

VANTAA ENERGY LTD

ANNUAL ACCOUNTS AND ANNUAL REPORT 2017

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1 General review

The Vantaa Energy Group consists of the parent company Vantaa Energy Ltd, its subsidiary Vantaa Energy Electricity Networks Ltd (ownership 100%) and its associated companies.

Vantaa Energy Ltd produces energy services for its customers. The company's main products are electricity, district heating and natural gas. Vantaa Energy sells electricity to corporate and residential customers throughout Finland. The company's main market area for the district heating business is Vantaa. The company also provides natural gas for industrial needs.

Vantaa Energy Ltd is owned by the City of Vantaa (60%) and the City of Helsinki (40%).

The year 2017 was the company's 107th year of operation.

The subsidiary Vantaa Energy Electricity Networks Ltd is responsible for electricity network operations in Vantaa.

In 2017, the associated companies of Vantaa Energy Ltd were (ownership shares in brackets): Svartisen Holding A/S (49.6%), Suomen Energia-Urakointi Oy (25.9%), Solar Power Holding Oy (24.1%) and Kolsin Voima Oy (22.5%)

The associated company Svartisen Holding A/S owns a subsidiary in Norway, Eastern Norge Svartisen A/S (100%). Solar Power Holding Oy has a subsidiary, Naps Solar Oy (37%), and Kolsin Voima Oy has a subsidiary, Kolsin Vesivoimantuotanto Oy (100%).

2 Development of business operations

The company's electricity generation was based on its own combined heat and power (CHP) generation at the Martinlaakso power plant and the Långmossebergen waste-to-energy power plant. These two power plants accounted for 48% of the company's total electricity generation. The company's shares in various partly-owned power plants amounted to 56%. The company's own electricity generation and the electricity obtained from its shares in partly-owned power plants fell from the previous year to a total of 1,277 gigawatt-hours (Gwh) (1,411 GWh in 2016).

The annual output of the Martinlaakso power plant was higher than in the previous year, amounting to 395 GWh (376 GWh) of electricity and 897 GWh (835 GWh) of district heat. Conversely, the production volumes of the waste-to-energy power plant decreased to 164 GWh (253 GWh) of electricity and 933 GWh (943 GWh) of district heat.

The amount of electricity produced in the Vantaa power plants fell on the previous year due to the low level of electricity market prices. The reason for the drop in the production volumes from our shares in various partly-owned power plants was the lower production volumes of our hydropower shares in Norway, which, however, was offset by a 60% increase in wind power.

We succeeded well in the operation and maintenance of the district heating network and the district heat production plants in Vantaa. The average outage time for our district heating customers was 0.57 h/customer (0.97 h/customer).

The waste-to-energy power plant used 375,900 tonnes of waste as a fuel (356,400 tonnes). The availability of the waste-to-energy power plant was 95.3% (95.4%). The availability of the most important unit of the Martinlaakso power plant, the coal-fired boiler, was 99.1% (99.7%).

No changes were made to the district heat prices in 2017. The district heat prices in Vantaa were among the most affordable in Finland and the summer price of district heat was the lowest in Finland.

In terms of the heating requirement, the year 2017 was about 7.2% warmer than the long-term average. District heat and steam energy sales to the Vantaa region decreased slightly to 1,708 GWh (1,723 GWh). The number of district heat connections and the contracted capacity increased. At the end of the year, the total contracted capacity of district heating customers was 999 MW (975 MW). Retail sales of natural gas to customers amounted to 29 GWh (27 GWh). The number of district heat connections increased by 87.

Sales of electric energy to customers totalled 3,177 GWh (3,210 GWh). The profitability of sales was at a good level. Competition for business and residential customers continued to be very tough. The sales to residential customers have partly been outsourced, and the number of customers showed an upward trend.

In accordance with the company's objective, our customers' online access to services, as well as their self-service, developed favourably. Customer services, the telephone switchboard and chat service were outsourced to a partner.

As a new product, Vantaa Energy started to offer turnkey deliveries of solar photovoltaic systems to households and enterprises.

Vantaa Energy is involved in the Hanhikivi 1 nuclear power plant project of Fennovoima Oy through Voimaosakeyhtiö SF. Vantaa Energy's power share in the nuclear power plant is approx. 60 MW. Fennovoima submitted a building permit application to the government in summer 2015. It is likely that the government will make a decision on the building permit application in 2019. The nuclear power plant is scheduled to start producing electricity in 2024.

The sales and shutdown process of the wind power company Innopower Oy partly owned by Vantaa Energy Ltd progressed and Innopower was ordered to enter into liquidation in November. The intention is to wind up the company and to distribute the funds to the owners during 2018.

The Annankangas onshore windfarm and the Tahkoluoto offshore windfarm of our associated company Suomen Hyötytuuli Oy started commercial production in 2017. The Metsälä and Teuva onshore windfarms of our associated company EPV Energia Oy started commercial production at the turn of the year. The commissioning of these four wind farms will double the company's wind power capacity to approx. 43 MW.

In summer 2017, Vantaa Energy sold its small hydropower plant by the Hiitolanjoki River to the South Karelian Foundation for Recreation Areas.

In May 2017, the company made a decision to convert the oil and gas-fired boiler of the Martinlaakso power plant into a biofuel-fired boiler. An environmental permit for the modification work was granted on 23 August 2017, after which the project was launched. Vantaa Energy aims to start the trial operation of the new biofuel-fired plant at the end of 2018.

The distribution of electricity by Vantaa Energy Electricity Networks Ltd is increasing as the City of Vantaa grows. In 2017, the volume of electricity distribution grew by approx. 0.6%. Electricity distribution prices were increased by an average of 7% (including tax) on 1 April 2017. For small customers, the increases were added to the basic charges and for larger customers to the power charges.

The office staff returned from temporary facilities to the renovated office building as a long-term tenant at the beginning of August. In

summer 2017, the company sold the plots surrounding the office building for residential construction.

3 Financial performance

Consolidated turnover stood at EUR 285.3 million (EUR 284.5 million in 2016).

The turnover of the parent company Vantaa Energy Ltd totalled EUR 245.1 million (EUR 249.1 million). The turnover of Vantaa Energy Electricity Networks Ltd stood at EUR 42.6 million (EUR 37.9 million).

The Group's operating profit amounted to EUR 54.8 million (EUR 50.2 million). The parent company's operating profit stood at EUR 36.8 million (EUR 39.8 million), and that of Vantaa Energy Electricity Networks Ltd at EUR 12.7 million (EUR 8.2 million).

The increase in the parent company's operating profit was mainly due to the efficient operation of the waste-to-energy power plant and the improved profitability of electricity sales. The company's result includes an impact of EUR 8.0 million on the net profit resulting from the sale of the Peltolantie land areas. The increase in the operating profit of Vantaa Energy Electricity Networks was due to a higher amount of electricity distribution, as well as a price increase in spring 2017.

The Group's profit before appropriations and taxes stood at EUR 53.7 million (EUR 42.6 million). The parent company's profit before appropriations and taxes amounted to EUR 39.1 million (EUR 35.5 million). Direct taxes totalled EUR 6.3 million (EUR 5.1 million).

The Group's gross investments in fixed assets amounted to EUR 44.4 million (EUR 41.8 million). This amount includes the parent company's investments of EUR 11.2 million in power plants and heating plants. Refurbishments of the district heating network amounted to EUR 7.1 million, and a total of EUR 7.9 million was invested in production shares. The parent company's other investments stood at EUR 4.8 million and those of Vantaa Energy Electricity Networks Ltd at EUR 13.4 million.

The need for short-term working capital continues to be met with the Group account credit limit (EUR 25 million) of the City of Vantaa and the parent company's commercial-paper programme (EUR 150 million). The Group account credit limit of EUR 25 million of the City of Vantaa was not used during the year. No commercial papers were issued.

Financial key figures:

Key figure	Group			Parent company		
	2017	2016	2015	2017	2016	2015
Turnover, EUR mill.	285.3	284.5	282.7	245.1	249.1	253.7
Operating profit, EUR mill.	54.8	50.2	29.0	36.8	39.8	24.3
• % of turnover	19.2	17.6	10.3	15.0	16.0	9.6
Return on equity (ROE) %	20.3	16.4	10.9	18.1	17.8	14.0
Equity ratio %	41.7	38.0	36.7	39.6	36.3	30.5
Gross investments, EUR mill.	44.4	41.8	38.8	30.0	27.9	25.6
• % of turnover	15.6	14.7	13.7	12.6	11.2	10.1

4 Risk management

4.1 Principles of risk management

Objectives

The aim of Vantaa Energy's risk management measures is to support the achievement of business objectives and to prevent any negative effects. The Board of Directors of Vantaa Energy Ltd approves the Group's risk management policy. The policy sets out the key principles, responsibilities and processes of risk management.

Organisation

The parent company's Managing Director is responsible for risk management at the group level. The managers of the subsidiary and the different business units are responsible for risk management in their individual company or business unit, as well as for the agreed reporting to the parent company's Managing Director. They also take part in the management of key risks at the group level.

The Managing Director is responsible for the implementation of the risk management policy, and for the organisation and development of risk management practices in accordance with the requirements set by business operations and in compliance with good governance. The Managing Director is assisted by experts in the development of risk management processes and methods.

The key risks of the Group have designated owners. The owner of the risk is responsible for ensuring that the management of the risk in question is developed and that the necessary measures are taken.

Major risks and uncertainties have been identified and the key risks are systematically managed. The key risks include becoming exposed to a decline in the market price of electricity, a price risk or availability risk, public authority regulation that is difficult to forecast, extensive disturbances in the electricity or heating network or energy production, and problems in information security.

The internal audit unit supports the company's management and organisation in the development and maintenance of the internal control system. The internal audit services are provided by an external service provider.

Reporting and monitoring

Any significant changes in the principles of risk management, key risks and their management are reported to the Board of Directors annually. The business units report their risks to the Managing Director. Financial risks are regularly reported to the parent company's Managing Director and to the Board of Directors.

The monitoring of risk management has been integrated into the strategic monitoring process. The key persons of risk management arrange a special Day for the Development of Risk Management each year.

Development projects and audits in 2017

In 2017, the Group's key development projects included making preparations for the Data Protection Regulation, online training events related to data protection, confidentiality and the REMIT Regulation, and implementing physical safety solutions for the new office building. We also cooperated with the internal audit unit in order to develop the management system, automation systems for the waste-to-energy power plant and the management of our meter assets.

The company also implemented an extensive project on identifying and assessing risks. The outcome of the project was that the company's key risks were updated and the related preparation of risk management measures was started.

In the course of 2017, the Board of Directors audited the company's general risk management policy, financial risk management policy, internal audit policy, corporate security policy and data security policy. The company also adopted a new data protection policy.

4.2 Descriptions of risks

Risk management means that risks are identified, assessed, handled and managed. At Vantaa Energy Ltd, risks are classified in accordance with the risk management policy into financial risks, strategic risks, operational risks and risks associated with events.

Financial risks

The focus of risk management is on financial risks. The financial risks are grouped into market risks (various commodity price risks

related to fuels, electricity and emission allowances), counterparty risks and financial risks. These risks are managed in accordance with the financial risk management policy. The policy sets out the management and control of financial risks and the related reporting practices. Reports on financial risks are regularly provided to the Managing Director of the parent company and to the Board of Directors. Small additions were made to the financial risk management policy and the management's reporting practices with respect to financial risk management in 2017.

The hedging practices of Vantaa Energy Ltd are based on the financial risk management policy approved by the company's Board of Directors. According to the production forecast for the next few years, the company's own electricity production, the fuels, emission allowances and certificates required by it, and the procurements from the power exchange corresponding to electricity sales are hedged with financial derivative instruments in accordance with the company's financial risk management policy. The open net volume of electricity derivatives is lower during their time to maturity than the forecast very likely volume of spot-priced procurement lots. Significant procurement lots of energy production related commodities are hedged against foreign exchange rate risks. The loans taken out by the company are also hedged against interest rate risks in the manner described in the financial risk management policy.

Strategic risks

Vantaa Energy Ltd is aiming for an operational and financial success in the energy sector. The company aims to actively develop its production capacity to fulfil the challenges posed by the European electricity markets. The retail sales of electricity are carried out in a highly competitive domestic market. Electricity network and district heating operations are actively developed, taking our customers wishes into account. Our operations are based on the local energy networks.

Typically, the strategic risk faced by an energy company is the long time span related to substantial energy investments: For example, the lifetimes of power plant investments may be as long as 50 years.

Strategic risks in the Group are handled in connection with the strategy process

Operational risks

The operational risks of Vantaa Energy Ltd are related to malfunctions of various systems, such as production plants, energy networks and data systems, and shortcomings in instructions or skills, human errors and possible deficiencies in contracts or insurances.

In 2017, operational risks were approached, e.g., through corporate security work. We especially focused on measures aimed at improving information security and cyber security. The refurbishment programme on the district heating network continued.

Environmental risks were examined as part of the company's environmental management system that complies with the ISO 14001 standard. Energy generation and heat supply completed their quality management system that complies with the ISO 9001 standard. One of the company's key targets is to reduce accidents. This target is supported with active occupational safety observations and safety discussions.

Risks associated with events

For Vantaa Energy and the energy sector as a whole, the main risks associated with events are political and legislative ones.

Political and legislative initiatives and changes are often difficult to predict in the energy sector, and they have a significant impact on the operating preconditions of the sector. The operating model that Vantaa Energy has selected for managing changes is close interaction with decision-makers and influential persons.

Through the sector association Finnish Energy, Vantaa Energy takes an active part in the work carried out with the aim of influencing the development of control systems or other policy instruments in advance. The company predicts the impacts of any changes in regulation or directives on its own operations and looks for operating models that are as flexible as possible and can be altered when regulation or directives change.

5 Employees

The Vantaa Energy Group had an average of 339 (342) employees during the financial period. Salaries, wages and bonuses totalled EUR 21.7 million (EUR 21.4 million). Job-specific pay systems that are based on job difficulty and personal competence are used for the following groups: manual workers, employees and managerial employees. The task-specific pay component is the same for all employees

belonging to the same competence category; the personal pay component varies between persons, depending on the competence and performance level of each person. Vantaa Energy Ltd has a performance-based bonus system that applies to all employees, with the exception of the Managing Director and the persons who have signed individual performance agreements.

Key employee figures:

Key figure	Group			Parent company		
	2017	2016	2015	2017	2016	2015
Average number of employees during the financial period	339	342	355	271	274	285
Permanent as of 31 Dec.	315	321	331	250	256	265
• monthly salary	280	281	288	230	232	238
• hourly wages	35	40	43	20	24	27
• men	245	249	257	191	194	202
• women	70	72	74	59	62	63
Fixed-term contracts as of 31 Dec.	17	7	23	16	7	22
Average age of employees	44,6	44,6	44,2	43,7	44,1	44,2
Paid salaries, wages and bonuses, EUR mill.	21.7	21.4	22.1	17.9	17.6	18.3

More key employee figures are available in Vantaa Energy's corporate social responsibility report for 2017.

6 Environment

6.1 Operating principles and management systems related to environmental issues

Vantaa Energy's environmental work is based on the legislative and operational requirements for its own operating environment. The company's most significant environmental impacts are created by energy production and distribution. Environmental impacts are reduced, e.g. by increasing the share of renewable energy and other carbon-neutral production in accordance with the company's development programme. One of the aims of the development programme is to phase out coal in the 2020s.

The company's environmental management is based on the Group's corporate security policy and social responsibility policy, on its quality management system, and on a number of separate guidelines. The company confirms the key-figure targets related to environmental factors. All of the company's operations were covered by the environmental management system that has been certified in compliance with the ISO14001 standard. In summer 2017, the company decided to update the sections of the environmental management system concerning production and heat supply to comply with the new ISO 14001:2015 standard. The updating is scheduled for completion in autumn 2018. The quality management system for production and heat supply also includes a quality certificate complying with the ISO 9001 standard.

For the certification of the origin of electricity, Vantaa Energy uses the System of Guarantees of Origin (GO) of Finextra Oy. The electricity produced with biodegradable waste in the waste-to-energy power plant was granted the Guarantees of Origin for renewable electricity. All electricity that Vantaa Energy sells as renewable has a certificate of origin that complies with GO system.

The company has joined the Energy Efficiency Agreement scheme for the period 2017- 2025.

6.2 Significant environmental issues and improvements achieved

The most significant environmental issues of Vantaa Energy are related to the use of fuels and the resulting carbon dioxide emissions, as well as other emissions and waste from energy production.

The company invested a total of EUR 3.2 million in environmental protection in 2017. The most important environmental investments were allocated to the construction of a biofuel-fired boiler at the Martinlaakso power plant, reducing the airborne emissions of the Koi-vukylä heating plant by carrying out burner modifications and replacing the oil tanks at the Martinlaakso power plant and the Maarinkunas heating plant. Vantaa Energy also acquired shares in wind power companies.

Vantaa Energy's wind power production grew by about 30 GWh, or by 60%, on the previous year.

The company was granted an environmental permit for retrofitting the Martinlaakso power plant to accommodate biofuels and to start operating the plant in accordance with the permit. Appeals have

been filed against the permit decision with the Vaasa Administrative Court.

6.3 Level of environmental protection in relation to requirements

The company aims to systematically identify the environmental risks of its operations. In the same way, environmental aspects are always analysed in connection with new projects, and the required risk assessments are carried out. The company has ensured that all environmental liabilities related to its operations have been sufficiently recorded and the necessary reservations for any future costs of regeneration measures resulting from environmental damage have been made.

The company's management is not aware of any cases related to environmental issues that would have a significant impact on the company's financial position. There are no reserves concerning environmental liabilities in the obligatory reserves included in the financial statements for 2017.

In 2017, there were a total 7 incidents of exceeding the emission limit values. The incidents of exceeding permit limits did not result in any production outages, and we have ensured that our operations comply with the permit conditions in all respects. The incidents did not cause any sanctions or other financial accountabilities to the company.

The BAT conclusions concerning large combustion plants that the EU published in autumn 2017 oblige the company to inspect the environmental permit conditions of all of its plants covered by the conclusions to find out if they comply with the conclusions and, if necessary, to apply for new environmental permits for the plants.

The company's Martinlaakso power plant, the gas turbine unit of the waste-to-energy power plant and the company's six heating plants are covered by the emissions trading scheme.

The actual carbon dioxide emissions of the plants that are covered by the emissions trading scheme totalled 484,574 tonnes (503,768) in 2017.

6.4 Level of environmental protection in view of the nature and scope of our operations

The company's management has regularly monitored the development of the environmental key figures and the achievement of the

targets set for them. The environmental key figures are related to fuel consumption, emissions into the air, and waste.

Environmental key figures	2017	2016	2015
Carbon dioxide emissions (CO ₂ t) from local (Vantaa) production	651,848	662,538	609,679
Emissions (CO ₂ g/kWh) from local (Vantaa) production/energy produced in Vantaa	265	262	267
Environmental costs (EUR mill.)	3	11	5
• investments in environmental protection			
Environmental liabilities (obligatory reserves, EUR mill.)	0	0	0
Incidents of exceeding permit limits (number)	7	8	9
Cases of environmental damage (number)	0	0	2
Fuel consumption (GWh)			
• coal	1,355	1,233	1,185
• natural gas	355	597	310
• oil	1	1	43
• mixed waste	1,113	1,058	1,030
total	2,824	2,889	2,568
Emissions from energy production (t)	807	876	926
• NO ₂	416	281	778
• SO ₂	6	3	3
• particle matter			
Waste			
• ashes and slag (t)	108,967	100,647	102,669
• recovery (%)	88	88	51

6.5 Report of the Board of Directors in relation to other environmental reporting

Vantaa Energy publishes annually a separate social responsibility report, which provides a wider range of information on the status and

development of the company's environmental management system. The key figures concerning environmental costs, liabilities and incidents of exceeding permit limits cover the units in accordance with the company's juridical corporate structure, complying with the consolidation principles of the consolidated financial statements. The key environmental figures that describe energy consumption, emissions and waste cover the company's production plants and the properties owned and administered by it.

7. Social responsibility

Vantaa Energy Group's social responsibility policy creates guidelines for the management and development of the Group finances, the environment and social responsibility.

Vantaa Energy has drawn up reports on the objectives of social responsibility and the results of constant improvement of operations in a social responsibility report published each year. The social responsibility report is based on the international Global Reporting Initiative (GRI G3) Guidelines.

Vantaa Energy's social responsibility report for 2016 was published in April 2017. As in previous years, environmental responsibility was of primary importance in the report for 2016. Personnel matters and stakeholder relations also played an important role in the social responsibility report.

The information in the report has been verified by an independent outside expert, Inspecta Sertifiointi Oy.

The social responsibility report for 2017 will be published online in spring 2018.

Vantaa Energy Electricity Networks Ltd has drawn up a report on measures that will ensure that the parties to the electricity market are treated in an equal manner. The report has been submitted to the Energy Authority.

Vantaa Energy has actively continued to arrange tours of the waste-to-energy power plant for schools and other interest groups. During the tours, the visitors are told about waste sorting and the importance of recycling. In 2017, the waste-to-energy power plant had about 5,000 visitors.

8. Research and development

Vantaa Energy is a Group that focuses on the production of energy services and makes only minor investments in its own research and development. The Group participates in development projects mainly by providing financing to interesting R&D projects and by making the company's expertise available to the projects. In the research, we trust in the partnership networks in the industry and in good cooperation with leading energy research institutions.

Vantaa Energy Ltd is a shareholder of the company CLIC Innovation Ltd, which is a centre of excellence in the cleantech and bio-economy sector. Vantaa Energy has also supported research serving the energy sector by participating in the electricity research pool and a number of research projects financed by Finnish Energy.

In 2017, Vantaa Energy participated in biofuel research through small investments. The company has also participated in various studies related to climate change mitigation and smart energy systems and in research projects coordinated by the City of Vantaa. The company has also developed production optimisation systems and enhanced its expertise on solar power products and services, as well as examined demand response services.

9. Administration

The Annual General Meeting of Vantaa Energy Ltd was held on 12 April 2017. The issues discussed were those defined in section 13 of the articles of association for the Annual General Meeting, with the exception of the election of the board members, Chairman and two Vice Chairmen.

The company's Board of Directors was elected at the continuation meeting of the Extraordinary General Meeting on 19 September 2017. Until the end of the meeting, the members of the company's Board were Tommi Valtonen, Chairman; Janne Pesonen, first Vice Chairman; Erkki Vuorenmaa, second Vice Chairman; Timo Auvinen; Jasmin Hamid; Marko Karvinen; Sirpa, Kauppinen; Paula Lehmuskallio; and Leena Westlund.

At the continuation meeting of the Extraordinary General Meeting on 19 September 2017, the following persons were elected as members of the company's Board of Directors for the next two-year term: Tommi Valtonen, Chairman; Matti Parpala, first Vice Chairman; Markku J. Jääskeläinen, second Vice Chairman; Jasmin Hamid; Hannu Kokko; Päivi Laakso; Paula Lehmuskallio; Matti Malinen; and Mia Nygård.

The Board of Directors convened 11 times during the year.

The company's auditors were Deloitte & Touche Oy, Authorised Public Accountants, with Robert Kajander, APA, and Matti Ojala, APA, as auditors in charge, and Merja Itäniemi, APA, as deputy auditor. On 12 April 2017, the Annual General Meeting selected BDO Auditor Oy as the company's next auditor for the next financial year, with Ulla-Maija Tuomela, APA, JHT, KHT as the auditor in charge and Ari Lehto, APA, CFA, JHTT, KHT, as auditor.

The company's Managing Director was Pertti Laukkanen, M.Sc. (Eng.).

10. Significant legal affairs

On 30 January 2017, Vantaa Energy Ltd filed an appeal with the Supreme Administrative Court requesting that it would reverse the decision that the Vaasa Administrative Court had issued in December 2016, in which the Vaasa Administrative Court returned to the Regional State Administrative Agency for Southern Finland the Agency's previous decision for rehearing. In its previous decision, the Agency had granted Vantaa Energy a permanent right to use the hydropower that belongs to the participants' association of Änkilä for the joint water area and the Haamukoski farm for the Lahnasenkoski hydropower plant. On that occasion, the participants' association of Änkilä filed an appeal against the Regional State Agency's decision with the Vaasa Administrative Court.

Vantaa Energy Ltd sold the Lahnasenkoski hydropower plant to the South Karelian Foundation for Recreation Areas on 14 June 2017, on which date the responsibility for the water rights issue was transferred to the South Karelian Foundation for Recreation Areas. The intention of the buyer is to decommission the power plant.

Due to the known sale of the Lahnasenkoski power plant, the company applied for, and was granted, an extension of one year for building the fish way, on which the Regional State Administrative Agency for Southern Finland had issued its decision in April 2016. According to the deadline extension granted by the Regional State Administrative Agency for Southern Finland, the main section of the fish way has to be built by 23 May 2019. Along with the sale of the power plant, also the obligation to build the fish way was transferred to the South Karelian Foundation for Recreation Areas

On 17 May 2017, the Energy Authority issued its regulatory decision on the pricing of the electricity network operations of Vantaa Energy Electricity Networks Ltd during the regulatory period 2012 – 2015. According to the decision, the company's surplus return for the period in question amounted to EUR 2.0 million. The company also accumulated a surplus return of EUR 1.4 million for the second regulatory period 2008 - 2011. This amount should have been returned to the customers through pricing during the third regulatory period. The company lodged an appeal against the Energy Authority's decision with the Market Court on 21 June 2017. The company's appeal concerns the treatment of network assets in the Regulatory Asset Base (RAB) referred to in the decision, as well as the Energy Authority's decision not to grant an extension period of one year for equalising the surplus of the second regulatory period through customer pricing. The matter is pending in the Market Court.

Vantaa Energy Ltd and Vantaa Energy Electricity Networks Ltd are also involved in a few dispute cases. In economic terms, these cases are deemed to be insignificant.

11. Events after the financial period

Parliament made a decision to increase the fuel taxes as of 1 January 2018. Due to the increases, also the energy fee for Vantaa Energy's district heat was raised by about 1.5% on 1 January 2018.

Vantaa Energy Electricity Networks Ltd announced its intent to raise the price level of electricity distribution by an average of 5% (the prices include tax) on 1 April 2018. Customers will receive more detailed information about the increase by the end of February.

During 2017, the city councils of both Vantaa and Helsinki put forward initiatives to divest the stake of Vantaa Energy Ltd in the nuclear power plant project of Fennovoima Oy. The city councils did not approve the withdrawal initiatives, but the councils of both cities decided to commission a joint account (Vantaa on 22 January 2018, Helsinki on 31 January 2018) of the legal and contractual commitments that Vantaa Energy has towards Voimaosakeyhtiö SF and thereby towards the Fennovoima nuclear power plant project during spring 2018. The results of the investigations will be reported to the city councils.

In August 2017, the city council of Helsinki put forward an initiative to ban the use of peat in the biofuel-fired boiler of the Martinlaakso power plant that is currently being modified. In its meeting on 14 February 2018, the Helsinki city council decided to advise the Helsinki unit of the group to act in the most expedient way to encourage Vantaa Energy to choose a line of action where the use of peat or any other fossil fuel is not part of the new investment.

The city council of Vantaa did not put forward initiatives related to the above-mentioned peat usage.

12. Outlook

In 2018, the turnover of the Vantaa Energy Group is expected to remain at the previous year's level. The comparable operating profit of the Group is also expected to remain at almost the same level as in the previous year.

The fourth regulatory period concerning electricity network operations started at the beginning of 2016. The Energy Authority has confirmed the regulation principles for the current four-year regulatory period and the next one. The aim of the regulation principles confirmed for a long time period is to ensure that the security of supply targets laid down in the Electricity Market Act are realised. This will also provide stability for the business operations of Vantaa Energy Electricity Networks Ltd and improve their profitability in the forthcoming years.

Over 80 per cent of the heating requirement in Vantaa is covered by district heating, which is produced at our environmentally friendly and efficient CHP plants. Due to the fact that district heating competes with other heating methods in the heating market, a precondition for profitable operations is that production costs are efficiently managed. Due to the new waste-to-energy power plant, the pricing of district heating is likely to remain highly competitive in Vantaa. We also believe that our district heating operations will remain the market leader in our area of operation, and continue to be a profitable business throughout the current decade.

In the next few years, the Nordic electricity market is expected to become integrated also with respect to sales to residential customers. This will increase the need for electronic customer services and speed up their deployment. To increase the efficiency of our customer services, we are developing electronic sales and service channels, such as homepages and online services.

Due to the challenging targets set by contracts signed with the EU and other international organisations on reducing carbon dioxide emissions and increasing the share of renewable energy, the company will have to make further investments in production outside the emissions trading scheme and the increased use of renewable energy sources in production. The Finnish Government's new Energy and Climate Strategy also supports the achievement of these objectives.

Vantaa Energy has already responded to this challenge by investing in, e.g. wind power, hydropower, nuclear power and waste power and by providing solar power services to its customers. The company will continue to reduce the share of production based on fossil fuels. At the Martinlaakso power plant, the use of coal will be phased out in the 2020s, and the present production equipment of the plant will be replaced with one using bio-based fuels.

The services related to the energy networks, electricity distribution and district heating in Vantaa will continue to provide stability for the

Group's finances. The expected population growth and increase in the number of jobs in Vantaa will provide a growing base for these services.

13. The Board of Directors' proposal for the distribution of dividends

The distributable equity of the parent company according to the financial statements of 31 December 2017 is as follows:

- profits from the previous financial years	€	108,785,183.54
- profit from the financial year	€	<u>31,245,519.41</u>
- total	€	140,030,702.95

The Board of Directors proposes that the company should pay a dividend of EUR 11.68/share, totalling EUR 19,983,405.44, reserve EUR 41,000.00 for donations, and set aside a sum of EUR 25,000.00 for the Board of Directors to use for the public good. The rest of the distributable equity, EUR 119,981,297.51, is left in the retained earnings account.

Since the end of the financial year, there have been no essential changes in the company's financial position. The company's liquidity is good and, according to the Board of Directors, the proposed distribution of profits will not jeopardise the company's solvency.

14 Company stock

The company's capital stock is divided as follows:

Owner	2017	
	Number	€
City of Vantaa	1,026,545	2,053,090
City of Helsinki	684,363	1,368,726
Total	1,710,908	3,421,816

The nominal value of each share is EUR 2.00. All shares have an equal right to dividend and company assets.

VANTAA ENERGY LTD

Profit and loss account

(EUR)	Notes	GROUP		PARENT COMPANY	
		1.1.-31.12.2017	1.1.-31.12.2016	1.1.-31.12.2017	1.1.-31.12.2016
Turnover	2	285 294 841,64	284 456 111,51	245 135 365,58	249 083 752,75
Work performed by the undertaking for its own	3	4 852 873,54	4 240 813,68	3 022 078,91	2 697 800,87
Other operating income	4	11 343 941,44	24 334 693,47	16 719 165,46	30 250 861,31
Materials and services	5	-168 292 285,03	-181 348 839,45	-158 861 756,69	-172 736 955,06
Personnel expenses	6	-26 575 131,76	-27 316 022,55	-21 911 890,02	-22 566 408,46
Depreciation and reduction in value	7	-26 517 907,92	-25 968 821,10	-17 665 749,22	-17 429 047,92
Other operating expenses	8	-30 588 351,52	-30 355 514,43	-29 656 055,89	-29 477 605,04
Share of associated companies' profits		5 304 244,99	2 140 870,42	-	-
Operating profit		54 822 225,38	50 183 291,55	36 781 158,13	39 822 398,45
Financial income and expenses	9	-1 122 068,25	-7 581 814,12	2 323 547,99	-4 278 012,21
Profit before appropriations and taxes		53 700 157,13	42 601 477,43	39 104 706,12	35 544 386,24
Appropriations					
Change in cumulative accelerated depreciation		-	-	-3 415 807,05	-3 265 648,77
Group contribution	10			1 900 000,00	-5 300 000,00
Income tax	11	-7 170 810,17	-8 348 679,93	-6 343 379,66	-5 098 650,59
Profit for the financial year		46 529 346,96	34 252 797,50	31 245 519,41	21 880 086,88

VANTAA ENERGY LTD

Balance sheet

(EUR)	Notes	GROUP		PARENT COMPANY	
		31.12.2017	31.12.2016	31.12.2017	31.12.2016
ASSETS					
Non-current assets					
	12,13				
Intangible assets					
Intangible rights		1 125 611,80	1 393 701,62	906 200,93	1 110 883,35
Other capitalised long-term expenditure		8 645 427,08	12 228 975,10	7 197 043,05	10 855 284,80
Construction in progress		2 491 369,16	1 147 142,95	1 509 610,11	856 048,63
		12 262 408,04	14 769 819,67	9 612 854,09	12 822 216,78
Tangible assets					
Land and waters		7 532 379,43	8 438 367,16	7 097 639,77	8 003 627,50
Buildings and constructions		105 182 392,42	111 754 273,71	96 888 194,75	103 273 383,70
Electricity network		116 850 103,73	114 444 385,75	0,00	0,00
District heating network and equipment		68 481 121,48	64 050 846,76	68 481 121,48	64 050 846,76
Gas distribution network		782 238,76	746 452,16	782 238,76	746 452,16
Machinery and equipment		33 603 331,30	30 462 364,18	33 538 378,17	30 373 844,43
Other tangible assets		4 705 473,63	5 167 348,83	4 705 473,63	5 167 348,83
Construction in progress		13 321 789,22	12 020 269,96	10 092 219,38	10 275 334,38
		350 458 829,97	347 084 308,51	221 585 265,94	221 890 837,78
Investments					
Shares in group companies		0,00	0,00	76 000,00	76 000,00
Holdings in associated companies		32 059 493,39	28 830 518,79	36 355 072,69	35 356 066,69
Other shares and holdings		65 717 552,71	59 295 726,03	65 714 751,66	59 292 924,98
Other long-term investments		0,00	1 040 000,00	0,00	1 040 000,00
		97 777 046,10	89 166 244,82	102 145 824,35	95 764 991,67
Total non-current assets		460 498 284,11	451 020 373,00	333 343 944,38	330 478 046,21
Current assets					
	14				
Inventories					
Raw materials and consumables		3 508 101,93	122 199,62	3 508 101,93	122 199,62
Oil stocks		1 522 225,79	3 061 533,87	1 522 225,79	3 061 533,87
Coal stocks		11 648 685,06	10 559 671,54	11 648 685,06	10 559 671,54
		16 679 012,78	13 743 405,03	16 679 012,78	13 743 405,03
Long-term receivables					
Loans receivable from associated companies		11 981 167,76	13 856 049,34	11 981 167,76	13 856 049,34
Prepayments and accrued income		1 948 565,12	2 056 347,30	357 829,44	388 944,96
Other receivables		0,00	2 638 547,00	0,00	2 638 547,00
Deferred tax assets		1 623 217,86	1 076 408,55	661 949,20	1 055 178,40
Short-term receivables					
Sales receivables		48 687 932,77	54 967 632,20	36 423 764,63	41 637 113,64
Connection fee receivables		232 456,10	323 584,93	113 201,14	190 797,98
Receivables from group companies		0,00	0,00	41 082 616,63	46 662 047,43
Receivables from associated companies		1 892 969,21	1 897 788,00	1 892 591,52	1 897 788,00
Prepayments and accrued income		15 086 820,33	8 286 853,45	12 027 779,26	7 568 531,41
Other receivables		7 760 310,27	8 433 335,52	7 561 596,75	8 060 248,31
Total receivables		89 213 439,42	93 536 546,29	112 102 496,33	123 955 246,47
Cash in hand and at banks		15 264 349,87	10 129 271,21	12 901 084,67	10 129 271,21
Total current assets		121 156 802,07	117 409 222,53	141 682 593,78	147 827 922,71
TOTAL ASSETS		581 655 086,19	568 429 595,53	475 026 538,16	478 305 968,92

Balance sheet

(EUR)	Notes	GROUP		PARENT COMPANY	
		31.12.2017	31.12.2016	31.12.2017	31.12.2016
EQUITY AND LIABILITIES					
Capital and reserves					
	15				
Share capital		3 421 816,00	3 421 816,00	3 421 816,00	3 421 816,00
Retained earnings		192 472 191,70	178 990 132,26	108 785 183,54	106 922 502,10
Profit for the financial year		46 529 346,96	34 252 797,50	31 245 519,41	21 880 086,88
Translation differences		0,00	-753 332,62	--	--
Total capital and reserves		242 423 354,66	215 911 413,14	143 452 518,95	132 224 404,98
Appropriations					
Depreciation difference		--	--	55 187 253,86	51 771 446,81
Provisions					
		500 000,00	106 150,74	500 000,00	106 150,74
Liabilities					
	16				
Long-term liabilities					
Connection fees		133 486 247,01	131 418 383,12	91 419 325,78	90 674 504,53
Loans from financial institutions		127 193 988,28	135 650 921,14	127 193 988,28	135 650 921,14
Other long-term liabilities		1 394 481,99	1 232 000,00	1 394 481,99	1 232 000,00
Deferred tax liabilities		22 988 139,95	20 953 380,42	0,00	0,00
		285 062 857,23	289 254 684,68	220 007 796,05	227 557 425,67
Short-term liabilities					
Loans from financial institutions		8 456 932,86	11 665 683,32	8 456 932,86	11 665 683,32
Advance payments received		769,66	250 265,62	284,63	250 013,63
Payables		12 126 586,14	14 844 654,27	10 422 393,58	13 240 016,16
Liabilities to group companies		0,00	0,00	5 130 575,55	6 671 796,96
Liabilities to associated companies		745,20	58 887,72	0,00	11 198,08
Accruals		11 454 388,35	15 504 746,91	10 336 837,93	14 002 930,10
Other liabilities		21 629 452,10	20 833 109,13	21 531 944,75	20 804 902,47
		53 668 874,31	63 157 346,97	55 878 969,30	66 646 540,72
Total liabilities		338 731 731,54	352 412 031,65	275 886 765,35	294 203 966,39
TOTAL EQUITY AND LIABILITIES		581 655 086,19	568 429 595,53	475 026 538,16	478 305 968,92

VANTAA ENERGY LTD

Cash flow statement

(EUR)	GROUP		PARENT COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Cash flow from operating activities				
Profit before appropriations	53 700 157,13	42 601 477,43	39 104 706,12	35 544 386,24
Adjustments				
Depreciation according to plan	26 517 907,92	25 968 821,10	17 665 749,22	17 429 047,92
Other income and expenses not including payments	8 062 150,29	753 057,98	7 859 371,46	569 628,50
Financial income and expenses	1 122 068,25	7 581 814,12	-2 323 547,99	4 278 012,21
Share of associated companies' result/other adjustments	-5 304 244,99	-2 140 870,42	0,00	0,00
Cash flow before change in working capital	84 098 038,60	74 764 300,21	62 306 278,81	57 821 074,87
Change in working capital				
Change in inventories	329 392,25	6 444 271,70	329 392,25	6 444 271,70
Change in current receivables	248 705,54	-3 592 642,92	1 414 976,84	3 110 239,94
Change in current liabilities	-6 279 722,20	-14 917 949,98	-7 558 820,96	-12 725 120,40
Operational cash flow before financial items and taxes	78 396 414,19	62 697 979,01	56 491 826,94	54 650 466,11
Interest paid and payments for operations	-3 307 588,23	-4 147 215,61	-3 308 208,32	-4 146 365,55
Dividends received	3 214 107,38	3 012 123,07	3 214 107,38	3 012 123,07
Interest received	472 772,18	698 721,47	844 732,13	1 076 943,87
Direct taxes paid	-5 682 859,95	-6 411 319,72	-5 950 150,46	-6 153 828,99
Cash flow from operating activities	73 092 845,57	55 850 288,22	51 292 307,67	48 439 338,51
Cash flow from investments				
Investments in tangible and intangible assets	-37 556 652,00	-30 179 682,40	-24 119 670,00	-16 267 262,72
Other investments	-6 840 330,00	-11 644 900,00	-6 840 330,00	-11 644 900,00
Income from disposal of other investments	0,00	1 856 203,56	0,00	1 856 203,56
Cash flow from investments	-44 396 982,00	-39 968 378,84	-30 960 000,00	-26 055 959,16
Cash flow before financing activities	28 695 863,57	15 881 909,38	20 332 307,67	22 383 379,35
Cash flow from financing activities				
Repayments of non-current loans	-8 456 932,86	-5 156 932,86	-8 456 932,86	-5 156 932,86
Repayments of current loans	-3 208 750,46	-1 326 342,80	-3 208 750,46	-1 326 342,80
Increase (-) / decrease (+) in loan receivables	1 874 881,58	1 874 881,58	7 374 881,58	2 174 881,58
Increase (-) / decrease (+) in non-current receivables	3 139 558,38	8 957 513,18	3 062 891,72	8 880 846,52
Increase (+) / decrease (-) in connection fees	2 067 863,89	2 121 448,28	744 821,25	696 644,97
Dividends paid	-19 983 405,44	-19 983 405,44	-19 983 405,44	-19 983 405,44
Group contributions received and paid	0,00	0,00	1 900 000,00	-5 300 000,00
Other	1 006 000,00	-34 000,00	1 006 000,00	-34 000,00
Cash flow from financing activities	-23 560 784,91	-13 546 838,06	-17 560 494,21	-20 048 308,03
Change in cash and cash equivalents	5 135 078,66	2 335 071,32	2 771 813,46	2 335 071,32
Cash and cash equivalents 1 January	10 129 271,21	7 794 199,88	10 129 271,21	7 794 199,88
Cash and cash equivalents 31 December	15 264 349,87	10 129 271,21	12 901 084,67	10 129 271,21

VANTAA ENERGY LTD

NOTES ON THE PREPARATION OF THE FINANCIAL STATEMENTS

1 Accounting principles

Group structure

The consolidated financial statements include the parent company Vantaa Energy Ltd and its fully owned subsidiary Vantaa Energy Electricity Networks Ltd. Companies pooled as associated companies are listed in note 13. The consolidated financial statements have been prepared in compliance with the Accounting Act 1336/1997 valid on 31 December 2017 and the Limited Liability

The Vantaa Energy Group is a sub-group of the City of Vantaa Group. A copy of the consolidated financial statements of the City of Vantaa is available online at: <http://www.vantaa.fi>. A copy of the consolidated financial statements of Vantaa Energy is available at the address Peltolantie 27, 01300 Vantaa, Finland, or online at: <http://www.vantaanenergia.fi>.

heat, and acquires and sells natural gas. The company also offers other services related to the energy business, as well as administrative services to the Group's subsidiaries on the basis of service contracts.

Consolidation principles

Mutual share ownership is eliminated with the acquisition cost method. All intra-group transactions, receivables and liabilities, unrealised profits and internal profit distribution have been eliminated when drawing up the consolidated financial statements. The associated companies with their subsidiaries have been combined in the consolidated financial statements with the equity method. A dividend obtained from associated companies is deducted from the Group's results and the

Unbundled financial statements

According to the requirements of the Electricity Market Act and the Natural Gas Market Act, an electricity company must unbundle the accounts of the sale and production of electricity (other electricity business), electricity network operations and natural gas network operations, and the sale of natural gas from each other and from other operations. The Group's corporate structure and the company's business division act as a basis for the unbundling of accounts. Administrative services provide services to the business units in a centralised way in accordance with the service contracts. Balance sheet items have been allocated to functions according to the matching principle.

Items denominated in foreign currency

Transactions in foreign currency are recorded according to the exchange rate of the moment of transaction. Receivables and debts denominated in foreign currency in the balance sheet at the balance sheet date are valued at the exchange rate applying at the balance sheet date. Exchange differences arising from business operations are usually entered in the profit and loss account and included in the corresponding items above operating profit. Exchange differences arising from

Pension arrangements

Pension security of the Group's employees with extra benefits is provided for by the pension insurance company and recorded according to the calculations and charges of the pension insurance. The CEO of the Group's parent company is entitled to retire in accordance with the Employees' Pensions Act valid at any given time. The managing directors of subsidiaries have the option of retiring at the age of 62.

Turnover

Turnover consists of the profits of electricity, heat and natural gas operations and other services related to the energy business. Recorded sales profits are based on delivered amounts. Physical energy sale and purchase contracts are allocated on the accrual basis. The profits are presented deducted by indirect taxes, such as value added tax and excise duty.

Other income

Income from outside normal business operations are included in other income. Other income includes recurring items, such as the sale of administrative services to other Group companies, rental income and non-recurring items, such as sales profits of fixed assets. The sales income of emission allowances is also recorded in other income.

Emission allowances

Emission allowances are dealt with using the so-called net method in accordance with statement 1767/2005 of the Finnish Accounting Standards Board. If the actual emission tonnes exceed the available allowances, they are entered as provisions. If actual tonnes fall short of the available allowances, they are presented as off-balance sheet assets in the notes. Unused emission allowances acquired for consideration are entered in the balance sheet as intangible assets under the original acquisition cost or at a market price that is lower than the original acquisition cost. Sales income from emission allowances are presented in other operating income.

Research and development expenses

Research and development expenses are not activated, but they are entered as expense in the profit :

Non-current assets

Licence fees for IT software and IT programmes, participation fees e.g. for a natural gas pipeline, right-of-way usufruct and emission allowances acquired for consideration, emissions reductions and activated planning costs of power plants are recorded under intangible assets.

Tangible assets are entered in the balance sheet at their original acquisition cost deducted by accumulated depreciation. The original acquisition cost includes expenses resulting directly from the acquisition cost of the asset in question. In addition to direct costs, the acquisition cost of self-manufactured assets also includes the share of indirect costs that results from bringing the asset to its working condition for the purpose of its use. The original acquisition cost includes expenses resulting directly from the acquisition cost of the asset in question. No depreciations are made on land areas as their useful life cannot be defined.

Planned depreciations are calculated as straight-line depreciations by recording the acquisition costs as expense during the estimated useful lives as follows:

Intangible rights	3 - 10	years
Other capitalised long-term expenditure	3 - 10	years
Buildings	25 - 50	years
Technical equipment of buildings	20	years
Oil tanks and temporary structures	10	years
Electricity and district heating networks	5 - 30	years
Gas distribution network	30	years
Power plant machinery and equipment	4 - 20	years
Heating plant machinery and equipment	5 - 20	years
Machinery and equipment	5	years
Other tangible assets	10	years

Investments are valued at the original acquisition price.

The expenses of maintenance outages carried out every 4 years at a power plant are recorded in the balance sheet and taken off during the period between outages. Other repair and maintenance expenses are recorded as expenses in the profit and loss account for the accounting period in which

Current assets

Fuel stocks are valued at the acquisition price calculated according to the FIFO principle or at the market price at the balance sheet date if lower. Supplies are valued at the weighted average price.

Sales receivables are recorded at the amount of original invoicing. A sales receivable is recorded as a write-off immediately after it can be proven that the Group is unable to receive its sales receivables in accordance with the original contracts. These proofs can include, e.g. a recommendation by a debt collection agency or serious financial problems of a debtor. Write-offs are recorded as expense in the profit and loss account.

Financial fixed assets are valued at the acquisition cost or market price if lower in accordance with Chapter 5, section 2 of the Accounting Act. Cash assets consist of liquid investments.

A credit limit granted by a bank to cover a collateral requirement related to electricity derivatives has been recorded in both receivables and liabilities in the balance sheet in terms of the used limit.

Connection fees

Fees that a customer pays when joining a district heating or electricity network are recorded in the balance sheet under other long-term liabilities. These connection fees are transferable and refundable. Connection fees for natural gas connections are recorded in the profit and loss account

Income tax and deferred taxes

Income tax includes taxes for the financial year calculated on the basis of the profit or loss for the financial year and payable or refunded taxes from previous financial years.

Accrued depreciation is entered in the consolidated balance sheet divided into equity and deferred tax liabilities, and their change is entered in the change in deferred tax liabilities and the profit or loss for the financial year in the consolidated financial statements. Deferred tax assets have been recorded by the parent company on the change of fair value of derivatives.

Financial leases

Financial leasing costs have been entered during the accounting period on an accrual basis as expenses and future leasing fees are presented as off-balance sheet liabilities.

Financing and liquidity management

The company's Board of Directors has accepted for the company a financial risk policy, the implementation of which is monitored at all times. The Group's finances focus on the parent company, and the financing of subsidiaries is mainly managed with inter-company loans. The liquidity of group companies is concentrated with consolidated accounts. Liquidity risk management aims to secure the Group's finances in all situations. The liquidity risk is reduced by only investing in liquid

Calculation principles related to derivatives instruments and hedging measures

The company's risk management aims to support the achievement of the targets of the business strategy. Electricity price risk is the company's key business risk. The price trend of the electricity market mainly has an impact on Vantaa Energy's electricity generation and sales business. Factors having an impact on the price of electricity in the Nordic market in the short term are the water supply situation, temperature, the prices of emission allowances for carbon dioxide, the price of fuels, and

The company hedges against electricity price risks by drawing up electricity derivatives contracts with respect to both sales and production. During the maturity of derivatives, the open net volume of electricity derivatives is lower than the predicted extremely likely amount of spot-priced purchases. Fuel price risks are hedged against by trading in raw material derivatives. The company hedges against a change in the value of the dollar by trading in foreign currency derivatives. The price risk of carbon dioxide emission allowances is hedged against with emission allowance derivative contracts and by taking into account the costs of emission allowances in production planning. Interest risks (bank loans and leasing debts) are hedged with interest derivatives.

For hedging activities, the Board of Directors has approved a financial risk policy, the implementation of which is monitored at all times. The fair values of derivatives instruments and the values of underlying instruments are presented in note 20. The fair values are based on the market data on the balance sheet date and they are confirmed by an outside body. All derivatives are carried out for

Accounting for derivatives presented on 31 December 2016 was amended by virtue of statement 1963/2016 by the Accounting Board. The interest rate swaps, the validity and interest period of which correspond with the loan maturity and interest period (reverse coherence in terms of the interest), are presented as liabilities in the notes to the financial statements. The interest rate swaps and commodity derivative contracts on which allocation cannot be made are valued at the balance sheet date value according to the contract, and the negative difference between the value at the moment of drawing up the derivative contract and the value on the balance sheet date is recorded as expense for the accounting period.

Calculation formulas for key figures

Return on equity % = $\frac{\text{Profit before extraordinary items} - \text{taxes}}{\text{Equity}} * 100$

Equity ratio = $\frac{\text{Equity}}{\text{Balance sheet total}} * 100$

VANTAA ENERGY LTD

Notes to the financial statements 2017

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
2 Turnover				
Electricity sales and distribution	163 855 611,32	167 561 011,24	125 215 557,45	133 446 935,04
Heat sales	98 602 679,95	96 060 609,55	98 602 679,95	96 060 609,55
Natural gas sales	2 135 124,55	1 947 827,69	2 135 124,55	1 947 827,69
Other operations	20 701 425,82	18 886 663,03	19 182 003,63	17 628 380,47
	285 294 841,64	284 456 111,51	245 135 365,58	249 083 752,75
3 Work performed by the undertaking for its own purpose and capitalised				
Activated wages and salaries	2 463 028,25	1 950 113,31	950 994,97	693 352,21
Activated indirect employee costs	449 350,10	394 394,52	130 588,75	108 142,81
Activated materials and disposables	1 940 495,19	1 896 305,85	1 940 495,19	1 896 305,85
	4 852 873,54	4 240 813,68	3 022 078,91	2 697 800,87
4 Other operating income				
Service income from Group companies	-	-	5 540 689,58	6 097 747,62
Profit from sale of fixed assets	8 619 769,49	144 184,59	8 618 769,47	103 511,81
Lease income	437 215,02	556 798,96	461 091,41	580 575,66
Insurance claims and damage compensation receivable	9 003,14	79 818,66	3 459,74	79 818,66
Sale of fuel oil	1 528 941,82	22 074 473,00	1 528 941,82	22 074 473,00
Other income	749 011,97	1 479 418,26	566 213,44	1 314 734,56
	11 343 941,44	24 334 693,47	16 719 165,46	30 250 861,31
5 Materials and services				
Purchase of energy				
Purchase of electricity	93 455 693,97	92 456 287,46	93 567 165,89	92 596 755,25
Purchase of heat	887 330,61	191 500,65	887 330,61	191 500,65
Purchase of fuel oil	2 358,45	12 853 359,89	2 358,45	12 853 359,89
Purchase of coal	23 637 255,53	18 641 306,41	23 637 255,53	18 641 306,41
Purchase of gas	17 698 188,39	24 226 198,29	17 698 188,39	24 226 198,29
Emission costs	1 929 193,04	1 722 335,40	1 929 193,04	1 722 335,40
Other energy production costs	0,00	-17 469,40	0,00	-17 469,40
Total energy purchases	137 610 019,99	150 073 518,70	137 721 491,91	150 213 986,49
Raw materials and consumables	10 985 151,34	5 448 096,20	10 924 695,82	5 419 469,33
Increase (+) / decrease (-) in inventories	-2 935 607,75	6 229 361,59	-2 935 607,75	6 229 361,59
External services	22 632 721,45	19 597 862,96	13 151 176,71	10 874 137,65
Total materials and services	168 292 285,03	181 348 839,45	158 861 756,69	172 736 955,06
6 Employees				
In the financial year the average number of personnel was				
Number of monthly salaried employees	302	301	250	249
Number of hourly waged employees	37	41	22	25
	339	342	272	274
Personnel expenses				
Wages and salaries	21 315 797,78	21 430 558,93	17 556 913,95	17 608 619,11
Pension costs	4 275 699,22	4 771 180,02	3 515 385,23	4 035 195,11
Other indirect employee costs	983 634,76	1 114 283,60	839 590,84	922 594,24
Personnel expenses in the profit and loss account	26 575 131,76	27 316 022,55	21 911 890,02	22 566 408,46
Salaries and wages paid, including fringe benefits				
To the Board/s of Directors	63 489,99	58 081,67	54 249,99	48 841,67
To the Managing Director/s	436 351,27	423 634,77	267 582,30	262 026,82
	499 841,26	481 716,44	321 832,29	310 868,49

Notes to the financial statements 2017

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
7 Depreciation and reduction in value				
Intangible rights	570 186,89	639 108,62	431 741,26	516 094,78
Other capitalised long-term expenditure	2 532 221,81	2 698 626,50	2 448 393,29	2 631 357,38
Buildings	6 577 977,72	6 540 949,68	6 089 789,83	6 094 176,96
District heat and gas network	3 691 413,61	3 482 737,74	3 691 413,61	3 482 737,74
Electricity network	8 109 665,04	7 869 667,78	--	--
Machinery and equipment	4 574 567,65	4 273 495,16	4 542 536,03	4 240 445,44
Other tangible assets	461 875,20	464 235,62	461 875,20	464 235,62
	26 517 907,92	25 968 821,10	17 665 749,22	17 429 047,92
8 Other operating expenses				
Administrative services	4 846 298,31	4 507 161,81	4 896 183,80	4 760 746,02
Total occupancy costs	5 676 847,68	5 859 779,54	5 697 055,62	5 727 052,25
Costs linked to personnel	1 550 255,92	1 685 424,54	1 410 993,26	1 498 599,96
IT hardware and software costs	4 581 912,10	4 916 060,37	4 222 153,03	4 596 227,25
Waste-to-energy plant leasing costs	8 826 934,07	8 789 860,02	8 826 934,07	8 789 860,02
Other expenses of machinery and equipment	312 036,85	422 167,88	308 041,54	420 417,18
Marketing costs	2 559 096,97	2 694 590,36	2 546 089,40	2 684 230,42
Other costs	2 234 969,62	1 480 469,91	1 748 605,17	1 000 471,94
	30 588 351,52	30 355 514,43	29 656 055,89	29 477 605,04
Auditors' fees				
BDO Auditor Oy certified public accountants (reference year: Deloitte & Touche Oy certified public accountants)				
Audit fees	14 926,55	39 500,00	13 866,75	34 000,00
Other fees	0,00	643,49	0,00	643,49
	14 926,55	40 143,49	13 866,75	34 643,49
9 Financial income and expenses				
Dividend income				
From associated companies	-	-	3 074 276,38	2 924 729,45
From other sources	139 831,00	87 393,62	139 831,00	87 393,62
Total dividend income	139 831,00	87 393,62	3 214 107,38	3 012 123,07
Interest income from investment				
Interest income				
From group companies	-	-	375 100,00	379 600,00
From associated companies	105 271,70	138 691,23	105 271,70	138 691,23
From other sources	343 776,74	1 818,08	343 745,93	1 775,38
Total interest income	449 048,44	140 509,31	824 117,63	520 066,61
Other financial income	23 723,74	558 212,16	20 614,50	556 877,26
Interest and other financial expenses				
Interest expenses to group companies	-	-	0,00	0,00
Interest expenses to others	-777 735,30	-633 362,50	-778 355,39	-632 512,44
Other financial expenses				
Other financial expenses	-956 936,13	-7 734 566,71	-956 936,13	-7 734 566,71
Total interest and other financial expenses	-1 734 671,43	-8 367 929,21	-1 735 291,52	-8 367 079,15
Financial income and expenses, total	-1 122 068,25	-7 581 814,12	2 323 547,99	-4 278 012,21
10 Group contribution				
Group contribution received from subsidiary	-	-	1 900 000,00	0,00
Group contribution paid to subsidiary	-	-	0,00	-5 300 000,00
Total group contribution	-	-	1 900 000,00	-5 300 000,00
11 Income tax				
Income taxes from actual operations in financial period	5 908 163,26	6 121 594,38	6 175 453,77	5 864 103,65
Income tax on extraordinary items	-	-	-	-
Tax on retained earnings	-225 303,31	289 725,34	-225 303,31	289 725,34
Deferred taxes	1 487 950,22	1 937 360,21	393 229,20	-1 055 178,40
	7 170 810,17	8 348 679,93	6 343 379,66	5 098 650,59

Notes to the financial statements 2017

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
12 Non-current assets				
Intangible rights				
Acquisition cost 1 Jan.	9 405 486,06	9 659 035,44	4 511 324,49	5 077 797,36
Addition	2 439 011,42	1 370 972,76	2 262 402,62	1 058 049,27
Disposal	-2 063 667,26	-1 624 522,14	-2 035 343,78	-1 624 522,14
Acquisition cost 31 Dec.	9 780 830,22	9 405 486,06	4 738 383,33	4 511 324,49
Accumulated depreciation according to plan 1 Jan.	-6 840 740,48	-6 204 966,76	-3 400 441,14	-2 887 681,26
Accumulated depreciation on decreases	0,00	3 334,90	0,00	3 334,90
Depreciation for the financial year	-570 186,89	-639 108,62	-431 741,26	-516 094,78
Accumulated depreciation according to plan 31 Dec.	-7 410 927,37	-6 840 740,48	-3 832 182,40	-3 400 441,14
Book value 31 Dec.	2 369 902,85	2 564 745,58	906 200,93	1 110 883,35
Other capitalised long-term expenditure				
Acquisition cost 1 Jan.	34 303 473,04	34 040 987,71	33 157 507,18	32 985 233,29
Addition	788 987,76	350 606,59	703 712,60	260 395,15
Disposal	-1 913 561,06	-75 861,80	-1 913 561,06	-75 861,80
Transfers between items	0,00	-12 259,46		-12 259,46
Acquisition cost 31 Dec.	33 178 899,74	34 303 473,04	31 947 658,72	33 157 507,18
Accumulated depreciation according to plan 1 Jan.	-23 245 541,90	-20 589 070,62	-22 302 222,38	-19 713 020,22
Accumulated depreciation on decreases	0,00	42 155,22	0,00	42 155,22
Depreciation for the financial year	-2 532 221,81	-2 698 626,50	-2 448 393,29	-2 631 357,38
Accumulated depreciation according to plan 31 Dec.	-25 777 763,71	-23 245 541,90	-24 750 615,67	-22 302 222,38
Book value 31 Dec.	7 401 136,03	11 057 931,14	7 197 043,05	10 855 284,80
Intangible assets under construction				
Acquisition cost 1 Jan.	1 147 142,95	283 659,09	856 048,63	283 659,09
Addition	1 826 040,91	908 368,25	1 135 376,18	617 273,93
Disposal	-481 814,70	-44 884,39	-481 814,70	-44 884,39
Acquisition cost = book value 31 Dec.	2 491 369,16	1 147 142,95	1 509 610,11	856 048,63
Total intangible assets	12 262 408,04	14 769 819,67	9 612 854,09	12 822 216,78
Tangible assets				
Land				
Acquisition cost 1 Jan.	8 438 367,16	8 616 945,70	8 003 627,50	8 182 764,49
Addition	435 883,73	4 445,28	435 883,73	2 700,00
Disposal	-1 341 871,46	-183 023,82	-1 341 871,46	-181 836,99
Acquisition cost = book value 31 Dec.	7 532 379,43	8 438 367,16	7 097 639,77	8 003 627,50
Buildings				
Acquisition cost 1 Jan.	162 410 450,18	165 999 367,31	146 963 239,97	153 210 474,36
Adjustment of acquisition cost	0,00	9,82	0,00	9,82
Addition	386 843,94	3 266 811,32	85 348,39	206 042,59
Disposal	-5 874 407,07	-6 855 738,27	-5 874 407,07	-6 453 286,80
Acquisition cost 31 Dec.	156 922 887,05	162 410 450,18	141 174 181,29	146 963 239,97
Accumulated depreciation according to plan and reduction in	-50 656 176,47	-49 399 006,04	-43 689 856,27	-42 502 344,69
Accumulated depreciation on decreases	5 550 418,25	5 342 973,85	5 550 418,25	4 965 859,98
Depreciation for the financial year	-6 634 736,41	-6 600 134,46	-6 146 548,52	-6 153 361,74
Transfers between items	0,00	-9,82	0,00	-9,82
Accumulated depreciation according to plan 31 Dec.	-51 740 494,63	-50 656 176,47	-44 285 986,54	-43 689 856,27
Book value 31 Dec.	105 182 392,42	111 754 273,71	96 888 194,75	103 273 383,70
Electricity network				
Acquisition cost 1 Jan.	288 759 099,83	276 975 969,88		
Addition	10 718 161,73	12 298 916,74		
Disposal	-646 921,37	-515 786,79		
Acquisition cost 31 Dec.	298 830 340,19	288 759 099,83		
Accumulated depreciation according to plan 1 Jan.	-174 314 714,08	-166 803 928,04		
Accumulated depreciation on decreases	444 142,66	358 881,74		
Depreciation for the financial year	-8 109 665,04	-7 869 667,78		
Accumulated depreciation according to plan 31 Dec.	-181 980 236,46	-174 314 714,08		
Book value 31 Dec.	116 850 103,73	114 444 385,75		

Notes to the financial statements 2017

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
District heating network and equipment				
Acquisition cost 1 Jan.	143 391 306,93	138 380 838,00	143 391 306,93	138 380 838,00
Addition	8 165 824,94	5 010 468,93	8 165 824,94	5 010 468,93
Disposal	-133 527,49	0,00	-133 527,49	0,00
Acquisition cost 31 Dec.	151 423 604,38	143 391 306,93	151 423 604,38	143 391 306,93
Accumulated depreciation according to plan 1 Jan.	-79 340 460,17	-75 901 525,99	-79 340 460,17	-75 901 525,99
Accumulated depreciations of deductions and transfers	43 158,34	0,00	43 158,34	0,00
Depreciation for the financial year	-3 645 181,07	-3 438 934,18	-3 645 181,07	-3 438 934,18
Accumulated depreciation according to plan 31 Dec.	-82 942 482,90	-79 340 460,17	-82 942 482,90	-79 340 460,17
Book value 31 Dec.	68 481 121,48	64 050 846,76	68 481 121,48	64 050 846,76
Gas distribution network				
Acquisition cost 1 Jan.	2 325 476,99	2 283 126,36	2 325 476,99	2 283 126,36
Addition	82 019,14	42 350,63	82 019,14	42 350,63
Acquisition cost 31 Dec.	2 407 496,13	2 325 476,99	2 407 496,13	2 325 476,99
Accumulated depreciation according to plan 1 Jan.	-1 579 024,83	-1 535 221,27	-1 579 024,83	-1 535 221,27
Depreciation for the financial year	-46 232,54	-43 803,56	-46 232,54	-43 803,56
Accumulated depreciation according to plan 31 Dec.	-1 625 257,37	-1 579 024,83	-1 625 257,37	-1 579 024,83
Book value 31 Dec.	782 238,76	746 452,16	782 238,76	746 452,16
Production machinery and equipment				
Acquisition cost 1 Jan.	142 449 897,28	142 008 857,35	142 449 897,28	142 008 857,35
Addition	6 674 141,47	441 039,93	6 674 141,47	441 039,93
Acquisition cost 31 Dec.	149 124 038,75	142 449 897,28	149 124 038,75	142 449 897,28
Accumulated depreciation according to plan and reduction in	-113 426 951,28	-109 716 866,43	-113 426 951,28	-109 716 866,43
Depreciation for the financial year	-3 913 089,89	-3 710 084,85	-3 913 089,89	-3 710 084,85
Accumulated depreciation according to plan 31 Dec.	-117 340 041,17	-113 426 951,28	-117 340 041,17	-113 426 951,28
Book value 31 Dec.	31 783 997,58	29 022 946,00	31 783 997,58	29 022 946,00
Other machinery and equipment				
Acquisition cost 1 Jan.	19 529 054,01	19 392 646,69	19 335 780,48	19 199 373,16
Addition	984 634,61	136 407,32	976 169,61	136 407,32
Acquisition cost 31 Dec.	20 513 688,62	19 529 054,01	20 311 950,09	19 335 780,48
Accumulated depreciation according to plan 1 Jan.	-18 089 635,83	-17 585 410,30	-17 984 882,05	-17 513 706,24
Depreciation for the financial year	-604 719,07	-504 225,53	-572 687,45	-471 175,81
Accumulated depreciation according to plan 31 Dec.	-18 694 354,90	-18 089 635,83	-18 557 569,50	-17 984 882,05
Book value 31 Dec.	1 819 333,72	1 439 418,18	1 754 380,59	1 350 898,43
Total machinery and equipment 31 Dec.	33 603 331,30	30 462 364,18	33 538 378,17	30 373 844,43
Other tangible assets				
Acquisition cost 1 Jan.	6 322 540,27	6 332 593,55	6 322 540,27	6 332 593,55
Addition	0,00	12 259,46	0,00	12 259,46
Disposal	0,00	-22 312,74	0,00	-22 312,74
Acquisition cost 31 Dec.	6 322 540,27	6 322 540,27	6 322 540,27	6 322 540,27
Accumulated depreciation according to plan 1 Jan.	-1 155 191,44	-696 307,48	-1 155 191,44	-696 307,48
Accumulated depreciation on decreases	0,00	5 351,66	0,00	5 351,66
Depreciation for the financial year	-461 875,20	-464 235,62	-461 875,20	-464 235,62
Accumulated depreciation according to plan 31 Dec.	-1 617 066,64	-1 155 191,44	-1 617 066,64	-1 155 191,44
Book value 31 Dec.	4 705 473,63	5 167 348,83	4 705 473,63	5 167 348,83

Notes to the financial statements 2017

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Own work in progress				
Acquisition cost 1 Jan.	12 020 269,96	5 685 934,78	10 275 334,38	1 795 058,88
Addition	11 512 993,47	11 879 876,75	8 897 545,48	8 480 275,50
Disposal	-6 946 400,00	-5 545 541,57	-5 815 586,27	0,00
Transfer to inventory	-3 265 074,21	0,00	-3 265 074,21	0,00
Acquisition cost = book value 31 Dec.	13 321 789,22	12 020 269,96	10 092 219,38	10 275 334,38
Total tangible assets	350 458 829,97	347 084 308,51	221 585 265,94	221 890 837,76
Investments				
Shares in group companies				
Acquisition cost 1 Jan.	-	-	76 000,00	76 000,00
Acquisition cost = book value 31 Dec.			76 000,00	76 000,00
Shares in associated companies				
Acquisition cost 1 Jan.	28 830 518,79	30 367 710,44	35 356 066,69	35 356 066,69
Additions/disposals	3 228 974,61	-1 537 191,65	999 006,00	0,00
Acquisition cost = book value 31 Dec.	32 059 493,39	28 830 518,79	36 355 072,69	35 356 066,69
Other shares and holdings				
Acquisition cost 1 Jan.	59 295 726,03	49 533 882,74	59 292 924,98	49 531 081,69
Additions	6 840 330,00	11 644 900,00	6 840 330,00	11 644 900,00
Disposals	-418 503,32	-1 883 056,71	-418 503,32	-1 883 056,71
Acquisition cost = book value 31 Dec.	65 717 552,71	59 295 726,03	65 714 751,66	59 292 924,98
Other long-term investments				
Acquisition cost 1 Jan.	1 040 000,00	1 040 000,00	1 040 000,00	1 040 000,00
Disposals	-1 040 000,00	0,00	-1 040 000,00	0,00
Acquisition cost = book value 31 Dec.	0,00	1 040 000,00	0,00	1 040 000,00
Total investments	97 777 046,10	89 166 244,82	102 145 824,35	95 764 991,67
Total non-current assets	460 498 284,11	451 020 373,00	333 343 944,38	330 478 046,21
Capital loan granted:				
Amount:	0,00	1 040 000,00	0,00	1 040 000,00
Terms:	The capital loan meets all the terms set out in Chapter 12 of the Limited Liability Companies Act. No The principal has been repaid in full on 29 December 2017.			
Interest:	The interest agreed on the capital loan is the rate of interest of the 5-year Finnish government bond + 1 percentage point. Unpaid interest accrued for the interest period of 1 January – 29 December 2017 EUR 22,340.91 has been recognised as income in the profit and loss account.			

Notes to the financial statements 2017

13 Subsidiaries and associated companies 31 December 2017

Shares in group companies

Owned by the parent company	Domicile	Group's shareholding	Parent company's shareholding	Capital and reserves	Result for the financial year	Book value 31.12.2017	Number of shares
Vantaa Energy Electricity Networks	Finland	100,00 %	100,00 %	10 429 923,88	3 976 119,63	76 000,00	701
Associated companies							
Owned by the parent company							
Svartisen Holding AS	Norway	49,63 %	49,63 %	44 230 302,00	10 475 312,00	19 926 160,16	54 883 850
Suomen Energia-Urakointi Oy	Finland	25,88 %	25,88 %	5 590 175,05	317 448,89	1 446 923,61	1 553
Kolsin Voima Oy	Finland	22,50 %	22,50 %	50 265 845,04	-3 539 947,42	9 687 409,00	2 250
Solar Power Holding Oy	Finland	24,10 %	24,10 %	4 155 470,18	-22,32	999 000,62	1 572

All group and associated companies have been combined in the parent company's consolidated financial statements.

The loan granted by the parent company to Svartisen Holding AS (capital on 31 December 2017 EUR 13,856,049.00) is unsecured.

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
14 Current assets				
Long-term receivables				
Long-term receivables from associated companies				
Long-term loan receivables				
	11 981 167,76	13 856 049,34	11 981 167,76	13 856 049,34
	11 981 167,76	13 856 049,34	11 981 167,76	13 856 049,34
Prepayments and accrued income				
Purchase invoice accrual	1 948 565,12	2 056 347,30	357 829,44	388 944,96
	1 948 565,12	2 056 347,30	357 829,44	388 944,96
Other receivables				
Securities	0,00	2 638 547,00	0,00	2 638 547,00
	0,00	2 638 547,00	0,00	2 638 547,00
Deferred tax assets				
Deferred tax asset of the fair value of interest rate derivatives and provisions	1 623 217,86	1 076 408,55	661 949,20	1 055 178,40
	1 623 217,86	1 076 408,55	661 949,20	1 055 178,40
Short-term receivables				
Short-term receivables from group undertakings				
Intra-group loan, interest-bearing	-	-	41 000 000,00	46 500 000,00
Group trade receivables	-	-	27 312,17	0,00
Other group receivables	-	-	55 304,46	162 047,43
			41 082 616,63	46 662 047,43
Short-term receivables from associated companies				
Short-term loan receivables	1 874 881,58	1 874 881,58	1 874 881,58	1 874 881,58
Short-term interest receivables	17 709,94	22 906,42	17 709,94	22 906,42
Short-term trade receivables	377,69	0,00	0,00	0,00
	1 892 969,21	1 897 788,00	1 892 591,52	1 897 788,00
Prepayments and accrued income				
Unbilled earned net sales	12 740 572,29	6 087 472,32	9 766 030,95	5 467 472,32
Derivative financial assets	448 271,32	0,00	448 271,32	0,00
Receivables from suppliers	780 852,40	492 702,65	780 852,40	492 702,65
Purchase invoice accrual	914 313,49	775 018,91	879 145,15	757 553,64
Advance payments for 2017	0,00	300 176,92	0,00	300 176,92
Imbalance power	0,00	143 423,65	0,00	143 423,65
Kela reimbursement accrual	61 815,20	61 979,00	61 815,20	61 979,00
Accruals for social security contributions on wages and salaries	100 525,80	385 277,38	65 480,64	319 802,61
Interest for the financial year	26 183,60	24 198,45	26 183,60	24 198,45
Other items	14 286,23	16 604,17	0,00	1 222,17
	15 086 820,33	8 286 853,45	12 027 779,26	7 568 531,41
Other receivables				
Securities	7 561 596,75	8 060 248,31	7 561 596,75	8 060 248,31
Tax assets	198 713,52	373 087,21	0,00	0,00
	7 760 310,27	8 433 335,52	7 561 596,75	8 060 248,31

Notes to the financial statements 2017

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
15 Capital and reserves				
Share capital				
Share capital 1 Jan.	3 421 816,00	3 421 816,00	3 421 816,00	3 421 816,00
Share capital 31 Dec.	3 421 816,00	3 421 816,00	3 421 816,00	3 421 816,00
Retained earnings				
Retained earnings 1 Jan.	212 489 597,14	199 007 537,70	128 802 588,98	126 939 907,54
Payment of dividends	-19 983 405,44	-19 983 405,44	-19 983 405,44	-19 983 405,44
Donations	-34 000,00	-34 000,00	-34 000,00	-34 000,00
Retained earnings 31 Dec.	192 472 191,70	178 990 132,26	108 785 183,54	106 922 502,10
Translation differences	0,00	-753 332,62	--	--
Profit for the financial year	46 529 346,96	34 252 797,50	31 245 519,41	21 880 086,88
Total capital and reserves	242 423 354,66	215 911 413,14	143 452 518,95	132 224 404,98
Distributable unrestricted equity				
Retained earnings	-	-	108 785 183,54	106 922 502,10
Profit for the financial year	-	-	31 245 519,41	21 880 086,88
Total			140 030 702,95	128 802 588,98
Deferred tax liabilities				
From appropriations	22 988 139,95	20 953 380,42	11 137 450,77	10 375 519,51
Total	22 988 139,95	20 953 380,42	11 137 450,77	10 375 519,51
16 Liabilities				
Liabilities falling due within one year	8 456 932,86	11 665 683,32	8 456 932,86	11 665 683,32
Liabilities falling due in 1-5 years	33 827 731,44	33 827 731,44	33 827 731,44	33 827 731,44
Liabilities falling due after 5 years	93 366 256,84	101 823 189,70	93 366 256,84	101 823 189,70
Current liabilities				
Current liabilities to group undertakings				
Other liabilities	-	-	4 565 709,40	4 030 715,97
Group account liabilities	-	-	0,00	2 176 869,19
Payables	-	-	69 385,99	1 116,00
Accruals	-	-	495 480,16	463 095,80
			5 130 575,55	6 671 796,96
Accruals				
Holiday pay reserve	3 850 308,23	4 100 745,95	3 130 854,96	3 353 005,44
Purchase invoice accrual	444 626,99	585 846,80	444 626,99	585 846,80
Leasing payments	640 350,23	514 234,57	640 350,23	514 234,57
Energy investment support accrual in 2018	102 666,67	102 666,67	102 666,67	102 666,67
Wages, salaries and social expenses	2 463 111,03	2 719 601,83	2 065 734,22	2 311 125,18
Derivative liabilities	3 323 240,54	5 278 443,00	3 323 240,54	5 278 443,00
Income tax accrual	306 715,53	1 594 397,27	306 715,53	1 594 397,27
Interests	61 276,25	67 267,72	61 276,25	67 267,72
Other items	262 092,88	541 543,10	261 372,54	195 943,45
	11 454 388,35	15 504 746,91	10 336 837,93	14 002 930,10
17 Provisions				
Emission allowance deficit	0,00	106 150,74	0,00	106 150,74
Other provisions	500 000,00	0,00	500 000,00	0,00

Notes to the financial statements 2017

18 Guarantees and contingent liabilities

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Liabilities related to the waste-to-energy plant				
Leasing liability for production machines and equipment in the waste-to-energy plant includin	140 844 461,99	151 787 160,87	140 844 461,99	151 787 160,87
Operational guarantee on fulfilling essential obligations of the service contract on waste, with HSY as beneficiary	0,00	5 000 000,00	0,00	5 000 000,00
Total	140 844 461,99	156 787 160,87	140 844 461,99	156 787 160,87

The ownership of the production machines and equipment of the waste-to-energy plant has been transferred to the leasing company against the payments of the purchase price. The leasing agreement will terminate in 2029 when the company will have a purchase option to the object of leasing or entitlement to designate a buyer for it. The residual value is EUR 42,500,000.00. The amount of leasing liability is the amount of the remaining capital including value added tax and interest costs and deducted by the residual value.

The nature of the contract is financial leasing as the risks and benefits based on the underlying asset have essentially been transferred to the lessee at the beginning of the contract period.

The leasing arrangement has been drawn up as a tripartite agreement between the company, the leasing company and the financial institution. The leasing company has refinanced part of the c

The City of Vantaa provided a directly enforceable guarantee of EUR 240 million for the financial arrangements of the waste-to-energy plant. The validity of the guarantees provided by the City of Vantaa has been limited to 20 years and 80% of the residual capital of the financial arrangement.

The company has provided contracts of pledge as counter-security so that the value of the securities corresponds to 150% of the amount of financial arrangement subject to the guarantee at any given time (EUR 360 million). Furthermore, the company provided the City of Vantaa with a negative pledge agreement required by a directly enforceable guarantee arranger. At the balance sheet date, the remaining capital of the leasing arrangement was EUR 156,084,243.54 and the bank loan in the balance sheet of Vantaa Energy Ltd was EUR 121,794,872.14.

Mortgages on real estate

Handed over to the City of Vantaa as counter-guarantee in relation to the leasing financing agreement on the waste-to-energy plant	360 000 000,00	360 000 000,00	360 000 000,00	360 000 000,00
Unrestricted and held by the company	115 000 100,00	114 832 000,00	115 000 100,00	114 832 000,00
Mortgages provided on excise duty to the Finnish Customs	0,00	168 100,00	0,00	168 100,00
Total	475 000 100,00	475 000 100,00	475 000 100,00	475 000 100,00

Liabilities concerning the associated company

Guarantee on behalf of the debt of Svartisen Holding AS	39 000 000,00	39 720 000,00	39 000 000,00	39 720 000,00
Guarantee on behalf of loan derivatives of Svartisen Holding AS	167 262,03	628 668,67	167 262,03	628 668,67
Guarantee provided on behalf of Eastern Norge Svartisen AS to meet obligations, with Nordland Fylkeskommune as beneficiary	2 269 595,44	2 457 931,17	2 269 595,44	2 457 931,17
Total	41 436 857,47	42 806 599,84	41 436 857,47	42 806 599,84

Vantaa Energy Ltd has pledged as security its shares in Svartisen Holding AS partly as counter-security to the City of Vantaa and partly to Nordea.

Book value of pledged shares	20 006 986,68	20 006 986,68	20 006 986,68	20 006 986,68
Remaining debt in the balance sheet of Vantaa Energy Ltd	13 856 049,00	15 730 930,92	13 856 049,00	15 730 930,92

Bank guarantees on behalf of others

Guarantee to secure imbalance power contract, with eSett Oy as beneficiary	1 500 000,00	0,00	1 500 000,00	0,00
Guarantee to secure imbalance power contract, with Fingrid Oyj as beneficiary	0,00	860 000,00	0,00	860 000,00
Fixed-term guarantee to fulfil obligations related to land use, municipal utilities and construction and the change of plots, with the City of Vantaa as beneficiary	0,00	2 445 889,00	0,00	2 445 889,00
Total	1 500 000,00	3 305 889,00	1 500 000,00	3 305 889,00

The bank guarantees are guarantees provided by the bank on behalf of Vantaa Energy Ltd. Vantaa Energy Ltd is committed to paying to the bank the fees and provisions related to this commitm and to compensate for any costs related to the bank guarantee.

Financial securities provided on behalf of own commitments

Deposit to Nord Pool Spot AS provided as pledge for electricity exchange trade	805 552,18	192 701,83	805 552,18	192 701,83
Deposit to Kaasupörssi Oy provided as pledge for gas exchange trade	31 297,94	31 297,94	31 297,94	31 297,94
Total	836 850,12	223 999,77	836 850,12	223 999,77

Leasing liabilities incl. VAT

Maturing within one year				
Leasing liability for office building	1 066 466,09	1 037 136,00	1 066 466,09	1 037 136,00
Other leasing liabilities	855 378,43	636 210,63	707 631,75	484 500,34
Maturing at a later date				
Leasing liability for office building	16 139 194,96	17 131 138,16	16 139 194,96	17 131 138,16
Other leasing liabilities	999 784,66	1 137 512,01	823 125,02	815 504,53
Total	19 060 824,14	19 941 996,80	18 736 417,82	19 468 279,03

The office building was completed in June 2017 and its final project cost was EUR 15,142,507.63.

The lease period of the office building will terminate on 29 February 2032 and it will continue by three years unless Vantaa Energy Ltd uses its option right to purchase the shares of the real estate. An option agreement has also been drawn up on the option of purchasing the office building. Vantaa Energy Ltd is entitled to but not obliged to purchase the shares of the real estate company for a price agreed in advance between 31 December 2022 and 31 December 2026.

The rent is determined according to a separate rent calculation and it is entered as the company's expense in the profit and loss account.

The financing arrangement does not include security arrangements.

Leasing agreements related to other than the waste-to-energy plant and the office building are mainly subject to the following terms: the duration of the agreements varies from two to five years a obligations to redeem.

Rent liability incl. VAT

Maturing within one year				
Rent liability for temporary premises	0,00	224 761,74	0,00	224 761,74
Total	0,00	224 761,74	0,00	224 761,74

Other contractual liabilities incl. VAT

Binding purchase commitments	53 265 923,60	11 579 070,40	45 120 363,60	316 150,40
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Notes to the financial statements 2017

**Other contingent liabilities (all parent company's)
Financing and bank guarantee limits**

	2017		2016	
	Maximum amount	Tied	Maximum amount	Tied
From financial institutions	50 000 000,00	1 200 000,00	50 000 000,00	2 000 000,00
The company has from the bank a commercial guarantee limit of EUR 50 million, of which EUR 2.0 million is in use at the balance sheet date as security for electricity exchange trade				
From financial institutions	50 000 000,00	30 000 000,00	50 000 000,00	30 000 000,00
Financial limit to cover derivative liabilities. The maximum amount is EUR 50.0 million, of which EUR 30.0 million is tied at the balance sheet date. Guarantee requirement EUR 6.7 million is en				
From financial institutions	2 500 000,00	0,00	10 000 000,00	0,00
Financial limit to cover derivative liabilities and for financing. The maximum amount is EUR 10 million, of which EUR 0 million is used on the date the accounts are closed.				
Group account limit of the City of Vantaa	25 000 000,00	0,00	25 000 000,00	6 508 750,46

Other liabilities in energy production companies

The parent company owns shares in electricity production companies operating under so-called Mankala principle: Suomen Hyötytuuli Oy, Innopower Oy, EPV-Energia Oy, Pohjolan Voima Oy Voima Oy and Voimaosakeyhtiö SF. In these companies, the shareholders are responsible for all costs arising in the companies with respect to their own share of ownership in accordance with association. In terms of Voimaosakeyhtiö SF, the Mankala responsibility has been limited in the articles of association so that the Mankala responsibility will not start until after Fennovoima's nu has started commercial operations. When a company is dissolved, its assets and liabilities are primarily distributed to the shareholders so that the shareholders of each series of shares will gain ownership of the production resources that produce the energy that the ownership of the series of shares in question entitles to and take on the responsibility for the liabilities of the se

Subscription liabilities	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
The company's liabilities with respect to future share subscriptions in shared electricity production projects:				
Wind power (Suomen Hyötytuuli Oy, EPV Energia Oy)	1 677 600,00	2 573 850,00	1 677 600,00	2 573 850,00
Nuclear power (Voimaosakeyhtiö SF, EPV Energia Oy, Pohjolan Voima Oy)	68 361 900,00	74 305 980,00	68 361 900,00	74 305 980,00
Total	70 039 500,00	76 879 830,00	70 039 500,00	76 879 830,00

Liability for VAT refunds

Value added tax deductions concerning buildings and investments on the expansion of a production network related to a refund liability for 2017–2026 in accordance with section 33 of the Value Added Tax Act	31 642 704,24	30 679 958,44	14 918 868,77	14 013 185,20
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Other liabilities

Bank guarantee to fulfil the obligations of the environmental permit for the Martinlaakso powe	25 000,00	0,00	25 000,00	0,00
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Notes to the financial statements 2017

19 Overall situation of emission allowances within the Emissions Trading Scheme

The authorities have granted a total of 1,644,821 tonnes of carbon dioxide of free emission allowances for 2013–2020.

Accruals data (tonnes of CO₂)	2017	2016
Free emission allowances granted	173 758	203 587
Actual carbon dioxide emissions	-489 745	-503 535
Purchased emission allowances EUA	315 000	175 000
Purchased emission allowances CER	43 163	23 513
Deficit/surplus of emission allowances (-/+)	42 176	-101 435
Deficit/surplus of emission allowances (-/+), cumulative	19 330	-22 846
Change of free emission allowances for period 2016–2020	-5 329	-94 265
Remaining emission allowances for period 2013–2020 on 31 Dec.	363 287	542 374

Notes to the financial statements 2017

20 Derivative contracts

Electricity derivatives

The company's open electricity derivative contracts are electricity futures and forwards quoted on the Nasdaq Commodities exchange.

Electricity derivatives are used for hedging the price risk of future extremely likely spot-priced purchases.

During the maturity of derivatives, the open net volume of electricity derivatives is lower than the predicted extremely likely amount of spot-priced purchases.

Notional amount (GWh)	2018	2019	2020	2021
Purchase derivatives	1 742	151	88	0
Sale derivatives	-74	-37	-9	-9
Total (net GWh)	1 668	113	79	-10

Fair value (EUR 1,000)	2018	2019	2020	2021
Purchase derivatives	-398	685	316	0
Sale derivatives	22	-72	-52	-5
Fair value, total (tEUR)	-376	613	264	-5

The amounts of annual fair value of electricity derivatives presented above are based on the closing prices of the Nasdaq Commodities exchange at the balance sheet date.

Sensitivity analysis	2018	2019	2020	2021
Impact of a +1 euro change on the closing price of electricity derivatives on the fair value of derivatives (tEUR)	1 668	113	79	-10
Impact of a -1 euro change on the closing price of electricity derivatives on the fair value of derivatives (tEUR)	-1 668	-113	-79	10

Other commodity derivatives

Fuel, emission allowance and currency derivatives are used for hedging the impact of the price risk of fuels and emission allowances on the company's result.

Coal derivatives

Notional amount (tonnes)	2018	2019
Purchase derivatives	30 000	9 000
Sale derivatives	0	0
Total (net tonnes)	30 000	9 000

Fair value (EUR 1,000)	2018	2019
Purchase derivatives	586	114
Sale derivatives	0	0
Fair value, total (tEUR)	586	114

Sensitivity analysis	2018	2019
Impact of a +1 euro change on the closing price of coal derivatives on the fair value of derivatives (tEUR)	30	9
-Impact of a -1 euro change on the closing price of coal derivatives on the fair value of derivatives (tEUR)	-30	-9

Oil derivatives

Notional amount (tonnes)	2018	2019
Purchase derivatives	3 000	3 000
Sale derivatives	-3 000	-3 000
Total (net tonnes)	0	0

Fair value (EUR 1,000)	2018	2019
Purchase derivatives	28	24
Sale derivatives	-9	-25
Fair value, total (tEUR)	20	-1

Sensitivity analysis	2018	2019
Impact of a +1 euro change on the closing price of oil derivatives on the fair value of derivatives (tEUR)	0	0
-Impact of a -1 euro change on the closing price of oil derivatives on the fair value of derivatives (tEUR)	0	0

Notes to the financial statements 2017

Emission allowance derivatives

Notional amount (tonnes)	2018	2019
Purchase derivatives	57 000	0
Sale derivatives	0	0
Total (net tonnes)	57 000	0

Fair value (EUR 1,000)	2018	2019
Purchase derivatives	80	0
Sale derivatives	0	0
Fair value, total (tEUR)	80	0

Sensitivity analysis	2018	2019
Impact of a +1 euro change on the closing price of emission allowance derivatives on the fair value of derivatives (tEUR)	57	0
-Impact of a -1 euro change on the closing price of emission allowance derivatives on the fair value of derivatives (tEUR)	-57	0

Currency derivatives

Notional amount (tUSD)	2018	2019
Purchase derivatives	2 700	1 200
Sale derivatives	0	-500
Total (net tUSD)	2 700	700

Fair value (EUR 1,000)	2018	2019
Purchase derivatives	-148	-58
Sale derivatives	0	9
Fair value, total (tEUR)	-148	-50

Sensitivity analysis	2018	2019
Impact of +0.1 change on the closing price of EUR/USD on the fair value of derivatives (tEUR)	-270	-70
-Impact of a -0.1 euro change on the closing price of EUR/USD on the fair value of derivatives (tEUR)	270	70

Interest rate derivatives

Interest rate derivatives are used for hedging the interest rate risk of the variable interest rate of the company's bank loans and contracts outside the balance sheet (leasing i

Contract type	tEUR	Variable interest rate, paid by the bank	Contract period	Fixed interest rate, paid by the company	Fair value, tEUR 31.12.2017	Hedged item
Forward start contract 2+6 yrs	10 000	3 month Euribor	5.12.2017 - 5.6.2023	1,149 %	-483	Bank loan
Ordinary interest rate swap	15 000	6 month Euribor	18.12.2017 - 16.12.2026	1,505 %	-992	Bank loan
Ordinary interest rate swap	20 000	6 month Euribor	2.1.2017 - 11.12.2026	1,125 %	-656	Financing outside the balance sheet
Ordinary interest rate swap	15 000	6 month Euribor	7.7.2015 - 7.7.2025	1,225 %	-803	Financing outside the balance sheet
Forward start contract 2.5+4 yrs	20 000	6 month Euribor	1.12.2017 - 1.12.2021	1,162 %	-826	Bank loan
Forward start contract 2+6 yrs	20 000	3 month Euribor	1.6.2017 - 1.6.2023	1,142 %	-964	Bank loan
Forward start contract 1+7 yrs	7 000	6 month Euribor	18.5.2018 - 18.5.2025	0,665 %	-10	Bank loan
Forward start contract 1+7 yrs	14 000	3 month Euribor	4.6.2018 - 3.6.2025	0,555 %	19	Bank loan
Fair value, total (tEUR)					-4 714	

Fair values of interest rate swaps with a right to extend the contract have been recognised in the financial statements under financial expenses.

Continued interest rate swap 8+8 yrs	10 000	3 month Euribor	9.10.2017-7.7.2031	0,700 %	-527	Bank loan
Continued interest rate swap 10+10 yrs	30 000	6 month Euribor	18.12.2017-18.6.2035	0,700 %	-1 769	Financing outside the balance sheet
Continued interest rate swap 10+10 yrs	20 000	6 month Euribor	18.12.2017-18.6.2035	0,700 %	-1 014	Financing outside the balance sheet
Fair value, total (tEUR)					-3 310	

Sensitivity analysis (tEUR)	2018	2019	2020
Capital at the end of period	271 534	256 355	241 066
Hedgings, total	121 000	121 000	121 000
+1% interest rate change	1 505	1 354	1 201
-1% interest rate change	-1 505	-1 354	-1 201

The sensitivity analysis is presented for 2018–2020 with undiscounted values, presenting the impact of a change of 1 percentage point (3-month or 6-month Euribor) on the total amount of the cash flows of the company's hedged items (loans and financing outside the balance sheet) and hedging instruments in each year. A positive value means a growth in the cash flow paid by the company and a negative value means a diminished cash flow paid by the company.

21 Unbundled financial statements concerning other electricity network operations in accordance with the Electricity Market Act and unbundled financial statements concerning the natural gas network

21.1. Other electricity network operations

Unbundled financial statements on other electricity business operations required by the Ministry of Trade and Industry's decree on the unbundling of electricity network operations (79/2005). The method of presentation complies with the reporting formula of the Energy Authority.

PROFIT AND LOSS ACCOUNT

(EUR)	1.1.-31.12.2017	1.1.-31.12.2016
Turnover	129 884 516,78	138 162 073,09
Work performed by the undertaking for its own purpose and capitalised	303 995,55	9 397,70
Other operating income		
Other income from business operations	2 356 664,19	14 093 676,39
	2 356 664,19	14 093 676,39
Materials and services		
Raw materials, consumables and supplies		
Purchases		
Other purchases	-102 968 543,58	-110 169 577,48
Change in stocks	214 430,65	-3 153 997,82
	-102 754 112,93	-113 323 575,30
External services		
Other external services	-3 425 475,20	-3 193 039,92
	-3 425 475,20	-3 193 039,92
Materials and services, total	-106 179 588,13	-116 516 615,22
Personnel expenses		
Wages and salaries	-6 579 305,65	-6 071 428,54
Social security expenses		
Pension costs	-1 178 389,11	-1 473 726,56
Other indirect employee costs	-522 488,89	-383 128,32
	-8 280 183,65	-7 928 283,42
Depreciation and reduction in value		
Depreciation according to plan		
Of goodwill		
Of other non-current assets	-2 899 100,30	-2 952 513,96
Reduction in value of non-current assets	0,00	0,00
	-2 899 100,30	-2 952 513,96
Other operating expenses		
Other operating expenses, other	-12 393 302,69	-12 228 487,25
	-12 393 302,69	-12 228 487,25
Operating profit (loss)	2 793 001,75	12 639 247,33
Financial income and expenses		
Other interest and financial income	3 248 329,32	3 351 316,02
Interest and other financial expenses	-1 468 983,91	-1 297 252,98
	1 779 345,41	2 054 063,04
Profit (loss) before appropriations and taxes	4 572 347,16	14 693 310,37
Appropriations		
Change in cumulative accelerated depreciation		
Of other non-current assets	-10 925,25	320 031,56
	-10 925,25	320 031,56
Income tax	-967 874,59	-1 368 374,79
Profit (loss) for the financial year	3 593 547,32	13 644 967,14

Other electricity network operations

BALANCE SHEET

(EUR)	1.1.-31.12.2017	1.1.-31.12.2016
ASSETS		
Non-current assets		
Intangible assets		
Other intangible assets	1 652 392,07	2 032 008,32
Advance payments and construction in progress	939 879,70	301 297,03
Tangible assets		
Other tangible assets	30 731 718,44	31 095 493,16
Advance payments and construction in progress	1 349 240,40	2 488 284,05
	<u>34 673 230,61</u>	<u>35 917 082,56</u>
Investments	100 952 122,90	94 516 773,41
Total non-current assets	135 625 353,51	130 433 855,97
Current assets		
Stocks	2 033 221,05	1 516 822,87
Receivables		
Long-term receivables		
Other receivables	34 616,18	65 731,70
Short-term receivables		
Sales receivables	16 044 879,11	22 402 224,42
Receivables from group companies	26 708,36	0,00
Other receivables	7 924 142,62	1 145 071,15
Prepayments and accrued income	11 135 333,38	6 333 705,77
	<u>35 165 679,65</u>	<u>29 946 733,04</u>
Cash in hand and at banks	1 244 956,90	1 167 319,21
Total current assets	38 443 857,60	32 630 875,12
TOTAL ASSETS	174 069 211,11	163 064 731,09
EQUITY AND LIABILITIES		
Capital and reserves		
Retained earnings (loss)	22 219 154,42	16 551 624,13
Profit for the financial year	3 593 547,32	13 644 967,14
	<u>25 812 701,74</u>	<u>30 196 591,27</u>
Appropriations		
Depreciation difference	7 725 815,47	7 714 890,22
Provisions	0,00	16 528,63
Liabilities		
Long-term liabilities		
Long-term interest-bearing liabilities	110 500 000,00	90 500 000,00
Long-term non-interest-bearing liabilities		
Long-term accrued liabilities	185 200,00	184 800,00
Connection fees to be refunded	17 961 717,57	18 027 829,74
Other long-term non-interest-bearing liabilities	249 348,66	0,00
	<u>128 896 266,23</u>	<u>108 712 629,74</u>
Short-term liabilities		
Short-term non-interest-bearing liabilities		
Payables	2 608 552,55	5 071 245,67
Accruals	2 729 143,68	5 740 313,15
Other liabilities to group companies	207 249,86	299 297,81
Other liabilities	6 089 481,58	5 313 234,60
	<u>11 634 427,67</u>	<u>16 424 091,23</u>
Total liabilities	140 530 693,90	125 136 720,97
TOTAL EQUITY AND LIABILITIES	174 069 211,11	163 064 731,09

21.2 Natural gas business operations

Unbundled financial statements on natural gas business operations as required by the decree of the Ministry of Trade and Industry on the unbundling of natural gas business operations (222/2005). The method of presentation complies with the reporting formula of the Energy Authority.

Net investments of natural gas transmission in non-current assets

	2017	2016
Natural gas network	82 019,14	42 350,63

The return on investments in natural gas transmission was -6.3% (18.2% in 2016).

$$\text{Return on investment (\%)} = \frac{(\text{Earnings before appropriations} + \text{interest expenses}) \times 100}{(\text{Balance sheet total} - \text{current non-interest-bearing debts} - \text{tax liability of})}$$

Natural gas sales business**PROFIT AND LOSS ACCOUNT**

(EUR)	1.1.-31.12.2017	1.1.-31.12.2016
Turnover	829 181,27	620 148,90
Materials and services		
Other purchases	-700 742,21	-527 365,60
	-700 742,21	-527 365,60
Total materials and services	-700 742,21	-527 365,60
Other operating expenses		
Other operating expenses, other	-19 799,40	-20 697,24
	-19 799,40	-20 697,24
Operating profit (loss)	108 639,66	72 086,06
Financial income and expenses		
Other interest and financial income	4 800,00	0,00
	4 800,00	0,00
Profit (loss) before appropriations and taxes	113 439,66	72 086,06
Income tax	-19 309,72	-14 699,56
Other direct taxes		
Return of surplus to the municipality		
Profit (loss) for the financial year	94 129,94	57 386,50

Natural gas sales business**BALANCE SHEET****ASSETS****Non-current assets****Current assets**

Receivables

Long-term receivables

Receivables from group companies

600 000,00 0,00

Short-term receivables

Sales receivables

108 183,32 14 926,50

Other receivables

98 648,73 51 896,10

Prepayments and accrued income

0,00 99 000,00

806 832,05 165 822,60

Cash in hand and at banks

487 829,61 1 071 971,71

Total current assets**1 294 661,66 1 237 794,31****TOTAL ASSETS****1 294 661,66 1 237 794,31****EQUITY AND LIABILITIES****Capital and reserves**

Retained earnings (loss)

1 021 965,28 1 106 260,98

Profit for the financial year

94 129,94 57 386,50

1 116 095,22 1 163 647,48

Liabilities

Short-term liabilities

Short-term non-interest-bearing liabilities

Payables

178 566,44 74 146,83

Accruals

0,00 0,00

178 566,44 74 146,83

Total liabilities**178 566,44 74 146,83****TOTAL EQUITY AND LIABILITIES****1 294 661,66 1 237 794,31**

Natural gas network operations**PROFIT AND LOSS ACCOUNT**

(EUR)	1.1.-31.12.2017	1.1.-31.12.2016
Turnover	1 759 941,28	1 614 244,69
Work performed by the undertaking for its own purpose and capitalised	8 199,63	10 041,04
Materials and services		
Raw materials, consumables and supplies		
Purchases		
Other gas purchases in network operations	-1 645 820,48	-1 329 920,72
Other purchases	0,00	-120,36
	-1 645 820,48	-1 330 041,08
External services		
Other external services	-16 055,85	-6 791,35
	-16 055,85	-6 791,35
Total materials and services	-1 661 876,33	-1 336 832,43
Personnel expenses		
Wages and salaries	-64 532,19	-63 574,14
Social security expenses		
Pension costs	-9 184,36	-9 030,00
Other indirect employee costs	-1 659,00	-2 329,39
	-75 375,55	-74 933,53
Depreciation and reduction in value		
Depreciation according to plan		
Of assets in the natural gas network	-46 592,18	-44 163,20
	-46 592,18	-44 163,20
Other operating expenses		
Other operating expenses, other	-28 210,46	-30 611,62
	-28 210,46	-30 611,62
Operating profit (loss)	-43 913,61	137 744,95
Financial income and expenses		
Interest and other financial expenses	-4 000,00	0,00
	-4 000,00	0,00
Profit (loss) before appropriations and taxes	-47 913,61	137 744,95
Appropriations		
Change in cumulative accelerated depreciation		
Change in cumulative accelerated depreciation of assets in the natura	13 991,26	40 743,50
	13 991,26	40 743,50
Income tax	5 318,41	-36 396,80
Profit (loss) for the financial year	-28 603,94	142 091,65

Natural gas network operations**BALANCE SHEET****ASSETS****Non-current assets**

Tangible assets		
Tangible assets in the natural gas network	781 519,48	755 040,05
	<hr/>	<hr/>
	781 519,48	755 040,05
Total non-current assets	781 519,48	755 040,05

Current assets

Receivables		
Short-term receivables		
Sales receivables	113 776,03	0,00
Other receivables	171 595,65	124 801,83
Prepayments and accrued income	0,00	106 000,00
	<hr/>	<hr/>
	285 371,68	230 801,83
Cash in hand and at banks	508 364,65	144 783,47
Total current assets	793 736,33	375 585,30
TOTAL ASSETS	1 575 255,81	1 130 625,35

EQUITY AND LIABILITIES**Capital and reserves**

Retained earnings (loss)	169 372,42	50 762,05
Profit for the financial year	-28 603,92	142 091,65
	<hr/>	<hr/>
	140 768,50	192 853,70

Appropriations		
Depreciation difference	688 516,76	702 508,02

Liabilities

Long-term liabilities		
Long-term non-interest-bearing liabilities		
Other liabilities to group companies	500 000,00	0,00
	<hr/>	<hr/>
	500 000,00	0,00
Short-term liabilities		
Short-term non-interest-bearing liabilities		
Payables	237 019,49	177 345,26
Accruals	7 728,04	56 470,57
Other liabilities	1 223,02	1 447,80
	<hr/>	<hr/>
Short-term liabilities, total	245 970,55	235 263,63

Total liabilities	745 970,55	235 263,63
TOTAL EQUITY AND LIABILITIES	1 575 255,81	1 130 625,35

SIGNATURES TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS

Vantaa, 27 February 2018

Tommi Valtonen
Chairman of the Board of Directors

Matti Parpala

Markku J. Jääskeläinen

Jasmin Hamid

Hannu Kokko

Päivi Laakso

Paula Lehmuskallio

Matti Malinen

Mia Nygård

Pertti Laukkanen
CEO

AUDITORS' REPORT

A report on the audit of accounts has been issued today.

Vantaa _____ 2018

BDO Audiator Oy
Authorised Public Accountants

Ulla-Maija Tuomela, Authorised Public Accountant, Chartered Public Fi Ari Lehto, Authorised Public Accour

LIST OF ACCOUNTING BOOKS CONSULTED AND VOUCHER TYPES 2017

ACCOUNTING BOOKS

Daybook and general ledger	electronically
Purchase ledger	electronically
Sales ledger	electronically
Cost accounting	electronically
Inventory accounting	electronically
Stock records	electronically
Financial statements	electronically
Balance sheet breakdowns	electronically

VOUCHER TYPES/STORAGE METHODS

Cash vouchers and bank receipts	as paper document
SEPA and reference payments	as paper document
Accounting journals	as paper document
Payroll accounting	as paper document
Accounts receivable	electronically
Purchase ledger	electronically
Stock records	electronically
Inventory accounting/depreciations	electronically
Notes vouchers	as paper document