SRV GROUP PLC INTERIM REPORT 6 AUGUST 2014 at 8:30 A.M.

SRV'S ORDER BACKLOG EXCEEDS ONE BILLION EUROS: SRV'S INTERIM REPORT 1 JANUARY–30 JUNE 2014

Reporting period 1 January–30 June 2014 in brief:
- SRV's revenue was EUR 281.6 million (EUR 337.8 million 6/2013), change -16.6%
- Operating profit was EUR 9.3 million (EUR 14.9 million), change -37.4%
- Profit before taxes was EUR 5.6 million (EUR 14.0 million), change -60.3%
- Earnings per share were EUR 0.05 (EUR 0.32)
- The order backlog at the close of the review period was EUR 1,047 million (EUR 959.2 million), change +9.2%
- Equity ratio was 38.4 per cent (35.2%)

SRV's outlook for 2014 remains unchanged. The Group's full-year revenue is expected to be on a par with the previous year (EUR 679.4 million 1-12/2013) and profit before taxes to amount to EUR 10–20 million (EUR 22.8 million 1-12/2013).

Second quarter 1 April–30 June 2014 in brief:
- Revenue was EUR 143.1 million (EUR 179.4 million 4-6/2013)
- Operating profit was EUR 4.9 million (EUR 13.7 million)
- Profit before taxes was EUR 3.4 million (EUR 13.3 million)
- Earnings per share were EUR 0.04 (EUR 0.35)

This interim report has been prepared in accordance with IAS 34. The disclosed information is unaudited.

CEO Jukka Hienonen comments on SRV's result:

SRV Group's operational profitability improved substantially, even though the Group's reported operating profit was significantly below last year's figure because the figures for the comparison period the previous year included, among other things, both a capital gain and a positive change in the fair value of SRV's minority interest as a consequence of the sale of a share of the Okhta Mall project.

SRV has advanced according to plan in a difficult operating environment. We have improved our profitability by consistently focusing on higher-margin projects and through disciplined development of our cost-efficiency. In Domestic Operations, this has been evident in four successive quarters of improved operating margin, which has already exceeded the five per cent level. Our company has the highest-ever order backlog, at more than one billion euros.

Investors and private customers have laid claim to the one- and two-room apartments in the market, as a result of which the pool of apartments for sale in the housing market has been skewed towards larger homes. We have made the decision to increase new production in the Helsinki Metropolitan Area and the Tampere Region, but growth will be directed at affordable housing, such as small apartments and larger, Hitas-regulated homes.

Owing to the rental housing projects developed by SRV, our housing production volume has grown by 12%. Of our housing production currently under construction, 93% per cent has been sold in advance, so the operational risk profile has also been carefully considered, taking any prolongation of the recession into account.

In Russia, we are continuing the construction of the Okhta Mall shopping centre, which we began in St. Petersburg a year ago. The project has advanced without delays and, with the weakening of the rouble, the project's cost estimate has fallen by around EUR 20 million. The project's tenant acquisition has gone well and a positive credit decision on loan financing has been achieved with a Russian bank. The development of visitor numbers at the Pearl Plaza shopping centre, which we partly own, has proceeded beyond expectations. In June, the sale of a majority interest in the Promenade shopping centre project, to be built in a city of the Greater Moscow region, was agreed with a Russian pension fund. SRV will be responsible for the project's construction and leasing. Construction work is already under way and preliminary lease agreements have been signed for more than half of the leasable floor area. The operating result of our International Operations showed a slight loss, however, due to fluctuations in the recognition as income of long-term projects.

The total volume of construction in Finland has declined for three years in succession and, judging by the number of new building permits, the decline will continue. There are large regional differences, and apartment block production in growth centres, for example, has remained relatively buoyant due to demand from funds and companies engaged in the construction of rental housing. Demand from private customers in housing sales has been weak owing to the low level of consumer confidence.

Demand for construction of business premises has remained low and underutilisation of business premises is still around the ten per cent level. The situation of the retail sector is difficult due to impaired consumer confidence. The largest investments are directed at public sector service construction and renovation construction.

Our large shopping centre projects in Finland and Russia are proceeding, even though the financial crisis and global political events have hampered the advancement of the projects and we have had to make corrections to ensure the projects' progress. In accordance with SRV's strategy, the projects are at different stages, so their impact on the company's profit development must be assessed over the longer term. Many projects were under preparation for years before they reached the construction stage. Projects, moreover, cannot be started and halted based on individual economic and political fluctuations, neither in Russia or in Finland.

In Ukraine, the situation has taken a worrying course. The confrontation of Russia and the EU has escalated to the stage of intensifying sanctions. These actions are leading towards isolation, and the EU has put the political agenda ahead of economic interests. It is difficult to predict how the situation will develop. Companies that have established a long-term presence in Russia must adapt to prevailing conditions and to date SRV has managed to make the necessary corrections.

We have strengthened our balance sheet and financial reserves to be ready for the launch of our long-prepared major projects, which will facilitate SRV's participation in the projects and ensure significantly better earnings than from contracting.

Our return on capital is low and in this respect I still consider our achievements to be modest, even though the delivery-based revenue recognition practice will partly shift our earnings into the future.

Operationally, the early part of the year was relatively successful in a difficult operating environment, but efforts to improve profitability and accelerate capital turnover still must continue. It is important, however, that we know how and from where they will continue. In the near-future, we must ensure the launch of our developer-contracted major projects and a high level of operational activity. Our strong order backlog gives us an excellent starting point for this.

SRV GROUP PLC'S INTERIM REPORT 1 JANUARY–30 JUNE 2014

Group key figures (IFRS, EUR million)	1-6/ 2014	1-6/ 2013	change, MEUR	change, %	4-6/ 2014	4-6/ 2013	1-12/ 2013
Revenue	281.6	337.8	-56.2	-16.6	143.1	179.4	679.4
Operating profit	9.3	14.9	-5.6	-37.4	4.9	13.7	26.4
Financial income and expenses, total	-3.8	-0.9	-2.9		-1.5	-0.4	-3.6
Result before taxes	5.6	14.0	-8.4	-60.3	3.4	13.3	22.8
Order backlog	1 047.0	959.2	87.8	9.2			825.8
New agreements	502.0	424.5	77.4	18.2	317.3	384.5	600.7
Operating profit, %	3.3	4.4			3.4	7.6	3.9
Net profit, %	1.5	4.0			1.8	7.4	2.7
Equity ratio, %	38.4	35.2					36.4
Net interest-bearing debt	252.7	245.0	7.7	3.1			215.8
Gearing, %	113.4	112.5					97.1
Return on investment, %	3.7	6.6					5.4
Return on equity, %	3.7	12.4					8.4
Earnings per share, EUR	0.05	0.32	-0.27	-84.4	0.04	0.35	0.39
Equity per share, EUR	4.99	4.86	0.13	2.7			4.99
Share price at end of period, EUR	4.13	3.28	0.85	25.9			4.05
Weighted average number of shares outstanding, millions	35.5	35.5		0.1			35.5

Overall review

The Group's order backlog rose to an all-time high, EUR 1,047.0 million (EUR 959.2 million 6/2013), thanks to strong growth in new contractor agreements in Finland. The share of the order backlog that has been sold is 83 per cent, which amounts to EUR 873 million in total. The value of the Group's new agreements increased to EUR 502.0 million (EUR 424.5 million 1-6/2013).

The Group's revenue declined to EUR 281.6 million (EUR 337.8 million 1-6/2013). Revenue from Domestic Operations remained almost on a par with the comparison period. The domestic volume was supported by the growth in both business construction and SRV's housing development projects sold to investors. However, revenue from developer-contracting projects decreased due to the significant contraction in sales of housing projects to consumers. Revenue for International Operations in the comparison period, 1-6/2013, was increased by the sale of 55 per cent stake of the Okhta Mall shopping centre project in June 2013 and the construction volume of the final phase of the Pearl Plaza shopping centre.

Consolidated operating profit decreased to EUR 9.3 million (EUR 14.9 million). The operating profit margin was 3.3 per cent (4.4%). The profitability of Domestic Operations improved significantly as domestic operating profit more than doubled. Consolidated operating profit decreased, as operating profit for the comparison period included capital gains from the sale of the 55 per cent holding in the Okhta Mall shopping centre project in St Petersburg in June 2013. In addition, operating profit for the comparison period was increased by the EUR 8.3 million change in the fair value of SRV's holding in the Okhta Mall shopping centre project.

Several factors contribute to the quarterly variation in the operating profit and operating profit margin: SRV's own projects are recognised as income upon delivery, the part of the order backlog that is continuously recognised as income mainly consists of low-margin contracting, a share equivalent to the ownership of SRV's associated companies is eliminated from the profit margins of construction carried out for these companies, and the project development nature of operations.

The Group's net financial expenses rose to EUR 3.8 million (EUR 0.9 million). Interest expenses for the review period increased due to the fixed-interest bond issued in December 2013. Financial income for the comparison period was increased by interest income from SRV's associated company Etmia II, which during Q2/2013 refinanced its construction funding obtained from SRV with a long-term project loan of about EUR 33 million.

The Group's profit before taxes was EUR 5.6 million (EUR 14.0 million). Earnings in the 1-6/2013 comparison period were improved by the sale of 55 per cent stake of the Okhta Mall shopping centre project in St Petersburg, the fair value change of SRV's holding and financial income from the associated company Etmia II.

The Group's equity ratio was 38.4 per cent (35.2%, on 30 June 2013). Profit performance, together with the decrease in total assets, contributed to the increase in equity ratio.

The revenue of Domestic Operations was EUR 255.3 million (EUR 264.0 million 1-6/2013). Operating profit improved to EUR 13.7 million (EUR 6.1 million), with an operating profit margin of 5.4 per cent (2.3%). The increase in profitability was driven by improved construction margin management, more efficient purchasing and higher development project volumes. On the other hand, the level of operating profit was affected by the fact that the commercial development order backlog recognised as income mainly consisted of low-margin contracting. The domestic order backlog rose to EUR 920.0 million (EUR 771.6 million). In order to improve profitability, the company has shifted the focus of operations to increasing developer contracting, development projects and negotiated contracts.

The total domestic housing sales increased and SRV sold a total of 448 housing units (401 1-6/2013) to consumers and investors. SRV had 1,638 housing units under construction (1,525 on 30 June 2013), of which 171 were developer-contracted. 93 per cent of housing units under construction have been sold, and 90 per cent of production consists of rental and right-of-occupancy units. 60 per cent (63%) of housing units are production developed by SRV.

Revenue from International Operations was EUR 26.6 million (EUR 73.9 million). Operating profit was EUR -0.9 million (EUR 11.5 million). The international order backlog amounted to EUR 126.9 million (EUR 187.6 million).

Consolidated second-quarter revenue amounted to EUR 143.1 million (EUR 179.4 million) and operating profit to EUR 4.9 million (EUR 13.7 million). The Group’s revenue and operating profit in the comparison period were substantially improved by the sale of the 55 per cent stake of the Okhta Mall shopping centre project in June 2013 and the fair value change of SRV's holding.

Of SRV's major international projects, the Pearl Plaza shopping centre in St Petersburg was opened in August 2013, and the number of visitors has outperformed the target level. 96% of the shopping centre's premises have been leased. At the Okhta Mall shopping centre, that is under construction in St Petersburg, preliminary lease agreements have been signed for 40% of the retail space. For the Promenade shopping centre, in Moscow, an investor solution was accomplished and construction work has started. Co-ownership-based investor negotiations for the REDI shopping centre, SRV's large-scale project in Finland, and car park are underway.

SRV's own project development operations are paving the way for substantially increasing operating volumes in Finland. These projects require long-term development work and are carried out over the course of several years. Many of SRV's projects are so-called landmark projects – innovative new solutions for the needs of sustainable regional construction. Such projects include, for example, the Keilaniemi Towers housing project, the Kalasatama Centre, or REDI, in Helsinki, and a project to develop the area adjacent to the Niittykumpu metro station in Espoo. In St Petersburg and Moscow, SRV focuses on the development of shopping centre projects or developer-contracted shopping centre projects.

Key figures for the segments

Revenue (EUR million)	1-6/ 2014	1-6/ 2013	change, MEUR	change, %	4-6/ 2014	4-6/ 2013	1-12/ 2013
Domestic Operations	255.3	264.0	-8.6	-3.3	131.0	128.9	574.8
International Operations	26.6	73.9	-47.3	-64.1	12.4	50.4	104.7
Other operations	10.3	6.3	4.0	62.8	5.4	3.0	13.0
Eliminations	-10.6	-6.4	-4.2		-5.7	-3.0	-13.1
Group, total	281.6	337.8	-56.2	-16.6	143.1	179.4	679.4

Operating profit (EUR million)	1-6/ 2014	1-6/ 2013	change, MEUR	change, %	4-6/ 2014	4-6/ 2013	1-12/ 2013
Domestic Operations	13.7	6.1	7.6	124.1	7.0	2.7	21.4
International Operations	-0.9	11.5	-12.4	-108.1	-0.4	12.3	10.0
Other operations	-3.4	-2.7	-0.7		-1.8	-1.3	-5.0
Eliminations	0.0	0.0	0.0		0.0	0.0	0.0
Group, total	9.3	14.9	-5.6	-37.4	4.9	13.7	26.4

Operating profit, (%)	1-6/2014	1-6/2013	4-6/2014	4-6/2013	1-12/2013
Domestic Operations	5.4	2.3	5.4	2.1	3.7
International Operations	-3.5	15.6	-2.9	24.5	9.5
Group, total	3.3	4.4	3.4	7.6	3.9

Order backlog (EUR million)	6/2014	6/2013	change, EUR million	change, %	12/2013
Domestic Operations	920.0	771.6	148.4	19.2	645.8
International Operations	126.9	187.6	-60.7	-32.3	180.1
Group, total	1,047.0	959.2	87.8	9.2	825.8
- sold order backlog	873	746	127	17.0	618
- unsold order backlog	174	213	-39	-18.4	208

Earnings trends of the segments

Domestic Operations (EUR million)	1-6/ 2014	1-6/ 2013	change, MEUR	change, %	4-6/ 2014	4-6/ 2013	1-12/ 2013
Revenue	255.3	264.0	-8.6	-3.3	131.0	128.9	574.8
- business construction	151.5	142.1	9.3	6.6	82.5	74.6	319.2
- housing construction	103.9	121.8	-17.9	-14.7	48.5	54.3	255.5
Operating profit	13.7	6.1	7.6	124.1	7.0	2.7	21.4
Operating profit, %	5.4	2.3			5.4	2.1	3.7
Order backlog	920.0	771.6	148.4	19.2			645.8
- business construction	633.1	458.7	174.4	38.0			392.8
- housing construction	286.9	312.9	-25.9	-8.3			253.0

The Domestic Operations segment consists of SRV's property development and construction operations in Finland. Operations are divided into housing construction and business construction, which comprises retail, office, logistics, earthworks, and rock construction operations.

Revenue for Domestic Operations totalled EUR 255.3 million (EUR 264.0 million 1-6/2013) and accounted for 91 per cent of the Group's revenue (78%). Operating profit was EUR 13.7 million (EUR 6.1 million), generating an operating profit margin of 5.4 per cent (2.3%). The fall in revenue was affected by decreased revenue in housing developer contracting. Growth in operating profit was driven by improved construction margin management, more efficient purchasing and higher development project volumes. The level of operating profit was affected by the fact that the commercial development order backlog recognised as income mainly consisted of low-margin contracting. The order backlog rose to EUR 920.0 million (EUR 771.6 million 6/2013) thanks to growth in negotiated contractor agreements for business construction.

Second-quarter revenue amounted to EUR 131.0 million (EUR 128.9 million 4-6/2013) and operating profit to EUR 7.0 million (EUR 2.7 million). The fall in revenue was attributable to declining revenue in developer-contracted housing projects. Growth in operating profit was driven by improved construction margin management, more efficient purchasing and higher development project volumes. During the second quarter, a total of 288 housing units (178) were sold to consumers and investors.

Business construction

Revenue from business construction totalled EUR 151.5 million (EUR 142.1 million). The order backlog was EUR 633.1 million (EUR 458.7 million). Competition for new contracts has remained tight.

Projects completed during the review period include the Äänekoski health centre, a daycare centre built in Joutseno, a Biltema in Vaasa, the extension of a postal centre in Oulu, and the Pitkäkoski tailwater tank of the Päijänne tunnel. In Tampere, SRV completed the construction of the Pispa Service Centre for the Tampereen Kotilinna Foundation as well as the extension of a vocational college and upper secondary school in Hervanta. In Southwest Finland, the company completed production facilities for Grene Noromaa in Paimio and Sandvik in Turku. Completed renovation projects included Chemicum C for the University of Helsinki and Phase II of the Brondankulma renovation project.

During the review period, new contractor agreements worth EUR 390.6 million were signed with external clients. The major agreements were for the construction of a new Children's Hospital in Meilahti, Helsinki (valued at about EUR 81 million), Phase I of the Tapiola urban centre in Espoo for Lähitapiola (about EUR 110 million), a central car park in Tapiola for Tapiolan keskuspysäköinti Oy (about EUR 40 million) as well as the Joensuu Court and Police Building, which will be carried out as an alliance-based project for Senate Properties (about EUR 30 million). In addition, SRV signed several contractor agreements with clients such as Länsimetro Oy for the construction of the Koivusaari metro station, the University of Jyväskylä for the basic renovation of the C building, Senate Properties for the construction of a Nuclear Safety House for VTT Technical Research Centre of Finland as an alliance-based project and ET-hoivakiinteistöt for the construction of an assisted-living house in Turku. In addition, the Fista international school will be built in Tampere and the Onervamäki school in Jyväskylä.

Construction work began on one of SRV's development projects, a logistics centre with approximately 30,000 m2 of floor area in Tuusula. The property developer and investor is pension company Ilmarinen, while Stockmann will be the tenant with a long-term lease. Construction work on the project will be completed during 2015.

In the Perkkaa district of Espoo, SRV owns a developer-contracted commercial project which consists of three office buildings with a total leasable floor area of about 19,000 m2. Phase I of the project was completed in August 2012, and the last two office buildings in June 2013. Among other tenants, the buildings house the head offices of Siemens Osakeyhtiö and SRV. About 95 per cent of the premises have been leased. SRV estimates that annual rental income from the project will amount to about EUR 4.3 million once it has been fully leased out. Sales efforts are currently under way.

During the review period, SRV completed a developer-contracted logistics facility in Kerca, Kerava. The facility has 4,300 m2 of leasable space, which has been fully leased out. Sales efforts are also under way at this facility.

Housing construction

Revenue from housing construction totalled EUR 103.9 million (EUR 121.8 million). The order backlog was EUR 286.9 million (EUR 312.9 million).

Projects for external clients that were completed during the review period included 133 units for Sato in Kalasatama, 16 units for YH in Turku, and, for VVO, 58 units on Klariksentie in Espoo and 34 units on Nuolialantie in Tampere. Furthermore, a total of 100 (213) developer-contracted housing units were completed during the first part of the year.

During the review period, contracts worth EUR 100.7 million were signed with external clients for the construction of 165 housing units. SRV signed contractor agreements with Sato for the construction of 77 units in the Töölö area of Helsinki and with Opiskelija-asunnot Oy for 39 student flats in Joensuu. Development projects sold to external clients will be built in Suurpelto, Espoo (129 units), Nihtisilta, Espoo (88 units), Sarfvik, Kirkkonummi (76 units) and Seppälä, Jyväskylä (54 units).

During the period, SRV launched the construction of 22 (177) developer-contracted housing units included in the RS system in the Telakkaranta area of Turku. In addition, SRV has greenlit the construction of 275 new developer-contracted housing units: 164 in Helsinki, 19 in Espoo and 92 in Tampere. These projects will go to order backlog when construction work begins.

During the review period, SRV sold a total of 448 (401) housing units. 101 (199) of the developer-contracted housing units that fall within the scope of the RS system were sold during the review period and 347 (202) units were sold to investors under negotiated contracts.

At the end of the review period, SRV had a total of 1,638 (1,525) units under construction, 93 per cent of which (1,564 units) had been sold. A total of 171 (550) housing units for the consumer market were under construction, of which 108 (344) had not yet been sold. The number of completed but unsold housing units was 173 (89). Based on the current schedules, SRV estimates that a total of 186 developer-contracted housing units included in the RS system will be completed in 2014. During the third quarter, 86 units are scheduled for completion.

Housing production in Finland (units)	1-6/ 2014	1-6/ 2013	change, units	4-6/ 2014	4-6/ 2013	1-12/ 2013
Housing sales, total	448	401	47	288	178	701
- sales, developer contracting	101	199	-98	29	64	297
- sales, negotiation contracts [2]	347	202	145	259	114	404
Developer contracting						
- start-ups	22	177	-155	0	142	202
- completed	100	213	-113	0	109	539
- completed and unsold [1]	173	89	84			182
Under construction, total [1]	1,638	1,525	113			1,054
- construction contracts [1]	649	560	89			334
- negotiation contracts [1] [2]	818	415	403			471
- developer contracting [1]	171	550	-379			249
- of which sold [1]	63	206	-143			71
- of which unsold [1]	108	344	-236			178

1) at the end of the period 2) investor sales under negotiation contracts

The order backlog for housing construction was EUR 287 million (EUR 313 million 6/2013). The order backlog for contracts and negotiated contracts was EUR 179 million (EUR 192 million), accounting for 62 per cent (38%) of the total order backlog. Of the housing production order backlog, EUR 193 million (EUR 364 million) was sold. The completed but unsold order backlog was EUR 68 million (EUR 24 million). The developer-contracted unsold order backlog under construction totalled EUR 26 million (EUR 117 million).

Order backlog, housing construction in Finland (EUR million)	30.6.14	30.6.13	change, MEUR	31.12.13
Negotiation and construction contracts	179	121	-13	122
Under construction, sold developer contracting	14	52	-38	14
Under construction, unsold developer contracting	26	117	-91	60
Completed and unsold developer contracting	68	24	44	57
Housing construction, total	287	313	-26	253

Development of Domestic Operations

SRV is a participant in two projects conducted as part of the Aalto University's Energizing Urban Ecosystems (EUE) programme, which seeks to identify operating models and solutions to the challenges and opportunities involved in urbanisation. In 2012, SRV joined the Nordic Built Charter initiative, a Nordic trade and industry policy programme aiming at green growth. The programme runs from 2012 to 2014. In the case of building systems, SRV focused particularly on energy-efficient solutions and has already introduced energy consumption monitoring at several sites.

International Operations (EUR million)	1-6/ 2014	1-6/ 2013	change, MEUR	change, %	4-6/ 2014	4-6/ 2013	1-12/ 2013
Revenue	26.6	73.9	-47.3	-64.1	12.4	50.4	104.7
Operating profit	-0.9	11.5	-12.4	-108.1	-0.4	12.3	10.0
Operating profit, %	-3.5	15.6			-2.9	24.5	9.5
Order backlog	126.9	187.6	-60.7	-32.3			180.1

International Operations comprises SRV's construction and property development business in Russia and Estonia. In addition, SRV aims to expand its business in Russia into shopping centre management.

Revenue from International Operations totalled EUR 26.6 million (EUR 73.9 million) and accounted for 9 per cent of the Group's revenue (22%). Construction of the Okhta Mall shopping centre generated most of the revenue. Revenue in the comparison period was improved by the construction volume of the final phase of the Pearl Plaza shopping centre as well as the sale of the 55 per cent stake of the Okhta Mall shopping centre project and the fair value change of SRV's holding. Operating profit was EUR -0.9 million (EUR 11.5 million). A proportion of the profit margin for construction, equivalent to the proportion under the ownership of SRV, is eliminated from the operating profit. Operating profit for the comparison period included capital gains from the sale of the 55 per cent holding in the Okhta Mall shopping centre project in St Petersburg in June 2013. Other contributing factors included the EUR 8.3 million change in the fair value of the holding in the Okhta Mall shopping centre following the surrender of SRV's controlling interest in a transaction carried out in June and the subsequent measurement of its remaining holding at fair value based on the sale of the majority holding. The order backlog was EUR 126.9 million (EUR 187.6 million).

Second-quarter revenue amounted to EUR 12.4 million (EUR 50.4 million 4-6/2012) and operating profit to EUR -0.4 million (EUR 12.3 million). Revenue and operating profit for the comparison period were affected by the sale of the holding in the Okhta Mall shopping centre, the valuation of the minority interest, and the construction volume of the final phase of the Pearl Plaza shopping centre.

Russia

SRV has been developing the extensive Okhta City project in the Okhta area of St Petersburg for several years. The project covers a total of 8.5 hectares. The plans for the area include constructing a commercial complex measuring over 400,000 m2, which will house a shopping centre, office and business premises, as well as premises for hotel, restaurant, and entertainment services. The project will be implemented in several phases. Phase I of the project commenced when the Russia Invest investment company owned by SRV, Ilmarinen, Sponda, Etera and Onvest made a decision to invest in the Okhta Mall shopping centre project. Under agreements signed in June 2013, Russia

Invest acquired a 55 per cent holding in the shopping centre from SRV. In addition to its direct ownership of the remaining 45 per cent, SRV owns part of the project through its holding in Russia Invest. SRV maintains a 100 per cent holding of the other phases in the extensive Okhta City project.

Okhta Mall will be opened in spring 2016 and it will have about 144,000 m2 of floor area, with leasable space of about 75,000 m2. The centre will feature two underground parking levels, a hypermarket and four aboveground levels. Located close to the heart of St Petersburg, Okhta Mall will be the first shopping centre in the downtown area with a hypermarket. Leasing of the project has progressed according to plan. Lease agreements and preliminary BTS (Business Term Sheet) lease agreements have already been signed for around 40% of the leasable premises. The target for annual rental income from the shopping centre is around EUR 33 million. The shopping centre investment is currently budgeted at around EUR 225 million. In line with project management contractor agreements valued at a total of about EUR 140 million, SRV is responsible for planning, constructing, developing and leasing out the site. The financing plan for the investment is based on capital investments of about EUR 115 million from the owners as well as bank financing amounting to about EUR 110 million; loan agreement negotiations with the lender, a Russian bank, are expected to be completed in summer 2014. Construction has progressed according to plans and most of the owner financing has already been committed to the project. On the basis of the financing plan under the current budget, SRV estimates that its further investments in the project will amount to about EUR 9 million.

About EUR 70 million of the EUR 95.5 million investment capacity of the Russia Invest investment company will be earmarked for the Okhta Mall project. In the short term, arriving at new investment decisions will be challenging due to the Ukrainian crisis, and it is unlikely that the investment company will make any investments in new projects during 2014. SRV has a 27 per cent stake in the company.

The Pearl Plaza shopping centre, owned jointly by SRV and the Shanghai Industrial Investment Company, was opened to the public on 24 August 2013. The number of visitors has outperformed the target level. Pearl Plaza is also the first shopping centre managed by SRV in Russia. Total investment in the project amounts to approximately EUR 140 million. SRV's ownership in the joint venture is 50 per cent, and SRV has invested roughly EUR 23 million in the project. In addition to investment from the owners, bank financing has been secured with a EUR 95 million financing agreement with a partner from China. In line with the project management contractor agreements, SRV was responsible for planning, constructing, developing and leasing out the site. About 96 per cent of the premises have been leased and it is estimated that the premises will be fully leased by the time of the shopping centre's first anniversary. The target for annual rental income from the shopping centre is about EUR 18 million.

The design of Phase II of the Pearl Plaza shopping centre has begun and, according to preliminary plans, construction of Phase II can be launched towards the end of this year. Preliminary lease reservations have been made for about 30 per cent of the Phase II premises.

The start-up of Phase I of the Promenade shopping centre project, which SRV developed in the Moscow region, was confirmed in June when the Russian pension fund Blagosostoyanie became the company's new partner with a 55 per cent stake. The Finnish real-estate investment company Vicus Oy now holds a 26 per cent stake of the project. SRV's total holding amounts to 20 per cent. The shopping centre has more than 26,000 m2 of leasable space and preliminary lease agreements have already been signed for about 60 per cent of the leasable area. The shopping centre will be completed in early part of the 2016. The target for annual rental income is about EUR 10 million and total investment in Phase I of the project amounts to about EUR 75 million. SRV's total investment in the project is about EUR 7 million, of which around EUR 3.5 million will be committed during construction. In addition to capital from the owners, the investment will be financed with long-term project loan financing amounting to about EUR 40 million; these negotiations are ongoing. SRV serves as the project contractor and is responsible for leasing and marketing. The agreements signed in July are valued at a total of about EUR 50 million and are not included in the order backlog.

The existing office premises in the Etmia II office and car park project in downtown Moscow have been leased out in their entirety. Net rental income for 2014 is estimated at about EUR 4 million. SRV is a co-owner in the project with a 50 per cent stake, and was also responsible for its construction as the project management contractor. SRV's investment in the project amounts to about EUR 2 million. SRV estimates that in the current market it is unlikely that the project will be sold to investors in 2014.

SRV has invested EUR 6.3 million in a property fund that acquired an office and logistics property in Moscow in autumn 2011. The property is fully leased out. Development of the St Petersburg Eurograd logistics area has been temporarily suspended due to the local partner's financing difficulties. SRV has a 49 per cent holding in the Russian company that owns a 24.9 hectare land area located north of St Petersburg, in the immediate vicinity of the Ring Road.

Four apartments in the Papula residential area project in Vyborg were sold during the review period (6, 1-6/2013). At the end of the period, two completed units remained unsold (17). Construction of the next two buildings, which have a total of 111 units, has been temporarily suspended, but will be continued as soon as the market situation improves.

Estonia

SRV began the construction of 48 developer-contracted housing units in Tartu.

Other operations, (EUR million)	1-6/ 2014	1-6/ 2013	change, MEUR	change, %	4-6/ 2014	4-6/ 2013	1-12/ 2013
Revenue	10.3	6.3	4.0	62.8	5.4	3.0	13.0
Operating profit	-3.4	-2.7	-0.7		-1.8	-1.3	-5.0

Other Operations mainly comprise the SRV Group Plc and SRV Kalusto Oy businesses.

Revenue from Other Operations totalled EUR 10.3 million (EUR 6.3 million) and the operating profit was EUR -3.4 million (EUR -2.7 million). Revenue grew thanks to higher operating volumes. During the period, development costs expensed for projects totalled EUR 1.4 million (EUR 1.1 million). Second-quarter revenue amounted to EUR 5.4 million (EUR 3.0 million 4-6/2013) and operating profit to EUR -1.8 million (EUR -1.3 million). During the second quarter, project development costs of EUR 0.9 million were recognised as expenses (EUR 0.6 million).

REDI – Kalasatama Centre

The city plan for SRV's large-scale REDI project – the Kalasatama Centre – entered into force in June 2013. The Administrative Court of Helsinki had dismissed a complaint regarding the city plan, and in

June the Supreme Administrative Court rejected the appellants' request to appeal against the ruling. The Helsinki City Building Control Department has granted SRV a building permit for the REDI shopping centre and the adjacent two residential towers.

REDI will consist of six residential towers, and a tower housing a hotel and offices. The towers will have 20–35 stories, with the highest tower reaching 126 metres. According to the plans, the towers will have 1,200 housing units with floor space of about 100,000 m2 for approximately 2,000 residents, 10,000 m2 of office space and a 10,000 m2 hotel. A 64,000 m2 commercial centre and a car park with around 2,000 parking spots will be built next to the towers. As part of the implementation of the Kalasatama Centre, SRV and the City of Helsinki have agreed that SRV will build a 10,000 m2 social and health services centre in Kalasatama and lease it to the city. REDI will be built in phases by 2021, accounting for the market situation. For the most part, the other public premises planned for the Kalasatama Centre have already been built, as the underground waste station and new metro bridge commissioned by the City of Helsinki reached completion in summer 2013.

The City of Helsinki and SRV have negotiated on changes to the city plan so that the City of Helsinki's social and health services centre can be built on the north side of the Kalasatama Centre. This would make it possible to further develop the scope of the station, the implementation schedule and the functionality of the premises to better match the city's plan to centralise social services. The Social Services and Healthcare Committee of the City of Helsinki has for its own part approved the revised plan. The City Council will take the final decision on the approval of the revised plan.

Phase I of the private-sector part of the project consists of the construction of the REDI shopping centre and a car park with a total of 2,000 parking spaces, which will also serve park-and-ride commuters at Kalasatama. The shopping centre will have about 64,000 m2 of leasable space. SRV aims to open the first sections of the shopping centre in 2017. The plans for the shopping centre include two daily consumer goods stores and a wide selection of services and brands, all located in the intersection of the city's best traffic connections and its most densely populated area. REDI will be Finland's first shopping centre that can be easily reached by public bus, metro, tram, car, bicycle, walking – and even by boat. 500,000 people live within a 15 minutes' drive from REDI and 1.1 million within 30 minutes. Each day, more than 100,000 cars use the three main roads that pass through Kalasatama, and the Helsinki city centre is only six minutes away by metro.

REDI leasing negotiations are under way with anchor tenants and a wide range of potential tenants. If the ongoing lease negotiations lead to agreements, 70 per cent of the retail space would be leased out. SRV estimates that the lease agreements signed by the end of the year account for about 20-30 per cent of the retail space.

Investor sales and financing negotiations for the REDI shopping centre and car park are likewise ongoing. The investor negotiations concern a co-ownership structure, as SRV intends to keep a 40-50 per cent holding in the project. The total value of the shopping centre and car park investment will be approximately EUR 450 million, depending on the planned scope. Financing for project construction will be secured both as investments from the owners and as project loans. On the basis of the ongoing financing negotiations, SRV estimates that project financing will account for about 50 per cent of the total value of the investment, and thus SRV's investment in the project could amount to about EUR 90-120 million. SRV seeks to complete the investor and financing negotiations by the end of 2014. At the same time, SRV intends to sign a contractor agreement valued at around EUR 400 million for the implementation of the shopping centre and car park, and to begin construction work.

Group project development

The total scope of the Keilaniemi residential towers in Espoo, a project developed by SRV, is approximately 72,000 m2 of floor area of housing units in four residential towers. SRV has a planning reservation for the area and its city plan is in force. Project progress hinges on a tunnel for a section of Ring Road I as well as tunnelling and traffic arrangements. A complaint has been lodged in the Administrative Court of Helsinki against the approval of the general plan. Road planning has been delayed by this complaint. The aim is to begin construction in 2016.

SRV, Mutual Pension Insurance Company Varma and SATO Corporation are progressing with their project to develop the Niittykumpu district in Espoo. The Espoo City Board approved the co-operation and preliminary agreement made between Espoo, Länsimetro, SRV and SATO for the Niittykumpu metro station on 16 June 2014. The aim is to launch the construction of Phase I, measuring around 20,000 m2, in 2015. In addition, on 2 June 2014, Espoo decided to sell the area east of Haukilahdenkatu to SRV, SATO and Varma, enabling the construction of three apartment buildings with a total of about 180 housing units. The aim is to start construction once the property transactions and building permits have been secured.

SRV, Mutual Pension Insurance Company Ilmarinen and SATO Corporation are progressing with their project to develop their jointly owned area in the Perkkaa district of Espoo. The Espoo City Planning Committee is expected to review the approval of the proposed city plan for the area in late summer 2014. The scope of the project is being confirmed at about 100,000 m2 of housing building rights, of which SRV's share is approximately one third. The aim is to launch housing construction during 2015.

Construction of the Airut eco-quarter in the Jätkäsaari district of Helsinki is expected to begin in 2014 once the building permit has been secured. The project comprises a total of 22,000 m2 of floor area, including a rental apartment building for VVO and SRV's four market-financed owner-occupied apartment buildings, of which two will be built in accordance with HITAS terms. The design of the eco-quarter is based on a multipurpose concept that seeks to offer residents a wide range of services. The project focuses on energy monitoring and reporting on apartments' energy consumption, which enables the residents to optimise their energy use and uphold the principles of sustainable development in their daily lives.

SRV, Stora Enso Oyj and the Helsinki Housing Production Department (ATT) have a joint reservation for a quarter in the Jätkäsaari district of Helsinki. It is intended that a project showcasing industrial wood construction will be built in this quarter – named Wood City, it will consist of office, housing, hotel and commercial buildings. The total size of the quarter is approximately 27,000 m2 of floor area, of which a third will be housing units. The Helsinki City Council approved the city plan for the quarter on 4 June 2014. In the tender held by ATT for design-and-build apartment buildings for the quarter, SRV and Stora Enso submitted the most competitive proposal. The aim is to begin the construction of housing in the quarter during 2014. Construction of the office building will begin once investor and lease agreements so permit.

SRV organised an invitational architecture competition on the development of the block located at Lapinmäentie 1, in Munkkivuori in Helsinki, in collaboration with the building owner, WP Carey Inc.

The competition result was announced in May 2014. The starting point for the competition phase was that a major part of the existing buildings will be demolished. The preliminary plan of the amount of new construction is approximately 50,000 m2 of floor area.

Financing and financial position

Net operational cash flow was EUR -28.3 million (EUR 28.1 million 1-6/2013) as inventories and trade and other receivables increased during the review period. The Group's inventories stood at EUR 456.1 million (EUR 435.0 million), of which land areas and plot-owning companies accounted for EUR 167.7 million (EUR 162.5 million). The Group's invested capital totalled EUR 492.3 million (EUR 510.9 million).

At the end of the review period, the Group's financing reserves totalled EUR 153 million with the Group's cash assets amounting to EUR 17 million, and open-ended account limits, committed undrawn financing reserves and loans to EUR 136 million. The financial covenant for SRV's loans is its equity ratio, which is also reported to financers for developer contracting projects as a ratio based on percentage of completion. SRV's equity ratio based on percentage of completion was 38.7 per cent (on 30 June 2014).

Capital committed to SRV's developer-contracted housing and business construction projects in Finland, both under construction and completed, totals around EUR 200 million, of which about EUR 47 million is tied up in infrastructure construction in the Kalasatama Centre. SRV estimates that the completion of these projects (excl. the Kalasatama Centre) requires another EUR 11 million. Undrawn housing corporation loans and receivables for housing construction projects and undrawn commercial construction financing total EUR 28 million. Capital committed to completed international projects amounts to EUR 1.3 million, of which EUR 0.1 million relates to unsold housing projects in Estonia and EUR 1.2 million to unsold housing projects in Vyborg. Capital committed to completed projects involving associated companies includes EUR 23 million related to the Pearl Plaza shopping centre and EUR 2 million related to the Etmia office project.

SRV's investment commitments amounted to EUR 0.7 million (EUR 51.2 million). Investment commitments declined in part due to the investments made in the Okhta Mall project and the ending of the investment commitment to the VTBC-Ashmore Real Estate Partners I fund in December 2013 (EUR 13.7 million). On the basis of the current budget, SRV estimates that about EUR 9 million will be invested in the Okhta Mall project and about EUR 3.5 million in the Promenade project; these sums are not included in investment commitments at the end of the review period.

Equity ratio stood at 38.4 per cent (35.2% on 30 June 2013). Profit performance, together with the decrease in total assets, contributed to the increase in equity ratio. The Group's shareholders' equity totalled EUR 222.9 million (EUR 217.8 million). The Group's net interest-bearing liabilities amounted to EUR 252.7 million (EUR 245.0 million). The Group’s cash and cash equivalents at the end of the review period amounted to EUR 16.8 million. The amount of the Group’s cash and cash equivalents rose to EUR 90 million on 31 December 2013, as SRV issued a 75 million senior unsecured note on 18 December 2013. The change in cash and cash equivalents during the review period was affected by amortization of loans and by increase in working capital. Return on investment was 3.7 per cent (6.6%) and return on equity 3.7 per cent (12.4%).

Investments

The Group's investments totalled EUR 4.9 million (EUR 3.0 million), and mostly consisted of investments in unlisted shares in Russian real estate projects and the acquisition of machinery and equipment.

Unbuilt land areas, land acquisition commitments and land development agreements

Land reserves 30 June 2014	Business construction	Housing construction	International Operations	Total
Unbuilt land areas and land acquisition commitments				
Building rights*, m^2	234 208	371 185	756 000	1 361 393
Land development agreements				
Building rights*, m^2	150 900	201 250	52 000	404 150

* Building rights also include the estimated building rights/construction volume of unzoned land reserves and land areas covered by agreements in projects that are wholly or partly owned by SRV.

Group structure

SRV is one of Finland's leading project management contractors. SRV builds, develops and owns commercial and business premises, housing units, and infrastructure projects. In addition to Finland, the company operates in Russia and Estonia. SRV Group Plc, the Group's parent company, is responsible for the Group's management, treasury, finance and administrative functions. The Property Development and Building Systems units support and serve all of the Group's business operations.

SRV's business segments are Domestic Operations, International Operations, and Other Operations. The Domestic Operations segment consists of property development and domestic construction operations led by SRV Construction Ltd. Domestic Operations are divided into housing construction and business premises construction, which includes business, office, logistics, earth and rock construction functions. International Operations comprises SRV's business activities in Russia and Estonia. Other Operations consists primarily of SRV Group Plc and SRV Kalusto Oy's operations.

Personnel

SRV had an average payroll of 918 (952) employees, of whom 700 (710) were salaried employees. The parent company had an average staff of 58 (54) salaried employees. At the close of the review period, the Group had 987 (1012) employees, of whom 61 (54) were employed by the parent company. 184 (158) employees were employed by international subsidiaries. SRV's Domestic Operations employed a total of 36 (38) trainees (students on work placements and students working on their thesis or diploma). SRV offers summer jobs to students and a wide range of trainee opportunities, particularly to those studying construction. Systematic cooperation with educational institutions and universities fosters continuity for SRV's own trainee programme, enabling young people to combine studying and work as naturally as possible.

SRV's human resources strategy is designed to ensure continued competence and leadership development, and to secure the availability and high motivation of personnel. In early 2014, systematic investments were continued in order to provide training in contract law and in the management of additional work and alterations. The extensive 360 feedback programme was launched in the spring to develop leadership and interaction skills. 120 supervisors and experts participated in this programme. SRV made outlays on occupational wellbeing by means such as organising the KUNNONpäivät fitness days at the Salmisaari fitness centre in Helsinki.

Personnel by segment	30.6.2014	30.6.2013	Percentage of Group personnel, 30 June 2014, %
Domestic Operations	708	765	71.8
International Operations	184	158	18.6
Other operations	95	89	9.6
Group, total	987	1012	100.0

On 13 February 2014, the Board of Directors of SRV Group Plc approved a new share-based incentive scheme for the Group's key personnel. The purpose of the scheme is to align the objectives of shareholders and key personnel in order to increase the company's value, and to enhance key personnel's commitment to the company. The scheme covers 26 key SRV personnel. The key indicators for the scheme's performance period 2014–2016 are the Group's cumulative operating profit margin and return on equity. In addition, other business-specific indicators specified for 2014–2016 will affect the bonus earned. Personnel covered by the scheme must hold at least half of the shares received on the basis of the scheme until 31 December 2017 and at least half until 31 December 2018. If a key employee's employment ends during the above restriction period, he/she must hand over all shares to the company without compensation.

When the indicators are fulfilled, the bonus will be paid, partly in the company's shares and partly in cash. This scheme allows the conveyance, without consideration, of a maximum of 588,000 SRV Group Plc shares to key employees, and a cash payment for tax purposes corresponding to the value of the conveyed shares. The total recognised IFRS value of shares conveyed over the lifetime of the incentive scheme, 2014-2018, will be approximately EUR 2.8 million, to which the cash payments will be added. The Black & Scholes model, applied in the pricing of options, is used to calculate the theoretical market value of the shares, with the following assumptions: share price EUR 4.00, risk-free interest rate 0.86 per cent and volatility 32 per cent.

The cost of the share-based incentive scheme was around EUR 1.3 million (EUR 1.1 million).

Outlook for construction

The outlook for the world economy has turned slightly more optimistic, with developed countries leading the slow recovery. The Finnish economy shows few signs of improvement: the GDP growth estimate for 2014 is close to zero. In the construction sector, the weak business cycle continues for the third consecutive year. Total construction volumes are expected to decline by approximately one per cent from 2013 levels. The number of building construction start-ups is forecast to show a slight improvement. The rise in building costs has levelled out.

The poor economic situation and consumer uncertainty have contributed to the slowdown in housing production. The construction of about 27,800 housing units was begun in Finland in 2013, and the forecast for 2014 is about 26,500. Sales of new housing units have slackened, especially outside the Helsinki Metropolitan Area. Business with housing funds has partly compensated for weaker sales to individual households. Demand for housing is affected by major uncertainty. In the longer term, trends such as migration to population growth centres and the smaller size of households will maintain the need for housing construction in Finland.

While commercial and office real-estate markets have shown small signs of recovery, the slow pace of economic growth has kept the number of empty offices high. However, there is a need for modern premises with good transport connections. The number of commercial and office construction start-ups is expected to take an upward turn in 2014.

Stable growth is forecast in renovation construction. An increase in building stock, the ageing of existing buildings, and modernisation requirements will also support renovation construction in the future. The situation in infrastructure construction has weakened due to the decline in new building construction work and the contraction of investments in highway construction and maintenance.

In Russia, GDP growth has continued to slacken, while the weakening of the rouble and the Ukrainian crisis have put the economy under even greater pressure. Investment and retail growth are stagnant. Russia is subject to major uncertainty in 2014, with GDP growth estimated to amount to about 0.0–0.5 per cent. It is estimated that the Estonian economy will grow by 1–2 per cent.

Risks, risk management and corporate governance

The general business cycle and changes in customers' business environments have immediate effects on the construction, property and financial markets, and this may, for example, alter the volume of SRV's order backlog and the profitability of operations as well as hinder the availability of financing. It may also lead to an increased amount of capital being tied up in projects for a longer time. A change in the general level of interest rates has direct impacts on both SRV's cash flow from operating activities and financing costs. The general economic climate is unstable, and the international country-level financial crisis adds to the economic uncertainty. This uncertainty and difficulties in securing financing are reducing demand for property investments and delaying the start-up of large-scale projects in particular.

SRV develops, owns and operates shopping centres in Russia. The Ukrainian crisis is affecting both the Russian economy and the availability of financing from investors and for projects. The sanctions on financial market, imposed by The United States and European Union, weaken the Russian bank sector’s ability to grant loans. The decline in the rouble's exchange rate is impacting on consumer purchasing power and may weaken the rent-paying ability of tenants in shopping centres. Furthermore, the crisis is affecting the economies of Russia's major trading partners.

Stricter banking regulation will affect the availability of financing from banks, the length of loan periods and loan margin levels. Despite the extremely low interest rates, financing costs will grow as loan margins rise. If the availability of financing for clients continues to weaken, client receivables may grow and SRV will face tighter liquidity.

In developer-contracted projects, recognition of income is largely based on the completed contract method, and recognition depends on the percentage of sold premises in delivered projects. The delivery schedules of developer-contracted projects can have a material impact on the development of quarterly revenue and earnings. Factors that affect project sales include the occupancy rate of the project and the availability of financing for buyers. When sales are delayed, the recognition of revenue and operating profit are likewise postponed. To accelerate sales, the sales prices of slow-turnover projects might have to be lowered. Postponed start-ups in developer-contracted projects increase development expenses, which are recognised as costs.

Slower sales increase sales and marketing costs and interest expenses in developer-contracted housing production. Economic uncertainty and tax hikes have weakened the outlook and volume in consumer sales. Key risks affecting demand for housing include changes in consumer confidence in the future, the availability of financing, and a strong rise in interest rates. Changes in demand for rental housing development projects for investors would affect the volume and profitability of SRV's new order backlog.

Construction is subject to significant cost risks relating to subcontracting and procurements. Long-term planning is vital to keep these risks under control. SRV's operating model requires an adequate supply of skilled and competent personnel. A weak economic climate increases the financial risks relating to subcontractors. The construction industry is now subject to greater administrative regulation, which requires enhanced accuracy. Post-construction warranty and liability obligations can last up to ten years after the handover. The rise in building costs has levelled out and the building cost index remained fairly steady in early 2014.

SRV's revenue is generated by construction projects, and the company's result depends on the profitability and progress of individual projects. Competition for new orders in the construction sector is fierce, and this might affect the volume and profitability of SRV's new order backlog. Contractor agreements in the construction industry are substantial in value. Their terms and conditions require all parties to achieve the agreed targets within a set timetable, and to adhere to agreed working methods. In particular, carrying out additional works and alterations may involve financial risks that increase in a poor economic climate. Project receivables can involve additional work and alterations that are subject to complaints or disputes over payment liability. Segment management estimates the provisions required for receivables; however, these provisions may prove to be insufficient. If no mutual agreement on payment liability is reached during the final financial analysis of a project, SRV may have to instigate legal proceedings against the client. The outcomes of legal proceedings involve uncertainties. In 2013, SRV initiated legal proceedings against clients with respect to two completed projects involving client complaints or disputes over payment liability for additional work and alterations. SRV's claims amount to around EUR 11 million (VAT 0%). SRV's management believes that these cases and their outcomes will not have a significant impact on SRV's financial position.

In addition to land acquisition risks, property projects face other risks, such as those related to the outcome of zoning, soil conditions, financing, the liquidity of funding based on financing commitments, the commercialisation of the project, implementation schedules and agreements, partners, the geographical location, and the type of project. In line with IFRS requirements, SRV measures its land reserves at acquisition cost. If the acquisition cost plus construction costs is lower than the sale value of the planned project, the value of the plot will be reduced. In accordance with its strategy, SRV has developed developer-contracting projects and invested in land acquisition in Finland and especially in Russia. SRV aims to carry out large-scale development projects in cooperation with real estate investors using project funding. The availability and terms of project and investor financing affect start-up decisions and the progress of development projects, their profitability for SRV, as well as the amount of SRV’s financing tied to the project. SRV's investment commitments in projects entail maintaining sufficient liquidity and financing capacity. A decline in the availability of investor and project funding may increase SRV's own share of project funding, and this would lower the Group's equity ratio and weaken both the Group's liquidity and the availability of other funding.

The financial risks involved in SRV's operations are interest rate, currency, liquidity, capital structure, and contractual party risks. These are presented in more detail in the Notes to the 2013

Financial Statements. Currency risks are divided into transaction risks and translation risks. Transaction risks are related to currency-denominated business and financing cash flows. Translation risks encompass investments made in foreign subsidiaries, the accounting effects of which are recorded in the translation differences for shareholders' equity in the consolidated figures.

Liquidity risks may have an effect on the Group's earnings and cash flow if the Group is unable to ensure sufficient financing for its operations. SRV maintains adequate liquidity through efficient management of cash flows and related solutions, such as binding lines of credit that are valid until further notice. The company has a long-term binding liquidity arrangement (EUR 100 million), which will mature in December 2015. The company's financing agreements are subject to customary terms and conditions. The financial covenant is the company's equity ratio, which is also reported to banks for developer contracting projects as a ratio based on percentage of completion.

Capital structure risks may adversely affect the availability of financing for the Group if the company's equity ratio falls too low. The Group does not have a public credit rating issued by a credit institution. In order to maintain its capital structure, the Group may adjust its dividend payment, issue new shares or float equity bonds. In order to maintain its equity ratio, the Group may be forced to downscale its business operations and use of capital. The equity ratio is affected by factors such as the profitability of business operations, postponements in the sale and handover of developer-contracted projects, plot investments, and other balance sheet growth. The Group monitors its capital structure using its equity ratio. The Group seeks to keep its share of the balance sheet total less advances received accounted for by shareholders' equity at no less than 30 per cent. On 28 December 2012, SRV issued a EUR 45 million domestic hybrid bond (equity bond). The bond has no maturity, but the company has the right to redeem it in four years' time. The interest payable on the bond will increase after the first redemption date.

The Group's risk management is carried out in line with the Group's operations system, and control is exercised in accordance with the Group strategy approved by the Board of Directors of the Group's parent company. SRV also makes every effort to cover operational risks by means of insurance and contractual terms.

A more detailed account of SRV's risks, risk management and corporate governance policies has been published in the 2013 Annual Report and Notes to the Financial Statements.

Corporate governance and resolutions of general meetings

The Annual General Meeting (AGM) of SRV Group Plc was held on 26 March 2014. The AGM adopted the Financial Statements and granted release from liability to the members of the Board of Directors and the President and CEO for the financial year 1 January–31 December 2013. As proposed by the Board of Directors, a dividend of EUR 0.12 per share was declared. The dividend was paid on 7 April 2014. Mr Ilpo Kokkila was elected chairman of the Board of Directors and Ms Minna Alitalo, Mr Arto Hiltunen, Mr Olli-Pekka Kallasvuo, Mr Timo Kokkila, and Mr Risto Kyhälä were elected to seats on the Board. The firm of public accountants PricewaterhouseCoopers Oy was elected as the company's auditor for the next term of office. Samuli Perälä, authorised public accountant, acts as the principal auditor.

The AGM authorised the Board of Directors to decide on the acquisition of the company's own shares using the company's unrestricted equity. The Board was authorised to acquire a maximum of 3,676,846 of the company's own shares in such a manner that, when combined with the shares already owned by the company and its subsidiary, the number of shares acquired on the basis of this authorisation will not at any given time exceed 3,676,846 shares, or 10 per cent of all shares of the company. Based on this authorisation, the Board may acquire a maximum of 3,676,846 shares in public trading arranged by Nasdaq OMX Helsinki Oy at a market price valid at the moment of acquisition, as well as a maximum of 200,000 shares issued on the basis of incentive schemes to individuals employed by SRV Group without consideration, or for no more than the price at which an individual within the sphere of an incentive scheme is obliged to convey a share, such that the maximum number of acquired shares nevertheless remains at 3,676,846. The aforementioned authorisations include the right to acquire shares other than in proportion to the holdings of shareholders. Shares acquired on the basis of this authorisation may be acquired in one or several instalments.

The company's own shares can be acquired for use e.g. as payment in corporate acquisitions, when the company acquires assets relating to its business, as part of the company's incentive programmes or to be otherwise conveyed, held or cancelled. The authorisations as described above shall be in force for 18 months from the decision of the general meeting and cancel the authorisation granted by the Annual General Meeting to the Board of Directors on 20 March 2013. The Board of Directors shall decide on other terms relating to the acquisition.

The Board of Directors of SRV Group Plc held its organisation meeting on 26 March 2014. Minna Alitalo was elected as Chair of the Audit Committee, and Olli-Pekka Kallasvuo and Timo Kokkila as members. Ilpo Kokkila was elected as Chairman of the Nomination and Remuneration Committee, and Arto Hiltunen and Risto Kyhälä as members. Olli-Pekka Kallasvuo serves as Vice Chairman of the Board of SRV Group Plc.

Shares and shareholders

SRV Group Plc's share capital is EUR 3,062,520. The share has no nominal value and the number of registered shares is 36,768,468. The company has one class of shares. SRV had a total of 6,171 shareholders on 30 June 2014.

The share closing price at OMX Helsinki at the end of the review period was EUR 4.13 (EUR 4.05 on 31 December 2013, change 2.0%). The highest share price in the review period was EUR 4.38 and the lowest EUR 3.72. SRV's equity per share at the end of the review period amounted to EUR 4.99 (EUR 4.99 on 31 December 2013). During this period, the all-share index of the Helsinki Stock Exchange (OMX Helsinki) changed by 3.3 per cent, and the OMX Construction and Materials index by -8.4 per cent.

At the end of the review period, the company had a market capitalisation of EUR 147.0 million, excluding the Group's treasury shares. 2.3 million shares were traded during the period with a trade volume of EUR 9.3 million. At the end of the review period, SRV Group Plc held 1,169,307 SRV Group Plc shares (3.2 per cent of the total number of the company's shares and combined number of votes). On 5 August 2014, the Group held 1,169,307 shares (3.2 per cent of the total number of the company's shares and combined number of votes).

Financial targets

On 13 February 2014, SRV's Board of Directors confirmed the Group's strategic goals for 2014–2018. The following strategic targets were set:

- During the strategic period, SRV will focus on improving profitability rather than on growth

- The average annual revenue of International Operations will rise to more than EUR 150 million
- The operating profit margin will reach 6 per cent
- The return on equity will be at least 15 per cent
- The equity ratio will remain above 30 per cent
- A dividend payment equalling 30 per cent of the annual result, taking into account the capital needs of business operations

For the set targets to be achieved, the number of developer-contracted projects must be stepped up substantially.

Outlook for 2014 remains unchanged

The quarterly variation and development of revenue and result in 2014 will be affected by several factors, such as: SRV's own projects are recognised as income upon delivery, the part of the order backlog that is continuously recognised as income mainly consists of low-margin contracting, the development of the order backlog's profit margins, the sales volume of developer-contracted housing and the completion schedules of the properties, the number of new contracts, the start-up of own projects, the project development nature of operations, and the realisation of planned project sales. Investor demand for commercial properties in Finland is estimated to remain muted and the outlook for 2014 does not include the sale of the Derby Business Park property. The construction of the REDI shopping centre that SRV is developing in Kalasatama is expected to start in 2014. Based on current completion schedules, SRV estimates that a total of 186 developer-contracted housing units will be completed during 2014.

SRV estimates that its developer-contracting volume will increase in 2014. The recognition of revenue and earnings in 2014 will be affected by the recognition of income upon delivery and the elimination of a share equivalent to SRV's holding from profit margins. The Group's full-year revenue is expected to be on a par with the previous year (EUR 679.4 million 1-12/2013) and profit before taxes to amount to EUR 10–20 million (EUR 22.8 million 1-12/2013).

Espoo, 5 August 2014

Board of Directors

All forward-looking statements in this review are based on management's current expectations and beliefs about future events, and actual results may differ materially from the expectations and beliefs such statements contain.

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Key figures:

		1-6/ 2014	1-6/ 2013	4-6/ 2014	4-6/ 2013	1-12/ 2013
Revenue	EUR million	281.6	337.8	143.1	179.4	679.4
Operating profit	EUR million	9.3	14.9	4.9	13.7	26.4
Operating profit, % of revenue	%	3.3	4.4	3.4	7.6	3.9
Profit before taxes	EUR million	5.6	14.0	3.4	13.3	22.8
Profit before taxes, % of revenue	%	2.0	4.1	2.4	7.4	3.4
Net profit attributable to equity holders of the parent company	EUR million	3.9	13.4	2.7	13.2	14.0
Return on equity, % 1)	%	3.7	12.4			8.4
Return on investment, % 1)	%	3.7	6.6			5.4
Invested capital	EUR million	492.3	510.9			528.0
Equity ratio	%	38.4	35.2			36.4
Net interest-bearing debt	EUR million	252.7	245.0			215.8
Gearing ratio	%	113.4	112.5			97.1
Order backlog	EUR million	1 047.0	959.2			825.8
New agreements	EUR million	502.0	424.5			600.7
Personnel on average		918	951			949
Property, plant and equipment investments	EUR million	4.9	3.0	3.5	-0.6	9.9
Property, plant and equipment investments, % of revenue	%	1.7	0.9	2.5	-0.3	1.5
Earnings per share	EUR	0.05	0.32	0.04	0.35	0.39
Earnings per share (diluted)	EUR	0.05	0.32	0.04	0.35	0.39
Equity per share	EUR	4.99	4.86			4.99
Dividend per share	EUR	0.12	0.06			0.12
Dividend payout ratio	%	240.0	18.8			30.8
Dividend yield	%	2.9	1.8			3.0
Price per earnings ratio		82.6	10.3			10.4
Share price development						
Share price at the end of the period	EUR	4.13	3.28			4.05
Average share price	EUR	4.06	3.30			3.75
Lowest share price	EUR	3.72	2.95			2.95
Highest share price	EUR	4.38	3.55			4.72
Market capitalisation at the end of the period	EUR million	147.0	116.4			143.8
Trading volume	1 000	2 276	1 593			3 364
Trading volume, %	%	6.4	4.5			9.5
Weighted average number of shares outstanding during the period	1 000	35 517	35 496			35 495
Weighted average number of shares outstanding during the period (diluted)	1 000	35 473	35 536			35 595
Number of shares outstanding at the end of the period	1 000	35 599	35 495			35 495

1) In calculating the key ratio, only the profit for the period has been annualized.

Calculation of key figures:

Gearing ratio, %	=	100 x	Net interest-bearing debt / Total equity
Return on equity, %	=	100 x	Total comprehensive income for the period / Total equity, average
Return on investment, %	=	100 x	Result before taxes + interest and other financial expenses / Invested capital, average
Equity ratio, %	=	100 x	Total equity / Total assets – advances received
Invested capital	=		Total assets – non-interest bearing debt – deferred tax liabilities – provisions
Net interest-bearing debt	=		Interest bearing debt – cash and cash equivalents
Earnings per share attributable to equity holders of the parent company	=		Result for the period – non-controlling interest – hybrid bond interest / Average number of shares (share-issue adjusted)
Earnings per share attributable to equity holders of the parent company (diluted)	=		Result for the period – non-controlling interest – hybrid bond interest / Average number of shares (share-issue adjusted, diluted)
Shareholders' equity	=		Shareholders' equity attributable to equity holders of the parent company / Average number of shares at end of period (share-issue adjusted)
Price per earnings ratio (P/E-ratio)	=		Share price at end of period / Earnings per share
Dividend payout ratio, %	=	100 x	Dividend per share / Earnings per share
Dividend yield, %	=	100 x	Dividend per share / Share price at end of period
Average share price	=		Number of shares traded in euros during the period / Number of shares traded during the period
Market capitalisation at the end of the period	=		Number of shares outstanding at the end of the period x share price at the end of the period
Trading volume	=		Number of shares traded during the period and their percentage of the weighted average number of shares outstanding

SRV Group Plc Interim Report, 1 January–30 June 2014: Tables

APPENDIXES
1) Consolidated Group interim report information: income statement, balance sheet, cash flow statement, statement of changes in equity, commitments and contingent liabilities and derivative contracts liabilities
2) Quarterly development
3) Segment information, inventories and related-party transactions
4) Events after the reporting period

1. Interim Report 1 January–30 June 2014

This interim report has been prepared in accordance with the IAS standard 34, Interim Financial Reporting. In preparing this interim report, SRV has applied the same accounting principles as in its year-end financial statements for 2013. However, as of 1 January 2014, the Group began to apply the new or revised IFRS standards and IFRIC interpretations published by IASB, specified in the accounting principles of SRV's year-end financial statements for 2013. These new or revised standards and interpretations had no impact on the figures presented for this review period.

The calculation principles of key figures and the related calculation formulas remained unchanged as presented in SRV's year-end financial statements for 2013. The figures in this interim report have been rounded up to millions of euros, so the sum total of individual figures may deviate from the sum total presented.

The information disclosed in this interim report is unaudited.
SRV's reporting segments comprise Domestic Operations, International Operations, and Other Operations. The operating segment figures are disclosed in accordance with IFRS 8, following the accounting principles applied in the consolidated financial statements.

Consolidated income statement (EUR million)	1-6/ 2014	1-6/ 2013	change, MEUR	change,%	4-6/ 2014	4-6/ 2013	1-12/ 2013
Revenue	281.6	337.8	-56.2	-16.6	143.1	179.4	679.4
Other operating income	2.9	2.1	0.8	39.7	1.6	1.1	4.1
Change in inventories of finished goods and work in progress	16.3	28.3	-12.0	-42.5	15.4	19.9	18.7
Use of materials and services	-251.0	-311.7	60.7	-19.5	-135.0	-165.1	-594.8
Employee benefit expenses	-33.1	-32.5	-0.6	1.9	-17.0	-16.7	-63.6
Share of results of associated companies	0.2	-1.1	1.3	-119.3	0.2	-1.0	-2.0
Depreciation and impairments	-1.4	-1.4	0.1	-4.3	-0.7	-0.7	-3.1
Other operating expenses	-6.1	-6.6	0.5	-7.0	-2.7	-3.2	-12.3
Operating profit	9.3	14.9	-5.6	-37.4	4.9	13.7	26.4
Financial income	0.5	2.0	-1.5	-76.6	0.5	1.0	1.8
Financial expenses	-4.2	-2.9	-1.4	47.3	-2.0	-1.4	-5.4
Financial income and expenses, total	-3.8	-0.9	-2.9	315.3	-1.5	-0.4	-3.6
Profit before taxes	5.6	14.0	-8.4	-60.3	3.4	13.3	22.8
Income taxes	-1.5	-0.7	-0.8	125.6	-0.7	-0.1	-4.5
Net profit for the period	4.1	13.3	-9.3	-69.4	2.6	13.2	18.3
Attributable to							
Equity holders of the parent company	3.9	13.4			2.7	13.2	14.0
Hybrid bond investors	-	-			-	-	4.3
Non-controlling interests	0.2	0.0			0.0	0.0	0.0
Earnings per share attributable to equity holders of the parent company	0.05	0.32			0.04	0.35	0.39
Earnings per share attributable to equity holders of the parent company (diluted)	0.05	0.32			0.04	0.35	0.39

1) The unpaid hybrid bond interest has been taken into account in calculating earnings per share.

The unpaid hybrid bond interest	2,1	2,1	1,1	1,1	

Statement of comprehensive income (EUR million)	1-6/ 2014	1-6/ 2013	4-6/ 2014	4-6/ 2013	1-12/ 2013
Net profit for the period	4.1	13.3	2.6	13.2	18.3
Other comprehensive income					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Gains and losses arising from translating the financial statements of a foreign operation	-0.3	0.0	0.5	0.0	0.0
Other comprehensive income for the period, net of tax	-0.3	0.0	0.5	0.0	0.0
Total comprehensive income for the period	3.8	13.4	3.1	13.2	18.3
Attributable to					
Equity holders of the parent company	3.6	13.4	3.1	13.2	14.0
Hybrid bond investors	-	-	-	-	4.3
Non-controlling interests	0.2	0.0	0.0	0.0	0.0

Consolidated balance sheet (EUR million)	30.6.14	30.6.13	change, %	31.12.13
ASSETS				
Non-current assets				
Property, plant and equipment	12.1	13.0	-6.7	12.6
Goodwill	1.7	1.7	0.0	1.7
Other intangible assets	0.7	0.7	8.7	0.8
Other financial assets	21.3	13.1	62.1	18.2
Receivables	4.5	2.1	115.6	5.1
Loan receivables from associated companies and joint ventures	23.0	30.4	-24.2	23.8
Deferred tax assets	7.6	6.2	23.3	7.5
Non-current assets, total	71.0	67.2	5.7	69.7
Current assets				
Inventories	456.1	435.0	4.8	425.4
Trade and other receivables	90.4	124.6	-27.4	75.0
Loan receivables from associated companies and joint ventures	1.1	1.1	0.0	1.1
Current tax receivables	1.6	1.4	9.5	1.8
Cash and cash equivalents	16.8	48.1	-65.1	90.0
Current assets, total	565.9	610.2	-7.3	593.3
ASSETS, TOTAL	636.9	677.4	-6.0	663.0

Consolidated balance sheet (EUR million)	30.6.14	30.6.13	change, %	31.12.13
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent company				
Share capital	3.1	3.1	0.0	3.1
Invested free equity fund	92.3	92.2	0.1	92.2
Translation differences	-0.3	0.0		0.0
Fair value reserve	0.0	0.0		0.0
Retained earnings	82.5	77.4	6.6	81.7
Equity attributable to equity holders of the parent company, total	177.5	172.6	2.8	177.0
Non-controlling interests	0.8	0.6	32.7	0.6
Hybrid bond	44.6	44.6	0.0	44.6
Equity, total	222.9	217.8	2.3	222.2
Non-current liabilities				
Deferred tax liabilities	2.7	1.5	79.4	2.7
Provisions	5.8	4.9	18.7	4.0
Interest-bearing liabilities	148.4	107.7	37.8	179.1
Other liabilities	0.0	0.1	-128.4	1.4
Non-current liabilities, total	156.9	114.2	37.5	187.1
Current liabilities				
Trade and other payables	130.4	156.1	-16.5	118.9
Current tax payables	2.3	0.7	221.2	2.3
Provisions	3.3	3.2	5.6	5.7
Interest-bearing liabilities	121.0	185.4	-34.7	126.7
Current liabilities, total	257.1	345.4	-25.6	253.6
Liabilities, total	414.0	459.5	-9.9	440.8
EQUITY AND LIABILITIES	636.9	677.4	-6.0	663.0

Consolidated balance sheet (EUR million)	1-6/2014	1-6/2013	1-12/2013
Cash flows from operating activities			
Net profit for the period	3.9	13.4	18.3
(excluding non-controlling interests)			
Adjustments:			
Depreciation and impairments	1.4	1.4	3.1
Non-cash transactions	1.6	-11.4	10.5
Financial income and expenses	3.8	0.9	3.6
Capital gains on sales of tangible and intangible assets	0.0	0.0	0.0
Income taxes	1.5	0.7	4.5
Adjustments, total	8.2	-8.4	21.7
Changes in working capital:			
Change in loan receivables	0.7	2.9	18.5
Change in trade and other receivables	-15.1	10.4	47.7
Change in inventories	-30.2	2.6	-2.1
Change in trade and other payables	7.8	4.7	-30.4
Changes in working capital, total	-36.8	20.6	33.8
Interest paid	-2.5	-3.2	-14.0
Interest received	0.1	3.4	3.3
Income taxes paid	-1.2	2.3	-0.7
Net cash flow from operating activities	-28.3	28.1	62.3
Cash flow from investing activities			
Purchase of property, plant and equipment	-1.1	-0.7	-2.1
Purchase of intangible assets	-0.3	-0.1	-0.3
Purchase of other financial assets	-3.1	-2.2	-7.4
Sale of property, plant and equipment and intangible assets	0.2	0.0	0.3
Sale of financial assets	0.0	0.0	0.2
Net cash used in investing activities	-4.3	-3.0	-9.4
Cash flows from financing activities			
Proceeds from loans	1.0	9.4	86.6
Repayments of loans	-5.3	-17.8	-75.8
Change in housing corporation loans	-16.9	-16.0	-17.0
Net change in short-term loans	-15.1	16.4	12.4
Purchase and sale of treasury shares	0.1	0.0	0.0
Dividends paid	-4.3	-2.2	-2.2
Net cash from financing activities	-40.6	-10.1	4.0
Net change in cash and cash equivalents	-73.2	15.0	56.9
Cash and cash equivalents at the beginning of period	90.0	33.1	33.1
Cash and cash equivalents at the end of period	16.8	48.1	90.0

	Equity attributable to the equity holders of the parent company								
	Share capital	Invested free equity fund	Translation differences	Fair value reserve	Retained earnings	Total	Non-controlling interests	Hybrid bond	Total equity
Statement of changes in Group equity 1 January –30 June 2014 (EUR million)									
Equity on 1 January 2014	3.1	92.2	0.0	0.0	81.7	177.0	0.6	44.6	222.2
Income and expenses for the period	0.0	0.0	-0.3	0.0	3.9	3.6	0.2	0.0	3.8
Dividends paid	0.0	0.0	0.0	0.0	-4.2	-4.2	0.0	0.0	-4.2
Share-based incentive plan	0.0	0.0	0.0	0.0	0.8	0.8	0.0	0.0	0.8
Purchase of treasury shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sale of treasury shares	0.0	0.1	0.0	0.0	0.2	0.2	0.0	0.0	0.2
Hybrid bond	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transactions with shareholders	0.0	0.1	0.0	0.0	-3.2	-3.1	0.0	0.0	-3.1
Equity on 30 June 2014	3.1	92.3	-0.3	0.0	82.5	177.5	0.8	44.6	222.9
Statement of changes in Group equity 1 January –30 June 2013 (EUR million)									
Equity on 1 January 2013	3.1	92.2	0.0	0.0	68.9	164.2	3.5	44.6	212.3
Income and expenses for the period	0.0	0.0	0.0	0.0	13.4	13.4	0.0	0.0	13.4
Dividends paid	0.0	0.0	0.0	0.0	-2.2	-2.2	0.0	0.0	-2.2
Share-based incentive plan	0.0	0.0	0.0	0.0	1.0	1.0	0.0	0.0	1.0
Purchase of treasury shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sale of treasury shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hybrid bond	0.0	0.0	0.0	0.0	-1.6	-1.6	0.0	0.0	-1.6
Other changes *	0.0	0.0	0.0	0.0	-2.1	-2.1	-2.9	0.0	-5.0
Transactions with shareholders	0.0	0.0	0.0	0.0	-4.9	-4.9	-2.9	0.0	-7.8
Equity on 30 June 2013	3.1	92.2	0.0	0.0	77.4	172.6	0.6	44.6	217.8
Statement of changes in Group equity 1 January –31 December 2013 (EUR million)									
Equity on 1 January 2013	3.1	92.2	0.0	0.0	68.9	164.2	3.5	44.6	212.3
Income and expenses for the financial year	0.0	0.0	0.0	0.0	18.3	18.3	0.0	0.0	18.3
Dividends paid	0.0	0.0	0.0	0.0	-2.1	-2.1	0.0	0.0	-2.1
Share-based incentive plan	0.0	0.0	0.0	0.0	2.0	2.0	0.0	0.0	2.0
Purchase of treasury shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sale of treasury shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hybrid bond	0.0	0.0	0.0	0.0	-3.2	-3.2	0.0	0.0	-3.2
Other changes *	0.0	0.0	0.0	0.0	-2.2	-2.2	-2.9	0.0	-5.1
Transactions with shareholders	0.0	0.0	0.0	0.0	-5.5	-5.5	-2.9	0.0	-8.4
Equity on 31 December 2013	3.1	92.2	0.0	0.0	81.7	177.0	0.6	44.6	222.2

Commitments and contingent liabilities (EUR million)	30.6.14	30.6.13	change, %	31.12.13
Collateral given for own liabilities				
Real estate mortgages given [1)]	126.0	318.9	-60.5	212.4
Pledges given	0.0	0.0		0.0
Other commitments				
Guarantees given for liabilities on uncompleted projects	0.0	0.0		0.0
Investment commitments given	0.7	51.2	-98.7	14.0
Plots purchase commitments	157.5	122.7	28.3	157.8

1) Real estate mortgages include the total amount of mortgages given as collateral for developer contracting housing production against the housing corporation loans of uncompleted and unsold completed projects.

Fair and nominal values of derivative instruments	6/2014		6/2013		12/2013	
(EUR million)	Fair Values		Fair Values		Fair Values	
Hedge accounting not applied	Positive	Negative	Positiv.	Positive	Negative	Positiv.
Foreign exchange forward contracts	0.0	0.0	0.0	0.0	0.0	0.0
Interest rate swaps	0.0	0.0	0.0	0.8	0.0	0.4
Nominal values of derivative instruments		6/2014		6/2013		12/2013
Foreign exchange forward contracts		0.0		0.0		0.0
Interest rate swaps		0.0		30.0		30.0

The fair values of derivative instruments are based on market prices at the end of the reporting period.
Open foreign exchange forward contracts are hedging the financing cash flow.

2. Group and Segment information by quarter

SRV Group (EUR million)	4-6/14	1-3/14	10-12/13	7-9/13	4-6/13	1-3/13
Revenue	143.1	138.5	171.6	170.0	179.4	158.4
Operating profit	4.9	4.4	4.6	6.9	13.7	1.2
Financial income and expenses, total	-1.5	-2.3	-1.0	-1.7	-0.4	-0.5
Profit before taxes	3.4	2.2	3.6	5.2	13.3	0.7
Order backlog [1)]	1 047.0	880.2	825.8	911.5	959.2	726.7
New agreements	317.3	184.7	68.3	107.9	384.5	40.0
Earnings per share, EUR	0.05	0.01	0.01	0.06	0.35	-0.03
Equity per share, EUR [1)]	4.99	4.88	4.99	4.95	4.86	4.50
Share closing price, EUR [1)]	4.13	3.76	4.05	4.41	3.28	3.36
Equity ratio, % [1)]	38.4	39.0	36.4	39.3	35.2	34.3
Net interest-bearing debt [1)]	252.7	225.3	215.8	227.1	245.0	277.7
Gearing, % [1)]	113.4	103.0	97.1	102.8	112.5	135.6

1) at the end of the period

Revenue (EUR million)	4-6/14	1-3/14	10-12/13	7-9/13	4-6/13	1-3/13
Domestic Operations	131.0	124.4	155.8	155.0	128.9	135.0
- business construction	82.5	69.0	89.1	88.1	74.6	67.5
- housing construction	48.5	55.4	66.8	66.9	54.3	67.5
International Operations	12.4	14.2	15.7	15.1	50.4	23.5
Other operations	5.4	4.9	3.8	2.9	3.0	3.3
Eliminations	-5.7	-4.9	-3.8	-2.9	-3.0	-3.4
Group, total	143.1	138.5	171.6	170.0	179.4	158.4

Operating profit (EUR million)	4-6/14	1-3/14	10-12/13	7-9/13	4-6/13	1-3/13
Domestic Operations	7.0	6.6	8.0	7.3	2.7	3.4
International Operations	-0.4	-0.6	-1.7	0.2	12.3	-0.8
Other operations	-1.8	-1.6	-1.7	-0.6	-1.3	-1.4
Eliminations	0.0	0.0	0.0	0.0	0.0	0.0
Group, total	4.9	4.4	4.6	6.9	13.7	1.2

Operating profit (%)	4-6/14	1-3/14	10-12/13	7-9/13	4-6/13	1-3/13
Domestic operations	5.4	5.3	5.1	4.7	2.1	2.5
International operations	-2.9	-4.0	-10.7	1.1	24.5	-3.6
Group, total	3.4	3.2	2.7	4.0	7.6	0.8

Order backlog (EUR million)	30.6.14	31.3.14	31.12.13	30.9.13	30.6.13	31.3.13
Domestic operations	920.0	721.5	645.8	727.8	771.6	686.9
- business construction	633.1	477.2	392.8	451.1	458.7	389.9
- housing construction	286.9	244.2	253.0	276.6	312.9	296.9
International operations	126.9	158.8	180.1	183.7	187.6	39.8
Group, total	1 047.0	880.2	825.8	911.5	959.2	726.7
- sold order backlog	873	698	618	704	746	532
- unsold order backlog	174	182	208	207	213	194

Order backlog, housing construction in Finland

(EUR million)	30.6.14	31.3.14	31.12.13	30.9.13	30.6.13	31.3.13
Negotiation and construction contracts	179	130	122	119	121	120
Under construction, sold	14	13	14	31	52	56
Under construction, unsold	26	27	60	87	117	99
Completed and unsold	68	74	57	40	24	21
Housing construction, total	287	244	253	277	313	297

Invested capital (EUR million)	30.6.14	31.3.14	31.12.13	30.9.13	30.6.13	31.3.13
Domestic operations	303.1	275.3	274.8	286.5	291.2	292.7
International operations	192.8	181.7	177.9	171.7	179.0	195.4
Other operations and eliminations	-3.6	10.7	75.4	8.7	40.6	10.5
Group, total	492.3	467.7	528.0	466.9	510.9	498.6

Housing production in Finland (units)	4-6/14	1-3/14	10-12/13	7-9/13	4-6/13	1-3/13
Housing sales, total	288	160	117	183	178	223
- sales, developer contracting	29	72	29	69	64	135
- sales, negotiation contracts [2]	259	88	88	114	114	88
Developer contracting						
- start-ups	0	22	0	25	142	35
- completed	0	100	151	175	109	104
- completed and unsold	173	198	182	128	89	75
Under construction, total [1]	1 638	1 185	1 054	1 398	1 525	1 633
- construction contracts [1]	649	455	334	550	560	795
- negotiation contracts [1] [2]	818	559	471	448	415	321
- developer contracting [1]	171	171	249	400	550	517
- of which sold [1]	63	59	71	139	206	237
- of which unsold [1]	108	112	178	261	344	280

1) at the end of the period 2) investor sales under negotiation contracts

3. Segmenttien tiedot

Assets (EUR million)	30.6.14	30.6.13	change, MEUR	change, %	31.12.13
Domestic operations	419.7	429.7	-10.0	-2.3	383.2
International operations	218.6	203.2	15.4	7.6	209.1
Other Operations	365.3	307.4	58.0	18.9	389.7
Eliminations	-366.7	-262.9	-103.8		-319.0
Group, total	636.9	677.4	-40.4	-6.0	663.0

Liabilities (EUR million)	30.6.14	30.6.13	change, MEUR	change, %	31.12.13
Domestic operations	273.1	374.3	-101.2	-27.0	326.7
International operations	149.6	198.8	-49.2	-24.8	199.0
Other Operations	187.7	122.2	65.5	53.6	207.0
Eliminations and other adjustments	-196.4	-235.8	39.4		-291.9
Group, total	414.0	459.5	-45.5	-9.9	440.8

Invested capital (EUR million)	30.6.14	30.6.13	change, MEUR	change, %	31.12.13
Domestic operations	303.1	291.2	11.9	4.1	274.8
International operations	192.8	179.0	13.8	7.7	177.9
Other and eliminations	-3.6	40.6	-44.3	-108.9	75.4
Group, total	492.3	510.9	-18.5	-3.6	528.0

Return on investment %	1-6/14	1-6/13	1-12/13
Domestic operations	9.3	4.5	7.3
International operations	-0.9	13.8	6.3
Group, total	3.7	6.6	5.4

Inventories (MEUR)	30.6.14	30.6.13	change, MEUR	31.12.13
Land areas and plot-owning companies	167.7	162.5	5.2	151.3
Domestic operations	97.5	91.7	5.8	83.1
International operations	70.2	70.8	-0.6	68.2
Work in progress	77.8	124.8	-47.0	92.1
Domestic operations	74.0	123.3	-49.3	87.8
International operations	3.8	1.5	2.3	4.3
Shares in completed housing corporations and real estate companies	129.3	90.0	39.3	114.8
Domestic operations	128.1	86.4	41.6	112.9
International operations	1.2	3.5	-2.3	1.9
Other inventories	81.3	57.8	23.6	67.2
Domestic operations	9.8	8.0	1.8	8.4
International operations	71.5	49.7	21.8	58.9
Inventories, total	456.1	435.0	21.1	425.4
Domestic operations	309.4	309.5	-0.1	292.2
- share of associated companies and joint ventures	3.6	1.9	1.7	2.6
International operations	146.7	125.5	21.1	133.2
- share of associated companies and joint ventures	67.5	47.6	19.9	57.9

Related party transactions (EUR million)	Salaries and compensation	Sale of goods and services	Purchase of goods and services	Receivables	Liabilities
30.6.2014					
Management and the Board of Directors	2.4	0.0	0.0	0.0	0.0
Joint ventures	0.0	0.5	0.0	3.1	0.0
Associated companies	0.0	24.4	0.0	17.5	4.4
Other related parties	0.0	0.0	0.0	0.0	0.0
Total	2.4	24.9	0.0	20.6	4.4
30.6.2013					
Management and the Board of Directors	1.5	2.2	0.0	0.2	0.0
Joint ventures	0.0	33.9	0.0	1.1	5.3
Associated companies	0.0	0.1	0.0	31.4	0.0
Other related parties	0.0	0.0	0.0	0.0	0.0
Total	1.5	36.2	0.0	32.7	5.3
31.12.2013					
Management and the Board of Directors	2.6	3.0	0.0	0.0	0.0
Joint ventures	0.0	57.8	0.1	5.6	0.1
Associated companies	0.0	7.8	0.0	15.9	3.6
Other related parties	0.0	0.0	0.0	0.0	0.0
Total	2.6	68.7	0.1	21.5	3.7