SRV GROUP PLC HALF-YEAR REPORT, 1 JANUARY–30 JUNE 2019:

Order backlog remains strong, the company's financial position improved after issuing hybrid bond

January-June 2019 in brief:

- **Revenue** declined by 4.8 per cent to EUR 430.0 million (451.5 1–6/2018). Revenue was down in both business construction and housing construction. Revenue from housing construction declined because fewer developer-contracted housing units were recognised as income than in the comparison period, a total of 185 (202). Revenue from business construction contracted, largely due to the completion of the REDI shopping centre's construction.
- **Operative operating profit** totalled EUR -2.6 (-8.5) million. The trend in operative operating profit was impacted by the recognition of losses on the construction of the REDI shopping centre during the comparison period. Operative operating profit was weakened by the decline in the revenue of Construction and year-on-year decline in housing units recognised as income. In addition, earnings were reduced by the weaker margins of three projects that will be completed this year, in a total amount of EUR 6.8 million. The result includes expense entries in the first quarter for water damage at REDI Majakka and the dissolution of the VTBC fund as well as impairment losses on inventories, amounting to EUR 3.8 million in total.
- **Operating profit** rose to EUR 0.1 (-14.2) million. The change in the rouble exchange rate had the biggest impact on the operating profit of the Investments segment, which totalled EUR -1.9 (-8.4) million. The net effect of the change was EUR 2.8 (-5.7) million. The exchange rate impact, which had no effect on cash flow, was caused by the conversion of euro-denominated loans to roubles and hedging expenses.
- **The result before taxes** amounted to EUR -11.2 (-21.9) million, including the EUR -3.9 (-1.1) million fair value revaluation of interest rate derivatives.
- **Earnings per share** were EUR -0.2 (-0.34).
- At period-end, **the order backlog** stood at EUR 1,667.2 (1,716.7) million. In January-June, the order backlog saw a year-on-year decline of 2.9 per cent. The sold share of the order backlog was 84.0 (86.2) per cent. New agreements valued at EUR 221.4 (566.7) million were signed in January–June.
- SRV issued a EUR 58.4 million hybrid bond. EUR 20.5 million of the proceeds were used for early repayment of the existing hybrid bond and EUR 37.9 million for early repayment of current notes. In June, SRV extended its current long-term revolving credit facility by one year.
- The **equity ratio** was 28.5 (29.7) per cent and **gearing** 178.9 (140.8) per cent. While the adoption of IFRS 16 weakened the equity ratio and gearing, the loan arrangement carried out in May improved them. The comparable figures (without the impact of IFRS 16) were 35.1 (29.7) per cent for the equity ratio and 114.0 (140.8) for gearing.

- The company publishes specific alternative key figures that have been adjusted to exclude the impact of the IFRS 16 Leases standard on the balance sheet and result. SRV is applying a simplified approach to adopting this standard, which is why the figures for the comparison period have not been adjusted to comply with the standard.

April-June 2019 in brief:

- **Revenue** in April-June amounted to EUR 207.4 (235.7) million. Revenue contracted due to the decrease in revenue from both business and housing construction.
- **Operative operating profit** amounted to EUR -3.1 (-3.4) million. The operative operating loss was decreased by the low number of housing units recognised as income and the weaker margins of projects.
- **Operating profit** was EUR -3.2 (-5.4) million.
- Significantly fewer agreements were recorded in the **order backlog** than last year, EUR 71.7 (282.3) million.

Events after the period

- On 9 July 2019, the Supreme Administrative Court overturned the complaint lodged against the Keilaniemi towers. Construction may begin no earlier than in 2020.

Overall review

Group key figures (IFRS, EUR million)	**1–6/ 2019**	1–6/ 2018	change	change, %	**4–6/ 2019**	4–6/ 2018	1–12/ 2018	previous 12 months
Revenue	**430.0**	451.5	-21.5	-4.8	**207.4**	235.7	959.7	938.2
Operative operating profit[1)]	**-2.6**	-8.5	5.8		**-3.1**	-3.4	-10.0	-4.2
Operative operating profit, %	**-0.6**	-1.9			**-1.5**	-1.4	-1.0	-0.4
Operating profit[*)]	**0.1**	-14.2	14.3		**-3.2**	-5.4	-19.8	-5.5
Operating profit, %	**0.0**	-3.1			**-1.5**	-2.3	-2.1	-0.6
Operating profit, excl. IFRS 16[2) *)]	**-2.1**	-14.2	12.1				-19.8	-0.1
Operating profit, %, excl. IFRS 16[2)]	**-0.5**	-3.1					-2.1	0.0
Financial income and expenses, total[**)]	**-11.3**	-7.7	-3.6		**-7.7**	-4.3	-17.5	-21.1
Profit before taxes	**-11.2**	-21.9	10.7		**-10.8**	-9.8	-37.3	-26.5
Net profit for the period	**-8.6**	-19.2	10.5		**-9.0**	-8.4	-31.2	-20.7
Net profit for the period, %	**-2.0**	-4.2			**-4.3**	-3.6	-3.3	-2.2
Order backlog (unrecognised)[3)]	**1,667.2**	1,716.7	-49.5	-2.9			1,816.0	
New agreements	**221.4**	566.7	-345.3	-60.9	**71.7**	282.3	1,133.0	787.7
*) net effect of currency exchange fluctuations	**2.8**	-5.7	8.5	-148.3	**0.0**	-2.1	-9.8	-1.3
**) derivatives included in financial income and expenses	**-3.9**	-1.1	-2.8		**-1.9**	-1.2	-2.2	-5.0

1) Operative operating profit is determined by deducting the calculated rouble exchange differences included in financial items and their potential hedging impacts from operating profit. Exchange rate differences during the review period amounted to EUR 2.8 (-5.7) million, of which the effect of hedging was EUR -2.8 (-0.3) million.
2) The impacts of IFRS 16 in 2019 have been adjusted out of the figure. Due to this adjustment, the figure is comparable with the figures for 2018.

3) The Group's order backlog consists of the Construction business. The unrecognised margin corresponding to the holding is no longer included in the order backlog comparison figures.

Group key figures (IFRS, EUR million)	**1–6/ 2019**	1–6/ 2018	change	change, %	1–12/ 2018
Equity ratio, %[1)]	**28.5**	29.7			28.5
Equity ratio, %, excl. IFRS 16 [2)]	**35.1**	29.7			28.5
Net interest-bearing debt[1)]	**480.2**	355.7	124.4	35.0	282.8
Net interest-bearing debt, excl. IFRS 16[2)]	**306.6**	355.7	-49.2	-13.8	282.8
Net gearing ratio, %[1)]	**178.9**	140.8			121.1
Net gearing ratio, %, excl. IFRS 16[2)]	**114.0**	140.8			121.1
Return on investment, %	**1.6**	-3.8			-2.9
Return on investment, %, excl. IFRS 16[2)]	**1.1**	-3.8			-2.9
Capital employed[1)]	**773.8**	665.0	108.9	16.4	611.0
Capital employed, excl. IFRS 16[2)]	**600.9**	665.0	-64.1	-9.6	611.0
Return on equity, %	**-6.9**	-14.3			-12.1
Earnings per share, EUR	**-0.20**	-0.34	0.14	-41.2	-0.56
Equity per share (without hybrid bond), EUR	**3.15**	3.52	-0.37	-10.5	3.21
Share price at end of period, EUR	**1.62**	2.65	-1.03	-38.9	1.70
Weighted average number of shares outstanding, millions	**59.6**	59.6			59.6

1) The figures for 2019 are not comparable with the figures for 2018.
2) The impacts of IFRS 16 in 2019 have been adjusted out of the figure. Due to this adjustment, the figure is comparable with the figures for 2018.

CEO's review

In terms of earnings, the first half of the year was disappointing due to weaker margins and certain non-recurring items. In addition, slightly fewer housing units were completed and recognised as income than in the comparison period. On the other hand, during the spring and early summer, we strengthened our financial position. Extending the credit facility, together with the hybrid bond issue in May and the early repayment of loans, improved the company's financial position and contributed to the development of our operations, earnings performance and other financing.

We are a pioneer in urban construction. This year, too, we are involved in the development of living environments for many city dwellers. A good example of this is the Ring Road I tunnel, which was opened to traffic at the beginning of June. This 460-metre tunnel is the longest concrete-structure tunnel in Finland. It is part of larger-scale urban environment development efforts in Keilaniemi, Espoo. Work on landscaping and the park deck will continue until the last months of the year. Construction started in 2016.

Housing start-ups will decline both this year and the next. Demand for housing outside of Tampere and the Greater Helsinki Area is waning compared to previous years. Private housing investors are also more cautious in their purchase decisions. Apartments in good locations – particularly small units – are selling well. At the end of June, we had 70 unsold completed residential units in Finland.

Our order backlog remains strong. During the first half of the year, we booked new orders valued at EUR 221 million. We are currently working on numerous school projects, the latest of which is a wooden Finnish-Russian school valued at EUR 23 million, as well as large hospital projects in Helsinki, Tampere and Jyväskylä, the Deck and Arena project in Tampere and the Terminal 2 expansion project at Helsinki Airport.

The occupancy rates of shopping centres in Russia are at a good level and visitor numbers saw year-on-year growth. Negotiations on the sale of the Pearl Plaza shopping centre are ongoing. In June, we signed a deal-related cooperation agreement with the Russian Sperbank.

In the future, SRV's long-term commitment to the creation of a new kind of urban environment will continue under new leadership. I would like to wish luck and success to my successor Saku Sipola at this great company! I would like to thank all our customers, partners and SRV employees for our shared journey.

Juha Pekka Ojala, President and CEO

Markets

In 2019, the growth of the global economy will slow down compared with last year. This slowdown is largely due to, among other things, the trade conflict between the USA and China, which has also led to slower growth in global trade.

The outlook for the eurozone weakened last year. During the first quarter of the present year, however, the economic growth rate surpassed expectations in many European economies. Domestic demand maintains growth in key economies, even though the outlook for exports is more modest. In the years ahead, Finnish economic growth will be more restrained than in earlier years. The economy will grow by 1.6 per cent in 2019. The outlook for Finland's most important export markets has weakened, even though demand for exports will pick up the pace again from next year onwards. In 2020, economic growth will slacken to 1.2 per cent. (Ministry of Finance: 17 June 2019)

Construction will decrease both this year and the next, while the rest of the economy will continue to grow. During the current year, start-ups of building construction works will decline from their level in the two previous years, about 40 million cubic metres, to under 38 million cubic metres. Next year, construction volume will amount to less than 36 million cubic metres. (Business cycle review by the Confederation of Finnish Construction Industries RT, 1/2019.)

Urbanisation and population shift are still the general drivers of construction and will maintain the need for both housing and business construction in growth centres, which are SRV's strategic focal points. According to VTT's forecast, urbanisation will continue, as Finland's urbanisation ratio is clearly lagging behind other industrialised nations, such as Sweden. For example, the Helsinki region's 14 municipalities have made a joint MAL Plan. The plan's target state is for the Helsinki region to have two million residents and more than a million jobs by 2050. This would mean about 500,000 more residents and 300,000 more jobs than in 2018. (Sources: Helsinki Region Trends 1/2019 & VTT's Demand for Housing Production, 2015–2040, 01/2016).

Construction of new housing has been at a record high in recent years, especially in the Greater Helsinki Area and other large cities such as Tampere and Turku. Housing construction is expected to slow down this year, with start-ups in Finland declining from last year's level of about 46,000 residential units to around 39,000. (Business cycle review by the Confederation of Finnish Construction Industries RT, 1/2019.)

In commercial construction, start-ups of projects other than public-sector service buildings and industrial buildings will fall this year. Construction of healthcare buildings and schools remains brisk. Renovation construction is expected to grow by about 1.8 per cent this year. Civil engineering investments are forecast to decline by around 3 per cent. According to Statistics Finland, construction costs have risen by 1.2 per cent compared with May 2018. The prices of supplies in particular have risen over the past 12 months. (Source: Business cycle review by the Confederation of Finnish Construction Industries RT, 1/2019, Statistics Finland, Building Cost Index.)

Investors are maintaining a good level of interest in projects in Finnish growth centres. The transaction volume in the property market totalled EUR 9.3 billion in 2018. Office properties accounted for about EUR 3.6 billion, commercial properties for about EUR 2.2 billion, and residential properties for about EUR 1.8 billion. International investors in particular showed a great deal of interest in the Finnish market, with international investors accounting for about 66 per cent of transaction volume. Apartments have become an increasingly attractive class of property investment in recent years, and interest remains high. (Source: KTI market review)

The Russian economy has continued to grow slowly. A dearth of investments and weak consumer demand will continue to hamper economic growth in Russia over the coming years. The Bank of Finland Institute for Economies in Transition (BOFIT) forecasts economic growth of about 1.5 per cent in Russia over the next few years. The major forecast risks are still posed by changes in the price of oil and the weaker-than-expected development of the outlook for the global economy and international relations. An increase in government budgetary expenditure might lead to a higher-than-expected rate of GDP growth during the forecast period. (Source: The Bank of Finland Institute for Economies in Transition (BOFIT), 15 March 2019.)

Earnings trends for the segments

SRV's new organisation, which is divided into the Construction and Investments segments, came into force at the beginning of 2019. As a result of this change, SRV reports on two business segments as of its first-quarter interim report of 2019: Construction and Investments. The comparison figures were published in a separate bulletin in April 2019.

The **Construction** segment covers all of SRV's construction activities, including the capital and plots required for developer-contracted housing production. It is our intention to develop, build and sell these plots to a faster schedule than those we report on in the Investments segment. Construction encompasses housing construction, business construction, technical units and procurement, as well as internal services in Finland and Russia.

The **Investments** segment encompasses both complete and incomplete sites in which the company is a long-term investor. Plots that SRV will develop itself, and whose expected profits will be generated through development and longer-term ownership, are also reported on under Investments. Investments focuses on the management and realisation of the Group's real estate investments, and on the creation and ownership of new joint investment structures.

Other operations and eliminations include the group functions of the parent company, SRV Group Plc, and the Project Development Unit's property and project development activities. Group eliminations are also included in this unit.

Revenue (EUR million)	**1–6/ 2019**	1–6/ 2018	change	change, %	**4–6/ 2019**	4–6/ 2018	1–12/ 2018	previous 12 months
Construction	**428.6**	449.4	-20.7	-4.6	**206.7**	234.6	955.4	934.6
Investments	**2.8**	2.4	0.4	18.3	**1.5**	1.2	4.6	5.0
Other operations and eliminations	**-1.4**	-0.2	-1.2		**-0.8**	0.0	-0.3	-1.5
Group, total	**430.0**	451.5	-21.5	-4.8	**207.4**	235.7	959.7	938.2

Operative operating profit (EUR million)	**1–6/ 2019**	1–6/ 2018	change	change, %	**4–6/ 2019**	4–6/ 2018	1–12/ 2018	previous 12 months
Construction	**6.8**	-4.3	11.1		**2.0**	-1.1	-13.4	-2.3
Investments	**-4.7**	-2.7	-2.0		**-1.9**	-0.8	-7.8	-9.7
Other operations and eliminations	**-4.8**	-1.5	-3.3		**-3.2**	-1.5	11.1	7.8
Group, total	**-2.6**	-8.5	5.8		**-3.1**	-3.4	-10.0	-4.2

Operative operating profit (%)	**1–6/ 2019**	1–6/ 2018	**4–6/ 2019**	4–6/ 2018	1–12/ 2018	previous 12 months
Construction	**1.6**	-0.9	**1.0**	-0.5	-1.4	-0.2
Investments	**-**	-	**-**	-	-	-
Group	**-0.6**	-1.9	**-1.5**	-1.4	-1.0	-0.4

Operating profit (EUR million)	**1–6/ 2019**	1–6/ 2018	change	change, %	**4–6/ 2019**	4–6/ 2018	1–12/ 2018	previous 12 months
Construction*)	**6.8**	-4.3	11.1		**2.0**	-1.1	-13.4	-2.3
Investments*)	**-1.9**	-8.4	6.5		**-1.9**	-2.9	-17.5	-11.0
Other operations and eliminations	**-4.8**	-1.5	-3.3		**-3.2**	-1.5	11.1	7.8
Group, total*)	**0.1**	-14.2	14.3		**-3.2**	-5.4	-19.8	-5.5
*) effect of currency exchange fluctuations	**2.8**	-5.7	8.5		**0.0**	-2.1	-9.8	-1.3

Operating profit (%)	**1–6/ 2019**	1–6/ 2018	**4–6/ 2019**	4–6/ 2018	1–12/ 2018	previous 12 months
Construction	**1.6**	-0.9	**1.0**	-0.5	-1.4	-0.2
Investments	**-**	-	**-**	-	-	-
Group	**0.0**	-3.1	**-1.5**	-2.3	-2.1	-0.6

Capital employed1) (EUR million)	**1–6/ 2019**	1–6/ 2018	change	change, %	1–12/ 2018	previous 12 months
Construction	**456.3**	321.8	134.5	41.8	221.4	355.9
Investments	**329.3**	328.3	1.0	0.3	336.8	337.8
Other operations and eliminations	**-11.8**	14.9	-26.6		52.8	26.2
Group	**773.8**	665.0	108.9	16.4	611.0	719.8

Return on investment (%)1)	**1–6/ 2019**	1–6/ 2018	1–12/ 2018	previous 12 months
Construction	**4.3**	-2.2	-4.5	2.0
Investments	**2.0**	-4.7	-5.2	1.5
Group	**1.6**	-3.8	-2.9	2.5

1) The figures for 2019 are not comparable with the figures for 2018, because the impacts of IFRS 16 in 2019 figures are included.

Construction

The Construction segment focuses on implementation services for demand-driven, high-quality and efficient building projects, for both the company's own sites and those for external developers. This segment is also responsible for the development of SRV's own residential sites, including housing sales and services for residents, and for the lifecycle maintenance of commercial properties.

Construction's main objective is to harness its specialist expertise in order to provide an excellent customer experience in project management and production, and to help improve the profitability of SRV's business. It takes the SRV Approach, which is based on understanding customer needs and the effective implementation of projects in collaboration with our extensive network of professional partners. This segment focuses on housing, business and infrastructure construction in selected urban growth centres, as per the company's strategy.

Construction (EUR million)	**1–6/ 2019**	1–6/ 2018	change	change, %	**4–6/ 2019**	4–6/ 2018	1–12/ 2018	previous 12 months
Revenue	**428.6**	449.4	-20.7	-4.6	**206.7**	234.6	955.4	934.6
- business construction	**308.0**	322.2	-14.9	-4.4	**162.6**	166.7	666.3	651.4
- housing construction	**120.6**	127.2	-6.6	-5.2	**43.6**	67.8	289.1	282.6
Operating profit	**6.8**	-4.3	11.1		**2.0**	-1.1	-13.4	-2.3
Operating profit, %	**1.6**	-0.9			**1.0**	-0.5	-1.4	-0.2
Capital employed	**456.3**	321.8	134.5	41.8			221.4	355.9
Return on investment, %	**4.3**	-2.2	6.5				-4.5	2.0
Order backlog[1)]	**1,667.2**	1,716.7	-49.5	-2.9			1,816.0	
- business construction	**1,066.8**	1,124.7	-57.9	-5.1			1,233.3	
- housing construction	**600.4**	592.0	8.4	1.4			582.7	
Group, total[1)]	1,667	1,717	-49.5	-2.9			1,816	
- sold order backlog	1,402	1,480	-78	-5.3			1,612	
- unsold order backlog	265	237	28	12.0			204	
- sold order backlog, %	84	86					89	
- unsold order backlog, %	16	14					11	

1) The Group's order backlog consists of the Construction business. The unrecognised margin corresponding to the holding is no longer included in the order backlog comparison figures.

January-June 2019

Revenue from Construction declined to EUR 428.6 million (449.4 1–6/2018) in the January-June period. The revenue decreased in both business and housing construction. Revenue from housing construction was down 5.2 per cent. Revenue from business construction fell by 4.4 per cent due to the completion of the REDI and Karuselli shopping centres.

Construction's **operating profit** rose to EUR 6.8 (-4.3) million. Operating profit was positively impacted by the completion of the REDI shopping centre contract, but was reduced by the lower margin forecasts of three projects. The result includes an expense entry of total EUR 3.1 million for REDI Majakka's water damage and impairment of inventories.

Construction's **order backlog** stood at EUR 1,667.2 (1,716.7) million. The order backlog remains at a good level, and 84 per cent of the order backlog has been sold. In January-June, new agreements amounting to EUR 221.4 (566.7) million were recorded, the most significant of which were REDI Loisto in the first quarter and a Finnish-Russian school in the second quarter.

Construction's **capital employed** totalled EUR 456.3 (321.8) million. IFRS 16 had an accounting effect of EUR 161 million on this growth in capital employed.

April-June 2019

Revenue from Construction in April-June amounted to EUR 206.7 million (234.6 4-6/2018). **Operating profit** totalled EUR 2.0 (-1.1) million. New agreements entered into the **order backlog** in April-June amounted to EUR 71.7 (282.3) million.

Housing construction

January-June 2019

SRV's **revenue** from housing construction declined to EUR 120.6 (127.2 1–6/2018) million in the January-June period. 185 housing units were recognised as income in January-June, slightly fewer than in the corresponding period of the previous year (202). The **order backlog** for housing construction was EUR 600.4 (592.0) million.

April-June 2019

SRV's **revenue** from housing construction declined to EUR 43.6 (67.8 4–6/2018) million in the April-June period. 29 housing units were recognised as income in April-June, fewer than in the corresponding period of the previous year (132). Revenue declined because fewer units were completed and recognised as income than in the comparison period.

Housing under construction

SRV's strategic target is to increase developer-contracted housing production in urban growth centres in the vicinity of good transport connections. For some time now, SRV has been one of the largest housing constructors in the Helsinki metropolitan area. At the end of June, SRV had a total of 2,388 (June 2018: 3,164) housing units under construction in Finland, mostly in growth centres. No housing units were under construction in Russia.

SRV is currently building housing as developer-contracted, development, and contracted projects. 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 income when the project has been completed and as the units are 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 income according to the percentage of completion. Construction contracts are construction projects that are launched by other parties but implemented by SRV. They are recognised as revenue on the basis of the percentage of completion or as set out in the agreement.

A total of 1,111 (955) developer-contracted housing units were under construction at the end of June. The number of developer-contracted units currently under construction will continue to contribute to SRV's result in the future. The average construction period is about 18 months.

The Kalasatama Towers in Kalasatama, Helsinki are the largest construction project in SRV's history. By the end of June, 272 of the 282 units in REDI's first residential tower (Majakka) had been sold. Majakka's completion will be delayed by the water damage that occurred in February. Some of the apartments had to be dried, and their floor and wall materials replaced. SRV is expected to incur additional costs in the range of EUR 4–7 million from this water damage. However, insurance will cover almost all of the direct repair costs. During the first quarter, an expense entry of EUR 2.5 million was made for the estimated indirect costs. Residents will be able to move into their apartments in autumn 2019.

SRV began sales of Kalasatama's second residential tower (Loisto) in February 2019. 123 apartments had been sold or reserved by the end of June. Loisto will rise to a height of 124 metres above sea level. Its 249 apartments are located on top of the REDI shopping centre, on floors 6–32. Construction has started and is proceeding as planned.

Thanks to the good reservation situation, SRV decided to start the construction of the following projects included in the RS system: Tampereen Wallesmanni and Pyhäränta (285 units) and Helsingin Väinämöisenrinne (66 units). These apartments will be entered into the order backlog during the third quarter. The apartments will be recognised as income according to level of sales completion in 2020.

At the end of June, a total of 1,002 (1,412) units were under construction for investors, mainly in Helsinki, Espoo, Vantaa and Kerava.

A total of 432 new developer-contracted housing units targeted at consumers went on sale in January–June. 78 units will be completed in Kaarinan Kanttorinkulma and 249 in Kalasataman Loisto. In Oulu, 96 units will be completed in Toppilansalmen Fyyri and 9 in Satamarannan Ruori. Aalto and Tyrsky in Oulu, 66 units, was sold to TA in January-June. In addition, negotiations on several investor sales packages are ongoing.

Completed housing units

A total of 184 (202) developer-contracted housing units were completed in January-June. The number of unsold housing units has remained low. At the end of June, there were 97 (126) unsold completed housing units, 70 (68) in Finland and 27 (42) in Russia. Although housing sales are going moderately well, a slight slowdown has been observed, particularly outside the capital city region and Tampere. Demand from private housing investors has declined compared with the previous year. Demand is currently focusing on small apartments in good locations. A total of 276 (205) developer-contracted housing units were sold during January–June.

Housing units recognised as income

In January-June, 185 (202) developer-contracted housing units were recognised as income, generating total revenue of EUR 53.1 million. 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 income when the project has been completed and as the units are sold.

Housing construction, Group units	**1–6/ 2019**	1–6/ 2018	change, units	**4–6/ 2019**	4–6/ 2018	1–12/ 2018	previous 12 months
Units sold, total	**342**	739	-397	**139**	541	1,400	1,003
- developer contracting	**276**	205	71	**73**	75	494	565
- investor sales	**66**	534	-468	**66**	466	906	438
Developer contracting							
- start-ups	**432**	85	347	**8**	42	317	664
- completed	**184**	202	-18	**0**	141	526	508
- recognised as income	**185**	202	-17	**29**	132	523	506
- completed and unsold	**97**	126	-29			116	
Under construction, total	**2,388**	3,164	-776			2,759	
- contracts	**80**	504	-424			80	
- negotiated contracts	**195**	293	-98			487	
- sold to investors	**1,002**	1,412	-410			1,329	
- developer contracting	**1,111**	955	156			863	
- sold	**632**	605	27			559	
- unsold	**479**	350	129			304	
- sold, %	**57**	63				65	
- unsold, %	**43**	37				35	

Order backlog, housing construction (EUR million)	**6/2019**	6/2018	change	12/2018
Contracts and negotiated contracts	168	192	-24	213
Under construction, sold developer contracting	167	179	-12	169
Under construction, unsold developer contracting	244	199	44	180
Completed and unsold developer contracting	22	22	0	20
Housing construction, total	600	592	8	583

The Group's largest developer-contracted housing projects under construction in Finland

Project name	Location	SRV, contract value, EUR million	Completion date (estimated)*	Units	Sold*	For sale*
REDI Majakka	Helsinki	106	Q3/2019	282	272	10
REDI Loisto	Helsinki	105	Q4/2021	249	31	218
Neulansilmä	Vantaa	23	Q2/2020	103	41	62
Aleksinkaarre	Kerava	22	Q4/2019	80	26	54
Luxus	Turku	14	Q4/2019	83	79	4
Kanttorinkulma	Turku	14	Q4/2019	78	43	35
Holvi	Jyväskylä	12	Q3/2019	43	19	24
Fyyri	Oulu	10	Q2/2020	96	92	4
Varikonaarre	Vantaa	9	Q4/2019	46	24	22
Basilika	Kerava	8	Q3/2019	42	3	39

Total value of projects approx. EUR 323 million

* Situation at 30 June 2019.

The largest ongoing housing projects in Finland, investor projects and housing contracting

Project name	Location	Developer	Completion level, %*	Completion date (estimated)*
Pihapuisto and Puistoniitty	Espoo	LocalTapiola	81	Q3/2019
Anna Sahlsteninkatu	Espoo	LocalTapiola	53	Q1/2020
Punanotko	Helsinki	Ilmarinen	27	Q2/2020
Espanranta	Tampere	TampereTowers	17	Q2/2020
Ilveshovi	Helsinki	LocalTapiola	43	Q3/2020
Aalto and Tyrsky	Oulu	TA	6	Q4/2020
Tikkurilan KK	Vantaa	NREP	4	Q1/2021
Louhenlinna	Helsinki	LocalTapiola	15	Q1/2021

Total value of projects approx. EUR 196 million

* Situation at 30 June 2019.

Business and infrastructure construction

January-June 2019

SRV's **revenue** from business construction declined to EUR 308.0 million (322.2 1–6/2018) and the **order backlog** contracted by 5.1 per cent to EUR 1,066.8 (1,124.7) million.

The decline in revenue compared with January-June 2018 is affected above all by the completion of many large projects, such as the REDI and Karuselli shopping centres, and the fact that large new projects will generate the bulk of their revenue towards the end of the year. Shopping centre construction accounted for 17 per cent of SRV's revenue in 2018. SRV is currently building the Tapiola City Centre project for LocalTapiola, which includes the construction of the next phase of AINOA shopping centre.

SRV is currently building several public construction projects, such as hospitals, schools and for example subterranean premises for the Espoonlahti metro station. In general, projects are implemented either as alliance projects or project management contracts. Alliance projects offer the potential for extra earnings in addition to the basic profit margin if the project is completed under budget or ahead of schedule, or if the quality criteria are met. Project management contracts are either goal and fixed priced contracts or target budget contracts with additional access to extra earnings, such as in alliance projects.

In the first months of the year, SRV signed a project management contract for Hämeentie 135 in Helsinki. This EUR 17 million contract is for the construction of a music school, and the client is Varma Mutual Pension Insurance Company. SRV has already renovated a studio located in the same property for Angel Films. It was previously used by Aalto University's art and design school, and is now Finland's largest and most modern film studio.

April-June 2019

SRV's **revenue** from business construction amounted to EUR 162.6 million (166.7 4-6/2018) in the second quarter.

The most significant ongoing business and infrastructure projects

- Sewer tunnel for the Blominmäki wastewater treatment plant in Espoo

In Espoo, SRV will implement the southernmost sections of the sewer tunnels of the Blominmäki wastewater treatment plant. The 3.7-km tunnel runs between Länsiväylä and Suomenoja, and the consortium project is valued at a total of about EUR 20 million, of which SRV's share is 80 per cent. The contract includes tunnel excavation and a pumping building as well as tunnel interior construction and piping as side contracts. In addition, the contract involves the excavation of connecting tunnels to Fortum's power plant and the implementation of a connection to a currently operational discharge tunnel that leads to the sea. Tunnel excavation is already well under way and the whole project will be completed in summer 2021.

- Expansion of Helsinki Airport and renovation of Terminal 2

Helsinki Airport's Terminal 2 extension project involves building a new section for check-in, security control, baggage drop and greeting passengers, plus a travel centre combining different forms of transport. The current departure and arrival halls of Terminal 2 will be transformed into a gate area.

The Terminal 2 extension project was entered into SRV's order backlog in November 2018 and the total cost of the first phase is estimated to be around EUR 260 million. The actual implementation phase agreement for the project was signed in June 2019, under which SRV will continue as the prime contractor of the project.

Espoonlahti Metro Station

Construction of the Espoonlahti metro station and bus terminal is progressing as planned. The project was recognised in SRV's order backlog in November 2018. The contract is valued at about EUR 48 million. The station will be implemented as a project management contract. Work on Espoonlahti metro station began in December 2018. Construction will end and commissioning begin in summer 2022.

Tampere Deck and Arena

The Deck and Arena project will be built in the heart of Tampere on top of the railway station. It includes a multipurpose arena, residential towers, office and business premises, and a hotel. Topaasi and Kruunu in Tampere is a hybrid building. A tower section with 105 housing units will be built on top of its office section. Pre-marketing of Topaasi apartments is under way. By the end of June, 60 per cent of the units had been reserved. The project also includes apartment buildings in Ranta-Tampella, which will be built separately. Construction of the first site has already begun.

The total value of the project is about EUR 550 million. The share of Phase I agreements recognised in SRV's order backlog in 2017-2018 amounts to about EUR 280 million. In addition, about EUR 79 million will be recognised in the order backlog from Phase I of the project when the final contract agreements are signed. Revenue will be recognised for the construction of Phase I during the period from 2018 to 2022. The remainder of the project will be recognised as income when the Phase 2 contractor agreements are signed in 2020–2023. A proportion equivalent to SRV's holding will be eliminated from the profit margin of construction. The deck's frame structures are currently being built. The construction of the arena on top of the deck will begin in summer. The construction of Tampere Deck is running slightly behind the preliminary schedule, but at this early stage the delay is not expected to have a significant impact on the completion schedule.

Wood City

For many years, SRV has been developing Wood City in the Jätkäsaari neighbourhood of Helsinki. Wood City will comprise an office building, hotel, and two apartment buildings for Helsinki Housing Production Department (ATT). This wooden quarter will also include a multi-storey car park. ATT's apartments were completed in February 2019. According to current estimates, the Wood City quarter is scheduled for completion in stages during 2020-21. The total value of the Wood City quarter is about EUR 100 million.

SRV is building an office building and parking facility for Supercell. Investor and operator negotiations are still ongoing for the hotel planned for the Wood City quarter.

New projects

The most significant new business construction projects in April-June, are the Finnish-Russian school in Helsinki and an extension for the Finnish Music Campus in Jyväskylä. In addition, SRV has been selected to complete the construction of the Kirkkonummi Library. SRV will implement the project as a project management contract. Construction work will be relaunched in summer and the library is scheduled to be opened in 2020.

The largest ongoing business construction projects

Project	Location	SRV total contract value, EUR million	Project type	Completion level, %	Completion (estimate)
DEVELOPMENT PROJECTS					
Deck, southern deck and infra**	Tampere	*	Infra	66	Q3/2021
Deck, multipurpose arena**	Tampere	*	Retail	9	Q3/2021
Deck, arena hotel**	Tampere	*	Retail	0	Q3/2021
Topaasi ja Kruunu**	Tampere	*	Office	6	Q3/2021
BUSINESS PREMISES					
Central Finland Hospital Nova	Jyväskylä	290	Public	71	Q3/2020
Expansion of Helsinki Airport	Vantaa	260	Retail	9	Q1/2022
HUS Siltasairaala	Helsinki	243	Public	20	Q4/2022
TAYS Etupiha	Tampere	170	Public	92	Q3/2019
Tapiola city centre (Phase 2)	Espoo	100 +	Retail	71	Q1/2020
Kehä 1 Keilaniemi	Espoo	81	Infra	90	Q4/2019
Jokirinne Learning Centre	Kirkkonummi	33	Public	14	Q4/2020
Hämeenlinna Women's Prison	Hämeenlinna	30	Public	17	Q4/2020
Jätkäsaari comprehensive school	Helsinki	*	Public	91	Q3/2019
Hotel Marriott	Tampere	*	Retail	61	Q4/2019
Wood City, office	Helsinki	*	Office	32	Q3/2020
Lauttasaari school	Helsinki	*	Public	59	Q4/2019
Finnish-Russian school	Helsinki	23	Public	0	Q3/2021
Espoonlahti metro station	Espoo	48	Public	10	Q3/2021
Monikko school centre	Espoo	39	Public	9	Q2/2021

Situation at 30 June 2019.

*The value of individual contracts has not been made public.
**The total value of the Tampere Deck and Arena project is EUR 550 million.

Hanhikivi-1 nuclear power plant

In 2015, SRV announced its participation in the Hanhikivi-1 nuclear power plant construction project as both an investor and project manager. SRV has made a financing commitment equating to a 1.8 per cent holding in the project to Fennovoima's main owner, Voimaosakeyhtiö SF. SRV will have the same rights and obligations as other Voimaosakeyhtiö SF shareholders. SRV has also signed a cooperation agreement with Rosatom Group and the main contractor Titan-2. SRV will act as the project manager, and the exact nature of its activities will be confirmed at a later date. The related negotiations on SRV's role are ongoing, and their content and schedule will be specified later. In December 2018, Fennovoima announced that construction will start in 2021.

Investments

The Investments segment focuses on the management and realisation of the Group's real estate investments; the creation and ownership of new joint investment structures; and the operation of selected properties. Investments' key objectives are to increase SRV's financing capacity with the aid of joint financing structures; harness the value chains created by projects more extensively through longer-term ownership; diversify capital risk; and generate positive cash flow. SRV's investment strategy revolves around the Group's strategy of building urban centres and harnessing the key megatrends that are affecting the built environment. "Building urban centres" primarily means the construction and ownership of central urban premises, such as housing, offices and retail premises.

Investments Operations (EUR million)	**1–6/ 2019**	1–6/ 2018	change	change, %	**4–6/ 2019**	4–6/ 2018	1–12/ 2018	previous 12 months
Revenue	2.8	2.4	0.4	18.3	1.5	1.2	4.6	5.0
Percentage of associated companies' profits	3.1	-7.1	10.2		-0.5	-2.8	-13.1	-2.9
- of which exchange rate gains/losses	5.6	-5.4	11.0		0.8	-2.3	-10.3	0.7
Hedging expenses	-2.8	-0.3	-2.5		-0.9	0.2	0.6	-1.9
Operative operating profit	-4.7	-2.7	-2.0		-1.9	-0.8	-7.8	-9.7
Operating profit *)	-1.9	-8.4	6.5		-1.9	-2.9	-17.5	-11.0
Capital employed	329.3	328.3	1.0	0.3	329.3	328.3	336.8	337.8
Return on investment, %	2.0	-4.7	6.7				-5.2	1.5
*) net effect of currency exchange fluctuations	2.8	-5.7	8.5		0.0	-2.1	-9.8	-1.3

January-June 2019

Investments' **revenue** totalled EUR 2.8 million in the January–June period (2.4 1–6/2018). It mainly consists of revenue from shopping centre management. The startup of shopping centre management at REDI increased revenue. In accordance with SRV's operating model, revenue from associated companies' projects and joint ventures is reported under the Construction segment; one example is the Tampere Deck and Arena project.

The **operative operating profit** totalled EUR -4.7 (-2.7) million. The occupancy rates and rental income of the shopping centres owned by associated companies improved, but earnings were burdened by the fact that the management and financing expenses of recently opened shopping centres were higher than income. The result includes an expense entry of EUR 0.6 million in the first quarter for the dissolution of the VTBC fund. The shares of associated companies' results included in SRV's result include not only the projects' EBITDA, but also depreciation, financial expenses and taxes.

Investments' **operating profit** was EUR -1.9 (-8.4) million. Operating profit was improved by the rouble's strengthening exchange rate. The net effect of currency exchange fluctuations was EUR 2.8 (-5.7) million, which arose from converting euro-denominated loans into roubles. Exchange rate differences with no impact on cash flow vary in each interim report in line with fluctuations in the exchange rate of the rouble.

Capital employed totalled EUR 329.3 (328.3) million. Capital employed was increased by investments in REDI and the Tampere Deck and Arena project, as well as the strengthening of the rouble exchange rate. Capital employed was decreased by the sale of the VTBC fund and the sale of SRV's shareholder loan receivables for the REDI shopping centre to other investors. Total capital employed increased by about EUR 1.0 million. The majority of SRV's capital employed consists of investments in associated companies.

The return on investment was 2.0 (-4.7) per cent. When calculating the return on investment, the income from interest on loans granted to associated companies is also taken into consideration.

SRV is a co-investor in four shopping centre projects through its associated companies. SRV is also responsible for leasing, marketing and managing premises in completed shopping centres. SRV intends to sell its holdings once stable rental income has been achieved or the market situation allows. Stable rental income is usually reached 3–4 years after opening. For instance, the rental income of Pearl Plaza in St Petersburg, which was opened in 2013, is now stable.

April-June 2019

Investments' **revenue** totalled EUR 1.5 million in the April–June period (1.2 4–6/2018). Revenue was generated by shopping centre management. Operative operating profit amounted to EUR -1.9 (-0.8) million.

Capital employed

Capital employed (EUR million)	**30 June 2019**	30 June 2018	31 December 2018
REDI, shopping centre and parking facility	**94.5**	114.3	118.4
Okhta Mall, shopping centre	**84.5**	91.0	78.4
Pearl Plaza, shopping centre	**30.0**	27.9	25.3
Tampere Deck and Arena	**22.6**	5.5	13.8
4Daily, shopping centre	**12.8**	11.6	10.9
Plots to be developed and other holdings	**84.8**	78.0	90.0
Total	**329.2**	328.3	336.8

Capital employed largely consists of investments in subsidiaries, joint ventures and associated companies; loans issued; and accrued income from associated companies. Fluctuations in the rouble exchange rate also affect the amount of capital employed.

Shopping centres

REDI, Helsinki

The REDI Shopping Centre in Kalasatama, Helsinki opened its doors in September 2018. By the end of the June, about 89 per cent of the shopping centre's premises were leased and about 86 per cent of its 200 stores were open. The major new tenants in the shopping centre are XXL, which opened in April, and Terveystalo, which will open after the summer. A new shopping centre management team started work on 1 February. Visitor numbers improved as a result of marketing and a variety of events.

Although SRV has a 40 per cent holding in the project, the terms and conditions for profit sharing contained in the REDI shareholder's agreement state that SRV's final share of the project's income may vary between 10 and 50 per cent (including cash flow from the ownership period and income from the realisation of assets.) The final division of profit will only be known when the site has been fully developed and sold, and the overall profit has been determined (estimate: in the first half of 2023 at the earliest).

Pearl Plaza, St Petersburg

This shopping and entertainment centre in St Petersburg is still fully leased. Visitor numbers rose by 3 per cent on the comparison period in January–June. Sales in roubles saw growth of about 8 per cent compared with the corresponding period of the previous year. More of the Pearl Plaza loans were converted to roubles in February 2018 and now only about a third are euro-based.

The Pearl Plaza sale process has progressed, and on 12 April 2019 SRV announced that negotiations had been launched on the sale of Pearl Plaza to a Russian fund managed by Sberbank Asset Management JSC. At the St. Petersburg International Economic Forum on 7 June 2019, the parties signed a cooperation agreement on the sale. The agreement confirms their commitment to carrying out the sale of Pearl Plaza. If realised, the sale will not have a significant impact on the company's earnings, but the capital freed up by the transaction will reduce SRV's capital employed. The final impact on earnings will only be known if and when the sale goes ahead, and there are uncertainties surrounding both the potential transaction and its timetable.

Okhta Mall, St Petersburg

The Okhta Mall in downtown St Petersburg opened its doors in August 2016. SRV owns 45 per cent of the Okhta Mall directly, and another 15 per cent indirectly through the property investment company Russia Invest. Leasing has progressed according to plan. By the end of the June, the centre's occupancy rate had risen to about 97 per cent. At the end of June, 93 per cent of its stores were open. In the January–June period, sales rose by 23 per cent and visitor numbers by 15 per cent. All of the Okhta Mall loans were converted to roubles in May 2018. This reduces SRV's rouble-related exchange rate risks.

SRV also owns the Okhta City plot next to the Okhta Mall. This will be a major development project in the future. The majority of the Okhta City plot is currently being used as a car park for the Okhta Mall, but another solution will be developed to free up the plot for further development.

4Daily, Moscow

The 4Daily shopping centre opened its doors in Moscow in April 2017. SRV owns 19 per cent of the shopping centre. By the end of June, about 80 per cent of the centre's premises were leased. At the end of June, 72 per cent of its stores were open. In the January–June period, sales rose by 32 per cent and visitor numbers by 55 per cent on the comparison period.

Although the shopping centre's occupancy rate, and therefore its profitability, are still at an insufficient level, growing visitor numbers are creating a foundation for increasing the occupancy rate. SRV also owns the Mira-II plots next to 4Daily, which will enable further development in the area when premises demand permits. In the second quarter, an agreement was signed with the international sports store giant Decathlon for the construction of a store building and the sale of part of the Mira-II plot. A building permit is required to start up construction; it is forecast that work will begin in 2020. The value of the contract will be recognised in SRV's order backlog when the startup of construction has been confirmed.

Other projects

SRV is a co-investor in the Tampere Deck and Arena project. SRV has a 20 per cent holding in the Arena and a 33.3 per cent holding in the other Tampere Deck sites.

SRV owns 50 per cent of the Etmia II office project in downtown Moscow. Etmia's occupancy rate was about 80 per cent in the end of June.

SRV had a 20 per cent holding valued at about EUR 6 million in the VTBC fund, which invests in real estate properties. The investment period was extended to the end of 2019. The fund sold its investments in April 2019. The fund will be dissolved during 2019, and SRV will receive an approximately EUR 6 million share in the dissolution of the fund. An expense entry of about EUR 0.6 million was made in the first quarter.

Plots held for future development in Russia include the previously mentioned Okhta City plot next to the Okhta Mall in St Petersburg, the Mira-II plots in Mytich, and a 51 per cent holding in the Eurograd plot in St Petersburg.

In addition, SRV owns a commercial property in Porvoo (Ratsumestarinkatu 6), and has a 1.8 per cent holding in Voimaosakeyhtiö SF and a 6.4 per cent holding in Vicus Oy.

Most significant completed investment projects

Project	Holding, %	Opened	Floor area (m²)	Occupancy rate 6/2019, %	Target sales date
Pearl Plaza, shopping centre, St Petersburg	SRV 50 Shanghai Industrial Investment Company 50	August 2013	Gross floor area 96,000 Leasable area 48,000	Binding lease agreements 100	2019 –
Okhta Mall, shopping centre, St Petersburg	SRV 45 Russia Invest 55 *	August 2016	Gross floor area 144,000 Leasable area 78,000	Binding lease agreements 97	2021 –
4Daily, shopping centre, Moscow	Vicus 26 SRV 19 Blagosostoyanie 55	April 2017	Gross floor area 52,000 Leasable area 25,500	Binding lease agreements 80	2022 –
REDI, shopping centre, Helsinki	SRV 40 Ilmarinen 32 LocalTapiola 15 OP Group 13	September 2018	Gross floor area 110,650 Leasable area 64,000	Binding lease agreements 89	2022 – **

*Russia Invest's shareholders are Finnish institutional investors. Ilmarinen owns a 40 per cent stake in Russia Invest, Sponda and SRV have 27 per cent holdings, and Conficap owns six per cent.

**According to the shareholder agreement, the sale process can be launched in 2022 at the earliest, enabling the project to be sold sometime in early 2023.

Group project development

In accordance with its strategy, SRV is focusing on improving profitability. Development and developer-contracted projects are by far the best way to improve the profitability of operations, as they generally yield a better margin than traditional contracting. Projects based on SRV's own development efforts target growth centres and, in the Greater Helsinki Area, particularly locations close to rail transport.

Projects close to rail transport

The Greater Helsinki Area metro has been expanded to run from Ruoholahti to Espoo via Lauttasaari. In the first phase of the Western Metro, a 14-km rail line was completed from Ruoholahti to Matinkylä, with eight new stations. SRV has numerous projects along the route of this metro line. For example, SRV has built the Koivusaari metro station and excavated both the Otaniemi metro tunnel and the Kaitaa station and rail line. SRV is currently building the underground metro station in Espoonlahti. In addition, SRV is building and planning many projects around the stations.

Kivenlahti

In January 2016, the Trade and Competitiveness Division of the Espoo City Board reserved an area for SRV and VVO Group Plc, the current Kojamo Oy, to design the Kivenlahti Metro Centre. The plans for the area comprise about 1,300 housing units and about 35,000 m^2 of commercial, office and service premises, and park-and-ride spaces. The Espoo City Council approved the city plan for the area on 29 April 2019, but a complaint has been lodged against it. Construction will begin once the complaint has been resolved – current estimate 2020–2021 – and the Metro Centre is scheduled for completion at the time the Western Metro extension is opened.

Espoonlahti

Apartments covering approximately 100,000 square metres of floor area will be built next to the future Espoonlahti metro station (Espoonlahden keskus/Mårtensbro). SRV is seeking a holding of around 30 per cent. The plan for the Espoonlahti Centre came into force in March 2017.

The City of Espoo has leased the plot to serve as provisional premises for the Lippulaiva shopping centre until 2020, which means construction can begin only when Lippulaiva has moved.

Keilaniemi

SRV is forging ahead with its residential tower project in Keilaniemi, Espoo. Four towers and a parking facility are planned for Keilaniemi. The area's city plan is in force, and progress now hinges on tunnelling and traffic arrangements for Ring Road I, which SRV is currently implementing.

As part of the overall plan, Espoo City Board's Trade and Competitiveness Division decided in spring 2016 to sell two residential plots in Keilaniemi to SRV. Preliminary contracts on the sale of these plots were signed in May 2016. On 18 October 2017, the Administrative Court of Helsinki dismissed a complaint made about the sale of the plots. A complaint was then lodged with the Supreme Administrative Court. After the period, the complaint was rejected by the Supreme Administrative Court. If realised, the Keilaniemi residential towers would be the tallest residential buildings in Finland, with the tallest soaring to a height of almost 145 metres. SRV has not as yet made a final decision on the construction of the towers.

Raide-Jokeri Vermonniitty

Raide-Jokeri is a rapid tramline that will link Itäkeskus in Helsinki to Keilaniemi in Espoo. It will also enable numerous residential sites to be built along the line. For instance, SRV is planning to build housing in the vicinity of the future Vermonniitty station in cooperation with SATO and Ilmarinen. It will have a total of almost 2,000 housing units. SRV also has a planning reservation for the Säterintorni plot, where the company plans to build housing and an office building. Processing of the city plan proposal for Säterinkallionkulma in Leppävaara is still in progress. The city is planning housing for about 800 people in Säterinkulma.

Other projects

Lapinmäentie

The Lapinmäentie project in Munkkivuori, Helsinki, is progressing well. SRV is continuing to develop the area in accordance with the city plan approved in August 2016. Seven new residential towers are planned for the area in addition to the existing Tower A, which will remain. Different concepts are currently being considered for Tower A, and it may contain shops, services and office space. Demolition of the Pohjola Building has been completed and the construction of the first two apartment buildings sold to LocalTapiola is in progress. It is planned that the area will have 800 apartments.

Bunkkeri in Jätkäsaari

SRV is highly involved in revitalising the Jätkäsaari district of Helsinki. It is intended that Bunkkeri will be a 13-storey landmark in Jätkäsaari, featuring a wide range of fitness facilities, a swimming hall, and about 300 housing units. The development of Bunkkeri was delayed in autumn 2017, when the Administrative Court of Helsinki overturned an acquisition decision that had been made in April 2016 concerning the sale of Bunkkeri to SRV. The Administrative Court held that the deal did not constitute a public procurement, but a real estate transaction. After this ruling, the City of Helsinki resumed its preparatory work. On 11 April 2018, the Helsinki City Council decided to sell the plot to SRV.

A complaint has been lodged with the Administrative Court of Helsinki on the decision of the City Council to sell Plot 5 in Block 20811 in District 20 (Länsisatama) of the City of Helsinki and the Bunkkeri building located there as well as the related implementation of the decision. With its decision on 15 June 2018, the Administrative Court rejected the complainant’s demand to forbid and halt the execution of the sale decision. With its decision on 5 October 2018, the Supreme Administrative Court upheld the decision of the Administrative Court and did not forbid the execution of the sale decision. The complaint on the sale decision of the City Council is still under review at the Administrative Court.

SRV and the City of Helsinki signed the implementation agreement in October 2018.

Land reserves 30 June 2019	Business construction	Housing construction	Investments	Total
Unbuilt land areas, land acquisition commitments and rented plots				
Building rights[1], 1,000 m²	**135**	**326**	**522**	**983**
Land development agreements				
Building rights[1], 1,000 m²	**74**	**242**	**0**	**316**

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.

Financing and financial position

IFRS, EUR million	30 June 2019	30 June 2018	Change, %	31 December 2018
Equity ratio, %	28.5	29.7	-3.8	28.5
Equity ratio, %, excl. IFRS 16[1)]	35.1	29.7	18.2	28.5
Net gearing ratio, %	178.9	140.8	27.1	121.1
Net gearing ratio, %, excl. IFRS 16[*1)]	114.0	140.8	-19.1	121.1
Shareholders’ equity	268.3	252.6	6.2	233.6
Capital employed	773.8	665.0	16.4	611.0
Net interest-bearing debt	480.2	355.7	35.0	282.8
Net interest-bearing debt, excl. IFRS 16[1)]	306.6	355.7	-13.8	282.8
Interest-bearing debt	504.0	409.3	23.1	375.9
- of which short-term	75.5	131.0	-42.3	91.8
- of which long-term	428.5	278.4	53.9	284.1
Interest-bearing debt, excl. IFRS 16[1)]	330.4	409.3	-19.3	375.9
Cash and cash equivalents	23.8	53.6		93.1
Unused binding liquidity limits and account limit agreements	47.0	122.0	-61.5	31.5
Unused project loans that can be drawn immediately	6.8	12.0	-43.3	15.2

1) The impacts of IFRS 16 in 2019 have been adjusted out of the figure. Due to this adjustment, the figure is comparable with the figures for 2018.

At the end of the period, the Group’s financing reserves totalled EUR 77.6 million (87.6 6/2018), consisting of unused committed liquidity facilities and unused project loans (EUR 53.8 million) and cash and cash equivalents (EUR 23.8 million). In addition, the company has a TEL loan of about EUR 14 million at its disposal. SRV also has a EUR 100 million credit facility whose use includes certain restrictions due to an interest coverage ratio covenant.

In May, SRV issued EUR 58.4 million in capital notes that bear interest at a fixed interest rate of 12 per cent. EUR 20.5 million of the proceeds were used for early repayment of the EUR 45 million 8.750 per cent notes and EUR 37.9 million for early repayment of the EUR 100 million 6.875 per cent notes maturing on 23 March 2021. The capital notes do not have a specified maturity date, but SRV is entitled to redeem the capital notes for the first time on the fourth (4) anniversary of the issue date. The capital notes strengthened the company’s capital structure and financial position as well as extended the maturity of loans.

In June, SRV extended its current long-term binding revolving credit facility of EUR 100 million with a Nordic banking consortium by one year. The new due date of the EUR 100 million facility is 16 June 2021.

SRV's financing agreements contain standard covenants. The financial covenants are equity ratio (also based on percentage of completion), net gearing, minimum liquidity and the interest coverage ratio. The interest coverage ratio is the ratio of the Group’s operating margin (EBITDA) to its net financial expenses. The interest cover ratio is tested only if and when new loan financing is withdrawn; the covenant does not prevent the refinancing of existing sources of financing.

The covenant levels of these financing agreements are determined on the basis of the accounting principles in force when the loan agreements were signed. Therefore, although IFRS 16 has recently come into force, it will have no effect on the covenants for existing loan agreements.

Net interest-bearing debt totalled EUR 480.2 (355.7) million at the end of the review period. Net interest-bearing debt rose by EUR 124.4 million on the comparison period. Lease liabilities arising from the adoption of IFRS 16 accounted for EUR 173.6 million. Without the impact of IFRS 16, net interest bearing decreased by EUR 49.2 million. Housing corporation loans account for EUR 89.4 (81.9) million of the interest-bearing debt. Cash flow from operating activities was EUR -72.5 (-41.9) million and cash flow from investing activities was EUR 16.7 (-8.8) million. Cash flow from operating activities was weakened mainly by the increase in inventories and decrease in non-interest bearing liabilities.

Net financial expenses since the beginning of the year totalled EUR -11.3 (-7.7) million. Net financial expenses were increased by the negative fair value revaluation of a ten-year interest rate hedge (including interest expenses) to EUR -3.9 million (-1.1). When the interest level rises from its current level, a positive change in the fair value of the interest rate hedge will be recognised in the income statement, and vice versa. EUR 0.4 (0.6) million in interest expenses have been capitalised in accordance with IAS 23 since the beginning of the year. Exchange rate gains in financial expenses totalled EUR 3.3 (-1.3) million. IFRS 16 had an impact of EUR -3.4 million on financial expenses. Net financial expenses were increased by an amount of EUR -0.7 (-1.9) million due to the early redemption of a bond.

SRV's investment commitments totalled EUR 52.7 (71.6) million at the end of June, and mainly consisted of investments in Fennovoima's Hanhikivi-1 nuclear project and the Tampere Deck and Arena project.

SRV is exposed to changes in the exchange rate of the rouble through its Russian subsidiaries. The strengthening rouble led to translation differences of EUR 9.3 (-4.6) million, which impacted both shareholders' equity and the comprehensive result for the period. In addition to currency exchange rate gains of EUR 3.3 (-1.3) million in financial income and expenses, the Group also entered similarly derived currency exchange rate gains of EUR 5.6 (-5.4) million (with no cash flow impact) under the profit accounted for by associated companies. These are primarily due to the conversion of currency-denominated loans to roubles. Currency exchange rate gains were reduced by EUR -2.8 (-0.3) million in hedging expenses.

Personnel

Personnel by segment at end of period	**30 June 2019**	30 June 2018	Percentage of Group personnel, 30 June 2019	31 December 2018
Construction	902	1,052	82	906
Investments	123	94	11	85
Other operations	73	63	7	66
Group, total	1,098	1,209	100	1,057

SRV employed 1,087 people (1,129 1-12/2018) on average in January-June 2019. On average, 883 (915) people worked in Construction and 134 (145) people worked in Investments. 71 (67) people worked in Group operations.

The operations of SRV Keski-Suomi and SRV Pirkanmaa were merged as from 1 May 2019 to form SRV Sisä-Suomi. The new regional unit still has offices in both Jyväskylä and Tampere. Construction projects will continue unchanged. Thanks to this organisational change, SRV is more competitive and can develop new projects and acquire construction projects in a wider area. This has no effect on employment relationships.

Changes in the Corporate Executive Team

On 13 May 2019, SRV Group Plc announced that President and CEO Juha Pekka Ojala is leaving the company. On 25 June 2019, SRV Group Plc's Board of Directors appointed Saku Sipola, M.Sc. (Tech), 50 years old, as President and CEO of SRV Group Plc. He will start in his role by 1 January 2020, with the exact date to be specified later. Sipola joins SRV from SATO Corporation, where he has worked as the President and CEO since 2015.

Risks, risk management and corporate governance

SRV has published a separate Corporate Governance Statement in its 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 2018 Notes to the Financial Statements and Annual Report, and is also available on the company's website.

The most significant operational risks relate to problems arising from the lengthy boom in the industry, capital tied up in major business construction projects, the development of the Russian situation, and the rouble exchange rate.

According to the latest forecasts, the strong growth that the construction industry has experienced in recent years is now levelling off, or there may even be a downswing in production. This is expected to generate a slow improvement in subcontractor availability and to relieve cost pressures in materials and subcontracting. Coupled with the prudent selection of new projects, it is also expected to improve SRV's cost-competitiveness. However, as a results of long-term contracts, the fall in input prices may only be seen delayed in SRV's results improvement. SRV's ongoing major projects and completed shopping centre projects are employing a great deal of capital, and they also have an impact on the availability and price of financing. SRV's financial position is expected to improve gradually thanks to positive cash flow and the reduction in capital tied up in the balance sheet.

Net rental income from SRV's shopping centre investments typically reaches its target level about 3–5 years after opening. Once this occurs, it is SRV's strategy to sell the investment. Developments in rental income are impacted by factors such as general economic trends, consumer behaviour, successful shopping centre management, the shopping centre's reputation and, in Russia, also the rouble exchange rate. Weaker-than-planned developments in different factors and the assumptions made, both when starting up shopping centres and on the scheduled sale date, may result in a need to lower the shopping centre's acquisition-price-based value in the balance sheet.

In its Russian business, fluctuations in the rouble exchange rate expose SRV to translation and transaction risks. A ten per cent weakening of the rouble against the euro on the reporting date would have had an impact of about EUR -8.7 million on the Group's equity translation differences. A ten per cent weakening in the exchange rate would correspondingly have an impact of about EUR -6.6 million on SRV's earnings. The exact rouble hedging rate varies over time. SRV's transaction risk largely comprises the euro-denominated loans of associated companies that are partly owned by SRV. Some of the loans taken out by SRV's associated companies in Russia were converted to roubles during early 2018, thereby reducing SRV's exchange rate risk. The remaining exchange rate risk is hedged in accordance with the hedging policy approved by the Board of Directors.

To increase the comparability of operations, the company reports operative operating profit in addition to operating profit. Operative operating profit differs from the IFRS definition of operating profit in that it eliminates the calculated currency exchange differences included in financial items in Russian operations and their potential hedging impacts. In order to improve the comparability of the balance sheet structure, SRV will also report its 2019 key figures without the impact of IFRS 16.

Corporate governance and the decisions of the Annual General Meeting

SRV Group Plc's Annual General Meeting was held on 19 March 2019. SRV published stock exchange releases on the decisions of the Annual General Meeting and the organisation of the Board of Directors on 19 March 2019. The stock exchange releases and presentations of the members of the Board of Directors are available on the company's Internet site at www.srv.fi/en/investors.

Multi-year incentive scheme for the President and CEO

SRV Group Plc's Board of Directors resolved on a new share-based incentive scheme on 25 June 2019. The scheme applies to Saku Sipola, who will become SRV Group Plc's President and CEO on 1 January 2020 at the latest. The incentive effect of the scheme is based on the value increase of SRV Group Plc's shares.

Under the scheme, Saku Sipola will be given 600,000 acquisition rights, entitling him to acquire the number of SRV Group Plc shares corresponding to the acquisition rights. The subscription price pursuant to the acquisition rights is the volume-weighted average share price of SRV Group Plc's share on Nasdaq Helsinki in continuous trading on 24 June 2019, the date preceding the decision of the Board of Directors on the incentive scheme, i.e. EUR 1.62 per share. Under the scheme, new shares or treasury shares in the possession of the company can be issued. 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, the acquired shares are subject to a transfer restriction, which is valid for two years from the acquisition of the shares. The acquisition rights can be exercised in three two-year long exercise periods, the first of which begins on 1 March 2021 and ends on 28 February 2023, the second begins on 1 September 2022 and ends on 31 August 2024, and the third begins on 1 September 2024 and ends on 31 August 2026. During each exercise period, the acquisition rights holder is entitled to exercise 200,000 acquisition rights.

On 25 June 2019, the theoretical market value of the scheme is approximately EUR 0.3 million. The Black & Scholes model, applied in the pricing of options, has been used to calculate the theoretical market value of the scheme, with the following assumptions: share price EUR 1.62, reference share price EUR 1.60, risk-free interest rate 0.34 per cent and volatility 32.97 per cent. The total recognised IFRS cost of the incentive scheme 2019–2026 is approximately EUR 0.3 million.

Shares and shareholders

SRV Group Plc's share capital is EUR 3.1 million. The share has no nominal value and the number of shares outstanding is 60,499,575. The company has one class of shares.

The closing price at Nasdaq Helsinki on 30 June 2019 was EUR 1.62 (EUR 1.70 on 31 December 2018, change -4.7%). The highest share price during the reporting period was EUR 1.69 and the lowest EUR 1.55. At the end of the period, SRV's equity per share excluding the hybrid bond was EUR 3.15. On 30 June 2019, SRV had a market capitalisation of EUR 96.5 million, excluding the Group's treasury shares. 3.2 million shares were traded during the review period with a trade volume of EUR 5.8 million.

At the end of June, SRV Group Plc held 918,599 treasury shares (1.5 per cent of the total number of shares and combined number of votes).

Outlook for 2019

In addition to general economic trends, SRV's revenue and result in 2019 will be affected by several factors, such as: the trend in the exchange rate of the rouble; the recognition as income upon delivery of SRV's own projects; the part of the order backlog that is continuously recognised as income consisting mainly 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 launch of new contracts and own-development projects. The largest projects are Tampere Deck and Arena, the extension of Helsinki Airport and ongoing hospital projects.

- More developer-contracted housing units will be completed in 2019 than in the comparison period. It is estimated that a total of 809 developer-contracted housing units will be completed in 2019 (526 in 2018).
- SRV makes long-term procurement agreements, due to which the expected reduction in construction costs will not have a significant effect on the company's earnings performance in 2019. The trend in rental income from shopping centres is positive, but slower than anticipated.
- Full-year consolidated revenue for 2019 is expected to grow compared with 2018 (revenue in 2018: EUR 959.7 million). Operative operating profit is expected to improve compared with 2018 and to be positive (operative operating profit EUR -10.0 million), but to fall short of 2017 (operative operating profit in 2017: EUR 27 million).

Espoo, 16 July 2019

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.

About this interim report

This interim report has been prepared in accordance with IAS 34, and the disclosed information is unaudited. The figures in parentheses are the comparison figures for 2018.

Briefing, webcast and presentation materials

A briefing for analysts, fund managers, investors and media representatives will be held on 17 July 2019, starting at 10 am as an audiocast and conference call. The audiocast can be followed live at www.srv.fi/en/investors. The recording will be available on the website after the presentation. The materials will also be made available on the website.

Next interim report

SRV Group Plc will publish its third-quarter results for 2019 on 31 October 2019. During the silent period (1–31 October), the company will not comment on anything relating to market outlooks, business or earnings trends.

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Key figures

EUR million	1-6/ 2019	1-6/ 2018	4-6/ 2019	4-6/ 2018	1-12/ 2018	Last 12 Months
Revenue	430.0	451.5	207.4	235.7	959.7	938.2
Operative operating profit 1)	-2.6	-8.5	-3.1	-3.4	-10.0	-4.2
Operative operating profit, % revenue 1)	-0.6	-1.9	-1.5	-1.4	-1.0	
Operation profit	0.1	-14.2	-3.2	-5.4	-19.8	-5.5
Operation profit, % revenue	0.0	-3.1	-1.5	-2.3	-2.1	
Operation profit, excl. IFRS16 2)	-2.1	-14.2	-4.3	-5.4		-7.7
Operation profit, % revenue excl. IFRS16 2)	-0.5	-3.1	-2.1	-2.3		
Profit before taxes	-11.2	-21.9	-10.8	-9.8	-37.3	-26.5
Profit before taxes, % of revenue	-2.6	-4.9	-5.2	-4.1	-3.9	
Net profit attributable to equity holders of the parent company	-9.4	-18.7	-9.0	-8.2	-30.1	-20.9
Return on equity, %	-6.9	-14.3			-12.1	
Return on investment, %	1.6	-3.8			-2.9	
Return on investment % excl. IFRS16 2)	1.1	-3.8			-2.9	
Capital employed	773.8	665.0			611.0	
Capital employed excl. IFRS16 2)	600.9	665.0			611.0	
Equity ratio %	28.5	29.7			28.5	
Equity ratio excl. IFRS16, % 2)	35.1	29.7			28.5	
Net interest-bearing debt	480.2	355.7			282.8	
Net interest-bearing debt excl. IFRS16 2)	306.6	355.7			282.8	
Net gearing ratio, %	178.9	140.8			121.1	
Net gearing ratio excl. IFRS16, % 2)	114.0	140.8			121.1	
Order backlog 3)	1,667.2	1,716.7			1,816.0	
New agreements	221.4	566.7	71.7	282.3	1,133.0	
Personnel on average	1,087	1,138			1,129	
Earnings per share	-0.20	-0.34	-0.18	-0.15	-0.56	-0.42
Earnings per share (diluted)	-0.20	-0.34	-0.18	-0.15	-0.56	-0.42
Equity per share	4.54	4.28			3.97	
Equity per share (without hybrid bond), euros	3.15	3.52			3.21	
Dividend per share, euros	0.00	0.06			0.06	
Dividend payout ratio, %	0.0	neg.			neg.	
Dividend yield, %	0.0	2.3			3.5	
Price per earnings ratio	neg.	neg.			neg.	
Share price development:						
Share price at the end of the period, eur	1.62	2.65			1.70	
Average share price, eur	1.61	3.12			2.63	
Lowest share price, eur	1.55	2.60			1.66	
Highest share price, eur	1.69	4.12			4.12	
Market capitalisation at the end of the period	96.5	157.9			101.3	
Trading volume, 1 000 units	3,237	3,009			6,580	
Trading volume, %	5.4	5.1			11.0	
Weighted average number of shares outstanding during the period, 1 000 units	59,581	59,581			59,581	
Weighted average number of shares outstanding during the period (diluted) 1 000 units	59,581	59,581			59,581	
Number of shares outstanding at the end of the period,1 000 units	59,581	59,581			59,581	

[1] Operative operating profit is determined by deducting the calculated ruble currency exchange differences included in financial items and their potential hedging impacts from operating profit. Exchange rate differences during the review period amounted to EUR 2.8 (-5.7) million, of which EUR -2.8 (-0.3) million was accounted for by hedging.

[2] Restated IFRS 16 effects for the year 2019. As a result of the adjustment, the figure is comparable with the figures for 2018.

[3] The Group's order backlog consists of the Construction business. The income statement, which corresponds to the holding, is no longer included in the comparative figures for the order backlog.

Alternative performance measures used in interim reporting

The company discloses certain other widely used performance measures that can for the most part be derived from the income statement and balance sheet. The formulas for these performance measures are provided in the next page. In the company’s view, these measures clarify the result of operations and financial position based on the income statement and balance sheet.

SRV presents key figures for operative operating profit and operating profit margin in the interim report

The key figure for operative operating profit is considered to provide a better picture of the Group’s operations when comparing the reported period to earlier periods. In accordance with IFRS, the currency exchange rate gains and losses of associated companies as well as income and expenses from hedging are eliminated from operating profit. The currency exchange rate gains and losses of associated companies are included above operating profit on the line “share of results of associated companies”. Income and expenses from currency hedging are included above operating profit on the line “other operating expenses”.

SRV presents key figures excluding effect of IFRS 16 standard

The company publishes alternative key figures, that is, IFRS 16 key figures that have been adjusted to exclude the impact of the IFRS 16 Leases standard on the balance sheet and result. SRV is applying a simplified approach to adopting this standard, which is why the figures for the comparison period have not been adjusted to comply with the standard. The figures are considered to provide a better comparability to previous year figures.

Calculation of key figures

Return on equity, %	=	100 x	Total comprehensive income for the period / Total equity, average
Capital employed	=		Total assets – non-interest bearing debt – deferred tax liabilities – provisions
Capital employed, excl. IFRS16	=		Total assets – non-interest bearing debt – deferred tax liabilities – provisions – property, plant and equipment, right -of-use asset – inventories, right -of-use asset
Return on investment, %	=	100 x	Operating profit + interest and other financial income (incl. exchange rate gains and losses) / Invested capital, average
Return on investment, % excl. IFRS16	=	100 x	Operating profit + interest and other financial income (incl. exchange rate gains and losses) / Capital employed excl. IFRS16, average
Equity ratio, %	=	100 x	Total equity / Total assets – advances received
Equity ratio,% excl. IFRS16	=	100 x	Total equity – IFRS16 depreciations, leases and interest and financial expenses recoqnised in income statement / Total assets – advances received – IFRS16 depreciations, leases and interest and financial expenses recoqnised in income statement
Net interest-bearing debt	=		Interest-bearing debt – cash and cash equivalents
Net interest-bearing debt excl. IFRS16	=		Interest-bearing debt - interest-bearing lease liabilities – cash and cash equivalents
Net gearing ratio, %	=	100 x	Net interest-bearing debt / Total equity
Net gearing ratio,% excl. IFRS16	=	100 x	Interest-bearing debt - interest-bearing lease liabilities – cash and cash equivalents / Total equity – IFRS16 depreciations, leases, interest and financial expenses recoqnized in income statement
Earnings per share attributable to equity holders of the parent company	=		Result for the period – non-controlling interest – hybrid bond interest, tax adjusted / Average number of shares
Earnings per share attributable to equity holders of the parent company (diluted)	=		Result for the period – non-controlling interest – hybrid bond interest, tax adjusted / Average number of shares (diluted)
Equity per share	=		Shareholders' equity attributable to equity holders of the parent company / Average number of shares at end of period
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
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
Operative operating profit	=		Operating profit-/+ currency exchange rate gains and losses -/+ income and expenses from hedging

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Group and Segment information by quarter

SRV Group EUR million	4-6/ 2019	1-3/ 2019	10-12/ 2018	7-9/ 2018	4-6/ 2018	1-3/ 2018
Revenue	207.4	222.6	299.8	208.4	235.7	215.7
Operation profit	-3.2	3.3	0.1	-5.7	-5.4	-8.8
Financial income and expenses, total	-7.7	-3.6	-6.3	-3.5	-4.3	-3.4
Profit before taxes	-10.8	-0.3	-6.2	-9.1	-9.8	-12.2
Order backlog [1]	1,667.2	1,782.5	1,816.0	1,661.5	1,716.7	1,634.0
New agreements	71.7	149.7	438.0	128.3	282.3	284.4
Earnings per share, eur	-0.18	-0.02	-0.08	-0.14	-0.15	-0.19
Equity per share, eur	3.15	3.28	3.21	3.32	3.52	3.72
Share closing price, eur	1.62	1.70	1.70	2.50	2.65	2.90
Equity ratio, %	28.5	24.4	28.5	28.0	29.7	32.5
Equity ratio, % excl. IFRS16 [2]	35.1	29.7	28.5	28.0	29.7	32.5
Net interest-bearing liabilities	480.2	490.8	282.8	346.5	355.7	355.4
Net interest-bearing liabilities excl. IFRS16 [2]	306.6	317.3	282.8	346.5	355.7	355.4
Net gearing, %	178.9	205.8	121.1	144.2	140.8	134.3
Net gearing, % excl. IFRS16 [2]	114.0	132.7	121.1	144.2	140.8	134.3

Revenue EUR million	4-6/ 2019	1-3/ 2019	10-12/ 2018	7-9/ 2018	4-6/ 2018	1-3/ 2018
Construction	206.7	221.9	298.4	207.6	234.6	214.8
- business construction	163.1	144.7	183.9	160.3	166.7	155.4
- housing construction	43.6	77.0	114.6	47.4	67.8	59.3
Investments	1.5	1.3	1.0	1.2	1.2	1.2
Other operations and eliminations	-0.8	-0.6	0.3	-0.4	0.0	-0.3
Group, total	207.4	222.6	299.8	208.4	235.7	215.7

Operating profit EUR million	4-6/ 2019	1-3/ 2019	10-12/ 2018	7-9/ 2018	4-6/ 2018	1-3/ 2018
Construction	2.0	4.8	-7.5	-1.6	-1.1	-3.2
Investments	-1.9	0.1	-5.4	-3.7	-2.9	-5.6
Other operations and eliminations	-3.2	-1.6	13.0	-0.4	-1.5	0.0
Group, total	-3.2	3.3	0.1	-5.7	-5.4	-8.8

Operating profit (%)	4-6/ 2019	1-3/ 2019	10-12/ 2018	7-9/ 2018	4-6/ 2018	1-3/ 2018
Construction	1.0	2.2	-2.5	-0.8	-0.5	-1.5
Investments	-	-	-	-	-	-
Group	-1.5	1.5	0.0	-2.7	-2.3	-4.1

[1] The Group's order backlog consists of the Construction business. The income statement, which corresponds to the holding, is no longer included in the comparative figures for the order backlog.

[2] Restated IFRS 16 effects for the year 2019. As a result of the adjustment, the figure is comparable with the figures for 2018.

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Order backlog EUR million	30.6.19	31.3.19	31.12.18	30.9.18	30.6.18	31.3.18
- business construction	1,066.7	1,158.1	1,233.3	1,019.3	1,124.7	1,065.2
- housing construction	600.4	624.1	582.7	642.2	592.0	568.7
Group, total [1)]	1,667.2	1,782.5	1,816.0	1,661.5	1,716.7	1,634.0
- sold order backlog	1,402	1,496	1,612	1,409	1,480	1,384
- unsold order backlog	265	286	204	253	237	250

[1)]Group's order backlog consists only of construction segment.

The unrecognised margin corresponding to ownership are not anymore included in order backlog.

Order backlog, housing construction in Group EUR million	30.6.19	31.3.19	31.12.18	30.9.18	30.6.18	31.3.18
Negotiation and construction contracts	168	181	213	210	192	150
Under construction, sold	167	157	169	196	179	185
Under construction, unsold	244	253	180	220	199	214
Completed and unsold	22	33	20	17	22	20
Housing construction, total	600	624	583	642	592	569

Capital employed EUR million	30.6.19	31.3.19	31.12.18	30.9.18	30.6.18	31.3.18
Construction	456.3	393.3	221.4	286.0	321.8	316.7
Investments	329.3	352.4	336.8	331.7	328.3	327.9
Other operations and eliminations	-11.8	46.2	52.8	46.3	14.9	5.5
Group, total	773.8	791.9	611.0	664.0	665.0	650.0

Housing production in Group (units)	4-6/ 2019	1-3/ 2019	10-12/ 2018	7-9/ 2018	4-6/ 2018	1-3/ 2018
Housing sales, total	139	203	346	315	541	198
- sales, developer contracting	73	203	156	133	75	130
- sales, negotiation contracts	66	0	190	182	466	68
Developer contracting						
- start-ups	8	424	0	232	42	43
- completed	0	184	298	26	141	61
-recognized in revenue	29	156	276	45	132	70
- completed and unsold	97	139	116	102	126	117
Under construction, total	2,388	2,549	2,759	2,927	3,164	3,211
- construction contracts	80	80	80	80	504	504
- negotiation contracts	195	195	487	293	293	293
- negotiated contracts	1,002	1,171	1,329	1,393	1,412	1,360
- developer contracting	1,111	1,103	863	1,161	955	1,054
- of which sold	632	600	559	687	605	661
- of which unsold	479	503	304	474	350	393

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SRV GROUP PLC THE FINANCIAL STATEMENTS, 1 JANUARY–30 JUNE 2019: TABLES

1) Accounting policies
2) Consolidated income statement and consolidated statement of comprehensive income
3) Consolidated balance sheet
4) Consolidated cash flow statement
5) Consolidated statement of changes in shareholder's equity
6) Group commitments and contingent liabilities
7) Segment information
8) Inventories
9) Insider events

1) The Financial Statements Report 1 January – 30 JUNE 2019

Accounting policies

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. In preparing this interim report release, SRV has applied the same accounting policies as in its annual financial statements for 2018, however so that the Group has introduced as of 1 January 2019 the new or revised IFRS standards and IFRIC interpretations published by the IASB mentioned in the accounting policies of the annual financial statements for 2018.

Changes in accounting policies

New business areas

SRV introduced new business areas from 1 January 2019. SRV reports two segments: Construction and Investment, which appear in financial reporting from the first quarter. The adjusted comparative data can be found in the release published on 23 April 2019.

Cash flow statement

SRV changed the presentation of cash flow statement for advances received. Advances received are presented under cash receipts from sales instead of payments for operating expenses. In the interim report, cash flow statements for the comparison period have been adjusted to reflect the new presentation.

IFRS 16

SRV applies the IFRS16 Leases standard from 1 January 2019.

SRV as a lessee

With some exceptions, the IFRS 16 standard requires all leases to be presented in the lessee's balance sheet as an asset and a lease liability. At the commencement of the contract, the lease contract is valued at the present value of the lease payments that have not been settled on that date. Lease payments are discounted at the interest rate implicit for the lease if the interest rate is readily determinable, otherwise the interest rate on the lessee's incremental borrowing rate is used. The lessee's incremental borrowing rate is the rate of interest that the lessee would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

In determining the present value of lease payments, an estimate of the lease term is required in some circumstances. Such situations, for example, relate to lease agreements with indefinite duration or contracts with options for continuation or termination.

Such an option is taken into account in determining the lease term if it is reasonably certain that the option will be exercised. Lease liability shall also include the amount to be paid on the basis of any residual value guarantee and the possible exercise price of a purchase option, if it is reasonably certain that the option will be exercised.

Acquisition cost of an asset consists of the amount initially recognized under the lease contract, any lease payments paid by the commencement date of the lease, any initial direct costs incurred by the lessee and the costs of restoration to the original condition.

Any incentives received will be deducted from the acquisition cost of the underlying asset. Subsequent valuation of the asset item is based on the acquisition cost model, whereby the asset is valued at acquisition cost less depreciation and impairment. Depreciation is amortized over the lease period. If the lease transfers the ownership of the underlying asset to the lessee by the end of the lease term or if the acquisition cost of the underlying item takes into account that the lessee uses the option to purchase, the underlying asset is amortized over its useful life.

SRV Group uses exemptions related to short-term leases and leases where the underlying asset is of low value.

The rental agreements for site equipment are typically contracts with an indefinite lease term. Such leases generally entitle the SRV Group to decide to terminate contract for each leased asset at its chosen time. Site equipment rental agreements typically last for less than 12 months thus the exemption for short-term leases is applied.

Plot lease agreements

The SRV Group presents right-of-use assets related to leased plots as inventories, because the plots directly owned by the group are presented as inventories and the same principle is also applied in the presentation of the leased plots. From the beginning of construction, the depreciations of the leased plots is recognized as part of the cost of the construction. The borrowing cost of such leases is capitalized as part of the cost of the construction.

Use of estimates

The preparation of the Financial Statements in accordance with IFRS requires Group management to make estimates and assumptions that affect both the values of assets and liabilities on the balance sheet date, and income and expenditure for the financial period. Judgements also have to be made in applying the accounting principles. As these estimates and assumptions are based on current perceptions of the situation on the balance sheet date, they involve risks and uncertainties. Actual results may therefore 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 2018.

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

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2) Consolidated income statement and statement of comprehensive income

Consolidated income statement EUR million	1-6/ 2019	1-6/ 2018	change MEUR	change %	4-6/ 2019	4-6/ 2018	change %	1-12/ 2018	Last 12 Months
Revenue	430.0	451.5	-21.5	-4.8	207.4	235.7	-12.0	959.7	938.2
Other operating income	0.7	1.5	-0.8	-54.8	0.5	1.3	-61.4	16.9	16.1
Change in inventories of finished goods and work in progress	13.0	32.3	-19.3		22.2	9.2		34.5	15.2
Use of materials and services	-397.5	-442.5	45.0	-10.2	-208.5	-223.8	-6.8	-919.3	-874.4
Employee benefit expenses	-38.3	-38.9	0.6	-1.5	-19.9	-19.8	0.7	-75.5	-74.9
Share of profits of associated and joint venture companies	3.1	-7.1	10.2		-0.5	-2.8	-83.9	-13.1	-2.9
Depreciation and impairments [2]	-5.1	-1.5	-3.6	242.3	-2.2	-0.6	292.0	-5.3	-8.9
Other operating expenses	-5.8	-9.6	3.8	-39.1	-2.2	-4.7	-8.0	-17.7	-14.0
Operating profit [2]	0.1	-14.2	14.3		-3.2	-5.4		-19.8	-5.5
Financial income	5.5	3.5	2.0	55.9	1.5	2.4		5.5	7.5
Financial expenses [1)3)]	-16.8	-11.2	-5.5	49.3	-9.2	-6.7	12.5	-23.0	-28.6
Financial income and expenses, total	-11.3	-7.7	-3.6		-7.7	-4.3		-17.5	-21.1
Profit before taxes	-11.2	-21.9	10.7		-10.8	-9.8		-37.3	-26.5
Income taxes	2.6	2.8	-0.2		1.9	1.3		6.1	5.8
Net profit for the period	-8.6	-19.2	10.5		-9.0	-8.4		-31.2	-20.7
Attributable to									
Equity holders of the parent company	-9.4	-18.7			-9.0	-8.2		-30.1	-20.9
Non-Controlling interests	0.8	-0.5			0.0	-0.3		-1.1	0.2
Earnings per share attributable to equity holders of the parent company	-0.20	-0.34			-0.18	-0.15		-0.56	-0.42
Earnings per share attributable to equity holders of the parent company (diluted)	-0.20	-0.34			-0.18	-0.15		-0.56	-0.42
[1] of which derivative expenses fair value revaluation	-3.9	-1.1			-1.9	-1.2		-2.2	
[2] includes cost of IFRS16 lease agreements in depreciations and leases	-3.1	0.0	-3.1		-1.5	0.0			
[3] includes cost of IFRS16 lease agreements in interest and financial expenses	-3.4	0.0	-3.4		-1.7	0.0			

Statement of comprehensive income EUR million	1-6/ 2019	1-6/ 2018	4-6/ 2019	4-6/ 2018	1-12/ 2018	Last 12 Months
Net profit for the period	-8.6	-19.2	-9.0	-8.4	-31.2	-20.7
Other comprehensive income						
Other comprehensive income to be reclassified to profit or loss in subsequent periods:						
Financial assets available for sale	0.0	0.0	0.0	0.0	0.0	0.0
Income tax relaed to components of other comprehensive income	0.0	0.0	0.0	0.0	0.0	0.0
Gains and losses arising from translating the financial statements of a foreign operation	1.9	-1.1	0.4	-0.7	-2.6	0.4
Share of other comprehensive income of associated companies and joint ventures	7.4	-3.5	1.3	-2.6	-10.2	0.7
Other comprehensive income for the period, net of tax	9.3	-4.6	1.7	-3.2	-12.8	1.1
Total comprehensive income for the period	0.7	-23.8	-7.3	-11.7	-44.0	-19.5
Attributable to						
Equity holders of the parent company	-0.1	-23.3	-7.4	-11.4	-42.9	-19.7
Non-Controlling interests	0.8	-0.5	0.0	-0.3	-1.1	0.2

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3) Consolidated balance sheet

Consolidated balance sheet EUR million	30.6.19	30.6.18	change,%	31.12.18
ASSETS				
Non-current assets				
Property, plant and equipment	6.2	11.5	-46.3	6.0
Property, plant and equipment, right -of-use asset [1)]	12.1	0.0		0.0
Goodwill	1.7	1.7	0.0	1.7
Other intangible assets	1.6	1.5	8.5	1.6
Shares in associated companies and joint ventures	198.8	185.5	7.2	180.2
Other financial assets	12.0	16.2	-26.1	18.3
Receivables	0.9	0.8	21.3	0.7
Loan receivables from associated companies and joint ventures	53.7	75.5	-28.9	67.3
Deferred tax assets	23.3	14.6	59.5	18.6
Non-current assets, total	310.3	307.2	1.0	294.4
Current assets				
Inventories	463.7	447.7	3.6	438.2
Inventories, right -of-use asset [1)]	160.4	0.0		0.0
Trade and other receivables	127.3	154.7	-17.8	116.8
Loan receivables from associated companies and joint ventures	0.0	0.6	-100.0	4.6
Current tax receivables (based on profit for the review period)	0.6	0.5	6.4	0.1
Cash and cash equivalents	23.8	53.6	-55.5	93.1
Current assets, total	775.8	657.2	18.1	652.7
ASSETS, TOTAL	1,086.2	964.4	12.6	947.0

Consolidated balance sheet EUR million	30.6.19	30.6.18	change,%	31.12.18
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent company				
Share capital	3.1	3.1	0.0	3.1
Invested free equity fund	142.5	141.5	0.7	142.5
Translation differences	-3.6	-4.7		-12.9
Fair value reserve	0.0	0.0		0.0
Hybrid bond	82.9	45.0	84.2	45.0
Retained earnings	45.4	69.9	-35.1	58.7
Equity attributable to equity holders of the parent company, total	270.3	254.7	6.1	236.4
Non-controlling interests	-2.0	-2.2	-8.2	-2.8
Total equity	268.3	252.6	6.2	233.6
Non-current liabilities				
Deferred tax liabilities	5.7	5.0	13.2	5.1
Provisions	9.6	8.9	8.0	10.7
Interest-bearing liabilities excl. lease liabilities	257.0	278.4	-7.7	284.1
Interest-bearing lease liabilities [1)]	171.5	0.0		0.0
Other liabilities	11.8	8.9	32.5	9.0
Non-current liabilities, total	455.6	301.2	51.3	308.8
Current liabilities				
Trade and other payables	279.1	271.1	3.0	303.9
Current tax payables (based on profit for the review period)	0.3	0.6	-48.4	0.1
Provisions	7.3	8.0	-8.8	8.9
Interest-bearing liabilities excl. lease liabilities	73.4	131.0	-43.9	91.8
Interest-bearing lease liabilities [1)]	2.1	0.0		0.0
Current liabilities, total	362.2	410.6	-11.8	404.6
Liabilities, total	817.8	711.8	14.9	713.4
EQUITY AND LIABILITIES, total	1,086.2	964.4	12.6	947.0

[1)] Items related to IFRS 16 standard

4) Consolidated cash flow statement EUR million	1-6/ 2019	1-6/ 2018	1-12/ 2018	Last 12 Months
Cash flows from operating activities				
Cash receipts from customers [1]	426.5	439.8	986.1	972.8
Cash receipts from other operating income	0.7	1.5	2.1	1.2
Cash paid to suppliers and employees [1] [2]	-480.7	-471.8	-946.0	-955.0
Net cash before interests and taxes	-53.5	-30.5	42.1	19.1
Interests received and other financial income	0.1	0.0	0.1	0.1
Interests paid and other expenses from financial costs [2]	-17.7	-12.8	-18.2	-23.0
Income taxes paid	-1.3	1.4	1.5	-1.3
Cash flows from operating activities	-72.5	-41.9	25.5	-5.1
Cash flow from investing activities				
Purchase of tangible and intangible assets	-1.1	-2.2	-4.5	-3.4
Purchase of investments	0.0	0.1	-1.9	-2.0
Proceeds from sale of investments	5.7	0.0	0.0	5.7
Subsidiary shares sold	0.0	0.0	18.6	18.6
Investments in associated companies and joint ventures	-8.5	-5.6	-14.2	-17.0
Associated companies and joint ventures sold	1.0	0.0	0.0	1.0
Increase in loan receivable from associated companies and joint ventures	-4.9	-1.1	-5.8	-9.7
Decrease in loan receivable from associated companies and joint ventures	24.6	0.0	4.6	29.2
Net cash used in investing activities	16.7	-8.8	-3.1	22.4
Cash flow from financing activities				
Proceeds from loans	2.2	88.3	97.6	11.5
Repayment of loans	-38.5	-55.2	-86.7	-70.0
Proceeds from Hybrid bond	58.4	0.0	0.0	58.4
Repayment of hybrid bond	-20.5	0.0	0.0	-20.5
Hybrid bond costs	-1.0	0.0	0.0	-1.0
Hybrid bond intrests	-4.2	-3.9	-3.9	-4.2
Change in housing corporation loans	11.1	25.8	22.2	7.5
Net change in short-term loans	-20.5	29.5	22.0	-28.0
Dividends paid	0.0	-3.6	-3.6	0.0
Repayment of lease liabilities [2]	-0.9	0.0	0.0	-0.9
Net cash flow from financing activities	-13.9	80.9	47.5	-47.3
Net change in cash and cash equivalents	-69.7	30.2	69.9	-29.9
Cash and cash equivalents at the beginning of period	93.1	23.5	23.5	93.0
Effect of exchange rate changes in cash and cash equivalents	0.4	-0.1	-0.3	0.2
Cash and cash equivalents at the end of period	23.8	53.6	93.1	63.3

[1] The presentation of comparative data for the year 2018 has been changed for 'cash receipts from customers' and 'cash paid for suppliers and employees'. Advances received will be presented under 'cash receipts from customers'.

[2] Because of the IFRS16 Leases standard, lease payments are from 1 January 2019 presented under the item ‘Interest paid and other expenses from financial costs’, and the items ‘proceeds and repayment of lease liabilities' under cash flow from financing activities, instead of the item ‘cash paid to suppliers and employees’ under cash flow from operating activities. The comparison figures for 2018 have not been adjusted to conform to the IFRS16 standard.

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	Trans-lation diffe rences	Fair value reserve	Reitained earnings	Total	Non-cont-rolling interests	Total equity
1 January- 30 June 2019 (EUR million)									
Equity 1 January 2019	3.1	142.5	45.0	-12.9	0.0	58.7	236.4	-2.8	233.6
Comprehensive income for the review period	0.0	0.0	0.0	9.3	0.0	-9.4	-0.1	0.8	0.7
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Share-based incentive plan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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
Share issue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Costs related to share issue, tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hybrid bond	0.0	0.0	-20.5	0.0	0.0	-3.4	-23.9	0.0	-23.9
Hybrid bond	0.0	0.0	58.4	0.0	0.0	-0.5	57.9	0.0	57.9
Other changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity on 30 June 2019	3.1	142.5	82.9	-3.6	0.0	45.4	270.3	-2.0	268.3
1 January- 30 June 2018 (EUR million)									
Equity 31 December 2017	3.1	141.5	45.0	-0.1	-1.1	96.6	285.0	-1.6	283.4
Change in accounting principles (IFRS 9)	0.0	0.0	0.0	0.0	1.1	-1.1	0.0	0.0	0.0
Equity 1 January 2018	3.1	141.5	45.0	-0.1	0.0	95.5	285.0	-1.6	283.4
Comprehensive income for the review period	0.0	0.0	0.0	-4.6	0.0	-18.7	-23.3	-0.5	-23.8
Dividends paid	0.0	0.0	0.0	0.0	0.0	-3.6	-3.6	0.0	-3.6
Share-based incentive plan	0.0	0.0	0.0	0.0	0.0	-0.3	-0.3	0.0	-0.3
Purchase of treasury shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sale of treasury shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Share issue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Costs related to share issue, tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hybrid bond	0.0	0.0	0.0	0.0	0.0	-3.2	-3.2	0.0	-3.2
Other changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity on 30 June 2018	3.1	141.5	45.0	-4.7	0.0	69.9	254.7	-2.2	252.6
1 January- 31 December 2018 (EUR million)									
Equity 31 December 2017	3.1	141.5	45.0	-0.1	-1.1	96.6	285.0	-1.6	283.4
Change in accounting principles (IFRS 9)	0.0	0.0	0.0	0.0	1.1	-1.1	0.0	0.0	0.0
Equity 1 January 2018	3.1	141.5	45.0	-0.1	0.0	95.5	285.0	-1.6	283.4
Comprehensive income for the review period	0.0	0.0	0.0	-12.8	0.0	-30.1	-42.9	-1.1	-44.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	-3.6	-3.6	0.0	-3.6
Share-based incentive plan	0.0	1.0	0.0	0.0	0.0	0.0	1.0	0.0	1.0
Purchase of treasury shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sale of treasury shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Share issue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Costs related to share issue, tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hybrid bond	0.0	0.0	0.0	0.0	0.0	-3.2	-3.2	0.0	-3.2
Other changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity on 31 December 2018	3.1	142.5	45.0	-12.9	0.0	58.7	236.4	-2.8	233.6

6) Group commitments and contingent liabilities (EUR million)	30.6.19	30.6.18	change %	31.12.18
Collateral given for own liabilities				
Real estate mortgages given [1]	98.5	90.7	8.7	82.3
Other commitments				
Investment commitments given	52.7	71.6	-26.3	67.5
Plots purchase commitments	42.6	52.1	-18.3	47.8

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

Liability of derivative instruments (EUR million)	6/2019 Fair value		6/2018 Fair value		12/2018 Fair value	
	Posit.	Negat.	Posit.	Negat.	Posit.	Negat.
Hedge accounting not applied						
Currency option	0.0	0.7	0.0	0.0	1.4	0.0
Interest rate swaps	0.0	10.2	0.0	6.8	0.0	6.7

	6/2019	6/2018	12/2018
Nominal values of derivative instruments			
Currency option	63.0	63.0	83.0
Interest rate swaps	100.0	100.0	100.0

7) Group and Segment Information

SRV Group's segments are Construction, Investments and Other operations and elimination.

Group and Segment information

Revenue EUR million	1-6/ 2019	1-6/ 2018	change, MEUR	change %	4-6/ 2019	4-6/ 2018	1-12/ 2018	Last 12 Months
Revenue recognition at a point in time								
Construction	53.1	47.9	5.2	10.9	9.9	27.8	139.2	144.4
Investments	0.0	0.0	0.0		0.0	0.0	0.0	0.0
Revenue recognition over time								
Construction	372.2	397.0	-24.7	-6.2	195.0	205.1	802.6	777.9
Investments	1.9	1.5	0.3	21.2	1.0	0.7	2.8	3.2
Other revenue								
Construction	3.3	4.5	-1.2	-27.5	1.8	1.7	13.6	12.3
Investments	0.9	0.9	0.0	4.4	0.5	0.4	1.8	1.8
Other operations and eliminations	-1.4	-0.2	-1.2		-0.8	0.0	-0.3	-1.5
Group, total	430.0	451.5	-21.5	-4.8	207.4	235.7	959.7	938.2

Operation profit EUR million	1-6/ 2019	1-6/ 2018	change, MEUR	change %	4-6/ 2019	4-6/ 2018	1-12/ 2018	Last 12 Months
Construction	6.8	-4.3	11.1		2.0	-1.1	-13.4	-2.3
Investments	-1.9	-8.4	6.5		-1.9	-2.9	-17.5	-11.0
Other operations and eliminations	-4.8	-1.5	-3.3		-3.2	-1.5	11.1	7.8
Group, total	0.1	-14.2	14.3		-3.2	-5.4	-19.8	-5.5

Operating profit, %	1-6/ 2019	1-6/ 2018	4-6/ 2019	4-6/ 2018	1-12/ 2018	Last 12 Months
Construction	1.6	-0.9	1.0	-0.5	-1.4	-0.2
Investments[2]	-	-	-	-	-	-
Group, total	0.0	-3.1	-1.5	-2.3	-2.1	-0.6

[2] It is not adequete to present operative profit margin in investments segment, as profit is not generally generated through revenue.

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Assets EUR million	30.6.2019	30.6.2018	change MEUR	change, %	31.12.2018
Construction	729.5	590.4	139.1	23.6	519.7
Investments	338.7	336.9	1.8	0.5	345.1
Other operations and eliminations	17.9	37.1	-19.2		82.2
Group, total	1,086.2	964.4	121.7	12.6	947.0

Non-interest-bearing liabilities EUR million	30.6.2019	30.6.2018	change MEUR	change, %	31.12.2018
Construction	273.2	268.6	4.7	1.7	298.3
Investments	9.4	8.7	0.8	8.8	8.4
Other operations and eliminations	29.7	22.2	7.5	33.6	29.4
Group, total	312.3	299.5	12.9	4.3	336.1

Capital Employed EUR million	30.6.2019	30.6.2018	change MEUR	change, %	31.12.2018
Construction	456.3	321.8	134.5	41.8	221.4
Investments	329.3	328.3	1.0	0.3	336.8
Other operations and eliminations	-11.8	14.9	-26.6		52.8
Group, total	773.8	665.0	108.9	16.4	611.0

Return on investment EUR million	30.6.2019	30.6.2018	change MEUR	31.12.2018
Construction	7.3	-3.4	10.7	-11.7
Investments	3.3	-7.9	11.2	-17.6
Group	5.6	-12.0	17.6	-17.7

Return on investment %	30.6.2019	30.6.2018	31.12.2018
Construction	4.3	-2.2	-4.5
Investment	2.0	-4.7	-5.2
Group	1.6	-3.8	-2.9

8) Inventories EUR million	30.6.2019	30.6.2018	change MEUR	31.12.2018
Land areas and plot-owning companies	154.9	162.6	-7.7	145.3
Construction	87.9	101.5	-13.6	81.9
Investments	66.7	60.8	5.9	63.2
Work in progress	278.7	250.5	28.2	261.2
Construction	278.7	250.5	28.2	261.2
Shares in completed housing corporations and real estate companies	24.3	26.7	-2.5	25.1
Construction	19.9	22.2	-2.3	20.7
Investments	4.4	4.6	-0.2	4.4
Other inventories	166.2	7.8	158.4	6.6
Construction	164.9	7.8	157.2	6.6
Investments	1.3	0.0	1.3	0.0
Inventories, total	624.1	447.7	176.5	438.2
Construction	551.4	382.0	169.4	370.3
Investments	72.4	65.4	7.1	67.6

9) Related party transactions

EUR million 30.6.19	Salaries and compensation	Sale of goods and services	Purchase of goods and services	Interest income	Receivables	Liabilities
Management and the Board of Directors	1.1	0.0	0.0	0.0	0.0	0.0
Joint ventures	0.0	22.3	0.0	0.3	12.3	0.0
Associated companies	0.0	1.0	0.0	1.3	56.2	0.0
Other related parties	0.0	0.0	0.0	0.0	0.0	0.0
Total	1.1	23.3	0.0	1.7	68.4	0.0

30.6.18	Salaries and compensation	Sale of goods and services	Purchase of goods and services	Interest income	Receivables	Liabilities
Management and the Board of Directors	1.4	0.0	0.0	0.0	0.0	0.0
Joint ventures	0.0	60.9	0.0	0.4	20.5	0.0
Associated companies	0.0	1.5	0.0	1.7	56.2	0.0
Other related parties	0.0	0.0	0.0	0.0	0.0	0.0
Total	1.4	62.4	0.0	2.1	76.7	0.0

31.12.18	Salaries and compensation	Sale of goods and services	Purchase of goods and services	Interest income	Receivables	Liabilities
Management and the Board of Directors	2.5	0.0	0.0	0.0	0.0	0.0
Joint ventures	0.0	119.3	0.0	0.8	32.4	0.0
Associated companies	0.0	2.9	0.0	3.3	52.9	0.0
Other related parties	0.0	0.0	0.0	0.0	0.0	0.0
Total	2.5	122.2	0.0	4.1	85.3	0.0