SENSING THE FUTURE

ANNUAL REPORT 2014

OKMETIC

OKMETIC IN BRIEF

Okmetic supplies innovative silicon-based solutions for the semiconductor industry, especially for sensor manufacturing. Okmetic is the world's leading sensor wafer manufacturer and a technological pioneer. The company has production plants in Finland and the United States, and contract manufacturing in Japan and China. Okmetic's own sales organisation serves customers in the United States, Japan and Hong Kong. In addition, the company has sales agents in China, Korea, Malaysia, Singapore, Taiwan and the United States. Okmetic, founded in 1985, is listed on Nasdaq Helsinki.

THE YEAR 2014

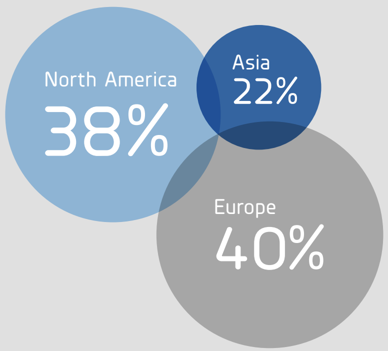
In 2014, Okmetic's net sales grew by 8.2 percent, clearly outperforming the silicon wafer industry as a whole (growth 1.2%). Operating profit grew by 27 percent to 6.4 million euro, accounting for 8.6 percent of net sales. The value of deliveries in sensor wafers and other high value-added products in this category surged by 13.5 percent, and their share in the total value of deliveries rose to 63 percent. Healthy growth was seen in Europe and, in particular, in Asia.

Net sales
74.1
million euro

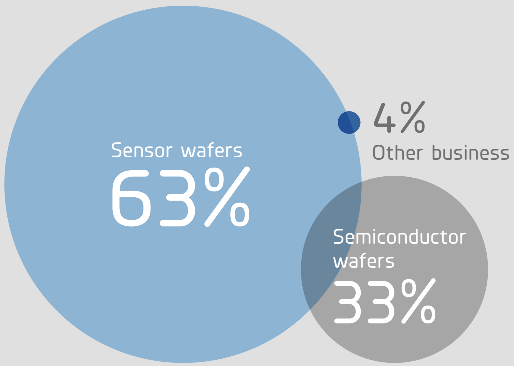
Operating profit
6.4
million euro

Personnel
370
average during the year

VALUE OF DELIVERIES PER MARKET AREA



VALUE OF DELIVERIES PER CUSTOMER AREA



KEY FIGURES

1,000 euro	2014	2013
Net sales	74,104	68,516
Operating profit before depreciation and amortisation (EBITDA)	12,985	10,905
Operating profit	6,401	5,031
% of net sales	8.6	7.3
Profit for the period	4,832	3,842
Basic earnings per share, euro	0.29	0.23
Net cash flow from operating activities	12,478	9,726
Net interest-bearing liabilities	-1,110	6,530
Equity ratio, %	70.5	68.2
Average number of personnel during the period	370	363

Okmetic's growth was due to improved sales in its core business, silicon wafers.

13.5%

growth in the value of the high value-added wafer deliveries

RETURN TO GROWTH IN 2014

The year 2014 saw Okmetic return to a growth path. Net sales amounted to 74.1 million euro, up 8.2 percent from last year. Growth in the silicon wafer industry lagged behind at 1.2 percent, meaning that the company once again outperformed the rest of the silicon wafer market. What is particularly pleasing is that Okmetic's growth was due to improved sales in its core business, silicon wafers. In the semiconductor market as a whole, sales growth in 2014 was stronger than in the previous years and the market value reached a new record high at approximately 350 billion US dollars.

Okmetic's strategy is to focus on the manufacture and sales of advanced sensor wafers and other high value-added silicon wafers. This strategic choice has been supported by investments and product development projects executed in 2010–2014, with more planned for the coming years. The chosen strategy sets Okmetic apart from the rest of the silicon wafer industry, as is perhaps best illustrated by this fact: Despite a drop of approximately 10 percent in the average price level in the silicon wafer market, the company was able to increase the average prices of its silicon wafers by approximately six percent.

Okmetic has set a long-term target of a minimum 10-percent organic growth in the sensor wafer business per annum, a target it has already achieved in the ten-year period 2005–2014. In view of the growth outlook for the market, Okmetic seems well placed to remain on target going forward. There is no need to adjust the strategy in this respect. The use of sensor technology is significantly increasing in different types of applications for consumer electronics, automotive industry and Internet of Things. Okmetic has a strong market position as a supplier for the key players in the industry.

Sales development in 2014 was twofold. Value of deliveries of sensor and other high value-added wafers increased by 13.5 percent, whereas the value of semiconductor wafer deliveries declined by 5.2 percent. The share of the high value-added products in the total value of deliveries has been growing for several years now, rising to 63 percent in 2014. Europe (40 percent of all deliveries) and North America (38 percent) were the largest market areas, but Asia saw the fastest growth.

Costs were tightly managed. Sales grew at a faster rate than key cost items. This improved the company's sales margin, operating profit before depreciation and amortisation (EBITDA), and operating profit both in absolute and relative terms. Operating profit grew to 6.4 million euro, accounting for 8.6 percent of net sales. Okmetic has a long-term operating profit target of 10 percent, which appears very much achievable in light of the improved product mix.

Okmetic's working capital is being burdened by a polysilicon inventory with a balance sheet value of around 7–8 million euro in surplus of the company's crystal growing needs comprising nearly one-third of the working capital at the end of 2014. This surplus is the result of binding long-term purchase contracts related to the growing of solar crystals from own raw material, which Okmetic ended in 2012 to adjust to changes in the market. The last of these contracted polysilicon deliveries will take place in spring 2016, after which the company will be able to gradually reduce its inventory and working capital to a normal level.

Growth in the semiconductor industry is expected to be slightly more moderate in 2015 than that seen in 2014. The strengthening of the US dollar in late 2014 and early 2015 is beneficial to Okmetic. It is, however, difficult to anticipate exchange rate fluctuations or predict how the volatile macroeconomic environment will affect development this year. Nevertheless, Okmetic seems well placed to continue to develop its business in line with its strategy in 2015, too.

I would like to take this opportunity to thank our committed personnel, customers, shareholders and other stakeholders for their trust, without which it would be difficult to run a successful business. We will do our utmost to be worthy of this trust also in the future.

Vantaa, February 2015

Kai Seikku
President

CORE COMPETENCIES

- Crystal growing
- Manufacturing of advanced sensor wafers
- Customer relationships

STRATEGIC CHOICES

Customers

Okmetic supplies tailor-made silicon wafers for the semiconductor industry, especially for sensor manufacturing. The company produces solutions that enhance its customers' competitiveness and profitability.

Objectives

Okmetic's strategic objective is profitable growth, based on the company's core competencies and on commercialization of long-term product development schemes. The company has set as its financial objectives organic growth of sensor wafer business at 10 percent per annum or more, and an operating profit corresponding to 10 percent of net sales or more.

Prerequisites

Personnel's know-how, efficient and flexible in-house production, reliable contract manufacturers as well as worldwide sales network create the prerequisites for profitable growth. Contract manufacturing enhances flexibility of the production capacity.

VISION

1 GLOBAL MARKET LEADER

To be the global market leader and technological pioneer in silicon-based solutions in its chosen customer areas

2 BEST PARTNER

To be the best partner for the customers

3 INSPIRING WORKPLACE

To offer an inspiring and challenging high-tech workplace for its personnel

4 PROFITABLE GROWTH

To grow profitably and add shareholder value

THE VALUES GUIDING OKMETIC'S OPERATIONS

Customer orientation and co-operation / Know-how and continuous improvement / Profitability

PRODUCTION OF A SILICON WAFER

1

CRYSTAL GROWING

Manufacture of a silicon wafer begins by growing a crystal from ultra-purepolycrystalline silicon. Many of the wafer's properties are determined in crystal growing.

2

CUTTING AND SLICING

The crystal is then cut, ground and sliced into wafers according to the customer's specifications.

3

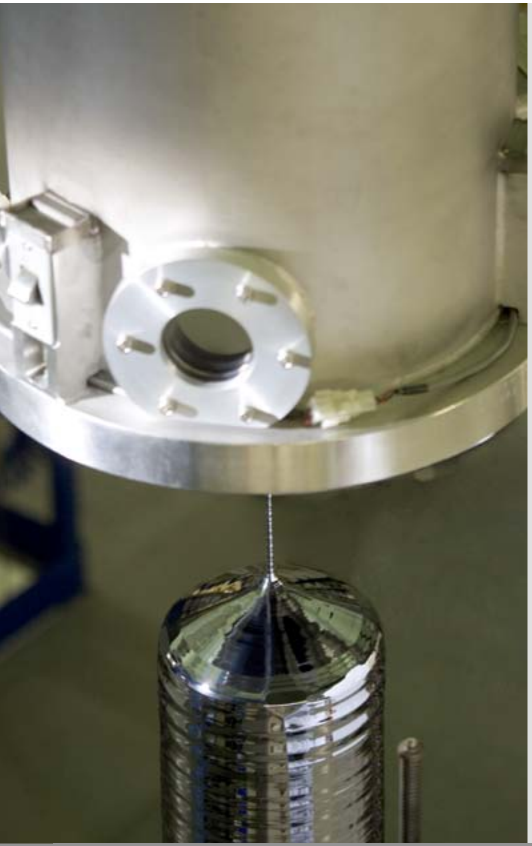
PROCESSING

Next, the wafer is processed mechanically and chemically with extreme precision to achieve the properties predefined by the customer.

4

FINAL INSPECTION

After careful inspection, the wafers are then packed and shipped to the customer to be used as raw material for sensor or semiconductor components.



OKMETIC'S CUSTOMERS MANUFACTURE PRODUCTS FOR A WIDE RANGE OF APPLICATIONS

Okmetic's customers manufacture the components either on top of or inside the silicon wafers. Finally, the components are packed and installed in end products.

CUSTOMERS AND MARKETS

Okmetic's silicon wafers are part of a value chain producing end-products people use in many areas of their everyday lives. In line with its strategy, Okmetic focuses especially on high value-added silicon wafers. In 2014, the company again succeeded in increasing the share of these high value-added products in total sales. This has helped Okmetic further strengthen its position as the leading global supplier of sensor wafers.

Okmetic's strategy is to focus on tailor-made, high value-added products, which currently account for the largest share of its silicon wafer sales. The sensors and semiconductors manufactured by Okmetic's customers are used in mobile phones and portable devices, the automotive industry, industrial process control, and medical applications, among others.

Okmetic's customers benefit from a global sales network as well as worldwide support services. In addition to being globally close to the customer, Okmetic's key competitive advantages include a flexible supply chain, a comprehensive product portfolio, in-depth knowledge of crystal growing, an extensive MEMS partner network, and a strong hold on the MEMS market. In 2014, Okmetic's sales were strongest in Europe, which is home to a large sensor manufacturing industry.

INTERNET OF THINGS DRIVING DEMAND FOR SENSOR WAFERS

Different estimates put sales value growth in the sensor industry at 6–12 percent in 2014 (IHS, Yole). The growth was accelerated by new growth areas, such as Internet of Things and wearable electronics (smart watches, for example). With the emergence of these new growth areas, sensors will play an increasingly important role in our everyday lives.

The increasing use of portable devices with versatile functionalities and the growing role of electronics in cars continue to drive demand for advanced sensor components. In the automotive industry, sensors are used, for example, in safety features, driver assistance and stability control systems. The demand for pressure sensors and microphones, among others, is increasing thanks to strong growth in the amount of sensors in portable devices.

The value of Okmetic's sensor and other high value-added wafer deliveries was up by 13.5 percent in 2014, bringing their share of the total value of deliveries to 63 percent. In autumn 2014, the company updated its financial targets. It now targets a minimum 10-percent annual growth in the sensor wafer business. Okmetic is an industry pioneer in silicon-on-insulator (SOI) technology, which is becoming increasingly common in sensor applications that require a high level of technological expertise.

SEMICONDUCTOR SALES PICKING UP

Semiconductor sales are being accelerated by the increasing demand for energy efficiency, more widespread use of electronics in cars, proliferation of electric cars, the popularity of portable and wireless consumer products, as well as different solutions related to power supply and efficiency improvement. The global semiconductor industry is anticipated to post record-high sales for 2014. Year-on-year growth is estimated to have been 6–7 percent (WSTS, SIA, IHS). Due to the global fall in semiconductor wafer prices the value of Okmetic's semiconductor wafer deliveries dropped by approximately five percent in 2014.

Okmetic aims to be a reliable, quick and flexible niche supplier of wafers to customers in the semiconductor industry. The company's key expertise is in wafers that are used as a platform for discrete and power semiconductors and in solutions for power supply and efficiency improvement. In addition to serving the semiconductor industry, Okmetic supplies material to the solar cell industry.

MARKET GROWTH FORECASTED FOR THE COMING YEARS

The value of sales in the sensor industry is estimated to increase by 6–11 percent in 2015, with annual growth predicted at 7–13 percent in the following years (IHS, Yole). The growth estimates for the semiconductor industry sales in US dollars suggest an increase of 3–8 percent in 2015, with growth expected to continue into 2016 (WSTS, Gartner, IHS, IC Insights).

According to estimates by Semiconductor Equipment and Materials International (SEMI), shipments for silicon wafers, measured in surface area, grew by 11 percent in 2014. If realised, this would result in a record high level. For 2015–2017, SEMI's estimate for surface area growth in silicon wafer shipments is 3–5 percent.

It is central for Okmetic to be genuinely close to the customers and to understand their needs and production processes.

Global customer service and technical support

Wide know-how is required in the customer interface. From the left, Sales and Export Coordinator Birjetta Takki, Product Information Specialist Jouni Tiilikainen, Customer Support Engineer Matti Soininen and Team Leader, Customer Support Hannu Aro.

PRODUCTS AND PRODUCT DEVELOPMENT

Okmetic offers an extensive portfolio of silicon wafers tailored to the needs of sensor and semiconductor industries. The company develops its product offering and processes considering customer needs and technological trends. In 2014, Okmetic spent approximately three percent of its net sales on research and development.

In Okmetic's extensive range of wafers, customers can find an optimal platform for even the most demanding applications, since the products are tailor-made to meet each customer's specific needs. Okmetic manufactures 100–200mm diameter single- and double-side polished wafers, SOI wafers, as well as wafers with epitaxial layers of various thicknesses. In addition, the company sells solar crystals to the solar cell industry.

During 2014, Okmetic continued to increase its production capacity and performance in 200mm wafers. The development work on High Voltage SOI wafers and the incorporation of Through Silicon Vias (TSV) in C-SOI wafers increases the possible application areas for these types of wafers. Another major focus of Okmetic's development efforts in 2014 was a new, highly advanced SOI process that will enable reducing the film thickness of a SOI layer. SOI wafers are used in the manufacture of advanced MEMS sensors and power management circuits. In 2014, significant advances were also made in the development of silicon for radio frequency (RF) applications, with improvements in both crystal growing and wafer manufacture.

CONTINUOUS PRODUCT AND PROCESS DEVELOPMENT TO MEET CUSTOMER NEEDS

Okmetic's success builds on its pioneering technological capability, backed by competent people, the right kind of product portfolio, and an efficient and flexible manufacturing process. To further improve in these areas, the company has clear roadmaps for future development work. Okmetic works closely with customers to develop new products and processes, as well as to boost performance in its current offering.

Okmetic has for several years applied Lean and Six Sigma methodologies in order to improve productivity and yield. The year 2014 was yet another step forward in productivity. The biggest improvement was in SOI manufacture where productivity was up by more than 30 percent, thanks to strong demand, sustained efforts, and new high-performance equipment.

Synergies between different product areas allow Okmetic to offer an extensive product range that meets the needs of multiple application areas. An agile and flexible supply chain, which also holds fab-lite capacity, means that the company can make use of its know-how and production equipment across different types of products. This makes it easier to ride out market cycles and ensures that high quality can be maintained throughout.

TAKING RESEARCH TO A NEW LEVEL THROUGH NETWORKING

Okmetic is actively involved in collaborative research with different partners. Networking allows the company to continually build on its technological expertise and also share know-how. In 2014, Okmetic continued its long-term research into silicon material together with Finnish and foreign universities and research institutions. The company also participated in a number of Finnish and EU-funded technology projects.

One significant project for Okmetic is the EM4EM (Electro Magnetic Reliability of Electronic Systems for Electro Mobility), led by Audi. The project received the CATRENE Innovation Award 2014 at the European Nanoelectronics Forum at the end of the year. Okmetic also participates in four major ENIAC (European Technology Platform for Nanoelectronics) projects.

The year also saw Okmetic continue its successful collaboration with VTT Technical Research Centre and Aalto University in Finland, the Institute of Microelectronics in Singapore, and different units of the Fraunhofer Institute in Germany, among others. Okmetic also participated actively in member events organised by associations in the sensor and semiconductor industries. In Finland, Okmetic continued its involvement in the MemsCat cluster, of which the company is a founding member.

Quality Manager Sari Pirhonen has a long history at Okmetic working with quality and environmental matters.

PERSONNEL, QUALITY AND ENVIRONMENT

Okmetic systematically works to improve the competence and well-being of its employees. In 2014, there were several training programmes and well-being projects on-going. The year also saw Okmetic publish its Corporate Social Responsibility Policy. Meanwhile, operational processes were further enhanced to ensure a high level of quality, which is of top priority for Okmetic.

By investing in professional competence and multi-skilled personnel, Okmetic has achieved a significant improvement in productivity and in its flexibility to adapt to market changes. The company is committed to a culture of continuous improvement when it comes to its people – its most valuable asset. There are regular performance appraisals to support professional development of employees and to monitor progress towards the agreed objectives. The company also organises employee training to strengthen its skills base, as well as to promote well-being and safety at work.

The two-year training for team leaders in production, leading to a Specialist Qualification in Technology, continued in 2014. With this training, Okmetic aims to boost production and further improve its operational efficiency. The company also launched a two-year training programme for all blue-collar employees, designed to enhance interaction and process efficiency. Meanwhile, the areas for development in leadership were addressed through supervisor training, and Okmetic's supervisors benefited from 360 degree feedback. An outline of the duties and competency requirements of employees working in a supervisory role were defined together with supervisors.

PERSONNEL WELL-BEING CONTRIBUTES TO A COMFORTABLE AND SAFE WORK ENVIRONMENT

In promoting well-being at work, one of the key objectives is to take care of the physical condition and mental vitality of the employees. To this end, Okmetic works closely with its provider of occupational healthcare services. At the beginning of 2014, Okmetic joined the Good Work – Longer Career project run by the Federation of Finnish Technology Industries. As part of the project, Okmetic employees completed a questionnaire (Individual Radar) on well-being at work. The results were discussed and analysed together with employee representatives to pinpoint areas for development and set priorities for future action. A number of measures were put in place to improve well-being for everyone at Okmetic.

As a result of other practical measures in 2014, the employees benefited from periodic health checks, eye tests, gym instruction and improved workstation ergonomics. The activities of the senior club for employees above the age of 50 continued, and a range of physical and cultural activities were organised by Okmetic's recreation committee.

Employee well-being is greatly influenced by health and safety at work. Okmetic operates on the principle that even one accident is too many. Any accidents or near misses are communicated across the company so as to avoid similar incidents in the future. In 2014, particular attention was given to eye and hearing protection. As a preventive measure, the company introduced stricter guidelines for eye protection in its production facilities and also provided all production workers with new safety glasses. The number of accidents at work dropped by 11 percent from the previous year.

TRANSPARENCY IN SOCIAL RESPONSIBILITY

At Okmetic, the principles of sustainable development are embedded in the day-to-day running of the business. In 2014, the company formulated and published a Corporate Social Responsibility Policy that is consistent with the Electronic Industry Citizenship Coalition (EICC®) Code of Conduct. This policy document outlines Okmetic's guiding principles with regard to human resources, occupational health and safety, the environment, business ethics, and management. Most of the requirements were already being met at Okmetic, but having them compiled into a single document serves to increase transparency of Okmetic's operations.

Okmetic's quality and environmental management is based on certified operational systems, development projects, and the use of quality tools. The development of operational processes was one of the focus areas for 2014, and the company invested in measuring equipment, among others. The experiences and insights from project activities and the use of quality tools are regularly discussed at Okmetic's Six Sigma Forum.

Okmetic maintains quality and environmental management systems in accordance with the ISO 9001:2008, ISO 14001:2004 and TS 16949:2009 standards. It also complies with the requirements of REACH regulation, RoHS directive and GADSL. Okmetic's quality system allows the flexibility to meet individual customer wishes, supporting the company to maintain its role as a supplier of tailor-made silicon wafers.

BOARD OF DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR OKMETIC OYJ IN 2014

BOARD OF DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR OKMETIC OYJ IN 2014

CONTENTS

The figures presented in the financial statements have been rounded. The sums and percentages may therefore differ from the given total.

Unless otherwise stated, figures in parenthesis refer to the corresponding period in the previous year.

BOARD OF DIRECTORS' REPORT

Okmetic is a technology company, which supplies tailor-made silicon wafers for sensor and semiconductor industries. In line with its strategy, Okmetic focuses on high value-added silicon wafers. In 2014, Okmetic managed to further increase the share of high value-added silicon wafers in its total sales.

Okmetic is a global market leader in sensor wafers that are used as platform for demanding silicon-based MEMS sensors. Several significant sensor manufacturers in Europe, North America and Asia are Okmetic's customers. The company provides its customers with solutions that enhance their competitiveness and profitability.

The company's products are based on high-tech expertise that generates added value for customers, on innovative product development, and on efficient production process. Okmetic supplies silicon wafers with a diameter of 100–200mm to sensor and semiconductor industries. Silicon-on-insulator (SOI) -technology is increasingly used in manufacturing sensors, which demand high technological expertise. Okmetic is one of the pioneer companies in SOI technology.

Okmetic has a global customer base and sales network. The company has production plants in Finland and the US, sales offices in Japan and Hong Kong, and contract manufacturers in Japan and China. The globally operating supply chain is based on in-house crystal growing as well as on in-house and outsourced silicon wafer manufacturing.

The company has set as its financial objectives: organic growth of sensor wafer business at 10 percent per annum or more, and operating profit corresponding to 10 percent of net sales or more.

MARKETS

Customer industries sensor and semiconductor industries

Sensor industry

According to different estimates, the sales value of sensor industry increased by 6-12 percent in 2014 compared to the previous year. Sensor sales growth has been accelerated especially by the increasing use of mobile applications. In 2015, the sales value of sensor industry is estimated to grow by 6-11 percent, and annual growth of 7-13 percent is forecasted for the next few years. In terms of volume, sensor shipments are likely to clearly rise to a new record in 2015. (IHS, Yole)

Certain silicon-based microelectromechanical (MEMS) products within the sensor segment have higher sales growth than the others. The increasing amount of sensors in mobile devices has significantly accelerated the demand of e.g. pressure sensors and microphones. Silicon-on-insulator (SOI) technology is increasingly used in the manufacture of these products, among others.

Semiconductor industry

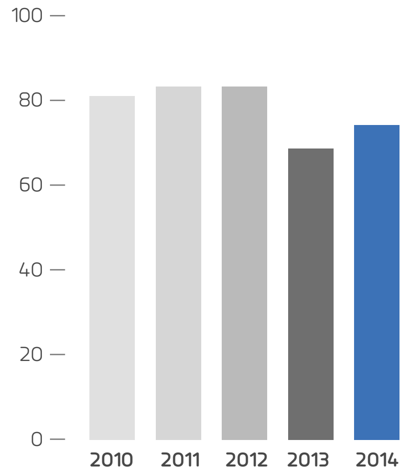
In the last quarter of 2014, semiconductor industry's sales in US dollars continued to grow exceeding the level of corresponding period in 2013 by nine percent (SIA). Annual sales in 2014 reached a new record. The estimates settle between 339-353 billion US dollars, corresponding to an annual growth of 6-7 percent (WSTS, SIA, IHS).

The semiconductor market is forecasted to grow 3-8 percent in 2015, and the growth is anticipated to continue in 2016 (WSTS, Gartner, IHS, IC Insights).

KEY FIGURES

1,000 euro	1 Jan–31 Dec 2014	1 Jan–31 Dec 2013	1 Jan–31 Dec 2012
Net sales	74,104	68,516	83,074
Operating profit before depreciation and amortisation (EBITDA)	12,985	10,905	13,864
Operating profit	6,401	5,031	8,018
% of net sales	8.6	7.3	9.7
Profit for the period	4,832	3,842	5,089
Basic earnings per share, euro	0.29	0.23	0.31
Net cash flow from operating activities	12,478	9,726	9,425
Net interest-bearing liabilities	-1,110	6,530	-1,688
Equity ratio, %	70.5	68.2	72.2
Average number of personnel during the period	370	363	368

NET SALES
million euro



Silicon wafer market

According to the estimate published by SMG, the group of silicon wafer suppliers in SEMI (a global umbrella organisation for semiconductor materials and equipment industry), the surface area of silicon wafer shipments grew 11 percent in 2014 and reached a record-high level. In the fourth quarter, shipments were two percent lower than in the third quarter, but almost 15 percent higher than in the fourth quarter of 2013 (in surface area). In years 2015-2017, surface area is estimated to grow around 3-5 percent annually (Infiniti Research, SEMI). The long decrease in total value of the silicon wafer shipmentes in US dollars ended, and the market grew by 1.2 percent.

The key customer areas for Okmetic in the silicon wafer market

In line with its strategy, Okmetic seeks niches in the silicon wafer market, where growth exceeds market average and in which the company has special expertise. Okmetic supplies primarily 150mm and 200mm wafers. The sensor/MEMS industry is a key growth area for Okmetic. MEMS market grows as portable consumer products, automotive electronics, and industrial process control increase.

In the semiconductor market, Okmetic's growth areas include wafers for production of discrete and power semiconductors. In these wafer markets, areas for growth include, among others, components used in the production of renewable energy, increasing automotive electronics, electric cars, portable consumer products, as well as different solutions related to power supply and efficiency improvement.

SALES

In 2014, Okmetic's net sales increased by 8.2 percent (down 17.5%) from the previous year amounting to 74.1 (68.5) million euro. Value of sensor wafer deliveries grew by 13.5 percent, while value of semiconductor wafer deliveries decreased by 5.2 percent. Value of Other business deliveries amounted to 2.6 (2.4) million euro in 2014.

VALUE OF DELIVERIES PER CUSTOMER AREA

	1 Jan–31 Dec 2014	1 Jan–31 Dec 2013	1 Jan–31 Dec 2012
Sensor wafers	**63%**	59%	47%
Semiconductor wafers	**33%**	37%	38%
Other business	**4%**	4%	15%

The demand for sensor wafers was strong in 2014 and grew compared to 2013. The strong growth in production and delivery volumes of the strategically important SOI wafers compared to the corresponding period a year ago was particularly positive. The use of sensors and their requirement level are expected to continue growing. Sensor applications are increasing in the automotive industry and in portable devices like smart phones, cameras, game consoles, and wearable electronics, such as smart watches.

Value of deliveries of Okmetic's semiconductor wafers decreased in 2014. The third quarter was the best in terms of delivery value, which is typical of the industry.

Other business sales were at the previous year's level in 2014. The declined price level in the solar cell industry did not enable profitable growing of solar crystals.

VALUE OF DELIVERIES PER MARKET AREA

	1 Jan–31 Dec 2014	1 Jan–31 Dec 2013	1 Jan–31 Dec 2012
North America	**38%**	42%	37%
Europe	**40%**	40%	27%
Asia	**22%**	18%	35%

Okmetic's value of deliveries grew strongly in Asia, which is Okmetic's smallest market region. Also in Europe, Okmetic's value of deliveries saw strong growth in 2014, thanks to good demand for sensor wafers, although the European share of total value of deliveries stayed at the previous year's level. On the contrary, North American sales somewhat decreased.

The demand for sensor wafers grew in all market areas in 2014. Value of deliveries rose especially in Asia, but significantly also in Europe. The demand for semiconductor wafers grew in Asia from the previous year, but decreased in Europe and North America.

PROFITABILITY

In January-December, Okmetic's operating profit was 6.4 (5.0) million euro and accounted for 8.6 (7.3) percent of net sales. Improvement in operating profit was due to strong growth in sensor wafer sales, especially in SOI wafer sales, as well as successful management of fixed costs, which grew clearly at a slower rate than sales. Operating profit improved by 1.4 million euro from the comparison period, although depreciations were 0.7 million euro higher. Profit for the period was 4.8 (3.8) million euro.

Basic earnings per share was 0.29 (0.23) euro. Diluted earnings per share was 0.29 (0.22) euro.

FINANCING

The company's financial situation is solid. In 2014, net cash flow from operations amounted to 12.5 (9.7) million euro. Especially in the fourth quarter the net cash generated from operating activities was good, totaling 6.3 (4.9) million euro.

On 31 December 2014, the company's interest-bearing liabilities amounted to 13.3 (11.7) million euro. Okmetic is one of the issuer companies in a multi-issuer bond totaling 70 million euro and guaranteed by Garantia Insurance Company Ltd. Okmetic's allocated amount of the bond is five million euro. The maturity of this guaranteed, fixed rate (coupon at 1.85%), bullet multi-issuer bond is five years. Bond was issued on 18 June 2014. In December, the company paid back its one-million-euro credit facility, which had a maturity of three years.

At the end of 2014, cash and cash equivalents amounted to 14.4 (5.2) million euro. On 31 December 2014, the company's net interest-bearing liabilities amounted to -1.1 (6.5) million euro. The group has ensured liquidity with committed credit facilities of 6.0 million euro. On 31 December 2014, the committed credit facilities were unused.

Return on equity amounted to 8.0 (6.4) percent. At the end of the year, the company's equity ratio was 70.5 (68.2) percent. Equity per share was 3.77 (3.43) euro.

CAPITAL EXPENDITURE

In 2014, Okmetic's capital expenditure amounted to 3.6 (7.6) million euro. The investments were directed mainly to the performance and capacity increases for SOI and 200mm wafers. In addition, investments were made in debottlenecking, automatisation and equipment renewal in production.

PRODUCT DEVELOPMENT

In 2014, the company expensed 2.5 (2.8) million euro in product development projects. Product development costs accounted for 3.3 (4.1) percent of net sales and were not capitalised.

During 2014, Okmetic continued to increase its production capacity and performance in 200mm wafers. Development work with High Voltage SOI wafers and with the incorporation of Through Silicon Vias (TSV) in C-SOI wafers continued. Another major focus of Okmetic's development efforts in 2014 was a new, highly advanced SOI process. In 2014, significant advances were also made in the development of silicon for radio frequency (RF) applications, with improvements in both crystal growing and wafer manufacture.

In 2014, Okmetic continued its long-term research of silicon material with universities and research institutions in Finland and abroad, and participated also in several Finnish and EU-funded technology projects. Successful collaboration, among others, with VTT Technical Research Centre of Finland, Aalto University, Institute of Microelectronics in Singapore and, and different units of the Fraunhofer Institute in Germany continued in 2014. Okmetic also participated actively in member events of sensor and semiconductor associations. In Finland, Okmetic continued its involvement in the MemsCat cluster, of which the company is a founding member.

CORPORATE SOCIAL RESPONSIBILITY

Okmetic has voluntarily adopted The Electronic Industry Citizenship Coalition (EICC®) Code of Conduct. Okmetic's corporate social responsibility policy is formulated based on this guidance.

Okmetic encourages its subcontractors to social responsibility and requires them to agree with the principles of corporate social responsibility policy.

Okmetic's suppliers are informed about the principles and requirements of the corporate social responsibility policy. With suppliers and customers, Okmetic operates in accordance with the ethical principles of the corporate social responsibility policy.

Okmetic's corporate social responsibility policy covers human resources, occupational health and safety, the environment, business ethics, and management system. It can be found on the company website www.okmetic.com>Okmetic>Social responsibility.

PERSONNEL

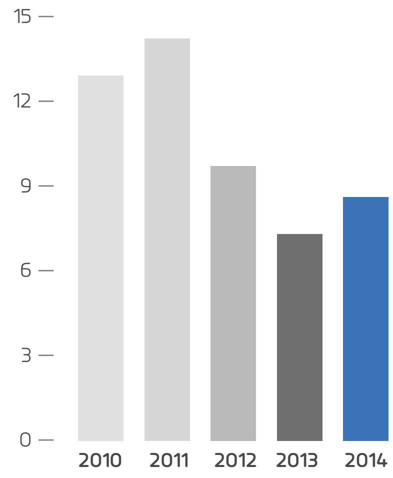
Competent, motivated and content personnel is a prerequisite for Okmetic's growth and success. This is described in the company values as well as in the human resources and quality policies of the company.

On average, Okmetic employed 370 (363) people in 2014. At the end of the year, Okmetic employed 367 (355) people of which 321 worked in Finland, 40 in the US, five in Japan, and one in Hong Kong.

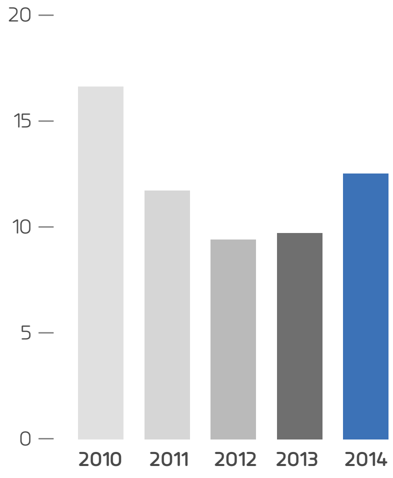
Women accounted for 27 (26) percent and men 73 (74) percent of the personnel. White-collar employees accounted for 37 (38) percent and blue-collar employees for 63 (62) percent of the personnel. The average age of Okmetic's employees was 44 (44) years and the average length of employment was 11.7 (11.6) years.

Throughout the organisation, salaries and bonuses are based on the level of skills required in each position. In 2014, salaries and bonuses amounted to 21.7 (20.3) million

OPERATING PROFIT
% of net sales



NET CASH FLOW GENERATED FROM OPERATING ACTIVITIES
million euro



euro including 0.3 (0.2) million euro expenses of the share reward schemes. The group's parent company complies with the collective labour agreements of the Federation of Finnish Technology Industries.

All employee groups at Okmetic are eligible for an incentive scheme. The possible production bonuses for blue-collar employees are paid monthly according to the achievement of set targets. White-collar employees are subject to a profit-sharing scheme, which is based on annual targets approved by the board of directors relating to the group's profitability, financial situation, and operative performance.

In 2014, Okmetic arranged an average of 2.2 (1.9) training days per employee. The production team leaders of the Vantaa plant (30 people) participated in an apprenticeship programme leading to a Specialist Qualification in Technology. The blue-collar employees of the Vantaa plant (approx. 200 people) started a customised two-year training programme which is aimed at improving productivity, professional skills and the fluency of work processes.

A 360° feedback survey was conducted with Okmetic's supervisors and senior management. A training event was organised with supervisors to review the feedback and together develop the supervisor's role. A supervisor's job description was formulated, including competency requirements. Coaching on cooperation and interaction was organised for the order processing, product and production planning teams. Further role-specific training was provided on topics including chemicals, finances and production equipment.

Okmetic joined the Good Work – Longer Career project run by the Federation of Finnish Technology Industries. Further, Okmetic's employees completed the Individual Radar questionnaire on well-being at work. The results were discussed with employees' representatives using the Company Radar method, and areas for development were prioritised. The first development measures were targeted at improving everyday interaction, developing the supervisors' role and training of employees.

Existing occupational well-being activities were continued. These included the senior club for employees above the age of 50 as well as physical and cultural activities available to all employees.

More information on personnel is given in the appendices of the board of directors' report.

HEALTH AND SAFETY

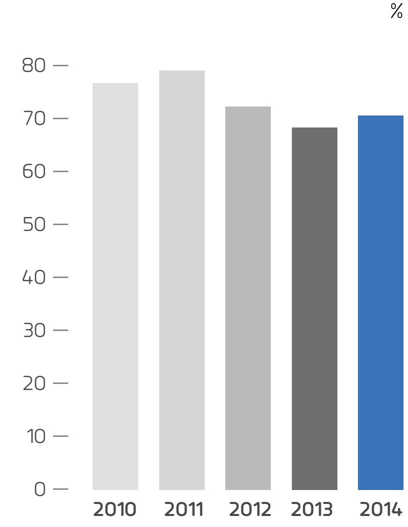
In occupational safety, Okmetic's target is zero accidents at work. To this end, the company strives to maintain up-to-date risk assessments in production and ensure employees' awareness of health and safety requirements. The occupational safety status is continuously monitored at different operational levels. Close-call situations and accidents at work are analysed and reported immediately. Okmetic's occupational safety committee convenes regularly and carries out scheduled visits. Order and cleanliness are integral elements of occupational safety. The '5S' targets are monitored in production by work phase.

In 2014, the number of accidents at work dropped by 11 percent (grew by 36%) from the previous year. Work place -related injury frequency in 2014 was 7.2 (5.5). Work place -related injury frequency is measured as the number of accidents resulting in three or more days of absence, divided by the number of hours worked (in millions).

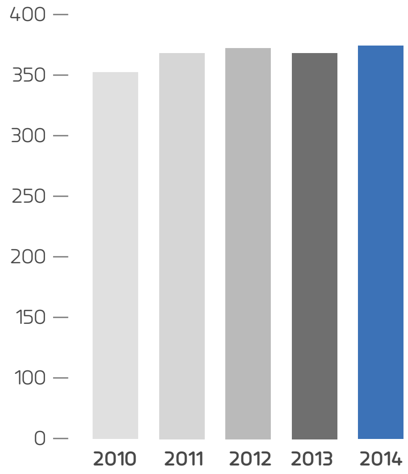
Okmetic's occupational healthcare services are provided by an external service provider. Targets are set with regard to employees' occupational health, the quality of services as well as cost level. Occupational health is monitored through quarterly reviews with the service provider. Okmetic has focused on the prevention of musculoskeletal disorders by carrying out ergonomics studies and improvements both in production and office environment.

The number of sickness absences was down from the previous year. The number of working days lost due to sickness or injury in 2014 amounted to 3.2 (3.5) percent of total hours worked. In 2014, Okmetic's disability pension insurance contribution category was 4 (4). In 2015, the category is 1.

EQUITY RATIO



AVERAGE NUMBER OF PERSONNEL



ENVIRONMENTAL ISSUES

Okmetic recognises the environmental risks associated with its operations. The company devises both a company-wide risk management plan and plans for individual processes. Ecologically sustainable operations support Okmetic's competitiveness and profitability.

Measures devised for eliminating environmental risks are integrated to Okmetic's operational processes. Environmental considerations are factored into the development of products and operations in line with continuous improvement principles. Planning of preventive measures is a fundamental part of environmental risk management.

Okmetic follows the development in environmental regulation in Finland and abroad, and adjusts its operations according to regulatory requirements.

Okmetic's environmental programme had three objectives in 2014: to save silicon material through the use of a new wire saw, to make more efficient use of polysilicon in crystal growing, and to enhance communication about Okmetic's performance in corporate responsibility. Results in the first two areas have been promising, and the work is set to continue in the environmental programme for 2015. The third objective was achieved according to plan.

Okmetic follows the chemical regulations of the European Union (REACH) and all Okmetic's products meet the requirements set in the RoHS-directive.

Okmetic has ISO 9001:2008, TS 16949:2009, and ISO 14001:2004 certified quality and environmental systems both at Vantaa and Allen plants. Okmetic expects its most important subcontractors and suppliers to comply with the ISO 9001 and ISO 14001 certifications.

Okmetic had no major environmental non-conformities in 2014. Okmetic's environmental management methods were found to match the high requirement level of international customer companies. The company is not subject to emissions trading regulations.

The company has assessed its consumption of energy, use of polysilicon, amount of acid waste as well as consumption of water and chemicals to have a significant environmental impact. The development of these factors is monitored regularly.

The key figures related to environmental protection at the Vantaa plant in 2014 are as follows:

	2014	2013
Energy consumption (GWh)		
Electricity	**30.5**	28.5
District heating	**4.7**	5.1
Water consumption (tm³)		
Water	**575**	590
Waste water	**486**	496
Waste volumes (tn)		
Hazardous waste	**265**	254
Ordinary waste	**371**	368

All waste can be recycled. No landfill waste is produced.

Okmetic does not publish a separate environmental report in addition to the board of directors' report.

BUSINESS RISKS

There have been no significant changes in the company's near future business risks and uncertainties. However, the picture of macro economy, which has become more unclear, may indirectly have an influence also on Okmetic's business.

Okmetic's business is confronted by risks, which may arise from the company's operations or changes in its operating environment. Risks that, if materialised, can have an adverse effect on the company's operations and valuation are described below.

Okmetic's silicon wafer sales are targeted at the sensor and semiconductor producers in the electronics industry. The demand for semiconductor wafers is sensitive to economic fluctuations, and changes in the market situation can be sudden and dramatic. The demand for sensor wafers is more stable. The proliferation of sensors in consumer electronics applications may, however, increase the susceptibility of this market too to economic fluctuations. Other business sales have in the previous years mainly

US DOLLAR PRICE DEVELOPMENT

euro/USD

MAJOR SHAREHOLDERS ON 31 DEC 2014

Shareholders	Shares, pcs	Share, %
Ilmarinen Mutual Pension Insurance Company	1,004,985	5.8
Ingman Finance Oy Ab	900,000	5.2
Mandatum Life Insurance Company Limited	800,000	4.6
The State Pension Fund	600,000	3.5
Nordea Nordic Small Cap Fund	528,810	3.1
Varma Mutual Pension Insurance Company	477,175	2.8
Okmetic Oyj	416,763	2.4
Etra-Invest Oy Ab	400,000	2.3
Sijoitusrahasto Taaleritehdas Arvo Markka Osake	300,100	1.7
Sijoitusrahasto Taaleritehdas Mikro Markka	230,000	1.3
Foreign investors and nominee accounts held by custodian banks	2,836,589	16.4
Other	8,793,078	50.9
Total	17,287,500	100.0

consisted of selling solar materials to the solar cell industry. Okmetic has existing polysilicon purchasing obligations partly until 2016. Since the price level of the solar cell market has dropped, the validity of long-term polysilicon purchase contracts typical of the industry may cause a price risk.

Okmetic's share of the global silicon wafer market is around one percent, and the market prices have a notable effect on the price development of Okmetic's products. The company has considerable pricing power only in its own special products. The pricing of other wafers is largely based on global market price.

Okmetic operates globally, and therefore the company's business is affected by risks due to exchange rate fluctuations, consisting of cash flows from purchases and sales. A significant part of sales is conducted in US dollars. Despite hedging of the forecasted open currency position, the company remains exposed to exchange rate fluctuations.

Substantial amounts of electricity are used in Okmetic's production. Despite hedging, the company is exposed to fluctuations in the price of electricity.

SHARES AND SHAREHOLDERS

On 31 December 2014, Okmetic Oyj's paid-up share capital, as entered in the Finnish Trade Register, was 11,821,250.00 euro. The number of shares was 17,287,500. The shares have no nominal value attached. Each share entitles to one vote at general meetings. The company has one class of shares. The company's shares are included in the Finnish book-entry system.

PRICE DEVELOPMENT AND TRADING

A total of 3.8 (3.4) million shares were traded between 1 January and 31 December 2014, representing 21.9 (19.6) percent of the weighted average of share total of 17.3 (17.3) million during the period. The lowest quotation of the reporting period was 4.28 (4.25) euro, and the highest 5.25 (5.66) euro, with the average being 4.68 (4.92) euro. The closing quotation for the period was 4.83 (4.82) euro. At the end of the period, market capitalisation amounted to 83.5 (83.3) million euro.

Okmetic is listed on the Small Cap list of Nasdaq Helsinki under the trading code OKM1V. According to the International Classification Benchmark (ICB) of the exchange, Okmetic Oyj is listed under the Technology Industry.

DIVIDENDS PAID

During 2014, there were no dividend payments.

In April 2013, the company distributed a dividend of 4.3 million euro for the year 2012 (including dividends distributed to Okmetic Management Oy, a total of 0.1 million euro). The dividend was 0.25 euro per share.

In December 2013, the company distributed an additional dividend of 3.2 million euro (including dividends distributed to Okmetic Management Oy, a total of 0.1 million euro). The additional dividend was 0.19 euro per share.

OWN SHARES AND DIRECTED SHARE ISSUES

On 15 January 2014, the board of directors decided to dissolve the ownership arrangement of Okmetic Management Oy, owned by President Kai Seikku and Deputy to the President of that time, Mikko Montonen, with an arrangement in which Okmetic Oyj acquired the entire share capital of Okmetic Management Oy. Also 400,000 shares of Okmetic Oyj were transferred to the group via Okmetic Management Oy.

On 16 January 2014, Okmetic Oyj transferred in total 150,000 own shares held by the company to President Kai Seikku (140,000 shares) and Deputy to the President of that time Mikko Montonen (10,000 shares). Subscription price per share was determined using the average trading price of the company's share weighted by trading volume in Nasdaq Helsinki on 16 January 2014, which was 4.9969 euro. Total value of the deal was 749,535 euro. The decision to transfer company's own shares was based on authorisation of the board of directors given by the annual general meeting on 10 April 2013.

SHAREHOLDERS BY GROUP ON 31 DEC 2014

Groups	Shares, pcs	Share, %
Corporations	3,373,168	19.5
Financial and insurance institutions	1,942,960	11.2
Public organisations	2,085,368	12.1
Non-profit organisations	221,449	1.3
Households	6,827,966	39.5
Foreign investors and nominee accounts held by custodian banks	2,836,589	16.4
Total	17,287,500	100.0

DISTRIBUTION OF SHAREHOLDINGS ON 31 DEC 2014

Shares, pcs	Number of share-holders	% of share-holders	Shares, pcs	% of share capital
1-100	1,403	17.4	98,907	0.6
101-500	3,695	45.7	1,084,664	6.3
501-1,000	1,513	18.7	1,243,136	7.2
1,001-5,000	1,258	15.6	2,612,129	15.1
5,001-10,000	109	1.3	777,599	4.5
10,001-50,000	87	1.1	1,969,989	11.4
50,001-100,000	5	0.1	349,520	2.0
100,001-500,000	9	0.1	2,553,208	14.8
500,001-	6	0.1	6,598,348	38.2
Total	8,085	100.0	17,287,500	100.0

On 13 February 2014, Okmetic Oyj's board of directors announced of its decision to transfer a total of 11,919 own shares held by the company as a part of the company's share-based incentive scheme for the executive management group, of which the company gave a stock exchange release on 12 February 2013. All the shares were issued to the members of the executive management group in deviation from the shareholders' pre-emptive rights (directed share issue). The rewards of the share reward programme were paid in Okmetic shares and in a monetary amount covering taxes.

According to the decision of the annual general meeting, Okmetic Oyj transferred a total of 15,441 shares to the board members as payment of the annual remuneration on 9 May 2014.

At the end of the year, Okmetic Oyj held a total of 416,763 (194,123) own shares, which is approximately 2.4 (1.1) percent of Okmetic's all shares and votes.

RELATED PARTY TRANSACTIONS

Related party transactions have been described in note 26 to the consolidated financial statements.

SHORT-TERM OUTLOOK

The demand for semiconductors is expected to remain on a growth track in 2015, although most market forecasts suggest a slower growth rate than that seen in 2014. The silicon wafer market is anticipated to remain at the previous year's level in terms of value, with a further decline in average prices likely to be compensated by volume growth.

Demand for Okmetic's sensor and special wafers is expected to maintain sustained growth in 2015. The demand and price level for these wafers seem to be more stable than those for semiconductor wafers, which are traditionally more sensitive to economic fluctuations and also come under greater price pressure. According to the normal seasonal fluctuation, the demand is anticipated to be strongest in the second and third quarters.

FINANCIAL GUIDANCE FOR 2015

In 2015, net sales and operating profit are estimated to exceed the level of 2014.

OTHER EVENTS DURING THE FINANCIAL YEAR

On 15 January 2014, the board of directors decided to dissolve the ownership arrangement of Okmetic Management Oy, owned by President Kai Seikku and Deputy to the President of that time, Mikko Montonen, with an arrangement in which Okmetic Oyj acquired the entire share capital of Okmetic Management Oy. Also 400,000 shares of Okmetic Oyj were transferred to the group via Okmetic Management Oy, as well as a loan receivable of Okmetic Oyj from Okmetic Management Oy amounting to 498,800 euro. There were no shareholders of Okmetic Management Oy in the board of directors of Okmetic Oyj. The value of the arrangement for the part of shares owned by Okmetic Management Oy was determined using the average trading price weighted by trading volume of the company's share in Nasdaq Helsinki on 16 January 2014, 4.9969 euro. Okmetic Management Oy was merged in the parent company on 30 November 2014.

Mikko Montonen, Executive Vice President, Customers and Markets, Deputy to the President, resigned from Okmetic on 26 February 2014 to assume a new position with another company. Mr. Montonen left the company on 6 April 2014.

Anna-Riikka Vuorikari-Antikainen, earlier Senior Vice President, Products, was appointed Senior Vice President, Customers and Markets from 7 April 2014. Ms. Vuorikari-Antikainen is also responsible for technical customer support.

Atte Haapalinna, earlier Senior Vice President, Customer Support, was appointed Senior Vice President, Products from 7 April 2014.

In connection with its Capital Markets Day on 26 September 2014, Okmetic modified its long-term targets as:

- Organic growth of sensor wafer business at 10 percent per annum or more
- Operating profit to account for 10 percent of net sales or more

This implies no explicit growth target for sales of other type of wafers.

EVENTS AFTER THE END OF THE FINANCIAL YEAR

The extraordinary general meeting of Okmetic Oyj was held on 12 January 2015. The general meeting decided, in accordance with the proposal of the board of directors, to distribute a dividend of 0.30 euro per share (in total 5,061,221.10 euro). The dividend was paid to shareholders who were registered in the shareholders' register maintained by Euroclear Finland Ltd. on the dividend record date, 14 January 2015. The dividend payment took place on 21 January 2015.

As of 1 January 2015, Other business sales is reported as part of semiconductor sales due to the significantly diminished role of Other business.

NOTIFICATION OF CHANGES IN HOLDINGS

The company did not receive notifications of changes in holdings during 2014.

MANAGEMENT AND AUDITOR

In 2014, Okmetic's board of directors comprised Henri Österlund as chairman, Tapani Järvinen as vice chairman until 9 April, Jan Lång as vice chairman as of 9 April, and members of the board Hannu Martola, Mervi Paulasto-Kröckel and Mikko Puolakka.

Okmetic Oyj's president is Kai Seikku. In addition to the president, the group's executive management group includes: Atte Haapalinna, Senior Vice President, Products (during 1 January – 6 April Mr. Haapalinna was responsible for technical customer support); Juha Jaatinen, Senior Vice President, Finance, IT and Communications; Jaakko Montonen, Senior Vice President, Supply Chain; Markus Virtanen, Senior Vice President, Human Resources, Quality and Environment; and Anna-Riikka Vuorikari-Antikainen, Senior Vice President, Customers and Markets (during 1 January – 6 April Ms. Vuorikari-Antikainen was responsible for Products). Ms. Vuorikari-Antikainen is also responsible for technical customer support.

During 2014, members of the executive management group included also Mikko Montonen, Executive Vice President, Customers and Markets and Deputy to the President until 6 April and Petri Antola, Senior Vice President, Technology Projects and Solar Materials until 18 December.

The company's auditor is PricewaterhouseCoopers Oy, Authorised Public Accountants, with Mikko Nieminen, Authorised Public Accountant, acting as the principal auditor.

THE BOARD OF DIRECTORS' PROPOSAL REGARDING THE USE OF DISTRIBUTABLE EARNINGS

According to the financial statements dated on 31 December 2014, the parent company's distributable earnings amounted to 18,455,636.07 euro. No significant changes have taken place in the company's financial position after the end of the financial year.

The board of directors of Okmetic Oyj proposes to the annual general meeting that the company will distribute a dividend of 0.15 euro per share (in total 2.5 million euro) for the financial year 2014 in addition to the dividend of 0.30 euro per share already paid in January 2015. The board of directors' view is that the company's strong balance sheet enables dividend distribution of 0.45 euro per share in total (in total 7.6 million euro) during the beginning of 2015.

INFORMATION ON PERSONNEL

	2014	2013	2012
Number of employees, annual average			
Okmetic Oyj, Finland	**325**	321	326
Okmetic Inc., United States	**39**	37	37
Okmetic K.K., Japan	**5**	5	4
Okmetic Limited, Hong Kong	**1**	1	1
Total	**370**	363	368
Number of employees at the end of the year	**367**	355	364
Wages and salaries, million euro	**21.7**	20.3	21.4
Average length of employment, years	**11.7**	11.6	10.9
Age structure of the personnel			
–19	**0%**	0%	0%
20–29	**10%**	10%	9%
30–39	**25%**	26%	27%
40–49	**34%**	36%	35%
50–59	**25%**	24%	23%
60–	**6%**	5%	4%
Educational background of white-collar employees			
Doctorates or licentiates	**10%**	10%	11%
Postgraduate degrees	**34%**	36%	36%
Undergraduate degrees	**32%**	30%	29%
Other degrees	**24%**	24%	25%
Number of days in training per person	**2.2**	1.9	1.7
Occupational health and safety			
Sickness absences	**3.2%**	3.5%	3.4%
Work place -related injury frequency [1]	**7.2**	5.5	9.0
Equality			
Men	**73%**	74%	74%
Women	**27%**	26%	26%

[1] the number of work place -related injuries per million working hours that cause a sickness leave of longer than three days

FIVE YEARS IN FIGURES

Financial performance

1,000 euro Financial year 1 Jan-31 Dec	2014	2013	2012	2011	2010
Net sales	**74,104**	68,516	83,074	83,186	80,907
Change in net sales, %	**8.2**	-17.5	-0.1	2.8	48.8
Export and foreign operations share of net sales, %	**90.7**	91.8	94.4	94.4	95.8
Operating profit before depreciation and amortisation (EBITDA) [1]	**12,985**	10,905	13,864	18,069	17,102
% of net sales [1]	**17.5**	15.9	16.7	21.7	21.1
Operating profit [1]	**6,401**	5,031	8,018	11,817	10,421
% of net sales [1]	**8.6**	7.3	9.7	14.2	12.9
Profit before tax	**6,051**	4,401	7,600	11,339	9,811
% of net sales	**8.2**	6.4	9.1	13.6	12.1
Return on equity, %	**8.0**	6.4	8.3	17.2	18.6
Return on investment, %	**8.7**	6.7	11.8	18.7	18.2
Non-interest-bearing liabilities	**13,710**	15,014	18,309	15,914	16,976
Net interest-bearing liabilities [2]	**-1,110**	6,530	-1,688	-10,257	-18,047
Net gearing ratio, %	**-1.7**	11.4	-2.7	-16.8	-31.0
Equity ratio, %	**70.5**	68.2	72.2	78.9	76.6
Capital expenditure	**3,627**	7,648	14,342	11,992	2,232
% of net sales	**4.9**	11.2	17.3	14.4	2.8
Depreciation and amortisation	**6,584**	5,874	5,846	6,252	6,681
Research and development expenses	**2,472**	2,779	2,331	2,382	2,110
% of net sales	**3.3**	4.1	2.8	2.9	2.6
Average number of personnel during the period	**370**	363	368	363	345
Personnel at the end of the period	**367**	355	364	350	342

[1] From 2011 Okmetic has changed the place where changes in fair values of currency derivative contracts and their realised gains and losses are presented in the statement of comprehensive income. In line with the new policy, the changes in the fair values of currency derivative contracts and their realised gains and losses are presented within financial income and expenses. Previously these items were presented within other operating income and expenses. A corresponding change has been made in figures from previous periods.

[2] Cash and cash equivalents included liquid investments in fixed-income funds in 2010.

Share-related key figures

Euro Financial year 1 Jan-31 Dec	2014	2013	2012	2011	2010
Basic earnings per share [3]	**0.29**	0.23	0.31	0.61	0.60
Diluted earnings per share	**0.29**	0.22	0.30	0.59	0.58
Equity per share [3]	**3.77**	3.43	3.72	3.68	3.49
Capital repayment per share	**-**	0.07	-	-	-
Dividend per share [4]	**0.45**	-	0.44	0.28	0.45
Dividend/earnings, % [4]	**155.2**	-	141.9	45.8	75.0
Effective dividend yield, % [4]	**9.3**	-	8.8	5.7	8.5
Price/earnings (P/E)	**16.8**	20.9	16.2	8.0	8.9
Share price performance					
Average trading price	**4.68**	4.92	5.25	5.48	4.22
Lowest trading price	**4.28**	4.25	4.21	3.50	2.98
Highest trading price	**5.25**	5.66	6.01	6.65	5.70
Trading price at the end of the period	**4.83**	4.82	5.02	4.92	5.29
Market capitalisation at the end of the period, 1,000 euro	**83,499**	83,326	86,783	85,055	91,451
Trading volume					
Trading volume, 1,000 pcs	**3,778**	3,382	3,330	10,907	14,009
In relation to weighted average number of shares, %	**21.9**	19.6	19.3	63.1	81.4
Trading volume, 1,000 euro	**17,704**	16,647	17,496	59,650	59,124
The weighted average number of shares during the period adjusted by the share issue, 1,000 pcs	**17,288**	17,288	17,288	17,288	17,220
The number of shares at the end of the period adjusted by the share issue, 1,000 pcs	**17,288**	17,288	17,288	17,288	17,288

[3] When calculating earnings per share (EPS) and equity per share, Okmetic's own shares and the Okmetic shares owned by Okmetic Management Oy are deducted from the total number of shares. Okmetic Management Oy was merged in the parent company on 30 November 2014.
[4] The figure for 2014 contains the dividend distributed in January 2015, 0.30 euro per share, as well as the board of directors' proposition, 0.15 euro per share. The figure for 2012 includes the additional dividend of 0.19 euro per share paid in December 2013. The figure for 2010 includes the additional dividend of 0.15 euro per share paid in December 2011.

QUARTERLY KEY FIGURES

1,000 euro	Oct-Dec/2014	Jul-Sep/2014	Apr-Jun/2014	Jan-Mar/2014
Net sales	18,679	19,320	18,700	17,405
Compared to previous quarter, %	-3.3	3.3	7.4	3.4
Compared to corresponding quarter last year, %	10.9	5.9	9.8	6.1
Operating profit	1,579	2,757	1,137	928
% of net sales	8.5	14.3	6.1	5.3
Profit before tax	1,257	2,806	1,096	892
% of net sales	6.7	14.5	5.9	5.1
Net cash from operating activities	6,270	3,644	1,932	632
Net cash from/used in investing activities	-996	261	-1,263	-1,637
Net cash from/used in financing activities	-1,180	-3,157	4,859	-472
Net increase/decrease in cash and cash equivalents	4,093	748	5,528	-1,477
Personnel at the end of the period	367	363	393	354

1,000 euro	Oct-Dec/2013	Jul-Sep/2013	Apr-Jun/2013	Jan-Mar/2013
Net sales	16,837	18,242	17,035	16,403
Compared to previous quarter, %	-7.7	7.1	3.9	-20.7
Compared to corresponding quarter last year, %	-18.6	-13.2	-24.2	-13.2
Operating profit	263	1,423	1,971	1,373
% of net sales	1.6	7.8	11.6	8.4
Profit before tax	32	1,280	1,812	1,277
% of net sales	0.2	7.0	10.6	7.8
Net cash from operating activities	4,915	3,481	519	811
Net cash used in investing activities	-1,304	-1,687	-1,966	-4,131
Net cash from/used in financing activities	-3,892	-1,155	-7,276	9,904
Net increase/decrease in cash and cash equivalents	-281	639	-8,724	6,585
Personnel at the end of the period	355	356	379	354

DEFINITIONS OF KEY FINANCIAL FIGURES

Operating profit before depreciation and amortisation (EBITDA)	=	Operating profit + depreciation and amortisation
Return on equity (ROE), %	=	Profit/loss for the period x 100 / Equity (average for the period)
Return on investment (ROI), %	=	(Profit/loss before tax + interest and other financial expenses) x 100 / Balance sheet total - non-interest-bearing liabilities (average for the period)
Equity ratio, %	=	Equity x 100 / Balance sheet total - advances received
Net interest-bearing liabilities	=	Interest-bearing liabilities - cash and cash equivalents
Net gearing ratio, %	=	(Interest-bearing liabilities - cash and cash equivalents) x 100 / Equity
Earnings per share	=	Profit/loss for the period attributable to equity holders of the parent company / Adjusted weighted average number of issued shares during the period
Equity per share	=	Equity attributable to equity holders of the parent company / Adjusted number of shares at the end of the period
Dividend per share	=	Dividend for the period / Adjusted number of shares at the end of the period
Effective dividend yield, %	=	Dividend per share x 100 / Trading price at the end of the period
Price/earnings ratio (P/E)	=	Last adjusted trading price at the end of the period / Earnings per share
Average trading price	=	Total traded amount in euro / Adjusted number of shares traded during the period
Market capitalisation at the end of the period	=	Number of shares at the end of the period x trading price at the end of the period
Trading volume	=	Number of shares traded during the period / Weighted average number of shares during the period

SHARES AND SHAREHOLDERS OF OKMETIC OYJ

Shares and share capital

On 31 December 2014, Okmetic Oyj's paid-up share capital, as entered in the Finnish Trade Register, was 11,821,250.00 euro. The number of shares was 17,287,500.

The shares have no nominal value attached. Each share entitles its holder to one vote at general meetings. The company has one class of shares. The company's shares are included in the Finnish book-entry system.

Quotation of the shares

Okmetic Oyj is listed on the Small Cap list of Nasdaq Helsinki under the trading code OKM1V. According to the International Classification Benchmark (ICB), which the exchange uses, Okmetic Oyj is listed under Technology Industry.

Share repurchase and transfer of own shares

On 15 January 2014, the board of directors decided to dissolve the ownership arrangement of Okmetic Management Oy, owned by President Kai Seikku and Deputy to the President of that time, Mikko Montonen, with an arrangement in which Okmetic Oyj acquired the entire share capital of Okmetic Management Oy. Also 400,000 shares of Okmetic Oyj were transferred to the group via Okmetic Management Oy.

On 16 January 2014, Okmetic Oyj transferred in total 150,000 own shares held by the company to President Kai Seikku (140,000 shares) and Deputy to the President of that time Mikko Montonen (10,000 shares). Subscription price per share was determined using the average trading price of the company's share weighted by trading volume in Nasdaq Helsinki on 16 January 2014, which was 4.9969 euro. Total value of the deal was 749,535 euro. The decision to transfer company's own shares was based on authorisation of the board of directors given by the annual general meeting on 10 April 2013.

On 13 February 2014, Okmetic Oyj's board of directors announced of its decision to transfer a total of 11,919 own shares held by the company as a part of the company's share-based incentive scheme for the executive management group, based on authorisation given by the annual general meeting on 10 April 2013.

On 9 May 2014, Okmetic Oyj transferred a total of 15,441 shares to the board members as payment of the annual remuneration, according to the decision of the annual general meeting on 9 April 2014.

The board of directors' authorisation to decide on repurchase and/or acceptance as pledge of the company's own shares

The annual general meeting on 9 April 2014 authorised the board of directors to decide on the repurchase and/or the acceptance as pledge of the company's own shares in one or more tranches. On the basis of the authorisation, the aggregate number of own shares to be repurchased and/or accepted as pledge shall not exceed 1,728,750 shares, which represents approximately 10 percent of all the shares of the company. The company and its subsidiaries together cannot at any time own and/or hold as pledge more than 10 percent of all the company's registered shares. Only unrestricted equity can be used to repurchase the company's own shares on the basis of the authorisation. Own shares can be repurchased at a price determined by public trading on the day of the repurchase or at another market-based price.

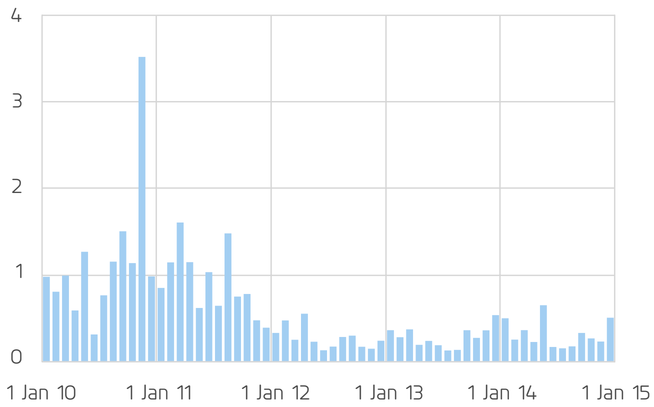
The board of directors decides on the method of repurchasing and/or accepting as pledge of the company's own shares as well as the other terms and conditions. Shares can be repurchased otherwise than in the shareholders' proportional holding of shares (directed repurchase). The authorisation canceled the authorisation given by the annual general meeting on 10 April 2013 to the board of directors to decide on the repurchase and/or acceptance as a pledge of the company's own shares. The authorisation is effective until the next annual general meeting, however, no longer than until 9 October 2015.

SHARE PRICE PERFORMANCE

euro/index

MONTHLY TRADING VOLUME

million pcs



The board of directors' authorisation to decide on the issuance of shares, the transfer of the company's own shares as well as the issuance of special rights entitling to shares

The annual general meeting held on 9 April 2014 authorised the board of directors to decide on the issuance of shares, the transfer of the company's own shares, and the issuance of special rights entitling to shares according to Chapter 10, Section 1 of the Limited Liability Companies Act in one or more tranches. The aggregate number of shares issued or transferred on the basis of the authorisation may not exceed 2,593,125 shares.

The board of directors decides on all the terms and conditions of the issuance of shares, the transfer of the company's own shares, and the issuance of special rights entitling to shares according to Chapter 10, Section 1 of the Limited Liability Companies Act. The authorisation concerns both the issuance of new shares as well as the transfer of the company's own shares. The issuance of shares, the transfer of the company's own shares, and the issuance of special rights entitling to shares according to Chapter 10, Section 1 of the Limited Liability Companies Act may be carried out in deviation from the shareholders' pre-emptive rights (directed issue).

The authorisation cancels the authorisations given by the annual general meeting on 10 April 2013 to the board of directors to decide on the transfer of rights to the company's own shares as well as to decide on the issuance of shares and the issuance of special rights entitling to shares. The authorisation is effective until the next annual general meeting, however, no longer than until 9 October 2015.

Redemption clause

The articles of association contain no redemption clause regarding the company's shares.

Convertible bonds

Okmetic has no convertible bonds at the moment.

Option programmes

Based on the authorisation given by the annual general meeting on 10 April 2013, Okmetic's board of directors decided on 17 December 2013 to grant share options to the key managers of Okmetic. In addition to the executive management group, key managers include also other managers of Okmetic.

As a precondition for being eligible to receive share options, the key managers were required to invest in Okmetic shares. According to the investment requirement, the key managers were required to hold in the aggregate 262,600 Okmetic shares to be eligible to receive all of the share options. The purpose of the arrangement is to encourage the key managers to invest in the company's shares and to work on a long-term basis to increase the company's share value.

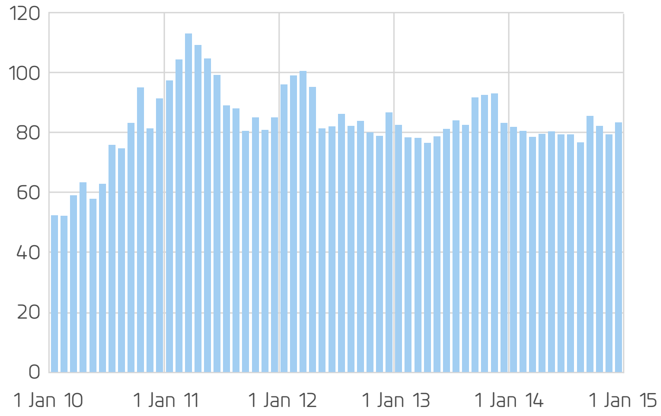
The share options were, in deviation from the shareholders' pre-emptive subscription right, offered to the key managers of Okmetic. The maximum total number of share options offered was 870,000, which entitles participants to subscribe for a maximum number of 870,000 Okmetic shares (4.8% of the company's shares on a fully diluted basis). Each share option entitles participants to subscribe for one share. The shares subscribed with the share options may either be new shares issued by the company or existing shares held by the company. Of the share options, 320,000 were marked with the symbol 2013 A and 550,000 with the symbol 2013 B. The share options were issued free of charge. The number of options subscribed by the key managers totaled 604,250, of which options A accounted for 252,000 and options B for 352,250.

The share subscription price for the share options 2013 A is euro 5.75 and for the share options 2013 B euro 6.00. Future dividends and capital repayments from the invested unrestricted equity reserve distributed before the share subscription shall be deducted from the share subscription price.

The share subscription period for 25 percent of the share options 2013 A and 2013 B (A1 and B1) will commence on or about 1 February 2016 and for 75 percent of the share options 2013 A and 2013 B (A2 and B2) on or about 1 February 2017. The share subscription period for all the share options ends on 31 March 2018.

MARKET CAPITALISATION

million pcs



The management's share ownership

On 31 December 2014, the members of the board of directors, the president, and the deputy to the president of Okmetic Oyj held a total of 235,788 (523,307) shares, which corresponds to 1.4 (3.0) percent of the company's share capital and voting rights. On 31 December 2014, the share ownership of the other members of Okmetic's executive management group totaled 94,048 (121,622) shares, which corresponds to 0.5 (0.7) percent of the company's share capital and voting rights.

Deputy to the President Mikko Montonen left the company on 6 April 2014.

More information on the management's share and option ownership is given in note 26 to the consolidated financial statements.

Insider rules

Okmetic Oyj's board of directors established the insider rules that are to be followed in the group at its meeting on 16 August 2000. The rules take into consideration legislation regulating the securities market, regulations and guidelines issued by Nasdaq Helsinki and the recommendations given by the Finnish Securities Market Association. Okmetic's insider rules were last updated on 17 April 2008.

Share price development and trading

A total of 3.8 (3.4) million shares were traded between 1 January and 31 December 2014, representing 21.9 (19.6) percent of the weighted average of share total of 17.3 (17.3) million during the period. The lowest quotation of the reporting period was 4.28 (4.25) euro, and the highest 5.25 (5.66) euro, with the average being 4.68 (4.92) euro. The closing quotation for the period was 4.83 (4.82) euro. At the end of the period, the market capitalisation amounted to 83.5 (83.3) million euro.

Increases in share capital 1996–2014 by date of registration

	Shares, pcs	Share capital, euro
Share capital on 1 January 1996	14,884	2,503,309.10
Increase of share capital by new issue on 12 December 1996 and 11 June 1997	+9,479	4,097,562.45
Redenomination of share capital into euro, abolishing nominal value, increase of share capital by new issue on 20 October 1999	+12,180	6,146,091.39
Bonus issue on 5 June 2000		6,395,025.00
Increase of the number of shares, public limited company on 5 June 2000	+9,099,207	6,395,025.00
Increase of share capital in connection with listing on 29 June 2000	+6,395,000	10,871,525.00
Additional shares on 19 July 2000	+450,000	11,186,525.00
Directed issue on 9 March 2001	+900,000	11,816,525.00
Increase of share capital by shares subscribed on the basis of subordinated convertible bonds on 27 September 2001	+6,750	11,821,250.00
Directed issue of 400,000 shares in relation to the top management's incentive scheme on 4 March 2010	+400,000	
Share capital on 31 December 2014	17,287,500	11,821,250.00

Major shareholders

Shareholders	31 Dec 2014 shares, pcs	Share, %	31 Dec 2013 shares, pcs	Share, %	Change, pcs
Ilmarinen Mutual Pension Insurance Company	**1,004,985**	**5.8**	1,549,985	9.0	-545,000
Oy Ingman Finance Ab	**900,000**	**5.2**	870,000	5.0	30,000
Mandatum Life Insurance Company Limited	**800,000**	**4.6**	800,000	4.6	0
The State Pension Fund	**600,000**	**3.5**	600,000	3.5	0
Nordea Nordic Small Cap Fund	**528,810**	**3.1**	528,810	3.1	0
Varma Mutual Pension Insurance Company	**477,175**	**2.8**	477,175	2.8	0
Okmetic Oyj [1]	**416,763**	**2.4**	594,123	3.4	-177,360
Etra-Invest Oy Ab	**400,000**	**2.3**	400,000	2.3	0
Investment Fund Taaleritehdas Arvo Markka Osake	**300,100**	**1.7**	225,100	1.3	75,000
Taaleritehdas Mikro Markka	**230,000**	**1.3**	50,000	0.3	180,000
Foreign investors and nominee accounts held by custodian banks	**2,836,589**	**16.4**	2,882,366	16.7	-45,777
Other	**8,793,078**	**50.9**	8,309,941	48.0	483,137
Total	**17,287,500**	**100.0**	17,287,500	100.0	0

[1] On 31 December 2013, a total of 400,000 shares were owned by Okmetic Management Oy. After acquiring Okmetic Management Oy in January 2014, the ownership of these shares was transferred to Okmetic Oyj.

Shareholders by group

Groups	31 Dec 2014 shares, pcs	Share, %	31 Dec 2013 shares, pcs	Share, %
Corporations	**3,373,168**	**19.5**	3,374,889	19.5
Financial and insurance institutions	**1,942,960**	**11.2**	1,811,506	10.5
Public organisations	**2,085,368**	**12.1**	2,627,160	15.2
Non-profit organisations	**221,449**	**1.3**	127,540	0.7
Households	**6,827,966**	**39.5**	6,464,039	37.4
Foreign investors and nominee accounts held by custodian banks	**2,836,589**	**16.4**	2,882,366	16.7
Total	**17,287,500**	**100.0**	17,287,500	100.0

Distribution of shareholdings on 31 December 2014

Shares, pcs	Number of shareholders	% of shareholders	Shares, pcs	% of share capital
1–100	**1,403**	**17.4**	**98,907**	**0.6**
101–500	**3,695**	**45.7**	**1,084,664**	**6.3**
501–1,000	**1,513**	**18.7**	**1,243,136**	**7.2**
1,001–5,000	**1,258**	**15.6**	**2,612,129**	**15.1**
5,001–10,000	**109**	**1.3**	**777,599**	**4.5**
10,001–50,000	**87**	**1.1**	**1,969,989**	**11.4**
50,001–100,000	**5**	**0.1**	**349,520**	**2.0**
100,001–500,000	**9**	**0.1**	**2,553,208**	**14.8**
500,001–	**6**	**0.1**	**6,598,348**	**38.2**
Total	**8,085**	**100.0**	**17,287,500**	**100.0**

Distribution of shareholdings on 31 December 2013

Shares, pcs	Number of shareholders	% of shareholders	Shares, pcs	% of share capital
1–100	1,501	18.0	105,972	0.6
101–500	3,859	46.4	1,130,194	6.5
501–1 000	1,530	18.4	1,251,936	7.2
1,001–5,000	1,217	14.6	2,561,003	14.8
5,001–10,000	105	1.3	766,811	4.4
10,001–50,000	86	1.0	1,885,655	10.9
50,001–100,000	3	0.0	181,903	1.1
100,001–500,000	9	0.1	2,256,120	13.1
500,001–	6	0.1	7,147,906	41.3
Total	8,316	100.0	17,287,500	100.0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1,000 euro	Note	1 Jan–31 Dec 2014	1 Jan–31 Dec 2013
Net sales	1	**74,104.5**	68,516.4
Cost of sales	2	**-58,909.5**	-54,917.9
Gross profit		**15,195.0**	13,598.5
Other operating income	3	**548.0**	68.6
Sales and marketing expenses	2	**-3,887.2**	-3,697.3
Administrative expenses	2	**-5,131.1**	-4,507.7
Other operating expenses	4	**-323.9**	-430.8
Operating profit		**6,400.8**	5,031.4
Financial income	8	**218.6**	38.8
Financial expenses	8	**-568.2**	-669.1
Profit before tax		**6,051.2**	4,401.0
Income tax	9	**-1,219.0**	-559.1
Profit for the period		**4,832.2**	3,841.9
Other comprehensive income			
Items that may be reclassified to profit or loss in subsequent periods			
Cash flow hedges	10	**-10.9**	-58.5
Translation differences	10	**891.0**	-59.6
Other comprehensive income for the period, net of tax		**880.0**	-118.1
Total comprehensive income for the period		**5,712.2**	3,723.9
Profit for the period attributable to			
Equity holders of the parent company		**4,832.2**	3,841.9
Total comprehensive income for the period attributable to			
Equity holders of the parent company		**5,712.2**	3,723.9
Earnings per share for profit attributable to equity holders of the parent company			
Basic earnings per share, euro	11	**0.29**	0.23
Diluted earnings per share, euro	11	**0.29**	0.22

The notes on pages 37-67 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

1,000 euro	Note	31 Dec 2014	31 Dec 2013
Assets			
Non-current assets			
Property, plant and equipment	12	**42,537.8**	45,295.1
Intangible assets	13	**657.5**	896.5
Deferred tax assets	14	**270.5**	270.5
Other receivables	16	**524.0**	1,149.0
Total non-current assets		**43,989.7**	47,611.1
Current assets			
Inventories	17	**17,889.9**	16,634.4
Trade and other receivables	16	**14,346.9**	14,399.5
Current income tax receivables		**-**	172.1
Cash and cash equivalents	18	**14,435.6**	5,214.2
Total current assets		**46,672.4**	36,420.2
Total assets		**90,662.1**	84,031.3

1,000 euro	Note	31 Dec 2014	31 Dec 2013
Equity and liabilities			
Equity			
Equity attributable to equity holders of the parent company			
Share capital		**11,821.3**	11,821.3
Share premium		**20,045.3**	20,045.3
Reserve for invested unrestricted equity		**753.0**	3.5
Hedge reserve		**-118.4**	-107.5
Translation differences		**2,754.1**	1,863.1
Retained earnings		**23,539.2**	19,805.2
Profit for the period		**4,832.2**	3,841.9
Total equity	19	**63,626.6**	57,272.7
Liabilities			
Non-current liabilities			
Borrowings	21	**10,705.9**	8,182.6
Deferred tax liabilities	14	**2,691.8**	2,051.7
Other liabilities	23	**162.8**	298.5
		13,560.6	10,532.8
Current liabilities			
Borrowings	21	**2,619.3**	3,561.5
Current income tax liabilities		**473.0**	1.4
Trade and other payables	23	**10,382.7**	12,662.8
		13,474.9	16,225.7
Total liabilities		**27,035.5**	26,758.6
Total equity and liabilities		**90,662.1**	84,031.3

The notes on pages 37-67 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

1,000 euro	Note	1 Jan–31 Dec 2014	1 Jan–31 Dec 2013
Cash flows from operating activities			
Profit before tax		**6,051.2**	4,401.0
Adjustments for			
Depreciation and amortisation	5	**6,584.1**	5,873.6
Financial income and expenses	8	**349.6**	630.3
Fair value gains/losses on derivative financial instruments		**-120.4**	53.2
Other adjustments		**-319.2**	8.7
Changes in working capital			
Change in trade and other receivables		**1,095.6**	3,799.1
Change in inventories		**-940.2**	-3,217.8
Change in trade and other payables		**196.4**	-2,672.0
Interest received		**6.0**	7.0
Interest paid		**-186.8**	-138.4
Other financial items		**-305.1**	5.1
Income tax paid		**67.2**	975.7
Net cash from operating activities		**12,478.5**	9,725.6
Cash flows from investing activities			
Purchases of property, plant and equipment	12	**-4,345.4**	-9,088.5
Proceeds from sale of property, plant and equipment		**710.3**	-
Net cash used in investing activities		**-3,635.1**	-9,088.5

1,000 euro	Note	1 Jan–31 Dec 2014	1 Jan–31 Dec 2013
Cash flows from financing activities			
Proceeds from long-term borrowings		**5,000.0**	10,000.0
Proceeds from short-term borrowings		**4,000.0**	1,024.0
Repayments of long-term borrowings		**-3,000.0**	-1,000.0
Repayments of short-term borrowings		**-4,024.0**	-4,043.0
Payments of finance lease liabilities		**-594.5**	-478.2
Other items		**36.3**	10.0
Dividends paid		**-578.3**	-6,763.0
Capital repayment		**-**	-1,168.5
Share issue	19	**749.5**	-
Acquisition of Okmetic Management Oy's share capital	20	**-1,539.5**	-
Net cash from/used in financing activities		**49.5**	-2,418.7
Net increase (+), decrease (-) in cash and cash equivalents		**8,892.9**	-1,781.7
Cash and cash equivalents at the beginning of the period		**5,214.2**	7,288.3
Exchange gains/losses on cash and cash equivalents		**328.5**	-292.4
Cash and cash equivalents at the end of the period	18	**14,435.6**	5,214.2

The notes on pages 37-67 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Equity attributable to equity holders of the parent company						
1,000 euro	Note	Share capital	Share premium	Reserve for invested unrestricted equity	Hedge reserve	Translation differences	Retained earnings	Total equity
Equity on 31 December 2012		11,821.3	20,045.3	1,200.0	-49.0	1,922.7	26,919.4	61,859.7
Comprehensive income								
Profit for the period							3,841.9	3,841.9
Other comprehensive income, net of tax	10							
Cash flow hedges					-58.5			-58.5
Translation differences						-59.6		-59.6
Total comprehensive income for the period		–	–	–	-58.5	-59.6	3,841.9	3,723.9
Transactions with equity holders								
Share-based payments	20						198.9	198.9
Dividend distribution	19						-7,341.3	-7,341.3
Capital repayment	19			-1,196.5			28.0	-1,168.5
Total transactions with equity holders		–	–	-1,196.5	–	–	-7,114.3	-8,310.9
Equity on 31 December 2013		11,821.3	20,045.3	3.5	-107.5	1,863.1	23,647.1	57,272.7
Comprehensive income								
Profit for the period							4,832.2	4,832.2
Other comprehensive income, net of tax	10							
Cash flow hedges					-10.9			-10.9
Translation differences						891.0		891.0
Total comprehensive income for the period		–	–	–	-10.9	891.0	4,832.2	5,712.2
Transactions with equity holders								
Share issue	19			749.5				749.5
Share-based payments	20						248.8	248.8
Total transactions with equity holders		–	–	749.5	–	–	248.8	998.3
Changes in ownership interest in subsidiaries								
Acquisition of non-controlling interest that did not result in a change in control	20						-356.6	-356.6
Equity on 31 December 2014		11,821.3	20,045.3	753.0	-118.4	2,754.1	28,371.5	63,626.6

The notes on pages 37-67 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

General information

Okmetic Oyj, the parent company of Okmetic group, is a Finnish public limited company. Its registered office is at Piitie 2, 01510 Vantaa, Finland.

Okmetic is a technology company, which supplies tailor-made silicon wafers for sensor and semiconductor industries. Okmetic's wafers are used, among others, in automotive, aviation, and medical as well as consumer electronics applications.

Copies of the consolidated financial statements can be obtained via Internet at www.okmetic.com or from the head office of the group's parent company at the above mentioned address.

The board of directors of Okmetic Oyj authorised these financial statements for issue at its meeting held on 24 February 2015. As per the Finnish Limited Liability Companies Act, shareholders have the right to either approve or reject the financial statements in the annual general meeting held after their issue. The annual general meeting is also entitled to make a decision on amending the financial statements.

Basis of preparation

The consolidated financial statements of Okmetic have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) together with SIC and IFRIC interpretations valid at 31 December 2014.

Under the Finnish Accounting Act and its regulations, International Financial Reporting Standards refer to the standards and their interpretations adopted in accordance with the procedure laid down in Regulation (EC) No 1606/2002 of the European Parliament and of the Council. The notes to the consolidated financial statements also comply with the supplementary disclosure requirements of Finnish accounting and company legislation.

The consolidated financial statements are presented in thousands of euros and prepared under the historical cost convention, unless otherwise specified in the accounting policies.

New standards, interpretations, and amendments to existing standards and interpretations adopted by the group

The group has adopted the following new standards, interpretations, and amendments to existing standards on 1 January 2014:

- IFRS 10, Consolidated Financial Statements. The objective of the standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity. It defines the principle of control, and establishes control as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements. The standard has not had a material effect on the consolidated financial statements.
- IFRS 11, Joint Arrangements. As a result of the standard, the accounting for joint arrangements focuses on the rights and obligations of the arrangement rather than its legal form. The standard has not had an effect on the consolidated financial statements.
- IFRS 12, Disclosures of Interests in Other Entities. The standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles, and other off balance sheet vehicles. The standard has not had a material effect on the consolidated financial statements.
- Amendment to IFRSs 10, 11, and 12 on transition guidance. These amendments provide additional transition relief to IFRSs 10, 11, and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied. The amendment has not had an effect on the consolidated financial statements.
- IAS 28 (revised 2011), Associates and Joint Ventures. The revised standard includes the accounting requirements for joint ventures as well as associates. The revision has not had an effect on the consolidated financial statements.
- Amendment to IFRSs 10, 12 and IAS 27 on consolidation for investment entities. The amendment has not had an effect on the consolidated financial statements.
- Amendment to IAS 32, Financial Instruments: Presentation on asset and liability offsetting. These amendments are to the application guidance in IAS 32, and clarify some of the requirements for offsetting financial assets and financial liabilities in the balance sheet. The amendments have not had an effect on the consolidated financial statements.
- Amendment to IAS 36, Impairment of Assets on recoverable amount disclosures. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment has not had an effect on the consolidated financial statements.
- Amendment to IAS 39, Financial Instruments: Recognition and Measurement on novation of derivatives. This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a

central counterparty meets specified criteria. The amendment has not had an effect on the consolidated financial statements.

Accounting policies involving management judgement and key sources of estimation uncertainty

The preparation of consolidated financial statements in conformity with IFRS requires management to make certain estimates and assumptions that affect the reported amounts in the balance sheet and income and expenses for the reporting period. Accounting estimates have been used in determining, for example, the realisability of assets, the useful lives of tangible and intangible assets, the capitalisation of development costs, the parameters applied in impairment testing and deferred income tax. Although these estimates are based on the latest available information, actual results may differ from the estimates.

The areas where assumptions and estimates are significant to the consolidated financial statements of Okmetic are addressed below:

Impairment of tangible and intangible assets

The group tests the relevant carrying values of tangible and intangible assets for potential impairment in accordance with the methods stated in the accounting policies. The group has not recognised any impairment losses, or reversals of impairment losses, during the year 2014.

Deferred income tax

The recognition of deferred tax assets for tax losses carried forward requires evidence that sufficient future taxable profit will be available against which the losses can be utilised. Management exercises its judgement in assessing unrecognised tax assets and the criteria for recognition at each reporting date. Deferred income tax is discussed in section 14 of the notes to the consolidated financial statements.

ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Principles of consolidation

The consolidated financial statements include the parent company Okmetic Oyj and all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries acquired are consolidated from the date on which control is obtained by the group, and subsidiaries sold are deconsolidated from the date that control ceases.

At the time of preparing the consolidated financial statements, the group includes the following subsidiaries, which are fully owned by the parent company: Okmetic Inc., Okmetic K.K., and Okmetic Limited.

Subsidiaries are consolidated using the acquisition method of accounting. According to the acquisition method, the consideration transferred as well as identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

On consolidation, the group companies' separate financial statements are adjusted to comply with the accounting policies adopted by the group. All inter-company transactions, balances, unrealised gains, and internal distribution of profits are eliminated in preparing the consolidated financial statements. Unrealised losses are not eliminated if the loss indicates impairment of the asset transferred.

Okmetic Management Oy, which was established as a part of the top management's share-based incentive scheme, was consolidated as a subsidiary as from the inception of the arrangement. On the basis of the shareholders' agreement and the loan agreement, Okmetic Oyj had control over the Management company. The Okmetic shares held by Okmetic Management Oy were accounted for as own shares (treasury shares) in the consolidated financial statements and presented as a deduction of equity. The shareholders of Okmetic Management Oy were granted the right, on dissolution of the arrangement, to choose whether the share-based transaction is settled in cash or by issuing equity instruments. In the consolidated financial statements the arrangement was therefore accounted for as a cash-settled share-based payment. The management's investment in the Management company was treated as a financial liability.

On 15 January 2014, the board of directors decided to dissolve the ownership arrangement of Okmetic Management Oy, owned by President Kai Seikku and Deputy to the President of that time, Mikko Montonen, with an arrangement in which Okmetic Oyj acquired the entire share capital of Okmetic Management Oy. Okmetic Management Oy was merged in the parent company on 30 November 2014.

Segment reporting

Operating segment reporting is consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors. The group has a single operating segment.

Foreign currencies

The results and financial position of group entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in euro, which is the functional and presentation currency of the parent company.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies are translated into the functional currency at the average exchange rates quoted by the European Central Bank at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated into the functional currency using the exchange rates prevailing at the measurement date. Otherwise, non-monetary items are measured at the exchange rates prevailing at the transaction date.

Exchange differences arising from trade receivables and payables are charged to sales and purchases in the income statement. Exchange differences from the translation of other receivables and liabilities as well as financing activities are disclosed within financial items.

Income and expense items of group entities, which have a functional currency other than the euro, are translated into the presentation currency at the average exchange rate and assets and liabilities at the closing rate of the reporting date. The exchange difference arising on the translation of income statements and balance sheets at different exchange rates is recognised as other comprehensive income.

Translation differences relating to items of equity of foreign subsidiaries are recorded as other comprehensive income. On disposal of a foreign subsidiary, in part or in full, the cumulative translation differences are reclassified from equity to profit or loss as part of the gain or loss on sale.

Net sales and revenue recognition

Okmetic supplies tailor-made silicon wafers for sensor and semiconductor industries. Revenue from the sale of goods is recognised when all significant risks and rewards of ownership have been transferred to the buyer, and the group retains neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold. Generally, revenue recognition takes place in connection with the contractual transfer of the goods. Net sales are shown net of indirect taxes and discounts and adjusted by exchange differences of foreign currency sales.

Interest income is recognised using the effective interest method.

Research and development

Research and development costs are charged to profit or loss in full as incurred. The development costs of new products and processes have not been capitalised as the future economic benefits cannot be established until the product is launched, which means that the development phase can be distinguished in such an advanced phase that the amount of costs qualifying for recognition would not be material. Research and development costs are disclosed within cost of sales.

The costs of the development phase are capitalised as intangible assets only when the product is technically and commercially feasible, it is expected to generate future economic benefits, and the costs can be measured reliably.

Government grants

Government grants are recognised as income over the periods necessary to match them with the related costs. Government grants for compensating the costs of specified research and development projects are entered as adjustments to cost of sales. Grants are recognised where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Other operating income and expenses

Other operating income and expenses include items not associated with the production of goods and services, such as gains and losses from the disposal of property, plant and equipment, costs of business reorganisation as well as credit losses. In addition, changes in the fair value of electricity derivatives classified as held for trading and fair value gains or losses relating to the ineffective portion of electricity derivatives designated as hedges are included in other operating income and expenses.

Income tax

The group's income tax expense includes income tax of the group companies based on taxable profit for the period, together with tax adjustments for previous periods, and changes in deferred tax. Tax on items recognised in other comprehensive income or directly in equity is, correspondingly, recognised in other comprehensive income or directly in equity. Current tax based on the taxable profit for the period is calculated on the basis of the tax rate effective in each country.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. The main temporary differences arise from the depreciation differences on property, plant and equipment, measurement of inventories, measurement at fair value of derivative financial instruments, and unused tax losses carried forward. Deferred income tax is determined using tax rates that that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax liabilities are recognised in full and deferred tax assets to the extent that is probable that future taxable profit will be available against which the temporary difference can be utilised. The conditions for recognising a deferred tax asset are assessed in this respect at each reporting date. Deferred tax assets and liabilities are offset in case they relate to income taxes levied by the same taxation authority.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

When the asset comprises more than one part with different useful lives, each part is entered as a separate asset. In this case, the costs of replacing the part are capitalised and any existing carrying amount of the replaced part is derecognised. Otherwise, subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss as incurred.

Assets are depreciated on a straight-line basis over their estimated useful lives. Land is not depreciated. The estimated useful lives for the asset classes are:

- Buildings 20–25 years
- Machinery and equipment 3–15 years

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted, if appropriate, to reflect the changes in expected future economic benefits.

Depreciation on tangible assets ceases when the asset is classified as held for sale in accordance with the IFRS 5 standard. Gains and losses on disposals of assets are included in other operating income and expenses.

Intangible assets

Intangible assets, which can be measured reliably and from which future economic benefits are probable, are stated at cost less accumulated amortisation and impairment losses.

Assets are amortised on a straight-line basis over their estimated useful lives. The estimated useful life for the asset class is:

- Software 3–5 years

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted, if appropriate, to reflect the changes in expected future economic benefits.

Impairment of non-financial assets

The company's balance sheet does not include assets with indefinite useful life, for example goodwill, which would be subject to annual impairment testing.

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment loss are reviewed for possible reversal of the impairment at each reporting date.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of materials is determined using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, and other direct costs as well as a proportion of fixed and variable production overheads based on normal 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 instruments

The group classifies its financial instruments in the following categories: financial assets and liabilities at fair value through profit or loss, loans and receivables, and financial liabilities. The classification is based on the purpose for which the financial instruments were acquired, and they are classified at initial recognition. Transaction costs are included in the initial carrying amount of the financial instrument in the case of a financial instrument not measured at fair value through profit or loss. All purchases and sales of financial assets are recognised and derecognised on the trade date, which is the date on which the group commits itself to purchase or sell an asset.

Financial assets are derecognised when the group's contractual right to the financial asset expires. Financial liabilities are removed from the balance sheet when the obligation specified in the contract is discharged.

Financial assets and liabilities at fair value through profit or loss are financial assets and liabilities held for trading. All derivative contracts have been made for hedging purposes in accordance with the group's risk management policy. Derivative contracts, for which hedge accounting as defined in IAS 39 is not applied, are classified in this category.

Instruments in this category are stated at fair value. The methods applied in determining fair values are disclosed in note 15, Financial instruments by category. Gains and losses arising from changes in the fair values are recognised in profit or loss as incurred. The changes in the fair values of currency derivatives and their realised gains and losses are presented within financial items. The changes in the fair values of electricity derivatives are presented in other income and expenses.

Instruments in this category are disclosed within non-current receivables or payables in case they mature after 12 months after the reporting date.

Loans and receivables, classified as trade and other receivables and cash and cash equivalents, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. Loans and receivables are measured at amortised cost using the effective interest method.

Cash and cash equivalents comprise cash in hand and in bank.

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the loss is recognised in profit or loss. If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in profit or loss.

Trade receivables are initially stated at fair value based on the original invoice value. Subsequent to initial recognition such assets are measured at amortised cost using the effective interest method, less any impairment losses. Impairment on trade receivables is recorded when justifiable evidence of impairment has incurred. Significant financial difficulties of the debtor, probability of bankruptcy, and default or delinquency in payments for a period of more than 100 days are considered indicators that the trade receivable is impaired.

Financial liabilities are initially recognised at fair value based on net proceeds. Transaction costs are included in the initial carrying amount in the case of a financial liability measured at amortised cost. Financial liabilities, except for derivative financial liabilities, are subsequently carried at amortised cost using the effective interest method. Financial liabilities are presented within non-current and current liabilities.

Hedge accounting

Okmetic has applied hedge accounting as defined in IAS 39 to electricity derivative contracts hedging highly probable forecast cash flows associated with electricity purchases. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and presented in hedge reserve in equity. Such accumulated fair value changes in equity are reclassified to the income statement as adjustments to electricity purchases in the periods when the hedged item affects profit or loss. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and presented within other operating income and expenses.

The group documents at the inception of hedge accounting the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking hedging transactions. The group also documents and assesses both at hedge inception and at least on a quarterly basis thereafter, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

When a hedging instrument acquired to hedge a cash flow expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity remains in equity until the forecast transaction is recognised. However, when a forecast transaction is no longer expected to occur, the cumulative gain or loss in equity is immediately transferred to profit or loss.

Leases

Leases of tangible and intangible assets, where the group as a lessee has substantially all the risks and rewards of ownership, are classified as finance leases and recognised in the balance sheet as tangible and intangible assets. Finance leases are capitalised at the commencement of the lease term at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations are included in borrowings. During the lease term, lease payments are allocated between the finance charge and the reduction of the outstanding liability in order to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. Assets acquired under finance leases are depreciated or amortised over the shorter of the useful life of the asset or the lease term.

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

Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount is reliably estimated.

Employee benefits

Pension obligations

The group's pension schemes in different countries are arranged in accordance with the local practices. These schemes are classified as defined contribution plans. Under a defined contribution plan the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay the benefits. Payments under contribution-based pension plans are recognised in profit or loss in the financial period that they relate to. The Finnish personnel pension is based on the Finnish TyEL insurance policy.

Share-based payments

The group has established share-based payment arrangements with payments either in cash or in equity instruments. For cash-settled transactions, the liability is measured at fair value at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss over the vesting period. Equity-settled transactions are measured at fair value at the grant date and recognised as an expense on a straight-line basis over the vesting period. The fair value of share-based payments settled in shares is measured by reference to the market value of the share on the grant date. The total amount to be expensed is based on the management's estimate of the number of shares expected to vest at the end of the vesting period. The estimate is adjusted at each reporting date, with any changes recognised in profit or loss. For transactions settled in equity, an increase corresponding to the expense in the income statement is entered in equity.

Share options are measured at fair value at the grant date and expensed on a straight-line basis over the vesting period. The total amount to be expensed is based on the management's estimate of the number of options expected to vest at the end of the vesting period. The estimate is adjusted at each reporting date, with any changes recognised in profit or loss. The fair value of options is measured using the Black-Scholes option pricing model. When share options are exercised, the proceeds received from share subscriptions, adjusted for possible transaction costs, are recognised in reserve for invested unrestricted equity.

Expenses recognised for share-based payments are shown within employee benefit expenses.

Equity

Transaction costs directly attributable to the issue or acquisition of the company's own equity instruments (treasury shares) are shown as a deduction in equity. In case the company repurchases its own equity instruments, the consideration paid is deducted from equity.

Operating profit

The concept of operating profit is not clarified in IAS 1, Presentation of Financial Statements. Okmetic defines operating profit as net sales plus other operating income, less the following items: acquisition costs adjusted with inventory changes, employee benefit expenses, depreciation, amortisation and potential impairment losses, and other operating expenses. All other items are entered after operating profit. Exchange differences arising from items related to business operations, as well as changes in the fair value of electricity derivatives that are charged to profit or loss, are included in operating profit; otherwise exchange differences and changes in the fair value of derivatives are entered in financial items.

Adoption of new or amended standards and interpretations

The following published standards, interpretations, and amendments to existing standards and interpretations will be adopted by the group in annual periods beginning after 1 January 2014:

- Annual Improvements to IFRSs, 2010-2012 and 2011-2013. The improvements include changes to the following standards, among others: IFRS 2 Share-based Payments, IFRS 3 Business Combinations, IFRS 8 Operating Segments, IFRS 13 Fair Value Measurement, IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets, and IAS 24 Related Party Disclosures. The changes are effective for accounting periods beginning on or after 1 July 2014.
- Annual Improvements to IFRSs, 2012-2014. The improvements include changes to the following standards: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments: Disclosures, IAS 19 Employee Benefits and IAS 34 Interim Financial Reporting. The changes are effective for accounting periods beginning on or after 1 July 2016. The changes are still subject to EU endorsement.
- IFRS 15, Revenue from Contracts with Customers. This is the converged standard on revenue recognition. It replaces IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The standard is effective for accounting periods beginning on or after 1 January 2017. The standard is still subject to EU endorsement.
- IFRS 9, Financial Instruments. The complete version of IFRS 9 replaces most of the guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. The standard is still subject to EU endorsement.

The group is yet to assess the impact of the new standards and amendments to the standards. There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have an impact on the group.

1. SEGMENT INFORMATION

The group has a single operating segment. The company's reporting is based on the fact that the products in line with the strategy are largely manufactured on the same machines and resources, and sold by uniform sales methods to the same or similar customers sharing a common risk profile. The in-house division of wafer types into two customer areas is mainly used to bring clarity to the company's strategic basis. This division is not applied to regular profitability reporting provided to the chief operating decision-maker (CODM) of the group, the board of directors. Other business is mainly solar material sales.

In addition to net sales, the company management has no other figures to describe profitability at the level of its customer industries. The operating profit and operating profit percentage are the key indicators of profitability used by the chief operating decision-maker.

Information on geographical areas

Net sales are based on the geographical location of the customers and assets on the location of the assets. Net sales from external customers are measured in a manner consistent with that in the income statement.

	2014		2013	
1,000 euro	Net sales	Non-current assets [1]	Net sales	Non-current assets [1]
Finland	**7,693.1**	**40,847.8**	5,602.8	43,947.8
United States	**23,643.2**	**2,830.3**	26,690.5	3,350.9
Japan	**4,748.2**	**4.2**	5,254.2	5.6
Germany	**13,072.9**	**-**	10,363.8	-
Other countries	**24,947.1**	**-**	20,605.1	-
Total	**74,104.5**	**43,682.3**	68,516.4	47,304.3

[1] The total of non-current assets other than financial instruments and deferred tax assets

The company has no individual customers, from which received proceeds would exceed 10 percent of total revenues.

Net sales per market area

1,000 euro	North America	Europe	Asia	Group
2014	**26,559.8**	**31,748.7**	**15,795.9**	**74,104.5**
2013	28,581.1	27,532.9	12,402.4	68,516.4

Net sales per customer area

1,000 euro	Sensor wafers	Semiconductor wafers	Other business	Group
2014	**46,762.8**	**24,747.7**	**2,594.0**	**74,104.5**
2013	40,455.9	25,609.5	2,451.0	68,516.4

2. EXPENSES BY NATURE

1,000 euro	2014	2013
Materials	**27,261.9**	24,775.1
Water and energy	**3,525.2**	3,388.0
Maintenance and spare parts	**3,404.9**	3,227.0
Employee benefit expenses [1]	**21,667.5**	20,332.5
Change in inventories	**20.9**	106.1
Depreciation and amortisation [2]	**6,584.1**	5,873.6
Other	**5,463.4**	5,420.6
Total	**67,927.9**	63,122.9

[1] Note 6
[2] Note 5

Expenses by nature cover cost of sales, sales and marketing expenses, and administrative expenses.

Auditor's fees

1,000 euro	2014	2013
Audit fees	**104.9**	90.5
Tax assignments	**38.0**	23.1
Other assignments	**17.2**	5.6
Total	**160.1**	119.2

Fees to member firms of PricewaterhouseCoopers amounted to 147.6 thousand euro (2013: 105.7 thousand euro).

3. OTHER OPERATING INCOME

1,000 euro	2014	2013
Gains on sale of property, plant and equipment	**245.9**	-
Insurance claims	**155.6**	-
Changes in the fair value of financial assets and liabilities held for trading		
Electricity derivatives	**138.7**	-
Cash flow hedges, ineffective portion [1]	**-**	44.9
Other income	**7.9**	23.7
Total	**548.0**	68.6

[1] Note 25

4. OTHER OPERATING EXPENSES

1,000 euro	2014	2013
Impairment losses on trade receivables	**19.6**	89.3
Reversals of impairment losses on trade receivables	**-31.2**	-
Changes in the fair value of financial assets and liabilities held for trading		
Electricity derivatives	**-**	98.1
Cash flow hedges, ineffective portion [1]	**18.3**	-
Other expenses	**317.2**	243.4
Total	**323.9**	430.8

[1] Note 25

5. DEPRECIATION AND AMORTISATION

1,000 euro	2014	2013
Depreciation and amortisation by asset class		
Buildings	**1,259.4**	1,119.7
Machinery and equipment	**4,998.1**	4,503.3
Intangible assets	**326.6**	250.6
Total	**6,584.1**	5,873.6
Depreciation and amortisation by function		
Cost of sales	**6,168.3**	5,538.4
Administration	**415.8**	335.2
Total	**6,584.1**	5,873.6

6. EMPLOYEE BENEFIT EXPENSES

1,000 euro	2014	2013
Wages and salaries	**16,976.1**	16,146.5
Pension costs, defined contribution plans	**2,751.7**	2,629.2
Share-based payments		
Equity-settled	**248.8**	198.9
Cash-settled	**221.9**	111.6
Other social security costs	**1,469.0**	1,246.3
Total	**21,667.5**	20,332.5

Details of key management compensation are disclosed in note 26, Related party transactions. Information on share reward schemes is given in note 20, Share-based payments.

Number of personnel	2014	2013
White-collar employees	**138**	137
Blue-collar employees	**232**	226
Average	**370**	363
On 31 December	**367**	355

7. RESEARCH AND DEVELOPMENT EXPENSES

1,000 euro	2014	2013
Research and development expenses	**2,471.7**	2,779.0

Research and development expenses are disclosed within cost of sales..

8. FINANCIAL INCOME AND EXPENSES

1,000 euro	2014	2013
Financial income		
Interest income on loans and receivables	**1.8**	3.1
Gains on financial assets and liabilities held for trading		
Currency derivatives	**-**	35.6
Exchange gains, net [1]	**216.7**	-
Total	**218.6**	38.8

Financial expenses		
Interest expenses on financial liabilities measured at amortised cost	**-231.2**	-189.4
Exchange losses, net [1]	**-**	-473.6
Losses on financial assets and liabilities held for trading		
Currency derivatives	**-304.1**	-
Other financial expenses	**-32.8**	-6.2
Total	**-568.2**	-669.1

[1] Exchange differences include exchange gains of 200.5 thousand euro on loans and receivables (2013: exchange losses of 184.2 thousand euro) and exchange losses of 1.2 thousand euro on financial liabilities measured at amortised cost (2013: exchange gains of 49.6 thousand euro). Exchange gains of 17.4 thousand euro were recognised on the group's internal loans (2013: exchange losses of 338.9 thousand euro).

1,000 euro	2014	2013
Exchange gains/losses recognised in operating profit		
On loans and receivables	**789.5**	-398.2
On financial liabilities measured at amortised cost	**-195.8**	148.1
Total	**593.8**	-250.2

9. INCOME TAX

1,000 euro	2014	2013
Income tax expense		
Current tax	**-571.3**	17.6
Tax adjustments of prior periods	**-7.6**	10.7
Deferred tax		
Origination and reversal of temporary differences	**-640.1**	-1,051.1
Impact of change in the Finnish corporate income tax rate in 2014	**-**	463.7
Total	**-1,219.0**	-559.1

Reconciliation of income tax expense recognised in the consolidated income statement and income tax calculated at the domestic tax rate of 20.0 percent (2013: 24.5%):

1,000 euro	2014	2013
Profit before tax	**6,051.2**	4,401.0
Tax calculated at domestic tax rate	**-1,210.2**	-1,078.2
Different tax rates in foreign subsidiaries	**871.5**	984.1
Tax losses for which no deferred tax asset was recognised	**-500.8**	-923.7
Impact of change in the Finnish corporate income tax rate in 2014	**-**	463.7
Expenses not deductible for tax purposes	**-498.7**	-15.7
Tax adjustments of prior periods	**-7.6**	10.7
Use of previously unrecognised tax losses	**126.9**	-
Income tax expense	**-1,219.0**	-559.1

The corporate income tax rate applicable to the parent company decreased to 20.0 percent in 2014. The domestic tax rates of the subsidiaries have not changed in 2014 or 2013.

Tax relating to the components of other comprehensive income is presented in note 14, Deferred income tax.

10. OTHER COMPREHENSIVE INCOME

Components of other comprehensive income and reclassification adjustments:

1,000 euro	2014	2013
Cash flow hedges [1]	**-10.9**	-128.5
Transfer to profit or loss	**-**	70.1
Translation differences	**891.0**	-59.6
Total	**880.0**	-118.1

[1] Note 14

11. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit/loss for the period attributable to equity holders of the parent company by the weighted average number of ordinary shares outstanding during the period. When calculating the weighted average, Okmetic's own shares and the Okmetic shares owned by Okmetic Management Oy are deducted from the total number of shares [1].

	2014	2013
Profit attributable to equity holders of the parent company, 1,000 euro	**4,832.2**	3,841.9
Weighted average number of shares outstanding during the period, 1,000 shares	**16,857.3**	16,685.8
Basic earnings per share, euro/share	**0.29**	0.23

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. In the comparative period, the company has dilutive potential shares in respect of share reward schemes, which include executive management group's share reward scheme and top management's incentive scheme.

Share options have a dilutive effect when the exercise price of an option is lower than the fair value of the share. The dilutive effect is the number of shares deemed to be issued at no consideration since the assumed proceeds from the exercise of the options are not sufficient for issuing a corresponding number of shares at fair value. The fair value of a share is based on the average share price for the period. The share options are not dilutive.

	2014	2013
Profit attributable to equity holders of the parent company, 1,000 euro	**4,832.2**	3,841.9
Weighted average number of shares outstanding during the period, 1,000 shares	**16,857.3**	16,685.8
Effect of the share reward schemes, 1,000 shares	**17.5**	405.3
Weighted average number of shares during the period, diluted, 1,000 shares	**16,874.9**	17,091.1
Diluted earnings per share, euro/share	**0.29**	0.22

[1] Note 19. Okmetic Management Oy was merged in the parent company on 30 November 2014.

12. PROPERTY, PLANT AND EQUIPMENT

1,000 euro	Land	Buildings	Machinery and equipment	Construction in progress [1]	Total
Acquisition cost on 1 January 2014	812.1	28,646.9	124,197.1	2,706.6	156,362.7
Additions	–	99.4	1,851.9	1,675.7	3,627.0
Disposals	-519.7	–	-1,452.6	–	-1,972.3
Transfers between items	–	-79.1	2,284.1	-2,205.0	0.0
Exchange differences	110.4	366.3	1,617.3	–	2,094.0
Acquisition cost on 31 December 2014	402.8	29,033.5	128,497.8	2,177.3	160,111.4
Accumulated depreciation and impairment on 1 January 2014	–	-15,028.6	-96,039.0	–	-111,067.6
Accumulated depreciation on disposals and transfers	–	79.2	1,373.4	–	1,452.6
Depreciation for the period	–	-1,259.4	-4,998.1	–	-6,257.5
Exchange differences	–	-225.4	-1,475.7	–	-1,701.1
Accumulated depreciation and impairment on 31 December 2014	–	-16,434.2	-101,139.4	–	-117,573.6
Carrying amount on 1 January 2014	812.1	13,618.3	28,158.1	2,706.6	45,295.1
Carrying amount on 31 December 2014	402.8	12,599.3	27,358.4	2,177.3	42,537.8

1,000 euro	Land	Buildings	Machinery and equipment	Construction in progress [1]	Total
Acquisition cost on 1 January 2013	848.9	23,377.6	116,158.6	9,786.9	150,172.0
Additions	–	1,154.3	4,268.3	2,225.5	7,648.1
Disposals	–	–	-755.2	–	-755.2
Transfers between items	–	4,236.5	5,069.1	-9,305.6	0.0
Exchange differences	-36.8	-121.5	-543.7	-0.2	-702.2
Acquisition cost on 31 December 2013	812.1	28,646.9	124,197.1	2,706.6	156,362.7
Accumulated depreciation and impairment on 1 January 2013	–	-13,979.6	-92,759.3	–	-106,738.9
Accumulated depreciation on disposals and transfers	–	–	746.0	–	746.0
Depreciation for the period	–	-1,119.7	-4,503.3	–	-5,623.0
Exchange differences	–	70.7	477.6	–	548.3
Accumulated depreciation and impairment on 31 December 2013	–	-15,028.6	-96,039.0	–	-111,067.6
Carrying amount on 1 January 2013	848.9	9,398.0	23,399.3	9,786.9	43,433.1
Carrying amount on 31 December 2013	812.1	13,618.3	28,158.1	2,706.6	45,295.1

[1] In 2014, construction in progress consists of Machinery and equipment of 2.2 million euro (2013: 2.7 million euro).

In 2014, additions to property, plant and equipment include assets acquired under finance leases for 0.1 million euro (2013: -).

13. INTANGIBLE ASSETS

1,000 euro	Software	Total
Acquisition cost on 1 January 2014	1,253.9	1,253.9
Additions	87.6	87.6
Disposals	-	-
Transfers between items	-	-
Exchange differences	-	-
Acquisition cost on 31 December 2014	1 ,341.5	1,341.5
Accumulated amortisation and impairment on 1 January 2014	-357.4	-357.4
Accumulated amortisation on disposals and transfers	-	-
Amortisation for the period	-326.6	-326.6
Exchange differences	-	-
Accumulated amortisation and impairment on 31 December 2014	-684.0	-684.0
Carrying amount on 1 January 2014	896.5	896.5
Carrying amount on 31 December 2014	657.5	657.5

1,000 euro	Software	Total
Acquisition cost on 1 January 2013	743.1	743.1
Additions	510.8	510.8
Disposals	-	-
Transfers between items	-	-
Exchange differences	-	-
Acquisition cost on 31 December 2013	1,253.9	1,253.9
Accumulated amortisation and impairment on 1 January 2013	-106.8	-106.8
Accumulated amortisation on disposals and transfers	-	-
Amortisation for the period	-250.6	-250.6
Exchange differences	-	-
Accumulated amortisation and impairment on 31 December 2013	-357.4	-357.4
Carrying amount on 1 January 2013	636.3	636.3
Carrying amount on 31 December 2013	896.5	896.5

In 2014, additions to intangible assets include assets acquired under finance leases for 0.1 million euro (2013: 0.5 million euro).

Finance leases

The carrying amount of tangible and intangible assets includes assets acquired under finance leases as follows:

1,000 euro	Machinery and equipment	Software	Total
31 December 2014			
Acquisition cost	**1,391.0**	**1,341.5**	**2,732.5**
Accumulated depreciation and amortisation	**-706.4**	**-684.0**	**-1,390.5**
Carrying amount	**684.5**	**657.5**	**1,342.0**
31 December 2013			
Acquisition cost	2,368.9	1,253.9	3,622.8
Accumulated depreciation and amortisation	-1,568.4	-357.4	-1,925.8
Carrying amount	800.5	896.5	1,697.0

14. DEFERRED INCOME TAX

Movements in deferred income tax during the financial year

1,000 euro	1 Jan 2014	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	31 Dec 2014
Deferred tax assets					
Tax losses carried forward	270.5	-	-	-	270.5
Fair value losses on derivative financial instruments	63.8	-1.9	2.7	-	64.6
Finance leases	4.4	1.0	-	-	5.4
Total	338.7	-0.9	2.7	-	340.5
Offset against deferred tax liabilities	-68.2	0.9	-2.7	-	-70.0
Deferred tax assets, net	270.5	0.0	0.0	-	270.5
Deferred tax liabilities					
Accumulated depreciation differences	1,897.5	597.4	-	-	2,494.8
Share-based payments	-2.3	6.3	-	-	4.0
Fixed costs included in the cost of inventories	224.8	27.5	-	-	252.3
Other items	0.0	10.8	-	-	10.8
Total	2,120.0	642.0	-	-	2,761.9
Offset against deferred tax assets	-68.2	0.9	-2.7	-	-70.0
Deferred tax liabilities, net	2,051.7	642.9	-2.7	-	2,691.8
Deferred tax assets (+) / liabilities (-), net	-1,781.2				-2,421.3

1,000 euro	1 Jan 2013	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	31 Dec 2013
Deferred tax assets					
Tax losses carried forward	270.5	-	-	-	270.5
Fair value losses on derivative financial instruments	43.6	9.2	11.0	-	63.8
Finance leases	-	4.4	-	-	4.4
Total	314.1	13.6	11.0	-	338.7
Offset against deferred tax liabilities	-43.6	-13.6	-11.0	-	-68.2
Deferred tax assets, net	270.5	0.0	0.0	-	270.5
Deferred tax liabilities					
Accumulated depreciation differences	1,103.1	794.5	-	-	1,897.5
Share-based payments	3.1	-5.4	-	-	-2.3
Fixed costs included in the cost of inventories	254.4	-29.6	-	-	224.8
Other items	158.4	-158.4	-	-	0.0
Total	1,519.0	601.0	-	-	2,120.0
Offset against deferred tax assets	-43.6	-13.6	-11.0	-	-68.2
Deferred tax liabilities, net	1,475.4	587.4	-11.0	-	2,051.7
Deferred tax assets (+) / liabilities (-), net	-1,204.9				-1,781.2

Deferred income tax is presented net in respect of group companies between which income equalisation option exists.

The group has not recognised deferred tax assets in the period for the cumulative tax losses of 4.8 million euro (2013: 4.3 million euro) of the foreign subsidiaries. Losses amounting to 0.1 million euro expire in 2017, the rest during 2018-2032.

Tax related to the components of other comprehensive income

1,000 euro	Before tax	Tax	2014 after tax	Before tax	Tax	2013 after tax
Cash flow hedges	**-13.6**	**2.7**	**-10.9**	-69.5	11.0	-58.5
Translation differences	**891.0**	**-**	**891.0**	-59.6	-	-59.6
Total	**877.4**	**2.7**	**880.0**	-129.1	11.0	-118.1

15. FINANCIAL INSTRUMENTS BY CATEGORY

2014 1,000 euro	Note	Financial assets/ liabilities at fair value through profit or loss	Derivative financial instruments under hedge accounting	Loans and receivables	Financial liabilities measured at amortised cost	Carrying amount	Fair value	Fair value hierarchy level
Financial assets								
Trade and other receivables [1]	16			12,438.3		12,438.3		
Derivative financial instruments	16,25	5.5	-			5.5	5.5	2
Cash and cash equivalents	18			14,435.6		14,435.6		
Total		5.5	-	26,873.9	-	26,879.4		
Financial liabilities								
Loans from financial institutions	21				6,995.7	6,995.7	7,034.5	2
Multi-issuer bond	21				4,950.2	4,950.2	5,292.6	2
Finance lease liabilities	21				1,379.3	1,379.3	1,397.4	2
Trade and other payables [2]	23				5,454.9	5,454.9		
Derivative financial instruments	23,25	195.8	132.9			328.7	328.7	1, 2
Total		195.8	132.9	-	18,780.2	19,108.9		

2013 1,000 euro	Note	Financial assets/ liabilities at fair value through profit or loss	Derivative financial instruments under hedge accounting	Loans and receivables	Financial liabilities measured at amortised cost	Carrying amount	Fair value	Fair value hierarchy level
Financial assets								
Trade and other receivables [1]	16			11,276.6		11,276.6		
Derivative financial instruments	16,25	122.2	-			122.2	122.2	1, 2
Cash and cash equivalents	18			5,214.2		5,214.2		
Total		122.2	-	16,490.8	-	16,613.0		
Financial liabilities								
Loans from financial institutions	21				10,017.3	10,017.3	9,973.4	2
Finance lease liabilities	21				1,726.8	1,726.8	1,742.7	2
Trade and other payables [2]	23				6,894.1	6,894.1		
Derivative financial instruments	23,25	340.5	100.9			441.5	441.5	1
Total		340.5	100.9	-	18,638.2	19,079.7		

[1] Trade and other receivables do not include prepayments or other items than financial assets.
[2] Trade and other payables do not include other items than financial liabilities.

Principles for determining fair values

Trade and other receivables

The carrying amounts of current receivables, other than those relating to derivative contracts, are assumed to be a reasonable approximation of their fair value.

Derivative financial instruments

The fair value of electricity derivatives is based on quoted market prices. The fair value of currency forwards and options is determined on the basis of market and contract prices of the agreements at the reporting date by applying commonly used valuation techniques.

Loans

Loans are stated at amortised cost. The fair value of loans is measured on the basis of discounted cash flows. The discount rate used is based on the interest rate at which the group could obtain a similar loan from an external party at the reporting date. The total interest comprises risk-free interest and a company-specific risk premium of 1.08 percent (2013: 1.08%).

Finance lease liabilities

The fair value of finance lease liabilities is calculated by discounting future cash flows at a rate with which the group could enter into an equivalent lease contract at the reporting date.

Trade and other payables

The carrying amounts of current payables, other than those relating to derivative contracts, are assumed to be a reasonable approximation of their fair value.

Fair value hierarchy

The group's financial instruments that are measured at fair value comprise derivatives used for hedging and held for trading.

Fair values of level 1 instruments are based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Fair values of level 2 instruments are based on other data than quoted prices in active markets, but on the data from which the asset is observable, either directly (i.e. price) or indirectly (i.e. derived from the prices).

Electricity derivatives are classified as level 1, currency derivatives as level 2. Details of derivative contracts are disclosed in note 25.

16. TRADE AND OTHER RECEIVABLES

1,000 euro	2014	2013
Non-current		
Other receivables	**36.9**	36.3
Prepayments	**487.1**	1,112.7
Total	**524.0**	1,149.0
Current		
Trade receivables	**12,401.3**	11,054.2
Other receivables	**-**	149.9
Derivative financial instruments, not under hedge accounting [1]	**5.5**	122.2
Receivables from related parties [2]	**-**	37.2
Prepayments	**978.3**	1,823.4
VAT receivables	**346.4**	275.7
Other current receivables	**520.7**	706.2
Other prepayments and accrued income	**94.8**	230.8
Total	**14,346.9**	14,399.5

[1] Note 25
[2] Note 26

Balance sheet values are the best representation of the amount that is the maximum credit risk exposure in the event of other parties failing to perform their obligations under financial instruments. The receivables are not collateralised, and they do not represent any significant concentrations of credit risk.

Analysis of trade receivables by age and recognised impairment losses

1,000 euro	2014	Impairment losses	2014 net	2013	Impairment losses	2013 net
Not past due	**7,712.4**	**-**	**7,712.4**	8,048.2	-	8,048.2
Past due						
-30 days	**2,221.7**	**-**	**2,221.7**	1,755.1	-	1,755.1
31–60 days	**981.8**	**-**	**981.8**	558.5	-	558.5
over 60 days	**1,505.0**	**-19.6**	**1,485.4**	781.7	-89.3	692.4
Total	**12,420.9**	**-19.6**	**12,401.3**	11,143.5	-89.3	11,054.2

17. INVENTORIES

1,000 euro	2014	2013
Raw materials and supplies	**12,391.6**	11,106.1
Work in progress	**2,004.3**	2,147.7
Finished goods	**3,494.0**	3,380.6
Total	**17,889.9**	16,634.4

The carrying amount of inventories has been reduced to net realisable value through recognition of a write-down amounting to 46.4 thousand euro in the period (2013: -). The carrying amount of inventories stated at net realisable value totaled 243.7 thousand euro (2013: -).

18. CASH AND CASH EQUIVALENTS

1,000 euro	2014	2013
Cash in hand and bank accounts	**14,435.6**	5,214.2

19. EQUITY

Shares, pcs	2014	2013
Number of outstanding shares on 1 January	**16,693,377**	16,659,554
Share issue	**150,000**	-
Shares transferred based on executive management group's share reward scheme	**11,919**	18,540
Shares transferred as board members' annual remuneration	**15,441**	15,283
Number of outstanding shares on 31 December	**16,870,737**	16,693,377

Share capital

On 31 December 2014, Okmetic Oyj's paid-up share capital, as entered in the Finnish Trade Register, was 11,821,250.00 euro (2013: 11,821,250.00 euro).

The number of shares was 17,287,500. The shares have no nominal value attached, and there is no maximum to the number of the shares. The company has one class of shares. All issued shares have been paid for in full.

Share premium

According to the Finnish Companies Act of 1978 (734/78), which was effective until 1 September 2006, share premium comprises the difference between the equivalent book value and the subscription price of shares issued.

Reserve for invested unrestricted equity

Reserve for invested unrestricted equity comprises the subscription price of the shares that according to the share issue decision is not to be credited to share capital.

Hedge reserve

Hedge reserve consists of the effective portion of fair value changes of cash flow hedges.

Translation differences

Translation differences arise from the conversion of the financial statements of foreign subsidiaries.

Own shares

On 16 January 2014, Okmetic Oyj transferred in total 150,000 own shares held by the company to President Kai Seikku (140,000 shares) and Deputy to the President of that time Mikko Montonen (10,000 shares). Subscription price per share was determined using the average trading price of the company's share weighted by trading volume in Nasdaq Helsinki on 16 January 2014, which was 4.9969 euro.

In 2014, Okmetic Oyj transferred 27,360 own shares (2013: 33,823 shares) as a part of the executive management group's 2013 share reward scheme and the board's annual remuneration.

Okmetic Management Oy held 400,000 of Okmetic Oyj's shares on 31 December 2013. In the consolidated balance sheet, the acquisition cost of 1,200.0 thousand euro has been deducted from retained earnings within equity. On 15 January 2014, the board of directors decided to dissolve the ownership arrangement of Okmetic Management Oy with an arrangement in which Okmetic Oyj acquired the entire share capital of Okmetic Management Oy. Also 400,000 shares of Okmetic Oyj were transferred to the group via Okmetic Management Oy. Okmetic Management Oy was merged in the parent company on 30 November 2014.

At the end of the year, the parent company held a total of 416,763 own shares (2013: 194,123 shares).

Dividends and other profit distribution

The board of directors of Okmetic Oyj proposes to the annual general meeting that the company will distribute a dividend of 0.15 euro per share, in total 2.5 million euro, for the financial year 2014.

According to the decision of the extraordinary general meeting held on 12 January 2015, a dividend of 0.30 euro per share was paid in January 2015.

During 2014, there were no dividend payments. A dividend of 0.44 euro per share was paid in 2013 including the additional dividend of 0.19 euro per share paid in December 2013. A capital repayment of 0.07 euro per share was paid in 2013.

20. SHARE-BASED PAYMENTS

Executive management group's share reward scheme

On 11 February 2013, the board of directors decided on a share reward programme for the executive management group for year 2013. The reward payment was based on common performance criteria set by the board of directors, which were, among other things, operating profit and cash flow, as well as on individual performance criteria which were, for the president, increasing sales and improving profitability. The individual performance criteria for the other executive management group members were prepared by the president and confirmed by the board of directors. The purpose of the programme was to commit and incentivise the executive management group to grow shareholder value in the long run. The amount of the rewards corresponded to a maximum of 150,000 shares for year 2013. In addition, a monetary amount covering taxes was paid.

The rewards of the share reward programme were paid in accordance with reaching the targets that had been set by the board of directors and the president. The board of directors evaluated the realisation of the set targets and decided on the rewards. The rewards and the monetary amount covering the taxes were paid to the persons in the programme after the the reward period had ended. For year 2013, the share rewards and the monetary amount covering taxes were paid in February 2014.

The shares earned based on the share reward programme must be held for at least two years after the reward disbursement. If a person participating in the programme ceases to be in the service of the company during the two years period, he or she may keep half of the shares received as a reward. The president is obligated to hold half of the shares received as share reward as long as he is working for the company.

In the programme for 2013, the maximum reward for the common targets was 120,000 shares and for the personal targets 30,000 shares. In addition, a monetary amount covering taxes was paid. The president's proportion of both targets was 25.0 percent and the deputy to the president's proportion 15.0 percent.

50.0 percent of the expenses arising from the 2012 and 2013 share reward schemes are recognised over a vesting period of one year and the other 50.0 percent over a period of three years.

Based on the 2013 programme, 59.9 thousand euro was accrued as cost in the financial statements for 2014. The settlement of the 2013 share reward scheme was defined based on the achieved financial results. Based on the results, altogether 11,919 shares were transferred to the executive management group in February 2014. In addition, a monetary amount covering taxes was paid. The president's proportion of the 2013 share reward was 1,310 shares, and the monetary amount covering taxes. The corresponding proportion of the deputy to the president of that time was 786 shares, and the monetary amount covering taxes. The grant day for the 2013 programme was 13 February 2014. The closing quotation 4.77 euro of the share on the handover date was regarded as the fair value of the shares.

Based on the 2012 programme, expenses of 29.4 thousand euro were recorded in the financial statements for year 2014. The settlement of the 2012 share reward scheme was defined based on the achieved financial results. Based on the results, altogether 18,540 shares were transferred for the executive management group in February 2013. In addition, a monetary amount covering taxes was paid. The president's proportion of the 2012 share reward was 2,304 shares, and the monetary amount covering taxes. The corresponding proportion of the deputy to the president of that time was 1,405 shares, and the monetary amount covering taxes. The grant day for the 2012 programme was 11 February 2013. The closing quotation 4.55 euro of the share on the handover date was regarded as the fair value of the shares.

The equity-settled portion of the programme is measured at fair value at the grant date. Expenses for the equity-settled portion are recognised over the vesting period as employee benefit expenses with a corresponding increase in equity.

The cash-settled portion of the share reward scheme covers taxes incurred. The cash-settled portion is recognised under employee benefit expenses, with a corresponding increase in liabilities, and deferred over the vesting period.

Top management's incentive scheme

In 2010, the top management was granted a share-based incentive scheme, which was arranged by establishing a Management company. The company was consolidated in the financial statements.

On 25 January 2010, a company, Okmetic Management Oy, founded by the president and deputy to the president of that time was directed a share issue against payment of 400,000 shares at prevailing market price (3.00 euro). The acquisition was financed by capital investments of 400.0 thousand euro in total in the new company by President Kai Seikku and Deputy to the President of that time Mikko Montonen, and by an 800.0 thousand euro loan granted by Okmetic Oyj. The share ownership programme was meant to be in force approximately three years, after which time it was intended to be dissolved in a manner to be determined later. It was possible to extend the programme by one year.

In December 2012, the company's board of directors decided to extend the ownership arrangement, originally planned approximately for a three-year period, of Okmetic Management Oy, owned by Kai Seikku and Mikko Montonen, by a maximum of one year. The company was supposed to be dissolved by means of a merger or another method no later than in the beginning of 2014. The shareholders of Okmetic Management Oy were granted the right, on dissolution of the arrangement, to choose whether the share-based transaction is settled in cash or by issuing equity instruments. In the consolidated financial statements the arrangement was accounted for as a cash-settled share-based payment. The participants were required to render service until 31 March 2014.

On 15 January 2014, the board of directors decided to dissolve the ownership arrangement of Okmetic Management Oy with an arrangement in which Okmetic Oyj acquired the entire share capital of Okmetic Management Oy. Also 400,000 shares of Okmetic Oyj were transferred to the group via Okmetic Management Oy, as well as a loan receivable of Okmetic Oyj from Okmetic Management Oy, 498.8 thousand euro. There were no shareholders of Okmetic Management Oy in the board of directors of Okmetic Oyj.

The value of the arrangement for the part of shares owned by Okmetic Management Oy was determined using the average trading price weighted by trading volume of the company's share in Nasdaq Helsinki on 16 January 2014, 4.9969 euro.

In 2014, the group recognised expenses of 112.5 thousand euro (2013: income 89.6 thousand euro) for the top management's incentive scheme. Following the dissolvement of Okmetic Management Oy, the group's equity was reduced by 356.6 thousand euro.

The decision to repurchase company's own shares was based on authorisation of the board of directors given by the annual general meeting on 10 April 2013. Prior to the dissolving arrangement, Okmetic Oyj had 17,287,500 issued shares. Following the arrangement the number of issued shares remained unchanged. The number of shares held by the company increased indirectly via Okmetic Management Oy by 400,000 shares. Okmetic Management Oy was merged in the parent company on 30 November 2014.

Own-investment based share option plan for management

Based on the authorisation given by the annual general meeting on 10 April 2013, Okmetic's board of directors decided on 17 December 2013 to grant share options to the key managers of Okmetic. In addition to the executive management group, key managers include also other managers of Okmetic.

As a precondition for being eligible to receive the share options, the key managers were required to invest in Okmetic shares. According to the investment requirement, the key managers were required to hold in the aggregate 262,600 Okmetic shares to be eligible to receive all of the share options.

The share options were, in deviation from the shareholders' pre-emptive subscription right, offered to the key managers of Okmetic. The maximum total number of share options offered was 870,000, which entitle participants to subscribe for a maximum number of 870,000 Okmetic shares (4.8% of the company's shares on a fully diluted basis). Each share option entitles participants to subscribe for one share. The shares subscribed with the share options may either be new shares issued by the company or existing shares held by the company. Of the share options, 320,000 were marked with the symbol 2013 A and 550,000 with the symbol 2013 B. The share options were issued free of charge.

The share subscription price for the share options 2013 A is 5.75 euro and for the share options 2013 B 6.00 euro. Future dividends and capital repayments from the invested unrestricted equity reserve distributed before the share subscription shall be deducted from the share subscription price.

The share subscription period for 25 percent of the share options 2013 A and 2013 B (A1 and B1) will commence on or about 1 February 2016 and for 75 percent of the share options 2013 A and 2013 B (A2 and B2) on or about 1 February 2017. The share subscription period for all the share options ends on 31 March 2018.

Should an award holder's employment in a group company terminate prior to the share subscription period, his or her share option awards will be forfeited. A failure to fulfil the investment requirements set forth by the board of directors will result in the forfeiture of share option awards.

On 31 December 2014, the total number of share options issued to the key managers at Okmetic was 604,250. In keeping with the investment requirement, members of the key management hold in the aggregate 192,900 Okmetic shares pursuant to the share option plan. The total value of the share option plan is 261.1 thousand euro of which a total of 137.8 thousand euro was accrued as share option related cost in the financial statements for 2014. The fair values of the share options have been determined using the Black-Scholes option pricing model. The key factors and assumptions used to determine the fair value for the options granted are as follows:

	2013 A1	2013 A2	2013 B1	2013 B2
Fair value of option at grant date, euro	0.51	0.52	0.45	0.46
Grant date	3 Mar 2014	3 Mar 2014	3 Mar 2014	3 Mar 2014
Exercise price, euro	5.75	5.75	6.00	6.00
Share price at grant date, euro	4.64	4.64	4.64	4.64
Expected option life, years	4.08	4.08	4.08	4.08
Expected volatility, %	24.40	24.40	24.40	24.40
Risk-free interest rate, %	0.67	0.67	0.67	0.67

The expected volatility is determined based on historical volatility of the share price.

Movements in the number of share options outstanding and their related weighted average exercise prices

2014 Options, pcs	2013 A1	2013 A2	2013 B1	2013 B2	Total	Weighted average exercise price, euro
Number of outstanding options on 1 January	-	-	-	-	-	-
Granted options	80,000	240,000	137,500	412,500	870,000	5.91
Forfeited options	17,000	51,000	49,438	148,313	265,750	5.94
Exercised options	-	-	-	-	-	-
Expired options	-	-	-	-	-	-
Number of outstanding options on 31 December	63,000	189,000	88,063	264,188	604,250	5.90
Exercisable options on 31 December	-	-	-	-	-	-

21. BORROWINGS

1,000 euro	2014	2013
Non-current		
Loans from financial institutions	**4,995.7**	6,993.3
Multi-issuer bond	**4,950.2**	-
Finance lease liabilities	**760.1**	1,189.3
Total	**10,705.9**	8,182.6
Current		
Loans from financial institutions	**2,000.0**	3,024.0
Finance lease liabilities	**619.3**	537.5
Total	**2,619.3**	3,561.5

Finance lease liabilities

1,000 euro	2014	2013
Gross finance lease liabilities - minimum lease payments, by maturity date		
No later than one year	**645.2**	572.6
Later than one year and no later than five years	**772.6**	1,218.0
Later than five years	**-**	-
Total	**1,417.8**	1,790.6
Future finance charges on finance leases	**-38.5**	-63.8
Present value of finance lease liabilities	**1,379.3**	1,726.8
Present value of finance lease liabilities, by maturity date		
No later than one year	**619.3**	537.5
Later than one year and no later than five years	**760.1**	1,189.3
Later than five years	**-**	-
Total	**1,379.3**	1,726.8

The group's finance lease agreements relate to IT equipment and software as well as production machinery. The term of the finance leases is five years. Some of the agreements involve conventional purchase options.

22. COMMITMENTS AND CONTINGENCIES

1,000 euro	2014	2013
Own debts secured with collaterals		
Loans from financial institutions and other liabilities	**7,000.0**	10,000.0
Collaterals		
Floating charges	**15,109.5**	17,127.8
Capital commitments	**2,689.2**	1,910.1
Future minimum lease payments under non-cancellable operating leases		
No later than one year	**168.9**	187.0
Later than one year and no later than five years	**139.1**	208.3
Total	**308.0**	395.3

The group's operating lease agreements principally relate to production machinery, office facilities, and company cars. The terms of the leases vary from three to ten years. Some of the agreements involve conventional purchase options.

In 2014, lease payments recognised in profit or loss in respect of operating leases totaled 450.7 thousand euro (2013: 440.1 thousand euro).

23. TRADE AND OTHER PAYABLES

1,000 euro	2014	2013
Non-current		
Other liabilities	**69.2**	111.6
Derivative financial instruments, not under hedge accounting [1]	**-**	85.9
Derivative financial instruments, under hedge accounting [1]	**93.6**	100.9
Total	**162.8**	298.5
Current		
Trade payables	**5,353.7**	6,741.8
Other liabilities	**46.4**	46.6
Derivative financial instruments, not under hedge accounting [1]	**195.8**	254.6
Derivative financial instruments, under hedge accounting [1]	**39.3**	-
Prepayments received	**409.4**	28.4
Liabilities from share reward schemes	**-**	1,090.8
Accruals and other current liabilities	**4,338.0**	4,500.8
Total	**10,382.7**	12,662.8

[1] Note 25

The significant items of accruals and deferred income consist of accrued personnel expenses.

24. FINANCIAL RISK MANAGEMENT

The objective of Okmetic's financial risk management is to ensure liquidity and to reduce the effect of unfavourable fluctuation and uncertainty in the financial markets on earnings, balance sheet, and cash flow.

Financial risk management is based on the risk management policy defined and supervised by the parent company's board of directors. The policy defines the guidelines for risk management. The company's operative management is responsible for the practical measures set out in the risk management policy according to the authorisations given. Hedging is coordinated by the parent company, which also manages the external financing of the group.

The group uses derivative financial instruments to reduce the adverse effects of changes in exchange rates and energy prices. The main risk the group is exposed to is currency risk.

Currency risk

The group operates internationally and is therefore exposed to risks resulting from different currencies. Currency risks arise from exchange rate fluctuations related to currency flows from revenues and expenses (transaction risk) and from the translation of income statement and balance sheet items of foreign subsidiaries into euro (translation risk).

The group uses several currencies in its sales and purchases. The majority of trading is denominated in the US dollar (54% of net sales) and the euro (39%). The Japanese yen (5%) is the most important of the other less-used currencies. The currency distribution has slightly changed in 2014, while the share of sales denominated in the euro grew and correspondingly the share of sales denominated in the US dollar decreased. In the normal course of business, hedging requirements arise from the US dollar, in relation to which the group's sales income exceeds the amount of currency required for purchases. In terms of the dollar, the forecasted cash flow for the near future (1–12 months) is hedged with currency derivatives. The condition is that the level of hedging exceeds 50 percent of the anticipated net cash flows for the subsequent 1–6 months and 30 percent for the subsequent 7–12 months. Foreign currency surplus is sold as soon as it arises. The currency distribution of cash and cash equivalents can be monitored continuously, and a closer examination is performed on a weekly basis. Forecasted net positions are monitored on a monthly basis.

The parent company operates in the euro.

Foreign currency assets and liabilities translated into euro at the rate of the reporting date

Nominal values 1,000 euro	2014 USD	2014 JPY	2013 USD	2013 JPY
Current assets				
Cash and cash equivalents	**3,469.0**	**1,213.2**	1,386.2	398.3
Trade and other receivables	**6,533.8**	**4.1**	5,748.8	65.3
Non-current liabilities				
Other liabilities	**-**	**54.8**	-	105.8
Current liabilities				
Trade and other payables	**2,067.7**	**181.9**	2,651.0	126.0
Group's internal receivables, net [1]	**260.6**	**246.9**	541.1	1,564.8
Hedging position	**4,283.3**	**888.3**	1,144.3	-
Open position	**3,912.4**	**339.3**	3,880.7	1,796.6

1,000 euro	2014 USD	2014 JPY	2013 USD	2013 JPY
Change in exchange rate based on volatility of the currency [2]	**6.28**	**7.51**	7.38	13.18
Effect on profit before tax	**+253.9/-223.9**	**+27.0/-23.2**	+310.8/-268.1	+272.7/-209.2

[1] The effect on profit or loss of the revaluation under IAS 21 is not eliminated.
[2] The change in the exchange rate represents average volatility of the currency during the last 12-month period.

The calculation does not include forecast future currency-denominated cash flows.

The equity of the US-based subsidiary totaled 8.7 million US dollar on 31 December 2014 (2013: USD 9.1 million). The equity of the Japan-based subsidiary amounted to 10.6 million Japanese yen on 31 December 2014 (2013: JPY -153.5 million). The equity of the Hong Kong-based subsidiary totaled 0.4 million Hong Kong dollar on 31 December 2014 (2013: HKD -0.3 million). The translation risk related to equity is not hedged. The group has no loans in foreign currencies.

Derivatives are discussed in section 25 of the notes.

Interest rate risk

The group is exposed to cash flow as well as fair value interest rate risk. On the reporting date, the group's interest-bearing liabilities amounted to 13.3 million euro (2013: 11.7 million euro). In January 2013, Okmetic signed a five-year loan agreement for 10 million euro. On the reporting date, the amount of the loan outstanding was seven million euro. The loan has a variable interest and is not hedged against interest rate risk. In June 2014, Okmetic was one of the issuer companies in a multi-issuer bond by the allocated amount totaling five million euro. The maturity of this guaranteed, fixed rate (coupon at 1.85%), bullet multi-issuer bond is five years.

The group's interest rate risk relates mainly to loans. If the interest rate level changed by +/-0.3 percentage points, the effect on profit before tax would be +/-21.0 thousand euro (2013: +/-27.0 thousand euro).

Relating to the loan agreement for 10 million euro, signed in January 2013 and of which seven million euro was outstanding on the reporting date, the following covenants are applied. Requirement for the group's equity ratio is minimum 30 percent. If the equity ratio fell below 30 percent, the creditor would be entitled to terminate the loan. Requirement for group's return on equity is minimum five percent. If annual return on equity fell below five percent, the interest rate would be increased by 0.4 percentage points.

Credit risk

Credit risk arises from trade and other receivables. The maximum potential loss is the entire nominal value recorded. Receivables do not involve collaterals.

The group's trade receivables are generated by a large number of customers of which, in terms of credit risk, a single customer or a customer group is not individually significant. The customers are dispersed in different geographical areas. Credit risk is reduced by targeting sales to customers that are assessed to have good credit quality or that are generally regarded as financially sound. Customers' payment behaviour is monitored continuously. Where necessary, risks relating to specific customers are reduced by means of payment and delivery terms. Trade receivables amounted to 12.4 million euro on 31 December 2014 (2013: 11.1 million euro). Of these, 4.7 million euro was matured on 31 December 2014 (2013: 3.1 million euro).

The group uses well-known, solvent, and well-regarded financial institutions in cash transactions, credit arrangements, and investments of liquid assets.

The distribution of trade receivables by due date is shown in section 16, Trade and other receivables of the notes.

Liquidity risk

Liquidity risk is managed by means of regular long-term financial planning, weekly cash flow forecasts for one month at a time, efficient day-to-day cash flow management, and by carrying out the necessary financing activities based on these assessments. Sources and forms of funding are diversified. The group's liquidity has been good during 2014. At the end of the year, cash and cash equivalents amounted to 14.4 million euro (2013: 5.2 million euro). The group has ensured the sufficiency of cash funds with committed credit facilities of 6.0 million euro. On 31 December 2014, the committed credit facilities were unused.

The following table presents the remaining contractual maturities of the group's financial liabilities. The figures shown are undiscounted cash flows, including both principal and interest payments.

2014 1,000 euro	Carrying amount	Cash flow	0–6 months	6–12 months	1–2 years	2–5 years
Contractual maturities of financial liabilities						
Loans from financial institutions	6,995.7	7,180.4	1,050.1	1,036.9	2,056.0	3,037.4
Multi-issuer bond	4,950.2	5,632.5	135.0	–	135.0	5,362.5
Finance lease liabilities	1,379.3	1,417.8	322.6	322.6	645.2	127.4
Trade and other payables	5,454.9	5,454.9	5,376.9	23.2	54.8	–
Total	18,780.2	19,685.6	6,884.6	1,382.7	2,891.0	8,527.3
Contractual maturities of derivative financial liabilities						
Electricity derivatives						
Not under hedge accounting	110.6	110.7	55.4	55.4	–	–
Under hedge accounting	132.9	133.3	19.7	19.7	94.0	–
Currency derivatives, not under hedge accounting						
Currency forwards	85.2	87.2	81.0	6.2	–	–

2013 1,000 euro	Carrying amount	Cash flow	0–6 months	6–12 months	1–2 years	2–5 years
Contractual maturities of financial liabilities						
Loans from financial institutions	10,017.3	10,357.1	1,093.8	2,061.7	2,093.4	5,108.1
Finance lease liabilities	1,726.8	1,790.6	286.3	286.3	572.6	645.4
Trade and other payables	6,894.1	6,894.1	6,765.0	23.3	50.8	55.0
Total	18,638.2	19,041.8	8,145.2	2,371.3	2,716.8	5,808.6
Contractual maturities of derivative financial liabilities						
Electricity derivatives						
Not under hedge accounting	340.5	341.7	127.5	127.5	86.6	–
Under hedge accounting	100.9	102.3	–	–	27.7	74.7
Currency derivatives, not under hedge accounting						
Currency options, put [1]	1.2	1.2	1.2	–	–	–

[1] Included at fair value

Commodity risk

The group is exposed to commodity risk related to availability and price fluctuations.

The group's main raw material is polycrystalline silicon. A price risk arises from the timing differences between purchasing and using the commodity. Polycrystalline silicon is not a listed commodity. Hedging against price changes mainly comprises long-term purchase agreements for the commodity and, when possible, pricing of the end products. Okmetic has existing polysilicon purchasing obligations partly until 2016. Since the price level of the solar cell market has dropped, the validity of long-term polysilicon purchase contracts typical of the industry may cause a price risk.

The group's production processes use a significant amount of electricity. Electricity is purchased locally in each country. The majority of the group's electricity consumption takes place in Finland where the electricity price risk is reduced with electricity derivatives. The electricity derivatives are, at most, five years in duration. Okmetic has applied hedge accounting as defined in IAS 39 to the electricity derivative contracts entered into after 1 April 2011 hedging highly probable forecast cash flows associated with electricity purchases. The hedged highly probable forecast purchases are expected to occur at various dates during the next 60 months. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and presented in hedge reserve in equity. Such accumulated fair value changes in equity are reclassified to the income statement as adjustments to electricity purchases in the periods when the hedged item affects profit or loss. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and presented within other operating income and expenses.

As of the beginning of October 2013, hedging against electricity price risk is based on physical supply of electricity instead of electricity derivatives. According to the procurement model, electricity supply is based on advance orders where the difference between order and electricity consumption is balanced by purchasing or selling electricity at current market price.

The table below presents the effect that a 10 percent strengthening or weakening of the prices of the outstanding commodity derivatives would have on profit before tax at the reporting date, assuming all other variables constant.

1,000 euro	2014	2013
Electricity derivatives	**+/-107.6**	+/-148.4

On 31 December 2014, the group's publicly traded electricity derivatives amounted to 26.3 GWh (2013: 52.6 GWh).

Derivatives are discussed in section 25 of the notes.

Capital management

The group's capital management aims to ensure the continuity of the group's operations (going concern) and to increase shareholder value. The capital managed is the equity reported in the group's balance sheet. In order to adjust the capital structure, the board of directors may, based on the authorisation granted, issue new shares or repurchase or transfer rights to the company's own shares. The amount of dividends paid to shareholders may be adjusted.

The group monitors the capital structure on the basis of equity ratio and net gearing ratio. At the end of the year, the group's equity ratio amounted to 70.5 percent (2013: 68.2%). The group's net interest-bearing liabilities totaled -1.1 million euro (2013: 6.5 million euro) and net gearing ratio was -1.7 percent (2013: 11.4%).

1,000 euro	2014	2013
Equity	**63,626.6**	57,272.7
Balance sheet total - advances received	**90,252.7**	84,002.9
Equity ratio, %	**70.5**	68.2
Borrowings	**13,325.2**	11,744.1
Cash and cash equivalents	**14,435.6**	5,214.2
Net interest-bearing liabilities	**-1,110.4**	6,529.9
Net gearing ratio, %	**-1.7**	11.4

25. DERIVATIVE FINANCIAL INSTRUMENTS

1,000 euro	Fair value, assets	Fair value, liabilities	2014 nominal value	Fair value, assets	Fair value, liabilities	2013 nominal value
Currency derivatives						
Currency forwards	-	-85.2	3,979.0	20.4	-	1,144.3
Currency options, call	5.5	-	1,192.6	11.9	-	948.3
Currency options, put	-	-	-	-	-1.2	182.3
Electricity derivatives						
Under hedge accounting	-	-132.9	708.3	-	-100.9	708.3
Not under hedge accounting	-	-110.6	367.5	91.2	-340.5	1,139.1
Total	5.5	-328.7	6,247.4	123.5	-442.6	4,122.3

The contract price of the derivatives has been used as the nominal value of the underlying asset.

The fair values of derivatives are presented as gross amounts. Okmetic has not entered into netting arrangements under ISDA contracts with the counterparties engaging in trading in derivatives.

26. RELATED PARTY TRANSACTIONS

Group companies on 31 December 2014

Name of organisation	Registered office	Ownership share parent, %
Okmetic Oyj, parent company	Vantaa, Finland	
Okmetic Inc.	Allen, TX, United States	100
Okmetic K.K.	Tokyo, Japan	100
Okmetic Limited	Hong Kong, P.R.China	100

On 15 January 2014, the board of directors decided to dissolve the ownership arrangement of Okmetic Management Oy, owned by President Kai Seikku and Deputy to the President of that time, Mikko Montonen, with an arrangement in which Okmetic Oyj acquired the entire share capital of Okmetic Management Oy.

Okmetic Management Oy and Okmetic Invest Oy were merged in the parent company on 30 November 2014.

Key management compensation

1,000 euro	2014	2013
Salaries and other short-term employee benefits	**1,218.8**	1,213.8
Post-employment benefits	**208.9**	206.5
Share-based payments [1]	**450.1**	310.6
Total	**1,877.9**	1,730.8

Key management comprises the board of directors and the executive management group.

Details of the salaries and remuneration of the board of directors, the president, and the deputy to the president

1,000 euro	2014	2013
President		
Salary including fringe benefits	**314.5**	314.5
Statutory pension	**55.2**	54.8
Share reward [1]	**-**	12.6
Total	**369.6**	381.9
Deputy to the president (until 6 April 2014)		
Salary including fringe benefits	**86.4**	173.1
Statutory pension	**15.2**	30.2
Share reward [1]	**-**	7.6
Total	**101.5**	210.9

	Total remuneration, 1,000 euro, 2014	Of which as shares, pcs, 2014	Total remuneration, 1,000 euro, 2013	Of which as shares, pcs, 2013
Members of the board of directors				
Järvinen Tapani	**1.5**	**-**	35.5	3,154
Lång Jan	**33.5**	**3,221**	-	-
Martola Hannu	**25.0**	**2,205**	25.5	2,285
Paulasto-Kröckel Mervi	**25.0**	**2,082**	25.0	2,260
Puolakka Mikko	**25.0**	**2,163**	24.0	2,081
Österlund Henri	**47.5**	**5,770**	48.3	5,503
Total	**157.5**	**15,441**	158.3	15,283
Total	**628.7**		751.0	

[1] The terms and conditions of the share reward schemes are described under note 20, Share-based payments. Based on the share reward programme of 2013 the president was granted 1,310 pcs and deputy to the president 786 pcs of the company's own shares. The euro value of the president's and deputy to the president's share reward consisted of the value of the granted shares and the monetary amount payable in accordance with the terms and conditions of share reward programme to cover taxes. Share reward based on the share reward programme of 2013 was paid in February 2014.

Members of the board of directors have not been paid pension-related benefits or fringe benefits. The president and the executive management group are not paid separate remuneration for their membership on the boards of subsidiary companies or for acting as a president of a subsidiary. The president of Okmetic Oyj may retire with an old-age pension at the age of 63 according to the Finnish Employees Pensions Act; however he must retire at the age of 65.

Information on top management's incentive scheme and on the own-investment based share option plan for management are given in note 20, Share-based payments.

Loans to key management of the company

1,000 euro	2014	2013
On 1 January	**636.0**	646.2
Loans advanced during the period	**-**	-
Loan repayments received	**-636.1**	-10.0
Interest accrued	**1.5**	31.2
Interest received	**-1.3**	-31.4
On 31 December	**0.0**	636.0

As a part of the top management's incentive scheme arrangement, Okmetic granted an interest-bearing loan of 800.0 thousand euro in 2010 to Okmetic Management Oy established by the President Kai Seikku and Deputy to the President of that time Mikko Montonen for the purposes of financing the subscription of the Okmetic shares. The interest rate of the loan was 5.0 percent. In December 2012, the company's board of directors decided to extend the ownership arrangement, originally planned approximately for a three-year period, of Okmetic Management Oy, by a maximum of one year. The loan period was extended respectively.

At the same time, Okmetic Oyj granted a loan of 66.3 thousand euro to the deputy to the president of that time to be used in the capitalisation of the company to be established. The interest rate of the loan was 5.0 percent.

On 15 January 2014, the board of directors decided to dissolve the ownership arrangement of Okmetic Management Oy with an arrangement in which Okmetic Oyj acquired the entire share capital of Okmetic Management Oy. Also 400,000 shares of Okmetic Oyj were transferred to the group via Okmetic Management Oy, as well as a loan receivable of Okmetic Oyj from Okmetic Management Oy.

Shares held by the key management	31 Dec 2014	31 Dec 2013	Change
Board of directors	**49,118**	45,467	3,651
President and deputy to the president	**186,670**	77,840	108,830
The company owned by the president and deputy to the president	**0**	400,000	-400,000
Other members of the executive management group	**94,048**	121,622	-27,574
Total	**329,836**	644,929	-315,093

Directed share issue for top management

On 16 January 2014, Okmetic Oyj transferred in total 150,000 own shares held by the company to President Kai Seikku (140,000 shares) and Deputy to the President of that time Mikko Montonen (10,000 shares). Subscription price per share was determined using the average trading price of the company's share weighted by trading volume in Nasdaq Helsinki on 16 January 2014, which was 4.9969 euro. Total value of the deal was 749.5 thousand euro.

Deputy to the President Mikko Montonen left the company on 6 April 2014.

Options held by the key management	31 Dec 2014 2013 A	31 Dec 2014 2013 B	31 Dec 2013 2013 A	31 Dec 2013 2013 B
President	**180,000**	**180,000**	-	-
Other members of the executive management group	**72,000**	**134,500**	-	-
Total	**252,000**	**314,500**	-	-

27. EVENTS AFTER THE REPORTING PERIOD

The extraordinary general meeting of Okmetic Oyj was held on 12 January 2015. The general meeting decided, in accordance with the proposal of the board of directors, to distribute a dividend of 0.30 euro per share (in total 5,061,221.10 euro). The dividend was paid to shareholders who were registered in the shareholders' register maintained by Euroclear Finland Ltd. on the dividend record date, 14 January 2015. The dividend payment took place on 21 January 2015.

As of 1 January 2015, Other business sales is reported as part of semiconductor sales due to the significantly diminished role of Other business.

FINANCIAL STATEMENTS FOR THE PARENT COMPANY, FAS

PARENT COMPANY'S INCOME STATEMENT

Euro	Note	1 Jan–31 Dec 2014	1 Jan–31 Dec 2013
Net sales	1	**67,068,174.69**	61,735,345.54
Cost of sales	2	**-52,388,815.92**	-49,134,780.52
Gross profit		**14,679,358.77**	12,600,565.02
Sales and marketing expenses		**-3,262,366.30**	-2,956,805.02
Administrative expenses	3	**-4,369,518.35**	-4,109,043.80
Other operating income	4	**7,866.84**	23,730.30
Other operating expenses	5	**-177,137.46**	-187,268.95
Operating profit		**6,878,203.50**	5,371,177.55
Financial income and expenses	6	**-1,697,471.29**	-605,392.54
Profit after financial items		**5,180,732.21**	4,765,785.01
Extraordinary income and expenses	7	**-853,923.14**	-
Profit before appropriations and tax		**4,326,809.07**	4,765,785.01
Depreciation differences		**-2,986,891.73**	-4,984,878.39
Income tax	8	**-558,907.39**	10,705.60
Profit/loss for the period		**781,009.95**	-208,387.78

PARENT COMPANY'S BALANCE SHEET

Euro	Note	31 Dec 2014	31 Dec 2013
Assets			
Fixed assets			
Tangible assets	9		
Buildings		**11,456,361.36**	12,502,196.41
Machinery and equipment		**25,844,499.86**	26,500,994.50
Construction in progress		**2,177,267.77**	2,706,577.70
		39,478,128.99	41,709,768.61
Investments			
Shares in group companies	9,10	**4,859,214.39**	4,869,214.39
Other receivables	9	**122,907.53**	122,907.53
		4,982,121.92	4,992,121.92
Total fixed assets		**44,460,250.91**	46,701,890.53
Current assets			
Inventories			
Raw materials and supplies		**10,635,011.48**	9,063,695.46
Work in progress		**1,568,441.03**	1,706,385.33
Finished goods		**2,358,533.74**	2,495,634.21
		14,561,986.25	13,265,715.00
Long-term receivables			
Other receivables	11	**414,226.16**	2,381,214.91
Short-term receivables			
Trade receivables	11	**10,870,144.29**	9,994,000.18
Other receivables	11	**1,890,884.80**	3,743,312.49
Prepayments and accrued income	12	**86,124.64**	384,006.78
		12,847,153.73	14,121,319.45
Cash and cash equivalents		**12,694,199.50**	3,749,772.36
Total current assets		**40,517,565.64**	33,518,021.72
Total assets		**84,977,816.55**	80,219,912.25

Euro	Note	31 Dec 2014	31 Dec 2013
Shareholders' equity and liabilities			
Shareholders' equity	13		
Share capital		**11,821,250.00**	11,821,250.00
Share premium		**20,045,254.71**	20,045,254.71
Reserve for invested unrestricted equity		**2,297,990.79**	1,420,417.66
Retained earnings		**15,376,635.33**	16,757,023.11
Profit/loss for the period		**781,009.95**	-208,387.78
Total shareholders' equity		**50,322,140.78**	49,835,557.70
Accumulated appropriations			
Accumulated depreciation differences		**12,474,017.91**	9,487,126.18
Liabilities			
Long-term liabilities			
Multi-issuer bond		**5,000,000.00**	-
Loans from financial institutions		**5,000,000.00**	7,000,000.00
Other liabilities		**54,826.83**	105,807.77
		10,054,826.83	7,105,807.77
Short-term liabilities			
Loans from financial institutions		**2,000,000.00**	3,000,000.00
Advances received		**409,443.14**	28,385.78
Trade payables		**5,103,656.06**	6,467,367.30
Other liabilities	11	**644,366.03**	1,198,004.54
Accruals and deferred income	14	**3,969,365.80**	3,097,662.98
		12,126,831.03	13,791,420.60
Total liabilities		**22,181,657.86**	20,897,228.37
Total shareholders' equity and liabilities		**84,977,816.55**	80,219,912.25

PARENT COMPANY'S CASH FLOW STATEMENT

1,000 euro	1 Jan–31 Dec 2014	1 Jan–31 Dec 2013
Cash flows from operating activities		
Profit before appropriations and tax	**4,326.8**	4,765.8
Adjustments for		
Depreciation	**5,508.2**	4,830.1
Financial income and expenses	**1,697.5**	605.4
Other adjustments	**638.0**	-77.3
Change in working capital	**133.6**	-2,156.3
Interest received	**10.3**	47.0
Interest paid	**-143.3**	-93.1
Other financial items	**14.1**	-181.5
Income tax paid	**67.0**	946.6
Net cash from operating activities	**12,252.0**	8,686.6
Cash flows from investing activities		
Investments in fixed assets	**-4,075.6**	-8,992.2
Net cash used in investing activities	**-4,075.6**	-8,992.2
Cash flows from financing activities		
Proceeds from long-term borrowings	**5,000.0**	10,000.0
Proceeds from short-term borrowings	**4,000.0**	1,000.0
Repayments of long-term borrowings	**-3,000.0**	-1,000.0
Repayments of short-term borrowings	**-4,000.0**	-4,000.0
Other	**136.3**	10.0
Dividends paid	**-578.3**	-6,939.0
Capital repayment	**-**	-1,196.5
Share issue	**749.5**	-
Acquisition of Okmetic Management Oy's share capital	**-1,539.5**	-
Net cash from/used in financing activities	**768.0**	-2,125.5
Net increase (+), decrease (-) in cash and cash equivalents	**8,944.4**	-2,431.1
Cash and cash equivalents at the beginning of the period	**3,749.8**	6,180.8
Cash and cash equivalents at the end of the period	**12,694.2**	3,749.8

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

Accounting policies
The financial statements of Okmetic Oyj have been prepared in accordance with Finnish Accounting Standards and business legislation. Okmetic Oyj is the parent company of Okmetic group.

Foreign currencies
Business transactions denominated in foreign currencies are recorded at the rates prevailing on the transaction date. In the financial statements, receivables and liabilities denominated in foreign currencies are translated into euro at the average exchange rate quoted by the European Central Bank on the balance sheet date. Advances received are entered in the balance sheet at the rate of the payment date.

Exchange differences arising from trade receivables and payables are charged to sales and purchases in the income statement. Exchange differences from the translation of other receivables and liabilities as well as financing activities are disclosed within financial items in the income statement.

Fixed assets
Tangible assets are stated at cost less accumulated depreciation and write-downs. Depreciations according to plan on fixed assets are based on the historical cost and the estimated useful lives of the assets. Assets are depreciated on a straight-line basis.

The estimated useful lives for the asset classes are:

- Buildings 20–25 years
- Machinery and equipment 3–15 years

Investments held as fixed assets are stated at cost less write-downs. Write-downs are recorded within financial items in the income statement.

Inventories
Inventories are stated at the lower of cost and market using the weighted average cost method.

Costs of inventories include the variable costs arising from acquisition and manufacturing.

Financial assets and liabilities and derivative financial instruments
Financial assets are carried at the lower of cost and market. Financial liabilities are stated at nominal value.

Cash and cash equivalents comprise cash in hand and in bank.

Derivative financial instruments hedging currency risk exposure are entered in the income statement so that interest is accrued and shown within interest income or interest expenses and, at maturity of the contracts, the exchange differences are offset against the hedged item and disclosed in either sales or purchases.

Gains or losses on derivatives used to hedge electricity price risk are recognised at maturity as adjustments to electricity costs.

Net sales
Sales of goods are recognised on delivery. Net sales are shown net of indirect taxes and discounts, and adjusted by exchange differences of foreign currency sales.

Research and development
Research and development costs are expensed as incurred. The costs are disclosed within cost of sales in the income statement.

Government grants
Government grants for compensating the costs of specified research and development projects are entered as adjustments to cost of sales.

Other operating income and expenses
Other operating income and expenses include items not associated with the production of goods and services, such as gains and losses from disposal of fixed assets, costs of business reorganisation as well as credit losses.

Provisions
Provisions are made for contingent losses that have no corresponding revenue, that are likely to materialise, of which the amount can be estimated reliably, and that are based on an obligation to a third party.

Provisions are shown under long-term or short-term liabilities in the balance sheet, depending on their nature.

Extraordinary items
Received and given group contributions and merger gains and losses are booked under extraordinary items.

Income tax
Income tax expense consists of accrued tax for the financial year and tax adjustments for prior years. Deferred income tax is recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts using the tax rates that have been enacted by the balance sheet date.

1. NET SALES

Euro	2014	2013
Market area		
North America	**24,780,320.80**	25,850,387.14
Europe	**28,843,585.66**	25,257,824.19
Asia	**13,444,268.23**	10,627,134.22
Total	**67,068,174.69**	61,735,345.54

2. PERSONNEL EXPENSES

Euro	2014	2013
Wages and salaries	**14,988,485.65**	14,223,589.77
Share rewards [1]	**89,257.00**	270,130.20
Pension costs	**2,667,916.44**	2,546,892.33
Other social security costs	**896,695.40**	680,921.04
Total	**18,642,354.49**	17,721,533.34

Annual remuneration for the board of directors	**131,133.36**	130,000.00

Wages and salaries include wages and salaries for hours worked as well as compensation for annual leave, days off and sick leave, holiday pay and fees for years of service and other similar fees.

Number of personnel	2014	2013
White-collar employees	**115**	116
Blue-collar employees	**210**	205
Average	**325**	321
On 31 December	**321**	310

Details of the salaries and remuneration of the board of directors, the president, and the deputy to the president

Euro	2014		2013	
President				
Salary including fringe benefits	**314,484.00**		314,484.00	
Statutory pension	**55,160.49**		54,783.11	
Share reward [1]	**-**		12,623.58	
Total	**369,644.49**		381,890.69	
Deputy to the president (until 6 April 2014)				
Salary including fringe benefits	**86,384.34**		173,139.78	
Statutory pension	**15,151.81**		30,160.95	
Share reward [1]	**-**		7,574.15	
Total	**101,536.15**		210,874.88	
	Total remuneration, euro 2014	Of which as shares, pcs 2014	Total remuneration, euro 2013	Of which as shares, pcs 2013
Members of the board of directors				
Järvinen Tapani	**1,500.00**	**-**	35,500.00	3,154
Lång Jan	**33,500.00**	**3,221**	-	-
Martola Hannu	**25,000.00**	**2,205**	25,500.00	2,285
Paulasto-Kröckel Mervi	**25,000.00**	**2,082**	25,000.00	2,260
Puolakka Mikko	**25,000.00**	**2,163**	24,000.00	2,081
Österlund Henri	**47,500.00**	**5,770**	48,250.00	5,503
Total	**157,500.00**	**15,441**	158,250.00	15,283
Total	**628,680.65**		751,015.57	

[1] The terms and conditions of the share reward schemes are described under section 20, Share-based payments of the notes to the consolidated financial statements. Share reward based on the share reward programme of 2013 was paid in February 2014.

Members of the board of directors have not been paid pension-related benefits or fringe benefits. The president and the executive management group are not paid separate remuneration for their membership on the boards of subsidiary companies or for acting as a president of a subsidiary. The president of Okmetic Oyj may retire with an old-age pension at the age of 63 according to the Finnish Employees Pensions Act; however he must retire at the age of 65.

Related party loans

As a part of the top management's incentive scheme arrangement, Okmetic granted an interest-bearing loan of 800,000 euro in 2010 to Okmetic Management Oy established by the President Kai Seikku and Deputy to the President of that time Mikko Montonen for the purposes of financing the subscription of the Okmetic shares. The interest rate of the loan was 5.0 percent. In December 2012, the company's board of directors decided to extend the ownership arrangement, originally planned approximately for a three-year period, of Okmetic Management Oy, by a maximum of one year. The loan period was extended respectively.

At the same time, Okmetic Oyj granted a loan of 66,250 euro to the deputy to the president of that time to be used in the capitalisation of the company to be established. The interest rate of the loan was 5.0 percent.

On 15 January 2014, the board of directors decided to dissolve the ownership arrangement of Okmetic Management Oy with an arrangement in which Okmetic Oyj acquired the entire share capital of Okmetic Management Oy. Also 400,000 shares of Okmetic Oyj were transferred to the group via Okmetic Management Oy, as well as a loan receivable of Okmetic Oyj from Okmetic Management Oy, 498,800 euro. The value of the arrangement for the part of shares owned by Okmetic Management Oy was determined using the average trading price weighted by trading volume of the company's share in Nasdaq Helsinki on 16 January 2014, 4.9969 euro.

Okmetic Management Oy was merged in the parent company on 30 November 2014.

Directed share issue for top management

On 16 January 2014, Okmetic Oyj transferred in total 150,000 own shares held by the company to President Kai Seikku (140,000 shares) and Deputy to the President of that time Mikko Montonen (10,000 shares). Subscription price per share was determined using the average trading price of the company's share weighted by trading volume in Nasdaq Helsinki on 16 January 2014, which was 4.9969 euro. Total value of the deal was 749,535 euro.

Related party transactions are described in note 26, Related party transactions of the notes to the consolidated financial statements.

3. AUDITOR'S FEES

Euro	2014	2013
Audit fees	**79,955.73**	64,381.36
Tax assignments	**22,024.69**	10,600.00
Other assignments	**8,129.50**	5,605.50
Total	**110,109.92**	80,586.86

4. OTHER OPERATING INCOME

Euro	2014	2013
Other income	**7,866.84**	23,730.30

5. OTHER OPERATING EXPENSES

Euro	2014	2013
Credit losses	**19,630.63**	89,294.11
Reversals of credit losses	**-31,222.23**	-
Other expenses	**188,729.06**	97,974.84
Total	**177,137.46**	187,268.95

6. FINANCIAL INCOME AND EXPENSES

Euro	2014	2013
Interest income		
From group companies	**5,080.35**	40,573.58
From others	**4,625.44**	4,631.72
Total	**9,705.79**	45,205.30
Interest expenses		
To others	**-179,801.83**	-140,750.87
Other financial income and expenses		
From/to group companies	**1,531.05**	-338,921.48
Write-down of loan receivable from a group company	**-1,605,692.03**	-
From/to others	**76,785.73**	-170,925.49
Total	**-1,527,375.25**	-509,846.97
Total	**-1,697,471.29**	-605,392.54

7. EXTRAORDINARY EXPENSES

Euro	2014	2013
Merger losses	**853,923.14**	**-**

8. INCOME TAX

Euro	2014	2013
Current income tax	**-551,268.18**	-
Tax adjustments of prior periods	**-7,639.21**	10,705.60
Total	**-558,907.39**	10,705.60

9. FIXED ASSETS

Tangible assets

Euro	Buildings	Machinery and equipment	Construction in progress	Total
Acquisition cost on 1 January 2014	25,951,661.66	110,393,201.99	2,706,577.70	139,051,441.35
Additions	99,453.43	1,501,396.36	1,675,669.50	3,276,519.29
Disposals	-	-280,149.51	-	-280,149.51
Transfers between items	-79,166.98	2,284,146.41	-2,204,979.43	0.00
Acquisition cost on 31 December 2014	25,971,948.11	113,898,595.25	2,177,267.77	142,047,811.13
Accumulated depreciation on 1 January 2014	-13,449,465.25	-83,892,207.49	-	-97,341,672.74
Accumulated depreciation on disposals and transfers	79,166.98	200,982.53	-	280,149.51
Depreciation for the period	-1,145,288.48	-4,362,870.43	-	-5,508,158.91
Accumulated depreciation on 31 December 2014	-14,515,586.75	-88,054,095.39	-	-102,569,682.14
Carrying amount on 1 January 2014	12,502,196.41	26,500,994.50	2,706,577.70	41,709,768.61
Carrying amount on 31 December 2014	11,456,361.36	25,844,499.86	2,177,267.77	39,478,128.99

Euro	Buildings	Machinery and equipment	Construction in progress	Total
Acquisition cost on 1 January 2013	20,571,032.49	101,900,960.59	9,782,779.89	132,254,772.97
Additions	1,144,109.21	4,182,294.12	2,225,469.06	7,551,872.39
Disposals	-	-755,204.01	-	-755,204.01
Transfers between items	4,236,519.96	5,065,151.29	-9,301,671.25	0.00
Acquisition cost on 31 December 2013	25,951,661.66	110,393,201.99	2,706,577.70	139,051,441.35
Accumulated depreciation on 1 January 2013	-12,444,248.73	-80,813,280.30	-	-93,257,529.03
Accumulated depreciation on disposals and transfers	-	745,971.26	-	745,971.26
Depreciation for the period	-1,005,216.52	-3,824,898.45	-	-4,830,114.97
Accumulated depreciation on 31 December 2013	-13,449,465.25	-83,892,207.49	-	-97,341,672.74
Carrying amount on 1 January 2013	8,126,783.76	21,087,680.29	9,782,779.89	38,997,243.94
Carrying amount on 31 December 2013	12,502,196.41	26,500,994.50	2,706,577.70	41,709,768.61

Intangible assets

Euro	Other long-term expenses
Acquisition cost on 1 January 2014	67,717.07
Additions	-
Disposals	-
Acquisition cost on 31 December 2014	67,717.07
Accumulated amortisation on 1 January 2014	-67,717.07
Accumulated amortisation on disposals and transfers	-
Accumulated amortisation on 31 December 2014	-67,717.07
Carrying amount on 1 January 2014	0.00
Carrying amount on 31 December 2014	0.00

Euro	Other long-term expenses
Acquisition cost on 1 January 2013	67,717.07
Additions	-
Disposals	-
Acquisition cost on 31 December 2013	67,717.07
Accumulated amortisation on 1 January 2013	-67,717.07
Accumulated amortisation on disposals and transfers	-
Accumulated amortisation on 31 December 2013	-67,717.07
Carrying amount on 1 January 2013	0.00
Carrying amount on 31 December 2013	0.00

Investments

Euro	Shares in group companies	Other receivables	Total
Acquisition cost on 1 January 2014	4,869,214.39	122,907.53	4,992,121.92
Additions	1,539,485.59	-	1,539,485.59
Transferred in merger	-1,549,485.59	-	-1,549,485.59
Disposals	-	-	-
Transfers between items	-	-	-
Carrying amount on 31 December 2014	4,859,214.39	122,907.53	4,982,121.92

Euro	Shares in group companies	Other receivables	Total
Acquisition cost on 1 January 2013	4,869,214.39	122,907.53	4,992,121.92
Additions	-	-	-
Disposals	-	-	-
Transfers between items	-	-	-
Carrying amount on 31 December 2013	4,869,214.39	122,907.53	4,992,121.92

10. SUBSIDIARIES ON 31 DECEMBER 2014

Name of organisation	Registered office	Ownership share, %
Okmetic Inc.	Allen, TX, United States	100
Okmetic K.K.	Tokyo, Japan	100
Okmetic Limited	Hong Kong, P.R.China	100

On 15 January 2014, the board of directors decided to dissolve the ownership arrangement of Okmetic Management Oy, owned by President Kai Seikku and Deputy to the President of that time, Mikko Montonen, with an arrangement in which Okmetic Oyj acquired the entire share capital of Okmetic Management Oy.

Okmetic Management Oy and Okmetic Invest Oy were merged in the parent company on 30 November 2014.

11. RECEIVABLES FROM AND LIABILITIES TO GROUP COMPANIES

Euro	2014	2013
Long-term receivables		
Other receivables	**50,064.56**	1,391,432.31
Short-term receivables		
Trade receivables	**592,104.13**	743,469.72
Other receivables	**85,043.56**	192,878.55
Other liabilities	**-134,534.75**	-92,225.34

12. SHORT-TERM RECEIVABLES, PREPAYMENTS AND ACCRUED INCOME

Euro	2014	2013
Main items included in prepayments and accrued income		
Income tax receivables	**-**	170,655.49
Employee-related insurances	**65,881.02**	168,250.34
Prepaid rewards	**19,941.51**	29,379.55
Other	**302.11**	15,721.40
Total	**86,124.64**	384,006.78

13. SHAREHOLDERS' EQUITY

Euro	2014	2013
Share capital		
On 1 January	**11,821,250.00**	11,821,250.00
On 31 December	**11,821,250.00**	11,821,250.00
Share premium		
On 1 January	**20,045,254.71**	20,045,254.71
On 31 December	**20,045,254.71**	20,045,254.71
Reserve for invested unrestricted equity		
On 1 January	**1,420,417.66**	2,464,283.05
Share-based payments	**128,038.13**	152,671.00
Capital repayment	**-**	-1,196,536.39
Share issue	**749,535.00**	-
On 31 December	**2,297,990.79**	1,420,417.66
Retained earnings		
On 1 January	**16,757,023.11**	19,679,270.59
Profit/loss from the previous period	**-208,387.78**	4,595,017.65
Dividend distribution	**-**	-7,517,265.13
Own shares transferred in merger of Okmetic Management Oy	**-1,172,000.00**	-
On 31 December	**15,376,635.33**	16,757,023.11
Profit/loss for the period	**781,009.95**	-208,387.78
Total shareholders' equity on 31 December	**50,322,140.78**	49,835,557.70
Distributable earnings		
Retained earnings	**15,376,635.33**	16,757,023.11
Profit/loss for the period	**781,009.95**	-208,387.78
Reserve for invested unrestricted equity	**2,297,990.79**	1,420,417.66
Total	**18,455,636.07**	17,969,052.99

14. SHORT-TERM LIABILITIES, ACCRUALS AND DEFERRED INCOME

Euro	2014	2013
Main items included in accruals and deferred income		
Accrued employee-related expenses	**3,233,661.45**	2,856,394.83
Income tax payables	**455,210.12**	–
Accrued interest expenses	**93,013.56**	57,291.11
Other	**187,480.67**	183,977.04
Total	**3,969,365.80**	3,097,662.98

15. COLLATERALS

Euro	2014	2013
Own debts secured with collaterals		
Loans from financial institutions and other liabilities	**7,000,000.00**	10,000,000.00
Collaterals		
Floating charges, own	**15,109,530.74**	17,127,785.73

16. COMMITMENTS AND CONTINGENCIES

Euro	2014	2013
Lease commitments		
Payable next year	**478,921.65**	488,499.31
Payable at a later date	**490,377.89**	1,129,140.11
Total	**969,299.54**	1,617,639.42

The lease agreements involve no redemption clauses. Commitments include value added tax.

Capital commitments	**2,689,212.13**	1,910,145.09

17. DERIVATIVE FINANCIAL INSTRUMENTS

Euro	Fair value 2014	Nominal value 2014
Currency derivatives		
Currency forwards	**-85,179.00**	**3,979,020.00**
Currency options, call	**5,507.36**	**1,192,555.00**
Electricity derivatives	**-243,561.00**	**1,075,812.00**
Total	**-323,232.64**	**6,247,387.00**

Euro	Fair value 2013	Nominal value 2013
Currency derivatives		
Currency forwards	20,396.00	1,144,328.69
Currency options, call	11,851.00	948,321.00
Currency options, put	-1,205.00	182,282.00
Electricity derivatives	-350,271.00	1,847,393.00
Total	-319,229.00	4,122,324.69

The contract price of the derivatives has been used as the nominal value of the underlying asset.

The fair value of electricity derivatives is based on quoted market prices. The fair value of currency forwards and options is determined on the basis of market and contract prices of the agreements at the balance sheet date by applying commonly used valuation techniques. Derivative contracts are held for hedging.

18. DEFERRED INCOME TAX

Accumulated depreciation differences recognised in the balance sheet amount to 12.5 million euro (2013: 9.5 million euro) at the balance sheet date. Deferred tax liability, 2.5 million euro (2013: 1.9 million euro), arising from the accumulated depreciation differences has not been recognised in the parent company's balance sheet.

THE BOARD OF DIRECTORS' PROPOSAL REGARDING THE USE OF DISTRIBUTABLE EARNINGS

According to the financial statements dated on 31 December 2014, the parent company's distributable earnings amounted to 18,455,636.07 euro. No significant changes have taken place in the company's financial position after the end of the financial year.

The board of directors of Okmetic Oyj proposes to the annual general meeting that the company will distribute a dividend of 0.15 euro per share (in total 2.5 million euro) for the financial year 2014 in addition to the dividend of 0.30 euro per share already paid in January 2015. The board of directors' view is that the company's strong balance sheet enables dividend distribution of 0.45 euro per share in total (in total 7.6 million euro) during the beginning of 2015.

SIGNATURES FOR THE FINANCIAL STATEMENTS AND BOARD OF DIRECTORS' REPORT

Vantaa, 24 February 2015

Henri Österlund
Chairman of the board of directors

Jan Lång
Vice Chairman of the board of directors

Mervi Paulasto-Kröckel
Member of the board of directors

Hannu Martola
Member of the board of directors

Mikko Puolakka
Member of the board of directors

Kai Seikku
President

AUDITOR'S REPORT (Translation from the Finnish Original)

TO THE ANNUAL GENERAL MEETING OF OKMETIC OYJ

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Okmetic Oyj for the year ended 31 December, 2014. 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 whether they have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

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

OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

OPINION ON THE COMPANY'S FINANCIAL STATEMENTS AND THE REPORT OF THE BOARD OF DIRECTORS

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, 24 February 2015

PricewaterhouseCoopers Oy
Authorised Public Accountants

Mikko Nieminen
Authorised Public Accountant

CORPORATE GOVERNANCE STATEMENT

This corporate governance statement has been drawn up in accordance with recommendation 54 of the Finnish Corporate Governance Code 2010 for listed companies, rules of Nasdaq Helsinki and Chapter 7, 7§ of the Securities Market Act. The corporate governance statement is provided separate from the board of directors' report. The statement can also be found on the company website, www.okmetic.com. The board of directors of Okmetic Oyj (hereafter "Okmetic" and "the company") has dealt with this report. Okmetic's auditor PricewaterhouseCoopers has ensured that this report was issued and that the general description therein of the internal control and risk management systems pertaining to the financial reporting process corresponds to the financial statements.

The Finnish Corporate Governance Code is available on the website of the Finnish Securities Market Association, www.cgfinland.fi.

OKMETIC'S OPERATIONAL ENVIRONMENT

Okmetic Oyj, the parent company of Okmetic group (hereafter also "group"), is a Finnish public limited company, in which shareholders exercise their decision-making power in the general meeting in compliance with the Finnish Limited Liability Companies Act and articles of association. The company's registered office is in Vantaa, Finland.

The management of Okmetic Oyj is based on the Limited Liability Companies Act, the Accounting Act, regulations concerning publicly traded companies, the articles of association, the Finnish Corporate Governance Code published in 2010, and on generally accepted ethical principles.

Okmetic prepares the consolidated financial statements and the interim reports according to the EU-approved IFRS standards (International Financial Reporting Standards), the Securities Market Act, FIN-FSA regulations and guidelines, and Nasdaq Helsinki rules. The board of directors' report and financial statements of Okmetic Oyj are prepared according to the Finnish Accounting Act and the guidelines and statements of the Finnish Accounting Board.

The auditor's report comprises the board of directors' report, the consolidated financial statements, and the financial statements of the parent company.

ORGANISATION

The administrative bodies of Okmetic Oyj – the general meeting, the board of directors, and the president – are in charge of the governance and operations of Okmetic group. The general meeting holds the ultimate power in the company, and the company's chief operating decision-maker is the board of directors. The president, supported by the executive management group, is responsible for the operative management of the company in accordance with the course of conduct of the board of directors.

GENERAL MEETING

The general meeting holds the ultimate power in the company. The tasks of the meeting are defined in the Finnish Limited Liability Companies Act and Okmetic's articles of association.

In accordance with the Finnish Limited Liability Companies Act, the general meeting decides on adopting of the financial statements, distribution of profit, discharging of the board of directors, the president and deputy to the president from liability, increasing or decreasing share capital, amending the articles of association, and the appointment and remuneration of the board of directors and the auditors.

The general meeting usually convenes once a year. The annual general meeting shall be held no later than on 30 June. The board of directors convenes the general meeting according to the articles of association and the Finnish Corporate Governance Code. If needed, the company can convene an extraordinary general meeting. The notice to the general meeting is published on the company website or in one or more newspapers with a wide circulation area and selected by the board of directors, or it will be delivered to the shareholder by registered mail or handed to the shareholder against receipt no earlier than three months and no later than three weeks in advance of the general meeting, however always at least nine days prior to the record date of the general meeting. In addition, Okmetic publishes the notice to the general meeting as a stock exchange release.

A shareholder has the right to raise a specific issue at the general meeting provided that a written request to that effect is lodged with the board of directors sufficiently early to allow it to be included in the agenda appended to the notice of the general meeting.

The right to participate in the general meeting applies to shareholders who on the record date of the general meeting are included in the shareholders' register maintained by Euroclear Finland Ltd.. Okmetic Oyj has one class of shares. Each share entitles its holder to one vote at a general meeting. The company's shares are included in the Finnish book-entry securities system.

The president and a sufficient number of board members participate in the general meeting. A first-time candidate for the board of directors must participate in the general meeting where his/her appointment is decided unless there is a very weighty reason to justify his/her absence. The auditor is present at the annual general meeting.

The company is not aware of any shareholders' agreements.

Annual general meeting 9 April 2014

Okmetic's annual general meeting was held in Vantaa on 9 April 2014. A total of 55 shareholders representing 6,155,693 votes participated in the meeting either in person or by proxy, corresponding to approximately 35.6 percent of the company's share total. Documents of the annual general meeting are available on the company website www.okmetic.com>Investors>General meeting>2014.

Extraordinary general meeting 12 January 2015

Okmetic's extraordinary general meeting was held in Vantaa on 12 January 2015. A total of 32 shareholders representing 4,647,817 votes participated in the meeting either in person or by proxy, corresponding to approximately 26.9 percent of the company's share total. Documents of the extraordinary general meeting are available on the company website www.okmetic.com>Investors>General meeting.

BOARD OF DIRECTORS

The general meeting appoints the members of the board of directors. The board of directors comprises at least three and no more than eight members. In addition, a maximum of eight vice members may be appointed to the board. The board appoints a chairman and a vice chairman from among its members. The board's term of office terminates at the end of the next annual general meeting after its appointment.

At the annual general meeting of 2014, five members were appointed to the board of directors. President of Okmetic is not a member of the board of directors.

The board of directors is comprised of:

- Chairman of the board Henri Österlund, 1971, M.Sc. (Econ.), Founding partner of Accendo Capital Fund
- Vice chairman of the board Jan Lång, 1957, M.Sc. (Econ.) (from 9 April 2014)
- Hannu Martola, 1963, M.Sc. (Tech.), eMBA, President and CEO of Detection Technology Oy
- Mervi Paulasto-Kröckel, 1966, D.Sc. (Tech.), Associate Professor (tenured), Aalto University School of Electrical Engineering
- Mikko Puolakka, 1969, M.Sc. (Econ.), Chief Financial Officer of Outotec Oyj

Tapani Järvinen, 1946, Lic. (Tech.) was vice chairman of the board until 9 April 2014.

Of the board members during 2014, Tapani Järvinen, Jan Lång, Mervi Paulasto-Kröckel and Mikko Puolakka are independent of the company and of largest shareholders. Hannu Martola is the President and CEO of Okmetic's customer Detection Technology Oy. The customer's order volumes have increased since 2010, and Hannu Martola is thus dependent on the company. Henri Österlund is a Founding Partner of Accendo Capital Fund. Accendo Capital SICAV SIF Fund is a major shareholder of Okmetic, and thus Henri Österlund is dependent on a large shareholder.

Duties

The board of directors of Okmetic Oyj, which is the chief operating decision-maker of the company, manages the company in compliance with the Limited Liability Companies Act and the articles of association.

The board of directors is responsible for managing the group together with the president. The board of directors has general authority in all matters that have not been specifically assigned to another body.

Central tasks of the board of directors include:

- Taking care of the group's administration and the appropriate arranging of operations, accounting, and financial management
- Deciding on the group's strategy and overseeing its implementation
- Approving the group's annual plans and revisions to them
- Deciding on investments and sales of assets that have strategic significance or that are extensive in scope
- Deciding on significant financial arrangements and risk management
- Preparing the agenda for the general meeting and ensuring that the decisions of the general meeting are implemented
- Defining the dividend policy
- Defining long-term objectives for growth, solidity, and profitability
- Deciding on appointing and dismissing the company's president and possible deputy to the president and establishing the conditions of their terms of office
- Deciding on incentive schemes for the group
- Ensuring that the company's values are upheld
- Overseeing the process of preparing the financial statements
- Overseeing the financial reporting process
- Overseeing the efficiency of internal control and risk management systems
- Discussing the description, which is given out in Okmetic's corporate governance statement, and which deals with the main features of the internal control and risk management systems pertaining to the financial reporting process

Meetings

The board of directors convenes principally monthly and actively monitors the operation of the management. The board of directors has quorum when at least half of its members are present. In 2014, a total of 17 meetings were held. The participation rate of the board members in board meetings was 95 percent.

Meeting participation rate of the board members during year 2014:

Järvinen Tapani (1 Jan to 9 Apr 2014)	100%
Lång Jan (from 9 April 2014)	100%
Martola Hannu	94%
Paulasto-Kröckel Mervi	88%
Puolakka Mikko	94%
Österlund Henri	100%

In its meetings, the board of directors sets guidelines for the company's targets and yearly action plans. Meetings are convened according to the yearly agreed timetable. The main matters agreed on along with the timetable and also other current issues are discussed in the meetings.

The president, possible deputy to the president, and senior vice president, finance, IT and communications who acts as secretary to the board, take part in the board meetings. Other members of the group's executive management group take part in the meetings on board's request when needed.

Permanent committees and committees

The board of directors has not founded any permanent committees to deal with its duties. However, the board of directors can decide to form committees of its members to prepare matters. The committees convene when necessary. Board members who do not belong to the committee also have the right to take part in committee meetings, if they so desire. The matters prepared by the committee are then addressed and decided on in the board of directors' meetings. Previously, the board of directors has formed committees for appointing the president, formulating new strategy, and making arrangements for the group financing, for example. The board of directors is responsible for duties of the audit committee as defined in the Corporate Governance Code.

Assessment of operations

The board of directors assesses its operation and working methods on a yearly basis in order to improve its operation. Self-evaluation examines work-efficiency, the size and composition of the board, and the preparation of matters discussed in meetings. As for decision making, the transparency and scope of discussion are evaluated as well as member's possibility to independent decision making.

PRESIDENT AND DEPUTY TO THE PRESIDENT

The board of directors appoints the president and the possible deputy to the president and decides on the conditions of their terms of office.

The president is responsible for ensuring that the operations and day-to-day administration of the group are run in adherence to existing laws and regulations and in accordance with the instructions and decisions of the board of directors. The president also prepares the matters for the board meetings together with the chairman and secretary of the board. Kai Seikku, M.Sc. (Econ.) is president of the company since 25 January 2010.

The deputy to the president takes over the responsibilities of the president in case the president is prevented to attend to his duties. Executive Vice President, Customers and Markets of that time Mikko Montonen acted as the deputy to the president until 6 April 2014. Thereafter there has been no designated deputy to the president in the company.

The board of directors evaluates the performance of the president on a yearly basis. This evaluation assesses the company's result and whether the other targets set for the president by the board of directors have been met.

The executive management group supports the president in managing the group.

EXECUTIVE MANAGEMENT GROUP

In addition to the president, Okmetic's executive management group consists of the possible deputy to the president and specific senior vice presidents appointed by and reporting to the president. The executive management group comprises currently six members. The senior vice president, human resources, quality, and environment acts as secretary of the executive management group.

The executive management group is comprised of:

- Kai Seikku, 1965, M.Sc. (Econ.), President and CEO
- Atte Haapalinna, 1969, D. Sc. (Tech.), Senior Vice President, Products
- Juha Jaatinen, 1965, M.Sc. (Econ.), Senior Vice President, Finance, IT and Communications
- Jaakko Montonen, 1969, M.Sc. (Tech.), Senior Vice President, Supply Chain
- Markus Virtanen, 1962, M.Sc. (Tech.), Senior Vice President, Human Resources, Quality and Environment
- Anna-Riikka Vuorikari-Antikainen, 1965, M.Sc. (Tech.), Senior Vice President, Customers and Markets

From 1 January to 6 April 2014, Atte Haapalinna acted as Senior Vice President, Customer Support, and Anna-Riikka Vuorikari-Antikainen as Senior Vice President, Products.

Mikko Montonen, Executive Vice President, Customers and Markets and Deputy to the President of that time, was a member of the executive management group until 6 April 2014. Petri Antola, Senior Vice President, Technology Projects and Solar materials of that time, was a member of the executive management group until 18 December 2014.

Duties

The executive management group assists the president in managing the group. The company's executive management group plans, implements, and monitors the group's operative business and related decisions based on the guidelines and objectives set by the board of directors.

Main duties of the executive management group include setting operative targets, drawing up the yearly action plan and budget, deciding on investments in accordance with the investment plan approved by the board of directors, monitoring business, operating environment and the implementation of operative decisions. The executive management group addresses strategic matters, short-term and long-term plans, revisions of such plans, and other issues that have significance in terms of managing the group. Furthermore, the executive management group prepares matters to be addressed by the board of directors.

Headed by the president, the executive management group convenes regularly once a month. In addition to regular meetings, the executive management group meets specifically to discuss strategy, operations planning, results, management reviews, and other topics if needed.

REMUNERATION AND OTHER BENEFITS OF THE MEMBERS OF THE BOARD OF DIRECTORS, THE PRESIDENT, AND THE MEMBERS OF THE EXECUTIVE MANAGEMENT GROUP

The board of directors

The annual general meeting held on 9 April 2014 decided that the following annual remuneration for the board of directors remains unchanged: chairman of the board 40,000 euro, vice chairman 30,000 euro, and members 20,000 euro each. It was decided that the annual remuneration shall be paid in the company's shares and in cash for the part of taxes. Payment of the annual remuneration was made as a one-time payment on 9 May 2014, and the number of remuneration shares was determined according to the closing price of the company's share on 8 May 2014. In addition, a meeting fee is paid to the board members, amount of which is 750 euro per meeting for the chairman and 500 euro per meeting for the other board members. The meeting fee does not apply to conference calls lasting less than one hour.

Remuneration of the board of directors in 2014 as shares and in cash:

	Total remuneration, 1,000 euro*	Of which shares, pcs
Järvinen Tapani	1.5	0
Lång Jan	33.5	3,221
Martola Hannu	25.0	2,205
Paulasto-Kröckel Mervi	25.0	2,082
Puolakka Mikko	25.0	2,163
Österlund Henri	47.5	5,770
Total	157.5	15,441

* Total remuneration includes the annual remuneration paid on 9 May 2014 and meeting fees for the period 1 January – 31 December 2014.

In year 2014, members of the board of directors were not paid pension-related benefits or fringe benefits.

The president and the executive management group

Remuneration of the management follows local legislation and practice. The amount of remuneration is determined taking into account the job grading generally used in the industry as well as personal performance reviews. The company's board of directors decides on the president's and the possible deputy to the president's salary, remuneration, and terms of employment. According to the proposal of the president, the board of directors decides on salary, remuneration, and terms of employment of the other members of the executive management group.

In 2014, the compensation of the president and the executive management group was comprised of salaries and associated benefits. In addition, the president and his deputy had a separate incentive scheme (see the "Top management's incentive scheme" chapter), the key managers had an own-investment based share option plan (see the "Own-investment based share option plan for management" chapter), and the members of the executive management group excluding the president had a separate short-term incentive scheme.

The bonus pay of the short-term incentive scheme is based on the group's quarterly targets for operating profit, as approved annually by the board of directors, and on other key indicators of the company's financial performance. Bonuses on targets achieved are paid quarterly. Under the scheme, the maximum total annual bonus opportunity is 200,000 euro including social security costs. In 2014, the amount of bonuses paid under the scheme to executive management group members excluding the president was 122,022 euro including social security costs.

Salaries and remuneration of the president and the deputy to the president for 2014 (1,000 euro):

	Salaries*
President	314.5
Deputy to the president (until 6 April 2014)	86.4

* Salaries include fringe benefits.

The annual salaries and fringe benefits of the other members of the executive management group amounted to a total of around 790,000 euro in 2014.

The pension benefits of the president and the members of the executive management group are determined according to the Finnish Employee's Pensions Act. The president is entitled to retire after his 63th birthday. He is required to retire from Okmetic after his 65th birhday. The president has a period of notice of six months and it must be observed by both sides. If the company dismisses the president, he will be paid a sum equal to his total salary of 18 months.

The company has not provided guarantees or other such commitments on behalf of the members of the board of directors or the executive management group. Okmetic Management Oy, the company founded by the president and the deputy to the president of that time, was granted a loan of 800,000 euro by Okmetic in 2010. By decision of the board of directors, remaining loan balance was paid through Okmetic Oyj's acquisition of the entire share capital in Okmetic Management Oy. The arrangement of Okmetic Management Oy is described in the following chapter.

Top management's incentive scheme

At the beginning of 2010, the board of directors decided on an incentive scheme for the top management. Okmetic Management Oy, a company founded by the president and deputy to the president of that time, was directed a share issue against payment of 400,000 shares at prevailing market price (3.00 euro). The acquisition was financed by capital investments of a total of 400,000 euro in the established company by President Kai Seikku and Deputy to the President of that time Mikko Montonen, together with a loan of 800,000 euro granted by Okmetic Oyj.

In December 2012, the company's board of directors decided to extend the ownership arrangement, originally planned approximately for a three-year period, by a maximum of one year. The company was supposed to be dissolved by means of a merger or another method no later than in the beginning of 2014. The participants were required to render service until 31 March 2014.

On 15 January 2014, the board of directors decided to dissolve the ownership arrangement of Okmetic Management Oy, owned by Kai Seikku and Mikko Montonen, with an arrangement in which Okmetic Oyj acquired the entire share capital of Okmetic Management Oy. Also 400,000 shares of Okmetic Oyj were transferred to the group via Okmetic Management Oy, as well as a loan receivable of Okmetic Oyj from Okmetic Management Oy, 498,800 euro. There were no shareholders of Okmetic Management Oy in the board of directors of Okmetic Oyj.

The value of the arrangement for the part of Okmetic Oyj's shares owned by Okmetic Management Oy was determined using the average trading price weighted by trading volume of the company's share in Nasdaq Helsinki on 16 January 2014, 4.9969 euro.

The decision to repurchase company's own shares as part of the arrangement was based on authorisation of the board of directors given by the annual general meeting on 10 April 2013.

Okmetic Management Oy was merged in the parent company Okmetic Oyj on 30 November 2014.

Own-investment based share option plan for management

Based on the authorisation given by the annual general meeting on 10 April 2013, Okmetic's board of directors decided on 17 December 2013 to grant share options to the key managers of Okmetic. In addition to the executive management group, key managers include also other managers of Okmetic.

As a precondition for being eligible to receive the share options, the key managers were required to invest in Okmetic shares. According to the investment requirement, the key managers were required to hold in the aggregate 262,600 Okmetic shares to be eligible to receive all of the share options.

The share options were, in deviation from the shareholders' pre-emptive subscription right, offered to the key managers of Okmetic. The maximum total number of share options offered was 870,000, entitling participants to subscribe for a maximum number of 870,000 Okmetic shares (4.8% of the company's shares on a fully diluted basis). Each share option entitles its holder to subscribe for one share. The shares subscribed with the share options may either be new shares issued by the company or existing shares held by the company. Of the share options, 320,000 pcs were marked with the symbol 2013 A and 550,000 pcs with the symbol 2013 B. The share options were given free of charge.

The share subscription price with the share options 2013 A is 5.75 euro and with the share options 2013 B 6.00 euro. Future dividends and capital repayments from the invested unrestricted equity reserve distributed before the share subscription shall be deducted from the share subscription price.

The share subscription period for 25 percent of the share options 2013 A and 2013 B (A1 and B1) will commence on or about 1 February 2016 and for 75 percent of the share options 2013 A and 2013 B (A2 and B2) on or about 1 February 2017. The share subscription period for all the share options ends on 31 March 2018.

There is, for the company and in the interest of all the company's shareholders, a substantial financial ground to grant the share options in deviation from the shareholders' pre-emptive subscription right, since the share options are intended to align the interests of the shareholders and the key managers and to form a part of the incentive and commitment program of the key managers. The purpose of the arrangement is to encourage the key managers to invest in the company's shares and to work on a long-term basis to increase the company's share value.

On 31 December 2014, the total number of share options issued to the key managers at Okmetic was 604,250. In keeping with the investment requirement, the key managers hold in the aggregate 192,900 Okmetic shares pursuant to this share option plan.

Directed share issue for top management

On 16 January 2014, Okmetic Oyj transferred in total 150,000 own shares held by the company to President Kai Seikku (140,000 shares) and Deputy to the President of that time Mikko Montonen (10,000 shares). Subscription price per share was determined using the average trading price of the company's share weighted by trading volume in Nasdaq Helsinki on 16 January 2014, which was 4.9969 euro. Total value of the deal was 749,535 euro. The decision to transfer company's own shares was based on authorisation of the board of directors given by the annual general meeting on 10 April 2013.

INCENTIVE SCHEME FOR THE PERSONNEL

All employee groups at Okmetic are eligible for an incentive scheme. The blue-collar employees' possible production bonuses are paid monthly according to the achievement of set targets. White-collar employees are subject to a profit-sharing scheme, which is based on annual targets set by the board of directors relating to the group's profitability, financial situation, and operative performance. Bonuses for meeting the targets are calculated as percentage of the employees' annual income. The bonuses account for no more than 12–20 percent of the annual income depending on the personnel group. The cost effect of the incentive scheme on the group's result in 2014 was 289,467 euro for blue-collar employees and 133,151 euro for white-collar employees.

INTERNAL AUDITING

The group does not have its own organisation for internal auditing. The audit programme, which is produced by the auditor and the management of the company on an annual basis, takes this fact into consideration.

AUDITING

The auditor is appointed in the annual general meeting. The nominated auditor is disclosed in the notice to the annual general meeting or via a separate release, should the nominee not be known to the board of directors at the time of issuing the notice.

In accordance with the articles of association the company has one auditor. The auditor must be an individual auditor or an auditing firm approved by the Central Chamber of Commerce. The term of office of the auditor terminates at the end of the annual general meeting following the appointment of the auditor.

The accountancy firm PricewaterhouseCoopers Oy is responsible for auditing of the companies in the group worldwide. PricewaterhouseCoopers Oy is responsible for auditing the parent company Okmetic Oyj and the principal auditor is Authorised Public Accountant Mikko Nieminen. The principal auditor is responsible for giving instructions and coordination of the group's auditing work.

The auditors provide the shareholders of the company with the legally required auditor's report in connection with the annual report. In addition, the auditors report to the board of directors of the parent company on a regular basis.

The remuneration of the auditors amounted to 160,146 euro in 2014, of which 104,899 euro originated from auditing.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS PERTAINING TO FINANCIAL REPORTING

The steering and control of the group's business activities and administration is primarily carried out in accordance with the aforementioned corporate governance system.

Okmetic operates as juridical companies on three different continents. The companies share common guidelines and timetables for financial reporting. The group management, located in Vantaa, Finland, is responsible for the centralised management of the companies. Management by customer areas is run as a separate system.

For the purpose of financial reporting, the company has a reporting system which produces sufficient and timely data to the management system for operational planning and control.

The purpose of the control system is to support the implementation of the group's strategy and the reliability of financial reporting, and also ensure compliance with guidelines. The group's internal control system is based on the company's values and documented procedural guidelines. The company's values customer orientation, profitability, know-how, co-operation, and continuous improvement continuously direct the group's operations. The system is founded on the group structure, business operation and support processes, and control points that monitor them. The group's senior vice president, finance, IT and communications, the controller of the parent company, and persons involved in preparing the group accounts are responsible for the general control system of financial reporting.

Okmetic always takes risk management into consideration in its processes. Therefore, also financial reporting includes recognition and analysis of existing risks. Risk management also includes continuous monitoring of changes in operational environment and recognition and management of the risks that come with those changes. Control points are built into processes as well as into financial reporting. Continuous risk evaluation of control points is carried out as a result of internal control measures.

The guidelines for financial reporting give all companies coherent framework and standards to work with. All guidelines, related to processes and financial reporting, are available in electronic format to all who need them. Guidelines are continually updated. Anyone affected by changes in guidelines will also be directly notified of the changes. Everyone taking part in financial reporting is responsible for updating the guidelines in respect to his/her own area of responsibility.

Group accounting defines the common principles and extent of control points of financial reporting in the whole process. The section of the organisation, which is responsible for supervising the implementation of control points, is also responsible for their efficiency. Control points are focused on operations as well as on the continuous reporting of operations. Correctness of financial reporting is ensured by, e.g., approval authority, balancing, and differentiating of tasks and analysing. Risk management, processes, and methods are discussed regularly in meetings organised according to the management system of the companies and the group.

Financial reporting and risk management are monitored continuously and weekly in a regulated way on different levels. Extensive monitoring is conducted in connection with regular monthly reporting. The management system also includes several other regularly held meetings, in which operations are monitored and necessary actions are decided upon. Financial administration is responsible for drawing up guidelines for necessary change actions. The board of directors is responsible for the final evaluation of operational results and the possible changes required. Insider management of the company is the responsibility of senior vice president, finance, IT and communications.

The board of directors discusses and approves financial reports to be published, such as interim reports, financial statements release, financial statements, and annual report.

INSIDER ADMINISTRATION

Okmetic's board of directors has confirmed the company's insider guidelines that are based on the recommendation of Nasdaq Helsinki. The guidelines were last updated on 17 April 2008.

In accordance with the Finnish Securities Markets Act, the public insiders of the company include, on the basis of their positions, the members of the board of directors, president, possible deputy to the president, members of the executive management group as well as principal auditor and auditor. In addition, as per a separate decision of the company, the permanent insiders include specifically named group-level managers and persons responsible for handling group-wide issues, as well as associates of the principal auditor, who on the basis of their positions constantly receive insider information.

In addition to this, the management can, if necessary, also appoint specific persons as temporary insiders in connection with a specific project. Project-specific insiders are employees who in the course of their duties or in connection with the project will have access to information that may have a significant impact on the value of the company's share. Project-specific insiders also include people outside the company who in their dealings with the company have an opportunity to acquire information that may have a significant impact on the value of the company's share.

The senior vice president, finance, IT and communications is responsible for the group-level coordination and supervision of insider issues.

The list of Okmetic's public insiders as well as their share holdings and changes thereto are updated monthly on the company's website www.okmetic.com>Investors>Corporate governance>Insider administration>Insiders.

BOARD OF DIRECTORS

HANNU MARTOLA

1963, M.Sc. (Tech.), eMBA

- President and CEO of Detection Technology Oy 2007–
- Okmetic Oyj, board member 2009–
- Key employment history: VTI Technologies Oy, President and CEO 2001–2007, Head of Operations 1998–2000, various managerial positions 1992–1997
- Key board memberships: Powernet International Oy, chairman of the board 2012–, board member 2008–2012; Beddit Oy, chairman of the board 2007–
- Owns 11,736 shares in the company (1 Mar 2015)

HENRI ÖSTERLUND

1971, M.Sc. (Econ.)

- Accendo Capital fund, founding partner 2007–
- Okmetic Oyj, chairman of the board 2009–, board member 2008–
- Key employment history: Conventum Corporate Finance, Partner 2003–2004, Executive Director 2002–2003; InterQuest, Executive Chairman 2000–2002; Triton, Partner 1999–2000; Doughty Hanson & Co, Associate 1995–1999
- Key board memberships: Talentum Oyj, board member 2011–
- Owns 20,215 shares in the company (1 Mar 2015)

MERVI PAULASTO-KRÖCKEL

1966, D.Sc. (Tech.)

- Associate Professor (tenured), Aalto University School of Electrical Engineering 2013–
- Okmetic Oyj, board member 2011–
- Key employment history: Professor, Aalto University School of Electrical Engineering 2008–2013; Infineon Technologies AG, Germany, Director Package Development 2004–2008; Motorola GmbH, Germany, various R&D and management positions 1996–2004
- Owns 7,851 shares in the company (1 Mar 2015)

JAN LÅNG

1957, M.Sc. (Econ.)

- Okmetic Oyj, vice chairman of the board 2014–
- Key employment history: Ahlstrom Oyj, President and CEO 2009–2014; Uponor Oyj, President & CEO 2003-2008; various management positions in Huhtamäki Oyj 1982-2003
- Key board memberships: The Åbo Akademi University Endowment, board member 2013-; The Finnish Orienteering Foundation, chairman of the board 2014-
- Owns 3,221 shares in the company (1 Mar 2015)

MIKKO PUOLAKKA

1969, M.Sc. (Econ.)

- Chief Financial Officer of Outotec Oyj 2010–
- Okmetic Oyj, board member 2012–
- Key employment history: Elcoteq SE, CFO 2007–2010, Director Finance Europe 2004–2007; Elcoteq AG, Manager Finance 2001–2003; Huhtamäki Oyj, Operations Controller 1999–2001; Leaf Poland Sp. Z.o.o., Manager Finance 1997–1999
- Key board memberships: Oy Gold Gemex Ltd, board member 2007–
- Owns 6,095 shares in the company (1 Mar 2015)


HENRI
ÖSTERLUND
JAN
LÅNG
HANNU
MARTOLA
MERVI
PAULASTO-KRÖCKEL
MIKKO
PUOLAKKA

EXECUTIVE MANAGEMENT GROUP

JUHA JAATINEN

1965, M.Sc. (Econ.), Senior Vice President, Finance, IT and Communications 2010–

- With the company since 2010
- Key employment history: Nokia Markets, Senior Business Controller 2008–2010; Nokia Multimedia, Director, Finance and Control 2004–2007; Nokia Mobile Phones, Business Controller, Entertainment Business Unit, Development Manager, Financial Reporting System Specialist 1997–2003; ICL Data, Controller 1995–1997
- Owns 16,494 Okmetic shares, 16,000 A Options and 20,000 B Options (1 Mar 2015)

KAI SEIKKU

1965, M.Sc. (Econ.), President 2010–

- With the company since 2010
- Key employment history: HKScan Corporation, CEO 2005–2009; McCann-Erickson, Country Chairman 2002–2005; Hasan & Partners Oy, CEO 1999–2005; The Boston Consulting Group, Project Leader 1993–1999; SIAR-Bossard, Consultant 1991–1993
- Key board memberships: The Federation of Finnish Technology Industries, board member 2013–; Verkkokauppa.com Oyj, board member 2013–
- Owns 186,670 Okmetic shares, 180,000 A Options and 180,000 B Options (1 Mar 2015)

JAAKKO MONTONEN

1969, M.Sc. (Tech.), Senior Vice President, Supply Chain 2010–

- With the company since 1994
- Key employment history: Okmetic Oyj, Senior Vice President, Production 2008–2010, Senior Vice President, Product Development 2004–2007, Process and Project Engineer, Development Engineer and Manager, Vice President 1994–2004
- Owns 25,693 Okmetic shares, 18,000 A Options and 40,000 B Options (1 Mar 2015)

ANNA-RIIKKA VUORIKARI-ANTIKAINEN

1965, M.Sc. (Tech.), Senior Vice President, Customers and Markets 2014-

- With the company since 1992
- Key employment history: Okmetic Oyj, Senior Vice President, Products 2010-2014, Senior Vice President, Sensor Business and Product Development 2008–2010, Senior Vice President, Sensor Business Development 2006–2007, Quality Engineer and Manager, Production Manager, Evaluations Manager, Planning Manager 1992–2006
- Key board memberships: Airmodus Oy, board member 2014-
- Owns 26,191 Okmetic shares, 18,000 A Options and 40,000 B Options (1 Mar 2015)

ATTE HAAPALINNA

1969, D.Sc. (Tech.), Senior Vice President, Products 2014 -

- With the company since 1998
- Key employment history: Okmetic Oyj, Senior Vice President, Customer Support Jan-Apr 2014, Business Development Manager, new business development 2011-2013, Application Manager 2008-2011, Senior Application Engineer, Customer Support Engineer, Development Engineer 1998-2008; Fraunhofer Institut für Produktionstechnologie (IPT), Visiting Scientist 2001, Helsinki University of Technology, Scientist 1995
- Owns 1,300 Okmetic shares, 6,000 A Options and 8,750 B Options (1 Mar 2015)

MARKUS VIRTANEN

1962, M.Sc. (Tech.), Senior Vice President, Human Resources, Quality and Environment 2010–

- With the company since 1999
- Key employment history: Okmetic Oyj, Senior Vice President, Human Resources 2003–2010, Personnel Manager, Deputy Vice President 1999–2003; Finnish Association of Graduate Engineers TEK, Representative, Organisation Chief, Director of Field Operations, Negotiator for Collective Labour Agreements for the Metal Industry in Federation of Professional and Managerial Staff YTN 1989–1999
- Owns 24,370 Okmetic shares, 14,000 A Options and 20,000 B Options (1 Mar 2015)


JUHA
JAATINEN
JAAKKO
MONTONEN
ATTE
HAAPALINNA
KAI
SEIKKU
ANNA-RIIKKA
VUORIKARI-ANTIKAINEN
MARKUS
VIRTANEN

INFORMATION FOR SHAREHOLDERS

ANNUAL GENERAL MEETING

The annual general meeting of Okmetic Oyj will be held on Tuesday 14 April 2015 at 10.00 a.m. The meeting will be held in the auditorium of the Finnish Aviation Museum in Helsinki-Vantaa airport area, Tietotie 3, Vantaa. The reception of the participants who have registered for the meeting and the distribution of voting tickets will commence at 9.30 a.m.

All shareholders, who are on 31 March 2015 recorded as shareholders in the shareholders' register held by Euroclear Finland Ltd., have the right to attend the meeting.

Shareholders who wish to attend the meeting should register their attendance by Thursday 9 April 2015 at 12.00 p.m.:

by internet	www.okmetic.com/www/page/general_meeting
by email	shareholders@okmetic.com
by telephone	+358 9 5028 0509
by mail	Okmetic Oyj, Communications, P.O. Box 44, FI-01301 Vantaa, Finland
in person	at the company's head office at Piitie 2, Vantaa, Finland

The possible proxy statements should be delivered to the head office of Okmetic Oyj within the registration period.

PROPOSAL REGARDING THE USE OF DISTRIBUTABLE EARNINGS

The board of directors of Okmetic Oyj proposes to the annual general meeting that the company will distribute a dividend of 0.15 euro per share (in total 2.5 million euro) for the financial year 2014 in addition to the dividend of 0.30 euro per share already paid in January 2015. The board of directors' view is that the company's strong balance sheet enables dividend distribution of 0.45 euro per share in total (in total 7.6 million euro) during the beginning of 2015.

FINANCIAL CALENDAR 2015

Financial statements bulletin 2014	13 February
Annual report 2014 on the company's website	week 13
Annual general meeting	14 April
Interim report January-March	29 April
Interim report April-June	23 July
Interim report July-September	22 October

INVESTOR RELATIONS

The objective of Okmetic's communications and investor relations is to continuously provide correct, adequate, and up-to-date information fairly to all market participants. In its operation, Okmetic aims at transparency and good service.

Okmetic's stock exchange releases and presentation materials are available on the company's website immediately after their publication. On the website (www.okmetic.com), IR material is published under the Investors section.

Okmetic's investor relations are the responsibility of President Kai Seikku. All questions addressed to him concerning the company can be sent by email to communications@okmetic.com.

INVESTOR RELATIONS AND COMMUNICATIONS CONTACTS

Senior Vice President, Finance, IT, and, Communications Juha Jaatinen
Communications Officer Laura Peltonen
Communications Officer Tuuli Oja
Communications Officer Marika Mäntymaa (on parental leave)

Switchboard	+358 9 502 800
Fax	+358 9 5028 0500
Email	communications@okmetic.com firstname.lastname@okmetic.com

SILENT PERIOD

Okmetic's representatives will not comment the company's financial situation nor meet with any capital market representatives during a period of two weeks prior to the publication of financial statements and interim reports.

PUBLICATION ORDERS

Okmetic's financial reviews and releases are published in Finnish and English.

Stock exchange releases can be ordered:

by telephone	+358 9 502 800
by email	communications@okmetic.com
on the Internet	www.okmetic.com > Contact us

GLOSSARY

C-SOI: a subgroup of SOI wafers (cavity SOI, product name Okmetic C-SOI); a value-added SOI wafer with built-in buried cavities that enable the manufacture of more advanced MEMS components

Discrete semiconductor: a separate transistor, diode or other semiconductor component

ENIAC: European Technology Platform for Nanoelectronics, supports development projects of the European electronics industry. Was replaced in 2014 by the ECSEL programme

Epi wafer: a silicon wafer with a thin layer of silicon grown on its surface in an epitaxial reactor

Fab lite model: a business model, in which the company focuses on its core competencies in its in-house production and increases production capacity by using contract manufacturers

GADSL: Global Automotive Declarable Substance List, a list of forbidden raw materials in the manufacture of materials and parts for cars

HV SOI: High Voltage SOI, an application area of SOI wafers. Typically the insulation features of the buried oxide in SOI are utilised in insulating high voltage electronics from sensitive low-voltage electronics.

ISO 14001:2004: an international standard for the management system of environmental matters

ISO 9001:2008: an international standard for the quality system used in the company

MEMS: Micro Electro Mechanical Systems.

Polysilicon: the raw material for silicon wafers, high purity polycrystalline silicon

Power semiconductor: a semiconductor component used in power electronics

REACH: Registration, Evaluation and Authorisation of Chemicals; EU directive aiming at identification and phasing out of the most harmful chemical substances

RF: Radio frequency. Used to differentiate the technology applicable for processing radio frequency signals from that applicable for processing lower frequency signals

RoHS: Restriction of the Use of Hazardous Substances; EU directive, purpose of which is to approximate the laws of the member states on restrictions for the use of hazardous substances in electrical and electronic equipment

Semiconductor: a material which electrical conductivity can be heavily modified by adding appropriate numbers of impurity atoms to it

Sensor: a component that measures a variable or discerns changes in it (an inertial sensor, for example, is used to trigger the airbag in a car)

Silicon: an element in the fourth main group, the most common raw material for semiconductors

Silicon wafer: a round, thin wafer made from a single crystal of silicon in diameters of 100, 125, 150, 200, or 300 mm, usually mirror finished either on one side or both sides

SOI wafer: a value added silicon wafer (SOI = Silicon On Insulator) with a sandwich structure; an oxide layer on the silicon wafer, and a thin silicon film on the oxide layer

TS 16949:2009: a quality system standard that the automotive industry has developed for its entire subcontracting chain

TSV: Through Silicon Vias. (Vertical) vias made to a silicon wafer. A technology that enables an advanced packing technology for semiconductor and sensor components.

Yield: a ratio that indicates how much of the material put into production comes out according to specifications

RESEARCH COMPANIES AND INDUSTRY ORGANISATIONS MONITORING THE SENSOR AND SEMICONDUCTOR MARKETS:

Future Horizons
Gartner
IC Insights
IHS
SEMI
Semico
SIA (Semiconductor Industry Association)
VLSIresearch
WSTS (World Semiconductor Trade Statistics)
Yole Développement

Analysts

At least the following analysts prepare investment analysis on Okmetic on their own initiative. Okmetic holds no responsibility for the content of any analysis or for any forecasts or recommendations that they contain.

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An up-to-date list of analysts can be found under the Investors section on Okmetic's website www.okmetic.com>Investors>Analysts

Contact information

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Investor relations and communications
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Communications Officer Laura Peltonen
Communications Officer Tuuli Oja
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