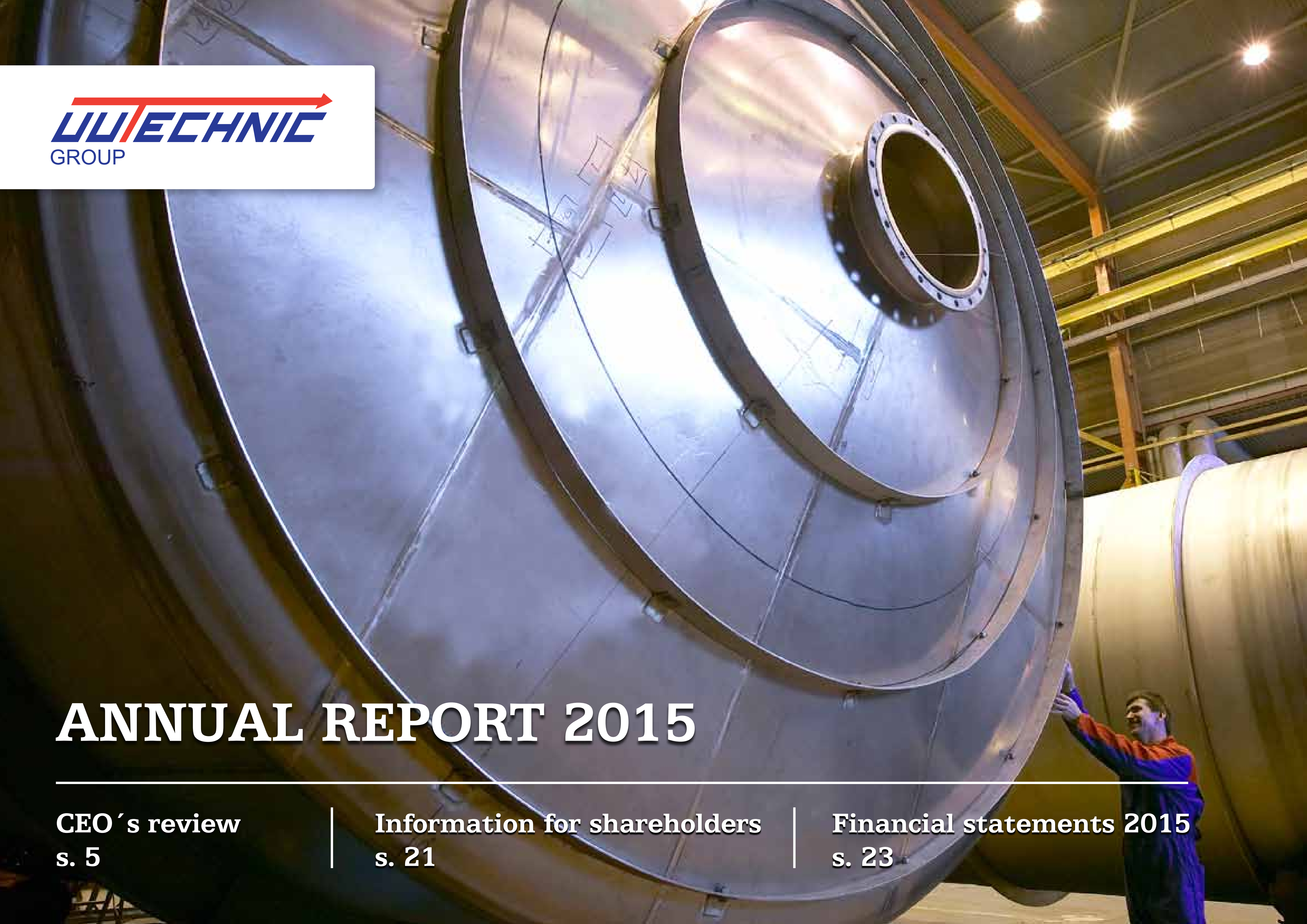

UUTECHNIC
GROUP

ANNUAL REPORT 2015

UUTECHNIC GROUP

Uutechnic Group is a leading group of technology and specialist companies that focuses on improving the competitiveness of its customers by providing them with advanced process technology and a unique service concept worldwide.

Its deliveries include agitators, pressure vessels, columns, process and storage tanks, reactors and heat exchangers, as well as different types of long welded and machined axially symmetrical parts, such as rolls, cylinders, pipes and cones.

Its main industries are hydrometallurgy and the mining, pulp, paper and food industries, as well as the fertiliser industry and other chemical industries, and environmental technology.

The shares of its parent company, Plc Uutechnic Group Oyj, have been listed on the Helsinki stock exchange (Nasdaq Helsinki) since 1989. On 31 December 2015, the company had a total of 1,073 shareholders.

In addition to the parent company, Plc Uutechnic Group Oyj, the Group includes four subsidiaries that engage in business operations.

Uutechnic Group has around 180 employees.

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UUTECHNIC GROUP – A NEW ERA

Uutechnic Group is a leading group of technology and specialist companies that serves the process industry globally.

During 2015, significant positive changes took place within the Group as a result of a merger and financial arrangement. The historically highly profitable agitator business operations of Uutechnic Oy were integrated into the Group, and its financial standing improved considerably. The arrangement significantly added to the Group's management resources and its business expertise in the process industry. In conjunction with the arrangement, the name of the Group's parent company was changed to Plc Uutechnic Group Oyj (formerly Vaahto Group Plc Oyj), and its domicile was moved to Uusikaupunki.

The merger has a strong strategic foundation, and it will bring clear synergy benefits. The Group's ability to serve its customers globally in the process industry will also improve.

The Group will continue to invest in creating customised, environmentally friendly solutions in cooperation with its international customers.

The history of the Group dates back to the 19th century, and the company has accumulated extensive expertise over the years. Combined with the merger and financial arrangement, this expertise lays a strong foundation for future growth and profitability. The Group will ensure high performance by strengthening its existing brands and creating a consistent, customer-focused corporate culture.

For its employees, the new era means a stronger managerial presence in its operations and closer cooperation between the various units of the Group in day-to-day business operations.

Uutechnic Group's growth strategy is based on:

- Increasing its market shares by making use of the synergy benefits generated by its existing units
- Increasing its market shares through more extensive deliveries
- Carrying out business acquisitions in line with its strategy

For the Group's shareholders, the arrangements completed in 2015 create a sustainable foundation for increasing the value of its share. The Group's stronger financial standing enables its companies to genuinely focus on improving the profitability of their business operations. As an agile operator, Uutechnic Group has opportunities for profitable business operations regardless of world market trends. In terms of future success, the Group's ability to operate cost-efficiently plays a key role, as does its ability to identify customers that appreciate its technological expertise and ability to provide customised services within demanding projects.

CEO'S REVIEW

The past financial year was a time of significant change and good news for Uutechnic Group. The Group carried out a merger and business arrangement and acquired agitator business operations and new expertise as a result. In conjunction with this, its financing was completely rearranged. The Group's financial standing was brought back to a sustainable level. As part of the arrangement, the name of the Group's parent company was changed to Plc Uutechnic Group Oyj, and the name Vaahto Group Plc Oyj became history. Correspondingly, the Group is now known as Uutechnic Group.

The arrangement was a natural continuation of the strategy determined by the Group in 2014: the Group focuses on the mixing needs of the process industry and on the manufacturing technology for complex tanks and cylinders. As a result of the arrangement, the Group is better able to serve its customers globally. The agitator business operations of Uutechnic Oy supplement the business operations of Japrotek Oy Ab and Stelzer Rührtechnik International GmbH by enabling the Group to offer more extensive deliveries to its customers, if needed. Uutechnic Oy is historically a highly profitable and competitive company. Our goal is to use its expertise to improve the competitiveness and profitability of the entire Group. The position of AP-Tela Oy within the Group was clarified and further specified during the financial year 2015. AP-Tela is an important part of the Group's operations, and we intend to develop and grow the company's business operations in the future.

Competition continued to be tight in the Group's business areas in 2015, and the market situation is not expected to change significantly during 2016. Uutechnic Group must ensure its competitiveness in the market even in the current economic situation. For this reason, the Group's operations were streamlined during 2015 to achieve cost savings and improve efficiency. We will continue to seek cost savings in 2016 to ensure our vitality in the market. It is important for the Group that all of its companies are able to operate profitably even in a tight competitive situation. Even though the Group's finances were restored to health during 2015, its business operations must always be based on profitability.

Uutechnic Group's operations are mainly based on long-term partnerships. This enables us to genuinely participate in developing our customers' processes and creating added value for customers. Partnerships will continue to play a significant role, and we will actively seek new customers and partners globally.

The changes that have taken place within the Group in recent years have required a great deal of adjustment from employees. The ability to adapt to changes will continue to be important. Highly motivated and competent employees will play a key role in achieving our goals.

I would like to take this opportunity to thank our customers and employees for their trust in our operations. I would also like to thank our financiers, shareholders and other stakeholders, who have helped us navigate the period of changes within the Group. I believe that this trust will bear fruit for all parties.

Martti Heikkilä
CEO
Plc Uutechnic Group Oyj

"It is important for the Group that all of its companies are able to operate profitably even in a tight competitive situation."

UUTECHNIC OY

Uutechnic Oy is a company specialising in demanding mixing technology. It delivers advanced mixing technology solutions and products for liquid-based processes worldwide. Uutechnic Oy specialises in large top-entry agitators and side-entry agitators for heavy industry that are designed and manufactured according to the particular requirements of each customer and process.

The Uutechnic™ mixing technology has become a widely recognised concept in the market. It is primarily intended for highly demanding conditions where agitators serve as key process equipment and high requirements are set for usability. Uutechnic top-entry agitators are used in a large number of demanding mixing applications in reactors, autoclaves and large process and storage tanks, for example Side-entry agitators are mainly used in wood-processing processes.

Uutechnic Oy's main industries are the mining, hydrometallurgical, pulp and paper industries and the fertiliser industry and other chemical industries.

The company delivers most of its products abroad. Exports represented 55% of its turnover in 2015. Uutechnic aims to be a preferred partner in the global mixing technology market.

Its turnover and profit increased markedly in 2015 from the previous year's level. Its projects were implemented according to plan, and its outlook for 2016 is good.

Uutechnic Oy became part of Uutechnic Group through an arrangement that the Annual General Meeting of the parent company approved on 30 October 2015. The consolidated financial statements were prepared by recognising the arrangement as a reverse acquisition where Uutechnic Oy is regarded as the acquiring party. The arrangement is described in the Board of Director's report. It is expected to facilitate the growth and development of Uutechnic Oy's business operations.

STELZER RÜHRTECHNIK INTERNATIONAL GMBH

Stelzer specialises in agitator systems for the process industry and the related maintenance business operations. Its business operations are based on its special expertise in technology, in-depth knowledge of its customers' core processes and extensive research and development work. Its main customer segments include the food, chemical and pharmaceutical industries and environmental technology.

Its mixing technologies are exported around the world. The scope of its deliveries ranges from magnetic agitators for small tanks with a volume of a few dozen litres to agitators for tanks with a volume of several thousand cubic metres.

Investments by the food industry increased in 2015 in comparison to the previous year, and the environmental technology segment continued to develop positively as well.

Stelzer's main market areas include Central Europe and Asia. Direct and indirect exports represent more than 60% of its turn-over.

The company recorded a fairly good result in 2015 despite the challenging market situation and the fact that its order book was at a relatively low level at the beginning of the financial year. Its turnover was at around the same level as in the previous year, and the company recorded a positive result.

Stelzer successfully delivered demanding projects during the financial year. In the fourth quarter, Stelzer delivered the largest agitator in its history to a customer in the chemical industry in Asia. It also delivered a demanding project to the United States during the fourth quarter.

The merger carried out within the Group in late 2015 and the stronger position of agitator business operations are expected to facilitate Stelzer's business operations during 2016.

JAPROTEK OY AB

JAPROTEK

Japrotek provides its customers with comprehensive services, including product design and development, manufacture and installation as well as start-up, maintenance and spare parts services. Its main products include demanding process and storage tanks, reactors, pressure vessels, columns, heat exchangers and agitators. The company has special expertise in the design and manufacture of demanding constructions and special materials, such as titanium, compounds and nickel alloys as well as duplex, stainless and acid-proof steel.

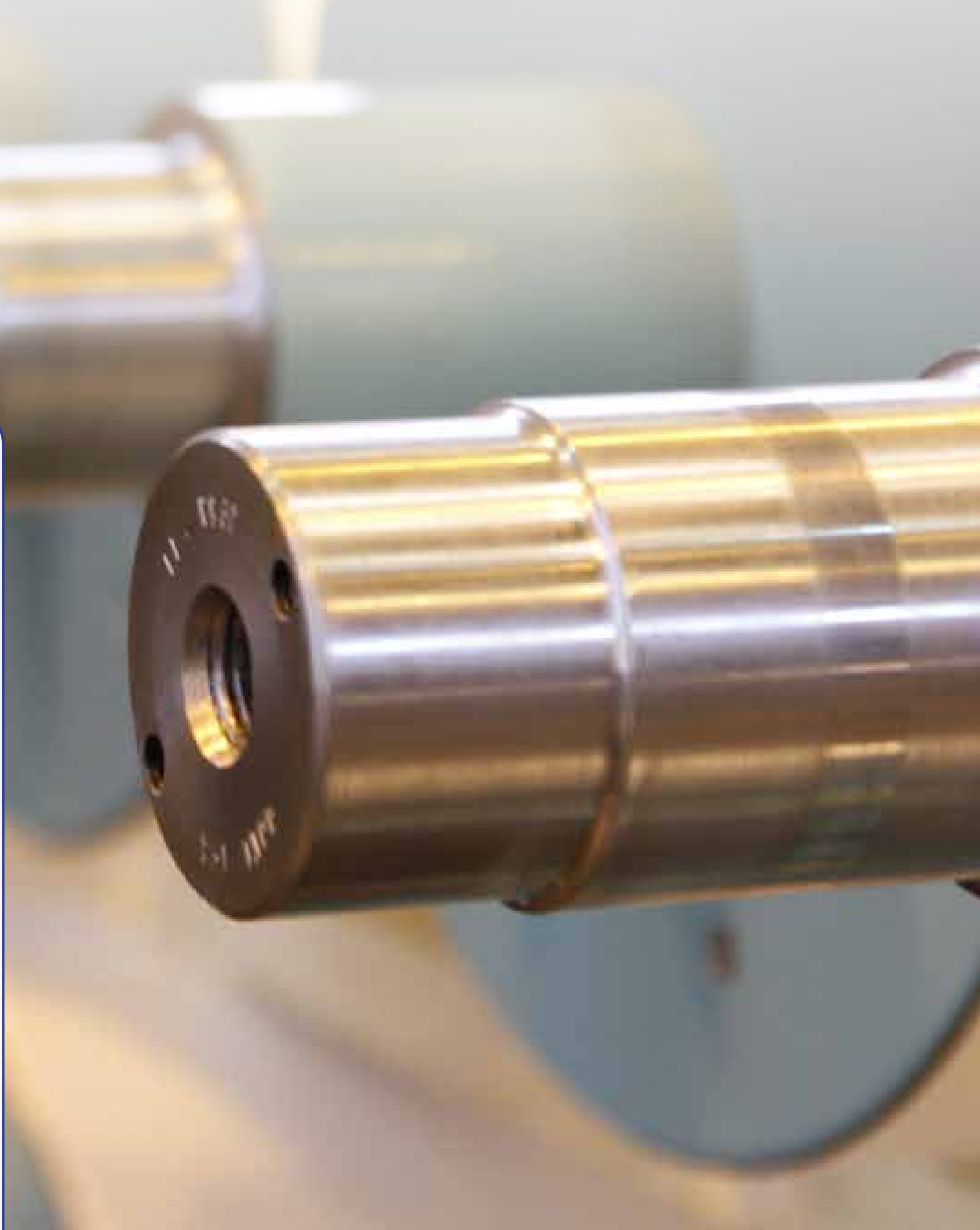
Its main industries are the chemical, paper, pulp, energy, hydrometallurgical and mining industries and environmental technology.

The market situation continued to be challenging for Japrotek in 2015. The company made a loss in the first half of the year due to unexpected expenses related to certain projects. In addition, its order book did not meet expectations in early 2015. Its order book grew and its profitability improved in the second half of the year.

The Nordic countries have traditionally been the main market area for Japrotek, but the company aims to seek customers outside this area as well. Its most significant deliveries in 2015 included the delivery of a leaching autoclave to a Finnish customer and the delivery of a crystallisation plant to Kemira in Brazil. These extensive process equipment deliveries required special expertise in the processing of titanium and the management of customers' processes, both of which are Japrotek's strengths.

As a result of the merger carried out within the Group in late 2015, Japrotek and the other companies of the Group will be better able to provide customers with more extensive deliveries. This is expected to improve conditions for the company's business operations.

AP-TELA OY



AP-Tela is a component and custom machine workshop that mainly serves customers in the forest industry with regard to mechanical engineering. Its customers also include the steel, maritime, energy, offshore and engineering industries. Its main market areas are Finland and the Nordic countries.

AP-Tela Oy specialises in the manufacture of long welded and machined axially symmetrical parts. The company manufactures welded press pipes according to the customer's requirements. Welded press pipes are used in rolls and cylinders in paper machines and in steam and water cylinders and pressure vessels. The pipes can be annealed and equipped as components according to the customer's requirements. The rolls and cylinders can be delivered ground and dynamically balanced. The service also includes roll maintenance and the production and installation of aggregates. The company has a 3,000-tonne press brake, which it uses to manufacture heavy pipe beams, cones and press profiles. In addition, its range of products include welded and machined steel frames and foundations.

AP-Tela's turnover increased in 2015 in comparison to the previous year, but its profitability did not meet expectations.

After the end of the financial year, the company secured the largest order in its history. The order was placed by Valmet and included the design and manufacture of 27 massive drying cylinders. The order will be delivered in the fourth quarter of 2016.

AP-Tela's position as a reliable supplier in the market strengthened as a result of the merger completed within the Group in late 2015. AP-Tela is an essential part of Uutechnic Group's business operations, and its operations will be developed and grown as part of the entire Group.

UUTECHNIC GROUP'S TARGETS FOR 2016

Uutechnic Group aims to:

- Be a globally recognised and preferred cooperation partner with a good financial standing in selected product and market segments.
- Grow organically while also considering opportunities for growth through acquisitions.
- Implement Uutechnic Oy's corporate culture and performance ability in all of its units and to harmonise operating methods in its subsidiaries.
- Secure a positive operating result for all of the Group's units.

The merger and financing agreement had a markedly positive effect on the Group's business operations. In a challenging market situation, the Group received a significant number of new orders in early 2016, and its order book is at a good level.

The Group's business units recorded a total of EUR 30.6 million in turnover for 2015. As a result of the positive development of the order book, the total turnover for the Group's units is expected to increase in 2016, and their total operating result is expected to be positive.

WHO WE ARE

Our goal is to be one, unified team that works towards common goals. From the very beginning of our operations, we have continuously developed our skills and expertise in many fields and achieved new milestones. Achieving new goals always requires hard work and highly motivated and committed employees who work together as a team.

Reliable deliveries are key for us, and we achieve the best results when our operations are planned and uninterrupted. We are working to create a culture where safety is a natural part of our behaviour at work and in our free time. To deliver on our customer promise, we need highly committed, motivated and competent employees. Uutechnic Group improves the competitiveness of its customers' business operations and production processes around the world. In recruiting new employees, we invest in top expertise and the right attitude in order to further develop our operations and achieve new targets.

Personnel

At the end of the year, Uutechnic Group had 179 employees, of whom 5% were women. Of our personnel, 58% were production employees and 42% were professional and managerial employees. The employees of our subsidiaries in Finland represented 63% of our employees, with the remaining 37% being employees of our German subsidiary. The average duration of an employment relationship at the Group is 15 years, which indicates that our employees are satisfied with their jobs and are committed to the company.

Our operations mainly involve production, project management and engineering.

A developing company

Our multifaceted operating environment and its constant state of change pose challenges with regard to HR management. We seek to respond to these challenges by investing in well-being at work, training for employees and a better flow of information within the organisation. Open communication is particularly important in implementing changes. Our goals for relationships between supervisors and employees include straightforward communication and an environment of mutual caring.

Uutechnic Group seeks to keep its employees motivated and ensure their competence development. The achievement of our strategic targets requires the Group's employees to be aware of how they can contribute to the implementation of its strategy in their work. The Group considers opportunities for employees to participate in preparing and shaping its strategy and making strategic choices to be factors that increase motivation and job satisfaction.

The Group increasingly seeks to identify synergies between individuals and opportunities for cooperation. Our goal has been to increase production efficiency and volumes by making use the Group's existing resources. Through the merger and the integration of Uutechnic Oy into the Group, we have also adjusted our management models to enable a stronger managerial presence in our operations.

Ensuring the health and safety of our employees continues to be one of the key goals of our HR policy, and monitoring safety is part of our day-to-day operations at our machine shops. We seek to prepare for risks through the careful planning of work, induction training and the use of personal protective equipment. Our goal is to prevent accidents and sickness absences, examine their causes and make returning to work easier.

"Our employees are our key resources. Our operations focus on equipment, but each piece of equipment is operated by a human being. Highly competent employees and their job satisfaction are our competitive strengths.

We are not the largest technology and specialist company in the world, but we can be the best!"

CORPORATE RESPONSIBILITY

Sustainable business operations

Uutechnic Group is building a sustainable future for its employees, shareholders and business partners. Sustainable, continuously developing business operations are created by increasing internal and external environmental awareness. This can be achieved through close cooperation with our stakeholders and employees and by observing the world around us.

Uutechnic Group complies with the principles of responsible business operations. We see corporate responsibility as a key competitive factor that also includes continuous operational development. The Group divides corporate responsibility into three areas: responsibility for quality, the environment and safety. Uutechnic Group has an ISO 9001 quality management system and an ISO 14001 environmental system in place. In developing responsible business operations, we take our customers' and other stakeholders' expectations into account. The Group's strengths include the high quality of its products and services. Our quality policy aims at high customer satisfaction. We develop products and services in cooperation with our customers and international partners. Our long-term customer relationships are an indication of high customer satisfaction.

Environmental policy

We take our environmental impact into account in our business operations, and the Group's environmental policy aims at the development of our own operations and our customers' processes while also considering environmental aspects. Responsibility concerns the entire life cycles of the Group's products. We create positive environmental effects by improving the energy efficiency and quality of our customers' processes. In line with our operating principles, we make use of technologies that minimise our environmental impact. We engage in open dialogue about environmental issues and seek to optimise our energy use and reduce our emissions. Our openness ensures that our products are manufactured sustainably.

Health and safety

Ensuring safety is one of our key values. Ensuring the safety of our employees and the environment is our highest priority. We believe that safety is an attitude and a way of thinking and that each job and assignment can be done safely. Before starting an assignment, we pay attention to minimising risks. Our goal is to create a safe and healthy work environment for all of our employees and guests and each of our customers.

The management is responsible for setting a good example and ensuring that our safety practices are effective. The management is also responsible for promoting a positive attitude towards ensuring safety, and every employee is responsible for their own safety and that of their colleagues. Our action plan for occupational health care is to ensure the well-being and working capacity of our employees and prevent accidents and occupational diseases.

Our goal is to create a safe and healthy work environment for all of our employees.

UUTECHNIC GROUP'S VISION, MISSION AND VALUES

Vision

We are a globally recognised and preferred partner of solid financial standing among companies that use demanding process technology in our selected market segments.

Mission

Uutechnic Group focuses on improving the competitiveness of its customers by providing them with advanced process technology and a unique service concept worldwide.

Values

Increasing the value of customers' business operations

- We serve as a resource for our customers, developing their operations and ensuring that their operations run smoothly
- We can see things from our customers' perspective and are familiar with their needs and goals
- Our high-quality products and services create added value for our customers

Continuity

- Our operations are based on long-term customer relationships
- By acting responsibly as individuals we create a solid foundation for creating long-term employment relationships and making the company a preferred employer

Expertise

- We continuously develop our expertise
- We develop and use new methods and technologies

Honesty

- We are honest to ourselves and others
- We are open, fair and reliable and treat everyone equally

ADMINISTRATION

Chairman **Jouko Peräaho**, b. 1962, Engineer

Chairman of the Plc Uutechnic Group Oyj board of directors since October 30, 2015
Member of the Uutechnic Oy board of directors since 2013

Vice-Chairman **Sami-Jussi Alatalo**, b. 1971, Master of Laws

Member of the Vaahto Group Plc Oyj board of directors since June 19, 2012
Ultivista Group, CEO

Previous work experience:
Ultivista Group, CFO
Nordea Group, managerial and specialist positions in Corporate Banking

Most significant positions of trust:
Westpro cc Oy, member of the Board

Timo Lindström, s. 1961, Engineer

Member of the Plc Uutechnic Group Oyj board of directors since October 30, 2015
Member of the Uutechnic Oy board of directors since 2013

Most significant positions of trust:
Member of the Linemarine Oy board of directors
Member of the Vakka-Suomen Puhelin Oy Supervisory board

Finished memberships in 2015:

Chairman **Reijo Järvinen**, b. 1948, M.Sc.(Chem.)
Attorneys Krogerus Oy, Senior Advisor
Chairman and member of Vaahto Group Plc Oyj board of directors 2010 - 2015

Topi (Toivo) Karppanen, b. 1956, M.Sc.(Tech.)
CEO of Vaahto Group since September 1, 2014
Member of the Vaahto Group Plc Oyj board of directors 2010 - 2015

Mikko Vaahto, b. 1963,
with vocational qualifications in business and administration
Member of the Vaahto Group Plc Oyj board of directors 1994 - 2015

Mikko Kilpinen s. 1971, M.Sc. (Econ.)
Member of the Vaahto Group Plc Oyj board of directors 14.4.-30.10.2015

MANAGEMENT AND AUDITORS

CEO

Martti Heikkilä, b. 1960, M.Sc.(Tech.)
CEO of Plc Uutechnic Group Oyj since December 1, 2015
Managing director of Japrotek Oy Ab, AP-Tela Oy and Steva Oy since December 1, 2015
Managing director of Uutechnic Oy 2013-

Kumera Drives Oy, managing director. 2005-2013
Sulzer Pumps Finland Oy, different management positions 2000-2005
Ahlstöm Oy, Salon sekoitintehdas, different management positions 1988-2000

Management Team

Martti Heikkilä, b. 1960, M.Sc.(Tech.)
CEO of Plc Uutechnic Group Oyj since December 1, 2015

Christian Kessen, b. 1963, M.Sc. (Tech.)
Stelzer Rührtechnik International GmbH, CEO 2007 –
Stelzer Rührtechnik International GmbH, Manager of Engineering 1991 – 2006

Auditors

Ernst & Young Oy
Chief auditor
Erkka Talvinko, CPA

Finished contracts of CEO in 2015:

Kalle Rasinmäki, b. 1974, M.Sc. (Tech.)
CEO of Vaahto Group April 1, - November 30, 2015

Topi (Toivo) Karppanen, b. 1956, M.Sc.(Tech.)
CEO of Vaahto Group September 1, 2014 – March 31, 2015
Member of the Vaahto Group Plc Oyj Board of Directors since 2010

CORPORATE GOVERNANCE STATEMENT OF UUTECHNIC GROUP FOR THE FISCAL YEAR 2015

Applicable regulations

Corporate governance of Uutechnic Group is based on the Finnish legislation and the articles of Association of the Group's parent company, Plc Uutechnic Group Oyj.

The company follows the NASDAQ Helsinki Oyj's corporate governance code 2010 for Finnish listed companies. Uutechnic Group deviates from the Finnish Corporate Governance Code Recommendation 8: Mikko Laakkonen has a specific but limited right to appoint a member of the Board of Directors as described below. Recommendation 9 concerning the gender parity of the Board. Suitable candidates as a Board member to meet the recommendations of the Corporate Governance Code has so far not found. In addition the company deviates from the recommendation 15 so that the majority of the members of the board is not independent of the company and its significant shareholders.

The governance code issued by the Securities Market Association took effect on 1 October 2010, and it is publicly available, e.g., on the Securities Market Association's Web site via the address www.cgfinland.fi.

Administration of Uutechnic Group

In accordance with the Companies Act, the Group's business operations and administration are the responsibility of the following bodies: the Annual General Meeting, which elects the members of the Board of Directors of the parent company, and the CEO, appointed by the Board.

Plc Uutechnic Group Oyj's highest decision-making body is the Annual General Meeting, where the shareholders exercise their authority. The Board of Directors is responsible for the company's administration and appropriate operation. As the parent company of the Group, Plc Uutechnic Group Oyj is responsible for the management, strategic planning, IT, financial administration and financing, and human resources management of the Group.

The activities and results of Group's business operations are on the responsibility of the Group's Management Team, CEO and the Board of Directors.

Annual General Meeting

The company's highest decision-making body is the Annual General Meeting. An Extraordinary General Meeting is arranged when necessary. This is called by the Board of Directors. Shareholders are invited to the Annual General Meeting through a meeting invitation published on the company's Web site. The invitation provides the shareholders with the necessary information on the issues to be addressed at the meeting. The meeting notice is also published as a stock exchange release and to any other way decided by the Board of Directors.

The Annual General Meeting must be held no more than six months after the end of the company's financial year. The AGM makes decisions on the issues falling under its mandate as determined by the Companies Act, including the verification of the financial statements, the payment of dividends, the discharge from liability of the Board members and the CEO, and the selection and fees of the Board members and the auditors.

The Annual General Meeting is attended by the CEO and a majority of the Board members. A person running for a position on the Board for the first time attends the AGM that decides on the selection.

Board of Directors

Activities of the Board

The Board of Directors of the parent company, which also acts as that of the Group, is responsible for the Group's administration and appropriate operation, and it decides on issues that are highly significant in light of the scope of the Group's operations.

Some of the key responsibilities of the Board are to:

- confirm the Group's strategy and objectives, monitor their implementation, and commence corrective measures if these should be necessary
- decide on significant investments as well as acquisitions and real-estate transactions
- handle and approve the interim management statements, interim reports, and financial statements
- decide on the Group's financial policies and financing methods
- approve the dividend policy and make a proposal to the AGM concerning distribution of dividends
- be in charge of arrangement of the Group's risk management and internal monitoring
- appoint and relieve the CEO, and decide on the terms of the CEO's employment
- confirm the Group's strategy and decide on the central principles governing the Group's compensation system

The Board of Directors regularly evaluates its own activities and work methods.

Issues are handled at Board meetings in accordance with an agenda prepared for each meeting. The Group's chief executive officer acts as secretary of the Board. The minutes of each Board meeting are commented upon and accepted at the next meeting.

The Board meets regularly, once a month, and at other times, if necessary. During the 2015 financial period, the Board met 39 times. There was 100 % attendance by the Board members.

The presenter at Board meetings is the company's CEO or one of the Group's personnel authorized by the CEO. The CEO is responsible for providing the Board with sufficient information for assessing the Group's operations and financial situation. The CEO is also responsible for implementing the Board's decisions and reports on this to the Board.

The Board members are obliged to provide the Board with sufficient information for assessment of their qualifications and level of independence and to report any changes to this information.

Composition of the Board

According to the Articles of Association, the Board of Directors has a minimum of three and a maximum of six members, whose term of office ends at the end of the first full Annual General Meeting following the election. The Board members are selected by the Annual General Meeting. The chairman and vice-chairman of the Board are selected by the Board from among its members.

The names of candidates proposed for Board positions are published in the invitation to the Annual General Meeting where the candidate is supported by shareholders holding a minimum of 10% of the votes as determined by the number of shares and if the candidate has accepted the candidacy. Names of candidates nominated after publication of the AGM invitation are published separately. A person selected as a Board member must meet the qualifications for the position and have the opportunity to allocate enough time to handle the position.

The Annual General Meeting on 15 April 2014 confirmed that the Board shall have four members. Sami Alatalo, Reijo Järvinen, Topi Karppanen and Mikko Vaahto were elected for the Board. The Board elected Reijo Järvinen as a chairman and Sami Alatalo as a vice-chairman.

In the Extraordinary General Meeting on 30 October 2015 Sami Alatalo, Jouko Peräaho and Timo Lindström were elected for the Board. The Board elected Jouko Peräaho as a chairman and Sami Alatalo as a vice-chairman.

Related to the corporate arrangement announced on October 30, 2015 in the 2016 and 2017 General Meetings of Plc Uutechnic Group Oyj, Hannu Laakkonen, HML Finance Oy and the previous owners of Uutechnic Oy have committed to vote the person proposed by Mikko Laakkonen for the member of the Board of Directors. The obligation to vote is only if the persons committed to vote are present in the General Meeting and if Mikko Laakkonen owns over 10 % of the shares of Plc Uutechnic Group Oyj.

Information about Board Members

Presented in the item Board of Directors.

Compensation of Board members

The compensation for Board members is determined each year by the Annual General Meeting. The Board members have not received shares in the company as compensation. The company currently has no stock option plan.

The Annual General Meeting of 15 April 2014, decided to pay Board members the following attendance fees as annual compensation amounts: 36,000 euros to the chairman, 33,000 euros to the vice-chairman and 22,000 euros to each of the members.

In addition, Board members are entitled to a per diem and travel allowance in accordance with the Group's general travel regulations. No attendance fees are paid to persons employed by Uutechnic Group for membership of a subsidiary's board of directors.

Fees paid to Board members in the 2015 financial year for Board duties:

	euros
Alatalo Sami vice-chairman	33.000,00
Järvinen Reijo, chairman	12.000,00
Karppanen Toivo	16.833,33
Kilpinen Mikko	11.000,02
Lindström Timo	3.666,66
Peräaho Jouko	6.000,00
Vaahto Mikko	7.333.32

Board committees

The Board has no committees.

Supervisory Board

The company has no Supervisory Board.

CEO

The Board appoints the parent company's CEO, who acts as the Group's president. The CEO is responsible for day-to-day management of the Group in accordance with the Finnish Companies Act, the Articles of Association, and instructions from the Board of Directors. The CEO is neither chairman nor vice-chairman of the Board.

Toivo (Topi) Karppanen has served as acting CEO until 30.3.2015. 1.4. – 30.11.2015 Kalle Rasinmäki has served as CEO. Since 1.12.2015 Martti Heikkilä has served as CEO of Plc Uutechnic Group Oyj.

Information about the CEO

Presented in the item Management and Auditors.

Business organization

The activities and results of Group's business operations are on the responsibility of the managing directors of the companies, with the support of management teams, Group's CEO and the Board of Directors.

Information about the managing directors of the subsidiaries:

Presented in the item Management and Auditors.

Compensation of the CEO and other members of the company's management

The CEO's salary and other financial benefits are decided by the Board. Compensation for other members of the management is decided upon by the CEO and the chairman of the Board. The Group currently has no stock option plan.

No special conditions for retirement or pension benefits have been specified for the members of the Group's management. According to the employment contract of CEO Martti Heikkilä the notice period of the contract is three months for both sides. If the company terminates the contract, the CEO will receive 100,000.00 euros deducted of the sum paid for the termination period. From the beginning of the year 2016 in addition to the monthly salary the CEO is will receive a yearly bonus, 1,25 % of the Group's EBIT from the financial year.

Salaries paid to CEO in the 2015 financial year:

	euros
Heikkilä Martti	12.425,00
Karppanen Toivo	61.359,86
Rasinmäki Kalle	147.253,48

Body responsible for the duties of the audit committee

The company has no audit committee; instead, the duties of the audit committee are attended to by the Board of Directors of the company.

Internal monitoring, risk management and internal audit

Internal monitoring:
The Group's business and administration are primarily monitored and controlled by means of the Group's management system. The Group has a financial reporting system whose purpose is to provide the Group and profit center management with sufficient information for planning, control, and monitoring of operations.

Risk management:
The objective of the Group's risk management process is to identify any risks that pose a threat to the business operations, evaluate them, and develop the necessary risk management methods. Business-related risks of material, consequential, and liability losses are covered by appropriate insurance policies.

Internal auditing:
With regard to the nature and scope of its business operations, the Group has not deemed it appropriate to establish a separate internal auditing organization. Rather, its tasks are included in the duties of the business organization.

Insider administration

Plc Uutechnic Group Oyj follows the NASDAQ Helsinki Oy's Insider Guidelines. The public insider register includes statutory insiders and insiders as determined by the Board of Directors of the company. In accordance with the Securities Markets Act, permanent insiders comprise the company's Board members, CEO, and auditors. In addition, the company has defined as insiders those members of the company's top management who regularly receive insider information and are entitled to make decisions concerning developments and business arrangements related to the issuer of shares. Subsidiary-specific insider registers include persons who regularly receive insider information in the course of their duties.

Plc Uutechnic Group Oyj's public and subsidiary-specific insider registers are maintained by the company. The insider register can be seen at the company's head office.

The company's insiders are not allowed to trade in shares of the company within the 21 days before publication of a financial statement or interim report.

Audit

In accordance with the Articles of Association, the company's statutory audit is performed by one or two qualified auditors, who must be auditors or auditing firms certified by Finland's Central Chamber of Commerce. The auditors' term ends at the end of the first full Annual General Meeting after the election.

The Board's proposal for auditor(s) is indicated in the invitation to the Annual General Meeting, or, if an auditor candidate is not known to the Board at the time the invitation is published, the name of the candidate(s) shall be published separately.

The Annual General Meeting of 15 April 2015, selected public auditing firm Ernst & Young Oy as the company's auditor, with Erkka Talvinko, CPA, as chief auditor.

Auditors' fees from the Group in the 2015 financial period totaled 334,113.00 euros, of which audit fees accounted for 98,099.00 euros, with consulting and other fees accounting for the remaining 237,014.00 euros.

Information

Each year, the company publishes an annual report and an interim report in both Finnish and English. The interim report is published for the first six months of the financial period. For Q1 and for Q1–Q3 of the financial period, the company has been published the interim management statement instead. Since 2016 interim management statements will not be published any more.

Information about financial statements and interim reports is published in exchange reports. The annual report and interim report are published on the company's Web site www.uutechnicgroup.fi. The company's other press releases are also available on the Web site.

SHARES AND SHARE-HOLDERS

Share Capital

Plc Uutechnic Group Oyj's registered and fully paid share capital of 31 December 2015 was €2,872,302, and the number of shares in the company was 25,963,210.

30.10.2015 the Extraordinary General Meeting of Plc Uutechnic Group Oyj approved the transaction between Vaahto Group and Uutechnic Oy and the share issues related to it.

In the Rights Issue realized in December 2015, 9 985 850 new shares were subscribed and the shares were registered with the trade register.

In the directed share issue realized in December 2015 and in January 2016 30,000,000 new shares were subscribed by the owners of Uutechnic and parties pointed by them. These shares were registered with the trade register in January 2016.

After above mentioned share issues the number of Plc Uutechnic Group Oyj's shares is 55,633, 210.

The company's stock symbol is UUTEC, and its ISIN code is FI0009900708.

Listing of Shares

Plc Uutechnic Group Oyj is listed on the NASDAQ OMX Helsinki Oy exchange.

Share trends and trade statistics

In total, 5,604,336 (21.6 %) of Plc Uutechnic

SHARES AND SHAREHOLDERS

Group Oyj's shares were traded during the 2015 financial year. The share price was 0.25 euros at its lowest and 0.76 euros at its highest, the average share price was 0.42 euros, and the financial year's closing price was 0.40 euros. The total market value of the company's shares on 31 December 2015 stood at 10.4 million euros. The company has a liquidity agreement with Nordea Pankki Suomi Oyj.

The Board's authorizations

The General Meeting of 14 April 2015 authorized the Board of Directors to decide on the issuing of new shares in one or more instalments. The maximum number of new shares that could be issued was 10,000,000. This authorization entitled the Board to decide on all terms of the share issue, including the right to deviate from the shareholders' subscription privilege.

The authorization is valid until 31 May 2016.

Distribution of dividends

The Board of Directors' proposal to the General Meeting of 28 April 2016 is that no dividend be distributed and that the retained earnings be deposited in the profit account.

Shareholders and the management's ownership

According to the book-entry security system, Plc Uutechnic Group Oyj had 1095 registered shareholders on 29 February 2016. There were in total 5,556,106 nominee-registered shares.

After the share issues related to transaction between Vaahto Group and Uutechnic Oy the managements ownership is as follows:

	Shares and votes	%
Lindström Timo, member of the board	8 640 000	15,44
Peräaho Jouko, chairman of the board	8 640 000	15,44
Sami Alatalo *), vice-chairman of the board	0	0
Martti Heikkilä, CEO	100 000	0,18
Ismo Haaparanta, deputy CEO	12 000	0,02

*) Sami Alatalo is in control of a company which owns 80 000 shares of Plc Uutechnic Gorup Oyj.

Timo Lindström and Jouko Peräaho are 36 % owners of UuCap Oy, which owns 8,59 % of Plc Uutechnic Group Oyj's shares.

Related to the company- and financial arrangements members of Board, CEO and deputy CEO have pledged not to transfer their shares until 31.12.2016.

Board members or managers of the Group or its subsidiaries have no holdings or special rights based on the company's share-based incentive systems.

INFORMATION FOR SHAREHOLDERS

The Annual General Meeting

The Vaahto Group Plc Oyj Annual General Meeting will be held on Thursday, April 28, 2016, starting at 13.00 at Hotel Marski, Mannerheimintie 10, 00100 Helsinki.

Every shareholder who on April 18, 2016 is registered as a shareholder in the list of shareholders kept by Euroclear Finland Ltd. has the right to participate in the Annual General Meeting.

All shareholders who wish to participate in the Annual General Meeting must register no later than April 21, 2016 before 4:00 pm. Registration can be done in person or via an authorized person by letter to Plc Uutechnic Group Oyj, P.O. Box 12, 68601 Pietarsaari, Finland, or by telephone to Leena Junninen at +358 400 613896. Registration letter must arrive before the registration deadline. The documents pertaining to the company's financial statement will be on view at the company's headquarters from April 7, 2016.

Dividend

The Board proposes to the Annual General Meeting that no dividends be paid.

Financial information

Plc Uutechnic Group Oyj will publish during the next fiscal year that will begin 1.1.2016 one interim report per 30.6.2015 covering six months of operations. The Interim Report will be published on September 2, 2016.

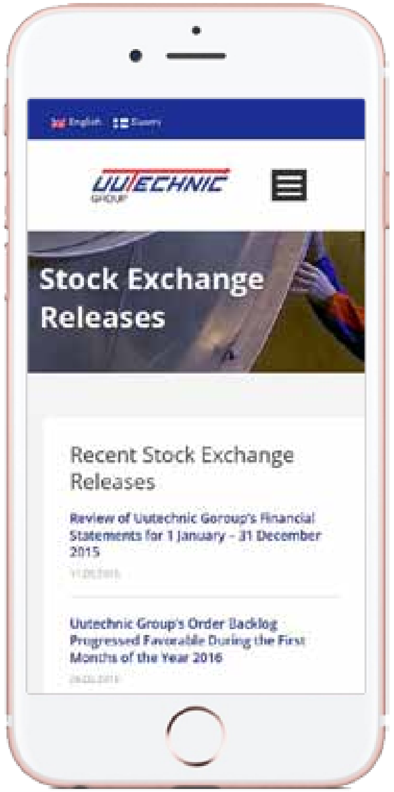
Annual reports are no longer published as printed versions. Instead, those are available as electronic publications. The annual report, interim reports, exchange releases and other information about Plc Uutechnic Group Oyj is available on the company's web site **www.uutechnicgroup.fi.**

EXCHANGE REPORTS AND BULLETINS

The following list includes all Plc Uutechnic Group Oyj's stock exchange releases and stock exchange announcements published in fiscal period 1.1.-31.12.2015.

Some of the information included in the bulletins might be out of date.

Stock exchange releases and stock exchange announcements are available on the company's web site at **www.uutechnicgroup.fi** under Releases and News.



31.12.2015	Uutechnic Group's Directed Share Issue Concluded, all Contribution-in-Kind Shares Subscrebed to
29.12.2015	Disclosure of Change in Shareholdings under Chapter 9, Section 10 of the Securities markets Act '
28.12.2015	Publication of the Financial Statements and Interim Report of uutechnic Group
28.12.2015	The New Shares of Uutechnic Group Registered with the Trade Register
22.12.2015	Plc Uutechnic Group Oyj's Rights Issue Subscrebed in Full
2.12.2015	Listing Prospectus Related to Plc Uutechnic Group Oyj's Rights Issue and Directed Share Issue has been Approved and Published
20.11.2015	Uutechnic Group's Financing Arrangement put into Effect
9.11.2015	The Change of Business Name to Plc Uutechnic Group Oyj Comes into Effect
6.11.2015	Management's Interim Report – Vaahto Group, 1 January – 6 November 2015
5.11.2015	The CEO of Vaahto Group Plc Oyj (Future Plc Uutechnic Group Oyj) Will Change
2.11.2015	The Transaction between Vaahto Group Plc and Uutechnic Oy has Become Finally Valid
30.10.2015	Decisions Made at the Extraordinary General Meeting of Vaahto Group Plc Oyj
30.10.2015	Vaahto Group and Uutechnic Have Signed an Agreement on a Merger, Final Valitity Conditional to the Decisiions of EGM
28.10.2015	Vaahto Group has Agreed on a Conditional Financing Arrangement with Respect to the Planned Corporate Transaction with Uutechnic Oy
20.10.2015	The Financial Supervisory Authority (FIN-FSA) has Granted Exemption from the Obligation to Launch Mandatory Public Tender Offer Concerning Vaahto Group Plc Oyj's Shares
9.10.2015	Invitation to the Extraordinary General Meeting of Vaahto Group Plc Oyj
7.9.2015	Japrotek Vessels to Deliver a Bleaching Reactor to Äänekoski
3.9.2015	Uutechnic Oy and Vaahto Group Plc Oyj, Together with Their Principal Shareowners, have Signed a Conditional Agreement on a Merger and Financing Arrangement
28.8.2015	Suspension of Trading in the Shares of Vaahto Group Plc Oyj
28.8.2015	Vaahto Group Interim Report for January 1 – June 30, 2015
10.8.2015	Publication of the Listing Prospectus Concerning New Shares Issued by Vaahto Gorup Plc Oyj
24.6.2015	Japrotek Oy Ab, a Subsidiary of Vaahto Group, Concludes Co-determination Negotiations
13.5.2015	Vaahto Group's Interim Management Satement for January 1 – May 13, 2015
8.5.2015	Japrotek Oy Ab, a Subsidiary of Vaahto Group, Starts Co-determination Negotiations
30.4.2015	Vaahto Group's Subsidiary Japrotek Oy Ab's Equity Negative and the Group's Operative Result for the First Quarter Lower than Expected
14.4.2015	Vaahto Group Plc Oyj Annual General Meeting Apirl 14, 2015
8.4.2015	Shareholders' Proposal to the Annual General Meeting to be Held on April 14, 2015 re the Composition of the Board of Directors
2.4.2015	Disclosure of Change in Shareholdings Under Chapter 9, Section 10 of the securities Markets_Act
1.4.2015	The CEO of Vaahto Group Plc Oyj will Change
1.4.2015	Disclosure of Change in Shareholdings Under Chapter 9, Section 10 of the securities Markets Act
1.4.2015	Disclosure of Change in Shareholdings Under Chapter 9, Section 10 of the securities Markets Act_
31.3.2015	Change in Number of Shares and Voting Rights in Vaahto Group
30.3.2015	Listing Application of New Shares in Vaahto Group Submitted to NASDAQ OMX Helsinki Ltd
20.3.2015	Vaahto Group Plc Oyj's Annual Report 1.1.-31.12.2014 has been Published
20.3.2015	Invitation to the Annual General Meeting
27.2.2015	Review of Vaahto Group's Financial Statements for 1 January – 31 December 2014
23.2.2015	Disclosure of Change in Shareholdings Under Chapter 9, Section 10 of the Securities Markets Act2
20.2.2015	Disclosure of Change in Shareholdings Under Chapter 9, Section 10 of the Securities Markets Act1
19.2.2015	Conditional debt forgiveness agreed on by Vaahto Group and its major creditors has become binding upon the creditors
18.2.2015	Vaahto Group adjusts operations and costs
18.2.2015	__Disclosure of Change in Shareholdings Under Chapter 9, Section 10 of the Securities Markets Act._
17.2.2015	_Disclosure of Change in Shareholdings Under Chapter 9, Section 10 of the Securities Markets Act._
17.2.2015	Disclosure of Change in Shareholdings Under Chapter 9, Section 10 of the Securities Markets Act.__
16.2.2015	Vaahto Group has agreed on conditional debt forgiveness with its major creditors and issues shares in a targeted issue
2.1.2015	Disclosure of Change in Shareholdings Under Chapter 9, Section 10 of the Securities Markets Act._

FINANCIAL STATEMENTS 2015

CONSOLIDATED FINANCIAL STATEMENTS, IFRS

FINANCIAL STATEMENTS OF THE PARENT COMPANY, FAS

BOARD OF DIRECTOR'S REPORT

FOR THE FINANCIAL YEAR 1 JANUARY to 31 DECEMBER 2015

During the second half of the financial year, Uutechnic Group (formerly Vaahto Group) carried out a merger and financing arrangement that had a significant effect on the Group's business operations, ownership structure, balance sheet and financial standing. The arrangement was approved at the parent company's Extraordinary General Meeting on 30 October 2015. In conjunction with the arrangement, the name of the Group's parent company was changed to Plc Uutechnic Group Oyj (formerly Vaahto Group Plc Oyj). The arrangement was carried out in stages and was completed after the end of the financial year in January 2016.

The merger arrangement is recognised as a reverse acquisition in the Group's IFRS reporting. As the owners of Uutechnic acquired a majority of the merged Group's shares, votes and Board positions, Uutechnic Oy – the object of the acquisition in legal terms – is recognised as the acquiring party in accounting when preparing the consolidated financial statements.

In the consolidated IFRS financial statements for 2015, Uutechnic Oy is consolidated from 1 January to 31 December and Vaahto Group is consolidated from 1 November to 31 December. In the demerger of Uutechnic, the business operations excluded from the merger and the related balance sheet items are recognised as discontinued operations in the income statement and as items to be eliminated in conjunction with the merger on 31 December 2015 on the balance sheet. The figures for Uutechnic Oy for 1 January to 31 December 2014, similarly classified, are presented as comparison figures. The consolidated figures presented in the financial statements for 2015 are not comparable to the Group's previous reporting. As applicable, the combined figures for Uutechnic Oy, Japrotek, Stelzer and AP-Tela – the units engaged in continuing operations within the Group – are presented as comparable figures for 2014. Any figures for 2014 with no mention of comparability are figures for Uutechnic Oy before the demerger.

Uutechnic Group's turnover from continuing operations for 2015 was EUR 8.9 million (2.3 million), and its operating result was EUR 1.2 million (-0.02 million). Uutechnic Group's order book stood at EUR 11.7 million at the end of the financial year. Its comparable order book for 2014 was EUR 12.2 million. Earnings per share were 0,02 euros/share (0,0 euros).

BUSINESS AND MERGER ARRANGEMENT

On 3 September 2015, the company announced an arrangement where the business operations of Vaahto Group and

Uutechnic Oy would be merged through an exchange of shares and the company's financial standing and balance sheet would be strengthened significantly by way of share issues and agreements with lenders. The arrangement was approved at the parent company's Extraordinary General Meeting on 30 October 2015. The arrangement was carried out in stages and was completed after the end of the financial year in January 2016.

As a result of the arrangement, Uutechnic Oy (Business ID: 2708799-4) became a subsidiary of the Group, after having been established at the turn of the years 2015–2016, following the demerger of the previous Uutechnic Oy (Business ID: 0933067-1), a company listed in the Finnish Trade Register. In conjunction with the demerger, the business operations of the previous Uutechnic Oy and the related machines, equipment and stock were transferred to the new Uutechnic Oy (2708799-4). The assets not included in the business operations, as well as the properties occupied by Uutechnic Oy in Uusikaupunki in Finland, were transferred to UuCap Oy (2553243-3). UuCap Oy was excluded from the merger, and the new Uutechnic Oy became part of the Group through an exchange of shares. This exchange of shares involved an issue of shares by Plc Uutechnic Group Oyj directed at the owners of Uutechnic Oy, wherein a total of 24,000,000 shares in Plc Uutechnic Group Oyj were offered for subscription at a price of EUR 0.25 per share as consideration for shares in Uutechnic Oy. In addition, a rights issue was carried out in conjunction with the merger, as well as a cash issue wherein a total of around EUR 4 million in cash was invested in Plc Uutechnic Group Oyj at a subscription price of EUR 0.25 per share. Through the merger and financing arrangement, Plc Uutechnic Group Oyj's total number of shares increased from 15,977,360 to 55,963,210.

The arrangement also included agreements signed with lenders, as a result of which the Group's debt decreased by around EUR 3.4 million. In addition, the loans granted by Mikko Laakkonen and Hannu Laakkonen, totalling EUR 2.0 million, were converted into subordinated loans. This financing arrangement was completed during the financial year 2015. The subordinated loans include a special condition that entitles the lenders to exchange EUR 1.0 million in capital for shares in Plc Uutechnic Group Oyj at a subscription price of EUR 0.25 per share if the loan capital is not repaid in accordance with the terms and conditions of the loans.

The merger and financing arrangement had a significant effect on Uutechnic Group's business operations and financial standing. The Group's liquidity improved considerably, and its gearing decreased markedly. Its order intake has increased significantly since the end of the financial year, and its order book is at a good level.

BUSINESS REPORTING

Uutechnic Group focuses on improving the competitiveness of its customers by providing them with advanced process technology solutions and a unique service concept worldwide. Its product range includes agitators, pressure vessels, process and storage tanks, reactors and heat exchangers, as well as different types of long welded and machined axially symmetrical parts, such as rolls, cylinders, pipes and cones.

Its main industries are hydrometallurgy and the mining, pulp, paper and food industries, as well as the fertiliser industry and other chemical industries, and environmental technology.

All of the Group's business operations are reported under one segment. The business operations that were excluded from Uutechnic Group in conjunction with the demerger are recognised as discontinued operations. The demerger was entered into the Trade Register on 31 December 2015. The effect of the discontinued operations on the result is presented on one line in the income statement, separately from continuing operations.

Plc Uutechnic Group Oyj, the parent company of Uutechnic Group, is listed on Nasdaq Helsinki. The Group's subsidiaries are wholly owned by the parent company. The parent company is responsible for the Group's management, strategic planning, financial administration, IT, financing and HR management. The Group's business operations are carried out by the subsidiaries: AP-Tela Oy, Japrotek Oy Ab, Uutechnic Oy and Stelzer Rührtechnik International GmbH. In addition, the Group includes Steva Oy, an internal sales company, as well as Vaahto Group Asia Ltd and its subsidiary Vaahto Pulp & Paper Machinery Distribution (Shanghai) Co. Ltd in China. Its companies in China did not conduct business during the financial year 2015. After the end of the financial year, the decision was made to merge Steva Oy with Uutechnic Oy. The merger is expected to be implemented in June 2016.

Uutechnic Oy is a company specialising in demanding mixing technology. It supplies advanced mixing solutions for liquid-based processes worldwide. Its main products include top-entry and side-entry agitators for the process industry. Their product development, design and manufacture are customised to the specific requirements of each customer and process. Uutechnic cooperates closely with its customers, serving as a valuable resource in all aspects of mixing technology. Its most significant delivery and market entry in 2015 was the delivery of reactor agitators for the extractive industry in Kazakhstan. The rest of its turnover mainly came from partnerships with customers. Its order book has developed favourably since the end of the financial year.

Japrotek Oy Ab provides its customers with comprehensive services, including product design and development, manufacture and installation as well as start-up, maintenance and spare parts services. Its main products include demanding process and storage tanks, reactors, pressure vessels, columns, heat exchanges and agitators. The company has special expertise in the design and manufacture of demanding constructions and special materials such as titanium, various types of compounds, nickel alloys as well as duplex, stainless and acid-proof steel. Its order book at the end of the financial year 2015 was approximately at the previous year's level. Its most significant deliveries in 2015 included the delivery of a leaching autoclave to a Finnish customer and the delivery of a crystallisation plant to Kemira in Brazil. The most significant orders received by the company in 2015 included a bleaching reactor for Metsä Fibre Äänekoski, a tank and a tower for Vallvik Bruk Ab in Sweden and four crystallisers for the Porsgrunn site of Yara Norge in Norway. These orders will be delivered to the customers during 2016. Japrotek's order book has developed favourably since the end of the financial year.

Stelzer Rührtechnik International GmbH specialises in agitator systems for the process industry and the related maintenance business operations. Its business operations are based on its special expertise in technology, in-depth knowledge of its customers' core processes and extensive research and development work. Its main customer segments include the food, chemical and pharmaceutical industries and environmental technology. During the financial year 2015, Stelzer delivered the largest agitator in its history to a customer in the chemical industry in Asia. The situation in the food industry and the Chinese market improved from the previous year. Stelzer's order book has increased since the end of 2015 and includes a significant order for a new biogas factory in Asia. As a result of the favourable development of its order book, as well as the positive market outlook, the company is better positioned for the new financial year than it was for the previous year.

AP-Tela Oy is a component and custom machine workshop that participates in the development of its customers' production processes by manufacturing equipment and parts for the paper, board and pulp industries. In addition, the company serves customers in the wood processing, steel, maritime, energy and engineering industries. Total investment has remained at a good level in the pulp industry, which has had a positive effect on the company's growth, as has the strengthening of partnerships in certain customer segments. The merger arrangement carried out within the Group in late 2015 clarified AP-Tela's position and markedly increased customer trust in the company. The company's product strategy solutions also had a positive effect on its order book. Its core business operations continue to include the manufacture of made-to-order pipes and cones and the manufacture of rolls and long axially symmetrical parts. AP-Tela's order book has developed very favourably since the end of the financial year.

TURNOVER AND PROFITABILITY

With regard to the Group's turnover and result, the effect of the reverse acquisition mentioned above on reporting must be taken into account. The consolidated income statement covers the full financial year (1 January to 31 December 2015) for Uutechnic Oy and two months (1 November to 31 December 2015) for the rest of the Group (formerly Vaahto Group). Reporting is also affected by the fact that the arrangement is a reverse acquisition, meaning that Uutechnic Oy is regarded as the acquiring party. The Group's reporting is not comparable to its previous consolidated financial statements. The comparison figures presented in parentheses in this report refer to Uutechnic Oy's financial statements for 1 January to 31 December 2014. The assets and liabilities excluded from the Group in conjunction with the demerger of Uutechnic Oy, as well as their effect on the result, are reported under discontinued operations.

Uutechnic Group's turnover from continuing operations for 2015 was EUR 8.9 million (2.3 million), and its operating result was EUR 1.2 million (-0.02 million). The full-year operating result for Uutechnic Oy's continuing operations was positive. The operating result for the last two months of the year for the units merged with the Group was also positive as a result of profitable deliveries completed late in the year. Of the increase in the turnover, around EUR 5 million comes from the units merged with the Group as of 1 November 2015 (Japrotek Oy Ab, AP-Tela Oy, Stelzer Rührtechnik Int. GmbH).

The operating result for continuing operations was burdened by around EUR 0.25 million in expenses related to the merger. The respective merger expenses for the units merged with the Group on 1 November 2015 are recognised during the period before the merger.

The financial year 2015 was favourable for Uutechnic Oy. Its turnover from continuing operations grew from EUR 2.3 million to EUR 3.5 million, representing an increase of 53% in comparison to the previous year. In addition, its profitability returned to a good level.

For Japrotek Oy Ab, the financial year was challenging because of the general economic situation. Its full-year turnover was EUR 12.9 million (11.0 million). Its operations in 2015 and 2014 were markedly loss-making.

For Stelzer Rührtechnik Int. GmbH, the challenges in 2015 included the uneven distribution of deliveries over the financial year. However, the company was able to cut costs in response to the slow beginning of the year and increase its input of work towards the end of the year. Its full-year turnover stood at EUR 9.1 million (9.1 million), and its full-year operating result was slightly positive.

AP-Tela's full-year turnover increased by 13% to EUR 5.2 million (4.6 million). Despite the growth, its result was weaker than expected, and its full-year result was negative. However, its order book began to increase in late 2015 and has continued to do so at a very good rate in 2016. As a result of this, the company is well positioned for the new year.

ORDER BOOK

Uutechnic Group's order book stood at EUR 11.7 million at the end of the financial year. Its comparable order book for 2014 was EUR 12.2 million. Its order book has increased considerably since the end of the financial year and stood at EUR 18.8 million at the end of February 2016.

FINANCIAL STANDING AND LIQUIDITY

Arrangements before the merger with Uutechnic Oy

In February 2015, an arrangement was carried out in which the company's creditors agreed to forgiving around EUR 3.9 million in loans and to converting around EUR 1.2 million in loan receivables into subordinated loans. In conjunction with this arrangement, the company carried out a directed share issue and issued 10 million new shares at a subscription price of EUR 0.25 per share.

Arrangements in conjunction with the merger with Uutechnic Oy

On 3 September 2015, the company announced a letter of intent on the merger of the business operations of Vaahto Group and Uutechnic Oy wherein Vaahto Group Plc Oyj would acquire the business operations of Uutechnic Oy through an exchange of shares, Vaahto Group Plc Oyj would carry out a rights issue, and a share issue directed at the owners of Uutechnic Oy would be carried out. The requirements for the arrangement also included restructuring Vaahto Group's debt.

On 28 October 2015, a financing arrangement was announced through which the company's creditors forgave EUR 3.4 million in loans and the loans granted by Mikko Laakkonen and Hannu Laakkonen, totalling EUR 2.0 million, were converted into subordinated loans. In addition, the arrangement included the acquisition of new capital through share issues, with existing shareholders subscribing for 9,985,850 new shares at a value of EUR 0.25 in a rights issue. Uutechnic's owners, or parties assigned by them, subscribed for 6,000,000 new shares at a value of EUR 0.25 in the directed share issue. These directed issues generated around EUR 4.0 million in new capital.

Uutechnic Oy's business operations were acquired through an exchange of shares where the consideration was 24,000,000 new shares.

The company's Extraordinary General Meeting approved the merger and financing arrangement described above on 30 October 2015, meaning that the arrangement was binding to the parties as of that date.

The Group's financial standing improved significantly as a result of the arrangement. At the end of the financial year, Uutechnic Group's balance sheet total stood at EUR 22.2 million (6.7 million). Its interest-bearing liabilities totalled EUR 5.5 million (0.0 million), including EUR 2.0 million in equity loans. The Group's cash flow from operations for the financial year was EUR -4.0 million (-0.6 million).

At the end of the financial year, its equity ratio was 68.0% (88.6%), and its net gearing was 50.5% (-86.0%). Its return on investment (ROI) for the financial year was 13.5% (6.5%), and its return on equity (ROE) was 12.4% (8.1%).

Non-current assets on Uutechnic Group's balance sheet totalled EUR 11.1 million (0.2 million).

EQUITY

In the financial statements for 2014, the equity of Plc Uutechnic Group Oyj, the parent company, stood at EUR -7.8 million. Debt relief and share issues as part of the financing arrangement had a positive effect on its equity. At the end of 2015, the parent company's equity totalled EUR 11.5 million. The Group's equity stood at EUR 9.5 million at the end of the financial year.

In conjunction with the financing arrangement, the loans granted by Mikko Laakkonen and Hannu Laakkonen, totalling EUR 2.0 million, were converted into unsecured subordinated loans. These loans are subordinated loans in accordance with chapter 12 of the Limited Liability Companies Act, and their capital repayments and interest payments must meet the conditions provided in the Act. The loans will be repaid as a one-off payment on 31 December 2019. However, the company is entitled to pay early. The annual interest rate on the outstanding loan capital is 4%. Of the total loan capital, EUR 1 million involves a specific right of exchange. To the extent that loan capital remains unpaid on 31 December 2017, the creditors are entitled to convert EUR 1 million of the capital, in part or in full, into shares in the company at a value of EUR 0.25. This right of exchange is based on the authorisation to issue shares that was approved by the company's Annual General Meeting on 14 April 2015.

Impairment testing showed no impairment of assets.

RESEARCH, PRODUCT DEVELOPMENT AND INVESTMENT

Research and product development expenses are recognised as an annual cost. The Group's research and development operations focused on the development of customers' processes.

The Group's investments in fixed assets for the financial year totalled EUR 0.04 million (0 million) and mainly consisted of minor investments in equipment.

PERSONNEL

Uutechnic Group's total number of employees was 179 at the end of the financial year, consisting of 13 employees of Uutechnic Oy and 166 employees of the units merged with the Group. The Group had 75 professional and managerial employees and 104 production employees.

AUTHORISATION TO ISSUE SHARES

In line with the Board of Directors' proposal, the Annual General Meeting of 14 April 2015 authorised the Board to decide on the issue of new shares, as well as on the issue of option rights and other special rights that entitle their holders to subscribe for shares in accordance with chapter 10, section 1 of the Limited Liability Companies Act, in one or more instalments. The Board is authorised to issue a maximum of 10,000,000 new shares, including shares based on special rights. The authorisation is valid until 31 May 2016, unless the Board decides to amend or revoke the authorisation before that date. In November 2015, the authorisation was exercised with regard to 4,000,000 shares in conjunction with the conversion of the loans granted by Hannu Laakkonen and Mikko Laakkonen (special right of exchange).

BOARD OF DIRECTORS, MANAGEMENT AND AUDITORS

Until the Annual General Meeting of 14 April 2015, the Board of Directors of the parent company consisted of Reijo Järvinen (Chairman), Sami Alatalo (Vice Chairman), Toivo (Topi) Karppanen and Mikko Vaahto. At the Annual General Meeting of 14 April 2015, Sami Alatalo (Chairman), Topi Karppanen (Vice Chairman) and Mikko Kilpinen were elected to serve on the Board of Directors.

At the Extraordinary General Meeting of 30 October 2015, Jouko Peräaho and Timo Lindström were elected to replace Topi Karppanen and Mikko Kilpinen, who had resigned. Consequently, the Board of Directors consisted of Jouko Peräaho (Chairman), Sami Alatalo (Vice Chairman) and Timo Lindström.

Topi Karppanen, MSc (Tech.), served as CEO until 31 March 2015. Kalle Rasinmäki, MSc (Tech.), served as CEO from 1 April to 30 November 2015. Martti Heikkilä, MSc (Tech.), has served as CEO since 1 December 2015.

Ernst & Young, Authorised Public Accountants, served as the Group's auditor, with Erkka Talvinko, APA, as the principal auditor.

The Company adheres to the Finnish Corporate Governance Code 2010/2015 for listed companies (Nasdaq Helsinki). The Group publishes its Corporate Governance Statement as part of its annual report and on its website at www.uutechnicgroup.fi.

SIGNIFICANT RISKS AND UNCERTAINTY FACTORS AND THEIR MANAGEMENT

The demand for Uutechnic Group's products is dependent on trends and developments in the global economy and the Group's customer industries, thereby posing a general external risk to its operations. The Group seeks to mitigate the risks arising from changes in demand by targeting its sales operations in line with current trends in various market areas and customer industries.

According to the Board of Directors of the Group's parent company, other significant risks and uncertainty factors to which the Group is exposed are related to at least the following aspects:

- Turning the Group's previously loss-making units into profitable units requires the improvement of competitiveness and the achievement of sufficient business operation volumes.

- The acquisition and the related merger of operations approved at the Annual General Meeting of 30 October 2015.

- Part of the Group's business operations consist of major or large project deliveries. Extensive and complicated projects involve the risk that the future costs and any other risks related to the delivery cannot be estimated sufficiently accurately in the bidding phase. In such cases, the project may prove less profitable than expected.

- Unfavourable changes in the financial markets may have an effect on the Group's result and the availability of equity and debt financing on competitive terms.

The Group seeks to protect itself against risks using all measures that can reasonably be implemented. These include measures aiming for the improvement of profitability and productivity, training for employees, guidelines and instructions, insurance policies, the critical examination of the terms of conditions of commercial agreements and the continuous, systematic monitoring of operations.

OUTLOOK

The Group seeks to be a globally known and preferred cooperation partner with a good financial standing in selected product and market segments. It aims to grow organically while also considering opportunities for growth through acquisitions.

Its main goal for 2016 is to implement Uutechnic Oy's corporate culture and performance ability in all of its units and to harmonise operating methods in its subsidiaries. In addition, the Group has introduced an operational efficiency programme, with a goal of EUR 1.5 million in cost savings in comparison to 2015.

The merger and financing agreement had a markedly positive effect on the Group's business operations. In a challenging market situation, the Group received a significant number of new orders in early 2016, and its order book is at a good level.

The Group's business units recorded a total of EUR 30.6 million in turnover for 2015. As a result of the positive development of the order book, the total turnover for the Group's units is expected to increase in 2016, and their total operating result is expected to be positive. The total operating result for the Group's units for 2015 was negative.

EVENTS AFTER THE END OF THE FINANCIAL YEAR

Ismo Haaparanta was appointed as Deputy CEO of Plc Uutechnic Group Oyj as of 18 January 2016. He is responsible for the Group's business development and HR management.

The 6,000,000 shares in Plc Uutechnic Group Oyj that were offered in a share issue directed at the owners of Uutechnic Oy, with a total consideration of EUR 1.5 million, were subscribed for and paid on 14 January 2016.

The shares included in the directed issue, a total of 30,000,000 shares (24,000,000 shares paid in kind and 6,000,000 shares paid in cash), were entered into the Finnish Trade Register on 20 January 2016. The owners of these new shares have agreed not to transfer any of the shares until 31 December 2016. As a result of the entry of the shares into the Trade Register, the total number of shares and votes in Plc Uutechnic Group Oyj is 55,963,210 shares and votes as of 20 January 2016.

On 29 January 2016, the company announced that AP-Tela Oy had secured the largest order in its history. The order was placed by Valmet and includes the design and manufacture of 27 massive drying cylinders. The order will be delivered in the fourth quarter of 2016.

On 17 February 2016, the company announced that Japrotek Oy Ab had completed the co-determination negotiations that started on 26 January. During the negotiations, it was decided that the number of employees would be adjusted according to the company's financial situation and order book. Five employment relationships will be terminated, and any temporary lay-offs will last no more than 90 days.
On 11 February 2016, the company announced that the operating result for Uutechnic Group for 2015 was expected to be positive.
On 26 February 2016, it was announced that Uutechnic Group's order book had developed favourably since the beginning of the year and was around 50% larger than at the same time in the previous year.

DISTRIBUTION OF DIVIDENDS

The parent company's profit for the period was 6,8 million euros. At the end of the financial year, its distributable funds stood at 6.4 million euros. The Board of Directors proposes to the Annual General Meeting that no capital repayment be made and the profit for the period be transferred to the retained earnings account.

ANNUAL GENERAL MEETING

The Annual General Meeting of Plc Uutechnic Group Oyj will be held at Hotel Marski in Helsinki on 28 April 2016 at 1 p.m.

KEY FIGURES

1 000 EUR

The business indicators	**2015**	**2014**
	12 months	**12 months**
	IFRS	**IFRS**
Turnover, continuing operations	8 859	2 294
Change in turnover, %	286	53
Operating profit/loss, continuing operations	1 186	-15
% of turnover	13,4	-0,7
Profit/Loss before taxes, continuing operations	810	-15
% of turnover	9,1	-6,7
Profit or loss for the period fron the discontinuing operations	245	501
Earnings per share calculated on profit attributable to equity holders of the parent	987	489
% of turnover	11,1	21,3
Return on equity (ROE), % 2)	12,4	8,1
Return on investment (ROI), % 2)	13,5	6,5
Equity ratio, %	68,0	88,6
Current ratio	1,4	1,5
Gearing	50,5	-86,0
Gross investments in fixed assets	41	
% of turnover	0,5	
Order backlog, continuing operations	11 680	1 612
Consolidated balance sheet total	22 179	6 660
Total number of personnel at the end of the period	179	14
Share related information	**2015**	**2014**
	12 kk	**12 kk**
	IFRS	**IFRS**
Earnings per share (EPS), euros 2)	0,03	0,02
Shareholders' equity per share, euros	0,17	0,25
Dividend per share, euros 3)		
Dividend payout, %		
Effective dividend return, %		
Price earnings ratio (P/E)	12,3	15,7
Number of shares outstanding at the end of the period (1 000)	55 963 210	24 000 000
Number of shares outstanding, average (1 000)	29 516 938	24 000 000

2) The Earnings per Share (EPS) includes also the profit or loss of the discontinued operations.

3) Proposal by the Board

Share prices €	**2015**	**2014**
	12 months	**12 months**
A share		
- high	0,76	1,06
- low	0,25	0,28
- average	0,42	0,51
- share price at the end of the fiscal year	0,40	0,32
Total market value, million euros	10,4	1,3
Number of shares traded during the fiscal year	5 604 336	1 929 968
Number of shares traded, %	21,6	48,5
Number of shareholders	1 073	559

The figures of the reference period are figures of the parent company.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

1 000 EUR	1.1.-31.12.2015 12 months	1.1.-31.12.2014 12 months	Note
CONTINUING OPERATIONS			
NET TURNOVER	**8 859**	**2 294**	6
Change in finished goods and work in progress	-477	-235	
Other operating income	34	47	7
Material and services	3 522	799	
Employee benefit expenses	2 481	828	10
Depreciations	137	65	9
Other operating expenses	1 089	430	8
OPERATING PROFIT OR LOSS	**1 186**	**-15**	
Depreciation, amortiztion and impairment loss of acqisition			
Financing income	76		
Financing expenses	300		12
PROFIT OR LOSS BEFORE TAXES	**810**	**-15**	
Tax on income from operations	-102	4	13
PROFIT OR LOSS FOR THE FISCAL YEAR FROM THE CONTINUING OPERATIONS	**709**	**-11**	
DISCONTINUED OPERATIONS			
Profit of loss for the fiscal year from the discontinued operations	245	501	
PROFIT OR LOSS FOR THE FISCAL YEAR	**954**	**489**	
OTHER COMPREHENSIVE INCOME:			
Translation differences	33		
OTHER COMPREHENSIVE INCOME, NET OF TAX	**33**	**0**	
TOTAL COMPREHENSIVE INCOME	**987**	**489**	
Earnings per share calculated on profit attributable to equity holders of the parent:			
EPS undiluted, euros/share, continuing operations	0,02		14
EPS diluted, euros/share, continuing operations	0,02		
EPS undiluted, euros/share, disontinued operations	0,01	0,02	
EPS diluted, euros/share, discontinued operations	0,01	0,02	
EPS undiluted, euros/share	0,03	0,02	
EPS diluted, euros/share	0,03	0,02	
Average number of shares			
-undiluted	29 516 938	24 000 000	
-diluted	29 516 938	24 000 000	

CONSOLIDATED BALANCE SHEET, IFRS

1 000 EUR

ASSETS	31.12.2015	31.12.2014	Note
NON-CURRENT ASSETS			
Intangible assets	2 262	11	16
Goodwill	3 534		17
Tangible assets	5 295	162	15
Available for sale investments	25		18
NON-CURRENT ASSETS	11 115	**173**	
CURRENT ASSETS			
Inventories	2 684	219	20
Trade receivables and other receivables	1 223	279	21
Current receivables for revenue			21
recognized in part prior to project completion	6 478		
Tax receivable, income tax		31	22
Cash and bank	679	87	
CURRENT ASSETS	**11 063**	**616**	
NON-CURRENT ASSETS HELD FOR SALE	0	5 871	4
ASSETS	**22 179**	**6 660**	

SHAREHOLDERS' EQUITY

	31.12.2015	31.12.2014	Note
SHAREHOLDERS' EQUITY			
Share capital			
Share premium account	2 872	17	
Fair value reserve and other reserves	6		
Translation differences	6 120		
Retained earnings	33		
Retained earnings to be transferred to	6 126	5 872	
uncontinued business	-5 654		
SHAREHOLDERS' EQUITY	**9 504**	**5 889**	
			23
NON-CURRENT LIABILITIES			
Deferred tax liability	525		
Subordinated loans	2 000		19
Long-term liabilities, interest-bearing	2 000		26
Non-current provisions	263		26
NON-CURRENT LIABILITIES	**4 788**	**0**	24
CURRENT LIABILITIES			
Short-term liabilities, interest-bearing	1 482		26
Trade payables and other liabilities	6 360	575	27
Tax liability, income tax	10		27
Current provisions	35	23	24
CURRENT LIABILITIES	**7 887**	**598**	
LIABILITIES OF DISPOSAL GROUP HELD FOR SALE			
Interest-free liabilities held for sale	0	174	
LIABILITIES OF DISPOSAL GROUP HELD FOR SALE	**0**	**174**	4
EQUITY AND LIABILITIES	**22 179**	**6 660**	

CONSOLIDATED FLOW OF FUNDS STATEMENT, IFRS

1 000 EUR

	1.1.-31.12.2015	1.1.-31.12.2014	Note
FLOW OF FUNDS FROM OPERATIONS			
Profit or loss before taxes, continuing operations	810	-15	
Profit or loss before taxes, discontinued operations	306	602	
Depreciations	151	95	9
Depreciation, amortiztion and impairment loss of acqisition	76		
Other income and expenses, no payment related	-499	-538	
Financing income and expenses	91	-106	12
Flow of funds from operations before the change in working capital	**936**	38	
Change in working capital:			
Change in short-term receivables	-745	-90	
Change in inventories	297	-451	
Change in short-term non-interest-bearing creditors	-602	-199	
Flow of funds from operations before financial items and taxes	**-115**	**-702**	
Interests and other financial expenses from operations paid	-49	-76	12
Dividends received			
Interests and other financial income received	246	181	
Income taxes paid	-176	-17	
FLOW OF FUNDS FROM OPERATIONS	**-94**	**-613**	
FLOW OF FUNDS FROM INVESTMENTS			
Investments in tangible and intangible assets	-42	0	15, 16
Income from sales of tangible and intangible assets	25	0	
FLOW OF FUNDS FROM INVESTMENTS	**-16**	**0**	

	1.1.-31.12.2015	1.1.-31.12.2014	Note
FLOW OF FUNDS FROM FINANCIAL ITEMS			
Share issue	1 500	0	
Dividends paid	-700	-650	
Withdrawals of short-term loans			
Repayments of short-term loans	-2 750		
Withdrawals of long-term loans	2 000		
FLOW OF FUNDS FROM FINANCIAL ITEMS	**50**	**-650**	
Change of liquid funds	**-61**	**-1 263**	
Liquid assets at the beginning of the fiscal year	587	1 850	
Liquid assets received in connection with the aquisition	438		
Liquid assets to be transferred to uncontinued operations	-286		
Liquid assets at the end of the fiscal year	679	587	
Change in liquid assets according to the balance sheet	**-61**	**-1 263**	

Flow of Funds includes also uncontinued operations

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, IFRS

1 000 EUR

Change in shareholders' equity 1.1.-31.12.2015	**Share capital**	**Share premium account**	**Unrestricted equity reserve**	**Reserve fund**	**Translation differences**	**Retained earnings**	**Total**
Shareholders' equity at the beginning of the fiscal period	**17**	**0**	**0**	**0**	**0**	**5 872**	**5 889**
Comprehensive income:							
Profit or loss for the period		**0**				954	**954**
Translation differences					33		**33**
Total comprehensive income		**0**			**33**	**954**	**987**
Transactions with owners:							
Dividend distribution						-700	**-700**
Share issue			1 500				**1 500**
Share exchange			7 680				**7 680**
Transaction costs for equity			-159				**-159**
Items due to reverce aquisition	2 855	**6**	-2 901	0	0	0	**-40**
Items to be transferred with the splitting						**-5 654**	**-5 654**
Transactions with owners total	**2 855**	**6**	**6 120**	**0**	**0**	**-6 354**	**2 627**
Shareholders' equity at the end of the fiscal period	**2 872**	**6**	**6 120**	**0**	**33**	**472**	**9 504**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, IFRS

1 000 EUR

Change in shareholders' equity 1.1.-31.12.2014	Share capital	Share premium account	Unrestricted equity reserve	Reserve fund	Translation differences	Retained earnings	Total
Shareholders' equity at the beginning of the fiscal period	**17**	**0**	**0**	**0**	**0**	**6 033**	**6 050**
Comprehensive income:							
Profit or loss for the period						489	**489**
Translation differences							**0**
Total comprehensive income	**0**	**0**	**0**	**0**	**0**	**489**	**489**
Transactions with owners:							
Share issue							
Transaction costs for equity							
Dividend distribution						-650	**-650**
Transactions with owners total	**0**	**0**	**0**	**0**	**0**	**-650**	**-650**
Shareholders' equity at the end of the fiscal period	**17**	**0**	**0**	**0**	**0**	**5 872**	**5 889**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Plc Uutechnic Group Oyj, the parent company of Uutechnic Group, is a Finnish public limited liability company domiciled in Uusikaupunki. Its registered business address is Muottitie 2, 23500 Uusikaupunki. Its shares have been listed on the Helsinki stock exchange (Nasdaq Helsinki) since 1989.

Uutechnic Group focuses on improving the competitiveness of its customers by providing them with advanced process technology and a unique service concept worldwide. Its product range includes agitators, pressure vessels, process and storage tanks, reactors and heat exchangers, as well as different types of long welded and machined axially symmetrical parts, such as rolls, cylinders, pipes and cones. Its main industries are hydrometallurgy and the mining, pulp, paper and food industries, as well as the fertiliser industry and other chemical industries, and environmental technology. All of the Group's business operations are reported under one segment.

At its meeting on 21 March 2016, the Board of Directors of Plc Uutechnic Group Oyj approved these financial statements to be published. In accordance with the Finnish Limitied Liability Companies Act, the shareholders of the company have the opportunity to approve or reject the financial statements after their publication. They also have the opportunity to decide that the financial statements be amended

2. ACCOUNTING PRINCIPLES

Financial year

The financial year of Plc Uutechnic Group Oyj is the calendar year, from 1 January to 31 December.

During the financial year 2015, the business operations of Vaahto Group and Uutechnic Group Oy were combined through a merger and financing arrangement, which is recognised as a reverse acquisition in the consolidated IFRS financial statements. As the owners of Uutechnic acquired a majority of the merged Group's shares, votes and Board positions, Uutechnic Oy – the object of the acquisition in legal terms – is recognised as the acquiring party in accounting when preparing the consolidated financial statements.

In the consolidated IFRS financial statements for 2015, Uutechnic Oy is consolidated from 1 January to 31 December and the former Vaahto Group is consolidated from 1 November to 31 December. In the demerger of Uutechnic, the business operations excluded from the merger and the related balance sheet items are recognised as discontinued operations in the income statement and as items to be eliminated in conjunction with the merger on 31 December 2015 on the balance sheet. The figures for Uutechnic Oy for 1 January to 31 December 2014, similarly classified, are presented as comparison figures. The figures presented in the financial statements for 2015 are not comparable to the Group's previous reporting.

Business continuity

The financial statements have been prepared in accordance with the principle of business continuity. The merger and financing arrangement carried out during the fourth quarter of the financial year had a significant effect on the Group's business operations, ownership structure, balance sheet and financial standing. The Group's liquidity improved considerably, and its gearing decreased markedly. Its order intake has increased significantly since the end of the financial year, and its order book is at a good level.

Application of new or amended standards and interpretations

During the financial year 2015, the Group applied the following new or amended standards and interpretations:

* The regulation had not been adopted by the EU by 31 December 2015.

Uutechnic Group has not yet applied the following new or amended standards and interpretations published by the IASB. The Group will adopt each standard and interpretation as of its effective date, or as of the beginning of the financial year immediately following the effective date if the effective date is not the first day of a financial year.

Amendments to IAS 1 Presentation of Financial Statements: Disclosure Initiative* (applies to financial years beginning on or after 1 January 2016). The purpose of the amendments is to further encourage entities to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments further clarify the application of the concept of materiality and the use of professional judgement in determining where and in what order information is presented in the financial statements. The amendments to the standard are not estimated to have a significant effect on the consolidated financial statements of Uutechnic Group.

New IFRS 15 Revenue from Contracts with Customers* (applies to financial years beginning on or after 1 January 2018): IFRS 15 creates a comprehensive framework for determining whether sales revenue can be recognised and, if so, when and to what degree. IFRS 15 will replace the existing guidelines for revenue recognition, such as IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. According to IFRS 15, an entity must recognise revenue in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services in question. The Group is evaluating the effects of IFRS 15.

New IFRS 9 Financial Instruments* (applies to financial years beginning on or after 1 January 2018): The standard will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes reformed guidelines for the recognition and measurement of financial instruments. It also covers a new accounting model for expected credit losses to determine impairment recognised on financial assets. In addition, its guidelines for general hedge accounting have been reformed. Its regulations on recognising and derecognising financial instruments on the balance sheet have been retained in accordance with IAS 39. The Group is evaluating the effects of the standard.

Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible

Assets: Clarification of Acceptable Methods of Depreciation and Amortisation (applies to financial years beginning on or after 1 January 2016): The purpose of the amendments is to further clarify IAS 16

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and IAS 38. Revenue-based depreciation methods cannot be applied to property, plant or equipment, and only seldom can such methods be applied to intangible assets. The amendments to the standards will not have an effect on the consolidated financial statements of Uutechnic Group.

Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception* (can be applied immediately and must be applied to financial years beginning on or after 1 January 2016): The purpose of the narrow-scope amendments to IFRS 10, IFRS 12 and IAS 28 is to further clarify the accounting requirements concerning investment entities. Under certain circumstances, the amendments also include exemptions that reduce the cost of applying the standards. The amendments will not have an effect on the consolidated financial statements of Uutechnic Group.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interest in Joint Operations (applies to financial years beginning on or after 1 January 2016): The amendments provide new guidelines for the accounting of an acquisition of interest in a joint operation in which the activity constitutes a business. The principles of business combinations accounting must be applied to such acquisitions. The amendments to the standard are not estimated to have a significant effect on the consolidated financial statements of Uutechnic Group.

Amendments to IAS 27 Separate Financial Statements: Equity Method in Separate Financial Statements (applies to financial years beginning on or after 1 January 2016): The amendments enable entities to account for investments in subsidiaries, associates and joint ventures using the equity method in their separate financial statements. The amendments to the standards will not have an effect on the consolidated financial statements of Uutechnic Group.

Annual Improvements to IFRSs 2012–2014 Cycle (applies to financial years beginning on or after 1 January 2016): The annual improvements process enables minor, non-urgent amendments to the standards to be presented in the form of a single document and implemented once a year. The effects vary according to standard but are not significant

Consolidation principles

The consolidated financial statements include the parent company, Plc Uutechnic Group Oyj, and all of the subsidiaries controlled by the parent company. With regard to all of the subsidiaries, this control is based on their share capital being wholly owned by the Group.

In the consolidated financial statements, acquired subsidiaries are consolidated as of that date when the Group gains control of them. Mutual ownership between group companies is eliminated using the acquisition cost method. The acquisition cost is allocated to the identifiable assets and liabilities of the object of acquisition at fair value at the time of acquisition. The difference between the acquisition cost of a subsidiary and the identifiable acquired assets and liabilities is recognised as goodwill on the balance sheet.

As a result of the merger, Uutechnic Oy (Business ID: 2708799-4) became a subsidiary of the Group, after having been established at the turn of the years 2015–2016, following the demerger of the previous Uutechnic Oy (Business ID: 0933067-1), a company listed in the Finnish Trade Register. In conjunction with the demerger, the business operations of the previous Uutechnic Oy were transferred to the new Uutechnic Oy (2708799-4). The assets not included in the business operations, as well as the properties occupied by Uutechnic Oy in Uusikaupunki in Finland, were transferred to UuCap Oy (2553243-3). UuCap Oy was excluded from the merger, and the new Uutechnic Oy became part of the Group through an exchange of shares. This exchange of shares involved an issue of shares by Plc Uutechnic Group Oyj directed at the owners of Uutechnic Oy, wherein a total of 24,000,000 shares in Plc Uutechnic Group Oyj were offered for subscription at a price of EUR 0.25 per share as consideration for shares in Uutechnic Oy. In addition, a rights issue was carried out in conjunction with the merger, as well as a cash issue directed at the shareholders of Uutechnic Oy.

The merger arrangement is recognised as a reverse acquisition in the Group's IFRS reporting. As the owners of Uutechnic acquired a majority of the merged Group's shares, votes and Board positions, Uutechnic Oy – the object of the acquisition in legal terms – is recognised as the acquiring party in accounting when preparing the consolidated financial statements.

In the consolidated IFRS financial statements for 2015, Uutechnic Oy is consolidated from 1 January to 31 December and the former Vaahto Group is consolidated from 1 November to 31 December. In the demerger of Uutechnic, the business operations excluded from the merger and the related balance sheet items are recognised as discontinued operations in the income statement and as items to be eliminated in conjunction with the merger on 31 December 2015 on the balance sheet. The figures for Uutechnic Oy for 1 January to 31 December 2014, similarly classified, are presented as comparison figures. The figures presented in the financial statements for 2015 are not comparable to the Group's previous reporting.

All intra-group business transactions, receivables, liabilities and unrealised gains, as well as the internal distribution of profits, are eliminated when preparing the consolidated financial statements. The profit for the period attributable to the shareholders of the parent company and that attributable to non-controlling interest are presented in the income statement, and equity attributable to non-controlling interest is presented as a separate item in equity on the balance sheet. Loss attributable to non-controlling interest is recognised in the consolidated financial statements in the amount of the investment at the maximum.

Non-current assets available for sale and discontinued operations

As a result of the merger and financing arrangement carried out in late 2015, Uutechnic Oy (Business ID: 2708799-4) became a subsidiary of the Group, after having been established at the turn of the years 2015–2016, following the demerger of the previous Uutechnic Oy (Business ID: 0933067-1), a company listed in the Finn-

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ish Trade Register. The assets not included in the business operations, as well as the properties occupied by Uutechnic Oy in Uusikaupunki in Finland, were transferred to UuCap Oy (2553243-3), which was not included in the Group. In the demerger of Uutechnic, the business operations excluded from the merger and the related balance sheet items are recognised as discontinued operations in the income statement and as items to be eliminated in conjunction with the merger on 31 December 2015 on the balance sheet. The figures for Uutechnic Oy for 1 January to 31 December 2014, similarly classified, are presented as comparison figures.

Assets and liabilities in foreign currencies

The consolidated financial statements are presented in euros, the functional and presentation currency of the Group.

Transactions denominated in foreign currencies are converted into euros at the exchange rate applicable on the date of the transaction. Assets and debts denominated in foreign currencies are converted into euros at the exchange rate in effect on the balance sheet date. Foreign exchange gains and losses are included in the corresponding items above operating profit. Currency translation differences related to financial items are included in financing gains or losses.

In the consolidated financial statements, the income statements of foreign Group companies are converted to euros at the average exchange rate for the period, and balance sheets are converted at the exchange rate in effect on the balance sheet date. Currency translation differences caused by the use of different exchange rates and by the elimination of the cost of acquisition of foreign subsidiaries are entered under the Group's shareholders' equity as a separate item.

Recognition principles

Product sales are recognized when the significant risks and benefits related to ownership of the products have been transferred to the buyer. The income and expenses from longterm projects are recognized as income and expenses on the basis of the percentage of completion when the result of the project can be assessed reliably.

The percentage of completion of a project is determined by the ratio of the expenses of accrued work hours to the estimated overall cost of the project. When it is likely that the total costs necessary for completing a project exceed the total income from the project, the expected loss is immediately entered as an expense.

When the outcome of a long-term project cannot be estimated reliably, project costs are recognized as expenses in the fiscal year in which they arise, and project income is recognized only to the extent of project costs incurred where it is probable that those costs will be recoverable. Losses caused by the project are recognized as an expense immediately.

Subsidies received

Public subsidies are entered as income in the income statement at the same time as the expenses are entered. Subsidies related to the acquisition of tangible assets are recognized as a deduction in the carrying amount of tangible assets.

Employee benefits

Pension liabilities for the Group's Finnish personnel have been covered through a pension insurance company. Pension liabilities at foreign subsidiaries have been addressed in accordance with local laws and regulations. All of the Group's pension arrangements are defined contribution arrangements, and the related costs are entered in the income statement for the fiscal year in which they were incurred. An exception to this is the German company, which has a provision for pension of one person in addition to the pension arrangements based on payment. The provision is described in more detail in item 26 of the notes, Provisions.

Operating profit

The Group has defined operating profit as follows: operating profit is the net sum obtained after adding other operating income to the turnover and then deducting purchasing costs, adjusted by the change in stocks of finished products and work in progress and the expenses of products manufactured for the Group's own use; costs of employee benefits; depreciation; any impairment losses; and other operating expenses excluding acquisitions and depreciation on disposals. All other income statement items are presented below the operating profit. Currency translation differences are included in the operating profit if they arise from items connected with business operations; otherwise, they are entered among financial items. Shares of profits of affiliated companies are included in the operating profit, if the operation of the affiliated company is considered to be closely related to the Group's business, otherwise they are included in the financial items.

Borrowing costs

Borrowing costs are recorded as an expense in the financial year in which they are incurred. Transaction costs that are directly related to the taking out of loans and are clearly linked to a specific loan are included in the amortized cost and are amortized as interest costs using the effective interest rate method if they are significant.

Incometax

The tax expense in the income statement consists of current tax, based on the taxable profit for the period, and deferred tax. Current tax is calculated on the taxable profit in accordance with the local tax laws applied to each Group company. The tax is adjusted by any relevant tax amounts for previous years.

Deferred tax is calculated for temporary differences between accounting and taxation at the tax rate applicable on the date of the financial statement. Temporary differences are caused by, e.g., depreciation of property, plants, and equipment; nontax- deductible impairment items; internal stock margin; and unused taxation losses. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which they can be utilized.

Tangible assets

Property, plants, and equipment are valued at their original acquisition cost minus accumulated depreciation and any impairment losses.

If a property, plant, and equipment item consists of several parts with different useful lives, each part is accounted for as a separate item. When such a part is replaced, the related costs are capitalized. Otherwise, subsequent expenses are included in the carrying amount for property, plants, and equipment only if it is probable that they will increase the economic benefit to the company and that the acquisition cost of the item can be determined reliably. The earnings impact of other repair and maintenance costs is recognized as incurred.

Property, plants, and equipment are depreciated on a straight-line basis over the estimated useful life. Land is not depreciated. The estimated useful lives are as follows:

Buildings	35–40 years
Machinery and equipment	5–25 years

The residual value of assets and their useful lives are reassessed annually when the financial statements are prepared, and they are adjusted if necessary. Gains or losses from the sale or disposal of property, plants, and equipment are recognized as either other operating income or other operating expenses.

Intangible assets:

Goodwill

Goodwill represents that amount of the acquisition cost that exceeds the Group's share of the fair value on the date of acquisition of the net assets of a company acquired after the IFRS transition date. Planned depreciation is not deducted from the consolidated goodwill. Instead, it is tested annually for impairment. For this purpose, goodwill is allocated to cashgenerating units. Goodwill is valued at the original acquisition cost, with any impairment deducted.

Expenditure on research and development

Research costs are entered in the income statement as expenses. Development costs for new or more advanced products are capitalized on the balance sheet as intangible assets when the product is technologically viable and commercially exploitable and when economic benefits can be expected from the product. Development costs previously entered as expenses are not capitalized later. Depreciation is recognized for the asset from the date it is ready for use. The useful life of capitalized development expenditure is five years, and capitalized assets are amortized on a straightline basis over this period.

Other intangible assets

An intangible asset is included in the balance sheet figures only if its acquisition cost can be determined reliably and if it will increase the economic benefit to the company. Patents, trademarks, and licenses whose useful life is finite are entered on the balance sheet at the original acquisition cost and amortized in the income statement on a straight-line basis over their known or estimated useful life.

Costs for development and construction of significant new software are capitalized on the balance sheet as intangible assets and amortized on a straight-line basis over their useful life. The direct costs capitalized include consulting and specialist fees paid to third parties, software licenses purchased for applications, and other direct costs. Software maintenance and operation costs are recorded as an expense for the financial year in which they are incurred. The depreciation periods are as follows:

Intangible rights	5 years
IT - software	5 years
Other intangible assets	5 years

Impairments

Annually, on the balance sheet date, the Group reviews its assets to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount is also estimated annually for the goodwill, irrespective of whether there is any indication of impairment.

The recoverable amount is calculated as the higher of 1) fair value minus cost to sell and 2) value in use. The value in use is the present value of the estimated future net cash flows obtainable from the asset or cash-generating unit. An impairment loss is recognized if the carrying amount of an asset exceeds the recoverable amount. An impairment loss is reversed if conditions have changed and the recoverable amount for the asset changed after the impairment loss was recognized. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been declared if no impairment loss had been recognized. An impairment loss in relation to goodwill is never reversed

Inventories

Inventories are stated at the lower of acquisition cost and probable net realizable value. The acquisition cost is based on the FIFO principle. The acquisition cost of manufactured products and work in progress includes the cost of raw materials, direct labor costs, and an appropriate share of variable and fixed production overheads based on normal operating capacity. The net realizable value is the estimated selling price in the ordinary course of business, minus the costs of completion and the selling expenses.

Trade and other receivables

Trade and other receivables are recognized at original value. Credit losses are expensed when there is sufficient evidence that the Group will not obtain all of its receivables under the original terms.

Financial assets and liabilities

Financial assets are classified as belonging to the following categories: loans and other receivables and available-for-sale financial assets. Financial assets are classified on their original acquisition date on the basis of the purpose for which they were acquired.

Loans and other receivables are financial assets with fixed or determinable payments that are not quoted on an active market and that the company does not hold for trading purposes. This category

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

includes the Group's financial assets that have been generated by transferring money or assets to a debtor. They are valued at the amortized acquisition cost and included in long- and short-term financial assets – the latter if they fall due for payment within 12 months.

Available-for-sale financial assets consist of shares and debt with interest, and they are recognized at their fair value. However, notlisted shares have been recognized at the acquisition cost, because reliable fair values have not been available. Changes in the fair value are entered in the fair value reserve in equity, with the tax effect taken into account. Changes in fair value are transferred from equity to the income statement when the instrument is sold or its value has fallen so that an impairment loss has to be recognized for the instrument. Available-for-sale financial assets are included in long-term assets, except if the intention is to hold them for less than 12 months after the balance sheet date, in which case they are included in short-term assets.

Cash and cash equivalents comprise cash in hand and bank deposits that can be obtained on demand.

Financial liabilities are valued at the amortized acquisition cost. Financial liabilities are included in non-current and current liabilities, and they may be interest-bearing or not.

Provisions

A provision is recognized in the balance sheet figures when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the obligation will have to be settled, and the amount of the obligation can be reliably estimated.

A warranty provision is recognized when the underlying product is sold. The warranty provision is based on past experience of actual claims over the warranty period.

A provision is recognized for unprofitable contracts when the costs required to fulfill the obligations exceed the benefits received under the contract.

Rental agreements

Rental agreements concerning tangible and intangible assets in which the Group holds a material share of the risks and benefits of ownership are classified as financial lease agreements. A financial lease agreement is entered on the balance sheet at either the fair value of the leased asset on the starting date of the lease agreement or the current value of the minimum rent amounts, whichever is lower. Tangible assets acquired under financial lease agreements are depreciated over their economic life or the term of the lease, whichever is shorter. Lease payments are divided into financing costs and installment payment of the liability so that the interest rate for the remaining liability remains unchanged. Rental obligations are included in interest-bearing liabilities.

Rental agreements under which the risks and benefits of ownership are retained by the hirer are treated as other rental agreements. Rent paid in connection with other rental agreements is expensed in even installments in the income statement over the duration of the rental period.

Derivative financial instruments and hedging

Derivative financial instruments are initially entered in the accounts at their acquisition cost, which corresponds to their fair value. Subsequently, derivatives are stated at fair value.

The fair values of currency forward contracts are determined by comparing the value of the currency amount of the contract as calculated using the original forward rate with the value calculated using the forward rate on the balance sheet date. Gains and losses generated by recognition at fair value are handled in the accounts in the manner specified according to the purpose of the derivative financial instrument.

The fair values of interest derivatives are specified by discounting the contractual cash flows to the current value with the market interest of the balance sheet date.

Derivative instruments are used in the Group as a rule to hedge against exchange rate and interest rate risks. The currency forward contracts and currency option contracts are used to protect trade receivables and account payables as well as future receivables and liabilities. The interest rate derivatives are used to hedge against the changes of interest rates. Hovever, the hedge accounting does not meet the criteria of the hedge accounting according to the IAS 39 standard, and therefore the derivative instruments are not defined as hedging instruments in the financial statements, but the changes of their fair value are recognized in the income statement.

Accounting principles requiring judgments by management and key sources of estimation uncertainty

For preparation of the consolidated financial statements in accordance with the IFRS standards, estimates and assumptions have to be made concerning the future, and actual results may differ from these estimates and assumptions. For the most part, these estimates affect the valuation of assets, the recognition of long-term projects under the percentageof-completion method, and the utilization of deferred tax assets.

The Group tests goodwill annually for impairment and evaluates indications of impairment as set forth in the accounting principles above. The recoverable amount from cashgenerating units is determined using calculations that are based on value in use. The use of these calculations requires the application of estimates. The cash flow forecasts used for the calculations are based on the annual predictions concerning the income statement and maintenance investments made by the management, prepared in connection with the Group's budgeting process. The management bases its forecast on actual developments and its opinion of the growth outlook for the industry. The forecasts include uncertainty in respect of the development of the industry's market situation.

As described in the income recognition policies, the income and expenses from longterm projects are recognized as income and expenses on the basis of the percentage of completion when the result of the project can be assessed reliably. Rec-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ognition associated with the percentage of completion is based on the expected income and expenses of the project and on reliable measurement of project progress. If estimates of the project's outcome change, the recognized sales and profit are amended in the fiscal year during which the change becomes known and can be estimated for the first time. Any loss expected from the project is recognized as an expense immediately.

3 ACQUIRED BUSINESS OPERATIONS

Reverse acquisition

On 3 September 2015, the former Vaahto Group and Uutechnic Oy agreed on a merger and financing arrangement to combine the business operations of Vaahto Group and Uutechnic. The arrangement was approved at the parent company's Extraordinary General Meeting on 30 October 2015. In conjunction with the arrangement, the name of the Group's parent company was changed to Plc Uutechnic Group Oyj (formerly Vaahto Group Plc Oyj). The arrangement was carried out in stages and was completed after the end of the financial year in January 2016.

As a result of the arrangement, Uutechnic Oy (Business ID: 2708799-4) became a subsidiary of the Group, after having been established at the turn of the years 2015–2016, following the demerger of the previous Uutechnic Oy (Business ID: 0933067-1), a company listed in the Finnish Trade Register. In conjunction with the demerger, the business operations of the previous Uutechnic Oy and the related machines, equipment and stock were transferred to the new Uutechnic Oy (2708799-4). The assets not included in the business operations, as well as the properties occupied by Uutechnic Oy in Uusikaupunki in Finland, were transferred to UuCap Oy (2553243-3). UuCap Oy was excluded from the merger, and the new Uutechnic Oy became part of the Group through an exchange of shares. This exchange of shares involved an issue of shares by Plc Uutechnic Group Oyj directed at the owners of Uutechnic Oy, wherein a total of 24,000,000 shares in Plc Uutechnic Group Oyj were offered for subscription at a price of EUR 0.25 per share as consideration for shares in Uutechnic Oy. In addition, a rights issue was carried out in conjunction with the merger, as well as a cash issue directed at the shareholders of Uutechnic Oy wherein a total of around EUR 4 million in cash was invested in Plc Uutechnic Group Oyj at a subscription price of EUR 0.25 per share. Through the merger and financing arrangement, Plc Uutechnic Group Oyj's total number of shares increased from 15,977,360 to 55,963,210.

The Group recognised the acquisition as a reverse acquisition in accordance with IFRS 3. This means that, in the consolidated financial statements, the acquiring party is Uutechnic Oy and the object of acquisition is the former Vaahto Group Plc Oyj (now Plc Uutechnic Group Oyj), which is the parent company of the Group in legal terms. The consolidated financial statements concern the legal parent company, but the principle of business continuity in consolidated accounting concerns the financial statements of Uutechnic Oy. In the consolidated financial statements, the time of acquisition is determined to be 30 October 2015. The value of the consideration was determined using EUR 0.32 per share as the price for shares in Vaahto Group Plc Oyj. The price is based on trading between 3 September and 30 October 2015. Consequently, the acquisition cost was EUR 7,680,000.

The values of the assets acquired and liabilities assumed at their time of acquisition were as follows:

	EUR 1,000
Intangible assets	20
Customer relationships	2,309
Tangible assets	5,252
Investments available for sale	25
Inventories	3,216
Sales and other receivables	9,183
Cash in hand and at banks	438
TOTAL ASSETS	20,443
Deferred tax liability	543
Non-current interest-bearing liabilities	2,000
Non-current provisions	225
Current interest-bearing liabilities	4,231
Trade and other payables	8,898
Current provisions	400
TOTAL LIABILITIES	16,297
NET ASSETS	4,146
ACQUISITION COST	7,680
GOODWILL	3,534

The acquisition generated EUR 3,534,000 in goodwill, which is based on the synergy benefits expected to be created by the acquisition of Uutechnic. The recognised goodwill is not tax-deductible.

Customer relationships, technology and the value of the property have been identified as intangible and tangible assets not recognised previously. Through a separate value determination process, their fair value at the time of acquisition is determined to be EUR 3,809,000. This amount will be amortised according to plan.

If the acquisition had been completed on 1 January 2015, the Group's turnover would have been EUR 30.6 million and its total comprehensive income for the period would have been EUR 6.2 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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4. NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE AND DISCONTINUING OPERATIONS

DISCONTINUING OPERATIONS

On 3 September 2015, the company announced a letter of intent with regard to business and financing arrangement with Uutechnic Oy. The arrangement realized at the end of the fiscal year 2015. Uutechnic's operations and related balance sheet items left outside the merger will be shown as discontinued operations in the profit and loss statement and as items removed as a result of the demerger on the balance sheet.

Profit or loss of the discontinuing operations	**1.1.-31.12.2015**	**1.1.-31.12.2014**
Income	180	180
Operative expenses	-10	-10
Financing incomes/-expenses, sales gains/-losses		
Depreciations	150	462
Profit/loss before taxes	-14	-30
Taxes	**306**	**602**
Profit or loss of the fiscal period from the discontinuing operations	-61	-102
	245	**500**
Flow of funds from the discontinuing operations		
Flow of funds from operations	-357	-566
Flow of funds from financial intems	-550	-200
Flow of funds total	**-907**	**-766**
Non-current assets held for sale of discontinuing operations		
Tangible assets		532
Receivables		360
Financial securiteis		4 480
Liquid assets		500
Assets total		**5 871**
Liabilities of disposal group held for sale of discontinuing operations		
Current liabilities held for sale, interest-free		174
Liabilities total		**174**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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5. SEGMENT REPORTING

INFORMATION ABOUT GEOGRAPHICAL AREAS

The geographical areas are presented by the main market areas. The turnover for the geographical area is presented in order of the clients' location. Financial resources and the investments are presented in accordance with their location. As financial resources are presented tangible and intangible assets and goodwill.

Fiscal year 2015	**Finland**	**Other Europe**	**North-America**	**South-America**	**Asia**	**Africa**	**Group Total**
Net turnover	3 503	3 193	256	179	1 723	5	**8 859**
Assets	7 894	3 196					**11 090**
Investments	34	8					**42**
Fiscal year 2014	**Finland**	**Other Europe**	**North-America**	**South-America**	**Asia**	**Africa**	**Group Total**
Net turnover	1 862	414		10	8		**2 294**
Assets	173						**173**
Investments							**0**

INFORMATION ABOUT KEY CUSTOMERS

The Group's turnover includes proceeds from an individual customer a sum that exceeds 10 % of the Group's turnover. These proceeds come to 1,044 M€ (0,6 milj.euros).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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6. LONG TERM PROJECTS

	1.1.-31.12.2015	1.1.-31.12.2014
Net turnover		
Net turnover of construction contracts recognized under the percentage of completion method	5 086	
Other turnover	3 773	2 294
Total	**8 859**	**2 294**
The amount that has been recognized as revenue from the long-term projects recognized under the percentage of completion method (however, not yet delivered to the customer), during the fiscal period and during the earlier periods	1448	
Order backlog		
Construction contracts recognized under the percentage of completion method	6 900	
Projects entered on completion of the project	4 780	1 612
Order backlog total	**11 680**	**1 612**
The amount of contract revenue of the construction contracts recognized as revenue has been deducted from the order backlog.		
Specification of combined items of assets and liabilities concerning the construction contracts		
Accrued income from the construction contracts recognized under the percentage of completion method	6 478	
Advances received from the customers	-6 255	
Difference	**223**	
Accrued income from the construction contracts in the Balance Sheet (Balance Sheet item Current receivables for revenue recognized in part prior to project completion, note 23. Current assets)	223	
Advance payments received from the construction contracts in the Balance Sheet (Balance Sheet item Advance payments, received, note 29. Trade payables and other liabilities)		
Receivables from the construction contracts in the Balance Sheet (net)	**223**	

7. OTHER OPERATING INCOME

	1.1.-31.12.2015	1.1.-31.12.2014
Other operating income		
Subsidy	25	47
Other income	9	
Total	**34**	**47**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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8. OTHER OPERATING EXPENSES

	1.1.-31.12.2015	1.1.-31.12.2014
Other operating expenses		
Rents	277	180
Overhead costs of production	106	
Travelling expenses	58	47
IT-costs	38	
Expenses from real estates and apartments	94	62
Sales Costs	33	
Non-statuory employee benefits	25	
Costs of bank guarantees	17	
Marketing expenses	10	
Other expenses	431	141
Total	**1 089**	**430**

The premises, which are used by operative business are included in non-current assets that are transferred in demerger. Expenses, eg. depreciations are allocated to this property. After demerger, these expenses are replaced with the rent charged by Uucap Oy. If these expenses were included in the result of discontinued operations it would distort the profitability of continuing operations. For this reason, in historical IFRS figures, the rental expenses and the corresponding tax effects are recorded in figures of continuing operations according to the post-demerger rent level.

Other operating expenses include fees paid to the auditors	1.1.-31.12.2015	1.1.-31.12.2014
Auditing fees	5	4
Consulting and other fees	90	
Total	**95**	**4**

9. DEPRECIATION AND IMPAIRMENTS

	1.1.-31.12.2015	1.1.-31.12.2014
Depriciations by groups of assets		
Intangible assets		
Intangible rights	13	11
Other long-term assets	0	
Total	**13**	**11**
Tangible assets		
Buildings	18	
Machinery and equipment	86	54
Machinery and equipment, financial lease	11	
Other tangible assets	9	
Total	**124**	**54**
Depreciations and impairments total	**137**	**65**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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10. COSTS OF EMPLOYEE BENEFITS

	1.1.-31.12.2015	1.1.-31.12.2014
Costs of employee benefits		
Salaries and fees	2 012	673
Pension expenses, defined contribution plan	355	128
Other employee benefits	115	27
Total	**2 481**	**828**
Management and Board salaries, fees and benefits		
Managing Directors	204	105
Board members and substitute members	81	65
Total	**286**	**170**
Number of personnel of the Group at the end of the period		
Office staff	75	9
Workers	104	5
Total	**179**	**14**

The information concerning the employee benefits of the management can be found on note 32. "Related party transactions".

11. EXPEDINTURE ON RESEARCH AND DEVELOPMENT

Research and development expenditure

The Group´s R&D operations focused on the development of customer´s processes.

12. FINANCING EXPENSES

	1.1.-31.12.2015	1.1.-31.12.2014
Financing expenses		
Interest expenses	**187**	
Foreign exchange losses	**13**	
Other financing expenses	**100**	
Total	**300**	**0**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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13. INCOME TAX

	1.1.-31.12.2015	1.1.-31.12.2014
Income taxes in income statement		
Tax on income from operations from the fiscal period	-119	**4**
Change in deferred tax liabilities and tax assets	18	
Yhteensä	**-102**	**4**
Reconciliation between tax provision on income statement and mathematical tax based on parent company's tax rate		
Profit or loss before taxes	810	-16
Parent company's tax rate at the end of the fiscal period	20%	20%
Mathematical tax based on parent company's tax rate	162	3
Differences between tax provision on income statement and mathematical tax based on parent company's tax rate due to:		
Effect of different tax rates in foreign subsidiaries	31	
Non-deductible income		
Non-deductible expenses	1	1
The losses of the financial year of which deffered tax has not recorded	-26	
Other timing differences	-66	
Tax provision on income statement	**102**	**4**
Effective tax rate	13%	28%

14. EARNING PER SHARE

	1.1.-31.12.2015	1.1.-31.12.2014
Net profit or loss attributable to the shareholders' of the parent, continuing operations, eur	709	-11
Net profit or loss attributable to the shareholders' of the parent, discontinued operations, eur	245	501
Average number of shares during the fiscal period	29 516 938	24 000
Earnings per share calculated on profit attributable to equity holders of the parent:		
Earnings per share undiluted, euros/share, continuing operations	0,02	0,00
Earnings per share undiluted, euros/share, discontinued operations	0,01	0,02
Earnings per share undiluted, euros/share, net profit/loss	0,03	0,02

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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15. TANGIBLE ASSETS

1.1.-31.12.2015	**Land**	**Building**	**Machinery and equipment**	**Machinery and equipment, financial lease**	**Other tangible assets**	**Advance payments and unfinished investments**	**Total**
Acquisition cost at the beginning of the period			287				**287**
Merger of business operations	551	2 744	1 376	404	168	10	**5 252**
Increase			35		6		**41**
Decrease			-25				**-25**
Transfers between items			77	-77			**0**
Acquisition cost at the end of the period	551	2 744	1 750	327	173	10	**5 555**
Accumulated depreciations and impairment losses at the beginning of the period			-126				**-126**
Depreciations		-29	-86	-11	-9		**-135**
Accumulated depreciations and impairment losses at the end of the period		-29	-212	-11	-9		**-261**
Book value at the beginning of the period			**162**				**162**
Book value at the end of the period	**551**	2 714	**1 538**	**316**	**164**	**10**	**5 294**

1.1.-31.12.2014	**Land**	**Building**	**Machinery and equipment**	**Machinery and equipment, financial lease**	**Other tangible assets**	**Advance payments and unfinished investments**	**Total**
Acquisition cost at the beginning of the period			287			5	**292**
Decrease							**-5**
Acquisition cost at the end of the period			287			-5	**287**
Accumulated depreciations and impairment losses at the beginning of the period			-72				**-72**
Depreciations			-54				**-54**
Accumulated depreciations and impairment losses at the end of the period	**0**	**0**	-126				**-126**
Book value at the beginning of the period	**0**	**0**	**216**	**0**	**0**	**0**	**216**
Book value at the end of the period			**162**	**0**	**0**	**0**	**162**

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16. INTANGIBLE ASSETS

1.1.-31.12.2015	**Intangible rights**	**Other long-term assets**	**Brands**	**Intangible assets total**
Acquisition cost at the beginning of the period	33			**33**
Merger of business operations	14	429	1 885	**2 329**
Increase	1			**1**
Acquisition cost at the end of the period	48	429	1 885	**2 362**
Accumulated depreciations and impairment losses at the beginning of the period	-22			**-22**
Depreciations	-13	-61	-4	**-78**
Accumulated depreciations and impairment losses at the end of the period	-35	-61	-4	**-100**
Book value at the beginning of the period	**11**			**11**
Book value at the end of the period	**13**	**369**	**1 881**	**2 262**

1.1.-31.12.2014	**Intangible rights**	**Other long-term assets**	**Brands**	**Intangible assets total**
Acquisition cost at the beginning of the period	33			**33**
Increase				
Acquisition cost at the end of the period	33			**33**
Accumulated depreciations and impairment losses at the beginning of the period	-11			**-11**
Depreciations	-11			**-11**
Accumulated depreciations and impairment losses at the end of the period	-22			**-22**
Book value at the beginning of the period	**22**			**22**
Book value at the end of the period	**11**			**11**

Intangible rights include activated acquisition costs of patents, trade marks and licences. Goodwill, see Notes to the Consolidated Financial Statements, item 17. “Goodwill”

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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17. GOODWILL VALUES

Goodwill	1.1.-31.12.2015	1.1.-31.12.2014
Acquisition cost at the beginning of the period		
Increase caused by the change in the Group structure	3 534	
Acquisition cost at the end of the period	3 534	
Book value at the end of the period	**3 534**	**0**

Testing of goodwill:

Goodwill values are tested for depreciation annually. The testing is performed for those cash generating units, to which the goodwill values area allocated. The value of the recoverable amount is based on utility value calculations.

Main assumptions in testing of goodwill:

The main assumptions applied in testing of goodwill are related to development of the turnover and cost level of the unit in question. The cash flow forecasts used for the calculations are based on the annual predictions concerning the income statement and maintenance investments made by the management, prepared in connection with the Group's budgeting process. The management bases its forecasts on actual developments and its opinion of the growth outlook for the industry. The growth forecasts take approves investment decisions into account. Financial plans and forecasts have been prepared for the units tested for a five-year period, and cash-flows have been projected for this period in the testing calculations.

The goodwill is allocated to Stelzer Rührtechnik International GmbH, Japrotek Oy, AP-Tela Oy and Uuutechnic Oy.The companie's cash flow forecasts are based on an estimate according to which the companie´s profitability is expected to grow in the fiscal period 2016 and after that. Part of the profitability is expected to realize as a result of synergy benefits of business and merger arrangement.

	The expected growth in net sales during the 5-year forecast period %	EBITDA during the 5-year forecast period %
AP-Tela Oy	6,2 - 8,7%	6,7 - 13,7%
Japrotek Oy Ab	5,6 - 6,7%	5,6 - 6,3%
Stelzer Rührtechnic Int. GmbH	3,3 - 9,3%	2,3 - 9,3%
Uutechnic Oy	9,1 - 12,5%	4,7 - 11,1%

Discount rate:

The pretax WACC spesified for Uutechnic Group has been used as the discount rate. The discount rates for fiscal period 2015 were:

AP-Tela Oy	11,9 %	
Japrotek Oy Ab	11,9 %	
Stelzer Rührtechnic Int. GmbH	11,5 %	
Uutechnic Oy	11,5 %	

Sensitivity of the main assumptions used in testing of depreciation:

	The discount rate may increase % points	Netcashflow may decrease %
AP-Tela Oy	3,0	-33,3
Japrotek Oy Ab	6,0	-56,7
Stelzer Rührtechnic Int. GmbH	5,7	-49,7
Uutechnic Oy	29,5	-125,0

18. AVAILABLE FOR SALE INVESTMENTS

1 000 EUR	1.1.-31.12.2015	1.1.-31.12.2014
Available for sale investments		
Other shares and holdings, available for sale, not listed	25	
Total	**25**	**0**

The investments of the Group in other shares consist of investments in unlisted shares, which are either non-profit shares or shares related to the Group's business.

1 000 EUR

19. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets

Deferred tax assets have not been recorded from the lossses of the financial year. The losses for the fiscal year were 130 tEUR and they will expire in 2025.

Deferred tax liabilities	**31.12.2015**	**Recognized in income statement**	**31.12.2014**	**Recognized in income statement**
Merger of business operations	422	15		
Other timing differences	103	2		
Total	**525**	**18**	**0**	**0**

20. INVENTORIES

	31.12.2015	**31.12.2014**
Inventories		
Materials and supplies	1 087	208
Work in progress	1 343	11
Finished products	254	0
Total	**2 684**	**219**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 000 EUR

21. SHORT-TERM RECEIVABLES

Trade and other receivables	31.12.2015	31.12.2014	
Trade receivables*	4 169	218	
Advance payment receivables	1 257		
Advance payments for inventories	273		
Other receivables	1 675	11	
Prepayments and accrued income	327	51	
Total	**7 701**	**279**	

*** Trade receivables do not include any significant risk concentrations.**

Ageing analysis of trade receivables	Trade receivables	Advance payment receivables	Total
Not due	4116	955	**5 071**
Past due less than 180 days	53	302	**355**
Past due more than 180 days			
Total	**4 169**	**1 257**	**5 426**

Prepayments and accrued income	31.12.2015	31.12.2014	
Prepayments and accrued income consists of:			
Receivables from the construction contracts recognized under the percentage of completion method	223		
Other prepayments and accrued income on expenses	104		
Total	**327**	**0**	

22. CASH AND CASH EQUIVALENTS

	31.12.2015	31.12.2014
Cash and bank		
Cash and bank	679	87
Total	**679**	**87**
Change of liquid funds in the flow of funds statement		
Liquid funds at the beginning of the period	587	1 850
Merger of business operations	152	
Liquid funds at the end of the period	679	587
Change of liquid funds in the balance sheet	**-60**	**-1 263**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. SHAREHOLDERS' EQUITY

Share Capital

Plc Uutechnic Group's paid-up share capital entered in the Trade Register on 31 December 2015, was 2,872,302 euros.

On February 2015 company carried out a directed share issue and issued 10 million new shares.

On October 30, 2015 the Extraordinary General Meeting of Plc Uutechnic Group Oyj accpeted the business and financial arrangement and share issues realted to it: Share issue with existing shareholders subscribing for 9,985,850 new shares in rights issua and Uutechnic's owners, or parties assigned by them, subscribed for 30,000,000 new shares in the directed share issue. New shares were registered in the Trade Register in December 215 and January 2016.

After above mentioned share issues the amount of the shares of the company is 55 963 210.

Share premium account

Share premium account includes the share premiums of issues according to the previous Companies Act (29.9.1978).

Translation differences

Translation differences include exchange gains and losses arising from the translation of the financial statements of foreign companies.

Dividends

During the fiscal year 2015 Uutechnic Oy has paid dividends 700 thousand euros. After the balance sheet date, the Board proposed that no dividends be paid.

Capital Management

The objective of Group's capital management is to ensure the continuity of the business of Vaahto Group and to maintain the optimal capital structure in order to ensure the investments taking into the account the capital expenses. Shareholders' equity and liabilities, excluded the advance payments received, are included into the capital.

In the financial statements for 2014, the equity of Plc Uutechnic Group Oyj, the parent company, stood at EUR -7.8 million. Debt relief and share issues as part of the financing arrangement had a positive effect on its equity. At the end of 2015, the parent company's equity totalled EUR 11.5 million. The Group's equity stood at EUR 9.5 million at the end of the financial year.

In conjunction with the financing arrangement, the loans granted by Mikko Laakkonen and Hannu Laakkonen, totalling EUR 2.0 million, were converted into unsecured subordinated loans. These loans are subordinated loans in accordance with chapter 12 of the Limited Liability Companies Act, and their capital repayments and interest payments must meet the conditions provided in the Act. The loans will be repaid as a one-off payment on 31 December 2019. However, the company is entitled to pay early. The annual interest rate on the outstanding loan capital is 4%. Of the total loan capital, EUR 1 million involves a specific right of exchange. To the extent that loan capital remains unpaid on 31 December 2017, the creditors are entitled to convert EUR 1 million of the capital, in part or in full, into shares in the company at a value of EUR 0.25. This right of exchange is based on the authorisation to issue shares that was approved by the company's Annual General Meeting on 14 April 2015.

The Group monitors the development of the capital structure using the equity ratio quarterly. This key figure is calculated by dividing the shareholders' equity of the Group with the total liabilities, excluded the amount of advance payments received. The equity ratio on 31 December 2015 was 68,0%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 000 EUR

23. SHAREHOLDERS' EQUITY

	31.12.2015	31.12.2014
SHARE CAPITAL		
Share capital at the beginning of the period	**17**	17
Items due to reverce aquisition	2 855	
Share capital at the end of the period	**2 872**	**17**
RESERVES		
Share premium account at the beginning of the period		
Items due to reverce aquisition	6	
Share premium account at the end of the period	**6**	
Unristrected equity reserve at the beginning of the period		
Share issue	1 500	
Items due to reverce aquisition	7 680	
Share issue expenses	-159	
Items due to reverce aquisition	-2 901	
Unristrected equity reserve at the end of the period	**6 120**	
Reserves total	**6 126**	
Translation differences		
Translation difference, restricted equity at date of acquisition	33	
Translation differences	**33**	
RETAINED EARNINGS		
Retained earnings at the beginning of the period	5 872	6 033
Items to be transferred in splitting	-5 654	
Retained earnings	**218**	**6 033**
Profit or loss for the fiscal period	954	489
Profit or loss for the fiscal period	**954**	**489**
Dividend distribution	**-700**	**-650**
Retained earnings	**472**	**5 872**
Shareholders of the parent company	**472**	**5 872**
MINORITY INTEREST		
Minority interest		
Total shareholders' equity	**9 504**	**5 889**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 000 EUR

24. PROVISIONS

Non-current provisions	**Warranty provision**	**Pension provision**	**Total**
Provisions at the beginning of the period	104	159	263
Merger of business operations			
Increase of the provisions			
Provisions at the end of the period	**104**	**159**	**263**
Current provisions	**Warranty provision**	**Pension provision**	**Total**
Provisions at the beginning of the period	23		23
Increase of the provisions	12		12
Provisions at the end of the period	**35**	**0**	**35**

The warranty provision covers warranty-related costs for products that have a product warranty. Warranty periods are usually 24 months long, in which time the provisions will be used. The pension provision consists of pension liabilities of one retired person in German subsidiary.

Transferred projects
The Group's companies have a transfer-related, warranty-period responsibility for projects transferred by the end of the fiscal period.

25. INTEREST-BEARING LIABILITIES

	31.12.2015	**31.12.2014**
Non-current liabilities, interest-bearing		
Loans from financial institutions	2 000	
Subordinated loans from owners	2 000	
Total	**4 000**	**0**
Current liabilities, interest-bearing		
Loans from financial institutions	1 482	
Total	**1 482**	**0**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 000 EUR

26. FINANCIAL RISK MANAGEMENT

The objective of the Group's financial risk management policy is to minimize the harmful effects of financial market volatility on the Group's results. The primary financial risks are currency and interest rate risks. The Group's general principles of risk management are approved by the Board, and their implemention is the responsibility of the Group's financial administration function and the business units.

CURRENCY RISK

In accordance with the principles of currency risk management, currency forward contracts and currency option contracts are as a rule used to hedge against significant exchange rate risks. The currency forward contracts are used to protect receivables and future assets.

Exposure to foreign exchange risk from transactions

	31.12.2015		
Group total at the end of the fiscal period	**SEK**	**ZAR**	**USD**
Foreign currency trade receivables			
Foreign currency account payables	183,0	33,0	**303,0**
Foreign currency cash and bank			
Net exposure in balance sheet	**183,0**	**33,0**	**303,0**
	31.12.2014		
Group total at the end of the fiscal period	**SEK**	**ZAR**	**USD**
Foreign currency trade receivables			
Foreign currency account payables			
Foreign currency cash and bank			
Net exposure in balance sheet	**0,0**	**0,0**	**0,0**
Sensitivity analysis			
The effect of a 10% weakening			
currencies (against euro) in euro:	**31.12.2015**		
Group total at the end of the fiscal period	**SEK**	**ZAR**	**USD**
Profit or loss for the period before taxes	1,8	0,2	25,3
Profit or loss for the period, net of taxes	1,4	0,1	20,2
	31.12.2014		
Group total at the end of the fiscal period	**SEK**	**ZAR**	**USD**
Profit or loss for the period before taxes	0,0	0,0	0,0
Profit or loss for the period, net of taxes	0,0	0,0	0,0

INTEREST RATE RISK

Interest rate risk is caused by the effect of changes in the general level of interest rates on the value of interest-bearing liabilities. The interest rate risk can be managed using interest rate swap and interest rate option contracts.

Sensitivity analysis of interest rate

	Interest expenses according to the payment plan 31.12.2015	Increase of the interest expenses resulted from the change of the interest rate +1%
Loans from financial institutions	157	58
Subordinated loans from owners	329	
Total	**486**	**58**

The interests of subordinated loans are fixed.

CREDIT RISK

For the most part, protection againts credit risks is managed by taking them into account in the selection of the term and method of payment. The Group does not usually provide customer financing; instead, it cooperates with banks and export credit agencies to support the financing of customers' equipment investments.

REFINANCING AND LIQUIDITY RISK

Liquidity risk:
The Group monitors and estimates continuously the quantities of funds needed to run the business operations, so that the Group will, at all times, retain enough liquid assets to fund the operations and repay debts that fall due. The availability and flexibility of funding are ensured by unused credit limits and book credits.

To assess the liquidity, the Group has prepared the monthly cash flow forecast, which extends until February 2017. The cash flow statement is based on the earnings forecast for fiscal period 2016 prepared in connection with the consolidated financial statements. At the balance sheet date, the working capital of the Group is sufficient for the needs of next 12 months, if the Group will achieve the forecasted profit targets. As the result levels used in the calculations do not reflect the actual performance of previous years, they include the uncertainty.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 000 EUR

26. FINANCIAL RISK MANAGEMENT

FINANCIAL ARRANGEMENTS

The financing agreement between the Group and its financiers includes a covenant requiring that the Group's gearing ratio not exceed 0.65. The ratio will be determined annually based on the Group's confirmed financial statements by taking capital loans in accordance with the Limited Liability Companies Act, among other factors, into account in equity when calculating the net gearing ratio. The covenant will be reviewed for the first time in 2016. After that, it will be reviewed annually.

The parent company's loan of EUR 2 million from the Turku Region OP Bank includes a covenant requiring that the loan margin be tied to the ratio between Uutechnic Group's net interest-bearing liabilities and EBITDA. The initial loan margin is 2.35 percentage points. If the ratio is 2 or below, the margin will decrease to 1.90 percentage points. The margins will be reviewed for the first time based on the financial statements for 2016. After that, they will be reviewed annually.

Cash flows of financial liabilities according to the payment plan

	2016	2016	2017	2018	2019	2020	Later	Total
Maturing during the fiscal period	**during 1-6 months**	**during 7-12 months**						
Loans from financial institutions, capital	267						2 000	**2 267**
Loans from financial institutions, interests	33	23	41	30	19	8	3	**157**
Subordinated loans from owners, capital					2 000			**2 000**
Subordinated loans from owners, interests					320			**320**
Total	**300**	**23**	**41**	**30**	**2 339**	**8**	**2 003**	**4 744**
Interest-free liabilities	**2016**	**2016**	**2017**	**2018**	**2019**	**2020**	**Later**	**Total**
Maturing during the fiscal period	**during 1-6 months**	**during 7-12 months**						
Trade payables	2 105							**2 105**
Total	**2 105**							**2 105**

Cash flows of financial receivables according to the payment plan

Long-term receivables	**Earlier**	**2016**	**2017**	**2018**	**2019**	**2020**	**Later**	**Total**
Maturing during the fiscal period	**matured**							
Loan receivables, capital and interests								
Total								
Short-term receivables	**Earlier**							
Maturing during the fiscal period	**matured**	**2016**	**2017**	**2018**	**2019**	**2020**	**Later**	**Total**
Trade receivables	53	4 116						**4 169**
Advance payments receivables	301	955						**1 256**
Total	**354**	**5 071**						**5 425**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 000 EUR

26. FINANCIAL RISK MANAGEMENT

Maturing times and effective interest rates (weighted averages) of interest-bearing liabilities 31.12.2014

	Maturing times, years	Interest rate %
Loans from financial institutions	5	2,3 %
Subordinated loans from owners	4	4,0 %

Credit limits in use
In the end of the fiscal year 31.12.2015 the Group had credit limits in use total 1.2 million euros.

The average interest rate of the credit limits was 2.91 %.

Unused credit limits
In the end of the fiscal year 31.12.2015 the Group had unused book limits total 3.7 million euros.

27. SHORT-TERM LIABILITIES

	31.12.2015	31.12.2014
Trade payables and other liabilities		
Advance payments received	692	13
Advance payments, unpaid	1 257	
Trade payables	2 105	66
Other short-term liabilities	450	377
Accruals and deferred income	1 856	119
Total	**6 360**	**575**
Accruals and deferred income consist of:		
Accrued employee expenses	945	111
Interest liabilities		
Other accruals and deferred income	911	8
Total	**1 856**	**119**
Tax liability		
Tax liability, income tax	10	
Total	**10**	**0**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 000 EUR

28. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Fair values of other than derivative contracts

Financial assets	**Book value 31.12.2015**	**Fair value 31.12.2015**	**Book value 31.12.2014**	**Fair value 31.12.2014**
Trade receivables and other receivables	7 701	7 701	279	279
Rahat ja pankkisaamiset	679	679	87	87

Financial liabilities	**Book value 31.12.2015**	**Fair value 31.12.2015**	**Book value 31.12.2014**	**Fair value 31.12.2014**
Long-term loans from financial institutes	2 000	2 000		
Subordinated loans from owners	2 000	2 000		
Short-term loans from financial institutes	1 481	1 481		
Trade payables and other liabilities	6 360	6 360	575	575

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 000 EUR

29. SECURITIES AND RESPONSIBILITIES

Granted securities

Dept secured by real estate and corporate mortgages

	31.12.2015	31.12.2014
Loans from financial instititions and	2 267	
Credit limits in use	1 215	
Total	3 482	

Loans from financial institutions are secured by real estate and corporate mortgatges and share pledges. Share pledges are the share capitals of Plc Uutechnic Group Oyj's subsidiaries.

Mortgages granted to secure loans and bank guarantees

	31.12.2015	
Real estate mortgages	4 743	400
Corporate mortgages	17 238	679
Total	**21 981**	**1 079**
Other granted secirities for own behalf		
Deposits	9	
Total	**9**	**0**

Other granted securities

Plc Uutechnic Group Oyj has granted as secirities the share capitals of its subsidiaries AP-Tela Oy, Japrotek Oy, Uutechnic Oy and Stelzer Rührtechnik International GmbH.

Contignent Liabilities and Other Liabilities	**31.12.2015**	**31.12.2014**
Bank quarantees		
Bank guarantee limits total	7 443	
Bank guarantee limits in use	5 235	
Operating lease agreements		
Within a year	23	
More than one year but no more than 5 years	27	
Total	**50**	**0**

Operating lease contracts consist mainly of short-term leasing contracts for IT equipment and sotware. The terms and condidtions are of leasing agreements correspond to those of normal operational leasing agreements.

Arrangements according to IFRIC 4
The Group has no arrangements meant in IFRIC 4.

Other rent agreements
The Group has rented production and office buildings for tis use with various types of terminable rental agreements.

Rent liabilities	**31.12.2015**	**31.12.2014**
Within a year	552	
More than one year but no more than 5 years	2 209	
Later	3 134	
Total	**6 447**	0

Other contingent liabilities	**31.12.2015**	**31.12.2014**
Granted guarantees to customers and creditors	50	
Guarantees granted to secure bank guarantee limit	7 443	
Guarantees granted to secure bank loans	3 482	
Guarantees granted to secure rent guarantees	410	
Total	**11 385**	**0**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 000 EUR

30. RELATED PARTY TRANSACTIONS

Related parties include persons who, according to the Securities Markets Act, are regarded as the company's permanent insiders - i.e. members of the Board of Directors, the CEO, and auditors, as well as members of senior management specifically designated as insiders by the company. Related parties also include people who are related parties of those who have an obligation to declare as well as corporations under the control of people with an obligation to declare or their related parties, and corporations controlled jointly by those with an obligation to declare and a family member, or another person with the obligation to declare or a relevant family member of such a person.

	31.12.2015	31.12.2014
Rent expenses		
The renting expenses of the factory property for the corporation in the control of the members of the Board	180	180
Long-term loans		
Long-term loans from the shareholders of the parent company	2 000	0
Employee benefits for the management		
Salaries and fees of the parent company management		
CEO:		
Heikkilä Martti Olavi	118	105
Rasinmäki Kalle	86	
Board members:		
Alatalo Sami	6	
Lindström Timo	37	33
Peräaho Jouko	39	33

No special conditions for retirement, pension benefits, or discharge-related conditions have been spesified for the members of the Group's management. According to the employment contract of CEO, both the company and the CEO are entitled to terminate the contract without any particular reason. In such a case, the period of notice on either side is three months. If the company terminates the contract, the CEO will be paid 100,000.00 euros deducted by the salary paid during the period of notice. The yearly bonus is 1,25 % of the operating profit of the Group, starting from year 2016.

The members of the Group's management have not received the group's own shares as a reward or incentive. The Group currently has no stock option plan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. INDICATOR CALCULATION FORMULAS

Return on equity % (ROE) =	Profit or loss before taxes - income taxes / Shareholders' equity + minority interest (average)	x 100
Return on investments % (ROI) =	Profit or loss before taxes + interest expenses and other financial expenses / Total assets - non-interest bearing debts (average)	x 100
Equity ratio =	Shareholders' equity + minority interest / Total assets - advances received	x 100
Current ratio =	Current assets / Short-term liabilities	
Gearing =	Interest bearing debts - cash and bank deposits and other securities / Shareholders' equity + minority interest	x 100

Earnings per share, euros =	Profit or loss before taxes - income taxes -/+ minority interest / Number of shares outstanding issue adjusted (average)	
Shareholders' equity/share, euros =	Shareholders' equity / Number of shares outstanding issue adjusted, at the end of the fiscal year	
Dividend/share, euros =	Dividend for the fiscal year/share / Adjustment factor of share issue made after closing the books	
Dividend/share, percentage =	Dividend for the fiscal year/share / Earnings/share	x 100
Effective dividend return, percentage =	Dividend for the fiscal year/share / Adjusted price of the share at the end of the fiscal year	x 100
Price per earnings (P/E) ==	Adjusted price of the share at the end of the fiscal year / Earnings/share	
Average share price =	Total value of shares traded during the fiscal year / Total number of shares traded during the fiscal year	
Total market value =	Total number of shares at the end of the fiscal year x share price at the end of the fiscal year	
Development of shares traded =	Total number of shares traded during the fiscal year and its percentual share of the total number of series' shares	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. SHARES AND SHAREHOLDERS

According to the book-entry security system, Plc Uutechnic Group Oyj had 1095 registered shareholders on 29 February 2016. There were in total 5,556,106 nominee-registered shares.

MAJOR SHAREHOLDERS	Shares			Votes
According to the book-entry security system, on 29 February 2016	**no.**	**%**	**no.**	**%**
Lindström Timo	8 640 000	15,44	8 640 000	15,44
Peräaho Jouko	8 640 000	15,44	8 640 000	15,44
Laakkonen Mikko	8 147 255	14,56	8 147 255	14,56
HML Finance Oy	5 029 375	8,99	5 029 375	8,99
UuCap Oy	4 805 000	8,59	4 805 000	8,59
Clearstream Banking S.A.*)	4 200 000	7,50	4 200 000	7,50
Peräaho Jonni	3 360 000	6,00	3 360 000	6,00
Lindström Ilona Iiris	1 680 000	3,00	1 680 000	3,00
Lindström Risto Herman	1 680 000	3,00	1 680 000	3,00
Laakkonen Hannu	1 625 000	2,90	1 625 000	2,90
Total for 10 largest	**47 806 630**	**85,43**	**47 806 630**	**85,43**
*) nominee-registered shares				

Lindström Timo, Peräaho Jouko, Peräaho Jonni, Lindström Ilona and Lindström Risto are 100 % owners of UuCap Oy. Hannu Laakkonen excersises control in HML Finance Oy.

Related to the company and financial arrangements Juko Peräaho, Timo Lindström, Mikko Laakkonen, Hannu Laakkonen (+ HML Finance Oy), UuCap Oy, Jonni Peräaho, Risto Lindström and Ilona Lindström have pledged not to transfer the shares until 31.12.2016.

SHARE HOLDINGS OF THE MANAGEMENT		Shares		Votes
According to the book-entry security system, on 29 February 2016	**no.**	**%**	**no.**	**%**
Board of directors and CEO				
Lindström Timo,member of board	8 640 000	15,44	8 640 000	15,44
Peräaho Jouko, chairman of board	8 640 000	15,44	8 640 000	15,44
Sami Alatalo, vice chairman of board	0	0	0	0
Martti Heikkilä, CEO	100 000	0,18	100 000	0,18
Ismo Haaparanta, deputy CEO	12 000	0,02	12 000	0,02

Timo Lindström and Jouko Peräaho are 36 % owners of UuCap Oy, which owns 8,59 % of Plc Uutechnic Group Oyj's shares. Sami Alatalo is in control of a company which owns 80 000 shares of Plc Uutechnic Gorup Oyj.

Related to the company- and financial arrangements members of Board, CEO and deputy CEO have pledged not to transfer the shares until 31.12.2016.

The members of the Board and the members of the management of the Group or its subsidiaries have no holdings or rights in the company's share-based incentive schemes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. SHARES AND SHAREHOLDERS

BREAKDOWN OF SHARE OWNERSHIP BY AMOUNT OF HOLDINGS	**Shareholders**		**Shares**		**Votes**	
According to the book-entry security system, on 29 February 2016	**no.**	**%**	**no.**	**%**	**no.**	**%**
1 - 100	147	13,42	7 373	0,01	7 373	0,01
101 - 1 000	428	39,90	212 752	0,38	212 752	0,38
1 001 - 10 000	410	37,44	1 355 900	2,42	1 355 900	2,42
10 001 - 100 000	89	8,13	2 628 447	4,70	2 628 447	4,70
100 001 - 1 000 000	21	1,92	51 755 258	92,48	51 755 258	92,48
	1095	**100,00**	**55 959 730**	**99,99**	**55 959 730**	**99,99**
Nominee-registered shares	5		5 556 106	9,93	**5 556 106**	**9,93**
Outside the book-entry securities system			3 480	0,01	3 480	0,01
			55 963 210	**100,00**	**55 963 210**	**100,00**

BREAKDOWN OF SHARE OWNERSHIP BY GATEGORY OF OWNER	**Shareholders**		**Shares**		**Votes**	
According to the book-entry security system, 29 February 2016	no.	**%**	**no.**	**%**	**no.**	**%**
Companies	47	4,29	10 678 427	20,9	10 678 427	20,9
Financial and insurance institutions	5	0,46	196 731	0,8	196 731	0,8
Public corporations	3	0,27	226 725	0,9	226 725	0,9
Households	1034	94,43	39 285 290	42,1	39 285 290	42,1
Non-profit organizations	2	0,18	201	0,0	201	0,0
Foreign countries	4	0,37	16 250	0,1	16 250	0,1
	1095	**100,00**	**50 403 525**	**64,8**	**50 403 525**	**64,8**
Outside the book-entry securities system			3 480	0,0	3 480	0,0
			55 963 210	**100,0**	**55 963 210**	**100,0**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. EVENTS AFTER THE END OF THE FISCAL YEAR

Ismo Haaparanta was appointed as Deputy CEO of Plc Uutechnic Group Oyj as of 18 January 2016. He is responsible for the Group's business development and HR management.

The 6,000,000 shares in Plc Uutechnic Group Oyj that were offered in a share issue directed at the owners of Uutechnic Oy, with a total consideration of EUR 1.5 million, were subscribed for and paid on 14 January 2016.

The shares included in the directed issue, a total of 30,000,000 shares (24,000,000 shares paid in kind and 6,000,000 shares paid in cash), were entered into the Finnish Trade Register on 20 January 2016. The owners of these new shares have agreed not to transfer any of the shares until 31 December 2016. As a result of the entry of the shares into the Trade Register, the total number of shares and votes in Plc Uutechnic Group Oyj is 55,963,210 shares and votes as of 20 January 2016.

On 29 January 2016, the company announced that AP-Tela Oy had secured the largest order in its history. The order was placed by Valmet and includes the design and manufacture of 27 massive drying cylinders. The order will be delivered in the fourth quarter of 2016.

On 17 February 2016, the company announced that Japrotek Oy Ab had completed the co-determination negotiations that started on 26 January. During the negotiations, it was decided that the number of employees would be adjusted according to the company's financial situation and order book. Five employment relationships will be terminated, and any temporary lay-offs will last no more than 90 days.

On 11 February 2016, the company announced that the operating result for Uutechnic Group for 2015 was expected to be positive.

On 26 February 2016, it was announced that Uutechnic Group's order book had developed favorably since the beginning of the year and was around 50% larger than at the same time in the previous year.

INCOME STATEMENT OF THE PARENT COMPANY, FAS

	1.1.-31.12.2015	1.1.-31.12.2014	Note
NET TURNOVER	**1 735**	**2 157**	**2**
Personnel expenses	-816	-1 180	5
Depreciations and impairment losses	-12	-1 700	6
Other operating expenses	-1 101	-895	7
OPERATING PROFIT OR LOSS	**-194**	**-1 618**	**4**
Financing income and expenses	-556	-477	**8**
PROFIT OR LOSS BEFORE EXTRAORDINARY ITEMS	**-750**	**-2 095**	
Extraordinary items	7 533	-2 495	9
PROFIT OR LOSS BEFORE INCOME TAXES AND APPROPRIATIONS	**6 783**	**-4 589**	
PROFIT OR LOSS FOR THE FISCAL YEAR	**6 783**	**-4 589**	

BALANCE SHEET OF THE PARENT COMPANY, FAS

	31.12.2015	31.12.2014	
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	0	3	
Tangible assets	50	81	
Investments	9 786	3 690	
NON-CURRENT ASSETS	**9 836**	**3 774**	**11**
CURRENT ASSETS			
Long-term receivables	1 950	1 950	
Short-term receivables	4 015	1 072	
Cash and bank	88	386	
CURRENT ASSETS	**6 054**	**3 407**	**12**
ASSETS	**15 890**	**7 182**	
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	**2 872**	2 872	
Reserve fund	**19 126**	6 630	
Retained earnings	**-17 319**	-12 730	
Profit or loss for the fiscal year	**6 783**	-4 589	
SHAREHOLDERS' EQUITY	**11 463**	**-7 817**	**13**
PROVISIONS			
Warranty provision		1 000	
Other provisions		3 763	
PROVISIONS		**4 763**	**14**
LIABILITIES			
Long-term interest-bearing liabilities	4 000	42	15
Short-term interest-bearing liabilities		9 516	16
Short-term non-interest-bearing liabilities	427	678	16
LIABILITIES	**4 427**	**10 235**	
EQUITY AND LIABILITIES	**15 890**	**7 182**	

FLOW OF FUNDS STATEMENT OF THE PARENT COMPANY, FAS

	1.1.-31.12.2015	1.1.-31.12.2014
FLOW OF FUNDS FROM OPERATIONS		
Profit before extraordinary items	6 783	**-4 589**
Adjustment items:		
Depreciations according to plan	12	33
	-7 553	2 495
Impairment losses from the shares in Group companies		1 667
Financial income and expenses	556	477
Other Adjustments		-72
Flow of funds before the change in working capital	**-202**	**10**
Change in working capital:		
Change in short-term receivables	-1 771	23
Change in short-term non-interest bearing creditors	-251	264
Flow of funds before financial items and taxes	**-2 224**	**298**
Interest and other financial expenses from operations paid	-573	-497
Dividends and other financial income received		
Interests received	17	19
FLOW OF FUNDS FROM OPERATIONS	**-2 780**	**-179**
FLOW OF FUNDS FROM INVESTMENTS:		
Investments in tangible and intangible assets	-35	-73
Income from sales of tangible and intangible assets	-11	
Other investments	-96	
FLOW OF FUNDS FROM INVESTMENTS	**-142**	**-73**
FLOW OF FUNDS FROM FINANCIAL ITEMS		
Share issue	6 496	1 040
Withdrawals of short-term loans	-318	864
Repayments of short-term loans	-2 000	
Withdrawals of long-term loans	2 000	42
Repayment of long-term loans	-42	
Change in Group account receivable or debt	-3 512	-1 312
FLOW OF FUNDS FROM FINANCIAL ITEMS	**2 625**	**634**
Change of liquid funds	**-297**	**382**
Liquid assets at the beginning of the fiscal year	386	4
Liquid assets at the end of the fiscal year	88	386
Change in liquid assets according to the balance sheet	-297	382

NOTES TO THE INCOME STATEMENT

1. TILINPÄÄTÖKSEN LAADINTAPERIAATTEET

Accounting Principles for Financial Statements

The financial statement of Plc Uutechnic Group Oyj for the fiscal period 2015 were drawn up in accordance with Finnish accounting legislation.

Assets and Liabilities in Foreign Currencies

Transactions denominated in foreign currencies are entered at the exchange rate applicable on the date of the transaction. Assets and depts. denominated in foreign currencies that are open at the end of the fiscal year are valued at the exchange rate in effect on the balance sheet date.

Other Operating Income

Other operating income includes proceeds from the sale of tangible assets and other operating income received from Group companies.

Expenditure on Research and Development

There were no research and development costs during the fiscal year under review.

Pensions

Pension liabilities for the parent company's personnel have been covered through a pension insurance company. Statutory pension expenses have been entered under costs for the fiscal year in which they accumulated.

Leasing Payments

In the parent company's financial statement, leasing payments have been entered under annual costs in accordance with the Finnish Accounting Act.

Intangible Assets

Intangible assets include computer software. They are entered at the original acquisition cost, minus planned depreciation. The economic life (term of depreciation) of software is five years.

Tangible Assets

Tangible assets are entered on the balance sheet at their original acquisition cost, planned depreciation deducted. The economic lif of buildings and structures is 35 – 40 years and that of machines and equipment is 5 – 25 years.

Income Tax

Income tax has been entered in accordance with the Finnish Accounting Act.

	1.1.-31.12.2015	1.1.-31.12.2014
2. TURNOVER BY BUSINESSES AND MARKET AREAS		
By businesses		
Administration	1 735	2 157
Total	**1 735**	**2 157**
By market areas		
Finland	1 735	2 157
Total	**1 735**	**2 157**
3. OPERATING PROFIT OR LOSS BY BUSINESSES		
Administration	-194	-1 618
Total	**-194**	**-1 618**

NOTES TO THE INCOME STATEMENT

	1.1.-31.12.2015	1.1.-31.12.2014
4. PERSONNEL		
Average number of personnel		
Office staff	8	12
Total	**8**	**12**
Personnel expenses		
Wages and salaries	716	980
Pension costs	83	163
Other personnel expenses	17	37
Total	**816**	**1 180**
Management's salaries and benefits		
Managing directors	468	232
Board members	57	94
Total	**524**	**325**
5. DEPRECIATIONS AND DECREASED VALUES		
Fixed assets have been depreciated according to plan. Depreciation according to plan is calculated based on straight line depreciation, the economic life and the original purchase value of assets.		
The estimated economic lives (years)		
Other long-term assets	5-10 v	5-10 v
Buildings	35-40 v	35-40 v
Machinery and equipment	5-25 v	5-25 v
Depreciations and decreased values		
Depreciations from tangible and intangible assets	12	33
Impairment losses from the shares in Group companies	0	1 667
Total	**12**	**1 700**

NOTES TO THE INCOME STATEMENT

6. OTHER OPERATING EXPENSES	1.1.-31.12.2015	1.1.-31.12.2014
Rent expenses	91	137
Non-statutory employee benefits	10	10
Other expenses	1 000	747
Total	**1 101**	**895**
7. FINANCIAL INCOME AND EXPENSES		
Other interest and other financial income		
Group companies	17	19
Other	1	
Total	**17**	**19**
Financial income total	**17**	**20**
Interest and other financial expenses		
Group companies	10	38
Other	563	458
Total	**573**	**497**
Financial expenses total	**573**	**497**
Financial income and expenses total	**-556**	**-477**
8. EXTRAORDINARY ITEMS		
Extraordinary income		
Waiver of the loans	6 452	2 670
Termination of loan provision	101	
Total	**6 553**	**2 670**
Extraordinary expenses		
Loans based on guarantee liability	**0**	3 763
Warranty provision		200
Other provisions	980	1 201
Total	**980**	**5 165**
Extraordinary items total	**7 533**	**2 495**

NOTES TO THE INCOME STATEMENT

NOTES TO THE BALANCE SHEET

9. SHAREHOLDINGS

Group Companies

Company name	**Registered Office**	**Number of Shares**	**Group Ownership %**
AP-Tela Oy	Kokkola	480	100,00
Japrotek Oy Ab	Pietarsaari	100 000	100,00
Steva Oy	Hollola	1 600	100,00
Uutechnic Oy	Uusikaupunki	10 000	100,00
Stelzer Rührtechnik International GmbH	Warburg, Germany		100,00
Vaahto Group Asia Limited	Hong Kong, China		100,00

NOTES TO THE INCOME STATEMENT

11. NON-CURRENT ASSETS	31.12.2015	31.12.2014
Intangible assets		
Other long-term assets		
Acquisition cost at the beginning of the fiscal year	59	157
Increase		
Decrease		-98
Acquisition cost at the end of the fiscal year	**59**	**59**
Accumulated depreciations at the beginning of the fiscal year	56	136
Depreciation of the fiscal year	3	18
Accumulated depreciations of the decrease		-98
Accumulated depreciations at the end of the fiscal year	**59**	**56**
Book value at the end of the fiscal year	**0**	**3**
Intangible assets total	**0**	**3**
Tangible assets		
Machinery and equipments		
Acquisition cost at the beginning of the fiscal year	66	116
Increase	35	73
Decrease	-73	-122
Acquisition cost at the end of the fiscal year	**28**	**66**
Accumulated depreciations at the beginning of the fiscal year	-3	**104**
Accumulated depreciations of the decrease	-16	-122
Depreciation of the fiscal year	9	15
Accumulated depreciations at the end of the fiscal year	**-10**	**-3**
Book value at the end of the fiscal year	**38**	**69**
Other tangible assets		
Acquisition cost at the beginning of the fiscal year	12	12
Acquisition cost at the end of the fiscal year	**12**	**12**
Book value at the end of the fiscal year	**12**	**12**
Tangible assets total	**50**	**81**
Investments		
Shares in Group companies		
Acquisition cost at the beginning of the fiscal year	10 619	10 619
Increase	6 096	
Acquisition cost at the end of the fiscal year	**16 715**	**10 619**
Accumulated depreciations and impairment losses at the beginning of the fiscal year	6 948	5 281
Impairment losses of the fiscal year		1 667
Accumulated depreciations and impairment losses at the end of the fiscal year	**6 948**	**6 948**
Book value at the end of the fiscal year	**9 767**	**3 671**
Other shares		
Acquisition cost at the beginning of the fiscal year	19	19
Acquisition cost at the end of the fiscal year	**19**	**19**
Book value at the end of the fiscal year	**19**	**19**
Investments total	**9 786**	**3 690**

Changes in Group Structure

During the last quarter of the financial year parent company received, based on the merger arrangement, Uutechnic Oy´s shares in exchange of shares, value of 6 M€.

Impairment-testing of shares insubsidiaries

The value of shares in subsidiaries in the parent company's accounts is the original cost plus investments made subsequently to consolidate the subsidiaries' eguity capital. Share value has substantial bearing on the parent company's solvency ratio and, thereby, on equity capital and other factors. Impairment test of shares in subsidiaries have been performed on the basis of the situation presented in the year-end accounts of 31 December 2015. A value-adjustment entry of 1,667,257.70 for the acquisition cost of shares of AP-Tela Oy and 170,000.00 for the acquisition cost of shares of Vaahto Asia Ltd have been made in the parent company's year-end account of 31 December 2014. The calculations show no sign of share-value impairment in other subsidiaries.

NOTES TO THE INCOME STATEMENT

12. CURRENT ASSETS	**31.12.2015**	**31.12.2014**
Long-term receivables from Group		
Other long-term receivables	1 950	1 950
Total	**1 950**	**1 950**
Long-term receivables total	**1 950**	**1 950**
Short-term receivables from Group companies		
Accounts receivable	269	
Loan receivables	1 300	
Other recevables	904	1 031
Prepaid expenses and accrued income	5	
Total	**2 478**	**1 031**
Prepaid expenses and accrued income		
Other recevables	1 514	
Prepaid expenses and accrued income	23	40
Total	**1 537**	**40**
Short-term receivables total	**4 015**	**1 072**
Cash and bank	88	2
Cash transfer on the way		384
Cash and bank	**88**	**386**

Capital loan receivables from Group companies

Long-term receivables from Group companies are capital loans to Japrotek Oy Ab meant by the Chapter 12 of the Companies Act § 1-2. At the closing of the financial period, on 31 December 2015, the parent company had, in total, 1.95 M EUR of subordinated loan receivables from Japrotek Oy Ab.

Impairment tests of subordinated loan receivables from subsidiaries have been performed on the basis of the situation presented in the yearend accounts of 31 December 2015. In the impairment calculations, recoverable funds are determined on the basis of utility value. The cash-flow forecasts used in the calculations are based on the management's annual profit and loss forecast and on maintenance investment forecasts made in connection with the Group's budgeting process. The management bases its forecasts on actual business developments and the management's view of the industry's growth outlook. Approved investment decisions are taken into account in the growth forecasts. Financial plans and forecasts made for the units subject to testing are prepared for five-year periods, and the test calculations include cash flows predicted for that full period. The growth rate applied in extrapolation of cash flows to post-forecast periods is 0%. The discount rate used in the calculations is Uutechnic Group's weighted average cost of capital (WACC) before tax. During the 2014 financial period, the discount rate of AP-Tela and Japrotek was 11,9 % and the discount rate of Uutechnic Oy and Stelzer Rührtechnic Int. GmbH 11,5%.

The calculations show no sign of impairment in subordinated loan receivables from Japrotek Oy Ab.

As the turnover and operating profit levels used in the calculations do not reflect actual development achieved over the past few years, they include uncertainties.

NOTES TO THE INCOME STATEMENT

13. SHAREHOLDERS' EQUITY	31.12.2015	31.12.2014
Share capital at the beginning of the fiscal year	2 872	2 872
Share capital at the end of the fiscal year	**2 872**	**2 872**
Unrestricted equity reserve at the beginning of the fiscal period	4 402	3 362
Share issue	6 496	1 040
Increase in interest in subsidiary (non-cash issue of the share exchange)	6 000	
Unrestricted equity reserve at the end of the fiscal period	**16 898**	**4 402**
Reserve fund at the beginning of the fiscal year	2 228	2 228
Reserve fund at the end of the fiscal year	**2 228**	**2 228**
Retained earnings at the beginning of the fiscal year	-17 319	-12 730
Retained earnings in the end of the fiscal year	**-17 319**	**-12 730**
Profit or loss for the fiscal year	**6 783**	**-4 589**
Shareholders' equity total	**11 463**	**-7 817**
Calculation on distributable assets		
Retained earnings	-17 319	-12 730
Profit for the fiscal year	6 783	-4 589
Unrestricted equity reserve	16 898	**4 402**
Distributable assets total	**6 362**	**-12 917**
Number of shares by series at the end of the fiscal period	**no.**	**no.**
A-share (1 vote/share)	55 963 210	5 977 360
Total	**55 963 210**	**5 977 360**
The distribution of shareholders' equity by series	**euros**	**euros**
A-share (1 vote/share)	2 872 302	2 872 302
Total	**2 872 302**	**2 872 302**

14. PROVISIONS	31.12.2015	31.12.2014
Other provisions		
Warranty provision	0	200
Loan provisions	0	3 763
Other provisions	0	800
Total	**0**	**4 763**

15. LONG-TERM LIABILITIES	31.12.2015	31.12.2014
External long-term liabilities		
Loans from financial institutions	2 000	
Subordinated loans from owners	2 000	
Total	**4 000**	**0**
Accounts payables, long-term		
Accounts payables, long-term		42
Total	**0**	42
Long-term liabilities total	**4 000**	**42**

16. SHORT-TERM LIABILITIES		
External short-term liabilities, interest-bearing		
Loans from financial institutions		1 282
Loans from others		2 000
Credit limits used		3 996
Total	**0**	**7 277**
Short-term liabilities to Group companies, interest-bearing		
Other liabilities		2 239
Total	**0**	**2 239**
External short-term liabilities, non-interest-bearing		
Accounts payable	60	159
Other liabilities	38	124
Accrued liabilities and deferred income	329	395
Total	**427**	**678**
Accrued liabilities and deferred income consist of:		
Accrued employee expenses	141	292
Interest liabilities	7	88
Accrued tax liabilities	96	0
Other accruals and deferred income	85	16
Total	**329**	395
Short-term liabilities total	**427**	**10 194**

NOTES TO THE INCOME STATEMENT

OTHER NOTES

17. SECURITIES AND RESPONSIBILITIES	31.12.2015	31.12.2014
Granted securities		
Dept secured by corporate mortages		
Loans from financial institutions	13 000	
Total	**13 000**	**0**
Other granted securities		
Vaahto Group Plc Oyj has granted as securities the share capitals of its subsidiaries Japrotek Oy Ab:n, AP-Tela Oy, Uutechnic Oy and Stelzer Rührtechnik International GmbH.		
Book values of the shares in subsidiaries granted as securities total	**3 573**	**3 573**
Liabilities		
Leasing commitments to be paid		
To be paid during fiscal year 2014		36
Later		8
Total	**0**	**45**
Granted guarantees by Group companies		
Granted guarantees to customers and creditors		200
Granted guarantees to secure bank guarantee limits	9 329	6 204
Granted guarantees to secure loans	1 542	1 542
Granted guarantees to secure rent bank guarantees	400	400
Total	**11 271**	**8 346**

THE BOARD OF DIRECTORS' PROPOSAL

The parent company made profit of 6,783,292.59 euros. The parent companys' distributable funds are 6,361,905.54. The Board of Directors proposes to the General Meeting that no dividends be distributed and that the profit will be transferred to be the retained earnings of the company.

In Uusikaupunki March 21, 2016

Jouko Peräaho

Sami Alatalo

Timo Lindström

AUDITOR'S REPORT

To the Annual General Meeting of Plc Uutechnic Group Oyj

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Plc Uutechnic Group Oyj (former Vaahto Group Plc Oyj) for the year ended 31 December, 2015. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

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

Auditor's Responsibility

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

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

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

Opinion on the consolidated financial statements

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

Opinion on the company's financial statements and the report of the Board of Directors

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

Helsinki, 22 March 2016

Ernst & Young Oy
Authorized Public Accountant Firm

Erkka Talvinko
Authorized Public Accountant

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Plc Uutechnic Group Oyj

ANNUAL REPORT 2015