Financial Statements

and

Board of Directors' Report

1.5.2015–30.4.2016

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Board of Directors’ report

Operating environment

Vapo is an energy company that provides local fuels and heating solutions based on local fuels. The Group’s operational goal is to be the most reliable, responsible and competent provider. Vapo is an important part of the local energy infrastructure in Finland, Sweden and Estonia. Vapo Group also includes the gardening group Kekkilä.

The financial year in figures:

- Group turnover in the financial year 1 May 2015–30 April 2016 was EUR 459.8 million (EUR 486.9 million during the period 1 May 2014–30 April 2015).
- The operating margin (EBITDA) was EUR 43.1 million, or 9.4% of turnover (EUR 74.7 million, 15.3%).
- The operating result was EUR 8.6 million, or 1.9% of turnover (EUR 36.9 million, 7.6%). The operating result includes one-off expenses of EUR 8.9 million (one-off gains of EUR 2.5 million).
- The operating result for the Group’s continuing business operations, excluding one-off items and the effect of divested businesses, was EUR 19.4 million (EUR 29.5 million).
- The pre-tax return on invested capital (ROIC, previous 12 months) was 1.2% (5.4%).
- Free cash flow before taxes was EUR 60.7 million (EUR -25.1 million).
- Gross investments were EUR 38.5 million, ratio to depreciation 1.1 (EUR 88.4 million, 2.3).
- Net investments were EUR 21.9 million, ratio to depreciation 0.6 (EUR 67.1 million, 1.7).
- The equity ratio on 30 April 2016 was 37.6% (37.8%).
- Interest-bearing net debt on 30 April 2016 was EUR 366.6 million (EUR 393.1 million).
- The ratio of interest-bearing net debt to operating margin (net debt/EBITDA, previous 12 months) on 30 April 2016 was 8.5 (5.3).
- 10.4 TWh of energy peat was delivered (10.5 TWh).

Tomi Yli-Kyyny, CEO, on the financial year: one-off items weighed down on the result for the period

Vapo Group’s result for the financial year fell into loss-making territory, which was a disappointment. Peat production in summer 2015 was substantially lower than usual, and the weather in the 2015–2016 heating season in Finland was substantially warmer than the long-term average. These two factors had a negative impact in excess of EUR 10 million on the Group’s result. Vapo Oy carried out two significant restructuring measures during the financial year. In January 2016, the company sold Vapo Timber

Oy, a non-core business. During the winter, the company carried out a major renewal of its operating model to revise the operation and management of Vapo Oy's energy value chain in order to correspond with the current demand for energy peat. A key driver of the renewal was the need to improve the company's competitiveness by creating broader and more flexible roles in the organisation in a market situation where peat is barely used at all in the production of condensing power. The divestment of the sawmill business and the one-off expenses associated with the renewal of the operating model had a combined negative impact of nearly EUR 10 million on operating profit.

While the operating result was weak, the company's free cash flow (before taxes and financial expenses) was at an excellent level, enabling higher-than-anticipated debt repayments.

Vapo Oy is entering the new financial year as a substantially more cost-efficient energy company. The company's strategy is to shift its focus from just the sale of fuels and heating towards more comprehensive energy solutions and new digital added value services. One such example is the operations centre completed in Vantaa's Tikkurila district, which is already being used to operate over ten power and heating plants—both Vapo's own and those of its customers—as well as several district heating networks.

The operations of Vapo Ventures, the Group's new business development unit, developed favourably during the financial year. Vapo Ventures' first internal start-up, Vapo Clean Waters Oy, was incorporated and began its operations at the end of the financial year. In addition, Vapo Fibers, a unit that creates new business from peat fibre and other natural fibres, began its operations at the beginning of May. These new start-ups are aimed at creating new industrial business based on Vapo's competencies and extensive peat resources on a relatively rapid schedule. The company's goal is to introduce the first commercial applications of peat fibre to the market within the new financial year.

With respect to the operating environment, a positive factor worth noting is that the reduction of peat tax and increase in subsidies for fuel wood, which were decided by Finland's previous government, were put into effect in spring 2016. This provides much-needed continuity for the future planning of customers who use domestic fuels.

However, the planned new limits on particle emissions represent a significant concern for large-scale (over 50 MW) Finnish combustion plants that use biofuels. The Industrial Emissions Directive LCP BREF document (Large Combustion Plant Best Available Technique Reference Document), which is currently in the draft stage, proposes substantially tougher limits on emissions arising from the combustion of biomass and peat. The use of domestic fuels is being promoted at the EU level, and it seems likely that countries that produce coal will have less strict emissions limits on their domestic brown coal, while Finland, Ireland and Sweden would not be granted a similar relaxation of emissions limits on domestic peat. It would be costly for Finland as a nation to become a driftwood when it comes to the LCP BREF regulations or policies concerning the next emissions trading period or the sustainability criteria governing the use of wood for energy. It is essential for Finland to be successful in these significant energy industry lobbying projects.

Consolidated key figures

MEUR	1-4/2016	1-4/2015	5/2015-4/2016	5/2014-4/2015	1/2013-4/2014
Turnover	182.6	195.1	459.8	486.9	847.4
Operating profit (EBIT)	18.1	26.0	8.6	36.9	50.0
% of turnover	9.9	13.3	1.9	7.6	5.9
Operating profit (EBIT) before impairments	12.8	26.8	9.4	37.6	53.9
% of turnover	7.0	13.8	2.1	7.7	6.4
Profit/loss for the period	10.0	19.6	-4.4	19.8	22.7
Operating margin (EBITDA)	20.7	35.5	43.1	74.7	110.8
+/- Change in working capital	31.5	0.7	39.6	-32.7	-27.4
- Net investments	-10.1	-31.1	-21.9	-67.1	-21.6
Free cash flow before taxes	42.1	5.1	60.7	-25.1	61.9
Gross investments	11.9	33.6	38.5	88.4	65.0
Return on invested capital % *			1.2	5.4	3.8
Return on invested capital % before impairments *			1.4	5.5	4.4
Return on equity % *			-1.5	6.6	1.3
Balance sheet total			795.0	838.2	786.9
Shareholders' equity			288.2	304.4	305.2
Interest-bearing net debt			366.6	393.1	329.0
Equity ratio %			37.6	37.8	40.2
Interest-bearing net debt/operating margin			8.5	5.3	4.4
Gearing %			127.2	128.7	110.3
Average number of employees			914	961	1,091

*) Previous 12 months

The financial year 1.1.2013–30.4.2014 was 16 months long.

Key figures for parent company Vapo Oy

MEUR	5/2015-4/2016	5/2014-4/2015	1/2013-4/2014**
Turnover	252.0	244.8	377.0
Operating profit (EBIT)	8.4	46.2	48.3
% of turnover	3%	19%	13%
Operating profit (EBIT) before impairments	8.4	46.8	48.5
% of turnover	3%	19%	13%
Profit/loss for the period	0.2	26.3	24.7
Operating margin (EBITDA)	28.4	70.1	77.3
Return on invested capital % *	1%	8%	9%
Return on invested capital % before impairments *	1%	8%	9%
Return on equity % *	0%	10%	10%
Balance sheet total	770.8	802.8	726.0
Shareholders' equity	251.3	263.1	249.4
Equity ratio %	33%	34%	34%

*) Previous 12 months
**) The financial year was 16 months long.

Developments by business segment

In accordance with Vapo's management model, the Group's subsidiaries are managed primarily by their respective boards of directors. As a result, Vapo changed its segment reporting starting from 1 May 2015, with the separate companies now constituting the reporting segments instead of the previous business areas. However, the Vapo Oy segment also reports the results of smaller subsidiaries that serve the energy business, as their operations are managed by Vapo Oy. These subsidiaries include Salon Energiantuotanto Oy, Piipsan Turve Oy, Suo Oy and Hanhisuon Turve Oy.

Turnover by segment

MEUR	1-4/2016	1-4/2015	Change %	5/2015 - 4/2016	5/2014-4/2015	Change %
Vapo Oy	117.3	109.0	7.6	257.0	251.9	2.0
Vapo Timber Oy	5.5	29.5	-81.3	63.5	89.0	-28.6
Kekkilä Group	34.9	35.0	-0.3	87.9	87.1	1.0
Neova AB	21.5	19.9	8.1	47.8	48.9	-2.2
AS Tootsi Turvas	5.9	5.4	9.7	13.0	12.9	0.5
Others	0.0	-0.1	100.0	0.0	7.8	-99.8
Inter-segment turnover	-2.6	-3.6	29.2	-9.4	-10.7	12.1
Total	**182.6**	**195.1**	**-6.4**	**459.8**	**486.9**	**-5.6**

Operating result by segment

MEUR	1-4/2016	1-4/2015	Change %	5/2015 - 4/2016	5/2014-4/2015	Change %
Vapo Oy	6.6	32.0	-79.3	7.4	49.1	-84.9
Vapo Timber Oy	-0.6	-0.1	-311.2	-2.2	0.8	-382.9
Kekkilä Group	0.6	3.3	-81.7	-1.3	1.1	-219.2
Neova AB	2.6	2.8	-6.8	1.7	1.0	74.2
AS Tootsi Turvas	0.3	0.6	-53.1	1.1	1.6	-33.0
Others	0.3	-0.6	145.0	0.2	0.9	-74.4
Associates	2.2	2.7	-18.1	1.4	2.2	-36.0
Eliminations	6.0	-15.3	139.3	0.3	-19.8	101.6
Total	**18.1**	**25.4**	**-28.7**	**8.6**	**36.9**	**-76.6**

Vapo Oy

Vapo Oy provides local fuels, heating solutions and environmental peat products to businesses, municipalities and consumers. Fuels account for approximately 70 per cent of the company’s external turnover, heating solutions approximately 25 per cent, and environmental peat approximately five per cent. Vapo Oy’s latest commercial businesses are Clean Waters and Vapo Fibers. Clean Waters provides solutions for the treatment of natural waters, primarily to reduce the impacts of agriculture and forestry on waterways, as well as solutions for managing the quantity and quality of drainage waters in the built environment. Vapo Fibers uses peat to produce a domestic and ecological raw material with unique special characteristics to serve the needs of fibre-using industries.

The segment's turnover in the final third of the financial year (January–April 2016) was EUR 117.3 million (EUR 109.0 million). The operating profit for the reporting period was EUR 6.6 million (EUR 32.0 million). The figures for the comparison period included a gain of EUR 15 million arising from internal restructuring, which was eliminated at the Group level. After a period of freezing weather in January, the winter was warmer than average, which had a negative impact on the sales of fuels and heating. Energy peat deliveries during the period amounted to 4.6 TWh (4.3 TWh). The Heat and Power business launched an operating service for power and heating plants, which is now being offered to customers' plants in addition to Vapo's own.

The segment's turnover for the full financial year was EUR 257.0 million (EUR 251.9 million). Operating profit amounted to EUR 7.4 million (EUR 49.1 million). The comparable operating profit, excluding the effect of one-off items, divested businesses and internal restructuring, was EUR 15.1 million (EUR 26.3 million). Investments amounted to EUR 31.4 million (EUR 51.1 million). Energy peat deliveries totalled 9.8 TWh (9.5 TWh) and heating deliveries totalled 1.2 TWh (1.2 TWh) during the financial year.

The peat production volume corresponded to the demand for fuel during the heating season. Stockpiles accumulated in previous years, together with the upcoming peat production season, nevertheless secure fuel deliveries to customers. The turnover and operating result for the reporting period was increased by heating businesses acquired in the previous financial year in Sysmä, Jokela and Karkkila. The higher purchasing costs of wood fuels led to lower profitability for forest fuels and the pellet business compared to the previous financial year.

The Clean Waters business focused on customer projects in the fields of agriculture and forestry, and continued to implement an urban wetland in Jyväskylä to treat drainage waters. The goal of Clean Waters is to design and implement water treatment solutions for natural waters and urban drainage waters in a manner that generates economic benefit for the customer while also increasing biodiversity and the recreational value of nature. The sufficient availability of clean water is a global issue that will only increase in importance. In the final third of the financial year, the focus was particularly on strategic product development and preparing for the incorporation of Clean Waters. Vapo Clean Waters Oy began its operations on 1 May 2016.

Also in the final third of the financial year, Vapo Oy launched Vapo Fibers, a new business focused on peat fibres. Peat represents a valuable domestic natural resource alongside Finland's forests and clean water. Vapo Fibers uses peat to produce an ecological raw material with unique special characteristics. Peat fibre can be refined into products such as boards for the construction industry, insulating materials, inner packaging, composites and non-woven fabrics. Vapo Fibers combines decades of experience and know-how related to the sustainable use of peat with the ability to see new opportunities in a traditional raw material.

Neova AB

Neova AB is a Swedish subsidiary of Vapo Oy. It provides district heating to its customers through its own district heating networks and offers customised heating solutions for industrial customers. The company also produces and markets peat products for its energy customers and users of agricultural peat products. Its annual turnover is evenly divided between heating solutions and peat productions.

Turnover in the final third of the financial year (January–April 2016) amounted to EUR 21.5 million (EUR 19.9 million). The operating profit for the period was EUR 2.6 million (EUR 2.8 million). The latter part of the period being colder than the autumn and early winter helped increase demand for fuels and heating.

Turnover for the full financial year was EUR 47.8 million (EUR 48.9 million) and the operating profit was EUR 1.7 million (EUR 1.0 million). Operating profit was improved by the increased profitability of the heating business as well as lower fixed costs compared to the previous year. Investments during the financial year amounted to EUR 3.8 million (EUR 31.2 million). The figures for the comparison period include Neova AB’s pellet business, which was turned into a joint venture with the pellet business of Lantmännen Agroenergi AB in June 2014. Neova AB owns 50 per cent of the larger peat company that was created by the launch of the joint venture.

Energy peat deliveries during the financial year totalled 0.7 TWh (0.7 TWh) while heating deliveries amounted to 0.4 TWh (0.4 TWh). Deliveries of agricultural peat totalled 0.6 million cubic metres (0.5).

AS Tootsi Turvas

AS Tootsi Turvas is Vapo Oy’s Estonian subsidiary. Its primary business is the sale of agricultural peat products, energy peat products and wood fuels, as well as the production and sale of heating. Agricultural peat accounts for 47 per cent of the subsidiary’s annual turnover, while wood fuels account for 29 per cent, energy peat 14 per cent, and heating 10 per cent.

Turnover in the final third of the financial year (January–April 2016) amounted to EUR 5.9 million (EUR 5.4 million). The operating profit for the period was EUR 0.3 million (EUR 0.6 million).

Turnover for the full financial year was EUR 13.0 million (EUR 12.9 million) and the operating profit was EUR 1.1 million (EUR 1.6 million). Investments during the financial year amounted to EUR 1.1 million (EUR 1.9 million).

Energy peat deliveries during the financial year totalled 0.2 TWh (0.2 TWh). Deliveries of agricultural peat totalled 0.6 million cubic metres (0.5).

Kekkilä Group

Kekkilä Group develops, produces and markets high-end garden substrates, plant fertilisers and mulches as well as home garden and yard construction products for amateur and professional growers and landscapers. The products are marketed under the Kekkilä brand in Finland and under the Hasselfors Garden brand in Sweden and Norway.

Turnover in the final third of the financial year (January–April 2016) amounted to EUR 34.9 million (EUR 35.0 million). The operating profit for the period was EUR 0.6 million (EUR 3.3 million). The result includes a write-down of EUR 1.1 million related to Norwegian and Russian operations.

Turnover was largely unchanged from the corresponding period in the previous year. Turnover grew in the professional grower business, while the later start to the spring season compared to the previous year had a negative impact on consumer sales and the landscaping business.

Turnover for the full financial year was EUR 87.9 million (EUR 87.1 million) and the operating profit was EUR -1.3 million (EUR 1.1 million). The result includes a one-off expense of EUR 0.5 million. Investments during the financial year amounted to EUR 3.6 million (EUR 4.1 million).

Turnover grew in the professional grower markets, particularly in Asia and South America. The start of the spring season being delayed — compared to the previous year — slowed sales in the consumer and landscaping businesses.

Vapo Timber Oy

The Austria-based Binderholz Beteiligungs AG acquired 100 per cent of the share capital of Vapo Timber Oy in early January 2016. The transaction was subject to approval by the Austrian competition authorities, which meant that the change in ownership officially took place on 15 February 2016. Vapo Timber Oy's figures are included in Vapo Group's consolidated figures until 31 January 2016.

Vapo Timber Oy's cumulative turnover for the period 1 May 2015–31 January 2016 was EUR 63.5 million (EUR 89.0 million during the period 1 May 2015–30 April 2015) and its operating result was EUR -2.2 million (EUR 0.8 million). Investments in May–January amounted to EUR 0.2 million (EUR 0.4 million).

Other activities

The Others segment includes the Group's Danish subsidiary Vapo A/S. It also includes Forest BtL, the operations of which were discontinued in 2014. The financial statements include EUR 0.2 million in operating profit attributable to the sale of documentation related to Forest BtL's biodiesel project. The result for the comparison period includes Mustankorkea Oy, a waste processing company that was majority-owned by Vapo but whose shares were subsequently sold in December 2014.

Cash flow, investments and financing

Free cash flow before taxes was EUR 60.7 million (EUR -25.1 million). The operating margin (EBITDA) was EUR 43.1 million (EUR 74.7 million). Decreased working capital improved cash flow by EUR 39.6 million (in the comparison period, working capital increased by EUR 32.7 million).

Gross investments in the financial year were EUR 38.5 million (EUR 88.4 million), or 114 per cent of the amount of depreciation (225%). The most significant investments in the financial year were allocated to improving the energy efficiency of heat and power plants, reducing emissions to waterways from peat production and the preparation and acquisition of new production areas. Net investments were EUR 21.9 million (EUR 67.1 million).

Interest-bearing net debt at the end of the financial year was EUR 366.6 million (EUR 393.1 million). Interest-bearing net debt includes a EUR 5 million capital loan in one of Vapo's subsidiaries. The ratio of interest-bearing net debt to operating margin (net debt/EBITDA) on 30 April 2016 was 8.5 (5.3). Short-term interest-bearing debt was EUR 35.0 million (EUR 112.4 million). Of Vapo's long-term interest-bearing debt, 50.7 per cent is covered by a covenant related to the company's equity ratio. The terms of the covenant were met at the end of the review period. The equity ratio at the end of the financial year was 37.6 per cent (37.9%) and the gearing ratio was 126.7 per cent (128.7%). The consolidated balance sheet total was EUR 795.0 million (EUR 838.2 million). The Group's net financing items were EUR -9.7 million (EUR -13.5 million). Net financing items were 2.1 per cent (2.8%) of turnover.

General Meetings

Vapo Oy’s Annual General Meeting was held in Helsinki on 9 September 2015. The AGM adopted the financial statements and consolidated financial statements for the financial year 1 May 2014–30 April 2015 and discharged the members of the Supervisory Board and the Board of Directors, as well as the CEO, from liability. The AGM resolved to distribute a dividend for the financial period ended 30 April 2015 amounting to EUR 400 per share, or EUR 12.0 million in total. The dividend payment date was 10 September 2015.

The AGM confirmed the number of members of the Supervisory Board as eight. Pirkko Mattila was elected Chairman and Heikki Miilumäki was elected Vice Chairman. Antti Kaikkonen, Eero Kubin, Esko Kurvinen, Jukka Kärnä, Tommi Lunttila and Tiina Snicker were re-elected as members.

The AGM confirmed the number of members of the Board of Directors as six. Jan Lång was elected Chairman as a new member, with Perttu Rinta continuing as Vice Chairman. Pirita Mikkanen, Minna Pajumaa and Hannu Linna were re-elected to the Board of Directors, and Martti Haapamäki was elected as a new member.

The audit firm KPMG Oy was elected as auditor.

Vapo Oy’s Board of Directors elected Jan Lång (Chairman), Minna Pajumaa and Perttu Rinta to the Compensation Committee from among its members. Hannu Linna (Chairman), Pirita Mikkanen and Martti Haapamäki were elected to the Audit Committee.

Vapo Oy’s Extraordinary General Meeting was held in Helsinki on 12 November 2015. The Extraordinary General Meeting confirmed the number of members of the Supervisory Board as 10. Johanna Ojala-Niemelä was was elected Chairman of the Supervisory Board as a new member, with Heikki Miilumäki continuing as Vice Chairman. Eero Kubin, Esko Kurvinen, Tommi Lunttila and Tiina Snicker were re-elected to the Supervisory Board, with Hannu Hoskonen, Reijo Hongisto, Markku Eestilä and Hanna Halmeenpää elected as new members.

A more detailed description of the company’s governance system during the financial year is available in a separate statement published on the company website.

Changes in the organisation

The demand for energy peat has declined year after year, and it is expected to continue to decline as energy production focuses on renewable fuels such as wood. In order to improve cost-efficiency and flexibility under the changed market conditions, in late October the company commenced codetermination negotiations aimed at the renewal of the operating model. The negotiations concerned a total of 249 employees of Vapo Oy and Salon Energiantuotanto Oy. The negotiations were completed on 1 December 2015 and the new organisation became operational in February 2016. The changes to the operating model led to reductions amounting to 50 man-years, which will take effect by the end of the 2016 calendar year. The change security offered to employees included a financial support package and re-employment training. The financial statements include a cost provision of EUR 0.8 million for future expenses arising from the organisational changes.

In April 2016, the company commenced codetermination negotiations concerning the pellet business, with the aim of improving profitability and adjusting production to the prevailing market demand. In recent years, nearly half a million tonnes of new production capacity has been built in Europe, while the supply of North American pellets has increased significantly, particularly in the Central European markets. Nevertheless, the company believes that domestic pellet will be a key element of Finland's renewable energy solutions in the coming years. The negotiations concerned a total of 39 employees and the planned adjustments include both permanent reductions in the number of personnel as well as temporary production restrictions and temporary layoffs. The negotiations were completed in May. As a result of the negotiations, the number of personnel at the Turenki, Vilppula, Haukineva and Ylistaro factories will be reduced by at most 12 employees. Efforts will be made to reduce the actual number of dismissals through pension arrangements and other voluntary arrangements. Decisions were also made on new production restrictions that will lead to temporary layoffs concerning at most nine employees during the remainder of the year.

Sari Rämö, Managing Director of Kekkilä Group, vacated her post in April 2016. Juha Mäkinen joined Kekkilä Group as Chief Operating Officer starting from 16 May 2016.

Changes in Group structure

The company held negotiations during 2015 regarding the sale of its sawmill company Vapo Timber Oy. The negotiations were completed in early January 2016. Vapo reached an agreement on the sale of the entire share capital of Vapo Timber Oy to the Austrian wood processing group Binder Beteiligungs AG, and the sales agreement was signed on 4 January 2016. Vapo Timber Oy's two sawmills in Northern Karelia were transferred to the new owner on 15 February 2016.

Vapo Clean Waters Oy was established as a new business entity in April 2016 and it began its operations on 1 May 2016. The company is a wholly owned subsidiary of Vapo Oy. Its field of business comprises expert, design, construction and maintenance services and products related to water protection and biodiversity. The company's operations also include recovering, refining and recycling water and nutrients, as well as business related to wild plants and garden plants.

Events after the review period

The Vapo Ventures unit, which focuses on the development of new business ventures, launched the Vapo Fibers business on 1 May 2016. Vapo Fibers uses peat to produce an ecological raw fibre material that possesses unique special characteristics and has a wide variety of uses, even on the international stage.

In accordance with its strategy, Vapo will invest in the growth of the Heat and Power business area in future. Achieving the planned growth will require significant investments in improving the energy efficiency of the existing power and heating plants as well as developing operating services and maintenance operations. Vapo has several production plants across Finland, which presents a significant opportunity for improving operational efficiency. Accordingly, Vapo Oy commenced codetermination negotiations concerning Salon Energiantuotanto Oy and the Haapavesi power plant in May 2016. The negotiations covered a total of 16 employees. Following the conclusion of the negotiations in summer 2016, the company will make its final decisions regarding the measures to be taken.

Natural seasonal fluctuation in activities

Vapo's energy business is cyclical due to seasonal variation in the demand for heating. In the first third of the financial year, from May to August, the focus is on fuel production and acquisition, while the second third of the financial year brings with it the start of the heating season, and the volume of fuel deliveries increases. The final third of the financial year is the strongest period for the company's sales of heating, electricity and fuels.

Kekkilä's gardening business is also sensitive to seasonal fluctuations, with demand peaking in the spring. The general economic climate is also reflected in consumers' purchasing behaviour, which creates variation in the company's result.

Personnel

The Group employed an average of 914 (961) persons in the financial year.

Vapo Group’s personnel on average:

	5/2015-4/2016	5/2014-4/2015	1/2013-4/2015
Finland	654	707	759
Other countries	260	254	332
Total	**914**	**961**	**1,091**

Vapo Group employees by segment, average:

	5/2015-4/2016	5/2014-4/2015	1/2013-4/2015
Vapo Oy	451	466	443
Vapo Timber Oy	81	107	170
Kekkilä Group	256	248	227
Neova AB	92	87	149
AS Tootsi Turvas	33	35	47
Others	1	18	55
Total	**914**	**961**	**1,091**

The codetermination committees of Vapo Oy and Kekkilä Oy met twice during the financial year.

Research and development

The Group’s research and development investments during the financial year 1 May 2015–30 April 2016 amounted to EUR 1.1 million (EUR 1.3 million), which is equal to 0.2 per cent of turnover (0.3%).

Progress was made during the financial year in the development and commercialisation of existing and new businesses in both the energy business and Vapo Ventures.

Research and development activities also included the continuation of projects aimed at reducing the environmental impacts of peat production in order to fulfil the company's environmental commitments. The significant focus areas of research and development activities included, among others, surveying heavy metal concentrations in peat and leachates at peatlands, developing leachate treatment methods to make them even more environmentally friendly, developing peat production methods and production machines, and increasing awareness concerning the quality of energy peat. A new service concept named VapoPuhti was developed for environmental peat customers. The service comprises a manure pick-up service for litter customers as well as a container solution that improves the storage and preservation of litter.

Starting from the beginning of 2015, Vapo Ventures has developed and commercialised new businesses based on Vapo's extensive peat assets, competencies and networks. The first new businesses developed by Vapo Ventures are Clean Waters, which provides treatment solutions for natural waters, and Vapo Fibers, which produces natural fibre solutions. Research and development activities also continued in other projects.

The stricter environmental quality standards for waterways have brought about more extensive obligations related to surveying and reporting. During the past financial year, the Clean Waters business continued to implement a project to survey heavy metal concentrations in peat and leachates at peatlands. The aim of the project is to determine average heavy metal concentrations for peat and leachates at peatlands. The project is funded by peat industry companies and 'the Finnish Energy Industries environmental pool.

With future peat production set to increasingly take place on ditched peatlands, the company began to assess the functioning of overland flow areas built in ditched peatlands to ensure the appropriate treatment of leachates. A geographically comprehensive sample of ditched overland flow areas was selected for the study, and the effects of their structural characteristics on water treatment outcomes were analysed using statistical methods. The company also continued to study new water treatment methods during the past financial year with various partners. Research into new methods is aimed at fulfilling Vapo Oy's environmental commitments. The methods tested in the pilot phase included electric sedimentation and various filtration methods.

In the energy business, research conducted during the financial year included a study of variation in the concentration of elements in stacks of milled fuel peat. The main purpose of the study was to find out the extent to which one composite sample of a stack can be used to precisely determine the qualitative characteristics of the entire stack. The aim of the study was to increase awareness of the quality of peat and improve customer service.

Vapo partnered with Peatmax Oy to jointly develop a new harvester for use in the production of sod peat. The harvester prototype was tested in production conditions. The results will be used to build two pilot harvesters for use in the upcoming production season. The new harvester offers improved opportunities for utilising production areas that are small in size.

In the production of sod peat, the company also studied and compared sod peat footing techniques and implemented a more precise sampling and quality assessment concept for stored sod peat. A new pump station concept utilising solar power was developed in partnership with machine suppliers. A solar power pump station can significantly reduce the use of light fuel oil while also improving the functioning of water treatment structures through optimised pumping.

Environmental responsibility

Environmental responsibility is an important element of Vapo's day-to-day business operations. Three years ago, the company made a commitment to implement an environmental programme that is unique even by international standards. One of the goals of the project, known as Tiger's Leap, was to build water treatment systems using the best available water treatment technology (BAT) at all of Vapo's peat production areas by the end of 2014. Summer 2015 was the first production season in which all of Vapo's peat production areas had water treatment systems using the best available technology. Vapo is committed to ensuring that areas released from peat production will be in active after-use within two years of the end of production operations. The programme's other goals included improving the effectiveness of voluntary environmental inspections and engaging in even more active communications on the overall impacts of using peat.

Vapo also increased the number of samples taken under its emissions monitoring programme in 2015 by 30 per cent from the previous year. In 2015, more than 17,800 samples were taken as part of emissions monitoring, with approximately 150,000 analyses carried out. In addition, the monitoring of waterways involved taking over 2,600 samples, with more than 35,200 analyses carried out.

Self-initiated environmental impact inspections continued with increased intensity. Contractors inspected water treatment structures in two-week intervals during the production season. In addition, 24 environmental inspectors recruited for the summer season inspected water treatment methods and other aspects related to environmental permit conditions at all production areas. In 2015, inspections by the authorities were carried out at 110 production sites.

Vapo continued to sell peat bogs of high natural value for protection purposes.

In accordance with its permit policy, Vapo only applies for new production permits for ditched peatlands. In 2015, Vapo filed 29 new environmental permit applications for peat production, and received 408 hectares in newly approved production sites.

Vapo is committed to ensuring is that all new production areas opened after 2016 will have a lower solid and humus load on downstream watercourses than before peat production. To follow through on these commitments, Vapo launched the Clean Water and Monitoring 100 projects involving the monitoring of the impacts of new production areas on watercourses at approximately 100 sites before the potential start of peat production.

The Group’s environmental investments amounted to EUR 4.0 million (EUR 10.5 million) and were primarily related to improving and building water treatment structures at peat production sites. Excluding Vapo’s own personnel’s input, environmental protection costs for the period amounted to EUR 20.8 million (EUR 21.4 million). The costs primarily consisted of peat production costs, such as the maintenance of water treatment structures and environmental load monitoring.

Active production areas in Finland amounted to 34,900 hectares in summer 2015 (41,000 ha in summer 2014). A total of 265 hectares (1,238 ha) of new peatlands became ready for production by the end of the financial year. Peatlands released from production during the financial year amounted to 545 hectares (3,764 ha).

A total of 4,996 hectares (4,185 ha) were transferred to other land use methods, of which 826 hectares (838 ha) were sold. A total of 2,024 hectares (1,174 ha) were assigned for forestation, 0 hectares (146 ha) for farming, and 150 hectares (250 ha) for building wetland habitats for birds. A total of 1,996 hectares (1,777 ha) of land was returned to landowners. Vapo has an aftercare reserve for the costs resulting from the rehabilitation of decommissioned production areas, which covers the costs of water protection measures, water rehabilitation, landscaping and other restoration measures after decommissioning.

In the area of wood fuels, Vapo expanded PEFC certification in 2015 to include all products. Vapo’s wood pellets received PEFC certification for the first time.

In accordance with the environmental programme for Vapo’s own heat and power plants, the company improved the efficiency of using domestic fuels and reduced the use of coal in 2015. The use of fuel oil increased slightly due to the higher number of cold winter days compared to the previous year. Flue gas emissions, and sulfur oxide emissions in particular, were reduced by means such as the installation of flue gas scrubbers at the Sotkamo power plant and the Tikkakoski heating plant. Energy efficiency was improved particularly by new investments at the Sotkamo power plant and boiler optimisation at the Haapavesi power plant. An energy review covering all of the company’s operating locations was completed by the end of 2015.

Notable risks and uncertainty factors

Regulation

The uncertainty associated with securing environmental permits, caused by increasingly strict regulations that are open to interpretation, is a significant risk from the perspective of all of Vapo's peat-related businesses and, with respect to energy peat, also from the perspective of Finland's self-sufficiency in energy. This risk, which has already materialised to an extent, prevents and slows down the commissioning of new peat production areas to adequately meet future customer needs in all circumstances. Vapo has increased its investments in environmental protection at its production sites and enhanced the treatment of leachates originating from its peat production areas to ensure that there are no obstacles to the granting of permits attributable to Vapo itself. In accordance with the mire and peatland strategy approved by the Finnish government, Vapo applies for environmental permits and opens new production areas only in peatlands where the natural state has been altered, meaning forest-ditched peatlands.

In the energy industry, operations are typically developed in accordance with long-term objectives, and investments in the industry often have a decades-long life span. Constantly changing regulations constitute a regulatory risk that complicates operations in the industry and has led to a situation in which investments in plants using Vapo's fuels have decreased from their previous level. This has led to a contraction in the size of Vapo's fuel market. One positive regulatory change was the reduction in peat tax to EUR 1.90 per MWh in spring 2016 and the corresponding increase of fuel wood subsidies. However, the impact of these changes on the demand for fuels did not yet materialise in the past financial year. Going forward, the change in taxation may have the effect of increasing demand, although there is a concurrent move away from combustion-based energy production in the customer base due to regulatory reasons as well as other factors.

Large-scale Finnish combustion plants (over 50 MW) that use wood and peat as fuel face a significant risk in the form of the planned new emissions limits. The process of updating the BAT (Best Available Technology) reference document for large combustion plants pursuant to the Industrial Emissions Directive began in the EU in 2011. The first draft was completed in autumn 2013 and the content of the BAT conclusions was decided in June 2015. Finland submitted a total of eight dissenting opinions regarding the decisions made. From the Finnish perspective, requirements such as those concerning biofuel and peat boilers were set at the expected level only in the case of a few emission components and plant categories. The BREF document and an assessment of dissenting opinions is currently being finalised. The document will be discussed in October 2016 in a forum under the European Commission. The LCP BREF draft proposes substantially tougher limits on emissions arising from the combustion of biomass and, in particular, peat. If implemented, the new limits will be taken into consideration in issuing permits. This would reduce the competitiveness of Nordic energy production compared to other parts of Europe. The EU is in the process of revising its regulations governing emissions trading, which may have significant impacts on the energy industry as a whole, both locally and more broadly with respect to Europe’s competitiveness in the global economy. In addition, the sustainability criteria of solid wood-based fuels are being evaluated in the EU, and subsequently in Finland. Depending on the content of future regulations, they will represent a threat to the use of wood-based fuels and the national economy of Finland.

Market risks

Vapo's fuel and energy production businesses are subject to significant market risks related to end product demand as well as the prices and availability of wood-based fuels and their raw materials.

Concerns over the state of the climate, most recently illustrated by the Paris Climate Agreement, have led to a transformation of the energy industry focused on using all available means to find renewable low-emission energy solutions that satisfy the requirements of sustainable development. This will lead to a decline in the share of energy solutions based on traditional fossil fuels. Over the past five years, the use of peat in Finland has declined by half. The rate of decline has been the fastest in energy production. The demand for wood fuels has increased as energy companies use them as one solution for replacing fossil fuels.

The higher demand has led to increased pellet production in Europe. Imports from outside of Europe have also increased. However, supply has exceeded demand, which has driven European pellet producers into financial difficulties and even bankruptcy. As the market grows, the availability of appropriately priced raw material in relation to the price of the end product plays a key role in ensuring competitiveness. Due to the profitability of Vapo’s pellet business not reaching the targets set for it, the company is currently implementing measures aimed at improving profitability.

Vapo has sought to manage the profitability risk of the pellet business and other wood fuel businesses by developing its logistics processes and customer relationship management. Particular attention has been paid to improving fuel quality and reducing quality-based losses caused by storage.

The Heat and Power business is influenced by the development of the heating, industrial steam and electricity markets as well as fuel markets and the markets for competing energy solutions. Electricity prices in Finland and Europe remained at a low level, which reduced electricity sales revenue. In the fuel market, the low price of oil has had a positive effect in the form of lower costs, but it has also had a negative effect on the sales of fuels produced by Vapo, as customers have postponed their decisions on replacing oil with solutions based on domestic fuels. Competing energy solutions based on new technology constitute a growing threat to energy produced from domestic fuels, although the costs of heating alternatives that compete with district heating remained largely unchanged during the past financial year, and district heating remained competitive. New forms of heating, combinations of different forms of heating, and energy conservation are key considerations in the development of the district heating business.

Weather risks

Weather is a risk that has extensive effects on Vapo's business. In the winter, temperature influences fuel purchases by external and internal customers and the utilisation rates of the Group's own heat and power plants. In the spring, weather conditions are crucial for the sales volume of the garden trade. During the summer, the effects of weather concern the production volumes and quality of wood fuels and environmental products.

Rainy weather in summer 2015 limited peat production in Finland and Sweden, which reduced the company's profitability. However, long-term delivery reliability did not suffer from the lower production volume, as the warmer-than-average winter led to lower demand for fuels. This meant that fuel reserves remained at a high level at the end of the financial year. Fuel production and purchasing during the upcoming season will be scaled according to anticipated demand in the coming years as well as customer-specific storage requirements that are known to the company. This means that production targets will be lowered at certain production areas compared to previous production seasons. This may make it more difficult to acquire peat contractors in the future due to contractors exiting the market, which would also have long-term effects in the form of lost industry expertise.

Damage risks

Damage risks include occupational safety risk, property risk, interruption risk and environmental risk. Vapo aims to prevent damage risks through proactive risk management measures and by reacting quickly to any observed hazards. Risks that cannot be managed by the company's own actions are insured where possible. The goal is to continuously promote a positive culture of occupational safety and asset protection throughout the organisation. Regular safety visits by management at the company's various operating locations are one ongoing measure aimed at further improving the organisational culture with regard to occupational safety and asset protection.

Risk management is a conscious and systematic effort that permeates all activities. Vapo Group is continuing to implement a damage risk development programme in cooperation with the insurance company and insurance broker. The main objective of the development programme is to improve awareness of existing damage risks associated with the production plants and outlets, preventing the realisation of detected risks and increase general safety at Vapo Group's operating locations.

Financing and commodity risks

The company actively monitors the amount of financing required by business operations so that the Group's liquidity is sufficient for financing the operations and the Group is also able to cover other financing obligations. Liquidity is managed by balancing the proportional share of short-term and long-term loans and the repayment schedules of long-term loans. In addition, the risk related to the availability and price of financing is managed by diversifying fundraising between different banks and financial instruments.

The company's main financial risks are currency risk, interest rate risk and liquidity risk. The Group treasury, guided by the financial policy ratified by the Board of Directors, is responsible for identifying and managing financial risks. The Group's risk management tools include currency derivatives and options, currency swaps, foreign currency loans, interest rate swaps and commodity derivatives. The divestment of the sawmill business, which was unprofitable, sensitive to economic cycles and export-dominated, during the past financial year reduced the company's liquidity risk and currency risk.

With regard to commodity risks, Vapo purchases hedging services related to the purchase and sale of electricity. Electricity trading does not represent a substantial share of Vapo's business.

Future outlook

Vapo Group is the world's largest producer of energy peat and environmental peat. The company holds an important role in ensuring Finland's self-sufficiency in energy and the security of supply. Political decisions have a substantial impact on the profitability of Vapo's business operations and its capacity to make investments. Vapo Group's turnover is expected to be lower than in the previous financial year due to the divestment of the sawmill business. However, the Group's operating result is anticipated to show a significant improvement compared to the previous financial year. Electricity prices are expected to remain low in 2016 and 2017. As a result, the fuel market will not see significant growth, as the volume of electricity generation from solid fuels will remain low.

Vapo Oy's share capital and shareholders

Vapo Oy has one class of shares. The total number of shares is 30,000. Each share carries one vote at the General Meeting, and all shares carry the same dividends. If a Vapo share is transferred to an external party other than one that is in a Group relationship with the shareholder pursuant to Chapter 8, Section 12 of the Finnish Limited Liability Companies Act, the company's shareholder shall have the right to redeem the share in question. If more than one shareholder wishes to exercise this redemption right, the shares are divided between the parties wishing to redeem them in proportion to their existing shareholdings. At the end of the financial year, on 30 April 2016, Vapo Oy's share capital amounted to EUR 50,456,377.94.

Vapo Oy is a joint venture of the Finnish State and Suomen Energiavarat Oy. The Finnish State holds 50.1% of the shares (15,030 shares) and Suomen Energiavarat Oy 49.9% (14,970 shares).

Board of Directors' proposal for the distribution of profits

The Board of Directors proposes to the General Meeting to be convened on 8 September 2016 that Vapo Oy's profit for the financial year, EUR 174,909.93, be added to retained earnings, after which the distributable funds available to the General Meeting amount to EUR 170,726,202.64.

The Board of Directors also proposes to the General Meeting that EUR 4,0 million, which is EUR 133,33 per share, be paid as dividends for the financial year 1 May 2015–30 April 2016.

Consolidated Financial Statements 2016, IFRS

Consolidated statement of comprehensive income

EUR 1,000	Note	1.5.2015-30.4.2016	1.5.2014-30.4.2015
TURNOVER	2	459,800	486,856
Change in stock levels of finished and unfinished products		-15,109	43,696
Production for own use		844	583
Other operating income	5	8,668	12,514
Share of associates' results		1,381	2,160
Materials and services	6	-213,507	-268,506
Expenses arising from staff benefits	7	-54,154	-58,626
Depreciation	8	-35,020	-39,263
Impairment	8	-789	-736
Impairment of goodwill	8	0	0
Other operating expenses	9	-143,472	-141,825
OPERATING PROFIT		8,641	36,854
Financial income	10	6,383	5,307
Financial expenses	10	-16,082	-18,838
PROFIT/LOSS BEFORE TAXES		-1,057	23,322
Income taxes	11	-3,387	-3,564
PROFIT/LOSS FOR THE PERIOD		-4,444	19,758
OTHER COMPREHENSIVE INCOME ITEMS (not to be reclassified through profit or loss):			
Translation differences from foreign units		52	-1,353
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-4,392	18,405
Distribution of profit for the period:			
To parent company shareholders		-4,392	18,518
To non-controlling shareholders		-52	1,240
		-4,444	19,758
Distribution of comprehensive income for the period:			
To parent company shareholders		-4,275	17,644
To non-controlling shareholders		-117	761
		-4,392	18,405
Earnings per share calculated from profits due to parent company shareholders			
Earnings/share, EUR		-146	617
Average number of shares		30,000	30,000

Consolidated balance sheet

EUR 1,000	**Note**	**30.4.2016**	**30.4.2015**
ASSETS			
Long-term assets			
Intangible assets	12	10,701	12,714
Goodwill	12	5,799	5,842
Land and water areas	13	45,403	46,263
Buildings and structures	13	46,181	52,085
Machinery and equipment	13	129,465	130,955
Other tangible assets	13	217,301	203,384
Pending acquisitions	13	48,596	57,988
Shares in associates	14	26,153	24,459
Other long-term financial assets	16	8,028	10,891
Other long-term investments	17	4,687	346
Deferred tax assets	18	136	1,759
Long-term assets total		542,449	546,686
Current assets			
Inventories	19	147,931	182,068
Sales and other receivables	20	92,839	103,419
Income tax receivables		2,351	1,857
Cash on hand and in the bank	21	9,415	4,147
Current assets total		252,536	291,491
ASSETS TOTAL		794,985	838,177
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		50,456	50,456
Fair value fund and other funds		30,126	30,099
Translation differences		-2,242	-2,324
Retained earnings		208,804	224,961
Parent company shareholders' share of shareholders' equity		287,144	303,191
Non-controlling shareholders		1,039	1,210
Shareholders' equity total	22	288,183	304,402
Long-term liabilities			
Deferred tax liability	18	16,761	16,773
Pension liabilities	26	3,482	3,302
Long-term interest-bearing liabilities	23	349,446	295,691
Other long-term liabilities	24	7,393	5,735

Long-term provisions	25	8,090	8,007
Long-term liabilities total		385,172	329,508
Current liabilities			
Current interest-bearing liabilities	23	35,016	112,439
Accounts payable and other debts	27	86,310	91,037
Income tax liability		304	792
Current liabilities total		121,630	204,268
SHAREHOLDERS' EQUITY AND LIABILITIES TOTAL		794,986	838,177

Consolidated cash flow statement

EUR 1,000	30.4.2016	30.4.2015
Cash flow from operating activities		
Profit/loss for the period	-4,444	19,758
Adjustments to the result for the period		
Depreciation and impairment	35,810	39,999
Share of associates' profit (-) / loss (+)	-1,381	-2,160
Financial income and expenses	14,082	13,531
Income taxes	3,387	3,564
Other adjustments	6,608	-5,522
Adjustments to the profit/loss for the period total	58,506	49,412
Change in working capital		
Increase/decrease in inventories	11,801	-43,258
Increase/decrease in sales receivables and other receivables	-1,388	276
Increase/decrease in accounts payable and other debts	13,701	108
Change in provisions	227	-526
Change in working capital total	24,341	-43,401
Interest paid	-9,705	-7,909
Interest received	492	301
Other financial items	-4,252	-262
Taxes paid	-2,467	-16,443
Cash flow from operating activities	**62,471**	**1,458**
Cash flow from investing activities		
Investments in tangible and intangible assets	-38,739	-67,819
Proceeds from disposal of tangible and intangible assets	18,457	6,313
Acquisition of subsidiaries, net of cash		-362
Disposal of subsidiaries, net of cash	3,468	3,695
Associates' shares bought		
Associates' shares sold		
Other investments	-80	
Proceeds from disposal of other investments	3	38
Loans granted	-200	-22

Repayments of loans receivable	2,604	305
Dividends received	48	2,441
Cash flow from investing activities	**-14,437**	**-55,413**
Cash flow from financing activities		
Increase (+)/decrease (-) in short-term loans	-3,032	-25,975
Proceeds from long-term loans	70,131	144,594
Repayment of long-term loans	-96,974	-48,824
Repayment of finance lease liabilities	-933	-390
Dividends paid	-12,055	-12,239
Cash flow from financing activities	**-42,863**	**57,166**
Change in cash and cash equivalents	**5,171**	**3,211**
Cash and cash equivalents opening balance	4,147	303
Change in cash and cash equivalents	5,171	3,211
Effect of changes in exchange rates	97	633
Cash and cash equivalents at end of period	9,415	4,147

Consolidated statement of changes in shareholders' equity

EUR 1,000	**Share capital**	**Fair value fund**	**Other funds**	**Translation differences**	**Retained earnings**	**Total**	**Non-controlling shareholders**	**Total**
SHAREHOLDERS' EQUITY 1.5.2015	50,456	0	30,099	-2,325	224,960	303,191	1,210	304,401
Changes in shareholders' equity								
Dividend distribution					-12,000	-12,000	-55	-12,055
Total comprehensive income				82	-4,392	-4,310	-117	-4,427
Other changes								
Imputed taxes					-68	-68		-68
Other changes			27		303	330		330
SHAREHOLDERS' EQUITY 30.4.2016	**50,456**	**0**	**30,126**	**-2,242**	**208,804**	**287,144**	**1,039**	**288,183**

EUR 1,000	**Share capital**	**Fair value fund**	**Other funds**	**Translation differences**	**Retained earnings**	**Total**	**Non-controlling shareholders**	**Total**
SHAREHOLDERS' EQUITY 1.5.2014	50,456	0	30,153	-1,565	220,199	299,243	4,987	304,230
Changes in shareholders' equity								
Dividend distribution					-12,000	-12,000	-239	-12,239
Total comprehensive income				-760	18,405	17,645	761	18,406
Other changes								
Imputed taxes					52	52	-21	31
Other changes			-54		-1,080	-1,134		-1,134
Changes in holdings in subsidiaries					-616	-616	-4,278	-4,894
SHAREHOLDERS' EQUITY 30.4.2015	**50,456**	**0**	**30,099**	**-2,325**	**224,960**	**303,191**	**1,210**	**304,401**

Notes to the consolidated financial statements, IFRS

Company

The Vapo Group is a supplier of local and renewable fuels, heat and power, sawn timber and environmental business solutions in the Baltic Sea region.

The Vapo Group consists of five business areas: Vapo Peat Products, Vapo Heat and Power, Vapo Wood Fuels, Vapo Timber and and Kekkilä Group. The Group has subsidiaries in Finland and other countries.

The parent company, Vapo Oy, is a Finnish company established in compliance with Finnish laws, domiciled in Jyväskylä at the registered address Vapo Oy, Yrjönkatu 42, PO Box 22, 40101 Jyväskylä, Finland. The company website is available at www.vapo.fi.

The Board of Directors of Vapo Oy approved these financial statements for publication at its meeting on 21 June 2016.
According to the Finnish Companies Act, shareholders are entitled to either approve or dismiss the financial statements at the General Meeting of Shareholders following their publication. The General Meeting is also entitled to vote on a revision of the financial statements.

A copy of the consolidated financial statements is available at www.vapo.fi or from the head office of the parent company.

1. Accounting policies for the consolidated financial statements

1.1 General

Vapo Oy's consolidated financial statements have been compiled in accordance with the International Financial Reporting Standards (IFRS), which have been approved for use in the EU, and in accordance with the IAS and IFRS standards in force on 31 December 2016, as well as the SIC and IFRIC standing interpretations. International accounting standards refer to standards and their interpretations approved to be used in the EU according to the Finnish Accounting Act and regulations based on it in accordance with the procedures set in EU regulation (EC) No 1606/2002. The Vapo Group adopted the IFRS accounting standards in its financial reporting in 2006. Previously, the Group complied with Finnish Accounting Standards (FAS).

The notes to the consolidated financial statements also comply with the requirements of the Finnish accounting and company acts which complement the IFRS regulations. The profit and loss statement figures are presented in thousands of euros and are based on the original acquisition costs, unless stated otherwise in the accounting policies. For presentation purposes, individual figures and totals have been rounded up to the nearest thousand, resulting in rounding differences in the totals.

1.2. Consolidation principles

The consolidated financial statements cover the parent company, Vapo Oy, and all subsidiaries in which the parent company holds over 50% of the votes carried by shares, or which are otherwise controlled by the parent company. Piipsan Turve Oy, in which Vapo's holding is 48%, has been consolidated as a subsidiary in the consolidated profit and loss statements. Associates in which Vapo controls 20–50% of the share votes, and in which Vapo has considerable influence but no absolute control, have been consolidated using the capital share method. When the Group's share of the associate's result exceeds the book value, the investment is recognised in the balance sheet at zero value and the exceeding losses are not recognised unless the Group has incurred obligations or made payments on behalf of the associate.

Acquired subsidiaries have been consolidated in the consolidated financial statements from the date on which the Group acquired control until this control ceases. Group companies' mutual share ownerships have been eliminated using the acquisition cost method. The acquisition cost has been allocated to the acquired company's assets and debts at their fair value at the time of the acquisition, where a reliable figure could be determined. For these allocations, imputed taxes have been estimated at the current tax rate and the remainder has been entered in the balance sheet as goodwill.

The Group's internal business transactions, receivables, debts, unrealised margins and internal distribution of profit are not included in the consolidated financial statements. Total comprehensive income is allocated to the owners of the parent company, even if this means that the non-controlling shareholders' share becomes negative. The share of non-controlling shareholders is also presented as a separate item as part of shareholders' equity. The changes in the share of ownership of the subsidiary by the parent company, which do not lead to loss of control, shall be treated as business operations regarding shareholders' equity.

1.3. Summary of key accounting principles

Application of new IFRS standards and IFRIC interpretations

Pursuant to IFRIC 21 – Levies, liabilities for levies are recognised when the event that triggers the payment
obligation, as defined by the relevant legislation, occurs.
In accordance with this interpretation, Vapo Group has recognised property taxes for the 2016 calendar year, for which the payment obligation is triggered on 1 January, as a liability in the balance sheet and as an expense in the income statement. Therefore, the result for the 2016 financial year will be weighed down by property taxes for two calendar years, with a combined effect of EUR 380,000.

Other new or revised standards did not have an impact on Vapo Group's financial statements.

Compilation principles requiring management judgement and key uncertainties related to estimates

When compiling financial statements, it is necessary to make estimates and assumptions about the future. The actual outcome can be different from the estimates and assumptions made. In addition, it is necessary to exercise judgement when applying the financial statement compilation principles.

The Group management makes decisions based on discretion concerning the choice and application of the financial statement compilation principles. This particularly concerns cases where the IFRS norms have alternative entry, valuation and presentation methods. The most significant components for which management discretion has been applied concern the amounts of reserves, compiling the impairment testing and the assumptions used therein, as well as determining the fair values of the financial assets and debts.

Income recognition principles

Sales are entered as income once the significant risks and benefits associated with the ownership of the products sold have passed to the buyer and Vapo Group has no actual authority over the goods sold. Income from services is recorded once these services have been performed. When turnover is calculated, indirect taxes and reductions are deducted from sales revenue.
Interest income is entered according to the effective interest method and dividend income when there is a right to the dividend.

Transactions denominated in foreign currency

Figures concerning the result and financial status of the Group's units are defined in the currency that is the currency in each unit's main operational environment ('functional currency'). The consolidated financial statements are presented in euros, which is the parent company's functional and presentation currency.

Transactions in foreign currencies are translated into the functional currency using the foreign exchange rate prevailing on the transaction date. Monetary items are translated into functional currency using the exchange rates prevailing on the balance sheet date.

Profits and losses arising from transactions denominated in foreign currency and translation of monetary items have been treated through the profit and loss account. The exchange rate gains and losses of business operations are included in financial income and expenses.

Conversion of foreign Group company financial statements

The income and expense items on the comprehensive income statements and separate income statements of foreign subsidiaries are converted to euros using the average exchange rate for the period and the balance sheets are converted using the exchange rate on the closing date. The average exchange rate difference arising from the different exchange rates used for the income statement, comprehensive income statement and balance sheet creates a translation difference recognised in equity. The change in the translation difference is recognised in other comprehensive income. Translation differences arising from the elimination of the acquisition cost of foreign subsidiaries and the translation of equity items accrued after the acquisition are recognised in other comprehensive income. When a subsidiary is sold as a whole or in part, the conversion differences gained are transferred through profit and loss as a part of gains or losses on sale.

Research and development expenditure

Research expenses are entered as expenditure for the accounting period in which they are incurred. Development expenses from the design of new or significantly improved products are capitalised as intangible assets on the balance sheet once the expenses of the development phase can be calculated reliably, once the product can be utilised technically and commercially, once the Group expects the product to generate a likely future financial benefit, and once the Group has both the intention and resources to complete the development work.

Goodwill

Goodwill arising from the acquisition of a company is the difference between the acquisition cost and the acquired, individualised net assets measured at fair value. Goodwill is assigned to cash flow generating units and is tested annually for impairment. In the case of associates, goodwill is incorporated into the value of the associate investment. If the said goodwill can be seen to be associated with the funds or other intangible rights of the acquired associate, it is depreciated over its useful life. Goodwill is valued at the original acquisition cost less impairment.

Other intangible assets

An intangible asset is entered on the balance sheet at the original acquisition cost if it can be reliably defined, and it is likely that the corresponding economic benefit expected will profit the Group. Other intangible assets include patents, copyright, trademarks, software licences and customer relationships. They are valued at the original acquisition cost and depreciated using straight line depreciation over their estimated economic life, which can vary from five to 25 years.

Tangible fixed assets

Tangible fixed assets acquired by Group companies are measured at the original acquisition cost. The tangible fixed assets of acquired subsidiaries are measured at the fair value at the time of acquisition. Tangible fixed assets are presented on the balance sheet at the acquisition cost less accumulated depreciation and impairment losses. If a fixed asset consists of a number of parts with differing economic lives, the parts are treated as separate assets.

Depreciation is based on the following expected economic lives:

Buildings and structures	15–40 years
Machinery and equipment	3–25 years
Other tangible assets	5–30 years

No depreciation is recorded on land areas; peat assets are depreciated by substance depreciation over their estimated economic life. Ordinary repair and maintenance expenses are entered as expenditure during the accounting period in which they are incurred. Expenses for significant renewal and improvement projects are entered on the balance sheet if it is likely that they will increase the economic benefit accrued by the company. Profits and losses arising from the sale and disposal of tangible fixed assets are calculated as the difference between the net income received and the carrying amounts. Gains and losses on sales are included in the profit and loss statement under operating profit. When a fixed asset is classified as held for sale according to *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations*, depreciation is no longer recorded.

Peat assets

The peat assets relating to Vapo's peat division are included under tangible assets on the balance sheet. Depreciation of peat assets is applied according to use. With regard to the acquisition of new production areas, a portion of the total purchase price that corresponds to the estimated volume of the peat assets is entered as an increase in peat assets.

Costs arising from preparing peat production areas for production are treated as an addition to the acquisition cost of peat assets. The volume (m^3) of peat assets in the Group's production areas is monitored by measurement. Measurement results do not lead to changes in the carrying amounts, but the depreciation plan, which is based on volumes of planned use and remaining peat, is revised as necessary.

Subsidies received

Subsidies received from states or other organisations are entered as income in the profit and loss statement. Entries are made systematically, which means that subsidies are entered under the expenses which they are intended to cover. Subsidies granted for the acquisition of fixed assets are entered as deductions to the book values of fixed assets when it is reasonably certain that the subsidies will be received and the Group satisfies the conditions for eligibility for the subsidy. Subsidies are recognised as income according to the economic life of the asset.

Impairments

Carrying amounts of assets are assessed at the end of each reporting period in order to determine impairment. Key financial figures, official decisions, energy market changes and regulations as well as the actions of competitors are monitored as factors which may suggest a need to adjust the value of assets. The impairment is examined at the level of cash flow generating units, i.e. at the lowest unit level, since this is largely independent of other units and the cash flows can be separated. The impairment is calculated by comparing the carrying amount of the item with the recoverable value of the corresponding assets. As a rule, the recoverable value is based on the future discounted net cash flow obtainable with the aid of the corresponding asset.

In order to determine a possible impairment of peat production areas, Vapo Group monitors factors affecting the income-generating capacity of these areas. These include the volume of peat and its thermal content, the logistical location of the peatland, its geographical conditions, the environmental permit process, the acquisition price, the preparation cost and the stage of the life cycle.

Pension liabilities

Pension plans are classified as defined benefit and defined contribution plans. Contributions to defined contribution plans are recognised in the income statement in the financial period to which they relate to.

The statutory pension security of the Group’s Finnish companies is arranged with Finnish pension insurance companies. The statutory employment security is a defined contribution plan.

Defined benefit plans are based on defining the pension benefit the employee will receive upon retirement. The size of the benefit depends on factors such as age, years of employment and pay. Current service cost is the present value of the post-employment benefit, which is earned by the employees during the financial year and recognised in personnel expenses. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The discount rate used in the calculation of the present value of the obligation is based on the average interest rates of long-term government bonds in the euro zone.

The Group’s Estonian subsidiary AS Tootsi Turvas has defined contribution pension plans as well as a defined benefit pension plan under which the company is obligated to pay a fixed pension to 17 employees under pre-specified conditions. The average gross monthly wage in Estonia in 2001 is the basis of the benefit. This sum is adjusted annually in accordance with the change in the cost-of-living index and factors related to the person’s employment relationship. The liability to pay the pension benefit arises when the employee entitled to the benefit turns 65. The liability is discounted on the basis of the estimate that the liability will continue until 2042, considering the statistical life expectancy.

Inventories
Inventories have been valued at the lower of acquisition cost and net realisable value. The net realisable value is the estimated selling price obtainable in ordinary business activities less estimated expenses arising from the preparation and implementation of the transaction. The value of inventories has been determined using the FIFO method and it includes all expenses arising from the acquisition as well as other indirect allocable expenses. The acquisition cost of manufactured inventories includes not only the cost of purchasing materials, direct labour and other direct costs, but also the share of general costs corresponding to the normal production level, excluding the costs of general administration, sales and financing. Peat production inventories include the sales stock of peat, i.e. the volume of peat extracted in the summer. The exception to the use of FIFO valuation is peat produced in stacks, which is valued at the average price per stack. The value of inventories has been depreciated with respect to non-marketable assets.

Cash assets
Cash assets consist of cash funds, short- term bank deposits and other short-term highly liquid money market investments which have a maximum maturity of three months.

Financial assets
Financial assets are classified in the following groups on the basis of IAS 39: assets at fair value through profit or loss, held for sale financial assets, and loans and receivables. Classification is based on the function of the acquisition of financial assets, and they are classified in connection with the original acquisition. Transaction expenses are included in the original book value of the financial assets for items that are not measured at fair value through profit or loss. All purchases and sales of financial assets are entered on the day of the sale, which is the day on which the Group commits to purchasing or selling the financial instrument. Derecognition of a financial asset from the balance sheet takes place when the Group has lost the contractual right to cash flow or when it has transferred a significant part of the risks and profits outside the Group.

Held for sale financial assets as well as financial assets recognised at fair value through profit or loss are measured at fair value using quoted market prices and rates. Unquoted shares whose fair value cannot be determined reliably are entered at acquisition cost less impairment write-downs. Changes in the fair value of held for sale financial assets are entered directly under shareholders’ equity. When an asset of this kind is sold, the accrued changes in fair value are carried over from shareholders’ equity to the profit and loss statement.

Loans and other receivables are assets which are not part of derivative assets and their payments are fixed or can be defined and that are not notified on the active market, and the Group does not hold them for trading or define them as being for sale in connection with the original entry. They are measured at amortised cost using the effective interest method. They are included in short- or long-term assets on the balance sheet according to their nature: long-term if they fall due after more than 12 months.

The Group records a credit loss on sales receivables when there is objective evidence that the receivable will not be collected in full. A debtor being in significant financial difficulties, probable bankruptcy, delinquent payments, or payments that are more than 90 days overdue constitute evidence of probable credit loss.

Financial liabilities
Financial liabilities are initially recorded at fair value. Transaction costs related to financial liabilities are recorded as expenses. Financial liabilities, excluding derivative liabilities, are subsequently measured at amortised cost. Financial liabilities are included in non-current and current liabilities. Financial liabilities are classified as current if the Group does not have an absolute right to postpone the repayment of the debt at a minimum of 12 months after the closing date of the reporting period.

Derivative instruments and hedge accounting
All derivatives are measured and recorded at fair value on the transaction and closing date. Fair value measurement is based on quoted market prices. The Group does not apply hedge accounting. Realised and unrealised gains and losses from derivative instruments are recorded in the financial items of the statement of income.

Emission rights
The principles of emission right calculation are based on valid IFRS standards. Emission rights are intangible rights measured at cost. Emission rights received without consideration are measured at nominal value, meaning that their value is nil. A provision for fulfilling the obligation to return the emission rights is recorded if the emission rights received without consideration are not sufficient to cover the actual amount of emissions. Therefore, the possible impact on the result is the difference between actual emissions and emission rights received.

Provisions and contingent liabilities
A provision is entered on the balance sheet if the Group has a legal or factual obligation as a result of a previous event and it is probable that fulfilling the obligation requires payment or results in an economic loss and the amount of the liability can be reliably estimated. The amount of provisions is adjusted at each closing date, and their amounts are adjusted to reflect the best estimate at the time of review. Adjustments to provisions are recognised in the same item of the income statement in which they were initially recognised. Provisions may be related to restructuring of functions, loss-making agreements, as well as environmental and pension liabilities.

Provision for environmental liabilities
A provision for environmental liabilities is recognised whenever the Group has an obligation based on environmental legislation and the Group's principles of environmental liability that is related to the decommissioning of a production plant, clean-up of environmental damage or transfer of equipment from one place to another. Starting peat production in a mire area requires an environmental permit. The permit specifies, among other things, the clean-up measures in the area after the end of peat production. In order to prepare for the clean-up measures, Vapo Group accumulates provisions varying annually on the basis of the production volume; for leased land areas it is recognised in the income statement as an expense, and the amount of the provision on the balance sheet is accumulated at the same time. The corresponding provision for company-owned land is recognised in fixed assets as an acquisition cost of other tangible assets. For leased land areas, the provision is cancelled by recognising it as an expense in the income statement annually on the basis of the actual costs incurred from clean-up measures and, for company-owned land, the cancellation of the provision is recorded as depreciation.

Other provisions
Other provisions include the liability to compensate for permanent health damage recognised in AS Tootsi Turvas as well as the provision recognised in AS Tootsi Turvas for the costs of closing down the briquette plant.

Lease agreements
Lease agreements concerning property, plant and equipment in which an essential part of the risks and benefits of ownership is transferred to the Group are classified as financial leases. An asset obtained through a financial lease is recognised as an asset on the balance sheet at the beginning of the lease period at the lower of the fair value of the object of the lease or current value of minimum rents. Assets leased through financial leases are amortised over the shorter of economic useful life or duration of the lease. Paid leasing rents are divided into financial expenses and repayment of debt. The corresponding leasing rent liabilities are recognised in interest-bearing liabilities as current and non-current liabilities. Lease agreements concerning property, plant and equipment in which an essential part of the risks and benefits of ownership remain with the lessor are classified as other leases. Rents determined on the basis of other leases are recognised as expenses in the income statement.

Taxes and deferred taxes based on the taxable income for the period
Tax expenses comprise taxes based on the taxable income for the period and deferred tax. Taxes are recognised through profit or loss, except if they are related to items recognised in shareholders' equity or other items of comprehensive income. In this case, the tax is also recognised under these items. The tax based on the taxable income for the period is calculated on the basis of taxable income in accordance with the tax rate valid in each country.

Deferred taxes are calculated on all temporary differences between accounting and taxation using the tax rates in force at the closing date. Deferred tax is recognised in the case of investments in subsidiaries or associates, except if the Group is able to determine the time the temporary difference will be eliminated and the temporary difference will probably not be eliminated during the foreseeable future. The most substantial temporary differences arise from appropriations, measurement of the net assets of acquisitions at fair value, measurement of financial assets held for sale at fair value, unused tax losses and internal margins. Deferred tax receivables are recognised up to the probable amount of taxable income in the future against which the temporary difference can be utilised. The conditions for recognising a deferred tax liability are estimated in this respect on each closing date of a reporting period. The Group offsets deferred tax assets and liabilities if they are related to the same taxpayer and the same tax collector and the deferred tax liabilities are higher than the deferred tax assets.

Non-current assets held for sale and discontinued operations
A non-current asset (or a disposal group) as well as assets and liabilities associated with a discontinued operation are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The recognition criteria are regarded to be met when: a sale is highly probable, the asset (or a disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary, the management is committed to the plan to sell the asset and the sale is expected to take place within one year from the date of classification. Immediately before the initial classification of the asset or disposal group as held for sale, the assets and liabilities will be measured in accordance with applicable IFRS standards. After classification as held for sale, assets (or disposal groups) are measured at the lower of the carrying amount or fair value less selling costs. Depreciation of these assets will be discontinued upon classification. Assets included in disposal groups that do not fall within the scope of application of the measurement rules of IFRS 5 and liabilities are measured in accordance with the applicable IFRSs also after classification.

Operating profit
IAS 1 Presentation of Financial Statements does not give a definition for operating profit. The Group has specified it as follows: operating profit is the net of turnover and other operating income, acquisition costs adjusted for change in inventories of finished goods and work in progress and costs of production for own use, employee benefit expense, depreciation and any impairment losses and other operating expenses. All income statement items other than the above are presented below operating profit.

2. Segment information

The Group's organisational structure was revised in 2015 in accordance with the holding model and administrative functions that support operations were moved closer to business functions. Vapo's energy business constitutes a tight-knit structure that is managed consistently across subsidiaries located in different countries in order to maximise cross-business synergies. As a result, Vapo changed its reporting practices starting from the 2016 financial year, with the separate companies constituting the reporting segments instead of the previous business areas.

Business transactions between the segments are based on market prices or, if there is no market price, on fair value. All sales and other transactions between segments are eliminated upon consolidation. The segments report the operating result as their result. The assets of a segment include all of the assets of units belonging to the segment except for assets related to financing and taxes. Goodwill from the acquisition of subsidiaries is allocated to the business segments. The liabilities of a segment include all of the liabilities of the business functions belonging to the segment except for liabilities related to financing and taxes. Functions not included in the main segments are reported in the Other operations segment.

Vapo Oy: The Vapo Oy segment also reports the smaller subsidiaries that serve the energy business, as their operations are managed by Vapo Oy. These subsidiaries include Salon Energiantuotanto Oy, Piipsan Turve Oy, Suo Oy and Hanhisuon Turve Oy. Vapo Oy provides local fuels, heating solutions and environmental peat products to businesses, municipalities and consumers in Finland. Fuels account for approximately 70 per cent of the company's external turnover, heating solutions approximately 25 per cent, and environmental peat approximately five per cent. The company's latest commercial business area is Vapo Clean Waters Oy, which provides solutions for the purification of natural waters in natural environments, as well as water treatment solutions for waters in agriculture and forestry, and drainage waters in urban areas.

Neova AB: the company operates in Sweden, providing district heating to its customers through its own district heating networks and offering customised heating solutions for industrial customers. The company also produces and markets peat products for its energy customers and users of agricultural peat products. Its annual turnover is evenly divided between heating solutions and peat productions. The segment information also includes Brostorpsmossen AB, a subsidiary of Neova AB that focuses on the energy business.

AS Tootsi Turvas: the company's primary business is the sale of agricultural peat products, energy peat products and wood fuels, as well as the production and sale of heating, in Estonia. Agricultural peat accounts for 40 per cent of the subsidiary's annual turnover, while wood fuels account for 30 per cent, energy peat 20 per cent, and heating 10 per cent.

Vapo Timber Oy: The income of the segment was comprised of the sale and production of sawn timber and processed products. Operations were carried out in Finland. The company was sold to Binder Beteiligungs AG during the financial year.

Kekkilä Group: the company develops, produces and markets high-end garden substrates, plant fertilisers and mulches as well as home garden and yard construction products for amateur and professional growers and landscapers. The products are marketed under the Kekkilä brand in Finland and under the Hasselfors Garden brand in Sweden and Norway. In addition to Finland, the company has production operations in Sweden, Norway and Estonia.

Others
The Others segment reports the result for the period of Group companies that do not belong to the above segments. Such Group companies include Forest BtL and Vapo A/S, which did not carry out any business operations during the financial year.

Segment information 5/2015–4/2016

EUR 1,000	Vapo Oy	Vapo Timber Oy	Kekkilä Group	Neova AB	AS Tootsi Turvas	Other	Eliminations	Group total
External turnover	253,733	60,986	86,215	46,563	12,284	15	4	459,800
Internal turnover	3,277	2,512	1,728	1,202	667	0	-9,387	0
Turnover	**257,010**	**63,498**	**87,943**	**47,765**	**12,952**	**15**	**-9,383**	**459,800**
Segment operating profit/loss	7,432	-2,214	-1,307	1,702	1,097	234	317	8,641
Financial income and expenses	-5,738	-408	-1,351	-1,974	63	-240	-50	-9,698
Appropriations and income taxes	-2,134	540	268	-24	0	0	-2,038	-3,387
Result for the period	**-440**	**-2,082**	**-2,390**	**-295**	**1,160**	**-5**	**-1,772**	**-4,444**
Segment assets	809,827	0	118,718	92,218	47,509	8,664	-308,104	768,831
Shares in associates	7,962	0	0	19,067	0	0	-876	26,153
Assets total	**817,789**	**0**	**118,718**	**111,285**	**47,509**	**8,664**	**-308,979**	**794,985**
Segment debt	483,047	0	87,191	94,543	4,810	6,262	-169,052	506,801
Debt total	**483,047**	**0**	**87,191**	**94,543**	**4,810**	**6,262**	**-169,052**	**506,801**
Investments	31,297	240	3,591	3,759	1,109	12	-1,481	38,527
Depreciation	21,653	1,230	6,675	4,982	1,343	162	-1,024	35,020

Segment information 5/2014–4/2015

EUR 1,000	Vapo Oy	Vapo Timber Oy	Kekkilä Group	Neova AB	AS Tootsi Turvas	Other	Eliminations	Group total
External turnover	248,022	85,512	85,324	47,760	12,244	7,834	0	486,695
Internal turnover	3,846	3,458	1,771	1,099	645	15	-10,835	0
Turnover	**251,868**	**88,970**	**87,095**	**48,858**	**12,888**	**7,850**	**-10,674**	**486,856**
Segment operating profit/loss	49,085	783	1,097	977	1,636	915	-19,799	36,854
Financial income and expenses	-21,029	20	-1,204	-1,947	-261	-218	11,108	-13,531
Appropriations and income taxes	-4,861	621	213	283	0	-976	1,155	-3,564
Result for the period	**23,195**	**1,424**	**106**	**-687**	**1,375**	**-278**	**-7,536**	**19,758**
Segment assets	828,271	39,230	121,717	94,462	46,096	8,361	-324,345	813,791
Shares in associates	7,962	0	0	18,746	0	0	-2,322	24,386
Assets total	**836,233**	**39,230**	**121,717**	**113,208**	**46,096**	**8,361**	**-326,667**	**838,177**
Segment debt	489,367	23,288	87,475	95,387	3,586	5,972	-172,259	532,815
Debt total	**489,367**	**23,288**	**87,475**	**95,387**	**3,586**	**5,972**	**-172,259**	**532,815**
Investments	70,258	59,422	4,181	31,192	1,885	745	-79,321	88,362
Depreciation	25,205	1,756	6,474	5,198	1,457	115	-207	39,999

3. Businesses sold

The company held negotiations during 2015 regarding the sale of its subsidiary Vapo Timber Oy. The negotiations were completed in early January 2016. Vapo reached an agreement on the sale of the entire share capital of Vapo Timber Oy to the Austrian wood processing group Binder Beteiligungs AG, and the sales agreement was signed on 4 January 2016. Vapo Timber Oy's two sawmills in Northern Karelia were transferred to the new owner on 15 February 2016.

In a transaction that affected the figures for the comparison period, Vapo Oy agreed on 7 May 2012 on the sale of Mustankorkea Oy to the City of Jyväskylä. In consolidated accounts, depreciation of Mustankorkea Oy have been cancelled from that date onwards, and on the consolidated balance sheet, the external assets and liabilities of Mustankorkea Oy have been separated out as assets and liabilities held for sale in line with IFRS 5. After appeal processes, the transaction was finalised in December 2014.

The operating result, profit on sale and share of cash flow of the sold business units were as follows:

Group profit on the sale of Mustankorkea Oy, amounting to EUR 3,076,000, is recognised in the income statement under Other operating income.
The consideration received for Mustankorkea Oy was EUR 8,300,000. Mustankorkea Oy's cash assets at the time of the sale totalled EUR 4,605,000.

Group loss on the sale of Mustankorkea Oy, amounting to EUR 7,655,000, is recognised in the income statement under Other operating expenses.
The consideration received for Vapo Timber Oy was EUR 3,600,000, with EUR 1,400,000 recognised in long-term receivables. Vapo Timber Oy's cash assets at the time of the sale totalled EUR 132,000.

Vapo Timber Oy's assets and liabilities

EUR 1,000	**2016**	**2015**
Assets		
Fixed assets	8,536	9,526
Deferred tax assets	9	101
Inventories	16,986	15,936
Sales and other receivables	8,519	13,163
Assets total	34,051	38,726
Liabilities		
Deferred tax liability		2
Accounts payable and other non-interest-bearing debt	12,638	16,495
Provisions	47	506
Liabilities total	12,685	17,003

Mustankorkea Oy's assets and liabilities

EUR 1,000	**2016**	**2015**
Assets		
Fixed assets		8,564
Deferred tax assets		184
Inventories		166
Sales and other receivables		792
Assets total	0	9,707
Liabilities		
Deferred tax liability		43
Accounts payable and other non-interest-bearing debt		1,792
Provisions		1,706
Liabilities total	0	3,541

4. Acquisitions

No acquisitions were made during the financial year.

In the comparison period, on 8 May 2014, Vapo Oy acquired the entire share capital of Hanhisuon Kasvuturve Oy located in Urjala, Finland. The acquisition increased Vapo Group's production area in the South-West Finland peat production region by 190 hectares to meet to the demand for energy and environmental peat in the region.
The following information on business combinations is presented in aggregate as the items are not of material significance individually:

EUR 1,000 **Effect on assets (+)**	**Fair value recorded upon consolidation 2016**	**Fair value recorded upon consolidation 2015**
Tangible assets		149
Intangible assets		296
Available-for-sale investments		
Inventories		1
Sales and other receivables		
Cash on hand and in the bank		301
Effect on liabilities (-)		747
Effect on minority interest		
Effect on liabilities (-)		**2015**
Deferred tax liability		-84
Provisions		
Long-term interest-bearing liabilities		
Current interest-bearing liabilities		
Accounts payable and other debt		
Effect on liabilities		-84
Effect on net assets		663
Goodwill from acquisition		
Cost		663
Cash in hand of the acquired subsidiary		301
Cash flow effect		362
Itemisation of purchase price		**2015**
Paid in cash		663

5. Other operating income

EUR 1,000	2016	2015
Rental revenue	750	932
Grants and public subsidies	787	1,080
Other operating income	4,137	3,514
Gains on the sale of tangible and intangible assets	2,994	6,989
Other operating income	8,668	12,514

Vapo’s subsidiary Suo Oy received a total of EUR 0.3 million in public subsidies for the production of field energy.

6. Materials and services

EUR 1,000	2016	2015
Purchases during the financial period	-136,994	-166,163
Increase/decrease in inventories	-1,308	6,938
External services	-75,205	-109,281
Materials and services	-213,507	-268,506

7. Expenses arising from staff benefits

EUR 1,000	2016	2015
Salaries and fees	-42,001	-45,710
Pension expenses, defined contribution	-7,087	-6,739
Pension expenses, voluntary, defined contribution	-540	-681
Pension expenses, voluntary, defined benefit	-349	-114
Pension expenses total	-7,975	-7,534
Other personnel expenses	-4,178	-5,381
Employment benefit expenses total	-54,154	-58,626
Management salaries and fees		
Salaries and other short-term employment benefits	1,035	1,066
Benefits paid in connection with dismissals	123	154
Total	1,158	1,220
Salaries and fees		
CEO and the Managing Directors of subsidiaries	913	975
Members of the Board of Directors	222	223
Members of the Supervisory Board	23	22
Management salaries, fees and fringe benefits total	1,158	1,220

Further information on the remuneration of the Board of Directors, Supervisory Board, CEO, management and personnel is provided in the Annual Report and the company website.

Employees, average

	2016	2015
Vapo Oy	451	466
Vapo Timber	81	107
Kekkilä Group	256	248
Neova AB	92	87
AS Tootsi Turvas	33	35
Others	1	18
Total	**914**	**961**

8. Depreciation and impairment

EUR 1,000	2016	2015
Depreciation		
Intangible rights	-2,856	-3,588
Buildings and structures	-4,275	-4,514
Machinery and equipment	-17,921	-18,457
Other tangible assets	-9,969	-12,703
Total	-35,020	-39,263
Impairment		
Land areas	-154	-116
Buildings	-138	-299
Machinery and equipment	-148	-246
Other tangible assets	-249	-74
Inventories	-101	
Total	-789	-736
Depreciation and impairment total	-35,810	-39,999

9. Other operating expenses and auditor's fees

EUR 1,000	2016	2015
Rents	-11,992	-12,266
Cost of sales freight	-60,266	-62,844
Losses on the sale of tangible and intangible assets	-8,586	-1,467
Audit costs, actual audit	-285	-291
Audit costs, attestations and statements	-9	
Audit costs, other expert services	-168	-87
Audit costs, tax advice	-31	-26
Audit costs	-493	-403
External services	-15,035	-17,413
Other expenses	-47,100	-47,432
Other operating expenses total	-143,472	-141,825

10. Financial income and expenses

EUR 1,000	2016	2015
Dividend income from available-for-sale investments	48	214
Changes in the value of financial assets measured at fair value through profit or loss		
- currency derivatives, no hedge accounting	723	135
- commodity derivatives, no hedge accounting	1,860	8
Interest income	341	451
Foreign exchange gains from financial loans measured at amortised cost	1,929	1,516
Other foreign exchange gains	1,462	2,981
Other financial income	21	2
Financial income total	6,383	5,307
Interest expenses	-10,219	-8,878
Impairment of equity investments	0	0
Capital losses from available-for-sale investments	0	0
Changes in the value of financial assets measured at fair value through profit or loss		
- interest derivatives, no hedge accounting		-3,195
- currency derivatives, no hedge accounting	-85	-576
- commodity derivatives, no hedge accounting	-805	
Foreign exchange losses from financial loans measured at amortised cost	-4	-642
Other foreign exchange losses	-4,331	-4,234
Other financial expenses	-638	-1,313
Financial expenses total	-16,082	-18,838
Financial income and expenses total	-9,698	-13,531

11. Income taxes

EUR 1,000	2016	2015
Income taxes from actual operations	-1,491	-4,271
Taxes for previous financial periods	-9	73
Deferred taxes	-1,888	635
Total	-3,387	-3,564

Reconciliation of taxes

EUR 1,000	2016	2015
Profit/loss before taxes	-981	23,322
Deferred tax, parent company rate of 20%	196	-4,664
Effect of the different tax rates used in foreign subsidiaries	651	205
Effect of non-deductible items with the unit’s tax rate	332	-939
Effect of non-deductible items with the unit’s tax rate	-2,581	1,939
Taxes for previous financial periods	-1,475	73
Unbooked deferred tax for losses of the financial period	-465	-186
Effect of change in tax rate on taxes for the financial period	-45	8
Tax expense in the income statement	**-3,387**	**-3,564**

12. Intangible assets

EUR 1,000	Goodwill	Development expenditure	Intangible rights	Other intangible assets	Prepayments	Total
Cost 1 May 2015	7,441	0	28,141	8,209	482	44,273
Translation differences (+/-)	-44		-31			-75
Increase			867	20	1,642	2,529
Divestment of subsidiaries			-2,217			-2,217
Decrease		0	-617		-126	-743
Transfers between items			190	-69	-589	-469
Cost 30 April 2016	7,397	0	26,333	8,160	1,409	43,299
Accumulated depreciation and impairment 1 May 2014	-1,598	0	-20,438	-3,681	0	-25,717
Translation differences (+/-)			6			6
Accumulated depreciation on acquisitions			1,768			1,768
Accumulated depreciation on decrease and transfers		0	-69	69		0
Depreciation for the financial period			-2,535	-321		-2,856
Accumulated depreciation and impairment 30 April 2016	-1,598	0	-21,269	-3,932	0	-26,800
Book value 30 April 2016	**5,799**	**0**	**5,064**	**4,227**	**1,409**	**16,499**

EUR 1,000	Goodwill	Development expenditure	Intangible rights	Other intangible assets	Prepayments	Total
Cost 1 May 2014	11,658	8	27,507	0	676	39,849
Translation differences (+/-)	-21		-38		-5	-64
Acquisition of subsidiaries			108			108
Increase			596	1,713	550	2,858
Decrease	-2,317	-8	-739		-32	-3,096
Transfers between items	-1,879		708	6,497	-708	4,617
Cost 30 April 2015	7,441	0	28,141	8,209	482	44,273
Accumulated depreciation and impairment 1 May 2014	-1,598	-8	-17,440	0	0	-19,047
Translation differences (+/-)			7			7
Accumulated depreciation on decrease and transfers		8	211	-2,300		-2,081
Depreciation for the financial period			-3,216	-1,381		-4,597
Accumulated depreciation and impairment 30 April 2015	-1,598	0	-20,438	-3,681	0	-25,717
Book value 30 April 2015	**5,843**	**0**	**7,703**	**4,528**	**482**	**18,556**

Impairment testing of cash-generating units with goodwill
Goodwill and intangible assets that are not yet ready to use are tested annually for impairment. Impairment testing is also done whenever there is any indication of impairment. Impairment losses are recognised on the income statement to the extent that the carrying amount exceeds the asset's recoverable amount. The recoverable amount of an asset is the higher of the net sales price and service value. The basis for impairment for non-financial assets, except goodwill, is reviewed on the financial statements date to determine whether impairment should be reversed.

Goodwill is allocated for the purposes of impairment testing to cash-generating units defined by the Group. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The service value is determined by discounting the estimated future net cash flows of the asset or cash-generating unit at the present value. Cash flow forecasts are based on the most recent budget approved by the management and forecasts for the coming years. Forecasts are based on the various businesses' historical data, order backlog, current market situation and information on the industry's future growth prospects. The cash flows of the explicit forecast period correspond with the management's views of the development of the profitability of different businesses and the effect of inflation on cash flows. Cash flows are expected to continue to follow the same trend after the explicit forecast period. As a rule, the calculation period for anticipated cash flow is five years. The terminal growth rate applied for all cash-generating units is a maximum of one (1) per cent.

Key assumptions applied in impairment testing and sensitivity analysis
Preparing cash flow forecasts requires management estimates of future cash flows. The nature of the estimates depends on the business area the assets being tested are part of. In addition to goodwill testing based on basic assumptions, separate sensitivity analyses were conducted for each cash-generating unit. The variables used in the analyses were the discount rate, change in cash flow and change in sales. In the sensitivity analyses, the annual decline in sales (-2%) at the current discount rate indicated that recognising impairment is not necessary in the tested units, except for certain units under the Kekkilä Group as discussed below. The other key assumptions used in impairment testing for Vapo's cash-generating units are also presented below along with the results of the sensitivity analysis.

Vapo Oy Fuels:
The Fuels business comprises both peat and wood fuels. The demand for energy peat has declined significantly in recent years, primarily due to the lower prices of competing fossil fuels. Energy policy decisions have a significant impact on the demand for peat, and the management's estimate is that the demand for peat will decline in the long run as energy generation shifts to alternative fuels, such as wood. As a result, the demand for pellets and forest fuels is expected to grow in the future, compensating for the declining sales of peat. Based on the testing, impairments were not deemed to be necessary with regard to Vapo Oy's Fuels business. The discount rate used is 6.0 per cent (post-tax WACC). Other factors remaining unchanged, each of the following changes would lead to the carrying amount of the business area being equal to its recoverable amount:

- An increase of 5.1 percentage points (wood fuels) and 2.4 percentage points (peat) in the discount rate
- The discounted cash flows would be 46 per cent lower in wood fuels and 28 per cent lower in peat products

Vapo Oy Heat and Power:
The Heat and Power business comprises the sale of district heating and industrial heating solutions. The long-term average increase in the turnover of the heating business is estimated to be 1 per cent. Investment volume and timing is based on the current condition of existing power plants, heating plants and district heating networks and their remaining technical useful lives. The most significant investments in energy efficiency will be completed during the 2017 financial year. The discount rate used is 3.9 per cent (post-tax WACC), which is calculated based on the yield and risk assumptions generally used in the sector for the district heating and industrial segments. Other factors remaining unchanged, each of the following changes would lead to the carrying amount of the business area being equal to its recoverable amount:

- An increase of 1.1 percentage points in the discount rate
- The discounted cash flows would be 27 per cent lower

Neova AB:
Within the company, the Peat Products business and the Heat and Power business were used in testing as separate cash-generating units. The discount rates used are 6.0 per cent for Peat Products and 3.2 per cent for Heat and Power (post-tax WACC). Other factors remaining unchanged, each of the following changes would lead to the carrying amount of the business area being equal to its recoverable amount:

- An increase of 0.5 percentage points (Peat Products) and 8.1 percentage points (Heat and Power) in the discount rate
- The discounted cash flows would be 8 per cent lower in Peat Products and 78 per cent lower in the Heat and Power business

AS Tootsi Turvas:
AS Tootsi Turvas is treated as one cash-generating unit in impairment testing.
The discount rate used is 6.0 per cent (post-tax WACC). Other factors remaining unchanged, each of the following changes would lead to the carrying amount of the business area being equal to its recoverable amount:

- An increase of 0.8 percentage points in the discount rate
- The discounted cash flows would be 11 per cent lower

Kekkilä[SK1]:
Business growth is sought particularly in the professional growing and landscaping segments, while growth in the consumer segment is expected to remain moderate due to intensifying competition. The environmental business will contract as a result of the expiration of contracts. Intensifying competition, cost efficiency and the seasonality of demand are the most significant factors affecting future cash flows.
The discount rate used is 5.0 per cent (post-tax WACC). Other factors remaining unchanged, each of the following changes would lead to the carrying amount of the business area being equal to its recoverable amount:

- An average decrease of more than 3.7 per cent in sales prices or an annual decline of 12.9 per cent in sales volume
- An annual increase of 5.9 per cent in the cost of goods sold
- An increase of 14.6 per cent in annual fixed costs
- An increase of 3.0 percentage points in the discount rate

The calculations for all cash-generating units have been made based on existing production capacity, which will be maintained through replacement investments.

Impairment testing conducted at the end of the 2016 financial year did not give rise to the need to recognise impairment losses in the Group’s core businesses. In the Kekkilä Group, the revenue-generating expectations of Norwegian and Russian operations have declined due to weak market development and tighter competition, particularly in the consumer segment. Impairment testing led to a write-down of assets totalling EUR 1.1 million in the Kekkilä Group and a write-down of EUR 0.6 million in Vapo Group.

Allocation of goodwill to cash-generating units:

EUR 1,000	05/2015-04/2016	05/2014-04/2015
Tootsi Turvas	1,219	1,219
Neova AB	306	301
Kekkilä Group	4,273	4,322
Total	5,799	5,842

13. Property, plant and equipment

EUR 1,000	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Prepayments and unfinished acquisitions	Total
Cost 1 May 2015	46,912	111,795	365,839	385,769	57,988	968,303
Translation differences	55	116	568	891	-35	1,596
Acquisition of subsidiaries						0
Increase	717	-599	14,525	6,431	30,442	51,517
Divestment of subsidiaries	-661	-14,445	-28,474	-2,676		-46,256
Decrease	-951	-1,869	-24,098	-15,533	-414	-42,864
Transfers between items		2,649	15,116	22,088	-39,385	469
Cost 30 April 2016	46,072	97,648	343,476	396,972	48,596	932,764
Accumulated depreciation 1 May 2014	-648	-59,710	-234,884	-182,385		-477,628
Translation differences (+/-)		-11	-356	-352		-719
Accumulated depreciation on decrease and transfers	31	1,408	14,598	10,915		26,952
Accumulated depreciation from divestments		11,258	24,700	2,258		38,217
Depreciation for the financial period		-4,275	-17,921	-9,969		-32,165
Impairment*	-52	-138	-148	-138		-476
Accumulated depreciation 30 April 2016	-669	-51,468	-214,011	-179,671		-445,818
Book value 30 April 2016	**45,403**	**46,181**	**129,465**	**217,301**	**48,596**	**486,946**

EUR 1,000	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Prepayments and unfinished acquisitions	Total
Cost 1 May 2014	44,947	115,774	372,288	353,657	59,377	946,042
Translation differences	-89	-485	-2,097	-1,193	-52	-3,916
Acquisition of subsidiaries			149			149
Increase	2,847	1,053	10,843	15,604	34,867	65,215
Divestment of subsidiaries						0
Decrease	-793	-5,813	-30,733	-1,770	-77	-39,187
Transfers between items		1,267	15,390	19,471	-36,127	0
Cost 30 April 2015	46,912	111,795	365,839	385,769	57,988	968,303
Accumulated depreciation 1 May 2014	-532	-60,054	-246,999	-171,302		-478,886
Translation differences (+/-)		212	1,565	226		2,003
Accumulated depreciation on decrease and transfers		4,945	29,252	1,468		35,666
Accumulated depreciation from divestments						0
Depreciation for the financial period		-4,514	-18,457	-12,703		-35,675
Impairment*	-116	-299	-246	-74		-736
Accumulated depreciation 30 April 2015	-648	-59,710	-234,884	-182,385		-477,628

Book value 30 April 2015	46,263	52,085	130,955	203,384	57,988	490,675

* Any depreciation of land and water areas is included in impairment.

The cost of property, plant and equipment includes assets leased through financial leases as follows:

30 April 2016, EUR 1,000	Machinery and equipment	Other tangible assets	Total
Cost	8,093		8,093
Increase	10,000	5,000	15,000
Decrease			0
Accumulated depreciation	-2,217	-208	-2,425
Accumulated depreciation of decreases			0
Book value	**15,877**	**4,792**	**20,668**

30 April 2015, EUR 1,000	Machinery and equipment	Other tangible assets	Total
Cost	8,220		8,220
Increase			0
Decrease			0
Accumulated depreciation	-1,475		-1,475
Accumulated depreciation of decreases			0
Book value	**6,744**	**0**	**6,744**

14. Shares in associates and joint ventures

EUR 1,000	30.4.2016	30.4.2015
Shares in associates	3,720	3,596
Shares in joint ventures	22,433	20,863
Non-depreciated goodwill included in joint ventures	3,823	3,338

Shares in associates and joint ventures

Information on the Group's significant associates and joint ventures:

Name	Primary industry	Domicile	Holding (%) 30.4.2016	30.4.2015
Agroenergi Neova Pellets AB, joint venture	Manufacture and sale of solid wood fuels	Jönköping	50	50
Harvestia Oy, associate	Roundwood wholesale	Helsinki	45	45

Financial information on associates and joint ventures

The Group's significant associates and joint ventures listed in the table are accounted for in the consolidated financial statements
using the equity method. The companies' income statements have been converted to correspond with the financial year of the Group's parent company

EUR 1,000	Harvestia Oy		Agroenergi Neova Pellets AB		Others	
	30.4.2016	30.4.2015	30.4.2016	30.4.2015	30.4.2016	30.4.2015
Current assets	26,055	30,779	39,096	30,957	1,114	1,096
Long-term assets	181	199	22,245	23,860	972	947
Current liabilities	19,698	24,730	20,807	14,866	66	14
Long-term liabilities			2,447	4,035	418	338
Turnover	163,672	178,508	100,155	96,583	723	670
Profit/loss for the period	290	-731	2,588	2,626	-8	-14
Dividends received during the period						
Net assets	6,538	6,247	38,087	35,916	1,602	1,691
Group's holding	45	45	50%	50%		
Group's share of net assets	2,942	2,811	19,044	17,958		
Goodwill			3,841	3,265		
Translation difference			-451	-433		
The associate's/joint venture's carrying amount in the consolidated balance sheet	2,942	2,811	22,433	20,790		

15. Available-for-sale investments

Available-for-sale investments include both quoted and unquoted shares. Quoted shares are measured at fair value. Unquoted shares are measured at cost, as their fair values cannot be reliably determined.

EUR 1,000	**30.4.2016**	**30.4.2015**
Cost 1 January	7,595	7,642
Increase	437	
Decrease	-3	-47
Cost 30 April	8,028	7,595
Book value 30 April	8,028	7,595

16. Long-term receivables

EUR 1,000	**30.4.2016**	**30.4.2015**
Long-term interest-bearing receivables		
Loan receivables from others	3,183	3,183
Total	3,183	3,183
Long-term non-interest-bearing receivables		
From others	1,504	113
Long-term sales and other receivables total	**4,687**	**3,296**

17. Other long-term investments

EUR 1,000	**30.4.2016**	**30.4.2015**
Cost 1 January	346	346
Decrease	-346	0
Cost 30 April	0	346

18. Deferred taxes

The tax rate in force in each country has been applied in determining deferred taxes. Deferred tax assets have not been recognised for all losses, as it has been estimated that the losses cannot be utilised in the near future.

EUR 1,000	1.5.2015	Translation difference	Recognised in the income statement	Recognised in shareholders' equity	Acquired/divested companies	30.4.2016
Itemisation of deferred tax assets						
Losses	2,224	-152	-1,902			170
Provisions	594		98			692
Other items	805	-9	-74			722
Total	3,623	-161	-1,878	0	0	1,584

EUR 1,000	1.5.2015	Translation difference	Recognised in the income statement	Recognised in shareholders' equity	Acquired/divested companies	30.4.2016
Itemisation of deferred tax liabilities						
Depreciation difference and provisions	14,898	12	375	69	-574	14,780
Capitalisation of intangible assets						0
Fair value measurement of intangible and tangible assets in business combinations	3,736	86	-394			3,428
Other items	2		-1			1
Total	18,636	98	-20	69	-574	18,209
Deferred taxes on the balance sheet						
Deferred tax assets						136
Deferred tax liability						16,761
Net tax liability						16,625

EUR 1,000	1.5.2014	Translation difference	Recognised in the income statement	Recognised in shareholders' equity	Acquired/divested companies	30.4.2015
Itemisation of deferred tax assets						
Losses	2,078	-24	170			2,224
Provisions	700		-8			692
Other items	425		98		184	707
Total	3,203	-24	260	0	184	3,623

EUR 1,000	1.5.2014	Translation difference	Recognised in the income statement	Recognised in shareholders' equity	Acquired/divested companies	30.4.2015
Itemisation of deferred tax liabilities						
Depreciation difference and provisions	14,311	-28	615			14,898
Fair value measurement of intangible and tangible assets in business combinations	4,510	-190	-584			3,736
Other accrual differences	194	-9	-235	52		2
Total	19,015	-227	-204	52	0	18,636
Deferred taxes on the balance sheet						
Deferred tax assets						1,759
Deferred tax liability						16,773
Net tax liability						15,013

Deferred tax liabilities and assets are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes related to the same fiscal authority.

On 30 April 2016, the Group had EUR 12.9 million in confirmed losses for which deferred tax assets were not recognised (EUR 5.8 million on 30 April 2015) because the Group is unlikely to accrue taxable income against which the losses could be offset.
The losses in question will not expire.

Deferred tax assets on losses not recognised in the balance sheet amounted to EUR 3.1 million (EUR 1.4 million on 30 April 2015).

19. Inventories

EUR 1,000	2016	2015
Materials and supplies	39,604	43,554
Unfinished products	9,094	8,914
Finished products	99,063	124,310
Prepayments from inventories	171	5,291
Inventories total	147,931	182,068

The book value of inventories does not include essential entries of items at net realisation value.

20. Sales and other receivables

EUR 1,000	2016	2015
Sales receivables		
Sales receivables (from others)	75,453	74,643
Sales receivables from associates	69	912
	75,522	75,555
Short-term other receivables and accrued income		
Loan receivables (from others)	5,299	7,703
Other short-term receivables	3,131	6,598
Accrued income (from others)	8,728	12,112
Accrued income from associates	17	1,439
	17,175	27,852
Financial assets measured at fair value through profit or loss		
Derivative instruments - no hedge accounting	142	85
Sales and other receivables total	92,839	103,491

The short-term sales receivables are divided by currency as follows:

EUR 1,000	2016	2015
EUR	51,306	51,411
USD	1,257	2,385
GBP	0	1,490
SEK	20,144	17,360
Other currencies	2,815	2,909
Total	75,522	75,555

Age distribution of sales receivables and items recognised as credit losses

EUR 1,000	2016	2015
Undue	72,488	71,099
Due under 30 days	2,398	3,738
Due 31–60 days	413	454
Due 61–91 days	170	164
Due over 90 days	54	101
Total	75,522	75,555
Credit losses	34	96

21. Cash and cash equivalents

EUR 1,000	2016	2015
Cash in hand and in bank	9,415	4,147

22. Notes to equity

Shareholders' equity
Vapo Oy has one class of shares. The total number of shares is 30,000. Vapo's share capital on 30 April 2016 amounted to EUR 50,456,377.90. The nominal value of the share has not been defined. There are 30,000 shares outstanding.

Descriptions of the equity funds are presented below:

The contingency fund includes the free contingency fund formed in connection with the incorporation of Vapo Oy
based on the act on the founding of Vapo Oy (1015/1983).
Translation differences comprise foreign exchange-denominated changes in foreign subsidiaries' equity and post-acquisition retained earnings.

23. Financial liabilities

EUR 1,000	2016	2015
Long-term financial liabilities measured at amortised cost		
Bonds	178,909	158,848
Convertible bonds		
Subordinated loans	5,000	5,000
Loans from financial institutions	145,690	125,410
Financial leasing liabilities	19,847	6,434
Total	349,446	295,691
Short-term financial liabilities measured at amortised cost		
Loans from financial institutions	27,083	96,007
Commercial papers	6,499	15,798
Financial leasing liabilities	1,056	402
Other liabilities to associates	166	225
Other liabilities	211	6
Total	35,016	112,439

Long-term debt repayment schedule (per calendar year)

EUR 1,000	2016	2017	2018	2019	2020	2021 - >	Total
Bonds	0	98,909	10,000	0	0	50,000	**178,909**
Subordinated loans	0	0	0	0	5,000	0	**5,000**
Loans from financial institutions	27,641	0	25,000	60,000	50,000	30,131	**172,772**
Financial leasing liabilities	701	1,067	1,085	5,960	661	11,429	**20,903**
	28,342	**99,976**	**36,085**	**65,960**	**55,661**	**91,560**	**377,584**

The interest-bearing long-term liabilities are divided by currency as follows:

EUR 1,000	2016	2015
EUR	377,025	325,316
SEK	0	66,024
OTHER	559	751
Total	377,584	392,091

The interest-bearing liabilities are measured at nominal values in the financial statements as they are equal to the fair values.

Financial leasing liabilities

EUR 1,000	2016	2015
Total amount of minimum rents		
In less than one year	1,242	498
In more than one year and not more than 5 years	9,206	6,736
Later than in five years	11,636	0
Minimum rents total	22,085	7,235
Residual value liability of financial leases	11,856	4,856
Current value of minimum rents		
In less than one year	1,055	402
In more than one year and not more than five years	8,640	6,434
Later than in five years	11,207	0
Current value of minimum rents total	20,902	6,835

24. Long-term non-interest-bearing debt

EUR 1,000	2016	2015
Connection fee debt	5,065	4,768
Advances received	978	967
Other liabilities	0	0
Total	6,043	5,735

25. Provisions

EUR 1,000	Environmental expense provisions	Other provisions	Total
Provisions 1 May 2015	7,790	217	8,007
Translation difference	72		72
Increases in provisions	901	57	958
Used provisions	-882	-18	-900
Acquisition/divestment of subsidiaries	-47		-47
Provisions 30 April 2016	7,834	255	8,090

EUR 1,000	Environmental expense provisions	Other provisions	Total
Provisions 1 April 2014	8,636	237	8,873
Increases in provisions	1,119	7	1,126
Used provisions	-1,669	-27	-1,696
Cancellations of unused provisions	-296		-296
Provisions 30 April 2015	7,790	217	8,007

26. Pension liabilities[SK2]

The statutory pension security of the Group's Finnish companies is arranged with a Finnish pension insurance company. The statutory employment security is a defined contribution plan.
The Group's Estonian subsidiary AS Tootsi Turvas has defined contribution pension plans as well as a defined benefit pension plan under which the company is obligated to pay a fixed pension to 17 employees under pre-specified conditions. The average gross monthly wage in Estonia in 2001 is the basis of the benefit. This sum is adjusted annually in accordance with the change in the cost-of-living index and factors related to the person's employment relationship. The liability to pay the pension benefit arises when the employee entitled to the benefit turns 65. The liability is discounted on the basis of the estimate that the liability will continue until 2042, considering the statistical life expectancy.

EUR 1,000	1.5.2015-30.4.2016	1.5.2014-30.4.2015
Liability shown in the balance sheet at the start of the period	3,302	3,084
Expenses in the income statement	368	401
Contributions made to the plan	-188	-183
Reclassification of items into other comprehensive income		
Liability shown in the balance sheet on 30 April	3,482	3,302
Actuarial assumptions		
Discount rate, %	1.00%	1.00%

27. Accounts payable and other short-term debt

EUR 1,000	**2016**	**2015**
Short-term financial liabilities measured at amortised cost		
Advances received	14,540	18,568
Accounts payable	26,791	25,216
Accounts payable to associates	15,605	14,556
	56,936	58,340
Other liabilities	7,993	7,440
Interest liabilities and other financial liabilities	3,562	3,047
Salary and social expense allocations	9,206	11,694
Other accrued expenses	6,931	7,198
Short-term financial liabilities measured at fair value through profit or loss		
Derivative instruments - no hedge accounting	1,681	3,317
Total	86,310	91,037

The short-term accounts payable are divided by currency as follows

EUR 1,000	**2016**	**2015**
EUR	33,622	32,107
USD	16	-2
GBP	0	84
SEK	7,935	6,821
Other currencies	823	761
Total	42,397	39,772

28. Financial and commodity risk management

The company's operations are exposed to diverse financial risks. The primary aim of financial risk management is to minimise the negative effects of market prices of currencies and interest rates related to operation on the Group's profit and cash flow as well as ensure the liquidity of the Group. The main financial risks are currency risk, interest rate risk and liquidity risk. The Group treasury, guided by the financial policy ratified by the Board of Directors, is responsible for identifying and managing financial risks.

The Group treasury acts as a counterparty for the Group's subsidiaries and takes care of external fundraising centrally. It is also responsible for the administration of cash assets and cash flows as well as hedging measures according to the financial policy. The Group's risk management tools include currency derivatives and options, currency swaps, foreign currency loans, interest rate swaps and diverse commodity derivatives.

Currency risk

The Group operates internationally and is therefore exposed to currency risks. Currency risks arise from exports and imports, the Group's internal trade, the Group's currency-denominated internal financing (transaction risk) and currency-denominated net investment in foreign subsidiaries (translation risk). The majority of the turnover is generated in the euro area. The Group's most significant internal financing currencies are the Swedish and Norwegian krona.

The hedging policy is to hedge essential currency exposures in full. The currency exposures comprise currency-denominated receivables, liabilities and order backlogs. In addition, the Group's internal financing items are hedged with regard to SEK and NOK. The hedging complies with the Group's financing policy, but hedge accounting is not applied to these items. The Group treasury makes currency forwards in the market mainly in the name of the subsidiary. Foreign exchange-denominated loans are always in the name of the Group's parent company. Vapo's transaction risk at the end of the year translated into euros at the exchange rate of the closing date was:

MEUR	**2016**				**2015**			
	Exposure	Hedging	**Net**	**Hedging %**	Exposure	Hedging	**Net**	**Hedging %**
DKK	5.7	0.0	**5.7**	**0%**	5.5	0.0	**5.5**	**0%**
EUR	2.0	2.0	**0.0**	**100%**	-	-	**0.0**	-
GBP	-	-	**-**	**-**	4.1	4.0	**0.2**	**96%**
NOK	5.9	5.9	**0.0**	**100%**	5.5	5.5	**0.0**	**100%**
RUB	-	-	**-**	**-**	0.4	0.0	**0.4**	**0%**
SEK	96.2	96.2	**0.0**	**100%**	148.7	148.7	**0.0**	**100%**
USD	1.1	1.1	**0.0**	**100%**	1.3	-1.3	**2.6**	**-97%**
Total	**110.9**	**105.2**	**5.7**	**95%**	**165.6**	**156.9**	**8.7**	**95%**

The Group has foreign net investments and it is, therefore, exposed to risks emerging from the translation of currency-denominated investments into the parent company's operating currency (translation risk). Currency-denominated net investments in subsidiaries are not hedged. The most significant translation risks are in the Swedish, Norwegian and Danish krona.

At the closing date, the Group's net investments in euros were:

MEUR	**2016**	**2015**
DKK	14.7	14.7
NOK	8.9	8.9
RUB	0.4	0
SEK	36.7	36.7
Total	**62.9**	**60.3**

The table below indicates the strengthening or weakening of the euro against the Group's main currencies: Net investments in subsidiaries are not included in the sensitivity analysis. The currency risk sensitivity analysis is based on the Group-level total currency exposure, taking into account the currency hedging made. The total combined effect of a change of +/- 10 per cent of the exchange rate of the euro against other currencies is presented below.

MEUR		**2016**	**2015**
Euro strengthens by 10%	+/-	**- 0.6**	**- 0.2**
Euro weakens by 10%	+/-	**0.6**	**0.2**

Liquidity and refinancing risk

The Group's liquidity remained good during the financial year and the Group's financing needs were managed smoothly. A total of EUR 85 million of new long-term loans were withdrawn. Of this total, EUR 50 million was in bilateral credit with a maturity of five years, EUR 20 million was in private placement loans with a maturity of 15 years, and EUR 15 million was in sale and leaseback arrangements with a maturity of 10 years. In addition, the Group refinanced a EUR 50 million standby credit facility for a period of four years. The loans withdrawn were used for refinancing maturing loans and covering other general working capital needs. Of the EUR 150 million commercial paper programme, EUR 6.5 million had been withdrawn at the end of the financial period. Standby credit facilities, totalling EUR 100 million, were fully unused during the financial period. Financing needs during the current financial year are substantially lower than in the previous period, and a significant proportion of the necessary financing arrangements for the new financial year have already been made. The next significant financing event will take place at the start of the next financial year, when a EUR 100 million bond will need to be refinanced.

The Group actively monitors the amount of financing required by the business operations so that the Group's liquidity is sufficient for financing the operations and the Group is able to cover also other financing obligations. Liquidity is managed by balancing the proportional share of short-term and long-term loans and the repayment schedules of long-term loans. In addition, the risk related to the availability and price of financing is managed by distributing fundraising among different banks and markets.

During the financial period, Vapo met the covenants and other terms and conditions related to its financing agreements. The Group's equity ratio at the closing date was 37.6 per cent. Bilateral loan agreements include a 35 per cent equity covenant and a change-of-control clause, according to which the combined holding of the current owners (the Finnish State and Suomen Energiavarat Oy) must remain above 50%. Bonds also include a change of control clause but they do not include a financial covenant. The Group's long-term private placement bonds maturing in 2030 (amounting to EUR 70 million in total) include a clause related to Vapo Group's credit rating. According to the clause, the investor has the right to demand the partial or full repayment of debt in the event that Vapo's credit rating falls by two notches from its current level of BBB. However, this credit rating condition is not a covenant. Vapo was issued a credit rating in November 2014 (BBB) and the credit rating is due to be reviewed in late 2016.

The cash flows of the repayments and financial expenses related to Vapo's interest-bearing debt and cash flows of derivatives were as follows:

MEUR	**< 1 year**	**1–5 years**	**> 5 years**
Long-term loans			
Repayments	28.3	257.7	91.6
Financial expenses	5.7	20.5	27.9
Short-term loans			
Repayments	6.7	-	-
Financial expenses	0.0	-	-
Derivative liabilities			
Income	5.9	4.8	0.0
Expenses	4.4	7.2	0.0
Total	**51.1**	**290.1**	**119.5**

Interest rate risk

The Group's interest-bearing net debt stood at EUR 366.6 million (EUR 393.1 million) on the balance sheet date. The Group aims to hedge against the essential impacts on the interest-bearing liabilities and receivables on the balance sheet caused by changes in interest rates. Interest rate swaps are primarily used as hedging instruments. Interest rate risk is measured with the average interest rate tying period of the debt portfolio (gap). The average interest rate tying period of the debt portfolio on 30 April 2015, including derivative instruments, was 3.8 (3.3) years. The weighted average interest rate of long-term loans including hedging was 2.6 (2.6) per cent.

The interest rate risk sensitivity analysis is based on the combined company-level interest rate risk comprised of interest-bearing liabilities and derivatives, such as interest rate swaps that hedge against interest rate risk. An increase of interest rates by one percentage point, with the other factors remaining unchanged, would increase the interest expenses of Vapo's interest-bearing liabilities and receivables that will be repriced within the next 12 months by EUR +1.4 million excluding tax effects.

Interest rate derivatives are measured at full market value and the effect of changes is recognised in the income statement.

Market risk of investing activity
The Group is exposed to price risk due to fluctuation in the market prices of publicly quoted shares in its operations. The Group divested all of its quoted shares during the financial period. The effect on profit or loss was recognised in financial items in the income statement.

Counterparty and credit risk
Counterparty risks related to depositing cash assets and financing and commodity derivative instruments are managed by only making agreements and transactions with creditworthy parties that operate actively in the market.

The business units are liable for credit risks related to commercial receivables. Business-related credit risk is decreased through credit insurance and customer-specific credit limits, among other measures.

The Group does not have any significant concentrations of credit risk.

Price risk of emission rights
Some of the Group's power plants are included in the sphere of the EU emissions trading system. The Group received emission rights without consideration for the financial period, in addition to which emission rights were obtained from the market to fulfil the obligations for 2014. In addition, emission reduction units (CER) from funds were utilised.

During the current emissions trading period, 2013–2020, the Group will not receive all of the emissions rights it needs in the national allocation plan. The Group obtains the majority of the emission rights it needs from the EU emission trading market, in addition to which the Group purchases emission reduction units from Nefco Carbon Fund. The fund produces certified emission reductions (CER), which can be used to cover the Group's emission obligations to a limited extent.

Price risk of electric energy
The Group's Finnish companies purchase electric energy from the market, and correspondingly the electricity generated by the power plants is sold to the market. The price risk of physical electricity is hedged using derivative instruments in accordance with the electricity trading policy. An electricity broker chosen as the partner is responsible for the practical hedging measures related to electricity trading and related investigations. The maturity of the hedges made ranges from 1 month to 5 years. The amount of energy covered by hedging is 189 GWh.

Capital management
The aim of the Group's capital management is to facilitate growth according to the strategy of the business operations while optimising the total costs of capital. The aim with regard to capital structure is to keep the Group's equity ratio at a minimum of 37 per cent. On 30 April 2016, the equity ratio was 37.6 (37.9) per cent. In accordance with the dividend policy, Vapo Oy aims to annually distribute 50 per cent of the annual profit shown in the parent company's financial statements on average, unless this compromises the preconditions for financing.

Net gearing was as follows:

EUR 1,000	2016	2015
Interest-bearing debt	384,461	408,130
Interest-bearing receivables	-8,482	-10,708
Cash and cash equivalents	-9,415	-4,147
Net debt	366,563	393,275
Shareholders' equity total	288,183	305,362
Net gearing	127.2%	128.8%

29. Fair values of financial assets and liabilities

EUR 1,000	30.4.2016			30.4.2015		
Agreement	Positive Fair value	Negative Fair value	Net Fair value	Positive Fair value	Negative Fair value	Net Fair value
Interest rate derivatives, no hedge accounting	3,342	-3,626	-284	5,788	-7,931	-2,143
Currency derivatives, no hedge accounting	156	-14	142	85	-581	-496
Electricity derivatives, no hedge accounting	63	-1,382	-1,319	87	-739	-652
Oil derivatives, no hedge accounting	0	0	0	14	0	14
Emission right derivatives, no hedge accounting	0	-78	-78	0	46	46
Short-term derivative agreements	3,561	-5,100	-1,539	5,974	-9,205	-3,231

EUR 1,000	2016	2015
Nominal value of interest rate derivatives	235,000	319,883
Nominal value of currency derivatives	107,640	95,151
Nominal value of electricity derivatives	5,588	6,690
Nominal value of oil derivatives	0	317
Nominal value of emission rights	1,054	289
Short-term	349,282	422,329

Fair value hierarchy

Vapo determines and presents the fair value classification of financial instruments according to the following hierarchy:
- Level 1. Financial instruments for which there is a publicly quoted market price
- Level 2. Instruments whose measurement uses directly observable market prices
- Level 3. Instruments with no direct market prices available for measurement.

Level 1 includes stock exchange-listed shares, level 2 derivatives and level 3 investments in unquoted shares.

EUR 1,000	2016 Total	Taso1	Taso2	Taso3	2015 Total	Taso1	Taso2	Taso3
ASSETS MEASURED AT FAIR VALUE								
Available-for-sale financial assets								
Available-for-sale investments	0	-	-	0	0	-	-	0
Financial assets measured at fair value through profit or loss - held for trading								
Derivatives - no hedge accounting	142	-	142	-	85	-	85	-
Total	**142**	**0**	**142**	**0**	**85**	**0**	**85**	**0**
LIABILITIES MEASURED AT FAIR VALUE								
Financial liabilities measured at fair value through profit or loss - held for trading								
Derivatives - no hedge accounting	1 681	-	1,681	-	3,317	-	3,317	-
Total	**1,681**	**0**	**1,681**	**0**	**3,317**	**0**	**3,317**	**0**

30. Subsidiaries and significant non-controlling interests

The following table presents information on the Group’s structure on the financial statements date

		Number of wholly-owned subsidiaries	
Primary industry	Country	2016	2015
Energy business	Finland	4	4
Energy business	Sweden	2	2
Energy business	Estonia	1	1
Energy business	Denmark	1	1
Agricultural peat business	Finland	1	1
Agricultural peat business	Sweden	1	1
Agricultural peat business	Norway	1	1
Agricultural peat business	Estonia	1	1
Agricultural peat business	Spain	1	1
Water protection	Finland	1	
Recycling business	Russia	1	1
Sawmill business	Finland		1

		Number of partly-owned subsidiaries	
Primary industry	Country	2016	2015
Energy business	Finland	1	1
Agricultural peat business	Norway	1	1

As the Group has de facto control over Piipsan Turve Oy based on a shareholders’ agreement, the company is consolidated as a subsidiary.

A full list of the Group’s subsidiaries is provided in Note 31 “Transactions with related parties”

Itemisation of significant non-controlling interests in the Group

EUR 1,000	Share of profit/loss attributable to non-controlling interests		Share of equity attributable to non-controlling interests	
	2016	2015	2016	2015
Subsidiaries in which there are non-controlling interests, but which are not significant individually	-52	761	1,039	1,210
	1.2%	4.1%	0.4%	0.4%

31. Contingent commitments

EUR 1,000	**2016**	**2015**
Guarantees given on behalf of own commitments		
Mortgages given (as collateral for loans)	6,772	7,442
Guarantees	29,147	26,197
Assets pledged	4	4
Total	35,923	33,644
Contingent commitments on behalf of Group companies		
Guarantees	16,826	14,429
Other contingent commitments	0	0
Total	16,826	14,429
Contingent commitments on behalf of associates		
Guarantees	4,300	4,500
Contingent commitments on behalf of others		
Guarantees	0	880
Other rental liabilities		
Rental liabilities maturing in less than one year	2,723	3,470
Rental liabilities maturing later	4,501	5,716
Total	7,224	9,186

The Group has leased machinery and equipment, vehicles and computer hardware. Leased production machinery and equipment, with a capital value of EUR 9.3 million on the closing date, comprise the most significant part of the leases. There are no agreements in the acquisition period. The duration of the rental agreements is ten years. The agreements include an option, but not an obligation, to continue the agreement after the original ending date.

The Group has land lease agreements for peat production. At the end of the financial year, annual and land area-based lease liabilities totalled EUR 13.2 million.

Year of payment	Lease amount (based on 2015)	Number of agreements	Year of payment	Lease amount (based on 2015)	Number of agreements	Year of payment	Lease amount (based on 2015)	Number of agreements
2016	1,082,337	1,158	2030	396,773	336	2044	34,325	33
2017	1,062,293	1,116	2031	332,768	287	2045	28,496	29
2018	1,043,633	1,065	2032	294,341	270	2046	26,643	25
2019	997,290	1,021	2033	244,818	213	2047	18,162	20
2020	909,708	966	2034	219,582	195	2048	17,142	16
2021	895,155	925	2035	154,898	139	2049	15,930	15
2022	862,597	879	2036	117,349	110	2050	14,693	14
2023	729,093	592	2037	108,590	103	2051	14,061	11
2024	662,882	567	2038	96,870	93	2052	9,805	3
2025	627,040	535	2039	86,088	88	2053	9,600	2
2026	546,972	444	2040	76,798	80	2054	9,600	2
2027	488,908	425	2041	45,022	44	2055	280	1
2028	444,865	364	2042	41,882	40	2056	280	1
2029	424,694	355	2043	35,774	35			

Other financial liabilities

Companies are obligated to revise their value added tax deductions for completed property investments if the taxable use of the property decreases during the period under review.

	Maximum liability EUR 1,000	Last review year
Investment completed in 2008	366	2017
Investment completed in 2009	428	2018
Investment completed in 2010	47	2019
Investment completed in 2011	785	2020
Investment completed in 2012	93	2021
Investment completed 012013-042014	77	2023
Investment completed 052014-042015	238	2024
Investment completed 052015-042016	525	2025
Total	**2,558**	

32. Transactions with related parties

Business transactions and open balances with related parties

Vapo complies with the provisions of the Finnish Limited Liability Companies Act and IAS24 with regard to monitoring transactions with related parties. The Group's related parties include its subsidiaries and associates. The related parties also include the Managing Directors of Group companies, the members of Supervisory Boards and Boards of Directors, and the members of Vapo Group's management team. The spouses and other family members living in the same household of the aforementioned individuals are also considered related parties. The related parties can also include entities under the control or influence of the aforementioned individuals.

In order to reliably monitor transactions with related parties, Vapo maintains a Group register of related parties. The information in the register is obtained from the related parties themselves annually. The register is not public and the information it contains are not disclosed to third parties with the exception of the authorities and the auditor.

The Group's parent and subsidiary relationships are as follows:

	Country	Holding, %	Share of votes, %
Parent company Vapo Oy			
Vapo Timber Oy	Finland	100.00	100.00
Kekkilä Oy	Finland	100.00	100.00
Suo Oy	Finland	100.00	100.00
Piipsan Turve Oy	Finland	48.00	48.00
Hanhisuon Turve Oy	Finland	100.00	100.00
Forest BtL Oy	Finland	100.00	100.00
Salon Energiantuotanto Oy	Finland	100.00	100.00
Vapo Clean Waters Oy	Finland	100.00	100.00
Neova AB	Sweden	100.00	100.00
AS Tootsi Turvas	Estonia	100.00	100.00
Vapo A/S	Denmark	100.00	100.00
Subsidiary shares held by Neova AB			
Brostorpsmossen	Sweden	100.00	100.00
Subsidiary shares held by Kekkilä Oy:			
Hasselfors Garden AB	Sweden	100.00	100.00
Hasselfors Garden AS	Norway	100.00	100.00
Andøytorv AS	Norway	60.00	60.00
Kekkilä Eesti Oü	Estonia	100.00	100.00
Kekkilä Rus	Russia	100.00	100.00
Kekkilä Iberia S.L.	Spain	100.00	100.00

A list of the Group's significant associates and joint ventures is provided in Note 14 "Shares in associates and joint ventures".

Transactions with, receivables from and liabilities to related parties

EUR 1,000	2016	2015
Associates		
Sales	8,776	11,264
Purchases	-45,379	-65,402
Receivables	80	1,344
Liabilities	14,909	14,064
Joint ventures		
Sales	445	167
Purchases	-3,877	-3,115
Receivables	7	1,007
Liabilities	890	745

Management salaries and fees are itemised in Note 7 "Expenses arising from staff benefits".

Senior management's employment benefits and loan receivables

The senior management comprises the Board of Directors, CEO and the rest of the Management Team.

The CEO and members of the Group Management Team have an incentive bonus linked to financial targets amounting to, at a maximum, 20–40% of the annual salary. In accordance with the decision of the Board of Directors, the main principles used to determine this incentive bonus are linked to Vapo Group's profit and cash flow.

The CEO's period of notice is six months if he is dismissed by the Board of Directors, in addition to which he is entitled to compensation corresponding to 12 months' salary. If the CEO resigns, the period of notice is six months.

The company does not have share option plans.

The CEO's retirement age is set at 63 years.

Members of the Group Management Team, including the CEO, are covered by the pension scheme pursuant to the Employees' Pensions Act. They are entitled to a defined contribution collective supplementary pension insurance to which Vapo contributes an amount equivalent to 10 per cent of their total annual salary (12 x monthly salary), excluding bonuses, every year. The company has an agreement with a pension insurance company on said supplementary pension rights.

There were no loan receivables from the senior management on 30 April 2016 and 30 April 2015.

Parent company's financial statements 2016, FAS

Parent company's income statement

EUR 1,000	Note	1.5.2015-30.4.2016	1.5.2014-30.4.2015
TURNOVER	2	251,978	244,831
Change in stock levels of finished and unfinished products		-12,614	33,189
Production for own use		84	29
Other operating income	3	7,574	27,449
Materials and services	4	-103,555	-131,429
Personnel expenses	5	-26,443	-27,447
Depreciation and impairment	6	-19,991	-23,901
Other operating expenses	7	-88,616	-76,506
Operating profit		8,417	46,217
Financial income	8	7,584	7,945
Financial expenses	8	-14,252	-23,079
Profit before appropriations and taxes		1,749	31,083
Appropriations	10	-323	-1,846
Direct taxes	11	-1,251	-2,973
PROFIT FOR THE PERIOD		175	26,264

Parent company's balance sheet

EUR 1,000		30.4.2016	30.4.2015
ASSETS			
Non-current assets			
Intangible assets	12	6,934	7,352
Tangible assets	13	323,383	329,366
Investments	14	133,251	144,060
		463,568	480,778
Current assets			
Inventories	15	103,839	119,629
Long-term receivables	16	128,798	126,553
Short-term receivables	17	67,126	72,493
Cash on hand and in the bank		7,516	3,333
		307,281	322,008
ASSETS		770,849	802,786

LIABILITIES			
Shareholders' equity			
Share capital		50,456	50,456
Other funds		30,096	30,096
Retained earnings		170,551	156,287
Profit/loss for the period		175	26,264
Shareholders' equity total	18	251,279	263,104
Accrual of appropriations		61,540	61,217
Mandatory provisions	19	3,273	2,778
Liabilities			
Long-term interest-bearing liabilities	20	324,370	283,829
Long-term non-interest-bearing liabilities	20	6,043	5,735
Current interest-bearing liabilities	21	66,192	139,791
Current non-interest-bearing liabilities	21	58,152	46,332
Liabilities total		454,757	475,686
LIABILITIES		770,849	802,786

Parent company's cash flow statement

EUR 1,000	**30.4.2016**	**30.4.2015**
Cash flow from operating activities		
Profit/loss for the period	175	26,264
Adjustments to the result for the period		
Depreciation and impairment	19,991	23,901
Financial income and expenses	6,668	15,134
Income taxes	1,251	2,973
Other adjustments	8,906	-23,693
Adjustments to the profit/loss for the period total	36,815	18,315
Change in working capital		
Increase (-)/decrease (+) in inventories	11,089	-34,902
Increase (-)/decrease (+) in short-term non-interest-bearing business receivables	-6,421	-557
Increase (+)/decrease (-) in short-term non-interest bearing debt	11,453	6,854
Change in provisions	494	-560
Change in working capital total	16,615	-29,165
Interest paid from operating activities	-9,595	-7,817
Interest received from operating activities	3,902	4,276
Other operating expenses from operating activities	-4,097	366
Taxes paid on operating activities	-1,385	-15,575
Cash flow before extraordinary items	42,431	-3,335
Cash flow from extraordinary items of operating activities		
Cash flow from operating activities	**42,431**	**-3,335**

Cash flow from investing activities		
Investments in tangible and intangible assets	-29,521	-48,798
Proceeds from disposal of tangible and intangible assets	18,998	3,903
Subsidiary shares bought	-1,050	-663
Subsidiary shares sold	3,600	8,300
Other investments	-90	
Proceeds from disposal of other investments	0	25
Increase (-)/decrease (+) in long-term loan receivables	2,844	-28,719
Increase (-)/decrease (+) in short-term loan receivables	9,346	17,981
Dividends received from operating activities	92	225
Cash flow from investing activities	**4,218**	**-47,746**
Cash flow from financing activities		
Increase (+)/decrease (-) in short-term loans	-3,692	-29,303
Proceeds from long-term loans	70,137	144,174
Repayment of long-term loans	-96,912	-48,568
Dividends paid	-12,000	-12,000
Group contributions paid	0	0
Cash flow from financing activities	**-42,466**	**-3,955**
Change in cash and cash equivalents	**4,183**	**-55,036**
Cash and cash equivalents opening balance	3,333	110
Change in cash and cash equivalents	4,183	-55,036
Cash and cash equivalents at end of period	7,517	-54,926
Cash and cash equivalents related to mergers and acquisitions		

Parent company's notes

1. Accounting principles applied in the financial statements

Vapo Oy's financial statements have been prepared in accordance with the Finnish Accounting Act. The Group has adopted the international financial reporting standards (IFRS) as of 1 January 2006.

Currency-denominated items and derivative agreements
Foreign exchange-denominated business transactions are recognised at the exchange rate of the transaction date and assets and liabilities on the balance sheet at the closing date are translated at the exchange rate on the closing date. Exchange rate differences are recognised in exchange rate differences in financing. Derivative agreements made to cover currency risks are measured at the exchange rate at the closing date. The interest factor included in derivatives is allocated to the agreement period, and exchange rate differences of agreements hedging liabilities or receivables on the balance sheet are recorded as exchange rate differences in financial income and expenses.

Turnover and principles of revenue recognition
Revenue recognition takes place when the output is handed over. In calculating turnover, the indirect taxes, discounts granted and complaint-related reimbursement is deducted from the proceeds of sale.

Other operating income and expenses
Other operating income includes capital gains from property, plant and equipment, rental revenue, gains from emission rights sold and received subsidies. Other operating expenses include capital losses from

property, plant and equipment, actual expenses of emission rights and sale freight expenses, credit losses, sales provisions and other operating expenses.

Research and development expenditure
Research and development expenditure is recognised through profit or loss for the year during which they are incurred.

Property, plant and equipment and depreciation
The balance sheet values of property, plant and equipment is based on initial cost less annual depreciation and impairment. Property, plant and equipment is depreciated according to plan based on the financial useful life using the straight-line method or based on use. Economic lifetimes are 5–10 years for intangible assets and 3–40 years for tangible assets.

Emission rights
Emission rights are handled as intangible rights measured at cost. The measurement value of emission rights received without consideration is nil. A provision for fulfilling the obligation to return the emission rights is recorded if the emission rights received without consideration are not sufficient to cover the actual amount of emissions. Therefore, the possible impact on the result is the difference between actual emissions and emission rights received.

Leasing
In the parent company's financial statements, leasing fees are recognised as an annual expense.

Inventories
Inventories are measured at the less of cost or probably replacement value or sales price. The value of inventories is determined using the FIFO method.
The cost of inventories also includes the allocated part of fixed procurement and manufacturing expenses, which as allocated to products according to the normal utilised capacity of the production unit. The inventories of peat production include peat reserved processed ready for sale, i.e. the peat sales inventory. Peat reserves not processed ready for sale are handled as peat substance in fixed assets and depreciated according to use.

Taxes
Income taxes are recognised in accordance with Finnish tax legislation. Deferred tax assets are presented in the notes.

2. Turnover

Turnover by market area

EUR 1,000	2016	2015
Finland	246,899	236,571
Other countries	5,080	8,260
Total	251,978	244,831

3. Other operating income

EUR 1,000	2016	2015
Rental revenue	511	673
Grants and public subsidies	248	291
Capital gains from equity	3,907	10,492
Other income	2,908	15,994
Total	7,574	27,449

4. Materials and services

EUR 1,000	2016	2015
Purchases during the financial period	-53,582	-62,182
Change in inventories	-918	5,933
External services	-49,056	-75,180
Total	-103,555	-131,429

5. Notes concerning personnel and members of administrative bodies

EUR 1,000	2016	2015
Personnel expenses		
Salaries and fees	-21,308	-22,094
Pension expenses	-4,086	-3,777
Other personnel expenses	-1,049	-1,576
Total	-26,443	-27,447
Management salaries, fees and fringe benefits total		
CEO and CEO’s deputy	456	429
Members of the Board of Directors	181	183
Members of the Supervisory Board	23	22
Other Management Team members	1,375	1,280
Total	2,035	1,915
Number of personnel		
Average during the financial period	451	466

6. Depreciation and impairment

EUR 1,000	2016	2015
Intangible rights	-2,125	-2,700
Buildings and structures	-1,695	-1,705
Machinery and equipment	-9,633	-10,047
Other tangible assets	-6,384	-8,732
Planned depreciation	-19,837	-23,184
Impairment of equity assets	-154	-716
Planned depreciation and impairment total	-19,991	-23,901

7. Other operating expenses

EUR 1,000	2016	2015
Rents	-8,596	-7,886
Cost of sales freight	-35,622	-34,995
Capital losses from equity	-7,790	-142
Audit costs, actual audit	-113	-64
Audit costs, other expert services	-113	-35
Audit costs, tax advice	0	-9
Audit costs	-227	-108
Other expenses	-36,381	-33,375
Other operating expenses total	-88,616	-76,506

8. Financial income and expenses

EUR 1,000	2016	2015
Dividend income from Group companies	50	221
Dividend income from others	41	4
Income from shares	92	225
Interest income from Group companies	3,431	3,453
Interest income from others	301	69
Other financial income from others	20	627
Other interest and financial income	3,751	4,149
Interest expenses to Group companies	-100	-38
Interest expenses to others	-9,755	-8,493
Other financial expenses to others	-611	-770
Other interest and financial income	-10,467	-9,301
Financial income and expenses total	-6,624	-4,927
Foreign exchange gains	3,741	3,571
Foreign exchange losses	-3,784	-4,028
Exchange rate differences in financing	-44	-457
Impairment of Group shares and receivables	0	-9,750

9. Appropriations

EUR 1,000	2016	2015
Change in depreciation difference		
Intangible assets	370	-10
Buildings and structures	190	214
Machinery and equipment	-1,555	-1,293
Other tangible assets	992	-756
Total	-3	-1,846
Change in voluntary provisions		
Increase in replacement reserve	-320,000	
Use of replacement reserve		
Total	-320,000	0

10. Direct taxes

EUR 1,000	2016	2015
Income taxes from actual operations	-1,255	-2,946
Taxes for previous financial periods	4	-27
Total	-1,251	-2,973

11. Intangible assets

EUR 1,000	Intangible rights	Other intangible assets	Prepayments	Total
Cost 1 May 2015	23,551	1,713	290	25,553
Increase	864		1,537	2,401
Decrease	-791		-126	-917
Transfers between items	567		-567	0
Cost 30 April 2016	24,191	1,713	1,134	27,037
Accumulated depreciation 1 May 2015	-18,180	-22	0	-18,201
Accumulated depreciation on decrease and transfers	222			222
Depreciation for the financial period	-2,056	-69		-2,125
Accumulated depreciation 30 April 2016	-20,014	-90	0	-20,104
Book value 30 April 2016	**4,177**	**1,623**	**1,134**	**6,933**

EUR 1,000	Intangible rights	Other intangible assets	Prepayments	Total
Cost 1 May 2014	22,987		430	23,416
Increase	571	1,713	353	2,636
Decrease	-499			-499
Transfers between items	493		-493	0
Cost 30 April 2015	23,551	1,713	290	25,553
Accumulated depreciation 1 May 2014	-15,501			-15,501
Accumulated depreciation on decrease and transfers				0
Depreciation for the financial period	-2,678	-22		-2,700
Accumulated depreciation 30 April 2015	-18,180	-22	0	-18,201
Book value 30 April 2015	**5,371**	**1,691**	**290**	**7,352**

12. Tangible assets

EUR 1,000	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Prepayments and unfinished acquisitions	Total
Cost 1 May 2015	39,657	53,430	222,324	282,051	51,450	648,912
Increase	548	-607	3,526		23,676	27,142
Decrease	-790	-1,898	-22,194	-14,981	-224	-40,086
Transfers between items		2,206	11,540	19,588	-33,333	0
Cost 30 April 2016	39,415	53,130	215,196	286,658	41,569	635,968
Accumulated depreciation 1 May 2015	-299	-30,676	-146,384	-142,187		-319,547
Accumulated depreciation on decrease and transfers		1,459	12,821	10,445	0	24,725
Depreciation for the financial period	-52	-1,695	-9,633	-6,384	0	-17,764
Accumulated depreciation 30 April 2016	-351	-30,912	-143,196	-138,126		-312,585
Book value 30 April 2016	**39,064**	**22,218**	**72,000**	**148,532**	**41,569**	**323,383**

EUR 1,000	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Prepayments and unfinished acquisitions	Total
Cost 1 May 2014	37,596	53,015	206,616	258,432	50,662	606,322
Increase	2,574	507	6,658	9,100	27,337	46,176
Decrease	-513	-1,003	-1,652	-314	-104	-3,586
Transfers between items		910	10,701	14,833	-26,445	0
Cost 30 April 2015	39,657	53,430	222,324	282,051	51,450	648,912
Accumulated depreciation 1 May 2014	-184	-29,924	-137,159	-133,600		-300,866
Accumulated depreciation on decrease and transfers		953	1,422	145	0	2,521
Depreciation for the financial period	-116	-1,705	-10,047	-8,732	0	-20,600
Impairment	0	0	-600	0		-600
Accumulated depreciation 30 April 2015	-300	-30,676	-146,384	-142,187		-319,547
Book value 30 April 2015	**39,358**	**22,754**	**75,940**	**139,864**	**51,450**	**329,366**

13. Investments

EUR 1,000	Shares in Group companies	Shares in associates	Other shares and participations	Total
Cost 1 May 2015	128,205	7,962	7,892	144,060
Increase	1,050		90	1,140
Increase, intra-Group mergers and acquisitions				0
Decrease				0
Decrease, mergers and acquisitions	-11,949			-11,949
Decrease, intra-Group mergers and acquisitions				0
Impairment				0
Book value 30 April 2016	**117,307**	**7,962**	**7,983**	**133,251**

EUR 1,000	Shares in Group companies	Shares in associates	Other shares and participations	Total
Cost 1 May 2014	137,397	7,962	646	146,005
Increase	663			663
Increase, intra-Group mergers and acquisitions	11,949		7,272	19,221
Decrease			-26	-26
Decrease, mergers and acquisitions	-463			-463
Decrease, intra-Group mergers and acquisitions	-11,941			-11,941
Impairment	-9,400			-9,400
Book value 30 April 2015	**128,205**	**7,962**	**7,892**	**144,060**

14. Inventories

EUR 1,000	2016	2015
Materials and supplies	24,521	25,575
Work-in-progress	6,696	6,346
Finished products	72,489	85,317
Prepayments from inventories	134	2,391
Inventories total	103,839	119,629

15. Long-term receivables

EUR 1,000	2016	2015
Receivables from Group companies		
Loan receivables	124,215	123,370
Loan receivables from others	3,183	3,183
Other long-term receivables from others	1,400	0
Total	128,798	126,553

16. Short-term receivables

EUR 1,000	2016	2015
Receivables from Group companies		
Sales receivables	678	1,313
Loan receivables	19,419	28,766
Accrued income	113	491
Receivables from associates		
Sales receivables	62	63
Accrued income	17	452
Receivables from others		
Sales receivables	30,415	21,655
Loan receivables	5,299	7,703
Accrued income	8,438	8,953
Other receivables	2,684	3,096
Total	**67,126**	**72,493**

Essential accrued income items		
Allocated taxes	1,558	1,423
Other accrued income from sales	4,836	4,787
Other accrued income from expenses	2,044	2,742
Total	**8,438**	**8,953**

17. Shareholders' equity

Restricted equity

EUR 1,000	**2016**	**2015**
Share capital	50,456	50,456
TOTAL RESTRICTED EQUITY ON 30 APRIL	50,456	50,456

Unrestricted equity

EUR 1,000	**2016**	**2015**
Other funds	30,096	30,096
Retained earnings at the start of the financial period	182,551	168,287
Dividend distribution	-12,000	-12,000
Direct retained earnings entries		
Profit for the period	175	26,264
TOTAL UNRESTRICTED EQUITY ON 30 APRIL	200,823	212,648

Account of funds available for the distribution of profit

Retained earnings	170,551	156,287
Profit/loss for the period	175	26,264
DISTRIBUTABLE FUNDS	170,726	182,551

18. Mandatory provisions

Mandatory provisions

EUR 1,000	**2016**	**2015**
Provision due to environmental obligations	3,273	2,778
Total	**3,273**	**2,778**

19. Long-term liabilities

EUR 1,000	**2016**	**2015**
Bonds	178,909	158,848
Loans from financial institutions	145,131	124,657
Loans from Group companies	331	324
Connection fees	4,772	4,768
Advances received	1,271	967
Total	**330,413**	**289,564**

Repayment schedule of long-term interest-bearing debt (per calendar year)

EUR 1,000	**2016**	**2017**	**2018**	**2019**	**2020**	**2020 ->**	**Total**
Bonds	0	98,909	10,000	0	0	70,000	**178,909**
Loans from financial institutions	27,020	0	25,000	60,000	50,000	10,131	**172,151**
	27,020	**98,909**	**35,000**	**60,000**	**50,000**	**80,131**	**351,060**

20. Current liabilities

EUR 1,000	2016	2015
Loans from financial institutions	27,020	95,997
Advances received	13,902	18,343
Accounts payable	12,873	11,193
Liabilities to Group companies:		
Accounts payable	536	1,145
Other liabilities	33,999	28,399
Accrued expenses	2	27
Liabilities to joint ventures:		
Accounts payable	14,715	893
Advances received	28	28
Other liabilities	166	225
Other liabilities	10,421	19,096
Accrued expenses	10,683	10,778
Total	**124,344**	**186,123**

21. Contingent commitments

EUR 1,000	2016	2015
Other guarantees given on behalf of own commitments		
Guarantees	24,273	21,327
Assets pledged	0	1
Total	24,273	21,327
Contingent commitments on behalf of Group companies		
Guarantees	11,312	12,100
Other contingent commitments	0	0
Total	11,312	12,100
Other contingent commitments		
Derivative agreements	345,880	416,849
Contingent commitments on behalf of associates		
Guarantees	4,300	4,500
Other rental liabilities		
Rental liabilities maturing in less than one year	1,914	2,663
Rental liabilities maturing within 1–5 years	3,784	4,987
Rental liabilities maturing later	0	0
Total	5,698	7,649

The parent company has land lease agreements for peat production. At the end of the financial year, annual and land area-based lease liabilities totalled EUR 12.0 million.

Year of payment	Lease amount (based on 2015)	Number of agreements	Year of payment	Lease amount (based on 2015)	Number of agreements	Year of payment	Lease amount (based on 2015)	Number of agreements
2016	959,012	1114	2030	366,565	310	2044	34325.36	33
2017	940,867	1074	2031	304,821	264	2045	28496.21	29
2018	922,207	1023	2032	266,394	247	2046	26643.26	25
2019	875,865	979	2033	221,989	191	2047	18161.61	20
2020	854,444	935	2034	196,753	174	2048	17141.79	16
2021	840,191	895	2035	132,069	118	2049	15930.02	15
2022	807,633	849	2036	94,520	89	2050	14693.38	14
2023	674,129	562	2037	85,761	82	2051	14061.37	11
2024	607,918	537	2038	74,041	72	2052	9804.95	3
2025	577,339	506	2039	65,214	67	2053	9600	2
2026	497,271	415	2040	58,114	60	2054	9600	2
2027	454,859	397	2041	43,644	43	2055	280	1
2028	410,816	336	2042	41,882	40	2056	280	1
2029	392,316	328	2043	35,774	35			

Other financial liabilities

The company is obligated to revise its value added tax deductions for completed property investments, if the taxable use of the property decreases during the period under review.

	Maximum liability EUR 1,000	Last review year
Investment completed in 2008	351	2017
Investment completed in 2009	259	2018
Investment completed in 2010	27	2019
Investment completed in 2011	162	2020
Investment completed in 2012	93	2021
Investment completed 012013-042014	72	2023
Investment completed 052014-042015	197	2024
Investment completed 052015-042016	516	2025
Total	**1,677**	

The company has made a commitment to purchasing Peatmax Oy’s products for EUR 19.5 million and services for EUR 8.6 million during the period 1 September 2013–31 August 2018. At the end of the financial year, the accrued purchases amounted to EUR 15.5 million.

Principles for calculating key figures

EBITDA
Operating profit + Depreciations and impairment +/- Shares of associates' results

Working capital
Inventories + Non-interest-bearing receivables of businesses - Non-interest-bearing debt

Restricted capital
Fixed assets of businesses + Working capital

Turnover of restricted capital
Turnover rolling 12 months
Restricted capital (on average)

Return on invested capital % (ROIC)
Operating profit rolling 12 months X 100
Restricted capital (on average)

Return on equity %
Profit before taxes rolling 12 months - income tax X 100
(Shareholders' equity + minority interest) on average

Liquidity
Short-term on-interest bearing receivables
Short-term non-interest-bearing liabilities

Equity ratio %
Shareholders' equity + minority interest + capital loan X 100
Balance sheet total – Advances received

Interest-bearing net debt
Interest-bearing debt - Interest-bearing loans receivable - Cash and cash equivalents

Gearing %
Interest-bearing net debt X 100
Shareholders' equity + minority interest

Free cash flow before taxes
EBITDA +/- Change in working capital – net investments

Earnings/share
Profit attributable to owners of the parent company/Number of shares

Shareholders' equity/share
Parent company's shareholders' equity/Number of shares

Dividend/share
Distribution of dividend for the financial period/Number of shares

Dividend/profit %
100 * dividend/share / earnings/share

Group key figures 2011–2016

EUR million	2011	2012	04/2014	04/2015	04/2016
Turnover	705.0	652.9	847.4	486.9	459.8
Growth %	-2.0	-7.4	29.8	0.0	-5.6
Operating margin (EBITDA)	45.4	52.1	110.8	74.7	43.1
% of turnover	6.4	8.0	13.1	15.3	9.4
Depreciation	-46.2	-42.0	-54.2	-39.3	-35.0
Impairment	-37.5	-0.6	-3.8	-0.7	-0.8
Operating profit (EBIT)	-38.4	9.1	50.0	36.9	8.6
% of turnover	-5.5	1.4	5.9	7.6	1.9
Operating profit before impairment	-1.0	9.7	53.9	37.6	9.4
% of turnover	-0.1	1.5	6.4	7.7	2.1
Net financial items	-8.3	-6.4	-17.2	-13.5	-9.7
Profit/loss before taxes	-46.7	2.7	32.9	23.3	-1.1
Taxes	9.6	3.5	-10.2	-3.6	-3.4
Profit/loss for the period	-37.1	6.1	22.7	19.8	-4.4
Return on invested capital %	-5.3	1.3	3.8	5.4	1.2
Return on invested capital before impairment %	-0.1	1.4	4.4	5.5	1.4
Restricted capital on average	728.9	680.6	671.4	687.0	695.8
Turnover of restricted capital (turnover/restricted capital on average)	1.0	1.0	0.9	0.7	0.7
Average working capital	165.7	125.6	130.4	164.3	163.4
Average working capital % of turnover	23.5	19.2	21.9	33.7	35.5
Restricted capital at the end of the year	713.7	667.7	659.4	713.2	669.8
Working capital at the end of the year	156.0	116.9	144.2	176.9	140.2
Gross investments	94.5	48.0	65.0	88.4	38.5
% of turnover	13.4	7.4	7.7	18.1	8.4
Gross investments/depreciation	2.0	1.1	1.2	2.3	1.1
Operating margin	45.4	52.1	110.8	74.7	43.1
+/- Change in working capital	56.4	39.1	-27.4	-32.7	39.6
- Net investments	-81.2	-26.9	-21.6	-67.1	-21.9
Free cash flow before taxes	20.6	64.4	61.9	-25.1	60.7
Balance sheet total	862.0	801.2	786.9	838.2	795.0
Shareholders’ equity	285.5	294.7	305.2	304.4	288.2
Shareholders’ equity (average)	326.4	296.8	300.5	297.4	296.1
Interest-bearing debt	422.8	368.2	340.2	408.1	384.5
Interest-bearing net debt	416.7	355.9	329.0	393.1	366.6
Equity ratio %	34.1	37.7	40.2	37.8	37.6
Gearing %	145.8	120.7	110.3	128.7	127.2
Interest-bearing net debt/operating margin	9.2	6.8	4.4	5.3	8.5
Liquidity	2.7	2.5	2.5	3.2	2.9
Return on equity %	-11.4	2.1	1.3	6.6	-1.5
Dividend distribution	0.0	10.0	12.0	12.0	0.0
Dividend % of profit *	0.0	187.5	52.9	64.8	0.0
Personnel on average	1226	1154	1091	961	914
Key figures per share					
Number of shares	30,000	30,000	30,000	30,000	30,000
Earnings/share, EUR *	0	178	683	617	-146
Shareholders’ equity/share, EUR	9,164	9,483	9,763	10,106	9,571
Dividend/share, EUR	0	333	400	400	0

* = profit attributable to owners of the parent company

Note! The financial year 1.1.2013–30.4.2014 was 16 months long.

Signatures to the financial statements and the report of the Board of Directors

Vantaa, 30th June 2016
Board of Directors of Vapo Oy

Jan Lång Chair	Perttu Rinta Vice Chair
Martti Haapamäki	Hannu Linna
Pirita Mikkanen	Minna Pajumaa

Tomi Yli-Kyyny
CEO

Auditor's note

A report on the audit has been issued today.

Vantaa, July 2016

KPMG Oy Ab

Ari Eskelinen, APA