

Vapo A/S

**Islandsvej 6-9
7480 Vildbjerg**

CVR no. 29 15 27 72

Annual report 2015

The annual report was presented and
adopted at the annual general meeting of
the Company on 30 May 2016



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 2015.

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

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 2015 and of the results of the Company's operations for the financial year 1 January - 31 December 2015.

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, 30 May 2016

Executive Board:



Martti Savolainen
Chief Executive Officer

Board of Directors:



Juhani Eero Ylä-Sahra
Chairman



Martti Savolainen



Arne Birger Hansen



KPMG
Statsautoriseret Revisionspartnerselskab
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Independent auditor's report

To the shareholder of Vapo A/S

Statement of extended review on the financial statements

We have performed an extended review of the accompanying financial statements of Vapo A/S for the financial year 1 January - 31 December 2015. The accompanying financial statements, which comprise summary of significant accounting policies, income statement, balance sheet and notes, are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of the 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 accompanying financial statements. We conducted our extended review in accordance with the Danish Business Authority's assurance standard for small entities and FSR - danske revisorer's standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act.

This requires us to comply with the Danish Auditors Act and FSR - danske revisorer's Code of Ethics and perform procedures in order to obtain limited assurance for our conclusion on these financial statements, and in addition perform specifically required supplementary procedures in order to obtain additional assurance for our conclusion.

An extended review of financial statements 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 procedures performed in an extended review are less than those performed in an audit, and accordingly, we do not express an audit opinion on these financial statements.

The extended review has not resulted in any qualifications.

Independent auditor's report

Conclusion

Based on the work performed, it is our opinion that these financial statements give a true and fair view of the Company's assets, liabilities and financial position at December 31, 2015 and of the results of the Company's operations, for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement on Management's review

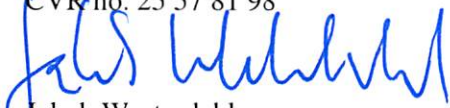
We have read Management's review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the financial statements. On this basis, in our opinion, the information provided in Management's review is in accordance with the financial statements.

Aarhus, 30 May 2016

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98



Jakob Westerdahl
State Authorised
Public Accountant

Management's review

Company details

Company	Vapo A/S Islandsvej 6-9 7480 Vildbjerg Denmark
	Telephone: +4521663137
	E-mail: arne.hansen@vapo.fi
	CVR no.: 29 15 27 72
	Registered office: Herning
	Financial year: 1 January - 31 December

Board of Directors: Juhani Eero Ylä-Sahra, Chairman
Martti Savolainen
Arne Birger Hansen

Executive Board: Martti Savolainen, Chief Executive Officer

Auditor KPMG
Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
8210 Aarhus V
Denmark

General meeting The annual general meeting will be held on 30 May 2016 at the Company's address.

Management's review

Operating review

Core activity

The Company's core activity consists of rental property.

In 2014, the Company's core activity also consisted of redistributing wooden pallets to a few trading partners and leasing out production facilities. The activity of the Company is declining as a result of the owner's decision to transfer much of the sales to other group entities.

Development in the year

The Company reported a profit of DKK 134 thousand for the year under review against a loss of DKK 2,337 thousand in 2014. Results were better than the forecast at the beginning of the year. Management finds the results for the year satisfactory.

Outlook

Management expects the results for 2016 to be at the same level as in 2015.

Subsequent events

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

Financial statements 1 January - 31 December

Accounting policies

The annual report of Vapo A/S for 2015 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act.

Minor amounts have been reclassified in the income statement. Comparative figures have been restated accordingly.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Income statement

Gross profit/loss

The Company uses the regulations in section 32 of the Danish Financial Statements Act, under which the Company's revenue is not stated.

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

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when delivery and transfer of risk have taken place before year end.

Revenue also consists of income from rental property.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Other operating income and expenses

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

Other external costs

Other external costs comprise expenses for distribution, sales, advertising, administration, premises, loss on bad debt, operating lease etc.

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.

Financial statements 1 January - 31 December

Accounting policies

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 as well as gains and losses from the sale of property, plant and equipment.

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 adjustment 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.

The entity is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Property, plant and equipment

Land and buildings as well as plant and machinery are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when the asset is ready 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 on the following estimated useful lives of the assets:

	Useful life
Land and buildings	25 years
Plant and machinery	5-10 years

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Financial statements 1 January - 31 December

Accounting policies

Receivables

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

Other investments

Securities, recognised under current assets, comprise listed bonds and investments measured at fair value (market price) at the balance sheet date.

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, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Financial statements 1 January - 31 December

Income statement

	<u>Note</u>	<u>2015</u> DKK	<u>2014</u> DKK
Gross profit		2,821,553	180,866
Staff costs	1	-1,498,605	-1,458,396
Depreciation and impairment losses on property, plant and equipment	3	<u>-1,281,830</u>	<u>-1,119,204</u>
Profit/loss before financial income and expenses		41,118	-2,396,734
Financial income	2	102,588	71,155
Financial expenses		<u>-9,359</u>	<u>-11,539</u>
Profit/loss before tax		134,347	-2,337,118
Tax on profit/loss for the year		<u>0</u>	<u>0</u>
Profit/loss for the year		<u>134,347</u>	<u>-2,337,118</u>
 Proposed profit appropriation/distribution of loss			
Retained earnings		<u>134,347</u>	<u>-2,337,118</u>
		<u>134,347</u>	<u>-2,337,118</u>

Financial statements 1 January - 31 December

Balance sheet

	<u>Note</u>	<u>2015</u> DKK	<u>2014</u> DKK
Assets			
Land and buildings		11,378,045	12,442,691
Plant and machinery		<u>226,694</u>	<u>352,878</u>
Property, plant and equipment	3	<u>11,604,739</u>	<u>12,795,569</u>
Total non-current assets		<u>11,604,739</u>	<u>12,795,569</u>
Trade receivables		0	149,034
Receivables from associates		42,372,065	41,619,732
Other receivables		0	3,720
Prepayments		<u>8,521</u>	<u>0</u>
Receivables		<u>42,380,586</u>	<u>41,772,486</u>
Securities and other investments		<u>0</u>	<u>25,965</u>
Securities		<u>0</u>	<u>25,965</u>
Cash at bank and in hand		<u>1,521</u>	<u>2,894</u>
Total current assets		<u>42,382,107</u>	<u>41,801,345</u>
Total assets		<u><u>53,986,846</u></u>	<u><u>54,596,914</u></u>

Financial statements 1 January - 31 December

Balance sheet

	<u>Note</u>	<u>2015</u> DKK	<u>2014</u> DKK
Equity and liabilities			
Share capital		2,000,000	2,000,000
Retained earnings		<u>51,265,189</u>	<u>51,130,842</u>
Total equity	4	<u>53,265,189</u>	<u>53,130,842</u>
Trade payables		235,805	704,945
Payables to associates		0	2,057
Other payables		<u>485,852</u>	<u>759,070</u>
Current liabilities		<u>721,657</u>	<u>1,466,072</u>
Liabilities		<u>721,657</u>	<u>1,466,072</u>
Total equity and liabilities		<u><u>53,986,846</u></u>	<u><u>54,596,914</u></u>
Related parties and ownership	5		

Financial statements 1 January - 31 December

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	<u>2015</u> DKK	<u>2014</u> DKK
1 Staff costs		
Wages and salaries	1,333,333	1,293,238
Pensions	154,001	153,325
Other social security costs	<u>11,271</u>	<u>11,833</u>
	<u>1,498,605</u>	<u>1,458,396</u>
	<u>2015</u> DKK	<u>2014</u> DKK
2 Financial income		
Interest received from associates	<u>102,588</u>	<u>71,155</u>
	<u>102,588</u>	<u>71,155</u>
3 Property, plant and equipment		
	<u>Land and buildings</u> DKK	<u>Plant and machinery</u> DKK
Cost at 1 January 2015	29,128,616	7,827,217
Additions for the year	<u>0</u>	<u>91,000</u>
Cost at 31 December 2015	<u>29,128,616</u>	<u>7,918,217</u>
Impairment losses and depreciation at 1 January 2015	16,685,925	7,474,402
Depreciation for the year	<u>1,064,646</u>	<u>217,121</u>
Impairment losses and depreciation at 31 December 2015	<u>17,750,571</u>	<u>7,691,523</u>
Carrying amount at 31 December 2015	<u>11,378,045</u>	<u>226,694</u>

Financial statements 1 January - 31 December

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4 Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January 2015	2,000,000	51,130,842	53,130,842
Profit for the year	0	134,347	134,347
Equity at 31 December 2015	2,000,000	51,265,189	53,265,189

There have been no changes in the share capital during the last 5 years.
All shares rank equally.

5 Related parties and ownership

Ownership

The following shareholder is registered as holding more than 5% of the voting rights or of the nominal value of the share capital:

Vapo OY, Yrjönkatu 42, FI-40101 Jyväskylä, Finland.

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

Kekkilä OY, Yrjönkatu 42, FI-40101 Jyväskylä, Finland.

The consolidated financial statements can be obtained at:
<http://www.vapo.fi/en/vapo-group-2/key-figures>