FIRST-HALF PROFIT IMPROVEMENT FROM RUSSIAN SHOPPING CENTRE PROJECTS – SRV ADJUSTS ITS OUTLOOK: SRV'S INTERIM REPORT 1 JANUARY – 30 JUNE 2013

Reporting period 1 January–30 June 2013 in brief:

- SRV's revenue was EUR 337.8 million (EUR 310.4 million in 1-6/2012), change +8.8%
- Operating profit was EUR 14.9 million (EUR 4.9 million), change +206.7%
- Result before taxes was EUR 14.0 million (EUR 2.8 million), +407.8%
- The order backlog at the close of the review period was EUR 959.2 million (EUR 746.3 million), change +28.5%
- Equity ratio was 35.2 per cent (29.7%)
- Earnings per share were EUR 0.32 (EUR 0.03)

SRV has revised its outlook for 2013. The Group's full-year revenue is expected to exceed EUR 700 million and the result before taxes is forecast to be at least around EUR 20 million.

Earlier profit guidance: The Group's full-year revenue is estimated to reach at least the same level as in the previous year (EUR 641.6 million) and the result before taxes is forecast to exceed that of the previous year (EUR 2.8 million), even if planned sales of office properties do not occur this year.

Second quarter 1 April – 30 June 2013 in brief:

- Revenue amounted to EUR 179.4 million (EUR 169.7 million in 4-6/2012)
- Operating profit was EUR 13.7 million (EUR 3.1 million)
- Result before taxes was EUR 13.3 million (EUR 2.5 million)
- Earnings per share were EUR 0.35 (EUR 0.04)

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

CEO Jukka Heinonen comments on SRV's result:

In the second quarter, SRV's financial performance took a clear turn for the better. A key factor in this was the success of our projects in Russia.

Our decision to focus in Russia on developing, building and commercialising shopping centres has proved to be an excellent choice. Due to the success of leasing activity, we have high expectations for the Pearl Plaza shopping centre, which will open in a few weeks. We have now launched in St. Petersburg the new Okhta Mall shopping centre project, which is bigger still. Over a quarter of its premises have already been leased.

Our International Operations already account for more than a fifth of SRV's revenue. Operational growth has been possible due to SRV's own expertise as well as cooperation with excellent investment partners. We are implementing the project in collaboration with a Finnish investment group, which enables the financing of large projects. Our shopping centre projects in Russia are also supported by the availability of local financing on competitive terms as well as good demand for business premises, which in turn reflects confidence in the development of consumer spending.

Due to the project development nature of Russian business, project profitability is mainly realised at the time of sale of projects. When development sites mature for sale, the overall financial result of our projects will also be good.

In Finland, the construction market has been sluggish for some time now. Political decisions have punished a house buyer. The March increase in asset transfer tax is already now perceived to be a mistake, and its harmful impact is evident in the level of consumers' house-buying activity. Planning processes are still very long and difficult to predict in terms of their timetable. The construction-related appeals procedure, moreover, can harm projects significantly and raise costs, which are ultimately payable by house buyers.

The profitability of our Domestic Operations has not improved as we wished in the early part of the year. Our order backlog has consisted of too much low-margin contracting, and orders have been made mainly in a highly competitive climate. The fact that, in housing construction, we have increased the level of SRV-developed housing production and significantly reduced our participation in competitive contracts will have a positive influence on the development of our profitability.

Of our housing production, more than 60 per cent consists of SRV's developer contracting or production sold to investors as negotiated contracts. In the early part of the year, we have entered into significant new contracts with institutional investors with respect to our future rental housing projects. I believe that our focus on improving the profitability of our order backlog will be positively evident in the future.

Our order backlog is nearly one billion euros, which is again a new record in the company's history. Despite the unforgiving nature of the industry, we have also managed to grow our domestic order backlog by more than EUR 100 million in the first half of the year. Both Helsinki Metropolitan Area projects and our regional units in other growth centres have contributed to this achievement.

The observed financial performance has encouraged us to adjust our profit guidance for the full year. We expect revenue to exceed EUR 700 million and pre-tax profit to be at least about EUR 20 million, which is clearly better than last year's figure.

SRV GROUP PLC'S INTERIM REPORT 1 JANUARY – 30 JUNE 2013

Group key figures (IFRS, EUR million)	1-6/ 2013	1-6/ 2012	change, MEUR	change, %	4-6/ 2013	4-6/ 2012	1-12/ 2012
Revenue	**337.8**	310.4	27.4	8.8	179.4	169.7	**641.6**
Operating profit	**14.9**	4.9	10.0	206.7	13.7	3.1	**6.9**
Financial income and expenses, total	**-0.9**	-2.1	1.2		-0.4	-0.6	**-4.1**
Profit before taxes	**14.0**	2.8	11.2	407.8	13.3	2.5	**2.8**
Order backlog	**959.2**	746.3	212.9	28.5			**827.8**
New agreements	**424.5**	208.1	216.5	104.0	384.5	142.5	**594.5**
Operating profit, %	**4.4**	1.6			7.6	1.8	**1.1**
Net profit, %	**4.0**	0.4			7.4	0.9	**0.1**
Equity ratio, %	**35.2**	29.7					**34.7**
Net interest-bearing debt	**245.0**	288.0	-43.0	-14.9			**267.9**
Gearing, %	**112.5**	172.3					**126.2**
Return on investment, % 1)	**6.6**	2.7					**2.2**
Return on equity, % 1)	**12.4**	1.3					**0.5**
Earnings per share, EUR	**0.32**	0.03	0.29		0.35	0.04	**0.02**
Equity per share, EUR	**4.86**	4.61	0.25	5.5			**4.62**
Share price at end of period, EUR	**3.28**	3.30	-0.02	-0.6			**3.26**
Weighted average number of shares outstanding, millions	**35.5**	35.5		0.0			**35.5**

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

Overall review

The Group's order backlog rose to EUR 959.2 million (EUR 746.3 million in June 2012), an all-time record for the company. The value of new agreements rose to EUR 424.5 million (EUR 208.1 million in 1-6/2012).

Thanks to growth in revenue from International Operations, the Group's revenue grew by 8.8 per cent to EUR 337.8 million (EUR 310.4 million). The Group's operating profit improved to EUR 14.9 million (EUR 4.9 million) due to growth in the second-quarter operating profit from International Operations. The operating profit margin was 4.4 per cent (1.6%). Several factors impact on the quarterly variation in the operating profit and operating profit margin: SRV's own projects are recognised as income upon delivery, the part of the order backlog that is continuously recognised as income mainly consists of low-margin contracting, a share equivalent to the ownership of SRV's associated companies is eliminated from the profit margins of construction carried out for these companies, and the project development nature of operations. The Group's result before taxes was EUR 14.0 million (EUR 2.8 million). The result for the period was improved by a fall in financial expenses.

The Group's equity ratio was 35.2 per cent (29.7%). The EUR 45 million hybrid bond (equity bond) that SRV issued on 28 December 2012 contributed to the growth in the equity ratio.

Revenue from Domestic Operations amounted to EUR 264.0 million (EUR 271.4 million) and operating profit to EUR 6.1 million (EUR 11.3 million). Revenue for the review period was impacted by the decrease in revenue from developer contracting during the second quarter. Several factors impacted on operating profit: the order backlog recognised as income mainly consisted of low-margin contracting, the volume of housing developer contracting was lower in the second quarter, and a EUR 3.9 million profit margin decrease was recognised for one ongoing and three completed projects, primarily in the first quarter. The domestic order backlog grew to EUR 771.6 million (EUR 661.7 million). In order to improve profitability, the operational focus has been shifted to stepping up development projects and negotiated contracts.

On the whole, favourable trends were seen in housing sales in Finland and SRV sold a total of 401 units (368) to consumers and investors. As sales to consumers slackened in the second quarter due to the transfer tax hike and growing uncertainty about the outlook for the economy, the focus has been shifted to rental housing development projects. During the review period, in addition to the sale of 202 rental housing units (116) to investors under negotiated contracts, SRV made preliminary agreements with two housing funds to build 366 housing units; the latter units will be built on plots owned by SRV and are not included in the domestic order backlog.

SRV had 1,525 rental and owner-occupied units under construction (2,060 on 30 June 2012), of which 550 were developer-contracted. 77 per cent of housing units under construction have been sold, and 64 per cent of production consists of rental and right-of-occupancy units. Based on advance marketing, the decision has been made to initiate the construction of 25 additional housing units. The volume of housing contracting has been decreased and 63 per cent of production (40%) consisted of rental housing development projects or developed-contracted production sold to investors.

Revenue from International Operations grew to EUR 73.9 million (EUR 39.0 million). Most of the revenue was generated by the construction of the Pearl Plaza shopping centre, 50%-owned by SRV, and the sale in June of a 55 per cent stake in the Okhta Mall shopping centre project in St. Petersburg to Russia Invest, an investment company owned by SRV, Ilmarinen, Sponda, Etera and Onvest. Operating profit was EUR 11.5 million (EUR -4.5 million). Growth in the level of activity, the sale of the company’s holding in the shopping centre project, and the implementation of cost-savings measures contributed to the improvement in operating profit. Operating profit was also increased by an EUR 8.3 million change in the fair value of the holding in the Okhta Mall shopping centre when SRV lost its controlling interest in a transaction carried out in June and its remaining holding was measured at fair value.

Second-quarter consolidated revenue amounted to EUR 179.4 million (EUR 169.7 million) and operating profit to EUR 13.7 million (EUR 3.1 million). The growth in the revenue and profitability of International Operations contributed to the rise in revenue and operating profit.

Of SRV’s major international projects, construction of the Pearl Plaza shopping centre in St. Petersburg is scheduled for completion in August 2013 and all of its premises have either been leased or a lease is in the final stages of negotiation. Leasing of the Okhta Mall project in St. Petersburg has likewise progressed well. When its 55 per cent stake in this project was sold, SRV signed project management contractor agreements valued at over EUR 160 million on the development, design, leasing, marketing and construction of the shopping centre. Construction is expected to begin in late 2013 once the final building permit has been secured. Projects in Finland include the construction of the Derby Business Park in the Perkkaa district of Espoo. The second phase of this project was completed in June 2013 and 90 per cent of the premises have been leased.

SRV's own project development operations are paving the way for substantially increasing operating volumes in Finland. These projects require long-term development work and are carried out over the course of several years. Many of SRV's projects are 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 Kalasatama Centre in Helsinki, and a project to develop the area adjacent to the Niittykumpu metro station in Espoo. In St. Petersburg and Moscow, SRV will from now on focus on the development of shopping centre projects. SRV will harness the investment potential of both the Russia Invest investment firm and the VTB and Ashmore property funds in order to support the financing of these projects.

Key figures for the Segments

Revenue (EUR million)	**1-6/ 2013**	1-6/ 2012	change, MEUR	change, %	4-6/ 2013	4-6/ 2012	**1-12/ 2012**
Domestic Operations	**264.0**	271.4	-7.5	-2.8	128.9	150.8	**568.3**
International Operations	**73.9**	39.0	34.9	89.6	50.4	18.9	**73.1**
Other Operations	**6.3**	7.4	-1.1	-14.6	3.0	3.7	**14.4**
Eliminations	**-6.4**	-7.4	1.0		-3.0	-3.7	**-14.3**
Group, total	**337.8**	310.4	27.4	8.8	179.4	169.7	**641.6**

Operating profit (EUR million)	**1-6/ 2013**	1-6/ 2012	change, MEUR	change, %	4-6/ 2013	4-6/ 2012	**1-12/ 2012**
Domestic Operations	**6.1**	11.3	-5.2	-45.8	2.7	5.8	**14.8**
International Operations	**11.5**	-4.5	16.0		12.3	-1.9	**-3.2**
Other Operations	**-2.7**	-1.9	-0.8		-1.3	-0.9	**-4.7**
Eliminations	**0.0**	0.0	0.0		0.0	0.0	**0.0**
Group, total	**14.9**	4.9	10.0	206.7	13.7	3.1	**6.9**

Operating profit, (%)	**1-6/2013**	1-6/2012	4-6/2013	4-6/2012	**1-12/2012**
Domestic Operations	**2.3**	4.1	2.1	3.9	**2.6**
International Operations	**15.6**	-11.5	24.5	-9.9	**-4.4**
Group, total	**4.4**	1.6	7.6	1.8	**1.1**

Order backlog (EUR million)	**6/2013**	6/2012	change, MEUR	change, %	**12/2012**
Domestic Operations	**771.6**	661.7	109.9	16.6	**774.4**
International Operations	**187.6**	84.5	103.1	121.9	**53.4**
Group, total	**959.2**	746.3	212.9	28.5	**827.8**
- sold order backlog	746	551	195	35.4	610
- unsold order backlog	213	195	18	9.1	218

Earnings trends of the Segments

Domestic Operations (EUR million)	1-6/ 2013	1-6/ 2012	change, MEUR	change, %	4-6/ 2013	4-6/ 2012	1-12/ 2012
Revenue	**264.0**	271.4	-7.5	-2.8	128.9	150.8	**568.3**
- business construction	**142.1**	142.9	-0.7	-0.5	74.6	80.9	**305.3**
- housing construction	**121.8**	128.6	-6.8	-5.3	54.3	69.9	**263.0**
Operating profit	**6.1**	11.3	-5.2	-45.8	2.7	5.8	**14.8**
Operating profit, %	**2.3**	4.1			2.1	3.9	**2.6**
Order backlog	**771.6**	661.7	109.9	16.6			**774.4**
- business construction	**458.7**	325.4	133.4	41.0			**438.7**
- housing construction	**312.9**	336.4	-23.5	-7.0			**335.7**

The Domestic Operations segment consists of SRV's property development and construction operations in Finland. Domestic Operations are divided into housing construction and commercial construction, which comprises retail, office, logistics, earthworks and rock construction operations.

Revenue for Domestic Operations amounted to EUR 264.0 million (EUR 271.4 million in 1-6/2012), and accounted for 78 per cent of the Group's revenue (87%). Operating profit totalled EUR 6.1 million (EUR 11.3 million), generating an operating profit margin of 2.3 per cent (4.1%). Revenue was impacted by the decrease in revenue from developer contracting of housing during the second quarter. Several factors contributed to operating profit in the review period: the order backlog recognised as income consisted primarily of low-margin contracting, the volume of developer contracting of housing declined in the second quarter, and the financial result of three completed projects was confirmed, according to which SRV had EUR 24.7 million in trade receivables due at the end of 2012, primarily from additional work and alterations. The total effect of the profit margin decreases recognised for these three projects and one ongoing project on the operating profit for the period was EUR -3.9 million. The order backlog rose to EUR 771.6 million (EUR 661.7 million in June/2012).

Second-quarter revenue amounted to EUR 128.9 million (EUR 150.8 million in 4-6/2012) and operating profit to EUR 2.7 million (EUR 5.8 million). The decline in revenue, operating profit and the operating profit margin was impacted by the lower revenue generated by the developer contracting of housing and by the composition of the order backlog recognised as income, which mainly consisted of low-margin contracting. In the second quarter, a total of 178 housing units (235) were sold to consumers and investors.

Commercial construction

Revenue from commercial construction totalled EUR 142.1 million (EUR 142.9 million). The order backlog was EUR 458.7 million (EUR 325.4 million). Competition for new contracts remained tight.

Projects completed during the review period include the basic renovation of Building F of the Viikki laboratory for the University of Helsinki, the construction of the main building of the Mankola School in Jyväskylä, the construction of the Pyynikki social and health services centre for the City of Tampere and the renovation of the CityCenter property in Helsinki for Sponda.

During the review period, new contractor agreements worth EUR 132.3 million were signed with external clients. SRV signed fixed-price contractor agreements with the Tampereen Kotilinna

Foundation for the construction of the Pispa Service Centre, with the municipality of Pöytyä for the construction of a day-care centre in Kyrö, with the City of Lappeenranta for the construction of a day-care centre in Joutseno, and with Tikkamaan Palvelut Oy for the construction of a car park in Joensuu. Production facilities will be built for Orion in Turku and for Grene Noramaa in Paimio. SRV signed project management-type contractor agreements with Suomen Yliopistokiinteistöt for the construction of TTY Kampusareena in Tampere, with the City of Espoo for the construction of the Opinmäki school in Suurpelto and with Ilmarinen for the construction of a medical centre, hospital and other commercial premises in Oulu.

The Administrative Court of Helsinki had earlier dismissed the complaint lodged against the city plan for Kalasatama Centre in the Sörnäinen district of Helsinki. The Supreme Administrative Court did not grant the appellants permission to appeal the ruling. The city plan thus entered into force. In 2012, due to the appeal process, SRV had decided to adjust the construction schedule in order to reduce the amount of capital tied up in the project. Now that the city plan has come into force, the tenant, financing and investor negotiations that had been put on hold can be resumed. Once these negotiations have been concluded, construction site operations can be restarted. Full-scale work is expected to commence in 2014.

In Perkkaa, Espoo, SRV completed a development project for three office buildings with a total floor area of 20,000 square metres. The first phase of the project was completed in August 2012, and the last two office buildings in June 2013. Among other tenants, the buildings house the head offices of Siemens Osakeyhtiö and SRV. Over 90 per cent of the premises have already been leased. SRV estimates that annual rental income from the project will amount to about EUR 4.2 million once it has been fully leased out. Sales efforts are underway with the aim of selling the project to investors during 2013.

In March, the Finnish Court of Arbitration announced its decision on the dispute between SRV Construction Ltd and Kiinteistö Oy Espoontori, ordering Kiinteistö Oy Espoontori to pay SRV Construction Ltd the sum of about EUR 0.7 million. As a result of this decision, SRV recognised about EUR 0.6 million in expenses. In March, SRV also came to an agreement with Mutual Pension Insurance Company Varma on the contractual liability to pay the costs for additional work and alterations to the Primulan Herkkupaja bakery and the Holiday Club Saimaa spa hotel.

Housing construction

Revenue from housing construction totalled EUR 121.8 million (EUR 128.6 million). The order backlog was EUR 312.9 million (EUR 336.4 million). At the end of the review period, SRV had a total of 1,525 units under construction (2,060). Of the housing units under construction, 77 per cent were contracted housing units or own sold production.

Projects for external clients that were completed during the review period include 45 units on Keskipellonkatu in Kerava, 33 housing units in the Seppälä district of Jyväskylä, and 35 units in the Toppila district of Oulu, all of which were built for TA. In addition, 52 units were completed for VVO in Hyvinkää, 42 units for YH in Tampere, 345 units for KEVA in Herttoniemi, 20 units for Ice Capital in Kannelmäki and 22 units for Timedi Oy in Laukaa.

During the review period, contracts were signed with external clients for the construction of 319 housing units at a cost of EUR 52.8 million. SRV and VVO signed agreements for two development projects on plots that were earlier owned by SRV: 88 units will be built at Espoon Nihtitorpankuja 3 and 114 units at Vantaan Lehtikallio 4. In addition, SRV will build 44 units for VVO in Tampere and

79 units for Opiskelija Asunnot Oy in Joensuu under projects that SRV acquired through competitive bidding. In addition, SRV has signed preliminary agreements with two housing funds for the construction of 366 housing units on plots SRV owns in Espoo, Vantaa and Kirkkonummi; these units are not included in the domestic order backlog.

SRV won a design and build competition held by the Helsinki Housing Production Department (ATT) for the construction of four wooden apartment houses on Eskolantie in Pukinmäki in association with Stora Enso. These houses will feature 89 rental and right-of-occupancy units. The value of this agreement will also be added to the order backlog once the actual contractor agreement has been signed.

During the review period, SRV started the construction of 177 developer-contracted housing units. 63 of these units will be built in Myyrmäen Kilterinmetsä in Vantaa, 35 in Penttilänrannan Kotisatama in Joensuu, 35 in Atalan Metsäkeiju in Tampere and 26 in Raholan Ruhtinas in Tampere. Furthermore, an 18-unit HITAS project was started up in Vallila, Helsinki. In addition to the projects initiated during the review period, SRV has decided to start the construction of 25 residential units in Jyväskylä.

During the review period, SRV sold 401 (368) housing units. In total, 199 (252) of the developer-contracted housing units that fell within the scope of the RS system were sold during the review period and 202 (116) units were sold to investors under negotiated contracts. At the end of the period, 550 (596) housing units for the consumer market were under construction, of which 344 (375) had not yet been sold. There were 89 (85) completed but unsold housing units. A total of 213 (221) developer-contracted housing units were completed during the review period. The following projects were completed: Taidemaalari in the Matinkylä district of Espoo with 75 units, Pelimanni in Kannelmäki in Helsinki with 20 units, Tyyni in Lahti with 29 units, Kantele in Kaarina with 24 units, Pähkinäpolku in Pirkkala with 39 units and Raholan Herttua in Tampere with 26 units.

Based on the current schedules, SRV estimates that a total of 504 developer-contracted housing units will be completed in 2013, and 213 during the third quarter.

Housing production in Finland (units)	**1-6/ 2013**	1-6/ 2012	change, units	4-6/ 2013	4-6/ 2012	**1-12/ 2012**
Housing sales, total	**401**	**368**	33	**178**	**235**	**745**
- sales, developer contracting	**199**	252	-53	64	154	**477**
- sales, negotiation contracts 2)	**202**	116	86	114	81	**268**
Developer contracting						
- start-ups	**177**	195	-18	142	171	**415**
- completed	**213**	221	-8	109	122	**451**
- completed and unsold 1)	**89**	85	4			**99**
Under construction, total 1)	**1 525**	2 060	-535			**1 849**
- construction contracts 1)	**560**	1 240	-680			**969**
- negotiation contracts 1) 2)	**415**	224	191			**294**
- developer contracting 1)	**550**	596	-46			**586**
- of which sold 1)	**206**	221	-15			**230**
- of which unsold 1)	**344**	375	-31			**356**

1) at the end of the period 2) investor sales under negotiation contracts

The order backlog for housing construction was EUR 312.9 million (EUR 336.4 million in June 2012). The order backlog for contracts and negotiated contracts was EUR 121 million (EUR 155 million), and its share of the order backlog was 39 per cent (46%). Of the housing production order backlog, EUR 172 million (EUR 212 million) was sold. The completed yet unsold order backlog was EUR 24 million (EUR 21 million). The developer-contracted unsold order backlog under construction amounted to EUR 117 million (EUR 103 million).

Order backlog, housing construction in Finland (EUR million)	**30.6.13**	30.6.12	change, MEUR	**31.12.12**
Negotiation and construction contracts	**121**	155	-34	**129**
Under construction, sold developer contracting	**52**	56	-5	**59**
Under construction, unsold developer contracting	**117**	103	13	**119**
Completed and unsold developer contracting	**24**	21	2	**28**
Total	**313**	**336**	**-24**	**336**

SRV continued to participate in the RYM PRE research programme work package, led by Senate Properties, which will continue until the end of 2013. The programme seeks to create a business model and operational culture that utilise information modelling and support sustainable development for the built environment. SRV's research project deals with the development of a general information model process that utilises modelling to facilitate cooperation and the progress of construction projects.

SRV is a participant in two projects conducted as part of the Aalto University's Energizing Urban Ecosystems (EUE) programme, which seeks to identify operating models and solutions for the challenges and opportunities involved in urbanisation.

In 2012, SRV joined the Nordic Built Charter initiative, a Nordic trade and industry policy programme aiming at green growth. The programme will run from 2012 to 2014 and is funded by the Nordic Council of Ministers and Nordic Innovation. The programme involves defining the key challenges experienced in the Nordic construction sector, arranging an innovation competition involving the renovation of five pre-selected sites, and introducing the new concepts developed during the programme.

International operations (EUR million)	**1-6/ 2013**	1-6/ 2012	change, MEUR	change, %	4-6/ 2013	4-6/ 2012	**1-12/ 2012**
Revenue	**73.9**	39.0	34.9	89.6	50.4	18.9	**73.1**
Operating profit	**11.5**	-4.5	16.0		12.3	-1.9	**-3.2**
Operating profit, %	**15.6**	-11.5			24.5	-9.9	**-4.4**
Order backlog	**187.6**	84.5	103.1	121.9			**53.4**

International Operations comprises SRV's construction and property development business in Russia and Estonia.

Revenue from International Operations totalled EUR 73.9 million (EUR 39.0 million) and accounted for 22 per cent of the Group's revenue (13%). Operating profit was EUR 11.5 million (EUR -4.5 million). Most of the revenue was generated by the construction of the Pearl Plaza shopping centre, 50%-owned by SRV, and the sale of a 55 per cent stake in the Okhta Mall shopping centre project in St. Petersburg. Growth in the level of activity, the sale of the holding in the shopping centre project, and the implementation of cost-savings measures contributed to the improvement in operating profit. Operating profit was also increased by an EUR 8.3 million change in the fair value of the holding in the Okhta Mall shopping centre when SRV lost its controlling interest in a transaction carried out in June and its remaining holding was measured at fair value. A proportion of the profit margin of construction equivalent to the ownership of SRV's associated company is eliminated from operating profit. The operating profit for the comparison period was reduced by EUR 1.1 million in non-recurrent depreciation booked for a warehouse that was destroyed in SRV's Septem City block in St. Petersburg in January 2012. The order backlog was EUR 187.6 million (EUR 84.5 million). The order book was increased by project management contractor agreements for the Okhta Mall shopping centre that were signed in June and are valued at a total of over EUR 160 million. Construction is expected to be started in late 2013, once the final building permit has been secured.

Revenue for the second quarter was EUR 50.4 million (EUR 18.9 million in 4-6/2012) and operating profit EUR 12.3 million (EUR -1.9 million). Revenue and operating profit grew particularly due to the sale of the holding in the Okhta Mall shopping centre project and the fair value measurement of the minority holding. In addition, growth in the level of activity and the implementation of cost-savings measures contributed to the improvement in operating profit.

Russia

SRV has developed its large-scale Septem City project in the Okhta area of St. Petersburg for several years. The project covers a total of 8.5 hectares. The plans for the area include constructing a complex measuring over 400,000 m2, including the Okhta Mall shopping centre, office and business premises, as well as premises for hotel, restaurant, and entertainment services. The project will be implemented in numerous phases. The realization of the project's Phase I, the Okhta Mall shopping centre of 144,000 m2, was commenced when the Russia Invest investment company owned by SRV, Ilmarinen, Sponda, Etera and Onvest made an investment decision about the project. Russia Invest bought a 55 per cent holding in Phase I of Septem City project from SRV and will invest about EUR 50 million in the project. In addition to its direct ownership of the remaining 45 per cent, SRV owns part of the project through its holding in Russia Invest. SRV still has a 100 per cent holding of the other phases in the large-scale Septem City project.

The shopping centre investment is valued at a total of about EUR 250 million. A letter of intent has been signed with a Russian bank for EUR 160 million in loan financing for the project. The aim is to sign the final loan agreement by the end of the year. According to the investment decision, SRV will invest about EUR 44 million into the project while it is under construction. The cash flows from the project management agreements and the sale of the holding will cover the amount of capital committed to the project.

In June, SRV signed project management contractor agreements valued at over EUR 160 million with a Russian project company on the development, design, leasing, marketing and construction of the Okhta Mall shopping centre. Construction is expected to begin in late 2013 once the final building permit has been secured. The shopping centre will be opened in spring 2016. It will have about 144,000 m2 of floor area, with leasable space of 75,000 m2. Two underground parking levels, a hypermarket and four aboveground levels will be built. Okhta Mall will be located by the banks of the River Okhta close to the heart of St. Petersburg. It will be the first shopping centre in the downtown area with a hypermarket. Preliminary lease agreements have already been signed for more than 25 per cent of the leasable premises. The target for annual rental income from the shopping centre is about EUR 33 million.

Slightly over half of the EUR 95.5 million investment capacity of the Russia Invest investment company will be earmarked for the Okhta Mall project. The remaining capital will be committed when investments have been identified and investment decisions finalised. The remainder of development project funding will be covered with project-specific bank loans. The stakeholders' objective is to withdraw from developed projects within roughly three years after their completion.

Construction of the Pearl Plaza shopping centre, owned jointly by SRV and the Shanghai Industrial Investment Company, is in full swing. Total investment in the project amounts to approximately EUR 140 million. SRV’s ownership in the joint venture is 50 per cent, and SRV has invested roughly EUR 22 million in the project. In addition to investment from the owners, bank financing has been secured with a EUR 95 million financing agreement with a partner from China. In line with the project management contractor agreement, SRV has been responsible for planning, constructing, developing and leasing out the site. The total value of SRV’s project management contracts at the site exceeds EUR 120 million. The shopping centre will be opened to the public in full in August 2013. The centre's anchor tenants are Prisma, Hennes & Mauriz, Sportmaster, M.Video, Detsky Mir, Kinomir-21 and Sculptors. In addition to the anchor tenants, many international brands will operate in the shopping centre. Demand for leases has been good, underlining both the draw of the Pearl Plaza shopping centre and the strength of the St. Petersburg shopping centre market. Over 82 per cent of the premises have already been leased and once the current final-stage negotiations are completed, all of the premises will be reserved. The target for annual rental income from the shopping centre is about EUR 18 million.

The design of Phase II of the Pearl Plaza shopping centre has been started and, according to preliminary plans, construction of Phase II can be launched sometime next year. Preliminary lease reservations have been made for about 30 per cent of the Phase II premises.

Analysis of the VTBC-Ashmore Real Estate Partners I fund’s investment sites in Moscow continued during the review period. The fund invests primarily 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, and the Finnish pension insurance companies Ilmarinen and Etera. VTB Capital and Ashmore are partners in the fund’s General Partner company and also act as asset managers, taking care of investment identification and financing arrangement tasks. SRV acts as both an investor and project management contractor with respect to the fund. The fund’s first investment was made in September 2011, when it acquired an office and logistics property in Moscow.

The current office space of the Etmia II office and parking garage project in the heart of Moscow has been leased out in its entirety. Rental income in 2013 is estimated to total approximately EUR 4.2 million. SRV is a co-owner in the project with a 50 per cent stake, and also acted as the project management contractor. Sales efforts are underway with the aim of selling the project to investors during 2013.

Development of the St. Petersburg Eurograd logistics area has been temporarily suspended due to the local partner's financing difficulties. SRV has a 49 per cent holding in the Russian company that owns a 24.9-hectare land area located north of St. Petersburg, in the immediate vicinity of the Ring Road.

The new commercial concept plan for the Mytishi shopping centre project in the Moscow region has been completed. Reservation agreements have been signed for about 50 per cent of the premises. This is also expected to accelerate progress in financing negotiations. The majority owner of the project is the Finnish real-estate investment company Vicus, which holds 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.

Six apartments in the Papula residential area project in Vyborg were sold during the review period (13 apartments 1-6/2012). At the end of the period, 17 units remained unsold (27). The start-up of the construction of the next buildings is currently being planned.

Estonia

In April 2013, SRV completed a new bakery building for an Estonian subsidiary of the VAASAN Group. At the end of the period, four housing units remained unsold (12) in Estonia.

Other Operations (MEUR)	**1-6/ 2013**	1-6/ 2012	change, MEUR	change, %	4-6/ 2013	4-6/ 2012	**1-12/ 2012**
Revenue	**6.3**	7.4	-1.1	-14.6	3.0	3.7	**14.4**
Operating profit	**-2.7**	-1.9	-0.8		-1.3	-0.9	**-4.7**

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

The revenue from Other Operations during the review period was EUR 6.3 million (EUR 7.4 million) and operating profit was EUR -2.7 million (EUR -1.9 million). A fall in operating volumes impacted trends in both revenue and operating profit. During the period, development costs expensed for SRV's projects amounted to EUR 1.1 million (EUR 1.4 million). Revenue for the second quarter was EUR 3.0 million (EUR 3.7 million in 4-6/2012) and operating profit EUR -1.3 million (EUR -0.9 million). During the second quarter, development costs expensed for SRV's projects amounted to EUR 0.6 million (EUR 1.0 million).

Group project development

SRV's development project, Keilaniemi residential towers, is progressing. On 28 June 2013 the Administrative Court of Helsinki dismissed the filed complaints against the city plan ruling made by the Espoo City Council on 21 May 2012. Leave to appeal against the Administrative Court's ruling has been applied to the Supreme Administrative Court. The project's total scope is about 72,000 square metres of floor area of housing units.

SRV, Mutual Pension Insurance Company Varma and SATO Corporation are progressing with their project to develop the Niittykumpu district in Espoo. On 24 April 2013, the Espoo City Planning Committee approved the proposed city plan for the metro station area to be presented to the municipal board. The city plan changes will next be reviewed by the municipal board in autumn 2013. SRV aims to be ready to launch construction during 2014.

SRV and Orion are developing a residential area on a property owned by Orion in the Ylä-Mankkaa district of Espoo. The proposal for the alteration of the city plan will be reviewed by the municipal board in autumn 2013. The project's total scope is about 36,000 square metres of floor area from which SRV has a right to purchase at least 40%. SRV aims to be ready to launch housing construction in 2014.

SRV, Mutual Pension Insurance Company Ilmarinen and SATO Corporation are progressing with their project to develop their jointly owned area in Perkkaa, Espoo. The Espoo City Planning Committee approved the proposed city plan for viewing on 12 June 2013. The scope of the project is being confirmed at about 110,000 square metres of housing building rights, of which SRV's share is one third. The aim is to launch housing construction during 2014.

Financing and financial position

Net operational cash flow was EUR 28.1 million (EUR -10.9 million in 1-6/2012). Cash flow improved particularly due to a decrease in short-term receivables, as SRV's associated company Etmia II refinanced its construction funding from SRV with a long-term project loan of about EUR 33 million. The Group's inventories stood at EUR 435.0 million (EUR 389.6 million), of which land areas and plot-owning companies accounted for EUR 162.5 million (EUR 184.4 million). The Group's invested capital amounted to EUR 510.9 million (EUR 472.0 million).

At the end of the review period, the Group's financing reserves totalled EUR 213 million with the Group's cash assets amounting to EUR 48 million, and open-ended account limits and committed undrawn financing reserves to EUR 165 million. The financial covenant of SRV's loans is the equity ratio, which is also reported to banks for developer-contracting projects as a ratio based on the percentage of completion. SRV's equity ratio based on percentage of completion was 36.9 per cent (on 30 June 2013).

During the review period, SRV received the final financial results of three previously completed projects. At the end of 2012, the company had EUR 24.7 million in trade receivables due from these projects. Reaching an agreement on disputes over these projects, which mainly concerned additional work and alterations, has improved the Group's liquidity, and the value of the Group's receivables outstanding for over 360 days amounted to EUR 3.1 million (EUR 24.3 million on 31 December 2012).

Investments in SRV's developer-contracted housing and commercial construction projects in Finland, both under construction and completed, total EUR 209.7 million, of which about EUR 37 million is tied up in infrastructure construction in the Kalasatama Centre. SRV estimates that the completion of these projects (excl. the Kalasatama Centre) requires another EUR 49 million. Undrawn housing corporation loans and receivables for housing construction projects and undrawn commercial construction financing amounted to EUR 64 million. Investments in completed international projects amount to EUR 5.1 million, of which EUR 0.3 million relates to unsold housing projects in Estonia, EUR 3.2 million to unsold housing projects in Vyborg, and EUR 1.6 million to the Etmia office project. SRV's investment commitments increased to EUR 51.2 million due to agreements related to the implementation of the Okhta Mall shopping centre (EUR 15.0 million). The cash flows from the project management agreements and the sale of the holding will cover the amount of capital committed to the project.

The equity ratio stood at 35.2 per cent (29.7% on 30 June 2012). The change in the equity ratio was affected by the hybrid bond issue. The Group's shareholders' equity totalled EUR 217.8 million (EUR 167.1 million). The Group's net interest-bearing liabilities were EUR 245.0 million (EUR 288.0 million). Net financing expenses totalled EUR -0.9 million (EUR -2.1 million). Return on investment was 6.6 per cent (2.7%) and return on equity 12.4 per cent (1.3%).

Investments

The Group's investments totalled EUR 3.0 million (EUR 1.2 million), and mostly consisted of investments in funds and the acquisition of machinery and equipment.

Unbuilt land areas, land acquisition commitments and land development agreements

Land reserve 30.6.2013	Business construction	Housing construction	International Operations	Total
Unbuilt land areas and land acquisition commitments				
Building rights*, m^2	**260 000**	**327 000**	**755 000**	**1 342 000**
Land development agreements				
Building rights*, m^2	**365 000**	**274 000**	**52 000**	**691 000**

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

Group structure

SRV is Finland's leading project management contractor. SRV builds and develops commercial and business premises, housing units, and infrastructure and logistics projects. In addition to 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. The Domestic Operations segment consists of property development and domestic construction operations led by SRV Construction Ltd. Domestic Operations are divided into housing construction and commercial construction, which comprises retail, office, logistics, earthworks and rock construction operations. International Operations comprises SRV's business activities in Russia and Estonia. Other Operations consists primarily of the SRV Group Plc and SRV Kalusto Oy's operations.

Changes in the Group structure

To streamline the Group structure and as part of the decision to withdraw from the Latvian real-estate market and focus in future on Estonia in the Baltic countries, SRV decided to merge SRV Baltia Oy with SRV Group Plc. The aim is to complete the necessary corporate legal processes by the end of 2013.

Personnel

SRV had an average payroll of 951 (989) employees, of whom 709 (714) were salaried employees. The parent company had an average staff of 54 (54) salaried employees. At the close of the review period, the Group had 1,012 (1,117) employees, of whom 54 (59) were employed by the parent company. 151 (183) employees were employed by international subsidiaries. SRV's Domestic Operations employed a total of 106 (173) trainees (students on work placements and students working on their thesis or diploma). SRV offers summer jobs to students and a wide range of trainee opportunities, particularly to those studying construction. Systematic cooperation with educational institutions and universities fosters continuity for SRV's own trainee programme, enabling young people to combine studying and work as naturally as possible.

SRV's human resources strategy is designed to secure the availability and high motivation of personnel, and to ensure continued competence and leadership development. In early 2013, the most significant investments in competence development were allocated to contract law and the management of additional work and alterations. Customised internal training programmes have been designed for construction site personnel and those in charge of projects. The content of SRV's occupational safety training has been updated to better serve the Group's supervisors and salaried employees.

Personnel by business area	**30.6.2013**	30.6.2012	Percentage of Group personnel 30.6.2013
Domestic Operations	**765**	818	75,6
International Operations	**158**	194	15,6
Other operations	**89**	105	8,8
Group, total	**1012**	**1117**	100,0

Outlook for construction

The prolonged crisis in Europe and the sluggishness of the world economy also weaken the outlook of the Finnish economy. The problems facing economic growth have turned out to be longer-term than before and total production is expected to contract in Finland in 2013. The number of building construction start-ups is also forecast to keep falling in 2013. The rise in building costs has levelled out.

General uncertainty has caused a slight slowdown in the demand for housing. The construction of about 28,800 housing units was begun in Finland in 2012, and the forecast for 2013 is about 27,000. Demand for housing currently involves major uncertainty factors. In the longer term, trends such as migration to population growth centres and the smaller size of households will maintain the need for housing construction in Finland.

Commercial and office real-estate markets have remained muted. Both reduced demand and increased supply are burdening the usage rate of office premises in the Helsinki Metropolitan Area. However, there is a need for modern premises with good transport connections. The number of commercial and office construction start-ups is expected to see a slight year-on-year decrease in 2013.

Further stable growth is expected in renovation construction. An increase in building stock, the ageing of existing buildings, and modernisation requirements will also support renovation construction in the future. The situation in infrastructure construction has weakened due to a decline in new building construction work and a contraction in investments in highway construction and maintenance.

Last year, the Estonian economy grew by 3.2 per cent, with domestic demand as the engine of growth. Economic growth is expected to pick up the pace towards the end of the year in step with the gradual recovery of export demand and willingness to invest. The Estonian office and retail premises market is recovering gradually.

Russian economic growth slackened significantly in the latter half of last year. Growth in private consumption has slowed down during the year. The GDP growth estimate for 2013 is around 2.4 per cent. The outlook is depressed by the assumption that the price of oil will decline.

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, and this may, for example, alter the volume of SRV's order backlog and the profitability of operations. It may also lead to an increased amount of capital being invested in projects for a longer time. A change in the general level of interest rates has a direct impact on both SRV's cash flow from operating activities and financing costs. The general economic climate is unstable, and the international financial crisis is contributing to economic uncertainty. Property values are under pressure, and the number of property transactions and, in particular, new large-scale project start-ups remains low due to economic uncertainty and difficulties in securing financing. Demand for property investments has remained weak.

Compared to the pre-recession period, financing is more difficult to obtain from banks, bank regulation is becoming increasingly strict, and loan margins, which are already notably higher, are continuing to rise. Despite the extremely low interest rate level, financing costs will grow as loan margins continue to rise. If the international financing crisis escalates, it may further increase the cost of financing and weaken its availability. If the availability of financing for clients continues to weaken, client receivables may grow, posing challenges to SRV's liquidity.

In developer-contracted projects, recognition of revenue is largely based on the completed contract method, and recognition depends on the percentage of sold premises in delivered projects. The delivery schedules of developer-contracted projects can have a material impact on the development of revenue and profit for the financial year and the quarters. Factors that affect project sales include the premises' occupancy rate and the availability of financing for buyers. When sales are delayed, the recognition of revenue and operating profit is likewise delayed. Postponed start-ups in developer-contracted projects increase development expenses, which are recognised as costs.

The slowdown in housing sales will increase sales and marketing costs and interest expenses in developer-contracted housing production. The Finnish housing market has been performing reasonably well, but economic uncertainty and tax increases (both those which have come into effect and which are being planned) have weakened the outlook for and volume of housing sales. The asset transfer tax on the transfer of shares in a housing corporation was raised to 2.0 per cent as of 1 March 2013, and this tax is now also applicable to the corporate loan included in the shares. Banks' margins on both homebuyers' mortgages and housing corporation loans for housing construction have been climbing steeply during the year. Key risks affecting housing unit demand include changes in consumer confidence, the availability of financing, and a significant rise in interest rates.

Construction is subject to significant cost risks relating to subcontracting and procurements. Long-term planning is vital to keeping these risks under control. SRV's operating model requires an adequate supply of skilled and competent personnel. A weak economic cycle increases financial risks relating to subcontractors. The construction sector has implemented a reverse value added tax policy, which, as a method, requires greater administrative accuracy. Warranty and liability obligations related to construction can last up to ten years. The rise in building costs has levelled out.

SRV's revenue is generated by construction projects, and the company's result depends on the profitability of individual projects and their progress. Fierce competition for new orders in the construction sector may affect the volume and profitability of SRV's new order backlog. Contractor agreements for construction are extremely valuable. Their terms and conditions require all parties to achieve the agreed targets within a set timetable, and to adhere to agreed working methods. In particular, the implementation of additional works and alterations may involve financial risks that increase in a poor economic climate. Project receivables can include additional work and alterations, and these may involve complaints or be the subject of disputes over payment liability. According to segment managements' estimates, the provisions made by SRV may prove to be insufficient. If no mutual agreement on payment liability is reached during the final financial analysis of a project, the company may have to instigate legal proceedings against the client. The outcomes of legal proceedings involve uncertainties. On 30 June 2013, SRV had EUR 8.3 million (VAT 0%) in receivables from four completed projects (EUR 19.1 million from seven projects on 31 December 2012). These were related to client complaints or disputes over payment liability for additional work and alterations. SRV has started legal proceedings against some of these parties, as the issues could not be resolved through negotiation. In June, SRV initiated legal proceedings against Auroratalo Oy and HDL-Talot Oy concerning the payment liability for construction costs in the renovation and new construction contract of the Auroratalo building. The value of these disputes is about EUR 4.4 million, including VAT. SRV's management believes that these cases and their outcomes will not have a significant impact on SRV's financial standing.

In addition to land acquisition risks, property projects face other challenges, such as those related to the outcome of zoning, soil conditions, financing, the liquidity of funding based on financing commitments, the commercialisation of the project, implementation schedules and agreements, partners, the geographical location, and the type of project. In line with the IFRS requirements, SRV measures its land reserves at acquisition cost. If the acquisition cost plus construction costs is lower than the fair value of the planned project, the value of the plot will be reduced. In accordance with its strategy, SRV has focused on developer contracting projects and increased its land acquisition in Finland and Russia in particular. The availability of property financing affects start-up decisions and the progress of development projects. SRV's goal is to carry out major development projects in cooperation with real estate investors using project funding. SRV's investment commitments in projects entail maintaining sufficient liquidity and financing capacity. A decline in the availability of investor and project funding may increase SRV's own share of project funding, and this would lower the Group's equity ratio, reduce Group liquidity, and hinder the availability of other funding.

The financial risks related to SRV's operations are interest rate, currency, capital structure, liquidity and contractual party risks. These are presented in more detail in the Notes to the 2012 Financial Statements. Currency risks are divided into transaction risks and translation risks. Transaction risks are related to currency-denominated business and financing cash flows. Translation risks encompass investments made in foreign subsidiaries, the accounting effects of which are recorded in the translation differences for equity in the consolidated figures.

Liquidity risks may have an effect on the Group's earnings and cash flow if the Group is unable to ensure sufficient financing for its operations. SRV maintains adequate liquidity by means of efficient management of cash flows and solutions linked to it, such as binding lines of credit that are valid until further notice. The company has a long-term liquidity arrangement (EUR 100 million), which will mature in December 2015. The company's financing agreements contain customary terms and conditions. The financial covenant of the loan is the equity ratio, which is also reported to banks for developer contracting projects as a ratio based on the percentage of completion.

Capital structure risks may adversely affect the availability of financing for the Group if the company's equity ratio falls too low. The Group does not have a public credit rating issued by a credit rating institution. In order to maintain its capital structure, the Group may adjust its dividend payment, or issue new shares or bonds. In order to maintain its equity ratio, the Group may be forced to make changes in its business operations or use of capital. Plot investments, the profitability of business operations, delays in selling or turning over developer-contractor projects, and other increases in the balance sheet value all affect the equity ratio. The Group monitors the capital structure using its equity ratio. The Group seeks to keep its share of the capital in the balance sheet total (minus advances received) to at least 30 per cent. On 28 December 2012, SRV issued a EUR 45 million domestic hybrid bond (equity bond). The bond has no maturity, but the company has the right to redeem it in four years' time. The interest payable on the bond will increase after the first repayment date.

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 published in the 2012 Annual Report and Notes to the Financial Statements.

Corporate governance and resolutions of general meetings

The Annual General Meeting (AGM) of SRV Group Plc was held on 20 March 2013. The AGM adopted the Financial Statements and granted release from liability to the members of the Board of Directors and the President and CEO. As proposed by the Board of Directors, a dividend of EUR 0.06 per share was declared. The dividend was paid on 3 April 2013. Mr Ilpo Kokkila was elected chairman of the Board of Directors and Ms Minna Alitalo, Mr Arto Hiltunen, Mr Olli-Pekka Kallasvuo, Mr Timo Kokkila, and Mr Risto Kyhälä were elected to seats on the Board. The firm of public accountants Ernst & Young Oy was elected as the company’s auditor. Mikko Rytilahti, authorised public accountant, acts as the principal auditor.

The AGM 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 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 1,000,000 shares of the company in public trading arranged by Nasdaq OMX Helsinki Oy or otherwise for a maximum price of EUR 4.45 per share, the maximum total 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. Shares acquired on the basis of this authorisation may be acquired in one or several instalments. The authorisations as described above shall be in force for 18 months from the decision of the general meeting and cancel the authorisation granted by the Annual General Meeting to the Board of Directors on 14 March 2012.

The AGM decided to change Section 9 of the company's Articles of Association as follows: The notice of a general meeting is published on the company’s website no earlier than three months and no later than three weeks before the meeting. However, said notice of general meeting must be published no less than nine days before the General Meeting record date, as defined by the Limited Liability Companies Act. The Board of Directors may in addition decide to publish the notice of a general meeting, or a related announcement, in one or more newspapers according to the aforementioned timescale.

The Board of Directors of SRV Group Plc held its organisation meeting on 20 March 2013. Olli-Pekka Kallasvuo was elected as Chairman of the Board. Minna Alitalo was elected as Chair of the Audit Committee, and Olli-Pekka Kallasvuo and Timo Kokkila as members. Ilpo Kokkila was elected as Chairman of the Nomination and Remuneration Committee, and Arto Hiltunen and Risto Kyhälä as members.

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 5,806 shareholders on 30 June 2013.

The share closing price at OMX Helsinki at the end of the review period was EUR 3.28 (EUR 3.26 on 31 December 2012, change 0.6%). The highest share price in the review period was EUR 3.55 and the lowest was EUR 2.95. SRV’s equity per share at the end of the review period amounted to EUR 4.87 (EUR 4.61 on 30 June 2012). During this period, the all-share index of the Helsinki Stock Exchange (OMX Helsinki) was up 1.6 per cent, and the OMX Construction and Materials index 2.1 per cent.

At the end of the review period, the company had a market capitalisation of EUR 116.4 million, excluding the Group’s treasury shares. 1.6 million shares were traded during the period and the trade volume was EUR 5.3 million.

SRV bought back a total of 552,833 of its own shares when the Total Return Swap derivative contract with Nordea matured on 13 May 2013. According to the agreement made on 5 January 2010, the per-share acquisition cost was EUR 4.45. The number of treasury shares reported did not increase, because said shares were recognised as treasury shares while the derivative contract was in force. At the end of the review period, SRV Group Plc held 1,273,539 SRV Group Plc shares (3.5 per cent of the total number of the company’s shares and combined number of votes). On 31 July 2013, the Group held 1,273,539 shares (3.5 per cent of the total number of the company’s shares and votes).

Financial targets

On 12 February 2013, SRV’s Board of Directors confirmed the Group's strategy for 2013–2017. The Group’s strategic targets are defined as follows:

- During the strategic period, SRV will focus on improving profitability rather than on growth
- International Operations will account for more than 20 per cent of Group revenue
- The operating profit margin will reach 6 per cent
- The return on equity will be at least 15 per cent
- The equity ratio will remain above 30 per cent

- A dividend payment equalling 30 per cent of the annual result, taking into account the capital needs of business operations

For the set targets to be achieved, a significant increase in the number of developer-contracted projects is required.

Earlier outlook for 2013

13 February 2013

The Group's full-year revenue is estimated to reach at least the same level as in the previous year (EUR 641.6 million) and the result before taxes is forecast to exceed that of the previous year (EUR 2.8 million), even if planned sales of office properties do not occur this year.

Outlook for 2013

SRV has revised its outlook for 2013.

The volume and the completion schedules of developer-contracted housing production, trends in the order backlog margin, the number of new construction contracts, the realisation of planned project sales, the recognition of SRV’s own projects as income upon delivery, the fact that the order backlog that is continuously recognised as income mainly consists of low-margin contracting, and the project development nature of operations all have an effect on the quarterly variation and development of revenue and earnings in 2013. Based on current completion schedules, SRV estimates that a total of 504 developer-contracted housing units will be completed in 2013. SRV aims to sell the Etmia II office property in Moscow and the Derby Business Park in Espoo in 2013. The general uncertainty seen in the financial markets has also been unfavourably reflected in real estate markets.

The Group’s full-year revenue is expected to exceed EUR 700 million and the result before taxes is forecast to be at least around EUR 20 million.

Espoo, 1 August 2013

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.

For further information, please contact

Jukka Hienonen, President and CEO, +358 (201) 455 213
Hannu Linnoinen, Executive Vice President, CFO, +358 (201) 455 990, +358 (50) 523 5850
Taneli Hassinen, Vice President, Communications, +358 (201) 455 208, +358 (40) 504 3321

Key figures:

		1-6/ 2013	1-6/ 2012	4-6/ 2013	4-6/ 2012	**1-12/ 2012**
Revenue	EUR million	337.8	310.4	179.4	169.7	641.6
Operating profit	EUR million	14.9	4.9	13.7	3.1	6.9
Operating profit, % of revenue	%	4.4	1.6	7.6	1.8	1.1
Profit before taxes	EUR million	14.0	2.8	13.3	2.5	2.8
Profit before taxes, % of revenue	%	4.1	0.9	7.4	1.5	0.4
Net profit attributable to equity holders of the parent company	EUR million	13.4	1.1	13.2	1.5	0.8
Return on equity, % 1)	%	12.4	1.3			0.5
Return on investment, % 1)	%	6.6	2.7			2.2
Invested capital	EUR million	510.9	472.0			513.3
Equity ratio	%	35.2	29.7			34.7
Net interest-bearing debt	EUR million	245.0	288.0			267.9
Gearing ratio	%	112.5	172.3			126.2
Order backlog	EUR million	959.2	746.3			827.8
New agreements	EUR million	424.5	208.1			594.5
Personnel on average		951	989			989
Property, plant and equipment investments	EUR million	3.0	1.2	2.5	0.6	3.7
Property, plant and equipment investments, % of revenue	%	0.9	0.4	1.4	0.4	0.6
Earnings per share	EUR	0.32	0.03	0.35	0.04	0.02
Earnings per share (diluted)	EUR	0.32	0.03	0.35	0.04	0.02
Equity per share	EUR	4.86	4.61			4.62
Dividend per share	EUR	0.06	0.12			0.06
Dividend payout ratio	%	18.8	400.0			300.0
Dividend yield	%	1.8	3.6			1.8
Price per earnings ratio		10.3	110.0			163.0
Share price development						
Share price at the end of the period	EUR	3.28	3.30			3.26
Average share price	EUR	3.30	4.03			3.76
Lowest share price	EUR	2.95	3.21			3.00
Highest share price	EUR	3.55	4.89			4.89
Market capitalisation at the end of the period	EUR million	116.4	117.1			115.7
Trading volume	1 000	1 593	1 959			2 937
Trading volume, %	%	4.5	5.5			8.3
Weighted average number of shares outstanding during the period	1 000	35 496	35 499			35 499
Weighted average number of shares outstanding during the period (diluted)	1 000	35 536	35 499			35 532

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

Calculation of key figures:

Gearing ratio, %	=	100 x	Net interest-bearing debt	Total equity
Return on equity, %	=	100 x	Total comprehensive income for the period	Total equity, average
Return on investment, %	=	100 x	Result before taxes + interest and other financial expenses	Invested capital, average
Equity ratio, %	=	100 x	Total equity	Total assets – advances received
Invested capital	=		Total assets – non-interest bearing debt – deferred tax liabilities – provisions	
Net interest-bearing debt	=		Interest bearing debt – cash and cash equivalents	
Earnings per share attributable to equity holders of the parent company	=		Result for the period – non-controlling interest – hybrid bond interest	Average number of shares (share-issue adjusted)
Earnings per share attributable to equity holders of the parent company (diluted)	=		Result for the period – non-controlling interest – hybrid bond interest	Average number of shares (share-issue adjusted, diluted)
Shareholders' equity	=		Shareholders' equity attributable to equity holders of the parent company	Average number of shares at end of period (share-issue adjusted)
Price per earnings ratio (P/E-ratio)	=		Share price at end of period	Earnings per share
Dividend payout ratio, %	=	100 x	Dividend per share	Earnings per share
Dividend yield, %	=	100 x	Dividend per share	Share price at end of period
Average share price	=		Number of shares traded in euros during the period	Number of shares traded during the period
Market capitalisation at the end of the period	=		Number of shares outstanding at the end of the period x share price at the end of the period	
Trading volume	=		Number of shares traded during the period and their percentage of the weighted average number of shares outstanding	

SRV Group Plc Interim Report, 1 January –30 June 2013: tabulated section

APPENDICES
1) Consolidated Interim Report information: income statement, balance sheet, cash flow statement, statement of changes in equity, inventories, commitments and contingent liabilities, derivative contracts liabilities
2) Quarterly development
3) Segment information and related party transactions

1. Interim Report 1 January –30 June 2013

This interim report has been prepared in accordance with the accounting policies set out in the IAS 34 standard and the information disclosed is unaudited. In preparing interim condensed consolidated financial statement information, SRV has applied the same accounting principles as in its year-end financial statements for 2012. 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.

The following standards, amendments and interpretations shall be applied as from the accounting period beginning on 1 January 2013 or thereafter. Based on current information, these standards, amendments and interpretations have no impact on the Group's financial position. They affect disclosures to some degree:

- Annual improvements 2012 (effective on 1 January 2013). The Group will apply this amendment as of 1 January 2013.

Consolidated income statement (EUR million)	**1-6/ 2013**	1-6/ 2012	change, MEUR	change, %	4-6/ 2013	4-6/ 2012	**1-12/ 2012**
Revenue	**337.8**	**310.4**	**27.4**	8.8	**179.4**	**169.7**	**641.6**
Other operating income	2.1	1.7	0.4	22.2	1.1	0.8	4.6
Change in inventories of finished goods and work in progress	28.3	24.6	3.7	14.9	19.9	13.6	61.6
Use of materials and services	-311.6	-289.5	-22.2	7.7	-165.1	-159.3	-617.7
Employee benefit expenses	-32.5	-32.7	0.2	-0.7	-16.7	-17.0	-63.2
Share of profits of associated and joint venture companies	-1.1	-0.1	-1.0	1680.8	-1.0	-0.2	-0.7
Depreciation and impairments	-1.4	-2.5	1.1	-44.3	-0.7	-0.7	-4.5
Other operating expenses	-6.6	-7.1	0.5	-7.1	-3.2	-3.8	-14.8
Operating profit	**14.9**	**4.9**	**10.0**	206.7	**13.7**	**3.1**	**6.9**
Financial income	2.0	1.6	0.4	23.1	1.0	0.8	4.0
Financial expenses	-2.9	-3.7	0.8	-22.4	-1.4	-1.5	-8.1
Financial income and expenses, total	-0.9	-2.1	1.2	-56.8	-0.4	-0.6	-4.1
Profit before taxes	**14.0**	**2.8**	**11.2**	407.8	**13.3**	**2.5**	**2.8**
Income taxes	-0.7	-1.6	1.0	-60.0	-0.1	-0.9	-1.9
Net profit for the period	**13.3**	**1.1**	**12.2**	1085.9	**13.2**	**1.6**	0.9
Attributable to							
Equity holders of the parent company	13.4	1.1			13.2	1.5	0.8
of which to hybrid bond investors	2.1	0.0			1.1	0.00	0.0
of which to equity holders	11.2	1.1					0.8
Non-Controlling interests	0.0	0.0			0.0	0.0	0.1
Earnings per share attributable to equity holders of the parent company	0.32	0.03			0.35	0.04	0.02
Earnings per share attributable to equity holders of the parent company (diluted)	0.32	0.03			0.35	0.04	0.02

Statement of comprehensive income (EUR million)	**1-6/ 2013**	1-6/ 2012	4-6/ 2013	4-6/ 2012	1-12/ 2012
Net profit for the period	**13.3**	**1.1**	**13.2**	**1.6**	**0.9**
Other comprehensive income					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Gains and losses arising from translating the financial statements of a foreign operation	0.0	0.0	0.0	0.0	0.0
Other comprehensive income for the period, net of tax	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Total comprehensive income for the period	**13.4**	**1.2**	**13.2**	**1.6**	**1.0**
Attributable to					
Equity holders of the parent company	13.4	1.1	13.2	1.6	0.9
Non-Controlling interests	0.0	0.0	0.0	0.0	0.1

Consolidated balance sheet (EUR million)	**30.6.13**	30.6.12	change, %	**31.12.12**
ASSETS				
Non-current assets				
Property, plant and equipment	13.0	13.6	-4.1	13.7
Goodwill	1.7	1.7	0.0	1.7
Other intangible assets	0.7	0.5	28.4	0.6
Other financial assets	13.1	10.9	19.8	10.9
Receivables	2.1	2.2	-5.2	1.4
Loan receivables from associated companies and joint ventures	30.4	13.2	130.9	11.9
Deferred tax assets	6.2	5.4	14.1	8.1
Non-current assets, total	**67.2**	**47.6**	41.3	**48.4**
Current assets				
Inventories	435.0	389.6	11.7	431.2
Trade and other receivables	124.6	113.7	9.5	127.1
Loan receivables from associated companies and joint ventures	1.1	31.6	-96.5	31.6
Current tax receivables	1.4	4.0	-64.3	4.0
Cash and cash equivalents	48.1	16.9	184.7	33.1
Current assets, total	**610.2**	**555.8**	9.8	**626.9**
ASSETS, TOTAL	**677.4**	**603.4**	12.3	**675.4**

Consolidated balance sheet (EUR million)	**30.6.13**	30.6.12	change, %	**31.12.12**
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent company				
Share capital	3.1	3.1	0.0	3.1
Invested free equity fund	92.2	92.2	0.0	92.2
Translation differences	0.0	0.0	-25.5	0.0
Fair value reserve	0.0	0.0		0.0
Retained earnings	77.4	68.4	13.1	68.9
Equity attributable to equity holders of the parent company, total	**172.6**	**163.7**	5.5	**164.2**
Non-controlling interests	**0.6**	**3.5**	-82.6	**3.5**
Hybrid bond	**44.6**	**0.0**		**44.6**
Equity, total	**217.8**	**167.1**	30.3	**212.3**
Non-current liabilities				
Deferred tax liabilities	1.5	1.4	11.9	4.1
Provisions	4.9	5.4	-9.0	6.3
Interest-bearing liabilities	107.7	135.9	-20.8	118.5
Other liabilities	0.1	7.1	-99.2	0.0
Non-current liabilities, total	**114.2**	**149.8**	-23.8	**129.0**
Current liabilities				
Trade and other payables	156.1	112.2	39.2	147.6
Current tax payables	0.7	1.9	-61.8	0.3
Provisions	3.2	3.5	-8.6	3.7
Interest-bearing liabilities	185.4	168.9	9.7	182.5
Current liabilities, total	**345.4**	**286.5**	20.6	**334.1**
Liabilities, total	**459.5**	**436.2**	5.3	**463.1**
EQUITY AND LIABILITIES	**677.4**	**603.4**	12.3	**675.4**

Consolidated cash flow statement (EUR million)	1-6/2013	1-6/2012	1-12/2012
Cash flows from operating activities			
Net profit for the period	**13.4**	**1.1**	**0.8**
Adjustments:			
Depreciation and impairments	1.4	2.5	4.4
Non-cash transactions	-11.4	-1.7	0.4
Financial income and expenses	0.9	2.1	4.1
Capital gains on sales of tangible and intangible assets	0.0	0.0	0.1
Income taxes	0.7	1.6	1.9
Adjustments, total	**-8.4**	**4.5**	**10.9**
Changes in working capital:			
Change in loan receivables	2.9	20.7	22.7
Change in trade and other receivables	10.4	0.4	-14.2
Change in inventories	2.6	-29.4	-68.8
Change in trade and other payables	4.7	-2.4	26.3
Changes in working capital, total	**20.6**	**-10.6**	**-34.0**
Interest paid	-3.2	-4.4	-8.0
Interest received	3.4	0.9	3.8
Dividends received	0.0	0.0	0.0
Income taxes paid	2.3	-2.4	-6.7
Net cash flow from operating activities	**28.1**	**-10.9**	**-33.2**
Cash flow from investing activities			
Acquisition of subsidiaries, net of cash	0.0	0.0	0.0
Purchase of property, plant and equipment	-0.7	-0.9	-3.2
Purchase of intangible assets	-0.1	-0.1	-0.3
Purchase of other financial assets	-2.2	-0.2	-0.2
Sale of property, plant and equipment and intangible assets	0.0	0.1	0.4
Sale of financial assets	0.0	0.1	0.1
Net cash used in investing activities	**-3.0**	**-1.0**	**-3.2**
Cash flows from financing activities			
Proceeds from loans	9.4	38.7	48.3
Repayments of loans	-17.8	-9.2	-23.1
Hybrid bond	0.0	0.0	44.6
Change in loan receivables	0.0	0.0	0.0
Change in housing corporation loans	-16.0	17.4	32.9
Change in credit limits	16.4	-26.3	-41.5
Purchase and sale of treasury shares	0.0	0.0	0.0
Dividends paid	-2.2	-4.3	**-4.3**
Net cash from financing activities	**-10.1**	**16.3**	**57.0**
Net change in cash and cash equivalents	**15.0**	**4.4**	20.6
Cash and cash equivalents at the beginning of period	33.1	12.5	12.5
Cash and cash equivalents at the end of period	**48.1**	**16.9**	**33.1**

Statement of changes in Group equity 1 January –30 June 2013

(EUR million)	Equity attributable to the equity holders of the parent company: Share capital	Invested free equity fund	Translation differences	Fair value reserve	Retained earnings	Total	Non-controlling interests	Hybrid bond	Total equity
Equity on 1 January 2013	**3.1**	**92.2**	**0.0**	**0.0**	**68.9**	**164.2**	**3.5**	**44.6**	**212.3**
Total income and expenses for the period	**0.0**	**0.0**	**0.0**	**0.0**	**13.4**	**13.4**	**0.0**	**0.0**	**13.4**
Dividends paid	0.0	0.0	0.0	0.0	-2.1	**-2.1**	0.0	0.0	**-2.1**
Share-based incentive plan	0.0		0.0	0.0	1.0	**1.0**	0.0	0.0	**1.0**
Purchase of treasury shares	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0	0.0	**0.0**
Sale of treasury shares	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0	0.0	**0.0**
Hybrid bond	0.0	0.0	0.0	0.0	-1.6	**-1.6**	0.0	0.0	**-1.6**
Other changes *	0.0	0.0	0.0	0.0	-2.1	**-2.1**	-2.9	0.0	**-5.0**
Equity on 30 June 2013	**3.1**	**92.2**	**0.0**	**0.0**	**77.4**	**172.6**	**0.6**	**44.6**	**217.8**

*Other changes include the loss of acquisition of non-controlling interests EUR 2.9 million.

Statement of changes in Group equity 1 January –30 June 2012

IFRS (EUR million)	Equity attributable to the equity holders of the parent company: Share capital	Invested free equity fund	Translation differences	Fair value reserve	Retained earnings	Total	Non-controlling interests	Total equity
Equity on 1 January 2012	**3.1**	**92.1**	**-0.1**	**0.0**	**71.1**	**166.2**	**3.5**	**169.7**
Total income and expenses for the period	**0.0**	**0.0**	**0.0**	**0.0**	**1.1**	**1.1**	**0.0**	**1.1**
Dividends paid	0.0	0.0	0.0	0.0	-4.3	**-4.3**	0.0	**-4.3**
Share-based incentive plan	0.0	0.0	0.0	0.0	0.5	**0.6**	0.0	**0.6**
Purchase of treasury shares	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Other changes	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Equity on 30 June 2012	**3.1**	**92.2**	**-0.1**	**0.0**	**68.5**	**163.7**	**3.5**	**167.1**

Statement of changes in Group equity 1 January –31 December 2012

(EUR million)	Equity attributable to the equity holders of the parent company: Share capital	Invested free equity fund	Translation differences	Fair value reserve	Retained earnings	Total	Non-controlling interests	Hybrid bond	Total equity
Equity on 1 January 2012	**3.1**	**92.1**	**-0.1**	**0.0**	**71.1**	**166.2**	**3.5**	**0.0**	**169.7**
Total income and expenses for the financial year	**0.0**	**0.0**	**0.0**	**0.0**	**0.8**	**0.8**	**0.1**	**0.0**	**0.9**
Dividends paid	0.0	0.0	0.0	0.0	-4.3	**-4.3**	0.0	0.0	**-4.3**
Share-based incentive plan	0.0	0.1	0.0	0.0	1.2	**1.3**	0.0	0.0	**1.3**
Purchase of treasury shares	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0	0.0	**0.0**
Sale of treasury shares	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0	0.0	**0.0**
Hybrid bond	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0	44.6	**44.6**
Other changes	0.0	0.0	0.0	0.0	0.1	**0.1**	0.0	0.0	**0.0**
Equity on 31 December 2012	**3.1**	**92.2**	**-0.1**	**0.0**	**68.9**	**164.2**	**3.5**	**44.6**	**212.3**

Commitments and contingent liabilities EUR million	30.6.13	30.6.12	change, %	31.12.12
Collateral given for own liabilities				
Real estate mortgages given [1)]	**318.9**	354.4	-10.0	**338.0**
Pledges given	0.0	0.0		0.0
Other commitments				
Guarantees given for liabilities on uncompleted projects	**0.0**	0.0		**0.0**
Investment commitments given	**51.2**	15.0	241.3	**15.0**
Plots purchase commitments	**122.7**	120.7	1.7	**120.5**

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 derivative instruments	6/2013		6/2012		12/2012	
(EUR million)	Fair Values		Fair Values		Fair Values	
Hedge accounting not applied	Positive	Negative	Positive	Negative	Positive	Negative
Foreign exchange forward contracts	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Interest rate swaps	**0.0**	**0.8**	**0.0**	**1.4**	**0.0**	**1.2**

Nominal values of derivative instruments	6/2013	6/2012	12/2012
Foreign exchange forward contracts	**0.0**	**0.0**	**0.0**
Interest rate swaps	**30.0**	**30.0**	**30.0**

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

2. Group and Segment information by quarter

SRV Group (EUR million)	4-6/13	1-3/13	10-12/12	7-9/12	4-6/12	1-3/12
Revenue	**179.4**	158.4	175.4	155.8	169.7	140.7
Operating profit	**13.7**	1.2	2.4	-0.4	3.1	1.8
Financial income and expenses, total	**-0.4**	-0.5	-0.2	-1.8	-0.6	-1.5
Profit before taxes	**13.3**	0.7	2.2	-2.1	2.5	0.3
Order backlog [1)]	**959.2**	726.7	827.8	747.1	746.3	760.7
New agreements	**384.5**	40.0	248.0	138.5	142.5	65.5
Earnings per share, EUR	**0.32**	-0.03	0.03	-0.04	0.04	-0.01
Equity per share, EUR [1)]	**4.86**	4.50	4.62	4.58	4.61	4.56
Share closing price, EUR [1)]	**3.28**	3.36	3.26	3.44	3.30	4.23
Equity ratio, % [1)]	**35.2**	34.3	34.7	28.5	29.7	31.9
Net interest-bearing debt [1)]	**245.0**	277.7	267.9	311.3	288.0	259.5
Gearing, % [1)]	**112.5**	135.6	126.2	187.7	172.3	156.9

1) at the end of the period

Revenue (EUR million)	**4-6/13**	1-3/13	10-12/12	7-9/12	4-6/12	1-3/12
Domestic Operations	**128.9**	135.0	157.2	139.7	150.8	120.7
- business construction	**74.6**	67.5	83.5	78.9	80.9	61.9
- housing construction	**54.3**	67.5	73.7	60.7	69.9	58.7
International Operations	**50.4**	23.5	18.1	16.1	18.9	20.1
Other operations	**3.0**	3.3	3.4	3.6	3.7	3.7
Eliminations	**-3.0**	-3.4	-3.3	-3.6	-3.7	-3.7
Group, total	**179.4**	**158.4**	**175.4**	**155.8**	**169.7**	**140.7**

Operating profit (EUR million)	**4-6/13**	1-3/13	10-12/12	7-9/12	4-6/12	1-3/12
Domestic Operations	**2.7**	3.4	1.6	1.9	5.8	5.4
International Operations	**12.3**	-0.8	2.4	-1.1	-1.9	-2.6
Other operations	**-1.3**	-1.4	-1.7	-1.1	-0.9	-1.1
Eliminations	**0.0**	0.0	0.0	0.0	0.0	0.0
Group, total	**13.7**	**1.2**	**2.4**	**-0.4**	**3.1**	**1.8**

Operating profit (%)	**4-6/13**	1-3/13	10-12/12	7-9/12	4-6/12	1-3/12
Domestic operations	**2.1**	2.5	1.0	1.3	3.9	4.5
International operations	**24.5**	-3.6	13.3	-7.0	-9.9	-13.0
Group, total	**7.6**	**0.8**	**1.4**	**-0.2**	**1.8**	**1.2**

Order backlog (EUR million)	**30.6.13**	31.3.13	31.12.12	30.9.12	30.6.12	31.3.12
Domestic operations	**771.6**	686.9	774.4	676.2	661.7	658.3
- business construction	**458.7**	389.9	438.7	312.1	325.4	329.4
- housing construction	**312.9**	296.9	335.7	364.2	336.4	328.8
International operations	**187.6**	39.8	53.4	70.9	84.5	102.4
Group, total	**959.2**	**726.7**	**827.8**	**747.1**	**746.3**	**760.7**
- sold order backlog	**746**	532	610	517	551	570
- unsold order backlog	**213**	194	218	230	195	191

Order backlog, housing construction in Finland

(EUR million)	**30.6.13**	31.3.13	31.12.12	30.9.12	30.6.12	31.3.12
Negotiation and construction contracts	**121**	120	129	153	155	153
Under construction, sold	**52**	56	59	52	56	57
Under construction, unsold	**117**	99	119	133	103	92
Completed and unsold	**24**	21	28	26	21	27
Housing construction, total	**313**	**297**	**336**	**364**	**336**	**329**

Invested capital (EUR million)	**30.6.13**	31.3.13	31.12.12	30.9.12	30.6.12	31.3.12
Domestic operations	**291.2**	292.7	297.4	286.2	270.2	228.8
International operations	**179.0**	195.4	200.2	200.7	198.5	198.6
Other operations and eliminations	**40.6**	10.5	15.7	3.4	3.3	7.8
Group, total	**510.9**	**498.6**	**513.3**	**490.3**	**472.0**	**435.1**

Housing production in Finland (units)	4-6/13	1-3/13	10-12/12	7-9/12	4-6/12	1-3/12
Housing sales, total	**178**	**223**	**207**	**170**	**235**	**133**
- sales, developer contracting	**64**	135	140	85	154	98
- sales, negotiation contracts 2)	**114**	88	67	85	81	35
Developer contracting						
- start-ups	**142**	35	95	125	171	24
- completed	**109**	104	114	116	122	99
- completed and unsold	**89**	75	99	100	85	102
Under construction, total 1)	**1 525**	1 633	1 849	2 126	2 060	2 188
- construction contracts 1)	**560**	795	969	1 212	1 240	1 425
- negotiation contracts 1) 2)	**415**	321	294	309	224	216
- developer contracting 1)	**550**	517	586	605	596	547
- of which sold 1)	**206**	237	230	205	221	206
- of which unsold 1)	**344**	280	356	400	375	341

1) at the end of the period 2) investor sales under negotiation contracts

3. Segment information

Assets (EUR million)	30.6.13	30.6.12	change, MEUR	change, %	31.12.12
Domestic operations	**429.7**	378.4	51.3	13.6	**422.9**
International operations	**203.2**	217.9	-14.7	-6.8	**233.7**
Other Operations	**307.4**	274.7	32.7	11.9	**311.8**
Eliminations	**-262.9**	-267.7	4.7		**-293.0**
Group, total	**677.4**	603.4	74.0	12.3	**675.4**

Liabilities (EUR million)	30.6.13	30.6.12	change, MEUR	change, %	31.12.12
Domestic operations	**374.3**	320.4	53.9	16.8	370.4
International operations	**198.8**	223.2	-24.4	-10.9	235.2
Other Operations	**122.2**	133.1	-11.0	-8.2	123.3
Eliminations and other adjustments	**-235.8**	-240.5	4.8		-265.8
Group, total	**459.5**	436.2	23.3	5.3	463.1

Invested capital (EUR million)	30.6.13	30.6.12	change, MEUR	change, %	31.12.12
Domestic operations	**291.2**	270.2	21.0	7.8	**297.4**
International operations	**179.0**	198.5	-19.4	-9.8	**200.2**
Other and eliminations	**40.6**	3.3	37.3	1130.1	**15.7**
Group, total	**510.9**	472.0	38.9	8.2	**513.3**

Return on investment, %	1-6/13	1-6/12	1-12/12
Domestic operations 1)	**4.5**	8.8	**5.6**
International operations 1)	**13.6**	-3.4	**-0.2**
Group, total 1)	**6.6**	**2.7**	**2.2**

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

Inventories (MEUR)	30.6.13	30.6.12	change, MEUR	31.12.12
Land areas and plot-owning companies	**162.5**	**184.4**	**-21.9**	**175.0**
Domestic operations	91.7	86.8	4.9	74.6
International operations	70.8	97.7	-26.8	100.5
Work in progress	**124.8**	**140.8**	**-16.1**	**159.3**
Domestic operations	123.3	134.9	-11.6	150.9
International operations	1.5	6.0	-4.5	8.4
Shares in completed housing corporations and real estate companies	**90.0**	**26.4**	**63.6**	**53.8**
Domestic operations	86.4	24.0	62.4	51.9
International operations	3.5	2.4	1.2	1.8
Other inventories	**57.8**	**37.9**	**19.8**	**43.1**
Domestic operations	8.0	7.3	0.7	7.2
International operations	49.7	30.7	19.1	35.8
Inventories, total	**435.0**	**389.6**	**45.4**	**431.2**
Domestic operations	309.5	252.9	56.5	284.6
- share of associated companies and joint ventures	1.9	1.1	0.8	1.5
International operations	125.5	136.6	-11.1	146.6
- share of associated companies and joint ventures	47.6	29.6	18.1	34.3

Related party transactions (EUR million)	**Salaries and compensation**	**Sale of goods and services**	**Purchase of goods and services**	**Receivables**	**Liabilities**
30.6.2013					
Management and the Board of Directors	1.2	2.2	0.0	0.2	0.0
Joint ventures	0.0	33.9	0.0	1.1	5.3
Associated companies	0.0	0.1	0.0	31.4	0.0
Other related parties	0	0	0.0	0.0	0.0
Total	**1.2**	**36.2**	**0.0**	**32.7**	**5.3**
30.6.2012					
Management and the Board of Directors	1.3	0.0	0.0	0.0	0.0
Joint ventures	0.0	30.3	0.1	35.3	4.1
Associated companies	0.0	0.0	0.0	16.0	0.0
Other related parties	0.0	0.0	0.0	0.0	0.0
Total	**1.3**	**30.3**	**0.1**	**51.3**	**4.1**
31.12.2012					
Management and the Board of Directors	2.4	0.0	0.0	0.0	0.0
Joint ventures	0.0	50.5	0.2	35.0	14.1
Associated companies	0.0	0.3	0.0	15.2	0.0
Other related parties	0.0	0.0	0.0	0.0	0.0
Total	**2.4**	**50.8**	**0.2**	**50.1**	**14.1**