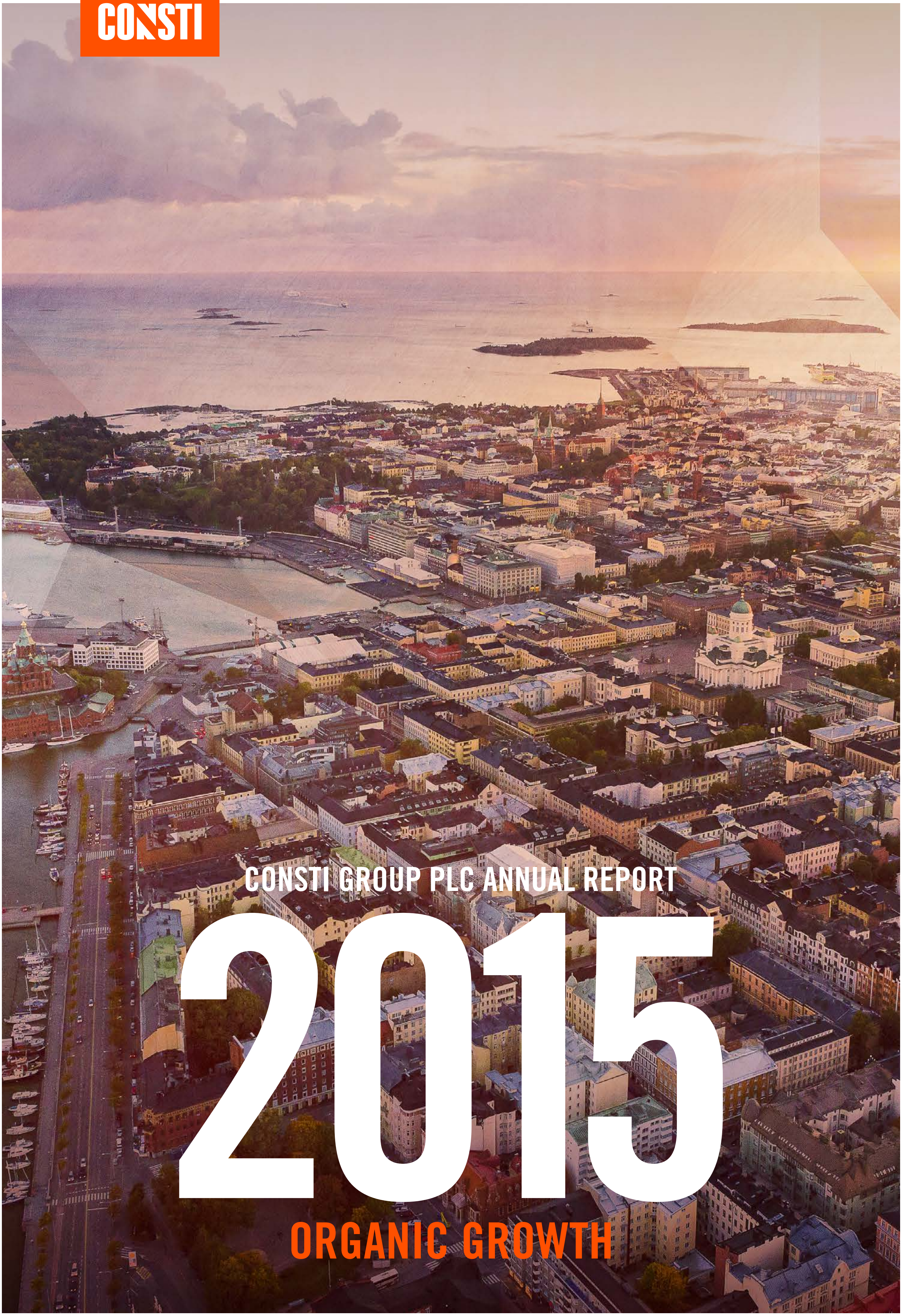


CONSTI GROUP PLC ANNUAL REPORT

2015

ORGANIC GROWTH

CONSTI GROUP PLC \ ANNUAL REPORT 2015

2015

Cover photo: Kuvatoimisto Kuvio Oy

Contents

CONSTI

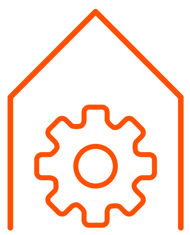
CONSTI IN BRIEF

Consti is one of Finland's leading companies focused on renovation and technical building services.

Consti has a comprehensive service offering covering technical building services, residential pipeline renovation, renovation contracting, building facade repair and maintenance, and other renovation and technical services for demanding residential and non-residential properties.

Consti's offering includes service contracting as well as technical repair and maintenance services to contract customers. Consti has focused its operations especially to Finland's growth centres in southern and western Finland.

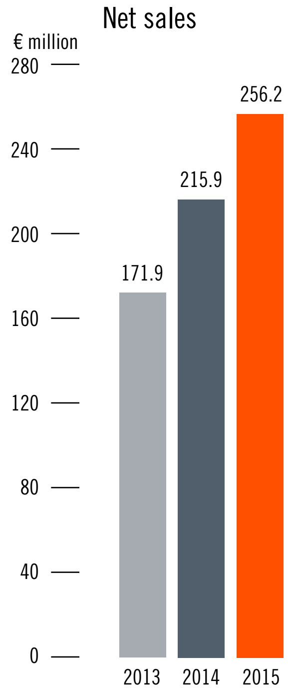
Net sales EUR 256 million
Adjusted EBIT EUR 10.5 million
Average number of employees 910

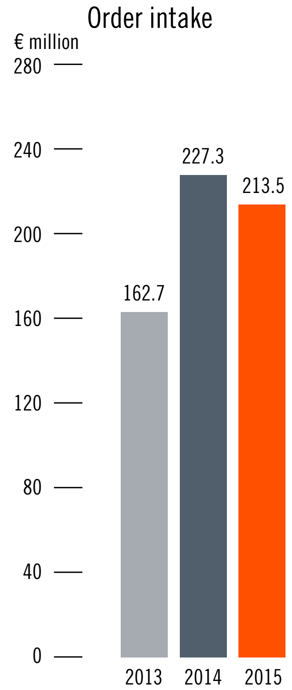


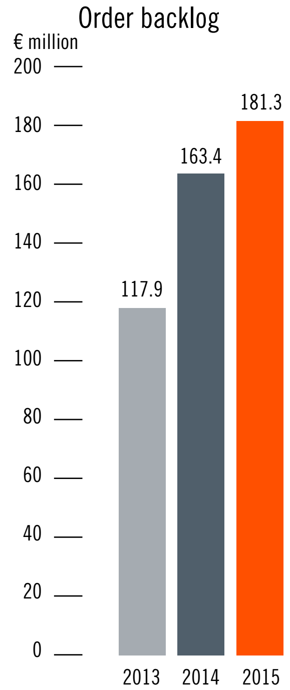
Technical Building Services
We provide installation and repair as well as maintenance and upkeep services related to technological building systems such as heating, plumbing, electric, ventilation, fire safety and automation systems.

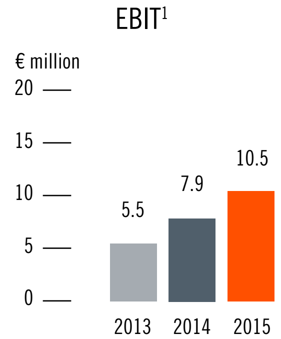
Building Facades
We provide repair and maintenance services related to building exteriors, such as facades, roofs, windows, balconies and yards, along with the renovation of rental apartment buildings and the construction of extra storeys for residential buildings.

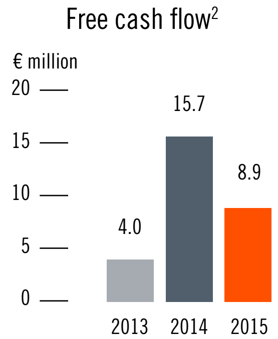
Renovation Contracting
We provide comprehensive renovation and modifications of the use of buildings in non-residential buildings as well as service contracting and repair and maintenance services related to same.

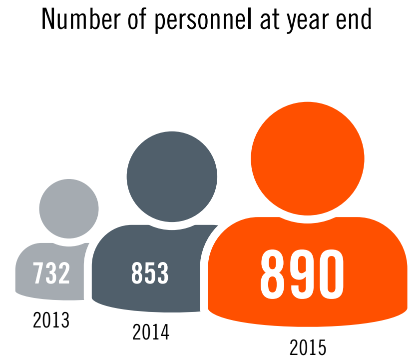


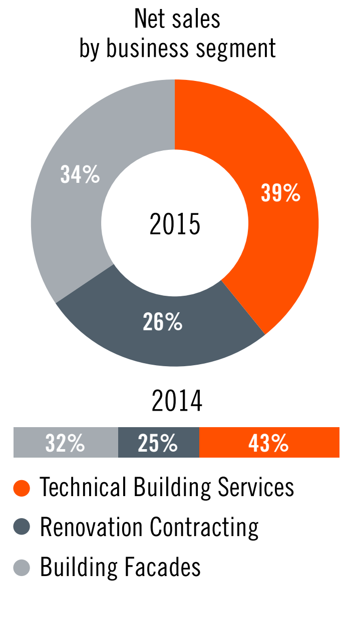


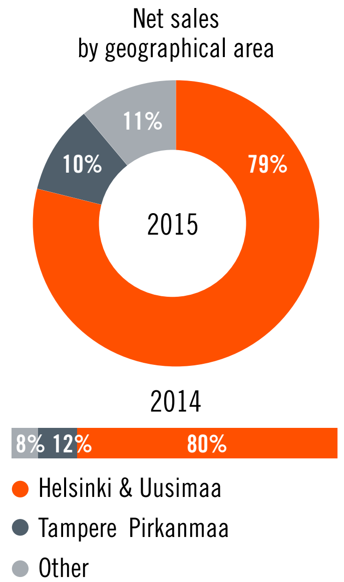


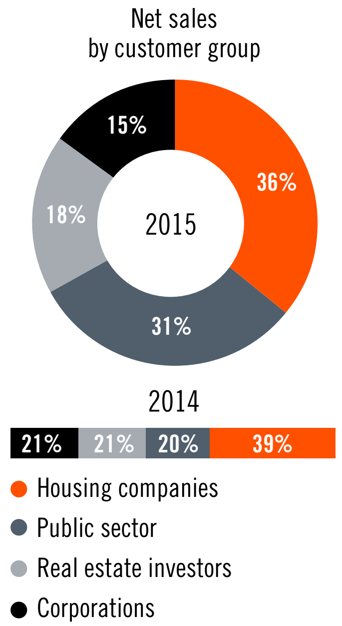












[1] Adjusted EBIT before non-recurring items
[2] Net cash flow from operating activities before financial and tax items less investments in intangible and tangible assets

CONSTI GREW PROFITABLY

2015 was a successful year for Consti. Our sales grew and our comparable profitability improved. Our net sales grew from 216 million to 256 million euro, which means a growth of 18.6 percent. The majority of this growth was organic and achieved without acquisitions.

We were successful in increasing our sales and improving our market position in all our business areas: Technical Building Services, Building Facades and Renovation Contracting, as well as related services. Our sales grew especially well in Building Facades and Renovation Contracting.

Both the growth of our sales and our improved profitability were driven in part by the mild weather which enabled continuing especially building facade work without interruptions until the end of the year.

Our adjusted EBITDA for the entire year grew to 12.6 million euro, which is 4.9 percent of our net sales, while the comparable figures from 2014 were 9.8 million euro and 4.6 percent of our net sales. Our order backlog also grew significantly.

All of our business areas were successful in the Greater Helsinki area. Our Building Facade business has also shown positive development in Oulu, as has Renovation Contracting in Turku and Technical Building Services in Pirkanmaa.

Our goal is to strengthen our position in Finland's growth centres by broadening our offering so that Consti's complete service offering is available in all areas where Consti operates.

IPO to support growth

In November 2015 we announced that we were considering an IPO in Helsinki Stock Exchange and the IPO was carried out in December. It was great to see the belief in our success.

With our IPO we aimed at improving our ability to accomplish the company's growth strategy, i.e. strengthen Consti's position as one of Finland's leading companies focusing on renovation and technical building services. Entering the capital market broadened our owner base and added trade in our shares, which in turn eases the use of our shares as equity in potential acquisitions and possibly also in rewarding our personnel.

I also expect our IPO to increase awareness of Consti amongst both customers and the best talents in the business.

To accomplish our growth plans we need reliable and competent professionals who understand customer needs in technical building services, facade renovations and renovation contracting. We are after all one of the few companies that has such a broad range of competence in renovations in-house – including the people making the renovations.

Although we are now a listed company, Consti will not compromise its entrepreneurial and agile way of working. We at Consti own one fifth of the company. After the IPO approximately 120 Consti employees own company shares.

Renovations preserve our national wealth

Renovations and technical building services have increased steadily during the past years. In addition to the aging building stock, demand is driven by many societal changes from urbanisation to the aging of our population. I believe renovations will continue to be in great demand in 2016 as well. This builds a good foundation for Consti's profitable growth.

Renovations upkeep our country's national wealth, of which approximately half is tied to our built environment. At the same time, we decrease the energy consumption of our built environment and add to the quality and comfort of living and various kinds of business premises.

I wish to thank everyone at Consti, our owners and partners for a successful year 2015.

FOLLOWING OUR IPO, WE HAVE APPROXIMATELY

120

CONSTI EMPLOYEES AS OWNERS.

Marko Holopainen

Photo: Pasi Salminen

BUSINESS STRATEGY

Target is to grow in the current market areas and extend the full Consti service offering to Finnish growth centres.

The renovation market activity in Finland is currently strongly focused on the regions of Uusimaa and Tampere. This is mostly due to the large building stock in these areas that has been built in the 1960s and 1970s, and which are now entering a phase of renovation and a strong migration. According to population projections, migration to the cities of Helsinki, Tampere, Turku and Oulu will continue to be particularly strong.

Consti is one of the leading companies focusing on renovation and technical services in Finland as measured by revenue. In 2014, 79 percent of the company's turnover was generated in the Uusimaa region and 10 percent in the Pirkanmaa region. In addition, Consti is present in Turku, Oulu and Lahti. Consti seeks to exploit its favourable market position and grow further in its current market areas in business activities in which it has decades of experience and a strong position such as in pipeline and building facade renovations for residential buildings and demanding hotel and restaurant renovations.

Furthermore, Consti seeks to expand its activities in the other growth centres of Finland in order to be able to provide a full Consti service offering locally in these areas.

The company's management believes that Consti's size, comprehensive service offering, track record of the successful execution of several demanding projects and its diverse customer base will support these goals and help Consti maintain and further improve its market position in the Finnish growth centres.

Strengthening of the service offering and growth of the Service business

Consti is one of the few companies that is able to offer technical building services, building facade work and renovation contracting services with its own personnel resources. Consti also has planning capabilities, extensive special competence in renovation and repair in all its business areas and the ability to carry out both large projects and small scale service tasks.

Consti seeks to further strengthen and complement its service offering in its current business areas. Such supplementary services would include, for example, building automation, glass construction and roof renovations.

Besides supplementing its service offering, Consti also seeks to further grow its Service business, which currently covers repair and maintenance services and service contracting. Consti's management believes that there will be strong demand for such services in the future and that continuous focus on the Service business will further support Consti's profitability and growth and support a low sensitivity to general economic cycles.

Complementary acquisitions

Consti's management has extensive experience as well as a track record in completing acquisitions in all of the company's business and market areas, as well as track record of successful integration of the acquired businesses. In 2008-2015, Consti made a total of 16 acquisitions.

The renovation market in Finland is highly fragmented and still provides many opportunities for acquisitions. Consti plans to continue to make acquisitions to support its growth. The acquisitions may, for example, support the strengthening and complementing of Consti's service offering and the continuing expansion to Finnish growth centres.

Strengthening of customer relationships and increasing efforts in advanced projects, technological innovations and customer-oriented operating models

Consti has a diverse and dispersed customer base consisting of housing corporations and their property managers, public institutions, real estate investors as well as corporations and industrial players. Consti seeks to continuously strengthen its customer relationships and develop its key account management activities. Strong and close customer relationships will support Consti in advanced project types, such as Design and Build projects, turnkey contracting and integrated project delivery (e.g. alliance projects).

Consti also has strong experience in the introduction of new renovation methods and technological innovations, and the company seeks to further enforce its position as a forerunner in this area. Examples of the new renovation methods and technological innovations used by Consti include trenchless sliplining and coating methods used in pipeline renovations, as well as the Consti Ideal Pipeline and Bathroom Renovation™, Flowall technology wall and the construction of extra storeys based on industrial prefabricated units.

Improvement of operations and efficiency

In recent years, Consti has succeeded in maintaining and continuously improving its profitability, in spite of rapid growth in net sales. This has been possible due to, among others, the successful integration of previously acquired companies, the focusing of competence in specific business areas, the harmonisation of operating models and data systems, the deepening and systematisation of risk management, successful project management and the control of fixed cost.

Consti seeks to continuously improve its operations and efficiency. It aims to develop the efficiency and quality of project management and maintenance activities by, for example, further developing risk management, standardising the best practices in project management and introducing lean operating models, improving the tools for project management and control, centralising purchases and rationalising supply chains, commercialising service concepts and exploiting the possibilities of industrial prefabrication in renovation.

Photo: Kuvatoimisto Kuvio Oy

Renovation construction is increasingly concentrated in growth centres.

Long term financial targets
Consti's Board of Directors has adopted the following financial targets in conjunction with the listing in November 2015.

Consti's long-term financial targets are the following

Growth: Average annual growth in revenue of at least

10%

Profitability: Adjusted EBIT-margin exceeding

> 5%

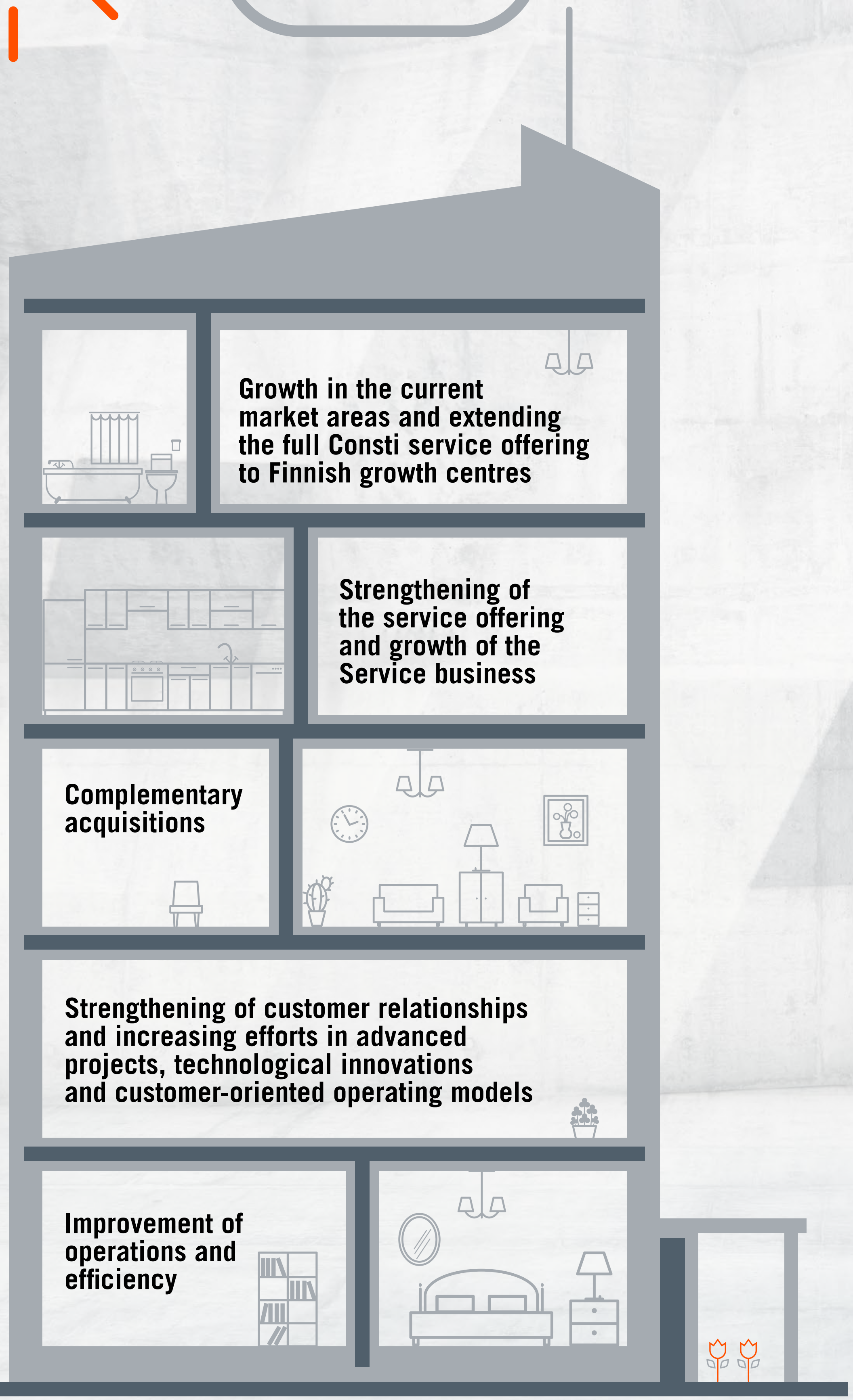
Cash flow:
Cash conversion ratio exceeding

> 90%

Capital structure:
Net debt to adjusted EBITDA ratio of less than

< 2.5 x

while maintaining an efficient capital structure



VALUES

CUSTOMER PROMISES

We do what we promise
- We never promise more than we can deliver.
- We take responsibility of the promises we make to our customers.
- We work as if we were building for ourselves.
- We react immediately to unexpected changes.

Fast and reliable – and ready in one go
- Consti employees always strive to work without mistakes and receive the best customer feedback.
- The fastest and most cost-effective solution is always doing everything right – ensuring we fix things in one go.
- We think first and then act.
- Consti employees always come with the right methods, equipment, tools and attitude.

We listen, understand and offer a solution
- Consti listens, and never assumes.
- Consti employees take pride in their skills.
- Consti always thinks and acts in the customer's best interest.
- Consti has a unique, well-known offering.
- Consti finds solutions through cooperation.

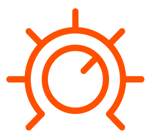
Consti – the human factor
- We always take into consideration users and inhabitants.
- We take care of everyone's safety.
- A smile and polite behaviour do not cost a thing.
- We keep things tidy – clean clothes, vehicles and sites.

RENOVATION CONSTRUCTION CONTINUES TO GROW

For the third year in a row, renovation construction's share of all building was larger than new construction's.

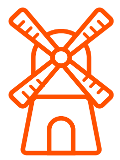
Growth drivers

Aging building stock

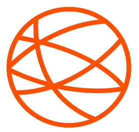


Energy efficiency

Urbanisation



Modifications of the use of buildings



Increased need for building technology and automation

Renovation spending exceeded the value of new construction for the first time in 2013, and has remained larger since then. In Finland the renovation market was estimated to be worth 12.1 billion euro in 2015, which amounts to approximately 54 percent of the entire construction market.

The aging building stock increases the need for technical renovations such as sewer pipeline and building facade renovations. At present mainly buildings from the 1960s are being renovated in Finland. Next, renovations will start on the much larger building stock of premises from the 1970s and 1980s. The demand for renovation construction is also increased by growing energy efficiency requirements, urbanisation and the aging population's need for barrier-free premises, as well as the need to modify the use of various kinds of business premises. Increasingly higher requirements are also being set for the comfort of living.

Renovations concentrate in growth centres

The general economic situation has a considerably smaller impact on renovation construction than it does on new construction. The Confederation of Finnish Construction Industries RT (CFCI) estimates that the entire construction market fell approximately one percent in Finland in 2015, and the new construction market fell approximately four percent, while the renovation market grew 2.5 percent. The European construction business research group Euroconstruct has estimated that the entire construction market fell 0.3 percent while the renovation market grew 3 percent.

In renovations, Finland's weak economic situation in 2015 was most clearly seen in the amount of investments in the renovation of commercial premises.

Growth is estimated to continue in renovations, but it will concentrate even more clearly in growth centres.

Building technology demand has the strongest growth

When renovations are divided into building technology, facades and renovations of building interiors, the largest share measured in euros comes from building technology. Building technology includes for instance heating, electricity, cooling, access control, data and fire safety system installations, and repair and maintenance services.

In new construction the amount of building technology is still growing and an increasing amount of modern building technology is installed in renovated buildings. The building technology market is expected to grow faster than the renovation market in general.

In renovations, the greatest growth within the next decade is expected to come from renovations of housing association residential buildings in growth centres.

Growing demand for yard construction and service maintenance

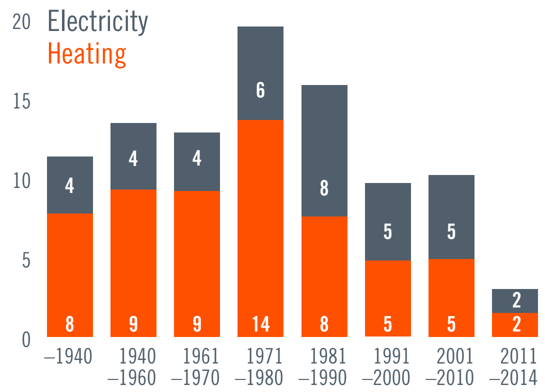
An increasing amount of building facade work comes from yard construction. In addition to technical repairs, the yards' comfort and functionality are developed. In facade renovations the buildings' energy efficiency and often also the comfort of living are improved.

As technology increases in buildings, so does the need for competence and professional services in maintenance. The demand for servicing and maintenance services is also growing, as building technology increases and property ownership becomes progressively professional. The long weak development in new construction can at the moment be seen as the heightened competition in the service and maintenance market.

Consolidation is taking place in the construction market

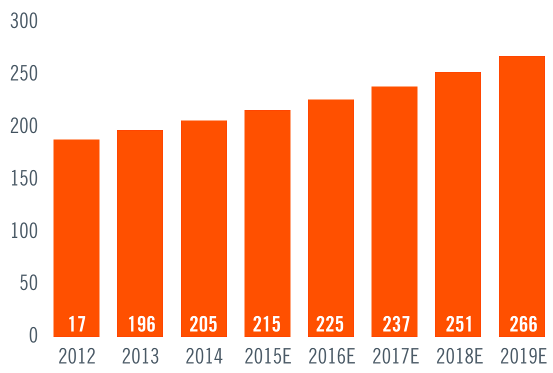
The renovation construction market is very fragmented in Finland. Large construction companies focus on new construction, where projects are larger than in renovations. The field of

Energy use in Finnish buildings 2014 (TWh/a)



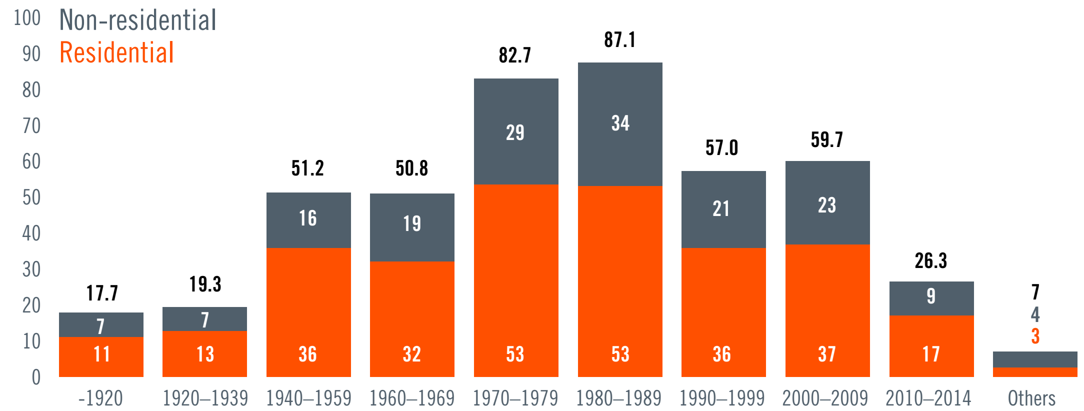
Source: VTT

Building automation market in the Nordics (USD million)



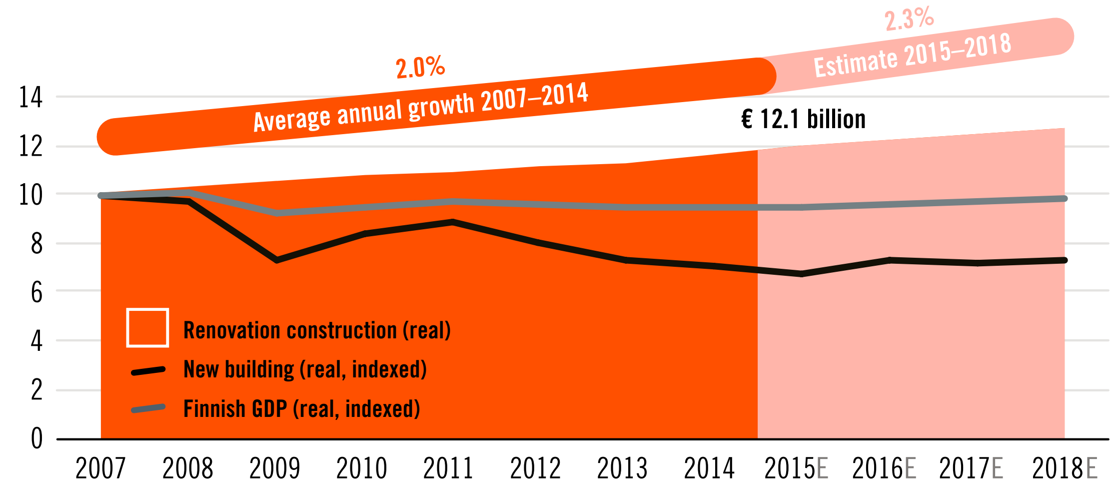
Source: Frost & Sullivan. The European Building Automation Market, May 2015

Building stock by construction year in 2014 (million m^2)



Source: Statistics Finland, December 2014

Finnish renovation construction market (€ billion)



Sources: Euroconstruct, December 2015 & Statistics Finland

renovation construction has typically consisted of several small companies that usually focus on only one segment of renovation construction. Consolidation has occurred on the market, however, as large construction companies are acquiring renovation competence through acquisitions.

Measured in sales, Consti is one of Finland's leading companies focused on renovations. Consti is also set apart from competition with its extensive offering in service and maintenance ranging from service contracting to long-term collaboration lasting years and worth millions of euro.

MODERN BUILDING TECHNOLOGY

Organic growth and growth through acquisitions in Technical Building Services.

Consti Technical Building Services' net sales grew 7.5 percent in 2015 and amounted to 102.6 (95.4) million euro. In addition to organic growth, sales were increased by acquisitions of Engineering company Gridon Oy and Tampereen Kiinteistötekniikka Oy in 2014.

The Technical Building Services business area provides repair services related to building technology such as heating, plumbing, ventilation, electric, fire safety and automation systems, and related maintenance services to residential and office buildings. Slightly over half of the sales comes from Technical Building Services for office premises. Demand for these services are substantially affected by the aging building stock, the continuous increase of technology in buildings and heightened energy efficiency requirements. Demand for more comfortable residential and office buildings are also increasing.

Technology under ground

The new construction market fell in 2015, which was somewhat felt in the demand for Technical Building Services, as Consti also operates in new construction within this business area. The weak economic situation was also seen in the amount of investments into commercial premises. Sewer pipeline renovation demand growth slowed down in residential buildings due to the state-provided support for sewer pipeline renovations ceasing at the end of 2014. This amplified competition especially in offering pipeline renovations. Consti succeeded, however, to increase its market share especially in Uusimaa and Pirkanmaa.

Unlike most of its competitors, Consti Technical Building Services acts as the main contractor in pipeline renovations. In addition to the pipeline renovation, Consti is also in charge of general construction work, bathroom and kitchen renovations and electrical, telecommunications and data system cabling carried out during the renovation.

Consti's competence and customer oriented approach was recognised in November when representatives of the Finnish HVAC industry chose Consti Technical Building Services as the HVAC contractor of the year. Consti Technical Building Services also delivered HVAC technology for Koivusaari metro station, which Rakennuslehti-magazine chose as the construction site of the year.

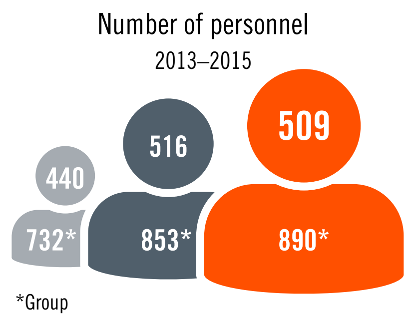
Technical Building Services' largest individual worksite in 2015 was a significant pipeline renovation group project carried out for four housing associations in Tampere's Annala. In new construction, noteworthy ventures included providing technical building services for several Länsimetro and Ring Rail Line stations. In our Service business one of the year's highlights was Consti taking charge of service maintenance at all Helsinki area parishes.

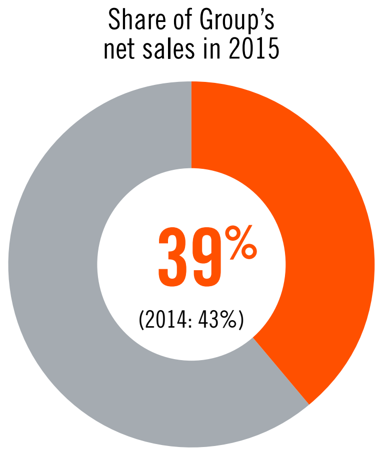
New pipeline renovation solutions well received

Consti renovation innovations in 2015 include Consti Ideal pipeline and bathroom renovation™ which was well received by both ordering parties and end users. The innovation enables finishing a renovation which typically takes months in just ten days, and the apartment is habitable during the renovation.

Another method used by Consti is the Flowall-technical wall suitable for typical apartment buildings from the 1970s. In it, the wall between the kitchen and the bathroom is delivered as a module with inbuilt water, sewage and electrical technology. The solution was piloted in a residential building in Vantaa owned by Sampo Plc and there the solution decreased renovation time by approximately ten percent compared to traditional renovations.

Technical Building Services employed 509 (516) building technology professionals at the end of 2015.





Consti Technical Building Services was chosen HVAC contractor of the year.

Targeting geographic expansion

Technical Building Services' order backlog was 69.2 (69.1) million euro at the end of 2015. Technical Building Services' demand is expected to increase in 2016 if Finnish economy recovers as predicted.

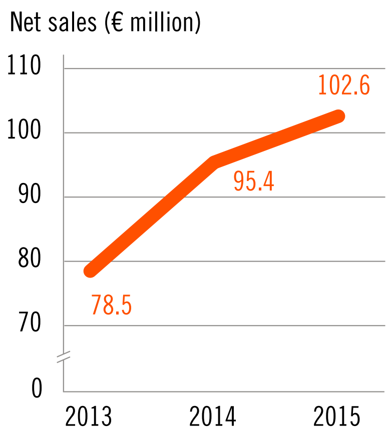
Consti's aim is to strengthen its offering in Technical Building Services in the company's current operational areas: Greater Helsinki and Pirkanmaa; and expand its operations to other Finnish growth centres. At the moment expansion possibilities are considered especially in Turku and Oulu.

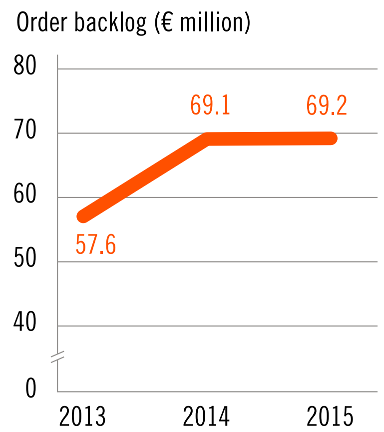
New innovation utilisation continues. In December 2016 Consti acquired Espoo-based Eleta, a company focusing on building automation services. The acquisition broadens Consti's offering in energy efficiency related services.

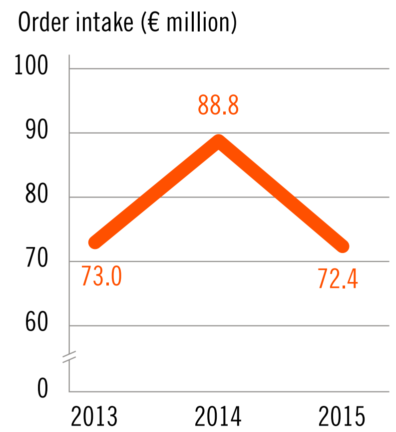
Pekka Pöykkö was elected as Consti Technical Building Services' CEO in November 2015 and he started in his new position in February 2016, up until which Consti Group Plc's CEO Marko Holopainen also acted as Consti Technical Building Services' CEO alongside his position as Group CEO.

Photo: Matti A. Kallio

Consti building technology solutions serve for example Ring Rail Line commuters. Photograph from Vantaa Aviapolis station.







COMFORT OF LIVING THROUGH FACADE RENOVATIONS

In 2015 the demand for facade renovations grew especially in Uusimaa, and the outlook for 2016 is positive.

Consti's Building Facades business area's net sales grew 26.5 percent from last year and were 89.2 (70.5) million euro. Demand was especially strong in Uusimaa and Oulu. Consti successfully increased its market position in building facades, structural-glazing and apartment building renovations. The market situation remained challenging in Pirkanmaa.

Sales growth was in part driven by the mild weather which enabled the uninterrupted work on building facades until the end of the year, allowing a larger than average number of projects to be finished already during 2015.

Consti's Building Facades business area offers renovations to building facades, roofs, windows, balconies and yard constructions as well as renovations of tenement buildings and building technology work for housing associations. Our services also include maintenance work on building envelopes.

Fixing is not always enough

Building Facade renovation demand is greatly increased by the age of Finland's building stock, but renovation needs are also affected by the quality of construction and building maintenance. At times merely renovating the facade is not sufficient and balconies must be renewed completely. At the same time the comfort of living can be increased by for example balcony glazing. After basic renovations have been conducted, the comfort of living and energy efficiency are enhanced by the improved ventilation and insulation.

Facade renovations are currently mainly conducted on buildings dating from the 1960–1980s. For example, at Helsinki Niemenmäentie Consti renovated the facades of two housing associations and the comfort of living was improved by widening the balconies at the same time. In Oulu three housing associations' facades were renovated as a group project. At Helsinki's Johtokiventie an external renovation of six city-owned tenement buildings was started in summer 2015.

As a new innovation Consti started building new floors with modules. Utilising large modules as a building technique enables most of the work to be done at a factory. The ready parts are assembled on top of the old roof, which makes building fast and does not disturb the everyday life of residents very much.

An invigorating work environment

Building Facades personnel count at the end of the year was 209 (186). The largest head count was in June, when 257 people worked for Building Facades. Building facade renovations during the winter are only possible in certain conditions and thus the business area utilises more fixed-term staff than Consti does on average.

In the personnel survey conducted by Corporate Spirit in spring 2015, reference group comparisons showed that Consti Building Facades is one of Finland's most invigorating workplaces.

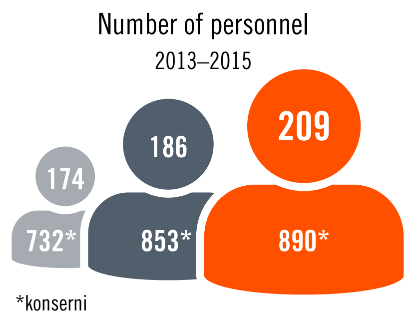
Yard and structural-glazing developing

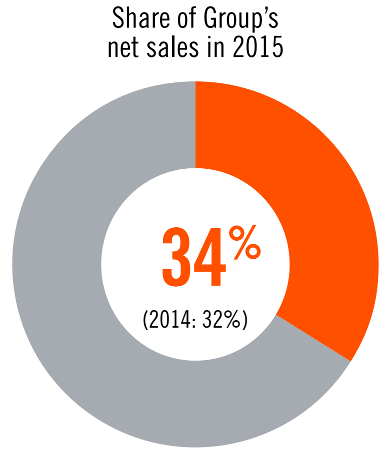
An increasing amount of building facade work comes from yard construction. According to the renovation barometer published by the Finnish Real Estate Federation, over one quarter of housing associations reported renovation needs in their yards during the next five years, and building facade or roof renovations were planned for every fifth housing association.

Consti builds yards both as a part of larger facade or renovation projects and as separate service projects. In addition to yard maintenance, Consti's Service business includes facade joints resealing, annual repairs to tin roofs and building envelope painting and coating.

Alongside yard constructions Consti aims at increasing structural-glazing and roof renovations' share of Building Facades sales.

Building Facades' order backlog at the end of 2015 amounted to 55.0 (57.8) million euro. The demand for facade renovations is expected to remain good in 2016.

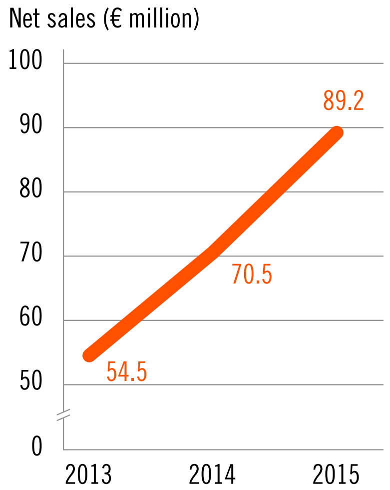


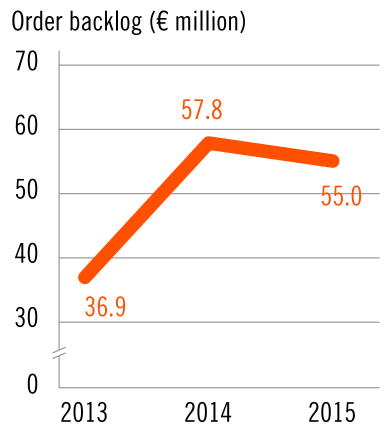


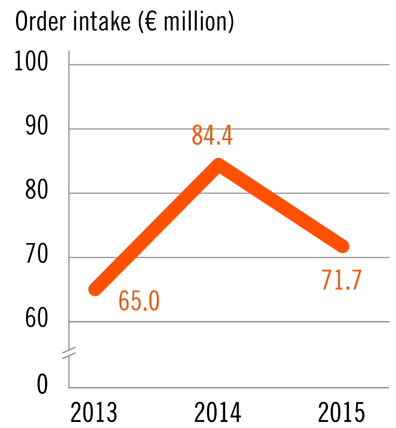
Demand for facade renovations increases with more depleting weather conditions.

Photo: Pasi Salminen

In two separate projects for the housing associations Salpa-Sello and Salpa-Kannel in Helsinki, Consti renewed the facades, balconies and windows of seven apartment buildings during 2014-2015.







COOPERATION IS HIGHLIGHTED IN RENOVATION CONTRACTING

Consti strengthened its expert position in demanding building use modifications.

Renovation Contracting's net sales grew 26.1 percent. Consti successfully increased its market share both in the Greater Helsinki area and in Turku. The net sales for 2015 were 68.7 (54.5) million euro.

Aside from apartment buildings, Renovation Contracting offers wide-ranging building use modifications and related contracting and maintenance services. Sites include office buildings and commercial premises, hotels and restaurants, schools and day-care centres, hospitals, other public buildings, as well as manufacturing sites and renovations of high-value properties.

Renovations and building use modifications are most commonly made to office buildings and commercial premises. Demand is driven by for example changes in the retail business such as the growth of online sales and fast paced changes in store concepts. In 2015 Consti renewed for instance S Group store premises around Finland as Marks & Spencer shops started operations in Finland.

Office renovations especially in the Greater Helsinki area have increased alongside the completion of new office space, since empty premises are often completely renovated for new users when the previous users move out. Significant office building renovations in 2015 included for example the complete renovation of Akavatalo in eastern Pasila, Helsinki.

Consti has a strong position in hotel renovations

During the past years Consti has emphasised its position especially in demanding building use modification and hotel renovations. In 2015 for example the extensive renewal of Hilton Helsinki Strand was completed.

Contrary to new construction, in renovation construction the sites are typically in customer use during the project, which emphasises the meaning of customer service. For example, in hotel renovations special competence is needed in addition to building technology, as work is conducted in a building where the customer must be able to serve their own clients without interruptions during the renovation. In renovation construction special skills are also required relating to building structure, traditional construction methods and the condition of the premises.

Renovation Contracting Service business includes maintenance renovations, annual and seasonal renovations and assessing building technology renovation needs. Service contracts can also include building use modifications.

New ways of working

In renovation construction, cooperation with clients, suppliers and all other parties taking part in the project is highlighted.

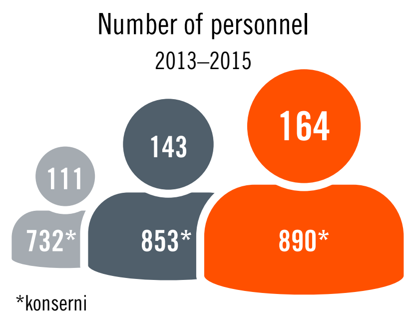
In joint projects both planning and contracting agreements are made between all participants, which define mutual goals, responsibilities and incentives. The renovation builder and planners are chosen at an early stage. In these decisions, emphasis is placed on quality criteria and negotiations between the client and the renovation builder. A good example of this kind of operation model is the preliminary deal Consti signed with CapMan in summer 2015 regarding the complete renovation of an Yrjönkatu office building into St George Hotel. The preliminary deal was followed by a project contract signed in December.

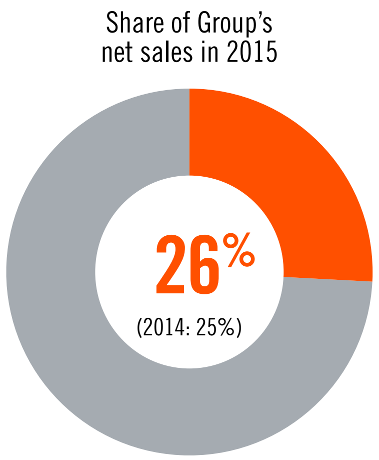
A special case in joint projects is an alliance agreement. In it a cooperation agreement is made between all parties involved without separate agreements between two parties. Consti is the main contractor in an alliance agreement in Turku regarding 17 apartment buildings belonging to Real Estate Company Jyrkkälänpolku.

Employee count and order backlog grew

At the end of the year 2015 Renovation Contracting employed 164 (143) renovation contracting professionals. The order backlog at year end was 57.1 (36.5) million euro.

Renovation Contracting's goal is to continue profitable growth by strengthening its current service offering in Uusimaa, Turku and Lahti. In upcoming years, growth will also be sought by expanding operations to other growth centres in Finland.

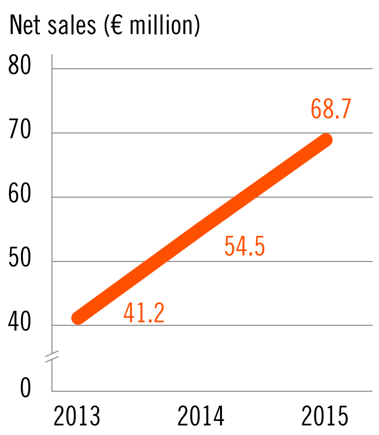


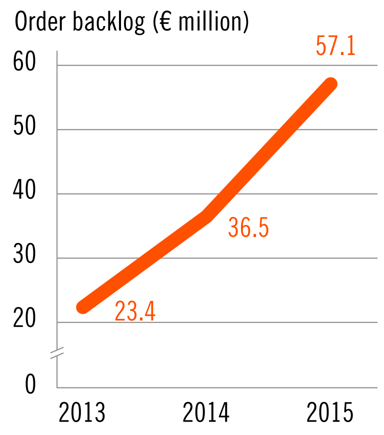


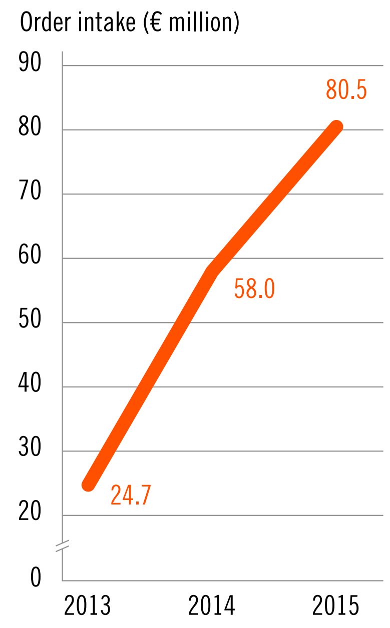
Structural changes in the retail industry and rapid store concept renewals add to the demand for renovation contracting.

Photo: Timo Lahtinen

Consti renewed S Group's store premises for Marks & Spencer. Photograph from Helsinki Sokos department store.







SERVICE BUSINESS SALES GREW SIGNIFICANTLY

Consti's business areas Technical Building Services, Building Facades, and Renovation Contracting all involve maintenance and repair services and service contracting.

Servicing and maintenance services are monitored at Consti as a separate unit: Service. In 2015 Service net sales grew approximately 18 percent and amounted to 32.2 (27.2) million euro.

Sales grew considerably in the Greater Helsinki area and in Pirkanmaa. Sales grew substantially in technical service projects, facade and structure-glazing repair, and maintenance work. In Pirkanmaa Consti increased its market position as a provider of technical maintenance and repair services. An acquisition made in 2014 boosted these figures, but organic growth was strong as well.

Service employs approximately 200 people of which about 160 work in Technical Building Services.

Servicing and maintenance services include various kinds of maintenance work, and also long-term service agreements, where Consti personnel work in the clients' premises for up to several years. Service contracting includes for example housing and building technology modification projects, when for instance an office comprising of several rooms is modified into an open office, or a fitness centre is built into an old bank building. The majority of service contracts were carried out for key clients.

Building technology maintenance markets are growing clearly alongside new construction; new buildings have an increasing amount of technology and the technology is also more demanding than in older buildings. Renovations also add to the amount of building technology. The long weak development in new construction can be seen as increased competition in the service and maintenance market.

Consti takes care of Helsinki's churches

During the past year Consti's most important servicing and maintenance services contract was made with the Helsinki area parishes. The contract includes building technology maintenance and repairs and technical managing in the near to one hundred premises owned by Helsinki area parishes. Most of the premises are churches, parish buildings and cemeteries, but they also include housing buildings, commercial properties and camp centres.

Service offering grew especially in technical building service contracts. Together with service maintenance, technical building services and facade repairs were carried out for example in Helsinki's Itis mall.

One-day renovations during office-hours

In addition to bringing new technology to the market, Consti continuously develops its business through new concepts.

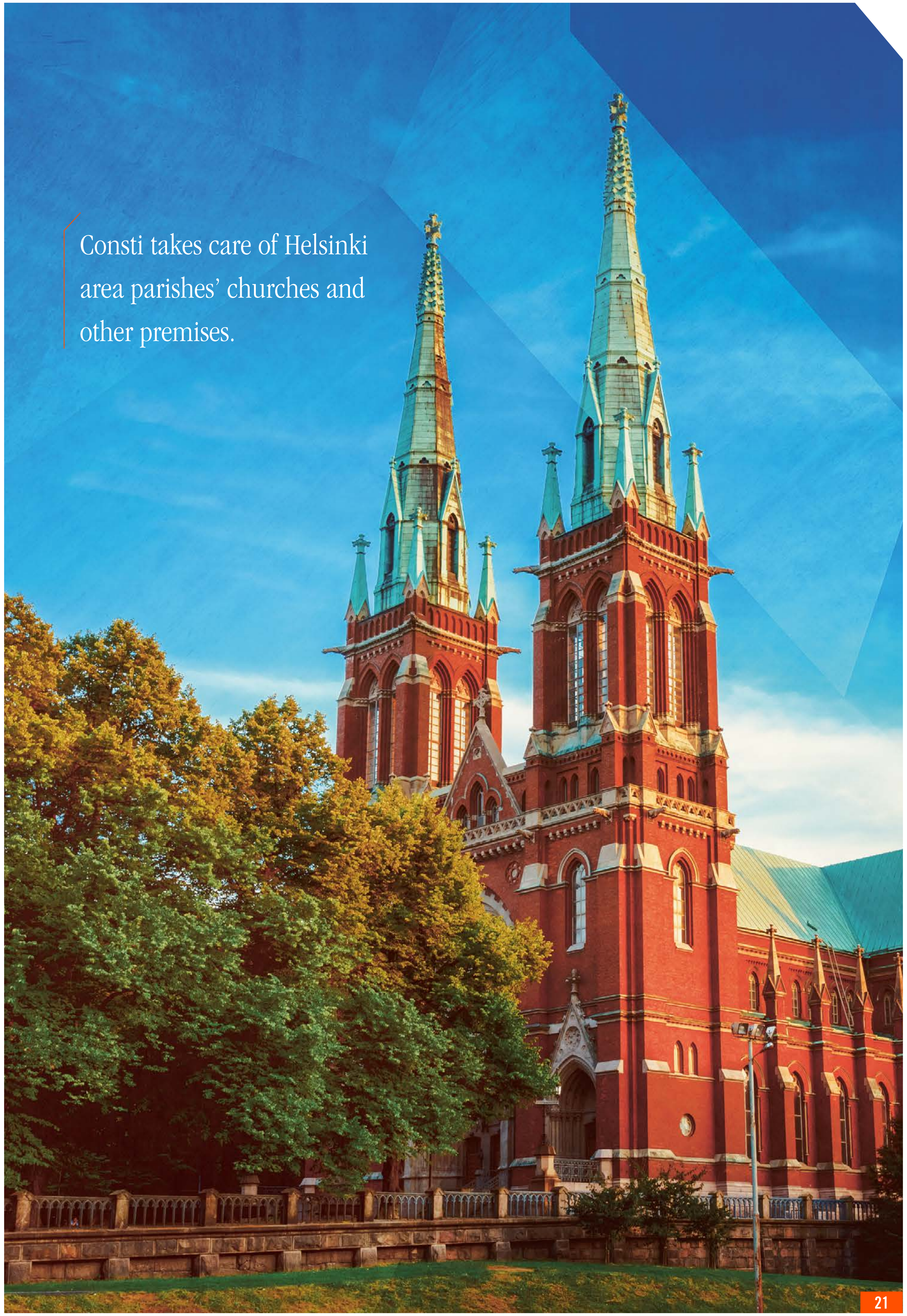
For example, apartments owned in Helsinki by the student-housing foundation Hoas were improved in the latter part of 2015 with a new kind of concept. Maintenance work was conducted during the day from 8 am to 4 pm and maintenance lasted only one day per apartment. The inhabitant did not need to move out for the duration of the renovation and the owner did not lose rental income. Repairs will be continued in 2016 in other Hoas premises.

Growth is expected for servicing and maintenance services

The demand for servicing and maintenance services is increasing due to growing wishes relating to health and comfort, increasing energy efficiency requirements, and the aging population's need for barrier-free buildings. In modifications of commercial properties, work is driven by changes in the retail industry and the more efficient use of office space. Servicing and maintenance services are also in growing demand due to the increasing amount of building technology and because property ownership is becoming progressively professional.

Consti's strengths in Service business are its versatile competence and need and ability to take care of both small jobs and wide-ranging service contracts.

Consti's goal is to increase the number of long-term contracts in Service business to level out economic instability.



Consti takes care of Helsinki area parishes' churches and other premises.

Photo: Shutterstock

Photo: Matti Sulanto

Marko Kahilainen (left) and Jukka Tavikainen examine the condition of base plastering at Consti Julkisivut Ltd's worksite.

HIGHLY COMMITTED EMPLOYEES

Consti personnel ready to recommend their employer.

Consti Group had 890 (853) employees on 31 December 2015. The increase in personnel was mainly due to project management personnel recruitments. The average employee count during the period was 910 (797).

At the end of the year 509 (516) employees worked in Technical Building Services, 209 (186) in Building Facades, and 164 (143) in Renovation Contracting. Consti is one of the few service providers that can offer building technology, building facade, and renovation contracting services through its own employee resources.

Of the personnel employed at the end of the year, 6.5 percent worked with fixed-term employment contracts. Nearly half of them were interns. During the year Consti offered summer jobs or internships to over a hundred students.

The construction business is typically very male-dominated. At the end of the year 90.6 (91.6) percent of Consti employees were male. 9.4 (8.4) percent of the staff were female, which is slightly above average in the industry. On average, women account for 7.7 percent of the industry's workforce in Finland.

Personnel development focus areas included safety, project management skills, and customer relationship competence.

Safety procedures enhanced

Safety procedures were enhanced with new policies in autumn 2015, as Consti's injury prevention development had not advanced as planned during the past years. Sickness and accident related leaves accounted for 4.2 percent of the total working time which is in line with the industry's average.

The average employee count was

Participating in the Safety park (Turvapuisto) activities was central to Consti's safety procedure development. Consti has its own work safety site at the park, at which typical worksite situations are showcased from a work safety point of view. All Consti interns visited the Safety park during early summer 2015 and since autumn visits were expanded to cover the rest of the personnel. The Safety park is located in the Greater Helsinki area. Founded as an initiative by Rudus in 2009, the park aims at improving work safety in the entire construction industry.

During 2015 training was organised regarding the use of building site TR-safety measures and the measure was taken into broader use. In addition, following each accident leading to a sickness leave, the employee and their unit supervisor go through matters that caused the accident and summaries of these discussions are handled in the safety council.

Consti employees ready to recommend their employer

A work satisfaction survey conducted in spring 2015 shows Consti personnel is clearly more committed than average to their work and they are happy with the company's management culture. Consti personnel believe the company has a bright future ahead of it and they are ready to recommend Consti as an employer. The survey showed that Consti Building Facades is one of Finland's most invigorating workplaces. The survey was carried out by Corporate Spirit Ltd and it had a 79.5 percent response rate from Consti personnel.

The popularity of the Personnel Offering arranged alongside Consti's IPO was also a good example of the personnels' commitment. The offering was oversubscribed and after the IPO approximately 120 Consti employees owned Consti shares.

CONSTI GROUP PLC \ PERSONNEL

Time flies when you work for a good company

Tuomo Kevarinmäki, installation manager at Consti Technical Building Services, enjoys challenges and especially solving them.

" I originally joined the company for a one month fixed-term job to see a project through. This was 1994. Now I have spent over 20 years with the same employer – albeit its name changed in an acquisition. At Consti careers generally tend to last a lot longer than in this business on average.

I work as an installation manager and I am head of the AV unit for office buildings in the Greater Helsinki area. Our organisation has 15 professionals working as project managers, HVAC designers or bidders. I take part in all of our unit's projects from acquiring projects, setting up schedules, obtaining subcontractors and materials to participating in annual contract negotiations.

At the moment I am in charge of the new social and healthcare centre alliance project for Järvenpää city. Consti is taking care of building technology and is also responsible for managing the planning. Järvenpää is ambitiously creating the best healthcare centre in Finland.

My own unit has quadrupled from the years when I first started here. The quantity and size of the projects has increased all along, as have projects where Consti is in charge of the entire venture. The amount of partners we have has grown as well, and these days the majority of projects are carried out through various kinds of negotiation models.

Acquisitions and growth have brought new in-house competence and our scope of service has broadened. We now have more internal construction automation, maintenance, and energy talent.

The best parts of my job are the versatile tasks and independent work. I am able to contribute to a successful outcome with my own solutions both technically and financially. This makes my work enjoyable. There are many demanding situations day-to-day that we ponder together as a team. "

CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility and business ethics are a fundamental part of Consti Group's operations and strategy. Our corporate social responsibility themes are health and safety, occupational procedures, environment and corporate social responsibility.

Our annually published corporate social responsibility report combines operational models stemming from Consti's different corporate cultures, collects corporate social responsibility issues into one report and enhances risk management. Practical corporate social responsibility is seen in our everyday operations and we continuously monitor and measure how it is carried out.

Health and safety above all

Occupational safety is the basis of all our actions. We prevent accidents on worksites with correct safety procedures and risk analyses. We emphasise the role of supervisors in occupational safety monitoring and define necessary work safety plans. We ensure a safe work environment for our personnel, taking also into account end-users and stakeholders. We support our personnels' working capacity by developing supervisor work, ensuring appropriate work equipment and offering sport and cultural benefits and high-quality and wide-ranging occupational health services.

Work-life practises increase occupational wellbeing

We aim to continually develop our operations and encourage employees to make initiatives in all aspects of our business. Consti also has an incentive scheme for all permanently employed white-collar workers. We mainly make permanent work contracts and abide to collective labour agreements and current Finnish labour law. We develop our competence continuously and in the end of 2013 we founded Consti Academy to provide additional training to employees.

Taking care of environmental issues is important to us

Renovations tend to decrease the built environment's harmful influences, due to for example lower energy consumption of renovated properties. We follow worksite environmental plans and take care of waste disposal, end-disposal and material and energy efficiency. As a general rule, the shorter the renovation project, the smaller the environmental impact. Accordingly, we make minimising project completion time a priority, which we accomplish with efficient production planning and scheduling.

Corporate social responsibility – building a better world together

We emphasise ethical action and actively participate in developing society, stakeholder cooperation and charity. We renounce black market activity in all our operations and utilise our own employees to a large extent as this enables us to ensure that laws and regulations are abided by. We follow the Contractor's Obligations and Liability Act and belong to Suomen Tilaajavastuu Oy's Reliable Partner programme. We do not approve of corruption, bribery or attempting them in any form. We continuously cooperate with several educational institutions and participate in developing the industry together with other leading companies in the business.

Consti does not approve of corruption, bribery or attempting them in any form.

Summary of 2015

Corporate social responsibility themes	Measured aspect	Measure	Measurement frequency	2014	2015
Health and safety	Accident amount	Accident frequency	1 m	40	**26***
Health and safety	Sick leave amount	Sick leave %	1 m	4%	**4.2%**
Health and safety	Occupational illnesses / other work-related illnesses	Number / year	1 m	1	**2**
Occupational procedures	Personnel turnover percentage	% of employees leaving (monthly average)	1 m	2.2%	**2.3%**
Occupational procedures	No employment contract disputes	Number / year	1 y	0	**0**
Occupational procedures	Number of fixed-term work contracts	% of fixed-term work contracts (annual avarage)	1 y	6.2%	**8.7%**
Environment	No public environmental risks	Number / year	1 y	0	**0**
Environment	No reclamations on environmental impacts	Number / year	1 y	0	**0**
Corporate social responsibility	Regional State Administrative Agency inspections, no sanctions	Number / year	1 y	0	**0**
Corporate social responsibility	No events that are prohibited in the ethical guideline	Number / year	1 y	0	**0**

* The measurement method was altered in 2015 to correspond with the industry standard. Figures from 2015 include subcontractor accidents and work hours.
Consti's corporate social responsibility report will be available on the company's website in April www.consti.fi -> Investors

REVIEW OF CORPORATE GOVERNANCE

Consti Group Plc (Consti) is registered in Finland and it is a publically listed company at Nasdaq Helsinki Ltd Stock Exchange. Consti's governance and management are based on the Finnish Limited Liability Companies Act and Securities Markets Act, the company's Articles of Association and the rules and guidelines of NASDAQ Helsinki Ltd. Consti complies with the Finnish Corporate Governance Code (www.cgfinland.fi) with the exception that its Board has not set up a separate Audit Committee.

The company's Board of Directors has not set up an Audit Committee, and the responsibilities of such a committee have been included in the Board's rules of procedure. The Board collectively takes care of the duties of an Audit Committee. The Board has stipulated that the Group's scope of operations does not necessitate the creation of a separate Audit Committee.

This Corporate Governance review has been given as a separate entity alongside of the financial statements, Report of the Board of Directors and remuneration statement. The review is available online on the Group's website www.consti.fi > Investors > Corporate Governance.

Consti Group Plc's Board has assessed the review in its meeting 17 February 2016, and the company's auditor has confirmed that the review's general description on internal control and risk management is in line with the financial statement.

BOARD OF DIRECTORS

The Board's responsibilities

The Board of Directors confirms Consti's strategy and monitors its implementation. In accordance to the Companies Act and Consti's Articles of Association the Board of Directors attends to Consti's administration and organization of its operations and represents the company. Consti's Board of Directors has established written Rules of Procedure, in which its central responsibilities and principles of operation are defined.

Consti's Board of Directors has three to nine members. The Board elects a Chairman and a Deputy Chairman from among its members. A proposal for the composition of the Board of Directors is prepared by the Nomination and Compensation Committee established annually by the Board of Directors.

The Board of Directors

- defines the Company's dividend policy
- decides on donations within the framework of the Finnish Companies Act
- defines the operating principles for the risk management system and internal control
- considers and approves interim reports, the report of the Board of Directors and the annual financial statements
- confirms its own Rules of Procedure
- confirms the Company's operating principles and monitors how they are carried out
- approves the Company's strategy and monitors how it is carried out
- approves annually a business plan and budget based on the strategy and monitors how they are carried out
- sets personal goals for the CEO annually and assesses how they are achieved as well as approves the targets for the members of the Management Team and assesses how those are achieved
- confirms the Group's organizational structure
- appoints and discharges from their duties the CEO and the members of the Management Team and decides on their terms of employment and incentive schemes
- prepares draft resolutions as necessary for the General Meeting of Shareholders concerning remuneration schemes for management and personnel
- monitors succession issues of the management
- considers other matters that the Chairman of the Board or CEO has submitted on the agenda. Members of the Board are also entitled to bring matters before the Board by informing the Chairman of this.

CONSTI GROUP PLC \ CORPORATE GOVERNANCE

In 2015 the Board of Directors concentrated on preparing and executing the company's IPO.

Board Members 2015

Consti Group Plc's Board of Directors on 31 December 2015 comprised of Tapio Hakakari (Chairman), Antti Korkeela, Erkki Norvio, Janne Näränen, Niina Rajakoski, Petri Rignell and Pekka Salokangas. Korkeela, Norvio, Näränen, Rignell and Salokangas were elected in the Annual General Meeting 2 April 2015. Tapio Hakakari was elected with the shareholders' unanimous decision on 18 June 2015. Niina Rajakoski was elected to the Board starting form 30 September 2015 by the shareholder's unanimous decision on 29 September 2015.

Up until the Annual General Meeting on 2 April 2015 the Board consisted of Janne Näränen (Chairman), Jyrki Jalli, Antti Korkeela, Erkki Norvio, Petri Rignell and Pekka Salokangas.

The Board of Directors held 27 meetings during 2015, the average attending rate of Board Members was 92.0. The attendance rate per Member was: Tapio Hakakari 100%, Antti Korkeela 77.8%, Erkki Norvio 96.3%, Janne Näränen 100%, Niina Rajakoski 87.5%, Petri Rignell 92.6% and Pekka Salokangas 96.3%.

Board of Director's Committees

The Board set up a Nomination and Compensation Committee to improve the efficiency of board work on 2 September 2015. The Board annually nominates at least three Committee Members and appoints one of them as Chairman of the Committee, and confirms the Committee's written charters. The Committee meets when necessary, however at a minimum three times a year. In 2015 the Committee consisted of Janne Näränen, Petri Rignell and Tapio Hakakari and it had two meetings. All Members attended the meetings.

The Committee has no independent decision-making power; it prepares matters to be presented to and decided by the Board. The Committee directly presents the proposal for composition and compensation for the Board of Directors to the Annual General Meeting; prepares a proposal for the CEO and the terms of his/her employment and when necessary also prepares proposals on the appointment and remuneration of other executives prior to the Board of Directors' meeting. The Committee prepares the Group's remuneration principles, short and long-term compensation schemes and monitors their efficiency and realisation. The Committee also prepares the company's diversity policy.

In 2015 the Committee made proposals of the appointment of a Board Member and the compensation of the CEO.

The Board has stipulated that the Group's scope of operations does not necessitate the creation of a separate Audit Committee, and the Board will take care of its responsibilities. In this capacity, the Board meets the external auditor at least once a year without the members of the management employed by the Company. In the capacity of the Audit Committee, the Board's responsibilities include reviewing the Company's financial statements and interim reports, monitoring the internal control system, and seeing to internal and external audits.

CEO

The Board appoints Consti's CEO and determines the related terms of employment. The employment terms of the CEO are defined in a written employment contract. The CEO is responsible for ensuring that the targets, plans, guidelines and goals set by the Board are carried out within the Company. According to the Finnish Companies Act, the CEO ensures that the accounting practices of the company comply with the law and that financial matters are handled in a reliable manner. The Board assesses the CEO's work and monitors the CEO's development in achieving set targets.

In 2015, Consti's CEO was Marko Holopainen. Marko Holopainen was born in 1967 and he is a Master of Science (Technology). At the end of the fiscal period the CEO owned 71,600 Consti Group Plc shares, which amounts to 0.91 percent of the company's shares and votes.

MANAGEMENT TEAM

Supporting the CEO in his/her duties, the Management Team is responsible for business development and the Company's operational activities in accordance with targets set by the Board of Directors and the CEO. The Management Team also defines operative principles and procedures in accordance with guidelines set by the Board. The Management Team convenes every month and whenever necessary and concentrates on the strategic issues of the Group and the business areas. On the agenda there are regular reports and questions concerning the development of the financials, governance, corporate responsibility and development projects. The CEO acts as Chairman of the Management Team.

EXTERNAL AUDIT

The statutory external audit for the financial period includes auditing of accounting records, financial statements and administration. The Annual General Meeting on April 2nd 2015 chose Ernst & Young as auditor with APA Mikko Rytilahti as principal auditor. In 2015 audit costs amounted to EUR 167,000. In addition, the auditor received compensation for other services amounting to EUR 399,000. These other services were related to taking into use IFRS standards and the company's IPO.

Ernst & Young Oy has acted as Consti's auditor since 2008 and also APA Mikko Rytilahti has acted as principal auditor since 2008.

INTERNAL CONTROL OF THE FINANCIAL REPORTING PROCESS

Consti compiles its financial reporting in accordance with the International Financial Reporting Standards (IFRS), the Securities Markets Act, the Finnish Accounting Act and the Finnish Accounting Board's guidelines and statements, while complying with the standards of the Financial Supervisory Authority (FIN-FSA) and the rules of NASDAQ Helsinki Ltd. The internal control and risk management principles, guidelines, practices and responsibilities pertaining to the company's financial reporting process, have been designed to ensure that the financial reports disclosed by Consti are reliable and meet the requirements of the law, regulations and company principles.

Instructions regarding the publication of financial information and external communications are included in Consti's disclosure policy approved by the Board of Directors. Its main principles are available on the company website at (www.consti.fi > Investors > Corporate Governance). Investor Relations together with Corporate Communications are responsible for ensuring the accuracy of and compliance with the policy.

Risk management

The central principle of Consti's risk management is continuous, systematic and pre-emptive action to identify risks, define the level of risk the company accepts, evaluate and handle risks and, in the event of risk realisation, see to their effective management and administration so that the company will meet its strategic and financial goals. Risk management is a part of the company's management, monitoring and reporting systems. Risk management includes risk identification, evaluation and risk contingency planning.

Consti's strategic and operative goals are used as a basis for identifying risks. Risk analysis and evaluations are conducted as self-assessments. The probability of a risk materialising and the impact this would have is evaluated on a scale of 1–3 as defined in the company's risk principles.

Consti's Board of Directors duty is to confirm the company's risk management principles and evaluate the adequacy and appropriateness of risk management. The CEO is responsible for the company's risk management and its organisation, allocating resources for the work and reviewing the risk management principles. The Group's Management Team is responsible for the actualisation of risk management, operative risk monitoring and risk related actions.

Financial and operational risks, as well as actions taken, are regularly reported to the Management Team. Strategic risks are handled annually together with the strategy. Risk reports are assessed by the Board, the Management Team and in the business areas' own management teams.

Central risks and risk management actions are reported yearly in the annual report and in interim reports.

Internal control

Internal control aims at protecting the company and its business areas' resources from wrongful use; it makes sure all business transaction are authorised in the necessary manner, supports IT system management and ensures the reliability of financial reporting. In Consti, internal control is foremost the responsibility of line management, which is supported by the Group's support functions. A third level of internal control is made up of internal and external audit, which confirm that the first two levels of control function efficiently.

Internal audit

Consti does not have a separate corporate audit function, as internal control responsibilities have been divided inside the corporation between different functions and areas. The Board may use external experts for assessments regarding the control environment or separate operational evaluations. Consti's external auditor's audit plan takes into consideration that the company does not have a separate corporate audit function.

The CEO creates the foundation for internal control by leading and guiding top management and ensuring that the company's bookkeeping practice follow legislation and financial administration is managed reliably.

The Management Team is responsible for making sure that the organisation's different units have detailed internal control guidelines and procedures. The financial administration staff have an especially important role, as its control actions span all of the company's operational and other units.

The Group's financial administration helps units create appropriate control procedures. It also guides the company's risk management process and reports on its execution to management and monitors the internal control procedures' efficiency and effectiveness in practise.

The business areas' management sees that all of the units and employees that are their responsibility follow the appropriate laws, regulation and internal guidelines.

Financial reporting process

Internal control efficiency regarding financial reporting is overseen by the Board of Directors, and also the CEO and Group and business area Management Teams. Internal control measures, such as reconciliations, logic analyses and comparative analyses are conducted on an organisational level. The purpose of these control measures is to detect, prevent and correct any errors and deviations in financial follow-up.

Consti's financial reporting is based on monthly performance monitoring in a centralised reporting system. Financial reports are handled first at the reporting unit level, then in the Management Teams of the business area and finally in the Group's Management Team. The Board of Directors also receives a monthly report on financial figures. Controllers report any deviations from the plans to the Management Teams, analyse the reasons for such deviations and support the management in decision-making. Monthly reviews also ensure that performance is in line with annual targets and financial forecasts are up to date. Financial administration aims to harmonise the work practises of controllers and ensure guidelines are interpreted consistently throughout the organisation, and also further improve the guidelines.

INSIDER MANAGEMENT

Consti applies the insider guidelines of NASDAQ Helsinki Ltd, in addition to which Consti's Board has approved internal insider regulations based on the said guidelines.

In compliance with the Finnish Securities Markets Act, Consti's permanent public insider register comprises, due to their positions, the Members of the Board, the CEO and the auditors and, by definition of the company, the Members of the Management Team. Information from the public insider register are available on Consti's website: www.consti.fi > Investors > Corporate governance > Insider Register.

The permanent company-specific group of insiders includes people employed by Consti and people who work for Consti under a contract, and who, due to their duties, have regular access to insider information. Permanent insiders are not allowed to trade in Consti's shares 21 days prior to interim report and financial statement publications or on the days which the result is published.

Consti's CFO is responsible for adherence to insider regulations and for monitoring the duty to declare as well as the maintenance of insider registers.

Euroclear Finland Ltd's SIRE system includes an insider list of all Consti Group Plc's permanent public insiders.

Board members from left to right: Pekka Salokangas, Antti Korkeela, Petri Rignell, Niina Rajakoski, Tapio Hakakari, Janne Näränen, Erkki Norvio.

BOARD OF DIRECTORS 31 DECEMBER 2015

Pekka Salokangas
Board Member since 2012

M.Sc. (econ.), born 1961
Finnish citizen
Independent of the company and significant shareholders

Key work experience
Relacom Ltd, CEO since 2009
Wiltrain Consulting Ltd and PlanStone Ltd, Management Consultant 2008–2009
ISS Palvelut Ltd, Business Unit Director 1998–2008
Talotek Ltd, CEO 1996–1998
Onninen Oy Whosale International, Marketing Director 1993–1996
Huber Ltd, Development Director 1989–1993

Key positions of trust
Orbion Consulting Ltd, Chairman of the Board since 2013
Service industries employers' association (Palvelualojen toimialajärjestö Palta), Board Member 2011–2013 and from 2015
Relacom Finland Ltd, Board Member since 2011
Ficom, Board Member since 2009

Consti Group Plc's shares 22,000 (31 December 2015)

Antti Korkeela
Board Member since 2012

Vocational Qualification in Business and Administration, born 1969
Finnish citizen
Independent of significant shareholders

Key work experience
Consti Group Ltd, CEO 2009–2011
Jollaksen Rakennushuolto Ltd, CEO 1995–2009

Key positions of trust
CTK Tekniikka Ltd, Chairman of the Board since 2012
Atolli Ltd, Chairman of the Board since 2012
Random Development Ltd, Chairman of the Board since 2012
Fluorotech Ltd, Board Member since 2012
Teollisuus ja Kiinteistöt Sundberg Ltd, Board Member since 2011

Consti Group Plc's shares 289,842 (31 December 2015)

Petri Rignell
Board Member since 2008

Member of the Nomination and Compensation Committee
M.Sc. (tech.), born 1962
Finnish citizen
Independent of the company and significant shareholders

Key work experience
IVG Polar Ltd, CEO 2010-2013
CapMan Real Estate, Industrial Advisor 2007–2010
Projektikonsultit Ltd, CEO 1994–2007
Polar Yhtiöt, Foreman 1989–1994
Lemminkäinen Ltd, Project Engineer 1985–1989

Key positions of trust
KE Holding Ltd, Chairman of the Board since 2014
Devecon Group Ltd, Chairman of the Board 2010
PriRock Ltd, Chairman of the Board since 2007
Minerva Kehitys ja Palvelu Ltd, Board Member since 2012
Tilakarhut Ltd, Board Member since 2008

Consti Group Plc's shares through his holding company 25,100 (31 December 2015)

Niina Rajakoski
Board Member since 29 September 2015

M.Sc. (tech.)
Master Builder, born 1970
Finnish citizen
Independent of the company and significant shareholders

Key work experience
Ilmarinen Mutual Pension Insurance Company, Construction Manager since 2010 and Property manager 1999–2010
YIT Service Ltd, Key Account Manager 1999
YIT rakennus Ltd, Sales Manager 1998
Haka Ltd, Estimating Engineer 1993–1994

Key positions of trust
Central Chamber of Commerce's Goods Inspection Board, Member since 2015
The Construction Quality Association RALA ry (Rakentamisen laatu), Board Member since 2012
The Finnish Association of Building Owners and Construction Clients RAKLI ry, Construction and Procurement Council Member since 2012
Real Estate Manager certification group (KJs, Kiinteistöjohdon sertifiointiryhmä) Chairman since 2012

Does not own Consti Group Plc shares (31 December 2015)

Tapio Hakakari
Chairman since 18 June 2015

Member of the Nomination and Compensation Committee
Master of Laws, born 1953
Finnish citizen
Independent of the company and significant shareholders

Key work experience
Webstor Ltd, CEO
Cargotec PLC, interim President and CEO 2012–2013
Kone PLC, Director and Secretary to the Board 1998–2006
KCI Konecranes 1994–1998
Kone PLC 1983–1994

Key positions of trust
Opteam Yhtiöt Ltd, Chairman of the Board since 2013
Enfo Ltd, Chairman of the Board since 2007
Cargotec PLC, Board Member since 2005 and Deputy Chairman of the Board since 2009

Consti Group Plc's shares 55,400 (31 December 2015)

Janne Näränen
Board Member since 2008 (Chairman of the Board from 2011 to 18 June 2015)

Member of the Nomination and Compensation Committee
M.Sc. (tech.), M.Sc. (econ.), born 1975
Finnish citizen
Independent of the company

Key work experience
Intera Partners Ltd, Partner since 2008
Booz Allen Hamilton, Senior Associate 2004–2008

Key positions of trust
IEP SPV 3 Ltd, Chairman of the Board since 2015
Hoplop Holding Ltd, Chairman of the Board since 2015
Kreate Ltd, Board Member since 2014
Intera Partners Ltd, Intera Equity Partners I Ltd, Intera Equity Partners II Ltd, Board Member since 2011

Does not own Consti Group Plc shares (31 December 2015)

Erkki Norvio
Board Member since 2008 (Chairman of the Board between 2008–2011)

M.Sc. (tech.), M.Sc. (econ.), born 1945
Finnish citizen
Independent of the company

Key work experience
Ramirent Ltd, CEO and Deputy CEO 1984–2005
Partek Ltd, 1972–1984

Key positions of trust
IEP SPV 3 Ltd, Board Member since 2015
Normek Group Ltd, Chairman of the Board from 2008 and Board Member since 2006
Norvier Ltd, Chairman of the Board since 2007
RGE Holding Ltd, Board Member since 2014
Intera Equity Partners Ltd, Board Member since 2007

Consti Group Plc's shares through his holding company 106,463 (31 December 2015)

CONSTI GROUP PLC \ MANAGEMENT TEAM

Management Team from left to right: Esa Korkeela, Jukka Mäkinen, Marko Holopainen, Risto Kivi, Pirkka Lähteinen, Hannu Kimiläinen, Markku Kalevo, Juha Salminen.

MANAGEMENT TEAM 31 DECEMBER 2015

Esa Korkeela
CFO
M.Sc. (econ.), born 1972

Key work experience
Consti Group Plc, CFO since 2009
JRH Rakennushuolto, CFO 1995–2009

Consti Group Plc's shares 399,600
(31 December 2015)

Jukka Mäkinen
Consti Korjausurakointi Ltd CEO
M.Sc. (tech.), born 1960

Key work experience
Consti Korjausurakointi Ltd,
CEO since 2013
Devecon Projektinjohtopalvelu Ltd,
CEO 2013
Hartela Ltd, 2007–2013
ISS Proko Ltd, Regional Director
1999–2007
Projektikonsultit Ltd, Project Manager
1997–1999
YIT-Yhtymä Ltd, Director of the
Technical Office 1995–1997 and
Worksite Project Engineer 1989–1995
Helsinki University of Technology,
Lecturer 1998–2014

Key positions of trust
Talonrakennusteollisuus Ry,
Board Member since 2015
Talonrakennusteollisuus Uusimaa
District Ry, Board Member since 2015

Consti Group Plc's shares 15,812
(31 December 2015)

Marko Holopainen
CEO
M.Sc. (tech.), born 1967

Key work experience
Consti Group Plc,
CEO since 21 March 2014
Consti Talotekniikka Ltd,
CEO 2009–31 January 2016
Koja Tekniikka Ltd, CEO 2004–2009
and Regional Director 2002–2004
ABB, 1989–2002

Key positions of trust
Chairman of the Board of Consti Group
Plc's subsidiaries since 2014
Finnish Association of HPAC Technical
Contractors,
Member of the Executive board
Electrotechnical Employers' Association
STTA, Member of the Board

Consti Group Plc's shares 71,600
(31 December 2015)

Risto Kivi
Consti Julkisivut Ltd CEO
Master Builder, born 1971

Key work experience
Consti Julkisivut Ltd, CEO since 2011
Raitayhtiöt Ltd, CEO 2009–2011
Raitamiespalvelu Ltd, CEO 2008–2009
Raitarakennus Ltd, CEO 2007–2009
Raitasaumaus Ltd, CEO 1998–2007
Rkm Kivi ja Kalevo Ltd, Entrepreneur
1993–1998

Key positions of trust
Midpointed Ltd,
Board Member since 2012

Consti Group Plc's shares 375,300
(31 December 2015)

Pirkka Lähteinen
Consti Korjausurakointi Ltd
Regional Director
B.Eng., born 1977

Key work experience
Consti Korjausurakointi Ltd,
Regional Director since 2011
Jollaksen Rakennushuolto Ltd, CEO
2009–2011 and Project Manager
2000-2009

Key positions of trust
Kaskiniemen Sora Ltd,
Board Member since 1992

Consti Group Plc's shares 16,750
(31 December 2015).

Hannu Kimiläinen
Consti Service Business Director
B.Eng., born 1963

Key work experience
Consti Service,
Business Director since 2014
Meju Ltd, CEO since 1999
ISS Palvelut Ltd, 2006–2014
Palosammutinhuolto PSH Ltd,
CEO 1989–2006

Key positions of trust
Kanta-Hämeen Sammutinhuolto Ltd,
Chairman of the Board since 2011

Consti Group Plc's shares 1,000
(31 December 2015)

Markku Kalevo
Consti Julkisivut Ltd
Bid and Sales Director
Construction technician, born 1971

Key work experience
Consti Julkisivut Ltd,
Bid and Sales Director since 2011
Raitayhtiöt Ltd, Deputy CEO 2009–2010
Raitasaneeraus Ltd, CEO 1998–2009
Rkm Kivi ja Kalevo Ltd,
Entrepreneur 1993–1998

Key positions of trust
L&K Pooki Ltd, Chairman
of the Board since 2010

Consti Group Plc's shares 296,900
(31 December 2015)

Juha Salminen
CDO
Ph.D. (tech.), born 1963

Key work experience
Consti Group Ltd, CDO since 2012
NCC Rakennus Ltd, Development
Director 1999–2012
Psyko Business Learning Consulting
Ltd., Management Consultant
1998–2000
Helsinki University of Technology,
Researcher and Project Manager
1996–2000
Salmicon Ltd., CEO 1990–2011
Polar-Rakennus Ltd., Foreman
1990–1991

Key positions of trust
Salmicon Ltd, Chairman of the Board
since 2012

Consti Group Plc's shares 20,234
(31 December 2015)

As of 1 February 2016
Pekka Pöykkö
Consti Talotekniikka Ltd CEO
B.Eng., born 1967

Key work experience
Saipu Ltd, CEO 2014-2015
Caverion Suomi Ltd, Business Unit
Director 2010-2014
YIT Kiinteistötekniikka Ltd, Business Unit
Director 2004-2010
YIT Rapido Kiinteistöpalvelut Ltd,
CEO 1999-2004
YIT Service Ltd, Regional Manager
1994-1999
Norstep Ltd, Development Engineer
1993-1994

Key positions of trust
Finnish Association of HPAC Technical
Contractors, Board Member and Member
of the Executive board since 2014
Building technology association
(Talotekniikkaliitto ry), Board Member
since 2014

Consti Group Plc's shares 600
(31 December 2015).

CONSTI

FINANCIAL STATEMENTS

CONTENT

CONSTI GROUP PLC \ BOARD OF DIRECTORS' REPORT

BOARD OF DIRECTORS' REPORT 2015

Consti is one of Finland's leading companies focused on renovation and technical building services. Consti has a comprehensive service offering covering technical building services, residential pipeline renovation, renovation contracting, building facade repair and maintenance, and other renovation and technical services for demanding residential and non-residential properties. Consti has focused its operations especially to the Greater Helsinki area and the Tampere region of Pirkanmaa. The company also has operations in Turku, Lahti, Oulu and Hämeenlinna.

Consti has three business areas: Technical Building Services, Building Facades, and Renovation Contracting. All these also contain Service business activities which are followed as a separate business. Consti's Service business includes service contracting as well as technical repair and maintenance services to contract customers.

The Group's parent company is Consti Group Plc. The business areas operate in three subsidiaries completely owned by the parent company: Consti Talotekniikka Oy (Technical Building Services), Consti Julkisivut Oy (Building Facades) and Consti Korjausurakointi Oy (Renovation Contracting). Business areas are reported in one segment. In addition, Consti reports net sales, order backlog and order intake for each business area.

Consti Group's net sales grew 18.6 percent and were EUR 256.2 (215.9) million. Sales grew in all business areas. Operating profit for the financial year grew 7.3 percent and was EUR 8.4 (7.8) million. Operating profit from sales was 3.3 (3.6) percent.

Listing to Helsinki Stock Exchange

Consti Group Plc announced on November 16th 2015 that it was considering listing at the Helsinki Stock Exchange. Trade with Consti's stock at Nasdaq Helsinki Oy's prelist started on 11 December 2015 and trade on the main list started on 15 December 2015.

In the share sale the company's largest shareholder Intera Fund I KY and certain other shareholders offered a total of 4,000,000 Consti shares for purchase, which amounted to 51.2 percent of the company's entire share base prior to the Personnel Offering. 300,000 shares were offered for subscription for private individuals and institutions in Finland and 3,700,000 to institutional investors in Finland and internationally.

In addition, Consti offered Group employees permanently employed during the offer period, as well as Board Members and the CEO, a total of 30,000 shares for subscription and, should the shares be oversubscribed, a maximum of 70,000 additional shares. 45,967 of these shares were subscribed. In the Personnel Offering the share price was 10 percent lower than in the public offering.

The final share price was EUR 9.50 per share which amounts to a market value of EUR 72.3 million.

Intera sold a total of 4,152,864 Consti shares including the shares traded based on the over-allotment option. After selling shares based on the over-allotment option and receiving back the borrowed shares according to the share lending agreement, Intera owned a total of 939,436 Consti shares, which amounted to approximately 12.0 percent of all Consti shares. After the IPO, Consti had 893 owners.

Operating environment

Renovation construction's relative portion of the construction market has grown during the past decade in Finland, and it is now already larger than the new construction market. The general economic situation has a considerably lesser impact on renovation construction and technical building services than on the new construction market.

The demand for renovation construction is especially increased by the ageing building stock. As buildings age, they require more technical renovations such as pipeline and facade renovations. At the moment, mainly buildings from the 1960s are being renovated in Finland. Next, renovations will start on the considerably larger building stock of the 1970s and 1980s. In renovation construction, the largest growth during the next decade is expected to come from apartment buildings in large cities. In apartment building renovations, approximately one third of the renovations are pipelines, one third facades and the rest other structures.

In addition to ageing, buildings require more renovation construction, technical building services and building technology maintenance services due to heightened energy efficiency requirements, urbanisation, modification of the use of buildings, the development of housing automatisation and the ageing populations' need for barrier-free buildings.

Typical modifications of buildings include the altering of old office buildings and industrial buildings in growth centres into hotels, apartments and assisted living facilities. Modifications of the use of buildings are a central part of Consti's services.

Renovation construction markets are concentrating on growth areas, akin to new construction. Necessary technical repairs in declining suburbs and less populated areas are often economically unviable.

The Confederation of Finnish Construction Industries RT (CFCI) estimated in its October business conditions review that construction had decreased by one percent during 2015 compared to the previous year. Renovation construction had, however, kept on its steady growth-path and its production value has been estimated to have surpassed new construction for the third year in a row. In 2015, renovation construction was estimated to have grown 2.5 percent.

The renovation construction market is very fragmented in Finland. Large construction companies focus on new construction and the field of renovation construction has typically consisted of several small companies that usually focus on only one segment of renovation construction. Measured in sales, Consti is one of Finland's leading companies in renovation construction and technical building services.

Long-term goals

Consti's goal is to grow in the company's current market areas and to broaden the offering of Consti's full services to Finland's growth centres. The company is seeking to accomplish both organic growth and growth through acquisitions. The company's long-term financial goals are to achieve:

- Average annual net sales growth of at least 10 percent
- Adjusted EBIT margin exceeding 5 percent
- Cash conversion ratio exceeding 90 percent
- Net debt to adjusted EBITDA ratio of less than 2.5 while maintaining an efficient capital structure

Sales, result and order backlog

Consti Group's net sales grew 18.6 percent and were EUR 256.2 (215.9) million. Sales grew in all business areas. Technical Building Services sales were EUR 102.6 (95.4) million, Renovation Contracting sales were 68.7 (54.5) and Building Facades sales were EUR 89.2 (70.5) million. Total net sales generated from Service business activities grew 18.1 percent and amounted to EUR 32.2 (27.2) million.

Renovation Contracting and Building Facades sales grew especially much. The growth is mainly due to the good demand for rental housing renovations and facade renovations of residential buildings in the Greater Helsinki area. The sales growth was supported by mild weather which enabled facade renovations to continue uninterrupted to the end of the year. Renovation Contracting sales had strong growth in the Turku area and also in the Greater Helsinki area.

Operating profit for 2015 grew 7.3 percent and was EUR 8.4 (7.8) million. Operating profit from sales was 3.3 (3.6) percent. Non-recurring costs during the fiscal period totalled EUR 2.1 (0.03) million, coming from planning structural changes, the preparation and execution of the IPO and the introduction of IFRS standards. The adjusted EBIT for 2015 before non-recurring costs grew 33.7 percent and was EUR 10.5 (7.9) million. Adjusted EBIT from sales before non-recurring costs was 4.1 (3.6) percent.

Consti Group Plc made its single most significant customer deal for 2015 on 22 December 2015 of the complete renovation of an Yrjönkatu office building into a new hotel for Kämp Group in Helsinki. The value of the deal is over EUR 20 million, and it includes the complete renovation of the building, ranging from facade renovation to luxury hotel standard technical building services. The work is commissioned by Housing Company Yrjönkatu 13, which is owned by CapMan Nordic Real Estate fund. Consti started working on the project in January 2016, and the work will be completed in summer 2017. The renovation is conducted as a project management contract.

Other significant projects included an alliance agreement on complete renovation in Turku regarding 17 apartment buildings belonging to Real Estate Company Jyrkkälänpolku, an external renovation of six city-owned tenement buildings at Helsinki's Johtokiventie and a significant pipeline renovation group project carried out for four housing associations in Tampere's Annala. Within Service business activities the most important servicing and maintenance services contract was made with the Helsinki area parishes.

The order backlog at the end of the year grew 10.9 percent and was EUR 181.3 (163.4) million. The order backlog grew in Renovation Contracting, remained at last year's level in Technical Building Services and decreased in Building Facades.

The value of order intake received between January–December decreased by approximately 6 percent. Order intake increased in Renovation Contracting but decreased in Technical Building Services and Building Facades. Renovation Contracting's order intake value was especially enhanced by the deal signed with CapMan for the complete renovation of a high-value vintage property in Helsinki into a Kämp Group hotel. In the comparison period of 2014, order intake was increased by the funding for starting renovation projects in residential buildings granted by ARA in 2014. Also the weak market situation in new construction had an impact on the demand of Consti's technical building services, as Consti's technical building services also operate in the new construction market.

Investments

Investments into intangible and tangible assets in January–December were EUR 2.7 (2.2) million, which is 1.0 (1.0) percent of the company's net sales. The largest investments were made into tangible items of property which include capital improvements to the company's offices, machinery and equipment purchases. Intangible property items include licences and software. Business combinations or acquisitions were not made during the reporting period.

Financing and financial position

The operating cash flow before financing items and taxes was EUR 11.6 (17.9) million. Free cash flow, i.e. operating cash flow before financing items and taxes less investments in intangible and tangible assets, was EUR 8.9 (15.7) million. The cash conversion ratio was 84.8 (160.3) percent. The improvement of operating result had a positive impact on operating cash flow. Cash flow from working capital release was smaller than in the comparison period.

Consti Group's cash and cash equivalents on 31 December 2015 were EUR 4.1 (10.3) million. In addition, the company has undrawn revolving credit facilities amounting to EUR 5.0 million. The Group's interest bearing debts were EUR 21.5 (54.6) million. External loans are subject to two financial covenants based on the ratio of the Group's net debt to EBITDA and gearing. The interest bearing net debt was EUR 17.4 (44.2) million and gearing 70.9 percent.

The balance sheet total on 31 December 2015 was EUR 90.7 (95.9) million. At the end of the reporting period tangible assets in the balance sheet were EUR 5.4 (5.9) million. Equity ratio was 31.4 percent. Rental liabilities associated with off-balance sheet operational leasing agreements totalled EUR 4.4 (3.7) million on 31 December 2015.

In September 2015, the company changed its capital structure and refinanced its indebtedness. The non-recurring costs in January–December related to refinancing amounted to EUR 0.4 million. In September 2015, the company entered into an agreement with Nordea Bank Finland Plc on a EUR 45 million financing arrangement, which included a EUR 20 million loan to be used to refinance the company's prior term loans and shareholder loans as well as a EUR 5 million account overdraft facility and a EUR 20 million bank guarantee facility. On 29 September 2015, the company repaid a EUR 8.2 million loan to Nordea Bank Finland Plc as well as EUR 16 million of a total of EUR 35.3 million of the shareholder loans granted by the company's shareholders. The company repaid the aforementioned loans with the company's existing liquid funds and the EUR 20 million loan withdrew on 29 September 2015. The remaining shareholder loans of approximately EUR 19.3 million were converted into the company's new shares in the rights issue. The change in capital structure and refinancing of indebtedness decreased financing

costs in 2015. The impact will be seen especially in 2016.

Research and development

Research and development activities support Consti Group's strategy and chosen growth areas. In 2015, strategic development areas consisted of key account management, knowledge management as well as operational models related to alliance agreements.

Consti Ideal and Flowall pipeline renovation concepts that Consti has developed in cooperation with its partner network were taken forward in first sites. Production management processes were develop by implementing production management procedures into practice and good results were achieved for instance in utilisation of visual and cooperation procedures as well as flow-based work planning. In autumn 2015, Renovation Contracting and Building Facades received the RALA Certificate of Competence after which all of Consti's business is quality certified. Both a Tekes-funded RYM Indoor Environment project as well as a Lean Construction project were completed.

Personnel

Consti Group had 890 (853) employees at the end of the reporting period. The increase in personnel was mainly due to project management personnel recruitments. The average employee count during the period was 910 (797). At the end of the reporting period, 209 (186) employees worked in the Building Facades business area, 164 (143) in Renovation Contracting and 509 (516) in Technical Building Services.

Of the personnel employed at the end of the year, 6.5 percent worked with fixed-term employment contracts. Nearly half of them were interns.

At the end of the year, 90.6 (91.6) percent of Consti employees were male. 9.4 (8.4) percent of the staff were female, which is slightly above average in the industry.

Personnel development focused on safety, project management skills and customer relationship competence.

Management Team

Consti Group Plc's Management Team at the end of the reporting period consisted of CEO Marko Holopainen and the following persons: Esa Korkeela, CFO; Risto Kivi, Consti Julkisivut Oy's CEO; Jukka Mäkinen, Consti Korjausurakointi Oy's CEO; Hannu Kimiläinen, Consti Service Business Director; Markku Kalevo, Consti Julkisivut Oy's Bid and Sales Director; Pirkka Lähteinen, Consti Korjausurakointi Oy's Regional Director and Juha Salminen, CDO. Marko Holopainen also acted as Consti Talotekniikka Oy's CEO.

On 27 November 2015, Pekka Pöykkö was appointed Consti Talotekniikka Oy's CEO and Management Team member. He moved to Consti from the position of Saipu Oy's CEO, before which he has worked for Caverion Plc and YIT Plc. Pöykkö started as Consti Talotekniikka's CEO on 1 February 2016.

General Meetings, shareholders' unanimous decisions and the Board of Directors' authorisations

Consti Group Plc's Annual General Meeting was held on 2 April 2015. The Annual General Meeting adopted the consolidated financial statements and the parent company's financial statements for the financial year 2014 and discharged the members of the Board of Directors and the CEO from liability. The General Meeting decided that the income EUR 3,701,789.68 will be carried forward to shareholder's equity and no dividend will be paid. The Annual General Meeting decided that the Board of Directors will have five members. Reappointed Board Members were Erkki Norvio, Petri Rignell, Antti Korkeela, Pekka Salokangas and Chairman of the Board Janne Näränen. The meeting decided that the Chairman will not receive compensation and that the other Board Members will receive an annual compensation of EUR 9,000. Authorised Public Accountant Ernst & Young Oy was reappointed as auditor with Mikko Rytilahti as principal auditor.

The shareholders unanimously authorised the Board of Directors on 10 April 2015 to decide on issuing a maximum of 1,817 new shares against payment or for free. The authorisation includes the right to issue option rights and other special rights, in the meaning of Chapter 10, Section 1 of the Companies Act, which against consideration entitle to the company's ordinary shares. The shareholders made a unanimous decision to remove these options from the Trade Register on 3 November 2015.

CONSTI GROUP PLC \ BOARD OF DIRECTORS' REPORT

The shareholders unanimously decided to authorise the Board of Directors to decide upon the granting of a maximum of 65 new shares on 8 May 2015. The shareholders made a unanimous decision to remove these options from the Trade Register on 3 November 2015.

The shareholders unanimously authorised the Board of Directors on 20 May 2015 to decide on issuing a maximum of 753 new shares against payment or for free. All of the new shares were taken up by the end of the reporting period.

The shareholders unanimously decided on 18 June 2015 to choose six full members to the Board. The Board Members elected were Tapio Hakakari, Erkki Norvio, Janne Näränen, Petri Rignell, Antti Korkeela and Pekka Salokangas. The shareholders also made the unanimous decision to pay the Chairman of the Board EUR 18,000 annually and other Board Members an annual compensation of EUR 9,000. The decision was made not to pay a reward to Intera Partners Oy's representative Janne Näränen. The Extraordinary General Meeting authorised the Board of Directors to decide on a maximum of 300 new shares to be given as a directed issue to the new Board Member Tapio Hakakari. All 300 shares were transferred to Hakakari by the end of the reporting period.

The Extraordinary General Meeting decided on 7 September 2015 of the arranging of a rights issue offering a maximum of 25,680 new shares to the company's shareholders in proportion to their present holding pro rata so that each shareholder has the right to a maximum on 0.51 new shares to each share they currently own. The Extraordinary General Meeting authorised the Board of Directors on 7 September 2015 to decide on issuing a maximum of 200 shares. The Extraordinary General Meeting decided to change the company's article of association 3 § to be the following: "The company's Board of Directors consists of one to nine (1–9) regular Members. Should there be less than three members in the Board, the Board must choose at least one alternate member. The Members of the Board of Directors are elected by the General Meeting of Shareholders. The term of the Members of the Board of Directors continue until further notice." The general meeting's issue authorisation decision made on 7 September 2015 was annulled with a new issue authorisation decision on 3 November 2015.

The shareholders made a unanimous decision on 29 September 2015 that the Board will have seven members and that Niina Rajakoski be named as Board Member from 30 September onwards.

The shareholders made a unanimous decision on 3 November 2015 to authorise the Board of Directors to decide on the issuing of a maximum of 12,000 new or shares held by the company. The Board was authorised to decide on the terms of the share issue. The authorisation of the Board of Directors also includes the right to decide whether the subscription price for the share will be recognised entirely or in part in the invested unrestricted equity reserve or as increase of share capital. The authorisation is valid for five years and it annuls previous share issuing authorisations.

By the unanimous decision on 3 November 2015 of the company's shareholders, the company's Board of Directors is authorised to decide on the acquisition of up to 555,300 of the company's own Shares with the company's unrestricted equity. The authorisation is valid for 18 months. The decision was made to add Consti Group Plc's shares into the Book-Entry Securities System.

The shareholders made a unanimous decision on 23 November 2015 to authorise the Board to decide on issuing a maximum of 200,000 new or shares held by the company in one or more issues. At the time, the company owned 243,500 of its own shares. By the unanimous decision of the shareholders, the Chairman of the Board will be paid EUR 30,000 annually and other Board Members EUR 15,000 a year. Travel expenses for attending Board meetings are compensated based on invoices. Committee work will not be separately compensated.

Corporate Governance and Auditors

Consti Group Plc's Board of Directors on 31 December 2015 comprised of Tapio Hakakari (Chairman), Antti Korkeela, Erkki Norvio, Janne Näränen, Niina Rajakoski, Petri Rignell and Pekka Salokangas. Korkeela, Norvio, Näränen, Rignell and Salokangas were elected in the Annual General Meeting 2 April 2015. Tapio Hakakari was elected with the shareholders' unanimous decision on 18 June 2015. Niina Rajakoski was elected to the Board starting from 30 September 2015 by the shareholder's unanimous decision on 29 September 2015.

The Board set up a Nomination and Compensation Committee on 2 September 2015, which includes Janne Näränen, Petri Rignell and Tapio Hakakari. The Board has decided not to appoint a separate Audit Committee and the Board will take care of its responsibilities.

Marko Holopainen has acted as the CEO of Consti Group.

On 31 December 2015, the Board Members and CEO owned either personally or through their controlling interest company a total of 570,405 Consti Group Plc's shares, which amounted to 7.26 percent of the company's entire shares and votes.

Up until the Annual General Meeting on 2 April 2015, the Board consisted of Janne Näränen (Chairman), Jyrki Jalli, Antti Korkeela, Erkki Norvio, Petri Rignell and Pekka Salokangas.

Ernst & Young Ltd has acted as the company's auditor with Authorised Public Accountant Mikko Rytilahti as principal auditor.

Consti Group Plc abides by the Corporate Governance Code for Finnish listed companies. Consti Group Plc's insider guidelines are based on the Finnish Securities Markets Act, Financial Supervisory Authority and the insider guidelines of NASDAQ Helsinki Ltd. Euroclear Finland Oy upholds an insider list of all Consti Group Plc's permanent public insiders, whose ownership details are available on Consti Group Plc's website. Consti Group Plc's Board's report on Corporate Governance in 2015 and the remuneration report for 2015 can be found from Consti Group Plc's website www.consti.fi > Investors > Corporate governance.

Shares and share capital

Consti Group Plc's share capital on 31 December 2015 was EUR 80,000 and the number of shares 7,858,267. Consti Group Plc held 243,500 of these shares. Consti Group Plc's shares were added into the Book-Entry Securities System on 23 November 2015.

Consti Groups Plc's share capital was increased in the last quarter with EUR 77,500. The share capital increase with the company's unrestricted equity was based on a unanimous decision of the shareholders on 23 November 2015. The company's unrestricted equity was used for the share capital increase and new shares were not issued. The share capital increase was marked in the Trade Register on 23 November 2015.

The number of shares grew during the last quarter with 7,780,144 shares. Of these 45,967 were based on the Personnel Offering arranged alongside the IPO and were marked in the Trade Register on 21 October 2015. The issuing of shares was based on the Board's decisions 10 December 2015. In addition, the amount of shares grew by 7,734,177 shares as the shareholders unanimously decided on 3 November 2015 to increase the amount of shares by giving shareholders free shares in proportion to their present holdings so that each share entitled to 99 new shares. These new shares were marked in the Trade Register on 21 December 2015. There was weighty financial reason for the free share issuing as its aim was to improve the company's share liquidity for the IPO in planning.

The amount of shares grew by 25,678 new shares on 30 September 2015 due to the rights issue to shareholders. The new amount of shares was 78,123. The issue was based on the decision made in the Extraordinary General Meeting 7 September 2015.

On 3 September 2015, the amount of shares grew by 10,523 shares when the rights issue aimed at certain shareholders was marked in the Trade Register. The new number of shares was 52,445. The issues were based on Annual General Meeting decisions during 2012–2014.

On 3 November, the Board decided to remove a total of 12,185 options from the Trade Register when the equity loan was paid off which these options were tied to and the options would not have been used. The options were issued during 2012–2015.

Trade at Nasdaq Helsinki

Consti Group Plc has been listed in the Helsinki Stock Exchange main list since 15 December 2015. The trade symbol is CONSTI. On the Nordic list, Consti Group Plc is classified a small cap company within the Industrials sector. Between 15 December and 31 December 2015, Consti Group Plc's lowest share price was EUR 9.43 and the highest EUR 9.76. The share's trade volume weighted average price was EUR 9.53. At the close of the stock day 31 December 2015, the share value was EUR 9.69 and the company's market value was EUR 76.1 million.

Related-party transactions

In September 2015, the company changed its capital structure and refinanced its indebtedness. The company paid all shareholder loans granted by the company's shareholders and had no debts to shareholders as of 31 December 2015.

Risks in the near future

Consti divides risks to the company's business into strategic and operative risks, as well as financing risks and risks of injury or damage.

Consti's businesses main uncertainties have to do with the Finnish economic situation, which has an impact, for example, on inhabitants' eagerness to invest and the availability of financing, as well as the success of the company's growth strategy and related corporate acquisitions, personnel and recruitments. In addition, financing risks come from interest rate, credit and liquidity risks. The company estimates that no relevant changes have occurred in the company risks during the fiscal period.

Consti's Board of Directors duty is to confirm the company's risk management principles and evaluate the adequacy and appropriateness of risk management.

Consti divides risks into strategic, operational, injury or damage as well as financial risks.

Strategic risks

Consti's growth strategy is based on both organic growth and acquisitions. Risks related to acquisitions will be managed with careful preparation of deals and the monitoring of integration.

Renovation construction, which Consti is focused on is, however, less vulnerable to economic changes than other areas of the construction industry. Market risks are controlled by actively following the market and adjusting operations as need be.

Consti attempts to ensure that its services are first rate in quality and that it fulfils all regulatory requirements set for the company and its business. Consti strives in all of its actions to ward off all black market activity. Consti uses a great deal of its own employees in its operations, which makes it easiest to ensure all laws and regulations are adhered to. Abiding by the Act on Contractor's Obligations and Liability when Work is Contracted Out makes sure of the lawful actions of all subcontractors. Consti's actions to decrease environmental risks and avert black market are explained in more detail in the company's "Corporate Social Responsibility Report" (in Finnish).

All Consti Group's business areas have the Construction Quality Association's (Rakentamisen Laatu ry) RALA Certificate of Competence. Consti Talotekniikka Ltd also has a SFS-EN ISO 9001:2008 certification for quality control from DNV.

Operational risks

Consti's success depends to a large extent on how well it is able to acquire, motivate and retain professional personnel and upkeep its employees' competence. Personnel turnover risk will be kept at minimum with, for example, continuous training and by supporting voluntary training. To maintain working ability, Consti offers its personnel a much broader health care scheme than what is required by law. The Group has a bonus scheme that includes all white collar workers. Personnel risks also include possible human errors and misconducts. These risks are managed with careful recruiting, orientation, work supervision and with ethical guidelines created for supervisors.

According to the Act on Contractor's Obligations and Liability, Consti ensures that subcontractors abide to their legal obligations.

Consti uses subcontractors especially for tasks requiring specific competence in demanding work stages and as project based workers to level out seasonal demand variation. Subcontractor risks are managed with meticulously made contracts and long-term partnerships. Supplier risks are managed with carefully drawn contracts and regular assessments of the suppliers' financial position.

The company has a wide customer base that consists of housing corporations, municipalities and other public-sector operators, real estate investors as well as corporations and industrial players. The broad customer base decreases risks related to individual projects and the market environment.

A substantial part of Consti's business comes from tendered projects and services. The company and its business areas have procedures that determine which tenders the company participates in and what the decision making processes regarding these projects are. In biddings the internal tender calculation and decision making authorities are central issues for which Consti has jointly agreed upon procedures.

Changes in building, environmental protection, workforce and work safety legislation as well as taxation and financial reporting all have an impact on Consti's operating possibilities. The company follows and assesses changes in legislation and regulations set by authorities. Risks relating to legal proceedings are managed with meticulous contract preparation and monitoring, the highest possible work quality, and liability insurance.

Risks relating to injuries or damage

Work safety issues are a central part of Consti's orientation procedures. At work sites safety management starts with a site-specific risk analysis. Actions are depicted both in a separate safety plan and also as a part of the plans made for production and work phases. Separate plans are made for critical work phases. A general safety overview is conducted each week at work sites in safety measurements, where any deficiencies are immediately corrected.

The most substantial environmental risks come from the possibility of environmentally harmful substances which can be produced, for example, when processing deconstruction waste, or caused by neglects in end-storage, in addition to which operations can cause noise, construction dust and tremor to nearby surroundings. Consti develops the required environmental plans for work sites, which identify and attempt to control all environmental risks on-site or prepare for the prevention of harmful effects.

Consti abides by legislation, regulation, permit procedures and authority regulations regarding construction, the materials used in building, storage, recycling, waste disposal and other environmental issues. Waste disposal is documented by collecting all consignment notes and documents from the entire supply chain.

ICT risks are assessed and managed in cooperation between the Group's ICT function and business areas and together with partners. The Group has rules and procedures to decrease and manage risks related to ICT and information security.

Financial risks

Consti Group is affected in all of its operations by interest rate, credit and liquidity risks. The Group's risks related to market rate fluctuations are due largely to the Group's long-term variable interest rate loans. Consti monitors the sensitivity of its loans to changes in interest rates and the effect such changes would have on the Group's results prior to taxes.

Consti's credit risk is related to customers who have unpaid invoices or with whom Consti has long-term contracts as well as counterparties to cash and cash equivalents and derivative agreements. Credit risks related to deposits are governed according to the Group's risk management principles by the Group's financial administration department.

The Group strives to ensure the availability and flexibility of financing with sufficient credit limit reserves and sufficiently long loan periods. The Group's working capital management makes every effort to ensure that it abides to covenants included in interest bearing loans, which in turn determine the capital structure requirements.

There is a risk that revenue and results of operations from long-term contracts recognised using the percentage-of-completion method and presented by financial year do not necessarily correspond to an even distribution of the final overall result over the contract period. Calculating the total result of a contract involves estimates of the total cost of completing the contract and the progress of the work to be invoiced. If the estimates of the final result of the contract change, the effect of this is reported in the period when the change first became known and could be estimated.

Goodwill is based on management estimates. Goodwill is tested for impairment annually or if necessary more often by the Group.

Environment and corporate social responsibility

Consti publishes annually a corporate social responsibility report, which among other things aims at harmonising Consti's responsible operational models. Consti's corporate social responsibility themes are health and safety, occupational procedures, environment and corporate social responsibility. Corporate social responsibility report will be published in April.

Board of Directors' dividend proposal

According to the company's dividend policy, Consti Group Plc aims at paying at least 50 percent of the fiscal year's earnings, however, keeping in mind the company's financial position, cash flow and growth opportunities.

Consti Groups Plc's distributable funds total on 31 December 2015 were EUR 49,088,972. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.39 (0.00) be paid for the fiscal period from 1 January to 31 December 2015. The Board intends to summon the Annual General Meeting on Wednesday, 6 April 2016.

CONSTI GROUP PLC \ BOARD OF DIRECTORS' REPORT

Outlook for 2016

Renovation construction is expected to continue steady growth in 2016. The Confederation of Finnish Construction Industries RT (CFCI) estimated in its October review of business conditions that renovation construction would grow approximately 2.5 percent from the previous year during 2016. The European construction business research group Euroconstruct estimated in its December forecast that renovation construction would grow about 2 percent from the previous year during 2016.

The company estimates that its total annual sales for 2016 will grow compared to 2015.

Events after the reporting period

Consti Group Plc announced on 8 January 2016 Danske Bank's stabilisation measures of Consti's shares and exercise of over-allotment option in regards to Consti Group Plc's listing to the Helsinki Stock Exchange. The lead manager Danske Bank had the right to, within 30 days of the start of the IPO, engage in measures which stabilise, maintain or otherwise affect the price of the shares in relation to the levels determined independently in the market. Intera had given Danske Bank an over-allotment option to purchase, within 30 days from the beginning of trading in the shares, a maximum of 600,000 Consti shares or to find purchasers for the shares solely in order to cover possible oversubscription of the share sale. Danske Bank used the over-allotment option on 8 January 2016 by purchasing 568,163 Consti shares from Intera. At the same time Danske Bank returned the Consti shares it borrowed from Intera according to the share lending agreement. Danske Bank stabilised the share price during 11 December 2015 to 8 January 2016 by purchasing a total of 31,837 shares in the price range of EUR 9.43–9.50 per share.

Consti Group Plc received an announcement from Intera Fund I KY ("Intera") on 11 January 2016, in accordance with the Finnish Securities Market Act Chapter 9, Section 10. According to the announcement, the total number of Consti shares and votes owned by Intera decreased below 15 percent of the share capital of Consti on 8 January 2016 and was 11.95 percent at the time.

Consti Group Plc announced on 4 January 2016 that it is to acquire Eleta Talotekniikka Oy, a company specialising in building automation services. Eleta is based in Espoo and established in 1987. The company specialises in technical building services and its annual turnover is approximately EUR 2 million. In the deal, all Eleta employees will transfer to Consti. The deal will further enhance Consti's strong expertise in technical building services in the Helsinki Metropolitan Area and support the company's drive to increase its maintenance and energy know-how.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000	Note	1 Jan–31 Dec 2015	1 Jan–31 Dec 2014
Net sales	**4**	**256,151**	**215,933**
Other operating income	**6**	**798**	**519**
Change in inventories of finished goods and work in progress		0	38
Materials and services	7	–178,072	–147,925
Employee benefit expenses	8	–51,574	–45,222
Depreciation and amortisation	10	–2,093	–1,959
Other operating expenses	9	–16,796	–13,545
Total expenses		**–248,535**	**–208,613**
Operating profit (EBIT)		**8,414**	**7,839**
Financial income	11	28	30
Financial expenses	11	–4,388	–5,243
Total financial income and expenses	11	–4,360	–5,213
Profit before taxes (EBT)		**4,054**	**2,626**
Total taxes	12	–794	–646
Profit for the period		**3,260**	**1,980**
Comprehensive income for the period*		**3,260**	**1,980**

*The group has no other comprehensive income items

CONSOLIDATED BALANCE SHEET

EUR 1,000

Assets	Note	31 Dec 2015	31 Dec 2014
Non-current assets			
Property, plant and equipment	14	5,354	5,918
Goodwill	16	43,484	43,484
Other intangible assets	15	425	641
Available-for-sale financial assets	17	8	65
Deferred tax assets	12	430	255
		49,701	**50,363**
Current assets			
Inventories	19	507	591
Trade and other receivables	20	36,415	34,583
Cash and cash equivalents	21	4,070	10,324
		40,991	**45,498**
Total assets		**90,692**	**95,861**

Equity and liabilities	Note	31 Dec 2015	31 Dec 2014
Equity			
Share capital	22	80	3
Reserve for invested non-restricted equity	22	27,318	6,431
Treasury shares	22	–456	–305
Retained earnings		–5,664	–7,644
Profit for the year		3,260	1,980
Total equity		**24,538**	**465**
Non-current liabilities			
Interest-bearing liabilities	24	20,864	50,614
		20,864	**50,614**
Current liabilities			
Trade and other payables	25	43,389	39,895
Interest-bearing liabilities	24	613	3,946
Provisions	23	1,288	941
		45,290	**44,782**
Total liabilities		**66,154**	**95,396**
Total equity and liabilities		**90,692**	**95,861**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR 1,000

	Equity attributable to owners of the parent company					
	Share capital	Reserve for invested non-restricted equity	Treasury shares	Retained earnings	Total	Total equity
Equity on 1 January 2015	**3**	**6,431**	**–305**	**–5,664**	**462**	**465**
Total comprehensive income	0	0	0	3,260	3,260	3,260
Transactions with shareholders						
Share issue	77	20,887	0	0	20,887	20,964
Purchase of own shares	0	0	–151	0	–151	–151
Transactions with shareholders, total	77	20,887	–151	0	20,736	20,813
Equity on 31 December 2015	**80**	**27,318**	**–456**	**–2,404**	**24,458**	**24,538**

EUR 1,000

	Equity attributable to owners of the parent company					
	Share capital	Reserve for invested non-restricted equity	Treasury shares	Retained earnings	Total	Total equity
Equity on 1 January 2014	**3**	**6,427**	**–44**	**–7,634**	**–1,251**	**–1,248**
Total comprehensive income	0	0	0	1,980	1,980	1,980
Transactions with shareholders						
Equity component of the convertible loan	0	4	0	0	4	4
Loss recognised through equity on repurchase of convertible loan	0	0	0	–10	–10	–10
Purchase of own shares	0	0	–261	0	–261	–261
Transactions with shareholders, total	0	4	–261	–10	–267	–267
Equity on 31 December 2014	**3**	**6,431**	**–305**	**–5,664**	**462**	**465**

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1,000

Cash flow from operating activities	Note	1 Jan–31 Dec 2015	1 Jan–31 Dec 2014
Operating profit		8,414	7,839
Adjustments:			
Depreciation		2,093	1,959
Other adjustments		–116	9
Change in working capital		1,190	8,061
Operating cash flow before financial and tax items		11,581	17,868
Financial income		28	30
Financial expenses		–1,790	–1,771
Taxes paid		–66	–2
Net cash flow from operating activities (A)		**9,753**	**16,125**
Cash flow from investing activities			
Acquisition of subsidiaries and business operations, net of cash	3	0	–380
Investments in tangible and intangible assets		–2,671	–2,158
Proceeds from sale of property, plant and equipment		1,475	211
Proceeds from sale of available-for-sale financial assets		57	39
Net cash flow from investing activities (B)		**–1,139**	**–2,288**
Cash flow from financing activities			
Purchase of treasury shares		–151	–261
Share issue		536	0
Other changes in equity		392	–5
Change in interest-bearing liabilities		–15,645	–4,279
Net cash flow from financing activities (C)		**–14,868**	**–4,545**
Change in cash and cash equivalents (A+B+C)		–6,254	9,292
Cash and cash equivalents at period start		10,324	1,032
Cash and cash equivalents at period end		**4,070**	**10,324**

KEY FIGURES

EUR 1,000

Income statement	2015	2014
Net sales	256,151	215,933
Adjusted EBITDA	12,613	9,830
Adjusted EBITDA margin, %	4.9%	4.6%
EBITDA	10,507	9,798
EBITDA margin, %	4.1%	4.5%
Adjusted operating profit (EBIT)	10,520	7,871
Adjusted operating profit (EBIT) margin, %	4.1%	3.6%
Operating profit	8,414	7,839
Operating profit margin, %	3.3%	3.6%
Profit before taxes (EBT)	4,054	2,626
as % of net sales	1.6%	1.2%
Profit for the year	3,260	1,980
as % of net sales	1.3%	0.9%
Balance sheet		
Balance sheet total	90,692	95,861
Net interest bearing debt	17,407	44,236
Equity ratio, %	31.4%	0.6%
Gearing, %	70.9%	9513.1%
Other key figures		
Free cash flow	8,910	15,710
Cash conversion, %	85%	160%
Order backlog	181,301	163,447
Order intake	213,504	227,288
Average number of personnel	910	797
Number of personnel at period end	890	853
Earnings per share, undiluted (EUR)	0.61	0.48
Earnings per share, diluted (EUR)	0.61	0.42
Shareholders' equity per share (EUR)	3.22	0.12

CALCULATION OF KEY FIGURES

EBITDA	=	Operating profit (EBIT) + depreciation, amortisation and impairment
Net interest-bearing debt	=	Interest-bearing liabilities – cash and cash equivalents
Equity ratio (%)	=	$\frac{\text{Equity}}{\text{Total assets – advances received}} \times 100$
Gearing (%)	=	$\frac{\text{Interest-bearing liabilities – cash and cash equivalents}}{\text{Equity}} \times 100$
Average number of personnel	=	The average number of personnel at the end of each calendar month during the period
Free cash flow	=	Net cash flow from operating activities before financial and tax items – investments in intangible and tangible assets
Cash conversion (%)	=	$\frac{\text{Free cash flow}}{\text{EBITDA}} \times 100$
Earnings per share	=	$\frac{\text{Profit attributable to equity holders of the parent company}}{\text{Weighted average number of shares outstanding during the period}}$
Adjusted EBITDA	=	EBITDA before non-recurring items
Adjusted operating profit (EBIT)	=	Operating profit (EBIT) before non-recurring items
Order backlog	=	At the end of the period the unrecognised amount of construction contracts recognised in accordance with the percentage of completion method, including not started ordered construction contracts, long-term service agreements and the part which has not been invoiced in ordered invoice based projects
Order intake	=	Orders of construction contracts, long-term service agreements and invoice based projects during the period

CONSTI GROUP PLC 〉FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting principles

GENERAL INFORMATION ABOUT THE GROUP

Consti Group is a leading Finnish renovation and technical building services company. Its broad range of services covers technical building services, renovation contracting and building facade renovation, as well as construction and design services for other demanding building projects, for residential and non-residential properties.

The parent company of the Group, Consti Group Plc, is a limited liability company established under the laws of Finland. The parent company is domiciled in Helsinki, and its registered address is Hopeatie 2, 00440 Helsinki. The company's shares have been listed on Nasdaq Helsinki since 11 December 2015.

The financial statements of Consti Group Plc for the financial year ending 31 December 2015 were approved for publication by its Board of Directors at its meeting on 17 February 2016. According to the Finnish Limited Liability Companies Act, shareholders have an opportunity to adopt or reject financial statements at an annual general meeting held after the publication of the financial statements. The annual general meeting is also entitled to decide on amendments to the financial statements. Copies of the consolidated financial statements are available from the headquarters of the company at Hopeatie 2, 00440 Helsinki.

ACCOUNTING PRINCIPLES

Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the applicable IAS and IFRS standards and SIC and IFRIC interpretations that were valid on 31 December 2015. The International Financial Reporting Standards refer to standards and interpretations that have been adopted by the EU under the procedure provided in Regulation (EC) No 1606/2002 and are in accordance with the Finnish Accounting Act and regulations based on the Act. The notes to the consolidated financial statements are compliant with the regulations of the Finnish Accounting Act and Limited Liability Companies Act that complement the IFRS requirements.

The consolidated financial statements are presented in thousands of euros (EUR 1,000), unless stated otherwise, and individual figures and totals are rounded which may result in rounding differences. The consolidated financial statements are based on historical cost basis, with the exception of derivative contracts, which are measured at fair value. The financial statements are presented by type of expense income statement and balance sheet format.

The Group reported in accordance with the IFRS reporting standards first in 2014. The transition to the IFRS standards was made in accordance with IFRS 1 First-time Adoption of International Financial Reporting Standards -standards, with the date of transition being 1 January 2013.

ACCOUNTING PRINCIPLES CONCERNING CONSOLIDATED FINANCIAL STATEMENTS

Subsidiaries

The consolidated financial statements include Consti Group Plc, which is the parent company, and its subsidiaries. Subsidiaries are companies in which the Group holds control. Control is achieved when the Group, through its participation in the company, is exposed or entitled to variable returns from the company and has the ability to affect these returns through its control over the company.

Intra-Group shareholdings are eliminated using the acquisition method. The considerations transferred and the identifiable assets of the acquired companies, as well as the liabilities assumed, are measured at fair value at the acquisition date. The costs related to the acquisitions, excluding the costs arising from the issuance of debt or equity securities, are recognised as expenses. The considerations transferred do not include transactions that are handled separately from the acquisition. Their effect is recognised through profit or loss in conjunction with the acquisition. Any potential additional purchase price is measured at fair value at the acquisition date and classified as a liability. A potential additional purchase price that is classified as a liability is measured at fair value at the end of each reporting period, and the related gain or loss is recognised through profit or loss.

Acquired subsidiaries are consolidated from the moment the Group acquires control, and divested subsidiaries are consolidated until the Group loses the control. All intra-Group transactions, receivables, liabilities and unrealised profit, as well as internal profit distribution, are eliminated when preparing the consolidated financial statements. Unrealised losses are not eliminated if the loss is due to impairment.

Joint arrangements

A joint arrangement is an arrangement where two or more parties have joint control. Joint arrangements are classified as joint operations or joint ventures according to the investors' contractual rights and obligations. The Group's management has evaluated the nature of its joint arrangement and deemed it to be a joint operation. The Group recognises its share of the assets and liabilities of the joint operation using the proportionate consolidation method. Proportionate consolidation is a method where each joint operation party's share of each item related to the assets, liabilities, income and expenses of the joint operation is consolidated, item by item, in similar items in the party's financial statements or presented as separate items in its financial statements.

TRANSLATION OF ITEMS DENOMINATED IN A FOREIGN CURRENCY

The figures concerning the performance and financial position of the Group entities are determined in the currency of each entity's primary economic operating environment ("functional currency"). The Group's consolidated financial statements are presented in euros. The euro is the functional and presentation currency of the parent company and its operating subsidiaries.

Transactions denominated in a foreign currency

Transactions denominated in a foreign currency are recognised in the functional currency at the exchange rate on the date of the transaction. For practical reasons, the exchange rate used is often such that approximates the actual rate on the date of the transaction. The balances in monetary items denominated in a foreign currency are translated into the functional currency at the rate on the closing date of the reporting period. The balances in non-monetary items denominated in a foreign currency are translated at the rate on the date of the transaction.

Foreign exchange gains and losses arising from transactions denominated in a foreign currency and from translating monetary items are recognised through profit or loss. Foreign exchange gains and losses arising from business operations, as well as foreign exchange gains and losses arising from receivables and liabilities denominated in a foreign currency, are included in financial income and expenses.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at cost less accumulated depreciation and possible impairments.

The acquisition cost consists of the following expenses relating directly to the acquisition:

- purchase price, including import duties and non-refundable purchase taxes, less any trade discounts and rebates; and
- any costs directly attributable to ensuring that the asset is in such location and condition that it is capable of operating as intended by the management.

Interest expenses relating to the acquisition of property, plant and equipment are recognised through profit or loss.

If an item of property, plant or equipment consists of several components with different useful lives, each part is treated as a separate asset. In such cases, the expenses related to replacing a component are capitalised, and any residual acquisition cost is written off from the balance sheet in conjunction with the replacement. In other cases, any expenses arising later are included in the value of an item of property, plant or equipment only if the Group is likely to profit from the future financial benefit related to the item and if the cost of the asset can be measured reliably. Other repair and maintenance expenses are recognised through profit or loss at the time they occur.

Assets are depreciated using the straight-line depreciation over their remaining useful lives. Land areas are not depreciated.

The estimated useful lives are as follows:

Buildings and constructions	20 years
Machinery and equipment	3–5 years
Vehicles	3–6 years
Other tangible assets	3–5 years

The residual value and useful life of an asset is reviewed at the end of each financial period, and if the expectations differ from previous estimates, the change is treated as a change in an accounting estimate.

The gain and loss arising from the disposal of items of property, plant or equipment is recognised through profit or loss and presented in other operating income and expenses. Proceeds from the sale are determined as the difference between the selling price and the residual acquisition cost.

GOVERNMENT GRANTS

Government grants are recognised as reductions from the carrying amount of property, plant and equipment when it is reasonably sure that the Group meets the requirements for the grant and is likely to be awarded the grant. Grants are recognised through lower depreciation during the useful life of an asset. Grants received as compensation for expenses incurred are recognised through profit or loss in the same period as the expenses are recognised as a cost and are presented in other operating income.

INTANGIBLE ASSETS

Goodwill

Goodwill arising from business combinations is recognised to the aggregate amount of the consideration transferred measured at fair value, any non-controlling interest in the object of acquisition and the amount of previous holding exceeding the fair value of the net of assets.

Goodwill is not depreciated. Instead, goodwill is tested annually for any impairment. For this reason, goodwill is allocated to cash-generating units. Goodwill is measured at original acquisition cost less impairments.

Research and development

Research and development costs are recognised as expenses at the time they occur. Development costs are capitalised on the balance sheet as intangible assets, provided that the product is technologically feasible, can be exploited commercially and is expected to bring future financial benefit. Development costs to be capitalised include the material, work and testing costs that are directly attributable to creating, producing and preparing the asset for its intended purpose. Development costs that cannot be capitalised are recognised as expenses at the time they occur. Development costs previously recognised as an expense will not be capitalised later. The company had no capitalised development costs at the end of the 2015 financial period.

Other intangible assets

An intangible asset is recognised on the balance sheet at initial acquisition cost if the acquisition cost can be measured reliably and the Group is likely to profit from the future financial benefit related to the asset.

Intangible assets with a definite useful life are recognised as an expense according to a straight-line depreciation during their known or estimated useful lives. The Group does not have intangible assets with an indefinite useful life.

The amortisation periods for intangible assets are as follows:

Order backlogs	1–2 years
Patents	3–5 years
Software	3–6 years
Certificates	3–5 years

The useful life of an asset is reviewed at the end of each financial period, and if the expectations differ from previous estimates, the change is treated as a change in an accounting estimate.

The gain and loss arising from the disposal of intangible assets is recognised through profit or loss and presented in other operating income and expenses. Proceeds from the sale are determined as the difference between the selling price and the residual acquisition cost.

IMPAIRMENT TESTING

At the end of each reporting period, the Group assesses whether there are indications of impairment of assets on the balance sheet. If there are indications of impairment or if an annual impairment test is required on an asset, the Group will estimate the recoverable amount of the asset. Regular annual impairment tests are carried out on goodwill and incomplete intangible assets. The recoverable amount is the fair value of the asset or cash-generating unit (CGU), less the cost of divestment, or its value in use, depending on which is higher. The fair value is the price received for the sale of an asset or paid for the transfer of a liability in a customary business transaction between market participants. The value in use refers to the estimated future net cash flows, discounted to their present value, expected to be derived from an asset or a cash-generating unit. The discount rate is the interest rate determined before taxes that reflects the market's view of the time value of money and special risks related to the asset.

When an asset is tested for impairment, its recoverable amount is compared to the carrying amount of the asset. The asset is impaired if its carrying amount exceeds its recoverable amount. Impairment losses are immediately expensed. Impairment losses are first allocated to goodwill and then the remaining loss to other assets that have been tested, in proportion to their carrying amounts.

When an impairment loss is recognised, the useful life of the asset subject to depreciation is reassessed. An impairment loss recognised in prior periods on an asset other than goodwill is reversed if a change has taken place in the estimates used to determine the recoverable amount of the asset. However, an impairment loss is not reversed beyond what the carrying amount of the asset would have been if no impairment loss had been recognised. Impairment losses recognised on goodwill are not reversed under any circumstances.

Impairment testing is described in Note 16 ("Impairment testing on goodwill and assets with an indefinite useful life").

INVENTORIES

The Group's inventories consist of materials and supplies. Inventories are measured at cost or net realisable value, depending on which is lower. The cost of inventories is determined using the FIFO (First-In, First-Out) method, which assumes that inventories that are purchased or manufactured first will be sold or used first. The net realisable value is the estimated amount that can be realised from the sale of the asset in the ordinary course of business, less the estimated cost of realisation of completion and the estimated direct costs necessary to make the sale.

LEASES

Group as the lessee

The Group classifies a lease as a finance lease if the risks and rewards incidental to ownership are substantially transferred to the Group. If the risks and rewards incidental to ownership are not substantially transferred to the Group, the lease will be classified as an operating lease.

An asset acquired through a finance lease is recognised as assets and liabilites at fair value on the balance sheet at the beginning of the lease period or at the present value of the minimum lease payments, depending on which is lower. Depreciation is recognised on an asset acquired through a finance lease during its useful life or its lease period, depending on which is shorter. The lease payments are allocated between financial expenses and liability reductions over the lease period so that the interest rate on the remaining liability is equal for each financial year. Lease payment obligations are included in financial liabilities.

Lease payments under an operating lease are recognised as expenses on a straight-line basis over the lease period, unless another systematic basis is more representative of the time pattern of the user's benefit.

Group as the lessor

The Group has no lease agreements where it is a lessor.

EMPLOYEE BENEFITS

Pension obligations

Pension obligations are classified as defined benefit and defined contribution plans. Pension schemes for the Group's employees are arranged as statutory pension insurance with an external pension insurance company. The arrangement is classified as a defined contribution plan. In a defined contribution plan, the Group makes fixed payments to a separate entity, and the payments are recognised during the financial period they are contributed. The Group has no legal or constructive obligations to pay further contributions if the payee is unable to pay the pension benefits to the employees.

Share-based payments

The Group has had convertible loans that are considered to fall within the scope of application of IFRS 2 *Share-based Payment* standard, as they include an obligation to render services. In accordance with IAS 32 *Financial Instruments: Presentation*, the convertible loans are allocated between the value of the liability component and the equity component. The liability component is initially measured at the convertible loan's discounted future cash flow using a market-based rate of interest for a similar loan that does not include an equity component. The carrying amount of the equity component is determined by deducting the fair value of the liability component from the fair value of the entire combined instrument. The value of any share-based payment is measured by calculating the fair value of the conversion right related to the convertible loan on the date of the grant in accordance with the Black-Scholes option pricing model and deducting the value of the equity component of the convertible loan from this amount. If the difference is positive, it will be treated as an equity-settled share-based payment transaction in accordance with IFRS 2 and will be recognised as an expense arising from employee benefits and included in equity over the vesting period. Otherwise, the convertible loan is not considered to qualify as a share-based payment. Instead, the amount allocated to the equity component will be equal to the fair value paid for the convertible loan on the date of issuance.

PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognised on the balance sheet when the Group has a present legal or constructive obligation as a result of a previous event, when it is likely that a payment obligation must be fulfilled and when the amount of the obligation can be estimated reliably. The amount recognised as a provision corresponds to the best estimate of the expenses required to settle an existing obligation at the end of the reporting period. Changes in provisions are recognised under the same item in the income statement where the provision was initially recognised.

Provisions arise for repairing faults detected in products during their warranty periods and for onerous contracts, for example. The amount of a warranty reserve is based on proven knowledge of provision warranty expenses. Provisions are recognised for onerous contracts when the direct necessary expenses to fulfil the obligation exceed the benefits received from the contract. Provisions are not discounted, as the Group estimates that it will use them within the next two years and because discounting would not be of substantial importance.

A contingent liability is a possible obligation arising from past events, the existence of which is confirmed only by the future occurrence or non-occurence of one or more uncertain events that are not entirely within the Group's control, or from an existing payment obligation that is not likely to occur or the amount of which cannot be determined with sufficient reliability. Contingent liabilities are not recognised on the balance sheet. Instead, they are presented in the notes to the financial statements, unless the occurrence of a payment obligation is highly unlikely.

INCOME TAXES

The tax expense for the reporting period under review is the aggregate amount of the tax included in the profit or loss for the period in respect of the current tax and deferred taxes. Taxes are recognised in profit or loss for the period, with the exception of situations where they are related to items in the other comprehensive income or items directly recognised in equity, when the taxes are also recognised in the items in question.

Taxes based on taxable income for the period

The tax expense for the reporting period and deferred tax liabilities (or assets) based on prior periods' taxable income are recognised to the amount that is expected to be paid to the tax authority (or received as a refund from the tax authority), and they are determined using tax rates and tax laws that have been enacted or in practice enacted by the end of the reporting period.

Deferred taxes

Deferred taxes are calculated on the basis of temporary differences between the carrying amount and the tax based amounts. However, deferred tax liabilities or assets are not recognised if they arise from the initial booking of an asset or a liability when they are not related to a business combination or the transaction would not have an effect on the profit or on the taxable income during its realisation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the tax losses, unused tax credits or deductible temporary differences can be utilised. Deferred tax assets are assessed for realisability at the end of each reporting period.

Deferred taxes are determined using tax rates and tax laws that have been enacted or in practice enacted by the end of the reporting period.

With regard to the Group, the most significant temporary differences arise from depreciation of property, plant and equipment, the measurement of derivative contracts at fair value and adjustments based on fair value in conjunction with business combinations.

The Group offsets deferred tax assets and deferred tax liabilities only in the event that the Group has a legally enforceable right to set off current tax liabilities against current tax assets and the deferred tax assets and liabilities are related to income tax levied by the same tax authority, either from the same taxable entity or different taxable entities that intend to set off current tax assets against liabilities or realise the assets and settle the liabilities at the same time. This concerns any future period during which a significant amount of deferred tax liabilities are expected to be settled or a significant amount of deferred tax assets are expected to be recovered.

REVENUE RECOGNITION

Income from the sale of products and services, measured at fair value and adjusted for indirect taxes and rebates, is presented as revenue.

Revenue from sale of goods and services

Revenue from the sale of goods is recognised when the significant risks, rewards and control of ownership of the goods have been transferred to the buyer. Revenue from temporary services is recognised once the services have been rendered.

Revenue from construction contracts

Revenue from construction contracts represents a significant part of the Group's revenue. Construction contracts are recognised as revenue according to their stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is determined by calculating each contract's aggregate amount of costs incurred in proportion of estimated total costs relating to contract in question. Revenue is recognised according to a corresponding amount.

The revenue from a construction contract includes revenue in accordance with the original agreement, as well as adjustments to the contract and claims and incentive payments. The costs of a contract include costs directly related to the contract, costs attributable to the contract and costs generally arising from contract activity, as well as other costs specifically chargeable to the customer under the contract.

When it is probable that the total costs of the contract will exceed the total revenue from the contract, the expected loss will immediately be recognised as an expense. Changes in estimates concerning the revenue from, cost of or the final result of a contract are treated as changes in accounting estimates.

If the costs arising from and profits recognised for a construction contract exceed the amount invoiced in advance, the difference will be presented in "Trade and other receivables" on the balance sheet. If the costs arising from and profits recognised for a construction contract are less than its advance invoicing, the difference is presented in "Trade and other payables".

Interest and dividend income

Interest income is recognised using the effective interest method, and dividends are recognised once the right to the dividend has occured.

FINANCIAL ASSETS AND LIABILITIES

Financial assets

The Group's financial assets are divided into the following categories: financial assets recognised at fair value through profit or loss, loans and other receivables, and financial assets available for sale.

Financial assets are classified at their initial recognition, based on the purpose of their acquisition, and the Group recognises financial assets on the balance sheet when it becomes party to the terms and conditions of an instrument. The Group's management determines the classification in conjunction with the initial recognition. All purchases and sales of financial assets are recognised on the settlement date. Financial assets are derecognised from the balance sheet when the contractual right to the cash flows generated by the financial assets expires or when the Group transfers the risks and rewards related to ownership of the financial asset outside the Group.

All financial assets are measured at fair value at the initial recognition. Transaction costs directly related to the acquisition of a financial asset are included in the initial carrying amount of a financial asset if the item is not measured at fair value through profit or loss. Transaction costs related to financial assets recognised at fair value are immediately expensed.

Financial assets recognised at fair value through profit or loss are financial assets or derivatives held for trading that do not meet the requirements for hedge accounting in accordance with IAS 39. With regard to the Group, this category includes interest rate swaps related to operations and financing that are not subject to hedge accounting in accordance with IAS 39.

Derivatives are initially recognised at fair value when the Group becomes party to a contract and are later measured at fair value. Interest rate swaps are used to hedge against changes in market rates of interest, and changes in the fair value of interest rate swaps are recognised in financial income or expenses during the period they occur. Derivatives are non-current receivables ("Receivables") if their maturity is more than 12 months and current receivables ("Trade and other receivables") if their residual maturity is under 12 months. Derivatives can also be regarded as liabilities. Their accounting principles are explained below under "Financial liabilities".

Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market or the Group does not hold those for trading or specifically classify those as available for trading at their initial recognition. With regard to the Group, this item includes trade receivables, which are measured at amortised cost. By their nature, they are included in current or non-current assets on the balance sheet; in non-current assets if they mature in more than 12 months.

Financial assets available for sale are non-derivative financial assets specifically classified as available for sale or not included in another category. They are included in non-current assets, unless they are intended to be held for a period shorter than 12 months after the end of the reporting period, in which case they are included in current assets. Financial assets available for sale may include listed and unlisted shares. Investments in unlisted shares whose fair value cannot be determined reliably are measured at cost. When their fair value can be determined reliably, changes in fair value are recognised in items of other comprehensive income and presented in the fair value reserve, taking account of the tax effect. Changes in fair value are transferred from the fair value reserve to financial income and expenses when the Group divests an available-for-sale investment or when impairment must be recognised.

Impairment of financial assets

At the end of each reporting period, the Group assesses whether there is objective evidence that the value of an item included in financial assets is impaired. The value of a financial asset is deemed to be impaired if its carrying amount exceeds its recoverable amount. If there is objective evidence that an item included in financial assets that is recognised at amortised cost may be impaired, the impairment loss is expensed. If the amount of the impairment loss decreases in a future financial period and the decrease can be considered to arise from an event that occurred after the impairment loss was recognised, the impairment recognised on the financial asset item is derecognised.

Cash and cash equivalents

Cash and cash equivalents consist of cash at banks and on hand, demand deposits and other liquid money market investments with an initial maturity of 3 months or less. They are presented on the balance sheet at cost and their revenue is presented under financial income. The account limits available for the Group are included on the balance sheet under current liabilities as a net amount, as the Group has a contractual right to settle the net amount.

Financial liabilities

The Group's financial liabilities are classified into two categories: financial liabilities at fair value recognised through profit and loss, and loans and other liabilities.

Financial liabilities are recognised in the balance sheet on the settlement date and derecognised once the contractual obligations related to them expire or are transferred outside the Group.

Financial liabilities measured at fair value through profit or loss include operating and financing interest rate swaps which do not fulfil the hedge accounting requirements under IAS 39. Derivatives are initially recognised at fair value when the Group enters into a contract and are later measured at fair value. Interest rate swaps are used for hedging against fluctuations in market rates, and any changes in their fair value are recognised under financial income or expenses during the period they occur. Derivatives are treated as non-current liabilities (Other liabilities) when their maturity is more than 12 months and as current liabilities (Trade and other payables) when their residual maturity is less than 12 months.

Loans and other liabilities are initially recognised at fair value. Any transaction costs relating to the subscription of the loans are included in the initial carrying amount. Financial liabilities may be current or non-current. Financial liabilities are later measured at amortised cost using the effective interest method.

Convertible loans are treated as combination instruments containing two components: a financial liability component and an equity component. The fair value of the financial liability at the time of issue is determined by discounting the convertible loan's future cash flows with the market rate on a similar loan that does not include a conversion right. The value of the equity instrument is determined by subtracting the fair value of the financial liability from the consideration received by the entity. The equity instrument is an embedded option to convert the liability into equity of the issuer.

Derivative contracts and hedge accounting

Derivative contracts are treated in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* -standard. The Group has classified all of its derivatives as held-for-trading, as it does not apply hedge accounting in accordance with the IAS 39 standard. The derivatives held for trading are interest rate swaps that are measured at fair value. The fair value of the derivatives is recognised under other non-current or current assets and liabilities. Both unrealised and realised gains and losses resulting from changes in fair value are recognised under financial items in the income statement during the financial period in which they occur.

EQUITY

Share capital is presented as the nominal value of the ordinary shares. Costs relating to the issue or purchase of own equity instruments are deducted from equity.

The distribution of dividends proposed by the Board of Directors to the Annual General Meeting is recognised as a liability and deducted from the equity in the consolidated balance sheet for the period in which the Annual General Meeting approves the dividend.

NON-RECURRING ITEMS

The Company's management treats extraordinary transactions that are outside the ordinary course of business, such as extensive restructuring, preparations for restructuring and Group refinancing, as non-recurring items. In the financial period 2015, also costs related to preparation and execution of Initial Public Offering as well as IFRS conversion costs have been treated as non-recurring items. More information on non-recurring items for the financial period is presented in note 8. Employee benefit expenses and 9. Other operating expenses.

KEY ACCOUNTING ESTIMATES AND DECISIONS BASED ON JUDGEMENT

In the course of preparing the financial statements, the Company's management makes estimates and assumptions about the future which involve an amount of uncertainty. Such estimates and assumptions may later prove inaccurate compared with actual outcomes. The estimates are based on the management's prior experience, the best information available at the end of each reporting period and reasonable assumptions. Additionally, it is necessary to exercise judgment in the application of the accounting principles, especially in cases where IFRS standards provide alternative ways of treating various items. The sections below present the key accounting estimates and assumptions included in the financial statements.

Impairment of goodwill

Goodwill is tested for impairment annually, or more frequently if necessary, in accordance with the principles presented in note 16. The impairment testing of goodwill requires determining amounts recoverable by the cash-generating units. The determining of amounts recoverable requires the management to make estimates and judgments on future cash flows and the rates used for discounting these cash flows. The management bases its estimates on the best information available on the future outlook at the end of the reporting period and on the current market conditions at the time.

Recognition of revenue from construction contracts

Revenue from construction contracts is recognised based on the stage of completion when the final outcome of the transaction can be estimated reliably. Revenue recognition based on stage of completion requires the management to make estimates of the costs accrued by the end of the reporting period in relation to the estimated overall costs of a contract. In addition, the management must make estimates of the costs needed to complete the contract and of any change in sales prices. If estimates of a contract's revenue, costs or outcome change, the new estimates are used to determine recognised income and expenses in the period in which the changes are made and in subsequent periods. Expected losses from construction contracts are immediately expensed.

The Group has recognised deferred tax assets on temporary differences and tax losses to the extent that it is probable that future taxable profit will be available against which the tax-deductible temporary differences and unused tax credits and tax losses can be utilised. Estimating the amount of taxable profit available in the future requires the management to exercise judgment and is based on estimates made by the management at the end of the reporting period.

Trade receivables

At the end of each reporting period, the management estimates the amount of the credit risk and recognises a credit loss reserve for trade receivables that are unlikely to be paid in full. The estimates are based on systematic credit control, prior experience of realised credit losses and economic circumstances at the time of estimation.

EVALUATION OF FUTURE EFFECTS OF NEW STANDARDS AND INTERPRETATIONS

IASB has published the following new or amended standards and interpretations, which the Group has not yet applied:

IFRS 15 Revenue from Contracts with Customers

IASB released IFRS 15 *Revenue from Contracts with Customers* standard in May 2014. The standard will replace the current revenue related standards, which are IAS 18 Revenue and IAS 11 Construction contracts. The standard will apply to all contracts with customers that have a commercial value and create performance obligations for the parties involved. Revenue is recognised when a customer obtains control of goods or services and thus has the ability to direct the use and obtain the benefits from the goods or services. The core principle of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard is to be applied for financial reporting periods beginning on or after 1 January 2018. The Group's management is examining the impact of the new standard on the consolidated financial statements.

IFRS 9 Financial Instruments

In July 2014, IASB released the full version of IFRS 9 Financial Instruments standard, which will replace the current IAS 39 Financial Instruments: Recognition and Measurement -standard. The new standard includes requirements for classification and measurement of financial assets and liabilities. IFRS 9 retains but simplifies the different measurement principles and establishes three measurement categories for financial assets: fair value through other comprehensive income, fair value through profit or loss, and at amortised cost. The classification depends on the entity's business model and the contractual cash flow characteristics. The loss allowance model in IAS 39 is replaced with a new expected credit loss model. As to the classification and measurement of financial liabilities, the only revision introduced is the recognition of changes of own credit risk to other comprehensive income when the liabilities are measured at fair value.

The standard's hedge accounting requirements were published already in November 2013. The new guidance for hedge accounting brings hedge accounting and risk management closer together. Additionally, the requirements for hedge effectiveness testing have been eased. IFRS 9 requires that there is an economic relationship between the hedged item and the hedging instrument and that the hedge ratio is the same as that actually used by the management in risk management. Documentation is still required, but it differs from the documentation under IAS 39. The standard is to be applied for financial periods beginning on or after 1 January 2018. The Group's management is examining the impact of the new standard on the consolidated financial statements.

IFRS 16 Leases

In January 2016, IASB released the full version of IFRS 16 Leases standard. According to IFRS 16, the lessee is required to recognise assets and liabilites for nearly all leases. The standard is to be applied for financial periods beginning on or after 1 January 2019. The Group's management is examining the impact of the new standard on the consolidated financial statements.

There are no other IFRS-standards, revised standards or IFRIC interpretations that have been released but are not yet effective that would be expected to have a material impact on the Group.

2. Operating segments

Segment information

The Consti Group's parent company is Consti Group Plc. During the financial year, the Consti Group was composed of three complementary operating segments based in Finland: Technical Building Services, Renovation Contracting and Building Facades. Due to the Consti Group's management structure, the nature of its operations and the similarity of the operating segments, the operating segments are combined into a single reporting segment that also includes group services and other items, for the purpose of segment reporting in accordance with IFRS 8.

The highest operational decision-making body is Consti Group's Board of Directors, for which the Chairman of the Board and the Managing Director prepare and present decisions.

The Board of Directors assesses the Group's financial position as a whole, rather than examining it on the basis of the operating segments' results. Reporting on separate operating segments is deemed to be of limited value to external readers because the segments' financial characteristics and long-term financial profitability are similar.

In addition to their financial characteristics, the business areas are similar in the following respects: The Group offers renovation services in all of its business areas. The Group's production process consists of repairs, modification work or servicing and maintenance tasks performed in the customers' premises. The customers are similar in all the business areas, and services are sold across business areas by combining their services in a single package. Moreover, the methods used in providing services are divided according to the nature of each service process.

EUR 1,000	2015	2014
Net sales		
Technical Building Services	102,578	95,390
Renovation Contracting	68,697	54,493
Building Facades	89,221	70,546
Parent company and eliminations	–4,345	–4,495
Total	256,151	215,933
Order backlog		
Technical Building Services	69,200	69,100
Renovation Contracting	57,100	36,547
Building Facades	55,001	57,800
Total	181,301	163,447
Order intake		
Technical Building Services	72,363	88,761
Renovation Contracting	80,482	57,946
Building Facades	71,744	84,447
Parent company and eliminations	–11,085	–3,866
Total	213,504	227,288

Information on key customers

In the financial years from 1 January to 31 December 2015 and from 1 January to 31 December 2014, the Consti Group had a large number of customers, with no individual customer accounting for a significant proportion of the Consti Group's net sales.

3. Business combinations

Business combinations in 2015

The Company did not acquire any businesses in 2015.

Business combinations in 2014

On 30 May 2014, the Group acquired the electrician services and contracting business of Gridon Oy, which were related to the Itis Shopping Centre. A gain of EUR 14,000 recognised for the bargain purchase was recognised on the acquisition of this business.

On 30 October 2014, the Group acquired the entire share capital of Tampereen Kiinteistötekniikka Oy. Tampereen Kiinteistötekniikka Oy operates in the technical building services sector, specialising in ventilation maintenance. The acquisition complements the Group's product offering. The goodwill recognised on the acquisition is attributable to the special expertise transferred with the company.

Acquired assets and liabilities

Fair values of the identified assets and liabilities of the businesses acquired in 2014, after their combination:

EUR 1,000	Fair value
Assets	
Property, plant and equipment	34
Intangible assets	192
Cash and cash equivalents	537
Trade receivables	40
Inventories	5
Current receivables	27
Total assets	**834**
Liabilities	
Trade payables	54
Other non-current liabilities	152
Deferred tax liabilities	38
Total liabilities	**244**
Fair value of identified net assets, total	**589**
Gains recognised of bargain purchase	–14
Goodwill arising from acquisitions	342
Amount of consideration transferred	**917**

The transaction costs arising from the acquisitions, totalling EUR 50,540, have been recognised as expenses and are included under administrative costs for 2014.

EUR 1,000

4. Net sales

	2015	2014
Income from construction contracts	235,476	190,077
Income from services	20,675	25,856
Total	**256,151**	**215,933**

Other information concerning construction contracts is presented in note 5. Construction contracts.

5. Construction contracts

	2015	2014
Income from construction contracts recognised as income for the financial year	235,476	190,077
Accrued realised expenses and recognised gains less recognised losses from contracts in progress	232,698	180,852
Receivables from construction contracts	9,036	7,630
Advances received from construction contracts	12,491	11,880

The accrued expenses and recognised gains from construction contracts, which are higher than the amount invoiced for the contracts, are presented under the item Trade and other receivables.

The prepayments received for uninitiated work or the portion invoiced in construction contracts exceeding accrued expenses and recognised gains are presented under the balance sheet item Trade and other payables.

6. Other operating income

	2015	2014
Capital gains from the sale of property, plant and equipment	122	0
Government grants	49	52
Insurance indemnities and damages received	430	327
Other income items	197	140
Total	**798**	**519**

7. Materials and services

	2015	2014
Purchases of materials, supplies and goods	50,658	44,018
Increase (–) or decrease (+) in inventories	85	–106
External services	127,330	104,013
Total	**178,072**	**147,925**

CONSTI GROUP PLC 〉FINANCIAL STATEMENTS

EUR 1,000

8. Employee benefit expenses

	2015	2014
Salaries	41,043	36,056
Pension expenses	7,710	6,714
Other social security expenses	2,717	2,452
Non-recurring items	103	0
Total	**51,574**	**45,222**

Average number of personnel during the financial year, itemised by group:

	2015	2014
Clerical employees	369	308
Other employees	541	489
Total	**910**	**797**

Information on the management's employee benefits and loans is presented in note 27. Related party transactions.

Non-recurring items affecting operating profit

	2015	2014
Planning and execution of Initial Public Offering	103	0
Total	**103**	**0**

9. Other operating expenses

	2015	2014
Capital losses on and scrapping of property, plant and equipment	0	25
Production operating and maintenance expenses	4,047	3,746
Costs of facilities	1,581	1,370
Voluntary social security expenses	1,679	1,514
Travel expenses	2,589	2,242
Vehicle costs	1,000	934
Other fixed expenses	3,899	3,682
Non-recurring items	2,002	32
Total	**16,796**	**13,545**

Auditor's fees

	2015	2014
Audit	167	120
Other assignments and statements of the auditor	399	4
Total	**566**	**124**

Non-recurring items affecting operating profit

	2015	2014
Planning of structural arrangements	385	32
Adoption of IFRS	353	0
Planning and execution of Initial Public Offering	1,264	0
Total	**2,002**	**32**

EUR 1,000

10. Depreciation and amortisation

	2015	2014
Depreciation by asset type		
Intangible assets		
Allocation of acquisitions	124	67
Other intangible assets	181	154
Property, plant and equipment		
Buildings and structures	254	102
Machinery and equipment	1,258	1,296
Machinery and equipment, finance leasing	276	340
Total depreciation and amortisation	**2,093**	**1,959**

11. Financial income and expenses

Financial income		
Interest income and other financial income	28	30
Total financial income	**28**	**30**
Financial expenses		
Interest expenses on loans recognised at amortised cost	802	903
Interest expenses on convertible loans, shareholder loans and capital loans	2,691	3,679
Changes in value of financial instruments recognised at fair value through profit or loss [1]	–40	–17
Interest expenses on finance lease agreements	58	75
Other financial expenses	876	603
Total financial expenses	**4,388**	**5,243**
Net financial expenses	**4,360**	**5,213**

[1] Changes in value of financial instruments recognised at fair value through profit or loss are related to derivative contracts that are not classified as hedging instruments. The Group did not apply hedge accounting in the 2014 and 2015 financial years. Information concerning derivative agreements is presented in note 17. Financial assets and liabilities.

EUR 1,000

12. Income taxes

The key components of income taxes in the financial periods ending on 31 December 2015 and on 31 December 2014 are as follows:

	2015	2014
Consolidated statement of comprehensive income		
Current income taxes	903	0
Taxes for the previous financial periods	66	0
Deferred taxes		
Origination and reversal of temporary differences	–175	646
Total	**794**	**646**
Taxes recognised directly under equity		
Convertible loan	2	2
Total	**2**	**2**

Reconciliation of tax expenses and taxes calculated on the basis of the Finnish tax rate of 20%:

	2015	2014
Profit before taxes	**4,054**	**2,626**
Taxes calculated on the basis of the Finnish tax rate of 20%	811	525
Income not subject to tax	–6	–2
Non-deductible expenses	29	123
Taxes for prior financial periods	–40	0
Income taxes in the income statement	**794**	**646**

EUR 1,000

Deferred taxes

Deferred taxes in the financial period consisted of the following components:

Reconciliation of deferred tax assets	Consolidated balance sheet		Consolidated income statement	
	2015	2014	2015	2014
Depreciation not deducted in taxation	75	74	1	36
Deductible goodwill depreciation	–58	–48	–10	–10
Capitalisation of tangible and intangible assets	–67	–102	35	21
Losses confirmed in taxation	0	358	–358	–756
Provisions	20	21	–1	12
Other items [1]	460	–48	508	51
Deferred tax expenses (/income)			**175**	**–646**
Deferred tax assets (/liabilities), net	**430**	**255**		

The balance sheet includes the following items:		
Deferred tax assets	555	478
Deferred tax liabilities	–125	–223
Deferred tax assets(/liabilities), net	**430**	**255**

Reconciliation of deferred (net) tax asset	2015	2014	2015	2014
Deferred tax assets at the beginning of the period	255	936	0	0
Deferred tax income(/expenses) in the consolidated statement of comprehensive income	175	–646	0	0
Deferred tax liabilities related to the convertible loan		2		
Deferred taxes transferred in the combination of business operations		–37	0	0
Deferred tax assets at the end of the period	**430**	**255**	**0**	**0**

The net of deferred tax assets and liabilities is presented only if they can be offset under a legally enforceable right and concern income taxes collected by the same tax recipient.

The Group has no losses confirmed in taxation (EUR 0 in 2014).

[1] As of 2016, the Group has deductible intra-Group interests of EUR 2,228 thousand (EUR 0 in 2014).

13. Earnings per share

The undiluted earnings per share are calculated by dividing the profit for the period attributable to the shareholders of the parent company by the weighted average share-issue-adjusted number of shares outstanding during the period.

Diluted earnings per share are calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares. Additionally, the profit for the period attributable to the shareholders of the parent company is adjusted with interest recognised in the period related to dilutive potential ordinary shares, taking into account any tax effects. Number of shares in comparable period 2014 has beed adjusted in accordance with share split conducted on 2 November 2015.

Earnings per share	2015	2014
Profit for the period attributable to the shareholders of the parent (EUR 1,000)	3,260	1,980
Weighted average number of shares during the period (1,000)	5,330	4,123
Earnings per share, undiluted (EUR)	0.61	0.48

Earnings per share, diluted		
Profit for the period attributable to the shareholders of the parent (EUR 1,000)	3,260	1,980
Interest related to the convertible component of the convertible loan, adjusted for tax effects (EUR 1,000)	32	84
Diluted profit for the period (EUR 1,000)	3,292	2,064
Weighted average number of shares during the period (1,000)	5,330	4,123
Weighted average number of potential ordinary shares during the period (1,000)	264	808
Weighted average number of diluted shares during the period (1,000)	5,594	4,932
Earnings per share, diluted (EUR)	0.61	0.42

*Earnings per share, diluted (EUR) equals undiluted EPS since there were no special rights left as at 31 December 2015.

EUR 1,000

14. Property, plant and equipment

	Land areas	Buildings and structures	Machinery and equipment	Other property, plant and equipment	Total
Acquisition cost					
1 Jan 2014	655	1,251	8,770	4	10,680
Additions	0	46	1,824	2	1,871
Business combinations	0	0	34	0	34
Disposals	0	0	–521	0	–521
31 Dec 2014	**655**	**1,297**	**10,107**	**6**	**12,065**
Additions	0	711	1,866	6	2,583
Business combinations	0	0	0	0	0
Disposals	0	–1	–2,149	0	–2,150
31 Dec 2015	**655**	**2,006**	**9,824**	**12**	**12,497**
Depreciation and impairment					
1 Jan 2014	0	241	4,453	0	4,693
Depreciation for the period	0	102	1,636	0	1,738
Disposals	0	0	–284	0	–284
31 Dec 2014	**0**	**342**	**5,804**	**0**	**6,147**
Depreciation for the period	0	254	1,534	0	1,788
Disposals	0	0	–792	0	–792
31 Dec 2015	**0**	**597**	**6,546**	**0**	**7,143**
Carrying amount					
31 Dec 2015	655	1,410	3,278	12	5,354
31 Dec 2014	655	954	4,303	6	5,918

Finance lease agreements

Property, plant and equipment includes the following assets procured under finance lease agreements:

EUR 1,000	Machinery and equipment
31 Dec 2015	
Acquisition cost	255
Accumulated depreciation	69
Carrying amount	**186**
31 Dec 2014	
Acquisition cost	2,070
Accumulated depreciation	585
Carrying amount	**1,485**
1 Jan 2014	
Acquisition cost	1,904
Accumulated depreciation	409
Carrying amount	1,495

Additions to the acquisition costs of property, plant and equipment include assets leased under finance lease agreements totalling EUR 136,000 in 2015 (EUR 404,000 in 2014).

Impairment

No impairment losses were recognised on the Group's production machinery in 2015.

Grants

The Group did not receive any grants for the acquisition of property, plant or equipment in 2015.

EUR 1,000

15. Intangible assets

	Goodwill	Other intangible assets	Total
Acquisition cost			
1 Jan 2014	**43,142**	**4,346**	**47,488**
Additions	0	287	287
Business combinations	342	192	534
31 Dec 2014	**43,484**	**4,825**	**48,309**
Additions	0	88	88
Business combinations		0	0
31 Dec 2015	**43,484**	**4,913**	**48,397**
Amortisation and impairment			
1 Jan 2014	**0**	**3,963**	**3,963**
Amortisation for the period	0	221	221
31 Dec 2014	**0**	**4,184**	**4,184**
Amortisation for the period	0	305	305
31 Dec 2015	**0**	**4,488**	**4,488**
Carrying amount			
31 Dec 2015	43,484	425	43,909
31 Dec 2014	43,484	641	44,125

Other intangible assets include patents, licences, software, and customer agreements and related customer relationships acquired in business combinations.

16. Impairment testing on goodwill and assets with an indefinite useful life

Carrying amount of goodwill allocated to cash-generating units

	2015	2014
Technical Building Services	18,649	18,649
Building Facades	13,937	13,937
Renovation Contracting	10,898	10,898
Total	43,484	43,484

The Group tests goodwill for impairment annually or more frequently if circumstances indicate that impairment may have occurred. In such an event, the carrying amount of the cash-generating unit is compared with the recoverable amount, which is determined on the basis of value-in-use calculations. When calculating cash flows for value-in-use calculations, the forecast is based on the budget confirmed for the following year and the management's best estimate of the development of the Group's business over the two years beyond that. Cash flows after the forecast period approved by management have been extrapolated using a steady 1% growth factor.

The outcome of goodwill testing is estimated by comparing the recoverable amount (EV) with the carrying amount of the cash-generating unit (CA).

	Ratio			Estimate
EV		<	CA	Write-down
EV	0–20%	>	CA	Exceeds slightly
EV	20–50%	>	CA	Exceeds clearly
EV	50%–	>	CA	Exceeds significantly

The Group conducted a goodwill impairment test on 31 December 2015, the result of which was that the recoverable amount significantly exceeds the carrying amount for all cash-generating units. The range of variation of the discount rate used in the forecast calculation for the various cash-generating units has been between 10.36% and 10.38% (10.96–10.98% in 2014) before taxes. In the management's best estimate, no possible change in any key variable used in the calculation would lead to the need to recognise impairment.

Key variables in the value-in-use calculations

The following key variables were used to determine value in use:
– EBITDA margin
– discount rate
– growth rate
– terminal growth rate

EBITDA margin – The EBITDA margin is based on the latest statistical information and estimates of market trends, material costs, direct and indirect employment costs and the estimated trend in general costs.

Discount rate – The discount rate reflects the current market evaluation of the risks of cash-generating units, taking into consideration the time value of money and the specified risks associated with assets that are not included in cash-flow forecasts. The discount rate calculation is based on the circumstances of the Group and its operating units and it is determined on the basis of the weighted average cost of capital (WACC) for the Group. WACC takes into consideration both debt and equity. The capital structure used in the WACC calculation is based on the median capital structure of selected listed Nordic companies that are comparable. The cost of equity derives from the expected return to Group investors, which takes into consideration the risk-free market rate and the share risk on the Finnish share market and the risk premium associated with size of the company. The sector-specific risk is based on the median beta of selected listed Nordic companies that are comparable. The cost of debt is based on the costs of interest-bearing debt which the Group is liable to pay. The discount rate is determined before taxes.

Growth rate – Growth rate in the forecast period corresponds to the materialised average long-term growth of the sector.

Terminal growth rate – The terminal growth rate is used to extrapolate cash flows beyond the forecast period. Assumed growth does not exceed the average long-term growth of the sector.

Impairment testing sensitivity analysis

The sensitivity analysis is based on an assumption of weakening growth in cash flow during the forecast period and beyond. The rise of interest rates in general and the decline in profitability have also been taken into account. Even a significant change in these factors would not lead to recognition of an impairment for any of the cash-generating units.

EUR 1,000

17. Financial assets and liabilities

Financial assets	2015 Carrying amount and fair value	2014 Carrying amount and fair value	Fair value hierarchy	Note
Available-for-sale financial assets at fair value				
Current financial assets				
Available-for-sale financial assets	8	65		
Total available-for-sale financial assets at fair value	**8**	**65**		
Loans and other receivables at amortised cost				
Current financial assets				
Trade receivables	25,231	24,682		20
Total loans and other receivables at amortised cost	**25,231**	**24,682**		
Cash and cash equivalents	4,070	10,324		21
Total current financial assets	**29,309**	**35,070**		
Total financial assets	**29,309**	**35,070**		

Financial liabilities	2015	2014	Fair value hierarchy	Note
Financial liabilities at amortised cost				
Non-current financial liabilities				
Loans from financial institutions	20,000	10,353		24
Non-current convertible loans	0	4,382		24
Non-current hire purchase debt	767	373		24
Other liabilities	0	34,467		24
Finance leasing liabilities	97	1,039		24
Current financial liabilities				
Loans from financial institutions	0	3,000		24
Hire purchase debts	525	484		24
Finance leasing liabilities	88	462		24
Trade payables	13,041	11,740		25
Total financial liabilities at amortised cost	**34,518**	**66,300**		
Held for trading at fair value				
Current financial liabilities				
Derivatives (not under hedge accounting)	0	40	2	
Total held for trading at fair value	**0**	**40**		
Total non-current financial liabilities	**20,864**	**50,614**		
Total current financial liabilities	**13,654**	**15,726**		
Total financial liabilities	**34,518**	**66,340**		

CONSTI GROUP PLC 〉FINANCIAL STATEMENTS

Notes on measuring at fair value

Investments available for sale are unlisted share investments. They have been measured at cost since there are no active markets available to them and their fair value cannot be reliably determined.

In the view of the management, the carrying amount of accounts receivable, accounts payable, short-term credit and other short-term debt is reasonably close to their fair value due to the short maturity of these items.

The fair values of capital loans are based on discounted cash flows. The fair values correspond essentially to the carrying amount of the loans, taking their order of precedence into account, and that there has been no material change in the Group risk premium.

The fair values of loans from financial institutions are based on discounted cash flows. There is no material difference between fair values and carrying amount as the loans are variable rate loans and there has been no material change in the Group risk premium.

The fair values of convertible loans are based on discounted cash flows. The fair values correspond essentially to the carrying amount of the loans because the loans have short maturity and there has been no material change in the Group risk premium.

The fair values of finance lease debt are based on discounted cash flows. There is no material difference between fair values and carrying amount since the company would not be able to make new lease agreements with a materially different interest rate.

Derivative contracts (interest rate swap) are measured at fair value and recognised through profit or loss. The basis of the fair value of derivative contracts is the price quoted by the counterparty on the balance sheet date. The fair values of derivative contracts have been classified at the fair value hierarchy level 2.

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

All assets and liabilities that are measured at fair value or the fair value of which is presented in the notes to the financial statements are classified as described below at fair value hierarchy levels based on the lowest level input that is significant to the item measured at fair value:

Level 1	Fair values are based on the listed (unadjusted) prices of identical assets or liabilities on active markets.
Level 2	Fair values are based to a material degree on inputs other than listed prices included in level 1 but nevertheless on information that is directly or indirectly observable for the asset or liability in question.
Level 3	Fair values are based on inputs concerning assets or liabilities that are not based on observable market information but to a material degree on management estimates and their application in commonly accepted measurement models.

18. Financial risk management

The aims of financial risk management

The aim of the Group's risk management is to minimise the adverse effects of financial market fluctuations on the Group's result. In its business operations, the Group is exposed to interest rate, credit and liquidity risks. The general principles of the Group's risk management are approved by the Board of Directors, and their practical implementation is the responsibility of the financial department of the Group's parent company together with the business areas. In the business areas, financial matters are the responsibility of financial administration staff and the operational management. The business areas are responsible for delivering accurate and up-to-date information on their financial position and cash flow to the Group's financial administration department so as to ensure efficient management of cash reserves, financing, liquidity and risks.

The Group's financial administration department identifies and assesses risks and acquires the necessary instruments for liquidity, credit and interest rate risks. In addition, it defines the main principles for financial risk management, cash management and special areas related to financing, such as commercial guarantees, relations with finance providers and customer financing.

The Group utilises derivative contracts in its risk management. The Group's risk management principles preclude speculative trading in derivatives.

Consti's cash balance / cash funds include interest-bearing receivables, but apart from these its earnings and operating cash flows are mostly independent of changes in market interest rates. The Group's main financial liabilities, excluding derivative instruments, consist of interest bearing loans and borrowings and trade and other payables. The main purpose of financial liabilities is to finance and support the Group's operating activities.

The Group does not apply hedge accounting.

Interest rate risk

The interest rate risk describes the risk of fluctuations in the fair value of future cash flows as a result of fluctuations in market interest rates. The Group's exposure to fluctuations in market interest rates largely stems from its long-term variable-rate loan liabilities.

The Group manages the interest rate risk by having a suitable allocation of fixed-rate and variable-rate loans in its loan portfolio. The Group manages this allocation through interest rate swaps, with which it agrees the difference between a fixed rate and a variable rate on an agreed nominal principal amount over a certain period of time.

At the end of the reporting period 2015, the Group had no valid interest rate swaps. At the end of 2014, the Group had a valid euro-denominated interest rate swap, on the basis of which the Group will receive the variable rate of the 3-month Euribor on the agreed principal amount and pay a fixed rate of 0.67%. Variable rate loans and the principal of the interest rate swap at the end date of the financial years are presented in the table below:

EUR 1,000	2015	2014
Variable rate financing liabilities	20,000	13,640
Principal of the interest rate swap	0	10,093
Unhedged interest rate swap position	20,000	3,547
Hedging-%	0%	74%

Consti monitors the sensitivity of its interest bearing loans and borrowings to changes in interest rates and the effect of such changes on the Group's result before taxes. As other variables are kept stable, the effect of increase in one procent unit in interest rate would have been EUR 94 thousand (EUR 53 thousand in 2014) in the result before taxes.

Credit risk

The credit risk describes the risk of a counterparty failing to fulfil its obligations based on a financial instrument or customer contract, leading to a credit loss. Consti's credit risk is related to customers with whom there are outstanding receivables or with whom construction contracts have been made, as well as to counterparties of financial assets and derivative contracts. The Group's financial administration department is responsible for managing the counterparty risk related to cash assets and derivative contracts. The credit risk relating to operating items, such as trade receivables, is the responsibility of the business areas.

The credit risk related to cash deposits made with banks and other financial institutions is managed by the Group's financial administration department in accordance with the Group's risk management principles, and the selection of financial instrument counterparties is based on the management's assessment of their creditworthiness. The Consti Group's Board of Directors has approved the main bank used by the Group and the counterparty and the limits of the derivative instruments. The Consti Group's management does not expect any credit losses to arise from the counterparties to the financial assets and derivatives presented on the balance sheet.

The tools used for managing operational credit risks include accepting advance payments, front-loading payment schedules for contracts and performing background checks on customers. The majority of the Company's business operations are based on reliable and established customer relationships and on contract terms and conditions generally observed in the sector. The Consti Group does not have significant credit risk concentrations in its receivables because it has a highly diversified clientele. On the reporting date, the maximum exposure to credit risks was the carrying amount of each financial asset class. The Group does not have in its possession any security for its receivables.

Outstanding trade receivables are tested for impairment on each reporting date. During the financial year, the amount of impairment losses recognised through profit or loss were EUR 0 thousand (EUR 96 thousand in 2014).

The age breakdown of the trade receivables has been presented in note 20. Trade and other receivables.

Liquidity risk

The Group assesses and monitors the adequacy of its liquidity. The Group strives to ensure the availability and flexibility of financing with sufficient credit limit reserves and sufficiently long loan periods. The assessment of financing needs is based on a budget prepared annually, a financing forecast updated on a monthly basis and up-to-date short-term cash planning. The Group's financial administration department is responsible for ensuring adequate financing.

At the date of the financial statements on 31 December 2015, 3% of the Group's interest bearing debts are due within the following year (31 December 2014 7%), based on the book value presented in the financial statements.

The availability of the short-term financing has been presented below:

EUR 1,000	31 Dec 2015	31 Dec 2014
Undrawn loans	5,000	5,000
Cash and cash equivalents	4,070	10,324
Total	**9,070**	**15,324**

The key loan covenants are reported to lenders at three-month intervals. If the Group breaches any of the loan covenants, lenders may accelerate their loans. The Group has been able to meet the covenants included in its loans during the financial year. The financial covenants included in the loans are based on the Group's gearing and the ratio of net debt to adjusted EBITDA.

The Group's management has not identified any significant liquidity concentrations in its financial assets or financing sources.

The table below presents the maturity profile for financing liabilities of the group based on contractual non-discounted cash flows including both interest payments and repayments of the principal. The forthcoming interest flows of variable rate loans are based on rate which was valid on 31 December 2015 (31 December 2014).

EUR 1,000

31 Dec 2015	2016	2017	2018	2019	2020	2021–	Total
Bank loans	400	400	400	400	20,300	0	21,900
Convertible loan	0	0	0	0	0	0	0
Finance leasing liabilities	95	52	50	0	0	0	198
Other interest bearing liabilities	562	407	255	75	0	0	1,299
Trade payables	13,041	0	0	0	0	0	13,041
	14,098	**859**	**705**	**475**	**20,300**	**0**	**36,438**

31 Dec 2014	2015	2016	2017	2018	2019	2020–	Total
Bank loans	3,387	10,868	0	0	0	0	14,255
Convertible loan	48	49	49	774	0	0	920
Finance leasing liabilities	405	320	241	73	2	0	1,041
Other interest bearing liabilities	3,799	4,171	4,579	55,285	0	0	67,834
Trade payables	11,740	0	0	0	0	0	11,740
	19,379	**15,408**	**4,869**	**56,132**	**2**	**0**	**95,789**

Equity assessment

The aim of the group's equity assessment is to ascertain the normal operating requirements for the business operations. The equity assessment is mainly influenced by controlling investments and the amount of working capital which is bound to the business.

In order to reaching the goals, the equity assessment of the group aims, inter alia, at ascertaining that it meets the covenants relating to the interest bearing debts that define requirements for the equity structure. The most significant ratios concerning the equity assessment are interest bearing net debt / adjusted EBITDA and gearing ratio, which are also loan covenants. Breaching of covenants would entitle the bank to require immediate repayment of the loans. The covenants of the interest bearing loans have not been breached during the financial year.

EUR 1,000

19. Inventories

	2015	2014
Materials and supplies (measured at acquisition cost)	507	591
Total	**507**	**591**

No write-downs of inventories were made in the financial years 2015 or 2014.

EUR 1,000

20. Trade and other receivables

	2015	2014
Trade receivables	25,231	24,682
Receivables from construction contracts	9,036	7,920
Accrued income	2,105	1,946
Other receivables	42	35
Total	**36,415**	**34,583**

Trade receivables are non-interest bearing and their term of payment is in most cases 14 to 31 days.

In the financial year the Group recognised EUR 0 thousand (EUR 96 thousand in 2014) in impairment losses on trade receivables. Acquiring guarantees on trade receivables and other receivables is not a Group policy.

The age structure of trade receivables is as follows:

Undue	20,513	19,345
Fallen due		
< 30 days	2,068	4,134
30–60 days	705	592
61–90 days	118	199
> 90 days	1,827	412
Total	**25,231**	**24,682**

Note 18. Financial risk management includes a description of how the Group manages and assesses the quality of credit with regard to trade receivables that have not yet fallen due and the value of which is not impaired.

21. Cash and cash equivalents

Cash in hand and at banks	4,070	10,324
Total	**4,070**	**10,324**

Banks pay a variable interest on cash in deposit accounts according to daily deposit interest rates. The Group's unused account limits on 31 December 2015 were EUR 5 million (EUR 5 million in 2014).

Cash and cash equivalents according to the cash flow statement are formed as follows:

Cash in hand and at banks	4,070	10,324
Cash and cash equivalents	**4,070**	**10,324**

22. Equity

Share distribution and share capital

EUR 1,000	Number of outstanding shares	Share capital	Treasury shares	Total shares
1 Jan 2014	4,156,800	2.5	35,400	4,192,200
Purchase of treasury shares	–131,800		131,800	
31 Dec 2014	4,025,000	2.5	167,200	4,192,200
1 Jan 2015	4,025,000	2.5	167,200	4,192,200
Increase from non-restricted equity		77.5		
Purchase of treasury shares	–76,300		76,300	
Share issues	3,666,067			
31 Dec 2015	7,614,767	80.0	243,500	7,858,267

The number of Consti Group Plc shares is 7,858,267 in total and the share capital is EUR 80,000. The company has one series of shares. The share has no nominal value. All issued shares have been paid for in full.

Number of shares has beed adjusted in accordance with share split conducted in December 2015.

Changes in the number of shares and corresponding changes to equity

	Number of outstanding shares	Share capital	Reserve for invested non-restricted equity	Treasury shares	Total
1 Jan 2014	**4,156,800**	**2.5**	**6,427**	**–44**	**6,386**
Convertible loan equity component	0	0	4	0	4
Purchase of treasury shares	–131,800	0	0	–261	–261
31 Dec 2014	**4,025,000**	**2.5**	**6,431**	**–305**	**6,129**
1 Jan 2015	**4,025,000**	**2.5**	**6,431**	**–305**	**6,129**
Share issue	3,666,067	77.5	20,887	0	20,965
Purchase of treasury shares	–76,300	0	0	–151	–151
31 Dec 2015	**7,614,767**	**80.0**	**27,318**	**–456**	**26,942**

Share capital

The share subscription price received from share issues is recognised under share capital to the extent that a decision has not been made in the share issue resolution to recognise the subscription price under the reserve for invested non-restricted equity.

Dividend

After the balance sheet date, the Board of Directors has proposed a dividend of EUR 0.39 per share.

23. Provisions

EUR 1,000	Warranty provisions	Onerous contracts	Litigation provisions	Total
31 Dec 2014	837	104	0	941
Arising during the year	878	100	15	993
Utilised provision	–539	–104	0	–643
Unused amounts reversed	–4	0	0	–4
31 Dec 2015	**1,172**	**100**	**15**	**1,288**
Current provisions	1,172	100	15	1,288
Total	**1,172**	**100**	**15**	**1,288**

	Warranty provisions	Onerous contracts	Litigation provisions	Total
1 Jan 2014	376	46	0	422
Arising during the year	837	104	0	941
Utilised provision	–376	–46	0	–422
Unused amounts reversed	0	0	0	0
31 Dec 2014	**837**	**104**	**0**	**941**
Current provisions	837	104	0	941
Total	**837**	**104**	**0**	**941**

Warranty provisions

Warranty provisions for contracts are determined with information based on experience of the materialisation of liability.

At the end of 2015 warranty provision were EUR 1,172 thousand (EUR 837 thousand in 2014).
Most of the warranty provisions are expected to be used during the following year.

Onerous contracts

The expected loss in excess of sales gains from onerous construction contracts has been recognised in full.

EUR 1,000

24. Financial liabilities

	2015	2014
Non-current financial liabilities		
Loans from financial institutions	20,000	10,353
Non-current convertible loan	0	4,382
Non-current hire purchase debt	767	373
Other liabilities	0	34,467
Finance leasing liabilities	97	1,039
Total non-current financial liabilities	20,864	50,614
Current financial liabilities		
Loans from financial institutions	0	3,000
Hire purchase debts	525	484
Finance leasing liabilities	88	462
Total current financial liabilities	613	3,946

The table includes trade and other payables apart from those under note 25. Non-current other liabilities include loans to shareholders.

Finance leasing liabilities

Finance leasing liabilities will mature as follows:		
Minimum leases		
In less than a year	113	530
In 1 to 5 years	100	1,141
Minimum leases, total	213	1,671

Finance leasing liabilities will mature as follows:		
Present value of minimum leases		
In less than a year	88	462
In 1 to 5 years	97	1,039
Minimum leases, total	185	1,501

Unaccrued financial expenses	28	170
Amount recognised as financial expense in the financial year	58	75

Finance leasing liabilities are accrued from the lease agreements of vans, tools and office equipment.

EUR 1,000

25. Trade and other payables

	2015	2014
Trade payables	13,041	11,740
Advances received from customers on construction contracts	12,491	11,880
Other payables	9,456	8,215
Liabilities based on derivatives contracts	0	40
Accrued expenses	8,401	8,021
Total	**43,389**	**39,895**

Trade payables are non-interest bearing and mostly paid within 14 to 31 days.
Their carrying amount corresponds to their fair value because discounting has no material effect taking the maturity of the liabilities into consideration.
The Group's credit risk management process has been described in note 18. Financial risk management.

26. Commitments and contingent liabilities

Other lease agreements – Group as lessee

Minimum lease payment under non-cancellable other leases:

	2015	2014
Within 1 year	1,542	996
In 1 to 5 years	2,838	2,752
In more than 5 years	0	0
Total	4,380	3,747

The income statement includes EUR 964 thousand (EUR 952 thousand in 2014) in leases paid in the 2015 financial year under non-cancellable other leases. The Group has leased most of the business premises it uses. The premises' lease agreements have a maximum term of 5 years. In most cases the agreements include the option to extend the lease after the original expiry date. The business premise agreements have varying index, renovation and other terms.

Litigations and legal proceedings

Group Companies have pending court cases that are associated with normal business operations. The outcome of these court cases is difficult to forecast but where deemed necessary, a provision has been recognised on the best available assessment of the outcome. In the opinion of management, the court cases are not expected to have material influence on the financial position of the Group.

Other liabilities

	2015	2014
Pledged floating charges	0	191,752
Carrying amount of pledged shares	69,455	68,560

Guarantees

In the course of its business operations, the Group has provided bank guarantees, guarantee insurance commitments and rental bonds for the duration of work and warranty periods.

	2015	2014
Bank guarantees and guarantee insurance commitments for the duration of work and warranty periods	36,272	32,065
Rental deposits	286	327
Total	36,558	32,392

EUR 1,000

27. Related party transactions

Information about subsidiaries

The following subsidiaries have been consolidated into the consolidated financial statements:

Company name	Principal business	Country	Holding % 2015	Holding % 2014
Consti Talotekniikka Ltd	Technical building services	Finland	100%	100%
Consti Korjausurakointi Ltd	Construction	Finland	100%	100%
Consti Julkisivut Ltd	Construction	Finland	100%	100%
Tampereen Kiinteistötekniikka Ltd [1)]	Technical building services	Finland	0%	100%

[1)] Tampereen Kiinteistötekniikka Ltd has been merged to Consti Talotekniikka Ltd on 30 April 2015.

Entities holding significant control in the Group

On 31 December 2015, there are no entities holding significant control in the Group. On 31 December 2014, Intera Fund I Ky owned 62.1% of Consti Group Plc's shares.

Related party transactions

The Group's related parties also include the key management personnel, as well as non-Group companies in whose operations persons belonging to Consti Group's management can be assumed to exert an influence. Key management personnel include members of the Board of Directors and of the Management Team. Business transactions concluded with related parties are presented in the table below.

		Sales	Purchases	Receivables	Payables
Members of Group management	2015	28	18	0	0
	2014	23	18	4	10,450
Entities holding significant control in the Group	2015	0	0	0	0
	2014	0	0	0	25,718

Terms associated with related party transactions

No guarantees or commitments have been provided on behalf of related parties.

Loans to related parties

There are no loans to related parties.

EUR 1,000	2015	2014
Employee benefits of management members		
Salaries and other short-term employee benefits	1,461	1,173
Total	**1,461**	**1,173**

The events related to employment-benefits of management members presented in the table have been recognised as costs during the financial year.

The company has issued convertible loan to members of management that are considered share-based payments under the IFRS 2 standard. The calculated value of the benefit, considered an employee option, is EUR 0 at the time of issuance. Share-based payments are described in note 28.

Salaries and remunerations paid to the members of the Board and the CEO

Salaries and remunerations	2015	2014
CEO		
Holopainen Marko, CEO as of 21 March 2014	354	151
Wasenius Kauko, CEO until 20 March 2014	0	100
Total	**354**	**251**
Board members and deputy members		
Tapio Hakakari, Chairman as of 18 June 2015	12	0
Jyrki Jalli, member until 2 April 15	2	9
Antti Korkeela	10	9
Erkki Norvio	10	9
Janne Näränen	0	0
Petri Rignell	10	9
Pekka Salokangas	10	9
Niina Rajakoski, member as of 30 September 2015	4	0
Total	**55**	**45**

Pension and retirement age

The CEO is entitled to statutory pension and his retirement age is determined in accordance with the statutory employment pension system. The statutory cost of the CEO's pension was EUR 66 thousand in 2015 (EUR 45 thousand in 2014).

No pension insurance under the Employees' Pensions Act (TyEL) has been taken out for members of the Board on their attendance fees.

28. Share-based payments

The Group has had convertible loans that are considered to be classified under IFRS 2 Share-based payments standard's scope, since there is a related obligation to render services. Based on the obligation, a member of the company's personnel or board who has subscribed a convertible loan must be employed by the company for a certain period of time or he has to transfer the special rights without consideration back to the company.

Consti has exercised total of five convertible loan arrangements, to which it has applied IFRS 2 standard. The table below presents those arrangements and special rights granted to which the obligation to render services is attached:

Transaction exercise date	Special rights granted	Number of shares subscribed	Subscription price
1 June 2012 *)	1,050	1,050	100
7 December 2012 *)	66	66	100
14 December 2012	1,996	1,996	100
16 December 2013	423	423	180
31 October 2014	81	81	220
Total	**3,616**	**3,616**	

*) In conjunction with convertible loans issued on 1 June 2012 and 7 December 2012, a total of 222 new special rights were issued on 28 April 2015, which were used to subscribe a total of 222 new shares.

Special rights give the right to the convertible loan holder to subscribe shares of the company at predetermined price. The subscription of the shares subject to the special rights begins when the rights are registered to the trade register and continues for each special right holder until the company has paid the capital receivable related to the special rights to those special right holders in full. The special right holder is entitled to use the capital receivable relating to the convertible loan agreement to set off the subscription price of the share in accordance with the terms of convertible loan agreement.

For 1 June 2012 and 7 December 2012 exercised convertible loan arrangements the company does not qualify any employee benefit to originate an expense to be recognised according to IFRS 2. This is based on the fact that the majority owner of the company subscribed to the convertible loan with same terms as the personnel or persons comparable, when the transaction is regarded to be carried out on market terms. These convertible loans are recognised entirely according to IAS 32 standard.

14 December 2012, 16 December 2013 and 31 October 2014 issued convertible loans were issued to the key personnel in incentive purposes. The value of the share-based payment benefit relating to these transactions is determined computing the fair value of the special rights of the convertible loans at the grant date using Black-Scholes option pricing model less the value of the equity component of the convertible loan according to IAS 32 standard. If the difference is positive, it is handled as IFRS 2 equity-settled share-based payment transaction and is recognised as an employee benefit expenses and equity during the vesting period. In other case, convertible loan is not considered to qualify as a share-based payment, thus the allocated equity component value is equivalent to the fair value paid of the convertible loan at the issue date.

The following table presents the information used determining the fair value of the special rights at grant date:

	31 Oct 2014	16 Dec 2013	14 Dec 2012
Weighted fair value at the grant date (€)	0.78	0.00	0.00
Dividend yield (%)	0.0%	0.0%	0.0%
Expected volatility (%) (1)	25.8%	29.1%	34.9%
Risk–free interest rate (%)	0.14%	0.83%	0.38%
Expected life of share options (years)	5	5	5
Share price	73.20	(2)	(2)
Model used	Black-Scholes	Black-Scholes	Black-Scholes

(1) The expected volatility is determined based on the historical volatility of Dow Jones EURO STOXX Construction & Materials Total Return (EUR) index.

(2) Resulting from company's negative equity and high level of debt during 2012 and 2013 company's share price was estimated to be close to zero.

The fair value for the special rights at the grant date determined using the Black-Scholes option pricing model was below the value of the equity component determined in accordance with IAS 32 standard considering all above presented convertible loan agreements. Due to that, convertible loans are not considered to qualify for share-based payment and therefore no expense according to IFRS 2 is recognised.

The following table presents the changes in the number of special rights and weighted average prices:

Changes during the financial period

	2015 Number	2015 Price	2014 Number	2014 Price
Special rights 1 Jan	**2,982**	**114**	**3,347**	**110**
Granted	222	100	81	220
Forfeited	–344	105	–446	105
Exercised	–2,860	114	–	–
Expired	–	–	–	–
Special rights 31 Dec	**0**	**0**	**2,982**	**114**
Exercisable 31 Dec	0	0	2,982	114

29. Events after the reporting period

Consti Group Plc announced on 8 January 2016 Danske Bank's stabilisation measures of Consti's shares and exercise of over-allotment option in regards to Consti Group Plc's listing to the Helsinki Stock Exchange. The lead manager Danske Bank had the right to, within 30 days of the start of the IPO, engage in measures which stabilise, maintain or otherwise affect the price of the shares in relation to the levels determined independently in the market. Intera had given Danske Bank an over-allotment option to purchase, within 30 days from the beginning of trading in the shares, a maximum of 600,000 Consti shares or to find purchasers for the shares solely in order to cover possible oversubscription of the share sale. Danske Bank used the over-allotment option on 8.1.2016 by purchasing 568,163 Consti shares from Intera. At the same time Danske Bank returned the Consti shares it borrowed from Intera according to the share lending agreement. Danske Bank stabilised the share price from 11 December 2015 to 8 January 2016 by purchasing a total of 31,837 shares in the price range of EUR 9.43–9.50 per share.

Consti Group Plc received an announcement from Intera Fund I Ky ("Intera") on 11 January 2016, in accordance with the Finnish Securities Market Act Chapter 9, Section 10. According to the announcement, the total number of Consti shares and votes owned by Intera decreased below fifteen (15) per cent of the share capital of Consti on the 8th of January 2016 and was 11.95 per cent at the time.

Consti Group Plc announced on 4 January 2016 that it is to acquire Eleta Talotekniikka Oy, a company specialising in building automation services. Eleta is based in Espoo and established in 1987. The company specialises in technical building services and its annual turnover is approximately EUR 2 million. In the deal, all Eleta employees will transfer to Consti. The deal will further enhance Consti's strong expertise in technical building services in the Helsinki Metropolitan Area and support the company's drive to increase its maintenance and energy know-how.

INCOME STATEMENT OF THE PARENT COMPANY (FAS)

EUR 1,000	Note	1 Jan–31 Dec 2015	1 Jan–31 Dec 2014
Net sales	1	**1,628**	**1,636**
Other operating income	2	587	457
Employee benefit expenses	3	–1,009	–836
Depreciation and amortisation	5	–158	–108
Other operating expenses	4	–3,405	–1,781
		–4,572	–2,724
Operating profit/loss		**–2,357**	**–632**
Financial income and expenses	6	–3,579	–4,027
Profit (loss) before extraordinary items		**–5,936**	**–4,658**
Extraordinary items	7	9,800	8,360
Profit (loss) before taxes		**3,864**	**3,702**
Total taxes	8	–841	0
Profit (loss) for the period		**3,023**	**3,702**

BALANCE SHEET OF THE PARENT COMPANY (FAS)

EUR 1,000

Assets	Note	31 Dec 2015	31 Dec 2014
NON-CURRENT ASSETS			
Intangible assets	9		
Intangible rights		88	109
Other long-term expenditure		91	83
		179	**192**
Tangible assets	9		
Buildings and structures		42	0
Machinery and equipment		157	125
		199	**125**
Investments	11		
Shares in Group companies		81,355	81,355
Other shares		254	254
		81,609	**81,609**
Total non-current assets		**81,987**	**81,926**
CURRENT ASSETS			
Long-term receivables			
Other long-term receivables		0	0
Short-term receivables	11		
Trade receivables		1	0
Intra-group receivables		1,543	4,785
Prepaid expenses and accrued income		33	21
		1,577	4,806
Cash and cash equivalents		166	85
Total current assets		**1,743**	**4,891**
ASSETS		**83,730**	**86,817**

CONSTI GROUP PLC 〉FINANCIAL STATEMENTS

EUR 1,000

Equity and liabilities	Note	31 Dec 2015	31 Dec 2014
EQUITY	12		
Share capital		80	3
Reserve for invested non-restricted equity		27,119	6,232
Treasury shares		–456	–305
Retained earnings		19,403	15,701
Profit (loss) for the period		3,023	3,702
Total equity		**49,169**	**25,332**
LIABILITIES			
Non-current liabilities	13		
Capital loans		0	35,632
Convertible loans		0	624
Loans from financial institutions		20,000	10,640
Non-current hire purchase debts		23	0
Other non-current liabilities		0	2,650
		20,023	49,545
Current liabilities	13		
Loans from financial institutions		0	3,000
Trade payables		636	107
Current hire purchase debts		8	19
Intra-group liabilities		12,437	8,073
Other current liabilities		129	225
Accrued expenses		1,328	516
		14,538	**11,940**
Total liabilities		**34,561**	**61,485**
EQUITY AND LIABILITIES		**83,730**	**86,817**

CASH FLOW STATEMENT OF THE PARENT COMPANY (FAS)

EUR 1,000

Cash flow from operating activities	Note	2015	2014
Operating profit		–2,357	–632
Adjustments:			
Depreciation		158	108
Other adjustments			0
Change in working capital		8,074	2,943
Operating cash flow before financial and tax items		5,875	2,419
Financial income and expenses (+/–)		–981	–971
Taxes paid		–64	0
Net cash flow from operating activities (A)		**4,830**	**1,447**
Cash flow from investing activities			
Investments in other shares	3	0	–5,395
Investments in tangible and intangible assets		–226	–165
Proceeds from sale of property, plant and equipment		7	0
Dividends received		0	436
Net cash flow from investing activities (B)		**–219**	**–5,123**
Cash flow from financing activities			
Purchase of treasury shares		–151	–261
Share issue		536	
Other changes in equity		393	0
Change in interest-bearing liabilities		–15,107	–4,363
Group contribution received		9,800	8,360
Net cash flow from financing activities (C)		**–4,529**	**3,736**
Change in cash and cash equivalents (A+B+C)		81	61
Cash and cash equivalents at period start		85	24
Cash and cash equivalents at period end		**166**	**85**

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (FAS)

Accounting principles

The financial statements of Consti Group Plc have been prepared in accordance with the Finnish Accounting Standards (FAS). The financial statements have been prepared for 12 months from 1 January to 31 December 2015.

Translation of items denominated in a foreign currency

Transactions denominated in a foreign currency are recognised in the functional currency at the exchange rate on the date of the transaction. The balances in monetary items denominated in a foreign currency are translated into the functional currency at the rate on the closing date of the reporting period.

Revenue recognition

Revenue of parent company consist of services provided to subsidiaries. Revenue is recognised once the services have been rendered.

Measurement of non-current assets

Non-current assets are measured in the balance sheet at cost less accumulated depreciation. Tangible assets are measured at cost less accumulated depreciation. Investments have been measured at cost.

The depreciation periods for the assets groups are as follows:

Buildings and structures	20 years
Machinery and equipment	3–5 years
Vehicles	3–6 years
Other tangible assets	3–5 years

Pension insurance

Pension schemes for the personnel are arranged as statutory pension insurance with an external pension insurance company. Pension expenses have been recognised in the income statement.

Research and development expenses

Research and development expenses have been booked in the income statement during the period in which they occur.

Measurement of receivables and liabilities

Trade, loan and other receivables presented in receivables have been measured at lower of nominal value and probable value. Liabilities have been measured at higher of nominal value and comparison-based value.

Extraordinary income and expenses

Extraordinary income and expenses encompass received and paid group contributions.

Taxes

Taxes from earlier financial periods are included in the taxes presented in the income statement for the financial period. No deferred taxes have been recognised.

EUR 1,000

1. Net sales

	2015	2014
Income from services	1,628	1,636
Total	**1,628**	**1,636**

2. Other operating income

	2015	2014
Gain on sale of tangible and intangible assets	9	0
Government grants	49	52
Other income	530	405
Total	**587**	**457**

3. Information on personnel and members of Plc organs

	2015	2014
Salaries	836	669
Pension expenses	165	118
Other social security expenses	8	49
Total	**1,009**	**836**
Average number of employees during the financial year	8	7
Management remuneration		
CEO	173	100
Members of Board of Directors	55	45
Total	**228**	**145**

4. Other operating expenses

	2015	2014
Auditor fees		
Ernst & Young Oy		
Audit fees	133	39
Other services	399	4
Total	**532**	**43**

CONSTI GROUP PLC 〉FINANCIAL STATEMENTS

EUR 1,000

5. Depreciation, amortisation and impairment

	2015	2014
Depreciation and amortisation by asset type		
Intangible rights	79	62
Other long-term expenses	0	4
Buildings and structures	0	0
Machinery and equipment	80	42
Other tangible assets	0	0
	158	**108**

6. Financial income and expenses

	2015	2014
Dividends		
From group companies	0	436
Other interest and financial income		
From group companies	61	39
Other income from others	0	1
Total	**61**	**477**
Interest and other financial expenses		
To group companies	215	52
Interest expenses to others	3,426	4,451
Total	**3,641**	**4,503**
Total financial income and expenses	**–3,579**	**–4,027**

7. Extraordinary items

	2015	2014
Group contributions received	9,800	8,360

8. Taxes

	2015	2014
Taxes from ordinary business	–841	0

EUR 1,000

9. Changes in non-current assets

	2015	2014
TANGIBLE AND INTANGIBLE ASSETS		
Intangible rights		
Carrying amount at period start	109	48
Additions	6	92
Disposals	0	0
Amortisation	27	31
Carrying amount at period end	88	109
Other long-term expenses		
Carrying amount at period start	83	55
Additions	60	63
Disposals	0	0
Amortisation	52	35
Carrying amount at period end	91	83
Buildings and structures		
Carrying amount at period start	0	0
Additions	42	0
Disposals	0	0
Depreciation	0	0
Carrying amount at period end	42	0
Machinery and equipment		
Carrying amount at period start	125	158
Additions	117	9
Disposals	7	0
Depreciation	80	42
Carrying amount at period end	157	125

EUR 1,000

10. Investments

	2015	2014
Shares in Group companies		
Acquisition cost 1 Jan	81,355	81,355
Additions	0	0
Disposals	0	0
Acquisition cost 31 Dec	81,355	81,355
Other shares		
Acquisition cost 1 Jan	254	254
Acquisition cost 31 Dec	254	254
Total investments	**81,609**	**81,609**

11. Receivables

Current receivables		
Intra-group receivables		
Trade receivables	1,543	925
Accrued income and prepaid expenses	0	0
Loan receivables	0	0
Other receivables	0	3,860
Total	**1,543**	**4,785**
Material external items in accrued income and prepaid expenses		
Accruals related to employee benefit expenses		5
Other items	33	16
Total	**33**	**21**

EUR 1,000

12. Equity

	2015	2014
Share capital 1 Jan	3	3
Additions	78	0
Share capital 31 Dec	**80**	**3**
Reserve for invested non-restricted equity 1 Jan	6,232	6,232
Additions	20,887	0
Reserve for invested non-restricted equity 31 Dec	**27,119**	**6,232**
Retained earnings 1 Jan	19,098	15,656
Purchase of treasury shares	–151	–261
Retained earnings 31 Dec	**18,947**	**15,396**
Profit for the period	**3,023**	**3,702**
Total	**21,970**	**19,098**
Equity	**49,169**	**25,332**
Distributable funds 31 Dec		
Reserve for invested non-restricted equity	27,119	6,232
Retained earnings	18,947	15,396
Profit for the period	3,023	3,702
Total distributable funds	**49,089**	**25,330**

Consti Group Plc's treasury shares

The parent company owns treasury shares as follows:

Number of shares	Share of share capital	Share of voting rights
243,500	3.1%	3.1%

CONSTI GROUP PLC 〉FINANCIAL STATEMENTS

EUR 1,000

13. Non-current and current liabilities

	2015	2014
Non-current liabilities		
Intra-group liabilities	0	0
Liabilities to others		
Loans from financial institutions	20,023	10,640
Loans from owners	0	38,905
Total non-current liabilities	**20,023**	**49,545**
Current liabilities		
Intra-group liabilities		
Trade payables	17	43
Accrued expenses	0	0
Other liabilities	12,421	8,030
Liabilities to others		
Trade payables	636	107
Loans from financial institutions	8	3,019
Accrued expenses	1,328	516
Other liabilities	129	225
Total current liabilities	**14,538**	**11,940**
Material items included in accrued expenses		
External		
Accruals related to employee benefit expenses	158	95
Tax accruals	777	0
Other accruals	393	421
	1,328	**516**

EUR 1,000

14. Commitments

	2015	2014
Pledged floating charges	0	75 000
Carrying amount of pledged shares	69,455	68,560
Rental liabilities		
To be paid during the on-going financial year	141	137
To be paid in later years	410	469
Total	**551**	**606**
Leasing liabilities		
To be paid during the on-going financial year	0	0
To be paid in later years	0	0
Total	**0**	**0**
Other liabilities		
Account limit, amount in use	0	0
Account limit, unused amount	5,000	5,000
Total	**5,000**	**5,000**
Guarantees		
Rental deposits	45	45
On behalf of intra-group companies	36,513	**0**
Other commitments		
Interest rate swaps		
Fair value	0	–40
Value of the underlying	0	10,093

15. Remuneration of the management

Decision-making order of compensation

The Annual General Meeting (AGM) of Consti Group Plc decides the Board of Directors' compansation. The Board of Directors, in turn, decides the CEO's and Group's other key employees', such as Management Team, compensation and terms of employment.

The Nomination and Compensation Committee prepares the nomination and compensation issues of the Board members as well as Group's key employees. The Committee prepares, among other things, suggestions for selection, compensation and other employment terms of Board members, CEO and other Group's key employees.

The Board of Directors remuneration

The AGM in 2015 decided that the Chairman of the Board will not be paid compensation and the Board Members will be paid EUR 750 per month. On 18 June 2015 the Extraordinary General Meeting decided that the Chairman will be paid EUR 1,500 per month and Members will receive EUR 750 monthly. The shareholders made a unanimous decision on 3 November 2015 to pay the Chairman of the Board EUR 2,500 monthly and other Board Members EUR 1,250 a month.

Remuneration proposal for 2016

On the basis of recommendation by the Nomination and Compensation Committee, the Board of Directors proposes to the AGM that the compensation paid to the Board remains unchanged:

Chairman of the Board EUR 2,500/month
(EUR 30,000/year)
Member of the Board EUR 1,250/month
(EUR 15,000/year)

Board of Directors remuneration in 2015

EUR	Compensation 2015	Compensation 2014
Tapio Hakakari [1] *	11,500	0
Jyrki Jalli [2]	2,250	9,000
Antti Korkeela	9,500	9,000
Erkki Norvio	9,500	9,000
Niina Rajakoski[3]	3,500	0
Petri Rignell*	9,500	9,000
Pekka Salokangas	9,500	9,000
Janne Näränen*	0	0

1) Tapio Hakakari has been a member of the Board of Directors as of 18 June 2015
2) Jyrki Jalli has been a member of the Board of Directors until 2 April 2015
3) Niina Rajakoski has been a member of the Board of Directors as of 30 September 2015
* Member of the Nomination and Compensation Committee, according to the decision made by the AGM, committee work is not separately compensated.

Performance based incentive plan

The basis of compensation in Consti Group is a fixed monthly salary, in addition to which Group management belongs to a performance based incentive plan together with majority of other permanently employed white-collar workers. The Group has a bonus scheme defined by the Board of Directors which aims at supporting the company's strategy and reward for its realisation and simultaneously provides the personnel with a competitive remuneration system. The bonus scheme's principles, terms, earning criteria, upper and lower limits of the result targets, as well as individuals belonging to the bonus scheme are determined annually by the Board of Directors.

CEO remuneration

The CEO receives a fixed monthly salary and an annual bonus that is tied to the result and the CEO's personal performance according to the scorecard defined by the company. The annual bonus can be no more than 60 percent of the CEO's annual fixed salary income. The CEO was paid a total salary of EUR 173 thousand by the parent company in 2015. In addition, the CEO was paid salary by Consti Talotekniikka Oy in 2015. The total salary paid to the CEO has been presented as part of the consolidated financial statements in note 27. Related party transactions. The CEO's remuneration can be reassessed annually. In addition, the CEO is entitled to a supplementary pension insurance paid by the company. The CEO's notice period is six months. The severance pay is fixed to equal six month's gross wages prior to the termination of the employment. Additionally, when the company or the CEO terminates the employment, the CEO is entitled to compensation for the time period during which a non-compete obligation is ongoing. This compensation amounts to a maximum of six months' gross wages, with altering salary, provisions and bonuses not considered as part of the wages. Should the CEO's employment end with a termination of the CEO's contract due to a material breach of contract on the company's part, the CEO is entitled to the result-based-bonus of the ongoing fiscal year adjusted to the time period that the CEO was employed by the company that fiscal year.

Supplementary pension scheme for the CEO and Management Team

The CEO and part of the Management Team belong to the supplementary pension scheme for upper management. The supplementary pension is contribution-based, so the company is not liable for additional payments after the paid pension fee. Should the employment of an individual in the supplementary pension scheme end before the contractual retirement age, the individual is entitled to security that amounts to the pension savings accumulated thus far.

Management Team

The Board of Directors decide on the compensation of the Management Team. The Management Team members receive a monthly fixed salary and a variable annual result-based-bonus according to the corporate incentive scheme and each member's personal scorecard. The terms of remuneration of the Management Team can be adjusted annually. When necessary, the Committee shall prepare proposals regarding the appointment and compensation of other executives prior to Board meetings.

BOARD OF DIRECTORS' DIVIDEND PROPOSAL

Distributable funds of the parent company Consti Group Plc on 31 December 2015 are (EUR):

Retained earnings	18,946,628.50
Profit for the period	3,022,934.24
Total retained earnings	21,969,562.74
Reserve for invested non-restricted equity	27,119,408.85
Total distributable funds	49,088,971.59

The Board of Directors proposes to the Annual General Meeting that the distributable funds shall be used as follows:

EUR 0.39 per share shall be paid as dividend to the shareholders of the company using retained earnings, i.e.	2,969,759.13
To be left in distributable funds	46,119,212.46

After the balance sheet date, there have not been any material changes in the financial position of the company. Company's liquidity is on good level and according to the Board of Directors the proposed dividend payment does not jeopardise the liquidity of the company.

SIGNATURES TO THE FINANCIAL STATEMENTS

Helsinki, 17 February 2016

Hakakari Tapio
Chairman of the Board of Directors

Norvio Erkki
Member of the Board of Directors

Rignell Petri
Member of the Board of Directors

Näränen Janne
Member of the Board of Directors

Salokangas Pekka
Member of the Board of Directors

Korkeela Antti
Member of the Board of Directors

Rajakoski Niina
Member of the Board of Directors

Holopainen Marko
CEO

Auditor's note

An auditor's report has been issued today.

Helsinki, 17 February 2016

Ernst & Young Oy
Authorised Public Accountants

Rytilahti Mikko
APA

AUDITOR'S REPORT

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Consti Group Plc for the year ended 31 December 2015. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the CEO

The Board of Directors and the CEO are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the CEO shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the CEO are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the Company's Financial Statements and the Report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, 17 February 2016

Ernst & Young Oy
Authorised Public Accountants

Mikko Rytilahti
Authorised Public Accountant

INFORMATION FOR INVESTORS AND SHAREHOLDERS

Share

Consti Group Plc's shares are listed on Nasdaq Helsinki. The shares are included in the book-entry securities system maintained by Euroclear Ltd. The company has a single series of shares, and each share entitles its holder to one vote at the Annual General Meeting. The company's shares have no nominal value.

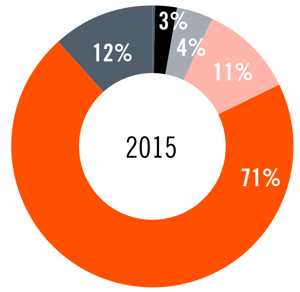
As at 31 December 2015, the total number of shares totalled 7,858,267 and the share capital amounted to EUR 80,000.

Share information

- Listed on Nasdaq Helsinki Ltd
- List: Nordic Small Cap
- Trading code: CONSTI
- ISIN code: FI4000178256
- Sector: Industrials
- Industry: Industrial Goods & Services
- Number of shares 31 Dec 2015: 7,858,267
- Listing date: 11 December 2015

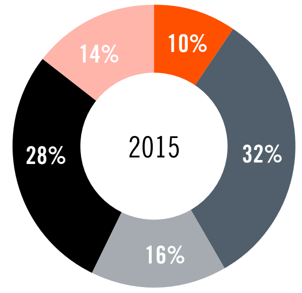
Major shareholders 31 December 2015	Number of shares	%
Intera Fund I Ky	907,599	11.55
Etera Mutual Pension Insurance Company	475,000	6.04
Korkeela Esa Sakari	399,600	5.09
Nordea Fennia Fund	388,908	4.95
Kivi Risto Juhani	375,300	4.78
Keva	310,000	3.94
Kalevo Markku	296,900	3.78
Korkeela Antti Petteri	289,842	3.69
Ilmarinen Mutual Pension Insurance Company	246,000	3.13
Consti Group Plc	243,500	3.10
Sijoitusrahasto Aktia Capital	230,000	2.93
SEB Finlandia Investment Fund	202,000	2.57
OP-Delta Fund	199,931	2.54
Varma Mutual Pension Insurance Company	187,000	2.38
Tukinvest Oy	122,829	1.56
Sijoitusrahasto Säästöpankki Pienyhtiöt	120,000	1.53
Danske Invest Finnish Institutional Equity Fund	112,051	1.43
Danske Invest Finnish Small Cap Fund	112,050	1.43
Norvier Oy	106,463	1.35
Danske Invest Finnish Equity Fund	78,435	1.00
20 largest owners, total	**5,403,408**	**68.76**
Nominee registered	1,123,564	14.30
Others	1,331,295	16.94
Total	**7,858,267**	**100.00**

Distribution of shareholding by size range



- 1–100
- 101–1,000
- 1,001–10,000
- 10,001–100,000
- 100,000–500,000
- 500,001–

Distribution of shareholding by sector



- Corporations
- Financial and insurance institutions
- Public sector organisations
- Non-profit institutions
- Households
- Foreign shareholders

Shareholders

At the end of December 2015, Consti Group Plc had 983 shareholders in the share register. Distribution of shareholders is shown in the table and graphs presented above. At the end of December 2015, non-Finnish shareholders held approximately 14.3% of Consti Group Plc's shares. All of the shares held by non-Finnish shareholders were nominee-registered. Only shares registered in the shareholders' own name entitle their holders to vote at Shareholders' Meetings.

Annual General Meeting

Consti Group Plc's Annual General Meeting (AGM) will be held on Wednesday 6 April 2016 at 1.00 p.m. at conference room Explore of Hotel Scandic Park, address Mannerheimintie 46, FI-00260 Helsinki, Finland.

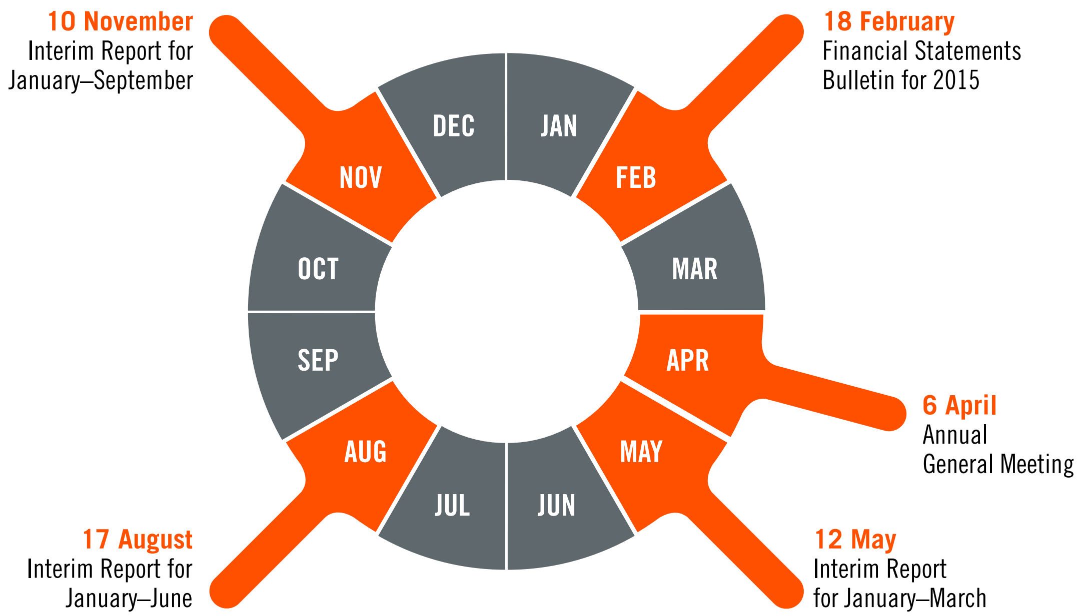
Shareholders who wish to attend the AGM must be registered on 23 March 2016 in the company's shareholders' register held by Euroclear Finland Ltd. Shareholders must also give prior notice of their attendance to the company by 29 March 2016 at 4.00 pm. Such notice can be given:

a) on Consti Group Plc's website: www.consti.fi
b) by email to IR(at)consti.fi;
c) by telephone on +358 10 288 6440 from Monday to Friday between 9.00 a.m. and 4.00 p.m.; or
d) by letter addressed to Consti Group Plc, "Annual General Meeting", Hopeatie 2, FI-00440 Helsinki, Finland.

Dividend payment

The Board proposed to the Annual General Meeting that a dividend of EUR 0.39 be paid for the financial year 2015, representing 63.8 % of reported earnings per share.

Financial calendar 2016



Financial calendar in 2016

Consti shall publish three interim reports during 2016:

- Interim report 1-3/2016 will be published on 12 May 2016
- Interim report 1-6/2016 will be published on 17 August 2016
- Interim report 1-9/2016 will be published on 10 November 2016

Investor relations

The aim of Consti's investor relations activity is to support the appropriate valuation of the Consti share by providing capital markets with all essential up-to-date information about the company's business, strategy and financial position. In addition, Consti aims to increase interest in the company among equity investors and analysts, improve the loyalty of current shareholders and reach new investors and analysts interested in the company.

Consti observes a 21 days closed period preceding the publication of its results. During this time the company's representatives do not meet with investors or analysts, or comment on the company's financial position. At other times, we are happy to answer the enquiries of analysts and investors by phone or email, or at the investor meetings arranged.

Contact details

Marko Holopainen
CEO
tel: +358 400 458 158
marko.holopainen(at)consti.fi

Esa Korkeela
CFO
tel: +358 40 730 8568
esa.korkeela(at)consti.fi

Joni Sorsanen
Head of Investor Relations
& Group Controller
tel: +358 50 443 3045
joni.sorsanen(at)consti.fi

Financial documents can be obtained from:
Consti Group Plc
Hopeatie 2, FI-00440 Helsinki, Finland
tel: +358 10 288 6000
email: IR@consti.fi

Further investor information can be found at www.consti.fi → Investors

www.consti.fi