FINANCIAL STATEMENTS 2014

ixonos

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Report of the Board of Directors

LOSS FOR THE FINANCIAL YEAR DECREASED AND CASH FLOW IMPROVED-STRATEGIC DIRECTION REMAINS UNCHANGED. In 2014 the main actions of the Board of Directors were linked to supporting the management in execution of the new strategy and adapting the company's cost structure to its current operating environment as well as continuously securing the company's financial situation.

In the execution of the company's new strategy, resources and know-how was directed into design based service solutions in targeted industries in which digitalization changes the customer's business models. The main markets of the company were defined as Finland, USA and Great Britain. Investments were made particularly in Design know-how and selected technology areas in order to secure competitiveness.

Simultaneously the company's costs were significantly cut with the aim of restoring the profitability of the company. The company streamlined its cost structure through among other things centralizing its program development primarily to Finland, closing its operations in Denmark and Kosice, Slovakia. Cost savings were implemented in many other areas as well.

The larger than expected drop in turnover during 2014 did however pose challenges to the company's performance. The sales development of the end of the year remained below forecast, which is why the predicted positive EBITDA (earnings before interest, tax and amortizations) did not materialize. Even if the company's operations were unprofitable, the loss decreased compared to the previous year.

EVENTS DURING THE FINANCIAL PERIOD

Market events in the review period. During the beginning of 2014 Ixonos opened a design studio in San Francisco to meet the growing demand for design services. In January and February Ixonos participated in CES 2014 and Mobile World Congress in Barcelona, as well as in the 2nd Screen Summit that was organized there at the same time. The evolution of Ixonos' smartphone reference design did get continuation when two new mobile reference designs, Taipan 2 and Taipan 3 were introduced. In February Ixonos did also launch SmartSign, the next generation in-store interactive digital signage design-concept for retailers.

In May it was publicly announced that Samsung is integrating Ixonos Super App™ and Ixonos Android Multi-Window™ on all Samsung Galaxy Pro tablets. In addition to this Ixonos published the new load balancers to Ixonos Cloud™ allowing the efficient handling of even larger amounts of data. In May the first FIE (Future of Industrial Experience) event gathered a group of forerunners in Industrial Internet to share their thoughts about the future of this area. The event was a great success and the second event was arranged in September. The event series will also be continued in upcoming review periods.

In June Ixonos published Fox Fan, the 2nd Screen solution for Fox International Channels, and the modernised system architecture of a machine used in the mining industry for Outotec. Ixonos did also participate in the Red Hat Forum organized in Helsinki in June.

In July Ixonos arranged, in co-operation with the Producers Guild of America, the Ixonos Experience Forum in San Francisco. The main theme of the event was the use of new technologies for integrating contextual content into digital media. In September a similar event was organized during Advertising Week under the theme "What UX Design Means for Content Monetization".

In August Ixonos announced the hyperlocal news service application that it helped a device manufacturer launch.

In September Ixonos published both the new video editing experience on Forscene for Forbidden Technologies, as well as the mobile media channel for Al Jazeera Plus. The Windows Server platform support for Ixonos Cloud™ was also announced in September.

The In-car digital content store for Honda was published in October. The solution is built on Ixonos Experience Store™ and it will be a standard feature on all new Honda vehicles sold across Europe starting in 2015. At the same time Ixonos introduced its vision of the Electronic Program Guide of the Future for media companies in the CableLabs UX/UI Summit in Sunnyvale, California. In October Ixonos also presented Ixonos Remote Dashboard™, a customizable web portal to display data from industrial automation systems.

Ixonos In-Venue Platform was launched in November and the first concept, the smart amusement park, did receive its first customers. The Ixonos In-Venue Platform is a digital solution for engaging customers within a defined area: a smart space, like for example an amusement park. In November Ixonos also participated in the OTTtv Wold Summit in London.

In December Ixonos published the Ixonos Wearable Device Platform™ concept that is a customizable platform for wearable devices. Its modular structure allows introducing intelligence to clothing, gadgets or any other objects.

New registration document and securities note. Ixonos published on May 16, 2014 Ixonos Plc's registration document, prepared pursuant to the Finnish Securities Market Act and the securities note related to the Company's directed share issues announced on March 31, 2014 and April 30, 2014. The registration document was approved by the Finnish Financial Supervisory Authority on May 16, 2014. An updated version of the registration document approved by the Finnish Financial Supervisory Authority was published on June 12, 2014. The registration document contains information on the Company and its financial position. The registration document is valid for 12 months after its approval. The Securities Note contains a summary and information on the share issues.

2014 option plan. The Board of Directors of Ixonos Plc decided to issue a new stock option plan on February 18, 2014. The stock options will be offered to the global management team and certain key personnel of Ixonos Plc and its subsidiaries for the purpose of improving commitment and motivation. The aggregate number of stock options is 5,000,000.

Financing arrangements in March 2014. The Board of Directors of Ixonos Plc, by virtue of the authority granted by the general meeting on October 30, 2013, decided to direct a convertible capital loan with a capital of 3.5 million euro and attached option rights or other special rights referred to in Chapter 10 Section 1(2) of the Finnish limited Liability Companies Act (624/2006 as amended) to Turret Oy Ab for subscription in deviation from the pre-emptive subscription right of the shareholders of the company. The special rights entitle Turret or the holder of the special rights to subscribe new shares of Ixonos in accordance with the terms and conditions concerning the loan and the special rights.

The loan and related special rights were issued in order to strengthen the company's position of liquid assets, self-sufficiency and working capital and to optimize the capital structure. Hence, there were weighty financial reasons for taking the loan and granting the special rights. The loan's issuing price and conversion price were defined on market terms.

The company's Board of Directors also decided to conclude a loan agreement on long-term complementary financing in borrowed capital terms of EUR 1.0 million and given some of the company's business mortgages as collateral.

In the arrangement, the financiers party to the company's main financing agreement accepted a period free of instalments of the loans of the year 2014 until March 15, 2015 in such a way that the instalment falling due during the period free of instalments are transferred to the end of the term of the loan into one bullet repayment without otherwise extending the term of the loan.

Directed share issue in March 2014. The Board of Directors of Ixonos Plc decided to issue in a directed share issue 15.255.177 new shares to be subscribed for by Holdix Oy Ab in derogation from the pre-emptive subscription right of the shareholders on the authorisation of the Annual General Meeting on April 24, 2013 and the Extraordinary General Meeting on October 30, 2013. The subscription price of the shares in the share issue was EUR 0.12 per share. The subscription price was defined as the mean price weighted with the trading amounts of the last three (3) months rounded to the nearest cent. The funds derived from the share issue will be used to strengthen the balance sheet and financial standing of the group and the company, so there were weighty financial reasons for the share issue and for deviating from the pre-emptive right of the shareholders as described in the Finnish Limited Liability Companies Act.

Holdix subsequently subscribed for the share issue in full on March 31, 2014. According to what was stated to the company, the investment of Holdix in the company is meant to be a long-term investment.

Directed share issues in April 2014. The Board of Directors of Ixonos Plc decided based on the authorization of the Annual General Meeting on April 2, 2014 to issue in directed share issues for up to 15,200,000 new shares in total in derogation from the pre-emptive subscription right of the shareholders to be subscribed for by Holdix Oy Ab, InfoSec Global (Schweiz) AG and Turret Oy Ab. Holdix and InfoSec Global (Schweiz) AG both subscribed 4,166,667 shares and Turret subscribed 6,866,666 shares The subscription price of the shares in the share issues was EUR 0.12 per share. The subscription price was defined as the mean price weighted with the trading amounts of the period between January 1, 2014 and April 28, 2014 rounded up to the nearest cent. The funds derived from the share issue, EURO 1,824 million, will be used to maintain and improve the solvency of the Group, i.e. there were weighty financial reasons for the share issue and for deviating from the pre-emptive right of the shareholders as described in the Finnish Limited Liability Companies Act.

Financing arrangement in September 2014. Due to increasing foreign sales, Ixonos agreed on a short-term loan with Turret Oy Ab, which is a related party to the company. The loan amount is EUR 1.3 million.

New guidance. Ixonos published new market guidance on June 25, 2014. The company estimated the 2014 revenue to be in the range of EUR 23–29 million and that EBITDA for the full year would be negative. For the second half of the year EBITDA was expected to be positive, due to the strengthened order book for second half of the year and lowered costs. Previous guidance for the 2014 revenue was in the range of EUR 26–34 million and EBITDA for the full year was expected to be positive.

On October 30, 2014 the company updated its future outlook. The company estimated 2014 revenue to be in the range of EUR 24–26 million and that EBITDA for the full year will be negative. For the second half of the year EBITDA was expected to be positive.

Ixonos updated its guidance on November 27, 2014. Due to lower than expected revenue in Europe and projects being postponed the company's updated revenue forecast for 2014 was EUR 23–25 million. Due to this the EBITDA for the second half of the year was expected to turn negative. Previously the company expected the revenue for 2014 to be EUR 24–26 million and the EBITDA for the second half of the year to be positive.

Improving operational efficiency. The company informed on February 19, 2014 that it would improve its operational efficiancy by closing down its Danish office during the spring of 2014. The closedown of the Danish operations was in practise concluded by end of May. The legal company still exists.

The company informed on July 30, 2014 that it had decided to centralize its program development to Finland. The closedown of the Slovakian operations was concluded by end of August. The legal company still exists.

Ixonos informed on November 3 that the co-operation negotiations commenced on October 21, 2014, had been concluded. The results of the negotiations were temporary lay-offs of maximum 90 working days affecting maximum of 50 people and permanent layoffs of a maximum of 6 people.

Changes in the Management Team. During the financial period the Group's Management team changed as follows:

- Financial Director Teppo Talvinko left the company on May 18, 2014 .
- New Financial Director Mikael Nyberg started in the company on May 2, 2014.
- HR Director Satu Roininen left the company on August 31,2014.

OPERATIONS. Ixonos is a design-led technology company that provides creative digital solutions and services for customer companies in selected target industries. We help our customer companies embrace digitalisation, Internet and mobility for productivity, new business models and unique user experiences for competitive advantage.

Our primary geographical markets are Finland, USA and Great Britain, where our Design Studios are located. The software development is primarily located in Finland, but we have technical knowhow in the customer interface in all target markets.

Our core strength and key differentiator is our ability to combine our world-class design capability with strong technical implementation skills, hence offering total end-to-end solutions that deliver strategic value to our customers. We call this Dream - Design - Deliver approach.

Ixonos Design services cover digital, mobile, web design as well as service and industrial design. These holistic design services consist of design strategy, design and user research, design innovation and workshops, visual and interaction design, and prototyping for various connected devices and services and ranging to complete cross-platform design.

As a technology company we excel in creative software development, both in embedded SW as well as in online SW. We utilise open standard technologies (e.g. Linux, Android, iOS, Windows). We combine our software development capabilities with our world-leading technology knowhow and our deep understanding of user interface design and usability, as well as professional project management capabilities. This enables us to provide solutions for our customers with quality and agility. Our technology competences cover e.g. wireless connectivity, RF, audio, imaging and video technologies.

Our primary business areas are:

- **Industrial Internet:** Providing embedded and creative digital solutions for the industrial companies. We help industrial companies to transform from proprietary technologies into standard open source technologies enabling increased productivity and value for their customers. We provide also digital innovations that help our customers in their business model transformation towards service business. Our clientele in this segment consists of companies such as Kone, Outotec, Cargotec, Kemppi and Metso.
- **Media:** Helping TV broadcasters, studios, production companies and operators to offer increasingly interactive and personalised viewing experiences, as well as new business models, through innovations such as Ixonos TV Compass™ 2nd screen solution. Our clientele in this segment consists of companies such as Al-Jazeera, Discovery and MBC Group.
- **Online consumer brands:** Helping consumer-facing retail and service brands to embrace Internet-based digital and mobile solutions for differentiation, customer experience, productivity and service innovation. Our clientele in this segment consists of companies such as Stockmann, Viking Line and ST1.
- **Cloud Solutions:** Providing secure and robust cloud and managed hosting services with Ixonos Cloud™ solution. Ixonos virtual private cloud has been designed for demanding enterprise use. It combines the security of a private cloud with the scalability of the public clouds. Information is secured

and stored in our machine rooms in Finland. Ixonos Cloud™ is also used as a back-end platform for several end-to-end solutions. Our clientele in this segment consists of companies such as Microsoft, Fonecta and Veikkaus.
- Smart Devices & Platforms, where our customers include HP and Samsung.

We continue to serve our customers also in several other market segments, including:
- Automotive and Transportation, where our customers include Honda, VW and MarcoPolo.
- Finnish Public Sector, where our customers include several ministries and municiplities, as well as Tiera.
- -Defence & Security, where our customers include Airbus and Savox Communications.

Organisation. Our organisation consists of:
- Sales & Marketing function in charge of customer relationships, sales pipeline, order intake and profitable revenue generation.
- Design function in charge of the design capabilities that are a unique differentiator in our Dream Design Deliver approach.
- Solution Creation function in charge of technical solution implementation, software development, and customer project management.
- The whole organisation's operations are supported by support functions: Finance & Control and Human Resources.

Locations. Our offices are situated in our main markets Finland, USA and Great Britain. Additionally the company has employees in Estonia.
- Our Solution Creation development sites are mainly located in Finland. Additionally we have customer-facing technical personnel in USA and Great Britain.
- Our Design Studios are located in Finland, USA and Great Britain.
- Our Sales offices are located in Finland, Great Britain and the United States.

SEGMENTS. Ixonos reports its business as one single segment.

TURNOVER. Consolidated turnover for the financial period was EUR 23.9 million (2013: EUR 33.4 million), which is 28.3 per cent less than in the previous year.

The turnover remained below expectations due to the lower number of projects in new sales as well as smaller than expected project size. USA had the greatest success in new sales.

During the financial period, no single customer exceeded one fourth of the total turnover.

FINANCIAL RESULT. Group's consolidated operating profit for the financial period was EUR -7.4 million (2013: EUR -13.4 million) and profit before tax was EUR -8.5 million (2013: EUR -14.3 million). Profit for the period was EUR -8.2 million (2013: EUR -12.5 million). Earnings per share were EUR -0.09 (2013: EUR -0.65). Cash flow per share from operating activities was EUR -0.05 (2013: EUR -0.13).

The relative improvement of the financial result was due to adjusting the costs to the volume. The financial result remained below expectation as the turnover fell more than expected.

RETURN ON CAPITAL. Consolidated return on equity (ROE) during the financial period was -672.5 per cent (2013: -224.2 per cent) and return on investment (ROI) was -46,4 per cent (2013: -75.4 per cent).

INVESTMENTS. Investments during the financial period totalled EUR 1.1 million (2013: EUR 0.5 million). Investments consisted mainly of capitalised R&D expenses. The most significant investments where made in the cloud and industrial internet businesses.

BALANCE SHEET AND FINANCING. The balance sheet total was EUR 21.9 million (2013: EUR 25.8 million). Shareholders' equity was EUR -1.2 million (2013: EUR 3.7 million). The equity ratio was -5.6 per cent (2013: 14.2 per cent). The Group's liquid assets at the end of the financial period amounted to EUR 0.3 million (2013: EUR 0.5 million). Non-controlling interest of the equity was EUR 0.2 million (2013: EUR 0.2 million).

In the fall of 2014 the board of the Group started a program aiming at strengthening the financial situation. The program was completed in February 2015 and is described below in "Events after the reporting period".

The share issues executed during the financial period are described in "Shares and Share capital".

At the end of the financial period, the balance sheet showed EUR 10.5 million (2013: EUR 9.6 million) in bank loans. This amount includes overdraft in use.

The Group agreed with its main financiers on March 7, 2014 upon a period free of instalments regarding the bank loans until March 15, 2015. There are covenants related to these loans.

On December 31, 2014, the Group did not meet the terms of the covenants. However, the company has received releasing covenant statements from its financers. The company's non-current borrowings are therefore presented as current liabilities, in accordance with IFRS. Bank loans under the covenants were December 31, 2014 EUR 6.1 (2013: EUR 6.4 million).

Turret Oy Ab, which is a related party to the company, subscribed on March 7,2014 to a capital loan and the associated special rights of EUR 3.5 million directed to it by the board of the company. Turret paid the Loan to the Company in full by setting off the principal of the existing debts to Turret, amounting to EUR 3.5 million. The terms and conditions of the loans were described in a company release on March 7,2014.

The Group concluded simultaneously a loan agreement on a long-term complementary financing in borrowed capital terms of EUR 1.0 million and gave some of the Company's business mortgages as collateral. The maturity of the loan was changed in June 2014. At closing of 2014 EUR the whole loan is classified as short term, interest bearing loan.

The Group raised a short-term loan with Turret Oy Ab on September 19, 2014. The loan amount is EUR 1.3 million.

CASH FLOW. Consolidated cash flow from operating activities during the financial period was EUR -5.8 million (2013: EUR -9.7 million).

In order to reduce the turnaround time of its receivables the Group sells most of its Finnish account receivables. Out of the accounts receivables in the balance sheet on December 31, 2014, the group sold EUR 1.3 million (2013: EUR 2.2 million) to the financing companies during the beginning of January 2015. During 2014 EUR 12.8 million (2013: EUR 14.2 million) trade receivables were sold.

GOODWILL. On December 31, 2014, the consolidated balance sheet included EUR 10.8 million in goodwill (2013: EUR 10.8 million).

The following parameters were used in the goodwill impairment testing:
- The review period of 4 years
- WACC discount rate 10 per cent
- 1 per cent growth estimate used for terminal value calculation
- The tested amount EUR 11.0 million includes other intangible assets, property, plant and equipment as well as non-interest bearing receivables and payables.

The company made an impairment test on December 31, 2014 confirming there is no need for a write-down. The present value of future cash flows exceeded the carrying value of assets by EUR 11.9 million. The WACC discount rate used in the calculation is lower than the one used earlier, primarily due to the impact of lower market interest rates on return requirements.

The present value of the cash flow calculation, 22.9 million corresponds fairly well with the sum of the company's financial liabilities (17.3 million) and the market price of the shares (6.0 million) on December 31, 2014.

PERSONNEL. The number of personnel averaged 320 (2013: 505) during the financial period. At the end of the period, the company had 264 (2013: 442) employees. Staff decreased in Finland as well as abroad. At the end of the financial period, the Group had 230 employees (2013: 312) in Finnish companies, while Group companies in other countries employed 34 (2013: 130). During the financial period the number of employees decreased by 178. The main changes were related to Finland and the shutdowns of Ixonos Denmark Aps and Ixonos Slovakia s.r.o. during the first half of the year.

RESEARCH AND DEVELOPMENT. The Group's R&D expenses during the financial period 2014 were EUR 2.4 million (2013: EUR 1.2 million). The profit for the financial period includes EUR 1.6 million (2013: EUR 1.2 million) in R&D expenses. A total of EUR 0.8 million (2013: EUR 0.0 million) in R&D expenses was capitalised during the financial period. The R&D expenses during 2014 were primarily associated to the cloud and industrial internet business areas.

SHARES AND SHARE CAPITAL

Share turnover and price . Share related indicators have been adjusted by share issues and de-split in 2013. During the financial period, the share issue adjusted highest price of the company's share was EUR 0.16 (2013: EUR 0.79) and the lowest price was EUR 0.05 (2013: EUR 0.06). The closing price on December 31, 2014 was EUR 0.06 (2013: EUR 0.08). The weighted average time and de-split adjusted price was EUR 0.11 (2013: EUR 0.22). The number of shares traded during the financial period was 40,744,745 (2013: 32,326,570), which corresponds to 38.3 per cent (2013: 42.6 per cent) of the total number of shares at the end of the financial period.

The number of shares has been affected by a rights issue in February 2013, a de-split in November 2013, a second rights issue in 2013 and the directed share issues decided on by the board on March 31, and April 30, 2014. According to the closing price December 31, 2014, the market value of the company's shares was EUR 5,953,558 (2013: EUR 6,068,669).

The company executed several directed share issues during the first half of the year. In March 15,255,177 shares were subscribed by Holdix Oy Ab at a subscription price of EUR 0.12 per share amounting to a total of appr. EUR 1.83 million.

In May Holdix and InfoSec Global (Schweiz) AG both subscribed 4,166,667 shares and in June Turret Oy Ab subscribed 6,866,666 shares. The subscription price was EUR 0.12 per share amounting to a total of appr. EUR 1.82 million. The shares issued in the share Issues in total are equivalent to approximately 40.15 per cent of all of the company's shares and votes before the share issues and approximately 28.65 per cent in total of all of the company's shares and votes after the share issues.

Share capital. At the beginning of the financial period, the company's registered share capital was EUR 585,394.16 and the number of shares was 75,858,359. At the end of the financial period, registered share capital was EUR 585,394.16 and the number of shares was 106,313,536.

The company has not paid any dividends or returned any equity during the financial period.

OPTION PLANS 2011 AND 2014

2011 plan. The Board of Directors of Ixonos Plc decided on November 30, 2011 to grant new options. This decision was based on the authorisation given by the Annual General Meeting on March 29, 2011.

The options were issued by December 31, 2011, free of charge, to a subsidiary wholly owned by Ixonos Plc. This subsidiary will distribute the options, as the Board decides, to employees of Ixonos Plc and other companies in the Ixonos Group, to increase their commitment and motivation. Options will not be issued to members of the Board of Directors of Ixonos Plc or to the Ixonos Group's senior management (Ixonos Management Invest Oy shareholders).

The options will be marked IV/A, IV/B and IV/C. A total of 600,000 options will be issued. According to the terms of the options, the Board of Directors decides how the options will be divided between option series and, if needed, how undistributed options will be converted from one series to another.

The exercise period for the IV/A options began on October 1, 2014, for the IV/B options it will begin on October 1, 2015 and for the IV/C options on October 1, 2016. The exercise periods for all options will end on December 31, 2018. The exercise price for each option series is a trade volume weighted average price at NASDAQ OMX Helsinki. The exercise prices will be reduced by the amount of dividends, and they can also be adjusted under other circumstances specified in the option terms.

In order to ensure the equal treatment of shareholders and the 2011 stock option holders and taking into account the adjustment made on October 30, 2013 following the consolidation of the company's shares, the Board of Directors of Ixonos has due to the Rights Offering adjusted the subscription ratio and the subscription price of the 2011 stock options in accordance with the terms and conditions of the 2011 stock options. As regards stock options IV/A, the subscription ratio shall be amended to 5.022 and the subscription price shall be amended to EUR 0.291 per share.

As regards stock options IV/C, the subscription ratio shall be amended to 5.022 and the subscription price shall be amended to EUR 0.208 per share. The option plan's IV/B options have been cancelled.

The total amount of shares is rounded down to full shares in connection with subscription of the shares and the total subscription price is calculated using the rounded amount of shares and rounded to the closest cent. Due to the above adjustments concerning stock options IV/A, the adjusted maximum total number of shares to be subscribed for based on the 2011 stock options shall be 3,013,313.

2014 plan. The Board of Directors of Ixonos Plc decided to issue stock options on February 18, 2014, on the basis of the authorization granted by the Extraordinary General Meeting held on October 30, 2013.

The stock options will be offered to the global management team and certain key personnel of Ixonos Plc and its subsidiaries for the purpose of improving commitment and motivation. The stock options will be marked as series 2014A, 2014B and 2014C. The aggregate number of stock options is 5,000,000. The Board of Directors will, in accordance the terms and conditions of the stock options, decide on the allocation of the stock options between different series and, if necessary, on the conversion of stock options that has not been allocated into another series of stock options.

Each option entitles its holder to subscribe for one new or treasury share in Ixonos Plc. The share subscription period with 2014A stock options starts on March 1, 2016, with 2014B stock options on March 1, 2017 and with 2014C stock options on March 1, 2018. The share subscription period ends with all stock options on December 31, 2018. The share subscription price for each series is the volume weighted average price of the company's share on the Helsinki Exchanges during the period March 1, to May 31, 2014 for 2014A, January 1, to March 31, 2015 for 2014B and January 1, to March 31, 2016 for 2014C. The subscription price may be decreased with e.g. the amount of dividends paid and may also otherwise be subject to change in accordance with the terms and conditions of the stock options. The subscription price for 2014A is EUR 0.11.

Shareholders.
On December 31, 2014, the company had 4,045 shareholders (2013: 3,983). Private persons owned 40.6 per cent (2013: 51.6 per cent) and institutions 59.4 per cent (2013: 48.4 per cent) of the shares. Foreign ownership was 7.1 per cent (2013: 8.8 per cent) of all shares.

The company owns no own shares and no shares have been pledged to it.

BOARD AUTHORISATIONS.

Annual general meeting April 2, 2014, board authorisations. The Annual General Meeting on April 2, 2014 authorised the Board to decide on a paid share issue and on granting option rights and other special rights entitling to shares that are set out in Chapter 10 Section 1 of the Finnish Limited Liability Companies Act or on the combination of some of the aforementioned instruments in one or more tranches on the following terms and conditions:

The number of shares to be issued under the authorisation may not exceed 15,200,000, which corresponds to approximately 20 per cent of all company shares at the time of convening the Annual General Meeting.

Within the limits of the aforementioned authorisation, the Board of Directors may decide on all terms and conditions applied to the share issue and to the special rights entitling to shares.

The Board of Directors are entitled to decide on crediting the subscription price either to the company's share capital or, entirely or in part, to the invested unrestricted equity fund.

Shares as well as special rights entitling to shares may also be issued in a way that deviates from the pre-emptive rights of shareholders, if a weighty financial reason for this exists as laid out in the Limited Liability Companies Act. In such a case, the authorisation may be used to finance corporate acquisitions or other investments related to the operations of the company as well as to maintain and improve the solvency of the group of companies and to carry out a system for incentives.

The authorisation is effective until the Annual General Meeting held in 2015.

Authorising of the Board of Directors to acquire own shares. The Annual General Meeting authorised the Board to decide on acquiring or accepting as pledge, a maximum of 7,585,830 own shares, which corresponds to around 10 per cent of the company's total shares at the time of convening the meeting, using the company's non-restricted equity. The acquisition may take place in one or more lots. The acquisition price will not exceed the highest market price in public trading at the time of the acquisition. In executing the acquisition of its own shares, the company may enter into derivative, share lending and other contracts customary on the capital market, within the limits set by law and regulations. The authorisation also entitles the Board to decide on a directed acquisition, i.e. on acquiring shares in a proportion other than that of the shares held by the shareholders.

The company may acquire the shares to execute corporate acquisitions or other business arrangements related to the company's operations, to improve its capital structure, or to otherwise transfer the shares or cancel them.

The authorisation includes the right for the Board of Directors to decide on all other matters related to the acquisition of shares. The authorisation is effective until the Annual General Meeting held in 2015, yet no longer than until June 30 , 2015.

EVENTS AFTER THE FINANCIAL PERIOD

Events after the financial period are presented in Note 32.

RISK MANAGEMENT AND NEAR-FUTURE UNCERTAINTY FACTORS. Ixonos Plc's risk management aims to ensure undisturbed continuity and development of the company's operations, support attainment of the commercial targets set by the company and promote increasing company value. Details on the risk management organisation and process as well as on recognised risks are presented on the company's website at www.ixonos.com.

Changes in key customer accounts may have adverse effects on Ixonos' operations, earning power and financial position. Should a major customer switch its purchases from Ixonos to its competitors or make forceful changes to its own operating model, Ixonos would have limited ability to acquire, in the short term, new customer volume to compensate for such changes.

The Group's turnover consists primarily of relatively short term customer contracts. Forecasting the starting dates and scope is from time to time challenging. At the same time the cost structure is fairly rigid. This may result in unexpected in fluctuation in turnover and profitability.

Part of the company's business operations is based on fixed-price project deliveries. Fixed-price projects may include risks related to their duration and content. These risks are being managed by means of contract management as well as project management.

A significant part of the group's turnover is invoiced in foreign currency. Risks related to currency fluctuation are managed through different means.

The company's balance sheet includes a significant amount of goodwill, which may still be impaired should internal or external factors reduce the profit expectations of the company's cash flow. Goodwill is tested each quarter and, if necessary, at other times.

Deferred tax assets in company's balance sheet are subject to future profit expectations. There is risk of impairment related to deferred tax assets if the profit expectations are not materialized.

The company's financial agreements have covenants attached to them. A covenant breach may increase the company's financial expenses or lead to a call for swift partial or full repayment of non-equity loans. The main risks related to covenant breaches are associated with operating profit fluctuation due to the market situation and with a potential need to increase the company's working capital through non-equity funding. The company manages these risks by negotiating with financiers and by maintaining readiness for various financing methods.

As per the Financial Statements release on February 27, 2015, the company estimates that its working capital is not sufficient to fund the company's operations over the next 12 months. The company's working capital is expected to be sufficient to fund the company's operations over the next 12 months if the sales development is better than the current forecast or the company is able to make larger cost savings than forecasted. A possible financial shortage remaining can be filled with bridge financing.

LONG-TERM GOALS AND STRATEGY. In the long term, Ixonos aims to achieve an operating profit of at least 10 per cent. To reach its long-term goals, Ixonos focuses its strategy on deepening the company's product, solution and service operations as well as on new accounts in selected industries.

CORPORATE GOVERNANCE. Ixonos complies with the Finnish Corporate Governance Code, issued by the Securities Market Association (Arvopaperimarkkinayhdistys ry), as entered into force on October 1, 2010. The Corporate Governance Statement required by the Finnish Corporate Governance Code was issued on April 5, 2013. The statement will be updated in March 2015 with information for 2014.

LOANS TO AND FROM RELATED PARTIES. During the financial period 2010, members of Ixonos' management established the limited liability company Ixonos Management Invest Oy for the purpose of share ownership pertaining to the management incentive plan. As part of this arrangement, Ixonos Plc granted Ixonos Management Oy a EUR 920,000 loan to fund the share acquisition. The interest rate of the loan corresponds to the twelve-month Euribor plus one per cent. The 93,526 shares acquired have been pledged to Ixonos Plc as security for the loan. The value of the loan has been written down in Ixonos Plc's books.

On March 7, 2014 the company raised EUR 3.5 million long-term convertible loan from its largest owner Turret Oy Ab. The loan is due on March 7, 2018 includes a right to convert the loan into shares. The interest rate was fixed at 6.75 percent. The convertible loan has no collateral.

On the same day the company raised a EUR 1.0 million long-term interest bearing loan from Turret. As collateral for the loan of EUR 1.0 million the company put up corporate mortgage bonds. The interest rate was fixed at 7.198 percent.

On September 20, 2014 the company raised a EUR 1.3 million short-term, interest bearing loan with Turret. The interest rate was fixed at 12 %.

All loans from Turret were paid back in conjunction with the financing arrangement on February 10, 2015.

PARENT COMPANY. The parent company Ixonos Plc had no turnover in 2014 or 2013. Operating profit was EUR –2.4 million (2013: EUR –7.9 million). Profit for the financial period was negative, EUR –3.4 million (2013: EUR –10.8 million).

The balance sheet total was EUR 28.9 million (2013: EUR 38.9 million). Shareholders' equity was EUR 4.0 million (2013: EUR 3.8 million). The equity ratio was 13.9 per cent (2013: 9.7 per cent). The liquid assets of the parent company at the end of the financial period stood at EUR 0.01 million (2013: EUR 0.1 million).

The number of personnel averaged 10 (2013: 18) during the financial period. At the end of the period, the company had 10 (2013: 15) employees. Salaries and fees came to EUR 1.0 million (2013: EUR 1.6 million), pension expenses were EUR 0.2 million (2013: EUR 0.3 million) and other indirect personnel costs to EUR 0.0 million (2013: EUR 0.1 million). The personnel expenses of the company totalled EUR 1.2 million (2013: EUR 1.9 million), approximately 23.9 per cent of total expenses (2013: 23.5 per cent).

Cash flow from operating activities during the financial period was EUR -6,9 million (2013: EUR -12.9 million).

FUTURE PROSPECTS. The operating profit of the company before non-recurring items is expected to improve compared to 2014. The cash flow is expected to remain negative during the beginning of the year but improve in the second half of the year 2015.

THE BOARD OF DIRECTORS' PROPOSAL TO THE ANNUAL GENERAL MEETING
The Board of Directors of Ixonos Plc proposes to the Annual General Meeting that the distributable funds be left in shareholders' equity and that no dividend for the financial period 2014 be paid to shareholders. The parent company's distributable funds on December 31, 2014 are EUR 3,226,868.41.

Consolidated key figures

	IFRS 1.1.-31.12.2014	IFRS 1.1.-31.12.2013	IFRS 1.1.-31.12.2012	IFRS 1.1.-31.12.2011	IFRS 1.1.-31.12.2010
Turnover, 1000 EUR	23 939	33 397	56 852	81 408	84 944
Turnover increase	-28.3 %	-41.3 %	-30.2 %	-4.2 %	26.7 %
EBITDA, 1000EUR	-4 646	-9 014	-7 491	6 146	8 738
Percentage of turnover	-19.4 %	-27.0 %	-13.2 %	7.5 %	10.3 %
Operating profit, 1000 EUR	-7 424	-13 399	-24 317	1 937	5 331
Percentage of turnover	-31.0 %	-40.1 %	-42.8 %	2.4 %	6.3 %
Profit before tax, 1000 EUR	-8 477	-14 289	-25 018	1 409	4 550
Percentage of turnover	-35.4 %	-42.8 %	-44.0 %	1.7 %	5.4 %
Balance sheet total, 1000 EUR	21 897	25 843	33 331	52 970	56 693
Return on equity, per cent	-672.5 %	-224.2 %	-119.0 %	3.2 %	13.7 %
Return on investment	-46.4 %	-75.4 %	-81.6 %	5.4 %	14.1 %
Interest-bearing liabilities, 1000 EUR	17 266	14 265	12 606	9 555	11 641
Financial assets, cash and cash equivalents, 1000 EUR	255	496	477	1 466	1 226
NetGearing	-1397.7 %	375.1 %	162.0 %	27.5 %	36.6 %
Equity ratio	-5.6 %	14.2 %	22.5 %	55.6 %	50.2 %
Investments, 1000 EUR	1 138	459	3 157	2 940	4 205
Percentage of turnover	4.8 %	1.4 %	5.6 %	3.6 %	5.0 %
Average number of employees	320	505	824	1118	1120
Number of employees at the end of the period	264	442	610	1031	1138

Key figures on shares	1.1.-31.12.2014	1.1.-31.12.2013	1.1.-31.12.2012	1.1.-31.12.2011	1.1.-31.12.2010
Earnings per share, diluted, EUR (*	-0.09	-0.65	-2.13	0.09	0.32
Earnings per share, undiluted, EUR (*	-0.09	-0.65	-2.13	0.09	0.32
P/E ratio	-2.08	-0.12	-0.15	5.93	5.49
Share price at the end of the period, EUR	0.06	0.08	0.48	0,80	2.53
Number of shares, adjusted for issues, average (*	96 651 722	19 131 798	15 102 484	15 102 484	13 220 524
Number of shares at the end of the period	106 313 536	75 858 359	15 102 484	15 102 484	15 102 484
Number of shares, adjusted for option dilution and issue, average (*	96 651 722	19 131 798	10 341 001	10 341 001	10 341 001
Dividend per earnings, %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Dividend per share, EUR	0.00	0.00	0.00	0.00	0.00
Effective dividend yield, %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Equity per share, EUR	-0.01	0.05	0.48	1.94	1.87

*) The number of the shares and related key performance indicators are affected by rights issue in March and April 2014. There was no dilution effect in 2014.

Calculation of key figures:

EBITDA =	Earnings before interest, taxes depreciaton and amortizaton
Return on equity	$= \dfrac{\text{Profit for the period}}{\text{Equity, average}} \times 100$
Return on investment	$= \dfrac{\text{Profit before tax + financial expenses}}{\text{Balance sheet total – non-interest-bearing liabilities, average}} \times 100$
Equity ratio	$= \dfrac{\text{Shareholders' equity}}{\text{Balance sheet total – advances received}} \times 100$
Net Gearing	$= \dfrac{\text{Interest-bearing liabilities – interest-bearing assets}}{\text{Shareholders' equity}}$
Diluted earnings per share	$= \dfrac{\text{Profit for the period, attributable to equity holders of the parent}}{\text{Number of shares, adjusted for issues and for option dilution, average}}$
Equity per share	$= \dfrac{\text{Equity attributable to equity holders of the parent}}{\text{Amount of shares on the closing date}}$
Dividend/earnings	$= \dfrac{\text{Dividends for the period}}{\text{Profit for the period}}$
P/E ratio	$= \dfrac{\text{Share price at the end of the period}}{\text{Diluted earnings per share}}$
Effective dividend yield	$= \dfrac{\text{Dividend/share}}{\text{Share price at the end of the period}} \times 100$
Dilution	= Number of shares plus allocated options – number of shares obtainable with the exercise price for options, according to the turnover-weighted average price

Information about shares, shareholders and options

SHARES

Share capital and shares

The share capital of Ixonos Plc at December 31, 2014 was EUR 585,394.16.
The total number of shares at December 31, 2014 was 106,313,536.

STOCK EXCHANGE INFORMATION

Ixonos Plc is listed at Nasdaq OMX Helsinki.
The company has one listed serie of shares: XNS1V.

	2014	2013
Share subscription price at listing on October 1, 1999	5.75 EUR	5.75 EUR
Highest share price during the period	0.16 EUR	0.79 EUR
Lowest share price during the period	0.05 EUR	0.06 EUR
Closing price on December 31	0.06 EUR	0.08 EUR
Market value at December 31	5 953 558 EUR	6 068 669 EUR
Turnover of shares January 1 – December 31	40 744 746 Shares	32 326 570 Shares
	4 422 526 EUR	6 834 708EUR
Average price January 1 – December 31 (*	0.11 EUR	0.22 EUR
Share turnover, percentage of number of shares on December 31 (*	38.3 %	42.6 %
Number of shares on December 31, adjusted for issues (*	96 651 722 Shares	19 131 798 Shares
Number of shares, adjusted for dilution and issues on December 31 (*	96 651 722 Shares	19 131 798 Shares
Number of the shares on December 31	106 313 536 Shares	75 858 359 Shares

*) The number of the shares and related key performance indicators of year 2014 are affected by rights issue in March and April 2014. The numbers of year 2013 are affected by rights issues in February 2013, de-splitt from five to one and second rights issue in November 2013.

DISTRIBUTION OF THE SHARES

	Shares	Percentage voting rights	Number of owners
Private persons	43 185 538	40.62 %	3 855
Corporations	63 127 998	59.38 %	190
Total (*	106 313 536	100.00 %	4 045
Corporations			
Companies	31 871 027	50.49 %	
Financial and insurance institutions	1 465 193	2.32 %	
Non-profit organisations	184 649	0.29 %	
Foreign holdings	3 221 619	5.10 %	
Total (*	63 127 998	58.20 %	
from which administrative registered	5 590 748	5.26 %	

*) The number of the shares have been affected by right issues on March and April 2014.

MAJOR SHAREHOLDERS

	Shares	Percentage of shares
Turret Oy Ab	29 586 244	27.83 %
Holdix Oy Ab	19 421 844	18.27 %
Koskelo Ilari	3 659 728	3.44 %
Kettunen Risto Juhani	1 680 000	1.58 %
Laaksonen Lars	1 570 000	1.48 %
Hämäläinen Kari Heikki Kristian	1 400 000	1.32 %
Heino Petri Juhani	1 350 000	1.27 %
Gripenberg Jarl Dödsbo	1 140 000	1.07 %
Lombard International Assurance S.A.	1 120 872	1.05 %
Helenius Mika Johannes	883 676	0.83 %
Fincorp Ab	800 000	0.75 %
Selkälä Asko Olavi	618 327	0.58 %
Hellén Stefan Andreas	600 000	0.56 %
4capes Oy	550 000	0.52 %
Promara Oy	490 000	0.46 %
Kemilä Hannu	456 988	0.43 %
Suutari Pekka Johannes	444 916	0.42 %
Finpacific Trade Company Oy	418 000	0.39 %
SEB Life International Assurance Company	408 570	0.38 %
Kaisla Timo Antero	378 760	0.36 %
Others	39 335 611	37.00 %
Total (*	106 313 536	100.00 %

DISTRIBUTION OF THE SHARES

	Shareholders	Percentage of shareholders	Shares	Percentage of shares
1-100 shares	812	20.07 %	35 559	0.03 %
101-1,000 shares	1 180	29.17 %	567 842	0.53 %
1,001-10,000 shares	1 400	34.61 %	5 908 621	5.56 %
10,001-100,000 shares	582	14.39 %	17 702 069	16.65 %
100,001-1,000,000 shares	61	1.51 %	15 906 796	14.96 %
over 1,000,000 shares	10	0.25 %	66 192 649	62.26 %
Total (*	4 045	100.00 %	106 313 536	100.00 %

SHARE HOLDINGS AND OPTION RIGHTS OF THE COMPANY MANAGEMENT

	Holdings 2014	Percentage of votes	Holdings 2013
Shareholdings of the CEO and Board of Directors	33 943 661	31.93 %	26 294 021
Option rights of the CEO and Board of Directors	500 000	0.47 %	0

*) The number of the shares in 2014 has been affected by rights issues in March and April.

The management of the Ixonos Group held company 93,526 shares amounting 93,526 through Ixonos Management Invest Oy at December 31, 2014.

Holdings in Ixonos Management Invest Oy are included in the figures above.

The company did not hold any own shares. Ixonos Management Invest Oy holdings are eliminated in the consolidated statements.

In 2013 the number of the shares was 75,858,359. CEO and the Board of Directors holdings were 34,7 per cent of the votes.

Consolidated income statement (IFRS)

1 000 EUR	Notes	1.1.-31.12.2014	1.1.-31.12.2013
Turnover	**2,4**	**23 939**	**33 397**
Other operating income	5	37	150
Materials and services	6	-2 463	-2 923
Employee benefit costs	7	-18 384	-28 561
Depreciation and amortisation	9	-2 788	-2 785
Impairment of goodwill	9,13	0	-1 600
Other operating expenses	10	-7 765	-11 078
Total expenses		-31 400	-46 947
Operating profit		**-7 424**	**-13 399**
Financial income		329	332
Financial expenses		-1 383	-1 222
Total financial income and expenses	11	-1 054	-890
Profit before tax		**-8 477**	**-14 289**
Income tax	12	210	1 854
Profit for the period		**-8 267**	**-12 435**
Attributable to			
Equity holders of the parent		-8 249	-12 511
Non-controlling interests		-18	75
Earnings per share, undiluted, EUR	25	-0.09	-0.65
Number of shares December 31	25	106 313 536	75 858 359
Earnings per share, adjusted for dilution, EUR	25	-0.09	-0.65
Number of shares December 31, adjusted for dilution and issues	25	96 651 722	19 131 798

Statement of comprehensive income

1 000 EUR	1.1.-31.12.2014	1.1.-31.12.2013
Profit for the period	**-8 267**	**-12 435**
Other comprehensive income		
Change in translation difference	-138	-5
Total comprehensive income for the period	-8 405	-12 440
Total comprehensive income attributable to		
Equity holders of the parent	-8 387	-12 515
Non-controlling interests	-18	75

Consolidated balance sheet (IFRS)

1 000 EUR	Notes	31.12.2014	31.12.2013
ASSETS			
Non-current assets			
Goodwill	13	10 847	10 847
Other intangible assets	13	1 254	1 584
Tangible assets	14	697	2 106
Deferred tax assets	15	4 947	4 518
Available-for-sale investments	14	3	14
Total non-current assets		**17 748**	**19 069**
Current assets			
Trade receivables	4,16	3 273	4 984
Other receivables	16	621	1 294
Cash and cash equivalents	17	255	496
Total current assets		**4 149**	**6 774**
TOTAL ASSETS		21 897	25 843

1 000 EUR	Notes	31.12.2014	31.12.2013
EQUITY AND LIABILITIES			
Shareholders' equity			
Equity attributable to equity holders of the parent			
Share capital	18	585	585
Share premium reserve	18	219	219
Invested non-restricted equity fund	18	32 345	28 794
Retained earnings		-26 346	-13 664
Result for the period		-8 249	-12 511
Total equity attributable to equity holders of the parent		-1 446	3 423
Non-controlling interests		229	247
Total equity		**-1 217**	**3 670**
Non-current liabilities			
Financial liabilities	20,21	3 698	331
Deferred tax liabilities	15,20	211	215
Total non-current liabilities		**3 909**	**546**
Current liabilities			
Trade payables	22	1 050	1 792
Current financial liabilities	20,21,22	13 568	13 933
Short-term provisions	19,22	21	87
Tax liabilities	22	75	172
Other liabilities	22	4 490	5 643
Total current liabilities		**19 204**	**21 626**
TOTAL EQUITY AND LIABILITIES		21 897	25 843

Consolidated cash flow statement

1 000 EUR	Notes	1.1.-31.12.2014	1.1.-31.12.2013
Cash flow from operating activities			
Profit for the period		-8 267	-12 435
Adjustments to cash flow from operating activities			
Income taxes	12	-210	-1 854
Depreciation and amortisation	9	2 788	2 785
Change in provisions	19	-67	-979
Impairment of goodwill	9,13	0	1 600
Other adjustments		130	-78
Financial income and expenses	11	731	890
Net cash generated before working capital changes, interest and tax		-4 896	-10 071
Change in working capital	23	-113	782
Interest received	11	181	288
Interest paid	11	-799	-1 004
Income taxes paid	12	-141	326
Net cash flow from operating activities		**-5 767**	**-9 680**
Cash flow from investing activities			
Investments in property, plant and equipment and in intangible assets	13,14	-1 138	-499
Proceeds from sale of property, plant and equipment	14	113	38
Net cash flow from investment activities		**-1 025**	**-461**
Cash flow before financing		**-6 793**	**-10 141**
Cash flow from financing activities			
Increase in long-term borrowings	20,21	1 000	0
Repayment of long-term borrowings	20,21	-1 000	-800
Increase in short-term borrowings	21	3 526	5 500
Repayment of short-term borrowings	21	-366	-1 971
Expenses for equity procurement		-104	-584
Proceeds from rights issues		3 655	9 045
Financial lease payments		-159	-1 031
Net cash flow from financing activities		**6 553**	**10 160**
Change in cash and cash equivalents		**-240**	**19**
Cash and cash equivalents at the beginning of the period	17	496	477
Cash and cash equivalents at the end of the period	17	255	496

Consolidated statement of changes in equity

1 000 EUR	Share capital	Share premium reserve	Invested non-restricted equity fund	Translation difference	Retained earnings	Total	Non-controlling interest	Total equity
Shareholders' equity at January 1, 2013	585	219	20 247	75	-13 810	7 317	172	7 489
Comprehensive income for the period	0	0	0	-8	-12 508	-12 516	75	-12 441
Transactions with shareholders								
Rights issue	0	0	9 045	0	0	9 045	0	9 045
Expenses for equity procurement	0	0	-498	0	0	-498	0	-498
Share-based remuneration	0	0	0	0	75	75	0	75
Shareholders' equity at December 31, 2013	**585**	**219**	**28 794**	**67**	**-26 243**	**3 423**	**247**	**3 670**

1 000 EUR	Share capital	Share premium reserve	Invested non-restricted equity fund	Translation difference	Retained earnings	Total	Non controlling interest	Total equity
Shareholders' equity at January 1, 2014	585	219	28 794	67	-26 243	3 423	247	3 670
Comprehensive income for the period	0	0	0	-138	-8 249	-8 387	-18	-8 405
Transactions with shareholders								
Rights issue	0	0	3 656	0	0	3 656	0	3 656
Expenses for equity procurement	0	0	-104	0	0	-104	0	-104
Share-based remuneration	0	0	0	0	-34	-34	0	-34
Shareholders' equity at December 31, 2014	**585**	**219**	**32 345**	**-71**	**-34 525**	**-1 447**	**229**	**-1 217**

1 Accounting policies for the consolidated financial statements

BASIC DATA OF THE GROUP. Ixonos Plc is a Finnish public company established in accordance with Finland's legislation. The company's domicile is Helsinki.

The shares of the parent company Ixonos Plc are listed on NASDAQ OMX Helsinki since 1999.

The consolidated financial statements are available at www.ixonos.com or parent company's head office Hitsaajankatu 24, Helsinki.

Ixonos is a design-led technology company that provides creative digital solutions and services for customer companies in selected target industries. We help our customer companies embrace digitalisation, Internet and mobility for productivity, new business models and unique user experiences for competitive advantage.

Our primary geographical markets are Finland, USA and Great Britain, where our Design Studios are located. The software development is primarily located in Finland, but we have technical knowhow in the customer interface in all target markets.

Our core strength and key differentiator is our ability to combine our world-class design capability with strong technical implementation skills, hence offering total end-to-end solutions that deliver strategic value to our customers. We call this our Dream - Design - Deliver approach.

Ixonos design services cover digital-, mobile, and web design as well as service and industrial design. These holistic design services consist of design strategy, design and user research, design innovation and workshops, visual and interaction design, and prototyping for various connected devices and services and range to complete cross-platform design.

As a technology company we excel in creative software development, both in embedded SW as well as in online SW. We utilise open standard technologies (e.g. Linux, Android, iOS, Windows). We combine our software development capabilities with our world-leading technology knowhow and our deep understanding of user interface design and usability, as well as professional project management capabilities. This enables us to provide solutions for our customers with quality and agility. Our technology competences cover e.g. wireless connectivity, RF, audio, imaging and video technologies.

Our primary business areas are:

- Industrial Internet: Providing embedded and creative digital solutions for the industrial companies. We help industrial companies to transform from proprietary technologies into standard open source technologies enabling increased productivity and value for their customers. We also provide digital innovations that help our customers in their business model transformation towards service business. Our clientele in this segment consists of companies such as Kone, Outotec, Cargotec, Kemppi and Metso.
- Media: Helping TV broadcasters, studios, production companies and operators to offer increasingly interactive and personalised viewing experiences, as well as new business models, through innovations such as Ixonos TV Compass™ 2nd screen solution. Our clientele in this segment consists of companies such as Al-Jazeera, Discovery and MBC Group.
- Online consumer brands: Helping consumer-facing retail and service brands to embrace Internet-based digital and mobile solutions for differentiation, customer experience, productivity and service innovation. Our clientele in this segment consists of companies such as Stockmann, Viking Line and ST1.
- Cloud Solutions: Providing secure and robust cloud and managed hosting services with Ixonos Cloud™ solution. Ixonos virtual private cloud has been designed for demanding enterprise use. It combines the security of a private cloud with the scalability of public clouds. Information is secured and stored in our machine rooms in Finland. Ixonos Cloud™ is also used as a back-end platform for several end-to-end solutions. Our clientele in this segment consists of companies such as Microsoft, Fonecta and Veikkaus.
- Smart Devices & Platforms, where our customers include HP and Samsung.

We continue to serve our customers also in several other market segments, including:

- Automotive and Transportation, where our customers include Honda, VW and MarcoPolo.
- Finnish Public Sector, where our customers include several ministries and municipalities, as well as Tiera.
- Defence & Security, where our customers include Airbus and Savox Communications.

Ixonos has offices in Finland, Great Britain, Estonia and the USA.

The Board approval. The Board has approved the financial statement to be published on March 19, 2015. According to the Finnish Limited-liability Companies Act, the shareholders have an opportunity to approve or reject the financial statement in the annual meeting after the publishing. The annual meeting has also the right for making a decision on changing the financial statement.

BASIS OF PREPARATION. Ixonos' consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements follow the IAS and IFRS standards, as well as the SIC and IFRIC interpretations, that were effective on December 31, 2014. For the purposes of Finland's Accounting Act the statutes enacted by virtue of it, 'international accounting standards' refers to standards approved for application within the European Union according to the procedure enacted by Regulation (EC) No 1606/2002 of the European Parliament and of the Council as well as to interpretations of such standards. The accompanying notes to the consolidated financial statements also comply with Finnish accounting and corporate legislation complementary to IFRS regulations.

These financial statements have been made according to the going concern principle taking into account the planned financial arrangements, new strategy and financial estimations made up to the end of year 2015. The estimations take into consideration probable or foreseeable changes in future expectations in revenues as well as costs.

The company's working capital is not sufficient to fund the company's operations over the next 12 months. The company estimates that it has sufficient working capital for the next 5 months at the time of publishing the financial statement bulletin provided that the cash flow estimates for 2015 materialize.

The fact that the working capital is unsufficient for the next 12 months is primarily due to a lowered sales forecast for the beginning of the year and lower summer turnover expectations due to seasonality.

The company assesses its need for additional working capital to be EUR 0-1.5 million after 5 months.

The company's working capital is expected to be sufficient to fund the company's operations over the next 12 months if the sales development is better than the current forecast or the company is able to make larger cost savings than forecasted. A possible financial shortage remaining can be filled with bridge financing.

The company has taken and has planned to take several measures to secure its financial position:

- A share issue on February 10, 2015 with a refinancing arrangement linked to it.
- Ixonos agreed on February 10, 2015 with its creditors on the restructuring of its funding based on liabilities. The creditors granted on February 10, 2015 the loans of EUR 6.1 million the Ixonos group taken out before the Arrangement (hereinafter collectively the "Loan") an exemption from amortisations for the period of March 15, to December 31, 2015 so that only 25 per cent of the capital of the Loan falling due during the exemption from amortisations will be paid, in deviation from what has been agreed previously. In addition, the original term of the Loan is changed so that the total term of the Loan will be extended until December 31, 2018. The original terms of payment and the instalments have been altered so that the instalments falling due January 1, 2016 to December 31, 2018 will be equal in size and they will be determined on the basis of the capital of the Loan that does not fall due as on December 31, 2015. The provisions concerning the interest and margin will remain as they are despite the exemption from amortisations, the extension of the term of the loan and changing the terms of payment and the instalments.
- The company has received a waiver for the covenants from its creditors related to its loans valid until March 31, 2015. New covenant levels will be agreed upon after this with the financiers.
- The company has continued adapting its costs and the efficiency of its operations will be further developed. Also in the field of fixed costs the company has done and continues to adapt, e.g. related to office costs. The impacts of the measures already on their way will be seen improving the profitability during 2015.
- The company resolutely invests in developing its sales and its sales offering in the chosen target markets. The resources of sales have been renewed and enforced in the target markets.
- If needed the company will agree upon added financing. The company considers it likely that temporary financing can be obtained if needed.

If the above measures do not occur as planned, this may result in a shortage of working capital, premature payback of loans with covenants and difficulties to continue company's operations. If the cash flow forecast for 2015 do not materialize as planned the company is likely to lose its liquidity if no further measures are taken and it would not under those circumstances be able to finance its planned operations or pay back its loans as per original amortization plans. The loss of liquidity described above could in the worst case lead to liquidation, company restructuring or being declared insolvent.

The information in the consolidated financial statements is presented in thousand euros and the information of the parent company financial statements in euros, if not otherwise mentioned. It is based on the historical cost convention, except for financial assets recorded at fair value through profit and loss.

Standards, interpretations and changes that have entered into force during 2014 did not influence of the Group financial statement.

Since 2015, the Group applies the following new or revised standards and interpretation:

- IAS 19: Employee Benefits. According to the amendment, the assessment of the market depth of corporate bonds should be based on the currency in which the obligation is denominated, rather than the country where the obligation is located.
- Annual Improvements to IFRSs 2010–2012 and Annual Improvements to IFRSs 2011–2013. Amendments that will enter into force at a later time
- IFRS 15 Revenue from Contracts with Customers (applicable from January 1, 2017 or annual periods beginning after that). *)
- IFRS 9 Financial Instruments (applicable from January 1, 2018 or annual periods beginning after that). *)

*) Interpretation or change has not yet been approved to be applied in the EU on December 31,2014.

CONSOLIDATION PRINCIPLES. The consolidated financial statements include the parent Ixonos Plc and all subsidiaries in which the parent directly or indirectly holds more than 50 per cent of the votes or which it otherwise controls.

Mutual share ownership between Group companies has been eliminated through the cost method. Acquired subsidiaries are integrated in the consolidated financial statements from the moment the Group obtains control. All transactions, receivables, liabilities and unrealised profits within the Group as well as internal profit distribution are eliminated when preparing the consolidated financial statements. The the company's assets and liabilities are appreciated to their current values at the purchase moment and the remaining part is the goodwill from the difference of the purchase price and net assets.

CHANGES IN GROUP LEGAL STRUCTURE. There has not been any changes in group structure in 2014 and 2013.

SPECIAL PURPOSE ENTITY. Ixonos Management Invest Oy is combined to the Group's financial at stement. It has been established for the share rewarding of the Group management. Ixonos Plc controls Ixonos Management Invest Oy based on the shareholder and loan agreement and therefore the company is joined to the Group Financial statement. Ixonos Plc does not own any Ixonos Management Invest Oy shares. The income statement and balance sheet of Ixonos Management Invest Oy have been integrated in the consolidated financial statements since the beginning of the arrangement. In the consolidated financial statements, the Ixonos Plc shares that Ixonos Management Invest Oy holds have been deducted from the Group's equity. In the consolidated financial statements the ownership of the management in Ixonos Management Invest Oy is presented as non-controlling interests.

The incentive plan is still in force. The system will be annulled on July 1, 2015. The loan that Ixonos has granted will be paid back in its entirety no later than July 1, 2015, when the incentive plan will be dissolved if the company has cash and cash equivalents.

SEGMENT REPORTING. Ixonos reports its business operations in one segment.

FOREIGN CURRENCY ITEMS.
The figures related to the result and financial status of the Group's units are determined in the currency of each unit's main operating environment, i.e. in the unit's functional currency. The consolidated financial statements are presented in euros. The euro is the functional and presentation currency of the Group's parent company.

Foreign currency transactions are recorded in the functional currency using the exchange rate prevailing on the transaction dates. Monetary items in foreign currencies are translated into the functional currency using the exchange rates prevailing on the closing date. Non-monetary items that are denominated in a foreign currency and measured at fair value are translated into the functional currency using the exchange rates prevailing on the measurement date. Other non-monetary items are measured at the exchange rate prevailing on the transaction date.

Gains and losses resulting from transactions in a foreign currency and from the translation of monetary items are recognised as financial items in the income statement. Foreign exchange gains and losses related to business operations are included in the corresponding items above the operating profit.

The profit and loss items in the income statements of the foreign Group companies have been translated to euros using the average rate during the financial period. Changing the profit of the financial period and the extensive result with various exchange rates in the profit and loss account and in the extensive profit and loss account and the balance causes a translation difference to the equity, which is recognised in the other items of the extensive result.

GOODWILL. Goodwill represents the excess of the cost over the Group's share of the net fair value, at the time of acquisition, of identifiable assets, liabilities and conditional liabilities of companies acquired after January 1, 2004.

Goodwill is allocated to cash generating units. It is not subject to depreciation. Goodwill is tested for impairment annually and whenever an event or a change in circumstances indicates that a carrying amount may not be recoverable.

OTHER INTANGIBLE ASSETS. Intangible assets acquired in a business combination are capitalised at their fair value at the time of acquisition. Intangible assets deriving from an integration of Group operations normally pertain to customer relationships and contracts with known useful lives.

Other intangible assets are recognised originally in the acquisition cost of the balance sheet in case the acquisition cost can be defined reliably and it is likely that benefit from the asset item will benefit the Group.

An intangible asset with a limited useful life is recorded as a depreciation expense on a straight-line basis through profit and loss during its known or estimated useful life.

The Group does not have other intangible assets with unlimited useful life.

RESEARCH AND DEVELOPMENT COSTS. Research costs are recorded as expenses in the income statement. Development costs arising from the design of new or more advanced products are capitalised as intangible assets when the product is technically feasible, can be exploited commercially and is expected to bring future financial benefits that cover those development costs. Intangible assets are measured at cost less depreciation and impairment losses. The useful lives of capitalised development expenses is 3–4 years, during which time the capitalised expenses are entered as depreciation costs on a straight-line basis.

Previously expensed development expenditure will not be capitalised.

The group's R&D expenses during the financial period 2014 were EUR 2.4 million (2013: EUR 1.2 million). The profit for the financial period includes EUR 1.6 million (2013: EUR 1.2 million) in R&D expenses. A total of EUR 0.8 million (2013: EUR 0.0 million) in R&D expenses was capitalised during the financial period. The R&D expenses during 2014 were primarily associated to the cloud and industrial internet business areas.

PROPERTY, PLANT AND EQUIPMENT. Machinery and equipment form the major part of the company's tangible assets. They have been recognised in the balance sheet at historical cost less accrued depreciation and any impairment.

Gains or losses from the sales or transfer of tangible assets are entered into the income statement.

THE GROUP OBSERVES THE FOLLOWING DEPRECIATION CONVENTIONS:

Intangible assets acquired through business combinations	5 - 10 years straight-line
Intangible rights	3 - 4 years straight-line
Internally generated intangible assets	3 - 4 years straight-line
Other long-term expenses	3 - 5 years straight-line
Machinery and equipment	3 - 5 years straight-line
Machinery acquired through financial leasing	3 - 5 years straight-line
Intangible assets acquired through financial leasing	3 - 5 years straight-line

GOVERNMENT GRANTS. Government grants are entered as a reduction of the carrying amount of other intangible assets when it is fairly certain that the grants will be received and that the Group meets the conditions attached to them. The grants are recognised in the income statement as lower depreciation on the respective asset during its useful life. Grants received as compensation for costs already realised are recorded through profit and loss for the period during which the right to the grant arises. Such grants are recorded in other operating income or netting expenses. The amount of the government grants are presented in the note 5.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS. On each balance sheet date, the Group assesses whether there are indications that any asset has been impaired. If such indications exist, the recoverable amount of the asset is assessed. In addition, the recoverable amount of goodwill as well as of intangible assets with infinite useful lives is assessed annually, regardless of whether there are indications of impairment. The impairment tests are performed for cash generating unit.

The recoverable amount is either the asset's fair value less costs to sell or its value in use, whichever is higher. The value in use is defined as the projected future net cash flow for the asset or the cash generating unit, discounted to its present value. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money as well as of the risks specific to the asset.

An impairment loss is recognised if the balance sheet value of an asset exceeds the recoverable amount for the asset. Losses from impairment are entered into the income statement. When an impairment loss is entered, the useful life of the depreciated asset is re-estimated. Any other depreciation loss recognised from any other property item than goodwill is cancelled in the case that there has been a change in those estimations that were used when defining the cash amount from the asset item. However, such a reversal will not exceed the carrying amount that would prevail if no impairment loss had been recognised. An impairment loss entered for goodwill is never reversed.

LEASES. A lease of property, plant and equipment where a substantial part of the risks and rewards of ownership lies with the Group is classified as a finance lease. Assets acquired through finance leases are recorded in the balance sheet when the lease period begins, either at the fair value of the asset or at the lower present value of the minimum lease payments. Assets acquired through finance leases are depreciated over their useful lives or a shorter lease term. Leases to be paid are divided into financial cost and a decrease in debt during the lease term so that the interest rate on the remaining debt is the same each financial period.

Leases in which the risks and rewards of ownership remain with the lessor are treated as other leases. Rent paid under other leases is recognised as an expense in the income statement in equal amounts over the term of the lease.

FINANCIAL ASSETS AND LIABILITIES. The Group has classified its financial assets into the following categories: financial assets recorded at fair value through profit and loss; investments held to maturity; loans and other receivables; and financial assets available for sale. The classification, which is performed at the time of the original acquisition, is based on the purpose of acquiring the financial asset.

Financial assets are initially recorded at fair value. Transaction costs are included in the original carrying amount of the financial assets when the item is not measured at fair value through profit and loss. All purchases and sales of financing assets are recognised on the date of trade.

Financial assets are derecognised when the Group has lost its contractual right to the cash flow or transferred a substantial part of the risks and rewards outside the Group. The definition of the financing assets and liabilities in note 24.

Financial assets and liabilities recorded at fair value through profit and loss. The Group records interest rate swaps at fair value through profit and loss. They are recognised in the balance sheet as current assets or liabilities. Changes in fair value are entered in the income statement as financial income or expenses. The fair value of swaps has been calculated by discounting the future cash flows. The agreements are presented in the financing assets or liabilities of the balance and they were acquired for protective purposes. The company does not apply hedge accounting.

Loans and other receivables. After their initial recording, loans and other receivables are measured at amortised cost using the effective interest rate method. Loans and other receivables include trade and other receivables. They are included in current and non-current assets. The category includes sales and other receivables. Trade receivables are recorded at their original value. The Group estimates the amount of receivables in each financial statement and records an impairment if there is objective evidence that individual items have been impaired. Such evidence includes the debtor's considerable financial problems, high probability of bankruptcy and defaulted or significantly overdue payments.

Impairment is recognised as an expense in the income statement.

Available-for-sale investments. The Group classifies shares in housing companies as well as other shares, such as golf shares, as available-for-sale investments. These shares are unlisted and their fair value cannot be reliably determined. Consequently, such investments are measured at cost.

On each closing date, the Group assesses whether there is objective evidence that any individual financial asset or any group of financial assets has been impaired. If such evidence exists, the impairment is entered as an expense in the income statement.

Cash and cash equivalents. Cash and cash equivalents comprise cash as well as bank deposits payable on demand.

Financial liabilities. Financial liabilities are initially recognised at the original value corresponding to the consideration received. Transaction costs are included in the original carrying amount of the financial liability. Non-derivative financial liabilities are subsequently measured at amortised cost using the effective interest rate method. The non-current and current liabilities include financial liabilities. Borrowing costs are recorded as interest expense for the period during which they are incurred.

PENSION PLANS. The Group currently uses defined-contribution pension plans only. The payments for these plans are expensed in the income statement for the period during which they occur.

The Group has no legal or constructive obligation to make additional contributions should the recipient of the contributions be unable to pay the relevant retirement benefits.

SHARE-BASED PAYMENTS. The Group operates incentive schemes in which payments are made as equity instruments. Any benefits admitted in the arrangements will be appreciated to a current value at the moment of their admission and recognised as cost in the financial statement evenly during the generation period. The impact of these arrangements on the financial results is shown in the income statement under employee benefit costs.

The cost determined at the time of granting options is based on the Group's estimate of the amount of options that are expected to be vested at the end of the investing period. The Group updates its assumption of the final amount of options on each closing date. Changes in the estimates are recorded in the income statement. The fair value of the option arrangements is determined according to the Black–Scholes option pricing model.

When options are exercised, the proceeds are recognised in shareholders' equity, net of any transaction costs. The proceeds from exercise of options granted have been recognised in the share capital and in the share premium reserve, in accordance with the terms of the option plan.

The former President and CEO of the company as well as nine other members of the Group's management were awarded a share-based incentive plan during the period. The plan was carried out through Ixonos Management Invest Oy. 93,526 shares were awarded to members of management. The subscription price, EUR 2.44 per share, corresponds to the average price of Ixonos shares between August 5 and August 11, 2010. Transfer of shares owned by Ixonos Management Invest is restricted during the term of the plan. Should the employee's employment with the Group company end due to a reason arising from the employee and before the plan is dissolved, his or her share may be redeemed before dissolution without providing him or her with financial benefit through the plan. The incentive system will be annulled on July 1, 2015.

INCOME TAXES. The tax expense in the consolidated income statement consists of performance-based tax corresponding to the result of Group companies for the period and based on the taxable income recognised by each Group company according to local tax regulations as well as of tax adjustments for previous periods and of changes in deferred tax.

Deferred tax is recognised for all temporary differences between carrying amounts and taxable values. However, a deferred tax liability is not recorded if it arises from initial recognition of an asset or liability in a transaction other than a business combination and this recognition does not affect the accounting result or the taxable income at the time of carrying out the transaction. Deferred tax is not recognised for goodwill that is not tax-deductible. Deferred tax on retained earnings of subsidiaries is not recognised for the portion of the difference that is not estimated to dissolve during the foreseeable future.

Deferred tax is determined using the tax rates enacted by the closing date.

Deferred tax assets are recognised to the extent that future taxable profit against which the temporary differences can be utilised is likely to become available or based on judgement to a lower value.

EQUITY, DIVIDENDS AND TREASURY SHARES. The dividend distribution proposal of the Board of Directors is not recorded in the financial statements.

When purchasing Ixonos Plc's own shares, the amount paid for them will be recognised as deduction from equity.

REVENUE RECOGNITION. Turnover includes income from services provided. It is measured at the fair value of the consideration received, and it is corrected for indirect taxes as well as for discounts. Turnover is recognized for the financial period during which the service is provided. The revenues from services are entered as income for the financial period when the service is provided.

If the final result of a long-term project can be evaluated reliably, any income and costs from the project are recognised as income and costs during the project. The Group uses an income entry method according to the production degree for defining the income and costs of each period. The stage of completion for a specific contract is defined as the percentage of completed working hours at the time of review in proportion to the estimated total working hours and as the share of the costs due to work completed at the time of review in proportion to the estimated total costs for the contract the total expenses for a contract are likely to exceed the total income from the contract, the expected loss is expensed immediately.

INTEREST AND DIVIDEND INCOME. Interest income is recorded using the effective interest rate method. Dividend income is recorded when the right to receive dividend is established.

OTHER OPERATING INCOME. Other operating income includes gains from the sale of assets as well as other income unrelated to the sales of services, such as government grants.

ACCOUNTING POLICIES REQUIRING CONSIDERATION BY MANAGEMENT; ESSENTIAL UNCERTAINTY FACTORS RELATED TO ESTIMATIONS. Preparing the financial statements requires the company's management to make estimations and assumptions that affect the amounts of assets, liabilities, income and expenses recorded in the financial statements as well as the amount of contingent assets and liabilities presented in the accompanying notes. Although these estimations are based on the management's best judgment of current events and actions, actual results may differ from estimates.

The Group's management exercises judgment in selecting and applying accounting policies. This particularly concerns cases in which the IFRS norms in force provide mutually alternative recording, measurement or presentation methods. The most essential estimations and assumptions in the context of the financial statements are related to impairment testing, cost allocation, recognition of income from construction contracts.

UNCERTAINTIES RELATED TO ESTIMATIONS. The estimates made when preparing the financial statements are based on the management's best assumptions at that time. Previous experience is applied, and such assumptions regarding the future as are considered the most probable at the time of preparing the financial statements are used. These assumptions relate to, among others, the expected development of the Group's economic operating environment in terms of sales and cost-level. The Group and its business units regularly use various internal and external information sources to monitor the realisation of the estimates and assumptions as well as any changes in background factors. Changes in estimates and assumptions are entered into the accounts for the period during which they occur and for all subsequent periods.

Such critical estimations of the future, as well as essential uncertainty factors related to estimations on the closing date, as pose a significant risk of substantial changes in the carrying amounts of the Group's assets and liabilities within the next financial period are disclosed below. The Group's management has considered these portions of the financial statements the most central ones, as their related accounting policies are the most complex from the Group's viewpoint and as applying them requires the most use of estimations and assumptions, such as when measuring asset items. These areas of the financial statements are also the ones in which any changes in the assumptions and estimations used are assumed to have the greatest impact.

IMPAIRMENT TESTING. The Group annually tests goodwill and intangible assets for potential impairment. Any indicators of impairment are evaluated according to the above accounting policies. The recoverable amounts for the cash generating units have been defined using calculations based on value in use. These calculations require the use of estimations. Further information on impairment testing is presented in note 13. Goodwill at the end of 2014 was EUR 10.8 million (note 13).

RECOGNITION OF CONSTRUCTION CONTRACTS. The Group uses the stage of completion method in recognizing turnover from construction contracts. The management estimates the final result of the project regularly. The income entry according to the preparaion is based on the total hourly estimates the project. Recognised earnings and profits may change if the estimate of the total income from and expenses for a contract is adjusted. The cumulative effect of adjusted estimates is recognised for the period during which the change becomes probable and can be estimated reliably. The turnover for 2014 includes EUR 0.0 million based on the stage of completion of construction contracts (2013: 2.7 million).

CAPITALISATION OF DEVELOPMENT COSTS. The Group recognises the product development costs that meet the activation requirements. The board estimates the fulfilliment of the activation criteria and the progress of product development projects regularly.

DEFERRED TAX ASSETS. The Group has deferred tax assets EUR 4.9 million in its balance sheet. The Group made a write-off of EUR 0.6 million related to its tax assets in December 2014 as the period of negative results was prolonged in relation to previous expectations. EUR 4.4 million of the tax assets arises from Finnish companies from the years 2012-2014. According to the current tax regulations in Finland, Ixonos has time to utilize tax assets up to 2024.

There are EUR 0.7 million of non-booked tax assets at the closing of 2014. The company has evaluated the utilization of deferred tax assets and decided in accordance with the principle of prudence, to limit the amount of receivables in the balance sheet. As per the calculations of the company the estimated future profits of the company up to year 2024 would be sufficient at current tax rates to cover a tax receivable twice the size of the current one (note 15).

2. Segment-information

The business operations are reported to the Board of Directors in one operational segment.

More than 10 per cent of the turnover accrues from two external customers during the financial periods 2014. This customers' proportion of the Group's turnover of year 2014 was less than 50 per cent. More than 10 per cent of the turnover accrues from one external customer during the financial period 2013. This customer's proportion of the Group's turnover of year 2013 was less than 25 per cent.

Geographical information. The Group operates in three geographical areas: Europe, America and Asia.

Turnover for the geographical areas is presented according to the location of the customers. The assets for the geographical areas are presented according to the location of the assets. Proceeds from sales to external customers are determined according to IFRS.

2014	Turnover	Non-current assets
1 000 EUR		
Europe	17 490	17 700
from which Finland	15 728	17 652
America	5 955	48
Asia	494	0
Group total	**23 939**	**17 748**

2013	Turnover	Non-current assets
1 000 EUR		
Europe	23 999	19 037
from which Finland	20 061	18 912
America	6 247	32
Asia	3 151	0
Group total	**33 397**	**19 069**

3. Acquired business operations

There has not been any acquired business operations during 2014 ja 2013.

4. Turnover and construction contracts

	2014	2013
Turnover	23 939	33 397
Revenue from services	23 770	30 738
Revenue recognised for construction contracts	169	2 659
Revenue recognised for contracts in progress	0	1 069

Advanced payments EUR 0 in 2014 have been received from construction contracts in progress (2013: EUR 0).

5. Other operating income

	2014	2013
Gains on sales of fixed assets	16	7
Government grants	7	72
Other items	14	71
Total	37	150

Group has received government grants totalled EUR 45 thousand during the financial year 2014 (2013: EUR 381 thousand).

Government grants relates mainly to product development. Part of the grants has been recorded to profit and loss as expense reduction, mainly to personnel expenses.

6. Materials and services

	2014	2013
Materials	-592	-315
Services	-1 871	-2 608
Total	-2 463	-2 923

7. Employee benefit expenses

	2014	2013
Salaries and remuneration of the President and CEO and the Board of Directors	-467	-519
Option rights	34	-75
Salaries and remuneration	-14 946	-22 331
Total	-15 379	-22 925
Defined contribution pension costs	-2 601	-4 243
Other personnel expenses	-404	-1 393
Personnel expenses in the income statement	-18 384	-28 561

Related party transactions (note 29).

8. Personnel

Average employed	2014	2013
Specialists	267	424
Administrative and sales personnel	53	81
Total	320	505
- from which working outside Finland	65	137

Employed at the end of the period	2014	2013
Specialists	211	372
Administrative and sales personnel	53	70
Total	264	442
-from which working outside Finland	34	130

9. Depreciation and impairment

	2014	2013
Impairment of goodwill	0	-1 600
Depreciation and amortisation of intangible assets acquired in business combinations	-68	-65
Depreciation and amortisation of intangible assets	-1 321	-1 061
Impairment of intangible assets	-3	0
Depreciation and amortisation of property, plant and equipment	-1 396	-1 659
Total	-2 788	-4 385

10. Other operating expenses

	2014	2013
Employee-related expenses	-442	-773
Premises expenses	-2 465	-3 500
Machinery and equipment expenses	-1 889	-1 335
Travel expenses	-714	-1 130
Marketing and sales expenses	-206	-382
Credit losses	-64	-350
Other operating expenses	-1 985	-3 608
Total	-7 765	-11 078

The income statement includes EUR 1,585 thousand (2013: EUR 1,161 thousand) in expensed R&D costs.

Auditor's fees	2014	2013
PricewaterhouseCoopers Oy, KHT Oy Ab		
Audit fee	-76	-60
Tax advice	-42	-43
Other services	-36	-183
Total	-154	-286
Others		
Audit fee	-4	-17
Total	-4	-17

11. Financial income and expenses

	2014	2013
Interest income from loans and other receivables	1	5
Foreign exchange gains	328	235
Other financial income	0	92
Total financial income	329	332
Interest expense for borrowings measured at amortised cost	-873	-666
Value changes in financial assets recorded at fair value through profit and loss		
- Derivative interest rate contracts	-13	40
Foreign exchange losses	-86	-180
Interest on financial leasing debt	-43	-82
Other financial expenses	-367	-334
Total financial expenses	-1 383	-1 222
Total financial income and expenses	-1 054	-890

12. Income tax

Income tax in the income statement	2014	2013
Tax for the period	-206	-394
Tax for previous periods	-4	146
Deferred tax	420	2 102
Total	210	1 854

Synchronisation of the Group's tax rate with Finland's tax rate	2014	2013
Profit before tax	-8 478	-14 289
Income tax according to Finland's tax rate	1 695	3 501
Other non-deductible items	-27	666
Non-taxble items	32	0
Tax for previous periods	-63	146
Different tax rate of foreign subsidiaries	-21	-30
Unrecorded deferred tax assets from losses	-715	-3 327
Change in tax rate to 20 per cent (*	0	845
Recorded deferred tax assets write-down	-625	0
Other	-66	51
Consolidated income tax	210	1 854

*) The company income tax rate in Finland is 20 per cent from 1.1.2014 onwards.

For more information on deferred tax assets and liabilities as well as tax losses are presented in note 15.

13. Intangible assets

Intangible assets in 2014	Goodwill	Internally generated intangible assets	Other intangible assets	Total
Acquisition cost at January 1, 2014	33 639	3 645	15 351	52 635
Additions	0	785	277	1 062
Disposals and transfers	0	0	-5	-5
Exchange rate difference	0	0	0	0
Acquisition cost at December 31, 2014	33 639	4 430	15 623	53 692
Accumulated depreciation and impairment at January 1, 2014	-22 792	-2 932	-14 479	-40 203
Depreciation for the period	0	-793	-595	-1 388
Impairment	0	0	0	0
Exchange rate difference	0	0	0	0
Accumulated depreciation and impairment at December 31, 2014	-22 792	-3 725	-15 074	-41 591
Book value at January 1, 2014	10 847	713	872	12 432
Book value at December 31, 2014	10 847	705	549	12 100

Intangible assets in 2013	Goodwill	Internally generated intangible assets	Other intangible assets	Total
Acquisition cost at January 1, 2013	33 639	3 645	15 294	52 578
Additions	0	0	63	63
Disposals and transfers	0	0	0	0
Exchange rate difference	0	0	-6	-6
Acquisition cost at December 31, 2013	33 639	3 645	15 351	52 635
Accumulated depreciation and impairment at January 1, 2013	-21 192	-2 463	-13 829	-37 484
Depreciation for the period	0	-469	-656	-1 125
Impairment	-1 600	0	0	-1 600
Exchange rate difference	0	0	6	6
Accumulated depreciation and impairment at December 31, 2013	-22 792	-2 932	-14 479	-40 203
Book value at January 1, 2013	12 447	1 182	1 465	15 094
Book value at December 31, 2013	10 847	713	872	12 432

Other intangible assets comprise intangible rights formed through corporate acquisitions and license fees.

Goodwill impairment testing. Goodwill is attributed to the one cash generating unit (CGU) starting from November 1, 2013.

Ixonos made impairment test for goodwill on December 31, 2014. The impairment test showed a surplus of EUR 11.9 million in discounted cash flow compared to tested amount and no impairment was recognized. The carrying amount of goodwill is EUR 10.8 million.

The present value of the cash flow calculation, EUR 22.9 million corresponds fairly well with the sum of the company's financial liabilities (EUR 17.3 million) and the market price of the shares (EUR 6,0 million) on December 31, 2014.

The Company has one common Sales & Marketing function and common production and product development functions. These functions will serve all chosen customers. The company prepares its budgets and forecasts as one cash generating unit.

The impairment test of the Company is based on value in use. The forecasting period used in impairment testing at December 31, 2014 included forecasted years 2015 to 2018.

In the forecast the year 2015 is a year of consolidation and stabilization with relatively small growth, on average 16.5 per cent. For the years 2016-2018 the company expects to reach stronger growth as digitalization will impact an ever growing part of the business community. The forecasted EBIT level is on average 6.8 per cent. Even though the company's longer term target level for EBIT is10 % the uncertainty of forecasts has been taken into consideration and therefore the average, normalized EBIT level has been used in the calculation. The impairment test is done by comparing the carrying value of assets to present value of future cash flow taking into consideration forecasted cash flows during the forecast period, discount factor and growth rate used in calculating terminal value. The discount factor used is 10 per cent p.a. and growth rate used in calculating terminal value is 1 per cent p.a. When calculating the terminal value the average EBIT percentage level for the period was used.

The following units have been attriduted goodwill (starting from November 1, 2013 only one unit):

	One Ixonos		Total
Goodwill 1.1.2014			10 847
Impairment			0
Goodwill 31.12.2014			**10 847**

	One Ixonos		Total
Goodwill 1.1.2013			12 447
Impairment			-1 600
Goodwill 31.12.2013			**10 847**

Key assumptions used when testing goodwill	**2014**	**2013**
Forecast period	4	4
Annual growth in turnover	17 %	5 %
Growth factor of cash flows after the forecast period	1 %	1 %
Discount rate	10 %	12 %

The impairment test is most sensitive besides to the cash flow forecast itself and the assumptions behind it, to the growth rate used when calculating the terminal value and the discount factor. If the growth rate -16 per cent had been used instead of 1 per cent, the tested value would have been equal to the discounted cash flow. If the discount factor had been 19 per cent instead of 10 per cent, the tested value would have been equal to the discounted cash flow. If the EBIT percentage used had been 3.1 per cent instead of 6.8 per cent, the tested value would have been equal to the discounted cash flow.

Terminal value increase rate	Discounting factor	Average EBIT
-18 %	21.0 %	3.1 %

At December 31, 2014 value in use exceeds carrying value by EUR 11.9 million.

14. Tangible assets and other assets

Tangible Assets 2014	Machinery and equipment	Other tangible assets	Available-for-sale investments	Total
Acquisition cost at January 1, 2014	**10 892**	**27**	**14**	**10 933**
Additions	73	4	1	78
Disposals and transfers	-95	0	-12	-107
Exchange rate difference	54	3	0	57
Acquisition cost at December 31, 2014	**10 924**	**34**	**3**	**10 962**
Accumulated depreciation at January 1, 2014	**-8 813**	**-1**	**0**	**-8 814**
Depreciation for the period	-1 396	-3	0	-1 399
Exchange rate difference	-48	0	0	-48
Accumulated depreciation at December 31, 2014	**-10 257**	**-3**	**0**	**-10 260**
Book value at January 1, 2014	**2 079**	**27**	**14**	**2 120**
Book value at December 31, 2014	**667**	**31**	**3**	**701**

Tangible Assets 2013	Machinery and equipment	Other tangible assets	Available-for-sale investments	Total
Acquisition cost at January 1, 2013	**10 561**	**11**	**19**	**10 592**
Additions	378	17	0	395
Disposals and transfers	-38	0	-5	-43
Exchange rate difference	-9	-1	0	-10
Acquisition cost at December 31, 2013	**10 892**	**27**	**14**	**10 933**
Accumulated depreciation at January 1, 2013	**-7 162**	**0**	**0**	**-7 162**
Depreciation for the period	-1 659	-1	0	-1 660
Exchange rate difference	8	0	0	8
Accumulated depreciation at December 31, 2013	**-8 813**	**-1**	**0**	**-8 814**
Book value at January 1, 2013	**3 399**	**11**	**19**	**3 430**
Book value at December 31, 2013	**2 079**	**27**	**14**	**2 120**

15. Deferred tax assets and liabilities

Deferred tax assets 2014	1.1.2014	In the income statement	31.12.2014
Confirmed losses	4 517	0	4 517
Other items	0	430	430
Total	**4 517**	**430**	**4 947**

Deferred tax assets 2013	1.1.2013	In the income statement	31.12.2013
Confirmed losses	2 780	1 737	4 517
Other items	0	0	0
Total	**2 780**	**1 737**	**4 517**

Deferred tax liabilities 2014	1.1.2014	In the income statement	31.12.2014
Other items	215	-4	211
Total	**215**	**-4**	**211**

Deferred tax liabilities 2013	1.1.2013	In the income statement	31.12.2013
Other items	576	-361	215
Total	**576**	**-361**	**215**

The Group has deferred tax assets EUR 4.9 million in its balance sheet. The group made a write-off of EUR 0.6 million related to its tax assets in December 2014 as the period of negative results was prolonged in relation to previous expectations.

EUR 4.4 million of the tax assets arises from Finnish companies from the years 2012-2014. According to the current tax regulations in Finland, Ixonos has time to utilize tax assets up to 2024.

The subsidiary in UK carries EUR 0.5 million deferred tax assets. The subsidiary was established in October 2011. The subsidiary in UK is part of Ixonos' new, design oriented strategy. The validity of deferred tax assets in UK has no time limit. Ixonos views that the subsidiary has probable possibilities to utilize tax assets during the time.

There are EUR 0.7 million of non-booked tax assets at the closing of 2014. The company has evaluated the utilization of deferred tax assets and decided in accordance with the principle of prudence, to limit the amount of receivables in the balance sheet.

As per the calculations of the company the estimated future profits of the company up to year 2024 would be sufficient at current tax rates to cover a tax receivable twice the size of the current one.

16. Trade and other receivables

Current receivables	2014	2013
Trade receivables	3 273	4 984
Other receivables	621	1 294
Total	3 894	6 278

Other receivables	2014	2013
Other receivables	225	631
Accruals	396	663
Total	621	1 294

Breakdown of trade receivables by maturity

	2014	Impairment loss	Net 2014
Not due for payment	1 620	0	1 620
Due since 1–30 days	58	-3	55
Due since 31–60 days	1 355	-2	1 353
Due since 61–90 days	193	-3	190
Due since 91–180 days	3	-2	1
Due since more than 180 days	463	-409	54
Total	3 692	-419	3 273

	2013	Impairment loss	Net 2013
Not due for payment	2 705	-5	2 700
Due since 1–30 days	483	-21	462
Due since 31–60 days	386	-3	383
Due since 61–90 days	312	-2	310
Due since 91–180 days	969	-32	937
Due since more than 180 days	497	-305	192
Total	5 352	-368	4 984

The financial assets do not include due items.

The current receivables include EUR 0 thousand (2013: EUR 236 thousand) in receivables for construction contracts.

The company has written off EUR 11 thousand (2013: EUR 350 thousand) in credit losses during the period.

The methods used to estimate the fair value of the receivables are disclosed in note 24.

Credit risk management is part of Ixonos' risk management. Of the company's turnover, 75 per cent is derived from the company's 20 largest customers. Ixonos' major customers are companies based or operating in Finland in the telecommunications, information technology, banking and insurance sectors and in public administration. Majority of these customers are billed in euros. The receivables do not include any significant concentration of credit risk. The counterparties in external financing transactions are the major Nordic banks.

In order to reduce the turnaround time of its receivables the group sells most of its Finnish trade receivables. Out of the trade receivables in the balance sheet on December 31, 2014, the group sold EUR 1.3 million (2013: EUR 2.2 million) to the financing companies during the beginning of January 2015. During 2014 EUR 12.8 million (2013: EUR 14.2 million) receivables were sold.

17. Cash and cash equivalents

	2014	2013
Cash and cash equivalents	255	496

The cash and cash equivalents comprise cash on hand as well as bank deposits in current accounts.

18. Equity

	Number of shares	Share capital	Share premium reserve	Invested non-restricted equity fund	Total
1.1.2014	75 858 359	585	219	28 794	29 598
Rights issue	30 455 177	0	0	3 655	3 655
Expenses for equity procurement	0	0	0	-104	-104
31.12.2014	**106 313 536**	**585**	**219**	**32 345**	**33 149**

In November 2014 directed rights issue 15,255,177 shares were issued.

In April 2014 directed rights issue 15,200,000 shares were issued.

	Number of shares	Share capital	Share premium reserve	Invested non-restricted equity fund	Total
1.1.2013	15 102 484	585	219	20 247	21 051
Rights issue	60 755 875	0	0	9 045	9 045
Expenses for equity procurement	0	0	0	-498	-498
31.12.2013	**75 858 359**	**585**	**219**	**28 794**	**29 598**

In February 2013 rights issue 20,136,645 shares were issued.

In November 2013 the shares amounting 35,239,129 were de-split in 5 to 1.

In November 2013 rights issue 68,810,534 shares were issued.

Ixonos Plc has one class of shares. The share capital has been paid in full. Pursuant to the Articles of Association, there is no maximum to the number of shares or the share capital. Ixonos Plc does not hold any treasury shares. Shareholding of Ixonos Management Invest Oy, 93,526 shares, has eliminated in consolidation of group financial statements.

Descriptions of reserves:

Share premium reserve. The income from exercise of options granted under Finland's repealed Companies Act (734/1978) has been recorded in share capital and in the share premium reserve according to the terms of the plans, net of transaction costs.

Invested non-restricted equity fund. The invested non-restricted equity fund includes other equity-type investments as well as the subscription price of shares to the extent that a specific decision to recognise it in share capital has not been made. The income from exercise of options granted after September 1, 2006, when Finland's new Limited Liability Companies Act (624/2006) became effective, is recorded entirely in the invested non-restricted equity fund.

19. Provisions

	2014	2013
Long-term provisions	0	0
Short-term provisions	21	87
Total	**21**	**87**

	Restructuring provision
1.1.2014	87
Decrease in provisions	-66
31.12.2013	21

	Restructuring provision
1.1.2013	1 066
Decrease in provisionss	-979
31.12.2013	87

Decrease in provisions is related to restructuring premises and permanent lay off costs.

20. Non-current liabilities

	Other loans	Deferred tax liabilities	Other non-current liabilities	Total
Non-current liabilities at January 1, 2014	**0**	**215**	**331**	**546**
New loans from financial institutions	3 500	0	0	3 500
Change in finance leasing debt	0	0	-133	-133
Deferred tax liabilities	0	-4	0	-4
Non-current liabilities at December 31, 2014	**3 500**	**211**	**198**	**3 909**

	Other loans	Deferred tax liabilities	Other non-current liabilities	Total
Non-current liabilities at January 1, 2013	**0**	**576**	**945**	**1 521**
New loans from financial institutions	0	0	0	0
Change in finance leasing debt	0	0	-614	-614
Deferred tax liabilities	0	-361	0	-361
Non-current liabilities at December 31, 2013	**0**	**215**	**331**	**546**

The methods used to estimate the fair values of liabilities are disclosed in note 24.

21. Financial liabilities

Non-current	2014	2013
Borrowings from financial institutions	3 500	0
Financial leasing debt	198	331
Non-current financial liabilities	3 698	331

Current	2014	2013
Borrowings from financial institutions	10 459	9 599
Other loans	2 300	3 500
Financial leasing debt	809	834
Financial liabilities recorded at fair value through profit and loss (*	60	47
Current financial liabilities	13 628	13 980

*) The financial liabilities recorded at fair value through profit and loss are derivatives. The balance is included in other liabilities.

The methods used to estimate the fair values of financial liabilities are disclosed in note 24.

Instalment scheme for interest-bearing borrowings from financial institutions were at December 31, 2014:

Borrowings from financial institutions at 31.12.2014	-13 879
Instalments 2015	-5 908
Instalments 2016	-1 621
Instalments 2017	-2 796
Instalments 2018	-3 554

During the period, the average interest rate on the borrowings from financial institutions was 6.53 per cent.

The bank accounts overdrafts in use EUR 2,380 thousand on December 31, 2014 have not included in the specification.

At December 31, 2014 Ixonos did not fulfill the terms of loan covenants. Following the IFRS regulations loans under the covenants have been disclosured as short term loans. More information about covenant terms can be found in note 33.

22. Trade and other payables

Current liabilities	2014	2013
Trade payables	1 050	1 792
Tax liabilities	75	172
Borrowings from financial institutions	10 459	9 599
Other loans	2 300	3 500
Financial leasing liabilities	809	834
Provisions	21	87
Other liabilities	1 501	1 383
Accrued expenses	2 989	4 260
Total	19 204	21 626

Breakdown of other liabilities	2014	2013
Withholding tax debt	593	495
Social security contribution debt	95	216
Value added tax debt	750	604
Other liabilities	63	68
Total other liabilities	1 501	1 383

Breakdown of accrued expenses	2014	2013
Provision for holiday pay	1 978	3 250
Pension insurance contribution liabilities	61	45
Other accrued expenses	950	965
Total accrued expenses	2 989	4 260

23. Cash flow statement

	2014	2013
Change in working capital	-113	782
Trade receivables and other receivables	2 351	4 973
Trade payables and other payables	-2 464	-4 191

24. Book and fair values of financial assets and liabilities

METHODS USED TO ESTIMATE FAIR VALUE

Financial liabilities. Liabilities are discounted at the rate the Group would pay for an equivalent borrowing on the closing date. As most interest-bearing liabilities have floating rates, the effect of discounting is not material.

Trade and other receivables. As the terms of payment for trade and other receivables are short, the effect of discounting is not material. Consequently, the original values of trade and other receivables correspond to their fair values. Note 16 contains a breakdown of trade receivables by maturity.

Other liabilities. Other liabilities, i.e. trade payables and other non-interest-bearing liabilities, are recorded at their original values. Considering the maturity of such liabilities, the effect of discounting is not material. Accordingly, the original values correspond to the fair values.

Nominal values of derivative contracts, 1000 EUR

Interest rate swaps	2014	2013
Falling due within 1 year	0	0
Falling due within 1–5 years	4 941	4 941
Falling due after 5 years	0	0
Total	4 941	4 941
Fair value	60	47

All interest rate swaps are classified at level 2.

The fair value of a financial instrument that is not traded in an active market is determined by using valuation techniques. These techniques maximise the use of observable market data where it is available and they rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is at level 2.

25. Earnings per share (*

	2014	2013
Profit attributable to equity holders of the parent company, 1000 EUR	-8 249	-12 511
Number of shares during the period, adjusted for issues, average	96 651 722	19 131 798
Earnings per share, basic, EUR	-0,09	-0,65
Diluted weighted average number of shares during the period	96 651 722	19 131 798
Earnings per share, diluted, EUR	-0,09	-0,65
Dilution effect, number of shares	9 661 814	56 726 561

*) The number of the shares in 2014 has been affected by rights issues in March and April.

At December 31, 2014 market value of the share is below the option exercise price thus no dilution is recorded.

26. Dividend per share

The Board of Directors proposes to the Annual General Meeting that the distributable funds be left in shareholders' equity and that no dividend for the financial period 2014 be paid to shareholders. No dividend for the financial period 2013 was paid to shareholders.

27. Leasing and rental liabilities

Operating leasing liabilities	2014	2013
Operating leasing liabilities, 12 months	123	225
Operating leasing liabilities, more than 12 months but less than 60 months	66	87
Total	189	312

The company's leases give the company a temporary right to use the machinery and equipment included in the leases. The company has no leasing liabilities with a maturity of more than 60 months.

Rental and other liabilities	2014	2013
Rental and other liabilities, 12 months	2 066	2 052
Rental and other liabilities, more than 12 months but less than 60 months	3 239	3 206
Rental and other liabilities, more than 60 months	0	0
Total	5 305	5 258

The rental liabilities are mainly due to the rental liability arising from the company's head office. The lease has a fixed term extending until December 31, 2018.

MAJOR LEASES

Kiinteistö Oy Opus 1 (Hitsaajankatu 24): The lease has a fixed term extending until December 31, 2018.

The rent consists of absolute net rent as well as maintenance charges. It is linked to the cost-of-living index (1951:10=100) produced by Statistics Finland.

The rent adjustments are based on rent excluding value added tax. The rent is adjusted twice annually. The term of notice is six months for both the lessor and the lessee. The first day on which notice can be given is June 30, 2018. The rent, excluding tax, is EUR 67,750.55 per month from July 1, 2014.

28. Group companies

Name	Parent ownership	Domicile, City and country
Ixonos Oyj	Parent	Helsinki, Finland
Ixonos Finland Oy	100 %	Helsinki, Finland
Ixonos Estonia OÜ	100 %	Tallinn, Estonia
Ixonos Germany GmbH	100 %	Berlin, Germany
Ixonos Slovakia s.r.o.	100 %	Košice, Slovakia
Beijing Ixonos Technology Co., Ltd. (*	100 %	Beijing, China
Chengdu Ixonos Technology Co., Ltd. (*	100 %	Chengdu, China
Ixonos Denmark ApS, (*	100 %	Copenhagen, Denmark
Ixonos USA Ltd.	100 %	San Francisco, United States
Ixonos UK Ltd	100 %	London, United Kingdom
Ixonos Hong Kong Limited (*	100 %	Hong Kong, China

The consolidated financial statements includes Ixonos Management Invest Oy, a company owned by members of Ixonos' management. Group's owneship of the company is zero per cent and it has been represented as non-controlling interest in the Group.

Changes in the Group structure

*) The companies in China and Denmark have been decided to close down. Processes are still on process.

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29. Related party disclosures

The related parties of Ixonos Plc comprise the members of the Board of Directors as well as the President and CEO and the members of the Group's Management Team.

Salaries and other short-term employee benefits, 1000 EUR	2014	2013
Harju Esa	300	358
Board of Directors		
Ervi Pertti (Chairman)	52	46
Ehrnrooth Paul (Vice Chairman)	35	33
Heikkonen Matti	26	23
Järvinen Matti (until 24 April 2013)	0	13
Konttinen Samu	26	23
Koskelo Ilari (since 24 April 2013)	0	0
Kuivalainen Kirsi-Marja (until 24 April 2013)	0	11
Wiiala May (since 24 April 2013)	28	12
Management Team	592	626
Total	1 058	1 144

The Board of Directors, the President and CEO and the Management Team have 1,505,000 option rights (2013: 5,000 pcs). Total 5,000 pcs of the CEO and the Management Team share options is feasible on 31.12.2014. The total fair value of options are 0.1 thousand euros (2013: 0.0 thousand euros)

Ownership by the members of the Board of Directors, the President and CEO and the Management Team, pcs	2014	2013
President and CEO	222 778	147 612
Board of Directors	33 718 699	26 150 033
Management Team (*	293 526	93 526
Total	34 235 003	26 391 171

*) Includes ownership through Ixonos Management Invest Oy.

The management of the Group held company shares amounting 93,526 in Ixonos Management Invest Oy at December 31, 2014.

The company did not hold any own shares. Ixonos Management Invest Oy holdings are eliminated in the consolidated statements. The number of the shares in 2014 has been affected by rights issue in March and April 2014. In 2013 the number of the shares during the financial period was 75,858,359.

The pension arrangements of the President and CEO conform to Finland's employee pension legislation. In addition, the President and CEO has a voluntary supplementary pension arrangement to which EUR 8.5 thousand was contributed in 2014 (2013: EUR 8.5 thousand).

The term of notice of the President and CEO is 4 months. If the company dismisses the President and CEO, he is entitled to a severance payment equivalent to 9 months' salary.

Compensation for terminating employment agreement for president and CEO and management team is not paid in 2014 and 2013.

During financial period 2014 Finance Link Oy has become in authority of related party of Ixonos group. Ixonos Finland Oy has used Finance Link's service to sell a part of it's trade receivables. During financial period 2014, the company has sold EUR 4.757 thousand (2013: EUR 7,245 thousand) to Finance Link. In the financial year 2014 have been recorded EUR 106 thousand in the current sale of receivables Finance Link, (2013: EUR 131 thousand) Open receivalbles of Finance Link in December 31, 2014 were EUR 422 thousand (2013: EUR 829 thousand).

Loans to related parties. During the financial period 2010, an incentive plan for the Group's management was announced. The plan had been decided on by the Board of Directors of Ixonos Plc. Former President and nine other members of Ixonos' management participate in the incentive plan. For the purpose of the share ownership, members of the management established the limited liability company Ixonos Management Invest Oy, whose entire share capital they own. As part of the arrangement, the Board of Directors of Ixonos Plc decided to grant Ixonos Management Invest Oy an interest-bearing loan of EUR 1.2 million to fund the share acquisition. At the end of the financial period 2014, EUR 1.0 million of the loan had been drawn down (2013: EUR 0,92 million). The interest rate of the loan corresponds to the twelve-month Euribor plus 1 per cent. The acquired shares have been pledged to Ixonos Plc as security for the loan. Ixonos Management Invest Oy has been consolidated to financial statements.

In year 2013 Ixonos has short-term loan from Oy Turret Ab amounting EUR 3.5 million. The loan carries a six months euribor plus margin. There is a security of EUR 3.5 million as a mortgage on company assets. The agreement with Turret Oy Ab concerns postponement of amortizations of loans under certain circumstances until December 31, 2014: In connection with the Rights Offering Turret has on November 7, 2013 given an undertaking according to which Turret will at the earliest on December 31, 2014 require the Company to repay the short-terms loan granted by Turret in aggregate amount of EUR 3.5 million. According to the undertaking, Turret has the right, if requested by it, to convert such loans, partly or in their entirety, into share capital, a hybrid loan or another equity instrument pursuant to IFRS that is issued by Ixonos on arms' length terms.

The Board of Directors of Ixonos Plc has decided in March 2014 on directing a convertible capital loan worth EUR 3,5 million to Turret Oy Ab. Turret has paid the loan to the company in full by setting off the principal of the debts to Turret, amounting to altogether EUR 3.5 million.

The Company's board of directors has also decided to conclude a loan agreement on long-term complementary financing in borrowed capital terms of EUR 1.0 million and given some of the Company's business mortgages as collateral. In the arrangement, the financiers party to the Company's main financing agreement accepted a period free of instalments of the loans of the year 2014 until March 15, 2015 in such a way that the instalment falling due during the period free of instalments are transferred to the end of the term of the loan into one bullet repayment without otherwise extending the term of the loan.

Due to increasing foreign sales, in September 2014 has Ixonos agreed on a short-term loan with Turret Oy, which is a related party to the company. The loan amount is EUR 1.3 million. All loans from Turret were paid back in conjunction with the financing arrangement on February 10, 2015.

30. Share-based payments

Option Plan 2011. The Board of Directors of Ixonos Plc decided on November 30, 2011 to grant new options. This decision was based on the authorisation given by the Annual General Meeting on March 29, 2011. The options were issued by December 31, 2011, free of charge, to a subsidiary wholly owned by Ixonos Plc. This subsidiary will distribute the options, as the Board decides, to employees of Ixonos Plc and other companies in the Ixonos Group, to increase their commitment and motivation. Options will not be issued to members of the Board of Directors of Ixonos Plc or to the Ixonos Group's senior management (Ixonos Management Invest Oy shareholders).

The options will be marked IV/A, IV/B and IV/C. A total of 600,000 options will be issued. According to the terms of the options, the Board of Directors decides how the options will be divided between option series and, if needed, how undistributed options will be converted from one series to another.

Each option entitles its holder to subscribe for one new or treasury share in Ixonos Plc. The shares that can be subscribed for with options comprise 3.82 per cent of all Ixonos Plc shares and votes on a fully diluted basis.

The exercise period for the IV/A options will begin on October 1, 2014, for the IV/B options on October 1, 2015 and for the IV/C options on October 1, 2016. The exercise periods for all options will end on December 31, 2018. The exercise price for each option series is a trade volume weighted average price at NASDAQ OMX Helsinki. The exercise prices will be reduced by the amount of dividends, and they can also be adjusted under other circumstances specified in the option terms.

In order to ensure the equal treatment of shareholders and the 2011 stock option holders and taking into account the adjustment made on October 30, 2013 following the consolidation of the company's shares, the Board of Directors of Ixonos has due to the Rights Offering adjusted the subscription ratio and the subscription price of the 2011 stock options in accordance with the terms and conditions of the 2011 stock options. As regards stock options IV/A, the subscription ratio shall be amended to 5.022 and the subscription price shall be amended to EUR 0.291 per share. As regards stock options IV/C, the subscription ratio shall be amended to 5.022 and the subscription price shall be amended to EUR 0.208 per share. The option plan's IV/B options have been cancelled.

The total amount of shares is rounded down to full shares in connection with subscription of the shares and the total subscription price is calculated using the rounded amount of shares and rounded to the closest cent. Due to the above adjustments concerning stock options IV/A, the adjusted maximum total number of shares to be subscribed for based on the 2011 stock options shall be 3,013,313.

Option Plan 2014. The Board of Directors of Ixonos Plc has decided to issue stock options on February 18, 2014, on the basis of the authorization granted by the Extraordinary General Meeting held on October 30, 2013.

The stock options will be offered to the global management team and certain key personnel of Ixonos Plc and its subsidiaries for the purpose of improving commitment and motivation.

The stock options will be marked as series 2014A, 2014B and 2014C. The aggregate number of stock options is 5,000,000. The Board of Directors will, in accordance the terms and conditions of the stock options, decide on the allocation of the stock options between different series and, if necessary, on the conversion of stock options that has not been allocated into another series of stock options.

Each option entitles its holder to subscribe for one new or treasury share in Ixonos Plc. On February 18, 2014, the shares that can be subscribed for with options comprise 5.96 per cent of all Ixonos Plc shares and votes on a fully diluted basis.

The share subscription period with 2014A stock options starts on March 1, 2016, with 2014B stock options on March 1, 2017 and with 2014C stock options on March 1, 2018. The share subscription period ends with all stock options on December 31, 2018. The share subscription price for each series is the volume weighted average price of the company's share on the Helsinki Exchanges during the period March 1 to May 31 2014 for 2014A, January 1 to March 31, 2015 for 2014B and January 1 to March 31, 2016 for 2014C. The subscription price may be decreased with e.g. the amount of dividends paid and may also otherwise be subject to change in accordance with the terms and conditions of the stock options.

The options are valued using the Black–Scholes pricing model. During the financial period, an expense of EUR 33.5 thousand (2013: EUR 66.0 thousand) for stock options and share-based compensation EUR 0.0 thousand (2012: EUR 9.0 thousand) was entered in the consolidated income statement.

Fair value of options in determining the most significant assumptions used

Optio plan	2014A	2011A	2011C
Date of issue	30.6.2014	30.11.2011	24.9.2013
Number of shares. date of issue	2 500 000	495 000	155 000
Subscription price, EUR	0.11	0.86	0.31
End of exercise period	31.12.2018	30.12.2018	31.12.2018
Share price. date of issue, EUR	0.12	0.81	0.24
Number of persons. date of issue	17	100	9
Number of options on 31.12.2013	0	225 000	155 000
Granted options	2 500 000	0	0
Expired option rights	-310 000	-20 000	0
Number of options on 31.12.2014	2 190 000	205 000	155 000
Volatility	53 %	35 %	35 %
Dividend yield	0 %	0 %	0 %
Closing share price 31.12.2013, EUR	0.08	0.08	0.08
Closing share price 31.12.2014, EUR	0.06	0.06	0.06
Fair value 31.12.2013, EUR	0	18 000	12 400
Fair value 31.12.2014, EUR	131 400	12 300	9 300

31. Commitments and contingent liabilities

At December 31, 2014, the Group had pledged nineteen company mortgages of EUR 1,000,000 each, and one company mortgage of EUR 800,000 as guarantee for leasing and other commitments and credit limits with financial institutions. Two company mortgage of EUR 1,000,000 and three company mortgage of EUR 500,000 were as security for its short term borrowings from Oy Turret Ab. The total amount of company mortgages is EUR 23,300,000.

The mortgages are pledged as security for EUR 10,459,456 for its own borrowings and credit limits with financial institutions.

Civil actions. On December 31, 2014 the Group is involved in a pending case in the district court of Pirkanmaa which is related to receiving payment for services the company has rendered.

Ixonos has initiated the case in order to recover the amounts due. The client has denied the claim and issued a counterclaim as per which the delivery would not be in accordance with what has been agreed. Ixonos has objected to the customer's claim.

The company does not expect the dispute to cause any significant economic impact on the company, but realization of the risk depends on the final outcome of the trial.

32. Events after the financial period

THE EXTRAORDINARY GENERAL MEETING. On January 16, 2015 the Board of Directors of Ixonos Plc published a notice of an extraordinary general meeting on February 10, 2015.

The Board of Directors proposal was that the Extraordinary General Meeting would authorise the Board to decide on a paid share issue and on granting option rights and other special rights entitling to shares that are set out in Chapter 10 Section 1 of the Finnish Limited Liability Companies Act (LLCA) or on the combination of some of the aforementioned instruments in one or more tranches on the following terms and conditions:

- The number of new shares to be issued pursuant to the authorisation may not exceed altogether 96,670,000 shares, which is equivalent to approximately 91 per cent of all company shares at the time of convening the Extraordinary General Meeting.
- The authorisation may be used to finance investments related to the operations of the company and to strengthen the company's balance sheet and financial position or for other purposes decided by the Board of Directors.
- Within the limits of the authorisation, the Board of Directors may decide on all terms and conditions applied to the share issue and to the option rights and to special rights entitling to shares, such as that payment of the subscription price may take place also by setting off the convertible capital loan or any other receivable that the subscriber has from the company.
- The Board of Directors shall be entitled to decide on crediting the subscription price of the shares either to the company's share capital or, entirely or in part, to the reserve for invested unrestricted equity.
- Shares as well as option rights and special rights entitling to shares may also be issued in a directed way that deviates from the pre-emptive rights of shareholders if a weighty financial reason laid out in the LLCA for this exists.

IXONOS PREPARES STRENGTHENING ITS FUNDING AND BALANCE SHEET STRUCTURE. On January 16, 2015 Ixonos Plc announced how it intended to strengthen its financial position and balance sheet structure. The proposed arrangement included a directed share issue as well as a loan facility.

The planned measures will significantly enhance Ixonos' equity ratio and position of liquid assets.

IXONOS PLANS TO INCREASE ITS EFFICIENCY BY STREAMLINING ITS PRODUCTION SITE STRUCTURE. On January 22, 2015 Ixonos started co-operational negotiations in order to secure its production efficiency. The negotiations concerned the personnel in Jyväskylä, excluding those who perform their work at customer's premises.

Ixonos informed on March 9, 2015 that the negotiations had been concluded. The results of the negotiations was permanent layoffs of a maximum of 20 people. The operations in Jyväskylä continue.

DECISIONS OF IXONOS PLC'S EXTRAORDINARY GENERAL MEETING ON FEBRUARY 10, 2015. The Extraordinary General Meeting authorised the Board of Directors, in accordance with the Board's proposal, to decide on a paid share issue and on granting option rights and other special rights entitling to shares that are set out in Chapter 10, Section 1 of the Finnish Limited Liability Companies Act (LLLC) or on the combination of all or some of the aforementioned instruments in one or more tranches.

DECICISON OF THE BOARD OF DIRECTORS OF IXONOS PLC ON A DIRECTED SHARE ISSUE IN THE AMOUNT OF APPROXIMATELY EUR 5.8 MILLION, ACCEPTANCE OF TREMOKO OY AB'S SHARE SUBSCRIPTION AND THE STRENGTHENING OF FUNDING AND BALANCE SHEET STRUCTUR. The Board of Directors of Ixonos Plc has decided to issue in a directed share issue 96,670,000 new shares to be subscribed for by Tremoko Oy Ab in derogation from the pre-emptive subscription right of the shareholders on the authorisation of the Extraordinary General Meeting on February 10, 2015. The subscription price of the shares in the share issue is EUR 0.06 per Share. The subscription price has been defined as the mean price weighted with the trading amounts of the period December 16, 2014 – January 15, 2015 rounded up to the nearest cent.

The funds derived from the share issue, EUR 5.8 million euros, will be used to maintain and strengthen the financial standing of the group so there are weighty financial reasons for the share issue and for deviating from the pre-emptive right of the shareholders as described in the Finnish Limited Liability Companies Act.

The shares issued and subscribed for in the share issue are equivalent to approximately 90.9 per cent of all of the company's shares and votes before the share issue and approximately 47.6 per cent of all of the company's shares and votes after the share issue.

Tremoko Oy Ab subscribed for the share issue in full on February 10, 2015. The Board of Directors of the company accepted Tremoko's share subscription. The shares were registered in the trade register on February 11, 2015

Furthermore the Board of Directors informed that:

- Tremoko had paid the subscription price of the shares it subscribes for in connection with the directed share issue by setting off the receivables based on convertible capital loan that it has from Ixonos approximately for an amount of EUR 3.86 million.
- Ixonos has been granted total amount of EUR 4.0 million loans by financial institutions. Tremoko had given a collateral of EUR 4.0 million for the loans. Ixonos shall pay a remuneration of 3.5 per cent of the amount of the collateral per year to Tremoko for giving the collateral.
- Ixonos had paid the debts worth approximately EUR 2.43 million (incl. interest) to Turret.
- Concerning the arrangement, Ixonos had agreed with its creditors on the restructuring of its funding based on liabilities. The creditors have granted the loans of the Ixonos group taken out before the arrangement (hereinafter collectively the "Loan") an exemption from amortisations for the period of 15/3/2015 – 31/12/2015 so that only 25 per cent of the capital of the Loan falling due during the exemption from amortisations will be paid, in deviation from what has been agreed previously. In addition, the original term of the Loan is changed so that the total term of the Loan will be extended until December 31, 2018. The original terms of payment and the instalments have been altered so that the instalments falling due 1/1/2016 – 31/12/2018 will be equal in size and they will be determined on the basis of the capital of the Loan that does not fall due as on December 31, 2015. The provisions concerning the interest and margin will remain as they are despite the exemption from amortisations, the extension of the term of the loan and changing the terms of payment and the instalments.

NEW SECURITIES NOTE. The Finnish Financial Supervisory Authority approved on March 3, 2015 Ixonos Plc's new security note prepared pursuant to the Finnish Securities Market Act related to the directed share issue on February 10, 2015.

PUBLIC TAKEOVER BID OF IXONOS PLC´S SHARES.. The new majority owner of Ixonos, Tremoko Oy Ab announced a public takeover bid on February 10, 2015.

Tremoko, a limited liability company in private Finnish ownership, acquired on February 10, 2015 altogether 49,008,088 shares of Ixonos Plc ("Ixonos") from Turret Oy Ab and Holdix Oy Ab. The amount corresponds to approximately 46.1 per cent of all of Ixonos' shares. In addition, Tremoko subscribed for altogether 96,670,000 new shares of Ixonos in a directed share issue decided upon by Ixonos' board of directors.

After the new shares have been entered in the Trade Register, Tremoko owns altogether 145,678,088 of Ixonos' shares and, thus, Tremoko's share of ownership and votes rose to altogether 71.8 per cent of all of Ixonos' shares and votes.

As a result of the share acquisition and the share subscription, Tremoko formed an obligation to launch a public takeover bid for all other shares of Ixonos and for securities entitling thereto, as referred to in Chapter 11 Section 19 of the Finnish Securities Markets Act.

The offer made by Tremoko was published on March 2, 2015 and it ends on March 24, 2015 unless the offer is prolonged. The consideration offered for each share is EUR 0.06 in cash, the consideration related to the options in the 2011 Scheme is for options marked IV/A EUR 0.008 and for options marked IV/C EUR 0.017. The consideration offered for options marked with 2014A in the option scheme 2014 is EUR 0,010.

OPINION OF THE BOARD OF DIRECTORS OF IXONOS PLC ON THE PUBLIC TAKEOVER BID MADE BY TREMOKO OY AB. The Board of Directors of the company published on March 9, 2015 its opinion pertaining to the public takeover bid made by Tremoko. The opinion is based on the assessment made by the qualified and independent members of the Board of Directors of Ixonos.

Paul Ehrnrooth, member of the Board of Directors did not participate in the assessment since Turret Oy Ab, which can be described as a company in which Paul Ehrnrooth exercises control, owns 65 per cent of the bidder's shares and votes. To form its opinion the Board of Directors commissioned from an independent advisor a Fairness Opinion regarding the fairness of the offer price in economic terms from the viewpoint of all shareholders.

The Board of Directors published the following recommendation. Taking into consideration the bidder's statements, the views of the company's management team, and the contents of the Fairness Opinion, the Board of Directors assesses that the takeover bid is reasonable and that the company and its shareholders and option holders would benefit from the realisation of the takeover bid in the way intended by the bidder. On the basis of the aforementioned assessments and facts, the members of the Board of Directors who took part in the decision-making unanimously recommend that the shareholders and option holders accept the takeover bid.

IXONOS CFO WILL CHANGE. Mikael Nyberg, Ixonos CFO, will end his employment and role in the executive team of Ixonos in late May 2015. The recruitment for the new CFO has been started, and the outcome will be separately announced in due course.

33. Financial risk management

The company is exposed to several financial risks in the course of its normal business operations. The management of financial risks aims to minimise any adverse effects that changes on the finance market might have on the company's profit. The main financial risks of the Ixonos Group are capital adequacy risk and interest rate risk.

The long-term funding of the Ixonos Group has chiefly been arranged through two main financiers. Later, the company may also resolve to issue shares. Should the general economic situation tumble into an exceptionally long decline, the Ixonos Group's financial expenses in proportion to the earnings from the Group's operations would be likely to increase, as the Group's earning power as well as the cash flow from its business operations presumably would decrease during a general recession. The same circumstances might also reduce the availability of external funding for the Ixonos Group and weaken the Group's financial standing.

The financing function of the parent company is responsible for the implementation of risk management. It is tasked with identifying and estimating as well as hedging against financial risk in co-operation with the business units.

Interest rate risk. The company's income and its operational cash flow are largely independent from fluctuations in market rates. The company is exposed to cash flow interest rate risk through its loan portfolio, which consists of short- and long-term variable rate borrowings. In respect of interest rate risk, the company's risk management aims to minimise any adverse effects that changes in interest rates may inflict on the company's profit. The company manages interest rate risk by using various interest rate hedging instruments. The company has interest rate swaps for a total loan capital of EUR 4.9 million. The company has used interest rate swaps to convert a floating rate to a fixed rate plus margin. The fixed rate of the interest rate swaps is 0,92 per cent plus margin. At December 31, 2014, the company has EUR 6.5 million (2013: EUR 2.3 million) in unhedged floating rate loan capital including overdrafts in use. The company's average interest rate between January 1, and December 31, 2014 has been 6.53 per cent (2013: 4.91 per cent). An interest rate rise of one percentage point would increase the interest costs for the company's floating-rate borrowings from financial institutions by approximately EUR 65 thousand per year. The realization of interest risk exposure would have a negative impact on the availability of external funding and financial position of the company.

Interest rate risk of borrowings from financial institutions should the interest rate rise by one percentage point during the next year

1 000 EUR	Amount	Avarage rate, per cent	Interest rate sensitivity
31.12.2014	10,459	5.41	-65
31.12.2013	9,599	4.91	-23

Loans' interest rate hedgings have been taken into account in calculations.

The company does not use IAS 39 hedge accounting. Changes in the fair value of derivatives acquired for hedging are recorded through profit and loss as financial income and expenses. The amount of such changes in the fair value of derivatives as were recorded through profit and loss was EUR -13,000 for the period from January 1 to December 31, 2014 and EUR 39,000 for the financial period ending on December 31, 2013. Profit and loss entries related to hedging can cause substantial variation in financial income and expenses from one financial period to another. At December 31, 2014, an interest rate rise of one percentage point would have had a positive effect of approximately EUR 49,000 (2013: EUR 49,000) on the fair value of the company's derivative position. The effect of taxes has not been considered in the sensitivity analyses.

Of the company's borrowings at December 31, 2014, a portion of 81 per cent (2013: 75 per cent) have floating rates. Considering the effect of derivative interest-rate contracts, 34 per cent (2013: 24 per cent) of the borrowings have floating rates. The figures include the overdrafts in use.

Liquidity risk. In respect of liquidity risk, the company's risk management aims to ensure sufficient liquid assets for financing the company's operations and repaying loans due. To reach this goal, the company aims continuously to assess and monitor the amount of financing its operations require. At December 31, 2014, almost all the company's liquid assets consisted of funds in bank accounts. The function responsible for the Group's financing continuously monitors the company's liquidity and the adequacy of the company's funding. Possible disruption in the cash flow from basic business operations would weaken the company's financial position.

The company has been granted an open-ended EUR 3.0 million credit facility , of which EUR 2.4 million was used at December 31, 2014.

The company's working capital is not sufficient to fund the company's operations over the next 12 months. The company estimates that it has sufficient working capital for the next 5 months at the time of publishing the financial statement bulletin provided that the cash flow estimates for 2015 materialize.

The fact that the working capital is unsufficient for the next 12 months is primarily due to a lowered sales forecast for the beginning of the year and lower summer turnover expectations due to seasonality.

The company assesses its need for additional working capital to be EUR 0-1.5 million after 5 months.

The company's working capital is expected to be sufficient to fund the company's operations over the next 12 months if the sales development is better than the current forecast or the company is able to make larger cost savings than forecasted. A possible financial shortage remaining can be filled with bridge financing.

The company has taken and has planned to take several measures to secure its financial position:

- A share issue on February 10, 2015 with a refinancing arrangement linked to it
- Ixonos agreed on February 10, 2015 with its creditors on the restructuring of its funding based on liabilities. The creditors granted the loans of EUR 6.1 million the Ixonos Group taken out before the Arrangement (hereinafter collectively the "Loan") an exemption from amortisations for the period of March 15, to December 31, 2015 so that only 25 per cent of the capital of the Loan falling due during the exemption from amortisations will be paid, in deviation from what has been agreed previously. In addition, the original term of the Loan is changed so that the total term of the Loan will be extended until December 31, 2018. The original terms of payment and the instalments have been altered so that the instalments falling due January 1, 2016 to December 31, 2018 will be equal in size and they will be determined on the basis of the capital of the Loan that does not fall due as on December 31, 2015. The provisions concerning the interest and margin will remain as they are despite the exemption from amortisations, the extension of the term of the loan and changing the terms of payment and the instalments.
- The company has received a waiver for the covenants from its creditors related to its loans valid until March 31, 2015. New covenant levels will be agreed upon after this with the financiers.
- The company has continued adapting its costs and the efficiency of its operations will be further developed. Also in the field of fixed costs the company has done and continues to adapt, e.g. related to office costs. The impacts of the measures already on their way will be seen improving the profitability during 2015.
- The company resolutely invests in developing its sales and its sales offering in the chosen target markets. The resources of sales have been renewed and enforced in the target markets.
- If needed the company will agree upon added financing. The company considers it likely that temporary financing can be attained if needed.

If the above measures do not occur as planned, this may result in a shortage of working capital, premature payback of loans with covenants and difficulties to continue company's operations. If the cash flow forecast for 2015 do not materialize as planned the company is likely to lose its liquidity if no further measures are taken and it would not under those circumstances be able to finance its planned operations or pay back its loans as per original amortization plans. The loss of liquidity described above could in the worst case lead to liquidation, company restructuring or being declared insolvent.

Maturity of financial liabilities

31.12.2014	Balance sheet value	Cash flow	Less than 1 year	1-5 years	More than 5 years
Bank loans	10 459	10 782	10 782	0	0
Other debts	2 300	2 346	2 346	0	0
Convertible bonds	3 500	4 228	0	4 228	0
Financial leasing debt	1 007	1 012	827	185	0
Trade payables	1 050	1 050	1 050	0	0

31.12.2013	Balance sheet value	Cash flow	Less than 1 year	1-5 years	More than 5 years
Bank loans	8 447	9 067	9 067	0	0
Other debts	3 500	3 580	3 580	0	0
Convertible bonds	0	0	0	0	0
Financial leasing debt	1 163	1 210	870	340	0
Trade payables	1 792	0	1 792	0	0

The Company has agreed with its main financiers an instalment free period for the loans until March 15, 2015. These covenants are based on quarterly EBITDA levels. On December 31, 2014, the company did not meet the terms of the covenants. However, the company has received releasing covenant statements from its financiers.

Loans granted in 2012 by the company's financiers have covenants attached. Should the company not be within the limits of a covenant, the financiers are entitled to call in the loans to which that covenant applies. The covenant levels are adjusted semi-annually on a rolling twelve-month basis.

Depending on the point in time, the equity ratio must be at least 35 per cent. The ratio of interest-bearing liabilities (i.e. interest-bearing liabilities in the balance sheet, including leasing liabilities) to EBITDA may not exceed 2.5 on June 30, 2013 onward. The ratios of interest-bearing liabilities to EBITDA as well as the ratio of interest-bearing net liabilities to EBITDA are calculated based on IFRS principles.

The amount of those financing loans that included covenants had a capital of EUR 6.1 million on December 31, 2014 (December 31, 2013: EUR 6.4 million). On December 31, 2014 the company's equity ratio was -5.6 per cent (2013: 14.2 per cent) and the ratio of interest-bearing liabilities and the EBITDA was negative (2013: negative). Thus, the company does not fulfil the covenant terms on December 31, 2014 and the loans under covenant agreements are presented as short-term current liabilities. However, the company has received releasing covenant statements from its financiers for these base covenants until March 31, 2015.

Instalment scheme for loans under covenants-Amount of instalment,1000 EUR

Period	31.12.2014	As per agreement 10.2.2015
1.1. - 31.12.2015	1 608	402
1.1. - 31.12.2016	1 621	1 892
1.1. - 31.12.2017	2 797	1 892
1.1. - 31.12.2018	54	1 894

Instalment scheme for all loans - Amount of instalment, 1000 EUR
Instalments of some loans continue after 2018

Period	31.12.2014	As per agreement 10.2.2015
1.1. - 31.12.2015	3 908	402
1.1. - 31.12.2016	1 621	2 198
1.1. - 31.12.2017	2 797	2 337
1.1. - 31.12.2018	3 554	2 339

Foreign exchange risk. The functional currency of the parent is the euro. The assets and liabilities in foreign currencies, translated to euros at the exchange rates prevailing at the closing date, are presented below.

	2014					2013				
EUR 1,000	USD	CNY	DKK	GBP	HKK	USD	CNY	DKK	GBP	HKK
Current assets										
Other financial assets	153	1	17	29	1	107	52	83	11	5
Trade and other receivables	1 365	0	0	218	0	668	11	37	44	0
Current liabilities										
Non-interest-bearing liabilities	-1 071	-3	-7	-1	0	-113	-21	-226	-40	0
Open position	447	-2	10	246	1	662	42	-107	15	5

A sensitivity analysis of the foreign currency translation risk associated with the United States dollar, the Chinese yuan renminbi, the Danish krone, the Great Britain pound and the Hong Kong dollar is presented in the following table. The effects of +5/-5 per cent exchange rate changes on assets and liabilities in foreign currencies at the closing date have been taken into account in the analysis. The analysis does not include net investments in foreign units.

	2014					2013				
EUR 1,000	USD	CNY	DKK	GBP	HKK	USD	CNY	DKK	GBP	HKK
Effect on profit before tax	22	0	0	12	0	33	2	-5	1	0

Capital management. With the help of an optimal capital structure, Ixonos' capital management strives to support the Group's business operations by safeguarding normal operational conditions as well as to increase shareholder value with a view to achieving the best possible profit. An optimal capital structure also ensures smaller capital costs.

The company considers as capital both shareholders' equity and borrowings from financial institutions and related party company Turret Oyj Ab.

The capital structure is influenced e.g. through distribution of dividends and through share issues. The Group may vary and adjust the amount of dividends or capital refunds paid to shareholders as well as the number of shares to be issued. The Group may also resolve to sell assets in order to reduce debt.

The Group netgearing ratio were December 31, 2014 and December 31, 2013 the following:

EUR 1,000	2014	2013
Interest-bearing liabilities	17 266	14 265
Cash and cash equivalents	255	496
Interest-bearing net liabilities	17 011	13 769
Total equity	-1 217	3 670
Gearing	-1397.7 %	375.1 %

Net gearing from the equity attributable to the owners of the parent was -1176.6 per cent.

Borrowings from financial institutions have covenants attached. Those covenants are described under 'Liquidity risk'.

34. Financial lease agreements

	2014	2013
Initial carrying value of intangible assets		
under financing lease agreements	397	726
Accumulated depreciations	-139	-632
Carrying amount at the end of the financial period	**258**	**94**
Initial carrying value of tangible assets		
under financing lease agreements	5 843	6 712
Accumulated depreciations	-5 480	-5 462
Carrying amount at the end of the financial period	**363**	**1 250**
The PV of the minimum lease payments at the end of the period		
non-cancellable financial lease agreements		
Future minimum lease payments, total	1 017	1 210
Less interest expenses	-5	-45
Present value of the minimum lease payments	**1 012**	**1 165**
The gross liability of financial leases - minimum lease payments		
by maturity		
Within a year	833	870
After a year to 5 years	184	340
After 5 years	0	0
Total	**1 017**	**1 210**
Future financing expenses	-5	-45
PV of the financing lease liabilities	**1 012**	**1 165**
Maturity of PV of the financing lease liabilities		
Within 1 year	828	834
After a year to 5 years	184	331
After 5 years	0	0
Total	**1 012**	**1 165**

Income statement of the parent company (FAS)

EUR	1.1.-31.12.2014	1.1.-31.12.2013
Other operating income	2 780 678	320 096
Materials and services		
Raw materials and consumables	0	-2 173
External services	0	-45 192
Materials and services total	0	-47 366
Personnel expenses		
Salaries and remuneration	-1 036 251	-1 570 407
Indirect employee costs		
Pension costs	-177 622	-295 985
Other indirect employee costs	-20 302	-62 637
Indirect employee costs total	-197 924	-358 623
Personnel costs total	-1 234 176	-1 929 030
Depreciation and impairment		
Depreciation on tangible and intangible assets	-202 917	-253 956
Depreciation and impairment total	-202 917	-253 956
Other operating expenses	-3 721 858	-5 972 117
Expenses total	-5 158 950	-8 202 469
Operating profit	**-2 378 272**	**-7 882 372**
Financial income and expenses		
Interest and financial income		
Interest income	86 996	34 936
Other financial income	0	182
Interest and financial income total	86 996	35 118
Interest and other financial expenses		
Interest expenses	-742 266	-462 633
Impairment of non-current assests	-172 478	-2 178 625
Other financial expenses	-202 127	-306 096
Interest and financial expenses total	-1 116 870	-2 947 354
Financial income and expenses total	-1 029 874	-2 912 236
Profit before appropriation and taxes	**-3 408 146**	**-10 794 608**
Profit for the period	**-3 408 146**	**-10 794 608**

Balance sheet of the parent company (FAS)

EUR	31.12.2014	31.12.2013
ASSETS		
FIXED ASSETS		
Intangible assets		
Intangible rights	90 821	261 725
Intangible assets total	90 821	261 725
Tangible assets		
Machinery and equipment	85 920	98 526
Other tangible assets	11 477	11 477
Tangible assets total	97 397	110 003
Investments		
Shares in Group companies	22 630 472	22 781 823
Other shares	2 453	13 676
Investments total	22 632 925	22 795 499
TOTAL FIXED ASSETS	**22 821 143**	**23 167 227**
CURRENT ASSETS		
Current receivables		
Trade receivables	2 561 934	578 018
Loan receivables	0	12 445 369
Accruals	140 724	144 117
Other receivables	3 395 043	2 461 108
Current receivables total	6 097 702	15 628 612
Cash and cash equivalents		
Cash on hand and in banks	5 000	110 978
TOTAL CURRENT ASSETS	6 102 701	15 739 590
TOTAL ASSETS	**28 923 844**	**38 906 817**

EQUITY AND LIABILITIES	31.12.2014	31.12.2013
SHAREHOLDERS' EQUITY		
Share capital	585 394	585 394
Share premium reserve	218 725	218 725
Invested non-restricted equity fund	33 296 252	29 641 630
Retained earnings	-26 661 237	-15 866 629
Result for the period	-3 408 146	-10 794 608
TOTAL SHAREHOLDERS' EQUITY	**4 030 988**	**3 784 513**
LIABILITIES		
Non-current liabilities		
The convertible bond	3 500 000	0
Non-current liabilities total	3 500 000	0
Current liabilities		
Borrowings from financial institutions	10 759 456	10 746 383
Trade payables	334 177	1 204 769
Other current liabilities	9 388 982	22 517 829
Accrued expenses	910 242	653 323
Current liabilities total	21 392 857	35 122 305
TOTAL LIABILITIES	**24 892 857**	**35 122 305**
TOTAL EQUITY AND LIABILITIES	**28 923 844**	**38 906 817**

Cash flow statement of the parent company

EUR	1.1.-31.12.2014	1.1.-31.12.2013
Cash flow from operating activities		
Profit for the period	-3 408 146	-10 794 608
Adjustments to cash flow from operations		
Depreciation and amortisation	202 916	253 956
Impairment of subsidiary shares	151 349	2 204 498
Write-down on loan receivable	0	-25 874
Other adjustments	11 223	-423 330
Financial income and expenses	707 461	665 385
Net cash generated before working capital changes, interest and tax	-2 335 197	-8 119 973
Change in working capital	-4 063 366	-4 339 198
Interest received	70 470	17 406
Interest paid	-530 173	-682 791
Tax paid	0	220 500
Net cash flow from operating activities	**-6 858 266**	**-12 904 056**
Cash flow from investing activities		
Investments in property, plant and equipment and in intangible assets	-19 406	-5 448
Cash from tangible and intangible assets	0	38 885
Total cash flow from investing activities	**-19 406**	**33 437**
Cash flow before financing	**-6 877 672**	**-12 870 619**
Cash flow from financing activities		
Increase in long term loans	1 000 000	0
Payment of long term loans	-1 000 000	0
Increase in short term loans	3 526 465	5 118 775
Payment of short term loans	-13 393	-391 876
Repayment of intercompany loans	-396 000	-800 000
Proceeds from rights issues	3 654 622	9 045 433
Net cash flow from financing activities	**6 771 694**	**12 972 332**
Change in cash and cash equivalents	**-105 978**	**101 713**
Cash and cash equivalents at the beginning of the period	110 978	9 265
Cash and cash equivalents at the end of the period	5 000	110 978

Changes in equity of the parent company

EUR	Share capital	Share premium reserve	Invested non-restricted equity fund	Retained earnings	Total
Shareholders equity at January 1, 2013	585 394	218 725	20 596 197	-15 866 629	5 533 687
Proceeds from rights issues	0	0	9 045 433	0	9 045 433
Profit for the period	0	0	0	-10 794 608	-10 794 608
Shareholders equity at December 31, 2013	**585 394**	**218 725**	**29 641 630**	**-26 661 237**	**3 784 513**
Shareholders equity at January 1, 2014	585 394	218 725	29 641 630	-26 661 237	3 784 513
Proceeds from rights issues	0	0	3 654 620	0	3 654 620
Profit for the period	0	0	0	-3 408 146	-3 408 146
Shareholders equity at December 31, 2014	**585 394**	**218 725**	**33 296 252**	**-30 069 383**	**4 030 988**

The parent company's distributable funds at December 31, 2014 were EUR 3,226,868 (2012: EUR 2,980,393).

1. Accounting policies

Tangible and intangible assets. Tangible and intangible assets are shown in the balance sheet at historical cost less depreciation and impairment according to plan. Depreciations begin from the commissioning date of each asset.

Depreciation periods:	
Machinery and equipment	25 per cent, reducing balance or straight-line depreciation 3-5 years
Intangible rights	4 years, straight-line
Other long-term expenses	3–5 years, straight-line

INVESTMENTS

Long term investments are valued at acquisition cost or lower estimated discounted future value.

Subsidiary shares have been impaired by EUR 151,351.93 due to decreased estimated future value.

VALUATION OF FINANCIAL ASSETS

Derivatives. The derivatives of the company include interest rate swaps, which are used to convert the floating rate of the borrowings from financial institutions to a fixed rate. The fair value of swaps are included characteristically either to current receivables or liabilities.

Retirement benefits. The pension cover of parent employees is handled by external pension companies.

Pension expenditure is expensed in the year of accrual.

Foreign currency items. Receivables and liabilities denominated in foreign currencies have been translated into euros using the exchange rate prevailing on the closing date.

The notes of the parent company has been presented as euros, unless mentioned otherwise.

2. Accompanying notes to the income statement of the parent company

	2014	2013
OTHER OPERATING INCOME		
Finland, concists totally of management service fees	2 773 859	239 286
Government grants	6 819	47 098
Other items	0	33 712
Total	2 780 678	320 096
ACCOMPANYING NOTES ON PERSONNEL AND OFFICERS		
Number of parent employees during the period, average	10	18
Number of parent employees at the end of the period	10	15
Personnel expenses		
Salaries and remuneration of the management and the Board of Directors	-931 637	-1 030 105
Salaries and remuneration	-104 614	-540 303
Pension costs	-177 622	-295 985
Other personnel expenses	-20 302	-62 637
Total	-1 234 176	-1 929 030

AUDITOR'S FEE	2014	2013
KPMG Oy Ab, PricewaterhouseCoopers Oy		
Audit fees	-51 842	-49 334
Other services	-29 903	-182 897
Auditor's fees total	-81 745	-232 231
DEPRECIATION AND IMPAIRMENT		
Depreciation and amortisation of intangible rights	-174 504	-194 503
Depreciation and amortisation of tangible assets	-28 412	-33 519
Depreciation and amortisation of other long-term expenses	0	-25 934
Total	-202 917	-253 956
FINANCIAL INCOME AND EXPENSES		
Interest and financial income		
From group companies	56 184	34 933
From others	30 811	185
Total	86 996	35 118
Interest and financial expenses		
From group companies	-11 746	-49 409
Impairment of non-current assets	-172 478	-2 178 625
To others	-932 647	-719 320
Total	-1 116 870	-2 947 354

ACCOMPANYING NOTES ON OFFICERS	2014	2013
Salaries and remuneration		
Esa Harju, CEO (*	299 681	357 541
Board of Directors		
Ervi Pertti (Chairman)	52 000	45 999
Ehrnrooth Paul (Deputy chairman)	35 000	33 375
Heikkonen Matti	26 250	23 250
Järvinen Matti (until April 24, 2013)	0	13 083
Konttinen Samu	26 000	22 500
Koskelo Ilari (from April 24, 2013)	0	0
Kuivalainen Kirsi-Marja (until April 24, 2013)	0	10 833
Wiiala May (from April 24, 2013)	27 762	12 174
Total salaries and remuneration of officers (*	466 693	518 755

*) Including fringe benefits.

The President and CEO has a voluntary supplementary pension arrangement. Please refer to note 29.

Ixonos Management Invest Oy has been granted a loan in connection with the bonus arrangement of the Group's management. The arrangement is disclosed in detail in notes 29, 'Related party transactions', and 1, 'Accounting policies for the consolidated financial statement'.

3. Accompanying notes to the parent company balance sheet

ASSETS	2014	2013
Intangible assets		
Other long-term expenses		
Acquisition cost at the beginning of the financial period	7 004 939	7 004 939
Acquisition cost at the end of the financial period	7 004 939	7 004 939
Accumulated depreciations	-7 004 939	-6 979 005
Depreciation and amortisation for the financial period	0	-25 934
Accumulated depreciations at the end of the financial period	-7 004 939	-7 004 939
Book value at the end of the financial period	0	0
Intangible rights		
Acquisition cost at the beginning of the financial period	1 567 166	1 561 718
Additions during the financial period	3 600	5 448
Acquisition cost at the end of the financial period	1 570 766	1 567 166
Accumulated depreciations	-1 305 441	-1 110 938
Depreciation and amortisation for the financial period	-174 504	-194 503
Accumulated depreciations at the end of the financial period	-1 479 946	-1 305 441
Book value at the end of the financial period	90 821	261 725
Tangible assets		
Machinery and equipment		
Acquisition cost at the beginning of the financial period	778 095	778 095
Additions during the financial period	15 806	0
Disposals during the financial period	-618	0
Acquisition cost at the end of the financial period	793 283	778 095
Accumulated depreciations	-668 092	-634 573
Depreciation and amortisation for the financial period	-27 794	-33 519
Accumulated depreciations at the end of the financial period	-695 887	-668 092
Book value amount at the end of the financial period	97 397	110 003
Investments		
Acquisition cost at the beginning of the financial period	22 795 499	25 005 553
Disposals during the financial period	-162 574	-2 210 053
Acquisition cost at the end of the financial period	22 632 925	22 795 499

CURRENT ASSETS	2014	2013
Receivables from Group companies		
Trade receivables	2 561 934	578 018
Loan receivables and group trade receivables	0	12 445 369
Other receivables	3 244 128	2 075 006
Total	5 806 062	15 098 393
Receivables from others		
Accruals	140 724	144 117
Other receivables	150 915	386 102
Total	291 639	530 219
Current receivables total	6 097 702	15 628 612
Accruals and other receivables		
Prepaid expenses	106 167	144 117
Rent guarantees	103 973	266 601
Value added tax receivables	46 943	117 942
Others	34 557	1 559
Total	291 639	530 219

NON-CURRENT LIABILITIES		
The convertible bond	3 500 000	0

CURRENT LIABILITIES		
Borrowings from financial institutions	**10 759 456**	**10 746 383**
Liabilities to Group companies		
Trade payables	145 825	116 026
Loans and group trade liabilities	9 340 722	22 441 845
Other liabilities	10 374	17 488
Total	9 496 922	22 575 359
Liabilities to others		
Trade payables	188 352	1 088 744
Other current liabilities	37 885	58 496
Accrued expenses	910 242	653 323
Total	1 136 479	1 800 563
Current liabilities total	**21 392 857**	**35 122 305**
Accrued expenses		
Provision for holiday pay	14 192	184 334
Interest rate hedge	59 827	47 238
Salaries	12 440	134 458
Others	823 784	287 293
Total	910 242	653 323

	2014	2013
CONTINGENT LIABILITIES AND GUARANTEES		
Leasing and rental liabilities		
Leasing liabilities, 12 months	74 451	109 881
Leasing liabilities, over 12 months	52 708	47 575
Leasing liabilities total	127 159	157 456
Rental liabilities	3 908 100	3 375 920
Other liabilities	0	3 738
Financial guarantee contracts on behalf of Group companies	8 781 767	4 004 922

Mortgages. At December 31, 2014, the company had pledged nine company mortgages of EUR 1,000,000 each and one company mortgage of EUR 800,000 as collateral for its borrowings from financial institutions and two company mortgages of EUR 1,000,000 and three mortgages of EUR 500,000 as collateral for its borrowing of EUR 1,000,000 from Oy Turret Ab. The total amount of company mortgages is EUR 13,300,000. The mortgages are collateral for EUR 8,259,455.73 in borrowings and overdrafts limits from financial institutions and EUR 1,000,000 loans from Oy Turret Ab.

SUBSIDIARIES

Name	Domicile City and country	Parent ownership
Ixonos Finland Oy	Helsinki, Finland	100 %
Ixonos Estonia OÜ	Tallinn, Estonia	100 %
Ixonos Germany GmbH	Berlin, Germany	100 %
Ixonos Slovakia s.r.o.	Košice, Slovakia	100 %
Beijing Ixonos Technology Co., Ltd.	Beijing, China	100 %
Chengdu Ixonos Technology Co., Ltd.	Chengdu, China	100 %
Ixonos Denmark ApS	Alborg, Denmark	100 %
Ixonos USA Ltd.	San Francisco, USA	100 %
Ixonos Hong Kong Ltd	Hong Kong, China	100 %
Ixonos UK Ltd	London, United Kingdom	100 %

Signatures to the financial statements and to the report of the Board of Directors

Helsinki, _____ / _____ 2015

Esa Harju
President and CEO

Pertti Ervi
Chairman of the Board of Directors

Paul Ehrnrooth
Vice Chairman of the Board of Directors

Matti Heikkonen
Member of the Board of Directors

Samu Konttinen
Member of the Board of Directors

Ilari Koskelo
Member of the Board of Directors

May Wiiala
Member of the Board of Directors

Auditor's note

An auditor's report has been issued today.

Helsinki, _____ / _____ 2015

KPMG Oy
Authorised Public Accountants

Esa Kailiala
Authorised Public Accountant

Auditor's Report

To the Annual General Meeting of Ixonos Oyj. We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Ixonos Oyj for the year ended December 31, 2014. The financial statements comprise the consolidated statement of financial position, income statement, 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.

Additional information related to emphasizing a specific issue. We would like to draw attention to the issues described in the financial statements and the Report of the Board of Directors related to the company having been clearly unprofitable in recent years. As described in the Report of the Board of Directors the company has during the financial year and after the year-end strengthened its balance sheet and restructured its debts, whilst attempting to improve its operational profitability. The objective of these measures is to ensure the continuity of operations. There is however substantial uncertainty related to operational profitability improvements, which may cast doubt upon the company's ability to continue its operations. Our report is however not adjusted by this point.

Helsinki, March 19, 2015

KPMG OY AB
Esa Kailiala
Authorised Public Accountant

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Business ID 0997039-6