

Lehto Group Plc's half-year financial report 1 January–30 June 2017

**Net sales up by 64.7%, operating
profit 8.6% of net sales in January-June**



This half-year financial report has been prepared in accordance with the IAS 34 standard. The company complies with half-yearly reporting according to the Finnish Securities Markets Act. The financial information presented in this business review is unaudited. Figures in brackets refer to the corresponding period of the previous year, unless otherwise stated.

Summary 2016

LEHTO GROUP	4-6/2017	4-6/2016	1-6/2017	1-6/2016	1-12/2016
Net sales, EUR million	150.8	78.3	231.5	140.5	361.8
Change in net sales, %	92.7%	67.5%	64.7 %	44.6 %	31.3%
Operating profit, EUR million	13.1	10.0	19.9	14.0	40.4
Operating profit, % of net sales	8.7%	12.7%	8.6%	9.9%	11.2%
Profit for the period, EUR million	10.4	8.0	15.7	11.0	31.9
Order backlog at period end, EUR million	465.8	237.2	465.8	237.2	309.1
Earnings per share, EUR	0.18	0.16	0.27	0.22	0.59
Cash and cash equivalents, EUR million	58.5	74.1	58.5	74.1	67.7
Interest-bearing liabilities, EUR million	41.9	18.9	41.9	18.9	16.6
Equity ratio, %	54.7%	63.1%	54.7%	63.1%	60.4%
Net gearing ratio, %	-14.0%	-58.4%	-14.0%	-58.4%	-44.2%

Compared to the corresponding period of the previous year, Lehto Group's net sales for January–June grew by 64.7%, to EUR 231.5 (140.5) million. Net sales grew in all service areas. Operating profit was EUR 19.9 (14.0) million, or 8.6% (9.9%) of net sales. Operating profit grew slower than Net Sales mainly due to costs related to increase factory capacity, some projects with relatively low margins and EUR 8.0 million sales of almost zero-margin sales of plots.

The Group's order backlog grew to EUR 465.8 million (EUR 309.1 million on 31 December 2016). A major part of growth in the order backlog was generated by the launch of new housing construction and renovation projects. A construction project is included in the order backlog once the project contract has been signed or, in the case of developer contracting projects, once the decision to begin construction has been made and the contract has been signed.

NET SALES BY SERVICE AREA	1-6/2017	1-6/2016	CHANGE	1-12/2016
Business Premises	72.6	49.0	48.2%	129.5
Housing	77.2	53.2	45.1%	136.0
Social Care and Educational Premises	49.1	24.4	101.4%	62.1
Building Renovation	32.6	14.0	133.7%	34.2
Total	231.5	140.5	64.7 %	361.8

Lehto's CEO Hannu Lehto:



"Lehto's strong growth continues this year. In the first half of the year our net sales grew by 64.7% from previous year, and we anticipate overall growth of 40-50% in net sales for full year 2017. Most of the operating profit will be accrued in the second half of the year, and we expect the operating profit for 2017 to exceed 10% of net sales.

The positive trend in the construction market is reflected in difficulty in obtaining skilled labour, for example. We put a great deal of effort into the recruitment of competent employees, and have been successful in this respect. Our number of employees has increased to over a thousand this year, in comparison to 747 employees at the turn of the year.

Our factories have been operating at full capacity, and we have been able to increase capacity by leasing new factory facilities and developing production processes. At the end of May, we acquired a factory and production installations for element manufacturing in Ii, to the north of Oulu. The goal of this acquisition was to ensure the availability of wall elements, particularly for the Social Care and Educational Premises service area.

Our order backlog grew during the review period and was approximately 50% higher at the end of the period than at the end of 2016. Growth in the order backlog is largely due to the increased number of housing construction and building renovation projects.

Improving productivity is the cornerstone of economically driven construction. We aim to continue its development through digitalisation. We have launched a development project for information modelling, to be applied to all phases of construction. By digitalising the entire value chain, we seek to improve quality and productivity in order to offer our customers increasingly better and more competitive solutions.

In the second half of the year, we will also focus on managing the challenges caused by growth, by inducting and training new employees in their tasks, building new factory capacity and streamlining existing capacity, and ensuring that every project is implemented within the planned schedule and in the planned manner."

Outlook for 2017

Lehto updated its financial outlook for 2017 in its stock exchange release of 24 May 2017. The disclosed outlook has remained the same.

In 2017 Lehto's net sales is expected to grow 40-50% from previous year (EUR 361.8 million in 2016) and operating profit is expected to be above 10% (11.2% in 2016) of the net sales. Most of the operating profit will be accrued in the second half of the year.

The outlook is based on the information available to the company on the progress of ongoing construction projects and the company's estimate of construction projects to be started and sold in 2017.

The most significant risks related to 2017 net sales and operating profit are availability of labor force, sufficiency of the manufacturing capacity and possible delay in start of new projects that are still in negotiation phase. Failures in recruitment of new labor force and increasing of manufacturing capacity could delay the progress of the construction projects and the development of net sales and operating profit.

Invitation to press conference

Lehto Group will hold a press conference on the financial report for the first half of 2017 for the media, analysts and institutional investors on **Thursday, 10 August 2017 at 10:00 a.m.** (EET) at the company's premises at Äyritie 12 B in Vantaa. The press conference can also be followed as a live webcast at www.lehto.fi/en/investors. The live webcast will begin at 10:00 a.m. Finnish time (EET).

It is also possible to participate in the press conference via a conference call on 10 August 2017 at 10:00 a.m. Finnish time (EET). Conference call participants are requested to dial in at least five minutes prior to the start of the conference, using one of the numbers given below. The password is: Lehto

+44 (0) 20 3003 2666 (global, UK)

+358 (0) 9 2319 5437 (Finland)

+46 (0) 8 50520424 (Sweden)

Business development in the review period

BUSINESS PREMISES

In the Business Premises service area, Lehto builds premises such as office premises, retail premises, logistics, warehouse and production facilities, leisure facilities and large shopping centres. Business premises are designed according to the customers' needs and are built using structural and spatial solutions developed or tried and tested by Lehto. We build business premises across Finland for local, national and international customers.

Most of the service area's business is in the form of contracting. Lehto also implements some business premises as developer contracting, which means that Lehto begins construction when a binding lease agreement has been signed but the buyer is not yet certain. The company has defined internal euro limits for the number of developer contracting business premises projects in order to keep the overall risks related to such projects at a moderate level.

Net sales in the Business Premises service area grew by 48.2% to EUR 72.6 (49.0) million in January-June. This growth is based on the increased number and size of projects as well as the sales of two developer contracting business premises in the first quarter of the year. A total of 17 business premises were completed in the first half of the year. The largest of these were the Hub Logistics logistics facility in Vantaa and the Zemppe sports centre in Kempele. At the end of the review period, a total of 17 business premises were under construction, the most important of which include the Värehtäntäkatu offices in Vantaa, the Prisma shopping centre in Nokia, the Pikkulaiva shopping centre in Espoo and the commercial centre in the Seppälä central square in Jyväskylä.

Lehto continued the development project of the Lippulaiva shopping centre, in Espoonlahti, together with Citycon Oyj and designers. Although the design and planning phase for Lippulaiva has taken longer than anticipated, the terrain works related to the project have been started on schedule. Lehto has built a temporary shopping centre for the project, Pikkulaiva, which was completed after the end of the review period in July 2017. Contract negotiations for the actual Lippulaiva shopping centre are underway between Citycon and Lehto. The project involves uncertainties that are typical of property development projects. The implementation of the project will have no major effect on the net sales or operating profit for 2017.

The order backlog of the Business Premises service area at the end of the review period was EUR 84.0 million (EUR 75.5 million on 31 December 2016).

HOUSING

In the Housing service area, Lehto builds new blocks of flats, balcony access houses and terraced and detached houses as part of area construction in Finland's growth centres, especially in the Helsinki metropolitan area. The majority of Lehto's housing projects are developer contracting projects, in which Lehto designs and builds properties on land areas that it has purchased and then sells the completed apartments to customers.

During January-June, net sales in the Housing service area grew by 45.1% from the comparison period to EUR 77.2 (53.2) million. Net sales in the period include income of EUR 8.0 million from nearly zero-margin sales of

plots. A total of 14 housing projects, amounting to 512 apartments, were completed in the period. A total of 35 housing projects, amounting to 1,638 apartments, were under construction at the end of the period. In addition, accommodation premises for around 1,000 employees were under construction at the Pyhäjoki nuclear power plant construction site. The number of unsold finished apartments was 20.

In April, Lehto won the two-stage planning and site handover competition for the bus station block in Hämeenlinna. Lehto will now begin to design and implement the winning concept, totalling some 12,500 square metres of floor area. Construction is estimated to begin in 2019-2020.

In May, Lehto signed a preliminary agreement on purchasing for land plots for apartment buildings in Kaivoksela, Vantaa. Lehto plans to build nine blocks of flats in the area, five of which will be implemented as developer contracting projects and four as turn-key projects for institutional investors. The project will involve a total of 550 apartments and will be built during 2017-2020.

In May, Lehto signed a preliminary agreement for the acquisition of twelve land plots for apartment buildings and a plot for a care home for senior citizens in Kilo, Espoo, from a private landowner. Lehto plans to build 12 blocks of flats in the area, five of which will be implemented as developer contracting projects, three will be built as rental or part-ownership housing subsidised by the Housing Finance and Development Centre of Finland (ARA), and four blocks of flats will be sold to investors. There will be a total of 370 apartments on the property, as well as some 7,000 square metres of floor area of social care and educational premises for care purposes and daycare. Construction will take place in 2017-2020.

In June, there was a fire on Lehto's construction site in Helsinki. Two blocks of flats were under construction on the property, totalling some 120 apartments. The shared wooden outbuilding, containing shared facilities for the housing companies, was completely destroyed in the fire, but no major damage was caused to the residential buildings. The fire was contained in the outbuilding, and there were no personal injuries. Lehto estimates that most of the damage caused by the fire will be covered by insurance.

The order backlog of the Housing service area at the end of the review period totalled EUR 235.2 million (EUR 132.8 million on 31 December 2016).

SOCIAL CARE AND EDUCATIONAL PREMISES

In the Social Care and Educational Premises business area, Lehto plans and builds nursing homes, daycare centres and schools to meet the needs of nationwide care service providers and municipalities. In most cases, Lehto makes a lease agreement with a service operator and sells the finished property to a fund that invests in properties in the sector. In some cases, the properties are implemented as traditional construction contracts.

Growth was extremely strong in the service area, with a 101.4% increase in net sales to EUR 49.1 (24.4) million year on year. A total of 12 new nursing homes for senior citizens and one school were completed in the reporting period. At the end of the period, 25 nursing homes, two day care centres and one school were under construction. One of the day care centres is being built for a municipal customer, while the other is for a private customer.

Lehto continued to invest in the development of its line of school buildings and concepts and participated in competitive tenders for the construction of schools. In April, Lehto won a tender for building a school for 450 pupils in the municipality of Liminka. After the end of the review period, Lehto handed over a school building of approximately 2,200 square metres in the municipality of Li to the customer.

The order backlog of the Social Care and Educational Premises service area at the end of the review period was EUR 46.4 million (EUR 57.2 million on 31 December 2016).

BUILDING RENOVATION

Lehto's Building Renovation service area involves the performance of pipeline renovations, basic renovations and renovation projects in the form of developer contracting, in which Lehto buys an old building, renovates or converts it for residential use, and sells the renovated apartments on to customers.

Net sales in Building Renovation grew by 133.7% from the comparison period to EUR 32.6 (14.0) million. This rise in net sales was based on the growth resulting from the acquisition of Rakennus Oy Wareco in October 2016, the expansion of the pipeline renovation business and the completion and income recognition of a developer contracting renovation project during the period.

During the review period, Lehto signed a contract worth around EUR 13 million for the renovation of old premises and their conversion into apartments in Töölö, Helsinki. The property, currently housing an educational institution, will be renovated into modern apartments in 2018-2020. At the same time, new apartments will be added to the property as a complementary building project.

At the end of the reporting period, Lehto had four developer contracting projects ongoing in the building renovation service area. These will house a total of 181 apartments. Two of the projects involve complementary building in which 1-2 new floors will be built on top of an existing block of flats.

At the end of the review period, there were a total of three completed unsold apartments in the Building Renovation service area. The order backlog amounted to EUR 100.1 million (31 December 2016: EUR 43.5 million).

FACTORY PRODUCTION

Lehto manufactures a variety of building modules and elements at its own production facilities, mainly for its own use. Due to strong business growth, Lehto has expanded and will continue to expand its manufacturing capacity. In May, Lehto acquired the production facilities and installations of the bankrupt Iin Fasadi Oy in Northern Finland. The goal of this acquisition was to ensure the availability of wall elements, particularly for projects in the Social Care and Educational Premises service area. Production was already underway at the acquired factory by the end of the review period.

In addition to the factory acquisition, capacity will be increased by acquiring or building new production facilities, improving production processes and increasing the utilisation rate of production facilities.

Balance sheet and financing

CONSOLIDATED BALANCE SHEET, EUR MILLION	30 JUN 2017	30 JUN 2016	31 DEC 2016
Non-current assets	23.3	20.2	21.5
Current assets			
Inventories	105.0	58.5	77.5
Current receivables	102.0	62.1	92.0
Cash and cash equivalents	58.5	74.1	67.7
Total assets	288.8	215.0	258.7
Equity	118.8	94.6	115.6
Financial liabilities	41.9	18.9	16.6
Advances received	71.4	65.1	67.3
Other payables	56.6	36.4	59.2
Total equity and liabilities	288.8	215.0	258.7

The Group's financial position remained excellent. At the end of the period, net gearing was -14.0% (31 Dec. 2016: -44,2%) and the equity ratio was 54.7% (31 Dec. 2016: 60.4%). The growth in inventories, trade receivables and advance payments was due to strong growth in business volumes. Current receivables include EUR trade receivables of 38.0 million and percentage-of-completion receivables of EUR 54.8 million.

The amount of cash reserves decreased to EUR 58.5 million (EUR 67.7 million on 31 December 2016) and the amount of interest-bearing liabilities grew to EUR 41.9 million (EUR 16.6 million on 31 December 2016).

CASH FLOW STATEMENT, EUR MILLION	1-6/2017	1-6/2016	1-12/2016
Cash flow from operating activities	-20.9	3.3	8.3
Cash flow from investments	2.1	-5.8	-14.1
Cash flow from financing	9.6	52.1	48.9
Change in cash and cash equivalents	-9.2	49.5	43.1
Cash and cash equivalents at the beginning of the period	67.7	24.6	24.6
Cash and cash equivalents at the end of the period	58.5	74.1	67.7

Cash flow from operating activities was negative, largely due to growth in net working capital by EUR 36.9 million during the review period. Inventories grew by EUR 27.6 million and non-interest-bearing receivables grew by EUR 14.2 million. Lehto acquired several land areas and building rights for housing construction needs in the near future. Working capital was also tied to social care and educational premises projects. In these projects, the money is tied up until the completed building is handed over to the customer.

Cash flow from investments was positive at EUR 2.1 million mainly due to the repayment of a loan receivable related to a cooperation project. Investments in tangible and intangible assets were EUR 1.8 million.

Cash flow from financing was positive at EUR 9.6 million. During the review period, the Group's interest-bearing liabilities grew by EUR 23.5 million. Loans were drawn mainly for financing projects in the Social Care and Educational Premises service area for acquiring plots for housing projects. Cash flow from financing includes a EUR -12.8 million payment of dividends.

Personnel

The average number of personnel during the review period was 900 (1–6/2016: 473). The number of personnel at period end was 1,009 (31 Dec 2016: 747). About 52% of the Group's personnel are salaried employees and 48% employees working at construction sites. Most of the increase in the number of employees is related to the expansion of factory operations and the Housing service area operations.

The company has a long-term share-based incentive plan in place. The aim of the plan is to combine the objectives of the shareholders and the key employees in order to increase the value of the company in the long term and to commit key employees to the company. The plan is directed at a maximum of 70 key employees and the rewards are paid after a restriction period of two years, partly in the company's shares and partly in cash. The cash proportion is intended to cover taxes and tax-related costs arising from the reward.

2017 Annual General Meeting

In accordance with the proposal of the Board of Directors, the Annual General Meeting of 11 April 2017 decided that the dividend payable for the financial year ending on 31 December 2016 is EUR 0.22 per share, or a total of EUR 12,815,165.44. The dividend payment date was 24 April 2017.

The AGM confirmed the number of Board members to be five. Pertti Huuskonen was re-elected as Chairman of the Board and Martti Karppinen, Mikko Räsänen, Päivi Timonen and Sakari Ahdekivi as the other members. The Board members' term of office will expire at the 2018 Annual General Meeting. In its organisational meeting, the Board of Directors decided to establish an Audit Committee and elected Mikko Räsänen as its Chairman and Päivi Timonen and Sakari Ahdekivi as members.

The above-mentioned and other decisions of the Annual General Meeting were disclosed in the stock exchange release of 11 April 2017.

Growth in construction is particularly reflected in the availability of labour. Within personnel management, resources are strongly focused on growth, continuous improvement of competitiveness, and well-being and safety at work.

Other events during the reporting period

During the reporting period, Lehto appointed management for its service areas with responsibility for managing the business according to service area strategies. The main target for the organisational change is to integrate the overlapping operations of the subsidiaries and to utilise their resources and knowledge more efficiently within the service area.

Lehto Group's new executive board as of 1 March 2017:

- Hannu Lehto, CEO
- Asko Myllymäki, Chief Commercial Officer
- Veli-Pekka Paloranta, Chief Financial Officer
- Pasi Kokko, EVP, Housing service area
- Jaakko Heikkilä, EVP, Business Premises service area
- Tuomo Mertaniemi, EVP, Social Care and Educational Premises service area
- Pekka Lindeman, EVP, Building Renovation service area
- Timo Reiniluoto, EVP, Business Support Services

On 24 April 2017, Lehto announced that its significant shareholders are exploring options for reducing their ownership in Lehto Group Plc. Shareholders representing 69.7 per cent of the outstanding shares in the company had informed the company that they had mandated OP Corporate Bank and Pareto Securities to jointly explore options for reducing their ownership in the company in one or several stages. Lehto believed that the planned share sale might improve the liquidity of the company's shares.

The intention of the shareholders was to sell no more than ca. 30 per cent of their ownership in the company with the exception of the company's CEO Hannu Lehto, who had agreed to reduce his ownership (held through Lehto Invest Oy) by not more than 5.0 per cent. The shareholders would thus remain significant shareholders in Lehto after any potential transactions.

It was announced that the amount of shares to be potentially sold would depend on the demand and price achieved, but would not, in total, represent more than 7,200,000 shares in the company or 12.4 per cent of all the company's shares. The shareholders had agreed not to sell the remainder of their holdings in Lehto during a 180-day period if the transaction(s) to reduce their ownership were completed.

On 24 May 2017, Lehto updated the financial outlook for the year 2017. According to the updated outlook, the Group's net sales for 2017 is expected to grow by 40-50% compared from previous year (net sales in 2016: EUR 361.8 million) and operating profit is expected to be above 10% of net sales (2016: 11.2%). The reason for the improved outlook was the better than estimated progress in the Business Premises, Housing and Social Care and Educational Premises service areas. According to the previously published outlook, Lehto's net sales in 2017 were expected to grow by at least 30% (growth in net sales in 2016 was 31.3%), and operating profit was expected to exceed 10% (2016: 11.2%) of net sales.

On 31 May 2017, Lehto announced that its significant shareholders intend to sell up to 4,971,845 shares in the company, corresponding to approximately 8.5 per cent of all the outstanding shares of the company, using an accelerated book-building process.

On 1 June 2017, Lehto announced that its significant shareholders had sold a total of 4,971,845 shares in the company, corresponding to an approximate maximum of 8.5 percent of all the shares in the company. Lehto announced that the company's CEO Hannu Lehto sold 0.5 per cent (100,000 shares) of the shares owned by him through Lehto Invest Oy. The company also announced that after the share sale, the shareholders who participated in the sale continue to own approximately 61.2 per cent of all the shares and votes in the company and that the shareholders had agreed not to sell the remainder of their holdings in Lehto during a 180-day period.

On 1 June 2017, Lehto received a notification pursuant to Chapter 9, Section 5 of the Securities Markets Act from Asko Myllymäki. According to the notification, Asko Myllymäki had sold shares in Lehto in an accelerated book-building process (the "Share Sale") on 31 May 2017. In connection with the completion of the Share Sale, Asko Myllymäki's ownership of shares and voting rights in Lehto fell below the 10 per cent threshold to 8.25 per cent.

Risks and factors of uncertainty

Lehto assesses risks in its daily operations on a continual basis and develops Group-wide risk management practices together with its operative companies. Through the continuous development of risk management, we seek to attract new business opportunities and partners, as well as to further improve the profitability and predictability of our operations. Further improvement of risk management and responding to the challenges of a growing business are Lehto's top operational priorities.

The main risks in the operative business include general risks related to project pricing, schedules, quality, technical implementation and the adherence of stakeholders to agreements. Lehto's reliance on module production and the partial dependence of its housing production on the schedule and efficiency of module production present a risk related to deviations or interruptions in the implementation of modular products.

In its business operations, Lehto is also exposed to risks relating to the availability of financing, overall economic trends and political decision-making and other risks relating to the activities of the public sector. As part of its operational business, Lehto continuously concludes agreements with various parties. The related risks include the technical, legal and commercial condition of the acquired property. The unique and complex construction projects in Lehto's Business Premises service area, in particular, always involve risks related to implementation and costs.

Lehto's business is partly so-called traditional contracting and partly its own production, where the final customer is not always known when starting the construction project. These two business models involve different risks. In traditional contracting, project income is recognised according to the degree of completion. The main risk in this model is that total costs for the project exceed the estimated costs or the completion of the project is delayed.

The main risk in own production is that the company is not able to sell the production within the planned time schedule or at the planned price. In addition, project costs can exceed the estimated costs. Failure in project pricing, technical implementation, estimating costs and time schedule, selling the property or finding financing can have a negative impact on the company's result and financial position.

Part of Lehto's business involves agreements according to which Lehto builds premises in line with the customer's needs and only sells the premises upon their completion or at a later stage to a fund, for example. Despite Lehto's completion of premises according to the agreed schedule and costs, Lehto carries a risk related to the capacity of the fund to provide the cash required for the purchase of the premises at the agreed time of payment.

The project business the Group carries out is characterised by variation, which can be significant, in profit between different reporting periods due to the accounting methods of projects. The Group's cash flow is usually generated in step with a project's degree of completion, however such that the last instalment payable after the completion is bigger than the other instalments. Thereby a delay of an individual project can have an effect on the sufficiency of working capital.

Changing building regulations or zoning policies can also have significant effects on the company's business. In a period of economic growth in construction, the availability of skilled labour may also present a risk for the planned launch of a project in the agreed schedule.

Lehto aims to control risks at each level of the organisation. Risk management includes risk identification, estimation and plans to avoid them. More information on Lehto's risks and risk management is available at www.lehto.fi. There were no significant changes in Lehto's risks in the first half of 2017.

Shares and shareholdings

Lehto is listed on the official list of Nasdaq Helsinki Ltd. The number of shares at the end of June was 58,250,752. The company had 7,769 shareholders and no shares in the company are held by the Group itself. The company has one share series and each share entitles its holder to one vote at the General Meeting of Shareholders.

The closing price of the share on the main list of Nasdaq Helsinki Ltd on 30 June 2017 was EUR 13.10. The highest rate of the share during the review period was EUR 14.26 and the lowest rate was EUR 9.79. A total of 10,929,890 shares in the company were traded during the period. The value of the trading was approximately EUR 129 million. The trading includes the 4,971,845 shares sold by the company's significant shareholders on 31 May 2017 using an accelerated book-building process.

Lehto's Annual General Meeting of 11 April 2017 authorised the Board to decide on the purchase of the company's own shares as one or several items using assets belonging to the shareholders' equity, such that the maximum quantity purchased would be no more than 5,800,000 shares. The authorisation will remain valid until the 2018 Annual General Meeting.

The AGM also decided to authorise the Board of Directors to decide on the issue of a maximum of 5,800,000 shares through a share issue or by granting rights of option or other special rights entitling to shares as one or several items. The authorisation includes the right to issue either new shares or own shares held by the company either against payment or as a bonus issue. Among other things, the authorisation can be used to develop the capital structure, to expand the ownership base, to use as consideration in transactions, when the company purchases assets linked to its operations, and to implement incentive systems. The authorisation is valid until 31 October 2019 and replaces the company's previous share issue and option authorisations.

Vantaa, 9 August 2017

Lehto Group Plc
Board of Directors

Further information:

Veli-Pekka Paloranta, Chief Financial Officer

+358 400 944 074

veli-pekka.paloranta@lehto.fi

www.lehto.fi

Tables

The accounting policies applied in this review are the same as in the latest annual report. The IAS 34 requirements have been complied with.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, EUR MILLION

	1-6/2017	1-6/2016	1-12/2016
Net sales	231.5	140.5	361.8
Other operating income	0.0	0.2	0.4
Changes in inventories	25.3	6.6	23.9
Raw materials and consumables used	-101.4	-48.8	-133.1
External services	-97.9	-62.4	-162.1
Employee benefit expenses	-27.8	-16.3	-36.9
Depreciation and amortisation	-1.3	-0.8	-2.2
Other operating expenses	-8.3	-5.2	-11.4
Operating profit	19.9	14.0	40.4
Financial income	0.2	0.1	0.2
Financial expenses	-0.3	-0.2	-0.4
Share of associated company profits	0.0	0.0	0.0
Profit before taxes	19.8	13.8	40.1
Income taxes	-4.2	-2.9	-8.2
Profit for the period	15.7	11.0	31.9
Profit attributable to			
Equity holders of the parent company	15.7	10.9	31.9
Non-controlling interest	0.0	0.0	0.0
	15.7	11.0	31.9
Earnings per share calculated from the profit attributable to shareholders of the parent company, EUR per share			
Earnings per share, basic	0.27	0.22	0.59
Earnings per share, diluted	0.27	0.22	0.59

CONSOLIDATED BALANCE SHEET, EUR MILLION

	JUNE 30, 2017	JUNE 30, 2016	DEC 31, 2016
Assets			
<i>Non-current assets</i>			
Goodwill	4.6	1.7	4.6
Other intangible assets	2.6	2.4	3.4
Property, plant and equipment	9.2	5.6	8.0
Investment properties	0.8	0.8	0.8
Investments and receivables	2.0	6.0	2.0
Deferred tax assets	4.0	3.7	2.7
Non-current assets total	23.3	20.2	21.5
<i>Current assets</i>			
Inventories	105.0	58.5	77.5
Trade and other receivables	102.0	62.1	92.0
Cash and cash equivalents	58.5	74.1	67.7
Current assets total	265.5	194.8	237.2
Assets total	288.8	215.0	258.7
Equity and liabilities			
<i>Equity</i>			
Share capital	0.1	0.1	0.1
Invested non-restricted equity reserve	69.2	69.2	69.2
Retained earnings	33.9	14.3	14.4
Profit for the financial period	15.7	10.9	31.9
Equity attributable to shareholders of the parent company	118.8	94.6	115.6
Non-controlling interest	0.0	0.0	0.0
Equity total	118.8	94.6	115.6
<i>Non-current liabilities</i>			
Deferred tax liabilities	0.4	0.1	0.4
Provisions	2.8	1.8	3.0
Financial liabilities	10.4	14.2	4.1
Other non-current liabilities	2.7	1.8	3.6
Non-current liabilities total	16.2	17.9	11.2
<i>Current liabilities</i>			
Financial liabilities	31.5	4.7	12.5
Advances received	71.4	65.1	67.3
Trade and other payables	50.8	32.7	52.1
Current liabilities total	153.7	102.5	131.9
Liabilities total	170.0	120.3	143.1
Equity and liabilities total	288.8	215.0	258.7

**CAPITAL ATTRIBUTABLE TO EQUITY HOLDERS OF THE
PARENT COMPANY**

**CONSOLIDATED STATEMENT OF CHANGES IN
EQUITY, EUR MILLION**

	Share capital	Invested non-restricted equity reserve	Equity loans	Retained earnings	Total	Non-controlling interest	Equity, total
Equity at 1 January 2016	0.1	5.8	5.0	22.4	33.4	0.0	33.4
Comprehensive income							
Profit for the financial period				10.9	10.9	0.0	11.0
Total comprehensive income				10.9	10.9	0.0	11.0
Transactions with equity holders							
Distribution of dividends				-7.9	-7.9		-7.9
Interest paid to equity loan				-0.2	-0.2		-0.2
Share issue		65.5	-5.0		60.5		60.5
Direct expenses related to share issue		-2.1			-2.1		-2.1
Other changes				0.0	0.0	0.0	0.0
Transactions with equity holders, total		63.4	-5.0	-8.1	50.3	0.0	50.3
Equity at 30 June 2016	0.1	69.2		25.3	94.6	0.0	94.6

Equity at 1 January 2017	0.1	69.2		46.3	115.6	0.0	115.6
Comprehensive income							
Profit for the financial period				15.7	15.7	0.0	15.7
Total comprehensive income				15.7	15.7	0.0	15.7
Transactions with equity holders							
Distribution of dividends				-12.8	-12.8		-12.8
Share-based compensation				0.4	0.4		0.4
Other changes				0.0	0.0		0.0
Transactions with equity holders, total				-12.4	-12.4		-12.4
Equity at 30 June 2017	0.1	69.2		49.6	118.8	0.0	118.8

CONSOLIDATED CASH FLOW STATEMENT
EUR MILLION
1-6/2017
1-6/2016
1-12/2016

Cash flow from operating activities			
Profit for the financial period	15.7	11.0	31.9
<i>Adjustments:</i>			
Non-cash items	0.2	0.6	1.8
Depreciation and amortisation	1.3	0.8	2.2
Financial income and expenses	0.1	0.2	0.2
Capital gains	0.0	-0.1	-0.1
Income taxes	4.2	2.9	8.2
<i>Changes in working capital:</i>			
Change in trade and other receivables	-14.2	-14.1	-32.9
Change in inventories	-27.6	-7.2	-25.3
Change in trade and other payables	4.9	13.7	30.3
Interest paid and other financial expenses	-0.4	-0.2	-0.4
Financial income received	0.2	0.1	0.2
Income taxes paid	-5.3	-4.1	-7.9
Net cash from operating activities	-20.9	3.3	8.3
Cash flow from investments			
Investment in property, plant and equipment	-1.9	-4.8	-7.4
Investments in intangible assets	0.1	0.0	-0.1
Acquisition of subsidiaries ¹⁾	-0.8	0.0	-4.5
Acquisition of associates	0.0	0.0	0.0
Proceeds from sale of tangible and intangible assets	0.0	0.0	0.1
Purchases of available-for-sale financial assets and proceeds	0.0	0.1	0.1
Loans granted	-0.5	-1.1	-2.3
Repayments of loan receivables	5.2	0.0	0.1
Net cash from investments	2.1	-5.8	-14.1
Cash flow from financing			
Loans drawn	35.6	6.0	9.1
Loans repaid	-12.1	-3.7	-9.0
Equity loan interest paid	0.0	-0.2	-0.2
Acquisition of non-controlling interest ¹⁾	-1.0	0.0	-0.9
Dividends paid	-12.8	-7.9	-7.9
Paid share issue	0.0	60.5	60.5
Direct cost related to paid share issue	0.0	-2.6	-2.7
Net cash used in financing activities	9.6	52.1	48.9
<i>Change in cash and cash equivalents (+/-)</i>	<i>-9.2</i>	<i>49.5</i>	<i>43.1</i>
Cash and cash equivalents at the beginning of the year	67.7	24.6	24.6
Cash and cash equivalents at the end of the period	58.5	74.1	67.7

¹⁾ The acquisition of subsidiaries and non-controlling interest is due to the conditional additional purchase prices paid to the sellers acquired in previous financial periods.

KEY FIGURES

	1-6/2017	1-6/2016	1-12/2016
Net sales, EUR million	231.5	140.5	361.8
Net sales, change %	64.7%	44.6%	31.3%
Operating profit, EUR million	19.9	14.0	40.4
Operating profit, as % of net sales	8.6%	9.9%	11.2%
Profit for the period, EUR million	15.7	11.0	31.9
Profit for the period, as % of net sales	6.8%	7.8%	8.8%
Equity ratio, %	54.7%	63.1%	60.4%
Gearing, %	13.3%	18.5%	9.4%
Net gearing ratio, %	-14.0%	-58.4%	-44.2%
Order backlog, EUR million	465.8	237.2	309.1
Personnel during the period, average	900	473	566
Personnel at the end of period	1 009	560	747
Gross expenditure on assets, EUR million	1.8	4.9	7.6
Equity / share, EUR	2.04	1.62	1.98
Earnings per share, EUR, basic	0.27	0.22	0.59
Earnings per share, EUR, diluted	0.27	0.22	0.59
Average number of shares during the period, basic	58,250,752	49,839,526	54,067,297
Average number of shares during the period, diluted	58,433,631	49,839,526	54,073,804
Number of shares at the end of the period	58,250,752	58,250,752	58,250,752
Market value of share at the end of period, EUR million	763.1	407.8	593.6
Share prices, EUR			
Highest price, EUR	14.26	7.01	10.19
Lowest price, EUR	9.79	5.52	5.52
Average price, EUR	11.76	6.43	8.03
Price at the end of period, EUR	13.10	7.00	10.19

SEGMENT INFORMATION

The Group has one operating segment, Building Services. The segment's operations consist of providing new construction and renovation services. The Group's management monitors the entire Group as a whole and the segment figures are consistent with the Group figures.

LIABILITIES AND GUARANTEES, EUR MILLION	June 30, 2017	June 30, 2016	Dec 31, 2016
Loans covered by pledges on assets			
Loans from financial institutions	26.4	14.3	11.2
Debts on shares in unsold housing and real estate company shares	5.9	4.4	3.8
Instalment debts	1.3	0.9	1.4
Total	33.5	19.5	16.4
Guarantees			
Corporate mortgages	1.8	0.0	1.8
Real-estate mortgages	4.6	4.7	4.6
Pledges	25.8	4.6	5.7
Absolute guarantees	1.3	1.0	1.2
Total	33.5	10.3	13.3
Contract guarantees			
Production guarantees	20.4	18.7	21.7
Warranty guarantees	10.1	5.1	9.4
RS guarantees	23.3	16.2	19.5
Payment guarantees	11.0	1.2	15.4
Total	64.8	41.2	66.0

The collateral for instalment debt is the financed equipment. Absolute guarantees include contract guarantees given on behalf of another Group company and loan guarantees for housing companies under construction. Pledges are inventory items and other financing assets pledged as collateral for financial institution loans and loans for housing companies under construction. Pledges are presented at carrying amount.

RELATED PARTIES

The Group's related parties include Group companies, members of the Board of Directors, the CEO, the Chief Financial Officer and the Chief Operating Officer as well as entities on which related parties have influence through ownership or management. Related parties also include associated companies and joint ventures.

Transactions with related parties

EUR MILLION	SALES 1-6/2017	PURCHASES 1-6/2017	SALES 1-12/2016	PURCHASES 1-12/2016
Associated companies	0.0	0.0	10.6	0.0
Key personnel and their controlled entities	27.5	1.7	10.1	2.0
Total	27.5	1.7	20.7	2.0

EUR MILLION	RECEIVABLES JUNE 30, 2017	LIABILITIES JUNE 30, 2017	RECEIVABLES DEC 31, 2016	LIABILITIES DEC 31, 2016
Associated companies	0.8	0.0	1.4	0.0
Key personnel and their controlled entities	1.4	0.0	0.8	0.2
Total	2.2	0.0	2.2	0.2

A major part of related party transactions are connected with purchase of apartments and other premises from the company. The transactions are valued at the debt-free selling price of the completed site. Purchases are mainly equipment rents and other service purchases.