



A STRONG QUARTER IN ALL BUSINESS AREAS

April-June 2017

- Income amounted to SEK 1,464 million (1,209*), an increase of 21 percent
- Operating profit amounted to SEK 95 million (318*) and the operating margin was 6.5 percent (26.3*)
- Profit for the period amounted to SEK 87 million (321*)
- Cash flow from operating activities amounted to a negative SEK 39 million (215)
- Order bookings amounted to SEK 1,742 million (1,724)
- During the period, the sale of the Mälardalen University project to Hemsö resulted in a capital gain of SEK 52 million
- Gothenburg City Council adopted the detailed plan for Karlstaden, including the Karlatornet tower.
- Two properties were acquired that complement the Group's undertakings at the Säve site and the Karlstaden project

January-June 2017

- Income amounted to SEK 2,602 million (1,910*), an increase of 36 percent
- Operating profit amounted to SEK 142 million (312*) and the operating margin was 5.5 percent (16.3*)
- Profit for the period amounted to SEK 120 million (316*)
- Earnings per share after dilution amounted to SEK 5.13 (17.99*)
- The equity/assets ratio was 42.8 percent (42.7)
- Cash flow from operating activities amounted to SEK 101 million (156)
- Order bookings amounted to SEK 3,811 million (2,969)
- Order backlog amounted to SEK 8,308 million (6,480)

	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jul-Jun 2016/2017	Jan-Dec 2016
SEK million						
Income	1,464	1,209	2,602	1,910	4,670	3,978
Operating profit	95	318	142	312	241	411
Operating margin, %	6.5	26.3	5.5	16.3	5.2	10.3
Profit/loss for the period	87	321	120	316	198	394
Earnings per share, SEK, before dilution	3.74	19.38	5.20	19.08	9.50	22.40
Earnings per share, SEK, after dilution	3.72	18.27	5.13	17.99	9.22	21.22
Equity per share, SEK, after dilution	69.33	43.78	69.33	43.78	69.33	62.83
Equity/assets ratio, %	42.8	30.7	42.8	30.7	42.8	42.7
Net debt	-123	409	-123	409	-123	-37
Net debt/equity ratio, %	-7.6	53.2	-7.6	53.2	-7.6	-2.5
Order bookings	1,742	1,724	3,811	2,969	6,381	5,539
Order backlog	8,308	6,480	8,308	6,480	8,308	7,041

* Operating profit for the second quarter of 2016 included the sale of 50 percent of the Karlstaden project to NREP, generating income of SEK 318 million and operating profit of SEK 444 million.

CEO STATEMENT

Continued strong development and good results in all business areas

The second quarter of 2017 showed continued strong growth with improved profitability in the contracting operations. I feel particularly proud that all four business areas now have a strong wind in their sails and that our business model, with turnkey solutions from start to finish, is appreciated in the market. I often meet with customers, who confirm that our culture is reflected in the commitment and pride shown by Serneke's employees. Moving ahead, I consider two of our most important tasks to be continuing to utilize the strength of the entire group and maintaining the strength of our corporate culture.



As you read this quarterly report, I would like to underscore the fact that the sale of half of the Karlastaden project, which occurred in the corresponding quarter last year, had a considerable impact on the Group's earnings. It is important to have this factor in mind when comparing the quarters. It is clear that the Group as a whole is continuing to grow, and I would like to highlight the contracting element in particular. Construction increased its income for the second quarter by 60 percent over the period to SEK 1,292 million (809) and Civil Engineering increased its income for the second quarter by 63 percent to SEK 152 million (93). For both business areas, the explanation is increased production capacity combined with strong demand. The operations currently have more and larger projects in progress than they did in the corresponding quarter last year. The order book continues to grow in pace with the increased rate of production and the order book for the entire Group now amounts to SEK 8,308 million (6,480). The increase of 28 percent is explained by continued good order bookings. The consolidated operating margin for the quarter was 6.5 percent, with Construction increasing to 3.4 percent (1.6) in the second quarter and Civil Engineering improving its results strongly for the second quarter, from a negative 12.9 percent to a negative 1.3 percent.

The average number of employees increased by 160 on the corresponding quarter last year to 919 employees today.

We have strong cash and bank balances and are well equipped for continued growth and to meeting any challenges from changing external conditions. Our cash and bank balances also enable us to seize the appropriate opportunities when offered by the market.

Organic growth focusing on good control and improved profitability

The contracting operations within Construction and Civil Engineering continued to grow, with improved profitability and strong order bookings. With a clear objective of focusing on larger and more complex projects, we have established processes and systems that allow us to specialize our activities towards our selected market. The model of establishing ourselves organically in identified growth areas when a suitable entry-level project appears, grants us the opportunity to grow in a controlled and cost-effective manner. Over the past quarter, Construction has established itself in Växjö, Eskilstuna and Västerås. Additional locations have been identified, but we will go there when the right project comes along, not on speculation.

While Stockholm, Gothenburg and Malmö remain our individual largest markets, in the past quarter, Trollhättan has stood out. We have long been a well-established actor here and have now signed a contract for the construction of a new school for SEK 485 million with the municipally-owned Trollhättan Tomt AB as our appreciated partner. This is a brilliant example, not only of the breadth of our offer, but also of the strength exerted by being specialized in major projects for large-scale, professional clients. It is equally enjoyable to now see Civil Engineering embark on its first project in Stockholm where the market is very good and where collaboration, with Construction and Project Development in particular, is offering considerable development potential and access to attractive projects.

The development of proprietary projects and properties adds value and generates opportunities

With established operations in Project Development and Property Management, we are not only opening up favorable business opportunities for our respective business areas, but also creating conditions for turnkey transactions that are unlikely to be possible for players who are merely property developers or contractors. With control of the entire value chain and a

genuine team spirit, we can create turnkey solutions that are also appreciated by partners such as the Municipality of Järfälla. Through an agreement with the Municipality of Järfälla, we have created an opportunity for ourselves over the next few years, alongside the Municipality, to develop the next-generation of urban development, where housing, sports, retail and public services meet in mixed urban environment that is sustainable in the long term. For me personally, this is a project that is particularly dear to my heart. We combine the knowledge of the entire organization to become engaged and to affect our community positively.

Each business area should, in itself, be profit generating in its core operations, although synergies also generate added value for other parts of the Group. Mälardalen University, which Project Development has sold to Hemsö and which generated profit for Project Development in the second quarter, is a good example, where Construction will also have a contract in the order of SEK 643 million over the next few years. The same applies to our joint venture Karlstaden project, for which the City of Gothenburg adopted the new detailed development plan on June 15. With the trend now moving in the direction of signing agreements with operators, as in the case of Choice Hotels for the unique hotel to be built in the area, or to preparing the construction contracts for the area, all business areas are involved to the highest degree and are contributing to the whole. Serneke Property Management recently acquired the property neighboring Karlstaden to better utilize the opportunities that a partnership within the Group opens up.

This was also a significant factor in the second quarter's other major transaction when Property Management entered into an agreement to acquire Sävde Depå, which, together with our existing holdings, gives us control of more than three million square meters of land at the old Sävde airport site. We are already seeing great interest from a large number of operations and I am convinced that this area has the potential to become an amazing business involving the entire Group.

Long-term strategy creates clear conditions internally and externally

The first half of 2017 was characterized by continued strong demand in the market and an internal focus on delivering profitable growth. We continue to be selective, choosing projects that build long-term sustainable customer relationships and a stable order book. The concept of Group collaboration will be central to our continued success and we are already seeing clear examples of how commitment and a lack of prestige, without internal impediments, enables Serneke to deliver cost-effective transactions in close partnership with customers. The strategy of four collaborative business areas pushing jointly towards challenging and clear objectives forms a crucial part of our success, although the company's culture is even more important to me.

Serneke will continue to be a company lacking in internal prestige and that encourages innovation and develops committed and motivated employees. Our strong order bookings, frequently from repeat customers, demonstrates that our approach is appreciated and I am proud of all of the employees currently representing our brand. Together we are building the Serneke that our customers appreciate and with which more people seek employment.

We still have a lot to do, but for me as founder and CEO, it is particularly important that we continue to protect our unique culture and that all employees also feel proud of what we are creating and contributing together.

Ola Serneke, President and CEO

Presentation of the Interim Report January–June 2017

On July 18, 2017 at 10:00 a.m. (CET), Serneke Group will comment on this Interim Report in a conference call with an online presentation for investors, analysts and the media. The presentation will be in Swedish and can be followed live via webcast at www.serneke.group. Presentation materials for the presentation will be available on the website about one hour before the webcast begins.

To participate, please dial:

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Group development

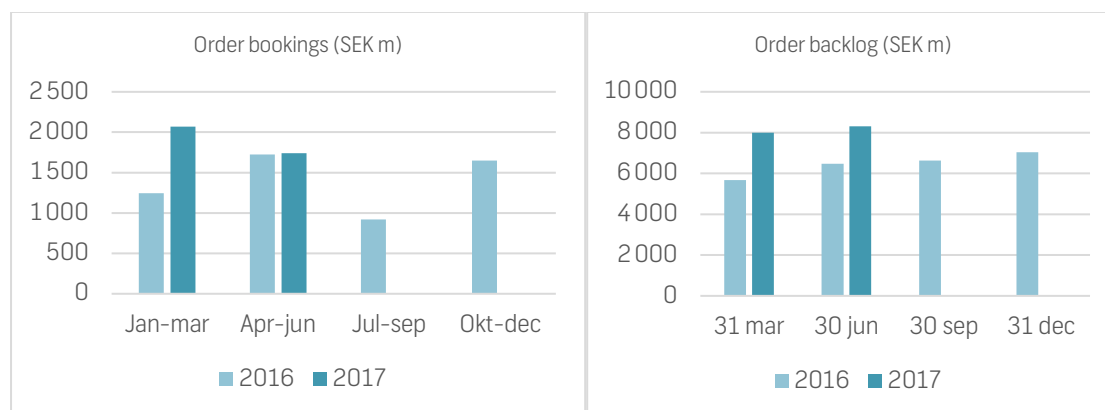
ORDER BOOKINGS AND ORDER BACKLOG

Order bookings for the second quarter of the year amounted to SEK 1,742 million (1,724). The Group is experiencing continued high demand in the market and order bookings for the second quarter of 2017 consisted primarily of housing projects in urban areas. The metropolitan areas, Stockholm and Gothenburg, continue to be the Group's most important markets.

The order backlog is continuing to increase steadily and amounts to SEK 8,308 million (6,480) for the Group as per June 30, 2017.

Order bookings SEK million	Apr–Jun 2017	Apr–Jun 2016	Jan–Jun 2017	Jan–Jun 2016	Jul–Jun 2016/2017	Jan–Dec 2016
Construction	1,606	1,576	3,436	2,807	5,658	5,029
Civil Engineering	136	148	375	162	723	510
Group	1,742	1,724	3,811	2,969	6,381	5,539

Order backlog SEK million	June 30 2017	June 30 2016	Dec 31 2016
Construction	7,894	6,290	6,753
Civil Engineering	414	190	288
Group	8,308	6,480	7,041



NEW ASSIGNMENTS DURING THE PERIOD APRIL-JUNE 2017

Listed below are the Group's new assignments for more than SEK 100 million:

Assignment	Location	Client	Order value (SEK million)	Anticipated start of construction
New production, school	Trollhättan	Trollhättan Tomt AB	485	Construction in progress
New production, apartments	Malmö	MKB Fastighets AB	161	In the third quarter
New production, apartments	Gothenburg	HSB Göteborg	116	In the third quarter
New production, apartments	Lund	Lunds kommun Fastighets AB	208	In the fourth quarter

INCOME AND PROFIT

The operations of the Serneke Group are organized into four business areas: Construction, Civil Engineering, Project Development and Property Management.

GROUP

SEK million	Apr–Jun 2017	Apr–Jun 2016	Jan–Jun 2017	Jan–Jun 2016	Jul–Jun 2016/2017	Jan–Dec 2016
Income	1,464	1,209	2,602	1,910	4,670	3,978
Operating profit	95	318	142	312	241	411
Net financial items	-2	-5	-9	-7	-19	-17
Earnings after financial items	93	313	133	305	222	394
Profit/loss for the period	87	321	120	316	198	394

APRIL–JUNE 2017

Consolidated income for the second quarter of 2017 amounted to SEK 1,464 million (1,209), an increase of 21 percent compared with the corresponding quarter in the preceding year. Operating profit amounted to SEK 95 million (318). In the second quarter of the previous year, 50 percent of the Karlstad project was sold – however, excluding that transaction, all business areas improved their sales and operating profit compared with the corresponding quarter in 2016.

The share in the profit of associated companies and joint ventures amounted to SEK 42 million (negative 13), consisting mainly of capital gains of SEK 38 million attributable to the sale of the Mälardalen University project through a joint venture company and SEK 4 million from the share in the profits of associated companies and joint ventures.

Net financial items amounted to negative SEK 2 million (negative 5) and the Group reported a tax expense of a negative SEK 6 million (positive 8), mainly due to changes in deferred tax.

JANUARY–JUNE 2017

Consolidated income for the period January–June 2017 amounted to SEK 2,602 million (1,910), an increase of 36 percent compared with the corresponding period in the preceding year. Operating profit amounted to SEK 142 million (312), mainly consisting of the business areas Construction and Project Development, which accounted for SEK 85 million and SEK 47 million respectively.

During the period, changes in value of investment properties affected operating income positively by SEK 18 million (0), of which SEK 8 million refers to changes in existing investment properties and SEK 10 million to changes in value in the reclassification of project- and development properties to investment properties. The share in profit of associates and joint ventures amounted to SEK 49 million (negative 10).

Net financial items amounted to negative SEK 9 million (negative 7) and the Group reported a tax expense of a negative SEK 13 million (positive 11), mainly due to changes in deferred tax. Tax income for the period last year relates to capitalized tax loss carryforwards.

INCOME

	Apr–Jun 2017	Apr–Jun 2016	Jan–Jun 2017	Jan–Jun 2016	Jul–Jun 2016/2017	Jan–Dec 2016
SEK million						
Construction	1,292	809	2,295	1,457	4,067	3,229
Civil Engineering	152	93	275	172	558	455
Project development	53	323	103	325	151	373
Property	9	2	21	3	33	15
Group-wide	33	20	41	38	102	99
Elimination	-75	-38	-133	-85	-241	-193
Total	1,464	1,209	2,602	1,910	4,670	3,978

OPERATING PROFIT

	Apr–Jun 2017	Apr–Jun 2016	Jan–Jun 2017	Jan–Jun 2016	Jul–Jun 2016/2017	Jan–Dec 2016
SEK million						
Construction	44	13	85	27	144	86
Civil Engineering	-2	-12	-6	-20	-22	-36
Project development	47	343	47	335	46	334
Property	3	-19	14	-19	70	37
Group-wide	3	-7	2	-11	3	-10
Total	95	318	142	312	241	411
Net financial items	-2	-5	-9	-7	-19	-17
Profit/loss before tax	93	313	133	305	222	394

SEASONAL VARIATIONS

Serneke's operations largely lack clear seasonal effects. The contracting operations (Business Areas Construction and Civil Engineering) normally experience lower activity in the first quarter of the year due to fewer production days and, to a greater extent than normal, the effects of weather during the winter months. Profits are also affected by public holidays falling within a certain interim period, leading to fewer production days.



Serneke will construct the final 47 apartments for tenant-owner housing association HSB brf Skaftö in Västra Eriksberg in Gothenburg. Construction will commence in the summer of 2017 and the project is expected to be completed in the summer of 2019.

FINANCIAL POSITION

SEK million	June 30 2017	June 30 2016	Dec 31 2016
Total assets	3,788	2,506	3,437
Total equity	1,621	769	1,469
Net debt	-123	409	-37
Cash and cash equivalents	558	25	571
Equity/assets ratio, %	42.8	30.7	42.7

At June 30, 2017, the equity/assets ratio was 42.8 percent (42.7). At the end of the period, the Group's cash and cash equivalents, including unutilized credit facilities, amounted to SEK 760 million (771).

Shareholders' equity has increased during the period and amounted to SEK 1,621 million on June 30, 2017, compared with SEK 1,469 million at December 31, 2016. Of this increase, profit for the period amounted to SEK 120 million, conversion of convertible bonds SEK 28 million and positive effects from company acquisitions SEK 4 million.

At June 30, 2017, net borrowing amounted to SEK 123 million (37). The net debt/equity ratio was a negative 7.6 percent (negative 2.5) and the average interest rate was 4.85 percent (4.49). Unutilized committed credit facilities amounted to SEK 202 million (200) at the end of the period. The bank overdraft with Nordea carries a covenant, which means that the Group shall have an equity/assets ratio of 25 percent.

CASH FLOW

APRIL-JUNE 2017

Cash flow from operating activities amounted to a negative SEK 39 million (215). The change is explained partly by acquisitions of development properties, as well as a greater amount of capital being tied up compared with the corresponding quarter of the previous year.

Cash flow from investments amounted to negative SEK 28 million (negative 141). The main reason for the change is that an investment property was acquired in the second quarter of 2016, while the change in investing activities this year is primarily attributable to investments in other tangible fixed assets.

Cash flow from financing activities amounted to a negative SEK 73 million (negative 58) and mainly relates to changes in borrowing.

Cash flow for the period amounted to a negative SEK 140 million (16).

JANUARY-JUNE 2017

Cash flow from operating activities amounted to SEK 101 million (156). Changes in working capital mainly explain differences against the corresponding period in the preceding year.

Cash flow from investments amounted to negative SEK 57 million (negative 144). The main reason for the change is that an investment property was acquired in the second quarter of 2016, while the change in investing activities this year is primarily attributable to investments in other tangible fixed assets.

Cash flow from financing activities amounted to a negative SEK 57 million (2) and mainly relates to changes in borrowing.

Cash flow for the period amounted to a negative SEK 13 million (14).

EMPLOYEE

The Group had an average 919 employees in the period January–June 2017, compared with 759 in the corresponding period last year.

Business areas

BUSINESS AREA CONSTRUCTION

All the Group's construction-related operations are conducted within Business Area Construction. The business area performs works for both external customers, as well as with Business Areas Project Development and Property Management.

	Apr–Jun 2017	Apr–Jun 2016	Jan–Jun 2017	Jan–Jun 2016	Jul–Jun 2016/2017	Jan–Dec 2016
SEK million						
Income	1,292	809	2,295	1,457	4,067	3,229
Operating profit	44	13	85	27	144	86
Operating margin, %	3.4	1.6	3.7	1.9	3.5	2.7
Order bookings	1,606	1,576	3,436	2,807	5,658	5,029
Order backlog	7,894	6,290	7,894	6,290	7,894	6,753
Average number of employees	681	577	670	561	-	593

APRIL–JUNE 2017

Income amounted to SEK 1,292 million (809), an increase of 60 percent, and operating profit amounted to SEK 44 million (13), corresponding to an increase of 238 percent. The operating margin for the second quarter was 3.4 percent (1.6). The improvement in earnings and margin compared with the corresponding quarter in 2016 is mainly explained by a larger number of major projects being in full production with better project margins.

Order bookings in April–June 2017 remained strong. Business Area Construction is adhering to the strategic plan and competing with the market leaders for major projects. New assignments in the second quarter were mainly in the housing sector but also in municipal services. The largest assignments won in terms of scale are the construction of the Sylteskolan School in Trollhättan for SEK 485 million, the construction of apartments in Lund for SEK 208 million, the construction of apartments in Malmö for SEK 161 million and the construction of apartments in Gothenburg for SEK 116 million.

January–June 2017

Income amounted to SEK 2,295 million (1,457), an increase of 58 percent, and operating profit amounted to SEK 85 million (27), corresponding to an increase of 215 percent. The operating margin for the period was 3.7 percent (1.9). The improvement in earnings and margin compared with the corresponding period in 2016 is mainly explained by a larger number of major projects being in full production with better project margins.

Order bookings in the period January–June 2017 amounted to SEK 3,436 million (2,807) and at the end of the period, total order backlog amounted to SEK 7,894 million (6,290).

BUSINESS AREA CIVIL ENGINEERING

All the Group's civil engineering and infrastructure-related operations are conducted within Business Area Civil Engineering. The business area operates in local markets with both national and regional infrastructure projects and maintenance services. The business area performs works for both external customers, as well as the Group's other business areas.

SEK million	Apr–Jun 2017	Apr–Jun 2016	Jan–Jun 2017	Jan–Jun 2016	Jul–Jun 2016/2017	Jan–Dec 2016
Income	152	93	275	172	558	455
Operating profit	-2	-12	-6	-20	-22	-36
Operating margin, %	-1.3	-12.9	-2.2	-11.6	-3.9	-7.9
Order bookings	136	148	375	162	723	510
Order backlog	414	190	414	190	414	288
Average number of employees	137	122	132	116	-	118

APRIL–JUNE 2017

Income amounted to SEK 152 million (93), an increase of 63 percent compared with the second quarter of 2016. The operating loss amounted to SEK 2 M (12), which, although not satisfactory, demonstrates that the action program is beginning to take effect with a gradual improvement of the margin in the projects. There remains a clear trend for current projects to show better profitability than those completed in previous years.

Order bookings in the period April–June 2017 amounted to SEK 136 million (148) and, at the end of the period, the order backlog totaled SEK 414 million (190). New assignments in the second quarter were mainly in the public sector and municipal services. The largest assignments won during the quarter in terms of scale were road and utilities work for the Municipality of Haninge for SEK 42 million and production of pedestrian and bike paths for the Municipality of Kungälv with an order value of SEK 17 million.

January–June 2017

Income amounted to SEK 275 million (172), an increase of 60 percent compared with the same period in 2016. The increase in income is due to more major projects being in production compared with the corresponding period the previous year. The operating loss for the period amounted to SEK 6 million (20).

Order bookings during the period January–June 2017 amounted to SEK 375 million (162) and, at the end of the period, the order backlog totaled SEK 414 million (190), an increase of 118 percent. The business area has a strategic focus on major orders, which starts to yield results when several contracts for major projects have been won during the year.

BUSINESS AREA PROJECT DEVELOPMENT

Business Area Project Development includes Serneke's development of housing and commercial properties. Project development is performed through wholly owned projects or in collaboration with third parties through associates.

SEK million	Apr–Jun 2017	Apr–Jun 2016	Jan–Jun 2017	Jan–Jun 2016	Jul–Jun 2016/2017	Jan–Dec 2016
Income	53	323	103	325	151	373
Share in profit of associates and joint ventures	38	-	38	-	38	-
Operating profit	47	343	47	335	46	334
Average number of employees	31	19	29	18	-	20

APRIL–JUNE 2017

Income for the second quarter amounted to SEK 53 million (323) and operating profit amounted to SEK 47 million (343). In the second quarter of 2016, Serneke completed its largest transaction so far, when 50 percent of the Karlastaden project was sold, generating income of SEK 318 million and operating profit of SEK 444 million.

Operating profit for the period amounted to SEK 47 million, with the sale of the Mälardalen University project affecting profit by SEK 52 million. The transaction was implemented through the sale of Serneke's wholly-owned project company to a company jointly owned with Pareto. The jointly owned company was subsequently sold to Hemsö. Serneke has reported the profit partly as a share in the profit of associated companies and joint ventures (SEK 38 million) and partly as gross profit (SEK 14 million).

In May, Project Development acquired the Trollhättan Real Estate AB Group, which consists of 10 subsidiaries mainly containing project properties. Acquired companies comprise approximately 40,000 square meters of building rights that are located geographically in Trollhättan, Vänersborg and Strömstad. Serneke's ambition is for several of the developments to enter into production in 2017 and 2018. The acquisition did not affect earnings in the second quarter.

JANUARY–JUNE 2017

Over the period, income amounted to SEK 103 million (325) and operating profit amounted to SEK 47 million (335). The income is attributable to project income, mainly regarding housing projects, the sale of the Mälardalen University project and internal sales to the Property Management business area, which affected income positively by SEK 20 million. Operating profit for the first half of the year was affected positively by ongoing projects, the sale of the Mälardalen University project and by the group-internal sale of a company. The business area's expenses have increased compared with the previous year because of a growing organization that has been built up both in terms of competence and the number of individuals to handle future projects.

JV Karlastaden

In the second quarter of 2016, half of the Karlastaden project was divested and Serneke accordingly became a partner in a joint venture with private equity company NREP, with an ownership of 50 percent each. Serneke recognizes its holdings as a participation in joint ventures in the consolidated balance sheet.

Karlastaden will contain some 2,000 homes and 70,000 square meters of commercial space. The area will also be the site of the Nordic region's tallest residential building, Karlatornet. The project is in an intensive phase with Gothenburg City Council having adopted the detailed plan for Karlastaden and the Karlatornet tower on June 16, 2017. Construction is expected to commence in the second half of 2017. The estimated project value is approximately SEK 13 billion over a five-year period. Via the joint venture company, sales of development rights will begin in 2017.

The Group's share of JV Karlastaden

SEK million	June 30 2017	June 30 2016	Dec 31 2016
Ownership share %	50	50	50
Share of equity	331	318	330
Share of profit	0	0	0

Income statement JV Karlastaden

SEK million	Apr–Jun 2017	Apr–Jun 2016
Rental income	1	1
Profit for the year	0	0

Balance sheet JV Karlastaden

SEK million	June 30 2017	Dec 31 2016
ASSETS		
Property	427	333
Other assets	60	19
Total assets	487	352
EQUITY AND LIABILITIES		
Shareholders' equity	33	10
Interest-bearing liabilities	417	302
Other liabilities	37	40
Total equity and liabilities	487	352



Karlastaden and the
Karlatornet tower at
Lindholmen in Gothenburg.

SUMMARY OF PROJECT PORTFOLIO AS OF JUNE 30, 2017

Estimated areas are explained by new detailed development plans not yet being adopted

Project	Municipality	Estimated area (m ² GFA)	Type	Planning phase	Type of asset	Proportion of capital (%)
Utby 20:1 (part)	Ale	8,130	Housing	Planning in progress	Agreed development rights not yet taken into possession	100
Ingared 5:274 and 5:240 (part)	Alingsås	1,483	Housing	Detailed development plan	Development rights on own balance sheet	100
Jägaren 10	Alingsås	2,720	Housing	Planning in progress	Agreed development rights not yet taken into possession	100
Björnflokan 5	Borås	17,000	Housing	Planning in progress	Development rights on own balance sheet	100
Karlstaden	Gothenburg	238,799	Housing/ Commercial	Planning in progress	joint venture	50
Gårdsten 7:1, 45:1 (part) and 10:10 (part)	Gothenburg	26,500	Housing/ Commercial	Planning in progress	Agreed development rights not yet taken into possession	100
Gårdsten 45:24	Gothenburg	82,100	Industry/ warehousing	Detailed development plan	Development rights on own balance sheet	100
Lorensberg 706:32	Gothenburg	25,000	Housing/ Commercial	Pre-planning	Agreed development rights not yet taken into possession	100
Oceanhamnen, Kvarter 3A	Helsingborg	4,750	Housing	Detailed development plan	Agreed development rights not yet taken into possession	100
Jäntan 2	Landskrona	19,700	Housing/ Commercial	Planning in progress	Agreed development rights not yet taken into possession	100
Tomaten 1 (part)	Landskrona	8,000	Housing	Detailed development plan	Agreed development rights not yet taken into possession	100
Vägeröd 1:69	Lysekil	20,000	Housing	Planning in progress	Agreed development rights not yet taken into possession	100
Törnskögen 4:14 and Törnskögen 4:15	Sollentuna	8,396	Housing	Planning in progress	Development rights on own balance sheet	100
Fjällbacka 136:2 and 136:3	Tanum	2,500	Housing	Planning in progress	Associated companies	6
Koholmen 1:89	Tjörn	300	Housing	Detailed development plan	Development rights on own balance sheet	100
Järfälla Idrottsstad	Järfälla	134,000	Housing/ Commercial	Pre-planning	Agreed development rights not yet taken into possession	100
Fotkvarnen	Trollhättan	3,000	Housing	Planning in progress	Development rights on own balance sheet	100
Gullön 8	Trollhättan	2,000	Housing	Detailed development plan	Development rights on own balance sheet	100
Gullön 10	Trollhättan	3,000	Housing	Planning in progress	Agreed development rights not yet taken into possession	100
Nabbensberg	Vänersborg	1,900	Housing	Detailed development plan	Development rights on own balance sheet	100
Offerhällsparken park	Trollhättan	1,700	Housing	Detailed development plan appealed	Agreed development rights not yet taken into possession	100
Sadelmakaren	Strömstad	4,000	Housing	Detailed development plan	Development rights partly on own balance sheet	100
Kv Haren	Vänersborg	4,400	Housing	Detailed development plan appealed	Agreed development rights not yet taken into possession	100
Onsjö	Vänersborg	9,000	Housing	Detailed development plan	Agreed development rights not yet taken into possession	100
		628,378				

At June 30, 2017, the total book value of the project development portfolio amounted to SEK 297 million, which is recognized as project and development properties in the balance sheet. The holding of Project Karlastaden is recognized as a joint venture in participations in associated companies and joint ventures on the balance sheet at a value of SEK 331 million at June 30, 2017. Serneke's estimated value of the project portfolio amounts to approximately SEK 1,702 million, based on an external valuation made during the third quarter of 2016, with additions for acquisitions and subsequent activations. As a principle, Serneke includes an external valuation of the project development portfolio at least once a year, and this will take place during the second half of 2017.

Of the assessed value of the project portfolio of SEK 1,702 million, SEK 190 million represents the value of development rights on the Company's own balance sheet, agreed development rights of which the Company has yet to take possession are estimated at about SEK 660 million and development rights held through joint ventures or associates are estimated at approximately SEK 852 million.

Of the total project development portfolio of an estimated 628,378 square meters of gross floor area, options on development rights, that is, agreed development rights of which the Company has yet to take possession, accounted for 43 percent. The options pertain to properties located in different parts of the country, and agreements have been signed with various parties. The options can be exercised when the detailed development plan for the relevant property gains legal force or a building permit is granted. Only then is access gained and payment made.



The Tomaten block in Borstahusen, outside Landskrona. Three multi-dwelling buildings, tenant-owner apartments, 2-4 rooms. Sales have just commenced and the apartments have begun to be allocated among those early to register an interest. View of the island of Ven and the Sound.

BUSINESS AREA PROPERTY MANAGEMENT

Business Area Property Management manages and develops properties for long-term capital appreciation. Commercial properties are managed. The business area is working actively to acquire properties with development potential and generate growth by investing, developing, streamlining and rationalizing property management. Investment properties are managed through wholly owned companies or in collaboration with third parties through associates.

SEK million	Apr–Jun 2017	Apr–Jun 2016	Jan–Jun 2017	Jan–Jun 2016	Jul–Jun 2016/2017	Jan–Dec 2016
Income	9	2	21	3	33	15
Earnings from Property	0	-6	-5	-9	-5	-9
Changes in value of properties	-1	0	8	0	50	42
Share in profit of associates/ joint ventures	4	-13	11	-10	25	4
Operating profit	3	-19	14	-19	70	37
Average number of employees	14	0	14	0	-	3

APRIL–JUNE 2017

In the period April–June 2017, income amounted to SEK 9 million (2). The increase in income is primarily due to increased rental income for completed acquisitions of Söve flygplats and surrounding properties. The management result amounted to SEK 0 million (loss 6).

The properties are valued internally in connection with each quarterly report by means of a ten-year cash flow model for all properties. An external valuation of all properties is conducted annually to quality assure the internal valuation. The latest external valuation was made in the third quarter of 2016 and the internal property valuation made for the second quarter has resulted in a net change of value of a negative SEK 1 million (0).

The quarter's share in profit of associates amounted to SEK 4 million (negative 13) and is primarily attributable to the associate Änglagården Holding AB, which manages Prioritet Serneke Arena. Of the share in profit, the total amount of SEK 4 million is attributable to the management result.

As at June 30, 2017, the total book value of the investment properties amounted to SEK 365 million, compared with SEK 188 million in June 2016.

JANUARY–JUNE 2017

Income for the period amounted to SEK 21 million (3). The increase in income is primarily due to increased rental income for completed acquisitions of Söve flygplats and surrounding properties. Management income amounted to negative SEK 5 million (negative 9), of which a non-recurring expense of SEK 10 million relating to a provision for guaranteed net operating earnings attributable to associate Änglagården burdening the quarter. Adjusted for the provision for guaranteed net operating earnings, Property generated a positive operating profit.

Changes in value of properties amounted to SEK 8 million (0) and relate to the adjustment of an acquisition analysis, which resulted in a positive effect for the Group. The share of profit from associated companies amounted to SEK 11 million (negative 10) for the period, mainly attributable to Änglagården Holding AB.

SUMMARY OF PROPERTY PORTFOLIO AS OF JUNE 30, 2017

Investment properties

Project	Property	Municipality	Land area (m ²)	Lettable area (m ²)		Letting ratio (%)	Ownership share (%)
				Housing	Commercial		
Consinum	Kinna 24:133	Mark	39,866	0	4,722	50	75
Serneke Industrifastigheter	Krattan 1	Alingsås	7,250	0	2,429	11	100
Säve flygplats Property	Åseby	Göteborg	2,100,225	0	22,799	80	100
Änglagården	Kviberg 741:191	Göteborg	20,248	0	44,769	98	40
Härbärgen	Åseby 9:1	Göteborg	17,470	0	6,325	61	100
HB Nolvik	Nolvik 9:1	Göteborg	15,470	0	15,470	0	100
Tallhyddan	Sörhaga 2:1	Alingsås	5,100	0	350	0	100
Conpol	Golczewo	Poland	46,686	0	0	0	100

Operating properties

Project	Property	Municipality	Land area (m ²)	Lettable area (m ²)		Letting ratio (%)	Ownership share (%)
				Housing	Commercial		
Alingsås Plåtmekano	Bulten 7	Alingsås	7,419	0	1,074	100	100
Nyberggruppens Fastighet	Bulten 13	Alingsås	18,449	0	2,800	100	100
7H Bil AB	Kinna 24:191	Mark	6,529	0	2,502	100	30

Änglagården Holding

Business Area Property owns 40 percent of Änglagården Holding AB, which, in turn, owns Prioritet Serneke Arena. Other shareholders are Prioritet Finans, which holds 50 percent, and Lommen Holding, which holds 10 percent.

The Group's share of Änglagården Holding AB SEK million	June 30 2017	June 30 2016	Dec 31 2016
Ownership as a percentage	40	40	40
Share in associated companies*	101	78	91
Share in profit for the period	10	-10	3
Of which:			
Earnings from property management	10	10	18
Change in value of property	0	-20	-15

*) The Group's participation in the associate Änglagården Holding is calculated based on shareholders' equity less the preferential dividend right of SEK 55 million (77) which applies to the other shareholders. The closing value is subsequently reduced by an internal profit of SEK 19 million (12).

Income statement Änglagården Holding AB SEK million	Apr-Jun 2017	Jan-Jun 2017
Rental income	26	40
Profit for the year	8	26

Balance sheet Änglagården Holding AB SEK million	June 30 2017	June 30 2016	Dec 31 2016
ASSETS			
Property	888	872	888
Other assets	186	199	215
Total assets	1,074	1,071	1,103
EQUITY AND LIABILITIES			
Shareholders' equity	356	331	352
Interest-bearing liabilities	478	495	488
Other liabilities	240	245	263
Total equity and liabilities	1,074	1,071	1,103

Other investment properties

Within the business area, some smaller properties are managed whereby warehouses, garages and industrial premises are leased to municipal and private operations through wholly-owned subsidiaries.

Parent Company

The operations of Serneke Group AB (publ) consist mainly of Group Management and Group-wide services.

Sales for the period April–June 2017 amounted to SEK 30 million (17). Operating profit for the same period amounted to SEK 1 million (loss: 8).

Related party transactions

Related party transactions in the Serneke Group are normally attributed to contracting assignments, financing and purchasing of consulting services. Remuneration approved by the Annual General Meeting for Board work is not reported as related party transaction. The main objective is to generate more transactions, primarily in the form of construction projects. These vary depending on the level of activity in the project operations.

The nature and extent of transactions by related parties can be found in the 2016 Annual Report, Note 34. No significant new transactions occurred during the quarter, except for transactions with property company Adapta AB. Transactions with Adapta have taken place on market terms and are considered to be related party transactions since the principal owner, Ludwig Mattsson, is a member of the Board of Serneke Group AB. The transactions consist mainly of contracting income and rental of Serneke's headquarters and, as of June 30, 2017, sales amounted to SEK 170 million and purchases to SEK 6 million.

Significant risks and uncertainties

All business operations are associated with risk. Risks that are well-managed can lead to opportunities and create value, while risks that are not managed properly can result in damage and losses. Controlled risk taking is essential for good profitability. Serneke works with risk management from both a Group perspective and an operational perspective. The capacity to identify, assess, manage and follow up risks is an important part of the governance and control of Serneke's business operations.

Certain significant risks are accounted for below.

External risks

- Political decisions, such as amended tax regulations, conditions of tenure, changed regulations on housing construction, infrastructure investments and municipal planning, could change the conditions of the market and of Serneke's operations.

Operational risks

- Project risks; Serneke operates in an industry in which various risks prevail involving both clients and suppliers. Large-scale and complicated disputes can be costly, time and resource intensive and may disrupt normal operations.
- The transaction for the sale of 50 percent of the Karlastaden project includes operational risks. The purchase consideration is calculated based on the assumption that the development rights above ground will amount to a certain number of square meters multiplied by a pre-determined price per square meter. The purchase consideration will be adjusted in the event that the potential number of square meters in accordance with the final details of the development rights diverges from the Company's assumption. In addition, the purchase consideration may be adjusted in the event that the development rights are resold at a price lower than that agreed between the parties in determining the purchase consideration. In accordance with the agreement, Serneke shall also be responsible for all property registration expenses and for certain other obligations and services involved in advancing the project, including decontamination, demolition and development measures. Serneke has estimated what the final cost is expected to be. The agreement is conditional upon the adoption of a detailed development plan, with Gothenburg City Council giving its approval on June 16, 2017. The detailed development may enter legal force after the appeal period has expired. In the event that Serneke's expenses and commitments become more expensive than expected, no detailed development plan is adopted, the detailed development plan is significantly delayed or deviates significantly from what was expected, this could have a negative effect on Serneke's operations, performance and financial position.

Financial risks

- Interest rate risks; interest rate risks, changes in interest rates could have a negative effect on performance and financial position.
- Liquidity; liquidity risk is the risk of being unable to meet payment obligations.
- Financing; financing risk is the risk that financing cannot be secured or renewed on maturity, or can only be obtained or renewed at significantly increased expense, which could have a significant negative impact on the Company's operations and financial position.
- Credit risks; credit risks, credit risk refers to the risk that the Company's customers and suppliers and sub-contractors are unable to meet their obligations
- Risks in the financial reporting; Serneke's financial reporting based on the Group's accounting policies, which include estimates and assessments made of various balance sheet items' value, and of when and how income is reported. For certain areas, there is a significant risk of material adjustments to the carrying values of assets and liabilities in future periods, which could, in turn, affect important key indicators.

For further information on risks and uncertainties, see the published Annual Report for 2016 at www.serneke.group.

Other significant events during the report period***Acquisition of property at Sävde Depå.***

In June, Serneke acquired a property at Sävde Depå, with an underlying property value of approximately SEK 100 million. The relevant area at Sävde, which covers about one million square meters, is directly adjacent to the property that Serneke acquired in May 2016. Serneke's total contiguous land holdings now comprise about three million square meters of developable land. The property was acquired through a company acquisition of AB Platzer Åseby 7:2, with Serneke gaining access will on September 1, 2017.

Acquisition of property adjacent to Karlstad

Serneke Fastighet AB has acquired the property Göteborg Lindholmen 1:22 via a wholly owned subsidiary. The property is adjacent to the upcoming Karlstad district and is strategically important to further development of the area. The purchase price amounts to SEK 127 million and the property comprises about 9,000 square meters of land and the premises area amounts to approximately 10,000 square meters. Serneke will gain access on October 2, 2017.

Events after the reporting period***Changes in Group Management***

Serneke Group is strengthening Group Management with a new staff function in the form of Business Development, which will work to exploit the strength of the entire Group to achieve its long-term goals. Robin Gerum has been appointed as manager and comes to Serneke from Carnegie Investment Bank, where he has been responsible for a number of market launches, acquisitions and mergers. Robin will take office by October 2017. In October, Jonas Fjellman will assume the position as new HR Director and will also become a member of Group Management. Jonas Fjellman has worked in senior positions in HR for more than ten years and comes to Serneke from his role as HR Director Europe for one of the IAC Group's regions in Europe.

Press releases in the second quarter of 2017

April 4	Invitation to attend the Annual General Meeting of Serneke Group AB (publ)
April 4	Kent Sander proposed as new Chairman of the Serneke Group AB (publ)
April 6	Serneke Group AB publishes its annual report for the 2016 financial year
April 7	CFO to leave Serneke Group AB (publ)
April 27	Serneke Civil Engineering wins contract in Vega district, Haninge
April 28	New number of shares and votes in Serneke Group AB (publ)
May 3	Interim Report January–March 2017
May 3	A good first quarter lays the foundation for a strong 2017 for Serneke
May 3	Communique from the Annual General Meeting of Serneke Group AB (publ)
May 16	Serneke signs agreement with Trollhättan Tomt AB
June 7	Serneke acquires land from Platzer at Säve
June 16	Detailed development plan for Karlastaden approved
June 19	Serneke builds tenant-owner residences for HSB at Eriksberg
June 27	Serneke acquires additional property at Karlastaden

The Serneke share (SRNKE)

Serneke Group AB (publ) has two share series, Series A and B. On November 24, 2016, the Company's Series B shares were introduced on Nasdaq Stockholm, Mid Cap. Serneke had over 5,500 shareholders at June 30, 2017 and the closing price on June 30, 2017 was SEK117.

Serneke's ten largest shareholders, June 30, 2017

Name	Shares of Series A	Shares of Series B	Total number of shares	Proportion of shares, %	Percentage of votes, %
Ola Serneke Invest AB	3,710,000	2,231,887	5,941,887	25.6	55.0
Lommen Holding AB	540,000	3,457,803	3,997,803	17.2	12.4
Christer Larsson i Trollhättan AB	380,000	497,000	877,000	3.8	6.0
Ledge Ing AB	330,000	450,000	780,000	3.4	5.3
Vision Group i väst AB	250,000	536,000	786,000	3.4	4.3
AB Stratio	150,000	21,060	171,060	0.7	2.1
Carnegie Fonder	0	1,364,126	1,364,126	5.9	1.9
Svolder Aktiebolag	0	1,150,000	1,150,000	4.9	1.6
Cliens funds	0	914,574	914,574	3.9	1.3
AMF Aktiefond småbolag (small cap share fund)	0	396,855	396,855	1.7	0.6
Total, ten largest	5,360,000	11,019,305	16,379,305	70.5	90.4
Other shareholders	0	6,862,647	6,862,647	29.5	9.6
Total	5,360,000	17,881,952	23,241,952	100.0	100.0

Source: Euroclear and Serneke

Share series, number of shares and votes, June 30, 2017

Class of shares	Shares	Votes
Series A shares	5,360,000	5,360,000.0
Series B shares	17,881,952	1,788,195.2
Total	23,241,952	7,148,195.2

Incentive program

The Annual General Meeting of June 29, 2016, resolved to issue convertibles with a nominal value of approximately SEK 15.9 million. The convertibles are valid up to and including August 26, 2019, carry 1.6 percent annual interest and have a conversion price of SEK 120. Upon conversion, a maximum of 132,350 Series B shares may be added and share capital may increase by a maximum of SEK 13,235. During the term of the convertibles, holders are entitled, on certain occasions, to request conversion into new Series B shares. At June 30, 2017, a total of 850 convertibles were converted to B shares and 131,500 convertibles remained.

At the Annual General Meeting on May 3, 2017, it was decided to adopt a long-term incentive program in the form of employee convertibles in the Group. The Board proposes that the Company raise a convertible loan of at most SEK 20 million through an issue of convertible debentures. The subscription price for each debenture shall correspond to its nominal amount. Participants shall, with exception from the shareholders' rights, be employees of the Serneke Group who have not at the end of the subscription period given or been given notice of termination of employment.

Each debenture shall be able to be converted to shares of series B on the following dates: (i) ten business days following the publication of the Company's financial statement for the fiscal year 2017, 2018 and 2019, respectively, and (ii) during the period from August 3, 2020 to, and including, August 25, 2020. The conversion price will be set at 125 percent of the average volume-weighted price paid for class B shares in the Company on the Nasdaq Stockholm during the period August 8, 2017 to, and including, August 22, 2017, but not less than SEK 100. The convertible debentures fall due September 8, 2020, provided conversion has not taken place before this date. The convertible debentures will carry an annual interest rate of 2.60 percent.

Financial calendar

Interim Report January–September 2017	October 27, 2017
Year-end report 2017	February 8, 2018
Interim report January–March 2018	May 3, 2018
Interim Report January–June 2018	July 17, 2018

This report has not been reviewed by the Company's auditors.

The Board of Directors and the CEO certify that this Interim Report provides a fair overview of the Parent Company and Group's operations, position and performance and describes significant risks and uncertainties facing Serneke.

Gothenburg, July 18, 2017

Serneke Group AB (publ)

Board

Kent Sander
Chairman

Mari Broman
Member

Ludwig Mattsson
Member

Ola Serneke
CEO

Anders Wennergren
Member

Kristina Willgård
Member

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This information is such that Serneke Group AB (publ) is obliged to publish pursuant to the EU Market Abuse Regulation. The information was submitted for publication on July 18, 2017, at 08:00 a.m. (CET).

QUARTERLY DATA AND MULTI-YEAR REVIEW

	Apr–Jun 2017	Jan–Mar 2017	Oct–Dec 2016	Jul–Sep 2016	Apr–Jun 2016	Jan–Mar 2016	Oct–Dec 2015	Jul–Sep 2015
SEK million								
Income								
Construction	1,292	1,003	1,089	683	809	648	701	558
Civil Engineering	152	123	162	121	93	79	117	111
Project Development	53	50	37	11	323	2	363	165
Property Management	9	12	8	4	2	1	1	0
Group-wide	33	8	27	34	20	18	3	28
Elimination	-75	-58	-57	-51	-38	-47	-175	-47
Total	1,464	1,138	1,266	802	1,209	701	1,010	815
Operating profit								
Construction	44	41	40	19	13	14	14	22
Civil Engineering	-2	-4	-9	-7	-12	-8	-16	2
Project Development	47	0	5	-6	343	-8	172	-7
Property Management	3	11	10	46	-19	0	-1	2
Group-wide	3	-1	-12	13	-7	-4	-47	-7
Total	95	47	34	65	318	-6	122	12
Operating margin, %	6.5	4.1	2.7	8.1	26.3	-0.9	12.1	1.5
Profit after net financial items	93	40	29	60	313	-8	119	8
Profit/loss for the period	87	33	26	52	321	-5	138	13
Balance sheet								
Fixed assets	1,264	1,212	1,160	1,032	986	340	408	223
Current assets	2,513	2,393	2,277	1,826	1,520	1,405	1,244	1,224
Total assets	3,777	3,605	3,437	2,858	2,506	1,745	1,652	1,447
Shareholders' equity	1,610	1,530	1,469	822	769	448	453	316
Non-current liabilities	738	725	764	919	662	403	398	225
Current liabilities	1,429	1,350	1,204	1,117	1,075	894	801	906
Total equity and liabilities	3,777	3,605	3,437	2,858	2,506	1,745	1,652	1,447
Orders								
Order bookings	1,742	2,069	1,650	920	1,724	1,245	1,988	702
Order backlog	8,308	7,995	7,041	6,629	6,480	5,666	5,125	3,953
Employees								
Average number of employees	919	878	847	800	759	713	665	640

IFRS-based key indicators

SEK million	Apr–Jun 2017	Apr–Jun 2016	Jan–Jun 2017	Jan–Jun 2016	Jul–Jun 2016/2017	Jan–Dec 2016
Income	1,464	1,209	2,602	1,910	4,670	3,978
Earnings per share, SEK, before dilution	3.74	19.38	5.20	19.08	9.50	22.40
Earnings per share, SEK, after dilution	3.72	18.27	5.13	17.99	9.22	21.22
Weighted average number of shares before dilution	23,248,452	16,565,785	23,090,335	16,565,785	20,852,905	17,590,630
Weighted average number of shares after dilution	23,379,953	17,565,785	23,379,953	17,565,785	21,474,984	18,567,901

Other key indicators

SEK million	Apr–Jun 2017	Apr–Jun 2016	Jan–Jun 2017	Jan–Jun 2016	Jul–Jun 2016/2017	Jan–Dec 2016
Operating profit	95	318	142	312	241	411
Growth, %	21.1	56.8	36.2	49.0	25.0	28.0
Order bookings	1,742	1,724	3,811	2,969	6,381	5,539
Order backlog	8,308	6,480	8,308	6,480	8,308	7,041
Organic growth, %	19.9	56.8	35.4	49.0	24.6	28.0
Operating margin, %	6.5	26.3	5.5	16.3	5.2	10.3
Cash flow before financing	-67	74	44	12	-124	-156
Cash flow from operations per share, before dilution	-1.68	12.98	4.37	9.42	-0.48	2.56
Cash flow from operations per share, after dilution	-1.67	12.24	4.32	8.88	-0.47	2.42
Equity per share, SEK, before dilution	69.73	46.42	69.73	46.42	69.73	64.67
Equity per share, SEK, after dilution	69.33	43.78	69.33	43.78	69.33	62.83
Working capital	1,085	445	1,085	445	1,085	1,073
Capital employed	2,076	1,173	2,076	1,173	2,076	1,985
Return on capital employed, %	16.4	47.3	16.4	47.3	16.4	31.8
Return on equity after taxes, %	16.6	90.2	16.6	90.2	16.6	41.0
Equity/assets ratio, %	42.8	30.7	42.8	30.7	42.8	42.7
Net debt	-123	409	-123	409	-123	-37
Net debt/equity ratio, %	-7.6	53.2	-7.6	53.2	-7.6	-2.5

SUMMARY FINANCIAL STATEMENTS

Summary of Consolidated Income Statement

	Apr–Jun 2017	Apr–Jun 2016	Jan–Jun 2017	Jan–Jun 2016	Jul–Jun 2016/2017	Jan–Dec 2016
SEK million						
Income	1,464	1,209	2,602	1,910	4,670	3,978
Production and administration expenses	-1,381	-1,079	-2,472	-1,770	-4,440	-3,738
Gross profit	83	130	130	140	230	240
Sales and administration expenses	-29	-25	-55	-44	-108	-97
Change in value of investment properties	-1	0	18	0	60	42
Revaluation of joint ventures	0	226	0	226	0	226
Share in profit of associates and joint ventures	42	-13	49	-10	59	0
Operating profit	95	318	142	312	241	411
Net financial items	-2	-5	-9	-7	-19	-17
Earnings after financial items	93	313	133	305	222	394
Tax	-6	8	-13	11	-24	0
Profit/loss for the period	87	321	120	316	198	394
Attributable to:						
Parent Company shareholders	87	321	120	316	198	394
Non-controlling interests	0	0	0	0	0	0
Earnings per share before dilution, SEK	3.74	19.38	5.20	19.08	9.50	22.40
Earnings per share after dilution, SEK	3.72	18.27	5.13	17.99	9.22	21.22
Average number of shares before dilution	23,248,452	16,565,785	23,090,335	16,565,785	20,852,905	17,590,630
Average number of shares after dilution	23,379,952	17,565,785	23,379,953	17,565,785	21,474,984	18,567,901

Consolidated statement of comprehensive income

	Apr–Jun 2017	Apr–Jun 2016	Jan–Mar 2017	Jan–Mar 2016	Jul–Jun 2016/2017	Jan–Dec 2016
SEK million						
Profit/loss for the period	87	321	120	316	198	394
Other comprehensive income	0	0	0	0	0	0
Total comprehensive income	87	321	120	316	198	394

Condensed Consolidated Balance Sheet

SEK million	June 30 2017	June 30 2016	Dec 31 2016
Assets			
<i>Fixed assets</i>			
Intangible fixed assets	23	23	23
Investment properties	365	188	329
Other tangible fixed assets	88	75	75
Investments in associates/joint ventures	477	401	424
Deferred tax assets	34	51	48
Non-current interest-bearing receivables	54	21	30
Other non-current receivables	233	227	231
Total non-current assets	1,274	986	1,160
<i>Current assets</i>			
Project and development properties	297	220	242
Inventories	2	4	2
Accounts receivable	770	446	589
Accrued but not invoiced income	249	239	252
Other current receivables	638	586	621
Cash and bank balances	558	25	571
Total current assets	2,514	1,520	2,277
Total assets	3,788	2,506	3,437
Equity and liabilities			
Shareholders' equity	1,621	769	1,469
<i>Non-current liabilities</i>			
Non-current interest-bearing liabilities	389	236	436
Other non-current liabilities	224	321	208
Other provisions	125	105	120
Total long-term liabilities	738	662	764
<i>Current liabilities</i>			
Current interest-bearing liabilities	100	219	128
Current tax liabilities	5	13	10
Accounts payable	669	435	541
Invoiced but not accrued income	311	169	172
Other current liabilities	344	239	353
Total current liabilities	1,429	1,075	1,204
Total equity and liabilities	3,788	2,506	3,437

Summary of changes in consolidated shareholders' equity

SEK million	June 30 2017	June 30 2016	Dec 31 2016
Equity attributable to Parent Company shareholders			
Balance at beginning of period	1,469	453	453
New share issue	-	-	598
Conversion, convertible debenture loans	27	-	23
Convertible debentures – equity portion	1	-	1
Other	4	-	-
Comprehensive income for the period	120	316	394
Balance at end of period	1,621	769	1,469

Condensed consolidated cash flow statement

SEK million	Apr–Jun 2017	Apr–Jun 2016	Jan–Jun 2017	Jan–Jun 2016	Jul–Jun 2016/2017	Jan–Dec 2016
<i>Operating activities</i>						
Cash flow before change in working capital	43	-47	71	-55	115	-11
Change in working capital	-82	262	30	211	-125	56
Cash flow from operating activities	-39	215	101	156	-10	45
<i>Investment activities</i>						
Acquisitions of investment properties	0	-130	0	-130	-45	-175
Acquisitions of businesses	-8	-10	-8	-10	-8	-10
Increase/decrease in investing activities	-20	-1	-49	-4	-61	-16
Cash flow from investment activities	-28	-141	-57	-144	-114	-201
Cash flow before financing	-67	74	44	12	-124	-156
<i>Financing activities</i>						
Convertible loan	0	0	0	0	16	16
Newly raised borrowings	18	242	18	242	323	547
New share issue	0	0	0	0	598	598
Amortization of liabilities	-70	-256	-70	-256	-241	-427
Increase/decrease in financing activities	-21	-44	-5	16	-39	-18
Cash flow from financing activities	-73	-58	-57	2	657	716
Cash flow for the period	-140	16	-13	14	533	560
Cash and cash equivalents at beginning of period	698	9	571	11	25	11
Cash and cash equivalents at end of period	558	25	558	25	558	571

Parent Company condensed Income Statement

SEK million	Apr–Jun 2017	Apr–Jun 2016	Jan–Jun 2017	Jan–Jun 2016	Jul–Jun 2016/2017	Jan–Dec 2016
Income	30	17	56	33	111	88
Sales and administration expenses	-29	-25	-55	-44	-108	-97
Operating profit	1	-8	1	-11	3	-9
Net financial items	-5	-2	-11	-4	-16	-9
Earnings after financial items	-4	-10	-10	-15	-13	-18
Appropriations	0	0	0	0	-39	-39
Profit/loss before tax	-4	-10	-10	-15	-52	-57
Tax	1	2	2	3	8	9
Profit/loss for the period	-3	-8	-8	-12	-44	-48

Parent Company statement of comprehensive income

SEK million	Apr–Jun 2017	Apr–Jun 2016	Jan–Jun 2017	Jan–Jun 2016	Apr–Mar 2016/2017	Jan–Dec 2016
Profit/loss for the period	-3	-8	-8	-12	-44	-48
Other comprehensive income	0	0	0	0	0	0
Total comprehensive income	-3	-8	-8	-12	-44	-48

Parent Company condensed consolidated balance sheet

SEK million	June 30 2017	June 30 2016	Dec 31 2016
Assets			
<i>Fixed assets</i>			
Tangible fixed assets	5	9	6
Participations in Group companies	98	34	75
Deferred tax assets	56	40	54
Other non-current receivables	1	1	1
Total non-current assets	160	84	136
<i>Current assets</i>			
Project and development properties	3	3	3
Other current receivables	768	762	721
Cash and bank balances	525	0	476
Total current assets	1,296	765	1,200
Total assets	1,456	849	1,336
Equity and liabilities			
Shareholders' equity	704	98	683
<i>Non-current liabilities</i>			
Non-current interest-bearing liabilities	312	55	312
Total long-term liabilities	312	55	312
<i>Current liabilities</i>			
Current interest-bearing liabilities	1	20	27
Accounts payable	12	6	15
Other current liabilities	427	670	299
Total current liabilities	440	696	341
Total equity and liabilities	1,456	849	1,336

Notes

NOTE 1 – ACCOUNTING POLICIES

This Interim Report has been prepared in accordance with IAS 34, Interim Financial Reporting. The Interim Report has been prepared in accordance with International Financial Reporting Standards (IFRS), as well as interpretations of current International Financial Reporting Interpretations Committee (IFRIC) standards as adopted by the EU. The Parent Company's reports have been prepared in compliance with the Annual Accounts Act and the Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities. New standards and interpretations have not had any material impact on the consolidated accounts. From June 2016, ESMA's guidelines on alternative key ratios are applied.

During the period, the Group acquired and sold assets through companies that were not deemed to be corporate acquisitions/disposals of business. IFRS lacks specific guidance for such transactions. The Group has therefore, in adopting an accounting policy that provides a fair picture of these transactions and reflects their implications, sought guidance in other standards addressing similar transactions, in accordance with IAS 8. Against this background, the Group has chosen to apply the relevant parts of the standard for business combinations, IFRS 3, in accounting for acquisitions and sales of assets through companies.

In addition, the Interim Report has been prepared in accordance with the same accounting principles and calculation methods as in the Annual Report for 2016. For detailed information regarding accounting policies, see Serneke's 2016 Annual Report, see www.serneke.group.

NOTE 2 – FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE

Financial assets and financial liabilities measured at fair value in the balance sheet are classified according to one of three levels based on the information used to establish the fair value. The Group only holds financial assets and liabilities valued in level 3, which is why levels 1 and 2 have been omitted in the table below. No transfers have been made between the levels during the periods. A more detailed description of the levels can be found in Note 4 of the 2016 Annual Report.

Level 1 – Valuation is made according to prices in active markets for identical instruments.

Level 2 – Financial instruments for which the fair value is established based on valuation models that are based on observable data for the asset or liability other than quoted prices included in Level 1.

Level 3 – Financial instruments for which fair value is established based on valuation models where significant inputs are based on non-observable data.

Group SEK million	June 30 2017	Dec 31 2016
<i>Financial assets</i>		
Available-for-sale financial assets*	1	1
Total financial assets	1	1
<i>Financial liabilities</i>		
Other short- and long-term liabilities	31	31
<i>Of which, additional purchase considerations**</i>	31	31
Total financial liabilities	31	31

* In the fair value calculation of available-for-sale financial assets at level 3, the market price method has been applied.

** In the fair value calculation of the additional purchase considerations at level 3, project estimates, budgets and forecasts have been applied.

For the Group's other financial assets and financial liabilities, the reported values are assessed as corresponding to the actual values. No significant changes in valuation models, assumptions or inputs were made during the period.

NOTE 3 PLEDGED ASSETS AND CONTINGENT LIABILITIES

The Group pledges collateral for external loans. The Group's contingent liabilities arise primarily in connection with different property disposals, whereby various operational guarantees may occur, as well as performance guarantees for future contracts. Serneke Group AB (publ) has also entered into a guarantee undertaking, which means that the co-owners in Prioritet Serneke Arena are jointly responsible for the correct fulfillment of interest and repayment of the associate's liabilities to credit institutions in the event that the associate is unable to pay.

Pledged assets and contingent liabilities in the consolidated balance sheet:

	June 30 2017	June 30 2016	Dec 31 2016
Group			
Pledged assets	541	820	920
Contingent liabilities/contingent liabilities	398	236	243
Parent Company			
Pledged assets	321	226	222
Contingent liabilities/contingent liabilities	789	615	519

Financial definitions

Key indicators	Definition	Purpose
Income	Within the construction operations, income is reported in accordance with the percentage-of-completion method. This income is recognized in pace with construction projects within the Company being completed. For project development, income and gains on disposals of land and development rights are recognized at the point in time at which the material risks and benefits are transferred to the buyer, which normally coincides with the transfer of ownership, as well as other income, such as rental income. In the Parent Company, income corresponds to invoiced sales of Group-wide services and rental income.	In the Company's view, the key indicator allows investors, who so wish, to assess the Company's earnings capacity.
Growth	Income for the period less income for the previous period divided by income for the previous period.	In the Company's view, the key indicator allows investors, who so wish, to assess the Company's capacity to increase its earnings.
Organic growth	Income for the period, adjusted for acquired growth, less income for the previous period, adjusted for acquired growth, divided by income for the previous period, adjusted for acquired growth.	In the Company's view, the key indicator allows investors, who so wish, to assess the Company's capacity to increase its income without acquiring operating companies.

Order bookings	The value of new projects and changes in existing projects during the period.	In Serneke's view, the key indicator allows investors, who so wish, to assess the Group's sales by Business Area Construction and Business Area Civil Engineering for the current period.		
Order backlog	The value of the Company's undelivered orders at the end of the period.	In the Company's view, the key indicator allows investors, who so wish, to assess the Company's income through Business Area Construction and Business Area Civil Engineering in future periods.		
Operating margin	Operating profit divided by income.	In the Company's view, the key indicator allows investors, who so wish, to assess the Company's profitability.		
Working capital	Current assets less current liabilities.	In the Company's view, the key indicator allows investors, who so wish, to assess the Company's tied-up capital in relation to its competitors.		
Capital employed	Consolidated total assets less deferred tax assets less non-interest-bearing liabilities including deferred tax liabilities. For the business areas, the net of Group-internal receivables and liabilities is also deducted.	In the Company's view, the key indicator allows investors, who so wish, to assess the total capital placed at the Company's disposal by shareholders and creditors.		
		June 30	June 30	Dec 31
Calculation of capital employed		2017	2016	2016
Total assets		3,788	2,506	3,437
Deferred tax assets		-34	-51	-48
Less non-interest-bearing liabilities including deferred tax liabilities		-1,678	-1,282	-1,404
Capital employed		2,076	1,173	1,985
Return on capital employed	Profit after net financial items plus financial expenses divided by average capital employed for the period. Accumulated interim periods are based on rolling 12-month earnings.	In the Company's view, the key indicator allows investors, who so wish, to assess the Company's capacity to generate a return on the total capital placed at the Company's disposal by shareholders and creditors.		
		June 30	June 30	Dec 31
Calculation of average capital employed		2017	2016	2016
June 30, 2017 (2,076) + June 30, 2016 (1,173) / 2		1,625		
June 30, 2016 (1,173) + June 30, 2015 (731) / 2			952	
December 31, 2016 (1,985) + December 31, 2015 (670) / 2				1,328
		June 30	June 30	Dec 31
Calculation of return on capital employed		2017	2016	2016
Profit after net financial items		222	432	394
Plus financial expenses		44	18	28
Average capital employed		1,625	952	1,328
Return on capital employed		16.4%	47.3%	31.8%

Return on equity	Profit for the period as a percentage of average shareholders' equity. Accumulated interim periods are based on rolling 12-month earnings.	In the Company's view, the key indicator allows investors, who so wish, to assess the Company's capacity to generate a return on the capital shareholders have placed at the Company's disposal.		
		June 30	June 30	Dec 31
	Calculation of average shareholders' equity	2017	2016	2016
	June 30, 2017 (1,621) + June 30, 2016 (769) / 2	1,195		
	June 30, 2016 (769) + June 30, 2015 (266) / 2		518	
	December 31, 2016 (1469) + December 31, 2015 (453) / 2			961
		June 30	June 30	Dec 31
	Calculation of return on shareholders' equity	2017	2016	2016
	Profit/loss for the period	198	467	394
Average shareholders' equity	1,195	518	961	
Return on equity	16.6%	90.2%	41.0%	
Equity/assets ratio	Shareholders' equity less minority interests as a percentage of total assets.	The equity/assets ratio shows the proportion of total assets represented by shareholders' equity and has been included to allow investors to be able to assess the Company's capital structure.		
Net debt	Interest-bearing liabilities less liquid assets less interest-bearing receivables.	Net debt is a measure deemed relevant for creditors and credit rating agencies.		
Net debt/equity ratio	Interest-bearing net debt divided by shareholders' equity.	Net debt/equity ratio is a measure deemed relevant for creditors and credit rating agencies.		
Equity per share	Total equity according to the balance sheet divided by the number of shares outstanding on the closing date.	The Company believes that key ratios give investors a better understanding of historical return per share at the closing date.		
Cash flow from operations per share	Cash flow from operating activities divided by the average number of shares during the period.	It is the Company's view that the key indicator gives investors a better understanding of the operations' cash flow in relation to the number of shares, adjusted for changes in the number of shares during the period.		
Earnings per share	Profit for the period divided by the average number of shares during the period.	It is the Company's view that the key indicator gives investors a better understanding of profit per share.		

Serneke in brief

Serneke is a rapidly growing corporate group active in construction, civil engineering, project development and property management with around 950 employees. Through novel thinking, we drive development and create more effective and more innovative solutions for responsible construction. The business has a good mix of public and commercial assignments, providing strength over economic cycles.

Serneke's annual reports and other financial information are available under the tab Investors at www.serneke.group.

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