

Parent company financial statements, Finnish GAAP (FAS)

Income statement

euro	Note	2015	2014
Sales	2	71,079,031.78	76,169,336.73
Other income	3	9,189,045.19	1,958,742,137.48
Employee costs	4	-36,532,886.09	-35,334,877.93
Depreciation, amortisation and write-downs	7	-9,253,793.65	-9,167,117.87
Other expenses		-78,247,627.13	-71,816,842.29
Operating profit		-43,766,229.90	1,918,592,636.12
Financial income and expenses	5	793,954,533.02	-128,767,050.76
Profit before extraordinary items		750,188,303.12	1,789,825,585.36
Group contributions ¹⁾		447,420,000.00	564,681,200.00
Profit before income tax		1,197,608,303.12	2,354,506,785.36
Income tax expense	6	-63,997,230.29	-89,643,136.55
Profit for the period		1,133,611,072.83	2,264,863,648.81

1) Taxable profits transferred from Finnish subsidiaries.

Balance sheet

euro	Note	31 Dec 2015	31 Dec 2014
ASSETS			
Non-current assets			
Intangible assets	7	13,961,277.54	17,562,797.83
Property, plant and equipment	7	3,815,761.78	4,360,082.76
Investments in group companies	7	15,800,373,579.16	16,057,019,292.38
Investments in associated companies	7	5,655,986.12	5,655,986.12
Interest-bearing receivables from group companies	7	714,024,162.34	1,368,405,728.57
Interest-bearing receivables from associated companies	7	13,499,254.12	211,268,937.56
Other non-current assets	7	681,639.13	1,768,638.42
Deferred tax assets		1,306,925.44	1,905,207.94
Total non-current assets		16,553,318,585.63	17,667,946,671.58
Current assets			
Other current receivables from group companies	8	457,939,546.51	586,451,267.31
Other current receivables from associated companies	8	236,973.90	849,666.01
Other current receivables	8	262,817,959.56	169,742,876.06
Deposits and securities (maturity over three months)		4,705,967,054.07	505,081,777.77
Cash and cash equivalents		2,939,145,810.17	1,813,348,447.73
Liquid funds		7,645,112,864.24	2,318,430,225.50
Total current assets		8,366,107,344.21	3,075,474,034.88
Total assets		24,919,425,929.84	20,743,420,706.46
EQUITY			
Shareholder's equity			
Share capital	9	3,046,185,953.00	3,046,185,953.00
Share premium		2,821,690,902.18	2,821,690,902.18
Retained earnings		4,283,811,878.40	3,173,825,388.09
Profit for the period		1,133,611,072.83	2,264,863,648.81
Total shareholders' equity		11,285,299,806.41	11,306,565,892.08
Provisions for liabilities and charges		0.00	114,000.00
LIABILITIES			
Non-current liabilities			
External interest-bearing liabilities	10	4,414,725,974.88	5,269,387,069.96
Interest-bearing liabilities to group companies		6,252,374,560.56	2,648,175,756.30
Interest-bearing liabilities to associated companies	10	268,234,688.64	261,256,679.05
Other non-current liabilities		4,724,909.68	2,521,795.01
Total non-current liabilities		10,940,060,133.76	8,181,341,300.32
Current liabilities			
External interest-bearing liabilities	10	1,014,442,277.00	1,082,575,164.66
Trade and other payables to group companies	11	1,545,054,985.98	31,280,863.75
Trade and other payables to associated companies	11	3,902,532.56	3,385,918.27
Trade and other payables	11	130,666,194.13	138,157,567.38
Total current liabilities		2,694,065,989.67	1,255,399,514.06
Total liabilities		13,634,126,123.43	9,436,740,814.38
Total equity and liabilities		24,919,425,929.84	20,743,420,706.46

Cash flow statement

EUR 1,000	2015	2014
Cash flow from operating activities		
Profit for the period	1,133,611	2,264,864
Adjustments:		
Income tax expense	63,997	89,643
Group contributions	-447,420	-564,681
Finance costs - net	-793,955	128,767
Depreciations, amortisation and write-downs	9,254	9,167
Operating profit before depreciations	-34,513	1,927,760
Non-cash flow items and divesting activities	-112	-1,940,153
Interest and other financial income	35,570	44,779
Interest and other financial expenses paid	-147,030	-168,302
Dividend income	1,059,673	0
Group contribution received	564,681	608,724
Realised foreign exchange gains and losses	-79,729	-282,585
Taxes	-35,723	-126,688
Funds from operations	1,362,817	63,535
Other short-term receivables increase(-)/decrease(+)	6,917	-5,962
Other short-term payables increase(+)/decrease(-)	-66	-9,158
Change in working capital	6,851	-15,120
Net cash from operating activities	1,369,668	48,415
Cash flow from investing activities		
Capital expenditures	-3,949	-4,520
Acquisition of shares and capital contributions in subsidiaries	-500	0
Capital returns from subsidiaries	97,482	0
Acquisition of shares in associated companies	0	-3,352
Acquisition of other shares	-358	-1,578
Proceeds from sales of fixed assets	54	159
Proceeds from sales of shares in subsidiaries	3	2,092,725
Change in interest-bearing receivables and other non-current assets	854,152	793,305
Net cash used in investing activities	946,884	2,876,739
Cash flow before financing activities	2,316,552	2,925,154
Cash flow from financing activities		
Proceeds from long-term liabilities	33,218	45,768
Payment of long-term liabilities	-900,976	-1,340,366
Change in cashpool liabilities	3,604,199	1,178,495
Change in short-term liabilities	1,428,863	-572,931
Dividends paid	-1,155,173	-977,052
Net cash used in financing activities	3,010,131	-1,666,086
Net increase(+)/decrease(-) in liquid funds	5,326,683	1,259,068
Liquid funds at the beginning of the period	2,318,430	1,059,362
Liquid funds at the end of the period	7,645,113	2,318,430

Parent Company Notes to the Financial Statements, FAS

1 Accounting policies and principles

The financial statements of Fortum Oyj are prepared in accordance with Finnish Accounting Standards (FAS).

1.1 Sales

Sales include sales revenue from actual operations and exchange rate differences on trade receivables, less discounts and indirect taxes such as value added tax.

1.2 Other income

Other income includes gains on the sales of property, plant and equipment and shareholdings, as well as all other operating income not related to the sales of products or services, such as rents.

1.3 Foreign currency items and derivative instruments

Transactions denominated in foreign currencies have been valued using the exchange rate at the date of the transaction. Receivables and liabilities denominated in foreign currencies outstanding on the balance sheet date have been valued using the exchange rate quoted on the balance sheet date. Exchange rate differences have been entered in the financial net in the income statement.

Fortum Oyj enters into derivative contracts mainly for hedging foreign exchange and interest rate exposures.

Derivatives used to hedge balance sheet items and other foreign currency positions are valued employing the exchange rate quoted on the balance sheet date and gains or losses are recognised in the income statement in the financial net. The interest element on forward contracts is accrued for the period.

Option premiums are treated as advances paid or received until the option matures, and any losses on options entered into other than for hedging purposes are entered as an expense in the income statement.

Interest income or expense for derivatives used to hedge the interest rate risk exposure is accrued over the period to maturity and is recognised as an adjustment to the interest expense of the liabilities.

1.4 Income taxes

Income taxes presented in the income statement consist of accrued taxes for the financial year and tax adjustments for prior years.

1.5 Shares in group companies

The balance sheet value of shares in group companies consists of historical costs less write-downs. If the estimated future cash flows generated by a non-current asset are expected to be permanently lower than the balance of the carrying amount, an adjustment to the value must be made to write-down the difference as an expense. If the basis for the write-down can no longer be justified at the balance sheet date, it must be reversed.

1.6 Property, plant and equipment and depreciation

The balance sheet value of property, plant and equipment consists of historical costs less depreciation and other deductions. Property, plant and equipment are depreciated using straight-line depreciation based on the expected useful life of the asset.

The depreciation is based on the following expected useful lives:

Buildings and structures	15–40 years
Machinery and equipment	3–15 years
Other intangible assets	5–10 years

1.7 Pension expenses

Statutory pension obligations are covered through a compulsory pension insurance policy or Group's own pension fund. Payments to Group's pension fund are recorded in the income statement in amounts determined by the pension fund according to the actuarial assumptions pursuant to the Finnish Employees' Pension Act.

1.8 Long-term incentive schemes

Costs related to the Fortum long-term incentive plans are accrued over the vesting period and the related liability is booked to the balance sheet.

1.9 Provisions

Foreseeable future expenses and losses that have no corresponding revenue to which Fortum is committed or obliged to settle, and whose monetary value can be reasonably assessed, are entered as expenses in the income statement and included as provisions in the balance sheet.

2.0 Presentation of the primary statements and notes

Information presented in the notes is given separately for Fortum Group companies and for associated companies of the Group

2 Sales by market area

EUR 1,000	2015	2014
Finland	50,373	52,493
Other countries	20,706	23,676
Total	71,079	76,169

3 Other income

EUR 1,000	2015	2014
Gain on sales of shareholdings	0	1,940,268
Rental and other income	9,189	18,474
Total	9,189	1,958,742

4 Employee costs

EUR 1,000	2015	2014
Personnel expenses		
Wages, salaries and remunerations	29,533	27,792
Indirect employee costs		
Pension costs	4,533	5,198
Other indirect employee costs	1,437	1,382
Other personnel expenses	1,029	963
Total	36,533	35,335

EUR 1,000	2015			2014
	Pekka Lundmark, President and CEO since 7 Sep 2015	Timo Karttinen, Interim President and CEO until 6 Sep 2015 ²⁾	Tapio Kuula, President and CEO until 31 Jan 2015 ³⁾	Tapio Kuula, President and CEO
Compensation for the President and CEO				
Salaries and fringe benefits	305	372	279	1,005
Performance bonuses ¹⁾	21	15	0	127
Share-based remuneration	114	282	903	235
Pensions (statutory)	55	66	47	188
Pensions (voluntary)	0	37	25	255
Social security expenses	17	20	14	57
Total	513	791	1,269	1,867

EUR 1,000	2015	2014
Compensation for the Board of Directors	499	477

1) Performance bonuses are based on estimated amounts.

2) Includes the compensation CFO Timo Karttinen received during his position as Fortum's Interim President and CEO and as a substitute to the President and CEO during 1 February - 6 September 2015 and as a substitute to the President and CEO in January 2015. Also included is a lump sum payment of EUR 70 thousand for his success in assuming the responsibilities of Interim President and CEO.

3) Share-based remuneration includes the gross payment Tapio Kuula received from the share plans commenced in 2012, 2013 and 2014. Mr Kuula received the net amount of the payment as shares, after deducting the taxes and tax-related charges arising from the payment. These shares, totalling 30,271 shares, are under lock-up until the spring 2018.

Compensation above is presented on accrual basis. Paid salaries and remunerations in 2015 for the President and CEO Pekka Lundmark were EUR 305 thousand, for Interim President and CEO Timo Karttinen EUR 372 thousand and for former President and CEO Tapio Kuula EUR 1,595 thousand (2014: 1,592).

Timo Karttinen, who assumed responsibility for the duties of the President and CEO during Tapio Kuula's sick leave in December 2014, did not receive any compensation during 2014 for these additional duties.

For the President and CEO Pekka Lundmark the retirement age of old-age pension is 63. The pension obligations for Pekka Lundmark are covered through insurance company and for Timo Karttinen through pension fund. The pension obligation for Tapio Kuula was covered through insurance company.

Board members are not in an employment relationship or service contract with Fortum, and they are not given the opportunity to participate in Fortum's bonus or share bonus systems, nor does Fortum have a pension plan that they can opt to take part in. The compensation of the Board members is not tied to the sustainability performance of the Group.

See Note 11 Employee benefits and Note 32 Pension obligations in the Consolidated financial statements, and section Remuneration on Fortum's webpage.

	2015	2014
Average number of employees	283	301

5 Financial income and expenses

EUR 1,000	2015	2014
Dividend income from group companies	1,059,673	0
Dividend income from associated companies and other companies	348	180
Interest and other financial income from group companies	18,290	24,080
Interest and other financial income from associated companies	6,999	9,344
Write-downs of participations in group companies	-159,661	0
Interest and other financial income	6,540	9,949
Exchange rate differences	17,714	1,748
Interest and other financial expenses to group companies	-1,098	-4,582
Interest and other financial expenses	-154,852	-169,486
Total	793,955	-128,767
Interest income	31,913	42,894
Interest expenses	-152,134	-170,383
Interest net	-120,221	-127,489

Write-downs of participations in group companies are related to shares in Fortum Heat and Gas Oy and received dividend payments. Interest and other financial income from associated company is related to AB Fortum Värme samägt med Stockholm Stad.

6 Income tax expense

EUR 1,000	2015	2014
Taxes on regular business operations	-25,487	-23,293
Taxes on group contributions	89,484	112,936
Total	63,997	89,643
Current taxes for the period	60,816	81,107
Current taxes for prior periods	2,583	6,745
Changes in deferred tax	598	1,791
Total	63,997	89,643

For more information, see note 13 Contingent liabilities.

7 Non-current assets

Intangible assets

EUR 1,000	Total
Cost 1 January 2015	57,732
Additions	2,773
Disposals	-1,688
Cost 31 December 2015	58,817
Accumulated depreciation 1 January 2015	40,169
Disposals	-1,704
Depreciation for the period	6,391
Accumulated depreciation 31 December 2015	44,856
Carrying amount 31 December 2015	13,961
Carrying amount 31 December 2014	17,563

Property, plant and equipment

EUR 1,000	Buildings and structures	Machinery and equipment	Advances paid and construction in progress	Total
Cost 1 January 2015	863	33,270	1,262	35,395
Additions and transfers between categories	215	696	45	955
Disposals		-19,110	-2	-19,112
Cost 31 December 2015	1,078	14,856	1,304	17,238
Accumulated depreciation 1 January 2015	783	30,251	0	31,034
Disposals		-19,040		-19,040
Depreciation for the period	35	1,393		1,428
Accumulated depreciation 31 December 2015	818	12,604	0	13,422
Carrying amount 31 December 2015	261	2,251	1,304	3,816
Carrying amount 31 December 2014	79	3,019	1,262	4,360

Investments

EUR 1,000	Shares in Group companies	Participation in associated companies	Receivables from Group companies	Receivables from associated companies	Other non-current assets	Total
1 January 2015	16,981,019	5,656	1,368,406	211,269	5,212	18,571,562
Additions ¹⁾	500			1,062	2,525	4,087
Disposals ²⁾	-97,485		-654,382	-198,832		-950,699
31 December 2015	16,884,034	5,656	714,024	13,499	7,737	17,624,950
Accumulated write-downs 1 January 2015	-924,000	0	0	0	-3,443	-927,443
Impairment charges	-159,661				-3,613	-163,274
Accumulated write-downs 31 December 2015 ³⁾	-1,083,661	0	0	0	-7,056	-1,090,717
Carrying amount 31 December 2015	15,800,374	5,656	714,024	13,499	682	16,534,235

1) Additions regarding shares comprise acquisitions of shares and capital contributions and reclassification between other non-current assets and shares in Group companies.

2) Disposals regarding shares comprise divestments and repayments of capital. Decrease in receivables from associated companies are related to AB Fortum Värme samägt med Stockholm Stad.

3) Write-downs of participations in group companies are related to shares in Fortum Heat and Gas Oy due to received dividend payments.

8 Other current receivables

EUR 1,000	2015	2014
Other current receivables from group companies		
Trade receivables	5,587	13,255
Group contribution and other receivables	447,420	564,379
Accrued income and prepaid expenses	4,933	8,817
Total	457,940	586,451
Other current receivables from associated companies		
Trade receivables	0	540
Accrued income and prepaid expenses	237	310
Total	237	850
Other current receivables		
Trade receivables	1,171	1,378
Other receivables	2,952	2,146
Accrued income and prepaid expenses ¹⁾	258,695	166,219
Total	262,818	169,743

1) Increase mainly arises from changes relating to receivables from foreign exchange derivatives.

9 Changes in shareholders' equity

EUR 1,000	Share capital	Share premium	Retained earnings	Total
Total equity 31 December 2014	3,046,186	2,821,691	5,438,689	11,306,566
Cash dividend			-1,154,877	-1,154,877
Profit for the period			1,133,611	1,133,611
Total equity 31 December 2015	3,046,186	2,821,691	5,417,423	11,285,300
Total equity 31 December 2013	3,046,186	2,821,691	4,151,029	10,018,906
Cash dividend			-977,204	-977,204
Profit for the period			2,264,864	2,264,864
Total equity 31 December 2014	3,046,186	2,821,691	5,438,689	11,306,566
EUR 1,000			2015	2014
Distributable funds 31 December			5,417,423	5,438,689

10 Interest-bearing liabilities

EUR 1,000	2015	2014
External interest-bearing liabilities		
Bonds	3,243,318	3,974,157
Loans from financial institutions	364,514	514,476
Other long-term interest-bearing debt	806,894	780,754
Total long-term interest-bearing debt	4,414,726	5,269,387
Current portion of long-term bonds	749,743	659,621
Current portion of loans from financial institutions	62,756	136,502
Other short-term interest-bearing debt	201,944	286,452
Total short-term interest-bearing debt	1,014,442	1,082,575
Total external interest-bearing debt	5,429,168	6,351,962

Maturity of external interest-bearing liabilities

EUR 1,000	2015
2016	1,014,442
2017	493,610
2018	581,975
2019	793,365
2020	31,451
2021 and later	2,514,325
Total	5,429,168

EUR 1,000	2015	2014
External interest-bearing liabilities due after five years		
Bonds	1,694,021	1,689,932
Loans from financial institutions	14,954	49,343
Other long-term liabilities	805,350	780,754
Total	2,514,325	2,520,029

EUR 1,000	2015	2014
Other interest-bearing liabilities due after five years		
Interest-bearing liabilities to group companies	0	9,000
Interest-bearing liabilities to associated companies	268,235	261,257
Total	268,235	270,257

11 Trade and other payables

EUR 1,000	2015	2014
Trade and other payables to group companies		
Trade payables	1,317	551
Deposits from group companies and other liabilities	1,543,673	30,665
Accruals and deferred income	65	65
Total	1,545,055	31,281
Trade and other payables to associated companies		
Accruals and deferred income	3,903	3,386
Total	3,903	3,386
Trade and other payables		
Trade payables	9,407	7,609
Other liabilities	4,470	6,310
Accruals and deferred income	116,789	124,239
Total	130,666	138,158

12 Contingent liabilities

EUR 1,000	2015	2014
On own behalf		
Other contingent liabilities	1,795	1,778
On behalf of group companies		
Guarantees	164,176	131,500
On behalf of associated companies		
Guarantees on behalf of Swedish associated companies	586,945	417,552
Contingent liabilities total	752,916	550,830

Operating leases

EUR 1,000	2015	2014
Lease payments		
Not later than 1 year	3,158	4,194
Later than 1 year and not later than 5 years	2,707	4,659
Total	5,865	8,853

Derivates EUR million	2015			2014		
	Contract or notional value	Fair value	Not recognised as income	Contract or notional value	Fair value	Not recognised as income
Interest rate swaps	5,197	141	139	5,721	155	160
Forward foreign exchange contracts ¹⁾	9,073	87	-4	14,866	-77	-1
Interest rate and currency swaps	1,244	157	9	1,473	233	28

¹⁾ Includes also future positions.

Fortum Oyj received in December 2013 an income tax assessment regarding transfer pricing for the year 2007. Fortum appealed the decision. In August 2014 The Board of Adjustment of the large Taxpayers' office approved Fortum's appeal. The Tax Recipients' Legal Services Unit within the tax authorities has appealed this decision to the Administrative Court. If the appeal of the Tax Recipients' Legal Services Unit is successful, the impact on net profit would be approximately EUR 136 million for the year 2007. Based on legal analysis and a supporting legal opinion, no provision has been accounted for in the financial statements.

In December 2014 Fortum Oyj received a non-taxation decision from the large Taxpayers' office for the years 2008-2011 regarding the activities in the Belgian and Dutch financing companies. The Tax Recipients' Legal Services Unit has appealed the decisions in February 2015 and the cases are now pending before the Board of Adjustment of the Large Taxpayers' Office. If the claim of correction of the Tax Recipients' Legal Services Unit would be successful, the negative impact on net profit would be approximately EUR 140 million for the year 2008, EUR 99 million for the year 2009, EUR 76 million for the year 2010 and EUR 90 million for the year 2011. Moreover, Fortum Oyj would be liable to pay penalty interest. Based on legal analysis and a supporting legal opinion, no provision has been accounted for in the financial statements.

For more information, see note 39 Legal actions and official proceedings to the consolidated financial statements.

13 Related party transactions

See Note 42 Related party transactions in the Consolidated financial statements.

Investments in group companies, associated companies and other holdings

		No. of shares units	Holding %
Investments in group companies			
Fortum Power and Heat Oy	Finland	91,197,543	100.00
Fortum Heat and Gas Oy	Finland	2,000,000	100.00
Fortum Sweden AB	Sweden	1,000	100.00
Fortum Nordic AB	Sweden	596,000	100.00
Fortum Holding B.V.	The Netherlands	61,062	100.00
Fortum Markets Oy	Finland	24,039	100.00
Fortum Project Finance N.V.	Belgium	727,820	100.00
Fortum Asiakaspalvelu Oy	Finland	10,010	100.00
Fortum Finance Ireland Ltd	Ireland	25,000	100.00
Fortum Norm Oy	Finland	250	100.00
Fortum Real Estate Oy	Finland	2,000,000	100.00
Fortum Investment S.A.R.L.	Luxemburg	990	0.45
Fortum India Private Ltd	India	1	0.10
Investments in associated companies			
AW Energy Oy ¹⁾	Finland	806	13.60
Wello Oy	Finland	1,508	16.18
¹⁾ Control based on shareholder's agreement			
Other holdings			
Prototype Carbon Fund	USA		
Clic Innovation Oy	Finland	100	3.80
East Office of Finnish Industries Oy	Finland		5.88

Accounting books, types of vouchers and their forms of retention

	Method
Balance sheet book	Printed
Balance sheet specifications	Electronic
Actual financial statements	
Income statement and balance sheet	Electronic
General ledger	Electronic
Journal	Electronic
Sub-ledgers	
Cash journal	Electronic
Accounts receivables	Electronic
Accounts payable	Electronic
Payroll accounting	Computer printouts
Fixed assets	Electronic
Liabilities	Paper printouts
Types of vouchers	
Bank and cash vouchers	Electronic
Memo vouchers	Electronic
Accounts receivables vouchers	Electronic
Accounts payable vouchers	Paper printouts
Payroll vouchers	Electronic and Paper printouts
Fixed assets vouchers	Electronic
Travel expense vouchers	Electronic and Paper printouts