SRV GROUP PLC FINANCIAL STATEMENT RELEASE 11 February 2015 at 8:30 AM

ROBUST DEVELOPMENT IN FINLAND CONTINUED: SRV'S FINANCIAL STATEMENT RELEASE 1 JANUARY–31 DECEMBER 2014

Reporting period 1 January–31 December 2014 in brief:

- SRV's revenue was EUR 684.4 million (EUR 679.4 million 12/2013), change +0.7%
- Operating profit was EUR 24.9 million (EUR 26.4 million), change -5.5%
- Profit before taxes was EUR 18.5 million (EUR 22.8 million), change -18.7%
- Earnings per share were EUR 0.33 (EUR 0.43)
- The order backlog at period-end was EUR 860.4 million (EUR 825.8 million), change +4.2%
- Equity ratio was 43.0 per cent (36.4%)
- Proposed dividend per share is EUR 0.12 (0.12)

The fourth quarter 1 October–31 December 2014 in brief:

- Revenue was EUR 193.8 million (EUR 171.6 million 10–12/2013)
- Operating profit was EUR 9.6 million (EUR 4.6 million).
- Profit before taxes was EUR 7.2 million (EUR 3.6 million)
- Earnings per share were EUR 0.13 (EUR 0.02)

Thanks to the REDI shopping centre start-up, the Group's full-year revenue for 2015 is expected to increase on 2014 (EUR 684.4 million 1–12/2014). The profit before taxes is forecast at EUR 10–20 million (EUR 18.5 million 1–12/2014).

The Board of Directors confirmed that the business segment Domestic Operations is renamed as Operations in Finland. The content of the business operations remains exactly the same.

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

President & CEO Juha Pekka Ojala:

SRV's performance last year was satisfactory in respect of the competitive situation and our profitability trend was positive, despite a deteriorating outlook for the sector and the weakening of the rouble exchange rate. The Group's euro-denominated earnings improved in every quarter, our financial position strengthened and our equity ratio rose to 43%.

In Operations in Finland, which represent over 90% of Group revenue, the profitability trend was clearly positive. As revenue rose in Operations in Finland by 9%, profitability improved by 40%. The operating profit margin was nearly 5% and in the final quarter nearly 6%, which is the target level for the Group's operating profit margin. Behind this is a significant number of measures that have improved the Group's efficiency and lowered cost levels. In many projects, our customers have also benefited from cost savings.

Of revenue in Finland, nearly two thirds comes from business premises projects and just over one third from housing projects. Business premises have been built particularly for the public sector, where hospitals, for example, have played a key role. Of these, the construction of a new additional emergency unit in Jorvi, Espoo, the New Children's Hospital to be built in Meilahti, Helsinki, and the additional building project at TAYS Central Hospital, Tampere, are good examples of demanding hospital construction projects. The order backlog grew by 4% compared with the previous year, which is a fine achievement in the prevailing market situation.

In housing construction, based on advance marketing demand we increased the number of start-ups towards the end of the year, the first time since the downturn a couple of years ago. Projects implemented for housing investment funds and other institutional investors have supported housing demand in otherwise difficult conditions. Rental housing for mid- and high-income customers in good locations and next to good transport connections increasingly constitutes demand complementary to the owner-occupied housing market.

Our International Operations, consisting mainly of activities in Russia, were overshadowed last year by the Ukraine crisis and its consequences. Despite this, the profitability of International Operations developed positively, particularly in the latter part of the year. The main challenges have been the availability of financing and the decline in consumers' purchasing power caused by the depreciation of the rouble. The euro-denominated financing of the Okhta Mall shopping centre, which was at the negotiation stage last spring, was finalised on competitive terms by the autumn. A positive effect of the weakening of the rouble has been a reduction in construction costs. Despite a general decline in consumer confidence in Russia, our Pearl Plaza shopping centre, which opened in St. Petersburg a year ago, has continually achieved new visitor records.

We start this year with enthusiasm, because we believe that the REDI project, planned for Kalasatama in Helsinki and delayed by a zoning appeal, will be launched this spring. Last year's milestone in the project was the assembly of a domestic investor group. REDI will start with the construction of the shopping centre and will continue with residential towers, the first of which will be completed together with the shopping centre in 2018. Espoo will see the launch of the Niittykumpu metro centre project, which also consists of commercial services and housing. In addition, we aim to launch the Wood City quarter project in Jätkäsaari, Helsinki.

Our large-scale projects will place considerable demands on us in terms of expertise and financial resources. In accordance with our business model, we have built partner networks in a various fields that, together with our own experts, will help us take our projects forward stage by stage. I am hopeful for the coming year. Our financial key figures are robust and our order backlog is in excellent shape.

SRV GROUP PLC'S FINANCIAL STATEMENT RELEASE, 1 JANUARY–31 DECEMBER 2014

Group key figures (IFRS, MEUR)	1-12/ 2014	1-12/ 2013	change, MEUR	change, %	10-12/ 2014	10-12/ 2013
Revenue	684.4	679.4	5.0	0.7	193.8	171.6
Operating profit	24.9	26.4	-1.5	-5.5	9.6	4.6
Financial income and expenses, total	-6.4	-3.6	-2.8		-2.4	-1.0
Profit before taxes	18.5	22.8	-4.3	-18.7	7.2	3.6
Order backlog	860.4	825.8	34.6	4.2		
New agreements	700.3	600.7	99.6	16.6	108.0	68.3
Operating profit, %	3.6	3.9			5.0	2.7
Net profit, %	2.2	2.7			2.7	0.9
Equity ratio, %	43.0	36.4				
Net interest-bearing debt	206.1	215.8	-9.7	-4.5		
Gearing ratio, %	91.6	97.1				
Return on investment, %	5.4	5.4				
Return on equity, %	6.9	8.4				
Earnings per share[1)], EUR	0.33	0.43	-0.09	-21.8	0.13	0.02
Equity per share, EUR	5.04	4.97	0.07	1.4		
Share price at end of period, EUR	2.83	4.05	-1.22	-30.1		
Weighted average number of shares outstanding, millions	35.6	35.5		0.2		

[1)] SRV Group Plc has changed the way to calculate the earnings per share figure. The change of the way to calculate it is presented in the interim report's preparation principles.

Overall review

Thanks to growth in new contractor agreements, the Group's order backlog increased to EUR 860.4 million (EUR 825.8 million 12/2013). 85 per cent of the order backlog has been sold, a total of EUR 729 million. The unsold share of the order backlog decreased to EUR 132 million (EUR 208 million 12/2013). The value of the Group's new contracts rose to EUR 700.3 million (EUR 600.7 million 12/2013).

The Group's revenue increased to EUR 684.4 million (EUR 679.4 million 1–12/2013). Revenue from business construction in Finland grew when the sale of the Derby Business Park – a developer-contracted office property in Perkkaa, Espoo – was completed in the third quarter. Revenue from housing production for the consumer market declined as the number of completed units (249) fell to under half the number completed during the previous year (539 1–12/2013). In International Operations, the revenue for the comparison period was boosted by the sale of a 55 per cent holding in the Okhta Mall shopping centre project in June 2013, and also by construction volume for the final stage of the Pearl Plaza shopping centre.

The Group's operating profit totalled EUR 24.9 million (EUR 26.4 million), generating an operating margin of 3.6 per cent (3.9%). Operating profit from Operations in Finland noticeably improved. The Group's operating profit decreased, as operating profit for the comparison period included capital gains from the sale of a 55 per cent holding in the Okhta Mall shopping centre project in St Petersburg in June 2013. Operating profit for the comparison period was also increased by a EUR 8.3 million change in the fair value of SRV's holding in the Okhta Mall shopping centre following the surrender of the company's controlling interest in the aforementioned June transaction and the subsequent remeasurement 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 nature of the company's operations (project development).

The Group's net financial expenses rose to EUR 6.4 million (EUR 3.6 million). Interest expenses for the review period were raised by the fixed-interest bond issued in December 2013. Financial income for the comparison period increased due to interest income from SRV's associated company Etmia II, which refinanced its construction funding from SRV with a long-term project loan of about EUR 33 million in Q2/2013. Financial income for the review period was also increased in Q3 by the recognition of EUR 1.5 million in interest income adjustment from the Promenade project in Moscow.

The Group's profit before taxes was EUR 18.5 million (EUR 22.8 million). The result for the 1–12/2013 comparison period was improved by capital gains from the sale of a 55 per cent stake in the Okhta Mall shopping centre project in St Petersburg, the EUR 8.3 million change in the fair value of SRV's holding, and financial income from SRV's associated company Etmia II. Net profit for the review period was EUR 15.4 million (EUR 18.3 million). Income taxes totalled EUR 3.2 million (EUR 4.5 million). Earnings per share were EUR 0.33 (EUR 0.43).

The Group's equity ratio improved to 43.0 per cent (36.4% on 31 December 2013) thanks to the favourable result and a reduction in capital invested after the Derby Business Park transaction.

Revenue from Operations in Finland totalled EUR 627.9 million (EUR 574.8 million 1–12/2013). Operating profit improved to EUR 30.0 million (EUR 21.4 million), generating an operating margin of 4.8 per cent (3.7%). This increase in profitability was driven by improved construction margin management, more efficient purchasing, and higher development project volumes. Operating profit was also adversely affected by the fact that the majority of the commercial development order backlog recognised as income consisted of low-margin contracting. The order backlog rose to EUR 723 million (EUR 646 million). In order to improve profitability, the company will now be focusing on increasing developer contracting, development projects, and negotiated contracts.

SRV sold a total of 756 housing units (701 1–12/2013) to consumers and investors. SRV had 1,625 housing units under construction (1,054 on 31 December 2013), of which 330 were developer-contracted. 87 per cent of residential units under construction have been sold, and 80 per cent of production consists of rental and right-of-occupancy units. 62 per cent (68%) of housing units were developed by SRV.

Revenue from International Operations was EUR 56.9 million (EUR 104.7 million). Operating profit was EUR 1.1 million (EUR 10.0 million). Revenue and operating profit declined due to events during the comparison period, namely the sale of the completed Okhta Mall shopping centre project in St Petersburg and a change in the fair value of SRV's holding. The order backlog was EUR 137.2 million (EUR 180.1 million).

The Group's revenue for the fourth quarter totalled EUR 193.8 million (EUR 171.6 million) with an operating profit of EUR 9.6 million (EUR 4.6 million). The profitability of both Operations in Finland and International Operations continued to improve during the fourth quarter.

One of SRV's major shopping centre projects, the Pearl Plaza shopping centre in St Petersburg, was opened in August 2013. 97 per cent of the shopping centre's premises have been leased and visitor numbers have exceeded targets. 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 over 50 per cent of the available retail space. An investor solution for the Promenade shopping centre in Moscow has been implemented and construction work has begun. In September, SRV signed an approximately EUR 240 million letter of intent with a group of investors to jointly invest in a major project in Finland, that is, the REDI shopping centre and parking facility.

SRV's project development activities are paving the way for a significant increase in operating volumes. These projects require long-term development work and are being 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)	1–12/ 2014	1–12/ 2013	change, MEUR	change, %	10–12/ 2014	10–12/ 2013
Operations in Finland	627.9	574.8	53.1	9.2	176.0	155.8
International Operations	56.9	104.7	-47.7	-45.6	17.8	15.7
Other operations	19.5	13.0	6.5	49.5	4.2	3.8
Eliminations	-19.9	-13.1	-6.8		-4.1	-3.8
Group, total	684.4	679.4	5.0	0.7	193.8	171.6

Operating profit (EUR million)	1–12/ 2014	1–12/ 2013	change, MEUR	change, %	10–12/ 2014	10–12/ 2013
Operations in Finland	30.0	21,4	8.6	40.1	10.2	8.0
International Operations	1.1	10,0	-8.9	-89.3	1.8	-1.7
Other operations	-6.2	-5.0	-1.1		-2.4	-1.7
Eliminations	0.0	0.0	0.0		0.0	0.0
Group, total	24.9	26.4	-1.5	-5.5	9.6	4.6

Operating profit, %	1–12/2014	1–12/2013	10–12/2014	10–12/2013
Operations in Finland	4.8	3.7	5.8	5.1
International Operations	1.9	9.5	10.1	-10.7
Group, total	3.6	3.9	5.0	2.7

Order backlog (EUR million)	12/2014	12/2013	change, MEUR	change, %
Operations in Finland	723.2	645.8	77.4	12.0
International Operations	137.2	180.1	-42.9	-23.8
Group, total	860.4	825.8	34.6	4.2
- sold order backlog	729	618	111	17.9
- unsold order backlog	132	208	-76	-36.7

Earnings trends of the segments

Operations in Finland (EUR million)	1–12/ 2014	1–12/ 2013	change, MEUR	change, %	10–12/ 2014	10–12/ 2013
Revenue	627.9	574.8	53.1	9.2	176.0	155.8
- accounted for by business construction	395.5	319.2	76.2	23.9	99.1	89.1
- accounted for by housing construction	232.5	255.5	-23.1	-9.0	76.9	66.8
Operating profit	30.0	21.4	8.6	40.1	10.2	8.0
Operating profit, %	4.8	3.7			5.8	5.1
Order backlog	723.2	645.8	77.4	12.0		
- accounted for by business construction	450.1	392.8	57.3	14.6		
- accounted for by housing construction	273.1	253.0	20.2	8.0		

The Board of Directors confirmed that the business segment Domestic Operations is renamed as Operations in Finland. The content of the business operations remains exactly the same. The Operations in Finland segment consists of SRV's property development and construction operations in Finland. Operations in Finland are divided into business construction (which comprises retail, office, logistics, earthworks, and rock construction operations) and housing construction.

Revenue for Operations in Finland totalled EUR 627.9 million (EUR 574.8 million 1–12/2013), and accounted for 92 per cent of the Group's revenue (85%). Operating profit totalled EUR 30.0 million (EUR 21.4 million), generating an operating margin of 4.8 per cent (3.7%). Revenue was boosted by the sale of the Derby Business Park – a developer-contracted office property in Perkkaa, Espoo – in the third quarter. Revenue from developer-contracted housing targeted at consumers declined as the number of completed units fell significantly short of the comparison period. Operating profit growth was driven by improved construction margin management, more efficient purchasing, and higher development project volumes. However, operating profit was also affected by the fact that the majority of the commercial development order backlog recognised as income consisted of low-margin contracting. The relative profitability of construction in Finland was weakened by the sale of the low-margin Derby Business Park. The order backlog rose to EUR 723.2 million (EUR 645.8 million 12/2013) thanks to growth in negotiated contracts in business construction.

Fourth-quarter revenue totalled EUR 176.0 million (EUR 155.8 million 10–12/2013) with an operating profit of EUR 10.2 million (EUR 8.0 million). A rise in the contract order backlog contributed to this increase in revenue. Operating profit received a boost from improved profitability in both ongoing projects and those completed during 2014.

Business construction

Revenue from business construction totalled EUR 395.5 million (EUR 319.2 million). The order backlog was EUR 450.1 million (EUR 392.8 million). Competition for new contracts has remained fierce.

Projects completed during the review period include Hotel Torni Tampere for Sokotel, the Äänekoski health centre, daycare centres in Joutseno and Kyrö, a Biltema store in Vaasa, the expansion of the postal centre in Oulu, and the Päijänne tunnel's Pitkäkoski tailwater tank. In Tampere, SRV finished the construction of the Pispa Service Centre for the Tampereen Kotilinna Foundation, as well as expansions to a vocational college and upper secondary school in Hervanta. In Southwest Finland, SRV completed production facilities for Grene Noromaa in Paimio, and premises for Orion and Sandvik in Turku. Completed renovation projects included the Presidential Palace, Chemicum C for the University of Helsinki, Phase II of the Brondankulma renovation project, the refurbishment of the Merituuli shopping centre in Espoo and the renovation of a facility used by VTT for research into renewable energy. SRV also completed one of its own development projects: a logistics centre built in the Pressi area of Vantaa for HUS-Logistics.

During the review period, new contractor agreements worth EUR 427.9 million were signed with external clients. The major ones 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), the expansion of a car park under construction at Helsinki-Vantaa Airport for Finavia (about EUR 30 million), and 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 renovation of its 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), and ET-hoivakiinteistöt and YH for the construction of assisted-living houses in Turku. Agreements were also signed for the construction of the Fista international school in Tampere, and the Onervamäki school and Huhtasuo hospice 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. Pension company Ilmarinen is the property developer and investor, and Stockmann will hold a long-term lease as tenant. Construction is scheduled for completion during 2015.

In the fourth quarter, SRV sold a logistics property in Kerava to Julius Tallberg-Kiinteistöt Oyj. This property was completed during 2014 and its 4,700 m2 of floor area has been fully leased.

Housing construction

Revenue from housing construction totalled EUR 232.5 million (EUR 255.5 million). The order backlog was EUR 273.1 (EUR 253.0 million).

Projects completed for external clients included 79 units for Opiskelija-asunnot in Joensuu and 16 units for YH in Turku. Also completed for Sato were 133 units in Kalasatama, Helsinki and 67 units in Kilteri, Vantaa; and for VVO 114 units in Pähkinärinne, Vantaa, 88 units in Nihtisilta, Espoo, 58 units in Suurpelto, Espoo and 34 units on Nuolialantie in Tampere. In projects falling within the scope of the RS system, 249 (539) developer-contracted housing units were completed during the early year.

During the review period, agreements valued at EUR 114.0 million were signed with external clients for the construction of 732 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. 94 student flats will also 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), Keimola, Vantaa (84 units), Sarfvik, Kirkkonummi (76 units), Seppälä, Jyväskylä (54 units), and on Pohjolankatu, Tampere (37 units).

During the period, SRV launched the construction of 330 (202) developer-contracted housing units within the scope of the RS system. 73 housing units will be built in Oulunkylä, Helsinki, 52 units in Telakkaranta, Turku and 19 in Soukanniemi, Espoo. In Tampere, 92 units will be built on Pohjolankatu, 56 units in Vuores, and 38 units in Pirkkala. SRV has also greenlit the construction of 163 new developer-contracted housing units in the Lauttasaari and Jätkäsaari districts of Helsinki. These projects will be included in the order backlog when construction work begins.

SRV sold a total of 756 (701) housing units during the review period. 288 (297) of the developer-contracted housing units that fell within the scope of the RS system were sold during the review period, and 468 (404) units were sold to investors under negotiated contracts. During the fourth quarter, a total of 206 units (117) were sold to consumers and investors.

At the end of the review period, SRV had a total of 1,625 (1,054) units under construction, 87 per cent of which (1,406 units) had been sold. 330 (249) residential units for the consumer market were under construction, of which 219 (178) had not yet been sold. The number of completed yet unsold residential units totalled 183 (182). Based on current schedules, SRV estimates that a total of 247 developer-contracted residential units in the RS system will be completed during 2015. According to construction schedules, no units falling within the scope of the RS system will be completed during the first quarter of 2015.

Housing production in Finland, units	1–12/ 2014	1–12/ 2013	change, units	10–12/ 2014	10–12/ 2013
Units sold, total	756	701	55	206	117
- developer contracting	288	297	-9	122	29
- investor sales 2)	468	404	64	84	88
Developer contracting					
- start-ups	330	202	128	197	0
- completed	249	539	-290	63	151
- completed and unsold 1)	183	182	1		
Under construction, total 1)	1,625	1,054	571		
- contracts 1)	625	334	291		
- sold, negotiation contracts 1) 2)	670	471	199		
- developer contracting 1)	330	249	81		
- sold 1)	111	71	40		
- unsold 1)	219	178	41		

1) at period-end 2) investor sales under negotiation contracts

The order backlog for housing construction was EUR 273 million (EUR 253 million 12/2013). The order backlog for contracts and negotiated contracts was EUR 122 million (EUR 122 million), and accounted for 45 per cent (48%) of the total order backlog. EUR 150 million (EUR 136 million) of the residential production order backlog was sold.

Order backlog, housing construction in Finland (EUR million)	31 Dec 14	31 Dec 13	change, MEUR
Contracts and negotiated contracts	122	122	0
Under construction, sold developer contracting	28	14	14
Under construction, unsold developer contracting	59	60	-2
Completed, unsold developer construction	65	57	8
Housing construction, total	273	253	20

Development of Operations in Finland

Although the RYM PRE research programme (Built Environment Process Re-Engineering) ended in the spring, SRV has maintained a strong focus on the development of data models. Modelling supports successful design, progress in construction projects, and cooperation between parties.

SRV is participating in two projects in Aalto University's Energizing Urban Ecosystems (EUE) programme, which seeks to find operating models for, and solutions to, the challenges and opportunities inherent in urbanisation. In 2012, SRV joined the Nordic Built Charter initiative, a trade and industry policy programme that sought green growth and ran from 2012 to 2014. In technical building systems, SRV has primarily been focusing on energy-efficient solutions, and energy consumption is already being monitored at several sites.

SRV has invested in the fight against the grey economy by developing the SRV Network Register, which contains information about contractors, access control systems, checks on tax numbers, and tax authority reports. The procurement system, Tilaajavastuu.fi service, and employee/company register have been integrated, thereby enabling up-to-date management and control of contractor's liability. SRV also organises internal anti-grey economy days.

As a member of the Zero Accidents Forum, SRV is committed to making continual improvements in occupational safety. A mobile information and measurement system has been developed to enhance the level of occupational safety. For example, it enables photos and geodata to be easily saved in a shared system.

International Operations (EUR million)	1–12/ 2014	1–12/ 2013	change, MEUR	change, %	10–12/ 2014	10–12/ 2013
Revenue	56.9	104.7	-47.7	-45.6	17.8	15.7
Operating profit	1.1	10.0	-8.9	-89.3	1.8	-1.7
Operating profit, %	1.9	9.5			10.1	-10.7
Order backlog	137.2	180.1	-42.9	-23.8		

International Operations comprises SRV's construction and property development business in Russia and Estonia. SRV also seeks to expand its shopping centre operations in Russia.

Revenue from International Operations totalled EUR 56.9 million (EUR 104.7 million) and accounted for 8 per cent of the Group's revenue (15%). The construction of the Okhta Mall shopping centre generated the majority of this revenue. Revenue in the comparison period received a boost from the construction of the final phase of the Pearl Plaza shopping centre and the sale of a 55 per cent stake in the Okhta Mall shopping centre project. Operating profit was EUR 1.1 million (EUR 10.0 million). A proportion of the profit margin for construction, equivalent to the proportion owned by SRV, is eliminated from the operating profit. Operating profit for the comparison period included capital gains from the sale of a 55 per cent holding in the Okhta Mall shopping centre project in St Petersburg in June 2013. It was also boosted by a EUR 8.3 million change in the fair value of SRV's holding in the Okhta Mall shopping centre. The launch of the Promenade project also made a favourable contribution to the operating profit for the review period through a return in impairments of EUR 1.1 million. The order backlog was EUR 137.2 million (EUR 180.1 million).

Fourth-quarter revenue amounted to EUR 17.8 million (EUR 15.7 million 10–12/2013) and operating profit to EUR 1.8 million (EUR -1.7 million).

Russia

For several years now, SRV has been developing Okhta City, a large-scale project in the Okhta district of St Petersburg that covers a total area of 8.5 hectares. A 400,000 m2 package is planned for the area, including a shopping centre, housing, office and business premises, and hotel, restaurant and entertainment services. The project will be implemented in several phases. Phase I of the project commenced when Russia Invest, an investment company owned by SRV, Ilmarinen, Sponda, Etera and Onvest, reached 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 a further portion of the project through its holding in Russia Invest. SRV retains a 100 per cent holding in the other phases of the Okhta City project.

Okhta Mall will open in summer 2016. It will have about 144,000 m2 of floor area and 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 contain a multiplex cinema, restaurants, a gym, specialty shops, and a variety of fashion and sports stores. Leasing has progressed according to plan. About 42 per cent of the available space has been leased or reserved, and negotiations for a further 25 per cent are currently ongoing. The shopping centre will have 1,900 parking spaces. The target for annual rental income from the shopping centre is around EUR 33 million, and investment is currently budgeted at around EUR 225 million. In line with the project management contractor agreement (valued at about EUR 140 million), SRV is responsible for designing, 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 plan and most of the owner financing has already been committed to the project. On the basis of the current budget's financing plan, SRV expects to invest about a further EUR 9 million in the project.

About EUR 70 million of the EUR 95.5 million investment capacity of Russia Invest 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 2015. SRV owns a 27 per cent stake in Russia Invest.

The Pearl Plaza shopping centre, jointly owned by SRV and the Shanghai Industrial Investment Company, was opened to the public on 24 August 2013. Visitor numbers have exceeded targets, rising to a record-breaking 670,000 in December 2014. SRV is responsible for managing the Pearl Plaza shopping centre. Total investment in the project totals approximately EUR 140 million. SRV's ownership in the joint venture is 50 per cent, and the company has invested roughly EUR 23 million in the project. In addition to investment from the owners, bank financing has been secured through a EUR 95 million financing agreement with a Chinese bank. In line with the project management contractor agreement, SRV was responsible for designing, constructing, developing, and leasing out the site. About 98 per cent of the premises have been leased and continual negotiations are ongoing for the remaining 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 and construction planning has been launched. According to the preliminary plan, construction of Phase II could begin during 2015. Preliminary lease reservations have been made for over 50 per cent of the Phase II premises.

The start-up of Phase I of the Promenade shopping centre project, which SRV is developing 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 in the project. SRV's total holding totals 20 per cent. The shopping centre has approximately 26,000 m2 of leasable space, of which more than 60 per cent is already covered by preliminary lease agreements or ongoing lease negotiations. The shopping centre is scheduled for completion in early 2016. The target for annual rental income is about EUR 10 million and total investment in the project amounts to approximately EUR 55 million. SRV's total investment of about EUR 7 million has now been fully invested in the project. In addition to capital from the owners, the investment is also being financed with the aid of a long-term loan from Sberbank, which was taken out in December. In July, SRV signed project management contracts worth about EUR 50 million for the design, construction, leasing, and marketing of the project. As a consequence of the devaluation of the rouble, considerable savings have been, and will continue to be, achieved in construction. The value of these project management contracts will therefore end up being less than the original EUR 50 million.

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 was about EUR 4.1 million. SRV is a co-owner in the project with a 50 per cent stake, and was also responsible for construction as the project management contractor. SRV's investment in the project amounts to about EUR 2 million. The company estimates that in the current market it is unlikely that the project will be sold to investors during 2015.

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

Five apartments in the Papula residential project in Vyborg were sold during the review period (17, 1–12/2013). At the end of the period, there was one completed yet unsold unit (six). Construction of the next two buildings, containing a total of 111 units, has been temporarily suspended, but will recommence as soon as the market situation improves.

Estonia

48 developer-contracted housing units were completed in Tartu.

Other operations

Other Operations, (EUR million)	1–12/ 2014	1–12/ 2013	change, MEUR	change, %	10–12/ 2014	10–12/ 2013
Revenue	19.5	13.0	6.5	49.5	4.2	3.8
Operating profit	-6.2	-5.0	-1.1		-2.4	-1.7

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

The revenue from Other Operations was EUR 19.5 million (EUR 13.0 million) with an operating profit of EUR -6.2 million (EUR -5.0 million). Revenue increased thanks to higher operating volumes. During the review period, development costs expensed for SRV's projects totalled EUR 2.2 million (EUR 2.6 million).

Fourth quarter revenue totalled EUR 4.2 million (EUR 3.8 million 10-12/2013), generating an operating profit of EUR -2.4 million (EUR -1.7 million). During the fourth quarter, project development costs of EUR 0.5 million were recognised as expenses (EUR 0.9 million).

REDI – Kalasatama Centre

The city plan for SRV's large-scale REDI project – the Kalasatama Centre – came 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 spaces 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 an approximately 18,000 m2 social and health services centre on the north side of the Kalasatama Centre and lease it to the city. REDI will be built in phases, accounting for the market situation, with competition scheduled for the early 2020s. The underground waste station and new metro bridge commissioned by the City of Helsinki were completed in summer 2013.

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 shopping centre will open in its entirety 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 the first shopping centre in Finland that can be easily reached by public bus, metro, tram, car, bicycle, walking – and even by boat. 500,000 people live within a 15-minute drive from REDI and 1.1 million within a 30-minute drive. Each day, more than 100,000 cars use the three main roads that pass through Kalasatama, and Helsinki city centre is only six minutes away by metro.

REDI leasing negotiations are underway with anchor tenants and a wide range of potential tenants. The final and preliminary lease agreements signed to date account for more than 20 per cent of the available space. If ongoing lease negotiations also lead to agreements, about 70% of the retail space will be leased out.

The total value of the shopping centre and car park investment will be approximately EUR 480 million, of which 50 per cent is intended to be financed with capital investments from the investment group. On the basis of the letter of intent signed last autumn, on 10 February 2015, SRV has signed an approximately EUR 240 million agreement with Ilmarinen, OP-Pohjola and Lähitapiola to jointly invest in the capitalisation and implementation of the REDI shopping centre and parking facility. The agreement is conditional upon signing an agreement on project financing. SRV's holding in the project is 40 per cent and thus SRV's share of the capital investment is just under EUR 96 million.

About 50 per cent of the total value of the investment will be funded through project financing. Financing negotiations are currently ongoing and it is expected that the final financing agreement will be signed during the first quarter. 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 begin construction of the project early in the second quarter.

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 design of Phase I, which encompasses around 20,000 m2, has progressed according to schedule and the goal is to launch construction in spring 2015. On 28 November 2014, SRV, SATO and Varma acquired an area east of Haukilahdenkatu, enabling the construction of three apartment buildings with a total of about 180 housing units. The goal is to start construction in early 2015 once the building permit has 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 approved the proposed city plan for the area in September, and progress was made in land-use negotiations with the City of Espoo during the autumn. The goal is for the city plan to be reviewed by the Espoo City Board in early 2015. The scope of the project is being confirmed at about 100,000 m2 of residential 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 has begun with the car park. Construction of the residential buildings will begin during spring 2015 once the building permit has been secured. The project comprises approximately 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 multi-purpose concept that seeks to offer residents a wide range of services. The project focuses on energy monitoring and reporting on apartments' energy consumption, thereby enabling residents to optimise their energy use and uphold the principles of sustainable development in their daily lives.

SRV and Stora Enso Oyj have a joint reservation for a quarter in the Jätkäsaari district where they plan to build a project showcasing industrial wood construction. This project, named Wood City, will consist of office, hotel and commercial buildings. The entire quarter encompasses approximately 20,000 m2 of floor area. The Helsinki Housing Production Department (ATT) will also build two apartment buildings in the quarter, with a total floor area of about 8,000 m2. The city plan for the quarter came into force in July 2014. SRV and Stora Enso submitted the most competitive proposal in the tender held by ATT for design-and-build apartment buildings for the quarter. The goal is to launch residential construction during spring 2015. Construction of the office building will begin once investor and lease agreements so permit.

The Keilaniemi project in Espoo consists of four residential towers containing housing units with a total of approximately 72,000 m2 of floor area. This project is being developed by SRV, which has a planning reservation for the area. Although the city plan is in force, progress hinges on a tunnel for a section of Ring Road I, and also on tunnelling and traffic arrangements. The general plan for Ring Road I came into force in late 2014 and its road plan has been put on display. The road plan will be sent to both the City of Espoo and the government for approval during spring 2015. The goal is to launch construction during 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 is based on the winning entry in an architectural competition held in spring 2014 and requires new building rights of about 50,000 m2 for the plot. A proposal has been made to renovate about 22,000 m2 of existing floor area. The changes to the city plan are expected to be confirmed during 2016.

Financing and financial position

Net operational cash flow was EUR 47.0 million (EUR 97.6 million 1–12/2013) and net cash used in investing activities was EUR -33.7 million (EUR -44.7 million 1-12/2013). The net operational cash flow for the review period was positively affected by the sale of the Derby Business Park in Perkkaa, Espoo. Net operational cash flow in the comparison period was considerably impacted by the sale of a 55 per cent stake in the Okhta Mall shopping centre project and a decrease in short-term loan receivables when SRV's associated company Etmia II refinanced its construction funding from SRV with a long-term project loan of about EUR 33 million. The Group's investments are mainly investments in Russia's real estate projects and in machines and equipments. The Group's inventories stood at EUR 312.8 million (EUR 365.0 million), of which land areas and plot-owning companies accounted for EUR 162.1 million (EUR 151.3 million). The Group's invested capital totalled EUR 449.8 million (EUR 528.0 million).

In December 2014, SRV Group Plc signed a long-term, binding liquidity arrangement of EUR 100 million with a Nordic banking syndicate. This loan replaces the syndicated credit limit agreement of 2012. The loan was undrawn the end of the review period, and the new arrangement will mature in January 2018.

At the end of the review period, the Group's financing reserves totalled EUR 146.1 million with the Group's cash assets amounting to EUR 18.4 million, and open-ended account limits and committed undrawn financing reserves and loans to EUR 127.7 million. The financial covenant for SRV's loans is its equity ratio, which is also reported to financiers of developer-contracted projects as a ratio based on percentage of completion. SRV's equity ratio based on percentage of completion was 43.5 per cent (on 31 December 2014).

Capital committed to SRV's developer-contracted housing and business construction projects in Finland – both those under construction and those completed – totals around EUR 135.3 million, of which about EUR 54.0 million is tied up in infrastructure construction for the Kalasatama Centre. SRV estimates that the completion of these projects (excluding the Kalasatama Centre) requires a further EUR 49.7 million. Undrawn housing corporation loans and receivables for housing construction projects plus undrawn commercial construction financing totals EUR 62.0 million. Capital committed to completed international projects amounts to EUR 0.5 million, which is tied to a housing project in Vyborg. Capital committed to completed projects involving associated companies includes EUR 23 million tied up in the Pearl Plaza shopping centre and EUR 2 million in the Etmia office project.

SRV's investment commitments totalled EUR 9.6 million (EUR 14 million).

The equity ratio stood at 43.0 per cent (36.4%) and gearing at 91.6% (97.1%). The Group's shareholders' equity totalled EUR 225.2 million (EUR 222.2 million). The Group's net interest-bearing liabilities totalled EUR 206.1 million (EUR 215.8 million). At the end of the review period, the Group's cash and cash equivalents amounted to EUR 18.4 million. The return on investment was 5.4 per cent (5.4%), and the return on equity 6.9 per cent (8.4%).

Unbuilt land areas, land acquisition commitments and land development agreements

Land reserves 31 December 2014	Business construction	Housing construction	International Operations	Total
Unbuilt land areas and land acquisition commitments				
Building rights[1], m^2	260,022	381,227	701,000	1,342,249
Land development agreements				
Building rights[1], m^2	120,400	175,950	52,000	348,350

[1] 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 Finland's leading project management contractor. SRV builds and develops commercial and business premises, residential 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 Operations in Finland, International Operations, and Other Operations. The Operations in Finland segment consists of property development and domestic construction operations led by SRV Construction Ltd. Operations in Finland are divided into business construction (which comprises retail, office, logistics, earthworks, and rock construction operations) and housing construction. International Operations comprises SRV's business activities in Russia and Estonia. Other Operations primarily consists of SRV Group Plc and SRV Kalusto Oy's operations.

Personnel

SRV had an average payroll of 937 (949) employees, of whom 722 (700) were salaried employees. The parent company had an average staff of 59 (54) salaried employees. At the close of the financial year, the Group had 958 (912) employees, of whom 58 (55) were employed by the parent company. 206 (148) employees were employed by international subsidiaries. SRV's Operations in Finland employed a total of 45 (36) trainees (students on work placements and students working on a thesis or diploma). SRV offers a broad range of opportunities for trainees, and particularly for those studying construction. Systematic cooperation with educational institutions and universities fosters continuity for SRV's own trainee programme, enabling young people to combine study and work as naturally as possible.

SRV's human resources strategy is designed to secure the availability and high motivation of personnel, and to ensure continued competence and leadership development. During 2014, systematic investments were continued in order to provide training in contract law and in the management of additional work and alterations. An extensive 360-degree feedback programme was launched to develop leadership and interaction skills. 120 supervisors and experts took part in this programme during the spring, followed by 80 key employees from the work site organisation during the autumn. SRV made investments in occupational well-being by, for example, organising KUNNONpäivät fitness days for employees at the Salmisaari fitness centre in Helsinki. Working capacity risk management was enhanced with, for example, the development of Early Support processes and cooperation with both occupational healthcare and pension and accident insurance companies.

Personnel by business area	31 Dec 2014	31 Dec 2013	Percentage of Group personnel, 31 Dec 2014, %
Operations in Finland	655	670	68
International Operations	212	156	22
Other Operations	91	86	10
Group, total	958	912	100

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 scheme seeks 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. It 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. Additional business-specific indicators specified for 2014–2016 will also 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.

In December 2014, SRV Group Plc's Board of Directors approved a new share-based incentive scheme for Juha Pekka Ojala, who became the new President & CEO of SRV Group Plc on 1 January 2015. Based on the scheme, Juha Pekka Ojala will be given 600,000 acquisition rights, entitling him to acquire the number of SRV Group Plc shares corresponding to the acquisition rights at a price of EUR 3.1374 per share, or to receive an amount of cash or shares or a combination of these corresponding to the benefit arising from exercising the acquisition rights and based on the development of SRV Group Plc's share price. In each instance, the company's Board of Directors will make a separate decision on the manner of implementation. Under the terms of the scheme, half of the post-tax value thus obtained must be linked to SRV Group Plc's shares. These shares are subject to a transfer restriction that is valid for two years from receipt of the shares. The acquisition rights can be exercised in five two-year periods. The first period begins on 1 January 2015 and ends on 31 December 2016 and the second begins on 1 January 2019 and ends on 31 December 2020. The acquisition rights holder is entitled to exercise 120,000 acquisition rights during each period. The maximum total recognised IFRS cost of the portion given as shares over the lifetime of the incentive scheme 2014–2022 will be approximately EUR 0.4 million.

During the review period, the cost of share-based incentive schemes was about EUR 1.7 million (EUR 2.4 million).

Outlook for construction

The outlook for the world economy is mildly optimistic, with the USA, Britain, and China leading a slow recovery. The Finnish economy shows few signs of improvement. GDP for 2014 is forecast to remain around the zero mark. The forecast for 2015 is mildly optimistic. The weak business cycle will continue in the construction sector. An approximately three per cent contraction has been estimated for total construction volumes in 2014, and a further 0–1 per cent has been forecast for 2015. There rise in building costs is moderate.

The poor economic situation and consumer uncertainty have contributed to a downswing in housing production. The construction of an estimated 24,500 housing units was begun in Finland in 2014, and the forecast for this year is about the same. Sales of new housing units have slackened, especially outside the Helsinki Metropolitan Area. Business with housing funds and other investors has partly compensated for weaker sales to individual households. Demand for housing is affected by major uncertainty factors. 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 total number of business construction start-ups for 2014 is expected to fall on the previous year. The slow pace of economic growth has kept the number of empty offices high, and the need for additional retail space has remained low. There were fewer start-ups of public-sector service buildings than in 2013. However, there is still a need for modern premises with good transport connections. The number of business construction start-ups is forecast to make a clear upswing during 2015.

Steady annual growth of 2.5 per cent is expected in renovation construction. An increase in building stock, the ageing of existing buildings, and modernisation requirements will also support renovation construction in the future. Infrastructure construction is still being weakened by the decline in new construction work and the contraction in investments in highway construction and maintenance.

GDP growth in Russia has continued to slacken. The crisis in Ukraine, the weakened rouble, and a fall in the price of oil have put the economy under considerable stress. Investment and retail growth are stagnant. GDP growth in 2014 is estimated at around the zero mark. Russia is subject to major uncertainty in 2015 and a clear contraction in the economy as a whole is already being forecast. The situation in Russia also brings significant uncertainty factors to Estonia's economy, although slight growth is predicted during 2015.

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 its operations. It may also hinder the availability of financing and lead to an increased amount of capital being tied up in projects. A change in the general level of interest rates has a direct impact on both cash flow from operating activities and financing costs. The general economic climate is unstable, and the international financial crisis is contributing to economic uncertainty. This uncertainty coupled with 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 capacity of tenants in shopping centres. The fall in the price of oil is also weakening the Russian state economy. 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. In spite of the extremely low interest rate level, financing costs may grow as loan margins continue to rise. If the availability of financing for clients continues to weaken, client receivables may grow, posing challenges to SRV's liquidity.

In developer-contracted projects, recognition of revenue 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 revenue and profit for the financial year and the quarters. Factors that affect project sales include the availability of financing for buyers and premises' occupancy rates. When sales are delayed, the recognition of revenue and operating profit are likewise delayed. The sales prices of slow-turnover projects might have to be lowered in order to accelerate sales. Postponed start-ups in developer-contracted projects increase development expenses, which are recognised as costs.

Slower sales increase both interest expenses and sales and marketing costs for developer-contracted housing production. Economic uncertainty and tax rises have weakened both consumer sales volumes and their outlook. 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 in keeping these risks under control. SRV's operating model requires an adequate supply of skilled and competent personnel. A weak economic cycle 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 handover. The rise in construction costs has levelled out and the building cost index has remained fairly steady.

SRV's revenue is generated by construction projects, and the company's result depends on the profitability of individual projects and their progress. Fierce competition for new orders in the construction sector may affect the volume and profitability of SRV's new order backlog. Contract agreements for construction are extremely valuable. 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, agreeing on additional works and alterations may involve financial risks that increase in a poor economic climate. Project receivables can include additional work and alterations, and these may involve complaints or be the subject of disputes over payment liability. Although segment management estimates the provisions required for receivables, these provisions may prove to be insufficient. If no mutual agreement on payment liability is reached during the final financial analysis of a project, the company 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. In 2013, SRV initiated legal proceedings against Auroratalo Oy and HDL-Talot over payment liability for construction costs incurred by new construction and the renovation of the Auroratalo building. SRV's claims amount to around EUR 3.6 million (VAT 0%). In 2013, SRV initiated legal proceedings against Kiinteistö Oy Abraham Wetterintie over a dispute relating to both payment liability for, and the construction costs and schedule of, a project comprising the construction of several residential apartment buildings built by SRV Construction Ltd for the real estate company. Keva owns the entire share capital of the real estate company. In March 2014, the client made a defendant's claim of approximately EUR 3.9 million from SRV Construction Ltd. SRV's claims amount to around EUR 7.1 million (VAT 0%). SRV's management believes that these cases and their outcomes will not have a significant impact on SRV's financial standing.

In addition to land acquisition risks, property projects face other challenges, 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 project's 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 fair value of the planned project, the value of the property will be reduced. In accordance with its strategy, SRV has focused on developer contracting projects and increased its land acquisition in Finland and Russia in particular. 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 financing the company has tied up in the project. SRV's investment commitments in projects require the company to maintain 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, reduce Group liquidity, and hinder the availability of other funding.

The financial risks related to SRV's operations are interest rate, currency, liquidity, capital structure, and contractual party risks. These will be presented in more detail in the Notes to the 2014 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 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 the 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 of EUR 100 million, which will mature in January 2018. The company's financing agreements contain customary terms and conditions. The financial covenant is the company's equity ratio, which, for developer contracting projects, is also reported to banks 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, or issue new shares or bonds. In order to maintain its equity ratio, the Group may be forced to make changes in its business operations or use of capital. The profitability of business operations, delays in selling or turning over developer-contractor projects, plot investments, and other increases in the balance sheet value all affect the equity ratio. The Group monitors its capital structure using its equity ratio. The Group seeks to keep its share of the capital in the balance sheet total (minus advances received) to at least 30 per cent. On 28 December 2012, SRV issued a EUR 45 million, domestic hybrid 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 repayment 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.

Corporate Governance Statement will be presented in 2014 Annual Report. Information about risks and risk management will be published also in the Notes to the Financial Statements and Annual Report.

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 for the period 1 January–31 December 2013 and granted release from liability to the members of the Board of Directors and the President & CEO. 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, is 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 the number of shares acquired on the basis of this authorisation, when combined with the shares already owned by the company and its subsidiaries, does not at any given time exceed 3,676,846 shares, or 10 per cent of all shares of the company. On the basis of 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, for example, 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 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 will serve as Vice Chairman of the Board of SRV Group Plc.

SRV Group Plc's CFO Hannu Linnoinen went on sick leave on 1 December 2014. During his absence, Linnoinen's duties are being handled by Ilkka Pitkänen, M.Sc. (Econ.), who joined SRV as of the same date.

On 9 December 2014, SRV Group Plc's Board of Directors appointed Juha Pekka Ojala, B.Sc. (Eng.), as President & CEO of SRV Group Plc as of 1 January 2015. Ojala transferred from his former position as CEO of SRV Construction Ltd. The former President & CEO, Jukka Hienonen, M. Sc. (Econ.) left his position on his own initiative.

After the end of the review period on 13 January 2015, SRV Group Plc's Board of Directors appointed Juha Toimela, M.SC. (Tech.), MBA, as CEO of SRV Construction Ltd and Vice President responsible for SRV's Business Operations in Finland. At the same time, Antero Nuutinen, B.Sc. (Eng.), was appointed Deputy CEO of SRV Construction Ltd, responsible for Housing and Regional Offices. Both Toimela and Nuutinen are members of SRV Group's Corporate Executive Team.

Shares and shareholders

SRV Group Plc’s share capital is EUR 3,062,520. The share has no nominal value and the number of shares outstanding is 36,768,468. The company has one class of shares. SRV had a total of 5,956 shareholders on 31 December 2014.

The closing price at OMX Helsinki at the end of the review period was EUR 2.83 (EUR 4.05 on 31 December 2013, change -30.1%). The highest share price during the review period was EUR 4.38 and the lowest EUR 2.75. SRV's equity per share without the hybrid bond at the end of the review period amounted to EUR 5.04 (EUR 4.97 on 31 December 2013). During this period, the all-share index of the Helsinki Stock Exchange (OMX Helsinki) was up 6.2 per cent, and the OMX Construction and Materials index down 35.7 per cent.

At the end of the review period, the company had a market capitalisation of EUR 100.7 million, excluding the Group’s treasury shares. 3.6 million shares were traded during the period with a trade volume of EUR 13.8 million. At the end of the review period, SRV Group Plc held 1,175,307 SRV Group Plc shares (3.2 per cent of the total number of the company's shares and combined number of votes). On 11 February 2015, the Group held 1,175,307 shares (3.2 per cent of the total number of the company’s shares and votes). In 2014 SRV Group Plc acquired 6,000 of its own shares (in 2013 no own shares were acquired).

Outlook for 2015

During 2015, SRV's revenue and result will be affected by several factors, in addition to general economic trends, 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; trends in 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 development projects. The construction of the REDI shopping centre, which SRV is developing in Kalasatama, is expected to begin during early 2015. Based on current completion schedules, SRV estimates that a total of 247 developer-contracted housing units will be completed during 2015.

Thanks to the REDI shopping centre start-up, the Group's full-year revenue is expected to increase on 2014 (EUR 684.4 million 1–12/2014). The result before taxes is forecast at EUR 10–20 million (EUR 18.5 million 1–12/2014).

Proposal for the distribution of profits

The parent company’s distributable funds on 31 December 2014 are	EUR 138,624,233.12
of which net profit for the financial year is	EUR 8,964,662.77

The Board of Directors proposes to the Annual General Meeting that distributable funds be disposed of as follows:

A dividend of EUR 0.12 per share be paid to shareholders, or	EUR 4,412,216.16
The amount to be transferred to shareholders' equity is	EUR 134,212,016.96

No material changes have taken place in the company’s financial position after the close of the financial year. The company’s liquidity is good and, in the view of the Board of Directors, the proposed dividend payout does not compromise the company’s solvency.

Espoo, 10 February 2015

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:

		1-12/ 2014	1-12/ 2013	10-12/ 2014	10-12/ 2013
Revenue	EUR million	684.4	679.4	193.8	171.6
Operating profit	EUR million	24.9	26.4	9.6	4.6
Operating profit, % of revenue	%	3.6	3.9	5.0	2.7
Profit before taxes	EUR million	18.5	22.8	7.2	3.6
Profit before taxes, % of revenue	%	2.7	3.4	3.7	2.1
Net profit attributable to equity holders of the parent company	EUR million	15.2	18.3	5.3	1.5
Return on equity, %	%	6.9	8.4		
Return on investment, %	%	5.4	5.4		
Invested capital	EUR million	449.8	528.0		
Equity ratio	%	43.0	36.4		
Net interest-bearing debt	EUR million	206.1	215.8		
Gearing ratio	%	91.6	97.1		
Order backlog	EUR million	860.4	825.8		
New agreements	EUR million	700.3	600.7		
Personnel on average		937	949		
Earnings per share	EUR	0.33	0.43	0.13	0.02
Earnings per share (diluted)	EUR	0.33	0.42	0.12	0.02
Equity per share	EUR	6.30	6.24		
Equity per share (without hybrid bond)	EUR	5.04	4.97		
Dividend per share [1)]	EUR	0.12	0.12		
Dividend payout ratio	%	36.1	28.2		
Dividend yield	%	4.2	3.0		
Price per earnings ratio		8.5	9.5		
Share price development					
Share price at the end of the period	EUR	2.83	4.05		
Average share price	EUR	3.81	3.75		
Lowest share price	EUR	2.75	2.95		
Highest share price	EUR	4.38	4.72		
Market capitalisation at the end of the period	EUR million	100.7	143.8		
Trading volume	1 000	3 613	3 364		
Trading volume, %	%	10.2	9.5		
Weighted average number of shares outstanding during the period	1 000	35 558	35 495		
Weighted average number of shares outstanding during the period (diluted)	1 000	35 583	35 595		
Number of shares outstanding at the end of the period	1 000	35 593	35 495		

1) The Board of Directors' dividend proposal for 2014.

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 (without exchange rate gains and losses)	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)
Shareholders' equity (without hybrid bond)	=		Shareholders' equity attributable to equity holders of the parent company – hybrid bond	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, Financial Statement Release 1 January –31 December 2014: tabulated section

APPENDICES
1) Consolidated Interim Report information: income statement, balance sheet, cash flow statement, statement of changes in equity, commitments and contingent liabilities, derivative contracts liabilities
2) Quarterly development
3) Segment information, inventories and insider events
4) Events after the reporting period

1. Financial Statement Review 1 January –31 December 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.

SRV has changed its presentation of associated company and joint venture form of investments in the consolidated balance sheet. In future, the company will present investments consolidated by the equity method as a separate item in non-current assets. Previously, these have been presented as inventories or other non-current financial assets, depending on the nature of the investment. Holdings in associated companies and joint venture totalled EUR 67.8 million on 31 December 2013 and EUR 31.5 million on 31 December 2012. The reclassification has no impact on the company’s result, total assets or the key figures presented in the company’s financial statements. The reclassification causes a change in the cash flow statement only between net cash flow from operating activities and net cash flow from investing activities. The adjustment figures of comparison periods were presented in a release issued on 30 December 2014.

The accounting principles of key figures and their formulas are unchanged, except for the earnings per share key figure. Departing from its earlier practice, the company presents only one earnings per share key figure, in which earnings attributable to shareholders of the parent are adjusted by hybrid loan interest with tax effect. The key figures of comparison periods have been adjusted to reflect the new accounting policy. In the company’s view, the change has no material impact on the key figure. The figures of the release have been rounded to millions of euros, the total sum of the individual figures may differ from the sum figure presented.

The information disclosed in this interim report is unaudited. SRV’s reporting segments comprise Operations in Finland, 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)	1-12/ 2014	1-12/ 2013	change, MEUR	change, %	10-12/ 2014	10-12/ 2013
Revenue	684.4	679.4	5.0	0.7	193.8	171.6
Other operating income	4.9	4.1	0.7	17.9	0.5	1.4
Change in inventories of finished goods and work in progress	-54.6	18.7	-73.3		-8.7	-1.3
Use of materials and services	-533.1	-594.8	61.7	-10.4	-155.8	-145.2
Employee benefit expenses	-63.2	-63.6	0.5	-0.7	-17.0	-16.4
Share of results of associated companies	1.0	-2.0	3.1		0.8	-1.0
Depreciation and impairments	-2.0	-3.1	1.0	-33.7	-0.2	-0.9
Other operating expenses	-12.5	-12.3	-0.2	1.5	-3.8	-3.5
Operating profit	24.9	26.4	-1.4	-5.5	9.6	4.6
Financial income	2.8	1.8	1.0	56.5	0.6	-0.4
Financial expenses	-9.3	-5.4	-3.9	72.0	-3.0	-0.6
Financial income and expenses, total	-6.4	-3.6	-2.8	77.9	-2.4	-1.0
Profit before taxes	18.5	22.8	-4.3	-18.7	7.2	3.6
Income taxes	-3.2	-4.5	1.3	-29.5	-1.9	-2.1
Net profit for the period	15.4	18.3	-2.9	-16.0	5.3	1.5
Attributable to						
Equity holders of the parent company	15.2	18.3			5.3	1.5
Non-controlling interests	0.2	0.0			0.0	0.0
Earnings per share attributable to equity holders of the parent company	0.33	0.43			0.13	0.02
Earnings per share attributable to equity holders of the parent company (diluted)	0.33	0.42			0.13	0.02

Statement of comprehensive income (EUR million)	1-12/ 2014	1-12/ 2013	10-12/ 2014	10-12/ 2013
Net profit for the period	15.4	18.3	5.3	1.5
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Financial assets available for sale	-1.2	0.0	-1.2	0.0
Income tax relating to components of other comprehensive income	0.2	0.0	0.2	0.0
Gains and losses arising from translating the financial statements of a foreign operation	-5.3	0.0	-0.4	0.0
Other comprehensive income for the period, net of tax	-6.2	0.0	-1.4	0.0
Total comprehensive income for the period	9.1	18.3	4.0	1.5
Attributable to				
Equity holders of the parent company	9.0	18.3	4.0	1.5
Non-controlling interests	0.2	0.0	0.0	0.0

Consolidated balance sheet (EUR million)	31.12.14	31.12.13	change, %
ASSETS			
Non-current assets			
Property, plant and equipment	11.3	12.6	-10.2
Goodwill	1.7	1.7	0.0
Other intangible assets	0.7	0.8	-4.7
Shares in associated companies and joint ventures	100.0	67.8	47.4
Other financial assets	9.2	10.8	-14.4
Receivables	0.9	5.1	-81.9
Loan receivables from associated companies and joint ventures	30.0	23.8	26.1
Deferred tax assets	7.0	7.5	-7.3
Non-current assets, total	160.8	130.1	23.6
Current assets			
Inventories	312.8	365.0	-14.3
Trade and other receivables	82.6	75.0	10.2
Loan receivables from associated companies and joint ventures	1.1	1.1	0.0
Current tax receivables	0.3	1.8	-82.5
Cash and cash equivalents	18.4	90.0	-79.5
Current assets, total	415.2	532.9	-22.1
ASSETS, TOTAL	576.1	663.0	-13.1

Consolidated balance sheet (EUR million)	31.12.14	31.12.13	change, %
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent company			
Share capital	3.1	3.1	0.0
Invested free equity fund	92.3	92.2	0.1
Translation differences	-5.3	0.0	
Fair value reserve	-0.9	0.0	
Retained earnings	45.0	45.0	0.0
Equity attributable to equity holders of the parent company, total	90.3	81.3	11.0
Non-controlling interests	224.4	221.6	1.3
Hybrid bond	0.8	0.6	26.4
Equity, total	225.2	222.2	1.3
Non-current liabilities			
Deferred tax liabilities	1.5	2.7	-42.0
Provisions	6.5	4.0	64.5
Interest-bearing liabilities	147.0	179.1	-17.9
Other liabilities	0.0	1.4	-97.3
Non-current liabilities, total	155.1	187.1	-17.1
Current liabilities			
Trade and other payables	111.5	118.9	-6.2
Current tax payables	2.7	2.3	17.4
Provisions	4.0	5.7	-30.2
Interest-bearing liabilities	77.6	126.7	-38.8
Current liabilities, total	195.8	253.6	-22.8
Liabilities, total	350.9	440.8	-20.4
EQUITY AND LIABILITIES	576.1	663.0	-13.1

Consolidated cash flow statement (EUR million)	1-12/2014	1-12/2013
Cash flows from operating activities		
Net profit for the period	15.4	18.3
Adjustments:		
Depreciation and impairments	2.0	3.1
Non-cash transactions	1.2	10.5
Financial income and expenses	6.4	3.6
Capital gains on sales of tangible and intangible assets	0.0	0.0
Income taxes	3.2	4.5
Adjustments, total	12.8	21.7
Changes in working capital:		
Change in loan receivables	-0.8	18.5
Change in trade and other receivables	-8.3	47.7
Change in inventories	50.8	33.2
Change in trade and other payables	-7.1	-30.4
Changes in working capital, total	34.7	69.1
Interest paid	-14.7	-14.0
Interest received	0.2	3.3
Income taxes paid	-1.5	-0.8
Net cash flow from operating activities	47.0	97.6
Cash flow from investing activities		
Purchase of property, plant and equipment	-2.5	-2.1
Purchase of intangible assets	-0.1	-0.3
Purchase of other financial assets	-31.1	-42.7
Sale of property, plant and equipment and intangible assets	0.1	0.3
Sale of financial assets	0.0	0.2
Net cash used in investing activities	-33.7	-44.7
Cash flows from financing activities		
Proceeds from loans	10.7	86.6
Repayments of loans	-10.2	-75.8
Change in housing corporation loans	-15.8	-17.0
Net change in short-term loans	-65.4	12.4
Purchase and sale of treasury shares	0.2	0.0
Dividends paid	-4.3	-2.2
Net cash from financing activities	-84.8	4.0
Net change in cash and cash equivalents	-71.5	56.9
Cash and cash equivalents at the beginning of period	90.0	33.1
Impact of exchange rate changes in cash and cash equivalents	0.0	0.0
Cash and cash equivalents at the end of period	18.4	90.0

	Equity attributable to the equity holders of the parent company								
	Share capital	Invested free equity fund	Hybrid bond	Translation differences	Fair value reserve	Retained earnings	Total	Non-controlling interests	Total equity
Statement of changes in Group equity 1 January – 31 December 2014 (EUR million)									
Equity on 1 January 2014	3.1	92.2	45.0	0.0	0.0	81.3	221.6	0.6	222.2
Income and expenses for the period	0.0	0.0	0.0	-5.3	-0.9	15.2	9.0	0.2	9.1
Dividends paid	0.0	0.0	0.0	0.0	0.0	-4.3	-4.3	0.0	-4.3
Share-based incentive plan	0.0		0.0	0.0	0.0	1.3	1.3	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	0.1	0.0	0.0	0.0	0.2	0.2	0.0	0.2
Hybrid bond	0.0	0.0	0.0	0.0	0.0	-3.4	-3.4	0.0	-3.4
Other changes	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0
Equity on 31 December 2014	3.1	92.3	45.0	-5.3	-0.9	90.3	224.4	0.8	225.2
Statement of changes in Group equity 1 January –31 December 2013 (EUR million)									
Equity on 1 January 2013	3.1	92.2	45.0	0.0	0.0	68.5	208.8	3.5	212.3
Income and expenses for the financial year	0.0	0.0	0.0	0.0	0.0	18.3	18.3	0.0	18.3
Dividends paid	0.0	0.0	0.0	0.0	0.0	-2.1	-2.1	0.0	-2.1
Share-based incentive plan	0.0	0.0	0.0	0.0	0.0	2.0	2.0	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 [2)]	0.0	0.0	0.0	0.0	0.0	-3.2	-3.2	0.0	-3.2
Other changes [1)]	0.0	0.0	0.0	0.0	0.0	-2.2	-2.2	-2.9	-5.1
Equity on 31 December 2013	3.1	92.2	45.0	0.0	0.0	81.3	221.6	0.6	222.2

1) Other changes include the loss of acquisition of non-controlling interests EUR 2.9 million

2) Due to a change in the way of presenting it, the amount of hybrid bond is presented without issuing costs.

Commitments and contingent liabilities (EUR million)	31.12.14	31.12.13	change, %
Collateral given for own liabilities			
Real estate mortgages given [1)]	79.2	212.4	-62.7
Pledges given	0.0	0.0	
Other commitments			
Guarantees given for liabilities on uncompleted projects	0.0	0.0	
Investment commitments given	9.6	14.0	-31.0
Plots purchase commitments	185.8	157.8	17.7

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	12/2014		12/2013	
(EUR million)	Käyvät arvot		Käyvät arvot	
Hedge accounting not applied	Posit.	Negat.	Posit.	Negat.
Foreign exchange forward contracts	0.0	0.0	0.0	0.0
Interest rate swaps	0.0	0.0	0.0	0.4
Nominal values of derivative instruments		12/2014		12/2013
Foreign exchange forward contracts		0.0		0.0
Interest rate swaps		0.0		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)	10-12/14	7-9/14	4-6/14	1-3/14	10-12/13	7-9/13	4-6/13	1-3/13
Revenue	193.8	209.0	143.1	138.5	171.6	170.0	179.4	158.4
Operating profit	9.6	6.0	4.9	4.4	4.6	6.9	13.7	1.2
Financial income and expenses, total	-2.4	-0.2	-1.5	-2.3	-1.0	-1.7	-0.4	-0.5
Profit before taxes	7.2	5.7	3.4	2.2	3.6	5.2	13.3	0.7
Order backlog [1)]	860.4	944.1	1 047.0	880.2	825.8	911.5	959.2	726.7
New agreements	108.0	90.3	317.3	184.7	68.3	107.9	384.5	40.0
Earnings per share, EUR	0.13	0.14	0.05	0.01	0.02	0.07	0.35	-0.02
Equity per share, EUR [1)]	5.04	5.13	4.97	4.87	4.97	4.94	4.85	4.48
Share closing price, EUR [1)]	2.83	3.67	4.13	3.76	4.05	4.41	3.28	3.36
Equity ratio, % [1)]	43.0	38.9	38.4	39.0	36.4	39.3	35.2	34.3
Net interest-bearing debt [1)]	206.1	255.1	252.7	225.3	215.8	227.1	245.0	277.7
Gearing, % [1)]	91.6	111.6	113.4	103.0	97.1	102.8	112.5	135.6

1) at the end of the period

Revenue (EUR million)	10-12/14	7-9/14	4-6/14	1-3/14	10-12/13	7-9/13	4-6/13	1-3/13
Operations in Finland	176.0	196.5	131.0	124.4	155.8	155.0	128.9	135.0
- business construction	99.1	144.9	82.5	69.0	89.1	88.1	74.6	67.5
- housing construction	76.9	51.7	48.5	55.4	66.8	66.9	54.3	67.5
International Operations	17.8	12.6	12.4	14.2	15.7	15.1	50.4	23.5
Other operations	4.2	5.0	5.4	4.9	3.8	2.9	3.0	3.3
Eliminations	-4.1	-5.1	-5.7	-4.9	-3.8	-2.9	-3.0	-3.4
Group, total	193.8	209.0	143.1	138.5	171.6	170.0	179.4	158.4

Operating profit (EUR million)	10-12/14	7-9/14	4-6/14	1-3/14	10-12/13	7-9/13	4-6/13	1-3/13
Operations in Finland	10.2	6.2	7.0	6.6	8.0	7.3	2.7	3.4
International Operations	1.8	0.2	-0.4	-0.6	-1.7	0.2	12.3	-0.8
Other operations	-2.4	-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	0.0
Group, total	9.6	6.0	4.9	4.4	4.6	6.9	13.7	1.2

Operating profit (%)	10-12/14	7-9/14	4-6/14	1-3/14	10-12/13	7-9/13	4-6/13	1-3/13
Operations in Finland	5.8	3.1	5.4	5.3	5.1	4.7	2.1	2.5
International operations	10.1	1.6	-2.9	-4.0	-10.7	1.1	24.5	-3.6
Group, total	5.0	2.9	3.4	3.2	2.7	4.0	7.6	0.8

Order backlog (EUR million)	31.12.14	30.9.14	30.6.14	31.3.14	31.12.13	30.9.13	30.6.13	31.3.13
Operations in Finland	723.2	777.8	920.0	721.5	645.8	727.8	771.6	686.9
- business construction	450.1	505.6	633.1	477.2	392.8	451.1	458.7	389.9
- housing construction	273.1	272.3	286.9	244.2	253.0	276.6	312.9	296.9
International operations	137.2	166.2	126.9	158.8	180.1	183.7	187.6	39.8
Group, total	860.4	944.1	1 047.0	880.2	825.8	911.5	959.2	726.7
- sold order backlog	729	817	873	698	618	704	746	532
- unsold order backlog	132	127	174	182	208	207	213	194

Order backlog, housing construction in Finland (EUR million)	31.12.14	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	122	146	179	130	122	119	121	120
Under construction, sold	28	16	14	13	14	31	52	56
Under construction, unsold	59	41	26	27	60	87	117	99
Completed and unsold	65	69	68	74	57	40	24	21
Housing construction, total	273	272	287	244	253	277	313	297

Invested capital (EUR million)	31.12.14	30.9.14	30.6.14	31.3.14	31.12.13	30.9.13	30.6.13	31.3.13
Operations in Finland	277.2	298.9	303.1	275.3	274.8	286.5	291.2	292.7
International operations	203.0	208.5	192.8	181.7	177.9	171.7	179.0	195.4
Other operations and eliminations	-30.5	-2.2	-3.6	10.7	75.4	8.7	40.6	10.5
Group, total	449.8	505.1	492.3	467.7	528.0	466.9	510.9	498.6

Housing production in Finland (units)	10-12/14	7-9/14	4-6/14	1-3/14	10-12/13	7-9/13	4-6/13	1-3/13
Housing sales, total	206	102	288	160	117	183	178	223
- sales, developer contracting	122	65	29	72	29	69	64	135
- sales, negotiation contracts [2)]	84	37	259	88	88	114	114	88
Developer contracting								
- start-ups	197	111	0	22	0	25	142	35
- completed	63	86	0	100	151	175	109	104
- completed and unsold	183	194	173	198	182	128	89	75
Under construction, total [1)]	1 625	1 612	1 638	1 185	1 054	1 398	1 525	1 633
- construction contracts [1)]	625	649	649	455	334	550	560	795
- negotiation contracts [1) 2)]	670	767	818	559	471	448	415	321
- developer contracting [1)]	330	196	171	171	249	400	550	517
- of which sold [1)]	111	63	63	59	71	139	206	237
- of which unsold [1)]	219	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)	31.12.14	31.12.13	change, MEUR	change, %
Operations in Finland	380.0	383.2	-3.3	-0.9
International operations	226.2	209.1	17.1	8.2
Other Operations	352.7	389.7	-37.0	-9.5
Eliminations	-382.8	-319.0	-63.8	
Group, total	576.1	663.0	-86.9	-13.1

Liabilities (EUR million)	31.12.14	31.12.13	change, MEUR	change, %
Operations in Finland	240.7	326.7	-86.0	-26.3
International operations	155.7	199.0	-43.3	-21.8
Other Operations	167.0	207.0	-40.0	-19.3
Eliminations	-212.4	-291.9	79.4	
Group, total	350.9	440.8	-89.9	-20.4

Invested capital (EUR million)	31.12.14	31.12.13	change, MEUR	change, %
Operations in Finland	277.2	274.8	2.5	0.9
International operations	203.0	177.9	25.1	14.1
Other Operations	-30.5	75.4	-105.9	-140.5
Eliminations	449.8	528.0	-78.3	-14.8

Return on investment %	1-12/14	1-12/13
Operations in Finland	10.8	7.3
International operations	1.3	6.3
Group, total	5.4	5.4

Inventories (MEUR)	31.12.14	31.12.13	change, MEUR
Land areas and plot-owning companies	162.1	151.3	10.8
Operations in Finland	96.0	83.1	12.9
International operations	66.1	68.2	-2.1
Work in progress	79.4	92.1	-12.8
Operations in Finland	77.1	87.8	-10.7
International operations	2.3	4.3	-2.1
Shares in completed housing corporations and real estate companies	61.0	114.8	-53.8
Operations in Finland	58.2	112.9	-54.7
International operations	2.8	1.9	0.9
Other inventories	10.3	6.8	3.5
Operations in Finland	6.0	5.8	0.2
International operations	4.3	1.0	3.3
Inventories, total	312.8	365.0	-52.2
Operations in Finland	237.3	289.6	-52.3
International operations	75.4	75.4	0.1

Related party transactions (EUR million)	Salaries and compensation	Sale of goods and services	Purchase of goods and services	Receivables	Liabilities
31.12.2014					
Management and the Board of Directors	3.7	0.0	0.0	0.0	0.0
Joint ventures	0.0	0.8	0.0	1.0	0.0
Associated companies	0.0	40.0	-0.1	2.6	0.0
Other related parties	0.0	0.1	0.0	0.0	0.0
Total	3.7	40.9	-0.1	3.6	0.0
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