

**SRV'S OPERATING PROFIT GROWS BY 74.9% - INTERIM REPORT 1 JANUARY – 30 JUNE 2008**

Reporting period 1 January – 30 June 2008 in brief:

- SRV's revenue grew by 10.5 per cent to EUR 288.8 million (EUR 261.3 million in January – June 2007)
- Operating profit grew by 74.9 per cent to EUR 18.1 million (EUR 10.3 million)
- Profit before taxes grew by 68.2 per cent to EUR 15.1 million (EUR 9.0 million)
- The order backlog at the close of the review period was EUR 521.1 million (EUR 517.4 million)
- The equity ratio was 44.9 per cent (59.4%)
- Earnings per share were EUR 0.28 (EUR 0.25)
- SRV changes the full-year outlook regarding revenue. Due to uncertainties concerning housing sales, revenue in 2008 is expected to remain on the 2007 level
- SRV adjusts the full-year outlook regarding operating profit. The group's operating profit is anticipated to outperform 2007 by a substantial margin, and the Q2 2008 operating profit is expected to surpass the Q1 2008 operating profit

Second quarter 1 April – 30 June 2008 in brief:

- Revenue amounted to EUR 142.4 million (EUR 140.0 million in April-June 2007)
- Operating profit was EUR 9.2 million (EUR 6.8 million)
- Profit before taxes was EUR 6.8 million (EUR 6.0 million)
- Earnings per share were EUR 0.12 (EUR 0.18)

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

"The trend in SRV's operations remained favourable. The Group posted substantial growth in revenue and operating profit. The profit margin of projects has improved. In St Petersburg, we have acquired two major development projects, including land, to enhance the international operations in line with the strategy. The sale of the hotel in Ekaterinburg, which was concluded in July, will raise SRV's operating profit substantially in the latter part of the year. It will also release equity for the development of Russian operations.

Even though the growth prospects of the Finnish national economy have weakened, the outlook for SRV Business Premises is favourable. The contract to build the Helsinki Music Centre shows the competence of the SRV approach in demanding projects. The demand for housing has declined and sales are focused on units that are close to completion, weakening the profit forecast for the Housing business area. However, demand for housing construction will continue in the growth centres, providing a solid base for growth for SRV in the long term. The company's strong balance sheet and good solvency will enable SRV to tap its innovative property development know-how in years to come.

In 2008, the group's revenue is expected to remain on the 2007 level. The group's operating profit is anticipated to outperform 2007 by a substantial margin, and the Q2 2008 operating profit is expected to surpass the Q1 2008 operating profit," says Eero Heliövaara, president and CEO of SRV.

In the review period, the SRV Group's revenue grew by 10.5 per cent to EUR 288.8 million (EUR 261.3 million in January–June 2007). The share of revenue generated in Finland was 90 per cent (90%), whereas 10 per cent (10%) came from Russia and the Baltic countries. Revenue in the Business Premises business area grew to EUR 197.0 million (EUR 151.6 million). Revenue in the Housing business area declined to EUR 63.1 million (EUR 84.0 million). Revenue in the International Operations business area grew to EUR 28.8 million (EUR 25.9 million).

SRV Group's operating profit for the review period was EUR 18.1 million (EUR 10.3 million in January-June 2007). The operating profit margin was 6.3 per cent (4.0%). Operating profit in Business Premises grew to EUR 18.1 million (EUR 6.5 million). Operating profit in the International business area was EUR 1.1 million (EUR 0.9 million). Operating profit in the Housing business area declined to EUR 1.3 million (EUR 4.8 million) as housing sales slackened.

SRV Group's profit before taxes for the review period was EUR 15.1 million (EUR 9.0 million in January-June 2007). The profit for the review period was EUR 10.4 million (EUR 6.6 million). Earnings per share were EUR 0.28 (0.25). The increase in the number of shares is due to the share issues and structural changes in 2007. Return on equity was 13.0 per cent (11.0%) and return on investment 16.9 per cent (11.6%).

SRV Group's revenue for the second quarter was EUR 142.4 million (EUR 140.0 million in April-June 2007) and operating profit EUR 9.2 million (EUR 6.8 million). Profit before taxes was EUR 6.8 million (EUR 6.0 million). Earnings per share amounted to EUR 0.12 (EUR 0.18). The increase in the number of shares is due to the share issues and structural changes in 2007.

The order backlog was EUR 521.1 million on 30 June 2008 (EUR 517.4 million on 30 June 2007). At the end of 2007 the order backlog was EUR 528.7 million.

<b><u>Group key figures</u></b> (EUR million)	<b>IFRS</b> <b>1-6/</b> <b>2008</b>	<b>IFRS</b> <b>1-6/</b> <b>2007</b>	<b>change,</b> <b>MEUR</b>	<b>change,</b> <b>%</b>	<b>IFRS</b> <b>4-6/</b> <b>2008</b>	<b>IFRS</b> <b>4-6/</b> <b>2007</b>	<b>IFRS</b> <b>1-12/</b> <b>2007</b>
Revenue	<b>288.8</b>	261.3	27.5	10.5	142.4	140.0	<b>561.4</b>
Operating profit	<b>18.1</b>	10.3	7.7	74.9	9.2	6.8	<b>15.1</b>
Financial income and expenses, total	<b>-3.0</b>	-1.4	-1.6	118.5	-2.4	-0.8	<b>-3.5</b>
Profit before taxes	<b>15.1</b>	9.0	6.1	68.2	6.8	6.0	<b>11.5</b>
Net profit for the period	<b>10.4</b>	6.6	3.8	57.9	4.5	5.3	<b>7.6</b>
Order backlog	<b>521.1</b>	517.4	3.6	0.7			<b>528.7</b>
Operating profit, %	<b>6.3</b>	4.0			6.4	4.8	<b>2.7</b>
Net profit, %	<b>3.6</b>	2.5			3.2	3.8	<b>1.4</b>
Equity ratio, %	<b>44.9</b>	59.4					<b>55.4</b>
Net interest bearing debt	<b>122.4</b>	-10.4					<b>43.2</b>
Gearing, %	<b>74.8</b>	-5.8					<b>27.3</b>
Return on investment, % <sup>1)</sup>	<b>16.9</b>	11.6					<b>9.7</b>
Return on equity, % <sup>1)</sup>	<b>13.0</b>	11.0					<b>6.9</b>
Earnings per share, EUR <sup>2)</sup>	<b>0.28</b>	0.25			0.12	0.18	<b>0.22</b>
Equity per share, EUR <sup>2)</sup>	<b>4.40</b>	4.46		-1.5			<b>4.22</b>
Weighted average number of shares outstanding	<b>36.7</b>	27.4		33.7	36.6	28.8	<b>32.7</b>

1) In calculating the key ratio only the profit for the period has been annualised.

1) Key figures per share have been adjusted to reflect the increase in the number of shares, which came into effect on 11 April 2007 (split), the rights issue on 11 June 2007 and the rights issue and cancellation of treasury shares in connection with the merger of SRV Henkilöstö Oy on 28 September 2007 and purchases of own shares.

## Outlook for construction

As the US economy decelerates sharply, the growth of the global economy is expected to slow down. Uncertainties concerning the prolonged credit crisis in the US, inflation and exchange rates hamper the assessment of the construction market outlook.

Finland's economic growth is expected to settle at 2.3 per cent during the present year. The US-led financial market turmoil increases uncertainties in the real estate market.

The residential market in Finland slowed down in the first part of the year and the volume decreased. Residences stay on the market for a significantly longer time before being sold. The demand focuses on completed units. The number of residential start-ups has decreased. According to longer-term forecasts, the need for new housing will remain at about 30,000 units per year until 2020.

Construction of business premises and offices is expected to remain at the current level this year. The completion of the Vuosaari harbour will support logistics and warehouse construction in the Helsinki metropolitan area.

The total number of construction permits has decreased from the record level of 2007. The number of construction permits for industrial buildings and warehouses has stayed approximately unchanged. Construction costs have risen significantly faster than the

general trend in costs since 2003. According to Statistics Finland, construction costs rose by 4.5 per cent from June 2007 to June 2008. The cost increase in 2007 was 5.6 per cent. Availability of subcontracting and materials has developed favourably.

The economic situation in the Baltic countries has deteriorated quickly. The housing market has clearly cooled down and private consumption is adapting to the slower growth pace. Due to the fast pace of growth in recent years and the small size of the market, the assessment of the outlook for economic growth in the Baltic countries involves uncertainties.

The Russian economy grew at a rate of 8.1 per cent in 2007 and a growth pace of 7.6 per cent is forecast for 2008. Construction has surged, up a whopping 28 per cent in the first quarter of 2008. Demand is strong in both residential and business premise construction. The outlook for the Russian warehouse and logistics market is bright as well. However, inflation in Russia has picked up on the heels of strong economic growth.

### Key figures for the Segments

<b>Revenue</b> (EUR million)	<b>IFRS</b> <b>1-6/</b> <b>2008</b>	<b>IFRS</b> 1-6/ 2007	change, MEUR	change, %	<b>IFRS</b> 4-6/ 2008	<b>IFRS</b> 4-6/ 2007	<b>IFRS</b> <b>1-12/</b> <b>2007</b>
Business Premises	<b>197.0</b>	151.6	45.4	29.9	92.2	82.2	<b>345.4</b>
Housing	<b>63.1</b>	84.0	-20.9	-24.9	37.1	43.9	<b>163.1</b>
International	<b>28.8</b>	25.9	2.9	11.3	13.1	14.0	<b>53.2</b>
Other Operations	<b>5.7</b>	6.0	-0.2	-3.8	2.8	4.0	<b>11.2</b>
Eliminations	<b>-5.8</b>	-6.1	0.4		-2.9	-4.2	<b>-11.4</b>
Group, total	<b>288.8</b>	261.3	27.5	10.5	142.4	140.0	<b>561.4</b>

<b>Operating profit</b> (EUR million)	<b>IFRS</b> <b>1-6/</b> <b>2008</b>	<b>IFRS</b> 1-6/ 2007	change, MEUR	change, %	<b>IFRS</b> 4-6/ 2008	<b>IFRS</b> 4-6/ 2007	<b>IFRS</b> <b>1-12/</b> <b>2007</b>
Business Premises	<b>18.1</b>	6.5	11.6	177.8	9.9	3.6	<b>18.0</b>
Housing	<b>1.3</b>	4.8	-3.5	-72.2	0.9	2.9	<b>10.7</b>
International	<b>1.1</b>	0.9	0.3	30.9	-0.1	1.8	<b>-10.2</b>
Other Operations	<b>-2.5</b>	-1.5	-1.0		-1.6	-1.1	<b>-3.1</b>
Eliminations	<b>0.0</b>	-0.4	0.4		0.0	-0.4	<b>-0.4</b>
Group, total	<b>18.1</b>	10.3	7.7	74.9	9.2	6.8	<b>15.1</b>

<b>Operating profit</b> (%)	<b>IFRS</b> <b>1-6/2008</b>	<b>IFRS</b> 1-6/2007	<b>IFRS</b> 4-6/2008	<b>IFRS</b> 4-6/2007	<b>IFRS</b> <b>1-12/2007</b>
Business Premises	<b>9.2</b>	4.3	10.8	4.4	<b>5.2</b>
Housing	<b>2.1</b>	5.7	2.5	6.5	<b>6.5</b>
International	<b>3.9</b>	3.3	-0.9	12.7	<b>-19.2</b>
Group, total	<b>6.3</b>	4.0	6.4	4.8	<b>2.7</b>

<b>Order backlog</b> (EUR million)	<b>IFRS</b> <b>30.6.08</b>	<b>IFRS</b> 30.6.07	change, MEUR	change, %	<b>IFRS</b> <b>31.12.07</b>
Business Premises	<b>291.1</b>	323.4	-32.3	-10.0	<b>302.8</b>
Housing	<b>186.8</b>	129.7	57.1	44.0	<b>174.6</b>
International	<b>43.2</b>	64.4	-21.2	-32.9	<b>51.3</b>
Group, total	<b>521.1</b>	517.4	3.6	0.7	<b>528.7</b>

## Earnings trends of the Segments

<b>Business Premises</b> (EUR million)	<b>IFRS</b> <b>1-6/</b> <b>2008</b>	IFRS 1-6/ 2007	change, MEUR	change, %	IFRS 4-6/ 2008	IFRS 4-6/ 2007	<b>IFRS</b> <b>1-12/</b> <b>2007</b>
<b>Revenue</b>	<b>197.0</b>	151.6	45.4	29.9	92.2	82.2	<b>345.4</b>
<b>Operating profit</b>	<b>18.1</b>	6.5	11.6	177.8	9.9	3.6	<b>18.0</b>
<b>Order backlog</b>	<b>291.1</b>	323.4	-32.3	-10.0			<b>302.8</b>

The Business Premises business area comprises SRV Toimitilat Oy's commercial, business, logistics and rock construction operations and property development.

Revenue in the Business Premises business area grew by 29.9 per cent in the review period, amounting to EUR 197.0 million (EUR 151.6 million). Operating profit was EUR 18.1 million (EUR 6.5 million). The volume of the order backlog and profit margin contributed favourably to the level of revenue and operating profit. The order backlog was EUR 291.1 million (EUR 323.4 million).

Among the projects completed in the financial period were new headquarters for Neste Oil and the third office building for the Neste Pension Fund in the Keilaniemi district of Espoo, the first phase of the TRIO shopping centre in Lahti, commercial and production premises for the Etola Group in King's Gate in Porvoo, alteration and extension works for Rolac in Vantaa, a logistics centre for Itella in the Voutila district in Vantaa, the Biomedicum II project in Helsinki for the Hospital District of Helsinki and Uusimaa, the Plantagen garden store in the Suomenoja district of Espoo as well as various rock construction projects.

In early 2008 the second phase of TRIO in Lahti and the preconstruction of L&T Kerca in Kerava were started up. Senate Properties chose SRV as its project management contractor in the construction and renovation of Svenska Social & Kommunal Högskolan of the University of Helsinki. Construction got under way on the Plantagen garden store and the retail centre of the northern wing in King's Gate in Porvoo, a car store for Autosalpa in Lahti and a logistics warehouse for Codel in Vantaa.

SRV and Kiinteistösaakeyhtiö Helsingin Musiikkitalo signed a contract for the construction of the Helsinki Music Centre. The main contract is valued at EUR 90.5 million. The total cost of the Helsinki Music Centre is estimated at EUR 140 million, and it is scheduled to be completed at the end of April 2011.

In March 2008, the Keravanportti property was sold to the real-estate investment trust REFF I Ky, which is managed by Pohjola Kiinteistösi joitus Oy, a property investment company. SRV is constructing two retail buildings in Keravanportti.

On 6 March 2008, the Helsinki Court of Appeal announced its decision on the dispute between SRV Business Premises Ltd and F-Secure Corporation. The dispute was about interior works done during the construction and whether they are covered by the original rental agreement. The Court of Appeal did not revise the decision of the Helsinki District Court, which stated that the construction work is not covered by the original rental agreement. According to the Court's decision, F-Secure was sentenced to pay the additional work costs, and the costs of the trial plus interest. The financial impact pursuant to the

decision on SRV's operating profit was about EUR 0.7 million and about EUR 1.2 million on profit before taxes. F-Secure has appealed permission for appeal.

<b>Housing</b> (EUR million)	<b>IFRS</b> <b>1-6/</b> <b>2008</b>	IFRS 1-6/ 2007	change, MEUR	change, %	IFRS 4-6/ 2008	IFRS 4-6/ 2007	<b>IFRS</b> <b>1-12/</b> <b>2007</b>
<b>Revenue</b>	<b>63.1</b>	84.0	-20.9	-24.9	37.1	43.9	<b>163.1</b>
<b>Operating profit</b>	<b>1.3</b>	4.8	-3.5	-72.2	0.9	2.9	<b>10.7</b>
<b>Order backlog</b>	<b>186.8</b>	129.7	57.1	44.0			<b>174.6</b>

The Housing business area comprises housing construction in the Helsinki Metropolitan Area and the neighbouring municipalities as well as the operations of the regional subsidiaries. The regional subsidiaries are engaged in housing, commercial, business premises and logistics construction projects.

Revenue in the Housing business area amounted to EUR 63.1 million (EUR 84.0 million) and operating profit was EUR 1.3 million (EUR 4.8 million). The decline in both revenue and operating profit was attributable to the slowdown in housing sales. The housing sales picked up during the second quarter of the year increasing the revenue and operating profit compared with the first quarter. The order backlog was EUR 186.8 million (EUR 129.7 million).

Besides housing production, resources were allocated to contracting and during the review period contracts worth EUR 56.2 million were concluded with external clients. Of these, the most important in the Helsinki metropolitan area were a 58-unit apartment building for HOAS (Foundation for Student Housing in the Helsinki Region) in Viikki and the renovation of a 62-unit apartment building for KY Kiinteistö Oy in the Töölö district of Helsinki. Other contracts that were concluded included the renovation of an ice stadium for the City of Jyväskylä, the extension of a dairy for Valio Oy and the construction of Tietotie upper secondary school for the City of Valkeakoski.

During the review period, the construction of 61 (177) developer contracting housing units was started and a total of 96 (186) developer contracting housing units were sold. Sales focused on units that were completed or close to completion. Sales of residences picked up during the second quarter. At the end of the period, 247 (593) residential units were under construction. There were 128 (30) completed but unsold residential units. A total of 229 (132) residential units were completed during the review period. Start-ups of new developer contracting housing projects will be adjusted to the market situation.

<b>Residential production in Finland (units)</b>	<b>1-6/</b> <b>2008</b>	1-6/ 2007	change, units	4-6/ 2008	4-6/ 2007	<b>1-12/</b> <b>2007</b>
Start-ups	<b>61</b>	177	-116	53	77	<b>363</b>
Sold	<b>96</b>	186	-90	63	83	<b>288</b>
Completed	<b>229</b>	132	97	104	51	<b>519</b>
Completed and unsold <sup>1)</sup>	<b>128</b>	30	102			<b>80</b>
Under construction <sup>1)</sup>	<b>247</b>	593	-346			<b>415</b>

1) at the end of the period

Major projects under construction included the Helsingin Oscar condominium, where 65 units will be completed, Vallikallion Helmi in Espoo (67 units) and Ulriikanhuippu in Vantaa (46 units), which will be realised jointly with Asuntosäätiö (Housing Foundation).

SRV continued its participation in the 24Living development project, which is being partly funded by TEKES (the Finnish Funding Agency for Technology and Innovation). Started in 2006, the 3-year project is headed by the University of Art and Design in Helsinki, in cooperation with Finpro, the Massachusetts Institute of Technology (MIT) and TEKES, with a number of Finnish companies also participating.

<b>International Operations</b> (EUR million)	<b>IFRS</b> <b>1-6/</b> <b>2008</b>	<b>IFRS</b> 1-6/ 2007	<b>change,</b> <b>MEUR</b>	<b>change,</b> <b>%</b>	<b>IFRS</b> 4-6/ 2008	<b>IFRS</b> 4-6/ 2007	<b>IFRS</b> <b>1-12/</b> <b>2007</b>
<b>Revenue</b>	<b>28.8</b>	25.9	2.9	11.3	13.1	14.0	<b>53.2</b>
<b>Operating profit</b>	<b>1.1</b>	0.9	0.3	30.9	-0.1	1.8	<b>-10.2</b>
<b>Order backlog</b>	<b>43.2</b>	64.4	-21.2	-32.9			<b>51.3</b>

International Operations comprises the business activities of the SRV International subgroup in Russia and the Baltic countries.

International Operations increased its revenue by 11.3 per cent to EUR 28.8 million (EUR 25.9 million). Operating profit was EUR 1.1 million (EUR 0.9 million). The order backlog was EUR 43.2 million (EUR 64.4 million). The loss during the second quarter was attributable to costs and investments related to projects in Russia, the slowing down of activities in Estonia and cost overruns on a project that was completed during the review period.

## **Russia**

The renovation works of the Pulkovskaya and Pribaltiskaya hotels operated by the Rezidor Group in St Petersburg were completed in April. In June, SRV signed contracts valued at around EUR 15 million for further renovation works at the hotels. Ahlström's glass fibre plant was completed in March.

The construction of the Etmia II office and parking facility in the heart of Moscow continued. Tenant acquisition commenced during the period. The project is estimated to be completed by the end of 2008. SRV's role in the project is to act as the project management contractor and as a co-owner with a 50 per cent stake. SRV's objective is to sell the project to investors after completion.

Construction of the Papula residential area in the city of Vyborg continued. In the first phase, 38 units are to be built, and they are slated for completion by the end of 2008. Seven of the project's units have been sold.

The development of the Eurograd logistics area in St Petersburg continued during the review period. On 11 February 2008, SRV acquired a 32 per cent share in the Russian enterprise OOO "Olgino-4", which owns a land plot of 24.9 hectares located north of St Petersburg, in the close vicinity of the Ring Road. SRV raised its ownership in the enterprise to 49 per cent and will acquire the majority stockholding by summer 2008. Over 100,000 square metres of logistics facilities are planned for the site in several stages during the next few years. SRV intends to commence the construction of the first stage by the end of 2008.

In the review period SRV continued the design, the preparations for construction and the search for tenants of the Mytichi shopping centre project developed by SRV that will be realised in the Moscow area. The ensemble will have about 120,000 square metres of floor area. The majority owner of the project is the Finnish real estate investment company Vicus with a 75 per cent stake. The final investment decision will be made by the end of this year. In July, SRV signed a project management contract valued at EUR 107 million for the planning and construction of the project with the project company. The contract is not included in the order backlog until the final investment decision is made. The preparations for construction have started in accordance with the project management contract. Negotiations with the anchor tenants are under way. The aim is to finalise the negotiations by the end of the year. SRV owns 25 per cent of the project and has invested around EUR 4.6 million in it.

SRV concluded a contract with the International Banking Institute (IBI), St Petersburg, and a local partner concerning the development of an 8.5 hectare land area in St Petersburg. SRV is developing zoning for the area. The plans include construction of office and retail space, as well as hotel, restaurant and entertainment premises. Moreover, facilities will be built for the IBI university. SRV signed a contract with the British firm Locum Consulting for the commercial concepts of the project. The aim is to start up development and construction during 2009. SRV has established a development company named OOO IBI Invest to implement the project, and acquired a land area for said company. SRV has invested about EUR 50 million into land and properties as at 30 June 2008. SRV's further investment is estimated at EUR 10-15 million. SRV's ownership is estimated to be 77.5 per cent of the project when IBI Invest has acquired all the land areas included in the cooperation contract. SRV's partner and the future minority shareholder of the joint venture is Mr. Boris Kholmyansky through the companies that he owns. Mr. Kholmyansky is the main owner and chairman of the board of the St Petersburg-based company NPO Znamia Truda.

During the period, SRV continued negotiations with a Russian banking partner with a view to developing property fund cooperation, which would focus on development of business premises and on financing construction in Russia. The investors would be SRV together with a group of international investors as well as a local partner, who would also administer the fund. Should the plan be carried out, SRV intends to make a fund investment of around EUR 20 million.

## **Baltic countries**

A partnership project with Facio Ehitus continued in Tartu, Estonia. SRV owns a plot for 7 high-rise apartment buildings. The construction of one of these buildings (42 units) was started in summer 2007. The project will be completed during the next quarter. No start-ups of new developer contracting projects are planned in the present market situation. One (13) residential unit was sold during the period and all in all, 45 (7) were up for sale at the end of the period, 4 of which were in already-completed projects (3). The sale of the logistics centre that had been leased to Oriola KD in Estonia was completed in January 2008. Revenue of EUR 5 million was recorded on the sale. Construction of a vehicle dealership for Inchcape Motors continued and design work for the Mercantile logistics centre is in progress.



The HRX logistics centre was handed over to the client in Latvia in March 2008. Mr Guntis Sokolovskis started as head of SRV's Latvian operations and managing director of SRV Terbelat SIA on 16 June 2008.

<b>Other Operations</b> (EUR million)	<b>IFRS</b> <b>1-6/</b> <b>2008</b>	<b>IFRS</b> 1-6/ 2007	<b>change,</b> <b>MEUR</b>	<b>change,</b> <b>%</b>	<b>IFRS</b> 4-6/ 2008	<b>IFRS</b> 4-6/ 2007	<b>IFRS</b> <b>1-12/</b> <b>2007</b>
<b>Revenue</b>	<b>5.7</b>	6.0	-0.2	-3.8	2.8	4.0	<b>11.2</b>
<b>Operating profit</b>	<b>-2.5</b>	-1.5	-1.0		-1.6	-1.1	<b>-3.1</b>

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

Operating loss of Other Operations during the review period was EUR 2.5 million (EUR 1.5 million).

### **Financing and financial position**

The Group's interest-bearing liabilities were EUR 132.5 million at 30 June 2008 (EUR 59.9 million). Net financial expenses were EUR 3.0 million (EUR 1.4 million). The Group's liquid assets at the end of the review period amounted to EUR 10.1 million (EUR 70.3 million). Liquid assets in the reference period were increased by the share issue in June 2007.

The return on investment was 16.9 per cent (11.6%) and the return on equity 13.0 per cent (11.0%). The equity ratio was 44.9 per cent (59.4%).

### **Investments**

The Group's investments totalled EUR 21.6 million (EUR 2.1 million), of which EUR 18.2 million were investments related to buildings in the IBI project.

### **Unbuilt land areas, land acquisition commitments and land development agreements**

<b>Land reserve</b> <b>30 June 2008</b>	<b>Business</b> <b>Operations</b>	<b>Housing</b>	<b>International</b> <b>Operations</b>	<b>Total</b>
<b>Unbuilt land areas and land acquisition commitments</b>				
Building rights*, m <sup>2</sup>	138,000	220,000	759,000	1,117,000
Capital invested incl. commitments, EUR million	23	49	81	152
<b>Land development agreements</b>				
Building rights*, m <sup>2</sup>	411,000	220,000	100,000	731,000

\* Building rights also include the estimated building rights/construction volume of unzoned land reserves and land areas covered by agreements in projects that are wholly or partly owned by SRV

In January, SRV signed a preliminary property purchase agreement for the old Government Building designed by Alvar Aalto, and the adjacent plot, on which a new building of 12,000 square metres of floor area is being developed. The listed Government Building will partly be returned to its original use. During the review period SRV bought 14,700 square metres of floor area in residential building rights in the Saunalahdenranta district of Espoo. Single-

family, terraced and semidetached houses will be built in the area. In the Aviapolis business district in the Viinikkala logistics area in Vantaa, SRV bought a 4.5 hectare piece of land, where it plans to build logistics facilities measuring around 26,000 square metres of floor area.

In June, SRV concluded a preliminary property purchase agreement for the roughly 4.5 hectare land area in the Vantaankoski district of Vantaa. The land area borders the 6.3 hectare property SRV purchased earlier in the area.

On 14 January 2008, Espoo City Board accepted SRV's planning reservation application for housing towers above Karhusaarentie road. The plan includes four 27–28 storey buildings and an underground car park on four levels. According to initial plans, the area includes about 50,000 square metres of residential building volume, and the total number of apartments would be around 370. The project would be connected with the implementation of the Keilaniemi metro station. Plans include a deck that would span over Karhusaarentie road, connecting the residential site to Tapiola and thereby adding to its supply of high-quality housing.

### **New names for SRV's subsidiaries as part of renewed brand**

As part of SRV's renewed brand the company renamed its subsidiaries. The name of SRV Viitokset, which specialises in business premises, was changed to SRV Business Premises Ltd as of 1 March 2008. The name of SRV Westerlund, which operates in residential construction, was changed to SRV Housing Ltd. The renewed brand will bring the Group's business areas more clearly under one SRV brand.

### **Changes in Group structure**

SRV Group Plc acquired 100 per cent ownership of SRV Keski-Suomi Oy in April 2008 and Rkl Erkki Huhdanpää Oy in June 2008. In order to strengthen the business structure and operations, SRV started the procedure to merge SRV Kaakkois-Suomi Oy, SRV Keski-Suomi Oy, SRV Lounais-Suomi Oy and Rkl Erkki Huhdanpää Oy into SRV Housing Ltd at the end of June 2008. The merging regional companies will continue their operations under the brands SRV Kaakkois-Suomi, SRV Keski-Suomi, SRV Lounais-Suomi and SRV Pirkanmaa.

### **Changes in Group management**

Director Veli-Matti Kullas, who is in charge of SRV's operations in Russia, was nominated member of SRV's Corporate Executive Team on 12 February 2008. Katri Innanen, LL.M, was appointed Chief Legal Counsel and member of the Corporate Executive Team of SRV Group, when the current Chief Legal Counsel, Marja Sarnela retires. Mrs Innanen will start in her new position by the end of September 2008. Valtteri Palin, M.Sc. (Econ.), was appointed Senior Vice President, Financial Administration, and member of the Corporate Executive Team of SRV Group Plc as from 1 August 2008.

### **Personnel**

SRV had an average payroll of 836 (744) employees, of whom 596 (518) were white-collar. The parent company had an average staff of 64 (61) white-collar employees. At the close of the review period, the Group had 961 (844) employees, of whom 68 (64) were employed by the parent company. An average of 13.4 per cent (8.3%) of the employees work at subsidiaries and representative offices abroad.

SRV is developing its cooperation with universities and colleges as part of its effort to cover staffing needs for recruitment and the holiday seasons. At the end of the review period, SRV had a total of 127 (119) trainees working in the Group's operations in Finland (in summer jobs and in work training as well as students working on their thesis or diploma).

<b>Personnel by business area</b>	30 June 2008	30 June 2007	Share of Group personnel, 30 June 2008, %
Business Premises	<b>351</b>	323	36.5
Housing	<b>325</b>	326	33.8
International	<b>187</b>	103	19.5
Other Operations	<b>98</b>	92	10.2
Group, total	<b>961</b>	844	100.0

On 11 February 2008, the Board of Directors of SRV Group Plc approved a new share-based incentive plan for the Group's key personnel. The Plan includes three earning periods – the calendar years 2008, 2009 and 2010. The potential reward from the Plan for earning period 2008 will be based on the Group's profit before taxes. The potential reward from earning period 2008 will be paid in 2009, partly as shares in the company and partly as cash. The proportion to be paid in cash will cover taxes and tax-related costs arising from the reward. The shares may not be transferred during the two-year restriction period. If a key person's employment or service ends during said restriction period, he/she must return the shares rewarded under the Plan to the company without compensation. Approximately 60 people are covered by the Plan during earning period 2008. The rewards to be paid for earning period 2008 correspond to the approximate value of a total maximum of 450,000 SRV Group Plc shares (also including the proportion to be paid in cash).

### **Risks, risk management and corporate governance**

General economic trends and changes in customers' operating environments have an immediate effect on the construction and property markets. A change in the general interest level has a direct impact on both SRV's actual cash flow from operating activities and financing costs. General economic situation has weakened and interest level has gone up.

SRV's revenue is generated by construction projects, and the company's result depends on the profitability of individual projects as well as their progress. The recognition date of the developer contracting projects also depends on the percentage of sold premises in projects. Housing sales have slowed down in Finland and in Estonia, in particular.

Construction is subject to significant risks relating to subcontracting and deliveries, and their control underlines the need for long-term planning. The project management contracting model requires skilled and competent personnel. Warranty and liability obligations related to construction can span up to ten years.

Besides land acquisition risks, property projects face, among other things, risks relating to outcome of zoning, financing, commercialisation of projects, geographical location and type of project. In accordance with its strategy, SRV focuses on developer contracting projects and has increased its land acquisition in Finland and in Russia, in particular.

The financial risks related to the SRV Group's business are interest rate, foreign exchange, liquidity and counterparty risks, which have been presented in the Notes to the 2007 Financial Statements.

The Group's risk management is carried out in line with the Group's operations system and control is exercised in accordance with the Group strategy approved by the Board of Directors of the Group's parent company. The Group's president and CEO has overall responsibility for risk management. SRV also makes every effort to cover operational risks by means of insurance and contractual terms. A more detailed account of SRV's risks, risk management and corporate governance policies has been disclosed in the 2007 Annual Report and Financial Statements.

SRV estimates that no other essential changes have occurred in company's risks.

### **Corporate governance and resolutions of general meetings**

The Annual General Meeting was held on 14 April 2008. The AGM adopted the financial statements for 2007 and granted release from liability to the members of the Board of Directors and the president and CEO. A dividend of EUR 0.12 per share was declared.

Mr Ilpo Kokkila was elected chairman of the Board of Directors and Mr Jukka Hienonen, Mr Lasse Kurkilahti, Mr Matti Mustaniemi and Mr Markku Sarkamies were elected to seats on the Board. In its organisational meeting on 14 April 2008 the Board of Directors elected Lasse Kurkilahti vice chairman of the Board. Matti Mustaniemi was elected chairman and Markku Sarkamies member of the Audit Committee. Ilpo Kokkila was elected chairman and Jukka Hienonen and Lasse Kurkilahti members of the Nomination and Remuneration Committee.

Mr Jarmo Lohi, Authorised Public Accountant, was elected as the company's auditor, and the firm of public accountants Ernst & Young Oy was elected deputy auditor, with Mr Mikko Ryttilahti, Authorised Public Accountant, acting as principal auditor.

The Annual General Meeting authorised the Board of Directors to resolve on the acquisition of the company's own shares (treasury shares). The authorisation is in force for 18 months from the decision of the Meeting. A maximum of 3,676,846 own shares, or a lower amount that, in addition to the shares already owned by the company and its subsidiaries, is less than 10 per cent of all shares, may be acquired on the basis of the authorization. The Annual General Meeting authorised the Board of Directors to resolve on the transfer of treasury shares against payment or without consideration. The authorisation is in force for 18 months from the decision of the Meeting.

### **Shares and shareholders**

SRV Group Plc's share capital is EUR 3,062,520. The share has no nominal value and the number of shares outstanding is 36,768,468. The company has one class of shares. SRV's shares were admitted to public trading on the OMX Nordic Exchange Helsinki Pre List on 12 June 2007 and on the Main List on 15 June 2007. SRV had a total of 6,017 shareholders at 30 June 2008. SRV did not receive any flagging notifications during the reporting period.

The closing rate at the end of the review period was EUR 5.28 (5.02 on 31 December 2007). The highest share price in the review period was EUR 6.60 and the lowest was EUR

4.67. The change in the all-share index of the Helsinki Stock Exchange (OMX Helsinki) during the same period was 26.1 per cent negative and the OMX Industrial and Services index 16.3 per cent negative.

At the end of the review period, the company had a market capitalisation of EUR 193.1 million, excluding the Group's own shares. About 9.3 million shares were traded on the Helsinki Stock Exchange in the review period and the trade volume was EUR 51.3 million.

At the end of the review period, SRV Group Plc's subsidiary SRV Kalusto Oy had 150,241 of SRV Group Plc's shares. The shares were acquired in accordance with the conditions of the merger plan of SRV Group Plc and SRV Henkilöstö Oy. On 30 May 2008, SRV Group Plc's Board of Directors decided to use the authorisation to acquire the company's own shares. Share acquisition started on 9 June 2008. On 30 June 2008, SRV Group Plc and SRV Kalusto Oy had a total of 193,241 of SRV Group Plc's shares, representing 0.5 per cent of the total number of the company's shares and combined number of votes. On 18 August 2008, the Group had a total of 259,500 shares (0.7 per cent of the total number of the company's shares and combined number of votes).

### **Financial targets**

In the medium term SRV aims to achieve annual average growth of approximately 15 per cent in Group revenue and annual average growth of 30 percent in revenue in International Operations. SRV aims to increase the level of operating profit and, in the medium to long term, to achieve an operating margin of 8 per cent. Also, the company aims to maintain an equity ratio of 30 per cent.

### **Events after the end of the reporting period**

In July, SRV signed a contract for the sale of shares in ZAO Nordrus Hotel with Wenaas Hotel Russia A/S, which belongs to the Norwegian Wenaas Group. ZAO Nordrus Hotel owns the 160-room Park Inn hotel in Ekaterinburg, Russia. The selling price of the shares was EUR 22.5 million. The transaction requires the consent of the Russian competition authorities, which is expected during September/October. The transaction will generate operating profit of about EUR 13 million.

In July, SRV signed a project management contract valued at EUR 107 million for the planning and construction of the Mytichi shopping centre project with the project company. The majority owner of the project is the Finnish real estate investment company Vicus with a 75 per cent stake. The final investment decision will be made by the end of this year. The contract is not included in the order backlog until the final investment decision is made.

## **Outlook for 2008**

Construction of business premises is estimated to remain at its present level this year. Selling times of residences have lengthened in Finland, demand has decreased and the demand is estimated to focus on projects that are close to completion. Russia's strong economic growth is set to support the development of International Operations.

The volume and nature of the order backlog support the level of revenue and earnings in 2008 and provide a favourable basis for the operating profit trend. The sale of the Park Inn hotel in Ekaterinburg is estimated to bring in operating profit of EUR 13 million in the latter part of the year.

Due to uncertainties concerning housing sales, revenue in 2008 is expected to remain on the 2007 level.

The group's operating profit is anticipated to outperform 2007 by a substantial margin, and the Q2 2008 operating profit is expected to surpass the Q1 2008 operating profit.

Espoo 19 August 2008

SRV Group Plc  
Board of Directors

All forward-looking statements in this review are based on the management's current expectations and beliefs about future events, and actual results may differ materially from the expectations and beliefs such statements contain.

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**Key figures:**

		<b>IFRS 1-6/ 2008</b>	IFRS 1-6/ 2007	IFRS 4-6/ 2008	IFRS 4-6/ 2007	<b>IFRS 1-12/ 2007</b>
Revenue	EUR million	288.8	261.3	142.4	140.0	561.4
Operating profit	EUR million	18.1	10.3	9.2	6.8	15.1
Operating profit, % of revenue	%	6.3	4.0	6.4	4.8	2.7
Profit before taxes	EUR million	15.1	9.0	6.8	6.0	11.5
Profit before taxes, % of revenue	%	5.2	3.4	4.8	4.3	2.1
Net profit attributable to equity holders of the parent company	EUR million	10.1	6.7	4.4	4.8	7.2
Return on equity <sup>1</sup>	%	13.0	11.0			6.9
Return on investment <sup>1</sup>	%	16.9	11.6			9.7
Invested capital	EUR million	296.2	238.3			222.9
Equity ratio	%	44.9	59.4			55.4
Net interest-bearing debt	EUR million	122.4	-10.4			43.2
Gearing ratio	%	74.8	-5.8			27.3
Order backlog	EUR million	521.1	517.4			528.7
Personnel on average		836	744			761
Property, plant and equipment investments	EUR million	21.6	2.1	20.9	1.4	5.4
Property, plant and equipment investments, % of revenue	%	7.5	0.8	14.7	1.0	1.0
Earnings per share, share issue adjusted <sup>2</sup>	EUR	0.28	0.25	0.12	0.18	0.22
Equity per share, share issue adjusted <sup>2</sup>	EUR	4.40	4.46	4.40	1.53	4.22
Dividend per share, share issue adjusted	EUR	-	-	-	-	0.12
Dividend payout ratio	%	-	-	-	-	54.6
Dividend yield	%	-	-	-	-	2.4
Price per earnings ratio		-	-	-	-	22.8
Share price development						
Share price at the end of the period	EUR	5.28	10.10	-	-	5.02
Average share price	EUR	5.61	10.18	-	-	8.40
Lowest share price	EUR	4.67	9.80	-	-	4.72
Highest share price	EUR	6.60	10.79	-	-	10.79
Market capitalisation at the end of the period	EUR million	193.1	394.5	-	-	184.6
Trading volume	1,000	9,328	8,581	-	-	22,514
Trading volume	%	25.4	31.3	-	-	68.8
Weighted average number of shares outstanding	1,000	36,672	27,429	36,626	28,778	32,703
Number of shares outstanding at the end of the period	1,000	36,575	39,064	36,575	39,064	36,768

1) In calculating the key ratio only the profit for the period has been annualised

2) Key figures per share have been adjusted to reflect the increase in the number of shares, which came into effect on 11 April 2007 (split), the rights issue on 11 June 2007 and the rights issue and cancellation of treasury shares in connection with the merger of SRV Henkilöstö Oy on 28 September 2007 and purchases of own shares

**Calculation of key figures:**

<b>Gearing ratio, %</b>	=	$100 \times \frac{\text{Net interest-bearing debt}}{\text{Total equity}}$
<b>Return on equity, %</b>	=	$100 \times \frac{\text{Profit before taxes - income taxes}}{\text{Total equity, average}}$
<b>Return on investment, %</b>	=	$100 \times \frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Invested capital, average}}$
<b>Equity ratio, %</b>	=	$100 \times \frac{\text{Total equity}}{\text{Total assets - advances received}}$
<b>Invested capital</b>	=	Total assets - non-interest bearing debt - deferred tax liabilities – provisions
<b>Net interest bearing debt</b>	=	Interest bearing debt - cash and cash equivalents
<b>Earnings per share, share issue adjusted</b>	=	$\frac{\text{Net profit for the period attributable to equity holders of the parent company}}{\text{Weighted average number of shares outstanding}}$
<b>Equity per share, share issue adjusted</b>	=	$\frac{\text{Shareholders' equity attributable to equity holders of the parent company}}{\text{Number of shares outstanding at the end of the period, share issue adjusted}}$
<b>Price per earnings ratio</b>	=	$\frac{\text{Share price at the end of the period}}{\text{Earnings per share, share issue adjusted}}$
<b>Dividend payout ratio, %</b>	=	$100 \times \frac{\text{Dividend per share, share issue adjusted}}{\text{Earnings per share, share issue adjusted}}$
<b>Dividend yield, %</b>	=	$100 \times \frac{\text{Dividend per share, share issue adjusted}}{\text{Share price at the end of the period, share issue adjusted}}$
<b>Average share price</b>	=	$\frac{\text{Number of shares traded in euros during the period}}{\text{Number of shares traded during the period}}$
<b>Market capitalisation at the end of the period</b>	=	Number of shares outstanding at the end of the period x share price at the end of the period
<b>Trading volume</b>	=	Number of shares traded during the period and in relation to the weighted average number of shares outstanding



## SRV Group Plc Interim Report 1 January - 30 June 2008: TABLES

### Appendixes

- 1) Condensed consolidated financial statements: income statement, balance sheet, statement of changes in equity, cash flow statement, commitments and contingent liabilities, derivative contracts liabilities
- 2) Quarterly development
- 3) Segment information
- 4) Adoption of new standards as well as changes and interpretations in 2009
- 5) Outlook after the reporting period

## 1. Group financials 1 January – 30 June 2008

### IFRS standards and operating segments

SRV Group (SRV) adopted International Financial Reporting Standards (IFRS) on 1 January 2006. In preparing interim condensed consolidated financial statement information, SRV has applied the same accounting principles as in its year-end financial statements for 2007. The figures in the tables have been rounded which should be noted when counting the total sums. The interim condensed consolidated financial statement information has been prepared in accordance with the accounting policies set out in the IAS 34 standard and the information disclosed is unaudited.

SRV's reporting segments comprise Business Premises, Housing, International Operations and Other Operations. The operating segment figures are disclosed in accordance with IFRS 8, following the accounting principles applied in the consolidated financial statements.

### Consolidated income statement

(EUR million)	IFRS 1-6/ 2008	IFRS 1-6/ 2007	change, MEUR	change, %	IFRS 4-6/ 2008	IFRS 4-6/ 2007	IFRS 1-12/ 2007
<b>Revenue</b>	<b>288.8</b>	<b>261.3</b>	<b>27.5</b>	10.5	<b>142.4</b>	<b>140.0</b>	<b>561.4</b>
Other operating income	0.6	0.6	0.0	1.4	0.2	0.3	1.1
Change in inventories of finished goods and work in progress	13.7	10.8	2.9	26.5	12.3	3.8	18.3
Use of materials and services	-252.5	-233.1	-19.5	8.4	-128.6	-121.1	-509.7
Employee benefit expenses	-23.8	-21.7	-2.1	9.4	-12.5	-12.2	-41.6
Depreciation and impairments	-1.4	-0.9	-0.5	59.9	-0.8	-0.4	-1.9
Other operating expenses	-7.3	-6.8	-0.5	8.0	-3.9	-3.6	-12.6
<b>Operating profit</b>	<b>18.1</b>	<b>10.3</b>	<b>7.7</b>	74.9	<b>9.2</b>	<b>6.8</b>	<b>15.1</b>
Financial income	2.9	0.8	2.2	287.4	1.7	0.2	2.6
Financial expenses	-5.9	-2.1	-3.8	178.1	-4.1	-1.0	-6.1
Financial income and expenses, total	-3.0	-1.4	-1.6	118.5	-2.4	-0.8	-3.5
<b>Profit before taxes</b>	<b>15.1</b>	<b>9.0</b>	<b>6.1</b>	68.2	<b>6.8</b>	<b>6.0</b>	<b>11.5</b>
Income taxes	-4.6	-2.4	-2.3	96.9	-2.2	-0.6	-3.9
<b>Net profit for the period</b>	<b>10.4</b>	<b>6.6</b>	<b>3.8</b>	57.9	<b>4.5</b>	<b>5.3</b>	<b>7.6</b>
<b>Attributable to</b>							
Equity holders of the parent company	10.1	6.7			4.4	4.8	7.2
Minority interest	0.3	-0.1			0.2	0.5	0.5
Earnings per share calculated on the profit attributable to equity holders of the parent company (undiluted and diluted) 1)	0.28	0.25			0.12	0.18	0.22

- 1) Key figures per share have been adjusted to reflect the increase in the number of shares, which came into effect on 11 April 2007 (split), new issue of shares on 11 June 2007 and the new issue of shares and the cancellation of treasury shares in connection with the merger of SRV Henkilöstö Oy on 29 September 2007 and purchases of own shares

<b>Consolidated balance sheet</b> (EUR million)	<b>IFRS</b> <b>30.6.08</b>	IFRS 30.6.07	change %	<b>IFRS</b> <b>31.12.07</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	26.1	6.2	318.1	8.0
Goodwill	1.8	0.7	141.8	0.7
Other intangible assets	0.7	0.8	-15.3	0.6
Other financial assets	3.7	2.9	27.0	2.9
Receivables	5.0	6.0	-16.5	2.7
Deferred tax assets	1.3	2.2	-40.0	1.1
<b>Non-current assets, total</b>	<b>38.5</b>	<b>18.7</b>	105.2	<b>16.1</b>
<b>Current assets</b>				
Inventories	249.9	180.6	38.4	196.4
Trade and other receivables	89.0	77.1	15.4	94.2
Current tax receivables	6.5	3.3	95.3	3.4
Cash and cash equivalents	10.1	70.3	-85.6	21.4
<b>Current assets, total</b>	<b>355.5</b>	<b>331.3</b>	7.3	<b>315.4</b>
<b>ASSETS, TOTAL</b>	<b>393.9</b>	<b>350.1</b>	12.5	<b>331.6</b>

<b>Consolidated balance sheet</b> (EUR million)	<b>IFRS</b> <b>30.6.08</b>	IFRS 30.6.07	change %	<b>IFRS</b> <b>31.12.07</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to equity holders of the parent company</b>				
Share capital	3.1	3.1	0.0	3.1
Invested free equity fund	87.3	112.6	-22.4	87.3
Translation differences	-0.1	0.0	3,374.9	0.0
Fair value reserve	0.0	0.0	-100.0	0.0
Retained earnings	70.4	58.7	20.0	64.7
<b>Equity attributable to equity holders of the parent company, total</b>	<b>160.8</b>	<b>174.4</b>	-7.8	<b>155.1</b>
<b>Minority interest</b>	<b>2.9</b>	<b>4.0</b>	-27.2	<b>3.2</b>
<b>Equity, total</b>	<b>163.7</b>	<b>178.4</b>	-8.2	<b>158.3</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	0.4	1.1	-62.4	0.1
Provisions	6.0	4.7	27.6	5.9
Interest-bearing liabilities	50.8	36.0	41.3	37.7
Other liabilities	0.0	0.0		0.4
<b>Non-current liabilities, total</b>	<b>57.3</b>	<b>41.8</b>	36.9	<b>44.1</b>
<b>Current liabilities</b>				
Trade and other payables	83.0	98.5	-15.8	96.9
Current tax payables	4.3	3.4	25.2	1.6
Provisions	4.1	4.0	1.6	4.1
Interest-bearing liabilities	81.7	24.0	240.9	26.5
<b>Current liabilities, total</b>	<b>173.0</b>	<b>129.9</b>	33.2	<b>129.1</b>
<b>Liabilities, total</b>	<b>230.3</b>	<b>171.7</b>	34.1	<b>173.2</b>
<b>EQUITY AND LIABILITIES</b>	<b>393.9</b>	<b>350.1</b>	12.5	<b>331.6</b>

<b>Consolidated cash flow statement</b> (EUR million)	<b>IFRS</b> <b>1-6/2008</b>	<b>IFRS</b> <b>1-6/2007</b>	<b>IFRS</b> <b>1-12/2007</b>
<b>Cash flows from operating activities</b>			
<b>Net profit for the period</b>	<b>10.4</b>	<b>6.6</b>	<b>7.6</b>
Adjustments:			
Depreciation and impairments	1.4	0.9	1.9
Non-cash transactions	-0.2	0.5	1.5
Financial income and expenses	3.0	1.4	3.5
Capital gains on sales of tangible and intangible assets	0.0	-0.1	-0.1
Income taxes	4.6	2.4	3.9
Adjustments, total	<b>8.9</b>	<b>5.0</b>	<b>10.6</b>
Changes in working capital:			
Change in loan receivables	-6.3	-1.5	-2.7
Change in trade and other receivables	8.1	-11.4	-23.0
Change in inventories	-53.2	-46.1	-62.8
Change in trade and other payables	-15.2	18.2	16.4
Changes in working capital, total	<b>-66.7</b>	<b>-40.8</b>	<b>-72.1</b>
Interest paid	-5.7	-2.5	-6.3
Interest received	5.0	1.1	2.8
Income taxes paid	-4.9	-2.9	-6.3
	<b>-5.6</b>	<b>-4.2</b>	<b>-9.8</b>
<b>Net cash flow from operating activities</b>	<b>-53.0</b>	<b>-33.4</b>	<b>-63.7</b>
<b>Cash flow from investing activities</b>			
Acquisition of subsidiaries, net of cash	-1.3	0.0	0.0
Property, plant and equipment	-19.3	-1.9	-4.2
Intangible assets	-0.2	-0.1	-0.1
Other financial assets	-0.8	-0.1	-1.0
Sale of property, plant and equipment and intangible assets	0.1	0.7	0.7
Sale of financial assets	0.0	0.3	0.3
<b>Net cash used in investing activities</b>	<b>-21.5</b>	<b>-1.2</b>	<b>-4.3</b>
<b>Cash flows from financing activities</b>			
Proceeds from share issue	0.0	112.6	113.4
Proceeds from loans	18.4	6.2	19.1
Repayments of loans	-9.2	-6.8	-13.5
Change in loan receivables	0.0	0.2	0.2
Change in housing corporation loans	16.0	-9.7	-21.8
Change in credit limits	42.8	-9.4	0.9
Purchase of treasury shares	-0.4	0.0	-20.7
Dividends paid	-4.4	-3.1	-3.1
<b>Net cash from financing activities</b>	<b>63.2</b>	<b>90.1</b>	<b>74.5</b>
<b>Net change in cash and cash equivalents</b>	<b>-11.3</b>	<b>55.5</b>	<b>6.5</b>
Cash and cash equivalents at the beginning of period	21.4	14.9	14.9
<b>Cash and cash equivalents at the end of period</b>	<b>10.1</b>	<b>70.3</b>	<b>21.4</b>

## Statement of changes in Group equity 1.1. - 30.6.2008

IFRS (EUR million)	Equity attributable to the equity holders of the parent company							Minority interest	Total equity
	Share capital	Share premiu m reserve	Invested free equity fund	Trans- lation differ- ences	Fair value reserve	Retai- ned earn- ings	Total		
<b>Equity on 1.1.2008</b>	<b>3.1</b>	<b>0.0</b>	<b>87.3</b>	<b>0.0</b>	<b>0.0</b>	<b>64.7</b>	<b>155.1</b>	<b>3.2</b>	<b>158.3</b>
Translation differences				-0.1			-0.1		
Net gains on available- for-sale financial assets					0.0		0.0		
Other changes			0.0			0.2	0.2		
<b>Net income recognised directly in equity</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.1</b>	<b>0.0</b>	<b>0.2</b>	<b>0.1</b>		
Net profit for the period						10.1	10.1		
<b>Total income and expenses for the period</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>10.1</b>	<b>10.1</b>		
Dividends paid						-4.4	-4.4		
Purchase of treasury shares						-0.2	-0.2		
<b>Equity on 30.6.2008</b>	<b>3.1</b>	<b>0.0</b>	<b>87.3</b>	<b>-0.1</b>	<b>0.0</b>	<b>70.4</b>	<b>160.8</b>	<b>2.9</b>	<b>163.7</b>

## Statement of changes in Group equity 1.1. - 30.6.2007

IFRS (EUR million)	Equity attributable to the equity holders of the parent company							Minority interest	Total
	Share capital	Share premiu m reserve	Non- restricted equity reserve	Other reserve	Trans- lation differ- ences	Fair value reserve	Retai- ned earn- ings		
<b>Equity on 1.1.2007</b>	<b>1.3</b>	<b>1.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>54.7</b>	<b>57.9</b>	<b>4.2</b>	<b>62.2</b>
Translation differences				0.0			0.0		
Net gains on available- for-sale financial assets					-0.1		-0.1		
Other changes						0.0	0.0		
<b>Net income recognised directly in equity</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.1</b>	<b>0.0</b>	<b>-0.1</b>		
Net profit for the period						6.7	6.7		
<b>Total recognised income and expenses</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>6.7</b>	<b>6.7</b>		
Dividends paid						-3.1	-3.1		
Transfer from share premium reserve to share capital	1.8	-1.8					0.0		
Share issue and employee offering			112.6			0.4	113.0		
<b>Equity on 30.6.2007</b>	<b>3.1</b>	<b>0.0</b>	<b>112.6</b>	<b>0.0</b>	<b>0.0</b>	<b>58.7</b>	<b>174.4</b>	<b>4.0</b>	<b>178.4</b>

## Statement of changes in Group equity 1.1. - 31.12.2007

IFRS (EUR million)	Equity attributable to the equity holders of the parent company							Minority interest	Total equity
	Share capital	Share premiu m reserve	Invested free equity fund	Trans- lation differ- ences	Fair value reserve	Retai- ned earnin gs	Total		
<b>Equity on 1.1.2007</b>	<b>1.3</b>	<b>1.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>54.7</b>	<b>57.9</b>	<b>4.2</b>	<b>62.2</b>
Translation differences				0.0			<b>0.0</b>		
Net gains on available- for-sale financial assets					-0.1		<b>-0.1</b>		
Other changes						0.1	<b>0.1</b>		
<b>Net income recognised directly in equity</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.1</b>	<b>0.1</b>	<b>0.0</b>		
Net profit for the period						7.2	<b>7.2</b>		
<b>Total income and expenses for the period</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>7.2</b>	<b>7.2</b>		
Dividends paid						-3.1	<b>-3.1</b>		
Transfer from share premium reserve to share capital	1.8	-1.8					<b>0.0</b>		
Share issue and employee offering			116.6			0.4	<b>117.0</b>		
Share issue and employee offering deductions						-3.2	<b>-3.2</b>		
Purchase and cancellation of treasury shares			-29.3			8.6	<b>-20.7</b>		
<b>Equity 31.12.2007</b>	<b>3.1</b>	<b>0.0</b>	<b>87.3</b>	<b>0.0</b>	<b>0.0</b>	<b>64.7</b>	<b>155.1</b>	<b>3.2</b>	<b>158.3</b>

<b>Inventories</b> (EUR million)	<b>IFRS</b> <b>30.6.08</b>	IFRS 30.6.07	change, %	<b>IFRS</b> <b>31.12.07</b>
Raw materials and consumables	<b>0.1</b>	0.0	39.4	<b>0.0</b>
Work in progress	<b>73.8</b>	70.2	5.2	<b>86.7</b>
Land areas and plot-owning companies	<b>118.7</b>	68.7	72.7	<b>64.3</b>
Shares in completed housing corporations and real estate companies	<b>37.7</b>	21.6	74.9	<b>30.3</b>
Advance payments	<b>6.2</b>	12.3	-49.4	<b>6.5</b>
Other inventories	<b>13.4</b>	7.7	73.1	<b>8.7</b>
<b>Inventories, total</b>	<b>249.9</b>	180.6	38.4	<b>196.4</b>
<b>Commitments and contingent liabilities</b> EUR million	<b>IFRS</b> <b>30.6.08</b>	IFRS 30.6.07	change, %	<b>IFRS</b> <b>31.12.07</b>
<b>Collateral given for own liabilities</b>				
Real estate mortgages given	<b>95.3</b>	61.3	55.5	<b>69.9</b>
Pledges given	<b>0.0</b>	11.0	-100.0	<b>5.2</b>
<b>Other commitments</b>				
Guarantees given for liabilities on uncompleted projects	<b>23.4</b>	71.0	-67.0	<b>71.4</b>
Investment commitments given	<b>4.0</b>	6.4	-37.4	<b>4.7</b>

Fair and nominal values of derivative instruments (EUR million)	IFRS 30.6.08		IFRS 30.6.07		IFRS 31.12.07	
	Fair Values		Fair Values		Fair Values	
	Positive	Negative	Positive		Positive	Negative
<b>Hedge accounting not applied</b>						
Foreign exchange forward contracts	0.2	0.0	0.0	0.0	0.0	0.0
Interest rate swaps	0.0	0.0	0.0	0.0	0.0	0.0

Nominal values of derivative instruments	IFRS 30.6.08		IFRS 30.6.07		IFRS 31.12.07	
	8.1		9.3		8.5	
	11.2		0.0		0.0	
Foreign exchange forward contracts						

The fair values of derivative instruments are based on market prices at the end of the reporting period. Open foreign exchange forward contracts are hedging the financing cash flow.

## 2. Group and Segment information by quarter

SRV Group (EUR million)	IFRS 4-6/2008	IFRS 1-3/2008	IFRS 10-12/2007	IFRS 7-9/2007	IFRS 4-6/2007	IFRS 1-3/2007
Revenue	142.4	146.4	165.5	134.6	140.0	121.4
Operating profit	9.2	8.9	-2.9	7.6	6.8	3.6
Financial income and expenses, total	-2.4	-0.6	-2.3	0.2	-0.8	-0.6
Profit before taxes	6.8	8.3	-5.2	7.8	6.0	3.0
Order backlog <sup>1)</sup>	521.1	451.3	528.7	546.3	517.4	507.0
Earnings per share, eur	0.12	0.16	-0.17	0.14	0.18	0.07
Equity per share, eur <sup>1)</sup>	4.40	4.38	4.22	4.33	4.46	2.29
Share price, eur <sup>1)</sup>	5.28	5.55	5.02	8.10	10.10	-
Equity ratio, % <sup>1)</sup>	44.9	52.1	55.4	60.9	59.4	33.2
Net interest bearing debt <sup>1)</sup>	122.4	76.1	43.2	19.8	-10.4	52.5
Gearing, % <sup>1)</sup>	74.8	46.3	27.3	12.2	-5.8	82.9

Revenue (EUR million)	IFRS 4-6/2008	IFRS 1-3/2008	IFRS 10-12/2007	IFRS 7-9/2007	IFRS 4-6/2007	IFRS 1-3/2007
Business Premises	92.2	104.8	103.2	90.6	82.2	69.4
Housing	37.1	26.0	43.5	35.5	43.9	40.1
International	13.1	15.7	18.8	8.5	14.0	11.9
Other Operations	2.8	2.9	2.7	2.5	4.0	1.9
Eliminations	-2.9	-2.9	-2.7	-2.6	-4.2	-1.9
<b>Group, total</b>	<b>142.4</b>	<b>146.4</b>	<b>165.5</b>	<b>134.6</b>	<b>140.0</b>	<b>121.4</b>

Operating profit (EUR million)	IFRS 4-6/2008	IFRS 1-3/2008	IFRS 10-12/2007	IFRS 7-9/2007	IFRS 4-6/2007	IFRS 1-3/2007
Business Premises	9.9	8.2	4.7	6.8	3.6	2.9
Housing	0.9	0.4	2.8	3.0	2.9	2.0
International	-0.1	1.2	-9.4	-1.7	1.8	-0.9
Other Operations	-1.6	-0.9	-1.1	-0.5	-1.1	-0.4
Eliminations	0.0	0.0	0.0	0.0	-0.4	0.0
<b>Group, total</b>	<b>9.2</b>	<b>8.9</b>	<b>-2.9</b>	<b>7.6</b>	<b>6.8</b>	<b>3.6</b>

<b>Operating profit</b> (%)	<b>IFRS</b> <b>4-6/2008</b>	IFRS 1-3/2008	IFRS 10-12/2007	IFRS 7-9/2007	IFRS 4-6/2007	IFRS 1-3/2007
Business Premises	<b>10.8</b>	7.8	4.5	7.5	4.4	4.2
Housing	<b>2.5</b>	1.6	6.5	8.5	6.5	4.9
International	<b>-0.9</b>	7.9	-49.9	-19.9	12.7	-7.8
<b>Group, total</b>	<b>6.4</b>	6.1	-1.8	5.7	4.8	2.9

<b>Order backlog</b> (EUR million)	<b>IFRS</b> <b>30.6.2008</b>	IFRS 31.3.2008	IFRS 31.12.2007	IFRS 30.9.2007	IFRS 30.6.2007	IFRS 31.3.2007
Business Premises	291.1	235.2	302.8	360.2	323.4	326.0
Housing	186.8	182.4	174.6	128.2	129.7	143.0
International	43.2	33.7	51.3	57.9	64.4	38.0
<b>Group, total</b>	<b>521.1</b>	<b>451.3</b>	<b>528.7</b>	<b>546.3</b>	<b>517.4</b>	<b>507.0</b>

<b>Invested capital</b> (EUR million)	<b>IFRS</b> <b>30.6.2008</b>	IFRS 31.3.2008	IFRS 31.12.2007	IFRS 30.9.2007	IFRS 30.6.2007	IFRS 31.3.2007
Business Premises	<b>51.2</b>	43.7	33.4	44.4	60.7	40.1
Housing	<b>105.3</b>	97.0	81.5	72.2	60.6	39.5
International	<b>145.1</b>	115.1	101.3	65.3	58.6	29.9
Other and eliminations	<b>-5.4</b>	4.0	6.7	25.3	58.5	23.0
<b>Group, total</b>	<b>296.2</b>	<b>259.8</b>	<b>222.9</b>	<b>207.3</b>	<b>238.3</b>	<b>132.6</b>

<b>Residential production</b> <b>in Finland (units)</b>	<b>IFRS</b> <b>4-6/2008</b>	IFRS 1-3/2008	IFRS 10-12/2007	IFRS 7-9/2007	IFRS 4-6/2007	IFRS 1-3/2007
Start-ups	<b>53</b>	8	155	31	77	100
Sold	<b>63</b>	33	40	62	83	103
Completed	<b>104</b>	125	130	257	51	81
Completed and unsold <sup>1)</sup>	<b>128</b>	105	80	71	30	18
Under construction <sup>1)</sup>	<b>247</b>	298	415	382	593	613

1) at the end of the period

### 3. Segment information

<b>Assets</b> (EUR million)	<b>IFRS</b> <b>30.6.08</b>	IFRS 30.6.07	change, MEUR	change, %	IFRS 31.12.08
Business Premises	<b>111.7</b>	125.1	-13.4	-10.7	<b>117.2</b>
Housing	<b>127.3</b>	88.2	39.1	44.4	<b>113.4</b>
International	<b>157.8</b>	74.0	83.8	113.2	<b>114.3</b>
Other Operations	<b>187.8</b>	154.3	33.5	21.7	<b>162.0</b>
Eliminations	<b>-190.7</b>	-91.6	-99.2		<b>-175.4</b>
<b>Group, total</b>	<b>393.9</b>	350.1	43.9	12.5	<b>331.6</b>

<b>Liabilities</b> (EUR million)	<b>IFRS</b> <b>30.6.08</b>	IFRS 30.6.07	change, MEUR	change, %	IFRS 31.12.08
Business Premises	<b>82.0</b>	104.9	-22.9	-21.9	<b>83.9</b>
Housing	<b>113.8</b>	72.9	40.9	56.1	<b>93.8</b>
International	<b>149.9</b>	62.5	87.4	139.8	<b>104.9</b>
Other Operations	<b>76.7</b>	23.8	52.9	221.8	<b>31.5</b>
Eliminations	<b>-192.1</b>	-92.5	-99.6		<b>-140.9</b>
<b>Group, total</b>	<b>230.3</b>	171.7	58.6	34.1	<b>173.2</b>

<b>Invested capital</b> (EUR million)	<b>IFRS</b> <b>30.6.08</b>	IFRS 30.6.07	change, MEUR	change, %	IFRS 31.12.08
Business Premises	<b>51.2</b>	60.7	-9.5	-15.7	<b>33.4</b>
Housing	<b>105.3</b>	60.6	44.8	73.9	<b>81.5</b>
International	<b>145.1</b>	58.6	86.5	147.6	<b>101.3</b>
Other operations and eliminations	<b>-5.4</b>	58.5	-63.9		<b>6.7</b>
<b>Group, total</b>	<b>296.2</b>	<b>238.3</b>	57.9	24.3	<b>222.9</b>

<b>Business Premises</b> (EUR million)	<b>IFRS</b> <b>1-6/2008</b>	IFRS 1-6/2007	change, MEUR	change, %	<b>IFRS</b> <b>2007</b>
<b>Revenue</b>	<b>197.0</b>	151.6	45.4	29.9	<b>345.4</b>
<b>Operating profit</b>	<b>18.1</b>	6.5	11.6	177.8	<b>18.0</b>
<b>Segment's assets</b>					
Non-current assets	<b>0.9</b>	0.8	0.2	23.1	<b>1.0</b>
Current assets	<b>110.8</b>	124.4	-13.6	-10.9	<b>116.2</b>
<b>Total assets</b>	<b>111.7</b>	125.1	-13.4	-10.7	<b>117.2</b>
<b>Segment's liabilities</b>					
Non-current liabilities	<b>1.1</b>	12.7	-11.6	-91.0	<b>1.2</b>
Current liabilities	<b>80.8</b>	92.2	-11.3	-12.3	<b>82.7</b>
<b>Total liabilities</b>	<b>82.0</b>	104.9	-22.9	-21.9	<b>83.9</b>
<b>Invested capital at end of period</b>	<b>51.2</b>	60.7	-9.5	-15.7	<b>33.4</b>
Return on investment, % <sup>1)</sup>	<b>91.6</b>	29.2			<b>52.4</b>
<b>Order backlog at end of period</b>	<b>291.1</b>	323.4	-32.3	-10.0	<b>302.8</b>

<b>Housing</b> (EUR million)	<b>IFRS</b> <b>1-6/2008</b>	IFRS 1-6/2007	change, MEUR	change, %	<b>IFRS</b> <b>2007</b>
<b>Revenue</b>	<b>63.1</b>	84.0	-20.9	-24.9	<b>163.1</b>
<b>Operating profit</b>	<b>1.3</b>	4.8	-3.5	-72.2	<b>10.7</b>
<b>Segment's assets</b>					
Non-current assets	<b>2.2</b>	1.0	1.2	114.2	<b>2.6</b>
Current assets	<b>125.1</b>	87.1	37.9	43.6	<b>110.9</b>
<b>Total assets</b>	<b>127.3</b>	88.2	39.1	44.4	<b>113.4</b>
<b>Segment's liabilities</b>					
Non-current liabilities	<b>44.4</b>	25.6	18.7	73.0	<b>28.1</b>
Current liabilities	<b>69.5</b>	47.3	22.2	46.9	<b>65.7</b>
<b>Total liabilities</b>	<b>113.8</b>	72.9	40.9	56.1	<b>93.8</b>
<b>Invested capital at end of period</b>	<b>105.3</b>	60.6	44.8	73.9	<b>81.5</b>
Return on investment, % <sup>1)</sup>	<b>2.9</b>	18.0			<b>16.7</b>
<b>Order backlog at end of period</b>	<b>186.8</b>	129.7	57.1	44.0	<b>174.6</b>



<b>International Operations</b> (EUR million)	<b>IFRS</b> <b>1-6/2008</b>	IFRS 1-6/2007	change, MEUR	change, %	<b>IFRS</b> <b>2007</b>
<b>Revenue</b>	<b>28.8</b>	25.9	2.9	11.3	<b>53.2</b>
<b>Operating profit</b>	<b>1.1</b>	0.9	0.3	30.9	<b>-10.2</b>
<b>Segment's assets</b>					
Non-current assets	<b>22.8</b>	6.3	16.4	259.1	<b>2.4</b>
Current assets	<b>135.0</b>	67.7	67.4	99.6	<b>111.8</b>
<b>Total assets</b>	<b>157.8</b>	74.0	83.8	113.2	<b>114.3</b>
<b>Segment's liabilities</b>					
Non-current liabilities	<b>13.3</b>	2.6	10.7	418.4	<b>14.8</b>
Current liabilities	<b>136.6</b>	60.0	76.7	127.9	<b>90.1</b>
<b>Total liabilities</b>	<b>149.9</b>	62.5	87.4	139.8	<b>104.9</b>
<b>Invested capital at end of period</b>	<b>145.1</b>	58.6	86.5	147.6	<b>101.3</b>
Return on investment, % <sup>1)</sup>	<b>6.5</b>	4.0			<b>-11.3</b>
<b>Order backlog at end of period</b>	<b>43.2</b>	64.4	-21.2	-32.9	<b>51.3</b>

1) In calculating the key ratio only the profit for the period has been annualised

4) Adoption of new standards, changes and interpretations in 2009

In July, IFRIC published a new interpretation guide concerning the income recognition procedures for developer contracting projects (IFRIC 15: Agreements for the Construction of Real Estate). The coming into effect of the standard requires the approval of the European Commission. SRV will adopt the approved interpretation guide as from 1 January 2009 and will analyse the effects of the application of the interpretation guide on the financial data reported by the Group.

### **Outlook for 2008**

In July, SRV signed a contract for the sale of shares in ZAO Nordrus Hotel with Wenaas Hotel Russia A/S, which belongs to the Norwegian Wenaas Group. ZAO Nordrus Hotel owns the 160-room Park Inn hotel in Ekaterinburg, Russia. The selling price of the shares was EUR 22.5 million. The transaction requires the consent of the Russian competition authorities, which is expected during September/October. The transaction will generate operating profit of about EUR 13 million.

In July, SRV signed a project management contract valued at EUR 107 million for the planning and construction of the Mytichi shopping centre project with the project company. The majority owner of the project is the Finnish real estate investment company Vicus with a 75 per cent stake. The final investment decision will be made by the end of this year. The contract is not included in the order backlog until the final investment decision is made.