

SRV'S ORDER BACKLOG REMAINS STRONG: SRV'S INTERIM REPORT 1 JANUARY–30 SEPTEMBER 2014

Reporting period 1 January–30 September 2014 in brief:

- SRV's revenue was EUR 490.6 million (EUR 507.8 million 9/2013), change -3.4%
- Operating profit was EUR 15.3 million (EUR 21.8 million), change -29.7%
- Profit before taxes was EUR 11.3 million (EUR 19.2 million), change -41.1%
- Earnings per share were EUR 0.19 (EUR 0.38)
- The order backlog at the close of the review period was EUR 944.1 million (EUR 911.5 million), change +3.6%
- Equity ratio was 38.9% (39.3%)

SRV revises its outlook for full-year profitability and reiterates its outlook for full-year revenue. 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 14-20 million (EUR 22.8 million 1-12/2013).

Previous outlook: 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).

Third quarter 1 July–30 September 2014 in brief:

- Revenue was EUR 209.0 million (EUR 170.0 million 7-9/2013)
- Operating profit was EUR 6.0 million (EUR 6.9 million)
- Profit before taxes was EUR 5.7 million (EUR 5.2 million)
- Earnings per share were EUR 0.14 (EUR 0.06)

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

CEO Jukka Hienonen:

SRV's profit development continued to be positive also during the third quarter of this year. We have focused consistently on higher-margin projects and have rigorously improved our cost-efficiency. Due to the positive development of our operational profitability, we have also clarified our outlook on the full-year result.

The entire Group's profitability has remained stable, even though the Group's reported operating profit fell short of the corresponding period of last year. The previous year's figures included a significant capital gain on the sale of a holding in a St. Petersburg shopping centre project as well as a change in the fair value of SRV's holding. Our investment in customer relationships has yielded results; our order backlog grew to EUR 944 million, and 87% of it, i.e. EUR 817 million, has been sold. This provides a good foundation for the development of our future revenue and profitability.

In Finland, business profitability is clearly at a better level than last year. Of SRV's revenue, Finland accounts for over 90%, so its weighting in the Group result is significant. The operating result of our International Operations is affected by the timing of the recognition of long projects.

Our interim result must be considered against an environment where the market situation in our industry has been weak. The business premises market has long been subdued due the large number of vacant premises. In the housing market, consumer demand has been low, even though a pick-up in demand has been perceptible this autumn.

Last year and at the beginning of this year we reduced our housing production directed at consumers. In contrast, we have sold and built for institutional investors and housing funds rental housing projects that we developed ourselves. The gradual pick-up of the consumer market has encouraged us to make start-up decisions on new consumer projects in the Helsinki Metropolitan Area and the Tampere Region since last spring. Sales of the new projects have begun on a positive note. There is continuing demand for small apartments. On the other hand, we have built larger family apartments within the framework of minimum square metre regulations, most of which as regulated HITAS production.

The long-prepared Kalasatama REDI project, which halted due to a planning appeal, is advancing towards the launch of full-scale construction. We have assembled a group of investors for the capitalisation and implementation of the REDI shopping centre and parking facility, which has accelerated leasing and bank financing negotiations. Already 20% of REDI has been leased and our goal is to finalise bank loan negotiations during this year. With the start-up of the REDI project in mind, we lightened our balance sheet by selling in Espoo the Derby Business Park, where our head office is also located. The Derby sale, combined with the positive development of our profitability, our strong financing capacity and our nearly 39% self-sufficiency, facilitates our goal of retaining a significant 45% ownership of REDI.

In St. Petersburg, Russia we are continuing the construction of the Okhta Mall shopping centre, which has advanced without delays. With the weakening of the rouble, the project's cost estimate has fallen by around EUR 20 million. Tenant acquisition at the project has progressed well and project financing has been secured. In St. Petersburg, customer numbers at the Pearl Plaza shopping centre, which we partly own, were nearly 600,000 in August and new records have repeatedly been set.

Our large shopping centre projects in Finland and Russia are proceeding, even though the financial crisis and global political events have placed obstacles in our path. We have made the necessary adjustments and have ensured the advance of the projects. Projects cannot start and stop on the basis of individual economic or political fluctuations; they must be taken forward with a long-term view.

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

Group key figures (IFRS, EUR million)	1-9/ 2014	1-9/ 2013	change, MEUR	change, %	7-9/ 2014	7-9/ 2013	1-12/ 2013
Revenue	490.6	507.8	-17.2	-3.4	209.0	170.0	679.4
Operating profit	15.3	21.8	-6.5	-29.7	6.0	6.9	26.4
Financial income and expenses, total	-4.0	-2.6	-1.4		-0.2	-1.7	-3.6
Result before taxes	11.3	19.2	-7.9	-41.1	5.7	5.2	22.8
Order backlog	944.1	911.5	32.6	3.6			825.8
New agreements	592.3	532.4	59.9	11.2	90.3	107.9	600.7
Operating profit, %	3.1	4.3			2.9	4.0	3.9
Net profit, %	2.1	3.3			2.9	2.0	2.7
Equity ratio, %	38.9	39.3					36.4
Net interest-bearing debt	255.1	227.1	28.1	12.4			215.8
Gearing, %	111.6	102.8					97.1
Return on investment, %	4.4	6.4					5.4
Return on equity, %	6.0	10.4					8.4
Earnings per share, EUR	0.19	0.38	-0.19	-50.0	0.14	0.06	0.39
Equity per share, EUR	5.14	4.95	0.19	3.8			4.99
Share price at end of period, EUR	3.67	4.41	-0.74	-16.8			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 EUR 944.1 million (EUR 911.5 million 9/2013) thanks to growth in new contractor agreements. The share of the order backlog that has been sold is 87 per cent, which amounts to EUR 817 million in total. The unsold share of the order backlog declined to EUR 127 million (EUR 207 million 9/2013). The value of the Group's new orders increased to EUR 592.3 million (EUR 532.4 million 1-9/2013).

The Group's revenue declined to EUR 490.6 million (EUR 507.8 million 1-9/2013). Revenue from domestic business construction grew when the sale of the developer-contracted Derby Business Park property was completed in the third quarter. Revenue from housing targeted at Finnish consumers decreased as the number of completed residential units (186) fell to under half of the previous year's level (388 1-9/2013). Revenue for International Operations in the comparison period, 1-9/2013, was increased by the sale of the 55 per cent stake in 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 was EUR 15.3 million (EUR 21.8 million) and the operating profit margin was 3.1 per cent (4.3%). The operating profit of Domestic Operations improved substantially. 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 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.

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 4.0 million (EUR 2.6 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. Financial income for the review period was increased by the recognition in Q3 of EUR 1.1 million in previously written-down interest income from the Promenade project in Moscow.

The Group's profit before taxes was EUR 11.3 million (EUR 19.2 million). Earnings in the 1-9/2013 comparison period were improved by capital gains from the sale of the 55 per cent stake in the Okhta Mall shopping centre project in St Petersburg, the EUR 8.3 million fair value change of SRV's holding and financial income from the associated company Etmia II. Net profit for the review period was EUR 10.1 million (EUR 16.8 million). Income taxes totalled EUR 1.2 million (EUR 2.4 million). Earnings per share was EUR 0.19 (EUR 0.38).

The Group's equity ratio was 38.9 per cent (39.3% on 30 September 2013).

The revenue of Domestic Operations was EUR 451.9 million (EUR 418.9 million 1-9/2013). Operating profit improved to EUR 19.8 million (EUR 13.4 million), with an operating profit margin of 4.4 per cent (3.2%). The increase in profitability was driven by improved construction margin management, more efficient purchasing and higher development project volumes. The level of operating profit was also 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 777.8 million (EUR 727.8 million). In order to improve profitability, the company has shifted the focus of operations to increasing developer contracting, development projects and negotiated contracts.

SRV sold a total of 550 housing units (584 1-9/2013) to consumers and investors. SRV had 1,612 housing units under construction (1,398 on 30 September 2013), of which 196 were developer-contracted. 92 per cent of housing units under construction have been sold, and 88 per cent of production consists of rental and right-of-occupancy units. 60 per cent (61%) of housing units are production developed by SRV.

Revenue from International Operations was EUR 39.2 million (EUR 89.0 million). Operating profit was EUR -0.7 million (EUR 11.7 million). Revenue and operating profit declined in part due to the sale of the Okhta Mall shopping centre project in St Petersburg and the fair value change of SRV's holding during the comparison period. The international order backlog amounted to EUR 166.2 million (EUR 183.7 million).

Consolidated third-quarter revenue amounted to EUR 209.0 million (EUR 170.0 million) and operating profit to EUR 6.0 million (EUR 6.9 million).

Of SRV's major shopping centre projects, the Pearl Plaza shopping centre in St Petersburg was opened in August 2013, and the number of visitors has outperformed the target level. 97 per cent of the shopping centre's premises have been leased. At the Okhta Mall shopping centre, which is under construction in St Petersburg, lease agreements or preliminary BTS (business term sheet) lease agreements have been signed for about 33 per cent of the retail space. For the Promenade shopping centre in Moscow, an investor solution was accomplished and construction work has started. In September, SRV signed a EUR 240 million letter of intent with a group of investors to jointly invest in the capitalisation and implementation of the large-scale REDI shopping centre and parking facility in Finland.

SRV's own project development operations are paving the way for substantially increasing its development project volume. 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.

Key figures for the segments

Revenue (EUR million)	1-9/ 2014	1-9/ 2013	change, MEUR	change, %	7-9/ 2014	7-9/ 2013	1-12/ 2013
Domestic Operations	451.9	418.9	32.9	7.9	196.5	155.0	574.8
International Operations	39.2	89.0	-49.8	-56.0	12.6	15.1	104.7
Other operations	15.3	9.2	6.1	66.2	5.0	2.9	13.0
Eliminations	-15.7	-9.3	-6.4		-5.1	-2.9	-13.1
Group, total	490.6	507.8	-17.2	-3.4	209.0	170.0	679.4

Operating profit (EUR million)	1-9/ 2014	1-9/ 2013	change, MEUR	change, %	7-9/ 2014	7-9/ 2013	1-12/ 2013
Domestic Operations	19.8	13.4	6.4	47.6	6.2	7.3	21.4
International Operations	-0.7	11.7	-12.4	-106.2	0.2	0.2	10.0
Other operations	-3.8	-3.3	-0.5		-0.4	-0.6	-5.0
Eliminations	0.0	0.0	0.0		0.0	0.0	0.0
Group, total	15.3	21.8	-6.5	-29.7	6.0	6.9	26.4

Operating profit, (%)	1-9/2014	1-9/2013	7-9/2014	7-9/2013	1-12/2013
Domestic Operations	4.4	3.2	3.1	4.7	3.7
International Operations	-1.8	13.1	1.6	1.1	9.5
Group, total	3.1	4.3	2.9	4.0	3.9

Order backlog (EUR million)	9/2014	9/2013	change, MEUR	change, %	12/2013
Domestic Operations	777.8	727.8	50.1	6.9	645.8
International Operations	166.2	183.7	-17.5	-9.5	180.1
Group, total	944.1	911.5	32.6	3.6	825.8
- sold order backlog	817	704	112	15.9	618
- unsold order backlog	127	207	-80	-38.5	208

Earnings trends of the segments

Domestic Operations (EUR million)	1-9/ 2014	1-9/ 2013	change, MEUR	change, %	7-9/ 2014	7-9/ 2013	1-12/ 2013
Revenue	451.9	418.9	32.9	7.9	196.5	155.0	574.8
- business construction	296.4	230.2	66.2	28.7	144.9	88.1	319.2
- housing construction	155.6	188.7	-33.2	-17.6	51.7	66.9	255.5
Operating profit	19.8	13.4	6.4	47.6	6.2	7.3	21.4
Operating profit, %	4.4	3.2			3.1	4.7	3.7
Order backlog	777.8	727.8	50.1	6.9			645.8
- business construction	505.6	451.1	54.4	12.1			392.8
- housing construction	272.3	276.6	-4.4	-1.6			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 451.9 million (EUR 418.9 million 1-9/2013) and accounted for 92 per cent of the Group's revenue (82%). Operating profit was EUR 19.8 million (EUR 13.4 million), generating an operating profit margin of 4.4 per cent (3.2%). The sale of the developer-contracted Derby Business Park property in Perkkää, Espoo in the third quarter contributed to revenue growth. Revenue and operating profit volume from developer-contracted housing targeted at consumers decreased as the number of completed residential units fell significantly short of the comparison period. 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 also affected by the fact that the commercial development order backlog recognised as income mainly consisted of low-margin contracting. The relative profitability of construction in Finland was weakened by the sale of Derby, which increased revenue. The order backlog rose to EUR 777.8 million (EUR 727.8 million 9/2013) thanks to growth in negotiated contractor agreements for business construction.

Third-quarter revenue amounted to EUR 196.5 million (EUR 155.0 million 7-9/2013) and operating profit to EUR 6.2 million (EUR 7.3 million). The sale of Derby contributed to the rise in revenue. In spite of the strong growth in developer-contracted rental housing sold to investors, revenue from housing construction declined as the number of completed residential units targeted at consumers was substantially lower than in the comparison period. The lower volume of developer-contracted housing construction contributed to the decline in operating profit. The sale of Derby had a minor impact on operating profit.

Business construction

Revenue from business construction totalled EUR 296.4 million (EUR 230.2 million). The order backlog was EUR 505.6 million (EUR 451.1 million). Competition for new contracts has remained tight.

Projects completed during the review period include the Äänekoski health centre, daycare centres built in Joutseno and Kyrö, a Biltema in Vaasa, the extension of a postal centre in Oulu, and the Pitkälampi 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 for Orion and Sandvik in Turku. Completed renovation projects included Chemicum C for the University of Helsinki, Phase II of the Brondankulma renovation project, the overhaul of the Merituuli shopping centre in Espoo and, for VTT, the renovation of a facility used for research into renewable energy.

During the review period, new contractor agreements worth EUR 391.7 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 keskusyksiköinti 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 in Espoo as an alliance-based project as well as ET-hoivakiinteistöt and YT for the construction of assisted-living houses 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.

SRV owned the developer-contracted Derby Business Park in Perkkää, Espoo. The property consists of three office buildings with about 19,000 m² of leasable space, around 95 per cent of which had been leased out. The project was sold to Niam during the third quarter.

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 have progressed well and SRV seeks to sell the facility during 2014.

Housing construction

Revenue from housing construction totalled EUR 155.6 million (EUR 188.7 million). The order backlog was EUR 272.3 million (EUR 276.6 million).

Projects for external clients that were completed during the review period included 133 units for Sato in Kalasatama, 79 units for Opiskelija-asunnot in Joensuu, 16 units for YH in Turku, and, for VVO, 88 units in Nihtisilta in Espoo, 58 units in Suurpelto in Espoo and 34 units on Nuolialantie in Tampere. In projects included under the RS system, 186 (388) developer-contracted housing units were completed during the first part of the year.

During the review period, agreements valued at EUR 111.8 million were signed with external clients for the construction of 593 housing units. Contractor agreements were signed with Sato for the construction of 77 housing units in Töölö, Helsinki, and with ATT for 93 units in Pukinmäki, Helsinki. In addition, 39 student flats will be built for Opiskelija-asunnot Oy in Joensuu. Development projects sold to external clients will be built in Suurpelto, Espoo (129 units), Nihtisilta, Espoo (88 units), Sarfvik, Kirkkonummi (76 units), Seppälä, Jyväskylä (54 units), and Pohjolankatu, Tampere (37 units).

During the period, SRV launched the construction of 133 (202) developer-contracted housing units included in the RS system. 92 units will be built on Pohjolankatu in Tampere, 22 units in the Telakkaranta area of Turku and 19 in the Soukanniemi area of Espoo. In addition, SRV has greenlit the construction of 304 new developer-contracted housing units: 236 in Helsinki, 38 in Pirkkala and 30 in Turku. These projects will be included in the order backlog when construction work begins.

During the review period, SRV sold a total of 550 (584) housing units. 166 (268) of the developer-contracted housing units that fall within the scope of the RS system were sold during the review period and 384 (316) units were sold to investors under negotiated contracts. During the third quarter, a total of 102 units (183) were sold to consumers and investors.

At the end of the review period, SRV had a total of 1,612 (1,398) units under construction, 92 per cent of which (1,564 units) had been sold. A total of 196 (400) housing units for the consumer market were under construction, of which 133 (261) had not yet been sold. The number of completed but unsold housing units was 194 (128). Based on the current schedules, SRV estimates that a total of 249 developer-contracted housing units included in the RS system will be completed in 2014. During the fourth quarter, 63 units are scheduled for completion.

Housing production in Finland (units)	1-9/ 2014	1-9/ 2013	change, units	7-9/ 2014	7-9/ 2013	1-12/ 2013
Housing sales, total	550	584	-34	102	183	701
- sales, developer contracting	166	268	-102	65	69	297
- negotiation contracts ²⁾	384	316	68	37	114	404
Developer contracting						
- start-ups	133	202	-69	111	25	202
- completed	186	388	-202	86	175	539
- completed and unsold ¹⁾	194	128	66			182
Under construction, total ¹⁾	1,612	1,398	214			1,054
- construction contracts ¹⁾	649	550	99			334
- negotiation contracts ¹⁾²⁾	767	448	319			471
- developer contracting ¹⁾	196	400	-204			249
- of which sold ¹⁾	63	139	-76			71
- of which unsold ¹⁾	133	261	-128			178

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

The order backlog for housing construction was EUR 272 million (EUR 277 million 9/2013). The order backlog for contracts and negotiated contracts was EUR 146 million (EUR 119 million), accounting for 53 per cent (43%) of the total order backlog. Of the housing production order backlog, EUR 162 million (EUR 150 million) was sold.

Order backlog, housing construction in Finland (EUR million)	30.9.14	30.9.13	change, MEUR	31.12.13
Negotiation and construction contracts	146	119	26	122
Under construction, sold developer contracting	16	31	-15	14
Under construction, unsold developer contracting	41	87	-46	60
Completed and unsold developer contracting	69	40	30	57
Housing construction, total	272	277	-4	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)	1-9/2014	1-9/2013	change, MEUR	change, %	7-9/2014	7-9/2013	1-12/2013
Revenue	39.2	89.0	-49.8	-56.0	12.6	15.1	104.7
Operating profit	-0.7	11.7	-12.4	-106.2	0.2	0.2	10.0
Operating profit, %	-1.8	13.1			1.6	1.1	9.5
Order backlog	166.2	183.7	-17.5	-9.5			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 39.2 million (EUR 89.0 million) and accounted for 8 per cent of the Group's revenue (18%). 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 in the Okhta Mall shopping centre project. Operating profit was EUR -0.7 million (EUR 11.7 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. Another contributing factor was the EUR 8.3 million change in the fair value of the holding in the Okhta Mall shopping centre. Regarding the start up of the Promenade project, operating profit for the review period was improved by impairments' net change of EUR 0.5 million. The order backlog was EUR 166.2 million (EUR 183.7 million).

Third-quarter revenue amounted to EUR 12.6 million (EUR 15.1 million 7-9/2013) and operating profit to EUR 0.2 million (EUR 0.2 million).

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 77,000 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. In addition to the hypermarket, the shopping centre will feature a multiplex cinema, restaurants, fitness gym, specialty shops and a variety of fashion and sports stores. Leasing of the project has progressed according to plan. About 33 per cent of the space has been leased or reserved. In addition, negotiations for 30 per cent of the space are ongoing. The shopping centre will have 1,900 parking spots. 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. A project loan agreement valued at EUR 112.9 million was signed with Sberbank in September. The financing plan for the investment is also based on capital investments of about EUR 115 million from the owners. 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, rising to 600,000 in August 2014. SRV is responsible for managing the Pearl Plaza shopping centre. 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 97 per cent of the premises have been leased and negotiations are ongoing for the last vacant premises. The target for annual rental income from the shopping centre is about EUR 18 million.

The commercial concept design of Phase II of the Pearl Plaza shopping centre has been completed. Construction planning has been launched. According to preliminary plans, construction of Phase II could be started up in 2015. Preliminary lease reservations have been made for about 20 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 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 leasing negotiations are ongoing or preliminary lease agreements have already been signed for more than 60 per cent of the leasable area. The shopping centre will be completed in early 2016. The target for annual rental income is about EUR 10 million and the total investment in the project amounts to approximately EUR 75 million. SRV's total investment in the project is about EUR 7 million, of which around EUR 1.5 million remains uninvested. 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. In July, SRV signed project management contracts worth about EUR 50 million for the design, construction, leasing and marketing of the project.

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 (12, 1-9/2013). At the end of the period, two completed units remained unsold (11). 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)	1-9/ 2014	1-9/ 2013	change, MEUR	change, %	7-9/ 2014	7-9/ 2013	1-12/ 2013
Revenue	15.3	9.2	6.1	66.2	5.0	2.9	13.0
Operating profit	-3.8	-3.3	-0.5		-0.4	-0.6	-5.0

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

Revenue from Other Operations totalled EUR 15.3 million (EUR 9.2 million) and the operating profit was EUR -3.8 million (EUR -3.3 million). Revenue grew thanks to higher operating volumes. During the period, development costs expensed for projects totalled EUR 1.7 million (EUR 1.6 million). Third-quarter revenue amounted to EUR 5.0 million (EUR 2.9 million 7-9/2013) and operating profit to EUR -3.8 million (EUR -3.3 million). During the third quarter, project development costs of EUR 0.3 million were recognised as expenses (EUR 0.5 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 first two residential towers to be built next to it.

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 132 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. The 64,000 m² REDI shopping 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 agreed that SRV will build a 10,000 m² social and health services centre in Kalasatama Centre and lease it to the city. REDI will be built in phases by 2021, accounting for the market situation. 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 and implementation plan so that a health and wellbeing centre measuring about 18,000 m² can be built on the north side of the Kalasatama Centre, replacing the social and health services 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 and revisions to the implementation 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. According to current plans, the entire shopping centre will be opened in spring 2018. 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. The final and preliminary lease agreements signed to date account for slightly less than 20

per cent of the space. If the ongoing lease negotiations lead to agreements, 70 per cent of the retail space would be leased out.

SRV has signed a EUR 240 million letter of intent with a group of investors to jointly invest in the capitalisation and implementation of the REDI shopping centre and parking facility. The aim is to sign the agreement for the joint investment in November, after which construction can be started quickly in Helsinki's Kalasatama district.

The total value of the shopping centre and car park investment will be approximately EUR 480 million. According to the letter of intent, 50 per cent would be financed with capital investments by the owners. If SRV's holding in the project would be 45 per cent, SRV's share of the capital investment would be slightly less than EUR 110 million at most. On the basis of the ongoing bank negotiations, SRV estimates that project financing will account for about 50 per cent of the total value of the investment. SRV seeks to complete the credit negotiations by the end of 2014. At the same time, SRV intends to sign a contractor agreement valued at around EUR 400 million with the newly established joint venture for the implementation of the shopping centre and car park, and to start the construction of the project.

Group project development

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 in early 2015 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 Perkkää district of Espoo. The Espoo City Planning Committee approved the proposed city plan for the area in September. The aim is for the city plan to be reviewed by the Espoo City Board at the end of the year. 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. It is planned 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 city plan for the quarter came into force in July. 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 in early 2015. Construction of the office building will begin once investor and lease agreements so permit.

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. In August, the Administrative Court of Helsinki dismissed complaints made against the approval of the general plan. The general plan is expected to come into force towards the end of the year. The aim is to begin construction in 2016.

SRV is developing the Lapinmäentie 1 property in Munkkivuori, Helsinki, in cooperation with its owner, WP Carey Inc. Changes to the city plan have been initiated. The design of the project is based on the winning entry of an architectural competition in spring 2014. Plans for the plot call for new building rights of about 50,000 m². It has been proposed that about 22,000 m² of existing floor area will be renovated. The changes to the city plan are expected to be confirmed in spring 2017.

Financing and financial position

Net operational cash flow was EUR -28.4 million (EUR 50.6 million 1-9/2013) as receivables increased due to the sale of the Derby Business Park in Perkkää, Espoo in September. Net cash flow in the comparison period was particularly affected by the sale of the 55 per cent stake in the Okhta Mall shopping centre project and the decrease in short-term loan receivables when SRV's associated company Etmia II refinanced its construction funding obtained from SRV with a long-term project loan of about EUR 33 million. The Group's inventories stood at EUR 395.1 million (EUR 428.6 million), of which land areas and plot-owning companies accounted for EUR 165.2 million (EUR 157.5 million). The Group's invested capital totalled EUR 505.1 million (EUR 466.9 million).

At the end of the review period, the Group's financing reserves totalled EUR 149 million with the Group's cash assets amounting to EUR 21 million, and open-ended account limits, committed undrawn financing reserves and loans to EUR 128 million. The financial covenant for SRV's loans is its equity ratio, which is also reported to financiers for developer contracting projects as a ratio based on percentage of completion. SRV's equity ratio based on percentage of completion was 39.3 per cent (on 30 September 2014). The transaction price of the Derby Business Park, which was sold in September, was paid to SRV on 1 October 2014.

Capital committed to SRV's developer-contracted housing and business construction projects in Finland, both under construction and completed, totals around EUR 139 million, of which about EUR 50 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 28 million. Undrawn housing corporation loans and receivables for housing construction projects and undrawn commercial construction financing total EUR 39 million. Capital committed to completed international projects amounts to EUR 0.9 million, which is tied to a housing project 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 11.2 million (EUR 33.4 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).

Equity ratio stood at 38.9 per cent (39.3% on 30 September 2013). The Group's shareholders' equity totalled EUR 228.5 million (EUR 220.8 million). The Group's net interest-bearing liabilities amounted to EUR 255.1 million (EUR 227.1 million). The Group's cash and cash equivalents at the end of the review period amounted to EUR 21.4 million. Return on investment was 4.4 per cent (6.4%) and return on equity 6.0 per cent (10.4%).

Investments

The Group's investments totalled EUR 7.0 million (EUR 7.8 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 September 2014	Business construction	Housing construction	International Operations	Total
Unbuilt land areas and land acquisition commitments				
Building rights*, m ²	235,000	376,000	701,000	1,312,000
Land development agreements				
Building rights*, m ²	131,000	176,000	52,000	359,000

* 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 931 (959) employees, of whom 713 (708) were salaried employees. The parent company had an average staff of 59 (54) salaried employees. At the close of the review period, the Group had 942 (946) employees, of whom 60 (54) were employed by the parent company. 196 (142) employees were employed by international subsidiaries. SRV's Domestic Operations employed a total of 61 (42) trainees (students on work placements and students working on their thesis or diploma) at the end of the review period. SRV offers 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 to develop leadership and interaction skills. 120 supervisors and experts participated in this programme in the spring, and 80 key employees of the work site organisation in the autumn. SRV made outlays on occupational wellbeing by means such as organising the KUNNONpäivät fitness days for employees at the Salmisaari fitness centre in Helsinki.

Personnel by segment	Percentage of Group personnel,		
	30 Sep. 2014	30 Sep. 2013	30 Sep. 2014, %
Domestic Operations	647	710	68.7
International Operations	203	151	21.5
Other operations	92	85	9.8
Group, total	942	946	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 2.1 million, to which the cash payments will be added.

During the review period, the cost of the share-based incentive scheme was around EUR 1.4 million (EUR 2.2 million). The cost of the incentives paid as shares is calculated using the share price on the granting date and the cost of the incentives paid in cash using the share price on the closing date of the review period. The Black & Scholes model, which is applied in the pricing of

options, is used to calculate the cost of incentive schemes in which the number of shares granted depends on the share price.

Outlook for construction

The outlook for the world economy is mildly optimistic, with the US, Britain and China leading the slow recovery. The Finnish economy shows few signs of improvement. In 2014, the GDP is predicted to contract for the third year running. In the construction sector, the weak business cycle continues for the third consecutive year. Total construction volumes are expected to decline by approximately two per cent from 2013 levels. The rise in building costs is moderate.

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 uncertainties. 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.

The positive trend in permits in the commercial and office real-estate markets was not as yet evident in the number of start-ups. The slow pace of economic growth has kept the number of empty offices high. The need for additional retail space has remained low. 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, but to decline in 2015.

Renovation construction is expected to grow by 2.5-3.0 per cent annually. An increase in building stock, the ageing of existing buildings, and modernisation requirements will 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. The weakening of the rouble, the decrease in the price of oil 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 zero. Forecasts for the growth of the Estonian economy in 2014 range from minus to plus one 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. 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 the

Russian economy, the availability of financing from investors and for projects, and property sales. The sanctions on the 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 has remained fairly steady in 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 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 6,141 shareholders on 30 September 2014.

The share closing price at OMX Helsinki at the end of the review period was EUR 3.67 (EUR 4.05 on 31 December 2013, change -9.4%). The highest share price in the review period was EUR 4.38 and the lowest EUR 3.60. SRV's equity per share at the end of the review period amounted to EUR 5.14 (EUR 4.99 on 31 December 2013). During this period, the all-share index of the Helsinki Stock Exchange (OMX Helsinki) changed by 4.5 per cent, and the OMX Construction and Materials index by -26.7 per cent.

At the end of the review period, the company had a market capitalisation of EUR 130.6 million, excluding the Group's treasury shares. 2.7 million shares were traded during the period with a trade volume of EUR 11.0 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 4 November 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.

Earlier outlook for 2014

14 February 2014

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).

SRV revises its outlook for 2014

SRV revises its outlook for full-year profitability and reiterates its outlook for full-year revenue. The development of revenue and result in 2014 are 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, and the start-up of new contracts and own projects. The construction of the REDI shopping centre that SRV is developing in Kalasatama is expected to start in late 2014. Based on current completion schedules, SRV estimates that a total of 249 developer-contracted housing units will be completed during 2014.

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 14-20 million (EUR 22.8 million 1-12/2013).

Espoo, 4 November 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:

		1-9/ 2014	1-9/ 2013	7-9/ 2014	7-9/ 2013	1-12/ 2013
Revenue	EUR million	490.6	507.8	209.0	170.0	679.4
Operating profit	EUR million	15.3	21.8	6.0	6.9	26.4
Operating profit, % of revenue	%	3.1	4.3	2.9	4.0	3.9
Profit before taxes	EUR million	11.3	19.2	5.7	5.2	22.8
Profit before taxes, % of revenue	%	2.3	3.8	2.7	3.0	3.4
Net profit attributable to equity holders of the parent company	EUR million	9.9	16.8	6.0	3.4	14.0
Return on equity, % ¹⁾	%	6.0	10.4			8.4
Return on investment, % ¹⁾	%	4.4	6.4			5.4
Invested capital	EUR million	505.1	466.9			528.0
Equity ratio	%	38.9	39.3			36.4
Net interest-bearing debt	EUR million	255.1	227.1			215.8
Gearing ratio	%	111.6	102.8			97.1
Order backlog	EUR million	944.1	911.5			825.8
New agreements	EUR million	592.3	532.4			600.7
Personnel on average		931	959			949
Property, plant and equipment investments	EUR million	7.0	7.8	2.1	4.8	9.9
Property, plant and equipment investments, % of revenue	%	1.4	1.5	1.0	2.8	1.5
Earnings per share	EUR	0.19	0.38	0.14	0.06	0.39
Earnings per share (diluted)	EUR	0.19	0.38	0.14	0.06	0.39
Equity per share	EUR	5.14	4.95			4.99
Dividend per share	EUR	0.12	0.06			0.12
Dividend payout ratio	%	63.2	15.8			30.8
Dividend yield	%	3.3	1.4			3.0
Price per earnings ratio		19.3	11.6			10.4
Share price development						
Share price at the end of the period	EUR	3.67	4.41			4.05
Average share price	EUR	4.03	3.67			3.75
Lowest share price	EUR	3.60	2.95			2.95
Highest share price	EUR	4.38	4.72			4.72
Market capitalisation at the end of the period	EUR million	130.6	156.5			143.8
Trading volume	1 000	2 714	2 761			3 364
Trading volume, %	%	7.6	7.8			9.5
Weighted average number of shares outstanding during the period	1 000	35 544	35 495			35 495
Weighted average number of shares outstanding during the period (diluted)	1 000	35 561	35 571			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, %	=	$100 \times \frac{\text{Net interest-bearing debt}}{\text{Total equity}}$
Return on equity, %	=	$100 \times \frac{\text{Total comprehensive income for the period}}{\text{Total equity, average}}$
Return on investment, %	=	$100 \times \frac{\text{Result before taxes + interest and other financial expenses}}{\text{Invested capital, average}}$
Equity ratio, %	=	$100 \times \frac{\text{Total equity}}{\text{Total assets – advances received}}$
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	=	$\frac{\text{Result for the period – non-controlling interest – hybrid bond interest}}{\text{Average number of shares (share-issue adjusted)}}$
Earnings per share attributable to equity holders of the parent company (diluted)	=	$\frac{\text{Result for the period – non-controlling interest – hybrid bond interest}}{\text{Average number of shares (share-issue adjusted, diluted)}}$
Shareholders' equity	=	$\frac{\text{Shareholders' equity attributable to equity holders of the parent company}}{\text{Average number of shares at end of period (share-issue adjusted)}}$
Price per earnings ratio (P/E-ratio)	=	$\frac{\text{Share price at end of period}}{\text{Earnings per share}}$
Dividend payout ratio, %	=	$100 \times \frac{\text{Dividend per share}}{\text{Earnings per share}}$
Dividend yield, %	=	$100 \times \frac{\text{Dividend per share}}{\text{Share price at end of period}}$
Average share price	=	$\frac{\text{Number of shares traded in euros during the period}}{\text{Number of shares traded during the period}}$
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 September 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 September 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)	1-9/ 2014	1-9/ 2013	change, MEUR	change,%	7-9/ 2014	7-9/ 2013	1-12/ 2013
Revenue	490.6	507.8	-17.2	-3.4	209.0	170.0	679.4
Other operating income	4.4	2.7	1.7	61.5	1.5	0.7	4.1
Change in inventories of finished goods and work in progress	-45.9	20.0	-65.9		-62.1	-8.3	18.7
Use of materials and services	-377.3	-449.6	72.2	-16.1	-126.4	-137.9	-594.8
Employee benefit expenses	-46.2	-47.2	1.0	-2.1	-13.1	-14.7	-63.6
Share of results of associated companies	0.2	-1.0	1.2		0.0	0.0	-2.0
Depreciation and impairments	-1.8	-2.2	0.4	-16.8	-0.5	-0.8	-3.1
Other operating expenses	-8.7	-8.8	0.1	-1.1	-2.5	-2.2	-12.3
Operating profit	15.3	21.8	-6.5	-29.7	6.0	6.9	26.4
Financial income	2.3	2.2	0.1	3.8	1.8	0.2	1.8
Financial expenses	-6.3	-4.8	-1.5	31.3	-2.0	-1.9	-5.4
Financial income and expenses, total	-4.0	-2.6	-1.4	54.4	-0.2	-1.7	-3.6
Profit before taxes	11.3	19.2	-7.9	-41.1	5.7	5.2	22.8
Income taxes	-1.2	-2.4	1.1	-48.1	0.2	-1.7	-4.5
Net profit for the period	10.1	16.8	-6.7	-40.1	6.0	3.5	18.3
Attributable to Equity holders of the parent company	9.9	16.8			6.0	3.4	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	0.19	0.38			0.14	0.06	0.39
Earnings per share attributable to equity holders of the parent company (diluted)	0.19	0.38			0.14	0.06	0.39

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

The unpaid hybrid bond interest	3.2	3.2			1.1	1.1	
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Statement of comprehensive income (EUR million)	1-9/ 2014	1-9/ 2013	7-9/ 2014	7-9/ 2013	1-12/ 2013
Net profit for the period	10.1	16.8	6.0	3.5	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	-0.7	0.0	-0.4	0.0	0.0
Other comprehensive income for the period, net of tax	-0.7	0.0	-0.4	0.0	0.0
Total comprehensive income for the period	9.4	16.8	5.6	3.5	18.3
Attributable to Equity holders of the parent company	9.2	16.8	5.6	3.4	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)	30.9.14	30.9.13	change, %	31.12.13
ASSETS				
Non-current assets				
Property, plant and equipment	11.9	13.0	-8.6	12.6
Goodwill	1.7	1.7	0.0	1.7
Other intangible assets	0.8	0.7	3.9	0.8
Other financial assets	23.0	16.9	36.1	18.2
Receivables	4.5	5.3	-14.3	5.1
Loan receivables from associated companies and joint ventures	28.1	23.8	17.9	23.8
Deferred tax assets	7.5	6.2	20.8	7.5
Non-current assets, total	77.4	67.6	14.5	69.7
Current assets				
Inventories	395.1	428.6	-7.8	425.4
Trade and other receivables	146.6	104.1	40.8	75.0
Loan receivables from associated companies and joint ventures	1.1	1.1	0.0	1.1
Current tax receivables	2.0	2.0	3.0	1.8
Cash and cash equivalents	21.4	19.0	12.6	90.0
Current assets, total	566.3	554.8	2.1	593.3
ASSETS, TOTAL	643.7	622.4	3.4	663.0
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Consolidated balance sheet (EUR million)	30.9.14	30.9.13	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	-0.7	0.0	6 409.5	0.0
Fair value reserve	0.0	0.0		0.0
Retained earnings	88.5	80.3	10.2	81.7
Equity attributable to equity holders of the parent company, total	183.1	175.6	4.3	177.0
Non-controlling interests	0.8	0.6	30.2	0.6
Hybrid bond	44.6	44.6	0.0	44.6
Equity, total	228.5	220.8	3.5	222.2
Non-current liabilities				
Deferred tax liabilities	1.5	1.7	-10.8	2.7
Provisions	5.5	4.8	15.7	4.0
Interest-bearing liabilities	140.0	114.7	22.1	179.1
Other liabilities	0.0	0.1	-172.0	1.4
Non-current liabilities, total	147.0	121.2	21.2	187.1
Current liabilities				
Trade and other payables	124.8	143.9	-13.3	118.9
Current tax payables	3.5	2.2	60.4	2.3
Provisions	3.3	2.9	12.8	5.7
Interest-bearing liabilities	136.6	131.4	3.9	126.7
Current liabilities, total	268.2	280.4	-4.4	253.6
Liabilities, total	415.2	401.6	3.4	440.8
EQUITY AND LIABILITIES	643.7	622.4	3.4	663.0

Consolidated balance sheet (EUR million)	1-9/2014	1-9/2013	1-12/2013
Cash flows from operating activities			
Net profit for the period (excluding non-controlling interests)	9.9	16.8	18.3
Adjustments:			
Depreciation and impairments	2.3	2.2	3.1
Non-cash transactions	-2.7	-11.3	10.5
Financial income and expenses	4.0	2.6	3.6
Capital gains on sales of tangible and intangible assets	0.0	0.0	0.0
Income taxes	1.2	2.4	4.5
Adjustments, total	4.9	-4.2	21.7
Changes in working capital:			
Change in loan receivables	-2.6	16.8	18.5
Change in trade and other receivables	-70.0	20.9	47.7
Change in inventories	30.6	9.2	-2.1
Change in trade and other payables	4.3	-8.5	-30.4
Changes in working capital, total	-37.6	38.3	33.8
Interest paid	-4.1	-5.3	-14.0
Interest received	0.1	3.4	3.3
Income taxes paid	-1.5	1.5	-0.7
Net cash flow from operating activities	-28.4	50.6	62.3
Cash flow from investing activities			
Purchase of property, plant and equipment	-1.3	-1.6	-2.1
Purchase of intangible assets	-0.3	-0.2	-0.3
Purchase of other financial assets	-5.3	-6.0	-7.4
Sale of property, plant and equipment and intangible assets	0.2	0.2	0.3
Sale of financial assets	0.0	0.0	0.2
Net cash used in investing activities	-6.8	-7.6	-9.4
Cash flows from financing activities			
Proceeds from loans	1.9	9.4	86.6
Repayments of loans	-5.8	-72.6	-75.8
Change in housing corporation loans	-14.9	-8.2	-17.0
Net change in short-term loans	-10.5	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	-33.4	-57.0	4.0
Net change in cash and cash equivalents	-68.6	-14.0	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	21.4	19.0	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 September 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	-0.7	0.0	9.9	9.2	0.2	0.0	9.4
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	0.9	0.9	0.0	0.0	0.9
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
Transactions with shareholders	0.0	0.1	0.0	0.0	-3.1	-3.0	0.0	0.0	-3.0
Equity on 30 September 2014	3.1	92.3	-0.7	0.0	88.5	183.1	0.8	44.6	228.5
Statement of changes in Group equity 1 January –30 September 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	16.8	16.8	0.0	0.0	16.8
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	1.3	1.3	0.0	0.0	1.3
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	-2.4	-2.4	0.0	0.0	-2.4
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	-5.3	-5.3	-2.9	0.0	-8.3
Equity on 30 September 2013	3.1	92.2	0.0	0.0	80.4	175.6	0.6	44.6	220.8
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)	30.9.14	30.9.13	change, %	31.12.13
Collateral given for own liabilities				
Real estate mortgages given ¹⁾	135.8	236.2	-42.5	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	11.2	33.4	-66.6	14.0
Plots purchase commitments	158.0	135.4	16.7	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 (EUR million)	9/2014		9/2013		12/2013	
	Fair Values Positive	Fair Values Negative	Fair Values Positiv.	Fair Values Negative	Fair Values Positive	Fair Values Negative
Hedge accounting not applied						
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	0.6	0.0	0.4
Nominal values of derivative instruments	9/2014		9/2013		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)	7-9/14	4-6/14	1-3/14	10-12/13	7-9/13	4-6/13	1-3/13
Revenue	209.0	143.1	138.5	171.6	170.0	179.4	158.4
Operating profit	6.0	4.9	4.4	4.6	6.9	13.7	1.2
Financial income and expenses, total	-0.2	-1.5	-2.3	-1.0	-1.7	-0.4	-0.5
Profit before taxes	5.7	3.4	2.2	3.6	5.2	13.3	0.7
Order backlog ¹⁾	944.1	1 047.0	880.2	825.8	911.5	959.2	726.7
New agreements	90.3	317.3	184.7	68.3	107.9	384.5	40.0
Earnings per share, EUR	0.14	0.04	0.01	0.01	0.06	0.35	-0.03
Equity per share, EUR ¹⁾	5.14	4.99	4.88	4.99	4.95	4.86	4.50
Share closing price, EUR ¹⁾	3.67	4.13	3.76	4.05	4.41	3.28	3.36
Equity ratio, % ¹⁾	38.9	38.4	39.0	36.4	39.3	35.2	34.3
Net interest-bearing debt ¹⁾	255.1	252.7	225.3	215.8	227.1	245.0	277.7
Gearing, % ¹⁾	111.6	113.4	103.0	97.1	102.8	112.5	135.6

1) at the end of the period

Revenue (EUR million)	7-9/14	4-6/14	1-3/14	10-12/13	7-9/13	4-6/13	1-3/13
Domestic Operations	196.5	131.0	124.4	155.8	155.0	128.9	135.0
- business construction	144.9	82.5	69.0	89.1	88.1	74.6	67.5
- housing construction	51.7	48.5	55.4	66.8	66.9	54.3	67.5
International Operations	12.6	12.4	14.2	15.7	15.1	50.4	23.5
Other operations	5.0	5.4	4.9	3.8	2.9	3.0	3.3
Eliminations	-5.1	-5.7	-4.9	-3.8	-2.9	-3.0	-3.4
Group, total	209.0	143.1	138.5	171.6	170.0	179.4	158.4

Operating profit (EUR million)	7-9/14	4-6/14	1-3/14	10-12/13	7-9/13	4-6/13	1-3/13
Domestic Operations	6.2	7.0	6.6	8.0	7.3	2.7	3.4
International Operations	0.2	-0.4	-0.6	-1.7	0.2	12.3	-0.8
Other operations	-0.4	-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	0.0
Group, total	6.0	4.9	4.4	4.6	6.9	13.7	1.2

Operating profit (%)	7-9/14	4-6/14	1-3/14	10-12/13	7-9/13	4-6/13	1-3/13
Domestic operations	3.1	5.4	5.3	5.1	4.7	2.1	2.5
International operations	1.6	-2.9	-4.0	-10.7	1.1	24.5	-3.6
Group, total	2.9	3.4	3.2	2.7	4.0	7.6	0.8

Order backlog (EUR million)	30.9.14	30.6.14	31.3.14	31.12.13	30.9.13	30.6.13	31.3.13
Domestic operations	777.8	920.0	721.5	645.8	727.8	771.6	686.9
- business construction	505.6	633.1	477.2	392.8	451.1	458.7	389.9
- housing construction	272.3	286.9	244.2	253.0	276.6	312.9	296.9
International operations	166.2	126.9	158.8	180.1	183.7	187.6	39.8
Group, total	944.1	1 047.0	880.2	825.8	911.5	959.2	726.7
- sold order backlog	817	873	698	618	704	746	532
- unsold order backlog	127	174	182	208	207	213	194

Order backlog, housing construction in Finland

(EUR million)	30.9.14	30.6.14	31.3.14	31.12.13	30.9.13	30.6.13	31.3.13
Negotiation and construction contracts	146	179	130	122	119	121	120
Under construction, sold	16	14	13	14	31	52	56
Under construction, unsold	41	26	27	60	87	117	99
Completed and unsold	69	68	74	57	40	24	21
Housing construction, total	272	287	244	253	277	313	297

Invested capital (EUR million)	30.9.14	30.6.14	31.3.14	31.12.13	30.9.13	30.6.13	31.3.13
Domestic operations	298.9	303.1	275.3	274.8	286.5	291.2	292.7
International operations	208.5	192.8	181.7	177.9	171.7	179.0	195.4
Other operations and eliminations	-2.2	-3.6	10.7	75.4	8.7	40.6	10.5
Group, total	505.1	492.3	467.7	528.0	466.9	510.9	498.6

Housing production in Finland
 (units)

	7-9/14	4-6/14	1-3/14	10-12/13	7-9/13	4-6/13	1-3/13
Housing sales, total	102	288	160	117	183	178	223
- sales, developer contracting	65	29	72	29	69	64	135
- sales, negotiation contracts ²⁾	37	259	88	88	114	114	88
Developer contracting							
- start-ups	111	0	22	0	25	142	35
- completed	86	0	100	151	175	109	104
- completed and unsold	194	173	198	182	128	89	75
Under construction, total ¹⁾	1 612	1 638	1 185	1 054	1 398	1 525	1 633
- construction contracts ¹⁾	649	649	455	334	550	560	795
- negotiation contracts ^{1) 2)}	767	818	559	471	448	415	321
- developer contracting ¹⁾	196	171	171	249	400	550	517
- of which sold ¹⁾	63	63	59	71	139	206	237
- of which unsold ¹⁾	133	108	112	178	261	344	280

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

3. Segment information

Assets (EUR million)	30.9.14	30.9.13	change, MEUR	change, %	31.12.13
Domestic operations	412.1	413.6	-1.4	-0.4	383.2
International operations	231.3	195.7	35.6	18.2	209.1
Other Operations	360.2	309.1	51.1	16.5	389.7
Eliminations	-360.0	-296.0	-64.0		-319.0
Group, total	643.7	622.4	21.3	3.4	663.0
Liabilities (EUR million)			change, MEUR	change, %	31.12.13
Domestic operations	261.4	353.6	-92.2	-26.1	326.7
International operations	157.0	192.3	-35.3	-18.4	199.0
Other Operations	186.4	124.5	61.9	49.7	207.0
Eliminations and other adjustments	-189.7	-268.8	79.1		-291.9
Group, total	415.2	401.6	13.5	3.4	440.8

Invested capital (EUR million)	30.9.14	30.9.13	change, MEUR	change, %	31.12.13
Domestic operations	298.9	286.5	12.4	4.3	274.8
International operations	208.5	171.7	36.7	21.4	177.9
Other and eliminations	-2.2	8.7	-10.9	-125.6	75.4
Group, total	505.1	466.9	38.2	8.2	528.0

Return on investment %	1-9/14	1-9/13	1-12/13
Domestic operations	9.2	6.4	7.3
International operations	0.7	9.2	6.3
Group, total	4.4	6.4	5.4

Inventories (MEUR)	30.9.14	30.9.13	change, MEUR	31.12.13
Land areas and plot-owning companies	165.2	157.5	7.8	151.3
Domestic operations	95.8	89.0	6.8	83.1
International operations	69.5	68.5	1.0	68.2
Work in progress	77.9	109.2	-31.3	92.1
Domestic operations	73.1	105.3	-32.2	87.8
International operations	4.8	4.0	0.8	4.3
Shares in completed housing corporations and real estate companies	68.5	99.9	-31.4	114.8
Domestic operations	67.6	97.7	-30.1	112.9
International operations	0.9	2.2	-1.3	1.9
Other inventories	83.5	62.0	21.5	67.2
Domestic operations	10.9	7.9	3.1	8.4
International operations	72.6	54.1	18.4	58.9
Inventories, total	395.1	428.6	-33.5	425.4
Domestic operations	247.4	299.8	-52.4	292.2
- share of associated companies and joint ventures	4.1	2.1	2.0	2.6
International operations	147.7	128.8	18.9	133.2
- share of associated companies and joint ventures	67.6	52.1	15.5	57.9

Related party transactions (EUR million)	Salaries and compensation	Sale of goods and services	Purchase of goods and services	Receivables	Liabilities
30.9.2014					
Management and the Board of Directors	3.0	0.0	0.0	0.0	0.0
Joint ventures	0.0	0.7	0.0	2.7	0.0
Associated companies	0.0	34.5	0.1	14.7	3.5
Other related parties	0.0	0.2	0.0	0.2	0.0
Total	3.0	35.5	0.1	17.5	3.5
30.9.2013					
Management and the Board of Directors	2.0	2.9	0.0	0.2	0.0
Joint ventures	0.0	50.3	0.0	1.4	0.8
Associated companies	0.0	1.2	0.0	16.0	3.7
Other related parties	0.0	0.0	0.0	0.0	0.0
Total	2.0	54.4	0.0	17.6	4.5
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