

## **GROWTH IN SRV'S RESIDENTIAL PRODUCTION REMAINED STRONG – SRV'S INTERIM REPORT 1 JANUARY – 30 JUNE 2011**

Reporting period 1 January–30 June 2011 in brief:

- SRV's revenue was EUR 269.2 million (EUR 211.1 million in January–June 2010), change +27.5%
- Operating profit was EUR 0.7 million (EUR 3.1 million), change -77.5%
- Profit before taxes was EUR 0.0 million (EUR 0.0 million)
- The order backlog at the close of the review period was EUR 673.5 million (EUR 604.4 million), change +11.4%
- New contracts EUR 310.9 million (EUR 327.3 million), change -5.0%
- The equity ratio was 31.7 per cent (35.1%)
- Earnings per share were EUR -0.01 (EUR 0.01)
- SRV adjusts the outlook for the whole year for revenue and development of operational profitability. Revenue is estimated to be around EUR 650 million (EUR 484.4 million in January-December 2010). Profitability of both domestic and international operations is estimated to improve in the second half of the year compared to the first half of the year. The outlook for the whole year is maintained and profit before taxes is expected to exceed the previous year's level.

Second quarter 1 April-30 June 2011 in brief:

- Revenue was EUR 136.6 million (EUR 117.3 million in April-June 2010)
- Operating loss was EUR 0.3 million (profit of EUR 1.5 million)
- Loss before taxes was EUR 1.7 million (EUR 0.1 million)
- Earnings per share were EUR -0.06 (EUR 0.02)

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

### **The President and CEO Jukka Hienonen comments on SRV's result:**

SRV has systematically continued to increase its residential production in Finland. At the end of June we had more than 2,200 housing units under construction. Majority of the production is already sold either to institutional investors or consumers. SRV builds more than 1 400 rental units in the Helsinki metropolitan area as well as in Kaarina, Pirkanmaa and Joensuu. Our residential sales to consumers has risen to an all-time high level. The profitability of developer contracting production is shown in our profit later due to the recognition principle based upon delivery and therefore the positive development in our housing sales did not yet realise in the profit for the second quarter. We estimate that 400 developer contracting housing units will be completed during the latter part of the year compared with only 41 in the second quarter.

The market for business premises has continued to be quieter than the housing market, though weak signs of turn for better can be seen. The growth of the portion of contracting has decreased our relative profitability due to lower profit level. Moreover, profitability has been affected by the weakening of the estimated profits which is mainly due to the increase

of construction costs. Profitability of construction of business premises increased slightly during the second quarter. However, to raise the profitability of the construction of business premises to the previous years' level requires increase of the proportion of development projects and developer contracting projects.

The only significant started developer contracting project at the moment is the Derby Business Park project in Perkkaa, Espoo. The project also includes the construction of the Finnish headquarters of Siemens Corporation. In addition, we are carrying out logistics projects in the Helsinki Metropolitan Area, as well as trade sector contracts in various locations around Finland.

In international operations, the construction Pearl Plaza shopping centre in St. Petersburg commenced early this year. Our goal is to start up our projects in Russia which have been stagnant for a long time, and which require a significant share of SRV's capital.

SRV's group structure was reconfigured at the beginning of this year, when we merged our Housing, Business Premises, and Regional business areas. A more unified structure provides obvious advantages related to synergy, allowing us to utilise the best practices and resources available for the construction of housing and business premises alike in various projects.

The profitability of the first half of the year is not in line with our targets. The number of backlog orders under construction forms a solid basis for future progress. This indicates a concentration of profits in the latter half of 2011 and the last quarter in particular.

We have wilfully increased the volume of our project development even though, on a short term, it means increased development expenses which are recognised as costs. We believe in the possibilities arising from SRV's innovative project development both in Finland and in Russia. In early 2011, we have been able to make progress on two of our long-term major development projects: the Kalasatama Centre in Helsinki and Keilaniemi in Espoo. When realized, they will both be key projects for this decade and are expected to have significant roles in SRV's earnings.

### **Markets and general review**

The positive development with regard to SRV's revenue and order backlog continued in early 2011. SRV's order backlog increased by 11.4 per cent.

In Finland, the competition for new orders for business premises is fierce. SRV's volume of construction of business premises has remained at a good level. However, there is pressure to maintain profitability, as the order backlog consists mainly of contracting activity with a lower profit margin. In addition, construction costs have clearly gone up. In order to improve profitability, SRV aims to shift the emphasis onto the company's own project development.

The market development in domestic housing construction has made positive progress. SRV has increased the production of both rental and owner-occupied housing. The total amount of SRV's housing production under construction grew to 2 243 residential units, of which 63 per cent are rental or right-of-occupancy units. The number of developer contracting housing projects currently under construction grew to 824 residential units, of which over

50 per cent has been sold. Based on premarketing, the decision on the start-up of 212 additional units has been made. In total, SRV sold 290 residential units to consumers and investors (in comparison to 197 units in January-June 2010). Developer contracting housing production is recognised upon delivery thus affecting more the latter part of this year.

The financial and real-estate markets in Russia are slowly recovering. In addition to continuing the development of its key projects, SRV seeks growth potential by focusing its efforts on the preparation of the first phase investment commitments of the VTB-Ashmore property fund.

Amongst the key international projects, the implementation of the Pearl Plaza shopping centre project in St. Petersburg was confirmed in January, when the investment decision for the site and the EUR 100 million development contract with SRV were signed.

SRV's own project development operations enhance the company's potential to increase its operating volume. Projects require long-term development work and are carried out over the course of several years. SRV's projects are often so-called landmark projects – innovative new solutions for the needs of sustainable regional construction. Such projects include, for example, the Keilaniemi Towers housing project, the development project for the vicinity of the Niittykumpu metro station in Espoo, and, as the most recent addition, the Kalasatama development project in Helsinki.

| <b><u>Group key figures</u></b>                  | <b>IFRS</b>          | <b>IFRS</b>          |                         |                      | <b>IFRS</b>          | <b>IFRS</b>          | <b>IFRS</b>           |
|--|----------------------|----------------------|-------------------------|----------------------|----------------------|----------------------|-----------------------|
| (EUR million)                                    | <b>1-6/<br/>2011</b> | <b>1-6/<br/>2010</b> | <b>change,<br/>MEUR</b> | <b>change,<br/>%</b> | <b>4-6/<br/>2011</b> | <b>4-6/<br/>2010</b> | <b>1-12/<br/>2010</b> |
| Revenue  | <b>269.2</b>         | 211.1                | 58.1                    | 27.5                 | 136.6                | 117.3                | <b>484.2</b>          |
| Operating profit                                 | <b>0.7</b>           | 3.1                  | -2.4                    | -77.5                | -0.3                 | 1.5                  | <b>12.5</b>           |
| Financial income and expenses,<br>total          | <b>-0.7</b>          | -3.0                 | 2.3                     |                      | -1.4                 | -1.6                 | <b>-4.5</b>           |
| Profit before taxes                              | <b>0.0</b>           | 0.0                  | -0.1                    | -239.4               | -1.7                 | -0.1                 | <b>7.9</b>            |
| Order backlog                                    | <b>673.5</b>         | 604.4                | 69.1                    | 11.4                 |                      |                      | <b>594.5</b>          |
| New agreements                                   | <b>310.9</b>         | 327.3                | -16.4                   | -5.0                 | 90.6                 | 186.7                | <b>559.9</b>          |
| Operating profit, %                              | <b>0.3</b>           | 1.5                  |                         |                      | -0.2                 | 1.3                  | <b>2.6</b>            |
| Net profit, %                                    | <b>-0.4</b>          | 0.0                  |                         |                      | -1.6                 | 0.6                  | <b>1.1</b>            |
| Equity ratio, %                                  | <b>31.7</b>          | 35.1                 |                         |                      |                      |                      | <b>35.2</b>           |
| Net interest bearing debt                        | <b>263.5</b>         | 217.2                |                         |                      |                      |                      | <b>222.8</b>          |
| Gearing, %                                       | <b>162.2</b>         | 142.7                |                         |                      |                      |                      | <b>141.7</b>          |
| Return on investment, % <sup>1)</sup>            | <b>1.4</b>           | 2.1                  |                         |                      |                      |                      | <b>4.1</b>            |
| Return on equity, % <sup>1)</sup>                | <b>-1.3</b>          | 0.1                  |                         |                      |                      |                      | <b>3.2</b>            |
| Earnings per share, EUR                          | <b>-0.01</b>         | 0.01                 |                         |                      | -0.06                | 0.02                 | <b>0.19</b>           |
| Equity per share, EUR                            | <b>4.51</b>          | 4.38                 |                         |                      |                      |                      | <b>4.56</b>           |
| Weighted average number of<br>shares outstanding | <b>34.5</b>          | 33.9                 |                         | 1.8                  |                      |                      | <b>33.9</b>           |

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

The Group revenue increased especially as the result of the favourable development in the volume of domestic housing construction. The decline in the operating profit was influenced by the weakened profitability of commercial construction brought on by a lower order

backlog profit margin and higher construction costs, as well as losses generated by international business operations. Project development expenses recorded as costs grew by EUR 1.1 million from the reference period. The Group's order backlog grew on account of the increased order backlog of international and domestic housing construction.

The Group's revenue for the second quarter grew thanks to the favourable development in the residential construction in Finland. Profitability of the business operations in Finland declined compared to the first quarter due to the recognition principle based upon delivery in the housing production. Profitability of the construction of business premises improved slightly compared to the first quarter. The level of profit was also affected by the increase in the project development expenses which were recorded as costs.

### Key figures for the Segments

| <b>Revenue</b><br>(EUR million) | <b>IFRS</b><br><b>1-6/</b><br><b>2011</b> | <b>IFRS</b><br>1-6/<br>2010 | <b>change,</b><br><b>MEUR</b> | <b>change,</b><br><b>%</b> | <b>IFRS</b><br>4-6/<br>2011 | <b>IFRS</b><br>4-6/<br>2010 | <b>IFRS</b><br><b>1-12/</b><br><b>2010</b> |
|---------------------------------|---|-----------------------------|-------------------------------|----------------------------|-----------------------------|-----------------------------|--|
| Domestic operations             | <b>255.1</b>                              | 205.5                       | 49.6                          | 24.1                       | 131.2                       | 112.5                       | <b>462.3</b>                               |
| International operations        | <b>13.7</b>                               | 5.5                         | 8.2                           | 149.0                      | 5.3                         | 4.7                         | <b>21.7</b>                                |
| Other Operations                | <b>6.3</b>                                | 5.0                         | 1.3                           | 25.6                       | 3.1                         | 2.5                         | <b>10.3</b>                                |
| Eliminations                    | <b>-5.9</b>                               | -5.0                        | -1.0                          |                            | -2.9                        | -2.5                        | <b>-10.2</b>                               |
| Group, total                    | <b>269.2</b>                              | 211.1                       | 58.1                          | 27.5                       | 136.6                       | 117.3                       | <b>484.2</b>                               |

| <b>Operating profit</b><br>(EUR million) | <b>IFRS</b><br><b>1-6/</b><br><b>2011</b> | <b>IFRS</b><br>1-6/<br>2010 | <b>change,</b><br><b>MEUR</b> | <b>change,</b><br><b>%</b> | <b>IFRS</b><br>4-6/<br>2011 | <b>IFRS</b><br>4-6/<br>2010 | <b>IFRS</b><br><b>1-12/</b><br><b>2010</b> |
|--|---|-----------------------------|-------------------------------|----------------------------|-----------------------------|-----------------------------|--|
| Domestic operations                      | <b>7.7</b>                                | 12.1                        | -4.5                          | -36.9                      | 3.3                         | 5.4                         | <b>26.4</b>                                |
| International operations                 | <b>-4.3</b>                               | -6.1                        | 1.8                           |                            | -1.9                        | -2.2                        | <b>-8.0</b>                                |
| Other Operations                         | <b>-2.7</b>                               | -2.8                        | 0.1                           |                            | -1.7                        | -1.6                        | <b>-5.9</b>                                |
| Eliminations                             | <b>0.0</b>                                | -0.2                        | 0.2                           |                            | 0.0                         | -0.1                        | <b>0.0</b>                                 |
| Group, total                             | <b>0.7</b>                                | 3.1                         | -2.4                          | -77.5                      | -0.3                        | 1.5                         | <b>12.5</b>                                |

| <b>Operating profit</b><br>(%) | <b>IFRS</b><br><b>1-6/2011</b> | <b>IFRS</b><br>1-6/2010 | <b>IFRS</b><br>4-6/2011 | <b>IFRS</b><br>4-6/2010 | <b>IFRS</b><br><b>1-12/2010</b> |
|--------------------------------|--------------------------------|-------------------------|-------------------------|-------------------------|---------------------------------|
| Domestic operations            | <b>3.0</b>                     | 5.9                     | 2.5                     | 4.8                     | <b>5.7</b>                      |
| International operations       | <b>-31.4</b>                   | -111.2                  | -36.2                   | -46.9                   | <b>-37.1</b>                    |
| Group, total                   | <b>0.3</b>                     | 1.5                     | -0.2                    | 1.3                     | <b>2.6</b>                      |

| <b>Order backlog</b><br>(EUR million) | <b>IFRS</b><br><b>30.6.11</b> | <b>IFRS</b><br>30.6.10 | <b>change,</b><br><b>MEUR</b> | <b>change</b><br><b>%</b> | <b>IFRS</b><br><b>31.12.10</b> |
|---------------------------------------|-------------------------------|------------------------|-------------------------------|---------------------------|--------------------------------|
| Domestic operations                   | <b>564.8</b>                  | 578.6                  | -13.9                         | -2.4                      | <b>574.5</b>                   |
| International operations              | <b>108.7</b>                  | 25.7                   | 83.0                          | 322.3                     | <b>20.0</b>                    |
| Group, total                          | <b>673.5</b>                  | 604.4                  | 69.1                          | 11.4                      | <b>594.5</b>                   |
| - sold order backlog                  |                               | 530                    | 426                           | 104                       | 442                            |
| - unsold order backlog                |                               | 143                    | 178                           | -35                       | 153                            |

**Earnings trends of the Segments**

| <b>Domestic operations</b><br>(EUR million) | <b>IFRS</b><br><b>1-6/</b><br><b>2011</b> | <b>IFRS</b><br>1-6/<br>2010 | change,<br>MEUR | change,<br>% | <b>IFRS</b><br>4-6/<br>2011 | <b>IFRS</b><br>4-6/<br>2010 | <b>IFRS</b><br><b>1-12/</b><br><b>2010</b> |
|---|---|-----------------------------|-----------------|--------------|-----------------------------|-----------------------------|--|
| <b>Revenue</b>                              | <b>255.1</b>                              | 205.5                       | 49.6            | 24.1         | 131.2                       | 112.5                       | <b>462.3</b>                               |
| - business construction                     | <b>161.6</b>                              | 160.0                       | 1.6             | 1.0          | 86.4                        | 91.1                        | <b>353.2</b>                               |
| - housing construction                      | <b>93.5</b>                               | 45.6                        | 48.0            | 105.2        | 44.8                        | 21.5                        | <b>109.4</b>                               |
| <b>Operating profit</b>                     | <b>7.7</b>                                | 12.1                        | -4.5            | -36.9        | 3.3                         | 5.4                         | <b>26.4</b>                                |
| <b>Operating profit, %</b>                  | <b>3.0</b>                                | 5.9                         |                 |              | 2.5                         | 4.8                         | <b>5.7</b>                                 |
| <b>Order backlog</b>                        | <b>564.8</b>                              | 578.6                       | -13.9           | -2.4         |                             |                             | <b>574.5</b>                               |
| - business construction                     | <b>233.3</b>                              | 388.5                       | -155.2          | -40.0        |                             |                             | <b>271.6</b>                               |
| - housing construction                      | <b>331.5</b>                              | 190.1                       | 141.4           | 74.4         |                             |                             | <b>302.9</b>                               |

Domestic Operations comprises construction operations managed by SRV Construction Ltd and property development. Domestic operations has been divided into business premises including retail, office, logistics as well as earth and rock construction operations and housing construction.

Revenue in Domestic Operations was EUR 255.1 million (EUR 205.5 million) and its share of total revenue of the Group was 95 per cent (97%). Operating profit was EUR 7.7 million (EUR 12.1 million) generating an operating profit margin of 3.0 per cent (5.9%). The decrease in operating profit was attributable to the weakening of profitability level in business premises construction due to increased share of contract-based order backlog and an increased level of construction costs. The order backlog was EUR 564.8 million (EUR 578.6 million).

Revenue for the second quarter amounted to EUR 131.2 million (EUR 112.5 million) and operating profit was EUR 3.3 million (EUR 5.4 million). The decline in the operating profit was attributable to the weakening of profitability level in business premises construction.

This year's favourable trend continued in the housing sales and 143 housing units were sold during the second quarter (102 units in January-March 2011). Only 41 housing units were completed during the second quarter and due to the recognition principle based upon delivery, the profitability of the business operations declined compared to the first quarter of the year. By applying the earlier percentage of completion method the difference in the revenue compared to the present application grew from EUR 6.7 million in the first quarter to EUR 23.4 million which will be recognised when the housing units are handed over.

**Business Premises construction**

Revenue in Business Premises construction was EUR 161.6 million (EUR 160.0 million). The order backlog was EUR 233.3 million (EUR 388.5 million). Competition for new contracts remained tight. Profitability of business premises construction improved slightly during the second quarter compared to the first quarter.

Helsinki Music Centre, which Rakennuslehti chose as the best construction site in Finland in 2010, was completed during the review period. The projects completed during the review

period include raising the height of the car park facilities at the Helsinki Fair Centre in Pasila, Helsinki for the Finnish Fair Corporation; changes to the Sähkötalo building in Kamppi, Helsinki; changes to the business premises of the European Chemicals Agency of the European Union in downtown Helsinki; and, the renovation of the Forum shopping centre in Jyväskylä for Citycon.

During the review period, contracts worth EUR 74.1 million were signed with external clients. In March, SRV and Länsimetro Oy signed a contract for the excavation work in Otaniemi related to the construction of the west metro. The contract includes the excavation work for two long parallel metro tunnels of approximately 1.6 kilometres each and two vertical shafts, as well as the construction of the station and signal boxes. The work in Otaniemi will be complete in September 2013.

Contracts for the following projects were also signed during the review period: the basic renovation of the Viikki laboratory building with the University of Helsinki; implementing the extension of the Shopping Centre Zeppelin in Kempele; a new construction for the Jyväskylä Hospital School; and, as an addition to a previously signed contract with the Hospital District of Southwest Finland for foundation work, a contract for the construction of equipment storage facilities for the Turku University Hospital. SRV will renovate the Vantaa city hall and children's art house Pessi. In addition, SRV will build a S-market in Juvankartano, Espoo. The project is developed by SRV.

After the review period, in July, SRV and Ilmarinen Mutual Pension Insurance Company have agreed on the construction of new premises for Finnair in the Helsinki-Vantaa airport area. The construction of the premises will follow the principles of sustainable development and they offer advanced working environment. The total floor area of the new building is around 70,000 square meters, of which 22,400 square meters is offices.

## Housing Construction

Revenue in Housing Construction was EUR 93.5 million (EUR 45.6 million). The order backlog grew by 74.4 per cent and was EUR 331.5 million (EUR 190.1 million). SRV has increased significantly its housing production and at the close of the review period SRV had a total of 2,243 residential units under construction (1,067). 82 per cent of the production under construction was implemented under building contracts or they were SRV's own production which had already been sold.

During the review period, housing construction contracts worth EUR 57.7 million were signed with external clients. A total of 480 apartments will be completed in these projects. Contracts were concluded with the construction company TA Asumisoikeus Oy for the construction of four sites and 272 right-of-occupancy units in Kerava, Espoo's Vanttila and Saunalahti. A contract was concluded with Alkuasunnot Oy for the construction of 118 rental apartments in Jätkäsaari, Helsinki. Contracts with YH-Länsi Oy were concluded in Pirkanmaa for two construction projects that include 42 residential units in Kangasala and 31 units in Ylöjärvi. In Joensuu, 17 right-of-occupancy units will be constructed for Avain Rakennuttajat.

SRV started a total of 327 developer contracting housing projects during the review period. 60 apartments will be built Helsingin Pelimanni in Kannelmäki, Helsinki and 30 apartments

in Vantaan Kartanonkulma in Vantaa. Eighteen high-end single-family houses will be built for Espoon Kaisla in Saunalahti, Espoo.

In the 2012 Housing Fair area in Vuores, Tampere, 41 terraced-house and multi-storey house apartments will be built in Vuoreksen Matti. In addition, in Hyhky, Tampere 37 terraced-house apartments will be built in Tampereen Emil. A total of 46 apartments will be built in two apartment houses in Ylöjärvi (Kultaniitty and Kultapuisto). In Pirkkala 14 apartments will be built in terrace house Kultasiipi.

A 29-unit apartment building will be constructed for Lahden Alfred in downtown Lahti, and 26 apartments g will be built in downtown Kaarina. In addition, a 26-unit apartment building called Saarijärven Kimallus will be constructed in downtown Saarijärvi. On top of the projects initiated during the review period, SRV has decided to start the construction of 206 residential units in the Helsinki Metropolitan Area and 6 units in Kaarina in Southwest Finland.

In total, 290 (197) of the developer contract housing projects' apartments were sold during the review period. At the end of the period, there were 824 (547) apartments under construction, with 404 (400) left unsold. There were 53 (105) completed and unsold apartments, of which 10 were rented out by the end of the period. In total, 108 (16) developer contract housing projects' apartments were completed during the period. Completed projects included apartment building Martti with 67 apartments in Vantaa, 26 terraced-house apartments in Sinisiipi in Pirkkala and 15 apartments in Marjalan Saunaranta in Joensuu.

Based on the current schedules of completion, SRV estimates 508 developer contracting housing units to be completed during the entire year of 2011.

| <b>Housing production in Finland</b>                    | <b>1-6/<br/>2011</b> | 1-6/<br>2010 | change,<br>units | 4-6/<br>2011 | 4-6/<br>2010 | <b>1-12/<br/>2010</b> |
|---|----------------------|--------------|------------------|--------------|--------------|-----------------------|
| Developer contracting                                   |                      |              |                  |              |              |                       |
| Start-ups   | <b>327</b>           | 300          | 27               | 205          | 300          | <b>543</b>            |
| Sold  | <b>290</b>           | 197          | 93               | 143          | 102          | <b>524</b>            |
| Completed   | <b>108</b>           | 16           | 92               | 41           | 0            | <b>201</b>            |
| Completed and unsold                                    | <b>53</b>            | 105          | -52              |              |              | <b>137</b>            |
| Under construction, total <sup>1)</sup>                 | <b>2 243</b>         | 1 064        | 1 179            |              |              | <b>1 629</b>          |
| - negotiation and construction contracts <sup>1))</sup> | <b>1 419</b>         | 517          | 902              |              |              | <b>1 024</b>          |
| - developer contracting <sup>1)</sup>                   | <b>824</b>           | 547          | 277              |              |              | <b>605</b>            |
| - of which sold <sup>1)</sup>                           | <b>420</b>           | 147          | 273              |              |              | <b>321</b>            |
| - of which unsold <sup>1)</sup>                         | <b>404</b>           | 400          | 4                |              |              | <b>284</b>            |
| 1)at the end of the period                              |                      |              |                  |              |              |                       |

The structure of order backlog in housing construction showed a positive trend during the review period. The completed but unsold order backlog declined by 53%. The sold developer contracting order backlog under construction grew to EUR 94 million. Even though new start-ups were increased, the unbuilt unsold order backlog decreased improving SRV's risk profile.

| <b>Order backlog, housing construction in Finland (EUR million)</b> | <b>30.6.11</b> | 30.6.10 | change, MEUR | <b>30.12.10</b> |
|---|----------------|---------|--------------|-----------------|
| Negotiation and construction contracts                              | <b>124</b>     | 22      | 102          | <b>115</b>      |
| Under construction, sold developer contracting                      | <b>94</b>      | 29      | 65           | <b>73</b>       |
| Under construction, unsold developer contracting                    | <b>92</b>      | 94      | -2           | <b>62</b>       |
| Completed and unsold developer contracting                          | <b>21</b>      | 45      | -24          | <b>53</b>       |
| <b>Total</b>  | <b>332</b>     | 190     | 141          | <b>303</b>      |

SRV continued to participate 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. In addition to SRV, other participants in this project, which is partly funded by the Finnish Funding Agency for Technology and Innovation Tekes, include the Finnish Innovation Fund Sitra and VVO Yhtymä Oyj, as well as an international design team put together on the basis of a sustainable construction-related competition organised in 2009. The City of Helsinki has allocated a whole block in Jätkäsaari to be built in accordance with the Low2No concept by Sitra, SRV, and VVO. The residential and commercial units within this block will be designed using innovative environmental, spatial, and service-based planning to be implemented as a multi-purpose environment that responds to changing work and living habits.

| <b>International Operations (EUR million)</b> | <b>IFRS 1-6/2011</b> | IFRS 1-6/2010 | change, MEUR | change, % | IFRS 4-6/2011 | IFRS 4-6/2010 | <b>IFRS 1-12/2010</b> |
|---|----------------------|---------------|--------------|-----------|---------------|---------------|-----------------------|
| <b>Revenue</b>                                | <b>13.7</b>          | 5.5           | 8.2          | 149.0     | 5.3           | 4.7           | <b>21.7</b>           |
| <b>Operating profit</b>                       | <b>-4.3</b>          | -6.1          | 1.8          |           | -1.9          | -2.2          | <b>-8.0</b>           |
| <b>Operating profit, %</b>                    | <b>-31.4</b>         | -111.2        |              |           | -36.2         | -46.9         | <b>-37.1</b>          |
| <b>Order backlog</b>                          | <b>108.7</b>         | 25.7          | 83.0         | 322.3     |               |               | <b>20.0</b>           |

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

Revenue in the International Operations was EUR 13.7 million (EUR 5.5 million) and its share of total revenue of the Group was 5 per cent (3%). Operating loss was EUR 4.3 million (a loss of EUR 6.1 million). Increased revenue and improved profitability were attributable to operations volume. The order backlog was EUR 108.7 million (EUR 25.7million).



Revenue for the second quarter was EUR 5.3 million (EUR 4.7 million) and operating loss EUR 1.9 million (EUR 2.2 million).

## Russia

The OOO Pearl Plaza, jointly owned by SRV and the Shanghai Industrial Investment Company, made a decision in January concerning the first phase of the shopping centre project in St. Petersburg. The value of investment is approximately EUR 130 million and funding for the project mainly comes from China. SRV's ownership in this joint venture is 50 per cent. SRV will invest approximately EUR 20 million in the implementation of the first phase. At the same time, SRV signed a project management contract worth approximately EUR 100 million for the planning and construction of an 87 000 m<sup>2</sup> shopping centre. The shopping centre will be completed in spring 2013. The first letter of intent was signed with the Finnish Prisma supermarket operator SOK, who will lease 7 600 m<sup>2</sup> for a Prisma hypermarket. The building permit planning for the site was started immediately and the construction site's preparation work started in early April. The final building permit will be granted during the third quarter.

SRV continued the development of the Septem City project in St. Petersburg, which comprises 8.5 hectares of land in the Ohta region. The plans for the area include constructing a shopping centre, office, and business premises, as well as premises for hotel, restaurant, and entertainment services. This project will be implemented in several phases and the first phase will be to construct a shopping centre. The shopping centre concept has received preliminary approval and the process of detaching the first phase as its own legal structure has been initiated. SRV has invested approximately EUR 56.4 million in the acquisition of land areas and properties. The estimated amount of SRV's further investment in land acquisition is about EUR 4.5 million. Currently SRV has an 87.5 per cent ownership in the project, but it will decrease to 77.5 per cent once all the ownership arrangements have been finalised in accordance with the cooperation contract.

The development of the Eurograd logistics area in St. Petersburg continued. SRV has 49 per cent ownership in the Russian company that possesses a 24.9 hectare land area located north of St. Petersburg, in the immediate vicinity of the Ring Road. There are plans to build more than 100 000 square metres of logistics premises in several phases over the course of the next few years. The zoning of the area for logistics has been completed.

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. The other investors involved in the fund are VTB Capital and Ashmore Group Plc ('Ashmore'), together with the funds they control, as well as 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 around EUR 200 million worth of project management contracts.

The offices of the Etmia II office and parking house project in the heart of Moscow have been fully leased. SRV's role in the project is to act as co-owner with a 50 per cent stake and was responsible for the construction as project management contractor.

The financing of the Mytishi shopping centre project in the Moscow region has not advanced, and the implementation possibilities of alternative concepts are being studied. The majority owner of the project is the Finnish real-estate investment company Vicus, with a 75 per cent stake. SRV owns 25 per cent of the shopping centre project and its total investments amount to EUR 7.5 million.

The renovation of the old Aeroport hotel at Sheremetyevo airport in Moscow was completed. In St. Petersburg, the renovation of 200 rooms in the Pulkovskaya Hotel continued and the renovation of the Pribaltiskaya Hotel's Aqua Park was started. All three hotels belong to the Wenaas Group. The projects are a continuation of cooperation already started in 2007.

In the city of Vyborg, five apartments in the Papula residential area were sold during the review period. A total of 22 housing units have been sold, while 16 units remained unsold at the end of the period. As a result of positive results from premarketing, a decision was made to start the second apartment building with 38 apartments. The construction will commence in late autumn. The project has all necessary approvals from authorities.

### Baltic countries

Business volumes in the Baltic countries were low. In Estonia, 2 (7) residential units were sold during the period. There were 15 (24) completed but unsold units at the end of the period.

In Latvia, the construction of the international school was in progress according to the construction contract between SRV and the International School of Latvia.

| <b>Other Operations</b><br>(EUR million) | <b>IFRS</b><br><b>1-6/</b><br><b>2011</b> | IFRS<br>1-6/<br>2010 | change,<br>MEUR | change,<br>% | IFRS<br>4-6/<br>2011 | IFRS<br>4-6/<br>2010 | IFRS<br><b>1-12/</b><br><b>2010</b> |
|--|---|----------------------|-----------------|--------------|----------------------|----------------------|-------------------------------------|
| <b>Revenue</b>                           | <b>6.3</b>                                | 5.0                  | 1.3             | 25.6         | 3.1                  | 2.5                  | <b>10.3</b>                         |
| <b>Operating profit</b>                  | <b>-2.7</b>                               | -2.8                 | 0.1             |              | -1.7                 | -1.6                 | <b>-5.9</b>                         |

Other operations comprise mainly the businesses of SRV Group Plc and SRV Kalusto Oy (equipment).

Revenue of Other Operations during the review period was EUR 6.3 million (EUR 5.0 million) and operating loss was EUR 2.7 million (a loss of EUR 2.8 million). The positive trend in revenue was attributable to higher operation volumes. During the review period, EUR 2.5 million of development expenses of SRV's projects was recorded as costs (EUR 1.3 million). Revenue for the second quarter was EUR 3.1 million (EUR 2.5 million) and operating loss EUR 1.7 million (EUR 1.6 million) The operating profit for the second quarter was affected by the increase of development expenses to EUR 1.6 million (EUR 0.9 million).

## Group project development

SRV's proposal for implementing the Kalasatama Centre project in Helsinki moved forward. The Helsinki City Board elected SRV as the winner of the competitive bidding for the implementation of the site. According to SRV's plans, the total floor area of the Kalasatama Centre is 176 000 m<sup>2</sup>, divided into residential units (86 000 m<sup>2</sup>), business and service premises (55 000 m<sup>2</sup>), office spaces (14 000 m<sup>2</sup>), and hotel premises (10 000 m<sup>2</sup>). The construction of an 11 000 m<sup>2</sup> social and health care service centre for the City is also included in the project. The implementation contract will be signed in August.

The local plan changes related to SRV's residential tower plans in Espoo's Keilaniemi area go under review by the Espoo City Planning Committee in April. The plans for the site include some 72 000 m<sup>2</sup> for apartments and 9 000 m<sup>2</sup> for commercial premises.

SRV is developing a regional development project in connection with the future Niittykumpu metro station in cooperation with the Mutual Pension Insurance Company Varma and Sato Corporation. The City of Espoo granted a planning reservation for the project in June 2010. The plans for the area mainly comprise housing construction as well as a shopping centre. The overall size of the area to be developed is approximately 140 000 m<sup>2</sup>. This includes some 80 000 m<sup>2</sup> of city land covered by the planning reservation, of which SRV's share is one third. As part of the development project, SRV has purchased the Niittytori shopping centre. The local plan for the area will include the right to build approximately 15 000 m<sup>2</sup> of housing.

SRV has started the construction of an office building complex at Derby Business Park located in Perkkää, Espoo. The site includes three office buildings (20 000 m<sup>2</sup>) that will house, among others, the Siemens headquarters for Finnish operations and the headquarters of SRV. As part of the project, the former Siemens headquarters building, purchased through a joint venture by SRV, Sato Corporation, and the Mutual Pension Insurance Company Varma, will be re-developed into a building suitable for housing construction. The local plan changes for the area are pending. The target for residential floor area is 110,000-120,000 m<sup>2</sup>. The plan proposal is expected to be handled by the City Planning Committee in the autumn of 2011.

## **Financing and financial position**

Net operational cash flow was EUR -43.5 million negative (EUR -27.8 million in January-June 2010). The weakening of the cash flow during the review period was attributed to the increase of inventories. The Group's inventories were EUR 360.9 million (EUR 302.1 million), the share of land areas and plot-owning companies being EUR 196.3 million (EUR 174.0 million). The Group's invested capital amounted to EUR 446.5 million (EUR 384.9 million).

At the end of the review period, the Group's financing reserves totalled EUR 138 million, of which the Group's cash assets amounted to EUR 20.5 million, the amount of open-ended account limits and committed undrawn financing reserves and commitments amounted to EUR 97.3 million and withdrawable housing company credits related to RS projects amounting to EUR 20.6 million. The Group's net interest-bearing liabilities were EUR 263.5 million (EUR 263.5 million) on 30 June 2011. Net financing expenses totalled EUR 0.7

million. The financing expenses were affected by the gains from interest rate swaps, exchange rate gains and financial incomes from associated companies.

Investments in SRV's developer contracting RS housing projects in Finland including completed, unsold projects, total around EUR 95.9 million. SRV estimates that the completion of these projects requires another EUR 81.4 million. Undrawn housing corporate loans related to RS projects totalled EUR 91.3 million. Investments in the business premises projects on a developer contracting basis total EUR 32.7 million. Investments in the completed international projects total EUR 41.3 million, of which unsold residential projects in Estonia amount to EUR 1.0 million, and EUR 2.1 million in Vyborg. EUR 38.2 million is invested in the Etmia office project.

Equity ratio was 31.7 per cent (35.1%). The change in the equity ratio and net liabilities was affected by the increase in inventories and the EUR 2.5 million derivative agreement signed by SRV with Nordea Bank Ab for 552,833 SRV Group Plc's shares which are considered equal to treasury shares held by the company. The Group's shareholders' equity totalled EUR 162.5 million (EUR 152.2 million on 30 June 2010). The return on investment was 1.4 per cent (2.1%) and the return on equity was 1.3 per cent negative (0.1%).

### **Investments**

The Group's investments totalled EUR 2.8 million (EUR 1.0 million) and were mainly related to the acquisition of machinery and equipment.

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

| <b>Land reserve<br/>30.6.2011</b>                          | <b>Business<br/>construction</b> | <b>Housing<br/>construction</b> | <b>International<br/>Operations</b> | <b>Total</b>     |
|--|----------------------------------|---------------------------------|-------------------------------------|------------------|
| <b>Unbuilt land areas and land acquisition commitments</b> |                                  |                                 |                                     |                  |
| Building rights*, m <sup>2</sup>                           | <b>226 000</b>                   | <b>292 000</b>                  | <b>856 000</b>                      | <b>1 374 000</b> |
| <b>Land development agreements</b>                         |                                  |                                 |                                     |                  |
| Building rights*, m <sup>2</sup>                           | <b>662 000</b>                   | <b>300 000</b>                  | <b>152 000</b>                      | <b>1 114 000</b> |

\* 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

### **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 segments are Domestic Operations, International Operations, and Other Operations. Domestic Operations comprises construction management operations of SRV

Construction Ltd and property development. Domestic operations has been divided into business premises including retail, office, logistics as well as earth and rock construction operations and housing construction. 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 Group structure**

As of 1 January 2011, SRV merged Business Premises and Housing and Regional business areas in Finland. SRV Construction Ltd is responsible for domestic operations. SRV Asunnot Oy, representing housing business, was merged to SRV Construction Ltd as of 31 March 2011. On 31 May 2011, SRV acquired all shares of Maanrakennus Oy Laatutyö. The annual revenue of Laatutyö is 5 to 7 million Euros. The acquisition is part of SRV's strategy to increase infrastructure construction. In July, SRV acquired 100% ownership of its Estonian subsidiary SRV Kinnisvara AS.

### **Changes in the Group management**

Taneli Hassinen started as Group's Director, Communications and Marketing and member of the Corporate Executive Team at SRV Group Plc as of 15 March 2011.

### **Personnel**

SRV had an average payroll of 828 (780) employees, of whom 601 (549) were white-collar. The parent company had an average staff of 45 (46) white-collar employees. At the close of the review period, the Group had 966 (835) employees, of whom 46 (47) were employed by the parent company. 152 (135) employees work in subsidiaries abroad. At the end of the review period, SRV had a total of 118 (86) trainees working in summer jobs and in work training as well as students working on their thesis or diploma in the Group's operations in Finland.

| <b>Personnel by business area</b> | <b>30.6.2011</b> | 30.6.2010  | Share of Group<br>personnel,<br>30.6.2011, % |
|-----------------------------------|------------------|------------|--|
| Domestic operations               | <b>712</b>       | 598        | 73.7   |
| International operations          | <b>164</b>       | 152        | 17.0   |
| Other Operations                  | <b>90</b>        | 85         | 9.3  |
| Group, total                      | <b>966</b>       | <b>835</b> | 100.0  |

The Board of Directors of SRV Group Plc decided on 17 February 2011 on a new long-term share-based incentive plan for the SRV Group key personnel. The Plan is directed to approximately 70 employees. The Plan is valid for the years 2011–2016, and the potential reward from the Plan is based on the increase in SRV Group Plc's share price. The Plan is carried out as share bonus rights. Their value is based on the price development of SRV's shares. The maximum total amount of bonus rights granted is 2,000,000.

According to the incentive plan terms half of the value increase calculated from the price development of SRV's share is given to the key employees in SRV's shares and half is paid

in cash for taxes arising from the bonus. There is a restriction concerning the transfer of shares and a restriction period.

Based on the plan, 1,688,000 bonus rights have been granted totalling a theoretical market value of around EUR 2.3 million on 16 February 2011. The theoretical market value is calculated by the Black & Scholes model used for pricing options with the following criteria: share price EUR 7.43, reference share price EUR 6.81, risk-free interest rate 2.5% and volatility 33 per cent.

### **Outlook for construction**

The recovery of the world economy continues, but it is unstable. The European Central Bank has increased the interest rate to 1.5 per cent, but the pressure still remains for further increases. The expected growth of the Finnish economy is 4 per cent in 2011.

The start-ups of building construction are predicted to increase around 4% this year. The total number of building permits went down in early 2011. Construction cost index is in clear upswing. Employment in construction will somewhat improve this year.

Strong consumer confidence and interest rates that are low for now have kept demand at a decent level in the housing market. Start-ups this year equal the long term annual housing needs, i.e. around 34,000 housing units. On a longer perspective, the need for residential construction is sustained for instance by migration to growth centres and smaller households. However, the growth in demand is estimated to slow down. Moreover, prevailing economic situation and employment rate as well as higher interest rates create uncertainties in the housing sales.

Weak employment trends, increased interest rates, or disruptions in the global economy caused by crises may have negative short-term effects on the housing market. 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.

Commercial and office real-estate markets remained low and the vacancy rates of office spaces are particularly high. This year slightly more commercial and office buildings will be started than last year, but the number is estimated to go down again next year.

Call for renovation continues to be good this year. The growth of the building stock, its ageing and the modernization of technical standards will maintain the volume of renovation works in years to come. The weakening of the outlook for civil engineering construction is will even out next year when the ongoing infrastructure projects start to affect.

The economy in the Baltic countries is estimated to strengthen this year. The accelerated inflation may jeopardise the development of domestic demand in Estonia and Lithuania, in particular. Activity in the construction sector and real-estate market remains at a low level.

The Russian economy has turned into a slow growth. GNP is estimated to grow around 5.5% in 2011 as private consumption accelerates the recovery. The changes in oil price estimates is predicted to increase the governments income by nearly 20% more than budgeted. Inflation has gobbled up the growth of real wages. Investment activity is expected to revive in the real-estate market in 2011.

## **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. This may change, among other things, the development of SRV's order backlog volume and operational profitability as well as prolong the time that SRV's equity is tied to projects. 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 unstable and the global governmental financial crisis creates uncertainty to economic development. Demand for property investments has remained weak. Interest rates are still low, but pressures to raise rates exist. Compared to pre-recession times, the availability of credit from banks is lower and loan margins are clearly higher. Property values face pressures and the number of property transactions and, in particular, new large-scale project start-ups, remains low due to difficulties in securing financing.

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. Delivery schedule of developer contracting projects can affect essentially on the development of revenue and profit for the financial year and the quarters. 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. Rise in interest rates create a significant risk relating to housing demand.

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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. Construction sector has implemented an

invert value added tax policy. As new procedure it requires reinforced accuracy from administration. 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. SRV is involved in some arbitration and legal proceedings. SRV's management believes that the cases or their outcome do not have a significant impact on SRV's financial result.

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. SRV measures its land reserves at cost of acquisition according to IFRS standard. If the cost of acquisition, added with construction costs, is lower than the fair value of the property, the value of the property will be reduced. In accordance with its strategy, SRV has focused on developer contracting projects and has increased its land acquisition in Finland and Russia, in particular. Availability of property financing affects the progress and start-up decisions of development projects.

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 Financial Statements 2010. Currency risks are divided into transaction risks and translation risks. Transaction risks are related to currency-denominated business and financing cash flows. The accounting effects of translation risks are shown in the translation differences of equity in the consolidated figures in investments made in foreign.

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 (EUR 100 million), which mature partly in 2012 and partly 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 2010 Annual Report and Notes to the Financial Statements.

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

The Annual General Meeting of SRV Group Plc was held on 15 March 2011. The AGM adopted the financial statements 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. The dividend was paid on 25 March 2011. Mr Ilpo Kokkila was elected chairman of the Board of Directors and Mr Arto Hiltunen, Mr Olli-Pekka Kallasvuo, Mr Timo Kokkila,



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.

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 at 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. Based on these authorisations, the shares can be acquired in single or multiple parts.

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 15 March 2011, the Board of Directors elected Olli-Pekka Kallasvuo vice chairman of the Board, Matti Mustaniemi chairman of the Audit Committee, Olli-Pekka Kallasvuo 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 5,900 shareholders on 30 June 2011.

The company received the following flagging notification during the review period.

Bank AB (publ) announced that as a result of the transaction on 15 March 2011 its holding of SRV Group Plc's shares and voting rights fell below 1/20 and Nordea Pankki Suomi Oyj's holding of SRV Group Plc's shares and voting rights exceeded 1/20.

According to Nordea Bank AB's (publ) notification the portion of ownership of shares and voting rights of Nordea Group in SRV Group Plc has fallen below 1/20 as a result of the transactions on 11 April 2011. Nordea Pankki Suomi Oyj sold all 1,909,483 SRV Group Plc's shares it had owned to Nordea Bank AB (publ) on 11 April 2011. On 11 April 2011, Nordea Bank AB (publ) sold 1,356,650 SRV Group Plc's shares as a part of the total return swap described in the flagging notification of 5 January 2011 to SRV Group Plc.

SRV Group Plc's ownership of the company's own shares exceeded momentarily 1/20 on 11 April 2011. On 11 April 2011, SRV realized part of a derivatives contract concluded between the company and Nordea Bank AB (publ.) on 5 January 2010 in respect of 1,356,650 company shares for EUR 4.45 per share. In deviation from shareholders' pre-emptive rights, SRV implemented a directed share issue in which 1,500,000 million shares were offered for subscription at a price of EUR 6.60 per share. The share issue was subscribed immediately. The arrangement increased SRV's equity capital by EUR 9.9 million. After the share issue, SRV's holding of its own shares fell below 1/20.

The share closing price at OMX Helsinki at the end of the review period was EUR 6.00 (EUR 6.63 on 31 December 2010). The highest share price in the review period was EUR 7.43 and the lowest was EUR 5.60. The change in the all-share index of the Helsinki Stock Exchange (OMX Helsinki) during the same period was -6.9 per cent and the OMX Industrial and Services index -12.3 per cent.

At the end of the review period, the company had a market capitalisation of EUR 213.1 million, excluding the Group's own shares. About 7.6 million shares were traded during the review period and the trade volume was EUR 48.1 million.

At the end of the review period, SRV and Nordea had derivative contract (total return swap) for 552,833 SRV's shares on a price of EUR 4.45 per share (totaling EUR 2.5 million). These shares are considered equal to treasury shares held by the company. As the contract matures, the shares will be sold to SRV Group Plc or an entity named by SRV. The market capitalisation of the shares was EUR 3.3 million at the end of the review period.

At the end of the review period, SRV Group Plc held 1,244,928 its own shares, taking the derivative contract into consideration (3.4 per cent of the total number of the company's shares and voting rights). On 2 August 2011 the Group held 1,244,928 shares (3.4 per cent of the total number of the shares and voting rights).

### **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. Realisation of the sales of developer contracting projects has a substantial effect on the development of profitability.

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

In July, SRV and Ilmarinen Mutual Pension Insurance Company signed a contract concerning the construction of new premises for Finnair in the Helsinki-Vantaa airport area. The total floor area of the new building is around 70,000 square meters, of which 22,400 square meters is offices.

**Previous outlook for 2011**

17 February 2011

Revenue and profit before taxes in 2011 are expected to exceed the previous year's level.

**Outlook for 2011**

SRV adjusts its outlook for the whole year 2011 regarding revenue and operational profitability. The allocation and development of revenue and profitability is due to the fact that the completion of developer contracting residential production and building up of the international order backlog accumulate towards the latter part of the year.

Revenue is estimated to total EUR 650 million (EUR 484.4 in January-December 2010) and the profitability of both domestic and international operations is estimated to improve during the second half of the year compared to the first half of 2011. The outlook for the whole year is maintained and profit before taxes is expected to exceed the previous year's level.

Espoo 2 August 2011

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<br/>1-6/<br/>2011</b> | IFRS<br>1-6/<br>2010 | IFRS<br>4-6/<br>2011 | IFRS<br>4-6/<br>2010 | <b>IFRS<br/>1-12/<br/>2010</b> |
|---|-------------|-------------------------------|----------------------|----------------------|----------------------|--------------------------------|
| Revenue   | EUR million | 269.2                         | 211.1                | 136.6                | 117.3                | 484.2                          |
| Operating profit  | EUR million | 0.7                           | 3.1                  | -0.3                 | 1.5                  | 12.5                           |
| Operating profit, % of revenue                                  | %           | 0.3                           | 1.5                  | -0.2                 | 1.3                  | 2.6                            |
| Profit before taxes   | EUR million | 0.0                           | 0.0                  | -1.7                 | -0.1                 | 7.9                            |
| Profit before taxes, % of revenue                               | %           | 0.0                           | 0.0                  | -1.3                 | -0.1                 | 1.6                            |
| Net profit attributable to equity holders of the parent company | EUR million | -0.5                          | 0.4                  | -2.1                 | 0.8                  | 6.4                            |
| Return on equity <sup>1)</sup>                                  | %           | -1.3                          | 0.1                  |                      |                      | 3.2                            |
| Return on investment <sup>1)</sup>                              | %           | 1.4                           | 2.1                  |                      |                      | 4.1                            |
| Invested capital  | EUR million | 446.5                         | 384.9                |                      |                      | 387.1                          |
| Equity ratio  | %           | 31.7                          | 35.1                 |                      |                      | 35.2                           |
| Net interest-bearing debt                                       | EUR million | 263.5                         | 217.2                |                      |                      | 222.8                          |
| Gearing ratio   | %           | 162.2                         | 142.7                |                      |                      | 141.7                          |
| Order backlog   | EUR million | 673.5                         | 604.4                |                      |                      | 594.5                          |
| New agreements  |             | 310.9                         | 327.3                |                      |                      | 559.9                          |
| Personnel on average  |             | 828                           | 780                  |                      |                      | 794                            |
| Property, plant and equipment investments                       | EUR million | 2.8                           | 1.0                  | 0.4                  | 0.5                  | 2.3                            |
| Property, plant and equipment investments, % of revenue         | %           | 1.0                           | 0.5                  | -1.1                 | 0.4                  | 0.5                            |
| Earnings per share, share issue adjusted                        | EUR         | -0.01                         | 0.01                 | -0.06                | 0.02                 | 0.19                           |
| Equity per share, share issue adjusted                          | EUR         | 4.51                          | 4.38                 | -                    | -                    | 4.56                           |
| Dividend per share, share issue adjusted                        | EUR         | -                             | -                    | -                    | -                    | 0.12                           |
| Dividend payout ratio   | %           | -                             | -                    | -                    | -                    | 63.2                           |
| Dividend yield  | %           | -                             | -                    | -                    | -                    | 1.8                            |
| Price per earnings ratio  |             | -                             | -                    | -                    | -                    | 34.9                           |
| Share price development   |             |                               |                      | -                    | -                    |                                |
| Share price at the end of the period                            | EUR         | 6.00                          | 6.16                 | -                    | -                    | 6.63                           |
| Average share price   | EUR         | 6.76                          | 6.40                 | -                    | -                    | 6.42                           |
| Lowest share price  | EUR         | 5.60                          | 5.50                 | -                    | -                    | 5.50                           |
| Highest share price   | EUR         | 7.43                          | 7.14                 | -                    | -                    | 7.14                           |
| Market capitalisation at the end of the period                  | EUR million | 213.1                         | 209.0                | -                    | -                    | 224.8                          |
| Trading volume  | 1,000       | 7 563                         | 9 263                | -                    | -                    | 12 114                         |
| Trading volume  | %           | 21.9                          | 27.3                 | -                    | -                    | 35.7                           |
| Weighted average number of shares outstanding                   | 1,000       | 34 530                        | 33 930               | -                    | -                    | 33 923                         |
| Number of shares outstanding at the end of the period           | 1,000       | 35 524                        | 33 926               | -                    | -                    | 33 901                         |

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

**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 1.1. - 30.6.2011: 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. - 30.6.2011

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 2010. The figures in the tables have been rounded which should be noted when counting the total sums.

SRV's reporting segments comprise Domestic Operations, 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.

As of 1 January 2011, SRV will provide a consolidated financial statement regarding its subsidiaries and joint ventures, compiled using the equity method. The comparative figures have been calculated accordingly. The Group's consolidated income statement includes earnings per share from the joint venture. Correspondingly, the balance sheet includes the Group's share of the joint venture's capital, including the goodwill incurred by the acquisition of subsidiaries. If the Group's share of joint venture losses exceeds the book value, the losses in excess of the book value will be eliminated in the consolidated financial statement, unless the Group has committed to meet joint venture liabilities. Unrealised gains between the Group and the joint venture have been eliminated in accordance with the Group's ownership share.

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.

The following standards, amendments and interpretations shall be applied as from the accounting period beginning on 1 January 2011 or thereafter. Based on current information, these standards, amendments and interpretations have no impact on Group's financial position. To some extent, they have impact on the presentation of consolidated financial statements.

- IFRS 9 Financial instruments, part 1. Since EU has not approved the new standard, it cannot be applied for the time being. According to IFRS 9, the new standard would be effective for annual periods beginning on or after 1 January 2013. The amendments shall be applied retroactively. Early adoption is permitted.
- Annual improvements 2010 (effective on 1 January 2011). The Group will apply this amendment as of 1 January 2011.

| Consolidated income statement<br>(EUR million)   | IFRS<br>1-6/<br>2011 | IFRS<br>1-6/<br>2010 | change,<br>MEUR | change,<br>% | IFRS<br>4-6/<br>2011 | IFRS<br>4-6/<br>2010 | IFRS<br>1-12/<br>2010 |
|--|----------------------|----------------------|-----------------|--------------|----------------------|----------------------|-----------------------|
| <b>Revenue</b>   | <b>269.2</b>         | <b>211.1</b>         | <b>58.1</b>     | 27.5         | <b>136.6</b>         | <b>117.3</b>         | <b>484.2</b>          |
| Other operating income   | 2.2                  | 1.5                  | 0.7             | 46.5         | 1.1                  | 0.7                  | 3.2                   |
| Change in inventories of finished goods and work in progress   | 25.2                 | 18.8                 | 6.5             | 34.4         | 25.7                 | 6.8                  | 28.2                  |
| Use of materials and services  | -258.6               | -195.6               | -63.0           | 32.2         | -143.6               | -105.9               | -435.8                |
| Employee benefit expenses  | -27.9                | -24.8                | -3.0            | 12.3         | -14.9                | -13.1                | -49.6                 |
| Share of results of associated companies   | -0.2                 | 0.0                  | -0.2            |              | -0.1                 | 0.0                  | -0.4                  |
| Depreciation and impairments   | -1.6                 | -1.7                 | 0.0             | -2.3         | -0.8                 | -0.9                 | -3.5                  |
| Other operating expenses   | -7.7                 | -6.2                 | -1.5            | 24.3         | -4.4                 | -3.4                 | -13.8                 |
| <b>Operating profit</b>  | <b>0.7</b>           | <b>3.1</b>           | <b>-2.4</b>     | -77.5        | <b>-0.3</b>          | <b>1.5</b>           | <b>12.5</b>           |
| Financial income   | 2.4                  | 0.8                  | 1.6             | 194.9        | 1.0                  | 0.2                  | 3.1                   |
| Financial expenses   | -3.2                 | -3.8                 | 0.7             | -18.1        | -2.4                 | -1.8                 | -7.6                  |
| Financial income and expenses, total   | -0.7                 | -3.0                 | 2.3             | -75.6        | -1.4                 | -1.6                 | -4.5                  |
| <b>Profit before taxes</b>   | <b>0.0</b>           | <b>0.0</b>           | <b>-0.1</b>     | -239.4       | <b>-1.7</b>          | <b>-0.1</b>          | <b>7.9</b>            |
| Income taxes   | -1.0                 | 0.0                  | -1.0            | -4434.0      | -0.4                 | 0.8                  | -2.8                  |
| <b>Net profit for the period</b>   | <b>-1.0</b>          | <b>0.1</b>           | <b>-1.1</b>     | -1856.2      | <b>-2.1</b>          | <b>0.7</b>           | <b>5.2</b>            |
| <b>Attributable to</b>   |                      |                      |                 |              |                      |                      |                       |
| Equity holders of the parent company   | -0.5                 | 0.4                  |                 |              | -2.1                 | 0.8                  | 6.4                   |
| Minority interest  | -0.5                 | -0.3                 |                 |              | -0.1                 | -0.1                 | -1.2                  |
| Earnings per share calculated on the profit attributable to equity holders of the parent company (undiluted and diluted) | -0.01                | 0.01                 |                 |              | -0.06                | 0.02                 | 0.19                  |

| Statement of comprehensive income<br>(EUR million)            | IFRS<br>1-6/<br>2011 | IFRS<br>1-6/<br>2010 | IFRS<br>4-6/<br>2011 | IFRS<br>4-6/<br>2010 | IFRS<br>1-12/<br>2010 |
|---|----------------------|----------------------|----------------------|----------------------|-----------------------|
| <b>Net profit for the period</b>                              | <b>-1.0</b>          | <b>0.1</b>           | <b>-2.1</b>          | <b>0.7</b>           | <b>5.2</b>            |
| <b>Items recognised directly in equity:</b>                   |                      |                      |                      |                      |                       |
| 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                  | 0.1                   |
| 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                   |
| <b>Income (loss) recognised directly in equity net of tax</b> | <b>0.0</b>           | <b>0.0</b>           | <b>0.0</b>           | <b>0.0</b>           | <b>0.0</b>            |
| <b>Total comprehensive income for the period</b>              | <b>-1.0</b>          | <b>0.1</b>           | <b>-2.1</b>          | <b>0.7</b>           | <b>5.2</b>            |
| <b>Profit for the period attributable to:</b>                 |                      |                      |                      |                      |                       |
| Equity holders of the parent company                          | -0.5                 | 0.4                  | -2.1                 | 0.8                  | 6.4                   |
| Minority interest   | -0.5                 | -0.3                 | -0.1                 | -0.1                 | -1.2                  |

| Consolidated balance sheet<br>(EUR million) | IFRS<br>30.6.11 | IFRS<br>30.6.10 | change,<br>% | IFRS<br>31.12.10 |
|---|-----------------|-----------------|--------------|------------------|
| <b>ASSETS</b>                               |                 |                 |              |                  |
| <b>Non-current assets</b>                   |                 |                 |              |                  |
| Property, plant and equipment               | 15.4            | 15.1            | 2.3          | 14.0             |
| Goodwill                                    | 1.7             | 1.7             | 0.0          | 1.7              |
| Other intangible assets                     | 0.4             | 0.4             | -10.2        | 0.4              |
| Other financial assets                      | 6.0             | 4.9             | 21.7         | 5.2              |
| Receivables                                 | 21.1            | 17.0            | 23.9         | 22.8             |
| Deferred tax assets                         | 5.9             | 4.2             | 38.8         | 5.1              |
| <b>Non-current assets, total</b>            | <b>50.5</b>     | <b>43.4</b>     | <b>16.3</b>  | <b>49.2</b>      |
| <b>Current assets</b>                       |                 |                 |              |                  |
| Inventories                                 | 360.9           | 302.1           | 19.5         | 324.1            |
| Trade and other receivables                 | 117.8           | 92.0            | 28.1         | 96.0             |
| Current tax receivables                     | 2.8             | 1.4             | 96.1         | 1.5              |
| Cash and cash equivalents                   | 20.5            | 15.4            | 33.0         | 7.1              |
| <b>Current assets, total</b>                | <b>502.0</b>    | <b>410.9</b>    | <b>22.2</b>  | <b>428.8</b>     |
| <b>ASSETS, TOTAL</b>                        | <b>552.4</b>    | <b>454.3</b>    | <b>21.6</b>  | <b>478.0</b>     |

| Consolidated balance sheet<br>(EUR million)                               | IFRS<br>30.6.11 | IFRS<br>30.6.10 | change,<br>% | IFRS<br>31.12.10 |
|---|-----------------|-----------------|--------------|------------------|
| <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   | 92.0            | 87.3            | 5.3          | 87.8             |
| Translation differences   | -0.1            | -0.1            | 26.2         | -0.1             |
| Fair value reserve  | 0.0             | -0.1            | -100.0       | 0.0              |
| Retained earnings   | 65.3            | 58.5            | 11.6         | 63.8             |
| <b>Equity attributable to equity holders of the parent company, total</b> | <b>160.3</b>    | <b>148.7</b>    | <b>7.7</b>   | <b>154.5</b>     |
| <b>Minority interest</b>  | <b>2.2</b>      | <b>3.5</b>      | <b>-37.2</b> | <b>2.7</b>       |
| <b>Equity, total</b>  | <b>162.5</b>    | <b>152.2</b>    | <b>6.7</b>   | <b>157.2</b>     |
| <b>Non-current liabilities</b>  |                 |                 |              |                  |
| Deferred tax liabilities  | 1.7             | 1.3             | 35.5         | 0.7              |
| Provisions  | 4.2             | 4.6             | -6.9         | 4.2              |
| Interest-bearing liabilities  | 88.0            | 70.1            | 25.6         | 78.8             |
| Other liabilities   | 0.9             | 0.7             | 27.4         | 0.4              |
| <b>Non-current liabilities, total</b>                                     | <b>94.9</b>     | <b>76.6</b>     | <b>23.8</b>  | <b>84.1</b>      |
| <b>Current liabilities</b>  |                 |                 |              |                  |
| Trade and other payables  | 94.3            | 57.3            | 64.7         | 78.6             |
| Current tax payables  | 1.7             | 1.7             | -0.6         | 3.4              |
| Provisions  | 3.0             | 3.9             | -21.3        | 3.5              |
| Interest-bearing liabilities  | 196.0           | 162.6           | 20.6         | 151.1            |
| <b>Current liabilities, total</b>   | <b>295.1</b>    | <b>225.4</b>    | <b>30.9</b>  | <b>236.7</b>     |
| <b>Liabilities, total</b>   | <b>390.0</b>    | <b>302.0</b>    | <b>29.1</b>  | <b>320.8</b>     |
| <b>EQUITY AND LIABILITIES</b>   | <b>552.4</b>    | <b>454.3</b>    | <b>21.6</b>  | <b>478.0</b>     |



| Consolidated cash flow statement<br>(EUR million)           | IFRS<br>1-6/2011 | IFRS<br>1-6/2010 | IFRS<br>1-12/2010 |
|---|------------------|------------------|-------------------|
| <b>Cash flows from operating activities</b>                 |                  |                  |                   |
| <b>Net profit for the period</b>                            | <b>-1.0</b>      | <b>0.1</b>       | <b>5.2</b>        |
| Adjustments:  |                  |                  |                   |
| Depreciation and impairments                                | 1.6              | 1.7              | 3.5               |
| Non-cash transactions                                       | 0.2              | 9.2              | 0.7               |
| Financial income and expenses                               | 0.7              | 3.0              | 4.5               |
| Capital gains on sales of tangible and intangible assets    | 0.0              | 0.0              | 0.0               |
| Income taxes  | 1.0              | 0.0              | 2.8               |
| <b>Adjustments, total</b>                                   | <b>3.5</b>       | <b>13.9</b>      | <b>11.5</b>       |
| Changes in working capital:                                 |                  |                  |                   |
| Change in loan receivables                                  | 1.7              | 2.5              | -2.7              |
| Change in trade and other receivables                       | -20.8            | -6.1             | -9.7              |
| Change in inventories                                       | -36.4            | -21.6            | -43.8             |
| Change in trade and other payables                          | 13.1             | -8.9             | 21.7              |
| <b>Changes in working capital, total</b>                    | <b>-42.3</b>     | <b>-34.1</b>     | <b>-34.4</b>      |
| Interest paid   | -4.5             | -2.8             | -7.7              |
| Interest received   | 2.6              | 0.5              | 1.7               |
| Dividends received  | 0.0              | 0.0              | 0.1               |
| Income taxes paid   | -2.1             | -1.6             | -4.2              |
|   | <b>-3.9</b>      | <b>-3.9</b>      |                   |
| <b>Net cash flow from operating activities</b>              | <b>-43.8</b>     | <b>-24.1</b>     | <b>-27.8</b>      |
| <b>Cash flow from investing activities</b>                  |                  |                  |                   |
| Acquisition of subsidiaries, net of cash                    | -0.8             | -0.1             | -0.3              |
| Property, plant and equipment                               | -1.2             | -0.9             | -1.5              |
| Intangible assets   | 0.0              | 0.0              | -0.1              |
| Other financial assets                                      | -0.8             | 0.0              | -0.4              |
| Sale of property, plant and equipment and intangible assets | 0.0              | 0.1              | 0.2               |
| Sale of financial assets                                    | 0.0              | 0.0              | 0.0               |
| <b>Net cash used in investing activities</b>                | <b>-2.8</b>      | <b>-0.8</b>      | <b>-2.2</b>       |
| <b>Cash flows from financing activities</b>                 |                  |                  |                   |
| Proceeds from loans   | 3.0              | 0.0              | 6.0               |
| Repayments of loans   | 0.0              | -1.6             | -6.1              |
| Change in loan receivables                                  | 0.0              | 0.0              | 0.0               |
| Change in housing corporation loans                         | -4.7             | 7.1              | -2.2              |
| Change in credit limits                                     | 55.6             | 33.7             | 38.2              |
| Purchase of treasury shares                                 | 9.9              | 0.0              | 0.0               |
| Dividends paid  | -4.1             | -4.1             | -4.1              |
| <b>Net cash from financing activities</b>                   | <b>59.9</b>      | <b>35.1</b>      | <b>31.9</b>       |
| <b>Net change in cash and cash equivalents</b>              | <b>13.4</b>      | <b>10.2</b>      | <b>1.9</b>        |
| Cash and cash equivalents at the beginning of period        | 7.1              | 5.2              | 5.2               |
| <b>Cash and cash equivalents at the end of period</b>       | <b>20.5</b>      | <b>15.4</b>      | <b>7.1</b>        |

**Statement of changes in Group equity 1.1. - 30.6.2011**

| IFRS<br>(EUR million)   | Equity attributable to<br>the equity holders of the parent company |                                    |                                      |                          |                           |              | Minority<br>interest | Total<br>equity |
|---|--|------------------------------------|--------------------------------------|--------------------------|---------------------------|--------------|----------------------|-----------------|
|   | Share<br>capital   | Invested<br>free<br>equity<br>fund | Trans-<br>lation<br>differ-<br>ences | Fair<br>value<br>reserve | Retai-<br>ned<br>earnings | Total        |                      |                 |
| <b>Equity on 1.1.2011</b>                                       | <b>3.1</b>   | <b>87.8</b>                        | <b>-0.1</b>                          | <b>0.0</b>               | <b>63.8</b>               | <b>154.5</b> | <b>2.7</b>           | <b>157.2</b>    |
| <b>Total income and<br/>expenses for the<br/>financial year</b> | <b>0.0</b>   |                                    | <b>0.0</b>                           | <b>0.0</b>               | <b>-0.5</b>               | <b>-0.5</b>  |                      |                 |
| Dividends paid  |  |                                    |                                      |                          | -4.1                      | <b>-4.1</b>  |                      |                 |
| Share based incentive plan                                      |  | 0.3                                |                                      |                          | 0.3                       | <b>0.6</b>   |                      |                 |
| Purchase of treasury shares                                     |  |                                    |                                      |                          | 0.0                       | <b>0.0</b>   |                      |                 |
| Sale of treasury shares   |  | 4.0                                |                                      |                          | 5.9                       | <b>9.9</b>   |                      |                 |
| Other changes   |  |                                    |                                      |                          | -0.1                      | <b>-0.1</b>  |                      |                 |
| <b>Equity on 30.6.2011</b>                                      | <b>3.1</b>   | <b>92.0</b>                        | <b>-0.1</b>                          | <b>0.0</b>               | <b>65.3</b>               | <b>160.2</b> | <b>2.2</b>           | <b>162.4</b>    |

**Statement of changes in Group equity 1.1. - 30.6.2010**

| IFRS<br>(EUR million)   | Equity attributable to<br>the equity holders of the parent company |                                    |                                      |                          |                           |              | Minority<br>interest | Total<br>equity |
|---|--|------------------------------------|--------------------------------------|--------------------------|---------------------------|--------------|----------------------|-----------------|
|   | Share<br>capital   | Invested<br>free<br>equity<br>fund | Trans-<br>lation<br>differ-<br>ences | Fair<br>value<br>reserve | Retai-<br>ned<br>earnings | Total        |                      |                 |
| <b>Equity on 1.1.2010</b>                                       | <b>3.1</b>   | <b>87.3</b>                        | <b>-0.1</b>                          | <b>-0.1</b>              | <b>69.9</b>               | <b>160.1</b> | <b>3.8</b>           | <b>163.9</b>    |
| <b>Total income and<br/>expenses for the<br/>financial year</b> | <b>0.0</b>   | <b>0.0</b>                         | <b>0.0</b>                           | <b>0.0</b>               | <b>0.4</b>                | <b>0.4</b>   |                      |                 |
| Dividends paid  |  |                                    |                                      |                          | -4.1                      | <b>-4.1</b>  |                      |                 |
| Share based incentive plan                                      |  |                                    |                                      |                          | 1.1                       | <b>1.1</b>   |                      |                 |
| Purchase of treasury shares                                     |  |                                    |                                      |                          | -8.5                      | <b>-8.5</b>  |                      |                 |
| Other changes   |  |                                    |                                      |                          | -0.3                      | <b>-0.3</b>  |                      |                 |
| <b>Equity on 30.6.2010</b>                                      | <b>3.1</b>   | <b>87.3</b>                        | <b>-0.1</b>                          | <b>-0.1</b>              | <b>58.5</b>               | <b>148.7</b> | <b>3.5</b>           | <b>152.2</b>    |

**Statement of changes in Group equity 1.1. - 31.12.2010**

| IFRS<br>(EUR million)   | Equity attributable to<br>the equity holders of the parent company |                                    |                                      |                          |                           |              |  | Minority<br>interest | Total<br>equity |
|---|--|------------------------------------|--------------------------------------|--------------------------|---------------------------|--------------|--|----------------------|-----------------|
|   | Share<br>capital   | Invested<br>free<br>equity<br>fund | Trans-<br>lation<br>differ-<br>ences | Fair<br>value<br>reserve | Retain-<br>ed<br>earnings | Total        |  |                      |                 |
| <b>Equity on 1.1.2010</b>                                       | <b>3.1</b>   | <b>87.3</b>                        | <b>-0.1</b>                          | <b>-0.1</b>              | <b>69.9</b>               | <b>160.1</b> |  | <b>3.8</b>           | <b>163.9</b>    |
| <b>Total income and<br/>expenses for the<br/>financial year</b> | <b>0.0</b>   |                                    | <b>0.0</b>                           | <b>0.1</b>               | <b>6.4</b>                | <b>6.4</b>   |  |                      |                 |
| Dividends paid  |  |                                    |                                      |                          | -4.1                      | <b>-4.1</b>  |  |                      |                 |
| Share based incentive plan                                      |  |                                    |                                      |                          | 0.3                       | <b>0.3</b>   |  |                      |                 |
| Purchase of treasury shares                                     |  |                                    |                                      |                          | -8.5                      | <b>-8.5</b>  |  |                      |                 |
| Other changes   |  | 0.4                                |                                      |                          | -0.3                      | <b>0.2</b>   |  |                      |                 |
| <b>Equity on 31.12.2010</b>                                     | <b>3.1</b>   | <b>87.8</b>                        | <b>-0.1</b>                          | <b>0.0</b>               | <b>63.8</b>               | <b>154.5</b> |  | <b>2.7</b>           | <b>157.2</b>    |

| <b>Commitments and contingent liabilities</b><br>EUR million | <b>IFRS</b><br><b>30.6.11</b> | <b>IFRS</b><br>30.6.10 | <b>change,</b><br>% | <b>IFRS</b><br><b>31.12.10</b> |
|--|-------------------------------|------------------------|---------------------|--------------------------------|
| <b>Collateral given for own liabilities</b>                  |                               |                        |                     |                                |
| Real estate mortgages given                                  | <b>219.6</b>                  | 125.4                  | 75.1                | <b>129.0</b>                   |
| Pledges given  | 0.0                           | 0.0                    |                     | 0.0                            |
| <b>Other commitments</b>                                     |                               |                        |                     |                                |
| Guarantees given for liabilities on uncompleted projects     | <b>0.0</b>                    | 0.0                    |                     | <b>0.0</b>                     |
| Investment commitments given                                 | <b>21.3</b>                   | 22.2                   | -4.2                | <b>21.8</b>                    |
| Plots purchase commitments                                   | <b>31.2</b>                   | 24.0                   | 30.2                | <b>16.6</b>                    |

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

| Fair and nominal values of<br>derivative instruments<br>(EUR million) | <b>IFRS</b><br><b>6/2011</b> |               | <b>IFRS</b><br>6/2010   |               | <b>IFRS</b><br><b>12/2010</b> |                |
|---|------------------------------|---------------|-------------------------|---------------|-------------------------------|----------------|
|   | Fair Values<br>Positive      | Negative      | Fair Values<br>Positive |               | Fair Values<br>Positive       | Negative       |
| <b>Hedge accounting not applied</b>                                   |                              |               |                         |               |                               |                |
| Foreign exchange forward<br>contracts                                 | <b>0.0</b>                   | <b>0.0</b>    | <b>0.0</b>              | <b>0.0</b>    | <b>0.0</b>                    | <b>0.0</b>     |
| Interest rate swaps   | <b>0.0</b>                   | <b>0.6</b>    | <b>0.0</b>              | <b>1.9</b>    | <b>0.0</b>                    | <b>1.3</b>     |
| <b>Nominal values of derivative<br/>instruments</b>                   |                              |               |                         |               |                               |                |
|   |                              | <b>IFRS</b>   |                         | <b>IFRS</b>   |                               | <b>IFRS</b>    |
|   |                              | <b>6/2011</b> |                         | <b>6/2010</b> |                               | <b>12/2010</b> |
| Foreign exchange forward<br>contracts                                 |                              | <b>0.0</b>    |                         | <b>0.0</b>    |                               | <b>0.0</b>     |
| Interest rate swaps   |                              | <b>50.0</b>   |                         | <b>63.4</b>   |                               | <b>63.4</b>    |

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

| <b>SRV Group</b><br>(EUR million)       | <b>IFRS</b><br><b>4-6/11</b> | IFRS<br>1-3/11 | IFRS<br>10-12/10 | IFRS<br>7-9/10 | IFRS<br>4-6/10 | IFRS<br>1-3/10 |
|---|------------------------------|----------------|------------------|----------------|----------------|----------------|
| Revenue                                 | <b>269.2</b>                 | 132.6          | 157.9            | 115.2          | 117.3          | 93.8           |
| Operating profit                        | <b>0.7</b>                   | 1.0            | 5.9              | 3.5            | 1.5            | 1.6            |
| Financial income and expenses,<br>total | <b>-0.7</b>                  | 0.7            | -1.8             | 0.3            | -1.6           | -1.4           |
| Profit before taxes                     | <b>0.0</b>                   | 1.7            | 4.1              | 3.8            | -0.1           | 0.2            |
| Order backlog <sup>1)</sup>             | <b>673.5</b>                 | 702.2          | 594.5            | 604.6          | 604.4          | 530.0          |
| New agreements                          | <b>310.9</b>                 | 220.2          | 120.1            | 112.6          | 186.7          | 140.6          |
| Earnings per share, eur                 | <b>-0.01</b>                 | 0.05           | 0.10             | 0.08           | 0.02           | -0.01          |
| Equity per share, eur <sup>1)</sup>     | <b>4.51</b>                  | 4.49           | 4.56             | 4.47           | 4.38           | 4.36           |
| Share price, eur <sup>1)</sup>          | <b>6.00</b>                  | 6.75           | 6.63             | 6.14           | 6.16           | 6.41           |
| Equity ratio, % <sup>1)</sup>           | <b>31.7</b>                  | 33.2           | 35.2             | 35.1           | 35.1           | 37.0           |
| Net interest bearing debt <sup>1)</sup> | <b>263.5</b>                 | 246.4          | 222.8            | 229.7          | 217.2          | 199.8          |
| Gearing, % <sup>1)</sup>                | <b>162.2</b>                 | 159.1          | 141.7            | 147.9          | 142.7          | 132.3          |

| <b>Revenue</b><br>(EUR million) | <b>IFRS</b><br><b>4-6/11</b> | IFRS<br>1-3/11 | IFRS<br>10-12/10 | IFRS<br>7-9/10 | IFRS<br>4-6/10 | IFRS<br>1-3/10 |
|---------------------------------|------------------------------|----------------|------------------|----------------|----------------|----------------|
| Domestic operations             | <b>131.2</b>                 | 123.9          | 147.3            | 109.5          | 112.5          | 93.0           |
| - business construction         | <b>86.4</b>                  | 75.3           | 98.9             | 94.2           | 91.1           | 68.9           |
| - housing construction          | <b>44.8</b>                  | 48.8           | 48.5             | 15.3           | 21.5           | 24.1           |
| International operations        | <b>5.3</b>                   | 8.4            | 10.5             | 5.7            | 4.7            | 0.7            |
| Other Operations                | <b>3.1</b>                   | 3.3            | 2.8              | 2.5            | 2.5            | 2.5            |
| Eliminations                    | <b>-2.9</b>                  | -3.0           | -2.7             | -2.5           | -2.5           | -2.5           |
| <b>Group, total</b>             | <b>136.6</b>                 | <b>132.6</b>   | <b>157.9</b>     | <b>115.2</b>   | <b>117.3</b>   | <b>93.8</b>    |

| <b>Operating profit</b><br>(EUR million) | <b>IFRS</b><br><b>4-6/11</b> | IFRS<br>1-3/11 | IFRS<br>10-12/10 | IFRS<br>7-9/10 | IFRS<br>4-6/10 | IFRS<br>1-3/10 |
|--|------------------------------|----------------|------------------|----------------|----------------|----------------|
| Domestic operations                      | <b>3.3</b>                   | 4.4            | 8.4              | 5.8            | 5.4            | 6.7            |
| International operations                 | <b>-1.9</b>                  | -2.4           | -0.7             | -1.2           | -2.2           | -3.9           |
| Other Operations                         | <b>-1.7</b>                  | -1.0           | -2.0             | -1.1           | -1.6           | -1.2           |
| Eliminations                             | <b>0.0</b>                   | 0.0            | 0.2              | 0.0            | -0.1           | -0.1           |
| <b>Group, total</b>                      | <b>-0.3</b>                  | <b>1.0</b>     | <b>5.9</b>       | <b>3.5</b>     | <b>1.5</b>     | <b>1.6</b>     |

| <b>Operating profit</b><br>(%) | <b>IFRS</b><br><b>4-6/11</b> | IFRS<br>1-3/11 | IFRS<br>10-12/10 | IFRS<br>7-9/10 | IFRS<br>4-6/10 | IFRS<br>1-3/10 |
|--------------------------------|------------------------------|----------------|------------------|----------------|----------------|----------------|
| Domestic operations            | <b>2.5</b>                   | 3.5            | 5.7              | 5.3            | 4.8            | 7.2            |
| International operations       | <b>-36.2</b>                 | -28.4          | -7.1             | -21.0          | -46.9          | -517.7         |
| <b>Group, total</b>            | <b>-0.2</b>                  | <b>0.8</b>     | <b>3.7</b>       | <b>3.0</b>     | <b>1.3</b>     | <b>1.7</b>     |

| <b>Order backlog</b><br>(EUR million) | <b>IFRS</b><br><b>30.6.11</b> | IFRS<br>31.3.11 | IFRS<br>31.12.10 | IFRS<br>30.9.10 | IFRS<br>30.6.10 | IFRS<br>31.3.10 |
|---------------------------------------|-------------------------------|-----------------|------------------|-----------------|-----------------|-----------------|
| Domestic operations                   | <b>564.8</b>                  | 589.8           | 574.5            | 581.2           | 578.6           | 506.1           |
| - business construction               | <b>233.3</b>                  | 277.7           | 271.6            | 363.9           | 388.5           | 365.9           |
| - housing construction                | <b>331.5</b>                  | 312.0           | 302.9            | 217.2           | 190.1           | 140.2           |
| International operations              | <b>108.7</b>                  | 112.4           | 20.0             | 23.4            | 25.7            | 24.0            |
| <b>Group, total</b>                   | <b>673.5</b>                  | <b>702.2</b>    | <b>594.5</b>     | <b>604.6</b>    | <b>604.4</b>    | <b>530.0</b>    |
| - sold order backlog                  | <b>530</b>                    | 569             | 442              | 443             | 426             | 389             |
| - unsold order backlog                | <b>143</b>                    | 133             | 153              | 162             | 178             | 141             |

**Order backlog, housing construction in Finland**

| (EUR million)   | 30.6.11    | 31.3.11    | 31.12.10   | 30.9.10    | 30.6.10    | 31.3.10    |
|---|------------|------------|------------|------------|------------|------------|
| Negotiation and construction contracts under construction | <b>124</b> | 131        | 115        | 32         | 22         | 26         |
| Developer contracting under construction, sold            | <b>94</b>  | 78         | 73         | 61         | 29         | 11         |
| Developer contracting under construction, unsold          | <b>92</b>  | 71         | 62         | 85         | 94         | 51         |
| Developer contracting completed and unsold                | <b>21</b>  | 32         | 53         | 39         | 45         | 51         |
| Housing construction, total                               | <b>332</b> | <b>312</b> | <b>303</b> | <b>217</b> | <b>190</b> | <b>140</b> |

| Invested capital<br>(EUR million) | IFRS<br>30.6.11 | IFRS<br>31.3.11 | IFRS<br>31.12.10 | IFRS<br>30.9.10 | IFRS<br>30.6.10 | IFRS<br>31.3.10 |
|-----------------------------------|-----------------|-----------------|------------------|-----------------|-----------------|-----------------|
| Domestic operations               | <b>248.0</b>    | 215.6           | 179.7            | 206.9           | 203.5           | 177.8           |
| International operations          | <b>194.0</b>    | 182.7           | 185.4            | 175.3           | 177.2           | 173.6           |
| Other and eliminations            | <b>4.4</b>      | 12.3            | 22.0             | 8.2             | 4.2             | 6.0             |
| <b>Group, total</b>               | <b>446.5</b>    | <b>410.6</b>    | <b>387.1</b>     | <b>390.3</b>    | <b>384.9</b>    | <b>357.5</b>    |

**Residential production**

| in Finland (units)                                     | 4-6/11       | 1-3/11 | 10-12/10 | 7-9/10 | 4-6/10 | 1-3/10 |
|--|--------------|--------|----------|--------|--------|--------|
| Developer contracting                                  |              |        |          |        |        |        |
| Start-ups  | <b>205</b>   | 122    | 133      | 110    | 300    | 0      |
| Sold   | <b>143</b>   | 147    | 163      | 164    | 102    | 95     |
| Completed <sup>1)</sup>                                | <b>41</b>    | 67     | 171      | 14     | 0      | 16     |
| Completed and unsold <sup>1)</sup>                     | <b>53</b>    | 86     | 137      | 90     | 105    | 138    |
| Under construction <sup>1)</sup>                       | <b>2 243</b> | 1 956  | 1 629    | 1 183  | 1 064  | 996    |
| - negotiation and construction contracts <sup>1)</sup> | <b>1 419</b> | 1 296  | 1 024    | 540    | 517    | 749    |
| - developer contracting <sup>1)</sup>                  | <b>824</b>   | 660    | 605      | 643    | 547    | 247    |
| - of which sold <sup>1)</sup>                          | <b>420</b>   | 350    | 321      | 282    | 147    | 78     |
| - of which unsold <sup>1)</sup>                        | <b>404</b>   | 310    | 284      | 361    | 400    | 169    |

1) at the end of the period

### 3. Segment information

| Assets<br>(EUR million)  | IFRS<br>30.6.11 | IFRS<br>30.6.10 | change,<br>MEUR | change,<br>% | IFRS<br>31.12.10 |
|--------------------------|-----------------|-----------------|-----------------|--------------|------------------|
| Domestic operations      | <b>338.8</b>    | 261.8           | 77.0            | 29.4         | <b>273.6</b>     |
| International operations | <b>201.6</b>    | 180.4           | 21.2            | 11.8         | <b>189.7</b>     |
| Other Operations         | <b>315.1</b>    | 225.1           | 90.0            | 40.0         | <b>230.0</b>     |
| Eliminations             | <b>-303.1</b>   | -213.0          | -89.4           |              | <b>-215.4</b>    |
| <b>Group, total</b>      | <b>552.4</b>    | 454.3           | 98.9            | 21.8         | <b>478.0</b>     |

| Liabilities<br>(EUR million) | IFRS<br>30.6.11 | IFRS<br>30.6.10 | change,<br>MEUR | change,<br>% | IFRS<br>31.12.10 |
|------------------------------|-----------------|-----------------|-----------------|--------------|------------------|
| Domestic operations          | <b>290.3</b>    | 216.9           | 74.1            | 34.2         | <b>217.2</b>     |
| International operations     | <b>214.0</b>    | 187.1           | 26.9            | 14.4         | <b>196.3</b>     |
| Other Operations             | <b>170.6</b>    | 115.5           | 55.1            | 47.7         | <b>109.1</b>     |
| Eliminations                 | <b>-284.9</b>   | -217.5          | -67.4           |              | <b>-202.0</b>    |
| <b>Group, total</b>          | <b>390.0</b>    | 302.0           | 88.6            | 29.4         | <b>320.8</b>     |

| Invested capital<br>(EUR million) | IFRS<br>30.6.11 | IFRS<br>30.6.10 | change,<br>MEUR | change,<br>% | IFRS<br>31.12.10 |
|-----------------------------------|-----------------|-----------------|-----------------|--------------|------------------|
| Domestic operations               | <b>248.0</b>    | 203.5           | 44.5            | 21.9         | <b>179.7</b>     |
| International operations          | <b>194.0</b>    | 177.2           | 16.9            | 9.5          | <b>185.4</b>     |
| Other and eliminations            | <b>4.4</b>      | 4.2             | 0.2             | 4.8          | <b>22.0</b>      |
| <b>Group, total</b>               | <b>446.5</b>    | 384.9           | 61.6            | 16.0         | <b>387.1</b>     |

| Return on investment,<br>%             | IFRS<br>1-6/11 | IFRS<br>1-6/10 | IFRS<br>1-12/10 |
|--|----------------|----------------|-----------------|
| Domestic operations <sup>1)</sup>      | <b>7.9</b>     | 13.6           | <b>15.3</b>     |
| International operations <sup>1)</sup> | <b>-3.1</b>    | -6.6           | <b>-3.2</b>     |
| <b>Group, total <sup>1)</sup></b>      | <b>1.4</b>     | 2.1            | <b>4.1</b>      |

| Inventories<br>(MEUR)   | IFRS<br>30.6.11 | IFRS<br>30.6.10 | change,<br>MEUR | IFRS<br>31.12.10 |
|---|-----------------|-----------------|-----------------|------------------|
| <b>Land areas and plot-owning companies</b>                                   | <b>196.3</b>    | <b>174.0</b>    | <b>22.3</b>     | <b>181.3</b>     |
| Domestic operations   |                 | 102.5           | 89.4            | 90.7             |
| International operations  |                 | 93.5            | 84.4            | 90.3             |
| <b>Work in progress</b>   |                 | <b>97.7</b>     | <b>21.7</b>     | <b>46.8</b>      |
| Domestic operations   |                 | 85.8            | 34.8            | 46.0             |
| International operations  |                 | 12.0            | -13.2           | 0.9              |
| <b>Shares in completed housing corporations<br/>and real estate companies</b> |                 | <b>47.2</b>     | <b>87.4</b>     | <b>-40.2</b>     |
| Domestic operations   |                 | 43.3            | 65.2            | 68.3             |
| International operations  |                 | 3.9             | 22.2            | 6.9              |
| <b>Other inventories</b>  |                 | <b>19.7</b>     | <b>19.1</b>     | <b>0.7</b>       |
| Domestic operations   |                 | 11.4            | 10.1            | 11.3             |
| International operations  |                 | 8.3             | 9.9             | -1.6             |
| <b>Inventories, total</b>   |                 | <b>360.9</b>    | <b>302.1</b>    | <b>58.8</b>      |
| Domestic operations   |                 | 243.0           | 199.6           | 216.3            |
| International operations  |                 | 117.7           | 103.3           | 108.7            |

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

| <b>Business combinations and disposals (EUR million)</b>                          | <b>Fair value<br/>recognised on<br/>acquisition</b> |
|---|---|
| <b>Consideration</b>  |   |
| Cash  | 1.7   |
| Conditional acquisition price   | 0.5   |
| <b>Total consideration transferred</b>  | <b>2.2</b>  |
| <b>Acquisition related costs (recognised as expenses)</b>                         | <b>0.0</b>  |
| <b>Recognised amounts of identifiable assets acquired and liabilities assumed</b> |   |
| Cash and cash equivalents   | 0.9   |
| Property, plant and equipment   | 3.1   |
| Intangible rights   | 0.0   |
| Non-interest bearing debt   | 1.8   |
| <b>Total identifiable net assets</b>  | <b>2.2</b>  |
| <b>Goodwill</b>   | <b>-</b>  |
| <b>Total</b>  | <b>2.2</b>  |

#### **4. Events after the end of the review period**

In July, SRV and Ilmarinen Mutual Pension Insurance Company signed a contract concerning the construction of new premises for Finnair in the Helsinki-Vantaa airport area. The total floor area of the new building is around 70,000 square meters, of which 22,400 square meters is offices.