SRV GROUP PLC INTERIM REPORT 6 AUGUST 2015, at 8.30 AM

REVENUE AND ORDER BACKLOG ARE STILL GROWING – BUT EARNINGS FALL SHORT OF THE COMPARISON PERIOD: SRV'S INTERIM REPORT 1 JANUARY–30 JUNE 2015

First half of the year 1 January–30 June 2015 in brief:

- SRV's revenue was EUR 337.4 (281.6) million, change +19.8%
- Operating profit was EUR 3.4 (9.3) million, change -63.8%
- Result before taxes was EUR 2.6 (5.6) million, change -52.5%
- Earnings per share were EUR 0.01 (0.06)
- The order backlog at period-end was EUR 1,258.8 (1,047.0) million, change +20.2%
- Equity ratio was 36.3 (38.4) per cent

Reporting period 1 April–30 June 2015 in brief:

- SRV's revenue was EUR 164.5 (143.1 4-6/2014) million, change +15.0%
- Operating profit was EUR 0.8 (4.9) million, change -83.7%
- Result before taxes was EUR -0.7 (3.4) million
- Earnings per share were EUR -0.05 (0.05)

Events after the reporting period:

- SRV signed EUR 170 million contractor agreement on implementation of new Tampere University Hospital buildings in July 2015
- SRV to participate in Fennovoima’s nuclear power plant construction project as project manager and investor, with a financing commitment equivalent to a 1.8% stake. The news was released on 5 August 2015.
- SRV sold the Kalasatama’s wellbeing and health services centre to a property investment fund administered by the German company Deka with an agreement signed on 5 August 2015
- The strategic targets for the 2015-2019 period were reviewed on 5 August 2015

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). The result before taxes is forecast to be in the range of EUR 10–20 million (EUR 18.5 million).

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

President & CEO Juha Pekka Ojala

The first half of 2015 was a mixed bag. The REDI project at Kalasatama and construction work on the Niittykumpu Metro Centre were launched successfully and our order backlog continued to grow, reaching a record level at the end of June of nearly EUR 1.3 billion, i.e. 20% higher than the previous year’s first half.

Records were also set in terms of the signature of new contractor agreements. The Tampere University Hospital (TAYS) new construction project, signed in July after the review period, is one of the largest contractor agreements in our history, worth a total of EUR 170 million. Construction work in Tampere will begin in mid-August. The TAYS project is an excellent continuation to our hospital construction projects and an expression of the high esteem in which our expertise is held in these demanding projects. And let's not forget our largest project, REDI at Kalasatama. It is wonderful to see how the site is now fully under way, and that work is proceeding quickly. Something of the scale of the project is evident from the fact that around 200 people are now working on the site daily and that rock equivalent in volume to nearly a large passenger ferry, around 170,000 cubic metres, has already been excavated from the area. After the review period, on 5 August 2015, an agreement was also signed on the construction of the Health and Wellness Centre to be built at Kalasatama and on the sale of the real estate company to a real estate investment fund managed by the German company Deka.

Nevertheless, as a result of a decline in revenue recognised for developer-contracted housing production and growth in the proportion of low-margin contracting, our result weakened, even though at the same time the volume of housing construction grew. The total number of housing unit start-ups, for example, rose to over one thousand units at the beginning of June. Sales of own-development housing are only recognised as revenue, however, according to percentage of completion. In addition, the result was affected by the fact that only 22 developer-contracted housing units were completed in the first half of the year, while the corresponding figure last year was almost five times larger. However, there are over 1,600 housing units under construction, of which 75 per cent is already sold. The good situation with housing start-ups and, for example, the record sales of housing units in June, nearly 150, certainly augur well for the coming years. We have concentrated our developer-contracted housing production mainly close to good transport links, such as in the direct proximity of metro lines and the stations of the Ring Rail Line, where we believe that the housing market will remain attractive in the future, despite the general, slightly challenging, situation.

Although the situation in Russia is marked by significant uncertainty, construction work of our projects already under way there is advancing according to plan, and project financing negotiations have also been successful, considering the circumstances. The large, around 144,000 square metre, shopping centre complex rising in the Okhta area of St. Petersburg will celebrate its topping-out ceremony in September and the shopping centre is scheduled to open its doors in summer 2016. Our other important project in St. Petersburg, the Pearl Plaza shopping centre, which opened in August 2013, is also going well. Customer numbers and sales are continuing to grow and the rental level of premises is still a massive 99%. Russia's Best Medium-sized Shopping Centre 2015 Award, granted to the shopping centre in April, was followed up in June when the Pearl Plaza received the Golden Brick Award 2015, considered to be Russia's most esteemed real estate sector prize.

Our large construction projects require not only commitment and hard work from our employees, but also additional financing. An Extraordinary General Meeting, held on 22 June 2015, authorised the Board of Directors to prepare for the acquisition of additional capital through a share issue. The overall objective is to raise a total of EUR 30-50 million in new capital as a foundation for future construction projects. The money will attract additional funding; when the balance sheet is strong, additional funding is easier to obtain.

We announced on 5 August 2015 that we will participate in Fennovoima's nuclear power plant construction as project manager and at the same time as owner with a 1.8% stake. The agreement represents a significant increase in SRV's operations, being one of the most notable agreements in the company's history, and further strenghtens our position as a pioneer of project management contracting. The project required the participation of a reliable Finnish partner familiar with local legislation and regulations. SRV has strong experience of project management and we have been well acquainted with Fennovoima's nuclear power plant project for a long time now. This is a wonderful addition to our already great order backlog and we are looking forward to starting the project.

In summary, it seems appropriate to be modestly optimistic about the rest of the year. While the uncertain future of Greece and the situation in Russia are overshadowing the economic development of Europe, in Finland small signs of recovery are perceptible, for example in housing sales. In business premises projects, too, the latter part of the year is expected to be better, after a very weak 2014. The start-up of new, large-scale projects, the record high order backlog and the large number of housing start-ups will, above all, demand much from all of our employees. Resources have been strengthened and will be strengthened further according to need, and several new projects relating to employees' wellbeing will be launched during the autumn. Feedback received from customers and stakeholders as well as the new projects we have won reinforce my view of the high professionalism of our employees and their really strong commitment to our company.

SRV GROUP PLC'S INTERIM REPORT, 1 JANUARY - 30 JUNE 2015

Group key figures (IFRS, EUR million)	1-6/ 2015	1-6/ 2014	change, MEUR	change, %	4-6/ 2015	4-6/ 2014	1-12/ 2014
Revenue	337.4	281.6	55.9	19.8	164.5	143.1	684.4
Operating profit	3.4	9.3	-6.0	-63.8	0.8	4.9	24.9
Financial income and expenses, total	-0.7	-3.8	3.0		-1.5	-1.5	-6.4
Result before taxes	2.6	5.6	-2.9	-52.5	-0.7	3.4	18.5
Order backlog	1 258.8	1 047.0	211.8	20.2			860.4
New agreements	716.7	502.0	214.7	42.8	227.6	317.3	700.3
Operating profit, %	1.0	3.3			0.5	3.4	3.6
Net profit, %	0.6	1.5			-0.5	1.8	2.2
Equity ratio, %	36.3	38.4					43.0
Net interest-bearing debt	251.0	252.7	-1.6	-0.7			206.1
Gearing, %	111.4	113.4					91.6
Return on investment, %	2.8	3.7					5.4
Return on equity, %	1.8	3.7					6.9
Earnings per share, EUR	0.01	0.06	-0.05	-86.8	-0.05	0.05	0.33
Equity per share, EUR	5.04	4.97	0.07	1.4			5.04
Share price at end of period, EUR	3.71	4.13	-0.42	-10.2			2.83
Weighted average number of shares outstanding, millions	35.6	35.5		0.2			35.6

Overall review

First half of the year, 1 January-30 June 2015

The Group's order backlog increased to EUR 1,258.8 (1,047.0) million during the review period thanks to new contractor agreements, the largest of which were for the REDI project in Kalasatama and the Niittykumpu Metro Centre. 85 per cent of the order backlog has been sold, a total of EUR 1,074 million. The value of the Group's new contracts rose to EUR 716.7 (502.0) million.

The Group's revenue increased to EUR 337.4 (281.6) million. The start-up of the REDI shopping centre and parking facility project contributed to this rise in revenue, as quarrying and other infrastructure work completed prior to the decision to start the project construction was recognised as revenue in accordance with the level of completion. Sales of developer-contracted residential units to consumers rose to 310 (101), but no sales were made to investors (347). During the first half of the year, 22 (100) developer-contracted housing units recognised as revenue upon delivery were completed.

The Group's operating profit totalled EUR 3.4 (9.3) million, generating an operating margin of 1.0 (3.3) per cent. This decline in operating profit was mainly due to a fall in revenue from developer-contracted residential construction and the higher share accounted for by business contracting with low profit margins. Numerous large-scale projects were started up during the review period. These construction volumes increased fixed costs, thereby reducing operating profit. Furthermore, operating profit for the comparison period included rental income from the Derby business premises, which were sold in Q3 2014. On the other hand, the improved earnings of associated companies and joint ventures increased operating profit.

The relative level of operating profit is reduced by the elimination of a share equivalent to SRV's ownership from the profit margins of three shopping centre projects (Okhta Mall, Daily and REDI), which will be recognised as income only when the investment is sold.

Several factors contribute to the quarterly variation in SRV's 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; and the nature of the company's operations (project development).

The Group's net financial expenses totalled EUR -0.7 (-3.8) million. Net financial expenses were improved by a fall in general interest rates, growth in interest income, exchange rate differences resulting from the strengthening rouble, and the recognition of EUR 1.4 million in credit loss provisions.

The Group's profit before taxes was EUR 2.6 (5.6) million. Net profit for the review period was EUR 2.0 (4.1) million. Income taxes totalled EUR -0.6 (-1.5) million. Earnings per share were EUR 0.01 (0.06). The Group's equity ratio was 36.3 (38.4) per cent. The equity ratio weakened as a result of capital tied up in construction, especially in the REDI project.

Second quarter 1 April-30 June 2015

Second-quarter revenue amounted to EUR 164.5 (143.1) million and operating profit to EUR 0.8 (4.9) million. The start-up of the REDI project contributed to this rise in revenue. Operating profit was weakened by lower revenue and profit margins in residential construction in Finland and the larger share accounted for by low-margin business contracting. Numerous large-scale projects were started up during the review period. These construction volumes increased fixed costs, thereby reducing operating profit. The Group's result before taxes was EUR -0.7 (3.4) million.

Key figures for the Segments

Revenue (EUR million)	1-6/ 2015	1-6/ 2014	change, MEUR	change, %	4-6/ 2015	4-6/ 2014	1-12/ 2014
Operations in Finland	304.0	255.3	48.7	19.1	146.9	131.0	627.9
International Operations	33.4	26.6	6.9	25.8	17.6	12.4	56.9
Other operations	7.2	10.3	-3.1	-29.8	3.4	5.4	19.5
Eliminations	-7.2	-10.6	3.4		-3.4	-5.7	-19.9
Group, total	337.4	281.6	55.9	19.8	164.5	143.1	684.4

Operating profit (EUR million)	1-6/ 2015	1-6/ 2014	change, MEUR	change, %	4-6/ 2015	4-6/ 2014	1-12/ 2014
Operations in Finland	5.7	13.7	-8.0	-58.2	2.4	7.0	30.0
International Operations	0.7	-0.9	1.7		0.1	-0.4	1.1
Other operations	-3.1	-3.4	0.3		-1.6	-1.8	-6.2
Eliminations	0.0	0.0	0.0		0.0	0.0	0.0
Group, total	3.4	9.3	-6.0	-63.8	0.8	4.9	24.9

Operating profit, (%)	1-6/2015	1-6/2014	4-6/2015	4-6/2014	1-12/2014
Operations in Finland	1,9	5,4	1,6	5,4	4,8
International Operations	2,2	-3,5	0,5	-2,9	1,9
Group, total	1,0	3,3	0,5	3,4	3,6

Order backlog (EUR million)	6/2015	6/2014	change, EUR million	change, %	12/2015
Operations in Finland	1 159.3	920.0	239.3	26.0	723.2
International Operations	99.5	126.9	-27.5	-21.6	137.2
Group, total	1 258.8	1 047.0	211.8	20.2	860.4
- sold order backlog	1074	873	201	23.0	729
- unsold order backlog	185	174	11	6.5	132

Earnings trends of the Segments

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 consists primarily of SRV Group Plc and SRV Kalusto Oy's operations.

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.

Operations in Finland

Operations in Finland (EUR million)	1-6/ 2015	1-6/ 2014	change, MEUR	change, %	4-6/ 2015	4-6/ 2014	1-12/ 2014
Revenue	304.0	255.3	48.7	19.1	146.9	131.0	627.9
- business construction	208.5	151.5	57.0	37.7	94.5	82.5	395.5
- housing construction	95.5	103.9	-8.4	-8.1	52.4	48.5	232.5
Operating profit	5.7	13.7	-8.0	-58.2	2.4	7.0	30.0
Operating profit, %	1.9	5.4			1.6	5.4	4.8
Order backlog	1 159.3	920.0	239.3	26.0			723.2
- business construction	806.9	633.1	173.8	27.5			450.1
- housing construction	352.4	286.9	65.4	22.8			273.1

Revenue for Operations in Finland for the first half of the year totalled EUR 304.0 (255.3) million and accounted for 90 (91) per cent of the Group's revenue. Operating profit totalled EUR 5.7 (13.7) million, generating an operating margin of 1.9 (5.4) per cent. The start-up of the REDI shopping centre and parking facility project contributed to a rise in revenue, as quarrying and other infrastructure work completed prior to the official decision to start the project was recognised as revenue in accordance with the level of completion. SRV eliminates its own 40 per cent holding from the margin recognised as revenue; this share is recognised only when the investment is sold.

Developer-contracted residential construction targeted at consumers saw year-on-year growth and amounted to 310 (101) units. A new record was made in housing sales in June, 150 residential units. Sold developer-contracted residential projects are evident in revenue only upon completion. During the first half of the year, only 22 developer-contracted residential units were completed, as compared to 100 during the corresponding period of 2014. Sales of development projects to investors that are recognised as revenue in accordance with the percentage of completion were lower than in the comparison period. The decline in revenue from residential development and developer-contracted housing projects during the first half of the year weakened earnings as a whole in Operations in Finland. Operating profit was also adversely affected by the fact that the majority of the commercial construction order backlog recognised as income consisted of low-margin contracting. The order backlog rose to EUR 1,159.3 (920.0) million thanks to the start-up of the REDI project and the Niittykumpu Metro Centre project.

Second-quarter revenue amounted to EUR 146.9 (131.0) million and operating profit to EUR 2.4 (7.0) million. The start-up of the REDI project increased revenue. Operating profit was weakened by the decrease in revenue and lower profit margins in housing contracting carried out as development projects. Other costs related to the start-up of new projects also decreased operating profit. In addition, the result for the comparison period included rental income from Derby, which was sold in 2014.

Business construction

All business construction projects under preparation during this review period are recognised as revenue based on the percentage of completion.

Revenue from business construction totalled EUR 208.5 (151.5) million. The order backlog stood at EUR 806.9 (633.1) million. In spite of the growth of the order backlog, competition for new contracts remains fierce. However, SRV believes that it can continue to bolster its order backlog during the latter half of the year.

The Opinmäki campus premises, built in Suurpelto for the City of Espoo, were completed in May. Projects completed during the first half of the year also included the renovation project at the University of Jyväskylä campus, an assisted-living facility for ET-hoivakiinteistöt in Turku, and a medical centre and other business premises on Kamppurienkatu in Oulu for Ilmarinen.

During the first half of the year, new contractor agreements valued at EUR 539 million were signed. The most significant of these was a EUR 390 million contractor contract with the project companies developing the REDI shopping centre and parking facility.

The second significant development project contractor agreement signed during the first half of the year was for the construction of the Niittykumpu Metro Centre, which was sold to OP Vuokratuotto. SRV will be responsible for planning and constructing this shopping centre, and for leasing out its 5,400 square metres of available space. Two residential towers are being constructed near the metro centre. The first, a 24-storey tower, is a developer-contracted property whose construction has been started up. SRV will build the second, a 12-storey tower, for SATO.

A contractor agreement valued at EUR 17 million was signed with Helsingin Tilakeskus for new and expanded premises on Teollisuuskatu 23 for the City of Helsinki Education Department and the Helsinki Vocational College. SRV was also selected as the project management contractor of the renovation of the Helsinki City Theatre. In addition, SRV will build Villa Sulka, a care home for MVH-hoivakiinteistöt in Oulu, and provisional premises for equipment maintenance for the Northern Ostrobothnia Hospital District.

In July, after the end of the review period, SRV also signed a major project management contractor agreement, valued at a total of EUR 170 million. This project concerns the construction of three new buildings in the Tampere University Hospital front yard as well as a parking facility. The total investment value of the project is EUR 240 million. Construction will begin in August and the buildings will be completed in stages in the period 2017–2019.

After the end of the review period, SRV sold the wellbeing and health services centre that will be built in the Kalasatama district of Helsinki to a property investment fund administered by the German company Deka with an agreement signed on 5 August. Construction of this centre next to Kalasatama Centre – REDI – was started up in July and will be completed in the latter half of 2017. The parties to the agreement have agreed that the transaction price will not be made public.

After the end of the review period, SRV announced on 5 August 2015 that it will participate in Fennovoima's nuclear power plant construction project as project manager and investor. SRV has made a financing commitment to Fennovoima's main owner Voimaosakeyhtiö SF. The financing commitment is equivalent to a 1.8% stake in the Fennovoima project. As part of the agreement package, SRV has signed a project management agreement with Fennovoima's plant supplier Rusatom Overseas and the main contractor Titan-2. SRV will operate in the project primarily as project manager, particularly with respect to Finnish partners, together with main contractor Titan-2. The deal requires final approval by Finnish Radiation and Nuclear Safety Authority. Rights and obligations of SRV equal to other shareholders.

Housing construction

A developer-contracted residential project is a project that is developed by SRV and which has not been sold when construction begins. SRV bears the risks involved in both the sale and construction of such projects, which are recognised as revenue when they have been completed and sold. A residential development project is a project that is developed by SRV, but which is sold to an investor before construction begins. SRV bears the construction risks in such projects, which are recognised as revenue according to the percentage of completion.

Revenue from housing construction totalled EUR 95.5 (103.9) million. The order backlog was EUR 352.4 (286.9) million. Revenue was weakened by the decline in revenue from developer-contracted and residential development projects while the order backlog saw year-on-year growth.

Projects for external clients that were completed during the review period include 114 units in the Pähkinärinne district of Vantaa and 176 units in the Nihtisilta district of Espoo for LocalTapiola and Ice Capital. A project with 113 residential units was completed in the Suurpelto district of Espoo for Sato. Completed projects also included 39 units for Auratum on Unioninkatu in Helsinki and a 93-unit wooden apartment building for ATT in Pukinmäki.

During the first half of the year, new contractor agreements valued at EUR 34 million were signed with external clients. A total of 132 residential units will be built for Sato and Varma in the Niittykumpu district of Espoo. In addition, 46 units will be built for Sato in Etu-Töölö, Helsinki, and 42 units for the Lojo Petter Foundation in Lohja.

Construction of a parking facility in the Airut quarter of Helsinki's Jätkäsaari district was launched during the first half of the year. The clients are six housing cooperatives, five of which are owned by SRV. The sixth client, a housing cooperative owned by VVO, has a 16.8 per cent holding.

During the first half of the year, SRV launched the construction of 442 (22) developer-contracted housing units within the scope of the RS system. Of these, 200 units will be built in Niittyhuippu, the tallest apartment building in Espoo, located in Niittykumpu, 85 units in Taitaja in Northern Tapiola, Espoo, and 66 units in Kvartto, located in Lauttasaari, Helsinki. In addition, the sale and construction of 91 HITAS units in the Jätkäsaari district of Helsinki were started up.

SRV has also greenlit the construction of 241 new developer-contracted housing units. Of these, 85 will be built in the Jätkäsaari and Tali districts of Helsinki, 54 in the Rajakylä district of Vantaa, 60 on Lapintie in Tampere and 42 in Kaarina.

310 (101) of the developer-contracted housing units that fell within the scope of the RS system were sold during the review period, but no units were sold to investors under negotiated contracts (347).

At the end of the review period, SRV had a total of 1,628 (1,638) units under construction, 75 per cent of which (1,220 units) had been sold. 750 (171) residential units for the consumer market were under construction, of which 408 (108) had not yet been sold. The number of completed yet unsold residential units totalled 126 (173).

Based on current schedules, SRV estimates that a total of 247 developer-contracted residential units in the RS system will be completed during 2015. 22 of these units have already been completed and based on the current schedule the remainder are scheduled for completion in the last quarter.

Housing production in Finland (units)	1-6/ 2015	1-6/ 2014	change, units	4-6/ 2015	4-6/ 2014	1-12/ 2014
Housing sales, total	310	448	-138	236	288	756
- sales, developer contracting	310	101	209	236	29	288
- sales, negotiation contracts [2)]	0	347	-347	0	259	468
Developer contracting						
- start-ups	442	22	420	376	0	330
- completed	22	100	-78	22	0	249
- completed and unsold [1)]	126	173	-47			183
Under construction, total [1)]	1 628	1 638	-10			1 625
- construction contracts [1)]	498	649	-151			625
- negotiation contracts [1) 2)]	380	818	-438			670
- developer contracting [1)]	750	171	579			330
- of which sold [1)]	342	63	279			111
- of which unsold [1)]	408	108	300			219

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

The order backlog for housing construction was EUR 352 (287) million. The order backlog for contracts and negotiated contracts was EUR 88 (179) million, and accounted for 25 (62) per cent of the total order backlog. EUR 174 (193) million of the residential production order backlog was sold. The order backlog of completed and unsold units amounted to EUR 47 (68) million.

Order backlog, housing construction in Finland (EUR million)	1-6/2015	1-6/2014	change, MEUR	1-12/2014
Negotiation and construction contracts	88	179	-91	122
Under construction, sold developer contracting	86	14	72	28
Under construction, unsold developer contracting	131	26	105	59
Completed and unsold developer contracting	47	68	-21	65
Housing construction, total	352	287	65	273

REDI – Kalasatama Centre

The start-up of the SRV-developed REDI project in the metro quarter of Kalasatama, Helsinki was confirmed on 24 March 2015, when a EUR 225 million project credit agreement was signed by the project company implementing the REDI shopping centre project and the bank syndicate.

The holdings of the project companies developing the shopping centre and parking facility are divided as follows: SRV 40 per cent, Ilmarinen Mutual Pension Insurance Company 30 per cent, LocalTapiola 15 per cent, and OP-Pohjola Group and a fund managed by the Group 15 per cent. SRV has also granted the project companies an unsecured project credit of EUR 15 million for construction. SRV has a 40 per cent holding in the associated companies behind the shopping centre and parking facility, and consolidates them using the equity method.

The total value of the shopping centre and parking facility investment is EUR 480 million, of which EUR 240 million will be financed using the owners' capital investments. The remainder will be covered by project credit. The shopping centre, which has approximately 64,000 square metres of leasable space, and the almost 2,000-space carpark are scheduled to be opened for business in autumn 2018. SRV is responsible for designing, constructing, and leasing out the site.

In addition to the shopping centre and parking facility, SRV has also launched the construction of other parts of the REDI project. SRV plans to build six residential towers on top of the shopping centre plus office and hotel towers. The residential towers will contain an estimated total of 1,200 housing units, most of which will be targeted at the consumer market. Construction of the first two residential towers is expected to begin in 2016, when the construction phase of the shopping centre makes it technically possible. The first tower is scheduled for completion by the end of 2018 and the second tower in 2019, depending on demand. Advance marketing of these housing units will begin in autumn 2015.

As a whole, REDI is currently scheduled for completion during 2023, depending on the market situation. Revenue from the construction of the shopping centre, parking facility and towers is expected to total over EUR 1 billion in 2015-23.

Development of Operations

SRV maintained a strong focus on the development of data models. Modelling supports successful design, progress in construction projects, and cooperation between parties. 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, for instance in terms of information about contractors, access control systems, checks on tax numbers, and tax authority reports.

International Operations

International Operations (EUR million)	1-6/ 2015	1-6/ 2014	change, MEUR	change, %	4-6/ 2015	4-6/ 2014	1-12/ 2014
Revenue	33.4	26.6	6.9	25.8	17.6	12.4	56.9
Share of profits of associated companies	1.4	0.2	1.2	573.7	0.5	0.2	1.0
Operating profit	0.7	-0.9	1.7		0.1	-0.4	1.1
Operating profit, %	2.2	-3.5			0.5	-2.9	1.9
Order backlog	99.5	126.9	-27.5	-21.6			137.2

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 33.4 (26.6) million and accounted for 10 (9) per cent of the Group's revenue. The construction of the Okhta Mall and Daily shopping centres generated the majority of this revenue. Operating profit totalled EUR 0.7 (-0.9) million. This improvement was primarily due to the growth in revenue and the better earnings of associated companies and joint ventures.

New orders worth EUR 1.9 (0.0) million were received during the first half of the year. The order backlog was EUR 99.5 (126.9) million. Second-quarter revenue amounted to EUR 17.6 (12.4) million and operating profit to EUR 0.1 (-0.4) million. The main reasons behind the improvement in earnings are the growth in revenue and cost-savings.

Russia

Projects under construction

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.

Construction of the Okhta Mall, which is located right at the heart of downtown St Petersburg, began in August 2013. The construction work has progressed in line with plans and the shopping mall will be opened in summer 2016. The shopping mall will have a total of 144,000 m2 of floor area with two underground parking levels, a hypermarket, and four aboveground levels. In addition to the hypermarket, the shopping centre will contain a cinema, restaurants, a gym, specialty shops, and a variety of fashion and sports stores. Leasing has progressed according to plan. Final lease agreements have already been signed for about 27 per cent of the premises and about 14 per cent have been reserved (as at 30 June 2015). Negotiations for more than 25 per cent of the remaining space are ongoing. The target for annual rental income from the shopping centre is around EUR 33 million, and investment is currently budgeted at around EUR 220 million. In line with the project management contractor agreements (valued at about EUR 140 million), SRV is responsible for designing, constructing, developing, and leasing out the site. Due to the weakening of the value of the Russian rouble and the resulting savings in the investment budget, the project company building the shopping centre made an agreement with Sberbank to reduce the project loan. According to the new loan agreement signed in June, the Sberbank loan amounts to a total of about EUR 90 million (original loan: EUR 113 million), of which about EUR 30 million had been drawn down by the end of June. The financing plan for the investment is based on capital investments of about EUR 120 million from the owners and the EUR 90 million project loan from Sberbank. Construction is progressing 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 6 million in the project.

About EUR 75 million of the EUR 95.5 million investment capacity of Russia Invest will be earmarked for the Okhta Mall project. In the near future, arriving at new investment decisions will be challenging due to uncertainty in the Russian economy, 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 start-up of Phase I of the Daily shopping centre project, which SRV is developing in the Moscow region, was confirmed in summer 2014 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 is 20 per cent. The shopping centre has leasable space of about 26,000 m2 and final lease agreements have been signed for about 14 per cent. Lease negotiations are ongoing and, in addition to the final contracts, preliminary lease agreements have been signed for over 32 per cent of premises. Construction began in August 2014 and the shopping centre will be completed in autumn 2016. The target for annual rental income is about EUR 10 million and total investment in the project amounts to approximately EUR 61 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 a project loan granted by Sberbank. The weakening of the rouble reduced the project's investment budget, and the value of SRV's project management contracts has therefore also decreased to about EUR 35 million. SRV is responsible for designing, constructing, marketing, and leasing out the site.

In July, after the review period, SRV signed a management agreement with Mega shopping centre in Kaliningrad, Russia. The agreement is for five years. The shopping centre has a total floor area of more than 100,000 m2, including offices in addition to retail space.

Completed leasable projects

The Pearl Plaza shopping centre, jointly owned by SRV and the Shanghai Industrial Investment Company, was opened to the public in August 2013. SRV is responsible for managing the Pearl Plaza shopping centre. Total investment in the project amounts to approximately EUR 140 million. SRV’s ownership in the joint venture is 50 per cent, and the company has invested roughly EUR 24 million in the project. In addition to the investments from the owners, the project company building and managing the shopping centre received EUR 95 million in bank financing thanks to a financing agreement with a Chinese bank. In line with the project management contractor agreements, SRV was responsible for designing, constructing, developing, and leasing out the site.

Sales figures and visitor numbers have been continually increasing. First-half visitor numbers are up by 23 per cent and sales by 37 per cent on the corresponding period of 2014. About 99 per cent of the premises have been leased and negotiations are ongoing for the remaining vacant premises. Pearl Plaza was granted an award for “The best middle-sized shopping centre in Russia in 2015” during the REX exhibition that was held in Moscow in April. In June, Pearl Plaza won the Golden Brick Award 2015, which is considered the most respected real-estate award in Russia. 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. Preliminary lease reservations have been made for over 50 per cent of the Phase II premises. According to the preliminary plan, construction of Phase II could begin at the turn of 2015 and 2016. A final decision on the implementation of Phase II has not yet been made.

About 90 per cent of the existing office premises in the Etmia II office complex in downtown Moscow have been leased out. Once the property is fully leased out, the rental income will be about EUR 4 million. SRV is a co-owner in the project with a 50 per cent stake, and was responsible for its construction as the project management contractor. SRV's investment in the project amounts to about EUR 3 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.

No apartments in the Papula residential project in Vyborg were sold during the review period (4). At the end of the period, there was one completed yet unsold unit (2). Construction of the next two buildings, containing a total of 111 units, is due to continue in the second half of the year.

Estonia

Of the 48 developer-contracted units completed in Tartu in 2014, 17 were sold during the review period. There are 17 unsold units and no units under construction.

Other Operations

Other operations, (EUR million)	1-6/ 2015	1-6/ 2014	change, MEUR	change, %	4-6/ 2015	4-6/ 2014	1-12/ 2014
Revenue	7.2	10.3	-3.1	-29.8	3.4	5.4	19.5
Operating profit	-3.1	-3.4	0.3		-1.6	-1.8	-6.2

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

The revenue from Other Operations was EUR 7.2 (10.3) million with an operating profit of EUR -3.1 (-3.4) million. A decline in the operating volume impacted on revenue. During the review period, development costs expensed for SRV’s projects totalled EUR 0.9 (1.4) million.

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 cooperation and preliminary agreement made between Espoo, Länsimetro, SRV and SATO for the Niittykumpu metro centre in June 2014. The first phase encompasses about 20,000 m2 and consists of a commercial centre and two residential towers. Its design has progressed according to schedule and construction was launched in spring 2015. As part of the project's implementation, SRV sold the commercial centre and plot to the OP-Vuokratuotto special investment fund. In 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. A building permit has been granted and construction began in May 2015 regarding the buildings for SATO and Varma.

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. Land use agreement with the City of Espoo has been signed and the Espoo City Board approved the city plan on 13 April 2015. However, an appeal has been lodged against the decision. The project has residential building rights for 99,860 square metres of floor area, of which SRV's share is 26,805 m2. The aim is to launch housing construction during 2015, provided that the city plan comes into effect.

Construction of the Airut eco-quarter in the Jätkäsaari district of Helsinki has begun with the parking facility and HITAS units. 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 of Helsinki 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. Lease and investor negotiations for the office building are ongoing and construction 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 2015. The goal is to begin with municipal engineering during 2015 and to launch construction of the first tower during 2017.

SRV is developing the Lapinmäentie 1 property in Munkkivuori, Helsinki in cooperation with its owner. The city plan is currently being amended with regard to this property, and a draft city plan for the area has been put on display in spring 2015. The project is being developed on the basis of the winning entry of an architecture competition. In accordance with the principles for changing the city plan approved by the Helsinki City Planning Committee on 27 January 2015, the site will be allocated new residential building rights for about 46,000 square metres of floor area. Approximately 22,000 m2 of existing floor area will be renovated. These amendments to the city plan are expected to be confirmed in early 2017.

Financing and financial position

Net cash flow from operating activities during the first half of the year was EUR 69.5 (-17.5) million and the net cash flow from investing activities was EUR -110.1 (-15.1) million. Cash flows from contract invoicing of the REDI project in particular had a positive impact on net cash flow from operating activities. Net cash flow from investing activities was particularly affected by investments in both the Kalasatama Centre (REDI) and the Okhta Mall in Russia. According to the agreement made between the partners, SRV will commit its own 40 per cent investment in the REDI project, EUR 96 million, before the other investments, as a result of which SRV's investments in the project are realised on an accelerated basis. The Group's inventories stood at EUR 316.6 (385.0) million, of which land areas and plot-owning companies accounted for EUR 172.7 (167.7) million. The Group’s invested capital totalled EUR 506.8 (492.3) million.

SRV financed investments and loan repayments with cash flow from operations and by drawing down new loans and short-term commercial papers. At the end of the review period, the Group’s financing reserves totalled EUR 167.3 million with the Group’s cash assets amounting to EUR 30.3 million, and open-ended account limits and committed undrawn financing reserves and loans to EUR 137.0 million. SRV's financing agreements contain standard covenants. The company's financial covenants are its equity ratio and liquidity. In the case of developer contracting projects, the equity ratio is also reported to financiers as a ratio based on percentage of completion. Liquidity refers to the Group's immediately available cash and cash equivalents, committed credit lines, undrawn loans with a maturity of over 12 months, and the undrawn portion of its syndicated liquidity limit. SRV’s equity ratio based on percentage of completion stood at 37.8 per cent on 30 June 2015.

Investments in SRV’s developer-contracted housing and business construction projects in Finland, both under construction and completed, total about EUR 127.9 million. SRV estimates that the completion of these projects requires another EUR 108.0 million. Undrawn housing corporation loans and receivables for housing construction projects plus undrawn business construction financing total EUR 126.9 million. Capital committed to completed international projects amounts to EUR 0.5 million, which is tied up in a housing project in Vyborg. Capital committed to completed projects involving associated companies includes EUR 24.3 million tied up in the Pearl Plaza shopping centre and EUR 2.9 million in the Etmia office project.

SRV's investment commitments totalled EUR 18.0 (0.7) million and were primarily targeted at Kalasatama Centre (REDI) and the completion of the Okhta Mall project.

The equity ratio stood at 36.3 (38.4) per cent and gearing at 111.4 (113.4) per cent. The Group’s shareholders’ equity totalled EUR 225.4 (222.9) million, and its net interest-bearing liabilities totalled EUR 251.0 (252.7) million. At the end of the review period, the Group’s cash and cash equivalents amounted to EUR 30.3 (16.8) million. The return on investment was 2.8 (3.7) per cent and the return on equity 1.8 (3.7) per cent.

Unbuilt land areas, land acquisition commitments and land development agreements

Land reserves 30 June 2015	Business construction	Housing construction	International Operations	Total
Unbuilt land areas and land acquisition commitments				
Building rights[1], m^2	253 522	390 667	753 000	1 397 189
Land development agreements				
Building rights[1], m^2	115 400	159 911	0	275 311

[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.

During the first half of the year, the start-up of the REDI project led to an increase of 4 per cent in the area of unbuilt land and land acquisition commitments, and a decrease of 21 per cent in the area covered by land development agreements.

Personnel

SRV had an average payroll of 977 (918) employees, of whom 763 (700) were salaried employees. The parent company had an average staff of 61 (58) salaried employees. At the close of the review period, the Group had 1043 (987) employees, of whom 62 (61) were employed by the parent company. 215 (177) employees were employed by international subsidiaries. At the end of the review period, SRV's Operations in Finland had a total of 77 (122) summer employees and trainees (students on work placements and students working on a thesis or diploma).

The Group's number of employees grew during the review period. Most of the growth was a result of the resources required for the current phases of construction projects in Russia. Factors that contributed to growth in Operations in Finland included the start-up of the implementation phase of the REDI project.

During the spring, SRV has defined a management culture that is based on its values, supports the corporate culture and enables the realisation of the business strategy. In addition, personnel management practices that support the realisation of the management culture have been identified. The implementation and communications phase will begin in the autumn.

Personnel by segment	30.06.2015	30.06.2014	Percentage of Group personnel 30.06.2015, %
Operations in Finland	726	708	70
International Operations	220	184	21
Other operations	97	95	9
Group, total	1043	987	100

Detailed information about remuneration and incentive schemes for management can be found in the 2014 Notes to the Financial Statements, 2014 Annual Report, and the Salary and Remuneration Report of 30 December 2014 on the company's website.

Outlook for construction

Although the global outlook is slightly optimistic, European financial development is shadowed by the highly uncertain future of Greece and its overall impacts. The Finnish economy is slowed down particularly by the crisis between Russia and the Western countries. Forecasts for the growth of the Finnish economy in 2015 are close to zero. The change in the total volume of construction in Finland is likewise expected to be around zero. However, an upswing in construction is forecast for 2016. The rise in building costs remains moderate.

Small signs of recovery can be seen in residential construction as housing producers are increasing the number of new start-ups. That said, sales of new residential units are slow, especially outside the Helsinki Metropolitan Area. Demand for housing is still being affected by major uncertainty factors.

The business climate has been weak for a long time, keeping the number of vacant offices high, and the need for additional retail space has remained low. However, a clear increase is expected in start-ups for non-office business construction in 2015 compared to the low level in 2014.

Further steady annual growth of about 2.0-2.5 per cent is expected in renovation construction. 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 almost ground to a halt in 2014. The crisis in Ukraine, the weakened rouble, and a fall in the price of oil have put the economy under considerable stress. Russia will be subject to major uncertainty in 2015 and a contraction of about 2.5-3.5 per cent is being forecast in the economy as a whole. 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

SRV has published a separate Corporate Governance Statement in its 2014 Annual Report and on the company's website. More detailed information about the company's business risks and risk management has been provided in the 2014 Notes to the Financial Statements and 2014 Annual Report, and on the company's website. In SRV's opinion, no significant changes have occurred in the company's risks during the review period, except for the risks associated with the start-up of the REDI project, risks relating to the Russian economy and the exchange rate for the Russian rouble, risks mainly associated with the functionality of the financial sector, and risks related to the impact of the difficult Greek situation on the general economy.

REDI is a major project in relation to the size of the company and therefore may include risks associated with its implementation and financing, or customary risks related to the general availability of financing for SRV, for instance. The risk relating to demand for foreign goods and services linked to the strengthening of the Russian rouble has decreased. On the other hand, part of the predicted savings from the Okhta project in St Petersburg may not be actualised. Continued difficulties in the Russian economy may affect the functionality of the financial sector and financing for the company's projects in Russia regarding new financing agreements and already concluded financing agreements. If the Greek crisis spirals out of control, it may spread to other countries that are in financial difficulties, and both expand and prolong weak economic development throughout Europe.

Corporate governance and resolutions of general meetings

Juha Pekka Ojala, B.Sc. (Eng.), took over as President & CEO of SRV Group Plc on 1 January 2015. Ojala transferred from his position as CEO of SRV Construction Ltd.

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.

The Annual General Meeting (AGM) of SRV Group Plc was held on 25 March 2015. The AGM adopted the Financial Statements for the period 1 January–31 December 2014 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 2015. 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, which ends at the conclusion of the 2016 Annual General Meeting. 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 26 March 2014. 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 25 March 2015. Olli-Pekka Kallasvuo was elected as Vice Chairman of the Board of SRV Group Plc. Minna Alitalo was elected as Chair of the Audit Committee, and Olli-Pekka Kallasvuo and Timo Kokkila as members. Ilpo Kokkila was elected as Chairman of the Nomination and Remuneration Committee, and Arto Hiltunen and Risto Kyhälä as members.

On 23 April 2015, SRV Group Plc's Board of Directors appointed Päivi Kauhanen SVP, Communications, and a member of the Corporate Executive Team. SVP, Communications, Taneli Hassinen, left the Group on 31 July 2015.

SRV Group Plc held an Extraordinary General Meeting on 22 June 2015 that authorised the Board of Directors to decide on the issue of new shares or treasury shares such that, based on the authorisation, the Board of Directors may decide on the issue of new shares or treasury shares in one or more lots in total up to a maximum of 27,000,000 shares. The authorisation may be used to secure the company’s funding needs and to strengthen the balance sheet structure of the company. Based on the authorisation, the Board of Directors shall decide on all other terms and conditions of the share issue. The issuance of shares may also be carried out in a directed share issue in derogation of the pre-emptive subscription right of shareholders. The authorisation shall be valid until 31 March 2016 and it shall not supersede the authorisation granted to the Board of Directors by the Annual General Meeting held on 15 March 2011, which is valid until 15 March 2016 and under which a maximum total of 3,676,846 SRV shares can be issued. SRV has started preparations to increase shareholders’ equity on the basis of the authorisation.

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 6,034 shareholders on 30 June 2015.

The closing price at OMX Helsinki at the end of the review period was EUR 3.71 (EUR 2.83 on 31 December 2014, change 31.1%). The highest share price during the review period was EUR 3.98 and the lowest EUR 2.85. At period end, SRV's equity per share excluding the hybrid bond was EUR 5.04 (4.97). During the first half of the year, the all-share index of the Helsinki Stock Exchange (OMX Helsinki) moved by 5.8 per cent and the OMX Construction and Materials index by 24.8 per cent.

At the end of the review period, the company had a market capitalisation of EUR 132.1 million, excluding the Group’s treasury shares. 4.5 million shares were traded during the period with a trade volume of EUR 15.8 million. At the end of the review period, SRV Group Plc held 1,171,807 SRV Group Plc shares (3.2 per cent of the total number of the company's shares and combined number of votes). In 2015, SRV Group Plc has acquired 1,500 (6,000) treasury shares and transferred 5,000 treasury shares.

Financial objectives

On 5 August 2015, SRV's Board of Directors confirmed the Group's strategic goals for 2015–2019, as follows:

- With large-scale projects, the company will seek to outpace the growth of the industry during the strategy period
- Operating profit margin will rise to more than 8 per cent by the end of the strategy period
- Return on equity will be at least 15 per cent by the end of the strategy period
- The return on investment of International Operations will rise to at least 15 per cent by the end of the strategy period
- The equity ratio will be kept at over 35 per cent
- Steady dividend payments equalling 30-50 per cent of the annual result, taking into account the capital needs of business operations

The achievement of the set strategic objectives is based on weak but steady economic growth in Finland and Russia's economy stabilizing at its current level. In addition, substantial growth in SRV's developer-contracted projects is required.

Outlook for 2015

In addition to general economic trends, SRV's revenue and result will be affected by several factors in 2015, 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 largest project is REDI in Kalasatama, started up in April. Based on current completion schedules, SRV estimates that a total of 247 developer-contracted residential units will be completed during 2015.

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) and the result before taxes is forecast to be in the range of EUR 10–20 million (EUR 18.5 million 1–12/2014).

Espoo, 5 August 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

		1-6/ 2015	1-6/ 2014	4-6/ 2015	4-6/ 2014	1-12/ 2014
Revenue	milj. euroa	337.4	281.6	164.5	143.1	684.4
Operating profit	milj. euroa	3.4	9.3	0.8	4.9	24.9
Operating profit, % of revenue	%	1.0	3.3	0.5	3.4	3.6
Profit before taxes	milj. euroa	2.6	5.6	-0.7	3.4	18.5
Profit before taxes, % of revenue	%	0.8	2.0	-0.4	2.4	2.7
Net profit attributable to equity holders of the parent company	milj. euroa	2.0	3.9	-0.8	2.7	15.2
Return on equity [1)]	%	1.8	3.7			6.9
Return on investment [1)]	%	2.8	3.7			5.4
Invested capital	milj. euroa	506.8	492.3			449.8
Equity ratio	%	36.3	38.4			43.0
Net interest-bearing debt	milj. euroa	251.0	252.7			206.1
Gearing	%	111.4	113.4			91.6
Order backlog	milj. euroa	1 258.8	1 047.0			860.4
New agreements	milj. euroa	716.7	502.0			700.3
Average number of personnel		977	918			937
Earnings per share	euroa	0.01	0.06	-0.05	0.05	0.33
Earnings per share (diluted)	euroa	0.01	0.06	-0.05	0.05	0.33
Equity per share	euroa	6.31	6.24			6.30
Equity per share (excluding the hybrid bond)	euroa	5.04	4.97			5.04
Dividend per share	euroa	0.12	0.12			0.12
Dividend payout ratio	%	1 446.5	191.1			36.1
Dividend yield	%	3.2	2.9			4.2
Price per earnings ratio		447.2	65.8			8.5
Share price development						
Share price at the end of the period	euroa	3.71	4.13			2.83
Average share price	euroa	3.57	4.06			3.81
Lowest share price	euroa	2.85	3.72			2.75
Highest share price	euroa	3.98	4.38			4.38
Market capitalisation at period end	milj. euroa	132.1	147.0			100.7
Trading volume	1 000 kpl	4 516	2 276			3 613
Trading volume, %	%	12.7	6.4			10.2
Weighted average number of shares outstanding during the period	1 000 kpl	35 592	35 517			35 558
Weighted average number of shares outstanding during the period (diluted)	1 000 kpl	35 617	35 473			35 583
Number of shares outstanding at the end of the period (share issue adjusted)	1 000 kpl	35 597	35 599			35 593

[1)] In calculation the key ration, only the profit for the review period has been annualised.

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)
Equity per share	=		Shareholders' equity attributable to equity holders of the parent company / Average number of shares at end of period (share-issue adjusted)
Equity per share (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

Group and Segment information by quarter

SRV Group (EUR million)	4-6/15	1-3/15	10-12/14	7-9/14	4-6/14	1-3/14
Revenue	164.5	172.9	193.8	209.0	143.1	138.5
Operating profit	0.8	2.5	9.6	6.0	4.9	4.4
Financial income and expenses, total	-1.5	0.8	-2.4	-0.2	-1.5	-2.3
Profit before taxes	-0.7	3.3	7.2	5.7	3.4	2.2
Order backlog [1)]	1 258.8	1 179.8	860.4	944.1	1 047.0	880.2
New agreements	227.6	489.1	108.0	90.3	317.3	184.7
Earnings per share, EUR	-0.05	0.05	0.13	0.14	0.05	0.01
Equity per share, EUR [1)]	5.04	5.07	5.04	5.13	4.97	4.87
Share closing price, EUR [1)]	3.71	3.39	2.83	3.67	4.13	3.76
Equity ratio, % [1)]	36.3	39.8	43.0	38.9	38.4	39.0
Net interest-bearing debt [1)]	251.0	228.5	206.1	255.1	252.7	225.3
Gearing, %[1)]	111.4	101.0	91.6	111.6	113.4	103.0

1) at the end of the period

Revenue (EUR million)	4-6/15	1-3/15	10-12/14	7-9/14	4-6/14	1-3/14
Operations in Finland	146.9	157.1	176.0	196.5	131.0	124.4
- accounted for by business construction	94.5	114.0	99.1	144.9	82.5	69.0
- accounted for by housing construction	52.4	43.1	76.9	51.7	48.5	55.4
International Operations	17.6	15.9	17.8	12.6	12.4	14.2
Other operations	3.4	3.8	4.2	5.0	5.4	4.9
Eliminations	-3.4	-3.8	-4.1	-5.1	-5.7	-4.9
Group, total	164.5	172.9	193.8	209.0	143.1	138.5

Operating profit (EUR million)	4-6/15	1-3/15	10-12/14	7-9/14	4-6/14	1-3/14
Operations in Finland	2.4	3.3	10.2	6.2	7.0	6.6
International Operations	0.1	0.7	1.8	0.2	-0.4	-0.6
Other operations	-1.6	-1.5	-2.4	-0.4	-1.8	-1.6
Eliminations	0.0	0.0	0.0	0.0	0.0	0.0
Group, total	0.8	2.5	9.6	6.0	4.9	4.4

Operating profit, %	4-6/15	1-3/15	10-12/14	7-9/14	4-6/14	1-3/14
Operations in Finland	1.6	2.1	5.8	3.1	5.4	5.3
International Operations	0.5	4.1	10.1	1.6	-2.9	-4.0
Group, total	0.5	1.5	5.0	2.9	3.4	3.2

Order backlog (EUR million)	30.6.15	31.3.15	31.12.14	30.9.14	30.6.14	31.3.14
Operations in Finland	1 159.3	1 062.9	723.2	777.8	920.0	721.5
- accounted for by business construction	806.9	801.1	450.1	505.6	633.1	477.2
- accounted for by housing construction	352.4	261.8	273.1	272.3	286.9	244.2
International Operations	99.5	116.9	137.2	166.2	126.9	158.8
Group, total	1 258.8	1 179.8	860.4	944.1	1 047.0	880.2
- sold order backlog	1 074	1 037	729	817	873	698
- unsold order backlog	185	142	132	127	174	182

Order backlog, housing construction in Finland (EUR million)	30.6.15	31.3.15	31.12.14	30.9.14	30.6.14	31.3.14
Contracts and negotiated contracts	88	88	122	146	179	130
Under construction, sold	86	39	28	16	14	13
Under construction, unsold	131	79	59	41	26	27
Completed and unsold	47	56	65	69	68	74
Housing construction, total	352	262	273	272	287	244

Capital invested (EUR million)	30.6.15	31.3.15	31.12.14	30.9.14	30.6.14	31.3.14
Operations in Finland	290.8	273.3	277.2	298.9	303.1	275.3
International Operations	217.7	211.3	203.0	208.5	192.8	181.7
Other operations and eliminations	-1.7	-15.5	-30.5	-2.2	-3.6	10.7
Group, total	506.8	469.1	449.8	505.1	492.3	467.7

Housing production in Finland, no.	4-6/15	1-3/15	10-12/14	7-9/14	4-6/14	1-3/14
Units sold, total	236	74	206	102	288	160
- developer contracting	236	74	122	65	29	72
- investor sales[2]	0	0	84	37	259	88
Developer contracting						
- start-ups	376	66	197	111	0	22
- completed	22	0	63	86	0	100
- completed and unsold	126	152	183	194	173	198
Under construction, total [1]	1 628	1 356	1 625	1 612	1 638	1 185
- contracts [1]	498	492	625	649	649	455
- sold, negotiated contracts [1] [2]	380	468	670	767	818	559
- developer contracting [1]	750	396	330	196	171	171
- of which sold [1]	342	154	111	63	63	59
- of which unsold [1]	408	242	219	133	108	112

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

SRV GROUP PLC INTERIM REPORT, 1 JANUARY-30 JUNE 2015: TABULATED SECTION

1) Interim Report 1 January - 30 June 2015

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 2014. However, as of 1 January 2015, 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 2014.

The preparation of the interim report in accordance with IFRS requires the management of the Group to make estimates and assumptions that affect the carrying amounts on the balance sheet date for assets and liabilities and the amounts of revenues and expenses. Judgements also have to be made in applying the accounting principles. As the estimates and assumptions are based on views on the balance sheet date, they involve risks and uncertainties. Actual results may differ from the estimates and assumptions. The key accounting estimates and judgement-based solutions are presented in greater detail in the accounting principles of the consolidated financial statements for 2014.

In its 2014 consolidated financial statements, SRV changed the way in which it presents investments in associated and joint venture companies as well as the calculation of the earnings per share indicator, as described in greater detail in the accounting principles of the annual financial statements. The comparison period figures presented in the interim report have been adjusted accordingly.

The information disclosed in this interim report is unaudited. The figures have been rounded up to millions of euros, so the sum total of individual figures may deviate from the sum total presented.

2) Consolidated income statement and statement of comprehensive income

Consolidated income statement (EUR million)	1-6/ 2015	1-6/ 2014	change, MEUR	change, %	4-6/ 2015	4-6/ 2014	1-12/ 2014
Revenue	337.4	281.6	55.9	19.8	164.5	143.1	684.4
Other operating income	0.4	2.9	-2.5	-85.0	0.3	1.6	4.9
Change in inventories of finished goods and work in progress	-2.0	16.3	-18.2		8.6	15.4	-54.6
Use of materials and services	-291.9	-251.0	-40.9	16.3	-150.7	-135.0	-533.1
Employee benefit expenses	-34.0	-33.1	-0.9	2.6	-18.5	-17.0	-63.2
Share of profits of associated companies	1.5	0.2	1.3	636.3	0.6	0.2	1.0
Depreciation and impairments	-1.4	-1.4	0.0	3.2	-0.7	-0.7	-2.0
Other operating expenses	-6.8	-6.1	-0.6	10.3	-3.4	-2.7	-12.5
Operating profit	3.4	9.3	-5.9	-63.8	0.8	4.9	24.9
Financial income	3.2	0.5	2.7	592.4	0.4	0.5	2.8
Financial expenses	-4.0	-4.2	0.3	-6.4	-1.9	-2.0	-9.3
Financial income and expenses, total	-0.7	-3.8	3.0	-80.5	-1.5	-1.5	-6.4
Profit before taxes	2.6	5.6	-2.9	-52.5	-0.7	3.4	18.5
Income taxes	-0.6	-1.5	0.8	-56.7	-0.1	-0.7	-3.2
Net profit for the period	2.0	4.1	-2.1	-50.9	-0.8	2.6	15.4
Attributable to							
Equity holders of the parent company	2.0	3.9			-0.8	2.7	15.2
Non-controlling interests	0.0	0.2			0.0	0.0	0.2
Earnings per share attributable to equity holders of the parent company	0.01	0.06			-0.05	0.05	0.33
Earnings per share attributable to equity holders of the parent company (diluted)	0.01	0.06			-0.05	0.05	0.33

Statement of comprehensive income (EUR million)	1-6/ 2015	1-6/ 2014	4-6/ 2015	4-6/ 2014	1-12/ 2014
Net profit for the period	2.0	4.1	-0.8	2.6	15.4
Other comprehensive income					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Financial assets available for sale	-0.5	0.0	-0.5	0.0	-1.2
Income tax relating to components of other comprehensive income	0.1	0.0	0.1	0.0	0.2
Gains and losses arising from translating the financial statements of a foreign operation	1.5	-0.3	0.0	0.5	-5.3
Share of other comprehensive income of associated companies and joint ventures	0.5	0.0	0.0	0.0	0.0
Other comprehensive income for the period, net of tax	1.6	-0.3	-0.5	0.5	-6.2
Total comprehensive income for the period	3.6	3.8	-1.2	3.1	9.1
Attributable to					
Equity holders of the parent company	3.6	3.6	-1.3	3.1	9.0
Non-controlling interests	0.0	0.2	0.0	0.0	0.2

3) Consolidated balance sheet (EUR million)	30.6.15	30.6.14	change, %	31.12.14
ASSETS				
Non-current assets				
Property, plant and equipment	10.8	12.1	-10.7	11.3
Goodwill	1.7	1.7	0.0	1.7
Other intangible assets	0.8	0.7	2.5	0.7
Shares in associated companies and joint ventures	206.7	81.5	153.6	100.0
Other financial assets	8.7	10.8	-19.4	9.2
Receivables	0.8	4.5	-82.4	0.9
Loan receivables from associated companies and joint ventures	30.5	23.0	32.5	30.0
Deferred tax assets	6.6	7.6	-14.2	7.0
Non-current assets, total	266.6	142.1	87.7	160.8
Current assets				
Inventories	316.6	385.0	-17.8	312.8
Trade and other receivables	103.4	90.4	14.4	82.6
Loan receivables from associated companies and joint ventures	1.1	1.1	0.0	1.1
Current tax receivables (based on profit for the review period)	1.1	1.6	-28.8	0.3
Cash and cash equivalents	30.3	16.8	80.6	18.4
Current assets, total	452.5	494.8	-8.5	415.2
ASSETS, TOTAL	719.2	636.9	12.9	576.1

Consolidated balance sheet (EUR million)	30.6.15	30.6.14	change, %	31.12.14
EQUITY AND LIABILITIES				
Equity attributable to the equity holders of the parent company				
Share capital	3.1	3.1	0.0	3.1
Invested free equity fund	92.6	92.3	0.4	92.3
Translation differences	-3.3	-0.3	967.8	-5.3
Fair value reserve	-1.4	0.0		-0.9
Hybrid bond	45.0	45.0	0.0	45.0
Retained earnings	88.5	82.1	7.9	90.3
Equity attributable to equity holders of the parent company, total	224.6	222.1	1.1	224.4
Non-controlling interests	0.8	0.8	3.2	0.8
Total equity	225.4	222.9	1.1	225.2
Non-current liabilities				
Deferred tax liabilities	1.6	2.7	-39.9	1.5
Provisions	6.2	5.8	6.8	6.5
Interest-bearing liabilities	165.9	148.4	11.8	147.0
Other liabilities	3.2	0.0		0.0
Non-current liabilities, total	176.9	156.9	12.7	155.1
Current liabilities				
Trade and other payables	194.2	130.4	48.9	111.5
Current tax payables (based on profit for the review period)	3.3	2.3	43.9	2.7
Provisions	3.9	3.3	15.9	4.0
Interest-bearing liabilities	115.5	121.0	-4.6	77.6
Current liabilities, total	316.9	257.1	23.2	195.8
Total liabilities	493.8	414.0	19.3	350.9
EQUITY AND LIABILITIES	719.2	636.9	12.9	576.1

4) Consolidated cash flow statement

Consolidated cash flow statement (EUR million)	1-6/2015	1-6/2014	1-12/2014
Cash flows from operating activities			
Net profit for the period	2.0	3.9	15.4
Adjustments:			
Depreciation and impairments	1.4	1.4	2.0
Non-cash transactions	1.8	1.6	1.2
Financial income and expenses	0.7	3.8	6.4
Income taxes	0.6	1.5	3.2
Adjustments, total	4.5	8.2	12.8
Changes in working capital:			
Change in loan receivables	-0.4	0.7	-0.8
Change in trade and other receivables	-15.4	-15.1	-8.3
Change in inventories	-3.8	-19.4	50.8
Change in trade and other payables	85.6	7.8	-7.1
Changes in working capital, total	66.0	-26.0	34.7
Interest paid and other financial expenses	-2.8	-2.5	-14.7
Interest received	0.0	0.1	0.2
Income taxes paid	-0.2	-1.2	-1.5
Net cash flow from operating activities	69.5	-17.5	47.0
Cash flow from investing activities			
Property, plant and equipment	-0.8	-1.1	-2.5
Intangible assets	-0.1	-0.3	-0.1
Other financial assets	-104.7	-13.9	-31.1
Sale of property, plant and equipment and intangible assets	0.0	0.2	0.1
Change in loan receivable from associated companies and joint ventures	-4.5	-	-
Net cash flow from investing activities	-110.1	-15.1	-33.7
Cash flow from financing activities			
Proceeds from loans	25.4	1.0	10.7
Repayments of loans	-52.1	-5.3	-10.2
Change in housing corporation loans	13.0	-16.9	-15.8
Net change in short-term loans	70.5	-15.1	-65.4
Purchase and sale of treasury shares	-	0.1	0.2
Dividends paid	-4.3	-4.3	-4.3
Net cash flow from financing activities	52.4	-40.6	-84.8
Net change in cash and cash equivalents	11.9	-73.2	-71.5
Cash and cash equivalents at the beginning of period	18.4	90.0	90.0
Effect of exchange rate changes on cash and cash equivalents	0.0	0.0	0.0
Cash and cash equivalents at the end of period	30.3	16.8	18.4

5) Statement of changes in Group equity

	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–30 June 2015 (EUR million)									
Equity on 1 January 2015	3.1	92.3	45.0	-5.3	-0.9	90.3	224.4	0.8	225.2
Comprehensive income for the review period	-	-	-	2.0	-0.4	2.0	3.6	0.0	3.6
Dividends paid	-	-	-	-	-	-4.3	-4.3	-	-4.3
Share-based incentive plan	-	-	-	-	-	0.9	0.9	-	0.9
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Sale of treasury shares 1)	-	0.4	-	-	-	-0.4	-	-	-
Hybrid bond	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-	-
Equity on 30 June 2015	3.1	92.6	45.0	-3.3	-1.3	88.5	224.6	0.8	225.4

1) Sale of treasury shares includes a transfer between an invested free equity fund and retained earnings.

Statement of changes in Group equity 1 January–30 June 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
Total comprehensive income for the year	-	-	-	-0.3	-	3.9	3.6	0.2	3.8
Dividends paid	-	-	-	-	-	-4.2	-4.2	-	-4.2
Share-based incentive plan	-	-	-	-	-	0.8	0.8	-	0.8
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Sale of treasury shares	-	0.1	-	-	-	0.2	0.3	-	0.3
Hybrid bond	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-	-
Equity on 30 June 2014	3.1	92.3	45.0	-0.3	0.0	82.1	222.1	0.8	222.9

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
Comprehensive income for the review period	-	-	-	-5.3	-0.9	15.2	9.0	0.2	9.1
Dividends paid	-	-	-	-	-	-4.3	-4.3	-	-4.3
Share-based incentive plan	-	-	-	-	-	1.3	1.3	-	1.3
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Sale of treasury shares	-	0.1	-	-	-	0.2	0.2	-	0.2
Hybrid bond	-	-	-	-	-	-3.4	-3.4	-	-3.4
Other changes	-	-	-	-	-	-	-	-	-
Equity on 31 December 2014	3.1	92.3	45.0	-5.3	-0.9	90.3	224.4	0.8	225.2

6) Commitments and contingent liabilities

Commitments and contingent liabilities (EUR million)	30.06.15	30.06.14	muutos, %	31.12.2014
Collateral given for own liabilities				
Real estate mortgages given[1)]	93.2	75.3	23.9	79.2
Pledges given	0.0	0.0		0.0
Other commitments				
Guarantees given for liabilities on uncompleted projects	0.0	0.0		0.0
Investment commitments given	18.0	0.7	2578.8	9.6
Plot purchase commitments	173.3	157.5	10.0	185.8

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

7) Segment information Group

SRV's reporting segments are Operations in Finland, International Operations and Other Operations.

Revenue (EUR million)	30.6.15	30.6.14	change, MEUR	change, %	4-6/15	4-6/14	31.12.14
Operations in Finland	304.0	255.3	48.7	19.1	146.9	131.0	627.9
International Operations	33.4	26.6	6.9	25.8	17.6	12.4	56.9
Other operations	7.2	10.3	-3.1	-29.8	3.4	5.4	19.5
Eliminations	-7.2	-10.6	3.4		-3.4	-5.7	-19.9
Group, total	337.4	281.6	55.9	19.8	164.5	143.1	684.4

Operating profit (EUR million)	30.6.15	30.6.14	change, MEUR	change, %	4-6/15	4-6/14	31.12.14
Operations in Finland	5.7	13.7	-8.0	-58.2	2.4	7.0	30.0
International Operations	0.7	-0.9	1.7		0.1	-0.4	1.1
Other operations	-3.1	-3.4	0.3		-1.6	-1.8	-6.2
Eliminations	0.0	0.0	0.0		0.0	0.0	0.0
Group, total	3.4	9.3	-6.0	-63.8	0.8	4.9	24.9

Operating profit, %	1-6/15	1-6/14	1-12/14
Operations in Finland	1.9	5.4	4.8
International Operations	2.2	-3.5	1.9
Group, total	1.0	3.3	3.6

Assets (EUR million)	30.6.15	30.6.14	change, MEUR	change, %	31.12.14
Operations in Finland	470.3	419.7	50.6	12.1	380.0
International Operations	244.8	218.6	26.2	12.0	226.2
Other operations	390.9	365.3	25.6	7.0	352.7
Eliminations and other adjustments	-386.8	-366.7	-20.1		-382.8
Group, total	719.2	636.9	82.3	12.9	576.1

Liabilities

(EUR million)	30.6.15	30.6.14	change, MEUR	change, %	31.12.14
Operations in Finland	328.2	273.1	55.1	20.2	240.7
International Operations	170.7	149.6	21.1	14.1	155.7
Other operations	211.7	187.7	24.0	12.8	167.0
Eliminations and other adjustments	-216.8	-196.4	-20.5		-212.4
Group, total	493.8	414.0	79.7	19.3	350.9

Invested capital

(EUR million)	30.6.15	30.6.14	change, MEUR	change, %	31.12.14
Operations in Finland	290.8	303.1	-12.3	-4.1	277.2
International Operations	217.7	192.8	24.9	12.9	203.0
Other operations and eliminations	-1.7	-3.6	1.9		-30.5
Group, total	506.8	492.3	14.4	2.9	449.8

Return on investment, %	1-6/15	1-6/14	1-12/14
Operations in Finland	4.0	9.3	10.8
International Operations	3.7	-0.9	1.3
Group, total	2.8	3.7	5.4

8) Inventories

Inventories (EUR million)	30.6.15	30.6.14	change, MEUR	31.12.2014
Land areas and plot-owning companies	172.7	167.7	5.0	162.1
Operations in Finland	105.1	97.5	7.6	96.0
International Operations	67.6	70.2	-2.6	66.1
Work in progress	85.1	77.8	7.4	79.4
Operations in Finland	85.1	74.0	11.1	77.1
International Operations	0.0	3.8	-3.8	2.3
Shares in completed housing corporations and real estate companies	45.1	129.3	-84.2	61.0
Operations in Finland	43.6	128.1	-84.5	58.2
International Operations	1.5	1.2	0.3	2.8
Other inventories	13.7	10.3	3.4	10.3
Operations in Finland	7.5	6.3	1.2	6.0
International Operations	6.2	4.0	2.2	4.3
Inventories, total	316.6	385.0	-68.4	312.8
Operations in Finland	241.3	305.8	-64.5	237.3
International Operations	75.2	79.2	-3.9	75.4

9) Insider events

Insider events (milj. euroa)	Salaries and compensation	Sale of goods and services	Purchase of goods and services	Interest income	Receivables[1)]	Liabilities
30.6.2015						
Management and the Board of Directors	1.6	0.0	0.0	0.0	0.0	0.0
Joint ventures	0.0	2.1	0.0	0.1	2.9	0.0
Associated companies	0.0	29.2	0.0	2.3	35.3	4.9
Other insiders	0.0	0.0	0.0	0.0	0.0	0.0
Total	1.6	31.2	0.0	2.4	38.2	4.9
30.6.2014						
Management and the Board of Directors	2.4	0.0	0.0	0.0	0.0	0.0
Joint ventures	0.0	0.5	0.0	0.1	3.1	0.0
Associated companies	0.0	24.4	0.0	0.4	34.0	4.4
Other insiders	0.0	0.0	0.0	0.0	0.0	0.0
Total	2.4	24.9	0.0	0.4	37.1	4.4
31.12.2014						
Management and the Board of Directors	3.7	0.0	0.0	0.0	0.0	0.0
Joint ventures	0.0	0.8	0.0	0.2	2.3	0.0
Associated companies	0.0	40.2	-0.1	2.1	34.1	0.0
Other insiders	0.0	0.0	0.0	0.0	0.0	0.0
Total	3.7	40.9	-0.1	2.3	36.4	0.0

1) The company has adjusted the presentation of loan receivables granted to associated companies and joint ventures in insider events. The figures for the comparison period have been adjusted accordingly.

10) Events after the reporting period

In July, after the end of the review period, SRV signed a major project management contractor agreement, valued at a total of EUR 170 million. This project, which was announced in June, concerns the construction of three new buildings in the Tays front yard as well as a parking facility. The total investment value of the project is EUR 240 million. Construction will begin in August and the project will be completed in stages in the period 2017–2019.

After the end of the review period, SRV sold the wellbeing and health services centre that will be built in the Kalasatama district of Helsinki to a property investment fund administered by the German company Deka with an agreement signed on 5 August. Construction of this centre next to Kalasatama Centre – REDI – was started up in July and will be completed in the latter half of 2017. The parties to the agreement have agreed that the transaction price will not be made public.

After the end of the review period, SRV Group Plc hedged the interest on its long-term liabilities with two interest rate swaps valued at a total of EUR 100 million. The interest rate swaps have a nine-year duration starting from July 2016. Hedge accounting under IAS 39 is not applied to the interest rate swaps. The financial impact of these swaps cannot be estimated.

SRV announced on 5 August 2015 that it will participate in Fennovoima’s nuclear power plant construction project as project manager and investor. SRV has made a financing commitment to Fennovoima’s main owner Voimaosakeyhtiö SF. The financing commitment is equivalent to a 1.8% stake in the Fennovoima project. As part of the agreement package, SRV has signed a project management agreement with Fennovoima’s plant supplier Rusatom Overseas and the main contractor Titan-2. SRV will operate in the project primarily as project manager, particularly with respect to Finnish partners, together with main contractor Titan-2. The deal requires final approval by Finnish Radiation and Nuclear Safety Authority.