational targets of the Group or the business units' targets as well as personal targets. The maximum annual bonus is from 4 % to 30 % of the individual's annual gross salary depending on the individual's organizational position and job. In addition to the achievement of operational and personal targets, a precondition for the payment of the annual bonus payment is that a predetermined EBIT-target of the Altia Group is achieved. The target bonus for 2015 for the CEO and the members of the Executive Management Team is 30% of the annual salary. In the event of exceptional performance by the company and the recipient, the maximum amount of bonuses can be up to 60% of the annual salary.

Based on the result for 2014, annual performance bonuses were paid in 2015 in the amount of EUR 1.3 million, including social expenses. Sales bonuses totaling EUR 0.4 million were paid in 2015. The production bonuses totaling EUR 0.5 million, including social expenses, were included in the result for the period.

LONG-TERM INCENTIVE SCHEME

Altia has no long-term incentive scheme for 2015. The Board of Directors of Altia decided on 20 June 2012 on a new long-term incentive plan for 2012–2014. Possible bonuses for the long-term incentive scheme 2012–2014 are to be paid in three instalments during 2015–2017. The purpose of the new long time incentive scheme was to support the company's strategy, reward for implementing the strategy and to commit key personnel to the company. Alexander Corporate Finance Oy served as company's adviser in relation to the incentive scheme.

No bonuses based on the long-term incentive scheme 2012–2014 will be paid during 2015 -2017. Altia has no share-based incentive scheme or option scheme. The members of the Board of Directors or management have not received any options or other share-based rights as remuneration.

III. FINANCIAL BENEFITS OF THE CEO AND THE EXECUTIVE MANAGEMENT TEAM

The remuneration of the CEO and other members of the Group Executive Team consist of a fixed base salary, fringe benefits, an annual bonus and a long term incentive scheme. The remuneration commits management to develop the company and its financial success in the long term. The development stage and strategy of the company are considered when determining the principles for remuneration.

FINANCIAL BENEFITS OF THE CEO IN 2015

The salary and other remuneration paid in 2015 to CEO Pekka Tennilä amounted to a total of 360,000 euros as follows:

- fixed base salary of 334,760 euros
- fringe benefits of 240 euros
- bonuses, including annual bonus for 2014, 25,000 euros
- long-term incentive scheme 2012 – 2014, 0 euros

The retirement age of the CEO is 63 years and his pension is in accordance with the Employees' Pensions Act. The CEO does not have a supplementary pension insurance paid by the company. In accordance with service contract of the CEO, he has a six month period of notice. If the service contract is terminated by Altia, the CEO is entitled to a severance payment corresponding to six months' salary, in addition to the salary for the notice period.

FINANCIAL BENEFITS OF THE EXECUTIVE MANAGEMENT TEAM IN 2015

The salary and other remuneration, including fringe benefits, paid in 2015 to the Executive Management Team amounted to a total of 1,399,316 euros, as follows:

- fixed base salary and fringe benefits 1,275,352 euros
- bonuses, including annual bonus for 2014, 123,964 euros
- long-term incentive scheme 2012 – 2014, 0 euros

Certain members of the Executive Management Team have a supplementary defined contribution pension insurance paid by the employer. If the employment contract is terminated by Altia, the Executive Management Team member is entitled to a severance payment corresponding to six months' salary, in addition to the salary for the term of notice.

Board of Directors

1.

Jarmo Kilpelä

B. 1957, M.SC. (ECON.)

Senior Financial Counsellor, Prime Minister's Office, Ownership Steering Department, Independent of the company, Member of the Board of Altia since 2011, Member of the Human Resources Committee

Main work experience:
Senior Financial Counsellor, Ministry of Finance (1996–2007)
Head of Administration and Finance, Government Guarantee Fund (1993–1996)
Analyst, Bank of Finland (1992–1993)
Head of Department, Deputy Director of Department, Corporate Analyst, Skopbank of Finland Plc. (1981–1992)

Key positions of trust:
Gasonia Oy, Chairman of the Board
Governia Oy, Chairman of the Board
VR-Group Ltd, Member of the Board

2.

Annikka Hurme

B. 1964, M.SC. (FOOD SCIENCES)

CEO, Valio Oy,
Independent of the company and the shareholder, Vice-chairman of the Board of Directors, Member of the Board of Altia since 2010, Member of the Human Resources Committee

Main work experience:
Valio Oy, Director, Cheese, Butter and Powders (2012–2014)
Valio Oy, Director, Nordic Sales and Distribution (2010–2012)
Valio Oy, Director, Perishable Goods and Domestic Sales and Marketing (2007–2010)
Valio Oy, Director, Marketing (2000–2007)

3.

Sanna Suvanto-Harsaae

B. 1966, B.SC. (BUSINESS ADMINISTRATION)

Independent of the company and the shareholder, Chairman of the Board of Directors, Member of the Board of Altia since 2013, Chairman of the Human Resources Committee, member of the Audit Committee

Key positions of trust:
Babysam AS, Chairman of the Board
Sunset Boulevard AS, Chairman of the Board
Best Friend AB, Chairman of the Board
SAS AB, Member of the Board
Paulig Oy, Member of the Board
Clas Ohlson AB, Member of the Board
Upplands Motor AB, Member of the Board
CCS Healthcare AB, Member of the Board
Vital Pet Food AS, Chairman of the Board

4.

Minna Huhtaniska

B. 1974, MASTER OF LAWS (LL.M.), M.SC, (ECON.)

General Counsel, Valmet Automotive Oy, Independent of the company and the shareholder, Member of the Board of Altia since 2012, Member of the Audit Committee

Main work experience:
Fazer Group, SVP Legal Affairs (2008–2013)

5.

Kasper Madsen

B. 1961, BSC (CHEMISTRY), BSC (ECONOMICS), MASTER BREWER

COO, Supply Chain at Hilding Anders, Independent of the company and the shareholder, Member of the Board of Altia since 2015.

Main work experience:
Orkla Confectionary & Snacks, SVP Supply Chain (2014)
Boston Consulting Group, Senior Advisor (2011–2013)
Carlsberg Breweries, SVP Supply Chain (1986 to 2011)

Key positions of trust:
Unifeeder A/S, Member of the Board

6.

Kim Henriksson

B. 1968, M.SC. (ECON.)

Corporate Finance Advisor, Access Partners, Independent of the company and the shareholder, Member of the Board of Altia since 2015, Chairman of the Audit Committee

Main work experience:
Munksjö Group, Chief Financial Officer (2010–2015)
Morgan Stanley, Managing Director (1999–2008, 1994–1996)
Merita Corporate Finance, Junior Partner (1996–1999)

Key positions of trust:
Unifeeder A/S, Member of the Board

_Executive Management Team

1.

Matti Piri
B. 1969, M. SC. IN BUSINESS MANAGEMENT

Senior Vice President, CFO (2013–)

Main work experience:
VP Finance & Control, Neste Oil Oyj (2011–2013)
Acting CFO, Neste Oil Oyj (9/2012–5/2013)
Finance Director, Austria (2010–2011), Czech/Slovakia (2007–2009) and Hungary (2005–2007), MARS Inc.
Project Manager, South Central Europe, MARS Inc. (2004–2005)
Financial Controller, Romania, MARS Inc. (2003–2004)
Financial Planning Manager, Effemex Europe (2001–2003)
Business Planning Manager, Finland/Baltics, Effemex Europe (1996-1999)
Financial Analyst, Finland/Baltics, Effemex Europe (1994–1996)

2.

Michael Bech-Jansen
S. 1972, M.SC. (ECONOMICS AND BUSINESS ADMINISTRATION)

Senior Vice President, Commercial Operations (2013–)

Main work experience:
Independent Senior Consultant and Advisor (2012–2013)
Marketing Director, Global Travel Retail, British American Tobacco International (Switzerland) (2010–2012)
International Senior Brand Manager, International Brand Group, British American Tobacco Ltd (UK) (2009–2010)
General Manager, British American Tobacco Sweden AB (2008–2009)
Managing Director, House of Prince AB Sweden (2008)
Managing Director, Scandinavian Tobacco s.r.o., Czech Republic (2007)
Marketing Manager, House of Prince AB Sweden (2004–2006)
Marketing Manager, House of Prince A/S Denmark (2003–2004)
Brand Manager, House of Prince AB Sweden (2000–2003)
Sales and Marketing Trainee, House of Prince A/S Denmark (1998–2000)

3.

Pekka Tennilä

B. 1969, M. SC. IN BUSINESS MANAGEMENT

CEO (June 2014-)

Main work experience:
President, Baltics, Carlsberg Group (2012–2014)
Commercial Director, Baltics, Carlsberg Group (2011–2012)
President & CEO, Saku Brewery, Carslberg Group (2008–2011)
Export Director, Sinebrychoff, Carlsberg Group (2006–2008)
Marketing Manager, Beer Portfolio, Sinebrychoff, Carlsberg Group (2001–2005)
Business Manager Finland, Nordic Kellogg's (2000–2001)
Brand Manager and marketing positions, Leaf Confectionery (1995–1998)

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Hannu Tuominen

B. 1958, M.SC. (ENG.)

Senior Vice President, Industrial Services and Supply Chain (2009–)

Main work experience:
Senior Vice President, Industrial Services and Production, Altia Oyj (2008–2009)
Division Director, Vaisala Oyj (1994–2007)
Production Director, Vaisala Oyj (1992–1994)
Production Director, Fiskars Power Systems Oyj, (1990–1992)
Product Marketing Manager, Fiskars Power Systems Oyj, (1988–1990)
Business Controller, Fiskars Power Systems Oyj, (1986–1988)

5.

Janne Halttunen

B. 1970, M. SC. BUSINESS ADMINISTRATION

Senior Vice President, Partner Brands (September 2015–)

Main work experience:
Director Business Development, Managing Director Partner Brands, Altia (2013–2015)
Managing Director, Wennerco (2009–2013)
Director of Brand Marketing, British American Tobacco Iberia (2004–2008)
Senior International Brand Group Manager, British American Tobacco Head Quarter U.K., (2002–2004)
Trade Development Director, British American Tobacco Switzerland (2000–2002)
Head of Marketing, British American Tobacco Nordic (1998–2000)

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