SRV GROUP PLC INTERIM REPORT 4 November 2010, 8.30 a.m. EET

SRV'S ORDER BACKLOG REMAINS AT A RECORD LEVEL - SRV'S INTERIM REPORT 1 JANUARY–30 SEPTEMBER 2010

Reporting period 1 January–30 September 2010 in brief:

- SRV's revenue was EUR 327.6 million (EUR 270.3 million in January–September 2009), change 21.2%
- Operating profit was EUR 7.3 million (EUR 8.0 million), change 8.3% negative
- Profit before taxes was EUR 3.5 million (EUR 4.3 million)
- The order backlog at the close of the review period was EUR 604.3 million (EUR 465.8 million), change 29.7%
- New contracts EUR 439.9 million (EUR 275.8 million), change 59.5%
- The equity ratio was 35.0 per cent (40.9%)
- Earnings per share were EUR 0.09 (EUR 0.05)
- SRV adheres to the previous outlook for 2010. Revenue in 2010 is expected to exceed the previous year's level and profit before taxes is expected to be positive.

Third quarter 1 July – 30 September 2010 in brief:

- Revenue amounted to EUR 115.3 million (EUR 87.3 million in July – September 2009)
- Operating profit was EUR 4.3 million (EUR 2.3 million)
- Profit before taxes was EUR 3.5 million (EUR 1.1 million)
- Earnings per share were EUR 0.08 (EUR 0.01)

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

"SRV's outlays on business premises and housing construction in Finland have produced results. Our order backlog remained at an all-time high, amounting to EUR 604 million. The volume of new contracts grew by 59.5 per cent.

SRV's Business Premises had excellent success in acquiring customers and its order backlog was up 34.3 per cent. The growth of the order backlog proves that SRV's open operating model, robust expertise in implementation, reputation as a reliable construction firm and committed employees support new customer acquisition also in a tight market situation.

In line with our strategy, our housing production focuses on growth centres, where the migration of the population and structural demand lay a strong foundation for expanding operations. In the Greater Helsinki Area, we have bolstered our position in housing construction and have become a major player in this field. In the first part of the year, we started up the construction of 410 developer contracting housing units in Finland and sold a total of 361 units to consumers (121 units in January-September/2009). Projects under construction are now also in demand. Thanks to the positive response to premarketing, SRV has decided to start the construction of another 133 housing units.

In our Russian operations, start-ups of projects under development were pushed back. The Russian financial and property markets are gradually recovering. In addition to developing the implementation of our current projects, we are also boosting our growth strategy by focusing on the preparation of the first investment projects for the property fund as well as the development of the shopping centre in cooperation with Shanghai Industrial Investment Group.

SRV's result is not on a satisfactory level due to postponement of projects in the International Business Area. We will now focus our efforts on start-up of key projects in order to raise the volume of the segment to the level required by its cost level.

SRV boasts strong innovative project development, and we will continue our efforts on it by utilising the support from the company's solvency and financing position. Even though the business premises market is challenging, I believe that through project development SRV can start projects that are important to the business activities of our clients. As an example of successful result of persistence we can mention the Karisto shopping centre project, the construction contract for which was signed in June.

We seek to increase our customer focus in housing construction, all the way from design to the sales process. We were the first to implement an electronic reservation system for housing units in a HITAS project. This system enables customers to reserve apartments without having to come to stand in line. It also ensured efficient and fair treatment. The customers received an immediate confirmation of their reservation and they had a change to have a say in the design of their future home. With premarketing, we target our production at the types of housing units that are in great demand among customers. We enhance our customer service. Instead of offering mass-produced interior design solutions, we offer individual packages that are easy to customise. As many as half of our customers are now using our customised interior design service.

In domestic housing production our aim is to raise our market share in the growth centres. Our innovative project development has created numerous major long-term possibilities in the Greater Helsinki Area, such as the Keilaniemi Towers project, the project for planning the land use of the neighbouring areas of the future metro station in Niittykumpu district in Espoo, the acquisition of the Perkkaa plots from Siemens in Espoo, as well as participation in Sitra's Low2No project with the aim to develop and implement a solution for the construction of low carbon or no-carbon sustainable urban environments," says Jukka Hienonen, CEO of SRV.

Group key figures (EUR million)	IFRS 1-9/ 2010	IFRS 1-9/ 2009	change, MEUR	change, %	IFRS 7-9/ 2010	IFRS 7-9/ 2009	IFRS 1-12/ 2009
Revenue	327.6	270.3	57.3	21.2	115.3	87.3	390.5
Operating profit	7.3	8.0	-0.7	-8.3	4.3	2.3	10.7
Financial income and expenses, total	-3.8	-3.7	-0.1		-0.8	-1.2	-4.2
Profit before taxes	3.5	4.3	-0.8	-18.6	3.5	1.1	6.5
Order backlog	604.3	465.8	138.5	29.7			481.6
New agreements	439.9	275.8	164.1	59.5	112.6	86.3	396.1
Operating profit, %	2.2	3.0			3.7	2.6	2.7
Net profit, %	0.8	0.7			2.4	0.6	0.7
Equity ratio, %	35.0	40.9					41.3
Net interest bearing debt	227.7	189.8					179.9
Gearing, %	146.7	116.3					109.8
Return on investment, % 1)	3.1	5.1					4.9
Return on equity, % 1)	2.3	1.6					1.8
Earnings per share, EUR	0.09	0.05			0.08	0.01	0.08
Equity per share, EUR	4.47	4.45					4.48
Weighted average number of shares outstanding, million	33.9	36.1		-6.0			36.0

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

Consolidated revenue was EUR 327.6 million (EUR 270.3 million in January–September 2009), of which Finland accounted for 96 per cent (93%) and Russia and the Baltic countries for 4 per cent (7%). Revenue in the Business Premises business area was EUR 216.3 million (EUR 141.1 million). Revenue in the Housing business area was EUR 98.9 million (EUR 108.6 million). Revenue in the International business area was EUR 12.6 million (EUR 20.6 million).

The Group’s operating profit was EUR 7.3 million (EUR 8.0 million in January–September 2009). Operating profit margin was 2.2 per cent (3.0%). Operating profit in the Business Premises business area was EUR 13.5 million (EUR 13.7 million). Operating profit in the Housing business area was EUR 4.5 million (EUR 3.5 million). Operating loss in the International business area was EUR 6.5 million (operating loss of EUR 5.7 million).

The Group’s profit before taxes was EUR 3.5 million (profit of EUR 4.3 million in January–September 2009). The profit for the review period was EUR 2.8 million (profit of EUR 2.0 million). Earnings per share were EUR 0.09 (EUR 0.05). Return on equity was 2.3 per cent (1.6%) and return on investment was 3.1 per cent (5.1%).

The Group’s revenue for the third quarter was EUR 115.3 million (EUR 87.3 million in July-September 2009) and operating profit EUR 4.3 million (EUR 2.3 million). Profit before taxes was EUR 3.5 million (profit of EUR 1.1 million). Earnings per share were EUR 0.08 (EUR 0.01).

The order backlog grew by 29.7 per cent and was EUR 604.3 million on 30 September 2010 (EUR 465.8 million on 30 September 2009). The major reason behind the growth in the order backlog was the 36.3 per cent increase of the portion of the sold production to EUR 443 million (EUR 325 million on 30 September 2009). Start-ups of developer contracting housing projects raised the share of the unsold order backlog to EUR 162 million (EUR 141 million on 30 September 2009).

Key figures for the Segments

Revenue (EUR million)	IFRS 1-9/ 2010	IFRS 1-9/ 2009	change, MEUR	change, %	IFRS 7-9/ 2010	IFRS 7-9/ 2009	IFRS 1-12/ 2009
Business Premises	216.3	141.1	75.2	53.3	84.8	40.2	208.0
Housing	98.9	108.6	-9.8	-9.0	24.7	39.7	158.6
International	12.6	20.6	-8.1	-39.1	5.8	7.4	24.0
Other Operations	7.5	6.4	1.1	17.3	2.5	2.1	8.7
Eliminations	-7.6	-6.4	-1.2		-2.5	-2.1	-8.8
Group, total	327.6	270.3	57.3	21.2	115.3	87.3	390.5

Operating profit (EUR million)	IFRS 1-9/ 2010	IFRS 1-9/ 2009	change, MEUR	change, %	IFRS 7-9/ 2010	IFRS 7-9/ 2009	IFRS 1-12/ 2009
Business Premises	13.5	13.7	-0.2	-1.5	4.5	3.1	18.0
Housing	4.5	3.5	1.0	28.3	1.4	1.3	5.4
International	-6.5	-5.7	-0.8		-0.4	-1.3	-7.7
Other Operations	-3.9	-3.3	-0.6		-1.1	-0.7	-4.7
Eliminations	-0.2	-0.1	-0.1		0.0	-0.1	-0.3
Group, total	7.3	8.0	-0.7	-8.3	4.3	2.3	10.7

Operating profit (%)	IFRS 1-9/2010	IFRS 1-9/2009	IFRS 7-9/2009	IFRS 7-9/2008	IFRS 1-12/2009
Business Premises	6.2	9.7	5.3	7.7	8.6
Housing	4.6	3.2	5.5	3.4	3.4
International	-51.9	-27.8	-7.1	-17.6	-32.1
Group, total	2.2	3.0	3.7	2.6	2.7

Order backlog (EUR million)	IFRS 30.9.09	IFRS 30.9.08	change, MEUR	change, %	IFRS 31.12.09
Business Premises	338.5	252.0	86.5	34.3	255.3
Housing	242.6	187.5	55.1	29.4	201.7
International	23.1	26.3	-3.2	-12.0	24.6
Group, total	604.3	465.8	138.5	29.7	481.6
- sold order backlog	443	325	118	36.3	317
- unsold order backlog	162	141	21	14.6	165

Earnings trends of the Segments

Business Premises (EUR million)	IFRS 1-9/ 2010	IFRS 1-9/ 2009	change, MEUR	change, %	IFRS 7-9/ 2010	IFRS 7-9/ 2009	IFRS 1-12/ 2009
Revenue	216.3	141.1	75.2	53.3	84.8	40.2	208.0
Operating profit	13.5	13.7	-0.2	-1.5	4.5	3.1	18.0
Operating profit, %	6.2	9.7			5.3	7.7	8.6
Order backlog	338.5	252.0	86.5	34.3			255.3

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

Revenue in the Business Premises business area was EUR 216.3 million (EUR 141.1 million). Operating profit was EUR 13.5 million (EUR 13.7 million), generating an operating profit margin of 6.2 per cent (9.7%). The order backlog grew by 34.3 per cent to EUR 338.5 million (EUR 252.0 million).

Third-quarter revenue amounted to EUR 84.8 million (EUR 40.2 million) and operating profit to EUR 4.5 million (EUR 3.1 million). Competition for new contracts remained tight.

Among the projects completed during the review period were the first phase of Malmi Hospital in Helsinki, the renovation of Kiinteistö Oy Niittymäentie 7 for Ilmarinen Mutual Pension Insurance Company in Espoo, alteration and renovation works in the mail sorting department of Itella's postal centre in Pasila, Helsinki, as well as the repair works on the second stage of the University of Helsinki's Metsätalo Building and the adjacent service tunnel in Unioninkatu, Helsinki. The new equestrian centre Primus in Espoo, the bus depot in Kivikko, Vantaa, the renovation and building of Mercuria business school in Vantaa, and a new production building for Lassila & Tikanoja in Kerava were also completed. The construction of Vierumäki Congress & Resort Hotel was completed and handed over to Mutual Pension Insurance Company Varma.

In January, SRV signed a contract for the construction of the spa hotel Holiday Club Saimaa in Lappeenranta. In addition to the hotel, the contract includes an aqua park with a wellness area, a restaurant world and a multifunction ice arena. The spa hotel will be completed in the summer of 2011.

In January, SRV and the Finnish Fair Corporation signed a contract for the heightening of the Helsinki Fair Centre's car park, expanding it by approximately 1,200 new parking spaces. The project will be completed by the end of 2010.

In February, Citycon Oyj chose SRV as its project management contractor for the construction and renovation of Espoontori shopping centre. The total floor area of the project is about 18,600 square metres and the renovation will be completed by December 2010.

In February, SRV and Helsinki University Premises and Property Services signed a project management contract on the construction and renovation of the Kaisa-talo building, a shopping centre in Kaisaniemenkatu, Helsinki, which will be converted into the University's central campus library. This 30,740 square metre project will be completed by 1 May 2012.

In June, SRV and Kesko signed the project management contract for the construction of the shopping centre Karisma to be built in the Karisto district in Lahti. SRV and Kesko have jointly developed the project and SRV will act as the main contractor in the project. The total sales area in the shopping centre is 35,000 square meters including a modern K-Citymarket and some 90 shops. The shopping centre will open for Christmas 2011.

In July, SRV and Aro-Yhtymä Oy signed a project management contract for the construction of a car dealership in Vantaa. The building will measure 18,400 gross square metres and will be completed towards the end of 2011.

During the review period, a contract was signed with the City of Vaasa for the construction of day-care centre Punahilkka in Vaasa. Contracts were also signed for the construction of new car service and repair premises for ScanAuto in Hämeenlinna, the renovation of the premises of the European Chemicals Agency in Annankatu, Helsinki, and the renovation of the Jyväskylä Forum shopping centre owned by Citycon Oyj in Jyväskylä. Moreover, SRV signed a contract with the City of Hyvinkää on the construction of new premises for the Hyvinkää town hall in the Old Wool Factory. Contracts were also signed with the Helsinki University Premises and Property Services for the completion of the renovation of the Institute of Dentistry and the renovation of the Accelerator Laboratory on the Kumpula campus, for the construction of a K-supermarket for Ruokakesko in Espoo and for the extension works of an aviation service hangar at the Helsinki-Vantaa airport.

Housing (EUR million)	IFRS 1-9/ 2010	IFRS 1-9/ 2009	change, MEUR	change, %	IFRS 7-9/ 2010	IFRS 7-9/ 2009	IFRS 1-12/ 2009
Revenue	98.9	108.6	-9.8	-9.0	24.7	39.7	158.6
Operating profit	4.5	3.5	1.0	28.3	1.4	1.3	5.4
Operating profit, %	4.6	3.2			5.5	3.4	3.4
Order backlog	242.6	187.5	55.1	29.4			201.7

The Housing business area comprises housing construction in the Helsinki Metropolitan Area and the neighbouring municipalities, in addition to regional business operations. Besides housing, regional business operations include commercial, business premises and logistics construction projects.

Revenue in the Housing business area amounted to EUR 98.9 million (EUR 108.6 million) in the review period and operating profit was EUR 4.5 million (EUR 3.5 million). The order backlog was EUR 242.6 million (EUR 187.5 million). The decline in revenue was attributable to the focus on developer contracting housing projects and the fact that housing sales concentrated more on production under construction. For the developer contracting housing projects SRV applies the recognition principle based upon delivery. By using the earlier percentage of completion method the revenue for the review period would have been around EUR 21.7 million higher. Thirty residential units were completed during the review period.

Third-quarter revenue amounted to EUR 24.7 million (EUR 39.7 million) and operating profit to EUR 1.4 million (EUR 1.3 million). Housing sales concentrated more on production under construction. One developer contracting project sold to consumers was completed during the quarter under review: a 14-unit apartment house in Jyväskylä.

During the review period, we signed contracts worth EUR 53.9 million with external clients. Of the signed contracts, negotiation contracts amounted to EUR 19.9 million; in these contracts, SRV serves as project developer and in addition to construction attends to certain development tasks. In March, SRV completed a Scania centre in Jyväskylä and a contract was signed with Scan-Auto for the construction of a new Scania centre in Oulu for servicing large vehicles. We signed a contract with YH-Asumisoikeus Länsi Oy for the construction of 28 right-of-occupancy flats in the Vatiala district in Kangasala and 20 flats in Pirkkala. In Ylöjärvi, SRV will build two blocks of flats housing a total of 40 residential units for AVO Vuokratalot Oy. Moreover, 28 flats in terraced houses will be built for Suomen Asumisoikeus Oy in Kaarina.

Contracts worth EUR 33.9 million that were won through bidding competitions were signed. The major contracts were for a 66-unit apartment house to be built for VVO on Agronominkatu street in Viikki, Helsinki, and an assisted-living building for Espoon Kruunu in Kauklahti, with 62 adjacent housing units.

More resources were allocated to developing contracting projects. During the review period, 410 (4) new housing units were qualified for sale to consumers and were included in the order backlog. In Helsinki, SRV will build the HITAS project Isolokki in Arabianranta (142 price and quality controlled owner-occupied flats) and Tampuriini in Kannelmäki (29-unit apartment house). In Espoo, SRV started up Saunavuori, an apartment house with 57 units in Saunalahti, and Espoon Kokki, an apartment house with 78 units in Matinkylä. Espoon Kokki will be erected next to the Iso Omena shopping centre and the new metro station to be built in Matinkylä. Two terraced-house projects were started in Pirkanmaa: Pirkkalan Sinisiipi (26 units) and Tampereen Frida (11 units). SRV builds Sello, a 26-unit apartment house, in Kaarina as well as Kirkkoväärti, a 21-unit apartment house in Vaajakoski, Jyväskylä. It is forecast that the first building of the 20-unit terraced-house project Marjalan Saunaranta will be completed in Joensuu before the turn of the year.

In addition to projects that are qualified for sale, SRV has decided to start the construction of high-rise blocks in Martinlaakso, Vantaa and in Kangasala, Pirkanmaa as well as a low-rise house project in Viikki, Nokia. The projects include 133 housing units, but they are not yet qualified for sale and are not included in the order backlog.

During the review period, SRV sold 477 (444) housing units. 361 (121) units were sold to consumers, most of them in projects under construction. With negotiation contracts, 116 (323) units were sold to investors. At the end of the period, 643 (80) residential units for sale to consumers were being constructed, 361 (79) of which had not been sold. There were 90 (161) completed but unsold units, 24 of which were rented at the period-end. A total of 30 (188) developer contracting residential units were completed during the review period. Based on the current completion schedules, SRV estimates that a total of 201 developer contracting residential units will be completed during 2010.

Developer contracting housing production in Finland	1-9/ 2010	1-9/ 2009	change, units	7-9/ 2010	7-9/ 2009	1-12/ 2009
Start-ups	410	4	406	110	0	251
Sold	361	121	240	164	43	207
Completed	30	188	-158	14	37	252
Completed and unsold [1)]	90	161	-71			171
Under construction [1)]	643	80	563			263
- of which unsold [1)]	361	79	282			231

1) at the end of the period

The S-Group's Kodin Terra hardware and home decor department store and ABC service station in the Kolmenkulma business estate in Nokia were completed in late spring. Major developer contracting projects under construction include Musketööri in Vantaa (88 units), Martti in the Martinlaakso district of Vantaa (67 units), Isolokki in Arabianranta, Helsinki (142 units) and Kokki in Matinkylä, Espoo (78 units).

SRV is participating in the Low2No project, which aims to develop and implement a solution for the construction of low carbon or no-carbon sustainable urban environments in order to minimise energy consumption. This project is partly funded by Tekes. In addition to SRV, the participants include Sitra (the Finnish Innovation Fund), VVO Yhtymä Oyj and an international design team that was selected in a sustainable construction competition in 2009. The City of Helsinki has reserved a city block for Sitra in Jätkänsaari that will be built in line with the Low2No concept. The housing units and business premises in this block will be designed as multipurpose environments that serve changing work and life patterns, making use of innovative environment, layout and service planning.

International Operations (EUR million)	IFRS 1-9/ 2010	IFRS 1-9/ 2009	change, MEUR	change, %	IFRS 7-9/ 2010	IFRS 7-9/ 2009	IFRS 1-12/ 2009
Revenue	12.6	20.6	-8.1	-39.1	5.8	7.4	24.0
Operating profit	-6.5	-5.7	-0.8		-0.4	-1.3	-7.7
Operating profit, %	-51.9	-27.8			-7.1	-17.6	-32.1
Order backlog	23.1	26.3	-3.2	-12.0			24.6

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

Revenue in the International business area was EUR 12.6 million (EUR 20.6 million). The decrease in revenue was due to the small number of projects under construction while the activities were focused on the development of our own projects in Russia, in particular. Operating loss was EUR 6.5 million (a loss of EUR 5.7 million). In addition to the small number of projects under construction, operating profit was affected by the development costs of developer contracting projects and the fixed costs of business operations.
Furthermore an entry of EUR 1.0 million relating to projects which were completed earlier, was recorded. The order backlog was EUR 23.1 million (EUR 26.3 million).

Third-quarter revenue amounted to EUR 5.8 million (EUR 7.4 million) and operating loss to EUR 0.4 million (loss of EUR 1.3 million). The decrease in revenue was due to the small number of projects under construction while the activities were focused on the development of our own projects in Russia, in particular. The operating profit improved due to an entry of EUR 0.9 million as the recordings related to earlier projects were confirmed from EUR 1.9 million to EUR 1.0 million for the whole review period.

Russia

The leasing of the Etmia II office and parking facility project in the heart of Moscow continued. More than 90 per cent of the facilities are leased. SRV’s role in the project is to act as co-owner with a 50 per cent stake and as the project management contractor.

During the review period, SRV had a particular focus on the analysis and clarification of the investment sites of VTBC-Ashmore Real Estate Partners I in Moscow. The fund primarily invests in the construction of offices, commercial premises, hotels and upscale housing in Moscow and St. Petersburg. SRV's share of the investment commitments in the first phase is EUR 20 million. During the spring, Deutsche Bank announced its wishes to withdraw from its position in the General Partner company due to tightened bank control regulations. Deutsche Bank has been replaced with Ashmore Group Plc ("Ashmore"), which also became a shareholder in the General Partner company and, together with various funds it manages, a Limited Partner investor. The other investors involved in the fund are VTB Capital and the Finnish pension insurance companies Ilmarinen and Etera. VTB Capital and Ashmore act as sponsors and general partners of the fund. Their tasks include identifying investments and arranging financing for the projects. SRV acts both as an investor and project management contractor with respect to the fund, through which it expects to receive at least EUR 200 million worth of construction contracts. The fund is currently primarily analysing Elite residential sites as well as office, commercial and hotel sites in the heart of Moscow.

During the review period, SRV continued the development of the shopping centre to be built on the Baltic Pearl area. SRV and Shanghai Industrial Investment Company (SIIC) established a joint project company, OOO Pearl Plaza, to develop the project. SRV is responsible for the development and construction of the project. During the review period, SRV signed a project management contract with OOO Pearl Plaza for the design and development of the shopping centre. SRV’s aim is that the final investment decision is made by 31 December 2010, and that the mobilisation of the project could be started towards the end of this year. The shopping centre is part of the Baltic Pearl development project, in which Baltic Pearl CJSC will use a land area of over 205 hectares, located south-west of central St. Petersburg, for development. This project is China’s largest international investment project, apart from oil and natural gas investments. The cornerstone laying ceremony of the Baltic Pearl project was held at the end of September. Paavo Väyrynen, the Finnish Minister for Foreign Trade and Development, attended the ceremony.

In the Moscow area, construction of the electrical connection for the Mytischi shopping centre project, which has been developed by SRV, will be completed during the summer. The building permit for this project was obtained already in the summer of 2009. The majority owner of the project is the Finnish real estate investment company Vicus, with a 75 per cent stake. The final investment decisions will be made after the financing of the project and negotiations with the tenants have been concluded. SRV owns 25 per cent of the shopping centre project and its total investments amount to EUR 8.8 million.

At the Sheremetyevo airport in Moscow, SRV began the renovation of the old Aeroport hotel. This hotel, which will move under the Park Inn brand, is a continuation of the cooperation SRV initiated in St. Petersburg with the hotel owner, Wenaas Group. At the end of June a new contract was signed with Wenaas Group for the renovation of some 200 rooms in the Pulkovskaya Hotel. Procurements for the project commenced during the review period. The renovation works will begin in October.

SRV continued the development of the roughly 8.5 hectare land area in St. Petersburg. The plans include the construction of office and retail space, as well as hotel, restaurant and entertainment premises. Moreover, facilities will be built for the IBI University. In January 2010, the Urban Planning and Architectural Committee of St. Petersburg approved SRV's concept for the 600,000 square metre project, and site planning for phase I has begun. SRV has invested about EUR 51.8 million in acquisition of land and properties in this area; further investment in land acquisition is estimated at about EUR 8 million. At the moment, SRV owns 87.5 per cent of the project, but its ownership will decline to 77.5 per cent when all ownership arrangements have been completed according to the cooperation contract.

The development of the Eurograd logistics area in St. Petersburg continued. SRV has 49 per cent ownership of the Russian company that possesses a plot of 24.9 hectares located north of St. Petersburg, in the immediate vicinity of the Ring Road. Over 100,000 square metres of logistics facilities are planned for the site, to be built in several stages during the next few years. The zoning of the area for logistics has been completed.

In the city of Vyborg, the intensified marketing campaign for the apartments in the Papula residential area continued till the summer. A total of 14 housing units have been sold while 24 units remained unsold at the end of the period.

Baltic countries

Business volumes in the Baltic countries were low. In Estonia, 12 (5) residential units were sold during the period. All in all, there were 19 (36) completed but unsold units at the end of the period. In Latvia, the number of staff was adjusted to the market situation.

In Latvia, the construction of the International School of Latvia commenced in September according to the construction contract between SRV and the school which was signed in 2009. The project start-up was postponed due to a delay in the financing.

Other Operations (EUR million)	IFRS 1-9/ 2010	IFRS 1-9/ 2009	change, MEUR	change, %	IFRS 7-9/ 2010	IFRS 7-9/ 2009	IFRS 1-12/ 2009
Revenue	7.5	6.4	1.1	17.3	2.5	2.1	8.7
Operating profit	-3.9	-3.3	-0.6		-1.1	-0.7	-4.7

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

The revenue of Other Operations during the review period was EUR 7.5 million (EUR 6.4 million) and operating loss was EUR 3.9 million (a loss of EUR 3.3 million). Third-quarter revenue was EUR 2.5 million (EUR 2.1 million) and operating loss EUR 1.1 million (a loss of EUR 0.7 million). The increase in revenue was attributable to higher operation volumes and the decrease in operating profit was attributable to increased costs used for project development.

Financing and financial position

Net operational cash flow was EUR 33.9 million negative (EUR -4.4 million in January-September 2009). The weakening of the cash flow during the review period was attributed to the increase of inventories as a result of land investments in the housing production and the start-ups of developer contracting production. The Group's inventories were EUR 326.0 million (EUR 304.9 million), the share of land areas and plot-owning companies being EUR 174.4 million (EUR 153.7 million). The Group's invested capital amounted to EUR 390.2 million (EUR 356.9 million).

At the end of the review period, the Group's financing reserves were EUR 80.0 million, of which the Group's cash assets amounted to EUR 7.4 million and committed undrawn financing reserves amounted to EUR 72.6 million. The Group's net interest-bearing liabilities were EUR 227.7 million on 30 September 2010 (EUR 189.8 million on 30 September 2009). Net financing expenses totalled EUR –3.8 million (EUR -3.7 million).

Investments in SRV's developer contracting housing projects in Finland consonant with the RS-system, including completed, unsold projects, total around EUR 78.8 million. SRV estimates that the completion of these projects requires another EUR 69.5 million. Undrawn housing corporate loans related to RS projects totalled EUR 70.8 million. Investments in the international business area related to unsold residential projects in Estonia amount to EUR 1.2 million, and EUR 2.9 million in Vyborg. EUR 33.3 million is invested in the Etmia office project.

Equity ratio was 35.0 per cent (40.9%). The change in the equity ratio and net liabilities was affected by the EUR 8.5 million derivative agreement signed by SRV with Nordea Bank Ab for 1,909,483 SRV Group Plc's shares which are considered equal to treasury shares held by the company (an impact of approximately 2.6 percentage points) as well as the increase in inventories. The Group's shareholders' equity totalled EUR 151.5 million (EUR 159.4 million on 30 September 2009). The return on investment was 3.1 per cent (5.1%) and the return on equity was 2.3 per cent (1.6%).

In its reporting SRV Group applies IFRIC 15 Agreements for the Construction of Real Estate. The recognition of developer contracting production upon delivery increases the total amount of inventories, interest bearing debts and balance sheet, thus weakening the key figures related to the financing position for its part.

Investments

The Group's investments totalled EUR 2.1 million (EUR 2.7 million) and were mainly related to the acquisition of machinery and equipment.

Unbuilt land areas, land acquisition commitments and land development agreements

Land reserve 30.9.2010	Business Operations	Housing	International Operations	Total
Unbuilt land areas and land acquisition commitments				
Building rights*, m^2	217 000	265 000	870 000	1 352 000
Land development agreements				
Building rights*, m^2	446 000	379 000	169 000	994 000

* 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

During the review period, SRV bought a total of 10,000 square metres of building rights in the Matinkylä district from the City of Espoo. Furthermore, the company has agreed with the City of Espoo on the purchase of 4,000 square metres in Matinkylä. SRV bought 7,000 square metres of building rights in the Kaarela area in the district of Kannelmäki in Helsinki. Moreover, the lease of 12,000 square metres of building rights in a HITAS project in the Arabianranta district of Helsinki was transferred from VVO to SRV.

On 14 June 2010, The Trade and Competitiveness Division of the Espoo City Board decided to make a reservation for SRV, Mutual Pension Insurance Company Varma and SATO Oyj regarding the future Niittykumpu metro station and neighbouring areas in the intersection of Merituulentie and Haukilahdenkatu for planning of the metro station and related use of land. The intention is to plan and build residential and commercial buildings in the area. The preliminary plan includes building rights of about 150,000 m2 of floor area.

On 11 October 2010, Siemens Osakeyhtiö sold its plots and office building in the Perkkaa area of Espoo to Kiinteistö Oy Perkkaantalo, a joint venture of SRV, SATO Oyj and Ilmarinen Mutual Pension Insurance Company. City plan alterations to designate new block areas for apartment houses are pending. The joint venture will start developing the area in cooperation with the City of Espoo. The target for residential floor area is 110,000-120,000 m2.

Group structure

SRV is Finland’s leading project management contractor that builds and develops commercial and business premises, residential units as well as infrastructure and logistics projects. Apart from Finland, the company operates in Russia and the Baltic countries. SRV Group Plc, the Group’s parent company, is responsible for the Group’s management, treasury, finance and administrative functions. The Property Development and Building Systems units support and serve all of the Group’s business operations.

SRV’s business areas are Business Premises, Housing, International Operations, and Other Operations. The Business Premises business area comprises the operations of SRV Toimitilat Oy. Housing comprises the operations of SRV Asunnot Oy and one regional subsidiary. International Operations comprises the business activities in Russia and the

Baltic countries. Other Operations consist primarily of the SRV Group Plc and SRV Kalusto Oy businesses.

Changes in the Group management

Jukka Hienonen started as CEO of the Group on 1 August 2010. Hannu Linnoinen. Senior Executive Vice President, CFO, has acted as CEO during 1 January - 31 July 2010. Jussi Ollilla, member of the Corporate Executive Team, Senior Vice President, Communications and Marketing, joined another company outside the Group as of 1 September 2010.

Personnel

SRV had an average payroll of 787 (783) employees, of whom 568 (551) were white-collar. The parent company had an average staff of 47 (55) white-collar employees. At the close of the review period, the Group had 793 (747) employees, of whom 45 (47) were employed by the parent company. An average of 15 per cent (17) of the employees work in subsidiaries and representative offices abroad. At the end of the review period, SRV had a total of 23 (20) 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).

In 2010, SRV launched an extensive training programme for leadership and interaction skills. More than 100 supervisors from all SRV locations, both offices and the work site organisation, are participating in the programme. Our partner is JTO School of Management.

Personnel by business area	30.9.2010	30.9.2009	Share of Group personnel. 30.9.2010, %
Business Premises	342	278	43,1
Housing	220	225	27,7
International	151	164	19,1
Other Operations	80	80	10,1
Group, total	793	747	100,0

The share-based incentive plan for 2010 includes about 70 employees and the reward is based mainly on consolidated and partly on business area performance. The rewards to be paid for the earning period 2010 correspond to the total maximum of 240,000 SRV Group Plc shares plus a corresponding sum of money paid for tax withholding purposes.

Outlook for construction

During the review period, the world economy continued to grow. The recovery is unstable and the situation continues to be challenging in the property and construction markets. Expectations for increases in interest rates have been postponed in Europe and the United States due to the slow start of the recovery.

The total number of building permits increased during the review period due to a sharp rise in permits for residential buildings while the number of permits for commercial and office buildings declined. Due to revived residential construction, there have been delays in the availability of certain building materials. On monthly level, the construction costs have shown an upward trend.

Strong consumer confidence in the housing markets and the low interest level has sustained demand. The volume of new start-ups in developer contracting housing projects is still growing. Weak employment trends will have a negative short-term effect on the housing markets. In the longer term, trends such as migration to population growth centres and the smaller size of households will increase the need for housing construction.

New start-ups in commercial and office construction continued to decrease during the period. Vacancy rates in office premises in particular have reached a high level and construction is slow. The near future outlook for commercial and logistics construction is somewhat better.

The slight growth in renovations is expected to continue in 2010. The cutback in civil engineering is predicted to be over at the end of the year.

The economic situation in the Baltic countries has remained weak. The Estonian economy is predicted to grow during the ongoing year. In Latvia and Lithuania, the growth in total production is meagre. Construction and the property markets are slow, still. In the short term, the economic situation in the Baltic countries will continue to be challenging.

The Russian economy continues to be challenging. The Russian national economy has revived due to rising oil prices, inflation has abated and interest rates have declined while the scarce availability of financing limits growth opportunities. In 2010, Russia's total production is expected to grow by 4-5 per cent.

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 cash flow from operating activities and financing costs. The general economic trend is upward but unstable. Demand for property investments has remained weak. Interest rates are low but, compared to pre-recession times, the availability of credit from banks is lower and loan margins are clearly higher. The global financial crisis is making it more difficult for SRV's clients to obtain financing and is hampering the functioning of the property markets. Property values face pressures and the number of property transactions and, in particular, new large-scale project start-ups have decreased due to difficulties in securing financing. The financial crisis adds SRV's risk to be forced to tie up capital in projects longer than intended.

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. Fierce competition for new orders in the construction sector may affect the volume and profitability of SRV's new order backlog. In developer contracting projects, recognition of revenue is based mainly on the Completed Contract method. Revenue recognition depends on the percentage of sold premises in delivered projects. Project sales are affected by factors such as the availability of financing for the buyer and occupancy rate. When sales are delayed, the recognition of revenue and operating profit is delayed correspondingly. Postponed start-ups of developer contracting projects increase the level of development expenses, which are recorded as costs. The slowdown in housing sales will increase sales and marketing costs and interest expenses in developer contracting housing production. After a rapid decline, housing sales have recovered in Finland while remaining virtually at a standstill in Estonia.

Construction is subject to significant cost risks relating to subcontracting and deliveries, and the control of these underlines the need for long-term planning. A weak economic cycle increases financial risks relating to subcontractors. SRV's contracting model requires skilled and competent personnel. Warranty and liability obligations related to construction can span up to ten years. Construction costs in many materials are rising. The swift growth in residential construction has hampered the availability of purchases in adjusted production chains.

Besides land acquisition risks, property projects face other challenges, such as those related to the outcome of zoning, soil conditions, financing, commercialisation of projects, partners, and the geographical location and type of project. In accordance with its strategy, SRV has focused on developer contracting projects and has increased its land acquisition in Finland and Russia, in particular. The crisis in the international financial market has substantially weakened the availability of financing in property projects for property development and investments. It has also put project start-ups on hold.

The financial risks connected with SRV's operations are interest rate, currency, liquidity and contractual party risks, which are discussed in more detail in the Notes to the 2009 Financial Statements. Currency risks are divided into transaction risks and translation risks. Transaction risks are related to currency-denominated business and financing cash flows. Translation risks encompass investments made in foreign subsidiaries, the accounting effects of which are recorded in the translation differences of equity in the consolidated figures.

Liquidity risks may have an effect on the Group's earnings and cash flow if the Group is unable to ensure sufficient financing for its operations. SRV maintains adequate liquidity by means of efficient management of cash flows and solutions linked to it, such as binding lines of credit that are valid until further notice. The company has a long-term liquidity arrangement of EUR 100 million, part of which will mature in 2012 and the rest in 2013. The company's financing agreements contain customary terms and conditions. The financial terms and conditions of the agreements concern the equity ratio.

The Group's risk management is carried out in line with the Group's operations system and control is exercised in accordance with the Group strategy approved by the Board of Directors of the Group's parent company. SRV also makes every effort to cover operational risks by means of insurance and contractual terms.

A more detailed account of SRV's risks, risk management and corporate governance policies has been disclosed in the 2009 Annual Report and Financial Statements.

Corporate governance and resolutions of general meetings

The Annual General Meeting was held on 16 March 2010. The AGM adopted the financial statements for 2009 and granted release from liability to the members of the Board of Directors and the Presidents and CEOs. A dividend of EUR 0.12 per share was declared. Mr Ilpo Kokkila was elected chairman of the Board of Directors and Mr Arto Hiltunen, Mr Timo Kokkila, Mr Lasse Kurkilahti, Mr Matti Mustaniemi and Mr Ilkka Salonen were elected to seats on the Board. The firm of public accountants Ernst & Young Oy was elected as the company's auditor. Mikko Rytilahti, authorised public accountant, will act as the principal auditor.

The general meeting authorised the Board of Directors to decide on the acquisition of the company's own shares, using the company's unrestricted equity. The Board was authorised to acquire a maximum of 3,676,846 own shares, however, in such a manner that the number of shares acquired on the basis of this authorisation when combined with the shares already owned by the company and its subsidiaries, does not at any given time exceed 3,676,846 shares, or 10 per cent of all shares of the company. Based on this authorisation, the Board may acquire a maximum of 3,676,846 shares of the company in public trading arranged by Nasdaq OMX Helsinki Oy at a market price valid at the moment of acquisition, and a maximum of 2,400,000 shares of the company in public trading arranged by Nasdaq OMX Helsinki Oy or otherwise for a maximum price of EUR 4.45 per share, the maximum being, however, 3,676,846 shares. The aforementioned authorisations include the right to acquire own shares otherwise than in proportion to the holdings of the shareholders. These authorisations will remain in force for 18 months from the decision of the meeting.

The general meeting authorised the Board of Directors to decide on the issue of new shares or the transfer of treasury shares against payment or without consideration. This authorisation includes the right to issue new shares or to transfer the treasury shares in deviation from the shareholders' pre-emptive subscription right under the terms of the Companies Act. This authorisation is in force for two years from the decision of the meeting.

In its organisational meeting on 16 March 2010, the Board of Directors elected Lasse Kurkilahti vice chairman of the Board, Matti Mustaniemi chairman of the Audit Committee, Lasse Kurkilahti and Timo Kokkila members of the Audit Committee, Arto Hiltunen and Ilkka Salonen members of the Nomination and Remuneration Committee and Ilpo Kokkila chairman of the Nomination and Remuneration Committee.

Shares and shareholders

SRV Group Plc's share capital is EUR 3,062,520. The share has no nominal value and the number of shares outstanding is 36,768,468. The company has one class of shares. SRV had a total of 5,740 shareholders on 30 June 2010. The company received four flagging notifications during the reporting period. On 5 January 2010, Eero Heliövaara announced that he had sold and Nordea Bank AB (publ) announced that it had bought 1,909,483 SRV Group Plc shares, increasing Nordea Group's total holding in SRV to 5.28 per cent. On 17 March 2010, Nordea Bank Suomi Oyj announced that it had purchased the above-mentioned shares from Nordea Bank AB (publ), after which the total holding of Nordea Group in SRV was 5.28 per cent. On 17 May 2010 Nordea Bank AB (publ) announced that it had bought the above-mentioned shares, the holding of Nordea Group being 5.27%. The flagging notifications are related to a futures contract between Nordea and SRV. Upon termination of the contract, the shares will be sold and Nordea Group's holding in SRV will fall to below 1/20.

The share closing price at OMX Helsinki at the end of the review period was EUR 6.14 (EUR 5.89 on 31 December 2009). The highest share price in the review period was EUR 7.14 and the lowest was EUR 5.50. The change in the all-share index of the Helsinki Stock Exchange (OMX Helsinki) during the same period was 6.3 per cent and the OMX Industrial and Services index 26.2 per cent.

At the end of the review period, the company had a market capitalisation of EUR 208.3 million, excluding the Group's own shares. About 10.4 million shares were traded during the period and the trade volume was EUR 59.8 million.

On 5 January 2010, SRV implemented the agreement signed with Eero Heliövaara on 11 August 2009, and Nordea Bank AB (publ) acquired Heliövaara's shares for a per-share price of EUR 4.45. In the same connection, SRV signed an EUR 8.5 million derivative agreement with Nordea for 1,909,483 company shares, according to which the shares will be sold to SRV or an entity named by SRV. These shares are considered equal to treasury shares held by the company. The derivative agreement will mature in November 2010.

At the end of the review period, SRV Group Plc had 2,850,741 of SRV Group Plc's shares taking account of the derivative contract concluded with Nordea Bank AB (7.8 per cent of the total number of the company's shares and combined number of votes). On 4 November 2010, the Group had 2,860,539 shares (7.8 per cent of the total number of the company's shares and combined number of votes).

Financial targets

As SRV's medium term aim, the Board of Directors has set the achievement of annual average growth of approximately 15 per cent in Group revenue and annual average growth of over 30 per cent in revenue from 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. In addition, the company aims to maintain an equity ratio of over 30 per cent.

The international economic and financial crisis has hampered the growth outlook for business operations. Realisation of the sales of developer contracting projects has a substantial effect on the development of profitability. In the current economic conditions, the set financial targets cannot be met. The company is endeavouring to maintain profitability by rationalising operations and cutting costs.

Events after the end of the reporting period

On 11 October 2010, SRV signed an agreement with Siemens Osakeyhtiö for the construction of a head office in Perkkaa, Espoo and the leasing of the premises to Siemens. The company seeks a LEED GOLD environmental certificate for the offices, which will be built on a plot owned by SRV. It is planned that the Derby Business Park will feature a total of 19,000 m2 of state-of-the-art office space. Siemens' share is about 7,400 m2. The new business premises for Siemens will be completed by August 2014 at the latest.

After the end of the review period, SRV and Pohjola Insurance Ltd signed a contract agreement for a logistics centre to be built in line with the STC (Smart Tech Centre) concept in Viinikkala, Vantaa. The centre will have four buildings with a total of 9,500 m2 of leasable space and is slated for completion in September 2011.

Previous outlook for 2010 (11 February 2010)

Revenue in 2010 is expected to exceed the previous year's level and profit before taxes is expected to be clearly positive.

Previous outlook for 2010 (5 May 2010)

SRV changes the previous outlook for 2010 due to the postponement of start-ups of projects in Russia. Revenue in 2010 is expected to exceed the previous year's level and profit before taxes is expected to be positive.

Outlook for 2010

SRV repeats the previous outlook for the revenue and profit before taxes in 2010.

Revenue in 2010 is expected to exceed the previous year's level and profit before taxes is expected to be positive.

Espoo, 4 November 2010

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:

		IFRS 1-9/ 2010	IFRS 1-9/ 2009	IFRS 7-9/ 2010	IFRS 7-9/ 2010	IFRS 1-12/ 2009
Revenue	EUR million	327.6	270.3	115.3	87.3	390.5
Operating profit	EUR million	7.3	8.0	4.3	2.3	10.7
Operating profit, % of revenue	%	2.2	3.0	3.7	2.6	2.7
Profit before taxes	EUR million	3.5	4.3	3.5	1.1	6.5
Profit before taxes, % of revenue	%	1.1	1.6	3.0	1.2	1.7
Net profit attributable to equity holders of the parent company	EUR million	3.1	1.9	2.7	0.5	2.9
Return on equity 1)	%	2.3	1.6			1.8
Return on investment 1)	%	3.1	5.1			4.9
Invested capital	EUR million	390.2	356.9			349.0
Equity ratio	%	35.0	40.9			41.3
Net interest-bearing debt	EUR million	227.7	189.8			179.9
Gearing ratio	%	146.7	116.3			109.8
Order backlog	EUR million	604.3	465.8			481.6
New agreements		439.9	275.8			396.1
Personnel on average		787	783			776
Property, plant and equipment investments	EUR million	2.1	2.7	1.1	0.4	3.7
Property, plant and equipment investments, % of revenue	%	0.6	1.0	1.0	0.5	0.9
Earnings per share, share issue adjusted	EUR	0.09	0.05	0.08	0.01	0.08
Equity per share, share issue adjusted	EUR	4.47	4.45	-	-	4.48
Dividend per share, share issue adjusted	EUR	0.12	0.12	-	-	0.12
Dividend payout ratio	%	133.3	240.0	-	-	150.0
Dividend yield	%	2.0	2.1	-	-	2.0
Price per earnings ratio		68.2	112.8	-	-	73.6
Share price development				-	-	
Share price at the end of the period	EUR	6.14	5.64	-	-	5.89
Average share price	EUR	6.33	3.89	-	-	4.06
Lowest share price	EUR	5.50	2.75	-	-	2.75
Highest share price	EUR	7.14	5.94	-	-	5.97
Market capitalisation at the end of the period	EUR million	208.3	201.8	-	-	210.7
Trading volume	1,000	10 360	7 646	-	-	8 309
Trading volume	%	30.5	21.2	-	-	23.1
Weighted average number of shares outstanding	1,000	33 928	36 075	-	-	35 999
Number of shares outstanding at the end of the period	1,000	33 918	35 788	-	-	35 768

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

Calculation of key figures:

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

SRV Group Plc Interim Report 1.1. - 30.9.2010: 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) Events after the reporting period

1. Group financials 1.1. - 30.9.2010

IFRS standards and operating segments

The interim report has been prepared in accordance with the accounting policies set out in the IAS 34 standard and the information disclosed is unaudited. SRV has applied the same accounting principles as in its year-end financial statements for 2009. The figures in the tables have been rounded which should be noted when counting the total sums.

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.

Estimate of the impacts of the new standards, changes and interpretations:

As from 1 January 2010, SRV Group will apply IFRIC 15 Agreements for the Construction of Real Estate in its reporting. This interpretation concerns the recognition of revenue from developer contracting projects. The interpretation specifies whether revenue from a construction project should be recognised on a percentage of completion basis or upon delivery. The adoption of the interpretation primarily affects the recognition of revenue from SRV Group's developer contracting housing projects. The Group previously recognised revenue from developer contracting housing projects on a percentage of completion basis. Under the new interpretation, revenue will from now on mainly be recognised on the basis of project delivery.

The change in revenue recognition affects SRV Group's income statement and balance sheet items, the key figures based on them, and the order backlog. It will result in greater variation between quarterly trends in revenue and earnings, as the recognition of revenue from developer contracting projects may depend on the date of their completion. The delayed revenue recognition of projects will increase the balance sheet total and weaken the key figures calculated on the basis of the balance sheet.

SRV Group's internal management reporting follows earnings in line with the new interpretation and the Group publishes its segment reports in accordance with the new accounting principles.

Consolidated income statement (EUR million)	IFRS 1-9/ 2010	IFRS 1-9/ 2009	change, MEUR	change, %	IFRS 7-9/ 2010	IFRS 7-9/ 2009	IFRS 1-12/ 2009
Revenue	327.6	270.3	57.3	21.2	115.3	87.3	390.5
Other operating income	2.2	1.6	0.6	35.5	0.7	0.5	2.6
Change in inventories of finished goods and work in progress	23.6	4.0	19.6	486.8	6.1	-3.9	-10.3
Use of materials and services	-298.2	-225.4	-72.9	32.3	-102.6	-69.2	-313.5
Employee benefit expenses	-35.6	-32.2	-3.3	10.3	-10.8	-9.0	-44.5
Depreciation and impairments	-2.6	-2.9	0.3	-10.9	-0.9	-1.1	-3.7
Other operating expenses	-9.8	-7.5	-2.3	30.2	-3.6	-2.3	-10.4
Operating profit	7.3	8.0	-0.7	-8.3	4.3	2.3	10.7
Financial income	2.0	5.5	-3.5	-63.3	1.2	4.2	6.0
Financial expenses	-5.8	-9.2	3.3	-36.4	-2.0	-5.5	-10.2
Financial income and expenses, total	-3.8	-3.7	-0.1		-0.8	-1.2	-4.2
Profit before taxes	3.5	4.3	-0.8	-18.6	3.5	1.1	6.5
Income taxes	-0.8	-2.3	1.6	-67.8	-0.8	-0.5	-3.6
Net profit for the period	2.8	2.0	0.8	38.9	2.7	0.5	2.9
Attributable to							
Equity holders of the parent company	3.1	1.9			2.7	0.5	2.9
Minority interest	-0.3	0.1			0.0	0.0	0.0
Earnings per share calculated on the profit attributable to equity holders of the parent company (undiluted and diluted)	0.09	0.05		80.0	0.08	0.01	0.08

Statement of comprehensive income (EUR million)	IFRS 1-9/ 2010	IFRS 1-9/ 2009	IFRS 7-9/ 2010	IFRS 7-9/ 2010	IFRS 1-12/ 2009
Net profit for the period	2.8	2.0	2.7	0.5	2.9
Items recognised directly in equity:					
Exchange differences on translating foreign operations	0.0	0.0	0.0	0.0	0.0
Available for sale financial assets	0.0	0.0	0.0	0.0	0.0
Net gain (loss) on cash flow hedges	0.0	0.0	0.0	0.0	0.0
Deferred tax	0.0	0.0	0.0	0.0	0.0
Income (loss) recognised directly in equity net of tax	0.0	0.0	0.0	0.0	0.0
Total comprehensive income for the period	2.8	2.0	2.7	0.6	2.9
Profit for the period attributable to:					
Equity holders of the parent company	3.1	1.9	2.7	0.6	2.9
Minority interest	-0.3	0.1	0.0	0.0	0.0

Consolidated balance sheet (EUR million)	IFRS 30.9.10	IFRS 30.9.09	change, %	IFRS 31.12.09
ASSETS				
Non-current assets				
Property, plant and equipment	14.7	16.9	-12.9	16.3
Goodwill	1.7	1.7	0.0	1.7
Other intangible assets	0.4	0.4	-14.0	0.5
Other financial assets	5.3	4.3	22.9	4.8
Receivables	17.6	13.8	27.7	16.2
Deferred tax assets	5.0	2.2	128.5	2.3
Non-current assets, total	44.7	39.3	13.7	41.7
Current assets				
Inventories	326.0	304.9	6.9	292.2
Trade and other receivables	84.2	69.4	21.4	76.9
Current tax receivables	1.6	5.8	-72.3	1.9
Cash and cash equivalents	7.4	3.9	90.9	5.2
Current assets, total	419.2	383.9	9.2	376.2
ASSETS, TOTAL	463.9	423.2	9.6	418.0

Consolidated balance sheet (EUR million)	IFRS 30.9.10	IFRS 30.9.09	change, %	IFRS 31.12.09
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent company				
Share capital	3.1	3.1	0.0	3.1
Invested free equity fund	87.3	87.3	0.0	87.3
Translation differences	-0.1	0.0	206.7	-0.1
Fair value reserve	-0.1	-0.1	0.0	-0.1
Retained earnings	61.3	69.1	-11.4	69.9
Equity attributable to equity holders of the parent company, total	151.5	159.4	-5.0	160.1
Minority interest	3.7	3.8	-3.1	3.8
Equity, total	155.1	163.2	-4.9	163.9
Non-current liabilities				
Deferred tax liabilities	1.0	0.3	233.8	0.5
Provisions	4.2	4.2	-0.6	4.8
Interest-bearing liabilities	70.5	93.5	-24.6	96.9
Other liabilities	1.3	0.2	524.0	0.8
Non-current liabilities, total	77.0	98.2	-21.6	102.9
Current liabilities				
Trade and other payables	60.6	54.9	10.3	56.4
Current tax payables	3.0	3.3	-10.1	2.6
Provisions	3.5	3.2	10.0	3.8
Interest-bearing liabilities	164.6	100.2	64.2	88.2
Current liabilities, total	231.7	161.7	43.3	151.1
Liabilities, total	308.8	260.0	18.8	254.1
EQUITY AND LIABILITIES	463.9	423.2	9.6	418.0

Consolidated cash flow statement (EUR million)	IFRS 1-9/2010	IFRS 1-9/2009	IFRS 1-12/2009
Cash flows from operating activities			
Net profit for the period	2.8	2.0	2.9
Adjustments:			
Depreciation and impairments	2.6	2.9	3.7
Non-cash transactions	8.8	1.5	2.7
Financial income and expenses	3.8	3.7	4.2
Capital gains on sales of tangible and intangible assets	0.0	0.0	0.0
Income taxes	0.8	2.3	3.6
Adjustments, total	15.9	10.3	14.1
Changes in working capital:			
Change in loan receivables	4.6	-2.7	-13.5
Change in trade and other receivables	-13.1	16.9	17.7
Change in inventories	-33.0	-2.8	10.0
Change in trade and other payables	-5.2	-14.1	-12.3
Changes in working capital, total	-46.6	-2.7	1.9
Interest paid	-5.7	-10.5	-12.7
Interest received	2.0	4.4	5.7
Dividends received	0.1	0.0	0.0
Income taxes paid	-2.3	-7.9	-5.9
Net cash flow from operating activities	-33.9	-4.4	6.1
Cash flow from investing activities			
Acquisition of subsidiaries, net of cash	-0.3	-2.0	-2.3
Property, plant and equipment	-1.3	-0.6	-0.8
Intangible assets	0.0	0.0	-0.1
Other financial assets	-0.4	-0.1	-0.5
Sale of property, plant and equipment and intangible assets	0.1	0.0	0.0
Sale of financial assets	0.0	0.0	0.0
Net cash used in investing activities	-1.9	-2.7	-3.7
Cash flows from financing activities			
Proceeds from share issue	0.0	0.0	0.0
Proceeds from loans	0.4	15.3	19.6
Repayments of loans	-4.5	-20.8	-22.2
Change in loan receivables	0.0	0.0	0.0
Change in housing corporation loans	8.0	0.5	-9.2
Change in credit limits	38.1	18.6	17.5
Purchase of treasury shares	0.0	-1.7	-1.8
Dividends paid	-4.1	-4.4	-4.4
Net cash from financing activities	37.9	7.6	-0.6
Net change in cash and cash equivalents	2.2	0.5	1.8
Cash and cash equivalents at the beginning of period	5.2	3.4	3.4
Cash and cash equivalents at the end of period	7.4	3.9	5.2

Inventories (EUR million)	IFRS 30.9.10	IFRS 30.9.09	change, %	IFRS 31.12.09
Raw materials and consumables	0.0	0.0	143.0	0.0
Work in progress	53.9	65.4	-17.6	35.1
Land areas and plot-owning companies	174.4	153.7	13.5	153.0
Shares in completed housing corporations and real estate companies	78.2	67.4	16.1	86.5
Advance payments	5.3	3.6	46.9	3.6
Other inventories	14.2	14.8	-4.2	14.0
Inventories, total	326.0	304.9	6.9	292.2

Statement of changes in Group equity 1.1 - 30.9.2010

IFRS (EUR million)	Equity attributable to the equity holders of the parent company							
	Share capital	Invested free equity fund	Translation differences	Fair value reserve	Retained earnings	Total	Minority interest	Total equity
Equity on 1.1.2010	3.1	87.3	-0.1	-0.1	69.9	160.1	3.8	163.9
Total income and expenses for the financial year	0.0	0.0	0.0	0.0	3.1	3.1		
Dividends paid					-4.1	-4.1		
Share based incentive plan					1.2	1.2		
Purchase of treasury shares					-8.5	-8.5		
Other changes					-0.4	-0.4		
Equity on 30.9.2010	3.1	87.3	-0.1	-0.1	61.2	151.5	3.7	155.1

Statement of changes in Group equity 1.1 - 30.9.2009

IFRS (EUR million)	Equity attributable to the equity holders of the parent company							
	Share capital	Invested free equity fund	Translation differences	Fair value reserve	Retained earnings	Total	Minority interest	Total equity
Equity on 1.1.2009	3.1	87.3	-0.1	-0.1	73.4	163.6	2.2	165.9
Total income and expenses for the financial year	0.0	0.0	0.0	0.0	1.9	1.9		
Dividends paid					-4.3	-4.3		
Share based incentive plan					0.1	0.1		
Purchase of treasury shares					-1.7	-1.7		
Other changes					-0.2	-0.2		
Equity on 30.9.2009	3.1	87.3	-0.1	-0.1	69.2	159.4	3.8	163.2

Statement of changes in Group equity 1.1 - 31.12.2009

IFRS (EUR million)	Equity attributable to the equity holders of the parent company: Share capital	Invested free equity fund	Trans-lation differ-ences	Fair value reserve	Retai-ned earnings	Total	Minority interest	Total equity
Equity on 1.1.2009	3.1	87.3	-0.1	-0.1	73.4	163.6	2.2	165.9
Total income and expenses for the financial year	0.0	0.0	0.0	0.0	2.9	2.9		
Dividends paid					-4.3	-4.3		
Share based incentive plan					0.0	0.0		
Purchase of treasury shares					-1.8	-1.8		
Other changes					-0.2	-0.2		
Equity on 31.12.2009	3.1	87.3	-0.1	-0.1	69.9	160.2	3.8	163.9

Commitments and contingent liabilities (EUR million)	IFRS 30.9.10	IFRS 30.9.09	change, %	IFRS 31.12.09
Collateral given for own liabilities				
Real estate mortgages given	111.1	111.3	-0.2	106.0
Pledges given	0.0	0.0		0.0
Other commitments				
Guarantees given for liabilities on uncompleted projects	0.0	0.0		0.0
Investment commitments given	21.9	22.1	-0.9	22.1
Plots purchase commitments	22.3	31.1	-28.3	19.5

Fair and nominal values of derivative instruments	IFRS 30.9.10		IFRS 30.9.2009		IFRS 31.12.09	
(EUR million)	Fair Values		Fair Values		Fair Values	
	Positive	Negative	Positive	Negative	Positive	Negative
Hedge accounting not applied						
Foreign exchange forward contracts	0.0	0.0	0.0	0.0	0.0	0.0
Interest rate swaps	0.0	1.7	0.0	0.6	0.0	0.7

Nominal values of derivative instruments	IFRS 30.9.10	IFRS 30.9.09	IFRS 31.12.09
Foreign exchange forward contracts	0.0	0.0	0.0
Interest rate swaps	63.4	63.4	63.4

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 7-9/10	IFRS 4-6/10	IFRS 1-3/10	IFRS 10-12/09	IFRS 7-9/09	IFRS 4-6/09	IFRS 1-3/09
Revenue	115.3	117.3	95.0	120.1	87.3	96.0	87.0
Operating profit	4.3	1.5	1.6	2.7	2.3	3.9	1.8
Financial income and expenses, total	-0.8	-1.6	-1.4	-0.5	-1.2	-1.0	-1.5
Profit before taxes	3.5	-0.1	0.2	2.2	1.1	2.9	0.3
Order backlog 1)	604.3	604.4	530.0	481.6	465.8	461.1	458.5
New agreements	112.6	186.7	140.6	120.4	86.2	98.2	91.3
Earnings per share, EUR	0.08	0.02	-0.01	0.03	0.01	0.04	0.00
Equity per share, EUR 1)	4.47	4.38	4.36	4.48	4.45	4.44	4.40
Share price, EUR 1)	6.14	6.16	6.41	5.89	5.64	4.18	3.00
Equity ratio, % 1)	35.0	35.1	37.0	41.3	40.9	40.1	40.5
Net interest bearing debt 1)	227.7	216.7	199.8	179.9	189.8	186.8	172.6
Gearing, % 1)	146.7	142.3	132.3	109.8	116.3	116.6	107.1

Revenue (EUR million)	IFRS 7-9/10	IFRS 4-6/10	IFRS 1-3/10	IFRS 10-12/09	IFRS 7-9/09	IFRS 4-6/09	IFRS 1-3/09
Business Premises	84.8	76.8	54.7	66.9	40.2	46.1	54.8
Housing	24.7	35.8	38.3	49.9	39.7	42.4	26.6
International	5.8	4.8	2.0	3.4	7.4	7.6	5.6
Other Operations	2.5	2.5	2.5	2.3	2.1	2.1	2.2
Eliminations	-2.5	-2.6	-2.5	-2.3	-2.1	-2.1	-2.2
Group, total	115.3	117.3	95.0	120.1	87.3	96.0	87.0

Operating profit (EUR million)	IFRS 7-9/10	IFRS 4-6/10	IFRS 1-3/10	IFRS 10-12/09	IFRS 7-9/09	IFRS 4-6/09	IFRS 1-3/09
Business Premises	4.5	4.7	4.3	4.3	3.1	4.6	5.9
Housing	1.4	0.7	2.4	1.9	1.3	2.3	-0.1
International	-0.4	-2.2	-3.9	-2.0	-1.3	-1.9	-2.5
Other Operations	-1.1	-1.6	-1.2	-1.4	-0.7	-1.0	-1.6
Eliminations	0.0	-0.1	-0.1	-0.2	-0.1	0.0	0.0
Group, total	4.3	1.5	1.6	2.7	2.3	3.9	1.8

Operating profit (%)	IFRS 7-9/10	IFRS 4-6/10	IFRS 1-3/10	IFRS 10-12/09	IFRS 7-9/09	IFRS 4-6/09	IFRS 1-3/09
Business Premises	5.3	6.1	7.9	6.5	7.7	10.0	10.8
Housing	5.5	2.1	6.3	3.8	3.4	5.3	-0.4
International	-7.1	-46.6	-197.5	-58.4	-17.6	-25.6	-44.4
Group, total	3.7	1.3	1.6	2.2	2.6	4.1	2.1

Order backlog (EUR million)	IFRS 7-9/10	IFRS 4-6/10	IFRS 1-3/10	IFRS 10-12/09	IFRS 7-9/09	IFRS 4-6/09	IFRS 1-3/09
Business Premises	338.5	358.2	331.7	255.3	252.0	224.3	252.8
Housing	242.6	220.5	174.3	201.7	187.5	206.1	174.3
International	23.1	25.7	24.0	24.6	26.3	30.7	31.5
Group, total	604.3	604.4	530.0	481.6	465.8	461.1	458.5
- sold order backlog	443	426	389	317	325	306	291
- unsold order backlog	162	178	141	165	141	155	168

Invested capital (EUR million)	IFRS 30.9.10	IFRS 30.6.10	IFRS 31.3.10	IFRS 31.12.09	IFRS 30.9.09	IFRS 30.6.09	IFRS 31.3.09
Business Premises	79.2	75.8	56.2	42.0	61.0	77.0	69.2
Housing	127.7	127.7	121.6	122.9	124.1	137.0	136.7
International	175.2	177.2	173.6	176.3	165.6	152.0	150.5
Other and eliminations	8.2	4.2	6.0	7.7	6.2	-12.2	-14.0
Group, total	390.2	384.9	357.5	349.0	356.9	353.8	342.3

Residential production in Finland (units)	7-9/10	4-6/10	1-3/10	10-12/09	7-9/09	4-6/09	1-3/09
Start-ups	110	300	0	247	0	0	4
Sold	164	102	95	86	43	51	27
Completed [1)]	14	0	16	64	37	93	58
Completed and unsold [1)]	90	105	138	171	161	185	156
Under construction [1]	643	547	247	263	80	118	211
- of which unsold [1)]	361	400	169	231	79	100	180

1) at the end of the period

3. Segment information

Assets (EUR million)	IFRS 30.9.10	IFRS 30.9.09	change, MEUR	change, %	IFRS 31.12.09
Business Premises	112.6	90.8	21.8	24.0	88.7
Housing	155.8	152.9	2.9	1.9	151.5
International	179.7	169.7	10.0	5.9	182.5
Other Operations	219.5	191.7	27.8	14.5	214.5
Eliminations	-203.6	-181.9	-21.7		-219.3
Group, total	463.9	423.2	40.7	9.6	418.0

Liabilities (EUR million)	IFRS 30.9.10	IFRS 30.9.09	change, MEUR	change, %	IFRS 31.12.09
Business Premises	84.4	64.0	20.5	32.0	55.5
Housing	134.9	136.6	-1.7	-1.3	133.2
International	187.7	173.5	14.2	8.2	181.7
Other Operations	110.9	70.2	40.6	57.8	79.2
Eliminations	-209.2	-184.4	-24.8		-195.6
Group, total	308.8	260.0	48.8	18.8	254.1

Invested capital (EUR million)	IFRS 30.9.10	IFRS 30.9.09	change, MEUR	change, %	IFRS 31.12.09
Business Premises	79.2	61.0	18.2	29.9	42.0
Housing	127.7	124.1	3.6	2.9	122.9
International	175.2	165.6	9.5	5.7	176.3
Other and eliminations	8.2	6.2	1.9	31.1	7.7
Group, total	390.2	356.9	33.3	9.3	349.0

Inventories (EUR million)	IFRS 30.9.10	IFRS 30.9.09	change, MEUR	IFRS 31.12.09
Land areas and plot-owning companies	174.4	153.7	20.7	153.0
Business Premises	34.0	26.1	7.8	27.8
Housing	52.5	42.8	9.7	41.4
International	87.7	84.5	3.2	83.6
Work in progress	53.9	65.4	-11.5	35.1
Business Premises	0.0	7.6	-7.6	0.0
Housing	52.3	45.6	6.7	21.2
International	1.6	12.2	-10.6	14.0
Shares in completed housing corporations and real estate companies	78.2	67.4	10.9	86.5
Business Premises	25.7	26.9	-1.2	25.5
Housing	34.5	34.6	-0.1	55.5
International	18.0	5.8	12.2	5.5
Other inventories	19.5	18.4	1.1	17.6
Business Premises	5.1	5.1	0.0	5.1
Housing	5.7	4.6	1.1	3.7
International	9.7	9.8	0.0	9.9
Inventories, total	326.0	304.9	21.2	292.2
Business Premises	64.8	65.7	-0.9	58.4
Housing	144.9	127.6	17.3	121.7
International	117.0	112.3	4.8	112.9

Business Premises (EUR million)	IFRS 1-9/2010	IFRS 1-9/2009	change, MEUR	change, %	IFRS 2009
Revenue	216.3	141.1	75.2	53.3	208.0
Operating profit	13.5	13.7	-0.2	-1.5	18.0
Segment's assets					
Non-current assets	0.8	0.9	-0.1	-7.6	0.9
Current assets	111.8	89.9	21.8	24.3	87.8
Total assets	112.6	90.8	21.8	24.0	88.7
Segment's liabilities					
Non-current liabilities	0.9	11.1	-10.2	-92.0	11.0
Current liabilities	83.5	52.9	30.7	58.0	44.5
Total liabilities	84.4	64.0	20.5	32.0	55.5
Invested capital at end of period	79.2	61.0	18.2	29.9	42.0
Return on investment, % 1)	30.8	30.1			35.2
Order backlog at end of period	338.5	252.0	86.5	34.3	255.3

Housing (EUR million)	IFRS 1-9/2010	IFRS 1-9/2009	change, MEUR	change, %	IFRS 2009
Revenue	98.9	108.6	-9.8	-9.0	158.6
Operating profit	4.5	3.5	1.0	28.3	5.4
Segment's assets					
Non-current assets	0.8	1.6	-0.8	-49.4	1.4
Current assets	155.0	151.3	3.7	2.4	150.1
Total assets	155.8	152.9	2.9	1.9	151.5
Segment's liabilities					
Non-current liabilities	61.7	72.7	-10.9	-15.0	68.2
Current liabilities	73.2	64.0	9.2	14.4	65.0
Total liabilities	134.9	136.6	-1.7	-1.3	133.2
Invested capital at end of period	127.7	124.1	3.6	2.9	122.9
Return on investment, % [1)]	4.8	3.6			4.2
Order backlog at end of period	242.6	187.5	55.1	29.4	201.7

International Operations (EUR million)	IFRS 1-9/2010	IFRS 1-9/2009	change, MEUR	change, %	IFRS 2009
Revenue	12.6	20.6	-8.1	-39.1	24.0
Operating profit	-6.5	-5.7	-0.8		-7.7
Segment's assets					
Non-current assets	25.8	22.5	3.3	14.9	25.1
Current assets	153.8	147.2	6.6	4.5	157.4
Total assets	179.7	169.7	10.0	5.9	182.5
Segment's liabilities					
Non-current liabilities	9.1	8.4	0.6	7.7	18.4
Current liabilities	178.6	165.0	13.6	8.2	163.4
Total liabilities	187.7	173.5	14.2	8.2	181.7
Invested capital at end of period	175.2	165.6	9.5	5.7	176.3
Return on investment, % [1)]	-4.5	-0.6			-1.4
Order backlog at end of period	23.1	26.3	-3.2	-12.0	24.6

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

Events after the end of the reporting period

On 11 October 2010, SRV signed an agreement with Siemens Osakeyhtiö for the construction of a head office in Perkkaa, Espoo and the leasing of the premises to Siemens. The company seeks a LEED GOLD environmental certificate for the offices, which will be built on a plot owned by SRV. It is planned that the Derby Business Park will feature a total of 19,000 m2 of state-of-the-art office space. Siemens' share is about 7,400 m2. The new business premises for Siemens will be completed by August 2014 at the latest.

After the end of the review period, SRV and Pohjola Insurance Ltd signed a contract agreement for a logistics centre to be built in line with the STC (Smart Tech Centre) concept in Viinikkala, Vantaa. The centre will have four buildings with a total of 9,500 m2 of leasable space and is slated for completion in September 2011.