

VAPO A/S

c/o Damgaard & Enevoldsen
Pugdølsvænget 2
7480 Vildbjerg

CVR no. 29 15 27 72

Annual report 2016

The annual report was presented and approved at the
Company's annual general meeting on

31 May 2017



chairman

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of VAPO A/S for the financial year 1 January – 31 December 2016.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Vildbjerg, 31 May 2017
Executive Board:



Martti Savolainen

Board of Directors:



Heikki Heiskanen
Chairman



Martti Savolainen




Anne Liakkonen



Independent auditors' extended review report on the financial statements

To the shareholder of VAPO A/S

Report on the extended review of the financial statements

We have performed an extended review of the financial statements of VAPO A/S for the financial year 1 January – 31 December 2016. The financial statements, which comprise income statement, balance sheet and notes including a summary of accounting policies are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation and presentation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the financial statements. We conducted our extended review in accordance with the Danish Business Authority's assurance standard for small entities and FSR – Danish Auditors' standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act.

This requires us to comply with the Danish Act on Approved Auditor and Audit Firms and FSR – Danish Auditors' Code of Ethics and plan and perform procedures in order to obtain limited assurance for our opinion on the financial statements and, in addition, perform specifically required supplementary procedures in order to obtain additional assurance for our conclusion.

An extended review includes procedures primarily consisting of making enquiries of Management and others within the entity, as appropriate, applying analytical procedures and the specifically required supplementary procedures, and evaluating the evidence obtained.

The extent of the procedures performed in an extended review is less than those performed in an audit, and accordingly, we do not express an audit opinion on the financial statements.

The extended review has not resulted in any qualifications.

Conclusion

Based on the work performed, it is our opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2016 and of the results of Company's operations for the financial year 1 January – 31 December 2016 in accordance with the Danish Financial Statements Act.



Independent auditors' extended review report on the financial statements

Statement on the Management's review

Management is responsible for the Management's review.

Our conclusion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our extended review of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 31 May 2017

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

A handwritten signature in blue ink, appearing to read 'Jakob Westerdahl', written over a large, stylized blue circular mark.

Jakob Westerdahl
State Authorised
Public Accountant

VAPO A/S
Annual report 2016
CVR no. 29 15 27 72

Management's review

Company details

VAPO A/S
c/o Damgaard & Enevoldsen, Pugdalvænget 2
7480 Vildbjerg

Telephone: +45 97 13 11 11
E-mail: vapo@vildbjerg.dk

CVR no.: 29 15 27 72
Established: 24 October 2005
Registered office: Herning
Financial year: 1 January – 31 December

Board of Directors

Heikki Paavo Heiskanen, Chairman
Matti Savolainen
Jan-Juhani Laitinen

Executive Board

Matti Savolainen

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
DK-8210 Aarhus V

Management's review

Operating review

Principal activities

The Company's principal activity is to rent out property.

Development in activities and financial position

The Company reported a profit of DKK 191 thousand for the year under review as against a profit of DKK 134 thousand for 2015.

Outlook

Management expects results for 2017 to be at level with 2016.

Events after the balance sheet date

No events materially affecting the assessment of the annual report have occurred after the balance sheet date.

Financial statements 1 January – 31 December

Income statement

DKK	Note	2016	2015
Gross profit		2,566,136	2,821,553
Staff costs	2	-1,408,356	-1,498,605
Depreciation, amortisation and impairment		-1,004,325	-1,281,830
Operating profit		153,455	41,118
Financial income	3	42,124	102,588
Financial expenses		-4,413	-9,359
Profit before tax		191,166	134,347
Tax on profit/loss for the year		0	0
Profit for the year		191,166	134,347

Proposed profit appropriation

Retained earnings		191,166	134,347
		191,166	134,347

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2016	2015
ASSETS			
Fixed assets			
Property, plant and equipment			
Land and buildings		7,917,138	11,378,045
Plant and machinery		99,672	226,694
		<u>8,016,810</u>	<u>11,604,739</u>
Total fixed assets		<u>8,016,810</u>	<u>11,604,739</u>
Current assets			
Receivables			
Receivables from group entities		45,686,991	42,372,065
Prepayments		0	8,521
		<u>45,686,991</u>	<u>42,380,586</u>
Cash at bank and in hand		<u>153,185</u>	<u>1,521</u>
Total current assets		<u>45,840,176</u>	<u>42,382,107</u>
TOTAL ASSETS		<u><u>53,856,986</u></u>	<u><u>53,986,846</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2016	2015
EQUITY AND LIABILITIES			
Equity			
Share capital		2,000,000	2,000,000
Retained earnings		<u>51,456,355</u>	<u>51,265,189</u>
Total equity		<u>53,456,355</u>	<u>53,265,189</u>
Liabilities			
Current liabilities			
Trade payables		235,069	235,805
Other payables		<u>165,562</u>	<u>485,852</u>
		<u>400,631</u>	<u>721,657</u>
Total liabilities		<u>400,631</u>	<u>721,657</u>
TOTAL EQUITY AND LIABILITIES		<u>53,856,986</u>	<u>53,986,846</u>
Related party disclosures	4		

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of VAPO A/S for 2016 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act.

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015. This has entailed the following changes to recognition and measurement:

— Going forward, the residual value of property, plant and equipment must be reassessed on an ongoing basis. Pursuant to the transition provisions of the Act, any adjustments to residual values must be made prospectively as an accounting estimate without restatement of comparative figures and without effect on equity.

The changes have no monetary effect on the income statement, the balance sheet for 2016 or on the comparative figures.

Apart from the above, the accounting policies used in the preparation of the financial statements are consistent with those of last year.

Income statement

Gross Profit

The Company relies on the provisions laid down in Section 32 of the Danish Financial Statements Act, under which the Company's revenue is not to be stated.

Gross profit comprises revenue and other operating income, less costs of raw materials and consumables as well as other external costs.

Revenue

Revenue is recognised in the income statement and consists of income from rental property. Revenue is recognised exclusive of VAT.

Other operating income and expenses

Other operating income and other operating expenses comprises items secondary nature to the core activities of the Company. This includes gains from the sale of property, plant and equipment and securities as well as re-invoicing of staff costs to associated companies.

Other external costs

Other external costs comprise costs administration, premises, loss on bad debt, operating lease, etc.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Staff costs

Staff costs comprise salaries and wages, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding refunds from public authorities.

Depreciation and impairment losses

Depreciation and impairment losses relating to property, plant and equipment comprise depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financial income and expenses comprise interest, financial expenses in respect of realised and unrealised exchange adjustments, price adjustments of securities as well as extra payments and repayment under the on-account tax scheme.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and taken directly to equity by the portion attributable to entries directly in equity.

Balance sheet

Property, plant and equipment

Land and buildings as well a plant and machinery are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use.

The basis of depreciation is cost less estimated residual value after the end of useful life. Depreciation is provided on a straight-line basis over the estimated useful life.

The estimated useful lives are as follows:

Buildings	25 years
Plant and machinery	5-10 years

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

The useful life and residual value are reassessed annually. Changes are accounted for as accounting estimates, and the effect on depreciation is recognised prospectively.

Land is not depreciated.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-down for bad and doubtful debts.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rates at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rates at the balance sheet date. Exchange differences that arise between the rates at the transaction date and at the payment date or the rates at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Financial statements 1 January – 31 December

Notes

2 Staff costs

DKK	2016	2015
Wages and salaries	1,211,095	1,333,333
Pensions	183,794	154,001
Other social security costs	13,467	11,271
	<u>1,408,356</u>	<u>1,498,605</u>

Average number of full-time employees	<u>2</u>	<u>2</u>
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3 Financial income

Interest income from group entities	7,026	45,604
Other interest income	<u>35,098</u>	<u>56,984</u>
	<u>42,124</u>	<u>102,588</u>

4 Related parties

Vapo A/S is part of the consolidated financial statements of Vapo OY, Yrjönkatu 42, FI-41101 Jyväskylä which is the smallest group in which the Company is included as a subsidiary.

The consolidated financial statements of Vapo OY can be obtained by contacting the Company or at the following website: <http://www.vapo.fi/en/vapo-group-2/key-figures>.