

Kotkamills Group Oyj

INTERIM REPORT

01.01. - 31.03.2018

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Interim report 01.01.-31.03.2018

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Kotkamills Group Oyj's Interim Report January 1– March 31, 2018

1. Events during January - March 2018

On February 20th, 2018 the shareholders of Kotkamills Group Oyj have on unanimously resolved to offer by a directed issue a maximum of 450,770 new series A shares (the "New A Shares") of the company for subscription to the holders of series A shares pro rata to their holding of series A shares, a maximum of 20,000 new series B shares (the "New Management Incentive Allocation") for subscription to certain directors of the Kotkamills group and a maximum of 49,230 new series B shares (the "New B Shares", together with the New A Shares and the New Management Incentive Allocation, the "New Shares") of the company for subscription to the holders of series B shares pro rata to their holding of series B shares, taking into account the New Management Incentive Allocation offered for subscription. The New Shares represent in aggregate approximately 3.82 per cent of the existing shares in the company. In addition, the board of directors was authorised to issue a maximum of 24,376 new series B shares to key employees and directors of the company or its subsidiaries as part of the company's management incentive system in deviation from the shareholders' pre-emptive subscription rights.

The subscription period for subscription of the New Shares based on primary subscription rights expired on 26 February 2018. Based on the primary subscription rights and secondary subscription rights allocated by the board of directors, holders of series A shares subscribed the maximum number of 450,770 New A Shares offered for subscription, certain directors of the Kotkamills group subscribed the maximum number of 20,000 series B Shares offered for subscription in the New Management Incentive Allocation and holders of series B shares subscribed 47,493 of the in total 49,230 New B Shares offered for subscription. The subscribed New Shares represent in aggregate approximately 3.81 per cent of the total number of shares in the company.

The subscription price for each New Share is EUR 2.00 and the aggregate subscription price for the New Shares is EUR 1,036,526. Pursuant to the terms of the share issue of the New A Shares, holders of series A shares granted in connection with their participation in the share issue shareholder loans to the company in the aggregate amount of EUR 5 million. The terms of the shareholder loans are in material respects equivalent to the terms of the existing shareholder loans.

The purpose of the share issue and the utilisation of the shareholder loans is to ensure successful commercial launch of new food service board products and to secure the efficient working capital management of Kotkamills Group's further increasing consumer board products delivery volumes. As a result of the share issue and the utilisation of the new shareholder loans, Kotkamills Group Oyj will obtain financing in the aggregate amount of EUR 6 million.

After the share issue has been recorded in the Finnish Trade Register, the total number of shares issued by the company will be 14,121,069, of which 12,732,464 will constitute series A shares, representing approximately 90.17 per cent of the total number of the shares in the company, and 1,388,605 will constitute series B shares, representing approximately 9.83 per cent of the total number of the shares in the company. The entire subscription price of EUR 1,036,526 will be entered in the company's reserve for invested unrestricted equity.

The Company has decided to make a pre-feasibility study for an investment to increase the production of Saturating Base Kraft ("Laminating Papers"). In order to prepare Kotkamills Absorbex Oy, the fully owned subsidiary of Kotkamills Oy and the leading global supplier of Laminating Papers, to meet the increasing demand as well as to replace the discontinuing production volume of paper machine 7 in Tainionkoski, Imatra (Stock Exchange release on the 3rd of July 2017), Kotkamills Oy has started the pre-feasibility study of a new paper machine 3 (a "New PM3") in Kotka. Kotkamills Absorbex Oy is part of Group's Industrial Products segment.

The final decision of this possible investment will be done by the end of year 2018. The capacity, cost estimation and start-up timing of the New PM3 will be published later on subject to the positive investment decision. The possible investment would have a positive impact on the profitability of Kotkamills Group.

The delivery volumes of both saturating base kraft and wood products in Industrial Products segment increased compared to the previous quarter. The demand continued to stay at a good level.

The delivery volumes of Consumer Boards increased clearly compared to the previous quarter and commercial ramp-up of Consumer Boards products continued in the first quarter.

2. Key performance indicators

Q1/2018 (compared with Q1/2017)

The Group's revenue of continuing operations of EUR 87,6 million (EUR 59,9 million) improved by EUR 27,6 million from the same period a year ago mainly due to increased Consumer Boards sales.

The Group EBITDA of EUR 4,3 million (EUR 0,0 million) improved from the same period a year ago.

The operating profit of continuing operations was EUR 0,3 million (EUR -4,1) mainly due to further improved but still a negative impact of Consumer Boards business.

The good financial performance of Industrial Products segment with operating profit of EUR 4,6 million (EUR 6,8 million) continued also in Q1/2018.

The cash flows from operating activities of EUR 3,1 million (EUR -6,6 million) improved due to the stabilized increase of the net working capital.

The cash flows from investing activities of EUR -1,1 million (EUR -3,5 million) were lower due to decreased capital expenditure.

Cash flows from financing activities were EUR -1,9 million (EUR 12,2 million) including share issue of EUR 1,0 million, shareholders loan of EUR 5,0 million and repayment of bond loan EUR -7,5 million.

	2018	2017	2017
	1.1.-31.3.	1.1.-31.3.	1.1.-31.12.
Continuing operations			
Revenue, EUR million	87,6	59,9	287,7
EBITDA, EUR million	4,3	0,0	28,8
Operating profit, EUR million	0,3	-4,1	5,7
Operating profit / Revenue (%)	0,4	-6,8	2,0
Group Total			
Return on equity (%)	-14,2	-35,2	7,0
Equity ratio (%)	8,0	5,9	8,8
Equity ratio, adjusted (%)*	59,8	53,7	58,2

*Equity including shareholder loans and the junior term loan

The Group monitors capital by using an adjusted equity ratio based on the financial covenant, which is total equity added with shareholder loan and the junior term loan and divided by total assets (which shall be at

least 30% in the end of each reporting period). The Group's policy is to keep the adjusted equity ratio above 30%. There have been no breaches of the financial covenant of adjusted equity ratio in the current period.

3. Events after reporting date

The company has, as previously announced, carried out a directed issue of series A and B shares. The issue of shares has resulted in changes in the number of shares and votes in the company as follows:

Prior to the issuance of new shares, there were in total 13,602,806 shares in the company, of which 12,281,694 series A shares, corresponding to 12,281,694 votes, and 1,321,112 series B shares, corresponding to 1,321,112 votes, 13,602,806 votes in total.

The number of shares has through the issuance of new series A shares increased by 450,770 and the number of votes has increased by 450,770. The number of shares has through the issuance of new series B shares increased by 67,493 and the number of votes has increased by 67,493.

As of 30 April 2018, there are in total 14,121,069 shares in the company, of which 12,732,464 series A shares, corresponding to 12,732,464 votes, and 1,388,605 series B shares, corresponding to 1,388,605 votes, 14,121,069 votes in total.

4. Outlook for 2018

The revenue of the second quarter in 2018 is estimated to be higher than in the first quarter 2018 due to increasing delivery volumes of Consumer Boards.

The profit of continuing operations for the second quarter of 2018 is estimated to be slightly better compared to the previous quarter due to increasing sales volumes and prices. This effect is estimated to be partly offset by increased raw material and energy prices.

The demand of all business segments is expected to stay at the good level, but changes in global economic situation and geopolitical risks may have weakening impact on demand.

5. Near-term risk review

There has not occurred material changes in near-term risks and uncertainties disclosed in the annual financial statement of 2017. The annual financial statement of 2017 is available on the Company's website at www.kotkamills.com/fi/kotkamillsgroup/keyfinancials.

Consolidated statement of profit or loss

For the period 01.01.-31.03.2018

	01.01.- 31.03.2018	01.01.- 31.03.2017	01.01.- 31.12.2017
	€000	€000	€000
Continuing operations			
Revenue	87 585	59 944	287 699
Other operating income	395	286	25 068
Change in inventories of finished goods and work in progress	-348	4 479	9 408
Production for own use	4	3	23
Materials and supplies	-59 358	-45 376	-206 365
Employee benefit expenses	-9 953	-9 662	-39 923
Depreciation and amortisation	-3 979	-4 098	-16 199
Impairment	0	0	-6 830
Other operating expenses	-14 028	-9 664	-47 132
Total expenses	-87 661	-64 318	-307 018
Operating profit	319	-4 088	5 749
Financial income	2 210	1 266	8 671
Financial expenses	-6 082	-4 830	-19 450
	-3 873	-3 564	-10 779
Profit before taxes	-3 554	-7 652	-5 030
Income taxes	-3	-2	-24
Deferred taxes	-143	263	6 855
Profit (loss) for the period from continuing operatios	-3 699	-7 392	1 800
Profit (loss) for the period	-3 699	-7 392	1 800

Consolidated statement of other comprehensive income

For the period 01.01.-31.03.2018

	01.01.- 31.03.2018	01.01.- 31.03.2017	01.01.- 31.12.2017
	€000	€000	€000
Profit (loss) for the period	-3 699	-7 392	1 800
Other comprehensive income items:			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Translation differences	0	0	0
Net other comprehensive income to be reclassified to profit or loss in subsequent periods after taxes	0	0	0
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Actuarial gains (+) / losses (-) on defined benefit plans	0	0	-57
Income taxes	0	0	11
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods after taxes	0	0	-46
Other comprehensive income for the period, net of tax	0	0	-46
Total comprehensive income for the period, net of tax	-3 699	-7 392	1 755

Consolidated statement of financial position

31.03.2018

	31.03.2018	31.12.2017	31.03.2017
	€000	€000	€000
Assets			
Non-current assets			
Property, plant and equipment	206 458	209 091	213 595
Other intangible assets	5 376	5 758	13 563
Non-current financial assets	1 593	1 513	2 030
Deferred tax assets	6 110	6 252	0
	219 537	222 615	229 188
Current assets			
Inventories	36 834	36 401	36 358
Trade and other receivables	37 218	34 615	25 054
Other financial assets	3 218	4 181	1 780
Cash	14 143	14 047	18 935
	91 414	89 244	82 128
Total assets	310 951	311 858	311 316

Consolidated statement of financial position

31.03.2018

	31.03.2018	31.12.2017	31.03.2017
	€000	€000	€000
Equity and liabilities			
Equity			
Share capital	80	80	80
Reserve for invested non-restricted equity	14 559	13 523	13 523
Retained earnings	10 169	13 867	4 790
Total equity	24 808	27 470	18 393
Non-current liabilities			
Interest bearing loans and borrowings	208 407	208 881	223 012
Other non-current financial liabilities	4 706	4 892	5 458
Provisions	147	0	120
Pension obligations	867	875	820
Deferred tax liabilities	0	0	351
	214 126	214 648	229 761
Current liabilities			
Trade and other payables	54 281	51 875	44 781
Contract liabilities	324	650	369
Interest bearing liabilities	14 652	14 635	14 598
Other current financial liabilities	2 760	2 579	3 412
	72 017	69 740	63 161
Total liabilities	286 144	284 388	292 923
Total shareholders' equity and liabilities	310 951	311 858	311 316

Consolidated statement of changes in equity

31.03.2018

€000	Share capital	Reserve for invested non-restricted equity	Retained earnings	Total equity
Equity as at 01.01.2017	80	11 458	12 119	23 657
Other comprehensive income				
Profit (loss) for the period	0	0	-7 392	-7 392
Total comprehensive income	80	11 458	4 728	16 265
Transactions with shareholders				
Share issue	0	2 065	0	2 065
Own shares	0	0	62	62
Total transactions with shareholders	0	2 065	62	2 127
Equity as at 31.03.2017	80	13 523	4 790	18 393
Equity as at 01.04.2017	80	13 523	4 790	18 393
Other comprehensive income				
Profit (loss) for the period	0	0	9 192	9 192
Other comprehensive income items (net of tax)				
Actuarial gains (+) / losses (-) on defined benefit plans	0	0	-46	-46
Total comprehensive income	80	13 523	13 936	27 539
Transactions with shareholders				
Dividends, paid	0	0	-69	-69
Total transactions with shareholders	0	0	-69	-69
Equity as at 31.12.2017	80	13 523	13 867	27 470
Equity as at 01.01.2018	80	13 523	13 867	27 470
Other comprehensive income				
Profit (loss) for the period	0	0	-3 699	-3 699
Total comprehensive income	80	13 523	10 168	23 771
Transactions with shareholders				
Share issue	0	1 037	0	1 037
Total transactions with shareholders	0	1 037	0	1 037
Equity as at 31.03.2018	80	14 559	10 168	24 808

Consolidated statement of cash flows

For the period 01.01.-31.03.2018

	01.01.- 31.03.2018	01.01.- 31.03.2017	01.01.- 31.12.2017
	€000	€000	€000
Cash flows from operating activities			
Profit (loss) for the period before taxes	-3 554	-7 652	-5 030
Adjustments:			
Transactions without payments	156	499	-246
Depreciation and impairment	3 979	4 098	23 029
Interest expenses and other financial expenses	6 082	4 830	19 450
Interest income	-2 210	-1 266	-8 671
Defined benefit plans, net	0	0	57
Other	-5	0	-26 012
	8 002	8 161	7 608
Change in working capital:			
Change in trade and other receivables	-2 436	-4 939	-11 741
Change in inventories	-433	-4 308	-4 350
Change in trade and other payables	2 980	5 834	8 599
Interests and other financial expenses, paid	-3 560	-4 664	-10 311
Interests and other financial income, received	2 123	939	5 230
Taxes, paid	-3	-2	-24
	-1 328	-7 141	-12 597
Net cash flows from operating activities (A)	3 120	-6 632	-10 020
Cash flows from investing activities			
Proceeds from sale of tangible and intangible assets	18	0	0
Proceeds from disposal of subsidiary shares and business operations	0	0	26 012
Investments in property, plant and equipment	-1 134	-3 464	-10 406
Purchase of own shares	0	-1	1
Change in non-current financial assets	0	0	390
Net cash flows from investing activities (B)	-1 116	-3 465	15 997
Cash flows from financing activities			
Proceeds received related to share issue	1 037	2 065	2 065
Proceeds from loans and borrowings	5 000	17 921	17 921
Repayment of loans and borrowings	-7 499	-7 499	-27 317
Sale of own shares	0	63	63
Repayment of financial leases	-445	-307	-1 383
Dividends, paid	0	0	-69
Net cash flows from financing activities (C)	-1 908	12 243	-8 719
Change in cash (A+B+C)	96	2 146	-2 742
Cash and short term deposits at beginning of period	14 047	16 789	16 789
Cash and short term deposits at the end of period	14 143	18 935	14 047

Notes to the interim report

1. Accounting principles for the interim report

This Interim Report has been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The Interim Report does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2017.

The accounting policies adopted in the preparation of the Interim Report are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards and amendments effective as of January 1, 2018.

New standards, interpretations and amendments adopted by the Group

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 has superseded the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the good or service underlying the particular performance obligation is transferred to the customer. The principles in IFRS 15 are applied using the following five steps:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted IFRS 15 using the modified retrospective method of adoption. There are no changes impacting the comparative information.

The Group is specialised in consumer boards, saturating base kraft (laminating papers) and wood products. The revenue streams can be divided into two operating segments, which are Consumer Boards and Industrial Products. The Group is acting as a principal in all of the customer contracts as the Group provides the good and services itself to a customer and controls the specified goods and services before they are transferred to a customer.

Consumer Boards

Consumer Boards provides renewable and fiber-based packaging materials for consumer boards. The production of Consumer Boards was started in July 2016.

The company's sales consist mainly of sales of products and performance obligations are normally defined as the products are delivered based on customer contracts and customer order confirmations. The Group's contracts with customers for the sale of Consumer Boards generally include one performance obligation. The Group has concluded that revenue from sale of Consumer Boards should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The exact timing of the control transfer is analyzed contract by contract taking into account the delivery terms, customer acceptance clauses and customer's ability to benefit from the goods delivered. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition.

Industrial Products

Industrial Products produces saturating base kraft (laminating papers) as well as wood products for construction and transportation industry.

Similar to Consumer Boards, performance obligations are normally defined as the products are delivered based on customer contracts and customer order confirmations. The Group's contracts with customers for the sale of Industrial Products generally include one performance obligation. The Group has concluded that revenue from sale of Industrial Products should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The exact timing of the control transfer is analyzed contract by contract taking into account the delivery terms, customer acceptance clauses and customer's ability to benefit from the goods delivered. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition.

In conclusion the Group does not identify factors that would materially change the amount and timing of the present revenue recognition practises of sales of Consumer Boards and Industrial Products.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. In accordance with the section on classification and measurement included in IFRS 9, financial assets are classified and measured based on the entity's business model and contractual cash flows of financial assets. The classification and measurement of financial liabilities primarily complies with the principles of IAS 39, the current standard.

The hedge accounting model provides more opportunities for the application of hedge accounting, thereby allowing entities to reflect their risk management practices in more detail in financial statements. The hedge effectiveness testing rules have been revised, and the new principles are based on financial dependence.

The impairment model pursuant to IAS 39 was based on credit losses incurred, while the new impairment model takes into account expected credit losses. Entities recognize the expected credit losses and changes in them in each reporting period so that changes in the credit risk after initial recognition are taken into consideration. The standard will provide new disclosure requirements concerning the entity's risk management practices.

The Group has applied IFRS 9 with the initial application date of 1 January 2018. The Group concluded that the timing recording expected credit losses will be impacted by the new standard and notes information disclosed will be affected. The Group does not apply hedge accounting. There is no impact on Group's consolidated financial statements by the new requirements for the classification and measurement of financial assets.

This interim report is unaudited.

Notes to the interim report

2. Segment information and revenue from contract with customers

	Continuing operations			Total continuing operations
	Consumer Boards	Industrial Products	Adjustments	
	€000	€000	€000	€000
01.01.-31.03.2018				
Revenue				
External customers	40 053	44 412	0	84 465
Inter-segment	0	1 426	-1 426	0
Total revenue	40 053	45 838	-1 426	84 465
Depreciation and amortisation	-2 306	-442	0	-2 748
Segment operating profit	-3 894	4 622	0	728
01.01.-31.03.2017				
Revenue				
External customers	7872	49 747	0	57 619
Inter-segment	59	1 426	-1 485	0
Total revenue	7931	51 172	-1 485	57 619
Depreciation and amortisation	-2243	-519	0	-2 762
Segment operating profit	-9 680	6 826	0	-2 855
01.01-31.12.2017				
Revenue				
External customers	93 620	188 756	0	282 375
Inter-segment	109	5 494	-5 603	0
Total revenue	93 728	194 250	-5 603	282 375
Depreciation and amortisation	-9080	-2 373	0	-11 454
Segment operating profit	-29 518	23 706	0	-5 812

Reconciliation of revenue

	01.01.- 31.03.2018	01.01.- 31.03.2017	01.01.- 31.12.2017
Revenue	€000	€000	€000
Total segment revenue	84 465	57 619	282 375
Items not allocated to segments			
Sales of energy	2 692	2 404	6 258
Revenue recognition and other	428	-78	-934
Total unallocated items	3 120	2 326	5 324
Group's total revenue from contracts with customers	87 585	59 944	287 699

Reconciliation of profit

	01.01.- 31.03.2018	01.01.- 31.03.2017	01.01.- 31.12.2017
Operating profit	€000	€000	€000
Segment operating profit	728	-2 855	-5 812
Items not allocated to segments			
Unallocated administrative income/expenses	65	23	-1 542
Total unallocated items	65	23	-1542
Sales of assets	0	0	23 679
Asset impairment	0	0	-6 830
Other IFRS adjustments	-474	-1 256	-3 745
Group's total operating profit	319	-4 088	5 749

At the closing date the Group has recognised impairment losses on receivables and contract assets arising from contracts with customers total EUR 81 thousand.

Notes to the interim report

3. Changes in property, plant and equipment

	Land and water areas	Buildings and constructions	Machinery and equipment	Advance payments and construction in progress	Other tangible assets	Total
	€000	€000	€000	€000	€000	€000
Acquisition cost						
31.12.2017	755	11 482	218 822	603	3 601	235 262
Additions	0	0	134	1 088	7	1 229
Transfers	0	0	0	-114	0	-114
Disposals	0	0	-31	0	0	-31
31.3.2018	755	11 482	218 925	1 577	3 607	236 346
Depreciation and impairment						
31.12.2017	0	976	24 734	0	462	26 172
Depreciation charge for the year	0	106	3 565	0	64	3 735
Disposals	0	0	-18	0	0	-18
31.3.2018	0	1 081	28 282	0	525	29 888
Carrying amount						
31.12.2017	755	10 506	194 087	603	3 139	209 091
31.3.2018	755	10 400	190 643	1 577	3 082	206 458

Notes to the interim report

4. Financial assets and liabilities

Financial assets	31.3.2018	31.3.2018	31.12.2017	31.12.2017	Level of hierarchy
	Carrying amount	Fair value	Carrying amount	Fair value	
	€000	€000	€000	€000	
Financial assets at fair value through profit or loss					
Financial assets held for trading					
Foreign currency derivatives	225	225	809	809	2
Commodity derivatives	3 162	3 162	3 460	3 460	2
Total	3 387	3 387	4 269	4 269	
Total financial assets at fair value through profit or loss	3 387	3 387	4 269	4 269	
Loans and other receivables					
Trade receivables	19 025	19 025	15 194	15 194	
Cash	14 143	14 143	14 047	14 047	
Total	33 168	33 168	29 241	29 241	
Total financial assets	36 555	36 555	33 510	33 510	
Total non-current					
Non-current financial assets	1 425	1 425	1 425	1 425	

The management assessed that the fair values of cash and short-term deposits and trade receivables approximate their carrying amounts largely due to the short-term maturities of these instruments.

Financial liabilities	31.3.2018	31.3.2018	31.12.2017	31.12.2017	Level of hierarchy
	Carrying amount	Fair value	Carrying amount	Fair value	
	€000	€000	€000	€000	
Financial liabilities at fair value through profit or loss					
Financial liabilities held for trading					
Foreign currency derivatives	100	100	374	374	2
Commodity derivatives	1 090	1 090	402	402	2
Total	1 190	1 190	776	776	
Financial liabilities measured at amortised cost					
Bond	62 069	62 069	69 468	69 468	
Shareholder loan	140 448	140 448	133 689	133 689	
Trade payables	28 394	28 394	28 521	28 521	
Junior term loan	20 539	20 539	20 356	20 356	
Leasing liabilities	5 952	5 952	6 373	6 373	
Total	257 401	257 401	258 408	258 408	
Total financial liabilities	258 591	258 591	259 184	259 184	
Financial liabilities held for trading	179	179	91	91	
Bond	47 417	47 417	54 833	54 833	
Shareholder loan	140 448	140 448	133 689	133 689	
Junior term loan	20 539	20 539	20 356	20 356	
Leasing liabilities	4 527	4 527	4 801	4 801	
Total non-current	213 109	213 109	213 770	213 770	
Financial liabilities held for trading	1 012	1 012	685	685	
Bond	14 652	14 652	14 635	14 635	
Trade payables	28 394	28 394	28 521	28 521	
Leasing liabilities	1 425	1 425	1 572	1 572	
Total current	45 483	45 483	45 414	45 414	

The management assessed that the fair values of trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Fair value measurement hierarchy for financial assets and liabilities measured at fair value

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Level 2 inputs are inputs other than quoted prices included within Level 1 that, however, are observable for the asset or liability, either directly or indirectly.

Level 3: Level 3 inputs are unobservable inputs for the asset or liability, which are to a significant extent based on management's judgement and use of the assumptions as inputs for widely used valuation techniques.

There were no transfers between Level 1 and Level 2 during Q1 / 2018.

Notes to the interim report

5. Commitments and contingencies

	31.03.2018	31.12.2017
	€000	€000
Operating lease commitments		
Operating leases, within one year	95	52
Operating leases, more than one year	19	105
Guarantees		
Securities given on own behalf		
Mortgages	950 000	950 000
Shares of Kotkamills Oy	39 653	39 653
Intercompany loan	175 000	175 000
Total	1 164 767	1 164 810

Commitments

Litigations and disputes

At the closing date there was not any pending litigations.

Disputes

At the closing date there was not any unsettled disputes.

Notes to the interim report

6. Related party transactions

A transaction that is not eliminated in the consolidated financial statements is presented as a related party transaction as follows:

	31.03.2018			
	Sales	Purchases	Receivables	Liabilities
	€000	€000	€000	€000
Entities with significant influence over the Group	0	0	0	81 295

Terms relating to the related party transactions

The loan is a shareholder loan from the majority owner. The annual interest of 6% is paid on the loan nominal. The loan matures in year 2025.

Notes to the interim report

7. Events after the reporting period

The company has, as previously announced, carried out a directed issue of series A and B shares. The issue of shares has resulted in changes in the number of shares and votes in the company as follows:

Prior to the issuance of new shares, there were in total 13,602,806 shares in the company, of which 12,281,694 series A shares, corresponding to 12,281,694 votes, and 1,321,112 series B shares, corresponding to 1,321,112 votes, 13,602,806 votes in total.

The number of shares has through the issuance of new series A shares increased by 450,770 and the number of votes has increased by 450,770. The number of shares has through the issuance of new series B shares increased by 67,493 and the number of votes has increased by 67,493.

As of 30 April 2018, there are in total 14,121,069 shares in the company, of which 12,732,464 series A shares, corresponding to 12,732,464 votes, and 1,388,605 series B shares, corresponding to 1,388,605 votes, 14,121,069 votes in total.