Financial Statements, 31 December 2014

Consti Yhtiöt Oy

(2203605-5)

English text is a translation of the official Financial Statements. In the event of any discrepancies between the Finnish and the English version, the Finnish version shall prevail.

Consti Yhtiöt Oy

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Consolidated statement of profit or loss and other comprehensive income

For the financial period 1 January to 31 December 2014

	Note	2014	2013
		€000	**€000**
Revenue	5	**215 933**	**171 880**
Other income	7	**519**	**553**
Changes in inventories of finished goods and work in progress		38	8
Materials and services	8	-147 925	-115 942
Employee benefit expenses	9	-45 222	-38 570
Depreciation	11	-1 959	-1 476
Other expenses	10	-13 545	-10 934
Total expenses		**-208 613**	**-166 914**
Operating profit		**7 839**	**5 519**
Financial income	12	30	19
Financial expenses	12	-5 243	-4 848
		-5 213	-4 829
Profit before taxes		**2 626**	**690**
Income taxes	13	0	-1
Deferred taxes	13	-646	-404
***Profit for the year**		**1 980**	**285**
Total other comprehensive income for the year		**1 980**	**285**

*The Group has no other items of comprehensive income items

Consolidated statement of financial position

31 December 2014

Assets	Note	2014 €000	2013 €000	1.1.2013 €000
Non-current assets				
Property, plant and equipment	15	5 918	5 987	5 591
Goodwill	17	43 484	43 142	43 142
Other intangible assets	16	641	383	447
Available-for-sale financial assets	18	65	104	104
Long-term loan receivables		0	66	64
Deferred tax assets	13	255	937	1 345
		50 363	**50 619**	**50 693**
Current assets				
Inventories	20	591	445	592
Trade and other receivables	21	34 583	24 177	20 034
Cash and cash equivalents	22	10 324	1 032	1 462
		45 498	**25 654**	**22 088**
Total assets		**95 861**	**76 273**	**72 781**

Equity and liabilities	Liite	2014 €000	2013 €000	1.1.2013 €000
Equity				
Share capital	23	3	3	3
Reserve for invested non-restricted equity	23	6 431	6 427	6 406
Treasury shares	23	-305	-44	-42
Retained earnings		-7 644	-7 919	-7 915
Profit for the year		1 980	285	0
Total equity		**465**	**-1 248**	**-1 548**
Non-current liabilities				
Interest bearing loans and borrowings	25	50 614	51 423	50 366
		50 614	**51 423**	**50 366**
Current liabilities				
Trade and other payables	26	39 895	21 732	18 781
Interest bearing loans and borrowings	25	3 946	3 944	4 850
Provisions	24	941	422	332
		44 782	**26 098**	**23 963**
Total liabilities		**95 396**	**77 521**	**74 329**
Total equity and liabilities		**95 861**	**76 273**	**72 781**

Consolidated statement of other comprehensive

For the period ended 31 December 2014

	Equity attributable to the equity holders of the parent company					
	Share capital	**Reserve for invested non-restricted equity**	**Treasury shares**	**Retained earnings**	**Total**	**Total equity**
	€000	**€000**	**€000**	**€000**	**€000**	**€000**
Equity on 1 January 2014	**3**	**6 427**	**-44**	**-7 634**	**-1 251**	**-1 248**
Total other comprehensive income for the period	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 treasury shares	0	0	-261	0	-261	-261
Total transactions with shareholders	0	4	-261	-10	-267	-267
Equity on 31 December 2014	**3**	**6 431**	**-305**	**-5 664**	**462**	**465**

For the period ended 31 December 2013

	Equity attributable to the equity holders of the parent company					
	Share capital	**Reserve for invested non-restricted equity**	**Treasury shares**	**Retained earnings**	**Total**	**Total equity**
	€000	**€000**	**€000**	**€000**	**€000**	**€000**
Equity on 1 January 2013	**3**	**6 406**	**-42**	**-7 915**	**-1 551**	**-1 548**
Total other comprehensive income for the period	0	0	0	285	285	285
Transactions with shareholders						
Equity component of the convertible loan	0	21	0	0	21	21
Loss from the repurchase of the convertible bond to be recognised in equity	0	0	0	-4	-4	-4
Purchase of treasury shares	0	0	-2	0	-2	-2
Total transactions with shareholders	0	21	-2	-4	15	15
Equity on 31 December 2013	**3**	**6 427**	**-44**	**-7 634**	**-1 251**	**-1 248**

Consolidated statement of cash flows

For the period ended 31 December 2014

	Note	2014	2013
		€000	**€000**
Operating activities			
Operating profit		7 839	5 519
Adjustments:			
Depreciation		1 959	1 476
Other adjustments		9	-40
Change in working capital		8 061	-957
Net cash flows from operating activities before financial expenses and taxes		17 868	5 998
Financial income		30	19
Financial expenses		-1 771	-1 649
Income taxes paid, net		-2	3
Net cash flows from operating activities (A)		**16 125**	**4 371**
Investing activities			
Acquisition of subsidiaries, net of cash	4	-380	0
Capital used for purchase of intangible assets and property, plant and equipment		-2 158	-1 976
Proceeds from sale of property, plant and equipment		211	208
Proceeds for sale of available-for-sale financial assets		39	0
Net cash flows from investing activities (B)		**-2 288**	**-1 768**
Financing activities			
Purchase of treasury shares		-261	-2
Other changes in equity		-5	17
Change in interest bearing loans and borrowings		-4 279	-3 048
Net cash flows from financing activities (C)		**-4 545**	**-3 033**
Change in cash during period (A+B+C)		9 292	-430
Balance, beginning of period		1 032	1 462
Balance, at end of period		**10 324**	**1 032**

Ratios

Income statement, 1 January to 31 December	2014 IFRS €000	2013 IFRS €000	2013 FAS €000	2012 FAS €000
Revenue	215 933	171 880	171 561	141 872
Adjusted EBITDA	9 830	6 995	6 568	4 341
Adjusted EBITDA, %	4,6 %	4,1 %	3,8 %	3,1 %
EBITDA	9 798	6 995	6 568	4 341
EBITDA margin, %	4,5 %	4,1 %	3,8 %	3,1 %
Adjusted operating profit	7 871	5 519	348	-1 883
Adjusted operating margin, %	3,6 %	3,2 %	0,2 %	-1,3 %
Operating profit	7 839	5 519	348	-1 883
Operating profit margin, %	3,6 %	3,2 %	0,2 %	-1,3 %
Profit before taxes	2 626	690	-4 859	-6 516
% of revenue	1,2 %	0,4 %	-2,8 %	-4,6 %
Profit for the year	1 980	285	-4 829	-6 525
% of revenue	0,9 %	0,2 %	-2,8 %	-4,6 %
Balance sheet				
Total assets and liabilities	95 861	76 273	59 123	60 565
Net interest bearing debt	44 236	54 335	52 880	52 278
Ratios and other information				
Free cash flow	15 710	4 022	4 728	5 498
Cash conversion, %	160 %	57 %	72 %	127 %
Order book	163 447	117 900	117 900	96 900
New orders	227 288	162 749	162 749	161 655
Average number of personnel	797	686	686	660
Personnel at the end of the year	853	732	732	669
Earnings per share	48,0	6,9		

Formulas for ratios

EBITDA =	Operating profit + depreciation, amortisations and impairments
Interest bearing net debt =	Interest bearing loans and borrowings - cash
Average number of personnel =	The number of employees at the end of each calendar month during the financial year on average
Free cash flow =	Net cash flows from operating activities before financial expenses and taxes - capital used for purchase of intangible assets and property, plant and equipment
Cash conversion, % =	$\frac{\text{Free cash flow x 100}}{\text{EBITDA}}$
Earnings per share =	$\frac{\text{Profit attributable to equity holders of the parent company}}{\text{Weighted average number of shares during the year}}$
Adjusted EBITDA =	EBITDA before nonrecurring items
Adjusted operating profit =	Operating profit before nonrecurring items
Order book =	At the end of the period the amount, which has not been implemented in accordance with the percentage-of-completion method of construction contracts, including not started ordered construction contracts, long-term service agreements and the part of which has not been invoiced in ordered invoice based projects
New orders =	Orders of construction contracts, long-term service agreements and invoice based projects during the period

Notes to the consolidated financial statements

1. Accounting principles

GENERAL INFORMATION ABOUT THE GROUP

Consti Group is a leading Finnish renovation and maintenance company. Its broad range of services covers pipeline renovation, 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 Yhtiöt Oy, 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 financial statements of Consti Yhtiöt Oy for the financial year ending 31 December 2014 were approved for publication by its Board of Directors at its meeting on 21 October 2015. 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 2014. 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) and 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 Yhtiöt Oy, 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 retursn from the company and has the ability to affect these returns through its control over the company.

Intra-Group shareholdings is 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 pruchase 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 presentaion 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 acquisitions 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 2014 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 books	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 17 (“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 leases 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 convertible loana 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 usin 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 revenueaccording 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 revenuein 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 specifcally 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 amout, 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. More information on non-recurring items for the financial period is presented in note 10 Other operating expenses.

KEY ACCOUNTING ESTIMATES AND DECISIONS BASED ON JUDGMENT

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 14. 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.

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.

Notes to the consolidated financial statements

2.1. First-time Adoption of International Financial Reporting Standards

Consti Yhtiöt is publishing its first consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) for the financial year ending 31 December 2014 and presenting the comparative information for the financial year ending 31 December 2013. IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied in the preparation of the consolidated financial statements. The date of transition to IFRS is 1 January 2013. The Group previously observed the

The most material adjustments resulting from the transition are related to the treatment of business combinations in accordance with IFRS 3 *Business Combinations* , finance leases, financial instruments, transfers between items and confirmed losses, and IFRS adjustments to accrued taxes recognised.

The adjustments resulting from the transition to IFRS are presented in the tables below:

Reconciliation of consolidated equity on 1 January 2013 (date of transition to IFRS)

		Finnish Accounting Standards	Effects of transition to IFRS	Adjustments between items	IFRS, 1 January 2013
Assets	**Note**	**EUR '000**	**EUR '000**	**EUR '000**	**EUR '000**
Non-current assets					
Property, plant and equipment	A), B), F), H), I)	3 458	1 718	415	5 591
Goodwill 1	A)	33 281	9 861	0	43 142
Other intangible assets 1	A), I)	476	11	-41	447
Available-for-sale financial assets 2	B)	822	-718	0	104
Non-current loan receivables		64	0	0	64
Deferred tax assets 3	C)	0	1 481	-136	1 345
		38 102	12 353	238	50 693
Current assets					
Inventories	I)	967	0	-374	592
Trade and other receivables		20 034	0	0	20 034
Cash and cash equivalents		1 462	0	0	1 462
		22 463	0	-374	22 088
Total assets		**60 565**	**12 353**	**-136**	**72 781**
Equity and liabilities					
Equity					
Share capital		3	0	0	3
Reserve for invested non-restricted equity	D)	6 232	174	0	6 406
Treasury shares 4		-42	0	0	-42
Retained earnings 4	J)	-18 903	10 988	0	-7 915
Total equity		**-12 711**	**11 162**	**0**	**-1 548**
Non-current liabilities					
Interest bearing loans and borrowings 5	D)	49 740	627	0	50 366
Deferred tax liabilities 3	C)	136	0	-136	0
		49 876	**626**	**-136**	**50 366**
Current liabilities					
Trade and other payables 6	D), E), G)	19 067	-287	0	18 781
Interest bearing loans and borrowings	D)	4 000	850	0	4 850
Provisions 7		332	0	0	332
		23 400	**563**	**0**	**23 963**
Total liabilities		**73 276**	**1 190**	**-136**	**74 329**
Total shareholders' equity and liabilities		**60 565**	**12 352**	**-136**	**72 781**

1 The FAS figures for Other intangible assets and Goodwill include an adjustment of EUR 13,000 between the items related to the recognition of business acquisitions in accordance with FAS in previous financial years.

2 Available-for-sale financial assets consist of the following items, which are presented separately on the FAS balance sheet: investments and financial securities.

3 On the FAS balance sheet, deferred tax liabilities are presented under current liabilities, whereas on the IFRS balance sheet, deferred taxes have been offset under deferred tax assets.

4 On the FAS balance sheet, treasury shares were recognised under retained earnings. Retained earnings include the loss for the financial year ending 31 December 2012.

5 Non-current interest bearing loans and borrowings consist of the following items, which are presented under non-current liabilities on the FAS balance sheet: capital loans, convertible loans, long-term loans from financial institutions, long-term hire purchase debts and other debts.

6 Trade and other payables consist of the following items, which are presented separately on the FAS balance sheet: advances received, trade payables, other payables and accrued liabilities.

7 Provisions include provisions in accordance with the FAS balance sheet.

Notes to the consolidated financial statements

2.2. First-time Adoption of International Financial Reporting Standards

Reconciliation of consolidated equity on 31 December 2014

Assets	Note	Finnish Accounting Standards EUR '000	Effects of transition to IFRS EUR '000	Adjustments between items EUR '000	IFRS, 31 December 2014 EUR '000
Non-current assets					
Property, plant and equipment	A), B), F), H), I)	3 458	1 914	546	5 918
Goodwill	A)	23 869	19 614	0	43 484
Other intangible assets	A), I)	685	128	-172	641
Available-for-sale financial assets [1]	B)	783	-718	0	65
Deferred tax assets [2]	C)	0	361	-106	255
		28 795	21 300	269	50 363
Current assets					
Inventories	I)	966	0	-374	591
Trade and other receivables		34 583	0	0	34 583
Cash and cash equivalents		10 324	0	0	10 324
		45 873	0	-374	45 498
Total assets		**74 668**	**21 299**	**-106**	**95 861**
Equity and liabilities					
Equity					
Share capital		3	0	0	3
Reserve for invested non-restricted equity	D)	6 232	199	0	6 431
Treasury shares [3]		-305	0	0	-305
Retained earnings [3]	J)	-23 732	16 089	0	-7 644
Profit (loss) for the period		-1 813	3 793	0	1 980
Total equity		**-19 615**	**20 080**	**0**	**465**
Non-current liabilities					
Interest bearing loans and borrowings [4]		49 918	695	0	50 614
Deferred tax liabilities [2]	C)	106	0	-106	0
		50 024	**695**	**-106**	**50 614**
Current liabilities					
Trade and other payables [5]	D), E), G)	40 318	-422	0	39 895
Interest bearing loans and borrowings	D)	3 000	946	0	3 946
Provisions [6]		941	0	0	941
		44 259	**523**	**0**	**44 782**
Total liabilities		**94 283**	**1 219**	**-106**	**95 396**
Total equity and liabilities		**74 668**	**21 299**	**-106**	**95 861**

1 Available-for-sale financial assets consist of the following items, which are presented separately on the FAS balance sheet: investments and financial securities.

2 On the FAS balance sheet, deferred tax liabilities are presented under current liabilities, whereas on the IFRS balance sheet, deferred taxes have been offset under deferred tax assets.

3 On the FAS balance sheet, treasury shares were recognised under retained earnings.

4 Non-current interest bearing loans and borrowings consist of the following items, which are presented under non-current liabilities on the FAS balance sheet: capital loans, convertible loans, long-term loans from financial institutions, long-term hire purchase debts and other debts.

5 Trade and other payables consist of the following items, which are presented separately on the FAS balance sheet: prepayments received, trade payables, other payables and accrued liabilities.

6 Provisions include provisions in accordance with the FAS balance sheet.

Notes to the consolidated financial statements

2.3. First-time Adoption of International Financial Reporting Standards

Reconciliation of the consolidated statement of comprehensive income for the financial year ending 31 December 2014

	Note	Finnish Accounting Standards EUR '000	Total effects of transition to IFRS EUR '000	IFRS for the financial year ending 31 December 2014 EUR '000
Revenue [1]		**215 933**	**0**	**215 933**
Other income [1]	A)	**504**	**14**	**519**
Changes in inventories of finished goods and work in progress		38	0	38
Materials and services [2]		-147 925	0	-147 925
Employee benefit expenses	E)	-45 211	-11	-45 222
Depreciation	A), B), F), H)	-6 375	4 416	-1 959
Other expenses [2]	A), F), H)	-13 886	341	-13 545
Total expenses		**-213 359**	**4 746**	**-208 613**
Operating profit		**3 079**	**4 760**	**7 839**
Financial income		30	0	30
Financial expenses	D), F), G)	-4 922	-321	-5 243
		-4 892	**-321**	**-5 213**
Profit before taxes		**-1 814**	**4 440**	**2 626**
Income taxes		**0**	**0**	**0**
Deferred taxes	C)	1	-647	-646
Profit (loss) for the year		**-1 813**	**3 793**	**1 980**
Total other comprehensive income for the year		**-1 813**	**3 793**	**1 980**

1 The FAS figures for Revenue and Other income include an adjustment of EUR 767,000 between items related to the elimination of intra-group transactions.

2 The FAS figures for Materials and Services and Other expenses include an adjustment of EUR 767,000 between items related to the elimination of intra-group transactions.

Notes to the consolidated financial statements

2.4. First-time Adoption of International Financial Reporting Standards

A) Business combinations

Consti Yhtiöt has decided to apply to IFRS 3 Business combinations standard retrospectively to all its acquisitions made before the date of transition to IFRS. The first acquisition recognised in accorance with IFRS 3 has been made on 31 July 2008.

The most significant differences in business combinations concern the following matters:

- In FAS financial statements, the difference between the purchase price and the subsidiary's equity at the time of acquisition creates a positive or negative consolidation difference, which is allocated to the subsidiaries' assets that are considered to have generated the difference. The part of the positive or negative consolidation difference that cannot be allocated creates positive or negative goodwill on consolidation. A similar principle is applied to determining goodwill arising from a business combination. In IFRS financial statements, goodwill arising from a business combination is measured as 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 exceedign the fair value of the net of assets.

- In FAS financial statements, positive goodwill on consolidation is amortised over its useful life and negative goodwill on consolidation is recognised as income in the consolidated income statement when the corresponding expense or loss is recognised as an expense in the subsidiary's income statement or is reciprocated by a realised gain. In IFRS financial statements, goodwill is not depreciated. Instead, a cash-generating unit to which goodwill is allocated must be tested for impairment annually or more frequently if circumstances indicate that impairment may have occurred. The impairment test is conducted by comparing the carrying amount of the asset, including goodwill, against its recoverable amount. If the identifiable assets and liabilities of the object of acquisition, which are measured at fair value at the time of acquisition, exceed the consideration for the acquisition, the profit arising from this must be recognised through profit or loss at the time of acquisition.

- When applying the acquisition cost method in accordance with FAS financial statements, the acquisition cost of the subsidiary or business operation includes the transaction costs related to the acquisition. In IFRS financial statements, the transaction costs related to the acquisition are recognised as expenses in the periods during which the costs occur and the services are rendered.

- In FAS financial statements, goodwill includes intangible assets acquired in a business combination that the object of acquisition has not recorded as assets in its financial statements. In IFRS financial statements, identifiable intangible assets are measured at fair value and recognised separately from goodwill.

The total consideration on acquisitions transferred prior to the transition to IFRS standards was measured, in accordance with IFRS 3, EUR 72,252 thousand. The fair value of the acquired assets and liabilities assumed were in total, at the time of acquisition, the following:

	Recognised value €000
Property, plant and equipment	4 776
Order book	3 497
Other intangible assets	442
Investments	1 991
Deferred tax assets	40
Inventories	850
Trade and other receivables	45 124
Financial securities	408
Cash	19 002
Total assets	76 130

Non-current interest bearing liabilities	479
Deferred tax liabilities	1 097
Provisions	125
Current interest bearing liabilities	224
Trade and other payables	45 728
Total liabilities	47 653

EUR 43,854 of goodwill resulted from the acquisitions. As a result of one acquisition, EUR 79 thousand of profit arose from an inexpensive transaction, which was recognised against retained earnings on the date of transition to IFRS standards. The amount of goodwill in FAS financial statements amounted to EUR 33,281 thousand on 1 January 2013, which was the date of transition to IFRS, and EUR 23,869 thousand on 31 December 2014. The amount of goodwill in IFRS financial statements amounted to EUR 43,142 thousand on 1 January 2013 and EUR 43,484 thousand on 31 December 2014. The difference of EUR 712 thousand between goodwill determined in accordance with IFRS 3 and the goodwill recognised in opening balance on 1 January 2013 is related to goodwill directed to subsidiary named Restamaster in conjunction with the acquisition. Consti group gave up Restamaster in 2012.

The difference between the FAS and the IFRS primarily arises from depreciation of goodwill, which is cancelled in the IFRS. In addition, the difference arises from allocating the transaction price to order books and eliminating the transaction costs related to the acquisition from goodwill, as well as other differences between preparing acquisition cost calculations in accordance with the FAS and the IFRS. The most significant adjustments between FAS and IFRS regarding the opening balance on 1 January 2013 and balance on 31 December 2014 have been described below.

Goodwill depreciation recognised in FAS of EUR 16,112 thousand in total were reversed in the opening balance on 1 January 2013. In the IFRS balance sheet of the group on 31 December 2014 goodwill depreciation of EUR 26,043 thousand was reversed, which also includes the goodwill depreciations of the acquisitions made in 2014.

In FAS financial statements, the order books of the objects of acquisition at the time of acquisition are in-cluded in goodwill. In IFRS financial statements, order books are identifiable assets of the acquired business operation, are measured at fair value and are recognised in intangible assets separately from goodwill. In acquisitions made before the date of transition to IFRS, a total of EUR 3,497 thousand of the purchase price
was allocated to the order books of the acquired business operations and EUR 909 thousand was recog-nised as deferred tax liability. The useful life of the order books was estimated to be 1-2 years. On the date of transition to IFRS standards, the order books, adjusted with deferred taxes, were recognised entirely against retained earnings. Related to acquisitions carried out in 2014, undepreciated value of order books amounted to EUR 124 thousand and deferred tax liabilities related thereof amounted to EUR 25 thousand in IFRS balance sheet on 31 December 2014. The depreciation for the financial year 2014 amounted to EUR 67 thousand and the related change in deferred tax liability amounted to EUR 15 thousand. In the financial year 2014 was additionally recognized a profit of EUR 14 thousand due to an inexpensive transaction. The profit directed to order book was acquired in conjunction with the business combination carried out in the financial year.

In opening IFRS balance sheet on 1 January 2013, EUR 2,682 thousand of transaction costs related to acquisitions was eliminated from the goodwill against retained earnings. Transaction costs were mainly related to acquisitions of subsidiaries, and therefore no deferred tax assets were recognised. In IFRS balance sheet on 31 December 2014, EUR 2,732 of transaction costs were eliminated from goodwill, of which EUR 2,682 thousand against retained earnings and EUR 51 thousand were recognised as expenses to income statement for the financial year 2014.

The acquisitons in 2014 are described in more detail in note 4.

B) Joint operation

The Group owns 36 percent of Koy Kelahallit, a mutual real estate company that owns and manages a property in Vantaa, Finland. The Group’s investment in Kiinteistö Oy Kelahallit is recognised as a joint operation in accordance with IFRS 11 Joint Arrangements standard, as the shareholders of the mutual real estate company are considered to have joint control of the company, as well as rights concerning the company’s assets and obligations concerning its liabilities. Kiinteistö Oy Kelahallit is consolidated into the Company’s financial statements using the proportional consolidation method. In the IFRS financial statements, the fair value at time of acquisition of the shares recognised as investments in the FAS financial statements, EUR 718 thousand, is divided into a land area, EUR 175 thousand, and a building, EUR 448 thousand, in proportion to their balance sheet values at the time of acquisition. The building is subject to depreciation according to plan over a period of 20 years. In the opening balance of 1 January 2013, the retained depreciation for the building amounted to EUR 95 thousand and on 31 December 2014, the retained depreciation amounted to EUR 149 thousand. Depreciation for the financial year 2014 amounted to EUR 27 thousand and related change in deferred tax liability amounted to EUR 5 thousand.

C) Deferred taxes

In accordance with the principle of prudence the Company has not recognised deferred tax assets for unused tax losses in its FAS financial statements. According to IAS 12 Income Taxes, deferred tax assets are recognised for unused tax losses and unused tax credits up to the amount that it is likely that there will be taxable profit against which deductible losses and credits can be used. In opening IFRS balance on 1 January 2013, Consti posted deferred tax assets based on unused tax losses of EUR 1 415 thousand and on 31 December 2014 EUR 358 thousand.

With the exception of deferred taxes related to allocations of positive consolidation differences recognised in conjunction with acquisitions, the Company has not recognised deferred taxes in its FAS financial statements. On its IFRS balance sheet, the Company has recognised deferred tax liabilities for all of its taxable and deferred tax assets and all of its deductible temporary differences between an asset or the carrying amount of a liability on the balance sheet and its tax base.

In the opening IFRS balance sheet on 1 January 2013, a total of EUR 145 thousand was recognised in deferred tax assets resulting from temporary differences, which mainly related to marking of interest derivatives in fair value as well as retrospective adjustments made in the economic life of property, plant and equipment. In balance sheet on 31 December 2014, EUR 120 thousand was recognised in deferred tax assets resulting from temporary differences, mainly relating to retrospective adjustments made in the economic life of property, plant and equipment as well as provisions.

On 1 January 2013, the group recognised EUR 79 thousand in deferred tax liabilities, which mainly related to marking of liability related component of the convertible loan in fair value, depreciation of goodwill of sale of assets made in tax assessment as well as adjustments made in transaction costs of bank loans. In balance sheet 31 December 2014, Consti recognised EUR 117 thousand in deferred tax liabilities resulting from temporary differences, which mainly resulted from the same adjustments as made in the opening IFRS balance sheet as well as acquisitions made in 2014.

The Company offsets deferred tax assets and deferred tax liabilities from each other only in the event that it 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 taxes levied by the same tax authority, either from the same taxable entity or different taxable entities that intend to set off the 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. The Company has offset tax assets and liabilities against each other in accordance with the notes presented above on its balance sheet on 1 January 2013 and 31 December 2014. The net change in deferred tax assets and deferred tax liabilities directed at the financial year 2014 based on transition to IFRS standards amounted to EUR 647 thousand.

D) Interest bearing loans and borrowings

In 1 January 2013, Consti had interest bearing debts in the FAS balance sheet of EUR 53,740 thousand and on 31 December 2014 of EUR 52,918 thousand. On 1 January 2013, EUR 19,922 thousand of this and on 31 December 2014 EUR 13,640 thousand were loans from financial institutions. Loans from financial institutions involve transaction costs, which are recognised as a cost at the time of realisation in the FAS financial statements. According to IAS 39 Financial Instruments: Recognition and Measurement standard, financial liabilities that are not measured at fair value through profit or loss are initially measured at fair value plus the transaction costs immediately arising from the acquisition or issuance of the financial liability. Loans will later be measured at amortised cost. The difference between the amount received less transaction costs and the amount to be repaid is recognised in the income statement using the effective interest method over the term of the loan.

In opening IFRS balance on 1 January 2013, Consti recognised transaction costs of EUR 51 thousand as deduction of interest-bearing liabilities and borrowings and EUR 39 thousand, adjusted with deferred taxes, as increase in retained earnings relating to effective interest rate method. In the IFRS balance sheet on 31 December 2014, EUR 287 thousand of transaction costs was recognised as decrease in interest-bearing liabilities and borrowings, EUR 180 thousand as increase in financing expenses for the financial year and EUR 373 thousand, adjusted by deferred tax, as increase in retained earnings. Change in deferred tax amounted to EUR 36 thousand directed for the financial year 2014.

The Group has convertible loans, which were measured at acquisition cost in the FAS financial statements. According to IAS 32 Financial Instruments: Presentation, convertible loans are divided into an equity component and a liability component in IFRS financial statements. The initial carrying amount of the liability component is determined based on the fair value of an equivalent loan that does not contain an equity component. The carrying amount of the equity component is then determined by deducting the fair value of the liability component from the fair value of the entire convertible loan. Deferred tax liabilities related to a temporary difference between the carrying amount of the liability component and its tax base are offset in the equity component.

Relating to convertible loans, in the opening IFRS balance sheet on 1 January 2013, EUR 174 thousand was recognised in equity, in reserve for invested non-restricted equity, interest-bearing liabilities and borrowings were decreased by EUR 210 thousand and EUR 51 thousand was recognised in deferred tax liabilities. EUR 15 thousand was decreased in retained earnings relating to effective interest rate method. In IFRS balance sheet on 31 December 2014, EUR 199 thousand was recognised in reserve for invested non-restricted equity relating to liability compoment,interest-bearing liabilities and borrowings were decreased by EUR 73 thousand and EUR 15 thousand was recognised in deferred tax liabilities. EUR 57 thousand was recognised in decrease in retained earnings for the financial year 2014 and EUR 67 thousand was added to interest expenses relating to effective interest rate method. Change in deferred tax directed for the financial year 2014 amounted to EUR 17 thousand.

Capital loans in accordance with Chapter 12 of the Companies Act that are recognised as non-current liabilities in the FAS financial statements are classified as financial liabilities in accordance with IAS 32, as the Group has a contractual liability to surrender cash assets related to these. In the opening IFRS balance on 1 January 2013, the non-current interest bearing loans and borrowings included capital loans of EUR 26, 379 thousand and in the balance on 31 December 2014 EUR 31,829 thousand.

E) Service awards

Some of the Group’s employees are entitled to service awards, such as extra leave and employment anniversary gifts, which are considered to be “other long-term benefits” in accordance with IAS 19 Employee Benefits. The Group has determined and recognised the current value of the liabilities related to these benefits on the balance sheet. In the FAS financial statements, service awards are not presented on the balance sheet. In the opening IFRS balance on 1 January 2013, EUR 21 thousand were recognised as debt relating to service awards, and EUR 16 thousand as deduction of retained earnings adjusted with deferred tax. In the IFRS balance sheet on 31 December 2014 EUR 37 thousand was recognised as debt, EUR 25 thousand as deduction of retained earnings adjusted with deferred tax and EUR 9 thousand as cost for the financial year adjusted with deferred tax.

F) Leases

The Group has leased vans, tools and certain other assets. According to with IAS 17 Leases standard, such lease agreements are classified as finance lease agreements, and the lessee must recognise them as assets and liabilities on its balance sheet. Depreciation is recognised on leased assets in accordance with IAS 16 Property, Plant and Equipment, applying the same principles as are applied to equivalent owned assets. The financing component included in leases is recognised as a financial expense using the effective interest method over the lease term. According to the FAS, finance lease agreements must not be recognised on the balance sheet. Instead, rents paid based on finance lease agreements are recognised in other expenses on an accrual basis.

On the transition date to IFRS on 1 January 2013, Consti recognised EUR 1,229 thousand of assets leased by finance lease agreements to property, plant and equipment, machinery and equipment, and related leasing liability of EUR 1,240 thousand to interest-bearing liabilities and borrowings.EUR 3 thousand was recognised as deferred tax assets and EUR 8 thousand as deduction of retained earnings. In balance on 31 December 2014, EUR 1,484 thousand was recognised as property, plant and equipment, machinery and equipment, EUR 1,501 thousand as interest bearing liabilites and borrowings, EUR 3 thousand as deferred tax assets, EUR 13 thousand as deduction of retained earnings. In the income statement of the financial year 2014, EUR 340 thousand was recognised as increase in depreciation, EUR 417 thousand as decrease in other expenses and EUR 75 thousand as increase in financing expenses.

G) Derivatives

The Company has interest rate swaps to which it does not apply IFRS hedge accounting. Interest rate derivatives are not recognised in the balance sheet in the FAS financial statements. In the IFRS financial statements, the Company has classified interest rate derivatives as held-for-trading in accordance with IAS 39 Financial Instruments: Recognition and Measurement -standard, meaning that they are measured at fair value and changes in fair value are recognised through profit or loss. In the opening IFRS balance sheet on 1 January 2013, interest rate swaps were recognised at fair value of EUR 192 thousand in other liabilities and, offset with deferred taxes of EUR 47 thousand, as deduction in retained earnings. In the IFRS balance sheet on 31 December 2014, from the rate swaps was recognised EUR 40 thousand to other liabilities, EUR 8 thousand to deferred tax assets and EUR 46 thousand as deduction of retained earnings. In the income statement directed at the financial year 2014, the change recognised in the fair value of financial expenses was EUR 17 thousand and the change in deferred taxes related thereof amounted to EUR 3 thousand.

H) Changes in depreciation plans

In accordance with the IFRS, depreciation is recognised on an asset based on the period of time that the asset is expected to be available for the Group. The Company has harmonised its depreciation plans in conjunction with its adoption of the IFRS. Net deduction arising from the changes in estimations of useful life in the opening IFRS balance sheet in property, plant and equipment was EUR 134 thousand and increase in deferred tax assets related thereof was EUR 74 thousand on 1 January 2013. Corresponding net deduction in IFRS consolidated balance sheet on 31 December 2014 was EUR 135 thousand and increase in deferred tax assets was EUR 74 thousand. Change in the depreciation plan increased depreciations for the financial year 2014 by EUR 96 thousand. In the financial year 2014 was additionally recognised an addition of EUR 25 thousand in other expenses regarding disposition of property, plant and equipment during the financial year. Adjusted and undepreciated acquisition cost of the property, plant and equipment exceeded the payment received thereof. Changes in deferred tax assets, resulting from adjustments, were EUR 36 thousand.

I) Adjustments between items (adjustments that do not affect the Group’s equity)

In the FAS financial statements, the Group has capitalised renovation expenses related to rental apartments and installation expenses related to acquired servers in intangible assets. In the IFRS financial statements, these are tangible assets by nature. For this reason, they have been transferred to tangible fixed assets and recognised in buildings and constructions and in machinery and equipment. In the opening balance on 1 January 2013, the transfered amount was EUR 41 thousand and on 31 December EUR 172 thousand.

The Group owns a plot of land with a carrying amount of EUR 374 thousand. The plot was originally acquired in conjunction with a business acquisition. Before the acquisition, the acquired subsidiary had planned to start developer contracting operations on the plot, for which reason the plot is recognised in inventories in the FAS financial statements. The Company is not planning to engage in developer contracting operations in the near future, nor is it actively planning to divest the plot, which is why the plot is recognised in tangible fixed assets in accordance with IAS 16 Property, Plant and Equipment.

J) Retained earnings

The table below presents a summary of the effects of the transition to IFRS on retained earnings including the profit for the year.

	1.1.2013 €000	31.12.2014 €000
Retained earnings FAS	**- 18 903**	**- 25 545**
IFRS adjustments:		
IFRS 3 Business combinations	9 878	19 713
IAS 19 Employee benefits	- 16	- 29
IFRS 11 Joint arrangements	- 72	- 115
IAS 12 Income taxes	1 425	377
IAS 32 and 39 Financial instruments	- 122	57
IAS 17 Leases	- 8	- 13
IFRS adjustments in total	11 085	19 990
Other adjustments	- 96	- 109
Retained earnings IFRS	**- 7 915**	**- 5 664**

Notes to the consolidated financial statements

3. Operating segments

Segment information
The Consti Group's parent company is Consti Yhtiöt Oy. 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.

	2014	2013
Revenue	**EUR '000**	**0**
Technical Building Services	95 390	78 486
Renovation Contracting	54 493	41 198
Building Facades	70 546	54 534
Parent company and eliminations	- 4 495	- 2 339
Total	215 933	171 880
Order book		
Technical Building Services	69 100	57 600
Renovation Contracting	36 547	23 400
Building Facades	57 800	36 900
Total	163 447	117 900
New orders		
Technical Building Services	88 761	72 962
Renovation Contracting	57 946	24 738
Building Facades	84 447	65 042
Parent company and eliminations	- 3 866	6
Total	227 288	162 749

Information on key customers
In the 1 January – 31 December 2014 and 1 January – 31 December 2013 financial years, 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.

Notes to the consolidated financial statements

4. Business acquisitions

Business acquisitions 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:

	Fair value
Assets	**EUR '000**
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.

Business acquisitions in 2013

The Company did not acquire any businesses in 2013.

Notes to the financial statements

5. Revenue

	2014	2013
	EUR '000	EUR '000
Income from construction contracts	190 077	157 585
Income from services	25 856	14 295
Total	**215 933**	**171 880**

Other information concerning construction contracts is presented in note 6. Construction contracts.

6. Construction contracts

	2014	2013
	EUR '000	EUR '000
Income from construction contracts recognised as income for the financial year	190 077	157 585
Accrued realised expenses and recognised gains less recognised losses from contracts in progress	180 852	122 884
Receivables from construction contracts	7 630	5 782
Advances received from construction contracts	11 880	6 700

The accrued expenses and recognised gains from construction contracts, which are higher than the amount invoiced for the contracts, are presented under the item Accounts receivable 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 Accounts payable and other payables.

7. Other income

	2014	2013
	EUR '000	EUR '000
Capital gains from the sale of property, plant and equipment	0	40
Government grants	52	41
Insurance indemnities and damages received	327	301
Other income items	140	170
Total	**519**	**553**

Notes to the consolidated financial statements

8. Materials and services

	2014 EUR '000	2013 EUR '000
Purchases of materials, supplies and goods	44 018	37 452
Increase (-) or decrease (+) in inventories	-106	158
External services	104 013	78 332
Other operating expenses, total	**147 925**	**115 942**

9. Employee benefit expenses

	2014 EUR '000	2013 EUR '000
Salaries	36 056	31 119
Pension expenses	6 714	5 597
Share-based payment transactions	0	0
Other social security expenses	2 452	1 853
Total	**45 222**	**38 570**

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

	2014	2013
Clerical employees	308	249
Other employees	489	437
Total	**797**	**686**

Information on the management's employee benefits and loans is presented in note 28 Related party transactions.

10. Other operating expenses

	2014 EUR '000	2013 EUR '000
Capital losses on and scrapping of property, plant and equipment	25	0
Production operating and maintenance expenses	3 746	2 309
Costs of facilities	1 370	1 243
Voluntary social security expenses	1 514	1 159
Travel expenses	2 242	1 859
Vehicle costs	934	920
Other fixed expenses	3 682	3 445
Non-recurring items	32	0
Other expenses, total	**13 545**	**10 934**

Auditor's fees

	2014	2013
Audit	120	54
Other assignments and statements of the auditor	4	0
Total	**124**	**54**

Non-recurring expense items affecting operating profit

	2014	2013
Planning of re-structuring	32	0
Total	**32**	**0**

Notes to the consolidated financial statements

11. Depreciation and amortisation

Depreciation by asset type	2014 EUR '000	2013 EUR '000
Intangible assets		
Allocation of acquisitions	67	0
Other intangible assets	154	149
Property, plant and equipment		
Buildings and structures	102	63
Machinery and equipment	1 296	972
Machinery and equipment, finance leasing	340	294
Other expenses, total	**1 959**	**1 476**

12. Financial income and expenses

	2014 EUR '000	2013 EUR '000
Financial income		
Interest income and other financial income	30	19
Financial income, total	**30**	**19**
Financial expenses		
Interest expenses on loans recognised at amortised cost	903	671
Interest expenses on convertible loans, shareholder loans and capital loans	3 679	3 362
Changes in value of financial instruments	-17	-135
Interest expenses on finance lease agreements	75	63
Other financial expenses	603	887
Financial income, total	**5 243**	**4 848**
Financial expenses, net	**5 213**	**4 829**

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 2013 and 2014 financial years. Information concerning derivative agreements is presented in note 18 Financial assets and liabilities.

Notes to the consolidated financial statements

13. Income taxes

The key components of income taxes in the financial periods ending on 31 December 2014 and 31 December 2013 are as follows:

Consolidated statement of comprehensive income	**2014**	**2013**
	EUR '000	**EUR '000**
Current income taxes	0	1
Taxes for the previous financial periods	0	0
Deferred taxes		
Origination and reversal of temporary differences	646	155
Change in Finnish tax rate	0	248
Total	**646**	**404**

Taxes recognised directly under equity	**2014**	**2013**
	EUR '000	**EUR '000**
Convertible loan	2	-4
Total	**2**	**-4**

Reconciliation of tax expenses and taxes calculated on the basis of the Finnish tax rate of 20% (2013: 24,5%):

	2014	**2013**
	EUR '000	**EUR '000**
Profit before taxes	**2626**	**690**
Taxes calculated on the basis of the Finnish tax rate of 20% (24.5%	525	169
Corrections to taxes in previous financial periods	0	0
Income not subject to tax	-2	-10
Non-deductible expenses	123	-3
Changes in deferred taxes – Changes in Finnish tax rate	0	248
Taxes for prior financial periods	0	0
Income taxes in the income statement	**646**	**404**

Deferred taxes

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

Reconciliation of deferred tax assets	**Consolidated balance sheet**			**Consolidated income statement**	
	2014	**2013**	**1.1.2013**	**2014**	**2013**
	EUR '000	**EUR '000**	**EUR '000**	**EUR '000**	**EUR '000**
Depreciation not deducted in taxes	74	38	74	36	-36
Deductible goodwill depreciation	-48	-38	-37	-10	-1
Capitalisation of tangible and intangible assets	-102	-86	-115	21	29
Losses confirmed in taxation	358	1 114	1 414	-756	-300
Provisions	21	9	9	12	0
Other items	-48	-101	0	51	-96
Deferred tax expenses(/income)				**-646**	**-404**
Deferred tax assets(/liabilities), net	**255**	**936**	**1 345**		

The balance sheet includes the following items:			
Deferred tax assets	478	1 187	1 560
Deferred tax liabilities	-223	-251	-215
Deferred tax assets(/liabilities), net	**255**	**936**	**1 345**

Reconciliation of deferred (net) tax assets	2014	2013	1.1.2013	2014	2013
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Deferred tax liabilities at the beginning of the perio	**936**	**1 345**	0	0	0
Deferred tax income(/expenses) in the consolidated st	-646	-405	0	0	0
Deferred tax liabilities related to the convertible loan	2	-4			
Deferred taxes transferred in the combination of business operations	-37	0	0	0	0
Deferred tax liabilities at the end of the period	**255**	**936**	**0**	**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 losses confirmed in taxation totalling EUR 1,792,000 (EUR 5,569,000 in 2013), which can be used to offset the taxable income of the Group company in which the losses arose.

	2014	2013
	EUR '000	EUR '000
To be used by 31.12.2018	0	22
To be used by 31.12.2020	0	260
To be used by 31.12.2021	0	2 345
To be used by 31.12.2022	1 163	2 396
To be used by 31.12.2023	546	546
To be used by 31.12.2024	83	0
Confirmed losses, total	**1 792**	**5 569**

The deferred tax assets related to the losses confirmed in taxation have not been recognised if the tax asset cannot be used to offset taxable income within the Group.

14. Earnings per share

The undiluted earnings per share are calculated by dividing the profit for the period attributable to the shareholders of the parent 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 is adjusted with interest recognised in the period related to dilutive potential ordinary shares, taking into account any tax effects.

Earnings per share	**2014**	**2013**
Profit for the period attributable to the shareholders of the parent (EUR '000)	1 980	285
Weighted average number of shares during the period	41 234	41 586
Earnings per share, undiluted (EUR)	48,0	6,9

Earnings per share, diluted	**2014**	**2013**
Profit for the period attributable to the shareholders of the parent	1 980	285
Interest related to the convertible component of the convertible loan, adjusted for tax effects (EUR '000)	84	75
Diluted earnings per share for the period (EUR '000)	2 064	360
Weighted average number of shares during the period	41 234	41 586
Weighted average number of potential ordinary shares during the period	8 084	8 008
Weighted average number of diluted shares during the period	49 318	49 594
Earnings per share, diluted (EUR)	41,9	6,9

Notes to the consolidated financial statements

15. Property, plant and equipment

	Land areas	Buildings and structures	Machinery and equipment	Other property, plant and equipment	Total
	EUR '000	**EUR '000**	**EUR '000**	**EUR '000**	**EUR '000**
Acquisition cost					
1 Jan. 2013	655	1 097	7 374	4	9 129
Additions	0	155	1 738	0	1 892
Business combinations	0	0	0	0	0
Disposals	0	0	-342	0	-342
31 Dec. 2013	**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**
Depreciation and impairment					
1 Jan. 2013	0	178	3 361	0	3 539
Depreciation for the period	0	63	1 265	0	1 328
Disposals	0	0	-174	0	-174
31 Dec. 2013	**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**
Carrying amount					
31 Dec. 2014	655	954	4 303	6	5 918
31 Dec. 2013	655	1 011	4 318	4	5 987

Finance lease agreements

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

	Machinery and equipment
31.12.2014	**EUR '000**
Acquisition cost	2 070
Accumulated depreciation	585
Carrying amount	**1 485**

31.12.2013	
Acquisition cost	1 904
Accumulated depreciation	409
Carrying amount	**1 495**

1.1.2013	
Acquisition cost	1 471
Accumulated depreciation	243
Carrying amount	**1 228**

Additions to the acquisition costs of property, plant and equipment include assets leased under finance lease agreements totalling EUR 404,000 in 2014 (EUR 667,000 in 2013).

Impairment

No impairment losses were recognised on the Group's production machinery in 2014.

Grants

The Group did not receive any grants for the acquisition of property, plant or equipment in 2014.

16. Intangible assets

	Goodwill	Other intangible assets	Total
	EUR '000	EUR '000	EUR '000
Acquisition cost			
1 Jan. 2013	**43 142**	**4 262**	**47 404**
Additions	0	**84**	84
Business combinations	0	**0**	0
31 Dec. 2013	**43 142**	**4 346**	**47 488**
Additions	0	**287**	287
Business combinations	342	**192**	534
31 Dec. 2014	**43 484**	**4 825**	**48 309**
Depreciation and impairment			
1 Jan. 2013	**0**	**3 814**	**3 814**
Depreciation for the period	0	**149**	149
31 Dec. 2013	**0**	**3 963**	**3 963**
Depreciation for the period	0	**221**	221
31 Dec. 2014	**0**	**4 184**	**4 184**
Carrying amount			
31 Dec. 2014	43 484	641	44 125
31 Dec. 2013	43 142	383	43 525

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

Notes to the consolidated financial statements

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

Carrying amount of goodwill attributed to cash-generating units

	2014	2013	1.1.2013
	EUR '000	EUR '000	EUR '000
Talotekniikka	18 649	18 307	18 307
Julkisivut	13 937	13 937	13 937
Korjausurakointi	10 898	10 898	10 898
TOTAL	43 484	43 142	43 142

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 book value 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 2014, 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 10.96% and 10.98% (11.71% – 11.80% in 2013) 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
- 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.

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 an impairment entry for any of the cash-generating units.

Notes to the consolidated financial statements

18. Financial assets and liabilities

Financial assets	2014 Carrying amount and fair value	2013 Carrying amount and fair value	1.1.2013 Carrying amount and fair value	Fair value hierarchy	Note
	EUR'000	EUR'000	EUR'000		
Investments available for sale at fair value					
Current financial assets					
Available-for-sale financial assets	65	104	104		
Investments available for sale at fair value, total	**65**	**104**	**104**		
Loans and other receivables at depreciated cost					
Current financial assets					
Trade receivables	24 682	16 271	14 291		21
Loans and other receivables at depreciated cost, total	**24 682**	**16 271**	**14 291**		
Cash and cash equivalents	10 324	1 032	1 462		22
Current financial assets, total	**35 070**	**17 407**	**15 858**		
Financial assets, total	**35 070**	**17 407**	**15 858**		

Financial liabilities	2014 Carrying amount and fair value	2013 Carrying amount and fair value	1.1.2013 Carrying amount and fair value	Fair value hierarchy	Note
	EUR'000	EUR'000	EUR'000		
Financial liabilities at depreciated cost					
Non-current financial liabilities					
Loans from financial institutions	10 353	13 174	15 589		25
Non-current convertible loans	4 382	3 986	3 499		25
Non-current hire purchase debt	373	496	627		25
Other debt	34 467	32 641	29 778		25
Finance leasing debts	1 039	1 126	872		25
Current financial liabilities					
Loans from financial institutions	3 000	3 000	4 000		25
Hire purchase debts	484	559	483		25
Finance leasing debts	462	386	368		25
Accounts payable	11 740	4 904	4 606		26
Financial liabilities at depreciated cost, total	**66 300**	**60 272**	**59 822**		
Held for trading at fair value					
Current financial liabilities					
Derivatives (not under hedge accounting)	40	57	192	2	
Held for trading at fair value, total	**40**	**57**	**192**		
Non-current financial liabilities, total	**50 614**	**51 423**	**50 366**		
Current financial liabilities, total	**15 726**	**8 906**	**9 648**		
Financial liabilities, total	**66 340**	**60 329**	**60 014**		

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 the 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 of 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.

Notes to the consolidated financial statements

19. 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 ends of the reporting periods, 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:

	2014	**2013**
Variable rate financing liabilities	13 640	16 640
Principal of the interest rate swap	10 093	11 093
Unhedged interest rate swap position	3 547	5 547
Hedging-%	74 %	67 %

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 53 thousand (EUR 54 thousand in 2013) 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 Company's Board of Directors has approved the main bank used by the Company and the counterparty and the limits of the derivative instruments. The Company'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 Company 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 96 thousand (EUR 295 thousand in 2013).

The age breakdown of the trade receivables has been presented in note 21, 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 2014, 7 % of the group's interest bearing debts are due within the following year (31 December 2013 7%, 1 January 2013 9%, based on the book value presented in the financial statements.

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

	31.12.2014	31.12.2013	1.1.2013
	€000	€000	€000
Undrawn loans	5 000	5 000	5 000
Cash and cash equivalents	10 324	1 032	1 462
Total	**15 324**	**6 032**	**6 462**

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, the ratio between cash flow and debt servicing expenses, and the ratio of EBITDA to net interest expenses. In addition, the loans include a covenant for the maximum amount of investments.

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 2014 (31 December 2013).

31.12.2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020-**	**Total**
	€000	€000	€000	€000	€000	€000	€000
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**

31.12.2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019-**	**Total**
	€000	€000	€000	€000	€000	€000	€000
Bank loans	3 477	3 387	10 868	0	0	0	17 731
Convertible loan	50	50	50	51	831	0	1 031
Finance leasing liabilities	407	349	264	186	20	0	1 226
Other interest bearing liabilities	3 580	3 929	4 313	4 734	57 235	0	73 791
Trade payables	4 904	0	0	0	0	0	4 904
	12 417	**7 714**	**15 495**	**4 971**	**58 087**	**0**	**98 684**

	2013	**2014**	**2015**	**2016**	**2017**	**2018-**	**Total**
1.1.2013	€000	€000	€000	€000	€000	€000	€000
Bank loans	4 550	15 716	0	0	0	0	20 266
Convertible loan	321	358	378	400	422	4 256	6 134
Finance leasing liabilities	320	280	224	140	71	0	1 035
Other interest bearing liabilities	2 953	3 522	3 868	4 248	4 667	51 819	71 077
Trade payables	4 606	0	0	0	0	0	4 606
	12 749	**19 876**	**4 470**	**4 788**	**5 160**	**56 074**	**103 118**

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 / EBITDA and cash conversion ratio to debt servicing expenses, 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.

Notes to the consolidated financial statements

20. Inventories

	2014	2013	1.1.2013
	EUR'000	**EUR'000**	**EUR'000**
Materials and supplies (measured at acquisition cost)	591	445	592
Total	**591**	**445**	**592**

No write-downs of inventories were made in the financial years 2014 or 2013.

21. Trade and other receivables

	2014	2013	1.1.2013
	EUR'000	**EUR'000**	**EUR'000**
Trade receivables	24 682	16 271	14 291
Receivables from construction contracts	7 920	5 782	3 861
Accrued income	1 946	2 087	34
Other receivables	35	37	1 847
Total	**34 583**	**24 177**	**20 034**

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 96,000 (EUR 295,000 in 2013) in impairment losses on accounts receivable. Acquiring guarantees on accounts receivable and other receivables is not a Group policy.

The age structure of accounts receivable is as follows:

	2014	2013	1.1.2013
	EUR'000	**EUR'000**	**EUR'000**
Undue	19 345	12 694	10 335
Fallen due			
< 30 days	4 134	2 474	2 064
30-60 days	592	446	543
61-90 days	199	232	367
> 90 days	412	424	981
Total	**24 682**	**16 271**	**14 291**

Note 18. Management of financing risks includes a description of how the Group manages and assesses the quality of credit with regard to accounts receivable that have not yet fallen due and the value of which is not impaired.

Notes to the consolidated financial statements

22. Cash and cash equivalents

	2014	2013	1.1.2013
	EUR'000	EUR'000	EUR'000
Cash at banks and on hand	10 324	1 032	1 462
Total	**10 324**	**1 032**	**1 462**

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 2014 was EUR 5,000,000 (EUR 5,000,000 in 2013).

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

	2014	2013	1.1.2013
	EUR'000	EUR'000	EUR'000
Cash at banks and on hand	10 324	1 032	1 462
Cash and cash equivalents	**10 324**	**1 032**	**1 462**

Notes to the consolidated financial statements

23. Equity

Share distribution and share capital

	Number of outstanding shares	Share capital, EUR'000	Treasury shares	Shares total
1.1.2013	41 592	2,5	330	41 922
Purchase of treasury shares	-24		24	
31.12.2013	41 568	2,5	354	41 922
Purchase of treasury shares	-1 318		1 318	
31.12.2014	40 250	2,5	1 672	41 922

The number of Consti Yhtiöt Oy shares is 41,922 in total and the share capital is EUR 2,500.
The company has one series of shares. The share has no nominal value.
All issued shares have been paid for in full.

Changes in the number of shares and corresponding changes to equity

	Outstanding shares	Share capital	Reserve for invested unrestricted equity	Treasury shares	Total
		EUR'000	**EUR'000**	**EUR'000**	**EUR'000**
1.1.2013	**41 592**	**2,5**	**6 406**	**-42**	**6 367**
Convertible loan equity component	0	0	21	0	**21**
Purchase of treasury shares	-24	0	0	-2	**-2**
31.12.2013	**41 568**	**2,5**	**6 427**	**-44**	**6 386**
Convertible loan equity component	0	0	4	0	**4**
Purchase of treasury shares	-1 318	0	0	-261	**-261**
31.12.2014	**40 250**	**2,5**	**6 431**	**-305**	**6 129**

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.

Dividends
No dividend was paid on 2013 and 2014.

Notes to the consolidated financial statements

24. Provisions

	Warranty provisions	Onerous contracts	Litigation provisions	Total
	EUR'000	**EUR'000**	**EUR'000**	**EUR'000**
31.12.2013	376	46	0	**422**
Arising during the year	837	104	0	**941**
Utilised provision	-376	-46	0	**-422**
Unused amounts received	0	0	0	**0**
31.12.2014	**837**	**104**	**0**	**941**
Current provisions	837	104	0	941
Total	**837**	**104**	**0**	**941**

	Warranty provisions	Onerous contracts	Litigation provisions	Total
	EUR'000	**EUR'000**	**EUR'000**	**EUR'000**
1.1.2013	226	46	60	**332**
Arising during the year	376	46	0	**422**
Utilised provision	-226	-46	-60	**-332**
Unused amounts received	0	0	0	**0**
31.12.2013	**376**	**46**	**0**	**422**
Current provision	376	46	0	422
Total	**376**	**46**	**0**	**422**

Warranty provisions

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

At the end of 2014 warranty provision were EUR 837 000 (EUR 376 000 in 2013).

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 a onerous cosntruction contracts has been recognised in full.

Notes to the consolidated financial statements

25. Financial liabilities

	2014	2013	1.1.2013
	EUR'000	**EUR'000**	**EUR'000**
Non-current financial liabilities			
Loans from financial institutions	10 353	13 174	15 589
Non-current convertible loan	4 382	3 986	3 499
Non-current hire purchase debt	373	496	627
Other debt	34 467	32 641	29 778
Finance leasing debts	1 039	1 126	872
Non-current financial liabilities, total	50 614	51 423	50 366
Current financial liabilities			
Loans from financial institutions	3 000	3 000	4 000
Hire purchase debts	484	559	483
Finance leasing debts	462	386	368
Current financial liabilities, total	3 946	3 945	4 851

The table includes accounts receivable and other receivables apart from those under note 26. Non-current other liabilities include loans to shareholders.

Finance leasing liabilities

	2014	2013	1.1.2013
	EUR'000	**EUR'000**	**EUR'000**
Finance leasing liabilities will mature as follows			
Minimum leases			
In less than a year	530	457	410
In 1 to 5 years	1 141	1 260	1 002
Minimum leases, total	1 671	1 717	1 413
Finance leasing liabilities will mature as follows			
Current value of minimum leases			
In less than a year	462	386	368
In 1 to 5 years	1 039	1 126	872
Minimum leases, total	1 501	1 513	1 240
Unaccrued financial expenses	170	204	173
Amount recognised as financial expense in the financial year	75	63	-

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

Notes to the consolidated financial statements

26. Trade and other payables

	2014	2013	1.1.2013
	EUR'000	**EUR'000**	**EUR'000**
Trade payable	11 740	4 904	4 606
Advances received from customers on construction contracts	11 880	6 700	5 728
Other payables	8 215	3 711	2 978
Liabilities based on derivatives contracts	40	57	192
Accrued liabilities	8 021	6 361	5 279
Total	**39 895**	**21 732**	**18 781**

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 19. Management of financial risks.

27. Commitments and contingent liabilities

Other lease agreements – Group as lessee

Minimum lease payment under non-cancellable other leases:

	2014	2013	1.1.2013
	EUR'000	**EUR'000**	**EUR'000**
Within 1 year	996	646	582
In 1 to 5 years	2 752	1 275	1 000
In more than 5 years	0	57	54
Total	3 747	1 979	1 637

The income statement includes EUR 952,000 (EUR 778,000 in 2013) in leases paid in the 2014 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

	2014	2013	1.1.2013
	EUR'000	**EUR'000**	**EUR'000**
Pledged floating charges	191 752	191 752	191 752
Carrying amount of pledged shares	68 560	68 560	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.

	2014	2013	1.1.2013
	EUR'000	**EUR'000**	**EUR'000**
Bank guarantees and guarantee insurance commitments for the duration of work and warranty periods	32 065	19 882	17 094
Rental deposits	327	193	151
	32 392	20 076	17 245

Notes to the consolidated financial statements

28. Related party transactions

Information about subsidiaries

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

Company name	Principal business	Country	Holding % 2014	2013	1.1.2013
Consti Talotekniikka Ltd	Technical building serv	Finland	100 %	100 %	100 %
Consti Korjausurakointi Ltd	Construction	Finland	100 %	100 %	100 %
Consti Julkisivut Ltd	Construction	Finland	100 %	100 %	100 %
Tampereen Kiinteistötekniikka Oy	Technical building serv	Finland	100 %	0 %	0 %

Entities holding significant control in the Group

Entity Intera Fund I Ky holds 62.1% of the Consti Yhtiöt Ltd shares (2013: 62.1%).

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
		EUR'000	EUR'000	EUR'000	EUR'000
Members of Group management	2014	23	18	4	10 450
	2013	5	49	0	9 671
	1.1.2013			0	8 834
Entities holding significant control in the Group	2014	0	0	0	25 718
	2013	19	411	0	23 397
	1.1.2013			2	21 256

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.

Employee benefits of management members	2014	2013
	EUR'000	EUR'000
Salaries and other short-term employee benefits	1 173	1 125
Total	**1 173**	**1 125**

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 29.

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

	2014	2013
	EUR'000	**EUR'000**
Salaries and remunerations		
CEO		
Holopainen Marko, CEO as of 21 March 2014	151	
Wasenius Kauko, CEO until 20 March 2014	100	243
Total	**251**	**243**
Board members and deputy members		
Jyrki Jalli	9	9
Antti Korkeela	9	9
Erkki Norvio	9	9
Janne Näränen	0	0
Petri Rignell	9	9
Pekka Salokangas	9	9
Total	**45**	**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 45,000 in 2014 (EUR 41,000 in 2013).

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

Notes to the consolidated financial statements

29. Share-based payments

The Group has convertible loans that are considered to be classified under IFRS 2 Share-bases Payment –standard's scope, since thare 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
1.6.2012	1050	1050	100
7.12.2012	66	66	100
14.12.2012	1996	1996	100
16.12.2013	423	423	180
31.10.2014	81	81	220
Total	**3616**	**3616**	

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. January 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:

	31.12.2014	16.12.2013	14.12.2012
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:

Movements during the year

	2014 Number	**2014 Price**	**2013 Number**	**2013 Price**
Special rights 1.1.	**3 347**	**110**	**3 112**	**100**
Granted	81	220	423	180
Forfeited	-446	105	-188	100
Exercised	-	-	-	-
Expired	-	-	-	-
Special rights 31.12.	**2 982**	**114**	**3 347**	**110**
Exercisable 31.12.	2 982	114	3 347	110

Notes to the consolidated financial statements

30. Events after the reporting period

Following the reporting period, the Consti Group has made changes associated with financial liabilities, the most significant of which are:

Repayment of convertible loans during the April to September 2015 period

Repayment of other non-current liabilities item in September 2015.

The finance leasing agreement model has been amended so that the leasing agreements for vehicles no longer meet the IAS 17 finance leasing classification.

A new loan agreement has been negotiated for the Company's loans from financial institutions, under which the loan amount has been increased, maturity extended, interest rate changes and the repayment schedule amended.

As a whole, the repayment of loans from shareholders and their partial replacement with a long-term financial institution loan has a significant impact on the company's financial expenses in the coming periods.

Following the reporting period, the Consti Group has taken actions that influence the amount of equity, the most significant of which are:

EUR 998,000 from the price of shares subscribed on the basis of special rights associated with convertible loans were credited to the Company's reserve for invested non-restricted equity.

EUR 248,000 from the price of shares subscribed in directed share issues was credited to the Company's reserve for invested non-restricted equity.

In the rights issue executed in September, the Company's reserve for invested non-restricted equity was credited with EUR 19,336,000 in share subscriptions.

After the reporting period, the Company has repurchased treasury shares for EUR 140,000.

Subscription of shares in Company equity strengthen Group equity.

After the reporting period, Tampereen Kiinteistötekniikka Oy has been merged into Consti Talotekniikka Ltd as a merger of affiliate on 30 April 2015.

Signatures to the financial statements

Helsinki, 21 October 2015

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 Member of the Board of Directors

Auditor’s note

An auditor's report has been issued today.

Helsinki, 30 October 2015

Ernst & Young Oy
Authorised Public Accountants

Rytilahti Mikko
APA

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Auditor's report - translation

To the Annual General Meeting of Consti Yhtiöt Oy

We have audited the consolidated financial statements of Consti Yhtiöt Oy for the year ended 31 December, 2014. 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.

Responsibility of the Board of Directors and the Managing Director
The Board of Directors and the Managing Director 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.

Auditor's Responsibility
Our responsibility is to express an opinion on the consolidated financial statements 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 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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 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.

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.

Helsinki 30. October 2015

Ernst & Young Oy
Authorized Public Accountant Firm

Mikko Rytilahti
Mikko Rytilahti
Authorized Public Accountant