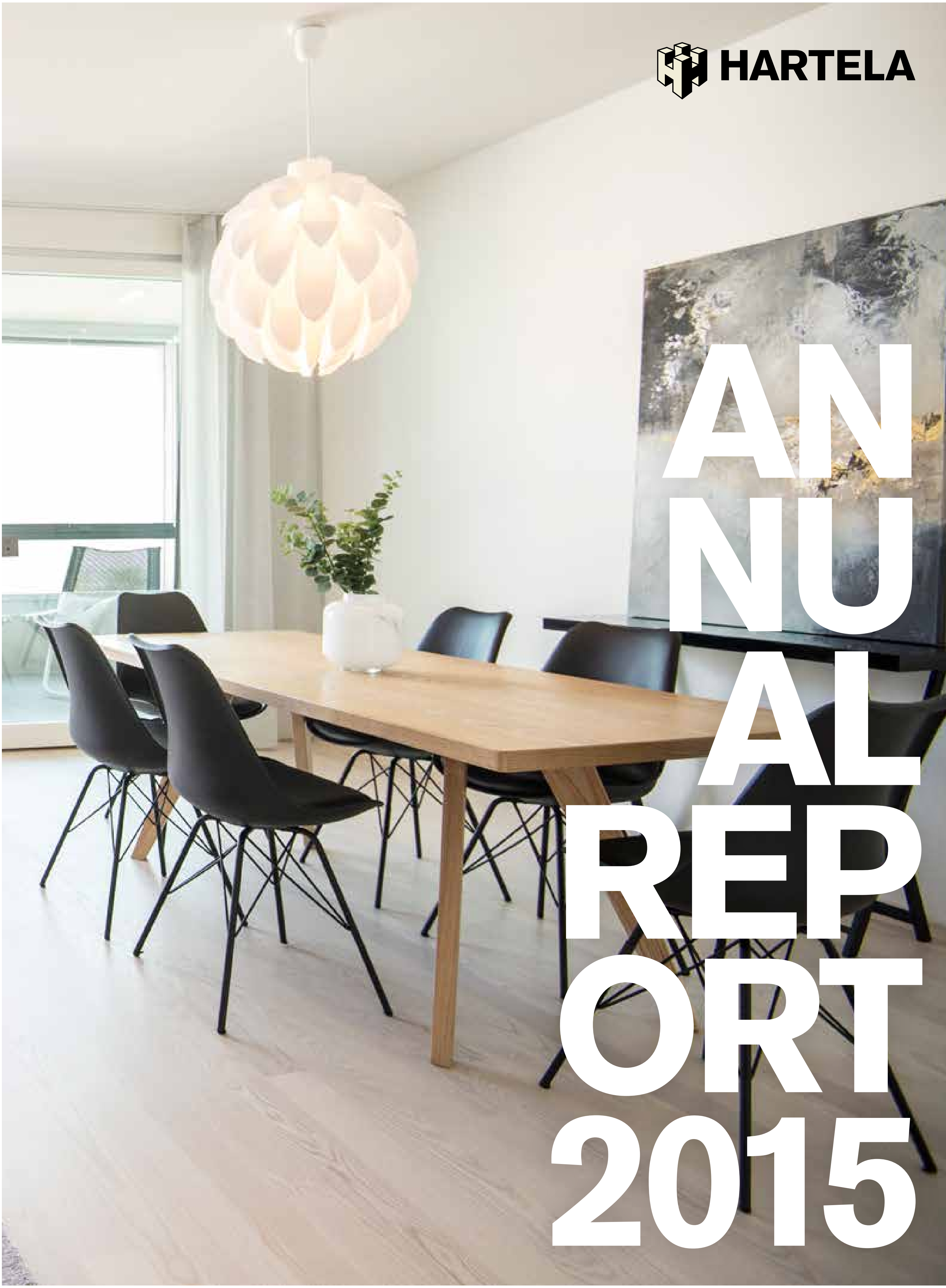
HARTELA



ANNUAL REPORT 2015

Turnaround achieved

The Finnish economy remained in the doldrums in 2015, even by European standards. The continued weak economic climate was reflected in consumer confidence and the consumer market for housing. At the same time, low interest rates and stock market volatility saw investments shift to real estate and housing, which meant that the investor markets developed favourably.

For Hartela, the year was characterised by major changes, including a significant turnaround in the company's result. The operating profit for the year includes a significant amount of extraordinary items, the overall impact of which is substantially positive. The determined efforts made during the year to reduce Hartela's balance sheet and debt saw the Group's equity ratio increase further from its previously good level, exceeding 40%.

NEW STRATEGY SHIFTS FOCUS TO OUR CORE BUSINESS

Hartela Group decided to focus on housing construction, housing development and property development. As part of this change, Hartela sold KJ-Kiinteistöjohto to Realia Group Oy and the equipment and machinery business to Ramirent Oy. A majority stake in SAIPU Oy was sold to related parties of Hartela Group. With the Group still holding one third of the total share capital, SAIPU became an associated company.

The process of revising Hartela's strategy began with a discussion of the company's values, which led to new core values being defined for: professional pride, customer intimacy and taking the initiative. Our mission is to use our professional skills to produce premises, buildings and areas for good living. The five-year strategy period will move ahead in several stages. In the coming years, we will continue to focus on developing our balance sheet and improving our operating profitability. Our vision is to be the preferred partner for building good life.

NEW EXPERTISE IN THE GROUP

There were significant changes in the Group Executive Board during the year. To support the core business, the parent company hired a General Counsel early in the year and a Director of Marketing and Communications later in the year. Personnel development continued, involving measures such as HABA training for managers and supervisors, aimed at ensuring a strong foundation for an inspiring work community and good management throughout the Group. Hartela will celebrate its 75th anniversary in the same year Finland celebrates 100 years of independence. The festivities will take place in 2017 in Hartela's new head office in Helsinki's Ilmala district. Construction of the new head office will begin in summer 2016.

Chief Executive Officer
Juha Korkiamäki

GROUP EXECUTIVE BOARD MEMBERS

From left to right:
Marko Heino Managing Director, Rakennusosakeyhtiö Hartela
Antti Mölsä General Counsel, Hartela-yhtiöt Oy
Hanna Kolehmainen Managing Director, Hartela Oy
Juha Korkiamäki Chief Executive Officer, Hartela Group Ltd
Samppa Mäki-Patola Chief HR Officer, Hartela Group Ltd
Markku Taskinen Managing Director, Hartela-Forum Oy
Marja Vest Director, Communications and Marketing, Hartela Group Ltd.

HABA is Hartela's own Boss Academy

Hartela has invested in managerial competence and tools that support it. The HABA managerial training programme is an investment in high-quality managerial work as well as inspiring and performance-oriented leadership.

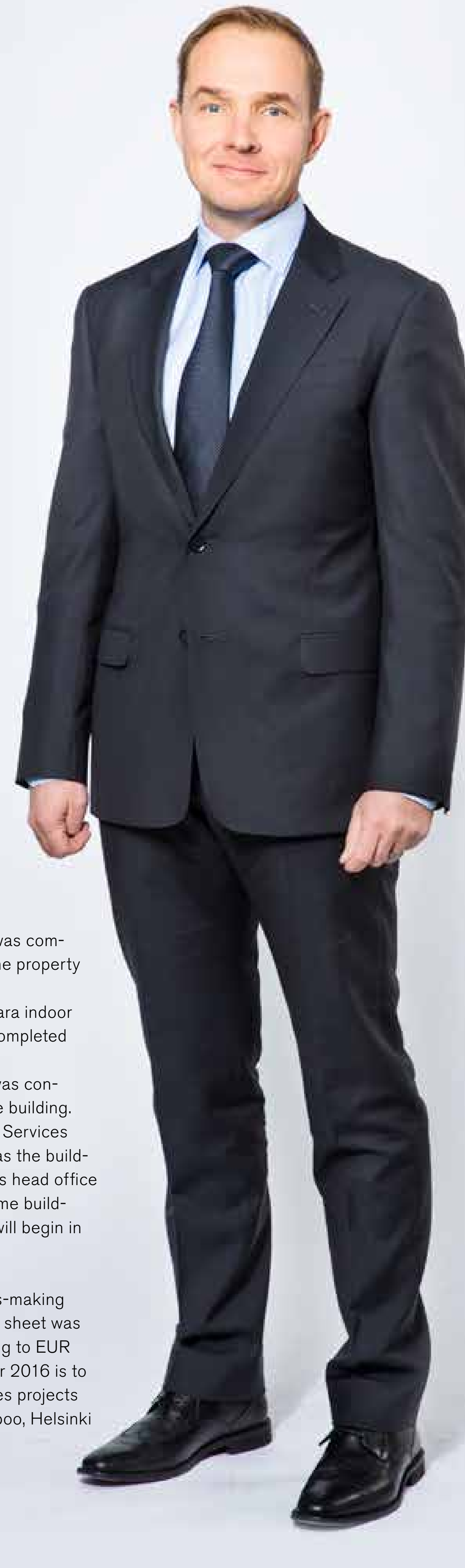
HABA, short for Hartela Boss Academy, is Hartela's new managerial training programme created in 2015. It provides Hartela's personnel with opportunities to achieve their work-related goals and to develop through internal career paths to take on more challenging duties. The programme also provides a framework for internal networking among Hartela's personnel.

The HABA programme consists of four two-day periods, each of which focuses on current themes and methods in management. The focus areas include strategic management, team engagement, a coaching-style approach to management, change management and self-management. We have used 360-degree feedback to assess the current personal development needs of our managers and supervisors. We have also created our own internal mentoring programme to support individual development needs.

In addition to management capabilities, HABA has also emphasised the significance of maintaining one's personal work ability. The impact of stressors in work and free time on individual recovery has been studied using Firstbeat tools. In addition to the HABA programme, the Group implemented a supervisory training module, MiniHABA, for construction site supervisors. The training provides tools to support successful supervisory work and early intervention. Nearly 100 Hartela managers and supervisors participated in various supervisor and management training programmes in 2015. The programmes will continue in 2016.

Pictured: Jann Holappa, Tommi Saarinen and Hanne Miettinen.

MANAGING DIRECTOR'S REVIEW



Preparing for better times

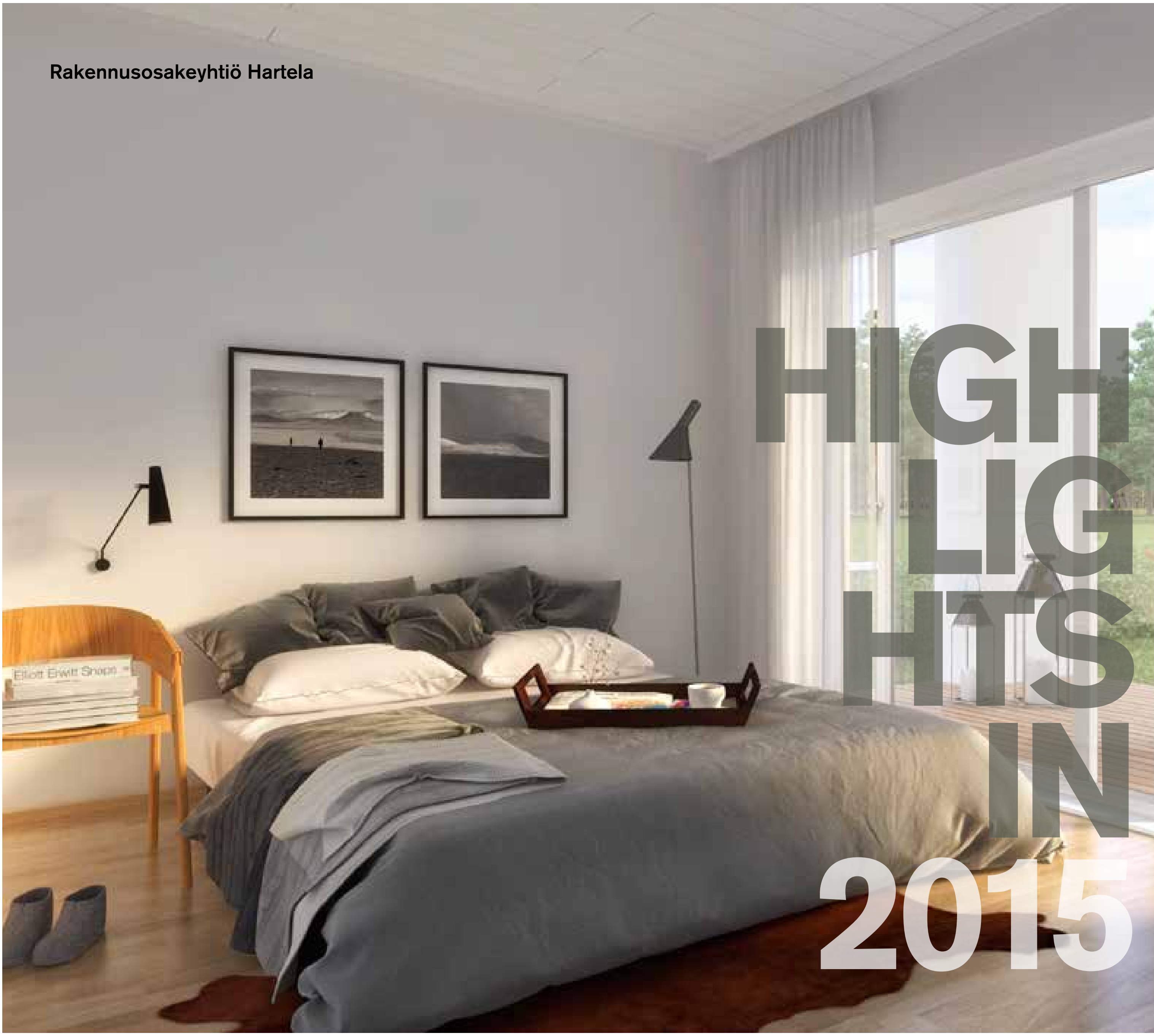
The year 2015 was a challenging one for Rakennusosakeyhtiö Hartela. There was no recovery in housing sales, and the start of a few construction projects was postponed until 2016. Developer-driven production was actively complemented by apartments built for investors. At the turn of the year, there were 900 apartments under construction, of which 700 were investor or developer projects.

Notable events in 2015:

- Construction began on some 380 apartments on plots owned by Hartela. Approximately 600 previously started apartments were completed during the year.
- Hartela was successful in plot assignment competitions in Helsinki's Sompasaari district and Vantaa's Myyrmäki district. The housing construction rights for these plots amount to 50,000 floor square metres.
- The Ristikko shopping centre was completed in Helsinki and half of the property was sold to Etera.
- The renovation of the Leppävaara indoor swimming pool in Espoo was completed late in the year.
- In Helsinki, a plot reservation was confirmed in Ilmala for a new office building. Helsinki Region Environmental Services Authority HSY was confirmed as the building's primary user, and Hartela's head office will also be relocated to the same building in late 2017. Construction will begin in spring 2016.

The company's result fell into loss-making territory in 2015, and the balance sheet was reduced by divestments amounting to EUR 46 million. The company's goal for 2016 is to start one or two business premises projects as well as housing projects in Espoo, Helsinki and Lahti.

Managing Director
Marko Heino



HIGHLIGHTS IN 2015

Painiitty single-family housing concept gives consumers more choice

Painiitty is Hartela's area development project in Espoo's Leppävaara district, in an excellent location close to a range of services, good transport links and nature. In the new single-family housing concept piloted in Painiitty in 2015, advance marketing plays an important role in guiding production decisions.

In 2015, Hartela focused on developing its customer orientation in housing production. In order to offer homes to consumers that correspond to their wishes, their preferences must be taken into consideration early on, in the planning and design stages. The implementation of the Asunto Oy Lumilinnanmäki and Asunto Oy Lumilyhdynkuja single-family housing projects in Painiitty gave potential buyers the opportunity to customise their future home online in the advance marketing stage.

The interaction with potential buyers provided two important benefits in Painiitty. Firstly, it allowed Hartela to collect valuable information directly from the target audience on what type of housing was in demand in the area. Secondly, the freedom of choice offered by the concept and making the potential buyers' dreams of a new home more concrete also served as consumer marketing to create strong commitment among buyers in advance.

The first single-family houses developed in Painiitty under the new concept will be completed in 2016.

I <3 Myyrmäki

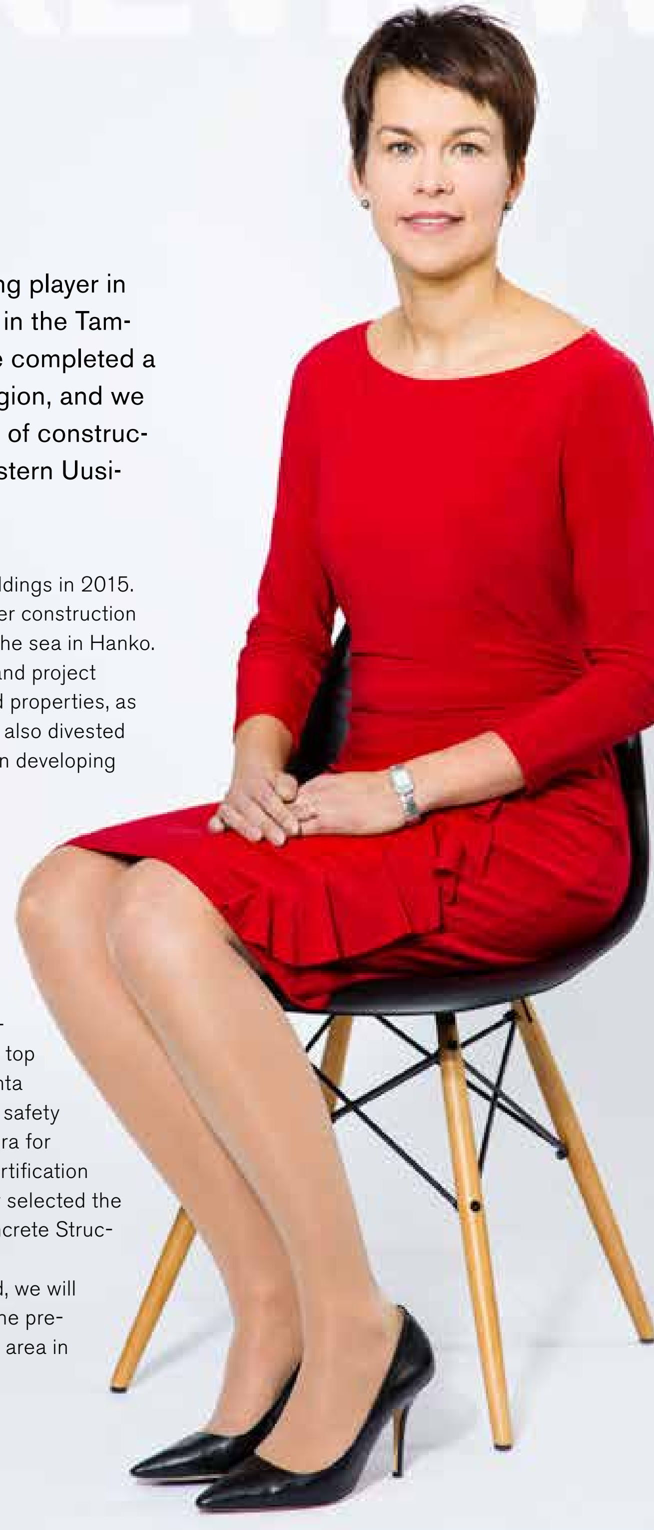
Proposals made by a working group comprised of Rakennusosakeyhtiö Hartela, VVO Group Plc and the Foundation for Student Housing in the Helsinki Region achieved a double victory in a planning and plot assignment competition for the commercial centre of the Myyrmäki suburb in Vantaa. The plan will be refined and developed into a city plan for the area in cooperation between the competition consortium, the city, local communities and local residents. The plans outline how urban structure, building placement, street-level retail space and public outdoor spaces constitute a highly functional suburban centre in Myyrmäki, a district with a approximately 16,000 residents. The project includes housing construction rights for approximately 600 apartments as well as street level retail premises.

What will the Myyrmäki of the future look like? The apartments in the high-rise residential building offer views out to the park, green roofs and the millennia-old rocky landscape that borders the Stone Age red ochre burial site. Effective public transport makes it possible to build entirely car-free buildings, for instance using the space for a proper bicycle parking facility instead. Future requirements for energy efficiency and eco-friendliness are already being anticipated in construction, not to mention a small carbon footprint.

Rakennusosakeyhtiö Hartela

MANAGING DIRECTOR'S REVIEW

Strong positive signs in the Turku and Tampere regions



Hartela's roots are in Turku. We have traditionally been a strong player in the Turku region and Satakunta, and we still are. Our position in the Tampere region is also improving to a significant degree. We have completed a comprehensive renewal of our organisation in the Tampere region, and we are now offering our customers an even more extensive range of construction and project development services. Our operations in Western Uusimaa are also growing thanks to new projects.

We implemented several residential, office, retail, education and industrial buildings in 2015. They include the 16-storey Linnainmaankulma highrise building currently under construction in Pori and the Regatta Suites project to build high-quality holiday homes by the sea in Hanko.

Hartela Oy's profitability has improved further. In addition to construction and project development, we have sold a significant number of completed apartments and properties, as well as plots of land that are not compatible with our business operations. We also divested our equipment and machinery operations to support an even stronger focus on developing our core business.

Our company culture is based on our values of customer intimacy, taking the initiative and professional pride. We want Hartela Oy to be an inspiring work community for all of our personnal, which is why we are investing in the development of our leadership and management. We also want our business premises to support our company culture. To this end, we moved to new premises in Turku and are preparing for a move in Tampere as well.

Hartela is a Finnish family company with a local face. Our face is that of our personnel, who have also been recognised externally. Our level of occupational safety has continued to improve, with Hartela Oy being ranked near the top in occupational safety competitions in the Turku region as well as the Satakunta region. The winning construction site in Hartela Group's internal occupational safety competition as Asunto Oy Lohjan Kuulas. The building we constructed for Etera for use by the sporting goods retailer XXL received LEED Gold environmental certification in record time. Furthermore, the Finnish Association for the Concrete Industry selected the Kangasala building implemented by Hartela Oy as the winner of the Best Concrete Structure of the Year 2015 competition.

Hartela Oy continued its process of strong renewal in 2015. Going forward, we will continue to believe in the power of teamwork and learning. Our goal is to be the preferred partner of our customers in building good life throughout our operating area in western Finland.

Managing Director
Hanna Kolehmainen

HIGHLIGHTS IN 2015

Logomo Konttori opens its doors

The event spaces at Logomo in Turku were completed in 2011, when Turku was the European Capital of Culture alongside Tallinn. In 2013, the event spaces were complemented by LogomoByrå, which offers business premises aimed at the creative industries, followed by Logomo Konttori in 2015.

Over the course of just a few years, Logomo has established its position as one of the best-known places in Turku. The building exudes industrial history on the outside but is experimental and modern on the inside. It hosts hundreds of audience events per year and it is also known as the stage for the live broadcasts of the Voice of Finland television show.

Logomo Konttori, the second set of business premises for the creative industries at Logomo, was completed in spring 2015. Some twenty expert companies moved to new premises at Logomo Konttori, with the media and advertising industries particularly well represented. Totalling 4,500 m2 in floor space, the premises are now used by tenants including Yle, Åbo Underrättelser, Zeeland, Nitro and Kajahdus. Logomo Konttori also includes five artist's studios.

Together with Logomo Byrå, Konttori constitutes a modern working environment in a hub of the creative economy, in which communality plays a significant role. Due to its lively and dynamic atmosphere, excellent location and innovative architecture, Logomo had a 100% occupancy rate in 2015 in spite of the stagnant economy.

The highest building in Satakunta is a landmark for the City of Pori

Designed by architect Pekka Mäki, Hartela's modern Scandinavian highrise is set to become the most attractive residential building in Pori. The building's impressive oxidised copper facade gives it character and dignity. Large balconies and beautiful views create a sense of space in the dream homes within the building. The streamlined building is a major landmark at the intersection of Isolinnankatu and Mikonkatu. The glazed balconies of this 53-metre high 16-storey highrise provide splendid views in three directions.

Asunto Oy Linnainmaankulma is a high-rise residential building with 42 upscale homes. The residents of the highest building in Pori will enjoy the full convenience of life in the city centre, as the highrise is built right on top of local services. The building's lift provides direct access via the car park levels to a modern shopping centre. There are more services available on the pedestrian street in front of the building. The apartments provide easy access to the city, or even just the building's own yard. There is a courtyard for residents on the same level as the building's lowest residential floor with a safe play area for children.

New initiatives in Oulu

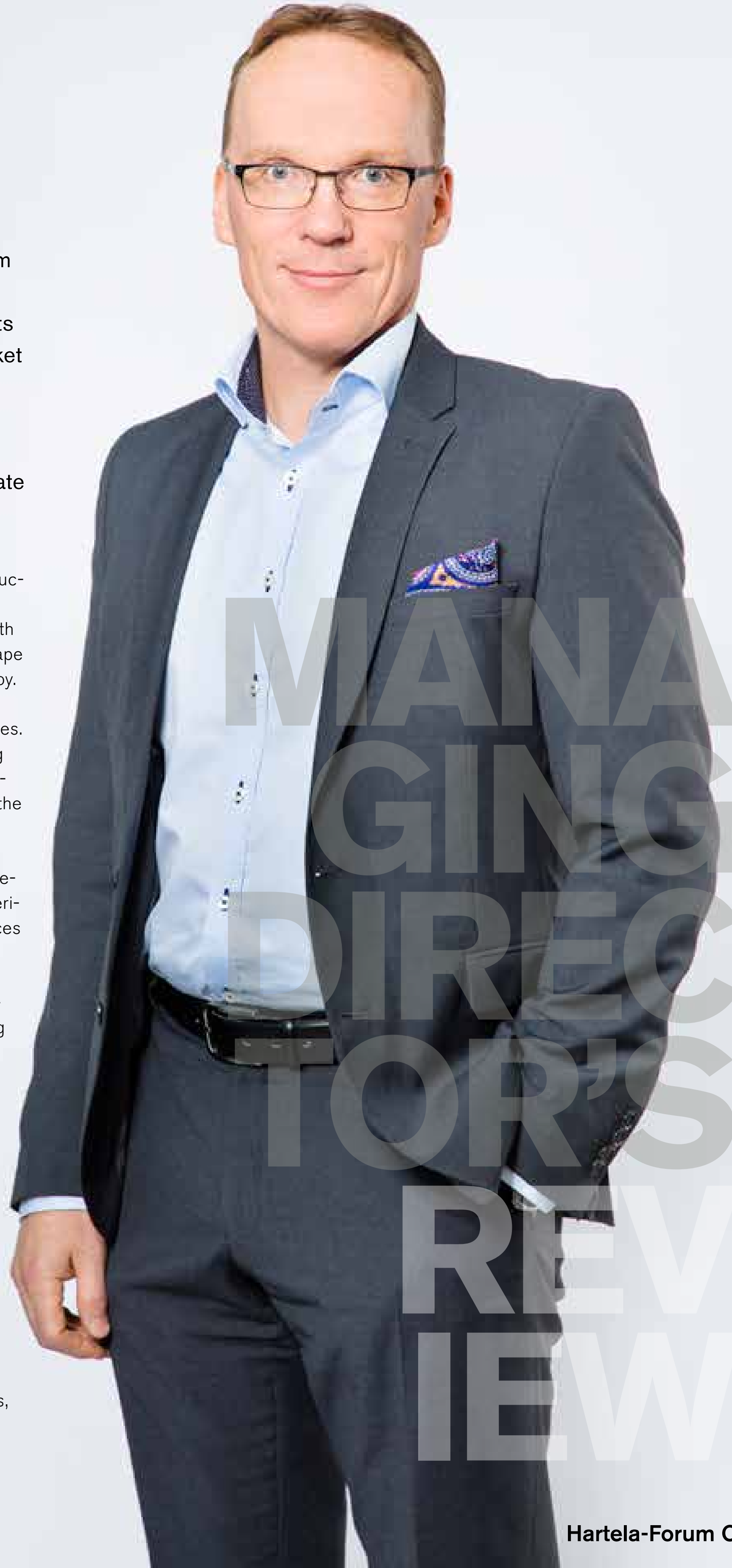
Construction trends in 2015 in the Oulu economic region were largely unchanged from the previous year. The prolonged economic slump continued to be reflected in investments throughout the region, and the expected market recovery did not materialise. However, megaprojects such as the nuclear power plant planned for Pyhäjoki and the Oulu University Hospital modernisation project helped generate positive expectations for 2016.

Projects in 2015 included the continuation of new construction in the Lasaretinväylä area. The development of the area near Oulu's central business district, in a location with unique nature value, will give a facelift to the Oulu cityscape and create fine architecture for future generations to enjoy. Part of the development of the area involves renovating historically significant old industrial properties for new uses. In 2015, Hartela-Forum Oy continued to work on creating the conditions for the future implementation of developer-driven residential projects. The city planning process for the old Karjasilta school area began late in the year. The aim is to use interactive collaboration between residents, the authorities and businesses to create an innovative area development project that allows the parties involved to experiment with and test future-oriented housing-related services and technological solutions in a real environment.

The planning of the Hiukkavaara area in partnership with the City of Oulu places particular emphasis on facilitating energy-efficient and eco-friendly solutions, starting from the drafting of the city plan for the area. Right from the start, the development of the old Karjasilta school area and the Hiukkavaara area has featured the strong involvement not only of the authorities, but also the diverse network of businesses and other cooperation partners in the Oulu region. This further strengthens Hartela-Forum's position as a developer of the living environments of the future.

Following the organisational restructuring moves put into place in 2015, Hartela-Forum will shift its focus onto developing business value chains as well as its organisational culture and management culture. While the operating environment will continue to present challenges in 2016, the goal is to create even better conditions for the company's success in the coming years, regardless of the market situation.

Markku Taskinen
Managing Director



The Åström area – the new and the old

The Åström area is one of the most valuable areas in Oulu in terms of its cultural, historical and scenic significance. The area is characterised by the buildings preserved from the Åström tannery, which began its operations in the late 1800s, as well as the large green area known as Hupisaaret, with its streams, white bridges and the Oulujoki river.

The buildings constructed by Hartela-Forum Oy at the Åström shore represent a modern interpretation of the area's existing old building stock. Completed in 2015, the buildings usher in a new period of glory for the area while respecting its historical spirit. The complex comprises four apartment buildings with units ranging from convenient studio rooms to split-level penthouses. The terraces and balconies of several of the apartments offer beautiful views of Ainola Park.

Hartela-Forum Oy

Comprehensive building service solutions provider Saipu Oy to develop further as an independent company

In 2014, Turun Valo ja Voima Oy, HT-Sähköpalvelu Oy, Saipu Oy and Hartela Talotekniikka Oy were merged to create one limited liability company called Saipu Oy. The change was aimed at achieving efficiency and competitiveness in a tight market situation.

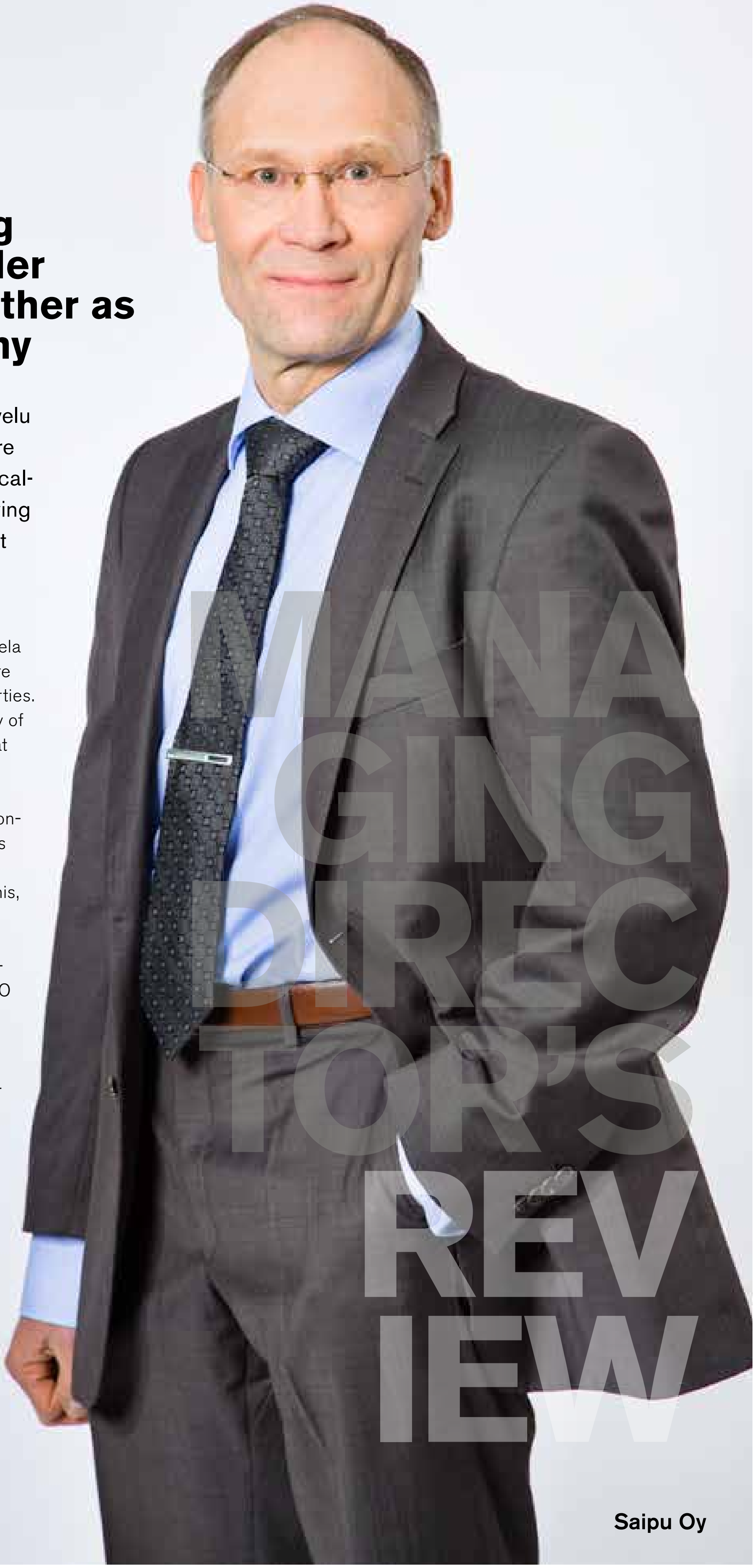
This development continued in December 2015 when Hartela Group Ltd, the owner of Saipu, sold 66.7% of the total share capital of Saipu Oy to its shareholders and their related parties. This also meant that Saipu became an associated company of Hartela Group Ltd. The new ownership structure is aimed at ensuring the continued development of Saipu as an independent building services company.

Saipu's operations are focused on high quality, professionalism, good service and flexibility. We can carry out projects for our customers as either small contracts or large-scale overall deliveries. To ensure our continued capacity to do this, we harmonised our processes in 2015 and implemented a new integrated management system that spans all building services and project stages. Our extensive development effort culminated in Bureau Veritas granting Finland's first ISO 9001:2015 certificate in the building services industry to Saipu's integrated management system.

The postponement of two major projects affected the turnover and result for the year. Turnover in the 2015 financial year was EUR 33 million and the result was EUR 0.6 million, which can be considered satisfactory in the prevailing tight market situation. Following the fairly extensive changes implemented last year, Saipu can now focus on its actual business and on improving customer satisfaction. Based on the strong order book, turnover in 2016 is expected to exceed EUR 40 million and the result is also expected to show an improvement from last year.

Saipu's success is based on committed and competent personnel as well as a cost-effective and high-quality operating model. We will continue to focus on developing our integrated management system and improving the occupational wellbeing of our personnel in order to fulfil the promises we make to our customers.

Managing Director
Kari Varkki



CONSOLIDATED INCOME STATEMENT

EUR 1,000	Note	1 Jan.–31 Dec. 2015	1 Jan.–31 Dec. 2014
NET TURNOVER	1.1	**376 930**	**283 202**
Change in work in progress		7 431	-26 616
Other operating income	1.2	10 583	1 148
Materials and services	1.3	-269 572	-167 542
Personnel expenses	1.4	-53 590	-50 316
Depreciation and write-downs	1.5	-968	-815
Other operating expenses	1.6	-65 612	-50 348
		-389 742	**-269 021**
OPERATING PROFIT/LOSS		**5 202**	**-11 287**
Financial income and expenses	1.7	-8 361	-7 601
LOSS BEFORE EXTRAORDINARY ITEMS		**-3 159**	**-18 888**
Extraordinary items	1.8	-49	-475
LOSS BEFORE TAXES		**-3 208**	**-19 363**
Income taxes	1.9	1 349	3 924
Minority interest		-45	-117
LOSS FOR THE FINANCIAL PERIOD		**-1 904**	**-15 556**

CONSOLIDATED BALANCE SHEET

EUR 1,000	Note	31 Dec. 2015	31 Dec. 2014
ASSETS			
NON-CURRENT ASSETS	2.1		
Intangible assets		255	553
Goodwill on consolidation		0	82
Tangible assets		14 469	17 332
Shares in Group companies		4	4
Shares in associates		1 009	0
Other investments		713	1 336
Non-current assets, total		**16 450**	**19 307**
CURRENT ASSETS			
Inventories	2.2	163 315	166 124
Long-term receivables	2.3		
Imputed tax receivables		12 873	11 537
Short-term receivables	2.4	105 963	152 237
Cash and bank equivalents		4 351	2 073
Current assets, total		**286 502**	**331 971**
		302 952	**351 278**

SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	2.5		
Share capital		101	101
Jaakko Hartela scholarship fund		87	96
Reserve for invested unrestricted equity		77 899	77 899
Retained earnings		41 551	57 107
Loss for the financial period		-1 904	-15 556
Shareholders' equity, total		**117 734**	**119 647**
MINORITY INTEREST		**0**	**191**
OBLIGATORY PROVISIONS	2.6	**2 909**	**3 542**
LIABILITIES			
Long-term liabilities	2.7		
Bonds		5 000	5 000
Loans from financial institutions		29 550	42 619
Pension loans		3 000	5 000
Deferred tax liability		77	167
Other long-term liabilities		6 000	0
Long-term liabilities, total		**43 627**	**52 786**
Short-term liabilities	2.8	138 682	175 112
Liabilities, total		**182 309**	**227 898**
		302 952	**351 278**

CONSOLIDATED CASH FLOW STATEMENT

EUR 1,000	1 Jan.–31 Dec. 2015	1 Jan.–31 Dec. 2014
OPERATING ACTIVITIES		
Operating profit/loss	5 202	-11 287
Depreciation	968	815
Financial income and expenses	-8 361	-7 601
Extraordinary items	-49	-475
Taxes	-77	-51
Total	**-2 317**	**-18 599**
CHANGE IN NET WORKING CAPITAL		
Inventories, increase (-) / decrease (+)	2 810	25 405
Short-term receivables, increase (-) / decrease (+)	46 274	13 099
Short-term interest-free liabilities,		
increase (+) / decrease (-)	7 179	-595
Total	**56 263**	**37 909**
NET CASH FLOW FROM OPERATING ACTIVITIES	**53 946**	**19 310**
INVESTING ACTIVITIES		
Increase in fixed assets	-575	-460
Gains from sales of fixed assets	2 651	691
Total cash flow from investing activities	**2 076**	**231**
CASH FLOW BEFORE FINANCING ACTIVITIES	**56 022**	**19 541**
FINANCING ACTIVITIES		
Long-term loans, increase (+) / decrease (-)	-15 068	-34 051
Short-term loans, increase (+) / decrease (-)	-44 524	5 108
Other long-term loans, increase (+) /decrease (-)	6 000	0
Dividends paid	-152	-464
Total cash flow from financing activities	**-53 744**	**-29 407**
INCREASE (+) / DECREASE (-) IN LIQUID ASSETS	**2 278**	**-9 866**
Liquid assets 1 Jan.	2 073	11 939
Increase/decrease	2 278	-9 866
LIQUID ASSETS 31 DEC.	**4 351**	**2 073**

NOTES TO THE FINANCIAL STATEMENTS OF 31 DECEMBER 2015

ACCOUNTING PRINCIPLES

CONSOLIDATED FINANCIAL STATEMENTS

The Hartela Group's parent company is Hartela-yhtiöt Oy, which has its domicile in Helsinki. Copies of the Consolidated Financial Statements are available from the company headquarters at Kaupintie 2, FI-00440 Helsinki, Finland.

The Consolidated Financial Statements include the parent company and the most important subsidiaries under the fixed and current assets. The Consolidated Financial Statements also include the most important property companies owning premises that have been leased out on long-term contracts.

Cross-ownership of shares between Group companies has been eliminated using the past equity method. Accordingly, the cost of acquiring shares in a subsidiary has been eliminated against the shareholders' equity of the subsidiary at the time of acquisition. The acquired subsidiary's provisions at the time of acquisition, less its deferred tax liability, are included in the shareholders' equity. The difference between the purchase price paid for the subsidiary's shares and the shareholders' equity is allocated to fixed and current asset items and/or goodwill on consolidation. Goodwill is depreciated over five years.

The depreciation difference entered on the balance sheets of individual Group companies has been divided into shareholders' equity and deferred tax liability.

All margins and transactions, profit distributions, and receivables and liabilities within the Group have been eliminated.

RECORDING OF INCOME FROM CONSTRUCTION PROJECTS

The Financial Statements have been prepared in accordance with the percentage-of-completion method whereby income from construction projects is recorded according to their degree of completion. With the exception of developer contracting sites, the degree of completion has been calculated as a ratio between the actual costs incurred and the estimated total costs of the project. The percentage-of-completion method is used for projects that extend over two or more financial periods.

The Group applies the general guidelines issued by the Accounting Board concerning developer contracting. Under income from construction work, consolidated turnover refers to the sale of shares at debt-free prices (including the proportion of the company loan). The value-added tax on own use is presented under other operating expenses. In the percentage-of-completion method, the degree of completion has been calculated by multiplying the degree of completion for construction and the degree of sale for shares with each other. The acquisition costs of the building site and the construction costs have been divided into two: the percentage corresponding to the degree of completion has been entered under expenses in the income statement, while the rest is presented under work in progress in inventories. as concerns company loans taken for developer contracting sites, the proportion that pertains to unsold shares is presented under loans from credit institutions in short-term liabilities. The Group's imputed tax receivables shows the accrual difference for income taxes that stems from differences in the times for recording the project margins for separate companies and for the Group. As for tax losses, the Group has recorded deferred tax assets based on a 20% income tax rate. The tax losses can be utilised for 6–10 years. The recording basis of the deferred tax asset is consistent with the long-term profit objective of the Group set by the Board of Directors of the parent company.

VALUATION PRINCIPLES

Non-current assets and depreciation

Tangible and intangible assets have been capitalised at their acquisition cost. Planned depreciation has been calculated according to the straight-line method on the basis of the original acquisition cost and the economic life of the assets in question. Whenever necessary in the Group's property companies, depreciation according to the reducing balance method has been carried out without an advance depreciation plan. The following depreciation periods are applied in the Group:

Intangible assets	
other long-term expenditure	3–10 years
Goodwill on consolidation	5 years
Tangible assets	
buildings	15–40 years
constructions	5–10 years
heavy machinery and equipment	12–15 years
other machinery and fixtures	5–8 years

Shorter depreciation periods have been applied to fixed assets purchased second-hand.

Current assets

Inventories have been presented and valued at their acquisition cost, or at replacement cost or at a probable sales price, if lower than the acquisition cost. Other current assets have been valued at their nominal value or at their probable value on the day of closing the books, if lower than the nominal value.

LEASING

Leasing payments have been entered under annual expenses. Outstanding rental commitments pertaining to leasing contracts are presented under contingent liabilities in the Notes to the Financial Statements.

1. NOTES TO THE INCOME STATEMENT (EUR 1,000)

1.1 Distribution of net turnover	Group	Group
By business sector	**2015**	**2014**
Income from construction work	324 675	254 454
Rental income	6 579	6 864
Sale of shares	40 654	7 720
Other sales revenue	5 022	14 164
Total	**376 930**	**283 202**
By market area		
Domestic	376 930	282 703
International	0	499
Total	**376 930**	**283 202**
Turnover recorded as income according to the degree of completion,out of total turnover for the year	322 766	254 440
Construction projects in progress recorded as income accor-ding to the degree of completion; sum recorded as income during the year and previous years	136 893	145 270
Construction projects in progress, not recorded as income	229 024	301 306

1.2 Other operating income

Gains on sale of fixed assets	10 198	883
Other	385	265
Total	**10 583**	**1 148**

1.3 Materials and services

Materials and supplies		
Purchases during the year	60 797	45 606
Land areas and building sites	7 073	4 311
Shares	35 395	8 350
Change in inventories	10 241	-1 211
	113 506	**57 056**
External services	156 066	110 486
Total	**269 572**	**167 542**

1.4 Personnel expenses and personnel

Wages, salaries and remunerations	41 359	39 013
Pension expenses	7 253	7 046
Other personnel-related expenses	4 978	4 257
Total	**53 590**	**50 316**
Management's salaries and remunerations	1 549	1 664

Average number of personnel		
Salaried staff	348	375
Hourly paid employees	537	532
Total	**885**	**907**

1.5 Depreciation according to plan	**2015**	**2014**
Other long-term expenditure	336	162
Goodwill on consolidation	0	27
Buildings and constructions	204	195
Machinery and equipment	428	431
Other tangible assets	0	0
Total	**968**	**815**

1.6 Auditor's remunerations		
Audit fee	100	112
Tax advice	21	12
Other services	528	71
Total	**649**	**195**

1.7 Financial income and expenses		
Dividend income	14	10
Other financial and interest income	131	631
Interest expenses and other financial expenses	-8 506	-8 242
Total	**-8 361**	**-7 601**

1.8 Extraordinary items		
Extraordinary income		
Contractual penalty	0	25
Extraordinary expenses		
Contractual penalty	-49	0
Dissolution losses	0	-34
Expenses related to the discontinuation of Moscow operations	0	-466
Extraordinary expenses, total	**-49**	**-500**
Extraordinary items, total	**-49**	**-475**

1.9 Income taxes		
Income taxes on extraordinary items	0	-311
Income taxes on regular business operations	-38	208
Income taxes accrued during previous years	-40	52
Change in deferred tax liability	1 427	3 975
Income taxes, total	**1 349**	**3 924**

2. NOTES TO THE BALANCE SHEET (EUR 1,000)

2.1 Non-current assets

Group	Intangible assets		Tangible assets
Fixed assets	**Other long-term expenditure**	**Good-will on con-solidation**	**Land areas**
Acquisition cost 1 Jan. 2015	1 139	109	3 597
Increase	312	0	0
Decrease	-623	-109	-756
Acquisition cost 31 Dec. 2015	828	0	2 841
Accumulated depreciation 1 Jan. 2015	586	27	0
Decrease in accumulated depreciation	-349	-27	0
Depreciation for the financial period	336	0	0
Accumulated depreciation 31 Dec. 2015	573	0	0
Book value 31 Dec. 2015	**255**	**0**	**2 841**

	Tangible assets		
	Buildings and constructions	**Machinery and equip-ment**	**Other tangi-ble assets**
Acquisition cost 1 Jan. 2015	19 961	11 855	42
Increase	134	113	15
Decrease	-1 909	-3 350	-7
Acquisition cost 31 Dec. 2015	18 186	8 618	50
Accumulated depreciation 1 Jan. 2015	8 106	10 007	1
Decrease in accumulated depreciation	-931	-2 588	-1
Depreciation for the financial period	204	428	0
Acquisition cost 31 Dec. 2015	7 379	7 847	0
Book value 31 Dec. 2015	**10 807**	**771**	**50**

Investments	Group	
	Shares in Group companies	**Other shares**
Acquisition cost 1 Jan. 2015	**4**	**1 336**
Increase	0	1 009
Decrease	0	-623
Acquisition cost 31 Dec. 2015	**4**	**1 722**

Shares and holdings Group companies

Shares under fixed assets:	Domicile	Group holding %	Parent company holding %
Rakennusosakeyhtiö Hartela	Helsinki	100,0	100,0
Kiinteistö Oy Lahden Vesijärvenkatu 31	Lahti	100,0	0,0
Hartela Oy	Turku	100,0	100,0
Hartela-Forum Oy	Oulu	100,0	100,0
Etnin Oy	Lappeenranta	100,0	100,0
Kiinteistö Oy Skatantie 25	Espoo	100,0	100,0
Shares under current assets:			
Kiinteistö Oy Sorvaajanalue	Helsinki	100,0	0,0
Kiinteistö Oy Sorvaajankatu 13	Helsinki	100,0	0,0
Kiinteistö Oy Vallikallion Toimistotalo	Espoo	100,0	0,0

Included in non-current assets and not entered in the Consolidated Financial Statements

	Domicile	Group holding %
Holdings of Etnin Oy:		
OOO Villa House	St. Petersburg	100,0

The exclusion of the above subsidiaries has no significant effect on the Group's unrestricted equity.

Other shares and holdings

Parent company	Domicile	Holding %
Saipu Oy	Helsinki	33,33
Group		
RYM Oy	Helsinki	1,9
Golfsarfvik Oy	Kirkkonummi	0,4
Asunto Oy Klasimberä	Rauma	5,6
TA-Yhtymä Oy	Espoo	0,6
Kiinteistö Oy Valliparkki	Espoo	31,3

2.2 Inventories	Group 31 Dec. 2015	Group 31 Dec. 2014
Materials and supplies	150	643
Construction work in progress	58 847	51 415
Land areas and building sites	15 997	14 006
Shares	86 821	98 560
Advance payments	1 500	1 500
Total	**163 315**	**166 124**

2.3 Long-term receivables

Imputed tax receivables		
From accrual differences and the result of individual Group companies	12 873	11 537

2.4 Short-term receivables

Accounts receivable	45 721	77 190
Loan receivables	23 083	21 466
Other receivables	20 088	41 744
Prepaid expenses and accrued income	17 071	11 837
Short-term receivables, total	**105 963**	**152 237**

Other receivables primarily consist of receivables related to the sales of shares and land areas and receivables from the Group's own housing and real estate companies related to land areas at which construction has not yet begun. The most significant items included in prepaid expenses and accrued income consist of accrued income for construction projects in progress that are recorded as income according to the degree of completion.

2.5 Shareholders' equity	Group 2015	Group 2014
Share capital 1 Jan.	101	101
Share capital 31 Dec.	**101**	**101**
Jaakko Hartela scholarship fund 1 Jan.	96	118
Decrease	-9	-22
Jaakko Hartela scholarship fund 31 Dec.	**87**	**96**
Reserve for invested unrestricted equity 1 Jan.	77 899	77 899
Reserve for invested unrestricted equity 31 Dec.	**77 899**	**77 899**
Retained earnings 1 Jan.	41 551	57 572
Dividend distribution	0	-465
Retained earnings 31 Dec.	**41 551**	**57 107**
Loss for the financial period	-1 904	-15 556
Shareholders' equity, total 31 Dec.	**117 734**	**119 647**

Statement of distributable assets 31 Dec.	Group 2015	Group 2014
Jaakko Hartela scholarship fund	87	96
Reserve for invested unrestricted equity	77 899	77 899
Retained earnings	41 551	57 107
Loss for the financial period	-1 904	-15 556
Portion of accumulated depreciation difference entered under shareholders' equity	-305	-668
Distributable assets	**117 328**	**118 878**

2.6 Compulsory provisions	**Group 31 Dec. 2015**	**Group 31 Dec. 2014**
Provisions for guarantees for construction sites completed during the year	**2 909**	**3 542**

2.7 Long-term liabilities		
Bonds	5 000	5 000
Loans from credit institutions	29 550	42 619
Pension loans	3 000	5 000
Other long-term liabilities	6 000	0
Total	**43 550**	**52 619**
Deferred tax liability		
On depreciation difference	**77**	**167**
Loans falling due after five years		
Loans from credit institutions	**0**	**0**

2.8 Short-term liabilities		
Loans from credit institutions	82 199	126 723
Pension loans	2 000	2 000
Advances received	9 126	10 631
Accounts payable	13 856	15 926
Other liabilities	16 845	8 786
Accrued liabilities	14 656	11 046
Total	**138 682**	**175 112**

Short-term loans from credit institutions include company loans disbursed for developer contracting sites. Their total sum is EUR 37,826 thousand (51,850). The most significant items included in other liabilities consist of value added tax liabilities. The principal items included in accrued liabilities consist of the accrual of annual holiday pays and construction costs.

3. CONTINGENT LIABILITIES

Loans	Group 31 Dec. 2015	Group 31 Dec. 2014
Bonds	5 000	5 000
Loans from credit institutions	111 750	169 342
Pension loans	5 000	7 000
Other liabilities	6 000	0
Total	**127 750**	**181 342**
Guarantees for the company's own commitments		
Real estate mortgages	110 921	99 514
Securities pledged	47 422	41 116
Receivables pledged	39 835	0
Total	**198 178**	**140 630**
In addition, Group companies have given busines mortgages as collateral for their own and Group companies' commitments.		
Other commitments	**0**	**0**
Leasing commitments		
Payable next year	498	714
Payable later	690	888
Total	**1 188**	**1 602**

THE BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFIT

The Group's distributable equity on 31 December 2015 amounts to EUR 117,327,692.18. The parent company's distributable equity on 31 December 2015 amounts to EUR 135,279,441.98, of which the profit for the financial period is EUR 2,036,932.55. The Board of Directors proposes that no dividend will be paid.

SIGNATURES OF THE BOARD MEMBERS AND THE CHIEF EXECUTIVE OFFICER

Helsinki, 6 April 2016

Pekka Vähähyyppä
Chairman of the Board of Directors

Heikki Hartela

Maarit Hartela-Varkki

Hanna Hartela

Petri Olkinuora

Antti Peltoniemi

Juha Korkiamäki
Chief Executive Officer

AUDITOR'S REPORT

To the Annual General Meeting of Hartela Group

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Hartela-yhtiöt Oy for the financial year 1 January – 31 December 2015. The financial statements comprise the consolidated balance sheet, income statement and cash flow statement and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of financial statements and report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making these risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

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

Opinion

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

Helsinki 6 April 2016
KPMG OY AB
Mikko Haavisto
Authorised Public Accountant

Organisation

HARTELA GROUP LTD
Chief Executive Officer
Juha Korkiamäki

RAKENNUSOSAKEYHTIÖ HARTELA
Real estate development and construction
Helsinki region, Lahti
Managing Director
Marko Heino

HARTELA OY
Real estate development and construction
Turku, Lohja, Rauma, Tampere
Managing Director
Hanna Kolehmainen

HARTELA-FORUM OY
Real estate development and construction
Oulu
Managing Director
Markku Taskinen

SAIPU OY
Real estate development and construction
Helsinki region, Lappeenranta, Turku
Managing Director
Kari Varkki

Board of Directors

Chairman
Pekka Vähähyyppä 14 November 2012

Members of the Board of Directors
Heikki Hartela 27 April 1988
Maarit Hartela-Varkki 22 April 1998
Hanna Hartela 22 April 1998
Petri Olkinuora 1 January 2013
Antti Peltoniemi 18 June 2013

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